BUDGET WORK SESSION MINUTES

The City Council of the City of Raleigh met in a work session at 1:00 p.m. on Monday, February 29, 2016 in the City Council Chamber, Room 201 of the Raleigh Municipal Building, Avery C. Upchurch Government Complex, 222 W. Hargett Street, Raleigh, North Carolina, with the following present.

Mayor Nancy McFarlane, Presiding
Councilor Mary-Ann Baldwin (absent & excused)
Councilor Corey D. Branch
Councilor David Cox
Councilor Kay C. Crowder
Councilor Bonner Gaylord
Councilor Russ Stephenson
Councilor Dickie Thompson

These are summary minutes unless otherwise indicated.

Mayor McFarlane called the meeting to order and stated Ms. Baldwin is excused from the meeting. The Mayor went on to thank staff for their efforts in gathering the information for today's meeting.

City Manager Ruffin Hall thanked the Council members for attending today's meeting and stated staff has scheduled 3 work sessions prior to the budget recommendation scheduled for May. He indicated there are no decisions required from the council at this time; however, staff seeks feedback and recommendations from the Council in an effort to identify certain issues in the upcoming budget.

Interim Budget Director Ben Canada indicated he has worked with the City for 6 years and had worked in the County's budget office for the previous 7 years. He introduced the various staff whom will make presentations at today's meeting. Each staff person used a PowerPoint presentation to illustrate his/her report.

The following items were discussed.

DOWNTOWN CLEANLINESS

Parks, Recreation, and Cultural Resources (PRCR) Director Diane Sauer presented the following information:

> Based on questions from the City Council, the DRA Board and community stakeholders about downtown cleanliness and opportunities to address litter, a number of City Staff and DRA staff and contractors have begun to meet to identify immediate, short and long-term opportunities to improve the appearance of downtown.

Services have not kept up with growth of Downtown.
Inter-departmental team and DRA worked together to identify challenges and opportunities:

- Defined current level of service and identified gaps
- Evaluation of growth trends and current services
- Litter audit to find hot spots and sources of debris
- Created short-term action plan
- Identified options for longer-term service enhancements

The team included a cross-section of departments:

- Solid Waste Services
- Parks, Recreation, and Cultural Resources
- Public Works
- City Planning
- Budget Management Services
- Sustainability
- Special Events
- IT (GIS)

Downtown Growth vs Staff Resources

- 71% increase in downtown residents (2003 – 2013)
- 159 new shopfront businesses Downtown (2003 – 2013)
- 39% decrease in PRCR staffing (FY08 – FY16)
- No change in SWS staffing (FY08 – FY16)

We've seen tremendous growth in activity downtown, but we've been challenged to maintain services. Growth has increased both the service needs, and the number of "eyes on the street" that see cleanliness issues first hand.

The work and goal is also aligned with the Strategic Plan KFA Safe, Vibrant and Healthy Community.

October 2015 Litter Audit

Hotspots

- corner of Hargett and Wilmington Streets
- south side of the 200 block of Fayetteville Street
- east side of Moore Square along Person Street
- western corner of Fayetteville and Davie Streets

Highest Volume Items

- Paper

- Cigarette butts
- Food consumption (wrappers, bottles, cups)

Audits will continue on a quarterly basis

Current Level of Service

- Daily street sweeping
- Daily street and business container collection
- Landscaping, plant and tree maintenance
- Ground litter removal
    - Fayetteville Street
    - Moore Square
    - Nash Square
- Special Events support

