

**FY 2025-26**

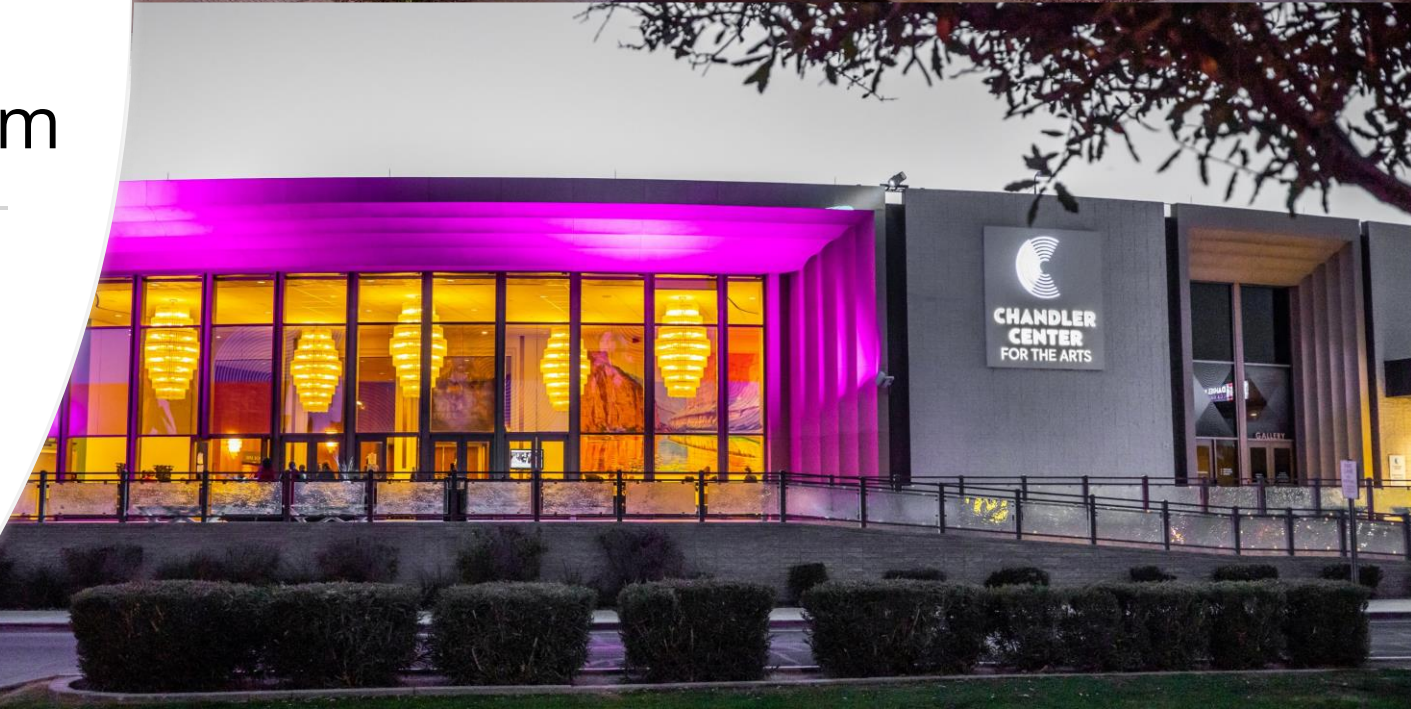
## **Budget Workshop #3 CIP**

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

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**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.

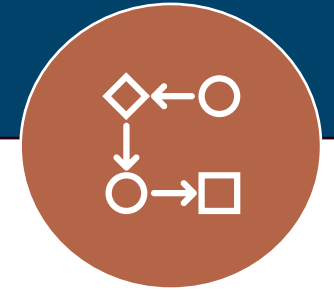
Chandler Water and  
Wastewater Utilities: Major  
Projects and Rates

04.

