

Meeting Minutes

City Council Work Session

April 15, 2024 | 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 OD Harris, departed at 5:06 pm
Councilmember Angel Encinas
Councilmember Christine Ellis
Councilmember Mark Stewart
Councilmember Matt Orlando
Councilmember Jane Poston

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 / Chief Financial Officer
Andy Bass, Deputy City Manager
Alexis Apodaca, Mayor & Council Public Affairs Senior Manager
Matt Burdick, Communications & Public Affairs Director
Tawn Kao, Assistant City Attorney
Leah Powell, Neighborhood Resources Director
Dawn Gingerich, Assistant City Attorney
Riann Balch, Community Resources Senior Manager
Christina Pryor, Procurement and Supply Senior Manager

Discussion

1. Presentation and Discussion of Proposed Updates to the Human Services Funding Allocation Process

MAYOR HARTKE called for a staff presentation.

LEAH POWELL, Neighborhood Resources Director, presented the following presentation.

- Human Services Allocations
- Presentation Agenda
 - History of Allocations Process
 - Establishment of Priorities
 - Process Recommendations
 - Tentative Timeline/Next Steps
- History of Allocations Process
- History of Allocations Process
 - 1987 – Formal process created to fund non-profit organizations (SSF)
 - 1994 – Addition of Youth Enhancement Program (YEP)
 - 2000 – Establishment of Acts of Kindness Donation Program (A-OK)
 - 2010 – Revised process updated by City Council
 - 2023 – Council Strategic Framework gives direction to update Needs Assessment and Allocations Process
 - 2024 – Requesting Council approval to update process
- Funding History
 - In FY 2001-02, base funding was \$832,811
 - SSF \$183,851
 - YEP \$648,960
 - City Council increased YEP funding from 1997-2002 through ongoing funding and Base Adjustment Factors (BAF). SSF was not increased year to year.
 - In 2009, SSF received an increase of \$249,201 bringing the total base to 1,081,401.
 - Minor fluctuations are created by A-OK donations and carryforward funding.
- Funding History with Supplemental Dollars and Request Amounts
- Supplemental Funding

RIANN BALCH, Community Resources Senior Manager, continued the presentation.

- Community Outreach and Engagement
 - Identified key non-profit stakeholders and met with them individually to share information and collect input.
 - Presentations to Chandler Non-Profit Coalition on November 1, 2023, and March 27, 2024.
 - Presentation to the For Our City Chandler Networking Breakfast on November 8, 2023.
 - Ongoing discussions with the Housing and Human Services Commission.
 - Have received positive feedback and support. Chandler non-profits are ready to modernize the process.
- Establishment of Priorities

- Community Needs Assessment
 - Comprehensive Community Needs Assessment conducted every 10 years, update completed every 5
 - 2024 update conducted by Crescendo Consulting Group
 - Comprehensive data collection and analysis
 - HHSC uses assessment to develop and make recommendations to Council about priority needs
- 2019 Priorities
 - Areas of Need
 - Housing for all incomes
 - Behavioral health
 - Homelessness
 - Better communications
 - Transportation
 - Social isolation
 - Food insecurity
 - Populations in Need
 - People experiencing homelessness and/or housing crisis
 - Households with low and moderate-income
 - Seniors who are isolated and/or have low household incomes
 - Youth who are isolated or have low household incomes
 - People living with mental health and/or substance use disorders
 - People living with physical and/or intellectual disabilities
- 2024 Data Collection
 - Focus Groups
 - 4 in person and/or virtual options
 - Surveys
 - 15 interview with non-profit executives, neighborhood leaders and subject matter experts
 - Stakeholder Interviews
 - 409 surveys completed in English and Spanish
 - Data Analysis
 - Census data, wage data, housing affordability data, health care data, etc.
- Key Findings
 - Housing stability and homeless services such emergency shelter, eviction prevention and affordable rent was identified as the most urgent issue for residents of all ages.
 - Access to health and behavioral health services, especially for youth, was identified as a growing need.
 - Access to quality childcare, educational and afterschool programming for youth is important for the future success of the community.
 - Meeting requirements of daily living such as food, transportation and a livable wage remain essential.

