

**The Phoenix  
Summary Budget  
2011-12**



**City of Phoenix**



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June 2011







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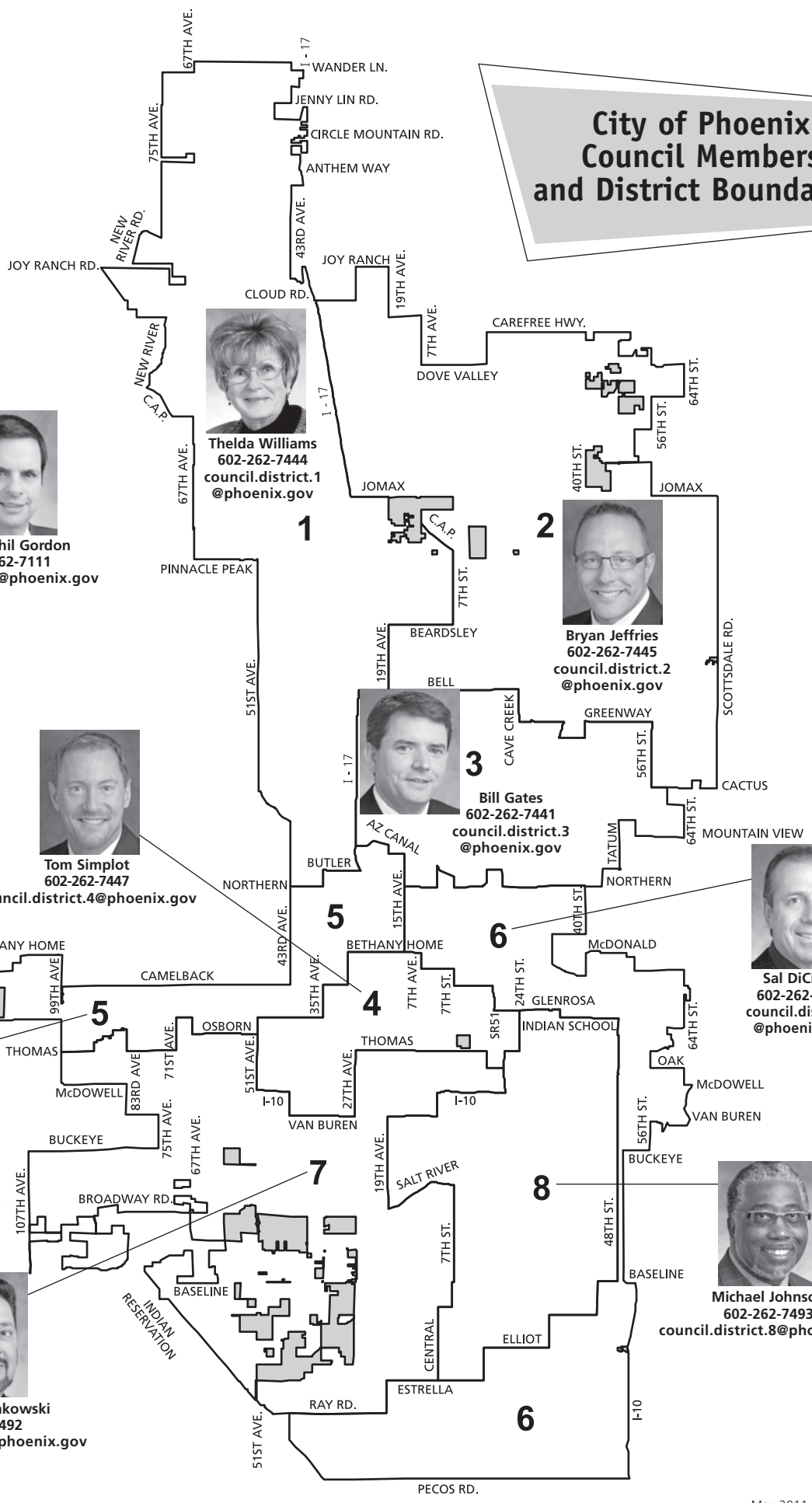
  
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# City of Phoenix

## Mayor and City Council

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Thelda Williams  
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District 1

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District 4

Claude Mattox  
District 5

Sal DiCiccio  
District 6

Michael Nowakowski  
District 7

Michael Johnson  
District 8

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## City Council Office

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Deputy City Manager

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Deputy City Manager

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City Manager

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Executive Assistant to the  
City Manager

Karen Peters  
Government Relations Director

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John Chan  
Phoenix Convention Center Director

Debbie Cotton  
Public Transit Director

Jeff DeWitt  
Finance Director

Kim Dorney  
Housing Director

Moises Gallegos  
Acting Human Services Director

Toni Garvey  
City Librarian

Bill Greene  
Acting City Auditor

Chris Hallett  
Acting Neighborhood Services Director

Robert Khan  
Fire Chief

Lionel Lyons  
Equal Opportunity Director

Toni Maccarone  
Public Information Director

Neil Mann  
Acting Water Services Director

Cris Meyer  
Acting City Clerk

Danny Murphy  
Aviation Director

Mario Paniagua  
Budget and Research Director

Janet Smith  
Human Resources Director

Debra Stark  
Planning and Development Director

Charles T. Thompson, Sr.  
Chief Information Officer

Gary Verburg  
City Attorney

Joe Yahner  
Acting Police Chief

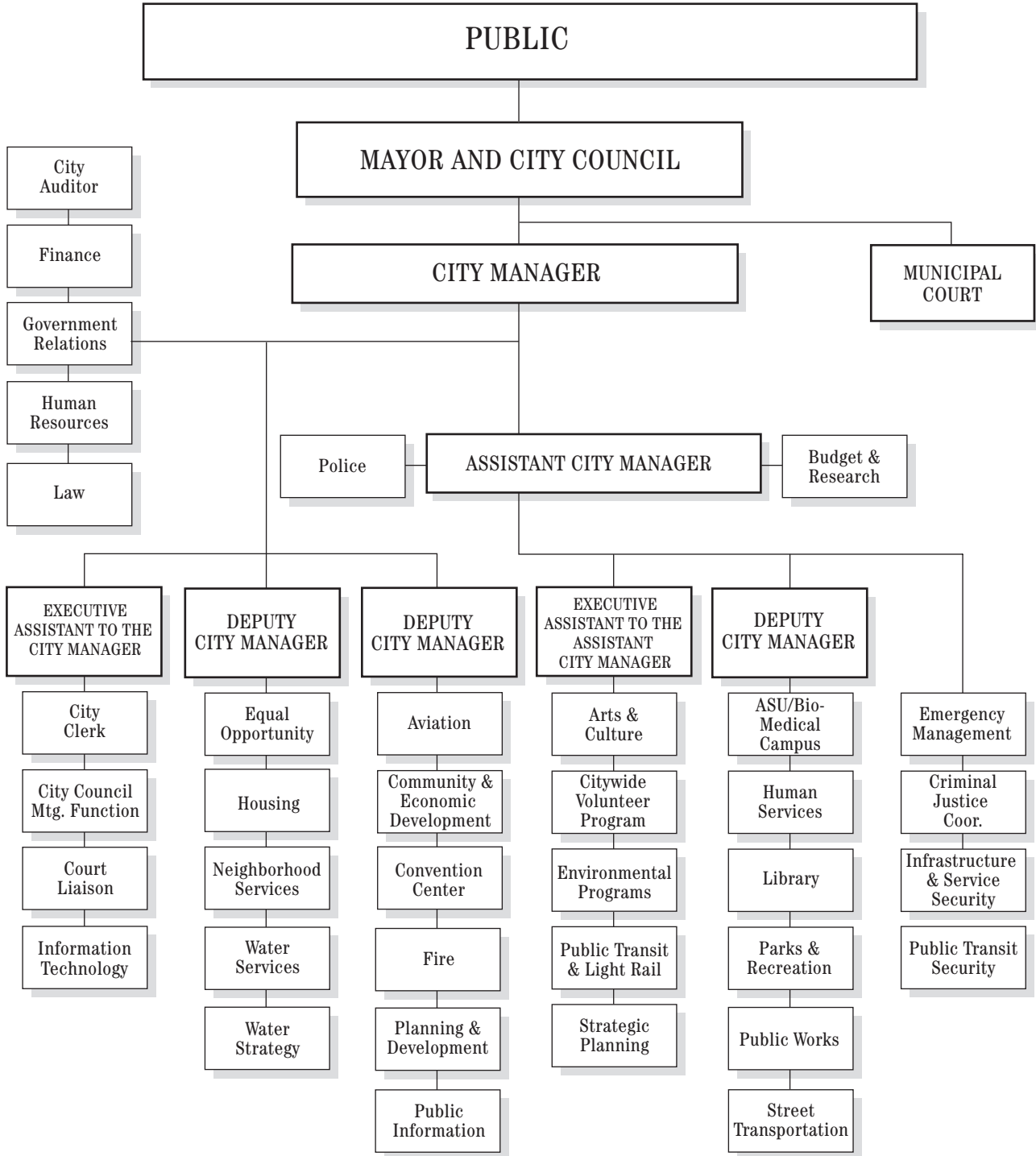
## Chief Presiding Judge

Roxanne K. Song Ong





# City of Phoenix Organizational Chart







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# Budget Document Overview

This overview outlines the 2011-12 Annual Budget. Copies of the document are available by contacting the city of Phoenix Budget and Research Department at 602-262-4800. Also, this document can be made available in alternate formats (large print, Braille, audio cassette or compact disc) upon request. For information, contact the Budget and Research Department or city TTY relay at 602-534-5500.

The Summary Budget contains a narrative description of Phoenix programs and services planned for the upcoming fiscal year. Also included is a narrative description of all revenue sources and a description of major financial policies.

The Detail Budget presents extensive statistical data (including multiyear comparisons) for each city department and fund. The statistical data includes staffing allocations and a detailed reporting of planned expenditures.

Finally, the 2011-16 Capital Improvement Program provides Phoenix's planned construction program by project and detailed sources of funds.

A more detailed description of the 2011-12 Phoenix Summary Budget follows.

## CITY MANAGER'S BUDGET MESSAGE

The City Manager's Budget Message provides an in-depth look at the city manager's priorities and outlook for the upcoming fiscal year. These priorities reflect many months of working with the Mayor and City Council, the community and city staff.

## STRATEGIC PLANNING AND COMMUNITY INVOLVEMENT

This section describes the city's process to update its Strategic Plan, an essential element to guiding the future of Phoenix and in making important budget decisions to allocate limited resources. The plan incorporates community input and covers ten priority areas for Phoenix.

## PHOENIX STRATEGIC PLAN

This section provides the updated Phoenix Strategic Plan.

## OUR COMMITMENT TO EXCELLENCE

This section provides an overview of the city's various programs that contribute to our overall pursuit of excellence. Included is a description of a few of the awards and recognitions received by employees this year, results of the employee suggestion program and winners of Employee Excellence Awards.

## COMMUNITY PROFILE AND TRENDS

This section includes key demographic, financial and infrastructure profile measures. Estimates or projections are provided for 2010-11 and 2011-12 as well as actual results for recent and historical periods.

## 2011-12 BUDGET OVERVIEW

The Budget Overview provides a description of the city's budget process as well as the major assumptions included in the preparation of the 2011-12 City Manager's budget. This section includes a broad overview of the resources and expenditures included in the budget. Also included is a historical look at Phoenix's community services, an overview of significant budgetary and financial policies including general legal requirements and basis of accounting, and descriptions of city funds.

## 2011-12 REVENUE OVERVIEW

This section provides an extensive narrative describing the city's revenue estimates and is divided into three categories: general funds, special revenue funds and enterprise funds.

## DEPARTMENT PROGRAM SUMMARIES

The Department Program Summaries section provides total funding and positions, program goals, major performance measures and service trends, and any changes in service for each city department. Also included in this section is a discussion of the city's debt management policies and the contingency fund.

## CAPITAL IMPROVEMENT PROGRAM

This section provides a description of the capital improvement program process and an overview of the 2011-16 Capital Improvement Program.

## SCHEDULES

The schedules provide a general breakdown of the budget. Schedule 1 provides estimated beginning and ending balances for each major fund group. The remaining schedules summarize staffing complements and estimated resources and expenditures.

## GLOSSARY

Definitions of the terms used throughout the budget document are presented in the glossary.

If you have questions, need further clarification of a concept or term, or desire more detailed information about this document, please contact the Budget and Research Department at 602-262-4800.







# Distinguished Budget Presentation Award



**T**he Government Finance Officers Association of the United States and Canada (GFOA) presented a Distinguished Budget Presentation Award to the city of Phoenix, Arizona for its annual budget for the fiscal year beginning July 1, 2010.

In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan and as a communications device.

This award is valid for a period of one year only. We believe our current budget continues to conform to program requirements, and we are submitting it to GFOA to determine its eligibility for another award.







# City Manager's Budget Message



## TO THE HONORABLE MAYOR AND CITY COUNCIL:

This letter transmits the fiscal year 2011-12 balanced city of Phoenix budget required by City Charter.

Early projections for the 2011-12 budget indicated a deficit between \$50-80 million, based primarily on expected declines in state-shared revenues. The expected declines were due to an anticipated decrease in Phoenix's population share following Census 2010, and a known decrease in state-shared income tax collections, which lag for the city by two years. The 2011-12 budget deficit ended up at \$59 million, which was at the lower end of the projected range and demonstrates a significant turnaround from last year's \$277 million deficit. Addressing last year's General Fund deficit required reliance on financial transactions, a renewed commitment to innovation and efficiency, elimination of the city's exemption on the taxing of food for home consumption, employee pay reductions, significant cuts to services, and other temporary measures. This year, however, due to an improving economy and, more importantly, the effective and responsible actions taken by the Mayor and City Council, city management, and city staff, costs have been managed successfully. For

the first time in three years, the city was able to follow its regular budget schedule. And along with the input and priorities expressed by the community at 15 budget hearings, by phone and through e-mail, this much improved budget situation can be attributed to seven important pillars of fiscal strength:

1. Strong employee relations and employee sacrifices
2. Doing more with less
3. Accurate estimates and enhanced compliance
4. Focus on innovation and efficiency
5. Responsible financial management
6. Keeping Public Safety our number one priority
7. Reduced tax collections in adverse times

These seven factors, described in more detail below, are the reasons why the General Fund deficit was kept to a manageable \$59 million. They also provide the foundation and framework from which the shortfall was directly eliminated.

## ADDRESSING THE GENERAL FUND BUDGET SHORTFALL

The city is slowly and modestly pulling out of the severe economic recession that began in December 2007. However, the \$59 million General Fund revenue shortfall illustrates that some revenue challenges still impact the city's budget. One category that will decline as expected in 2011-12 is state-shared income tax. Because it is collected two years in arrears, this portion of revenue reflects taxes collected while the recession was at its worst for the state. Also, all state-shared revenues are negatively impacted by the results of Census 2010, showing Phoenix again grew at a slower rate than other Arizona cities. However, annual sales tax revenue growth was positive in 2010-11 for the first time in four years and remained on track with city estimates throughout the year. Positive sales tax growth is forecasted to continue at a moderate pace throughout 2011-12.

In 2010-11 budget review processes, the \$59 million shortfall was reduced by \$20 million in departmental cost-cutting measures and efficiencies through the continued use of innovation. Staff throughout the city worked very hard to identify and implement ways to reduce expenses beyond what had already been cut out of the budget.

The shortfall was further reduced by taking advantage of the city's AAA bond rating and low market interest rates; at least \$30 million in savings results from prudent debt restructuring. Additionally, the use of \$5 million in previously authorized lease-purchase financing also directly reduces the shortfall.

The remaining \$4 million comes from General Fund budget reductions. These reductions result in no direct impact to services delivered to the community.

## SEVEN PILLARS OF FISCAL STRENGTH

### 1) Strong Employee Relations and Employee Sacrifices

The city of Phoenix's success is based chiefly on its dedicated employees; illustrated daily as staff dependably, professionally and efficiently provides high quality services resulting in outstanding resident ratings. In the 2010 Community Attitude Survey of Phoenix residents, 95 percent of residents indicated they were treated professionally and courteously by city employees, the highest the rating has ever been. Our employees are an important piece of the city's ability to keep operating costs manageable and optimize the use of limited resources. Executives and middle managers led the way by voluntarily reducing their total compensation by 6.9 percent in 2010-11 and 2011-12. All other city employees also agreed to compensation concessions, taking several furlough days and other sacrifices totaling 3.2 percent during 2010-11 and 2011-12. The concessions result in a total savings of \$104.4 million for all funds over the two years, with savings of \$52.2 million reflected in the fiscal year 2011-12 budget.





## **2) Doing More With Less**

This year, the city manager initiated organizational reviews in all departments, resulting in streamlined structures and increased spans of control. Also, the elimination of vacant positions resulting from a hiring freeze in place since January 2008 contributed heavily to the reduction of authorized full-time equivalent (FTE) positions. More than 600 vacant positions were eliminated in 2010-11. As a result of both lower compensation costs and reduced positions, the 2011-12 deficit was much less than it otherwise would have been.

The 2011-12 budget eliminates 35.2 FTE in the General Fund. It also includes the addition of 23.8 new FTE to operate new capital facilities, including the South Mountain Community Library, Helen Drake Senior Center and other new capital facilities. The Library Department is adding 0.3 FTE for part-time staffing in the Burton Barr Library Accessibility Center. The Aviation Department is adding 11.0 FTE which will save approximately \$385,000 by replacing existing contracted services. Water Services is eliminating one position as a result of the consolidation of downtown Phoenix cashiering services. With these changes, the city remains at 10.4 employees per 1,000 residents for 2011-12, the lowest it has been in nearly 40 years.

Because the city returned to a normal budget schedule this year, Budget and Research was able to partner with departments in conducting two rounds of detailed operating budget reviews. As a result, staff identified valuable savings of over \$15 million. Similarly, technical reviews were performed during preparation of the Preliminary 5-Year Capital Improvement Program, resulting in an additional \$5 million in savings. These combined actions directly reduced the \$59 million deficit by \$20 million.

## **3) Enhanced Compliance and Accurate Estimates**

Another important feature of the city's budget strength has been the accuracy of revenue projections. The 2010-11 General Fund budget was based on an estimated 1.1 percent total revenue growth, and actual growth level was right on target. That same forecasting accuracy was illustrated in projections of how Census 2010 would impact Phoenix. Despite highly unusual population dynamics, staff projected the census would result in a reduction of Phoenix's state population share of incorporated cities from 30.3 percent to 28.7 percent. The actual result was 28.78 percent.

Additionally, the city's revenue outlook is reaping the benefits of an enhanced emphasis on compliance regarding payment of taxes, fines and fees, ensuring the General Fund receives what is owed. An Enhanced Compliance Initiative Team was assembled to optimize the use of technology in tax enforcement and improve long-term compliance with collections owed to the city.

## **4) Focus on Innovation and Efficiency**

Based on the leadership of the Mayor and City Council, city management and the Innovation and Efficiency Task Force, a mindset of innovation and efficiency is strongly reinforced within the city's organizational culture. The Task Force includes several private-sector members, and within its first year spurred many improvements resulting in a total savings of over \$25 million dollars, with \$10.6 million to the General Fund. Much of these savings are recurring and will result in over \$125 million saved over five years. The Task Force has begun Phase II and is exploring innovations in the following seven areas: Communications, Compensation and Benefits, Customer Service, Fines and Fees, Right-Sourcing, Regulatory Review and Technology and Continuous Improvement.

## **5) Responsible Financial Management**

The fifth pillar of maintaining a balanced budget is the Finance Department's excellent management of debt, investments, revenue collection and other vital aspects of financial administration. This fiscal performance is widely recognized and reflected in uncommonly high municipal bond ratings. As mentioned previously, measures taking advantage of lower than anticipated interest rates and the city's top AAA bond rating to refinance bonds are an important component of this budget. Through the restructuring of existing debt approved by the City Council on April 6, 2011, the city will realize \$30-\$45 million dollars in savings in 2010-11 and 2011-12. The other financial component is the use of approximately \$5 million in lease-purchase financing of replacement vehicles previously authorized by the Council. These actions directly contribute to the elimination of the 2011-12 deficit by \$35 million.

In the 2009-10 budget cycle, financial transactions totaled \$114 million, and in the 2010-11 budget cycle, usage was decreased to \$92 million. For 2011-12, the combined amount of debt refinancing and lease-purchase financing is a conservative \$35 million, only 37 percent of the amount approved by Council the previous year. Further, the planned increase to the Contingency Fund continues in 2011-12 with an additional \$3 million programmed above last year's 3.1 percent level. This progresses the city along the pathway of bringing the Contingency Fund to 5 percent over time.







**6) Keeping Public Safety Our Number One Priority**

The city of Phoenix's top priority is to protect the community's public safety. The proportion of the 2011-12 General Fund budget allocated to Police, Fire, Municipal Court, City Prosecutor and Public Defender remains high at 70 percent. As part of this commitment, the 2011-12 budget includes \$6 million in ongoing funding of 60 Police and Fire positions and costs associated with the loss of school district funding for School Resource Officers that were only temporarily authorized through June 30, 2011. Additionally, \$2 million in 2010-11 Fire Department budget savings was set-aside to convert expiring grant-funded firefighter positions to General Fund positions in 2011-12.

**7) Reduced Tax Collections in Adverse Times**

Taxes that support the 2011-12 General Fund are down about \$102 million since 2007-08, an 11 percent decrease. In 2011-12, the average Phoenix homeowner's property tax bill will drop 26 percent from 2010-11, and will have dropped 42 percent compared to 2008-09. For 2011-12, the total Phoenix property tax levy will be \$98 million less than the total levy in 2009-10. Additionally, the 2011-12 budget includes no new or increased user fees for existing General Fund services.

**OVERVIEW OF 2011-12 BUDGET**

The city's 2011-12 General Fund budget is \$1,062,848,000. This is a 4.8 percent increase from the adopted 2010-11 General Fund budget, and a 4.4 percent decrease from the adopted 2009-10 General Fund budget.

The 2011-12 budget for all funds, which includes General, Enterprise and Special Revenue Funds such as grants, is \$3,474,413,000. This is a 1.5 percent decrease from the adopted 2010-11 budget for all funds, and an 5.4 percent decrease from the adopted 2009-10 budget for all funds.

**NON-GENERAL FUNDS**

The 2011-12 budget includes changes to non-General Funds. The Aviation Department expects to net approximately \$385,000 in savings by replacing contracted services with city staff for capital project management, communications operations and airfield maintenance. Also, the Water Services Department's implementation of an Innovation and Efficiency Task Force recommendation to consolidate their downtown payment counter with the Finance Department's Cashiering Services, results in the elimination of one position. Savings from the position elimination will pay for charges assessed by the Finance Cashiering Services operation.

**STATE- SHARED REVENUES**

It is important to acknowledge that the Arizona Legislature did not negatively impact General Fund state-shared revenue formulas in addressing the state's revenue shortfall for 2011-12. The adopted state budget will impact Arizona Highway User Revenue (AHUR) received by the city and will assess a water resources fee to the city. Phoenix will lose nearly \$12 million of its portion of AHUR in 2011-12, negatively impacting local street maintenance. The water resources fee will cost city water customers about \$2 million per year beginning in 2011-12.

**CONCLUSION**

The 2011-12 budget process represents a very positive step forward for the city of Phoenix, which is slowly recovering from the difficult recession of recent years. In 2011-12, the budget outlook remains positive, and the city persists in making needed improvements and advancing toward an outstanding future.

I want to thank the Mayor and City Council for their leadership and guidance in balancing the city budget. I also want to thank city departments for diligently monitoring expenses and finding innovative ways to operate more efficiently. Finally, I want to thank all city employees for their continued dedication to delivering high quality services to the community.

David Cavazos  
City Manager

May 10, 2011







## Strategic Planning and Community Involvement

In late November 2010, the city of Phoenix began the process of updating the 1990 Phoenix Strategic Plan and mission statement for the city. The new Phoenix Strategic Plan will guide decision-making within the organization and focus the city's efforts on delivering core services that meet the city's new mission statement: "To improve the quality of life in Phoenix through efficient delivery of outstanding public services." The plan will be updated annually and also serve as an important role in communicating and setting the city's budget priorities.

The draft plan and mission statement were developed by a team of 50 people working in 10 study-area committees. The team consisted of city staff and members of the private sector. Each committee consisted of two "city champions," two "champions" from the public, and one staff assistant. The 10 study areas are: Economic Development and Education; Financial Excellence; Infrastructure; Innovation and Efficiency; Neighborhoods and Livability; Phoenix Team; Public Safety; Social Services Delivery; Sustainability; and Technology.

During the planning process, team members met with other city staff, researched existing public documents, and sought input from external partners. Each team's draft study-area goals were reviewed and revised through two Work Study sessions of the Phoenix City Council in late January and early February of this year.

During the month of April 2011, the City Manager's Office held 15 Strategic Plan outreach meetings as a part of the community budget hearing process. During these sessions, staff presented an overview of the draft plan and received public comment that will be incorporated into the final plan.

At least as important as the development of the Phoenix Strategic Plan are the necessary organizational systems changes that ensure the plan's integration into all aspects of the city's resource allocation processes. It is critical that the plan be the guiding framework within which the city progresses toward a common vision that reflects the priorities of the community, Mayor, City Council and city staff. Clearly, this begins with adapting the city's budget processes, however, it also will involve integration into the practices of Human Resources, Finance, Information Technology and other core central functions. Research is underway to analyze best practices for long and short term incorporation of the plan within the organization, and the city will solidify the changes needed to ensure successful implementation of the Strategic Plan.







# Phoenix Strategic Plan

## Mission Statement

“To improve the quality of life in Phoenix through efficient delivery of outstanding public service”

### About the Strategic Plan

To help guide decision-making at all levels of the organization, and to focus the city’s efforts on its core businesses, it is important that the city of Phoenix develop a strategic plan for the city. Throughout the budget cycle, a strategic plan proves beneficial in communicating and setting budget priorities. The priorities in the Phoenix Strategic Plan will assist in allocating limited resources. The plan will be updated annually as part of the budget cycle. The Phoenix Strategic Plan was coordinated by a team in the City Manager’s Office. For more information about the Strategic Plan, please visit [phoenix.gov/strategicplan](http://phoenix.gov/strategicplan) or send an email to [strategicplan@phoenix.gov](mailto:strategicplan@phoenix.gov).

### Economic Development and Education

A diverse, vibrant economy that provides economic opportunity for residents is essential to achieving the city’s aspirations for a high quality of life. Creating and preserving jobs and enhancing our revenue base are key objectives. Businesses, neighborhoods and individual residents benefit from the improved quality of life that the city’s economic development efforts create. The most important building block of a strong economy is an educated and productive workforce.

#### Priorities

**1. Create and retain high-quality jobs focusing on key domestic and international business sectors.**

To a great extent, the quality of life for Phoenix residents will be dependent on the number and quality of jobs created and retained that are convenient and appropriate for residents of the city of Phoenix.

#### Strategies

- a. Support the attraction of wealth-generating, emerging technology, manufacturing, producer service, renewable energy and bio-science employers to the city of Phoenix.
- b. Support the retention and expansion of key wealth-generating employers.
- c. Attract foreign direct investment from around the world.
- d. Further develop the creation of a film production industry as a key business sector.

**2. Foster an environment for entrepreneurial growth.**

Entrepreneurs make critical contributions to the economy, including the generation of new jobs. Energized, educated entrepreneurs create economic opportunity for others and enhance a culture of innovation.

#### Strategies

- a. Facilitate the retention and expansion of small- and medium-sized wealth-generating businesses, particularly businesses focused on innovation, technology, finance/business services, and bio-sciences.

- b. Participate in regional collaboration to enhance entrepreneurial opportunities.
- c. Support and grow diversity in Phoenix business ownership.
- d. Support initiatives that create and expand venture capital funds.

**3. Revitalize the urban areas of Phoenix.**

Thriving urban cores are critical to the economic health and well being of the entire metropolitan area. Strong urban centers enhance Phoenix’s image and should be reflective of the city’s collective social and economic aspirations as a region.

#### Strategies

- a. Support development of the downtown research and educational campuses.
- b. Promote residential and commercial infill compatible with neighborhoods.
- c. Promote adaptive reuse of existing structures.
- d. Enhance the city by redeveloping brownfields.
- e. Comprehensively revitalize targeted neighborhoods.
- f. Engage and collaborate in Discovery Triangle.

**4. Expand the city’s revenue base.** Sales taxes provide the largest source of local government funding. Phoenix needs to attract and retain a fair share of retail activity to sustain quality public services for residents.

#### Strategies

- a. Continue efforts to preserve and expand the city’s retail sales tax revenue base.
- b. Attract new auto and other vehicle dealerships and retain existing auto centers/corridors.
- c. Market the Phoenix Convention Center.
- d. Promote and market the region to the business and leisure traveler.
- e. Support professional/amateur/youth sports, film, entertainment and special events, which generate tourism revenue.
- f. Encourage the revitalization of existing retail centers and neighborhood retail businesses.





**5. *Develop and retain qualified talent to meet the needs of business and the community.*** A skilled workforce is essential for an economy to sustain and enhance its competitiveness. A workforce development strategy that allows employers to grow and residents to enhance their income is critical to maintaining a high quality of life for Phoenix residents.

#### **Strategies**

- a. Provide assistance to job seekers and employers by focusing on high skill, technology and other key occupation areas.
- b. Collaborate regionally with community colleges, universities and other providers to develop school and training curriculum to develop skill sets for targeted key business sectors.
- c. Strengthen the relationship between the public-sector workforce programs and the business community.
- d. Coordinate and enhance economic development efforts with the education community by promoting quality STEM models within the K-12 system, including math and science career pathway programs that provide real world context.
- e. Focus resources on enrichment and education programs through community centers and libraries.
- f. Promote access to information technology and provide Phoenix residents with instruction and access to available resources.

**6. *Promote early literacy and prepare young children for academic success.*** Early childhood development is critical in preparing youth for success in school and developing a foundation of knowledge, skills and life-long learning in families and the community.

#### **Strategies**

- a. Promote the increased funding of early childhood development, health and social service programs.
- b. Collaborate with community resources to ensure all children have access to preventative and continuous health care, including physical, oral, mental and nutritional health.

- c. Support families with the information and services they need to help their children achieve academic success.
- d. Partner with institutions of higher education to train well-qualified early childhood teachers and care providers.

**7. *Commit to achieving educational excellence for all Phoenix residents through sponsored facilities and programs.*** The future success of the region depends on ensuring that residents are prepared to meet the challenges of the 21st Century as educated, productive and engaged residents.

#### **Strategies**

- a. Partner with schools, after-school providers, neighborhood organizations, businesses and other stakeholders to maximize educational opportunities for Phoenix residents.
- b. Leverage educational resources at Phoenix public libraries, including access to information technology.
- c. Promote sports, experiential learning, arts and other recreation programming known to improve learning outcomes.
- d. Focus resources on quality youth engagement, enrichment and education programs through community centers, libraries and school-based, after-school programs during out-of-school hours, when children are most at risk.
- e. Increase access to, and success in, higher education through the College Depot.

## **Financial Excellence**

Financial excellence ensures the effective and efficient allocation of city resources for the delivery of quality services to residents. It creates trust and confidence that city resources are used appropriately. At the core of financial excellence is integrity and innovation. The Phoenix Financial Excellence strategic plan strives to maintain fiscally sound and sustainable financial plans and budgets that reflect community values and residents' priorities.

#### **Priorities**

**1. *Maintain high bond ratings.*** A bond rating is a measure of the credit quality of the city. Factors considered in a rating are the health of the local economy, stability and volatility of revenues, level of reserves for liquidity during unexpected financial conditions, as well as sound financial practices, policies and structures or systems that allow flexibility to address challenges. An entity that looks long term and has plans to address unexpected changes is positively considered. In essence a bond rating reflects an independent view of financial excellence. In addition, a higher bond rating will usually result in a lower borrowing cost.

#### **Strategies**

- a. Implement a plan to achieve a general fund budgetary fund balance of at least 5 percent of total expenditures within the next five years to provide the necessary liquidity to address revenue volatility and unexpected expenses.
- b. Develop a multi-year financial plan for the general fund that maintains long-term bond ratings.
- c. Develop and maintain financial policies that achieve high bond ratings.
- d. Maximize current revenues by taking steps to ensure collection of established taxes, rates, fees and fines.





**2. Develop capital and funding plans for critical infrastructure.** With the significant downturn in the state, local and national economy and the associated impact on revenues, the financial capacity to fund and finance additional capital projects has been significantly reduced. As a result, a focus on maintaining existing infrastructure must be balanced with the need for new infrastructure. This includes prioritizing the use of the remaining 2006 general obligation (GO) bond capacity and other resources and investigating alternative methods to finance priority capital needs.

**Strategies**

- a. Establish a five-year capital planning process that prioritizes the evaluation of existing facilities and infrastructure, for use of available funds and considers repair and/or replacement.
- b. Identify and evaluate alternative approaches to finance capital investments as part of the capital decision-making process.
- c. Prioritize the use of existing resources, for example remaining GO bond funds and pay-as-you-go (cash) funding, to address the highest priority needs.

**3. Provide accurate and reliable revenue and expenditure forecasting.**

To ensure available resources are allocated to the highest priority needs, accurate and reliable forecasts of both revenues and expenditures are needed. This requires access to the necessary resources and expertise to ensure all critical factors are considered in revenue forecasts and all factors that impact expenditures are considered and modeled. Accuracy of expenditure forecasts also requires discipline of all city departments to ensure expenditures are monitored and managed. Without accurate forecasts and management of expenditures, reserve levels may be tapped below critical levels and services may be unnecessarily reduced.

**Strategies**

- a. Establish a fiscally responsible revenue forecast based on external and internal inputs and consistent with best practices to efficiently allocate resources.
- b. Establish an expenditure forecast that aligns with the city's strategic priorities.
- c. Develop multi-year performance measures and benchmarks to monitor the effectiveness of financial operations.
- d. Develop multi-year forecasts that contemplate various economic scenarios that assist in the development of alternative planning strategies.
- e. Develop structures and incentives to encourage and reward managers and employees for maintaining discipline in managing expenditures.

**4. Maintain a transparent financial environment, free of fraud, waste and abuse.**

One of the most important aspects of financial excellence is the ability to assure the public, business community, investors and the rating agencies that systems and processes are in place to prevent fraud, waste and abuse of public funds. An important element of preventing fraud, waste and abuse, is regular financial reports that are easy to access, accurate and understandable. Financial excellence requires the implementation of quality financial systems, staff training, internal controls and regular internal and external audits to prevent fraud, waste and abuse.

**Strategies**

- a. Maintain comprehensive and continuous auditing of high-risk areas.
- b. Implement strong citywide policies and practices that promote ethical behavior.
- c. Provide accurate financial information on at least a quarterly basis that is easily accessible and understandable to internal and external audiences.
- d. Continue to ensure all steps are taken to receive financial excellence awards for budgeting and financial reporting from the Governmental and Financial Officers Association (GFOA) each year.
- e. Highlight financial successes and educate residents on the importance of high-quality credit ratings, e.g. AAA bond ratings.

**Infrastructure**

Infrastructure is the basic physical and organizational structure needed for the operation of a society or enterprise and the services and facilities necessary to function, such as roads, pedestrian and bicycle systems, water supply, sanitary and storm sewers, public transit, airports, railroads, public buildings and facilities, solid waste collection, power supply, and telecommunications.

**Priorities**

**1. Create and maintain intra-city transportation.** Provide safe, clean, efficient, sustainable, multi-modal surface transportation systems to support mobility needs of present and future residents, businesses, and visitors within the city of Phoenix.

**Strategies**

- a. Plan, design, construct, and operate new streets, pedestrian friendly sidewalks, bicycle lanes, hiking trails, bridges and drainage ways for new residential and commercial development to reduce congestion, improve air quality, reuse materials, leverage new technology, encourage infill development, create livable neighborhoods, and promote growth. Consider using modern street car and light rail as surface transportation modes to support and encourage new development.
- b. Maintain existing streets and associated assets in a state of good repair so they are clean, safe, and aesthetically pleasing for all users. Invest resources and technology to extend the service life of existing infrastructure, protect the city's investment, and support a high quality-of-life standard.
- c. Develop and maintain passenger and operating facilities for a multi-modal regional transit system. Utilize sound methodology and principles to locate facilities to meet ridership demands and bus operations. Implement a maintenance and improvement plan that adequately addresses the needs of federally funded assets. Continue to design and construct facilities that use sustainable design standards, are attractive, and provide an enhanced sense of security to encourage increased use of public transit.





- d. Procure and maintain assets required to operate the transit system. Coordinate with local agencies to ensure transit infrastructure will support transit operations. Analyze routes to ensure they will support ridership needs.
- e. Coordinate, permit, and document private utilities within city right-of-way and easement areas to minimize initial roadway disruptions, reduce future roadway cuts, maintain reasonable utility corridors for future growth, encourage future development, and minimize visual impact for residents and businesses. Improve reliability and accuracy of as-built documentation through new technology to increase safety and reduce utility locating and relocation costs.
- f. Plan, design, develop, and maintain a green infrastructure, such as interconnected trail systems that increase shade canopy coverage and promote pedestrian mobility, parks, preserves, tree and shade master plans and habitat restoration.

**2. Establish and enhance inter-city transportation.** Provide safe, efficient, sustainable, cost-effective multi-modal transportation systems to support economic growth, population growth, and competitiveness through connectivity to regional, national, and global destinations.

**Strategies**

- a. Participate in, or lead, planning efforts to maximize the effectiveness of future freeway construction alignments or expansions to the existing freeway system. Coordinate with partners on sustainable funding mechanisms to support present and future infrastructure improvements to the freeway system.
- b. Maintain local access to city owned and operated aviation facilities and expand the national and international destinations its airlines serve. Continue to improve and enhance or expand internal airport transportation systems.
- c. Coordinate with the appropriate agencies on expansion plans for increased freight corridors and participate in planning efforts to expand the heavy rail system to provide additional links to out-of-state destinations.

- d. Plan, design, develop, and maintain a regional multi-use trail system to connect Phoenix with adjacent cities or preserve areas to accommodate walkers, hikers, joggers, bicyclists and equestrians. Consider jointly-funded regional projects to enhance existing connections and to evaluate inter-city connections and future infrastructure needs.

**3. Develop and operate public utilities.**

Protect the public health and environment by providing reliable, efficient and affordable water, wastewater, storm water, and garbage and diversion (recycling, reducing, reusing) services.

**Strategies**

- a. Manage, develop, operate, and maintain infrastructure that is integrated, well-maintained, reliable, aesthetically pleasing and continuously improves the high-quality service delivery standards.
- b. Develop a financing plan for long-term sustainable infrastructure growth and replacement that implements an equitable fee structure and incentives for conservation.
- c. Use public/private partnerships for growth and economic development. Optimize regional partnerships to cooperatively utilize new and existing infrastructure to maximize collection efficiencies, implement new diversion and resource recovery technologies, minimize the need for future capital investment, reduce transportation demands and provide sustainable land reuse.
- d. Develop an asset management plan that identifies improvements needed to ensure reliability, regulatory compliance, operational efficiencies and resource recovery, while creating an integrated system that improves information access by sharing citywide and across departments.

**4. Construct and manage public facilities.** Provide safe, efficient, sustainable, cost-effective, well-maintained and aesthetically pleasing public facilities for delivery of municipal services to residents and visitors; build, maintain and manage capital assets to preserve long-term investment and ensure uninterrupted support services.

