CHANDLER
arizona

FY 2021-22 Budget Workshop #2

City Council Conference Room
Thursday, March 25, 2021 | 4:30 p.m.

FY 2021-22 Budget theme

"Moving Forward Together"

Our Vision

We are a world-class City that provides an exceptional quality of life

01.

Assessed Valuation and Property Tax Update

02.

Public Safety Personnel Retirement System (PSPRS) Pay-Down Commitment

03.

FY 2021-22 General Fund Operating Budget Update

04.

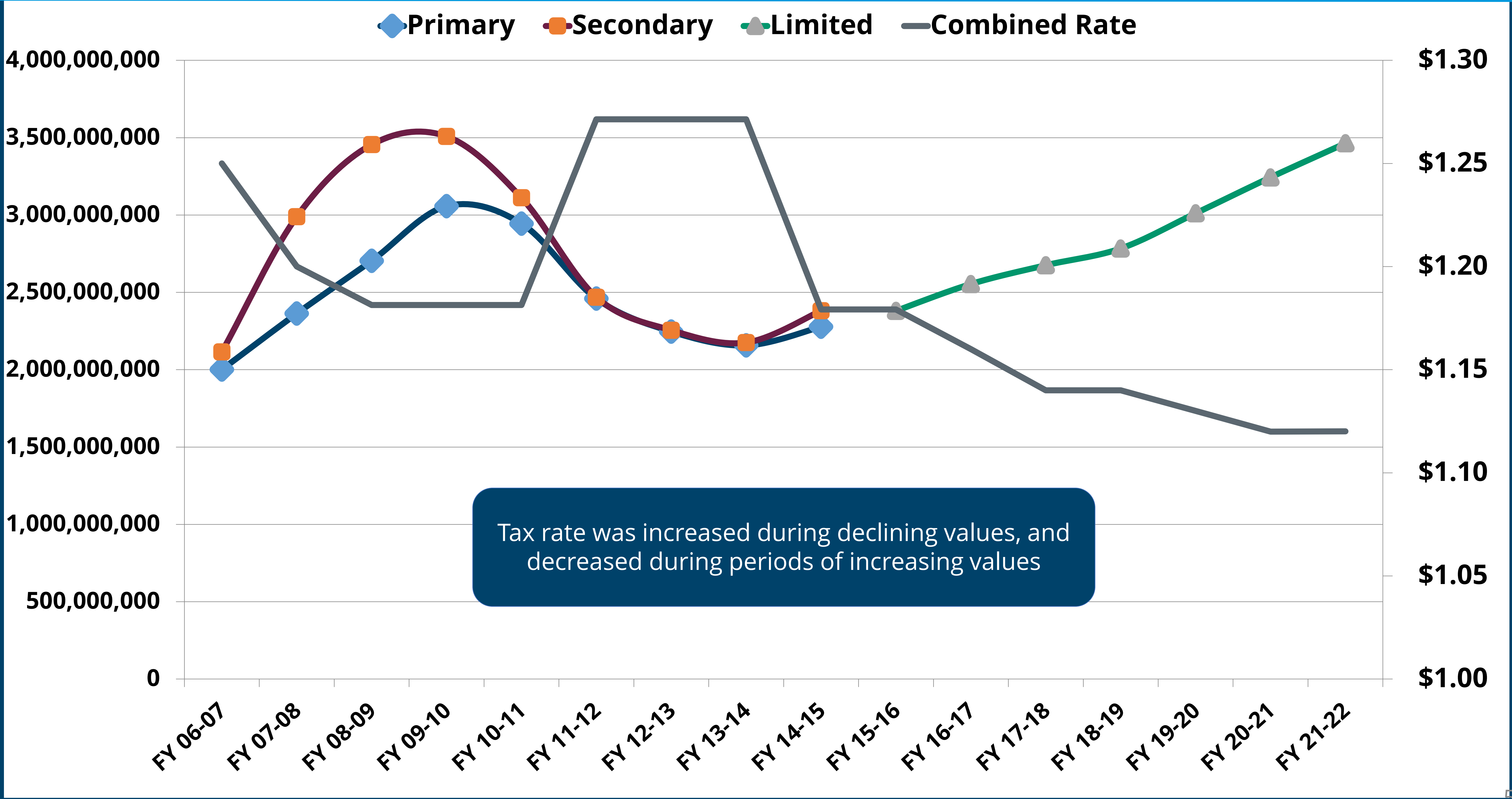
Proposed 5-Year One-time General Fund Balance Forecast

05.

Proposed 10-Year Capital Improvement Program (CIP)

Assessed Valuation and Property Tax Update

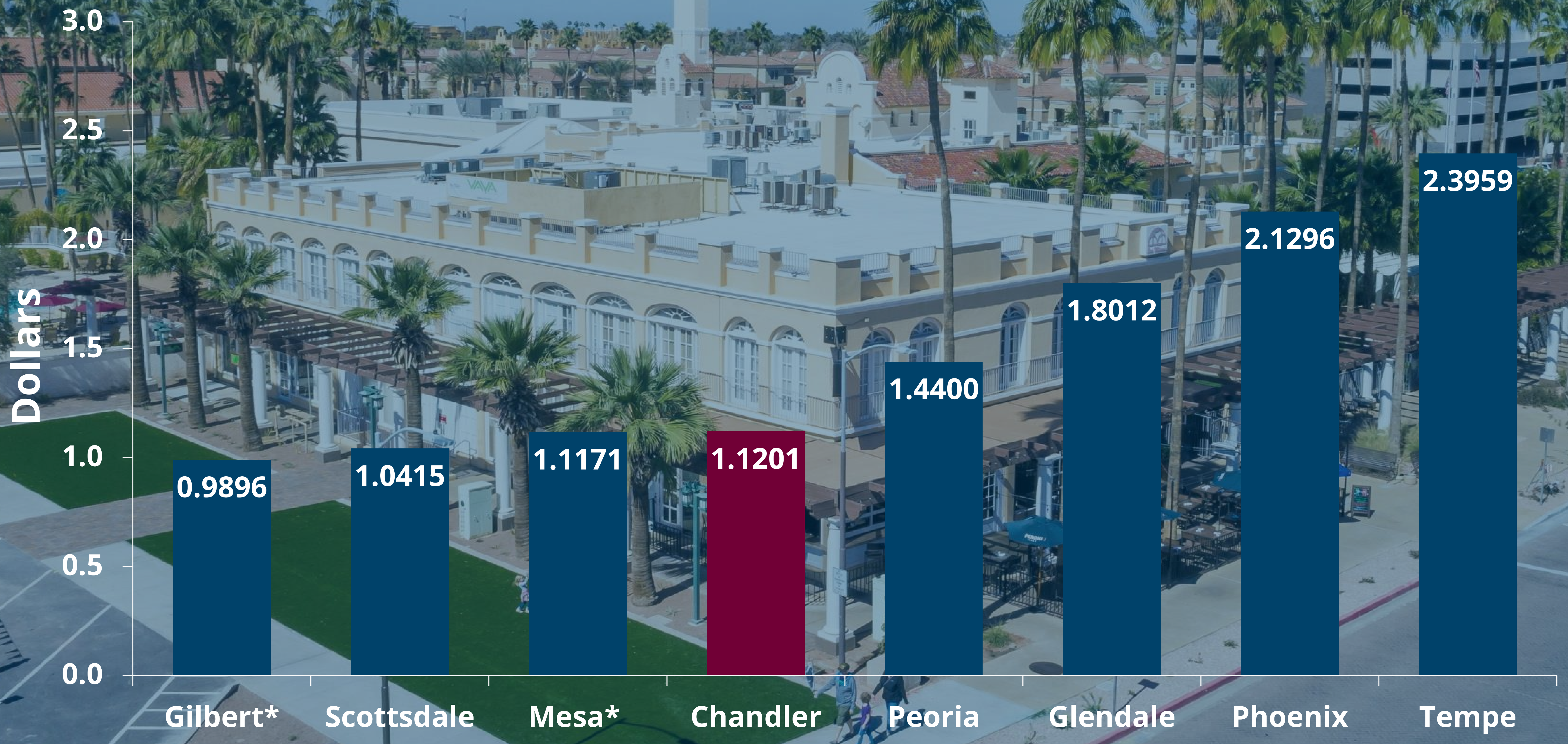
Property Valuation and Tax Rate History



Property Tax Rate Comparison

FY 2020-21

(per $100 of Assessed Valuation)



* Do not have a primary property tax rate, only secondary rate

Breakdown of $1 of Typical Chandler Property Tax Bill

Typical Tax Bill

Cents from Every Dollar Taxed

City of Chandler 9.8 cents

Maricopa County & Special Districts
22.7 cents

Public Schools and
Community College Districts
67.5 cents

Based on 2020 Tax Bill information. Exact split will vary depending on the school district and any other special taxing districts on the bill.

