



FY 2026-27 Budget Workshop #1

Council Conference Room
Thursday, February 5, 2026 | 4:00 p.m.





Agenda

1. Resident Budget Survey Feedback

FY 2026-27 Resident Budget Survey
Foundations

2. Financial Considerations and Impacts

3. Preliminary Budget Forecast

General Fund Revenues and Expenditures
Spending Priorities
Preliminary Capital Improvement Plan (CIP) Overview
Preliminary Property Tax Discussion

4. Key Budget Dates & Closing remarks

FY 2026-27
Budget Theme

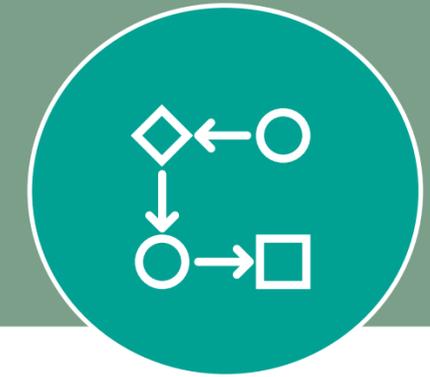
“Adding Sense to Dollars”



Our Vision

We are a world class city that provides an exceptional quality of life

Chandler Budget Process Timeline



This year's theme: **“Adding Sense to Dollars”**



Budget Processes	Start	End	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26	Mar-26	Apr-26	May-26	Jun-26
Budget Kick-Off		10/13/25	Staff Process								
Resident Budget Survey/Videos	11/24/25	1/16/26	Staff Process	Council/Resident Process							
Depts Submit Decision Packages/CIPs	11/3/25	12/1/25	Staff Process		Staff Process						
City Manager/Department Budget Discussions	1/5/26	2/4/26	Staff Process		Staff Process	Staff Process					
Council Budget Workshop #1		2/5/26	Staff Process				Council/Resident Process				
Citywide Fee Study	2/24/26	8/1/26	Staff Process			Staff Process	Staff Process	Staff Process	Staff Process	Staff Process	Staff Process
Decision Package/CIP Recommendations		3/6/26	Staff Process					Staff Process			
Council Budget Workshop #2		3/23/26	Staff Process					Council/Resident Process			
Council Budget Workshop #3		3/26/26	Staff Process					Council/Resident Process			
Finalize CIP Recommendations		3/28/26	Staff Process					Staff Process			
Proposed Budget Book to M&C		4/17/26	Staff Process					Staff Process	Staff Process		
New or Modified Fees Action		4/30/26	Staff Process					Staff Process	Staff Process		
All Day Budget Brief		5/1/26	Staff Process					Staff Process	Council/Resident Process		
Tentative Adoption		5/21/26	Staff Process					Staff Process	Staff Process	Council/Resident Process	
Public Hearing and Final Adoption		6/11/26	Staff Process					Staff Process	Staff Process	Staff Process	Council/Resident Process
Adoption of Tax Levy		6/25/26	Staff Process					Staff Process	Staff Process	Staff Process	Council/Resident Process

New Fiscal Year 2026-27 begins 7/1/2026

Council/Resident Process

Staff Process



Resident Budget
Survey Feedback

FY 2026-27 Resident Budget Survey

- The survey ran from November 24, 2025, through January 16, 2026
- CAPA assisted with a video ad campaign to encourage participation
- Continued expanded the outreach on social media
- Additional facilities provided paper copies, signage and survey QR codes and postcards
- Encouraged participation with Boards & Commissions, Recreation and Library users
- The survey consisted of 19 total questions and was offered in English, Spanish, and Mandarin
- Funding Priority questions in the survey help understand Chandler resident's top priorities for operating programs and capital projects
- Each focus area was allotted 1-2 questions on the full survey, each with a comment box for written responses

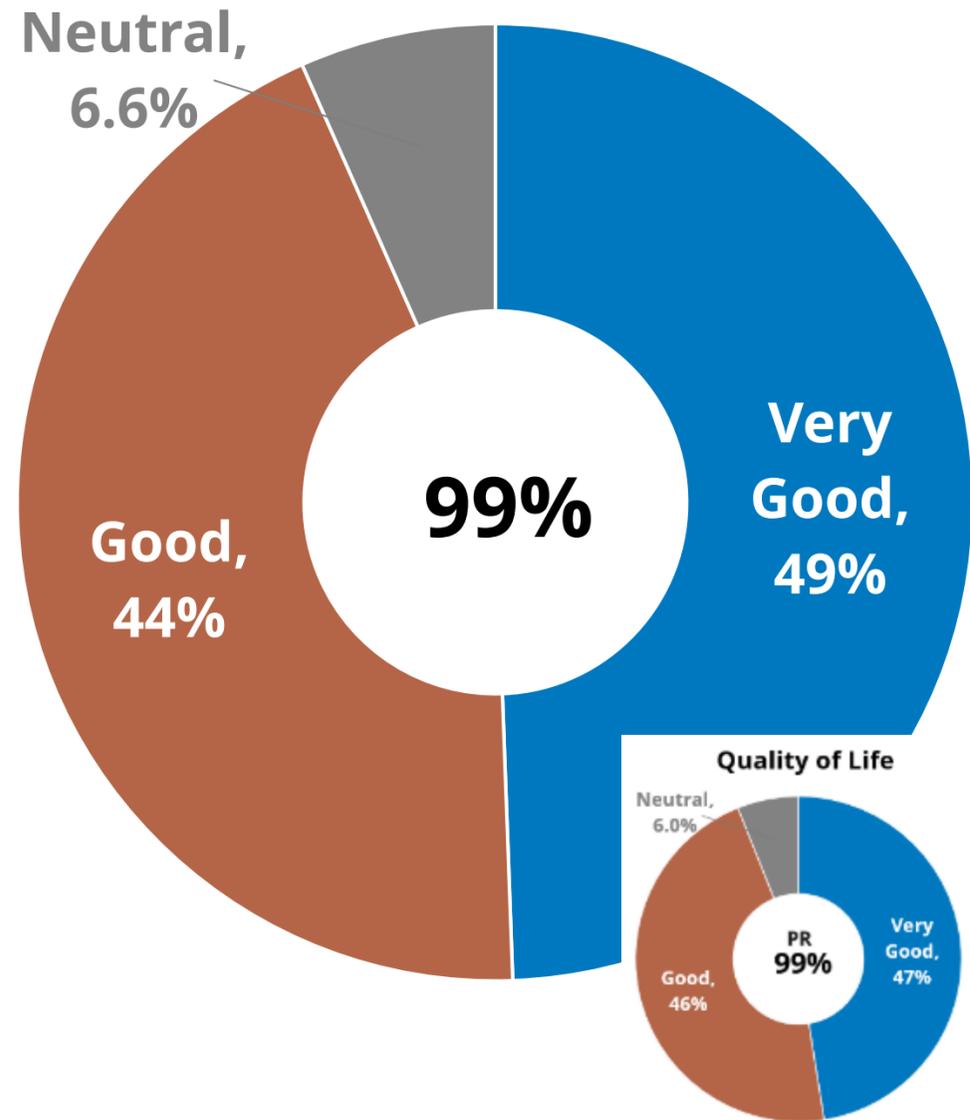
**Survey
Participants**
1,479
(1,343 prior yr)

