

CITY OF CHANDLER, ARIZONA

2020-21



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Executive Summary

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Fiscal Year 2020-21 City Manager Budget Message**To the City of Chandler Mayor and Council, and Citizens of Chandler:**

I am pleased to present to you the Fiscal Year (FY) 2020-21 Proposed Budget and 2021-2030 Capital Improvement Program (CIP) for the City of Chandler. This budget is the result of Department Directors and their team's review and prioritization of services provided and capital projects based on Council's Strategic Policy Goals, guidance from the Council Budget Kickoff in December 2019, and subsequent budget workshops. It looks very different than we anticipated as we started the process, as the impacts of the COVID-19 pandemic were not foreseen in the initial financial projections. With considerable thought and measured changes, this budget contains a variety of reductions to revenues and expenditures to help mitigate the financial impacts of the pandemic.

Citizen engagement was important throughout the budget process, and started with our annual Citizen Budget Survey that reflected high overall scores on "Quality of Life," "City Government Performance," and "Great Return on My Tax Dollars," as well as our Budget Live virtual community meeting held on February 27, 2020. This Proposed Budget continues to reflect Chandler's commitment to hear our citizens by providing the highest quality services in the most cost-effective manner, while maintaining the City's long-term financial sustainability.

The total proposed budget (operating and capital) is \$901 million for FY 2020-21, which represents a 2.8 percent decrease from the FY 2019-20 budget. The total operating budget is decreasing 6.0 percent, and the total capital budget is increasing by 2.9 percent. Total General Fund, which includes budgeted operating, capital, debt service, and contingency and reserves, represents 40.7 percent or \$367 million of the City's total budget. This represents an 8.1 percent decrease over the prior year, primarily due to a reduction in capital carryforward and funding committed towards the pay-down of the City's Public Safety Personnel Retirement System (PSPRS) unfunded liability. Additional measures have also been taken including adjustments to General employee merits and markets, changing the anticipated vacancy savings rate by managing and holding positions, removing and reducing decision packages, and removing the Council Budget Amendment Reserve. Additional details on the components of the total and General Fund budgets are shown in the Budget Highlights section.

Chandler - "The Future's in Sight"

This year's budget motto, "*The Future's in Sight*" reflects our past and current leader's vision for our community, making it the Community of Innovation and the City of choice for our residents and businesses. Council's Strategic Policy Goals continue to build on this vision, maintaining fiscal sustainability and providing great value to our citizens through forward thinking and conservative planning. The results include AAA bond ratings, strong economic development, quality public safety, and well-built infrastructure. The FY 2020-21 Proposed Budget was prepared following this vision, and continues to reflect the exceptional services provided to the citizens of Chandler even through challenging times.

Challenging Times

Formulating the fiscal plan for each year comes with numerous challenges and opportunities and this year proved to offer a substantial element of uncertainty during the closing portion of the budget preparation time frame. All initial indicators showed that the economy would continue growing at a steady pace with strong consumer confidence, and a planned downturn beginning FY 2022-23. However, the economy is now facing a considerable downturn caused by the COVID-19 pandemic. Maintaining service levels and quality infrastructure in the most cost effective way remains vital, especially in an environment of so much uncertainty. The FY 2019-20 estimated year end and FY 2020-21 Proposed Budget includes COVID-19 impacts reducing revenue \$10.5 million and \$20 million respectively, and spending reductions of the same. In addition to the FY 2020-21 3 month revenue and expenditure reductions, spending restrictions and holds have been implemented to further minimize impacts from revenue shortfalls, and a 6 and 9 month projection has been developed.

This year also included diligent monitoring of legislative bills that could impact our ongoing revenues, as well as focused review of expenditure impacts that are causing, or potentially could cause, higher costs if not contained. This includes PSPRS rates and its unfunded liability, minimum wage increases, workers' compensation self-insurance claims, fleet sustainability, aging infrastructure, solid waste and recycling costs, and addressing various capital needs under a higher construction cost environment.

Executive Summary

Due to the tradition of conservative budgeting, delineating between one-time and ongoing revenues, maintaining healthy reserves, and adhering to strong financial policies, this FY 2020-21 Proposed Budget includes numerous recommendations that address the majority of these concerns, and City staff continues efforts to uphold efficient practices and encourage innovation. Additionally, services and capital projects continue to support Council's Strategic Policy Goals which include: Being the Most Connected City; Being a Leader in Trust and Transparency; Maintaining Fiscal Sustainability; Attracting a Range of Private Sector Businesses; Fostering a Contemporary Culture that Embraces Unity; and Being Safe and Beautiful as shown on pages 23-24 of the Budget Highlights section.