Key Budget Dates  
and  
Questions

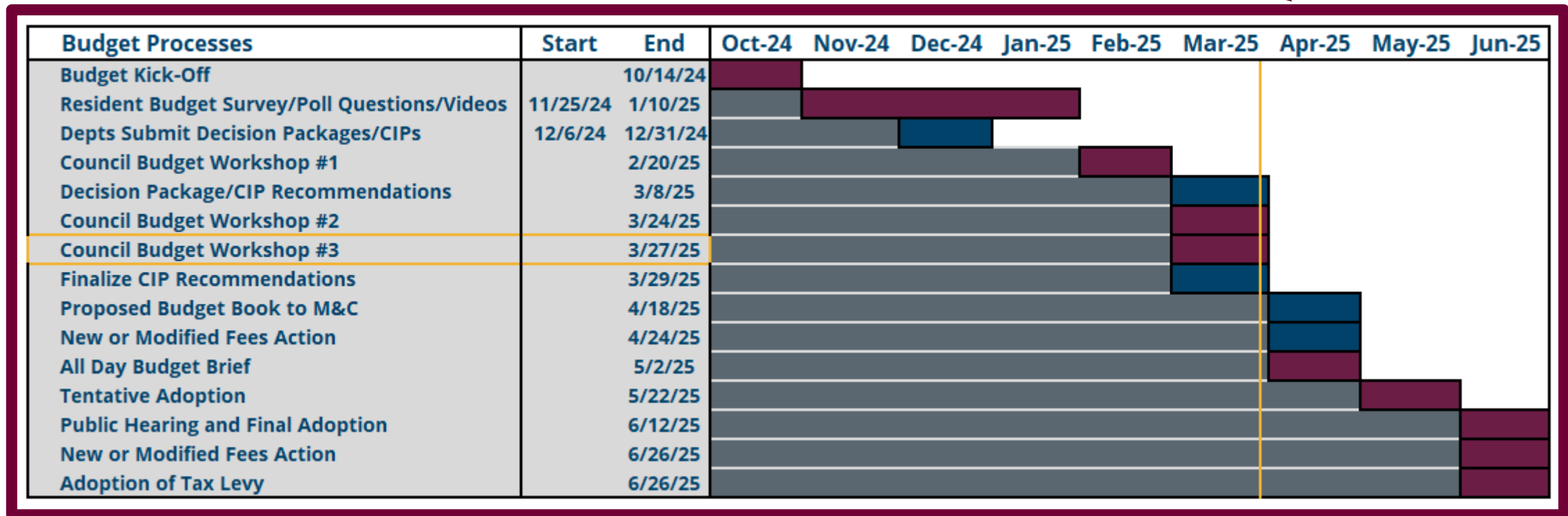


# Chandler Budget Process Timeline



**"Strength in Numbers"**

Today



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

Council/Resident Process


Staff Process

# Strategic Framework Guides Our Decision Making

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# 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)



