

COUNCIL MINUTES

February 6, 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 6, 2017 at 4:46 p.m.

COUNCIL PRESENT

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

COUNCIL ABSENT

None

OFFICERS PRESENT

Christopher Brady
Dee Ann Mickelsen
Jim Smith

1. Review items on the agenda for the February 6, 2017 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.

2-a. Hear a presentation and discuss an overview of the City's Enterprise Fund including the various utility rate structures.

Budget Director Candace Cannistraro displayed a PowerPoint presentation **(See Attachment 1)** related to the City's Enterprise Fund including the various utility rate structures.

Ms. Cannistraro explained that Enterprise Funds contain many individual enterprises within the fund, some utility and some non-utility enterprises and the presentation focuses on five major utility programs (See Page 3 of Attachment 1) as follows:

- Solid Waste
- Electric
- Natural Gas
- Water
- Wastewater

Ms. Cannistraro stated that enterprise revenues provide particular services to customers at an established rate that relies on an infrastructure or a large capital investment and are dependent on the consumption or demand for those particular services. (See Page 4 of Attachment 1)

Ms. Cannistraro reported that the solid waste program has a fleet of collection vehicles referred to as the mobile infrastructure which is the capital investment for the program. She stated that the variable costs include the operation of the vehicles and landfill charges that vary based on consumption. She commented that forecasting consists of the density of accounts, number of accounts, and distance to the landfill to determine the net cost or revenues.

Ms. Cannistraro pointed out that the green and blue barrels divert refuse from entering the landfills. (See Pages 5 through 7 of Attachment 1)

Ms. Cannistraro explained that the electric program has a fixed infrastructure for distribution of electricity and that the variable cost is typically the electric commodity, however, the costs are passed on to the customer along with a fixed service charge and a seasonal consumption rate. She added that the seasonal rate is determined by the difference between the winter and summer rates. (See Pages 8 and 9 of Attachment 1) She summarized the comparison between Salt River Project (SRP) and the City of Mesa electric charges and indicated that for the average resident, the SRP bill is still higher. She displayed the number of residential (14,050) and commercial (2,555) electric accounts for FY 2016/17, as well as a map showing the electric utility service area and remarked that the electric program is the smallest of the major utility areas. (See Pages 10 through 12 of Attachment 1)

Ms. Cannistraro highlighted the natural gas program and indicated that it has a fixed distribution infrastructure with a flat service charge, a seasonal consumption rate, as well as different rates for residential and commercial customers. (See Pages 13 and 14 of Attachment 1) She displayed a chart comparing Southwest (SW) Gas to the City of Mesa and reported that the SW Gas bill is higher. She continued by saying that there are approximately 58,000 residential and 2,400 commercial customers and presented the consumption, usage, and service charges to demonstrate where the revenues originate, whether from the service charge or consumption. (See Pages 15 and 16 of Attachment 1)

Ms. Cannistraro stated that the water program has a fixed commodity processing infrastructure, due to the fact that the commodity comes in as raw water and is then processed into drinking water as well as a fixed distribution infrastructure. She reported that the variable costs include the water, chemicals, and electricity for processing. (See Pages 19 and 20 of Attachment 1)

Ms. Cannistraro explained in detail the water capacity versus actual usage. (See Page 21 of Attachment 1) She emphasized that the goal for the water rate is to structure rates by behavior patterns and align the tiers to the level of usage. She stated for that reason, residents pay the same rate per thousand gallons up to the first tier so if a residents usage is more, they move up on the tier and the rate is adjusted to reflect the usage. She noted that water consumption has declined due to the fact that consumers are more aware of conservation, have smaller households, and have newer water saving appliances. She pointed out that originally, there were three-tiers, and staff needed to realign them in order to accommodate consumers change in water consumption. She stated that two years ago, Council approved a five-year phased in plan with four-tiers which better represents current consumption patterns. She further explained that the plan assists consumers in reviewing their behavior and allows them to make adjustments in consumption in order to prepare for the increase in costs within their own budgets. (See Pages 22 and 23 of Attachment 1)

Ms. Cannistraro reported that the wastewater program has a fixed collection infrastructure as well as a fixed processing infrastructure and the variable costs include chemicals and electricity for processing. (See Pages 25 and 26 of Attachment 1)

Ms. Cannistraro displayed a chart highlighting FY 2015/16 wastewater rates, classes, and consumption. (See Page 27 of Attachment 1)

Ms. Cannistraro presented a chart of FY 2016/17 Budget Revenues by Enterprise and a chart of the Total Enterprise Revenues for FY 2015/16 and FY 2016/17 which depicts the five utility areas and other enterprises. She also displayed utility service revenues from FY 2005/06 through FY 2016/17 from pre-recession to post-recession. (See Pages 28 through 30 of Attachment 1)

Ms. Cannistraro explained that the Enterprise Fund is managed (See Page 31 of Attachment 1) as follows:

- All the enterprises are managed as one fund.
- The City forecasts expenses, revenues and reserve balances over a multi-year period.
- The City's financial policies call for maintaining a fund/reserve balance of at least 8-10%.
- The reserve balance allows the City to react to increased expenses by smoothing necessary rate increases over multiple years, therefore avoiding rate spikes.

Ms. Cannistraro briefly highlighted the enterprise forecast from last fiscal year (See Page 32 of Attachment 1) to depict the reserve balance percentages.

Ms. Cannistraro pointed out that the rate adjustments are determined for budgeting (See Page 33 of Attachment 1) as follows:

- Methods of implementing rate adjustments can vary from year to year based on needs and goals of the individual utilities.
- All rate adjustments are balanced between the needs of the individual utility, the needs of the overall fund and the impact to the residents.
- Impact on individual customers can vary based on the method of implementation and the customer consumption.
- Impact of service rates for the average household in the City of Mesa is compared to rates in neighboring communities to ensure the costs remain comparable.

Ms. Cannistraro displayed the homeowners' comparison chart of all the utilities excluding electric and natural gas, since other municipalities do not own these utilities. She stated that sales tax, secondary property tax, and primary property tax are added in to determine the cost for the average household within the City compared to surrounding communities. (See Page 34 of Attachment 1)

Discussion ensued relative to including or excluding electric and gas from the homeowners' comparison chart.

City Manager Christopher Brady pointed out that these are the costs we can control, however, other valley cities cannot control the rates of other service providers, such as SRP and SW Gas.

Ms. Cannistraro stated that staff can create a chart showing the specific areas of electric and gas that are affected.

Mayor Giles encouraged staff to look into the comparison chart further, to better understand where the City is relative to other communities with electric and gas factored in so Council can set appropriate rates.

In response to a question posed by Councilmember Freeman, Mr. Brady explained that the recycling fees collected go back into the Solid Waste Fund to assist in offsetting tipping fees and other costs within the Solid Waste Department.

Environmental Management and Sustainability Director Scott Bouchie further explained that the cost breakdown is listed on utility bills, however, the blue bin (recycling) breakdown cost is zero due to the fact that the cost is fixed and the City receives payment depending on the contract agreement(s). He added that moving forward, contracts will be changed to reflect a shared market, and pricing will vary depending on the cost of the commodities being recycled within the blue barrels. He stated that staff will process quarterly audits to determine a baseline of what the market is presenting.

Mr. Brady pointed out that by diverting recycling out of the landfill, the City saves on tipping fees. He added that recycling is encouraged since landfills have limits and the goal is to conserve in order to extend the life of landfills.

In response to a question posed by Mayor Giles, Ms. Cannistraro replied that impact fee collections changed with a new state law, which affects the City's ability to collect new impact fees. She stated that the City was grandfathered in regarding current impact fees, which allows us to continue our existing impact fees until we receive the amount sufficient to pay off the eligible debt. She said that the City currently collects impact fees on water, wastewater, storm sewer, police, and fire.

City Attorney Jim Smith explained that a future Council may look at adopting impact fees under the existing statute, after the current debt is paid, however, that is more than a decade away.

Ms. Cannistraro stated that the new impact fee process is more restrictive, has more steps, and requires more recordkeeping. She added that staff reviewed the new statute and decided the new process was not advantageous to the City, due to the fact that the City had the ability to continue the current fees to pay off the debt which provides substantial assistance to the operating fund.

