



City Council Report

Date: May 16, 2021
To: City Council
Through: Michael Kennington, Chief Financial Officer
From: Brian A. Ritschel, Management and Budget Assistant Director
Subject: Tentative Adoption of the Fiscal Year 2022/23 Budget

Overview of Tentative Budget

The budget continues the City's commitment to providing quality services to residents in a fiscally responsible manner. The priority to provide and maintain quality core services is balanced with cost containment methods and program evaluations to achieve efficient use of resources.

The total tentative budget for FY22/23 is \$2.3 billion. This includes an annual operating budget of about \$1.654 billion and the annual portion of the five-year capital improvement program (CIP) budget of about \$542.0 million. Included within the operating budget is \$172.0 million in carryover and \$80.9 million in contingency budget authorization.

The tentative adoption of the budget sets the maximum expenditure budget amount for FY22/23. The budget summary is then published on the City's website and in the local paper for two consecutive weeks before the public hearing and final adoption of the budget take place.

There are projects that will not be completed, and items ordered that will not be received before the end of the fiscal year. These expenditures will occur in the following fiscal year and therefore budget capacity will be needed. The City identifies these "carryover" expenses separately on the budget document to allow for better year-over-year budget comparisons.

The carryover expenses must be added to the FY22/23 budget and included in the City Council budget appropriation as State law does not allow prior year budget authorization to be used in a subsequent year.

State Expenditure Limitation/Home Rule

The State sets the maximum expenditure budget amount for municipalities based on the FY79/80 adopted budget adjusted for population and inflation. The Mesa voters approved a Home Rule option in November 2018 that allows the City to determine its own expenditure limitation, within available resources. Home Rule approval is effective for four fiscal years. In the case of Mesa's 2018 Home Rule option, this includes FY19/20 through FY22/23.

Modifications since Proposed Budget Summary

City Manager's Office

One Government Relations Director position was presented to Council but added after the proposed budget summary was distributed.

Community Services Department

One animal control specialist position and one housing solutions specialist were presented to Council but added after the proposed budget summary was distributed.

Development Services Department

One construction inspector position was presented to Council but added after the proposed budget summary was distributed.

Energy Resources

One energy control room supervisor, one lead utility locator, and one utility locator positions were presented to Council but added after the proposed budget summary was distributed.

Environmental Management & Sustainability

Eight solid waste equipment operator positions, one solid waste routing specialist position, two front load trucks, one container truck, and one automated side-loader (ASL) were presented to Council but added after the proposed budget summary was distributed.

Water Resources

Two greenfield water reclamation plant water resources maintenance specialist positions, one water resources valve truck, and a reclassification of a chemist position from 0.5 FTE to 1.0 FTE were presented to Council but added after the proposed budget summary was distributed.

Comparison of FY 22/23 to FY 21/22 General Governmental Funds Budget

The expenditure budget for the General Governmental Funds for FY22/23 is \$579.9 million (excludes carryover), compared to \$493.4 million (excludes carryover) for the FY20/21 adopted budget.

The change is primarily due to the combination of adding additional positions to meet the increase in demand for services, increase costs of existing positions, and increase costs to commodities, services, and contracts.