

MINUTES OF THE SPECIAL MEETING OF THE HONORABLE MAYOR AND CITY COUNCIL OF THE CITY OF CHANDLER, ARIZONA, held in the Council Chambers, 88 E. Chicago Street, on Friday, May 4, 2012 at 8:31 a.m.

THE MEETING WAS CALLED TO ORDER BY MAYOR JAY TIBSHRAENY.

The following members were present:

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

Mayor Tibshraeny gave brief opening remarks. The Mayor thanked Budget staff, Directors and City Manager for their work on the budget. The City is in solid financial position based on its fiscal policies. There are signs of good economic growth and businesses locating in Chandler and we are starting to see an uptick in housing.

Mayor Tibshraeny briefly reviewed the budget process for FY 2012-13 and thanked Councilmembers for their support and participation.

City Manager Dlugas gave introductory remarks. The budget was formulated by a collaboration of staff and also by departments looking for greater efficiencies. This year's process included a budget survey, Budget Connect and the implementation of priority-based budgeting to assist staff in making budget decisions in support of Council goals. We have had revenue increases but must be cautious about national and global economic conditions as well as potential state legislative actions. Slow and steady revenue growth is anticipated. Real property assessed values continue to decline.

City Manager Dlugas also communicated some specific aspects of the Proposed Budget, including Building Reserves for Capital Needs, Use of the Infrastructure Maintenance Reserve, and the fact that the Budget Stabilization Reserve would not be needed this year or in FY 2012-13. Additionally, the City has identified an opportunity to pay off an existing bond debt issue using General Fund balance and Impact Fee loan repayments to the General Fund. This process will reduce the need for property tax rate increases in the future while the City will see savings in debt service costs.

Overview of Operating Budget and CIP – Ms. Lang and Mr. Westrum

Management Services Director, Ms. Lang and Budget Manager, Mr. Westrum, presented the Overview of the Proposed Operating Budget and CIP.

Ms. Lang discussed the budget process and the schedule for the briefing.

She mentioned four important areas of focus in the FY 2012-13 Budget. Those areas included:

- 1) Identification of Ongoing vs. One-Time Revenues
- 2) Maximizing Reallocations to Fund Higher Priority Requirements
- 3) Controlling Future Expenditure Growth
- 4) Preventing a Property Tax Increase

Mr. Westrum discussed organizational changes/shifts reflected in departmental budgets for FY 2012-13. He also discussed the fact that no Property Tax increase is included in the Proposed Budget and showed a comparison of property tax impact for the current year and for next fiscal year for the median value home.

Mr. Westrum presented information about the total budget for FY 2012-13 and reasons for the increase from the FY 2011-12 budget. The budget is higher than last year's budget by about \$160 million.

Mr. Westrum then presented information on the sources of funding for the Proposed Budget and where the funds will be spent.

Councilmember Orlando – Was State Shared Revenue flat for last year or was it not decreased as much as we thought? Mr. Westrum – In the proposed budget some State Shared Revenues are now increasing. Urban Revenue Sharing has hit bottom and is now rising which is good news. State Shared Sales Tax will also be a little higher. Councilmember Orlando – I believe this year we were able to hold off any other attempts by the legislature to reduce shared revenues – the session ended yesterday, right? Mayor Tibshraeny – Yes, they ended last night. We did well. We actually got our DWR fee back, which cost the taxpayers and the City about \$350,000 last year where we were funding the Arizona Department of Water Resources. We also got back some HURF money to fund road maintenance.

Councilmember Orlando – On the debt service over the last few years, are we showing the percentage of the total budget? Is that a reduction or is that staying flat? Mr. Westrum – It would be a smaller percentage this year because our total budget is bigger. But total dollar amounts dedicated to debt service are not changing much from year to year. Councilmember Orlando – That would make sense because we really haven't had any debt in the last couple years. Mr. Westrum – Right, we have had some but minimal new sales.

Councilmember Heumann – Quick question on contingency reserves. We always talk about our 12% reserve. The 8% on the chart is including capital and other things, so that's why the difference? Mr. Westrum – Yes. This includes all kinds of funds, some which don't have a reserve or have a very small reserve. The 12% General Fund contingency is built into this. Councilmember Heumann – Because we always talk about 12%. Mr. Westrum – Right, in the General Fund it is 12%.

Ms. Lang discussed the budget reallocations process. Adjustments for fuel will be seen in the department presentations. That fuel adjustment represents the fact that we were underfunded. We only had enough, on average, to fund \$2.50 per gallon. We are still working citywide on consumption reductions and have created a \$400,000 one-time reserve for additional price fluctuations. One of the largest reductions identified for reallocation was contributions for future replacement of vehicles into the Vehicle Replacement Fund. This will be shown in the department presentations. Additionally, revisions were made on how we budget for employee benefits. These budgeting changes will save the City almost \$900,000.

Ms. Lang mentioned the net increase of 2 positions including the addition of 3 School Resource Officers (50% funded by Chandler Unified School District via grants) and eliminating one vacant Court Clerk position in the City Magistrate Department in exchange for additional funding for a contracted public defender to support domestic violence cases. Overall, the workforce has been reduced by 10% from FY 2007-08 to today. Chandler is currently at 6.6 employees per 1,000 in

population. The City is actually leaner today than it was in the year 2000. We are leaner but not meaner. Vice Mayor Weninger – On the leaner but not meaner, where does that put us in comparison to other cities? Ms. Lang – The only one that is leaner is Gilbert.

Mr. Westrum presented the Capital Improvement Plan Budget Overview. Total appropriation for FY 2012-13 consists of encumbered carryforwards, capital carryforwards and new funding which gets us to the \$378 million number.

Mr. Westrum presented information on the Secondary Assessed Valuations and the fact they are decreasing again this year. To offset these decreases in assessed values and our inability to add new general obligation debt, we have looked at several options to keep the CIP program viable while supporting Council goals. Changes include the mix of funding over the first five years to use more General Fund dollars and fewer bond proceeds, and utilizing the \$34.7 million Infrastructure Maintenance Reserve for CIP funding over the next five year period. Street Repaving and Parks Maintenance would utilize the most dollars from this reserve.

Vice Mayor Weninger – You said that in five years we are looking at moving back to the more traditional model. Are we going to save money in the Debt Service Fund as a buffer in case things happen again? Mr. Westrum – We don't have a specific number, but in practice we'd like to keep that debt service fund balance at no less than \$3,000,000. But it will have to be re-evaluated every year as we move forward. Councilmember Weninger – I think that is something the Council and staff should be thinking about for the future. It is kind of like your reserves for cash. You have those reserves in case the economy turns and you have that buffer to help you out.

Councilmember Heumann – The \$34.7 million is basically coming out of one-time balance of money we have saved over the years; so paying cash for some of these projects and taking care of desperate needs, what does this do to our fund balance? What does this do to our 12% contingency? Mr. Westrum – That will be in Ms. Lang's next part of the presentation.

Mr. Westrum discussed the proposal for early retirement of debt. At Council's suggestion, staff is proposing the early retirement of a 2003-Series General Obligation Bond that has a call option for July 1, 2013. We are planning to retire this debt obligation through a combination of impact fee loan repayments to the General Fund and from General Fund one-time available balance. This early retirement will save the City five years of interest on the current bond schedule and removes the debt obligation from the schedule entirely.

Ms. Lang presented the General Fund Forecast & Fund Balance Summary. She stressed the importance of distinguishing one-time revenues versus ongoing revenues for the forecast. Ongoing revenues should support ongoing expenditures. We are projecting 92% of revenues for FY 2012-13 will remain ongoing with about 8% of revenues being considered one-time to support one-time expenditures. Ms. Lang reviewed the history and projection of the major revenue sources.

Councilmember Orlando – I understand last year looking at 95% ongoing versus 5% cap. I understand that this year and maybe a little next year, you'll have the one-time Intel project. How do we come up with 92% versus what we have been doing at 95% the last few years? Ms. Lang – We really had to dig deeper this year to figure out if it was ongoing or one-time and actually look at specific developments and the impact on various categories in Sales Tax. For instance, contracting materials being purchased as a result of developments. Those are the types of resources we would tag as one-time in nature. In doing that, and working closely with Dave

Nakagawara in Planning, we have literally identified those revenues in the next two years where we know of developments starting up or moving forward and what impact it would be on the analysis of ongoing versus one-time. I think we are doing a much better job in identifying what is truly ongoing versus one-time.