In response to a question posed by Councilmember Whittaker, Ms. Cannistraro replied that the rate for the Enterprise Fund is based on the forecast. She explained that staff looks at each program within the fund to determine future needs and that with increased revenues comes increased expenses, so staff must look at the net amount and what impact the forecast has to the bottom line reserve balance.

Mr. Brady added that ultimately staff looks at the needs of current and future customers of the City. He stated that staff reviews the context to determine the amount of maintenance and re-investing of the current infrastructure, as well as meeting the needs going into the future, and places items in the forecast to determine rates that are manageable within the context of the reserve balance.

In response to a question posed by Councilmember Whittaker, Mr. Brady explained that the majority of the Enterprise Fund is tied to water, and that the increase covers debt service and operating costs.

Ms. Cannistraro remarked that the full forecast for FY 2015/16 breaks down the individual utilities and is available on the website.

Mayor Giles stated that in 1942 the Mesa City Council abolished the City's primary property tax and at the same meeting purchased some utility companies, determining that financing for the City would be through the sale of utilities.

Mayor Giles thanked staff for the presentation.

2-b. Hear a presentation, discuss and provide direction on the funding process and priorities for federal grants, CDBG, HOME Investment, Emergency Solutions Grant and Human Services funds.

Housing and Community Development Director Liz Morales displayed a PowerPoint presentation **(See Attachment 2)** related to the funding process and priorities for federal grants, CDBG, HOME Investment, Emergency Solutions Grant and Human Services funds.

Ms. Morales explained that the City receives annual block grant funding from the U.S. Department of Housing and Urban Development (HUD), which is based on a non-competitive formula, population, and funding availability. She stated that each program is unique in purpose, eligibility requirements, and regulations.

Ms. Morales reviewed the Community Development Block Grant (CDBG) and stated that it is for low and moderate-income persons with a variety of uses (See Page 3 of Attachment 2) such as:

- Infrastructure development
- Repair of private/public buildings
- Revitalizing neighborhoods
- Public services by nonprofits

Ms. Morales highlighted the Emergency Solutions Grant (ESG) and said that it targets homeless activities. (See Page 4 of Attachment 2)

Ms. Morales reported that the HOME Investment Partnership Program (HOME) provides the following (See Page 5 of Attachment 2):

- Building, buying, and/or rehabilitating affordable housing for rent.
- Encouraging home ownership.
- Providing direct rental assistance to low-income people.

Ms. Morales stated that the Human Services Program is a non-federal program that incorporates both our General Funds and A Better Community (ABC) Funds. (See Page 6 of Attachment 2)

Ms. Morales explained that the Consolidated Plan is mandated by HUD and that Council adopted a 5-year planning document in April 2015. (See Page 7 of Attachment 2) She pointed out that the planning document guides the use of federal funds for qualified areas, which includes those that are 51% or greater of the Area Median Income (AMI) and located in a residential area. She displayed a map highlighting the qualified areas. (See Page 13 of Attachment 2)

Ms. Morales reported on the difference between the Consolidated Plan and the Housing Master Plan as follows:

- Master Plan – A planning document outlining the housing inventory and where gaps exist.
- Consolidated Plan – Looks at how to invest federal funds over the next 5-years in qualified areas and is updated annually through an action plan outlining the funded activities and projects.

Ms. Morales reviewed the Consolidated Plan priorities that were identified in April 2015 and displayed the funding process timeline. (See Pages 8 through 10 of Attachment 2)

In response to a question posed by Mayor Giles, Ms. Morales clarified that a new application for services like the homelessness issue may be placed into competition after the open application period has closed. She stated that the deadline for HUD is June 30, 2017 but is not a hard deadline, however, a delay in applications would push back Housing and Community Development's ability to receive funding approval for the new fiscal year.

In response to a question from Vice Mayor Luna, Ms. Morales commented that re-identifying priority areas may not be possible based on the Consolidated Plan and the HUD deadline, due to the fact that a substantial amendment must be completed including a public comment process. She pointed out that the priority areas are set, however, CDBG funds can be utilized once it is identified that the funds would benefit low to moderate income households.

In response to a question posed by Vice Mayor Luna, Management Assistant I Niel Curley clarified that utility customers may elect to donate to the ABC program when they pay their utility bill and according to the year-to-date donations, contributions are up 4%, however, the dollar value of donations is down approximately 1.4%. He stated that there are now more options to donate by rounding to the nearest dollar, by two or five-dollar amounts, and while more customers are choosing to donate, they are donating at the lower amount.

Councilmember Whittaker commented that the utility bill section for the ABC donation lacks detail to assist customers about what the program represents.

Mr. Curley remarked that staff has identified the need to supply additional information to customers regarding where ABC donations go. He added that one goal is to increase online payments and find a way to communicate to online customers about what the ABC donations do for their community.

Mayor Giles reminded Council that the Strategic Planning Session is on February 23, 2017, which will provide Council the opportunity to identify priorities for the Consolidated Plan.

In response to a question posed by Mayor Giles, Ms. Morales clarified that the Point in Time count are unofficial and Maricopa Association of Governments will post the final numbers in June or July by jurisdiction along with a County total.

Mayor Giles thanked Ms. Morales for the presentation.

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

Vice Mayor Luna announced that the Heart Your Health Expo is Saturday, February 11, 2017 starting at 8:00 a.m. and is open to the public.

4. Scheduling of meetings and general information.

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

Thursday, February 9, 2017, 7:30 a.m. – Study Session

5. Adjournment.

Without objection, the Study Session adjourned at 5:55 p.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 6th 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

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(Attachments – 2)

Enterprise Fund Resources

February 6, 2017

City of Mesa

Presented by the Office of Management and Budget

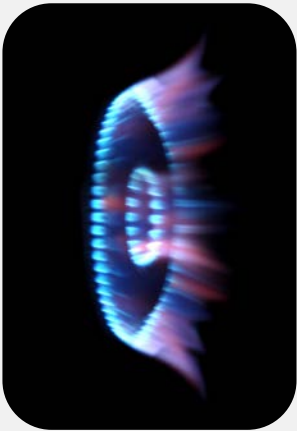


What is a FUND?

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



Enterprise Funds



Natural Gas Utility



Water Utility



Wastewater Utility



Solid Waste Utility



District Cooling Utility



Electric Utility



Hohokam Stadium,
Cubs Spring Training
Facility



Golf Course, Mesa
Convention Center

Enterprise Revenues

- Enterprises are operated like a business
 - Services are provided to customers as opposed to the public in general
 - Rates are established for each service being provided
 - Enterprises tend to be more infrastructure or capital intensive
 - Meaning that there are usually substantial fixed costs to be covered such as the financing costs of a water plant or the capital costs of a fleet of trucks
 - Consumption of, or demand for, services determine revenue levels.
- This demand is the focus of the City's forecasting as well as any rate adjustments required to meet that need.

