

MINUTES OF THE SPECIAL MEETING OF THE HONORABLE MAYOR AND CITY COUNCIL OF THE CITY OF CHANDLER, ARIZONA, held at the Council Conference Room, 88 E. Chicago St., on Monday, March 5, 2012, at 5:09 p.m.

THE MEETING WAS CALLED TO ORDER BY MAYOR JAY TIBSHRAENY.

The following members answered roll call:

Jay Tibshraeny	Mayor
Jeff Weninger	Vice-Mayor
Kevin Hartke	Councilmember
Rick Heumann	Councilmember
Matt Orlando	Councilmember
Jack Sellers	Councilmember
Trinity Donovan	Councilmember

Also in attendance:

Rich Dlugas, City Manager; Pat McDermott, Assistant City Manager; Jeff Clark, Fire Chief; Mary Wade, City Attorney; Dawn Lang, Management Services Director; Greg Westrum, Budget Mgr.; Dave Bigos, Mayor and Council Assistant; Marla Paddock, City Clerk.

MAYOR TIBSHRAENY stated this was the 2<sup>nd</sup> Budget Workshop for Council. He said there is another all-day budget session scheduled for May and this is the last meeting between the City Council and staff before the May meeting.

CITY MANAGER RICH DLUGAS advised that during tonight's meeting the survey results would be discussed and the rest of the time would be spent discussing the Capital Improvement Program (CIP) and one-time money.

MANAGEMENT SERVICES DIRECTOR DAWN LANG reminded Council that starting in 2016 the City will begin having issues paying existing debt service. Therefore, there would be an opportunity tonight to discuss potential alternatives. Following that, there will be discussion on the Proposed General Fund.

MR. GREG WESTRUM briefly summarized the budget survey. The intent was to keep the survey very simple, open, and non-restrictive to make it as easy as possible for residents to provide feedback.

MR. WESTRUM advised that staff has also received feedback from Council and the Directors as to how to improve the process next year.

VICE-MAYOR WENINGER said that he felt staff did a great job. He believes a much larger number of residents will be reached through this process in comparison with citizens who attend the budget meetings in person.

MR. WESTRUM provided an overview to Council on the Objectives in Developing the Proposed CIP. The items include: no secondary tax rate increase, focus on maintaining what we have versus new construction, watch impact fees use and timing relative to new impact fee legislation, and consider options for one-time General Fund balance.

MR. WESTRUM advised that not all of the projects in the CIP will be discussed during this meeting, as they will be provided to Council as part of the final package in April. He said that staff has taken the approach of increasing or maintaining funding for the park maintenance and street maintenance programs. MR. WESTRUM said he understands that street repaving was number one on everyone's list, so in the new program there is an \$8.1 million average over the five year period, compared to \$3.5 million this year. Although, it is focused on maintenance, there is also new construction projects from both Streets and Parks, some of those include the projects that Council moved forward last year.

MR. WESTRUM said that there are some projects that do not have current funding such as the Museum, Fire Station #1, and Police Driver Training facility. Those projects are 100 percent bond funded and they will need to be moved out beyond the 5<sup>th</sup> year of the CIP.

MR. WESTRUM explained that both Parks and Streets do have some bond funds from the last sale and there is still a balance that will get them through two to three years on the projects that are on the list. MR. WESTRUM said a major part of the proposal is the switch to the infrastructure maintenance reserve funded by the General Fund to provide the needed funding for those maintenance projects in years 3, 4, and 5, once the bond funds are exhausted.

MAYOR TIBSHRAENY asked staff to define major capital projects and debt service.

MR. WESTRUM said that the capital projects of the current funding are projects like water and wastewater, projects not necessarily related to the streets and parks.

MR. WESTRUM further explained that debt service pertains to bonds that are sold and the 20-year debt schedule associated with those bonds, including principal and interest.

MAYOR TIBSHRAENY asked for clarification on the 35%, asking if that is General Fund payments or is that water.