**Survey
Comments**
1,961
(2,474 prior yr)

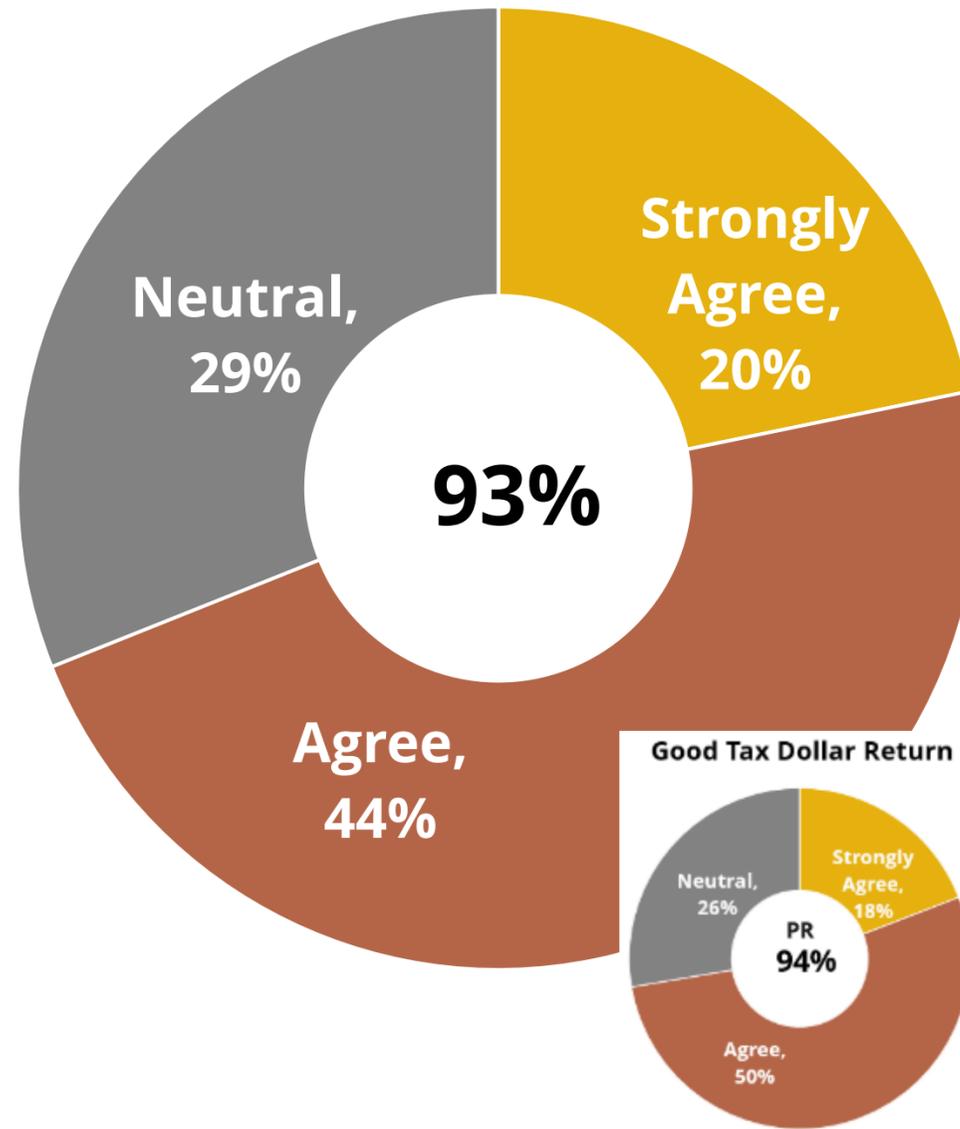


Budget Survey Results

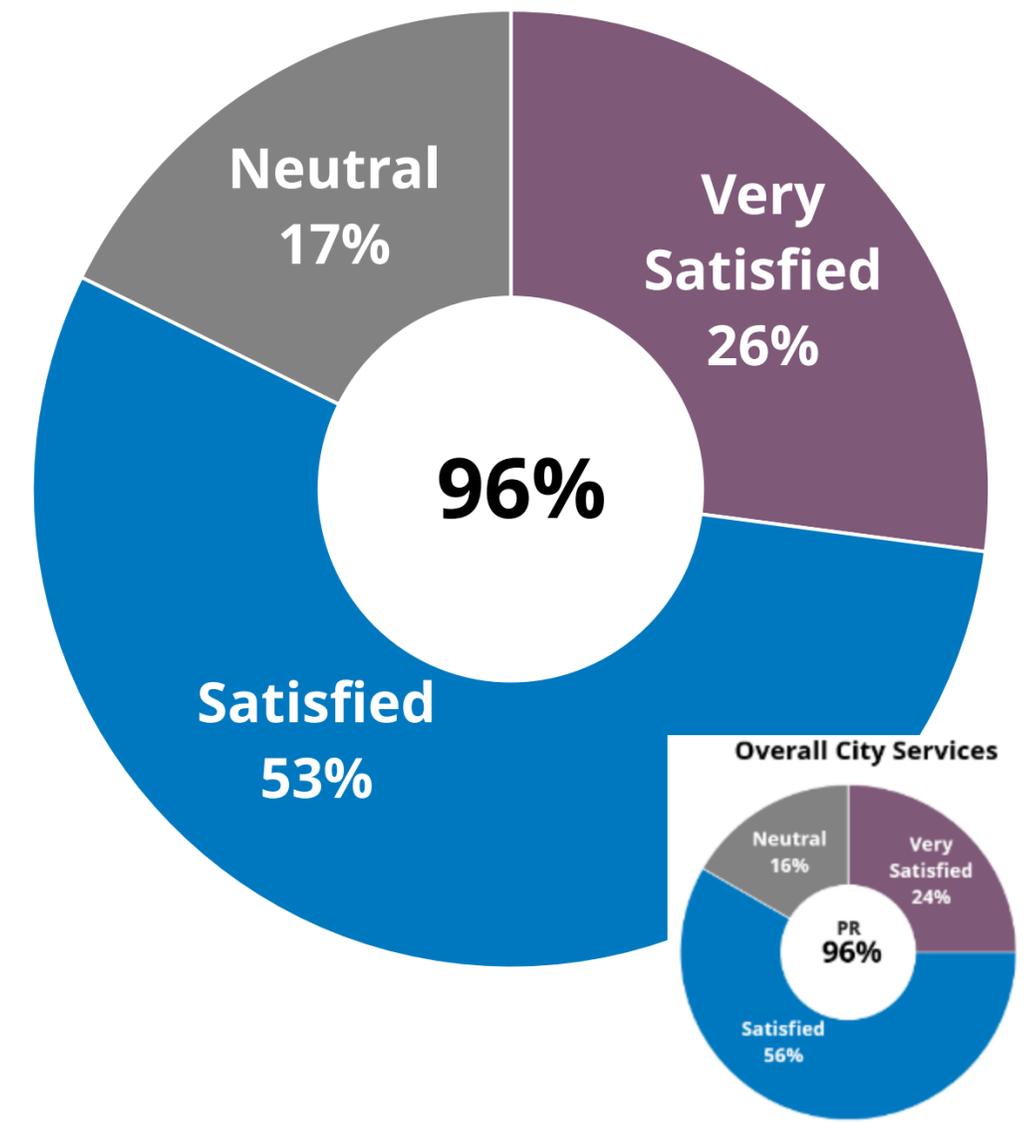
Quality of Life



Good Tax Dollar Return

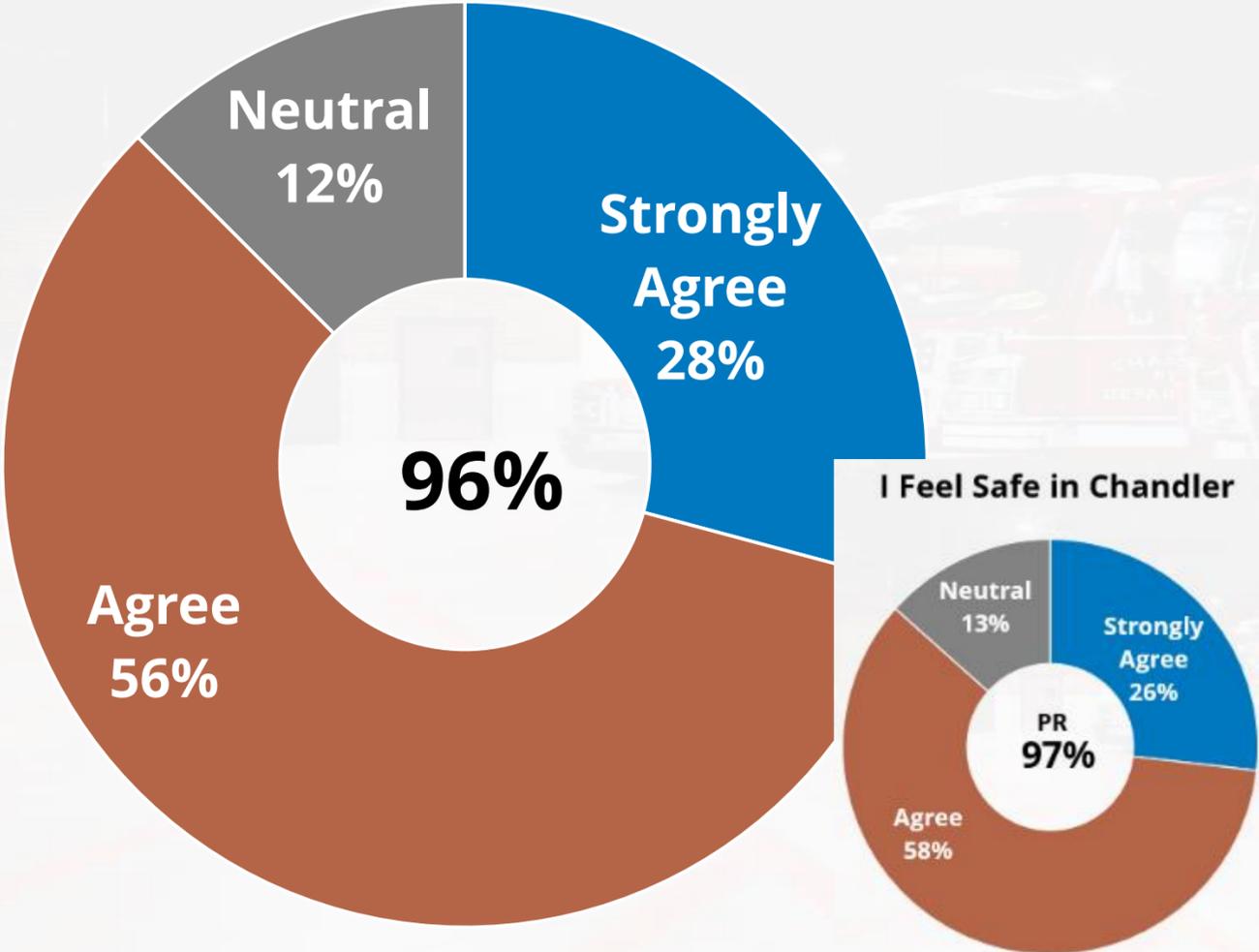


Overall City Services

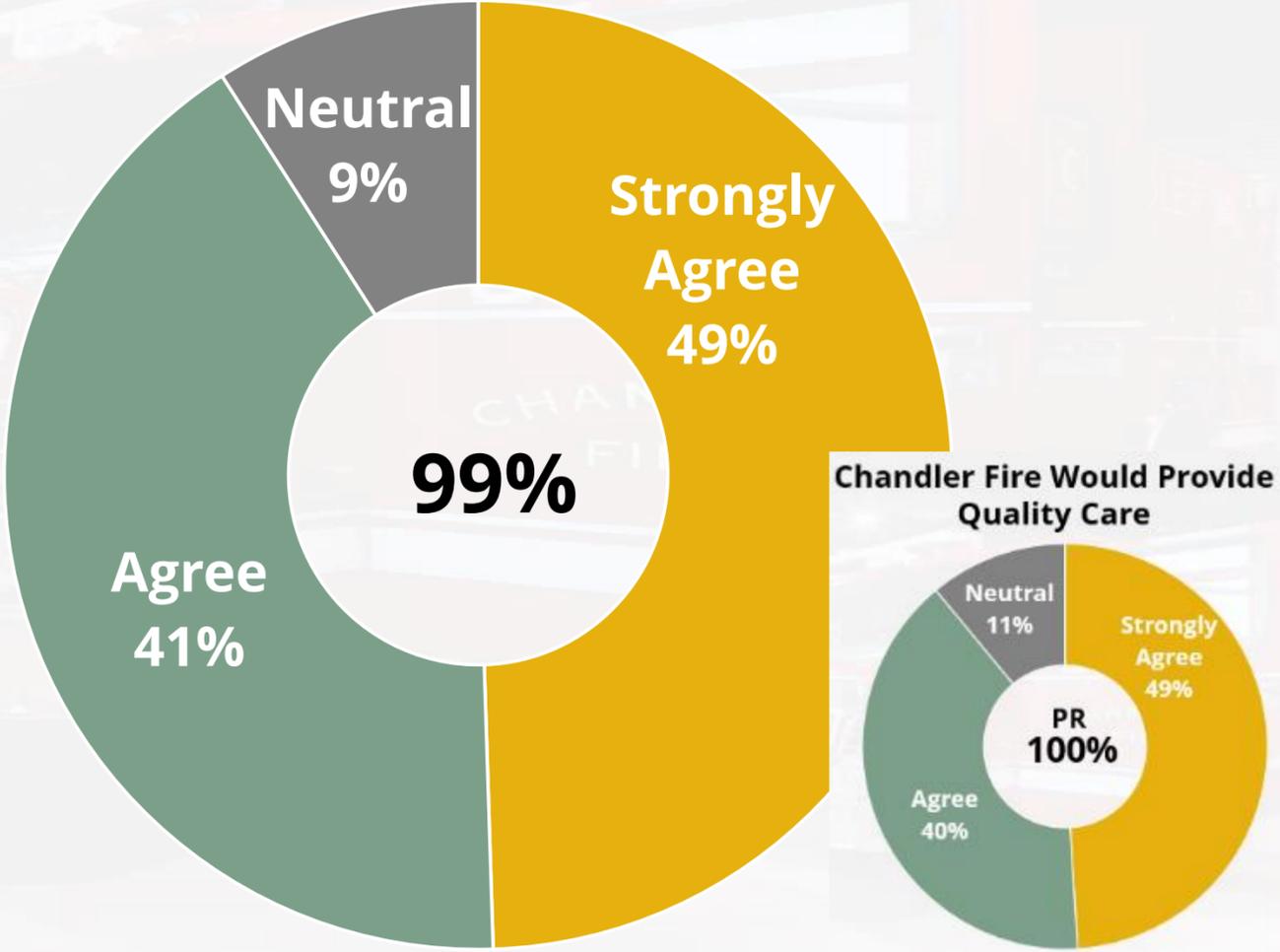


Provides residents a convenient way to share feedback regarding City services, amenities and infrastructure that are important to their quality of life in Chandler

I Feel Safe in Chandler



Chandler Fire Would Provide Quality Care



Budget Survey Results

Budget Survey Spending Priorities

Operating Programs and Services

Theme	# of Responses
Social safety net services funding (Housing, Behavior Health, Seniors, Employment, etc.)	366
Enhancements to Public Safety services or personnel	343
Additional streets and alley maintenance improvements	303
Programs to address homelessness	294



Capital Projects

Theme	# of Responses
Ensure water and wastewater infrastructure is maintained	915
Quality public safety facilities and equipment for Police and Fire	564
Increase amenities and reimagine existing neighborhood and community parks	562
Enhanced street repaving program for safe commutes	480

Budget Survey Comment Themes (Top Three)

Community Safety

Traffic Enforcement & Road Safety (220 responses)

- Major Themes Include: Residents value Chandler's roadway infrastructure and safety efforts but consistently request stronger and more visible enforcement to address speeding, red-light running, street racing, unsafe intersections, school pickup/drop-off hazards, and traffic noise.

Police Presence & Patrols (180 responses)

- Major Themes Include: Residents appreciate seeing police patrols and feel reassured when officers are visible, while expressing a desire for more consistent neighborhood, park, and nighttime patrols as the city continues to grow.

Mental Health & Crisis Response (150 responses)

- Major Themes Include: Residents recognize the importance of police involvement in crisis situations and strongly support expanding mental-health training, de-escalation techniques, crisis intervention teams, and partnerships with social services to improve outcomes.

Budget Survey Comment Themes (Top Three)

Connectivity

Street Maintenance & Infrastructure (170 responses)

- Major Themes Include: Residents widely recognize that Chandler maintains roads better than many peer cities and appreciate ongoing resurfacing efforts, but express frustration with potholes, uneven pavement, prolonged construction timelines, poor project coordination, and streets deteriorating faster than repairs occur.

Chandler Flex Program (160 responses)

- Major Themes Include: Chandler Flex is consistently praised as an innovative, convenient service especially for seniors, teens, and non-drivers while residents strongly request expanded service areas, longer hours, simpler app use, better customer support, and broader access citywide.

Public Transit & Bus Service (145 responses)

- Major Themes Include: Residents appreciate having basic bus service and transit options, but report major gaps in frequency, route clarity, southern and southeast Chandler coverage, shade at stops, and travel times that make transit impractical for daily needs.

Budget Survey Comment Themes (Top Three)

Economic Vitality

Overall Economic Health & Business Climate (140 responses)

- Major Themes Include: Many residents feel Chandler is economically strong, well-run, and thriving with major employers and steady growth, while others note rising costs, vacant buildings, uneven revitalization, and concern that growth is not benefiting all residents equally.

Employment Opportunities & Job Quality (130 responses)

- Major Themes Include: Residents appreciate the presence of tech, engineering, and professional jobs, but report difficulty finding work within Chandler, limited mid-skill opportunities, prevalence of low-wage or service jobs, and challenges for young adults and experienced workers seeking local employment.

