

FINANCIAL UPDATE

COVID-19
FINANCIAL IMPACT

APRIL 9, 2020

City of Mesa

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Management & Budget
Director

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Tiered Response Strategy

■ Initial Response –

- *Identify available reserves, set-aside funds*
- *Pause on adding on-going expenditures or obligations*
- *Freeze Vacant positions and salary adjustments*
- *Pause unobligated capital projects/improvements*

■ Short-Term Response (45-60 days)

- *Departments with Closed Facilities*
 - *Parks, Recreation, and Community Facilities*
 - *Libraries*
 - *Arts and Culture*
- *Monthly reviews to assess health and economic conditions to possibly open the facilities earlier*

■ Mid-term Response (60-90 days)

- *Citywide review of all funds and operational expenses*

Parks, Recreation, and Community Facilities

Short-term Closure of Facilities

- Estimated Lost Revenues \$3.2M
- Expense Avoidance due to Closed Facilities
 - Custodial, utilities, pool chemicals, field maintenance \$1.3M
 - Commodities, temp workers, etc. \$1.4M
- Personnel Reductions
 - Full-time, None
 - Part-time, 399 employees \$1.8M
 - With benefits, 5.0 FTEs, 7 employees
 - Without benefits, 99.2 FTEs,
 - 386 active employees, 156 inactive employees
 - Vacant positions, 21 FTEs \$842K
 - All department positions, not just associated with closed facilities

Parks, Recreation, and Community Facilities

Programs Impacted by Short-term Closure of Facilities

■ Adaptive

- *Camp Fiesta, TGIF Program, Special Olympics, MPS Joint Programming, City of Chandler Joint Programming*

■ Aquatics

- *Swim lessons, Summer Swim Teams, Open Swim, Lap Swim, Private Aquatic Club practices and meets, High School Teams practices and meets, and PE Classes*

■ Athletics

- *City offered Youth and Adult Sports Programs, Community Youth Groups (little league, youth soccer, etc.), Mesa Tennis Center, Gateway Community College baseball, Mesa Public Schools usage, Heritage Academy usage*

■ Recreation Centers

- *Summer Camps, After School Programs, Red Mountain Center, Eagles Community Center, Jefferson Recreation Center, Webster Recreation Center*

■ Special Events

Library Services

Short-term Closure of Facilities

- Expense Avoidance due to Closed Facilities \$590K
 - *Custodial, utilities, security, community navigator*
 - *M.E.L. lease and operating costs*
- One-time and Capital Reductions/Deferrals
 - *M.E.L. relocation and start-up costs \$267K*
 - *New Operational costs associated with Main and Dobson improvements*
 - \$249K annual costs (3.6 FTEs)
 - \$364k One-time costs
- Personnel Reductions
 - *Full-time, None*
 - *Part-time, 17 employees \$191K*
 - With benefits, 3.6 FTEs, 6 employees
 - Without benefits, 5.5 FTEs, 11 employees
 - *Vacant positions, 6.7 FTEs (3 FT, 7 PT) \$203K*

Library Services

Services Impacted by Short-term Closure of Facilities

- Collection
 - *Hard Copy material check-out is suspended. Library Services Dept. is reviewing safe ways to provide curb-side pick-up while buildings are closed.*
 - *Increased number of online resources are available for use and check-out.*
- Programs
 - *On-site programming is suspended.*
 - *Virtual programs are being developed by Librarians.*
- Summer Reading Program (SRP)
 - *On-site programming is suspended.*
 - *Online program for tracking reading minutes continues.*
- Computer/Internet Use
 - *No public computer and Internet use available.*
- Library Cards
 - *Library Card registration is now available online.*
- Customer Service by Phone and Email
 - *Library employees are staffing the Mesa CARES Community Resource and Call Center. As demand decreases, staff will return to Library customer service support.*

Arts and Culture

Short-term Closure of Facilities

- Estimated Lost Revenues
 - All venues \$4.7M
- Expense Avoidance due to Closed Facilities \$4.8M
 - *Performing Live/Rentals cancelled events, Studios cancelled classes*
 - *Decreased custodial, utilities, supplies*
 - *Commodities, temp workers, etc.*
- Personnel Reductions \$710K
 - *Filled Full-time, 23*
 - *Filled Part-time, 39 employees*
 - With benefits, 4.2 FTEs, 4 employees
 - Without benefits, 11.2 FTEs, 37 employees
 - *Vacant positions, 4.2 FTE*
- Personnel coverage by grants/foundations \$348K

Arts and Culture

Programs Impacted by Short-term Closure of Facilities

- Arizona Museum of Natural History exhibitions and programs
- i.d.e.a. Museum exhibitions and programs
- Live Performances
 - *Ikeda Theater, Piper Theater, Nesbitt/Elliot Playhouse, Farnsworth Studio Theater*
- Adult & Youth Studio classes; Summer Youth camps/programs
- Mesa Contemporary Arts Museum exhibitions
- Festivals/Special Events
- Facility Rentals
- MAC Engagement programs (Project Lit, Arts in Service, Creative Aging, Creative Catalysts)

