

Meeting Minutes

City Council Special Meeting

March 24, 2022 | 4:00 p.m.
Chandler City Council Chambers
88 E. Chicago St., Chandler, AZ



Call to Order

The meeting was called to order by Mayor Kevin Hartke at 4:01 p.m.

Roll Call

Council Attendance

Mayor Kevin Hartke
Vice Mayor Terry Roe
*Councilmember OD Harris
*Councilmember René Lopez
Councilmember Mark Stewart
Councilmember Ellis
Councilmember Matt Orlando

Appointee Attendance

Josh Wright, City Manager
Kelly Schwab, City Attorney
Dana DeLong, City Clerk

*Councilmember Harris and Councilmember Lopez attended telephonically.

Staff in Attendance [is this correct who to include]

Tadd Wille, Assistant City Manager
Dawn Lang, Deputy City Manager / CFO
Andy Bass, Deputy City Manager
John Knudson, Public Works and Utilities Director
Matt Dunbar, Budget and Policy Officer
Ryan Peters, Strategic Initiatives Director
Steven Turner, Assistant to the City Manager
Matt Burdick, Communications and Public Affairs Director

Discussion

1. Budget Workshop #2, Fiscal Year 2022-23

MAYOR HARTKE introduced the item and said at the Budget Kickoff, Council discussed strategic framework focus areas and reaffirmed the general policy and budget guidelines. Mayor Hartke said they asked staff to present options for the proposed property tax and PSPRS options. Mayor Harkte said Council would provide staff with direction regarding the budget and discuss impacts to the budget. Mayor Hartke said Chandler is continuing to benefit from economic growth at a time when the economy is experiencing hyperinflation and they would need to continue to make wise investments in the City. Mayor Hartke said all organizations are talking about inflation and supply chain issues and addressing the unknowns. He called for a staff presentation.

JOSHUA WRIGHT, City Manager, said this would be the last budget workshop before the all day budget briefing. The Council Strategic Framework is the center of the budget proposal this year and staff has been putting together action steps to achieve those goals and that has defined the decision packages. Mr. Wright said Chandler continues to be in excellent financial condition and the federal assistance received has allowed the City to further Council's goals. Mr. Wright said there was investment in infrastructure, new amenities, information technology, and public safety. This budget recommends significant investment in human resources for competitive compensation and realigning staff levels. There are many resources available but there are also many needs.

DAWN LANG, Deputy City Manager/Chief Financial Officer, presented the following presentation.

- FY2022-23 Budget Workshop #2
- FY2022-23 Budget Theme "Staying Connected"
 - Our Brand: A safe, diverse, equitable and inclusive community that connects people, chooses innovation and inspires excellence
- Agenda
 - 01. FY2022-23 Budget Overview and General Fund Operating Budget Update
 - 02. Proposed 5-Year One-time General Fund Balance Forecast
 - 03. Proposed 10-Year Capital Improvement Program (CIP)
 - 04. Public Safety Personnel Retirement System (PSPRS) Pay-Down Commitment
 - 05. Assessed Valuation and Property Tax Update
- Strategic Framework Guides Our Decision Making
 - Strategic Policy Goals
 - Being the Most Connected City
 - Being a Leader in Trust and Transparency
 - Maintaining Fiscal Sustainability
 - Attracting a Range of Private Sector Businesses
 - Fostering a Contemporary Culture that Embraces Unity
 - Being Safe and Beautiful
 - Focus Areas
 - Economic Vitality
 - Innovation and Technology
 - Mobility

- Neighborhoods
 - Quality of Life
- FY 2022-23 Budget Overview and General Fund Operating Budget Update
- Budget Increase Drivers
 - Revenues
 - Prior 2 year's budgets artificially low due to COVID
 - Current budget did not reflect Intel expansion revenue impacts
 - Increased revenues to reflect actual economic environment
 - Expenditures
 - Inflation increasing operations (\$3.6 M) and capital (4%-7%) budgets
 - Personnel costs increasing to invest in City workforce and retain employees; market, class and comp, healthcare
 - Capital projects increased to address aging infrastructure, bond authorized projects, and grant funded projects
 - Includes \$119M in projects for infrastructure to support Intel expansion
 - Grants
 - Includes \$34.6M in American Rescue Plan Act (ARPA) funds included in FY 2022-23 budget as carryforward
 - Enhance technology capabilities to assist with mobility, security and cloud-based solutions using AZCares; requiring additional ongoing resources to maintain
 - Debt
 - Additional one-time payments to continue planned paydown of PSPRS unfunded liability

COUNCILMEMBER ORLANDO asked at what percentage above are they typically making job offers.

