



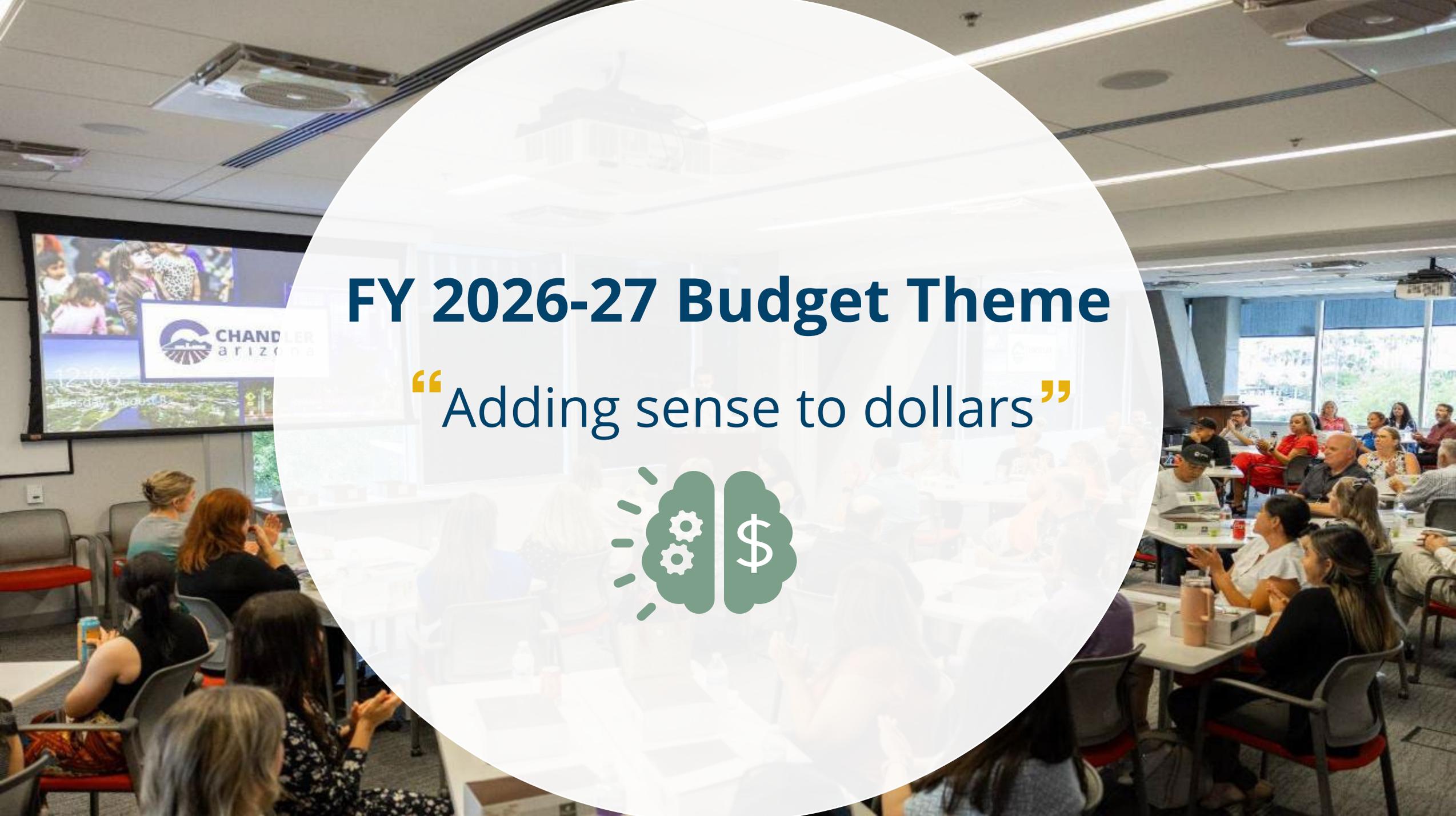
FY 2026-27 Budget Workshop #3 Capital Project Focus

**Council Conference Room
Thursday, March 26, 2026 | 4:00 p.m.**

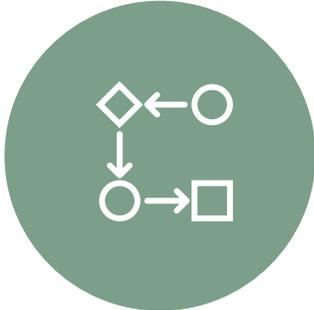


FY 2026-27 Budget Theme

“Adding sense to dollars”



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

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

Council/Resident Process

Staff Process

Strategic Framework Guides Our Decision Making

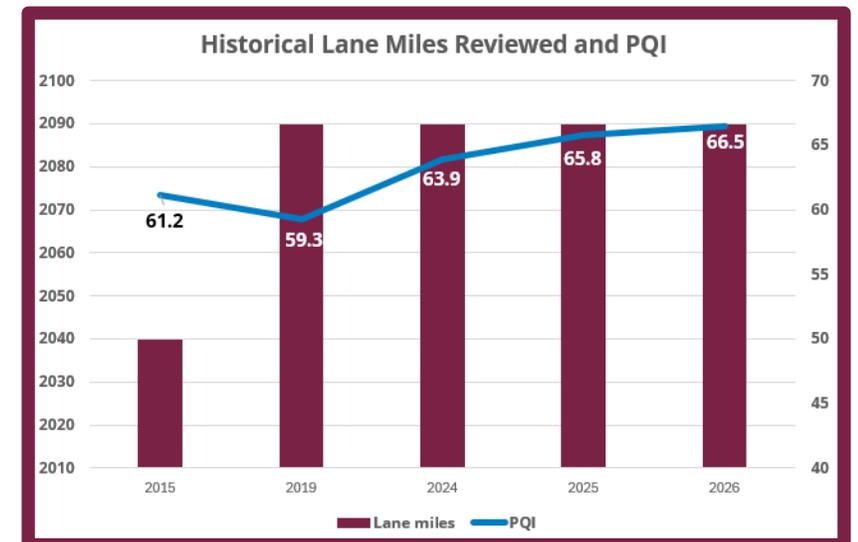
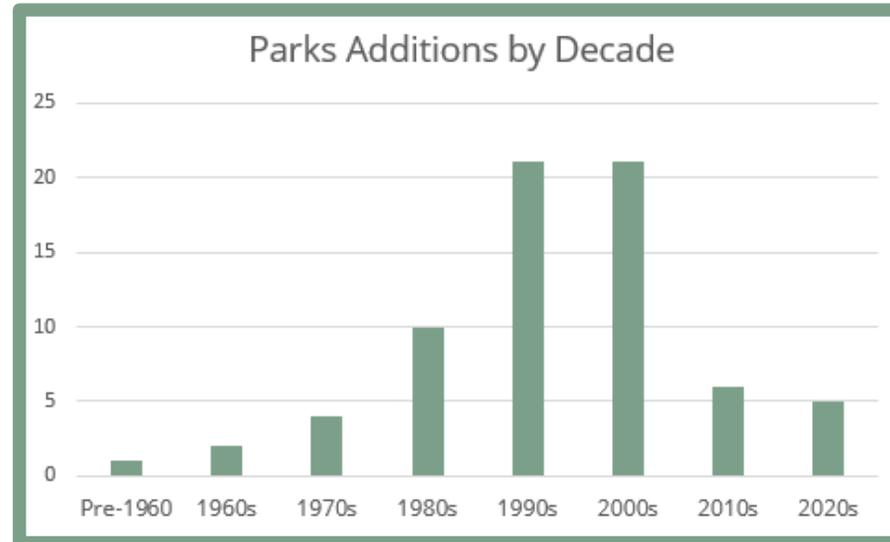
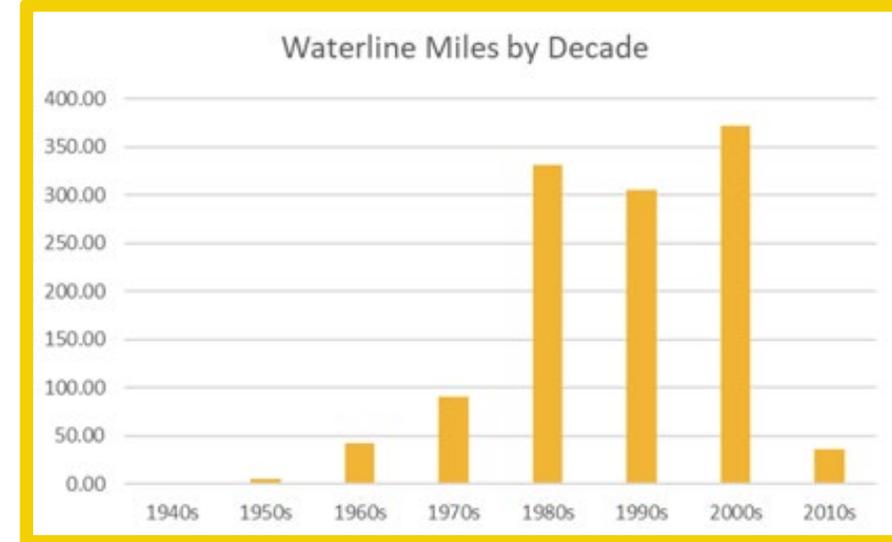
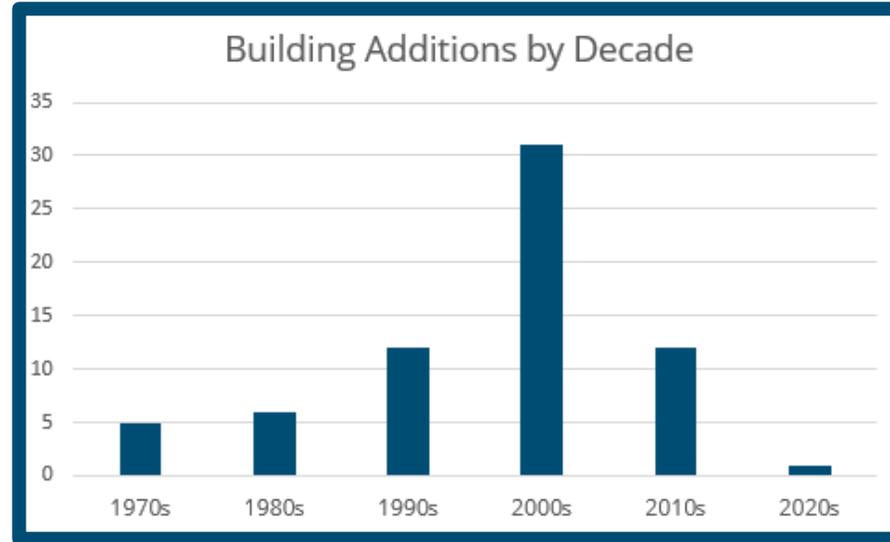