Assessed Valuation Impacts with Rates Unchanged

Fiscal Year / Property Categories	Limited Property Value	Change in Limited Property Value	Tax Rate	Projected Levy (Primary + Secondary)
FY 2020-21 (Primary)	$3,243,434,243	4.1%	$0.2501	$8,111,829
(Secondary)			$0.8700	$28,217,878
FY 2020-21 Total			**$1.1201**	**$36,329,707**
FY 2021-22 (Primary)	$3,463,794,661	6.8%	$0.2501	$8,662,950
(Secondary)			$0.8700	$30,135,014
FY 2021-22 Total			**$1.1201**	**$38,797,964**
			Levy Increase over Prior Year	$2,468,257

Net Centrally Valued	$31,155,094	3.1%	+3.1% Appreciation +3.7% New Property
Net Real Property	$3,164,689,164	6.0%	
Net Personal Property	$267,950,403	17.2%	

Assessed Valuation Impacts with Reduced Primary Rate

Fiscal Year / Property Categories	Limited Property Value	Change in Limited Property Value	Tax Rate	Projected Levy (Primary + Secondary)
FY 2020-21 (Primary)	$3,243,434,243	4.1%	$0.2501	$8,111,829
(Secondary)			$0.8700	$28,217,878
FY 2020-21 Total			**$1.1201**	**$36,329,707**
FY 2021-22 (Primary)	$3,463,794,661	6.8%	**$0.2426**	$8,403,166
(Secondary)			$0.8700	$30,135,000
FY 2021-22 Total			**$1.1126**	**$38,538,166**
			Levy Increase over Prior Year	$2,208,459
Net Centrally Valued	$31,155,094	3.1%	+3.1% Appreciation +3.7% New Property	
Net Real Property	$3,164,689,164	6.0%		
Net Personal Property	$267,950,403	17.2%		

Lowering the Primary Rate from .2501 to .2426 to eliminate tax increase from appreciation would result in a $259,834 reduction in ongoing property tax levy

Impact of Increase to Median Value Homeowner

FY 2021-22 Rates	2021	2022	% Increase
Full Cash Value (FCV)	$272,800	$291,200	6.74%
Limited Property Value (LPV)	$203,230	$213,392	5.00%
Assessed Limited Cash Value (10%)	$20,323.00	$21,339.20	5.00%
Primary ($0.2501/$100 Assessed)	$50.83	$53.37	5.00%
Secondary ($0.87/$100 Assessed)	$176.81	$185.65	5.00%
(Total rate $1.1201)			
Total City Property Tax Bill	$227.64	$239.02	5.00%
Annual Increase		$11.38	
(With appreciation reduction to the primary rate ($0.2426), $9.78 would be the increase $0.82/month)		$0.95/month	

Note: Last time Truth-in-Taxation process was required was FY 2009-10

Should primary tax rate remain flat or be reduced, lowering ongoing revenue and eliminating need for Truth-in-Taxation process?

