

FY 2025-26 Budget Workshop #1

Council Conference Room
Thursday, February 20, 2025 | 4:00 p.m.





Agenda

1. Resident Budget Survey Feedback

FY 2025-26 Resident Budget Survey
Foundations



3. FY 2025-26 Preliminary Budget

General Fund Forecast Inflows and Outflows
Major Revenues/Expenditures and Drivers
Public Safety Personnel Retirement System (PSPRS)
Preliminary Capital Improvement Plan (CIP) Overview
Preliminary Property Tax Discussion



2. Financial Policies and Considerations

FY 2025-26 Economic Updates

4. Key Budget Dates & Closing remarks



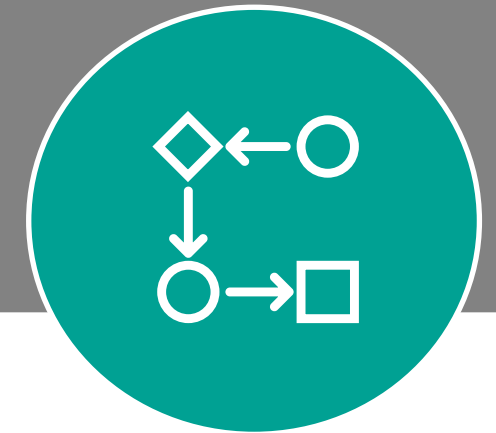
FY 2025-26 Budget Theme

“Strength in Numbers”

Our Vision

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

Chandler Budget Process Timeline



This year's theme: **“Strength in Numbers,”**



Budget Processes	Start	End	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25
Budget Kick-Off		10/14/24	█								
Resident Budget Survey/Poll Questions/Videos	11/25/24	1/10/25	█	█	█	█	█				
Depts Submit Decision Packages/CIPs	12/6/24	12/31/24	█	█	█	█	█				
Council Budget Workshop #1		2/20/25					█				
Decision Package/CIP Recommendations		3/8/25						█			
Council Budget Workshop #2		3/24/25						█			
Council Budget Workshop #3		3/27/25						█			
Finalize CIP Recommendations		3/29/25						█			
Proposed Budget Book to M&C		4/18/25							█		
New or Modified Fees Action		4/24/25							█		
All Day Budget Brief		5/2/25							█		
Tentative Adoption		5/22/25								█	
Public Hearing and Final Adoption		6/12/25									█
New or Modified Fees Action		6/26/25									█
Adoption of Tax Levy		6/26/25									█

New Fiscal Year 2025-26 begins 7/1/2025

Council/Resident Process

Staff Process

Resident Budget Survey Feedback



FY 2025-26 Resident Budget Survey

- The survey ran from November 25, 2024, through January 10, 2025
- CAPA assisted with a video ad campaign to encourage participation
- Continued expanded the outreach on social media
- Additional facilities provided paper copies, signage and survey QR codes and postcards
- Encouraged participation with Boards & Commissions, Recreation and Library users
- The survey consisted of 19 total questions and was offered in English, Spanish, and Mandarin
- Funding Priority questions were added to the survey to better understand Chandler residents top four priorities for operating programs and capital projects
- Each focus area was allotted 1-2 questions on the full survey, each with a comment box for written responses

Survey
Participants
1,343
(1,135 prior yr)

Survey
Comments
2,474
(1,350 prior yr)



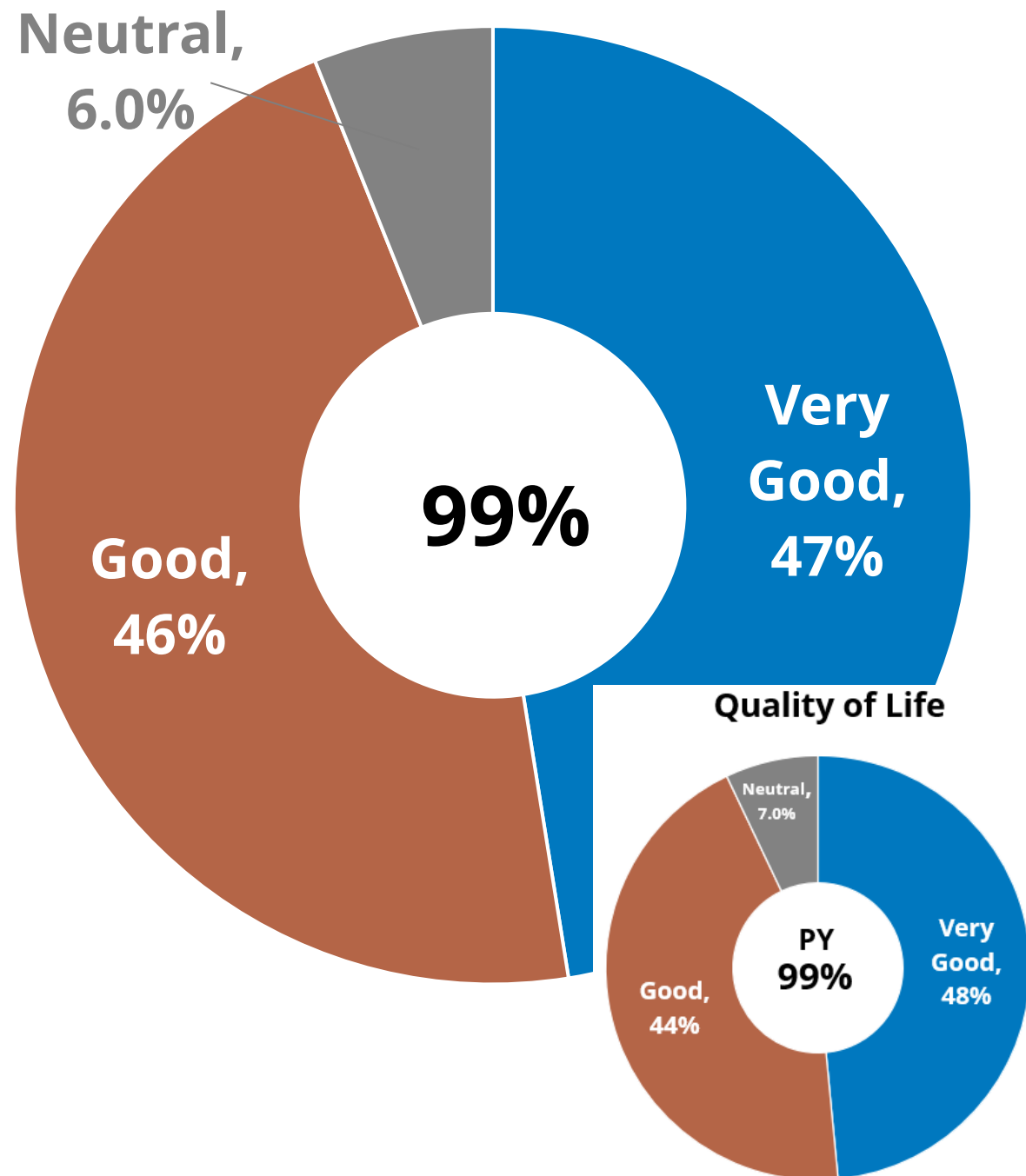
Your INPUT. Your IMPACT!

