



Public Housing Grants

The 2007-08 Public Housing grants revenue included in the annual operating budget is \$66,567,000, which is a 2.5 percent decrease from 2006-07. This category includes the HOME program that is aimed at increasing the availability of affordable rental housing and expanding home ownership opportunities for first-time homebuyers. Other items in this category include housing subsidies, interest income and housing assistance payments.

Human Services Grants

The 2007-08 revenue estimate of \$34,256,000 is \$1,770,000 less than the 2006-07 estimate of \$36,026,000. 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 2007-08 CDBG entitlement is \$37,634,000.

Criminal Justice Grants

The 2007-08 grant revenue for criminal justice programs is estimated to be \$14,767,000. This includes Police, Court and Law department grants. Grants include Universal Hiring grants totaling \$5.2 million, \$8.1 million in other Police Department grants, and renewals of ongoing state grants.

Public Transit Grants

The 2007-08 Federal Transit Administration Grant estimate is \$13,046,000 reflecting an increase of \$3,662,000 above the 2006-07 estimate of \$9,384,000.

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 \$8,325,000 of that grant will be expended and earned in 2007-08.

Other Grants

The 2007-08 budget also includes \$22,302,000 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 2007-08 is anticipated to be \$322,973,000, which is \$8,798,000 or 2.8 percent greater than the 2006-07 estimate of \$314,175,000. The 2007-08 estimate anticipates conservative growth in airline fees, landing fees, concessions and parking revenues.

The table on the next page shows Aviation revenue by major category and annual percent change since 2003-04.

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 2007-08 is projected to be \$333,327,000, which is \$29,122,000 or 9.6 percent more than the \$304,205,000 estimate for 2006-07. The 2007-08 estimate reflects a full year's impact from the March 2007 rate increase for water sales and a projected increase for water miscellaneous user fees. It also reflects modest account growth coupled with a slightly lower overall consumption per account.

The table on the next page shows water system revenues by major category since 2003-04.



SUMMARY OF AVIATION REVENUES
(In Thousands of Dollars)

	2003-04	2004-05	2005-06	2006-07 (Est.)	2007-08 (Est.)
Airline Operation	\$78,910	\$84,039	\$89,005	\$90,900	\$93,032
Concessions and Rentals	120,032	126,490	153,814	174,055	181,550
Rental Car Facility			32,919	33,346	34,343
Interest	6,758	6,644	6,850	8,000	6,400
Other/Federal Grants	9,668	7,304	3,041	2,583	2,680
Goodyear	1,773	1,820	1,725	2,129	2,123
Deer Valley	2,445	2,650	2,773	3,162	2,845
Total Aviation Revenue	\$219,586	\$228,947	\$290,127	\$314,175	\$322,973
Change From Prior Year	2.9%	4.3%	26.7%	8.3%	2.8%

SUMMARY OF WATER SYSTEM REVENUES
(In Thousands of Dollars)

	2003-04	2004-05	2005-06	2006-07 (Est.)	2007-08 (Est.)
Water Sales	\$179,639	\$177,569	\$200,390	\$208,371	\$236,587
Environmental Consumption Charge	15,956	19,350	26,662	31,170	34,953
Raw Water Charge	16,514	15,150	16,563	16,085	17,177
Interest	8,571	6,074	16,602	14,540	14,657
Development Fees	9,038	10,655	9,901	7,500	6,500
Combined Service Fees	1,740	2,108	2,215	4,629	4,548
Val Vista	4,690	5,047	6,942	7,284	6,762
All Other	13,898	16,690	18,436	14,626	12,143
Total Water Revenue	\$250,046	\$252,643	\$297,711	\$304,205	\$333,327
Change From Prior Year	(0.1%)	1.0%	17.8%	2.2%	9.6%

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 \$203,069,000 in 2007-08, which is \$3,004,000 or 1.5 percent greater than the 2006-07 estimate of \$200,065,000. The 2007-08 estimate is based on moderate account growth of 1.8 percent and the full year's realization of the March 2007 rate increase on sewer services. The table below shows Wastewater revenue by major category and annual percent change since 2003-04.

Solid Waste

This category includes revenues from the monthly residential collection and landfill tipping fees. The 2007-08 estimate of \$126,929,000 is an increase of \$3,016,000 or 2.4 percent greater than the 2006-07 estimate of \$123,913,000. The increase assumes continuance of the January 2007 rate increase and a conservative growth in housing units of 1.8 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 \$69,881,000 in 2007-08, an increase of 10.5 percent above 2006-07. Convention Center operating revenues are expected to be \$5,849,000, parking revenue is expected to be \$3,619,000, and interest revenue is expected to be \$1,500,000, for total revenue estimates of \$80,849,000. This is \$6,562,000 or 8.8 percent more than the 2006-07 total estimated revenue of \$74,287,000. 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 the next page shows the Convention Center excise tax collections since 2003-04.

SUMMARY OF WASTEWATER SYSTEM REVENUES (In Thousands of Dollars)

	2003-04	2004-05	2005-06	2006-07 (Est.)	2007-08 (Est.)
Sewer Service Charge	\$88,461	\$99,121	\$110,902	\$121,228	\$131,214
Environmental Charges	22,862	21,820	24,939	30,933	29,248
Development Fees	8,487	10,168	9,335	7,500	7,000
Interest	3,909	3,285	9,471	11,423	9,267
Multi-City	17,118	16,705	17,261	20,954	21,552
Other	5,968	7,971	5,261	8,027	4,788
Total Wastewater Revenue	\$146,805	\$159,070	\$177,169	\$200,065	\$203,069
Change From Prior Year	10.6%	8.4%	11.4%	12.9%	1.5%

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 below, contracting and tourism represent 89 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 17 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 2006-07 and 2007-08 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 include greens fees, golf cart rentals, and pro shop sales at city golf courses which include Aguila, Cave Creek, Encanto, Maryvale, Palo Verde and Papago courses. The 2007-08 estimate of \$8,557,000 is \$240,000 or 2.9 percent above the 2006-07 estimate. This is due to an expected increase in total rounds of golf and a full year's impact of 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
2003-04	\$40,322	\$3,473	9.4%
2004-05	48,003	7,681	19.0
2005-06	56,889	8,886	18.5
2006-07 (Est.)	63,224	6,335	11.1
2007-08 (Est.)	69,881	6,657	10.5

2007-08 CONVENTION CENTER Earmarked Sales Taxes