Councilmember Sellers – Do these sales tax projections account for the planned outlet mall in the Indian Community? Ms. Lang – Yes, they do. That’s actually reflected in FY 2013-14.

Councilmember Heumann – For FY 2012-13 it looks like you are showing a 1 or 2% decrease. The outlet mall is supposed to open in February, from my understanding, so did you account for that in the 2nd half of the FY 2012-13 projection? Ms. Lang – Yes, we did. FY 2012-13 is just the beginning of the outlet impact and also the wind down of the Intel expansion so that’s why you’re seeing a decrease in the total collections into FY 2012-13, but we have incorporated that overall outlet impact to our sales tax collections in FY 2013-14. Councilmember Heumann – I think that’s going to be one of our biggest challenges as Intel winds down. It’s very hard to get our hands around how much impact that has had on things like restaurant business. We’ve had 4,000 construction workers using our restaurants. I think you guys will have your hands full each month really monitoring that.

Councilmember Heumann – On Urban Revenue Share, it is both personal income tax and business income tax. In the out years the legislature has enacted some new things that don’t go into effect until FY 2015-16 or FY 2016-17; I know we don’t have a crystal ball, but have those things been factored in based on legislation? Ms. Lang – We are aware of those changes, but in the out years there are many factors that can affect state tax collections. Where the State’s projections are closer to 7 to 8%, we were a little more conservative in a 4 to 5% increase in the out years just because of things like that. We wanted to make sure we captured them, but we are going to continue to try to calculate those changes as we know more about the legislation and how that will impact income tax collections.

Councilmember Hartke – I was thinking about some other cities in the state and previous revenue projections, particularly in the midst of the recession and how they were quite unrealistic, and I just want to commend the direction we are going and where we’ve been in terms of not adjusting our revenue projections based upon needed expenses but really keeping the expenses underneath the revenue. I think we’ve done an excellent job in this. This trend seems to continue in terms of being conservatively realistic so we are not going to be caught and surprised as we have seen in other cities. I like the direction and the estimations. I think they have been very helpful as well as to ensure our constituents are not going to be caught with any unrealistic expenses.

Ms. Lang discussed expenditure assumptions. Personnel costs are the largest expenditure in the General Fund Operating Forecast. She emphasized that the projections do not include any Merit or COLA from FY 2013-14 thru FY 2016-17. We have added an estimated appropriation to implement employee benefits for FY 2012-13. Vacancy savings is built in at 2%. The majority of benefit increases fall under retirement and health care costs. No new ongoing positions added - the three SRO positions previously mentioned are being funded with one-time dollars.

Councilmember Heumann – What is the estimated insurance impact in terms of percentage increase are you projecting? Ms. Lang – This is a year of transition for us because we planned this early on with the changeover to a self-funded plan. It is a combination of two things. By January 1, 2013, we will be at an 80/20 funding, 20% employee and 80% employer funded. The other part impacting this is that we are coming off a subsidized rate, and we will be fully self-

funded by January 1, 2014. This year we are seeing an increase of 24% in our health care costs and next year a 16% increase. Then we will start just at the regular health care costs estimated at 10% per year. So that 24% represents the regular health care cost increase throughout the entire nation along with those elements of coming off a subsidized rate and converting to an 80/20 percentage.

Ms. Lang showed the General Fund balance projections and noted that in FY 2015-16, if the City were to spend everything that is planned in the forecast and if nothing changed in the forecast, the General Fund balance would be down to \$69 million. One-time funds are being used appropriately and are looked upon favorably by our rating agencies. Ms. Lang also presented a chart showing that Chandler has the 2nd lowest average residential household costs in the Valley when compared against 7 different cities/towns.

Municipal Utilities – Dave Siegel

Dave Siegel presented the budget for the Municipal Utilities Solid Waste, Wastewater, and Water Funds.

Councilmember Orlando – Is that a mandatory fund balance you have to have? Mr. Siegel - Council's goal is 10% of operating revenues for the Solid Waste fund, 15% for the Wastewater Fund, and 20% for the Water Fund. With the cost increase in the Solid Waste contracts we are drawing our fund balance down a little bit closer to that 10%.

Councilmember Heumann – Looking at the budget summary for Solid Waste Services – Comparing the Adopted Budget from last year, we are projecting a 4.5% increase over the Adopted Budget, but that's about \$250,000 above the year-end estimate? Were there just a lot of vacancy savings on the personnel line? Mr. Siegel – That's correct. Councilmember Heumann – You just had that many positions open during the year? Mr. Siegel – Yes, that's correct.

Mayor Tibshraeny – The ongoing cost for the Gas Chromatography is \$15,000, not \$5,000, right? Mr. Siegel – Correct, Mayor. That's \$15,000 annual operating costs.

Councilmember Heumann – When you said debt service, did I hear something about credit card costs too? Mr. Siegel – I always refer to it as our credit costs but it is debt service costs.

Mayor Tibshraeny – The well near Alma and Pecos started having some cloudy water, what's the final resolution of that well? Mr. Siegel – We are working with the real estate group in Transportation & Development to buy another piece of property right adjacent. We are going to have to re-drill that well. We can't rehab it. The casing collapsed in the screen on that well, so we'll have to re-drill it right next door. It is great for that area of the City to have a well right there. It is one of our key wells. Mayor – You'll buy something in the vicinity where you drill it and hopefully have it up and running in the next year or so? Mr. Siegel – That's correct, Mayor.

Mayor Tibshraeny – What's the reserve goal on the Wastewater fund? Ms. Lang – The reserve goal for this fund is 15% of operating revenues.

Councilmember Heumann – Regarding the Intel \$5.2 billion expansion project, how much additional infrastructure are they contributing to the City in terms of dollars? Mr. Siegel – The wastewater plant is a ballpark number and mostly paid for by Intel reimbursement. We did some enhancements as part of the project that the City will pay for. It is roughly \$135 million for that. We are building a joint pump station at the Ocotillo Plant on Old Price Road and then

approximately six miles of force main from one plant to the other, to the Airpark Plant. That will be roughly \$32 million, so we will each pay approximately \$16 million. Intel is also building a 24" water transmission main along Ocotillo Road from Dobson to McQueen, and I think that number is \$6 or \$7 million. Councilmember Heumann – The point I want to make is the fact that we are benefitting from some of that infrastructure with joint costs and that Intel is putting a lot of money and effort into this project, which will obviously benefit everybody including the City. Mr. Siegel – That's correct.

Transportation & Development – RJ Zeder

RJ Zeder presented the budget for Transportation & Development.

Councilmember Donovan – What is the timeline for us to be looking at restored LTAF funding and then making the recommendations for what we'll do? Mr. Zeder – I am having a meeting with the staff next week and we will start some preliminary conversations with the Transportation Commission as early as next week. Then we'll probably come forward through a subcommittee of the Council and look for possible changes for 2013.

Councilmember Orlando – Do you have an estimated cost to converting to a digital reader instead of microfiche? MR. Zeder – No, we're just starting to research this to see what it would take. We found a little bit of information that says you can enter into an agreement with the State of Arizona. We are exploring whether we can enter into an agreement that would allow for digital storage of records so it's really just at the beginning. Councilmember Orlando – I think it would be a benefit to you as well because you don't have to retrieve the microfiche or similar record to give to the individual to look at and bring it back again and store them. I think there's probably some cost savings in that. Mr. Zeder – It absolutely would. We have a fairly robust electronic document management system (EDMS), and I think we are actually looking at some citywide upgrades to that system. The more we can incorporate into that system, the better because anybody at any computer and, ultimately even citizens, would be able to research documents. We're trying to go that way. Councilmember Orlando – Keep Council posted on that and what your status is and the potential costs and timeframes on those things.

Vice Mayor Weninger – Are you looking into moving to some online submittals and going more that route where everybody doesn't necessarily have to drive down with their plans? Mr. Zeder – That is something that is one of the projects that has been listed as a priority for the City. The costs have come down quite a bit. A few years ago we were looking at as much as a half million dollars to implement what would have been a proprietary solution. Mr. Dave Nakagawara (Planning Manager) – The project called Electronic Plan Review, which encompasses the submission of drawings and the routing of drawings in electronic format, is an approved IT Oversight Committee project for this year. There has been a solution that has been selected and it happens to be part of the permitting solution that we have in place in the City of Chandler right now called Accela Automation. There was an update to that particular software package that has a module that handles electronic plan submission. In summary, the project is approved and is on the IT schedule for implementation this year. Councilmember Weninger – I know it's obviously going to cost some upfront money, but I am assuming in the long run it saves time and resources. There would be fewer people getting in their cars and driving their plans down to you.