Operating Budget

When setting Chandler's long-term operating forecast, managing costs for services is imperative after years of steady operating revenue growth and now facing the economic downturn being seen throughout the country. Our General Fund 5-Year Ongoing Forecast (pages 8-9) reflects a cautious approach, with *ongoing* operating expenditures supported by *ongoing* revenues, creating a structurally balanced budget. Following are Operating Highlights included in the FY 2020-21 Proposed Budget:

- ✓ Slightly reduces the City Property Tax rate: \$1.1201 per \$100 of assessed value decreased from \$1.1281, minimizing the impact of the 7.7% increase in Limited Assessed Values of which 4.5% is new property (page 13).
- ✓ No increase to the City Transaction Privilege Tax rates, and Water, Wastewater, Reclaimed Water, and Solid Waste rates, continuing Chandler's low rates compared to other Valley cities (page 11).
- ✓ Maintains service levels: Department decision packages add ongoing (\$1 million) and one-time (\$4.1 million) funding, for a total of \$5.1 million to General Fund (net revenue offsets and reallocations), and \$2.3 million to Other Funds as shown on pages 47-60 of the Budget Highlights section.
 - Adds 2.0 positions overall in the General Fund, Police Department; One Police Commander position being moved from one-time reserve funded for 5 years to ongoing, and one Police School Resource Officer (SRO) to support a middle school for Chandler Unified School District (CUSD) (off-set by CUSD funding).
 - Used existing budget of \$789,439, reallocated to help fund new operation and maintenance needs as shown on page 45 of the Budget Highlights section.
- ✓ Adds funding for employee compensation: association commitments and merits for General employees based on performance.
- ✓ Plans towards debt reduction by allocating an additional \$15 million in one-time funding to PSPRS towards the goal of funding future retirement commitments of sworn City personnel and reducing the annual employer contribution sooner. This one-time payment will be held until COVID-19 revenue impacts are known.
- ✓ Maintains reserves: continues the one-time 15% appropriated General Fund Contingency (\$34.8 million), and a designated one-time Budget Stabilization Reserve (\$10 million), as well as other important reserves.

Chandler's continued reliance on solid financial management practices as shown in the City Financial Policies in the Budget Highlights section (pages 25-44), has kept the City fiscally strong, and this budget continues that practice.

Capital Planning and Debt Management

As we look to Chandler's future and strive to improve the quality of life for our citizens, it is vital that we continue to provide well designed and maintained infrastructure and amenities. As noted previously, the total capital budget for FY 2020-21 is increasing by 2.9 percent (\$9.9 million) for new projects compared to the prior year. The amount of the proposed 2021-2030 CIP is \$1.16 billion, which is \$227 million (24 percent) more than the prior 10-year plan (page 12). This CIP continues Mayor and Council priorities of maintaining existing infrastructure, finishing planned construction of parks and southeast arterial streets, limiting new projects that add operations and maintenance, and addressing public needs. The plan also puts a higher emphasis on maintaining aging utilities, streets, parks, facilities, and technology infrastructure, as well as adding new projects such as Gilbert and Alma School Roads, Regional Park Development funding, Veteran's Memorial Park Phase II, and the first phase of Lantana Ranch Park to name a few.

A variety of funding sources support the proposed capital plan, with the sale of new bonds making up 52% of the 10-year total, therefore, debt management is a critical part of a strong capital plan. This requires minimizing changes to the secondary tax rate, which generates the amount levied for principal and interest payments on General Obligation (GO) bonds, while still addressing capital needs. As we get closer to build-out and growth related projects are completed, System Development or Impact fee collections can begin to repay loans made to fund past growth projects. These loan repayments can supplement the secondary tax levy, minimizing the tax rate changes needed to fund new bonds and expanding capacity for capital projects (see the CIP book for details on projects and related funding).

Executive Summary**2020-21 Proposed Budget****Ensuring Fiscal Strength and Low-Cost Services**

As with previous budgets, we have taken measures to ensure that the City is able to balance its operating and capital budgets over the short term as well as the long run. To ensure continued fiscal strength and manage expenditure growth to keep the cost of services low, the City will need to continue the tradition of transparency, maintaining strong financial policies, adding efficiencies, providing essential public services, and maintaining infrastructure to make it attractive for residents and businesses.

Acknowledgements

I would like to thank the City Council for their guidance and support throughout the development of this budget. As always, this budget was a collaborative effort which involved employees at all levels of the organization: City Manager's Office, Department Directors and their Department Budget Liaisons, Human Resources staff, and all of the employees of the City who have been innovative and contributed to this abnormally difficult budget process. A very special thanks to Management Services Director, Dawn Lang, and the Budget staff who spent long hours providing analysis and compiling this detailed budget document.

Respectfully,



Marsha Reed
City Manager

General Fund 5-Year Ongoing Operating Forecast

An important part of the budget process is the preparation of the General Fund 5-Year Ongoing Forecast to assist the City with sound financial decisions. A preliminary version of the forecast was reviewed in February with the Mayor and Council, using estimates based on actuals through December 2019 for revenues and expenditures and preliminary projections for FY 2019-20 year-end State Shared Revenues, Local Sales Tax, Property Tax, and other key revenues. Through February and March, updated information was received from the State of Arizona, the League of Arizona Cities and Towns, and internal City departments of anticipated FY 2019-20 revenues and expenditures, and COVID-19 revenue impacts were estimated. This has resulted in an initial and revised year-end projection that forms the basis for the FY 2020-21 Proposed Budget and forecast.

The ongoing forecast was updated to reflect estimated COVID-19 revenue impacts through September 2020, incorporating economic downturns now and again by FY 2022-23. The expenditure assumptions anticipate increases in retirement, health care, workers' compensation, and other operations and maintenance (O&M) costs, including items such as utilities, software system contract maintenance and additions to the operating budget resulting from new capital improvements (e.g., additional staff, landscape costs, asphalt pavement repair costs, utilities).