Take the Fiscal Year 2025-26 Budget Survey
chandleraz.gov/budget

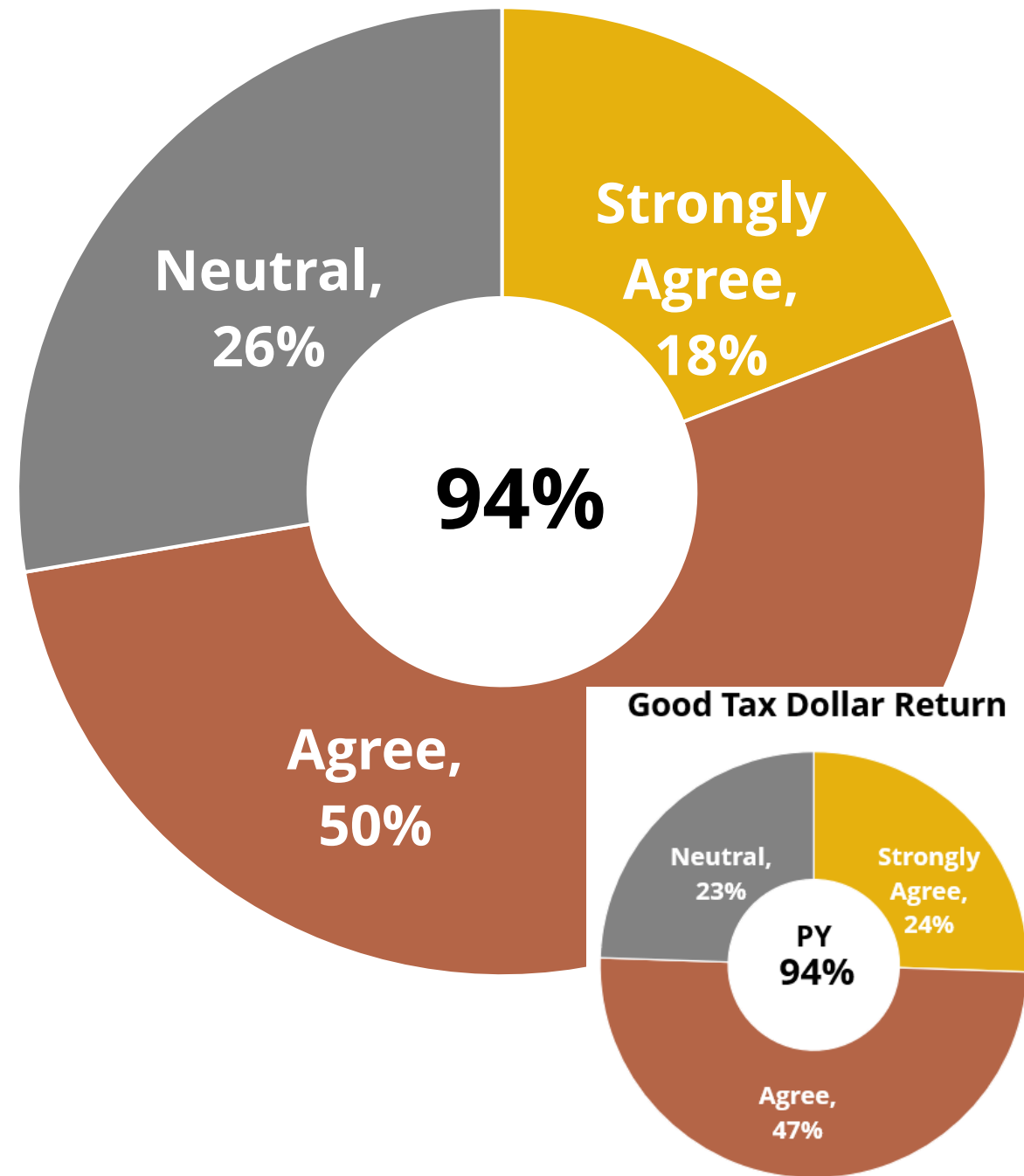


Budget Survey Results

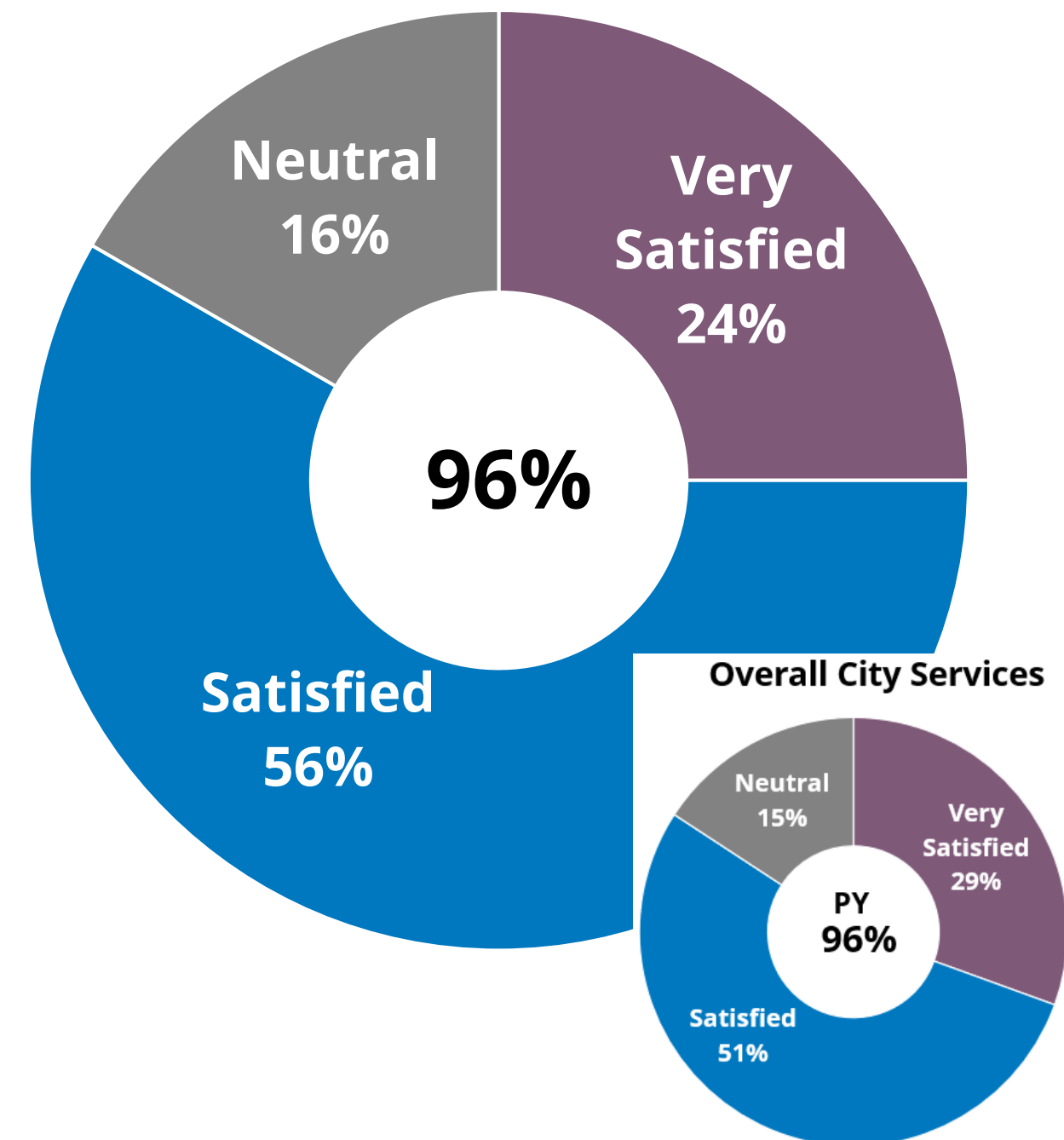
Quality of Life



Good Tax Dollar Return

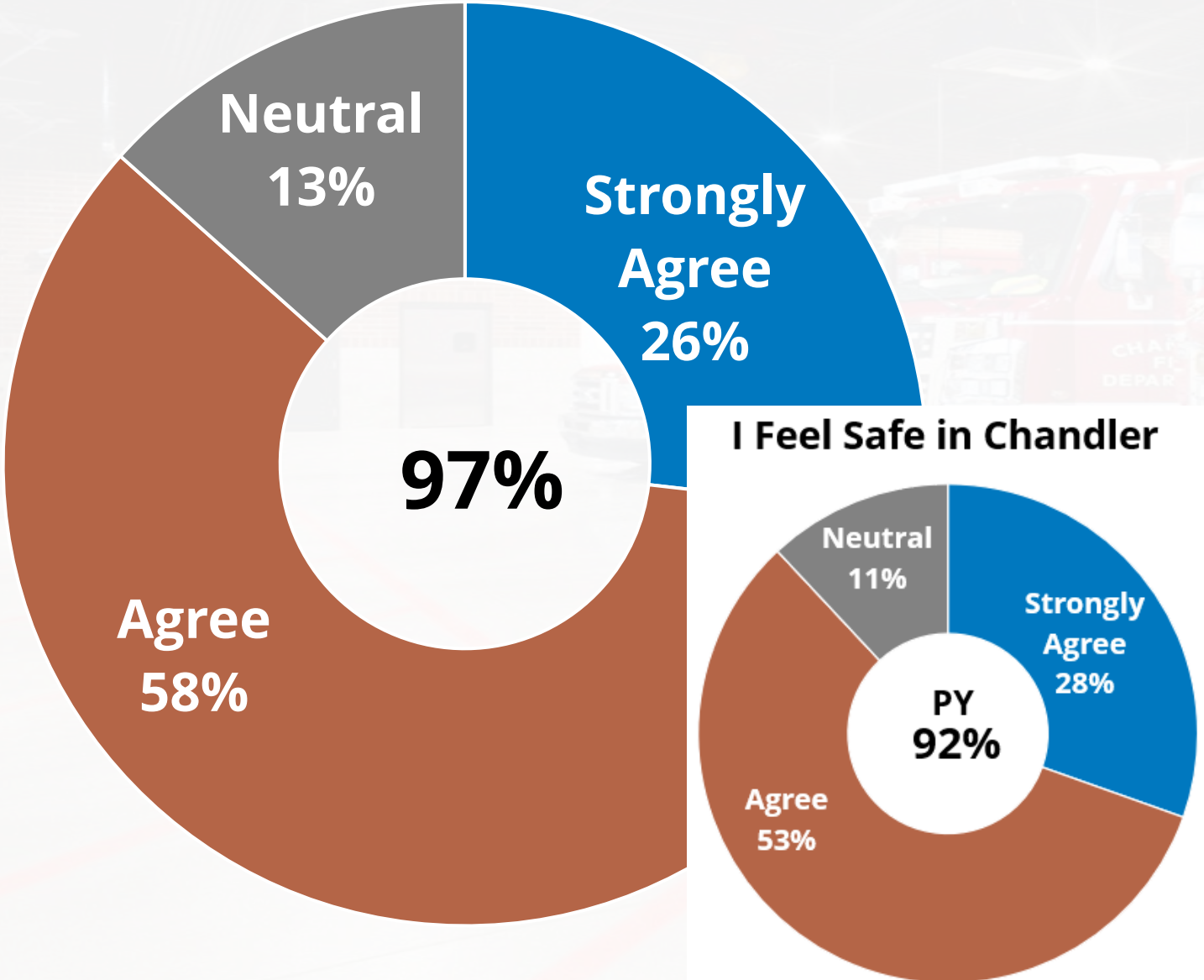


Overall City Services

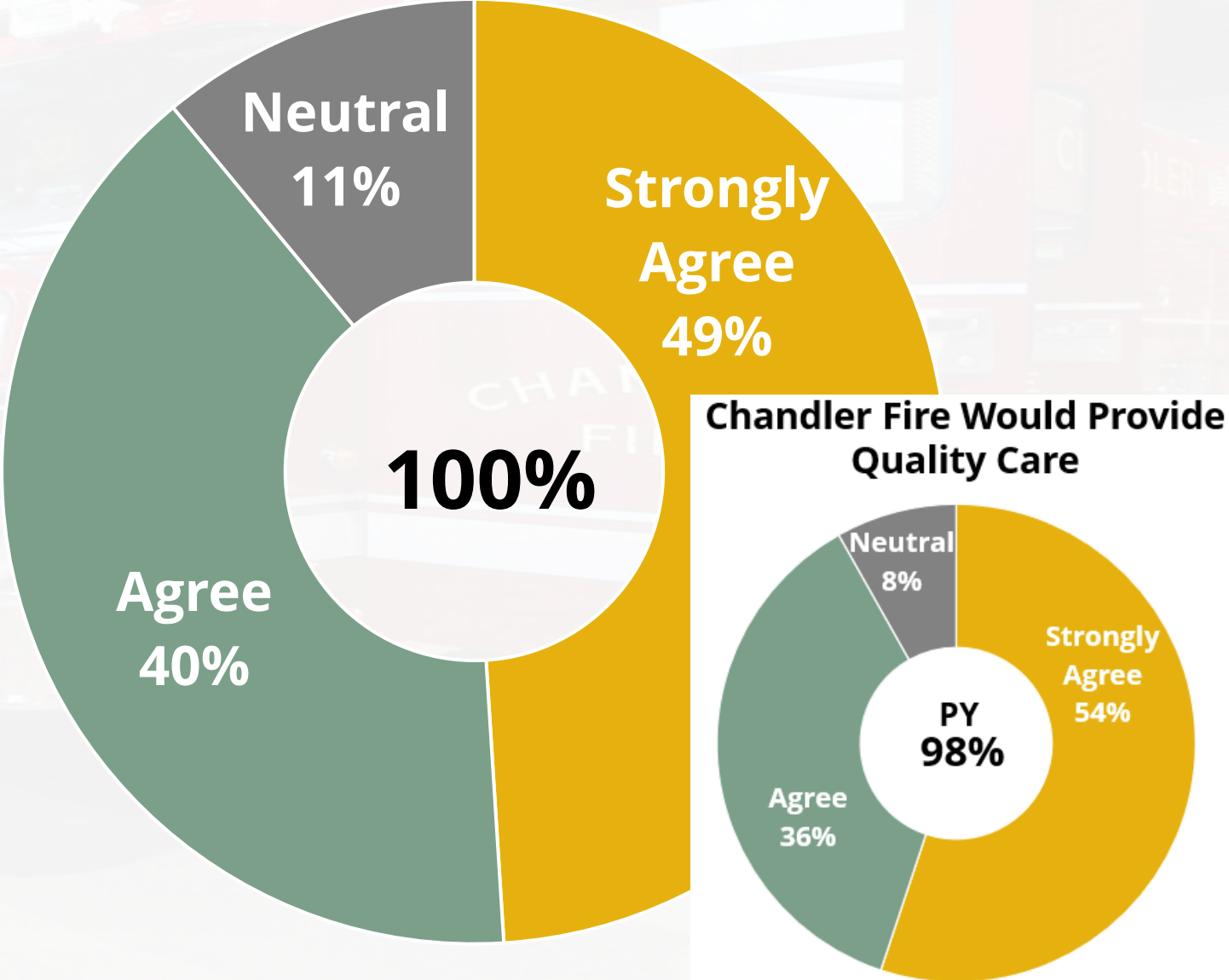


Provides residents a convenient way to share feedback regarding City services, amenities and infrastructure that are important to their quality of life in Chandler

I Feel Safe in Chandler



Chandler Fire Would Provide Quality Care



Budget Survey Results

Budget Survey Spending Priorities

Operating Programs and Services

Theme	# of Responses
Social safety net services funding (Housing, Behavior Health, Seniors, Employment, etc.)	634
Enhancements to Public Safety services or personnel	580
Improved park / athletic field maintenance	539
Programs to address homelessness	504

Capital Projects

Theme	# of Responses
Increased amenities in existing neighborhood and community parks	668
Bike lanes and trails	552
Public Safety Facilities (Police and Fire)	546
Enhanced street repaving program	478



Budget Survey Comment Themes (Top Three)

Community Safety

Police Presence and Patrol (89)

- Major Themes Include: Appreciate visible patrols, quick response times, regular neighborhood presence. Would like to see more police presence, need more patrols in neighborhoods, need more traffic enforcement.

Traffic Safety and Enforcement (72)

- Major Themes Include: Good response to accidents. Concerns about speeding, red light running, school zone safety, street racing and dangerous driving.

General Police Performance and Interactions (68)

- Major Themes Include: Professional service, courteous officers, good experiences, trust in department. Some concerns about officer attitudes, poor response to reports requests.

Budget Survey Comment Themes (Top Three)

Connectivity

Bicycle Infrastructure (87 comments)

- Major Themes Include: Appreciation for existing bike lanes and paths. Like the recent bike path extensions. Good incorporation of bike lanes in newer streets. Need more protected/separated bike lanes. Current bike lanes unsafe due to proximity to fast traffic. Need better connectivity between bike paths. Bike lanes need additional maintenance. Need more off-street bike paths.

Public Transportation (85 comments)

- Major Themes Include: Positive feedback about Chandler Flex service. Appreciation for current bus service where available. Support for existing transit options. Need enhanced service in south Chandler. Need more bus routes and frequency. Need better bus stop amenities (shade, seating). Service hours too limited. Transit takes too long compared to driving.

Road Infrastructure & Maintenance (76 comments)

- Major Themes Include: Appreciation for recent repaving projects. Good street maintenance in some areas. Well-maintained major arterials. Starting to see more potholes. Construction projects take too long. Traffic signal timing could improve.

Budget Survey Comment Themes (Top Three)

Economic Vitality

Business Growth & Economic Development (95 Comments)

- Major Themes Include: Appreciation for attracting businesses, particularly in tech and semiconductor industries. Support for Chandler's competitive position in economic development. Calls for more small business support and incentives. Concerns over too many chain stores and lack of local business diversity. Seems to be more and more empty office spaces.

Housing Affordability & Development (55 Comments)

- Major Themes Include: Support for continued growth to meet demand. Calls for balancing commercial and residential development. High housing costs making Chandler more unaffordable. Fewer apartment developments and high-density housing would be preferred. Concerns that new developments are harming Chandler's character.

Chandler Airport Expansion (48 Comments)

- Major Themes Include: Support for extending the runway to attract business aviation. Calls for using the airport to generate more economic opportunities. Opposition to airport expansion due to noise and environmental concerns. Concerns that the airport benefits a small group rather than the broader community.

Budget Survey Comment Themes (Top Three)

Neighborhoods

Housing Development & Affordability (115 Comments)

- Major Themes Include: Support for a mix of housing options, including single-family homes, town homes, and condos. Appreciation for efforts to increase housing supply to meet demand. Calls for more affordable housing for seniors and young families. Some opposed to apartment construction, particularly high-density developments. Concerns about rising housing costs making Chandler unaffordable. Concerns that affordable housing and Section 8 developments will reduce property values.

Code Enforcement & Neighborhood Maintenance (98 Comments)

- Major Themes Include: Support for city-led clean-up programs, including alley maintenance and bulk trash pickup. Appreciation for effective code enforcement. Calls for stricter enforcement of signage and business advertisements on residential streets. Concerns about vacant lots, abandoned vehicles, overgrown yards, and poor alley maintenance.

Neighborhood Infrastructure & Safety (72 Comments)

- Major Themes Include: Positive feedback on well-maintained roads, street lighting, and public spaces. Support for increased shade structures and landscaping improvements. Appreciation for efforts to keep neighborhoods clean and safe. Concerns about seeing more potholes and deteriorating streets. Older neighborhoods seem neglected while new developments receive attention. Calls for better traffic enforcement and solutions for congestion from overdevelopment.

Budget Survey Comment Themes (Top Three)

Quality of Life

Parks & Recreation Facilities (150 Comments)

- Major Themes Include: Appreciation for the variety and accessibility of parks and recreation centers. Positive feedback on aquatic facilities and sports complexes. Support for continued investment in recreational programs. Concern that older parks need maintenance and updates. Requests for better upkeep of public restrooms and amenities.