Capital and Infrastructure Overview and Progress



Capital Projects Historical View



Continued Focus on Chandler's Aging Infrastructure



65.75
square
miles



2,090
miles
of streets



28,610
street
lights



230
signalized
intersections



1,242
miles of
potable
water lines



1,040
miles of
sanitary
sewer



31
operating
wells



70 developed
parks
(1,348 acres)



55
lighted
fields



61
municipal
buildings



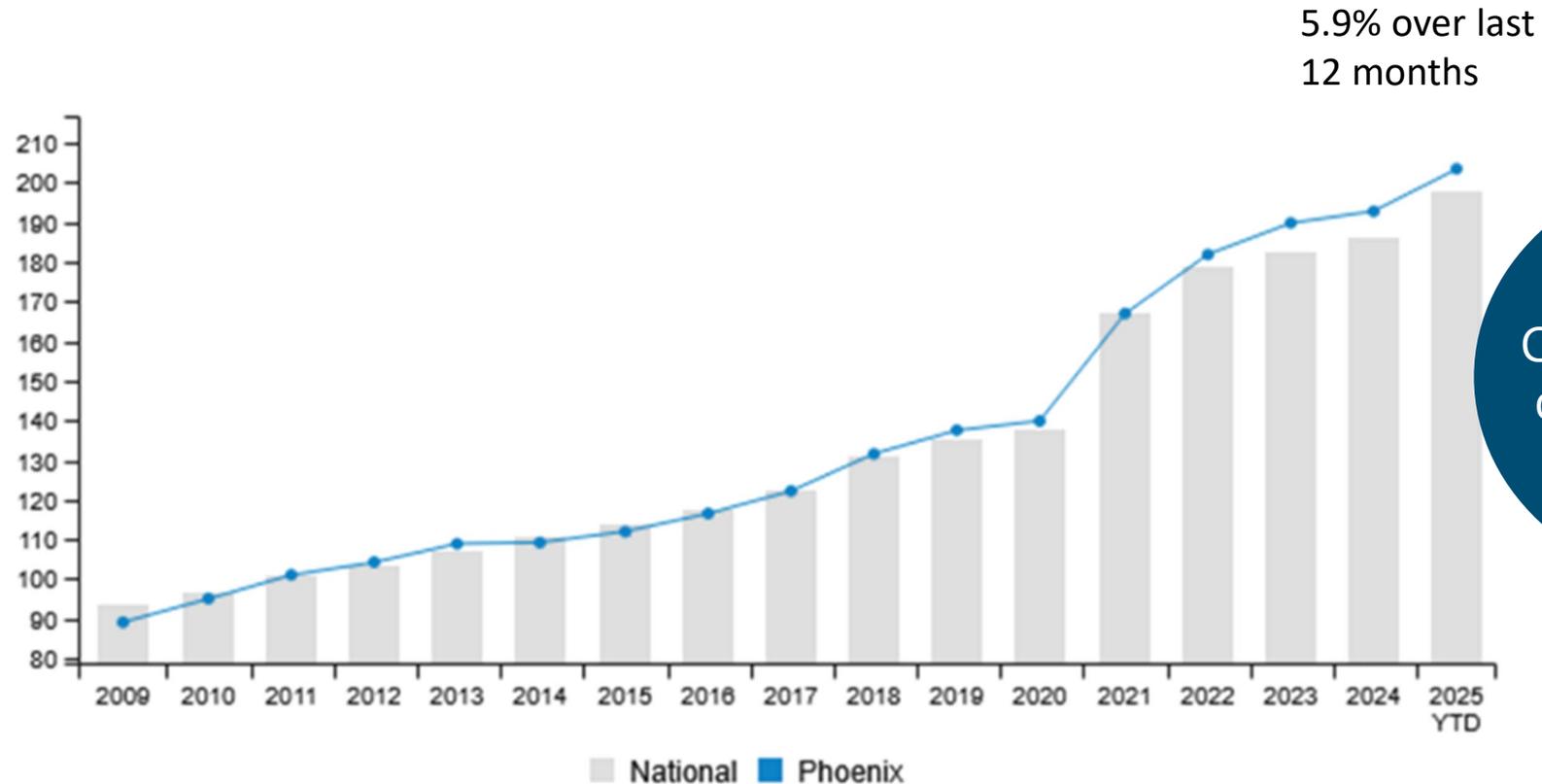
867 fleet
vehicles/
trucks



Maintaining
high quality
of life for our
residents

Capital Plan Inflation Impacts

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.

Bond Authorization

Type of Voter Approved Debt	Available Authorization After 2021 & 2023 Bond Sales	2025 Bond Election	Available Authorization	Winter 2026 Bond Sale	Fall 2026	Remaining Authorization
Parks/Recreation/Museum/Arts	\$ 52,130,000	\$ 158,000,000	\$ 210,130,000	\$ (28,450,000)	No bond sale in Fall 2026 as bonds are typically sold every other year	\$ 181,680,000
Streets	98,681,000	183,000,000	281,681,000	(70,530,000)		211,151,000
Public Safety- Police	55,340,000	46,000,000	101,340,000	(55,340,000)		46,000,000
Public Safety- Fire	15,181,000	88,000,000	103,181,000	-		103,181,000
Airport	494,000	-	494,000	-		\$ 494,000
Public Buildings (Facilities)	31,050,000	-	31,050,000	(7,350,000)		\$ 23,700,000
Stormwater	624,000	-	624,000	-		\$ 624,000
Library	3,680,000	-	3,680,000	-		\$ 3,680,000
Subtotal	\$ 257,180,000	\$ 475,000,000	\$ 732,180,000	\$ (161,670,000)		\$ 570,510,000
Landfill	4,935,000	-	4,935,000	-		\$ 4,935,000
Public Buildings	9,960,000	-	9,960,000	(6,230,000)		\$ 3,730,000
Water/Wastewater	-	-	-	-		\$ -
Total	\$ 272,075,000	\$ 475,000,000	\$ 747,075,000	\$ (167,900,000)		\$ 579,175,000



Maintaining high quality of life for our residents

Capital Projects Completed or Underway



Airport



- Taxiway B
- Hangar Area Pavement Project

Cultural Development

- Dr. AJ Chandler Park



- Wall Street





Building & Facilities

- 7 Fire Alarm systems were replaced across city facilities
- 7 Painting projects completed (i.e., interior and exterior work at City Hall, public safety buildings, recreation facilities, and historic properties)
- 2 Flooring projects completed at Tumbleweed Rec center and PD.
- 13 HVAC maintenance projects citywide
- Various electrical and structural enhancements citywide

Parks and Recreation

- Brooks Crossing Park Refurbishment
- Tumbleweed Multi-Gen Expansion and Pickleball Courts
- Discovery Library Bookmobile
- Gazelle Meadows
- Mesquite Groves Park Phases I, II



Police and Fire

- Fire Station 2 Rebuild
- Fire Dispatch Equipment Refresh



- Body-worn cameras
- Forensic Facility Design



Public Works Streets & Transportation Policy



- Chandler Heights - Gilbert Rd to Val Vista Dr - Phase 3
- Lindsay Road - Ocotillo Road to Hunt Highway
- Frye Road Bike Lanes



Public Works Utilities

- Pecos SCADA Upgrade
- Reclaimed Water Conveyance Improvement Pump Install
- 66" Sanitary Sewer Rehabilitation
- Water Main Replacements (Tyson and Sunset Manors)





**Proposed 10-Year
Capital Improvement
Program (CIP)**



Fiscal Foundations “Adding Sense to Dollars”

Current 10-Year CIP Council Guidelines

- Maintain secondary property tax rate flat
- Re-imagine resident amenities scheduled for replacement
- Prioritize aging infrastructure and plan for redevelopment
- Continue 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

