Meeting Minutes
City Council Special Meeting

October 13, 2025 | 4:30 p.m.
Council Chambers Conference Room
88 E. Chicago St., Chandler, AZ

CHANDLER arizona
Community of Innovation

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

Roll Call

Council Attendance
Mayor Kevin Hartke
*Vice Mayor Christine Ellis
Councilmember Angel Encinas
Councilmember Matt Orlando
Councilmember OD Harris
Councilmember Jennifer Hawkins

*Vice Mayor Ellis attended virtually.

Appointee Attendance
John Pombier, Acting City Manager
Tawn Kao, Acting City Attorney
Dana DeLong, City Clerk

Absent
Councilmember Jane Poston - Excused

Staff in Attendance
Tadd Wille, Assistant City Manager
Dawn Lang, Deputy City Manager/CFO
Ryan Peters, Deputy City Manager
Leah Powell, Deputy City Manager
Matt Dunbar, Budget and Policy Director
Alexis Apodaca, Mayor & Council Public Affairs Senior Manager

Discussion
1. Fiscal Year 2026-27 Budget Kickoff Work Session
    - Fiscal Year 2025-26 Budget Actions

- Budget Process
- Strategic Framework Focus Areas
- Fiscal Year 2026-27 Budgetary Impacts and Guidelines
- Capital Improvement Guidelines
- Financial Policies and Budget Practices
- Key Dates

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

- Agenda
    - FY 2025-26 Budget Actions
    - Budget Process
    - Strategic Framework Focus Areas
    - FY 2026-27 Budgetary Impacts & Guidelines
    - Capital Guidelines
    - Financial Policies and Budget Practices
    - Key Dates
    - Council Discussion Point

MATT DUNBAR, Budget and Policy Director presented the following slides.

- FY 2025-26 Budget Actions
    - Sales tax rates unchanged at 1.5%-lowest in AZ
    - Reduced property tax rate from $1.0826 to $1.0818 per $100 of assessed value – 10thyear of reduction
    - Planned changes to Water/Wastewater/Reclaimed & Solid Waste Rates to keep funds self supporting, while remaining one of the lowest costs in Arizona
    - Added increases to capital budgets to compensate for inflation affected projects, maintain aging infrastructure, as well as finishing planned parks and arterial streets
    - Continued to address pension debt through additional one-time funding (up to $25M)to maintain the paid off status off the Public Safety Personnel Retirement System (PSPRS) unfunded liability
    - Added funding for final year of labor association commitments and general employee pay increases
    - Added 18 positions, 14 of which (78%) were either converted from one-time funded to ongoing or have an offset from grants or other revenue
    - Maintains Budget Stabilization Reserve at $10M
- Where We Are in the Budget Process
    - Kickoff allows for Council direction on Strategic Focus Areas, policies & guidelines before budget process begins & Resident Budget Survey initiated
    - Decision Package and CIP recommendations submitted by departments in December
    - Financial forecast, funding decisions brought to Council during workshops 1 (February), 2 (March) and 3 on the CIP/Utility Rates (March)
    - Proposed budget brought to Council for discussion at All-Day Budget Briefing (May 1st)

- FY 2026-27 Budget Theme “Adding Sense to Dollars”
- Strategic Framework Guides Our Decision Making
    - Focus Areas
        - Economic Vitality
        - Sustainability and Technology
        - Neighborhoods
        - Connectivity
        - Quality of Life
        - Community Safety
- Budgetary Impacts The Brightside
    - Personnel/Staffing
        - PSPRS unfunded liability continues its paid off status, anticipating additional ongoing savings
        - Making progress on reduced vacancies, especially in Police
        - Added positions will help reduce pressure in high need areas and shift one-time funded positions to ongoing
        - Use of Temps to fill short-term needs
    - Local Economic Impacts
        - Local revenues in line with budget
        - Industrial construction impacts are winding down with one-time revenues declining. Use of past one-time generated ongoing savings.
        - New retails, entertainment concepts, and businesses continue to open.
        - State shared income tax have adjusted to new normal bringing better predictability but less one-time funding
        - Long tradition of strong financial management
        - Current AAA rating on GO and ETRO Bonds will be re-evaluated in November for new sales

MAYOR HARTKE asked if the added positions to shift one-time funded positions to ongoing was because some of the funding had come from federal sources that are no longer available.

