

CITY OF MESA

Budget Update

March 26, 2009

Presented by the Budget & Research Office



General Fund Revenues

(without Sale of City Property or Grants)

| | <u>FY 2008/09 Budget</u> | <u>FY 2008/09 Revised - Nov 2008</u> | <u>FY 2008/09 Estimated EOY</u> | <u>FY 2008/09 Revised vs. FY 2008/09 Estimated</u> | |
|--------------------------------|------------------------------|--|-------------------------------------|--|--------------|
| City Sales Tax | \$124,188,000 | \$110,640,000 | \$108,857,000 | (\$1,783,000) | -1.6% |
| State Sales Tax | \$40,529,000 | \$38,464,000 | \$37,338,000 | (\$1,126,000) | -2.9% |
| Vehicle License Tax | \$18,214,000 | \$15,665,000 | \$15,230,000 | (\$435,000) | -2.8% |
| Licenses & Permits | \$14,070,000 | \$8,444,000 | \$9,360,000 | \$916,000 | 10.8% |
| Charges for Services | \$16,418,000 | \$15,010,000 | \$14,597,000 | (\$413,000) | -2.8% |
| Fines & Forfeitures | \$15,870,000 | \$11,705,000 | \$12,760,000 | \$1,055,000 | 9.0% |
| Urban Revenue Sharing | \$67,034,000 | \$67,034,000 | \$67,034,000 | \$0 | 0.0% |
| Interest | \$1,623,000 | \$1,511,000 | \$874,000 | (\$637,000) | -42.2% |
| Other Tax | \$2,398,000 | \$2,398,000 | \$1,915,000 | (\$483,000) | -20.1% |
| Other Receipts | <u>\$10,747,000</u> | <u>\$8,662,000</u> | <u>\$8,266,000</u> | <u>(\$396,000)</u> | <u>-4.6%</u> |
| Total | \$311,091,000 | \$279,533,000 | \$276,231,000 | (\$3,302,000) | -1.2% |

Other General Fund Revenues

| | <u>FY 2008/09 Budget</u> | <u>FY 2008/09 Revised - Nov 2008</u> | <u>FY 2008/09 Estimated EOY</u> | <u>FY 2008/09 Revised vs. FY 2008/09 Estimated</u> | |
|------------------------------|------------------------------|--|-------------------------------------|--|---------|
| Grants | \$22,547,000 | \$23,946,000 | \$26,367,000 | \$2,421,000 | 10.1% |
| Sale of City Property | \$146,000 | \$449,000 | \$12,578,000 | \$12,129,000 | 2701.3% |

Impact Fee Revenues

| | <u>FY 2008/09 Budget</u> | <u>FY 2008/09 Revised - Nov 2008</u> | <u>FY 2008/09 Estimated EOY</u> | <u>FY 2008/09 Revised vs. FY 2008/09 Estimated</u> | |
|---------------------------------------|------------------------------|--|-------------------------------------|--|---------------|
| General Government Impact Fees | \$7,083,000 | \$3,511,000 | \$2,756,000 | (\$755,000) | -21.5% |
| Enterprise Impact Fees | \$11,179,000 | \$5,591,000 | \$3,736,000 | (\$1,855,000) | -33.2% |
| Total | \$18,262,000 | \$9,102,000 | \$6,492,000 | (\$2,610,000) | -28.7% |

- Impact fee revenues were programmed to cover debt service costs. Loss of these revenues impact the General Fund and Enterprise Fund.

Expenditure Reductions in General Fund

| | <u>FY 2009/10 FTEs *</u> | <u>FY 2008/09 Impact</u> | <u>FY 2009/10 Impact</u> |
|--|------------------------------|------------------------------|------------------------------|
| Citywide Reductions | | | |
| Compensation Adjustments | | (\$6,810,000) | (\$14,362,000) |
| Enterprise Cost Savings & Efficiency Gains | | (\$5,000,000) | (\$5,000,000) |
| Other Adjustments | | (\$3,740,000) | (\$2,540,000) |
| Total Citywide | | <u>(\$15,550,000)</u> | <u>(\$21,902,000)</u> |
| Department Reductions | (386) | (\$25,038,000) | (\$40,526,000) |
| Total Reductions | (386) | (\$40,588,000) | (\$62,428,000) |
| One-Time Reductions | | (\$10,959,000) | (\$1,620,000) |
| Net On-going Reductions | (386) | (\$29,629,000) | (\$60,808,000) |

- As Presented to Council in December 2008

* FTE reductions will be lower due to the change in Municipal Security outsourcing plans and sworn Public Safety attrition patterns and grant considerations.