**Strategies**

- a. Apply benchmarking and other industry comparison techniques in order to manage costs and maintain industry-leading service levels.
- b. Communicate the value of Capital Asset Management and establish a dedicated funding source for city infrastructure repair and capital improvements.
- c. Plan, construct, and maintain park buildings, trails systems, open spaces, picnic areas and ramadas, pools, playgrounds, lighted basketball, volleyball, soccer and softball facilities, restrooms, and golf courses that meet the diverse recreational and cultural needs of the city's residents and visitors. Continue investment to maintain appearance and safety of existing facilities which could result in greater use.







## Innovation and Efficiency

The city of Phoenix must further enhance its commitment to developing new and creative service delivery methods to provide services to residents. The recent economic climate challenges the city to do more with less, while maintaining high-quality public services. The city must also remain dedicated to developing and seeking continuous improvements in business processes, and maintaining a culture of innovation and efficiency. The recent efforts of the city manager in creating the Innovation and Efficiency Task Force have helped set the stage as the city formalizes its approach.

### Priorities

**1. Infuse a mindset focused on innovation and efficiency into the city of Phoenix organizational culture.** An “innovation and efficiency” way of thinking must become a much more prevalent part of the organization’s core value system and be integrated into the way every day business is conducted. Executives, managers, supervisors and frontline staff must embrace an attitude that questions existing business processes and practices throughout the organization, with the goal of fostering innovation through the creation and implementation of new ideas.

### Strategies

- a. Develop a communication plan for executive and middle managers to create an innovation and efficiency movement through all levels of staff.
- b. Empower supervisory staff to encourage and reward the creation of innovative ideas as a dominant model within the organization.
- c. Build innovation and efficiency core values and skills sets into staff management practices, including recruitment, selection, orientation, development, mentorship, performance measurement and compensation systems.
- d. Cultivate and reward a philosophy of innovation through exploratory thinking among all employees.

**2. Establish and support city programs and mechanisms focused on developing and implementing tangible innovations throughout the organization.** The city’s innovation and efficiency efforts must be driven from the top to all levels, be results oriented, and demonstrate investment of available means. A proven approach involves assignment of resources dedicated to producing substantial innovative changes that enhance customer service, increase productivity, reduce costs, and engage employees.

### Strategies

- a. Assign an executive sponsor from the City Manager’s Office with the authority, responsibility and resources to provide strategic direction, guidance and support for innovation and efficiency objectives.
- b. Recruit, select and assign a creative and diverse Innovation Team of multi-departmental staff with wide-ranging skills and experience representing the city’s business units, which explores creative solutions, evaluates business processes, identifies improvements and investigates right sourcing opportunities.
- c. Utilize technology and a standard business process evaluation approach to achieve optimal efficiency and streamlined systems in providing top quality services.
- d. Invest resources necessary to carry out innovation and efficiency strategies and objectives.

**3. Work continually toward elimination of barriers to innovation and efficiency.** Several obstacles can stand in the way of creating an environment of innovation and pathways to efficiency. The organization must seek to identify these real or perceived hindrances and when appropriate, actively remove or facilitate working through them.

### Strategies

- a. To lessen the “business silo” effect, provide incentives for department directors, managers and staff to collaborate, consolidate, streamline and adapt processes or functions that overlap or cross formal organizational structures.

- b. Identify unneeded requirements or obsolete expectations that unnecessarily slow down business processes and work to eliminate them.

**4. Engage the Phoenix community in the city’s innovation and efficiency methodologies to facilitate citizen involvement, input, and awareness.**

Involvement by Phoenix residents in the accomplishment of the city’s innovation and efficiency goals will boost the meaningfulness and connectedness of the achievements to the community. It is important for the city to enhance public awareness about innovation and efficiency achievements and make strong efforts to request relevant input.

### Strategies

- a. Celebrate innovation and efficiency efforts and accomplishments on a citywide scale.
- b. Actively inform customers of innovation and efficiency efforts through available public communication methods and media.
- c. Continue to reach out to the community through the Mayor and City Council, Boards and Commissions, neighborhood associations and other stakeholders to engage the community and invite participation and input.
- d. Create an environment that actively celebrates and informs employees of innovation and efficiency efforts throughout the organization.





## Neighborhoods and Livability

To preserve healthy, vibrant, diverse and safe neighborhoods that enhance the quality of life for all Phoenix residents through neighborhood vitality, by providing a range of housing opportunities and choices, supporting quality parks and open space, and enriching its populace with a strong art and culture infrastructure, and an accessible and quality library system.

### Priorities

**1. Support neighborhood vitality through strong partnerships, collaborations and by leveraging resources.** In order to preserve healthy, vibrant, diverse and safe neighborhoods, the city must support neighborhood self-reliance and enhance the quality of life for all residents through community-based problem solving, neighborhood-oriented services and public/private cooperation.

### Strategies

- a. Encourage and continue to enforce compliance with city ordinances to prevent blight, address graffiti, illegal activities (dumping, signage and businesses) and deterioration in order to ensure a quality community.
- b. Strengthen the capacity of neighborhood organizations, volunteers, businesses, nonprofit and faith based organizations to assist in addressing neighborhood issues effectively in partnership with the city to make Phoenix an attractive place to live and work.
- c. Focus revitalization efforts in a manner that maximizes private and public resources to the greatest extent possible.
- d. Enhance the physical and economic environment of principally low- to moderate-income neighborhoods citywide, including continued strategic revitalization through the various programs and services supported and funded through federal, local and private resources.
- e. Ensure that new development in or adjacent to neighborhoods is compatible and promotes adaptive reuse of vacant and underutilized buildings and structures.

f. Promote aggressive and appropriate neighborhood infill development to improve Phoenix neighborhoods, reduce decay and take advantage of opportunities to maintain healthy communities.

**2. Provide a diverse range of housing opportunities and choices to Phoenix residents.** Promoting diversified housing opportunities enriches the quality of life for all Phoenix residents, including low- to moderate-income families, seniors, persons with disabilities and the homeless. Providing a range of housing opportunities allows the city to continue to preserve healthy, vibrant, diverse and safe neighborhoods.

### Strategies

- a. Support strong housing development by designing all housing units, subdivisions and site plans in a quality manner to promote health, safety, functionality, attractiveness and sustainability.
- b. Increase homeownership opportunities to help stabilize neighborhoods.
- c. Promote and increase the availability of decent, safe and affordable housing and expand the supply of assisted housing choices.
- d. Encourage the development of special needs housing and supportive services for persons with disabilities, seniors, homeless and those with special needs. Work with for-profit and nonprofit organizations to promote and participate in a regional continuum of care system that will effectively transition persons who are homeless to appropriate permanent housing.
- e. Provide quality, affordable rental housing opportunities through the acquisition and rehabilitation of existing properties and construction of new rental units that focus on undergoing revitalization, receiving rehabilitation (federal and/or grant funding) benefiting low- and moderate-income households in collaboration with external partners.
- f. Support and ensure equal opportunity and fair housing by prohibiting unlawful discrimination in housing by addressing and reducing impediments.

**3. Ensure Phoenix residents have quality parks and open space.**

Partner with the community to provide a parks and recreation system that meets the needs of Phoenix residents and visitors that is convenient, accessible, and diverse in programs, locations and facilities.

### Strategies

- a. Support healthy communities by providing clean, safe and accessible parks and recreational facilities that meet the needs of Phoenix neighborhoods and incorporate sustainable design standards with available resources.
- b. Support diverse and accessible educational and life enrichment activities that embrace art, dance, music, culture, fitness, nutrition, sports and out-of-school time as a foundation for recreational activities offered at parks and park facilities.
- c. Create a network of shared-use trails and pathways that are safe, convenient and connected within and between preserves and parks.
- d. Protect natural and open spaces, such as mountain and desert preserves, in order to preserve the environment and provide recreational opportunities for Phoenix residents and visitors.

**4. Promote a strong arts and culture infrastructure.** Continue to partner with the community to provide strong arts and culture facilities and programs to create a more beautiful and vibrant city which contributes to a better quality of life.

### Strategies

- a. Enrich and infuse arts and culture into all aspects of Phoenix's life by integrating arts and culture into neighborhoods citywide and public art into planning and development of Phoenix's infrastructure.
- b. Generate public and private support and resources to strengthen, expand and stabilize funding for the arts.

**5. Provide accessible and quality library systems to Phoenix residents.**

Partner with the community to provide a Library system that meets the needs of residents and visitors and is accessible, convenient, and diverse in locations, programs and facilities.





### Strategies

- a. Develop and maintain a system of public libraries with sufficient technology, materials, hours and staff to meet each community's needs.
- b. Design, build and maintain signature facilities that are accessible to all residents.
- c. Continue an aggressive plan of library development, expanding and/or renovating existing facilities and building new ones to meet residents' needs.
- d. Enhance library technology to provide greater access to the internet and electronic resources for library users.

### Phoenix Team

As the organization becomes leaner and continues to face increasing pressures for improved results, it becomes even more critical for a heightened connection between employees and their work, their organization, and the people they work for and with. Methods for motivating employees must be updated to keep employees engaged and retained within the organization. Additionally, traditional means of communication may no longer be adequate to convey critical information to both employees and the public.

### Priorities

**1. Establish pay and benefits and a workplace culture that attracts, retains and motivates a highly qualified workforce.** Given the current state of the economy, the community has expressed interest in the current salary, benefits and overall compensation packages for government employees.

### Strategies

- a. Conduct a study of current industry and professional pay levels and compensation practices by benchmarking other organizations.
- b. Analyze and evaluate merit pay and pay-for-performance options.
- c. Develop updated compensation policies and guiding principles.
- d. Explore alternate pay and benefit options for part-time or for a nontraditional workforce.
- e. Actively seek out a diverse and talented pool of candidates who possess the values and skills consistent with organizational goals.

**2. Provide a workplace culture that supports the health, productivity and efficiency of employees.** The city of Phoenix understands that organizational success depends on a healthy, productive and efficient workplace and workforce. Employees also recognize that they can improve their lives by taking charge of their own health and making greater use of technology to ease ever increasing work demands.

### Strategies

- a. Analyze and evaluate employee and retiree health care benefit options.
- b. Create citywide programs focusing on increasing employees' capacity to manage their own wellness and health care.
- c. Explore technology uses for greater access to current credible data to make informed decisions and improve work responsiveness.
- d. Evaluate civil service system provisions and explore options.

**3. Establish communications plans to engage and inform employees and the community.** The city's recent budget challenges have made evident the necessity of providing clear, timely and accurate information to employees and the public to garner continued support for and achievement of organizational goals and continued quality services.

### Strategies

- a. Develop and implement comprehensive internal communications to increase understanding and connection to city of Phoenix goals and values among employees at all levels of the organization.
- b. Promote more interdepartmental communication to increase consistency of messages, ensure faster decision making, empowerment, effectiveness and accountability.
- c. Create an alliance of understanding between employees and the public, through a variety of media formats, to accurately demonstrate and communicate the city's efforts in running a world-class operation.
- d. Use new technologies, such as Facebook, Twitter and other social media, to reach employees and the public.
- e. Develop opportunities to "showcase" improvements, accomplishments and quality programs provided by employees that benefit the community.





**4. Create development opportunities that enhance the city's standing as a high-performing organization.**

The city continues to reduce unnecessary hierarchy to improve efficiencies and speed communication and decision making. This has resulted in a flatter organization, increases in span of control, and consequently fewer promotional opportunities. Further, an increasing number of employees are leaving the city as they reach retirement eligibility. As a result, it becomes even more critical to manage and coordinate the available human resources effectively to provide leadership and ongoing quality services to the community.

**Strategies**

- a. Analyze and develop a reward and recognition program that supports the organization's goal to attract and retain top talent.
- b. Coordinate efforts on the department level to cultivate skilled employees and leaders within the organization.
- c. Establish methods for capturing organizational knowledge and expertise through workforce planning efforts.
- d. Increase professional development and training opportunities that reflect the key values of the organization.

**5. Mobilize and leverage community partnerships and volunteer programs to enhance programs and services.**

The city continues to make difficult choices regarding programs and services to our customers in light of revenue stream uncertainty. Additionally, the community has expressed interest in assisting the city in continuing to provide quality services to residents in a variety of areas.

**Strategies**

- a. Coordinate a citywide program that increases exposure to volunteer opportunities throughout the city of Phoenix.
- b. Use technology to reach, match and record volunteers to city needs.
- c. Identify and engage with community and corporate partners to develop quality programs and services.
- d. Explore and capitalize on opportunities to work with other governmental entities to pool resources and share information.

**Public Safety**

The city of Phoenix is committed to a high level of public safety and working in partnership with the community to maintain a safe and secure city. The Public Safety Study Area includes members of and services provided by the Police Department, Fire Department, Municipal Court, Prosecutor's Office and Office of Emergency Management. Working together, these departments strive to provide Phoenix with an environment of safety and security.

**Priorities**

**1. Prevent crimes and accidents by enhancing community awareness of public safety systems and partnering with other crime prevention programs.**

The city provides the community with information about a variety of public safety issues including crime and accident prevention, information on the operation of the judicial system, and education on police and fire department services.

**Strategies**

- a. Provide information and education to all Phoenix residents and visitors about actions that can be taken to keep themselves and their families safe.
- b. Provide residents and visitors with information about how public safety agencies deliver service to the community, and how the judicial system operates.
- c. Educate communities in traffic safety and the prevention of crime and accidents in the home and workplace.
- d. Partner with other city departments, such as Parks and Recreation, Library, and Human Services, and other agencies, to proactively address crime prevention.

**2. Provide public safety workers with the tools necessary to professionally meet city and regional public safety needs.**

Ensure that public safety workers have the training, education, equipment, facilities and other resources needed to provide a high level of service to the community.





### Strategies

- a. Provide appropriate training, continuing education and professional development to emergency and non-emergency public safety service providers to be able to better serve their customers.
- b. Provide appropriate management and planning support for public safety service providers.
- c. Support public safety responders with programs and procedures that promote and support their safety and well-being.
- d. Provide necessary resources including personnel, equipment, vehicles and facilities for public safety service providers.
- e. Provide volunteer opportunities for community members.

### 3. **Ensure timely and appropriate response.**

The city of Phoenix deploys public safety workers in a manner that provides a timely and appropriate response to emergencies. Response resources include those needed for routine incidents as well as the capacity to respond to and manage natural and human-caused incidents of regional significance.

### Strategies

- a. Deploy resources to respond to emergencies within acceptable timeframes.
- b. Support emergency response with appropriate investigation and prosecution activities.
- c. Provide equal access to justice, professional and impartial treatment, and the fair and timely resolution of all court matters.
- d. Provide sufficient resources to manage incidents of regional significance.
- e. Work in concert with other public safety, governmental and non-governmental agencies to eliminate duplication and provide quality service and seek opportunities to work cooperatively to improve customer service and efficiency.
- f. Ensure that after an incident, recovery of public and private resources occurs in the affected area(s).

### 4. **Provide strong customer service internally and externally.**

Every member of the community and every organization working in Phoenix is a public safety customer. Firefighters, police officers and officers of the court swear an oath to protect the people they serve. Every public safety worker should serve their customers with dignity and honor to develop mutual trust and respect.

### Strategies

- a. Embrace diversity and treat every customer with respect, compassion, equality, and fairness and work in a way that engenders community trust and support.
- b. Build relationships with communities that encourage collaboration, communication, trust and understanding.
- c. Provide customers with a venue to openly discuss issues of concern.
- d. Seek opportunities to work cooperatively with other jurisdictions and groups to improve the efficiency and effectiveness of customer service.
- e. Maintain relationships with other city of Phoenix departments to ensure that public safety is incorporated into the plans and goals of non public safety departments.

### 5. **Ensure fiscal responsibility in all public safety efforts.**

Public safety managers and public safety workers must be responsible stewards of the funds provided by the customers to support public safety efforts.

### Strategies

- a. Encourage, support, and value innovation, efficiency, and continuous improvement.
- b. Be open to discuss and implement change in service provision methods and change in the needs of the communities that we serve.
- c. Constantly seek ways to reduce the cost of public safety services while preserving or improving the quality of the service provided.
- d. Utilize resources and technology carefully and effectively.
- e. Pursue grant funding from all sources, as appropriate, to provide public safety services.

### Social Services Delivery

The city of Phoenix has a long history of responding to community needs and providing services to those most in need. Building upon this foundation, the city is committed to continue seeking innovative and effective methods for delivering social services. The city will serve as a catalyst to support a full continuum of high quality services for Phoenix residents.

Though the city of Phoenix has, and will continue to respond to specific social services needs directly where appropriate, the framework of this plan defines and coordinates the greater scope of needs and services required by Phoenix residents. By providing a clear vision and continued leadership, city services will be provided in tandem with other resources provided by community and faith-based organizations, as well as, other levels of government.

### Priorities

#### 1. **Strengthen the safety net of social services available to protect those who are most vulnerable or in crisis.**

The city of Phoenix will assure those most in need have access to basic needs such as shelter and food. The city will connect the homeless, working poor, elderly, disabled and victims of violent crimes to core services needed to stabilize their lives.

### Strategies

- a. Enhance the support and delivery systems of core services including shelter, utility assistance, housing and food to vulnerable populations.
- b. Expand access to city and non-profit programs providing essential services.
- c. Enhance the coordination of emergency programs to streamline client access to services.
- d. Increase the effectiveness of existing and new programs through the implementation of innovative service delivery models with increased emphasis on accountability and performance-based assessments.
- e. Continue advocacy for the city's "fair share" of national and state resources for programs serving emergency and at-risk populations.





**2. Enhance the quality of life for low-income or at-risk individuals and families.**

The city of Phoenix will empower all residents to live in safe, affordable housing and achieve economic self-sufficiency through access to social, employment and other economic resources needed to maximize their quality of life.

**Strategies**

- a. Promote linkages to job training and other employment and educational resources empowering low-income households to realize a livable wage.
- b. Enhance the community's capacity to provide at-risk populations, including the disabled, elderly and chronically homeless, with access to supportive services leading to greater self-sufficiency.
- c. Develop performance-based measures, such as a "Return on Investment" (ROI) to promote effective program management and responsible fiduciary stewardship of fiscal resources.
- d. Create safe and affordable housing opportunities for all Phoenix residents by strengthening programs and services that enhance opportunities for households to gain and/or retain housing meeting their economic, social and cultural needs.

**3. Build healthy, caring communities.**

The city of Phoenix will promote rich, diverse and innovative networks of public, community, and faith-based programs, services, and facilities to maximize the potential of every community. The city will serve as a resource and a catalyst in strengthening neighborhoods and building community capacity.

**Strategies**

- a. Engage the faith community by promoting awareness of social services issues and developing their ability to actively respond to these needs.
- b. Maximize the impact of the faith community's participation on the health and capacity of social services networks by leveraging their increased support through coordinated planning and strategic partnerships.
- c. Enhance and expand the formal and informal networks connecting the social services sector (non-profits, faith community, etc.) to individuals and families in high need neighborhoods.
- d. Develop new and innovative mechanisms to improve the alignment and efficiency of local and citywide social services resources to meet neighborhood needs.
- e. Strengthen communities by promoting a broad and diverse continuum of programs and services.

**Sustainability**

The city of Phoenix is committed to securing environmental and economic livability for future generations in the region, with an emphasis on solar energy production. Phoenix has long used sustainability as a guiding principle, believing that sustainable living is critical to ensuring that the actions we take today do not compromise the ability of future generations to meet their needs. Phoenix's sustainability motto, "Living Like it Matters!" reaffirms the sustainability creed that guides its current programs and future plans.

**Priorities**

- 1. **Accelerate renewable energy development.** The city has a long-standing commitment to resource conservation and continues to be an active participant in energy conservation, efficiency and environmental preservation. Pursuing renewable energy development guides the city towards energy independence.

**Strategies**

- a. Pursue utility scale solar development through emerging technology on the SR 85 Landfill property.
- b. Implement small or distributed scale solar projects on city-owned buildings and property.
- c. Proceed with gas-to-energy projects at landfills and treatment plants.
- d. Develop effective public-private partnerships to secure timely power purchase and solar service agreements.

**2. Enable opportunities for environmental stewardship.**

Environmental sustainability is best achieved by encouraging shared responsibilities, protecting natural systems, and promoting the efficient use of natural resources. It also is important to implement policies, programs and practices that have a far-reaching effect on the environment.





### Strategies

- a. Actively participate with the Maricopa Association of Governments (MAG) to attain and exceed federal air quality standards for the region.
- b. Create sound water management policy and ensure choices are available to engage residents in conservation efforts including water, solid waste, natural habitat and open space.
- c. Seek, evaluate and integrate emerging technologies and products including green building elements, environmental purchasing, energy management, alternative fuels, alternative surfacing materials and heat island reduction.
- d. Develop new methods to further reduce the tonnage of solid waste being hauled to landfills and increase recycling participation and diversion rates by residents.
- e. Continue attaining federal funds to pursue sustainability initiatives.
- f. Facilitate the development and expansion of local green businesses to achieve a stronger economy and job creation in the city.

### 3. *Enhance sustainable land use and mobility practices.*

The success in sustainable land use and mobility lies in adopting policies that encourage the use of green infrastructure and buildings, brownfield redevelopment, creating connectivity within road networks and ensuring connectivity between pedestrian, bike, transit and road facilities.

### Strategies

- a. Develop and implement voluntary programs and incentives for residents such as the Green Construction Code, Energize Phoenix and rooftop solar.
- b. Implement recommendations from the Tree and Shade Master Plan and develop integrated Pedestrian, Bicycle and Transit plans.
- c. Utilize the Capital Improvement Program to achieve sustainability priorities.
- d. Promote mixed land use to achieve complete communities and encourage infill development.

### 4. *Foster collaboration and communication.*

Empowering employees at all levels through collaborative workgroups will galvanize them to realize the city's sustainability goals. They in turn become an example of the city's efforts and progress to the community they serve. Communicating and celebrating the city's accomplishments is essential to motivating employees, customers, stakeholders and the public in achieving sustainability goals.

### Strategies

- a. Strengthen and support the city's Sustainability Task Force efforts through a renewed organizational commitment and public/private partnership networking.
- b. Provide a mechanism to formally coordinate public information and education programs offered by the city and its partners regarding sustainability.
- c. Develop media campaigns, utilizing multiple channels to increase internal and external messaging on organization sustainability programs and accomplishments.
- d. Engage city of Phoenix employees by fostering a culture of sustainability.

### Technology

Information technology is a vital part of a vibrant city government. Information technology, utilized appropriately, enables enhanced services to the community, increases efficiency of operations, delivers useful information and supports innovation. The Phoenix Strategic Plan's Technology Area leverages technology to drive key actions that fundamentally enhance the way Phoenix connects to information.

### Priorities

- 1. *Provide seamless customer service.* A seamless customer experience is achieved when a customer interacts with both internal and external city service providers without experiencing service interruptions during the service delivery process.

### Strategies

- a. Use technology to provide a consistent customer experience, based on standardized service processes applied to all forms of customer interaction.
- b. Enhance phoenix.gov as a single "front door" for residents and businesses by offering web-based government services.
- c. Adopt and expand the concept of technology service catalogs and hardware/software services that assist internal and external customers with finding technical solutions to business problems.
- d. Support the concept of a single "3-1-1" contact center through which telephone and web inquiries can be funneled to provide efficient and timely customer support and case management tracking.

### 2. *Increase operational efficiency through constant innovation.*

Constant product and service innovation nurtures ideas and focuses on customer satisfaction, combines process and technology to enhance productivity and value, drives down operational costs and supports other city strategies.





### **Strategies**

- a. Support and drive innovations that leverage technology and business solutions citywide.
- b. Focus on organization-wide applications, using right-sourcing and managed services where appropriate.
- c. Partner with city departments to conserve and redeploy resources while providing services supporting multiple city lines of business.
- d. Encourage development and use of computer-based business analysis processes and tools to more efficiently manage business data as well as help identify trends and innovations that impact customer service delivery.

### **3. Turn data into information through a web-enabled city.**

When business data is stored in easily accessible, organization-wide repositories, the city can create opportunities to use this data to make better decisions. Internet-based information delivery and collection efforts empower the community to interact with and receive city services 24 hours a day, giving them the opportunity to conduct their business online versus waiting in line.

### **Strategies**

- a. Investigate strategies to assist internal and external customers with access to data and web-based services at outlying city facilities.
- b. Identify common transactions and customer services within departmental business processes that can reasonably be developed into web-enabled services.
- c. Modify and implement online systems that utilize reengineered business processes for departments and the community.
- d. Create a technology foundation to support web-enabled government services.

### **4. Create a shared common**

**infrastructure.** Consolidating technological infrastructure around common IT components allows improved investments on behalf of the entire city. Strategic use of technology will result in tangible cost savings and results in the efficient and effective allocation of resources.

### **Strategies**

- a. Establish citywide business standards and measurement criteria that support consistency in IT project management, project completion and realized benefits.
- b. Enhance IT standards and requirements that will govern information system design, development and operation across all city departments.
- c. Consolidate technologies where practical to take advantage of savings achieved through economies of scale.
- d. Secure software and hardware savings through volume purchasing and installation, and reduced maintenance costs.

### **5. Enhance information security and privacy.**

In today's business environment, information security and privacy form the foundation of technology projects. The city should create a comprehensive program to protect data and technology infrastructures, secure systems and assets, mitigate threats, and provide a mechanism for business continuity in emergencies.

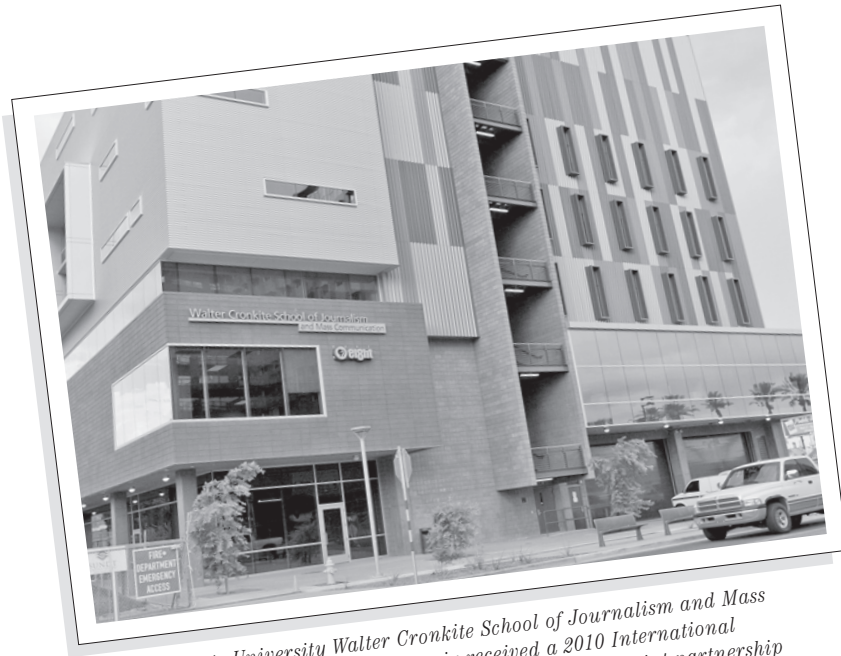
### **Strategies**

- a. Establish the organizational framework to develop and implement a comprehensive security and privacy program.
- b. Educate employees and residents about the importance of information security and about safeguards to protect confidential data.
- c. Collaborate with city security authorities to ensure a unified security and privacy framework.
- d. Investigate strategies to insulate the city's technology infrastructure from threats to information security and privacy by adopting and implementing industry-standard continuity of operations concepts.









*Arizona State University Walter Cronkite School of Journalism and Mass Communication in downtown Phoenix received a 2010 International Architecture Award. The Cronkite School was built as a joint partnership between ASU and Phoenix.*





## Our Commitment To Excellence

The city of Phoenix continues its pursuit of excellence throughout the organization. Delivering quality, efficient, and cost-effective services to Phoenix residents is the cornerstone of the organization's commitment to public service. Because of the lengthy economic recession, city employees have worked hard as individuals and on teams to deliver quality customer service with fewer resources. Nothing illustrates this point better than the innovative partnerships we have formed with community members to ensure that the city uses its resources wisely. As a result, we've received positive feedback from the 2010 Community Attitude Survey.

Because the economic recession has continued to negatively impact city revenue growth, the organization has been challenged with spending less and creating a smaller, more efficient government. Assistance and feedback from the community was encouraged, and as a result, two committees were established. The city manager created the Innovation and Efficiency Task Force, which consists of city of Phoenix executive management and volunteer community leaders. Also, the Mayor created the City Council Finance, Efficiency and Innovation Subcommittee. Together these committees helped develop strategies that have saved the city more than \$25 million in 2010-11, and will save more than \$125 million over the next five years.

According to the 2010 Community Attitude Survey, more than 95 percent of Phoenix residents indicated they were treated professionally and courteously by city employees, the highest ever for this measure. This occurred despite having the smallest workforce in nearly 40 years due to budget reductions and efficiencies. City employees are proud to be among the very best and they serve the community with pride.

In addition to the community's recognition of a job well done, the city and its employees are continually recognized by a variety of professional organizations for its longstanding commitment to excellence. The following is a list of just a few of the awards and recognitions received by the city during the course of this fiscal year:

- The Finance Department received a distinguished Certificate of Achievement for its 2009 Comprehensive Annual Financial Report (CAFR) from the Government Finance Officers Association of the United States and Canada (GFOA). The city has earned the award continuously since 1976.
- The city of Phoenix received the International City/County Management Association (ICMA) Certificate of Excellence for Performance Measurement for its commitment to continuous learning and improvement based on a criterion of effective, results-oriented management practices. Phoenix was one of 21 jurisdictions receiving such an honor this year. The ICMA is an organization that advances professional local government and supports nearly 9,000 city, town and county organizations and individuals worldwide.
- The Nina Mason Pulliam Rio Salado Audubon Center, a Parks and Recreation Department facility, received top honors – the President's Award – in the Annual Valley Forward Environmental Excellence Award Program. Other city projects received Crescordia awards, including the Tres Rios Constructed Wetlands, Phoenix Sonoran Preserve, Papago Regional Master Plan, the Zanjero's Line art project, Paradise Village Solar Demonstration Project, McCarty on Monroe, Little Canyon Trail, Phoenix Tree and the Shade Master Plan. The Valley Forward Excellence Awards are Arizona's oldest and most prestigious awards competition focusing on environmental initiatives.
- The Parks and Recreation Department's Bret Tarver Learning Center received the 2010 Outstanding Facility Award from the Arizona Parks and Recreation Association (APRA). The facility was recognized for excellence in the field of parks, recreation, cultural and community services. The center is named after Phoenix firefighter Bret Tarver, who lost his life in March 2001 while fighting a fire at the Southwest Supermarket that was formerly on the site.
- The European Centre for Architecture Art Design and Urban Studies named the Arizona State University Walter Cronkite School of Journalism and Mass Communication in downtown Phoenix as one of the recipients of the 2010 International Architecture Awards. The award recognizes the most significant new architecture designed and built worldwide. The Cronkite School was built as a joint partnership with the city of Phoenix.
- The Sunshine Review, a non-profit organization dedicated to promoting state and local government transparency, presented the city with the 2011 Sunny Award. The city was recognized for its commitment to exceed transparency standards and for the information provided to residents on the phoenix.gov website. This is the second year in a row the city has received this award.





### The Community Contributes to Our Success

Volunteers also “make Phoenix better” and in 2011, a volunteer coordinator was hired in the city manager’s office to oversee the important roles that many residents serve as volunteers with city programs, boards, commissions, task forces and committees. The volunteer coordinator will expand volunteer opportunities, increase volunteer numbers, track citywide volunteer efforts and volunteer recognition, as volunteers are an integral component to the operation of city services and assist city employees, especially during these economic times.

Over the next year, the city manager’s major focus will be working with the Mayor, City Council and the community to carryout the updated strategic plan for the city and to implement Phase II of the Innovation and Efficiency Task Force. The strategic plan is discussed in greater detail in the strategic plan section of this document. Phase II of the Innovation and Efficiency Task Force will focus on seven key areas including communications; compensation and benefits; customer service; fines and fees; process improvement and technology; regulatory review; and right sourcing.

### We are committed to Making Phoenix Better

The city’s Vision and Values statements continue to serve as a common source of motivation for city of Phoenix employees to do all that they can to make Phoenix better.

- We are dedicated to serving our customers
- We value and respect diversity
- We work as a team
- We each do all we can
- We learn, change and improve
- We focus on results
- We work with integrity
- We make Phoenix better!

Not only do city of Phoenix employees follow these guiding principles in their work, they show they care about the community they serve by contributing financially to the Valley of the Sun United Way through the City of Phoenix Community Service Fund Drive. This year, employees exceeded their goal by contributing more than \$1.2 million to United Way agencies during the “Building our Community with Unity” campaign.

City of Phoenix employee organizations and departments coordinate various other fund raising events to assist communities in need both locally and globally. In addition, city employees volunteer countless hours in the community with many organizations serving a wide range of causes.



*Resident volunteers working with the Neighborhood Services Department’s code enforcement program are some of the volunteers that work to “make Phoenix better.”*





Following are a few additional examples of how city employees have demonstrated their commitment to the city's Vision and Values by going above and beyond to improve the quality of life for Phoenix residents.

- The National Association of Housing and Redevelopment Officials (NAHRO) selected the Housing Department as the recipient of the 2010 Award of Excellence. The award was presented for the McCarty on Monroe senior housing development. The department is one of 23 programs nationwide to receive the 2010 award, which recognizes outstanding innovation and achievement in housing and community development programs throughout the country.
- The National League of Cities presented the Library Department with the 2010 Award for Municipal Excellence. The award was presented for College Depot, a college access center that has served more than 5,000 youth and their families, providing workshops and one-on-one assistance with college planning, financial aid, career exploration, college applications and more.

- The Phoenix Sky Harbor International Airport's Navigator Volunteer Program received the State of Arizona Spirit of Service Award at the 30th Annual Governor's Conference on Tourism. The award is presented to the non-management tourism employee or volunteer (individual or group) who best exemplifies the Arizona tourism industry's commitment to exceptional customer service.
- The Arizona Supreme Court Judicial Staff Education Committee (JSEC) presented Phoenix Municipal Court Judge Louis Frank Dominguez with a Trainer Excellence Award. Judge Dominguez was recognized by JSEC for his volunteer work and for demonstrating dedication and commitment to excellence in promoting and continuing judicial education in Arizona.

- Lifeguards James Campbell, Rachel Rodia, Alicia King, Elisa King and Charles Woodruff of the Parks Department's Aquatic Division took honors at the American Red Cross 30th Annual Lifeguard Challenge. Staff won honors in the Top Overall Team, Coed Submerged Object Recovery, Coed Active Victim Rescue and Coed Rescue Tube Relay categories. The event showcases the commitment, dedication and pride staff takes in representing the city.



*Phoenix Sky Harbor International Airport's Navigator Volunteer Program was recognized with a "Spirit of Service" award for their commitment to exceptional customer service.*





### City of Phoenix Excellence Awards

Each year, the city honors its employees and teams for excellence. Their efforts help to make Phoenix a more livable city.

- Donnie Herold, a park ranger II in the Parks and Recreation Department Natural Resources Division, demonstrated his dedication to the Desert Awareness Program and his commitment to excellence was recognized for innovative and useful new ideas related to trails and educational programs for the public. Herold designed a unique trail marker for Phoenix Mountain Parks and Preserves, revegetated and revitalized an area near the Dreamy Draw parking lot to create an accessible bird sanctuary that attracts native species of the Sonoran Desert and created an educational display of Phoenix Parks and Preserves flora and fauna to encourage respect for nature from participants by heeding the Phoenix Parks and Mountain Preserve “Stay on the Trail” motto. Herold is a mentor and great resource to other park rangers, as the division reinvents and sculpts the Park Ranger Program.

- Phoenix Police Department Sgt. Troy Hillman, under the supervision of Lt. Joe Knott, and the Cold Case Homicide Project team of seven detectives (M. Armistead, B. Giesemann, T. Kamp, M. Ramirez, J. Rosenthal, W. Schira and W. Stuebe) worked to solve 11 open homicide cases. Hillman guided the team through the many trying experiences related to investigating cold case murders and his team of investigators had positive attitudes and proven skills to investigate complex cases. Utilizing an innovative and strategic approach to evaluating murders for solvability, and then utilizing skilled follow-up to resolve each unique case, Cold Case Team members brought closure to murders that remained unsolved for as long as 29 years. Hillman's leadership, organizational skills and compelling drive led this team to greater success than imagined possible. In fact, work done here also helped drive the homicide clearance rate in Phoenix to heights not seen in decades.



*Donnie Herold earned an Employee Excellence Award for his dedication to the Desert Awareness Program and for his innovative trail and educational ideas.*





### Employee Suggestion Awards

The Employee Suggestion Program (ESP), which began in the mid-1950s, has saved millions of dollars through direct cost savings and other productivity and cost-avoidance improvements. Employees can make improvement suggestions for any city operation, not just for their own department. Some examples of employee suggestions implemented in the 2010-11 fiscal year:

- Many of the city of Phoenix's park facilities have barbecue grills for patrons to enjoy. Over time, these grills deteriorate from rust damage due to exposure to outdoor elements. Joseph Mendez, a building maintenance worker with the Parks Department, discovered that in most cases, it was only the bottom of the grills that were rusting out. Mendez developed a method to fabricate steel mesh reinforcement and refurbish the grills at a lower cost than replacing them. Mr. Mendez's suggestion to refurbish the grills has been implemented so far on 21 grills, for a cost savings of \$6,365, and is expected to be utilized citywide for even greater savings.
- Kerr Henley, a solid waste equipment operator in the Public Works Department, suggested enhancing a heavy-duty semi-truck/trailer combination with a system that lifts recyclable material barrels, deposits the contents and packs the materials into the trailer. The enhancement enabled additional recyclable material to be packed into the trailer making it more cost effective and reduced the amount of material that often fell to the street. This change also reduced the likelihood of injury to equipment operators who often needed to climb onto the trailer body to unclog the packing system or remove loose or spilled material.



*Cristina Wilfong, an environmental quality specialist in the Public Works Department, suggested recycling propane gas cylinders, saving the city nearly \$2,500 each year.*





- Kelly Bucey in the Public Works Department realized that an energy savings could be achieved by turning off the lighting that illuminates vending machines in city facilities. Most of the vending machines are illuminated with fluorescent lighting, but many are in plenty of light and could be disconnected. The estimated savings by implementing this idea was \$5,200 per year.
- Robert Martinez, a solid waste foreman in the Public Works Department realized that several city landfills were in need of “house-cleaning.” Martinez began collecting all the scrap metal material from the various yards and compiled a “bid” process for the sale of the recyclable materials collected to a local metal recycler. Through his ingenuity, Martinez was able to obtain the highest cost per ton for the materials, generating one-time revenue to the city of more than \$25,000.
- The city's 91st Avenue Waste Water Treatment Plant must analyze three separate water samples with different parameters for quality control. Roger Vail, a senior water quality inspector in the Water Services Department, suggested combining the three samples into one sample, with group parameters, which would yield the same results. After obtaining the necessary approvals, this suggestion was implemented and saved the city nearly \$100,000 in the first year of implementation.
- The city offers free household hazardous waste disposal events each month. Residents may drop off items such as antifreeze, car batteries, pool chemicals, and propane gas cylinders. Cristina Wilfong, an environmental quality specialist in the Public Works Solid Waste Division, suggested recycling propane gas cylinders through a local vendor that provides tank recycling services at no charge. Her idea will save the city nearly \$2,500 each year.

