

FY 2025-26

Budget Workshop #3 CIP

City Council Conference Room
Thursday, March 27, 2025 | 4:00 pm



CHANDLER
a r i z o n a



FY 2025-26 Budget Theme

“Strength in Numbers”



Our Brand

A safe, diverse, equitable and inclusive community that connects people, chooses innovation and inspires excellence



Agenda

01.

Overview of Capital
and Infrastructure and
Related Progress

02.

Overview of Proposed
10-Year Capital Improvement
Program (CIP) and Review List
of Projects

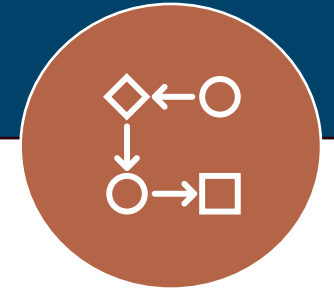
03.

Chandler Water and
Wastewater Utilities: Major
Projects and Rates

04.

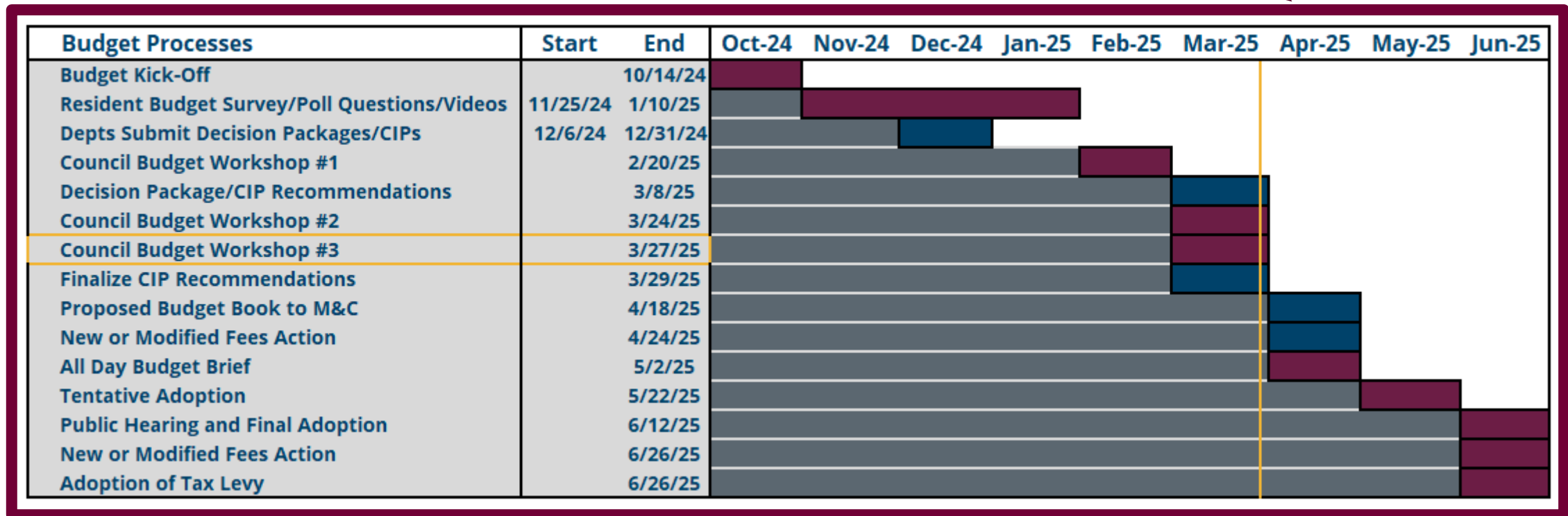
Key Budget Dates
and
Questions

Chandler Budget Process Timeline



"Strength in Numbers"

Today




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

Council/Resident Process

Staff Process

Strategic Framework Guides Our Decision Making



A photograph of a bronze statue of John F. Kennedy standing on a tiered stone pedestal. The statue is positioned in the foreground, facing right. In the background, there is a modern, multi-story building with large glass windows and a white facade. The building has a sign that reads "THE JOHN F. KENNEDY CENTER". There are some trees and a clear blue sky in the background. A large blue circular overlay is on the right side of the image, containing the title text.

