



COUNCIL MINUTES

May 4, 2023

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 4, 2023, at 7:30 a.m.

COUNCIL PRESENT

John Giles
Francisco Heredia
Mark Freeman
Alicia Goforth
Scott Somers*

COUNCIL ABSENT

Jennifer Duff
Julie Spilsbury

OFFICERS PRESENT

Chris Brady
Holly Moseley
Jim Smith

Mayor's Welcome.

Mayor Giles conducted a roll call.

Mayor Giles excused Councilmembers Duff and Spilsbury from the entire meeting.

1-a. Hear a presentation, discuss, and provide direction on a summary wrap-up of the fiscal year 2023/24 proposed budget.

Office of Management and Budget Director Brian Ritschel introduced Budget Coordinator Kristi Griffin, who displayed a PowerPoint presentation. **(See Attachment 1)**

Mr. Ritschel commented on the fiscal Year (FY) 23/24 budget review process that started in January 2023, and included Council priorities. He explained the City Manager's annual budget was presented on March 30th with budget adoption scheduled in June. He explained the General Governmental Funds financial principles used to create the City's budget. (See Page 2 of Attachment 1)

Mr. Ritschel outlined the Utility Fund Financial Principles. He added staff is keeping alert to the first two principles due to inflation and the costs of commodities increasing. (See Page 4 of Attachment 1)

Mr. Ritschel discussed the proposed budget themes for the upcoming FY, which include increasing Public Safety staffing, Downtown safety, park safety, neighborhood clean-up, and various others. (See Pages 5 through 9 of Attachment 1)

City Manager Christopher Brady explained that the benchmark compensation adjustment for employees and how it may or may not affect step pay increases. He stated the City conducts benchmarks every two years.

Discussion ensued relative to performance adjustments, step pay, and the performance evaluation process.

Mr. Ritschel continued with the presentation and highlighted the proposed 3% step pay increase for all eligible employees and parental leave. (See Page 10 of Attachment 1)

In response to a question by Mayor Giles whether parental leave is an industry standard within peer cities, Assistant City Manager Scott Butler responded that policies are similar among peer cities. He noted the parental leave policy would be a great add-on to the City's recruitment and retention.

In response to a question posed by Councilmember Goforth, Mr. Butler explained the current parental leave policy, which is 100% funded by the employee and uses a variety of accumulated time such as sick leave, vacation, or discretionary leave.

Further discussion ensued regarding the type of flexible work schedules specific to fire and police operations.

Mr. Ritschel recalled the changes discussed during the proposed budget meetings, which include an increase in Human Services Funding of \$70,000 and development of the Quality Retail Attraction Initiative. (See Page 11 of Attachment 1)

Responding to a question from Councilmember Somers, Mr. Brady said the budgeted amount for the start of the Quality Retail Attraction Initiative is \$100,000 for the consultation fee. He noted that the amount could change as the program evolves.

Mr. Ritschel provided a brief overview of the big projects included in the FY 23/24 budget. He explained the adopted budget sets the maximum expenditures the City can incur during the year. He noted contingency is included in the budget to allow capacity for unanticipated expenses or to allow for the spending of unanticipated revenues. He displayed the budget adoption timeline. (See Pages 12 through 14 of Attachment 1)

Responding to an inquiry from Councilmember Freeman, Mr. Ritschel estimated approximately \$3 million of revenue was received this year from the Public Safety Retirement System and Prop 207 revenue. He added that the \$84.6 million illustrated includes the payments of Prop 207.

Responding to a question posed by Councilmember Heredia, Mr. Brady announced that the Tax Levy will be discussed in the next couple of weeks.

Mayor Giles thanked staff for the presentation.

2. Current events summary including meetings and conferences attended.

Mayor and Councilmembers highlighted the events, meetings, and conferences recently attended.

3. Scheduling of meetings.

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

Thursday, May 11, 2023, 7:30 a.m. – Study Session

4. Adjournment.

Without objection, the Study Session adjourned at 8:06 a.m.



