

Meeting Minutes

City Council Work Session

December 5, 2022 | 4:30 p.m.
Council Chambers Conference Room
88 E. Chicago St., Chandler, AZ



Call to Order

The meeting was called to order by Mayor Kevin Hartke at 4:30 p.m.

Roll Call

Council Attendance

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

Appointee Attendance

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

Staff in Attendance

Tadd Wille, Assistant City Manager
Dawn Lang, Deputy City Manager / CFO
Andy Bass, Deputy City Manager
Ryan Peters, Strategic Initiatives Director
Alexis Apodaca, Government Relations Coordinator
Lauren Koll, Community Engagement Specialist
Melissa Quillard, Mayor and Council Communications Manager

Discussion

1. Presentation and Discussion of the City's Legislative Agenda to Provide Guidance for Advocacy Activities at the State Legislature during the 2023 Legislative Session

MAYOR HARTKE called for a staff presentation.

JOSHUA WRIGHT, City Manager, introduced the discussion item and said that this meeting is a tradition in Chandler, in preparation for the legislative session to begin in January. There will opportunities and challenges for local control and local revenue. Mr. Wright encouraged Council to speak with one voice as a city, to ensure the residents voices are heard at the capitol.

RYAN PETERS, Strategic Initiatives Director, presented the following presentation.

- 2023 State Legislative Agenda
- 2023 Session Overview
 - Opening Day
 - Themes
 - Ongoing Information

MAYOR HARTKE asked about the amount of land added to Legislative District 14.

MR. PETERS said it is a small amount, around Veterans Oasis Park as the eastern border, to Val Vista Dr., and Ocotillo Rd.

MAYOR HARTKE asked about the area of Legislative District 12.

VICE MAYOR ROE said that the district goes north of Ray Rd and west of the 101, including Ahwatukee and South Tempe.

MAYOR HARTKE commented that the new legislative districts are different sizes than what they were previously.

MR. PETERS said that Chandler picked up another district on the east. It is focused on the north and east.

MR. PETERS continued the presentation.

- Legislative Principles
 - Protect Local Authority
 - Reserve Local Revenues
- Fiscal Sustainability
 - Support retention of State-Shared Revenue at current levels
 - Protect local authority to determine appropriate revenue sources
 - Encourage Legislature to evaluate impact of unfunded mandates
- Food and Residential Rental Tax
 - Renewed interest in removing local ability to levy food and residential rental taxes
 - A diverse tax base helps Chandler maintain a low cost of living and weather challenging economic conditions
 - These tax categories are especially important for low tax cities and cities with limited revenue options

COUNCILMEMBER LOPEZ asked if proponents of removing local ability to levy food and residential rental taxes would have the votes to push this through.

MR. PETERS said yes, proponents would have the votes, and it has become a legislative priority in the chambers.

COUNCILMEMBER ORLANDO asked about residential rentals when it comes to the hotel industry seeking a consumption tax.

MR. PETERS said the hotel/motel tax is a different rate in a different category. They are engaged in that revenue, but the issue is separate than the residential rentals. Residential rentals do have special privileges, there is a negotiation against cutting this tax, it would be at the vote of people to change the rate. The tax category in TPT has that privilege.

COUNCILMEMBER ORLANDO asked if there is any discussion on credits or rebates for low-income individuals when it comes to this food tax.

MR. PETERS said that this could be considered. It could be from the municipality, not necessarily the state legislature.

COUNCILMEMBER HARRIS asked what other cities have been identified as low-tax cities.

MR. PETERS answered that Gilbert and Chandler with sales tax rate of 1.5%. Other have higher base rates with special taxes, which increase combined rates.

MAYOR HARTKE said some cities have transportation taxes that could be impacted by the Proposition 400 vote. This could affect plans for these funds.

MR. PETERS agreed, and said transit services can be paid through alternate means. Chandler has historically chosen to fund transportation through the base tax rate. There are benefits from the region in transit services, and arterial investments with regional sales taxes to our infrastructure.

MAYOR HARTKE asked if bus transportation is funded 100% through the Proposition 400 extension. We pay through that system.

MR. PETERS said that 80% of the service is provided by the region. Locally funded service will be put with the region, which would help us make decision for service extensions with the revenue we have. These would be pilot programs or ongoing solutions.

COUNCILMEMBER HARRIS asked to investigate other tax mechanisms that other cities use for use in comparison.

MR. PETERS said we are governed by the Model City Tax Code, created in the 1980s, to give cities power over their own tax categories. This also created a joint set of definitions for tax code. Chandler has chosen most categories, to provide a broad rate. This varies for other cities. There are minor nuances in definition, but the categories at large are defined by the Municipal Tax Code Commission and codified in statute. More information will be forthcoming.

ALEXIS APODACA, Government Relations Coordinator, shared that the Model City Tax Code will have its 10-Year review in 2023. This could be a risk to cities no being able to have additional tax categories.

COUNCILMEMBER LOPEZ shared that as a member of the commission, there is sentiment to retain the tax code as a baseline for all municipalities to set a standard for what is taxable. Any new legislation would warrant modifications, to establish a guideline for use. Categories are dependent on the local options available for taxation.

