

CITY OF CHANDLER • BUDGET DEPARTMENT

FY 2027-28 Budget Kickoff

with Mayor and Council

Council Conference Room
Monday, October 12, 2026 | 4:30 p.m.





Goal

Review of prior year budget decisions and set the tone for the new year's budget process



A LOOK BACK

FY 2026-27 Budget Actions

1.5%

Sales tax rate held flat

Lowest in Arizona

\$1.0759

Low Property tax rate / \$100

Primary and Secondary combined

Financial Policies & Strong Reserves

Helps ensure AAA bond rating continues



Planned Water/Wastewater/Reclaimed & Solid Waste Rate changes keep funds self-supporting while maintaining low costs



Added funding for new three-year labor association contract and general employee adjustments

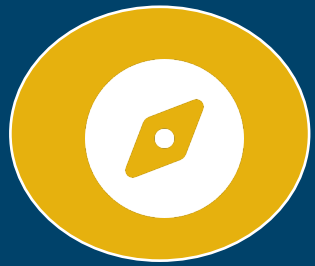


Increased capital budgets to compensate for inflation-affected projects, maintain aging infrastructure, and finishing planned parks, fiber and arterial streets



Major Personnel Actions:

- Converted one-time funded to permanent
- Positions to begin ambulance services
- Identified positions with a revenue or expenditure offset
- Enhanced public safety



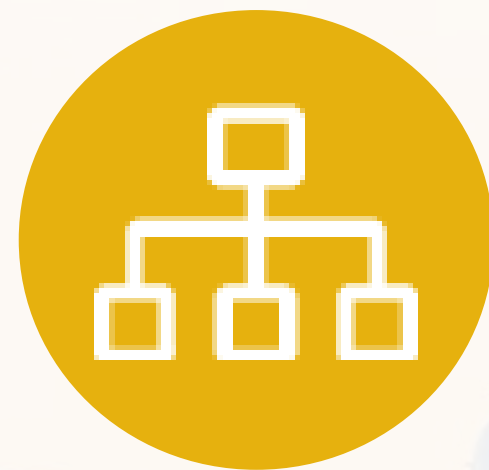
WHERE WE ARE

The Budget Process



Kickoff - Tonight

Allows for Council direction on Strategic Focus Areas, policies & guidelines; Resident Budget Survey launches



Dec. – Jan.

Departments submit Decision Package and CIP requests and CMO team analysis



Feb. – Mar.

Financial forecast, funding decisions brought to Council during workshop 1 in February and workshops 2 and 3 (CIP/Utility Rates) in March



April 30th

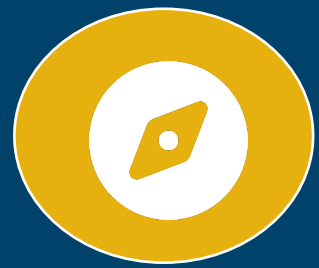
Proposed budget brought to Council for discussion at All-Day Budget Briefing

A photograph of two young men playing musical instruments. The man on the left is wearing sunglasses and a light-colored jacket, playing a saxophone. The man on the right is wearing a striped t-shirt and playing a double bass. They are standing in front of a building with large windows. The image is overlaid with a blue gradient on the left side where the text is located.

FY 2027-28 Budget Theme

“Sound Decisions: Amplifying Economic Growth”

This year's theme exemplifies how making sound choices today can fuel opportunity, strengthen our economy, and build a thriving Chandler for tomorrow.



GUIDES OUR DECISION MAKING

Strategic Framework Focus Areas



Community Safety



Connectivity



Economic Vitality



Neighborhoods



Quality of Life



**Sustainability &
Environment**

Budgetary Considerations

Economic
Bright
Side

Local Investment

Applied Materials
Costco Business Center
Din Tai Fung
Rosendin Electric
Seafood City
Texas Instruments
Toyota Financial Services

Resilient Consumer Spending

+3.7% State
+2.9% City
Privilege Tax Collections
through August

Easing Core Inflation

+1.3%
Core consumer prices

Phoenix metro
August 2026 vs. 2025

Budget implication: Revenue growth through local investment.