As you can see, we work very hard to earn our reputation as a well-run city. We strive to be leaders in our professions. Each day the core values of our organization – what we call our “Vision and Values” – are at the root of everything we do.



*Joseph Mendez, a building maintenance worker with the Parks Department, developed a method to reinforce and refurbish damaged barbecue grills at a lower cost than replacing them.*

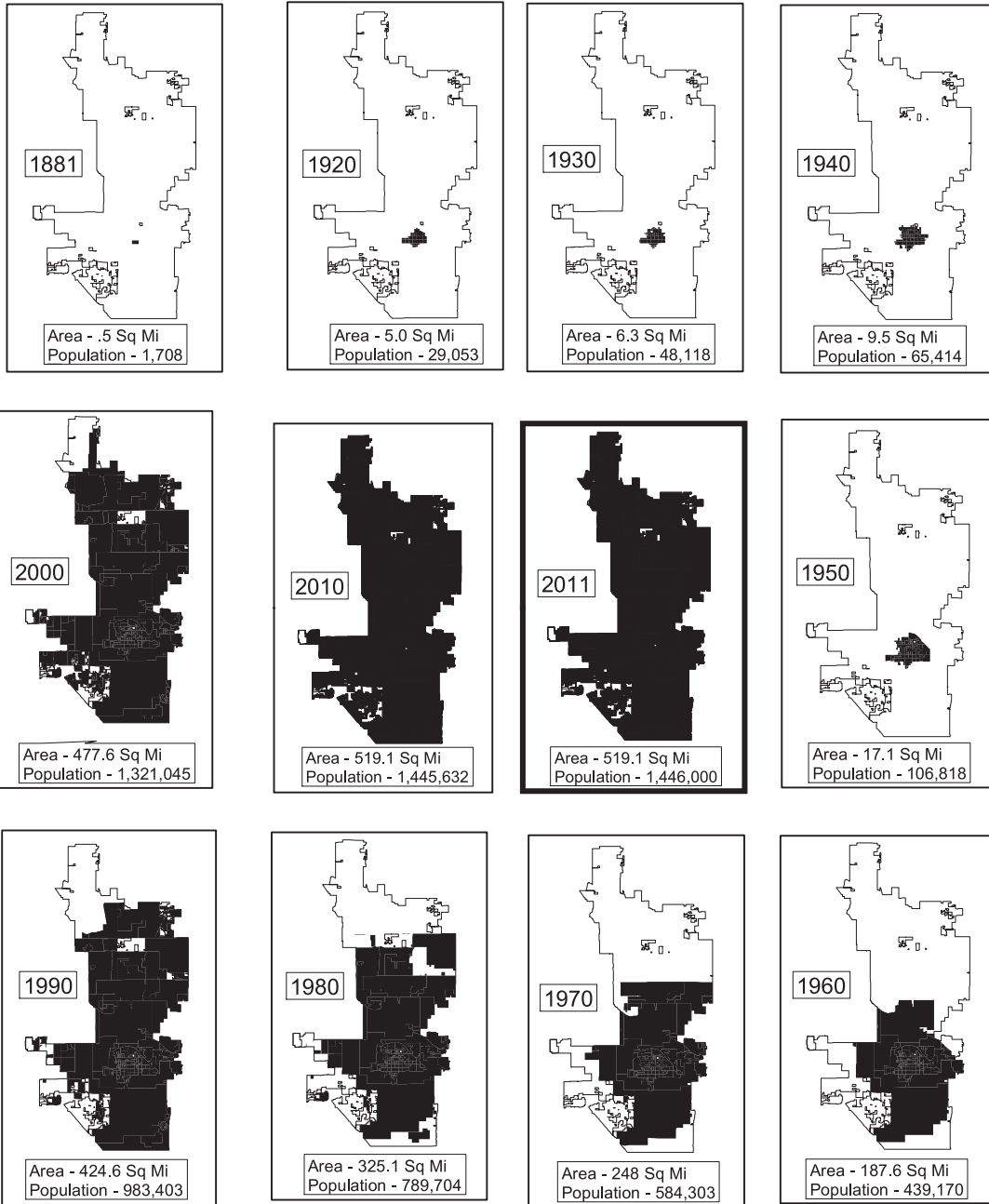








# PHOENIX GROWTH



SOURCE: US Census Bureau.  
"1880 through 2010 Census Data."  
Washington D.C.

Planning and Development  
Department  
May, 2011





## Community Profile and Trends

**P**hoenix was founded in 1870 as an agricultural community and was incorporated as a city in 1881. The City Charter, under which it is presently governed, was adopted in 1913 and has been amended by Phoenix voters from time to time since then. The charter allows Phoenix to determine its governmental structure and levy revenue and privilege license taxes. A council-manager form of government was also adopted in 1913. Under this organizational structure, the Mayor and Council appoint a city manager to act as the chief operating officer. The City Council sets policy direction, and the city manager is responsible for implementing those policies in an efficient and effective manner. In 1982, a group of residents initiated an effort to move to a district system for electing council members. These residents were concerned that at-large elections resulted in an organization that was less responsive to neighborhoods. The initiative was passed by the voters of Phoenix, and the number of Council seats was increased from six to eight. The Mayor continued to be elected at-large.

### **Economic Diversity**

Phoenix has grown steadily, especially since 1950. The 1900 Census recorded Phoenix population at 5,544. In 1950, the city occupied 17 square miles with a population of almost 107,000, ranking it 99th among American cities. The recent 2010 Census recorded Phoenix population at 1,445,632. The city currently encompasses 519.1 square miles.

Today, Phoenix is the sixth most populous city in the United States, state capital of Arizona and center of the metropolitan area encompassed by Maricopa County. This metropolitan area also includes the cities of Mesa, Glendale, Tempe, Scottsdale, Chandler, Peoria, Surprise, Goodyear, Avondale, El Mirage, Tolleson, and the towns of Gilbert and Buckeye. It is situated 1,117 feet above sea level in the semi-arid Salt River Valley. The area is widely known for its mild, sunny winters and hot summers and receives an average rainfall of seven inches a year.

The Phoenix metropolitan area employment mix is well diversified and fairly similar to that of the United States as a whole. An exception is construction and financial employment, which comprise more of Phoenix's employment mix than the United States average due to historical rapid population and employment growth. Additionally, the Phoenix area's manufacturing mix is much more concentrated in high technology than the United States. The high technology manufacturing sectors are cyclical in nature and may be more impacted during periods of economic slowing than other manufacturing sectors. The primary employment sectors and their share of total employment in the Phoenix metropolitan area consist of service industry (43%); trade (18%); government (14%); construction (5%); financial activities (8%); and manufacturing (6%). Major employers of the Phoenix metropolitan area include the state of Arizona, Wal-Mart Stores, Inc., Banner

Health Systems, city of Phoenix, Wells Fargo and Company, Apollo Group, Inc., Maricopa County, Arizona State University, Bank of America, Intel Corporation, JP Morgan Chase and US Airways Group, Inc. The top 10 property taxpayers, based on secondary assessed valuation, are Arizona Public Service Company, QWest Communications, Southwest Gas, Westcor Company LP/Macerich Management Company, Host Kierland LP, AT & T Corporation, LBA Realty Fund, Metropolitan Life Insurance Company, Starwood Hotels and Resorts, and Wells Fargo and Company. These taxpayers make up just over six percent of total assessed valuation.

### **Demographics and Economic Statistics**

The following statistics are presented to provide an overview of Phoenix residents, the city's financial condition and infrastructure.





	1970-71	1980-81	1990-91	2000-01	Actual 2009-10	Estimated 2010-11	Projected 2011-12
<b>Demographic Profile</b>							
Population <sup>1</sup>	584,303	789,704	995,896	1,350,435	1,445,632	1,446,000	1,446,000
Percent of Population by Age							
Under 5	8.8	7.8	8.5	8.5	N/A		
5-19	29.9	25.0	21.6	21.5	N/A		
20-44	32.2	39.3	42.9	42.8	N/A		
45-64	20.4	18.6	17.3	17.3	N/A		
65+	8.7	9.3	9.7	9.8	N/A		
Percent of Population by Race <sup>1</sup>							
Caucasian	93.3	78.1	71.9	55.8	65.9		
Black/African American	4.8	4.7	4.9	4.8	6.5		
American Indian/Alaska Native	1.0	1.1	1.6	1.6	2.2		
Asian	0.5	0.9	1.5	1.9	3.2		
Native Hawaiian/ Other Pacific Islander <sup>2</sup>	N/A	N/A	N/A	0.1	.2		
Other <sup>3</sup>	0.4	15.2	20.1	35.8	22.0		
Hispanic/Latino (of Any Race) <sup>4</sup>	N/A	14.8	20.0	34.1	40.8		
Not Hispanic or Latino (of Any Race) <sup>4</sup>	N/A	85.2	80.0	65.9	59.2		
<b>City Economic Profile</b>							
Median Household Income <sup>5</sup>	\$27,601	\$29,706	\$30,797	\$40,856	\$47,085	\$47,415	\$47,747
Personal Income Growth							
(Metro Phoenix) <sup>6</sup>	13.6%	14.8%	4.6%	6.7%	1.1%	3.0%	3.6%
Assessed Valuation ('000s) <sup>7</sup>	N/A	N/A	\$5,700,825	\$7,573,211	\$18,861,238	\$16,092,308	\$12,343,774
Employment Growth Rate <sup>8</sup>	N/A	N/A	(3.0)%	3.7%	(7.9)%	(1.0)%	0.8%
Unemployment Rate <sup>9</sup>	N/A	N/A	4.9%	2.7%	9.5%	9.1%	9.1%
Value of Residential Construction <sup>10</sup>							
(Billions)	N/A	N/A	\$0.42	\$1.16	\$0.44	\$0.26	\$0.30
Value of Commercial Construction <sup>10</sup>							
(Billions)	N/A	N/A	\$0.46	\$1.33	\$2.00	\$2.00	\$2.20





	1970-71	1980-81	1990-91	2000-01	Actual 2009-10	Estimated 2010-11	Projected 2011-12
<b>City Financial Profile</b>							
Total Budget ('000s)	\$95,835	\$392,780	\$1,026,545	\$1,946,013	\$2,989,413	\$3,094,963	\$3,474,413
Total GF Budget ('000s) <sup>11</sup>	\$62,343	\$221,106	\$591,021	\$953,324	\$994,322	\$966,707	\$1,062,848
Total Employees	5,670	9,435	11,388	14,352.0	15,620.8	15,002.8	14,999.7
Total Employees per 1,000 population <sup>12</sup>	9.7	11.9	11.4	10.6	10.8	10.4	10.4
Non-Enterprise Employees per 1,000 population	N/A	N/A	N/A	8.6	8.5	8.1	8.1
Enterprise Employees per 1,000 population <sup>13</sup>	N/A	N/A	N/A	2.0	2.3	2.3	2.3
Property Tax Rate	1.75	1.75	1.79	1.82	1.82	1.82	1.82
G.O. Bond Rating (Moody's/Standard and Poor's)	A/A	Aa/AA	Aa/AA+	Aa1/AA+	Aa1/AAA	Aa1/AAA	Aa1/AAA
Number of PLT Licenses	N/A	37,943	43,756	51,000	66,578	66,000	66,000
City Retail Sales Tax Rate <sup>14</sup>	1%	1%	1.2%	1.8%	2.0%	2.0%	2.0%
<b>Infrastructure Profile</b>							
Area (Square Miles)	247.9	329.1	427.1	483.5	518.9	519.1	519.1
<b>Police</b>							
Major Crimes	50,747	86,287	110,961	97,666	71,653	72,500	72,500
Dispatched Calls for Service	374,003	452,350	895,117	862,769	592,313	612,000	612,000
Authorized Sworn Police Officers	1,054	1,694	2,047	2,810	3,558	3,558	3,284
<b>Fire</b>							
Fire Stations	30	35	45	45	57	57	58
Fires and All Other Calls <sup>15</sup>	14,437	25,162	26,281	28,369	18,636	19,000	19,000
Emergency Medical Calls <sup>15</sup>	—	46,122	75,112	101,396	126,968	128,000	128,000
Authorized Sworn Firefighters	572	838	1,042	1,315	1,711	1,661	1,661
<b>Building Inspections</b>							
Total Number of Inspections <sup>16</sup>	236,000	196,356	176,909	261,184	143,300	131,600	138,800
<b>Streets</b>							
Total Miles	2,270	3,084	3,800	4,299	4,815	4,820	4,830
Miles Resurfaced and Sealed	378	216	250	220	113	126	213
Total Miles of Bikeway <sup>17</sup>	N/A	N/A	250	472	590	595	605
<b>Traffic Control and Lighting</b>							
Signalized Intersections	423	555	761	906	1,080	1,092	1,098
Street Lights	23,097	39,097	50,825	70,750	90,805	91,133	91,142
Traffic Accidents <sup>18</sup>	22,765	28,129	28,414	36,500	22,418	23,000	23,000
<b>Aviation</b>							
Passengers Arriving and Departing	2,925,700	6,500,000	22,175,000	35,900,000	38,300,000	38,900,000	39,000,000
<b>Solid Waste Collection</b>							
Residences Served	204,800	281,900	281,392	327,953	392,825	394,000	397,000
Tons Disposed at City Landfills	325,300	379,000	513,643	1,051,935	929,700	1,050,000	1,050,000





	1970-71	1980-81	1990-91	2000-01	Actual 2009-10	Estimated 2010-11	Projected 2011-12
<b>Municipal Parks</b>							
Number of Municipal Parks <sup>19</sup>	121	137	181	199	225	232	232
Developed Park Acres <sup>20</sup>	N/A	1,303	2,206	3,332	4,148	4,723	4,738
Number of municipally operated golf courses	4	5	5	7	6	6	6
<b>Libraries</b>							
Materials Circulation	2,368,232	3,691,745	5,962,411	9,151,000	14,447,111	13,800,000	14,300,000
Total Materials Stock	704,940	1,182,606	1,732,410	2,016,000	1,733,924	1,500,000	1,600,000
Number of library branches	7	9	11	13	16	16	17
<b>Equipment Management</b>							
Number of Equipment Units in Fleet	2,637	4,497	4,776	6,080	7,677	7,623	7,623
<b>Water</b>							
Connections	172,100	282,048	321,996	350,967	397,390	397,390	399,377
Production (billions of gallons) <sup>21</sup>	52.7	88.5	84.7	109.4	97.9	98.1	99.2
<b>Wastewater</b>							
Connections	169,255	250,199	311,980	327,051	389,978	389,978	391,928
Miles of Line	2,090	3,040	3,661	4,174	4,976	4,979	4,984

1 Population by age and race is only available in census years. Also, racial categories were modified by the Census Bureau in the 2000 Census.

2 Prior to the 2000 Census, Native Hawaiian/Other Pacific Islander data was combined under the same category. In pre-2000 Census counts this race category was included in the Asian category.

3 Hispanic/Latino of any race is included in the Census' "Other" race category for FY1980-81, FY1990-91, and FY2000-01.

4 Pre-1980 census questionnaires did not include "Hispanic" or "Spanish" race categories.

5 Median Household Income is based on United States Census Bureau data for city of Phoenix geographic area. For the estimate and projection years, the Calendar Year 2010 greater Phoenix Consumer Price Index (CPI) (+0.7%) was applied to the 2010 census figure to forecast Median Household Income growth. This reflects a change from the method used in previous budget documents, which calculated median household income using personal income growth rates from the U.S. Bureau of Economic Analysis.

6 Personal income growth percentage is from University of Arizona's "Arizona's Economy" quarterly publication (University of Arizona Economic and Business Research Center).

7 The formula for assessing valuation was changed significantly in 1980 making comparisons to prior years not meaningful.

8 Employment growth rate figures (total non-farm employment) are calendar year and not fiscal year. Calendar 2008 is shown under FY2008-09, and calendar 2009 is shown under FY2009-10, and projected calendar 2010 is shown under FY2010-11. Estimates are for the Phoenix metro area and are obtained from the Arizona Workforce Informer-Arizona Department of Economic Security.

9 Unemployment rate is reported monthly on by the Arizona Department of Commerce Research Administration's website: [workforce.az.gov](http://workforce.az.gov) and converted to fiscal year by the city of Phoenix Budget and Research Department. Seasonally adjusted unemployment data from 2001-10 is currently unavailable for the Phoenix-Glendale-Mesa MSA due to data revisions. Revisions for the MSA, Counties, and Cities are currently in process and should be released in the summer of 2011.

10 Beginning with FY2006-07, multi-family projects are included in the commercial valuation total. Prior to FY2006-07, multi-family projects were included in the residential valuation total. These measures represent the annual estimated value of projects permitted by the city of Phoenix (new construction).

11 As of FY1998-99, Arizona Highway User Revenue funds are no longer included in the General Fund total.

12 A correction was made to the calculation of city employees per 1,000 population for FY1980-81 and FY1990-91. Previous budget books did not adjust for Census data that was published at least a year after the statistic was recorded in budget documents.

13 Enterprise departments include Water, Wastewater, Aviation, Phoenix Convention Center, Golf and Solid Waste Management.

14 Voters approved a 0.1 percent increase in most city sales tax categories effective December 1, 1993, for increased fire and police protection services.

Voters approved a 0.1 percent increase in most city sales tax categories effective November 1, 1999 for 10 years and reapproved it on May 30, 2008 for 30 years to provide funds for parks enhancements and improvements, and to acquire land for a Sonoran Preserve. Voters approved a 0.4 percent increase in most city sales tax categories effective June 1, 2000 for 20 years to provide funding for public transit improvements and light rail. Voters approved a 0.2 percent increase in most city sales tax categories to provide funds for additional police officers and firefighters effective December 1, 2007.

15 Prior to FY1980-81, emergency medical, fire and all other calls were combined into one figure.

16 Includes building, electrical, mechanical, plumbing and general inspections. The lower numbers for recent years, as compared to 1970-71, are the result of the implementation of the general inspection program that combined several residential inspections, performed by one inspector, into a single permit.

17 The bikeway program was approved by the City Council in 1987. Figures include on-street bike lanes, bike routes, and paved and unpaved paths.

18 Due to the implementation of a new Arizona Department of Transportation (ADOT) collision system in 2009 and associated delays in data entry and processing, full collision data for Phoenix for the years 2009 and 2010 is not yet available. Traffic accident data comes from the City of Phoenix Police Department's TADS database and estimates are based on an average over the previous three years.

19 This number includes parks and areas maintained by the Parks and Recreation Department. For example, retention basins, canal projects, developed, undeveloped, desert and preserve parks.

20 Increase in developed parks acres in fiscal year 2009-10 is partially due to improved methods of measurement.

21 Includes water produced for city of Phoenix only.





## 2011-12 Resource and Expenditure Summary

This section provides a broad overview of the resources and expenditures included in the 2011-12 budget. Information is presented for General, Special Revenue and Enterprise funds. General funds, which receive special attention by the community, are highlighted throughout this section. General funds are of particular importance to our residents as they provide for most basic services, such as police, fire, parks and streets. Enterprise funds are supported by fees charged for the services provided with the exception of the Convention Center which has earmarked sales taxes as its primary funding source. Special Revenue funds are restricted to statutory and/or voter-approved uses.

The 2011-12 budget, financed by operating funds, totals \$3,474,413,000. As shown in the accompanying pie chart, the General Fund portion of \$1,062,848,000 is approximately 31 percent of the total. The Enterprise funds, which include Aviation, Water, Wastewater, Solid Waste, Convention Center and Golf, make up another 37 percent of the total. Special Revenue funds such as Arizona Highway User Revenues, grant funds such as Community Development Block Grants, Human Services grants and Housing grants

represent the remaining 32 percent of the total budget.

In addition to presenting the budget by funding source, the budget also is described in terms of the major types of activities or expenditures funded. Included in the operating budget are operating and maintenance expenses that provide for ongoing costs of delivering city services; capital expenditures for pay-as-you-go projects for major additions, improvements or renovations to city facilities; and debt service payments to retire outstanding debt. The pie chart on page 39 shows the distribution of the total operating budget into these three types of expenditures. Not included in the operating budget are bonds and other capital funds used for capital improvement projects. These are included in a separate capital improvement program.

The 2011-12 General Fund budget includes ongoing operating and maintenance and pay-as-you-go capital expenses. No debt service is paid from the General Fund. Instead, debt service associated with general-funded activities is paid for with earmarked property taxes or with the City Improvement Fund. Due to the restrictions on using these funds both are appropriately included in the Special Revenue funds portion of the budget.

Finally, budgeted expenditures are most easily understood on a departmental basis. Detailed explanations of each department's budget are provided in the Department Program Summary section of this document. The bar chart on page 39 presents the General Fund budget on a department-by-department basis.

The table below provides a comparison of the 2011-12 budget to the 2010-11 adopted budget. Actual expenditures for the 2009-10 fiscal year also are included.

Citywide operating and maintenance expenditures are expected to increase primarily due to the addition of the Sky Train operations in Aviation, replacement vehicles and the reopening of the Material Recovery Facility in Solid Waste. Also, the General Fund increase reflects an organizational change in how enterprise information technology costs are being distributed to city departments; the use of work order credits was changed to a central service cost allocation. The removal of the work order credits resulted in an increase to expenditures for the Information Technology Services Department, while the central service cost allocation resulted in an increase to General Fund resources through increased transfers from other funds.

### 2011-12 Budget Compared to 2010-11 Adopted Budget (In Millions of Dollars)

	2009-10 Actual Expenditures	2010-11 Adopted Budget	2011-12		
			Budget	Amount Change	Percent Change
Operating and Maintenance Expenditures	\$2,184.2	\$2,410.9	\$2,453.9	\$43.0	1.8%
Capital Expenditures	199.5	526.0	486.3	(39.7)	(7.5)%
Debt Service	605.7	589.1	534.2	(54.9)	(9.3)%
<b>Total</b>	<b>\$2,989.4</b>	<b>\$3,526.0</b>	<b>\$3,474.4</b>	<b>(\$51.6)</b>	<b>(1.5)%</b>





Pay-as-you-go capital is expected to decline due to flat and declining revenue growth in Water, Wastewater and Aviation. Debt service decreases \$54.9 million in 2011-12 due to savings from refinancing and lower payments to the early redemption fund.

**2011-12 GENERAL FUND BUDGET OVERVIEW**

The 2011-12 General Fund budget of \$1,062,848,000 provides for ongoing operating and maintenance and a small amount of pay-as-you-go capital expenditures. The table below compares the 2011-12 General Fund budget with the adopted 2010-11 budget.

The operating and maintenance expenditures for 2011-12 increased 4.6 percent compared to the 2010-11 adopted budget. This increase is primarily the result of a budgetary change in how enterprise information technology costs are being distributed to city departments; the continuation of the Public Safety Specialty Funds balancing plan; the restoration of ongoing funding for 60 sworn police and fire positions; the change to funding most vehicle purchases with operating funds instead of lease purchase financing; an increase to the contingency fund; the operating costs associated with new capital facilities that will be opening in 2011-12; the cost associated with compensation and benefits study; and other normal inflationary increases. The pay-as-you-go capital expenditures

increased compared to the 2010-11 adopted budget primarily due to adding funding for the Information Technology microwave radio replacement project.

The pie charts on page 39 show the 2011-12 General Fund budget summarized by major programs and major resources.

**RESOURCES**

Resources include beginning fund balances, fund transfers, revenues and recoveries. In the Enterprise funds, fund balances provide a financial cushion against unanticipated changes. The contingency allocation serves this same purpose for the General Fund. While minor changes in fund balances occur from year to year, maintaining proper fund balances over the long term and providing for a contingency fund in the General Fund are important components of sound financial management and a significant factor in bond ratings.

**2011-12 Estimated Beginning Fund Balances**

As explained in a later section, a General Fund balance may not be budgeted. However, a contingency fund, also known as a “rainy day fund,” may be planned to provide a means to address unexpected revenue decreases or expenditure increases that may occur throughout the year. Each year, most of the contingency allocation remains unused and, therefore, falls to the ending fund balance along with any changes in estimated revenues and expenditures.

The estimated 2011-12 beginning fund balances of \$1,020.1 million include \$74.4 million in general funds, \$386.7 million in special revenue funds and \$559.0 million in enterprise funds. The estimated beginning fund balance for Special Revenue and Enterprise funds include: Transit 2000 - \$222.8 million; Aviation - \$179.6 million; Wastewater - \$165.9 million; Water - \$146.2 million; Convention Center - \$40.3 million; Solid Waste - \$39.6 million; Parks and Preserves - \$37.8 million; Sports Facilities - \$27.0 million; Grant funds - \$33.9 million; Development Services- \$12.3 million; Arizona Highway User Revenue - \$19.3 million and \$21.0 million in various other restricted funds.

**2010-11 General Fund Estimated Ending Balance**

As shown in the table on page 41, the estimated 2010-11 ending General Fund balance is \$74.4 million. The balance results primarily from a \$23.8 million higher beginning balance, a \$47.1 million decrease in operating expenditures, and a \$7.9 million increase in transfers and recoveries, which were offset by a \$4.5 million decrease in operating revenues. The decrease in estimated 2010-11 General Fund expenditures is largely due to unused contingency funds and mid-year efficiencies identified throughout the General Fund departments.

**2011-12 General Fund Budget Compared to 2010-11 Adopted Budget (In Millions of Dollars)**

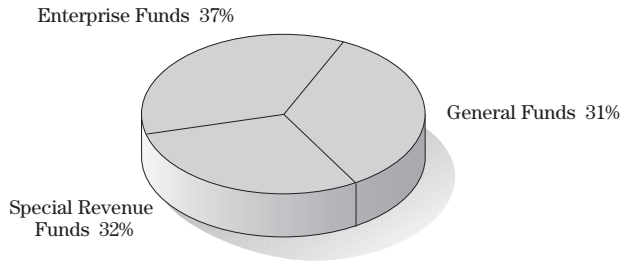
	2009-10 Actual Expenditures	2010-11 Adopted Budget	2011-12		
			Budget	Amount Change	Percent Change
Operating and Maintenance Expenditures	\$993.6	\$1,012.4	\$1,059.1	\$46.7	4.6%
Capital Expenditures	0.7	1.4	3.7	2.3	164.3%
<b>Total</b>	\$994.3	\$1,013.8	\$1,062.8	\$49.0	4.8%



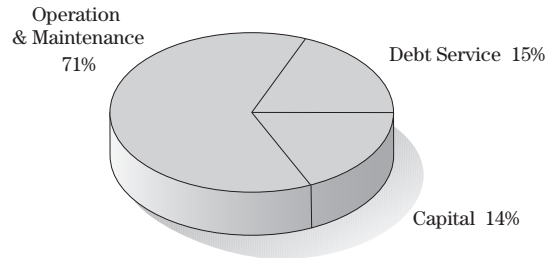




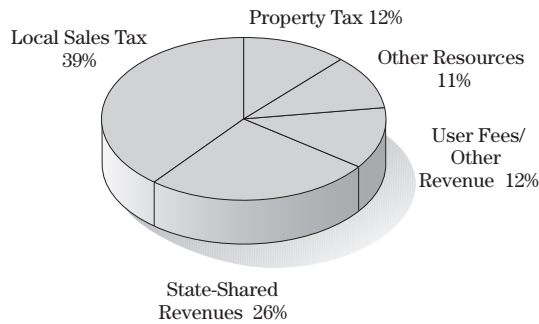
**ALL SOURCES OF FUNDS**  
Total Resources – \$3.47 Billion



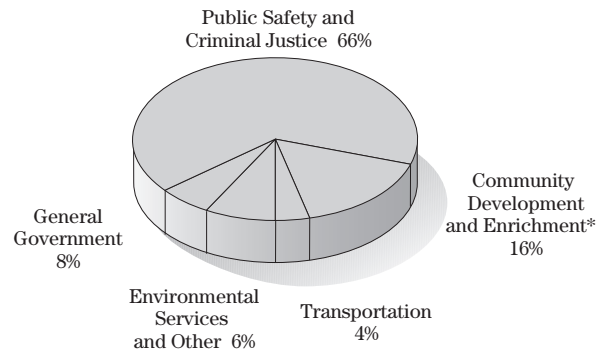
**ALL SOURCES OF FUNDS**  
Total Expenditures – \$3.47 Billion



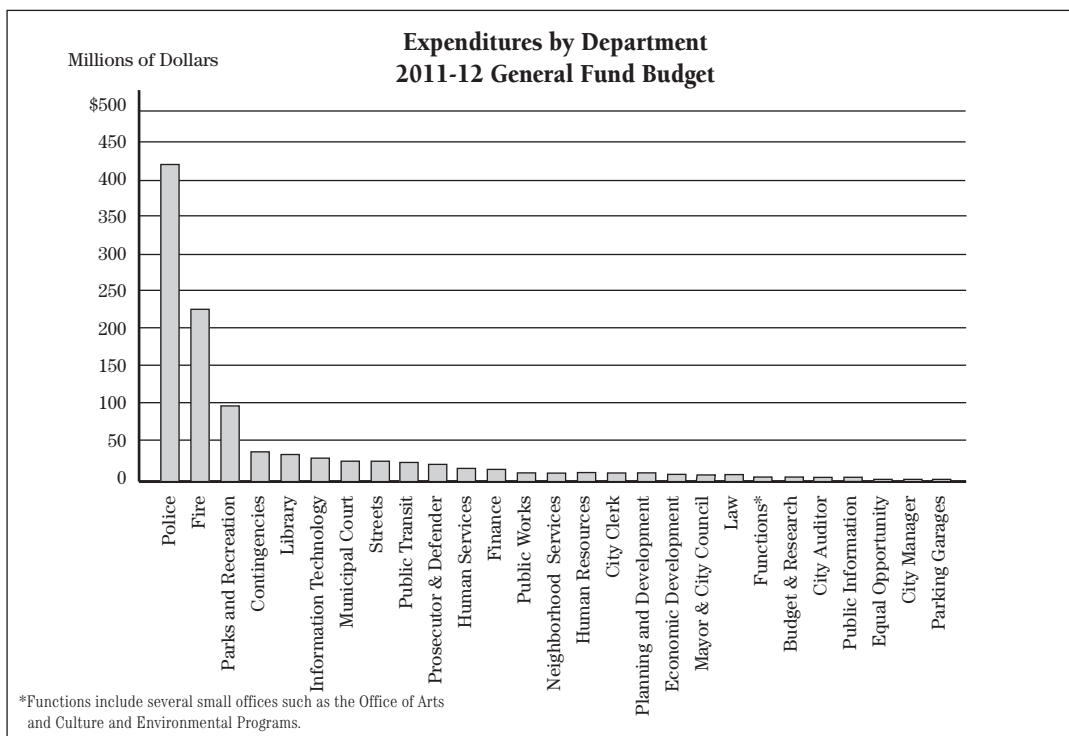
**GENERAL FUNDS**  
Total Resources – \$1.06 Billion



**GENERAL FUNDS**  
Total Expenditures – \$1.06 Billion



\*Includes Parks, Library, Human Services, Neighborhood Services, Planning and Economic Development





## 2011-12 Estimated Revenues

Revenues from taxes, fees, interest, grants and other sources provide resources to fund programs and services delivered by the city. Total revenues for 2011-12 are estimated at \$3,010,928,000. This is \$35,411,000, or 1.2 percent less than the 2010-11 estimate of \$3,046,339,000. General Fund revenues are estimated at \$948,636,000, which is \$12,315,000 or 1.3 percent less than the 2010-11 estimates. The decrease is primarily due to the impact of the 2010 Census which decreases the city's population percentage from 30.33 percent to 28.78 percent for state shared sales tax and from 30.34 percent to 28.75 percent for state shared income tax, effective in 2011-12.

The table on page 41 provides a comparison of the 2011-12 estimated revenues to 2010-11 estimates and 2009-10 actual collections. Detailed explanations by category are provided in the 2011-12 Revenue Estimates section of this document.

State and local economic growth continued to decline in 2009-10 from prior years due to a variety of factors including continued weakness in the residential and commercial real estate markets, increased unemployment, declines in consumer spending and declines in personal income growth. The state and local economy has started to recover, however the same factors continue to slow economic growth in 2010-11. Local and state sales tax collections are expected to grow modestly in 2011-12 after four years of negative growth.

Included in 2011-12 estimates for the Enterprise funds are full-year impacts of rate increases for Water and Wastewater services effective April 2011. The 2011-12 estimate for Special Revenue funds includes a \$6.7 million increase in Transit 2000 funds and a \$2.9 million increase in 2007 Public Safety Expansion funds. Special Revenue funds also include a \$18.3 million decrease for Regional Transit funds, a \$56.3 million decrease for secondary property taxes and a \$44.4 million increase in federal funds primarily for the Neighborhood Stabilization Program.

## 2011-12 Transfers to the General Fund

Transfers are used to allocate resources between funds for purposes of matching costs with benefits received through a central service cost allocation or to assess in lieu property taxes.

Transfers to the General Fund for 2011-12 total \$53.8 million. This amount reflects \$51.1 million from Enterprise and other funds to recoup central service costs and/or payments for in lieu property taxes from the Aviation, Water and Wastewater, Solid Waste, Convention Center and Development Services funds. Central service provides a repayment to the General Fund for services provided by departments such as Human Resources, Information Technology, Finance, Law and other administrative support areas that are General funded. This transfer is calculated by the Finance Department in accordance with generally accepted full-cost accounting principles and is in accordance with long-established City Council-approved policy.

The Enterprise transfers include \$253,000 from the Golf Course Fund to recoup Parks, Recreation and Golf department direct administrative support costs. The Golf Fund does not pay citywide central service costs or in lieu property taxes.

Approximately \$2.5 million in miscellaneous transfers from other funds also is included. As a result, total transfers to the General Fund exclusive of excise tax-related items are \$53.8 million. A transfer of \$650.9 million from the Excise Tax Fund represents the General Fund share of local and state-shared sales taxes and fees and state-shared income taxes. However, this amount is reflected in revenues, rather than a transfer, throughout this section.

## 2011-12 ESTIMATED ENDING BALANCES

Arizona budget law requires a balanced General Fund budget. No General Fund balances may be accumulated in reserve for subsequent fiscal years. Arizona law does, however, provide for a contingency or "rainy day fund" each year. For 2011-12, \$37.9 million is included for the General Fund contingency, including a \$2 million set aside for Fire and \$50,000 for Neighborhood Services, and is discussed in more detail in the Contingency section of this document. As a result, budgeted General Fund resources equal expenditures. However, any unused contingency amounts at year-end fall to a General Fund ending balance. Generally, at least 95 percent of the General Fund contingency remains unused each year.

Year-end balances are planned in the Enterprise funds and other self-supporting funds primarily to provide for adequate funds at the beginning of the following fiscal year. Such funds are used to stabilize rate increases associated with fluctuations in service demand, insure bondholders of future debt service payments and to accumulate funds for annual pay-as-you-go capital improvements. In addition, Enterprise Fund balances are intentionally permitted to grow over time in order to fund large capital projects.

The estimated 2011-12 ending balance of \$563.1 million includes: Transit 2000 - \$163.4 million; Aviation - \$142.0 million; Wastewater - \$122.8 million; Water - \$67.2 million; Convention Center - \$24.0 million; Parks and Preserves - \$17.2 million; Solid Waste - \$15.6 million; Arizona Highway User Revenue - \$0.6 million and \$10.3 million in various other Special Revenue and Enterprise funds. Beginning and ending fund balances are provided in more detail in Schedule 1 located in the Summary Schedules section.

In 2011-12, the Enterprise funds ending balances in the aggregate are programmed to decline from \$559.0 million at the beginning of 2011-12 to \$356.3 million at year end. The Aviation balance is declining due to increased operating expenditures for the Sky Train operations. Solid Waste funds are decreasing due to increased





vehicle replacement costs and the reopening of the Material Recovery Facility. Water funds are decreasing primarily due to increased costs for chemicals and for compliance with federally mandated water quality requirements, which include the operating costs associated with the regeneration of granular activated carbon. Wastewater funds are decreasing primarily due to increased debt service costs. The Convention Center Fund balance is declining primarily due to decreased operating revenues.

Special Revenue Fund balances in the aggregate are expected to decrease from \$386.7 million to \$206.8 million, primarily due to the decrease in Secondary Property Tax revenue and an increase in Transit 2000 operating costs for bus service contracts, fuel, light rail, and preventive maintenance. The Arizona Highway User Revenue Fund balance is decreasing as costs for street construction continue to increase while revenue is declining due to the 2010 Census and cuts made by the state legislature resulting in a loss of nearly \$12 million in 2011-12. The Sports Facilities Fund is decreasing due to increased costs for debt service.

### Negative Fund Balance

Golf Fund expenditures have exceeded revenues for several years. The Parks Department is exploring various ideas, including alternative operating structures, to correct this issue.

The three dedicated public safety funds, Neighborhood Protection, Public Safety Enhancement, and 2007 Public Safety Expansion, have been severely impacted by declines in sales tax revenues. In November 2010, the Mayor and City Council adopted a Public Safety Specialty Funds Balancing plan to balance the Fire funds by June 30, 2014 and the Police funds by June 30, 2015.

