Res. # 5694
Tentative Budget Adoption

FY 2023-24 Proposed Budget
2024-2033 Capital Improvement Program (CIP)

Council Chambers
Thursday, May 25, 2023

CHANDLER
arizona

Statutory Budget Process
A.R.S. 42-17101 to 17108

- Adopt a tentative budget that sets forth the different amounts that will be required to meet the political subdivision's public expense for the fiscal year
  - Enter into the minutes or the governing body
  - Prepare according to forms supplied by the auditor general
  - Publish on the website for public review
  - Once tentatively adopted, budget cannot increase

- After tentative adoption, a public hearing shall be had wherein any taxpayer may be heard in favor of or against any proposed expenditure or tax levy (set for June 15, 2023)

- Hold Special meeting after public hearing to adopt the Budget

- Adopt final tax rate on or before 14 days before taxes are levied, but after the public hearing (set for June 29, 2023)

FY 2023-24 Proposed Budget

“Innovation at Work”

- Total Budget $1,656,274,385 (all funds)
- General Fund Only $610,510,158

22.5% increase overall
$800M operating (+5.9%)
$856M capital (+43.4%)

23.8% increase in General Fund
$483M operating (+16.9%)
$128M capital (+59.2%)

- **Adheres to financial policies**
- **Structurally balanced**
- **Uses Strategic Framework to guide decisions**
- **Provides for cost-effective, quality services**
- **Maintains long-term financial sustainability**
- **Engaged Residents through input opportunities**
  - **Budget Survey, Kickoff, & Two Workshops**
  - **All-day Budget Briefing**
  - **Tentative and Final Adoption**

FY 2023-24 Proposed Budget Increase Drivers (all funds)

Revenues

- Increased revenues to reflect actual economic environment
- Increases are coming from continued development, inflation and strong consumer spending
- Increased State Shared revenues with updated projections

Expenditures

- Inflation increasing operations and capital budgets
- Personnel costs increasing to invest in City workforce and retain employees; market, merit, and healthcare
- Capital projects increased to address aging infrastructure, bond authorized projects, and grant funded projects
- Infrastructure projects to support Intel expansion (FY 2022-23 $148M & FY 2023-24 $30.5M)

