

MINUTES OF THE SPECIAL MEETING (Budget Connect) OF THE HONORABLE MAYOR AND CITY COUNCIL OF THE CITY OF CHANDLER, ARIZONA, held in the Council Chambers, 88 E. Chicago St., on Monday, March 4, 2013 at 6:30 p.m.

THE MEETING WAS CALLED TO ORDER BY MAYOR JAY TIBSHRAENY.

|                                     |                 |               |
|-------------------------------------|-----------------|---------------|
| The following members were present: | Jay Tibshraeny  | Mayor         |
|                                     | Jack Sellers    | Vice-Mayor    |
|                                     | Kevin Hartke    | Councilmember |
|                                     | Rick Heumann    | Councilmember |
|                                     | Trinity Donovan | Councilmember |
|                                     | Jeff Weninger   | Councilmember |
|                                     | Nora Ellen      | Councilmember |

Mayor Tibshraeny said from mid-December to mid-January, residents were allowed to access an online budget survey. This year, 706 responses have been received.

Mayor Tibshraeny read a question received as part of the online budget survey. "We would like to see more improvements to neighborhoods and community parks". Mayor commented that with the "Great Recession", Chandler was not able to build as many new facilities and parks over the past several years, however, the ability to maintain existing parks continued.

COMMUNITY SERVICES DIRECTOR MARK EYNATTEN stated throughout the year, maintenance is accomplished through the operations and maintenance funds. He said items such as shade structures, athletic lights, and playground replacement are examples of higher dollar capital improvement projects. Parks are inspected regularly to determine what is needed. There is an asset management program to track these improvements. At budget time, staff consults the asset management program and the inspection program to identify safety issues and maintenance issues that impact the efficiency of the operations. Also included in the review is the age of park or amenity, and the citizen requests for amenities. Mr. Eynatten said this year staff is requesting \$500,000 in aquatic repair and \$500,000 for neighborhood and community parks.

Mr. Eynatten said recommendations are taken to the Parks and Recreation Board for further review and recommendations before seeking Council approval.

MAYOR TIBSHRAENY read another question from the survey. "Failure to maintain existing assets is much costly in the long run, but new areas also require infrastructure. It's a delicate balance. How do you approach this challenge?" Mayor asked Transportation & Development Manager R.J. Zeder to address this.

MR. ZEDER said in specific regard to the street system, there are just over 2,000 lane miles of public street. There is a pavement management system and assessments that help identify the existing condition of every mile of street in Chandler. The pavement management system identifies the age and condition to help determine a maintenance program for the streets. He stated that Council has been attentive to this issue to keep the streets in shape.

Mr. Zeder explained the difference between the different sealants applied to streets.

MAYOR TIBSHRAENY said he was contacted by a citizen regarding needed repair to Knox Road, east of Arizona Avenue to the railroad tracks. Mr. Zeder said he believed that road was programmed for repair in the current year budget, but he would verify.

COUNCILMEMBER HARTKE asked about the use of Chandler's app (PublicStuff). Mr. Zeder replied that it is impressive of the many ways Chandler gives to residents to communicate their concerns. He stated contractors were used for larger projects, but in-house crews are used for day to day issues or immediate needs.

MR. GREG WESTRUM, Budget Manager stated over the last several years, many methods were used to expand public input in the budget process. He stated last year there were approximately 350 responses to the budget survey, with over 700 this year. The survey is one way to use technology in the process along with tonight's broadcast.

Mr. Westrum said the survey had a total of 28 questions. He reported 35% of the respondents were over 50 years of age. 45% had lived in Chandler for more than 10 years. In the net result, 98% of the respondents felt the City was doing a "satisfactory" or better job, with 25% rating the city's operations as excellent. Mr. Westrum displayed the results of the city services that were rated highly among citizens of those that were chosen to be listed on the survey. In addition, Capital Improvement Projects were displayed showing the ratings.

He explained the final part of the survey allowed citizens to comment on issues and priorities that were of particular importance to them and are documented in the results. Mr. Westrum stated the entire survey and results are available on the City's website under the Budget.

MAYOR TIBSHRAENY read the next question. "Does the City track any metric year to year on debt per capita? I think it's important to watch the total outstanding debt for both enterprise funds and other general obligation bonds."

MANAGEMENT SERVICES DIRECTOR DAWN LANG said the City does track the debt per capita among other financial performance measures. The City's 2011-12 debt per capita is \$2,385. In comparison, the Arizona Department of Revenue reported FY2010-11 debt per capita for Phoenix, Tempe, Scottsdale and Glendale in the \$4,000 per capita range and the other cities are around the \$2000-\$3,000 range.