Aquatic Facilities & Pools (65 Comments)

- Major Themes Include: Appreciation for existing pools and aquatic programs. Requests for more aquatic facilities, including indoor and year-round pools. Concerns about overcrowding at pools, especially in summer. Issues with limited hours, maintenance concerns, and lack of shade.

Pickleball & Sports Facilities (50 Comments)

- Major Themes Include: Support for expanding pickleball courts and other recreational sports options. Requests for more sports fields, including soccer and baseball fields. Seems to be some over-prioritization of pickleball over other sports. A few complaints about outdated or under-maintained sports facilities

Budget Survey Comment Themes (Top Three)

Sustainability & Technology



Water Conservation & Quality (92 Comments)

- Major Themes Include: Support for water conservation efforts. Appreciation for Chandler's water planning. Calls for expanded reclaimed water use. Encouragement for sustainable landscaping incentives. Concerns about water shortages and sustainability. Concerns with poor water taste and contamination risks (lead, fluoride, chemicals). Worries about excessive water use by businesses and new developments.

Renewable Energy & Solar Power (55 Comments)

- Major Themes Include: Strong support for solar expansion, including city buildings and homes. Interest in incentives for solar installations. Desire for more electric vehicle (EV) infrastructure. Some skepticism about green energy's cost-effectiveness. Some opposition to public funding for renewable energy projects.

Recycling & Waste Management (30 Comments)

- Major Themes Include: Support for better recycling programs. Interest in composting and separate waste collection. Encouragement for public education on proper recycling. Concerns about recycling program effectiveness. Frustration with limited bulk pickup options.

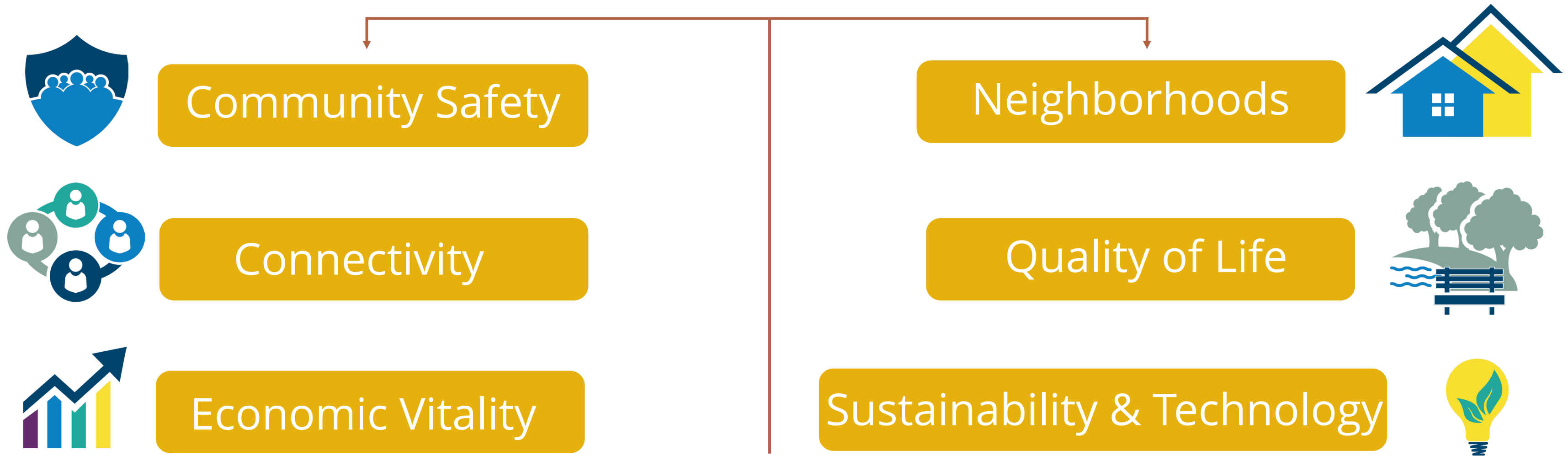
An aerial photograph of a suburban residential area. The scene shows a mix of single-family homes with varying roof colors, green lawns, and mature trees. A prominent feature is a large, circular, semi-transparent brown overlay that covers the center of the image. Inside this overlay, the title 'Financial Policies and Considerations' is written in a clean, white, sans-serif font. The background shows a winding road, a small pond or lake, and distant mountains under a clear blue sky.

Financial Policies and Considerations

Strategic Framework Guides Decision Making

Our Brand: A safe, diverse, equitable and inclusive community that connects people, chooses innovation and inspires excellence.

Focus Areas:





Financial Policies

(*Revised and updated by Council February 2024)

Chandler's 9 Financial Policies Institutionalize Strong Financial Management Practices

Operating Management *

Capital Management (Jan. 2016)

Reserves (Apr. 2023)

Debt Management *

Long-Range Financial Planning (Jan. 2016)

Grant Management *

Investment*

Accounting, Auditing, and Financial Reporting *

Pension Funding * (annual update; March 2025 Council Meeting)

FY 2025-26 Financial Considerations

Economy has seen supply chain issues continue to ease, but inflation is still a concern. Federal Reserve monetary policy is being closely watched.

Growth of sustainable (ongoing) revenue is expected to grow at a slower rate locally and at the state level.

Spending on COVID relief funds (ARPA, ERA, etc.) fully encumbered and decisions on related ongoing levels is again a topic in the new year's budget.

Possible recession or self-inflicted downturn remains in most economists' predictions due to lower consumer confidence.

Full Residential Rental legislation impact is incorporated. \$5M ongoing in the current year and another \$5M impact in FY 2025-26.

Development revenues lower on single family residential. Expect future development to be infill and redevelopment.

FY 2025-26 Financial Considerations (Cont'.)

Unknown impacts of implementing Tariffs. (Chandler's Foreign Trade Zone Businesses will see limited or no Impact)

Length of grant funding freeze by Federal Government and what will be finally impacted unknown.

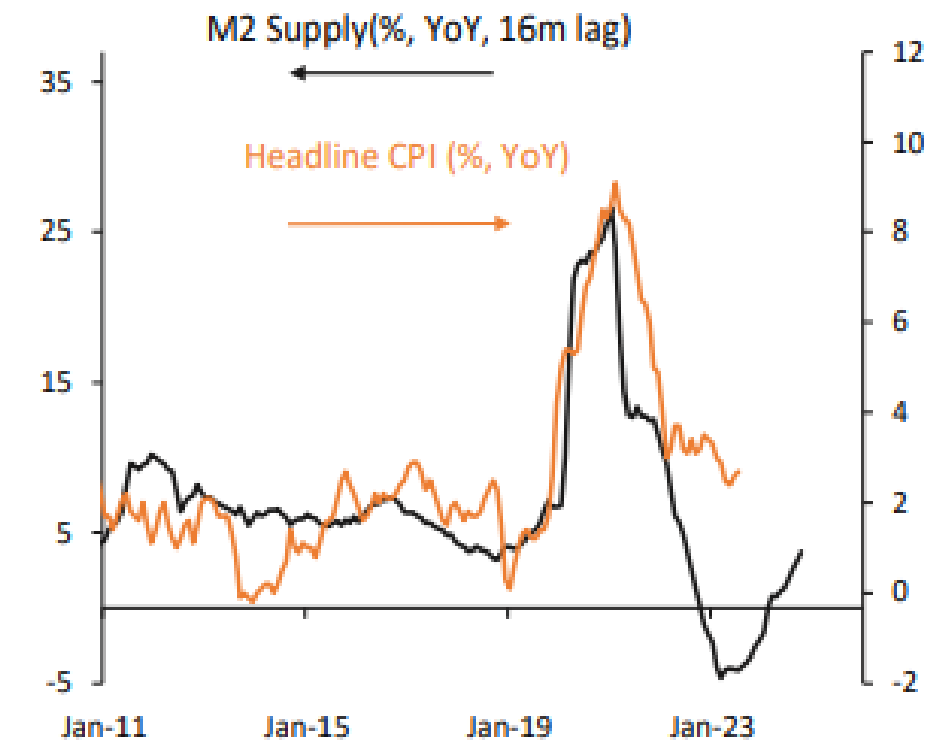
Potential State Food Tax ballot provision could be a loss of up to \$17M ongoing revenue; will be monitored.

Potential federal elimination of Tax-Exempt Bond Status will be monitored.

ARS personal property tax methodology change caused a decline in current assessed values.

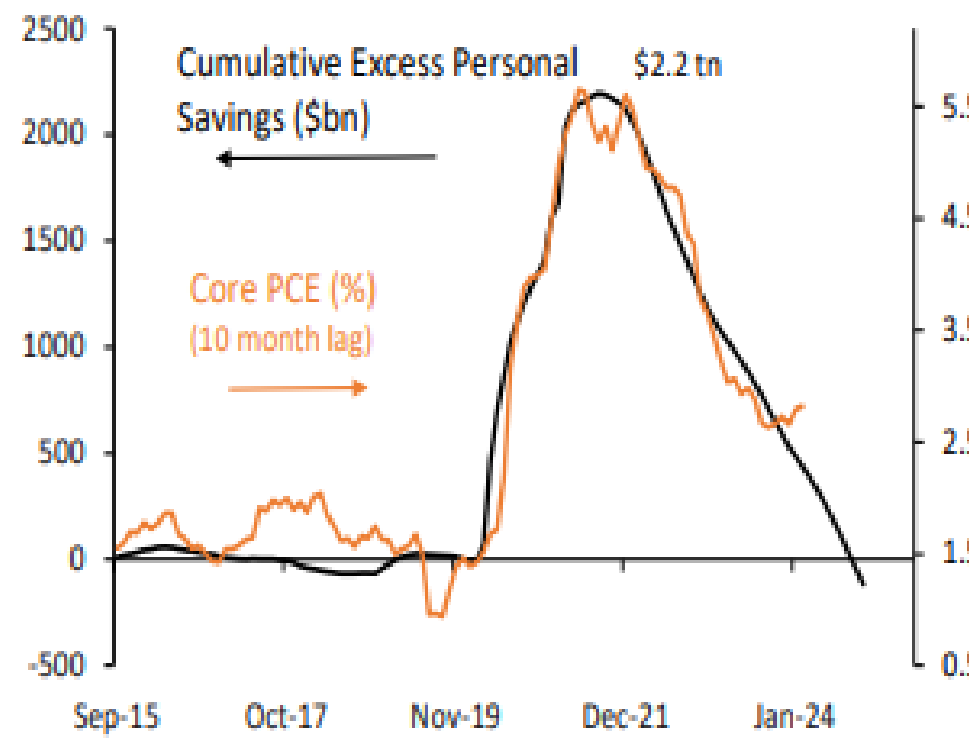
National Economic Indicators

Figure 1: Reduced money supply growth should drive inflation lower



Source: Federal Reserve, Bureau of Labor Statistics, Piper Sandler

Figure 2: Inflation should decline alongside depleted COVID excess savings



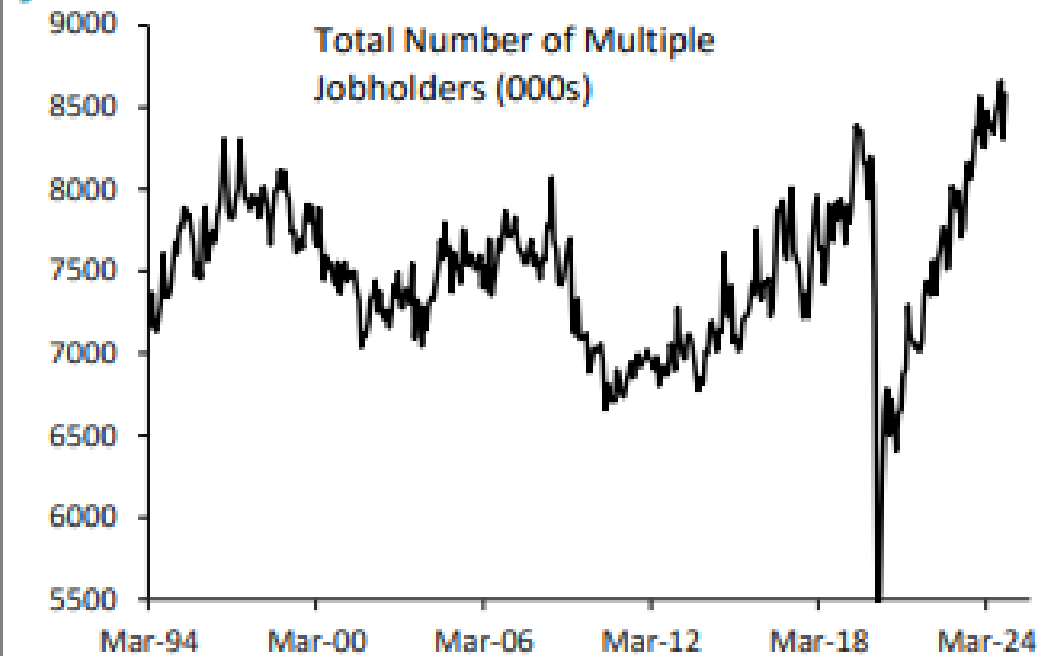
Source: Bureau of Economic Analysis, Piper Sandler

