



FY 2026-27 Budget Workshop #2

**Council Conference Room
Monday, March 23, 2026 | 4:00 p.m.**

FY 2026-27 Budget Theme

“Adding sense to dollars”

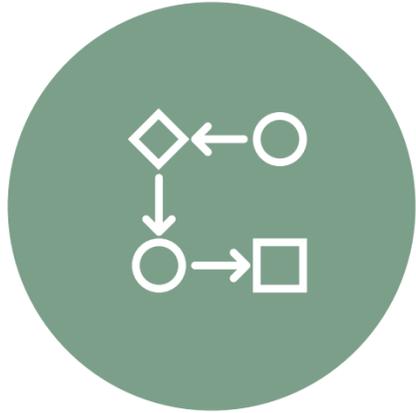


CHANDLER CITY HALL

CHANDLER
arizona



Chandler Budget Process Timeline



“Adding Sense to Dollars”

Today

| 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 | | | | | | | | |
| Resident Budget Survey/Videos | 11/24/25 | 1/16/26 | Staff | Council | | | | | | | |
| Depts Submit Decision Packages/CIPs | 11/3/25 | 12/1/25 | Staff | Staff | Council | | | | | | |
| City Manager/Department Budget Discussions | 1/5/26 | 2/4/26 | Staff | Staff | Staff | Council | | | | | |
| Council Budget Workshop #1 | | 2/5/26 | Staff | Staff | Staff | Staff | Council | | | | |
| Citywide Fee Study | 2/24/26 | 8/1/26 | Staff | Staff | Staff | Staff | Staff | Council | | | |
| Decision Package/CIP Recommendations | | 3/6/26 | Staff | Staff | Staff | Staff | Staff | Council | | | |
| Council Budget Workshop #2 | | 3/23/26 | Staff | Staff | Staff | Staff | Staff | Council | | | |
| Council Budget Workshop #3 | | 3/26/26 | Staff | Staff | Staff | Staff | Staff | Council | | | |
| Finalize CIP Recommendations | | 3/28/26 | Staff | Staff | Staff | Staff | Staff | Council | | | |
| Proposed Budget Book to M&C | | 4/17/26 | Staff | Staff | Staff | Staff | Staff | Staff | Council | | |
| All Day Budget Brief | | 5/1/26 | Staff | Staff | Staff | Staff | Staff | Staff | Council | | |
| Tentative Adoption | | 5/21/26 | Staff | Staff | Staff | Staff | Staff | Staff | Staff | Council | |
| Public Hearing and Final Adoption | | 6/11/26 | Staff | Staff | Staff | Staff | Staff | Staff | Staff | Staff | Council |
| Adoption of Tax Levy | | 6/25/26 | Staff | Staff | Staff | Staff | Staff | Staff | Staff | Staff | Council |

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

Council/Resident Process

Staff Process

Strategic Framework Guides Our Decision Making





**FY 2026-27 Budget Overview
and General Fund
Operating Budget Update**

Preparing for the FY 2026-27 Budget

Review selected Departments/Divisions using Modified Zero Based Budget (MZBB)

Goal:
To ensure adequate funding of core services and efficient use of resources prior to requesting new funding

MZBB Process

Review three years of expenditures

Confirm funding is adequate for each base budget account based on historical trends

Focus review on core service delivery items

Make budget adjustment recommendations based on findings

Ensure departments have sufficient base budget to cover annual operational needs

Annual Budget Evaluation 2025-26 Modified Zero Based Budget (MZBB) Results



For all departments reviewed, reallocations between lines were made to better reflect spending, including redistribution across cost centers with-in a department to reduce future budget requests by repurposing existing budget

Reviewed in FY 2025-26:

- **City Manager**
- **Connections and Impact**
- **Transportation Policy**
- **Law**
- **Human Resources:** Shifted some costs to Self Insurance Funds based on actual work
- **Neighborhood Resources:** Identified budget adjustments needed for Professional/Contract Services and Other Charges & Services under the Neighborhood Preservation and Housing & Redevelopment areas

Over last 3-years of MZBB, reallocations of \$523k have been implemented with \$81k of recommended budget adjustments

FY 2026-27 Budget Drivers

Balancing slowing revenue growth with service and infrastructure needs

Revenue Environment

- FY 2025-26 budget to actual results are in alignment leading to more predictable FY 2026-27 projections
- One-time revenues narrowing causing ongoing % to climb
- State shared revenue adjustments (San Tan & Conformity)
- Adding revenue generating or cost reducing positions
- Monitoring federal grant funding closely
- Major Revenues: 53.1% Local TPT and 31.9% State Shared

Service & Workforce Needs

- Adding new ambulance service FTE & budget appropriation, with revenue offset
- Costs continue to increase just to maintain existing service levels
- Adding front line positions to maintain parks, buildings, and fleet, as well as continue strong customer service

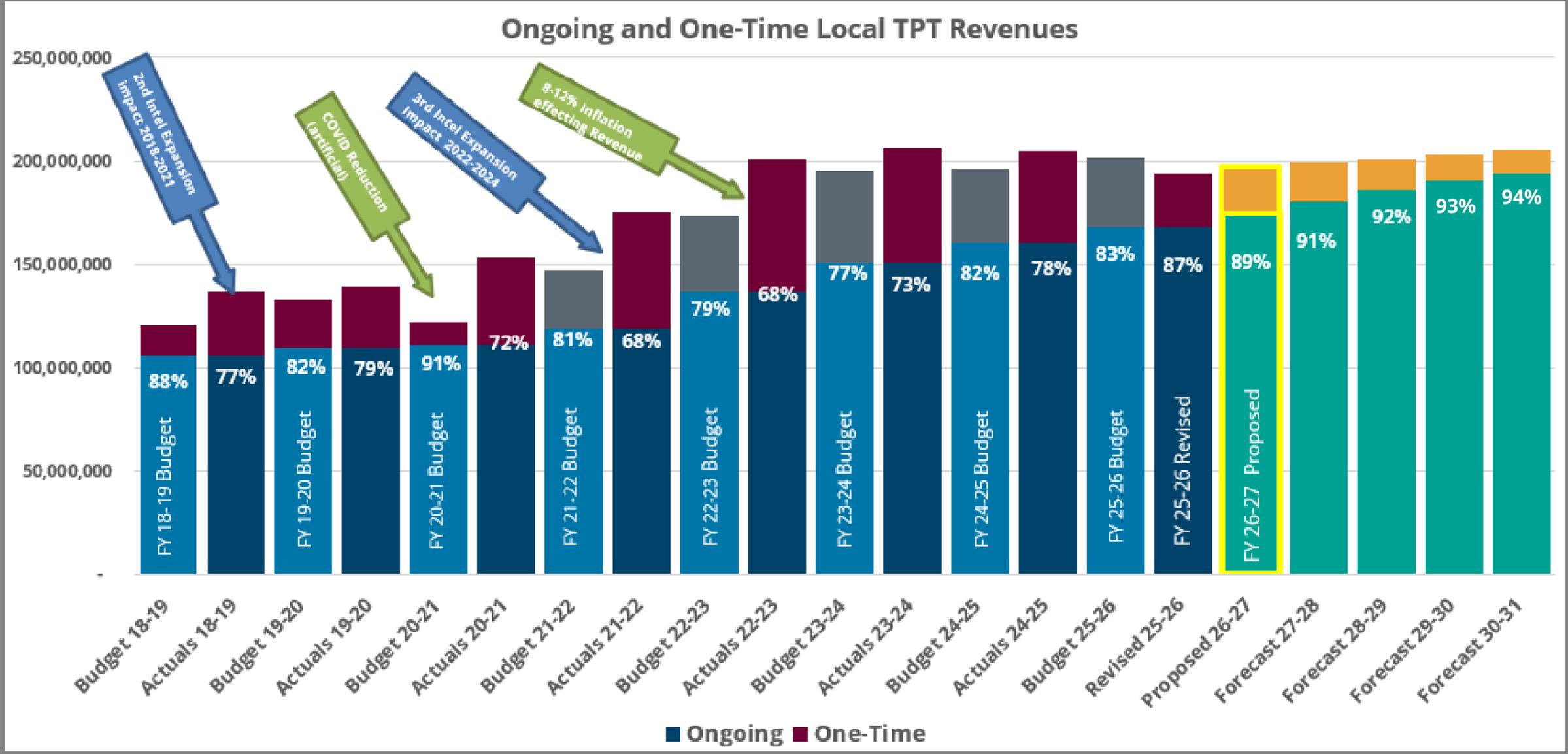
Infrastructure & Capital

- Continuing investment in aging infrastructure replacements, saving on maintenance in the long run
- Maintaining current planned improvements while cost increases continue
- Planning for future O&M on new capital
- Delivering on promises to maintain infrastructure and advance capital projects

