



## COUNCIL MINUTES

May 15, 2014

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 May 15, 2014 at 7:30 a.m.

COUNCIL PRESENT	COUNCIL ABSENT	OFFICERS PRESENT
Alex Finter Terry Benelli Christopher Glover Dennis Kavanaugh David Luna Dave Richins Scott Somers	None	Christopher Brady Debbie Spinner Dee Ann Mickelsen

Mayor Finter recognized Officer Brandon Mendoza, a 12-year veteran of the Mesa Police Department, who was tragically killed in an automobile accident in the early morning hours of May 12<sup>th</sup>. He stated that the community is heartbroken for his untimely passing and asked for everyone to take a moment of silence.

Mayor Finter noted that there has been a tremendous outpouring of support for the Mendoza family, including a candlelight vigil Tuesday evening, which was attended by hundreds of people. He thanked everyone for their prayers and support.

City Manager Christopher Brady advised that a viewing and funeral mass for Officer Mendoza will be held at All Saints Catholic Church, 1534 North Recker Road. He stated that the viewing will be held tonight at 6:00 p.m. and noted that the mass will take place on Friday at 10:00 a.m. He added that immediately following the service, internment will occur at Queen of Heaven Cemetery, 1562 East Baseline Road.

1. Review items on the agenda for the May 19, 2014 Regular Council Meeting.

All of the items on the agenda were reviewed among Council and staff and the following was noted:

Conflict of interest: None

Items removed from the consent agenda: None

Office of Management and Budget Director Candace Cannistraro displayed a PowerPoint presentation (**See Attachment 1**) and provided a brief recap of the proposed FY 14/15 Final Budget, which will be included on the May 19, 2014 Regular Council meeting agenda for Council adoption.

Ms. Cannistraro reported that the FY 14/15 budget is balanced, which means that the forecasted expenditures are within the forecasted resources. She explained that the final budget continues the City's commitment to its residents to provide quality services in a fiscally responsible manner. She added that the City continues to prioritize public safety and making investments in its employees and the community.

Ms. Cannistraro advised that the final budget total for FY 14/15 is \$1.340 billion; that the operating portion of the budget, which equates to \$997,315,000, includes \$64,501,000 in contingency and \$48,957,000 in carryover. She pointed out that carryover includes those items that were approved in the FY 13/14 budget, but for timing purposes will not actually occur until FY 14/15. She noted that per state law, those dollars must be re-appropriated in FY 14/15. She added that the Capital Improvement Program (CIP) portion of the budget equals \$342,685,000, including \$117,277,000 in carryover.

Ms. Cannistraro remarked that although the FY 14/15 budget "holds the line" set by the budget adopted in FY 13/14, it also addresses areas in need. She highlighted a number of areas in which funding has been set aside (See Page 4 of Attachment 1), such as a \$100,000 increase in General Fund dollars for Human Services programs and projects. She also commented that a utilities payment program will be developed in order to provide \$50,000 to Mesa residents in need of such assistance.

Ms. Cannistraro briefly discussed the new Full Time Employee (FTE) positions that will be included in the FY 14/15 budget. (See Page 5 of Attachment 1) She also reviewed a series of proactive cost containment efforts undertaken by various City departments. (See Page 6 of Attachment 1)

Ms. Cannistraro, in addition, offered a short synopsis of a number of ongoing investments in Mesa, such as the construction of new and enhanced parks and the expansion of light rail through downtown Mesa. (See Page 7 of Attachment 1)

Ms. Cannistraro further reported that the City's CIP is a five-year plan, with the first year of the plan included in the FY 14/15 annual budget. She explained that the plan identifies projects with associated funding sources, but noted that the City is not obligated to a project by its inclusion within the CIP. She said that the Council considers projects on an individual basis, at which time sufficient funding has been identified in order to cover the cost of the entire project, regardless of the length of time for completion.

Ms. Cannistraro offered a brief overview of the dedicated resources that are used to fund major CIP construction projects. (See Page 9 of Attachment 1) She noted that the primary funding sources include Utility Revenue Bonds and General Obligation Bonds.

Ms. Cannistraro concluded her presentation by highlighting a series of needs that were not addressed in the FY 14/15 budget. (See Page 10 of Attachment 1) She also spoke regarding

staff's efforts to monitor available resources, manage ongoing expenditures with ongoing resources and maintain sufficient reserve balances.

City Manager Christopher Brady pointed out that in the FY 14/15 final budget, funds have been set aside to address the City being market competitive for its police and fire sworn personnel. He noted, however, that due to limited resources, the City has not been able to address that topic for the remainder of the employees. He stated that the issue would be a top priority going forward in the next year. He added that if the City were to see significant improvements in the economy or experience some savings, the matter would be brought back to Council for their consideration at that time.

Mr. Brady thanked Ms. Cannistraro and her staff for their efforts and hard work in "holding the line" with respect to the budget. He also acknowledged the Council for the direction they have given staff throughout this process.

Mayor Finter expressed appreciation to staff for their dedication and professionalism. He commented that even though it is "a quiet situation," it will be "a big win" for the City to have a balanced budget. He noted that staff's proactive investments, such as the development of the Employee Wellness Center and the purchase of body cameras for Mesa's police officers, will result in millions of dollars in savings for the City and the community.

Councilmember Kavanaugh extended his compliments to staff for the outstanding job they have done throughout the budget process. He stated that the final budget reflects careful planning and forethought, an early start in the process, and good communications between the various departments and the community.

Mayor Finter thanked Ms. Cannistraro for the presentation.