MR. DUNBAR confirmed that many of those positions were funded by federal grants that have since ended, but noted they’ve already been converted, lessening the impact of federal uncertainty.

MR. DUNBAR continued the presentation.

- Budgetary Impacts | The Challenges
    - Economy & Inflation
        - Costs, driven higher by prior year inflation, remain high; concern of recession continues
        - Bond Election in process with results unknown
    - Technology

    - Multi-year citywide Enterprise Resource Planning (ERP) system replacement continues
    - Cybersecurity posture/Infrastructure
    - Governance/speed to delivery
    - AI mobility and flexibility
  - Personnel/Staffing
    - New MOU agreement outcome must be sustainable
    - Retirement and vacancy impacts will continue
    - ERP system will require significant citywide staff effort/temp backfill
  - Legislative Impacts
    - Legislative Impacts to local tax base and Model City Tax Code continue to be watched
    - Federal uncertainty for Neighborhood Resource programs
    - Impacts of unpredictable federal government
      - Chandler must remain fiscally resilient

COUNCILMEMBER HARRIS asked if the city's technology staffing model could include an AI expert, either by hiring someone or designating an existing team member. While noting the city may already have this expertise, Councilmember Harris emphasized the importance of discussing it early in the budget process to ensure the city is prepared to address future AI-related needs and potential challenges.

JOHN POMBIER, Acting City Manager, said he recently met with staff to discuss planning for AI in the upcoming budget. He emphasized the need for both protective software and employee training to use AI as a tool to enhance, not replace, their work. Mr. Pombier noted this effort is part of a broader plan being incorporated into this and future budgets.

COUNCILMEMBER HARRIS raised concerns about AI privacy, noting its ability to retain and access vast amounts of data. He emphasized the need for clear policies and a designated staff expert to manage AI responsibly.

MR. POMBIER said the first step is purchasing software to establish guardrails that protect both city systems and the public from potential misuse.

COUNCILMEMBER HARRIS asked whether liability and insurance related to AI are being addressed in coordination with the City Attorney and City Manager.

TAWN KAO, Deputy City Attorney, confirmed the city carries cybersecurity insurance, reviews policies annually, and is actively working with the internal committee to assess liability and develop employee guidelines for AI use.

MAYOR HARTKE suggested holding a session on AI and government within the next six months to explore potential savings and best practices.

COUNCILMEMBER ORLANDO asked about the transition timeline for public safety personnel from Tier 1 to Tier 2 or 3.

MR. DUNBAR said that while most retirees are Tier 1 and new hires are generally Tier 3, some lateral hires from other agencies enter as Tier 1 or 2. He estimated that within the next 12 years, most Tier 1 employees will have retired, shifting the workforce primarily to Tiers 2 and 3.

MR. DUNBAR continued the presentation.

- Fiscal Year (FY) 2025-26 Budgetary Impacts
- Fiscal Year (FY) 2025-26 Budgetary Impacts
- 5-Year General Fund Ongoing
- 5-Year General Fund Ongoing
- 5-Year General Fund Ongoing
- FY 2025-26 Forecast Revenues vs Expenditures
- Priorities for Ongoing Dollars
    1. Maintain existing service levels within core programs and strategic focus areas including contract and other increases
    2. Ensure sufficient ongoing funding for facilities and infrastructure including technology and security
    3. Convert successful social safety net programs to ongoing funding from grants
    4. Build the strength of our workforce to meet evolving resident expectations
    5. New enhancements or additions considering the option of one-time pilot programs first

MAYOR HARTKE stated that the priorities are relatively basic, emphasizing the importance of maintaining current assets and avoiding debt. He noted the need to ensure equipment and facilities remain in good condition and suggested that items four and five are more negotiable.