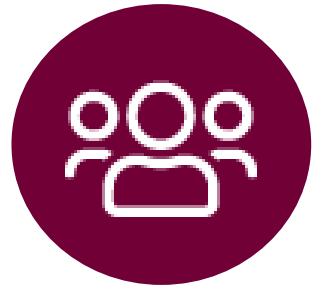
51  
lighted  
fields



71  
municipal  
buildings



821 fleet  
vehicles/  
trucks

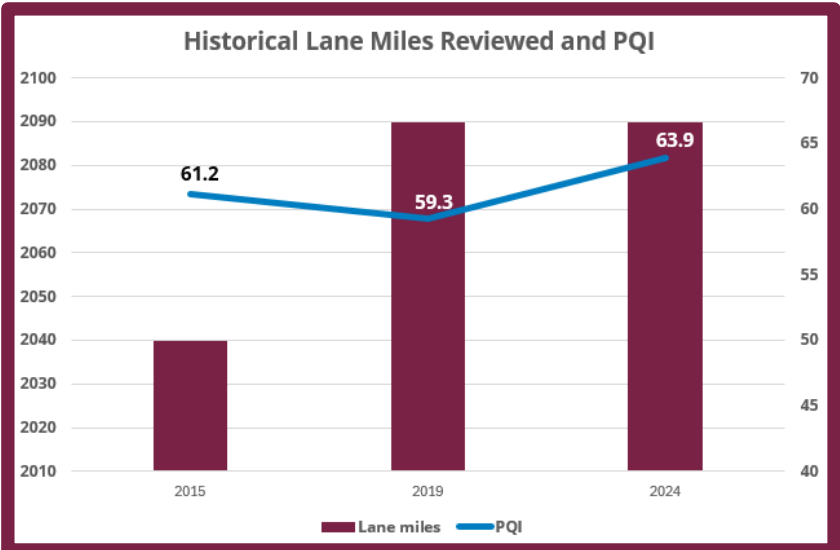
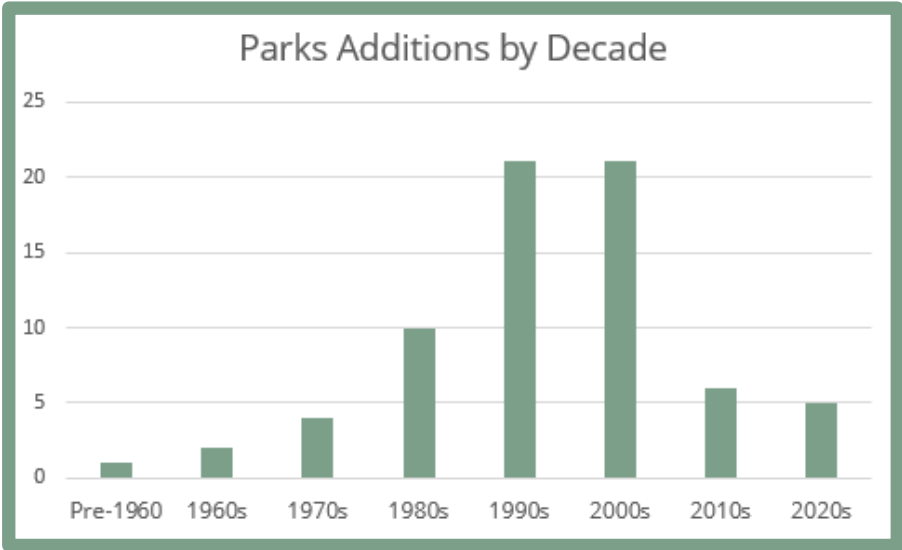
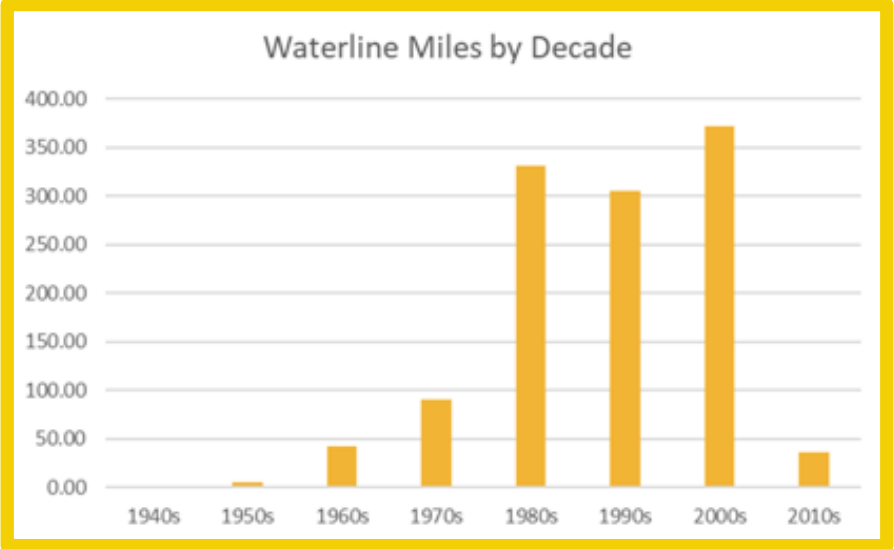
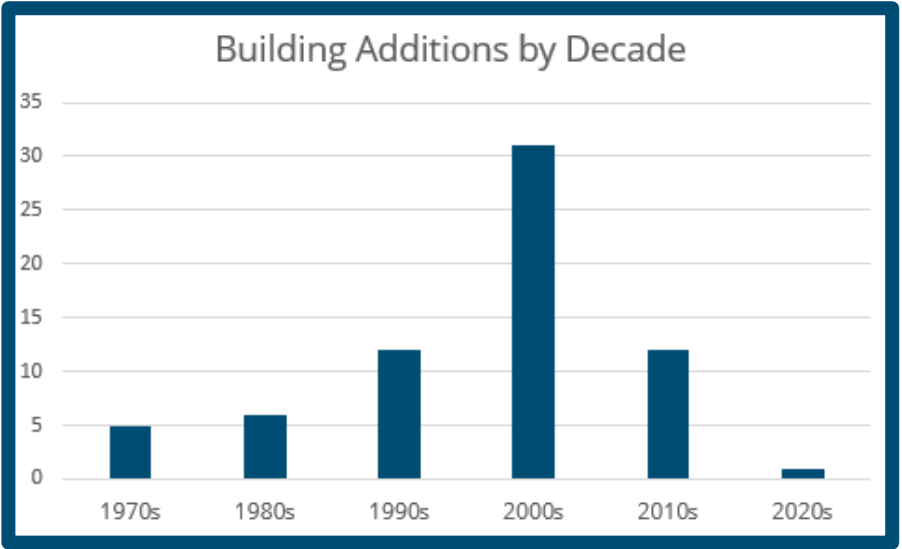


**Maintaining  
high quality  
of life for our  
287,357  
residents**





# Capital Projects Historical View





# Capital Projects Completed or Underway

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# Parks and Recreation

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





# Public Works Streets

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- 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

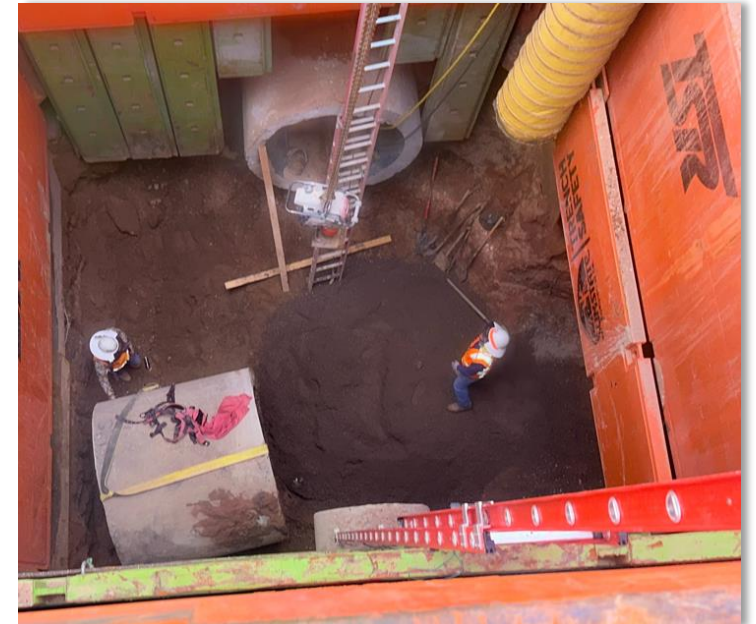


# Public Works Utilities

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- 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