MR. WESTRUM stated that it could be the bonds or the impact fees and all other combinations of things in the current year cost for those projects.

MR. WESTRUM provided an explanation for the Proposed CIP Overview slide. He advised that it includes critical parks capital maintenance, not new construction dollars. It also includes things like maintenance, repair, possibly some upgrades, or a new piece of equipment. MR. WESTRUM explained that the display shows how items are funded in 2011-12 and the five out years. He said that might be two years worth of bonds and then it would switch to the General Fund, the infrastructure maintenance reserve in the third, fourth and fifth year.

COUNCILMEMBER HEUMANN asked how that affects the two parks that are planned for next year and the year after. He asked if the parks are not built could the money be used for other maintenance.

MR. WESTRUM advised that since that is impact money it could only be used for those projects.

COUNCILMEMBER ORLANDO asked if there is any escalation on them.

MR. WESTRUM said no, we have some of those right now with a fixed amount and they get that much per year in the program.

COUNCILMEMBER ORLANDO asked how that aligns with the increased maintenance costs in years 3, 4, and 5.

MR. WESTRUM said in this particular area, they get what they can get for \$500,000, whether it's a new piece of equipment or other items.

VICE-MAYOR WENINGER clarified with Mr. Westrum that this maintenance beyond the normal operation and maintenance.

MAYOR TIBSHRAENY asked for an example of capital maintenance for a park.

MR. DLUGAS advised that some examples are a new shade structure, new piece of playground equipment, new irrigation system, or a new sidewalk.

MAYOR TIBSHRAENY asked if the ongoing maintenance was upgraded for the two parks like the capital maintenance

MR. WESTRUM and MR. DLUGAS advised not at this time.

MR. WESTRUM said that the goal as part of the ongoing process is to be more efficient. He explained that streets capital maintenance might include a new street light or traffic signal replacement. The repaving program is the large ticket item at a cost of \$3.5 million this year. He said that the reason the amount goes up and down is that it is made up of a combination of HURF money, bond money, and General Fund money.

COUNCILMEMBER ORLANDO asked if the City will receive any outside grants.

MR. WESTRUM advised that there are not any grants for these items, but there are grants for new intersections. He said that Ocotillo Road has a grant, but it is not for maintenance.

COUNCILMEMBER HEUMANN asked how HURF funds are being affected by the state.

MR. WESTRUM said that they will maintain what they did this year. He said the City lost about \$1.6 million.

MS. LANG advised that in terms of the HURF operations and capital, the capital side was impacted.

MR. WESTRUM said that the focus is on capital maintenance and there are new construction projects. MR. WESTRUM said that Roadrunner Park is scheduled to be constructed in 2012-13, with Operation and Maintenance in the amount of \$40,000 to begin a year later in 2013-14. This amount will cover costs associated with utilities and maintenance.

MR. WESTRUM said that Centennial Park is scheduled to be built a year later in 2013-14 and the Operation and Maintenance would be added a year later in the amount of \$90,000. This amount is for a groundskeeper to support both new parks.

MR. WESTRUM noted that these involve impact fees, money that the City already has and advised it does not involve selling or borrowing anything.

COUNCILMEMBER HARTKE asked what the locations are for the two parks.

MR. WESTRUM advised they are in southeast Chandler.

MR. WESTRUM said that the street improvements are all impact fee projects. He said that the arterial street program is not affected by the new rules, so they are still continuing to bring in impact fees. He advised that there is also Proposition 400 money to build one mile of Gilbert Road for that project. MR. WESTRUM explained the Timing for Key Street Projects slide.

COUNCILMEMBER HEUMANN asked what the Alma School Road piece entails.

MR. WESTRUM said it is the widening of it from 202 to Queen Creek.

VICE-MAYOR WENINGER asked about the timing of the streets in southeast Chandler. He said he has received comments that Gilbert Road should be completed as soon as possible. He also stated that business owners located at Alma School and Chandler have said it is too much construction in one year. He asked if the Gilbert Road improvements to Riggs Road are scheduled for 2015-16.