Housing Affordability & Workforce Retention (120 responses)

- Major Themes Include: Chandler is seen as a desirable place to live, yet high housing costs and rents are pushing young families, college graduates, retirees, and small business owners out of the city, raising concerns about long-term workforce sustainability.

Budget Survey Comment Themes (Top Three)

Neighborhoods

Overall Neighborhood Quality & Pride (180 responses)

- Major Themes Include: Many residents describe Chandler as a beautiful city with strong neighborhood pride and appreciate visible improvements over time, while others express concern that rapid growth, aging infrastructure, litter, and inconsistent upkeep are beginning to impact overall neighborhood appearance.

Code Enforcement Responsiveness & Consistency (210 responses)

- Major Themes Include: Residents frequently praise Code Enforcement for quick responses when issues are reported, online reporting tools, and the Code Enforcement Academy, but express frustration with inconsistent enforcement across neighborhoods, over-reliance on complaints, perceived harassment for minor issues, and lack of action on repeat or serious violations.

Non-HOA Neighborhoods & Equity in Enforcement (160 responses)

- Major Themes Include: Residents acknowledge that HOAs help maintain neighborhood standards, while emphasizing that non-HOA areas need stronger, more consistent enforcement to address weeds, abandoned vehicles, campers, trailers, sidewalk obstructions, and blight without creating the feeling that the City has become a de facto HOA.

Budget Survey Comment Themes (Top Three)

Quality of Life

Overall Park System & Quality of Life (260 responses)

- Major Themes Include: Residents overwhelmingly value Chandler's parks, recreation centers, libraries, aquatic facilities, and events as key reasons they choose to live here, while emphasizing that continued investment, thoughtful planning, and consistent upkeep are essential to maintaining this high quality of life.

Community Events, Arts & Cultural Programming (180 responses)

- Major Themes Include: Residents strongly appreciate free and low-cost events such as the Multicultural Festival, Ballet Under the Stars, concerts, art socials, and family programming, but express concern about rising costs, parking fees, and affordability limiting inclusivity and access.

Park Maintenance, Cleanliness & Asset Management (310 responses)

- Major Themes Include: Residents recognize the effort staff put into maintaining parks, but report widespread concern about aging infrastructure, uneven maintenance, restroom cleanliness, broken equipment, irrigation damage, worn athletic fields, and the need to prioritize maintaining existing parks before expanding new ones.

Budget Survey Comment Themes (Top Three)

Sustainability & Technology



Water Sustainability & Long-Term Supply (150 responses)

- Major Themes Include: Residents strongly value water as Chandler's most critical resource and support conservation, aquifer recharge, and water-quality efforts, while expressing concern about drought conditions, infrastructure capacity, water testing transparency, and ensuring long-term availability without significant cost increases.

Responsible Growth & Development Balance (95 responses)

- Major Themes Include: Residents appreciate Chandler's economic growth and livability, but consistently express concern that high-density housing and rapid development may be outpacing infrastructure, increasing traffic, and placing additional strain on water and utility systems.

Resource-Intensive Development & Data Centers (100 responses)

- Major Themes Include: Residents support prioritizing water and energy for community needs and largely oppose data centers and similar uses, citing concerns about excessive water and power consumption, limited community benefit, noise impacts, and increased utility costs for residents.