Financial Strategy & Savings

- Maintaining PSPRS funded status to lower ongoing pension costs
- Completing solar investments to generate ongoing savings
- Continuously looking for grant funding and partnership opportunities
- Prioritizing revenue generating or cost reducing positions to help future proof operations

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

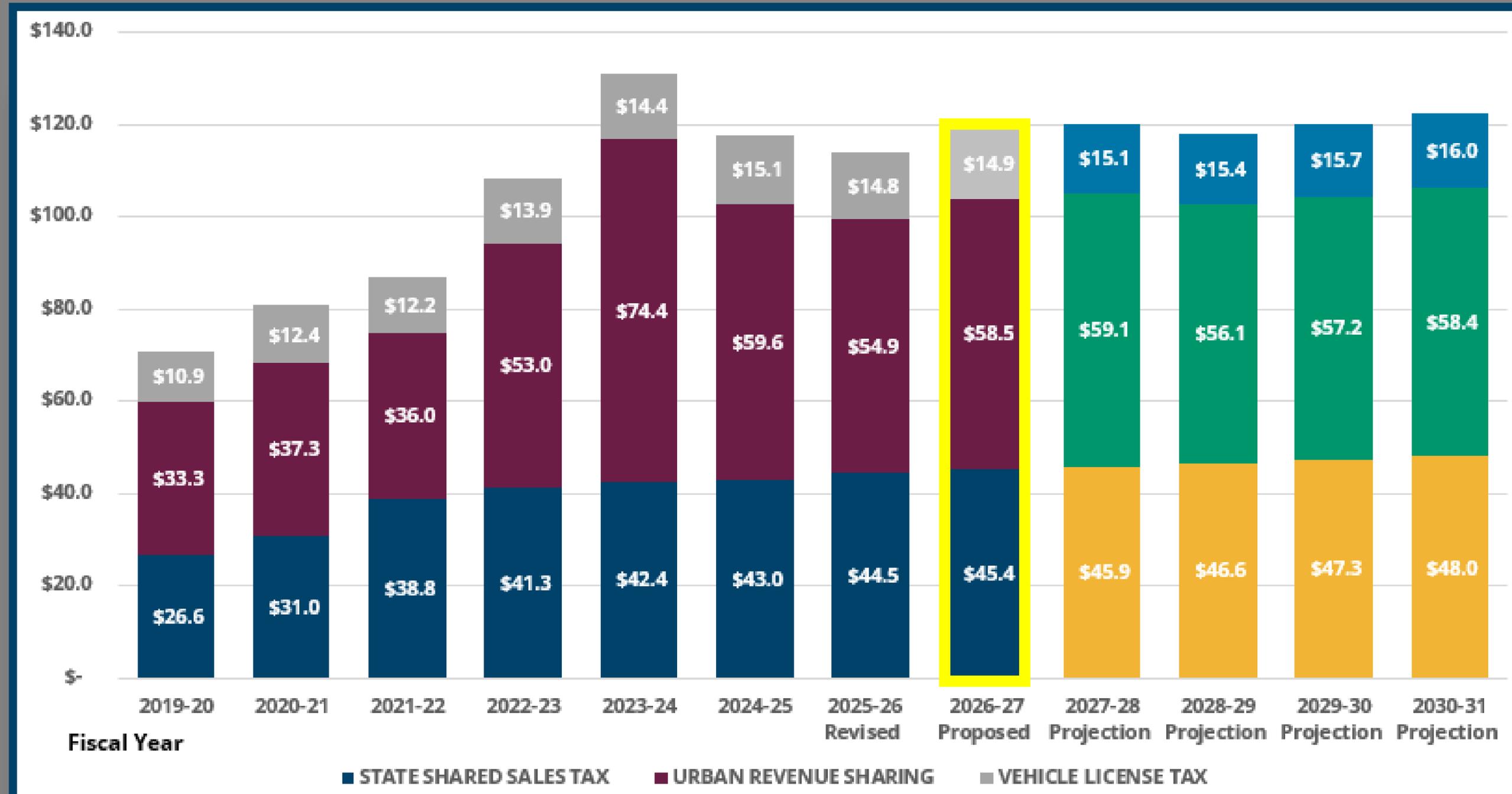


53.1% of FY 2026-27 General Fund revenue

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

State Shared Revenues (in Millions)

31.9% of General Fund for FY 2026-27



Ongoing Funding Options



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

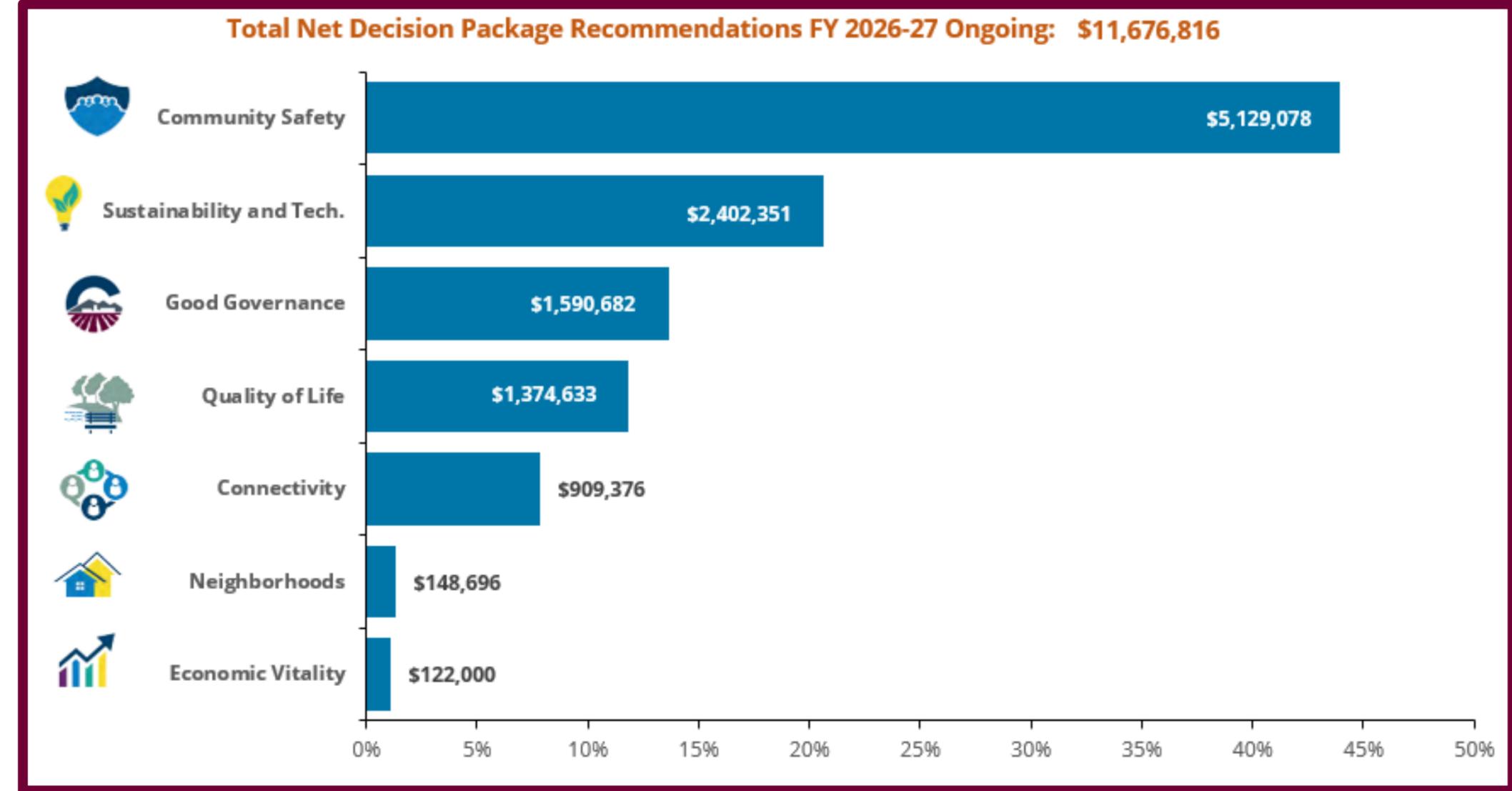
Ensure sufficient ongoing funding for facilities and infrastructure including technology and security