Vice Mayor Weninger – We talked awhile back and you said you guys were exploring the possible implementation of a system where certified architects would save some of the planners from going out and doing certain inspections. Are we looking at Phoenix's model? Mr. Nakagawara – There was a piece of legislation this year that was looking at mandating that type

of program for certain municipalities. Staff was in a waiting mode to see if that would change any of the scope of what we are looking at. At this point in time, it looks like that effort is on hold until the next legislative session. We will now move forward with the investigation of what type of program the City of Chandler would entertain and will be reporting back shortly on our progress.

Vice Mayor Weninger – I just wanted to give out a couple of kudos and wanted to congratulate you on those safety grants. That's great news. That's a lot of money to our citizens. Mr. Zeder Thank you, and I should specifically congratulate Dan Cook and our Transportation staff who I think have broken new ground. Those were grants that were typically going to state level projects with much smaller amounts going to the cities. I think we chartered some new waters in terms of trying to bring in some dollars to the city level.

Vice Mayor Weninger – What is the timeline for Ocotillo Road? Mr. Zeder – We have received notice that we are eligible for the federal grant. We could not start real estate acquisition or right-of-way acquisition for the project until now because we are using federal funds for that. It is like any grant; there is some bureaucracy that goes with it. We had asked if we could advance funds to real estate acquisition, but we were told “no.” We are now wrapping up the required environmental work and by summer of this year, we'll start acquiring the needed right-of-way and easements for the project. That will take us about a year. We are very confident that we will be able to start actual construction in the Fall of 2013.

Vice Mayor Weninger – In the budget you have Jacaranda loop being redone, correct? Mr. Zeder – That is an area we have heard about for the last year. Our original plan was to phase that project and do half of Jacaranda Parkway in the upcoming fiscal year and then the second half in FY 2013-14. But with the dollars that were added to our Street Repaving Program, we would propose to do all of Jacaranda Parkway this Fall.

Councilmember Heumann – Can we be proactive rather than waiting for legislation to decide the issue on certified architects, system digitalization and electronic plan review? I know developers come in with seven books for the planning commissioners and seven books for us. Will that be eliminated when we go paperless? I think those books are great to look at but I think they are a big waste of paper and money for everybody. Mr. Zeder - I think that's a longer term effort. I would love to be able to move away from paper. I think that's going to be an effort that would take place over time. We can look at that for next year as a possibility as we streamline those kinds of processes and eliminate some of those regulations.

Police – Chief Kiyler

Chief Kiyler presented the budget for the Police Department.

Mayor Tibshraeny – What are the most common types of confiscated property that equate into the \$3 million in the Police Confiscation Fund? Is it cash? Chief Kiyler – It is primarily cash from undercover drug/narcotics operations.

Councilmember Heumann – I know that when the Sheriff's Department decided to close the Southeast station we started transporting prisoners downtown. How much does that add to our expense and are there any conversations with the Sheriff's Department to open up something again in Mesa? Chief Kiyler – There are actually many conversations. This is not real significant in terms of dollars; it is more significant in terms of time because it's the transport time that was the issue for us. Two things are going on. The Maricopa County Sheriff's Department is looking at reopening that facility. They are having some discussions. Apparently, it would require a

major renovation to do that at this point. Also, Mesa has put out an RFP that we are all in favor of and have supported. Privatized detention is also moving forward to see if that would be a better option for us in the East Valley. All of those things are happening simultaneously. Councilmember Heumann – Even though you're saying that it's more time, we have an officer that has to spend an extra hour doing that, that's an extra hour they are not on the street, correct? Chief Kiyler – Primarily all the transport is done by a detention officer, not our sworn officers unless a detention officer is unavailable. So it is time away from the street, absolutely. It is just not in terms of dollars. Councilmember Heumann – Will you keep us posted on how we can help you in terms of maybe facilitating getting that back open? I know it will be a benefit because I remember when they closed it and the additional funds that had to be paid and the shifting of resources. Chief Kiyler – Yes, absolutely.

Mayor Tibshraeny – So that's the total cost and half of that is shared? Or is that our half? Chief Kiyler – No, the \$324,185 is the total cost.

Vice Mayor Weninger – Where are you on your vacant positions right now and do you have people in the academy? Chief Kiyler – We average between ten and fifteen vacancies on an ongoing basis. Most of those vacancies right now are in our civilian personnel. I think we are at either three or four for sworn and about nine for civilian right now, which is about average. Vice Mayor Weninger – Then as far as officers and your staffing, you are comfortable where you're at? Chief Kiyler – We have the people we need to get the job done. Would I tell you that we would not like to have more? Of course we would, but I think we are staffed to meet the needs of the City. We are not staffed to meet significant growth but we are okay.

Councilmember Heumann – In terms of School Resource Officers and state grants - is this basically what we did last year? Chief Kiyler – Yes it is. This is a three year grant cycle so you'll probably be doing it next year too.

Councilmember Sellers – Have we completely eliminated the DARE officers at this point? Chief Kiyler – Yes, the DARE program was eliminated last fiscal year.

Councilmember Orlando – I know we were looking at this education committee to backfill the DARE role. Do we have any recommendations to go forward? Chief Kiyler – I do serve on that coalition with Councilmember Heumann. We are doing a lot of things. Part of it revolves around our resources but a bigger piece of it involves the schools. Not only their resources but also their content hours. The schools say they can't support any more programs coming into their schools because of what they have to meet on an ongoing basis for mandatory programs. We are looking at doing some video segments and a lot of other things. Nothing is definite at this point. Councilmember Heumann – Chief, I think you explained it pretty well. I mean the committee is really working on the needs and programs, the video kinds of things because that's one of the things we hear from school districts. Where do you put these programs when the state's mandated other stuff and the federal government has mandated other things? We had a really good meeting on some of these things in trying to take those programs and doing some of those video productions to help integrate them into the schools. The Resource Officer is a great tool. I am glad we are able to maintain that exactly where we were the last couple of years for junior high and for high school.

Councilmember Orlando – Do we have any timelines when we might be able to implement some of these? Chief Kiyler – From my perspective, I don't know that we do. I know that the science technology event that took place took up a great deal of time by all members of that committee so everything else kind of got sidelined until the end of that. We don't have a centralized depository

where a school or non-profit can go and say I need something on bullying, drugs or nutrition. It's just creating a database or repository, and I think Councilmember Heumann has been working on that with City staff to come up with solutions. The schools want different things. They have different levels of effectiveness depending on the demographics of the students and the area. What I think we'll end up with is a place where you can come from your school and say this is what we need, and we will collectively provide it to you. Councilmember Orlando – So we are moving in the right direction, then? Kiyler – That's my belief. Councilmember Heumann – It's moving. The science technology thing took a lot of work, and I think that came off really well. But we are working towards that. Can I give you a timeline? No, but it's definitely what the focus is right now. Councilmember Orlando – We certainly appreciate your efforts on that as well as anyone else participating here in partnering roles with schools. I think it's the right idea and the right direction. We just have to be a little more patient on getting some of these activities over in the next few months.

Councilmember Donovan – I think you are modest on being actively involved in the Child Abuse Prevention Awareness Coalition because it was really our Police Department, through tragic events in our City with child abuse leading to death of children under three that was the impetus. It is so amazing to see that. From the passion of some of our Police officers and civilian employees, we were able to create a coalition that now is far beyond Chandler as people are jockeying for where the next event is going to be next year. Different cities are fighting over it. It was at Tumbleweed this past year. Just great work from your department on seeing a need and looking at how to fill that.

Fire – Chief Clark

Chief Clark presented the budget for the Fire Department.

Mayor Tibshraeny – Is the Fleet operation at the McQueen Road facility, south of the freeway?
Chief Clark – Yes, this is the McQueen Road Yard.

Community Services – Mark Eynatten

Mark Eynatten presented the budget for Community Services.

Councilmember Orlando – I understand charging a study-room fee to for-profit because someone is trying to make a dollar on that, but you have a group of students that want to go study in a room. We are going to charge them \$2? Mr. Eynatten – That's correct. We would ask that there be a set fee of at least \$2 for the use of the rooms. Councilmember Orlando – We would have to take a hard look at that. I mean I don't mind the for-profit one, but you've got students who we are trying to encourage to study, trying to get them to study together, and now we are going to charge them \$2? That just doesn't sit well with me for some reason. I would take a hard look at that one if I were you and your staff.