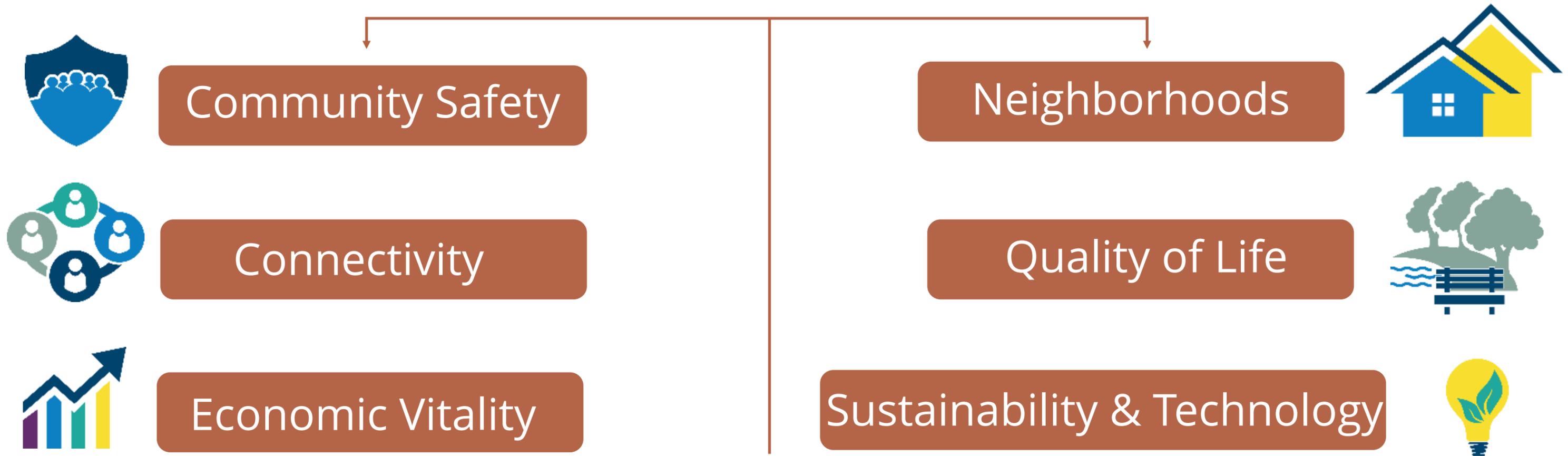


**Financial
Considerations
and Impacts**

Strategic Framework Guides Decision Making

Our Brand: A safe, diverse, equitable and inclusive community that connects people, chooses innovation and inspires excellence.

Focus Areas:





Financial Policies

(*Revised and updated by Council February 2024)

Chandler's 9 Financial Policies Institutionalize Strong Financial Management Practices

Operating Management *

Capital Management (Jan. 2016)

Reserves (Apr. 2023)

Debt Management *

Long-Range Financial Planning (Jan. 2016)

Grant Management *

Investment*

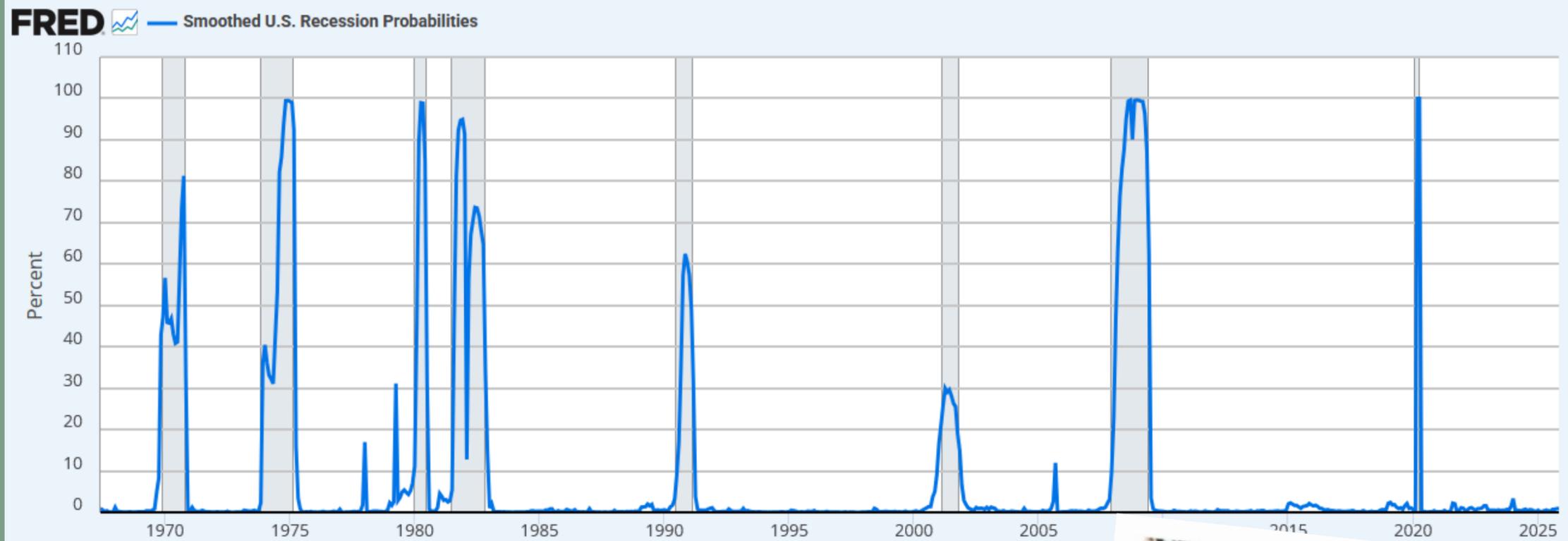
Accounting, Auditing, and Financial Reporting *

Pension Funding * (annual update; February 2026 Council Meeting)

FY 2026-27 Financial Considerations



- Economy has seen inflation continue to be a concern, and Federal Reserve monetary policy is being closely watched
- Grant funding changes by federal government continue to be in flux
- Conformity at state level with One Big Beautiful Bill Act and newly incorporated San Tan Valley impact state shared income taxes (up to \$3.6M conformity and \$1.7M San Tan Valley ongoing reductions)
- State Food Tax bill could change prior year agreement and create a loss of up to \$17M ongoing revenue (not much traction but watching)
- Growth of sustainable (ongoing) revenue is expected to grow at a slower rate at the state level as well as locally
- Development revenues lower on single family residential. Expect future development to be more infill and redevelopment focused



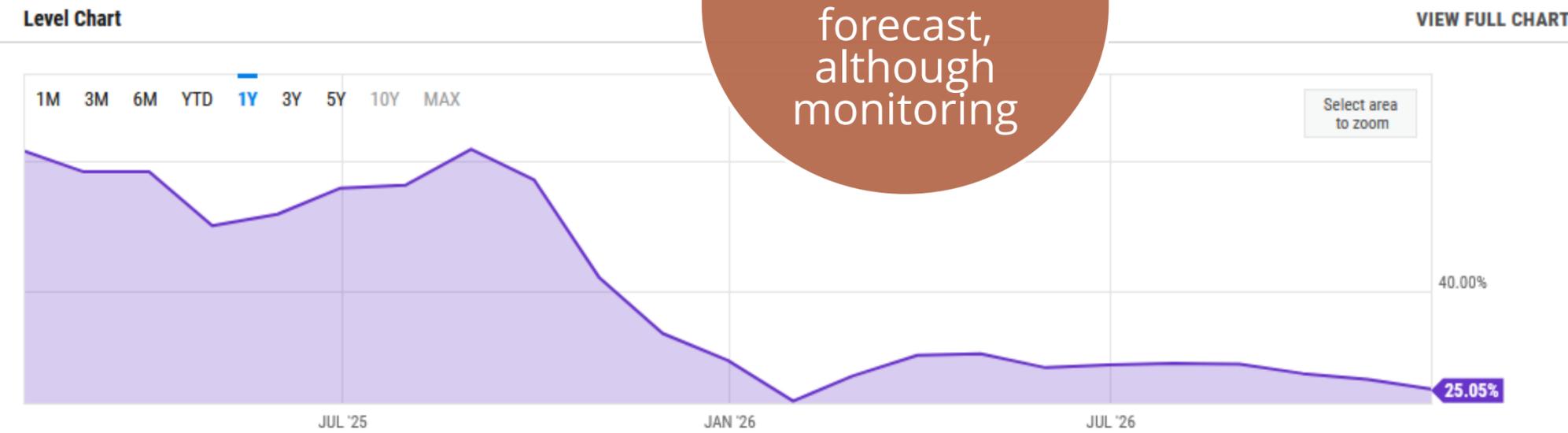
Sources: Chauvet, Marcelle; Piger, Jeremy Max via FRED®

National Recession Gauge showing lower risk of recession

US Recession Probability (I:USRPEM)

25.05% for Nov 2026

Overview Interactive Chart



Currently not including recession in forecast, although monitoring



U.S. Consumer Confidence Dips as Inflation Expectations Spike
 U.S. consumer confidence clouded over a little this month, after views of the economy weakened on expectations of higher inflation, as President-elect Donald Trump prepares to take office proposing tax cuts and new import tariffs.
 By Ed Frankl
 January 10, 2025

