



Proposed Budget Update

Fiscal Year 2026/27

Mesa City Council

Presented By:

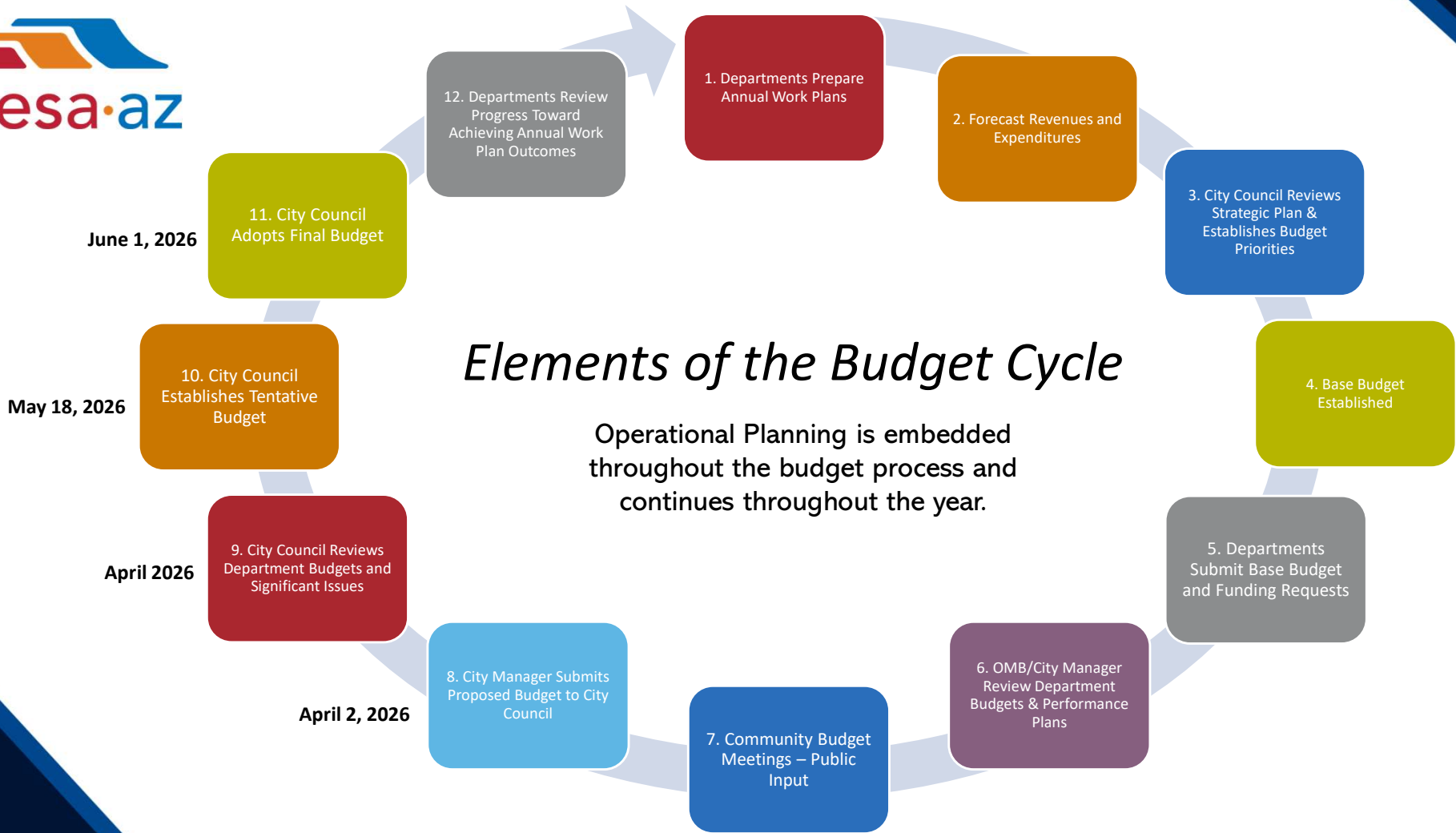
Brian A. Ritschel – Management & Budget Director
Samuel Schultz – Management & Budget Assistant Director

Date:

April 30, 2026

Elements of the Budget Cycle

Operational Planning is embedded throughout the budget process and continues throughout the year.





