

Budget Policies, Process and Decisions

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Strategic Goals and Organizational Priorities
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Recommendations



Chandler's sound fiscal house has been built upon a foundation of strong financial policies that have been in place for several decades. This plan continues on that tradition of utmost prudence and attention to resident tax dollars.



CHANDLER CITY HALL

Strategic Goals, Financial Policies, and Budget Recommendations

A. Strategic Goals and Organizational Priorities



The City of Chandler's continued goal is to provide the highest quality services to the community in the most cost-effective manner. The Council's strategy to achieve these results is through goals to continuously improve Chandler and to make fiscally responsible decisions that make the City of Chandler a regional leader with a strong plan for the future.

The process of developing Chandler's budget is designed to address the needs and desires of the community. The Mayor, Council, and staff obtain input from the community through surveys, commissions, neighborhood meetings, and contacts with individuals throughout the year. Based on this input, the Council holds planning sessions to discuss multiple service

area efforts and to establish organizational guidelines.

In February 2015, the City Council conducted a Strategic Planning Retreat that established six new Strategic Policy Goals. The Executive Leadership Team then created recommended priorities to fulfill the goals identified by Council. Following are the updated goals and action plan items.

Chandler can be a great place to visit, work, play, and live by....

Being the Most Connected City

- Connect our community using enhanced communication technologies to share information by increasing electronic availability of City information.
- Continually strive to utilize new technology that enhances citizen engagement, technological capabilities, and efficiency.
- Connect our community by increasing connectivity through enhancing intermodal transportation.

Being a Leader in Transparency

- Provide timely and accurate data and reports to maintain accountability and provide support for effective decision making.
- Promote opportunities that encourage citizen engagement and input.

Maintaining Fiscal Sustainability

- Manage the City's diverse portfolio of revenue sources to maximize and expand them.
- Continue adherence to and improve upon fiscal policies.
- Maintain strong bond ratings with all three rating agencies for all types of debt.
- Manage expenditure growth through periodic review of programs and services.

Attracting a Range of Private Sector Businesses

- Position Chandler to be recognized by corporate real estate executives, site selectors, regional partners, and the development industry as a premiere location for new investment.
- Coordinate and facilitate the revitalization of the City core.

Possessing a Contemporary Culture to Capitalize on Cultural and Ethnic Diversity in the Community

- Promote Chandler as a contemporary and inclusive community that values its rich diversity, history, and culture.
- Continue to implement City employment practices that highlight and promote diversity.
- Invest in employees, support systems, and innovation strategies that ensure Chandler remains a leader in the delivery of high quality services.



Being Safe and Beautiful

- Implement a multifaceted approach to address the needs of aging neighborhoods from the physical, safety, and community perspectives.
- Construct and maintain public infrastructure in an aesthetically pleasing manner.
- Ensure Chandler remains a safe community by employing best practices.

...Chandler is a great place to visit, work, play and live!

B. Priority Based Budgeting Goals and Desired Results

In addition to the above-stated Council Strategic Goals, the City has also established Priority Based Budgeting Goals, also known as “Desired Results” which tie to the fiscal sustainability goal listed above. These goals expand on the Council Strategic Goals and encompass a broad range of Department programs and services to support the citizens of Chandler. These “results” help define the types of services the citizens expect the City to provide. The results have been established under the broad areas of:

- A Community with Leisure, Culture, and Education Opportunities
- A Safe Community
- A Community with Effective Transportation
- A Healthy and Attractive Community
- A Community with Sustainable Economic Health
- A Community with Good Governance

Each of these results is supported by a matrix of programs and services across multiple Departments which provide a tool for budget decision making.

These goals are integrated into the annual Citizen’s Budget Survey to help evaluate how citizens weigh the relative importance of these goals and the supporting programs, services, and capital projects.

C. Financial Policies

The City of Chandler’s financial policies have been developed to set standards for stewardship over financial resources. The policies institutionalize strong financial management practices, clarify the strategic intent for financial management, define boundaries, manage risks to financial condition, support good bond ratings to minimize borrowing costs, and comply with established public management best practices. The policies provide a guide for sound fiscal planning, while maintaining fiscal integrity.

There are eight (8) financial policies: Operating Management, Capital Management, Reserves, Debt Management, Long-Range Financial Planning, Grant Management, Investment, and Accounting, Auditing, and Financial Reporting. The policies are reviewed annually, with updates approved by City Council before the new budget year. Listed below are the updated financial policies implemented for the Fiscal Year 2016-17 Budget, continuing to keep the City of Chandler fiscally strong.

1. Operating Management Policy

The purpose of the Operating Management Policy is to provide guidance and clarification on how the budget will be structured and developed, define the budget control system, how to amend the budget, and specific revenue and expenditure principles to ensure ongoing financial sustainability and operating practices.

Key Budget Features

Scope and Length of Budget Period: The budget shall be based on a fiscal year beginning July 1 through June 30, and revenue and expenditures for all funds shall be adopted annually (excluding funds maintained for financial reporting purposes only).

Level of Control: The budget process shall be decentralized, allowing all Departments to provide updated revenue and expenditure amounts entered directly into an online budget system. Budgetary control shall be at the Departmental level and managed separately between the Personnel budget (5100-series of accounts) and the Operating budget (5200-8900 series of accounts). A Department cannot spend more than the budget



appropriated; however, line item appropriations shall be established for each cost center (division) within each Department.

Balanced Budget Definition: According to the City Charter, the total of proposed expenditures shall not exceed the total of estimated income and fund balances available. Each fund in the budget must also be in balance; total anticipated revenues plus the necessary portion of fund balance (all resources) must equal total expenditure appropriations for the upcoming fiscal year. Appropriation shall be for a specific fund and balanced based on specific funding sources, therefore savings in one fund shall not be used to cover over-expenditure in another fund.

Basis of Budgeting: The City's accounting system is maintained on the same basis as the Adopted Budget. This enables Departmental budgets to be easily monitored via accounting system reports on a monthly basis. The City's financial records, as reported each year in the Comprehensive Annual Financial Report (CAFR), are maintained in accordance with Generally Accepted Accounting Principles (GAAP). For comparison purposes, the City's CAFR shows fund revenues and expenditures on both a budget basis and a GAAP basis in all funds for which budgets are adopted.

The budgets for general governmental fund types, (i.e., General Fund, Special Revenue, Capital Projects, and Expendable Trust) are prepared on a modified accrual basis, which is a mixture of the cash and accrual basis. This basis is consistent with GAAP except for the following:

- a. Compensated absences are recorded as expenditures when paid (cash basis) as opposed to a liability that is expected to be liquidated from available financial resources as earned and accrued by employees (GAAP basis).
- b. Sales tax and grant revenue are recorded on the basis of cash collected (cash basis) as opposed to the accrual basis (GAAP basis) whereby amounts are recorded to the period the revenue was earned.
- c. Capital outlays for Enterprise funds are recorded as expenses (cash basis) as opposed to fixed assets (GAAP basis).
- d. Principal payments on long-term debt are recorded as expenses (cash basis) as opposed to a reduction of a liability (GAAP basis).
- e. Proceeds from the sale of bonds and utility system development fee revenues are recognized as revenue when received (cash basis) as opposed to a reduction of a liability and an increase in contributed capital (GAAP basis).
- f. No depreciation is budgeted (on a cash basis for any fund) as opposed to depreciation expense recorded in financial statements (GAAP basis).

The budgets for Proprietary fund types such as the City's Enterprise (water, wastewater, reclaimed water, reverse osmosis, solid waste, and airport), Internal Service, Fiduciary, and Permanent Trust funds are budgeted and reported on a full accrual basis of accounting. Under the full accrual basis, expenses are recorded at the time liabilities are incurred, and revenues are recognized when they are obligated to the City (for example, water user fees are recognized as revenue when bills are produced, not when the cash is received). All operating and capital expenditures (except depreciation) are identified in the budgeting process because of the need for appropriation authority.

Cost Allocation: Costs incurred in the General Fund to support the operations of the Enterprise funds (water, wastewater, reclaimed water, reverse osmosis, solid waste and airport) will be recovered through an indirect cost allocation. The indirect cost allocation plan will be reviewed annually and costing adjustments made after approval of the City Manager or Designee.

Long-Term Financial Forecasts: Forecasts will be prepared annually covering a ten year period and considered during budget development.

Performance Measurement: Each Department will establish goals and objectives and create and track performance measurements to assure the goals and objectives are achieved in an efficient and effective manner. Performance measures may be eliminated if approved by the Department Director.



Budget Principles and Process

Budget Links to Strategic Financial Plans: The City's annual budget will be developed in accordance with the policies and priorities set forth in the Council Strategic Goals, the needs of the community, and local, federal and state laws.

Examination of Spending Patterns: The City will seek to maximize the value the public receives through its spending by critically examining existing spending patterns to make sure they continue to provide value, and if not, reallocate to services that do.

Prioritizing Services: The Priority Based Budgeting (PBB) results will be used annually to prioritize City services based on City Council's long-term desired results. Costs of City services will be updated every three years.

All competing Department needs (decision package requests), will be weighed taking into account PBB results and other information based on available City resources within projected fiscal constraints. All requests must be fully justified to show that they will maintain or enhance service delivery or support new programs.

Additions to Department budgets outside of the annual budget process are discouraged and only approved by the City Manager's office in unique circumstances or by Mayor and Council when required by City Code.

Funding Liabilities: The current portion of long-term liabilities (i.e., capital infrastructure, annual costs of maintaining and replacing capital assets, contributions to employee pensions), at a minimum, should be funded in the annual budget so as to maintain the trust of creditors and ensure a manageable payment plan.

Budget Process: The budget will be developed following a detailed calendar to ensure timely preparation and execution, provide opportunities for citizen participation at different points, follow State law and City Charter, and be summarized within a budget document to clearly communicate policy decisions.

Budget Control System

Modified Expenditure Control Budgeting (MECB): MECB will be utilized in order to encourage cost effectiveness while providing quality services to Chandler citizens. MECB assumes existing service levels will be maintained and new or enhanced programs require an ongoing source of funding before initiation. The use of MECB supports the following basic philosophies:

- a. Department management is expected to manage wisely and to look for effective and efficient ways to deliver quality services to our citizens while meeting the goals of Council; and
- b. Department management can find ways to do things more efficiently if given the freedom to innovate and control their own resources.

Base Budget Method: The base budget method will be utilized for ongoing Operations and Maintenance (O&M) appropriation. Departments shall be allocated the prior year's base budget to support all ongoing operations, but may request supplemental funding through a decision package. Requests approved in the Adopted Budget shall be incorporated into Department's base budgets. Departments develop their own expenditure line item budgets; however, exceptions exist for certain citywide expenditure line items and can only be spent for the specified purpose (department fleet, equipment and technology replacement transfers out, and fuel).

Under the MECB philosophy, Departments may request to carryforward savings achieved in their Base Budget operating accounts to the next year, with justification, through a request to the City Manager. Funds available for carryforward will exclude the above noted exceptions.

The City will use an Encumbrance Accounting System whereby budgeted funds are committed and no longer available for spending when a purchase order is approved in the financial system. Encumbered funds will be carried forward to the next budget year if not spent by year end.

Personnel Services Budgeting: All personnel costs are funded outside of the base budgets, and any personnel savings accumulated remain in their original fund. The Budget Division develops all personnel services budgets based on full funding of all approved positions. If revenues are available during the budget process, positions may be added to maintain or enhance service levels after City Manager review and City Council approval.



Additions outside of the budget process are discouraged and only approved by the City Manager's Office in unique circumstances. Overspending of overtime and temporary budgets must be funded from base budgets if not directly related to a vacancy.

Budget Resolution Transfer Authority: The Adopted Budget Resolution for each fiscal year gives authority to the City Manager or his/her designee regarding transfers to/from departments of non-departmental encumbrance, carryforward, lump sum agreements, fuel and utility reserves, non-departmental personnel, department operations and maintenance savings, and Information Technology telecommunications appropriation.

Budget Expenditure Limitation: State Expenditure Limitation options, the level at which expenditures cannot legally exceed the appropriated amount, will be reviewed and implemented as required by State statute to ensure the best approach for the City. The City of Chandler currently falls under the Home Rule Option: Under the Home Rule Option, the expenditure limitation is free from any ties to the State imposed expenditure limitation if the majority of the qualified electors vote in favor of this alternative. On August 26, 2014, the City of Chandler voters approved to continue under Home Rule for four years. Chandler adopts its expenditure limitation along with the annual budget. The maximum legal expenditure limit is the total of all departmental appropriations in the final budget adopted by the City Council. The City's next Home Rule election will be in 2018.

Budget Amendments

In accordance with the City's Alternative Expenditure Limitation, total expenditures may not exceed the final appropriation once the budget is adopted. The City can amend the total appropriation for an individual fund; however, if one fund's total appropriation is increased, another fund must be decreased by an equal amount.

Amendments moving budget appropriation between departments may be processed at any time during the fiscal year upon written request by the City Manager to the City Council (Section 5.08, City of Chandler Charter). Organizational changes resulting in appropriation shifts between departments should be timed for the start of a new budget year, whenever possible.

Revenue and Expenditure Principles

One-time expenses will be funded from one-time balances/revenues and ongoing expenses will be funded by ongoing revenues, except as is provided for by the budget stabilization reserve as described in the Reserve Policy.

Fund balances are non-recurring revenue, and will be appropriately used for one-time expenditures or budgeted as contingency fund appropriations.

Revenues: The City strives to ensure diversification and stabilization of its revenue base.

Revenue projections will be based on historical trends by developing base lines for ongoing types of revenues versus one-time.

Projections used to balance revenues to expenditures will be prepared for a five to ten-year period and updated annually to ensure financial sustainability. A revenue manual will be maintained to document important characteristics and historical background of each revenue source.

Conservative but realistic revenue projections will be prepared to assess the limits of budget appropriation using trend analysis and current data to minimize estimating too high, which could result in mid-fiscal year budget cuts.

User fees and charges will be periodically analyzed and updated to ensure that all direct and indirect costs are recovered for services benefiting individuals/groups (unless an economic disadvantage is caused) versus a larger public benefit.

Utility rate consultant studies will be performed at a minimum every four years, and internal rate analyses will be completed every year for Water, Wastewater, and Solid Waste funds based on ten-year projections. Reviews will ensure fees are adequate to fund operations, debt service, bond covenants, and reserves. Additionally, periodic reviews of the rate design and cost of service between customer classes will be completed.



The City will vigilantly pursue outstanding collections through revenue collectors, and periodic Transaction Privilege Tax audits will be performed on businesses to ensure compliance with City tax code. Education will always be a part of taxpayer interactions to protect this major revenue source.

Expenditures: The City will commit to a level of expenditures sufficient to ensure the ongoing health, safety, and welfare of citizens.

Departments are encouraged to periodically review operations for efficiencies and reallocate existing expenditure appropriation before requesting new funding.

Personnel expenditures, the largest operating cost, will be appropriated based on full funding of all approved positions, but a vacancy saving percentage will be determined based on past trends and will reduce the ongoing personnel services budget for forecasting purposes in the General Fund, shifting the amount to one-time funding. Vacant public safety sworn positions will be budgeted at bottom of range and other general positions will be budgeted at mid-range.

Employee benefits expenditures (i.e., pensions, health, worker's compensation) will be appropriated at levels to ensure adequate funding to remain current and maintain appropriate reserves if self-insured.

Compensation packages will be reviewed periodically to ensure they are sufficient to attract and retain quality employees.

2. Capital Management Policy

The purpose of the Capital Management Policy is to provide guidance on capital planning, budgeting, and management to ensure well maintained infrastructure, allowing Chandler to provide quality services, and maintain economic vitality and quality of life in a financial sustainability manner.

Timing and Scope: The City Charter requires a minimum of a five-year Capital Improvement Program (CIP) to be developed annually and submitted to Council on or before the fifteenth day of June (Section 5.07, City of Chandler Charter). The City develops a ten-year plan, exceeding the minimum requirements. The Council shall adopt the CIP on the same date as the final adoption of the Annual Budget. The first year of the adopted capital plan, along with any estimated prior year unspent CIP projects, will be the capital budget for that fiscal year.

CIP projects shall be over \$50,000 and include items with a useful life of 3 or more years. CIP projects may be for infrastructure, facilities, equipment, technology software/hardware, and studies to determine infrastructure needs.

Project Identification and Review: Proposed CIP projects will include a detailed project description, full cost estimates (i.e., design, construction, right-of-way, land, equipment, etc.), anticipated funding sources, recommended time schedules for each improvement, reference to planning document(s) that identify the need for the investment when applicable, and the estimated operating income or cost of maintaining the facilities to be constructed (i.e., personnel, operations and maintenance). Contributions to reserves for replacement of technology, equipment, and vehicles will be incorporated into the operating cost estimate.

The City's CIP Coordination Team will serve as a central forum for cross-departmental communication regarding capital planning, identifying opportunities for efficiencies, and making a CIP recommendation to the City Manager.

Project Selection: Long-term capital fund forecasts will be updated annually to assess financial feasibility of proposed CIP projects. Other considerations for project selection may be their impact on other projects, ability to fund preliminary design, maintaining existing infrastructure versus new construction, impact on operations, and alignment with planning documents (i.e., Council Goals, General Plan).

CIP project funding will be evaluated for pay-as-you-go versus financing, by considering various economic factors, asset useful life, bond authorization levels, and projects nature/ability to finance.

Balanced CIP: The CIP projected expenditures must equal capital resources using conservative, yet realistic revenue projections. Extensive review of the secondary property tax rate will be completed to determine bond capacity. Impacts to tax and utility rates should be clearly weighed and communicated.



Capital Asset Maintenance: Maintenance and replacement of existing infrastructure and capital assets will be prioritized to keep assets in good condition and well-maintained. Replacement funds will be maintained to plan for replacement of technology, equipment, and vehicles, allowing for the monitoring of inventory, standardization, right-sizing, and cost containment.