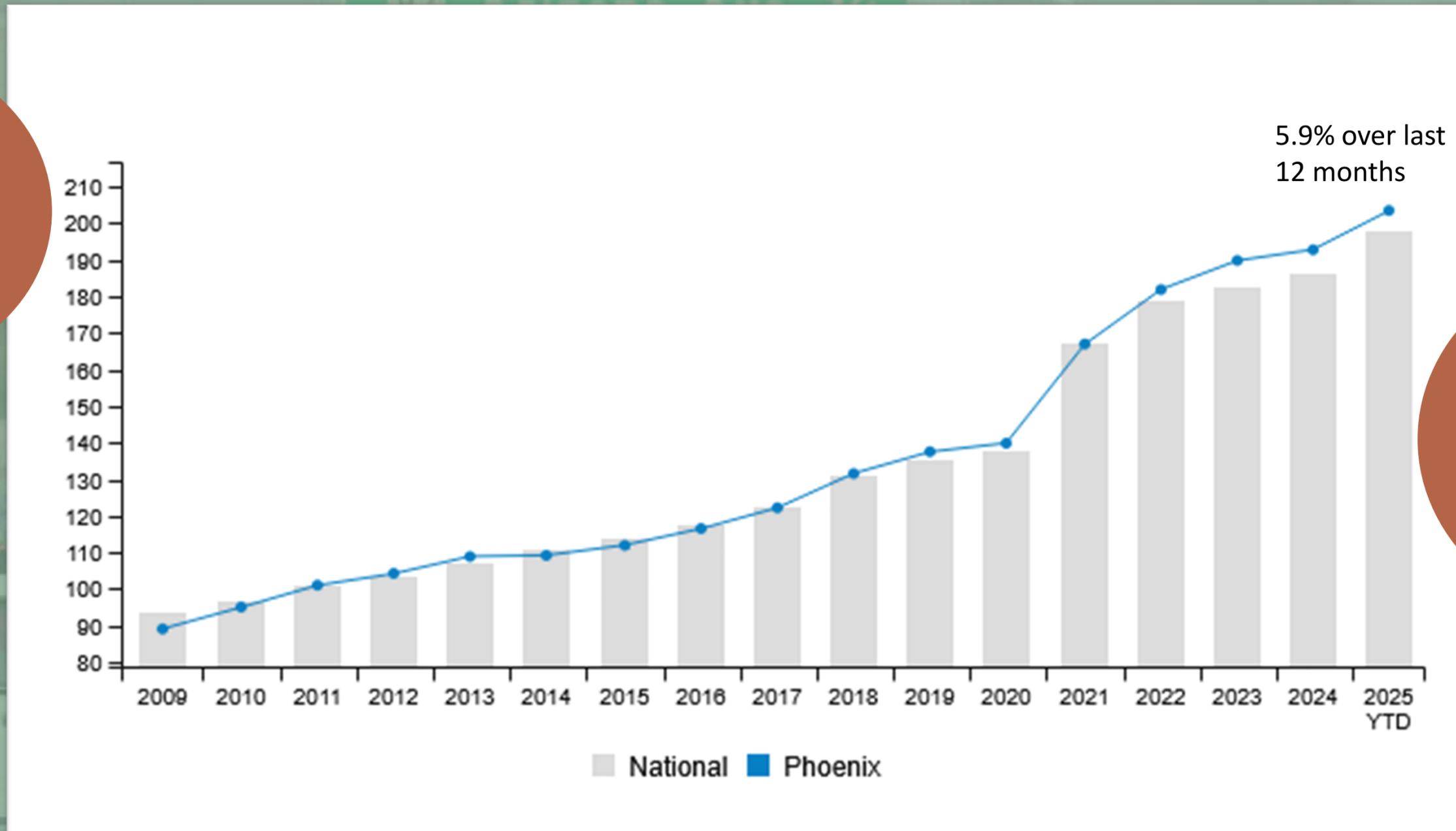
Intel's Lip-Bu Tan is making the 'right' moves, analyst says

Intel stock (INTC) continues sinking ahead of Friday's session close after the chipmaker reported disappointing...

Yahoo Finance Video · 2d ago **INTC -5.03%** ☆

Capital Plan Inflation Impacts (through Q3 of 2025)

Construction Price Index's new normal



Construction Costs continue to go up.

Data source: The Mortenson Construction Cost Index is calculated quarterly by pricing a representative non-residential construction project in geographies throughout the country.

Local Growth is still projected

Phoenix-Mesa-Scottsdale MSA Forecast*	2023	2024	2025	2026	2027
Personal Income (\$ mil)	336,479.7	358,302.0	378,641.5	401,189.8	426,082.1
% Chg from Year Ago	7.1%	6.5%	5.7%	6.0%	6.2%
Retail Sales (\$mil)	125,000.0	126,000.0	131,000.0	136,000.0	142,013.0
% Chg from Year Ago	2.5%	0.8%	4.0%	3.8%	4.4%
Total Nonfarm Employment (000s)	2,406.2	2,445.4	2,466.6	2,505.7	2,547.6
% Chg from Year Ago	3.2%	1.6%	0.9%	1.6%	1.7%
Population (000s)	5,132.5	5,210.2	5,290.6	5,370.9	5,450.3
% Chg from Year Ago	1.8%	1.5%	1.5%	1.5%	1.5%
Residential Permits (units)	45,616.0	45,884.0	39,049.0	38,900.1	38,464.1
% Chg from Year Ago	-4.6%	0.6%	-14.9%	-0.4%	-1.1%

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Personal Income is expected to grow at 6 to 6.2% over next fiscal year

Source: University of Arizona's azeconomy.org as of December 2025

ARIZONA

How Trump tax cuts could impact Arizona, by the billions

Stacey Barchenger and Ray Stern Arizona Republic
 Jan. 8, 2026, 5:01 a.m. MT



**Sound Budgeting
Practices Support
Financially
Sustainable Goals**

- **Chandler maintains AAA Bond Ratings from Moody's, Fitch, and S&P rating agencies for GO Bonds and ETRO**
 - Continued adherence to all fiscal policies & strong reserves
 - Re-affirmed ratings in December 2025
- **Chandler tracks structural balance**
 - Ongoing revenues support ongoing expenditures
 - One-time revenues support one-time expenditures
- **Chandler maintains strong reserves**
 - 15% General Fund contingency reserve
 - Continue Budget Stabilization provision at \$10M
- **Chandler manages expenditures to meet service demands**
 - Maximize grant opportunities
 - Weigh positions vs. contracting
 - Continue Modified Zero-Based Budgeting to verify funding requirements to provide services
- **Property Tax Options**
 - Provide options to match expenditure needs or right size



**FY 2026-27
Preliminary Budget
Forecast**

FY 2025-26 General Fund Operating Revenues and Expenditures

Annual Inflows



86.5% Local taxes and licenses and State shared revenues



11.1% Other Charges for services (i.e., parks, rec., building, planning, library)



2.4% Primary Property taxes



Annual Outflows

60.5% Ongoing Personnel (Wages/Benefits) 

21.0% Ongoing Base Budget (i.e., Ops./maint., supplies, utilities) 

18.5% One-time & other needs (i.e., PSPRS, consultants, pilot programs) 

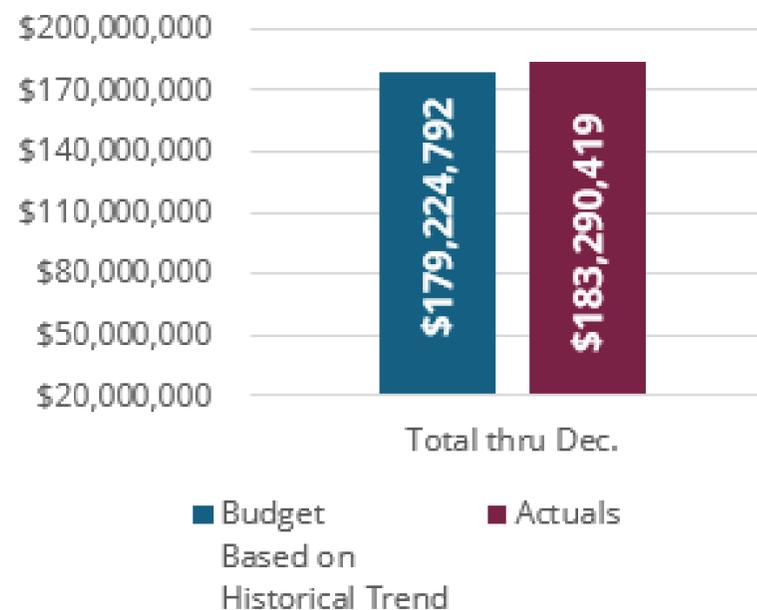
If Revenues exceed Expenditures, General Fund Balance increases

FY 2025-26 Adopted Budget reflects 82.2% of revenues as ongoing with the rest supporting one-time needs

General Fund thru December True to Projection



Total GF Revenue



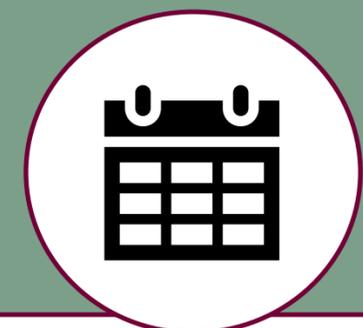
2.3% higher than historical budget
(represents interest and permit revenue)



Expenditures

\$200,134,722
Expenses & Encumbrances

55.3% of
Adjusted Budget Spent
(PY **52.5%**)



