



COUNCIL MINUTES

February 9, 2017

The City Council of the City of Mesa met in a Study Session in the lower level meeting room of the Council Chambers, 57 East 1st Street, on February 9, 2017 at 7:31 a.m.

COUNCIL PRESENT

John Giles
Christopher Glover
David Luna
Kevin Thompson
Jeremy Whittaker
Ryan Winkle

COUNCIL ABSENT

Mark Freeman

OFFICERS PRESENT

Christopher Brady
Dee Ann Mickelsen
Jim Smith

Mayor Giles excused Councilmember Freeman from the entire meeting.

1-a. Hear a presentation, discuss and provide direction on a permanent Household Hazardous Waste (HHW) facility located at 2412 North Center Street, and discuss the benefits of the City's recycling and HHW programs.

Environmental Management & Sustainability Director Scott Bouchie displayed a PowerPoint presentation related to the Permanent Household Hazardous Waste (HHW) Facility. **(See Attachment 1)**

Mr. Bouchie briefly highlighted the FY 15/16 recycling benefits, which included approximately \$660,000 in commodity driven revenue, avoided landfill costs of \$800,000 for an overall net benefit of \$1.5 million.

Mr. Bouchie discussed the national recycling challenges (i.e., Education, Contamination, Commodity market). He explained that the recycling education program teaches residents what can and cannot go into the blue barrels. He pointed out that contamination is one of the main concerns at the recycling center, which increases the cost to process foreign materials.

Mr. Bouchie reported on the various recycling challenges including the impact of recycling plastic bags. He pointed out that bags should be dropped off at recycling bins in supermarkets (i.e., Walmart) and not placed in the blue barrels. He explained that plastic bags become tangled through the recycling process and damage the machinery. He also spoke about the challenges of the commodity market.

Mr. Bouchie described the recycling environmental benefits (See Page 3 of Attachment 1) and the philosophy behind the “Reduce, ReUse, Recycle” slogan, which helps extend the life of the landfills and reduces landfill costs. He stated that it also helps reduce the dependence on natural resources.

Mr. Bouchie continued with the presentation and briefly summarized the HHW events. He stated that HHW events are held four times a year to prevent hazardous waste from going into the storm sewers, sanitary sewers, and solid waste vehicles. He reported that there have been fires in the trucks caused by hazardous materials being placed in the blue recycling barrels. He reported that HHW events provide a convenient way for residents to properly dispose of or recycle hazardous materials. (See Pages 4 and 5 of Attachment 1)

Mr. Bouchie reported that on some of the changes made at the HHW events included adding multiple lines to maximize the number of residents being served (approximate average is 1200 to 1600 per event).

Mr. Bouchie stated that a survey was conducted among residents dropping off hazardous materials and that most of the feedback included reducing the wait time for curbside dropoff. (See Pages 6 and 7 of Attachment 1)

Mr. Bouchie reported on the Permanent Recycling Facility, including operating hours, which will increase from 16 hours a year to 1,040 hours a year including Saturdays. He stated that the facility will have a drop-off room, sorting/bulk operation, and a swap shop. (See Page 8 of Attachment 1) He advised that the facility will provide new space for staff, who are currently providing service from a 30-year old trailer. He added that there is also a small area that will be utilized for educational activities for youth with help from grant resources.

Mr. Bouchie briefly highlighted a list of items accepted at the facility and events. He reported that prescription medications will no longer be accepted at the events or at the facility. He stated that it is required that a police officer be on sight at events where prescription medications are collected.

Mr. Bouchie also displayed the annual labor and disposal costs and stated that the largest cost driver is the disposal costs. He stated that he anticipates a 30% to 40% participation increase at the facility, but ensured Council that staff will have efficiencies in place.

Mr. Bouchie reviewed the construction costs and design phase timeline. He commented that the facility is expected to be completed by September 2018, and that various HHW events will be continued through April 2018. (See Page 11 of Attachment 1)

Mr. Bouchie, in addition, displayed several renderings of the new facility to be located at 2412 N. Center. He noted that the facility will have a drive-through area for drop-off and pull-out service. (See Pages 12 through 14 of Attachment 1)

In response to a question from Mayor Giles, Mr. Bouchie stated that the bulk item pick-up program is a scheduled fee-based program of \$25.00 that picks up items directly from a residence. He added that it is a popular service that runs twice a week and could expand in the future. He explained that staff will inspect the materials because there are materials that the landfill does not accept, such as freon, and that the HHW facility will accept those types of materials.

Responding to a question from Councilmember Luna, Mr. Bouchie stated that staff could further research companies that are currently contracted by local grocery stores to develop plastic bag recycling services at the HHW facility. He also reported that the City hosts the “Bench the Bag” plastic bag recycling challenge with local schools.

In response to a question from Councilmember Whittaker, Mr. Bouchie highlighted the funding source for the revenue projection, which is generated from the HHW fees. He added that the fees support the events and will also fund the new recycling facility.

In response to a question from Councilmember Whittaker on disposal costs, Mr. Bouchie stated that he anticipates an increase in the amount of waste received. He also provided examples on how staff processes and disposes of materials and the associated costs.

Mayor Giles commented that HHW fees are deducted from monthly utility bills and not paid at the recycling facility.

Mr. Bouchie concurred and clarified that the service is only for Mesa residential customers. He added that businesses are regulated differently due to Environmental Protection Agency (EPA) regulations.

In response to a question from Councilmember Glover, Mr. Bouchie reported that the City requires a utility bill to drop off at HHW events and the facility, to ensure the drop off is from a Mesa utility customer.

Mayor Giles thanked Mr. Bouchie for the presentation.

1-b. Hear a presentation and discuss the major expenditure categories, current fiscal trends, and rising costs affecting the City’s General Fund.

Management and Budget Director Candace Cannistraro introduced Management and Budget Deputy Director Brian Ritschel and displayed a PowerPoint presentation highlighting the General Governmental Funds Expenditures and Revenues. **(See Attachment 2)**

Ms. Cannistraro displayed a chart that illustrated the different expenditure categories in the City budget. (See Page 3 of Attachment 2) She added that the Personal Service budget is 72.5%, which includes position related expenses (i.e., salary, pension and other service expenditures).

Ms. Cannistraro also highlighted the various factors that contribute to the expenditure forecasting as follows:

- Personal Services – position cost, pension rates, medical premiums, salary adjustments, etc.
- Other Services/Commodities – large specialty contracts are handled separately while forecasted consumer price index is applied to general expenses.
- Capital Equipment – majority of expenses are related to lifecycle equipment and vehicle purchases. Multi-year plans are developed and included in the forecast.

Ms. Cannistraro remarked that personal services costs have three major contributors: the actual salary, the contribution for employee health benefits and the state pension plans.

Ms. Cannistraro advised that because we are a service organization, the City strives to attract and retain skilled professionals to provide quality services to residents and businesses. She added that salaries are periodically reviewed and compared to surrounding communities to ensure that Mesa is competitive in the labor market. She noted that the forecast for FY17/18 does not include changes in salary.

Ms. Cannistraro explained the Health Benefits Expenses and pointed out that the City is self-insured for medical and dental claims. (See Page 8 of Attachment 2) She also advised that medical claims continue to increase significantly. She noted that the forecast includes an increase in cost of 8% for medical premiums for the next two years.

Ms. Cannistraro advised that the City participates in four pension plans. She briefly reviewed each one as follows:

- Arizona State Retirement System (ASRS)
- Elected Official Retirement Program (EORP)
- Public Safety Personnel Retirement System (PSPRS) – Fire
- Public Safety Personnel Retirement System (PSPRS) - Police

Ms. Cannistraro pointed out that most of the funding pressure comes from the PSPRS plans. She briefly highlighted the budget estimates of the Fire and Police retirement plans from FY16/17 to FY17/18. (See Page 10 of Attachment 2)

Ms. Cannistraro indicated that the City receives a contribution rate from PSPRS, which is then applied to the salary. She stated that the rates for FY17/18 for Fire has increased by 11% and by 13% for Police.

City Manager Christopher Brady responded that the dollar amount of the employee salary is being driven by the percentage.