MR. WESTRUM confirmed that Gilbert Road improvements from Chandler Heights to Riggs and then Riggs to Hunt Highway are scheduled for 2015-16.

In response to questions from VICE-MAYOR WENINGER on accelerating the Gilbert Road project, Mr. Westrum advised he would have to look at the impact fee money.

MR. DLUGAS advised that one-time money could be used or accomplished through a loan as questioned by Vice Mayor Weninger.

VICE-MAYOR WENINGER said it would be helpful to get feedback from residents on this issue.

MR. WESTRUM said that the street projects and improvements were scheduled at alternate locations in an effort as to not impact one area for extended periods of time.

COUNCILMEMBER SELLERS said that some of the money that was used to help move up the project is from Federal funding the City received for Alma School and Ray Road.

COUNCILMEMBER HEUMANN asked what money will be used for the Alma School and Chandler intersection. MR. WESTRUM advised it is mostly grant money, plus some bond money.

COUNCILMEMBER HEUMANN said he agrees with Vice-Mayor Weninger that starting the Alma School and Chandler Boulevard project right after completing the other project will be difficult for businesses. He believes the money could be looked at being used elsewhere. COUNCILMEMBER HEUMANN said that the Alma School and Chandler Boulevard intersection is not as bad as intersection as Alma School and Ray since there is more width and he has some real concerns about going back there again so soon.

COUNCILMEMBER HARTKE asked if the money is transferrable as an option.

VICE-MAYOR WENINGER asked if the funds expire.

MR. MCDERMOTT said that staff is trying to push that project out as far as they can without losing money. He said that Alma School and Ray Road project will be done this year, 2012. MR. MCDERMOTT said staff would like to wait 1.5 to 2 years before starting construction along Alma School Road again.

COUNCILMEMBER ORLANDO asked staff to look at how far out the Alma School Road and Chandler Boulevard project could be pushed out without losing money. He is also interested in learning if one-time money can be used to move up the Gilbert Road project. COUNCILMEMBER ORLANDO reiterated that he does not want to lose money in fear that the City might not be considered next time funding is sought if the previous money was not used.

MR. DLUGAS advised that staff could look into the issue.

MAYOR TIBSHRAENY AND VICE-MAYOR WENINGER inquired about surveying residents in south Chandler. MAYOR TIBSHRAENY advised Council will need to look at the growth in Southeast Chandler and determine how to prioritize the other segments of roads in that area.

MR. DLUGAS said that he will talk to R.J. Zeder and Nachie Marquez to discuss survey options.

COUNCILMEMBER HEUMANN suggested using the Chandler Boulevard and Alma School Road project money if possible.

MR. MCDERMOTT advised that grant money could not be used.

MR. WESTRUM said that between now and April 17 staff will take the guidance that was received today and departments will update the descriptions and funding to develop the official proposed CIP that will go to Council on April 18 along with the rest of the proposed budget. MR. WESTRUM said on May 4 there will be a full-day budget briefing that will include the CIP.

MR. WESTRUM reminded everyone that during the January meeting staff shared with Council the debt service projections. He said at that time an estimated minus 10% decrease was applied for secondary assessed values for 2012-13. As it turns out it was a little better, down by minus 8.65%.

MR. WESTRUM said in regard to property valuations, they dropped about 11.5%, but because of new growth of approximately 2.8%, the amount is offset to provide a net increase of 8.65%.

COUNCILMEMBER DONOVAN asked if the projection for growth was included.

MR. WESTRUM said that growth has been projected.

MR. WESTRUM said that since the outcome is a little better than what was originally projected, the City gained about \$314,000 of tax levy in 2012-13. He said that the cumulative General Obligation (GO) debt is still about \$6 million in 2016. Mr. Westrum provided an overview of the Debt Service Forecast chart.