COUNCILMEMBER ORLANDO said items one and two appeared to be functioning without issue. However, regarding item three, converting to a successful model, he thought that had already been accomplished. He asked whether, based on the previous slides, there was a suggestion that this process might continue, particularly if the federal budget were to be affected.

MR. DUNBAR said it depends on the federal budget. If funding resumes, they'll get more information. Meanwhile, they need to decide if some programs should continue without federal dollars or end, and whether to treat them as one-time grants or ongoing general fund programs.

COUNCILMEMBER ORLANDO asked about the potential cost.

MR. DUNBAR said the cost depends on the specific programs and their portions of the maximum costs. He wasn't sure if those figures were available but said they could follow up to determine the maximum costs involved.

MAYOR HARTKE said Councilmember Orlando made a good point. He questioned whether some programs were started because of available grants or because they were essential, with funding found afterward. He noted this likely varies by program and said it would be difficult to answer universally without reviewing costs and specific programs. He added that they often receive grant opportunities, and it makes a difference whether a program is fully funded by a grant or partially supported by local funds.

COUNCILMEMBER ORLANDO said his point about number three was that it's less about converting and more about reviewing or evaluating the possibility of converting.

MS. LANG said the intent was to address these programs in the last budget year. Depending on federal funding outcomes, programs like housing choice vouchers, self-sufficiency initiatives, and public housing which have long been integral parts of the community could be significantly impacted.

COUNCILMEMBER ORLANDO said he doesn't want to see families impacted by federal funding outcomes and acknowledged the voucher program's importance. He suggested it might be better to frame it as evaluating the possibility of converting, rather than committing to it, emphasizing the need for a deeper review.

VICE MAYOR ELLIS said the top three items were chosen because of their value in sustaining the current budget. She agreed with Councilmember Orlando that the term "convert" should remain, as ongoing or one-time funds are still allocated for these programs, meaning no drastic changes are planned yet. She also suggested putting a human face on item four, emphasizing workforce development and increasing values and revenues by attracting new residents and jobs. Vice Mayor Ellis noted that encouraging families to move to the city would boost housing demand, spending, and tax revenue, reinforcing the importance of the top four priorities.

COUNCILMEMBER HARRIS said he's hesitant to fully commit to item three and prefers assessing its feasibility first, given uncertainties with federal grants and capacity. He feels the workforce is mostly established but could benefit from strengthening and better industry balance. Noting that one-time funding is decreasing, he finds item five less relevant. He suggested keeping items one and two as top priorities, swapping three and four, and revising the wording for item three.

COUNCILMEMBER ORLANDO said he needs a baseline understanding, as he heard two different definitions and wants clarity on what it actually means.

MS. LANG explained that the 2025-26 budget focused on strengthening the workforce to meet resident needs. After years of minimal hiring post-recession, recent efforts aimed to fill service gaps and reduce pressure on teams by adding proper staffing.

COUNCILMEMBER ORLANDO said that building the workforce means adding more people, so it's important to evaluate item three first before proceeding. He agreed with the Vice Mayor and Mayor that they need to assess current staffing levels before considering workforce growth. He acknowledged that certain areas like police and fire may require ongoing additions, but overall, evaluation should come before expansion. Once that's done, they can revisit item four based on available revenue.

COUNCILMEMBER HARRIS said that building the workforce to meet evolving resident expectations depends on funding and may need more precise wording. He expressed discomfort with the term "build" and preferred a more precise approach focused on meeting actual needs rather than simply growing government. He emphasized the importance of regularly reassessing community needs to ensure the government provides adequate services.

MS. LANG recommended rewording item four to read "evaluate staffing to meet service needs.

MAYOR HARTKE said he was considering wording like "ensure our workforce is able to meet needs," noting that terms like "right-size" and "value" align with the overall intent. He agreed with Councilmember Harris but felt item five should remain. While it may not always be funded, one-time grant opportunities can arise and placing it last signals that higher priorities must be addressed first. He added that they shouldn't pursue new programs at the expense of existing needs.