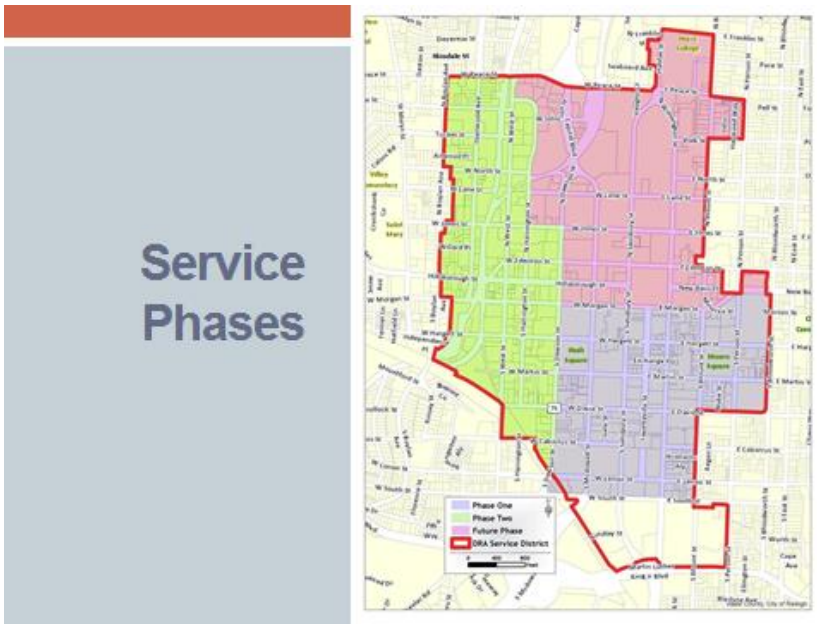
PRCR crews are responsible for broad area that includes 32 parks and properties.

Other service as required (e.g. for special events)

- Street furnishings – kiosks, park benches, etc.

City Resources: 18 full time employees in PRCR, Public Works and Solid Waste.

Downtown Raleigh Alliance (DRA) Resources: 8 positions providing sidewalk cleaning throughout the Municipal Service District.



Complaints and activity focused in Phase 1 (roughly bounded by the Capitol building, Performing Arts Center, Moore Square and Nash Square), so service upgrades are focused in that area. The following options presented provide service only in this Phase 1 area. Future litter audits, development patterns and other information will guide evaluation of expanding services into other parts of downtown.

Options for Phase 1 Service Enhancements

- Marginal Increase: Strategically place additional receptacles and staff to service.
    - 10 additional Big Belly units
    - 50 corner can pairs
    - Staff to service additional receptacles

  Approximate cost of implementing Marginal Increase: $235,000 - $335,000.

- Moderate Increase: Marginal Increase + Additional litter pickup/maintenance crew.
    - Litter pick-up before morning commute and after lunch (2 passes)
    - Daily cleaning of city furnishings and infrastructure
    - Daily emptying of ash urns
    - Sidewalk spot cleaning
    - Weeding of tree grates
    - Emergency/targeted cleaning

  Approximate cost of implementing Moderate Increase: $575,000 - $675,000.

- Aggressive Increase: Moderate Increase + Marginal Increase + Additional street sweeping, Downtown Coordinator, additional litter pick-up/maintenance crew and tree grate replacement.
    - Additional litter pick-up in the evening (3 passes)
    - Additional sidewalk, emergency and targeted cleaning
    - Downtown Coordinator to monitor conditions and facilitate internal and external services
    - Staff and materials to assess, repair and replace tree grates

  Approximate cost of implementing Marginal Increase: $2,000,000 - $2,350,000.

Actions to Date

- Completed Litter Audit to identify the location and types of litter in the Fayetteville Street area
- Identified current level of service provided Downtown by each department and the Downtown Raleigh Alliance as well as service gaps. This highlighted the variety of services and service providers operating in downtown
- Defined service area to focus improvements
- Based on the litter audit findings, 2 Big Belly units were deployed to the intersection of Hargett and Wilmington

PRCR Director Sauer pointed out the options are interchangeable in that the Council could mix and match services.

Mayor McFarlane requested clarification that the 18 full time city staff was in addition to the DRA staff with PRCR Director Sauer indicating that was correct.

City Manager Hall thanked PRCR Director Sauer and the staff who came together to formulate the report. He talked about how this program affects the Downtown Municipal Services District (MSD), including the request for proposals (RFP's). He urged the Council to consider cleanliness as part of the MSD.