December 2025 to 2024 Comparison

-3.3%
Overall revenue decrease from PY

-5.4%
Local TPT collections from PY

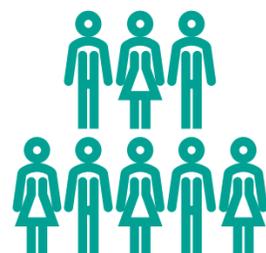
2.8%
Increase in spending

The Brightside

Budgetary Impacts

Personnel/Staffing

- PSPRS unfunded liability continues its paid off status, anticipating additional ongoing savings
- Making progress on reduced vacancies, especially in Police



Local Economic Impacts

- Local revenues in line with budget
- New retail, entertainment concepts, and businesses continue to open
- Long tradition of strong financial management
- Current AAA rating on GO and ETRO Bonds confirmed in December for recent bond sales



The Challenges

Budgetary Impacts

Economy & Inflation



- Chemical, utilities and contract costs continue to escalate
- Water purchase costs and Colorado River water cuts remain a concern

Technology



- Multi-year citywide Enterprise Resource Planning (ERP) Financial/Human Resource system replacement – big lift for staff
- Cybersecurity posture needs continuous improvement
- AI flexibility and planning is underway

Personnel/Staffing/Benefits



- Employee wage changes and increased healthcare cost estimates included in five-year forecast
- The conversion of one-time funded fulltime temps to FTE
- Many FTE requests for needed service delivery submitted
- Ambulance staffing will be added in FY 2026-27

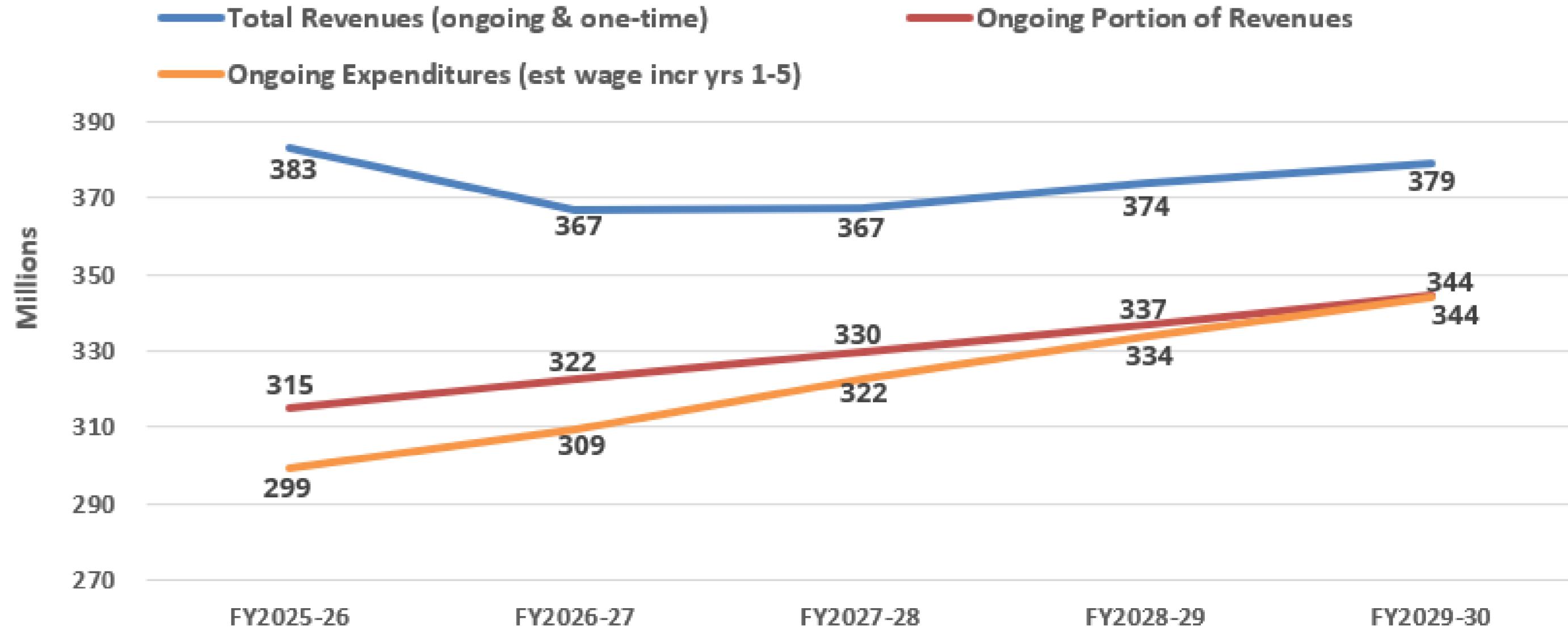
Legislative Impacts



- Legislative Impacts to local tax base and Model City Tax Code continue to be watched
- Federal uncertainty for Neighborhood Resource programs
- Income Tax conformity and incorporation of San Tan Valley reduces State Shared Revenues