MR. WRIGHT said there is variation depending on the type of job that is being recruited. Technical jobs are difficult to recruit because of competition with all employers. Directors have been given flexibility in hiring process to get people in the door faster. If there is not an offer ready then they may lose that person if they cannot make a deal in one phone call. There are still issues with starting salary, which is why the process must be realigned with the Class and Comp study. This can be addressed with mid-year appropriations to implement those recommendations.

COUNCILMEMBER ORLANDO said that this sentiment was shared at the National League of Cities, the trend of adjusting upwards.

COUNCILMEMBER STEWART asked if the Intel impact fees are expected to offset the \$119 million in projects.

MS. LANG answered that no, they are not expected to offset because it is not a result of growth.

COUNCILMEMBER STEWART said that one of the things happening in Washington, DC is lobbying on the CHIPS Act to make sure the cost of this infrastructure doesn't fall on homeowners and taxpayers.

MS. LANG said a large portion of these dollars would come back to the City with Title 42; which is legislation that allows the contractor paying Transaction Privilege Tax on the expansion to the State. The State would put those into a fund, then all Capital Improvement Projects that directly benefit Intel, 80% of the cost comes back to the City from that fund, and 20% is reimbursed from Intel. A portion of this is City investment as there is a cap on what the State can expend.

MATT DUNBAR, Budget and Policy Officer, continued the presentation.

- FY2022-23 Ongoing Decision Package Recommendations (All Funds)
 - All Funds
 - \$16.5M in ongoing requests
 - \$6.5M recommended
 - *\$5.5M net of offsets
 - General Fund (GF)
 - \$11.3M in ongoing requests
 - \$4.8M recommended
 - *\$3.8M net of offsets
 - Significant Enhancements
 - Neighborhood grant and beautification programs
 - Maintenance costs related to new capital projects
 - Public Safety technology enhancements
 - Major investments in cybersecurity associated with mobile workforce
 - Costs associated with new personnel (vehicles, IT, etc.)
 - Special events (Tumbleweed Tree Lighting, CinePark, Jazz Fest, etc.)
 - Water resource and infrastructure needs

MAYOR HARTKE asked if this takes into account the unknowns resulting from the Class and Comp study.

MR. DUNBAR answered that the Class and Comp study is not included in a decision package, but it is accounted for in a non-departmental account because they do not know which department would need the funds at this time.

COUNCILMEMBER ORLANDO asked what the amount is expected to be.

MR. DUNBAR said \$5 million is there as a placeholder.

MS. LANG said that is the appropriation estimate for General Fund, other funds are still being worked on, such as how much would be set aside in enterprise funds and other smaller funds.

MR. DUNBAR continued the presentation.

- FY 2022-23 Workforce Needs
 - FY 2021-22 Adopted 1,702.75 FTE +24 New FTE Proposed for FY 2022-23
 - Public Safety:
 - Fully funded Police Behavioral Health Unit (4 officers, one supervisor)
 - Addition of Fire Prevention/Inspection (2 FTE) and EMS Training Coordinator (1 FTE) to match growth of community
 - Continue fully funding Police (15) and Fire (13) over-hires to supplement staffing and prepare for upcoming retirements
 - Additional civilian Police resources to support sworn officers (3 FTE – 1 Business Systems Support Analyst, 1 Business System Support Supervisor, and 1 Communications Tech Supervisor)
 - Additional City Prosecutor to support additional Police Officers and citation volume (1 FTE)
 - Quality of Life:
 - Conversion of temporary, part-time athletic field groundskeeper team to full-time permanent (4 FTE) to enhance focus on field conditions
 - Planner in Development Services for major increase in workload due to booming economy as well as projects (Code updates, area plan updates, general plan etc.) (1 FTE)
 - Infrastructure:
 - Buildings & Facilities staff to address recent Facilities Bond passage and recommendations from Facilities Condition Assessment (3 FTE – 1 Maintenance Tech., 1 Project Manager, 1 Business Systems Support)
 - Capital Projects staff to manage large number of new projects from bond passage, Intel impacts, and Federal funding (2 FTE – 1 Engineer & 1 Construction Project Manager)
 - Information Technology:
 - Resources to address large number of new projects, maintenance of existing systems, and mobile environment (2 FTE – 1 Sr. Infrastructure Architect, 1 Office 265 Support Specialist)
 - Good Governance
 - Payroll Coordinator to address critical need for redundancy identified during pandemic (1 FTE)
 - Maximized reallocations / repurposing of existing positions prior to adding positions to address needs

COUNCILMEMBER ORLANDO asked if that is one example or if all three civilian police resources are like that.