Councilmember Hartke – Is this policy in other city libraries or is this something in Chandler? Mr. Eynatten – It is becoming very standard throughout the library systems in the Valley. We are just mirroring that. We'll go back and take a look at the \$2 fee for the students who are coming in to use them for studying.

Councilmember Heumann – I agree with Councilmember Orlando that students want to have a study group. It's a lot quieter to have it in the room. We want to encourage that. On the Aquatics \$1 fee increase, where do we stand in terms of young kids learning to swim? In my opinion, try to

keep that as cost effective and limited for the families for the kids to learn how to swim. I am not talking about synchronized swimming. I'm not talking about swim team. I'm talking about the basic skills to have kids learn how to swim so our Fire Department isn't making calls out to the house. I know what you're charging, but even \$10 might be a lot for a parent on a limited income. Mr. Eynatten – Last year we had about 9,300 people, both adults and youth, that participated in our swim lesson program. Until you get to the last level, it is about teaching people how to swim and how to use water in a safe manner. The entire program is geared towards water safety. Our fees are right in line with where they should be as far as everybody else goes. We do know that in our swim lesson program, 93% of our slots are filled by residents. Last year, for instance, we got a donation from Southwest Ambulance for pool pack, which people can apply for fees to cover the costs of swim lessons and there were 335 people that actually participated in that waiver program last year. We also offer a Goodwill Scholarship. It is \$150 per family per year that's available that can be used to offset the cost of swim lessons. There are several programs available to try and make it as available as possible for people to participate. The fees that you see that are related to Aquatics were developed in a way to try to help offset a decision package that we are asking you to consider in the amount of \$60,000 to offset the increase in chlorine use that we have at our pools. This fee for the lessons, if it were approved, would generate a maximum of about \$9,300 a year.

Councilmember Heumann – The non-resident thing doesn't bother me. The Parks Board changed it so non-residents are paying a higher fee than residents. I just want to make sure that we are evaluating that. It costs a lot less now than it would if we have one more drowning. I think our Fire guys have done a great job of pool awareness, but I just want to make sure that some people know they can apply for scholarships or whatever it might be. Maybe we can make it up with \$.50 here a \$1.00 there on some of these other programs. But when it comes to basic life-saving skills or teaching those skills, I really want to make sure that its cost is as little as possible.

Councilmember Orlando – I know we've had some tough times in the last few years but how is the circulation going? Are we seeing a drop in the number of books? Second question is on E-books. Does that count as circulation and can we leverage that a little bit more? Mr. Eynatten – We are seeing a huge demand increase for the E-books. The first six months of this year we've doubled the amount of E-books that went out all of last year. But there still is a large segment of the population that wants that hard cover in their hand. Councilmember Orlando – Do you purchase the E-book at a reduced rate than you normally would a hard copy? Brenda Brown (Library Manager) – Yes we are seeing dramatic increases in the demand for E-books by our citizens. We do currently purchase each title. But we do include the circulation of our E-books in our circulation figures. Circulation was down last year about 2%. It looks dramatic but when you look at the numbers, it's just 2%. I think that's because of changes in the economy. A lot of people have more disposable income than they did three years ago.

Councilmember Heumann – You guys did a great job in the Downtown Library of adjusting some hours. Has there been any other evaluation of being able to shift some hours around at the other libraries to accommodate keeping them open on Saturday and Sunday without the additional dollars? Mr. Eynatten – We do continually look for opportunities to do that. Unfortunately, we are at the point from a staffing standpoint that we are by far the leanest library operation with the most facilities and the most operating hours of any system in the Valley. To maintain our service levels that are out there, we really don't see that we've got the resources to be able to adjust them. To give you an idea of how lean we are, Hamilton and Basha Libraries have eight full-time staff at each one of those branches. They are each open 60.5 hours a week whereas the Perry Branch, that is not part of our system, has over fourteen full-time staff assigned to it, and they are only open 48 hours a week. Councilmember Heumann – Is Perry run by the county? Mr.

Eynatten – It is run by the county for the Town of Gilbert. But if you look at the other systems in the Valley, we operate four branches. The most anybody else operates is three. Our staff is less than any of the other systems and we are open almost twice as many hours as any other library system. Councilmember Heumann – Your staff does a great job. I always am looking for efficiencies where we can get additional savings. Mr. Eynatten – We do continue to look for opportunities to do that. Councilmember Heumann – At Basha and Hamilton, do we get any offset from the schools on those two libraries? Mr. Eynatten – There is a position that the schools do fund. Ms. Brown – They actually pay for two.

Councilmember Heumann – On the special events, do we have a report on some of those? I know the Jazz Festival is the biggest in terms of attendance this year. Do we get any kind of reporting from them in terms of what was spent and how our money benefits them and the amount of people coming? Mr. Eynatten – Yes sir, we do. They are required to submit a report on the event so that we can track how they did spend the money. We make sure it was spent in accordance with the guidelines of the program, and it also does an evaluation of the event. Councilmember Heumann – Can we get that? Mr. Eynatten – We can provide that.

Vice Mayor Weninger – Your whole system is just doing a great job as far as the library, the arts center and everything. I wanted to talk a little bit about the park system and basically the fields and the sporting events, and I know they are just being used so much it's impossible to keep up with the condition of them. Is there anything that you need, besides just more and more fields, which the Council could consider? Mr. Eynatten - We are looking at several different options that hopefully we could eventually bring forward to the Council. We are looking at the potential of lighting additional fields that are not lit currently. We're looking at trying to establish a rotation system where we can actually take fields out of play so that the staff can do the heavy maintenance that they need, and actually part of the maintenance of turf is to just let it sit and not be used. That's going to require a lot of work with the stakeholder groups that are using those facilities to adjust their schedules. We are actually even considering the possibility of looking at the use of artificial turf in some situations to improve field conditions. We've started going out and doing soil samples of all our parks and facilities so that we can make sure that what we are doing to the surfaces creates optimum growth conditions for grass and plant material. Ideally, the best thing would be to add additional fields. There is a huge demand. For instance, a lot of the charter schools are coming in and relying on us to provide the fields for their athletic competitions and even P.E. classes. We try to accommodate them the best we can. But short of building additional new facilities, we realize if we light fields we still have a use issue because what you are doing is increasing the use of that particular field. But we think if we can deal with that issue from some improved processes of giving down time and improved turf management practices, that maybe we can offset that wear issue that's occurred from increasing the use of the field.

Vice Mayor Weninger – I think those are definitely very good ideas. I've just been hearing a lot about it lately because any time you drive by Snedigar or any park, the fields are just packed. I know the new park is a neighborhood park but can we still design it to where there's open field space where you can expand things a little bit during the daylight hours? Mr. Eynatten – We discourage the use of neighborhood parks for organized athletic competition because of limited parking, there are no restrooms, and it really impacts the neighborhood. Weninger – Can they be used for practice? Mr. Eynatten – There can be a practice. A team can go out and practice. We don't schedule their practices. The unfortunate thing about the decline in the capital program for us is that what used to be known as Nozomi Park, just south of the Airport, right there at the north end of that property there's 35 acres and the plan for that was just to create 35 acres of open practice space for the youth associations. When the capital program will support it, we'll be bringing that back to you which would take some of the pressure off of what we've got. We do

have the design for Roadrunner, which is scheduled to be built next year. We'll dust it off and review it again with the residents in the area. But there will be some open space there that can be used.

Vice Mayor Weninger – I have talked with Councilmember Heumann a little bit. Did we help the schools with these kinds of things because we obviously have a lot of open space at schools and they have fields? Mr. Eynatten – There are thirteen school fields that we have access to between three different school districts. There is a process that groups go through about reserving those fields. I do know that the Chandler Unified School District in particular, through their community education program and there are a lot of other youth associations besides just the ones that are in our CYSA group, did make arrangements to use school facilities. They are available on a fee basis to those groups. We do work closely with the school districts to try to provide those fields. The coaches and players prefer to use the school facilities primarily just for practice because there isn't the maintenance level that they need for games, and we also have a couple of neighborhoods that have asked us to cut back on hours that the lights are on so that there is less impact on them. One of the school districts did implement a process where before we can assign lights to a team, the coach has to go to them first and get permitted and then they have to come back to us which is an extra step. That was implemented three or four years ago. We continue to try to get that resolved. We haven't had a whole lot of luck on that.