Convert successful one-time programs/personnel to ongoing funding

Build the strength of our workforce to meet evolving resident expectations

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

FY 2026-27 Ongoing Decision Package Recommendations (All Funds)



Recommendations to future proof Chandler

- Adds Ambulance services personnel and related O&M
- Adds maintenance costs related to new capital amenities
- Adds inflationary increases to maintain services
- Adds Public Safety Real Time Operations Center programs
- Supports transit services
- Surface water delivery increases
- Ongoing utility & chemical increases
- 77% of new positions have a revenue or re-allocation of expense offset

All Funds
 \$29M in ongoing requests (PY \$16.7M)
 \$11.6M recomm. net of offsets (PY \$9.5M)

General Fund (GF)
 \$23.1M in ongoing requests (PY \$13.8M)
 \$5.4M recomm. net of offsets (PY \$7.1M)

FY 2026-27 Proposed Budget Positions

Investing in People Who Serve Our Community

General Funded

Keeping pace with our
growing city and keeping
promises

Revenue or Reallocation Offset

Meeting service needs with
limited budget impact to help
future proof

General Funded Positions | 13.5 FTE

"Keeping Pace With Our Growing City and Promises Delivered"



Buildings & Facilities

Custodial Superintendent
Fleet Services Sr. Technician
Facilities Maintenance Sr.
Technician

→ Clean public facilities + operational
city vehicles



City Manager

Management Assistant
AI Officer

CAPA

Broadcast Engineer

→ Efficient operations + responsible
tech adoption



Community Services

Urban Forestry Technician
Parks Maintenance Sr. Technician

→ Safe trees + clean, welcoming parks



Fire

Fire Warehouse & Supply Tech
2 Firefighter Rovers

→ Equipment readiness + response
time coverage



Police

Hiring Unit Supervisor
(Civilianization)

→ Improves capacity + reduces sworn
cost



Management Services

Procurement Officer Sr.
.5 Env. Services Sr. Tech

→ Cost savings, compliance, risk
reduction

Cost considerations- New FTE

13.5 Position Costs

- Ongoing: \$2,108,093
- One-time: \$684,292

| Fund | Net New Positions | # of Pos | Ongoing | | One-time | |
|------|--------------------------------------|-------------|--------------------|----------------|----------------|------------------|
| | | | Personnel Cost | Ongoing O&M | O&M | Total Costs |
| 101 | Custodial Superintendent | 1 | 164,310 | 1,792 | 5,109 | 171,211 |
| 101 | Fleet Services Sr Technician | 1 | 115,546 | 2,159 | 4,423 | 122,128 |
| 101 | Facilities Maintenance Sr Technician | 1 | 103,650 | 14,214 | 89,324 | 207,188 |
| 101 | Management Assistant | 1 | 102,531 | 2,407 | 3,456 | 108,394 |
| 101 | AI Officer | 1 | 206,998 | 5,847 | 5,186 | 218,031 |
| 101 | Broadcast Engineer | 1 | 136,030 | - | 1,500 | 137,530 |
| 101 | Urban Forestry Technician | 1 | 103,630 | - | 371,231 | 474,861 |
| 101 | Parks Maintenance Sr Technician | 1 | 103,650 | 233,350 | - | 337,000 |
| 101 | Fire Warehouse & Supply Technician | 1 | 91,939 | 18,305 | 76,140 | 186,384 |
| 101 | Firefighter Rovers | 2 | 239,141 | 8,360 | | 247,501 |
| 101 | Hiring Unit Supervisor | 1 | 191,205 | 45,039 | 123,637 | 359,881 |
| 101 | Procurement Officer Sr | 1 | 153,009 | 1,347 | 4,286 | 158,642 |
| 738 | Environment Services Sr Technician | 0.5 | 63,634 | - | - | 63,634 |
| | Total | 13.5 | 1,775,273 | 332,820 | 684,292 | 2,792,385 |
| | | | \$2,108,093 | | | |



Revenue-Funded & Offset Positions | 44.3 FTE

These Pay for Themselves and Help Future Proof Operations

44.3

FTE Fully or Significantly Offset by Revenue, Reallocation, or Savings

~76.6%
of all proposed positions

Net General Fund impact is a fraction of gross cost

Fiscal Responsibility Built In

| Position / Group | Dept | FTE | Offset Source | % |
|--|---------------|-------------|-----------------------------------|----------|
| Firefighter – Ambulance | Fire | 27 | Ambulance Revenue | 100% |
| Ambulance Mgr & Analyst | Fire | 2 | Ambulance Revenue | 100% |
| Ambulance Fire Mechanic | Fire | 1 | Ambulance Revenue | 100% |
| Opioid Response Team | Fire | 2 | Grant / Revenue | 100% |
| Cultural Arts Production Staff | Cultural | 2.3 | Program Revenue | 50% |
| Utility Services Rep | Mgmt Services | 1 | Enterprise Fund | 100% |
| Business Compliance Inspector & Specialist | Mgmt Services | 2 | Fee Revenue | 100% |
| Closed Circuit TV Analysts | Public Works | 2 | Reallocation | 100% |
| Sr. Engineer & Const. Design PM | Public Works | 2 | Capital Projects | 80% |
| Programmer Sr. Analyst (Contractor → FTE) | IT | 1 | Cost Savings | ✓ |
| Cybersecurity Sr. Analyst (Contractor → FTE) | IT | 1 | Cost Savings | ✓ |
| Senior Housing Recreation Specialist | Neighborhoods | 1 | Grant Funding | 100% |
| TOTAL | | 44.3 | ~76.6% of all proposed FTE | — |

