



NON-GENERAL FUNDS

Non-General Fund revenues consist of two major categories: Special Revenue and Enterprise funds. The following sections provide descriptions of the various revenue sources in each category and explanations of 2008-09 revenue estimates. The table on the next page provides the 2007-08 and 2008-09 estimates and 2006-07 actual revenue amounts for revenues within these two categories.

SPECIAL REVENUE FUNDS

This category consists of several revenue sources that are earmarked for specific purposes. Included in this category are voter-approved sales taxes for Neighborhood Protection, Parks and Preserves, Transit 2000, Public Safety Enhancement, and Public Safety Expansion. Also included in this category are revenue from Court Awards, Development Services, Capital Construction, Sports Facilities, Arizona Highway User Revenue funds, Local Transportation Assistance funds, Public Transit, Community Reinvestment, Secondary Property Tax, grant funds and other revenues.

Neighborhood Protection Sales Tax

This 0.1 percent sales tax rate was approved by the voters in October 1993 and implemented in December 1993. As presented to the voters, the 0.1 percent increase is specifically earmarked for Police neighborhood protection programs (70 percent), Police Block Watch programs (5 percent) and Fire neighborhood protection programs (25 percent). The 2008-09 estimate of \$32,861,000 is \$1,665,000 or 5.3 percent greater than the 2007-08 estimate of \$31,196,000. These estimates are consistent with those for the same categories in the local sales tax discussion. Also, \$350,000 is estimated for interest earnings in 2008-09.

2007 Public Safety Expansion Tax

The 2007 Public Safety Expansion sales tax is a 0.2 percent sales tax approved by voters in September 2007 and implemented in December 2007. Revenues are allocated 80 percent to Police and 20 percent to Fire. The funds are to be used for hiring additional police personnel and firefighters; to hire crime scene investigation teams to improve evidence collection; and to improve fire protection services, improve response times, and increase paramedic and other emergency medical services. The 2008-09 estimate is \$65,723,000 and the 2007-08 estimate since inception is \$37,934,000. These estimates are consistent with those for the same categories in the local sales tax discussion. Also, \$950,000 is estimated for interest earnings in 2008-09.

Public Safety Enhancement Sales Tax

The Public Safety Enhancement sales tax was implemented on May 1, 2005, and is made up of the 2.0 percent increment of the 2.7 percent sales tax on utilities with franchise agreements. The fund is allocated between Police and Fire needs. The Police Public Safety Enhancement Fund is allocated 62 percent of revenues and is dedicated to Police and Emergency Management needs. The Fire Public Safety Enhancement Fund is allocated 38 percent of the revenues collected and is dedicated to Fire needs. The 2008-09 estimate of \$27,347,000 is \$2,228,000 or 8.9 percent greater than the 2007-08 estimate of \$25,119,000. These estimates are consistent with the utilities sales tax forecast for the General Fund.

Parks and Preserves Sales Tax

The Parks and Preserves sales tax is a 0.1 percent sales tax rate increase approved by voters in September 1999 and implemented in November 1999. Revenues from the 0.1 percent tax are allocated to park improvements and acquisition of desert preserves. Sixty percent of the revenues are to be used for preservation, 30 percent for regional parks, and 10 percent for neighborhood and community parks. The 2008-09 estimate of \$32,861,000 is \$1,667,000 or 5.3 percent more than the 2007-08 estimate of \$31,194,000. These estimates are consistent with the estimates for the same categories in the local sales tax discussion. Also, \$2,311,000 is estimated for interest earnings in 2008-09.

Transit 2000 Funds

The Transit 2000 tax is a 0.4 percent sales tax approved by the voters in March 2000 and implemented in June 2000. The 0.4 percent tax is specifically earmarked for transit programs and improvements. The 2008-09 estimate of \$131,445,000 is \$6,669,000 or 5.3 percent greater than the 2007-08 estimate of \$124,776,000. These estimates are consistent with the estimates for the same categories in the local sales tax discussion.

Also included in this fund are fare box and other miscellaneous transit system revenues. Fare box revenues are the revenues collected by the transit service for bus ridership. The 2008-09 fare box revenue estimate of \$35,477,000 is 12.0 percent greater than the 2007-08 estimate. The 2008-09 estimate also includes interest earnings and other miscellaneous revenue of \$9,324,000 which is a 6.8 percent decrease from 2007-08 estimate of \$10,004,000. The decrease in interest earnings is primarily the result of the planned reduction in the Light Rail Fund balance.