MR. DUNBAR said that all three of the police FTE are positions that are being replaced are repurposed.

MS. LANG answered three out of five are repurposed and two are net new.

COUNCILMEMBER ORLANDO said he understood repurposing police officers, one of the major focuses requested last time was funding for one gang detective and one sex crimes detective. Councilmember Orlando asked if these are being repurposed for that or are those a new addition to consider.

MR. WRIGHT answered that there is an effect of ten new positions for the Police Department between civilian and sworn officers. There are five on the sworn side, and five on the civilian side. It shows as seven on the budget because they were able to take an existing three and civilianize those roles, the officers will be moved to the behavioral health unit. The Police Department's requests were fully funded this year. Everything in terms of positions that the Police Department requested this year, staff was able to find a way to creatively finance. This is what was requested based on the needs as identified by the Chief.

COUNCILMEMBER ORLANDO said his priority right now is another gang detective and another sex crimes detective. Councilmember Orlando requested that staff go back and look at how those positions could be funded, because these are important additions that must be addressed.

MR. WRIGHT said those positions were not requested by the Police Department this year but would discuss with the Chief the need for that. Last year, there was an overview of some staffing needs that was going to be analyzed on a year-by-year basis to see what the priority was at that time based on available resources as well as crime data and use of officers' time. That analysis was done by the Chief and his team this year, and this is what they requested. Mr. Wright said staff would have that conversation and see if that is still a need for the Police Department.

MAYOR HARTKE said they had recently attended an event with a presentation about sex crimes and came back motivated to do better. Chandler is doing better than neighboring cities. Mayor Hartke requested that the Chief be here for Police Department budget discussion.

COUNCILMEMBER ORLANDO said that last year it was a priority to hire a gang detective, and sex crimes detective. Councilmember Orlando requested staff to come up with ideas to get these positions hired.

MR. WRIGHT said that conversation would be had.

COUNCILMEMBER ELLIS requested to have a meeting with the Police Chief to see if this was still necessary and get clear direction on what he wants.

MAYOR HARTKE said he met with the Chief and had asked for an up-to-date presentation on Chandler's policing needs, there might be some information one-on-one but also a broader presentation.

VICE MAYOR ROE said he liked what was said. Vice Mayor Roe said our patrol is working short-handed because of what was built into previous decisions were these specialized units. Vice Mayor Roe said he has heard that patrol is running short and asked if we are staffing our patrol.

MR. WRIGHT answered that patrol-wise, all the positions funded through ARPA one-time, were all general officer positions which could be used for patrol. We do have a patrol software staffing model, which is able to run a study on what our patrol needs are based on crime data and officer's use of time. Last fall was the last study and it would be done again this year. That shows that on the patrol side that we have the number that we need. The authorized complement is fully funded in the budget.

VICE MAYOR ROE said that despite having the software, Council has still heard that the patrol is running short. Part of the issue is light duty and not having resources to fill spaces. It is common for police departments to take officers from patrol to staff specialty units. Vice Mayor Roe said would like to learn more.

MR. WRIGHT said that data would be provided. In the industry, there is a wave of retirements as well as lack of interest in the profession. Chandler was the first to have incentives for new recruits. They have been aggressive in hiring process. With the total amount of what was authorized, there are 360 sworn officers. Of those 328 are filled and 14 are in the final stages of the hiring process. Staff has hired a lot of people and they are continuing to fill those positions.

COUNCILMEMBER HARRIS expressed concern related to police coverage of sex trafficking, as well as how are we addressing internet crimes and cyber issues. Councilmember Harris asked how we are working to have adequate staff in policing, not just patrol but heinous crimes.

MR. WRIGHT answered that Chandler was one of the first cities that added a dedicated sex trafficking unit. The five-person unit consists of four officers and one sergeant which is still in effect. Mr. Wright said he would share the crime data with Council. Chandler was one of the early leaders in this area. Mr. Wright said staff would come back with the different types of crimes and policy issues Council may want to address.