#### 1. GENERAL FUND ONE-TIME EXPENDITURES AND 5-YEAR PROJECTION

MS. LANG explained the Debt Service Forecast further. She said during the last budget workshop there was discussion about creating ways to minimize the impact of a shortfall in the future based on our assumption of not having enough funds to pay the debt service. MS. LANG stated that there are two reasons why the City would change the debt service structure: 1. To achieve savings, and 2. To manage the tax rate.

MS. LANG explained when going through the options, the most obvious option to look at refunding opportunities. She said that currently there are two eligible bonds, a 2003 and a 2007 bond. She stated that there would be an opportunity to achieve savings in the amount of \$931,000. MS. LANG said that typically bond refunding would not happen unless there is at least 3% per million dollars because they are costly and they involve much staff time. MS. LANG said since we are right on the edge we could move forward with this but it wouldn't help with the tax rate management.

MS. LANG said that the next option looked at involved refunding those bonds along with creating interest only payments for 5 years, to minimize the amount of secondary levy that we are using toward debt service. In doing that, it achieves managing the tax rate and prevents a property tax increase. MS. LANG explained that the problem is that it added about \$2.4 million in debt service a year because of delaying the payment.

MS. LANG stated that because Chandler has a healthy fund balance, staff began looking at other options. One option is no change for existing debt service, supplementing the General Obligation debt service fund with General Fund dollars. She explained that is simply adding another funding source to pay the debt service, not changing anything that is already in the debt service amortization schedule. She said that this could move forward as usual by supplementing the General Fund. MS. LANG said that savings aren't achieved, but the tax rate is managed.

MS. LANG said that another option is one that the Mayor previously suggested and that involves paying off the bond. MS. LANG said that Piper Jaffray helped staff with that scenario and they looked at paying off the 2003 series bond General Obligation bond for \$8.5 million and that was deemed as the best option. She said that it would be able to provide savings and manage the tax rate. MS. LANG said that the General Fund dollars could be used in a very positive way, while not adding additional costs in the future. MS. LANG said that currently the City has impact loans and over the last several years, General Fund dollars were used to loan the impact fund for some of the projects. Staff is now looking for opportunities to pay those loans back to the General Fund. The assessed value has gone down and not as many projects could be done. Staff is looking at using those impact fees as a loan repayment and using that loan repayment toward the payoff of the bond. MS. LANG said that would become General Fund, one-time dollars, and new money received in the General Fund balance could be transferred to the Debt Service Fund to pay off that debt. She said that the slide actually shows this recommended option, with the principal total and the interest payments total. The total debt eliminated from the debt service schedule is about \$9.3 million. MS. LANG said there are a lot of advantages using this scenario. Staff would highly recommend this option.

COUNCILMEMBER HARTKE asked if there are fees for repayment of this type of debt.

MS. LANG advised that there are no fees. She said that staff spoke with Piper Jaffray today and it was confirmed that there are no additional fees. She said that if this option is selected a payment of the total principal and interest would be made in July 2013.

COUNCILMEMBER HARTKE clarified that money was put toward projects that would normally be paid by impact fees. Those projects were completed and this is now paying off the bond that paid for some of those projects.

MS. LANG said that is correct. She explained that previous councils chose to speed up some projects before the impact dollars were actually collected, so projects were funded through a loan to the impact fees from the General Fund. At a later time when the impact fees were collected the General Fund was paid back.

COUNCILMEMBER HARTKE expressed his support.

VICE-MAYOR WENINGER said he likes this concept and is glad that the Mayor came up with the idea. He asked if by paying this down it would increase the capacity. He fears that if capacity is greater and more bonds are issued, this will place the City in the same position at a later time and the City would be right back where it was before.

MS. LANG said that staff would need to gauge how quickly the City could sell bonds again. She stated that it is based on the assessed value assumption.

VICE-MAYOR WENINGER asked if theoretically it frees up capacity.

MS. LANG advised that it does, as reflected by the chart.

MS. LANG provided an overview of the slide titled Debt Service Forecast w/FY13 Bond Payoff of \$8.475 million.

COUNCILMEMBER DONOVAN asked about the payoff date of July 2013.