Overview of Capital and Infrastructure and Related Progress

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



71
municipal
buildings



821 fleet
vehicles/
trucks

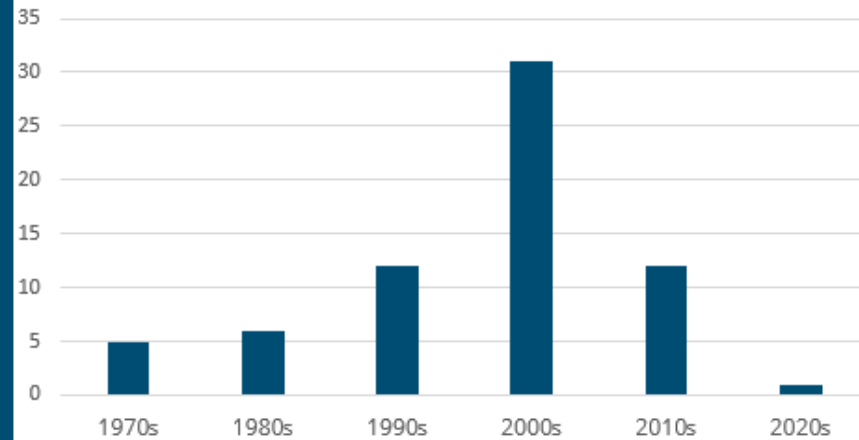


**Maintaining
high quality
of life for our
287,357
residents**

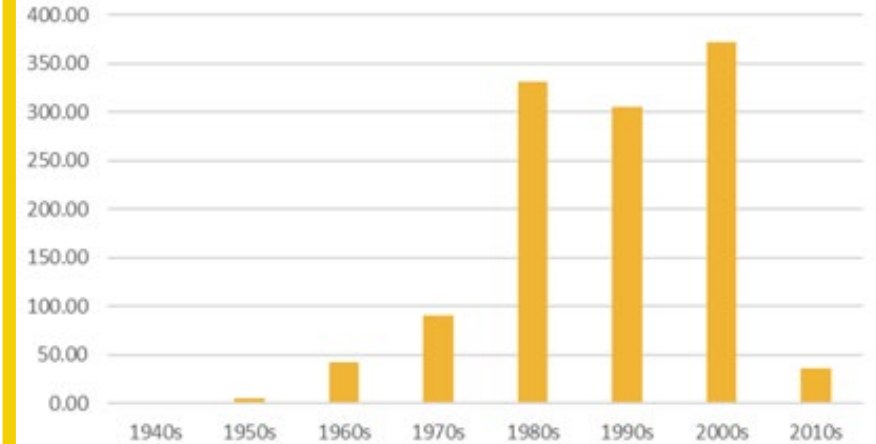


Capital Projects Historical View

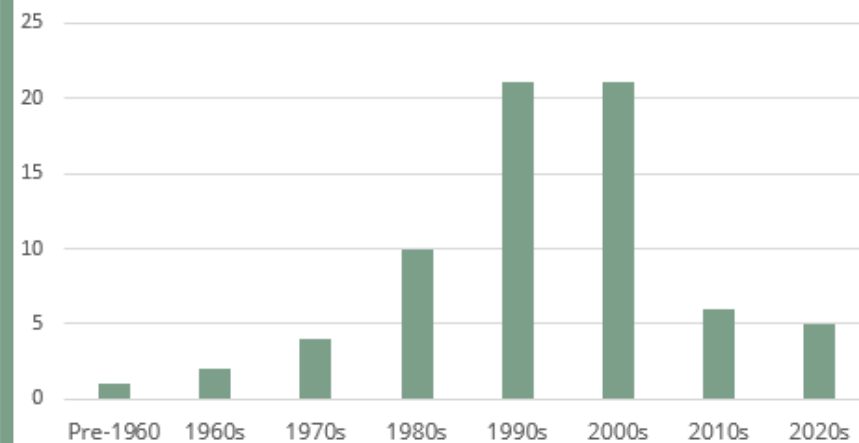
Building Additions by Decade



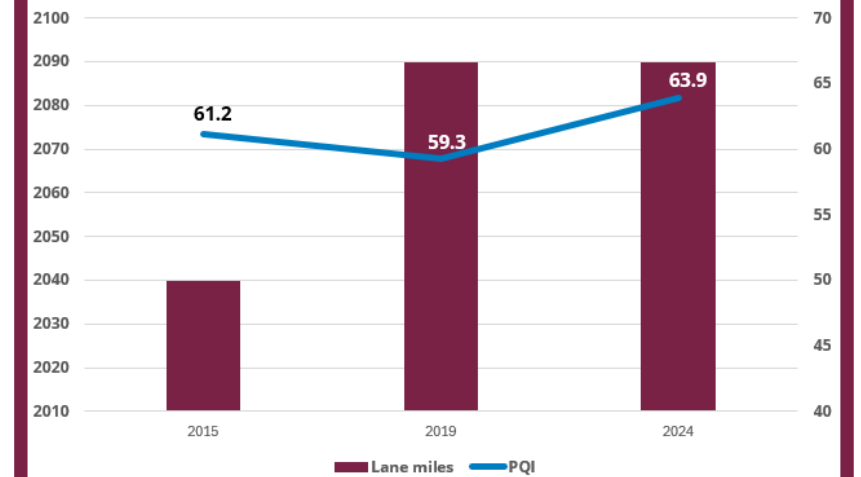
Waterline Miles by Decade



Parks Additions by Decade



Historical Lane Miles Reviewed and PQI



Capital Projects Completed or Underway



Parks and Recreation

- Tumbleweed Softball Complex
- Tumbleweed Multi-Gen Expansion and Pickleball Courts
- Various Neighborhood and Community Park Improvements



Public Works Streets



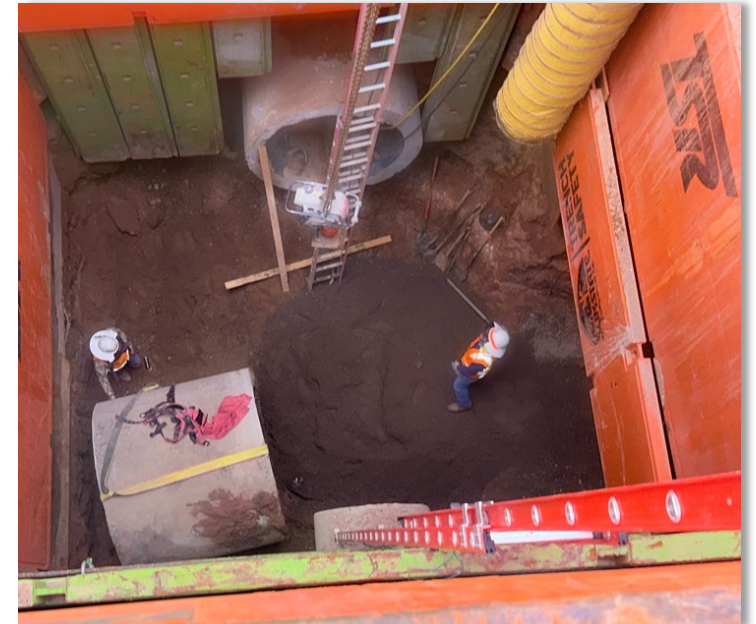
- Street Repaving Projects Citywide
- Boston Street Improvements
- Downtown Alley Projects
- City Hall Parking Lot
- Cooper Road/Insight Loop
- Frye Road Protected Bike Lanes
- Ashley Trail/Paseo Trail Connection