Budgetary Considerations

Economic Risks to Monitor

Slower Development

-17.5% Statewide
-19.6% Chandler

Housing permits Jan-
June 2026 vs. 2025

Energy Costs

+19.1%

Phoenix metro August
2026 vs. 2025

Federal Monetary Policy

+0.25 pts. rate adj.

Attempt to reduce inflation by
slowing economy

Higher Bond Interest
Slows economic investments

Budget implication: Could slow revenue growth and/or increase costs

The History

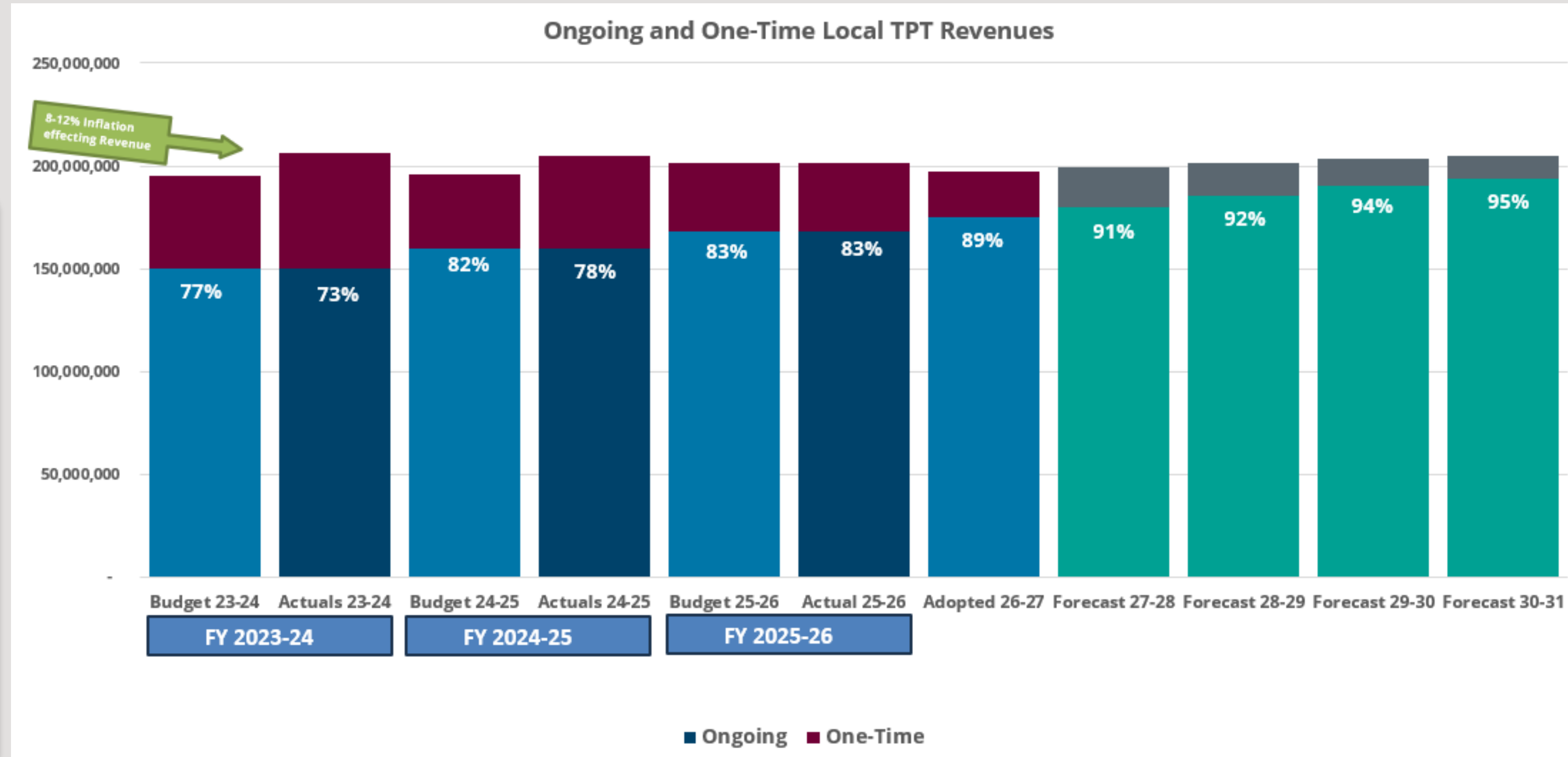
FY 2026-27 Budgetary Forecast Delineating Ongoing vs. One-Time

