

Meeting Minutes

City Council Work Session

December 7, 2023 | 5:00 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 5:00 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 and Councilmember Ellis attended telephonically.

Staff in Attendance

Andy Bass, Deputy City Manager
Dawn Lang, Deputy City Manager / CFO
Raslyn Sleet, Grants Program Manager
Ryan Peters, Strategic Initiatives Director
Alexis Apodaca, Mayor & Council Public Affairs Senior Manager
Tawn Kao, Assistant City Attorney
Matt Burdick, Communications & Public Affairs Director

Others in Attendance

Dana Paschke, PolicyAZ

Discussion

1. Presentation and Discussion of the City's Legislative Agenda to Provide Guidance for Advocacy Activities at the State Legislature during the 2024 Legislative Session

MAYOR HARTKE called for a staff presentation.

JOSHUA WRIGHT, City Manager, introduced the discussion item.

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

- 2024 State Legislative Agenda
- 2024 Session Overview
 - Opening Day
 - Themes
 - Ongoing Information

MAYOR HARTKE asked if there was any anticipation for controversial items that legislators would hesitate to bring up.

MR. PETERS mentioned the redevelopment and housing proposals are generating interest.

COUNCILMEMBER STEWART asked what the situation with the president and speaker is.

MR. PETERS said the president will remain the same next year but there are different options for speaker.

MR. PETERS continued the presentation.

- Legislative Principles
 - Protect Local Authority
 - Preserve Local Revenues

COUNCILMEMBER STEWART said that the perception of all cities being flush with cash is incorrect.

MR. PETERS said Chandler is doing well but it is an incorrect perception. It has been a good revenue decade.

MR. PETERS continued the presentation.

- Fiscal Sustainability
 - Support retention of State-Shared Revenue at current levels and backfill of previous state revenue cuts
 - Protect local authority to determine appropriate revenue sources
 - Encourage Legislature to evaluate impact of unfunded mandates
- Fiscal Sustainability
 - Residential rental tax preemption was signed by the Governor, effective January 2025
 - Food tax preemption and State Shared Revenue cuts continue to be a threat as the legislature faces a projected \$400M budget shortfall

- Chandler has maintained a low cost of living and weathered challenging economic times thanks to a diverse tax base

VICE MAYOR ORLANDO asked what the next step would be to address the funding at risk.

MR. PETERS said we have protection against revenue increases in the form of requiring a 3/4 majority. The state budget deficit is threatening to competing sources.

VICE MAYOR ORLANDO asked if the state-shared revenues number of \$144.8M is state-wide.

MR. PETERS said that number is Chandler specifically.

COUNCILMEMBER STEWART shared concern with this effecting our bond rating, meaning we may have to pay more for the bonds.

MS. LANG said our long history of managing financial bonds is in our history with the rating agencies. That could slow down our capital plan, but we would continue working on them as voters had approved these projects.

COUNCILMEMBER STEWART asked if this puts in jeopardy what we pay for interest for our bonds.

MS. LANG replied that it does not, we had an excellent story to tell, and our bond acquisition went well for us. We are locked in at 2.68% interest rate which is great comparatively and came in under our projection. We are positioned well.

MAYOR HARTKE said we are well prepared with planned funding that can step in if we meet a deficit.

MS. LANG said we have a proven track record over time.

VICE MAYOR ORLANDO asked if this would affect our ongoing activities.

MS. LANG said our capital project may be impacted. Revenue stream is needed to pay the ongoing. We would continue to work on these projects.

MAYOR HARTKE said we have put extra one-time dollars into streets and other projects, we would likely not be able to make these one-time commitments.

MR. PETERS mentioned the food tax was another point of interest. One thing in our favor is that as rural Arizona relies on this tax, Chandler and urban cities work together for a team effort to communicate with legislators.

MAYOR HARTKE said that other smaller cities are more impacted by these cuts.

COUNCILMEMBER POSTON asked about the potential timeline of implementation.

