

Meeting Minutes

City Council Work Session

March 20, 2023 | 4:00 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 4:00 p.m.

Roll Call

Council Attendance

Mayor Kevin Hartke
Vice Mayor Matt Orlando
*Councilmember OD Harris
Councilmember Mark Stewart
Councilmember Christine Ellis
Councilmember Jane Poston
Councilmember Angel Encinas

Appointee Attendance

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

*Councilmember Harris attended telephonically.

Staff in Attendance

Tad Wille, Assistant City Manager
Andy Bass, Deputy City Manager
Dawn Lang, Deputy City Manager / CFO
Matt Burdick, Communications and Public Affairs Director
Melissa Quillard, Marketing & Communications Manager
Matt Dunbar, Budget & Policy Assistant Director
Ryan Peters, Strategic Initiatives Director

Discussion

1. Budget Workshop #2, Fiscal Year 2023-24
 1. Opening Remarks
 2. FY 2023-24 Budget Overview and General Fund Operating Budget Update

3. Proposed 5-Year One-time General Fund Balance Forecast
4. Proposed 10-Year Capital Improvement Program (CIP)
5. Assessed Valuation and Property Tax Update
6. Key Budget Dates and Questions

MAYOR HARTKE called for a staff presentation.

JOSHUA WRIGHT, City Manager, introduced the discussion item.

DAWN LANG, Assistant City Manager / CFO, presented the following presentation.

- FY 2023-24 Budget Workshop #2
- FY 2023-24 Budget Theme
 - Innovation at Work
 - Our Brand: A safe, diverse, equitable and inclusive community that connects people, chooses innovation and inspires excellence
- Agenda
 - FY 2023-24 Budget Overview and General Fund Operating Budget Update
 - Proposed 5-Year One-time General Fund Balance Forecast
 - Proposed 10-Year Capital Improvement Program (CIP)
 - Assessed Valuation and Property Tax Update
 - Key Budget Dates and Questions

MATT DUNBAR, Budget and Policy Assistant Director, presented the following presentation.

- Chandler Budget Process Timeline
- Strategic Framework Guides Our Decision Making
 - Strategic Policy Goals
 - Being The Most Connected City
 - Being 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
 - Good Governance
- Recent Media Headlines
- Chandler "Headlines"
 - Strike three – softball umpire agreement increases 65.2%

- Landscaping costs trimming up the budget, contract costs up 56.1%
- Water meter costs flowing higher, contract price 83.3%
- Inflation continues to clean up, as water and wastewater treatment chemical contract costs increase 80.6%

MS. LANG presented the following presentation.

- FY 2023-24 Budget Overview and General Fund Operating Budget Update
- FY 2023-24 Budget Overview Increase Drivers
 - Revenues
 - Increased revenues to reflect actual economic environment
 - Increases are coming from continued development, inflation and strong spending
 - Increased State Shared revenues with updated projections
 - Expenditures
 - Inflation increasing operations and capital budgets
 - Personnel costs increasing to invest in City workforce and retain employees; market, merit, and healthcare
 - Capital projects increased to address aging infrastructure, bond authorized projects, and grant funded projects
 - Infrastructure projects to support Intel expansion (FY2022-23 \$148M & FY 2023-24 \$30.5M)
 - Grants
 - Includes \$20M in American Rescue Plan Act (ARPA) funds included in FY 2023-24 budget as carryforward
 - Continued focus Grant opportunities and having “shovel ready” projects that may qualify
 - Debt
 - Additional one-time payments to continue planned paydown of PSPRS unfunded liability
- General Fund Forecast Higher Revenues AND Higher Expenditures
 - Revenues Ongoing vs. One-Time
 - Major Revenues
 - 51% Transaction Privilege Tax
 - 34% State Shared Revenues
 - Drivers
 - Strong economy / inflation
 - High development (i.e. Intel, etc)
 - Resetting ongoing / one-time
 - Sustainable portion must support higher expenditures
 - Current Budget
 - Did not include Intel impacts
 - Anticipate to be over budget

- Expenditures On-going vs. One-Time
 - Major Ongoing Expenditures
 - Personnel (75% of budget)
 - O & M to support services
 - Drivers
 - Competitive wages & benefits
 - High inflation on goods and services (+25 to 100%)
 - Maintain services vs. new
 - Spending more to just maintain
 - O&M for new CIP committed
 - Current Budget Impacted
 - High inflation and slow supply chain for capital & operating
- Ongoing/One-Time Local Sales Tax (TPT) Revenues
- State Shared Revenues (in millions)

COUNCILMEMBER STEWART said Transactional Privilege Tax (TPT) has historically gone upwards, but a decline is being projected, and asked if that projection is based on state shared revenues.

MS. LANG answered no, it is based on Chandler's local economy and what tax is collected on behalf of the City of Chandler. Ms. Lang referred to the graph to explain and pointed out that Intel Expansion will impact the revenue upon completion, and TPT is projected to come down.

COUNCILMEMBER STEWART asked why it is projected as a downturn for FY 2023-24 if it had not been predicted as a downturn, in a previous budget projection from FY 2018-19, which also had an Intel expansion.

MS. LANG explained that the past Intel Expansion was \$5 billion compared to the current expansion at \$20 billion and in FY 2018-19 the city was in a state of growth from adding a new tax base from a growing community. Ms. Lang referred to the graph to show growth and explained that TPT is a portion of when supplies are purchased for a project, and a portion of that is paid to the City of Chandler, the current spike is not sustainable and when buildings are completed it will decrease.

VICE MAYOR ORLANDO said growth shown in TPT is mostly based on the one-time funds but that the ongoing seems to historically be consistent around the 80-90% range, unless certain circumstances impact those numbers.

MS. LANG said yes, the projected one-time funds start to be realized in the sustainable numbers and then that amount is reviewed and adjusted annually

COUNCILMEMBER HARRIS asked what the growth percentage is compared to what is inflated due to economic growth, and what will be the on-going funds when that inflation levels off.

MS. LANG answered that the current year budget is 79% considering non-sustainable TPT that will go away. The revised budget shows actual amounts in the current year. The one-time funds are higher than what was anticipated but the amount shown is a blend of one-time and ongoing. Looking at the total budget, the projected revenues at 79% may be low since we are now at 68%. The total amount of revenue and 82% of TPT that is believed to be sustainable based on available data is what is used for this proposal of growth from 79% to 82% for FY 2023-24.

COUNCILMEMBER STEWART shared state revenue projections for this year and next and asked if this projected decrease is based off the state flat tax or if it is an opportunity for growth.