NON-GENERAL FUND REVENUES BY MAJOR SOURCE

(In Thousands of Dollars)

Revenue Source	2006-07 Actual	2007-08 Estimate	2008-09 Budget	Increase/(Decrease) from 2007-08 Est.	
				Amount	Percent
Special Revenue Funds					
Neighborhood Protection	\$31,364	\$31,576	\$33,211	\$1,635	5.2%
2007 Public Safety Expansion	-	38,084	66,673	28,589	75.1%
Public Safety Enhancement	23,657	25,119	27,347	2,228	8.9%
Parks and Preserves	34,670	34,339	35,172	833	2.4%
Transit 2000	165,460	166,466	176,246	9,780	5.9%
Court Awards	6,670	5,309	6,250	941	17.7%
Development Services	54,957	46,100	34,000	(12,100)	-26.2%
Capital Construction	19,722	21,034	21,766	732	3.5%
Sports Facilities	17,645	18,427	19,788	1,361	7.4%
Arizona Highway User Revenue	134,186	130,497	132,946	2,449	1.9%
Local Transportation Assistance	6,969	6,910	6,850	(60)	-0.9%
Regional Transit Revenues	30,005	72,002	59,916	(12,086)	-16.8%
Community Reinvestment	3,727	2,724	2,781	57	2.1%
Secondary Property Tax	118,596	164,127	201,024	36,897	22.5%
Impact Fee Program Administration	2,369	920	940	20	2.2%
Court Special Fees	1,682	1,748	1,752	4	0.2%
Monopole Rental	125	133	133	-	0.0%
Tennis Center	23	21	21	-	0.0%
Vehicle Impound Program	-	2,929	2,868	(61)	-2.1%
Heritage Square	18	20	20	-	0.0%
Affordable Housing Program	1,989	1,599	1,591	(8)	-0.5%
Other Restricted (gifts/trusts)	8,972	11,376	11,976	600	5.3%
Grants					
Public Housing Grants	60,048	70,655	68,348	(2,307)	-3.3%
Human Services Grants	34,803	34,345	34,025	(320)	-0.9%
Community Development	16,621	23,076	34,200	11,124	48.2%
Criminal Justice	12,017	16,844	8,493	(8,351)	-49.6%
Public Transit Grants	12,095	6,272	9,742	3,470	55.3%
HOPE VI Grant	10,011	3,841	535	(3,306)	-86.1%
Other Grants	22,867	27,994	30,538	2,544	9.1%
Subtotal - Grants	\$168,462	\$183,027	\$185,881	\$2,854	1.6%
Total Special Revenue Funds	\$831,268	\$964,487	\$1,029,152	\$64,665	6.7%
Enterprise Funds					
Aviation	322,870	332,513	343,078	10,565	3.2%
Water System	311,934	333,873	356,817	22,944	6.9%
Wastewater System	203,068	216,810	218,409	1,599	0.7%
Solid Waste	127,411	133,677	136,900	3,223	2.4%
Convention Center	74,989	75,125	80,418	5,293	7.0%
Golf Courses	7,628	7,764	7,047	(717)	-9.2%
Total Enterprise Funds	\$1,047,900	\$1,099,762	\$1,142,669	\$42,907	3.9%
TOTAL NON-GENERAL FUND REVENUE	\$1,879,168	\$2,064,249	\$2,171,821	\$107,572	5.2%





Court Awards Funds

The city of Phoenix receives funds as a result of participation in the arrest and/or prosecution of certain criminal cases. These funds, referred to as Court Awards funds, represent court-ordered forfeitures of seized assets. Their use is limited to police and prosecutor functions. Revenue estimates are based on cases in progress. The recommended estimate for 2008-09 is \$6,250,000.

Development Services

Revenues in this user fee category include building permits and plans review, subdivision and site plan fees, sign permit fees and engineering permits and plan review fees. These fees are used to fully support the activities of the Development Services Department. The 2008-09 estimate is \$34,000,000, which is \$12,100,000 or 26.2 percent less than the 2007-08 estimate of \$46,100,000. This is primarily due to a projected decrease in plan review and permit activity in all disciplines, with declines anticipated in both the residential and commercial sectors.

Capital Construction

This category includes revenue from a 2 percent increase in the sales tax on telecommunications implemented in February 1998 and is intended to reimburse Phoenix residents for the use of their public rights of way by the telecommunications industry. The recommended 2008-09 estimate is \$21,216,000, or a 4.6 percent increase over the 2007-08 estimate. These funds are used primarily for right-of-way improvements in the Street Transportation Capital Improvement Program. The 2008-09 estimate also includes interest earnings of \$550,000.