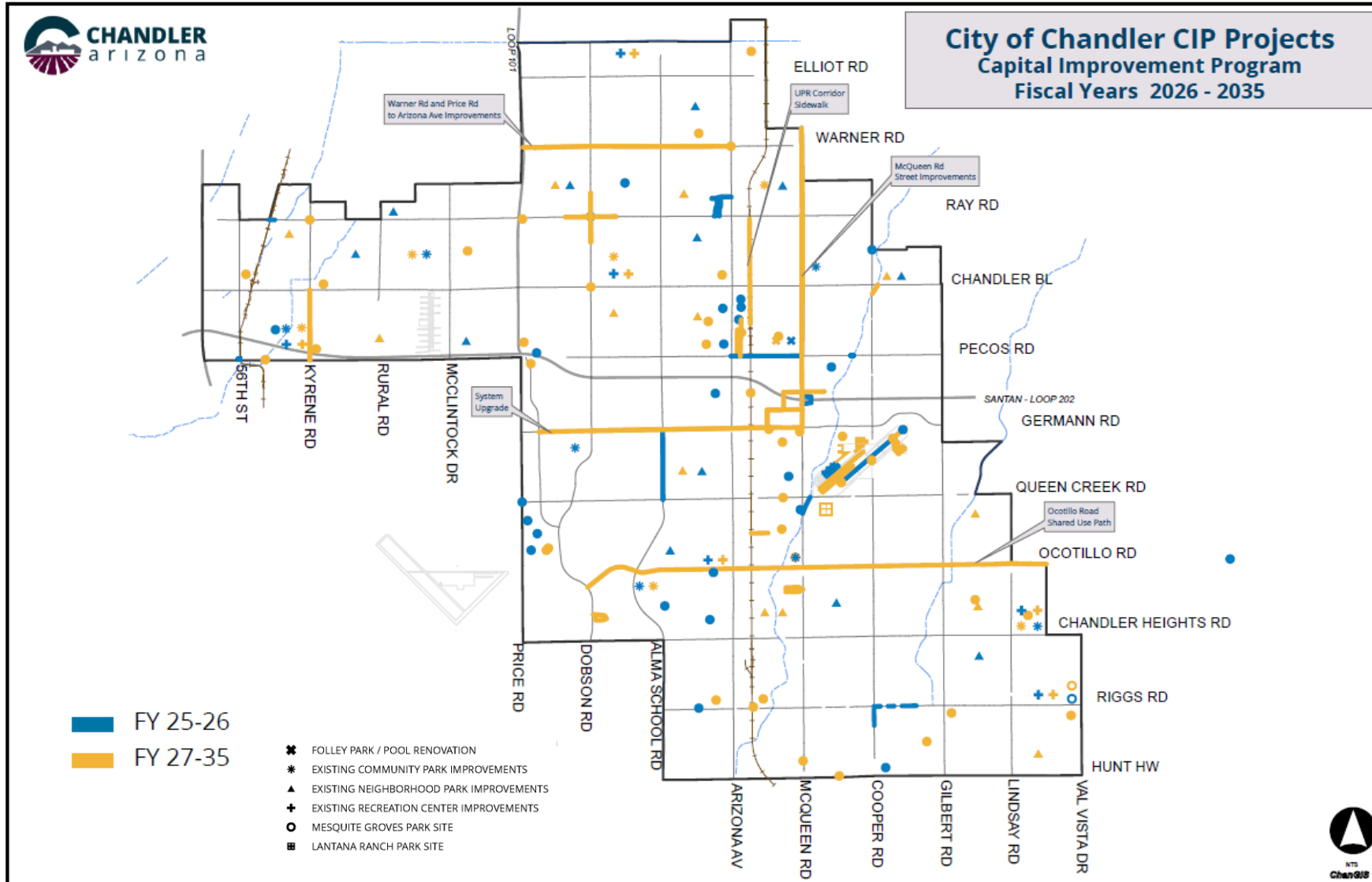
<u>Year</u>	<u>AAA Tax-Exempt</u>	<u>AAA Taxable</u>	<u>TE to Taxable Spread</u>
2026	2.80%	4.52%	1.72%
2030	2.92	4.66	1.74
2035	3.17	5.01	1.84
2040	3.44	5.36	1.92
2045	3.85	5.52	1.67
2050	3.97	5.60	1.63
2055	4.04	5.65	1.61