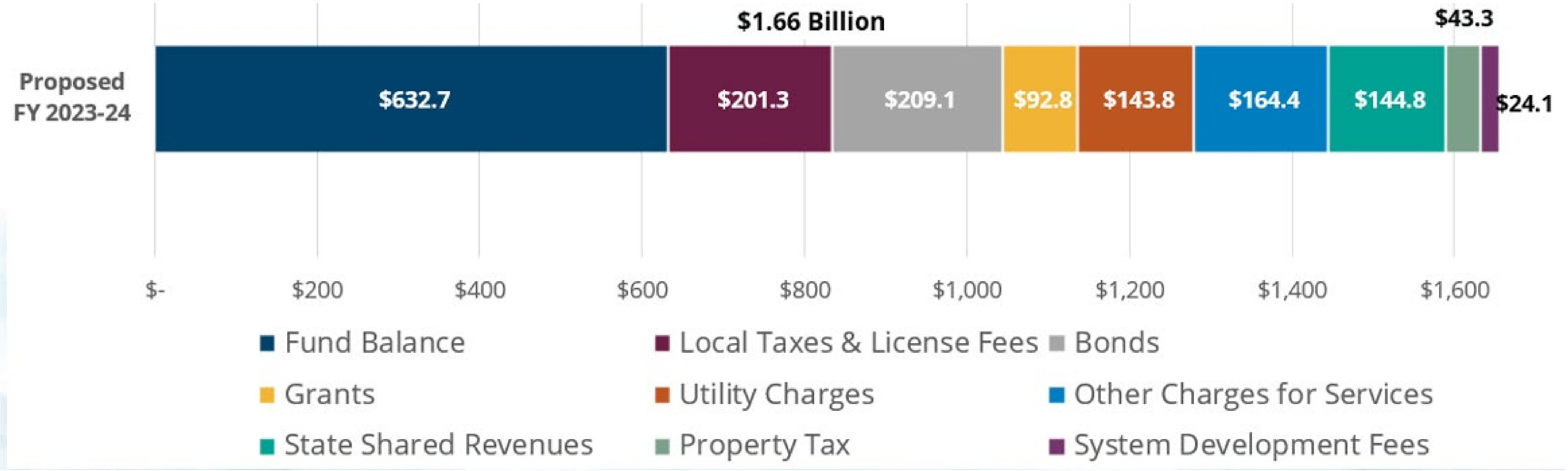
Grants

- Includes $20M in American Rescue Plan Act (ARPA) funds included in FY 2023-24 budget as carryforward
- Continued focus on Grant opportunities and having "shovel ready" projects that may qualify

Debt

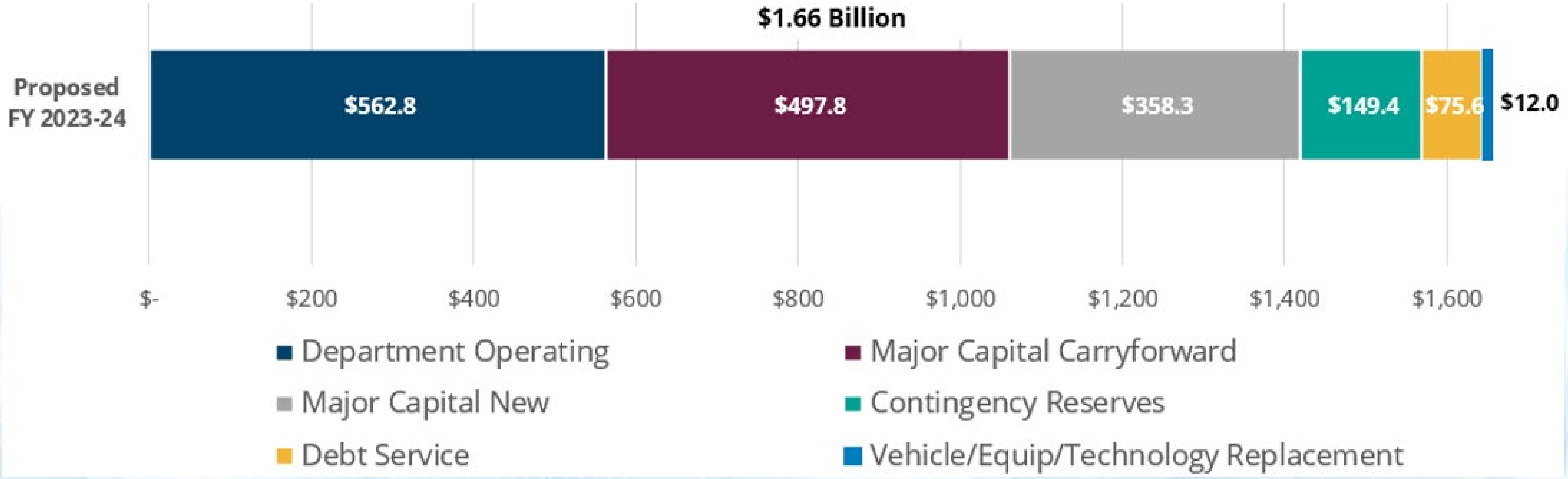
- Additional one-time payment of $73M to pay-off PSPRS unfunded liability and generate ongoing savings

Total Annual Proposed Budget
All Funds (in millions)



"Where the Money Comes From"

"Where the Money Goes"



Operating Budget Highlights

Reduces City property tax rate for the 8th consecutive year

No change to Transaction Privilege Tax (TPT) rates

Anticipates Water, Wastewater, and Solid Waste rate changes to continue to move toward Cost of Service recommendations

Budget maintains existing service levels and enhances programs tied to Strategic Framework

Adds funding for labor association commitments and general employee merit/market

Plans towards debt reduction: $73M in one-time funding for pay-off of Public Safety Personnel Retirement System (PSPRS) liability