### General Fund Balance Analysis (In Thousands of Dollars)

	2009-10 Actuals	2010-11		Estimate Over (Under) Budget	
		Budget	Estimate	Amount	Percent
<b>Resources</b>					
Beginning Balances	\$ 45,580	\$ 22,927	\$ 46,752	\$ 23,825	103.9%
Revenue	946,515	965,408	960,951	(4,457)	(0.5)%
Recoveries	1,161	1,500	1,500	0	0.0%
Transfers	47,818	23,998	31,917	7,919	33.0%
<b>Total Resources</b>	<b>\$1,041,074</b>	<b>\$1,013,833</b>	<b>\$1,041,120</b>	<b>\$ 27,287</b>	<b>2.7%</b>
<b>Expenditures</b>					
Operating Expenditures	993,626	1,012,414	965,266	(47,148)	(4.7)%
Capital	696	1,419	1,441	22	1.6%
<b>Total Expenditures</b>	<b>\$ 994,322</b>	<b>\$1,013,833</b>	<b>\$ 966,707</b>	<b>\$ (47,126)</b>	<b>(4.6)%</b>
<b>Ending Fund Balance</b>	<b>\$ 46,752</b>	<b>\$ —</b>	<b>\$ 74,413</b>	<b>\$ 74,413</b>	<b>100.0+%</b>

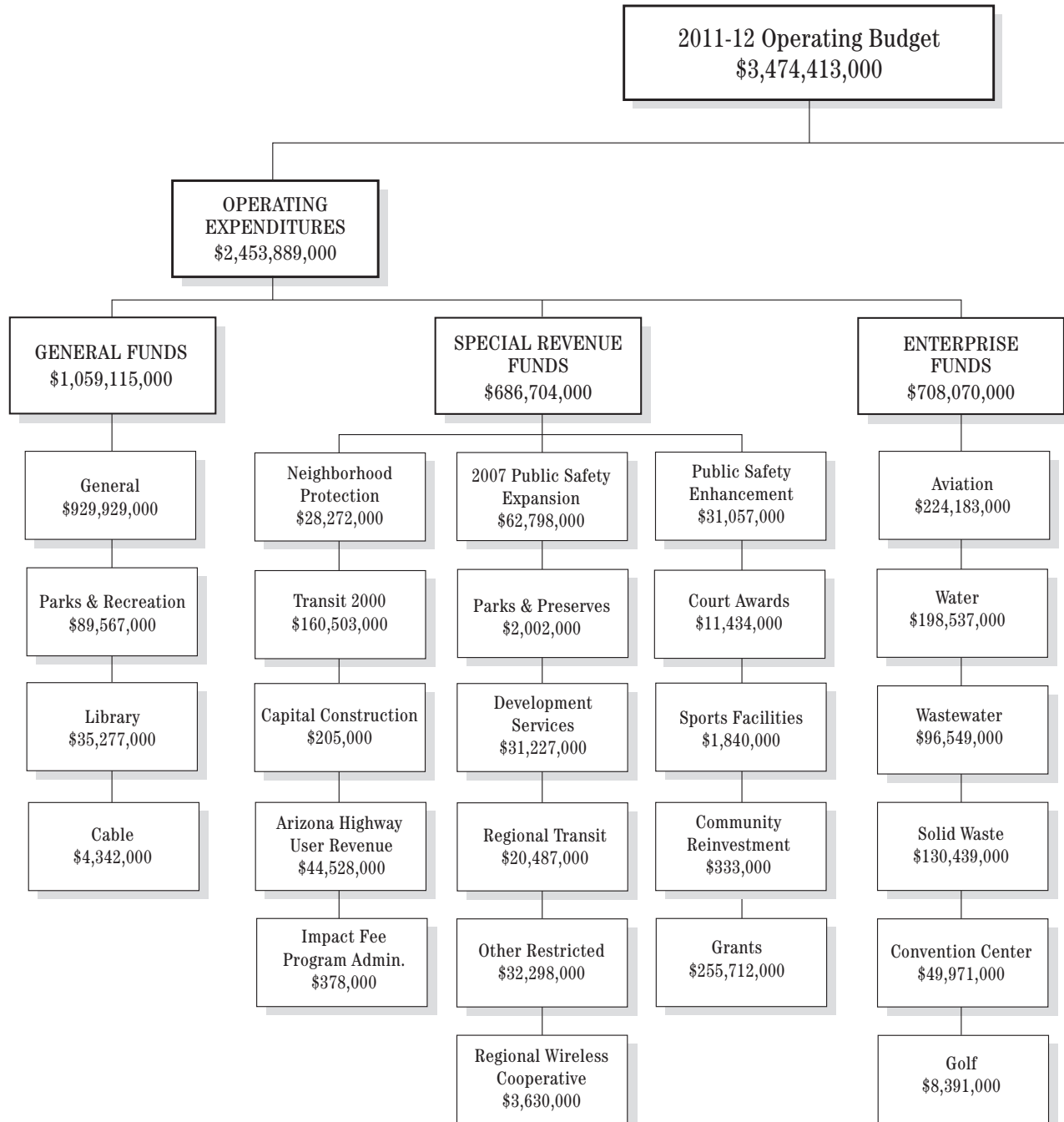
### 2011-12 Estimated Revenues Compared to 2010-11 Estimates (In Thousands of Dollars)

Fund Types	2009-10 Actuals	2010-11 Estimate	Estimate	2011-12	
				Amount Change	Percent Change
General	\$ 946,515	\$ 960,951	\$ 948,636	(\$12,315)	(1.3)%
Special Revenue Funds	942,999	966,405	929,639	(36,766)	(3.8)%
Enterprise Funds	1,073,618	1,118,983	1,132,653	13,670	1.2%
<b>Total</b>	<b>\$2,963,132</b>	<b>\$3,046,339</b>	<b>\$3,010,928</b>	<b>(\$35,411)</b>	<b>(1.2)%</b>



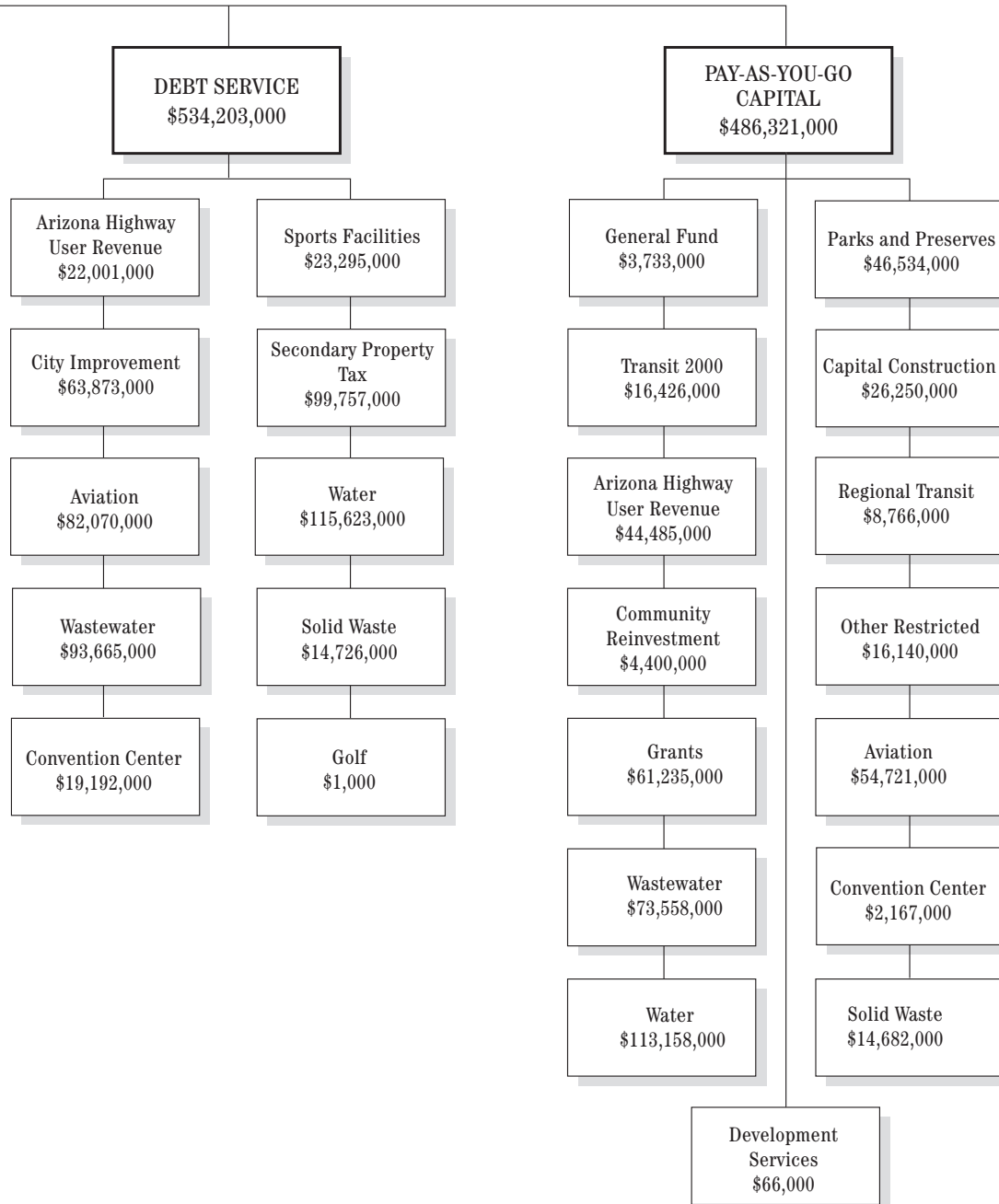


# City of Phoenix Financial Organizational Chart





# City of Phoenix Financial Organizational Chart







## Services to the Community

Phoenix is the core of Maricopa County and the state's population and economic center. With its attractive climate, recreational opportunities, and affordable costs of living and doing business, the city has experienced sustained growth. The Phoenix area has been affected by the national recession and growth has slowed in terms of population, employment and personal income growth. The city's area, just under 520 square miles, increases periodically with annexations.

Population in Phoenix has consistently outpaced the United States growth over the last 18 years, and according to the 2010 census, is just over 1.4 million making Phoenix the nation's sixth-largest city. The city's employment base is the foundation of a deep and diverse metropolitan area economy. The primary employment sectors in the Phoenix area consist of professional and business services, trade, government, education and health services, financial activities, leisure and hospitality, and construction. While the unemployment rate in greater Phoenix has suffered during this economic downturn, jobs recovery is predicted to be better in 2011 than in 2010.

Last year, the city faced a \$277.3 million shortfall to the General Fund addressed in part with extensive service and program cuts totaling \$63.7 million. The city faces a much smaller deficit for 2011-12 in the amount of \$58.8 million and the budget will not include any direct service reductions to the community. The balanced budget for 2011-12 utilizes seven important factors and responsible actions to overcome the projected budget deficit. They are: 1) Strong Employee Relations and Employee Sacrifices; 2) Doing More with Less; 3) Enhanced Compliance and

Accurate Estimates; 4) Focus on Innovation and Efficiency; 5) Responsible Financial Management; 6) Keeping Public Safety Our Number One Priority; 7) Reduced Tax Collection in Adverse Times.

Noteworthy impacts to the General Fund in the 2011-12 budget include \$30 – \$45 million in savings realized from restructuring existing excise debt, \$23.9 million in budget reductions, efficiency savings and cost-cutting measures by departments; an increase of \$5.9 million to provide ongoing funding for the Council-approved Public Safety Restoration Plan from last year's budget; \$2 million for expiring firefighter grants; increase in the Contingency Fund by \$3 million more than last year's 3.1 percent level; \$1.6 million for new facilities operating costs; up to \$1.4 million for compensation/benefit and pension reform studies; and \$550,000 for the city pools restoration plan. Non-General Fund changes in the proposed budget include \$385,000 in savings in the Aviation Department by replacing contracted services with city staff for various functions. The Water Department will achieve savings by consolidating their downtown payment function with the Finance Department.

Local and national economists are predicting that the economy will be better in 2011 than it was in 2010, but the road to recovery will be slow. However, the proposed budget does not reflect a change to state-shared revenue formulas imposed by the state legislature. Any change in the formula that would decrease state-shared revenues would require deeper cuts to balance the budget.

The chart that follows indicates how major services provided to Phoenix residents have been adjusted in response to local economic and financial conditions. Because benchmarking is an important measure of the efficiency and effectiveness of services provided, we have also included multi-city comparisons of performance in several areas. Much of the data for these comparisons is taken from the 2009 International City/County Management Association's Center for Performance Measurement report.





PROGRAM SERVICE LEVEL IN 2000-01	SERVICE CHANGES THROUGH 2010-11	SERVICE CHANGES FOR 2011-12
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**PUBLIC SAFETY**

**POLICE**

**Personnel Resources:**

In 2000-01, the Police Department had 2,806 sworn officers and 860 civilian employees.

The 2010-11 budget included \$19.6 million in General Fund budget reductions. The reductions included the elimination of General Fund support for 113 sworn and the elimination of 47 civilian positions. In addition one civilian administrator was eliminated from the Public Safety Enhancement Fund.

Due to the adoption of the emergency 2 percent food tax, employee concessions and the Public Safety Restoration plan, no sworn employees were laid-off or demoted within the Police Department.

At the end of 2010-11, 317 of the 400 sworn positions funded by Proposition 1 will be filled.

The 2011-12 budget includes \$1.3 million in General Fund budget reductions. These reductions reflect the elimination of two vacant Sworn management positions and 16 civilian FTE.

In the 2011-12 budget, the Police Department is expected to accrue the remaining 26 sworn vacancies needed to satisfy prior year budget reductions. It is anticipated that the department will have 3,284 authorized sworn positions or 2.3 for every 1,000 residents, and 1,172 civilian employees.

**Response Time Average:**

Response time for 2000-01 Priority 1 emergency calls was 5 minutes and 6 seconds.

Due to slower population growth and a nation-wide decrease in crime rates, budgeted response times for Priority 1 emergency calls have been held fairly constant at 5 minutes in 2010-11. During this same time period, the department has maintained the percentage of 911 calls answered within 10 seconds at 90 percent.

Based on 2009 ICMA data, city of Phoenix actual response times compare favorably to those of the benchmark cities as noted below:

**Total Average Response Times to Top Priority Calls:**

- Oklahoma City – 10 min 27 sec
- Dallas – 8 min 21 sec
- Austin – 7 min 53 sec
- Portland – 5 min 57 sec
- San Antonio – 5 min 14 sec
- PHOENIX – 5 min 7 sec**

The 2011-12 budget provides for a continued 5 minute average response time for Priority 1 calls.







**PROGRAM SERVICE LEVEL  
IN 2000-01**

**SERVICE CHANGES  
THROUGH 2010-11**

**SERVICE CHANGES  
FOR 2011-12**

**PUBLIC SAFETY**

**FIRE**

**Response Time Average:**

In 2000-01, the Fire Department maintained an average response time of 4 minutes 47 seconds for all fire and medical emergency calls.

Since 2000-01, response times have decreased 2 percent to 4 minutes 42 seconds for all fire and medical emergency calls. This 5 second decrease is at least partly attributed to staffing and deployment changes for paramedic engine companies and ambulances. The overall incident activity level increased 16 percent from 2000-01 to 2010-11.

The 2011-12 budget recommends retaining current emergency response staffing levels to preserve less than 5 minute average response time for all fire and medical emergency calls.

The 2010-11 budget included a \$9.0 million reduction. The budget cuts resulted in the elimination of 21.3 general funded civilian positions, including the Fire Marshal whose duties were reassigned. The budget reductions also included the elimination of two deputy chiefs, six battalion chiefs, seven Fire captains, and 13 firefighters for a total of 28 sworn positions.

The 2011-12 budget includes a \$678,000 reduction and reflects the elimination of 4.7 general funded civilian positions as well as the reduction of sworn and civilian overtime. In addition, program reductions are proposed in contractual services, commodities and capital outlay.

The department reorganized operations in response to staff reductions and significant cuts were made in overtime. In addition, program reductions were made in contractual services, commodities and capital outlay.

The department eliminated three positions and re-classed two positions down in pay class as part of the City Manager's Reorganization.

In addition, four positions from the New Construction Section were eliminated and one position from this section as well as the Site Planning Section (three positions) was moved to the Planning and Development Department.

Based on 2009 ICMA data, city of Phoenix response times are consistent with those other benchmark cities as noted below:

**Percentage of All Calls to Which  
Response Time is Under 8 Minutes:**

- Austin – 89 percent
- Dallas – 89 percent
- Long Beach – 89 percent
- Oklahoma City – 87 percent
- PHOENIX – 81 percent**
- San Antonio – 82 percent





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<b>PROGRAM SERVICE LEVEL IN 2000-01</b>	<b>SERVICE CHANGES THROUGH 2010-11</b>	<b>SERVICE CHANGES FOR 2011-12</b>
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**PUBLIC SAFETY**

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**FIRE**

**Emergency Transportation:**

In 2000-01, the city of Phoenix had a total of 20 full-time and nine part-time ambulances in service.

The city initiated the Emergency Transportation System in 1985-86 with 10 full-time and six part-time ambulances. In 1987-88, the Emergency Transportation System was increased to 12 full-time and six part-time ambulances. The addition of four ambulances funded with revenue from Proposition 301 and the conversion of the department's last medic units to ambulances resulted in 19 full-time and nine part-time ambulances in service during 1997-98.

The 2011-12 budget includes no changes in service for Emergency Transportation.

The 2000-01 budget included funding to add a full-time ambulance at Station 38 in Ahwatukee Foothills. Two part-time ambulances were added in mid-fiscal year 2002-03 to improve response times in fast growing, outlying areas of the city.

The 2004-05 budget included funding for two additional full-time ambulances. These additions increased the Emergency Transportation System to 22 full-time and 11 part-time ambulances.

The 2006-07 budget included funding one additional ambulance.

The 2008-09 budget added two part-time ambulances funded by Proposition 1.

The 2009-10 budget included the elimination of two part-time ambulances.

The 2010-11 budget included the elimination of two full-time ambulances and the reduction of part-time ambulance operational times. In-service hours for part-time ambulances were reduced from 12 hours to 10.8 hours per day. These changes decrease the Emergency Transportation System to 21 full-time and 11 part-time ambulances.





PROGRAM SERVICE LEVEL IN 2000-01	SERVICE CHANGES THROUGH 2010-11	SERVICE CHANGES FOR 2011-12
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**TRANSPORTATION**

**PUBLIC TRANSIT**

**Service Miles/Hours:**

In 2000-01, 12,608,638 annual bus service miles were provided on weekdays and weekends in the city of Phoenix.

Annual 2010-11 bus miles are estimated at 16,853,484 and Dial-a-Ride service hours are estimated at 324,990.

The 2010-11 budget restored early morning weekday fixed route bus service and federally mandated Americans with Disabilities Act (ADA) Dial-a-Ride to service levels that existed prior to December 2008.

Same-day Dial-a-Ride service was eliminated. Elimination of this service discontinued the ability for ADA certified individuals, persons with disabilities and seniors age 65 and over to access Phoenix Dial-a-Ride on the day of the request for service. Federally mandated ADA service levels were not affected. Savings from the reduced service level funded an additional 464,000 taxi vouchers annually.

RAPID commuter service was reduced by eliminating one morning/inbound and one afternoon/outbound trip in each RAPID corridor (SR51, I-10 East, I-10 West and I-17).

Route 15 was reduced by eliminating the portion of the route from Central Station to Phoenix Sky Harbor Airport.

Route 122 was reduced by eliminating the southern segment traveling south of Metrocenter along 39th Avenue.

Route 32 was eliminated.

Route 10 was modified by rerouting service from traveling north and south on 28th Street between Camelback Road and Oak Street to traveling north and south on 32nd Street between Camelback Road and Oak Street.

Route 16 was modified by extending current alignment north of the Sunnyslope area to cover the northern portion of the eliminated Route 32.

Weekday service frequency was reduced on Route 1 by 15 minutes, from 30 to 45 minutes.

Saturday and Sunday service was reduced on Route 52 by 15 minutes, from 45 to 60 minutes.

The DASH Downtown loop was eliminated. The DASH Government loop will continue to operate.

Annual 2011-12 bus miles are estimated at 16,647,230 and Dial-a-Ride service hours are estimated at 324,990.

The Public Transit Department 2011-12 operating budget includes a new taxi-subsidy program, to help address the need for same-day transportation of Phoenix residents under the age of 65 who are certified for paratransit service under the American's with Disabilities Act (ADA). Program participants will be able to purchase up to four \$20 coupon books monthly.

The following service changes will be effective Jan. 25, 2012: extend service on Route 77 west along Baseline Road from 40th to 75th avenues; reduce the frequency of service from Baseline to Dobbins roads on Route 0 from 10 to 20 minutes; eliminate service from 7th Avenue to 7th Street along Baseline Road on Route 8; eliminate service on Route 19 from 27th to 40th avenues along Baseline Road; and change Route 35 turnoff onto Baseline Road from heading west to 40th Avenue to heading east to the 27th Avenue Park-and-Ride.





<b>PROGRAM SERVICE LEVEL IN 2000-01</b>	<b>SERVICE CHANGES THROUGH 2010-11</b>	<b>SERVICE CHANGES FOR 2011-12</b>
<b>TRANSPORTATION</b>		
<b>PUBLIC TRANSIT</b>		
<b>Service Miles/Hours:</b> <i>(continued)</i>	<p>Holiday service was implemented for five additional days: Martin Luther King Jr., Presidents Day, Veterans Day, day after Thanksgiving and Christmas Eve. This reduced the frequency of service from a weekday schedule to a Sunday schedule.</p> <p>Service on the following neighborhood circulators: ALEX, DART, Deer Run, MARY and SMART was reduced by 58 percent.</p> <p>Route 39-40th St was provided at a reduced level of service.</p> <p>Route 13 was modified by eliminating the service segment on Mohave Street from 7th to 16th avenues. In addition, Route 29-Thomas Road was modified to include a shorter trip turnaround.</p>	
<b>Average Weekday Bus Ridership:</b> In 2000-01 the average weekday bus ridership was 124,200.	In the 2010-11 budget, weekday ridership is estimated at 126,800.	In the 2011-12 budget, weekday ridership is estimated at 128,702.





PROGRAM SERVICE LEVEL IN 2000-01	SERVICE CHANGES THROUGH 2010-11	SERVICE CHANGES FOR 2011-12
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**TRANSPORTATION**

**STREET TRANSPORTATION**

**Major and Collector Street Sweeping and Maintenance:**

In 2000-01, sweeping major and collector streets was scheduled for every 14 days.

The 2000-01 budget increased frequency of street sweeping service to every 14 days to improve air quality. The budget also added capital funding to improve maintenance, pave dirt alleys and install additional sidewalks and curbs.

Reductions to 2011-12 Arizona Highway User Revenue were brought about by the impact of Census 2010 and cuts of nearly \$12 million made by the state of Arizona.

In 2003 04, budget constraints reduced funding for making quick concrete repairs to infrastructure throughout the city. Funding for paving dirt alleys also was reduced as was funding for retrofitting sidewalk ramps. An asphalt crew responsible for repairing asphalt pavement on major, collector and local streets was eliminated.

Continued budget constraints in 2004-05 reduced funding for retrofitting sidewalk ramps and neighborhood concrete repairs.

Dust proofing of dirt alleys continued to see reduced funding in both 2004-05 and 2005-06.

The 2007-08 budget added funding to improve the general maintenance of streets.

The 2009-2010 budget reduced funding for coordination of maintenance projects, eliminated all heater panel crews responsible for repairing failed street cuts and shifted this work to asphalt crews. It reduced by 25 percent the downtown hand crews that pick up trash, sweep sidewalks and hand sweep portions of the street that cannot be reached by motor broom equipment within the boundaries of 3rd Avenue to 7th Street and Van Buren to Jefferson streets. In addition, the budget eliminated one of three equipment operator positions responsible for operating equipment used on large paving repairs, resulting in a 33 percent reduction in repairs.

The 2010-11 budget eliminated one of six equipment operators who were responsible for supporting the Street Cleaning Section. This reduced the section's ability to provide special street sweeping requests and event support. Reductions did not impact routine street sweeping which continued to be scheduled every 14 days. The budget also reduced the number of employees responsible for repairs of small maintenance equipment, eliminated two of four miscellaneous crews responsible for installation, and maintenance of 1,000 permanent barricades throughout the city, eliminated a position responsible for placing sand on spills in the street, and reduced the downtown hand crew by an additional 50 percent.

**Residential Street Sweeping:**

In 2000-01, the city of Phoenix provided street sweeping service four times a year.

No changes were included in the 2010-11 budget.

No changes are included in the 2011-12 budget for residential street sweeping.





<b>PROGRAM SERVICE LEVEL IN 2000-01</b>	<b>SERVICE CHANGES THROUGH 2010-11</b>	<b>SERVICE CHANGES FOR 2011-12</b>
<b>TRANSPORTATION</b>		
<b>STREET TRANSPORTATION</b>		
<b>Sealcoat:</b> In 2000-01, the city of Phoenix provided 95 miles of sealcoat.	<p>In 2004-05, due to budget constraints and increased cost of materials, the number of sealcoat miles was reduced to 81 miles annually.</p> <p>Increased material costs and continued budget reductions in fiscal year 2005-06 further reduced the number of annual miles to be sealcoated to 49.</p> <p>In 2006-07, 35 miles of city streets were sealcoated. This decrease was due to continued increases in material costs.</p> <p>In 2009-10, funding was diverted to pilot the Fractured Aggregate Surface Treatment (FAST) program. The FAST application was used to sealcoat 12 miles of city streets.</p> <p>The 2010-11 budget included funding for 41 miles of city streets to be sealcoated. The Fractured Aggregate Surface Treatment (FAST) pilot program was put on hold in 2010-11.</p> <p>Based on 2009 International City/County Management Association data, city of Phoenix paved road rehabilitation expenditures per capita compare favorably to those of other benchmark cities as noted below:</p> <p style="text-align: center;"><b>Paved Road Rehabilitation Expenditures per Capita:</b> Oklahoma City – \$52.63 San Antonio – \$36.38 Dallas – \$25.32 Portland – \$20.07 <b>PHOENIX – \$19.37</b></p>	<p>The 2011-12 budget includes funding for 41 miles of city streets to be sealcoated.</p>
<b>Asphalt Overlay:</b> In 2000-01, 140 miles of overlay were performed.	<p>In 2004-05, 105 miles were overlaid. This decrease in miles was due to increased cost of materials and bad weather.</p> <p>In 2005-06, 89 miles were overlaid and in 2006-07, 76 miles overlaid. These decreases were primarily due to continued increases in cost of materials.</p> <p>In 2007-08, due to continued increases in cost, 62 miles of asphalt overlay were completed.</p> <p>For 2008-09, due to continued cost increases and budget reductions impacting the installation of ADA sidewalk ramps, which also impact street overlay projects, 60 miles of asphalt overlay were completed.</p> <p>In 2009-10, 97 miles of city streets were overlaid with rubberized asphalt. This increase was due to a diversion of \$1 million in Capital Improvement Project (CIP) funds from other CIP projects to the overlay and sidewalk ramp contracts.</p> <p>The 2010-11 budget provided for 85 miles of overlay, including 65 miles that were funded by the American Recovery and Reinvestment Act (ARRA).</p>	<p>The 2011-12 budget provides for 172 miles of overlay. The projected increase in the number of miles of overlay is due to a portion of funds programmed for 2010-11 being carried over to allow necessary concrete work to be completed in 2010-11.</p>





PROGRAM SERVICE LEVEL IN 2000-01	SERVICE CHANGES THROUGH 2010-11	SERVICE CHANGES FOR 2011-12
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**COMMUNITY DEVELOPMENT**

**HOUSING**

**Scattered Sites Housing Program:**

In 2000-01, the Housing Department had 450 units.

This homeownership program allows eligible tenants the opportunity to purchase their home. Between 1998-99 and 2007-08, the program's total inventory expanded to 480 units. The 2010-11 inventory of 427 units reflects the sale of 53 homes to eligible tenants over the past decade.

In the 2011-12 budget, the program is expected to maintain the current 427 Scattered Sites homes.

**Affordable Housing Program:**

In 2000-01, this program had 1,034 units for families and individuals.

By the end of 2010-11, the Affordable Housing Program was expanded to a total of 2,174 city-owned units for families and individuals with the addition of the 730 units from the newly acquired Santa Fe Springs, Pine Crest and Summit properties.

In 2011-12, the program is expected to maintain its current inventory of 2,174 affordable housing units for families and individuals.

**Conventional Housing Program:**

This program has been in effect since 1951-52. In 2000-01, there were 2,176 units.

In 2003-04, the program's beginning inventory before the Matthew Henson HOPE VI project was initiated was 2,176 units. Due to the reconstruction activities funded by the HOPE VI grant, 280 units became unavailable at the Matthew Henson housing site. One additional unit was transferred to the St. Vincent de Paul organization. The conventional housing inventory at the end of 2004-05 was 1,895 units.

In the 2011-12 budget, the program is expected to decrease its inventory to 1,834 conventional housing units by converting 125 units at the Marcos de Niza property to project-based Section 8 housing vouchers and adding 50 units from the newly acquired Summit property.

At the conclusion of the Matthew Henson HOPE VI project in 2008-09, the department had 2,113 public housing units. During this period, 14 original units at Matthew Henson were removed from the inventory and are being maintained for historical preservation

Also in 2008-09, the Krohn West HOPE VI project was awarded and the McCarty on Monroe project was initiated which demolished 100 existing units for reconstruction. The removal of 76 units from the Krohn West HOPE VI project and the 24 units from McCarty on Monroe reduced the total conventional housing inventory to 2,013 at year end of 2008-09.

The McCarty on Monroe project was completed in 2009-10, adding back 34 units. The 2009-10 year end inventory of conventional housing units was 2,047.

In 2010-11, the department demolished 138 units located within in the East AMP to make way for the new Frank Luke addition, bringing the year-end inventory of conventional housing units to 1,909.





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<b>PROGRAM SERVICE LEVEL IN 2000-01</b>	<b>SERVICE CHANGES THROUGH 2010-11</b>	<b>SERVICE CHANGES FOR 2011-12</b>
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**COMMUNITY DEVELOPMENT**

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**NEIGHBORHOOD SERVICES**

**Neighborhood Preservation  
Case Cycle Time (Days)**

In 2000-01, with the addition of eight inspector positions, cases were resolved in an average of 66 days.

Over time, ongoing process improvements, streamlining and automation resulted in further case cycle time improvements despite an increasing caseload. Overall average case cycle time improved from 83 days in 2001-02 to 53 days in 2004-05.

In 2011-12, it is anticipated the case cycle time will remain at approximately 51 days.

Case cycle times increased to 61 days in 2005-06 due to reduced staffing and abatement funding, but improved to 56 days in 2006-07, and to 51 days at the close of 2007-08 with the continued application of technology, training and quality control.

Significant staffing and resource reductions in March 2009 caused case cycle times to increase, but only slightly, to 53 days. The increase was minimized by the implementation of an enhanced quality control program, supplemented by supervisory access to more detailed performance indicator reports.

The overall case cycle time improved to an average of 51 days during 2009-10. This is attributed to implementing program efficiencies.

Based on 2009 ICMA data, city of Phoenix code enforcement expenditures per capita compares favorably to those of other benchmark cities as noted below:

**Code Enforcement Expenditures  
per Capita:**

Dallas - \$9.49

Long Beach - \$6.86

**PHOENIX – \$5.70**

San Antonio – \$4.73

Oklahoma City - \$3.88

Kansas City – \$2.42







**PROGRAM SERVICE LEVEL  
IN 2000-01**

**SERVICE CHANGES  
THROUGH 2010-11**

**SERVICE CHANGES  
FOR 2011-12**

**COMMUNITY DEVELOPMENT**

**ECONOMIC DEVELOPMENT**

**Employment Growth Rate  
Compared to Other Cities**

In 1999, Phoenix's employment growth rate was strong compared to the following benchmark cities:

- Austin – 4.7%
- Long Beach – 3.9%
- San Diego – 3.5%
- PHOENIX – 3.4%**
- Dallas – 2.9%
- Fort Worth – 2.8%
- San Antonio – 2.1%
- San Jose – 2.0%
- Kansas City – 1.9%

The current issues inhibiting more robust growth in the economy are expected to continue through 2011. These include high levels of unemployment, large consumer debt loads, reduced income and wealth, weak housing and commercial real estate markets, rising health care cost and budget deficits.

Based on data from the Bureau of Labor Statistics, Phoenix had an increase in the Employment Growth Rate as compared to all but two benchmark cities:

- Austin – 2.0%
- PHOENIX – 1.7%**
- Dallas – 1.4%
- Ft. Worth-Arlington – 1.0%
- San Jose – 1.0%
- San Antonio – .8%
- San Diego – .5%
- Los Angeles/Long Beach – .3%
- Kansas City – (1.9)%

It is anticipated employment will continue to modestly grow in 2011-12.

**COMMUNITY ENRICHMENT**

**HUMAN SERVICES**

**Head Start Program:**

In 2000-01, the Human Services Department served 2,886 children.

The program was expected to serve 3,090 children during 2010-11.

The program is expected to serve 3,090 children in 2011-12.

**Senior Nutrition Program:**

In 2000-01, the Human Services Department served 545,000 congregate and home-delivered meals.

For 2010-11, the program was expected to serve 611,000 congregate and home-delivered meals.

In the 2011-12 budget, it is anticipated that the number of congregate and home-delivered meals will be 612,000.





<b>PROGRAM SERVICE LEVEL IN 2000-01</b>	<b>SERVICE CHANGES THROUGH 2010-11</b>	<b>SERVICE CHANGES FOR 2011-12</b>
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**COMMUNITY ENRICHMENT**

**PARKS AND RECREATION**

**Swimming Pools:**

In 2000-01, the city of Phoenix had 28 public swimming pools.

In 2000-01, staffing was added to provide year-round operation for the Paradise Valley Diving Well.

In 2003-04, Pecos Pool was opened, increasing the number of pools to 29.

In the 2009-10 budget eight pools were closed for infrastructure repairs on a rotating basis beginning in May 2009.

In the 2010-11 budget, Cortez Pool was closed indefinitely due to the need for significant structural repairs.

In the 2011-12 budget, 28 of 29 pools will provide open swim. Eight pools previously closed for infrastructure repairs will re-open. Beginning May 2012, Cortez Pool will continue to be closed indefinitely.

**Swimming Pool Season:**

In 2000-01, swimming pools were open for 12 weeks during the summer months.

In 2003-04, budget considerations forced the city to reduce the swim season to 10 weeks. All pools closed in mid-August to coincide with the beginning of the school year.

The 2005-06 budget reduced the swim season by closing pools one week earlier, resulting in a nine-week season.

Changes included in the 2007-08 budget added funding to increase the pool season at all 29 pools. These funds added weekend hours beginning in August and continuing through Labor Day.

The 2008-09 budget eliminated weekend pool hours in May and August except for the Memorial Day weekend.

The 2009-10 budget reduced the swimming season by eliminating open swim hours during the last week in July. The 2009-10 budget also reduced daily open swim hours, and closed all city pools on Friday. Pools hours open to the public were changed from 1 p.m. to 7 p.m. instead of noon to 8 p.m. Also, fees were increased for general swim lessons and recreational teams.

No changes were included in the 2010-11 budget.

No changes are included in the 2011-12 budget for the swimming pool season. Swimming pools are scheduled to be open for eight weeks during the summer months.

**Children's Summer  
Recreation Programs:**

In 2000-01, the city of Phoenix provided recreation programs at 127 program sites.

In 2007, the Parks and Recreation Department conducted a comprehensive evaluation of Phoenix After-school Center (PAC) programming. Changes were implemented including re-defining what constituted an after-school program versus an after-school site. Based on this new definition, the 2007-08 summer program had 32 sites and 50 program units (some sites have more than one program).

No changes were included in the 2008-09 budget.

The 2009-10 budget reduced summer PAC to 16 sites and increased fees.

Beginning June 2010, all summer PAC sites were eliminated.

No changes are included in the 2011-12 budget for children's summer recreation programs.





PROGRAM SERVICE LEVEL IN 2000-01	SERVICE CHANGES THROUGH 2010-11	SERVICE CHANGES FOR 2011-12
<b>COMMUNITY ENRICHMENT</b>		
<b>PARKS AND RECREATION</b>		
<b>School Recreation Program During School Year:</b> In 2000-01, funding was provided for an additional 32 sites, which were added for a total of 133.	<p>The 2001-02 budget added another 33 sites, raising the total to 166.</p> <p>In 2007-08, additional funding was provided to improve after-school programming.</p> <p>In 2007, the Parks and Recreation Department conducted a comprehensive evaluation of Phoenix Afterschool Center (PAC) programming. Changes were implemented including re-defining what constituted an after-school program versus an after-school site. Based on this new definition, the 2007-08 school year had 83 sites and 166 program units (some sites have more than one program).</p> <p>Budget reductions in 2008-09 reduced the number of after-school program units to 104, which included reducing the number of sites to 81.</p> <p>The 2009-10 budget reduced the number of after school program sites to 42 (the department no longer uses program units in their definition of program sites). After the budget was approved, fees were increased and an additional 13 sites were added. Total sites operated were 55.</p> <p>The 2010-11 budget further reduced after-school sites to 25 General Fund-supported sites and five full cost recovery sites effective June 2010.</p>	No changes are included in the 2011-12 budget for school recreation programs during the school year.





PROGRAM SERVICE LEVEL IN 2000-01	SERVICE CHANGES THROUGH 2010-11	SERVICE CHANGES FOR 2011-12
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**COMMUNITY ENRICHMENT**

**LIBRARY**

**Central Library:**

The new Burton Barr Central Library opened in May 1995. In 2000-01, the budget extended hours to 9 p.m. on school nights. As a result, Burton Barr Central Library provided 75 hours of service per week.

In April 2003, Central Library hours were reduced to 66 hours per week as a result of citywide budget reductions.

The 2007-08 budget included opening the Central Library at 9 a.m. Monday through Saturday, increasing hours of service from 66 to 72 hours per week.

In 2008-09, the budget for books and other circulating materials for Central Library was reduced and the printed version of the calendar of events was eliminated.

In March 2009, the hours of operation were reduced from 72 hours per week to 52 hours per week at Central Library. Programming for children, teens and adults was also reduced; and facilities maintenance projects were delayed.

In April 2010, customer service and Accessibility Center services at the Central Library were reduced.

In December 2010, the hours at Central Library were expanded by six hours per week. The library is currently open 58 hours per week.

No changes are included in the 2011-12 budget for the Central Library.

**Branch Libraries:**

The 2000-01 budget extended all branch hours to 9 p.m. on school nights. As a result, every branch was open 75 hours per week, increasing total branch library service hours to 900 per week.

In April 2003, as a result of budget reductions, branch library hours were reduced to 66 hours per week, decreasing total branch library service hours to 792 per week.

The new 15,000-square-foot Desert Broom Library serving the Desert View Village area opened in February 2005 for 66 hours per week, increasing total branch library service hours to 858 per week.

The new Palo Verde Library opened in January 2006, replacing the existing 10,000-square-foot library with a new 16,000-square-foot facility.

The new 25,000-square-foot Cesar Chavez Library, serving the western South Mountain Village, opened in January 2007 for 66 hours per week, increasing total branch library service hours to 924 per week.

The 2007-08 budget included opening all branch libraries at 9 a.m. Monday through Saturday, increasing total branch library service hours to 1,008 per week.

The renovation of Saguaro Library was completed during spring 2008 and opened to the public on June 6, 2008.

Due to budget reductions in 2008-09, staffing was reorganized to create regional managers and reduce a supervisory layer at the branches; facilities maintenance projects were deferred; the opening of the new Agave Library was delayed; the printed calendar of events was eliminated, and the budget for books and other circulating material was reduced by 18.9 percent.

In March 2009, the hours of operation were reduced from 72 hours per week to 52 hours per week at seven locations and to 48 hours per week at eight locations. The budget for circulating materials and programming for children, teens and adults was also reduced; facilities maintenance projects were delayed.

The new Agave Library, located at 33rd Avenue and Pinnacle Peak Road, opened in June 2009.

The new 12,300-square-foot replacement for Harmon Library opened to the public in September 2009.

In April 2010, the hours of operation per week were reduced from 52 to 44 at seven branches and 48 to 40 at the remaining branches.

A new South Mountain Community Library, jointly operated by Maricopa County Community College District and the city of Phoenix, is scheduled to open August 2011 on the campus of South Mountain Community College – open 72 hours per week.

No changes in hours of existing branches are included in the 2011-12 budget.





PROGRAM SERVICE LEVEL IN 2000-01	SERVICE CHANGES THROUGH 2010-11	SERVICE CHANGES FOR 2011-12
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**COMMUNITY ENRICHMENT**

**LIBRARY**

**Branch Libraries:** *(continued)*

Additionally in April 2010, the staff and library materials at Century, Acacia and Ocotillo branch libraries were reduced resulting in decreased direct customer service and increased time to access library materials. Administrative and support staff were also reduced resulting in slower processing and re-shelving of materials system-wide and less timely maintenance of facilities.

In December 2010, the hours at Mesquite Library were increased by six hours per week.

Based on 2009 ICMA data, the Phoenix library system compared very favorably to other benchmark cities as noted below:

**Cost per Item Circulated:**

Long Beach – \$5.87

Austin – \$4.61

San Antonio – \$4.54

Dallas – \$2.40

**PHOENIX – \$2.05**

**ENVIRONMENTAL SERVICES**

**WATER SERVICES**

**Water Bill Comparison for Single-Family Homes**

Beginning with 2002-03, this is a new measure.

In a March 2011 survey, Phoenix's average monthly water bill compared favorably to the following benchmark cities:

It is anticipated Phoenix water rates will continue to favorably compare to benchmark cities during 2011-12.