MS. APODACA continued the presentation.

- Transportation
 - Support regionally coordinated transportation planning
 - Support the updated Regional Transportation Plan that is funded through a voter approved regional sales tax
 - Oppose efforts that limit local control in the transportation decision-making process

COUNCILMEMBER LOPEZ asked if there was any sense of direction given by Governor-Elect Hobbs on transportation and Proposition 400.

MS. APODACA said that there has been no definite answer on Proposition 400. Historically she has been supportive of transportation, any opposition has been through the legislature.

MR. PETERS said that if transportation becomes a core tenet of Governor-Elect Hobbs priorities, it may come down to the legislature against the governor's office. The issue is creating a team effort on this.

COUNCILMEMBER LOPEZ said that bipartisanship would be the goal on this issue.

MS. APODACA continued the presentation.

- Proposition 400 Extension – Direct and Indirect Chandler Benefits
 - Investments in East Valley Freeway corridors and High-Capacity Transit, enhancing quality of life and supporting economic development
 - Improvements to arterial roadways, targeted to aging roads in North Chandler
 - Funding for 81% of all bus transit in Chandler and 100% of all federally-mandated Paratransit service (approximately \$9.8M per year)

- Creation of programs supporting Bike and Pedestrian Projects, Arterial Intersection Improvements, Intelligent Transportation Systems, and Regional Safety Programs

COUNCILMEMBER STEWART asked if these numbers were over the lifespan of the 20 years of Proposition 400.

MS. APODACA said that was correct, it represented 2025 to 2050, 25 years.

MS. APODACA continued the presentation.

- Transit Ridership
 - 11 Local Bus Routes
 - 950,000 Annual Boardings (FY2019)
 - 2 Express Bus Routes
 - 60,000 Annual Boardings (FY2019)
 - Paratransit
 - 50,000 Trips/Year
 - RideChoice
 - 12,000 Trips/Year
 - Chandler Flex
 - 2,506 rides completed in November 2022
 - Covid-19 Impact on Ridership
 - Approximate 60% Reduction in 2020
 - Approximate 20% Increase in 2021/2022

COUNCILMEMBER STEWART asked about the cost effectiveness of alternative transportation programs in comparison to a static bus line.

MR. PETERS said it provided a higher level of service. The users are unique in their transportation needs. It is expensive but adds value that provides service to an otherwise underserved area.

MAYOR HARTKE added that the Chandler Flex model is getting picked up by other cities.

MR. PETERS confirmed that was correct. There are technology-enhanced services to improve existing services. Technology can consolidate rides.

MS. APODACA continued the presentation.

- Chandler Bus Rider Profile
 - 79% of riders are employed
 - Over half of all trips are to/from work
 - 14% of riders are students, 6% are retired
 - 62% of bus riders are Transit Dependent

- An additional 20% of riders have only 1 vehicle in their household
- 55% of boardings in Chandler are made by Chandler residents
 - 36% are Tempe, Mesa or Phoenix residents (most of whom work in Chandler)
- Chandler Paratransit / Ridechoice Rider Profile
 - 469 Active Paratransit Users
 - Active users take an average of 5 trips/month
 - 35% of trips are made by wheelchair users
 - Average subsidy per user = \$260/month (FY22)
 - 429 Active RideChoice Users
 - Active users take an average of 3.5 trips/month
 - 80% of users have a certified disability
 - 20% of users are over 65 without a certified disability
 - Average subsidy per user = \$88/month (FY22)

COUNCILMEMBER ELLIS asked about senior access to transit, accessibility in Chandler Flex services, where is the overlap in these services.

MR. PETERS said that in meetings with the service provider for Flex, Chandler asked them to spend even more marketing effort into picking up paratransit eligible riders. It is less expensive that federally required paratransit service. If more riders choose Flex, we can save money.

COUNCILMEMBER ELLIS said Flex is more convenient than transit for many riders.

COUNCILMEMBER LOPEZ asked if Flex transit uses wheelchair lifts and other accessibility accommodations.

MR. PETERS said there is a wheelchair accessible van that is part of the fleet. Flex is not necessarily door-to-door but consolidate a meeting point between passengers. There is still a need for door-to-door service for those who need that level of assistance.

COUNCILMEMBER LOPEZ said paratransit service is federally mandated and Proposition 400 funded. If Proposition 400 does not provide these funds, we will still need to provide these services, funded out of City funds.

MR. PETERS said that is correct, however; if all other transit services were cancelled in Chandler, there would be no federal requirements to provide paratransit service. Service must be consistent.

MAYOR HARTKE commented that Chandler extended past the state regulations to serve south Chandler.

MR. PETERS summarized that transportation is the focus for Chandler at the capitol next year.

MS. APODACA continued the presentation.

- Economic Development
 - Support efforts that enhance Chandler's economic competitiveness
 - Support diversification of economic development tools
 - Protect local authority on development projects

COUNCILMEMBER ORLANDO asked if this includes last years legislative attempt to change local authority on planning and zoning. Economic development and planning have an impact on each other.

MS. APODACA said that they anticipate this legislation to return.

