

City of Mesa

Strategic Budget Discussion

General Governmental Funds

February 12, 2015

Presented by the Office of Management and Budget



City of Mesa Priorities

Vision

- To be the employer and community of choice

Mission

- We are dedicated to providing superior services to our customers in order to improve the quality of life for Mesa residents, businesses and visitors

Strategic Initiatives



Financial Stability



Fiscal stability that provides proactive leadership and considers all financial factors in order to diversify revenues, bring new jobs to Mesa, create responsible budgets, and ensure operational efficiencies.

The City of Mesa Continuously Strives for Excellence

Service Excellence

- Provide high quality service to the residents of Mesa
- Establish and maintain a workforce of quality, professional individuals

Financial Excellence

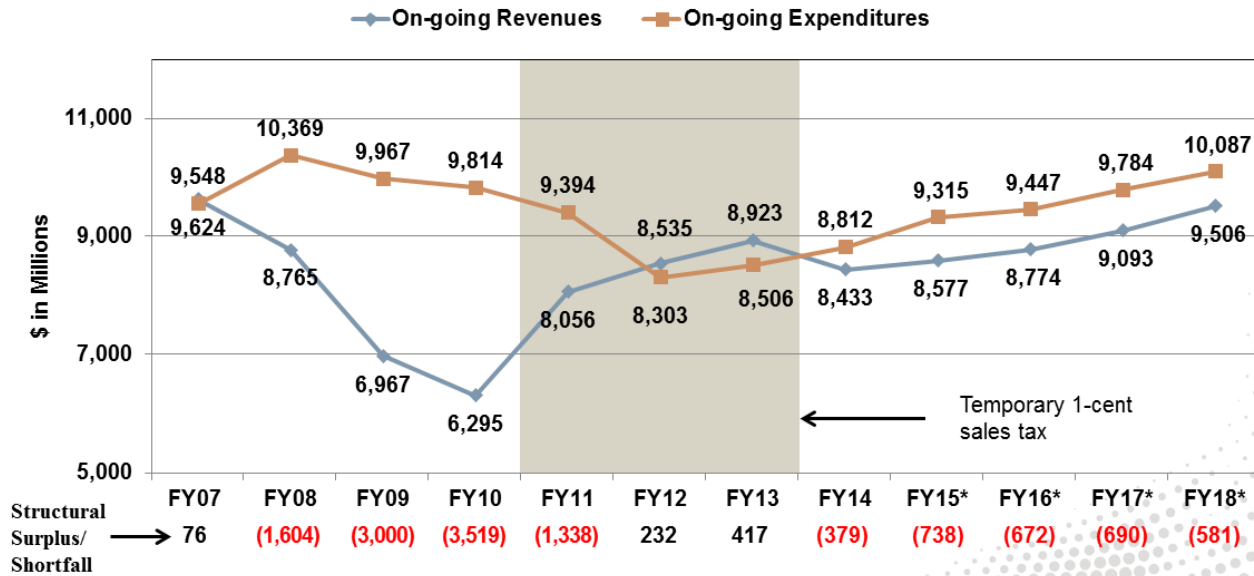
- Align on-going expenditures with on-going revenues
- Position the City to invest in economic development opportunities

Performance Excellence

- Leverage current resources in an effective and efficient manner
- Leverage technology and innovation to augment resources