Mayor McFarlane and Mrs. Crowder requested a breakdown of City staff used to address for cleanliness iss7ues with PRCR Director Sauer indicating there are currently 11 PRCR staff working on the cleanliness issues and pointed out PRCR used to have 2 crews working Downtown; however, when the recession hit, the crews were reduced in number and combined into 1 crew. She stated this crew is responsible for Downtown as well as nearby park maintenance. She also indicated 1 staff from Public Works is responsible for street sweeping, and the remaining staff comes from Solid Waste Services.

Mayor McFarlane questioned whether trash cans from downtown businesses was part of the conversation with PRCR Sauer responding the issue was not part of the conversation initially.

Mr. Gaylord questioned how the City's downtown services compared to other municipalities with PRCR Sauer responding some municipalities used a third party service provider, while others provided the service in-house. Mr. Gaylord questioned whether there was anything learned from the comparison with Ms. Sauer talking about the possibility of having a Downtown Coordinator to oversee the operations.

Mr. Branch questioned whether the 3 service options were interchangeable with discussion taking place regarding the number of additional staff required from Solid Waste Services and PRCR to implement the options. The discussion also included the number of additional trash receptacles required under Option #2 as well as liter removal, etc.

Mr. Gaylord questioned how the trash "hot spots" were defined and questioned whether it was determined over time. He also questioned whether staff considered using current crews to address the issue with PRCR Sauer responding the initial audit took was conducted 6 times per day, from early morning to late evening, to define the litter hot spots.

Mr. Thompson talked about when outside organizations hold special events downtown and questioned whether these organizations were responsible for trash removal with PRCR Director Sauer and Assistant Parks Superintendent Ivan Dickey indicating that, unless it is a City-sponsored event, the organizations are responsible for trash removal.

Mr. Cox questioned whether staff considered coordinating efforts with the State with PRCR Director Sauer indicating that would be part of Phase 3. She stated current City efforts are focusing on Fayetteville Street as well as Moore and Nash Squares. In response to questions, Ms. Sauer indicated the DRA is also part of the effort.

Mr. Stephenson requested a copy of the RFP for the MSD and questioned whether any of the defined services levels was part of the RFP with City Manager Hall responding the RFP itself does not require a defined level of service; that would be left up to the vendor to propose. Mr. Stephenson stated he would like to see the RFP tied to whatever decision the Council takes regarding Downtown cleanliness, and talked about providing several services well as opposed to providing a few basic services "very well." Mayor McFarlane pointed out the Council could make its decision based on the RFP.

Budget Analyst Taylor Floyd provided additional information with regard to additional staff required for each of the service phases. He indicated 3 additional staff would be required for Phase 1; 12 additional staff for Phase 2, and 28 additional staff for Phase 3.

Discussion took place regarding whether as business owners were included in the municipal comparison study. The discussion also included the funds required for additional trash receptacles under Phase 3.

City Manager Hall summarized the issues discussed and indicated staff will bring back a report for further discussion.

Mayor McFarlane questioned whether the Cleanliness study included parking decks with City Manager Hall responding in the negative.

WORK FORCE UPDATE

Human Resources (HR) Director Steve Jones presented the following report:

Attracting, Rewarding, and Retaining a Diverse, High Performing Workforce

Strategic Plan Focus

Key Focus Area

- Organizational Excellence

Key Initiatives

- 4.2 Assess, develop and adopt a TOTAL COMPENSATION philosophy and structure.
- 4.4 Develop RECRUITMENT strategies to ensure the City attracts HIGHLY QUALIFIED candidates while leveraging strengths of the local workforce.

Critical Components

Primary Objectives

- ATTRACT
- Motivate/Recognize/Reward
- Develop
- RETAIN

Through…

- Sourcing qualified and diverse talent
- Competitive Pay/Benefits
- Structured reward and recognition programs
- Targeted training and development
- Formal/structured succession planning

Total Investment

- Employee Count
  - 4049 Total (Full Time)
- Salaries
  - $200 million (Full Time)
- Benefits
  - $78 million
- Health/Dental Insurance
  - $28 Million
- Total Investment
  - $278 Million

* All numbers reflect budgeted amounts

Employee Count (Budgeted)

Year	Full Time	Part Time	Total
2012	3,811	2,833	6,644
2013	3,826	2,989	6,815
2014	3,866	3,081	6,947
2015	3,968	3,471	7,439
2016	4,049	3,774	7,823