San Diego - \$72.84

San Jose –\$53.32

Kansas City –\$52.15

Austin –\$48.40

Dallas –\$43.21

Tucson –\$39.87

**PHOENIX –\$36.12**

Albuquerque –\$29.21

San Antonio –\$19.96

**Wastewater Bill Comparison for Single-Family Homes**

Beginning with 2002-03, this is a new measure.

In a March 2011 survey, Phoenix's average monthly wastewater bill compared favorably to the following benchmark cities:

It is anticipated Phoenix wastewater rates will continue to favorably compare to benchmark cities during 2011-12.

Austin –\$51.73

San Diego - \$45.94

San Jose –\$32.86

Kansas City - \$32.19

Tucson –\$32.52

Dallas –\$31.40

**PHOENIX –\$22.34**

San Antonio –\$19.32

Albuquerque –\$14.09







## Budget Process, Council Review and Input, Public Hearings and Budget Adoption

Each year, the city of Phoenix budget is developed in conjunction with the Mayor and City Council, residents, city employees, the City Manager's Office and all city departments.

### Modified Zero-Base Budgeting Process

The city of Phoenix uses a modified zero base budgeting process. Each fall, departments submit an estimate (called the "base budget") of the costs associated with providing their current levels of service for the following year. Budget and Research Department staff review these base budget estimates to ensure that only the funding needed to continue current service levels is included in the department's base budget for the following year. A department's base budget funding may differ from its current year funding for a variety of reasons. For example, an increase or decrease in electricity or postage rates would be reflected in the base budget.

After these base budget requests are reviewed, departments typically are asked to identify 5 to 10 percent of their budget for potential elimination. These proposals are called base reductions and represent the department's lowest-priority activities. Departments are also asked to provide any requests for new or expanded programs. These are called supplemental budget requests. Base reductions and supplemental requests include all operating and maintenance costs associated with a specific program or service. For example, costs for a swimming pool would include personnel costs for a lifeguard and other staff, chemicals for the pool, building maintenance and utilities.

When base reductions and supplemental requests are proposed, they are ranked together according to the

department's priorities. The department's ranking indicates whether making a base reduction to add a new program would be possible, and also indicates which supplemental programs and base reductions are most critical to the department. These rankings are used by city management to assist in the creation of the proposed trial budget.

The City Council then provides input to the city manager for the preparation of the trial budget, which is reviewed with the City Council early each spring. The purpose of the trial budget is to enable the community and the City Council to comment on a balanced budget proposal well before the city manager is required to submit his recommended budget in mid-May. Public hearings are conducted throughout the community during day and evening hours. The city manager's recommended budget reflects the input received from the community and City Council during the public hearings. The City Council makes final budget recommendations after the city manager's recommended budget is reviewed.

### 2011-12 BUDGET PROCESS

#### Initial Budget Status

In September 2010, Budget and Research staff presented a very early review and discussion of the 2010-11 budget to the City Council. At that time staff focused on the General Fund, providing financial results for the previous fiscal year. Staff reported that the 2009-10 fiscal year ended with higher than estimated resources and less than expected expenditures, resulting in a stronger starting position for fiscal year 2010-2011. The 2009-10 ending balance was \$46.8 million, more than doubling the estimated ending balance. These savings put the city in a stronger position to withstand revenue shortfalls or unanticipated expenditures in 2010-11.

#### Budget Status Update

In January 2011, Budget and Research staff provided a 2010-11 General Fund budget status report. It included the latest information available on revenue for the current year and the limited information available about the upcoming 2011-12 fiscal year. The Mayor and City Council were advised that 2010-11 revenue collections were on target with estimates and expenditures were slightly below estimates. As a result, the 2010-11 budget remained balanced and mid-year cuts would not be necessary.

Initial estimates for 2011-12 revenue ranged from +0.1 to -3.0 percent compared to 2010-11. The biggest drags on revenue were lower state-shared income tax, representing 2009-10 collections, and the estimated impact on all state-shared revenue from the 2010 census. It was estimated the 2010 census would show that Phoenix had lost relative state population share, as it had every census since 1965. Prior to census results and holiday sales tax collections being known, the 2011-12 General Fund deficit was estimated to be between \$50-80 million. Given the 2010-11 budget remained balanced, the City Council adopted the 2011-12 budget calendar.

On Feb. 15, 2011, Budget and Research provided a General Fund budget status update with results of city holiday sales tax that was collected in January. Staff reported city sales tax growth was positive and slightly above the projected forecast. Staff explained that a specific deficit would not be available until the March 29 trial budget due to pending Census 2010 results.





### **Trial Budget**

On March 29, 2011, the Mayor and Council were presented with the 2011-12 trial budget. The proposed balanced 2011-12 General Fund budget overcame a \$58.8 million dollar deficit. As discussed in more detail in the city manager's budget message, seven important factors were critical to the city's success in keeping costs down and addressing a manageable deficit.

Noteworthy impacts to planned General Fund expenditures in 2011-12 included:

- a total of \$23.9 million in decreased costs based on a combination of \$19.9 million in various efficiencies and cost-cutting measures identified by departments and another \$4 million in proposed budget reductions;
- increase of \$5.9 million to continue the Council-approved Public Safety Restoration Plan from the 2010-11 budget;
- set-aside of \$2.0 million to cover the cost of expiring firefighter grants;
- planned increase of \$3.0 million over the existing 3.1 percent contingency fund level;
- allocation of \$1.6 million to operate new capital facilities, which includes funding for Fire Station 59 at 67th Avenue and Buckeye Road, Helen Drake Senior Center replacing the Manzanita Senior Center, South Mountain Community Library, protection of 500 acres and eight miles of trails for new preserve space, facility maintenance at Tovrea Castle, and contracted maintenance for completed streetscape projects;
- up to \$800,000 (\$632,000 in the General Fund) for an independent consultant review of employee compensation and benefits;
- early budget action to allocate up to \$600,000 (\$384,000 in the General Fund) for pension reform consultants;

- implementation of the Council-adopted city pools restoration plan, which closed pools on a rotating basis beginning in 2008-09 and reopens those pools in the summer of 2012. Because of Council's previous approval, the 2011-12 budget already includes the costs of the plan, resulting in a net General Fund impact after revenue of approximately \$550,000.

Additional recent impacts to General Fund revenue included:

- expected census results reducing the city's relative population share of incorporated cities to 28.7 percent, resulting in a loss of about \$14.5 million;
- adjustments to revenue reflecting improvements to the economy and enhanced compliance of existing fines and fees resulting in an increased projection of about \$2.1 million;
- positive impact of \$2.95 million to the General Fund from Arizona Center sale proceeds, which will offset one-time pay-as-you-go costs and also directly contribute to the elimination of the 2011-12 deficit.

The trial budget also included budget proposals for non-General funds. The Aviation Department proposed replacing contract services with city staff for certain services, saving \$385,000. The Water Services Department consolidated their downtown payment counter with the Finance Department's Cashiering Services, eliminating one position. Costs related to the compensation and benefits consultant will be charged proportionately to non-General funds. Finally, the 2011-12 Water Services Department budget includes \$7 million for operating costs for the Granular Activated Carbon Facility at Val Vista Water Treatment Plant to comply with the disinfectant byproduct mitigation rule, and \$188,000 to pay for chemicals required for the new 24th Street Water Treatment Plant chlorine dioxide facility.

### **Community Input**

The proposed budget was presented at 15 budget hearings conducted throughout the community from April 7 – April 20. Following a presentation describing the proposed budget, residents were invited to comment. In addition to the budget hearings, the budget was shared with the community on the city's website and through a tabloid entitled "Phoenix Budget for Community Review" that outlined the proposed service changes as well as a calendar of budget hearing dates. This information was made available electronically in addition to hard copies provided at senior centers, libraries, community centers and at budget hearings. The city also published where to find the electronic version in *The Arizona Republic*, *the Arizona Informant*, and *La Voz*. Residents were also invited to send comments and questions through the city's website. The publication of the trial budget allows the City Council and the community to comment on proposed measures for balancing the budget. At the 15 community budget hearings, many residents expressed their support for the proposed 2011-12 budget and their appreciation for the city's leadership and staff in addressing the financial challenges. Individuals also commented on service priorities with a focus on maintaining, and when economic conditions improve, restoring previous levels of service in libraries, parks, street maintenance, arts, youth and human services programs. Specific concerns were raised regarding graffiti, accessibility services and proposed changes to the Police Department callback service. The final budget recommendations provided to the Mayor and City Council includes, to the extent possible given limited resources, the input received from residents.







The city of Phoenix is in the process of developing a Strategic Plan to guide decision-making at all levels of the organization, focus the city's efforts on core businesses and serve an instrumental role in setting budget priorities. The draft plan was developed by a team of city staff and private sector representatives, in conjunction with input from the Mayor and City Council. Extensive community feedback was sought through inclusion of the Strategic Plan in the community budget hearing process and the city's website.

**City Manager's Budget and Council Action**

On May 10, a revised budget package that reflected feedback from the community was presented to the Mayor and City Council for information and discussion only. The following changes were proposed in the City Manager's Budget to respond to the community's feedback about specific services: add funding to gradually transition the Police callback service to an Internet-based service, add two contract positions and materials to the Graffiti Busters program to address citywide graffiti areas, restore funding for contracted closed-captioning services on Phoenix Channel 11, add part-time staff to restore walk-in services at Burton Barr Library's Accessibility Center and create a voucher program for same-day transportation service for American with Disabilities Act certified passengers under the age of 65. On May 24, 2011 the City Council approved the final budget.

**Tentative Budget Adoption**

A public hearing and tentative budget adoption was held on June 8 in compliance with the City Charter requirement that the budget be adopted no later than June 30. Upon tentative adoption, the budget becomes the City Council's program of services for the ensuing fiscal year. At that point, the City Council may later decrease the budget, but only in certain instances may the budget be increased. Generally, the ability to increase the budget applies to expenditures exempted from the state expenditure limitation. Transfers between department appropriations are still permissible before the final budget is adopted.

**Final Budget Adoption**

A public hearing and final adoption was held on June 22. Adoption of the property tax levy was scheduled no less than 14 days later on July 6 in accordance with state law.

The following chart is an overview of the 2011-12 budget calendar.

<b>2011-12 Budget Calendar</b>	
January 11	2010-11 General Fund Budget Status Update and 2011-12 Budget Process Calendar
March 29	Trial Budget
April 5	2011-16 Preliminary Capital Improvement Program
April 7 – April 20	Community Budget Hearings
April 20	2006 Bond Committee Meeting
May 10	City Manager's Recommended 2011-12 Budget
May 24	Final Budget Recommendations and City Council Action to Balance the General Fund Budget
June 8	Tentative Adoption of 2011-12 Budget and 2011-16 Capital Improvement Program
June 22	Final Budget Adoption
July 6	Property Tax Adoption







# General Budget and Financial Policies

City of Phoenix budget and financial policies are governed by Arizona state law, the City Charter and generally accepted accounting standards. These laws and standards set budget calendar dates, provide for budget control, describe ways to amend the budget after adoption, and identify appropriate methods for budgeting, accounting and reporting. The Arizona Constitution establishes the property tax system and sets tax levy and assessed valuation limits. The constitution also provides annual expenditure limits and sets total bonded debt limits.

The city's budget policies are extensions of these basic laws and follow generally accepted governmental budgeting and accounting practices and standards.

## A BALANCED BUDGET IS REQUIRED

Arizona law (Title 42 Arizona Revised Statutes) requires the City Council to annually adopt a balanced budget by purpose of public expense. State law defines this balanced budget as "the primary property tax levy, when added together with all other available resources, must equal these expenditures." Therefore,

no General Fund balances can be budgeted in reserve for subsequent fiscal years. Instead, an amount for contingencies (also commonly referred to as a "rainy day fund") can be included in the budget each year.

The City Charter also requires an annual balanced budget. The Charter further requires that "the total of proposed expenditures shall not exceed the total of estimated income and fund balances."

## Annual Budget Adoption Requirements

The City Charter and state statutes contain legal deadlines and actions that must be followed in adopting the budget. In cases where the deadlines conflict, the city meets the earlier of the two dates. The deadlines and formal actions prescribed by both, as well as the actual or planned dates for the 2011-12 budget development process are as follows:

Action Required	City Charter Prescribed Deadline	Arizona State Statute Prescribed Deadline	2011-12 Budget Dates
City manager's recommended five-year Capital Improvement Program submitted to the City Council.	At least three months prior to final date for submitting the budget or a date designated by the City Council.	Capital Improvement Program not required.	April 5
City manager's proposed budget for ensuing year presented to the Mayor and City Council.	On or before the first Tuesday in June or a date designated by the City Council.	City manager budget not required.	May 10
Publish general summary of budget and notice of public hearing that must be held prior to tentative budget adoption.	Publish in newspaper of general circulation at least two weeks prior to first public hearing.	No requirement.	Publish week of May 25
Publish notice of public hearing which must be held prior to adoption of five-year Capital Improvement Program by resolution.	Publish in newspaper of general circulation at least two weeks prior to first public hearing.	No requirement.	Publish week of May 25





<b>Action Required</b>	<b>City Charter Prescribed Deadline</b>	<b>Arizona State Statute Prescribed Deadline</b>	<b>2011-12 Budget Dates</b>
Publish truth-in-taxation notice twice in a newspaper of general circulation (when required).	No requirement.	First, at least 14 but not more than 20 days before required public hearing; then at least seven days but not more than ten days before required hearing.	Publish weeks of June 3 and June 13
Public hearing immediately followed by tentative budget adoption with or without amendment.	On or before the last day of June.	On or before the third Monday of July.	June 8
Publish summary of tentatively adopted budget and notice of public hearing which must precede final adoption.	No requirement.	Once a week for two consecutive weeks following tentative adoption.	Publish weeks of June 13 and 20
Public hearing plus truth-in-taxation hearing (when required) immediately followed by final budget adoption.	No requirement.	No later than second Monday in August.	June 22
Property Tax Levy Adoption.	No later than the last regularly scheduled Council meeting in July.	No sooner than 14 days following final budget adoption and no later than the third Monday in August.	July 6

**Amendments to the Budget After Final Adoption**

Generally, by Arizona state statute, no expenditure may be made nor liability incurred for a purpose not included in the budget even if additional funds become available. Phoenix's level of legal budgetary control is by fund except for the General Fund for which control is by program.

In certain instances, however, the budget may be amended after adoption. All

budget amendments require City Council approval. These are (1) transfers from any contingency appropriation, (2) increases in funds exempt from the Arizona State Constitution expenditure limit and (3) reallocations of amounts included in the original budget. An amount for contingencies is included in the General Fund and in many other restricted funds. Informal reservations of contingencies are made throughout the fiscal year as approved by the City Council. Actual

expenditures are recorded in the appropriate departmental budget. Then, at the end of the fiscal year, contingency amounts actually needed are transferred by City Council formal action to the appropriate departmental budget.

If funds are available, appropriations may be increased for certain funds specifically excluded from the limitations in the Arizona Constitution. These funds are bond proceeds, Arizona Highway User Revenue, debt service and grants. At the end of each fiscal year, the City Council adopts an amendment to the budget ordinance for any necessary increases in these funds. These increases are largely caused by federal grants that become available throughout the fiscal year and by timing changes in capital projects funded by bond proceeds.

Finally, transfers of amounts within any specific fund or within General Fund programs can be made upon approval of the city manager.

**PROPERTY TAXES AND BONDED DEBT LIMIT**

Arizona property tax law provides for two separate tax systems. A primary property tax is levied to pay current operation and maintenance expenses. Therefore, primary property tax revenue is budgeted and accounted for in the General Fund. A secondary property tax levy is restricted to the payment of debt service on long-term debt obligations. Therefore, secondary property tax revenue is budgeted and accounted for as a special revenue fund.

**Primary Property Tax Restrictions**

Primary property tax levies are restricted to an annual 2 percent increase plus an allowance for growth attributable to previously unassessed properties (primarily new construction). Growth in primary assessed valuation is restricted annually to the greatest of 10 percent, or 25 percent of the difference between primary values in the preceding valuation year and secondary values in the current valuation year, plus an allowance for previously unassessed properties. The City Charter requires that 8 cents of the primary property tax levy be allocated to the Parks and Playground Fund.





### Secondary Property Tax Restrictions

Secondary property tax levies are restricted in their use to the payment of annual debt service on long-term debt obligations. Any over-collection of the secondary levy or any interest earned by invested secondary property tax funds must be used to reduce the following year's levy. No restrictions limit the annual growth in secondary assessed valuations. Secondary assessed valuations are intended, therefore, to follow general market conditions.

Generally, Arizona counties assess property and collect all property taxes. Proceeds are distributed monthly to the appropriate jurisdictions.

### Bonded Debt Limit

Arizona cities can issue general obligation bonds for purposes of water, sewer, lighting, open space preserves, parks, playgrounds, recreational facilities, public safety, law enforcement, fire emergency, and street and transportation up to an amount not exceeding 20 percent of the secondary assessed valuation. General obligation bonds can be issued for all purposes other than those previously listed up to an amount not exceeding 6 percent of the secondary assessed valuation. An analysis of bonded debt limits is provided in the Debt Service chapter.

### ANNUAL EXPENDITURE LIMITATION

Since fiscal year 1982-83, the city of Phoenix has been subject to an annual expenditure limitation imposed by the Arizona Constitution. This limitation is based upon the city's actual 1979-80 expenditures adjusted for interim growth in population and inflation as measured by the gross domestic product implicit price deflator. The constitution exempts certain expenditures from the limitation. The principal exemptions for the city of Phoenix are debt-service payments, expenditures of federal funds, certain state-shared revenues and other long-term debt obligations. Exemptions associated with revenues not expended in the year of receipt may be carried forward and used in later years. The 1979-80 expenditure base may be adjusted for the transfer of functions between governmental jurisdictions.

The constitution provides for four processes to exceed the expenditure limitation: (1) a local four-year home rule option, (2) a permanent adjustment to the 1979-80 base, (3) a one-time override for the following fiscal year, and (4) an accumulation for pay-as-you-go capital. All require voter approval.

In 1981, the voters approved the permanent annual exclusion of the following amounts for pay-as-you-go capital: \$5 million for Aviation, \$6 million for Water, \$6 million for Wastewater and \$2 million for General Fund street improvements. Additionally, city of Phoenix voters have approved seven local home rule options in 1981, 1985, 1991, 1995, 1999, 2003 and 2007. Before 1999, the home rule options generally excluded enterprise operations such as Aviation, Water, Wastewater and Solid Waste from the expenditure limitation. Beginning in 1999, the voters approved establishing the city's annual budget as the spending limit. Due to the current home rule option expiring at the end of fiscal year 2011-12, the 2011 Expenditure Limit Task Force recommended that the Mayor and City Council refer a local alternative expenditure limitation to the August 30, 2011 ballot that sets the limit equal to the budget after the Mayor and Council have publicly reviewed the budget in hearings for each Council district. That limit would be in effect for four fiscal years from 2012-13 through 2015-16 and would allow Phoenix residents to continue to control local expenditures.

### BUDGET BASIS OF ACCOUNTING

The city's budget basis of accounting is based on the modified accrual basis plus encumbrances. This method recognizes revenues in the period that they become available and measurable, and expenditures are recognized in the period the associated liability is incurred. This method differs from generally accepted accounting principles (GAAP) used for preparing the city's comprehensive annual financial report. The major differences between the modified accrual basis and the GAAP basis are listed below. A reconciliation of budgetary and GAAP fund balances is provided each year in the comprehensive annual financial report.

1. For budgetary purposes, encumbrances (contractual commitments to be performed) are considered the equivalent of expenditures rather than as a reservation of fund balance.
2. Grant revenues are budgeted on a modified cash basis. GAAP recognizes grant revenues on an accrual basis.
3. Fund balances reserved for inventories, bonded debt and unrealized gains or losses on investments are not recognized in the budget.
4. In lieu property taxes and central service cost allocations (levied against certain Enterprise and Special Revenue funds) are budgeted as interfund transfers rather than revenues and expenses.
5. For budgetary purposes, all fixed assets are fully expensed in the year acquired.

The differences between modified accrual basis plus encumbrances and GAAP accounting listed above are similar to those of many other local governments. These differences exist largely because they provide a more conservative view of revenues and expenditures and because they provide greater administrative controls.

### GENERAL FINANCIAL POLICIES

In addition to the legal constraints outlined in the previous section, a number of administrative and City Council-approved policies provide guidance and direction to the budget development process.

#### Form of Budget Adoption

1. **Allocation of Appropriations** - Funds appropriated by the City Council are allocated to programs, offices, departments, divisions, sections, projects and type of expenditure by the city manager or as delegated to the Budget and Research director to provide managerial control and reporting of budgetary operations.





**2. Budget Controls** - At the department level, control of expenditures is governed by Administrative Regulation. City departments prepare revised expenditure estimates twice a year. The Budget and Research Department keeps the city manager and the City Council advised on the status of the budget through periodic budget status reports. Mid-year revenue shortfalls can result in the adoption of mid-year expenditure reductions.

**3. Contingency Amounts** - A contingency allowance (also known as a “rainy day fund”) is appropriated to provide for emergencies, mid-year community service requests, and unanticipated expenditures and revenue shortfalls. Expenditures may be made from contingencies only upon approval by the City Council with recommendation by the city manager. Over the last 10 years, the city’s contingency fund has been as low as 2.6 percent of General Fund expenditures, and will be at the highest level in 2011-12 at 3.4 percent. Best practices recommend a contingency fund of 5 percent of total expenditures. In order to better withstand future economic downturns the City Council has adopted a policy to gradually increase the contingency to 5 percent over multiple years. Enterprise and Special Revenue funds have varying levels of contingency funding consistent with the variability in revenues and expenditures associated with the services provided.

**4. Ordinances** - Three budget ordinances are adopted each fiscal year: (1) the operating funds ordinance, (2) the capital funds ordinance and (3) the re-appropriated funds ordinance. The last ordinance is required because unexpended amounts, including those encumbered, lapse at the end of the fiscal year. Since all expended amounts must be included in the budget adoption ordinance, the city re-budgets all encumbrances outstanding at year’s end.

#### **Cost Allocation and Expenditure Policies**

**1. Administrative Cost Recovery** - The Finance Department prepares an indirect cost allocation plan that conforms to federal guidelines for grant reimbursement of appropriate administrative costs. The allocated costs are charged to eligible federal grant funds through a fund transfer to the General Fund.

**2. Central Services Cost Allocation** - The Finance Department annually calculates the full cost of central services provided to Enterprise funds. Except for the Golf Fund, these allocated costs are recouped from the Enterprise funds through fund transfers to the General Fund.

**3. Employee Compensation Costs** - Costs for employee compensation including all wages, social security, industrial, health, life, unemployment, dental insurance and other personal allowances are allocated to each department. Annual amounts for cash conversion of vacation, compensatory time and sick leave are included in the budget. However, future values of compensated absences are not included in the budget but are disclosed in the notes to the comprehensive annual financial report at year’s end.

**4. Enterprise Cost Recovery** - Aviation, Water, Wastewater and Solid Waste are fully self-supporting from rates, fees and charges and, as such, are budgeted and accounted for as Enterprise funds. Cost recovery includes direct operation and maintenance expenses, capital expenditures, debt service, indirect cost allocation, and in-lieu property taxes, where allowable. The Convention Center, while accounted for using enterprise accounting principles, is partially financed from rental and parking fees with the remainder coming from earmarked sales taxes. The Golf Fund, also accounted for using enterprise accounting principles, does not reimburse the General Fund for citywide indirect cost allocations. Finally, federal regulations preclude the Aviation Fund from paying in-lieu property taxes. By City Council policy, the Convention Center Fund does not pay in-lieu property taxes.

**5. Internal Cost Accounting Allocation** - Interdepartmental services performed by one department for another are credited to the performing department and charged to the receiving department to reflect the accurate costs of programs. The rates used are intended to reflect full costs including appropriate overhead.

**6. Maintenance and Replacement of Rolling Stock and Major Facilities** - A multiyear plan is used to project the need for, and costs of, significant street pavement, facility and equipment repair and replacement. The planning horizon for each asset category is matched to the life of the asset. Annually, that plan, combined with periodic physical inspections of streets, facilities, vehicles and other equipment, is used to develop funding levels for inclusion in the budget. During economic downturns, these amounts are debt-financed with a repayment schedule shorter than the expected life of the asset.





**7. Pension Funding** - In addition to other employee compensation amounts, pension amounts are allocated to each department. The required employer contribution is determined actuarially to fund full benefits for active members and to amortize any unfunded actuarial liability as a level percent of projected member payroll over a 20-year period.

**8. Self-Insurance Costs** - With a few exceptions, the city is fully self-insured for general and automotive liability exposures. The major exceptions to self-insurance include airport operations, police aircraft operations and excess general and automotive liability for losses in excess of \$7.5 million. An independent actuary determines the self-insurance costs, which are combined with purchased policy costs and allocated to department budgets based on the previous five years' loss experience of each department.

### Revenue Management

All local governments struggle to generate the funds necessary to provide, maintain and enhance the service demands of their community. Due to the legal limitations on property taxes in Arizona, and due to the pre-emption of city-imposed income, luxury and gas taxes, Arizona cities and towns largely rely on local sales taxes and state-shared sales, income and vehicle license taxes. In Phoenix, 44 percent of the General Fund comes from the local sales tax. This reliance on sales tax collections results in a highly cyclical revenue base. Significant decreases in total General Fund revenue and sales taxes in particular led to the City Council's February 2010 approval of sales tax on food for home consumption effective April 1, 2010.

Given our reliance on sales taxes, developing personal income is an important step in managing our revenue

base. In recent years, considerable effort has been devoted to attracting employers that will provide our residents with quality jobs and to developing a local workforce that will support the needs of quality employers. We also have worked to develop an employment base that is not as heavily concentrated in the highly cyclical construction industry. However, the recent unprecedented declines in construction activity and unemployment in all sectors had a significant negative impact on revenue.

Also important to managing our revenue base is the continued growth expected in catalog and Internet sales. Our use tax is an important tool in reducing the impact of this shift from sales in "bricks and mortar" stores. The development of our tourism-related sales tax base (hotels, restaurants and short-term car rentals) is another important hedge against future revenue loss due to growth in Internet and catalog sales. Tourism is another industry that suffered significant declines in the recent recession.

Finally, utility taxes levied against the sales of electricity, natural gas, telecommunications, water and sewer make up about 23 percent of our local sales tax base. Generally, utility taxes are not responsive to economic conditions and provide us with a fairly significant revenue source that remains stable during periods of economic downturn. In addition, several detailed revenue policies are listed below.

**1. Privilege License and Use Taxes (Sales Tax)** - The City Council may set the city sales tax rate by ordinance. The city sales tax rate on retail sales and most other categories is 2.0 percent. The Model City tax code exemption on food for home consumption was removed by City Council action in February 2010. It was last imposed in June 1980. The rate varies for certain other specialized taxing categories as outlined in the Operating Fund Revenues section of this document.

**2. Property Taxes** - By City Council policy, the combined city property tax rate is \$1.82 per \$100 of assessed valuation. The primary property tax levy is annually set at the previous year's levy amount plus 2 percent and an amount associated with new property. The secondary levy is then set at an amount necessary to achieve a total \$1.82 tax rate.

**3. In Lieu Property Taxes** - In-lieu property taxes are charged to the Water, Wastewater and Solid Waste funds based upon acquisition or construction cost with the appropriate assessment ratio and current property tax rate applied. These amounts are calculated annually by the Finance Department.

**4. Annual User Fee Review** - The city auditor conducts a comprehensive user fee review to project cost recovery rates, and then compares the projections to the established cost recovery policy. The rates are based upon generally accepted full-cost accounting standards. The city manager recommends expenditure reductions or fee adjustments to the City Council to maintain the established cost recovery policy.

**5. Fines and Forfeitures** - The Municipal Court has jurisdiction over establishing many of the fine and forfeiture fee schedules.

**6. Parks and Recreation Fees and Charges** - The Parks and Recreation Board has jurisdiction over establishing charges for miscellaneous recreational facilities and advising the City Council on fees to be set for golf courses, tennis centers and swimming pools.

**7. Interest Earnings** - Interest earnings from the investment of temporarily idle funds are credited to the fund generating the earnings.





## FUND STRUCTURE

The budget presented here is made up of three distinct fund groups: General, Special Revenue and Enterprise funds.

All planned uses of these fund types are included in the annual budget. Fiduciary funds, which are described later in this section, are not included in the annual budget.

### General Funds

**General** – These revenues come from four major sources: local sales (privilege license) taxes, local primary property taxes, state-shared revenues, and user fees and other revenues. State-shared taxes include state-shared sales, vehicle license and income taxes. User fees and other revenues include cable and ambulance fees as well as interest earnings and fines. General funds are used to provide the most basic of city services: police, fire, parks, library, municipal court and neighborhood services.

**Parks** – The City Charter requires that a portion of the primary property tax levy be used to support parks programs. To demonstrate compliance with this requirement, all parks revenues and expenditures are segregated in a separate fund.

**Library** – State law requires that funds received for library purposes are segregated in a separate Library Fund. Revenues include library fines and fees, which are used to help offset library expenditures.

**Cable Communications** – Included in this fund are the revenues and expenditures associated with administering cable television licensing and programming the government and education access channels.

### Special Revenue Funds

**Arizona Highway User Revenue (AHUR)** – AHUR funds are made up of state-collected gas taxes and a portion of other state-collected fees and charges such as registration fees, driver's licenses and motor carrier taxes. These funds can only be used for street maintenance and construction, and street-related debt service.

**Capital Construction** – This fund is used to account for the 2 percent utility taxes on telecommunication services that are used for pay-as-you-go capital projects in the city's right-of-way.

**City Improvement** – This fund is used to account for debt payments incurred as a result of facilities built by the Civic Improvement Corporation.

**Community Reinvestment** – Revenues and expenditures associated with economic redevelopment agreements are maintained in this fund.

**Court Awards** – This fund includes revenue resulting from court awards of confiscated property under both the federal and state Organized Crime Acts. Expenditures are restricted to additional law enforcement programs in the Police and Law departments.

**Development Services** – Fee revenues and expenditures associated with permitting and inspection services provided by the Planning and Development Department are maintained in this fund.

**Excise Tax** – The Excise Tax Fund is used to account for tax revenues ultimately pledged to pay principal and interest on various debt obligations.

**Grant Funds** – Grant funds include Federal, State and local agency awards. These are Community Development Block Grant funds, Public Housing funds, Human Services funds, and various other smaller grant allocations. Grant funds can be applied only to grant-eligible expenditures.

**Neighborhood Protection** – These funds are used to account for the revenues and expenditures associated with a voter-approved 0.1 percent increase in the sales tax in 1993. Revenue from the tax increase is earmarked for police and fire neighborhood protection programs, and police Block Watch programs. The Police Department is allocated 70 percent, Fire Department 25 percent and Block Watch Programs 5 percent of revenues.

**Other Restricted Funds** – This is a combination of funds used to segregate restricted revenues and related expenses. Included are Court Technology Enhancement Fees, Parks revenues such as Heritage Square and Tennis Center, and various other receipts and contributions received in small amounts and earmarked for restricted purposes.

**Parks and Preserves** – This fund is used to account for the funds generated by the 0.1 percent increase in the sales tax approved by voters in 1999 for a 10-year period. In 2008, voters approved a 30-year extension to July 1, 2038. The funds are used to purchase state trust lands for the Sonoran Desert Preserve open space, and the development and improvement of regional and neighborhood parks to enhance community recreation.







**Public Safety Enhancement** – These funds are used to account for the revenues and expenditures associated with a voter-approved 2.0 percent increment of the 2.7 percent sales tax on utilities with franchise agreements in March 2005. The Police Department, including the Office of Emergency Management, is allocated 62 percent and the Fire Department 38 percent of revenues.

**2007 Public Safety Expansion** – These funds are used to account for the 0.2 percent increase in the sales tax approved by voters in 2007. The funds are designated for hiring additional police personnel and firefighters; hiring crime scene investigator teams to improve evidence collection; improving fire protection services, to improve response times; and increasing paramedic and other emergency medical services. The Police Department is allocated 80 percent of this fund and the Fire Department is allocated 20 percent.

**Regional Transit** – This fund is used to account for transit services that are paid by and provided for other cities or funded by the Regional Public Transportation Authority.

**Regional Wireless Cooperative (RWC)** – This fund accounts for revenues and expenditures associated with the Regional Wireless Cooperative (RWC), which is an independent, multi-jurisdictional organization that manages and operates a regional radio communications network built to seamlessly serve the interoperable communication needs of first responders and other municipal radio users in and around Central Arizona's Valley of the Sun. Phoenix operates and maintains the network and is also responsible for accounting, budgeting, procurement and contracting for the RWC. Costs are shared among the RWC member organizations.

**Secondary Property Tax** – In Arizona, property taxes are divided into two separate levies: primary and secondary. The primary levy can be used for general operating and maintenance expense. The secondary levy can only be used for payment of general obligation bond interest and redemption. Because of this restriction, secondary property tax funds are segregated in a Special Revenue Fund.

**Sports Facilities** – This fund accounts for revenues generated from a 1.0 percent hotel/motel tax and a 2.0 percent tax on short-term vehicle rentals. These funds are designated for payment of debt service and other expenditures related to the downtown sports arena.

**Transit 2000** – This fund is used to account for the 20-year, 0.4 percent sales tax dedicated to transit improvements approved by voters on March 14, 2000. Fare box collections are also included in this fund.

#### **Enterprise Funds**

Enterprise funds include Water, Wastewater, Aviation, Solid Waste, Golf and Convention Center funds. With the exception of Convention Center funds, these funds come entirely from the fees and rents paid by those who use the services and facilities provided. Enterprise funds are “self-contained” and can only be used to pay for the costs associated with Enterprise Fund-related services and programs. Therefore, fees are set to recover all costs associated with providing these services. These costs include day-to-day operations and maintenance, in lieu property taxes, pay-as-you-go capital improvements and debt service.

Convention Center funds come from a combination of rental and parking income and earmarked sales taxes. These earmarked taxes include a portion of the hotel, restaurant and bar, construction contracting and advertising taxes levied by the city. This tax stream has been earmarked to repay the debt issued for the Convention Center facility and to provide for operations and maintenance costs.

#### **Fiduciary Funds**

Fiduciary funds, including trust and agency funds, represent funds held for others. As such, these funds are not included in the annual budget. Also, reserves and expenditures for fiduciary funds are not presented in the comprehensive annual financial report (CAFR). However, the year-end balances held in fiduciary funds are provided in the CAFR.







# Revenue Estimates

**R**evenue estimates for 2011-12 are based on assumptions about the local economy, population changes, underlying estimates for cost-recovery rates and fees, and on the continuation of current state revenue collection and sharing practices. Adjustments to fees, such as those for water, sewer and solid waste services, are established in separate planning processes and are incorporated in these estimates. In addition, other revenue estimates are developed using the most current information from outside entities that establish such fees. Examples of revenues derived from fees set by outside entities include portions of court fines and fees, and ambulance fees. Finally, consistent with recommendations of the 2006 Bond Committee, the primary property tax levy remains at the maximum allowable amount, but does not include an adjustment for torts. The current combined primary and secondary property tax rate remains the same at \$1.82 in

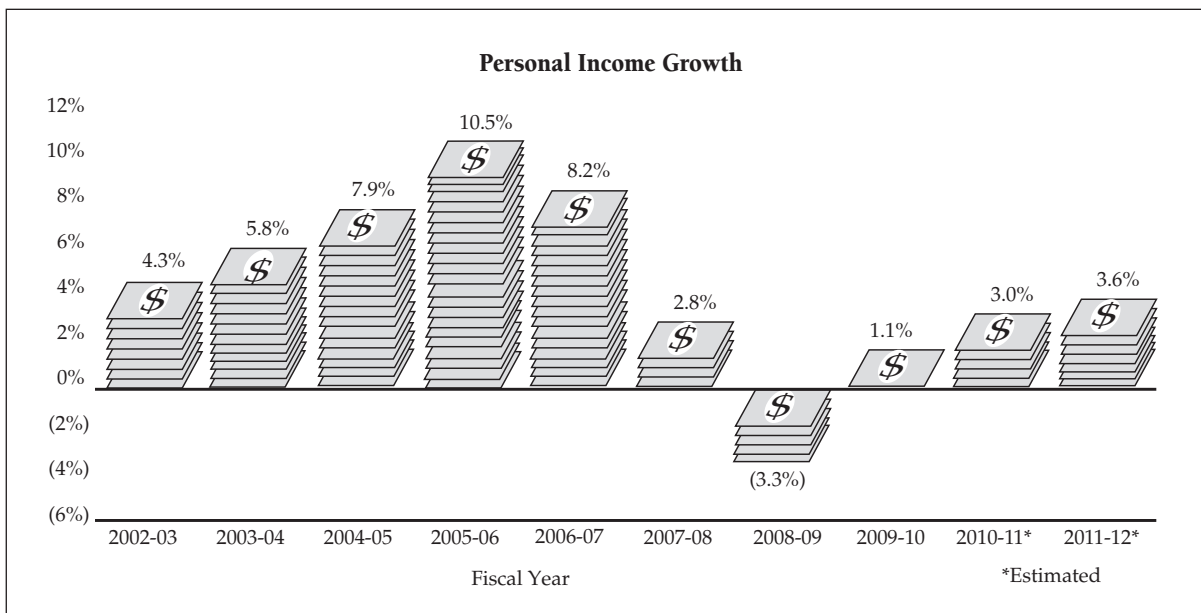
accordance with Council policy through 2011-12.

State and local economic growth began to stabilize in the latter part of 2009-10 and is showing signs of a modest recovery after experiencing declines that began in 2008-09 due to the national and local recession. The recession involved a variety of factors including weakness in the residential and commercial real estate markets, increased unemployment, slow job growth, declines in consumer confidence and declines in personal income growth. The state and local economy is expected to continue recovering, however some of the same factors from the recession will contribute to slow economic growth in 2011-12. Personal income is one of many indicators used for estimating state and local sales taxes, and state-shared income taxes. Consistent with projections by local economists, the chart below shows that personal income is expected to grow by 3.6

percent in 2011-12, which is up from the 3.0 percent estimated for 2010-11.

Several other economic indicators are used to develop revenue forecasts including the consumer price index, unemployment, population, gasoline sales, housing unit data, wage and salary related information, retail sales and disposable income. A forecasting software program is used to create several statistical models using data from the University of Arizona's Forecasting Project. These models assist with the estimation process and serve as a reasonableness test for projections. The estimation process also includes information gathered throughout the year from national and local publications, as well as opinions from professionals in economics and finance from state government, universities and the private sector.

In non-General Fund revenues, the 2011-12 estimate for Water systems reflect full-year impacts of the April 2011 fee increase.





## FIVE YEAR EXCISE TAX FORECAST

Excise taxes include local sales taxes, state-shared sales and income taxes, and sales tax license fees and permits. Excise taxes represent a significant portion of General Fund revenues. In addition to providing General Fund resources, local sales taxes also provide non-General Fund resources to programs such as Transit, Parks and Preserves, Convention Center and public safety.

The following table details the five year excise tax revenue forecast. Included in the forecast are several economic assumptions including moderate growth for city and state sales tax rates; growth in population, but at a smaller rate than prior years; increases in personal income and job growth; decreased unemployment; marginal increases in consumer spending and continued stabilization of the housing

market. Factors which will hinder a robust recovery include continued distress in the commercial real estate market, low net migration, oversupply of housing units and the state's budget crisis. The forecast also includes no further periods of recession, no change to state shared revenue formulas and a 2 percent food for home consumption tax effective April 1, 2010 through March 31, 2015.