Cost considerations- Revenue Offset FTE

Revenue Offset Net Impact by Fund

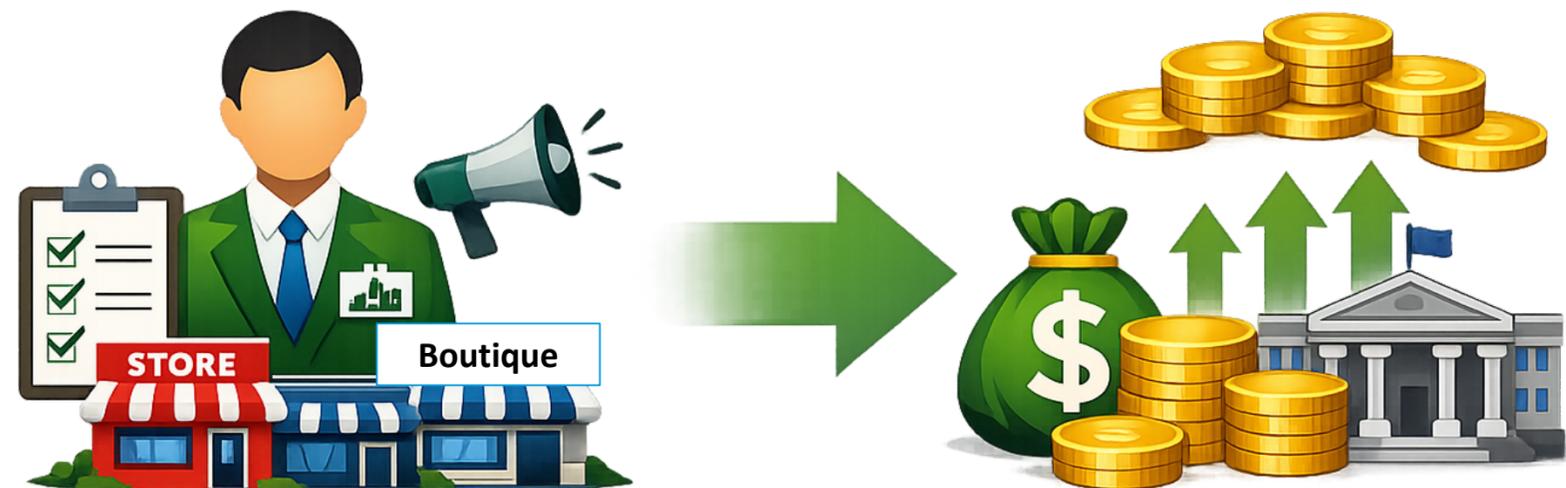


| Fund | # of Pos | Ongoing Cost | Revenue or Reallocation Offset | Remaining Costs | One-time Cost Avoidance |
|-----------------------|-------------|------------------|--------------------------------|-----------------|-------------------------|
| General Fund | 11.3 | 1,148,823 | 748,179 | 400,644 | 530,400 |
| Ambulance Fund | 30 | 3,541,203 | 3,541,203 | - | - |
| Grant Fund | 1 | 92,217 | 92,217 | - | - |
| Utility Funds | 2 | 206,886 | 500,000 | (293,114) | - |
| Total | 44.3 | 4,989,129 | 4,881,599 | 107,530 | 530,400 |

Additional Positions for Consideration

Can generate revenue or save expenditures to further align strategic plan set by Council

- (1) Economic Development Project Manager (Retail)
((\$170,866 ongoing cost is equal to \$720k in monthly taxable sales generated))
- (1) Firefighter Rover (avoids mandatory overtime)
- (1) Information Technology Contractor supporting ongoing technology
(by converting to FTE, would save approximately \$100K one-time costs)
- (1) Senior Utility Maintenance Technician (reduced water loss)
- (1) Metering Services Technician (faster meter replacements for better billing accuracy)



Peer Comparison - Adopted FTE per 1,000 in pop. | FY 2025-26

93%

Of recommended positions are Frontline Service Positions

Ensures continued excellent service delivery while maintaining the lowest sales tax rate, lowest utility rates, and lowest overall cost burden to residents in the Valley



East Valley Average

9.1 FTE per 1,000 Residents

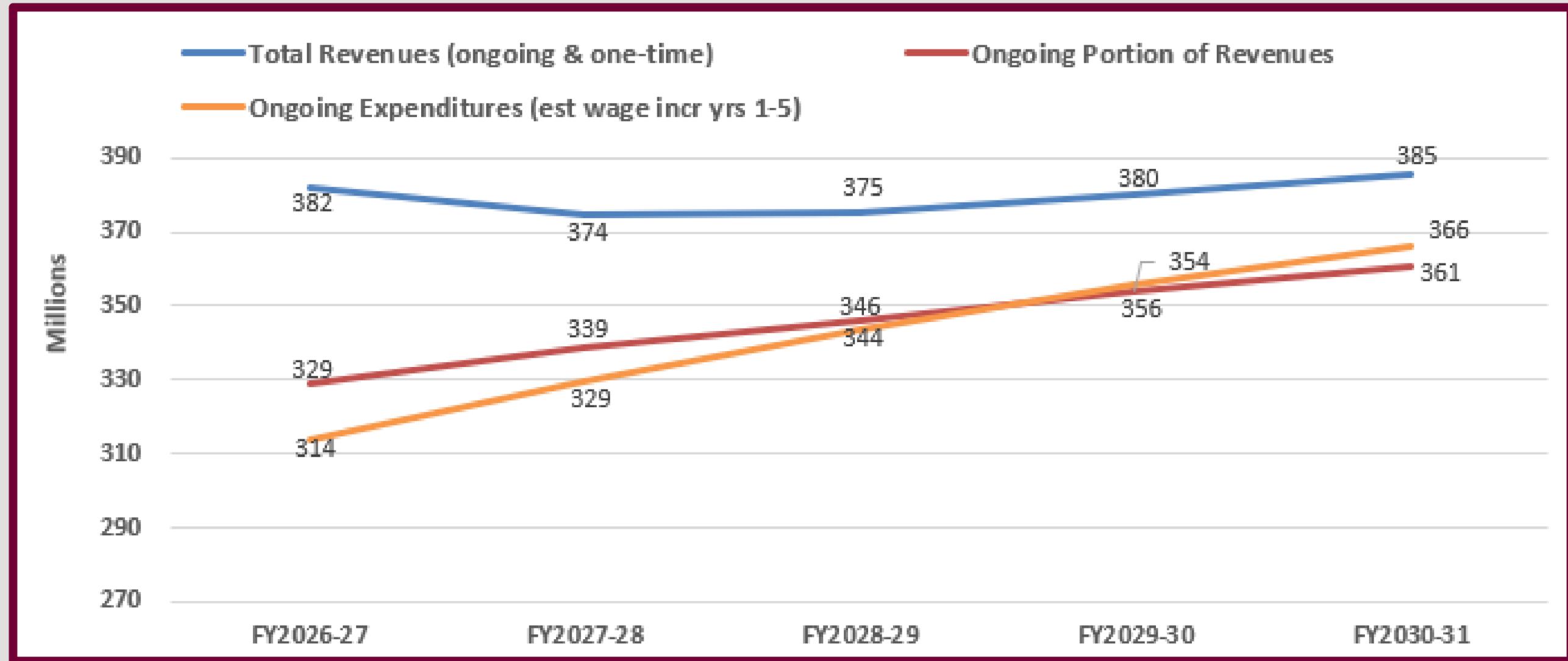
Includes Mesa, Scottsdale, Tempe, Gilbert & Queen Creek