MR. PETERS said it is unknown about the potential timeline of implementation depending on the situation.

COUNCILMEMBER HARRIS asked about the effects of the 2% flat tax.

MR. PETERS said that the 2% is the income tax, currently 18% of current income collections go to cities to be distributed on a per population basis. They wanted to grow the share.

MR. PETERS continued the presentation.

- Transportation
 - Support regionally coordinated transportation planning
 - Oppose efforts that limit local control in the transportation decision-making process

COUNCILMEMBER STEWART asked what the reaction to the proposition is.

MR. PETERS said it is polling very well.

COUNCILMEMBER STEWART said there is a lot of funding for roads.

MR. PETERS said there is transit resources, with prohibited light rail funding. The resources can be spread elsewhere.

MAYOR HARTKE said cities with light rail will look at other sources of funding, this will maintain current state of transportation.

MR. PETERS 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

MAYOR HARTKE mentioned two of the items on the agenda tonight are related to this subject - Intel Chandler wastewater projects.

MR. PETERS continued the presentation.

- Redevelopment Proposal
 - Municipalities are looking for additional tools to address underperforming retail corners while providing additional housing

- Chandler is providing a practical solution that allows cities and towns to authorize a temporary property reclassification so these redevelopment projects can pencil out

COUNCILMEMBER STEWART commented that this is a great program. Conversations should start up around this subject.

MAYOR HARTKE said that is going through the Arizona League of Cities and Towns as a lobbying point this year.

COUNCILMEMBER STEWART said it is responsible development.

MR. PETERS said we are building a coalition of support for this item and working to have grounded conversations with legislators.

COUNCILMEMBER STEWART said gaining support from all sources is valuable.

MR. PETERS 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

COUNCILMEMBER ELLIS asked for an update on a new policy to address licenses for sober living facilities and providers.

MR. PETERS said the Governor's Office is working on this, Department of Health Services is the regulatory body but is not able to regulate non-licensed businesses. Changes like inspections and other positive practices will lead to a better program.

COUNCILMEMBER ELLIS said that is needs to start from the beginning to address this issue.

COUNCILMEMBER POSTON asked to rephrase protecting rights of citizens to actively engage in public policy.

MR. PETERS said that is about voter engagement.

MR. PETERS 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 STEWART commented that there is a housing crisis not a shortage. We need to change the narrative of how this is addressed, we can share our perspective of how we accomplished a great city through local planning.

VICE MAYOR ORLANDO added that this goes back to citizens' approval of our plans, voters' input is disrupted with the change of local control.

MR. PETERS said that is part of the story we tell; we share our data and get the message out that we are doing what is right.

MAYOR HARTKE said that we are dedicated to move at the speed of business.

COUNCILMEMBER STEWART said that if there is a way we can speed things up further, we should entertain that as a council.

MR. PETERS said the League is dedicated to giving us options and speeding up the process. We are creating new solutions with the redevelopment ideas and others.

- 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
- Thank You

VICE MAYOR ORLANDO commented that the assured water supply is under discussion. In the next couple months this will come up.

COUNCILMEMBER STEWART said that the story is that these are investments that our taxpayers have made.

VICE MAYOR ORLANDO added that we need to engage the stakeholders more on this issue.

COUNCILMEMBER ELLIS asked what subjects will be important to stress with legislators.

MR. PETERS said it is a challenge to share Chandler's message. Constant communication is key. We stick to the facts in our advocacy efforts.

MAYOR HARTKE said our community advocates provide essential input.

Adjourn

The meeting was adjourned at 5:55 p.m.

ATTEST: *Dana R. Dilling*
City Clerk

Kevin Harthe
Mayor

Approval Date of Minutes: January 11, 2024

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 7th day of December 2023. I further certify that the meeting was duly called and held and that a quorum was present.

DATED this 11th day of January, 2024.

Dana R. Dilling
City Clerk