MS. LANG answered that the Joint Legislative Budget Committee (JLBC) has a projection that goes past the first year, they then look at population estimates and extrapolate a projection for Chandler from there.

MR. DUNBAR said there are some population changes, new growth for Chandler has slowed down due to less single-family home permits being issued, so the projection decreases, as compared to the state which includes other cities that are projected for more growth; that is one of the drivers. There is also the flat tax for residential. There may be new legislation coming out for a corporate flat tax that may drive some additional investment in the future but none of that has been finalized or included in any projections.

MS. LANG said the bigger part of these numbers besides population is the flat tax being implemented, so people are paying less into the bucket and even though Chandler has that increased scoop from the bucket at 18%, the bucket is still considerably less. That was the concession at state level and the bigger scoop is there to help cities stay whole overall.

MAYOR HARTKE asked if people having more realizable money to invest would be more impactful to west valley cities with more green land, as compared to Chandler with less land available to develop.

MS. LANG answered yes that a lot of repercussions can come from people paying less state tax, some are positive but not so much for Chandler.

COUNCILMEMBER STEWART said Mayor Hartke had a good point and asked if Phoenix might not have as much growth due to constraints of land.

MS. LANG clarified if Councilmember Stewart meant because of everyone growing around them and answered not necessarily, it is still seeing some growth. East valley cities that are

landlocked will be impacted the most. West valley and outlying cities continue to grow getting a larger allocation of revenue based on population.

MR. DUNBAR said that south Phoenix saw an increase because of the new Taiwan Semiconductor Manufacturing Company (TSMC) development up north and the large residential land uptake.

MS. LANG said this is critical because it is bolstering one-time dollars and it requires looking into the future and seeing what is sustainable.

MS. LANG continued the following presentation

- FY 2023-24 Ongoing Decision Package Recommendations (All Funds)
 - All Funds
 - \$16.9M in ongoing requests
 - \$9.5M recommended
 - *\$8.8M net of offsets
 - General Fund (GF)
 - \$12.7M in ongoing requests
 - \$6.6M recommended
 - *\$6.1M net offsets
 - Significant Enhancements
 - Contract increases for services and goods
 - Maintenance costs related to new capital projects
 - Public Safety Personnel Police and Fire
 - Continued investments in cybersecurity
 - Costs associated with new personnel (vehicles, IT, etc.)
 - Neighborhoods funding (Court and other Navigators and Code Inspector)
 - Surface water delivery increases
- FY 2023-24 Workforce Needs
 - FY 2022-23 Adopted 1,727 FTE + 28 New FTE Proposed for FY 2023-24
 - Public Safety
 - Additional Fire Fighter Rover positions (8FTE) to offset overtime needs, better allow for staffing and breaks, and meet staffing demands
 - Continue fully funding over-hires Police (15) including 5 as Investigative Specialists and Fire (9) including 4 to assist in Peak time coverage to supplement staffing and prepare for upcoming retirements
 - Additional civilian Police resources to support sworn officers (2 FTE- 1 Business Systems Support Analyst and 1 Senior Systems Support Specialist)
 - Additional Polygraph Examiner (1 FTE) as new civilian position to allow more flexibility for sworn officers and building social media brand to enhance recruitment and community outreach

- Addition of Detention Supervisor (1 FTE)
- School Resource Officer (1 FTE), grant funded
- Information Technology
 - Resources to address large number of new projects, maintenance of existing systems, and mobile environment (2 FTE- 1 Security Administrator, 1 IT Programmer Senior Analyst)
- Economic Vitality
 - Tourism Marketing Coordinator (1 FTE)
 - Workforce Development Project Manager to address workforce needs in Partnership with the business community as one-time funded pilot program
- Neighborhoods
 - Resources to enhance neighborhood outreach, some of which has been funded by federal dollars (5 FTE) (2 Community Navigators, 1 Community Resource Specialist, 1 Housing Specialist, and 1 Commercial /Residential Code Inspector)
 - Addition of a Support Court Navigator as one-time funded
- Quality of Life
 - Athletic Field Groundskeeper Team (5 FTE) to support and enhance new and existing fields at Tumbleweed Park
- Good Governance
 - Human Resources Principal Analyst to address recruitment and employee relations (1)
- Maximized reallocations and repurposing of existing positions prior to adding positions

COUNCILMEMBER STEWART asked if discussion on police coverage of trafficking will be discussed later.

JOSH WRIGHT, City Manager, answered that the police traffic section was a Council approved team from 2015/2016 and staff would provide Council with the latest stats from that group.

COUNCILMEMBER STEWART said that information would be appreciated.

COUNCILMEMBER POSTON asked if the police over hires were from two years ago and incorporated into the budget.

MS. LANG answered the police over hires are fully funded with one-time dollars. Ms. Lang then explained that past practice required City Manager authorization only based off what was needed as people retired, but then the decision was made to have a reserve of 15 people trained, but unfortunately those positions have been difficult to fill.

COUNCILMEMBER POSTON asked if those positions were unused then.

MS. LANG answered yes and no, not all positions are filled due to difficulties filling the positions, but it is working as far as having someone trained and ready as a person retires.

COUNCILMEMBER POSTON asked how many of the 28 new full-time employee (FTE) positions are currently temporary positions converting into FTE or are brand-new positions.

MS. LANG said some are temporary positions currently and are turning to a permanent full-time role.

COUNCILMEMBER POSTON asked what the cost difference is between temporary and full-time employees.

MS. LANG said the benefits are different.

MR. DUNBAR answered that these full-time employees can adopt some of the benefits but cost perspective is similar, the difference is where the funds are coming from. One-time funds are used for temporary and ongoing funds are used for the long-term commitment positions that have a proven ongoing need. Some of the positions that would be converted to FTE are currently temporary positions and a list of those can be provided later.

COUNCILMEMBER POSTON said that would be appreciated and asked if the temporary positions are currently being reapproved each year.

MS. LANG answered yes, it is being reapproved as a one-time decision package each year. The other difference between some of these temporary positions is some are currently part time and not full time and that will also create a cost difference.

COUNCILMEMBER POSTON said that it would be nice to have that information separated.

MS. LANG said all positions are one-time additions except work force development has an added note as a pilot program, otherwise if you add up all the FTE it would total 28. The other differences in cost between temporary and FTE are no vacation, no holiday pay and different share on retirement.

COUNCILMEMBER POSTON asked to clarify if the tourism marketing coordinator is a currently filled temporary position, but the workforce development project manager would be a brand new addition.

