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Chandler city funds half-depleted

By Ari Cohn
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The bad economic news continues for Chandler, with finance officials reporting that about half of the funding for the city's \$900 million list of capital projects like roads and libraries has dried up.

Next Saturday, the City Council plans to hold a second retreat at the Ocotillo Golf Resort to discuss which projects should get priority, which should be put off by several years, and which should be put on hold indefinitely.

"We just simply can't fund these projects unless our revenue goes back up," said Dawn Lang, assistant finance director.

Dave Bigos, assistant to the mayor and City Council, said projects previously identified as having high priority include a federal mandate to refit the city's public swimming pools, new equipment for firefighters and new fire stations, a new police facility, and things like road improvements, traffic signals and libraries. The total 10-year capital improvement project list includes 80 projects, at a total cost of about \$900 million.

"Up until now we've been relatively flush in funding capital programs. The council has never really had to look at pushing things out," Bigos said.

Lang said the poor economy and struggling housing market means the assessed value of residential property is expected to drop 22 percent over the next two years. That would reduce the city's property tax revenue by more than \$6 million, she said.

Property taxes are used to pay back the bonds Chandler issues for capital projects. Lower property taxes mean fewer bond issues to fund those projects, Lang said.

On top of that, the slowdown in new construction means a "drastic" drop in development impact fee revenues by \$10 million, she said. Because of those reductions, city officials now anticipate having enough money to cover only about half the capital projects list, she said.

Bigos said Chandler is also facing a separate operating budget deficit of \$19.8 million. So far, officials have identified a raft of cuts and layoffs that would close that deficit to \$1.6 million.

That gap will have to be closed at some point to balance the budget, he said.

"We have to by state law," Bigos said.

Eliminating a total of 90 staff positions could save the city \$12 million a year, he said. The proposal, discussed at last weekend's City Council retreat, involves potentially laying off 29 employees, encouraging

another 10 to leave voluntarily through separation and early retirement packages, and eliminating 51 vacant positions.

A decision on the possible layoffs could come in April or May, during the City Council's budget discussions, Bigos said.

"That's a budget call that falls to the council," he said.

Other proposals include the elimination of \$4.5 million in things like cost of living increases, merit increases and pay raises for city employees. Another \$1.7 million could be saved by cutting things like tuition reimbursement, asking employees to reduce their work hours voluntarily, and postponing the replacement of city computers, he said.

On Thursday, the City Council discussed a proposal to give 20 weeks separation pay to employees who quit voluntarily, as well as a potential early retirement package for employees close to retirement. A decision has been postponed until the council's March 12 meeting.

Jane Poston, a city spokeswoman, said the city spent about \$451 on last weekend's retreat.



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