

# City of Mesa

FY 2009/10 Budget

Update & Forecast

February 25, 2010

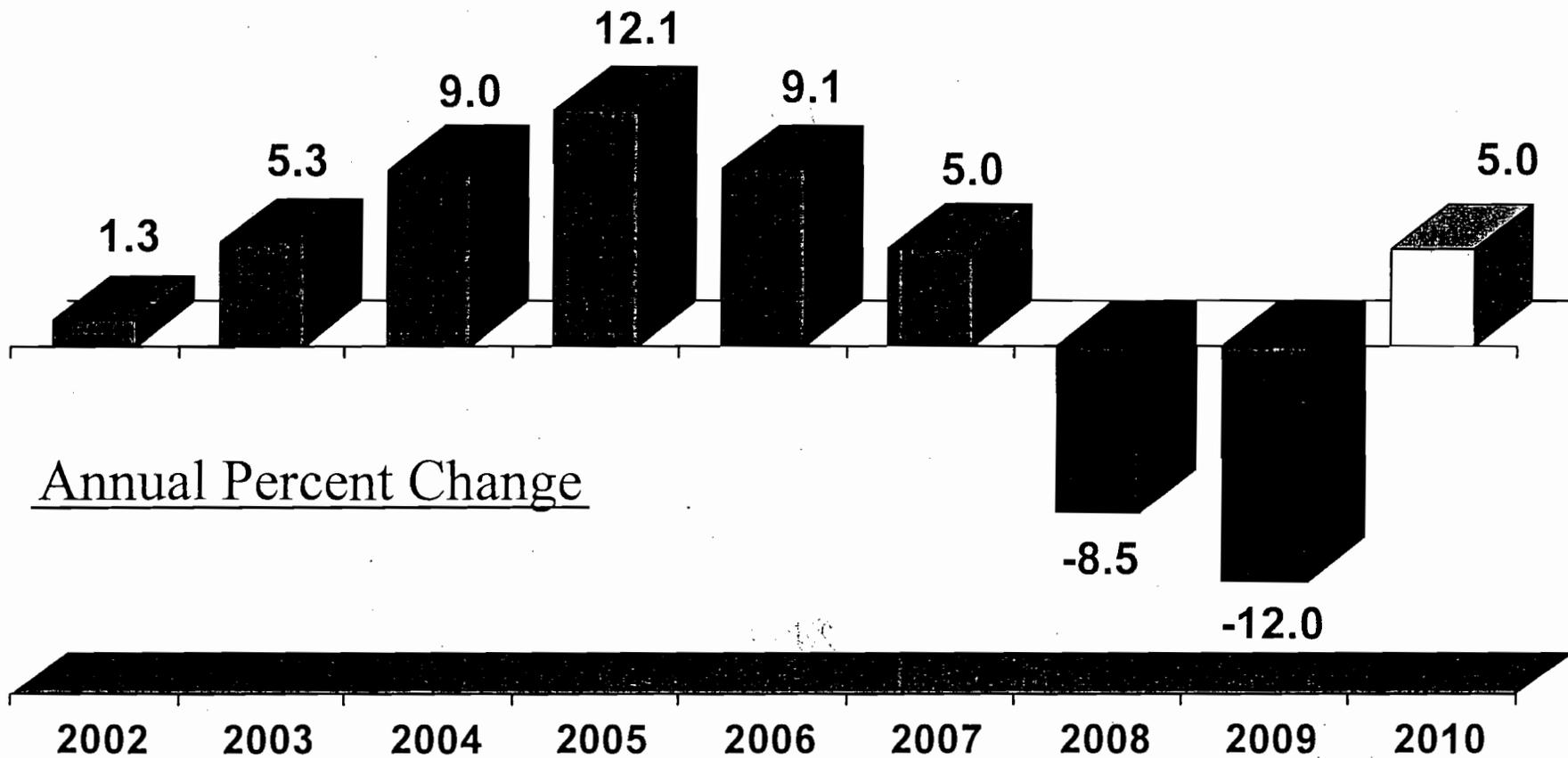
Presented by the Budget & Research Office

Some slides from a presentation given by Dr. Lee McPheters (ASU) to  
the Arizona City/County Manager's Association on Feb 4, 2010



