City of Mesa

FY 2015/16 Budget Discussion

April 20, 2015

Presented by the Office of Management and Budget
City of Mesa Budget Goals

Ensure the effective and efficient use of resources in order to sustain the delivery of quality services for the residents of Mesa.

Facilitate an ongoing, decision-making process for allocating resources and setting priorities.

Through:

- Focusing on community needs and priorities
- Improving program efficiency and effectiveness
- Concentrating on results and outcomes
- Promoting effective communication with stakeholders
- Ensuring future financial stabilization through multi-year forecasting
FY 15/16 Budget: Areas of Emphasis

Financial Sustainability

Competitive Compensation for Quality Workforce

Public Safety: Increasing service levels and decreasing costs through programmatically reducing vacancy duration

Economic Development

Marketing the “Next Mesa” and Downtown Mesa

Falcon Field Development Area

Storm Water Infrastructure Improvements

Transit Infrastructure and Operations

Utilities: Aligning rates with service demand on the system
FY 14/15 Total City Available Resources

Fiscal Year 2014/15 Final
Total City Available Resources $1.34B

- Taxes $186.2
- Intergovernmental $211.4
- Reimbursements and Grants carried over $17.4
- Funds Carried Forward $103.1
- New Bond Proceeds $135.0
- Existing Bond Proceeds $130.6
- Other Revenues $111.6
- Sales and Charges for Service $362.5
- Self-Insurance $82.2
- Sales and Use Tax: $150.0
- Secondary Property Tax: $33.4
- Transient Occupancy Tax: $2.8
- Fines & Forfeitures: $4.4
- Licenses & Fees: $31.5
- Other Financing Sources: $55.4
- Miscellaneous: $20.3

Dollars in Millions
FY 14/15 General Governmental Resources

Fiscal Year 2014/15 Final
General Governmental Funds Available Resources $375.3M*

- Sales and Use Tax $124.3
- Intergovernmental $112.7
- Sales and Charges for Service $12.5
- Other Revenues $24.3
- Transfer from Enterprise $95.7
- Use of Fund Balance* $5.8
- Fines & Forfeitures: $4.0
- Licenses & Fees: $18.3
- Miscellaneous: $2.0
- Intergovernmental $112.7

*Excludes $11.9M General Governmental Funds Carryover

Dollars in Millions

*Excludes $11.9M General Governmental Funds Carryover
### General Governmental New Resources

<table>
<thead>
<tr>
<th>Category</th>
<th>FY 13/14 Actuals</th>
<th>FY 14/15 Budgeted</th>
<th>FY 14/15 Projected</th>
<th>Change from FY 13/14</th>
<th>FY 15/16 Forecast</th>
<th>Change from FY 14/15 Projected</th>
</tr>
</thead>
<tbody>
<tr>
<td>Local Sales Tax</td>
<td>$116.0</td>
<td>$124.3</td>
<td>$118.9</td>
<td>2.5%</td>
<td>$123.0</td>
<td>3.4%</td>
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<tr>
<td>State Shared Revenues</td>
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<td></td>
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<tr>
<td>State Sales Tax</td>
<td>$38.2</td>
<td>$39.4</td>
<td>$39.1</td>
<td>2.2%</td>
<td>$41.0</td>
<td>4.9%</td>
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<tr>
<td>Urban Revenue Sharing</td>
<td>$48.9</td>
<td>$53.2</td>
<td>$53.2</td>
<td>8.6%</td>
<td>$52.9</td>
<td>-0.5%</td>
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<tr>
<td>Vehicle License Tax</td>
<td>$15.7</td>
<td>$15.9</td>
<td>$15.8</td>
<td>0.7%</td>
<td>$17.0</td>
<td>7.6%</td>
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<tr>
<td>Enterprise Transfer</td>
<td>$90.0</td>
<td>$95.7</td>
<td>$95.7</td>
<td>6.3%</td>
<td>$99.7</td>
<td>4.1%</td>
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<tr>
<td>Other</td>
<td>$43.9</td>
<td>$41.1</td>
<td>$43.2</td>
<td>-1.5%</td>
<td>$44.0</td>
<td>1.9%</td>
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<tr>
<td><strong>Total</strong></td>
<td>$352.7</td>
<td>$369.5</td>
<td>$365.8</td>
<td>3.7%</td>
<td>$377.5</td>
<td>3.2%</td>
</tr>
</tbody>
</table>

(as of Apr 2015)

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.