MS. LANG explained that the payment would actually need to be initiated by June 28, 2013 and the payoff would need to be sent so the actual transaction could take place by July 1.

COUNCILMEMBER DONOVAN clarified that the money would need to be there by next year but it wouldn't happen until near the end of the fiscal year.

MS. LANG advised that is correct. She said that the funds would need to be appropriated and transferred in 2012-13 for the payoff on July 1, 2013.

COUNCILMEMBER HEUMANN asked if there are any bonds that are carrying a higher interest rate.

MS. LANG said that the two refunding opportunities that were looked at had the highest rate. She said this is something that is reviewed each year and these are the only two that are eligible at this time.

MS. LANG said in response to Councilmember Heumann's questions for more detail on other eligible bonds for refinancing, MS. LANG said she will have to get back with him, as it does vary depending on the bond. She will try to get a better answer for him.

MAYOR TIBSHRAENY said it would be nice to pay off the bond and use that one-time money for a purpose that will save our taxpayers property tax monies.

MS. LANG referenced the Proposed Use of General Fund Balance slide and stated that because staff was able to program some of the revolving payments there is about \$8

million less of a draw down to the General Fund balance over the 5 years. She said it places Chandler in a positive position to pay off debt versus delaying payments to the future. It is also viewed positively when dealing with the various rating agencies. MS. LANG provided an overview of the total dollar amount over the 5-year period.

VICE-MAYOR WENINGER said that the City is doing what many families are doing, paying off debt instead of going out and charging more. He said that he believes taxpayers will appreciate that.

MS. LANG said that Bill Davis from Piper Jaffray has been working with a lot of clients around the Valley on some really creative rate management options. Mr. Davis said he has not dealt with any City that has the ability to pay off debt. Instead, many are actually looking at delaying with no interest, no principal, for a period of time.

MS. LANG said that new money coming into the General Fund include savings from the General Fund that are realized at the end of the year. These are one-time funds that could be used for capital, strategic economic development opportunities, and other one-time operating opportunities. They could never be used to fund on-going expenses.

MS. LANG provided an overview of the slide titled 5-Year General Fund Balance Projection. She explained that staff estimates the fund balance by reviewing the activity and determining how the year will end. The figure of \$132,652,000 is the staff estimate for the end of 2011-12, beginning of 2012-13. MS. LANG said that staff looks at additional one-time revenues that get added to that fund balance every year. Once those monies are added, then staff programs all of those fund balance dollars into capital, economic development, and all those types of needs.

MS. LANG said some of the items that added to the 5-year general fund forecast are from sales tax and state shared revenues. She said not all of those are ongoing in nature, a portion of them are one-time dollars. MS. LANG noted that because of the Intel construction this number is higher than usual. The one-time revenue from the forecast was \$11,223,850 that would get added to the fund balance along with estimated vacancy and department savings. MS. LANG said they also look at the personnel appropriation and Operations and Maintenance (O&M) appropriation for all of the departments. She noted that not 100% of that money is spent every year. Therefore, a portion of that amount is immediately added to that number. MS. LANG said there are an estimated 2% vacancy savings for 2012-13. She said that department savings have fluctuated greatly over the last few years. At the end of 2010-11 there is \$2.6 million in department savings.

MS. LANG explained that the next slides are the One-Time Expenditures Appropriated for Economic Development & Capital Projects. She said no new dollars were added to this that were in last year's projection, with the exception of the line item titled "Other" listed under Strategic Economic Development, where \$200,000 was added for miscellaneous legal costs (e.g. legal consulting or outside legal counsel).

VICE-MAYOR WENINGER clarified that it is basically one million dollars each year, so if a program is for 5 years that would equate to \$5 million. He asked if there is anything specific.

MS. LANG advised in the "Other" category there is nothing specific. She said for 2012-13 that number reflects the total appropriation from last year along with some small carry forward with a total of almost \$10 million. She said there is not anything new in the out years for that category. Under Downtown Redevelopment she said there are still the same projects that were there last year Misc. Downtown Carry forward and Cor Site 7, the project that includes the parking garage and on that particular item no new funds were added. She said that project was spread out further as it was anticipated to be completed by 2013-14 and has now been moved to 2014-15.