Solid Waste - Cost Factors

Major Fixed Cost

- Fleet of large vehicles needing to be kept current
 - Recent move from diesel vehicles to CNG powered vehicles
- Minimal debt service related to CNG fueling station. Pending Household Hazardous Waste facility will also be funded with bonds

Major Variable Cost

- Cost of vehicle fuel, repairs and maintenance, and drivers
- Landfill charges

Solid Waste – Forecast Factors

- Rates are a flat amount per account for the service provided
 - Residential: Standard or Smaller Barrel, Black (trash) and Blue (recycling)
 - Green Barrel (yard waste) service is additional
 - Residential: Bin, Bulk item/Appliance Collection
 - Residential: Mesa Green and Clean Fee (Clean Sweep/Green Sweep and Household Hazardous Waste)
 - Commercial: Bin, Open market competition
 - Roll-off Service: Open market competition
- Number of accounts impact the revenue amount
- Density of account locations and distance to landfill impact the variable cost
 - As the delivery infrastructure is mobile, cost containment is dependent on efficient route scheduling

Solid Waste Services

Residential Services			Commercial Services		
	Number of Customers	Rate		Number of Customers	Rate
Black (trash) barrel	131,971	\$27.79/ month for 90 gal 1xwk	Front Load bin service	2,481	Varies with size & quantity of bin and frequency of service
		\$24.81/ month for 60 gal 1xwk			
Blue (recycle) barrel	128,124	Included with trash service	Rolloff boxes	1,212	Varies with size of rolloff box
Green (yard waste) barrel	41,117	\$6.56/ month for 90 gal 1xwk			

Electric – Cost Factors

Major Fixed Cost

- Financed cost associated with the upgrade, replacement and enhancement of the distribution system

Major Variable Cost

- Cost of the electric commodity can fluctuate, however this cost is passed through to the customer

Electric – Rate Structure

- Rates have three components
 - Commodity cost that is passed through at cost to the City
 - EECAF = Electric Energy Cost Adjustment Factor
 - Flat service charge rate per account
 - Rate based on consumption
 - Different rates for Summer and Winter
- Different rates for Residential and Commercial
- Total consumer bill is benchmarked against Salt River Project (SRP)

Electric Utility Rate Highlight

Electric Residential Rates		
System Service Charge	\$9.50/ month	
Usage Charge	Summer	Winter
0-1,200 kWh	\$0.05128	
>1,200 kWh	\$0.04822	
<800 kWh		\$0.03765
>800 kWh		\$0.01633
Plus EECAF		

Residential monthly bills during calendar year 2015 (at FY 2016/17 Mesa rates) would be approximately \$8.47 less per month than if served by SRP (\$101.64 less per year)

Electric Consumption and Revenues

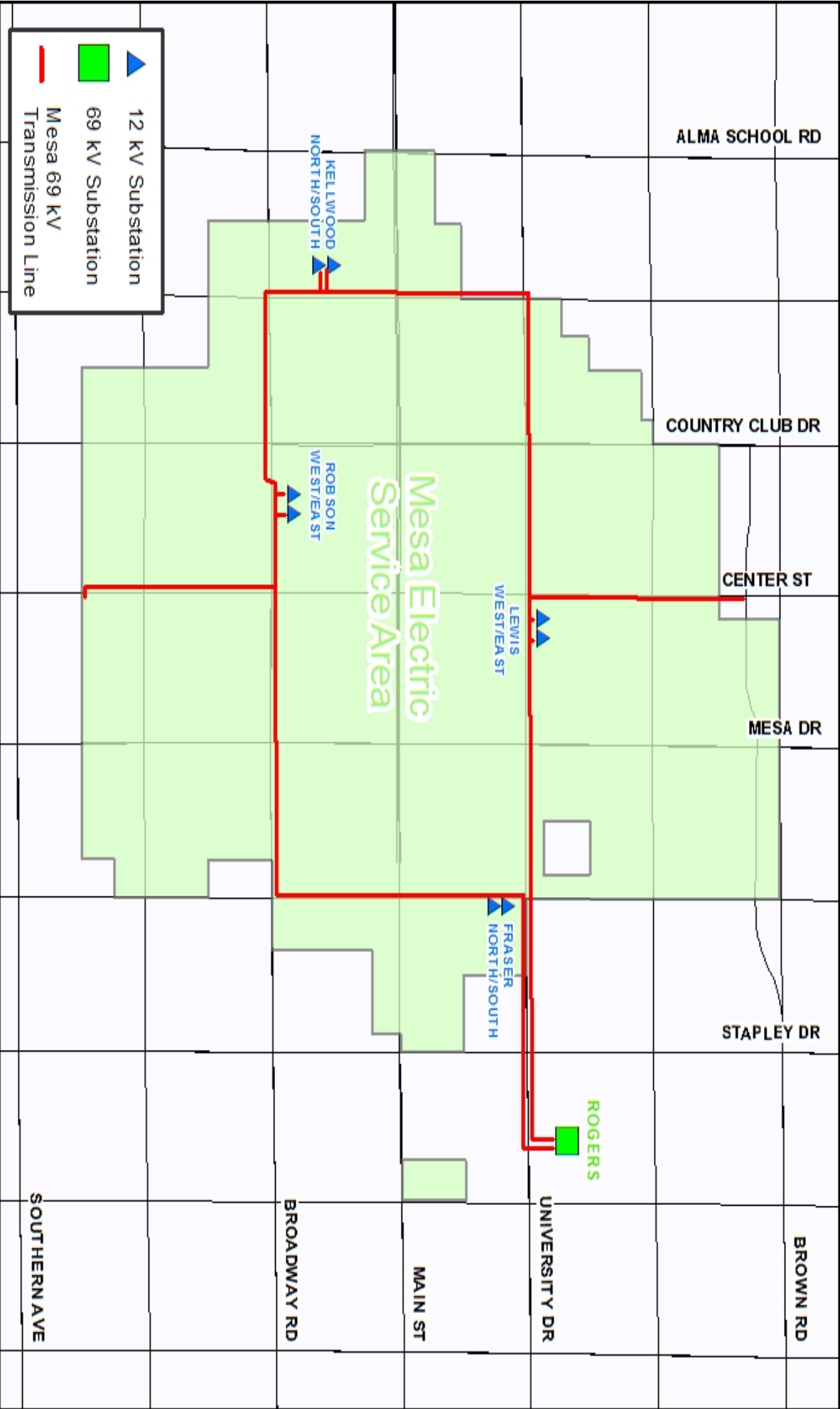
14,050 residential and 2,555 commercial customers

Residential customers kWh in FY 16/17		Commercial customers kWh in FY 16/17	
Budgeted consumption	132,873,765	Budgeted consumption	173,585,223

Budgeted revenue (excluding EECAF)	\$7,526,575	Budgeted revenue (excluding EECAF)	\$8,781,455
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Electric Utility Service Area



Natural Gas – Cost Factors

Major Fixed Cost

- Financed cost associated with the upgrade, replacement and enhancement of the distribution system

Major Variable Cost

- Cost of the natural gas commodity can fluctuate, however this cost is passed through to the customer

Natural Gas – Rate Structure

- Rates have three components
 - Commodity cost that is passed through at cost to the City
 - PNGCAF = Purchased Natural Gas Cost Adjustment Factor
 - Flat service charge rate per account
 - Rate based on consumption
 - Different rates for Summer and Winter
- Different rates for Residential and Commercial
- Total consumer bill is benchmarked against Southwest Gas

