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Where Values Make The Difference



**MEMORANDUM Management Services Memo No. 16-060**

**DATE:** MARCH 24, 2016

**TO:** MAYOR AND COUNCIL

**THRU:** MARSHA REED, ACTING CITY MANAGER *MR*  
DAWN LANG, MANAGEMENT SERVICES DIRECTOR *DL*

**FROM:** GREG WESTRUM, BUDGET MANAGER *GW*

**SUBJECT:** FOLLOW-UP INFORMATION FROM BUDGET WORKSHOP #2

On Monday, March 14, 2016, Council conducted Budget Workshop #2. During the course of the meeting there were several questions that required further research by staff in order to provide a complete answer. Those items are listed below.

- Council asked about the status of General Fund loans to Impact Fee Funds and the repayment of those loans.

**Response:** As shown below, over \$38 million has been loaned from the General Fund to the Impact Fee Funds and the current balance is \$19.5 million. Repayment of these loans is based upon the current availability of Impact Fees collected within the specific Impact Fee Funds.

	Original Amount	Payments Made to Date	Balance Due
Arterial Street Impact Fees	\$ 7,870,000	\$ 5,055,700	\$ 2,814,300
Parks Impact Fees	10,000,000	10,000,000	-
Public Building Impact Fees #1	4,204,427	715,000	3,489,427
Public Building Impact Fees #2	164,925	164,925	-
Police Impact Fees Loan #1	658,940	658,940	-
Police Impact Fees Loan #2	1,099,531	1,099,531	-
Police Impact Fees Loan #3	790,000	790,000	-
Police Impact Fees Loan #4	6,158,425	-	6,158,425
Fire Impact Fees Loan #1	1,235,650	-	1,235,650
Fire Impact Fees Loan #2	5,888,007	-	5,888,007
<b>TOTAL</b>	<b>\$ 38,069,905</b>	<b>\$ 18,484,096</b>	<b>\$19,585,809</b>

The Public Building Impact Fee fund and the Police Impact Fee fund are scheduled to make payments in Fiscal Year (FY) 2015-16 and again in FY 2016-17. The Arterial Street Impact Fee is scheduled to resume payments in FY 2017-18. The Fire Impact Fee fund will begin repayment once the planned Southeast Fire Station is constructed.

- Council asked whether or not Truth in Taxation was required for school districts in Arizona.  
**Response:** School districts in Arizona do have a Truth in Taxation process; however, it is significantly different than the Truth in Taxation process for cities and towns. The school districts Truth in Taxation process is tied to baseline budgets set in 1999-2000 for desegregation, dropout prevention programs, career and technical education, vocation education center operations, and small school adjustments. A qualitative tax rate set by the State is then used to determine whether or not a Truth in Taxation hearing and roll call vote is required.
- Council asked for a breakdown of the anticipated General Fund subsidy to the Airport Fund in the FY 2016-17 Preliminary Budget.  
**Response:** The budgeted transfer for Airport Fund 635 in the FY 2016-17 Preliminary Budget is \$950,030. This is projected to be \$793,170 towards capital improvements and \$156,860 towards operating expenses, as shown below:

	Preliminary Budget	Anticipated Revenue	Allocation of Subsidy
Projected Operating Budget*	\$1,220,055	\$1,063,195	\$156,860
Projected Capital Budget (including estimated \$546,911 carryforward)	793,170	0	793,170
<b>Total</b>	<b>\$2,013,225</b>	<b>\$1,063,195</b>	<b>\$950,030</b>

\*Includes Airport Operating Cost Center budget, anticipated encumbrance carryforward, Debt Service, and fund level expenses for technology and indirect cost transfers.

As is always the case, the General Fund transfer will only be made to the level necessary to keep the Airport Fund at \$0 by year end.

- Council asked for the operations and maintenance cost associated with the Museum project.  
**Response:** No positions or operating budget increases have been committed to the Museum at this time. For planning purposes, the Museum project calls for adding one position (Museum Curator) in FY 2018-19 as the construction is taking place. The following year, FY 2019-20, other operations and maintenance costs would begin with an estimated ongoing expense of \$199,980 per year.
- Discussion took place regarding Snedigar Sportsplex. Comments were made regarding the popularity of this park, ensuring amenities meet citizen needs and that it is properly maintained. Council suggested that perhaps a master plan is warranted and asked for an update on future plans for improvements to Snedigar Sportsplex.  
**Response:** The Snedigar Sportsplex is a 90-acre community park that was originally constructed in 1991. This park is heavily used and is known for its wide variety of recreational opportunities. There is no space for additional athletic field expansions since the acreage is totally built out, and the existing amenities are showing their age and need to be upgraded/improved. Staff collaborated to identify improvements/enhancements based on citizen feedback, age of the facilities, aesthetics, and functionality. The Capital Improvement Program (CIP) funding was then planned over the next 5 years. FY 2015-16 includes \$1.3 million for the acquisition and development of the Bogle water tower site, pathway

improvements, fencing replacement, and irrigation improvements. Last December, Council approved the agreement to purchase the Bogle water tower site and the acquisition closed last month. Staff is currently working on the design for these improvements.

The remaining proposed FY 2017-2026 CIP identifies funding for the following improvements over the next four years: fencing replacement, parking lot/roundabout paving, parking lot lighting, marquee entry signage, interior drive improvements, perimeter path development and irrigation improvements. Finally, in FY 2025-26, funding has been included for the design of a gymnasium which will be located adjacent to the existing recreation center. The total 10-year CIP allocated to the Sportsplex is \$2,136,500.

Should you have any questions regarding this information, please contact me at x2256 or Dawn Lang at x2255.

cc: Nachie Marquez, Assistant City Manager