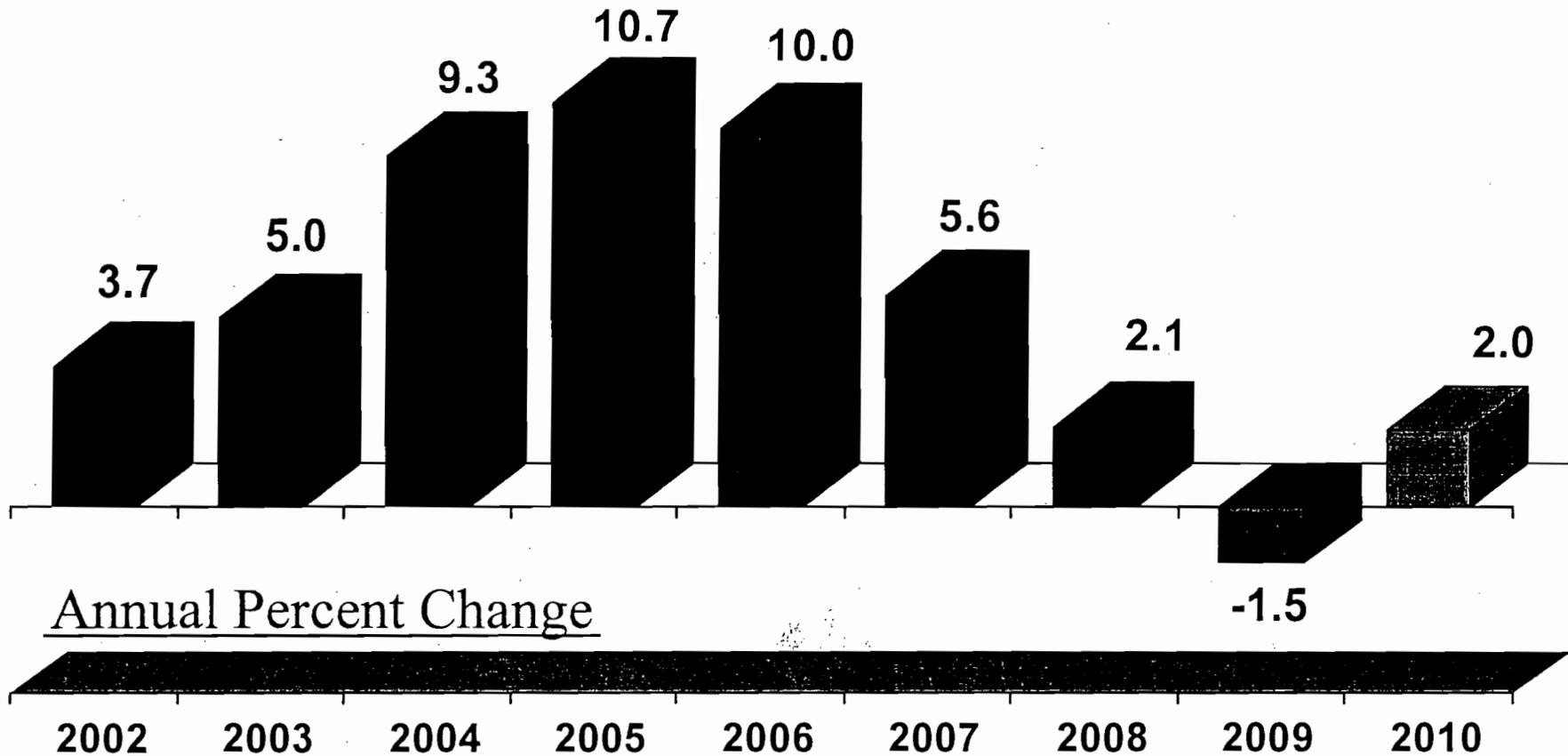
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# Arizona Retail Sales Outlook: 2009 Will be 10 – 15% Below 2008



Forecast<sup>2</sup>  
(McPheters, 2010)

# Arizona Personal Income: First Decline Since Records Kept

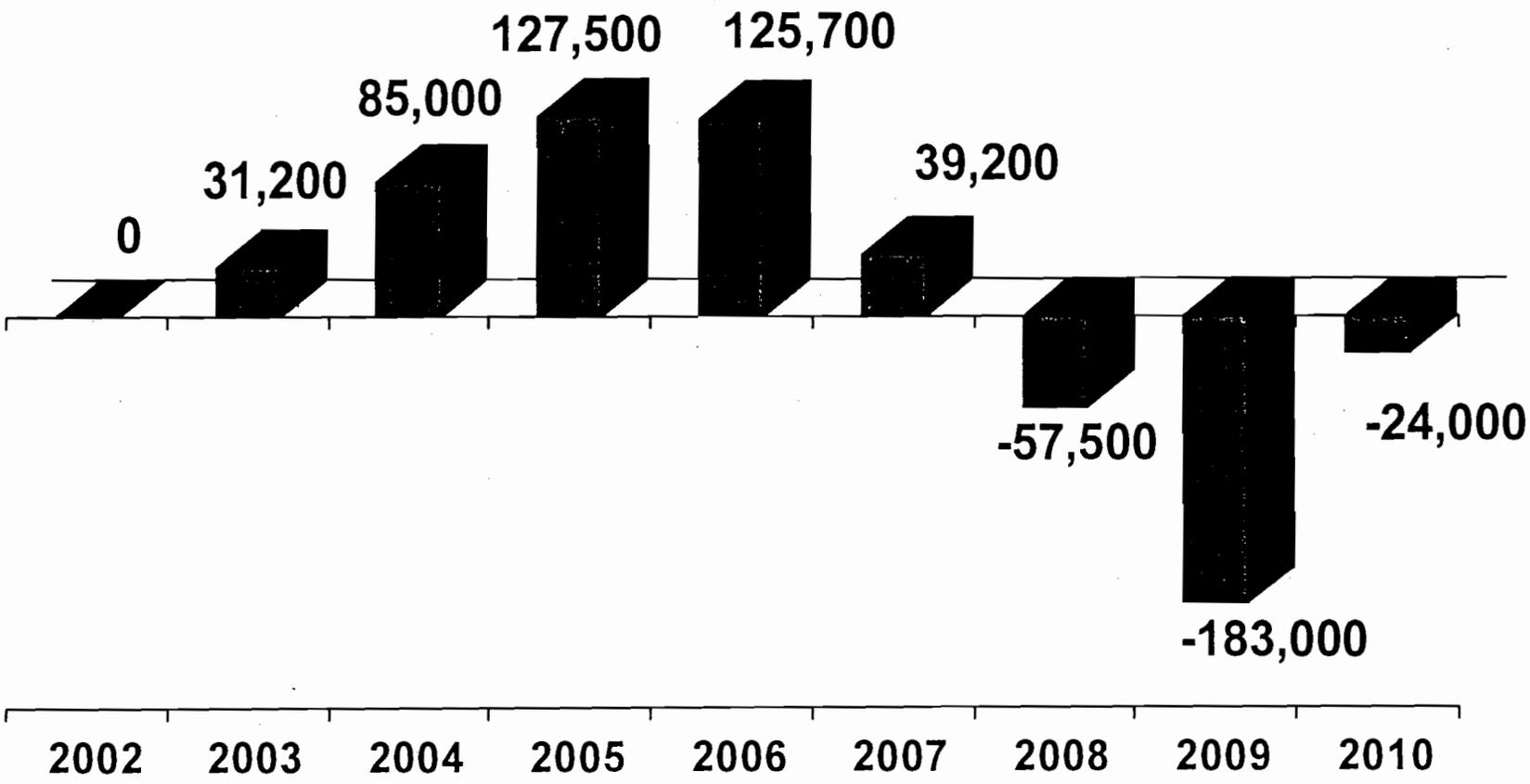


U.S. Dept. Commerce & W. P. Carey School

Forecast<sup>3</sup>  
(McPheters, 2010)