Ms. Cannistraro reported that the Public Safety plans have been impacted by statewide reform and legislative changes. She explained that in 2011, pension reforms were enacted by the state in order to save money within the plan and decrease the rates to the municipalities in years to come. She noted, however, that in 2014 and 2016, two Supreme Court cases impacted the Public Safety Plans as follows:

- 2014 – Fields Case - 2011 reforms ruled unconstitutional for retirees
- 2016 – Hall Case - 2011 reforms ruled unconstitutional for active employees

Ms. Cannistraro outlined the \$12.6 million estimated contribution increase in the plans and indicated that the increase is based on both legislative actions and actuarial items within the plan. She stated that the major increase is in the benefit changes, which are the differences between the legislative changes in 2011 and what happened in 2016, which changes future liabilities. She clarified that this only applies to the Field case, and that the Hall case will not have an impact until FY18/19. (See Page 13 of Attachment 2)

Ms. Cannistraro stated that with the 2011 reform, the actuarial studies did not take into account the full increases that the retirees were getting as a result of the plan. She reported that in 2016, a cost of living adjustment was also added.

Mr. Brady explained that payments will be included in the base budget. He stated that three years ago the City was able to work out pension payment adjustments in the amount of \$8 million dollars, spread out over two years. He noted that staff has reached out to PSPRS again to determine if the \$12 million payment can be spread out over a period of time, however, they have not provided a response. He stated that the effect is that in less than 4 years, the City will need to come up with over \$20 million dollars to cover new and ongoing expenses. He added that this is just for the increase, not the total amount of the pension payment.

Ms. Cannistraro concurred and stated that she anticipates the Hall case will cost approximately \$6 million per year starting in FY18/19, in addition to current costs.

Discussion ensued related to the public safety estimated contribution increases and the actuarial assumptions on the annual investment return from PSPRS.

Responding to a question from Councilmember Whittaker, Ms. Cannistraro reported that the funding status for the Fire Department in FY16/17 is 56% funded and for FY17/18 is 52% funded. She added that the Police Department is 51% funded in FY16/17 moving into FY17/18 at 48% funded.

Management and Budget Deputy Director Ryan Wimmer commented that the Arizona State Retirement System (ASRS) is 70% to 80% funded and that a national standard for a well funded plan is 80%.

Mr. Brady stated that the City has been doing rating calls with bond rating companies and while they expressed concern about the dollar amounts, they stated that the City is at an average actuarial for public safety.

In response to a question from Councilmember Luna, Mr. Wimmer explained the impact of the pension reforms related to Proposition 124. He pointed out that the main provision that saves cities and towns money long-term is the replacement of what is called "permanent benefit increase", which allowed for a generous increase to retirees. He added that the 2016 constitutional amendment replaced the permanent benefit increase provision with a cost of living adjustment for all PSPRS participants, including retirees.

Discussion ensued on the impact of the reforms to the pension plan.

In response to a question from Councilmember Whittaker, Ms. Cannistraro responded that payments to the state go through the payroll system. She explained that the state submits an annual dollar amount to the City and then staff converts the rate and applies it to the employees annual salary.

Ms. Cannistraro continued with the presentation and provided an overview of the budgeting and planning for the PSPRS costs forecast.

Ms. Cannistraro displayed various graphs that compared the benefit cost, salary and position history of public safety personnel. (See pages 15 through 17 of Attachment 2)

Discussion continued on the impact of overtime, specialty pay, base salary, and vacation payout on pension plans.

Ms. Cannistraro stated that each year the personal services budget includes the fully loaded annual cost of all approved positions. She stated that payouts for vacation time related to terminations, retirements and the annual vacation buy-back program and sick time related to retirements are not included in the budget.

Ms. Cannistraro highlighted the different commodities as well as other services that are included in the budget. (See Page 19 of Attachment 2)

Ms. Cannistraro also highlighted the General Fund transfers to the Capital Fund, which includes capital equipment (vehicles, park equipment). She noted that the City receives transit revenue from the state and a portion of the fares for Mesa light rail ridership. She stated that the portion covered by the General Fund is projected at \$9.8 million for FY16/17 and \$10.8 million for FY17/18. She also mentioned that the opening of the Gilbert Road Light Rail Extension is included in the FY19/20 forecast as that will be the first full year of operation for that extension.

Ms. Cannistraro also highlighted the General Fund transfer to the Arts & Culture fund, as follows (See Page 22 of Attachment 2):

- The Arts and Culture Department operates facilities that charge for services provided.
- Expenditures are offset by these charges, however the revenues do not cover the costs.
- Effective FY15/16, the expenses and associated revenues were moved out of the General Fund and into a separate fund for ease of management and review.
- The portion covered by the General Fund is projected at \$9.8 million in FY16/17 and \$10.1 million in FY17/18.

Ms. Cannistraro continued with the presentation and highlighted other transfers from the General Fund and stated that the biggest transfer is to the Vehicle Replacement Fund. She stated that approximately \$2.5 million dollars is transferred each year for vehicle replacements.

Ms. Cannistraro pointed out that all principle and interest payments (debt service) related to General Obligation Bonds are covered by the Secondary Property Tax. (See Page 23 of Attachment 2)

Ms. Cannistraro reported that budget savings occur in various places each year and are normally one-time in nature. She added that there are many items still unbudgeted and the departments have many more needs than we have resources. She stated that the Life Cycle Programs are items that need to be repaired or replaced every few years. She added that most lifecycle plans are either underfunded or unfunded and rely on realized budgetary savings. (See Page 26 of Attachment 2)

Ms. Cannistraro displayed the General Fund budget by department and reported 62% of the General Fund budget is allocated to public safety. She also pointed out expenditures by department for FY16/17 and FY17/18.

Mr. Brady commented that departments have been requested to identify 5% in efficiencies and savings and to come up with ideas to generate revenue. He reported that in last year's budget, staff made some significant savings improvements.

In response to a question from Mayor Giles, Ms. Cannistraro stated that the Office of Management and Budget will be working with departments through the month of March and that individual presentations to Council will start in April.

Mayor Giles thanked staff for the presentation.

2. Information pertaining to the current Job Order Contracting projects.

(This item was not discussed by Council)

3. Hear reports on meetings and/or conferences attended.

There were no reports on meetings and/or conferences attended.

4. Scheduling of meetings and general information.

Councilmember Luna announced the following:

Saturday, February 11, 2017, 8:00 a.m. - Heart Your Health Expo
Movie at the Park

City Manager Christopher Brady stated that the schedule of meetings is as follows:

Thursday, February 16, 2017, 7:30 a.m. – Study Session

Friday, February 25, 2017, 12:00 p.m. – Chicago Cubs Championship Rally

5. Adjournment.

Without objection, the Study Session adjourned at 9:01 a.m.

JOHN GILES, MAYOR

ATTEST:

DEE ANN MICKELSEN, CITY CLERK

I hereby certify that the foregoing minutes are a true and correct copy of the minutes of the Study Session of the City Council of Mesa, Arizona, held on the 9th day of February, 2017. I further certify that the meeting was duly called and held and that a quorum was present.

DEE ANN MICKELSEN, CITY CLERK

abg
(Attachments - 2)



mesa·az
ENVIRONMENTAL MANAGEMENT &
SUSTAINABILITY



mesa·az
BUILDING A SUSTAINABLE
COMMUNITY

Permanent Household Hazardous Waste Facility

February 9, 2017

Scott Bouchie, Department Director
Environmental Management & Sustainability

Mission:

Encourage efficient use of natural resources, protect the community from environmental hazards, and ensure excellence in the delivery of solid waste services through waste reduction, reuse, recycling, innovative technology, and education.

