

City of Mesa

FY 2011/12 Budget Update

November 3, 2011

Presented by the Budget & Research Office



FY 11/12 Medical Contribution Savings

- Budgeted City Contribution \$46.5 Million
- Revised City Contribution \$39.6 Million
- Total Budget Savings \$6.9 Million

- General Fund portion of savings (71%) \$4.9 Million

*Savings begin to be realized on January 1, 2012

FY 11/12 General Fund Revenues

Year-to-date general fund revenues and current year-end projections are consistent with the budget amounts.

Recent Compensation History

- 1/1/2009
 - The City opted to implement a compensation reduction of 2% Citywide rather than institute a furlough program.
 - Compensation levels have been frozen since.
- 7/2/2009
 - The City suspended the step pay program.
 - The program continues to be suspended.

Compensation Recommendation

- Staff recommends restoration of the Citywide 2% pay reduction effective 1/1/2012.
- The budget for personal services will shift from benefits to compensation. The total budget will not increase.
 - The increased compensation cost will be offset by the savings in medical contribution.
 - Annual estimated cost of the restoration is \$4M.

Retirement Plan Contribution

- Effective 7/1/2011, the State changed the Arizona State Retirement System (ASRS) contribution formula from a 50/50 employee/employer share to 53/47.
- The estimated general fund portion of the City savings, \$453,000, was budgeted in the benefit trust fund for investment in/for employees.
 - The City is currently exploring options for new/enhanced employee wellness programs.



mesa·az