Short-term Impact on Departments with Closed Facilities

Department	Time period March - September 2020		
	Estimated Lost	Estimated Cost	Net
	Revenue	Savings/Reductions	Impact
Park, Recreation and Community Facilities	\$3.2	(\$5.3)	(\$2.1)
Library Services	\$0.0	(\$1.3)	(\$1.3)
Arts and Culture	\$4.7	(\$5.9)	(\$1.2)

Dollars in Millions

Citywide Impact on General Governmental Revenues

Revenue Impacts (Major Revenues)	FY 19/20	FY 20/21
Spring 2019 Forecast	\$ 289,988,000	\$ 292,532,000
April 2020 Forecast	\$ 283,416,000	\$ 287,180,000
Difference	\$ (6,572,000)	\$ (5,352,000)
Lost PRCF Revenues Due to Closures (Apr-Sep)	\$ (1,800,000)	\$ (2,900,000)
Total Impact to General Governmental Forecast	\$ (8,372,000)	\$ (8,252,000)



Next Steps

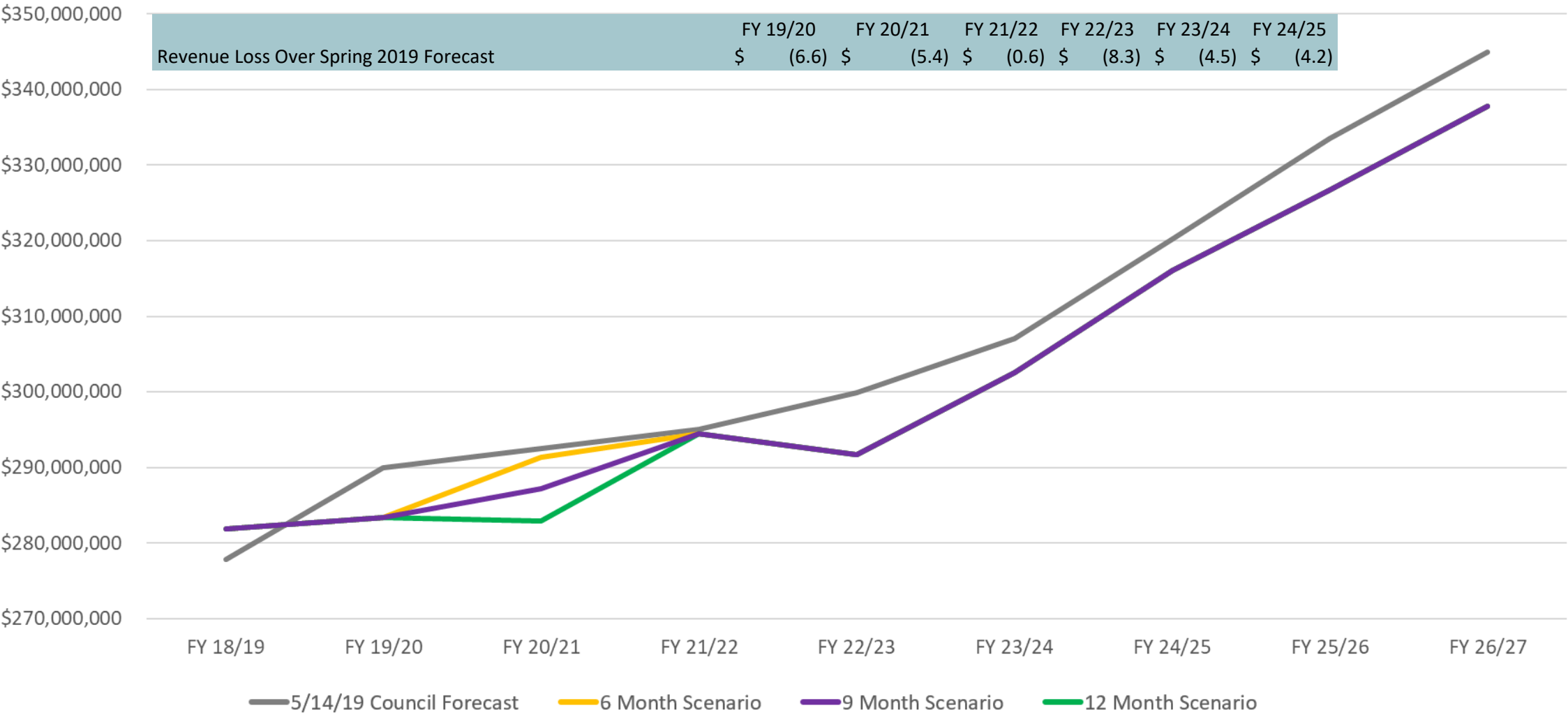
- Update and presentation of Expenditure Forecast
- Staff will return to City Council in the beginning of June to:
 - Discuss possible date extension of closed facilities
 - Recommend citywide operational budget modifications



