



CHANDLER
arizona



Tentative Budget Adoption

FY 2024-25 Proposed Budget

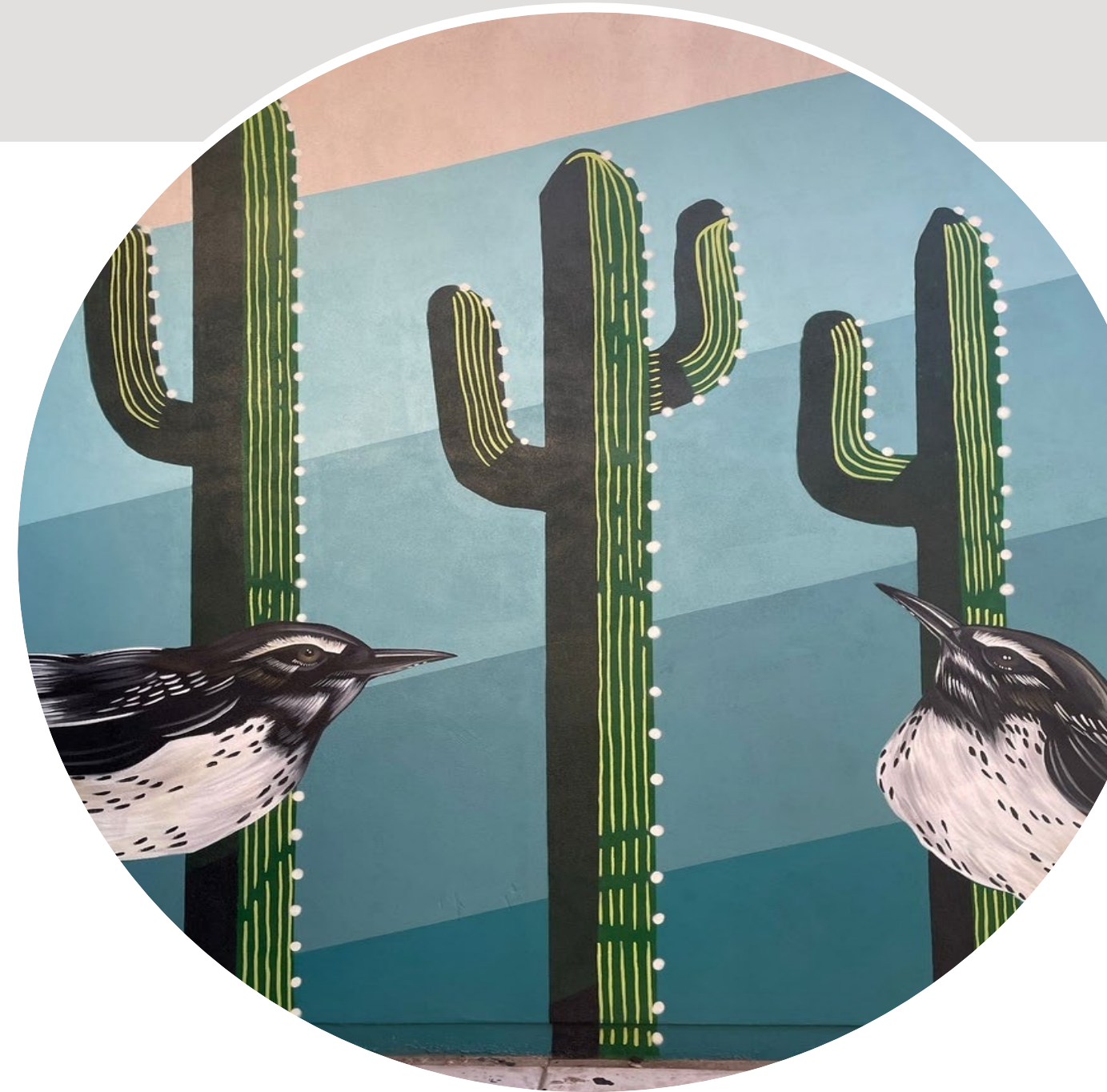
2025-2034 Capital Improvement Program (CIP)