COUNCILMEMBER HARRIS wanted to ensure that there is enough staffing to make sure officers receive the best training. It is important to balance the acquisition of new officers as well as maintaining current training.

COUNCILMEMBER STEWART thought this additional information on police needs would help Council on this issue.

MAYOR HARTKE compared Chandler's performance in hiring needs to other cities. Competition with other cities is pressing and Chandler is trying to get the best.

MR. DUNBAR continued the presentation.

- FY 2022-23 One-Time Decision Package Recommendations (All Funds)
 - All Funds
 - \$13.7M in one-time requests
 - \$12.4M recommended
 - *\$11.1M net of offsets
 - General Fund (GF)
 - \$12.2M in one-time requests
 - \$10.6M recommended
 - *\$9.6 net of offsets
 - Significant Enhancements
 - Arts Center Enhancements
 - City-wide Technology Projects
 - Enhanced Street Maintenance
 - Athletic Field & Park Improvements
 - Building & Facility Needs
 - Election and Passport Enhancements
 - Airport Improvements
 - Economic Development programs
 - Police Equipment, Technology & Behavioral Health resources
 - Homelessness Strategies Implementation

MS. LANG continued the presentation.

- Proposed 5 – Year One-Time General Fund Balance Forecast
- 5-Year One-Time General Fund Balance Forecast

MAYOR HARTKE asked if it looks similar every year because not everything appropriated is spent, there is carryover from unused funds.

MS. LANG said that was correct. If every dollar in the budget was spent, there would be \$134 million left. However, not every project would be completed just based on the market. This is not a cash-draw-down, just an authorization to spend the money. If it is not spent, then the rest carries forward.

COUNCILMEMBER ORLANDO asked if the \$76 million amount was more or less than last year.

MS. LANG answered it might have been around \$56 million for new projects and carry forward so it is higher this year.

MAYOR HARTKE asked if this included carry over from ARPA dollars.

MS. LANG said that this amount does not include any grant funded project dollars.

COUNCILMEMBER ORLANDO asked if this was purely one-time dollars.

MS. LANG said that this is purely one-time dollars. When bonds are sold the proceeds are placed in a bond capital projects fund and kept separate.

MAYOR HARTKE asked if the class and comp study raise salaries, the outgoing expenditures would be more, and it would continue to be higher than it is currently.

MS. LANG agreed, and said the class and comp study will likely continue into the next year.

MS. LANG continued the presentation.

- General Fund Balance Reserves/Contingencies
 - Total FY 2022-23 Estimated Year End General Fund Balance \$134.6M
 - Unappropriated balance designated for PSPRS, CIP & ED \$70.4M
 - Appropriated 15% Contingency \$45.4M, Council Contingency \$325K, and other reserves \$350k
 - Unappropriated Budget Stabilization reserve \$10M & other reserves \$8.2M
 - Contingencies are funds set aside for emergencies and unforeseen expenditures
 - Reserves are funds set aside for specific purposes
 - Minimum Reserve Target Represents 4 months of budgeted operating revenues \$100.8M

COUNCILMEMBER ORLANDO asked if requests from Council exceeded what was appropriated last year.

STEVEN TURNER, Assistant to the City Manager, said they were at \$400,000 total.

COUNCILMEMBER ORLANDO asked to consider raising the Council contingency reserve to accommodate for increases due to inflation.

MAYOR HARTKE said that traditionally this reserve is used to fund things that did not make the budget.

COUNCILMEMBER ORLANDO clarified that he was asking about raising the Council contingency balance to address inflationary issues.

MAYOR HARTKE asked where that money would be coming from.

MS. LANG said more one-time dollars would be appropriated towards this purpose and reduce another unappropriated reserve.

COUNCILMEMBER STEWART agreed with raising the reserve. Councilmember Stewart said when Council does lobby for the community and that requires and that is an expense that should be an ongoing budgetary expense.

MR. WRIGHT responded that the Council travel budget is kept separate.

COUNCILMEMBER ELLIS said if there is an opportunity to pursue raising the reserve, there are specific places where it should be increased. Councilmember Ellis supported adding more based on need.

COUNCILMEMBER ORLANDO restated that his interest was in addressing costs related to inflation and higher demand.

COUNCIL consensus was to research a 5-10% increase in the Council Contingency fund.