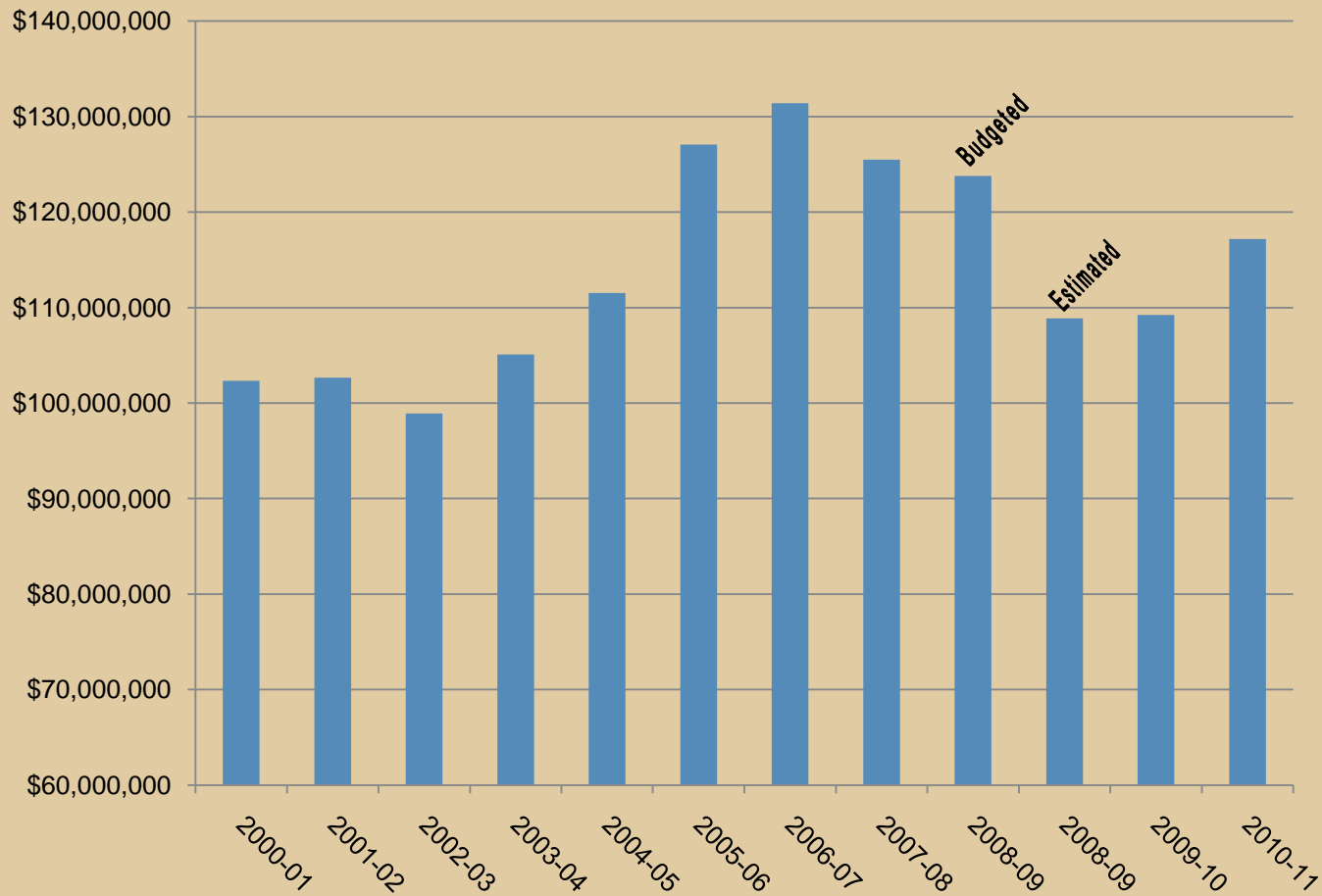
FY 2008/09 Revised Budget

| | <u>FY 2008/09 Budget</u> | <u>FY 2008/09 Budget Reductions</u> | <u>FY 2008/09 Revised Budget</u> |
|--|------------------------------|---|--------------------------------------|
| General Governmental Operations & Maintenance | \$386,789,000 | (\$24,964,000) | \$361,825,000 |
| General Fund: Grants, Debt Service, Capital & Contingency | <u>\$80,325,000</u> | <u>(\$4,665,000)</u> | <u>\$75,660,000</u> |
| Total Expenditures | \$467,114,000 | (\$29,629,000) | \$437,485,000 |

