

Budget

FEB 08 2016



Chandler • Arizona
Where Values Make The Difference

MEMORANDUM

Management Services Memo No. 16-051

DATE: FEBRUARY 8, 2016

TO: MAYOR & COUNCIL

THRU: MARSHA REED, ACTING CITY MANAGER *MR*
DAWN LANG, MANAGEMENT SERVICES DIRECTOR *DL*

FROM: GREG WESTRUM, BUDGET MANAGER *AW*

SUBJECT: PRESENTATION FOR FY 2016-17 BUDGET WORKSHOP #1

Attached is the agenda and PowerPoint presentation for the FY 2016-17 Budget Workshop on Monday, February 8, 2016. The workshop is scheduled to begin at 5:30 p.m. in the Council Conference Room.

If you have any questions about the presentation or the Workshop, please feel free to contact me at x2256 or Dawn Lang at x2255.

Attachments: Agenda
PowerPoint Presentation

c: Nachie Marquez, Assistant City Manager
Marla Paddock, City Clerk



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**CITY OF CHANDLER
FY 2016-17 BUDGET
WORKSHOP #1**



**COUNCIL CONFERENCE ROOM, 5:30 P.M. – 7:00 P.M.
FEBRUARY 8, 2016**

AGENDA



■ **Financial Outlook**

■ **Citizen Budget Survey Overview**

■ **Preliminary General Fund Forecast**

■ **Assessed Valuation Update**

■ **Capital Improvement Program Update**

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FINANCIAL OUTLOOK



- The Local Economy is Strong, and the National Economy is Mostly Stable
- Development Revenues Continue, but Growth of Sustainable Revenue Remains Slow and Steady
- Potential Unknown State Legislative Actions Keep Chandler Cautious



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FINANCIAL OUTLOOK



Chandler – A Financially stable, well run City providing great value to Citizens...

Buttercup, Chandler's Prognosticating Groundhog Makes Early Prediction



“Another Year of Fiscal Strength and Low-Cost Services”

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FY 2016-17 CITIZEN BUDGET SURVEY OVERVIEW



Survey
 Excellent
 Very G
 Good
 Fair

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CITIZEN BUDGET SURVEY


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- **Conducted Nov 15, 2015 - Jan 6, 2016**
- **315 Responses** (fewer than Prior Fiscal Year)
- **Overall, High Scores for City Operations:**
 - **"Overall Municipal Government Performance":**
98% Excellent, Very Good, or Satisfactory (same as prior yr)
 - **"Quality of Life":**
97% Excellent or Good (same as prior yr)
 - **"Great Return on My Tax Dollars" :**
86% Strongly Agree or Somewhat Agree (89% prior yr)

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CITIZEN BUDGET SURVEY



**Priority Based Budgeting Sets
Desired Results Based on Council Goals**

- **Desired Results**
 - A Safe Community
 - A Community with Leisure, Culture, and Education
 - A Community with Effective Transportation
 - A Healthy and Attractive Community
 - A Community with Sustainable Economic Health

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**PRELIMINARY 5-YEAR ONGOING
GENERAL FUND FORECAST**



Another Year of
Cautious
Optimism & Good
Golfing Weather

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PRELIMINARY GENERAL FUND FORECAST >FISCAL POLICIES<



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- **Continue Adherence to All Fiscal Policies**
 - Recently Expanded and Updated
- **Structurally Balanced**
 - Recurring Revenues Support Recurring Expenditures
 - Non-Recurring Revenues Support Non-Recurring Expenditures
- **Maintain Strong Reserves**
 - 15% Contingency Reserve
 - Budget Stabilization Reserve



Maintaining Strong Fiscal Policies Contributes to High Bond Ratings

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PRELIMINARY GENERAL FUND FORECAST



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Where School Starts The Difference

The Forecast is... Another Year of Slow, Sustainable Revenue Growth and Managing Expenditure Growth

