

**Tempe City Council
Special Meeting
Harry E. Mitchell Government Center
Tempe City Hall - City Council Chambers
31 East 5th Street, Tempe, Arizona
Thursday, May 31, 2012**

Immediately following the City Council meetings which begin at 7:30 p.m.

Members of the City Council may attend either in person or by telephone conference call.

AGENDA

1. Call to the Audience

The City Council welcomes public comment at this time only for items listed on this agenda. There is a three-minute time limit per citizen.

2. Hold a public hearing to adopt a resolution approving the fiscal year 2012-13 Tentative Budget; setting the public hearing for consideration of the fiscal year 2012-13 Final Budget at a Special Budget Meeting on June 14, 2012, and setting the property tax levy and resulting rate at a meeting scheduled for June 28, 2012.

COMMENTS N/A
DOCUMENT NAME 20120531fscr01 BUDGET (0205-27-01) RESOLUTION NO. 2012.42

*Background material included

According to the Arizona Open Meeting Law, the City Council may only discuss matters listed on the agenda. The City of Tempe endeavors to make all public meetings accessible to persons with disabilities. With 72 hours advance notice, special assistance is available at public meetings for sight and/or hearing-impaired persons. Please call (480) 350-2905 (voice) or (480) 350-2750 (TDD) to request an accommodation to participate in a public meeting.

Staff Summary Report



Council Meeting Date: 5/31/2012

Agenda Item Number: 2

SUBJECT: Hold a public hearing to adopt a resolution approving the fiscal year 2012-13 Tentative Budget; setting the public hearing for consideration of the fiscal year 2012-13 Final Budget at a Special Budget Meeting on June 14, 2012, and setting the property tax levy and resulting rate at a meeting scheduled for June 28, 2012.

DOCUMENT NAME: 20120531fscr01 BUDGET (0205-27-01) RESOLUTION NO. 2012.42

COMMENTS: N/A

PREPARED BY: Cecilia Robles, Budget Manager (350-8881)

REVIEWED BY: Ken Jones, Finance and Technology Director (350-8504)

LEGAL REVIEW BY: Andrew Ching, City Attorney (350-8575)

DEPARTMENT REVIEW BY: Ken Jones, Finance and Technology Director (350-8504)

FISCAL NOTE: See below

RECOMMENDATION: Adopt Resolution No. 2012.42

ADDITIONAL INFO: As a result of the Capital Improvement Program (CIP) and Operating Budget sessions, the necessary exhibits have been prepared and are attached (Exhibit A) as required by law to provide notice to taxpayers and begin the approval process for the fiscal year 2012-13 budget.

Included in the \$594,401,426 million total financial program are all items discussed by the Council at the budget meetings. Per Council direction, the operating budget totals \$469,588,900 million and CIP budget totals \$124,812,526 million.

As prescribed in A.R.S. §42-17105, the tentative budget adoption process establishes the upper limit for next year's budget along with the time and date of the required public hearing prior to final adoption.

RESOLUTION NO. 2012.42

A RESOLUTION OF THE COUNCIL OF THE CITY OF TEMPE, MARICOPA COUNTY, ARIZONA, ADOPTING THE TENTATIVE ESTIMATES OF THE AMOUNTS REQUIRED FOR THE PUBLIC EXPENSE FOR THE CITY OF TEMPE FOR THE FISCAL YEAR 2012/13; ADOPTING A TENTATIVE BUDGET; SETTING FORTH THE RECEIPTS AND EXPENDITURES; THE AMOUNTS ACTUALLY LEVIED AND THE AMOUNTS ESTIMATED AS COLLECTIBLE FOR THE PREVIOUS FISCAL YEAR; THE AMOUNT PROPOSED TO BE RAISED BY DIRECT PROPERTY TAXATION FOR THE VARIOUS PURPOSES; GIVING NOTICE OF THE TIMES FOR HEARING TAXPAYERS, FOR ADOPTION OF THE BUDGET AND FOR SETTING THE TAX LEVY AND RESULTING RATE.