MS. LANG said that is correct.

MAYOR HARTKE said even though these positions are showing up as one time, if that position is needed it will continue showing up each year to be reappropriated. If the position is permanent it will be covered by ongoing funds.

MS. LANG said that is correct.

MAYOR HARTKE said as an example that temporary workers had been used quite a bit with Parks and Maintenance, but they were looking for an improved quality of work, and last year incorporated a few permanent workers into the budget.

COUNCILMEMBER POSTON wanted a separation of what was an already temporary position and then what were new FTE addition, where no one was currently in that position.

MR. WRIGHT said temporary positions are used quite heavily because they are trying it out as a pilot, seeing if it is sustainable. When temporary positions prove not to be as successful or it is a proven essential position that is when it has been changed. On the graph where it says FTE that position would be part of the ongoing fund anything else would be one-time funded.

VICE MAYOR ORLANDO asked if the two FTE positions are civilians or transitional to a sworn officer.

MS. LANG said one was funded as full-time temporary position but believed that position was no longer filled.

MR. DUNBAR said there was a one-time funded position system support analyst, but they need another support position due to volume.

VICE MAYOR ORLANDO asked if the polygraph is a conversion position that is going back into the pool to be reapproved.

MS. LANG said yes.

VICE MAYOR ORLANDO asked if the Public Information Officer (PIO) position would be an existing position converted to FTE, or an additional person being added.

MS. LANG said that it would be a new civilian.

VICE MAYOR ORLANDO asked if that would be an additional PIO.

MR. DUNBAR said that it would be an additional unsworn civilian position added to help in that role.

VICE MAYOR ORLANDO asked if the Detention Supervisor position will be filled with a sworn officer.

MR. WRIGHT answered it is not a sworn police officer in that position, it would be a detention supervisor. Chandler has an intergovernmental agreement (IGA) with Gilbert that governs that facility, and they are also in the process of requesting another position to match Chandler's commitment.

VICE MAYOR ORLANDO asked if there was any discussion of converting part time police officers or bringing back retired police officers.

MR. WRIGHT answered there have been extensive discussions about it. There is a lot of legislation complexities involved in bringing people back. In the all-day budget meeting, there will be a pilot program proposed to bring people back on whether in a civilian or sworn capacity.

VICE MAYOR ORLANDO asked if that will be seen in the budget.

MR. WRIGHT responded yes.

MS. LANG said of the five FTE for athletic field groundskeeper positions at Tumbleweed, four of those are connected to new fields and one is a conversion from a contract to a new FTE to help with new fields.

COUNCILMEMBER STEWART asked if there is accountability or grading with the upkeep of the fields like with street paving.

MR. WRIGHT answered there is a method to tracking but was unsure if there is a grade assigned.

COUNCILMEMBER STEWART asked to be provided with the different methods of tracking the upkeep of the fields.

VICE MAYOR ORLANDO asked if the employees would work on more facilities than just Tumbleweed.

MR. WRIGHT said that is correct, the plan is to spread them out.

COUNCILMEMBER HARRIS asked about the number of new FTE employees for the new fire station.

MAYOR KARTKE said it is not a new fire station, it is a rebuilding of the station and it would be the same employees.

MR. WRIGHT said the fire positions will do two things; the eight firefighter rover positions are a catch up from years ago. There used to be a practice of adding rover staff per station to provide breaks and vacations, as a cushion and that is being brought back to meet demands. The engine from station 8 is relocating to station two due to volume. This is to provide additional relief with an extra engine when the new station is built.

COUNCILMEMBER HARRIS asked about the amount of FTE positions for police and fire.

MR. WRIGHT said it is easier to hire firefighters than police officers, due to the large number of unfilled positions with the police it does not make sense to add more positions at this time but focus on filling the positions they have.

COUNCILMEMBER HARRIS asked if it would be better to have these FTE positions, so the people are ready to go when needed to and so it is planned in the budget.

MS. LANG said this current year there are 10 positions that are funded by American Rescue Plan ACT (ARPA) that the city has committed to adding as FTE when the fund runs out in December 2024. Those positions will be seen in the FY 2024/25 budget.

MR. WRIGHT said all the unfilled police positions still exist they just are not shown here, and if there is a candidate there would be a position for them.

COUNCILMEMBER HARRIS asked for information to be provided about what the amount of money is being spent on overtime for police and fire.

MS. LANG answered that staff would provide that information.

MS. LANG continued the following presentation.

- FY 2023-24 Estimated Wage Changes
 - 1% Values of Merit and Markets- Input to see Impact
- General Fund Ongoing Forecast

MAYOR HARTKE asked if the projections include the current Public Safety Personnel Retirement System (PSPRS) payment or a potential future payment.

MS. LANG responded that the result of those large one-time payments is a reduction in ongoing employer contributions, which is an estimated \$12 million dollar reduction, and that is including an estimated \$3 million adjustment per years 2-4.

MAYOR HARTKE asked if this is based off current or future PSPRS payments.

MS. LANG responded both, it is based off the \$50 million dollar payment already made and then the next payment recommendation. Ms. Lang stated there is not a modeler yet to confirm it and did not want an over aggressive estimation of reduction.

COUNCILMEMBER ELLIS asked if the expenses surpassed revenue in the projections of ongoing funds.

MS. LANG responded that expenses surpassed revenue by \$10 million by year 5 based on today's revenue projections.

COUNCILMEMBER ELLIS asked what can be done to bridge that gap.

MS. LANG said the projection is a complete guess on what is going to happen with merit and markets. There is more information on what is going to happen next year and there is an estimated total. Years 2-5 is a complete guess. For the sake of projections, they built in 3% for merit and market on generals, 5% public safety and 3% on market. There are a lot of unknowns due to legislative changes, personnel reserve, markets for public safety and insufficient appropriated funds, so they built in options to adapt to changes.

COUNCILMEMBER ELLIS asked if the gap between expenses and revenue in 5 years is something to be concerned about.

MS. LANG said that because assumptions and cushions are built in it is not a concern, but that merit and service levels need to be met immediately and maintained, then readjusted as time passes. From there as more information is obtained then additional conversations can be had for reallocation over time.

COUNCILMEMBER ELLIS asked what we are doing to free up our one-time dollars to be able to have the ongoing funds to be sustainable before year 5.

MAYOR HARTKE said that is going to be coming up on the next slides.

MS. LANG said yes, it is, but to answer Councilmember Ellis' question, the PSPRS payment should have a bigger impact than what we know for sure yet.