Major assumptions used in developing the General Fund 5-Year Ongoing Forecast are shown in the table below. The five columns reflect the projected percentage or dollar changes for the ongoing portion of anticipated revenues and expenditures.

MAJOR REVENUE ASSUMPTIONS	FY20-21 Ongoing Change	FY21-22 Ongoing Change	FY22-23 Ongoing Change	FY23-24 Ongoing Change	FY24-25 Ongoing Change
Local Sales Tax	+1.3%	+3.0%	+2.0%	+1.2%	+2.0%
Primary Property Tax	+4.4%	+3.0%	+2.5%	+2.0%	+2.0%
State Shared Sales Tax	-0.1%	+2.0%	+1.0%	+1.0%	+2.0%
Urban Revenue Sharing	+2.5%	+2.5%	+0.0%	+0.0%	+1.0%
Vehicle License Tax	+0.9%	+2.0%	+1.0%	+1.0%	+2.0%

EXPENDITURE ASSUMPTIONS	FY20-21 Ongoing Change	FY21-22 Ongoing Change	FY22-23 Ongoing Change	FY23-24 Ongoing Change	FY24-25 Ongoing Change
Vacancy Savings Rate	2.5%	1.5%	1.5%	1.5%	1.5%
Employee Compensation	See note*	0%	0%	0%	0%
Health Care Premium Costs	+0% As of 1/1/21	+3% As of 1/1/22	+6% As of 1/1/23	+6% As of 1/1/24	+6% As of 1/1/25
AZ State Retirement System Costs	+0.4%	+2.8%	+2.8%	+2.8%	+2.8%
Public Safety Retirement System (PSPRS) Costs	+7.7%	+0.0%	+0.0%	+0.0%	+0.0%
Operating Position / O&M Adds	\$641,738	\$0	\$0	\$60	\$1,200,000
Capital Project O&M Adds	\$559,589	\$781,261	\$913,689	\$91,710	\$682,913
Increased Contribution to Fleet Fund	\$150,000	\$100,000	\$100,000	\$100,000	\$100,000
Increased Contribution to Risk Fund	\$0	\$250,000	\$250,000	\$250,000	\$0

* Includes 5% merit and estimated potential market increases for the Police Officers, Police Sergeants, and Firefighters based on current Memorandums of Understandings, as well as estimated General employee merits. All merits are based on performance.

General Fund 5-Year Ongoing Operating Forecast

This forecast reflects annual revenue estimates based on FY 2019-20 year-end revised revenue. Further analysis is then completed to determine what portion of the total revenues will continue (ongoing) to support ongoing operating expenditures. This forecast excludes General Fund balance that has accumulated from prior years, which is reflected on the next page.