3. Reserve Policy

The purpose of the Reserve Policy is to ensure the City remains a financially stable organization by maintaining appropriate reserves. Adequate reserves position an organization to effectively plan for cash funded needs, as well as unplanned needs caused by significant economic downturns, manage the consequences of outside agency actions that may result in revenue reductions, and address unexpected emergencies, such as natural disasters, catastrophic events caused by human activity, or excessive liabilities or legal judgments against the organization. In concert with the City's other financial policies, the City's Reserve Policy serves as an important tool to guide the use of City resources in meeting the City's financial commitments and provides a framework for addressing unexpected future events in a fiscally prudent manner.

This policy documents the City's approach to establishing and maintaining adequate reserves (target levels) based on consideration of risks to operations, in the budgetary fund balance across a spectrum of City operations in various funds. The budgetary fund balance represents the one-time amount accumulated from prior years, which is different than the fund balance under Generally Accepted Accounting Principles (GAAP), but includes the same constraints on spending.

Governmental Accounting Standards Board (GASB) Statement No. 54 defines five reserve classifications of fund balance based on the level of restrictions placed on the specific purposes for which amounts can be spent: nonspendable fund balance, restricted fund balance, committed fund balance, assigned fund balance, and unassigned fund balance. The last three classifications are termed *Unrestricted Fund Balance* since the constraint on spending is imposed by the government itself, therefore subject to this reserve policy. Additionally, contingencies and reserves can be appropriated and unappropriated, depending if the City would like the reserve to be available for spending in the current budget year or not.

General Fund Reserve Policy

The General Fund is the main operating fund that pays for general services provided by the City, such as public safety, parks, and library services. The General Fund accounts for all general revenues of the City and for expenditures related to the rendering of the City's general services. The General Fund is considered to have a high level of risk to operations due to its dependence on revenue streams that are susceptible to economic downturns and revenue reduction impacts from outside agency actions. In addition, the General Fund is the main funding source when responding to unexpected events or emergencies.

Consideration of potential risk and other drivers influence the targeted minimum level of total Unrestricted Fund Balance that should be maintained. The Government Finance Officers Association (GFOA) recommends no less than two months of General Fund Unrestricted Budgetary Fund Balance.

The City desires to maintain a prudent level of reserves based on the revenue impacts described above and the City's desire to maintain strong bond ratings to minimize borrowing costs. This reserve policy sets the targeted minimum level at four months of budgeted General Fund operating revenues, excluding one-time transfers in to provide stability and flexibility to respond to unexpected adversity and/or opportunities. Should the minimum reserve level fall below its target, a plan will be formulated to restore within a three year period. The Unrestricted Budgetary General Fund Balance can include the following contingency and reserve types.

General Fund Contingencies/Reserves (Type/ Appropriated or Not/ GASB 54 Classification)

General Fund Contingency / Appropriated / Unassigned: This Contingency will be maintained equal to 15% of General Fund operating revenues, excluding one-time transfers in. Acceptable contingency reserve uses are emergency situations, unexpected one-time opportunities, and appropriation transfers to allow spending in other funds. Use of this reserve requires Council approval unless delegated in the Budget Resolution. The 15% General Fund Contingency reserve must be replenished annually.



Budget Policies, Process, and Decisions

Council Contingency / Appropriated / Unassigned: This Contingency will be created annually for use by Mayor and Council during the Council budget amendment process or during the year for initiatives identified.

Budget Stabilization Reserve / Not Appropriated / Assigned: This reserve may be created to offset operating deficits that result from economic downturns and revenue reduction impacts from outside agency actions that can create adverse service impacts, allowing time to reduce spending and/or find other ongoing revenue opportunities. Council may add to the reserve from time to time but not draw from it for more than three consecutive fiscal years.

Capital and Economic Development Reserves / Appropriated and/or Not Appropriated / Assigned: These reserves may be created to fund economic development opportunities, planned new and redevelopment capital projects, and capital maintenance projects to sustain existing City infrastructure and minimize additional borrowing to help manage tax rate impacts.

Personnel and Operating Reserves / Appropriated and/or Not Appropriated / Assigned: These reserves may be created to fund specific operating expenditure areas that are susceptible to economic fluctuations and to fund personnel costs that can be reasonably estimated and are short-term in nature.

Other Fund Reserve Policies

Other funds have been identified as needing reserves due to one or more of the following reasons: self-supporting nature, the potential for unanticipated revenue or expense changes that can negatively affect operations, to help maintain a stable fee structure, or to cover the potential of unanticipated events threatening the public health, safety, or welfare. Reserves have been created in Enterprise Operating Funds (i.e., Water, Wastewater, Solid Waste, and Airport), Highway User Revenue Fund (HURF), Self-Insurance Funds and Replacement Funds (i.e., Vehicle and Technology).

Targeted reserves will be maintained as described below. A portion of the reserve will be appropriated annually for each applicable fund to provide for unanticipated revenue shortfalls and/or unexpected expense increases in the current year. Reserves should only be utilized after all other budget sources have been examined for available funds. Should the minimum target level for any of the funds identified fall below its target, a plan will be formulated to restore within the next year, but not to exceed a three year period.

Water Operating Enterprise Fund accounts for specific services funded directly by fees and charges to City Water customers. The fund is intended to be self-supporting and will maintain a minimum target reserve of 20% of operating revenues. Other Water reserves may be created when deemed appropriate (i.e., fuel, utilities, lump sum).

Wastewater Operating Enterprise Fund accounts for specific services funded directly by fees and charges to City Wastewater customers. The fund is intended to be self-supporting and will maintain a minimum target reserve of 15% of operating revenues. Other Wastewater reserves may be created when deemed appropriate (i.e., fuel, utilities, lump sum).

Solid Waste Operating Enterprise Fund accounts for specific services funded directly by fees and charges to City Solid Waste customers. The fund is intended to be self-supporting and will maintain a minimum target reserve of 10% of operating revenues. Other Solid Waste reserves may be created when deemed appropriate (i.e., fuel, utilities). A Landfill Post-Closure Compliance Reserve will also be maintained as required by State and Federal law.

Airport Operating Enterprise Fund accounts for specific services funded directly by fees and charges to City Airport customers. The fund is not currently intended to be self-supporting, and depends on General Fund to fund a portion of operating and capital costs; therefore a minimum target reserve is not a reasonable expectation until the Airport is determined as self-sustainable by Council.

Highway User Revenue Fund (HURF) accounts for Highway Users Tax received and spent on street and highway maintenance and construction projects. The fund will maintain a minimum target reserve of 15% of operating revenues. Other HURF reserves may be created when deemed appropriate (i.e., fuel, utilities).



Self-Insurance Risk Fund (Insured Liability) reserve will be maintained at a level, together with purchased umbrella insurance policies, that will adequately indemnify the City's property and liability risk.

Health and Workers Compensation Self-Insurance Funds reserves are maintained based on the Trust documents approved by Council. Qualified actuarial firms shall be retained on an annual basis in order to recommend appropriate funding levels for Risk, Health and Workers Compensation Self-Insurance Funds. A minimum reserve of 70% of outstanding claims will be maintained for each.

The General Fund contributions to Self-Insurance Funds (i.e., Insured and Uninsured Liability Funds, Workers Compensation Trust Fund, Health Benefits Trust Fund, Short-Term Disability Fund and Dental Fund) will be reassessed annually and incorporated into the budget process, in order to ensure that the targeted goal is met in a manner that is balanced with other budget priorities.

Vehicle Replacement Fund will maintain a minimum target reserve of 10% of the total City fleet replacement value. A fleet management vehicle replacement plan will be reviewed annually by the Fleet Advisory Committee to ensure systematic replacement of vehicles based on a combination of miles driven, repairs and maintenance schedules, and years of service.

Technology Replacement Fund will maintain a minimum target reserve of 10% of the total City technology asset replacement value.

4. Debt Management Policy

The purpose of the Debt Management Policy is to provide guidelines for the issuance of bonds and other forms of indebtedness to finance necessary land acquisitions, capital construction, equipment, and other items for the City, as well as guidelines for monitoring outstanding debt. This policy will assist the City in determining appropriate uses of debt financing, establish certain debt management goals, and assist the City in maintaining, and if possible, improving its current credit ratings, while assuming a prudent level of financial risk and preserving the City's flexibility to finance future capital programs and requirements.

Scope

This policy shall govern, except as otherwise covered by federal and state regulations, City Charter, and City Code, the issuance and management of all debt and lease financings funded in the capital markets. While adherence to this policy is desired, changes in the capital markets as well as unforeseen circumstances may from time to time produce situations that are not covered by the policy and may require modifications or exceptions to achieve City goals. The City's Debt Management Policy shall be reviewed annually.

Debt Issuance Process

Assessing Financing Needs for Capital Programs: The determination of how much indebtedness the City can afford begins by assessing the sufficiency of future revenues to fund the 10-year Capital Improvement Program (CIP). Factors such as debt service coverage requirements outlined in the bond indentures, the impact on businesses and citizens, tax rates, user fees, voter authorization, and any impact on the bond ratings will be carefully considered.

Approval of Issuance: The bond sale amount will be determined based on financial cash flow projections, will comply with federal, state, and local legal requirements, and will obtain issuance approval from City Council.

Method of Sale: Three methods of sale for issuing debt obligations will be considered; competitive sale, negotiated sale, and private placement. Each type of bond sale has the potential to provide the lowest cost given the right market conditions. The method of sale that is most advantageous to the City will be determined under consultation with the City's Financial Advisor.

Financial Service Providers: The City's Management Services Director shall be responsible for establishing a solicitation and selection process that complies with City Code requirements for securing professional services (i.e., bond counsel, financial advisor, arbitrage compliance specialist, underwriters) that are required to develop and implement the City's debt program.



Credit Ratings: Staff will assess the importance of credit ratings for each new debt. If credit ratings are to be obtained, the goal will be to maintain or improve ratings from all 3 rating agencies.

Limitations on City Indebtedness

Debt Coverage Goals: Utility rates will be set, as a minimum, to ensure the rates of revenue to debt service meet bond indenture requirements of 1.2 times coverage (ongoing system revenues will cover ongoing debt at 120%) to comply with existing Water/Wastewater Revenue Debt Covenants. The goal will be from 1.5 to 2 times coverage to allow for fluctuations in revenue collection and to achieve the highest credit rating when bonds are sold. Excise Tax revenue will be greater than 3 times (the goal will be over 5 times) the amount of debt service outstanding to meet Excise Tax Revenue Obligations debt coverage requirements.

Target Limitation on General Obligation (GO) Debt: State Statutes limit the amount of GO debt that a municipality can have outstanding. In general, the City's outstanding GO debt for the water, wastewater, parks, public safety, transportation, and street lighting programs is limited to 20% of the City's net assessed Limited Property Valuation (LPV) and for all other programs the amount of outstanding GO debt is limited to 6% of the City's LPV. Other factors, such as providing capacity for future programs will also be taken into consideration.

Target Limitations on the Issuance of Revenue/Excise Tax Secured Debt Obligations: The City shall seek to finance the capital needs of its revenue producing enterprise activities through the issuance of revenue secured or excise tax secured debt obligations. Prior to issuing revenue-secured debt obligations, financial plans will be updated and reviewed to determine required rates and charges needed to support the planned financing, and the impact on rate payers and other affected parties. The amount of revenue-secured debt obligations issued by the City will be limited by the feasibility of the overall financing. Revenue-secured debt levels shall be limited by coverage and parity covenants and potential credit rating impacts.

Target Limitation on Lease-Purchase Financing: The City may enter into short-term lease-purchase obligations to finance the acquisition of capital equipment with estimated useful lives of less than seven years. Repayment of these lease-purchase obligations shall occur over a period not to exceed the useful life of the underlying asset. The Management Services Department shall be responsible for developing procedures for use by City departments interested in participating in the lease-purchase program, and for setting repayment terms and amortization schedules, in consultation with participating departments.

Improvement District Debt: The City may issue Improvement District debt only when there is a general City benefit. Improvement Districts are generally formed only by property owners in a designated area within the City in which they agree to be assessed for the repayment of the costs of constructing improvements that benefit the owner's property. Improvement District debt is secured by a lien on the property and improvements of all parcels within each district. Each Improvement District financing must be closely evaluated since it is also secured by the General fund and is viewed by the credit rating agencies as an indirect debt of the City.

Variable Rate Debt: The City shall not issue Variable Rate Debt.

Voter Authorized Debt

Voter authorized debt shall be used, but non-voter authorized debt (i.e., Municipal Property Corporation (MPC), Excise Tax Revenue Obligations (ETROs)) may be used when dedicated revenue sources (i.e., Water and Wastewater user fees) other than secondary property taxes can be identified to pay debt service expenses and the following conditions are considered:

- a. A project requires additional funds over and above what is available from other sources and meets the City's goals and objectives.
- b. Emergency situations, such as an unfunded mandate or circumstance affecting the public health and welfare.
- c. The project will generate a positive net revenue position (i.e., revenues will exceed the cost of financing).



Debt Management Process

Debt Service Structure: The Management Services Director will carefully consider the debt service structure for each bond issue. Factors such as the flow of revenues available for a particular credit, the need to fill in gaps created by refunding specific principal maturities or to structure savings from a refunding in a particular year will be considered. Accelerated repayment may be considered within the bonding capacity constraints to provide capacity for future capital programs. Bonds will be amortized over a period of time not to exceed the useful life of the assets being financed.

Maturity: The final maturity of a bond sale shall be equal to or less than the remaining useful life of the assets being financed, and the average life of the financing shall not exceed 120% of the average useful life of the assets being financed.

Investment of Bond Proceeds: The City shall comply with all applicable federal, state, and indenture restrictions, if any, regarding the use and investment of bond proceeds. This includes compliance with any restrictions on the types of investment securities allowed, restrictions on the allowable yield of invested funds, as well as restrictions on the time period over which some bond proceeds may be invested. The Management Services Director, or his/her designee, will direct the investment of bond proceeds in accordance with the permitted investments for each particular bond issue. Investments such as guaranteed investment contracts may be considered when their use is in the best interest of the City and will be selected on a competitive basis.

Refunding Bonds: Refunding bonds are issued to retire all or a portion of an outstanding bond issue. Most typically this is done to refinance at a lower interest rate to reduce debt service. Alternatively, some refundings are executed for reasons other than to achieve cost savings, such as to restructure the repayment schedule of the debt, to change the type of debt instruments being used, or to retire an indenture in order to remove undesirable covenants. A present value analysis must be prepared that identifies the economic effects of any potential refunding. For refunding transactions solely undertaken to achieve cost savings, the target savings amount shall be measured using the present value savings as percentage of par method. The target present value savings from any particular refunding candidate shall generally be at least 3% of the refunded par amount net of all transaction expenses and in excess of \$1,000,000. The Management Services Director shall have discretion in making the final determination to include individual refunding candidates that are slightly below the target in order to optimize the City's financial objectives.

Arbitrage Rebate: The City shall comply with all arbitrage rebate requirements as established by the Internal Revenue Service (IRS) and establish a system of record keeping and reporting to meet the arbitrage rebate compliance requirements of the federal tax code. This effort shall include tracking project expenditures financed with bond proceeds, tracking investment earnings on bond proceeds, calculating rebate payments in compliance with tax law, and remitting any rebatable earnings to the federal government in a timely manner in order to preserve the tax exempt status of the City's outstanding tax-exempt debt issues. Arbitrage service providers may be used to assist the City with complying with arbitrage regulations.

Issuance & Post-Issuance Compliance Procedures: Adopted procedures for tax-exempt bonds shall be followed. Staff will work closely with the City's Bond Counsel, Financial Advisor, and Arbitrage Compliance Specialist to ensure tax exempt bonds remain in compliance with federal tax requirements from the time they are issued until they are no longer outstanding.

Continuing Disclosure Undertaking (CDU): The City will comply with the requirements of Rule 15c2-12 of the Securities and Exchange Commission (SEC), when applicable. The Management Services Director, or his/her designee, will be responsible for filing the annual requirements and any Material Event Notices with Electronic Municipal Market Access (EMMA) as required by each outstanding CDU Certification.

Declaration of Official Intent: In order to ensure debt can be issued to reimburse the City for project expenses prior to issuing debt, a Declaration of Official Intent (under Treasury Regulation Section 1.150-2) must be completed annually and filed with the City Clerk. The Declaration shall list all projects for the upcoming fiscal year. This will allow the City to reimburse certain capital expenses with the proceeds from tax-exempt reimbursement bonds, should such bonds be sold in the upcoming fiscal year.

5. Long-Range Financial Planning Policy

The purpose of the Long-Range Financial Planning Policy is to establish a consistent practice for financial planning that result in stable tax rates and services to the community over a multi-year period.

Timing and Scope: In preparation for both the Capital Improvement Program and the Annual Budget, long-term financial forecasting models will be updated to analyze the impact of budget decisions on the City's future financial condition.

The financial plans will forecast revenues, expenditures, debt, long-term liabilities, reserve levels when applicable, and financial position for ten years into the future for the General Fund, Enterprise Funds, Capital and Operating Funds.

Principles: The financial plans will start with a baseline assumption that current service levels will be maintained and include meaningful analysis of ongoing and one-time trends and conditions to allow consideration of long-term financial implications of current spending patterns.

If future issues are identified through long-term financial planning, possible solutions should be identified and discussed, with the ultimate goal of structurally balanced plans (ongoing revenues support ongoing expenditures) that supports fiscal sustainability for many years into the future.

6. Grant Management Policy

The purpose of the Grant Management Policy is to ensure grant oversight to support creativity and innovation in identifying and addressing existing and desired City program or partnership needs that cannot be resolved with existing resources, but may be suitable areas for seeking grant funds. The policy sets standards for the consistent acquisition and administration of grants and applies to all grants provided to or facilitated by City departments (federal, state, county, local, corporate, Indian community, and private foundation). Grant support is encouraged unless the prospective grant conflicts with the City's strategic goals, generates more cost than benefit, or restricts the mission of the City.