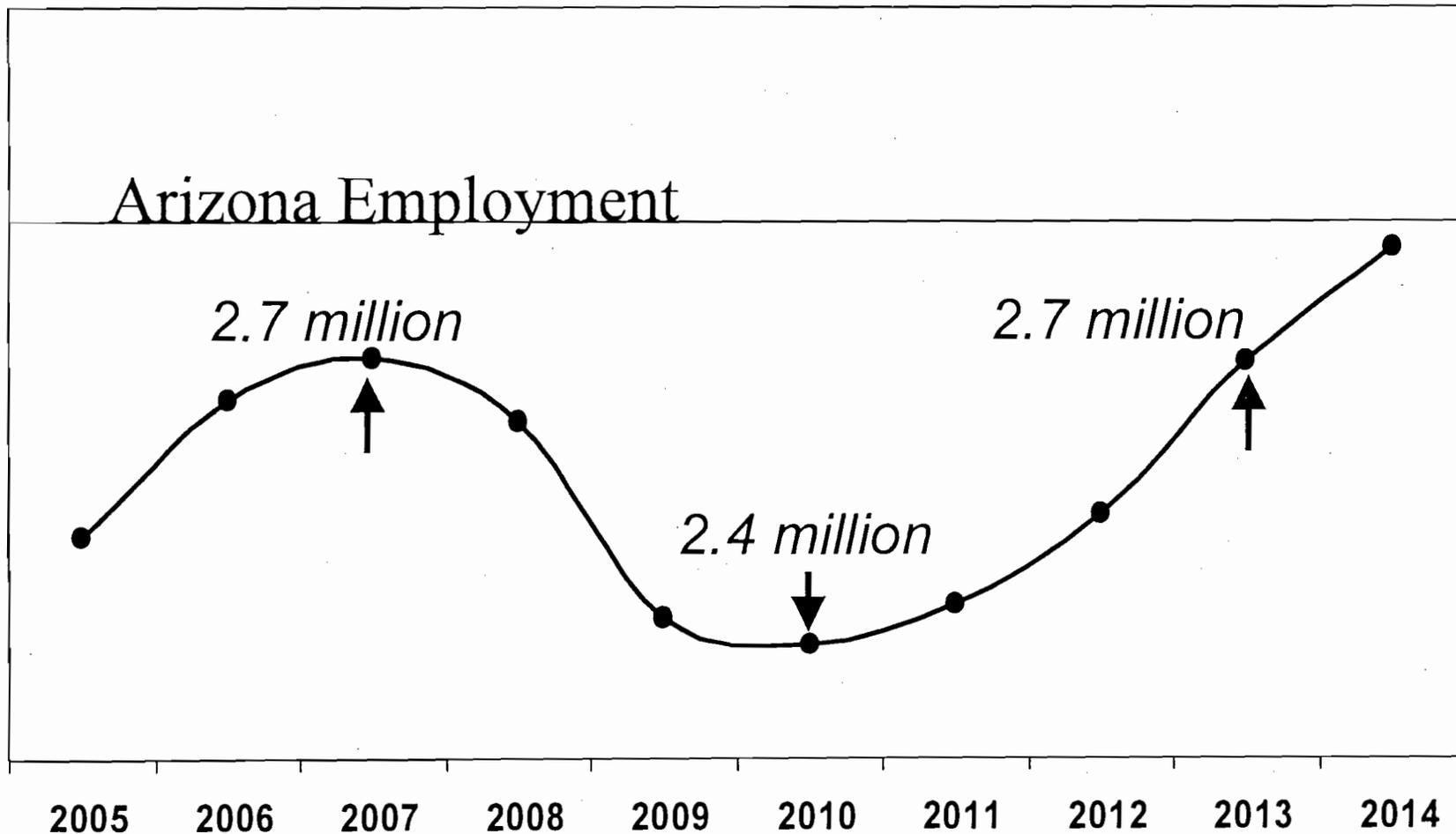
# No AZ Job Growth Until 2011

Annual Numeric Change In Arizona Employment



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(McPheters, 2010)