Natural Gas Residential Rates

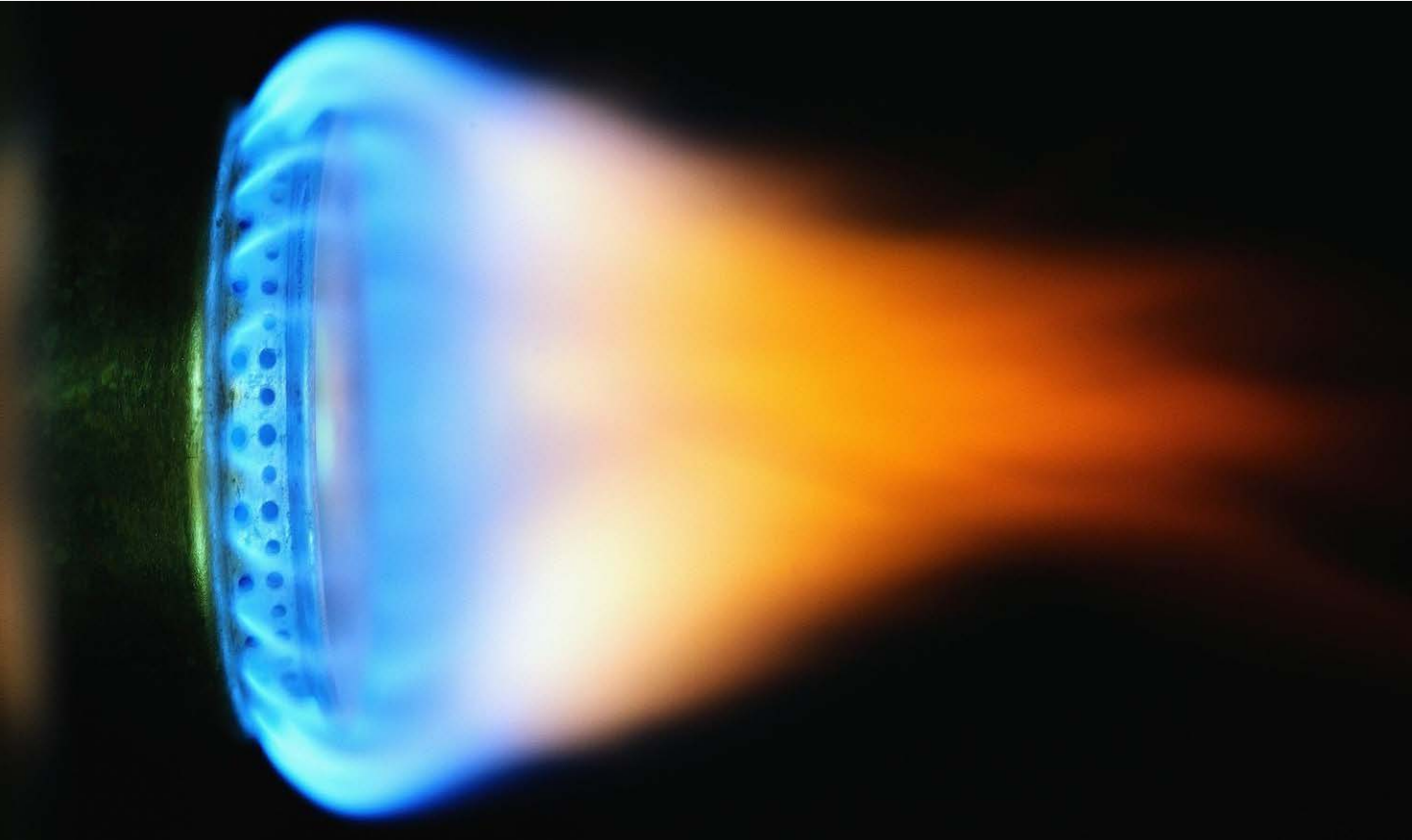
Residential Gas Bill Mesa		
	Summer	Winter
System Service Charge	\$13.11 / month	\$16.04 / month
Usage Charge	\$0.6685 per Billed Therm. first 25	\$0.6685 per Billed Therm. first 25
	\$0.2167 per Billed Therm. >25	\$0.4926 per Billed Therm. >25
Plus PNGCAF		

Monthly bills during calendar year 2015 (at FY 2016/17 Mesa rates) would be approximately \$0.72 less per month than if served by SW Gas (\$8.64 less per year)