- Proposed FY 2025-2026 Priorities
 - Housing Stability and Homelessness
 - Programs and services designed to prevent homelessness, address housing crisis, build housing stability and promote long-term housing security.
 - Eviction prevention, emergency shelter, domestic violence shelter, transitional housing, rapid rehousing, case management, housing search and selection, housing stability services, landlord engagement, move-in deposits/fees, moving services, move-in kits.
 - Core Service: Rent and utility assistance
 - Health and Behavioral Health
 - Programs and services designed to meet physical, cognitive, and behavioral health needs.
 - Medical care, dental care, dementia care, substance use disorder services, mental health services, crisis intervention, suicide prevention.
 - Core Services: Medical, dental and mental health services for youth
 - Education and Enrichment
 - Programs and services designed to provide social-emotional development, educational attainment, and recreational and enrichment activities.
 - Early childhood development, school supplies, out-of-school programming, recreational and cultural opportunities, alternative education.
 - Core Service: Childcare and after school programming at youth facilities
 - Basic Needs
 - Programs and services designed to assist with requirements of daily living, enhance employability, and increase earning potential.
 - Food, transportation, clothing, hygiene, diapers, workforce development, tax preparation.
 - Core Services: Meals for older adults

COUNCILMEMBER ORLANDO asked if the process is that agencies apply for a pool of resources, then deliverables are tied to this.

MS. BALCH said yes. The different categories correlate to different services provided.

MAYOR HARTKE asked if the 19 priorities is the same, but better communicates the goal.

MS. BALCH said it is not a large change. There are different meanings among the 2019 findings and recent findings.

VICE MAYOR HARRIS asked about summer programming.

MS. BALCH said that falls under childcare and afterschool programming.

VICE MAYOR HARRIS asked to clarify the language.

MS. POWELL said we can add that language.

MAYOR HARTKE asked if it intends to mean year-round programming.

MS. BALCH said the time of year is not called out in the category.

VICE MAYOR HARRIS said to ensure that it does not just come across as after school, but available at different times of the year.

MS. BALCH continued the presentation.

- Process Recommendations
- Current Challenges
 - Current process not aligned with the city's standard procurement process
 - Post pandemic conditions; this is a good time to reassess
 - Needs are growing, but must be supported in a fiscally sustainable way
 - Current base budget does not meet the current level of need
 - Challenging for providers to anticipate "contingent/supplemental" funding

MAYOR HARTKE asked what the difference between the current procurement process and the city's standard procurement process is.

MS. BALCH said the application process is within Neighborhood Resources. We run applications, develop the contracts for over 60 applicants a year. We could use the help and want to be in compliance with the rest of the city. The request would be for procurement to work with us on this process.

MS. BALCH continued the presentation.

- Proposed Updates
 - Align with the city's strategic framework and needs assessment
 - Work with purchasing division to procure services
 - Define scopes of work for core services
 - Update service priorities and award amounts
 - Increase base funding
 - Opportunity for capacity building
- Procurement Recommendations
 - Initiate two RFPs, one for core services and one for general services
 - Allow contracts for core services to be eligible for up to four, one-year renewals
 - Identify funding to address increased costs and needs
 - \$1,000,000 in additional one-time funding included in proposed budget.
 - Total FY 2024-25 budget: \$2,081,401.

- Identify new funding to provide capacity building services to new or under resourced non-profit organizations
 - \$160,000 in additional one-time funding included in proposed budget for pilot program.

VICE MAYOR HARRIS commented that identifying new funding to provide capacity building services to new or under resourced non-profit organizations will help new starting up non-profit organizations. This is a great entry gateway to identify partners.

MAYOR HARTKE asked what a good base number is compared to the \$2,081,401 mentioned for the need in our community.

MS. POWELL answered that the \$2,081,401 is about what that number should be. They have examined previous years' requests, inflationary factors, and feedback from non-profits.

MAYOR HARTKE asked to ensure that similar services that multiple vendors can share funding. There should be some sense of non-profits that do similar work should be treated fairly.