Grant Identification, Evaluation and Application

Once potential grants have been identified and prior to the submittal of a grant application to an agency or acceptance of funds from an organization, the Department should give consideration as to whether the grant is consistent with the City's Strategic and Department Goals, and a funding evaluation should be completed to determine the effect of the grant on the current and future City resources or operations. Factors to consider are:

- a. Available funding for required grant matches (i.e., the City's portion of project costs or in-kind costs)
- b. Current and future year(s) budget implications (i.e., added positions, equipment)
- c. Capacity and experience of the Department and staff to effectively administer and implement all aspects of the grant.

Grant Approval, Administration, and Operational Oversight

To ensure transparent management of grants, grants valued with City resource commitments that exceed \$30,000, or any amount if required by law or the grant agreement, require City Council approval prior to acceptance of funds or upon submittal if award signifies acceptance. Grants do not require City Council approval if governed by another authority (i.e., Public Housing Authority Commission). Transportation capital grants that require a rapid response to prevent forfeiting the grant may be approved by the City Manager or designee, prior to Council approval of capital project funded by said grant. The City Council item should include the grant's purpose, term and amount, as well as current and future year budget or operational implications, during and after the grant is completed. City Manager or designee are authorized to approve and execute documents related to grants with a gross value of \$30,000 or less, unless the grant agreement specifically requires City Council approval.

If an approved grant requires an ongoing General Fund commitment from the City, it will be incorporated into the forecast to ensure expenditures can be supported when the grant expires. If the position funding is only for the life of the grant, the expenditures shall be budgeted from one-time funding.

The City of Chandler's City Code and Administrative Regulations related to procurement shall be utilized for the purchase of materials, services, and construction with grant funds, in conjunction with any procurement requirements stipulated in the grant requirements.

The City's Grant Committee shall be made up of Department Grant Liaisons, and will provide grant management guidance and oversight to ensure adherence to the Grant Management Policy. The Committee will serve as a central source for cross-departmental communications regarding the pursuit of grants and effective application of administrative procedures.

Department Directors shall ensure compliance with all grant requirements through ongoing administrative and operational support (i.e., trained staff resources, financial and/or program reporting, subcontractor monitoring of activities and/or performance, pass-thru monitoring, audit compliance by grantor and/or by external auditors, record retention, and any additional requirements detailed in the Grant award documentation such as federal circulars related to federal grants).

7. Investment Policy

The purpose of the Investment Policy is to ensure investment of cash funds will be maintained in accordance with City Charter and State Statutes by defining the parameters within which public funds are to be managed. In methods, procedures and practices, the policy formalizes the framework for the City's investment activities that must be exercised to ensure effective and judicious fiscal and investment management of the City's funds. The guidelines are intended to be broad enough to allow the Management Services Director to function properly within the parameters of responsibility and authority, yet specific enough to adequately safeguard the investment assets.

Scope

This investment policy applies to all monies invested by the City pursuant to Section 3-2 of the City Code, and applies to those investments authorized by the Code and Arizona Revised Statute 35-323. Bond proceeds are governed by specific indentures and are excluded from the scope of this Policy.

Objectives

The primary objectives, in order of priority, of the City's investment activities shall be:

- a. **Safety.** Safety of principal is the foremost objective of the investment programs. Investments shall be undertaken in a manner that seeks to ensure preservation of principal in the overall portfolio.
- b. **Liquidity.** The investments will remain sufficiently liquid to meet all operating requirements that might be reasonably anticipated.
- c. **Return on Investment.** The investment pools and funds shall be managed with the objective of attaining the maximum rate of return given the constraints of the aforementioned safety and liquidity objectives.

Standards of Care

Prudence: The standard of prudence to be used by investment officials shall be the "prudent person" standard and shall be applied in the context of managing an overall portfolio. Management Services Director and designees acting in accordance with procedures and this investment policy and exercising due diligence shall be relieved of personal liability for an individual security's credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse developments.

The "prudent person" standard states that, "Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probably income to be derived."

Ethics and Conflicts of Interest: Employees involved in the investment process shall refrain from personal business activity that could conflict with proper execution of the investment program, or which could impair their ability to make impartial investment decisions. Employees and investment officials shall disclose any material interests in financial institutions with which they conduct business. Disclosure shall be made to the governing body. They shall further disclose any personal financial/investment positions that could be related to the



performance of the investment portfolio. Employees and officers shall refrain from undertaking any personal investment transactions with the same individual with whom business is conducted on behalf of the City.

Delegation of Authority and Responsibilities: Responsibility for the operation of the investment program is hereby delegated to the Management Services Director who shall act in accordance with established procedures and internal controls for the operation of the investment program consistent with this Investment Policy. All participants in the investment process shall seek to act responsibly as custodians of the public trust. No officer or designee may engage in an investment transaction except as provided under the terms of this policy and supporting procedures.

The City may engage the services of an external investment manager to assist in the management of the City's investment portfolio in a manner consistent with the City's objectives. Such external managers may be granted discretion to purchase and sell investment securities in accordance with this Investment Policy. Such managers must be registered under the Investment Advisers Act of 1940.

Permitted Investment Instruments

The City shall invest and reinvest City monies as provided in statute and City Code in any of the following items.

Obligations issued or guaranteed by the full faith and credit of the United States of America.

Obligations issued or guaranteed by the United States or any of the senior debt of its agencies, sponsored agencies, corporations, sponsored corporations, or instrumentalities.

Bonds or other evidences of indebtedness of this state or any of the counties or incorporated cities, towns or duly organized school districts which carry as a minimum AA rating or its equivalent by an nationally recognized statistical ratings organization (NRSRO).

Commercial paper of prime quality that is rated within the top two ratings by a NRSRO. All commercial paper must be issued by a corporation organized and doing business in the United States. The portfolio is limited to a maximum 30% allocation in the commercial paper sector.

Bonds, notes or evidences of indebtedness of any county, municipal district, municipal utility or special taxing district of any state that are payable from revenues, earnings or a special tax specifically pledged for the payment of the principal and interest on the obligations, and for the payment of which a lawful sinking fund or reserve fund has been established and is being maintained, but only if no default in payment on principal or interest on the obligations to be purchased has occurred within five years of the date of the investment, or, if such obligations were issued less than five years before the date of investment, no default in payment of principal or interest has occurred on the obligations to be purchased nor any other obligations of the issuer within five years of the investment.

Bonds, notes or evidences of indebtedness issued by any county improvement district or municipal improvement district of any state to finance local improvements authorized by law, if the principal and interest of the obligations are payable from assessments on real property within the improvement district. An investment shall not be made if:

- a. The face value of all such obligations, and similar obligations outstanding, exceeds fifty percent of the market value of the real property, and if improvements on which the bonds or the assessments for the payment of principal and interest on the bonds are liens inferior only to the liens for general ad valorem taxes.
- b. A default in payment of principal or interest on the obligations to be purchased has occurred within five years of the date of investment, or, if the obligations were issued less than five years before the date of investment, a default in the payment of principal or interest has occurred on the obligations to be purchased or on any other obligation of the issuer within five years of the investment.

Negotiable or brokered certificates of deposit (CD) issued by a nationally or state chartered bank or savings and loan association. CD issuers must have a short-term rating of A1 or its equivalent by a NRSRO. The portfolio is limited to a maximum 30% allocation in the negotiable CD sector.

Certificates of deposit in eligible depositories.

Deposits in one or more federally insured banks or savings and loan associations placed in accordance with the procedures prescribed in section 35-323.01.

Interest bearing savings accounts in banks and savings and loan institutions doing business in this state whose accounts are insured by federal deposit insurance for their industry, but only if deposits in excess of the insured amount are secured by the eligible depository to the same extent and in the same manner as required under this article.

Bonds, debentures, notes, or other evidences of indebtedness that are denominated in United States dollars and that carry at a minimum an "A" or better rating, at the time of purchase, from at least two nationally recognized rating agencies and may be issued by corporations that are organized and doing business in the United States. The portfolio is limited to a maximum 30% allocation in the medium-term corporate note sector.

Participation in the Local Government Investment Pool (LGIP) established pursuant to Section 35-326, Arizona Revised Statutes and operated by the State Treasurer whose portfolio is consistent with this policy.

Securities of or any other interests in any open-end or closed-end management type investment company or investment trust, including exchange traded funds whose underlying investments are invested in securities allowed by state law, registered under the Investment Company Act of 1940, as amended.

Investment Parameters

Diversification: It is the policy of the City to diversify the investment portfolio so as to protect City monies from material losses due to over-concentration of assets in a specific maturity, a specific issuer, a specific geographical distribution, or a specific class of securities. No more than five percent (5%) of market value of the portfolio shall be invested in securities issued by a single corporation and its subsidiaries/affiliates or municipality. Securities issued by the federal government or its agencies, sponsored agencies, corporations, sponsored corporations, or instrumentalities are exempted from this provision. Portfolio percentage is calculated at the time of purchase.

Maximum Maturities: To the extent possible, the City shall attempt to match its investments with anticipated cash flow requirements. The City will not directly invest in securities maturing more than five (5) years from the date of purchase.

Because of inherent difficulties in accurately forecasting cash flow requirements, a portion of the portfolio should be continuously invested in readily available funds such as LGIP or money market funds to ensure that appropriate liquidity is maintained to meet ongoing obligations.

Portfolio Management

Following the primary objective of preservation of capital, investments shall be managed to take advantage of market opportunities. In so doing, negotiable securities may be sold prior to their maturity to provide liquid funds as needed for cash flow purposes to enhance portfolio returns, or to restructure maturities to increase yield and/or decrease risk.

Purchases and Sales of Securities

All trades shall be executed with the objective of realizing the best bid or offer price available. It is the responsibility of the investment personnel and external investment advisors to know the "market price" or relative value of all securities before trades are executed. The method used by the investment personnel and investment advisors shall be the one that will obtain the best execution price or value given the objective of the transaction. A minimum of three (3) bids will be solicited for all transactions.

Authorized Financial Institutions

A list will be maintained of financial institutions and depositories authorized to provide investment services. In addition, a list will be maintained of approved security broker/dealers selected by conducting a process of due diligence. This may include 'primary' dealers or regional dealers that qualify under Securities and Exchange Commission (SEC) Rule 15C3-1 (uniform net capital rule).

All broker/dealers who desire to become qualified for investment transactions must supply the following (as appropriate):

- a. Audited financial statements demonstrating compliance with state and federal capital adequacy guidelines
- b. Proof of FINRA certification
- c. Proof of state registration
- d. Completed broker/dealer questionnaire (not applicable to Certificate of Deposit counterparties)
- e. Certification of having read and understood and agreeing to comply with the City's Investment Policy.
- f. Evidence of adequate insurance coverage.

All financial institutions who desire to become depositories must supply the following (as appropriate):

- a. Audited financial statements demonstrating compliance with state and federal capital adequacy guidelines
- b. Proof of state registration
- c. Evidence of adequate insurance coverage

A periodic review of the financial condition and registration of all qualified financial institutions and broker/dealers will be conducted.

If the City utilizes an external investment advisor, the advisor may be authorized to transact with its own Approved Broker/Dealer List on behalf of the City. In the event that the investment advisor utilizes its own Broker/Dealer List, the advisor will perform due diligence for the brokers/dealers on its Approved List. Upon request, the advisor will provide the City their Approved Broker/Dealer List.

Safekeeping and Custody

All security transactions, including collateral for repurchase agreements, entered into by the City shall be conducted on a delivery versus payment basis. Securities shall be held by the City or an independent third-party safekeeping institution designated by the City and evidenced by safekeeping receipts in the City's name. The safekeeping institution shall annually provide a copy of its most recent report on internal controls – Service Organization Control Reports (formerly 70, or SAS 70) prepared in accordance with the Statement on Standards for Attestation Engagements (SSAE) No. 16.

Performance Evaluation and Reporting

Investment performance shall be continually monitored and evaluated by the City's Management Services Director. Investment performance statistics and activity reports shall be generated by the Accounting Division and will provide summary reports on a monthly basis for the Management Services Director, and for the annual financial report.

Monthly Performance Analysis: On a monthly basis the following information, at a minimum, will be provided to the Management Services Director:

- a) The portfolio duration and portfolio yield to maturity at the end of the current period.
- b) The periodic realized return. Realized return is defined as the sum of the portfolio interest earnings plus amortization/accretion plus realized gains minus fees divided by the average portfolio value during the period.
- c) The periodic total return. Total return is defined as the sum of all investment income plus changes in the capital value of the portfolio.
- d) Year to date portfolio interest earnings plus amortization/accretion for the current year compared with the corresponding portion of the prior year, and cumulative unrealized gains on the portfolio.



Approval

Any deviation from the preceding policy shall require the prior specific written authority of the City Council. The Policy shall be reviewed on an annual basis.

Definitions

Agency – A debt security issued by a government-sponsored enterprise (GSE). While not explicitly guaranteed by the government, GSEs are generally traded with an “implied” guarantee. An example of a GSE is the Federal National Mortgage Association (FNMA).

Commercial Paper – An unsecured short-term promissory note issued by corporations, with maturities ranging from 2 to 270 days.

Credit Quality – The measurement of the financial strength of a bond issuer. This measurement helps an investor to understand an issuer’s ability to make timely interest payments and repay the loan principal upon maturity. Generally, the higher the credit quality of a bond issuer, the lower the interest rate paid by the issuer because the risk of default is lower. Credit quality ratings are provided by nationally recognized rating agencies.

Credit Ratings Scales – Credit quality comparison of short term and long term ratings are as follows:

Rating	Standard & Poor’s		Moody’s	Fitch	
Short Term	A-1+	A-1	P-1	F-1+	F-1
Long Term	AAA -A-	A+-A-	Aaa-A3	AAA-A-	A+-A-

Current Yield Current Return – A yield calculation determined by dividing the annual interest received on a security by the current market price of that security.

Delivery Versus Payment (DVP) – A type of securities transaction in which the purchaser pays for the securities when they are delivered to the purchaser or the custodian.

Discount – The amount by which the par value of a security exceeds the price paid for the security.

Diversification – A process of investing assets among a range of security types by sector, maturity, and quality rating.

Duration – A measure of the timing of the cash flows, such as the interest payments and the principal repayment, to be received from a given fixed-income security.

Fair Value – The amount at which an investment could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

Government Securities – An obligation of the U.S. government, backed by the full faith and credit of the government. These securities are regarded as the highest quality of investment securities available in the U.S. securities market. See “Treasury Bills, Notes, and Bonds.”

Investment Policy – A concise and clear statement of the objectives and parameters formulated by an investor or investment manager for a portfolio of investment securities.

Local Government Investment Pool (LGIP) – An investment by local governments in which their money is pooled as a method for managing local funds.

Par – Face value or principal value of a bond, typically \$1,000 per bond.

Premium – The amount by which the price paid for a security exceeds the security’s par value.

Principal – The face value or par value of a debt instrument. Also may refer to the amount of capital invested in a given security.

Prudent Person Rule – An investment standard outlining the fiduciary responsibilities of public funds investors relating to investment practices.

Total Return – The sum of the portfolio interest earnings plus amortization/accretion plus realized gains plus unrealized gains minus fees divided by the average portfolio value during the period.

Treasury Bills – Short-term U.S. government non-interest bearing debt securities with maturities of no longer than one year and issued in minimum denominations of \$10,000.

Treasury Notes – Intermediate U.S. government debt securities with maturities of one to ten years and issued in denominations ranging from \$1,000 to \$1 million or more.

Treasury Bonds – Long-term U.S. government debt securities with maturities of ten years or longer and issued in minimum denominations of \$1,000.

Yield – The current rate of return on an investment security generally expressed as a percentage of the security's current price.

8. Accounting, Auditing, and Financial Reporting Policy

The purpose of this Accounting, Auditing, and Financial Reporting Policy is to set guidelines on how the City will account for its financial resources and be accountable for making financial information available to the public.

Accounting and Internal Control

The City's accounting and financial reporting systems will be maintained in conformance with Generally Accepted Accounting Principles (GAAP), standards of the Governmental Accounting Standards Board (GASB), and the Government Finance Officers Association (GFOA).

Financial systems will be maintained to monitor operating and capital revenues, expenditures, and program performance on an ongoing basis.

The City will maintain a system of internal control to safeguard its assets against loss, check the accuracy and reliability of its accounting data, promote operational efficiency, and encourage adherence to prescribed managerial policies.

Independent Audit

An annual audit (Section 5.10, City of Chandler Charter) of the City will be performed by an independent public accounting firm with an audit opinion to be included in the City's published Comprehensive Annual Financial Report (CAFR). An electronic copy of the CAFR will be posted online in compliance with State statutes. Annual audits will also be performed by an independent public accounting firm for the Health Care Benefits Self-Insurance Trust Fund (City Code, Section 2-15.1(d)) and the Workers Compensation and Employer Liability Self-Insurance Trust Fund (City Code, Section 2-16.1(d)).

Financial Reporting

External Financial Reporting: As an additional independent confirmation of the quality of the City's financial reporting, the City will annually seek to obtain the GFOA Certification of Achievement for Excellence in Financial Reporting. The CAFR, in conformity with GAAP, will be presented in a way designed to effectively communicate with citizens about the financial affairs of the City.

As an additional independent confirmation of the quality of the City's budget document, the City will annually seek to obtain the GFOA Distinguished Budget Presentation Award. The budget will satisfy criteria as a financial and programmatic policy document, a comprehensive financial plan, an operations guide for all organizational units, and a communication device. The Adopted Budget and Auditor General Budget forms will be posted online in compliance with State statutes.

Internal Financial Reporting: Monthly (General fund) and Quarterly (major funds) budget to actual financial reports will be presented to the City Council throughout the Fiscal Year. Such reports will enable the City Council to be constantly informed of the financial status of the City. These reports will be available online for viewing by citizens as well.



