



Chandler + Arizona
Where Values Make The Difference

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



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

AGENDA



Chandler + Arizona
Where Values Make The Difference

- **Financial Outlook**
- **Citizen Budget Survey Overview**
- **Preliminary General Fund Forecast**
- **Assessed Valuation Update**
- **Capital Improvement Program Update**

2

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**



3

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”

4


Chandler + Arizona
Where Values Make The Difference

FY 2016-17 CITIZEN BUDGET SURVEY OVERVIEW



A photograph of a survey form with a mouse cursor pointing at it. The form has the word 'Survey' at the top, followed by a checklist with the following items: 'Excellent' (checked with a red checkmark), 'Very Good', 'Good', and 'Fair'.

5

CITIZEN BUDGET SURVEY


Chandler + Arizona
Where Values Make The Difference

- **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)

6

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

7

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



8

PRELIMINARY GENERAL FUND FORECAST >FISCAL POLICIES<



- **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

9

PRELIMINARY GENERAL FUND FORECAST



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%	
4 Expenditures & Other Uses							
5 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

10

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

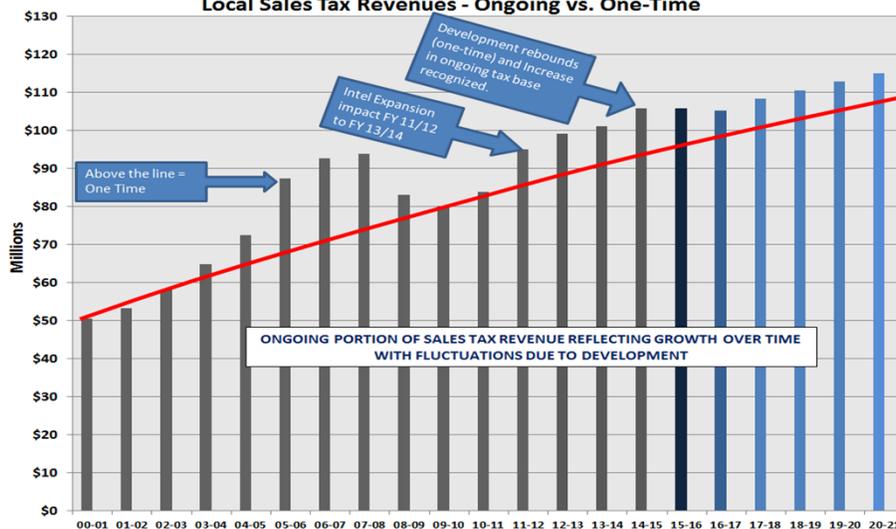


11

ONGOING AND ONE-TIME SALES TAX >REVENUES<



Local Sales Tax Revenues - Ongoing vs. One-Time



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

13

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

14



ASSESSED VALUATION UPDATE



Another Year of Increased Home Values

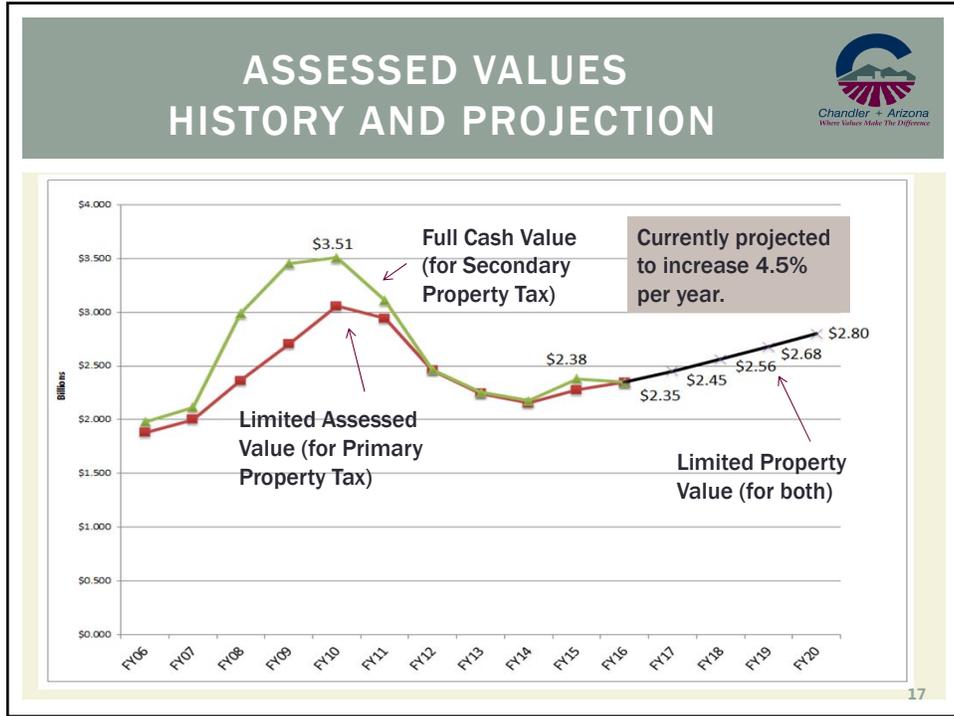
15



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.

16



IMPACT OF LIMITED PROPERTY VALUE ON MEDIAN VALUE HOME

	2014	2015	2016	% Change
	Last year using Full Cash Value			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

BREAKDOWN OF \$1 OF TYPICAL CHANDLER PROPERTY TAX BILL



Note: Based on 2015 Tax Bill information. Exact split will vary depending on the school district and any other special taxing districts on the bill.

Maricopa County, Maricopa County Flood Control District, Central Arizona Water Conservation, etc.	Chandler Unified School District & Maricopa Community College District	City of Chandler
21 cents	69 cents	10 cents



PRELIMINARY CAPITAL IMPROVEMENT PLAN (CIP) UPDATE



20

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

	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								
Chander 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?



**Next Budget Workshop
Monday, 3/14/16**

**All Day Budget Briefing
Friday, 4/29/16**

25