Key Indicators

Attraction

Year	#of Applications Received	#of Positions Filled

2011	7,130	172
2012	11,326	312
2013	12,498	418
2014	26,778	375
2015	53,778	417

Retention

- Turnover (All Full Time)

Year	Total with Medical & Death Removed	Total Turnover
2011	4.96%	7.48%
2012	5.28%	7.50%
2013	4.16%	6.81%
2014	4.58%	7.14%
2015	5.20%	8.24%

- Turnover (Full Time minus Fire and Police)

Year	Total with Medical & Death Removed	Total Turnover
2011	5.9%	9.4%
2012	5.7%	8.5%
2013	5.4%	8.7%
2014	5.7%	9.1%
2015	6.0%	10.2%

- Benchmark:
  - National Average: Total = 15%; Voluntary = 11%
  - Big "10": Total = 9.6%; Voluntary = 7.1%

Recruiting challenges

Diversity

- Better reflect the City population
- Millennials
  - Work/life balance
  - Flexibility

Competition for marketable skills

- Technology
- Engineering
- Trades

"Branding" Careers in Public Sector

- Perceptions/Myths
- Knowledge
- Strengths

Cultivating sources for qualified candidates

- Employee referrals
- Traditional – Non-Traditional sources
- Target geographies/industries where jobs are shrinking

Pay Trends

- Stagnant Wages/Modest Increases
- Skill based and broad band structures
- Pay reward performance and outcomes
- Relevant labor market based systems
- "Boomer" retirements will increase competition for certain skills
- Living Wage

Benefit Trends

- Total Compensation includes benefits
- Health Insurance
  - Rising Costs (but at a slower rate)
  - Retiree and dependent coverage
  - More cost shifting/sharing to participants
  - Continued Impact of ACA
- Investing in wellness
- Flexibility of choices

Current Benefit Plan Observations

Advantages

- Competitive advantages;
  - Paid Time Off
  - Retirement Savings/Pension
  - Health Insurance (cost/coverage)
- Employee Health Center
- Wellness activities

Challenges

- Rising health costs for retiree and spouse
- Cost sharing decisions

Health Insurance

- Most valued benefit by employees
- Most expensive benefit for organization
- Self Insured
    - City responsible for all claims up to $285k
    - Pay BCBS for network access and processing claims
    - Allows flexibility…but also assumes risk

- Covered Employees vs. Covered Lives

	Employee	Dependants	Total Covered Lives	Members per Covered Employee	Blue Cross Benchmark
Active	3,678	4,254	7,932	2.2	1.7
Retiree	961	628	1,589	1.7	1.7
Total	4,639	4,882	9,521	2.1	1.7

- Total Healthcare Cost Comparison: Active & Retirees

	FY2012	FY2013	FY2014	FY2015	FY2016 thru Dec 2015 Annualized
Active	$27,071,829	$30,115,769	$31,048,925	$33,015,582	$37,824,486
Retiree	$9,224,741	$9,250,641	$11,297,145	$12,035,767	$14,368,680
Grand Total	$36,296,570	$39,366,410	$42,346,070	$45,051,349	$52,193,166

- Employee Contribution for Healthcare as % of Total Cost

	FY2012	FY2013	FY2014	FY2015
Active	19%	17%	18%	18%
Retiree	13%	10%	12%	12%
Mercer Government 500+ Ees	24%	22%	21%	22%

Market Pay Increase Trends

	2012 Actual	2013 Actual	2014 Actual	2015 Actual	2016 Projected
Executive	2.8%	2.9%	3.0%	3.0%	3.0%
Exempt	2.8%	2.9%	3.0%	3.0%	3.0%
Non-Exempt	2.7%	2.9%	3.0%	2.9%	3.0%
Public Sector	2.3%	2.6%	2.6%	2.8%	3.0%
COR	$1000 base	3.0%	2.9%	3.0%	3.0%
Split			(2%/4%)	(2.5%/3.5%)	

Compensation System Study Project – Update

- Phase I completed

  Compensation Philosophy adopted

  The city believes that its employees are its most valuable asset in achieving the city's mission, goals and objectives.