**Highlights of the Fiscal Year (FY) 2016-17 Budget
2017-2026 Capital Improvement Program (CIP) Calendar**

Citizen Budget Survey	November 16, 2015 – December 31, 2015
CIP Coordination Team Meetings	December 17, 2015 – January 21, 2016
Council Workshop #1 – Preliminary 5-Year General Fund Forecast and CIP	February 8, 2016
CIP Coordination Team Recommendations to City Manager	February 16, 2016
Community Budget Meeting – “Budget Connect” – Web Meeting	February 25, 2016
Council Workshop #2 – Updated 5-Year General Fund Forecast and CIP	March 14, 2016
Departments Submit Budgets	March 21, 2016
Distribute Proposed Budget and CIP Booklets to Council, City Manager’s Office and Departments	April 14, 2016
All Day Budget and CIP Briefing with Council	April 29, 2016
Council Amendments due to Budget Office	May 9, 2016
Budget Amendments Introduced at City Council (Special Meeting)	May 12, 2016
Tentative Budget Adoption	May 26, 2016
Public Hearings: 2016-17 Budget and Property Tax Levy; 2017-2026 CIP	June 9, 2016
Final Budget and CIP Adoption	June 9, 2016
Property Tax Levy Adoption (must be a period of at least 14 days between Final Adoption & Tax Levy Adoption)	June 23, 2016



Fiscal Year (FY) 2016-17 Budget Process Flowchart

	Budget	CIP
September 2015	Establish Preliminary Budget Assumptions for Short and Long Term Revenues, Base Budgets, and Capital Funding	
October	Prepare/Evaluate Decision Packages	Capital Improvement Program (CIP) Projects Prepared by Departments
November	Decision Package Submitted to Budget	CIP Projects Submitted to Budget
December		
January 2016	Meetings and Preparation of Preliminary 5-Year General Fund Forecast	CIP Coordination Team Meetings and Recommendation to City Manager
February	Council Budget Workshop #1 (During Council Retreat)	
	"Budget Connect" Interactive Public Budget Meeting	
March	Updated 5-Year General Fund Ongoing Forecast	Update CIP O&M Estimates for General Fund Ongoing Forecast
	Council Budget Workshop #2	
	Base Budget Allocation Distributed/Proposed Budget Entered	Finalize Proposed CIP Based on Council Guidance
April	Proposed Budget Books and CIP Books Prepared	
	City Council Budget/CIP Briefing	
May	Council Admendments	
	Adoption of Tentative Budget and CIP	
	Public Hearing - Final Budget, CIP, and Tax Levy	
June	Adoption of Final Budget and CIP	
	Adoption of Property Tax Levy	

Shaded areas represent opportunities for public input in the budget process.

Fiscal Year (FY) 2016-17 Budget Process Detail

The Annual Budget is developed to meet the needs and goals of the community, within the framework of Council priorities, and legal requirements. The City Charter and State laws both have legal mandates for adoption of the annual budget. The City Charter requires that the budget and Capital Improvement Program (CIP) be submitted to the City Council on or before June 15 (Section 5.04, Chandler Charter). Under Arizona State Law, a Tentative Budget must be adopted on or before the third Monday in July of each year. The property tax levy must be adopted by the third Monday in August, and adoption of the Final Budget must be at least fourteen days before adoption of the Tax Levy. Therefore, the deadline for final budget adoption becomes the second Monday in August, although the City typically schedules adoption of the new budget in June.

The steps below summarize the sequencing of the steps in preparing the FY 2016-17 Annual Budget and 2017-2026 CIP. The calendar on the previous page includes dates which comply with the legal mandates of the City and State.

Note that the term “City Manager” used below incorporates the City Manager, Assistant City Managers, and/or other principal staff. Although the processes below imply a sequential order, many of the steps overlap in the budget preparation timeline as shown on the flowchart on the previous page.

1. **Establish Preliminary Budget Assumptions** – The 2016-17 budget process began in September 2015 with a review of recent revenue trends, followed by updated assumptions and forecasts for the largest revenue sources and spending items. This included a request for departments to provide insight for the projection of FY 2016-17 over FY 2015-16 revenues. Preliminary assumptions for major expenditure impacts (retirement costs, health care costs, operating funds for new capital improvements, etc.) were also developed.
2. **Capital Improvement Program (CIP)** – The CIP process began in November. The City Code mandates that a five-year Capital Improvement Program (CIP) be developed each year; however, the City prepares a ten-year CIP, which allows the Council to identify and prioritize the City’s infrastructure needs and available resources over the extended period. If a capital project results in the need for additional personnel, utilities, maintenance, supplies, equipment or other ongoing costs, those must be included with the request. Budget staff reviews all of the CIP project requests, performing a detailed analysis to ensure accuracy regarding project descriptions, funding sources, and operational and maintenance (O&M) costs in preparation for CIP Coordination Team meetings in December through February. The CIP Coordination Team is comprised of Department Directors and key staff members from all CIP Departments.
3. **The Decision Package Process (New Funding Requests)** – In December, Departments prepared and submitted recommendations for new program funding, for O&M costs associated with the capital projects in the CIP, or for other operating and maintenance budget needs. The Budget Division reviewed and provided the City Manager with a compilation of all Decision Package requests. The City Manager reviewed all requests and met with the Department Directors to discuss their recommendations and to address any issues or concerns.
4. **Preliminary 5-Year General Fund Forecast** – In December and January, the Management Services Director and Budget Manager prepared the Preliminary 5-Year General Fund Forecast using national, state and local economic indicators, as well as specific knowledge of Chandler to prepare the preliminary revenue and expenditure projections. A five-year projection of the general fund was prepared, separating one-time versus ongoing revenue and expenditures. This analysis determined the amount of funds available for the next five years and was used to build the General Fund budget.
5. **Citizen Budget Survey** – From mid-November through December, the Budget Division conducted an online Citizen Budget Survey. The survey was comprised of five basic areas: General Demographics, Satisfaction with City Government, Importance of Selected Programs and Services, Importance of Selected Capital Improvement Projects, and Comments and Questions. The survey results showed that Chandler citizens believe that City leadership is doing a good job managing the City and that the City Council’s budget priorities are in line with citizen priorities and expectations. The results were shared with the City Council and were posted to the City’s website; moreover, this public input helped form the FY 2016-17 Budget and the 2017-2026 CIP.

Budget Policies, Process and Decisions

6. **Council Budget Workshops** – In preparation of the Fiscal Year (FY) 2016-17 Budget and the 2016-2027 Capital Improvement Program (CIP), two Council budget work sessions were held (February and March) with Council to update them on revenue projections, property valuation changes, preliminary CIP projects and funding. Council provided guidance on issues such as property tax rate changes and approval of the ongoing and one-time General Fund forecast.
7. **“Budget Connect” Interactive Public Budget Meeting** – In February, citizens participated in a “virtual” public budget discussion called “Budget Connect.” This meeting was used to increase public awareness and involvement in the budget process by broadcasting the meeting on Local Cable Channel 11 and on the web. This forum provided citizens the opportunity to either attend in person or to participate from home by sending their questions by email, instant message or through social media networks.
8. **Updated 5-Year General Fund Ongoing and One-Time Forecast** – The General Fund revenues and expenditures were continuously monitored and reviewed, with the “Revised” forecast prepared in February. Even with an improving forecast, it is imperative that Council be frequently updated on the status of the General Fund Forecast so that they may make the most informed decisions possible. Staff provided a more current forecast to Council mid-way through the budget process by using updated revenue estimates from Departments, updated personnel estimates and the most up to date economic indicators.
9. **Departmental Budget Allocation/Proposed Budget** – In March, the CIP and Budget review was completed. Departments received notification of their base budgets, including one-time and ongoing adjustments. Departments (or, in some cases the Budget staff) then distributed their budget allocations using the online budget module. The results became the Proposed Budget that was later submitted to Council.
10. **Proposed Budget/CIP Booklet Development** – In April, the Budget Office prepared reports showing prior year actuals, current year budget, year-end estimated expenditures, and the Proposed Budget at the cost center and Department levels. Departments submitted narrative descriptions of significant budget and staffing changes to assist Council members and citizens with understanding where and why the City Budget was changing. Also included were cost center goals, objectives, and performance measurements with an emphasis on showing the effectiveness or quality of services provided. In addition to Department booklets, an Executive Summary booklet and Budget Highlights booklet were published to identify major issues and recommendations as well as budget policies, and a Resources booklet was published to identify the key revenues and other information related to funding sources.
11. **City Council Budget/CIP Briefing** – In late April, the City Manager introduced the budget and CIP to the Council for discussion and summarized the major issues affecting the budget at an all-day Council Budget Briefing. Department Directors or Division Managers presented their Proposed Budgets, highlighting significant changes affecting the ensuing fiscal year. CIP projects were also presented, along with associated operational/maintenance costs. The Council Budget Briefing was open to the public.
12. **Council Amendments** – In mid-May, proposed amendments were solicited from Council members and presented at a special meeting. Each proposed change was voted on by the Council, and the Proposed Budget was modified to reflect any approved amendments prior to presenting the Tentative Budget to Council for adoption.
13. **Tentative Budget Adoption** – The Tentative Budget was adopted by resolution in late May, which set the expenditure limitation for the City budget. No additional amendments were made.
14. **Public Hearing - Final Budget, CIP and Proposed Tax Levy** – In June, a public hearing was held during which the public was invited to comment on the Budget, CIP and Proposed Tax Levy.
15. **Final Budget and CIP Adoption** – Following the public hearing, the FY 2016-17 Budget and 2017-2026 CIP were adopted by Council.
16. **Adoption of Property Tax Levy** – The formal public hearing for the property tax levy was combined with the public hearing for the adoption of the budget (see above). The adoption of the Property Tax Levy was 14 days after the public hearing on the tax levy as required by state law.

Major Budget/Financial Issues

Despite some signs of an economic recovery, City staff continues to look for ways to maintain service level demands of our citizens with existing resources. This process is becoming a more difficult task each year with increased cost of services, increased medical and retirement costs, and rising utility and maintenance costs. As the economy begins to improve, there will likely be an expectation of new services, the restoration of some programs that were eliminated during the recession, and future wage and benefit increases for staff. It will be important to manage increases in budget and personnel so that ongoing programs continue to be paid for by ongoing revenues, and one-time “windfall” revenues are used for one-time expenditures.

The City Council and staff have worked diligently to attain financial stability, which helped the City deal with the economic downturn. To maintain this status, the City has developed a conservative budget that takes into account the current economy, the lag in recovery time between private and public sectors, and the otherwise unknown economic climate we continue to face each fiscal year. Chandler will continue to be a quality community that is fiscally healthy because of the commitment to a vision for Chandler by Council and staff utilizing resources in the most cost effective manner.

As Chandler looks to its long term growth, the City is projected to reach 95% residential build-out by 2026, with commercial build-out projected to occur by 2035. Employment build-out is projected between 2030 and 2040. These timelines play a role in future budget considerations; particularly in the capital programs, debt service planning, and State-shared revenues. The Management Services Department, Transportation & Development Department, and Economic Development Division will continue to work closely to validate that budget recommendations are in line with the anticipated growth patterns for the City.

The City Council also continues to refine the strategic goals for the City, which are included in the front of this section. These goals, for areas such as downtown vibrancy, economic growth, and improved transportation systems, also provide a future vision for the budget process as plans and financial commitments are identified and weighed against these strategic goals.

Even as general economic conditions improve, the City will undoubtedly be operating in a more constrained financial environment than we were pre-recession. As a result, the budget process will continue to be conservative, flexible, and realistic to meet the City’s ultimate objective of providing quality services to our citizens now and in the future.

One specific area of interest in the development of future budgets, is the long-term viability of our enterprise fund activities. Concerns include future infrastructure expansion for growth, replacing aging infrastructure, and necessary changes in rate structures to meet operating, capital, and debt service needs.

Water, Wastewater, and Reclaimed Water: Rate increases were implemented in October 2015 for Wastewater and Reclaimed Water to support debt service, the rising costs of operations, large capital projects that are necessary to support growth requirements, and replacement of aging infrastructure. At this time, no Water, Wastewater, or Reclaimed Water rate increases are anticipated until Fiscal Year (FY) 2017-18.

Solid Waste: Due to the increases to the waste collection contracts, a rate increase of 6% was implemented in October 2015. Capital projects for Solid Waste are minimal, so the emphasis is on monitoring contracts for probable future Consumer Price Index (CPI) and Fuel Index increases. At this time, no Solid Waste rate increases are anticipated until FY 2017-18.

Airport: The Airport enterprise fund supports the day-to-day operations of the Airport, debt service, and grant-match funding for capital projects. While the ultimate goal is for the Airport to be self-sufficient with revenues to meet operating, capital, and debt service needs; it is anticipated that the Airport Operating Fund will require an annual subsidy from the General Fund for the foreseeable future to offset capital maintenance shortfalls as infrastructure ages.



Employee Compensation

In June 2015, the City and ACE agreed to a two-year contract that provides all employees in the ACE group with a 1% salary adjustment beginning July 1, 2015, and a maximum 3.5% merit increase for eligible employees during the year. For Fiscal Year (FY) 2016-17, all ACE employees will receive a 1.5% salary adjustment effective July 1, 2016 and a maximum 3% merit increase for eligible members.

In June 2016, the City of Chandler reached agreements with four of its five union groups for FY 2016-17 pay and benefit compensation: SEIU Local 48 (Labor & Trades), IAFF Local 493 (Fire), CLEA (Police Officers), and CLASA (Police Sergeants).

SEIU: Under the provisions of a new contract effective July 1, 2016 through June 30, 2017, the City and SEIU agreed to a 1.5% salary adjustment beginning July 1, 2016 and a maximum 3.0% merit increase for eligible members.

IAFF: Under the provisions of a new contract effective July 1, 2016 through June 30, 2018, the City and IAFF agreed to a maximum 5.0% merit increase for eligible members in FY 2016-17 and FY 2017-18. For FY 2016-17 and FY 2017-18, a market adjustment will be applied, if necessary, following the August salary survey, which requires the maintenance of a minimum fourth place ranking as compared with other large valley cities. Additional FY 2016-17 provisions include: an increase in holiday pay from 9.12 to 10.5 hours for 56-hour employees (increase is from 6.51 to 7.5 hours for 40-hour employees); a change in the sick and vacation payment in lieu of accrual program to a non-pensionable status, and only for three years instead of renewing for up to six years (applies to any sworn Fire Department employee regardless of bargaining group membership); increase in the vacation payout option from 28 to 42 hours for 56-hour employees (increase is from 20 to 30 hours for 40-hour employees); and increased vacation accrual for those employees with more than five years of service.

CLEA and CLASA: Under the provisions of new contracts effective July 1, 2016 through June 30, 2018, the City, CLEA, and CLASA agreed a maximum 5.0% merit increase for eligible members in FY 2016-17 and FY 2017-18. CLEA and CLASA members will receive a market adjustment for FY 2016-17 and FY 2017-18, if necessary, to maintain the City's fourth place ranking as compared with other large valley cities. Additional FY 2016-17 provisions include: CLEA uniform allowance increase from \$750 to \$1,200; CLEA and CLASA longevity pay increase from 2.0% to 2.5% of the employee's base rate; CLEA and CLASA increases to deferred compensation matches from 1.0% to a maximum of 3.0% depending on how much the employee contributes and their length of service; a change in the sick and vacation payment in lieu of accrual program to a non-pensionable status (applies to any sworn Police Department employee regardless of bargaining group membership); CLEA increase in compensatory leave accrual limit from 80 to 90 hours; and CLEA increase in vacation payout from 20 to 35 hours.

General employees, which include confidential, professional, supervisors, mid-level managers, and directors (including the Police Chief and Fire Chief), will receive a 1.3% salary adjustment beginning July 1, 2016 and a maximum merit increase of 3.7% for eligible employees.

Police Lieutenants will receive merit increases and supervisory incentive pay for those eligible, the total of which is not to exceed 5.0%. Police Lieutenants will receive an increase in supervisory incentive pay from 2.0% to 2.5% of the employee's base rate. Police Commanders and Assistant Police Chiefs are eligible for a merit increase up to 5.0%, and Assistant Police Chiefs will receive a 1.3% salary adjustment. Police Lieutenants, Police Commanders, and Assistant Police Chiefs will receive increases to deferred compensation matches from 1.0% to a maximum of 3.0% depending on how much the employee contributes and their length of service.

Fire Battalion Chiefs will receive merit increases and supervisory incentive pay for those eligible, the total of which is not to exceed 5.0%. Assistant Fire Chiefs will receive up to a 5.0% merit increase for eligible employees. Both Fire Battalion Chiefs and Assistant Fire Chiefs will receive a salary adjustment based on the IAFF August salary survey. Fire Battalion Chiefs will receive an increase to their vacation payout from 28 to 42 hours for 56-hour employees (increase is from 20 to 30 hours for 40-hour employees), and Assistant Fire Chiefs will receive an increase to their vacation payout from 20 to 30 hours.

City Councilmembers will receive a 1.3% salary adjustment effective July 1, 2016, and will receive pay increases to arrive at a salary of \$32,500 for councilmembers and \$55,500 for the mayor effective January 1, 2017.

The City Magistrates will receive a 1.3% salary adjustment effective July 1, 2016.

The City Attorney, City Clerk, City Manager, and Presiding City Magistrate will not receive automatic salary adjustments for Fiscal Year (FY) 2016-17, but may receive adjustments during their annual contact negotiations.