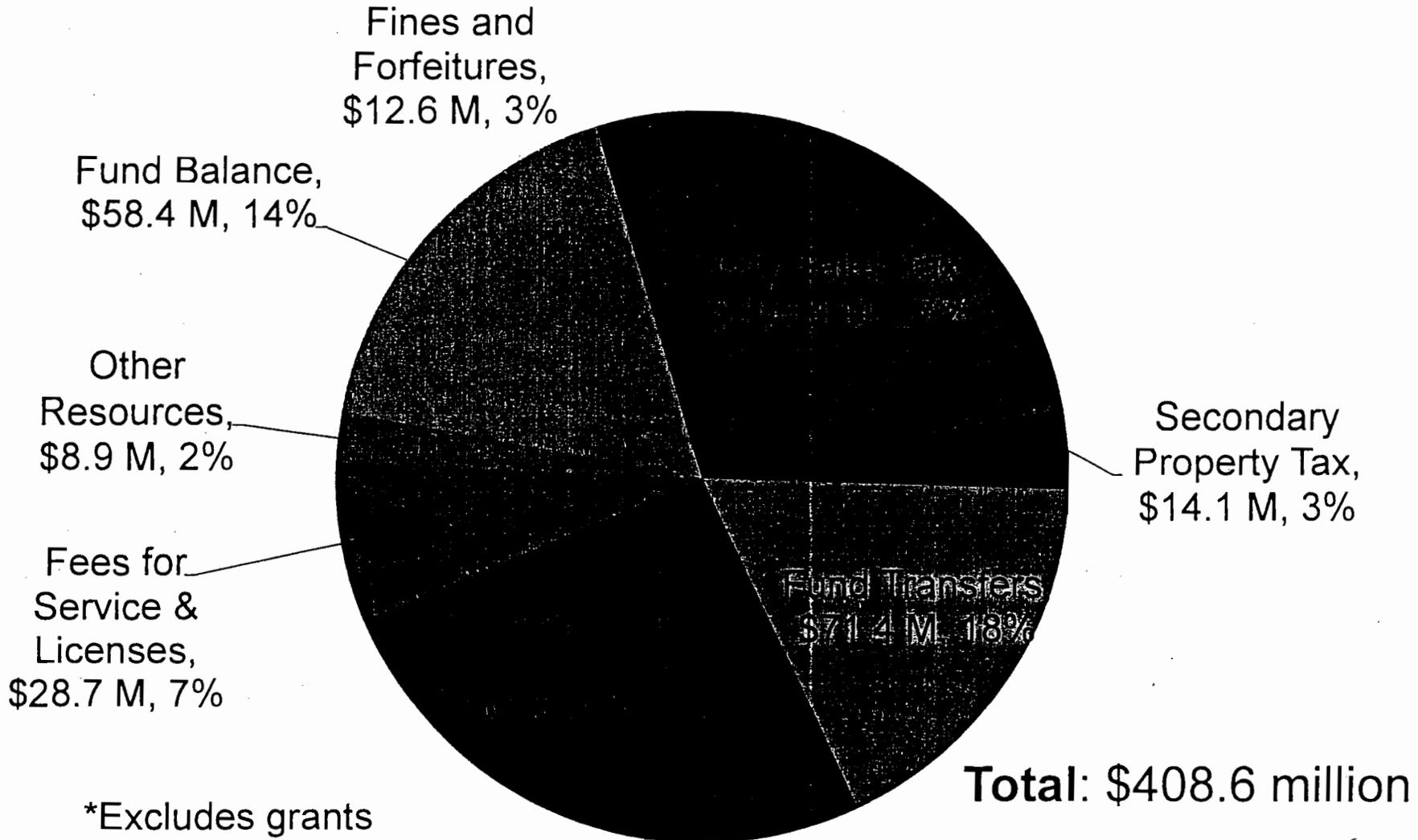
# The Long Road to Recovery: Arizona Jobs Return in 2013