JOHN GILES, MAYOR

ATTEST:



HOLLY MOSELEY, 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 4th day of May 2023. I further certify that the meeting was duly called and held and that a quorum was present.



HOLLY MOSELEY, CITY CLERK

abg
(Attachment – 1)





Budget Wrap-up

Fiscal Year 2023/24

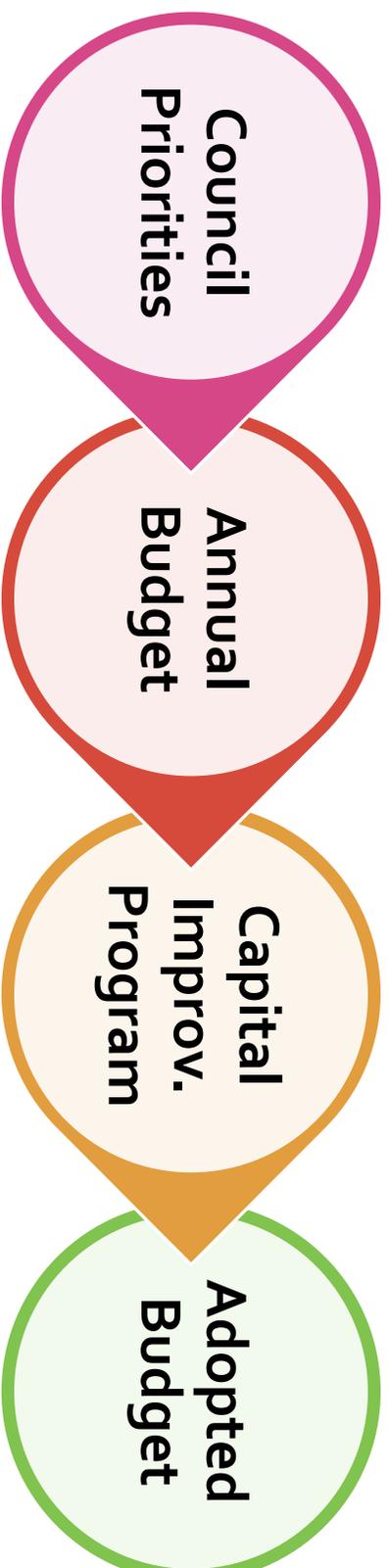
May the 4th be with you, **2023**

Brian A. Ritschel – Office of Management and Budget Director

Kristi Griffin – Office of Management and Budget Operations Coordinator



2023/24 Budget Review Process



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General Governmental Funds Financial Principles



Balance net sources and uses



10% – 15% reserve fund balance over the
5-year forecasted period



Sustainability of programs and services

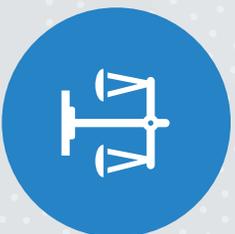


Keep wages and benefits competitive
compared to other valley cities in order to
retain and recruit quality staff



Investment in capital and lifecycle replacement
projects

Utility Fund Financial Principles



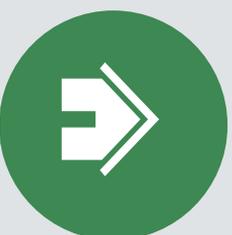
BALANCE NET
SOURCES AND USES



20% OR HIGHER
RESERVE FUND
BALANCE



RATE ADJUSTMENTS
THAT ARE
PREDICTABLE AND
SMOOTHED
THROUGHOUT THE
FORECAST



EQUITY BETWEEN
RESIDENTIAL AND
NON-RESIDENTIAL
RATES



AFFORDABLE
UTILITY SERVICES

2023/24 Budget Wrap-up

FY 2023/24 Budget Proposed Themes:

- Increasing Public Safety Staffing
 - Three police recruit academies and two firefighter recruit academies
 - 10 additional FTEs to fill the positions of firefighters attending the 6-month paramedic training full-time
- Downtown Safety
 - Downtown police ambassador program and cameras
- Park Security
 - Additional park rangers, cameras, and additional activities and programs in the parks
- Neighborhood Clean-up
 - Expanded roll-off service in neighborhoods