MS. LANG continued the presentation.

- Proposed 5-Year One-Time General Fund Balance Forecast
- Proposed 5-Year Enterprise Fund Balance Projections
 - Cost of Service completed to bring each customer class closer to paying based on usage characteristics
- Proposed 10-Year Capital Improvement Program (CIP)

MR. DUNBAR continued the presentation.

- Fiscal Foundations – Staying Connected
 - Current 10-Year CIP Council Guidelines
 - Minimize increase in property taxes
 - Maintain, enhance, or re-imagine existing infrastructure
 - Finish planned construction of streets, parks, fiber and utility systems
 - Prior to adding capital, ensure related ongoing O&M can be supported
 - Utilize master plans to guide long-term capital investment

MAYOR HARTKE asked if outside groups come up with a project that requires plowing through the streets, if we are able to move our projects to take advantage of their timing. Mayor Hartke asked if the flexibility is there to move projects to save dollars and efforts.

MR. DUNBAR said that is what we try to do.

JOHN KNUDSON, Public Works and Utilities Director, said that there is a map available to outside utilities showing future projects. Outside utilities are charged street cut fees if they have a project within five years of street construction. They try to work with outside utilities to complete their projects before the streets are completed. The utility companies can still construct, but there is a penalty, and they are aware of that.

MAYOR HARTKE said there is some incentive to work with the City.

MR. DUNBAR continued the presentation.

- 10-Year CIP Overview
 - 2023-2032 CIP total is \$1,659,213,300 (\$391.3M more than the 2022-2031 CIP)
 - Updated to reflect inflationary pressures
 - Increased focus on aging infrastructure
 - Includes \$119M in projects for infrastructure to support Intel expansion
 - Additional bond authorization approved by voters to help fund the 10-year plan
- Summary of Proposed Key Capital Projects in the 1st 5 Years
 - Community/Regional Park Improvements
 - Tumbleweed Regional Park Development / Multi-Gen
 - A.J. Chandler Park Improvements
 - Existing Community and Neighborhood Park Imp
 - Existing Athletic Field Improvements
 - Mesquite Groves Phases I & II
 - Aging Park Facilities
 - Technology
 - Benefits Administration Software
 - Police Virtual Private Network
 - Office 365 continued module implementations
 - Development Services
 - Citywide Fiber Upgrades
 - Buildings & Facilities
 - Building Renovations and repairs (Center for the Arts, Main Police, Fire Stations, Downtown Library, etc.)
 - Police
 - Forensic Services Facility
 - Police Main Stations Renovations
 - Radio Communication Equipment
 - Street/Transportation Projects
 - Street Repaving Program
 - Lindsay Rd (Ocotillo Rd to Hunt Hwy)
 - Chandler Heights Rd (McQueen Rd to Val Vista Dr)
 - Cooper Road/Insight Loop Extension
 - Downtown Street Improvements

- Alma School Rd (Germann Rd to Queen Creek Rd)
- LED Upgrade Streetlight Conversion
- Frye Rd Protected Bike Lanes
- Ashley/Paseo Trails Connections
- Kyrene and Highline Canal Branch Shared Use Path
- Airport
 - Taxiway B Construction
 - Airfield Lighting Improvements
- CAPA
 - Video Production Studio Digital Media Upgrade
- Fire
 - Fire Station 2 Rebuild
 - Self-Contained Breathing Apparatus Replacement
- 10-Year CIP by Focus Area
- Refer to Proposed 10-year Capital Improvement Program (CIP)

Council reviewed handout of FY 2023-32 Proposed Capital Improvement Program.

COUNCILMEMBER ORLANDO asked about the Folley Park Pool renovation and did not see it in the first five years.

MR. DUNBAR said it is in the second half of the CIP.

COUNCILMEMBER ORLANDO asked if they should have something this year at least a planning document for this.

MR. WRIGHT said the funding source is GO bonds which came through Council's bond subcommittees, this project was not as high-ranking as some of the other projects recommended. There should not be a gap between when the study is done and when the park is started, as needs may change in that time.

COUNCILMEMBER ORLANDO asked to put this in before year six.

MR. WRIGHT said that dollar amount was a roll-up that would be spread over multiple years. There would be a design year and a construction year, it was just shown condensed. If there was a Council policy direction to advance Folley, that could be investigated. It may come at the cost of moving another bond-funded project back.