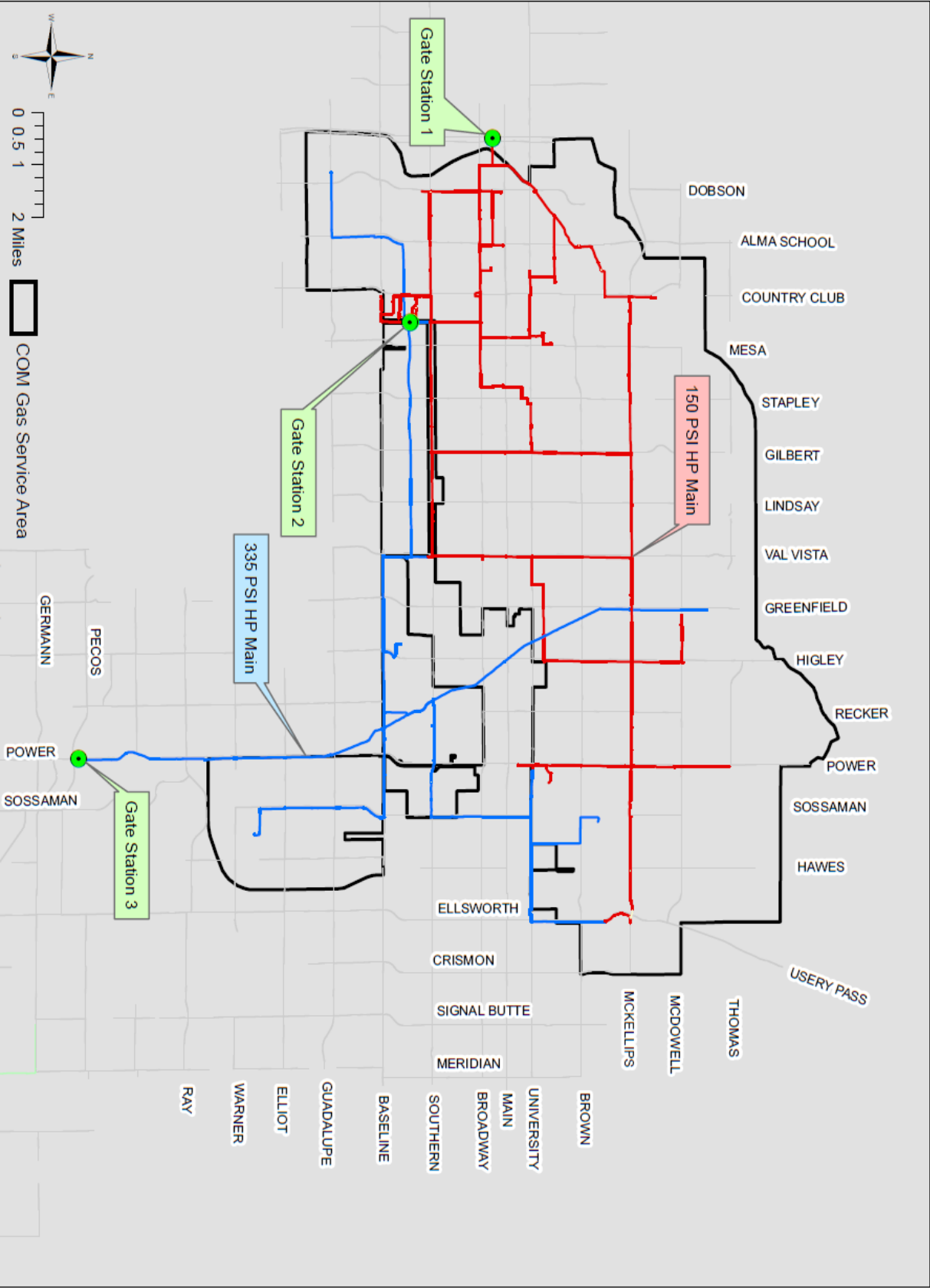
Natural Gas Consumption and Revenues

58,825 residential and 2,477 commercial customers

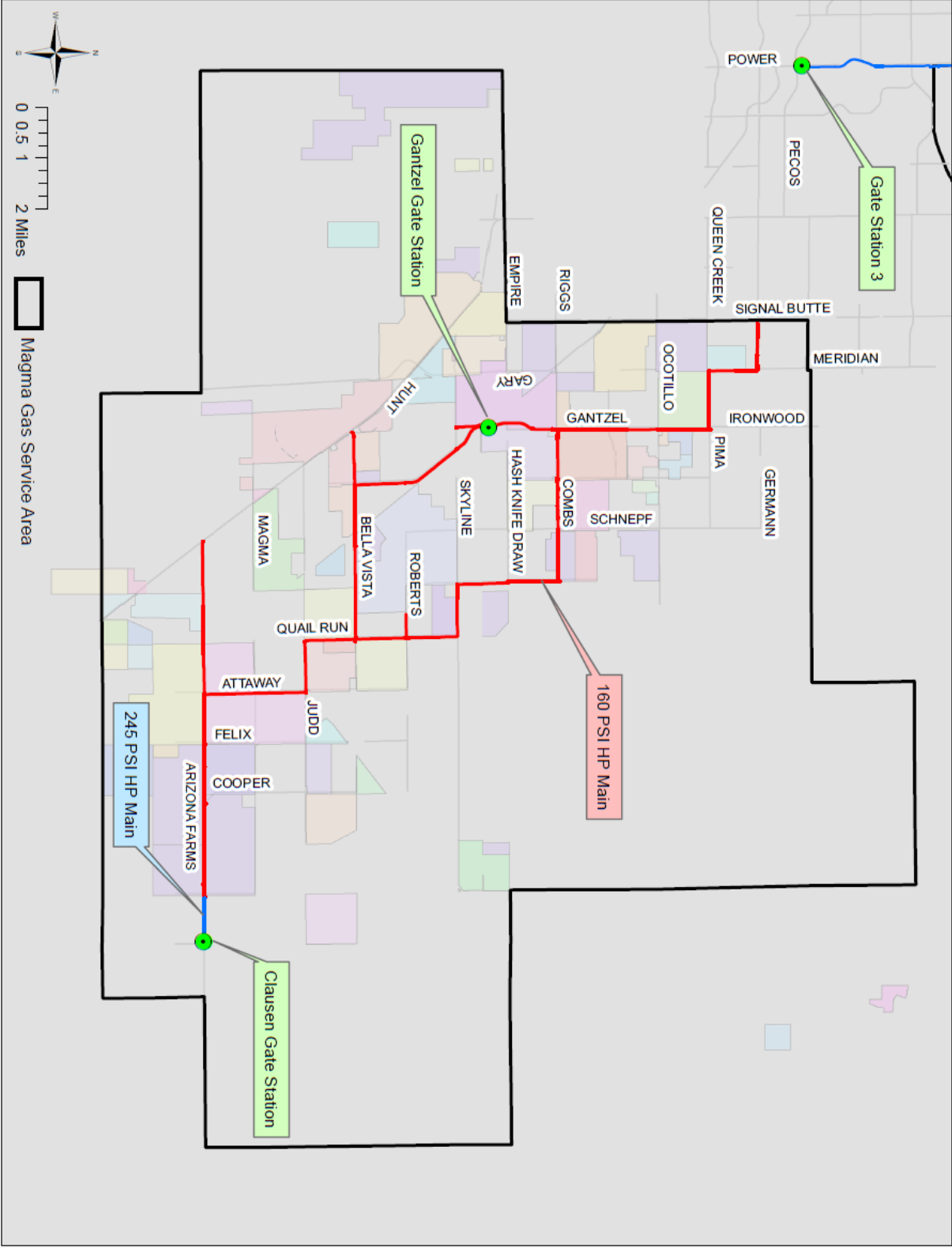
Residential customers therms. in FY 16/17		Commercial customers therms. in FY 16/17	
Budgeted consumption	13,388,884 therms.	Budgeted consumption	19,041,035 therms.
Budgeted revenue (excluding PNGCAF)	\$18,648,493	Budgeted revenue (excluding PNGCAF)	\$9,134,753
Revenue Breakdown	Usage \$8.3M Service Charge \$10.3M	Revenue Breakdown	Usage \$8.1M Service Charge \$1.0M



Mesa Natural Gas Service Area



Magma Natural Gas Service Area



Water – Cost Factors

Major Fixed Costs

- Financing cost associated with the upgrade, replacement and enhancement of the distribution system
- Financing cost associated with the upgrade, replacement and enhancement of the processing system
- Intergovernmental Agreements with Phoenix for capacity at the Val Vista Water Treatment Plant

Major Variable Costs

- Water commodity
- Chemicals for processing
- Electricity for processing

Water – Rate Structure

Rates have two components

Flat service charge
rate per account
(includes 3000
gallons of water)

Rate based on how
much water is
used/consumed

Commercial rates have one consumption based rate

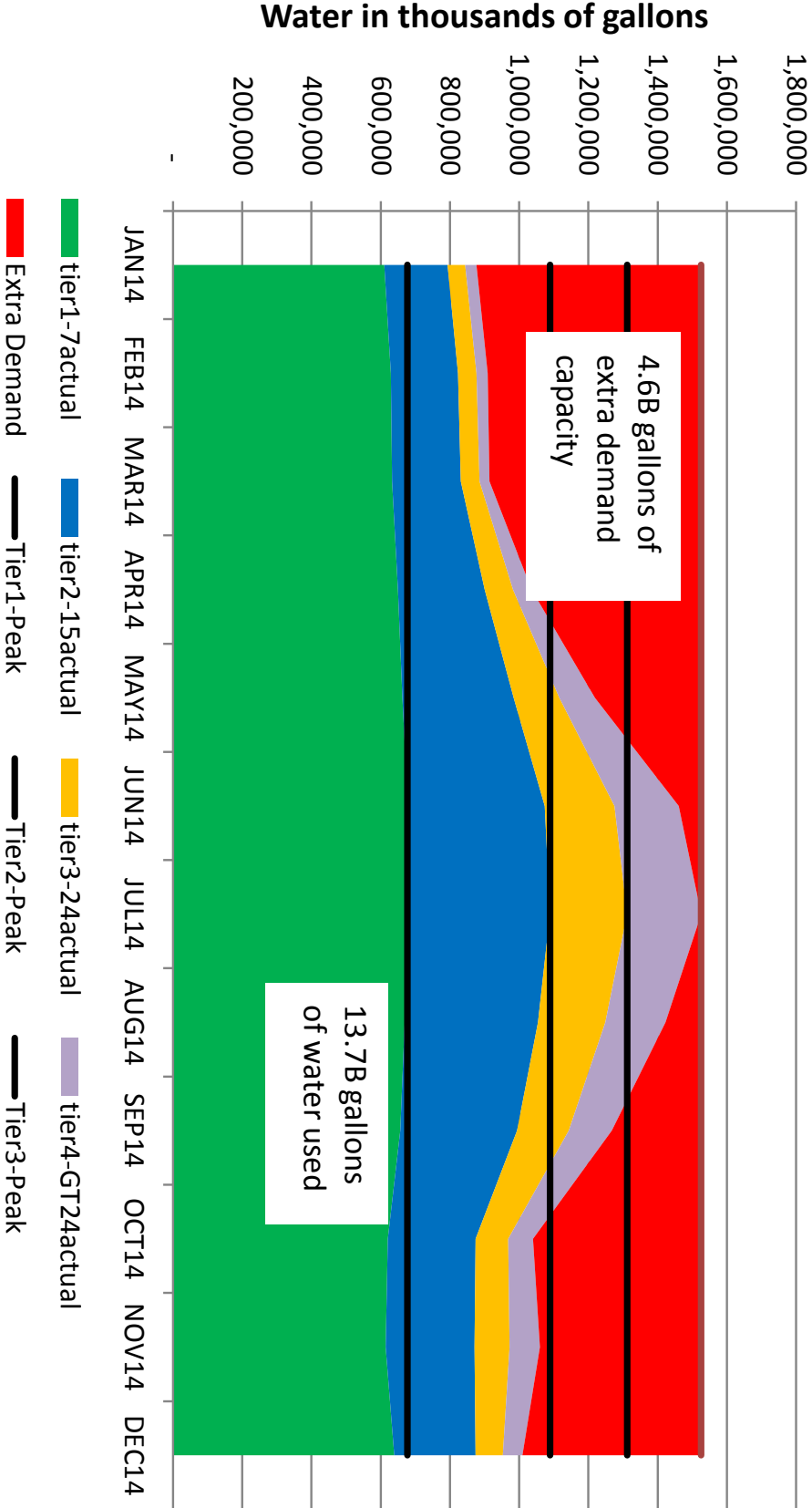
- Commercial water consumption does not vary greatly during the year

Residential rates have four levels/tiers for consumption based rates

- Residential water consumption does vary greatly during the year
- The infrastructure is sized to meet the maximum demand for service occurring in the summer months

Residential Demand vs. Capacity

City of Mesa CY2014 Residential
Water Full Demand Capacity vs. Actual Usage





Water Residential Consumption

- Water consumption per account declined in recent years due to widespread use of water saving appliances, smaller number of people per household, less landscaping and more water conservation awareness
- The City approved a five-year phased approach to realigning the tier levels to better represent current consumption behaviors and introduced a fourth tier

Water Current Residential Rate Tiers

FY 16/17 was the second year of the five-year plan

Current Residential Tier Structure for FY 16/17	
First 3,000 gallons included in service charge	
Gallons	Cost per 1,000 gal
4,000-10,000	\$3.02
11,000-20,000	\$4.54
21,000-24,000	\$5.23
25,000 and greater	\$5.54