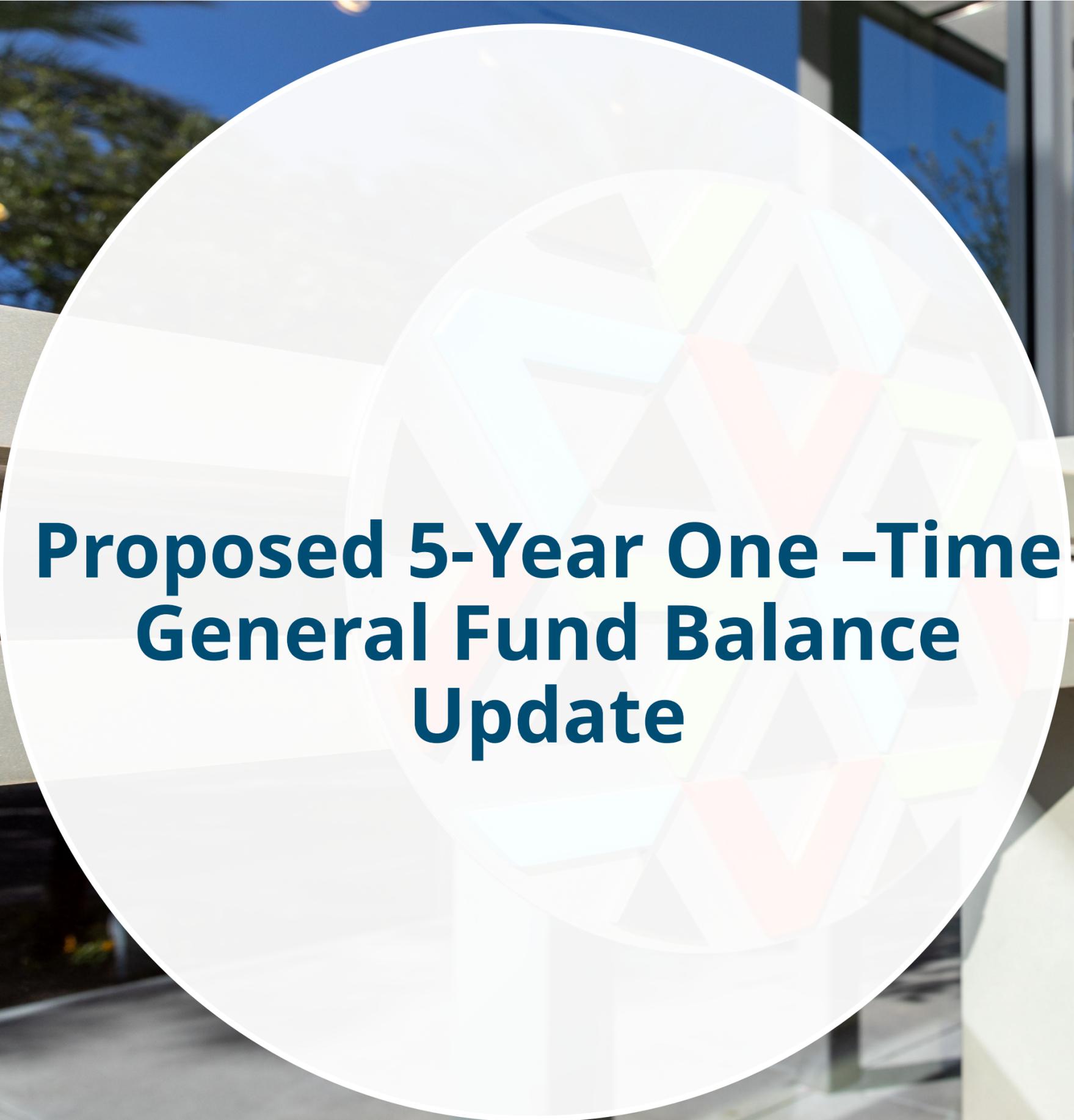
6.6 FTE per 1,000 Residents

Includes recommended FTE

General Fund Ongoing Forecast



Ongoing revenue is increasing at a more gradual pace than expenditures. Modest wage changes are estimated for years 2-5 of the forecast. Ongoing revenues and expenditures will need refinement over next two years to ensure structural balance continues.



**Proposed 5-Year One -Time
General Fund Balance
Update**

VISION GAIN

One-Time Dollar Funding Options



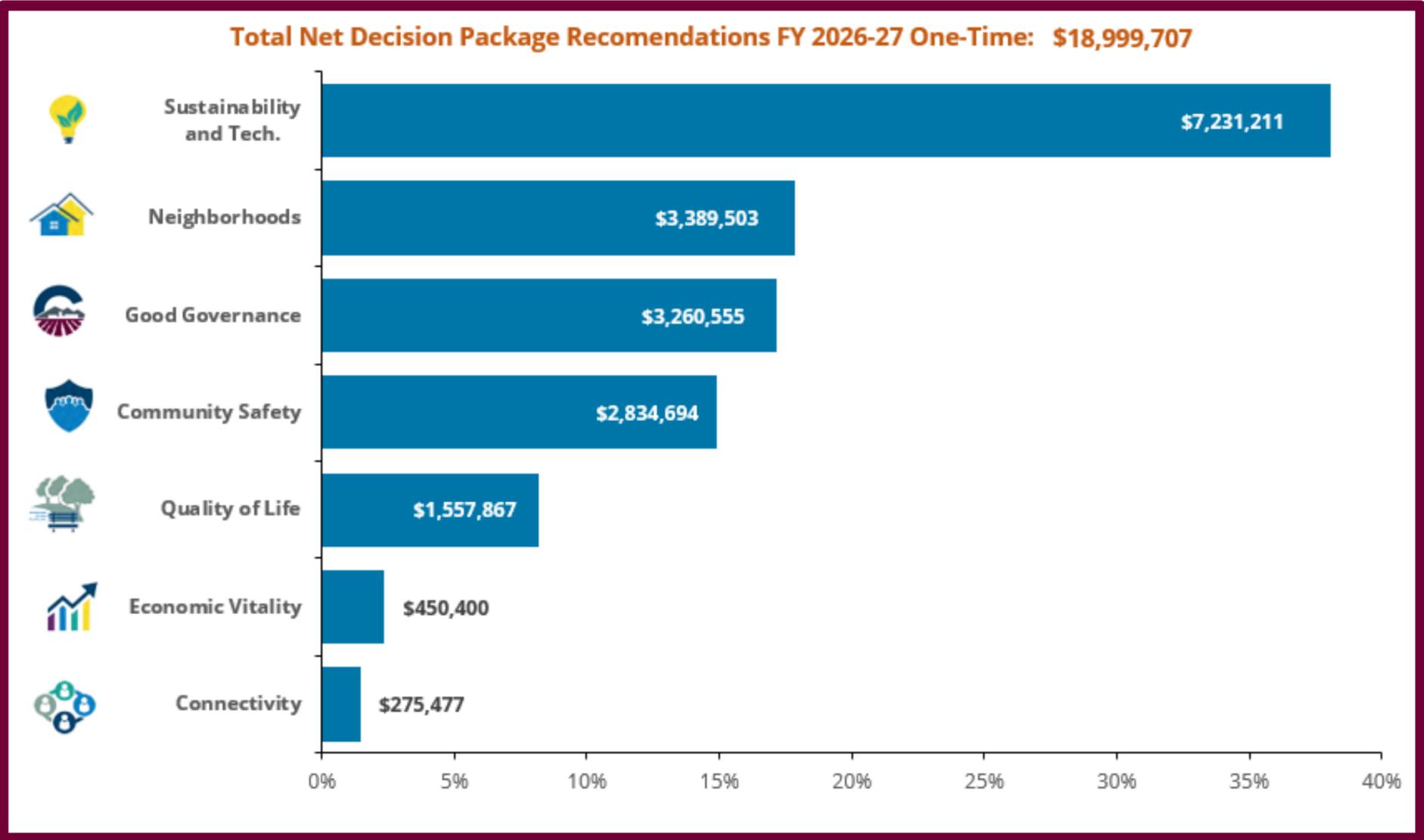
Maintain reserves sufficient to meet financial policies including PSPRS fully funded status

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

New initiatives and capital that generate sustainable ongoing financial savings

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

2026-27 One-Time Decision Package Recommendations (All Funds)



Significant Recommendations

- Citywide Technology Projects, Cyber Security & ERP
- Primary and General Elections
- Enhanced Citywide Marketing
- Continued Transit Services
- One-time contracted services
- Ambulance equipment and supplies
- Human Services allocations, Heat Relief and Operation Open Door
- Water conservation Program
- One-time Utility Chemical Increases (GAC/PAC)

All Funds

\$18.2M in one-time requests (PY \$22.5M)
 \$19M recommended net of offsets (PY \$17.6M)

General Fund (GF)