VICE MAYOR ORLANDO stated that he has seen the budget charts forecasting a gap before and that does not mean that there is an issue, as it gives an idea of where and when they need to be adjusted. The PSPRS probably does have a bigger payback in the future.

MS. LANG said she is hopeful.

COUNCILMEMBER POSTON asked what percentage the merit and market was based on for the previous slide.

MS. LANG said that they were built into the first year at 1%.

COUNCILMEMBER POSTON asked in the public safety market it seemed like a big jump for 10% and are we already that far off from the market.

MS. LANG said yes that is what is being heard from neighboring cities, Chandler is locked into their contract in 3rd place and 10% is required for Chandler to stay competitive.

COUNCILMEMBER POSTON said that seemed like a big jump.

MS. LANG said historically it has been in the double digits, it may be more or less, it is just a projection.

MAYOR HARTKE asked if the ongoing fund projection per year is 3%, 3%, 5%, 3%.

MS. LANG said for years 2-5 that is correct, but it may change.

MAYOR HARTKE said that it is concerning hearing that the 3% could be a 10% increase.

MS. LANG continued the following presentation.

- Potential Ongoing and Other Legislative Impacts to FY 2023-24 Revenues

MR. DUNBAR continued the following presentation.

- Proposed 5-Year One-Time General Fund Balance Forecast
- Council Priorities for One-Time Dollars
 - Continue Reduction of PSPRS
 - Reinvest in existing aging infrastructure, neighborhoods and systems
 - Operating and Capital spending to move strategic goals
 - Maintain Reserves sufficient to meet financial policies
 - New initiatives and Capital including Sustainability
- 2023-24 One-Time Decision Package Recommendations (All Funds)
 - All Funds
 - \$27.8M in one-time requests
 - \$27.1M recommended
 - *\$24.1M net of offsets
 - General Fund (GF)
 - \$15.7M in one-time request
 - \$14.7M recommended
 - *\$12.9M net of offsets

- Significant Enhancements
 - City-wide Technology Projects
 - Enhanced Marketing
 - Athletic Field and Park Improvements
 - Continued Passport Services
 - One-time contract increases
 - Airport enhancements to expand development area
 - Economic Development programs: Digital marketing for business attraction, Career and Chandler Innovations Fairs
 - Police Equipment, Technology and Behavioral Health resources
 - Human Services Allocations
 - Sustainability projects: Urban Forestry Program and increased funding for water conservation

MS. LANG presented the following presentation.

- Continued Planned Paydown of PSPRS Unfunded Liability
 - Actual/Planned one-time Funding
 - Proposed one-time Funding

VICE MAYOR ORLANDO asked if the \$136 million includes the \$50 million dollar payment from this year.

MS. LANG responded no.

VICE MAYOR ORLANDO asked about the different payment amounts projected to pay off the PSPRS and how much is left to pay it off.

MS. LANG said the \$10 million is a guess because the modeler is needed before knowing for sure.

VICE MAYOR ORLANDO asked what it is costing them to not pay off this fund sooner. What percentage yield are they getting to keep it in the account compared to what it is costing by not paying off the PSPRS.

MS. LANG said yes, it is better to pay it off because the percentage yielded on the money is nothing compared to the percentage of interest being paid on the PSPRS.

VICE MAYOR ORLANDO asked if the one-time dollars was enough to pay it off right now.

MS. LANG said yes, the onetime dollars are enough and then confirmed that the current \$136 million amount left to pay off does not include the last \$50 million payment, but they are waiting to hear back with the modeler and then confirm with the PSPRS to see if it can be paid off.

VICE MAYOR ORLANDO said that was great.

COUNCILMEMBER STEWART said if PSPRS was paid off that would be amazing and could free up the ongoing dollars going forward to do other good things.

MAYOR HARTKE said it sounded like there is a lot of enthusiasm to pay off the PSPRS and asked Ms. Lang to come back with information of what that would look like, with at least the \$70 million payment included in those numbers, depending on the modeler.

MS. LANG said they will report back with how much money will be freed up after paying off the PSPRS and that it will take time for that payment to bring down the ongoing employer contribution.

MS. LANG continued the following presentation.

- 5-Year One-Time General Fund Balance Forecast
 - Continue reduction of PSPRS Pension Debt to generate ongoing savings
 - Reinvest in existing aging infrastructure, neighborhoods and systems
 - Operating and Capital spending to move strategic goals forward
 - Maintain reserves sufficient to meet financial policies
 - New initiatives and Capital including sustainability
- Proposed 5-Year One-Time General Fund Balance Forecast

MAYOR AND COUNCIL recessed the meeting at 5:53pm.

MAYOR AND COUNCIL reconvened the meeting at 6:43pm. All members present

MS. LANG presented the following presentation.

- General Fund Balance Reserves/ Contingencies
 - Total FY 2023-24 Estimated Year End General Fund Balance \$129.3M
- FY 2023-24 Reserve Policies
 - Planning for Risk
 - Minimum Fund Balance Policy
 - Current policy requires maintain a minimum reserve of equal to 4 months of operating revenue or \$122.7M as fund balance
 - Alternative would be to change to 4 months of ongoing operating revenue estimated to be \$93.5M vs. \$122.7M
 - \$29M of additional fund balance could then be appropriated for a variety of one-time purposes without impacting AAA bond rating
 - Minimum Fund Balance Recommendation
 - Change Reserve Policy to 4 months of ongoing revenues versus total revenues to keep time period the same but better reflect what actual needs could be

- Minimum fund balance at 3 months of ongoing (\$70M), could be viewed as too big of a change by rating agencies
- Appropriated Contingency Policy
 - Current Policy is to appropriate 15% of General Fund operating revenues as contingency \$55.2M for the new fiscal year
 - Alternate could lower the contingency to 12% of General Fund operating revenues or \$44.2M for the new year versus \$55.2M
 - \$11M of additional fund balance not appropriated could then be used for a variety of one-time purposes
- Budget Stabilization Reserve Policy Recommendation
 - Policy allows use of fund balance for up to 3 years should a sudden drop in revenues require ongoing expenditure reductions to services
 - Set level at \$20M from \$10M to more appropriately set risk

MAYOR HARTKE asked how these changes impact the AAA bond rating and local business owners and resident's confidence in Chandler's financial practices.

MS. LANG said that anytime bonds are sold, or changes are made they will be reviewed by S&P Global Ratings. Ms. Lang said she did discuss these recommendations with Bill Davis, City Financial Advisor who works closely with rating agencies. Government Finance Officers Association (GFOA) best practices recommendation for a minimum operating fund balance is 2-3 months and Chandler is doing 4 months to really ensure that triple AAA bond rating. Adding the word 'ongoing' would serve what the policy was intended for, large spikes in one-time dollars are forcing more funds to be held back.