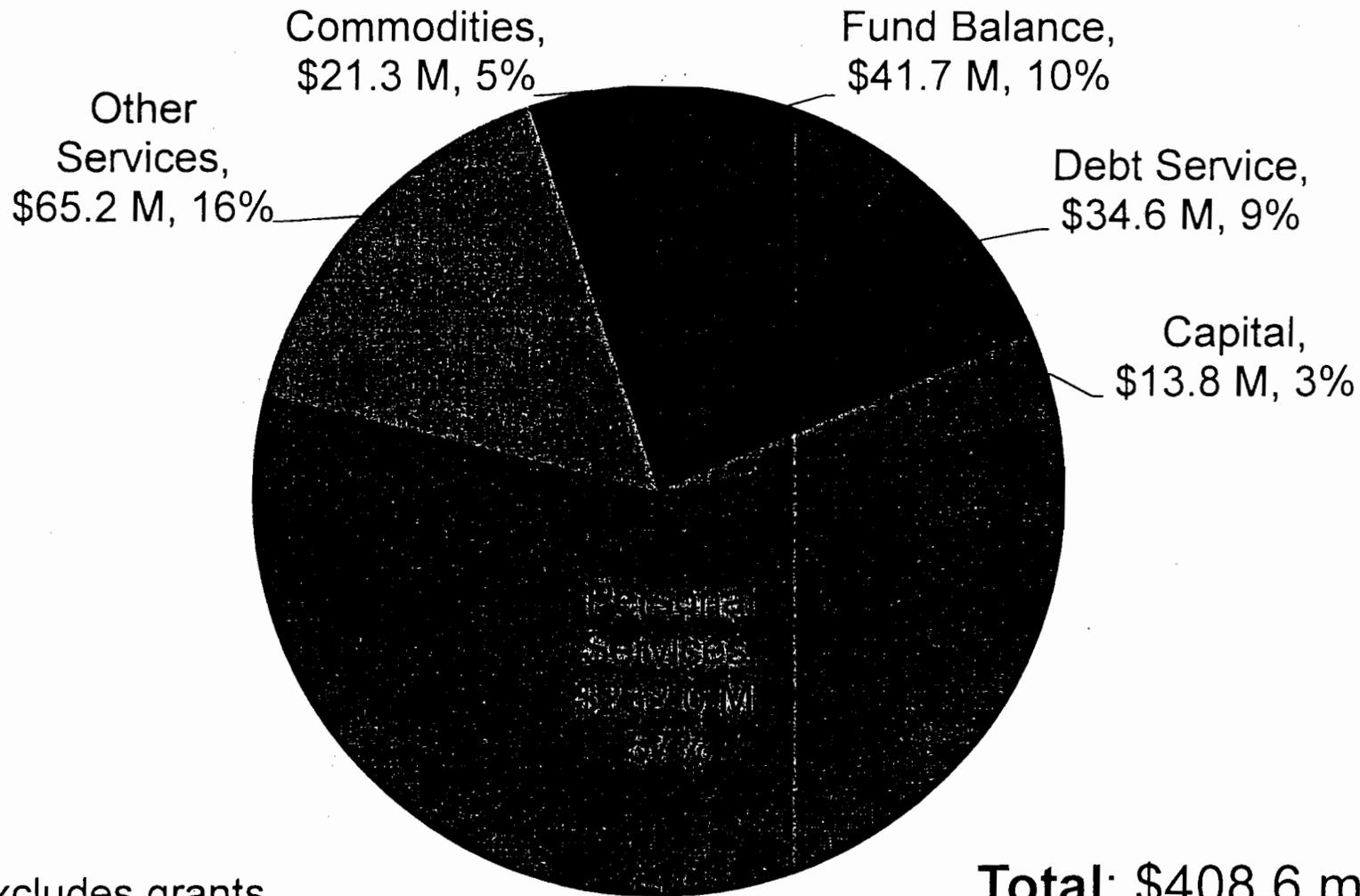
(McPheters, 2010)<sup>5</sup>

# General Fund\*

## FY 2009/10 Budgeted Resources



# General Fund\* by Expenditure Category FY 2009/10 Budget

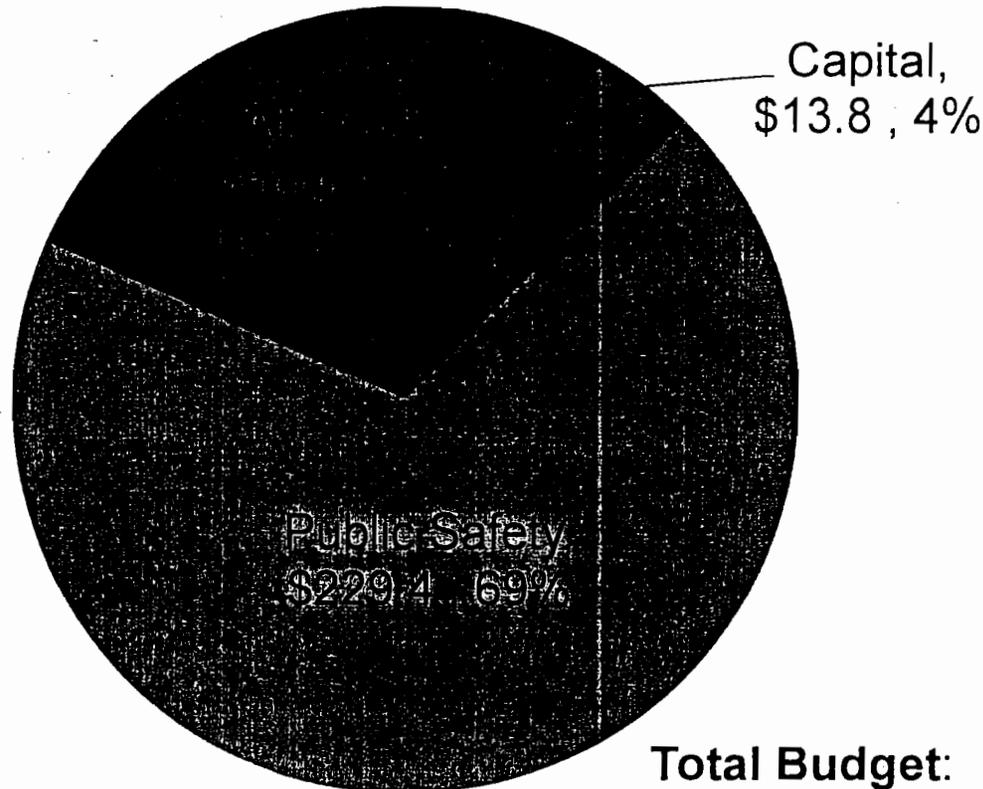


\*Excludes grants

**Total: \$408.6 million**

# General Governmental Operations and Capital\*

## FY 2009/10 Budget



<b>Total Budget:</b>	\$408.6 M
Less Debt Service:	\$34.6 M
Less Fund Balance:	<u>\$41.7 M</u>
<b>Operating Total:</b>	<b>\$332.3 M</b>

\*Excludes grants

# General Fund\* Revenue FY 2009/10

	FY 08/09 Actual	FY 09/10 Budget	FY 09/10 Revised	FY 09/10 Budget vs. Revised	
City Sales Tax	\$ 108,690,264	\$ 109,366,000	\$ 99,990,000	\$ (9,376,000)	-8.6%
State Sales Tax	35,651,937	34,450,000	30,721,000	(3,729,000)	-10.8%
Vehicle License Tax	15,622,813	12,772,000	15,574,000	2,802,000	21.9%
Licenses & Permits	10,223,883	8,915,000	7,765,000	(1,150,000)	-12.9%
Charges for Services	16,494,657	19,760,000	17,253,000	(2,507,000)	-12.7%
Fines & Forfeitures	12,431,371	12,629,000	11,037,000	(1,592,000)	-12.6%
Urban Revenue Sharing	66,268,144	57,852,000	57,852,000	-	0.0%
Miscellaneous Revenues	6,989,228	7,151,000	6,334,000	(817,000)	-11.4%
<b>Total</b>	<b>\$ 272,372,297</b>	<b>\$ 262,895,000</b>	<b>\$ 246,526,000</b>	<b>\$ (16,369,000)</b>	<b>-6.2%</b>

\*Excludes grants and land sales, FY 08/09 updated with final year end information

# FY 09/10 vs. FY 10/11 General Fund\* Revenue Comparison

	FY 09/10 Revised	FY 10/11 Projected	FY 09/10 Revised vs	FY 10/11 Projected
City Sales Tax	\$ 99,990,000	\$ 106,788,000	\$ 6,798,000	6.2%
State Sales Tax	30,721,000	32,595,000	1,874,000	5.4%
Vehicle License Tax	15,574,000	17,504,000	1,930,000	15.1%
Licenses & Permits	7,765,000	7,994,000	229,000	2.6%
Charges for Services	17,253,000	18,379,000	1,126,000	5.7%
Fines & Forfeitures	11,037,000	11,026,000	(11,000)	-0.1%
Urban Revenue Sharing	57,852,000	43,620,000	(14,232,000)	-24.6%
Miscellaneous Revenues	6,334,000	5,403,000	(931,000)	-13.0%
<b>Total</b>	<b>\$ 246,526,000</b>	<b>\$ 243,309,000</b>	<b>\$ (3,217,000)</b>	<b>-1.2%</b>

\*Excludes grants and land sales

# 2010/11 General Fund Budget Shortfall

\$(16,369,000) Decrease in 09/10 revised revenues

\$ (3,217,000) Additional decrease in 10/11 forecasted revenues

**\$(19,586,000)** Total decrease in general fund revenues for 10/11

# Significant General Fund Pressures

## Revenues

	FY 10/11	FY 11/12
Urban Revenue Sharing	\$ (14,232,000) -24.6%	\$ (5,409,000) -12.4%

## Expenditures

Arizona State Retirement	\$ 411,000 +5.3%	\$ 411,000 +5.1%
Public Safety Retirement		\$ 1,010,000 +5.1%
Employee Benefits Trust	\$ 1,269,000 +4.7% *	\$ 2,621,000 +6.4% *
Mass Transit:		
Fixed Route	\$ 75,000	\$ 1,600,000
Dial-a-Ride (Ongoing)	\$ 400,000	

\* Each calendar year, the City increases employer contributions to medical premiums by 10.6%. The increases shown here represent various rate changes resulting in a blended rate increase for the fiscal year.

