Tentative Budget Adoption

FY 2025-26 Proposed Budget

2026-2035 Capital Improvement Program (CIP)

Council Chambers|Friday, May 2, 2025

CHANDLER arizona

“Strength in Numbers”

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 of 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 12, 2025)
- Hold Special meeting after public hearing to adopt the Budget (set for June 12, 2025)
- Adopt final tax rate on or before 14 days before taxes are levied, but after the public hearing (set for June 26, 2025)

FY 2025-26 Proposed Budget

“Strength in Numbers”

Total Budget $1,628,875,875 | Total General Fund: $615,641,303

Proposed Budget

- Adheres to financial policies and is structurally balanced
  - Ongoing for ongoing and one-time for one-time
- Uses Strategic Framework to guide decisions
- Provides for cost-effective, quality services
- Maintains long-term financial sustainability
- Resident engagement through input opportunities
  - Kickoff, Resident Budget Survey & Three Workshops
  - All-day Budget Briefing
  - Tentative and Final Adoption in May/June

0.01% decrease overall all Funds

$783.2M operating (+4.1%)

$845.7M capital (-3.5%)

5.5% increase in General Fund

$462.9M operating (+5.5%)

$152M capital (+9.9%)

FY 2025-26 Budget Drivers (all funds)

Revenues

- Revenues reflect actual economic environment with analysis on sustainable level
- Increases coming from continued increased local spending (slowing) with decreases from remaining residential rental revenue
- State Shared revenues updated with latest projections using State and League forecasts

Expenditures

- Funding to convert one-time funded positions to ongoing, maintain service delivery after adjusting for inflation, and ensure social safety net services continue
- Personnel costs increasing to build the strength of our workforce to meet evolving resident expectations. Reflects ongoing savings from PSPRS employer contribution
- Capital projects increased for new infrastructure and carry forward of projects underway

Grants

- Federal changes are being monitored in previously identified grants with a continued focus on finding grant opportunities for which the city may qualify.

Ongoing Savings with One-time $

- Maintain funded status of PSPRS to ensure unfunded liability does not grow

Operating Budget Highlights

Maintains city Transaction Privilege Tax (TPT) rates (lowest in Arizona) **and reduces primary property tax rate** (10th consecutive year)

Water, Wastewater, and Solid Waste rate changes are planned in the new Fiscal Year to ensure funds are self supporting

Budget maintains existing service levels in an increasing cost environment

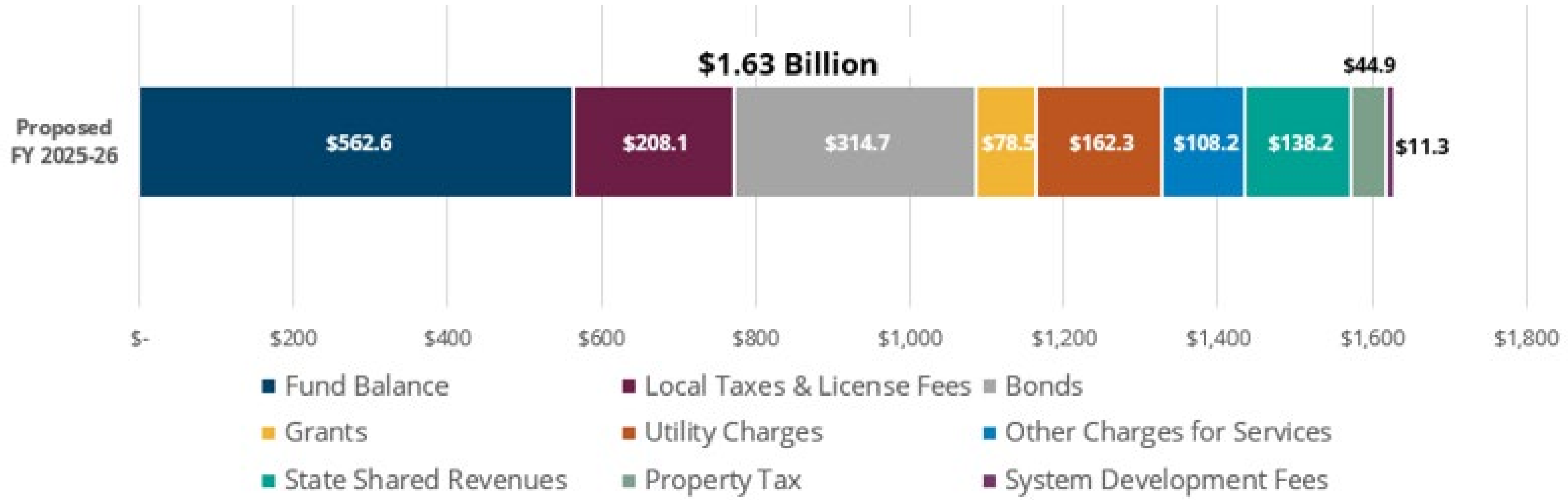
Adds funding for labor association commitments and general employee merit/market