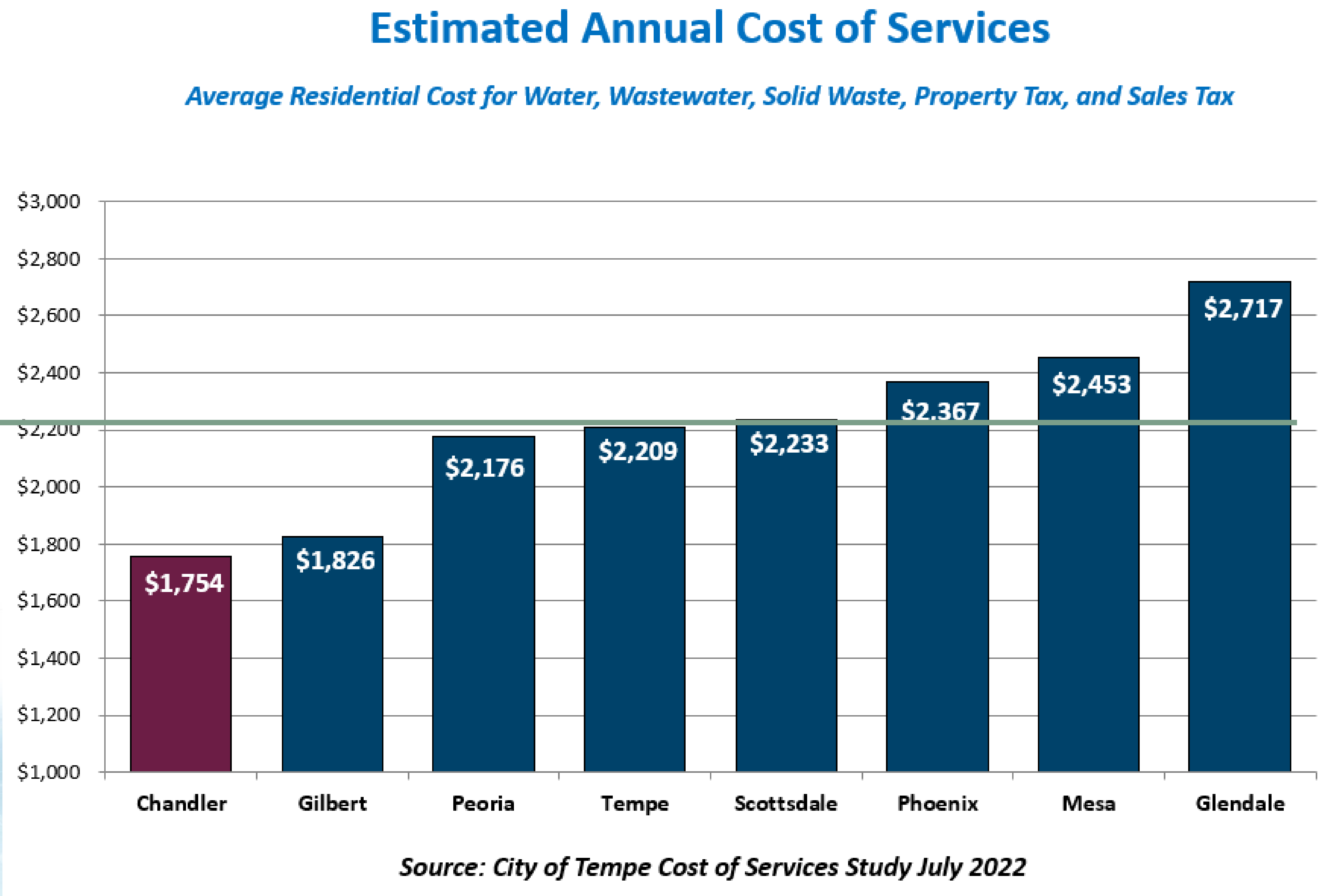
Maintains strong reserves (includes 15% General Fund contingency reserve and $20M budget stabilization reserve)