Descriptions	FY 2020-21 Proposed (Ongoing & One-Time)	% Change Over FY 2019-20 Revised	FY 2020-21 Ongoing Amount	Ongoing % of Budget	% Change in Ongoing	FY 2021-22 Ongoing Amount	% Change in Ongoing	FY 2022-23 Ongoing Amount	% Change in Ongoing	FY 2023-24 Ongoing Amount	% Change in Ongoing	FY 2024-25 Ongoing Amount	% Change in Ongoing
Revenues and Other Sources													
Local Taxes and Licenses													
Franchise Fees	3,375,000	-5.3%	3,375,000	100.0%	2.3%	3,402,500	0.8%	3,430,600	0.8%	3,459,400	0.8%	3,488,800	0.8%
Transaction/Privilege Tax	123,570,752	-8.8%	112,295,213	90.9%	1.3%	115,627,300	3.0%	117,925,700	2.0%	119,333,100	1.2%	121,700,500	2.0%
Other Licenses	846,000	-6.3%	750,000	88.7%	-15.3%	750,000	0.0%	750,000	0.0%	750,000	0.0%	750,000	0.0%
State Shared Revenues													
State Shared Sales Tax	23,410,000	0.0%	22,525,000	96.2%	-0.1%	22,975,500	2.0%	23,210,000	1.0%	23,450,000	1.0%	23,920,000	2.0%
Vehicle License Tax	10,360,000	1.1%	9,590,000	92.6%	0.9%	9,781,800	2.0%	9,880,000	1.0%	9,980,000	1.0%	10,180,000	2.0%
Urban Revenue Sharing	37,000,000	11.3%	30,660,000	82.9%	2.5%	31,426,500	2.5%	31,430,000	0.0%	31,430,000	0.0%	31,750,000	1.0%
Charges for Services													
Engineering Fees	1,436,200	-0.2%	1,017,000	70.8%	-2.0%	1,037,400	2.0%	1,060,700	2.2%	1,088,100	2.6%	1,115,900	2.6%
Building Division Fees	7,220,000	-10.0%	4,226,300	58.5%	0.7%	4,310,200	2.0%	4,395,800	2.0%	4,483,100	2.0%	4,572,300	2.0%
Planning Fees	310,500	-4.6%	225,500	72.6%	-10.5%	227,700	1.0%	229,900	1.0%	232,100	1.0%	234,300	0.9%
Public Safety Miscellaneous	5,113,006	9.4%	4,574,106	89.5%	5.8%	4,618,900	1.0%	4,660,800	0.9%	4,707,500	1.0%	4,755,100	1.0%
Library Revenues	340,998	-12.5%	339,998	99.7%	-8.7%	346,900	2.0%	354,000	2.0%	361,200	2.0%	368,500	2.0%
Parks & Recreation Fees	3,339,000	-7.7%	3,087,300	92.5%	-17.4%	3,143,800	1.8%	3,201,800	1.8%	3,260,900	1.8%	3,321,100	1.8%
Miscellaneous Receipts													
Sale of Fixed Assets	125,000	-3.8%	38,000	30.4%	2.7%	38,800	2.1%	39,600	2.1%	40,400	2.0%	41,300	2.2%
Other Receipts	1,386,600	7.7%	891,200	64.3%	-13.1%	901,200	1.1%	911,600	1.2%	922,200	1.2%	932,900	1.2%
Leases	129,000	0.0%	100,000	77.5%	-28.6%	102,000	2.0%	104,100	2.1%	106,200	2.0%	108,400	2.1%
Court Fines	3,472,910	2.9%	3,251,973	93.6%	-0.2%	3,315,800	2.0%	3,381,400	2.0%	3,447,900	2.0%	3,516,100	2.0%
Interest on Investments	2,629,000	-20.3%	1,850,000	70.4%	0.0%	1,887,000	2.0%	1,924,800	2.0%	1,963,300	2.0%	2,002,600	2.0%
Primary Property Taxes													
Primary Property Taxes	8,161,829	4.3%	8,111,829	99.4%	4.4%	8,355,200	7.5%	8,570,000	2.6%	8,750,000	2.1%	8,930,000	2.1%
Indirect Cost Allocation & Transfers In													
Indirect Cost Allocation & Transfers In	9,073,586	-6.0%	7,548,586	83.2%	0.5%	7,549,000	0.0%	7,549,000	0.0%	7,553,300	0.1%	7,553,300	0.0%
Total Revenues	241,299,381	-3.9%	214,457,005	89%	0.9%	219,797,500	2.5%	223,009,800	1.5%	225,318,700	1.0%	229,241,100	1.7%
Expenditures & Other Uses													
Ongoing Personnel Services	169,137,101		169,137,101	16%		171,644,300	15%	173,290,300	1.0%	174,835,300	0.9%	176,040,300	0.7%
Less Vacancy Savings (2.5% then 1.5%)	(4,228,000)		(4,228,000)	69.3%		(2,575,000)	-39.1%	(2,599,000)	0.9%	(2,623,000)	0.9%	(2,641,000)	0.7%
Ongoing Base Budget	49,397,904		49,397,904	1.9%		49,398,000	0.0%	49,398,000	0.0%	49,398,000	0.0%	50,598,000	2.4%
Increased Contribution to Fleet Fund	150,000		150,000			250,000		350,000	40.0%	450,000	28.6%	550,000	22.2%
Increased Contribution to Risk Fund	-		-			250,000		500,000	100.0%	750,000	50.0%	750,000	0.0%
CIP Operations & Maintenance	-		-			781,300		1,695,000	116.9%	1,786,700	5.4%	2,469,600	38.2%
One-Time Operating Expenditures	26,842,376		-			-		-		-		-	
Total Expenditures	241,299,381	-3.9%	214,457,005	0.9%		219,748,600	2.5%	222,634,300	1.3%	224,597,000	0.9%	227,766,900	1.4%
Cumulative Ongoing Surplus/(Deficit)	0		0			48,900		375,500		721,700		1,474,200	

COVID-19 Revenue Impacts Estimated and Incorporated through September 2020

Chandler has traditionally been very conservative, delineating between one-time and ongoing revenues, maintaining healthy reserves, and adhering to strong financial policies. The last quarter of FY 2019-20 (reduced \$10.5M) and first quarter of FY 2020-21 Proposed Budget has been updated with revised 3 month revenue impacts (reduced \$20M), and a 6 and 9 month projection is developed. Many planned new positions and new O&M has been removed, and general employee merits and markets adjusted. Additionally, measures such as no travel, holding vacant positions, strategically prioritizing capital projects, and deferring fleet replacements are in place to minimize the impacts to revenues.

Ongoing vs. One-Time

The City projects current General Fund revenues and determines what portion can be sustained as ongoing revenues to support ongoing operating expenditures. Ongoing current revenues are not expected to exceed 89 percent of total estimated revenues for FY 2020-21. The 11 percent portion of one-time revenues is mainly increases in local sales tax collections and state shared revenues as a result of continued development projects and overall growth in the Arizona economy. These revenues are not expected to continue year over year as history has shown, therefore are considered one-time and not available to support ongoing operations.

Budget Stabilization Reserve

The FY 2020-21 Proposed Budget continues the Budget Stabilization Reserve at the amount of \$10 million. This reserve provides the opportunity to balance the budget in the future for no more than three consecutive years, until permanent ongoing reductions can be implemented, should State legislation, unexpected decreases in property values, or other economic issues like the COVID-19 pandemic, cause operating revenues to decrease more than anticipated.