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2023/24 Budget Wrap-up

FY 2023/24 Budget Proposed Themes:

- Increasing Pedestrian Access
 - New inhouse concrete crew to reduce response times for safety hazard repairs
- Workforce Development
 - Mesa job connect platform
- Focused Homelessness Assistance/Prevention
 - Create the Office of Homeless Solutions, increased support for the housing voucher program, and education/marketing support
- “Trees Are Cool” Initiative
 - Community outreach and tree planting education and activities
 - Urban Forester



Community Health & Safety



Skilled & Talented Workforce



Neighborhoods & Placemaking



Strong Community Connections



Sustainable Environment



Thriving Economy

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2023/24 Budget Wrap-up



Also included in the FY 2023/24 Proposed Budget:

- City Attorney’s Office
 - General Fund support for Victims of Crime Act (VOCA) grant funding and move 2.3 FTEs to the General Fund from the grant
 - Host 2-3 paid interns who will contribute at least 480 worked hours per year
- City Manager’s Office
 - One-time funding is included for the Together Mesa Art in the Park Program to bring art experience to each of the Council Districts.
- Code Compliance
 - Two additional Code Compliance Officers are included for special events and increase after hours service.

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2023/24 Budget Wrap-up



Community Health & Safety



Skilled & Talented Workforce



Neighborhoods & Placemaking



Strong Community Connections



Sustainable Environment



Thriving Economy

Also included in the FY 2023/24 Proposed Budget :

- Fleet Services
 - Two Equipment Mechanic II's, a Fleet Technology Coordinator, and a Fleet Asset Manager are included in the proposed budget.
- Water Resources
 - Lead and copper rule service line inventory – Environmental Protection Agency Regulation
 - Required to be completed by October 16, 2024
- Public Safety Personnel Retirement System (PSPRS)
 - \$84.6M unfunded liability payment
 - Proposition 207 (Marijuana Tax) revenue is allocated to the unfunded liability payment

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2023/24 Budget Wrap-up



Recruitment and Retention of Quality Employees:

- Market Adjustment
 - Due to the continued rise in costs and inflation remaining higher than normal. Inflation for February in the Phoenix area was 8.5% while the national average was 6.5%
 - 5% market adjustment for all employees not covered under a Memorandum of Understanding (MOU) agreement effective the first full pay period in July 2023
- Benchmark Adjustment
 - The City continues to evaluate and compare current salary ranges with similar cities in the valley. Appropriate increases will be made to salary ranges in order to remain competitive.

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2023/24 Budget Wrap-up



Recruitment and Retention of Quality Employees:

- Step Pay
 - Up to a 3% step pay increase for all eligible employees effective the first full pay period in July 2023
- Parental Leave
 - The first 80 hours of leave will be provided without a match requirement. Up to an additional 80 hours will be provided by the City if the employee contributes an equal amount.

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2023/24 Budget Wrap-up



Changes to the Proposed Budget Presented to Council

- Increase in Human Services Funding \$70,000
 - Mesa Promise \$35,000
 - Mesa K Ready \$35,000
- Quality Retail Attraction Initiative
 - Identify quality retail opportunities
 - Analyze existing amenities including retail, restaurant, and entertainment uses
 - Develop a plan for attracting retail and restaurant opportunities



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2023/24 Budget Wrap-up

- City Hall Council Chambers
- Police Evidence Building
- Fire Station 223 (Lehi)
- Southeast Mesa Neighborhood Library
- Sirrine House
- Neon Gardens
- Central Reuse Pipeline
- Flare to Fuel



Community
Health & Safety



Skilled & Talented
Workforce



Neighborhoods &
Placemaking



Strong Community
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Sustainable
Environment