COUNCILMEMBER HARRIS said that Chandler puts forth the best initiatives for economic development. There has been a lack of information on the CHIPS act. The Chandler region has been leading the way when it comes to semi-conductor applicants. How do we engage and advertise this knowledge?

MS. APODACA said CHIPS act was for workforce development. There was an agency allocated to, the agency partners with technical trainers like Intel. Those organizations decide the educational intuitions they want to partner with. City messaging can be an additional conversation. The city does not seek those funds.

COUNCILMEMBER HARRIS asked if we calculate this into our economic development strategy.

MR. PETERS said that the CHIPS act is an inside investment for the companies. It is an investment for companies to invest. Chandler has had conversations with these semiconductor companies, while still seeking funding to support this industry.

MAYOR HARTKE added that Chandler has indirectly received funding for improvements, such as rebuilding and supporting existing infrastructure. We will work with the Greater Phoenix Economic Council; it may be worth holding a joint work session to review with the regions' successes and economic strategies.

COUNCILMEMBER ORLANDO shared as a member of the Chandler Chamber Work Force team, focusing on education in the business community. Companies are already engaged in this environment with outreach and awareness.

MS. APODACA continued the presentation.

- Neighborhoods
 - Support policies that strengthen the quality of life in Chandler's neighborhoods
 - Protect rights of citizens to actively engage in public policy

MAYOR HARTKE added that some cities are allowed to do a certain number of things. This will be further investigated later.

MS. APODACA continued the presentation.

- Public Safety
 - Preserve and enhance the ability of local governments to strategically plan for and respond to emergencies
- Land Use Planning
 - Protect local authority in land use planning
 - Support efforts that promote orderly growth
 - Oppose efforts that impede growth management

COUNCILMEMBER LOPEZ asked about the state legislators that were focused on state zoning authority.

MR. PETERS said that the main proponent of this issue expects to introduce legislation associated with it.

COUNCILMEMBER ORLANDO asked about a past timeline for planning, zoning, and development which said that seeking funding was the largest element of the process.

MR. WRIGHT said there were developers bill of right legislation introduced some time ago. This put time limits on developments, permit, and plan review. We need to quantify how much time this process spends outside of the city. We are concerned if zoning was required to be completed within a concrete timeline, because zoning is such a lengthy process in compromise and solutions for the whole community.

MAYOR HARTKE directed staff to investigate development efficiency.

MR. PETERS noted that Governor-Elect Hobbs is encouraging about local control of these decisions. There are creative ideas to offset challenges being discussed.

MS. APODACA continued the presentation.

- Water and Environmental Resources
 - Support the wise use of natural resources
 - Protect the City's investment in safe and reliable water resources and wastewater services

MAYOR HARTKE asked where the water to charge to then draw comes from.

MS. APODACA answered that there is a new definition of water being applied to this scenario.

MR. PETERS clarified that the private water provider within municipal limits supplies the water, the recharge occurs within the boundaries of the municipality. They want to keep their water used rather than recharge with the municipality.

VICE MAYOR ROE emphasized that other cities should be aware that Chandler has appropriately planned for water, and Chandler's water sources should not be infringed upon.

COUNCILMEMBER HARRIS said Chandler has a Strategic Water Policy.

MR. PETERS said that we do collaborate with other cities. Planning is a threat every year for people outside of Maricopa County, we work to share the narrative of Chandler's use of the shared water supply, using entitlements, and planning for the future.

COUNCILMEMBER STEWART said our taxpayers pay for water.

MR. PETERS continued the presentation.

- Thank You

MAYOR HARTKE asked Council to review these priorities when talking to legislators. Council members should pick a subject to address to outside sources. The hope is to listen to the state level but share Chandler's interests.

COUNCILMEMBER LOPEZ requested more information on the state of the flat tax.

MR. PETERS remarked that the flat tax was advanced more quickly than anticipated, it is distributed two years in arrears. The flat tax will not be in effect for two more years. The sharing has gone up to 18% which has been a benefit.

COUNCILMEMBER STEWART thanked staff for the update. Councilmember Stewart requested work on a policy where Council is made aware of these legislative changes.

MR. PETERS said that the Council feedback is valued. While these legislative issues happen quickly, that which requires more conversation needs the appropriate amount of time dedicated to discussion.

COUNCILMEMBER ELLIS shared that it would depend on the audience, in partnership with legislators.

MR. PETERS agreed. It will be a matter of messaging towards Chandler-specific issues. Maintaining contact with elected officials is important. Councilmembers act as an in-between for

residents and higher elected officials. Gathering opinions on legislative issues from Council members is valued.

Adjourn

The meeting was adjourned at 5:53 p.m.

ATTEST: *Dana R. D'Long*
City Clerk

Kevin Hartke
Mayor

Approval Date of Minutes: January 12, 2023

Certification

I hereby certify that the foregoing minutes are a true and correct copy of the minutes of the Work Session of the City Council of Chandler, Arizona, held on the 5th day of December 2022. I further certify that the meeting was duly called and held and that a quorum was present.

DATED this 12th day of January, 2023.



Dana R. D'Long
City Clerk