\$10.5M in one-time requests (PY \$16.9M)
 \$13.9M recommended net of offsets (PY \$14.6M)

Maintain Funded Status of PSPRS to Ensure Unfunded Liability Does not Grow



No planned FY 2026-27 additional payment

| | |
|--------|-----------------|
| Police | 94.6% to 98.0% |
| Fire | 94.1% to 100.2% |
| <hr/> | |
| Total | 94.4% to 98.8% |

Based on current wages/counts, ongoing rate reduction for FY 2026-27 is approx. \$2.6M (\$12.3M total)

Note: FY 2025-26 \$15M payment not yet reflected

Supports use of additional one-time funds to payoff any remaining unfunded liability on an annual basis

Note: PSPRS has not released the modeler to confirm effect of actual rate of return to show impact to liability

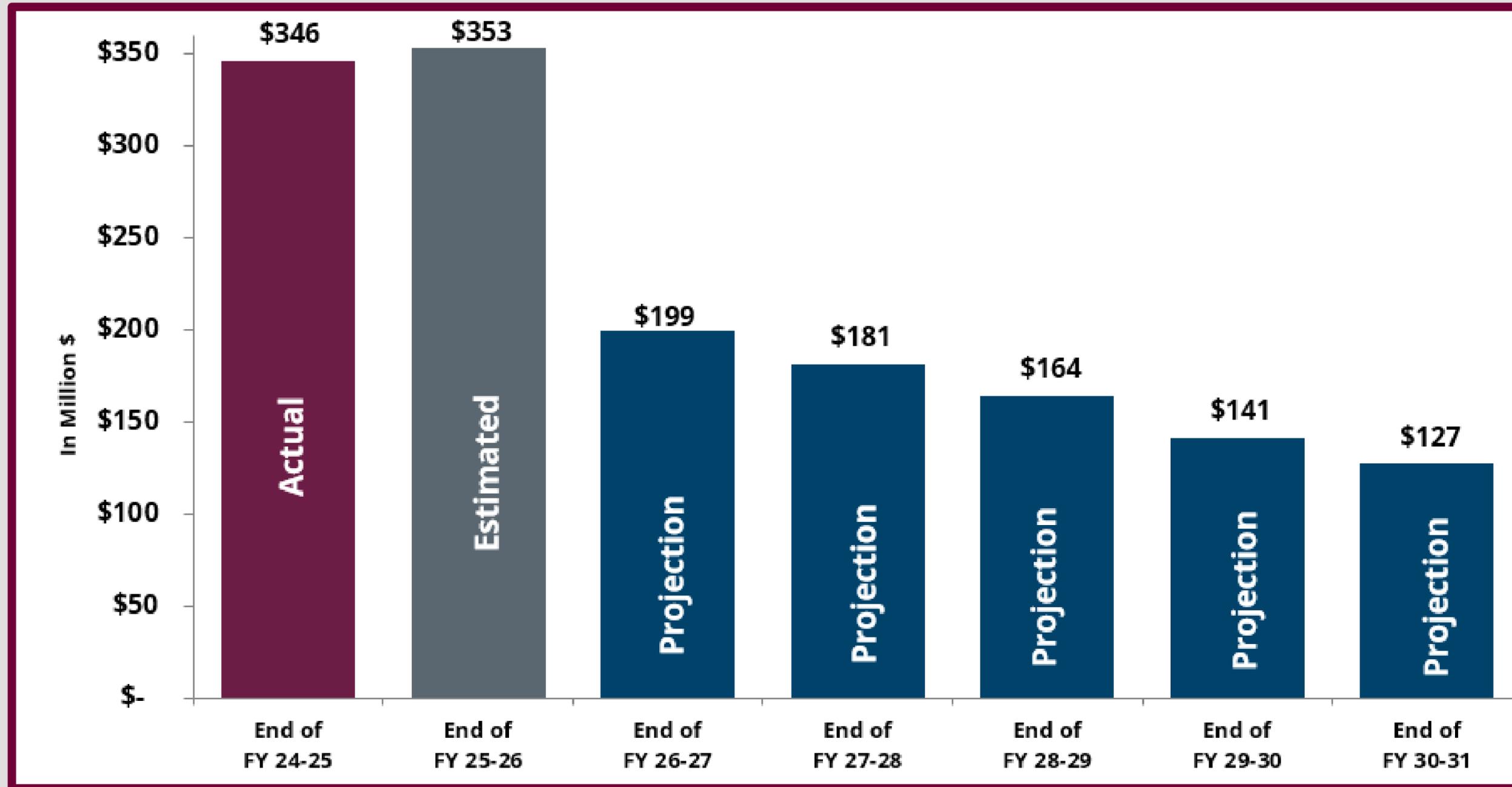
5-Year One-Time General Fund Balance Forecast

| | FY 26-27 | FY 27-28 | FY 28-29 | FY 29-30 | FY 30-31 |
|--|----------------------|---------------------|---------------------|--|---------------------|
| BEGINNING FUND BALANCE (estimate) | 352,972,886 | 198,912,492 | 181,312,967 | 163,663,198 | 141,195,029 |
| Additional One-Time Revenue/Savings | | | | | |
| One-Time Revenue from Forecast | 67,606,191 | 45,814,600 | 32,016,900 | 26,610,600 | 24,680,400 |
| Anticipated Solar Credit | | 8,300,000 | | | |
| Ambulance Loan Repayment | | | 1,968,431 | 1,968,431 | 1,968,431 |
| Developer Agreement Reserve | 450,000 | | | | |
| Impact Fee Loan Repayments | 500,000 | 450,000 | 450,000 | 450,000 | 400,000 |
| Total Addl' One-Time Revenue/Savings | 68,556,191 | 54,564,600 | 34,435,331 | 29,029,031 | 27,048,831 |
| TOTAL ONE-TIME FUNDS AVAILABLE | 421,529,077 | 253,477,092 | 215,748,298 | 192,692,229 | 168,243,860 |
| PROJECTED ONE-TIME EXPENDITURES / TRANSFERS OUT | | | | | |
| Strategic Economic Development Pymts/Reserve | (2,675,375) | (2,225,125) | (2,000,000) | (2,000,000) | (2,000,000) |
| Downtown Redevelopment Reserve | (500,000) | (500,000) | (500,000) | (500,000) | (500,000) |
| General Funded Capital Improvement Projects | (154,194,271) | (40,844,000) | (31,107,500) | (29,791,500) | (20,738,000) |
| Total Economic Development/Capital Projects | (157,369,646) | (43,569,125) | (33,607,500) | (32,291,500) | (23,238,000) |
| One-Time Personnel and Operations | (37,207,106) | (16,000,000) | (16,000,000) | (16,000,000) | (16,000,000) |
| Transfers to Airport Fund | (12,309,957) | (4,595,000) | (1,477,600) | (2,205,700) | (1,138,200) |
| Transfers to Ambulance Fund | (6,529,876) | - | - | - | - |
| Transfer to Insured Liability Fund | (1,700,000) | - | - | - | - |
| Transfer to Medical Self Insurance | (7,500,000) | (7,000,000) | | | |
| PSPRS Contribution to Maintain fully funded status | - | (1,000,000) | (1,000,000) | (1,000,000) | (1,000,000) |
| Total One-Time Operating | (65,246,939) | (28,595,000) | (18,477,600) | (19,205,700) | (18,138,200) |
| TOTAL ONE-TIME EXPENDITURES/TRANS OUT | (222,616,585) | (72,164,125) | (52,085,100) | (51,497,200) | (41,376,200) |
| ENDING FUND BALANCE | 198,912,492 | 181,312,967 | 163,663,198 | 141,195,029 | 126,867,660 |
| | | | | Minimum 4 months ongoing revenues for operations | 106,640,100 |

- 1 Maintain reserves sufficient to meet financial policies including PSPRS fully funded status
- 2 Reinvest in existing aging infrastructure and 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