COUNCILMEMBER HARRIS asked if the money was coming in from the one-time dollars for appropriate budget stabilization recommendation.

MS. LANG said all these recommendations are for one-time dollars, saving account general fund.

COUNCILMEMBER ELLIS asked if this money is being used in a way that is going to leverage us to keep our triple AAA bond rating.

MS. LANG said this is an increase for the base reserve for the savings account which is an unappropriated amount. If the language is changed that can free up \$20 million one-time dollars to be used for other appropriated projects.

COUNCILMEMBER ELLIS said freeing up that money is important at this point and asked if we would still have the rating where we want it to be.

MS. LANG said yes.

VICE MAYOR ORLANDO asked what thoughts were on the \$20 million dollars.

MS. LANG said they have some tentative options available, currently street paving is being funded by bonds and highway user revenues which is not enough, additional street paving could be paid by those funds instead of increasing the bond.

VICE MAYOR ORLANDO said the streets look great and mentioned possibly being able to use some of those funds to pay off PSPRS.

MS. LANG said yes.

COUNCILMEMBER STEWART asked if the appropriated contingency is going to be spent.

MS. LANG said the appropriated contingency is the only contingency policy Chandler has in place to protect the general funds in case of emergency situations, typically it is unspent, it has been at 15% of the projected revenue for quite some time. What is not used gets reappropriated to be used the next year.

COUNCILMEMBER STEWART asked how much gets used of the fund typically.

MS. LANG said typically \$3-6 million but this year due to inflation, they will need to use it to continue capital projects, as other means of funding have become exhausted.

COUNCILMEMBER STEWART asked if she thought the \$6 million that is typically used would double to \$12 million.

MS. LANG said more than that, for example the Tumbleweed multi gym facility project was estimated at \$13.9 million and is now coming in at \$28 million. Ms. Lang added depending on if it is a facility that needs concrete the prices are currently inflated. Having an emergency contingency fund is important for times like these, it can also be used if an unexpected grant is received; those funds are not able to be used unless there is an appropriation. This reserve has two purposes: to pay for unexpected emergencies in general funds and to move funds to other appropriations as needed.

COUNCILMEMBER STEWART asked if the recommendation was to lower the total dollar amount in the unappropriated balance designated for future one-time projects.

MS. LANG said no, the only recommendation was to change the minimum fund balance. Council had asked what the contingency fund would look like at 12% of revenue but that is not a good idea at this time with current needs, it could affect the AAA bond rating to change that one.

COUNCILMEMBER STEWART asked if there was a discussion about the unappropriated amount.

MS. LANG said not to think of it as a dollar amount but as a policy for if there is a sudden downturn, a budget has already been set, and there is no revenue coming in, Chandler can continue to operate by drawing from this account until they reach \$20 million of one-time funds.

COUNCILMEMBER STEWART asked what the unappropriated \$53 million is for.

MS. LANG said that is the 4-month minimum reserve amount required to be in the account.

COUNCILMEMBER STEWART asked if one is operating and one is capital.

MS. LANG said no, this is all part of one big savings account, the policy for the \$53 million is that it needs to stay there and cannot be used.

COUNCILMEMBER STEWART asked if this was the policy set by council at 15%.

MS. LANG said no.

VICE MAYOR ORLANDO said that this is part of the \$93 million minimum reserve.

MS. LANG said yes, projected minimum by year 5.

COUNCILMEMBER STEWART asked if by state law that amount needed to be drawn down.

MS. LANG said no, there is no requirement to draw anything down, it is a balancing act. The account should not have so much money that it looks like the city could be overtaxing, they need a planned budget for those one-time funds and then refine the forecast for the following year. Currently there is a spike and the financial policy says they can spend that balance but not go below the 4-month minimum reserve.

COUNCILMEMBER STEWART asked if the 4-month policy was set by council.

MS. LANG said yes.

COUNCILMEMBER STEWART said if we can free up \$20 million dollars and keep the AAA bond rating, either money is not being used up fast enough or too much revenue is coming in. COUNCILMEMBER STEWART asked if Chandler is able to shave off the \$80 million in general funds according to 6 slides previously going into FY 2024/25.

MS. LANG answered no, and went back to slide 11, TPT shared revenue and explained to everyone what Councilmember Stewart was asking about, which is a slight dip in the projections of revenue for FY 2023/24. Ms. Lang then went back to slide 22 and explained this is a discussion on the

recommendation for one-time dollars being added to the general fund balance to use for all the one-time priorities mentioned earlier as well as the reserves and contingencies.

VICE MAYOR ORLANDO asked to clarify that what is being recommended is to change the wording for the minimum reserve policy to ongoing, so a piece of one-time can be used to help with other things.

MS. LANG said yes.

COUNCILMEMBER STEWART said what is being planned makes sense.

MAYOR HARTKE agreed with the first recommendation.

MS. LANG confirmed with council they are recommending leaving the appropriated contingency minimum at 15% and increasing the unappropriated budget stabilization from \$10 million to \$20 million.

MR. DUNBAR presented the following presentation.

- Proposed 5-Year Enterprise Fund Balance Projections

VICE MAYOR ORLANDO asked if one-time dollars cannot be used for this fund or hypothetically is that possible.

MS. LANG said typically enterprise funds are self-supported, and the bond rates pay for that operation. Those funds cannot be used in general fund, if council wanted to take one-time funds and add it to an enterprise fund, that is possible.

VICE MAYOR ORLANDO asked if a rate change could be avoidable by applying one-time funds.

MS. LANG said rate change is an ongoing revenue stream, if you deposited a one-time balance you could delay it but eventually the rate would need to be raised.

COUNCILMEMBER STEWART said he is concerned about water and asked if the 20% reserve is going to be enough. Councilmember Stewart asked if one-time funds could be used to improve the water quality.

MS. LANG said one-time funds can be deposited into an enterprise fund, but it is not an ongoing revenue stream. Enterprise funds operate like a business, rates should support their operations. Ms. Lang said staff is working on an aging infrastructure analysis for water and pipes going out 50 years and what will be needed to keep up with replacements. At this time information is not available yet to adjust any rate projections until the analysis is completed.

MR. WRIGHT said the budget for CIP will include the aging infrastructure for enterprise funds and that can affect water quality. Mr. Wright said that water conservation and sustainability discussion are coming up that may also have an impact on rates.