COUNCILMEMBER HAWKINS asked why items one and two wouldn't be swapped, questioning whether securing funding should come first. She acknowledged she might not be phrasing it exactly right but expressed doubt about the current order and deferred to staff for further insight.

MS. LANG explained that item one focuses on maintaining existing service levels for core programs using sustainable revenue streams. Item two, she said, specifically addresses ensuring ongoing funding for facilities and infrastructure, including technology and security. She clarified that they wouldn't build or expand without the ability to maintain those assets, whether through staffing or maintenance contracts. In summary, item one is about overall service delivery, while item two ensures funding for physical and operational infrastructure.

MAYOR HARTKE asked how the discussion could be condensed and whether any adjustments should be made based on what had been shared.

MR. DUNBAR said for now, item three should be revised to focus on evaluating social safety net programs and whether they should transition from federal grants to ongoing funding. He also suggested changing item four to emphasize evaluating staffing to ensure resident needs are being met, noting these as the two main adjustments identified.

COUNCILMEMBER HAWKINS suggested potentially swapping items three and four.

MR. DUNBAR responded that, based on Councilmember Orlando's earlier point, evaluating social safety net programs—some of which may require additional staffing—should come before addressing broader internal staffing needs in item four. He noted there may be overlap, and it's ultimately up to the Council whether to switch them. However, he emphasized that item three should focus first on evaluation and assessment.

MS. LANG added that the federal government shutdown has impacted 16 grant-funded positions tied to key services like the Housing Choice Voucher Program, public housing, and family self-sufficiency. She said the orange box (item three) should be updated to reflect a clearer focus on evaluating the future of federal grant programs and their impact on those employees.

MR. POMBIER recommended that items three and four be addressed together, as workforce needs and the evaluation of federally funded programs are interconnected. He added that items one and two also depend on each other—service levels can't be maintained without proper infrastructure. He noted it might be more effective if the items weren't numbered, since some need to happen simultaneously.

COUNCILMEMBER HARRIS sought clarity on whether any layoffs were being considered.

MR. POMBIER said that while the current budget plan does not include layoffs or department reductions, a prolonged federal shutdown could cause difficult decisions. For now, the city plans to maintain staffing levels, with small increases depending on funding. He emphasized he doesn't speak in absolutes but reassured that layoffs are not currently on the table.

COUNCILMEMBER HARRIS stressed that avoiding layoffs is his top priority, even if it means sacrificing raises or merit increases. He said he would rather hold back on pay increases than see staff let go.

MR. POMBIER acknowledged his priorities and reiterated the importance of flexibility, especially given economic uncertainties.

MAYOR HARTKE reminded everyone that this is a preliminary conversation just three months into the current budget cycle, and the goal is to establish guiding priorities for future planning.

COUNCILMEMBER ORLANDO agreed, cautioning against jumping too far ahead given the current uncertainty around the federal budget. He emphasized that the focus should be on evaluating federal programs, not automatically converting them to ongoing funding, echoing the broader consensus in the room.

MR. DUNBAR presented the following slides.

- Council Priorities for One-Time Dollars
    1. Maintain reserves sufficient to meet financial policies including PSPRS fully funded status
    2. Reinvest in existing aging infrastructure, systems, including projects that generate ongoing savings
    3. New initiatives and capital that generate sustainable ongoing financial savings
    4. Focus operating & capital spending to move forward strategic focus area action items
- Capital Guidelines
    - Maintain secondary property tax rate flat
    - Reimagine resident amenities scheduled for replacement
    - Prioritize aging 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
    - Ensure sufficient bond authorization exists to complete projects desired by residents
    - Balance timely completion and coordination of capital projects with impacts to neighborhoods and businesses
    - Emphasize redevelopment infrastructure

MAYOR HARTKE said he understood the point about prioritizing but viewed it as more future-focused than maintaining current levels. He explained that once discussions shift toward employment and resident corridors and improving infrastructure along those routes, this item would address those future needs.

COUNCILMEMBER ORLANDO said there's a lot to consider, but he's unclear about the financial impact. He wants clearer criteria for evaluating capital projects to avoid unexpected cost spikes. While he understands the need to maintain a flat bond rate, he's unsure what "prioritizing aging infrastructure" means in terms of a timeline and can't assess the master plan without more detail.