Excludes reserve balance
**FY 14/15 General Governmental Expenses by Department**

**Fiscal Year 2014/15 Final**

General Governmental Funds Budget by Department $375.3*

*Excludes $11.9M General Governmental Funds Carryover

**Public Safety:**
$235.9, 62.9%

**Dollars in Millions**
Public Safety Departments – Change in Budgeted Expenses

Public Safety Budget vs. General Governmental Revenues Percent Change

- Public Safety Budget with budget reductions and phase-in of pension rates
- Percent change of General Governmental Revenues

Excludes carryover
FY 14/15 General Governmental Expenses by Category

Fiscal Year 2014/15 Final General Governmental Funds Budget by Expenditure Categories $375.3M*

- **Personal Services**: $277.6 million (74.0%)
- **Other Services**: $64.7 million (17.2%)
- **Commodities**: $14.9 million (4.0%)
- **Capital**: $7.8 million (2.1%)
- **Transfers to other funds**: $10.3 million (2.7%)

*Excludes $11.9M General Governmental Funds Carryover

Dollars in Millions
Note: Effective 07/01/2012, grants and restricted funding are no longer included in the general governmental summary.
Some parks projects included in 2012 bond election have been placed on hold until on-going operational funding is available. The savings do not occur in first year of the forecast but do occur over the forecast period:

- Eagles Park (Mesa Jr.) $375,000/year
- Greenfield Park $275,000/year
- Monterey Park $126,000/year
- Klienman Park $125,000/year
- Signal Butte & Elliot $171,000/year
Public Safety Related Budget Strategies

Phase-in of Public Safety Personnel Retirement System (PSPRS) rate increases resulting in savings to FY 15/16 budget

- Savings of $2.4M for Police pension costs
- Savings of $1.3M for Fire and Medical pension costs

Police Dept: $3.3M (cost savings and new revenue)

- Inactivate 23 historically vacant sworn positions and 4 vacant civilian positions, reduce vehicles and equipment, etc.
- $86,000 in additional revenue

Fire and Medical Dept: $1.7M (cost savings and new revenue)

- Inactivate 4 vacant sworn positions (3 at Falcon Field), reduce special assignments, etc.
- $680,000 in additional revenue
Other General Governmental Position Reductions

**Business Services**: 3 vacant full-time positions, 2 vacant part-time positions, 3 filled full-time positions related to shift of sales tax collection to state (positions are scheduled to be retained through January 2016)

**City Attorney**: 1 vacant full-time grant position, 2 vacant part-time positions

**Development & Sustainability**: 1 vacant full-time position

**Financial Services**: 1 vacant part-time position

**Information Technology**: 6 vacant full-time positions, 2 vacant part-time positions

**Library**: 3 vacant full-time positions

**Enterprise Resource Planning**: 1 vacant full-time position
The FY 15/16 proposed budget includes very limited increases

**Police**: Axon Body Camera purchase, year two of three year purchase contract, $125,000 one-time, $119,000 on-going

**Business Services**: Department of Revenue charges for administrative services provided to City, $334,000 one-time and $954,000 on-going (budgeted in Centralized Appropriations)

**Fire**: VHF radio upgrade project, $675,000 (Mesa’s share) for FY 15/16 with additional costs for two more years (budgeted in Projects Department)

**Facilities Maintenance**: Increase in cost of custodial contract, $400,000 (allocated to all funds, not just general fund)
## General Governmental Reserves

<table>
<thead>
<tr>
<th></th>
<th>Actuals FY 13/14</th>
<th>Forecast FY 14/15</th>
<th>Forecast FY 15/16</th>
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</thead>
<tbody>
<tr>
<td><strong>Beginning Reserve Balance</strong></td>
<td>$ 51,814,000</td>
<td>$ 56,143,000</td>
<td>$ 45,135,000</td>
</tr>
<tr>
<td><strong>Total Sources</strong></td>
<td>$ 352,711,000</td>
<td>$ 365,809,000</td>
<td>$ 377,568,000</td>
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<tr>
<td><strong>Total Uses</strong></td>
<td>$ 348,382,000</td>
<td>$ 376,817,000</td>
<td>$ 385,047,000</td>
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<tr>
<td><strong>Net Sources and Uses</strong></td>
<td>$ 4,329,000</td>
<td>$(11,008,000)</td>
<td>$(7,479,000)</td>
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<tr>
<td><strong>Ending Reserve Balance</strong></td>
<td>$ 56,143,000</td>
<td>$ 45,135,000</td>
<td>$ 37,656,000</td>
</tr>
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</table>

Ending Reserve Balance Percent*  
15.2% 12.1% 9.7%

*As a % of Next Fiscal Year's Operating, Capital and Debt Service Expenditures

FY 13/14 carry-over to FY 14/15 is $11.9M
Does not include carry-over from 14/15 to 15/16
Current Budget Discussion Schedule

April 20

Police
Transit

April 23

Communications
Fire and Medical
Library

April 30

Parks Recreation and Commercial Facilities
Development and Sustainability
Arts and Culture

May 4

Transaction Privilege Tax Update