Mayor & Council, Communications & Public Affairs (CAPA) – Nachie Marquez

Nachie Marquez presented the budget for Mayor and Council and for Communications and Public Affairs (CAPA).

Vice Mayor Weninger – One thing I want to ask about is Video Production. They do an incredible job, and I was astounded at their accomplishments compared to their projections and how they exceeded them. It's an important thing because it furthers our commitment to transparency as a City and as a Council and as a staff. I'm a little worried they are running really thin and wanted to ask what you thought about that. Ms. Marquez – Absolutely, we have two absolutely dynamite people that run our Cable Channel 11 station, 24-7, 365. We need another person but we realized that it wasn't appropriate to come forth considering the overall budget situation the last few years. I am looking at this strongly for next year as our financial situation continues to improve. It is an area we will have to strongly consider next year. Councilmember Weninger – In the meantime I don't know if there are interns we could look at to help or if there's just a small bridge of one-time money that we could give them to have some contract people that you have on-call or if that's already built into the budget. I just want to make sure over the next year that they don't get so frustrated and burned out and that we are able to keep up that transparency. I know a lot of us have even further goals of Budget Connect and the things that the Mayor has initiated to further connect with our citizens. Ms. Marquez – Yes, we are definitely looking at the contract situation.

Councilmember Heumann – I think with the whole journalism industry changing quite a bit and in coordinating with the Cronkite School and ASU, we might be able to find some real great interns that are looking to go out into this field right now. Ms. Marquez – Absolutely, we have reached out and a lot of it is project based whether it is through Cronkite from a PR standpoint as well as from the video aspect. Sometimes it can just be challenging with the students and now with the Cronkite School being in Downtown Phoenix, the location has been a little bit of a challenge. But we will continue to pursue that.

City Manager – Marian Norris

Marian Norris presented the budget for the City Manager.

Mayor Tibshraeny – Are you still involved with the fleet savings effort? Ms. Norris – I was involved with it when we were doing the changeover and moving it out of Management Services into Fire. Mayor – Can you just explain because every budget shows that savings in Fleet? Are we reducing the amount of fleet we buy? Are we changing how we allocate for the purchase? Ms. Norris – Both of those are true statements. Through the Fleet Division, they looked at what our fleet size was and whether we could reduce our size or ways of creating more car pools, motor pool vehicles available for employees to use. They looked at a lot of ways in which they could reduce down the size of our fleet. So that's some of the savings you are receiving. Also, they looked at how much we were looking at really having to purchase in future years and it made sense. Every year they evaluate what we need for the next year and what they found was that by looking at that evaluation, they were able to reduce the amount of dollars that we carryforward every year for fleet replacement. So we actually reduced down how we actually budget for Fleet also. Mayor – So we feel it will be a successful budgetary move? Ms. Norris – Absolutely. It already is.

Buildings & Facilities – Kris Kircher

Kris Kircher presented the budget for Buildings and Facilities.

Mayor Tibshraeny – Who will be responsible for the maintenance on the Old Chicago Yard building when ASU moves in? Mr. Kircher – The total maintenance and operation of that building will be performed by Arizona State University.

Mayor – In your capacity in Building, who's directly above you? Who do you answer to in the City Manager's Office? Mr. Kircher – I report to Pat McDermott.

Economic Development/Downtown/Airport – Chris Mackay

Chris Mackay presented the budget for Economic Development, Downtown and the Airport.

Economic Development

Mayor Tibshraeny – The main thing with Greater Phoenix Economic Council (GPEC) is that we want to make sure that they're being even handed and equitable to all of their member cities as they pursue leads. Ms. Mackay – We have an outstanding relationship with GPEC. They really do like Chandler. Chandler's Mayor and Council and this staff have created a location where the infrastructure's here. We definitely understand what we are doing and GPEC does like working with us on those projects. Mayor – And I like GPEC. I think that they do a good job to be quite candid. I'm looking at the experiment at the state level on commerce and I don't think it's going to work. Ms. Mackay – Mayor, I would agree with you. It almost feels like they're nipping at the same dollars and the same projects and maybe crowding the room just a little bit.

Councilmember Heumann – What are some of those things we use the Tourism grant for? Are we targeting certain areas of the country or a certain thing? Ms. Mackay – It is a very targeted approach. We target Mexico, Canada, Illinois, Michigan with two media tours per year to New York. We've received a lot of editorial placements from pitching ideas and pitching concepts in that area. As we looked at the Science and Technology Festival, we received five placements in national publications that really touted Chandler and touted why we should go to Chandler. It's articles and advertisements in Sunset Magazine and at trade shows. Kimberly does a lot of work

in Hermosillo and bringing back the Mexican dollar and that's a true influx of dollars into the market. And then we work in a partnership with our hotels to really plan her marketing budget and to drive the highest revenue we can. And then in conjunction with Westcor, we try to get those shopping and retail dollars up into this market. She works on her website, it's creating a kiosk for working on how to create a kiosk here at City Hall's Visitor Center. We'll be creating a kiosk out at the Airport. As Airport tourists come in, they can look at Kimberly's website and select Chandler hotels and restaurants in which to stay.

Councilmember Heumann – And the 1,895 jobs you mentioned, that doesn't count all of the construction workers. So what's the impact of some of these things we've done in terms of peripheral jobs as a multiplier effect? Ms. Mackay – On the 1,895 jobs, the multiplier really depends on the category they are in. If you look at a high of maybe three, which means that for every job we create in Chandler you would create three additional which is an Intel; down to an office which might be 1.6. As we look at our 1,895 jobs, averaging that number out, we probably created about double on average that 1,895 jobs through our economic multiplier.

Downtown Redevelopment

Mayor Tibshraeny – Who are the two Downtown folks? Teri Kilgore and who's the second one? Ms. Mackay - Anna Camino is an executive assistant in Economic Development. She divides her time between the Economic Development specialists and Downtown.

Mayor Tibshraeny – I think your comment about “We are ready for new construction,” is a good one. At some point in the next year I think Economic Development and the Manager's Office and the Council should revisit all of our agreements that we have outstanding in Downtown and see where they are at, if they have expired or if they are close to expiring. Is there a better and higher use for the property or a more imminent use? Ms. Mackay – There is a lot of momentum in Downtown now. The gentleman who owns the Northwest corner of Arizona and 202 reached out to us to let us know that he had received his funding. He has a financial partner now, and he would be starting the improvements on that site in the 3rd Quarter of this year. So as people exit off of the freeway into Downtown, they'll see a big exciting office and retail development that will start construction there. We've been working in conjunction with the City Manager's Office, keeping them briefed of our conversations and we'll work with Mr. Dlugas to get in front of this Council and have a strategy session.

Airport

Councilmember Heumann – You guys have done a great job. Nothing but kudos for the Airport people. I know Lori has done a really good job as well. When do you expect the Airport to be self-sufficient in terms of a lack of a General Fund subsidy? Ms. Mackay – I think what's important to note is there are some capital projects that need to happen out there. We have some challenges with one of our runways right now. We've got some remediation issues with the Santan ramp and other areas. As we're really getting into this by peeling back the layers, I think we'll have a better answer for you in short order. It's not only what projects can we do and still maintain self-sufficiency but how do we get additional revenue into that Airport so that we have more money to work with without having to go the General Fund. We've been ranging 85%-95% occupancy on our tie downs. With the new tie down space, we are only at 55% occupancy on them. So Lori is doing a huge marketing push right now to get those tie downs filled. We are really looking at how we can get some of those revenues increased so we can do some of those capital projects that are out there. Our goal is to get as close to self-sufficiency as we can, but without detriment to the Airport. We'll be out for another RFP here probably in about a month trying to get some additional development on the Airport, additional land leases and some additional revenue moving in. By the middle of this year, we'll understand a lot better how close

we can get to self-sufficiency and how quickly. Councilmember Heumann – I think part of it is when we do some of these capital projects our share is like 5%, 10% at the most? In reality, some of those things are for the long term future so if we spend \$100,000 that's probably about \$1 million in projects or more. Ms. Mackay – You are absolutely right. Let's say we got \$1 million in projects that were being done, the City's contribution would be anywhere from \$20,000 to \$100,000 and we get \$1 million of improvements when we utilize the FAA grant funds and the ADOT funds. Councilmember Heumann – I think in the long term all of those are going to pay off so three or four years down the road when those improvements are done, we'll start seeing a lot more revenue coming through. Ms. Mackay – That's our goal. We call it our flight to quality.