Transaction Privilege Tax (Sales Tax)

89% ongoing

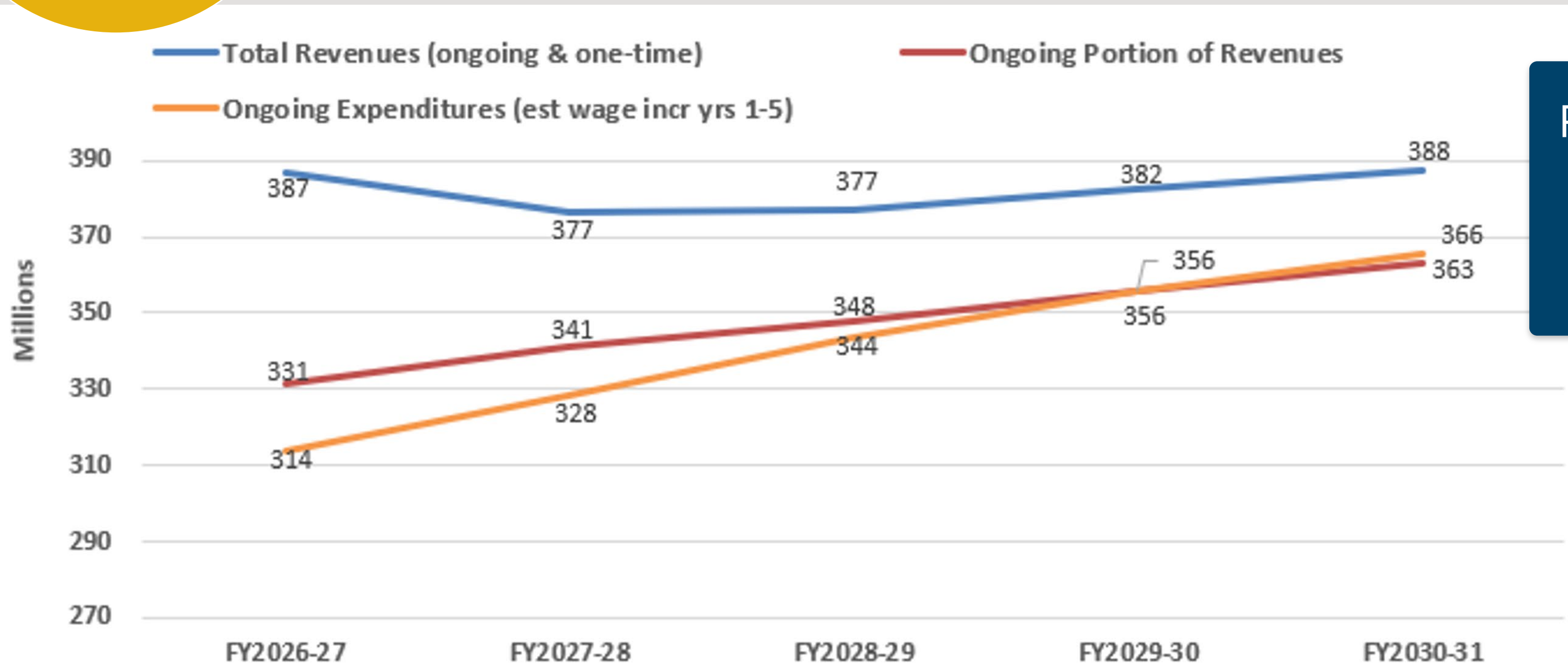
GF TPT budgeted this year
(11% one-time)

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



Still small
gap in out
year

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



Reserve & Long-range Financial Planning Policy compliant

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 are within current revenue assumptions for structural balance in years 1-4.