BE IT RESOLVED BY THE COUNCIL OF THE CITY OF TEMPE, AS FOLLOWS:

SECTION 1. That the statements, estimates and schedules attached in Exhibit "A" are hereby adopted for the purposes as hereinafter set forth as the tentative budget for the City of Tempe for the fiscal year 2012/13.

SECTION 2. That the City Clerk is hereby authorized and directed to publish in the manner prescribed by law (Arizona Revised Statutes §42-17103), the estimates of expenditures, as set forth in Exhibit "A", together with a notice that the Council will meet for the purpose of final hearing of taxpayers and for adoption of the fiscal year 2012/13 budget for the City of Tempe on the 14th of June, 2012, at the hour of 7:30 p.m. in the Council Chambers, 31 East Fifth Street.

SECTION 3. That the City Clerk is hereby authorized and directed to publish in the manner prescribed by law (Arizona Revised Statutes §42-17103), a notice that the Council will: (1) immediately following the public hearing on the estimates of expenses on June 14th, 2012 convene a special meeting for the purpose of finally determining and adopting the estimates of proposed expenditures for the various purposes set forth in the published proposal as the official budget of the City Council; and (2) hold a meeting of the City Council to officially set the fiscal year 2012/13 property tax levy and resulting rate on June 28th, 2012.

SECTION 4. The transfers of any sums within or without any specific appropriations shall conform to Section 5.08, Tempe City Charter.


SECTION 5. Money from any funds may be used for any of these appropriations, except money specifically restricted by State Law or by City Charter, Codes, Ordinances, or Resolutions.

SECTION 6. Schedules A through F are attached hereto as Exhibit "A" and incorporated herein by reference. Copies of this information, along with supporting documentation, are available for public inspection at the office of the Finance and Technology Director, 20 East Sixth Street, Second Floor, and the City Clerk's Office, 31 East Fifth Street.

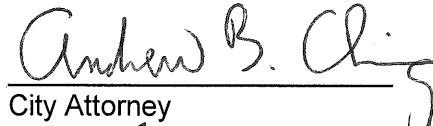
PASSED AND ADOPTED BY THE CITY COUNCIL OF THE CITY OF TEMPE, ARIZONA, this 31st day of May, 2012.


Mayor

ATTEST:


City Clerk

APPROVED AS TO FORM:


City Attorney


Finance and Technology Director

Schedule A



Summary Schedule of Estimated Revenues and Expenditures/Expenses

Fund	Adopted Budgeted Expenditures/ Expenses* FY 2011-12	Actual Expenditures/ Expenses** FY 2011-12	Unreserved Fund Balance*** 7-1-2012	Direct Property Tax Revenues FY 2012-13
General	\$ 158,586,382	\$ 152,928,833	\$ 48,177,073	\$ 13,271,172
Special Revenue	85,047,648	88,254,124	89,105,267	-
Debt Service	21,548,322	20,892,327	34,420,594	23,248,753
Capital Projects	49,337,804	49,337,804	13,332,627	-
Enterprise	93,056,710	87,135,613	45,954,788	-
Internal Service	-	-	2,000,000	-
TOTAL	\$ 407,576,866	\$ 398,548,701	\$ 232,990,349	\$ 36,519,925

Fund	Budgeted Revenues Other than Property Taxes FY 2012-13	Proceeds From Other Financing Sources FY 2012-13	Interfund Transfers FY 2012-13 In (Out)		Total Financial Resources Available FY 2012-13	Budgeted Expenditures/ Expenses FY 2012-13
General	\$ 154,908,099	\$ -	\$ -	\$ (1,746,879)	\$ 214,609,465	\$ 168,561,658
Special Revenue	99,496,683	-	1,446,000	(1,579,292)	188,468,658	155,906,301
Debt Service	657,625	-	6,540,953	(5,304,190)	59,563,735	48,623,373
Capital Projects	-	123,326,372	1,486,154	-	138,145,153	124,812,526
Enterprise	93,475,689	-	5,379,190	(6,221,936)	138,587,731	94,497,568
Internal Service	-	-	-	-	2,000,000	2,000,000
TOTAL	\$ 348,538,096	\$ 123,326,372	\$ 14,852,297	\$(14,852,297)	\$ 741,374,742	\$ 594,401,426