  The city strives to ***attract and retain employees who are committed to public service****, demonstrate initiative and are accountable for individual and team performance that provides a high level of service.*

  The city will strive to maintain a ***competitive market based compensation system*** *that ensures internal and external equity,* ***recognizes performance and sustained contributions*** *to the organization, and* ***provides opportunities for growth***.

  The city will have a compensation system that is transparent, fair, equitable and sustainable.

  To sustain the system, the city will conduct regular market reviews and offer employees developmental and advancement opportunities to retain the most ***qualified and productive employees***.

  In establishing relevant market competitiveness, the city:

  - *Defines market competitiveness at the* ***50th percentile*** *when employees are fully proficient and meeting expectations;*
  - ***Uses total compensation*** *including pay and benefits; and*
  - ***Applies living wage criteria***.

  Comparative Benchmarks established

  Non-Exempt Positions - Comparative benchmark organizations identified in this study are **typically other municipalities and Counties within the state of North Carolina** such as Wake County, Durham, Cary, Greensboro, Charlotte and surrounding towns.

  Exempt Positions – Management and Executive position benchmark jobs should be **compared locally, within the State of North Carolina as well as regionally or nationally** with both public and private organizations.

  Regional and national comparative organizations should be with those of **Cities and private organizations of similar size** and are inclusive of the unique skills that the City of Raleigh requires.

Pay structure framework adopted

- **Open range system**

- Next Phase
  - High employee involvement
  - Update position descriptions
  - Market Pay Surveys
  - Projected completion Spring 2017

Living Wage

- What is it?
  - Different than minimum wage
  - A minimum or "floor" for employee pay
  - Focuses on a minimum standard of living
  - Establishes minimum pay rate…no consideration for schedule or actual earnings

- How Does It Work?
  - Typically ignores market based pay factors
  - Focus on cost of living in a defined geography
  - No universal calculation
  - Cost of employer paid benefits not consistently included

- Who has it?
  - Over 140 (of over 8,000) cities/municipalities/counties across the country
  - North Carolina (hourly rates)
    - Charlotte $13.00
    - Asheville $12.50
    - Durham City/County $12.53
    - Wake County $13.50
    - Chapel Hill $13.35
    - Orange County $12.75
    - Greensboro (min wage) $12.00

- Potential Effects
  - Cost to implement and sustain
  - "Ripple" impact on pay structure

- Apply to all employees?
    - Full-Time? Part-Time?

Current "snapshot"

- Job Reclassification process
    - Reviews requests twice each year …duties/responsibilities/qualifications
    - Recent recommendations (February) reclassified 57 employees in lowest pay grades
        - Service Technicians at Convention Center (RCC) and Parks, Rec and Cultural Res
        - Parking Enforcement
        - Security guards at RCC
        - Automotive Technicians
    - Lowest hourly pay increased from $10.89/hr ($22,668) to $12.00/hr ($24,991)
    - Cost = $144,000

Next Steps

- Continue to gather data
- Analyze benefits
- Continue Compensation System Study
- Analyze market salary survey data
- Spring 2017 projected completion
- Consensus on direction

Mr. Stephenson questioned which municipalities made cost of living or benefits adjustments in efforts to creating a living wage with HR Director Jones responding none of the municipalities made major designated adjustments with regard to cost of living or benefits; however, Durham was the first to make an adjustment, and did so after it looked at housing costs, poverty levels, etc.

Mrs. Crowder questioned the difference between a living wage and minimum wage with HR Director Jones explaining a living wage is tied to the cost of living in a geographic area. Mr. Branch questioned whether the City has identified a living wage for Raleigh with Mr. Jones responding it has not yet been determined.

Mr. Thompson requested information regarding the hourly rate with regard to the cost of benefits with HR Director Jones responding staff will bring a report back on the request.

Mayor McFarlane questioned whether the current contract with Blue Cross Blue Shield NC is set to expire soon with HR Director Jones responding in the affirmative and indicated staff will shop

proposals for a new contract this year. In response to questions, Mr. Jones indicated the City's pharmaceutical contract is still active.