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

Councilmember Benelli:	Global Cities Initiative, A Joint Project of Brookings and JPMorgan Chase; Participated in a horizon interview with Arts and Culture Director Cindy Ornstein regarding the market study for the Artspace project in downtown Mesa
Councilmember Kavanaugh:	Fire Volunteer Awards Dinner; Graduation Ceremony for Fire Recruits who completed probationary status
Mayor Finter:	Mayor's Youth Committee Summer of Service Event; Traveled to Chicago with a delegation from the Greater Phoenix Economic Council (GPEC)

3. Scheduling of meetings and general information.

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

Thursday, May 15, 2014, 4:30 p.m. – Friends of Transit Mixer, Desert Eagle Brewing Company

Saturday, May 17, 2014, 9:00 a.m. – Pancake Breakfast, Rhodes Pool

Monday, May 19, 2014, TBA – Study Session

Monday, May 19, 2014, 5:45 p.m. – Regular Council Meeting

Mr. Brady announced that a survey was completed of the 60 largest cities in the United States and stated that Mesa was ranked number nine of the best cities to find a job and the highest ranked city in Arizona.

4. Adjournment.

Without objection, the Study Session adjourned at 8:05 a.m.

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ALEX FINTER, MAYOR

ATTEST:

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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 15<sup>th</sup> day of May, 2014. I further certify that the meeting was duly called and held and that a quorum was present.

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DEE ANN MICKELSEN, CITY CLERK

pag  
(attachment – 1)

# City of Mesa

# FY 14/15 Final Budget Summary

May 19, 2014

Presented by the Office of Management and Budget



# The FY 14/15 Budget is Balanced

Forecasted expenditures are within forecasted resources

The final budget continues the City of Mesa's commitment to providing quality services to residents in a fiscally responsible manner

The City continues to prioritize public safety, quality service, investment in City employees and investment in the community

## Final Budget Summary

The final budget total for the City of Mesa is \$1.340B

The operating portion of the budget is \$997,315,000

Includes \$64,501,000 in contingency

Includes \$48,957,000 in carry-over

The Capital Improvement Program is \$342,685,000

Includes carry-over of \$117,277,000

## Holding the Line

The FY 14/15 budget holds the line set by the budget adopted in FY 13/14 but areas in need were still able to be addressed

- Assistance to Human Services funding was increased \$100,000
- A utilities payment assistance program will be started providing \$50,000 to Mesa residents in need
- Departments realigned existing resources to fully utilize positions, contracts and programs resulting in additional positions with no increase to the budget and creating greater flexibility in use of resources
- Increased cost of positions and inflationary pressures in contracts and vehicle usage are included



# Positions

FY 13/14				FY 14/15		
Adopted	Mid-Yr	Adjusted	Proposed	Net Zero	Proposed	
Total	Adjustments	Total	Changes	Cost	Total	
3,709.6	14.1	3,723.7	16.9	4.0	3,744.6	

*Measured in FTE (full-time equivalents)*

- 11.5 new positions were added in 13/14 in response to increased construction activity (offset by additional revenues)
- 6 new School Resource Officers added in 14/15 (offset by grant)
- 2 new Code Compliance Officers scheduled for January 2015
- 8.9 equivalent positions associated with new park and pool improvements (2012 Parks Bond package)
- 5 new Public Safety Dispatchers in 14/15 (offset by savings)
- 1.6 equivalent positions for miscellaneous needs throughout the City

## Proactive Management

Health insurance rates scheduled to remain at current levels due to cost containment strategies put in place previously

Employee Wellness Center scheduled to open in Fall 2014 providing benefit to the employees and their families, encouraging preventative healthcare and diverting future medical claim costs

Investment in body cameras for Police Officers to improve incident recording and decrease future filing of claims

Solid Waste modification of service delivery model to decrease driving time and transition to compressed natural gas to save cost

Alignment of rates, fees and charges to cost of providing service

## Investment in Mesa

Continued construction of new and enhanced parks as approved by Mesa voters in 2012

Light Rail expansion through downtown Mesa with additional plans to continue to Gilbert Rd.

Continued commitment to spring training resulting in the addition of a second major league team

Inclusion in the Capital Improvement Program the capacity to service new utility customers in the growth area of southeast Mesa

## Capital Improvement Program

The first year of the 5 year Capital Improvement Program (CIP) is included in the FY 14/15 annual budget.

The CIP is a plan of identified projects with associated funding sources.

The City is not obligated to a project by inclusion within the CIP. Each project is considered individually by the City Council during the year.

Projects brought individually before City Council have funding identified sufficient to cover the entire project regardless of the length of time for completion.

## Dedicated Capital Funding

Major construction projects are typically funded with dedicated resources like:

- Utility Revenue Bonds – Approved by voters and repaid through rates applied to customers using the services
- General Obligation Bonds – Approved by voters and repaid through a secondary property tax
  - FY 13/14 levy was \$22.1M
  - Mesa voters approved additional projects in 2013 resulting in a FY 14/15 levy of \$33.4M
- Regional Funding
- Grant Funding

## Still Falling Short of Needs

The FY 14/15 budget does not allow the City to address the backlog of needs considered to be lifecycle or infrastructure replacements

- The contributions to the vehicle replacement fund do not address the full annual need nor do they allow for a reserve balance to mitigate future years where needs may spike
- The aging of buildings, technology, equipment etc. requires scheduled upgrades/replacement

The City will continue to prioritize the various needs throughout the departments and will utilize funding as it becomes available

## Always Looking Forward

During the year, the City will continue to monitor available resources as well as project expenditure requirements

Care is given to manage on-going expenditures with on-going resources while maintaining sufficient reserve balances

The City has successfully addressed fluctuations in the economy previously and will continue to be proactive in the future

The City's commitment to Performance Excellence continues, ensuring the effective and efficient use of available resources while achieving the goals of the City