Public Safety Personnel Retirement System (PSPRS) Pay-Down Commitment

PSPRS Actuarial Report Results 6/30/20

Unfunded Liability decreased $9.4M from Prior Year's total of $180.5M

Police	$114.4M
Fire	$ 56.7M
	$171.1M

Employer Contribution decreased $340K from Prior Year's total of $19.4M

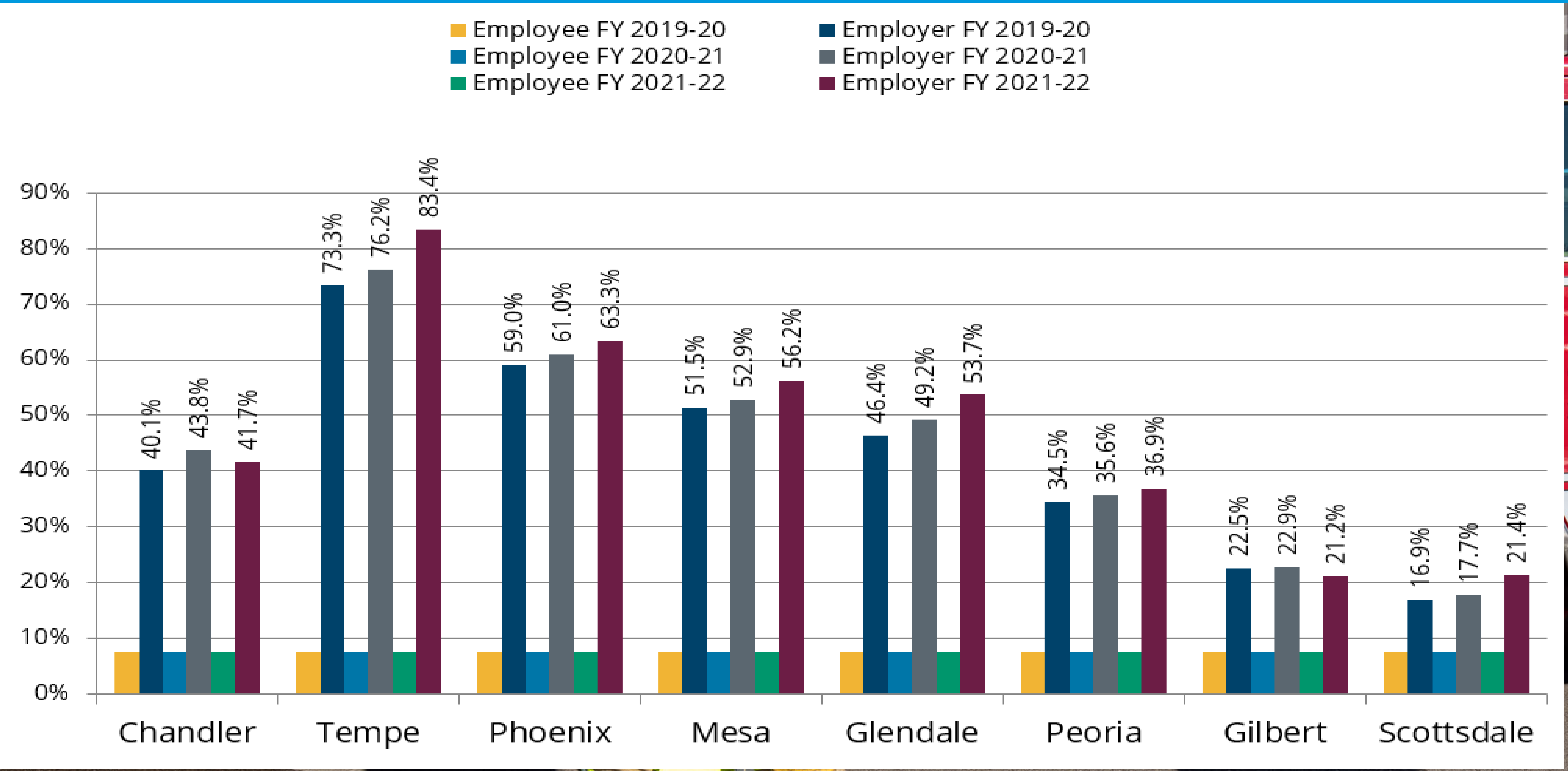
Police	$ 12.8M
Fire	$ 6.3M
	$ 19.1M

Normal portion of contribution	31%
Unfunded portion of contribution	69%

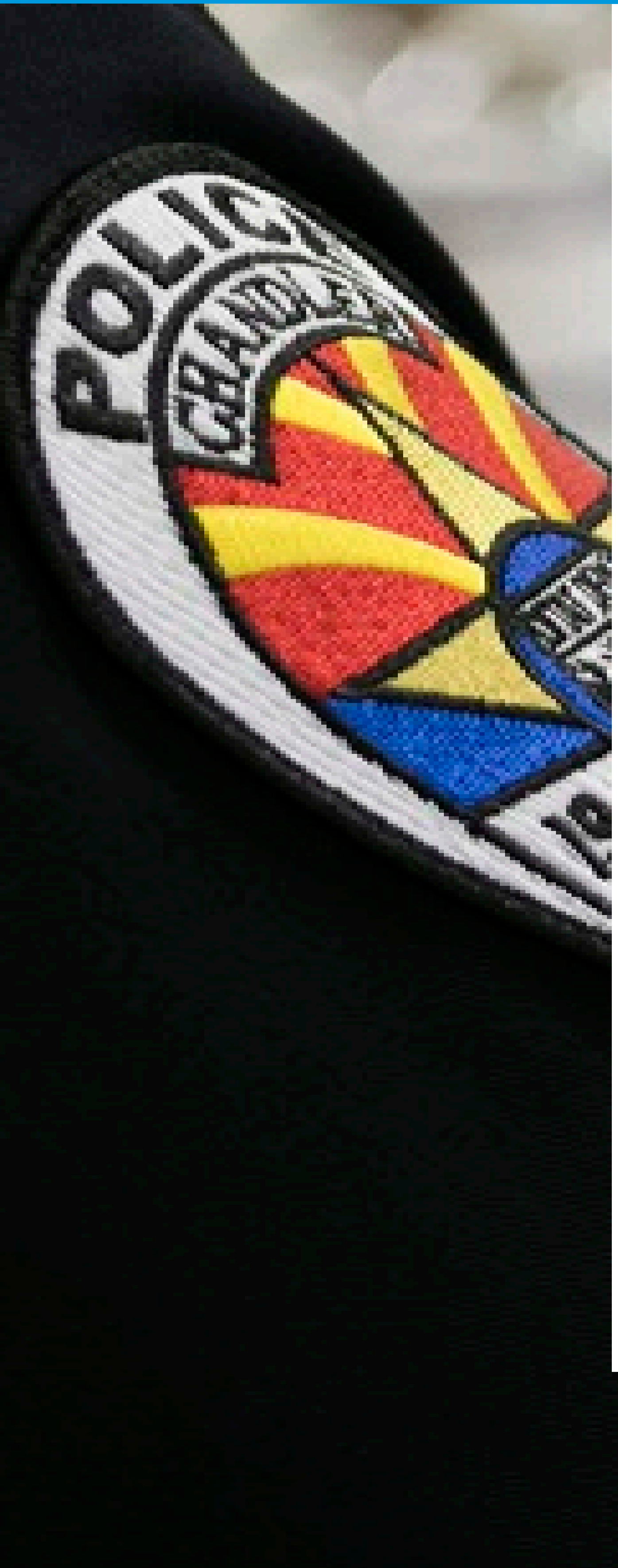
PSPRS Net Unfunded Liability Balances Update

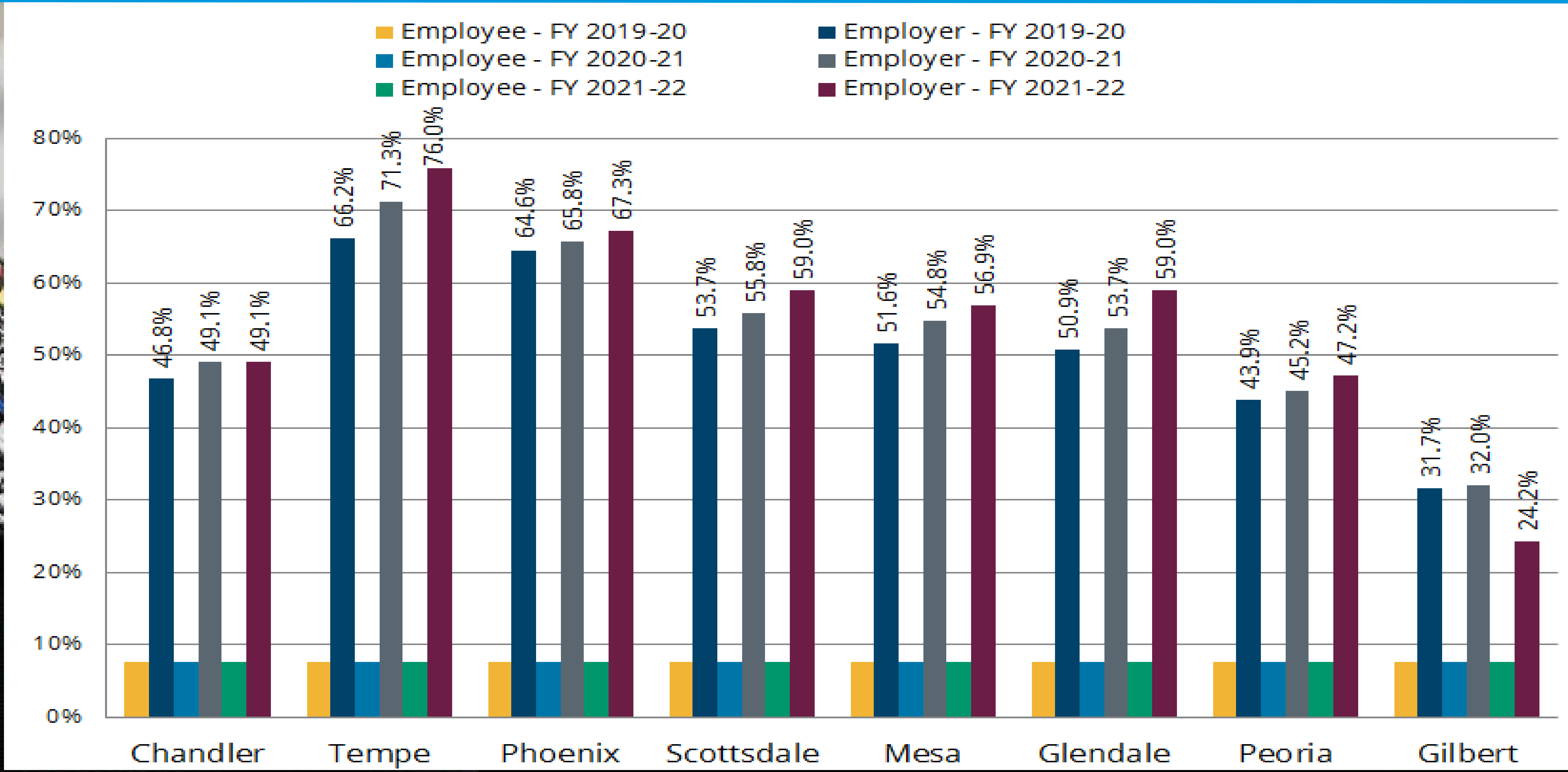
	Jun-19	Jun-20	Difference	% Change
Chandler	$180M	$171M	-$9M	-5.0%
Gilbert	$61M	$42M	-$19M	-31.1%
Glendale	$272M	$290M	$18M	6.6%
Mesa	$654M	$691M	$37M	5.6%
Peoria	$103M	$109M	$6M	5.8%
Phoenix	$3,154M	$3,381M	$227M	7.1%
Scottsdale	$190M	$216M	$26M	13.6%
Tempe	$319M	$343M	$24M	7.5%