Public Works Utilities



- Reclaimed Water Interconnect Facility (RWIF)
- 66" Wastewater Line Rehabilitation
- Water and Sewer Main Replacements



Police and Fire

- Fire Station 2 Rebuild
- Fire Dispatch Equipment Refresh



- Police Work Area and Storage Renovation
- Real-Time Operations Center





Facilities

- 21 Fire Alarm systems Replaced
- 15 Roofs Replaced (e.g. Center for the Arts, Sunset and Main Libraries)
- 5 HVACs Replaced (e.g. Center for the Arts, Boys & Girls Club, Fire Training)
- Various Electrical and Structural Enhancements Citywide



Proposed 10-Year Capital Improvement Program (CIP)



Fiscal Foundations – “Strength in Numbers”

Current 10-Year CIP Council Guidelines

- Maintain secondary property tax rate flat
- 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

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

10-Year CIP Overview

- 2026-2035 CIP total is \$2,693,093,022 (\$204.2M more than the 2025-2034 CIP)
- Anticipates bond election after year two
- 73.6% of projects are funded with bonds
- Updated to reflect continued inflationary pressures
- Continued focus on aging infrastructure
- Includes \$1.32B in key infrastructure projects for water and wastewater
- Capacity was limited from secondary levy growth lower than anticipated (+0.4% actual versus +4% budgeted)





Bond Tax-Exempt Status

While there has not been a push toward this after the initial rumblings, should the tax-exempt status of bonds go away, we would anticipate higher borrowing costs.

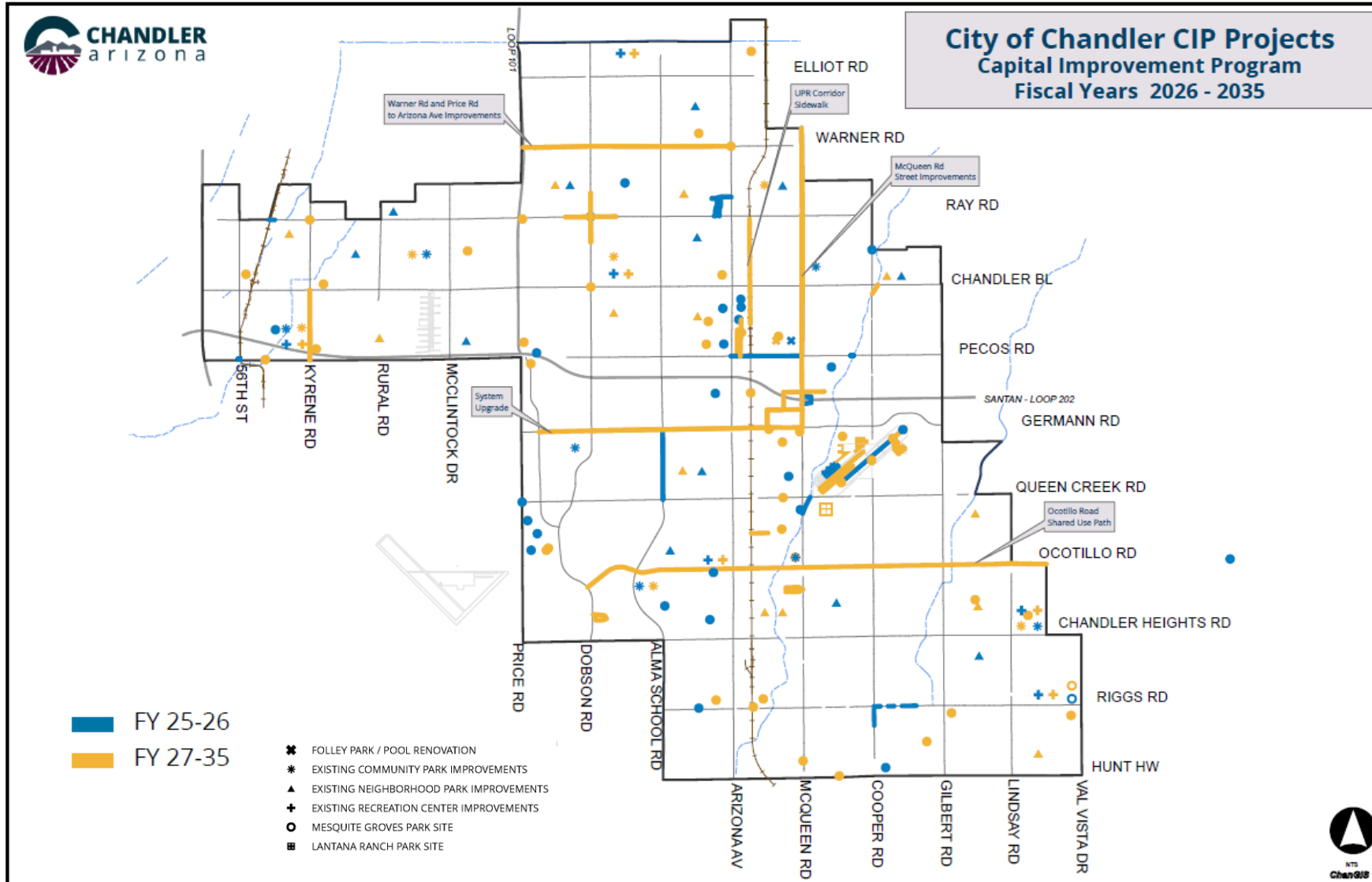
- A 1%-2% rate increase would be expected
- Investment dollars may leave to other vehicles outside of local government bonds
- For each \$50M in bond sales, approximately \$500k to \$1M in additional interest cost per year

