

Proposed Budget Overview for Fiscal Year 2017/18

Presented by the
Office of Management and Budget

April 3, 2017





The FY 17/18 Proposed Budget continues the City's effort to create and maintain a great place to live, work and play

Financial Stability

Financial stability is achieved when annual operational and maintenance expenditures are managed at the same level or below annual operating revenues

Currently, a gap exists between the expected annual expenses and the forecasted available resources

Increased expenditure pressure from pension, healthcare, and the minimum wage increase has widened this gap



Update of General Governmental Forecast



FY 17/18 estimated expenses have been updated with the latest position information

For example: employees topped out in their pay ranges may have retired and been replaced with employees at the beginning of the pay range



FY 17/18 revenues have been updated as additional receipt data is available

Updated Forecast

City of Mesa
 General Governmental Funds
 (updated 03/14/17)

17/18 Estimated Budget	Projected FY 16/17	Estimated FY 17/18	Forecast FY 18/19	Forecast FY 19/20	Forecast FY 20/21
Beginning Reserve Balance	\$ 92.1	\$ 89.4	\$ 71.9	\$ 44.2	\$ 23.1
Total Sources	\$ 401.8	\$ 407.1	\$ 419.9	\$ 434.6	\$ 449.3
Total Uses	\$ 404.6	\$ 424.6	\$ 447.5	\$ 455.7	\$ 472.2
Net Sources and Uses	\$ (2.8)	\$ (17.5)	\$ (27.7)	\$ (21.1)	\$ (22.9)
Ending Reserve Balance	\$ 89.4	\$ 71.9	\$ 44.2	\$ 23.1	\$ 0.2
Ending Reserve Balance Percent*	21.0%	16.1%	9.7%	4.9%	0.0%

Dollars in Millions

Does not include an economic correction

*As a % of uses of funding of the following year

Focus on the Future

The key to financial sustainability is the balance between meeting the needs of today and preparing for the growth and opportunities of tomorrow

The proposed budget focuses on aligning current resources with core services while continuing to invest in economic development



Service Excellence

Mesa is a service organization that strives to provide high quality interactions with residents, businesses and visitors

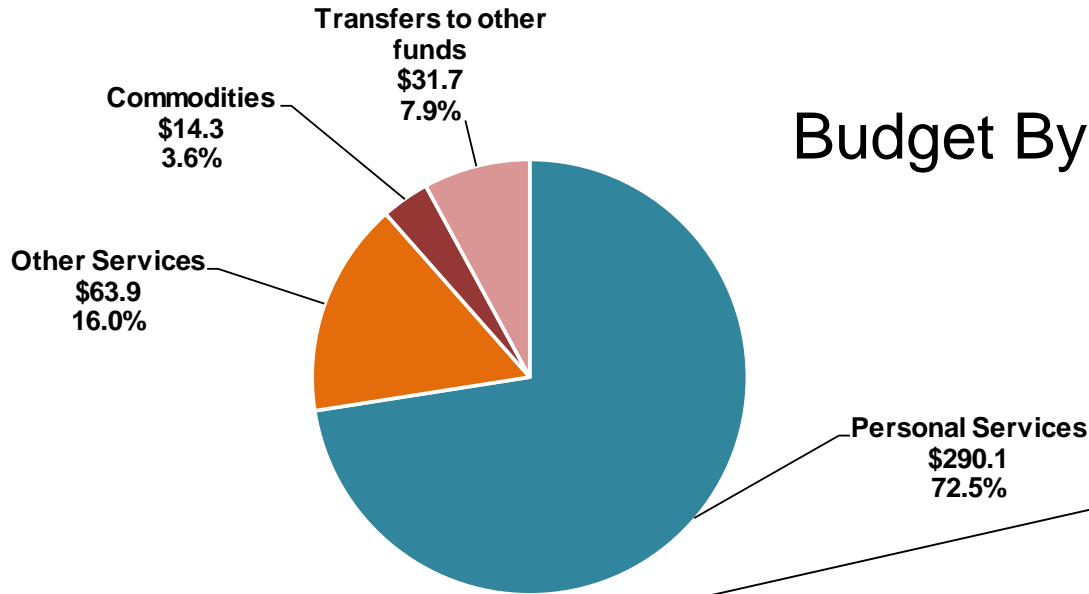
Quality services require skilled professional employees