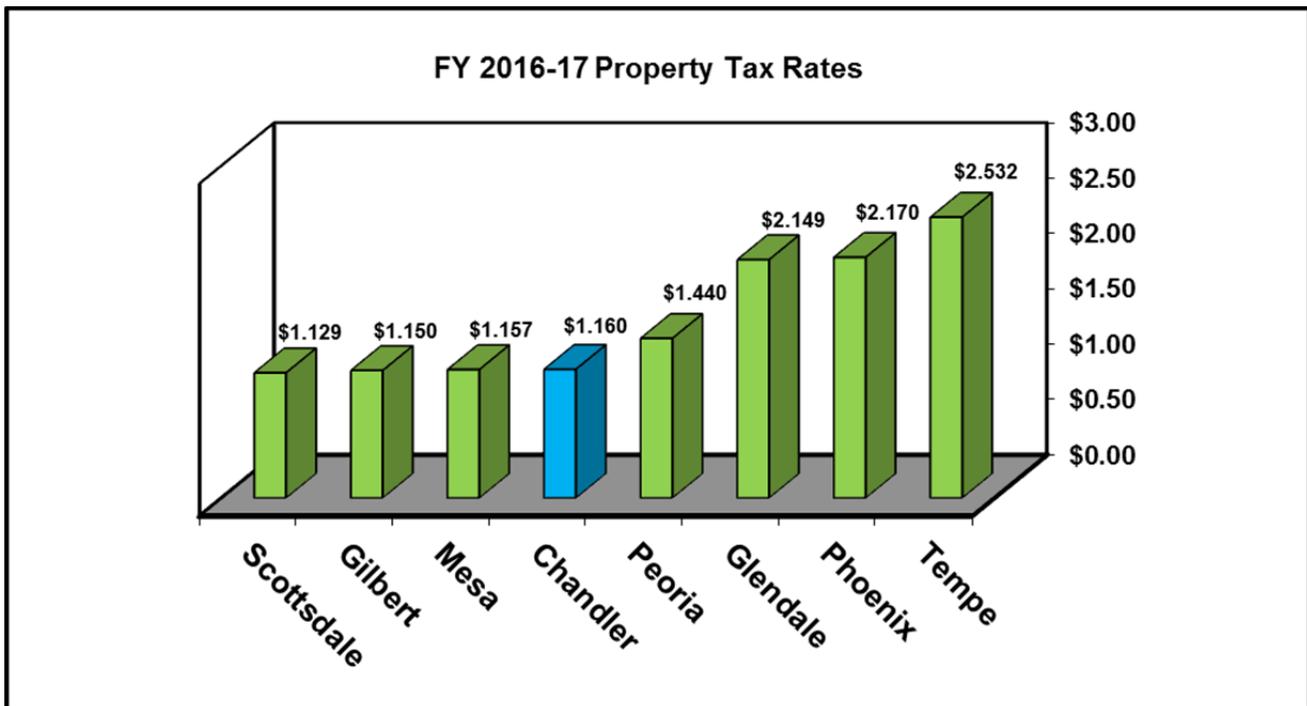
Temporary Employees will receive a 1.3% salary adjustment for FY 2016-17.

Retirement plan rates for FY 2016-17 for all employee groups are shown below:

- Arizona State Retirement System (ASRS)
 - Employer – 11.34% + 0.14% Long Term Disability = 11.48% total (increase of 0.01% from prior year)
 - Employee – 11.34% + 0.14% Long Term Disability = 11.48% total (increase of 0.01% from prior year)
 - Alternate Contribution Rate – 9.47% (increase of 0.11% from prior year)
- Public Safety Personnel Retirement System (PSPRS) – Fire
 - Employer – 27.27% (increase of 0.43% from prior year)
 - Employee – 11.65% (no change from prior year)
 - Alternate Contribution Rate – 15.61% (decrease of 13.01% from prior year)
- Public Safety Personnel Retirement System (PSPRS) – Police
 - Employer – 32.18% (increase of 0.6% from prior year)
 - Employee – 11.65% (no change from prior year)
 - Alternate Contribution Rate – 20.25% (decrease of 8.37% from prior year)
- Elected Officials Retirement Plan (EORP)
 - Employer – 23.50% (no change from prior year)
 - Member – 13.00% (no change from prior year)
- Elected Officials Defined Contribution Retirement System (EODCRS)
 - Employer – 6.00% + 17.50% Legacy Rate + 0.125% Long Term Disability = 23.625% total (no change from prior year)
 - Member – 8.00% + 0.125% Long Term Disability = 8.125% total (no change from prior year)

Property Tax

The City's combined property tax rate for Fiscal Year (FY) 2016-17 is \$1.16 per \$100 assessed valuation, reduced from \$1.1792 the previous year. The combined property tax rate includes a primary tax rate of \$0.29 used for general operations and a secondary tax rate of \$0.87 used for payment of general obligation bonded debt. The FY 2016-17 Property Tax Rates for Chandler and select local cities are shown on the chart below.



According to the Truth in Taxation Law, the City of Chandler is required to notify its property taxpayers of any increases in primary property taxes for existing property over the previous year. If the proposed primary tax levy, excluding amounts attributable to new construction, is greater than the amount levied by the City in the previous year, this would be considered a tax increase, even if the tax rate remained the same.

Arizona uses the limited property value for calculation of both primary and secondary taxes. Chandler's limited net assessed valuation for FY 2016-17 is \$2,553,971,787, which reflects a 7.29% increase compared to FY 2015-16. However, because the increase was attributed to a 5% increase in new growth, the Truth in Taxation process was not required. Chandler's primary property taxes are part of the General Fund revenues and are used for general operations. The FY 2016-17 primary tax rate was reduced from \$0.2992 to \$0.29 per \$100 of assessed valuation.

Secondary property taxes are restricted funds which are used to repay either the City's general obligation bonded debt or voter-approved budget overrides. The City's FY 2016-17 secondary property tax rate was reduced from \$0.88 to \$0.87 per \$100 of assessed valuation.

The property tax rate of \$1.16 per \$100 of assessed value is reflected in the Adopted Budget and results in a partial offset to higher property taxes paid by the median value homeowner.

General Fund Contingency

The Fiscal Year (FY) 2016-17 Adopted Budget incorporates a 15% General Fund Reserve. In accordance with the General Fund Contingency Reserve Policy, an appropriated, budgetary amount is set-aside for emergencies or unforeseen expenditures not otherwise budgeted. Having a contingency reserve protects our fiscal health by assuring sufficient funds are available to meet financial challenges in the future. This contingency reserve policy contributes positively to all three major rating agencies (Moody's, Standard and Poor's and Fitch) rating the City of Chandler's general obligation bonds at AAA, the highest rating a city can achieve. The higher the rating, the lower the interest rate the City pays for debt, resulting in millions of dollars in savings to Chandler taxpayers over the life of the bonds.

The 15% contingency reserve amount based on operating revenues is \$31.623 million in FY 2016-17. The reserve policy stipulates that appropriate uses include emergency situations, unexpected one time opportunities, and appropriation transfers to allow spending in other funds. Funds have been appropriated for one-time expenditures or placed in either "designated reserves" or "restricted reserves" for legal obligations or future pay-as-you-go projects. A Budget Stabilization reserve was created in FY 2010-11 for a three year period to add additional security as the City responded to the impact of an unpredictable economic recession. The Stabilization Reserve was not used in the FY 2012-13 budget, but was re-established at \$5 million in the FY 2013-14 budget and increased to \$15 million in the FY 2014-15 budget as a precaution against unforeseen legislative changes, economic changes, or other impacts on the budget and remains at \$15 million for FY 2016-17.



Budget Reallocations/Reductions

Departments are continually refining internal budgets to put financial resources in the most appropriate areas. As part of the budget process, several departments reduced their ongoing budgets to support requirements in other departments, as shown below.

Department	General Fund Reallocations	Reallocation Amount	For
City Manager	Reduction in travel/lodging/meals budget	\$ 2,500	Management Services Travel/lodging/meals budget
Cultural Affairs	Reduction in temporary budget	61,807	Cultural Affairs Salaries and Benefits budget
Management Services	Reduction in overtime budget	2,067	Communications & Public Affairs Overtime budget

Amendments to Proposed Budget

In addition to the 15% contingency, one-time and ongoing reserves have been set-aside to provide Council with the ability to fund additional programs or projects during the budget amendment process. For FY 2016-17, the one-time funds set aside totaled \$325,000 and available ongoing funds were \$75,000. Council allocated \$389,000 of the \$400,000 total available. The application of those funds for FY 2016-17 are detailed in the table below. The \$11,000 remaining after the budget adoption will be available for the Council to vote to apply to needs identified during the course of the fiscal year.

Department	Council Amendments	Ongoing \$ 75,000	One-time \$ 325,000	Total \$ 400,000
Community & Neighborhood Services Capital Improvement Program	Cold water drinking fountains at Chuparosa, Folley, and Espee Parks	-	21,000	21,000
Community & Neighborhood Services Capital Improvement Program	Artificial turf between the tennis courts at the Chandler Tennis Center	-	37,000	37,000
Community & Neighborhood Services Capital Improvement Program	Two ballfield shade structures at Espee Park	-	30,000	30,000
Community & Neighborhood Services Capital Improvement Program	One ballfield shade structure at Nozomi Park	-	60,000	60,000
Community & Neighborhood Services Capital Improvement Program	Shade structures for seating areas at the Chandler Tennis Center	-	70,000	70,000
Community & Neighborhood Services Capital Improvement Program	Shade structures for Arrowhead Pool, Desert Oasis Aquatic Center, and Nozomi Pool	-	100,000	100,000
Community & Neighborhood Services Capital Improvement Program	One "junior height" basketball hoop at Chuparosa Park	-	5,000	5,000
Non-Department	Chandler Education Coalition Early Literacy Campaign with matching funds from the school district	-	10,000	10,000
Non-Department	Domestic Violence Commission Breakfast	-	1,000	1,000
Police	Social Media Intern at the Police Department	-	12,000	12,000
Police	Cybercrime Training for Police Department staff	-	25,000	25,000
Communications & Public Affairs	Social Media Archiving	8,000	-	8,000
Non-Department	Future opportunities for City to City connections	5,000	-	5,000
Police	Training for the Police Special Assignment Unit	5,000	-	5,000
Total Council Contingency Used		\$ 18,000	\$ 371,000	\$ 389,000
	Amount transferred from Ongoing Council Contingency to One-time Council Contingency	\$ 46,000	\$ (46,000)	\$ -
Remaining Council Contingency Balance		\$ 11,000	\$ -	\$ 11,000



Fiscal Year (FY) 2016-17 Budgetary Additions

The City of Chandler is committed to continually identify efficiencies in operations and service delivery. The reductions and adjustments over the past several years have helped shaped a budget that is lean, but structurally sound to support programs and services required by the citizens. While there are no major Department-level reductions and reallocations, the individual Departments are continually refining internal budgets to put financial resources in the most appropriate areas.

The FY 2016-17 Adopted Budget includes requests for essential ongoing or one-time funding to either maintain service levels, to cover costs for new programs, or to add funding to operating budgets as a result of new capital infrastructure (completed or to be completed in FY 2016-17). The following pages contain the FY 2016-17 Summary of Recommended Additions for the General Fund and Other Funds, followed by a brief explanation of each (table starts on next page).

In order to provide Council and citizens with a summary view of all the Decision Package requests, the table below lists ongoing and one-time requested amounts along with the amounts that were actually approved. The difference shows the change in the approved amount versus the amount requested. For example, the chart shows that there was \$12,229,912 requested by departments from General Fund and \$6,986,134 was approved in the Adopted Budget.

Decision Package Comparative Summary

	Requested*	Approved*	Difference*
General Fund			
Personnel Ongoing	\$ 4,139,725	\$ 1,132,780	\$ (3,006,945)
Other Ongoing	1,786,803	1,192,891	(593,912)
Personnel One-Time	357,375	227,421	(129,954)
Other One-Time	5,946,009	4,433,042	(1,512,967)
Total	\$ 12,229,912	\$ 6,986,134	\$ (5,243,778)
Enterprise Funds			
Personnel Ongoing	\$ 205,197	\$ 196,395	\$ (8,802)
Other Ongoing	132,320	132,320	-
Personnel One-Time	-	196,396	196,396
Other One-Time	4,660	4,660	-
Total	\$ 342,177	\$ 529,771	\$ 187,594
Self Insurance Funds			
Personnel Ongoing	\$ -	\$ -	\$ -
Other Ongoing	359,335	359,335	-
Personnel One-Time	-	-	-
Other One-Time	76,500	76,500	-
Total	\$ 435,835	\$ 435,835	\$ -
Police Forfeiture Funds			
Personnel Ongoing	\$ -	\$ -	\$ -
Other Ongoing	-	-	-
Personnel One-Time	-	-	-
Other One-Time	1,315,000	1,315,000	-
Total	\$ 1,315,000	\$ 1,315,000	\$ -
Impact/System Development Fee Funds			
Personnel Ongoing	\$ -	\$ -	\$ -
Other Ongoing	-	-	-
Personnel One-Time	-	-	-
Other One-Time	30,000	30,000	-
Total	\$ 30,000	\$ 30,000	\$ -
Special Revenue Funds			
Personnel Ongoing	\$ -	\$ -	\$ -
Other Ongoing	-	-	-
Personnel One-Time	-	-	-
Other One-Time	50,000	50,000	-
Total	\$ 50,000	\$ 50,000	\$ -
Overall Total			
Personnel Ongoing	\$ 4,344,922	\$ 1,329,175	\$ (3,015,747)
Other Ongoing	2,278,458	1,684,546	(593,912)
Personnel One-Time	357,375	423,817	66,442
Other One-Time	7,422,169	5,909,202	(1,512,967)
Total	\$ 14,402,924	\$ 9,346,740	\$ (5,056,184)

*Does not include revenue offsets.



Budget Policies, Process and Decisions

Fiscal Year (FY) 2016-17 Summary of Additions – General Fund

Dept/ Division	Addition	FTE	APPROVED AMOUNTS				Total
			Personnel Ongoing	Other Ongoing	Personnel One-Time	Other One-Time	
Buildings and Facilities							
	Fire Station #1 Conversion*		\$ -	\$ 5,500	\$ -	\$ -	\$ 5,500
	Work Tablets for Facility Maintenance Staff		-	6,069	-	26,600	32,669
	Building Plumbing Preventive Maintenance Service		-	40,000	-	-	40,000
	Energy Management Programmer		-	-	-	85,000	85,000
	Electrician Helper - Temporary		-	-	-	60,000	60,000
	Articulating Lift		-	-	-	45,000	45,000
	Buildings and Facilities Total	0.00	\$ -	\$ 51,569	\$ -	\$ 216,600	\$ 268,169
CAPA							
	City Hall Security (Management Services partial offset)		\$ 3,001	\$ 3,000	\$ -	\$ -	\$ 6,001
	5th Floor Administrative Assistant		36,000	1,010	-	2,896	39,906
	Social Media Online Hub		-	-	-	15,000	15,000
	Cable Access Channel (100% revenue offset)		-	-	-	200,000	200,000
	Video Production and Photography Contract		-	-	-	50,000	50,000
	Web Site Design		-	-	-	150,000	150,000
	Print Finishing Equipment		-	-	-	29,000	29,000
	CAPA Total	0.00	\$ 39,001	\$ 4,010	\$ -	\$ 446,896	\$ 489,907
City Clerk							
	Recording Fee (\$1,500 revenue offset)		\$ -	\$ 2,500	\$ -	\$ 1,500	\$ 4,000
	Election 2016		-	-	-	200,000	200,000
	City Clerk Total	0.00	\$ -	\$ 2,500	\$ -	\$ 201,500	\$ 204,000
City Magistrate							
	Armored Car Services (Court Enhancement Fund) (100% revenue offset)		\$ -	\$ 4,200	\$ -	\$ -	\$ 4,200
	City Magistrate Total	0.00	\$ -	\$ 4,200	\$ -	\$ -	\$ 4,200
City Manager - Planning							
	On Call Temporary Services		\$ -	\$ -	\$ 77,001	\$ -	\$ 77,001
	City Manager Total	0.00	\$ -	\$ -	\$ 77,001	\$ -	\$ 77,001
Community & Neighborhood Services							
	Armored Courier Service for Environment Education Center, Community Center, Tumbleweed Recreation Center, and Snedigar Recreation Center		\$ -	\$ 12,745	\$ -	\$ -	\$ 12,745
	4th of July Celebration		-	15,000	-	-	15,000
	Paseo Vista Recreation Area Landscape Maintenance		-	50,000	-	-	50,000
	Aquatic Temporary Salary Supplement		10,001	-	-	-	10,001
	Increase Tennis Center Operational Hours (100% revenue offset)	0.25	16,515	5,500	-	-	22,015
	Recreation Coordinator I (Aquatics)	1.00	88,838	8,460	-	1,786	99,084
	Lap Swim Program - Desert Oasis Aquatic Center (100% revenue offset)		12,130	24,562	-	1,500	38,192
	American Red Cross Authorize Provider Fees (100% revenue offset)		-	10,525	-	-	10,525
	Tumbleweed Parade of Lights - Winner Prize Money (100% revenue offset)		-	1,250	-	-	1,250
	Special Event Vendors (\$3,800 revenue offset)		-	3,800	-	-	3,800
	Fire Station Landscape Maintenance		-	30,000	-	-	30,000
	Special Events - Trash Can Rentals (\$3,000 revenue offset)		-	3,000	-	-	3,000
	Community Center/Downtown Stage Event Parking Staff		-	-	4,501	-	4,501
	Wheelchair Accessible 14-Passenger Bus		-	-	-	68,000	68,000
	Aquatic Maintenance Technician		-	-	-	80,000	80,000

*CIP related



Budget Policies, Process and Decisions

Fiscal Year (FY) 2016-17 Summary of Additions – General Fund (continued)