FY15/16 Major Water Customer Classes

Rate Revenue		Consumption
Residential	\$72.3M	13.6M kgals
Commercial	\$24.6M	6.3M kgals
Multi-unit Dwelling	\$16.6M	4.7M kgals
Public Authorities	\$3.8M	1.0M kgals
Interdepartmental	\$3.5M	1.1M kgals
Landscape & Other	\$2.5M	0.8M kgals
Total	\$123.3M*	27.5M kgals

*\$46.8M (38.0%) Service Charge
\$71.5M (58.0%) Usage Charge
\$5.0M (4.0%) Other

Wastewater – Cost Factors

Major Fixed Costs

- Financing cost associated with the upgrade, replacement and enhancement of the collection system
- Financing cost associated with the upgrade, replacement and enhancement of the processing system
- Intergovernmental Agreement for capacity at the 91st Ave Wastewater Treatment Plant

Major Variable Costs

- Chemicals for processing
- Electricity for processing

Wastewater – Rate Structure

Rates have two components

Flat service charge rate
per account

Rate based on average
water used/consumed
during the winter
months

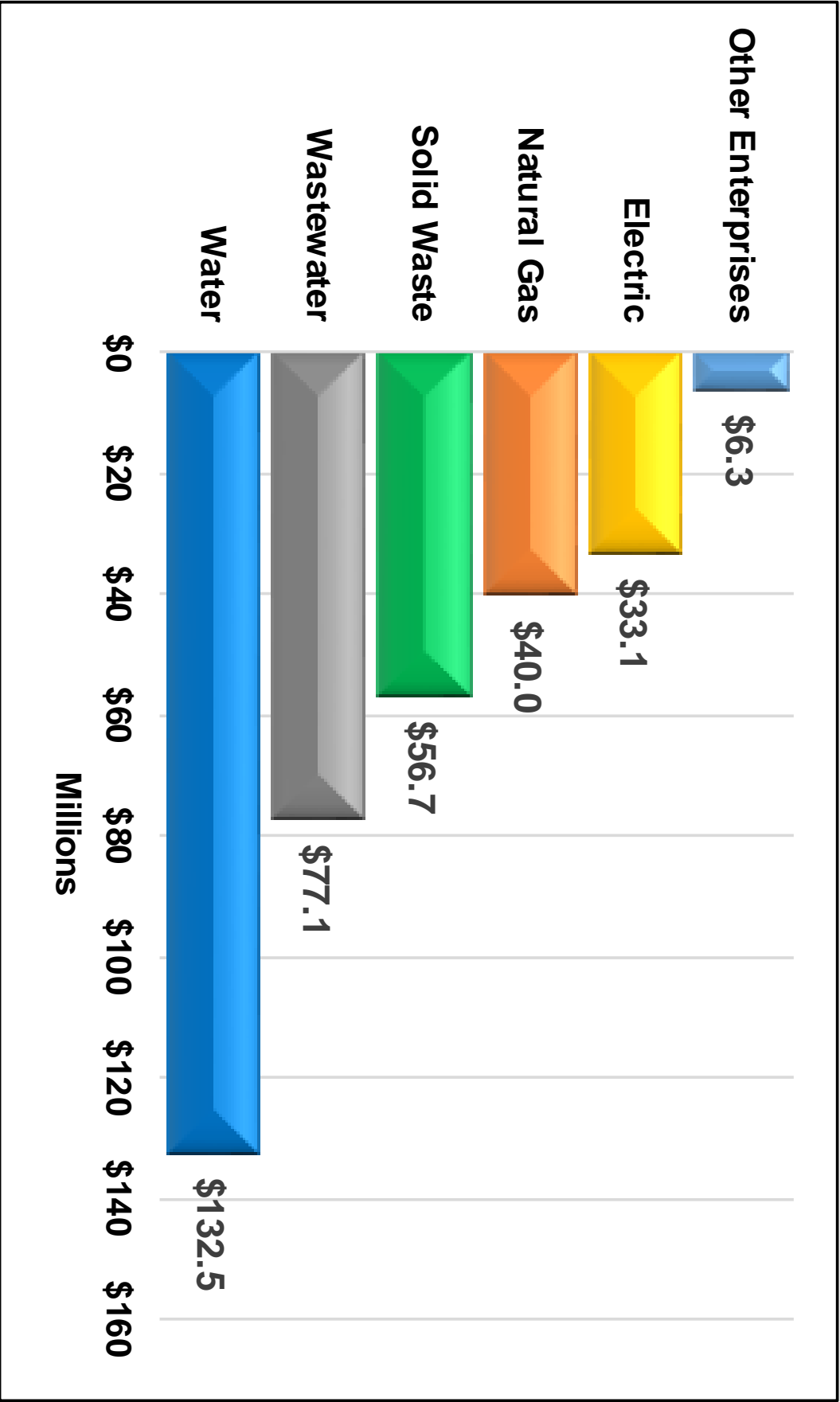
- Wastewater is not metered but is estimated based on the average water usage in the winter months of the individual residential customer
- Wastewater rates are not subject to seasonality. The monthly rate is adjusted annually when the residential winter water average usage is recalculated

FY15/16 Major Wastewater Customer Classes

Rate Revenue		Consumption
Residential	\$38.7M	8.2M kgals
Commercial	\$14.8M	3.2M kgals
Multi-unit Dwelling	\$17.2M	4.3M kgals
Total	\$70.6M	15.7M kgals

Y16/17 Budget Revenues by Enterprise: \$345.8M

(includes pass-through revenues)

