



### **Human Services Grants**

The 2006-07 revenue estimate of \$32,839,000 is \$11,688,000 less than the 2005-06 estimate of \$44,527,000. This category includes funds from the Department of Health and Human Services, Workforce Investment Act, Aging Program Grants and Head Start funds.

### **Community Development Block Grant**

Each year since 1974, the city has received Community Development Block Grant funds from the U.S. Department of Housing and Urban Development. These funds are used to support a variety of projects and programs that must meet the following national objectives: benefit low- and moderate-income persons; aid in the prevention or elimination of slums and blight; or meet other urgent community development needs. The 2006-07 CDBG entitlement plus carryover amounts is \$34,529,000.

### **Criminal Justice Grants**

The 2006-07 grant revenue for criminal justice programs is estimated to be \$17,949,000. This includes Police, Court and Law department grants. Grants include Universal Hiring grants totaling \$3.7 million, \$8.9 million in Police Department grants, and renewals of ongoing state grants.

### **Public Transit Grants**

The 2006-07 Federal Transit Administration Grant estimate is \$6,982,000 reflecting a decrease of \$135,000 below the 2005-06 estimate of \$7,117,000.

### **HOPE VI Grant**

In October 2001, the U.S. Department of Housing and Urban Development awarded \$34 million in HOPE VI funding to the city for the revitalization of the Matthew Henson public housing development. The revenue estimate assumes that \$5,956,000 of that grant will be earned and expended in 2006-07.

### **Other Grants**

The 2006-07 budget also includes \$24,106,000 for federal, state and other grants that provide funding for some parks and recreation and library activities as well as unique programs such as urban area security.

### **ENTERPRISE FUNDS**

This category includes revenues from the city's six enterprise funds including Aviation, Water, Wastewater, Solid Waste, Convention Center and Golf. These enterprise funds fully recover their costs through user fees associated with the provision of their services. This category also includes the Convention Center that, in addition to the user fees associated with the operation of the Convention Center, is supported by earmarked sales taxes. Following are descriptions of each enterprise fund category and explanations of the revenue estimates.

### **Aviation**

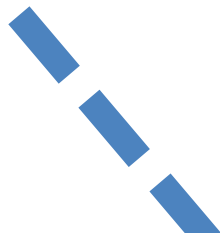
Aviation revenue estimates include landing fees, concession revenues and interest income at Sky Harbor International, Deer Valley and Goodyear airports. Total Aviation revenue for 2006-07 is anticipated to be \$266,987,000, which is \$22,615,000 or 9.3 percent greater than the 2005-06 estimate of \$244,372,000. The 2006-07 estimate anticipates conservative growth in airline fees, landing fees and concessions. The largest contributors to the growth in 2006-07 are increased parking revenues resulting from rate increases, increased concessions from the new rental car facility and a federal grant of \$8.0 million for an explosive detection system.

The first table on page 71 shows Aviation revenue by major category and annual percent change since 2002-03.

### **Water System**

Water system revenues include water sales, development fees, various water service fees, resource acquisition fees, fees paid by other jurisdictions for the operation of the Val Vista Water Treatment Plant and other miscellaneous fees. Total water system revenue for 2006-07 is projected to be \$296,518,000, which is \$11,253,000 or 3.9 percent more than the \$285,265,000 estimate for 2005-06. The 2006-07 estimate reflects increases in metered water sales from modest account growth coupled with a drop in overall consumption per account. The estimate also takes into account rate increases for water sales and user fees.

The second table on page 71 shows water system revenues by major category since 2002-03.



**SUMMARY OF AVIATION REVENUES**  
**(In Thousands of Dollars)**

	2002-03	2003-04	2004-05	2005-06 (Est.)	2006-07 (Est.)
Airline Operation	\$ 76,223	\$ 78,910	\$ 84,039	\$ 90,591	\$ 92,400
Concessions and Rentals	113,296	120,032	126,490	140,445	153,498
Interest	5,854	6,758	6,644	6,125	6,225
Other/Federal Grants	13,754	9,668	7,304	2,435	10,007
Goodyear	1,813	1,773	1,820	2,098	2,123
Deer Valley	2,419	2,445	2,650	2,678	2,734
<b>Total Aviation Revenue</b>	<b>\$213,359</b>	<b>\$219,586</b>	<b>\$228,947</b>	<b>\$244,372</b>	<b>\$266,987</b>
Change From Prior Year	8.5%	2.9%	4.3%	6.7%	9.3%

**SUMMARY OF WATER SYSTEM REVENUES**  
**(In Thousands of Dollars)**

	2002-03	2003-04	2004-05	2005-06 (Est.)	2006-07 (Est.)
Water Sales	\$171,472	\$179,639	\$177,569	\$199,048	\$208,747
Environmental Consumption Charge	11,658	15,956	19,350	26,452	31,227
Raw Water Charge	15,879	16,514	15,150	16,646	16,642
Interest	10,316	8,571	6,074	10,790	9,205
Development Fees	7,625	9,038	10,655	9,000	6,500
Combined Service Fees	1,542	1,740	2,108	3,829	4,479
Val Vista	4,104	4,690	5,047	5,195	6,516
All Other	27,725	13,898	16,690	14,305	13,202
<b>Total Water Revenue</b>	<b>\$250,321</b>	<b>\$250,046</b>	<b>\$252,643</b>	<b>\$285,265</b>	<b>\$296,518</b>
Change From Prior Year	6.0%	(0.1%)	1.0%	12.9%	3.9%