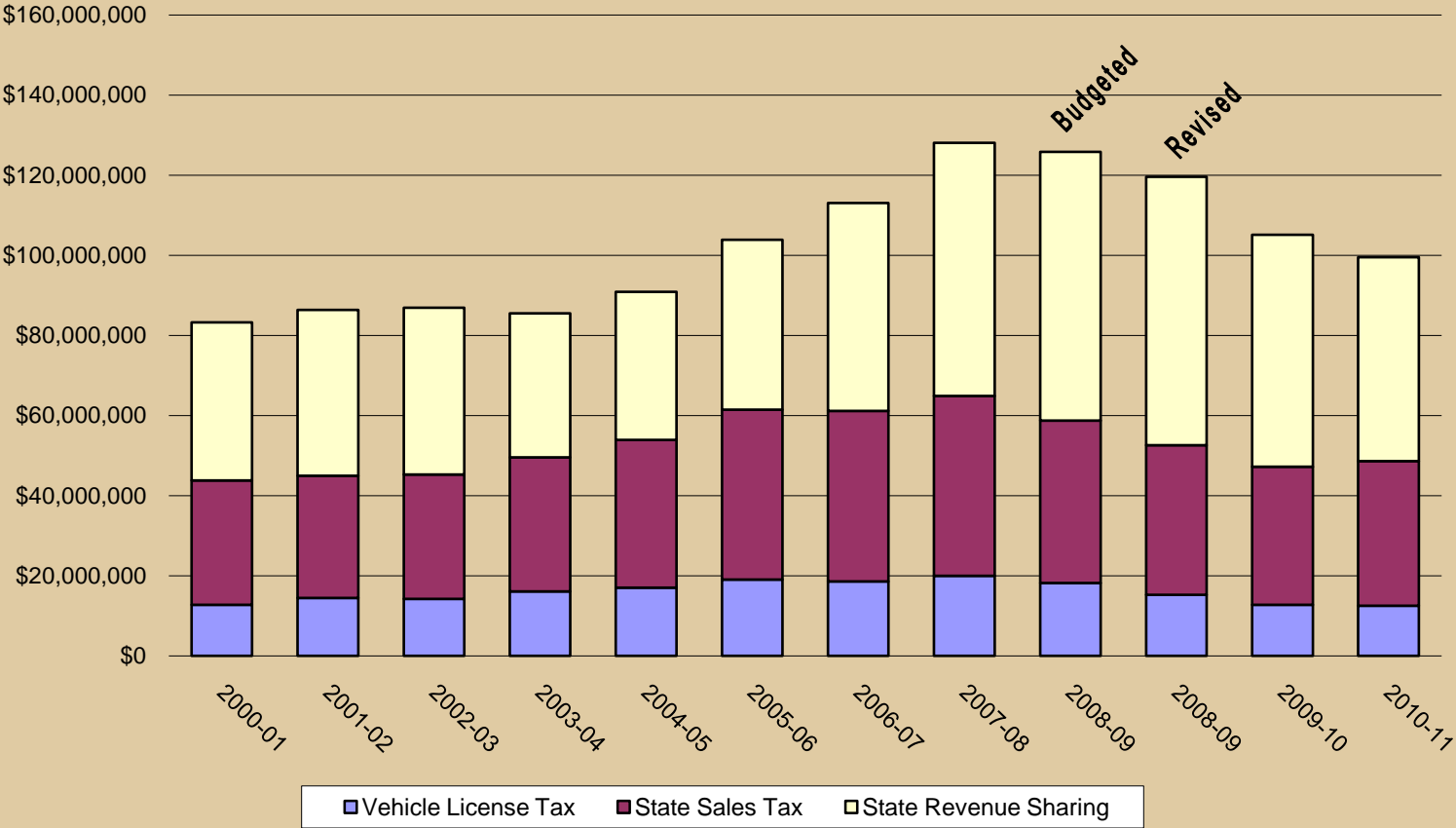
- Quality of Life funds are included in the General Fund
- Appropriated contingency amounts are not included