VICE-MAYOR WENINGER asked if the Miscellaneous Downtown Carry Forward was façade improvement leftover money.

MR. WESTRUM said it would be from projects such as the Blue Peacock or Oregon Street Arcade.

MS. LANG said she believes staff is looking for options on the walkway. MR. DLUGAS advised that there is a Request For Proposal (RFP) out for that.

MS. LANG advised that General Fund dollars have always been designated for capital improvements. She said that the list on the slide is a little longer because the initial list is actually programmed under the infrastructure maintenance reserve. The first two lines have to do with the arterial impact fee transfers. The first one is part of the budget each year with a 12% contribution per unit and building square feet. She said that \$1 million per year is budgeted. The number increases in the out years based on more development and additional collections. While staff anticipates that the current year 2011-12 that \$1 million is not needed, the transfer is programmed to make sure that the appropriation and approval is there.

MS. LANG explained that the Intel Development Agreement on the next slide recently went to Council. She said that the City is paying the \$5 million, Intel arterial impact fee. She explained that once that amount gets paid it will increase the balance in the arterial street impact fee fund. The impact fee loan repayment money now resides in the arterial impact fee fund. Staff will program the repayment to General Fund to help that item get paid.

MS. LANG said that General Funded CIP Projects are grouped into the various departments and explained the line items for Community Services. She said the ones that are really part of the infrastructure maintenance reserve would be the Aquatic Facility Safety Renovations, Existing Neighborhood Park Improvements and Repairs, Community Park Improvement and Repairs, and Recreation Center Improvement and Repairs. She said those are some items where the infrastructure maintenance is projected over those

5 years. MS. LANG said the next line item deals with Facility Connectivity for Community Service Remote Sites.

VICE-MAYOR WENINGER asked if the Facility Connectivity for Community Service Remote Sites is for the Library.

MR. WESTRUM advised it is for the southeast Chandler facilities.

MS. LANG continued to provide an overview of the 5-Year General Fund Balance Projection for One-Time Expenditures Appropriated for Economic Development and Capital Projects.

COUNCILMEMBER HEUMANN asked how much is allocated for the Colonnade, Demo program.

MS. LANG said that the appropriation on this is \$2,000 a year for the Colonnade and another \$500,000 year for Demo and Acquisition and \$500,000 of that represents maintenance fees.

COUNCILMEMBER HEUMANN asked for details on the Demo and Acquisition.

MR. DLUGAS said that the land acquisition is for acquiring property and then demolishing it. He said that staff has not been making any acquisitions of property in Downtown. MR. DLUGAS explained that it is a figure that staff has listed in case the opportunity arises to purchase something for Downtown. He used the example of the Washington Street alignment or things of that nature.

COUNCILMEMBER HEUMANN said there is \$500,000 not being used. That money could be used for something else.

VICE-MAYOR WENINGER asked how difficult it would be to transfer that funding out mid-year to use for a different purpose. MS. LANG said it would not be difficult at all.

COUNCILMEMBER ORLANDO said any of these items could be moved around as items are reprioritized. MS. LANG confirmed and said it is at Council's discretion.

COUNCILMEMBER HEUMANN said if the money is not being used it might be beneficial to use it elsewhere rather than have it sit.

MS. LANG continued explaining the line items on the slide.

COUNCILMEMBER HEUMANN asked what the difference is between the Police radio system narrow band conversion and the radios that were recently purchased.

CHIEF CLARK explained that this is an upgrade to the entire system Valley-wide. He said it is actually a \$51 million project. He explained that the narrow band conversion is a

mandate coming down from the Federal government. CHIEF CLARK said as a region, staff is trying to petition that the mandate be pushed back. Currently, it says that the upgrade has to be implemented by 2017. The approximate \$2.4 million is Chandler's share of the overall \$51 million project. He explained that this applies to Police and Fire, since they are both part of this system in the Valley. CHIEF CLARK is hoping that the date will get pushed back. If that doesn't happen, the \$2.4 million is Chandler's portion as part of staying on that system.