Expenditure Limitation Comparison		FY 2011-12	FY 2012-13
1. Budgeted Expenditures/Expenses		\$ 407,576,866	\$ 594,401,426
2. Budgeted Expenditures/Expenses Adjusted for Reconciling Items			
3. Less: Estimated Exclusions		(143,399,345)	(309,144,120)
4. Total Estimated Expenditures/Expenses Subject to Expenditure Limitation		264,177,521	285,257,306
5. Expenditure Limitation		\$ 285,189,183	\$ 293,088,986

* Includes Expenditure/Expense Adjustments Approved in current year from Schedule E.

** Includes actual amounts as of the date the proposed budget was prepared, adjusted for estimated activity for the remainder of the fiscal year.

*** Amounts in this column represent Fund Balance/net Asset amounts except for amounts not in spendable form (e.g., prepaids)

Schedule B



Summary of Tax Levy and Tax Rate Information

	FY 2011-12*	Estimated FY 2012-13
1. Maximum Allowable Primary Property Tax Levy (A.R.S. 42-17051(A))		\$ 13,271,172
2. Amount Received from Primary Property Taxation in the 2011-12 Fiscal Year in Excess of the Sum of that Year's Maximum Allowable Primary Property Tax Levy (A.R.S. 42-17102(A)(18))		
3. Property Tax Levy Amounts		
A. Primary Property Taxes	12,751,029	13,271,172
B. Secondary Property Taxes	22,100,197	23,248,753
C. Total Property Tax Levy Amounts	\$ 34,851,226	\$ 36,519,925
4. Property Taxes Collected		
A. Primary Property Taxes		
1. 2011-12 Levy	12,291,992	
2. Prior Years' Levies	81,482	
3. Total Primary Property Taxes	\$ 12,373,474	
B. Secondary Property Taxes		
1. 2011-12 Levy	21,304,590	
2. Prior Years' Levies	141,226	
3. Total Secondary Property Taxes	\$ 21,445,816	
C. Total Property Taxes Collected	\$ 33,819,290	
5. Property Tax Rates		
A. City Tax Rate		
1. Primary Property Tax Rate	0.6572	0.7862
2. Secondary Property Tax Rate	1.1291	1.3698
3. Total City Tax Rate	\$1.7863	\$2.1560

* Includes actual property taxes collected as of the date the proposed budget was prepared plus estimated property tax collected for the remainder of the fiscal year.

Schedule C



Summary by Fund of Revenues Other Than Property Taxes

	Budgeted Revenues FY 2011-12	Estimated Revenues FY 2011-12*	Budgeted Revenues FY 2012-13
GENERAL FUND			
Local Taxes			
City Sales Tax	\$ 80,951,331	\$ 82,915,787	\$ 85,817,840
Transient Lodging Tax	4,131,600	4,477,227	4,647,362
Franchise Fees	3,547,000	3,477,263	3,533,481
Intergovernmental Revenue			
State	31,231,933	31,050,845	35,400,408
Other	127,000	254,750	132,000
Charges for Service	9,777,097	10,590,555	9,514,515
Fines, Fees and Forfeitures	8,907,007	6,506,825	7,375,168
Licenses and Permits	1,568,450	1,569,750	1,543,750
Voluntary Contributions	1,502,400	1,502,400	1,523,000
Interest Income	1,159,000	576,000	464,983
Other Miscellaneous Revenue	4,427,275	5,330,349	4,955,592
Total General Fund	147,330,093	148,251,751	154,908,099
SPECIAL REVENUE			
Transit Fund			
Transit Tax	29,124,332	29,860,672	30,905,796
ASU-Flash Transit	905,840	905,840	932,103
Interest Income	212,386	212,386	120,000
Intergovernmental	13,452,151	13,452,151	13,597,321
Miscellaneous Revenue	3,630,178	3,630,178	4,057,012
Total Transit Fund	47,324,887	48,061,227	49,612,232
Highway User Revenue Fund			
Highway User Revenue Tax	8,142,645	8,082,557	9,101,143
Miscellaneous Revenue	1,000	1,000	1,000
Barricading Fees	90,000	60,000	70,000
Total Highway User Revenue Fund	8,233,645	8,143,557	9,172,143
Performing Arts Fund			
Performing Arts Tax	6,082,100	6,159,297	6,374,872
Fees and Admissions	631,000	611,250	601,500
Miscellaneous Revenue	6,000	5,250	5,550
Interest Income	57,000	19,500	19,582
Total Performing Arts Fund	6,776,100	6,795,297	7,001,504