PSPRS Employee/Employer Rates Comparison Fire

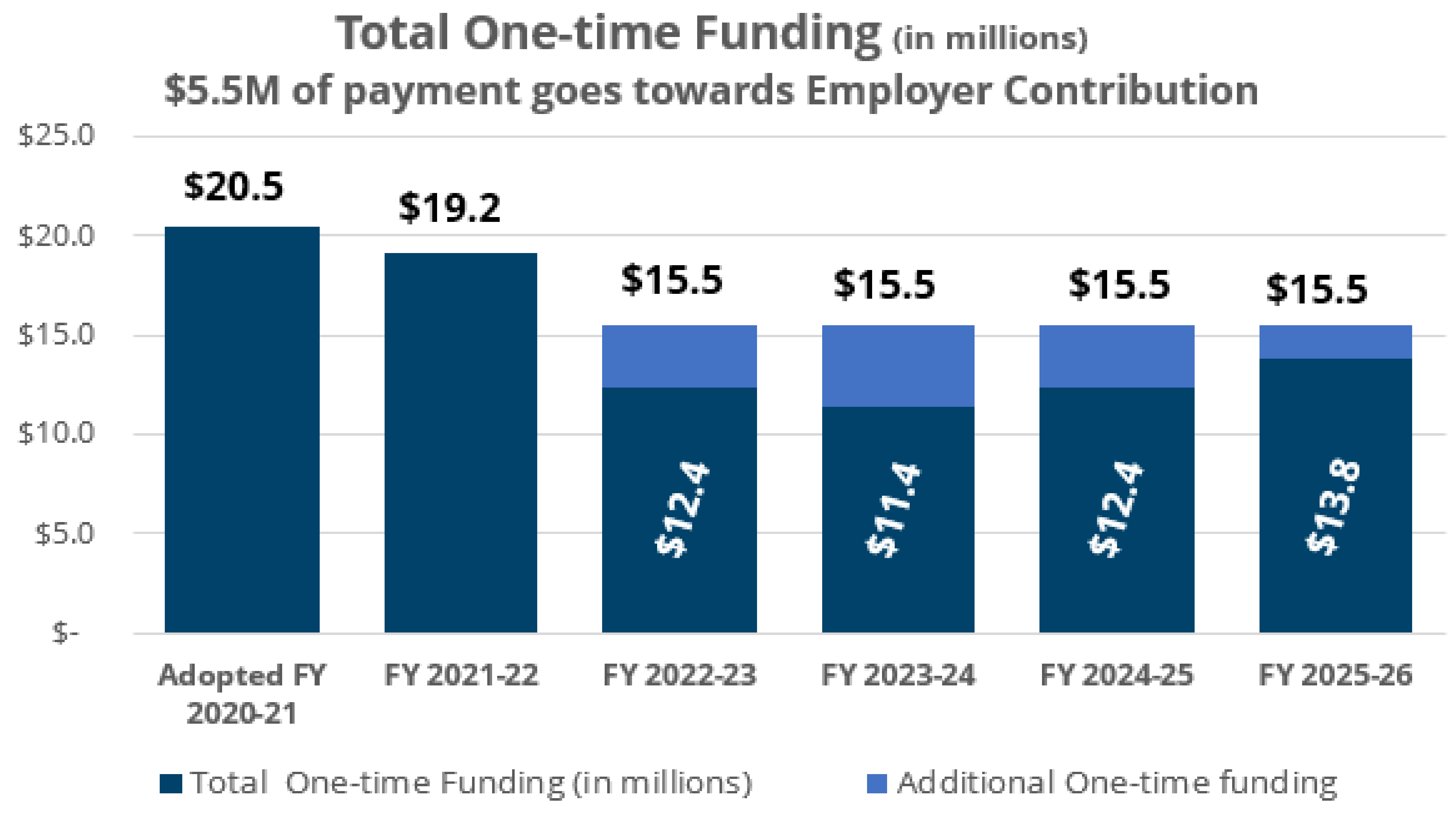


PSPRS Employee/Employer Rates Comparison Police





PSPRS One-Time Funding Forecast



Chandler's Pension Commitment:

Make additional annual one-time payments to reduce PSPRS pension liability

Increase projection when possible to offset investment losses & lower payroll growth

- **Increased forecast by $12M**

FY 2021-22 PSPRS Unfunded Liability Pay-Down Benefits

Updated Actuarial Assumptions in new PSPRS Modeler

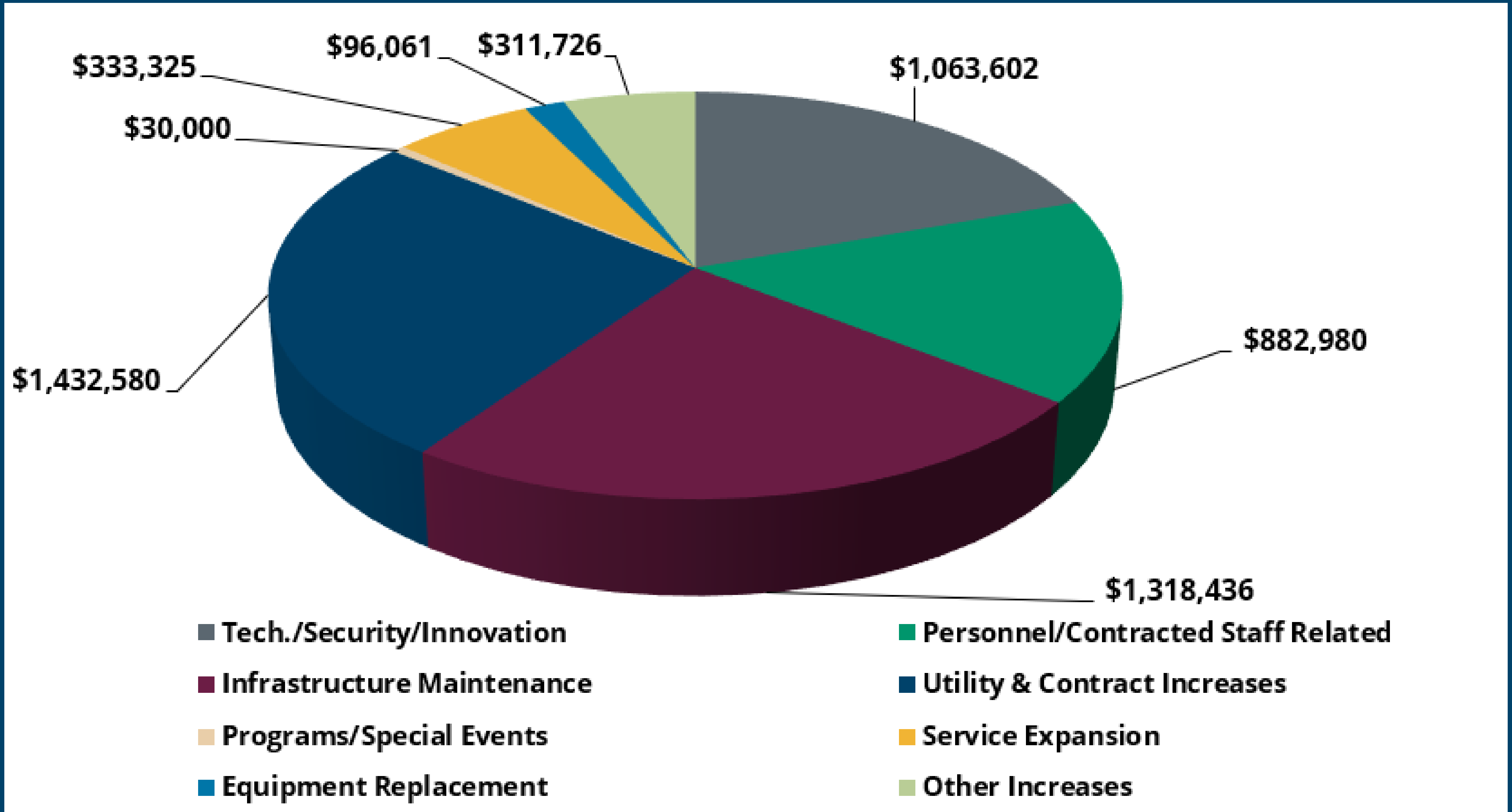
Started with 20 year amortization, and now have 16 years remaining

Continuing additional payments

- Unfunded Liability pay-down is accelerated and fully funded within timeline
- Achieve annual Employer Contribution reductions of almost $100M through 2036

FY 2021-22 General Fund Operating Budget Update

FY 2021-22 Ongoing Decision Package Recommendations (All Funds)