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

10-Year CIP Overview

- 2027-2036 CIP total is \$2,951,458,398
- 73.1% of projects are funded with bonds
- Updated to reflect continued inflationary pressures
- Continued focus on aging infrastructure
- Includes \$1.43B in key infrastructure projects for water and wastewater
- Maintained a balanced CIP even as levy growth came in lower at +3.77% versus +4%

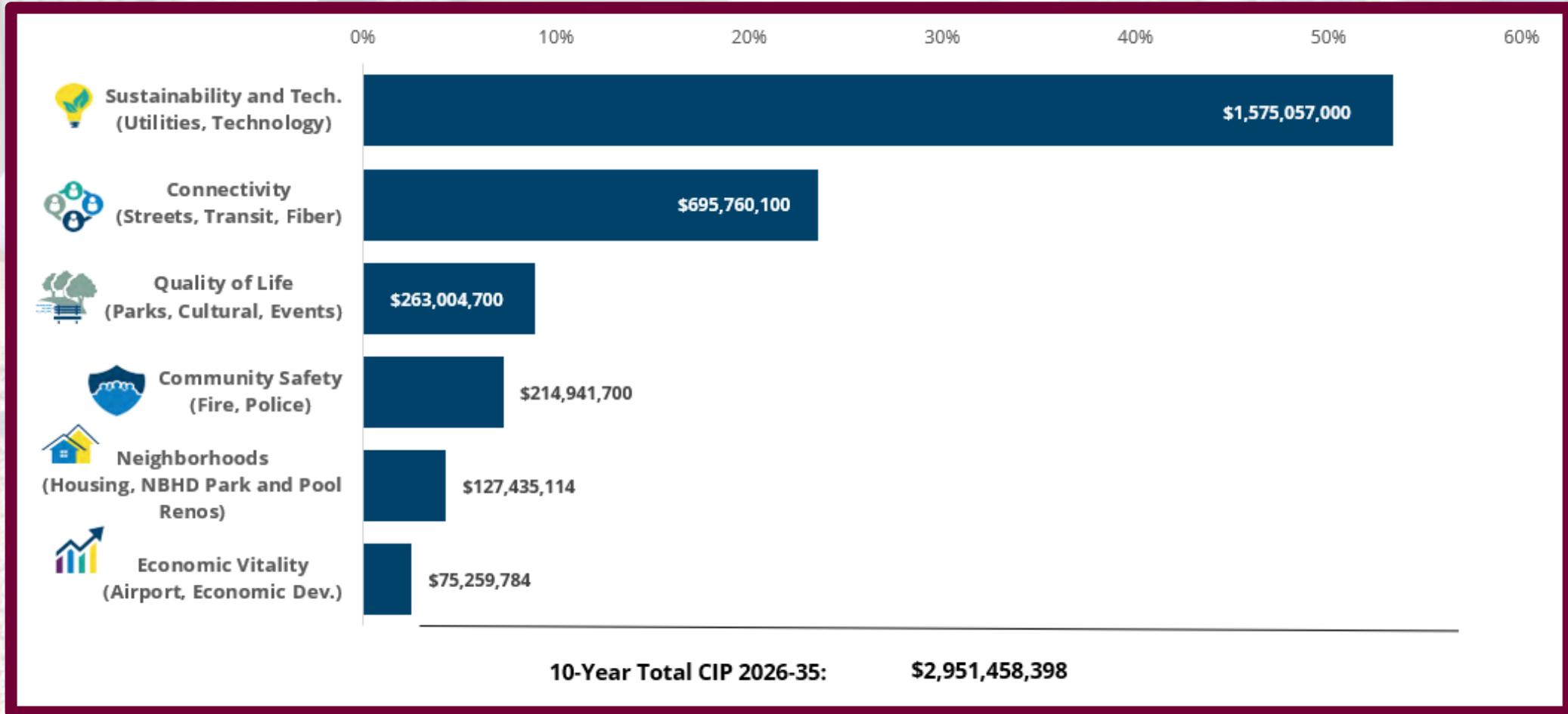


Hangar Area Pavement Replacement

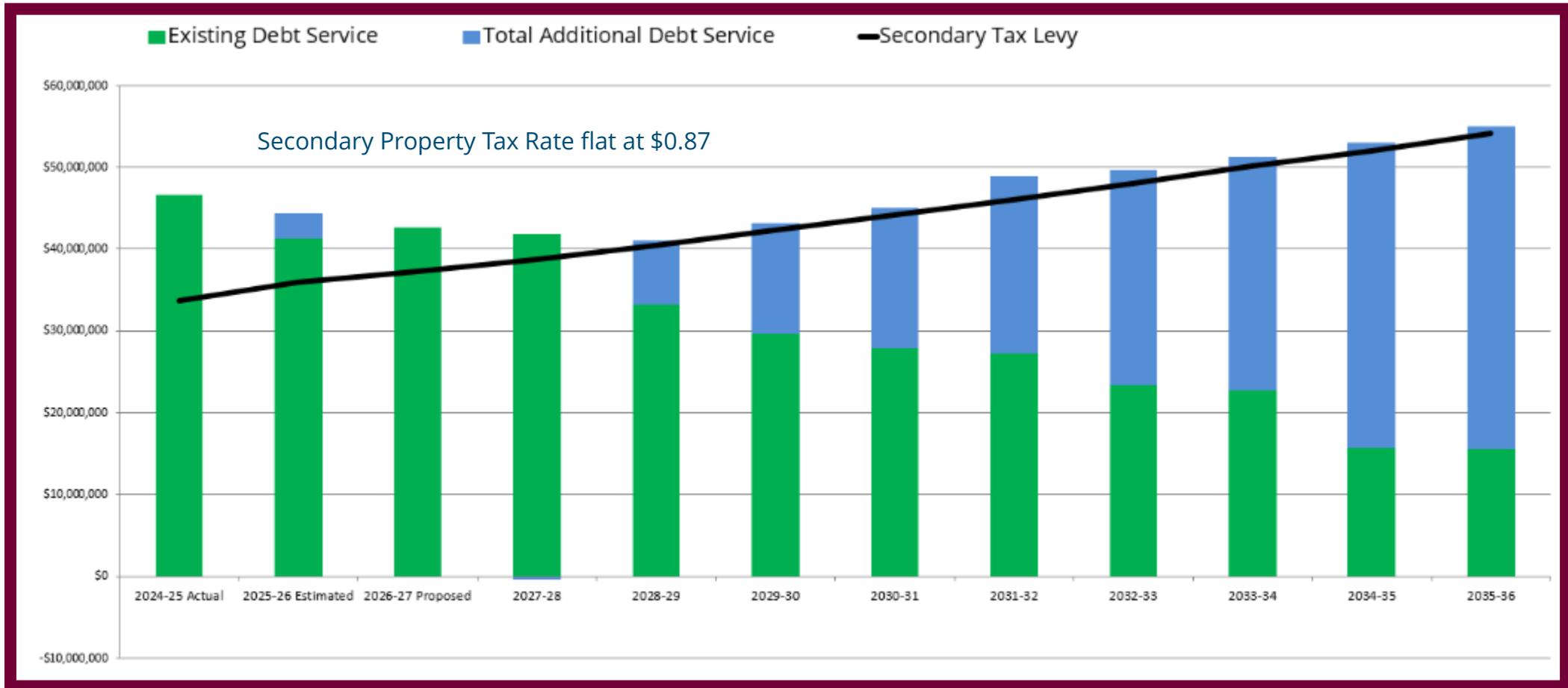
10-Year CIP Comparison by Department

Division	Prior 10-Year	Current 10-Year	Difference	% Difference
Airport Capital	\$76,067,929	\$73,227,784	-\$2,840,145	-3.7%
Buildings and Facilities Capital	\$49,080,000	\$47,908,000	-\$1,172,000	-2.4%
Cultural Development Capital	\$46,767,000	\$48,865,000	\$2,098,000	4.5%
Development Services Capital	\$28,840,000	\$32,795,000	\$3,955,000	13.7%
Economic Development Capital	\$0	\$4,750,000	\$4,750,000	N/A
Fire Capital	\$136,713,650	\$144,833,700	\$8,120,050	5.9%
IT Projects and Infrastructure Support Capital	\$28,093,000	\$18,471,000	-\$9,622,000	-34.3%
Non-Departmental Capital	\$6,070,100	\$1,122,000	-\$4,948,100	-81.5%
Parks Capital	\$295,131,685	\$276,728,000	-\$18,403,685	-6.2%
Police Capital	\$122,507,050	\$119,065,000	-\$3,442,050	-2.8%
Solid Waste Capital	\$1,823,000	\$3,425,000	\$1,602,000	87.9%
Streets Capital	\$542,424,608	\$706,087,914	\$163,663,306	30.2%
Transportation Policy Capital	\$40,614,000	\$38,994,000	-\$1,620,000	-4.0%
Wastewater Capital	\$453,329,000	\$514,443,000	\$61,114,000	13.5%
Water Capital	\$865,632,000	\$920,743,000	\$55,111,000	6.4%
Grand Total	\$2,693,093,022	\$2,951,458,398	\$258,365,376	9.6%