Potential State Legislative revenue impacts continue to be monitored

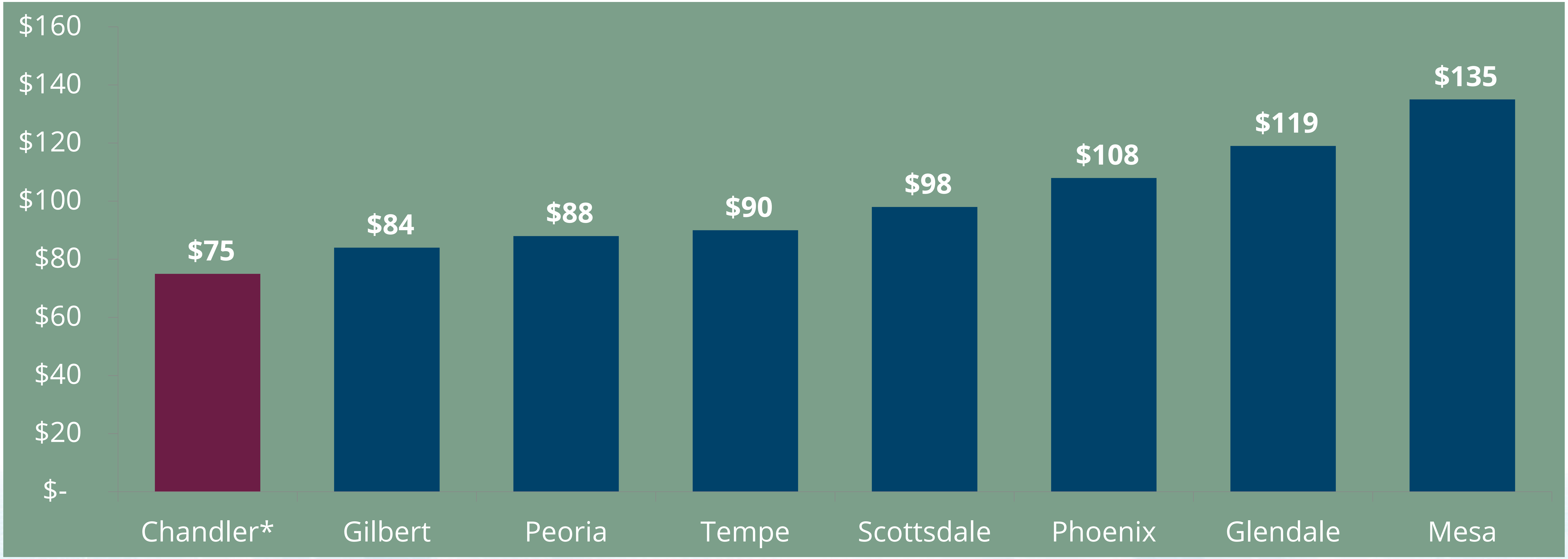
Average Annual Residential Cost Comparison for Direct Services

The average annual cost of services across the valley is:

$2,217



Average Residential Cost Comparison for Water, Wastewater and Solid Waste



Based on Tempe Cost of Service July 2022 results at 10,000 gallons single family residential rates for FY 2022-23
* Incorporates Chandler’s planned rate increases for FY 2023-24

2024-2033 CIP Highlights

- 2024-2033 CIP total is $1,963,967,457 ($299M more than the 2023-2032 CIP)
- Updated to reflect inflationary pressures
- Increased focus on aging infrastructure
- Includes $178.5M in projects for infrastructure to support Intel expansion
- Bond authorization longevity shortened by inflation and additional projects

Proposed FY 2023-24 CIP Appropriation (all funds)

Capital Carryforward $497.7M

Contingency & Reserves $0.45M

New Funding $358.3M

$856.5M Total CIP Appropriation

Key Budget Dates

Budget Event		Date
Council Budget Kickoff		**Completed Oct.**
Citizen Budget Survey		**Completed Dec.**
Council Workshop #1		**Completed Feb.**
Council Workshop #2		**Completed Mar.**
All Day Budget Briefing		**Completed Apr.**
Council Meetings and Statutory Requirements	Tentative Budget/CIP Adoption	**5/25/2023**
	Budget Public Hearing and Final Adoption	**06/15/2023**
	Adoption of Tax Levies	**06/29/2023**

For your consideration:
Res. #5694 approves the Tentative Budget

Questions?