<u>Year</u>	<u>AAA Tax-Exempt</u>	<u>AAA Taxable</u>	<u>TE to Taxable Spread</u>
2026	2.80%	4.52%	1.72%
2030	2.92	4.66	1.74
2035	3.17	5.01	1.84
2040	3.44	5.36	1.92
2045	3.85	5.52	1.67
2050	3.97	5.60	1.63
2055	4.04	5.65	1.61

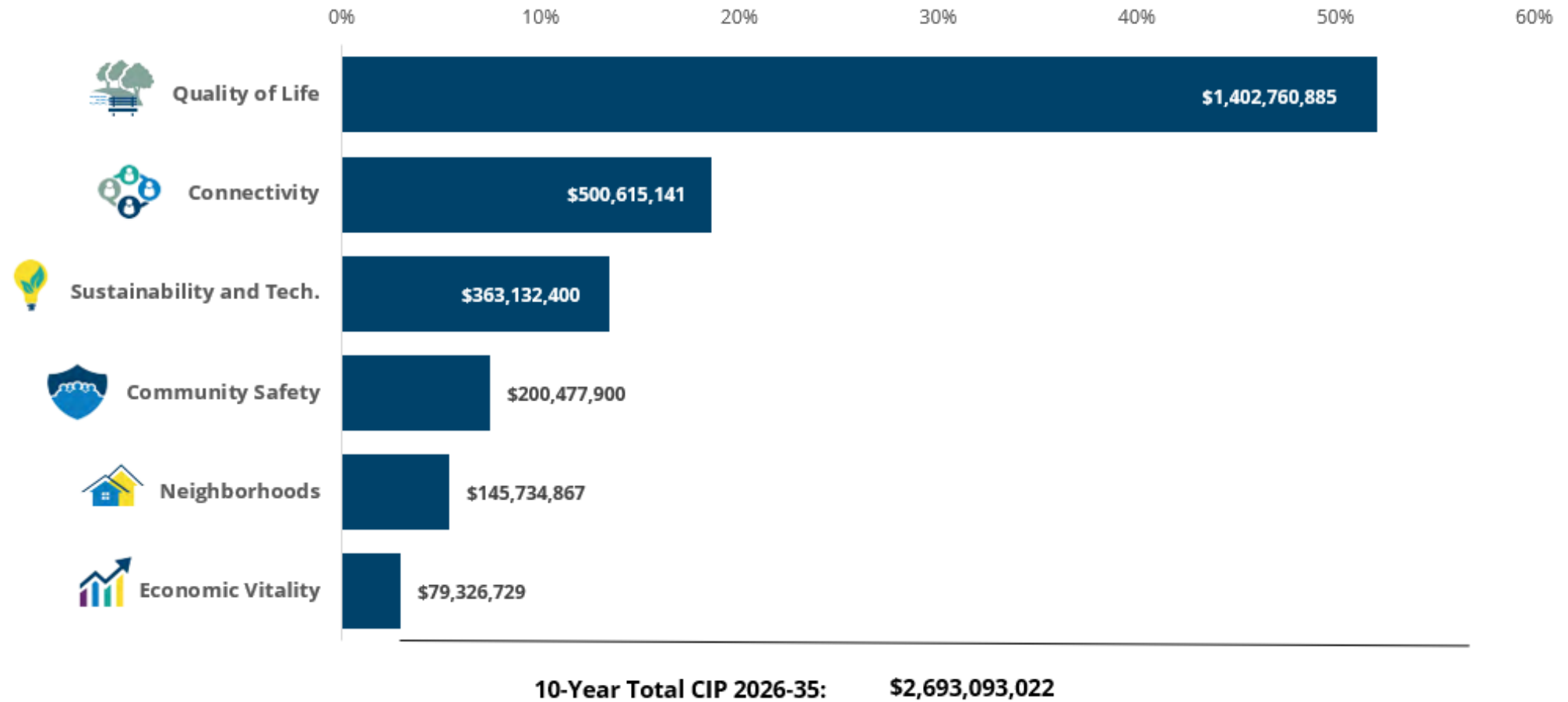
10-Year CIP Comparison by Department

Division	Prior 10-Year	Current 10-Year	Difference	% Difference
Airport Capital	\$91,103,206	\$76,067,929	-\$15,035,277	-16.5%
Buildings and Facilities Capital	\$50,770,000	\$49,080,000	-\$1,690,000	-3.3%
Cultural Development Capital	\$42,318,000	\$46,767,000	\$4,449,000	10.5%
Development Services Capital	\$32,745,688	\$28,840,000	-\$3,905,688	-11.9%
Fire Capital	\$66,315,500	\$136,713,650	\$70,398,150	106.2%
Information Technology Projects Capital	\$29,672,000	\$27,575,000	-\$2,097,000	-7.1%
IT Citywide Infrastructure Support Capital	\$1,814,000	\$518,000	-\$1,296,000	-71.4%
Non-Departmental Capital	\$20,300,000	\$6,070,100	-\$14,229,900	-70.1%
Parks Capital	\$217,705,000	\$295,131,685	\$77,426,685	35.6%
Police Capital	\$122,695,500	\$122,507,050	-\$188,450	-0.2%
Solid Waste Capital	\$3,543,500	\$1,823,000	-\$1,720,500	-48.6%
Streets Capital	\$536,027,312	\$542,424,608	\$6,397,296	1.2%
Transportation Policy Capital	\$51,952,325	\$40,614,000	-\$11,338,325	-21.8%
Wastewater Capital	\$391,935,000	\$453,329,000	\$61,394,000	15.7%
Water Capital	\$833,387,000	\$865,632,000	\$32,245,000	3.9%
Grand Total	\$2,492,284,031	\$2,693,093,022	\$200,808,991	8.1%