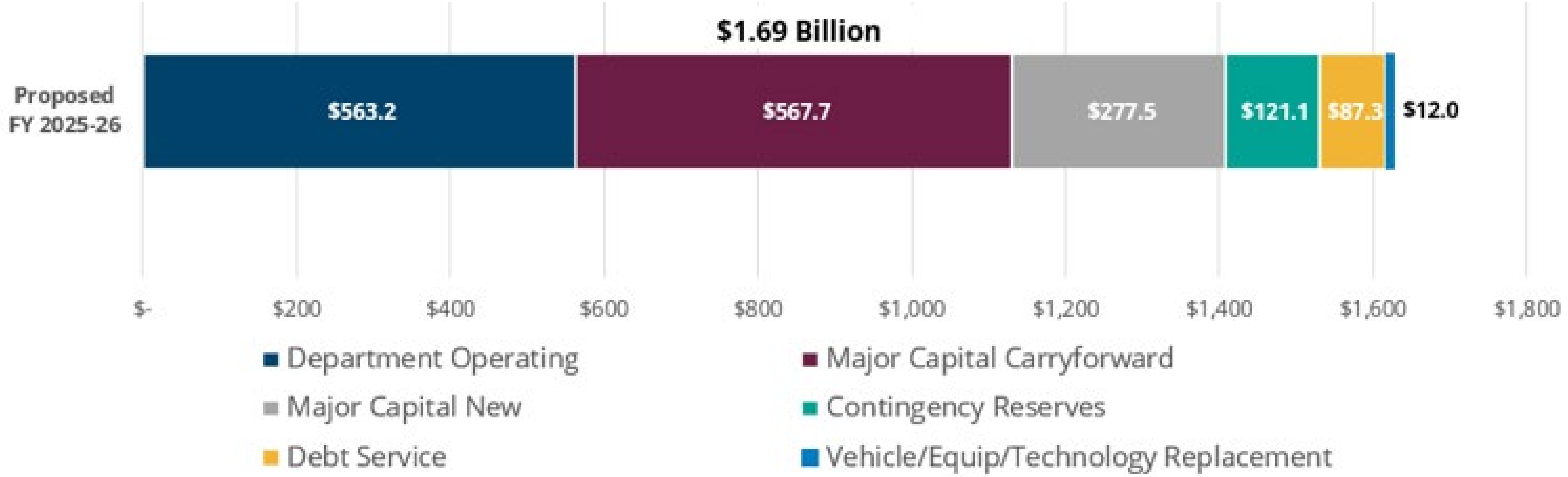
Maintains Public Safety Personnel Retirement System (PSPRS) full funding status with $25M in one-time funding

Maintains strong reserves (includes 15% General Fund contingency reserve and $10M budget stabilization reserve)

Total Annual Proposed Budget
All Funds (in millions)