COUNCILMEMBER ORLANDO said he would hate to spend seven years before the Folley project.

MR. WRIGHT said that if that was Council direction, it could be moved. The last Folley Park refresh was in FY 2016-17.

VICE MAYOR ROE said Folley Park should be part of the discussion. The fields at Tumbleweed are still a way out.

MR. WRIGHT said that the fields at Tumbleweed are probably 18 months out.

MAYOR HARTKE said he was hesitant to drop something else to pursue this without a deeper investigation.

COUNCILMEMBER ORLANDO asked what the cost of a study would be.

MR. WRIGHT said it would depend on what was trying to be accomplished, money could be put aside for design feedback or a public forum. However, unless another project was moved, it would be 5-7 years before beginning the project, and needs may change in that time. It would warrant a council policy discussion on what is more important right now.

MS. LANG said the design is in year 27-28, so year six, and the construction would be in year seven. It would be in the beginning of the second five years.

MAYOR HARTKE said we made a commitment in Galveston neighborhood like Gazelle Park. It is unknown what would be pushed back.

COUNCILMEMBER ORLANDO asked how much staff time an RFP would take to generate thoughts on Folley.

MR. WRIGHT said that is possible, the challenge is implementing the ideas five years after the study.

COUNCILMEMBER ORLANDO said it is important to get ideas out and get the community involved in these discussions.

COUNCILMEMBER STEWART said the general plans from 12 years ago currently in use are boxing us in to our current needs. One of those needs are maintenance of existing fields at Snedigar and Nozomi. There are not more fields where most of the community plays. Some fields are overused, and there needs to be more to address that demand. Councilmember Stewart asked where those are being implemented.

MR. WRIGHT said that we are running out of space in the community. It also depends on when money becomes available. The two major facilities left, Mesquite Groves and Lantana Ranch, would have new fields in the future. One item that is new this year is existing athletic field improvements, a new capital program. Anytime major field improvements are needed, it came

out of existing community park improvements that were not to be used for that purpose. This would be totally dedicated to improving current conditions.

COUNCILMEMBER STEWART said he anticipated seeing what those specific needs are, especially those coming from sports-involved residents. Councilmember Stewart said we are investing and would continue to do that.

MAYOR HARTKE said he is looking to see the impact of the Legacy ballpark and how that affects the demand on Chandler's fields, especially for tournaments.

COUNCILMEMBER STEWART said the demand for fields is for practice.

MR. DUNBAR continued reviewing handout of FY 2023-32 Proposed Capital Improvement Program.

COUNCILMEMBER ORLANDO asked other than the LED streetlights, if there were any other sustainability projects.

MR. WRIGHT said in addition to the LED streetlight project, there is an ongoing allocation to look at electric vehicle charging. They are looking at other locations on City facilities to have electric vehicle charging stations, as well as acquiring additional electric vehicles for City fleet.

MR. DUNBAR added that there was evaluation of irrigation at parks and athletic facilities for consistent water utilities savings.

MAYOR HARTKE mentioned the federal funding for water metering was part of sustainability.

MR. WRIGHT brought up recharging water credits locally in Chandler opposed to outside the City. It is a big investment but an innovative project. It is a significant project in terms of water sustainability.

COUNCILMEMBER ORLANDO asked about solar or other methods.

MR. WRIGHT said solar is being explored. There is not an allocation of dollars needed for that, but would be done with a purchase agreement or other creative financing.

MAYOR HARTKE mentioned investing in sustainability out of the Council reserve, for example, tree replacements.

COUNCILMEMBER STEWART requested research on solar energy storage. If that could be something that Chandler could lead on, other cities may follow. It pushes us forward in sustainability innovation.

MAYOR HARTKE mentioned SRP solar storage projects in other locations.

MR. WRIGHT said we partner with one of SRP's solar storage facilities in Coolidge.

MS. LANG continued the presentation.