Figure 5: Fewer jobs per unemployed worker signal a cooling labor market



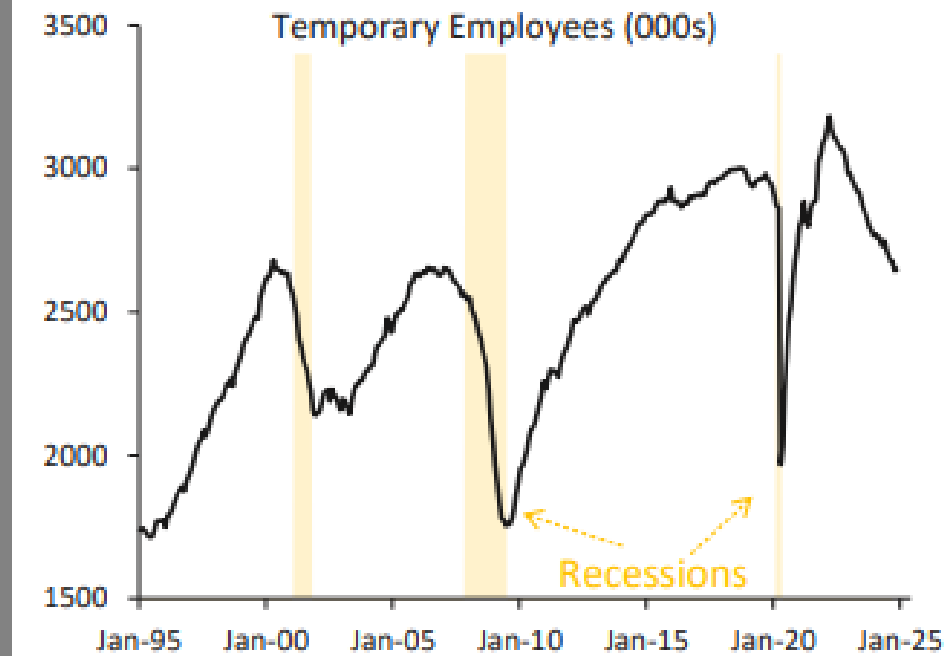
Source: Bureau of Labor Statistics, Piper Sandler

Figure 7: More Americans are holding multiple jobs than ever before



Source: Bureau of Labor Statistics, Piper Sandler

Figure 8: The drop in temporary help jobs points to upcoming labor market challenges



Source: Bureau of Labor Statistics, Piper Sandler

Economy reflects mixed signals with Fed actions helping but labor cooling

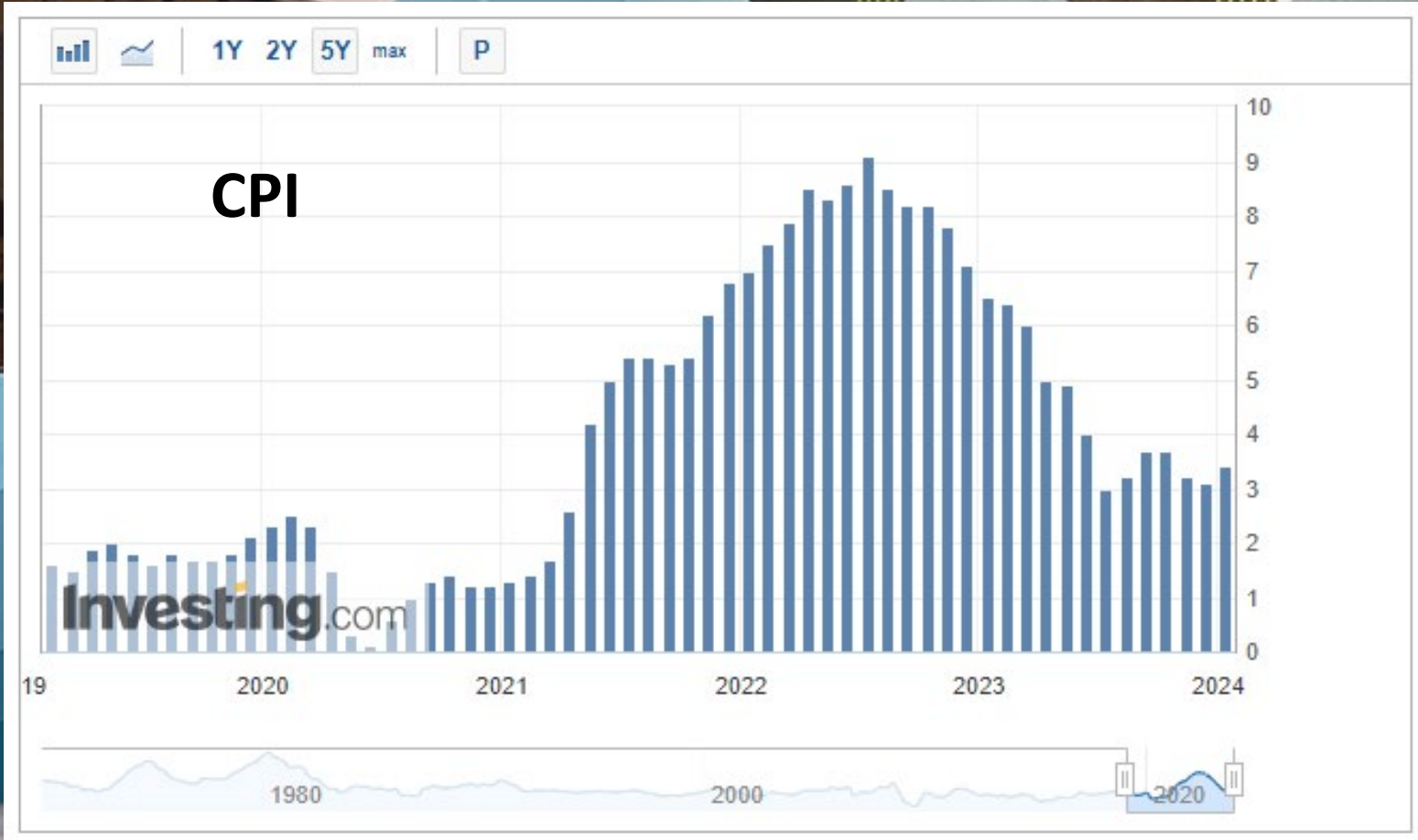
National Inflation is hovering at 3%

Inflation is near Fed goal, but uptick seen in Jan '25

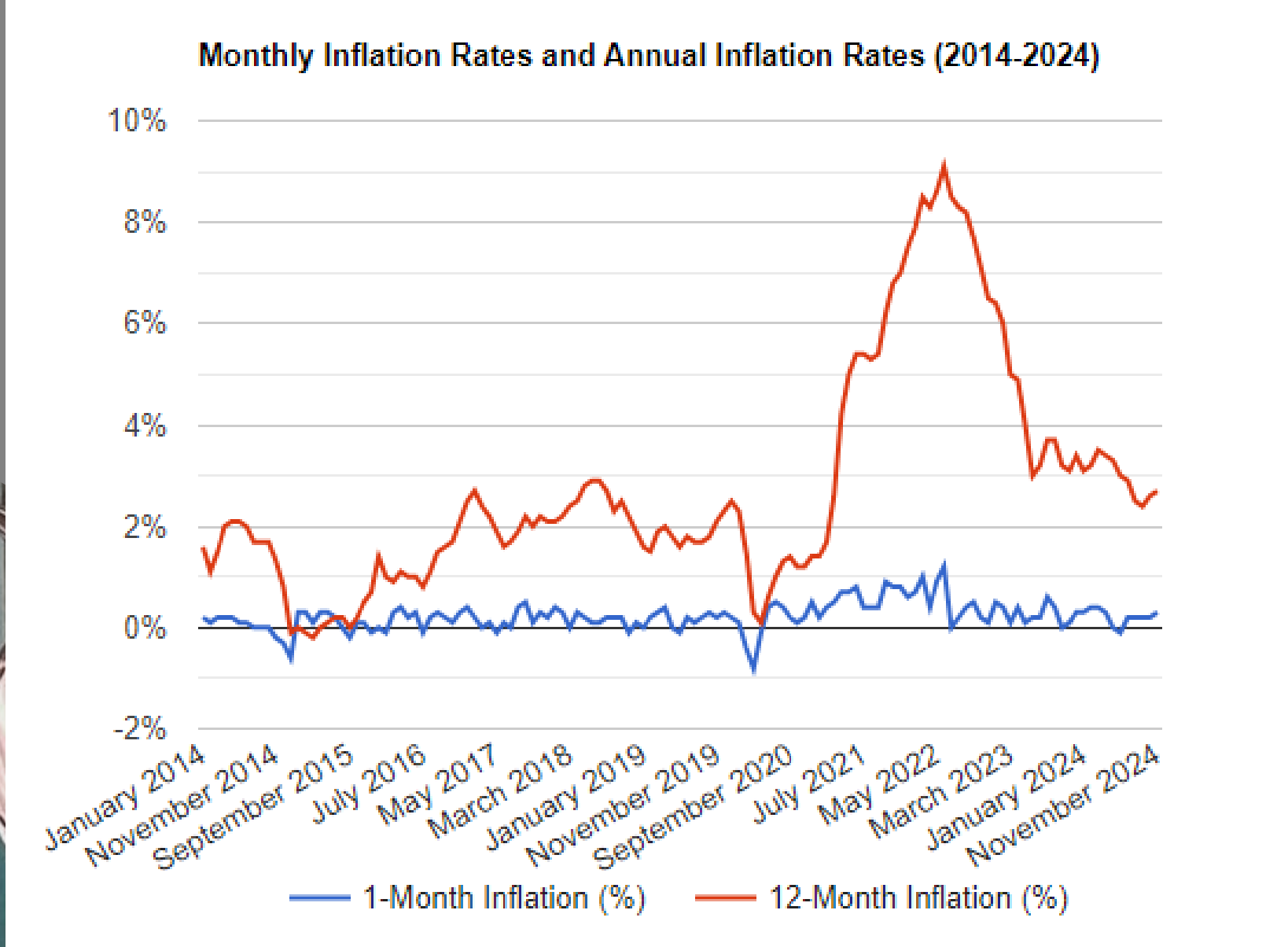
Inflation Rate 2.9%

Consumer Price Index (CPI)
315.605

Released on Jan. 15 for December. Next release on Feb. 12 for January 2025.



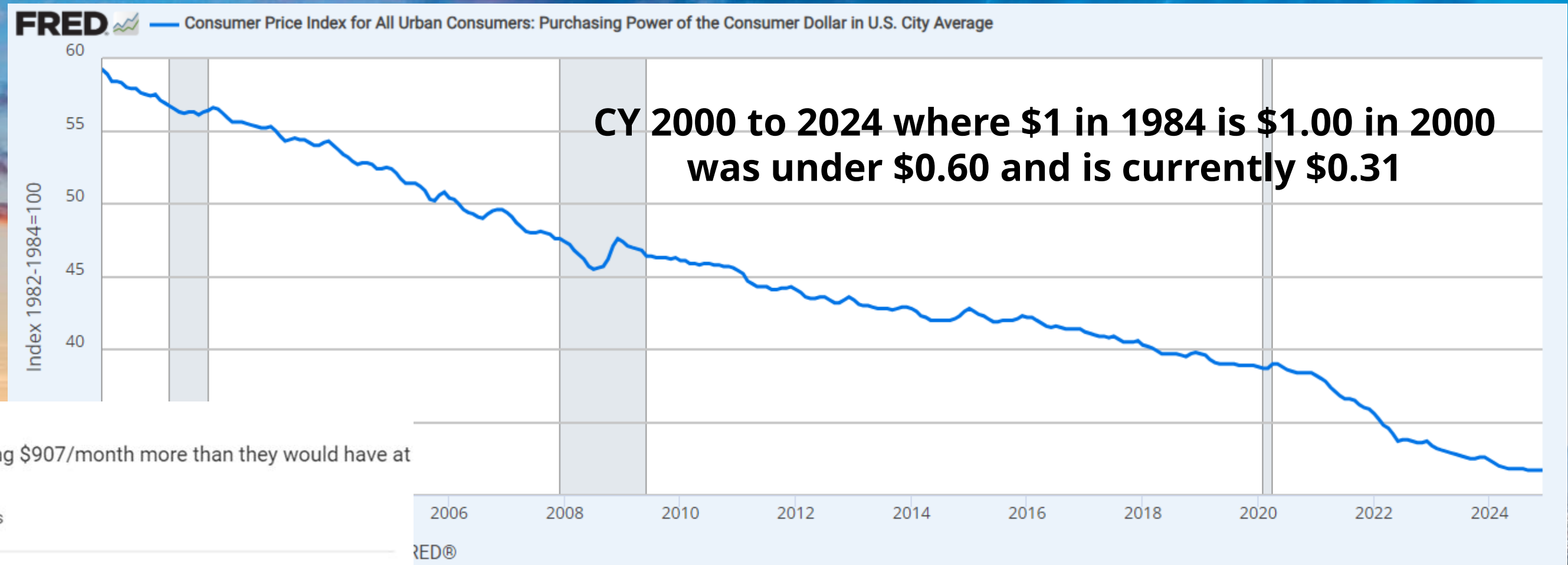
Source: Investing.com as of January 2024



Source: U.S. Inflation Calculator as of December 2024

Lower Inflation means prior year high spending remains, but new increases are lower

Maintaining services levels requires higher spending



Monthly household spending since 2020 after inflation

As of December'23, the average Phoenix area household was spending \$907/month more than they would have at a 2% inflation rate