Councilmember Hartke – I also wanted to say that I agree with your assessment. There's been a brand new atmosphere out at the Airport and enthusiasm. I really think this year things are going to be even more so with a lot more turnaround.

Human Resources – Debra Stapleton

Debra Stapleton presented the budget for Human Resources.

Councilmember Heumann – Where are we at in terms of measurement on the wellness things that will help reduce our long-term health care costs? Are we measuring certain things? I know other companies are looking at all kinds of things for smokers and all those kinds of different things. Ms. Stapleton – We had employees go for their biometrics and then fill out their health assessment. Our consultant studied that data and took a look at where we are having the most issues. We came up with the diabetes incentive program because a majority of our issues in our organization are in diabetes and in muscular, skeletal, and cardiac. With the data that was brought forward to the health care task force, we decided to go forward on the diabetic incentives. Smoking is another issue that the wellness task force is going to take care of. That was our initial data in terms of trying to figure out where we are going to get our best bang from our buck and where our ROI really is. The ROI in terms of trying to make sure that diabetics stay on their medication can be very, very high. Councilmember Heumann – I think it's going to be really important based on the numbers. We need to figure out how to reduce the exponential increases in health care costs now. Ms. Stapleton – You are absolutely right. The health care task force looked at a high-deductible plan last year. We decided that since we are in this three year transition of getting to 80/20 that the timing wasn't probably right. We are also looking at possibly carving out pharmacy to the Blue Cross Blue Shield Network and having a contract with a pharmacy manager to reduce our costs and have better control over our pharmacy. We also have to consider that many times the healthy people will go into one health care plan and the sick people will go into the other. You get an adverse impact, but all of that is briefed with the health care task force who is very much engaged long term and is a very valuable committee that helps us make those decisions.

Councilmember Orlando – A caution note on the high deductible. Industry has been doing that for the last couple of years. We are starting to get data that shows that it's not exactly long-term savings. Ms. Stapleton – We will definitely look at that. Part of the reason why the high deductible came up is that employees are looking for a cheaper solution to the health care as well. Your point is very valid and that is something we'll have to consider. It's one of those adverse impact things we have to start thinking about.

Vice Mayor Weninger – Is there money in the budget for a union negotiator to do that part-time next fiscal year? Ms. Stapleton – There is a vacant HR supervisor position that was originally designed to fill the labor relations administrator position but was put on hold. And that position is

in recruitment right now. Vice Mayor Weninger – I thought we were still in discussion as to whether or not this would be a full-time position or a contract. Mayor – I think there are two different things. The contract thing can be done but then there is the position. Explain that position because I had that same question. Ms. Stapleton – The position is an HR supervisor position. It is not a full-time labor relations person, but it will oversee the labor relations program. That person would be involved in negotiations, would be involved in the day-to-day labor management but in addition to that would also take on other Human Resources areas; possibly worker's comp and safety. It's not going to be a dedicated labor person like we had in the past.

Councilmember Sellers – I listened to a presentation from a company yesterday called Able Engineering and Aerospace Services. They are a 400-employee company. They have a very aggressive wellness and fitness program. They are moving their company into Mesa, but they have this very aggressive program that has phenomenal results on reducing insurance costs. Offline, I will share that with you and your group. Ms. Stapleton – Thank you so much. We have been visiting a number of organizations to try and get a handle on what the success rates are and what works and what doesn't work.

Information Technology/ITOC Operating – Patrick Hait/Kerstin Nold

Patrick Hait presented the budget for Information Technology.
Kerstin Nold presented the budget for ITOC Operating.

Information Technology

No Questions.

ITOC Operating

Mayor Tibshraeny – Any anticipation for projects for the upcoming year from the ITOC committee? Ms. Nold – For IT Oversight, the projects that are on the \$486,000 ongoing include the CRM software upgrade. We also are supporting the Police RMS system with that and also the Fire GIS Reporting Solution that is for the 2013 Fire accreditation. We also are looking at doing some Enterprise Data Encryption for HR as well as some application standardization. One of our efforts is actually looking across the City to standardize our application pool and buy in-bulk licenses at the enterprise level versus independent organizational levels.

Vice Mayor Weninger – I know through the meetings we've had with you that you have a great staff but it's one of the sectors where a lot of people are just starting their own companies and it's tough to fill positions sometimes. You have a lot of planned projects and implementing them all is sometimes a problem because it takes so many man hours. With security aspects aside, have we looked at having more and more outside companies coming in and helping implement some of these programs? Ms. Nold – Yes, when I arrived we took this year's operating budget as the ITOC Operating Committee, and we started planning projects going forward to augment and supplement our resources. One of the things that's really critical is when we deliver a project from an IT perspective is the ongoing support and maintenance long after those consultants have left the building. You will see a lot of projects coming forth very shortly, probably mid-summer with the Utility Billing Project where we are augmenting with resources to do that as well as the Customer Relationship Management System for Parks and Rec. You will see some of those things starting to come through Council for approval. Vice Mayor Weninger – Good, I know you guys have a lot of exciting projects lined up. It's just a matter of having the bodies to implement and maintain them.

Councilmember Heumann – You kind of skimmed over the \$486,000 for operations. What exactly is that money for? Ms. Nold – Every year from an ITOC Operating budget perspective, there's a half a million dollar increase year over year. We went through a three month prioritization effort and really defined what some of those projects will be.

Councilmember Heumann – When we were talking to Transportation and Development earlier, we were talking about the Accela System and going more paperless and being able to do more stuff online. Are you working with them? Is that one of the higher priorities to get that system implemented? Ms. Nold – Yes, in mid-summer this year we are going to be doing an Accela Upgrade, which will provide us the capability to go more mobile with that solution as well as bringing Code Enforcement into using Accela to manage cases. Councilmember Heumann – I hope you continue to work with them to try and go as paperless as we can on the development documents, being able to let our citizens do it electronically which will save time and money. I hope that's one of the priorities.

Ms. Lang – I just want to clarify something. The ITOC budget you are seeing right now is the ongoing portion of ITOC. Later on during Capital, we will talk about the actual capital projects that are the one-time costs. They are about a half a million dollars a year. The operating budget is specifically for any maintenance and contracts that are associated with new software we are bringing on, ongoing contributions to our Technology Replacement Fund and anything that is ongoing in nature that is part of these citywide technology projects. But it's not the one-time project piece for buying the server or buying the software.

Neighborhood Resources – Jennifer Morrison

Jennifer Morrison presented the budget for Neighborhood Resources.

Councilmember Heumann – I think you guys are doing an awesome job and your staff in cleaning up the City. I appreciate it. Are you comfortable with these funding levels in terms of some of the things you want to do with the Abatement Program? Does this include the normal Abatement Program, not just dangerous buildings, or is this just above and beyond the normal Abatement Program we're doing? Ms. Morrison – This is separate from the Emergency Abatement money. We have been able to do that so far because you seed us with \$15,000. Some of those funds may now shift over to this but between those two funds, some of that will be for emergency boarding. In about 50% of the cases when we notify an owner of an emergency, he/she will proceed within the 24-hour period to board it. So it's one of those situations where I can't tell you for sure how that funding source will be. Councilmember Heumann – I'm getting good comments from citizens that have noticed what we're doing and are very appreciative of taking care of some of these blighted properties. I just want to comment also on the General Fund for non-profits. I think the investment the City makes is a wise investment that goes a long way when you look at how many people we serve on that. The programs that the non-profits run are at a less expense than we could ever do them. I appreciate your staff doing it, and I appreciate Council supporting that program as well.

City Clerk – Marla Paddock

Marla Paddock presented the budget for the City Clerk.

Mayor Tibshraeny – Will the voting booth be inside your office or will it be in the lobby? Ms. Paddock – It will be in the lobby. We should have adequate room, and anyone in Maricopa County will be able to vote.

Councilmember Heumann – With 63,000 early registered voters, there's always confusion at a Primary election on how our Independent citizens can vote in either Republican or Democratic races. Would it be a City-only ballot? Ms. Paddock – Prior to the election, they will receive a card from Maricopa County Elections. On there they must indicate whether or not they would like a Party ballot of their particular choice. Or they ask for a City-issue, City-only ballot. But they will have to indicate that on the card that is sent out to them. Councilmember Heumann – We'll get some information out on our website, for example? Ms. Paddock – Certainly will.

City Magistrate – Judge Traynor

Judge Traynor presented the budget for the City Magistrate.
No Questions.