### FIVE YEAR EXCISE TAX REVENUE FORECAST (In Thousands of Dollars)

	2009-10	2010-11		2011-12		2012-13		2013-14		2014-15	
	Actual	Estimate	%Change	Estimate	%Change	Estimate	%Change	Estimate	%Change	Estimate	%Change
<b>Privilege License Tax</b>											
Privilege License Tax <sup>1</sup>	252,307	290,881	15.3%	308,309	6.0%	328,999	6.7%	351,893	7.0%	369,518	5.0%
Police Neighborhood Protection <sup>1</sup>	15,131	17,789	17.6%	18,837	5.9%	20,093	6.7%	21,493	7.0%	22,610	5.2%
Police Block Watch <sup>1</sup>	1,081	1,278	18.2%	1,345	5.2%	1,435	6.7%	1,536	7.0%	1,615	5.1%
Fire Neighborhood Protection <sup>1</sup>	5,403	6,390	18.3%	6,726	5.3%	7,176	6.7%	7,676	7.0%	8,075	5.2%
Police - 2007 Public Safety Expansion <sup>1</sup>	34,505	40,663	17.8%	43,012	5.8%	45,881	6.7%	49,083	7.0%	51,638	5.2%
Fire - 2007 Public Safety Expansion <sup>1</sup>	8,626	10,165	17.8%	10,754	5.8%	11,470	6.7%	12,271	7.0%	12,910	5.2%
Parks and Preserves <sup>1</sup>	21,615	25,415	17.6%	26,910	5.9%	28,702	6.7%	30,704	7.0%	32,300	5.2%
Transit 2000 <sup>1</sup>	86,465	101,660	17.6%	107,640	5.9%	114,810	6.7%	122,817	7.0%	129,201	5.2%
Convention Center Excise Tax	34,801	37,560	7.9%	39,685	5.7%	41,956	5.7%	44,574	6.2%	47,694	7.0%
Sports Facilities Excise Tax	12,502	13,473	7.8%	14,386	6.8%	15,090	4.9%	15,914	5.5%	16,976	6.7%
Privilege License Fees (Annual)	1,842	2,100	14.0%	2,200	4.8%	2,233	1.5%	2,266	1.5%	2,300	1.5%
PLT Application & Other Fees	236	242	2.5%	265	9.5%	269	1.5%	273	1.5%	277	1.5%
Government Lease Property Excise Tax	377	405	7.4%	425	4.9%	446	4.9%	469	5.2%	492	4.9%
<b>Subtotal (PLT)</b>	<b>\$474,891</b>	<b>\$548,021</b>	<b>15.4%</b>	<b>\$580,494</b>	<b>5.9%</b>	<b>\$618,560</b>	<b>6.6%</b>	<b>\$660,969</b>	<b>6.9%</b>	<b>\$695,606</b>	<b>5.2%</b>
<b>Utility &amp; Franchise</b>											
Utility & Franchise Tax	86,226	87,947	2.0%	89,707	2.0%	93,723	4.5%	98,623	5.2%	104,532	6.0%
Utility Tax (County Jail)	13,269	13,700	3.2%	14,000	2.2%	14,360	2.6%	14,730	2.6%	15,109	2.6%
Storm Water Management <sup>2</sup>	1,332	4,583	244.1%	4,565	(0.4%)	4,588	0.5%	4,611	0.5%	4,634	0.5%
Capital Construction	17,414	16,751	(3.8%)	17,377	3.7%	17,904	3.0%	18,449	3.0%	19,001	3.0%
Police Public Safety Enhancement	14,867	14,885	0.1%	15,257	2.5%	15,708	3.0%	16,335	4.0%	17,152	5.0%
Fire Public Safety Enhancement	9,111	9,127	0.2%	9,354	2.5%	9,631	3.0%	10,016	4.0%	10,517	5.0%
<b>Subtotal (Utility &amp; Franchise)</b>	<b>\$142,219</b>	<b>\$146,993</b>	<b>3.4%</b>	<b>\$150,260</b>	<b>2.2%</b>	<b>\$155,914</b>	<b>3.8%</b>	<b>\$162,764</b>	<b>4.4%</b>	<b>\$170,945</b>	<b>5.0%</b>
Licenses & Permits	2,869	3,098	8.0%	3,270	5.6%	3,417	4.5%	3,588	5.0%	3,785	5.5%
State Sales Tax <sup>3,4</sup>	106,916	110,137	3.0%	110,696	0.5%	117,313	6.0%	125,341	6.8%	134,987	7.7%
State Income Tax <sup>3,4</sup>	190,546	143,647	(24.6%)	122,065	(15.0%)	127,219	4.2%	135,609	6.6%	145,461	7.3%
<b>TOTAL</b>	<b>\$917,441</b>	<b>\$951,896</b>	<b>3.8%</b>	<b>\$966,785</b>	<b>1.6%</b>	<b>\$1,022,423</b>	<b>5.8%</b>	<b>\$1,088,271</b>	<b>6.4%</b>	<b>\$1,150,784</b>	<b>5.7%</b>

<sup>1</sup>Includes a 2.0% food for home consumption tax effective 04/01/10 through 03/31/15.

<sup>2</sup>Includes stormwater fee increase from \$0.20 to \$0.70 effective July 2010.

<sup>3</sup>Includes 2010 census impact which reduces the Phoenix population percentage from 30.33% to 28.78% for state shared sales tax and from 30.30% to 28.75% for state shared income tax, effective FY 2011-12.

<sup>4</sup>Assumes no change to State shared revenue formulas.

Note: This forecast assumes a slow continuation of the economic recovery with no further period of recession for the forecast period.





### GENERAL FUNDS

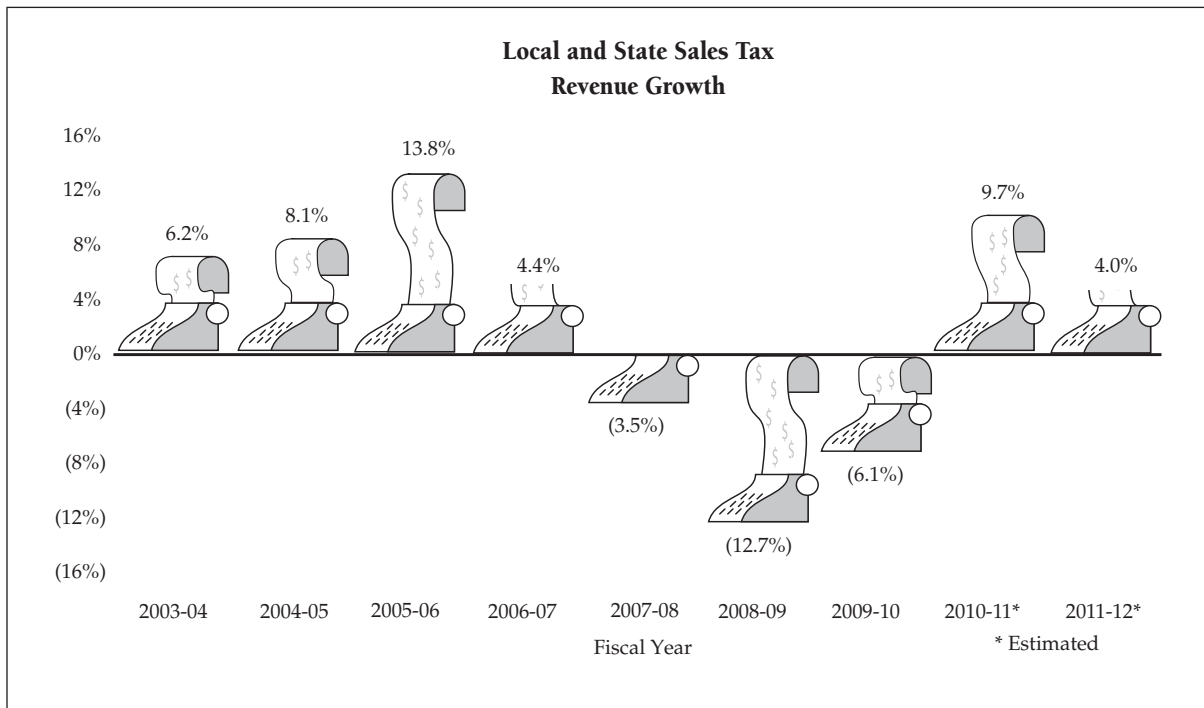
Total 2011-12 General Fund revenues are estimated to be \$948.6 million or 1.3 percent less than 2010-11 estimates of \$961.0 million. General Fund revenues consist of four major categories: local taxes, state-shared revenues, primary property taxes and user fees. Following are descriptions of the revenue sources within these four categories and explanations of 2011-12 revenue estimates.

Local and state sales tax collections represent approximately 54 percent of General Fund revenues. Local sales taxes for 2011-12 are expected to grow by 5.1 percent over 2010-11 estimates. This is a decrease from the 11.9 percent growth rate in local sales taxes anticipated in 2010-11. The 2010-11 estimate includes a full year of the food for home consumption tax that began in April 2010. The growth rate for 2010-11 excluding the food for home consumption tax is 4.2 percent.

Phoenix's share of state sales taxes for 2011-12 is expected to grow by 0.5 percent over 2010-11 estimates. This is decreased from the 3.0 percent growth in Phoenix's share anticipated in 2010-11. The decrease is attributable to the impact of the 2010 Census which reduced the city's population percentage from 30.33 percent to 28.78 percent.

Combined local and state sales tax revenues for 2011-12 are expected to grow by 4.0 percent over 2010-11 estimates. Combined rates of growth since 2003-04 are provided in the chart below.

The table on the next page details estimated General Fund revenues by major category.





**GENERAL REVENUES BY MAJOR SOURCE**  
**(In Thousands of Dollars)**

Revenue Source	2009-10 Actuals	% of Total	2010-11 Estimate	% of Total	2011-12 Budget	% of Total	Increase/(Decrease) from 2010-11 Est.	
							Amount	Percent
<b>Local Taxes</b>								
Sales Tax	\$338,533	35.8%	\$378,828	39.4%	\$398,016	42.0%	\$19,188	5.1%
Privilege License Fees	2,008	0.2%	2,330	0.2%	2,460	0.3%	130	5.6%
Other General Fund Excise Taxes	15,048	1.6%	14,117	1.5%	14,430	1.5%	313	2.2%
<b>Subtotal</b>	<b>\$355,589</b>	<b>37.6%</b>	<b>\$395,275</b>	<b>41.1%</b>	<b>\$414,906</b>	<b>43.7%</b>	<b>\$19,631</b>	<b>5.0%</b>
<b>State-Shared Revenues</b>								
Sales Tax <sup>1</sup>	106,916	11.3%	110,137	11.5%	110,696	11.7%	559	0.5%
State Income Tax <sup>1</sup>	190,546	20.1%	143,647	14.9%	122,065	12.9%	(21,582)	(15.0%)
Vehicle License Tax	49,500	5.2%	48,500	5.0%	48,045	5.1%	(455)	(0.9%)
<b>Subtotal</b>	<b>\$346,962</b>	<b>36.7%</b>	<b>\$302,284</b>	<b>31.5%</b>	<b>\$280,806</b>	<b>29.6%</b>	<b>\$(21,478)</b>	<b>(7.1%)</b>
<b>Primary Property Tax</b>	<b>121,366</b>	<b>12.8%</b>	<b>131,100</b>	<b>13.6%</b>	<b>126,763</b>	<b>13.4%</b>	<b>(4,337)</b>	<b>(3.3%)</b>
<b>User Fees/Other Revenues</b>								
Licenses & Permits	2,869	0.3%	3,098	0.3%	3,270	0.3%	172	5.6%
Cable Communications	9,330	1.0%	9,566	1.0%	9,566	1.0%	-	0.0%
Fines and Forfeitures	20,215	2.1%	20,761	2.2%	20,759	2.2%	(2)	0.0%
Court Default Fee	1,110	0.1%	1,100	0.1%	1,100	0.1%	-	0.0%
Fire	41,538	4.4%	46,163	4.8%	47,911	5.1%	1,748	3.8%
Hazardous Materials Inspection Fee	1,297	0.1%	1,300	0.1%	1,300	0.1%	-	0.0%
Library Fees	1,349	0.1%	1,238	0.1%	1,256	0.1%	18	1.5%
Parks and Recreation	6,813	0.7%	7,177	0.7%	7,103	0.7%	(74)	(1.0%)
Planning	999	0.1%	1,002	0.1%	993	0.1%	(9)	(0.9%)
Police	15,681	1.7%	16,371	1.7%	12,598	1.3%	(3,773)	(23.0%)
Street Transportation	5,159	0.5%	6,360	0.7%	5,124	0.5%	(1,236)	(19.4%)
Other Service Charges	12,481	1.3%	12,780	1.3%	12,813	1.4%	33	0.3%
Other	3,757	0.4%	5,376	0.6%	2,368	0.2%	(3,008)	(56.0%)
<b>Subtotal</b>	<b>\$122,598</b>	<b>13.0%</b>	<b>\$132,292</b>	<b>13.8%</b>	<b>\$126,161</b>	<b>13.3%</b>	<b>\$(6,131)</b>	<b>(4.6%)</b>
<b>TOTAL GENERAL FUND</b>	<b>\$946,515</b>	<b>100.0%</b>	<b>\$960,951</b>	<b>100.0%</b>	<b>\$948,636</b>	<b>100.0%</b>	<b>\$(12,315)</b>	<b>(1.3%)</b>

<sup>1</sup>Includes the impact of the 2010 Census which decreases the city's population percentage from 30.33% to 28.78% for state shared sales tax and from 30.30% to 28.75% for state shared income tax, effective 2011-12.





**LOCAL SALES TAXES AND FEES**

This major revenue category consists of various local sales taxes, privilege license fees, use tax, and franchise taxes and fees. The proposed 2011-12 estimate is \$414.9 million, which is \$19.6 million or 5.0 percent greater than the 2010-11 estimate of \$395.3 million. The assumptions used to estimate local sales taxes follow.

**Local Sales Tax**

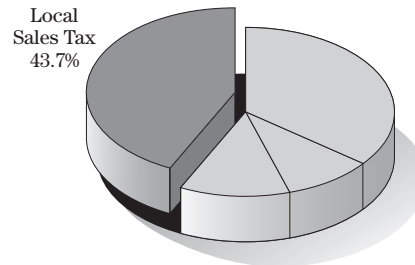
The city of Phoenix’s local sales tax consists of 15 general categories that are collected based on a percentage of business income accruing in each category. To protect local businesses, Phoenix also levies a use tax on purchases where no sales taxes were paid.

Of the 15 categories collected as a percentage of income, all except advertising provide General Fund resources and contribute to voter-approved resources for police and fire, parks and preserves, and transit programs. Portions of several categories and the entire advertising category are restricted to the Convention Center Fund and/or the Sports Facilities Fund. Effective April 1, 2010, the

Phoenix Emergency Privilege Sales Tax on Food provides for the taxation of the sale of food for home consumption under the retail classification at a rate of 2 percent. The tax will sunset on March 31, 2015 and provides resources to the General Fund and the voter-approved Neighborhood Protection, 2007 Public Safety Expansion, Parks and Preserves and Transit 2000 Funds. Beginning in May 2005, 2 percent of utilities sales tax collections paid by those

utilities with a franchise agreement were directed to the newly established Public Safety Enhancement Fund. Finally, an additional 2 percent tax on the telecommunications category provides resources for the Capital Construction Fund. The table on the following page provides a listing of the local sales tax categories, indicating the specific tax rates for each fund and the total tax rate for each category.

**GENERAL FUNDS**  
**Total Revenues – \$948.6 Million**



**CURRENT LOCAL SALES TAX RATES BY CATEGORY**

	2007									
	General Fund	Neighborhood Protection	Public Safety Expansion	Public Safety Enhancement	Parks & Preserves	Transit 2000	Convention Center	Sports Facilities	Capital Construction	Total
Advertising	–	–	–	–	–	–	0.5%	–	–	0.5%
Contracting	0.7%	0.1%	0.2%	–	0.1%	0.4%	0.5%	–	–	2.0%
Job Printing	0.7%	0.1%	0.2%	–	0.1%	0.4%	0.5%	–	–	2.0%
Publishing	0.7%	0.1%	0.2%	–	0.1%	0.4%	0.5%	–	–	2.0%
Transportation/Towing	0.7%	0.1%	0.2%	–	0.1%	0.4%	0.5%	–	–	2.0%
Restaurants/Bars	0.7%	0.1%	0.2%	–	0.1%	0.4%	0.5%	–	–	2.0%
Leases/Rentals/ Personal Property Short-Term Motor	1.2%	0.1%	0.2%	–	0.1%	0.4%	–	–	–	2.0%
Vehicle Rental	1.2%	0.1%	0.2%	–	0.1%	0.4%	–	2.0%	–	4.0%
Commercial Rentals	1.3%	0.1%	0.2%	–	0.1%	0.4%	–	–	–	2.1%
Lodging Rentals Under 30 Days	1.2%	0.1%	0.2%	–	0.1%	0.4%	2.0%	1.0%	–	5.0%
Lodging Rentals 30 Days and Over	1.2%	0.1%	0.2%	–	0.1%	0.4%	–	–	–	2.0%
Retail	1.2%	0.1%	0.2%	–	0.1%	0.4%	–	–	–	2.0%
Amusements	1.2%	0.1%	0.2%	–	0.1%	0.4%	–	–	–	2.0%
Utilities	2.7% <sup>1</sup>	–	–	2.0% <sup>2</sup>	–	–	–	–	–	4.7%
Telecommunications	2.7%	–	–	–	–	–	–	–	2.0%	4.7%

<sup>1</sup>The General Fund portion of the utilities category includes the 2.0% franchise fee paid by utilities with a franchise agreement.

<sup>2</sup>The Public Safety Enhancement designated 2.0% sales tax applies only to those utilities with a franchise agreement.





The General Fund portion of the local sales tax estimate is \$398,016,000 for 2011-12. This is an increase of \$19,188,000 or 5.1 percent from the 2010-11 estimate of \$378,828,000. The increase in local sales tax revenue is based on the assumption the recovery will continue at a modest pace. Estimated growth of 6.5 percent is projected in the retail sales category. Projected increases in other categories include 2.0 percent for utility and franchise; 8.0 percent for commercial rentals; 6.0 percent for restaurants and bars; and 7.0 percent for hotel/motel room rentals.

As shown in the pie chart above, the retail category represents approximately 43 percent of the local General Fund sales tax. Personal income growth, which is used as a trend indicator for retail sales activity, is projected at 3.6 percent for 2011-12.

The tax on food for home consumption, which was effective April 1, 2010, is projected to generate approximately \$28.0 million in General Fund revenue in 2010-11 and \$29.3 million in 2011-12.

General Fund sales tax revenue is collected on three rental categories: leases and rentals of personal property, commercial real property rentals and apartment rentals. For 2011-12, these categories are expected to increase 4.0 percent, 8.0 percent and 5.0 percent respectively. These three categories combined are approximately 18 percent of local General Fund sales tax revenue.

The contracting category is expected to grow by 4.0 percent in 2011-12. Due to the collapse of the housing market and significant reductions in commercial construction in the past two years, contracting sales tax is expected to increase by only 1.0 percent in 2010-11. For 2011-12, economic indicators such as job creation and population growth indicate residential and commercial construction activity will improve, however at a slow rate. This category represents approximately 4 percent of the local General Fund sales tax revenue.

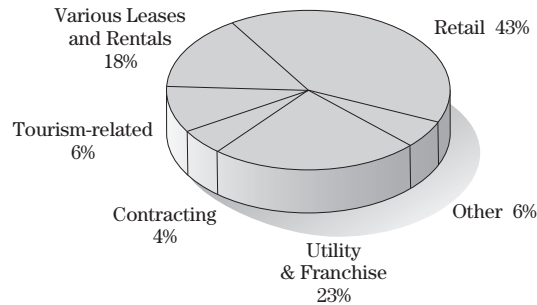
The restaurants and bars category is expected to increase 6.0 percent and the hotel/motel category is expected to increase 7.0 percent in 2011-12. These two categories, combined with revenue from short-term motor vehicle rentals, are

closely related to tourism activity. The expected growth rate for these categories for 2010-11 are 5.0 percent and 6.0 percent respectively. Revenues from these tourism-related activities represent approximately 6 percent of local General Fund sales tax revenue.

The utility tax category is approximately 23 percent of local General Fund sales tax revenue. The category includes electricity, natural and artificial gas, water consumption, sewer service and communications activities. The 2011-12 estimate for utility sales and franchise tax revenue is \$89,707,000, which is an increase of 2.0 percent over the 2010-11 estimate. The increase is due to expected modest future increases in account growth.

A use tax is assessed on the purchase of tangible personal property, which is stored, used or consumed within the city, and for which a local sales tax has not been paid at an equivalent rate to the city of Phoenix rate. The tax also applies to items purchased for resale and subsequently used or consumed in the business. The 2011-12 estimate of \$15,623,000 for use tax is 6.0 percent or \$884,000 more than the 2010-11 estimate. This category is subject to fluctuations in purchasing practices, as well as economic drivers. The use tax category is approximately 4.0 percent of local General Fund sales tax revenue.

### GENERAL FUNDS Local Sales Taxes



The following table shows General Fund sales tax collections since 2007-08. The amounts shown exclude the two additional utility tax items that are collected based on water service accounts.

#### GENERAL FUND SALES TAXES (In Thousands of Dollars)

Fiscal Year	Revenues	% Change From Previous Year
2007-08	\$408,515	(3.2)%
2008-09	358,249	(12.3)
2009-10	338,533	(5.5)
2010-11 (Est.)	378,828	11.9
2011-12 (Est.)	398,016	5.1







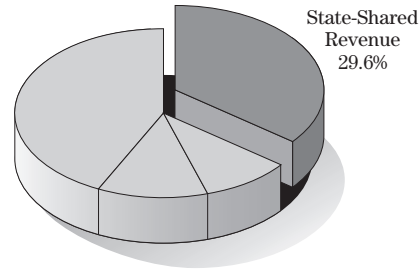
**Privilege License Fees**

The city charges a \$20 fee to process an application for a privilege tax license and assesses a \$50 annual fee for existing licenses. These fees are intended to recover the costs associated with administering a fair and efficient sales tax system. This category also includes a \$2 per unit (\$50 maximum) annual fee on each apartment complex for non-transient lodging. The 2011-12 estimate for privilege license fee revenue of \$2,465,000 represents a 5.3 percent increase from the 2010-11 estimate of \$2,342,000. The increase is based on the assumption that as the economy improves the number of applications will increase.

**Other General Fund Excise Taxes**

The utility tax collected on water service accounts was implemented on Oct. 1, 1990, and provides resources to help offset jail costs paid to Maricopa County for misdemeanor defendants. The 2011-12 estimate of \$14,000,000 for this category is 2.2 percent higher than the 2010-11 estimate of \$13,700,000 and assumes that as the economy improves collections on water service accounts will increase.

**GENERAL FUNDS**  
**Total Revenues – \$948.6 Million**



**STATE-SHARED REVENUES**

This major revenue category consists of the city’s share of the state sales tax, the state income tax and vehicle license tax. The 2011-12 estimate for this category is \$280.8 million, which is \$21.5 million or 7.1 percent less than the 2010-11 estimate of \$302.3 million. The decrease is due to a projected decline of 15.0 percent in state-shared income taxes, which reflects negative personal and corporate income growth in 2009-10 due to the recession and the impact of the 2010 Census. The 2010 Census decreases the city’s population percentage share from 30.33 percent to 28.78 percent for state shared sales tax, from 30.30 percent to 28.75 percent for

state shared income tax and from 42.55 percent to 40.92 percent for state shared Vehicle License Tax. State-shared vehicle license tax revenue for 2011-12 is estimated to decline at 0.9 percent over the 2010-11 estimate.

**State Sales Tax**

The state sales tax rate on most taxable activities is 6.6 percent. The revenues are split between a “distribution base,” of which Phoenix receives a share, and a “combined non-shared” category, which is allocated entirely to the state. With exceptions for some categories, the distribution base consists of either 20 or 40 percent of collections depending on the

**STATE SALES TAXES**  
**(In Thousands of Dollars)**

Fiscal Year	Cities' Share of State Collections		Phoenix's Share		
	Total	% Change	Percent	Amount	% Change
2007-08	\$447,061	3.2%	30.3%	\$135,134	(4.5)%
2008-09	387,051	(13.4)	30.3	116,275	(14.0)
2009-10	356,998	(7.8)	30.3	106,916	(8.0)
2010-11 (Est.)	366,102	2.6	30.3	110,137	3.0
2011-12 (Est.)	383,194	4.7	28.8 <sup>1</sup>	110,696	0.5

<sup>1</sup>Impact of 2010 Census population changes.





tax classification. The 0.6 percent education tax included in the total tax rate is not included in the distribution base. In June 2010, the voters of Arizona approved Proposition 100 which increased the tax rate by 1.0 percent for 36 months and is not included in the distribution base. Under the current formula, incorporated cities receive 25 percent of the distribution base. These funds are distributed to individual cities on the basis of relative population percentages. Phoenix's share of the distribution to cities for 2011-12 is estimated at 28.78 percent.

The city's share of the state sales tax for 2011-12 is expected to be \$110,696,000, which is \$559,000 or 0.5 percent more than the 2010-11 estimate of \$110,137,000. This estimate is based on the assumption that, similar to the local economy, the state economy will improve in 2011-12. The estimate also accounts for the decrease in the city's population percentage share due to the 2010 Census as previously mentioned. At the state level, retail sales are anticipated to increase 5.0 percent over the current fiscal year. The table below shows the cities' share of state sales taxes, Phoenix's allocation and annual increase/decrease since 2007-08. The population factor changes with decade or mid-decade census counts and periodic adjustments made throughout the year.

**State Income Tax**

Since 1973, cities in Arizona have shared 15 percent of the actual state personal and corporate income tax collected two years earlier. Individual cities receive their portion based on the cities' share of the state population.

The 15 percent portion of the state income tax, which will be distributed to cities and towns in 2011-12, is expected to be \$424.6 million. The distribution represents actual individual and corporate income tax collections by the state in the 2009-10 fiscal year. The anticipated \$424.6

million is a 10.4 percent decline from the previous fiscal year. The decline is attributable to reduced individual and corporate income tax collections as a result of the economic recession. Phoenix's total distribution for 2011-12 is estimated at \$122,065,000 and is a decrease of \$21,582,000 or 15.0 percent from the 2010-11 estimate of \$143,647,000.

The following table shows the total cities' share of state income tax, Phoenix's share, percentage allocation and annual increase/decrease since 2007-08. Similar to sales tax sharing, population is changed only on the basis of a census count with periodic corrections made throughout the year.

**STATE INCOME TAX  
(In Thousands of Dollars)**

Fiscal Year	% Shared w/Cities	Cities' Share of State Collections		Phoenix's Share		
		Total	% Change	Percent	Amount	% Change
2007-08	15.0%	\$684,519	24.2%	30.3%	\$207,694	24.0%
2008-09	15.0	727,677 <sup>1</sup>	6.3	30.3	220,806	6.3
2009-10	15.0	628,656	13.6	30.3	190,546	(13.7)
2010-11 (Est.)	15.0	473,927	(24.6)	30.3	143,647	(24.6)
2011-12 (Est.)	15.0	424,573	(10.4)	28.8 <sup>2</sup>	122,065	(15.0)

<sup>1</sup>Distribution set by the legislature of \$717.1 million, plus one-time distribution of \$10.5 million.

<sup>2</sup>Impact of 2010 Census population changes.





**Vehicle License Tax**

Vehicle license taxes have been shared with Arizona cities and towns since 1941. The tax is assessed on the basis of an ad valorem rate on each \$100 in value. The value is equal to a percent of the manufacturer's base retail price at the time of initial registration. During each succeeding year, this value is decreased until the established minimum amount is reached. The Arizona Department of Transportation collects and distributes the tax.

Currently, 37.61 percent of collections are allocated to the Arizona Highway User Revenue Fund. The remainder is allocated by percentage to various state funds as well as to the counties and cities. The state is responsible for distributing funds to cities according to their relative population within the county. Based on the 2010 Census, Phoenix's percentage of population within Maricopa County is approximately 40.9 percent, down from 42.6 percent based on the 2005 Census.

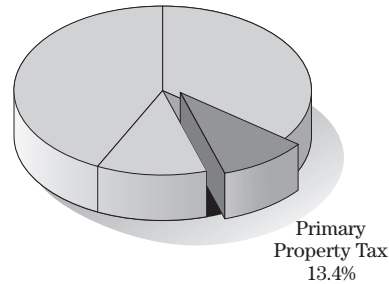
Phoenix's share of the vehicle license tax for 2011-12 is anticipated to be \$48,045,000 which is \$455,000 or 0.9 percent less than the 2010-11 estimate of \$48,500,000.

The following table shows the cities' share of the vehicle license tax, Phoenix's share, allocation percentage and annual percentage change since 2007-08.

**PRIMARY PROPERTY TAX**

Arizona property taxes are divided into two levies. The primary levy is used for general operation and maintenance expense. The secondary levy can only be used for voter-approved general obligation bond debt service.

**GENERAL FUNDS**  
Total Revenues – \$948.6 Million



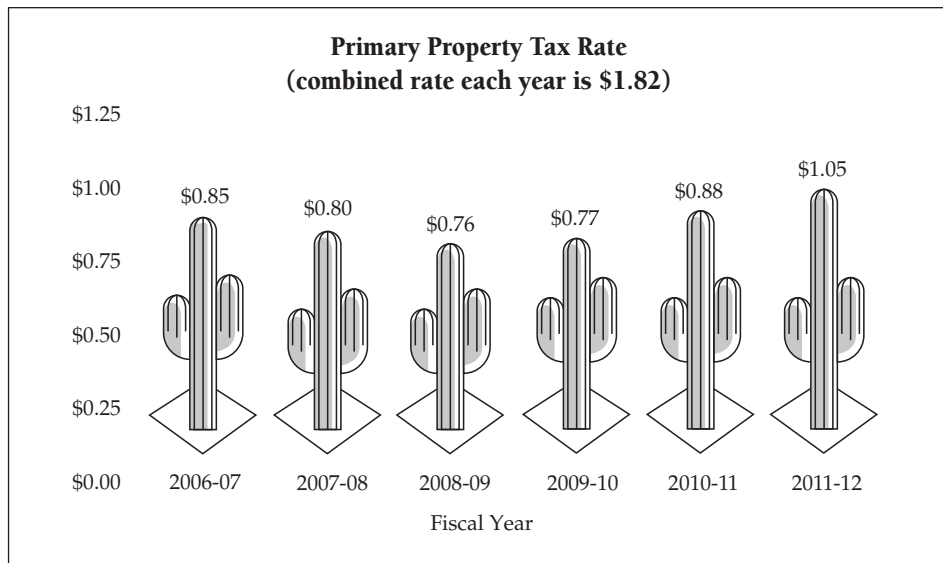
**PRIMARY PROPERTY TAX**

Fiscal Year	Primary Assessed Valuation (in Millions)	% Change	Primary Levy (in Thousands)	% Change	Rate per \$100 Assessed Valuation
2007-08	\$12,890	12.8%	\$103,664	7.3%	\$ .8042
2008-09	14,665	13.8	111,568	7.6	.7608
2009-10	16,062	9.5	123,095	10.3	.7664
2010-11 (Est.)	15,103	(6.0)	133,390	8.4	.8832
2011-12 (Est.)	12,232	(19.0)	128,955	(3.3)	1.0542

**VEHICLE LICENSE TAX  
(In Thousands of Dollars)**

Fiscal Year	Amount Distributed by Maricopa County	Phoenix's Share		Increase/(Decrease)	
		Percent	Amount	Amount	Percent
2007-08	\$139,234	42.6%	\$59,244	\$(1,914)	(3.1)%
2008-09	125,890	42.6	53,629	(5,615)	(9.5)
2009-10	116,197	42.6	49,500	(4,129)	(7.7)
2010-11 (Est.)	113,850	42.6	48,500	(1,000)	(2.0)
2011-12 (Est.)	117,469	40.9	48,045	(455)	(0.9)





The annual increase in the primary property tax levy is limited by the Arizona Constitution to a 2 percent increase over the prior levy plus an estimated levy for previously unassessed property (primarily new construction), and allowable tort liability claims.

Before 1996-97, the maximum levy allowed by the Arizona Constitution had been levied each year. Leading up to 1996-97, due to a number of years of declining assessed valuations, deferral of the property tax-supported Capital Improvement Program was necessary. A new revenue policy also was established. This policy called for a maximum and minimum allowable combined primary and secondary property tax rate.

By 1996-97, the application of this revenue policy had driven the combined rate down to the adopted minimum of \$1.82. By Council policy, the \$1.82 rate remains in effect today. The 2006 Bond Committee recommended that maximum allowable primary property taxes be levied in order to help support operating and maintenance costs resulting from 2006 bond-funded capital projects.

The chart above shows the changes in the primary property tax rate since 2006-07. Because the levy is capped at 2 percent regardless of the growth in property values, the primary property tax rate trended down in 2007-08 and 2008-09 as assessed values were rising. However, due to the decline in property values that occurred as a result of the recent recession, that trend has reversed.

The estimated 2011-12 primary property tax levy is \$128,955,000. This is a 3.3 percent decrease from the 2010-11 levy of \$133,390,000. The change in the primary levy reflects an estimated \$2,544,000 increase for collections associated with new properties entering the rolls, plus \$2,479,000 for the State Constitution allowed 2 percent increase on the prior year levy, and a \$9,458,000 decrease over

the prior year due to allowable tort liability claims for 2010-11. Tort liability claims are not included in 2011-12. The primary (limited) assessed valuation of \$12.23 billion is approximately 19.0 percent below the 2010-11 primary (limited) assessed valuation of \$15.10 billion.

Historically, actual property tax collections are slightly lower than the amount levied. For 2011-12, actual collections for primary property tax are estimated to be \$126,763,000 or 98.3 percent of the levy amount.

The 2011-12 levy results in an estimated primary property tax rate of \$1.0542 per \$100 of assessed valuation. This would result in a secondary property tax rate of \$0.7658 to maintain a total property tax rate of \$1.82 per \$100 of assessed valuation.

The table on the previous page shows primary assessed valuation, primary property tax revenues and primary rates since 2007-08.





## USER FEES/OTHER REVENUES

This major revenue category consists of licenses and permits, fines and forfeitures, cable television fees, parks and libraries fees, various user fees designed to recover the costs of providing specific city services, and other miscellaneous General Fund revenue sources. The 2011-12 estimate for this category is \$126.2 million, which is \$6.1 million or 4.6 percent less than the 2010-11 estimate of \$132.3 million. Following are descriptions of the various categories and explanations of the revenue estimates.

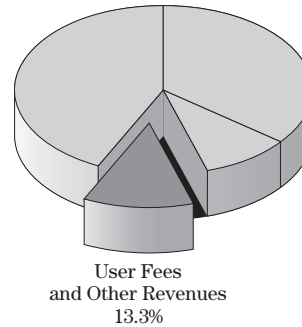
### Licenses and Permits

This category consists of various business permit application and annual fees including liquor license applications, amusement machines, annual liquor licenses and other business license applications and fees. The 2011-12 estimate of \$3,270,000 is higher than the 2010-11 estimate of \$3,098,000. It is assumed that as the economy continues to improve, growth in this category will be realized.

### Cable Communications

The city imposes a 5 percent fee on the gross receipts of cable television licensees in return for the use of streets and public rights of way by cable companies in the provision of cable television service. The 2011-12 estimate of \$9,566,000 is unchanged from the 2010-11 estimate. The projection assumes no change in the customer base for the current cable provider. Revenue payments are offset by annual payments to the Educational Access Account, which are adjusted annually by the consumer price index.

**GENERAL FUNDS**  
**Total Revenues – \$948.6 Million**



### Fines and Forfeitures

This category is comprised of various sanctions including traffic moving violations, criminal offense fines, parking violations, driving under the influence and defensive driving program revenues. The 2011-12 estimate is \$20,759,000 and assumes no growth from 2010-11 due to the slow recovery from the recent recession.

### Court Default Fee

A \$25 default fee was implemented in 1993-94 in order to recover court costs associated with defendants who fail to appear for court appearances or fail to pay previously imposed sanctions on civil traffic violations. The 2011-12 estimate for this revenue category is \$1,100,000 and no growth is anticipated from 2010-11.





## **Fire**

The Fire Department receives fees from various services. The majority of the revenue comes from emergency transportation service (ETS). This user fee includes basic life support and advanced life support services and related charges for mileage and supplies for the provision of ambulance service. The 2011-12 estimate for ETS is \$36,750,000, which is \$1,550,000 or 4.4 percent greater than the 2010-11 estimate of \$35,200,000. The projected increase is due to anticipated growth in the number of transports and an inflationary increase of 4.2 percent which is set by the Arizona Department of Health Services.

Other Fire revenue sources include fire prevention inspection fees, computer-aided dispatch (CAD) and various other services provided to the community. The 2011-12 estimate for other Fire services is \$11,161,000 which is \$198,000 or 1.8 percent more than the 2010-11 estimate of \$10,963,000. The increase is based on historical growth rates and assumes modest growth in 2011-12.

## **Hazardous Materials Permit and Inspection Fee**

Because incidents involving hazardous materials have increased over the years, a hazardous materials permit and inspection fee was established in October 2001. Revenues from this category are used to recover direct costs incurred for inspecting businesses that use hazardous materials. Upon review in 2003-04, the annual permit fee amount was raised. This annual permit now varies from \$400 to \$1,650 and depends on the volume of hazardous materials stored on site. The 2011-12 estimate is \$1,300,000, which is unchanged from the 2010-11 estimate. Due to the recent recession the number of inspections has slowed compared to prior years.

## **Library Fees**

Library fee and fine revenue for 2011-12 is expected to be \$1,256,000, which is \$18,000 or 1.5 percent above the 2010-11 estimate of \$1,238,000. The increase reflects modest growth based on the overall assumption that as the economy continues to improve collection of library fees and fines will increase.

## **Parks and Recreation Fees**

This category includes parks concession revenues, swimming pool revenues, fees for the use of various park facilities such as ball fields and recreation programs, activities at Municipal Stadium, Maryvale Stadium and the Papago Baseball Facility, and other miscellaneous park fees. The 2011-12 estimate of \$7,103,000 is \$74,000 or 1.0 percent below the 2010-11 estimate of \$7,177,000. The decrease in 2011-12 is due to reductions in collections for athletic field utility revenue and the Phoenix Center of the Arts program revenue, which is now operated by a non-profit organization.

## **Planning**

User fees in this category include rezoning fees and zoning adjustment fees for use permits and variances. The 2011-12 estimate of \$993,000 is slightly less than the 2010-11 estimate of \$1,002,000 due to the lack of activity experienced in this category as a result of the recent recession.

## **Police**

The Police Department receives revenues for various services and programs. Police services are provided on a fee-per-hour basis for school and athletic events as well as other activities where a law enforcement presence is desired. In addition, a false alarm program includes both permit fees and assessments for false alarm responses. For 2011-12, the estimate of \$12,598,000 is 23.0 percent less than the 2010-11 estimate of \$16,371,000. The decrease is due to a one time legal settlement received from Western Union in 2010-11.

## **Street Transportation**

This user fee category includes permit fees for utility construction in the public rights of way as well as utility ordinance inspections. The 2011-12 estimate of \$5,124,000 is \$1,236,000 or 19.4 percent less than the 2010-11 estimate of \$6,360,000. The decrease is primarily due to revenue received in 2010-11 for a one time utility ordinance inspection project for Qwest Communications.