Appropriated 15% Contingency (\$55.8M of fund balance), Council Contingency \$425K (\$350K one-time & \$75K ongoing), and other reserves

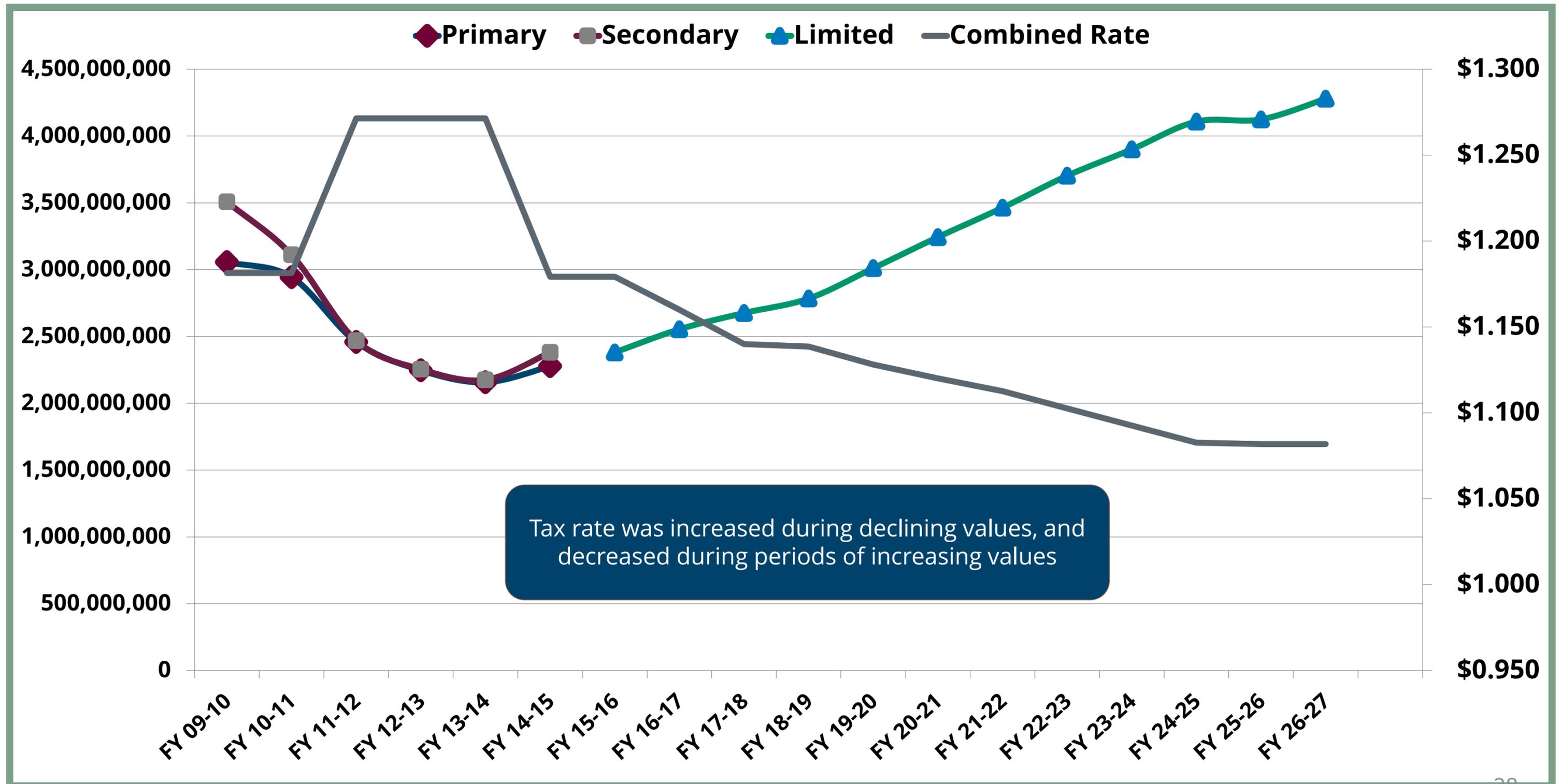
Proposed 5-Year One-Time General Fund Balance Forecast



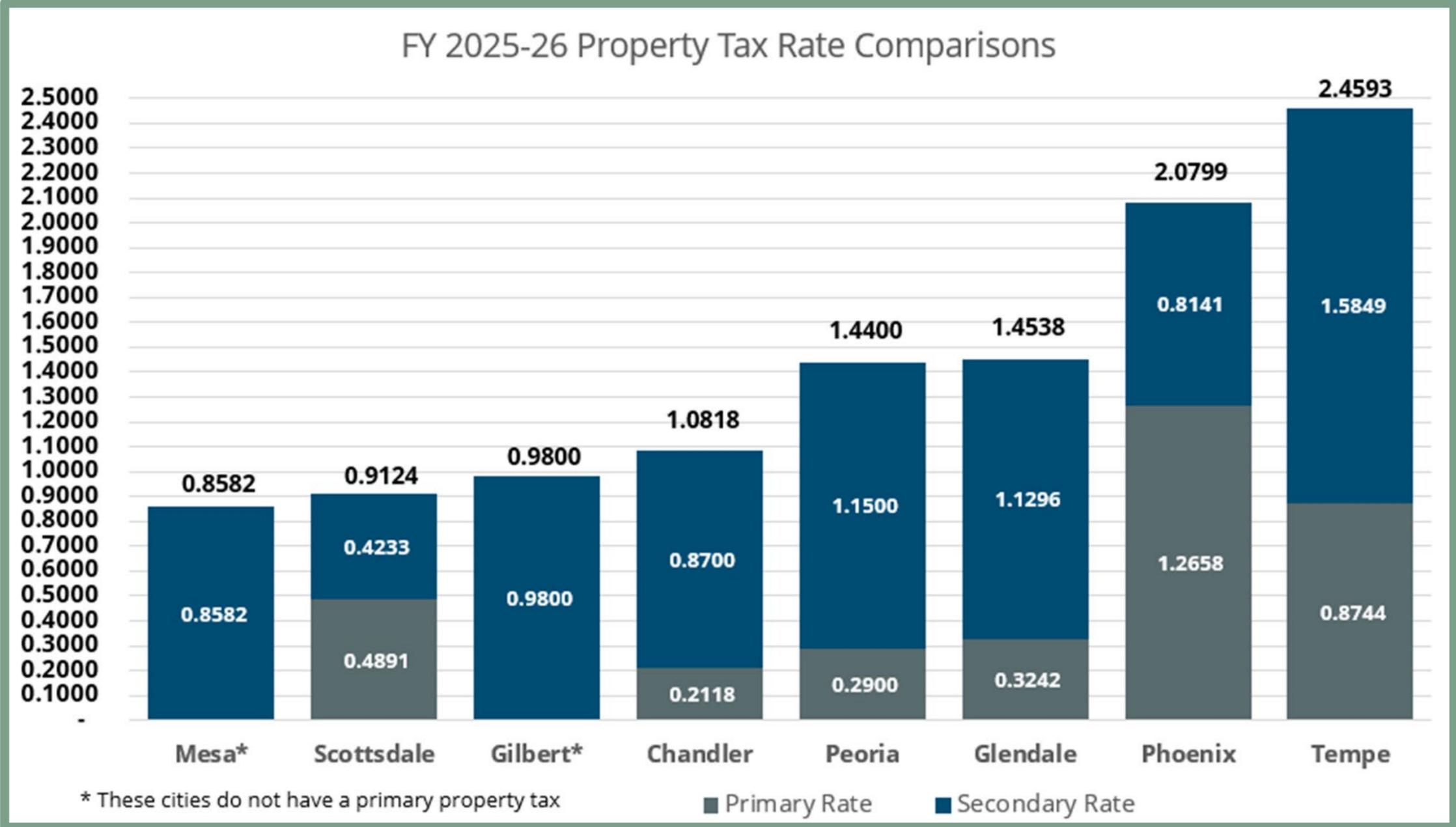
A family of three is sitting on a picnic blanket on a grassy field in a park. The mother is on the left, the father is on the right, and a young child is in the middle. They are all looking at something on the blanket. In the background, there are several green trees, a blue gazebo, and a playground structure. The sky is bright blue with scattered white clouds. A large white circle is overlaid on the left side of the image, containing the text.