Recycling Overview

- Fiscal Year 15/16 Benefit
 - ASL recycling revenue = \$660K
 - Avoided landfill cost = \$800K
 - Overall net benefit = \$1.5M
- Recycling Challenges (Nationally)
 - Education
 - Contamination
 - Commodity market



Recycling Environmental Benefits

- Reduce, Reuse, Recycle
- Extends the life of landfills
- Social responsibility
- Reduce dependence on natural resource
- Creates jobs



Household Hazardous Waste Events

Purpose:

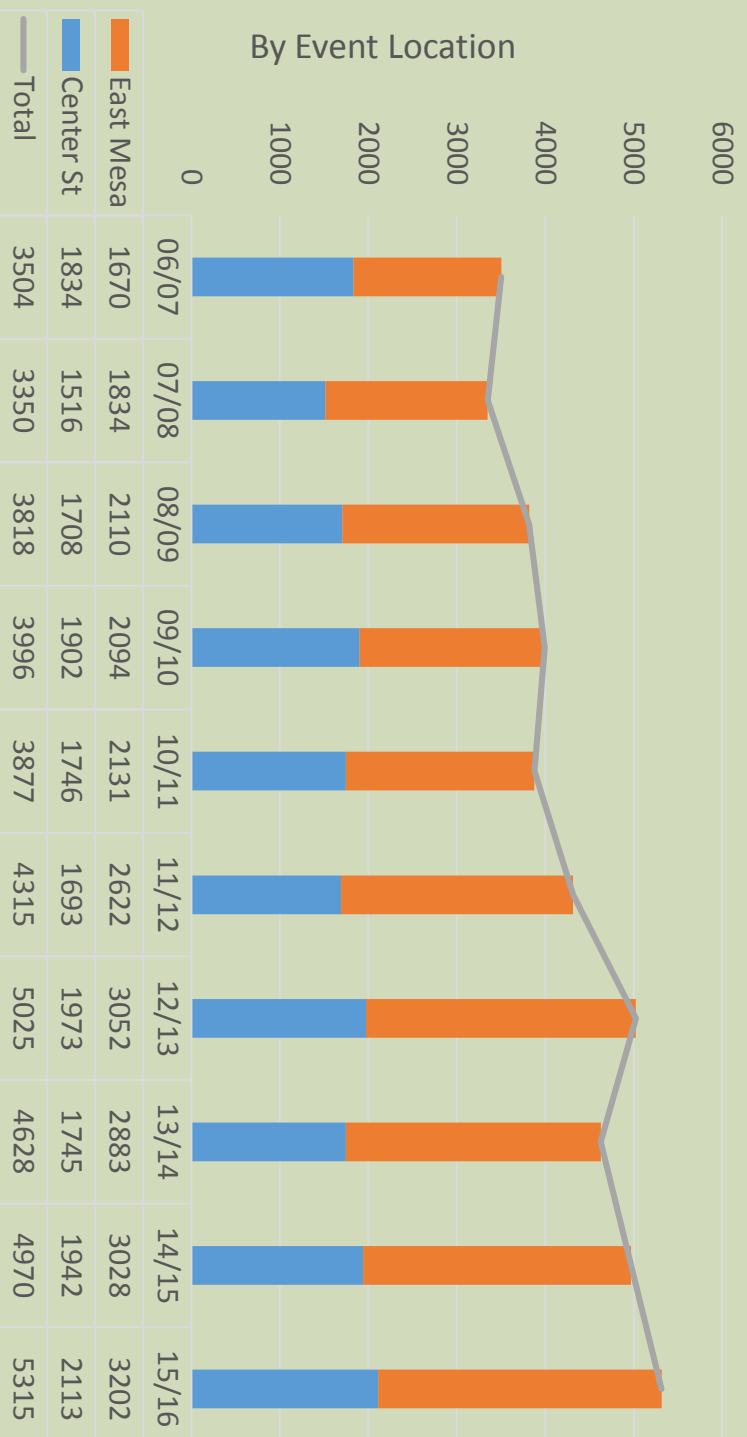
- Prevent Hazardous Waste from contaminating sanitary sewer and stormwater sewer systems, and Solid Waste vehicles
- Provide a convenient way for residents to properly dispose of or recycle hazardous materials



Household Hazardous Waste Events

- Very popular events with increasing attendance
- Multiple lines maximize number of residents served
- Large volumes of HHW collected
- Due to schedule, residents store HHW between events

Number of Vehicles by Event Location



Residents Want the Service

- “We appreciate having a way to responsibly dispose of these waste items. Thank you!”
- **“Fantastic! very proud Mesa has such a program!”**
- “Best arranged hazardous roundup I have ever attended”
- “The event area is clean and well organized. The staff is friendly. The cause is great.”



Residents Do Not Like to Wait

- **“Two hours to drop off old oil and paint.”**
- “It was SO crowded and we waited in line for over an hour. It would be nice if the hours were expanded, or you added more days so that its easier to participate. I probably will not do this again unless something is done to alleviate the super long lines..”
- “I spent 45 minutes in my car, driving .5 mph, to drop off a 1/2 bag sandwich size Ziplock bag of used batteries. I spent a gallon of gas!! There has to be a better method of dropping off small amounts of items like this!!!”



Permanent Facility

- Increase hours of operation from 4 hours/event to 20 hours/week
- Increase level of service from 16 hours/year to 1,040 hours/year
- Service will include Saturdays



- HHW operations (4000 sf)
 - Drop off
 - Sorting/bulking operation
 - Swap Shop
- SW Support Services (1800 sf)
- Future Expansion (1000 sf)

Permanent Facility

Accepted items:

Appliances	Medical sharps
Automobile tires	Motor oil, antifreeze & transmission fluid
Batteries	Paint, polishes & varnishes
Electronics (computers, TV)	Paint related materials (thinner, turpentine, etc.)
Fireworks, small arms ammunition	Pesticides & fertilizers
Fluorescent light bulbs	Pool chemicals
Gasoline	Smoke detectors & fire extinguishers
Grill/Camping propane tanks	Cathode Ray Tube (CRT) TV's

Annual Labor and Disposal Costs

	Current Program	Permanent Facility	Funding Source
Contractor Labor			
4 Events per Year	\$121,000		HHW Fee
Two Technicians at \$35K each		\$70,000	HHW Fee
City of Mesa Labor			
Environmental staff	\$36,000		Environmental Fee
Solid Waste Staff	\$25,000		HHW Fee
Environmental Technician		\$56,000	HHW Fee
Environmental Specialist (Supervisor)		\$80,000	HHW Fee
Other Services (Printing, PD, traffic control)	\$80,000		HHW Fee
Disposal Costs	\$317,000	\$374,000 - \$404,000	HHW Fee
Total	\$579,000	\$580,000 – \$610,000	

FY16/17 Revenue Projection for HHW Fee is \$615,000

Construction

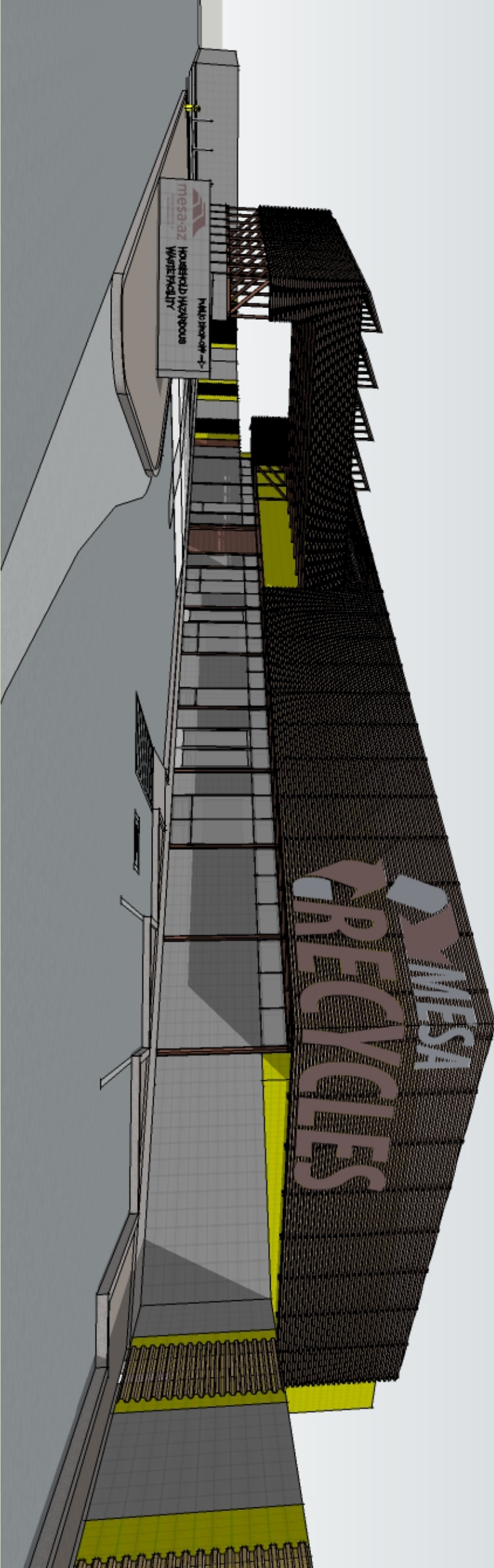
Expense Category	Projected Expenses	Funding Source
Facility Design Consultant Fees	\$300,000	Environmental Fee
Construction Costs		
CMAR Estimate based on 30% plans	\$3,368,000	Solid Waste Bond
Initial Equipment Requirements		
Based on 2017 quotes	\$250,000	Environmental Fee
Total Estimated Costs	\$3,918,000	