# Issues under Consideration for Addressing the Anticipated Shortfall

- Any recommended adjustments to the General Fund shortfall will address a forecasted 2 to 3 fiscal year period.
- All Departments have been asked to provide planning scenarios up to 10% of their FY 10/11 budget
- Budget process will involve a critical analysis of all program operations

# Issues under Consideration for Addressing the Anticipated Shortfall

- Evaluate methods for resolving the increased costs of employee pensions, wages and medical benefits
- Operational considerations:
  - Ensure that only critical costs are incurred for services provided
  - Continue to “right-size” the organization when opportunities arise
  - Monitor expenditures closely with a goal of maintaining fund balance targets

# City's Expenditure Limitation Alternative Election

- State legislation required the City of Mesa to move elections to the Fall ballot.
- In 2008, the City was granted a one-time exemption to hold a Spring election in order maintain continuous Home Rule coverage.

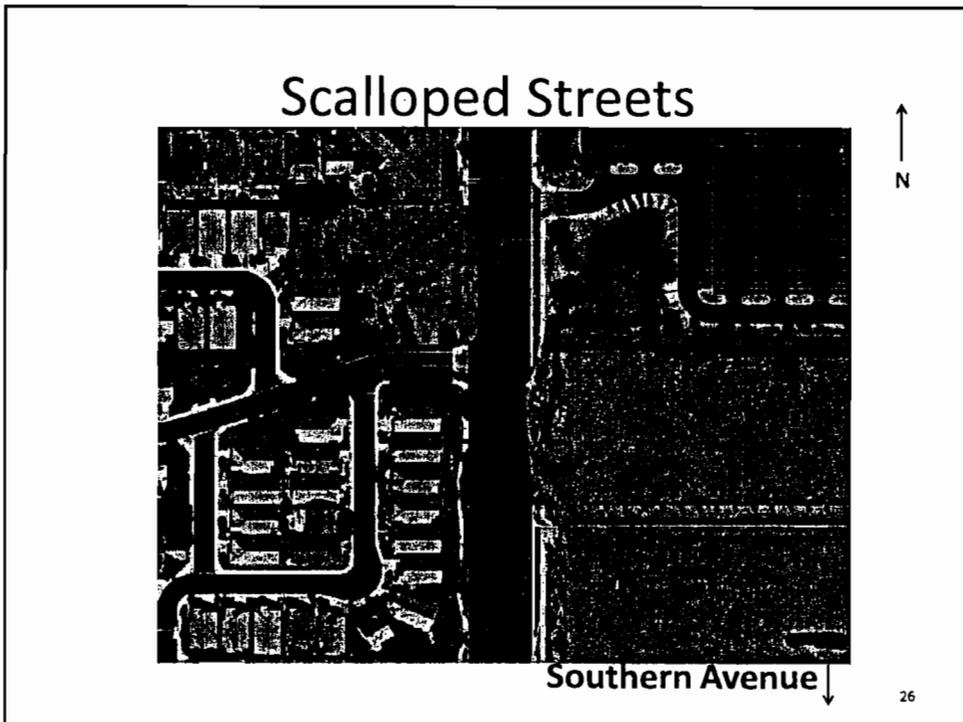
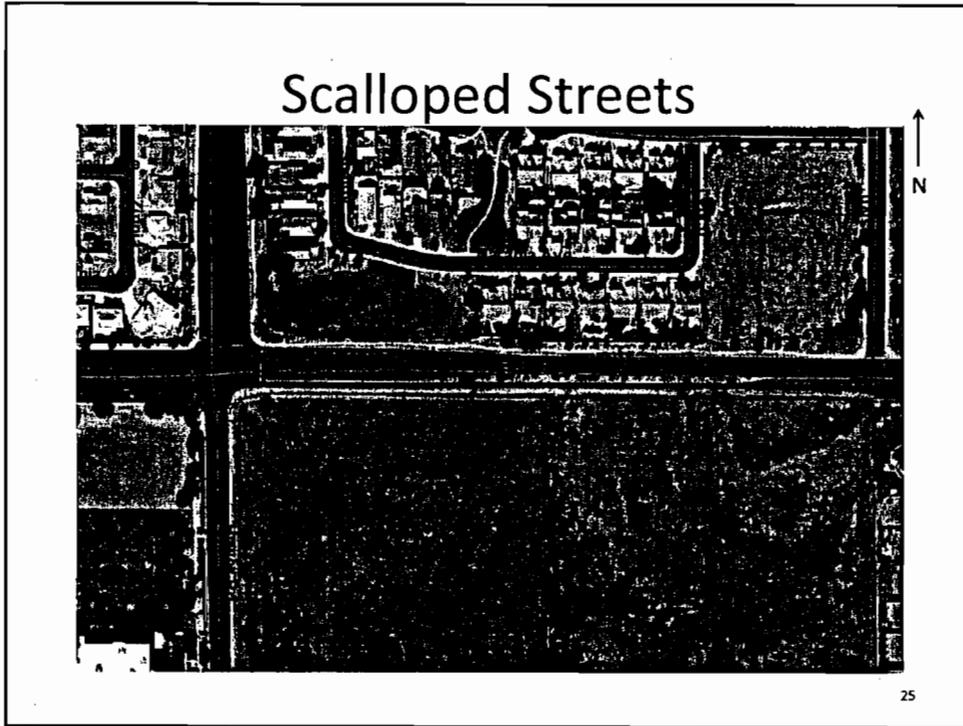
# City's Expenditure Limitation Alternative Election Continued

- The Home Rule option was approved by voters in March, 2008. It is valid from FY 2008/09 through 2011/12.
- An election is required in Fall 2010 to avoid expiration prior to FY 2012/13.
- Further discussion and a timeline will be included in the upcoming budget process.

