



City of Maricopa

Legislation Text

File #: MISC 12-043, **Version:** 1

The Mayor and City Council shall discuss and possibly take action on adopting a tentative budget for FY12-13. Discussion and Action.

In compliance with Title 42 of the Arizona Revised Statutes (A.R.S.), the tentative budget for FY12-13 is presented for council consideration. The tentative operating and capital budget, based on Council strategic priorities and staff input, totals \$175,175,441. The tentative operating budget totals \$46,034,997 and the tentative Capital Improvement Projects (CIP) budget totals \$129,140,444.

Final budget adoption is schedule for the June 5, 2012 Special Council Meeting.

Operating Budget

At the March 28, 2012 Council Budget, Finance and Operations (BFO) Subcommittee meeting, staff presented the subcommittee members with the initial City Manager's recommended operating budget. Based on changes recommended at the BFO subcommittee meeting, staff subsequently presented a revised operating budget request at the April 27, 2012 City Council Budget Retreat. Those changes are incorporated in the proposed FY12-13 tentative operating budget request totaling \$46,034,997. The totals, by fund, are as follows:

Operating Expenditure Request

General Fu\$	29,795,508
Highway U	1,414,198
Grants Fur	12,704,243
Debt Servi	2,121,048
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Total O\$	46,034,997

The information above includes all operating funds of the City with the General Fund being the largest operating fund. Highlights of the General Fund tentative operating budget are as follows:

- Staff utilized a zero-based budget approach
- Planned expenditures are \$111,409 less than anticipated revenues
- Includes \$1.7 million in reductions, which exceeds the \$1 million reduction per Council's direction to address the structural deficit over four years
- Includes no increase to primary or secondary property tax levies
- Removes general governmental CIP projects, along with the funding sources, from the General Fund

The General Fund anticipated revenue over planned expenditures is \$111,409, calculated as follows.

Anticipated Revenue	\$ 27,906,917
Planned Expenditures	27,795,508
Balance	<u>\$ 111,409</u>

Initial estimates, at the conclusion of the April 27 Council Budget Retreat indicated an excess of \$60,087. Based on revised estimates of FY12-13 health insurance costs, it is anticipated that the City will realize an additional \$51,322 in savings over original estimates.

At the January 17 City Council Work Session, staff projected a FY12-13 deficit of \$3.7 million with the deficit averaging approximately \$4 million per year for the foreseeable future. Additionally, staff was directed to address this structural deficit evenly, or \$1 million per year, over a period of four years (FY12-13 through FY15-16). At the March 28 BFO Subcommittee meeting, staff presented a plan to reduce this structural deficit to \$2.6 million. As a result of BFO Subcommittee and Council Budget Retreat recommended changes, this structural deficit has been further reduced to \$1.9 million as calculated below.

Balance	\$ 111,409
Recommended Contingency	2,000,000
Balance	<u>\$ (1,888,591)</u>

As FY12-13 is the first of four years, this tentative budget accomplishes the structural deficit reduction for year one.

Capital Budget

At the April 3, 2012, the City Council adopted the 10-Year Capital Improvement Plan. This plan serves as the basis for developing the FY12-13 Capital Improvement Projects (CIP) budget. Based on the Capital Improvement Plan, the FY12-13 tentative CIP Budget totals \$129,140,444. This is a \$1.97 million increase over the April 3, 2012 plan estimate. Despite this increase, a revised 10-year projection indicates a decreased CIP plan by \$3.2 million. The primary reason for the increase in FY12-13 request is a required recalculation of carryforward funding from FY11-12 and a change in the Fire Station #572 project.

The tentative CIP Budget of \$129,140,444, by fund, is as follows.

**Capital
Improvement
Projects (CIP)
Expenditure
Request**

General Go	\$ 16,058,287
General Go	8,572,688
Grants CIP	61,477,187
Local Road	1,000,000
County Road	2,225,000
Parks Bond	22,877,936

Police Imp:	714,975
Fire Impac	49,900
General Go	3,606,436
Transporta	10,842,064
Highway U	1,715,971
Total CIP	\$129,140,444

This request includes a \$60.0 million grant funded request for the SR347 Grade Separation Project and \$1.5 million in other grant funded projects. Grant funded projects do not proceed unless funding is awarded. The CIP request, excluding the Grants CIP fund, totals \$67,663,257.

A listing of FY12-13 CIP requests (in millions) and their funding sources is summarized below.

Project	Request	Funding Source (s)
City Services Complex	\$ 13.1	Gen'l, Debt, DIF
Fire Station #575	2.6	Gen'l Gov't
Honeycutt Road @ 7 Ranch (South)	3.5	DIF
MCG Highway Interim Improvements	4.0	DIF, Grants
Recreation/Aquatic Center	12.4	G.O. Bonds
Regional Park/Sports Complex	10.5	G.O. Bonds
Santa Cruz Wash-Flood Control	7.5	Gen'l Gov't
SR347 Grade Separation Project	60.0	Grants
All Other Projects	15.5	various
Total	\$ 129.1	

Highlights of the tentative CIP budget are as follows:

- Continues Street Maintenance
- Completes Fire Station #575
- Completes the PW Fleet Maintenance Yard
- Initiates Construction of Multi-Gen Center and Regional Park (FY13-14 Completion)
- Continues Construction of City Hall Complex (FY13-14 Completion)
- Appropriates SR347 Grade Separation Project (TIGER Grant)

Staff recommends that the Mayor and Council adopt the tentative budget for FY12-13.