Law – Mary Wade

Mary Wade presented the budget for Law.
No Questions.

Management Services (including Non-Departmental) – Dawn Lang

Ms. Lang presented the budget for Management Services, including Non-Departmental.

Vice Mayor Weninger – One complaint I've heard from citizens is about paying things online. You have to go Downtown and fill something out. There are a lot of complaints about having to go to the City once or twice or a bunch of times before you can get it to work. Ms. Lang – That is correct. The two areas that we probably get the most online customer involvement are Tax and Licensing and Utility Billing. In Tax and Licensing it is an online ACH function. They literally have to fill out their banking information in order to file their tax returns and make their tax payments. We are hoping to enhance that with being able to take credit cards also as part of this project. But our goal here is to minimize customers actually having to drive down and come into City Hall for these types of transactions by being able to do them electronically. Weninger – Which minimizes our staff time as well? Ms. Lang – Correct. This definitely creates more efficiency from all angles even on the reconciliation side within Accounting. Weninger – It would be nice if we could get that from the sales tax standpoint to where initially you don't even have to come here. It sounds like that's the direction you're going. That's the one area I've heard the most about where it's been frustrating.

CIP OVERVIEW - Greg Westrum

Greg Westrum presented the CIP Budget Overview.
No Questions.

General Government CIP Projects

The General Government CIP is comprised of projects in multiple departments, primarily supported by the General Fund.

ITOC – Patrick Hait

Patrick Hait presented the ITOC CIP budget.

Councilmember Heumann – Is the telephone system strictly for City Hall? Or is that a citywide telephone system? Mr. Hait – That is citywide.

Councilmember Heumann – Is there a savings to us by replacing the desktop phones or what is the efficiency of spending \$300,000 to change out the phones? Does it pay itself back or is it just a newer phone? Mr. Hait – They are newer phones. You'll have the ability to get call history. We will work towards putting up a phone book or an address so you will be able to find it right there from the phone as opposed to setting it down and picking up a hard copy of the phone directory or looking at it online. There are a lot of improvements within the Voice Over IP phone that come with it that don't work with the current TDM system that we have. Plus the existing phone system that we have is about fifteen years old, so it's older technology. That's why we're moving more towards the Voice Over IP technology.

Buildings & Facilities – Kris Kircher

Kris Kircher presented the Buildings and Facilities CIP budget.

Mayor Tibshraeny – Like I mentioned in the operating budget; it's really important that we maintain these existing assets, the buildings and the other facilities we have, so we make sure the taxpayers' investment is being preserved. Mr. Kircher – Yes, Mayor, this program that we've had in place helps to make sure that the infrastructure of our buildings is maintained and taken care of.

Vehicle Replacement – Chief Clark

Chief Clark presented the Vehicle Replacement CIP budget (Fleet).

Councilmember Heumann – I want to thank you and the rest of the staff. Over the last year, I've seen a definite change in terms of how we bid things out and evaluating the costs in the bid process. I think it has actually shown some efficiencies, and I think it has saved the taxpayers a bunch of money over the last year or two. Chief Clark– Thank you. I appreciate it. Purchasing and the Fleet Advisory Committee have gone a long ways to make sure. Councilmember Heumann – I think the whole group has done a really good job of doing that.

Planning – RJ Zeder

RJ Zeder presented the Planning CIP budget.
No Questions.

Economic Development/Downtown/Airport CIP - Chris Mackay

Chris Mackay presented the Economic Development/Downtown/Airport CIP budget.

Vice Mayor Weninger – On the Downtown Redevelopment money, a half million dollars is set aside for possibly acquiring property? Ms. Mackay – That’s correct. Vice Mayor Weninger – I know that used to be the model, pre-recession, when there were a lot of properties being bought up. Could that money be better used somewhere else? Is there other Economic Development money that could be grabbed and used for a purpose like that? Ms. Mackay – We have been utilizing it a bit this year. We didn’t have a fund to use to fund our University of Arizona Project. Once Council approved the project, we were able to use some of the Downtown funding. We’ve been able to use those funds instead of using the Strategic Economic Development Account since it was a Downtown project. The one thing I would caution is, and you and I think the same way, when is enough, enough? When do we start to have private development go forward? I really look at it as though we are almost at that point. There may be another one or two pieces of land that could be key for us to acquire that would set the stage but that would absolutely be up to Council. Vice Mayor Weninger – I think we’re on the same page. I just don’t want to get so far out there where we have so many properties because once you do get the property you can get a private landowner, but they never give you full price for what you paid for it. There’s always something else you’re committing to. Ms. Mackay – They always want us to come in as a land partner.

Councilmember Heumann – I think that even though this is a five-year number, next year we will come back and look at this number again, but looking at that \$500,000 this year; is there a project out there where that money could be utilized better? Maybe leave some of that money for Downtown for whatever comes up? But looking at FY 2012-13, are there other projects out there where that money could be utilized better than just sitting there? Rather than tying up money there, is there somewhere in Economic Development where that money could be used? If not for Economic Development, is there money that can be used for street paving that benefits us? Could we free up some of that money to utilize it some for this FY 2012-13? Ms. Mackay – Transportation and Development is always incredibly gracious. They help us win projects on a constant basis and typically it comes down to a right turn lane or a traffic signal, and our sister department has always absorbed that cost for us. We absolutely would love to have the opportunity to know that we could come back to this Council and have that funding to be able to tap into instead of putting that burden on our sister department. We are only as good as our streets.

Community Services CIP – Mickey Ohland

Mickey Ohland presented the Community Services CIP budget.

Councilmember Heumann – When you’re talking about neighborhood parks and the shade, when will we have the entire City’s playgrounds covered? Mr. Ohland – We’ve got 54 playgrounds right now. We’ve got 35 of them shaded, so we have 19 left. This program allocates funding for the next 5 years, so we’ll try to do a couple of those parks every year. It varies between 30 and 50 thousand dollars a playground. We have a couple of community parks that we still have to do as well. It is just a priority with all of the other items that we have to complete. Within the 5-year program, I would hope we would have them all done. Councilmember Heumann – I know that’s a benefit the citizens really like because now you can use those playgrounds probably 9 to 10 months out of the year where you could only use them half the time before. Mr. Ohland – We made a concerted effort the past couple of years. We’ve done a really good job in providing the shade but now it’s just keeping that up.

Vice Mayor Weninger – On the Aquatic Facility Safety Renovations, I know we’ve had these unfunded mandates in the past. Are we actively waiting for a mandate to happen? We’re not

thinking that they are going to do something and going out and proactively doing it, right? Mr. Ohland – Right. Vice Mayor Weninger – I know a few years ago you had the drains that cost us a bunch of money and then the county did this thing where they lowered the threshold for how high the fence was around all the pools. That was hundreds of thousands of dollars if I remember right. Mr. Ohland – Sheri and her staff do a great job in keeping up with that and making sure we are in front of that. The filtration that we put in was partly due to wear and tear for the amount of use our pools are getting. We are currently working on bringing two of the facilities up to the new ADA standards. We are working on that as well. Vice Mayor Weninger – If it's not wear and tear, they are existing standards? Mr. Ohland – Right. Vice Mayor Weninger – We are not assuming that administration or Congress is going to pass a certain thing so we are not proactively going beyond our current standards? Mr. Ohland – As much as we can. We can't look into that crystal ball and see what's coming up, but for the most part it's what we have now.

Vice Mayor Weninger – On the Facility Connectivity, would that include Sunset Library? Mr. Ohland – Yes, there are twelve sites. We'll work with the Transportation & Development Department. They are putting in some fibers so it's going to be a coordinated effort.

Police CIP – Chief Kiyler

Chief Kiyler presented the Police CIP budget.

Mayor Tibshraeny – What is narrow banding? Chief Kiyler– It is like you have a three-lane highway and you put three more lanes in that highway without using up any more space. It just allows you more capacity.

Vice Mayor Weninger – In your opinion, is the Radio System Narrow Band Conversion needed? You just basically said it is an unfunded mandate from the federal government. Is it something we need? Chief Kiyler – I would stop short from saying that I even know if it is needed or not. I simply know that the FCC is requiring it. There are no options. We are running out of space in our radio banding. I do know that. Whether that's necessary right now or not, I don't know. But over the long term, I believe it is.

Fire CIP – Chief Clark

Chief Clark presented the Fire CIP budget.