MS. POWELL said there are caps on the amount that anyone can request, divided by the type of non-profit.

COUNCILMEMBER ORLANDO said the multiple year contract is a good idea which helps planning and keep metrics. If we give someone a multiple year contract, do we have safeguards in there in case of budget issues.

MS. POWELL said contract language reflects available funding.

COUNCILMEMBER ELLIS said the process would be fair and equitable in that the application would be fair and distribution of funds. The renewal process will help.

COUNCILMEMBER ENCINAS thought the contract renewal was a good step, and asked if it would come back to council every year for approval.

MS. POWELL said yes to ensure they meet performance metrics and get council approval for the entire allocations process.

MS. BALCH continued the presentation.

- Allocation Recommendations
 - Allocate available funding for core services and general services based on percent of total requested amount in given year
 - Keep current allocation method (ability to fund less than requested) vs traditional RFP methodology

- Discretion to move up to 10% between core services and general services as determined by evaluation committee
 - Core services applicant can request up to 10% of total available funding
 - General services applicant can request up to 3% of total available funding
 - Evaluate core services first, then general services
- Example Funding Scenario

MAYOR HARTKE asked if some requests were elevated.

MS. BALCH said yes these would shift once the funding scenario is known. Core services could increase. There are less applicants in core services.

VICE MAYOR HARRIS shared concerns with administration for non-profit being 20%, a higher amount should go towards programming compared to administration. More money should fund community benefits.

MS. POWELL said the current criteria specifies a 20% cap on funds being put forwards to administration. The balance depends on the organization. 20% has been the cap historically. 20% is based on HUD guidelines for CDBG to meet federal requirements. Some non-profits would not be happy to see the money reduce. There are other funds from other sources that must go to direct services, the City funds are more flexible. There is a cost to doing business and they can maximize other funds.

MS. BALCH added that there is no recommendation on the administration rate.

VICE MAYOR HARRIS shared he would like to see more funding focused on reaching the community.

MAYOR HARTKE asked for more information before making recommendations.

COUNCILMEMBER STEWART said some of the funding does go directly to the end user. When all sources are considered together, is it on a case-by-case basis.

MS. POWELL said Boys and Girls Club for example, do not pay rent as they have an agreement. Other organizations may have rent or mortgage as the administration costs. They can do research on what other cities are doing and do some historical analysis. Some agencies do not take anything for administration.

MAYOR HARTKE added that it makes a difference as to each organization if they own their own location and supplies.

COUNCILMEMBER STEWART affirmed that there is a cost to run these programs.

MS. POWELL mentioned that in this example funding scenario, it is based on current guidelines. The number could go up. There was more fluctuation in adjusting the maximum core services request, they may want to consider a higher percent going to core services compared to a general services request.

COUNCILMEMBER STEWART commented that core services help the people in the most need, what impact will this have for people that need it.

MS. POWELL said it is what we expected, it makes sense to target the core services., the City has provided funding for Agencies and programs that fall under core services historically.

COUNCILMEMBER STEWART said that meeting those core services is essential.

VICE MAYOR HARRIS asked to investigate core services more. We need to ensure we help the people that need it.

COUNCILMEMBER ELLIS asked if we have seen money stay in administration costs in non-profit organizations in Chandler.

MS. POWELL answered that historically this program has seen few non-profits that are top heavy. When that happens, they weed their way out of this process. Chandler's service culture is intertwined with the city, a close collaborative relationship. We have not had a lot of that.

COUNCILMEMBER ORLANDO inquired after the multi-year contract system and how we address new additions.

MS. POWELL said as part of that future agreement, we do not have to award the same amount of funds, as dispersal would still be tied to performance. We could remove funding from renewed contracts to change the percentage of core services, more money could be allocated.

COUNCILMEMBER ORLANDO asked if general services requests would be awarded multi-year contracts.

MS. POWELL said only core service requests would be awarded multi-year contracts.

COUNCILMEMBER ORLANDO said there is flexibility in the general services request percentage to handle new core services.