CIP Projects Comprehensive Map

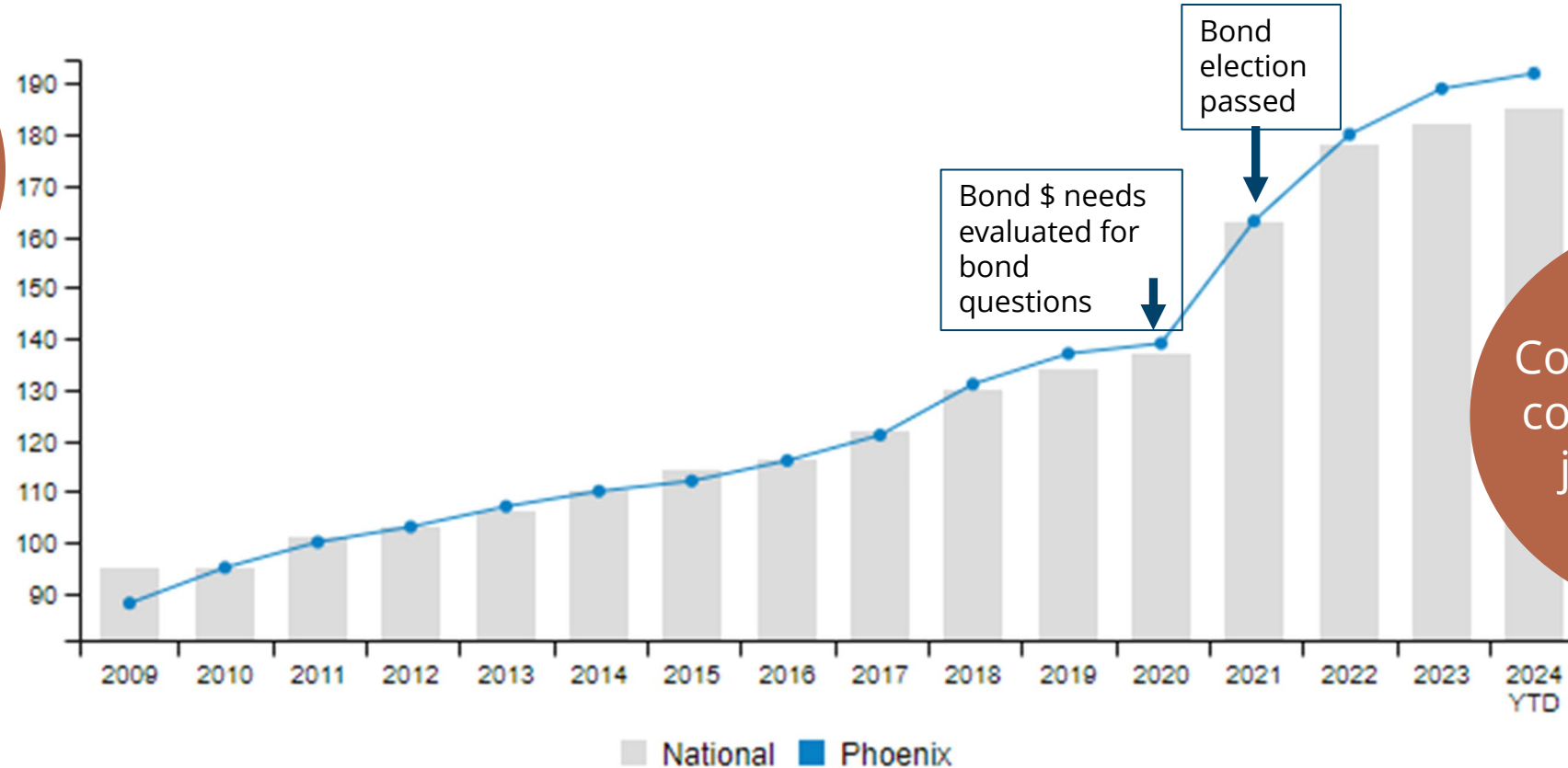


10-Year CIP by Focus Area



Capital Plan Inflation Impacts

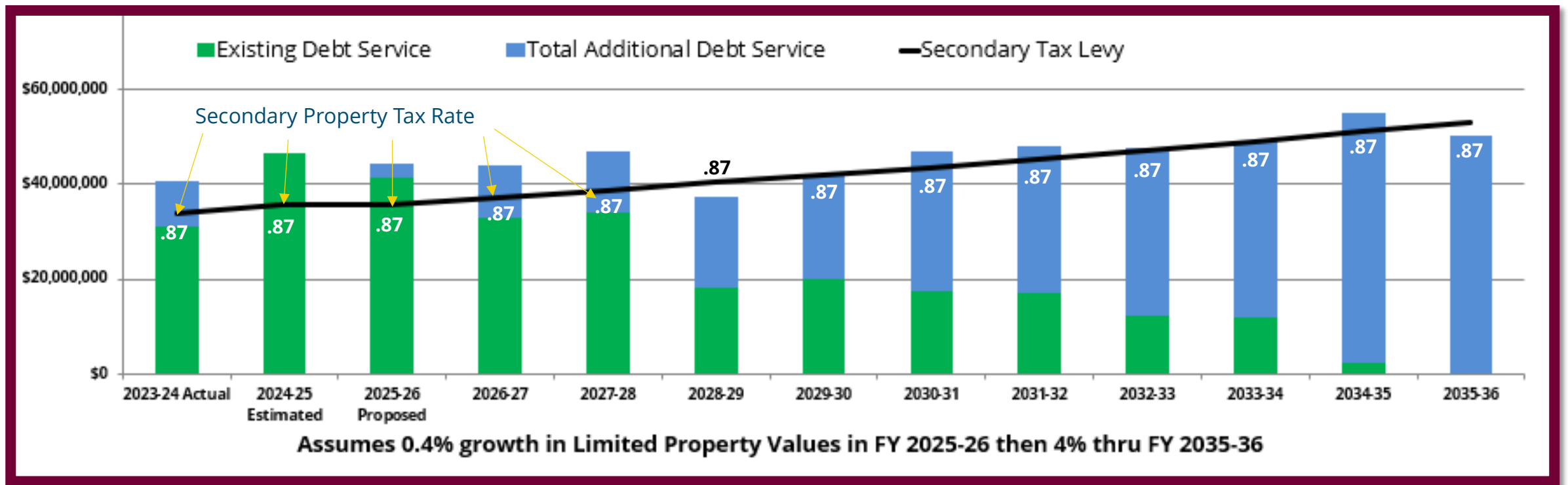
Construction
Price Index's
new normal



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.

Debt Service and Tax Levy- Proposed CIP



As property values increase annually and prior year's bond debt is paid off, new debt can be sold and new debt service requirements met even while leaving the tax rate flat



Review List of Projects in the Proposed 10-year Capital Improvement Program (CIP) (Handout)

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

* Denotes projects requiring additional bond authorization from 2025 bond election

Airport

- Hangar Area Pavement Reconstruction
- Runway 4R/22L Extension
- Santan Apron Reconstruction

Buildings & Facilities

- Building Renovations and Repairs
- Building Security Enhancements

Community/Regional Park Improvements

- A.J. Chandler Park Improvements*
- Existing Community and Neighborhood Park Imp*
- Mesquite Groves Phases I & II*
- Folley Pool Renovation*
- Lantana Ranch Park Site*
- Tumbleweed Ranch
- Desert Breeze Park Renovation*

Development Services

- Citywide Fiber Upgrades
- Traffic Management Center Equipment
- Traffic Signal Additions

Fire

- Emergency Vehicle Replacements*
- Heart Monitor Replacements
- Public Safety Training Center
- Self Contained Breathing Apparatus Replacements
- Rebuild Fire Station #284*

Technology

- ERP Modernization/Replacement

Police

- Forensic Services Facility
- Police Main Station Renovations*
- Radio Communication Equipment*

Street/Transportation Projects

- Street Repaving Program* (\$115.8M in first 5-years)
- Washington Street Improvements
- Kyrene Road (Chandler Blvd to San Tan 202)*
- Ray Road/Dobson Road Intersection Improvement
- Arizona Ave/Warner Intersection*
- McQueen Road Improvements*