10-Year CIP by Focus Area

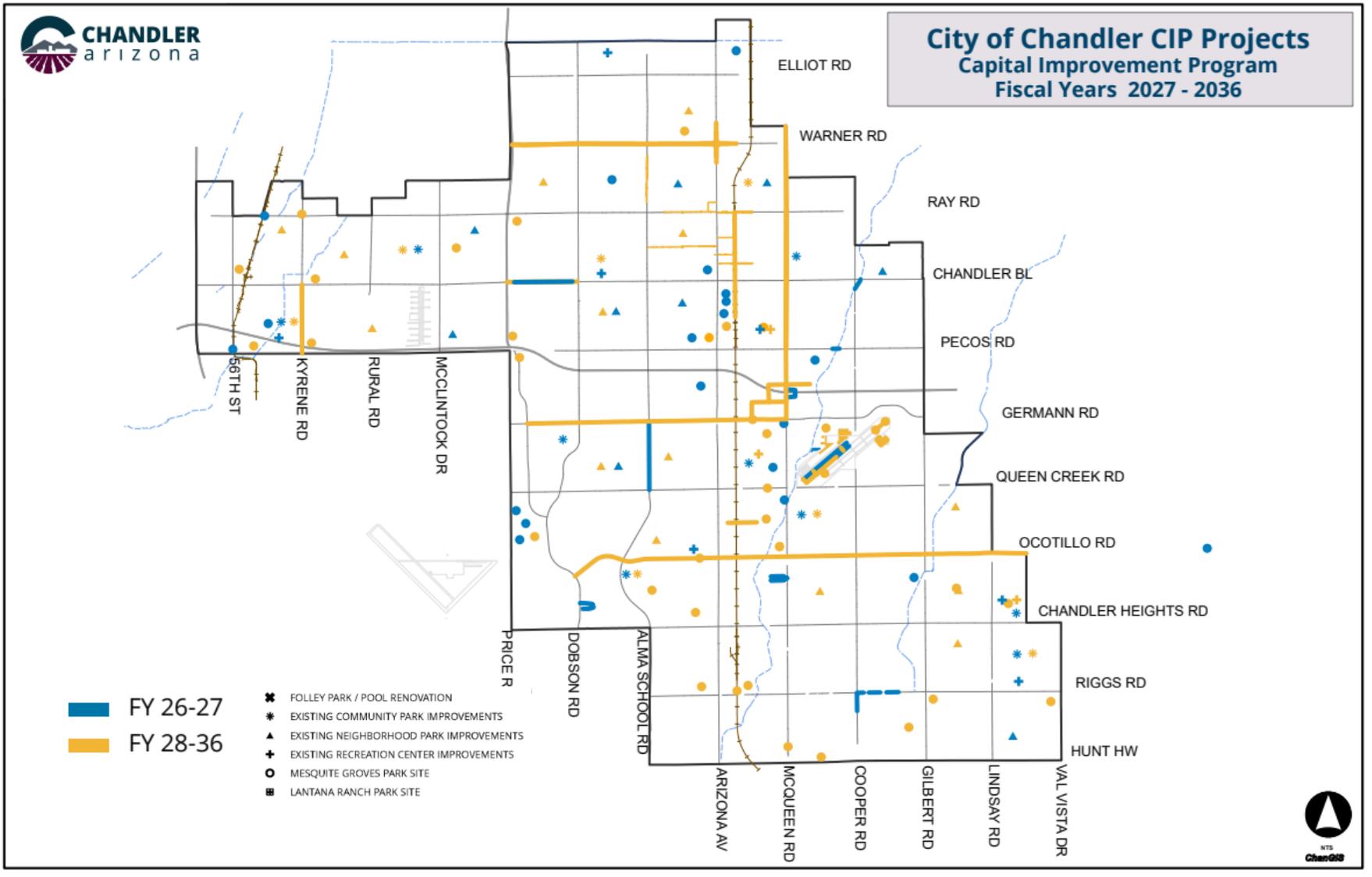


Debt Service and Tax Levy- Proposed CIP



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

CIP Projects Comprehensive Map





Review List of Projects in the Proposed 10-year Capital Improvement Program (CIP) (Handout)



Summary of Proposed Key General Government Capital Projects in the 1st 5-Years

Airport

- Taxiway B Construction
- Operations Garage
- Armory 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 Signal Additions

Fire

- Emergency Vehicle Replacements
- Public Safety Training Center
- Self Contained Breathing Apparatus Replacements
- Rebuild Fire Station #284 and Design of Station #12

Technology

- ERP Modernization, Network Upgrade

Police

- Forensic Services Facility
- Police Main Station Renovations
- Radio Communication Equipment

Street/Transportation Projects

- Street Repaving Program (\$135.7M in first 5-years)
- Washington Street Improvements
- Kyrene Road (Chandler Blvd to San Tan 202)
- Arizona Avenue/Warner Road Intersection
- Chandler Boulevard (Price Rd to Dobson Rd)
- McQueen Road Improvements (Warner Rd to Pecos Rd)

Summary of Proposed Key General Government Capital Projects in the 2nd 5-Years

Airport

- Airport Taxi Way Fillet Improvements
- Holding Aprons Construction
- Annual Pavement Maintenance Management

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 -Gym
- Tumbleweed Ranch

Development Services

- Citywide Fiber Upgrades
- Traffic Signal Additions

Fire

- Fire Emergency Vehicle Replacements
- Fire Station #12 (SDF reimbursable)
- Fire Fleet Building Replacement
- Ambulance Emergency Vehicles (Enterprise)

Police

- Body Worn Cameras
- Radio Communication Equipment

Street/Transportation Projects

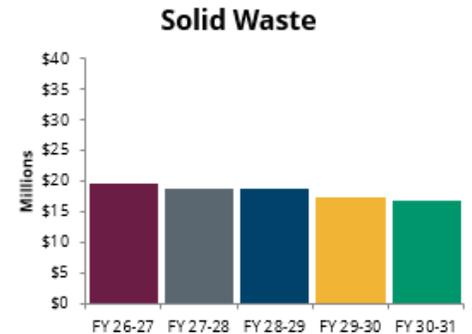
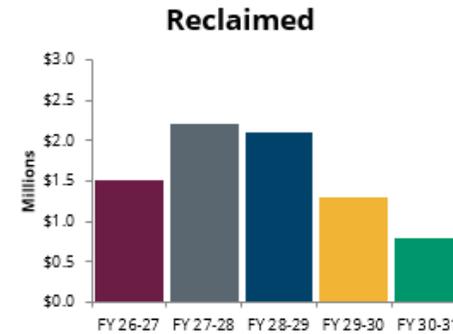
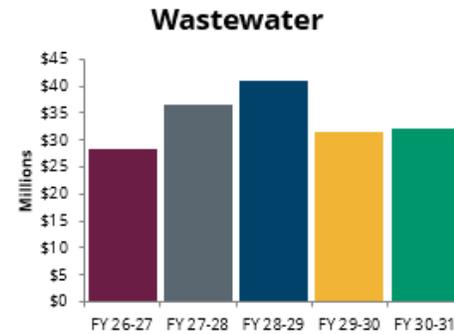
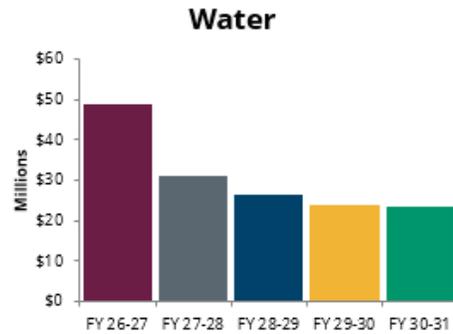
- Street Repaving
- Traffic Signals Improvements and Repairs
- Warner Road (Price Rd. to Arizona Ave.)
- Ray Road/Kyrene Road
- Appleby Road/Railroad Crossing
- Ocotillo Road Shared Use Path



Chandler Water & Wastewater Utilities: Major Projects & Rates

5-Year Enterprise Fund Balance Projections & Rates

Rate Models incorporate operating adjustments proposed in FY 2026-27 and CIP infrastructure project changes