Recent Recognitions

BEST RUN CITY IN ARIZONA

- WalletHub

TOP 10 DIGITAL CITY

- Center for Digital
Government

TRIPLE CROWN WINNER

- Government Finance
Officers Association

TOP 10 BEST BIG CITIES TO LIVE IN

- U.S. News

COMMUNICATIONS TEAM OF THE YEAR

- Public Relations Society
of America

FOUR GOLDEN PROSPECTOR AWARDS

- Arizona Association for
Economic Development



General Governmental Funds



General Governmental Funds – FY 25/26 Adopted Budget Forecast (May 19, 2025)

	Projected FY 24/25	Budget FY 25/26*	Forecast FY 26/27	Forecast FY 27/28	Forecast FY 28/29	Forecast FY 29/30
Beginning Reserve Balance	\$247.5	\$242.9	\$191.5	\$152.8	\$114.9	\$91.6
Total Sources	\$701.5	\$693.5	\$678.6	\$698.3	\$727.8	\$749.3
Total Uses	\$706.0	\$744.9	\$717.3	\$736.2	\$751.1	\$768.2
Net Sources and Uses	(\$4.6)	(\$51.4)	(\$38.7)	(\$37.9)	(\$23.3)	(\$18.9)
Ending Reserve Balance	\$242.9	\$191.5	\$152.8	\$114.9	\$91.6	\$72.7
Ending Reserve Balance Percent**	33.8%	26.7%	20.8%	15.3%	11.9%	9.2%

*Budgeted sources and uses include \$26.1M in carryover funds.

**As a % of all Next Year's uses of funding

data as of May 2025

dollars in millions



General Governmental Funds – FY 25/26 Forecast Update (February 26, 2026)

	Actuals FY 24/25	Projected FY 25/26	Forecast FY 26/27	Forecast FY 27/28	Forecast FY 28/29	Forecast FY 29/30	Forecast FY 30/31
Beginning Reserve Balance	\$247.5	\$264.3	\$228.0	\$211.1	\$183.8	\$167.3	\$169.6
Total Sources	\$733.6	\$700.9	\$701.5	\$715.0	\$745.4	\$773.0	\$808.9
Total Uses	\$716.8	\$737.2	\$718.3	\$742.3	\$761.9	\$770.7	\$793.2
Net Sources and Uses	\$16.8	(\$36.3)	(\$16.8)	(\$27.3)	(\$16.5)	\$2.3	\$15.8
Ending Reserve Balance	\$264.3	\$228.0	\$211.1	\$183.8	\$167.3	\$169.6	\$185.4
Ending Reserve Balance Percent*	35.8%	31.7%	28.4%	24.1%	21.7%	21.4%	22.6%

*As a % of all Next Year's uses of funding

data as of February 2026
dollars in millions





General Governmental Funds – FY 26/27 Proposed Budget (April 2, 2026)

	Actuals FY 24/25	Projected FY 25/26	Budget FY 26/27	Forecast FY 27/28	Forecast FY 28/29	Forecast FY 29/30	Forecast FY 30/31
Beginning Reserve Balance	\$247.5	\$264.3	\$235.3	\$204.2	\$167.7	\$145.5	\$147.2
Total Sources	\$733.6	\$703.4	\$701.7	\$716.6	\$748.3	\$779.2	\$815.9
Total Uses	\$716.8	\$732.4	\$732.7	\$753.1	\$770.5	\$777.4	\$802.2
Net Sources and Uses	\$16.8	(\$29.0)	(\$31.1)	(\$36.5)	(\$22.2)	\$1.8	\$13.7
Ending Reserve Balance	\$264.3	\$235.3	\$204.2	\$167.7	\$145.5	\$147.2	\$160.9
Ending Reserve Balance Percent*	36.1%	32.1%	27.1%	21.8%	18.7%	18.4%	19.3%

data as of March 2026
dollars in millions

*As a % of all Next Year's uses of funding





General Governmental Funds – FY 26/27 Proposed Budget Update (April 30, 2026)