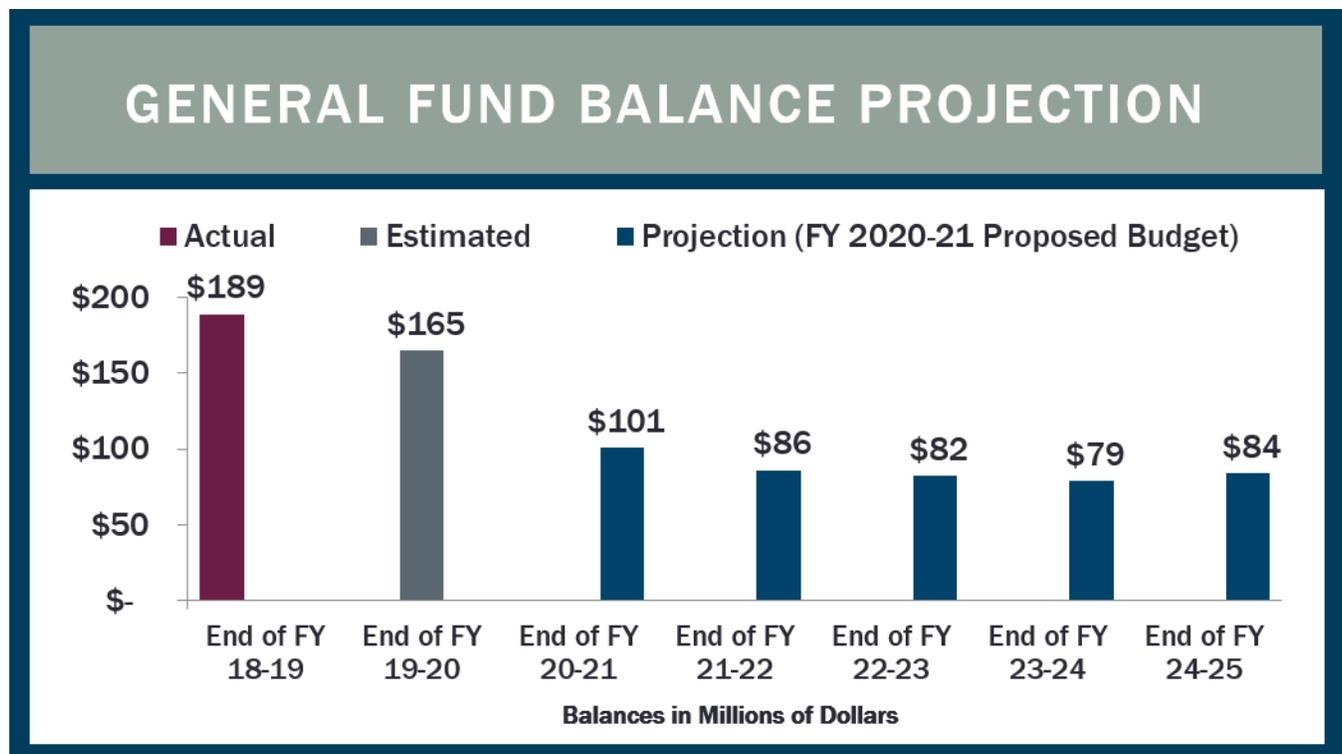
General Fund Balance 5-Year One-Time Forecast

The graph below shows the actual General Fund balance at the end of FY 2018-19 (\$189 million), estimated ending fund balance for the current year FY 2019-20 (\$165 million), and projected General Fund balance from FY 2020-21 to FY 2024-25. The decline from FY 2019-20 to FY 2020-21 assumes full spending of all appropriated projects in order to determine the remaining balance, although typically there are many projects in process at year end that are carried over into the following year which slows the actual spending of budgets.

The General Fund balance projection includes new one-time revenues received each year in General Fund and drawdowns for one-time Economic Development commitments, capital projects (paid without borrowing), and non-recurring operating needs (e.g., one-time decision packages and contributions to self-insurance funds). General Funded FY 2020-21 capital and operating highlights include:

- Capital funding for various streets, parks and downtown capital maintenance projects (\$7.6 million).
- Capital funding for facility improvements (\$3.3 million), technology upgrades (\$2.1 million), and Police equipment (\$1.8 million).
- Operating funding (\$20.5 million) for Public Safety Personnel Retirement System (PSPRS), applied towards the unfunded liability to support future retirement commitments of sworn City personnel.
- Operating funding (\$4.2 million) for one-time Department decision packages, which includes \$500,000 for street maintenance, \$765,082 for park maintenance, \$1.3 million for public safety purposes, and \$959,777 for the upcoming election, communications, and economic development.