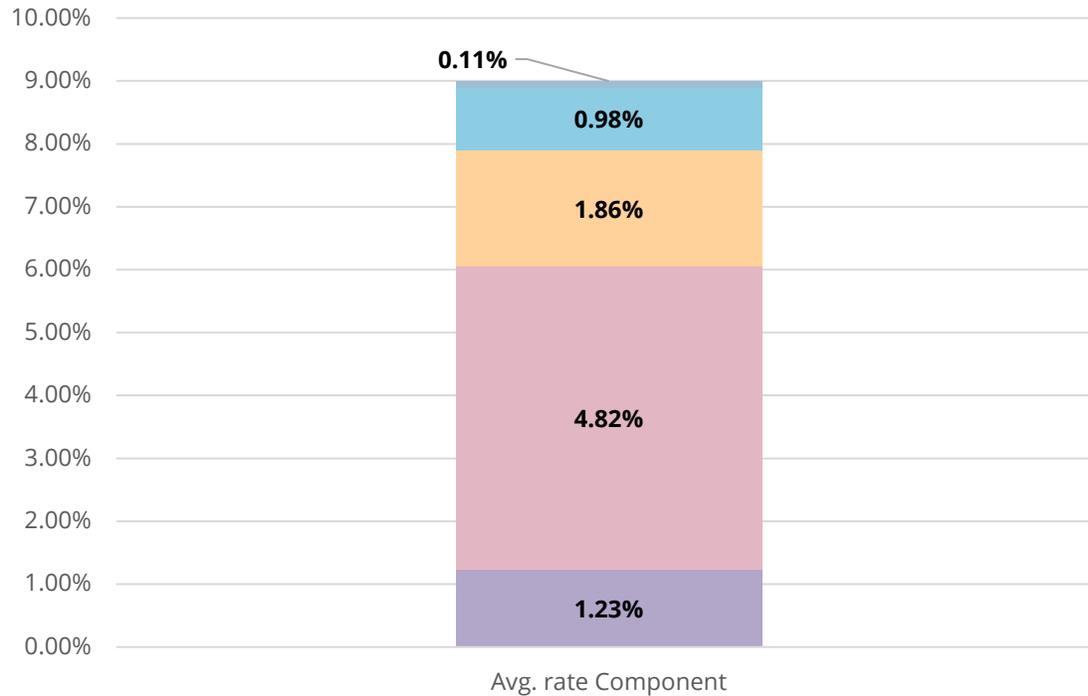
Water Rate Plan	Wastewater Rate Plan	Reclaimed Water Rate Plan	Solid Waste Rate Plan
<p>FY 2026-27 +9.0%</p> <p>FY 2027-28 +9.0%</p> <p>FY 2028-29 +9.0%</p> <ul style="list-style-type: none"> Maintains 20% Operating Reserve Focus on maintaining aging infrastructure: facilities, wells, water mains, and filters Focus on aging infrastructure has significant rate impact 	<p>FY 2026-27 +6.5%</p> <p>FY 2027-28 +6.5%</p> <p>FY 2028-29 +6.5%</p> <ul style="list-style-type: none"> Maintains 20% Operating Reserve Focus on maintaining aging infrastructure: facilities, wastewater mains Focus on aging infrastructure has significant rate impact 	<p>FY 2026-27 +9.0%</p> <p>FY 2027-28 +9.0%</p> <p>FY 2028-29 +9.0%</p> <ul style="list-style-type: none"> Maintains 20% Operating Reserve Rates support operating, water planning, conservation and adding capital costs 	<p>FY 2026-27 +4.5%</p> <p>FY 2027-28 +4.5%</p> <p>FY 2028-29 +4.5%</p> <ul style="list-style-type: none"> Maintains 15% Operating Reserve Addresses increased hauling and collection contract and nationwide recycling impact

Major Drivers - Water

- Operating increases for personnel, chemicals, utilities, and equipment
- Debt service and cash funded Water Treatment Production Facilities, Mains, and Water Purchases
- Upcoming CIP projects in FY 2026-27 include:
 - Water Production Facility Improvements (\$10.7M)
 - Water Treatment Plant Improvements (\$131M)
 - Main and Valve Replacements (\$8.5M)



Water Utility Rate Allocation



- Well Construction & Rehabilitation Debt Service & Cash Funded
- Water Distribution Systems Debt Service & Cash Funded
- Water Purchases Debt Service & Cash Funded
- Water Treatment Production Facilities Debt Service & Cash Funded
- Operating Increases



Each 1% rate change equates to about \$609,000 in revenue.

Improved Infrastructure – Pecos Water Plant Improvements

Water Treatment Plant Improvements at Pecos

A total of \$372.5M is being proposed in the new 10-year CIP for improvements to Water Treatment and Production Facilities



- 1 Filter Improvements
- 2 EQ Pump Replacement
- 3 Solids Dewatering Imp.
- 4 Chemical Systems
- 5 Advanced Treatment

Water Treatment and Production Facilities



New Infrastructure – Water Purchases



Bartlet Dam Expansion Partnership

- Increases reservoir storage on the Verde River by raising the dam height (alternatives up to ~100 feet)
- Captures and stores additional runoff during wet winters
- Improves regional drought resilience and long-term water supply reliability
- Creates hundreds of thousands of acre-feet of additional capacity depending on the final design shared with all partners
- Federal feasibility study and environmental review are underway.

\$49.5M in proposed CIP (+\$24M) is our anticipated share of design and assessment costs

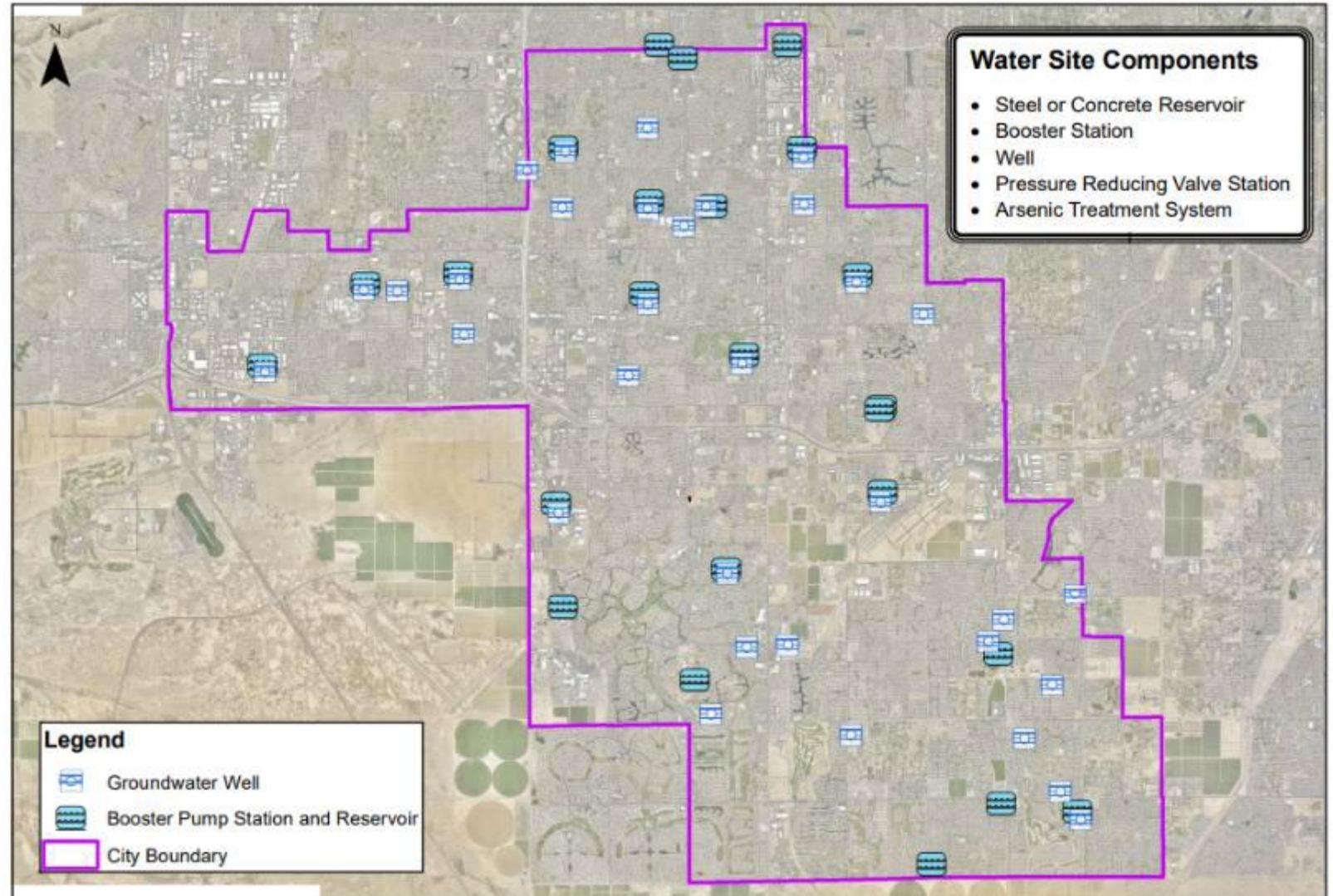
Aging Infrastructure – Water Production Facilities

The use and maintenance of ground wells is critical to Chandler's water portfolio

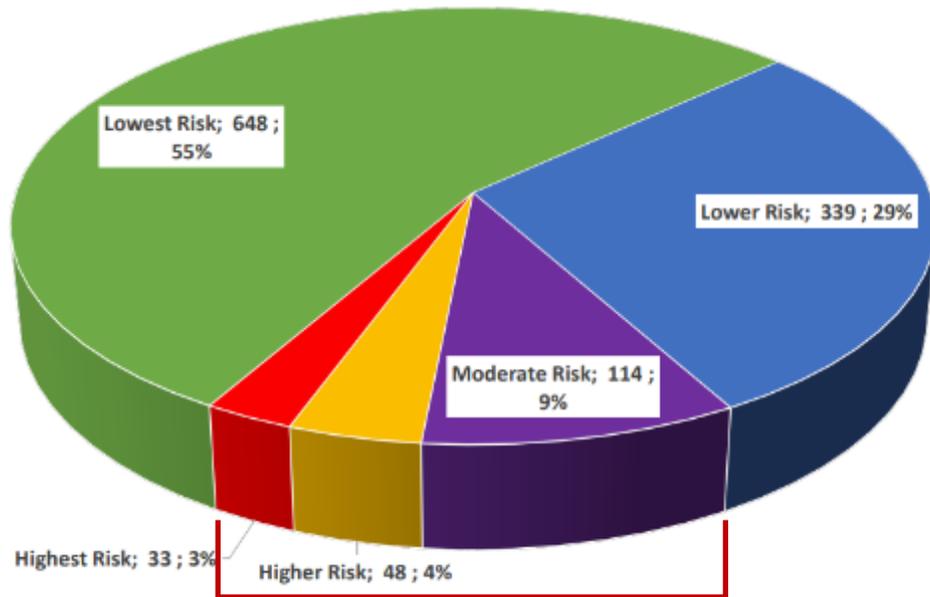
Booster station failures have become more of an issue, and the cost for rehabilitation is higher if earlier remediation is not done