	Preliminary		Preliminary Ongoing General Fund Forecast (Excludes Fund Balance)				
	1	2	3	4	5	6	7
	2016-17 Total Current Revenues	2016-17 One-Time %/Amount	2016-17 Ongoing Revenues	2017-18 Ongoing Revenues	2018-19 Ongoing Revenues	2019-20 Ongoing Revenues	2020-21 Ongoing Revenues
1 Revenues and Other Sources		8%	92%				
2 Total Revenues	211,088,000	17,558,900	193,529,100	198,662,400	202,950,100	207,357,000	211,855,000
3			2.7%	2.7%	2.2%	2.2%	2.2%
4 Expenditures & Other Uses							
6 Revenues Committed to One-Time Exp	17,558,900	17,558,900					
6 Personnel Services Wages & Benefits	152,518,300		152,518,300	154,917,300	156,698,300	158,731,300	164,056,300
7 Less Vacancy Savings (1.5%)	(2,288,000)		(2,288,000)	(2,324,000)	(2,350,000)	(2,381,000)	(2,416,000)
8 Ongoing Base Budget	40,985,600		40,985,600	42,185,600	43,385,600	44,585,600	45,785,600
9 CIP Operations & Maintenance	40,400		40,400	772,100	1,861,800	2,143,100	2,525,700
10 HURF Shift of Exp to General Fund	-		-	1,000,000	1,000,000	1,000,000	1,000,000
11 Total Expenditures	208,815,200	17,558,900	191,256,300	196,551,000	200,595,700	204,079,000	210,951,600
			1.5%	2.8%	2.1%	1.7%	3.4%
12 Cumulative Ongoing Surplus/(Deficit)	2,272,800	0	2,272,800	2,111,400	2,354,400	3,278,000	903,400

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PRELIMINARY GENERAL FUND FORECAST >REVENUES<

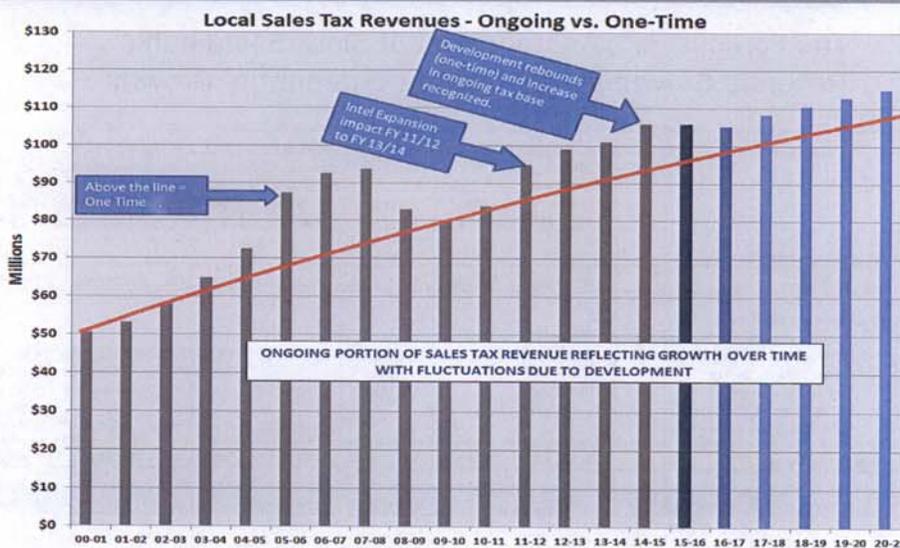


- **Stable, Slow and Steady Growth of Ongoing**
- **No Significant Deviations from Prior Year Forecast**
 - 92% of Total Revenues are Considered Ongoing
 - Ongoing FY 2016-17 PY \$193.8M vs. Preliminary \$193.5M
 - Local Sales Tax Support 52%
 - State Shared Revenue Support 29%
- **Potential Legislative Actions Threaten City Revenues**
 - Monitoring Impacts of State TPT Transition
 - Census and Residential Rental Legislation



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ONGOING AND ONE-TIME SALES TAX >REVENUES<



**PRELIMINARY GENERAL FUND FORECAST
>PERSONNEL EXPENDITURES<**



- **Approximately 76% of Operating Budget is Personnel**
 - Major Benefit Costs include Retirement, Health and Workers Compensation
 - Estimated Benefit Increases are Included Over the 5 Year Forecast
- **Only FY 16-17 Includes Estimated Salary Adjustments**
- **Retirement is the Fastest Growing Employee Benefit**
 - Grown from \$15.5M in FY 14-15 to \$20.8M in FY 16-17
 - ASRS Increases are Minimal, With Total Ongoing at \$8.6M
 - PSPRS Increases are Large and Now Shifted to One-Time (\$2.9M), Allowing Ongoing to be Maintained at \$9.3M
 - Additional \$2.5M One-Time Planned Towards Unfunded Liability

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**PRELIMINARY GENERAL FUND FORECAST
>O&M EXPENDITURES<**



**\$2.3M Ongoing Surplus Available in Preliminary Forecast
Incorporating MOU Commitments, Salary Adjustments
& Employee Benefits Increases**