State of Arizona – Budget Status

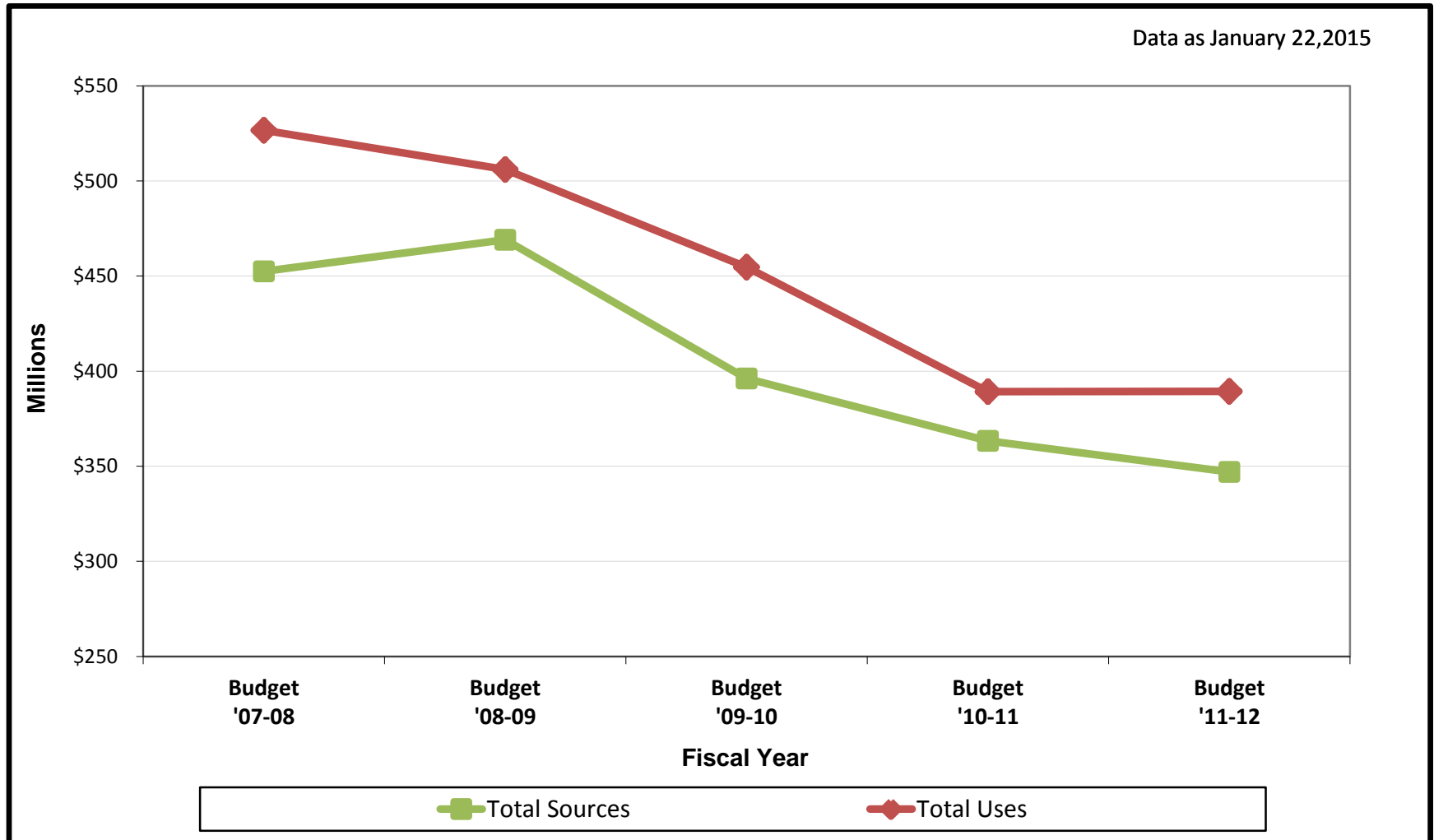
STATE BUDGET: THE PROBLEM



*Estimates from JLBC FY2016 Baseline.
 Note: Estimates do not include the K-12 reset