General Fund Sales Tax Revenues

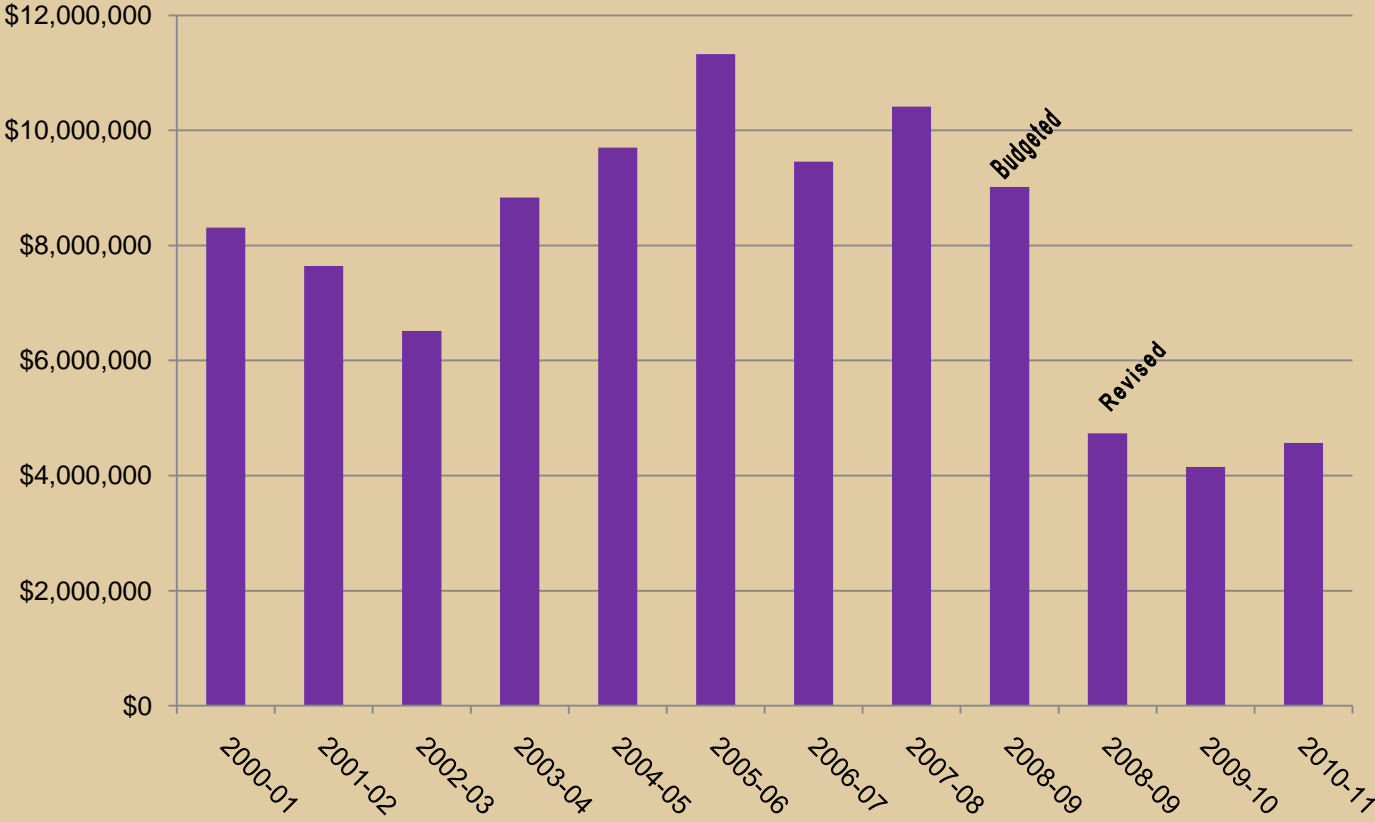
(without Local Streets Sales Tax)