MR. DUNBAR continued the presentation.

- Proposed 5-Year Enterprise Fund Balance Projections
- Proposed 10-year Capital Improvement Program (CIP)

MR. DUNBAR presented the proposed Capital Improvement Plan draft.

- FY 2024-2033 Proposed Capital Improvement Program Draft
 - General Government
 - Airport Capital
 - Buildings and Facilities Capital

COUNCILMEMBER STEWART asked for an update on the space utilization study.

MR. WRIGHT said the study provided recommendations on better use of space that is already available and then recommendations on some other projects.

MS. LANG said that one recommendation was combining fire fleet next to city wide fleet and then selling the external building, but a study needs to be done on that for further information and some funds are required for that study.

COUNCILMEMBER STEWART asked if the goal of the space utilization study is downsizing and selling properties.

MR. WRIGHT said in some cases that may be but one of the challenges is there is a cost to reduce the footprint and so they are recommending studies for some of those projects.

COUNCILMEMBER STEWART asked why this study is taking so long.

MS. LANG said the study did not provide a lot of fruitful recommendations, some have required a more in depth look and it was determined the cost offset any benefit that would come from it.

COUNCILMEMBER STEWART asked if more money is needed for the fire and city-wide study.

MS. LANG said yes and for collaboration spaces, mezzanine space needs revamping, there are some other ideas listed in the draft.

MAYOR HARTKE said the study was less about downsizing as efficiently using the space.

VICE MAYOR ORLANDO asked about a previous study on relocating the fire repair facility and that it did not prove cost effective at that time.

MR. WRIGHT said there was an internal study done but it is outdated.

VICE MAYOR ORLANDO said his concern is spending a lot of money to move that facility when it is not cost effective to do so.

MR. DUNBAR continued reviewing the proposed Capital Improvement Plan draft.

- Non-departmental Capital
- Transportation Policy Capital

MAYOR HARTKE said there may be some reallocating required for Transportation.

MS. LANG said yes.

COUNCILMEMBER POSTON asked for more information on the funds allotted for the Boys and Girls Club improvements.

Tad Wille, Assistant City Manager said they are asking for improvements to increase security and help with remodeling of a teen center, more details will be coming in the next couple of months.

MS. LANG said that the city does own that building and it is a leased home improvement.

MR. DUNBAR continued reviewing the proposed Capital Improvement Plan draft.

- Community Services
 - Parks Capital

VICE MAYOR ORLANDO asked about the Folley Pool project.

MR. WRIGHT said there is a bond funded project for pool enhancements and it also effects the surrounding areas.

VICE MAYOR ORLANDO asked if this project can be prioritized.

MS. LANG said moving an appropriation of that magnitude would affect the secondary property tax rate so a project would have to be moved around.

VICE MAYOR ORLANDO asked if there was any study that can be done to help that project along.

MR. WRIGHT said yes, some options can be provided.

MS. LANG said that one of the priorities that came out of recent bond discussions was Mesquite Grove Park and pointed out the amount of bond funds allocated for that in the draft proposal.

VICE MAYOR ORLANDO said maybe some one-time dollars could be used for the Folley Park study.

MR. DUNBAR continued reviewing the proposed Capital Improvement Plan draft.

- Cultural Development
 - Cultural Development Capital

VICE MAYOR ORLANDO asked if existing museum bonds can be used for Tumbleweed Ranch project.

MS. LANG said yes, a resolution had been brought to Mayor and Council and was approved so now all those funds are park appropriated.

VICE MAYOR ORLANDO asked if that \$6 million can be used for Tumbleweed.

MS. LANG said yes.

MAYOR HARTKE said this is not an extra \$6 million, it increases the total amount of bond money available and the secondary rate still applies.

MS. LANG said yes, it is part of the bond authorization under parks, that debt would still need to be paid when the time came to sell it and that secondary rate would apply.

VICE MAYOR ORLANDO said the question had been raised at the subcommittee if there was one-time dollars or bond capacity.

MR. DUNBAR continued reviewing the proposed Capital Improvement Plan draft.

- Development Service
 - Development Services Capital
- Fire
 - Fire Capital
- Information Technology
 - Information Technology Projects Capital
 - IT Citywide Infrastructure Support Capital

COUNCILMEMBER POSTON asked if there was a third-party option for Oracle.

MS. LANG said Oracle is the cities financial software, it has been used since 1998 and it must be replaced.

COUNCILMEMBER POSTON asked if it was being replaced with Oracle.

MS. LANG said no, they will be looking for a new option.

COUNCILMEMBER STEWART said changing this software will save millions of dollars in the future.

MR. DUNBAR continued reviewing the proposed Capital Improvement Plan draft.

- Police
 - Police Capital
- Public Works and Utilities
 - Streets Capital

VICE MAYOR ORLANDO asked what is happening at Dobson and Ray Roads.

MR. WRIGHT said that it needs a designated right hand turn lane and possible two new left hand turn lanes.

MR. DUNBAR continued reviewing the proposed Capital Improvement Plan draft.

- Water Capital
- Public Works and Utilities Enterprise
 - Water Capital
 - Wastewater Capital
 - Solid Waste Capital

COUNCILMEMBER HARRIS asked if grants are being pursued to reduce cost.

MS. LANG said yes, a grant administrator is working directly with the departments to help aid in the process of receiving grants and identify where those grants can be used.

MR. WRIGHT said they also have a congressional person helping identify where federal dollars may be used as well.

MR. DUNBAR continued reviewing the proposed Capital Improvement Plan draft.

- FY 2024-2033 Proposed Capital Improvement Program Draft Funding Plan

MR. DUNBAR presented the following presentation.