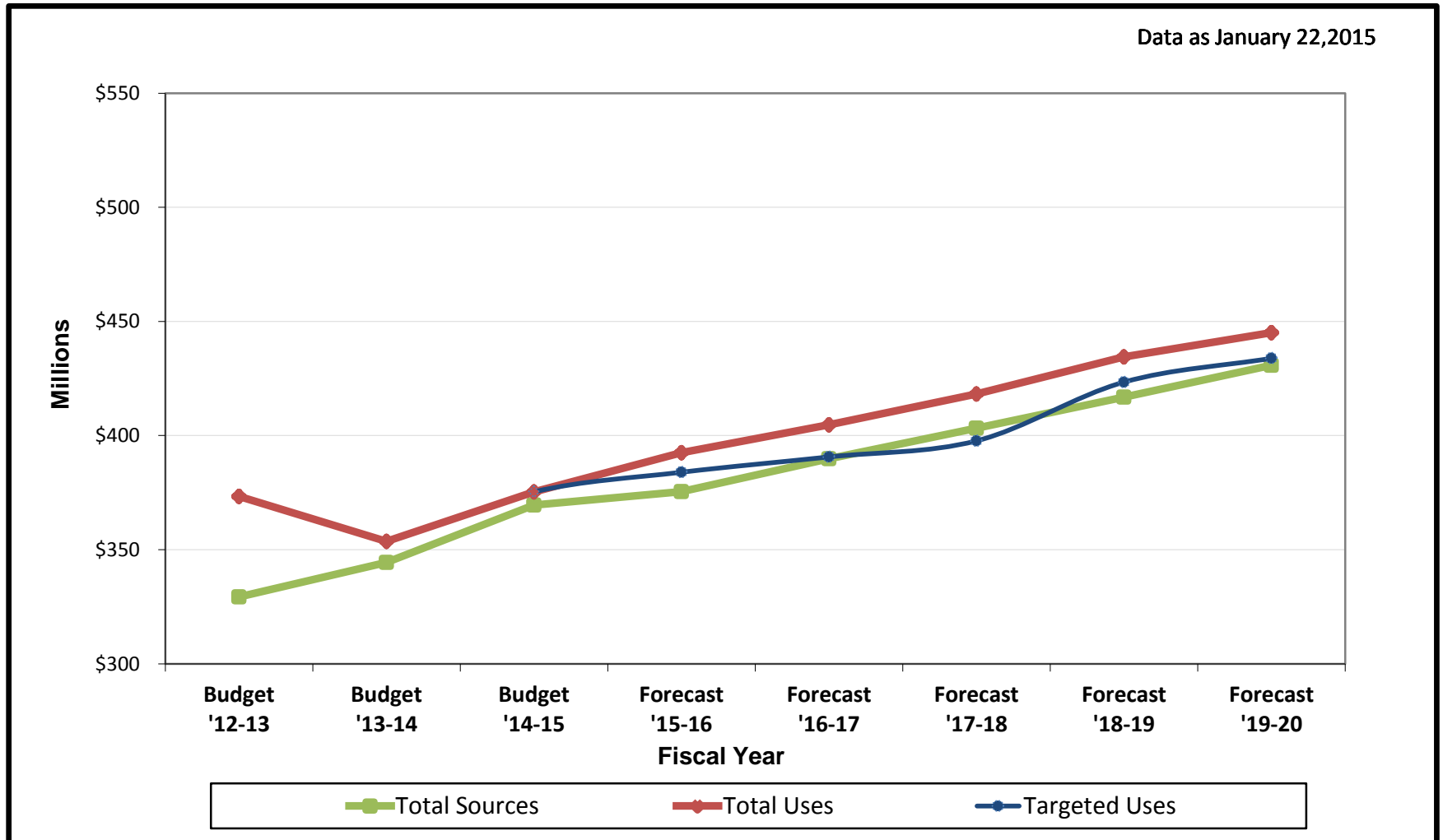
Source: CSA Legislative Report, 2015 ACMA Winter Conference