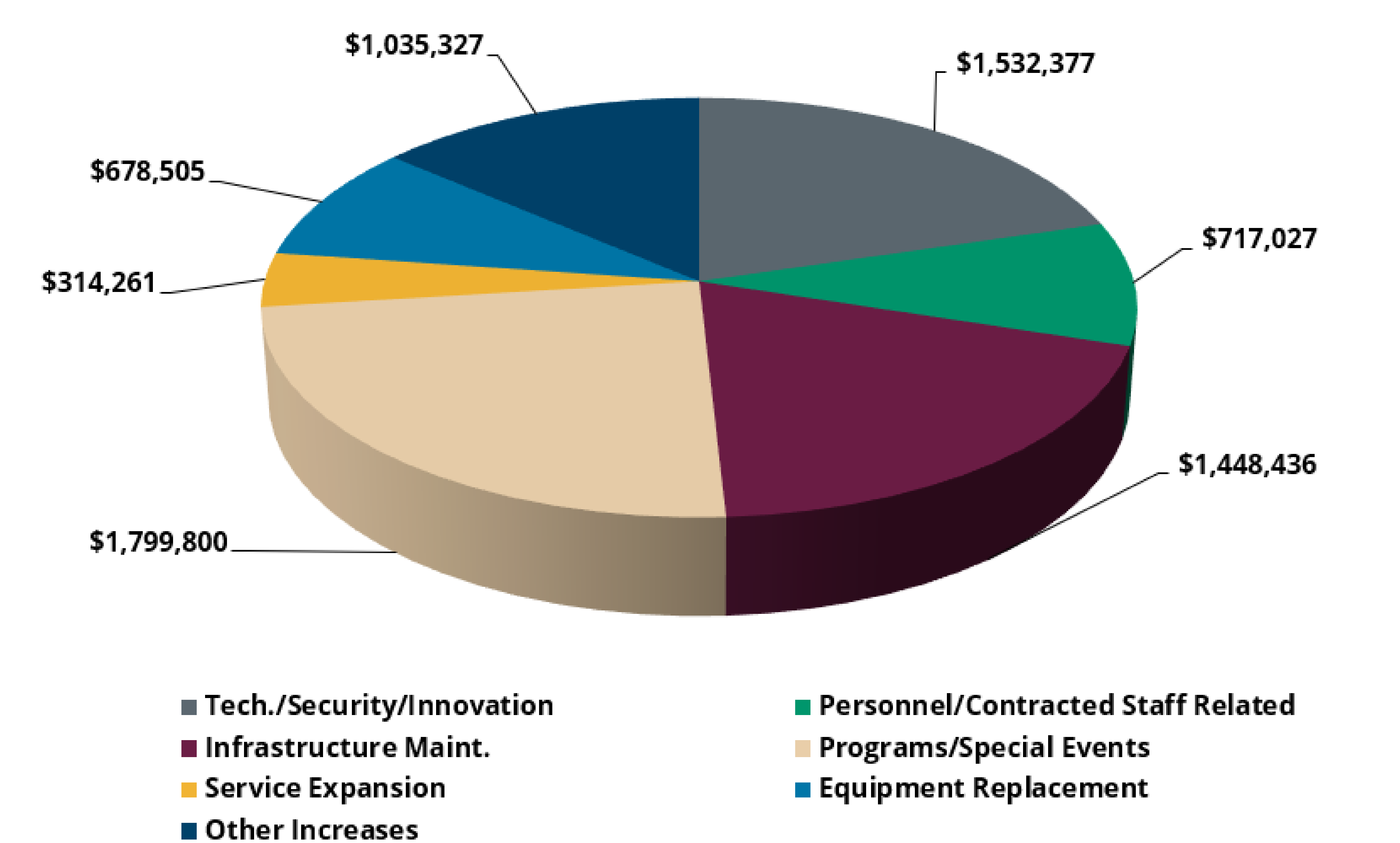


All Funds
$7.3M in requests
$5.5M recommended
*$5.1M net of revenue offsets

General Fund (GF)
$6.1M in requests
$3.8M recommended
*$3.4M net of revenue offsets

9 FTE GF additions
*4 Fire (3 ambulance & 1 rover Fire Fighters)
*2 Police (SRO Police Officer & Mental Health Coordinator)
*1 City Magistrate (Mental Health Court)
*1 Neighborhood Resources (Homeless Navigator)
*1 Devl Services (Fiber)

FY 2021-22 One-Time Decision Package Recommendations (All Funds)



All Funds
$9.5M in requests
$7.5M recommended
*$7M net of revenue offsets

General Fund
$8.1M in requests
$6.2M recommended
*$5.7M net of revenue offsets

Significant Enhancements
- Court Technology Projects
- City-wide Technology Projects
- Enhanced Street Maintenance
- Police Investigative and Technology Equipment

Proposed 5 -Year One -Time General Fund Balance Forecast

5-Year One-Time General Fund Balance Forecast Page 1

		FY 21-22	FY 22-23	FY 23-24	FY 24-25	FY 25-26
1	**BEGINNING FUND BALANCE (estimate)**	**191,737,000**	**137,684,594**	**126,893,884**	**118,657,831**	**115,755,871**
2	**Additional One-Time Revenue/Savings**					
3	One-Time Revenue from Forecast	43,885,492	34,862,000	35,440,000	36,064,000	36,700,000
4	Impact Fee Loan Repayments to 401	950,000	475,000	425,000	250,000	450,000
5	Anticipated Energy Savings from LED	-	25,000	100,000	225,000	375,000
6	**Total Addl' One-Time Revenue/Savings**	**44,835,492**	**35,362,000**	**35,965,000**	**36,539,000**	**37,525,000**
7	**TOTAL ONE-TIME FUNDS AVAILABLE**	**236,572,492**	**173,046,594**	**162,858,884**	**155,196,831**	**153,280,871**
8	**PROJECTED ONE-TIME EXPENDITURES / TRANSFERS OUT**					
9	**Economic Development/Capital Projects**					
10	***Strategic Economic Development Reserve***					
11	Rogers Corp	(229,250)	(46,750)	(46,750)	(42,250)	-
12	Allstate	(230,200)	(214,400)	(142,800)	(160,000)	(160,000)
13	Voya	(274,000)	(93,000)	(87,000)	(28,500)	(47,500)
14	Other	(500,000)	(500,000)	(500,000)	(500,000)	(500,000)
15	***Strategic Economic Development Subtotal***	**(1,233,450)**	**(854,150)**	**(776,550)**	**(730,750)**	**(707,500)**
16	***Downtown Redevelopment Reserve***					
17	Misc Downtown	(250,000)	(250,000)	(250,000)	(250,000)	(250,000)
18	***Downtown Redevelopment Subtotal***	**(250,000)**	**(250,000)**	**(250,000)**	**(250,000)**	**(250,000)**

5-Year One-Time General Fund Balance Forecast Page 2

		FY 21-22	FY 22-23	FY 23-24	FY 24-25	FY 25-26
19	***General Funded CIP***					
20	Community Services	(2,332,000)	(349,000)	(395,979)	(455,700)	(1,322,400)
21	Cultural Development	(500,000)	(700,000)	(2,350,000)	(700,000)	(600,000)
22	Development Services	(1,213,400)	(1,363,700)	(1,241,400)	(1,635,300)	(1,540,800)
23	Fire	(638,000)	(897,000)	-	-	-
24	General Government	(4,232,000)	(3,379,000)	(900,000)	(2,100,000)	(2,350,000)
25	Information Technology	(1,882,849)	(624,000)	(1,522,624)	(500,000)	(500,000)
26	Police	(2,137,000)	(2,233,000)	(1,558,000)	-	(2,107,000)
27	Streets / Traffic	(2,412,000)	(5,271,960)	(3,683,000)	(3,649,010)	(3,571,385)
28	Transportation Policy	(503,990)	(500,000)	(600,000)	(600,000)	(600,000)
29	Capital Projects Carryforward	(38,894,856)	-	-	-	-
30	***General Funded CIP Subtotal***	**(54,746,095)**	**(15,317,660)**	**(12,251,003)**	**(9,640,010)**	**(12,591,585)**
31	**Total Economic Development/Capital Projects**	**(56,229,545)**	**(16,421,810)**	**(13,277,553)**	**(10,620,760)**	**(13,549,085)**
32	Non-Depart (Incl' Fuel $200K/Utility $200K/Printing $56K/Personnel Reserves)	(5,687,500)	(5,700,000)	(5,700,000)	(5,700,000)	(5,700,000)
33	Decision Packages (excl. Non-Departmental)	(5,651,483)	(5,500,000)	(5,500,000)	(5,500,000)	(5,500,000)
34	Transfer to Airport Enterprise Fund	(3,421,115)	(1,634,400)	(2,827,000)	(723,700)	(958,300)
35	Transfer to Insured Liability Fund 737	(1,000,000)	(1,000,000)	(1,000,000)	(1,000,000)	(1,000,000)
36	Transfer to Uninsured Liability Fund 738	(396,555)	(396,500)	(396,500)	(396,500)	(396,500)
37	PSPRS Contribution to Unfunded	(19,200,000)	(15,500,000)	(15,500,000)	(15,500,000)	(15,500,000)
38	Operating Carryforward	(7,301,700)	-	-	-	-
39	**Total One-Time Operating**	**(42,658,353)**	**(29,730,900)**	**(30,923,500)**	**(28,820,200)**	**(29,054,800)**
40	**TOTAL ONE-TIME EXPENDITURES/TRANS OUT**	**(98,887,898)**	**(46,152,710)**	**(44,201,053)**	**(39,440,960)**	**(42,603,885)**
41	**ENDING FUND BALANCE**	**137,684,594**	**126,893,884**	**118,657,831**	**115,755,871**	**110,676,986**