### Wastewater System

Wastewater system revenues include monthly sewer service charge revenues, which are based on water consumption rates, development fees, the sale of wastewater treatment services to other jurisdictions, the sale of effluent and other miscellaneous fees. The wastewater system is expected to generate revenue of \$180,099,000 in 2006-07, which is \$9,308,000 or 5.4 percent greater than the 2005-06 estimate of \$170,791,000. The 2006-07 estimate is based on moderate account growth of 2 percent and the full year's realization of the March 2006 rate increase on sewer services. The table below shows Wastewater revenue by major category and annual percent change since 2002-03.

### Solid Waste

This category includes revenues from the monthly residential collection and landfill tipping fees. The 2006-07 estimate of \$116,461,000 is an increase of \$2,154,000 or 1.9 percent greater than the 2005-06 estimate of \$114,307,000. The increase assumes a conservative growth in housing units of 1.6 percent.

### Convention Center

The majority of Convention Center revenues are from earmarked sales taxes including a 0.5 percent tax on advertising, a 0.5 percent portion of the 1.8 percent tax on restaurant and bar sales, construction, publishing, printing, and transportation and towing, plus a 2 percent portion of the 4.8 percent hotel/motel tax on rooms rented for 30 days or less.

Earmarked sales taxes are expected to produce \$62,553,000 in 2006-07, an increase of 11.1 percent above 2005-06. Convention Center operating revenues are expected to be \$5,465,000, parking revenue is expected to be \$3,880,000, and interest revenue is expected to be \$1,229,000, for total revenue estimates of \$73,126,000. This is \$7,133,000 or 10.8 percent more than the 2005-06 total estimated revenue of \$65,993,000. The increase is primarily from increases in the earmarked sales tax categories. Tax estimates are consistent with General Fund sales tax estimates for the categories included in Convention Center.

The table on page 73 shows the Convention Center excise tax collections since 2002-03.

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#### SUMMARY OF WASTEWATER SYSTEM REVENUES (In Thousands of Dollars)

	2002-03	2003-04	2004-05	2005-06 (Est.)	2006-07 (Est.)
Sewer Service Charge	\$ 79,157	\$ 88,461	\$ 99,121	\$109,730	\$115,689
Environmental Charges	22,361	22,862	21,820	24,255	28,598
Development Fees	7,260	8,487	10,168	8,500	6,500
Interest	4,258	3,909	3,285	6,955	7,347
Multi-City	14,689	17,118	16,705	16,629	17,245
Other	5,009	5,968	7,971	4,722	4,720
<b>Total Wastewater Revenue</b>	<b>\$132,734</b>	<b>\$146,805</b>	<b>\$159,069</b>	<b>\$170,791</b>	<b>\$180,099</b>
Change From Prior Year	5.3%	10.6%	8.4%	7.4%	5.4%

Overall growth rates differ from General Fund sales taxes due to the smaller number of categories, differing proportions of the total and their more volatile nature. As shown in the pie chart on the right, contracting and tourism represent 91 percent of the sales tax revenue to this fund. Both industries are considered volatile; the tourism industry in particular has experienced dramatic changes in the last several years. In the General Fund, however, contracting and tourism represent only 16 percent of the sales tax revenue. Because of this, any changes to these more volatile industries have a greater impact in this fund's sales tax revenue than in the General Fund's sales tax revenue.

The growth rates anticipated for 2005-06 and 2006-07 reflect the continued improvement in the tourism industry. They also assume continued growth in contracting, however, at a less strenuous pace than that experienced over the past few years. While growth in the housing market is expected to slow, additional revenue is anticipated from significant commercial construction projects such as the Convention Center expansion and light rail.

**Golf Courses**

Revenue sources in the Golf Course category are greens fees and concession sales at city golf courses which include Aguila, Cave Creek, Encanto, Maryvale, Palo Verde and Papago courses. The 2006-07 estimate of \$9,081,000 is \$1,514,000 or 20.0 percent above the 2005-06 estimate. This is due to an expected increase in total rounds of golf and the city's assuming operations of three pro shops previously run by concessionaires.

**CONVENTION CENTER SALES TAXES  
(In Thousands of Dollars)**

Fiscal Year	Amount Collected	Increase/(Decrease)	
		Amount	Percent
2002-03	\$36,849	\$ (432)	(1.2)%
2003-04	40,322	3,473	9.4
2004-05	48,003	7,681	19.0
2005-06 (Est.)	56,328	8,325	17.3
2006-07 (Est.)	62,553	6,225	11.1

**2006-07 CONVENTION CENTER  
Earmarked Sales Taxes**