Summary of Proposed Key General Government Capital Projects in the 2nd 5-Years

* Denotes projects requiring additional bond authorization from 2025 bond election

Airport

- Airport Taxi Way Fillet Improvements
- Holding Aprons Construct Holding
- Construct Apron and Aircraft Wash Rack

Buildings & Facilities

- Building Renovations and Repairs
- Building Security Enhancements

Community/Regional Park Improvements

- Existing Neighborhood Park Improvements*
- Mesquite Groves Phase III
- Tumbleweed Multi-Gen Expansion*
- Tumbleweed Ranch

Development Services

- Citywide Fiber Upgrades
- Traffic Signal Additions

Fire

- Fire Emergency Vehicle Replacements*
- Fire Station #12 (SDF reimbursable)*
- Fire Fleet Building Replacement*

Police

- Body Worn Cameras
- Radio Communication Equipment

Street/Transportation Projects

- Street Repaving*
- Traffic Signals Improvements and Repairs*
- Warner Road (Price Rd. to Arizona Ave.)
- Ray Road/Kyrene Road
- Appleby Road/Railroad Crossing
- Ocotillo Road Shared Use Path

A photograph of a large industrial water valve. The valve body is painted a dark red color and is bolted at the flanges. It is connected to a blue-painted metal pipe that extends upwards. A blue handwheel is visible on the upper part of the pipe. The background shows a dry, brownish field under a blue sky with some clouds and bare trees. A large, semi-transparent blue circle is overlaid on the right side of the image, containing the title text.

Chandler Water & Wastewater Utilities: Major Projects & Rates



Utility Rates

Initial adjustments were made in current Fiscal Year to address additional infrastructure projects

Anticipated rates as shared in FY 2024-25 budget book

	Rate Year	Water	Wastewater	Reclaimed
No Increase	1/1/2025	0.0%	0.0%	0.0%
Estimated	1/1/2026	8.5%	8.0%	12.0%
No Increase	1/1/2027	0.0%	0.0%	0.0%
Estimated	1/1/2028	15%	8.0%	12.0%