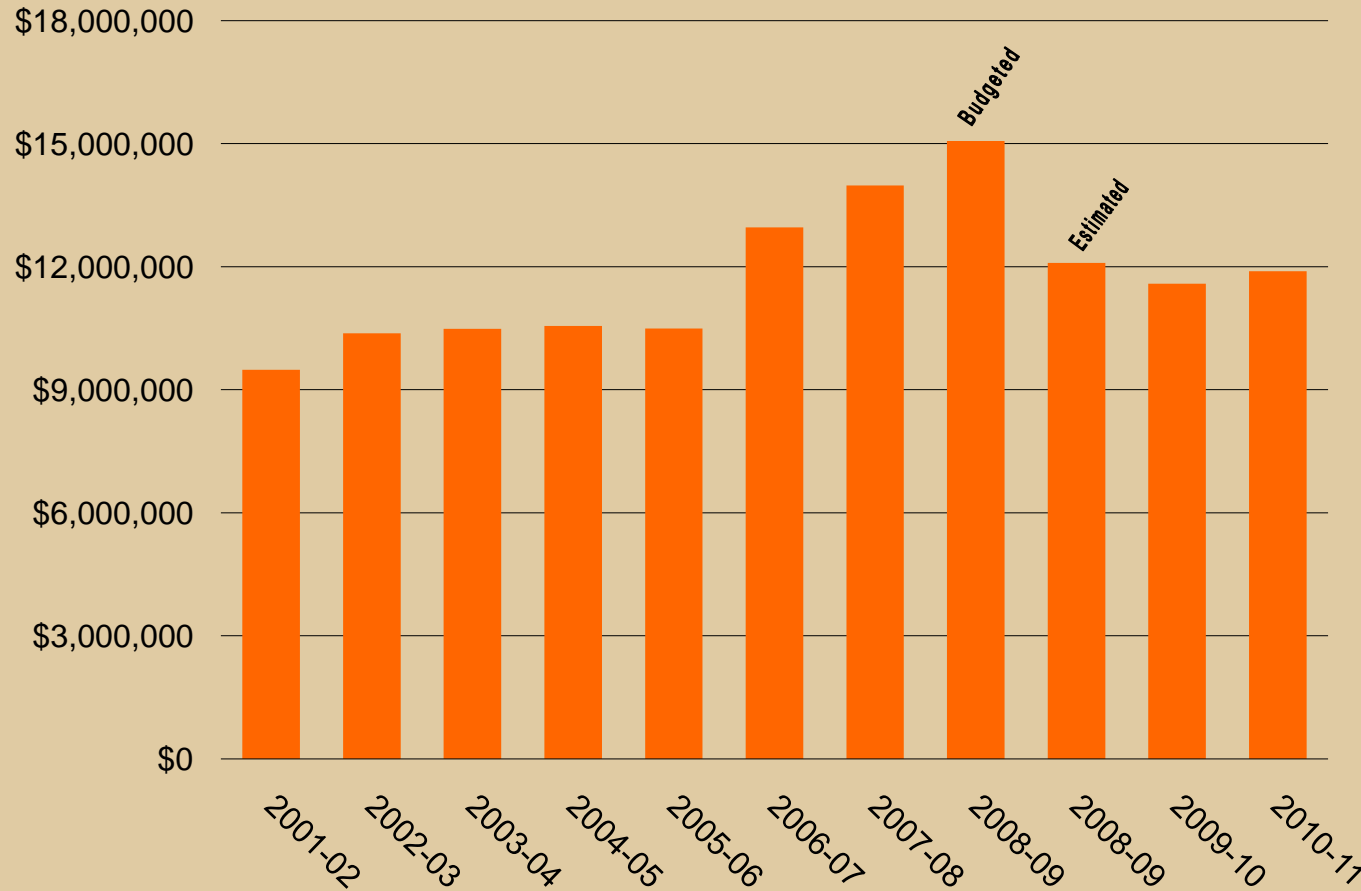
State Shared Revenues



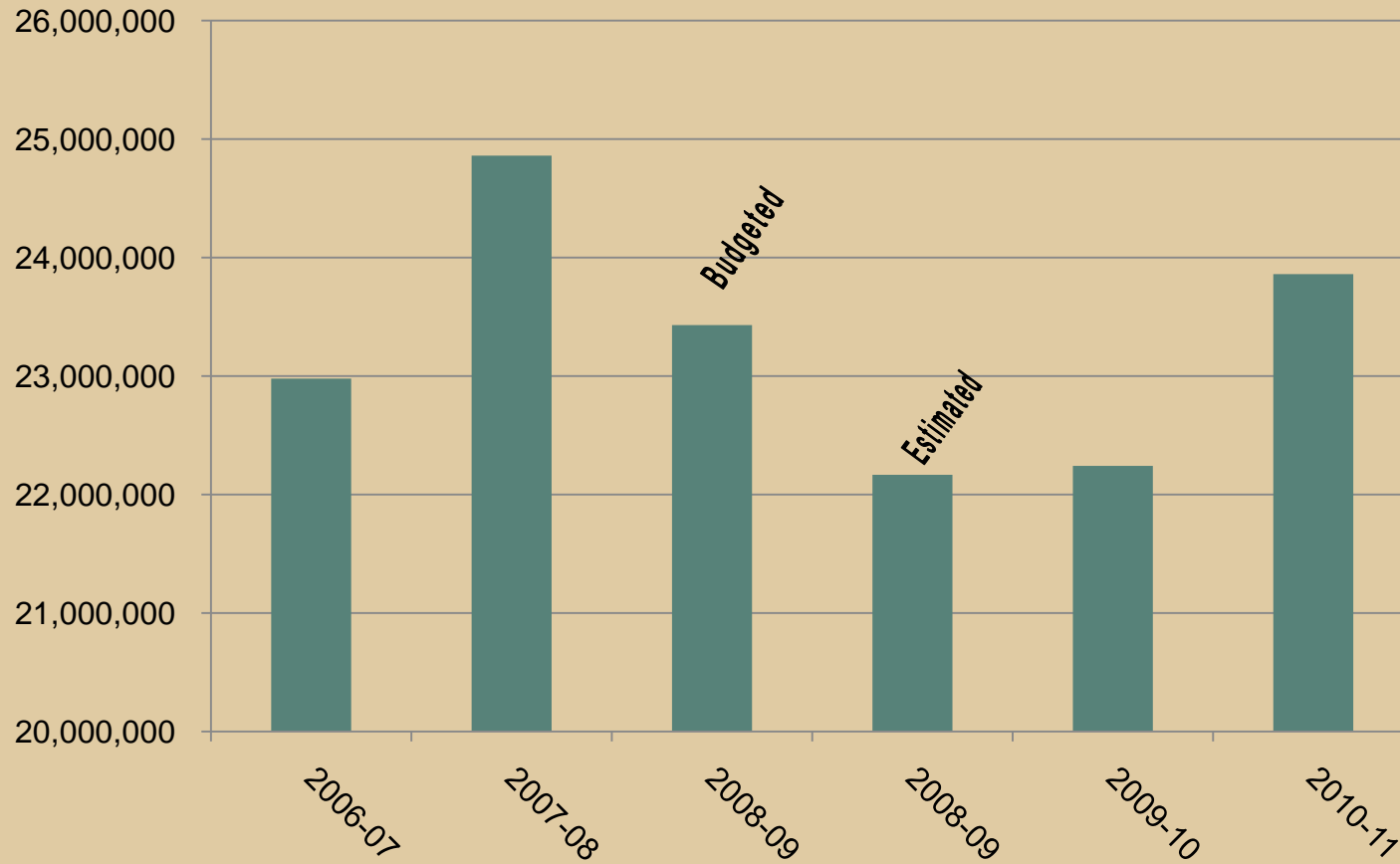
Building Permit Revenues



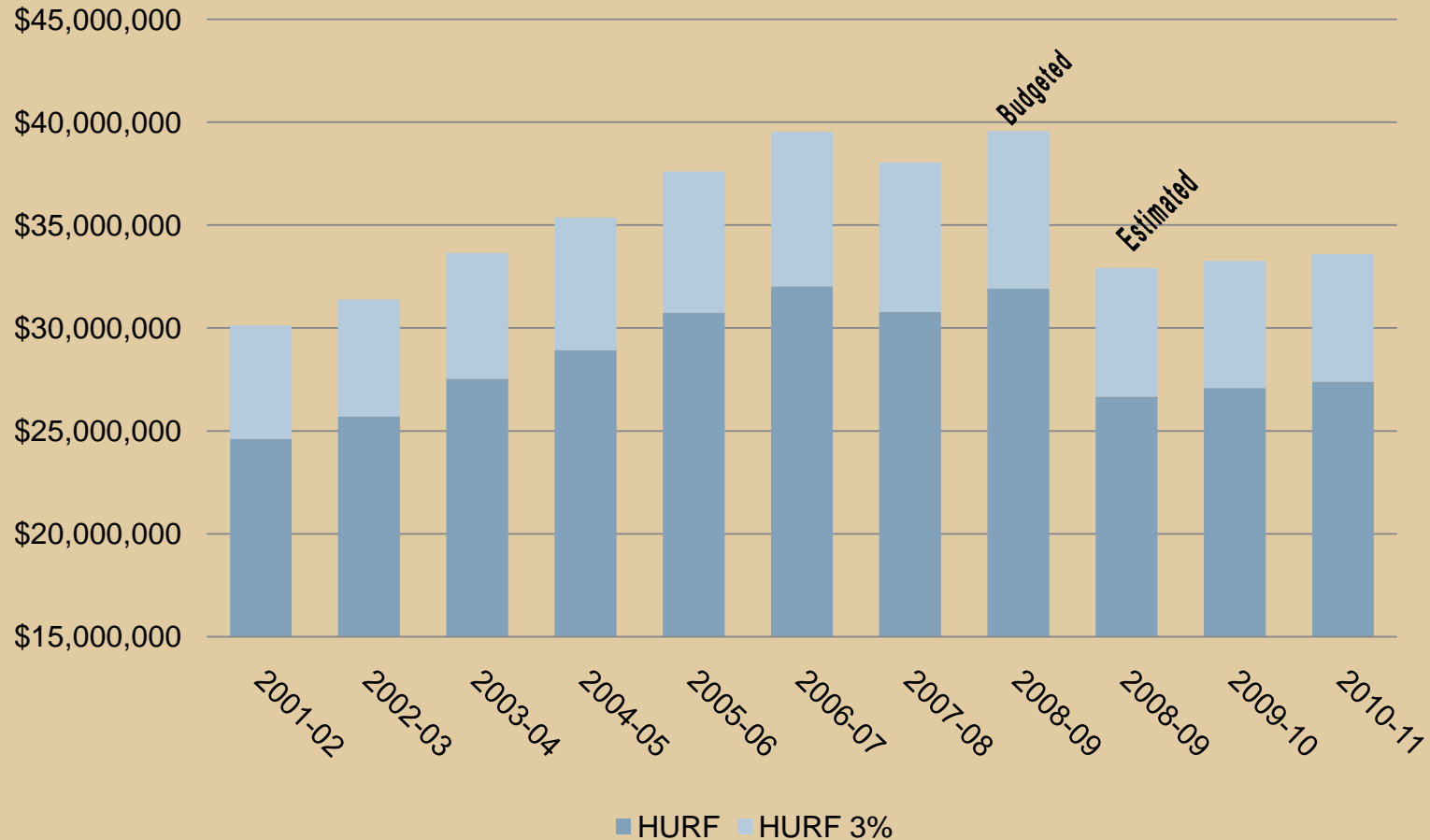
Court Fine Revenues



Local Streets Sales Tax



Highway User Revenue Fund



Other Issues for Consideration

- Restoration of employee salary reductions and merit increases
- American Recovery and Reinvestment Act Impacts – challenges projecting the impact on ongoing cost obligations from grants
- Upcoming implementation of secondary property tax to pay for newly authorized GO debt issuances and offset new public safety operational costs
- Future operational cost control of transit and para-transit services

Other Issues for Consideration

- Possible changes in the State Revenue Sharing Formula– discussions occurring regarding current year reduction of \$1.6 million
- Arizona State Retirement System and Public Safety Retirement System reported investment losses – potential city contribution increases in FY 2010/11 (past increases cost \$4-5 million per year)
- Fluctuation in the economy will require continual vigilance in budget monitoring

FY 2009/10 Budget Timelines

- **March through May** – Study Sessions - Staff will present various budget issues
- **May 14** – Preliminary Budget & CIP documents provided to Council
- **May 18** – Council Meeting – Adopt Utility Rate Notice of Intention

FY 2009/10 Budget Timelines

- **June 1** – Council Meeting – Adopt Tentative Budget & Introduce Utility Rate Ordinances
- **June 22** – Council Meeting – Public Hearings and Adopt FY 2009/10 Budget, 5-Year CIP & Utility Rates, Secondary Property Tax Rate
- **July 1** – FY 2009/10 Fiscal Year begins
- **July 30** – Revised Utility Rates become effective for billing cycles ended on or after August 28

Questions ?