# 10-Year CIP Comparison by Department

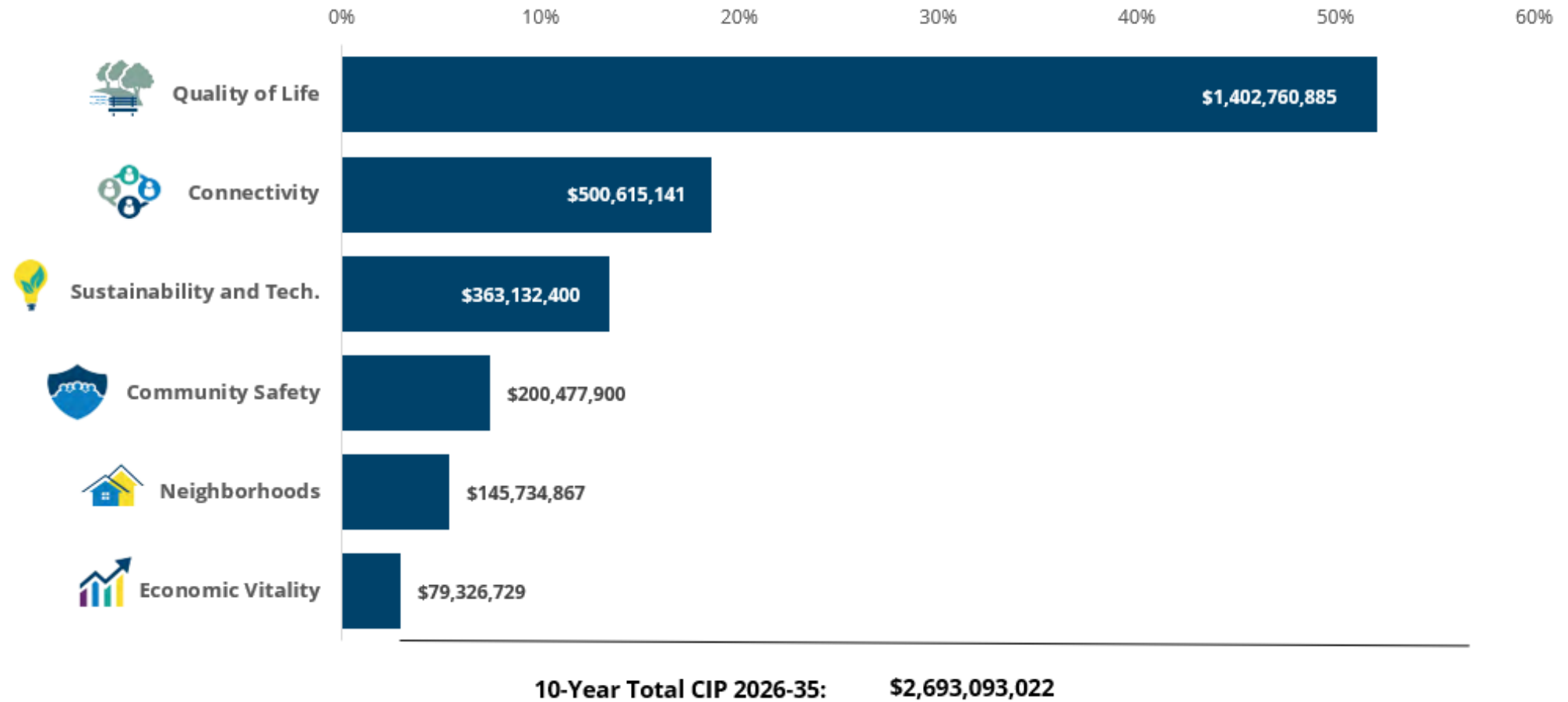
Division	Prior 10-Year	Current 10-Year	Difference	% Difference
Airport Capital	\$91,103,206	\$76,067,929	-\$15,035,277	-16.5%
Buildings and Facilities Capital	\$50,770,000	\$49,080,000	-\$1,690,000	-3.3%
Cultural Development Capital	\$42,318,000	\$46,767,000	\$4,449,000	10.5%
Development Services Capital	\$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%
<b>Grand Total</b>	<b>\$2,492,284,031</b>	<b>\$2,693,093,022</b>	<b>\$200,808,991</b>	<b>8.1%</b>