Schedule C, continued



Summary by Fund of Revenues Other Than Property Taxes

	Budgeted Revenues FY 2011-12	Estimated Revenues FY 2011-12*	Budgeted Revenues FY 2012-13
CDBG/Section 8 Housing Funds			
Community Development Block Grant	6,656,965	2,093,194	5,439,310
Section 8 Housing	10,344,964	9,530,164	11,034,342
Total CDBG/Sec 8 Funds	17,001,929	11,623,358	16,473,652
Police Dept-RICO & Grants Fund	-	-	5,165,104
Govtl Grants or Donations Fund	-	-	10,653,863
Court Enhancement Fund	-	-	1,414,465
Peterson House Fund	-	-	3,720
Total Special Revenue Funds	79,336,561	74,623,439	99,496,683
DEBT SERVICE FUND			
Intergovernmental	182,459	-	657,625
Total Debt Service Fund	182,459	-	657,625
ENTERPRISE FUNDS			
Water/Wastewater Fund	71,017,104	71,084,305	76,104,967
Solid Waste Fund	15,231,809	14,988,732	14,976,722
Golf Fund	2,220,828	2,307,099	2,394,000
Cemetery Fund	113,100	113,100	-
Total Enterprise Funds	88,582,841	88,493,236	93,475,689
Total All Funds	\$ 315,431,954	\$ 311,368,426	\$ 348,538,096

* Includes actual revenues recognized on the modified accrual basis as of the date the proposed budget was prepared plus estimated revenues for the remainder of the fiscal year.

Schedule D



Summary by Fund of Other Financing Sources and Interfund Transfers

Fund	Proceeds From Other Financing Sources FY 2012-13	Interfund Transfers FY 2012-13	
		In	(Out)
GENERAL FUND	\$ -	\$ -	\$ (1,746,879)
SPECIAL REVENUE FUNDS			
HURF	-	1,446,000	(503,304)
Performing Arts	-	-	(116,622)
Transit	-	-	(959,366)
Total Special Revenue Funds	-	1,446,000	(1,579,292)
DEBT SERVICE FUND	-	6,540,953	(5,304,190)
CAPITAL PROJECTS FUNDS	-	1,486,154	-
Bond/Note Proceeds	89,096,020	-	-
CIP - Other Funding	18,317,425	-	-
CIP - Fund Balance Applied	15,912,928	-	-
Total Capital Projects Funds	123,326,372	1,486,154	-
ENTERPRISE FUNDS			
Water/Wastewater Fund	-	5,304,190	(5,681,268)
Solid Waste Fund	-	-	(540,668)
Golf Fund	-	75,000	-
Total Enterprise Funds	-	5,379,190	(6,221,936)
TOTAL ALL FUNDS	\$ 123,326,372	\$ 14,852,297	\$ (14,852,297)