Council Chambers | Thursday, May 23, 2024

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 13, 2024)
- 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 27, 2024)



FY 2024-25 Proposed Budget

“Making it Happen”

Total Budget \$1,629,072,684 | Total General Fund: \$577,776,840

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

1.6% decrease
overall all Funds

\$752.5M operating (-5.9%)

\$876.5M capital (+2.3%)

5.4% decrease in
General Fund

\$577.8M operating (-9.1%)

\$139M capital (+8.6%)

FY 2024-25 Proposed Budget Drivers (all funds)

Revenues

- Revenues reflect actual economic environment with additional analysis on sustainable level
- Increases coming from continued development & decrease from 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 enhancements are in strategic focus areas
- Personnel costs increasing to invest in city workforce and retain employees; market, merit, and healthcare. Reflects ongoing savings from PSPRS employer contribution
- Capital projects increased to address aging infrastructure, inflation and new infrastructure

Grants

- Continued focus on finding Grant opportunities and having “shovel ready” projects that may qualify

Debt & Actions Reducing Cost

- Maintain AAA bond rating to minimize cost of borrowing for capital projects
- Maintain funded status of Public Safety Personnel Retirement System (PSPRS) to ensure unfunded liability does not grow
- Solar energy investment for utility cost savings
- Turf to Xeriscape capital project for utility cost savings

Operating Budget Highlights

Reduces city primary property tax rate, no change to Transaction Privilege Tax (TPT) rates

No planned Water, Wastewater, or Solid Waste rate changes in the new Fiscal Year

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

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

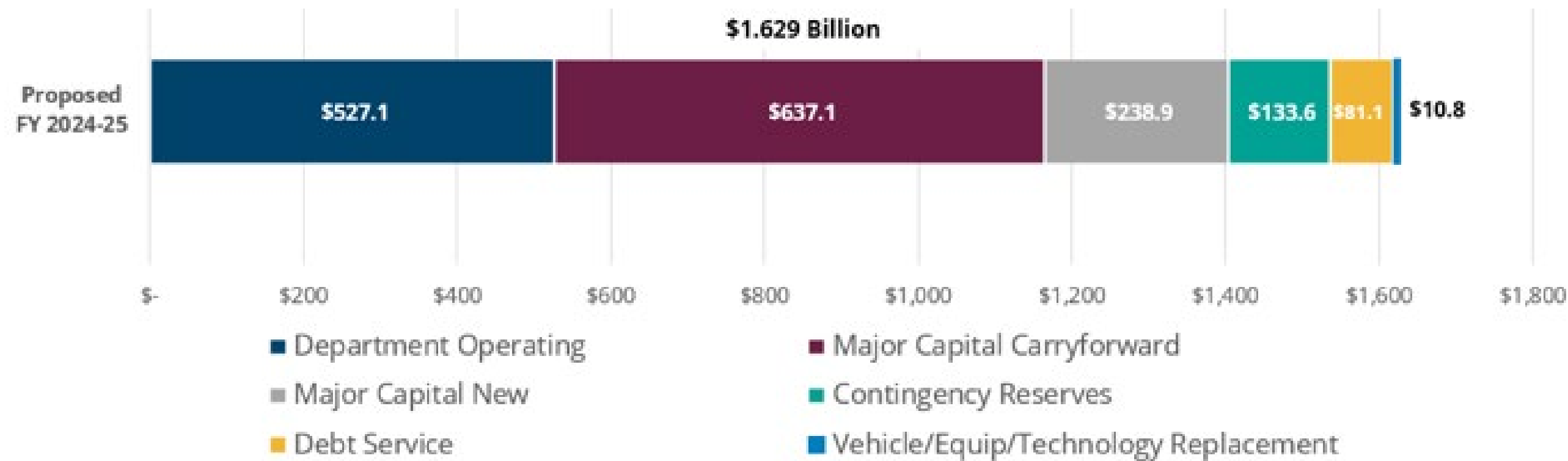
Continues debt elimination: \$7M in one-time funding for pay-off maintenance of PSPRS