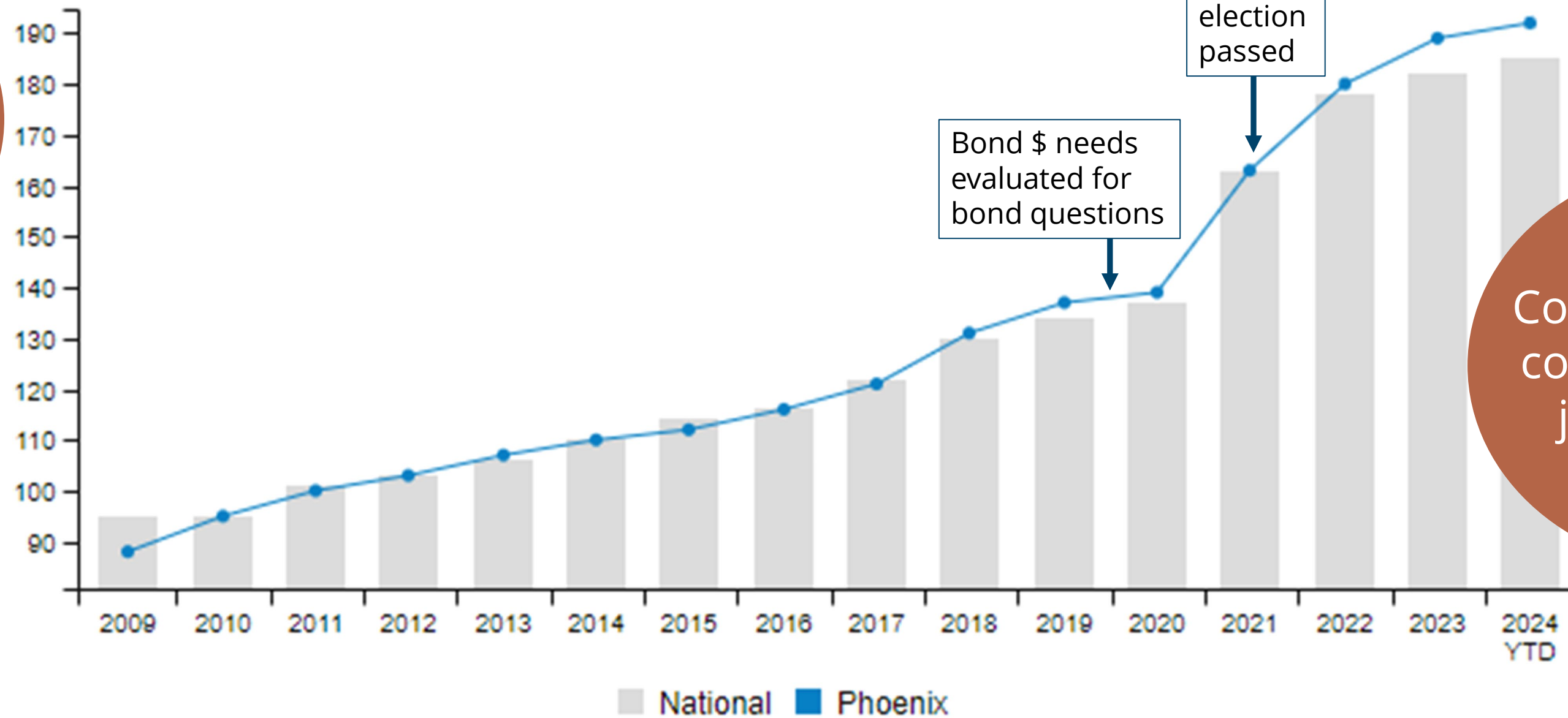


Source: BLS Consumer Price Index, CSI Calculations • Assumes consumption choices are fixed relative to their 2020 baseline.



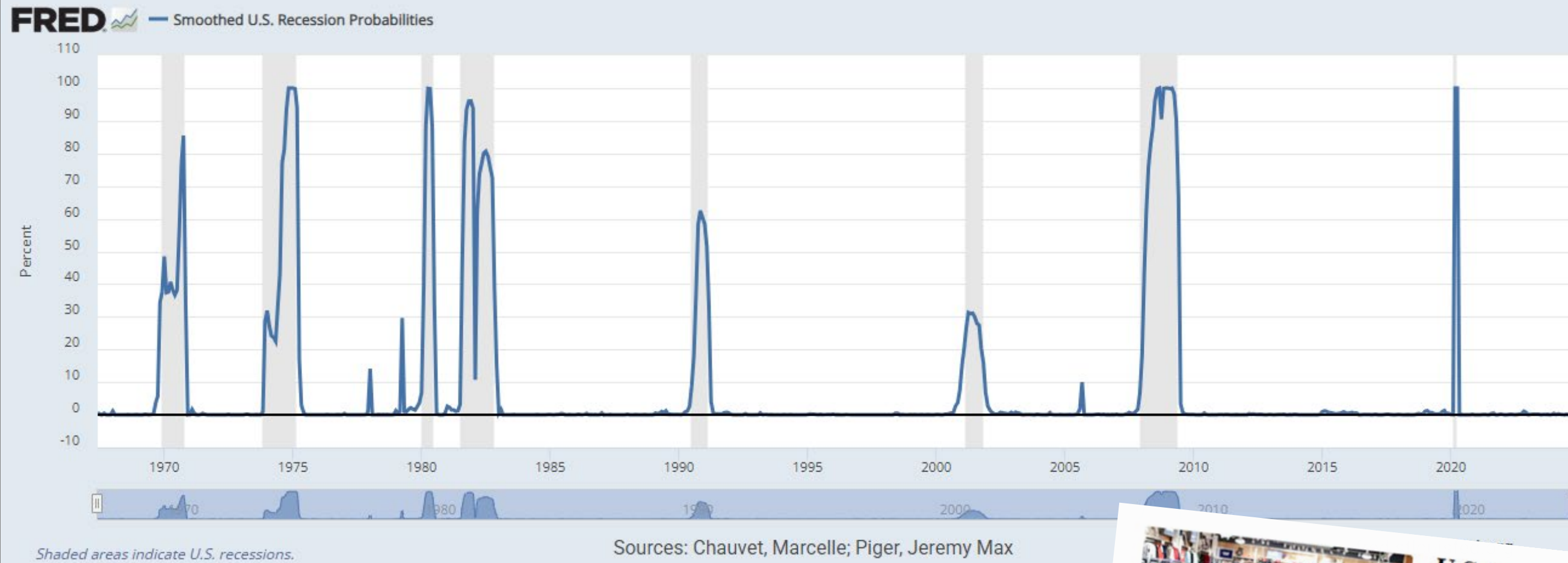
Capital Plan Inflation Impacts

Construction Price Index's new normal



Construction Costs continue to go up, just not as fast

Data source: The Mortenson Construction Cost Index is calculated quarterly by pricing a representative non-residential construction project in geographies throughout the country.



National Recession Gauge showing mixed results

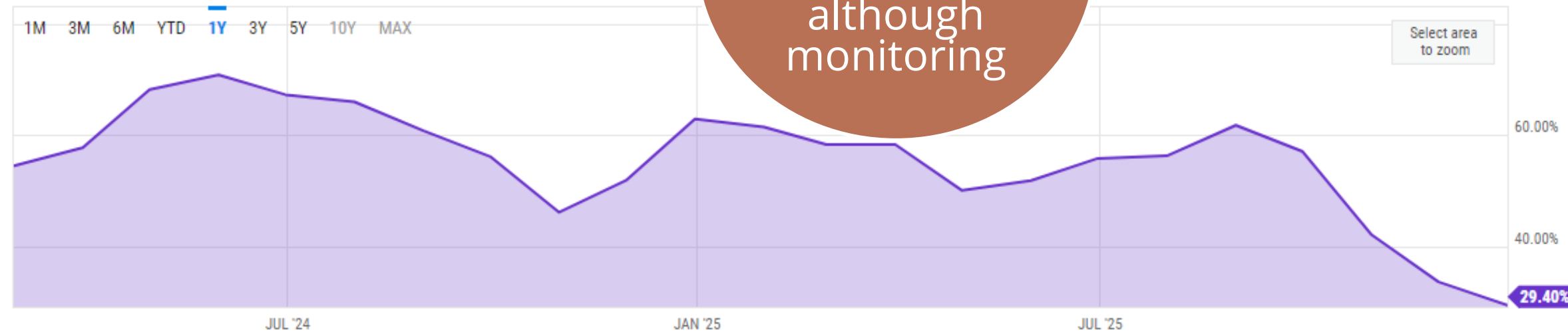
US Recession Probability (I:USRPEM)

29.40% for Dec 2025

Overview Interactive Chart

Level Chart

1M 3M 6M YTD 1Y 3Y 5Y 10Y MAX



Currently not including recession in forecast, although monitoring



U.S. Consumer Confidence Dips as Inflation Expectations Spike

U.S. consumer confidence clouded over a little this month, after views of the economy weakened on expectations of higher inflation, as President-elect Donald Trump prepares to take office proposing tax cuts and new import tariffs.

By Ed Frankl

January 10, 2025



Food Prices Are Rising Again

Bird flu, extreme heat and dry weather a more than a year.

By Patrick Thomas and Jesse Newman

350 January 19, 2025 5 min read

Local Growth is still projected

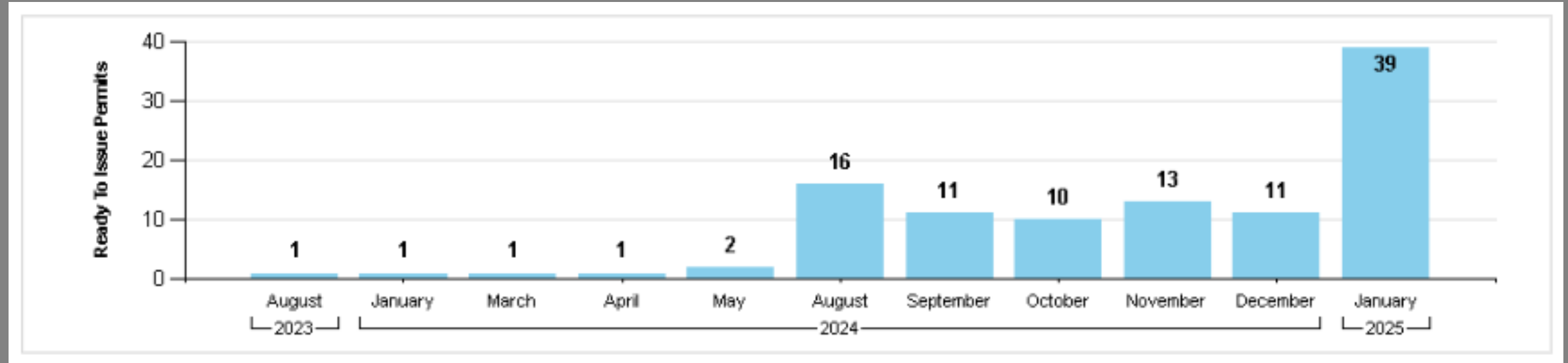
ECONOMY

Metro Phoenix's economy is one of the best in the US, study finds. Here's why



Reia Li
Arizona Republic

Published 5:03 a.m. MT Jan. 23, 2025 | Updated 5:03 a.m. MT Jan. 23, 2025



Ready to issue Permits numbers as of February 1, 2025 (106)

Phoenix-Mesa-Scottsdale MSA Forecast (Maricopa + Pinal Counties)

Phoenix-Mesa-Scottsdale MSA Forecast*	2023	2024	2025	2026	2027
Personal Income (\$ mil)	331,890.6	353,512.1	374,704.5	398,000.7	422,553.9
% Chg from Year Ago	7.0%	6.5%	6.0%	6.2%	6.2%
Retail Sales (\$mil)	125,000.0	126,000.0	129,000.0	134,000.0	140,504.0
% Chg from Year Ago	3.3%	0.8%	2.4%	3.9%	4.9%
Total Nonfarm Employment (000s)	2,404.6	2,478.1	2,533.9	2,585.4	2,633.6
% Chg from Year Ago	3.0%	3.1%	2.3%	2.0%	1.9%
Population (000s)	5,132.5	5,220.6	5,304.9	5,386.7	5,467.0
% Chg from Year Ago	1.8%	1.7%	1.6%	1.5%	1.5%
Residential Permits (units)	45,616.0	47,761.6	45,321.5	42,807.7	40,750.1
% Chg from Year Ago	-4.6%	4.7%	-5.1%	-5.5%	-4.8%

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Source: University of Arizona's azeconomy.org as of December 2024

Total Building Value in permits ready to issue: \$149.8M



**Sound Budgeting
Practices Support
Financially
Sustainable Goals**

- **Chandler maintains AAA Bond Ratings from Moody's, Fitch, and S&P rating agencies for GO Bonds and ETRO**
 - Continued adherence to all fiscal policies & strong reserves
 - Re-affirmed and improved ratings in 2023
- **Chandler is structurally balanced**
 - Ongoing revenues support ongoing expenditures
 - One-time revenues support one-time expenditures
- **Chandler maintains strong reserves**
 - 15% General Fund contingency reserve
 - Recommend Budget Stabilization Reserve at \$10M
- **Chandler manages expenditures to meet service demands**
 - Maximize grant opportunities
 - Weigh positions vs. contracting
 - Continue Modified Zero Based Budgeting to verify funding requirements to provide services
- **Property Tax Options**
 - Provide options to match expenditure needs or right size



FY 2025-26 Preliminary Budget

FY 2024-25 General Fund Operating Revenues and Expenditures

Annual Inflows



86.5% Local taxes and licenses and State shared revenues



11% Other Charges for services (i.e., parks, rec., building, planning, library)



2.4% Primary Property taxes



Annual Outflows

60.3% Ongoing Personnel (Wages/Benefits)



19.2% Ongoing Base Budget (i.e., Ops./maint., supplies, utilities)