Mr. Gaylord noted the retiree health sector seems to be growing very quickly with HR Jones talking about efforts to improve active employee health and noted the problem with retiree health costs are due to legal obligations, etc.

Mr. Branch questioned the possibility of converting part time employees to full time noting some of the Parks and Recreation assistant directors are part time employees and have been so for a number of years with HR Director Jones responding staff will bring back a report to the Council on this issue.

OTHER OUTSIDE AGENCY FUNDING REQUESTS

Grants Program Administrative (GPA) Manager Kirsten Larsen presented the following information:

FY 16 Agency Grant Overview

The City of Raleigh provides funding to agencies through four primary grant categories: Arts, Human Services, Community Enhancement, and Other Outside Agencies. Between city and federal funding sources, the city allocated about $5M in agency appropriations for these 4 categories in fiscal year 2016….including $2.73M in arts appropriations. This amount includes funding for grant awards, lease agreements, Art Commission programming support and 3 Office of Raleigh Arts positions. The City also allocated $974K in human service appropriations, $175K in community enhancement grants and $1.18M in Other Outside Agency appropriations. The Other Outside Agency grant category is the newest of the group. It was established with the fiscal year 2016 budget process in an effort to standardize the city's grant processes.

Agency Grant Policy – Adopted January 15, 2015

The efforts to standardize was solidified through policy adopted by Council in January 2015 to provide consistency, transparency and the perception of fairness for the City's entire agency grant program.

The policy states that all agencies:

- Submit an application for city funding through the arts, human services, community enhancement and/or other outside agency grant process
- Comply with general eligibility requirements
- Adhere to current contractual, reporting, insurance and audit requirements.
- And comply with the 25% funding requirement which indicates the maximum level of funding to an agency is no more than 25% of that agency's total actual operating expenses for its last completed fiscal year

(For example - Not-for-profit status and Compliance with city's non-discrimination policy. Facilities and projects accessible to people with disabilities).

FY 17 Agency Grant Funding

- Arts $ 1.96M
- Human Service $ 520K
- Community Enhancement $ 175K

Note: 2% increase for arts and human services consistent with Council policy

The grant recommendations for these 3 categories will be presented by their respective commissions and panels at Council's April budget work session.

FY 17 Other Outside Agency Grant Requests – Recurring

Economic Development Agencies	**FY17 Request**	**FY16 Adopt**	**25% Policy Calculation**
Chamber of Commerce	$170,000	$170,000	2%
Downtown Raleigh Alliance	131,250	108,450	5%
Hillsborough Street CSC	133,000	125,513	23%
Southeast Raleigh Assembly	150,000	155,981	72%
Total Economic Development Agencies	**$584,250**	**$559,944**	

Other Agencies	**FY17 Request**	**FY16 Adopt**	**25% Policy Calculation**
Catholic Charities	$ 51,000	$ 51,000	1%
DHIC	108,000	108,000	5%
Passage Home	100,000	90,000	3%
African American Cultural Festival	48,301	61,547	29%
Transitions LifeCare	62,500	62,500	0.2%
Total Other Agencies	**$369,603**	**$373,047**	

Regarding the Other Outside Agency grant category…again, this category was established to provide funding to non-profit agencies for programs and projects that fall outside the parameters of the City's established arts, human service or community enhancement grant programs. There is no designated funding source for this category.

Eight agencies in this category have historically received grant funding: Chamber of Commerce, Downtown Raleigh Alliance, Hillsborough Street Community Services Corporation, Southeast Raleigh Assembly, Catholic Charities, DHIC, Passage Home, and African American Cultural Festival. The Downtown Raleigh Alliance and Hillsborough Street CSC grants are General Fund grants and are in addition to the Municipal Service District funding received.

The addition to the recurring list for fiscal year 2017 is Transitions LifeCare. In fiscal year 2016 Council committed support to this agency in the amount of $250K, to be paid over 4 years. The final year of that commitment is Fiscal Year 2019.