- Fiscal Foundations-
 - 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
- Deliver on commitments made to residents through 2021 bond election
- Balance inflation, workload, and timely completion of high-visibility and grant-funded projects
- 10-Year CIP Overview
 - 2023-2032 CIP total is \$1,979,068,477 (\$314.3M more than the 2023-2032 CIP)
 - Updated to reflect inflationary pressures
 - Increased Focusing on aging infrastructure
 - Includes \$178.5M in projects for infrastructure to support intel expansion
 - Bond authorization longevity shortened by inflation and additional projects
 - Additional capacity from secondary levy growth higher than anticipated (+5.3%)
- Summary of Proposed Key Capital Projects in the first 5 Years
 - Community/Regional Park Improvements
 - Tumbleweed Regional Park Development/ Multi-Gen
 - A.J. Chandler Park Improvements
 - Existing Community and Neighborhood Park Improvement (includes sustainability projects for turf to xeriscape)
 - Existing Athletic field Improvements
 - Mesquite Groves Phases I & II
 - Aging Park Facilities
 - Lantana Ranch Park Site
 - Technology
 - Police Virtual Private Network
 - Office 365 continued module implementations
 - ERP Modernization/Replacement
 - Development Services
 - Citywide Fiber Upgrades
 - Building and Facilities
 - Building Renovations and Repairs
 - Boys and Girls Club Tenant Improvement
 - Police
 - Forensic Services Facility
 - Police Main Stations Renovations
 - Street/Transportation Projects
 - Street Repaving Program
 - Cooper Road/Insight Loop extension
 - Downtown Street improvements
 - Alma School Rd (Germann Rd to Queen Creek Rd)
 - Kyrene Road (Chandler Blvd to Santan 202)
 - Ray Road/Dobson Road Intersection Improvement
 - Turf to Xeriscape Program
 - Frye Rd Protected Bike Lanes

- Paseo Trail Crossing Improvements
- Kyrene and Highline Canal Branch shared use path
- Airport
 - Taxiway B construction
 - Runway 4R/22L Rehabilitation
- CAPA
 - Video Production Studio Digital Media Upgrade
- Fire
 - Emergency Vehicle Replacements
 - Self Contained Breathing Apparatus Replacements

COUNCILMEMBER POSTON asked if the city-wide fiber upgrade is specifically for city infrastructure.

MR. DUNBAR said yes.

MR. DUNBAR continued the following presentation.

- Summary of Core Infrastructure Capital Needs
 - Streets/Transportation
 - Street Repaving Program +\$12M in GF 1st year to offset inflation
 - +\$14M years 2-5 to add lane miles
 - Parks
 - +\$1.6M for existing neighborhood and community park improvements/reimagining
 - \$500K annual funding for aging park landscape imp. but \$800K year 1
 - \$500K annual funding for improvements to existing athletic fields

COUNCILMEMBER POSTON asked if most of the funding for parks was going to central and southern parks or if there was money for other areas as well.

MR. DUNBAR said quite a few of the parks listed are in north Chandler areas.

MR. DUNBAR continued the presentation.

- Water (rate impact)
 - Pipe replacement +\$1M year 1
 - Mains and Valves +\$6M year 1
 - Facilities +\$13M year 1
- Wastewater (rate impact)
 - Sewer Assessment and Rehab +\$11.6M year 1
 - Facilities +\$12M year 1

MAYOR HARTKE asked where the funds are coming from since it looked like these projects were being moved up.

MR. DUNBAR said a lot of the projects are being funded with one-time dollars from the general fund and on the utility side some things have been moved around to accommodate for rate changes but that is looked at and changes each year.

MR. DUNBAR continued the presentation.

- 10-Year CIP by Focus Area
 - Quality of life
 - Mobility
 - Neighborhoods
 - Economic Vitality
 - Good Governance
 - Innovation and Technology
- Refer to Proposed 10-Year Capital Improvement Program (CIP) List
- Assessed Valuation and Property Tax Update
- Property Valuation and Tax Rate History
- Property Tax rate Comparison
 - FY2022-23
- Breakdown of \$1 of Typical Chandler Property Tax Bill
 - Public Schools and Community College Districts- 70 cents
 - Maricopa County and Special Districts 19 cents
 - City of Chandler 11 cents
- Levy with Rates Unchanged
 - Council Direction at 2/9/23 Workshop #1
 - Leave second rate alone
 - Bring options on primary
- Impact to Median Value Homeowner
 - Primary Tax Rate Options
 - Propose primary tax rate be reduced, lowering ongoing revenue and eliminating need for truth-in-taxation process
 - \$0.01 change to Property Tax Rate equals \$389,965

MAYOR HARTKE said to keep it consistent with what was done last year.

COUNCILMEMBER ELLIS agreed.

COUNCILMEMBER POSTON asked for more information about truth in taxation.

MR. DUNBAR said for example if the rate were to be left flat the city is required to publish notification of the change to the taxpayer in the newspaper and online.

COUNCILMEMBER POSTON asked if that was basic public notification.

MR. DUNBAR said yes.

COUNCILMEMBER ELLIS said the penny reduction to keep taxes the same is a good option.

COUNCILMEMBER HARRIS has reservations about fire and police and asked for more information on what is needed for that long term. Councilmember Harris expressed concern about bringing taxes down and inflation is going up and asked for more information to help make sense of that.

MS. LANG said when they put together the forecast, they assumed the truth in taxation, so that amount is built into the ongoing budget. It is still in draft form, which can be adjusted, the penny is not too far from that amount. The bigger concern would be offsetting the whole value, that would cause a great reduction in ongoing revenue for the first two years. The truth in taxation was already used in the current draft forecast.

COUNCILMEMBER HARRIS asked if offsetting the whole value was considered in the budget for how it would affect future projects like water.

MS. LANG said the secondary rate is not changing and water is separate and fully supported by water rates. This discussion is about reduction to ongoing revenue for general fund operations.

COUNCILMEMBER HARRIS confirmed the amounts of reduction proposed and said it would best not to make any changes due to so many unknowns, leave that amount alone and not reduce anything.

MAYOR HARTKE said so far that was there is direction by one to leave it flat and two for a penny reduction.

COUNCILMEMBER ENCINAS said to leave it flat.

COUNCILMEMBER POSTON said to leave it flat.

VICE MAYOR ORLANDO said to leave it flat.

MAYOR HARTKE said that makes four to leave it flat.

COUNCILMEMBER STEWART said that it does not make sense to leave it flat and is not in agreement.

MAYOR HARTKE said it is being left flat.

MS. LANG continued the presentation.

- Inflation Relief for Residents Discussion
 - One-Time Funding Impacts
 - Increase Funding for Non-Profits by Enhancing External Partnerships
 - Housing and Human Services Commission (HHSC) with direction from Council on types of non-profits to target (e.g., food banks, prescriptions)

VICE MAYOR ORLANDO asked what kind of dollar amounts are needed.

MS. LANG said it depends on what Mayor and Council decide but the requests came in \$800,000 more than the usual.

MR. WRIGHT said the approved by council amount has been \$1.1 million for a long time and for the last two years this amount has been supplemented with some one-time dollars from ARPA for about a total of \$1.5 million. Mr. Wright said they are in the process of gathering more information for some different recommendations.

VICE MAYOR ORLANDO said whatever needs to be done needs to make immediate impact.

MS. LANG presented the following presentation.