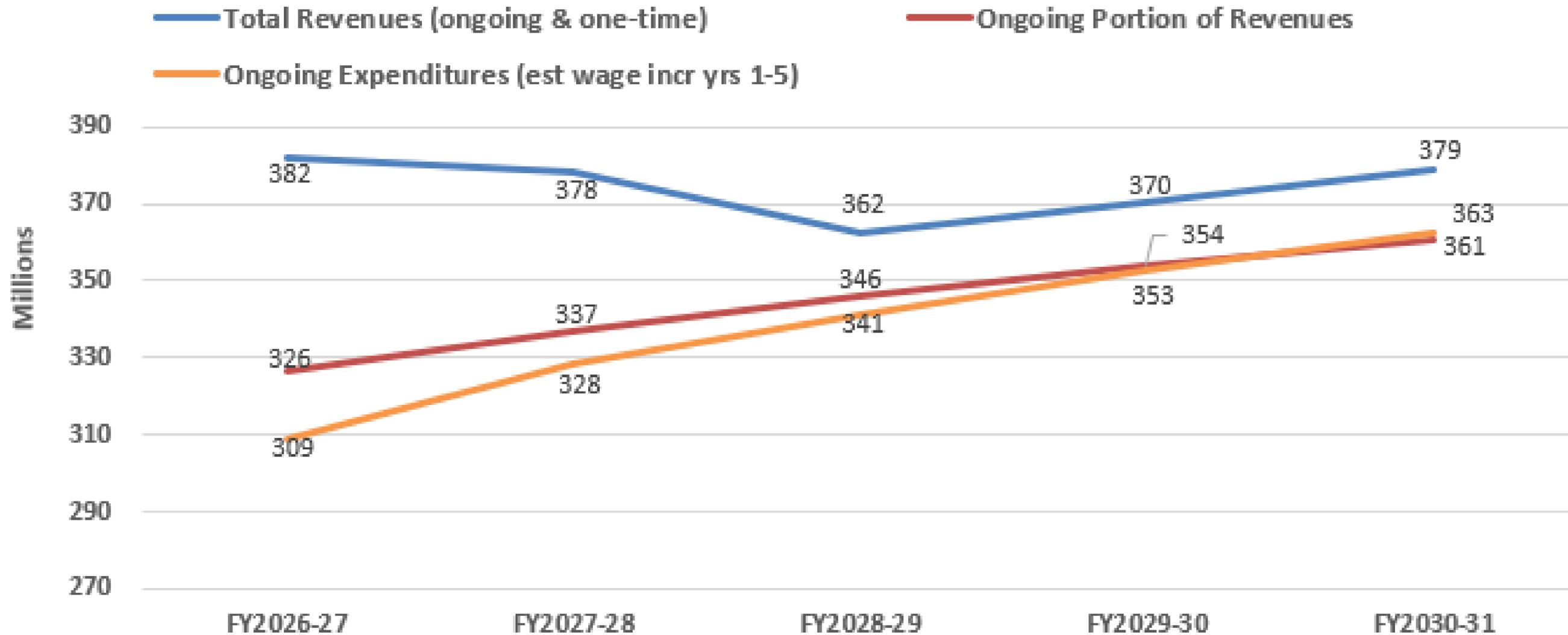
FY 2025-26

5-Year General Fund Ongoing Forecast Revenues vs Expenditures



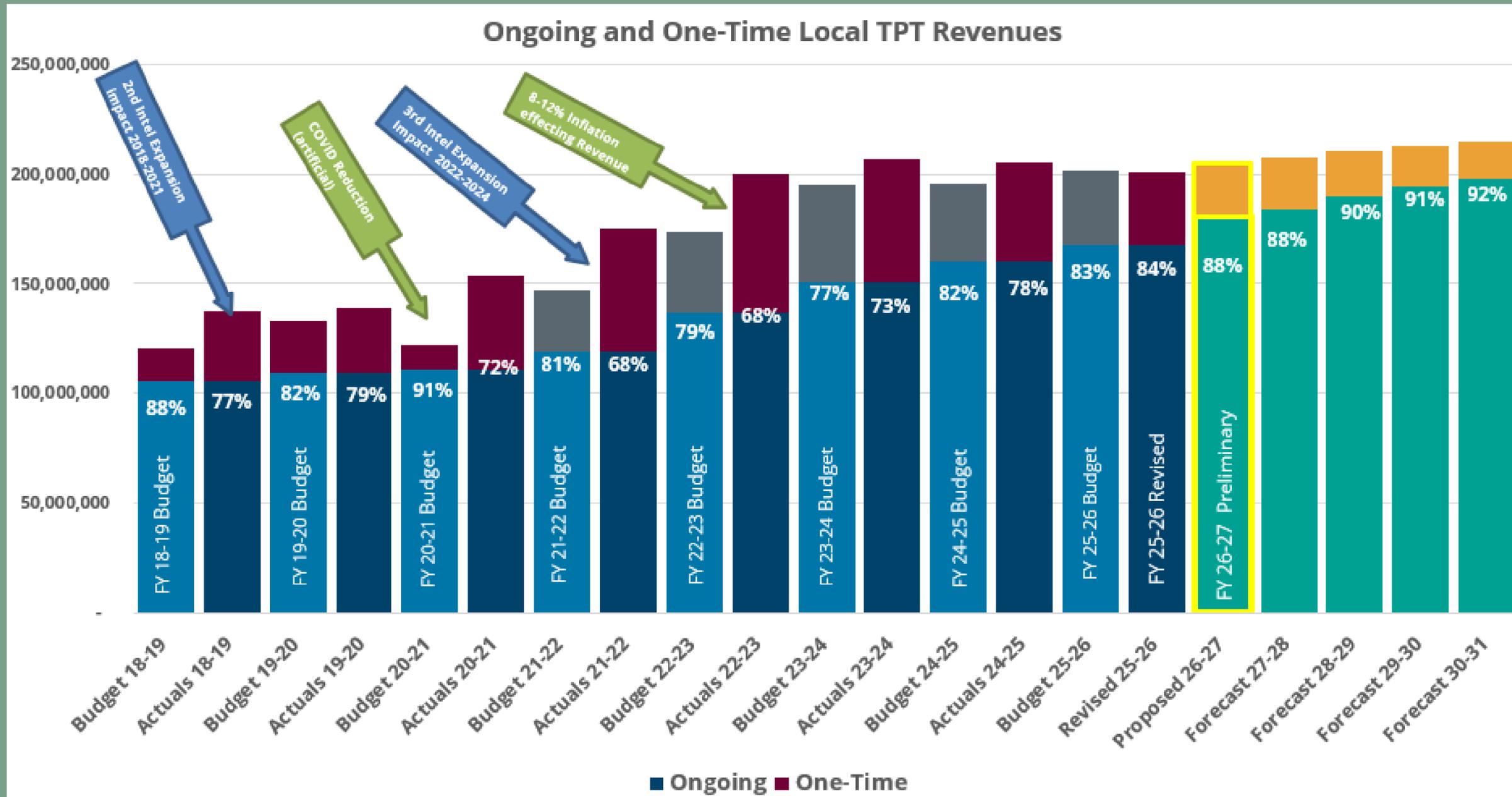
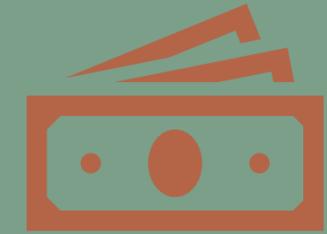
Total revenues change with the ebbs and flows of the economy impacting primarily one-time revenues. Ongoing revenue is increasing at a gradual pace. Modest wage changes are estimated for years 2-5 and ongoing revenues continue to be within current revenue assumptions for structural balance.

Preliminary FY 2026-27 5-Year General Fund Ongoing Forecast Revenues vs Expenditures



Future ongoing revenue increases and/or expense reductions may be needed to sustain services

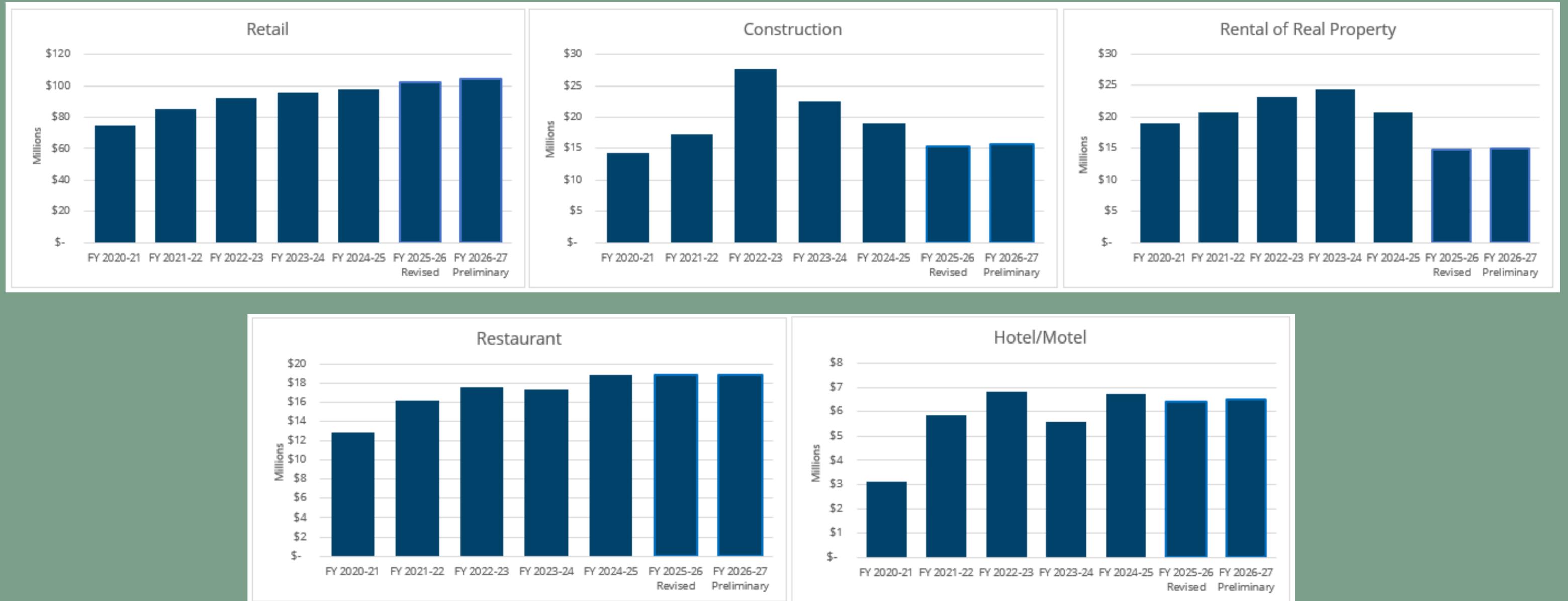
Ongoing/One-Time Local Sales Tax (TPT) Preliminary Revenues



Local TPT is 52.5% of General Fund revenue

Sales tax revenues fluctuate due to economic volatility, including increases or decreases in development, inflation and consumer confidence

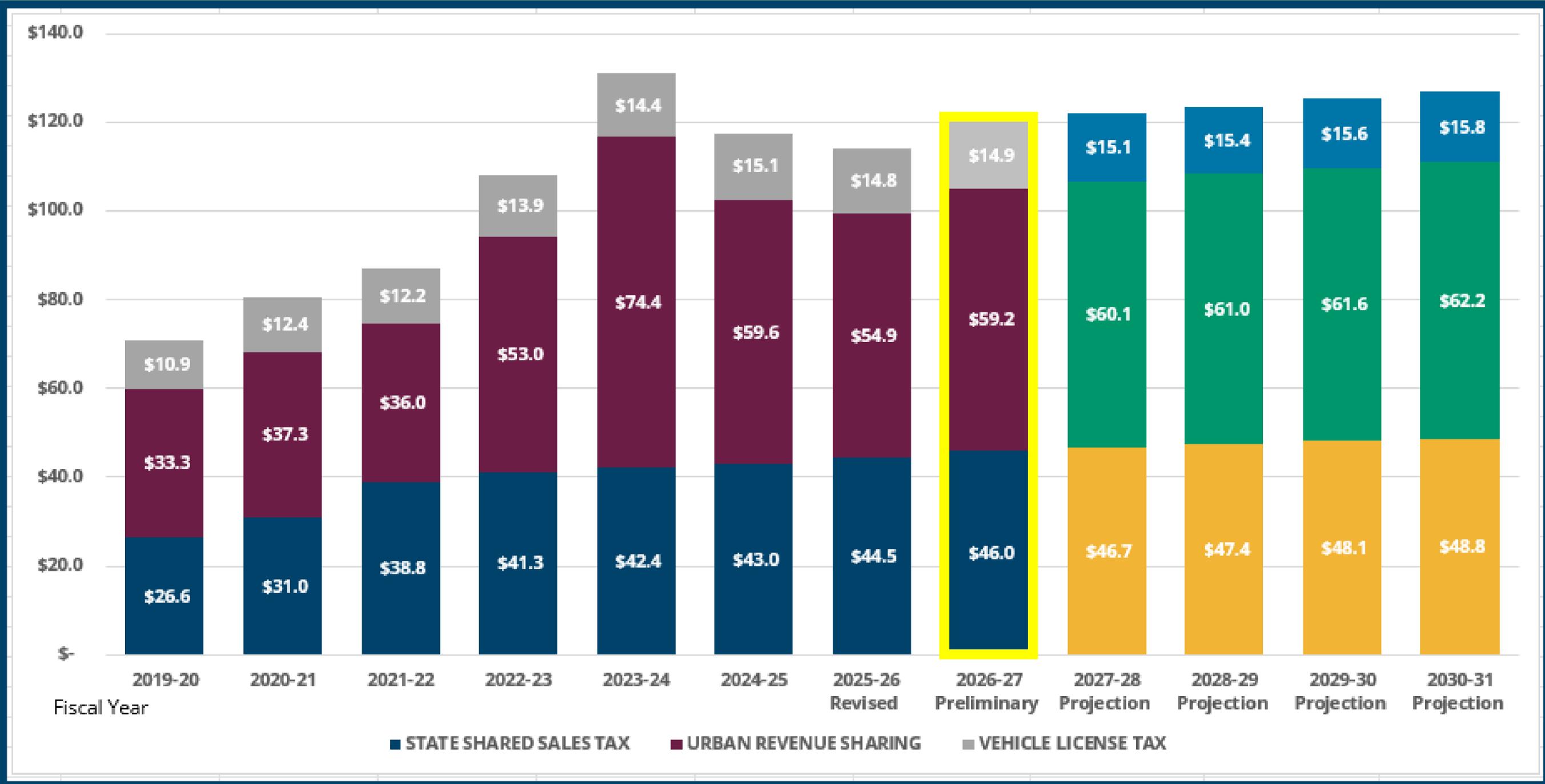
Key Local Sales Tax Revenues by Category