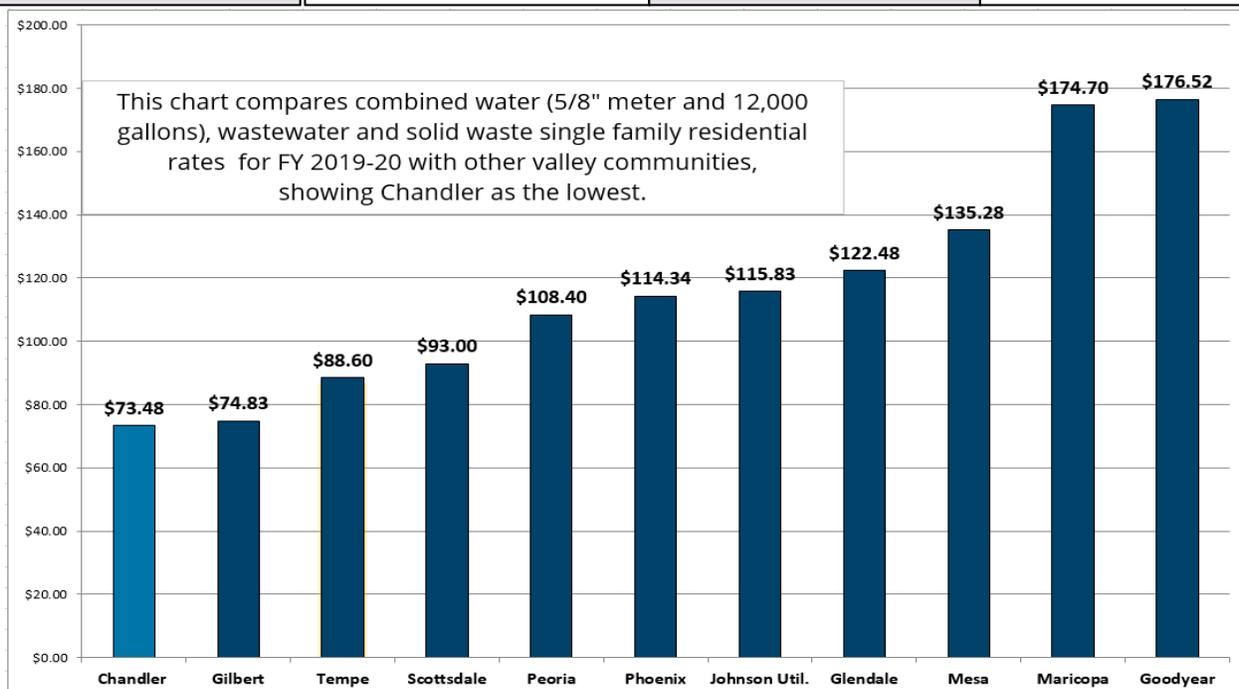
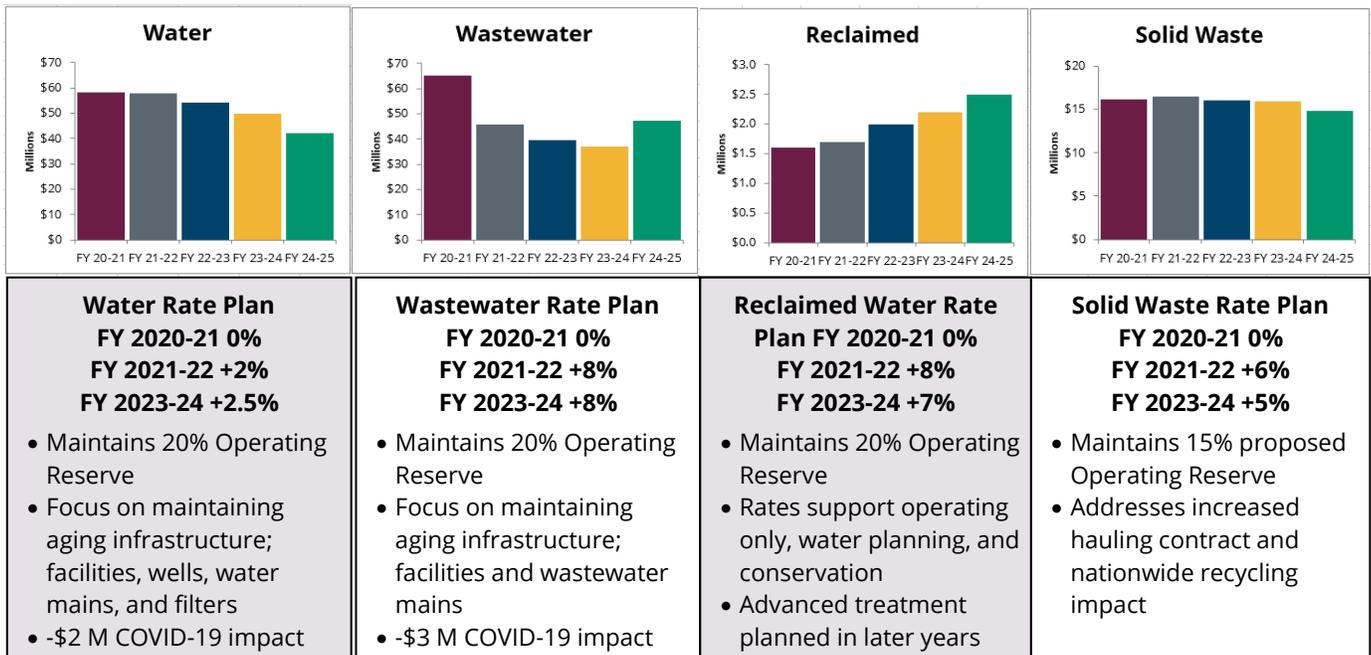
By the end of FY 2024-25, the fund balance is projected to be \$84 million, which is allocated to various reserves. The City's Reserve Policy, adopted in January 2016, sets a minimum fund balance to be maintained of at least four months of budgeted General Fund operating revenues, which equates to \$77 million for FY 2020-21. The projected fund balance stays above the minimum. General Funded items may be held until the revenue impacts of COVID-19 are known.