FY 17 Other Outside Agency Grant Requests – New Requests

New Agency Requests	FY17 Request	25% Policy Calculation
Boys & Girls Club*	$ 76,463	1%
Advance Community Health	450,000	4%
Nessie Foundation	180,000	581%
The Daniel Center for Math & Science	25,000	12%
Triangle Family Services	50,000	2%
Food Bank of Central & Eastern NC	500,000	0.5%
Total New Agency Requests	**$1,281,463**	

**With the FY16 budget, the City completed a 5-year commitment. The FY17 request is for new funding.*

The City also received new Other Outside Agency requests for funding from six agencies. They are listed here and total almost $1.3M in requests. There is one more grant request for Campaign4Change that may come forward later in the budget process.

Council-Adopted Agency 25% Maximum Policy

Maximum city grant funding is 25% of an agency's total actual operating expenses for its last completed fiscal year

Agencies requesting funds that exceed 25% funding policy:

Current
- African American Cultural Festival
- Southeast Raleigh Assembly

New
- Nessie Foundation

Step-Down Plan – Approved April 2015

Maximum funding awarded is reduced by equal percentage amounts over three years, starting in FY16, and achieving the 25% limit by FY18.

Agency Name	FY16 Request	FY16 %	FY16 Max	FY17 %	FY17 Max	FY18 %	FY18 Max
Southeast Raleigh Assembly **(FY17 Request = $150,000)**	207,000	72.3%	155,981	48.6%	101,829	25%	52,381

African Am Cultural Festival **(FY17 Request = $48,301)**	75,000	44.4%	61,547	34.7%	56,824	25%	40,940

African American Cultural Festival and Southeast Raleigh Assembly are actually on a 3-year step-down plan to move them to policy compliance. Last April Council approved this step-down plan which reduces the maximum funding awarded by equal percentage amounts over 3 years, starting in fiscal year 2016, and achieving the 25% limit by Fiscal Year 2018. Hillsborough Street Community Services Corporation was part of the step-down plan in fiscal year 2016 but is under the 25% maximum with their Fiscal year 2017 request.

Next Steps

Next steps regarding agency grants is to receive preliminary feedback from Council regarding Other Outside Agency requests for consideration in developing City Manager's recommended budget. During the April budget work session, we will provide any updates on the Other Outside Agency grant requests and arts, human services and community enhancement grant funding recommendations will be presented as well.

Mr. Thompson questioned whether the 25% in the Step-Down Plan is a 3 year average or is it the limit in the final year with GPA Manager Larsen responding the 25% limit is for the final year. Mr. Thompson questioned what would happen if the agency request was greater than 25% with Ms. Larsen responding the amount granted would be at the Council's discretion.

Discussion took place regarding the factors involved in funding grants including lease agreements, staffing requirements, etc.

Mayor McFarlane talked about funding for the Boys and Girls Club noting the request included funds for a driver and a vehicle to transport club participants.

Mr. Cox requested an explanation for the 2% increase in grant funding for arts with GPA Larsen stated the amount of funds available is based on per capita rates. She indicated he current rate is $5 per capita and stated human services funding would increase at the same rate as Arts as directed by the City Council. Mr. Cox questioned if there was a per capita rage for human services agencies with Ms. Larsen responding in the negative.

Mr. Thompson questioned how the per capita rate was calculated with GPA Larsen responding the city uses U.S. Census data to calculate the rate.

Mrs. Crowder talked about the need to audit the agencies to ensure the funds are used for the purposes granted with GPA Larsen noting there is an auditing procedure in place. Mrs. Crowder questioned how often the Council would get to see the audits with Ms. Larsen indicating staff will bring a report to the Council at April Budget Work Session.

Mayor McFarlane questioned whether DHIC funds were used for operating costs with GPA Larsen responding in the affirmative. Mayor McFarlane questioned how funds for DHIC projects were awarded with Ms. Larsen responding those funds are not granted through Human Services as those projects are a separate issue.

Interim Budget Manager Canada summarized the items discussed at today's meeting and indicated the April Budget Work Session will concentrate on the general fund.

ADJOURNMENT

There being no further business, Mayor McFarlane announced the meeting adjourned at 3:20 p.m.

Ralph L. Puccini
Assistant Deputy Clerk