- **Managing Expenditure Growth is Vital**
 - Goal: Maintain Existing Services
 - Department Ongoing Decision Packages
 - \$6.2M Total (Includes 49.75 Positions)
 - Prioritize Known Ongoing Demands First
 - Employee Benefits, Utility Costs, Contract Increases

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ASSESSED VALUATION UPDATE



Another Year
of Increased
Home Values

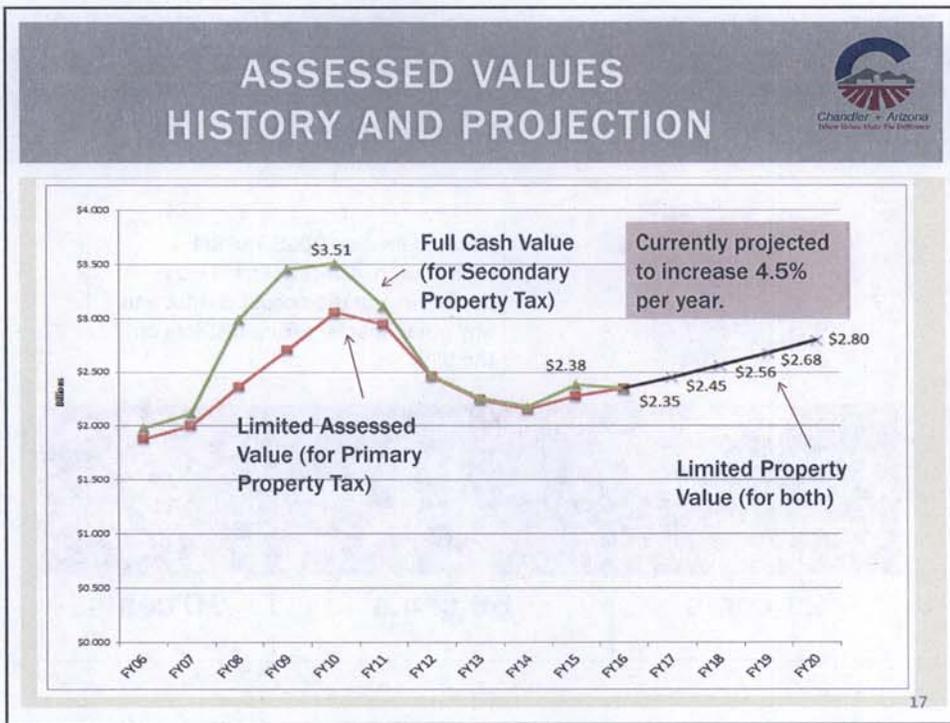
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PROPERTY VALUES YEAR OF TRANSITION

- FY 16-17 continues voter-approved Limited Property Valuation (Prop 117, 2012 election)
- Limited Property Value for both Primary & Secondary taxation; maximum appreciation increase of 5%/year
- Assuming City Property Tax Rates remain unchanged, homeowners will probably see a 4.5% increase in the amount paid for City Property Taxes in FY 16-17
- Future years assume 4.5% Limited Property Value growth starting in FY 16-17, decreasing to 2.5% in the out years.

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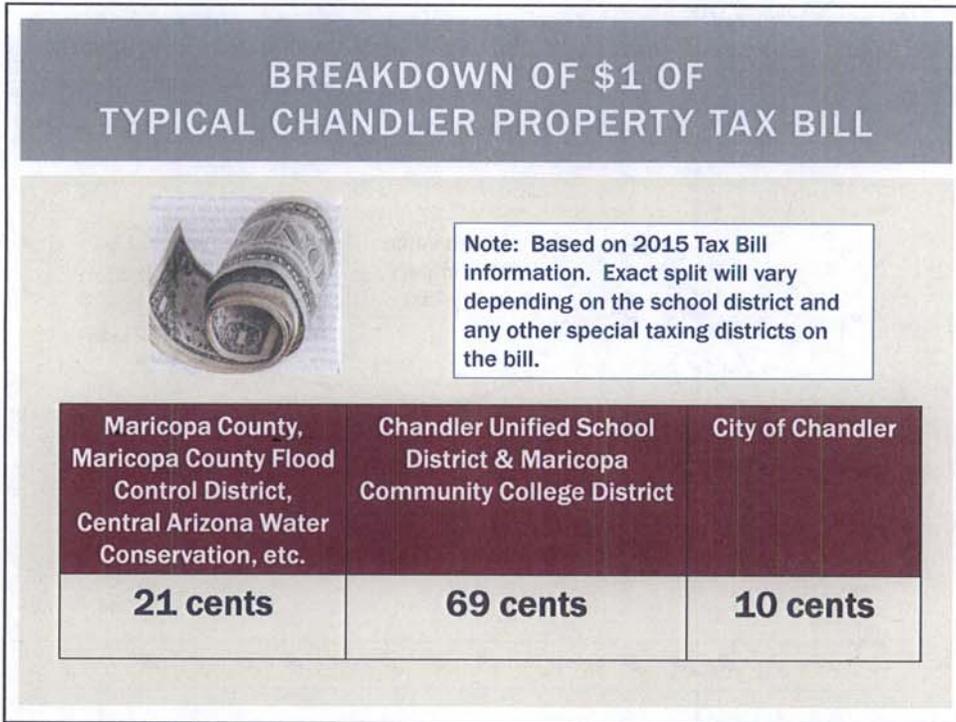