5-Year One-Time General Fund Balance Forecast Page 3

		FY 21-22	FY 22-23	FY 23-24	FY 24-25	FY 25-26
42	**ENDING FUND BALANCE BREAKOUT**					
43	**Contingencies & Reserves**					
44	General Fund Contingency (15% of GF Rev, less trans)	38,894,900	39,750,600	40,426,400	41,154,100	41,894,900
45	One-time Council Contingency	325,000	325,000	325,000	325,000	325,000
46	Grant Match Reserve	100,000	100,000	100,000	100,000	100,000
47	Lump Sum Agreement Reserve	250,000	250,000	250,000	250,000	450,000
48	**Total Appropriated Reserves**	**39,569,900**	**40,425,600**	**41,101,400**	**41,829,100**	**42,769,900**
49	Public Safety Reserves (Early Hire/Overtime for light duty & ind sick leave)	2,260,850	2,007,404	3,070,745	1,997,132	2,706,388
50	Budget Stabilization Reserve	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000
51	Economic Development/Capital/PSPRS Reserve/Ops	77,677,960	66,284,996	56,309,802	53,753,755	47,024,814
52	Compensated Absences Reserve	6,500,000	6,500,000	6,500,000	6,500,000	6,500,000
53	Assigned Court Reserves (Domestic Violence Funds)	31,265	31,265	31,265	31,265	31,265
54	Restricted Court Reserves (Court & Judicial Enhancement Funds)	1,302,409	1,302,409	1,302,409	1,302,409	1,302,409
55	Assigned Police Reserves (Weapons, Citing Agency & Red Light)	342,210	342,210	342,210	342,210	342,210
56	**ENDING FUND BALANCE**	**137,684,594**	**126,893,884**	**118,657,831**	**115,755,871**	**110,676,986**

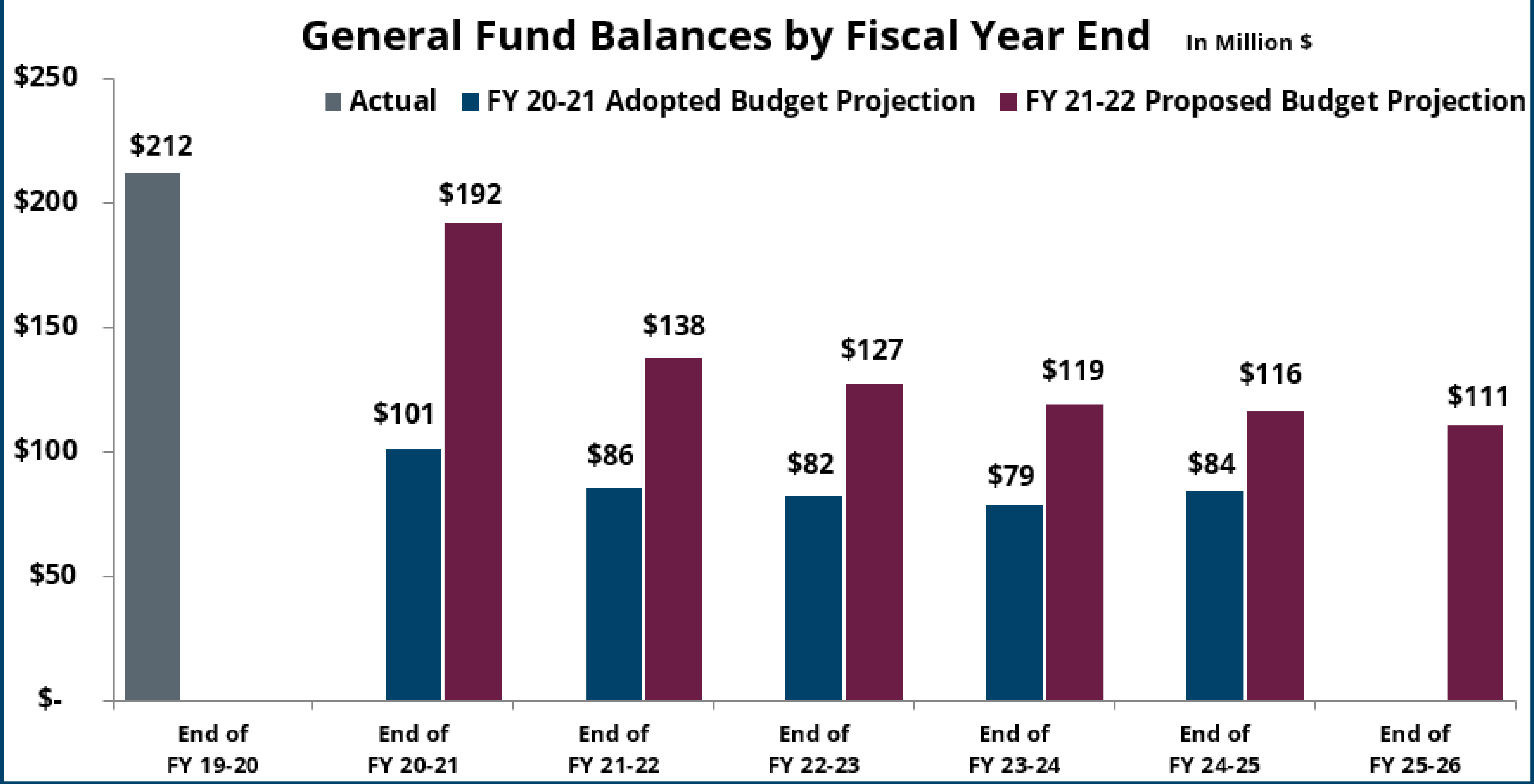
General Fund Balance Reserves/Contingencies

Total FY 2021-22 Estimated Year End General Fund Balance $137,684,594

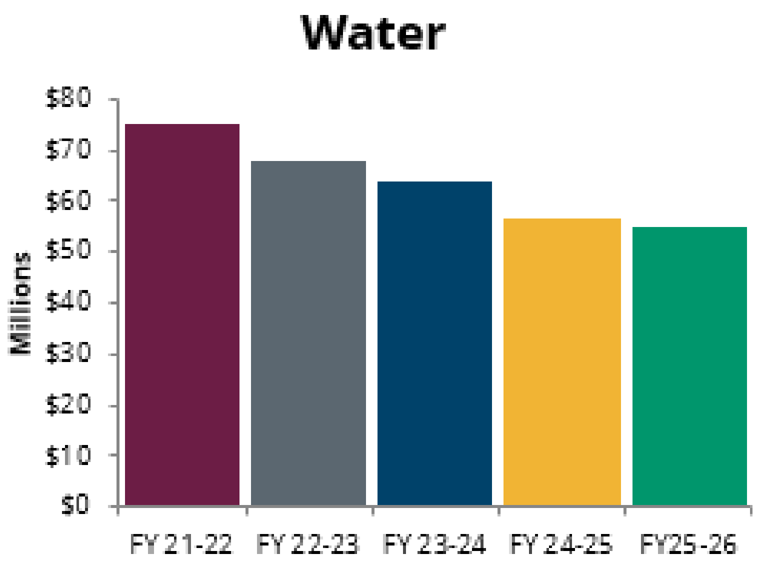
$39.2M 15% General Fund Contingency ($38.9M) and Council Contingency ($325K)	**Unassigned**
$97.2M Budget Stabilization Reserve ($10M) Capital and Econ Devl Reserves Personnel Reserves Public Safety Reserves Fuel/Utility Reserves Domestic Violence and Photo Red Light designations	**Assigned**
$1.3M Court Enhancement Funds (CEF)	**Restricted**