Dept/ Division	Addition	FTE	APPROVED AMOUNTS				Total
			Personnel Ongoing	Other Ongoing	Personnel One-Time	Other One-Time	
Community & Neighborhood Services (continued)							
	Parks Maintenance Technician		\$ -	\$ -	\$ -	\$ 79,080	\$ 79,080
	Tumbleweed Recreation Center Security Cameras		-	-	-	28,800	28,800
	Tumbleweed Recreation Center Tree House Playground		-	-	-	25,000	25,000
	Tumbleweed Recreation Center Playground Shade Structure		-	-	-	30,000	30,000
	Downtown Stage Additions		-	-	-	32,600	32,600
	Tumbleweed Recreation Center Audio/Video		-	-	-	52,000	52,000
	Senior Center Needs Assessment		-	-	-	50,000	50,000
	Chandler Jazz Festival		-	-	-	40,000	40,000
	Tennis Tournaments (100% revenue offset)		-	-	600	5,450	6,050
	Diversity Events		-	10,000	-	-	10,000
	Volunteer Recognition - For Our City		-	3,000	-	-	3,000
	Neighborhood Events - For Our City		-	8,000	-	-	8,000
	VITA - Volunteer Income Tax Assistance Program		-	-	-	6,000	6,000
	Housing & Neighborhood Wi-Fi		-	-	-	50,000	50,000
	For Our City - Op Back to School/FOC Breakfast (100% revenue offset)		-	-	-	50,000	50,000
	Celebration of Unity/MLK Events (100% revenue offset)		-	-	-	50,000	50,000
	Indian Art Market (100% revenue offset)		-	-	-	10,000	10,000
	Garibaldi Night (100% revenue offset)		-	-	-	10,000	10,000
	Neighborhood Programs Tool Trailer		-	-	-	18,950	18,950
	Community & Neighborhood Services Total	1.25	\$ 127,484	\$ 185,842	\$ 5,101	\$ 689,166	\$ 1,007,593
Cultural Affairs							
	Library - Security for Downtown & Sunset Locations		\$ -	\$ 59,500	\$ -	\$ -	\$ 59,500
	Chandler Museum Color Copier		-	430	-	6,340	6,770
	Library - Regular Part Time Library Assistants (\$61,807 budget reduction in O&M Temporary)	1.50	136,308	-	-	-	136,308
	Public Art Maintenance Fund		-	5,000	-	-	5,000
	Library - Van		-	2,962	-	25,555	28,517
	Temporary Services - Library		3,932	-	-	-	3,932
	Center for the Arts - Armored Car Service		-	4,159	-	-	4,159
	Library - Armored Car Service		-	11,110	-	-	11,110
	Relocating the Chandler Museum Collection		-	-	5,000	12,000	17,000
	School Field Trips and Programs at Chandler Museum		-	-	5,844	-	5,844
	Grand Piano Refurbishment (\$4,875 revenue offset)		-	-	-	9,750	9,750
	Rolling Unit Mobile Walls Replacement		-	-	-	10,000	10,000
	High Definition Cameras		-	-	-	7,500	7,500
	Exterior Color Wheel Replacement		-	-	-	18,000	18,000
	Chandler Historical Society Luncheon		-	-	-	4,500	4,500
	Chandler Symphony Orchestra		-	-	-	40,000	40,000
	Cultural Affairs Total	1.50	\$ 140,240	\$ 83,161	\$ 10,844	\$ 133,645	\$ 367,890
Economic Development							
	Economic Development Export Assistance Program		\$ -	\$ 8,600	\$ -	\$ 2,000	\$ 10,600
	Strategic Business Attraction Funding		-	10,000	-	-	10,000
	Economic Development Marketing Initiative		-	-	-	34,000	34,000
	Entrepreneurial & Small Business Development Svcs		-	-	-	250,000	250,000
	Tourism Funding		-	-	-	63,500	63,500
	Innovations Technology Incubator		-	-	-	25,000	25,000
	Science Saturday Event - Sponsorship (100% revenue offset)		-	-	-	5,000	5,000
	Economic Development Total	0.00	\$ -	\$ 18,600	\$ -	\$ 379,500	\$ 398,100

*CIP related



Fiscal Year (FY) 2016-17 Summary of Additions – General Fund (continued)

Dept/ Division	Addition	FTE	APPROVED AMOUNTS				Total
			Personnel Ongoing	Other Ongoing	Personnel One-Time	Other One-Time	
Fire, Health & Medical Department							
	Training Center Expansion*		\$ -	\$ 11,173	\$ -	\$ -	\$ 11,173
	Electronic Patient Care Reporting		-	57,000	-	50,000	107,000
	Fire Vehicle Automotive Supplies		-	30,000	-	-	30,000
	Motor Pool Automotive Supplies		-	8,000	-	-	8,000
	Car Seat Program		-	-	20,000	-	20,000
	Medical Equipment Inventory Control System		-	-	-	184,000	184,000
	Back-up Cameras for Emergency Vehicles		-	-	-	10,000	10,000
	Transmission Cooler Presumptive Maintenance		-	-	-	25,000	25,000
	Grant Match Funds		-	-	-	120,000	120,000
	Fire, Health & Medical Department Total	0.00	\$ -	\$ 106,173	\$ 20,000	\$ 389,000	\$ 515,173
Human Resources							
	Employee Service Recongnition Program		\$ -	\$ 10,000	\$ -	\$ -	\$ 10,000
	NEOGOV (On-Boarding)		-	18,585	-	6,000	24,585
	Training Rooms: New & Replacemnt Equipment		-	500	-	5,300	5,800
	Social Media Recruitment		-	-	-	2,000	2,000
	Human Resources Total	0.00	\$ -	\$ 29,085	\$ -	\$ 13,300	\$ 42,385
Information Technology (IT)							
	Support and Maintenance		\$ -	\$ 51,900	\$ -	\$ -	\$ 51,900
	Primary Internet Connection		-	26,000	-	-	26,000
	Mobile Device Technician	1.00	93,201	2,155	-	2,111	97,467
	Web Developer	1.00	120,022	2,155	-	2,111	124,288
	Network Connectivity Security*		-	38,000	-	-	38,000
	IBM Domino Application Migration		-	-	-	150,000	150,000
	IT Help Desk Phone Support Position		-	-	49,275	-	49,275
	Cyber Security Malware Protection		-	-	-	40,000	40,000
	Information Technology Total	2.00	\$ 213,223	\$ 120,210	\$ 49,275	\$ 194,222	\$ 576,930
Information Technology Oversight Committee (ITOC)							
	Information Technology Oversight Committee Projects*		\$ -	\$ 100,000	\$ -	\$ -	\$ 100,000
	ITOC Total	0.00	\$ -	\$ 100,000	\$ -	\$ -	\$ 100,000
Law							
	Office Reconfigurations		\$ -	\$ -	\$ -	\$ 30,400	\$ 30,400
	Law Total	0.00	\$ -	\$ -	\$ -	\$ 30,400	\$ 30,400
Management Services							
	Annual City Audit Fees		\$ -	\$ 3,000	\$ -	\$ -	\$ 3,000
	Armored Car Services - Utilities and Accounting		-	6,000	-	-	6,000
	Software Licensing and Hardware		-	2,977	-	210	3,187
	Professional Development (City Manager offset)		-	2,500	-	-	2,500
	Tax Mantra Support and Maintenance		-	-	-	45,943	45,943
	Arbitrage Compliance Consulting Service		-	-	-	13,550	13,550
	Management Services Total	0.00	\$ -	\$ 14,477	\$ -	\$ 59,703	\$ 74,180
Non-Departmental							
	Consultant Services for Various Citywide Studies		\$ -	\$ 55,000	\$ -	\$ -	\$ 55,000
	Citywide Banking Fees		-	-	-	55,000	55,000
	East Valley Partnership Branding & Public Relations		-	-	-	7,500	7,500
	Non-Departmental Total	0.00	\$ -	\$ 55,000	\$ -	\$ 62,500	\$ 117,500

*CIP related



Budget Policies, Process and Decisions

Fiscal Year (FY) 2016-17 Summary of Additions – General Fund (continued)

Dept/ Division	Addition	FTE	APPROVED AMOUNTS				Total
			Personnel Ongoing	Other Ongoing	Personnel One-Time	Other One-Time	
Police Department							
	911 Center Console Workstations*		\$ -	\$ 2,560	\$ -	\$ -	\$ 2,560
	Civilian Range Instructors	2.00	179,272	4,700	-	-	183,972
	Police Investigative Specialist (Housing)	1.00	75,814	16,455	-	38,533	130,802
	Civilian Admin/Fleet Supervisor	1.00	99,411	1,700	-	-	101,111
	Arizona Humane Society Contract		-	35,000	-	-	35,000
	Security Camera System Replacement*		-	20,000	-	-	20,000
	Domestic Violence Prevention Funds (100% revenue offset)		-	15,000	-	-	15,000
	Bank Charges Related to Armored Car Services		-	4,158	-	-	4,158
	Crime Analyst Contract Extension		-	-	-	78,225	78,225
	Latent Print Case Management Software		-	-	-	115,000	115,000
	Weapon Mounted Lights and Holsters		-	-	-	95,000	95,000
	HB2455 Weapons Proceeds (100% revenue offset)		-	-	-	75,000	75,000
	Police Department Total	4.00	\$ 354,497	\$ 99,573	\$ -	\$ 401,758	\$ 855,828
Transportation & Development (T&D)							
	Transit Maintenance and Operations		\$ -	\$ 21,000	\$ -	\$ -	\$ 21,000
	Landscape Maintenance & Utilities		-	41,121	-	-	41,121
	Dial-A-Ride		-	100,000	-	-	100,000
	Street Maintenance Coordinator Position	1.00	93,241	9,033	-	34,811	137,085
	Two Asphalt Senior Streets Specialist Positions	2.00	165,094	11,680	-	11,000	187,774
	SharePoint Project Management Tool*		-	129,150	-	11,375	140,525
	Chief Building Inspector Vehicle		-	3,147	-	19,636	22,783
	Monitors & Software for T&D		-	3,360	-	23,180	26,540
	On-Call Temporary Services - Temp (5118)		-	-	65,200	-	65,200
	On-Call Temporary Services - Contract (5219)		-	-	-	100,600	100,600
	Street Maintenance Program		-	-	-	1,000,000	1,000,000
	Street Sweeper 5.7% Grant Match		-	-	-	14,250	14,250
	Transportation and Development Total	3.00	\$ 258,335	\$ 318,491	\$ 65,200	\$ 1,214,852	\$ 1,856,878
	GRAND TOTAL GENERAL FUNDS	11.75	\$ 1,132,780	\$ 1,192,891	\$ 227,421	\$ 4,433,042	\$ 6,986,134
	Budget Reductions		<i>(63,874)</i>	<i>(2,500)</i>	-	-	<i>(66,374)</i>
	Revenue Offsets		<i>(16,000)</i>	<i>(42,657)</i>	<i>(600)</i>	<i>(410,325)</i>	<i>(469,582)</i>
	TOTAL GENERAL FUND REFLECTING OFFSETS	11.75	\$ 1,052,906	\$ 1,147,734	\$ 226,821	\$ 4,022,717	\$ 6,450,178

*CIP related

General Fund Net Additions Summary:	Total Ongoing	Total One-Time	Total
Ongoing Department Additions	\$ 2,200,640	\$ -	\$ 2,200,640
One-Time Department Additions	-	4,249,538	4,249,538
Total General Fund Reflecting Offsets:	\$ 2,200,640	\$ 4,249,538	\$ 6,450,178



Budget Policies, Process and Decisions

Fiscal Year (FY) 2016-17 Summary of Additions – Other Funds

Dept/ Division	Addition	FTE	APPROVED AMOUNTS				Total	
			Personnel Ongoing	Other Ongoing	Personnel One-Time	Other One-Time		
Airport	Airport Security Gate Operators		\$ -	\$ 10,000	\$ -	\$ -	\$ 10,000	
	Airport Operating Fund Total	0.00	\$ -	\$ 10,000	\$ -	\$ -	\$ 10,000	
Human Resources	Blue Cross Blue Shield Self-Funded Admin Expenses (100% revenue offset)		\$ -	\$ 25,000	\$ -	\$ -	\$ 25,000	
	Medical Self Insurance Trust Fund Total	0.00	\$ -	\$ 25,000	\$ -	\$ -	\$ 25,000	
	Excess Stop/Loss Ins. & Premium Insurance		\$ -	\$ 72,835	\$ -	\$ -	\$ 72,835	
	Worker's Comp Strategic Risk Plan		-	-	-	50,000	50,000	
	Workers Comp Self Insurance Trust Fund Total	0.00	\$ -	\$ 72,835	\$ -	\$ 50,000	\$ 122,835	
Law	Insurance Premiums Increases		\$ -	\$ 201,500	\$ -	\$ -	\$ 201,500	
	Distributed Denial of Service Protection		-	60,000	-	-	60,000	
	Office Reconfiguration		-	-	-	26,500	26,500	
	Insured Liability Self Insurance Fund Total	0.00	\$ -	\$ 261,500	\$ -	\$ 26,500	\$ 288,000	
Municipal Utilities	Ocotillo Water Reclamation Facility Expansion	4.00	\$ 196,395	\$ 2,320	\$ 196,396	\$ 4,660	\$ 399,771	
	Wastewater Operating Fund Total	4.00	\$ 196,395	2320.00	\$ 196,396	\$ 4,660	\$ 399,771	
	Paseo Vista Recreation Area Contract Maintenance		\$ -	\$ 120,000	\$ -	\$ -	\$ 120,000	
	Solid Waste Operating Fund Total	0.00	\$ -	\$ 120,000	\$ -	\$ -	\$ 120,000	
Non-Departmental	Biennial Audit of Impact Fees		\$ -	\$ -	\$ -	\$ 30,000	\$ 30,000	
	Vaious Impact Funds Total	0.00	\$ -	\$ -	\$ -	\$ 30,000	\$ 30,000	
Police Department	Planned Forfeiture Fund Projects		\$ -	\$ -	\$ -	\$ 1,315,000	\$ 1,315,000	
	Police Forfeiture Fund Total	0.00	\$ -	\$ -	\$ -	\$ 1,315,000	\$ 1,315,000	
Transportation & Development	Transit Maintenance and Operations		\$ -	\$ -	\$ -	\$ 50,000	\$ 50,000	
	Local Transportation Assistance Fund Total	0.00	\$ -	\$ -	\$ -	\$ 50,000	\$ 50,000	
GRAND TOTAL OTHER FUNDS			4.00	\$ 196,395	\$ 491,655	\$ 196,396	\$ 1,476,160	\$ 2,360,606
Revenue Offsets				-	(25,000)	-	-	(25,000)
TOTAL OTHER FUND REFLECTING OFFSETS			4.00	\$ 196,395	\$ 466,655	\$ 196,396	\$ 1,476,160	\$ 2,335,606
GRAND TOTAL ALL FUNDS			15.75	\$ 1,329,175	\$ 1,684,546	\$ 423,817	\$ 5,909,202	\$ 9,346,740
ALL Budget Reductions				(63,874)	(2,500)	-	-	(66,374)
ALL Revenue Offsets				(16,000)	(67,657)	(600)	(410,325)	(494,582)
TOTAL ALL FUNDS REFLECTING OFFSETS			15.75	\$ 1,249,301	\$ 1,614,389	\$ 423,217	\$ 5,498,877	\$ 8,785,784

* CIP related



Fiscal Year (FY) 2016-17 Budgetary Additions to General Fund

The Adopted Budget contains the following additions to the General Fund. The ongoing costs include any salaries, benefits, and costs such as expendable equipment and supplies associated with positions. Any one-time costs associated with position(s) are presented in the one-time cost column. This section does not reflect any offsets for increased revenue or contract savings. This section is, however, a presentation of total budget appropriations added to Departments for FY 2016-17.

	<u>Ongoing Cost</u>	<u>One-time Cost</u>
<u>Buildings and Facilities</u>		
Ongoing funding for janitorial supplies associated with custodial cleaning of the old Fire Station #1. The facility will now be used by the Police Department and will require janitorial supplies.	\$ 5,500	\$
One-time funding for the purchase of 7 tablets for the Buildings and Facilities maintenance staff. Ongoing funding for contributions to the Technology Replacement Fund and wireless costs. These tablets will allow staff quicker access to the Lucity work order system as well as the access control and energy control software creating greater efficiency.	6,069	26,600
Ongoing funding for semi-annual cleaning of the main plumbing pipes at all fire and police stations, main library, Senior Center, and Community Center. This plumbing preventative maintenance program would be performed as a contract service by a firm that specializes in high pressure cleaning for commercial and industrial facilities to remove all obstructions that can cause backups.	40,000	
One-time funding for a contractual position to manage the Energy Management System. This contract will provide the technical skills to control the air conditioning and lighting for 20 City buildings. A dedicated person will be able to analyze the various reports provided by the system and provide real-time response.		85,000
One-time funding for a contractual position to provide labor and equipment to assist with maintaining the Park Division electrical systems. Currently 1 employee is responsible for electrical support to 64 parks. Adding a contractual position will significantly improve support and enhance the preventative maintenance program.		60,000
One-time funding for the purchase of a used 45-foot articulating one-man lift to maintain light fixtures at various City buildings. The Tumbleweed Recreation Center, City Hall, various parks, and Chandler Park-And-Ride all have light fixtures that can only be reached with an articulating lift.		45,000
<u>CAPA</u>		
Ongoing funding for overtime and on-call contracted security. Overtime funding will be used to cover the Security Officers' presence when required outside of the regularly scheduled working hours. Contracted services will provide security coverage when the Security Officer is absent for professional training or on leave.	6,001	
Ongoing and one-time funding for a part-time temporary Administrative Assistant position for the 5 th floor lobby. This position will enhance the quality of service provided to customers at City Hall and support the City's economic development efforts.	37,010	2,896



Fiscal Year (FY) 2016-17 Budgetary Additions to General Fund (continued)

	<u>Ongoing Cost</u>	<u>One-time Cost</u>
<u>CAPA (continued)</u>		
One-time funding for a subscription-based service to improve the City's ability to present information and interact through social media. These services provide tools that integrate with the City's website allowing for a one stop shop for communication from all City departments benefiting our ability to reach more people across all of our 100+ social media accounts.	\$	\$ 15,000
One-time funding to utilize contributions from CenturyLink and Cox Communications for governmental programming on Channel 11. Per the agreement terms these funds are used for the operation and programming of the public, education and government channels.		200,000
One-time funding to contract with companies who specialized in video production and photography to improve quality and inventory of video and multimedia content. Improving the quality of the City's inventory of video and multimedia content will further our ability to showcase Chandler and communicate with residents, businesses, and visitors.		50,000
One-time funding to design and build a new City website. This will address City Council and Department requests for a more robust web presence incorporating video, photography and multimedia into a mobile first design approach, given the growth of web visits from mobile devices and tablets.		150,000
One-time funding for the purchase print finishing equipment including maintenance and service. This equipment will improve internal capabilities to fulfill internal requests for business cards, postcards, and other print materials reducing the need to outsource some print jobs.		29,000
<u>City Clerk</u>		
Ongoing funding for document recording fees, partially offset by revenues received from developers to record land plats. The City Clerk's Office funds one account with the Maricopa County Recorder for document recording services, and needs additional funds to cover tax liens and releases generated by the Management Services Department, and land plats recorded by the Transportation & Development Department.	2,500	1,500
One-time funding for costs associated with 2016 City elections, including election delivery payments to Maricopa County Elections Department, publicity pamphlet printing costs, and translation costs.		200,000
<u>City Magistrate</u>		
Ongoing funding for armored car service. Costs will be 100% offset by revenues. These services eliminate the City's exposure to risk in transporting funds between City facilities and the bank.	4,200	
<u>City Manager – Planning</u>		
One-time funding for temporary plan reviews to accommodate demand peaks to maintain current service levels instead of adding staff.		77,001