City of Mesa Adopted Budget - General Governmental



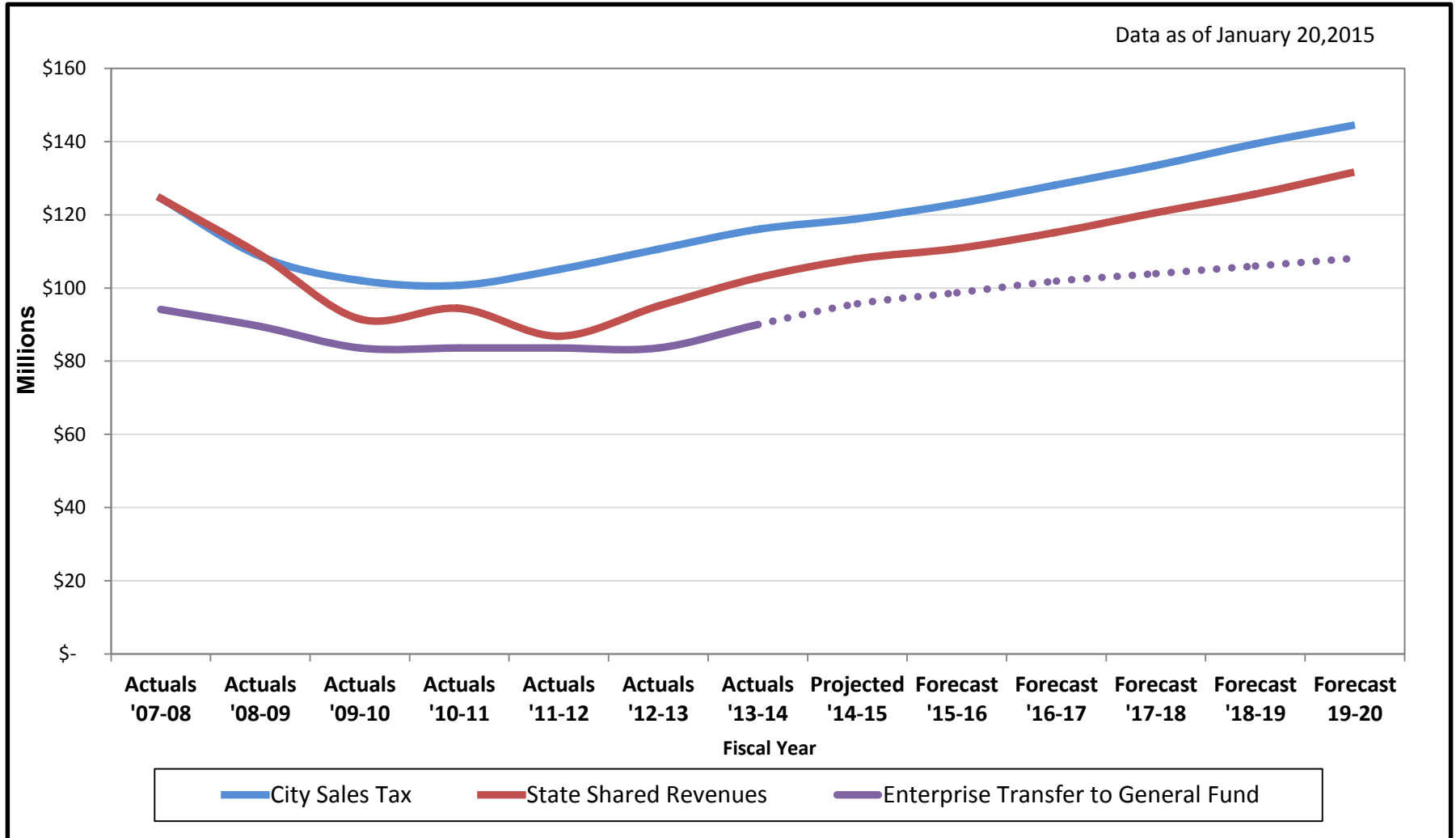
Note: Mid-year budget reductions were made in FY 08/09 in reaction to the recession.