	Actuals FY 24/25	Projected FY 25/26	Budget FY 26/27	Forecast FY 27/28	Forecast FY 28/29	Forecast FY 29/30	Forecast FY 30/31
Beginning Reserve Balance	\$247.5	\$264.3	\$244.0	\$208.1	\$168.3	\$135.8	\$127.4
Total Sources	\$733.6	\$708.3	\$731.4	\$718.1	\$749.8	\$780.7	\$817.5
Total Uses	\$716.8	\$728.6	\$767.3	\$757.9	\$782.2	\$789.1	\$814.2
Net Sources and Uses	\$16.8	(\$20.3)	(\$35.9)	(\$39.8)	(\$32.4)	(\$8.4)	\$3.3
Ending Reserve Balance	\$264.3	\$244.0	\$208.1	\$168.3	\$135.8	\$127.4	\$130.8
Ending Reserve Balance Percent*	36.3%	31.8%	27.5%	21.5%	17.2%	15.7%	15.5%
							data as of April 2026
*As a % of all Next Year's uses of funding							dollars in millions



General Governmental Funds – Changes from FY 25/26 Adopted Budget

Adopted Budget	FY 25/26 Budget	FY 26/27 Forecast	FY 27/28 Forecast	FY 28/29 Forecast	FY 29/30 Forecast	FY 30/31* Forecast
Net Sources and Uses	(\$51.4)	(\$38.7)	(\$37.9)	(\$23.3)	(\$18.9)	(\$11.7)
Ending Reserve Balance	\$191.5	\$152.8	\$114.9	\$91.6	\$72.7	\$61.0
Ending Reserve Balance Percent**	26.7%	20.8%	15.3%	11.9%	9.2%	7.4%
*FY 30/31 was outside of the 5-year forecast presented with FY 25/26 Budget Adoption					data as of May 2025	
**As a % of all Next Year's uses of funding					dollars in millions	

Proposed Budget Update	FY 25/26 Projected	FY 26/27 Budget	FY 27/28 Forecast	FY 28/29 Forecast	FY 29/30 Forecast	FY 30/31 Forecast
Net Sources and Uses	(\$20.3)	(\$35.9)	(\$39.8)	(\$32.4)	(\$8.4)	\$3.3
Ending Reserve Balance	\$244.0	\$208.1	\$168.3	\$135.8	\$127.4	\$130.8
Ending Reserve Balance Percent**	31.8%	27.5%	21.5%	17.2%	15.7%	15.5%
					data as of April 2026	
**As a % of all Next Year's uses of funding					dollars in millions	





“Elevate Mesa”



Public Safety

- Police Department Staffing
 - Three academies for 110 recruits
 - Civilianization of positions
- Mesa Fire & Medical Staffing
 - Two academies
 - Cancer screening
 - Emergency Transport Service conversion of a 12-hour to a 24-hour shift
- Mesa Public Safety Support Department
 - Public Safety Communications Shift Supervisor
- City Attorney’s Office
 - Assistant City Prosecutor II

“Elevate Mesa”



- Salary market adjustment and 5% step increase for all eligible sworn personnel covered by a memorandum of understanding (MOU)
- Up to a 4% step pay increase for all eligible employees not covered by a MOU effective the July 16, 2026 paycheck.
- Vacation and sick leave policy revisions