Sports Facilities

Sports facilities revenues consist of a 1 percent portion of the 5.0 percent hotel/motel tax category, a 2 percent tax on short-term motor vehicle rentals, and interest revenue generated by the fund.

**ARIZONA HIGHWAY USER REVENUES
(In Thousands of Dollars)**

Fiscal Year	AHUR Distribution	Increase/(Decrease)	
		Amount	Percent
2004-05	\$117,464	\$5,707	5.1%
2005-06	124,791	7,327	6.2
2006-07	130,223*	5,432	4.4
2007-08 (Est.)	126,797	(3,426)	2.6
2008-09 (Est.)	129,746	2,949	2.3

*2005 Census adjustment to population is reflected.

The 2008-09 estimate is \$18,238,000, which is \$1,361,000 or 8.1 percent more than the 2007-08 estimate of \$16,877,000. The revenue estimates are consistent with the General Fund sales tax estimates in the hotel/motel and short-term vehicle rental categories. The 2008-09 estimate includes \$8.3 million for the hotel/motel portion and \$9.9 million for the short-term car rental portion. Also, \$1,550,000 is estimated in 2008-09 for interest revenue.

Arizona Highway User Revenue

The State Transportation Financing Plan adopted by the Legislature in 1981 and amended in 1982 and 1985 included a 13 cent per gallon gas tax plus other user fees and charges such as registrations, driver's licenses, motor carrier taxes, other miscellaneous fees and an increased share of the motor vehicle license taxes. Additional gasoline taxes were added in 1986 (3 cents per gallon), in 1988 (1 cent per gallon), and in 1990 (1 cent per gallon) for a total local gas tax rate of 18 cents per gallon.

A new distribution formula for Arizona Highway User Revenue (AHUR) was passed by the Legislature and signed by the governor in May 1996 (effective July 1, 1996). It was intended to be revenue neutral to cities. This distribution formula provides 27.5 percent to incorporated cities and towns (distributed one-half on the relative population of the cities and towns and one-half on the

county origin of sales/relative population of the counties) and 3 percent to cities over 300,000 population (Phoenix, Tucson and Mesa). As a result of the 2005 Census, Phoenix's share was adjusted. For 2008-09, it is anticipated that Phoenix will receive \$105.0 million from the 27.5 percent share and \$24.8 million from the 3 percent share.

The total 2008-09 AHUR estimate of \$132,946,000 is \$2,449,000 or 1.9 percent above the 2007-08 estimate of \$130,497,000. Included in the estimate are interest earnings of \$2,500,000 in 2008-09 and \$3,000,000 in 2007-08. The state-shared increase is based on average annual increases at the state level of 3.7 percent in gasoline tax collections, 3.2 percent in motor carrier tax collections (trucking), 5.9 percent in vehicle license tax collections and 6.1 percent in vehicle registrations. The table above shows the state-shared Arizona Highway Users allocations to the city of Phoenix since 2004-05.





Local Transportation Assistance (LTA) Funds

In July 1981, the Legislature passed a transportation bill that provided for a Local Transportation Assistance fund. Beginning July 1, 1983, \$20.5 million (minimum) to \$23 million (maximum) annually from the sale of state lottery tickets is allocated to the Local Transportation Assistance (LTA) Fund. LTA funds are distributed to incorporated cities in proportion to annual population estimates developed by the Department of Economic Security.

For cities that exceed 300,000 in population, LTA funds are to be used for mass transit operating expenses. The law also provides for up to 10 percent of the city's LTA funds to be used for cultural, educational, historical, recreational or scientific projects and outpatient developmental disability programs. LTA funds used for these non-transit purposes must be matched on a 50/50 basis with non-public funds and the total LTA funds must reach the \$23 million maximum for this type of expenditure to be made.

The 2008-09 estimate for LTA revenue is \$6.9 million which assumes the \$23 million maximum is reached. The city receives 30 percent of the total LTA funds distributed statewide. The allocation is primarily used for funding the transit system consistent with LTA fund provisions and past practices, \$106,000 is estimated for arts grants.

Regional Transit Revenues

This category includes revenue from the Regional Public Transportation Authority (RPTA) for the regional transportation plan, other state funding agencies, and the sale of bus service provided to other jurisdictions. The 2008-09 estimate of \$59,916,000 is \$12,086,000 or 16.8 percent below the 2007-08 estimate of \$72,002,000. The decrease is due to an anticipated reduction in reimbursable Regional Transportation Plan projects. The plan is funded by the Maricopa County transportation tax that was extended through December 2025 by Proposition 400.