# CIP Projects Comprehensive Map



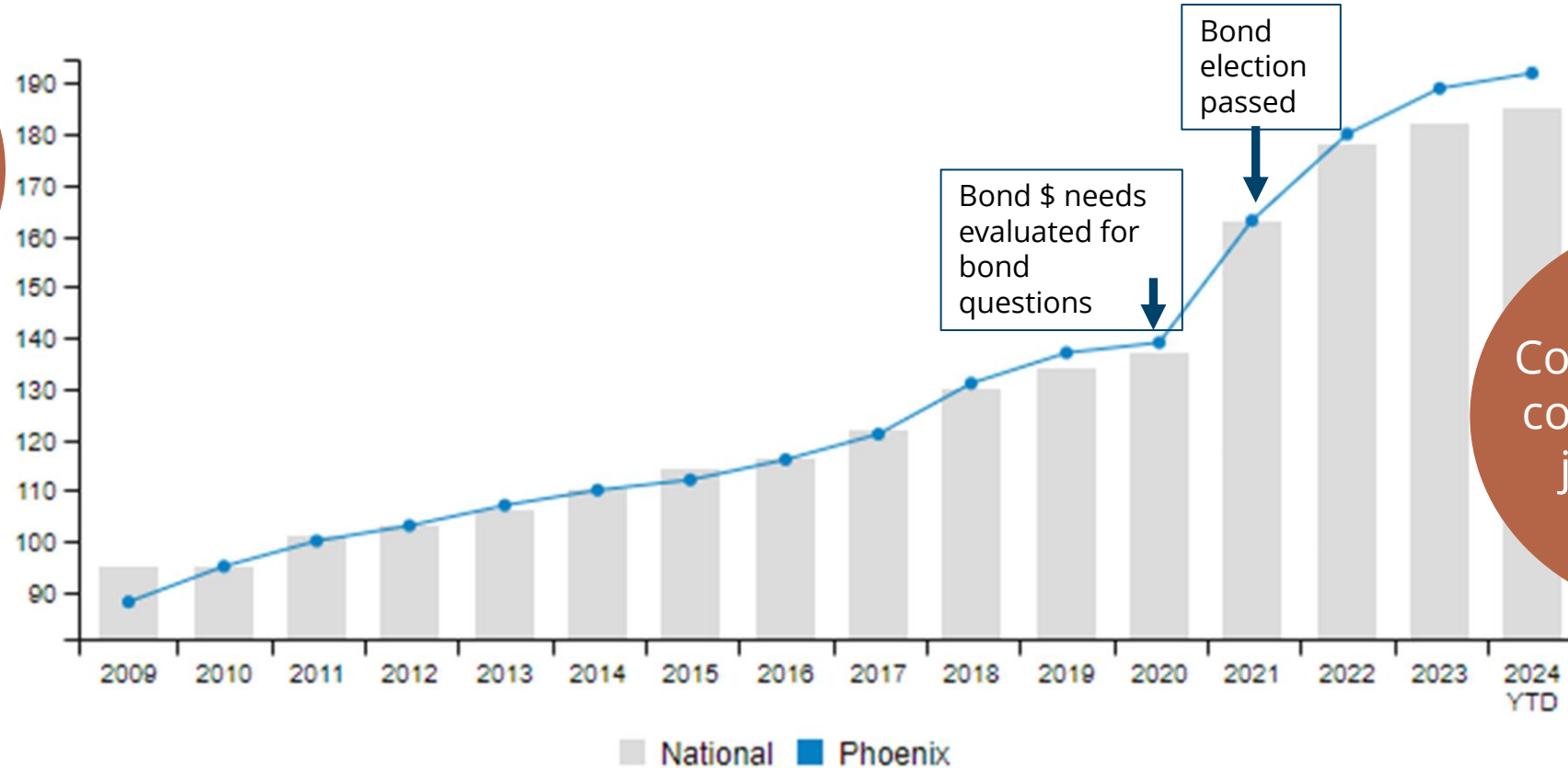
# 10-Year CIP by Focus Area





# Capital Plan Inflation Impacts

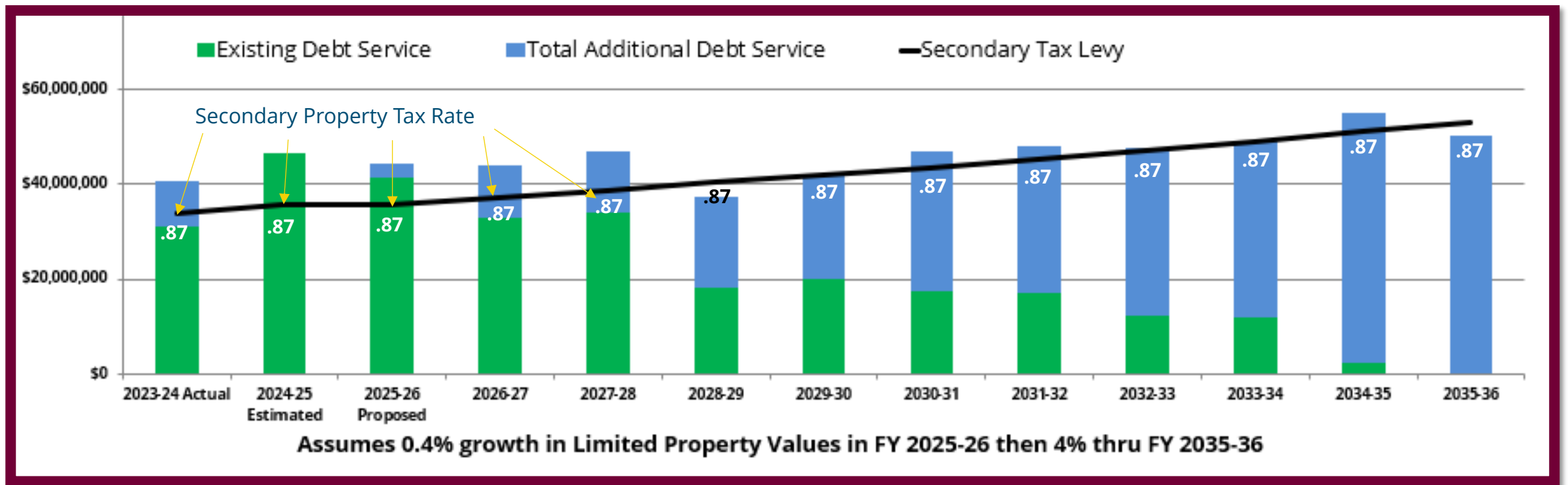
Construction  
Price Index's  
new normal



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 1<sup>st</sup> 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 2<sup>nd</sup> 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 has a large, curved, reddish-brown body and a blue handwheel at the top. It is situated outdoors on a dirt ground with trees in the background. 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