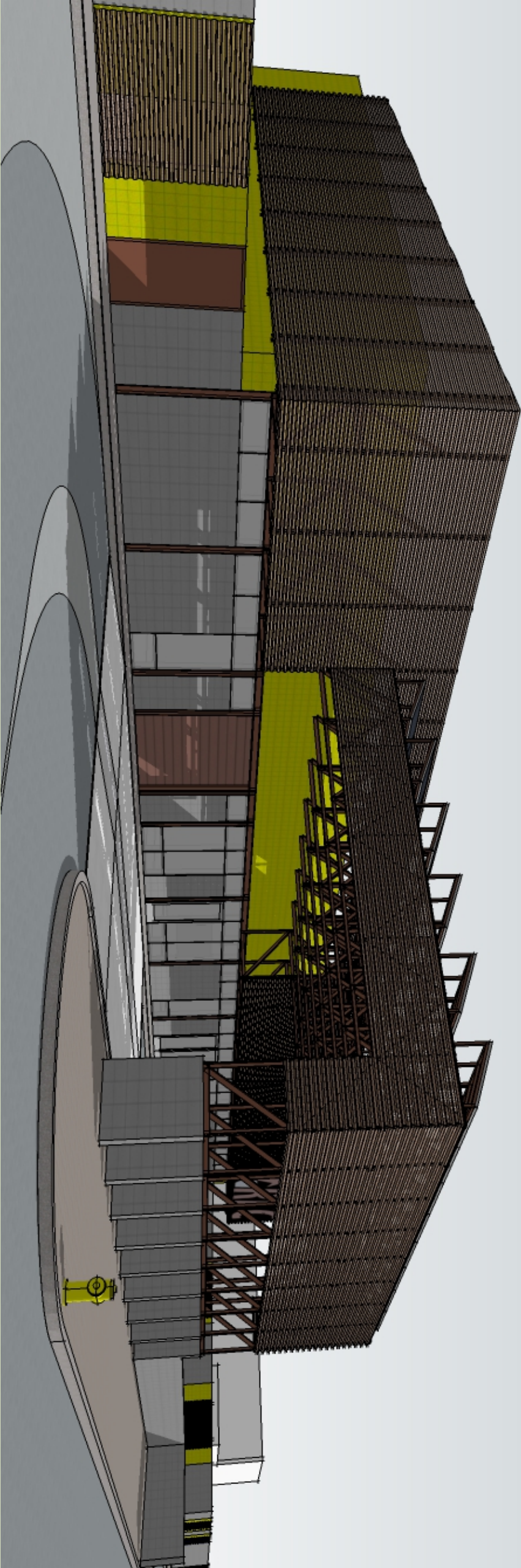
Design Phase
 July 1, 2016 – June 30, 2017

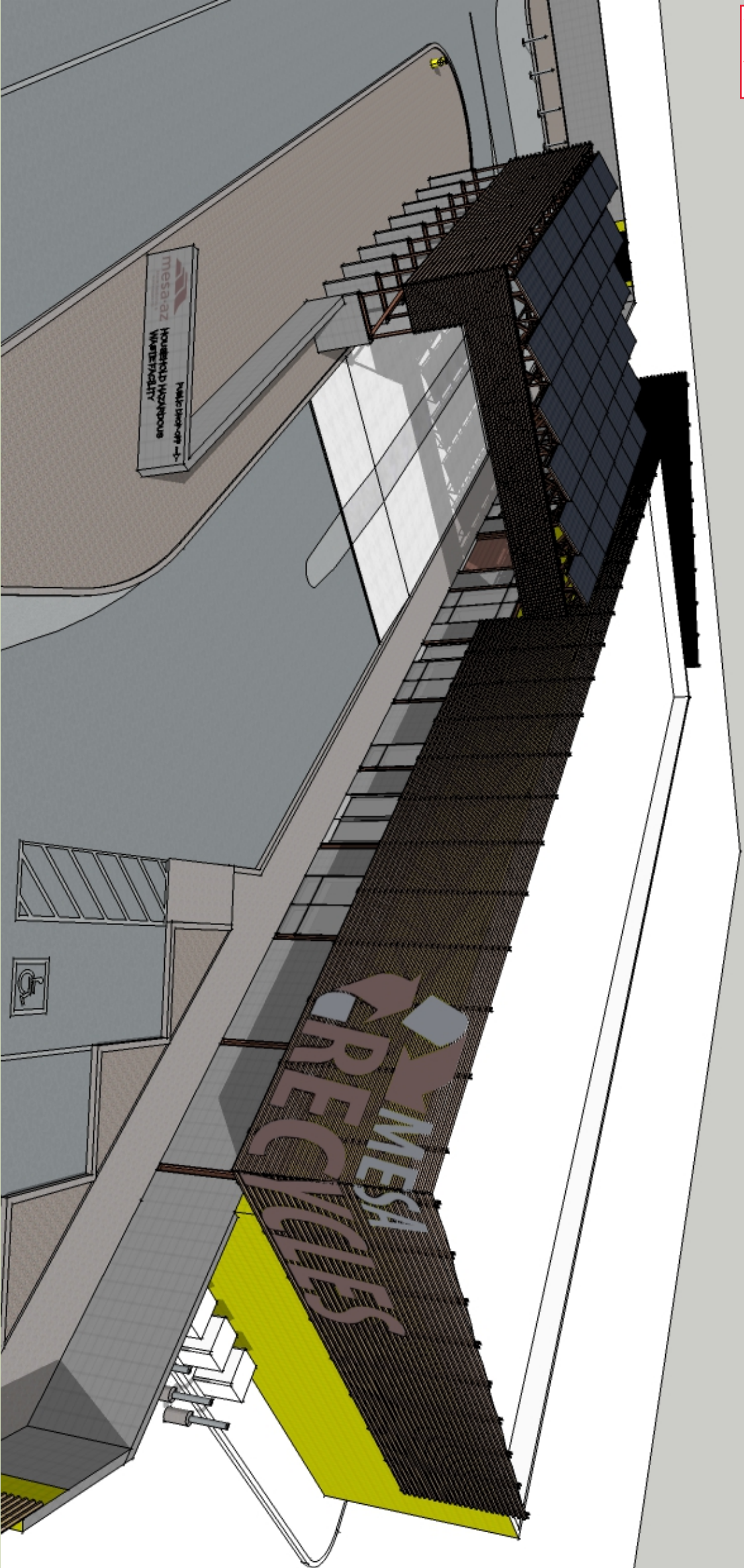
Construction Phase
 Sept 1, 2017 – August 30, 2018