## **Other Service Charges**

Revenue in this category is composed of several non-tax sources including interest income, parking meter revenue, in lieu property taxes, sales of surplus and abandoned property, and various rental, parking and concession categories. The proposed 2011-12 estimate of \$12,813,000 is \$33,000 or 0.3 percent more than the 2010-11 estimate of \$12,780,000 due to anticipated increases in activity for parking meter revenues.

## **All Other Fees**

This fee category consists of miscellaneous service charges in the Finance, Housing, Human Services and Neighborhood Services departments and miscellaneous categories. The 2011-12 estimate of \$2,368,000 is \$3,008,000 or 56.0 percent less than the 2010-11 estimate of \$5,376,000. The decrease is primarily attributable to revenue received from the sale of the Arizona Center in 2010-11.





## **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 2011-12 revenue estimates. The table on the next page provides the 2010-11 and 2011-12 estimates and 2009-10 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 2007 Public Safety Expansion. Also included in this category are revenue from Court Awards, Development Services, Capital Construction, Sports Facilities, Arizona Highway User Revenue 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 2011-12 estimate of \$26,908,000 is \$1,451,000 or 5.7 percent greater than the 2010-11 estimate of \$25,457,000. These estimates are consistent with those for the same categories in the local sales tax discussion. Also, \$48,000 is estimated for combined net interest earnings in 2011-12.

#### **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 2011-12 estimate is \$53,766,000 or 5.8 percent more than the 2010-11 estimate of \$50,828,000. These estimates are consistent with those for the same categories in the local sales tax discussion. Also, \$140,000 is estimated for interest earnings in 2011-12.

#### **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 2011-12 estimate of \$24,611,000 is \$599,000 or 2.5 percent greater than the 2010-11 estimate of \$24,012,000.

#### **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. This tax was renewed by voters for a 30-year period in May 2008. Sixty percent of the revenues are to be used for parks and recreation and 40 percent for desert preserves. The 2011-12 estimate of \$26,910,000 is \$1,495,000 or 5.9 percent more than the 2010-11 estimate of \$25,415,000. These estimates are consistent with the estimates for the same categories in the local sales tax discussion. Also, \$600,000 is estimated for interest earnings in 2011-12.

#### **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 2011-12 estimate of \$107,640,000 is \$5,980,000 or 5.9 percent greater than the 2010-11 estimate of \$101,660,000. 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 2011-12 fare box revenue estimate of \$43,883,000 is 2.3 percent greater than the 2010-11 estimate. The increase is primarily attributable to anticipated marginal increases in ridership. The 2011-12 estimate also includes interest earnings and other miscellaneous revenue of \$8,443,000 which is a 3.3 percent decrease from 2010-11 estimate of \$8,729,000. The decrease is primarily attributable to decreased interest earnings.





## NON-GENERAL FUND REVENUES BY MAJOR SOURCE

(In Thousands of Dollars)

Revenue Source	2009-10 Actual	2010-11 Estimate	2011-12 Budget	Increase/(Decrease) from 2010-11 Est.	
				Amount	Percent
<b>Special Revenue Funds</b>					
Neighborhood Protection	\$21,550	\$25,505	\$26,956	\$1,451	5.7%
2007 Public Safety Expansion	43,493	50,978	53,906	2,928	5.7%
Public Safety Enhancement	23,978	24,012	24,611	599	2.5%
Parks and Preserves	24,280	26,015	27,510	1,495	5.7%
Transit 2000	139,002	153,287	159,966	6,679	4.4%
Court Awards	5,179	4,707	11,425	6,718	142.7%
Development Services	28,168	31,000	33,100	2,100	6.8%
Capital Construction	17,683	16,951	17,502	551	3.3%
Sports Facilities	13,615	13,868	14,781	913	6.6%
Arizona Highway User Revenue	104,745	105,632	91,126	(14,506)	(13.7%)
Local Transportation Assistance <sup>1</sup>	3,771	—	—	—	NA
Regional Transit Revenues	58,096	47,126	28,864	(18,262)	(38.8%)
Community Reinvestment	2,748	7,375	3,854	(3,521)	(47.7%)
Secondary Property Tax	200,977	156,041	99,757	(56,284)	(36.1%)
Regional Wireless Cooperative	99	2,050	3,622	1,572	76.7%
Impact Fee Program Administration	301	159	203	44	27.7%
Court Special Fees	1,866	2,155	2,082	(73)	(3.4%)
Monopole Rental	142	140	140	—	0.0%
Tennis Center	21	22	22	—	0.0%
Vehicle Impound Program	3,860	3,418	3,143	(275)	(8.0%)
Heritage Square	17	19	19	—	0.0%
Affordable Housing Program	2,012	1,739	5,248	3,509	201.8%
Other Restricted (gifts/trusts)	17,290	20,767	20,967	200	1.0%
Grants					
Public Housing Grants	86,034	96,490	82,230	(14,260)	(14.8%)
Human Services Grants	43,805	44,172	42,766	(1,406)	(3.2%)
Community Development	18,897	20,529	34,665	14,136	68.9%
Criminal Justice	12,597	15,809	11,713	(4,096)	(25.9%)
Public Transit Grants	12,617	21,401	9,983	(11,418)	(53.4%)
Other Grants	56,156	75,038	119,478	44,440	59.2%
Subtotal - Grants	\$230,106	\$273,439	\$300,835	\$27,396	10.0%
Total Special Revenue Funds	\$942,999	\$966,405	\$929,639	\$(36,766)	(3.8%)
<b>Enterprise Funds</b>					
Aviation	308,088	321,917	329,036	7,119	2.2%
Water System	345,587	358,621	366,646	8,025	2.2%
Wastewater System	223,079	231,790	230,882	(908)	(0.4%)
Solid Waste	138,906	140,143	142,568	2,425	1.7%
Convention Center	52,406	60,590	57,391	(3,199)	(5.3%)
Golf Courses	5,552	5,922	6,130	208	3.5%
Total Enterprise Funds	\$1,073,618	\$1,118,983	\$1,132,653	\$13,670	1.2%
<b>TOTAL NON-GENERAL FUND REVENUE</b>					
	\$2,016,617	\$2,085,388	\$2,062,292	\$(23,096)	(1.1%)

<sup>1</sup>In April 2010 the Legislature passed a bill permanently sweeping the Local Transportation Assistance Fund.







### 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 estimate for 2011-12 is \$11,425,000, which is \$6,718,000 or 142.7 percent greater than the 2010-11 estimate of \$4,707,000. The increase is due to surplus funds that are required to be spent in 2011-12.

### 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 Development Services. The 2011-12 estimate is \$33,100,000, which is \$2,100,000 or 6.8 percent more than the 2010-11 estimate of \$31,000,000. This increase assumes a gradual increase in permit and review activity as the economy continues to improve.

### 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 2011-12 estimate is \$17,377,000, or a 3.7 percent increase over the 2010-11 estimate. These funds are used primarily for right-of-way improvements in the Street Transportation Capital Improvement Program. The 2011-12 estimate also includes interest earnings of \$125,000.

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

Fiscal Year	AHUR Distribution	Increase/(Decrease)	
		Amount	Percent
2007-08	\$125,289	(\$4,934)	(3.8%)
2008-09	109,620	(15,669)	(12.5)
2009-10	103,979	(5,641)	(5.1)
2010-11 (Est.)	104,732	753	0.7
2011-12 (Est.)	90,226 <sup>1</sup>	(14,506)	(16.1)

<sup>1</sup>2010 Census adjustment to population is reflected.

### 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. The 2011-12 estimate is \$14,386,000, which is \$913,000 or 6.8 percent more than the 2010-11 estimate of \$13,473,000. The revenue estimates are consistent with the General Fund sales tax estimates in the hotel/motel and short-term vehicle rental categories. The 2011-12 estimate includes \$6.1 million for the hotel/motel portion and \$8.2 million for the short-term car rental portion. Also, \$395,000 is estimated in 2011-12 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 state 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 2010 Census and cuts by the state of Arizona, Phoenix's share was adjusted. For 2011-12, it is anticipated that Phoenix will receive \$72.2 million from the 27.5 percent share and \$18.0 million from the 3 percent share. As mentioned in the City Manager's Budget Message, the state made cuts to AHUR which will be effective in 2011-12, resulting in the loss of nearly \$12 million in 2011-12.

The total 2011-12 AHUR estimate of \$91,126,000 is \$14,506,000 or 13.7 percent below the 2010-11 estimate of \$105,632,000. Included in the estimate are interest earnings and other income of \$900,000 in 2011-12 and in 2010-11. The allocation for Phoenix is estimated at an overall reduction of 16.1 percent due to the impact of the 2010 Census and cuts to AHUR made by the state of Arizona. Changes estimated at the state level include gasoline tax collections increasing by 0.8 percent, motor carrier tax collections (trucking) increasing by 0.3 percent, vehicle license tax collections increasing by 0.5 percent and vehicle registrations including commercial carriers increasing by 0.4 percent. The following table shows the state-shared Arizona Highway Users allocations to the city of Phoenix since 2007-08.





### 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 2011-12 estimate of \$28,864,000 is \$18,262,000 or 38.8 percent lower than the 2010-11 estimate of \$47,126,000. The decrease is due to the completion of the initial light rail project, therefore reducing the amount of reimbursements. The plan is funded by the Maricopa County transportation tax that was extended through December 2025 by Proposition 400.

### Community Reinvestment

The 2011-12 estimate of \$3,854,000 is \$3,521,000 or 47.7 percent lower than the 2010-11 estimate of \$7,375,000 and represents estimated revenues to be received through various economic redevelopment agreements in the downtown area.

### SECONDARY PROPERTY TAX

Fiscal Year	Secondary Assessed Valuation		Secondary Levy		Rate per \$100 Assessed Valuation
	(in Millions)	% Change	(in Thousands)	% Change	
2007-08	\$16,069	31.1%	\$163,227	36.6%	\$1.0158
2008-09	18,856	17.3	199,724	22.4	1.0592
2009-10	18,861	0.0	198,722	(0.5)	1.0536
2010-11 (Est.)	16,092	(14.7)	150,753	(24.1)	0.9368
2011-12 (Est.)	12,344	(23.3)	94,529	(37.3)	0.7658

### Secondary Property Tax

By law, the secondary property tax can only be used to pay debt service on voter-approved general obligation bonds. There is no statutory limitation on the amount of property taxes levied for debt service purposes.

As discussed in the General Fund revenue section, the estimated 2011-12 primary property tax rate is \$1.0542. To maintain the \$1.82 total rate, the resulting secondary rate is \$0.7658 per \$100 of assessed value for 2011-12. The 2011-12 secondary property tax levy of \$94,529,000 is based on this rate and the secondary (full cash) assessed valuation of \$12.34 billion. This resulting levy is \$56,224,000 or 37.3 percent less than the 2010-11 levy of \$150,753,000. This decrease is primarily due to a decrease in assessed values.

Also included in the 2011-12 estimate is \$140,000 in interest earnings and \$5,088,000 in bond interest subsidies.

The table above shows secondary (full cash) assessed valuation, secondary property tax levies and secondary property tax rates since 2007-08. The total property tax rate of \$1.82 for 2011-12 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 2010-11 and 2011-12 revenue estimates are \$159,000 and \$203,000 respectively. The 2011-12 revenue estimate has decreased by \$97,630 when compared to the 2009-10 actual revenue amount of \$300,630.





### **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, storm water management fees, 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 2011-12 estimate of \$31,621,000 is \$3,361,000 or 11.9 percent above the 2010-11 estimate of \$28,260,000. The increase is primarily due to projected increases in the affordable housing program for public housing rental income.

### **Public Housing Grants**

The 2011-12 Public Housing grants revenue included in the annual operating budget is \$82,230,000 which is a 14.8 percent decrease from 2010-11 of \$96,490,000. This decrease is due to a reduction in HOME program funds from the federal government. The HOME program 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 2011-12 revenue estimate of \$42,766,000 is \$1,406,000 or 3.2 percent less than the 2010-11 estimate of \$44,172,000. The decrease is due to a reduced amount of grant revenue for the Federal Head Start Program and American Recovery and Reinvestment Act (ARRA). 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 2011-12 CDBG entitlement is \$34,665,000 which is \$14,136,000 or 68.9 percent more than the 2010-11 estimate of \$20,529,000. The increase is due to an increase in CDBG grants from the federal government.

### **Criminal Justice Grants**

The 2011-12 grant revenue for criminal justice programs is estimated to be \$11,713,000 which is \$4,096,000 or 25.9 percent less than the 2010-11 estimate of \$15,809,000. The decrease is due to a reduction in ARRA funding. This category includes Police, Court and Law department grants. Grants include funding for the Police Department training academy, drug trafficking prevention and other crime related prevention programs.

### **Public Transit Grants**

The 2011-12 Federal Transit Administration Grant estimate is \$9,983,000 reflecting a decrease of \$11,418,000 or 53.4 percent below the 2010-11 estimate of \$21,401,000. The 2010-11 estimate accounts for one time federal transit administration grant savings that is not expected to occur in 2011-12.

### **Other Grants**

The 2011-12 budget also includes \$119,478,000 for federal, state and other grants which is \$44,440,000 or 59.2 percent more than the 2010-11 estimate of \$75,038,000. The increase is due to additional ARRA grants for the Neighborhood Stabilization Program. This category includes funding for the neighborhood stabilization program, various 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 2011-12 is anticipated to be \$329,036,000, which is \$7,119,000 or 2.2 percent greater than the 2010-11 estimate of \$321,917,000. The proposed 2011-12 estimate anticipates conservative growth in airline fees, landing fees and concessions revenues.

The table on the next page shows Aviation revenue by major category and annual percent change since 2007-08.





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

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	2007-08	2008-09	2009-10	2010-11 (Est.)	2011-12 (Est.)
Airline Operation	\$ 95,741	\$ 103,068	\$ 101,188	\$ 103,000	\$ 108,000
Concessions and Rentals	182,420	161,110	159,358	171,300	173,317
Rental Car Facility	36,146	33,948	36,135	37,000	37,000
Interest	10,967	8,584	3,263	1,620	1,620
Other/Federal Grants	6,550	6,107	3,426	3,793	3,768
Goodyear	1,506	1,504	1,703	1,707	1,724
Deer Valley	2,741	2,731	3,015	3,497	3,607
Total Aviation Revenue	\$336,071	\$317,052	\$308,088	\$321,917	\$329,036
Change From Prior Year	4.1%	(5.7%)	(2.8%)	4.5%	2.2%

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

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	2007-08	2008-09	2009-10	2010-11 (Est.)	2011-12 (Est.)
Water Sales	\$235,342	\$240,068	\$254,732	\$261,566	\$268,882
Environmental Consumption Charge	35,977	41,015	45,852	47,531	48,884
Raw Water Charge	15,957	15,943	19,066	21,799	24,552
Interest	13,976	8,270	6,243	3,104	1,254
Development Fees	4,772	1,859	1,606	1,200	1,500
Combined Service Fees	2,249	2,905	3,126	6,000	6,000
Val Vista	7,861	7,171	8,314	9,723	9,439
All Other	15,771	10,948	6,648	7,698	6,135
Total Water Revenue	\$331,905	\$328,179	\$345,587	\$358,621	\$366,646
Change From Prior Year	6.4%	(1.1%)	5.3%	3.8%	2.2%





### 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 2011-12 is projected to be \$366,646,000, which is \$8,025,000 or 2.2 percent more than the \$358,621,000 estimate for 2010-11. The 2011-12 estimate reflects a full year's impact from the April 2011 rate increase for water sales. It also reflects a 0.5 percent account growth assumption and a slightly lower consumption per account.

The table on the previous page shows water system revenues by major category since 2007-08.

### 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 \$230,882,000 in 2011-12, which is \$908,000 or 0.4 percent less than the 2010-11 estimate of \$231,790,000. The 2011-12 estimate does not include a rate increase and assumes a reduction in interest. The table below shows Wastewater revenue by major category and annual percent change since 2007-08.

### Solid Waste

This category includes revenues from the monthly residential collection and landfill tipping fees. The 2011-12 estimate of \$142,568,000 is an increase of \$2,425,000 or 1.7 percent greater than the 2010-11 estimate of \$140,143,000. The increase includes 0.75 percent growth in billable units serviced.

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

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	2007-08	2008-09	2009-10	2010-11 (Est.)	2011-12 (Est.)
Sewer Service Charge	\$135,378	\$145,716	\$150,955	\$159,779	\$159,818
Environmental Charges	33,752	32,834	34,655	36,282	36,276
Development Fees	4,117	1,640	1,485	1,100	1,400
Interest	14,370	7,370	4,132	2,794	1,716
Multi-City	18,562	15,932	17,452	14,784	14,772
Other	6,097	6,830	14,400	17,051	16,900
<b>Total Wastewater Revenue</b>	<b>\$212,276</b>	<b>\$210,322</b>	<b>\$223,079</b>	<b>\$231,790</b>	<b>\$230,882</b>
Change From Prior Year	4.5%	(0.9%)	6.1%	3.9%	(0.4%)

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### 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 2.0 percent tax on restaurant and bar sales, construction, publishing, printing, and transportation and towing, plus a 2 percent portion of the 5.0 percent hotel/motel tax on rooms rented for 30 days or less.

Earmarked sales taxes are expected to produce \$39,685,000 in 2011-12, an increase of 5.7 percent above the 2010-11 estimate of \$37,560,000. Convention Center operating revenues are expected to be \$14,275,000, parking revenue is expected to be \$2,831,000, and interest revenue is expected to be \$600,000, for total revenue estimates of \$57,391,000. This is \$3,199,000 or 5.3 percent less than the 2010-11 total estimated revenue of \$60,590,000. The decrease is due to an anticipated reduction in operating revenue due to a one time legal settlement received in 2010-11. Tax estimates are consistent with General Fund sales tax estimates for the categories included in Convention Center.

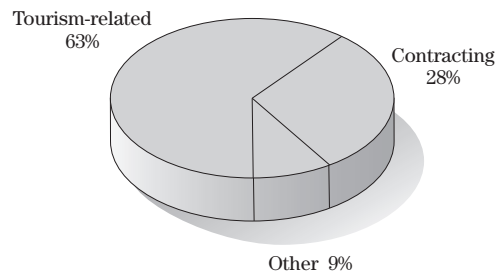
The table above shows the Convention Center excise tax collections since 2007-08.

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 following pie chart, contracting and tourism represent 91 percent of the sales tax revenue to this fund. Both industries are considered volatile; and both have experienced dramatic changes in the last several years. In the General Fund, however, contracting and tourism represent only 10 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.

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

Fiscal Year	Amount Collected	Increase/(Decrease)	
		Amount	Percent
2007-08	\$58,126	\$(3,521)	(5.7)%
2008-09	45,380	(12,746)	(21.9)
2009-10	34,801	(10,579)	(23.3)
2010-11 (Est.)	37,560	2,759	7.9
2011-12 (Est.)	39,685	2,125	5.7

### 2011-12 CONVENTION CENTER Earmarked Sales Taxes



The growth rate anticipated for 2010-11 reflects the assumption the current economic recovery will continue, however at a slow pace and will continue for 2011-12.

### Golf Courses

Revenue sources in the Golf Course category include greens fees, golf cart rentals and pro shop sales at city-run golf courses which include Aguila, Cave Creek, Encanto, Maryvale and Palo Verde. The 2011-12 estimate of \$6,130,000 is \$208,000 or 3.5 percent above the 2010-11 estimate of \$5,922,000. This is due to an increase in expected revenues from course fees and cart rental income.





# General Government

## MAYOR

### Program Goal

The Mayor is elected on a nonpartisan ballot to represent the entire city for a four-year term that expires in January 2012. The Mayor represents the city in all official capacities and provides leadership to the City Council, administrative staff and the community at large. The Mayor recommends policy direction for the city and chairs all City Council meetings.

### Budget Allowance Explanation

The Mayor's 2011-12 operating budget allowance is \$1,438,000 and reflects no change from the 2010-11 estimated expenditures.

## Mayor Major Performance Measures and Service Levels

The following significant performance measures and service level trends will be achieved with the 2011-12 budget allowance:

	2009-10	2010-11 <sup>1</sup>	2011-12
<b>Community Attitude Survey</b>			
Percent of citizens regarding the quality of life in Phoenix as positive <sup>2</sup>	91%	91%	91%
<b>Citizen Interaction</b>			
Number of constituent cases (opened) tracked using <i>CitizenServe</i>	123	104	150
Number of constituent cases (completed) tracked using <i>CitizenServe</i>	151	128	150

<sup>1</sup>Based on 10 months of actual experience.

<sup>2</sup>Based on 2010 Community Attitude Survey which is administered in even-numbered years.

## Expenditure and Position Summary

	2009-10	2010-11	2011-12
Operating Expense	\$1,842,000	\$1,438,000	\$1,438,000
Total Positions	13.5	11.5	11.5
Source of Funds:			
General	\$1,835,000	\$1,428,000	\$1,428,000
Other Restricted	7,000	10,000	10,000





## CITY COUNCIL

### Program Goal

The City Council is composed of eight council members elected by districts on a nonpartisan ballot. Four-year terms for council members from even-numbered districts expire in January 2014. Terms for council members from odd-numbered districts expire in January 2012. The City Council serves as the legislative and policy-making body of the municipal government and has responsibilities for enacting city ordinances, appropriating funds to conduct city business and providing policy direction to the administrative staff. Under the provisions of the City Charter, the City Council appoints a city manager, who is responsible for carrying out its established policies and administering operations.

### Budget Allowance Explanation

The 2011-12 City Council operating budget allowance of \$3,323,000 is \$31,000 or 0.9 percent less than 2010-11 estimated expenditures and reflects decreased charges from Information Technology Services for IT support due to a change in how enterprise technology costs are being distributed to departments.

## City Council Performance Measures and Service Levels

The following significant performance measures and service level trends will be achieved with the 2011-12 budget allowance:

	2009-10	2010-11 <sup>1</sup>	2011-12
Percent of citizens who regard the city of Phoenix as a good place to live. <sup>2</sup>	91%	91%	91%
Number of citizen cases tracked using <i>CitizenServe</i> .	3,228	2,045	5,500

<sup>1</sup>Based on 10 months actual experience.

<sup>2</sup>Based on 2010 Community Attitude Survey which is administered in even-numbered years.

## Expenditure and Position Summary

	2009-10	2010-11	2011-12
Operating Expense	\$3,062,000	\$3,354,000	\$3,323,000
Total Positions	40.0	30.0	30.0
Source of Funds:			
General	\$3,062,000	\$3,354,000	\$3,323,000



The City Council holds "formal" council meetings, Wednesdays at 3 p.m. in the City Council Chambers where ordinances and resolutions, the laws of Phoenix, and formal actions are adopted.







**CITY MANAGER**

**Program Goal**

The city manager provides professional administration of the policies and objectives established by the Mayor and City Council, develops alternative solutions to community problems for Mayor and City Council consideration and plans programs that meet the future public needs of the city. Deputy city managers oversee and provide assistance to city departments to ensure achievement of their departmental objectives and the objectives of the city government as a whole.

**Budget Allowance Explanation**

The City Manager's Office 2011-12 operating budget allowance of \$ 2,289,000 is \$85,000 or 3.9 percent more than 2010-11 estimated expenditures. The increase is due to the transfer of a position for a citywide volunteer coordinator and normal inflationary factors.

**City Manager's Office Major Performance Measures and Service Levels**

The following significant performance measures and service level trends will be achieved with the 2011-12 budget allowance:

	2009-10	2010-11 <sup>1</sup>	2011-12
Public satisfaction with city services <sup>2</sup>	88%	83%	83%
Percent of employees agreeing that the city is a good place to work <sup>3</sup>	96%	97%	97%
Items processed for City Council subcommittee action	284	328	250
Number of community and non- profit meetings attended <sup>4</sup>	245	190	150

<sup>1</sup>Based on the 2008 Community Attitude Survey which is administered in even-numbered years.

<sup>2</sup>Based on 2010 Community Attitude Survey which is administered in even-numbered years.

<sup>3</sup>Based on 2009 Employee Survey which is administered in odd-numbered years.

<sup>4</sup>Decrease in current year and 2011-12 due to decreased staff levels and less subcommittee activity.

**Expenditure and Position Summary**

	2009-10	2010-11	2011-12
Operating Expense	\$2,314,000	\$2,204,000	\$2,289,000
Total Positions	19.0	18.0	18.0
Source of Funds:			
General	\$2,111,000	\$1,890,000	\$1,973,000
Water	203,000	314,000	316,000

**REGIONAL WIRELESS COOPERATIVE (RWC)**

**Program Goal**

The Regional Wireless Cooperative (RWC) is an independent, multi-jurisdictional organization which manages and operates a regional radio communications network built to seamlessly serve the interoperable communication needs of first responders and other municipal radio users in and around Central Arizona's Valley of the Sun. Formerly known as the Phoenix Regional Wireless Network, the RWC has expanded to service a still growing list of cities, towns and fire districts, along with many other area entities who serve public safety needs. The RWC was formed through a governance structure founded on the principle of cooperation for the mutual benefit of all members.

**Budget Allowance Explanation**

The RWC 2011-12 operating budget allowance of \$3,630,000 is \$93,000 or 2.6 percent more than 2010-11 estimated expenditures. The increase reflects the addition of maintenance staff as the program expands to include additional service and new members within the cooperative.

**Expenditure and Position Summary**

	2009-10	2010-11	2011-12
Operating Expense	—	\$3,537,000	\$3,630,000
Total Positions	5.0	4.0	4.0
Source of Funds:			
RWC	—	\$3,537,000	\$3,630,000





## GOVERNMENT RELATIONS

### Program Goal

The Office of Government Relations represents the city, as appropriate, in contacts with federal, state, regional, county and other city governments. Government Relations also is charged with citywide grants coordination.

### Budget Allowance Explanation

The Government Relations 2011-12 operating budget allowance of \$1,321,000 is \$87,000 or 7.1 percent more than 2010-11 estimated expenditures. This increase reflects the addition of a management assistant I position needed to assist with citywide grants management, and is offset by decreased funding for subscriptions, memberships and consultants, which will impact the department's ability to provide city representation at the Arizona State Legislature and other local government meetings.

## PUBLIC INFORMATION

### Program Goal

The Public Information Office disseminates information on city governmental services to residents, and assists them in using and understanding the information. The office also encourages participation in city government and develops programming for the government access cable television channel.

### Budget Allowance Explanation

The Public Information 2011-12 operating budget allowance of \$2,625,000 is \$35,000 or 1.3 percent less than 2010-11 estimated expenditures. The decrease is primarily due to a change in how enterprise information technology costs are being distributed to city departments and the elimination of the specialized standalone PDF version of the City Connection employee newsletter. This is partially offset by a restoration of funding for closed-captioning of City Council Policy Sessions and all other PHX11 programming.

## Government Relations Major Performance Measures and Service Levels

The following significant performance measures and service level trends will be achieved with the 2011-12 budget allowance:

	2009-10	2010-11 <sup>1</sup>	2011-12
Number of governments, communities, regional and private sector agencies, neighborhood associations, commissions and organizations communicated with during the year.	508	500	500
Number of Arizona state legislative bill versions and amendments evaluated and prepared to support or oppose.	2,846	3,500	3,500

<sup>1</sup>Based on 10 months actual experience.

### Expenditure and Position Summary

	2009-10	2010-11	2011-12
Operating Expense	\$1,408,000	\$1,234,000	\$1,321,000
Total Positions	5.0	6.0	6.0
Source of Funds:			
General	\$1,311,000	\$1,234,000	\$1,321,000
Other Restricted	97,000	—	—

## Public Information Major Performance Measures and Service Levels

The following significant performance measures and service level trends will be achieved with the 2011-12 budget allowance:

	2009-10	2010-11 <sup>1</sup>	2011-12
Percent of news releases that generate media coverage	78%	81%	81%
New PHX 11 programs produced per year <sup>2</sup>	300	288	290
Percent of news distributed to stakeholders by 5 p.m. daily	90%	93%	93%
Percent of e-mail responses to public inquiries within one day	99%	98%	98%
Average response time to public records requests (days)	7.5	3.7	4.0
Phoenix.gov page visits (monthly average)	1,203,700	1,120,000	1,120,000

<sup>1</sup>Based on 10 months actual experience.

<sup>2</sup>Reduced number of programs produced in 2010-11 was due to budget reductions.

### Expenditure and Position Summary

	2009-10	2010-11	2011-12
Operating Expense	\$2,985,000	\$2,660,000	\$2,625,000
Total Positions	27.2	23.5	23.5
Source of Funds:			
General	\$2,658,000	\$2,327,000	\$2,319,000
Other Restricted	327,000	333,000	306,000





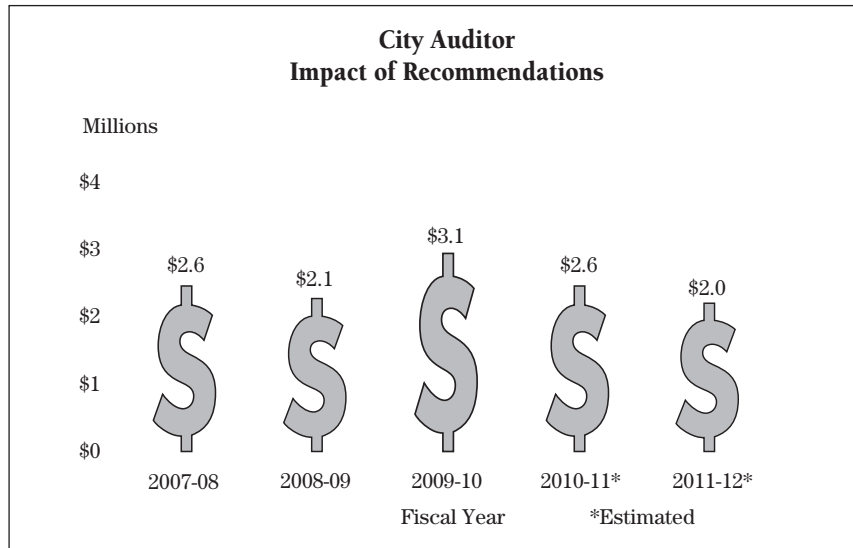
**CITY AUDITOR**

**Program Goal**

The City Auditor Department supports the city manager and elected officials in meeting residents' needs for quality government, products and services by providing independent and objective feedback on the city's programs, activities and functions. The city auditor's work is vital in maintaining trust and confidence that city resources are used effectively and honestly. The City Auditor Department budget also funds an annual independent audit conducted by outside auditors in accordance with the City Charter. This includes an audit of city accounting and financial records, the federal single audit, review of the City of Phoenix Employees' Retirement System, external audits of specific activities and review of business systems for possible improvements.

**Budget Allowance Explanation**

The City Auditor 2011-12 operating budget allowance of \$2,575,000 is \$373,000 or 12.7 percent less than 2010-11 estimated expenditures. The decrease is due to the completion of Council-approved innovation and efficiency audits performed by outside consultants and programmed only in 2010-11. This decrease is partially offset by normal inflationary costs.



**City Auditor Major Performance Measures and Service Levels**

The following significant performance measures and service trends will be achieved with the 2011-12 budget allowance:

	2009-10	2010-11 <sup>1</sup>	2011-12
Percent of audit plan completed	62%	75%	75%
Performance audit and management reports issued <sup>2</sup>	161	140	130
Average audit cycle time (calendar days) <sup>2</sup>	161	156	156
Economic impact of audits as a result of identified improvements or cost savings (millions)	\$3.1	\$2.6	\$2.0
Hearing rulings issued timely according to time frames listed in the City Code	100%	100%	100%

<sup>1</sup>Based on 10 months actual experience.

<sup>2</sup>Number of audit reports issued and average cycle time can vary due to the size and complexity of audits conducted.

**Expenditure and Position Summary**

	2009-10	2010-11	2011-12
Operating Expense	\$2,509,000	\$2,948,000	\$2,575,000
Total Positions	26.5	26.5	26.5
Source of Funds:			
General	\$2,509,000	\$2,948,000	\$2,575,000





## EQUAL OPPORTUNITY

### Program Goal

The Equal Opportunity Department promotes and enforces equal opportunities for city employees and the public through voluntary affirmative action, education, community involvement and enforcement programs. These programs are carried out by a combination of staff and volunteer panels appointed by the Mayor and City Council.

### Budget Allowance Explanation

The Equal Opportunity 2011-12 budget allowance of \$2,690,000 is \$27,000 or 1.0 percent less than 2010-11 estimated expenditures. The decrease is primarily due to increased charges to federal funds for additional compliance monitoring.

### Equal Opportunity Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2011-12 budget allowance:

	2009-10	2010-11 <sup>1</sup>	2011-12
Discrimination complaints in employment, public accommodations, housing and Americans with Disabilities Act (ADA) accessibility, investigated and closed	242	176	176
Percentage of discrimination complaints investigated timely <sup>2</sup>	89%	79%	79%
Outreach presentations to area businesses and small business advocacy organizations	13	13	13
Number of disadvantaged business enterprises (DBEs) certified based on target of 65 firms <sup>3</sup>	65	76	76
Number of small business enterprises (SBEs) certified based on target of 800 firms <sup>3</sup>	729	738	738
Construction contracts monitored for use of M/W/D/SBE subcontractors	980	850	900

<sup>1</sup>Based on 10 months actual experience.

<sup>2</sup>Case timelines may be dictated by state and federal enforcement agencies and not by city timelines.

<sup>3</sup>Number of certified DBE and SBE firms increased in 2010-11 due to increased interest in city business opportunities as a result of the economic downturn.

### Expenditure and Position Summary

	2009-10	2010-11	2011-12
Operating Expense	\$3,060,000	\$2,717,000	\$2,690,000
Total Positions	25.0	26.0	26.0
Source of Funds:			
General	\$2,622,000	\$2,323,000	\$2,287,000
Community Development			
Block Grant	237,000	237,000	245,000
Federal and State			
Grants	183,000	138,000	145,000
Other Restricted	18,000	19,000	13,000





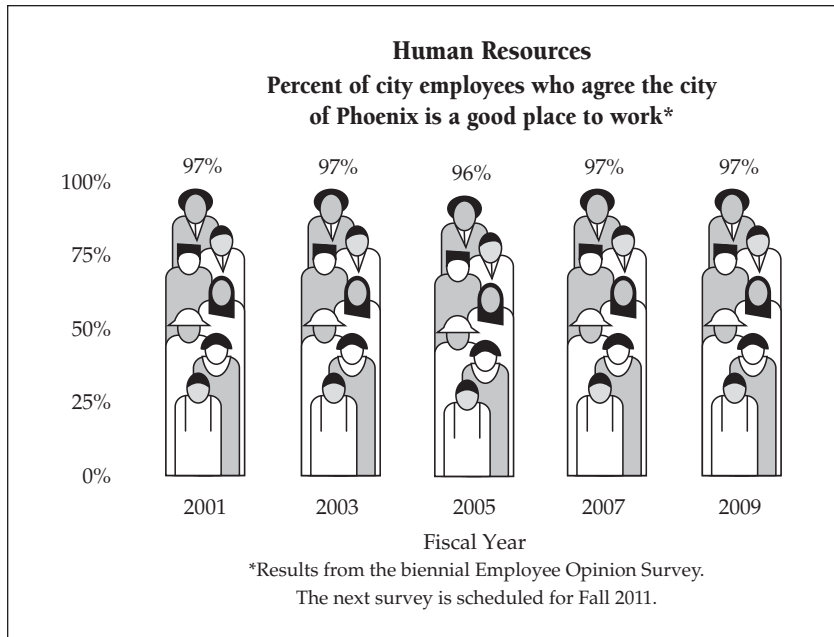
**HUMAN RESOURCES**

**Program Goal**

The Human Resources Department partners with departments and employees to hire, compensate, support and develop a diverse workforce that is dedicated to delivering high-quality services to the community.

**Budget Allowance Explanation**

The Human Resources Department 2011-12 operating budget allowance of \$11,730,000 is \$1,121,000 or 10.6 percent more than 2010-11 estimated expenditures. The increase is primarily due to funding for the employee compensation study, the carry forward of funds for the pension study, and the transfer of existing staff from other departments to centralize the provision of human resource services for small and medium departments. These increases are partially offset by a change in how enterprise information technology costs are being distributed to departments.



**Human Resources Department Major Performance Measures and Service Levels**

The following significant performance measures and service trends will be achieved with the 2011-12 budget allowance:

	2009-10	2010-11 <sup>1</sup>	2011-12
Percentage of qualified applicants who are minorities (target is 28%)	47.3%	45.3%	45.0%
Percentage of qualified applicants who are female (target is 44%)	39.0%	40.0%	40.0%
Annualized employee turnover rate	5.2%	6.0%	6.0%
Employee performance evaluations completed on time (target is 90%)	92%	92%	92%
The number of employee suggestions received <sup>2</sup>	179	200	220

<sup>1</sup>Based on 10 months actual experience.

<sup>2</sup>New measure to help track employee participation in the effort to improve efficiency of city operations and services.

**Expenditure and Position Summary**

	2009-10	2010-11	2011-12
Operating Expense	\$12,644,000	\$10,609,000	\$11,730,000
Total Positions	79.6	77.1	93.1
Source of Funds:			
General	\$11,348,000	\$9,861,000	\$11,008,000
City Improvement	978,000	331,000	303,000
Other Restricted	318,000	417,000	419,000





**PHOENIX EMPLOYMENT RELATIONS BOARD**

**Program Goal**

The Phoenix Employment Relations Board oversees administration of the city's meet and confer ordinance. Primary responsibilities of the board include conducting representation elections, and selecting mediators and fact finders to resolve impasses. The board consists of five members appointed by the City Council and has one staff member.

**Budget Allowance Explanation**

The Phoenix Employment Relations Board 2011-12 operating budget allowance of \$162,000 is \$28,000 or 20.9 percent more than 2010-11 estimated expenditures. This increase is primarily due to an adjustment in expected costs.

**RETIREMENT SYSTEMS**

**Program Goal**

Retirement Systems provides staff support to the general, police and fire retirement boards and administers retirement programs for all city employees.

**Budget Allowance Explanation**

The Retirement Systems 2011-12 gross operating budget allowance of \$1,720,000 is \$38,000 or 2.3 percent more than 2010-11 estimated expenditures. The increase is primarily due to normal inflationary increases.

**Phoenix Employment Relations Board Major Performance Measures and Service Levels**

The following significant performance measures and service trends will be achieved with the 2011-12 budget allowance:

	2009-10	2010-11 <sup>1</sup>	2011-12
Number of cases filed annually <sup>2</sup>	19	5	9

<sup>1</sup>Based on 10 months actual experience.

<sup>2</sup>Number of cases filed varies depending upon specific issues encountered.

**Expenditure and Position Summary**

	2009-10	2010-11	2011-12
Operating Expense	\$103,000	\$134,000	\$162,000
Total Positions	1.0	1.0	1.0
Source of Funds:			
General	\$103,000	\$134,000	\$162,000

**Retirement Systems Major Performance Measures and Service Levels**

The following significant performance measures and service trends will be achieved with the 2011-12 budget allowance:

	2009-10	2010-11 <sup>1</sup>	2011-12
General city retirements <sup>2</sup>	433	450	400
Public safety retirements <sup>2</sup>	234	350	200
General city and public safety member contacts			
Appointments <sup>2</sup>	926	975	800
Walk-in service <sup>2</sup>	2,389	2,600	2,100
Telephone calls <sup>2</sup>	9,591	9,900	9,800
Overall member satisfaction survey as rated on a scale of 1 to 4, with 4 being the best.	3.81	3.84	3.80
Success of educational classes as rated on a scale of 1 to 4, with 4 being the best.	3.73	3.70	3.70

<sup>1</sup>Based on 10 months actual experience.