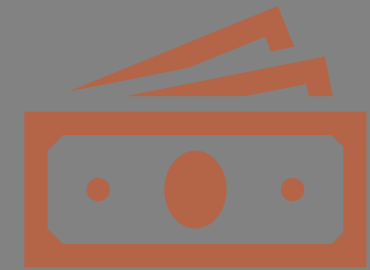
20.5% One-time & other needs (i.e., PSPRS, consultants, pilot programs)



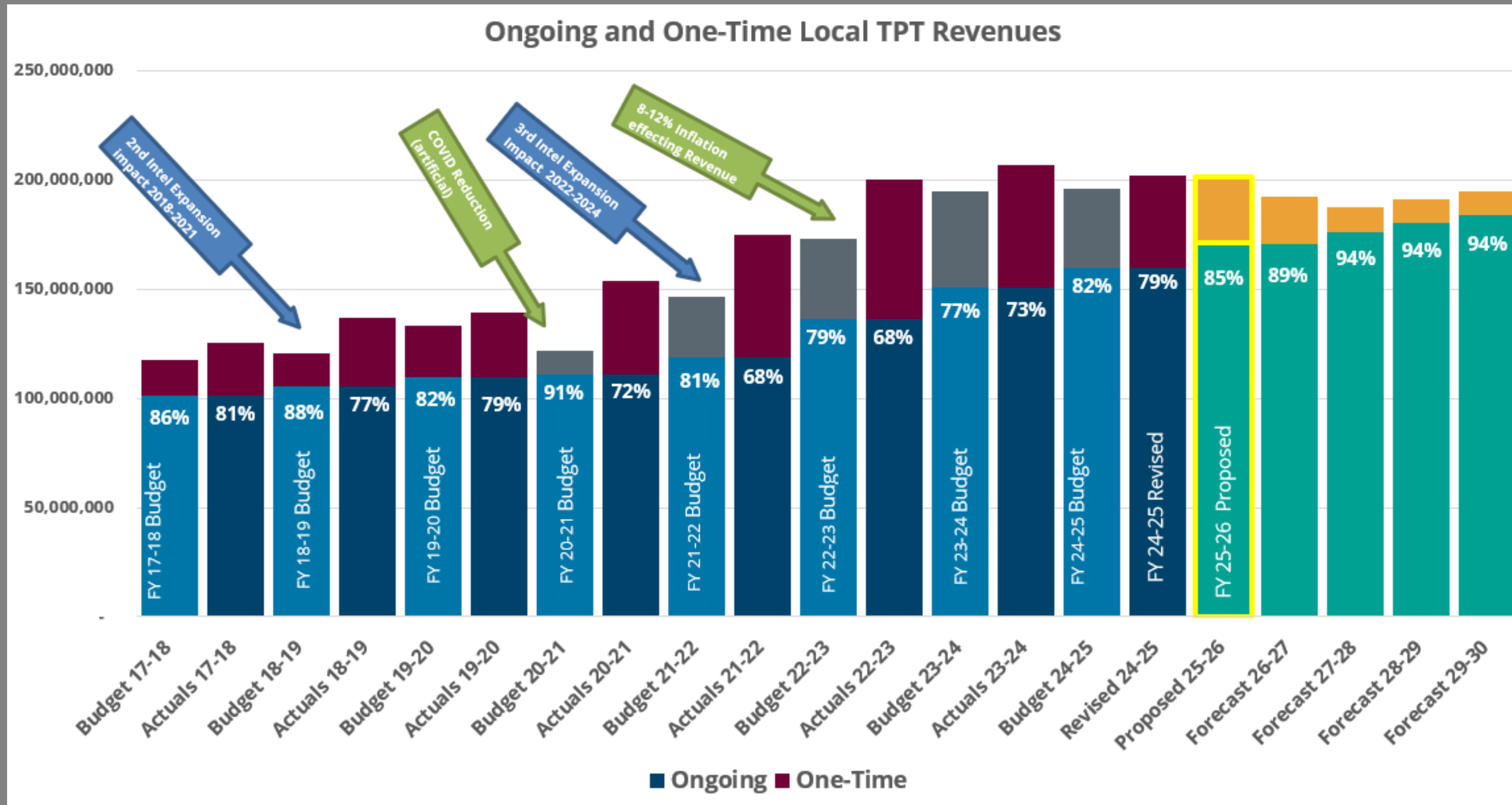
If Revenues exceed Expenditures, General Fund Balance increases

Based on FY 2024-25 Adopted Budget (reflects 81% of revenues as ongoing with the rest supporting one-time needs)

Ongoing/One-Time Local Sales Tax (TPT) Preliminary Revenues



Prior year legislative reduction of Residential Rental TPT began Jan. 1 2025



53.7% of FY 2024-25
General Fund
revenue

Sales tax revenues
fluctuate due to
economic volatility,
including increases
or decreases in
development,
inflation and
consumer
confidence