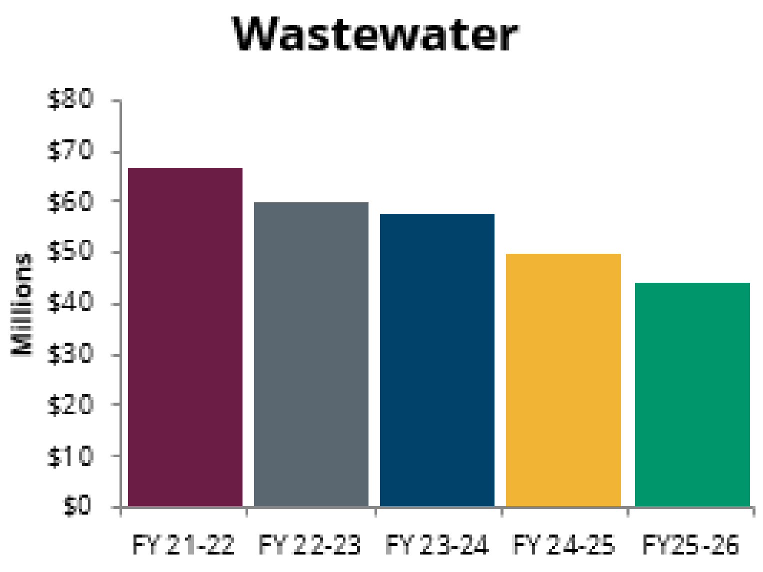
Minimum Reserve Target
Represents 4 months of budgeted operating revenues $86,433,000 (63%)

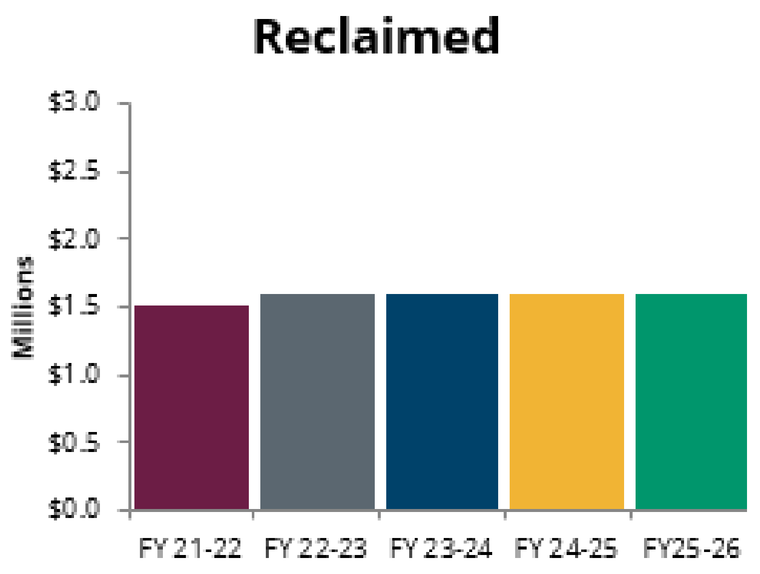
Proposed 5-Year One-Time General Fund Balance Forecast

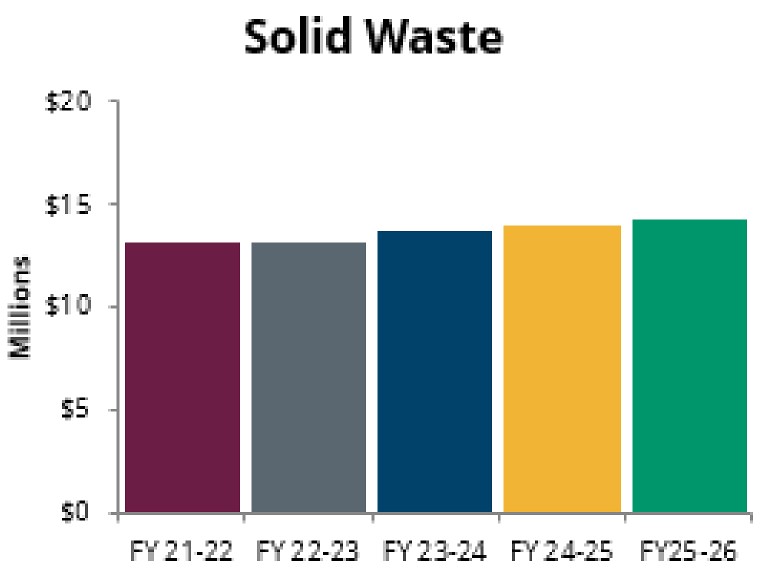


Proposed 5-Year Enterprise Fund Balance Projections









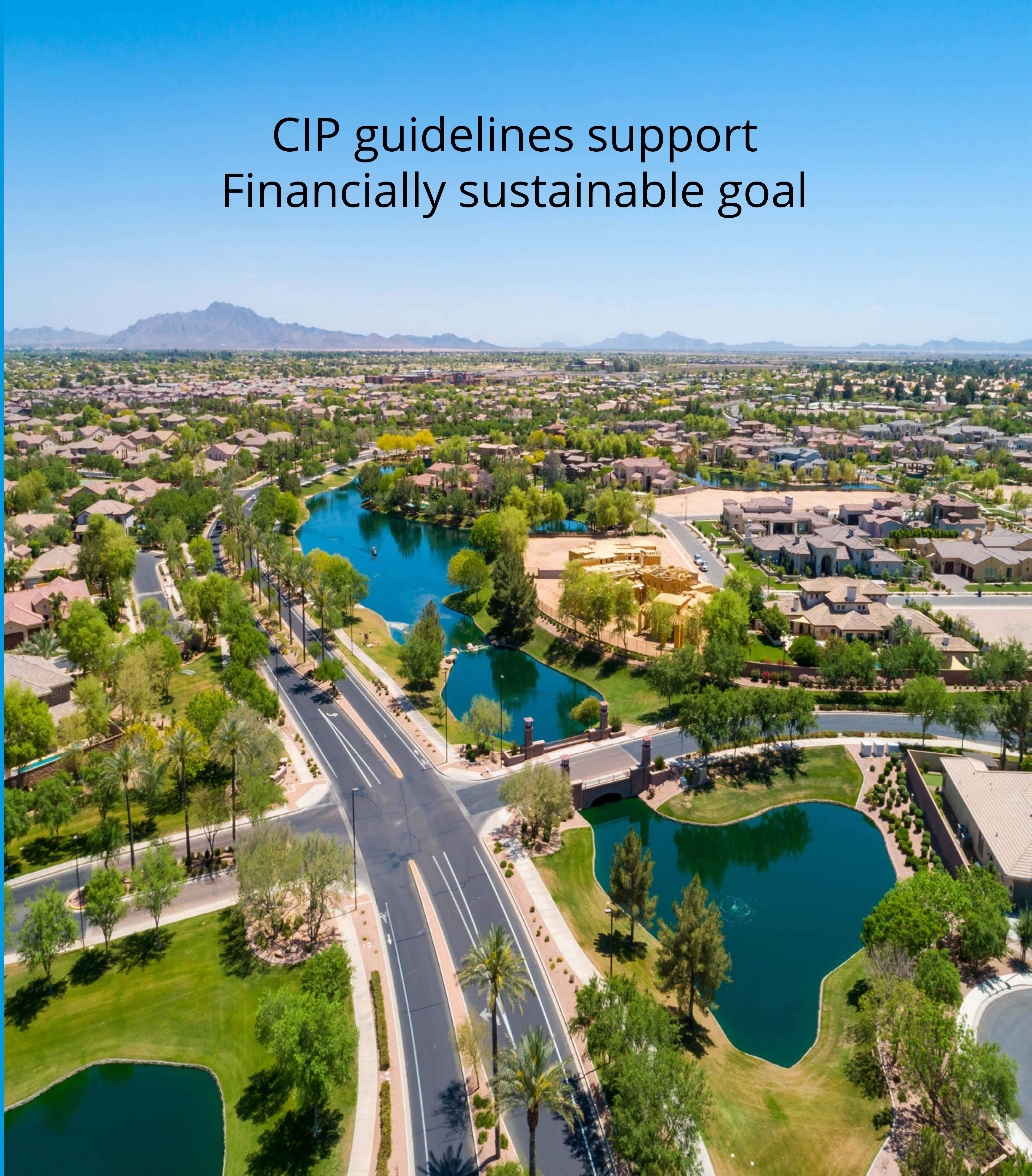
Water Rate Plan	Wastewater Rate Plan	Reclaimed Water Rate Plan	Solid Waste Rate Plan
FY 2021-22 +2% **FY 2023-24 +2.5%** **FY 2025-26 +4.0%**	**FY 2021-22 +8%** **FY 2023-24 +8%** **FY 2025-26 +6%**	**FY 2021-22 +8%** **FY 2023-24 +7%** **FY 2025-26 +7%**	**FY 2021-22 +6%** **FY 2023-24 +5%** **FY 2025-26 +5%**
• Maintains 20% Operating Reserve • Focus on maintaining aging infrastructure: facilities, wells, water mains, and filters • Intel estimate incorporated	• Maintains 20% Operating Reserve • Focus on maintaining aging infrastructure: facilities, wastewater mains • Intel estimate incorporated	• Maintains 20% Operating Reserve • Rates support operating only, water planning, and conservation • Advanced treatment planned in later years	• Maintains 15% Operating Reserve • Addresses increased hauling contract and nationwide recycling impact • Recycling Solid Waste Coll. Center (RSWCC) under review

