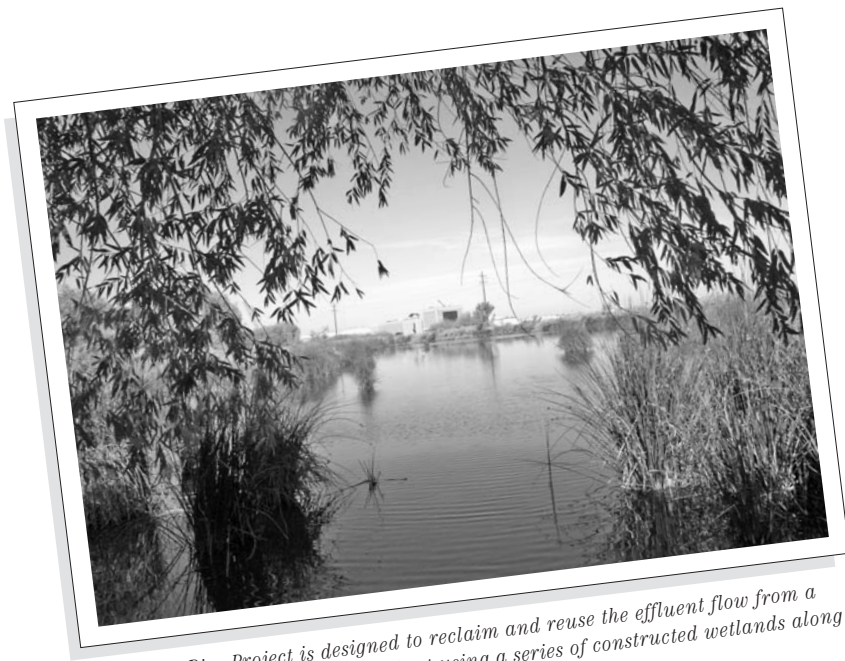




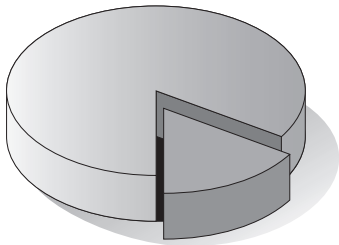
PUTTING PHOENIX
TO WORK



The Tres Rios Project is designed to reclaim and reuse the effluent flow from a nearby wastewater treatment plant using a series of constructed wetlands along a seven-mile stretch of the Salt River.

Environmental Services

The Environmental Services Program Represents 16.9% of the Total Budget.



The Environmental Services program budget includes Water Services, Solid Waste Management, Public Works and Environmental Programs.

WATER SERVICES

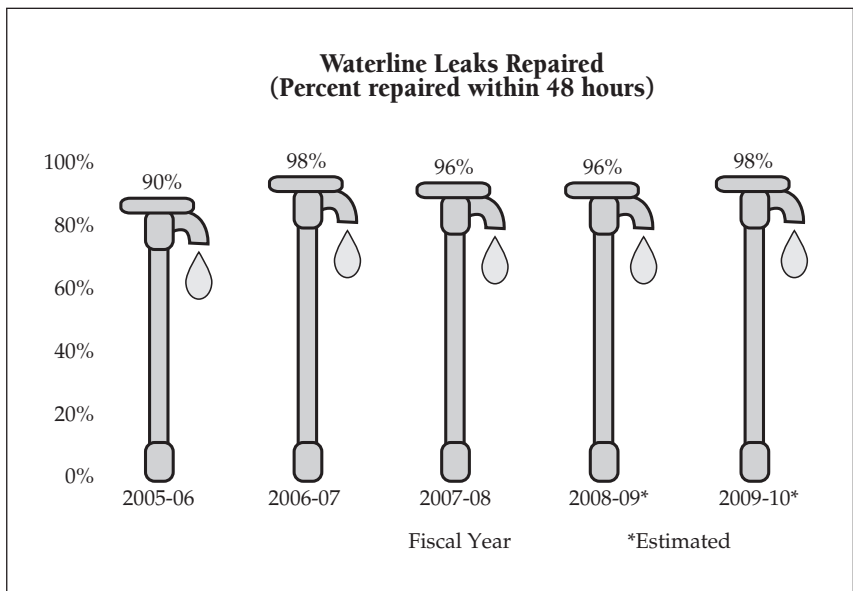
Program Goal

The Water Services Department is responsible for the Water and Wastewater programs. The Water Program provides a safe and adequate domestic water supply to all residents in the Phoenix water service area. The Wastewater Program assists in providing a clean, healthy environment through the effective management of all waterborne wastes generated within the Phoenix drainage area.