Utility Enterprise Funds 5-Year Forecasts

The City of Chandler maintains four Utility Enterprise Funds including Water, Wastewater, Reclaimed Water, and Solid Waste. These funds are self-supporting, deriving their revenue sources from rates/fees charged for the service they provide; sale of water, wastewater service, sale of reclaimed water, and solid waste service. Rates/fees are charged to City residents, as well as Maricopa County residents located within City limits (who pay higher Outside City rates). Each funds rates/fees are expended within their Enterprise Fund for related expenditures. Recent COVID-19 impacts are anticipated due to business closures and potential increased non-payments.

Utility rate consultant studies are performed at a minimum every four years, and internal rate analyses is completed every year for Water, Wastewater, Reclaimed Water, and Solid Waste funds based on ten-year projections. Reviews ensure fees are adequate to fund operations, capital, debt service, bond covenants, and reserves. Periodic reviews of the rate design and cost of service between customer classes is completed. A cost of service study is planned in 2020 for all Utility Enterprise Funds. The charts below show the estimated fund balance by Fiscal Year for the Utility Enterprise funds.



Capital Improvement Program (CIP) Summary

The tables below show a three-year history of the City's CIP for comparable 10-year periods. Full details of the 10-year plan are provided in a separate book dedicated to the CIP. The below CIP Sources and Uses table show adopted amounts for 2019-2028 and 2020-2029 and the proposed amounts for 2021-2030.

The 10-year CIP reflects a \$227 million increase (24 percent) from 2020-2029 to 2021-2030 with a higher emphasis on maintaining existing infrastructure and living within capital financing constraints for any new construction. This CIP makes maximum use of improved General Obligation (GO) bond capacity, available Impact Fees, one-time Fund Balance, Grants, and Enterprise Funds (Water, Wastewater, Solid Waste, and Airport). These sources will be used to fund projects such as community and regional park improvements, major improvements to key arterial and other streets, airport runway extension, numerous technology enhancements, and as mentioned previously, an increased investment in maintaining aging infrastructure in all areas especially water and wastewater systems and facilities.

Changes in departmental program totals reflect new and updated projects as well as organizational changes. The information presented below still indicates the creation of the new Cultural Development Department by shifting Downtown Redevelopment from General Government and the Center for the Arts and Museum from Community Services, as well as the elimination of the Administrative Services Department, resulting in Information Technology becoming a Department in FY 2019-20. The overall change is a 24 percent increase in the 10-year CIP compared to the previous year.

CIP Sources and Uses of Funds (10 Year Totals)

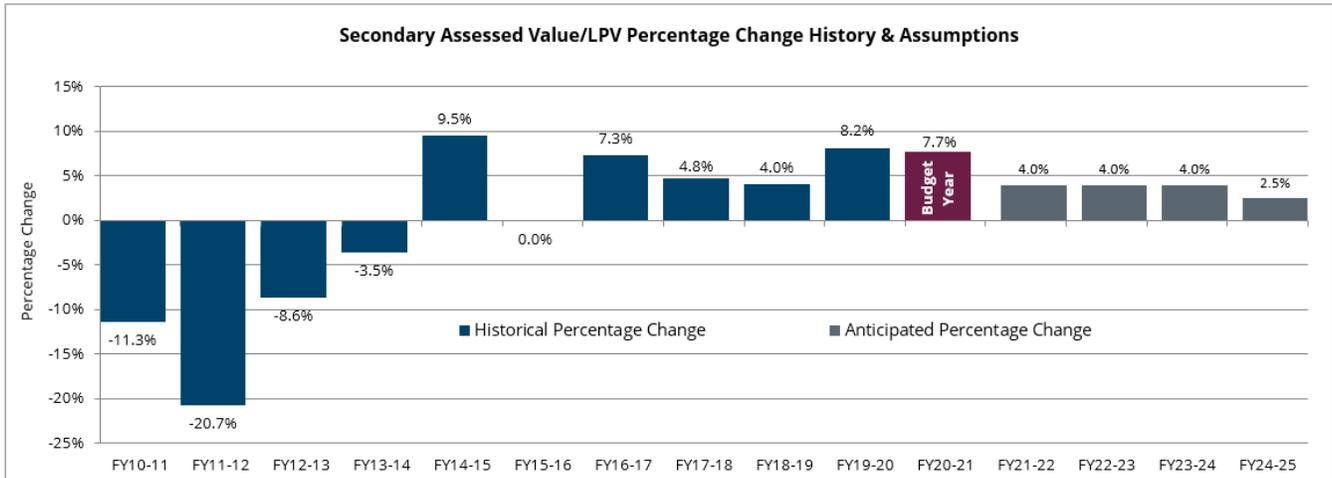
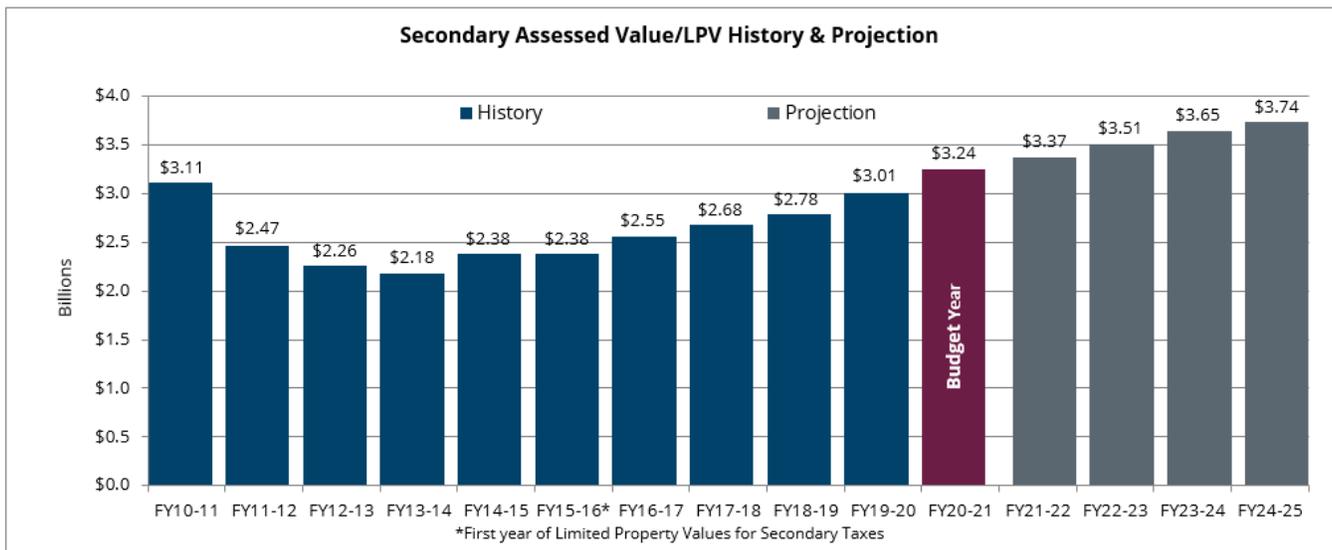
Funding Sources	2019-2028 Adopted CIP	2020-2029 Adopted CIP	2021-2030 Proposed CIP	% Change from 2020-2029
Current Revenues	\$ 208,793,115	\$ 364,169,675	\$ 387,331,987	6%
Grants	58,128,549	74,620,880	104,652,762	40%
Impact Fees/System Development Fees	54,896,936	57,721,323	69,683,114	21%
Bonds Paid by Secondary Levy	150,195,443	189,233,757	221,122,383	17%
Bonds Paid by Enterprise	450,732,701	251,309,428	381,436,132	52%
Total Funding Sources	\$ 922,746,744	\$ 937,055,062	\$ 1,164,226,378	24%