Open/Monitor Operations
 Sep 1, 2018 –

HHW Events through April 2018









Questions

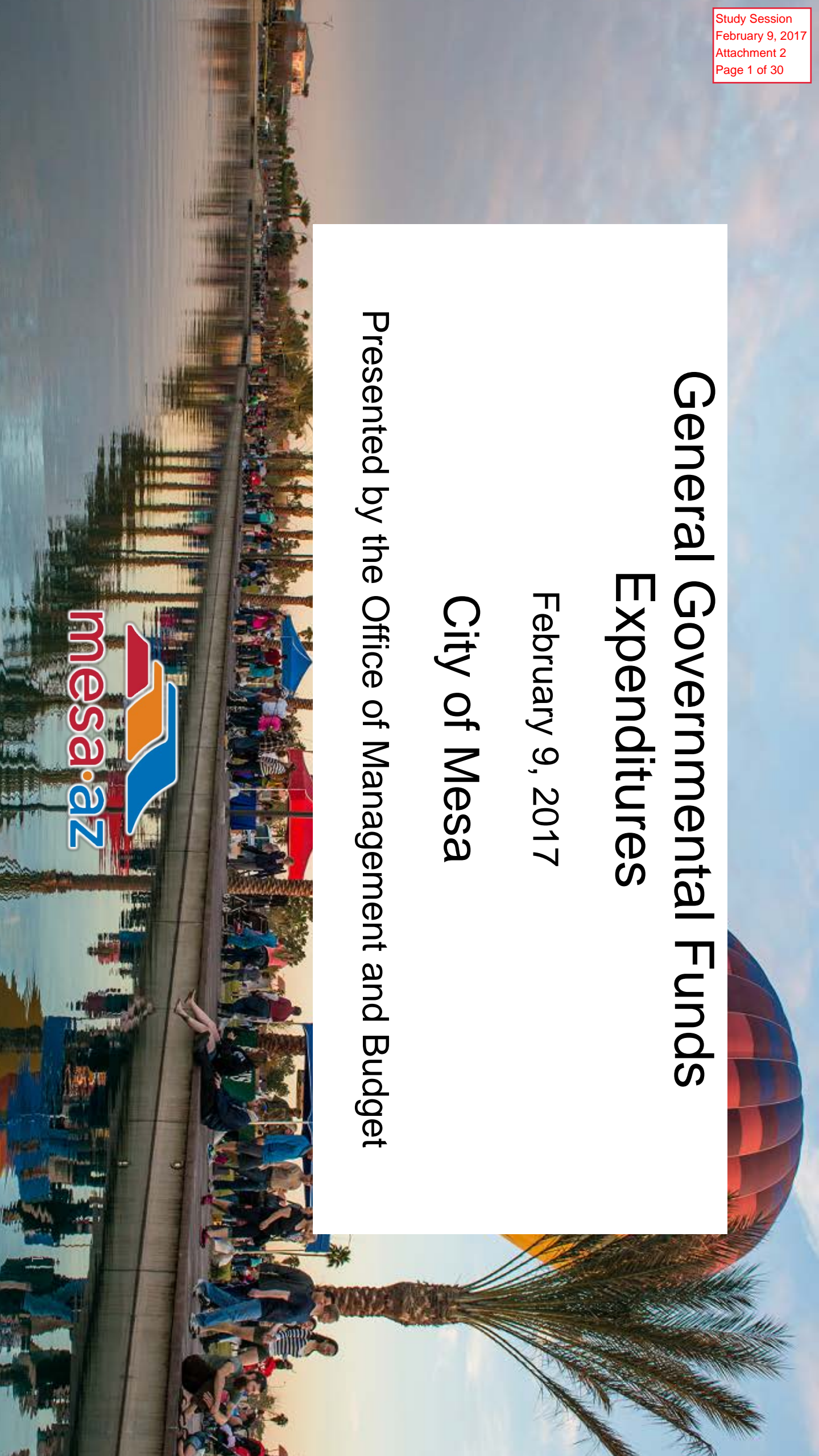


General Governmental Funds Expenditures

February 9, 2017

City of Mesa

Presented by the Office of Management and Budget

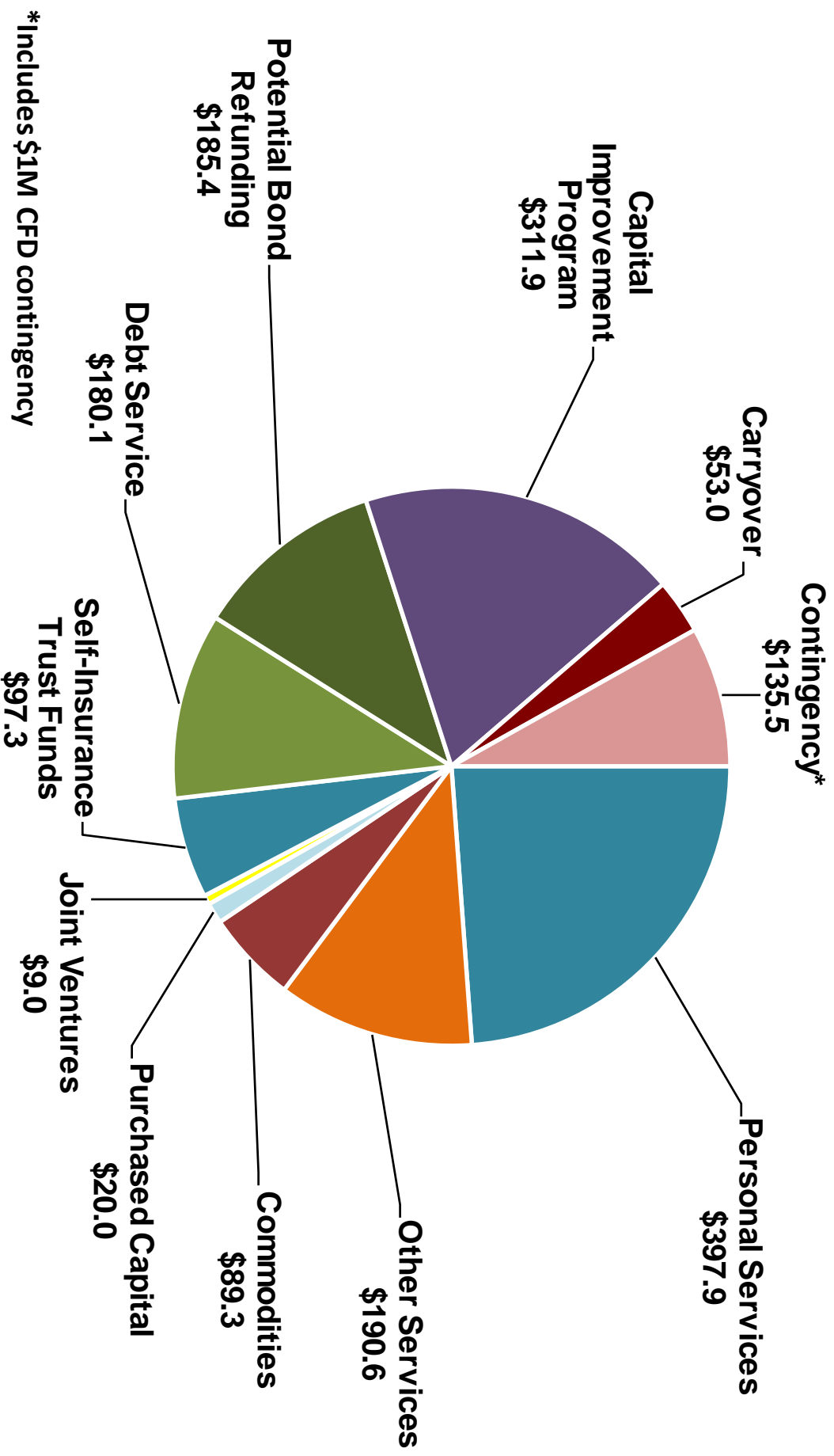


What is a FUND?