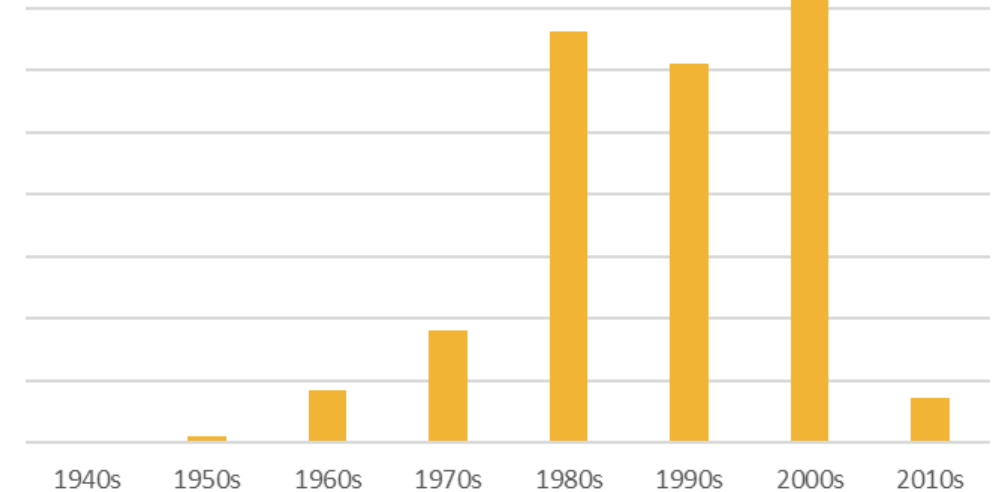
## Water

- Total mains 1,240 miles, with 187 miles of highest, high, and moderate risk watermain to be replaced over 30 years
- 32 operating wells- CIP replaces oldest wells to reduce average age of infrastructure
- CIP includes redundant 48" transmission line to reduce risk of single failure point (\$152.6M) and aging plant work over 10 years (\$255M)

## Wastewater

- 1,038 miles of sanitary sewer lines and 19,000 manholes, with 10 miles of highest risk lines and 7,000 manholes of highest, high, and moderate risk rehabs over 30 years
- CIP includes new 66" underneath Loop 202 to allow for existing pipe rehab (\$40.6M) and aging plant work over 10 years (\$169M)

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.

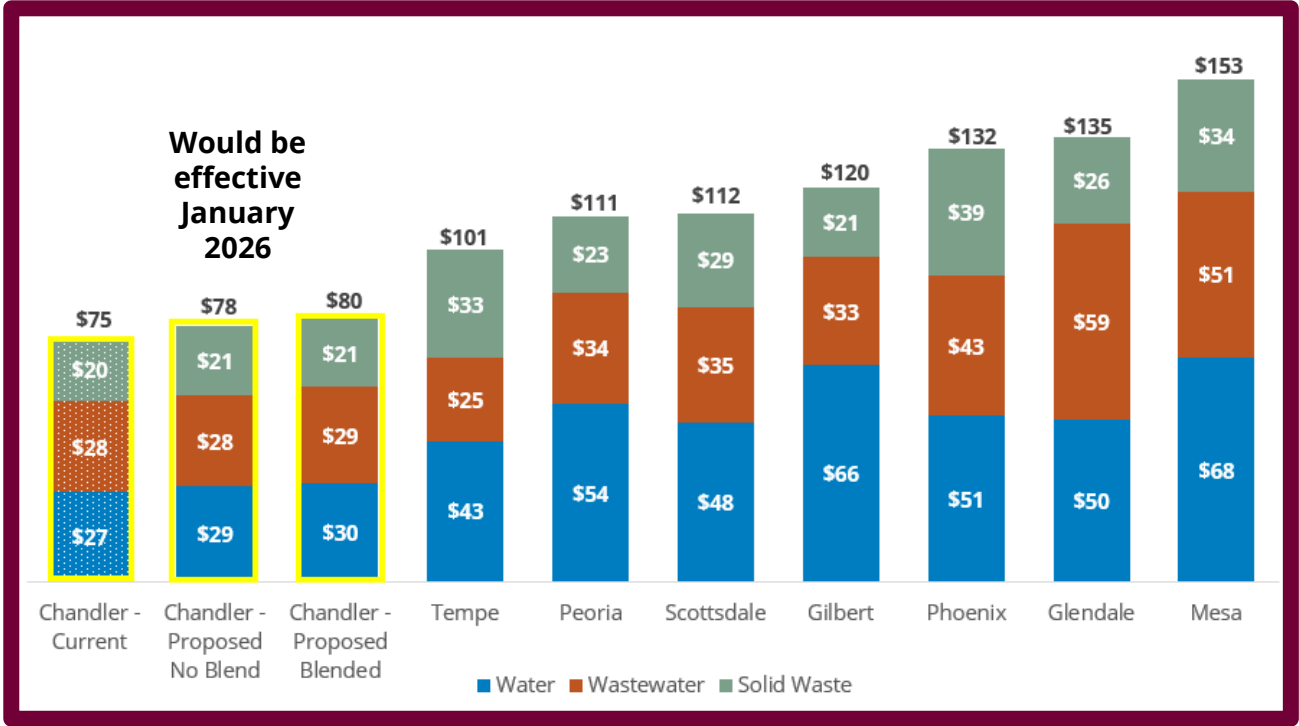
# Cost of Services (COS) Allocations – Water / Wastewater