MAYOR TIBSHRAENY said the next is an anonymous post to the BudgetConnect website "The City could save money if code enforcement was reactive and not proactive. They should operate on a complaint basis only. I doubt that any fines collected would pay more than 10% of their budget."

NEIGHBORHOOD RESOURCES MANAGER JENNIFER MORRISON responded that overwhelmingly citizens have asked for increased proactive code enforcement. As neighborhoods age, residents are increasingly concerned that the aesthetics of the neighborhood are maintained and signs of blight are addressed. She said it can be tracked that some of the most egregious neighborhood issues could be attributed to a lack of proactivity. She said there normally is not a fee collected for code enforcement. The only fine for enforcement is if no action is taken on a code enforcement issue that is cited into court; which, she explained, was rare.

She stated that Code Enforcement spent about 20% of their time in 2010-11 on proactive enforcement and about 37% in 2011-12. The goal is about 50% in 2013-14.

## BUDGET & CAPITAL IMPROVEMENT PLAN OVERVIEW:

MAYOR TIBSHRAENY asked Dawn Lang to provide an overview of the City's Budget and Capital Improvement Plan.

MS. LANG said there are many opportunities for citizens to comment during the budget development. The goal is to provide a balanced, sustainable budget that represents the needs of our citizens. Ms. Dawn identified the key dates for budget adoption. The largest and most widely used portion of the budget is the General Fund. This fund pays for police, fire, parks and overall operations of the City. There are also funds that are restricted for specific purposes.

Ms. Lang reviewed the changes to the City Budget for the past 5 years. The FY2012-13 budget includes about \$180 million of new capital utility improvements that are being directly reimbursed by Intel. She commented that Chandler is starting to see improvements in ongoing sales tax revenue. Uncertainty at the federal and state level requires continued caution. She said the biggest challenge is determining what portion of the revenues will continue yearly as ongoing revenues and if they will remain at a level that will support the ongoing expenditures. She stated that Chandler will continue to forecast and plan accordingly to have no property tax increase. As there is less ability to use bond funds due to the reduced assessed values, there has been a need to find other capital revenue sources. The Council has created an Infrastructure Maintenance Reserve with General Fund Balance. She emphasized that Council has continued to make financially sound decisions by staying within the City's financial policy and has continued to maintain AAA Bond ratings.

Ms. Lang discussed the wide variety of revenue that supports city operations as displayed in her presentation.

Ms. Lang said the Capital Improvement Program (CIP) is primarily funded with bond funds, impact fees, and grants. Projects must have a funding source before being included in the 10-year plan. She stated as mentioned a number of times, one of the major impacts on the capital improvement program is the decreasing secondary assessed valuation which is a key component in determining how much bond funding can be afforded to new construction.

Ms. Lang displayed a breakdown on a typical property tax bill. She explained only 11% supports the city's operations and debt service. The rest is to the County, other districts and schools.

COUNCILMEMBER HEUMANN asked about the lag in property tax. Ms. Lang stated the property taxes have a two year lag. Payment on the 2012-13 property tax bill will represent the market from 2010.

VICE MAYOR SELLERS said it would be helpful to emphasize that only 11% goes to the city, as the property tax bill could increase, but due to other jurisdictions.

MAYOR TIBSHRAENY read the next question "When will the park near Ryan Elementary be built?" COMMUNITY SERVICES DIRECTOR MARK EYNATTEN said prior to the recession, 2-3 neighborhood parks were built every year. The goal is to have one 10-acre park per every square mile in the city. Mr. Eynatten said there were 7 to go when the recession hit. The first to be built this year is Roadrunner, followed by Centennial next year. The following year would be Valencia and in 2017-18 the design for Citrus Park, near Ryan Elementary, will occur with construction in 2018-19. After that time, there will be two remaining parks to build.

MAYOR TIBSHRAENY read the next question. "What is the City doing to encourage community gardens and other forms of urban agriculture such as the keeping of chickens."

MR. ZEDER said there was a Council subcommittee that met regarding "urban chickens". Mr. Zeder said staff is researching this issue in hopes of bringing back a proposal for the Council in 2013. With regard to urban gardens, he reported the City did work with a non-profit group over the past year to lease a piece of city property for this purpose.