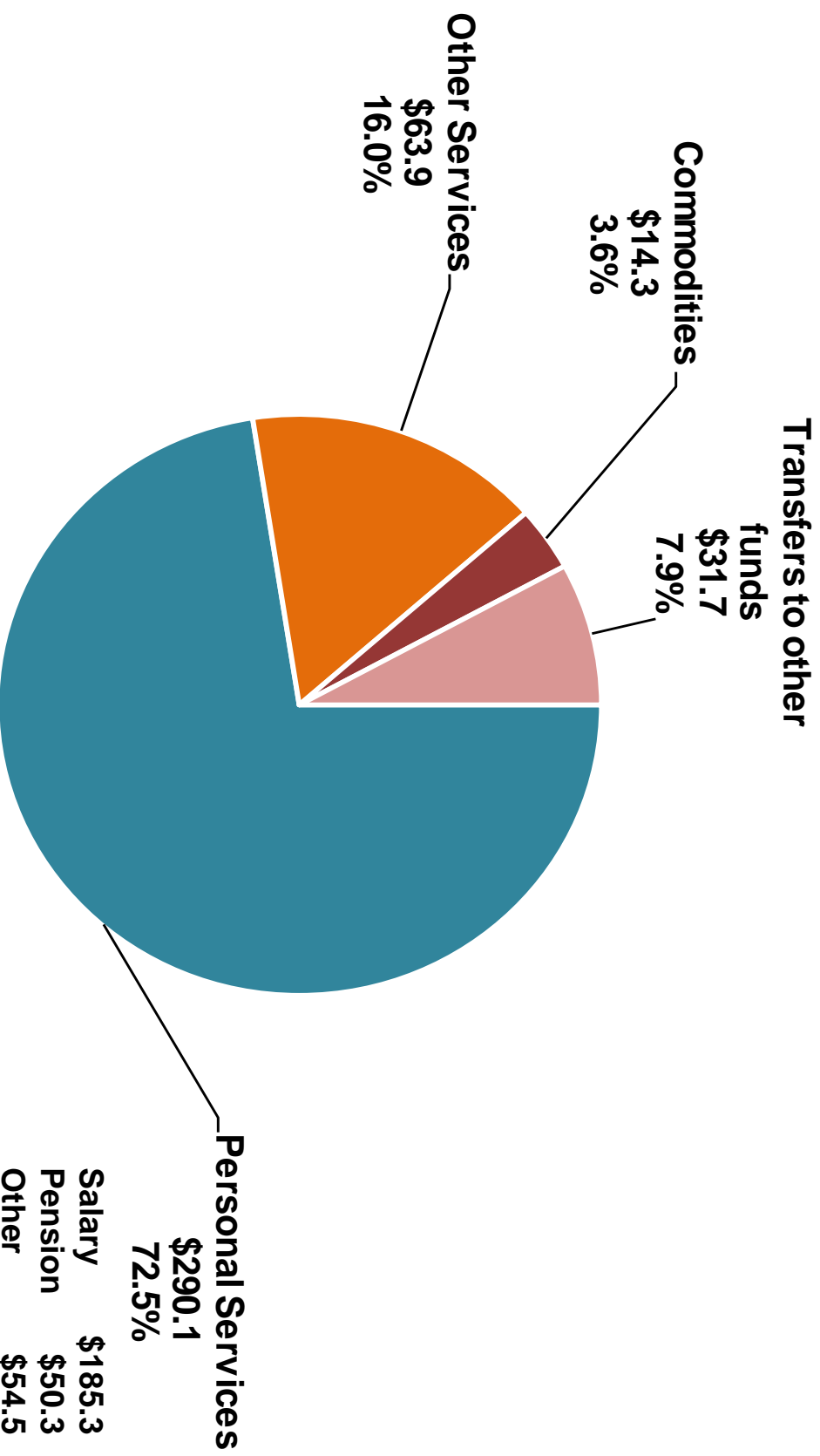
A self-balancing set of accounts recording cash and/or other resources, together with all related liabilities and expenses, for the purpose of carrying on specific activities or attaining certain objectives.



Fiscal Year 2016/17 Total City Budget by Expenditure Categories \$1.67B



Fiscal Year 2016/17 General Governmental Funds Budget by Expenditure Categories \$400.0M*



Personal Services	
	\$290.1
	72.5%
Salary	\$185.3
Pension	\$50.3
Other	\$54.5

*Excludes \$6M General Governmental Funds Carryover

Dollars in millions

Operational Expenditure Forecasting

Expenditure categories are analyzed and
forecasted individually

Personal Services

Many factors contribute to overall estimates such as pension rates, medical premiums, salary adjustments, etc.

Other Services/Commodities

Large specialty contracts are handled separately while forecasted consumer price index is applied to general expenses

Capital Equipment

Majority of expenses are related to lifecycle equipment and vehicle purchases. Multi-year plans are developed and included in the forecast



Personal Services Major Cost Components

- Salary
- City contribution for Employee Health Benefits
- City contribution to State pension plans

Salaries

- The City strives to attract and retain skilled professionals to provide quality services to residents and businesses
- Salary ranges are periodically reviewed and compared to surrounding communities to ensure that Mesa is competitive in the labor market
- A memorandum of understanding (MOU) is currently in place with two labor associations. Both expire in 16/17. The forecast for 17/18 does not include changes in salary



Health Benefits Expense Pressures

- The City is self-insured for medical and dental claims. Premiums are set to cover the anticipated claim expenses
- Both the employee and the City share in the premium cost with 80% of the base plan premium paid by the City
- Premiums are set on a calendar year (CY)
- The Self Insurance Trust Fund Board will receive additional details later this month

Medical claims increased significantly in 15/16 and continue to rise in 16/17

The forecast includes an increase cost of 8% for medical premiums in CY 2018 and 8% in later years

City of Mesa - Retirement Plans

FY 2016-17 – Current Budget

Retirement Plan	FTE	City Contribution (millions)
Arizona State Retirement System (ASRS)	2,460	\$18.5
Elected Official Retirement Program (EORP)*	7	\$ 0.3
Public Safety Personnel Retirement System (PSPRS) - Fire	407	\$13.5#
Public Safety Personnel Retirement System (PSPRS) - Police	759	\$27.2
Total	3,633	\$59.5

*EORP closed to new enrollees in 2014

#Net of City fire insurance premium tax credit

Public Safety Plans: FY16-17 to FY17-18

City Contribution (millions)

Retirement Plan	FY16-17 Budget	FY17-18 Estimate	Change
Public Safety Personnel Retirement System (PSPRS) - Fire	\$13.5	\$17.4	+\$3.9
Public Safety Personnel Retirement System (PSPRS) - Police	\$27.2	\$35.9	+\$8.7
Total	\$40.7	\$53.3	+\$12.6

Public Safety Plans: FY16-17 to FY17-18

City Contribution Rate

Retirement Plan	FY16-17 Rate	FY17-18 Rate	Change
Public Safety Personnel Retirement System (PSPRS) - Fire	41%	52%	+11%
Public Safety Personnel Retirement System (PSPRS) - Police	42%	55%	+13%

Public Safety Pensions - Statewide Reform

2011

- Pension reforms enacted by the State

2014

- 2011 reforms ruled unconstitutional for **retirees** (Fields case)

2016

- New pension reforms and constitutional amendment approved
- 2011 reforms ruled unconstitutional for **existing employees** (Hall case)

Public Safety Plans: FY16-17 to FY17-18

\$12.6M Estimated Contribution Increase – Causes

Cause	Amount (millions)	Explanation
Benefit Changes	\$7.1	Difference between assumed savings from 2011 reforms versus 2016 reforms
Investment Assumption Change	\$3.9	Change in future annual investment return assumption from 7.85% to 7.5%
Investment Asset Losses	\$0.4	Past investment return of 6.6% (smoothed over 7 years) was less than 7.85% assumption
Other	<u>\$0.5</u>	Actual experience different from payroll and demographic assumptions
Total	\$11.9	

Note: Causes provided in annual PSPRS actuary reports for June 30, 2016

New Defined Contribution Benefit **\$0.7**

New benefit added in 2016 reforms for employers that don't contribute to Social Security