Average age of these remote facilities is 25-years with the newest being 5-years and the oldest 41-years

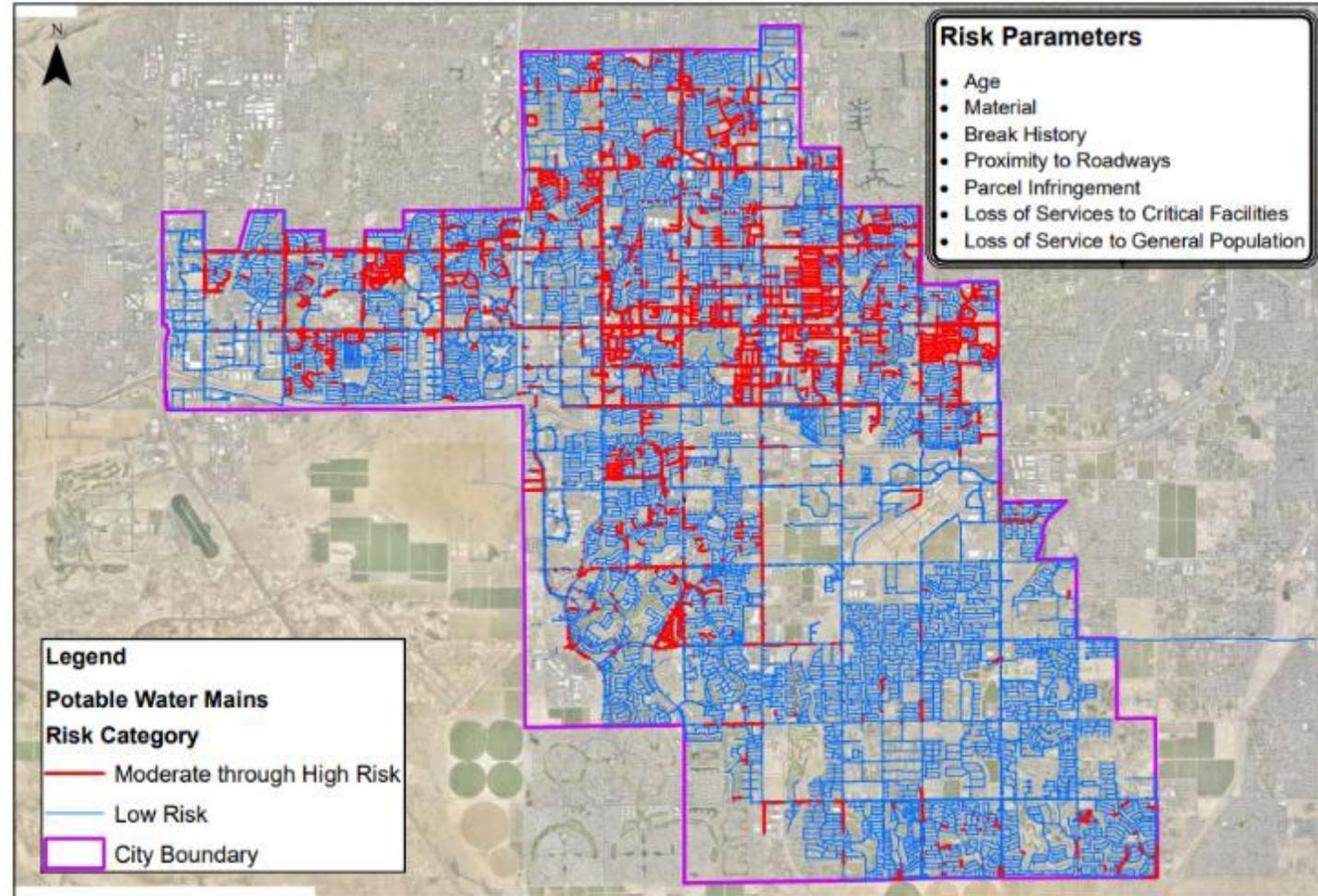


Aging Infrastructure – Watermains



Plan addresses these areas

Recommended replacement plan would start out averaging 2, escalating to 8 miles per year in FY 2033-34. Addresses all at risk lines over the next 30 years. Coordination with other projects is vital.

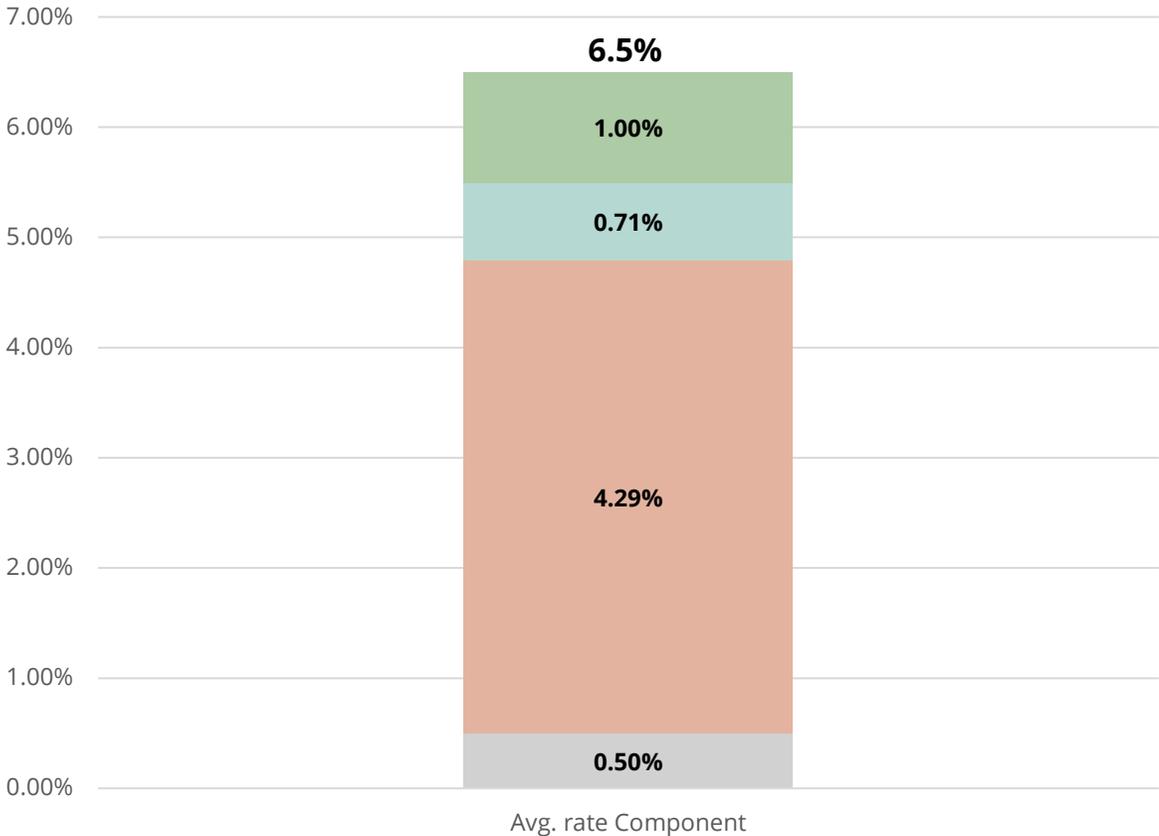


Major Drivers - Wastewater

- Operating increases for personnel, chemicals, utilities, and equipment
- Debt service and cash funded Wastewater and Reclaimed Facilities, Distribution, and Sewer Rehab
- Upcoming CIP projects in FY 2026-27 include:
 - Continuation of the 66" line under Loop (\$40.6)
 - Water Reclamation Facility Improvements (\$45M)
 - Sewer Assessment and Rehabilitation (\$10.7M)



Wastewater Utility Rate Allocation



- Wastewater Systems Improvements Debt Service & Cash Funded
- Wastewater Sewer Rehabilitation Debt Service & Cash Funded
- Wastewater & Reclaimed Facilities Debt Service & Cash Funded
- Operating Increases



Each 1% rate change equates to about \$552,000 in revenue.