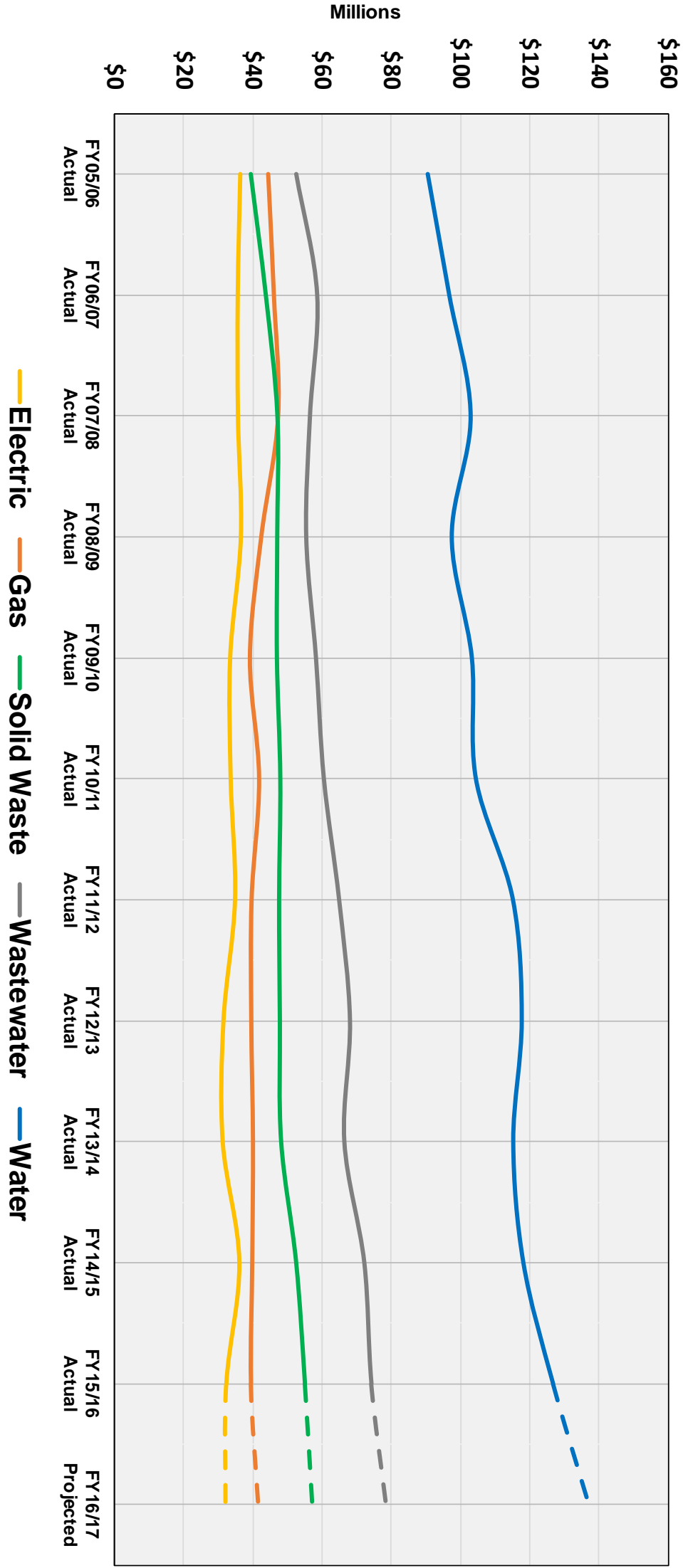


Total Enterprise Revenues

	FY 15/16 Actuals	Change from FY 14/15	FY 16/17 Budgeted	FY 16/17 Projected	Change from FY 15/16
Electric	\$32.3	-10.2%	\$33.1	\$32.2	-0.5%
Natural Gas	\$39.4	-0.8%	\$40.1	\$41.3	4.8%
Solid Waste	\$55.0	4.8%	\$56.7	\$57.2	3.9%
Wastewater	\$74.5	3.3%	\$77.1	\$78.4	5.3%
Water	\$127.0	7.5%	\$132.5	\$136.9	7.8%
Other Enterprises	\$7.3	4.0%	\$6.3	\$6.3	-13.7%
Total	\$335.5	3.1%	\$345.8	\$352.3	5.0%
(as of Dec 2016) Dollars in millions					

Includes pass-through revenues

All Utility Service Revenues - Historical



Management of the Enterprise Fund

- All of the enterprises are managed as one fund
- The City forecasts expenses, revenues and reserve balances over a multi-year period
- The City's financial policies call for maintaining a fund/reserve balance of at least 8-10%. This policy is applied to all years of the forecast
- The reserve balance allows the City to react to increased expenses by smoothing necessary rate increases over multiple years, therefore avoiding rate spikes. Sometimes a reserve balance greater than 10% is carried due to this rate stabilization philosophy

Example: Enterprise Forecast from Last Year

TOTAL ENTERPRISE FUND						
Sources of Funding	FY 14/15	FY 15/16	FY 16/17	FY 17/18	FY 18/19	FY 19/20
	Actuals	Estimate	Forecast	Forecast	Forecast	Forecast
Revenues	\$325,531,829	\$336,226,149	\$345,106,935	\$363,020,604	\$381,874,114	\$401,826,856
Total Sources	\$325,531,829	\$336,226,149	\$345,106,935	\$363,020,604	\$381,874,114	\$401,826,856
Uses of Funding						
Operating Expenditures	\$118,323,738	\$128,608,988	\$136,703,631	\$139,830,493	\$145,812,319	\$151,186,020
Capital Transfer	\$3,330,000	\$4,448,822	\$6,195,489	\$8,800,485	\$3,619,064	\$4,448,681
Debt Service Transfer	\$61,315,124	\$55,131,104	\$67,336,264	\$79,790,006	\$87,922,959	\$88,911,727
Expenditure Subtotal	\$211,398,541	\$214,507,892	\$236,765,776	\$257,019,796	\$267,011,617	\$275,083,031
General Fund Transfer	\$95,700,000	\$99,671,000	\$103,861,130	\$106,976,964	\$110,186,274	\$113,491,861
Lifecycle/ Infrastructure Transfers	\$6,287,000	\$6,598,100	\$6,630,562	\$6,991,990	\$7,367,024	\$7,763,911
Economic Investment Fund Transfer	\$1,535,000	\$2,890,167	\$2,356,581	\$2,421,727	\$2,489,255	\$2,535,878
BABS Transfer		\$1,383,347				
Total Uses	\$314,920,541	\$325,050,506	\$349,614,049	\$373,410,476	\$387,054,169	\$398,874,680
Net Sources and Uses						
	\$10,611,288	\$11,175,643	(\$4,507,114)	(\$10,389,872)	(\$5,180,055)	\$2,952,176
Beginning Fund Balance	\$45,251,990	\$46,631,854	\$57,807,497	\$53,300,383	\$42,910,511	\$37,730,455
Ending Fund Balance	\$55,863,278	\$57,807,497	\$53,300,383	\$42,910,511	\$37,730,455	\$40,682,631
Ending Fund Balance Percent*	17.2%	16.5%	14.3%	11.1%	9.5%	9.8%

Rate Adjustments

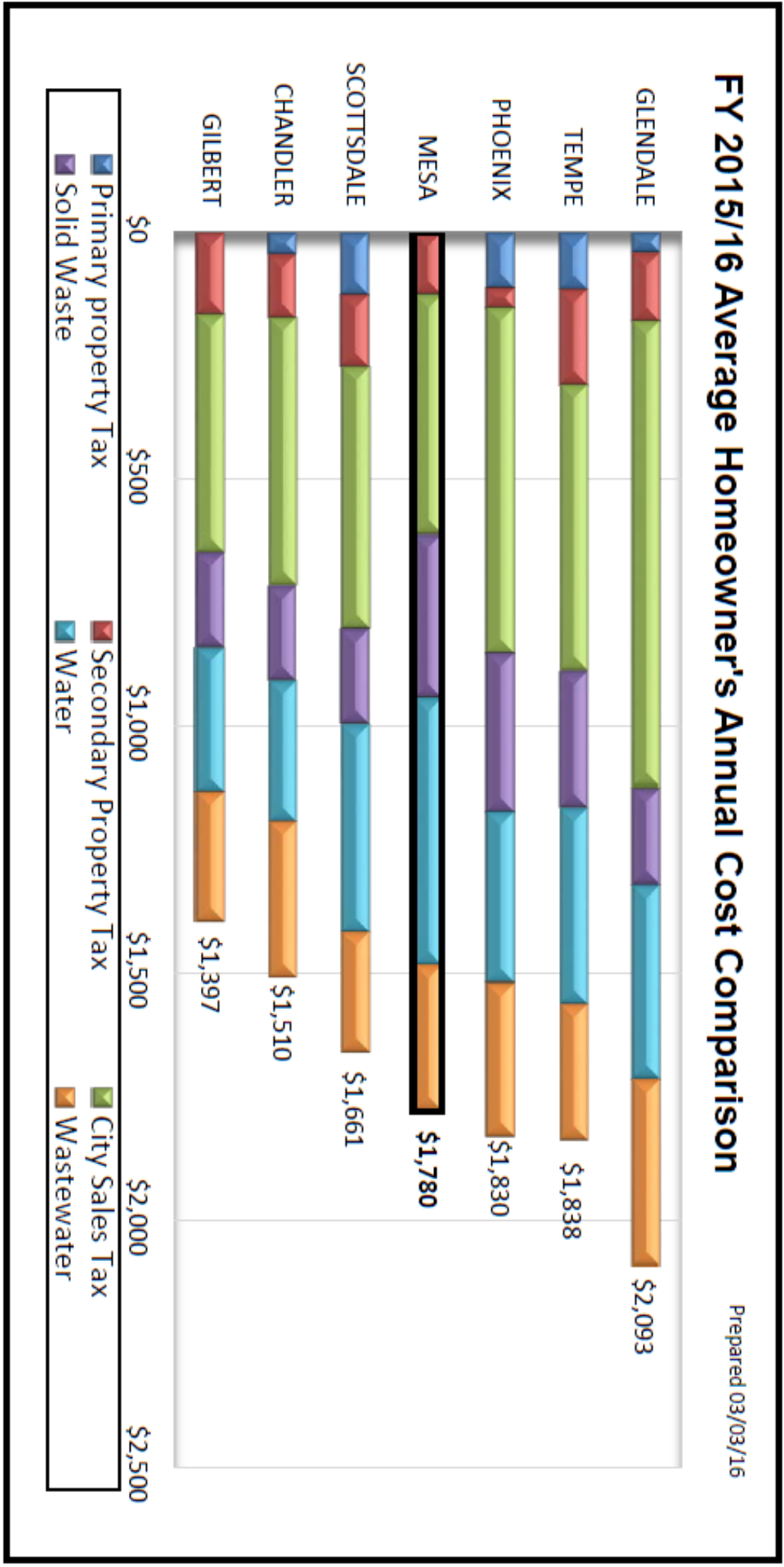
Methods of implementing rate adjustments can vary from year to year based on needs and goals of the individual utilities