Budgetary Considerations: Revenues & Expenditures

- **City-wide General Fund Fee Study: Revenue**

- Align fees to cost to provide services

- **Property Tax Rates: Revenue**

- Primary - funding for general fund
- Secondary - funding increased costs in CIP debt service

- **Economic Development: Revenue**

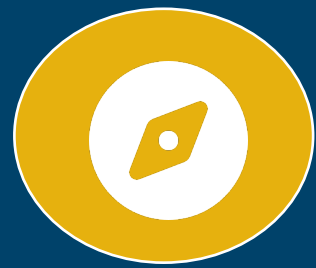
- Revenue generation
- CIP that drives long-term revenue

- **Capital Infrastructure: Expenditure**

- Align updates to general plan with capital project needs for planning



Maintain
Balanced
Structure
and
Balance



COUNCIL PRIORITIES

Philosophy for Ongoing Dollars



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 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



COUNCIL PRIORITIES

Philosophy for One-Time Dollars



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



CAPITAL

Capital Guidelines

- ~~Maintain~~ **Align** secondary property tax rate ~~flat~~ **to meet Council priorities**
- Reimagine 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





COMMUNITY INVOLVEMENT

Resident Budget Survey

- Run from Nov. – Jan.
 - Run ad campaign to encourage participation
 - Continue to expand outreach on social media
 - Facility signage with QR codes
 - Offered in English, Spanish, and Mandarin
 - 15 questions, 1-2 in each focus area with comment box
-
- Additional updates to questions or process?

Maintain similar Budget Survey process to generate community involvement

PARTICIPATION

1,343

Responses – FY 2026-27

1,135

Responses – FY 2025-26

Runs Nov – Jan. 15 questions, 1-2 per focus area, plus a comment box.



Financial Policies

- Accounting, Auditing, and Financial Reporting
- Capital Management
- Debt Management
- Grant Management
- Investment
- Long-Range Financial Planning
- Operating Management
- Pension Funding
- Reserve



Will review and bring to Council any recommended updates, along with the required update for the pension funding policy



COUNCIL APPROVED BUDGETING PRACTICES

Support Financial Sustainability

Maintain AAA bond ratings (highest rating possible) from Moody's, Fitch and S&P

- Continue adherence to all fiscal policies

Remain Structurally balanced

- Ongoing revenues support ongoing expenditures
- One-time revenues support one-time expenditures

Maintain strong reserves

- Targeted minimum reserve level in the General Fund (GF) is four-months of ongoing revenue
- 15% GF revenues appropriated as contingency reserve (part of minimum reserve)
- Budget Stabilization reserve

Balanced expenditure growth

- Focus on maintaining and/or modernizing existing services and repurpose existing budget first

Evaluate City-wide revenues from all sources



38th

**consecutive GFOA
Distinguished
Budget Award**





FY 2027-28 BUDGET PROCESS UPDATE

Modified Zero-Based Budgeting (MZBB)



- Ensures current budgets are right-sized based on services provided
- Reviews services, related expenditure category spending trends, and line-items
- Reviewing 6 Departments in current year
- Results reported at second budget workshop

Departments/Divisions in process:
Airport, CAPA , Mayor & Council, Development Services,
Police, and Public Works -Streets





FEEDBACK RECEIVED LAST BUDGET PROCESS

Council Process Changes Continued in FY 2026-27 Budget

- ✓ List department accomplishments without making them the focus of the presentation
- ✓ List all capital projects and decision packages, but focus presentations on the highlights
- ✓ Additional discussion of timing of projects where policy direction may be needed
- ✓ Hold All-Day Budget Briefing on non-Council meeting week

**Additional
thoughts for
new process
changes for
FY 2027-28?**



TENTATIVE SCHEDULE

Key Budget Dates

Budget Event		Date
Council Budget Kickoff		Tonight
Resident Budget Survey with Outreach Videos		Nov 2026-Jan 2027
Council Workshop 1		February 2027
Council Workshop 2		March 2027
Council Workshop 3 (incorporate how CIP impacts utility rates)		March 2027
All-Day Budget Brief		April 2027
Council Meetings:	Tentative Adoption	May 2027
	Public Hearing & Final Adoption	June 2027
	Adoption of Tax Levy	June 2027

Public comment opportunities are now a part of all of these budget meetings

Questions?