MS. LANG explained that these guidelines help departments review their capital projects. For example, the master plan is used to prioritize repairs and reimagine amenities in aging parks. The focus is on prioritizing aging infrastructure, and ensuring ongoing maintenance can be supported. She noted that finishing planned construction on streets, parks, fiber, and utilities has long been part of the guidelines. The list provides a general overview, but they can slim it down if some items aren't relevant.

MAYOR HARTKE said It helps identify priorities within departments, like deciding which park project is most important. However, another evaluation will weigh those against other needs, such as infrastructure repairs. Ultimately, senior staff and Council will decide which projects move forward.

MS. LANG said that is correct.

MR. DUNBAR continued the presentation.

- Resident Budget Survey
    - Maintain similar Budget Survey process to generate community involvement (1,135 for FY 2024-25|1,343 for FY 2025-26)
        - Run from Nov. – Jan
        - Run ad campaign to encourage participation
        - Expand outreach on social media
        - Facility signage added with QR codes
        - Encouraged participation with B&C and Recreation/Library users
        - Offer in English, Spanish, and Mandarin
        - 15 questions, 1-2 in each focus area with comment box
        - Additional updates to questions or process?

COUNCILMEMBER HARRIS asked that survey questions be sent to Council ahead of time, like last time, so that they can provide input. He suggested broadening the survey to include economic development and adding more demographic information to understand better who's responding. He also stressed the importance of continuing efforts to prevent waste and protect infrastructure. While he appreciated the current 1,100 to 1,300 responses, he pushed to boost that number to 25,000 to 50,000, even if it means spending more, to get a clearer picture of the community.

MAYOR HARTKE asked what defines a good survey, whether it’s based on the number of responses, a percentage of the population, or just a raw number. He acknowledged they won’t hear from everyone but wanted to know what a good target is and asked someone to follow up if they didn’t have an answer.

MATT BURDICK, Communication and Public Affairs Director, explained that typical polls get around 500 responses, and a good survey usually has about 2-3% of the population responding. While thousands might answer single-question polls, getting 25,000 to 50,000 complete survey responses is very difficult. He noted that statistically valid surveys aim for around 1,000 respondents and carefully match demographics such as age, social background, and race to represent the population, unlike self-selected surveys accurately.

MR. DUNBAR continued the presentation.

- Financial Policies
    - Operating Management
    - Capital Management
    - Reserves Debt Management

  - Long-Range Financial Planning
  - Grant Management
  - Investment
  - Accounting, Auditing, and Financial Reporting
  - Pension Funding
  - Will review and bring to Council any recommended updates along with the required update for the pension policy
- Council Approved Budgeting Practices Support Financial Sustainability
  - Maintain AAA bond ratings from Moody's, Fitch and S&P (rating reviews in November)
  - Continue adherence to all fiscal policies
  - Remain Structurally balanced
  - Ongoing revenues support ongoing expenditures
  - One-time revenues support one-time expenditures
  - Maintain strong reserves
  - 15% General Fund contingency reserve
  - Budget Stabilization reserve
  - Balanced expenditure growth
  - Focus on maintaining and/or modernizing existing services
  - Evaluate Primary Property Tax
- FY 2026-27 Budget Process Updates
  - Continued Modified Zero Based Budget (MZBB)
  - Ensures current budgets are right-sized based on services provided
  - Reviews services, related expenditure category spending trends, and line-times
  - Started with 5 departments/divisions done, 6 more in current year
  - Results reported at the second budget workshop or all-day budget briefing
  - Departments/Divisions in process: Law, Neighborhood Resources, City Manager (CMO, HR, Transportation Policy, Connection & Impact)
- Feedback Received Last Budget Process Additional thoughts
  - Council Process changes implemented in FY 2025-26 Budget
    - List department accomplishments without making them the focus of the presentation
    - List all capital projects and decision packages, but focus presentations on the highlights
    - Additional discussion of timing of projects where policy direction may be needed
    - Hold All-day Budget Briefing on non-council meeting week
    - New process changes for FY 2026-27?