Improved Infrastructure – Wastewater Treatment

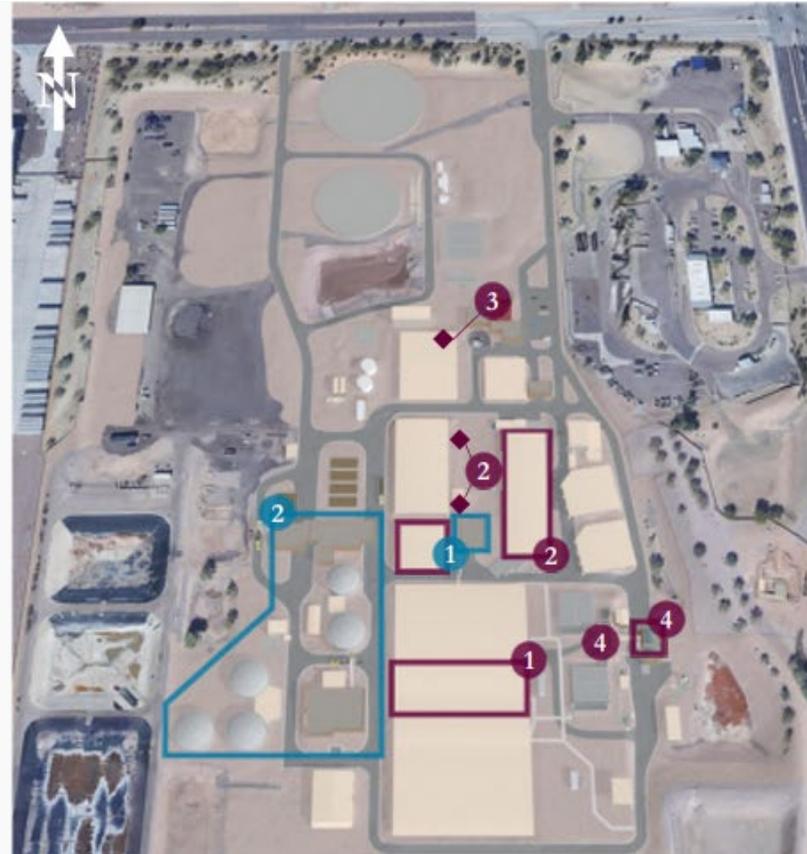
Wastewater facility improvements at AWARF

A total of \$249.3M is being proposed in the new 10-year CIP for improvements to Wastewater and Reclaimed Facilities

Wastewater and Reclaimed Facilities

STUDIES

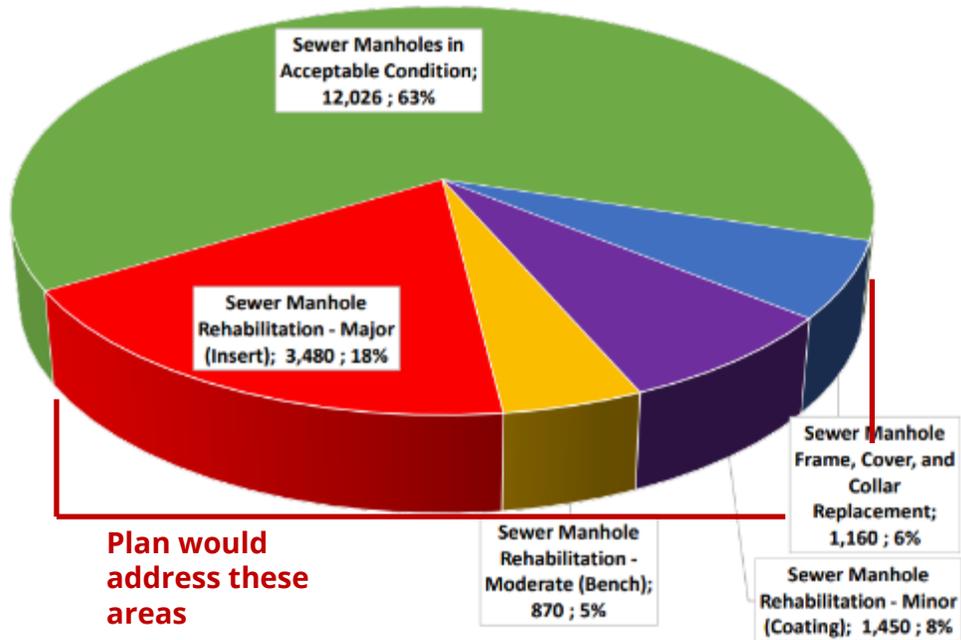
- 1 PROCESS AIR SYSTEM STUDY**
 - IDENTIFY OPTIONS FOR BLOWER OPTIMIZATION
- 2 SOLIDS FACILITIES OPTIMIZATION STUDY**
 - EVALUATION OF ALTERNATIVES TO OPTIMIZE THE SOLIDS HANDLING FACILITIES



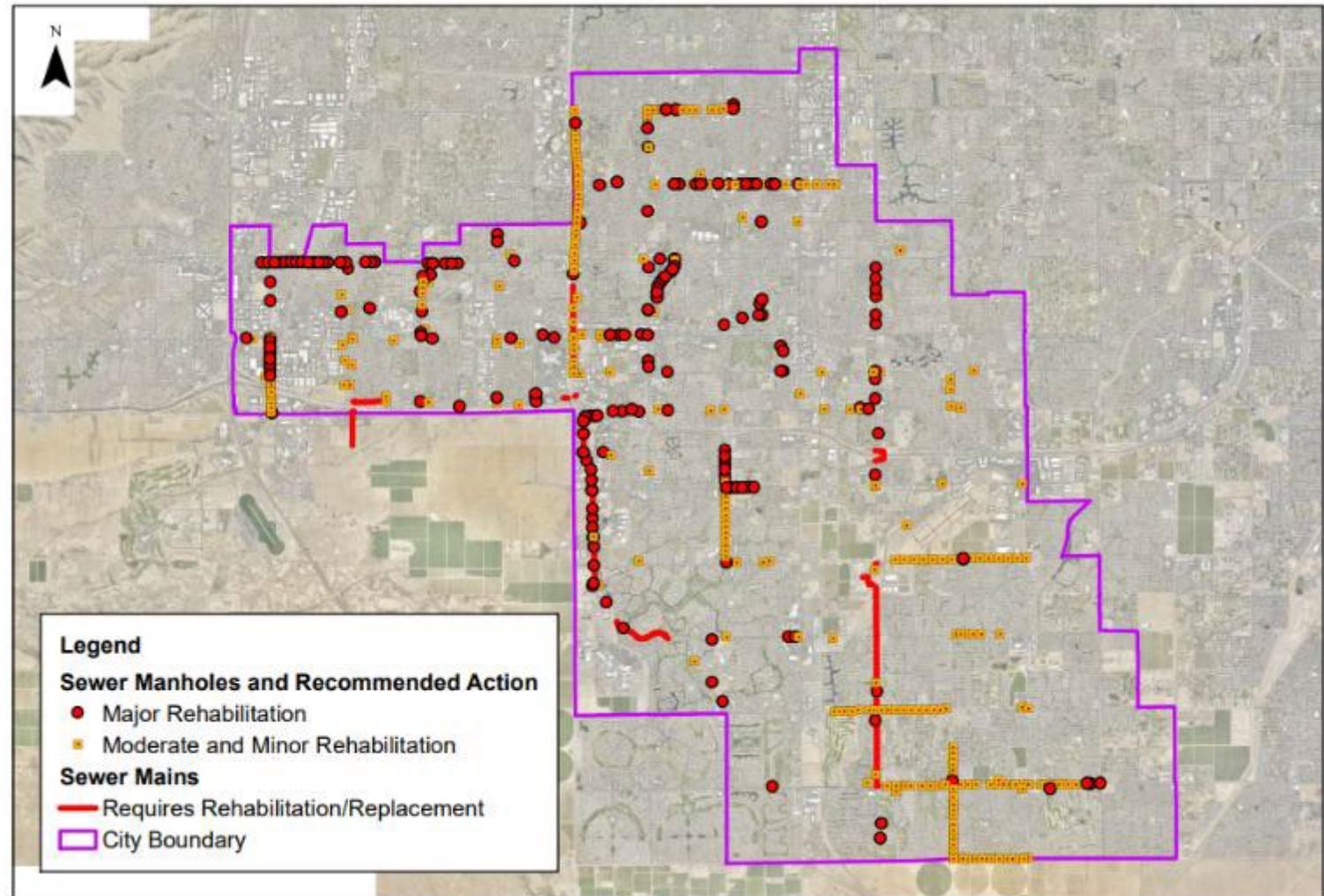
OTHER SCOPE ITEMS

- 1 AERATION BASINS NO. 5 & 6**
 - REPLACE DIFFUSERS, PIPE SUPPORTS, SMALL DIAMETER PIPING, AND GROUT
- 2 SECONDARY CLARIFIERS**
 - CONVERT MECHANISMS TO STAINLESS
 - REPLACE UNDERGROUND RAS CONTROL VALVE FOR NO. 1 & 3
- 3 DISC FILTERS**
 - INSTALL DISC FILTER NO. 6
- 4 MISC. IMPROVEMENTS**
 - HEADWORKS
 - REPLACE GRATING
 - REROUTE OF FOUL AIR SUCTION
 - INFLUENT PUMP STATION
 - REPLACE HATCHES AND REHAB STRUCTURE
 - SITE ACCESS
 - PRESTAGE BASIN 2 ACCESS