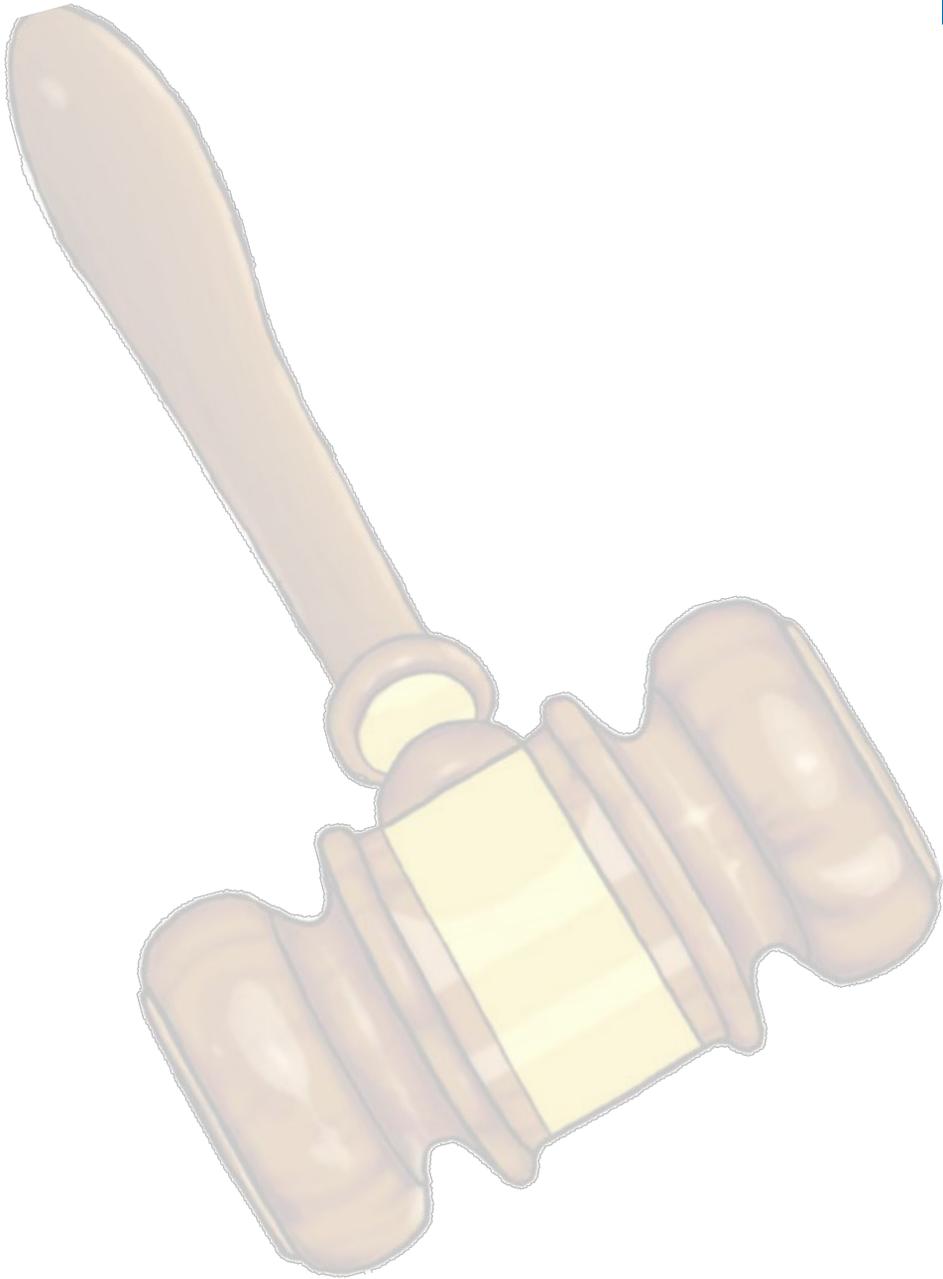
Thriving
Economy

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Opting the Budget

The adopted budget sets the maximum expenditures the City can incur during the year

Contingency is included in the budget to allow capacity for unanticipated expenses or to allow for the spending of unanticipated revenues



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ption Timeline



May 15 - Capital Improvement Program, Public Hearing and Adoption

- Annual Budget, Tentative Adoption

June 5 - Annual Budget and Secondary Property Tax Levy, Public Hearing

- Annual Budget, Final Adoption

June 19 - Secondary Property Tax Levy Adoption

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