COUNCILMEMBER HEUMANN asked if it is different than the 900 megahertz radio system.

CHIEF CLARK said it is 800 megahertz and this is narrow banding. It is a conversion of a system to make sure that we are not bleeding over into other systems and other systems are not bleeding into ours.

COUNCILMEMBER ORLANDO asked if more users can be on the system.

CHIEF CLARK said yes, more users could utilize the system.

COUNCILMEMBER DONOVAN asked if the same equipment can be used.

CHIEF CLARK said there are certain equipment upgrades but those are figured either here or through the department operating budgets. He said they all have to be timed; noting that if a purchase is made today it would likely be outdated by 2017. CHIEF CLARK said staff is trying to time everything well to minimize that from happening.

COUNCILMEMBER HARTKE asked for clarification on the previous item regarding the police radio system narrow band conversion. He asked Chief Clark how long this will be an on-going expense.

CHIEF CLARK said in the sixth year there will be no more payments. There are four equal installments. CHIEF CLARK said there has been some debate in the Valley about how the conversion will be paid.

MS. LANG continued providing an overview of the slide focusing on Transportation and Development.

VICE-MAYOR WENINGER asked in terms of payments from the reserve if it would be comparable to what was done with the revenue fluctuation reserve and if this bridges the City until values come back up.

MS. LANG said yes, that is a like comparison.

MS. LANG explained that the final line is the General Funded CIP is the Carry Forward. She said in Arizona it is necessary to budget for the carry forward appropriations and whatever projects that are still in process we can spend that carry forward from the prior

year. She said that money is appropriated so carry forward money from the prior year can be spent. MS. LANG explained that there is a combination of a number of these projects and economic development projects that would fall into that category. She said what ends up being used would be the actual carry forward at the end of the year.

MS. LANG said that the next section represents the One-Time Operating. She said this is the area where the General Fund balance can be applied toward those one-time costs related to personnel, operation and maintenance needs, department decision packages or one-time operating expenses.

COUNCILMEMBER HEUMANN asked if the amount of \$5 million the first year and \$500,000 the out years is correct for the One-Time Personnel Costs.

MS. LANG confirmed that the figures are correct.

COUNCILMEMBER HARTKE asked Ms. Lang if the Decision Packages have been \$3 million in previous years and if the \$2,618,218 is the actual amount for this year.

MS. LANG confirmed that is the actual amount and mentioned that some years it has been much greater than that. She said typically \$3 million is about the average, so that is what staff projected.

MS. LANG noted that the appropriation for the upcoming election will need to be added so the City Clerk can pay for the election costs.

MS. LANG continued to provide a breakdown of the remaining items on the One-Time Expenditures Appropriated for Operating slide ending with the Ending Fund Balance at the 5<sup>th</sup> year (2016-17) of \$51,921,740.

COUNCILMEMBER DONOVAN mentioned that the total figure does not include any one-time revenue that is received in the next year and any carry over money.

MS. LANG explained each of the line items on the slide titled 5-Year General Fund Balance Projection Contingencies & Reserves in Ending Fund Balance. MS. LANG reminded the Council that they have discretion to move any of the Ending Fund Balances to whatever reserve that Council sees fit or to spend in whatever way would best benefit the City of Chandler.

MS. LANG provided an overview of the General Fund Fiscal Year End Balance. She said the City ended in a good position in Fiscal Year 2010-11 and that amount fell back into Fund Balance that is now being reappropriated in our projections for 2012-13 through 2016-17. MS. LANG pointed out that in 2015-16 there is only about a \$1.4 million difference. She said a lot of that has to do with the new revenue and the loan repayment. She said that maximizing the use of General Fund dollars will bring us to a similar place by 2015-16.