Fiscal Year (FY) 2016-17 Budgetary Additions to General Fund (continued)

	<u>Ongoing Cost</u>	<u>One-time Cost</u>
<u>Community & Neighborhood Services</u>		
Ongoing funding for armored car service for Environment Education Center, Community Center, Tumbleweed Recreation Center, and Snedigar Recreation Center. These services eliminate the City's exposure to risk in transporting funds between City facilities and the bank.	\$ 12,745	\$
Ongoing funding for the 4th of July Celebration to supplement existing ongoing funding of \$35,000 in order to award a guaranteed amount of \$50,000 to the selected event producer.	15,000	
Ongoing funding for landscape maintenance at the Paseo Vista Recreation Area to maintain 34 acres including pruning of trees and shrubs, weed and trash control, playground surface maintenance, and raking decomposed granite areas.	50,000	
Ongoing funding for aquatics temporary salary supplement. The Aquatics Division has converted temporary funding over the past few years to accommodate other personnel needs, and requires additional funding to reinstate available funds.	10,001	
Ongoing funding, partially offset by revenues, to increase operational hours at the Tennis Center, including increased the Customer Service Representative position from 0.75 FTE to 1.0 FTE. Increasing operational hours will provide additional mid-day court time during the week and additional weekend court time, allowing for additional adult drop-in programs, Friday youth clinics, additional weekend leagues, and general drop-in play.	22,015	
Ongoing and one-time funding for a full-time Recreation Coordinator I and associated costs for the Aquatics Division to manage new program demands. This position will assist with the increased Aquatics workload, including running aquatics programs, providing community water safety outreach services, developing and providing aquatic training protocols, and keeping training standards and documentation current.	97,298	1,786
Ongoing and one-time funding, partially offset by revenues, to expand the year-round lap swim program at Desert Oasis Aquatic Center based on citizen requests. This new location will provide 153 days of service in addition to the existing 200 days offered at Mesquite Groves and Hamilton Aquatic Centers.	36,692	1,500
Ongoing funding, to cover fees charged by the American Red Cross for classes for staff pursuant to the Authorized Provider Agreement. Costs will be 100% offset by revenues received from the class participants.	10,525	
Ongoing funding for Tumbleweed Parade of Lights prize money for 9 winners in various parade categories. Costs will be 100% offset by revenues received from parade registration fees.	1,250	
Ongoing funding for costs associated with 5 City-produced special events, including printed layouts, open flame permits, and generators. Costs will be 100% offset by revenues received from vendor payments to secure a designated space at each special event.	3,800	



Fiscal Year (FY) 2016-17 Budgetary Additions to General Fund (continued)

	<u>Ongoing Cost</u>	<u>One-time Cost</u>
<u>Community & Neighborhood Services (continued)</u>		
Ongoing funding for fire station landscape maintenance. This package is to reinstate services provided by contractors, such as weed control and trimming that had been performed by Fire, Health & Medical staff at each station.	\$ 30,000	\$
Ongoing funding for trash can rentals for special events due to increased numbers of trash cans requested. Costs will be 100% offset by revenues received from special event producers.	3,000	
One-time funding to provide adequate customer service and parking for Community Center rental patrons. The addition of the downtown stage has resulted in parking issues for paying rental clientele utilizing the Community Center.		4,501
One-time funding for a wheelchair accessible 14-passenger bus to replace a low mileage 15-passenger van. This vehicle will be used to transport participants of all ages to and from event sites and on excursions.		68,000
One-time funding to assist with annual service and maintenance of the aquatic centers, including daily chemical balancing, cleaning strainer baskets and skimmers, cleaning and maintaining the chlorinator, maintaining diving boards, plumbing services, and maintaining splash pads.		80,000
One-time funding for contract labor to provide maintenance and repairs for City parks, including maintenance and repair of playgrounds, irrigation systems, plumbing, park furniture, fencing, doors/gates, and graffiti removal.		79,080
One-time funding for the purchase and installation of security cameras at Tumbleweed Recreation Center (TRC). The existing security camera does not provide clear video, and requires continued maintenance to keep it in focus.		28,800
One-time funding to replace the large indoor play equipment at the TRC Tree House. The existing indoor play equipment has deteriorated from heavy use, and staff has expressed safety concerns since wood on the structure has started to chip. The new equipment is sculpted of soft foam and is highly durable.		25,000
One-time funding for the installation of a shade structure at TRC to allow outdoor play equipment to be used more days per year.		30,000
One-time funding for maintenance, supplies, and various equipment for the Downtown stage including additional safety lighting and year-round banners and stage curtains.		32,600
One-time funding to upgrade the audio/visual equipment in the Cotton Room, classrooms, and meeting rooms at TRC. The existing equipment is becoming obsolete. Staff desires to stay current with audio/visual technology in order to meet requirements of rental groups.		52,000



Fiscal Year (FY) 2016-17 Budgetary Additions to General Fund (continued)

	<u>Ongoing Cost</u>	<u>One-time Cost</u>
<u>Community & Neighborhood Services (continued)</u>		
One-time funding to contract a consulting company to perform a senior needs program and spatial analysis study. The study will examine the current services and resources available to elderly residents and make program recommendations to meet their needs, as well as evaluate the existing and future space needs to accommodate the programming.	\$	\$ 50,000
One-time funding for the CinePark and Jazz Festival. The funding will allow these events to continue to grow and enhance the City's signature events to align with City Council vision.		40,000
One-time funding to host a youth United States Tennis Association Level 6 Junior tournament. Costs will be 100% offset by revenues received from participant registration fees. This tournament will attract competitive junior players to the City since they will receive Southwest ranking points for competing.		6,050
Ongoing funding for various diversity related events to supplement existing ongoing funding of \$10,500. This funding would support diversity related events that are not reimbursed through scholarship funding.	10,000	
Ongoing funding for costs associated with the annual volunteer recognition breakfast such as food, volunteer awards, event program, and rentals.	3,000	
Ongoing funding to support the For Our City initiative related to neighborhood enhancement clean-up events. This funding will be used to purchase tools and supplies, and secure dumpsters and portable toilets.	8,000	
One-time funding for costs associated with the Volunteer Income Tax Assistance (VITA) program. This program utilizes volunteers to prepare income tax returns for elderly, disabled, and low to moderate income residents. This funding is needed to replace grant funding due to Valley of the Sun United Way ending their partnership with the Maricopa County VITA Network.		6,000
One-time funding for a WI-FI access point site survey for the Housing and Redevelopment and Neighborhood offices to determine how many access points are needed to provide public and private WI-FI use.		50,000
One-time funding to support For Our City initiatives related to Operation Back to School and quarterly breakfasts. Costs will be 100% offset by revenues received from program participants (typically faith groups, local businesses and the Chandler Non-Profit Coalition).		50,000
One-time funding for various Celebration of Unity Events, including the Chandler Multicultural Festival and Creative Expression Competition. Costs will be 100% offset by revenues received from event sponsors.		50,000
One-time funding for the Indian Art Market event to celebrate the cultural traditions of the Native American community and enhance the Miss Indian Arizona Scholarship Program. Costs will be 100% offset by revenues received from event sponsors and vendor fees.		10,000



Fiscal Year (FY) 2016-17 Budgetary Additions to General Fund (continued)

	<u>Ongoing Cost</u>	<u>One-time Cost</u>
<u>Community & Neighborhood Services (continued)</u>		
One-time funding for Garibaldi Night to celebrate Hispanic Heritage Month. Costs will be 100% offset by revenues received from event sponsors and vendor fees.	\$	\$ 10,000
One-time funding for the purchase of a tool trailer, cages to safeguard tools, and trailer wrap with City logos. The existing tool trailer is unsafe to use and beyond repair.		18,950
<u>Cultural Affairs</u>		
Ongoing funding for contract security personnel at the Downtown and Sunset Library. These locations have experienced an increase in thefts, fighting and other threatening behavior. Security presence will increase the Library's ability to provide an approachable and inviting environment.	59,500	
One-time funding to purchase a Ricoh color copiers, and ongoing funding for the annual service contract. This will replace the existing copier which has become obsolete. The currently copier requires monthly service calls and replacement parts are extremely difficult to locate.	430	6,340
Ongoing funding to convert 3 temporary part-time positions to 3 Regular Part-Time Library Assistants. With the improving job market it is difficult to retain qualified employees in the temporary positions as they work next to regular part-time personnel. The primary role of these positions is the provision of early literacy programming. There is an offset of \$61,807 from temporary funding.	136,308	
Ongoing funding for the conservation and repair of the City's Public Art Collection. The public art collection valued at over \$2.7 million includes sculptures, paintings, mixed media, and textiles. Funding will provide for various types of repairs due to vandalism and annual cleanings.	5,000	
One-time funding for the purchase of Dodge Grand Caravan SE and ongoing contributions to the Vehicle Replacement Fund. The existing van purchased with grant funding over 10-years ago no longer meets the library needs. The new van will be more versatile and allow staff to provide better support to all library locations.	2,962	25,555
Ongoing funding for additional hours for temporary staffing. The Library division is in need of additional hours for Pages and Techno Clerks. These funds are from savings achieved through the reclassification of positions within the Library Division.	3,932	
Ongoing funding for armored car service for the Center of the Arts. These services eliminate the City's exposure to risk in transporting funds between City facilities and the bank.	4,159	
Ongoing funding for armored car service for Basha, Downtown, Sunset, and Hamilton libraries. These services eliminate the City's exposure to risk in transporting funds between City facilities and the bank.	11,110	



Fiscal Year (FY) 2016-17 Budgetary Additions to General Fund (continued)

	<u>Ongoing Cost</u>	<u>One-time Cost</u>
<u>Cultural Affairs (continued)</u>		
One-time funding to relocate Chandler Museum collection to a climate controlled storage facility until the new Museum is constructed. This will cover the cost of temporary staffing, packing materials, van, and storage facility rental.	\$	\$ 17,000
One-time funding for part-time temporary educators to meet the increased demand for school field trips, and to provide more programming and outreach events through the Museum division. The demand for field trips has increased by 30% over the past three years. The division goal is that all Chandler students experience the Museum through a field trip or program.		5,844
One-time funding to refurbish the Center for the Art's Steinway Model D Grand Piano. The work includes repairs to the piano finish, installation of a humidifier/dehumidifier underneath the piano, and replacement of the truck and bench. The piano is 26 years old and was last refurbished in 2001. Chandler Unified School District will reimburse 50%.		9,750
One-time funding for the purchase of new rolling unit mobile walls in the Gallery of the Arts Center. The existing unit purchased in 1991 is no longer viable for exhibition accessibility and poses a safety hazard. This replacement will assist in maintaining the quality of services provided.		10,000
One-time funding for the purchase of a new high definition or new technology camera that provides stage feed to the foyer monitor. The new camera would improve the image and quality of the feed.		7,500
One-time funding for the purchase of a new energy efficient exterior color wheel. The existing equipment, used to light the façade of the Center for the Arts, meets its life expectancy in 2016 and uses outdated technology. The replacement includes LED technology that will improve efficiency and provide utility savings.		18,000
One-time funding for the Celebrate Chandler luncheon event celebrating people and businesses that are the new pioneers of today and are making a difference in Chandler. This event is held in partnership with the Chandler Historical Society.		4,500
One-time funding for the Chandler Symphony Orchestra to partially fund its quality artistic services. The 80+ professionally musicians in the orchestra volunteer their time and this funding provides them with assistance covering operational expenses.		40,000
<u>Economic Development</u>		
One-time and ongoing funding to establish an export assistance program to support Chandler companies interested in exporting to global markets, providing them with increased access to export financing and strategy resources. This will enable the City to participate in the Export-Import Bank of the United States' City/State Partners Program, as well as host ExportTech workshops offered through the Arizona Commerce Authority.	8,600	2,000



Fiscal Year (FY) 2016-17 Budgetary Additions to General Fund (continued)

	<u>Ongoing Cost</u>	<u>One-time Cost</u>
<u>Economic Development (continued)</u>		
Ongoing funding for travel expenses related to strategic business attractions efforts. This will allow staff to proactively market Chandler by participating in seven sales mission and attendance and booth participation in a minimum of four conference/trade shows.	\$ 10,000	\$
One-time funding for a revitalization of the Economic Development marketing brand to include a dedicated website, promotional videos, and other digital and print materials. The purpose is to elevate the Chandler brand demonstrating that we are a forward thinking and cutting-edge community among site selectors, real estate brokers, business executives, and other targeted decision makers thus expanding economic development for Chandler.		34,000
One-time funding for entrepreneurial and small business development related services for the Innovation Incubator program. Innovation's goal is to build a citywide business incubation and entrepreneurial development program providing young companies with tools and resources to scale their companies, increasing jobs, wealth, and economic diversity while providing economic sustainability for the City.		250,000
One-time funding to maintain tourism grant qualification. One of the requirements of the Maricopa County Proposition 302 Grant facilitated by the Arizona Office of Tourism is a minimum marketing budget of \$123,000. This one-time funding, along with our ongoing funding, provides eligibility to receive grant funding up to \$400,000 to provide community marketing.		63,500
One-time funding for repairs and maintenance expenses at the Innovations Technology Incubator facility. Due to aging of the facility, interior painting, updating of technology, and replacement and/or repairs are needed for depreciating equipment.		25,000
One-time funding for the Science Saturday Event. This event, held in conjunction with statewide events planned through the Arizona SciTech Festival Organization, showcases several technology companies through interactive booths and activities. Costs are 100% reimbursable by donations.		5,000
<u>Fire, Health & Medical</u>		
Ongoing funding for final portion of utility and building and maintenance costs for the Training Center expansion.	11,173	
One-time funding for replacement of all patient care report tablets by the end of their warranty period. Ongoing funding for the use, storage, and maintenance of electronic patient care reports.	57,000	50,000
Ongoing funding for fire vehicle automotive maintenance supplies due to increased vendor costs. This request will address an existing shortage in funding.	30,000	
Ongoing funding for motor pool automotive maintenance supplies due to increased vendor costs.	8,000	



Fiscal Year (FY) 2016-17 Budgetary Additions to General Fund (continued)

	<u>Ongoing Cost</u>	<u>One-time Cost</u>
<u>Fire, Health & Medical (continued)</u>		
One-time overtime funding to continue the car seat clinic program, although grants will continue to be pursued. This program will provide 28 clinics per year.	\$	\$ 20,000
One-time funding for a Medical Equipment Inventory Control System that will replace three different systems, improving medication security, supply tracking, and restock ordering.		184,000
One-time funding for the retrofitting of 20 fire emergency vehicles with back-up cameras. This purchase will improve safe driving and reduce risk to personnel and equipment.		10,000
One-time funding for replacement of the transmission coolers on 10 of 12 front line apparatus. The other two replacements were done after transmission cooler failures, prompting a best practice of replacement of transmission coolers on front line apparatus every 5 years.		25,000
One-time funding for the required 50% matching funds needed to apply for Assistance to Firefighter and Fire Prevention & Safety grants.		120,000
<u>Human Resources</u>		
Ongoing funding for the Employee Service Recognition Program to accommodate an increased number of service recognitions as well as increased cost of certificate frames.	10,000	
Ongoing funding for NEOGOV onboarding tool to streamline the administrative onboarding process for new employees who have come to expect the convenience of online processes. One-time funding is required for set-up, implementation, and training for the onboarding tool.	18,585	6,000
Ongoing funding for telephone service for new conference phones in City Hall training rooms. One-time funding for the purchase of a new podium, two new double-sided dry erase boards on wheels with hooks for flip charts, replacement of the coffee pot, two new tea kettles, and installation of conference room phones in both training rooms.	500	5,300
One-time funding for NEOGOV integration to allow job postings to appear on Facebook. Staff believes the City could benefit by having a Facebook presence in order to increase applicant pools.		2,000
<u>Information Technology (IT)</u>		
Ongoing funding for increased support/maintenance costs for multiple software applications including Accela, AdminStudio, Autodesk, Global Navigator, Infrastructure Design, KBACE KBX, LANDesk, Lotus, Lucity, Connections, Sametime, Oracle, Progress, SQL, Project Host, TOAD, PublicStuff.com, Selectron and Vertex. Costs are offset by reductions in software maintenance for CommVault, Intellitime, and Noetix.	51,900	



Fiscal Year (FY) 2016-17 Budgetary Additions to General Fund (continued)