Major Drivers - Aging infrastructure

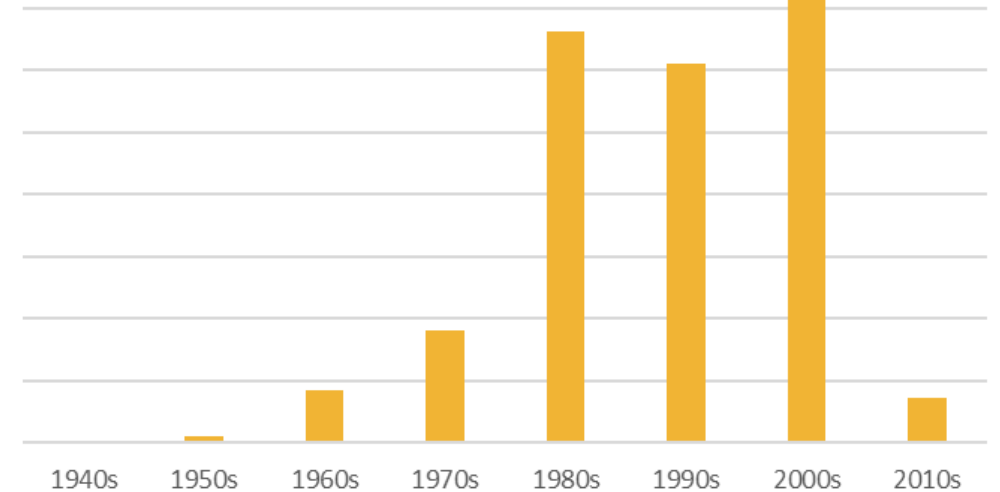
Water

- Total mains 1,228 miles, and in CIP over 30 years replacing all Highest, High, and Moderate risk watermain
- 31 operating wells- CIP replaces oldest wells to reduce average age of infrastructure
- CIP adds redundant 48" transmission line to reduce risk of single failure point

Wastewater

- 958 miles of sanitary sewer lines and CIP includes new 66" underneath Loop 202 to allow for existing pipe rehab
- 19,000 manholes and in CIP over next 30 years 7,000 will be repaired covering all Highest, High and Moderate risk segments

Decade in which underground infrastructure established



Utility Rate Adjusted for Current CIP and Operating Needs

	Rate Year	Water	Wastewater	Reclaimed	Solid Waste
PY Estimate	Jan-26	8.50%	8%	12%	7%
PY Estimate	Jan-28	15%	8%	12%	7%
New Estimate	Jan-26	15%	15%	18%	6%
New Estimate	Jan-28	18%	16%	18%	6%

	Water		Wastewater	
	Full COS	Blended COS	Full COS	Blended COS
Residential	6.4%	9.8%	0.0%	5.8%
Multi-Family	4.4%	8.6%	38.1%	25.7%
Non-Residential	19.8%	17.9%	30.0%	21.5%
Industrial	37.1%	28.4%		
Landscape	23.8%	20.4%		



Cost of Service (COS) is a method of ensuring revenues generated by the differing customer classifications are paying for the costs of providing services to that customer classification. This rate year represents the last of the five-year planned COS realignment of revenues based on impact to the utility systems found during the last study.

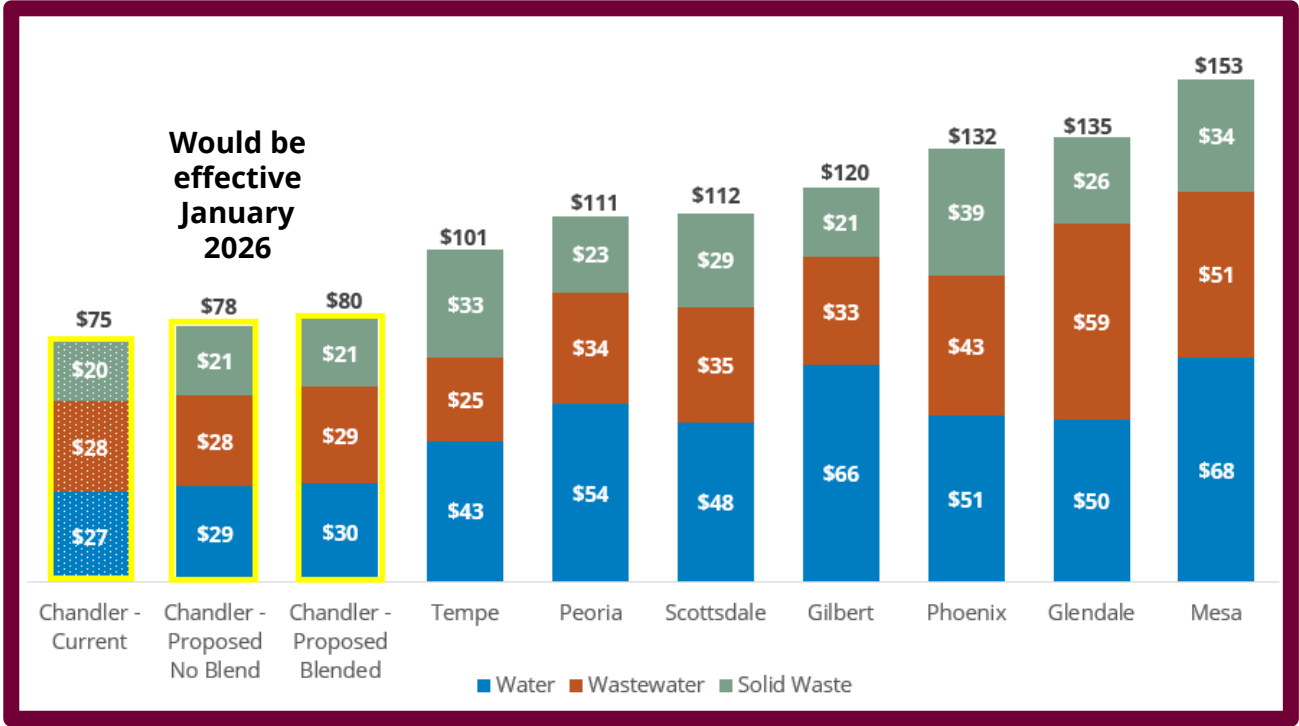
Cost of Services (COS) Allocations – Water / Wastewater

COS rate allocations:

	Water	
	Full COS	Blended COS
Residential	6.4%	9.8%
Multi-Family	4.4%	8.6%
Non-Residential	19.8%	17.9%
Industrial	37.1%	28.4%
Landscape	23.8%	20.4%