Budget Allowance Explanation

The Water Services 2009-10 operating budget allowance of \$278,574,000 is \$25,406,000 or 10.0 percent more than 2008-09 estimated expenditures. The increase is primarily due to an increase in costs for water and wastewater treatment, such as increased costs of raw water, electricity and chemical cost increases; budget additions; and normal inflationary increases.

The budget adds staff and equipment to provide maintenance and support for a new booster station for increased water pressure to customers, and new security system improvements at various water and wastewater facilities. Also included is the addition of staff, contractual services and equipment to operate the new Unified Plant expansion at the 91st Avenue





PUTTING PHOENIX TO WORK

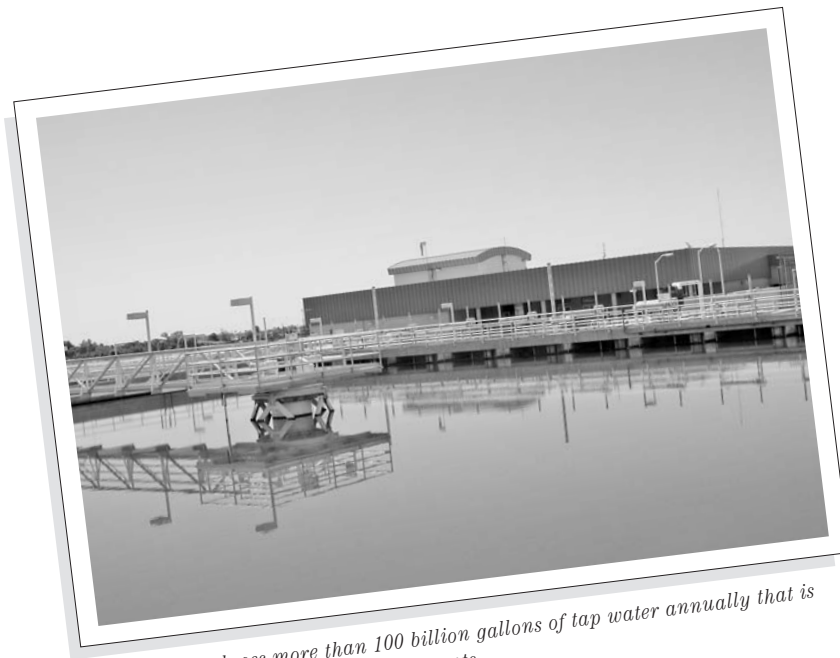
Wastewater Treatment Plant, and the Tres Rios Full-Scale Wetlands project. Staff is also being added to centralize purchasing and supplies delivery as a result of the closure of the Finance Department's Central Stores Warehouse.

The budget also adds commodities and contractual services to operate a new dual purpose well pump; pressure reducing

valve and booster pump station; temporary pump station to allow for effluent disinfection; and electricity for a new Sub-Regional Operating Group metering station. In addition, funding is added for the annual maintenance of the distributed control systems at the Deer Valley Water Treatment Plant and 91st Avenue Wastewater Treatment Plant.

Expenditure and Position Summary

	2007-08	2008-09	2009-10
Operating Expense	\$242,973,000	\$253,168,000	\$278,574,000
Total Positions	1,477.1	1,482.1	1,504.1
Source of Funds:			
Water	\$160,091,000	\$162,550,000	\$176,791,000
Wastewater	82,768,000	90,593,000	101,783,000
Other Restricted	114,000	—	—
Federal and State Grants	—	25,000	—



Phoenix produces more than 100 billion gallons of tap water annually that is delivered to more than 400,000 accounts.

Water Services Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2009-10 budget allowance:

	2007-08	2008-09*	2009-10
Water main break/leaks per year	199	199	190
Waterline leaks repaired within 48 hours	96%	96%	98%
Percent of miles of sewer cleaned per year	35.0%	34.5%	34.5%
Sanitary sewer overflows per 100 miles	0.77	1.20	1.20
Gallons of water produced systemwide (billions)**	125.4	112.9	116.1
Gallons of wastewater treated (billions)	64.8	62.0	63.5
Telephone calls – received	1,033,055	1,158,603	1,274,000
Telephone calls – percent answered***	95.0%	92.0%	95.0%

*Based on 10 months actual experience.

**Gallons of water produced systemwide (in billions) decreased due to a “wet winter”, a continuance of lower water demand and a reduction in water accounts.

***Percent answered is calculated based on total calls logged into the queue and calls answered. Callers can elect to end their call before receiving assistance and would not be counted as “answered.”