MAYOR TIBSHRAENY said the next question came via Twitter. "The City is losing a lot of revenue not having an anchor at Alma and Queen Creek. What can be done to fill the center?" ECONOMIC DEVELOPMENT DIRECTOR CHRIS MACKAY responded they have been working with both Target and the Center's owner. There are some restrictions that were filed on the property originally that are making it challenging to re-tenant that space. It is her understanding that Target is under discussions for an anchor for their vacant building.

MAYOR TIBSHRAENY asked about the tax levy. Mr. Westrum said because the assessed values on both primary and secondary are decreasing and we aren't changing the rate, Chandler's portion will decrease in both categories in FY 2013-14.

COUNCILMEMBER HEUMANN said the assessed valuation notice just came out and asked if there was a timeline on the appeal. Mr. Westrum said he was not sure of the appeal timeline, but would suggest residents handle that quickly through the County Assessor's office and information will be available on their website.

COUNCILMEMBER WENINGER reiterated that if a resident's tax bill does increase, they should contact the School District or County, as it is not due to the City's action.

MAYOR TIBSHRAENY said many of the requests submitted included requests for new roads, especially in southeast Chandler.

#### CAPITAL IMPROVEMENT PLAN (CIP) PROJECT HIGHLIGHTS:

MR. GREG WESTRUM said the proposed CIP would be published in draft form in late April and would be part of the budget discussions on May 3<sup>rd</sup>. There are challenges in funding all of the projects in the CIP. He reviewed the projects currently funded and gave the reminder that it often takes 9 months or more to see the project develop after the project is started.

COUNCILMEMBER WENINGER verified that the price of the neighborhood parks were approximately \$2 million and funded 85% through impact fees. He asked if the \$7.5 million was just for neighborhood parks. He asked if the remaining 15% funding could be found by other means in order to speed up some of these remaining park projects. Mr. Westrum said that is conceivable. The 15% could be general fund or GO bonds. That could be researched. Mr. Westrum noted there is \$40,000-50,000 for maintenance on each park too. Mr. Westrum said staff would develop options to do this.

MAYOR TIBSHRAENY said the next question was taken from the web survey, "Think about ways to create more jobs. How does job creation affect the budget?" MS. LANG said job creation has a very large impact on the budget. It increases the property tax; it increases sales tax and creates growth and sustainability in the future budget.

MS. MACKAY added that it's important to note the economic multiplier that jobs create. She explained that depending on the type of company, they will bring in anywhere from 1.7 to 3 additional jobs throughout the community.

COUNCILMEMBER HEUMANN asked how many jobs have been created in Chandler over the past several years. MS. MACKAY replied 3,670 were created or retained in calendar year 2012. She added there were about 1,800 in 2011 and in 2010, there were 6,000. Typically it's 1500 or 2000. Ms. Mackay said the unemployment rate in Chandler is typically far below the state average.

MAYOR TIBSHRAENY asked about abandoned homes and the efforts made to address them. MS. JENNIFER MORRISON said vacant or abandoned homes are the highest priority call for Neighborhood Resources. She explained the process for securing buildings. Ms. Morrison said the City has a Voluntary Demolition Program which assists property owners. To date, 5 deteriorating vacated properties have been demolished with two more in the process. She said an additional six properties have been demolished outside of this program. Ms. Morrison said that at times there are properties in unincorporated areas around Chandler and they do work with the County to address any concerns.

#### CLOSING COMMENTS:

COUNCILMEMBER HEUMANN gave thanks to the citizens who submitted questions. He thanked staff for their work. Councilmember Heumann said Chandler was blessed as a city that was not raising property taxes while still being able to provide roads, parks and public safety.

COUNCILMEMBER WENINGER stated his appreciation for the feedback. He noted the leanness of the city and low cost of service.

VICE MAYOR SELLERS said one of the most important aspects is to offer participation and engagement by the citizens in the process. He commended the Public Safety personnel through tough budget times.

COUNCILMEMBER DONOVAN said she was encouraged by the results of the survey with 98% of the respondents having positive responses about the performance as a city and 91% saying their tax was a good return on their investment, which speaks volumes about the quality of customer service provided by staff. Through the fiscal policies, they are able to balance the need for new amenities with maintaining existing resources.

COUNCILMEMBER HARTKE commented on how pleased he was to get even greater participation from the residents and how Chandler has been able to continue to make progress through the recession.

COUNCILMEMBER ELLEN thanked the staff. She said she was excited that the responses doubled. She stated it is important to have a healthy budget and be financially responsible.

MAYOR TIBSHRAENY said this has been a very inclusive and transparent process. He thanked the citizens for responding and announced the website would still accept comments through Friday. He thanked staff for working on the accessibility to the different methods of input and those available tonight for questions.