MS. POWELL said there is options in how to handle this: new core services with viable applications would raise the percent. The 10% discussion from RFP panel to be able to move funds to meet

demand. And see opportunities to renew contract and offer applications for additional funding in that year. The idea is to simplify the process.

MS. BALCH added that it would not be an explicit 5-year contract, it would simply be renewal on a year-by-year basis. We would only award one year at a time. With good performance and fit, it would be renewed.

COUNCILMEMBER ORLANDO asked if they would apply every year.

MS. BALCH said it would be a simplified application process, and request continued funding, not as a guarantee.

MS. POWELL added that another opportunity is to allow a higher percentage of being able to move funds.

MAYOR HARTKE said what procurement does now, is council still votes to approve continued funding.

COUNCILMEMBER ORLANDO shared concern with the messaging behind year-by-year funding.

MS. POWELL said it is not that specific. The idea is now they can request funding easier.

VICE MAYOR HARRIS asked if there is a way to break down criteria for core services.

MS. POWELL said yes.

MS. BALCH said we can define administrative costs, and in evaluation there is an area of cost reasonableness.

VICE MAYOR HARRIS said we need to make sure we give money for the services for the community.

MS. BALCH continued the presentation.

- Evaluation Committee Composition
 - 3-5 Housing and Human Service Commissioners
 - 3-5 Subject Matter Experts
 - City staff to help facilitate process
- Sample Scoring Criteria
 - Organizational Experience
 - Length of time providing service
 - Financial stability
 - Staff experience and qualifications
 - Community Need

- Demonstration of unmet need
- Target population
- Service area
- Service methodology
 - Outreach strategy
 - Well defined performance metrics
 - Validity
 - Strength of partnerships
- Cost reasonableness
 - Cost
 - Diversification of funding
 - Leverage/match

VICE MAYOR HARRIS asked if organizations are required to have audited 990s.

MS. BALCH said if they are above a certain threshold of \$750,000, an audit is required, but otherwise our financial department reviews financial statements.

MS. BALCH continued the presentation.

- Current Process
- Proposed Process

MAYOR HARTKE asked if there is room for a pre-proposal process.

MS. BALCH said yes.

COUNCILMEMBER ORLANDO asked if there is a requirement for a public hearing.

MS. POWELL said there is not a requirement for a public hearing.

COUNCILMEMBER ORLANDO asked how HHSC commissioners are involved in this process.

MS. POWELL said they are involved through the process. HHSC commissioners developed much of this new process, the whole group as a body advises on scoring and rating.

MS. BALCH in the process, they would develop scope of work and scoring criteria. It can be added to the chart.

MS. POWELL said HHSC commissioners will be voted upon and choose subject matter experts to comment on what is needed and ensure a fair and equitable process.

COUNCILMEMBER ORLANDO said HHSC commissioners will be involved before it comes to council.

MS. POWELL agreed.

COUNCILMEMBER POSTON asked if funding is approved for training non-profits for this proposed process, would the expectation be that training is implemented before the process begins.

MS. POWELL said once funding is confirmed through the budget process, we would seek a RFP as soon as possible. We want to get started as close to July 1 as possible. The intention is to have this in place before kicking off the new procurement process.

COUNCILMEMBER ENCINAS asked if this would eliminate requests going through HHSC subcommittees.

MS. BALCH said there are some options. We can have advisory members sit through the evaluation process and give feedback without voting. This would allow for backup advisory members.

COUNCILMEMBER ENCINAS asked if backup advisory members would be HHSC members.

MS. BALCH said they would be community subject experts, recommended by HHSC.

COUNCILMEMBER ORLANDO asked why not involve the entire HHSC in the process.

MS. POWELL said we are trying to align ourselves with the formal procurement process. Deviation grants more liability. This is not a standard process the city follows. The scoring panel can be up to five HHSC members.

COUNCILMEMBER ORLANDO shared concerns with splitting the HHSC members to ensure they are adding value to this process.

MAYOR HARTKE said the plan is to mirror the city's procurement process.

COUNCILMEMBER ORLANDO asked where the procurement process is detailed.