COUNCILMEMBER HARRIS suggested splitting the all-day budget session into two half-day meetings, suggesting it would make the material more digestible. He also asked that the whole meeting schedule be planned and shared in advance to improve time management. In addition, he emphasized the importance of allowing more conversation around presentations, either during the meeting or in one-on-ones, for better understanding. Lastly, he asked that budget books be provided at least 2 weeks in advance, if possible.

COUNCILMEMBER ORLANDO said the accomplishments are appreciated, but noted that in the past few years, not enough time has been devoted to capital improvements. He expressed concern that sections are being rushed through too quickly, jumping from one page to the next without enough discussion. He emphasized the need to focus more on the timing and strategic alignment of capital projects rather than just on accomplishments.

COUNCILMEMBER HAWKINS asked to highlight any cost-saving efforts by departments, noting the public often focuses on spending. She recommended showcasing strategies or process changes that led to savings.

COUNCILMEMBER HARRIS suggested that as discussions continue, Council should incorporate insights, such as those from Councilmember Orlando, regarding cost savings. He emphasized the importance of being informed about cost savings throughout the process so that by the time of the all-day budget briefing, everyone is already familiar with the capital plan and overall budget. Harris proposed using additional meetings to cover these details simultaneously.

MR. POMBIER responded that if they request eight items but only receive four, they will want to know what the other four were.

MR. DUNBAR continued the presentation.

- Tentative Key Budget Dates
  - Council Budget Kickoff – Tonight
  - Resident Budget Survey with Outreach Videos – Nov 2025 – Jan 2026
  - Council Workshop 1 – February 19, 2026
  - Council Workshop 2 – March 23, 2026
  - Council Workshop 3 (incorporate how CIP impacts utility rates) – March 26, 2026
  - All-Day Budget Brief – May 1, 2026
  - Council Meetings:
    - Tentative Adoption – May 21, 2026
    - Public Hearing & Final Adoption – June 11, 2026
    - Adoption of Tax Levy – June 25, 2026
  - Public comment opportunities are now a part of all these budget meetings
- Questions?

COUNCILMEMBER ORLANDO encouraged the economic development team to focus more on generating revenue rather than just costs. He emphasized exploring partnerships, business growth, and increasing hotel and transaction taxes to create ongoing revenue streams. Orlando also expressed concern about unused redeveloped properties and the city's financial outlook, urging the team to find ways to boost revenue without raising taxes and to report back before the next session.

MR. POMBIER said that the focus should extend beyond economic development to all city revenue streams and asked what is being done to manage them.

Public Comment

BROOK BEALL, a Chandler resident, spoke on two specific budget items. First, he reminded that the City of Chandler has a federal contract to manage the Consolidated Canal and is responsible for controlling crime there. He stressed that many serious crimes have been reported in that area, not minor infractions, and said the city and police department must allocate funds to patrol the canal daily. He suggested budgeting for two officers to patrol for about an hour each day, estimating the cost around $100,000 annually. Second, Mr. Beall addressed the rejection of trail cameras at a recent meeting, which was based on bicycles lacking license plates. He argued that bicycle registration is possible and compared trail cameras to the security cameras in the building lobby, which serve as effective deterrents despite people not wearing IDs. He proposed installing trail cameras at a key crossing point along the canal to monitor illegal activity as a trial. Based on the results, more cameras or drones could be funded in the future. He concluded by questioning why funds are being allocated to expand trails if the city is not committed to controlling crime on the existing Consolidated Canal trail.

Adjourn

The meeting was adjourned at 5:54 pm.

ATTEST: ______________________ ____________________________

City Clerk Mayor

Approval Date of Minutes: November 10, 2025

Certification

I hereby certify that the foregoing minutes are a true and correct copy of the minutes of the Special Meeting of the City Council of Chandler, Arizona, held on the 13th day of October 2025. I further certify that the meeting was duly called and held and that a quorum was present.

DATED this _______ day of November 2025.

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City Clerk