Schedule E



Summary by Department of Expenditures / Expenses Within Each Fund

Fund/ Department	Budgeted Expenditures/ Expenses FY 2011-12	Expenditure/ Expense Adjustments Approved FY 2011-12	Estimated Expenditures/ Expenses FY 2011-12*	Budgeted Expenditures/ Expenses FY 2012-13
GENERAL FUND				
Mayor and Council	\$ 322,621	\$ -	\$ 321,854	\$ 372,531
City Manager	281,445	-	513,512	578,925
Community Relations	2,298,533	26,000	2,070,436	2,289,832
Diversity	449,752	-	455,314	477,433
Internal Audit	405,502	8,813	388,813	423,408
City Clerk	917,783	-	949,361	561,728
City Court	3,787,780	-	3,494,486	3,791,700
Human Resources	2,041,178	152,889	2,097,637	2,336,150
Tempe Learning Center	538,177	-	460,581	546,676
City Attorney	2,524,064	15,600	2,627,697	2,770,028
Finance and Technology	3,162,837	(56,249)	3,341,284	3,429,884
Community Development	9,504,602	(1,816)	9,195,750	9,593,822
Police	65,018,285	(737,191)	61,834,991	67,833,501
Fire	26,354,274	(117,964)	25,244,161	27,325,938
Community Services	18,285,198	13,210	17,620,323	19,548,371
Public Works - General	16,936,690	326,691	15,773,509	17,214,204
Non-Departmental	5,743,100	384,578	6,539,124	8,467,527
Contingencies	-	-	-	1,000,000
Total General Fund	158,571,821	14,561	152,928,833	168,561,658
SPECIAL REVENUE FUNDS				
Highway User Revenue	7,747,186	(14,329)	8,952,498	8,194,236
Transit	53,863,809	(1,076,381)	58,721,440	106,006,203
CDBG	6,656,965	(1,039,853)	2,726,106	4,908,913
Section 8 Housing	10,344,964	-	9,530,164	11,034,342
Performing Arts	8,565,287	-	8,323,916	8,525,455
Police Dept-Rico & Grants	-	-	-	5,165,104
Govtl Grants or Donations	-	-	-	10,653,863
Court Enhancement	-	-	-	1,414,465
Petersen House Endowment	-	-	-	3,720
Total Special Revenue Funds	87,178,211	(2,130,563)	88,254,124	155,906,301
DEBT SERVICE FUND				
Debt Service	21,548,322	-	20,892,327	48,623,373
Total Debt Service Fund	21,548,322	-	20,892,327	48,623,373
CAPITAL PROJECTS FUNDS				
All Capital Projects	49,337,804	-	49,337,804	124,812,526
Total Capital Projects Funds	49,337,804	-	49,337,804	124,812,526
ENTERPRISE FUNDS				
Water/Wastewater	75,783,498	(8,000)	70,249,321	75,746,634
Golf	2,290,553	-	2,449,743	2,513,917
Cemetery	180,863	-	180,359	-
Solid Waste	14,816,357	(6,561)	14,256,190	16,237,017
Total Enterprise Funds	93,071,271	(14,561)	87,135,613	94,497,568
INTERNAL SERVICE FUNDS				
Risk Management	-	-	-	2,000,000
TOTAL ALL FUNDS	\$ 409,707,429	\$ (2,130,563)	\$ 398,548,701	\$ 594,401,426

* Includes actual expenditures/expenses recognized on the modified accrual basis as of the date the proposed budget was prepared plus estimated

Schedule F



Summary by Department / Fund

Department / Fund	Budgeted Expenditures/ Expenses FY 2011-12	Expenditure/ Expense Adjustments Approved FY 2011-12	Estimated Expenditures/ Expenses FY 2011-12*	Budgeted Expenditures/ Expenses FY 2012-13
Mayor and Council Department: General Fund	\$ 322,621	\$ -	\$ 321,854	\$ 372,531
City Manager Department: General Fund	281,445	-	513,512	578,925
Community Relations Office: General Fund	2,298,533	26,000	2,070,436	2,289,832
Transit Fund	454,452	-	457,098	481,665
Govtl Grants or Donations	-	-	-	2,462,134
Community Relations Total	2,752,985	26,000	2,527,534	5,233,631
City Clerk: General Fund	917,783	-	949,361	561,728
Tempe Learning Center Office: General Fund	538,177	-	460,581	546,676
Diversity Office: General Fund	449,752	-	455,314	477,433
Internal Audit Office: General Fund	405,502	8,813	388,813	423,408
City Court Department: General Fund	3,787,780	-	3,494,486	3,791,700
Court Enhancement Fund	-	-	-	1,214,465
	3,787,780	-	3,494,486	5,006,165
Human Resources Department: General Fund	2,041,178	152,889	2,097,637	2,336,150
City Attorney Department: General Fund	2,524,064	15,600	2,627,697	2,770,028
Water Fund	380,051	-	368,720	389,267
Govtl Grants or Donations	-	-	-	379,909
City Attorney Total	2,904,115	15,600	2,996,417	3,539,204
Finance and Technology Department: General Fund	3,162,837	(56,249)	3,341,284	3,429,884
Water Fund	2,719,086	-	2,699,658	2,823,847
Finance and Technology Total	5,881,923	(56,249)	6,040,942	6,253,731
Police Department: General Fund	65,018,285	(737,191)	61,834,991	67,833,501
Police Dept-Rico & Grants	-	-	-	4,365,104
Police Total	65,018,285	(737,191)	61,834,991	72,198,605
Fire Department: General Fund	26,354,274	(117,964)	25,244,161	27,325,938
Govtl Grants or Donations	-	-	-	868,791
Fire Total	26,354,274	(117,964)	25,244,161	28,194,729