# Budget Cycle

## Important Dates for Council

- March/April • Budget discussions
- May 13 • Home Rule discussion
- May 13 • Preliminary Budget submitted to Council
- May 17 • Notice of Intent to adopt utility rates
- June 7 • Adopt Tentative Budget
- June 21 • Public hearings
- Council adopts Budget
- Council adopts utility rates
- July 8 • Secondary property tax levy adopted



## Extended 2008 Bond Package Street Projects (\$22.8M)

- Economic Development (\$10M)
  - Fiesta District Streetscape
- Intersection Safety Improvements (\$5.1M)
  - Southern & Stapley
  - Southern & Country Club
- Rusted Streetlight Poles (\$1.7M)
  - Approximately 500 poles to be replace
- Redevelopment (\$6M)
- Street Reconstructions (Future Consideration)

27

## Questions?

28

# Transportation Capital Improvement Projects

City Council Presentation  
February 25, 2010

## Strategic Initiatives

- Economic Development
  - Light Rail Extension(s)
  - Fiesta District Improvements
- Quality of Life
  - 2008 Streets Bond Implementation
  - Green Initiatives
- Financial Stability
  - Financing the Future
  - Consideration of 2010 Transportation Capital Bond Election

## Mission Statement

- Mesa's Transportation Department serves the public by planning, designing, operating and maintaining a safe and efficient, multi-modal transportation system

3

## Transportation by the Numbers

- Volume:
  - 78,000 Vehicles per Day at Mesa's Busiest Intersections (over 28 million veh/yr)
  - 11,000,000 Daily Vehicle Miles Traveled in Mesa
- Safety:
  - 8,000 Vehicle Crashes per Year
  - 37,300 Streetlights Maintained
  - 399 Traffic Signals
- Street Maintenance:
  - 32,163,953 Square Yards of Asphalt Maintained
    - 4,569 Total Lane Miles

4

## Typical Pavement Treatment Cycle

<u>Year of Treatment</u>	<u>Type of Treatment</u>
1 <sup>st</sup> year	New Construction
3 <sup>rd</sup> year	Fog Seal
5 <sup>th</sup> year	Crack Seal
6 <sup>th</sup> year	Fog Seal
8 <sup>th</sup> year	Fog Seal
10 <sup>th</sup> year	Crack Seal
11 <sup>th</sup> year	Latex Modified Slurry Seal
14 <sup>th</sup> year	Fog Seal
16 <sup>th</sup> year	Mill & Overlay
19 <sup>th</sup> year	Fog Seal
22 <sup>nd</sup> year	Crack Seal
23 <sup>rd</sup> year	Fog Seal
25 <sup>th</sup> year	Latex Modified Slurry Seal
28 <sup>th</sup> year	Major Rehabilitation

5

## Street Project History

- 2025 Mesa Transportation Plan (MTP)
  - Adopted by Council 2002
  - Build-out vision and needs
  - Studied needs for Mesa projects for RTP

6

## Regional Transportation Plan (RTP)

- ½ cent countywide sales tax passed in 2004
- Not all MTP projects included
- Projects scheduled to balance cash flow with expenditures
- Mesa projects based on 2025 build-out need per MTP
- Requires minimum 30% local match

7

## Local Mesa Transportation Funding

- Local 0.3% sales tax dedicated to Transportation passed 2006
- Highway User Revenue Fund (HURF)
- Funds dedicated primarily to maintenance and operations
- Limited funds for local share of RTP capital projects

8

## Typical RTP Project Elements

- Added Through Lanes
- Dual Left Turn Lanes
- Right Turn Lanes
- Bus Pullouts
- ITS Fiber and Devices
- Storm sewer improvements
- Utility Improvements are coordinated

9

## Nov. 08 G.O. Bond Election

- \$110,915,060 Total Bond Amount
- RTP Improvements (8)
- Other Street Improvements (3)
- Street Construction, Intersection Improvements, and Streetlights (1)
- ITS Signal Management Network (1)

10

## Nov. 08 Bond Election: RTP Projects (8)

Project	Funding Requirement	Regional Share	Net Funding Requirement
Gilbert and University	\$ 11,967,526		\$ 11,967,526
Ray Road (Sossaman to Ellsworth)	\$ 9,058,414		\$ 9,058,414
Hawes Road (Santan to Ray)	\$ 3,751,226		\$ 3,751,226
Greenfield (Baseline to Southern)	\$ 6,419,030	\$ 4,837,000	\$ 1,582,030
Dobson and Guadalupe	\$ 5,413,054	\$ 2,606,000	\$ 2,807,054
Dobson and University	\$ 6,475,637		\$ 6,475,637
Power Road (Santan to Pecos)	\$ 18,922,550	\$ 10,008,000	\$ 8,914,550
Mesa Drive (Southern to US 60)	\$ 18,001,066	\$ 7,023,000	\$ 10,978,066
	<b>\$ 80,008,503</b>	<b>\$ 24,474,000</b>	<b>\$ 55,534,503</b>

11

## Nov. 08 Bond Election: Other Street Improvements

Project	Funding Requirement
ASU Polytechnic Ring Road	\$13,312,688
Arterial Road Construction (misc.)	\$13,681,634
Broadway (Sossaman to Hawes)	\$14,326,183
<b>Total</b>	<b>\$41,320,505</b>

12

## Nov. 08 Bond Election: Street Construction, Intersection Improvements, and Streetlights

- \$4,000,000
- City Cost Participation for Regional Needs
  - Major streets
  - Modified traffic signals
  - Streetlights
- Annual Amount Varies with Development Activity