City of Mesa Forecasted Budget – General Governmental



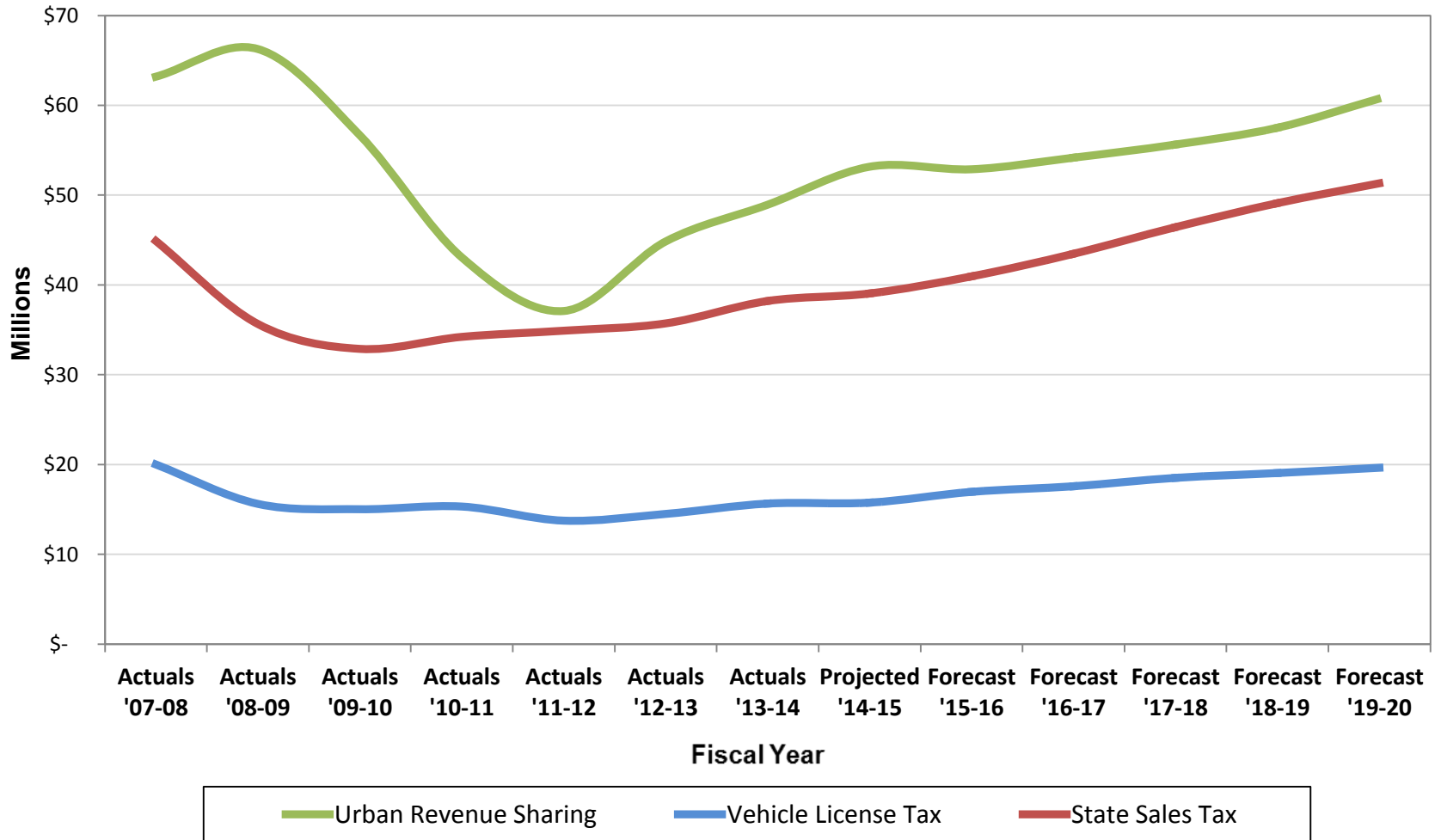
Note: Effective 07/01/2012, grants and restricted funding are no longer included in the general governmental summary.

