



MAYOR & COUNCIL COMMUNICATION

June 2, 2009

Subject: Tentative Adoption of the Fiscal Year 2010 Budget
(Citywide)

Page 1 of 2

Issue – In accordance with the budget adoption schedule approved by the Mayor and Council, the tentative adoption of the Fiscal Year 2010 Budget of the City of Tucson has been scheduled for today.

Recommendation – Pursuant to the requirements of state law and the City of Tucson Charter, it is recommended that the attached Resolution No. 21291 adopting a tentative budget for Fiscal Year 2010 be passed and adopted.

Background – Subsequent to the submission of the Fiscal Year 2010 Recommended Budget on April 21, 2009, the Mayor and Council held two public hearings and discussed the budget at three study sessions. Following these discussions and direction from Mayor and Council, the combined operating and capital budget total for Fiscal Year 2010 is \$1,310,497,670, compared to the recommended budget amount of \$1,299,536,280. This revised amount is the result of an approximate \$13.9 million increase in Special Revenue, Enterprise, and Internal Service Fund expenditures offset by an approximate \$3.0 million decrease to General Fund expenditures for a total increase of \$10,961,390. The increase is primarily due to \$10 million additional capacity for a federal transit administration grant under the American Recovery Reinvestment Act.

The Fiscal Year 2010 General Fund budget decreased by \$2,995,790 from \$423,633,070 to \$420,637,280. There were also transfers between departments that did not result in a net change to the budget total. A significant share of these transfers reprogrammed funds for the contingency budget and citywide pension budgets in order to reflect a recommended actuarial contribution increase.

All revisions to revenues, expenditures, and position authorizations are summarized in Attachment A and incorporated in the attached Schedules A through F which will constitute the Fiscal Year 2010 Budget as tentatively adopted.

Legal Considerations – ARS §42-17101.1. and 2. require that the city prepare a full and complete statement of the estimated expenditures and revenues for Fiscal Year 2009 and the different amounts of estimated revenues and proposed expenditures for Fiscal Year 2010. ARS §42-17101.3.(b) and §42-17102.B. stipulate that the required information be itemized in accordance with forms supplied by the Auditor General. This information is set forth in Schedules A through F of the attached tentative budget adoption resolution.

It is recommended that the city's primary property tax rate for 2010 decrease by \$0.0087 to \$0.3144. ARS §42-17107.A.6. requires that the City of Tucson hold a truth in property taxation public hearing since it proposes to levy a primary property tax, excluding the amounts attributable to new construction, which is greater than the amount levied in the 2009 tax year. In accordance with ARS §42-17107.A.1.(a) notice of this truth in taxation public hearing was published in the Arizona Daily Star on May 24 and May 31, 2009. As set forth in Schedule G, June 9, 2009 is the date noticed for the holding of the truth in taxation public hearing.

ARS §42-17103.A. and B. require revenue and expenditure estimates together with a notice that the Mayor and Council will hold a public hearing and a special meeting for the respective purposes of hearing taxpayers and adopting a 2010 budget. The legal notice is to be published once a week for two consecutive weeks following the tentative adoption of the budget. ARS §42-17104.A. requires that not less than fourteen days later the Mayor and Council meet at designated times and places for the purpose of making property tax levies.

The public hearing for any taxpayer to speak for or against the proposed expenditures and/or taxes will immediately follow the truth in taxation public hearing. In accordance with Mayor and Council policy, this notice will be published in the Arizona Daily Star on June 5 and 6, 2009. As set forth in Schedule H, June 9, 2009 is the date for the public hearing and special meeting to adopt the budget, and June 23, 2009 is the date for setting the property tax levies.

Financial Considerations – At today's meeting the Mayor and Council are requested to adopt the attached resolution, which provides for the following:

1. Tentative adoption of the Fiscal Year 2010 budget as detailed in Schedules A through F.
2. Confirming June 9, 2009 as the truth in taxation public hearing date as set forth in Schedule G.
3. Establishment of June 9, 2009 and June 23, 2009, as the dates for final budget adoption and determination of property tax levies respectively as set forth in Schedule H.
4. Direction to staff to publish Schedules A through H in the manner prescribed by statute and the City of Tucson Charter.

ARS §42-17105.C. requires that after adoption of the Fiscal Year 2010 tentative budget, total appropriations cannot be increased.

Respectfully submitted,



Mike Letcher
City Manager

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Attachments: Attachment A
Resolution 21291
Schedules A through H