Department/Uses	2019-2028 Adopted CIP	2020-2029 Adopted CIP	2021-2030 Proposed CIP	% Change from 2020-2029
General Government	\$ 35,792,405	\$ 18,390,000	\$ 23,866,000	30%
Administrative Services	22,718,010	N/A	N/A	N/A
Information Technology	N/A	10,330,151	10,926,311	6%
Community Services	67,543,328	84,192,620	78,799,188	-6%
Cultural Development	N/A	20,547,000	18,749,815	-9%
Police	16,773,000	3,653,000	29,890,000	718%
Fire	16,158,000	15,644,665	24,936,000	59%
Public Works & Utilities:				
Streets/Traffic	252,049,800	284,110,716	351,498,566	24%
Water	162,333,933	219,853,142	316,717,500	44%
Wastewater	325,404,768	247,649,768	268,787,998	9%
Solid Waste	2,500,000	2,500,000	2,416,000	-3%
Airport	21,473,500	30,184,000	37,639,000	25%
Total Uses	\$ 922,746,744	\$ 937,055,062	\$ 1,164,226,378	24%

Secondary Assessed Value/Limited Property Value (LPV) History and LPV Projections

The graphs below depict the 10-year history for secondary assessed values and LPV in the City of Chandler, and a 4 year projection of LPV, which is used for both primary and secondary property tax levies. The top graph reflects the changes in dollars (billions) and the bottom graph shows the percentage change from the prior year.

The graphs show that assessed values began their fall during the great recession in FY 2010-11 and then decreased three more consecutive years. Growth returned in FY 2014-15 as a result of new property added to the assessor rolls. However, in FY 2015-16, the State of Arizona converted to a new system of valuation which required LPV to be used for both primary and secondary tax levies with a 5% cap on assessed value increases for existing properties. As a result, the FY 2015-16 secondary assessed values remained unchanged from FY 2014-15 (\$2.38 billion). The LPV's have increased every year since, and valuations have again increased to \$3.24 billion (+7.7%), due to new property (+4.5%) and appreciation (+3.2%). The projected LPV's from FY 2021-22 to FY 2024-25 are shown in grey and reflect modest increases of 4.0% per year.



Primary Property Tax revenues are those used for general government operations. The total levy for primary taxes is restricted to a 2% annual increase, plus allowances for annexations, new construction, and population changes. The FY 2020-21 primary property tax rate is reduced from the FY 2019-20 rate of \$0.2581 per \$100 of LPV to \$0.2501 per \$100 of LPV. This will generate a levy totaling \$8,111,829 (+4.4% from the prior year) based on the LPVs in FY 2020-21.

Secondary Property Tax revenues are restricted for general bonded debt obligations (GOs) and voter approved budget overrides. The FY 2020-21 secondary property tax rate is unchanged from the FY 2019-20 rate of \$0.87 per \$100 of LPV. This will generate a levy totaling \$28,217,900 (+7.7%) based on the LPV's for FY 2020-21.