Mayor Tibshraeny – Does the 2nd half of that land for the Southeast Fire Station run North or does it run to the West? Chief Clark– It is the lot directly to the North. Mayor – I would assume the price would be at least the same as what you bought the land for two years ago? Chief Clark– Yes, the figures I have is that we paid \$308,000 for the first parcel. We are expecting to pay something similar. We have \$380,000 available between this \$238,000 and we have \$144,000 carryforward. From talking to Real Estate, we expect to pay about the same.

Mayor Tibshraeny – What does SCBA stand for? Chief Clark – It is the Self-Contained Breathing Apparatus. So it's the bottles we wear on our backs.

Municipal Utilities-Water CIP – Dave Siegel

Dave Siegel presented the Municipal Utilities – Water CIP budget.

Mr. Siegel – As we discussed this morning, some of our projects are involved with Intel. To better answer Councilmember Heumann's question this morning, we are going to spend of their money about \$172 million for the infrastructure. On top of that, is \$8 million for water resources. Then they are going to directly expand the RO (Reverse Osmosis) Facility in the brine solution. We don't have a number on that but we know it is very expensive.

Councilmember Hartke – Regarding the joint plant with Gilbert, we might need it before them. What does their timeline look like? Mr. Siegel – They were hoping to push out two or three years. Hartke - Are they bound to when one party needs it then the other has to abide? How does that work? Mr. Siegel – We have had a great partnership with them, a great relationship, so I would hope when we are ready to go that they would go with us. The contract or the agreement does allow one of us to go without the other one, but that's definitely not our preference nor theirs. We will try to have a happy medium and move forward together. But we can (move forward alone) if we have to.

Municipal Utilities-Wastewater CIP – John Knudson

John Knudson presented the Municipal Utilities – Wastewater CIP budget.

Mayor Tibshraeny – This is good stuff. It's kind of like the building stuff. This one isn't as visible as buildings but it's a tremendous investment by the taxpayers of the community. What you're doing here is making sure that investment stays in good working shape but it takes significant dollars to do that.

Councilmember Heumann – How much water and wastewater do we actually use in the City now? Mr. Knudson – Our wastewater average is about 25 million gallons a day of wastewater into our plants. Today, we are about 55-60 million gallons a day in potable water.

Transportation & Development CIP – RJ Zeder

RJ Zeder presented the Transportation and Development CIP budget.

Councilmember Orlando – Just want to thank you and the staff. I know Sheina has been working hard on getting the Flood Master Plan done. That affected a lot of Downtown residents that were hit with extra insurance, some \$700-\$800 a year more. For some of the retired residents down there, that was a big burden to them that they had to have flood insurance. This has been recovered through your staff and negotiations with the State and FEMA. I certainly appreciate all your efforts on that. Mr. Zeder – Thank you. You noted Sheina Hughes, our City Engineer, put a lot of time into that. It's one of those things where technically we've ceded our storm water or flood control management responsibilities to the Maricopa County Flood Control District. The maps that were published were done at a broad level, and it brought a lot of parcels into the flood plain that literally have never flooded. We were certainly hearing from homeowners about the costs to buy flood insurance, so it's still a work-in-progress but thank you for your comments. Orlando – That's great work.

Councilmember Hartke – On the Streetlight Additions and Repairs CIP, are we looking at doing LED with any of the new ones coming in or is that just an entirely separate project that we are blanketing by design? Mr. Zeder – I believe you are referring to the Downtown area within the APS service territory where we have been replacing the older high pressure sodium lights with LED. This was a combination funded project. There are some APS credits that went to it to help

bring the cost down as well as some federal dollars, some energy stimulus dollars that went to that. As the technology becomes more accepted, the costs have come way down. So we are going to continue to look at that. Within the SRP area, we are still currently replacing lights with the high pressure sodium lights. Assistant City Manager McDermott – The big difference right now between the two service areas is that APS offers a rebate when you convert lights to LED. SRP does not. Mr. Zeder's right. The prices continue to come down so that line will cross eventually, hopefully sooner than later. Right now the payback is pretty long in the SRP territory. But right now, APS is the area to do it in. And we will finish that up this year with the combination of AWRP funding and Community Development Block Grant funding. We will have all of the residential streets in the APS area with LED lighting. Mr. Zeder – We've gotten a lot of positive feedback from the residents in the area about the lighting. They really liked it. The light is more even. We are very happy with the result.

Councilmember Orlando - On the Jacaranda Loop, will they be filling in the potholes that are there? Mr. Zeder – We are still doing some patching. Like I said, our goal is to get in there and completely mill the entire surface. We have been fighting it by doing the patching. The layer of slurry seal is actually separating from the underlying pavement. It has just been a fight to keep up with the holes. We are at that point where the best thing to do is go in and mill down the entire surface and put down new asphalt. Councilmember Orlando – What are we doing in the meantime with the potholes down there? Mr. Zeder – We'll just keep patching them. Councilmember Orlando – Just want to make sure of that. I can start telling residents down there we'll patch and then seal. RJ – I'll make sure we get back on that.

Councilmember Heumann – One question on Jacaranda, do you look at the timing of that? Are you going to do that in the Fall when Fall Break is going on, when there's less traffic around? Mr. Zeder – We do try to coordinate our work, especially with schools. Jacobson School is right there on Jacaranda and that's a very busy section of roadway, both in the morning and the afternoon. Vice Mayor Weninger asked me the same question. We will take a look and see if we can coordinate that.

Councilmember Heumann – You were mentioning you have to do curb and sidewalks to bring standards up to ADA. Is that only when you repave? If you just do a slurry seal, obviously Jacaranda needs more than that, but if you just do a slurry seal what kicks in the ADA requirements to upgrade that curb? Mr. Zeder – The term is construction, loose as that may be. We use mill and overlay as our trigger as actual construction. We consider the slurry seal, the rubber modified surface seal, that sort of thing as maintenance. That does not trigger the abutting sidewalk work nor does filling potholes. It is when you get to what we would consider construction or when CIP dollars come into play when we have to do the concrete work.

Vice Mayor Weninger – As we are replacing or putting in new crosswalk lights, is it a standard that we are going to the timer ones now? Mr. Zeder – Our current standard is the countdown timers. Any new construction or upgrade of existing infrastructure, we would put the countdown timers in. We have also been successful in getting federal money to replace the existing crossing signals with timers. It's kind of a dual effort. Our goal is to hopefully replace all of them over a period of time.

Mayor Tibshraeny – That first mile from Queen Creek to Ocotillo (Gilbert Road – Queen Creek to Hunt Highway), when is the anticipated completion date of that? Mr. Zeder – We refer to that project as Phase 1 and Phase 1A. Phase 1 is the actual Gilbert Road portion of the project, and we anticipate that will be done by the end of this calendar year. The 1A portion is doing two

blocks East and West on Ocotillo Road from the intersection. We anticipate that work will be done in early 2013.

Wrap-Up – Dawn Lang

Ms. Lang presented the Wrap-Up.

Mayor Tibshraeny – Regarding Budget Amendments, are you proposing that Council fill some gaps that have been presented but haven't been fulfilled versus just saying you can go spend this money anyway you want to? Are there some prioritizations you can give to Council? Ms. Lang – The Council Contingency is available every year if there are priorities that Mayor and Council would see fit. At this point in time, the Proposed Budget reflects all of the priorities of the City from the City Manager's perspective. Mayor – If the Council could receive a list of requests that didn't make the cut or social service requests that didn't make the cut or any kind of funding request that didn't make the cut; that would be helpful. Possibly CDBG allocations or the Council funding of that \$1.1 million that we fund programs with. Ms. Lang – Absolutely, we can put together a list of those items.

Vice Mayor Weninger – We can also amend or take something away from the current budget through this process as well, correct? Ms. Lang – Correct. We would adjust the Proposed Budget for Tentative Adoption. You could reallocate and take away from something and add it to something else or create a brand new item.

Mayor Tibshraeny – And what date are we going to adopt the Tentative Budget? Ms. Lang – Tentative Budget Adoption is May 24. Then we have Final Budget Adoption and Public Hearing on June 14.

Councilmember Hartke – Any Amendments from Council relating to this are due the 14th? So there's a week to then get that in on the paperwork, correct? Ms. Lang – Correct.

Adjournment: The meeting was adjourned at approximately 3:20 p.m.

ATTEST: _____
City Clerk

Mayor

Approved: June 28, 2012

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 4th day of May 2012. I further certify that the meeting was duly called and held and that a quorum was present.

DATED this _____ day of June, 2012.

City Clerk