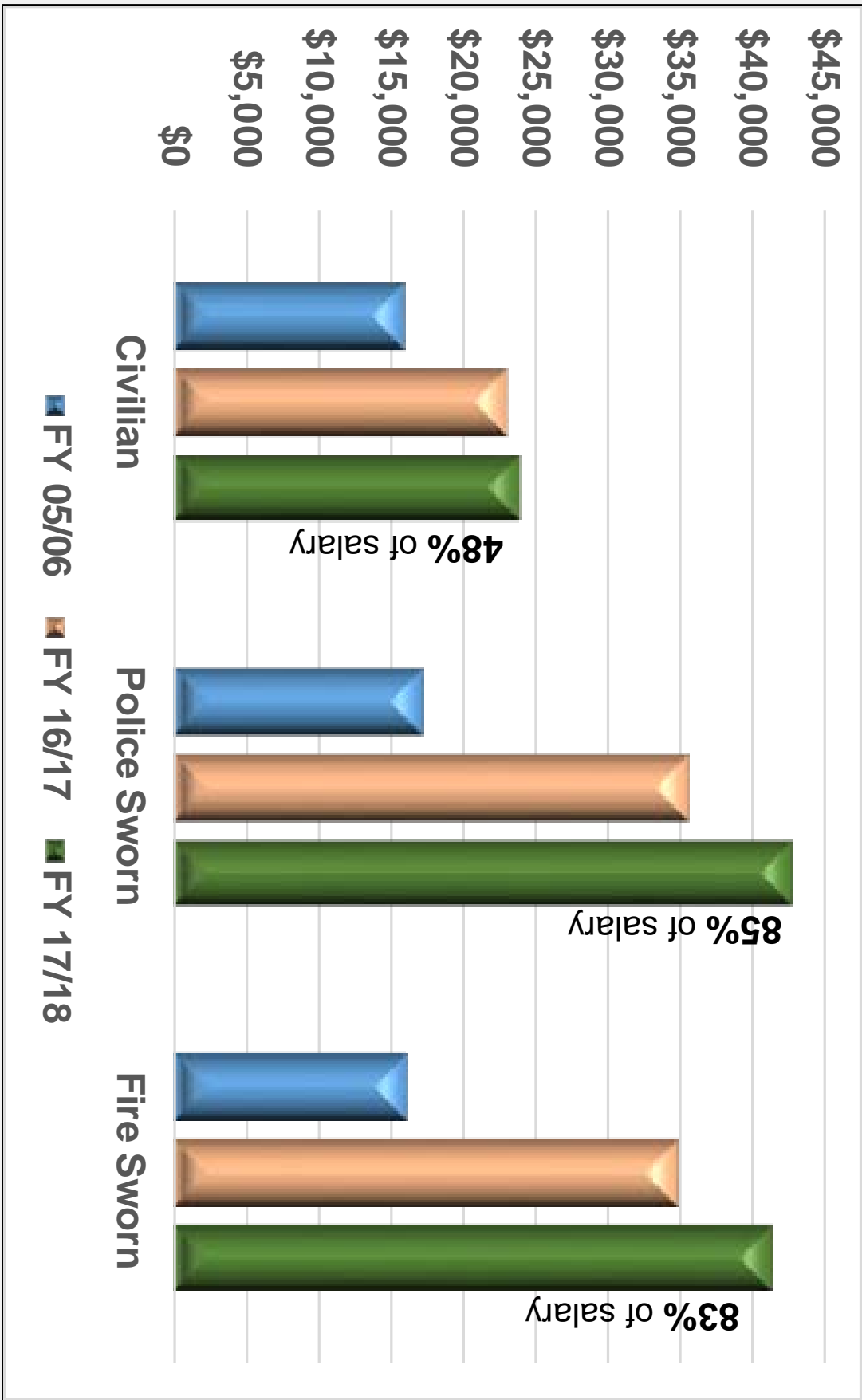


Budgeting/Planning for PSPRS Costs

A \$6.0 million increase is included in the City's expenditure forecast for the impact of the Hall case in FY18-19

Working with PSPRS to explore potential future payment options

Benefit Cost Change from 05/06 to Today (based on a \$50,000 salary)



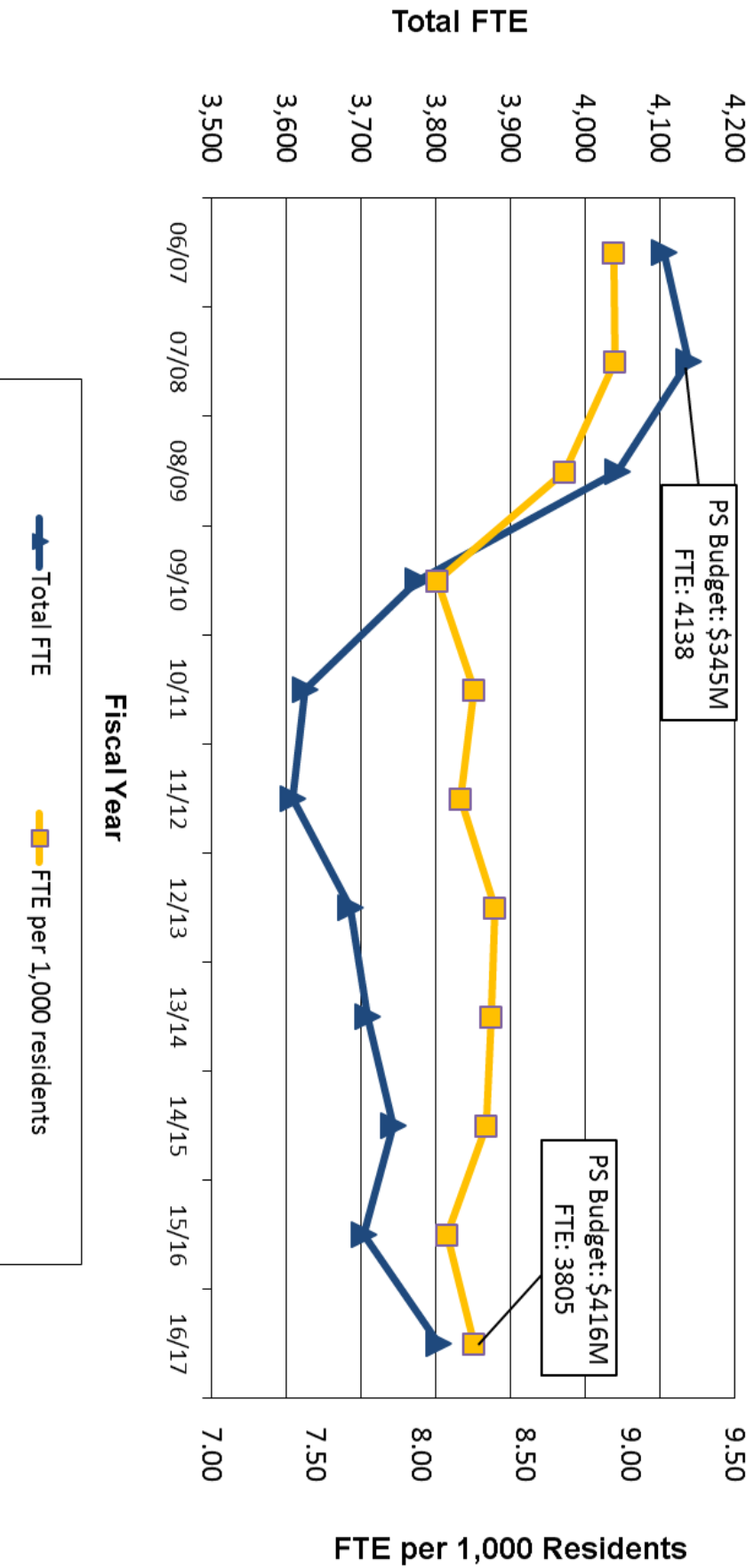
FY 17/18 Changes

Police Officer		Fire Fighter*				
	FY 16/17	FY 17/18	Increase/ (Decrease)	FY 16/17	FY 17/18	Increase/ (Decrease)
Salary	\$ 78,829	\$ 78,829	\$ -	\$ 69,890	\$ 69,890	\$ -
PSPRS	33,518	43,348	9,830	28,920	36,615	7,695
Medicare	1,143	1,143	-	1,013	1,013	-
Family Health Plans	13,459	14,384	925	13,459	14,384	925
Total	\$ 126,949	\$ 137,704	\$ 10,755	\$ 113,282	\$ 121,902	\$ 8,620
PSPRS % of Salary	42.5%	55.0%		41.4%	52.4%	
Health % of Salary	17.1%	18.2%		19.3%	20.6%	

*For the Fire Fighter positions, the salaries include the scheduled overtime for a 24 hour shift position and a supplemental pay equal to 2.5% of their salary (equal to the rate for Toxicology Paramedic or Rapid Response Team).