SECONDARY PROPERTY TAX

Fiscal Year	Secondary Assessed		Secondary Levy		Rate per
	Valuation (in Billions)	% Change	(in Thousands)	% Change	\$100 Assessed Valuation
2004-05	\$10,490	7.1%	\$101,752	7.1%	\$0.9700
2005-06	11,420	8.9	109,811	7.9	0.9616
2006-07	12,261	7.4	119,509	8.8	0.9747
2007-08 (Est.)	16,069	31.1	163,227	36.6	1.0158
2008-09 (Est.)	18,856	17.3	199,724	22.4	1.0592

Community Reinvestment

The 2008-09 estimate of \$2,781,000 represents estimated redevelopment revenues to be received through various economic redevelopment agreements in the downtown area.

Secondary Property Tax

By law, the secondary property tax is earmarked for debt service on voter-approved general obligation bonds. There is no statutory limitation on the property taxes levied for debt service purposes.

As discussed in the General Fund revenues section, the estimated 2008-09 primary property tax rate is \$0.7608. To maintain our current \$1.82 total rate, the resulting secondary rate is \$1.0592 per \$100 of assessed value for 2008-09. The 2008-09 secondary property tax levy of \$199,724,000 is based on this rate and secondary assessed valuation of \$18.86 billion. This resulting levy is \$36,496,000 or 22.4 percent greater than the 2007-08 levy of \$163,227,000. The increase is primarily because of a 17.3 percent increase in net assessed property values for Phoenix plus the increase in the secondary rate described above.

Also included in the 2008-09 estimate is \$1,300,000 in interest earnings, a 44.4 percent increase above 2007-08.

The table above shows secondary assessed valuation, secondary property tax levies and secondary property tax rates since 2004-05. The total property tax rate of \$1.82 for 2008-09 has remained unchanged since 1995-96.

Impact Fee Program Administration

In 1987, the City Council established an Impact Fee Program. Impact fees are charged to new development in the city's peripheral planning areas. Impact fees assess new development for its proportionate costs of public infrastructure that will be required due to the development. Impact fees may only be used to pay for the identified public infrastructure. In conjunction with the Impact Fee Program, an administrative fee collected as a percentage of the gross impact fee is also charged. This administrative fee pays for the costs of administering the overall Impact Fee Program.

Beginning in 2004-05, the revenue from the administrative fee and the related costs were significant enough to require separate accounting. The 2007-08 and 2008-09 revenue estimates are \$920,000 and \$940,000 respectively. Effective February 2007, a reduction to the administrative fee from 3 percent to 1 percent of the gross impact fee was approved. As a result of the administrative fee reduction, and the recent downturn in residential construction activity, the 2008-09 revenue estimate has decreased by \$1,429,000 when compared to the 2006-07 actual revenue amount of \$2,369,000.





Other Restricted Fees

Included in this category are revenues associated with the Court Technology Enhancement fee and the Judicial Collection Enhancement Fund, Heritage Square, the Tennis Center at Washington Park, Vehicle Impound fees, Affordable Housing Program revenues, and monopole rentals from several city parks. Also included is revenue from restricted fees for recreation and other programs, and donations specified for various city programs.

The 2008-09 estimate of \$18,361,000 is \$535,000 above the 2007-08 estimate of \$17,826,000. The increase is primarily due to projected increases in Fire Technical Support revenues and health insurance reimbursements.

Public Housing Grants

The 2008-09 Public Housing grants revenue included in the annual operating budget is \$68,348,000, which is a 3.2 percent decrease from 2007-08. 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 2008-09 revenue estimate of \$34,025,000 is \$320,000 less than the 2007-08 estimate of \$34,345,000. 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 2008-09 CDBG entitlement is \$34,200,000.

Criminal Justice Grants

The 2008-09 grant revenue for criminal justice programs is estimated to be \$8,493,000. This includes Police, Court and Law department grants. Grants include Universal Hiring grants totaling \$1.0 million, \$6.3 million in other Police Department grants, and renewals of ongoing state grants.

Public Transit Grants

The 2008-09 Federal Transit Administration Grant estimate is \$9,742,000 reflecting an increase of \$3,470,000 above the 2007-08 estimate of \$6,272,000.

Other Grants

The 2008-09 budget also includes \$31,073,000 for federal, state and other grants that provide funding for some parks and recreation and library activities as well as programs such as workforce development.

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 2008-09 is anticipated to be \$343,078,000, which is \$10,565,000 or 3.2 percent greater than the 2007-08 estimate of \$332,513,000. The 2008-09 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 2004-05.