Impact on Mesa's Economy: General Governmental Revenues

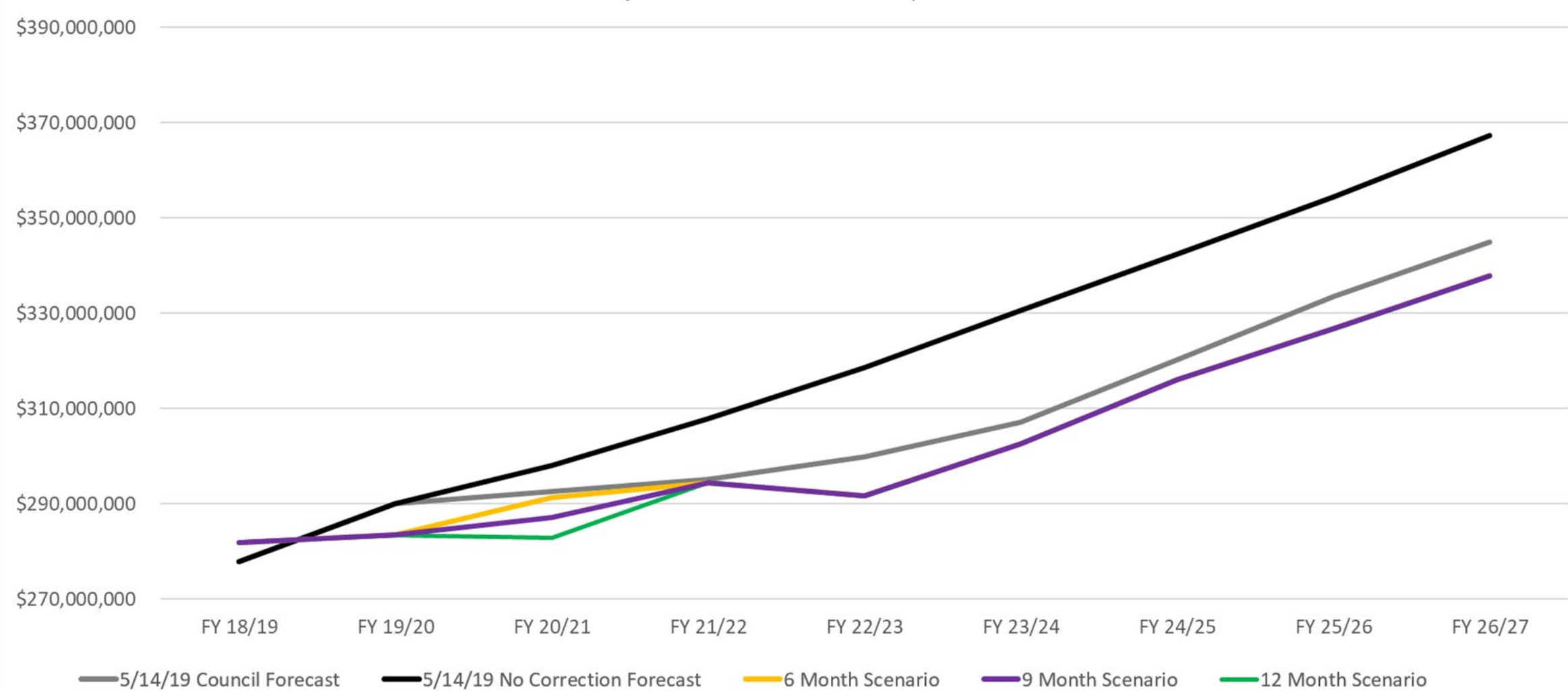
Revenue Impacts (Major Revenues)	FY 19/20	FY 20/21
February 2020 Forecast (not presented to Council)	\$ 300,570,000	\$ 310,093,000
Spring 2019 Forecast	\$ 289,988,000	\$ 292,532,000
Estimated Gain in Revenues	\$ 10,582,000	\$ 17,561,000
Add Spring 2019 forecasted recession back		\$ 5,500,000
February 2020 Forecasted Revenues without Recession Correction	\$ 300,570,000	\$ 315,593,000
April 2020 Forecast (current)	\$ 283,416,000	\$ 287,180,000
Economic Loss of Revenues	\$ (17,154,000)	\$ (28,413,000)

General Governmental Major Revenues Forecast Comparison



*FY 20/21 excludes \$7.5M in one-time revenues from Urban Revenue Sharing (State Income Tax)

General Governmental Major Revenues Forecast Comparison - No Correction Version



*FY 20/21 excludes \$7.5M in one-time revenues from Urban Revenue Sharing (State Income Tax)