	<u>Ongoing Cost</u>	<u>One-time Cost</u>
<u>Information Technology (IT) (continued)</u>		
Ongoing funding for a primary internet connection to the City. In prior years, the City had internet access service provided in lieu of collecting cable television franchise fees. The internet provider is now also providing cable television services, and paying the related franchise fees, so they are no longer providing internet services at no cost.	\$ 26,000	\$
Ongoing and one-time funding for a full-time IT Service Desk Technician position and associated costs. This position is required to meet the service level requirements necessary to support the expanding number of City-owned mobile devices.	95,356	2,111
Ongoing and one-time funding for a full-time IT Programmer/Analyst position associated costs. This position is required to support existing web development services currently provided by one position with no backup.	122,177	2,111
Ongoing funding for the purchase and installation of a detection device and application that will monitor unauthorized network connectivity and keep our network secure. The useful life of this device is 5 years.	38,000	
One-time funding for a consultant to perform the IBM Domino Applications Migration by rewriting the required applications with City standard development tools.		150,000
One-time funding for a temporary position dedicated to IT Helpdesk phone support. This assistance has greatly improved service response times and increased customer service levels.		49,275
One-time funding to add a software subscription to the firewall to increase security against malware threats. This subscription will enhance security protection for 5 years by providing dynamic analysis of suspicious content, link detection in email to block access to malicious websites, and automatic creation and enforcement of malware protections.		40,000
<u>Information Technology Oversight Committee (ITOC)</u>		
Ongoing funding for support of prioritized projects by ITOC, consisting of a Learning Management System replacement.	100,000	
<u>Law</u>		
One-time funding for furniture and the reconfiguration of office space for the Law Office Supervisor. This position currently supervises twelve employees and is unable to conduct personnel matters, and secure and maintain confidential records in a cubicle environment.		30,400
<u>Management Services</u>		
Ongoing funding to cover the three-percent increase to the professional contract for audit of City's financial statements. The Accounting Division previously absorbed the annual increase during the prior two years of the contract but is unable to absorb the third year increase.	3,000	



Fiscal Year (FY) 2016-17 Budgetary Additions to General Fund (continued)

	<u>Ongoing Cost</u>	<u>One-time Cost</u>
<u>Management Services (continued)</u>		
Ongoing funding for armored car services for the Accounting and Utility Services Divisions. These services eliminate the City's exposure to risk in transporting funds between City facilities and the bank.	\$ 6,000	\$
Ongoing funding for Adobe Acrobat Pro and Accurint for Government Software Licensing. One-time funding for the purchase of a second monitor for cashier station. Adobe Acrobat Pro is necessary for digital signature creation to process audit assessment submissions to the Arizona Department of Revenue and Accurint is used for auditing purposes.	2,977	210
Ongoing funding for professional development of Purchasing Division staff. The Procurement Officers and Manager hold professional certifications that require continuing education and training in order to retain these certifications. Professional development encourages workplace efficiencies, method sharing, and innovative ideas. This was funded through a reallocation of funds from the City Manager's Office.	2,500	
One-time funding to pay the increase for maintenance and license costs for Tax Mantra (tax software), until such time the City can phase out the software after the State begins administration of Transaction Privilege Sales Tax.		45,943
One-time funding for a consultant to complete the arbitrage evaluation of the City's 2003, 2006, and 2007 tax-exempt bonds. The Internal Revenue Service (IRS) requires rebate and yield restriction calculations on all tax-exempt bonds. The calculations ensure the City complies with all applicable IRS tax-exempt bond regulations.		13,550
<u>Non-Departmental</u>		
Ongoing funding for consultant services for various studies. Each year unanticipated issues or opportunities may come to light. This funding will allow the City the ability to further study if the opportunity is viable.	55,000	
One-time funding for citywide banking fees. The banking services agreement includes checking account maintenance, electronic payments and deposits, wire transfers, credit card payment processing, on-line back transactions, reporting, etc. Typically these fees are netted against interest earned on the operating account, however, due to low interest rates, current earnings are not sufficient to cover fees.		55,000
One-time funding for the East Valley Partnership Branding and Public Relations Campaign. This is the final installment of a three-year commitment to create a brand for East Valley community recognition and economic development.		7,500
<u>Police</u>		
Ongoing funding for the purchase and installation of a 911 Center console workstation and related operating costs. This console will allow for centralization of all ancillary responsibilities in Dispatch and allow for the absorption of future technology monitoring requirements.	2,560	



Fiscal Year (FY) 2016-17 Budgetary Additions to General Fund (continued)

	<u>Ongoing Cost</u>	<u>One-time Cost</u>
<u>Police (continued)</u>		
Ongoing funding for two full-time Civilian Range Instructor positions and associated costs. Police Officers need to practice and qualify on the required skills associated with both pistol and rifle operations under the supervision of a Range Instructor. Adding these two civilian positions will allow for the redeployment of two Police Officers to patrol to address staffing needs.	\$ 183,972	\$
Ongoing and one-time funding for a full-time Police Investigative Specialist position and associated costs, including a vehicle. This position supports the Chandler Housing Authority with matters related to tenants residing in public housing. Adding this civilian position will allow for the redeployment of a Police Officer to patrol to address staffing needs.	92,269	38,533
Ongoing funding for a full-time Police Operations Support Supervisor and associated costs. This position will provide consistency over the responsibility of overseeing the fleet of vehicles, rather than rotating various administrative Police Sergeants through the position. Adding this civilian position will allow a Police Sergeant to redeploy to address sworn staffing needs.	101,111	
Ongoing funding for a contract with the Arizona Humane Society to provide the following services: animal cruelty investigations; medical attention, housing, and transportation for seized animals; forensic services including necropsies; next of kin program; large seizures such as animal hoarding; response to animal abandonment cases; and expert testimony in animal cruelty cases.	35,000	
Ongoing funding for operations and maintenance related to the security cameras replacement project, including licensing, camera repair, and camera replacement.	20,000	
Ongoing funding for training, awareness, and victim support related to Domestic Violence Prevention. Costs will be 100% offset by revenues received from Domestic Violence Prevention fines collected by the City Court.	15,000	
Ongoing funding for armored car services for the Police Department. These services eliminate the City's exposure to risk in transporting funds between City facilities and the bank.	4,158	
One-time funding for the extension of the Crime Analyst contract. Continuation of the contract is critical for training of Automated Tactical Analysis of Crime products to ensure full utilization of the proactive and predictive crime analysis software.		78,225
One-time funding for Latent Print Case Management software. This software will be used in conjunction with current photography equipment to capture and store images. The software will also provide a means to enhance images while maintaining the original image.		115,000



Fiscal Year (FY) 2016-17 Budgetary Additions to General Fund (continued)

	<u>Ongoing Cost</u>	<u>One-time Cost</u>
<u>Police (continued)</u>		
One-time funding for the purchase of weapon mounted lights and holsters for 325 sworn personnel, as well as 4 hours of mandatory training on the use of weapon mounted lights and 250 rounds of frangible ammunition to be used during the training. This tactical tool gives the ability to shoot with a two-handed grip which provides greater control and stability.	\$	\$ 95,000
One-time funding for community outreach programs, which is 100% offset by revenues received from the sale of unclaimed weapons in accordance with House Bill 2455.		75,000
<u>Transportation & Development</u>		
Ongoing funding of \$16,000 for landscaping costs for Chandler Park and Ride, Transit Plaza, and bus rapid transit stations. Ongoing funding of \$5,000 to cover increased contract costs of our fixed route bus service with Valley Metro RPTA.	21,000	
Ongoing funding for 4.3 new acres of responsibility for landscape maintenance and utilities (including increased utility costs), and replacement of deteriorating irrigation systems.	41,121	
Ongoing funding of \$25,000 for Dial a Ride services to provide travel without the requirement of transfers for Americans with Disabilities Act (ADA) Certified Chandler residents who are seniors or disabled. Ongoing funding of \$75,000 for Non ADA Dial a Ride services to accommodate increased demand and offer same day on demand service for Chandler seniors and/or disabled residents.	100,000	
Ongoing and one-time funding for a full-time Street Maintenance Coordinator and associated costs (including a vehicle). This position will help an existing person in this position to direct, oversee, and coordinate street rehabilitation and maintenance projects, along with updating the City's street data inventory and improving long-term coordination challenges between other City programs and development projects.	102,274	34,811
Ongoing and one-time funding for two full-time Asphalt Senior Street Specialists and associated costs. These positions will restore the work group back to an operating framework with two independent crews, increase productivity, and decrease a growing backlog of aging work orders.	176,774	11,000
Ongoing and one-time funding for a SharePoint Project Management Tool, which will assist staff in more efficiently managing and reporting the acquisition, design, construction, and inspection status of capital improvement and development projects from initiation to close-out. The one-time funding is to provide post-implementation support.	129,150	11,375



Fiscal Year (FY) 2016-17 Budgetary Additions to General Fund (continued)

	<u>Ongoing Cost</u>	<u>One-time Cost</u>
<u>Transportation & Development (continued)</u>		
One-time funding to purchase a vehicle for the Chief Building Inspector since the majority of this position's job duties are field-related. This vehicle had been eliminated during the economic downturn and a personal vehicle was used to perform work duties. Related ongoing funding is requested for fuel and contributions to the Vehicle Replacement Fund.	\$ 3,147	\$ 19,636
Ongoing and one-time funding for 11 monitors for GIS/Data & Mapping Services and two Adobe professional software licenses. These monitors will equip staff with better viewing options for processing full size plan sheets. The software is needed to convert pdf files to tiff images for overlaying them with GIS layers.	3,360	23,180
One-time funding for a temporary Capital Projects Support Analyst to maintain the expected level of service in the Capital Projects Division.		65,200
One-time funding for temporary civil plan review services to accommodate demand peaks to maintain current service levels instead of adding staff, as well as to prepare for the electronic plan review project.		100,600
One-time funding to accelerate and complete street maintenance for local and arterial streets. This additional funding will provide 166,160 pounds of crack seal material, 1,640,000 linear feet of crack seal service, 64 lane miles of tire rubber modified surface seal (TRMSS), 14 lane miles of arterial slurry seal, and 8 lane miles of residential slurry seal.		1,000,000
One-time funding to provide the necessary City match of 5.7% for a Maricopa Association of Government's grant to purchase a street sweeper.		14,250



Fiscal Year (FY) 2016-17 Budgetary Additions to Other Funds

The Adopted Budget contains the following additions to Other Funds:

	<u>Ongoing Cost</u>	<u>One-time Cost</u>
<u>City Manager - Airport</u>		
<i>Airport Operating Fund</i>		
Ongoing funding for upgrades to the perimeter security access system. The current operating systems have been in place for 10 years and are in continual need of repair.	\$ 10,000	\$
<u>Human Resources</u>		
<i>Medical Self-Insurance Trust Fund</i>		
Ongoing funding to allow for the expenditure of funds being provided by Blue Cross Blue Shield of Arizona for self-funded administration expenses.	25,000	
<i>Workers Compensation Self-Insurance Trust Fund</i>		
Ongoing funding for an anticipated increase of \$47,000 in Excess (Stop/Loss) Insurance premiums. Our carrier is providing coverage at a lower cost than quoted by other providers, but staff anticipates a 20% premium increase. Ongoing funding of \$25,835 is needed to pay taxes to the Industrial Commission of Arizona based on the increased amount of the City's payroll.	72,835	
One-time funding for a consultant to perform an independent review of workers' compensation claims, the actuarial data, and an overall program assessment. Staff believes this review will provide a better understanding of long-term funding requirements and cost containment strategies, as well as identification of best practices.		50,000
<u>Law</u>		
<i>Insured Liability Self-Insurance Fund</i>		
Ongoing funding for insurance premium increases. Expecting increases ranging from 10% to 20% for fire, public entity liability, cyber security, and underground storage tank coverage. Additionally requesting to purchase environmental liability insurance to cover damages currently excluded from existing policies.	201,500	
Ongoing funding for the purchase of Distributed Denial of Service Protection against cyber-attacks.	60,000	
One-time funding for furniture and the reconfiguration of office space for the Risk Services Coordinator. A secure office space is needed due to the confidential nature of the job functions.		26,500



Fiscal Year (FY) 2016-17 Budgetary Additions to Other Funds (continued)

	<u>Ongoing Cost</u>	<u>One-time Cost</u>
<u>Municipal Utilities</u>		
<i>Wastewater Operating Fund</i>		
Ongoing and one-time funding for a full-time Business Systems Support Analyst, Instrumentation Technician, Wastewater Treatment Plant Operator I, and Wastewater Treatment Plant Operator I and associated costs. These 4 additional staff are needed to ensure a seamless start up and operation of the new five million gallons per day (MGD) wastewater plant expansion.	\$ 198,715	\$ 201,056
<i>Solid Waste Operating Fund</i>		
Ongoing funding for contract maintenance of 30 acres along the perimeter of the Paseo Vista Recreation area. This area encompasses the side slopes as well as areas at which various landfill monitoring equipment are located.	120,000	
<u>Non-Departmental</u>		
One-time funding for Biennial Audit of Impact Fees. New Arizona state Statute requires cities to have an outside audit of the Impact Fee Program performed every two years. This funding is split equally at \$2,500 to the following funds: Arterial Street Impact, Public Building Impact, Park Northwest Impact, Park Northeast Impact, Park Southeast Impact, Library Impact, Police Impact, Fire Impact, Water System Development, Water Resource System Development, Reclaimed Water System Development, and Wastewater System Development Funds.		30,000
<u>Police</u>		
<i>Police Forfeiture Fund</i>		
One-time forfeiture funds will be utilized to supplement various department operational purchases, including, but not limited to, SWAT team equipment, confidential informant payments, body worn cameras, and Police Impound remodel. The 2017-2026 Capital Improvement Program includes \$1,000,000 in Police Forfeiture funding for construction of the Public Safety Training Center, which is not included in the operating budget total of \$1,315,000.		1,315,000
<u>Transportation and Development</u>		
<i>Local Transportation Assistance Fund</i>		
One-time funding for transit maintenance and operations, including bus shelter lighting repair as well as installing, relocating, and refurbishing bus shelters.		50,000



Budget Policies, Process and Decisions

Decision Packages Not Funded in Fiscal Year (FY) 2016-17 – General Fund

The table below shows all of the General Fund decision packages that were not funded for FY 2016-17. This is combined with the net amount of the General Fund decision packages that were approved for FY 2016-17 but were approved for an amount different from the original request to provide a combined total of unfunded requests.

Department	Request	FTE	Personnel Ongoing	Other Ongoing	Personnel One-Time	Other One-time	Total
CAPA	Social Media Archive (Approved through Amendment)		\$ -	\$ 8,000	\$ -	\$ -	\$ 8,000
	Customer Connection		-	-	-	10,000	10,000
	Total:	0.00	\$ -	\$ 8,000	\$ -	\$ -	\$ 18,000
Community & Neighborhood Services	American with Disabilities Act (ADA) Coordinator	1.00	\$ 103,589	\$ 1,640	\$ -	\$ 1,786	\$ 107,015
	Business System Support Specialist/Technology Coordinator	1.00	97,344	3,530	-	1,780	102,654
	Human Services Needs Assessment		-	-	-	100,000	100,000
	Digital Signature Pads		-	-	-	8,365	8,365
	Aquatic Centers Wi-Fi		-	-	-	50,000	50,000
	Parks and Recreation Master Plan		-	-	-	150,000	150,000
	Total:	2.00	\$ 200,933	\$ 5,170	\$ -	\$ 311,931	\$ 518,034
Cultural Affairs	Smithsonian Traveling Exhibit at Chandler Museum		\$ -	\$ -	\$ -	\$ 9,000	\$ 9,000
	Total:	0.00	\$ -	\$ -	\$ -	\$ 9,000	\$ 9,000
Economic Development	Economic Development Administrative Support	1.00	\$ 68,457	\$ -	\$ -	\$ -	\$ 68,457
	Total:	1.00	\$ 68,457	\$ -	\$ -	\$ -	\$ 68,457
Fire, Health & Medical Department	Facility Landscaping		\$ -	\$ 41,000	\$ -	\$ -	\$ 41,000
	Volunteer Training Program		-	6,000	-	-	6,000
	Thermal Imaging Camera Purchase		-	-	-	95,000	95,000
	Bilevel Positive Airway Pressure Replacement		-	-	2,000	298,000	300,000
	Burn Tower Electrical Lighting Repair		-	-	-	10,000	10,000
	Building Sustainability Study		-	-	-	52,000	52,000
	Total:	0.00	\$ -	\$ 47,000	\$ 2,000	\$ 455,000	\$ 504,000
Information Technology	Building Information Technology's Workforce	3.00	\$ 345,662	\$ 6,465	\$ -	\$ 6,333	\$ 358,460
	Total:	3.00	\$ 345,662	\$ 6,465	\$ -	\$ 6,333	\$ 358,460
Police Department	Police Officers for Desert Breeze & Chandler Heights	12.00	\$ 1,151,894	\$ 238,230	\$ -	\$ 540,246	\$ 1,930,370
	Dispatcher Early Higher Positions	3.00	237,434	-	-	-	237,434
	Vice/Human Trafficking Detective Staffing	2.00	191,982	48,424	-	86,628	327,034
	Police Officer Cell Phone Implementation (\$6,720 budget reduction in O&M Telephone Service)		-	200,400	-	120,000	320,400
	Detention Officer Staffing	1.00	75,010	5,303	-	10,413	90,726
	Police Radio Communications Analyst (\$73,700 budget reduction in O&M Other Expenses)	1.00	103,589	6,345	-	12,966	122,900
	Total:	19.00	\$ 1,759,909	\$ 498,702	\$ -	\$ 770,253	\$ 3,028,864
Transportation & Development	O&M for Completed City Projects		\$ -	\$ 2,201	\$ -	\$ -	\$ 2,201
	Concrete Senior Streets Specialist	1.00	80,745	5,840	-	5,500	92,085
	Concrete Senior Streets Specialist	1.00	80,745	5,840	-	5,500	92,085
	Transit Services Assistant	1.00	98,786	-	-	-	98,786
	Total:	3.00	\$ 260,276	\$ 13,881	\$ -	\$ 11,000	\$ 285,157
Totals:	28.00	\$ 2,635,237	\$ 579,218	\$ 2,000	\$ 1,573,517	\$ 4,789,972	
Net Reductions to Requested Amounts: *		15.50	371,708	14,694	127,954	(60,550)	453,806
Combined Total:		43.50	\$ 3,006,945	\$ 593,912	\$ 129,954	\$ 1,512,967	\$ 5,243,778

* Some of the requests were approved for an amount different than what was originally requested (either less or more than the original request). This amount reflects the net reductions to these approved General Fund decision packages.



Budget Policies, Process and Decisions

