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.