Impact on individual customers can vary based on the method of implementation and the customer consumption of services

All rate adjustments are balanced between the needs of the individual utility, the needs of the overall fund and the impact to the resident

Impact of service rates for the average household in Mesa is compared to rates in neighboring communities to ensure that costs remain comparable

Homeowners Comparison





Federal Grants Funding Process and Priorities

Housing and Community Development Division

Feb. 6th, 2017

Federal Funding Formula

- Annual block grant funding from U.S. Department of Housing and Urban Development (HUD)
- Formula based (non-competitive)
- Each program is unique in purpose, eligibility requirements and regulations

Federal Block Grant Funding

Community Development Block Grant (CDBG) - \$3,224,529

- Principally for low- and moderate - income persons
- Infrastructure development
- Repair of private/public buildings
- Revitalizing neighborhoods
- Economic development
- Public services by nonprofit (15% Cap)

Federal Block Grant Funding

Emergency Solutions Grant (ESG) - \$287,998

- Engage homeless individuals and families living on the street
- Help operate shelters
- Rapidly re-house homeless individuals and families
- Prevent families and individuals from becoming homeless

Federal Block Grant Funding

HOME Investment Partnership- \$1,0202,129

- Building, buying, and/or rehabilitating affordable housing for rent
- Encouraging home ownership
- Providing direct rental assistance to low-income people.

City of Mesa General Funds and ABC Funding

Human Services Program- \$826,392

- Crisis services
- Prevention/early intervention services
- Transitional services
- Long-term support
- System support

Consolidated Plan 2015-2019 Overview

- Adopted by City Council April 2015
- Guidance on investment of HUD dollars
- Outlines priorities which federal funds to be used
- Public comment/input from Stakeholders
- Difference between Housing Master Plan and Consolidated Plan
- Annual Action Plan lists specific activities

Consolidated Plan Priorities

- Invest in economic growth and workforce development
- Increase and maintain affordable housing stock
- Decrease homelessness

Consolidated Plan Priorities

- Provide other non-homeless public services
- Implement transit-oriented strategies for community development
- Increase collaboration between service providers
- Affirmatively further Fair Housing

Funding Process Timeline

January 2nd- Open Application Period

Feb 2nd- Application Period Closes

March 2nd – Housing and Community
Development Advisory Board

End March/Early April- Community and
Cultural Development Committee

May 15th- Full Council action on Annual
Action Plan

Federal Grants Funding Process and Priorities

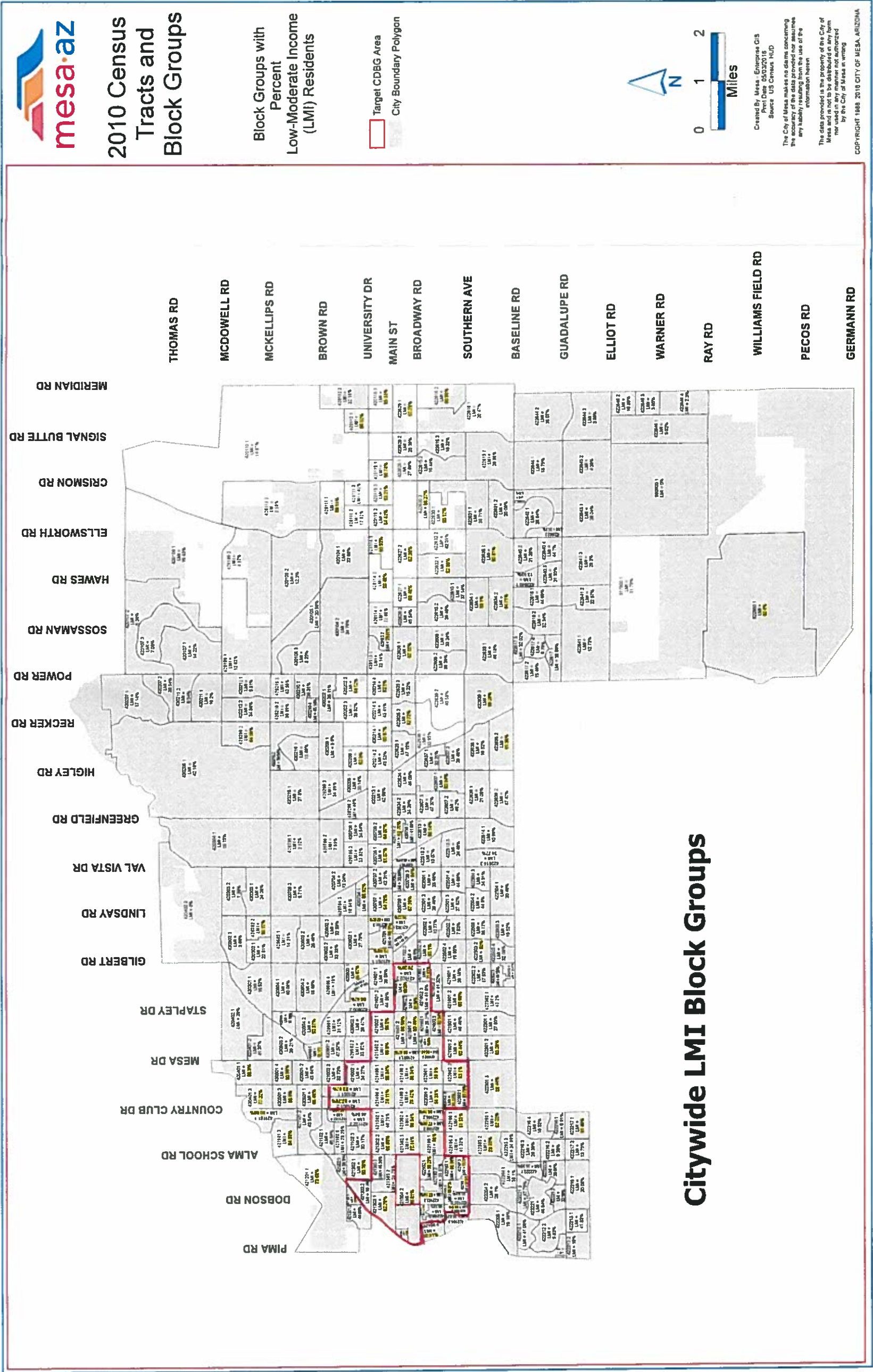
Questions?

Feb. 6th, 2017

Request Council Policy Direction FY 17/18

Examples of Policy Direction (Con Plan Priorities):

- Increase downtown small business opportunities (Economic Development)
- Increase down payment assistance for First-time Homebuyers (Increase and Maintain Affordable Housing Stock)
- Increase navigation services for homeless (Decrease Homelessness)
- Support Fair Housing Services (Affirmatively Further Fair Housing)
- Support Non-Profit Operations (Human Services Program)



THOMAS RD

MCDOWELL RD

MCKELLIPS RD

BROWN RD

UNIVERSITY DR

MAIN ST

BROADWAY RD

SOUTHERN AVE

BASILINE RD

GUADALUPE RD

ELLIOT RD

WARNER RD

RAY RD

WILLIAMS FIELD RD

PECOS RD

GERMANN RD

SIGNAL BUTTE RD

CRISMON RD

ELLSWORTH RD

HAWES RD

SOSSAMAN RD

POWER RD

RECKER RD

HIGLEY RD

GREENFIELD RD

VAL VISTA DR

LINDSAY RD

GILBERT RD

STAPLEY DR

MESA DR

COUNTRY CLUB DR

ALMA SCHOOL RD

DOBSON RD

PIMA RD

Citywide LMI Block Groups