Maintains strong reserves including 15% General Fund contingency and \$10M budget stabilization reserve

Total Annual Proposed Budget

All Funds (in millions)

Where the Money Comes From

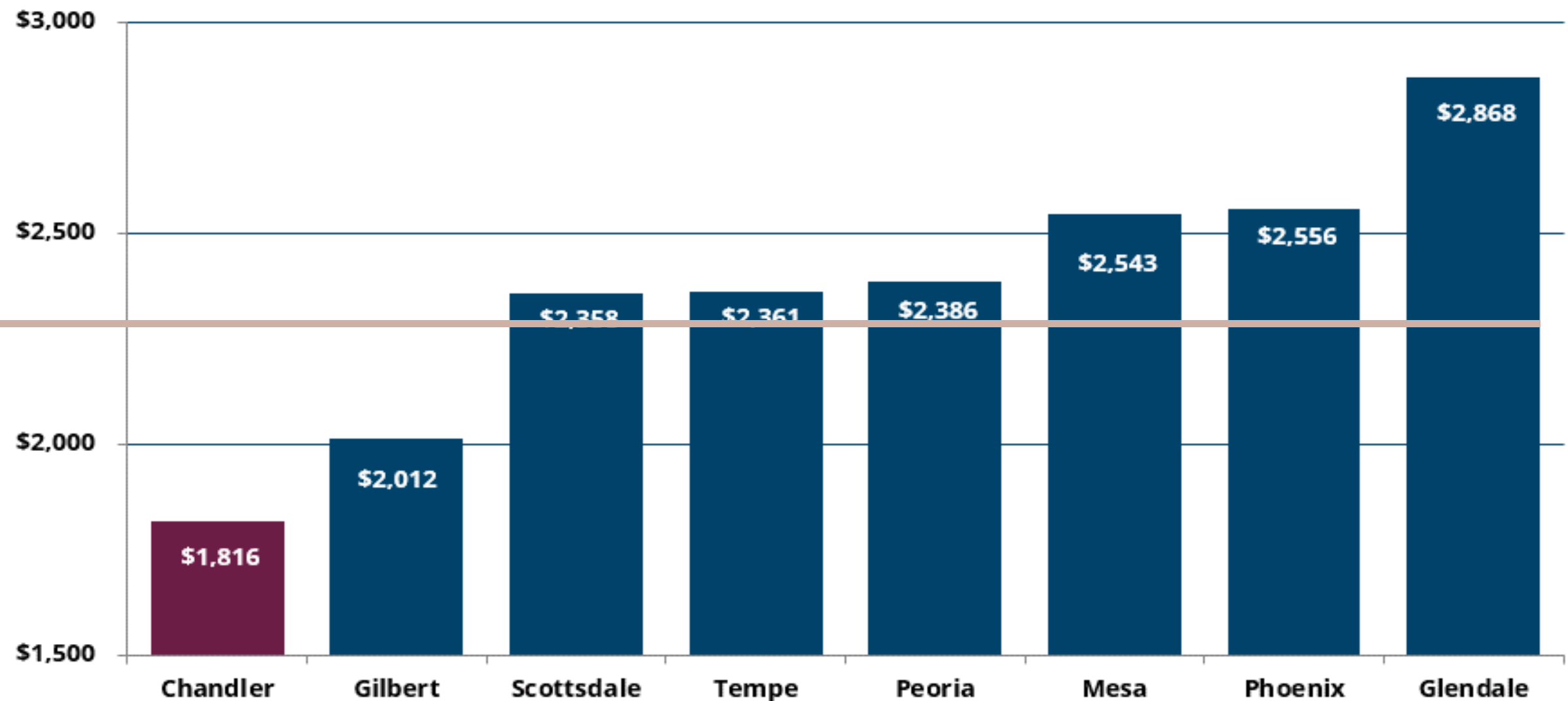


Where the Money Goes

Average Annual Residential Cost Comparison for Direct Services

Estimated Annual Cost of Services

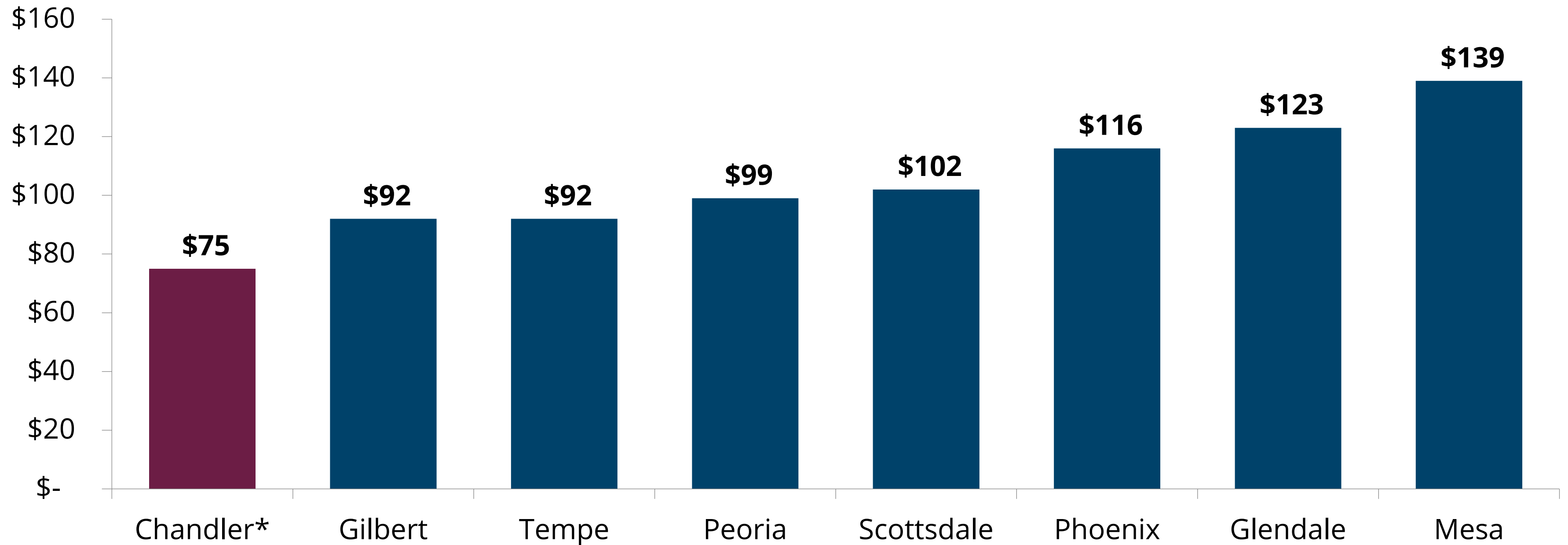
Average Residential cost for Water, Wastewater, Solid Waste, Property Tax, and Sales Tax



The average annual cost of services across the valley is:
\$2,363

Source: City of Tempe Cost of Services Study July 2023

Average Residential Cost Comparison for Water, Wastewater and Solid Waste



Based on Tempe Cost of Service July 2023 results at 10,000 gallons single family residential rates for FY 2023-24

2025-2034 CIP Highlights

- 2025-2034 CIP total is \$2,488,884,031 (\$525M more than the 2024-2033 CIP)
- Updated to reflect additional utility projects and project costs to current values
- Increased focus on aging infrastructure
- Voter Bond authorization to support capital plan is shortened by inflation



Proposed FY 2024-25 CIP Appropriation (all funds)

Capital
Carryforward
\$637.1M

Contingency &
Reserves
\$0.45M

New
Funding
\$238.9M

\$876.5M
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 Apr.
Council Meetings and Statutory Requirements	Tentative Budget/CIP Adoption	5/23/2024
	Budget Public Hearing and Final Adoption	06/13/2024
	Adoption of Tax Levies	06/27/2024





For your consideration:
Res. #5800 approves the
Tentative Budget

Questions?