CHRISTINA PRYOR, Procurement and Supply Senior Manager, clarified that we do not have a specific written rule that sets number of panel members. We follow industry best practices for an odd number of diverse panel members. We want to avoid bias from members. The challenge is in logistics of gathering voting members to work on high volumes of proposals.

MS. POWELL said the current process is each subcommittee is assigned 20-30 applications. We have yet to reach full participation. The HHSC members did not want to evaluate all the applications, it was better addressed by subject matter experts in the 2010 process.

COUNCILMEMBER ORLANDO said we should hear more information from members.

COUNCILMEMBER ELLIS said the 11 members of HHSC can be lobbied by applicants or city.

MS. BALCH continued the presentation.

- Proposed Non-Profit Capacity Building Pilot
 - Purchase capacity building services from vendor for non-profit organizations
 - \$160,000 allocated in FY 2024-25 proposed budget for pilot program
 - Services to include quarterly group training sessions and individualized technical assistance and coaching
 - Vendor to provide small funding awards to agencies that complete individualized program developed for their organization
 - 15 agencies that complete their program will be awarded \$5,000
 - Examples: Board development, strategic planning, evaluation, grant writing, funding diversification

MAYOR HARTKE asked if the recommendation is to hire a vendor with a built-in cost.

MS. BALCH said we would use the whole amount. About \$750,000 would go to nonprofits in the end, the rest of the cost would fund the training.

COUNCILMEMBER STEWART asked if it would make more sense to focus on a lower number of agencies to fill core services. 15 and five spreads out the agencies.

MS. BALCH said we would work with the vendor on the scope. This is an estimate.

COUNCILMEMBER ELLIS asked if this will be a pipeline to provide core services.

MS. BALCH said that it is our goal to support agencies in any way we can.

MS. BALCH continued the presentation.

- Summary of Proposed Changes

COUNCILMEMBER ELLIS asked where faith-based organizations fit under this proposed process. How can they fit in this model.

MS. BALCH said lots of faith-based organizations deliver services. The qualification to fund these organizations is that in order to receive the service, that you do not have to require participation in their religious activity.

MS. BALCH continued the presentation.

- Benefits of Proposed Changes
 - Strengthens support for core services
 - Adds efficiencies to contract development process
 - Provides opportunity for contract renewals for core services
 - Provides availability of funding upfront
 - Provides capacity building for new or under-resourced agencies
- Tentative Timeline

MAYOR HARTKE said our estimate has been based on a formula. If we can guarantee a year-by-year will that be enough to work.

MS. POWELL answered that ongoing would be ideal. The reality allows for a combination of onetime or ongoing, we would just like to get an estimate before January of each year. Having ongoing funds would allow for concrete contract renewals, but we can always adjust as needed.

MAYOR HARTKE said under a current year request, we would look at split ongoing and onetime. An ideal request would be ongoing funding.

COUNCILMEMBER ELLIS noted there is also an opportunity to increase or decrease with ongoing funds.

MS. POWELL said whatever council direction is given we can adapt to.

MAYOR HARTKE said some faith-based organizations are effective in treatment, that require participation in religious services. They would be excluded from this. If there is not a requirement to participate, they may be eligible to request funding.

MS. POWELL said we review this by our legal department when we receive requests from new faith-based organizations to ensure compliance.

COUNCILMEMBER STEWART asked for clarification.

MS. SCHWAB said the separation of church and state is a real legal principle. It is against the law to have government-forced religious practices.

COUNCILMEMBER STEWART asked for our big picture perspective.

MS. POWELL said we focus on the core services to cover basic needs for residents, that perhaps the city does not provide directly, we can allocate this to a non-profit while still supporting these services. Other services like navigation are internal, that still depend on these partnerships that we've built. We need to continue these services to have a healthy community.

- Questions

Adjourn

The meeting was adjourned at 5:34 p.m.

ATTEST: _____
City Clerk

Mayor

Approval Date of Minutes: May 9, 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 15th day of April 2024. I further certify that the meeting was duly called and held and that a quorum was present.

DATED this _____ day of May, 2024.

City Clerk