	Wastewater	
	Full COS	Blended COS
Residential	0.0%	5.8%
Multi-Family	38.1%	25.7%
Non-Residential	30.0%	21.5%
Industrial		

Single Family Average Monthly Bill Impact



Estimated based on Tempe Cost of Service July 2024 results at 10,000 gallons single family residential rates for FY 2024-25

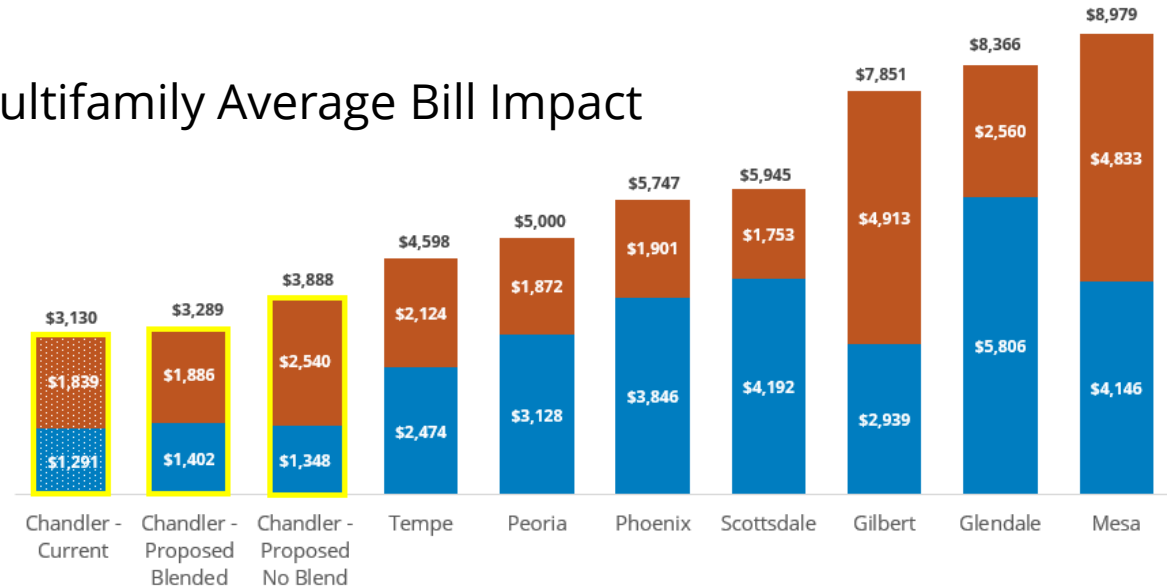
Cost of Services Allocations – Water / Wastewater

COS rate allocations:

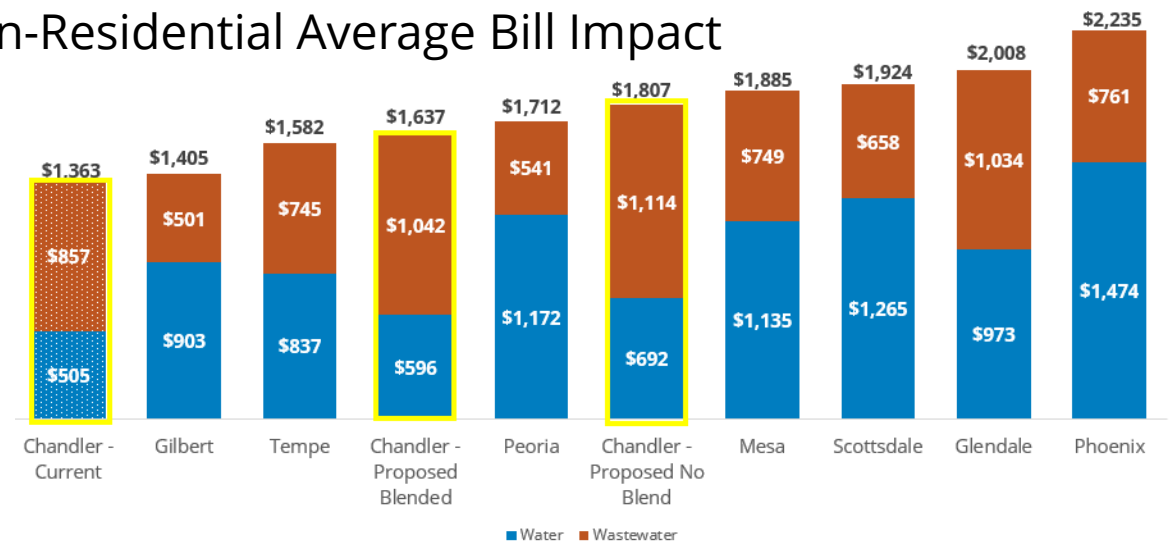
	Water	
	Full COS	Blended COS
Residential	6.4%	9.8%
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Industrial	37.1%	28.4%
Landscape	23.8%	20.4%

	Wastewater	
	Full COS	Blended COS
Residential	0.0%	5.8%
Multi-Family	38.1%	25.7%
Non-Residential	30.0%	21.5%
Industrial		

Multifamily Average Bill Impact



Non-Residential Average Bill Impact





Key Budget Dates

Budget Event		Date
Council Budget Kickoff		Completed
Resident Budget Survey with Council Videos		Completed
Council Workshop #1		Completed
Council Workshop #2		Completed
Council Workshop #3 Capital Improvement Program		Tonight
All Day Budget Briefing		5/2/2025
Council Meetings	Tentative Adoption	05/22/2025
	Public Hearing and Final Adoption	06/12/2025
	Adoption of Tax Levy & Fee Action	06/26/2025



Questions?



CHANDLER
arizona