* Includes actual expenditures/expenses recognized on the modified accrual basis as of the date the proposed budget was prepared plus estimated expenditures/expenses for the remainder of the fiscal year.

Schedule F, continued



Summary by Department / Fund

Department / Fund	Budgeted Expenditures/ Expenses FY 2011-12	Expenditure/ Expense Adjustments Approved FY 2011-12	Estimated Expenditures/ Expenses FY 2011-12*	Budgeted Expenditures/ Expenses FY 2012-13
Community Services Department:				
General Fund	18,285,198	13,210	17,620,323	19,548,371
Performing Arts Fund	2,005,006	-	1,870,480	2,040,529
Govtl Grants or Donations	-	-	-	1,382,845
Petersen House Endowment	-	-	-	3,720
Community Services Total	20,290,204	13,210	19,490,803	22,975,465
Community Development Department:				
General Fund	9,504,602	(1,816)	9,195,750	9,593,822
Transit Fund	932,870	-	659,438	877,308
Section 8 Grants Fund	10,344,964	-	9,530,164	11,034,342
Comm Dev Block Grant Fund	6,656,965	(1,039,853)	2,726,106	4,908,913
Govtl Grants or Donations	-	-	-	558,184
Community Development Total	27,439,401	(1,041,669)	22,111,458	26,972,569
Public Works Department:				
General Fund	16,936,690	326,691	15,773,509	17,214,204
Golf Fund	2,290,553	-	2,449,743	2,513,917
Cemetery Fund	180,863	-	180,359	-
Performing Arts Fund	532,493	-	510,672	552,576
Solid Waste Fund	14,816,357	(6,561)	14,256,190	16,237,017
Highway User Revenue Fund	7,747,186	(14,329)	8,952,498	8,194,236
Transit Fund	47,406,487	(1,076,381)	52,180,897	46,717,686
Water Fund	38,083,706	(8,000)	34,759,274	38,658,520
Govtl Grants or Donations	-	-	-	2,000
Public Works Total	127,994,335	(778,580)	129,063,142	130,090,156
Non Departmental:				
General Fund	5,743,100	384,578	6,539,124	8,467,527
Debt Service:				
Transit Fund	5,070,000	-	5,424,007	57,854,544
Water Fund	33,600,655	-	32,421,669	32,875,000
Performing Arts Fund	6,027,788	-	5,942,764	5,932,350
Debt Service Fund	21,548,322	-	20,892,327	48,623,373
Debt Service Total	66,246,765	-	64,680,767	145,285,267
Contingency:				
General Fund	-	-	-	1,000,000
Water Fund	1,000,000	-	-	1,000,000
Transit Fund	-	-	-	75,000
Internal Service / Risk Management	-	-	-	2,000,000
Police Dept-Rico & Grants	-	-	-	800,000
Govtl Grants or Donations	-	-	-	5,000,000
Court Enhancement Fund	-	-	-	200,000
Contingency Total	1,000,000	-	-	10,075,000
Capital Projects:				
Capital Projects Funds	49,337,804	-	49,337,804	124,812,526
TOTAL ALL FUNDS	\$ 409,707,429	\$ (2,130,563)	\$ 398,548,701	\$ 594,401,426

* Includes actual expenditures/expenses recognized on the modified accrual basis as of the date the proposed budget was prepared plus estimated expenditures/expenses for the remainder of the fiscal year.