New & Expanding Employers



Financial Services
36,000 SF new HQ
90 jobs



Retail
24,000 SF



R&D/Manufacturing
147,000 SF new HQ
400 jobs



Education
10,000 SF
100 jobs



Retail
13,500 SF



Healthcare/Life Science
90,000 SF facility
250 jobs



Manufacturing
33,000 SF new HQ
50 jobs



Adv. Business Svcs.
100,000 SF new HQ
400 jobs

New & Expanding Employers



Semiconductor Svcs.
10,000 SF office
45 net new



Retail
95,000 SF



Semiconductor Svcs.
66,000 SF office
200 jobs



Manufacturing
123,000 SF facility
100 jobs



Manufacturing
200,000 SF
500 jobs



Manufacturing
Multi-facility project
400 jobs



Manufacturing
75,000 SF facility
100 jobs



Manufacturing
104,000 SF
280 jobs

New & Expanding Employers

VirTra

Manufacturing
76,000 SF facility
140 jobs

ASML

Semiconductor Svcs.
38,000 SF expansion
100 new jobs

Bestway

Recreation Products
130,000 SF U.S. HQ
150 jobs

SCHEELS

Retail
220,000 SF

intel

Manufacturing
investment
3,000 jobs

VIAVI

Manufacturing
104,000 SF facility
230 jobs

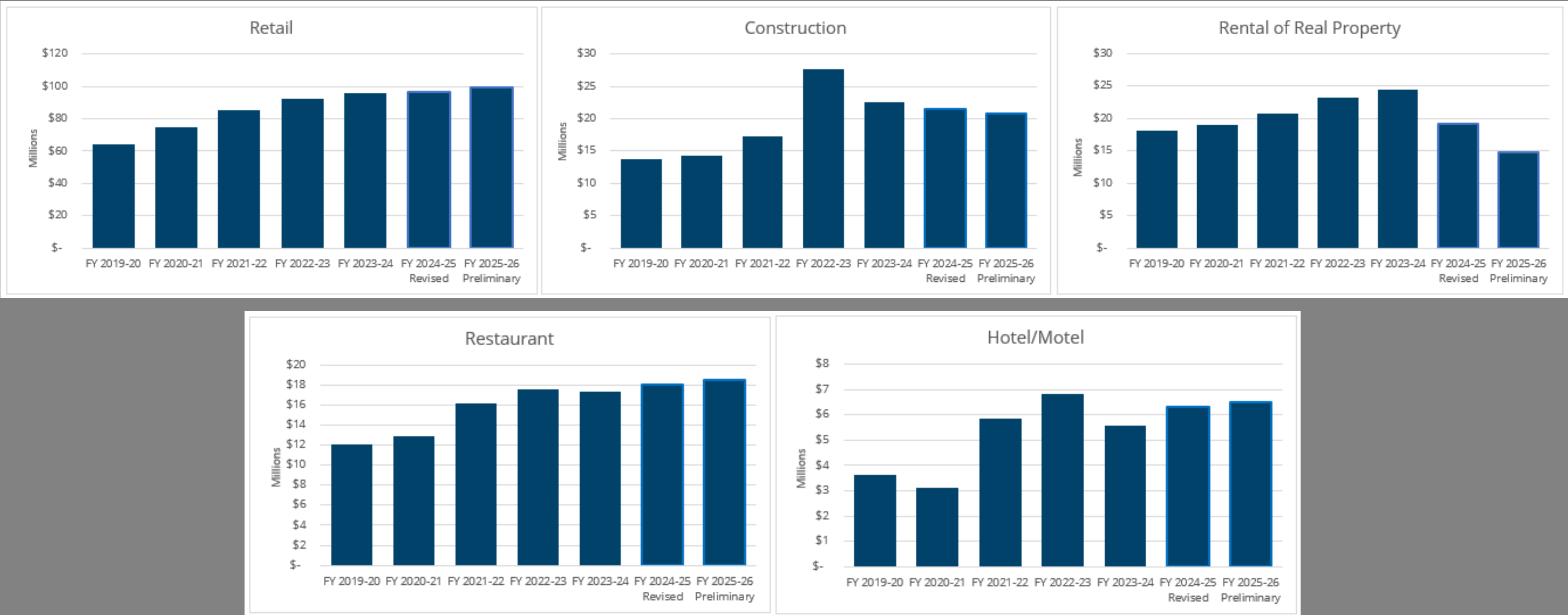
NXP

Manufacturing
Expansion in campus
100 jobs

Insight

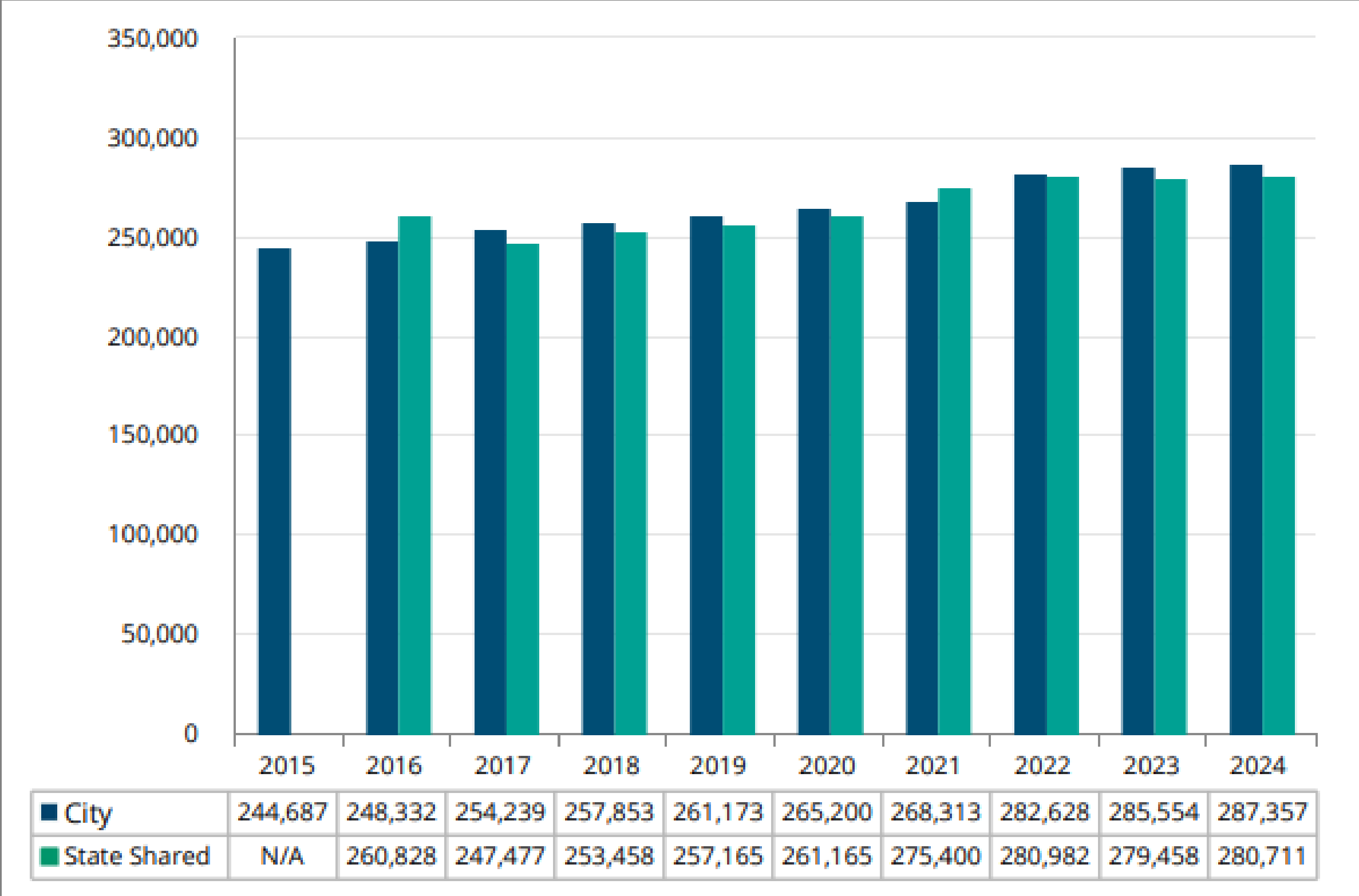
IT Solutions
HQ Relocation
1,500 jobs

Key Local Sales Tax Revenues by Category



Higher fluctuations (increased one-time) experienced during Intel expansions

Expanding Resident Base

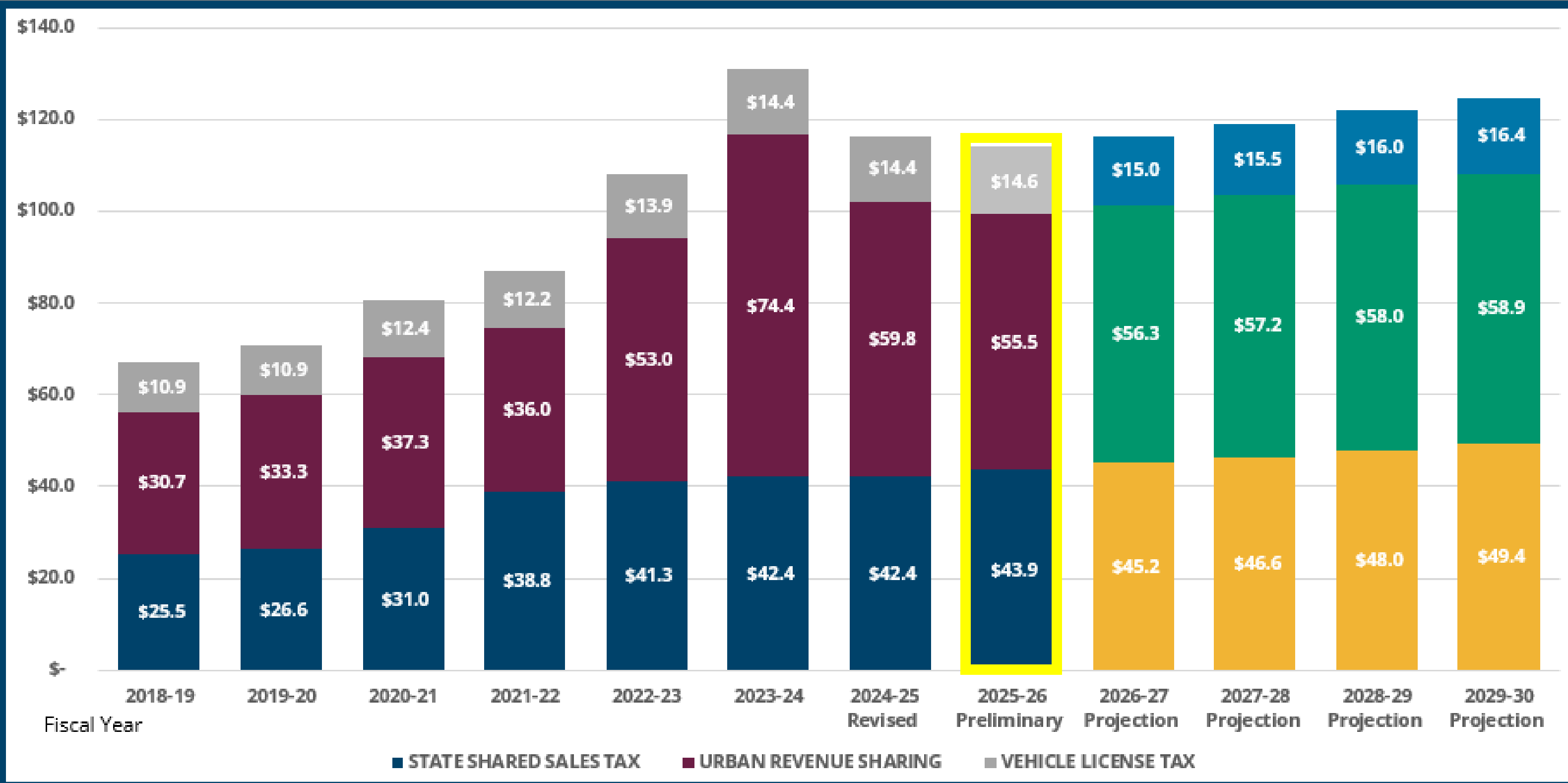


Population has increased 12.8% since 2017

Source: Development Services population estimates 2024

State Shared Revenues (in Millions)

31.6% of General Fund in FY 2024-25





New Decision Package Requests Expenditures "Outflows"

Ongoing Requests Net of Offsets	One-time Requests Net of Offsets
---------------------------------	----------------------------------

General Fund \$13.5M	General Fund \$12.7M
Total of All Funds \$16.1M	Total of All Funds \$16.8M

Total Decision Package Requests Net of Offsets: \$32.9M

Prioritize Ongoing Demands (Maintain > Enhance > New)
 \$23M \$9.9M
 All Funds net of offsets

Requests just to maintain service levels are higher again this year due to high use of amenities, contract increases, and inflation

Priorities for Ongoing Dollars



1. **Maintain** existing service levels within core programs and strategic focus areas including contract and other increases



2. **Ensure** sufficient ongoing funding for facilities and infrastructure including technology and security



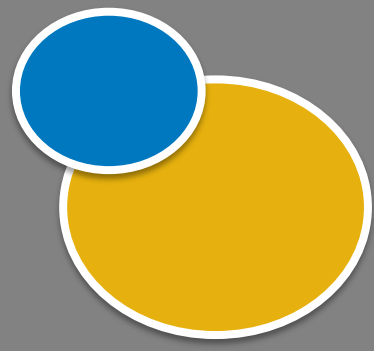
3. **Convert** successful social safety net programs to ongoing funding from grants



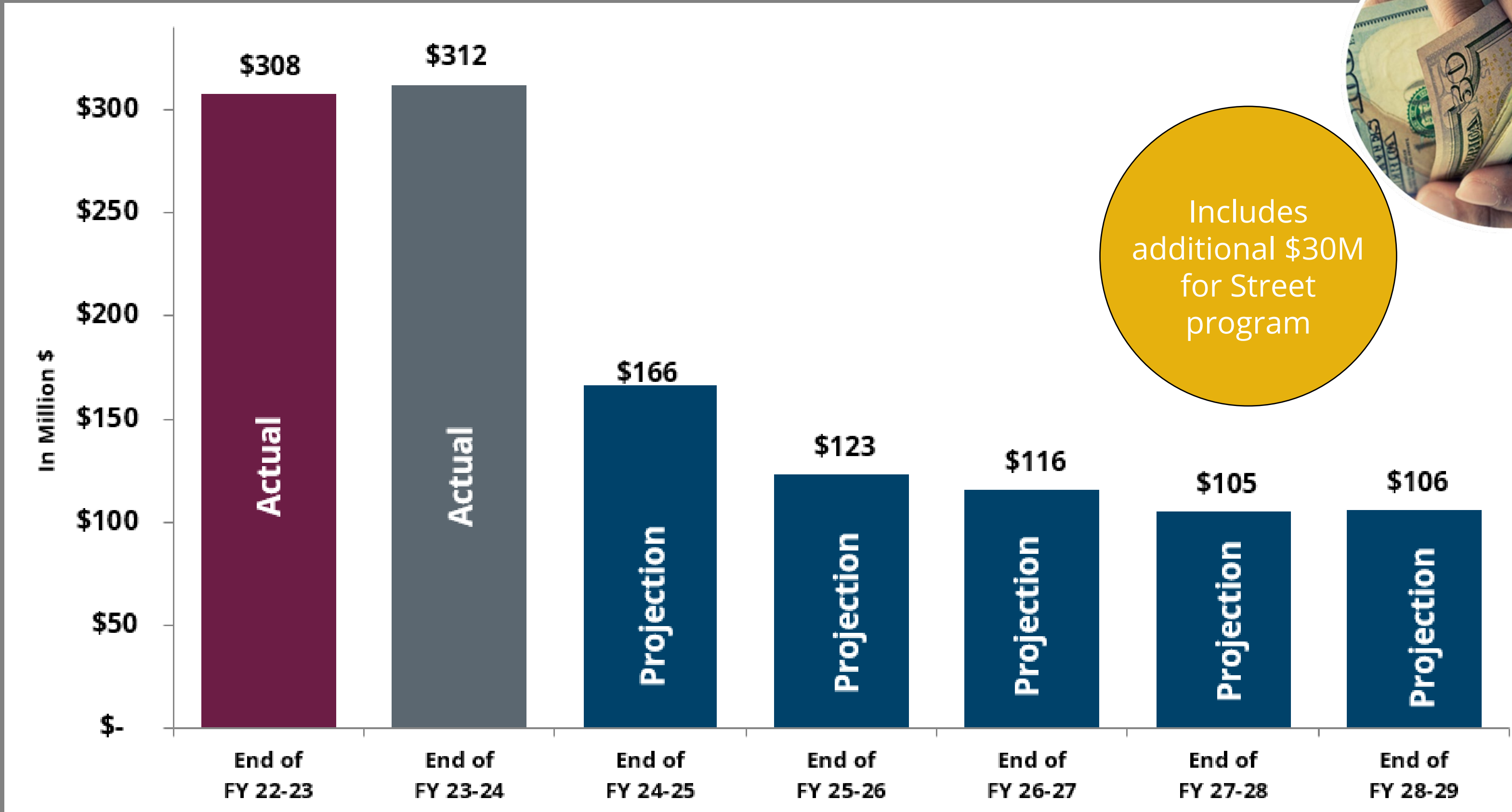
4. **Build** the strength of our workforce to meet evolving resident expectations



5. **New** enhancements or additions, considering the option of one-time pilot programs first



Effect of Revenue Growth on One-Time Fund Balance



Includes additional \$30M for Street program

Priorities for One-Time Dollars



1. **Maintain** reserves sufficient to meet financial policies including PSPRS fully funded status

2. **Reinvest** in existing aging infrastructure, systems, including projects that generate ongoing savings

3. **New** initiatives and capital that generate sustainable ongoing financial savings

4. **Focus** operating & capital spending to move forward strategic focus area action items

Public Safety Personnel Retirement System Update



 The Arizona Republic

**Chandler remains the North Star of
fiscal stability in Arizona**



PSPRS Pension Update



Based on current wages/counts, reduction for FY 2025-26 is approx. \$9.7M which was estimated at \$8-\$10M

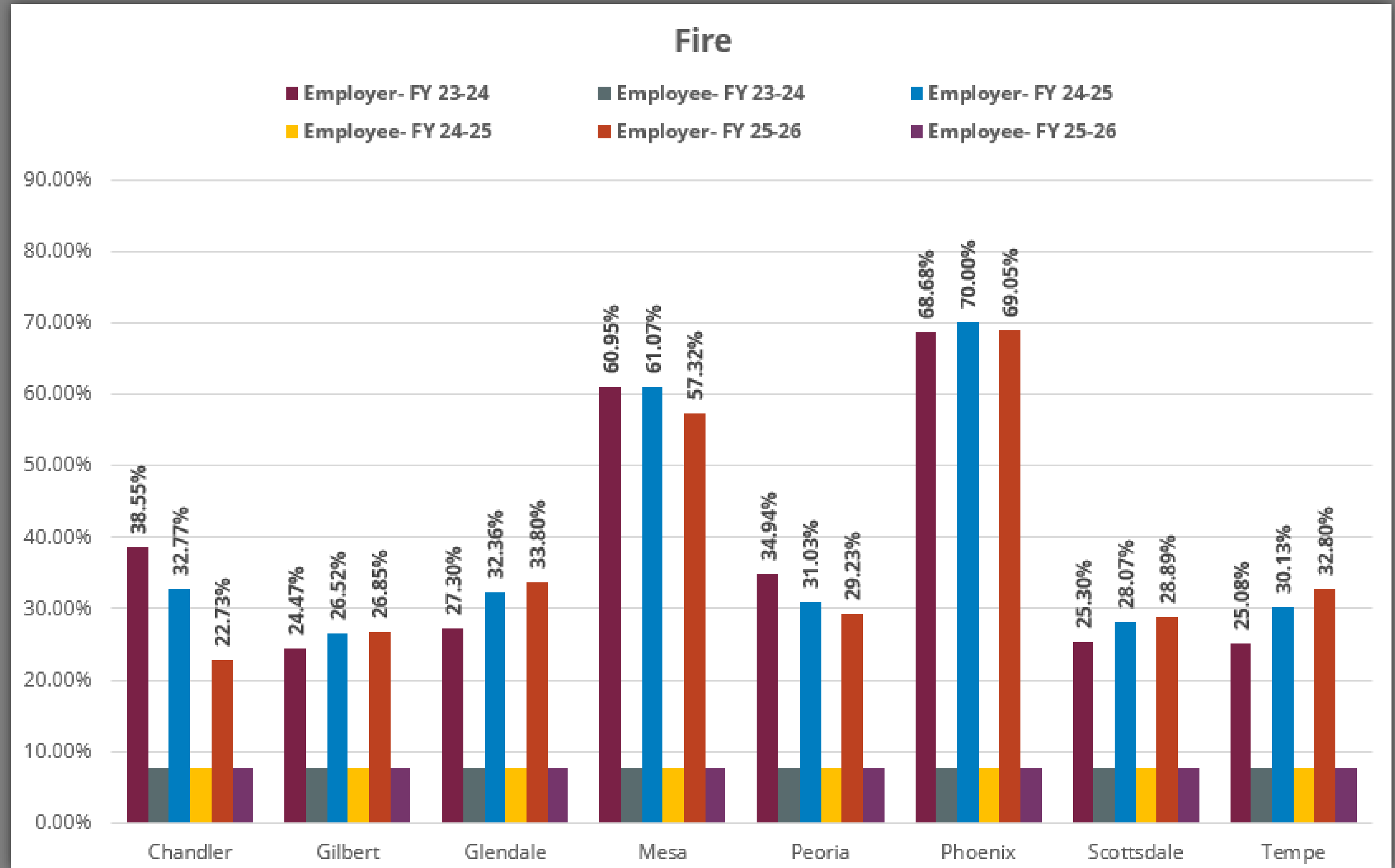
Tier 1 & 2 funded status increased to 94.4% combined:
85.9% to 94.1% for Fire
81.7% to 94.6% for Police

Tier 3 funded status still over 100%:
109.5% to 109.6% for Fire
109.6% to 110.1% for Police