Position History

Budgeted Personnel Full-time Equivalents (FTE)





Budget/Resource Management

- Each year the personal services budget includes the fully loaded annual cost of all approved positions
 - Payouts for vacation time related to terminations, retirements and the annual vacation buy-back program and sick time related to retirements are not included in the budget
 - Historically, most departments experience budget savings due to turnover of positions during the year. This allows for the coverage of the payouts
 - Savings due to vacancies is also applied to overtime costs for those areas that have minimum staffing/shift requirements

Commodities/Other Services

- Commodities include such things as non-capital equipment, chemicals, office supplies, and fuel
- Other Services include such things as temporary workers, professional and contractual services, utilities for city buildings, vehicle maintenance costs, medical claims and software licenses

General Fund Transfer to the Capital Fund

- Capital equipment expense can vary from year to year
- Expenses are tracked in a separate fund
- General Fund expenses are recorded as a Transfer to the General Governmental Capital Fund





General Fund Transfer to Transit Fund

- Transit – Bus, Light Rail, Dial-a-ride
- The city receives transit revenues from the State and a portion of the fares for light rail ridership, however the revenues do not cover the costs
- The portion covered by the general fund is projected at \$9.8M for FY 16/17 and \$10.8M in FY 17/18
- The opening of the Gilbert Light Rail Extension is included in FY 19/20 of the forecast



General Fund Transfer to Arts & Culture Fund

- The Arts and Culture Department operates facilities that charge for services provided: admission/tickets to shows
- Expenditures are offset by these charges however the revenues do not cover the costs
- Effective FY 15/16, the expenses and associated revenues were moved out of the general fund and into a separate fund for ease of management and review
- The portion covered by the general fund is projected at \$9.8M in FY 16/17 and \$10.1M in FY 17/18

Other Transfers from the General Fund

- Vehicle Replacement Fund
- Various Impact Fee Funds for cash management purposes
- Minimal to the Debt Service Fund (\$100,000 - \$200,000) for a portion of the Regional Dispatch Center
 - All principle and interest payments (debt service) related to General Obligation Bonds are covered by Secondary Property Tax revenues



Transaction Privilege Tax Legislation

- Implementation of sales tax collection legislation continues to have a financial impact
 - Annual payments for services provided by the Department of Revenue (DOR) continue. FY 17/18 payment is estimated to be \$970,000



Tax

Budget/Resource Management

- Budget savings occur in various places each year citywide
 - Continuous review of expenditure trends allows for planning/funding items that were not able to be included in the budget or unanticipated expenses that come up during the year
 - Most savings that occur are one-time in nature; a position was vacant for an extended time, a project or purchase came in under budget, a reimbursement was received from another entity

Budget/Resource Management

Application of Budget Savings

- Based on current year revenue projections, budget savings may be held to offset underperforming revenue receipts and to insure sufficient reserve balance
- Mid-year budget modifications are reviewed in context of citywide priorities and source of resources

Cardiac
Monitors

Building
Maintenance

Software
Upgrades

Ideally, lifecycle items would have an annual allocation in order to keep up with the needs

Currently, most lifecycle plans are either underfunded or unfunded and rely on realized budgetary savings

Police Radio
Replacements

Computer
Aided
Dispatch
(CAD)

General Governmental Expenditures

	FY 14/15		FY 15/16		Change from FY 14/15		FY 16/17		Change from FY 15/16		FY 17/18		Change from FY 16/17	
	Actuals	Actuals	Actuals	Actuals			Adopted Budget	Projected			Forecast	Projected		
Operating Expenditures	\$339.8	\$332.0			-2.3%		\$374.3	\$370.7	11.7%		\$393.0	6.0%		
Capital	\$6.4	\$3.0			-53.1%		\$8.6	\$10.8	260.0%		\$9.5	-12.0%		
Debt Service (GF Portion)	\$0.0	\$0.0			N/A		\$0.2	\$0.2	0.0%		\$0.1	-50.0%		
Transit (GF Portion)*	\$0.9	\$8.0			788.9%		\$9.9	\$9.8	22.5%		\$10.8	10.2%		
Arts and Culture	\$0.0	\$9.8			new		\$9.8	\$9.8	0.0%		\$10.1	3.1%		
Transfers to other funds	\$4.4	\$13.0			195.5%		\$3.2	\$3.3	-74.6%		\$3.2	-3.0%		
Total	\$351.5	\$365.8			4.1%		\$406.0	\$404.6	10.6%		\$426.7	5.5%		

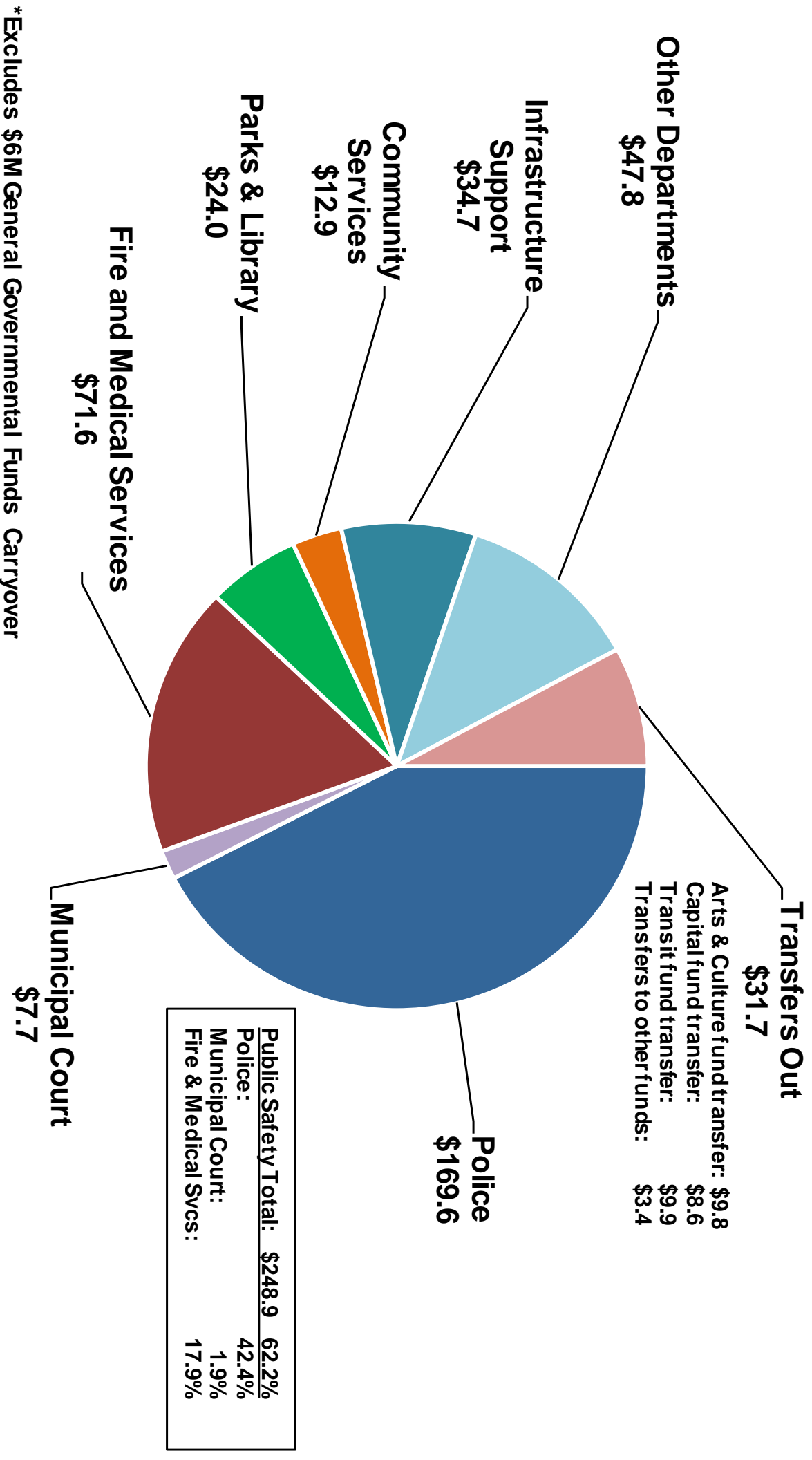
* Note in FY 14/15 there was a timing issue due to the reconciliation to the Valley Metro reimbursement.

Data as of January 24, 2017

in millions

Fiscal Year 2016/17

General Governmental Funds Budget by Department \$400.0M*



*Excludes \$6M General Governmental Funds Carryover

General Governmental Expenditures

Data as of January 4, 2017