Higher fluctuations (increased one-time) experienced during Intel expansions

State Shared Revenues (in Millions)

31.6% of General Fund in FY 2024-25



Spending Priorities



 The Arizona Republic

Chandler remains the North Star of fiscal stability in Arizona



PSPRS Pension Update – GOAL ACCOMPLISHED



Based on current wages/counts, add'l reduction in FY 2026-27 is approx. \$1.3M

Tier 1 & 2 funded status increased to 98.8% combined:

94.1% to 100.2% for Fire
94.6% to 98.0% for Police

Tier 3 funded status still over 100%:

109.6% to 110.4% for Fire
110.1% to 111.5% for Police

**Chandler
% Funded**
2025- 98.8%
2024- 94.4%

Note: Current year \$15M payment not reflected



New Decision Package Requests Expenditures "Outflows"

Ongoing Requests Net of Offsets	One-time Requests Net of Offsets
General Fund \$20.7M	General Fund \$7.7M
Total of All Funds \$26.9M	Total of All Funds \$12.3M
Total Decision Package Requests Net of Offsets: \$39.2M	

Prioritize Ongoing Demands (Maintain > Enhance > New)
\$25.9M \$13.3M
 All Funds net of offsets

- Mandatory changes (i.e. Utilities, contractual, chemical, and CIP related increases) \$6.1M (all funds) \$2.7M (GF)
- Full-time Temporary employees to be converted to FTE \$2.4M
- In addition to conversions, 82.775 FTE requested for delivery of services
 - Some may convert from contractors, and 30 are related to Ambulance

Ongoing Funding Options



Maintain existing service levels within core programs and strategic focus areas including contract and other increases



Ensure sufficient ongoing funding for facilities, infrastructure, technology, and security



Convert successful social safety net programs to ongoing funding from grants



Build the strength of our workforce to meet evolving resident expectations



New enhancements or additions, considering the option of one-time pilot programs first

One-Time Dollar Funding Options



Maintain reserves sufficient to meet financial policies including PSPRS fully funded status

Reinvest in existing aging infrastructure, systems, including projects that generate ongoing savings

New initiatives and capital that generate sustainable ongoing financial savings

Focus operating and capital spending to move forward strategic focus area action items



**Preliminary Capital
Improvement Plan (CIP)**



Current 10-Year CIP Council Guidelines

- Maintain secondary property tax rate
- Re-imagine resident amenities scheduled for replacement
- Prioritize aging infrastructure and plan for redevelopment
- 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
- Manage bond authorization to complete projects desired by residents
- Balance timely completion and coordination of capital projects with impacts to neighborhoods and businesses

**Fiscal Foundations
“Adding Sense to
Dollars”**

Continued Focus on Chandler's Aging Infrastructure



65.75
square
miles



2,090
miles
of streets



28,610
Street
lights



230
signalized
intersections



1,240 miles
of potable
water lines



1040 miles
of sanitary
sewer



32
operating
wells



70 developed
parks
(1,317 acres)



64
lighted
fields



71
municipal
buildings



867 fleet
vehicles/
trucks



**Maintaining
high quality
of life for our
residents**



Capital Project Review in Workshop #3

New Year CIP Considerations

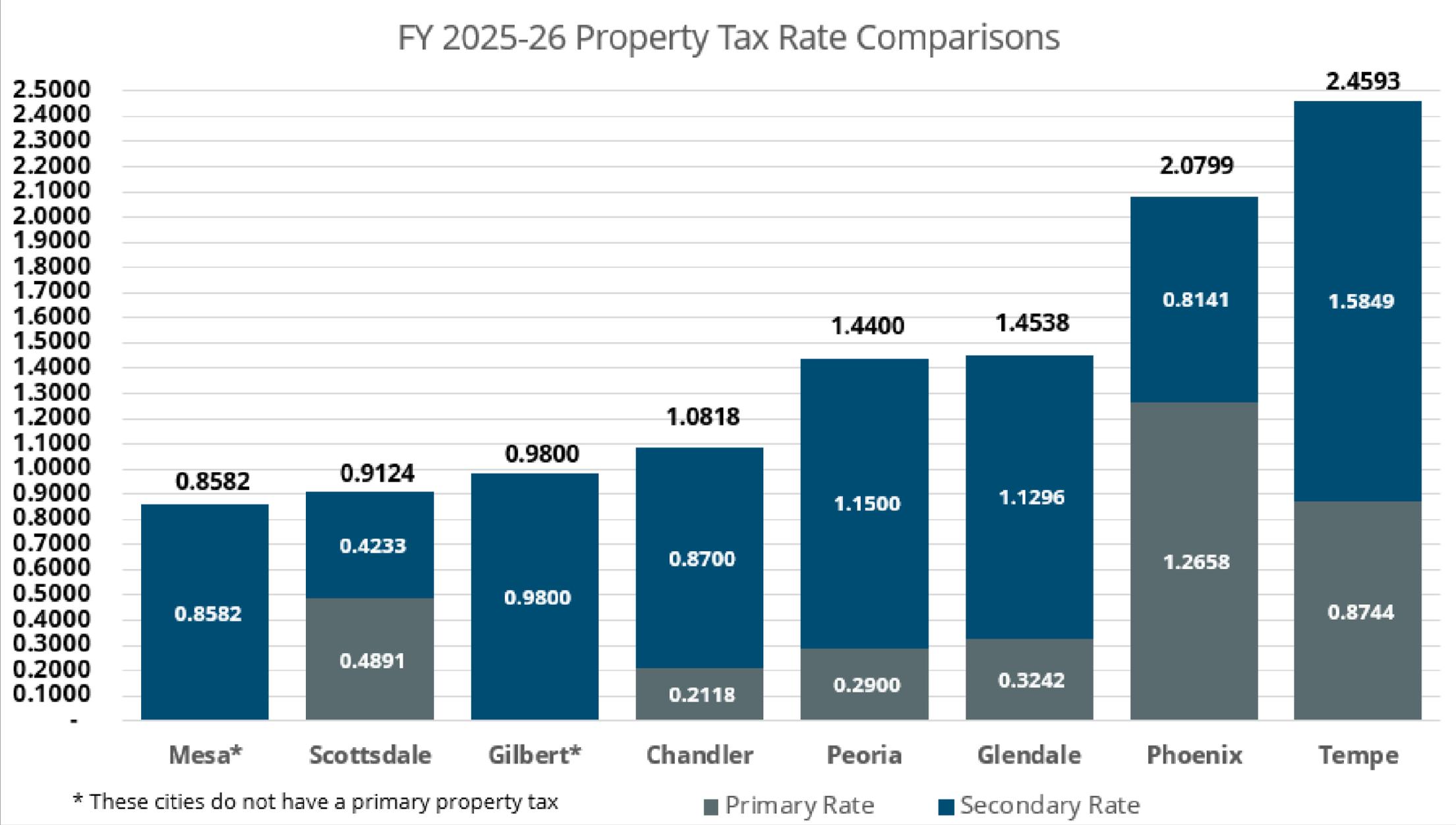
- Inflation is still present driving costs higher
- Voter approved bond authorization will help us meet project needs for many years
- Additional focus will be on how projects effect ability to maintain property tax rate and their impact on utility rates



Preliminary Property Tax Discussion

Assessed Values Not
Yet Received

Property Tax Rate Comparison



Per \$100 of Assessed Value

Breakdown of \$1 of Typical Chandler Property Tax Bill



*Based on 2025 Tax Bill information. Exact split will vary depending on the school district and any other special taxing districts on the bill.



Property Tax Assessed Value Comparison

Primary property tax rate has been reduced for 10 consecutive years (\$3.8M in ongoing tax reductions)

	Primary	Secondary	Totals
Current Tax Rates (per \$100 of assessed value)	0.2118	0.8700	1.0818
Current Year Revenues	8,735,177	35,881,040	44,616,217
Projected for FY 2026-27	9,084,584	37,316,282	46,400,866
Increase with no rate change	349,407	1,435,242	1,784,649

FY 2026-27 projected increase is a combination of new property coming on the tax rolls and appreciation

- Due to assessed values small increase last year, truth in taxation rules may not apply. We will know more once values are received
- Evaluate Primary rate options
 - Leave rate flat, adding an anticipated \$349,407 to the GF
 - Slight increase could fund additional needs
- Evaluate Secondary rate to deliver commitments made in bond election with no change to rate if possible



Property Tax Policy Options and Considerations

Key Budget Dates

Budget Event		Date
Council Budget Kickoff		Completed 10/13/25
Citizen Budget Survey		Completed 1/16/2026
Council Workshop #1		Tonight 2/5/2026
Council Workshop #2		03/23/2026
Council Workshop #3 CIP Focused		03/26/2026
All Day Budget Briefing		05/1/2026
Council Meetings	Tentative Adoption	05/21/2026
	Public Hearing and Final Adoption	06/11/2026
	Adoption of Tax Levy	06/25/2026



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Questions?