Cost of Service Study in process to ensure each customer class is paying based on usage characteristics

Proposed 10-Year Capital Improvement Program (CIP)

Capital Improvement Program (CIP) Guidelines

- Maintain existing infrastructure
- Finish planned construction of streets and parks
- Limit new projects that add ongoing operations and maintenance
- Address public needs



10-Year CIP Overview

- 2022-2031 CIP total is $1,297,063,520 ($132.8M more than the 2021-2030 CIP)
- Bond sales are planned in FY 2021-22 to fund projects
- 75% of increase is maintenance of existing infrastructure
- Additional bond authorization needed to complete the 10-year plan

Summary of Proposed Key Capital Projects in the 1st 5 Years

Community/Regional Park Improvements
- Regional Park Development
- Winn Park site
- Library Facility Improvements
- Existing Community and Neighborhood Park Imp'
- Lantana Ranch Park Site

Technology
- Microsoft Office 365 Platform
- Police Virtual Private Network
- Wi-Fi Access Points

Development Services
- Citywide Fiber Upgrades

Buildings & Facilities
- Significant additions to maintenance

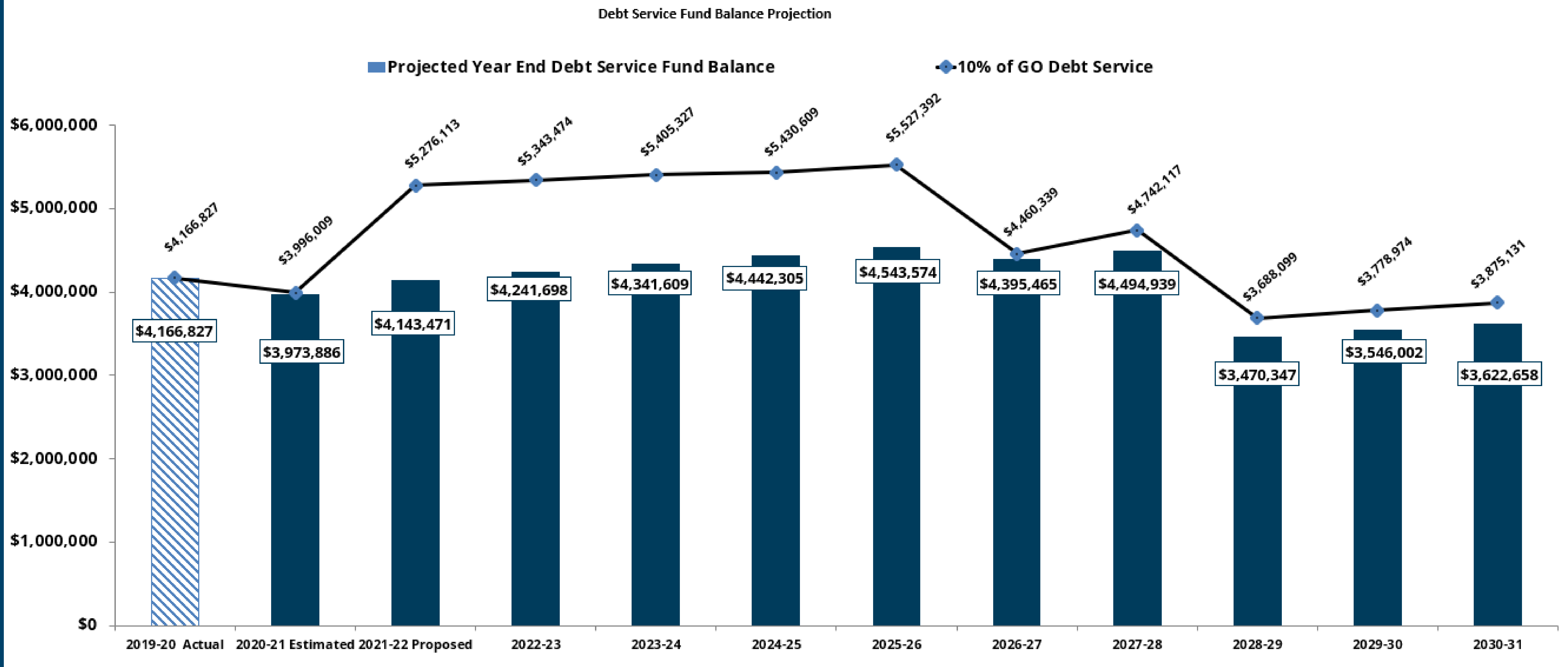
Police
- Forensic Facility

Remaining Arterial Street Projects
- Cooper Road/Insight Loop Extension
- Lindsay Rd (Ocotillo Rd to Hunt Hwy)
- Chandler Heights Rd (McQueen Rd to Val Vista Dr)

  Other Street Projects
  - Boston St
  - Alma School Rd
  - LED Upgrade Streetlight Conversion
  - Frye Rd Protected Bike Lanes
  - Highline Canal Shared Use Path
  - Kyrene Canal Branch Shared Use Path

Airport
- Santan Apron Construction
- Tower Transceiver Radios
- Airfield Lighting Improvements

Proposed 10-Year CIP
Debt Service Year-End Fund Balance Projection



Assumes no change to secondary tax rate ($0.87) and 4.0% growth in Limited Property Values FY 2022-23 through FY 2023-24; reduced to 2.5% growth starting in FY 2024-25.

Refer to Proposed 10-year Capital Improvement Program (CIP) List

Key Budget Dates

Budget Event		Date
Citizen Budget Survey		Completed
Council Budget Kickoff		Completed
Workshop One with Mayor & Council		Completed
Budget Input Time (BIT): Citizen Outreach Media Events		Completed
Workshop Two with Mayor & Council		Today
All Day Budget Brief		April 23, 2021
Council Meetings:	Amendment Discussion	May 13, 2021
	Tentative Adoption	May 27, 2021
	Public Hearing & Final Adoption	June 10, 2021
	Adoption of Tax Levy	June 24, 2021

Questions?

CHANDLER
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