- AOK and /or utility DES program for utility bill relief
- Ongoing Funding Impacts
 - Reducing Primary Property Tax Rate
 - Reducing \$0.01 (-\$390K) versus offsetting the full 5% assessed value increase for median value homeowner (-2.1M)
 - Lower TPT and Cut Services OR Shift TPT from one category to another
 - 0.10% (1/10th of a percent) across all categories generates \$10.5M at FY 2021-22 levels
 - 0.17% (1/17th of a percent) across retail category generates \$10.5M at FY 2021-22 levels
 - Support State Legislative Ideas
 - State Income Tax Credit (\$200-\$400) for Renters; targeted measure to support low income renters
 - HB 2401; TPT exemption of diapers and feminine hygiene

VICE MAYOR ORLANDO asked if the rental tax bill passes would that be a credit back to the renter directly.

Ryan Peters, Strategic Initiatives Director, said it is difficult because the renter must sign a contract with the amount that is due each month so that would not come in effect until the next

lease is due. The language of the bill needs to be fine tuned to capture how that would affect the renter directly.

VICE MAYOR ORLANDO asked if it would be an income tax credit.

MR. PETERS said if the proposal materializes that is correct.

VICE MAYOR ORLANDO asked if income to the state would go down therefore revenue sharing would decrease proportionate to the city.

MR. PETERS said yes that is correct, everyone in the state of Arizona that had a rental contract would benefit from it and the state would share in the burden of less income along with the cities.

MAYOR HARTKE asked which of these options council would like to support.

COUNCILMEMBER POSTON asked if the proposal was to continue having non-profits ask for money as needed.

MR. WRIGHT said yes there would still be the option of the normal process to request funds through Housing and Human Services Commission (HHSC) but if council would like to add an additional process for targeted dollars, those recommendations can be provided.

COUNCILMEMBER POSTON said the concern is the money being managed properly and effectively and asked if that were something that could be proactively asked for on a need-to-need basis.

MR. WRIGHT said that if there was a certain area council would like to assist, they can research that and provide a proposal.

COUNCILMEMBER POSTON said that sounded good and asked if there were any other council members in agreement for support.

MAYOR HARTKE said it did not make sense to give money to this area when it was decided that \$390,000 could not be afforded to give in another area that would help and benefit everyone. Mayor Hartke asked why this would be different.

COUNCILMEMBER POSTON said that this is one-time dollars, and it would have a targeted-immediate impact for people that are in need. Councilmember Poston said it seemed as if the other dollars would be ongoing funds instead of one-time and it also was targeting people in need, but it would not be as an immediate and targeted impact.

MAYOR HARTKE said food relief is very important and supports that option but lowering taxes technically is a one-time decision as well because it is reviewed each year and the impact of that is every homeowner.

COUNCILMEMBER ENCINAS said best options for immediate relief would be the AOK in combination with the utility DES program.

MAYOR HARTKE said basically this is putting money in a fund to help struggling people pay their bills and asked Ms. Lang which one would be recommended.

MS. LANG said when it comes to one-time dollars both are good suggestions and AOK has been able to help a lot. Ms. Lang also suggested adding funds to help food banks and prescriptions assistance.

MAYOR HARTKE asked council what amount of money they would like to see used for inflation relief.

COUNCILMEMBER ELLIS asked about the \$1.5 million that was mentioned before.

MS. LANG responded that yes, \$1.5 million was an amount they were throwing around, but she could go back and look at that number again.

MR. WRIGHT said that \$1.5 million came in a decision package this year.

COUNCILMEMBER ELLIS said if the decision package is already \$1.5 million, with the addition of AOK, DES, and other targeted areas of relief it should be \$1.8 million.

VICE MAYOR ORLANDO asked if ARPA dollars are available to add to the relief.

MR. WRIGHT said not a lot and there is already a little that has been allotted.

MS. LANG responded that the rules have changed a little bit with ARPA dollars and classification, there may be an opportunity for some reallocation of funds, but it would be a better option to use general one-time funds.

VICE MAYOR ORLANDO said if \$1.1 million is already being used, there is a request for \$1.5 million, why not do another million and see what Leah Powell, Neighborhood Resources Director can do with that.

MS. LANG said that Ms. Powell is going to need to be involved to talk with effective non-profits and see what additional funding is needed and if they are equipped to handle the additional funding.

MR. WRIGHT said if that is the consensus by council, they will come back with options, plans and information for the best amounts of additional funding.

COUNCILMEMBER ELLIS said it would be best to know for sure how much is needed, who is going to manage it, where will it be going and when that impact will be made before a decision can be made.

MAYOR HARTKE said the consensus is that council would like the budget team to come back with more ideas.

COUNCILMEMBER STEWART said these are great ideas and completely supports it but the only way to do immediate relief is eliminating the food tax and lowering TPT. Councilmember Stewart suggested a suspension of tax for prescription and .50% - .75% less tax on groceries.

COUNCILMEMBER ELLIS said the amount of homeless is concerning and expressed concern for those who are in need.

MR. DUNBAR stated for clarification that medical prescriptions are not taxed, only some over the counter pharmaceutical products, but no prescriptions written by a doctor are taxed, except for marijuana.

COUNCILMEMBER POSTON asked if there was a dollar amount for those that were not able to get relief through the AOK program and asked if that was going up due to inflation.

MS. LANG explained that currently if someone cannot get assistance through the utility program they are directed to CAP and then if that does not work, they are directed to another assistance program until they find one that works. Ms. Lang said the biggest challenge is when the checks come in it looks like the person is paying and currently, they do not have a way to track which are from CAP in the utility pay detail.

COUNCILMEMBER POSTON asked if AOK is distributed through CAP.

MS. LANG said yes.

COUNCILMEMBER HARRIS asked what the long-term benefits are from lowering the food taxes.

COUNCILMEMBER STEWART said when the person gets to keep their money it is a quicker relief than giving the money to the government and waiting for it to be re-distributed.

VICE MAYOR ORLANDO said due to the current legislation, the best option is to preserve everything right now as a city, use the one-time dollars, reduce costs where possible and keep funds in the savings.

MR. DUNBAR continued the following presentation.

- Key Budget Dates
- Questions?

Adjourn

The meeting was adjourned at 8:58 p.m.

ATTEST: *Dana R. Ditzong*
City Clerk

Kevin Harthe
Mayor

Approval Date of Minutes: April 13, 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 20th day of March 2023. I further certify that the meeting was duly called and held and that a quorum was present.

DATED this 13th day of April, 2023.

Dana R. Ditzong
City Clerk