Personnel costs are the greatest portion of the General Governmental budget

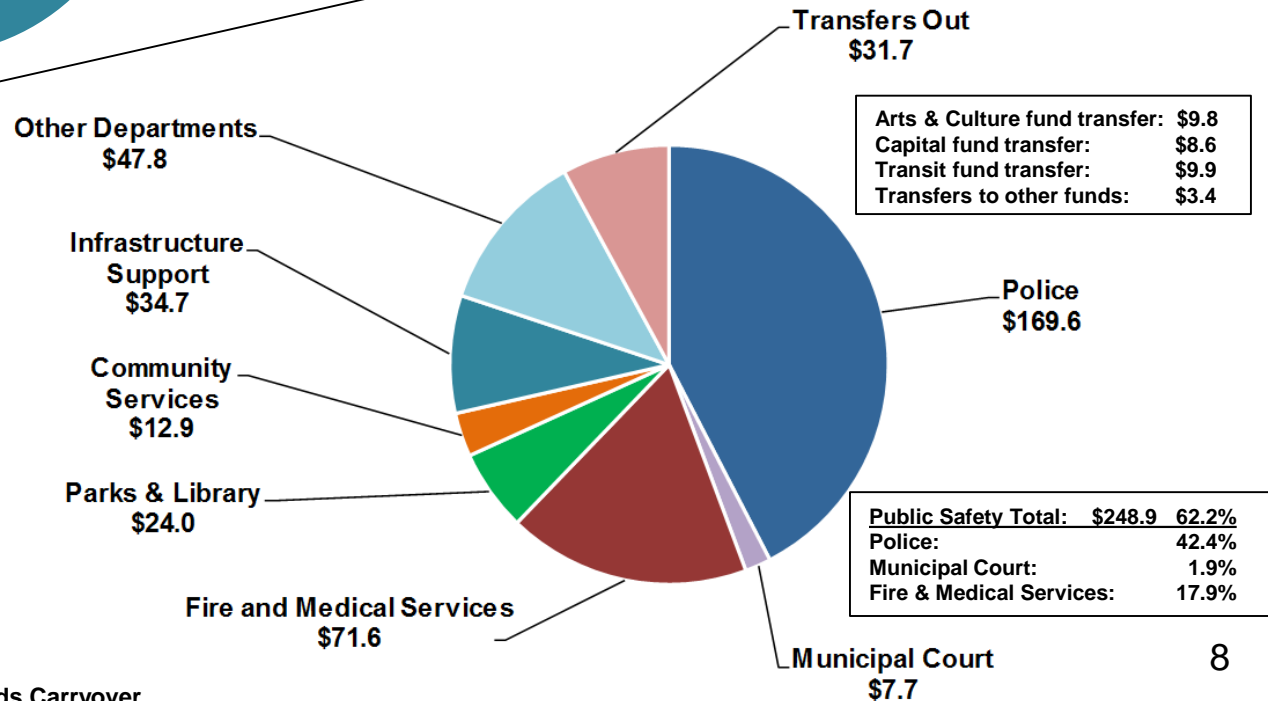


FY 2016/17 General Governmental Expenses: **\$400M**

Budget By Expenditure Category



Budget By Department



*Both charts exclude \$6M General Governmental Funds Carryover

Adjustments in Personnel

Four methods were implemented in the proposed budget

Limiting “step pay” increases

Minimizing costs by replacement of higher cost personnel with lower cost where possible

Repurposing existing staff to core services

Elimination of positions

Limiting “Step Pay” Increases

The original forecast included a step pay maximum of 5% for eligible employees. The proposed budget includes a maximum of 3%

The savings to the general fund is estimated at \$2.4M and helps to avoid layoffs and/or reduction in services to our customers

Cost Minimization

The cost associated with sworn personnel continues to rise each year

The Police Department and the Fire and Medical Department have identified sworn positions whose current duties can be transferred to civilian personnel

The sworn administrative positions will be replaced by civilian positions and the sworn employees will be reassigned to other existing positions

Repurposing Existing Staff

As funding continues to be limited, existing resources will be realigned to focus on core services