Aging Infrastructure – Wastewater Mains/Manholes

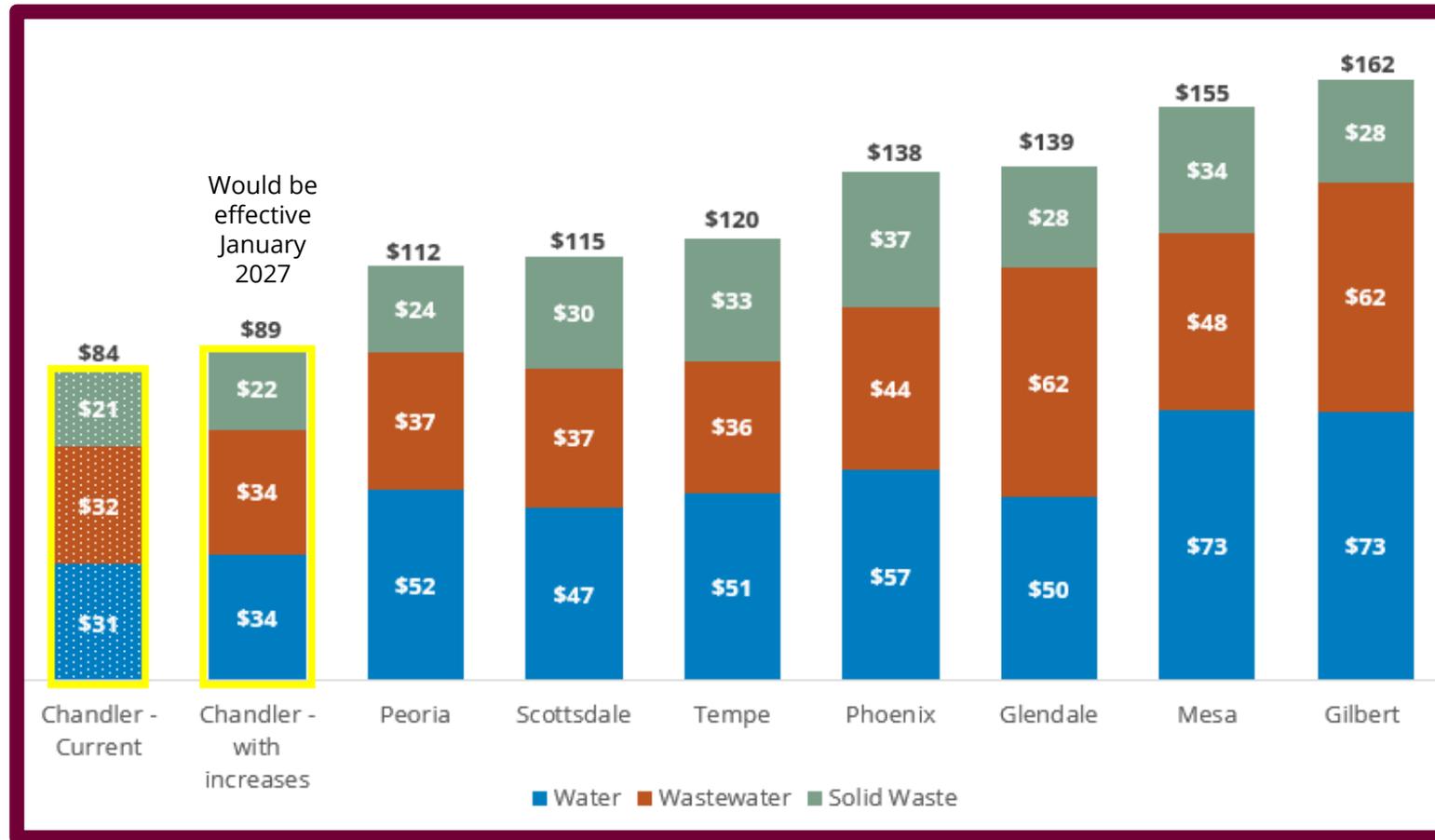


Recommended replacement plan would start out averaging 90 manholes per year, escalating to 350 per year over the next 30 years to address all 7,000 manholes that have known issues



Residential Cost Impact

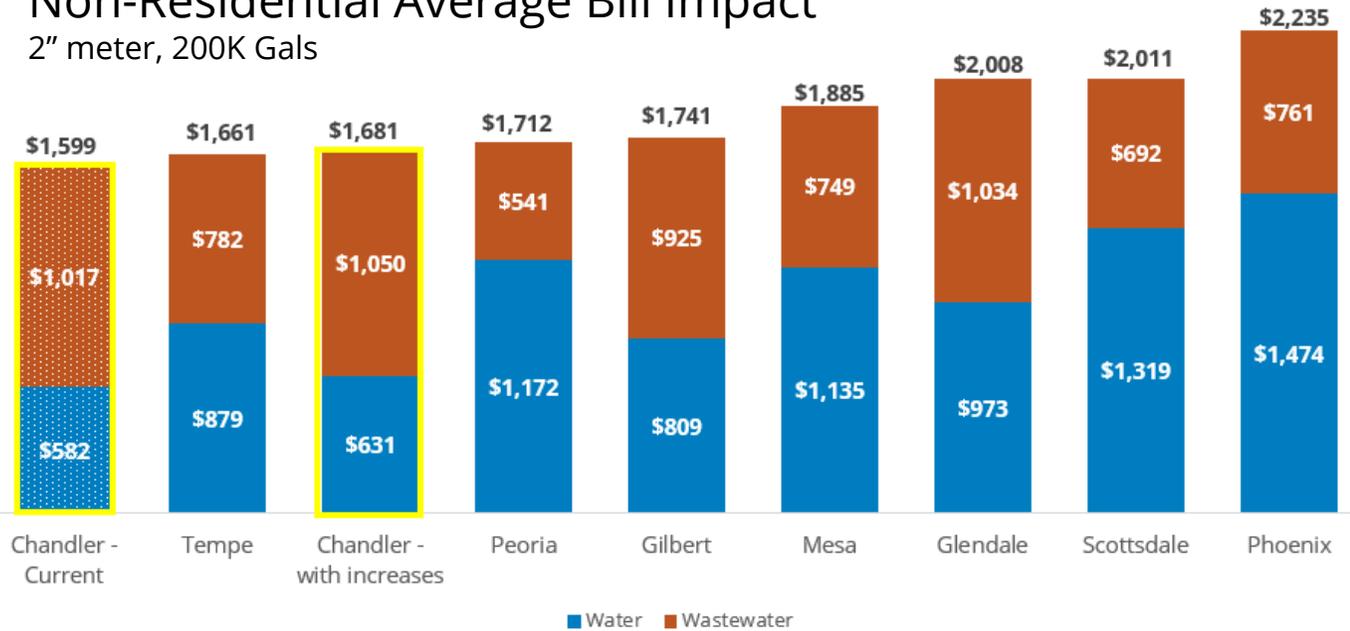
Single Family Average Monthly Bill Impact



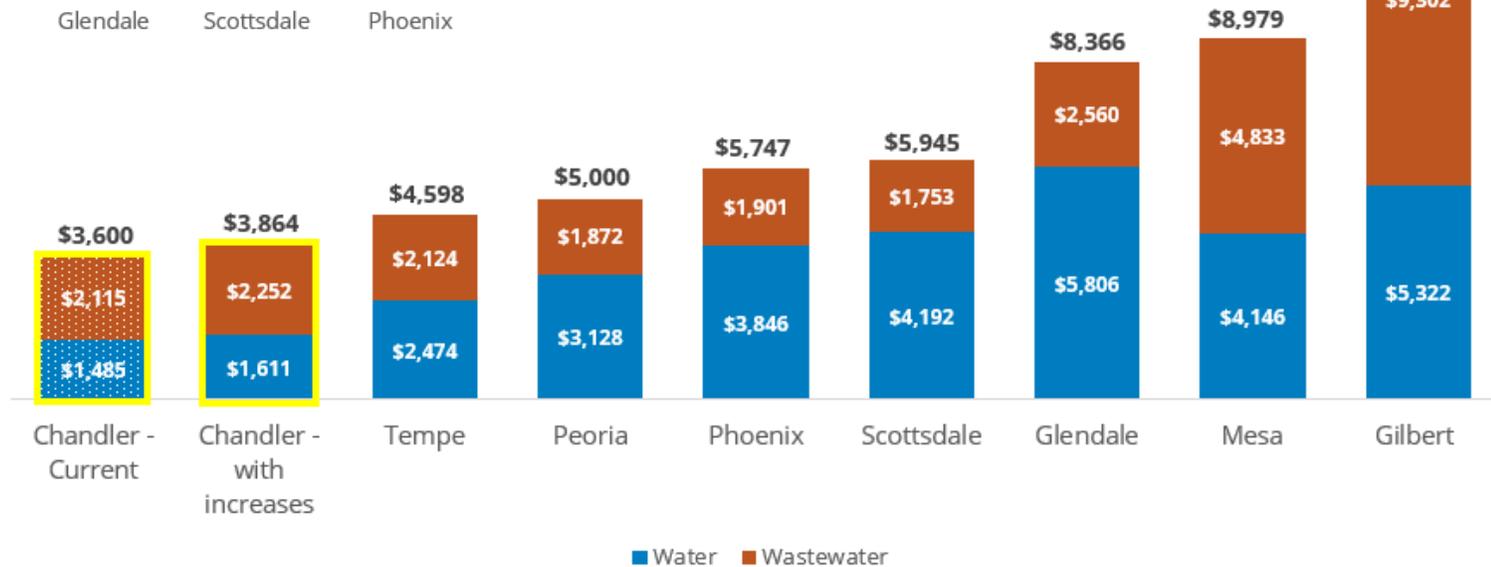
Estimated based on Tempe Cost of Service July 2025 results at 10,000 gallons 5/8 meter single family residential rates for FY 2025-26

Multi-Family / Non-Residential Cost Impact

Non-Residential Average Bill Impact
2" meter, 200K Gals



Multifamily Average Bill Impact
150 Units, 6" meter, 500K Gals



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		5/1/2026
Council Meetings	Tentative Adoption	05/21/2026
	Public Hearing and Final Adoption	06/11/2026
	Adoption of Tax Levy	06/25/2026

Questions?