Assessed Valuation and Property Tax Update

Property Valuation and Tax Rate History

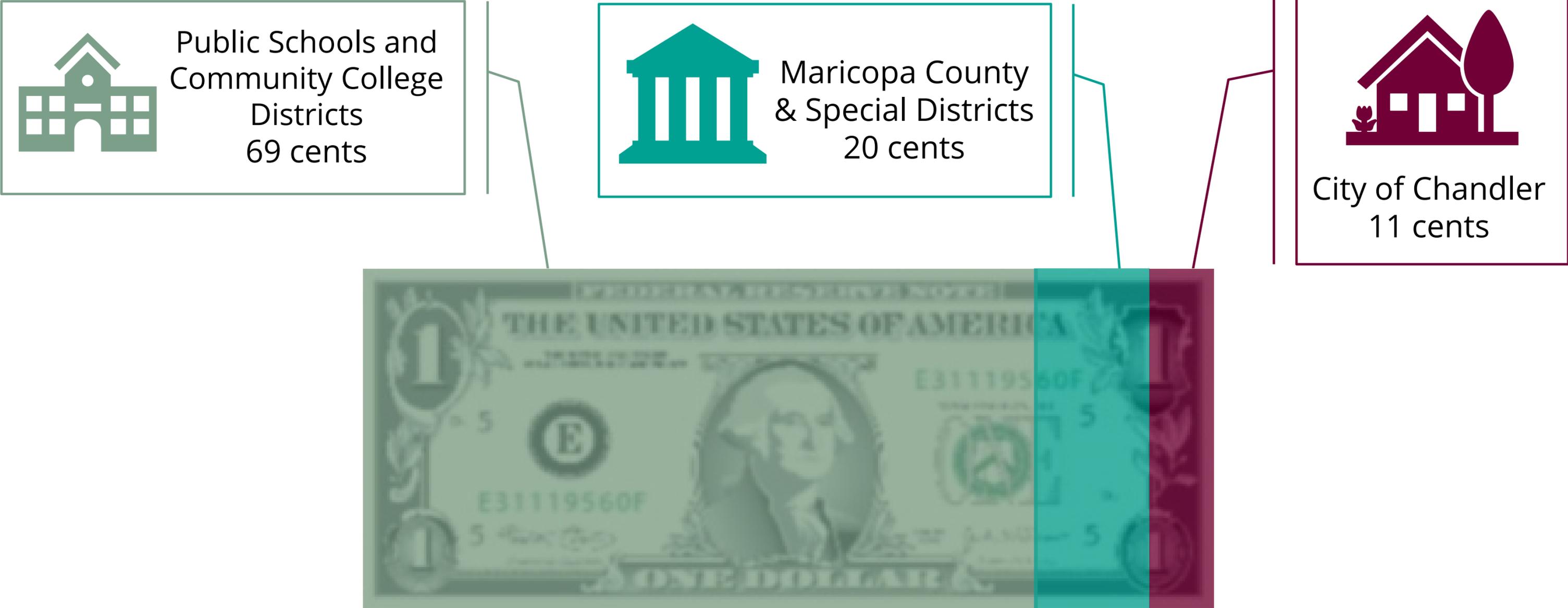


Property Tax Rate Comparison



Per \$100
of
Assessed
Value

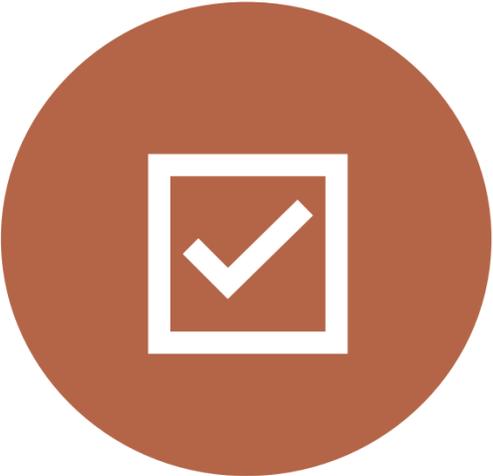
Breakdown of \$1 of Typical Chandler Property Tax Bill



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

Levy with Rates Unchanged

| Fiscal Year / Property Categories | Limited Property Value | Change in Limited Property Value | Tax Rate | Projected Levy (Primary + Secondary) |
|-----------------------------------|------------------------|----------------------------------|--|--------------------------------------|
| FY 2025-26 (Primary) | \$4,124,257,465 | +.39% | \$0.2118 | \$8,735,177 |
| (Secondary) | | | \$0.8700 | \$35,881,040 |
| FY 2025-26 Total | | | \$1.0818 | \$44,616,217 |
| FY 2026-27 (Primary) | \$4,279,590,063 | +3.77% | \$0.2118 | \$9,064,172 |
| (Secondary) | | | \$0.8700 | \$37,232,434 |
| FY 2026-27 Total | | | \$1.0818 | \$46,296,605 |
| | | | Levy Increase over Prior Year Primary | \$ 328,994 |
| | | | Levy Increase over Prior Year Secondary | \$ 1,351,394 |
| Net Centrally Valued | \$32,883,392 | -2.2% | +2.9% Appreciation +0.9% New Property | |
| Net Real Property | \$4,035,613,636 | 4.8% | | |
| Net Personal Property | \$211,093,035 | -11.9% | | |



Impact to Median Value Homeowner



| FY 2026-27 Rates | 2026 | 2027 | % Increase |
|--|-----------|-------------------------|------------|
| Full Cash Value (FCV) still estimated | \$440,300 | \$453,509 | 3.00% |
| Limited Property Value (LPV) | \$256,421 | \$269,242 | 5.00% |
| Assessed Limited Cash Value (10%) | \$25,642 | \$26,924 | 5.00% |
| Primary (\$0.2118/\$100 Assessed) | \$54.31 | \$57.03 | 5.00% |
| Secondary (\$0.87/\$100 Assessed) (Total rate \$1.0818) | \$223.09 | \$234.24 | 5.00% |
| Total City Property Tax Bill | \$277.40 | \$291.27 | 5.00% |
| Annual Increase | | \$13.87 \$1.16/month | |

**\$0.01 change to
Property Tax Rate
equals \$427,959**

**FY 2026-27 budget draft assumes primary tax rate remains flat,
allowing for capture of ongoing revenue which will require a Truth-in-Taxation process**

Notes: FY 2009-10 was last time Truth-in-Taxation process was required. There have been 10 consecutive years of primary rate reductions.

Key Budget Dates

| Budget Event | | Date |
|---|-----------------------------------|------------|
| Council Budget Kickoff | | Completed |
| Resident Budget Survey with Council Videos | | Completed |
| Council Workshop #1 | | Completed |
| Council Workshop #2 | | Tonight |
| Council Workshop #3 Capital Improvement Program | | 3/26/2026 |
| All Day Budget Briefing | | 5/1/2026 |
| Council Meetings | Tentative Adoption | 05/21/2026 |
| | Public Hearing and Final Adoption | 06/11/2026 |
| | Adoption of Tax Levy & Fee Action | 06/25/2026 |

Questions?



BOURBON JACKS

BOURBON JACKS
AMERICAN TAVERN

Original CropShop Co

Saba's

ELLIOTT'S STEAKHOUSE

SPORTS & GEAR

Saba's WESTERN WEAR

Chandler Arizona