The Fire and Medical Department has identified sworn personnel currently serving in support roles, that will be repurposed to cover first responder shifts, which will result in overtime savings



Elimination of Positions

The proposed budget includes the elimination of some positions

12 in Police Department
(6 sworn, 6 civilian)

3.5 in Information Technology
Department

1 in Business Services Department

All of the civilian positions are vacant

Four of the sworn positions are filled,
however the employees will be reassigned
to existing positions when available

Impact of Minimum Wage Increase

The Parks, Recreation and Community Services Department is experiencing cost increases for landscaping and custodial services

Some decreased service levels are included for FY 17/18 in order to maintain similar costs to FY 16/17

Economic Development

The proposed budget continues the City's investment in the future

Infrastructure expansion is included in the proposed Capital Improvement Program (CIP) to service growing areas of the City:

Elliott Road Corridor

Signal Butte Water Treatment Plant

Central Arizona Project Water Line

Greenfield Wastewater Treatment
Plant Expansion

Economic Development (Continued)

An annual \$2M transfer from the Enterprise Fund to the Economic Investment Fund is included to support projects that will help stimulate utility customer growth

A Falcon Field Area marketing plan will augment the unique signage being installed this year



Secondary Property Tax Rate will be Reduced for FY 17/18

The LEVY is the total dollar amount to be collected from all property classifications

The RATE is set based on the total assessed value of the City in order to attain the levy

Mesa's assessed value increased due to both increase values of existing property as well as the addition of new construction

Other Reductions/Adjustments

Reductions in non-personnel areas are included throughout many departments

Effort was made to maximize the savings while minimizing the service impact to residents, businesses and customers

Increased Revenues

The Municipal Court anticipates increased fine collections due to participation in the State's FARE program

Individuals will need to settle outstanding court fines before they will be allowed to renew their vehicle registration

Other departments are modifying fees to allow for better cost recovery while staying competitive within the market

Proposed Budget Summary

The proposed budget includes:

An estimated \$8.1M
in decreases in
expenditures

An estimated \$0.6M
in increases in
expenditures
(landscaping
contracts, etc.)

An estimated \$1.1M
in increased fine
recovery and
various fees and
charges

The net impact is an \$8.6M decrease
in the funding gap for FY17/18

Proposed Budget

City of Mesa
 General Governmental Funds
 (updated 03/29/17)

17/18 Proposed Budget	Projected FY 16/17	Proposed FY 17/18	Forecast FY 18/19	Forecast FY 19/20	Forecast FY 20/21
Beginning Reserve Balance	\$ 92.1	\$ 89.4	\$ 78.4	\$ 59.1	\$ 46.3
Total Sources	\$ 401.8	\$ 408.2	\$ 420.7	\$ 435.4	\$ 450.1
Total Uses	\$ 404.6	\$ 417.1	\$ 440.0	\$ 448.2	\$ 464.7
Net Sources and Uses	\$ (2.8)	\$ (8.9)	\$ (19.4)	\$ (12.8)	\$ (14.6)
Implementation Phase-in		\$ (2.1)			
Ending Reserve Balance	\$ 89.4	\$ 78.4	\$ 59.1	\$ 46.3	\$ 31.7
Ending Reserve Balance Percent*	21.4%	17.8%	13.2%	10.0%	6.6%

Dollars in Millions

Does not include an economic correction

*As a % of uses of funding of the following year

Scheduled Budget Presentations

April 3	FY 17/18 Proposed Budget Overview
April 6	Non Utility CIP
	Parks, Recreation and Community Facilities
April 13	Utility CIP
	Utility Rate Recommendations
	Environmental Management and Sustainability
	Energy Resources
	Water Resources
April 17	Transit
	Transportation
April 20	Police
	Fire and Medical
April 27	Arts and Culture
	Development Services
	Library
May 4	Budget Wrap Up

Budget Process Calendar

May 8	Introduction of Utility Rate Ordinances
May 22	Adoption of Five-Year CIP
	Adoption of Utility Rate Adjustments
June 5	Public Hearing on Annual Budget and Secondary Property Tax Levy
	Final Adoption of Annual Budget
June 19	Adoption of Secondary Property Tax Levy




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