IMPACT OF LIMITED PROPERTY VALUE ON MEDIAN VALUE HOME

	2014	2015	2016	% Change 2015 to 2016
Full Cash Value	\$ 148,500	\$ 186,800	\$ 200,500	7.33%
Limited Property Value	140,184	147,193	153,817	4.50%
Assessed Full Cash Value (10%)	14,850	NA	NA	NA
Assessed Limited Value (10%)	14,018	14,719	15,382	4.50%
Primary (.2992/\$100 Assessed)	41.94	44.04	46.02	4.50%
Secondary (.88/\$100 Assessed)	130.68	129.53	135.36	4.50%
Total City Property Tax	\$ 172.62	\$ 173.57	\$ 181.38	4.5%

Starting in 2015 (FY 2015-16) Primary and Secondary Property taxes are calculated based upon the Limited Property Value

Even though the market value of the median value home goes up 7.33% this year, the City Property Tax bill would only increase 4.5% at current tax rates







PRELIMINARY CAPITAL IMPROVEMENT PLAN (CIP) UPDATE




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COUNCIL'S RECENT CIP PRIORITIES



1. Maintain existing infrastructure - streets and parks
2. Finish planned construction of Neighborhood Parks and Southeast Arterial Streets
3. Limit new projects that add ongoing O&M

AND
MINIMIZE ANY INCREASE IN AMOUNT OF PROPERTY TAX PAID BY HOMEOWNERS

FINAL PLANNED NEIGHBORHOOD PARKS



D = Design	C = Construction	FY 16-17	FY 17-18	FY 18-19	FY 19-20
Layton Lakes	D/C				
Homestead North			D/C		
Homestead South				D/C	

CONSTRUCTION OF THESE 3 PARKS WILL COMPLETE THE PLANNED NETWORK OF NEIGHBORHOOD PARKS IN CHANDLER.

PLANNED INTERSECTIONS AND ARTERIAL STREETS



D = Design
RW = Right of Way Acquisition
C = Construction

	FY 16-17	FY 17-18	FY 18-19	FY 19-20	FY 20-21	FY 21-22	FY 22-23	FY 23-24	FY 24-25	FY 25-26
Alma School/Chandler Intersection	C									
Queen Creek Road										
McQueen Rd to Gilbert Rd		C								
Cooper Road										
Queen Creek Rd to Appleby Rd		C								
N. of Chandler Hts to Chandler Hts.		C								
Chandler Hts to Riggs Rd	RW		C							
Chandler Heights Road										
Arizona Ave to McQueen Rd		C								
McQueen Rd to Gilbert Rd		D			C					
Gilbert Rd to Val Vista Dr						D	RW	C		
Ocotillo Road										
Cooper Rd to Gilbert Rd	C									
Gilbert to 148th St				D	RW	C				
Lindsay Road										
Ocotillo to Hunt Highway							D	RW	C	

OTHER PROPOSED CIP PROJECTS



(FY 16-17) Public Safety Training Facility Phase I
 (FY 16-17) Joint Water Treatment Plant Phase II
 (FY 17-18) Southeast Fire Station (Gilbert Rd)
 (FY 17-18) Museum
 (FY 18-19) Public Safety Training Facility Phase II

AND
**CONTINUED FUNDING FOR STREET REPAVING AND
 PARKS CAPITAL MAINTENANCE**



QUESTIONS OR COMMENTS?



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