Where the Money Comes From



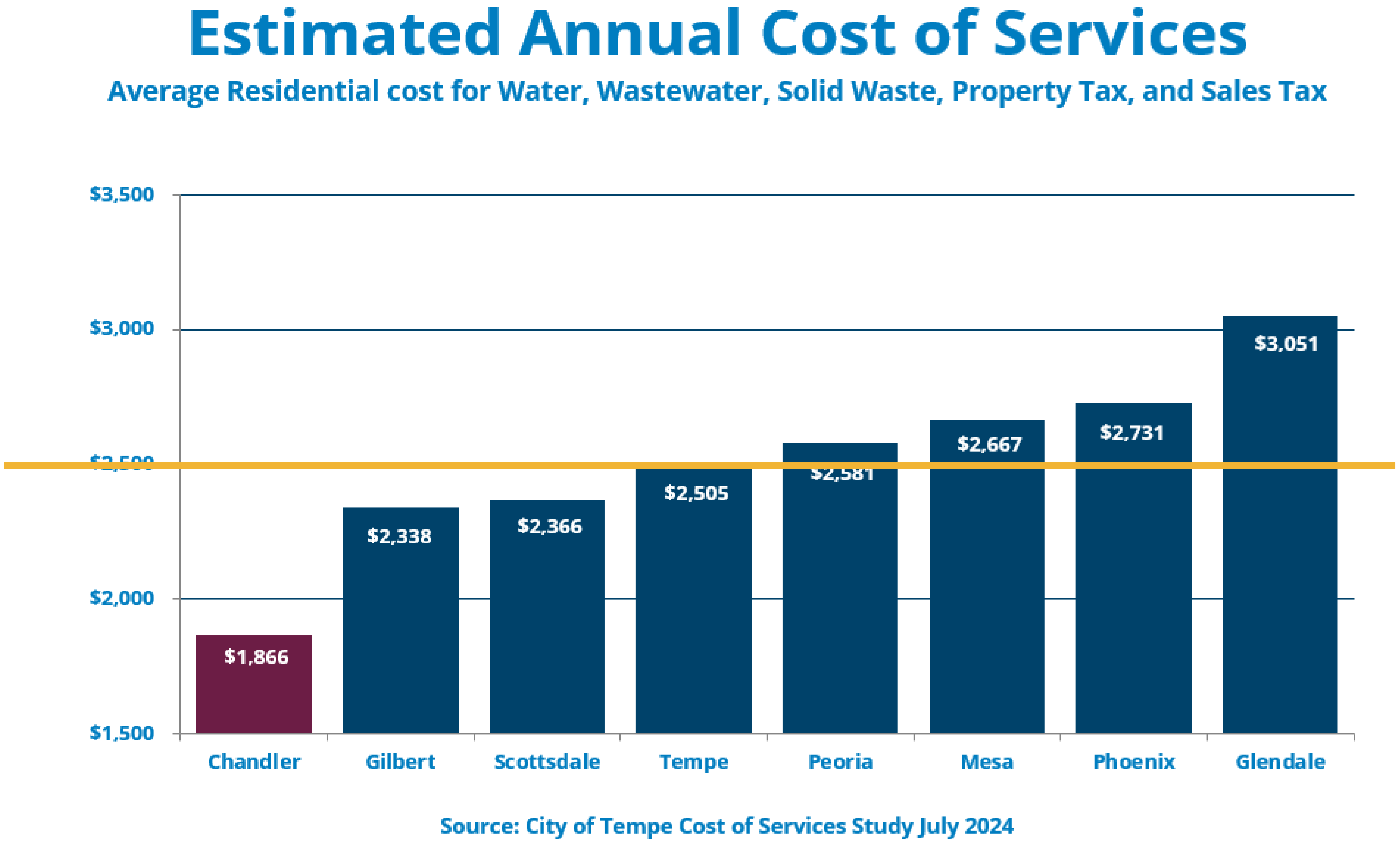


Where the Money Goes

Average Annual Residential Cost Comparison for Direct Services

The average annual cost of services across the valley is:

$2,513



2026-2035 CIP Highlights

- 2026-2035 CIP total is **$2,617,730,721** ($129M more than the 2025-2034 CIP)
- Updated to reflect additional utility projects and updates project cost estimates to current values
- Increased focus on aging infrastructure
- Includes projects utilizing potential new bond authorization in years 3-10

Proposed FY 2025-26 CIP Appropriation (all funds)

Capital Carryforward $567.7M

Contingency & Reserves $0.45M

New Funding $277.9M

$845.7M Total CIP Appropriation

Key Budget Dates

Budget Event		Date
Council Budget Kickoff		**Completed Oct.**
Citizen Budget Survey		**Completed Nov. - Jan.**
Council Workshop #1		**Completed Feb.**
Council Workshop #2		**Completed early Mar.**
Council Workshop #3		**Completed late Mar.**
All Day Budget Briefing		**Completed May**
Council Meetings and Statutory Requirements	Tentative Budget/CIP Adoption	**Tonight**
	Budget Public Hearing and Final Adoption	**June 12, 2025**
	Adoption of Tax Levies	**June 26, 2025**

For your consideration:
Res. #5905 approves the Tentative Budget

Questions?