General Governmental Resources

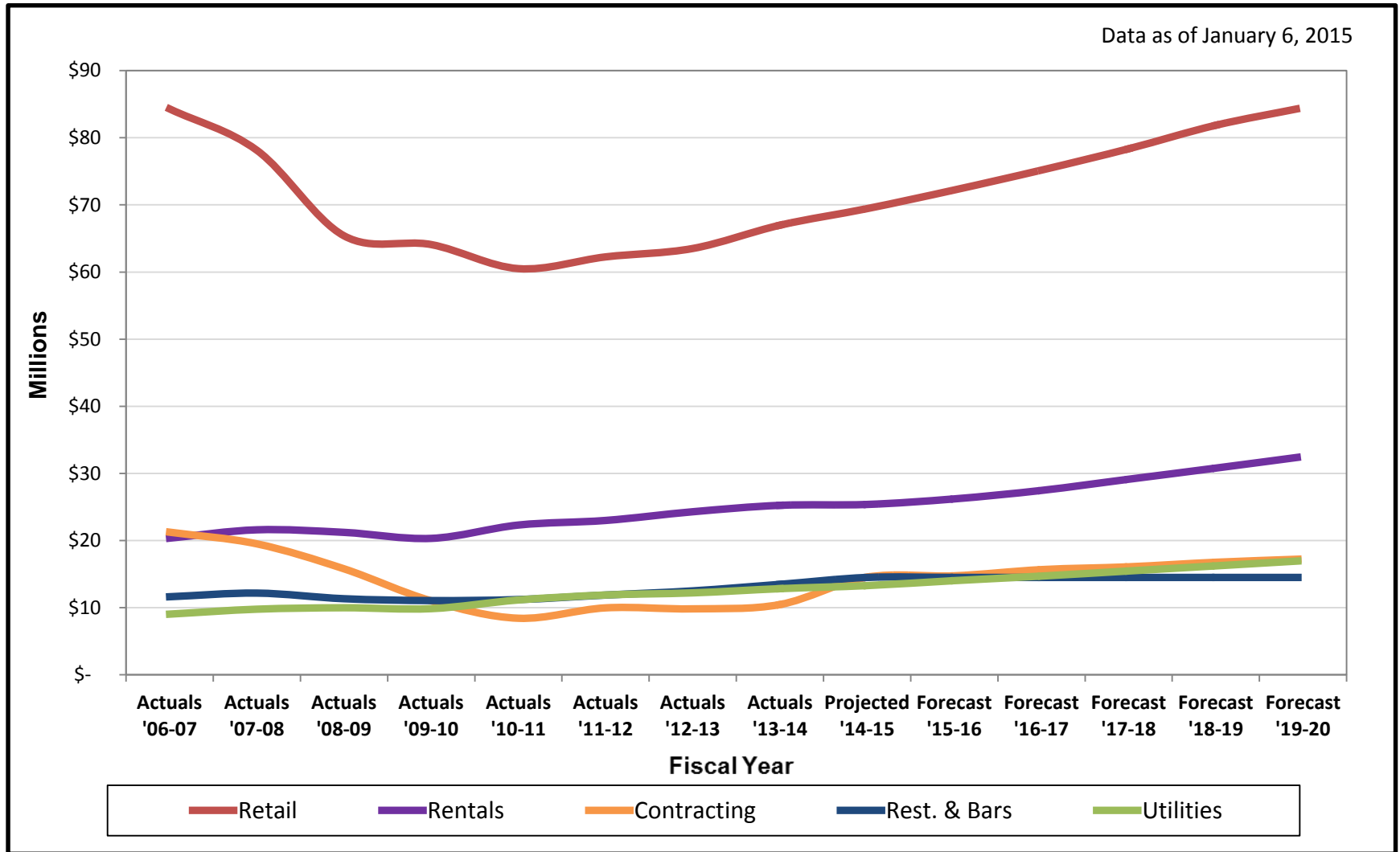


State Shared Revenues – General Fund

Data as of January 20, 2015



Local Sales Tax – All Funds



General Governmental Resources

	<u>FY 13/14 Actuals</u>	<u>FY 14/15 Budgeted</u>	<u>FY 14/15 Projected</u>	<u>Change from FY 13/14</u>	<u>FY 15/16 Forecast</u>	<u>Change from FY 14/15 Projected</u>
Local Sales Tax	\$116.0	\$124.3	\$118.9	2.5%	\$123.0	3.4%
State Shared Revenues						
State Sales Tax	\$38.2	\$39.4	\$39.1	2.2%	\$41.0	4.9%
Urban Revenue Sharing	\$48.9	\$53.2	\$53.2	8.6%	\$52.9	-0.5%
Vehicle License Tax	\$15.7	\$15.9	\$15.8	0.7%	\$17.0	7.6%
Enterprise Transfer	\$90.0	\$95.7	\$95.7	6.3%	\$98.7	3.1%
Other	\$43.9	\$41.1	\$43.2	-1.5%	\$42.9	-0.8%
Total	\$352.7	\$369.5	\$365.8	3.7%	\$375.4	2.6%

(as of Dec 2014)

Dollars in millions

FY 14/15 Projected: Includes an increase of \$2.3M in Mesa Arts Center revenue matched by an increase in expenses for the addition of more events. Without this adjustment, the revenues for FY 14/15 would be projected at \$363.5. A decrease of \$6.0M from the adopted budget.

General Governmental Budget Issues/Impacts

- Public safety pension rates are increasing significantly more than anticipated. 25% – 27% increase over current rates
- The civilian pension rate is not increasing in the upcoming year
- Central Mesa Light Rail will be operational in Fall 2015. \$5M annual expense, \$3.6M annual cost net of anticipated new revenues
- New operations and maintenance costs related to opening of new Parks: \$1.1M in FY 15/16

General Governmental Budget Issues/Impacts

- Implementation of sales tax collection legislation will have financial impacts in FY 15/16. Estimated at \$760,000 on-going and \$334,000 one-time
- Proposed legislation threatens to eliminate sales tax over four years on residential rentals. \$10M impact to Mesa at full implementation
- Proposed increases in funding for human services. \$100,000 per year for four years

General Governmental Budget Overview

- Revenue receipts are anticipated to end the year \$6M below budget
- Expenses are anticipated to end the year slightly below budget
- Ending reserve balance for FY 14/15 is projected to be within the City's financial policies
- Growth in revenues is not forecasted to keep pace with growth in expenditures
- The FY 15/16 on-going budget needs to be aligned to the anticipated on-going resources

Tentative Budget Calendar

Late March	Audit, Finance and Enterprise Committee Utility Rates and Fees & Charges
April 9	FY 15/16 Budget Summary Operations and Capital Improvement
April 16	Utility Rates and Fees & Charges
April 20 - 30	Topical Budget Presentations
May 4	Introduction of Utility Rate Ordinances
May 18	Tentative Budget Adoption Capital Improvement Program Adoption Utility Rates Adoption
June 1	Final Budget Adoption
June 15	Secondary Property Tax Levy Adoption