## 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



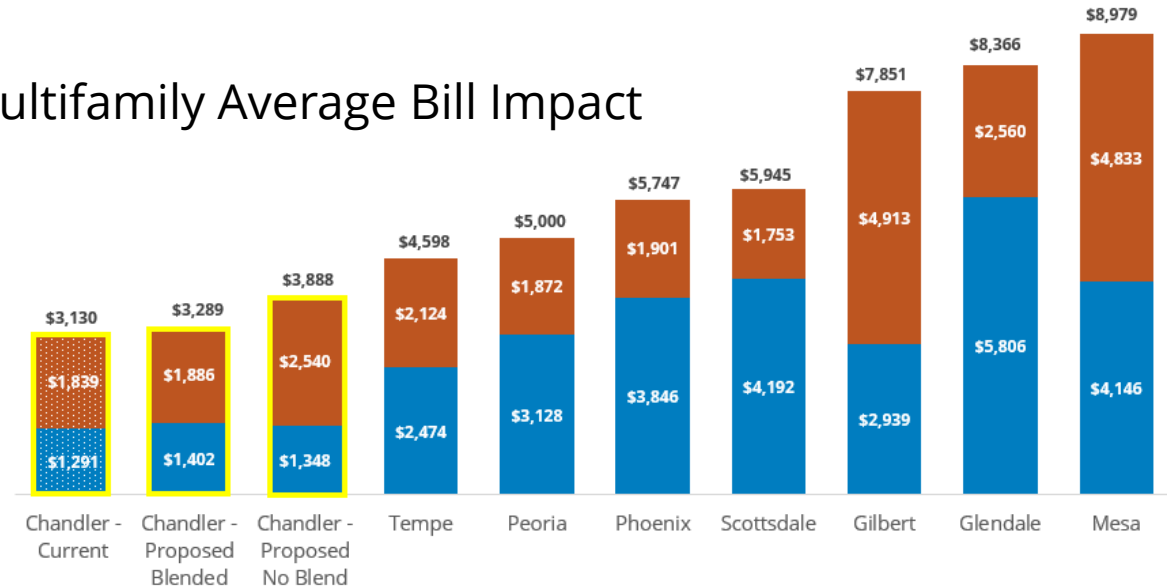
# Cost of Services Allocations – Water / Wastewater

## COS rate allocations:

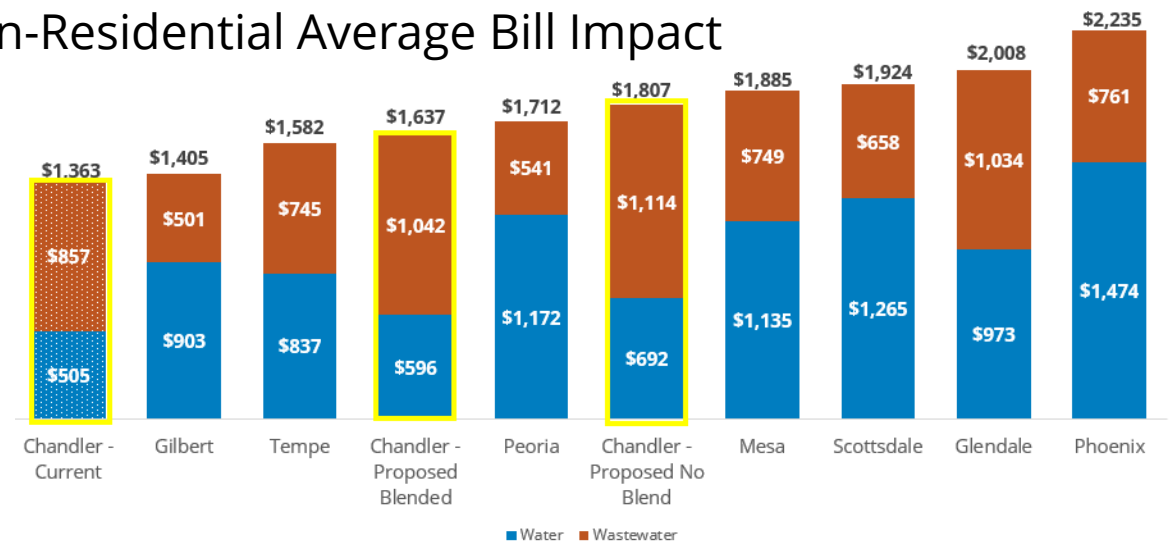
	Water	
	Full COS	Blended COS
Residential	6.4%	9.8%
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	Wastewater	
	Full COS	Blended COS
Residential	0.0%	5.8%
Multi-Family	38.1%	25.7%
Non-Residential	30.0%	21.5%
Industrial		

## 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



An aerial photograph of a baseball field at dusk. The field is illuminated by stadium lights, and the sky is a warm orange. A large blue circle is overlaid on the right side of the image, containing the text "Questions?" and the Chandler Arizona logo.

# Questions?



**CHANDLER**  
arizona