Recruitment & Retention of Quality Employees





Utility Fund



Utility Fund – FY 2025/26 Adopted Budget (May 19, 2025)

	Projected FY 24/25	Budget FY 25/26	Forecast FY 26/27	Forecast FY 27/28	Forecast FY 28/29	Forecast FY 29/30
Beginning Reserve Balance	\$117.0	\$104.4	\$76.0	\$51.8	\$32.9	\$31.6
Total Sources	\$510.9	\$535.0	\$574.3	\$619.8	\$663.5	\$709.8
Total Uses	\$523.5	\$563.4	\$598.5	\$638.7	\$664.8	\$690.4
Net Sources and Uses	(\$12.6)	(\$28.4)	(\$24.2)	(\$18.9)	(\$1.3)	\$19.4
Ending Reserve Balance	\$104.4	\$76.0	\$51.8	\$32.9	\$31.6	\$51.0
Ending Reserve Balance Percent*	18.5%	12.7%	8.1%	4.9%	4.6%	7.0%

data as of May 2025
dollars in millions

*As a % of all Next Year's uses of funding



Utility Fund – FY 2025/26 Forecast Update (February 26, 2026)

	Actuals FY 24/25	Projected FY 25/26	Forecast FY 26/27	Forecast FY 27/28	Forecast FY 28/29	Forecast FY 29/30	Forecast FY 30/31
Beginning Reserve Balance	\$117.0	\$119.4	\$95.9	\$86.0	\$79.4	\$92.6	\$121.0
Total Sources	\$510.8	\$534.4	\$572.1	\$617.4	\$662.1	\$710.0	\$763.4
Total Uses	\$508.4	\$558.0	\$581.9	\$624.1	\$648.9	\$681.7	\$728.1
Net Sources and Uses	\$2.4	(\$23.5)	(\$9.8)	(\$6.7)	\$13.2	\$28.4	\$35.3
Ending Reserve Balance	\$119.4	\$95.9	\$86.0	\$79.4	\$92.6	\$121.0	\$156.3
Ending Reserve Balance Percent*	21.4%	16.5%	13.8%	12.2%	13.6%	16.6%	20.3%
*As a % of all Next Year's uses of funding					data as of February 2026 dollars in millions		





Utility Fund – FY 2026/27 Proposed Budget (April 2, 2026)

	Actuals FY 24/25	Projected FY 25/26	Budget FY 26/27	Forecast FY 27/28	Forecast FY 28/29	Forecast FY 29/30	Forecast FY 30/31
Beginning Reserve Balance	\$117.0	\$119.4	\$96.6	\$85.0	\$84.1	\$100.3	\$125.5
Total Sources	\$510.8	\$526.8	\$569.5	\$616.1	\$662.9	\$715.8	\$771.5
Total Uses	\$508.4	\$549.6	\$581.1	\$617.0	\$646.7	\$690.6	\$734.1
Net Sources and Uses	\$2.4	(\$22.8)	(\$11.6)	(\$0.9)	\$16.2	\$25.2	\$37.4
Ending Reserve Balance	\$119.4	\$96.6	\$85.0	\$84.1	\$100.3	\$125.5	\$162.9
Ending Reserve Balance Percent*	21.7%	16.6%	13.8%	13.0%	14.5%	17.1%	20.9%

data as of March 2026
dollars in millions

*As a % of all Next Year's uses of funding





Utility Fund – FY 26/27 Proposed Budget Update (April 30, 2026)