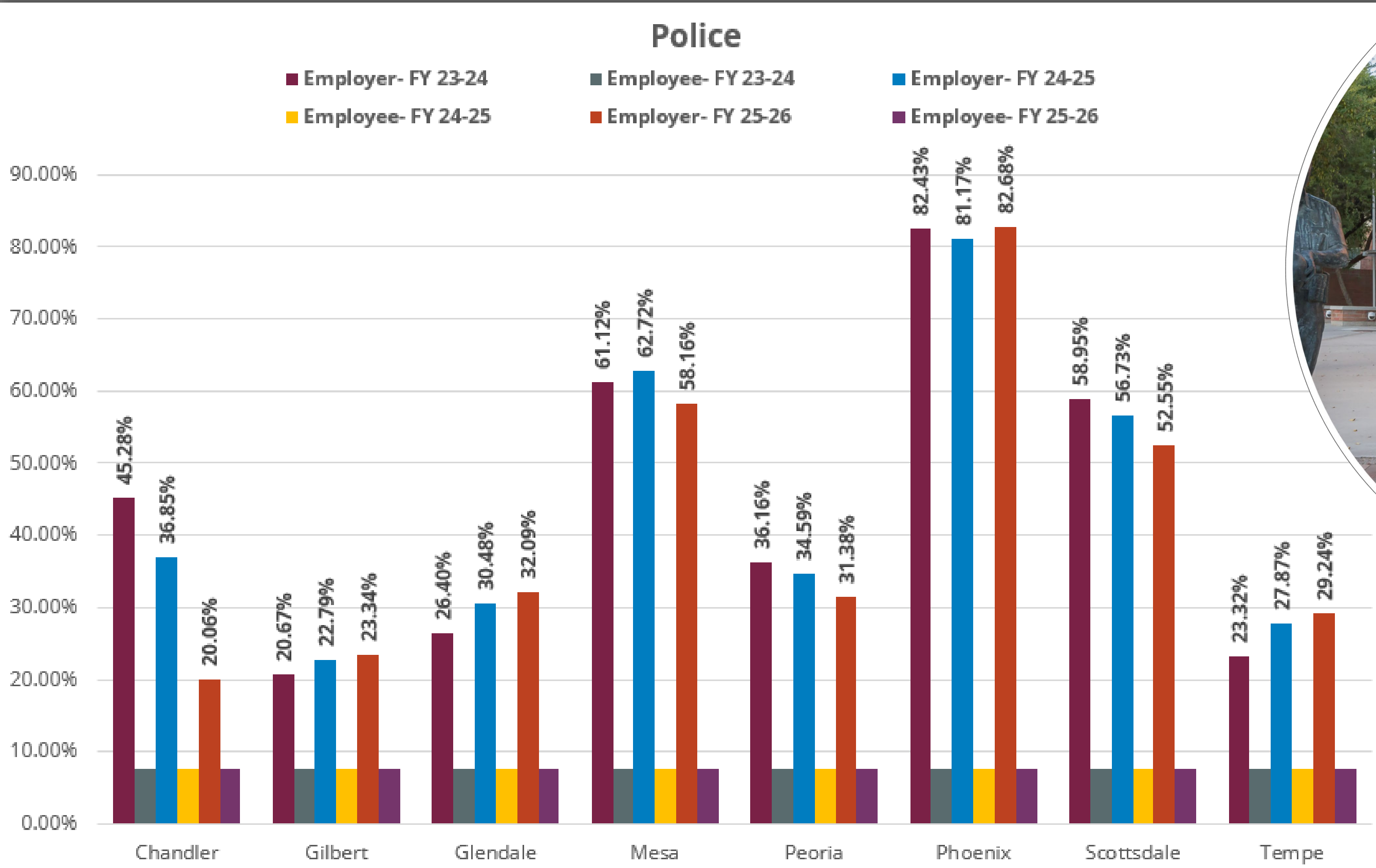
**Chandler
% Funded**
2024- 94.4%
2023- 83.3%


Note: Current year \$7M payment not yet reflected

PSPRS Employee/Employer Rates Comparison



PSPRS Employee/Employer Rates Comparison





Preliminary Discussion: Capital Improvement Plan (CIP)

Current 10-Year CIP Council Guidelines

- Maintain secondary property tax rate
- Re-imagine resident amenities scheduled for replacement
- Prioritize aging infrastructure
- Finish planned construction of streets, parks, fiber and utility systems
- Prior to adding capital, ensure related ongoing O&M can be supported
- Utilize master plans to guide long-term capital investment
- Ensure sufficient bond authorization exists to complete projects desired by residents
- Balance timely completion and coordination of capital projects with impacts to neighborhoods and businesses



Fiscal Foundations
"Strength in
Numbers"

Prior Year Bond Requests in Today's Dollars

Bond Category	2000 Election	2004 Election	2007 Election	2021 Election
			\$81,350,000	\$72,985,000

Bond Category	2000 Election	2000 Election Inflated	2004 Election	2004 Election Inflated	2007 Election	2007 Election Inflated	2021 Election	2021 Election Inflated
Parks & Recreation	\$ 34,935,000	\$ 95,040,743	\$ 40,600,000	\$ 100,656,589	\$ 81,350,000	\$ 183,857,089	\$ 72,985,000	\$ 85,957,879
Fire	4,655,000	12,663,938	4,580,000	11,354,857	14,265,000	32,239,968	25,160,000	29,632,120
Police	3,800,000	10,337,908	4,360,000	10,809,427	15,745,000	35,584,879	55,190,000	64,999,868
Arts Center	-	-	-	-	4,200,000	9,492,314	-	-
Museum	-	-	8,500,000	21,073,424	4,500,000	10,170,337	-	-
Streets	23,795,000	64,734,349	59,095,000	146,509,879	202,310,000	457,235,744	85,780,000	101,027,155
Effluent Reuse	24,410,000	66,407,458	-	-	-	-	-	-
Water & Sewer	29,745,000	80,921,337	36,580,000	90,690,099	107,850,000	243,749,073	-	-
Public Buildings	-	-	-	-	9,960,000	22,510,346	33,570,000	39,536,974
Library	-	-	-	-	11,255,000	25,437,142	-	-
Total	\$ 121,340,000	\$ 330,105,731	\$ 153,715,000	\$ 381,094,274	\$ 451,435,000	\$ 1,020,276,892	\$ 272,685,000	\$ 321,153,995

Inflated using the average US inflation rate for 2000-2009 and the Mortenson Construction index for Phoenix 2009-2024

Public Buildings			\$11,255,000	
Library			\$451,435,000	\$272,685,000
Total	\$121,340,000	\$153,715,000		

Continued Focus on Chandler's Aging Infrastructure



65.7 square miles



2,090 miles of streets



28,515 Street lights



229 signalized intersections



1,240 miles of potable water lines



1038 miles of sanitary sewer



32 operating wells



69 developed parks (1,317 acres)



51 lighted fields



61 municipal buildings



821 fleet vehicles/trucks



Maintaining high quality of life for our 287,357 residents



Capital Project Review in Workshop #3

New Year CIP Considerations

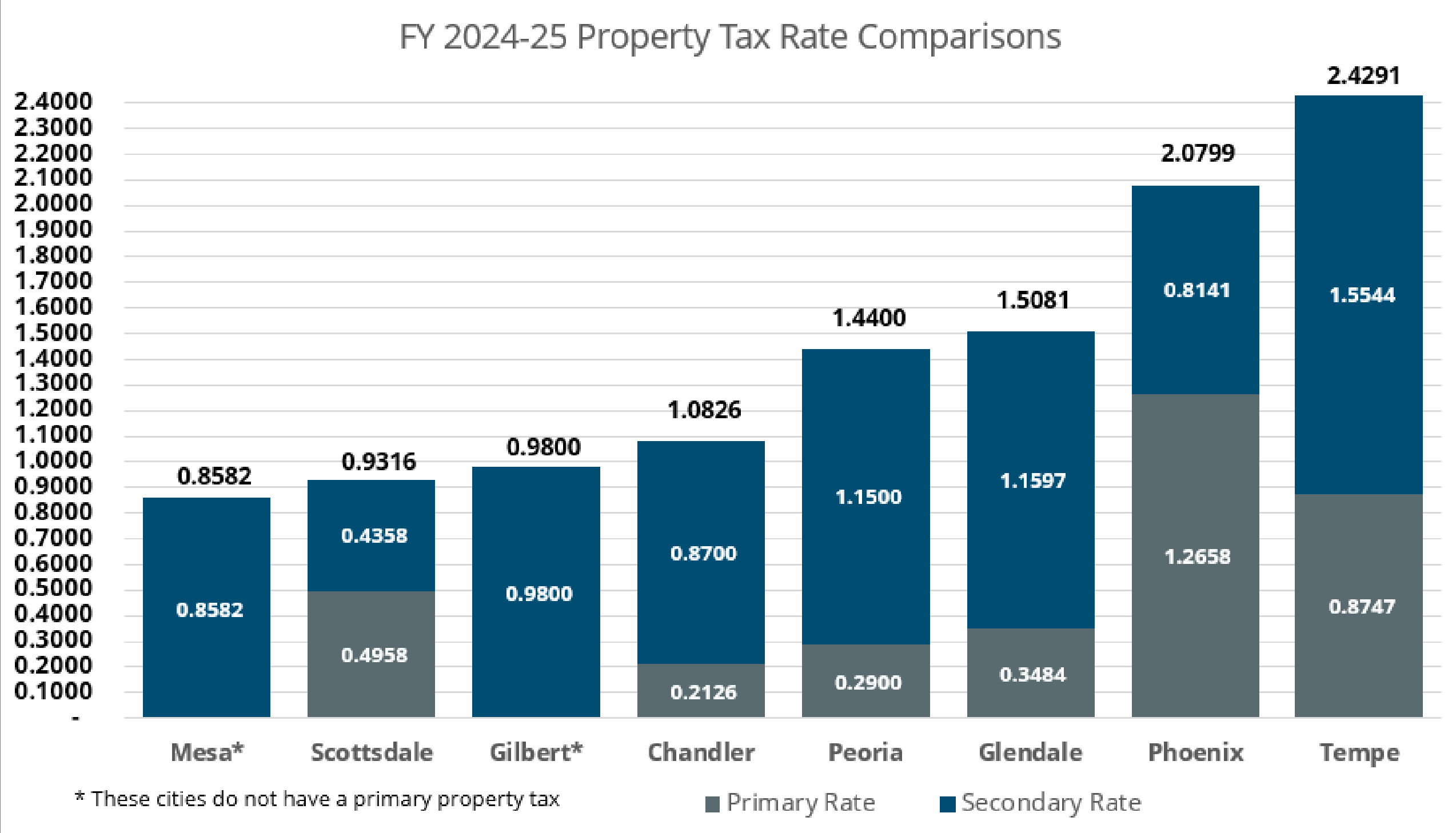
- Inflation has eased but costs still increasing
- Bond authorization needed and election process is in progress
- As studies and project design are completed, some CIP project costs may adjust
- Prop 479 extension passed but with some adjustments to grant funding of projects causing more local contributions on some projects

An aerial photograph of a suburban neighborhood. In the foreground, there is a large, clear blue pond with a small bridge crossing it. The surrounding area is filled with houses, some with swimming pools, and green lawns. In the background, there are rolling hills and mountains under a clear blue sky. A large, semi-transparent brown circle is overlaid on the left side of the image, containing white text.

Preliminary Property Tax Discussion

Assessed Values Not
Yet Received

Property Tax Rate Comparison



Per \$100 of Assessed Value

Breakdown of \$1 of Typical Chandler Property Tax Bill



Public Schools and
Community College
Districts
70 cents



Maricopa County
& Special Districts
19 cents



City of Chandler
11 cents



*Based on 2024 Tax Bill information. Exact split will vary depending on the school district and any other special taxing districts on the bill.

Property Tax Assessed Value Comparison

	Primary	Secondary	Totals
Current Year Tax Rates (per \$100 of assessed value)	0.2126	0.8700	1.0826
Current Year Revenues	8,733,722	35,740,068	44,473,790
Projected for FY 2025-26	9,083,071	37,169,671	46,252,742
Actual for FY 2025-26	8,768,171	35,881,040	44,649,211
Levy Loss from Projection	(314,900)	(1,288,631)	(1,603,531)
Levy change from current year	34,449	140,972	175,421

Primary property tax rate has been reduced for 9 consecutive years (\$3.5M in ongoing tax reductions)

House Bill 2822 went into effect this assessment cycle which reduced the value of new tangible personal property the tax is assessed on. Old assessment practice was to assess on a variable percent value of the asset less depreciation (Yr 1 25%, Yr 2 41%, Yr 3 57%, Yr 4 73%, and Yr 5 89%). The new valuation is 2.5% of asset value per year.

- Due to assessed values small increase, truth in taxation rules will not apply
- Maintain secondary rate to deliver commitments made in bond election
- Evaluate Primary Rate options
 - Reduce \$0.01 = \$412,425 ongoing reduction
 - Leave overall rate flat, keeping primary (+\$34,449) and secondary (+\$140,972) unchanged



Property Tax Policy Options and Considerations

Key Budget Dates

Budget Event		Date
Council Budget Kickoff		Completed 10/14/24
Citizen Budget Survey		Completed 1/10/2025
Council Workshop #1		Tonight 2/20/2025
Council Workshop #2		03/24/2025
Council Workshop #3 CIP Focused		03/27/2025
All Day Budget Briefing		05/2/2025
Council Meetings	Tentative Adoption	05/22/2025
	Public Hearing and Final Adoption	06/12/2025
	Adoption of Tax Levy	06/26/2025



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Questions?