13

## Nov. 08 Bond Election: ITS Signal Management Network (1)

- \$10,060,052
- Applying Technology to Improve Transportation System Performance
- Typical ITS Elements:
  - Fiber Optic Cable
  - Detection (loops & video)
  - Upgraded Traffic Signal Controllers
  - Traffic Monitoring Cameras
- Many Converting from Sonex to ICONS

14

## Nov. 08 Bond Election Authorization

Total Authorization (\$110,915,060)  
- Expected Expenditures (\$76,066,033 )  
-----  
Available Funds (\$34,849,027)

15

## Dobson & University Intersection Project

- Original Intersection Improvements (\$6.5M)
  - 3<sup>rd</sup> Eastbound & Westbound thru lanes
  - Eastbound & Westbound Bus Pullouts & Shelters
  - Property Impacts
- Proposed Intersection Improvements (\$2.8M)
  - Reconstruction
  - Includes Bus Pullouts & Shelters
- Net Savings (\$3.7M)

16

## 2010 Highest CIP Needs (\$22.8) Extended 2008 Bond Package

- Economic Development (\$10M)
- Safety/Projects included in the Transportation Plan (\$6.8M)
- Redevelopment (\$6M)

17

## Economic Development (\$10M)

- Fiesta District Streetscape (\$10M)

18

## Safety (\$6.8M)

- Included in the Transportation Plan/Street Projects (\$5.1M)
  - Crash History (Left Turns and Rear Ends)
  - Operations
    - Traffic Volumes (Current & Future)
    - Congestion (Current & Future)
    - Driver Delay
- Rusted Streetlight Poles (\$1.7M)

19

## Street Project Priorities (Level 1)

Priority	Project	Crash History 2007-2008			Intersection Traffic Volume (vehicles per day)	
		All Rank (Number)	Left Turn Rank (Number)	Rear End Rank (Number)	2010 Traffic Volume Map	2030 MAG Forecast
1	Southern & Stapley	1 (78)	1 (31)	6 (36)	57,300	84,000
2	Southern & Country Club	4 (67)	66 (6)	1 (47)	69,100	91,000
3	Broadway & Mesa Dr	12 (49)	5 (21)	23 (18)	51,500	68,000
4	University & Stapley	11 (52)	3 (26)	31 (15)	45,000	57,000
5	Val Vista, Southern to Baseline					
	Southern & Val Vista	7 (55)	4 (23)	13 (23)	58,800	77,000
	Baseline & Val Vista	29 (35)	11 (15)	55 (11)	67,500	82,000
6	Country Club & University	4 (67)	51 (8)	2 (44)	61,500	70,000

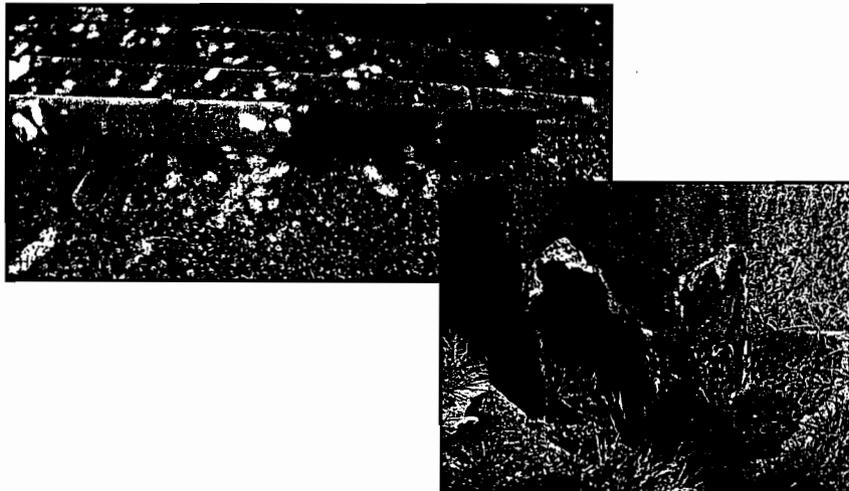
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## Immediate Needs Potentially Funded by Savings (\$5.1M)

	Total Cost	Regional Share	City Share
Southern and Stapley	\$11,870,789	\$8,309,552	\$3,561,237
Southern and Country Club	\$5,051,000	\$3,535,700	\$1,515,300
<b>Immediate Needs Total</b>	<b>\$16,921,789</b>	<b>\$11,845,252</b>	<b>\$5,076,537</b>

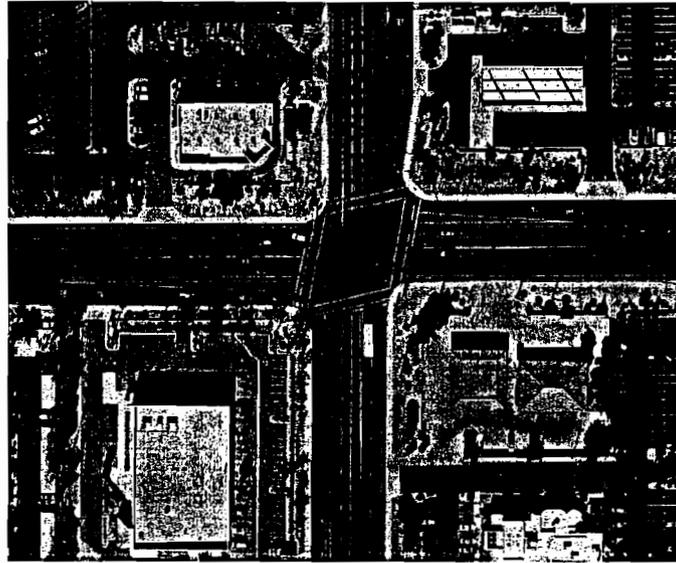
21

## Rusted Streetlight Poles (\$1.7M)



22

### Infill Projects



23

### Infill Projects



24