	Actuals FY 24/25	Projected FY 25/26	Budget FY 26/27	Forecast FY 27/28	Forecast FY 28/29	Forecast FY 29/30	Forecast FY 30/31
Beginning Reserve Balance	\$117.0	\$119.4	\$101.1	\$85.2	\$83.6	\$99.7	\$124.7
Total Sources	\$510.8	\$523.8	\$568.3	\$615.7	\$662.6	\$715.4	\$771.1
Total Uses	\$508.4	\$542.1	\$584.1	\$617.4	\$646.5	\$690.4	\$733.8
Net Sources and Uses	\$2.4	(\$18.3)	(\$15.9)	(\$1.6)	\$16.1	\$25.0	\$37.3
Ending Reserve Balance	\$119.4	\$101.1	\$85.2	\$83.6	\$99.7	\$124.7	\$162.0
Ending Reserve Balance Percent*	22.0%	17.3%	13.8%	12.9%	14.4%	17.0%	20.8%

data as of April 2026
dollars in millions

*As a % of all Next Year's uses of funding



Utility Fund – Changes from FY 25/26 Adopted Budget

Adopted Budget	FY 25/26 Budget	FY 26/27 Forecast	FY 27/28 Forecast	FY 28/29 Forecast	FY 29/30 Forecast	FY 30/31* Forecast
Net Sources and Uses	(\$28.4)	(\$24.2)	(\$18.9)	(\$1.3)	\$19.5	\$33.3
Ending Reserve Balance	\$76.0	\$51.8	\$32.9	\$31.6	\$51.0	\$84.3
Ending Reserve Balance Percent**	11.9%	8.1%	4.9%	4.6%	7.0%	11.2%
*FY 30/31 was outside of the 5-year forecast presented with FY 25/26 Budget Adoption					data as of May 2025	
**As a % of all Next Year's uses of funding					dollars in millions	

Proposed Budget Update	FY 25/26 Projected	FY 26/27 Budget	FY 27/28 Forecast	FY 28/29 Forecast	FY 29/30 Forecast	FY 30/31 Forecast
Net Sources and Uses	(\$18.3)	(\$15.9)	(\$1.6)	\$16.1	\$25.0	\$37.3
Ending Reserve Balance	\$101.1	\$85.2	\$83.6	\$99.7	\$124.7	\$162.0
Ending Reserve Balance Percent**	17.3%	13.8%	12.9%	14.4%	17.0%	20.8%
					data as of April 2026	
**As a % of all Next Year's uses of funding					dollars in millions	



5-Year Capital Improvement Program

Fiscal Years 2027 – 2031

	FY 26/27	FY 27/28	FY 28/29	FY 29/30	FY 30/31
General Government	\$26.9	\$4.9	\$45.3	\$46.3	-
Parks & Culture	\$72.6	\$53.2	\$46.0	\$23.8	\$10.0
Public Safety	\$147.9	\$85.9	\$70.8	\$46.5	\$22.9
Transportation	\$200.1	\$134.1	\$79.7	\$34.8	\$46.6
Utilities	\$328.9	\$185.1	\$172.0	\$236.9	\$249.1
Total	\$776.4	\$463.2	\$414.0	\$388.3	\$328.7

	FY 26/27	FY 27/28	FY 28/29	FY 29/30	FY 30/31
Operations & Maintenance	\$3.8	\$9.8	\$12.7	\$12.7	\$21.5