- Public safety Personnel Retirement System (PSPRS) Pay-Down Commitment
- PSPRS Actuarial Report Results 6/30/21
 - Unfunded Liability decreased \$17.2M from Prior Year's total of \$171M
 - Police \$102.8M
 - Fire \$51.1M
 - Total \$153.9M
 - Employer Fire and Police contribution rate reductions resulted in savings of \$660K over prior year
 - Current Employer Contribution is \$19.5M
 - Council direction at 02/10/22 Workshop #1: Council requested options to further pay down PSPRS liability
 - Normal portion of contribution 30%
 - Unfunded liability portion of contribution 70%
- PSPRS Net Unfunded Liability Balances Update
 - Chandler % Funded
 - 2021 – 70.3%
 - 2020 – 64.9%
- PSPRS Employee/Employer Rates Comparison Fire
- PSPRS Employee/Employer Rates Comparison Police
- Continued Planned Paydown of PSPRS Unfunded Liability Options
 - Additional one-time funds available today from 2 years of COVID reduced budget and strong development revenues. Recommend larger payment to generate ongoing savings.

COUNCILMEMBER STEWART asked if the original plan was to be paid through 2032-2033.

MS. LANG answered that 2036 is when it must be paid off. The original plan was an 11-year plan to be paid off by 2027.

MAYOR HARTKE said there were a lot of things outside of the City's control. Mayor Hartke said he is in favor of turning one-time dollars into ongoing dollars.

MS. LANG continued the presentation.

COUNCILMEMBER HARRIS asked for clarification on the dollar amount.

MAYOR HARTKE clarified that it was \$50 million.

COUNCILMEMBER HARRIS confirmed that would increase our ongoing dollars.

MAYOR HARTKE responded that it would bring us down to being able to pay the annual amount rather than catching up with unfunded liability with this current model.

COUNCILMEMBER LOPEZ said he appreciates the work being done on this. Councilmember Lopez said being able to do these payments was going to be a huge impact. It was going to be a struggle to wait for this to clear and to be able to do more quality of life for citizens. Councilmember Lopez brought up to be mindful of how money is spent and 2027 is the light at the end of the tunnel.

Council consensus was to approve the \$50 million one-time for this fiscal year.

Council recessed at 5:49 p.m.

Council reconvened at 7:50 p.m. All members present.

MR. DUNBAR continued the presentation.

- Assessed Valuation and Property Tax Update
- Property Valuation and Tax rate History
 - Tax rate was increased during declining values, and decreased during periods of increasing values
- Property Tax Rate Comparison
- Breakdown of \$1 of Typical Chandler Property Tax Bill
 - Public Schools and Community College Districts 67.5 cents
 - Maricopa County & Special Districts 22.7 cents
 - City of Chandler 9.8 cents
 - *Based on 2020 Tax Bill information. Exact split will vary depending on the school district and any other special taxing districts on the bill.
- Levy with Rates Unchanged
 - Council direction at 02/10/22 Workshop #1:
 - 1. Leave secondary rate alone
 - 2. Lower primary pending further conversation
- Levy with Proposed Primary Rate reduction
 - Eliminating tax increase appreciation reduces tax levy \$129,604 and rate 0.0035
- Impact to Median Value Homeowner Primary Tax Rate Options
 - \$0.01 change to Property Tax Rate equals \$370,295
 - Propose primary tax rate be reduced, lowering ongoing revenue and eliminating need for Truth-in-Taxation process

COUNCILMEMBER STEWART was interested in a deeper tax cut if it was possible. Councilmember Stewart said that five years ago we used to be one or two in this area, and that has crept up. Councilmember Stewart asked if that is because one of our competitors had a significant tax cut.

MR. DUNBAR said that it depends on each city and how they assess the tax. If their capital plan does not call for an increase, then they'll do a reduction. If their property valuations are higher, they need a lower percentage to bring more of a levy than we would bring in with a higher rate. It is community specific. Chandler has maintained that rate by having a robust capital plan achieved through careful planning.

COUINCILMEMBER STEWART said he was interested in a deeper cut.

MR. WRIGHT mentioned that another piece to think about is that they get their money from different revenue sources. Chandler is one of the cities with the lowest sales tax rate in the state. Some other cities with lower property taxes will have higher sales tax. There are multiple revenue sources into the general fund.

Council consensus was to pursue the one cent change to Primary Tax rate.

MS. LANG continued the presentation.

- Key Budget Dates

Adjourn

The meeting was adjourned at 8:03 pm.

ATTEST: _____
City Clerk

Mayor

Approval Date of Minutes: April 28, 2022

Certification

I hereby certify that the foregoing minutes are a true and correct copy of the minutes of the Special Meeting of the City Council of Chandler, Arizona, held on the 24th day of March 2022. I further certify that the meeting was duly called and held and that a quorum was present.

DATED this _____ day of April, 2022.

City Clerk