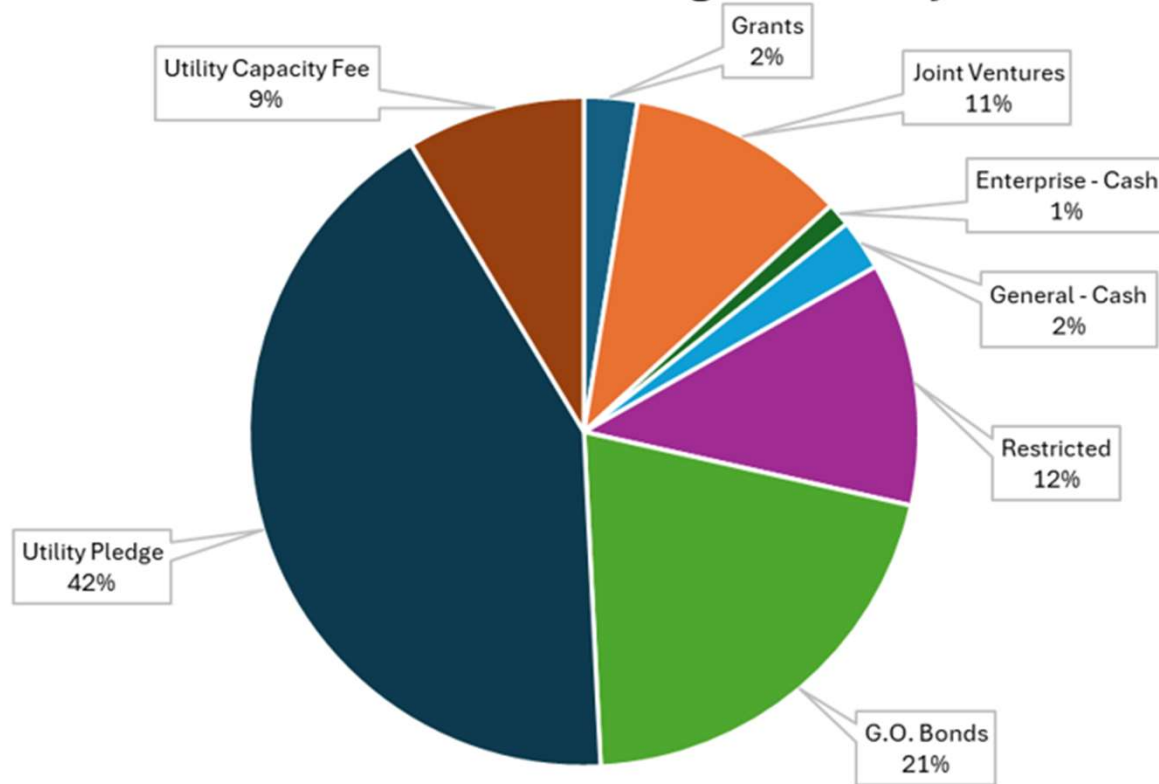
Fiscal Years 2027 – 2031

	<u>FY 26/27</u>	<u>FY 27/28</u>	<u>FY 28/29</u>	<u>FY 29/30</u>	<u>FY 30/31</u>
Enterprise - Cash	\$9.2	\$4.7	\$3.4	\$3.1	\$3.5
General - Cash	\$43.3	\$1.5	\$1.2	\$3.3	\$1.8
General Obligation Bonds	\$224.9	\$181.3	\$156.0	\$95.9	\$61.2
Grants	\$16.2	\$27.0	\$5.3	\$1.4	\$3.6
Joint Ventures	\$28.2	\$24.1	\$18.5	\$51.3	\$99.0
Restricted	\$126.3	\$52.1	\$43.9	\$16.8	\$5.4
Utility Pledge & Capacity Fee	\$328.4	\$172.6	\$185.7	\$216.4	\$154.3
Total	\$776.4	\$463.2	\$414.0	\$388.3	\$328.7



Fiscal Years 2027 – 2031

Five Year CIP Funding Summary





Finalizing the Budget

- Carryover
 - State statute requires that all expenses occurring in the fiscal year be included in the annual legal appropriation (budget)
 - Expenditures related to projects and contracts that will not be completed by year-end will be added to the FY 2026/27 budget
 - FY 2026/27 budget included \$446M
 - Operating and Lifecycle: \$169.1M
 - Capital projects: \$276.9M
- Contingency
 - Included in the budget to allow capacity for unanticipated expenditures or to allow for the spending of unanticipated revenues

FY 2026/27 Budget Calendar



- May 18 - Annual Budget, Tentative Adoption
- June 1 - Capital Improvement Program, Public Hearing and Adoption
- Annual Budget and Secondary Property Tax Levy, Public Hearing
- Annual Budget, Final Adoption
- July 20 - Secondary Property Tax Levy Adoption





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