<sup>2</sup>2010-11 increase is due to increased activity associated with budget reductions.

**Expenditure and Position Summary**

	2009-10	2010-11	2011-12
Operating Expense (Gross <sup>1</sup> )	\$1,620,000	\$1,682,000	\$1,720,000
Total Positions	14.0	14.0	14.0
Source of Funds:			
General (Gross <sup>1</sup> )	\$1,620,000	\$1,682,000	\$1,720,000

<sup>1</sup>Gross costs are recovered through citywide assessments to all city departments.





**LAW**

**Program Goal**

The Law Department provides effective legal services to the Mayor and City Council, city manager, departments and advisory boards; interprets and enforces city, state and federal laws as they pertain to city services and activities; and effectively administers and prosecutes criminal cases filed in Phoenix Municipal Court using the prosecutorial function and discretion in a fair, impartial and efficient manner.

**Budget Allowance Explanation**

The Law Department 2011-12 operating budget allowance of \$20,042,000 is \$250,000 or 1.2 percent less than 2010-11 estimated expenditures. The decrease is primarily due to the elimination of a prosecutor position from the Trial Bureau and reduced charges from the Information Technology Services Department.

**Expenditure and Position Summary**

	2009-10	2010-11	2011-12
Operating Expense	\$20,211,000	\$20,292,000	\$20,042,000
Total Positions	210.0	204.0	203.0
Source of Funds:			
General	\$18,870,000	\$18,505,000	\$18,235,000
Court Awards	265,000	282,000	282,000
Federal and State Grants	1,013,000	1,450,000	1,471,000
Other Restricted	63,000	55,000	54,000

**Law Department Major Performance Measures and Service Levels**

The following significant performance measures and service trends will be achieved with the 2011-12 budget allowance:

	2009-10	2010-11 <sup>1</sup>	2011-12
Criminal cases sent to diversion	7,035	4,300	4,300
Pre-trial disposition conferences set	62,949	59,000	59,000
New civil cases opened in the fields of condemnation, collection, taxes and civil litigation, excluding liability and other cases assigned to outside counsel	805	800	800
Number of defendants submitted for charging review	54,499	46,000	46,000
Number of civil cases closed, including those assigned to outside counsel and handled through the alternative dispute resolution process	1,067	1,000	1,000
Ordinances and resolutions for City Council adoption drafted and reviewed	1,159	1,000	1,000
Number of jury trials prosecuted	195	200	200

<sup>1</sup>Based on 10 months actual experience.





**INFORMATION TECHNOLOGY**

**Program Goal**

Information Technology Services (ITS) coordinates the use of information technology across the various departments and agencies of city government to ensure that accurate and timely information is provided to residents, elected officials, city management and staff in the most cost-effective manner possible. The department provides operating departments with information processing through the application and coordination of computer technology and procures, manages and maintains the city's radio, telephone and computer network systems.

**Budget Allowance Explanation**

The Information Technology Services 2011-12 operating budget allowance of \$33,956,000 is \$29,687,000 more than 2010-11 estimated expenditures. The increase reflects an organizational change in how enterprise information technology costs are being distributed to city departments. The increase is only due to the accounting difference, as the size of the department's operational costs and position count actually decreased due to budget reductions and efficiency measures.

The increase is partially offset by budget reductions including the elimination of a lead IT systems specialist that will impact the department's ability to review technical solutions and standards and the elimination of two telecommunications specialists that support the vehicle make ready process. The budget also eliminates a telecommunications operator due to changes in the Police Department's operating procedures that have resulted in a decreased demand for after-hours assistance, and eliminates two IT analyst programmer positions responsible for supporting the web and a project management tool.

An Innovation and Efficiency Task Force recommendation also transferred various printing functions from ITS to the City Clerk Department. This resulted in the elimination of three positions.

**Information Technology Major Performance Measures and Service Levels**

The following significant performance measures and service trends will be achieved with the 2011-12 budget allowance:

	2009-10	2010-11 <sup>1</sup>	2011-12
Percentage of on-time operations center services	99.0%	99.0%	99.0%
Number of ITD-supported network devices <sup>2</sup>	16,995	17,160	17,560
	2009-10	2010-11	2011-12
Critical systems availability percentage:			
Enterprise network	99.9%	99.9%	99.9%
Business systems	99.0%	99.0%	99.0%
Internet services	99.0%	99.0%	99.0%
Telephone network	99.9%	99.9%	99.9%
Microwave network	99.9%	100.0%	100.0%
Number of visits to phoenix.gov <sup>3</sup>	16,405,001	14,900,000	15,200,000
Average cycle time of telephone service requests	< 13 days	< 13 days	< 13 days
Average number of CityCom phone calls processed daily	84,200	84,500	84,500
Average cycle time of wireless communication repairs	0.88 hours	0.89 hours	0.89 hours
Units of portable and mobile radio equipment	19,500	19,000	19,000

<sup>1</sup>Based on 10 months actual experience.

<sup>2</sup>The increase in devices is due to expanding the city's operational service and business continuity at Phoenix One, the city's new Alternate Information Technology Center and the related equipment.

<sup>3</sup>Decreased visits to phoenix.gov in 2010-11 were because the website is leaner now (less clicks to locate content on the site). Also, fewer people did online business with the city in 2010-11.

**Expenditure and Position Summary**

	2009-10	2010-11	2011-12
Operating Expense <sup>4</sup>	\$3,296,000	\$4,269,000	\$33,956,000
Total Positions	202.0	191.0	182.0
Source of Funds:			
General	\$1,736,000	\$3,188,000	\$32,872,000
City Improvement	1,018,000	410,000	491,000
Other Restricted	130,000	250,000	250,000
Aviation	195,000	198,000	158,000
Water	217,000	223,000	185,000

<sup>4</sup>2009-10 and 2010-11 reflect net costs; most costs are charged to other departments for services provided. In 2011-12, most costs will stay in ITS and be charged to departments via Central Service Cost Allocation.







## CITY CLERK AND ELECTIONS

### Program Goal

The City Clerk Department maintains orderly and accessible records of all city activities and transactions including posting all public meeting notifications; preparing agendas and minutes for City Council formal meetings; providing for effective administration of city elections and annexations; administering liquor, bingo and regulatory license services; and providing printing, typesetting, document imaging and mail delivery services to all city departments.

### Budget Allowance Explanation

The City Clerk 2011-12 operating budget allowance of \$6,293,000 is \$1,640,000 or 35.2 percent more than 2010-11 estimated expenditures. The increase is primarily due to a change in how enterprise information technology costs are being distributed to city departments, and federal laws that require the realigning of council districts as a result of the 2010 census. The increase is partially offset by budget reductions that decrease funding for software and training to maintain compatibility with newer versions of office software.

## City Clerk Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2011-12 budget allowance:

	2009-10	2010-11 <sup>1</sup>	2011-12
Number of Council formal and special meeting agenda items	2,611	2,200	2,200
Open meeting law notices posted	3,201	2,900	2,900
Percent of open meeting law notices posted in accordance with state law <sup>2</sup>	100%	100%	100%
Total printing and copy impressions (millions)	32.8	30.5	31.5
City Council regular and special elections held	2	0	1
License services applications and contacts <sup>3</sup>	N/A	21,700	21,700
Records imaged and available for public access on-line	122,759	135,000	135,000

<sup>1</sup>Based on 10 months actual experience.

<sup>2</sup>Includes meeting notices and meeting result postings as required by state law.

<sup>3</sup>This is a new performance measure; therefore, no historical data is available.

## Expenditure and Position Summary

	2009-10	2010-11	2011-12
Operating Expense	\$4,983,000	\$4,653,000	\$6,293,000
Total Positions	72.0	67.0	66.0
Source of Funds:			
General	\$4,818,000	\$4,622,000	\$6,268,000
City Improvement	\$164,000	\$27,000	21,000
Other Restricted	1,000	4,000	4,000





**FINANCE**

**Program Goal**

The Finance Department strives to maintain a fiscally sound governmental organization that conforms to legal requirements and generally accepted financial management principles; maintains effective procurement procedures for commodities and services; provides for effective treasury management and a citywide risk management program; acquires, manages and disposes of property for public facilities; provides an effective debt management program; and provides financial advisory services for all city departments.

**Budget Allowance Explanation**

The 2011-12 Finance Department operating budget allowance of \$19,844,000 is \$1,753,000 or 8.1 percent less than 2010-11 estimated expenditures. This is primarily due to changes in how enterprise information technology costs are being distributed to city departments. In addition, charges to the Water Services Department were added for cashing services due to consolidation of these services to one location.

**Finance Major Performance Measures and Service Levels**

The following significant performance measures and service trends will be achieved with the 2011-12 budget allowance:

	2009-10	2010-11 <sup>1</sup>	2011-12
Sales tax and franchise fees collected (millions)	\$627	\$673	\$673
Average real estate acquisition cycle time (months)	14.8	16.0	17.0
Average property damage claims cycle time (days)	40	40	40
Average invitation for bid (IFB) cycle time (days)	101	100	100

<sup>1</sup>Based on 10 months actual experience.

**Expenditure and Position Summary**

	2009-10	2010-11	2011-12
Operating Expense	\$21,582,000	\$21,597,000	\$19,844,000
Total Positions	266.8	249.2	248.2
Source of Funds:			
Aviation	148,000	192,000	270,000
City Improvement	59,000	11,000	9,000
General	\$19,223,000	\$19,150,000	\$17,160,000
Other Restricted	315,000	361,000	374,000
Public Housing	2,000	1,000	13,000
Sports Facilities	109,000	129,000	129,000
Wastewater	767,000	759,000	759,000
Water	959,000	994,000	1,130,000





**BUDGET AND RESEARCH**

**Program Goal**

The Budget and Research Department ensures effective, efficient allocation of city resources to enable the City Council, city manager and city departments to provide quality services to our residents.

**Budget Allowance Explanation**

The Budget and Research Department's 2011-12 operating budget allowance of \$3,191,000 is \$14,000 or 0.4 percent more than 2010-11 estimated expenditures and reflects normal inflationary increases.

**Expenditure and Position Summary**

	2009-10	2010-11	2011-12
Operating Expense	\$2,827,000	\$3,177,000	\$3,191,000
Total Positions	27.0	26.0	26.0
Source of Funds:			
General	\$2,827,000	\$3,177,000	\$3,191,000

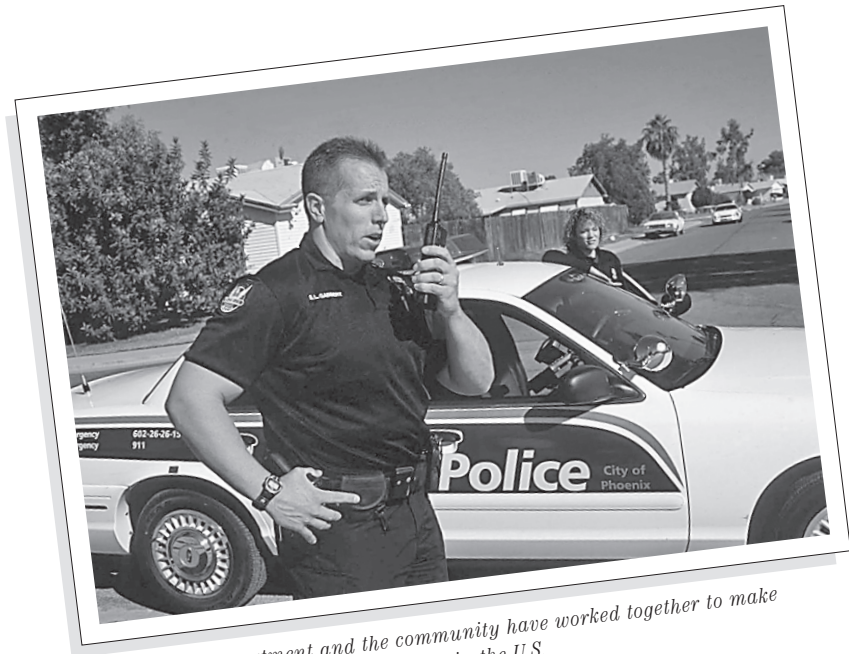
**Budget and Research Major Performance Measures and Service Levels**

The following significant performance measures and service trends will be achieved with the 2011-12 budget allowance:

	2009-10	2010-11 <sup>1</sup>	2011-12
Percent variance of actual versus estimated expenditures for each major fund (data for the General Fund is shown)	(-2.5)%	0% -± .5%	0% -± 1%
Percent variance of actual versus estimated revenues for each major fund (data for the General Fund is shown)	(-3.2)%	0% -± .5%	0% -± 1%
Percent of Requests for Council Action processed within 24 hours	82%	75%	75%
Capital Improvement Program expenditures as a percentage of estimate	49%	70%	65%

<sup>1</sup>Based on 10 months actual experience.





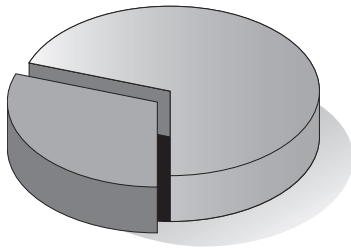
*The Police Department and the community have worked together to make Phoenix one of the safest major cities in the U.S.*





# Public Safety

**The Public Safety Program Represents 32.5% of the Total Budget.**



The Public Safety program budget includes the Police Department, Fire Department and Emergency Management.

## POLICE

### Program Goal

The Police Department provides the community with a law enforcement system that integrates and uses all departmental, civic and community resources for police services and protection of the lives and property of our residents.

### Budget Allowance Explanation

The Police Department 2011-12 operating budget allowance of \$548,323,000 is \$14,224,000 or 2.7 percent more than 2010-11 estimated expenditures. This increase is primarily due to normal inflationary adjustments, increased Court

### Police Major Performance Measures and Service Trends

The following significant performance measures and service trends will be achieved with the 2011-12 budget allowance:

	2009-10	2010-11 <sup>1</sup>	2011-12
Average Response Time (Minutes) <sup>2</sup>			
Priority 1 – Emergency	5.1	5.0	5.0
Priority 2 – Non-Emergency	18.0	17.2	17.2
Priority 3 – All Others	41.7	39.8	39.8
Telephone Callbacks <sup>3</sup>	113.0	115.4	115.4
Percentage of phone calls to 9-1-1 and Crime Stop answered within 10 seconds <sup>4</sup>			
	94%	90%	90%
Cases accepted by the county attorney for issuance of complaint			
	28,612	26,400	26,400
Moving violation citations issued			
	256,392	234,800	234,800
Traffic accidents			
	22,418	23,000	23,000
Percentage of cases cleared:			
Murder	88%	68%	68%
Rape	25%	21%	21%
Robbery	24%	21%	21%
Aggravated Assault	46%	44%	44%
Burglary	5%	5%	5%
Theft	22%	20%	20%
Auto Theft	7%	6%	6%
Arson	12%	15%	15%

<sup>1</sup>Based on 10 months actual experience.

<sup>2</sup>Due to changes with the new Computer Aided Dispatch (CAD) system implemented March 2010, call response time data has demonstrated inconsistencies that are currently being resolved.

<sup>3</sup>The number of calls and response times for incidents handled by callback are impacted by the working hours and vacancy levels of this unit.

<sup>4</sup>Police Communications staff was increased in FY 2009-10 in preparation for the opening of two new precincts in early FY 2010-11. Changes in the percent of calls answered within 10 seconds may be affected by: new employee training, the transition from one communications facility to two, an anticipated learning curve as the department converted to the new CAD system in March 2010, and the reassignment of staff to operate new precinct duties.



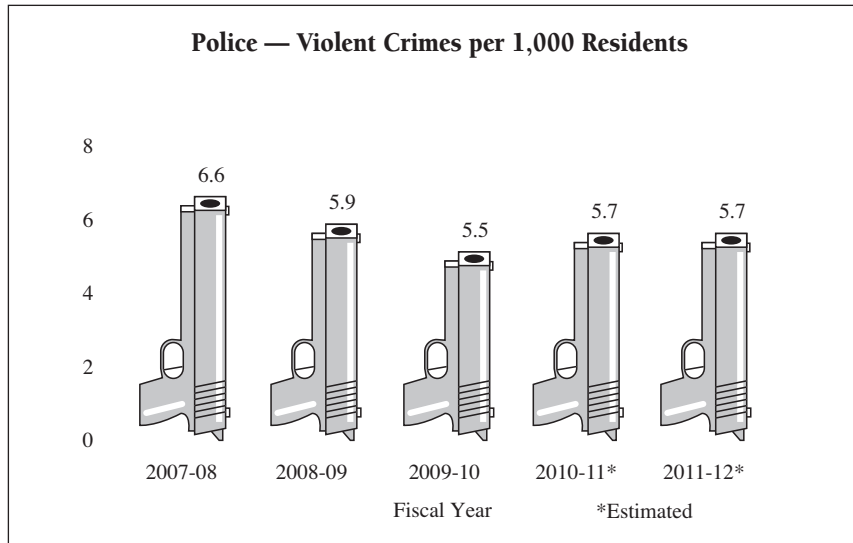


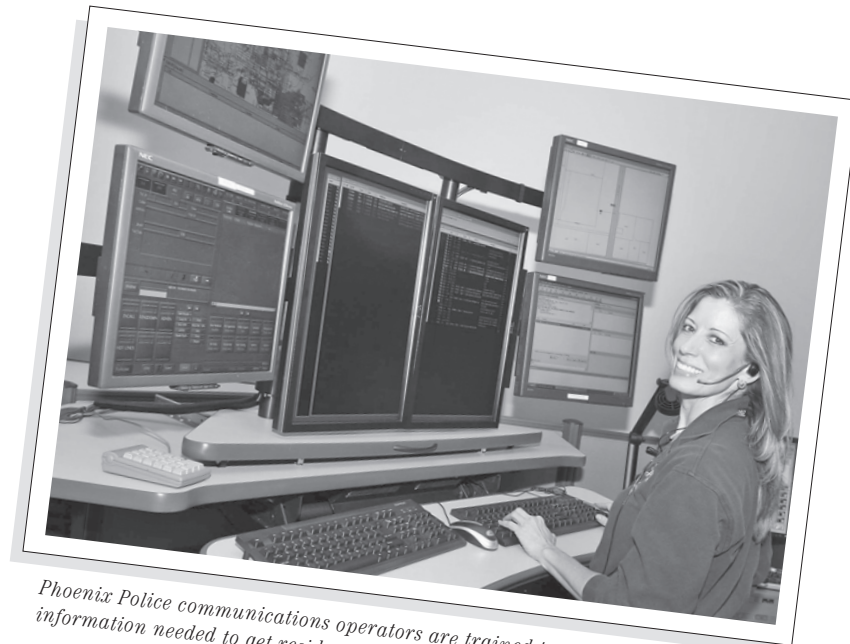
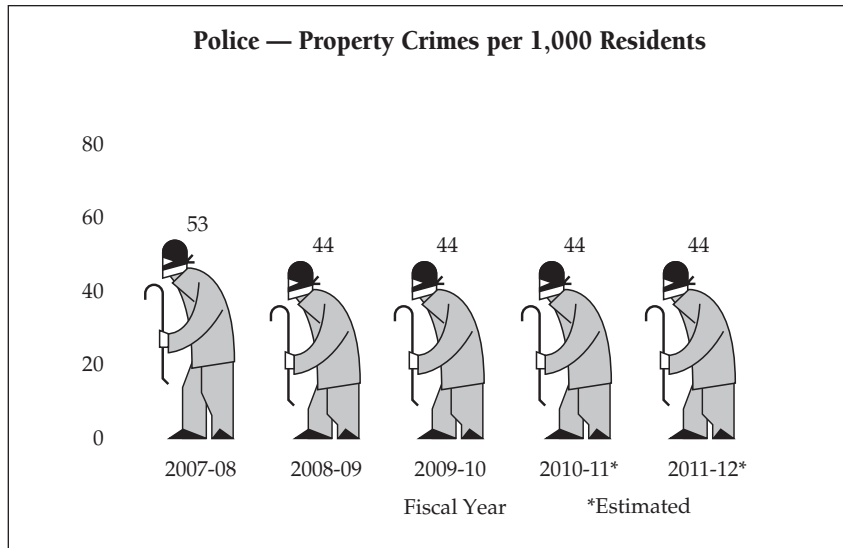
Awards funding and increased vehicle replacement costs that are partially offset by a reduction in grant funds and General Fund budget reductions totaling \$1.1 million.

The General Fund budget reductions include the elimination of two vacant sworn management positions and 16 FTE of civilian support. The savings for the transition of the callback unit to a primarily Internet-based service are for less than a full year in 2011-12 to allow a phased implementation. The budget also reflects the elimination of the Office of the Public Safety Manager and the public safety manager position.

### Expenditure and Position Summary

	2009-10	2010-11	2011-12
Operating Expense	\$546,307,000	\$534,099,000	\$548,323,000
Total Positions	4,827.7	4,496.7	4,477.7
Source of Funds:			
General	\$435,585,000	\$418,377,000	\$428,454,000
Public Safety			
Expansion	43,889,000	48,450,000	48,830,000
Neighborhood Protection	21,901,000	21,334,000	20,958,000
Public Safety Enhancement	20,410,000	18,826,000	19,364,000
Federal and State Grants	8,766,000	14,360,000	10,242,000
Court Awards	4,241,000	4,417,000	6,509,000
Other Restricted	4,479,000	4,371,000	4,582,000
City Improvement	5,216,000	2,174,000	2,951,000
Sports Facilities	1,053,000	1,106,000	1,106,000
Convention Center	767,000	684,000	684,000





*Phoenix Police communications operators are trained to obtain specific information needed to get residents the correct assistance in a timely manner.*





## FIRE

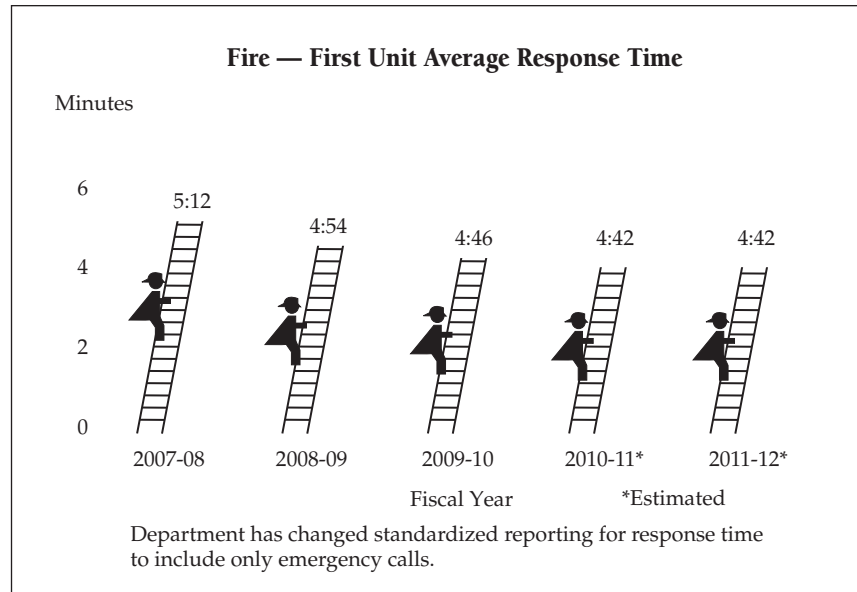
### Program Goal

The Fire Department provides the highest level of life and property safety through fire prevention, fire control and emergency medical and public education services.

### Budget Allowance Explanation

The Fire Department 2011-12 operating budget allowance of \$269,490,000 is \$6,258,000 or 2.4 percent more than 2010-11 estimated expenditures. This increase is primarily a result of higher personal services costs and operating costs for the opening of Fire Station 59 located at 65th Avenue and Buckeye Road. The increase is partially offset by budget reductions of \$678,000.

The budget reductions include the elimination of 4.7 civilian support positions as well as a reduction to sworn and civilian overtime. In addition, program reductions are in contractual services, commodities and capital outlay.



*The Fire Department responded to 148,673 incidents, including 13,209 fire calls and 130,101 medical assistance calls in calendar year 2010.*

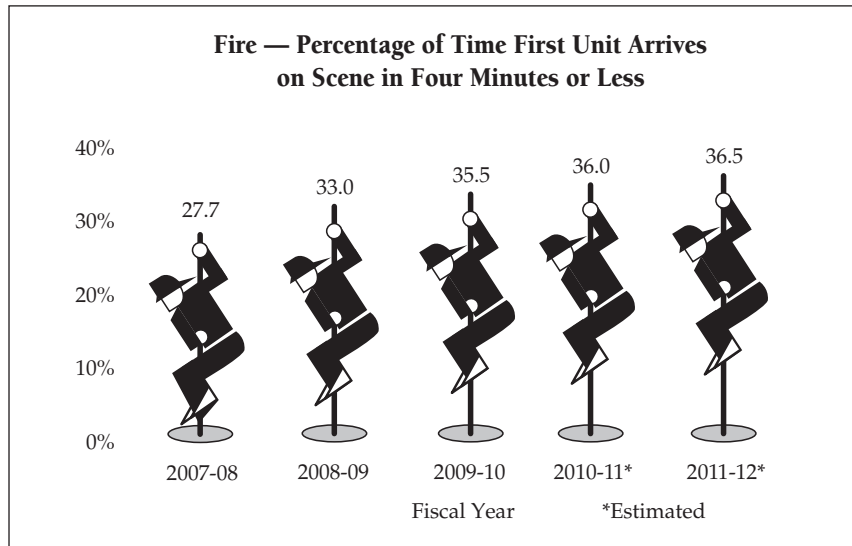






### Expenditure and Position Summary

	2009-10	2010-11	2011-12
Operating Expense	\$269,117,000	\$263,232,000	\$269,490,000
Total Positions	2,066.2	2,008.2	2,003.5
Source of Funds:			
General	\$222,091,000	\$220,950,000	\$226,892,000
Public Safety Enhancement	11,246,000	10,897,000	11,242,000
Neighborhood Protection	8,441,000	6,918,000	7,314,000
Public Safety Expansion	11,946,000	13,246,000	13,968,000
Development Services	1,876,000	1,335,000	1,064,000
Federal and State Grants	5,918,000	4,448,000	2,788,000
Other Restricted	4,116,000	4,768,000	4,828,000
City Improvement	3,483,000	670,000	1,394,000



### Fire Department Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2011-12 budget allowance:

	2009-10	2010-11 <sup>1</sup>	2011-12
Percent of fire and emergency medical call responses within four minutes	35.5%	36.0%	36.5%
Patient transports to Valley hospitals via emergency medical vehicles	62,886	63,500	64,000
Percentage of time Advanced Life Support (ALS) medical calls are responded to with paramedic units within five minutes	59.4%	60.0%	60.0%
Number of fire investigations to determine cause only	725	760	800
Number of calls by type:			
Emergency Medical	126,968	127,000	128,000
Fire	13,359	13,000	13,000
Other (mountain/swift water/trench/tree rescues/other)	5,277	5,000	5,000

<sup>1</sup>Based on 10 months actual experience.





## EMERGENCY MANAGEMENT

### Program Goal

The Emergency Management Program provides the city with the capability to plan for, mitigate, respond to and recover from large-scale community emergencies and disasters as a result of human-caused, technological or natural hazards.

### Budget Allowance Explanation

The Emergency Management 2011-12 operating budget allowance of \$481,000 is \$44,000 or 8.4 percent less than 2010-11 estimated expenditures. The decrease reflects the elimination of a software upgrade at the Emergency Operations Center and the elimination of the emergency management coordinator position through the organizational review process.

### Expenditure and Position Summary

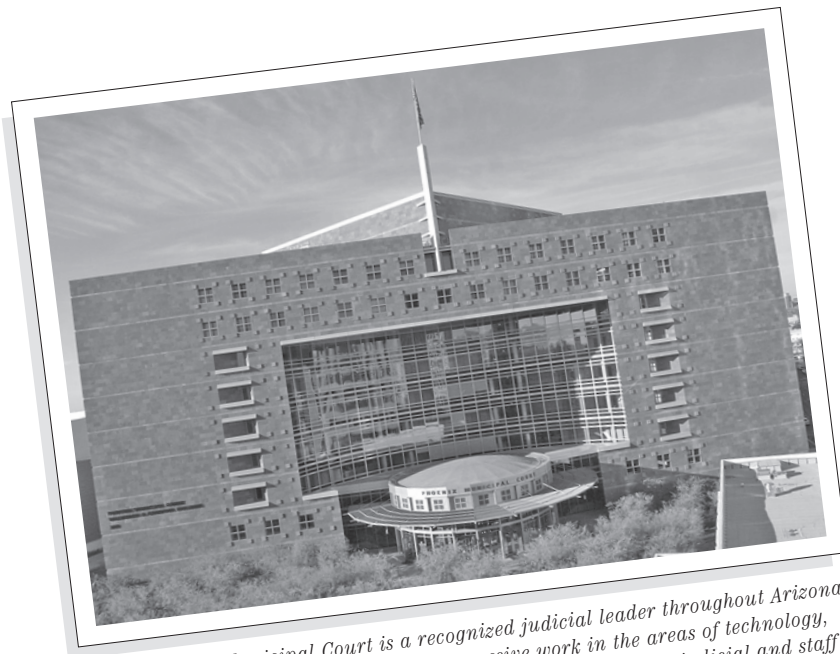
	2009-10	2010-11	2011-12
Operating Expense	\$618,000	\$525,000	\$481,000
Total Positions	6.0	5.0	5.0
Source of Funds:			
General	\$81,000	\$71,000	\$30,000
Public Safety Enhancement	454,000	454,000	451,000
Federal & State Grants	83,000	—	—



*The Emergency Operations Center is opened when necessary to manage the distribution of city services and resources to respond to and recover from an emergency event of significant impact to the city.*







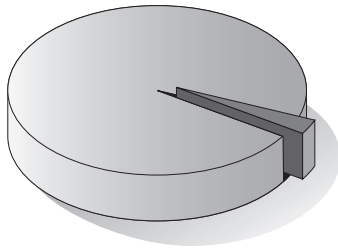
*The Phoenix Municipal Court is a recognized judicial leader throughout Arizona and the U.S. for its innovative and progressive work in the areas of technology, customer service, case management, fiscal responsibility, and judicial and staff accountability.*





# Criminal Justice

**The Criminal Justice Program Represents 2.4% of the Total Budget.**



The Criminal Justice program budget includes the Municipal Court, Public Defender and City Prosecutor.

## MUNICIPAL COURT

### Program Goal

The Municipal Court provides, with integrity, to all individuals who come before this court: equal access, professional and impartial treatment, and just resolution of all court matters.

### Budget Allowance Explanation

The Municipal Court's 2011-12 operating budget allowance of \$40,847,000 is \$1,080,000 or 2.7 percent less than 2010-11 estimated expenditures. The decrease reflects ongoing employee concessions, the elimination of one administrative assistant II from the Management Services Division, reduced funding for contracted interpreters due to decreased demand, and reduced funding for printed forms.

## Municipal Court Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2011-12 budget allowance:

	2009-10	2010-11 <sup>1</sup>	2011-12
Criminal filings	105,915	95,000	97,500
Civil filings	248,000	225,000	230,000
Average number of days from arraignment to hearing for minor traffic cases	35.0	35.0	35.0
Number of criminal cases with a pending trial date at year end	3,347	3,000	3,400
Percent of trials/hearings appealed	1.75%	2.1%	2.1%
Average cycle time for sending out restitution and bail refund checks	1.4 days	2.0 days	2.5 days
Average hold time for incoming information calls to the Customer Call Center	5 minutes	5.0 minutes	5.0 minutes

<sup>1</sup>Based on 10 months actual experience.

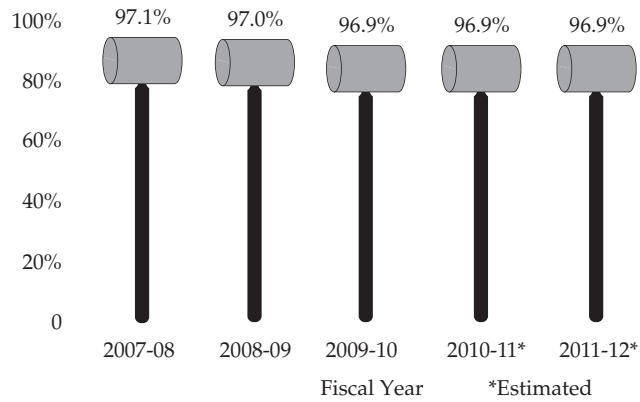




### Expenditure and Position Summary

	2009-10	2010-11	2011-12
Operating Expense	\$38,096,000	\$39,767,000	\$40,847,000
Total Positions	318.4	315.4	314.4
Source of Funds:			
General	\$30,492,000	\$29,589,000	\$30,954,000
Other Restricted	1,995,000	6,783,000	6,568,000
City Improvement	5,539,000	3,395,000	3,325,000
Federal and State Grants	70,000	—	—

### Municipal Court - Percent of criminal cases resolved within 180 days from case filing



*Phoenix Municipal Court handles cases that range from minor traffic violations to Class 1 misdemeanors. Annually, the court processes an average of 350,000 cases including 80,000 criminal charges.*





**PUBLIC DEFENDER**

**Program Goal**

The Public Defender Program provides legal representation for indigent defendants in Phoenix Municipal Court.

**Budget Allowance Explanation**

The Public Defender Program's 2011-12 operating budget allowance of \$4,708,000 is \$49,000 or 1.1 percent more than the 2010-11 estimated expenditures. This is a result of normal inflationary increases that are partially offset by reductions for contracted court-appointed attorney compensation.

**Public Defender Major Performance Measures and Service Levels**

The following significant performance measures and service trends will be achieved with the 2011-12 budget allowance:

	2009-10	2010-11 <sup>1</sup>	2011-12
Defendants charged with misdemeanor crimes represented in Phoenix Municipal Court	15,379	16,000	14,000
Defendants represented at Jail Court (first appearance after arrest), and K-Court (second appearance after arrest for those not bonding out after their first appearance)	33,122	26,000	26,000

<sup>1</sup>Based on 10 months actual experience.

**Expenditure and Position Summary**

	2009-10	2010-11	2011-12
Operating Expense	\$4,536,000	\$4,659,000	\$4,708,000
Total Positions	9.0	9.0	9.0
Source of Funds:			
General	\$4,536,000	\$4,659,000	\$4,708,000





*METRO light rail carried nearly 24 million riders over its first two years of operation.*

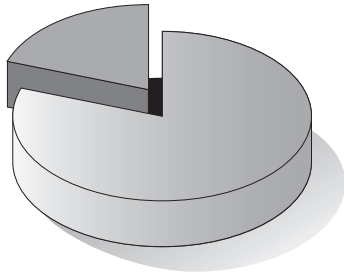






# Transportation

**The Transportation Program Represents 21.0% of the Total Budget.**



The Transportation program budget includes Street Transportation, Aviation and Public Transit.

## STREET TRANSPORTATION

### Program Goal

The Street Transportation Department plans for the safe and convenient movement of people and vehicles on city streets, effectively maintains the city's streets, designs and inspects the construction of streets to assure they meet specifications, and minimizes street damage through the control of irrigation and storm water.

### Street Transportation Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2011-12 budget allowance:

	2009-10	2010-11 <sup>1</sup>	2011-12
Routine street maintenance requests for service completed within 2-21 days (target is 90%)	85%	88%	88%
Percent of all traffic signal control cabinets inspected annually	100%	95%	95%
Routine traffic operation requests for service completed within 30 days (target is 95%)	96%	95%	95%
Construction project complaints or inquiries addressed within 5 working days (target is 98%)	100%	100%	100%
Number of days to review and respond to street light requests (target is 5 working days)	2.0	1.4	1.4
Number of days to review private development plans (target is 10 working days)	6.0	7.8	7.5
Utility plan review turnaround time (target is 90%) <sup>2</sup>	96%	97%	97%
Complete requests for signs and crosswalk work within 45 days (target is 90%) <sup>3</sup>	87%	83%	83%

<sup>1</sup>Based on 10 months actual experience.

<sup>2</sup>This performance measure was added due to the merger of the Utility Coordination Section with the Street Transportation Department.

<sup>3</sup>Decrease reflects equipment failures and material shortages needed for sign fabrication and crosswalk striping.



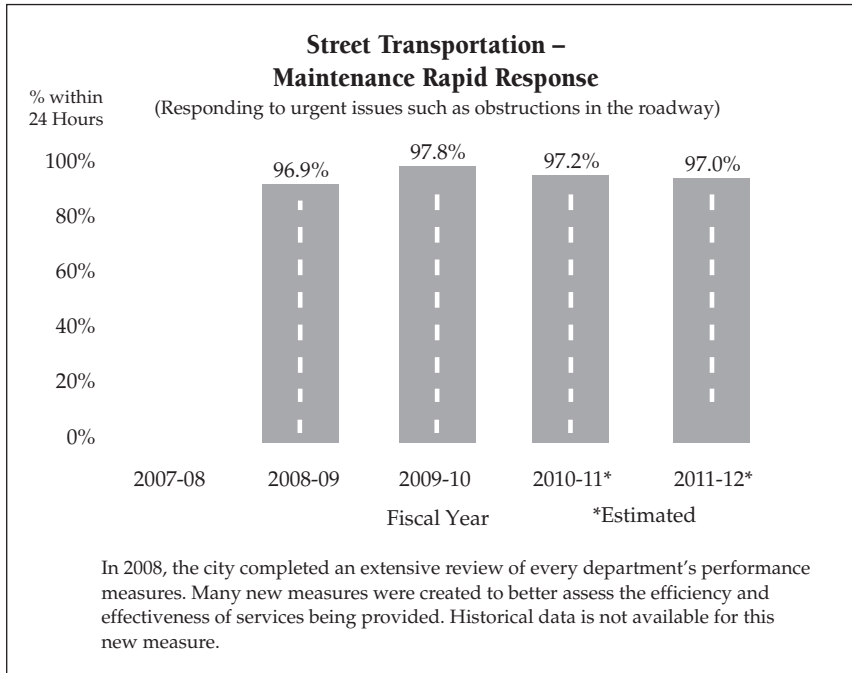


### Budget Allowance Explanation

The Street Transportation 2011-12 operating budget allowance of \$70,408,000 is \$3,662,000 or 5.5 percent more than 2010-11 estimated expenditures. This increase is primarily due to transitioning the purchase of replacement vehicles from financing to all cash and the carry forward of funding for the storm water database conversion. The increase is also due to additional contractual costs for landscape and streetlight maintenance, and utility costs for completed streetscape projects from the 2006 Bond Program. The 2011-12 budget will be adjusted for expected reductions of nearly \$12 million, primarily to the Capital Improvement Program budget, due to state reductions to Arizona Highway User Revenue.

### Expenditure and Position Summary

	2009-10	2010-11	2011-12
Operating Expense	\$63,352,000	\$66,746,000	\$70,408,000
Total Positions	719.0	667.0	667.0
Source of Funds:			
General	\$20,984,000	\$21,579,000	\$22,527,000
Arizona Highway User Revenue	41,798,000	43,474,000	44,528,000
City Improvement	403,000	67,000	140,000
Capital Construction	129,000	130,000	135,000
Federal and State Grants	31,000	25,000	23,000
Other Restricted	7,000	1,471,000	3,055,000





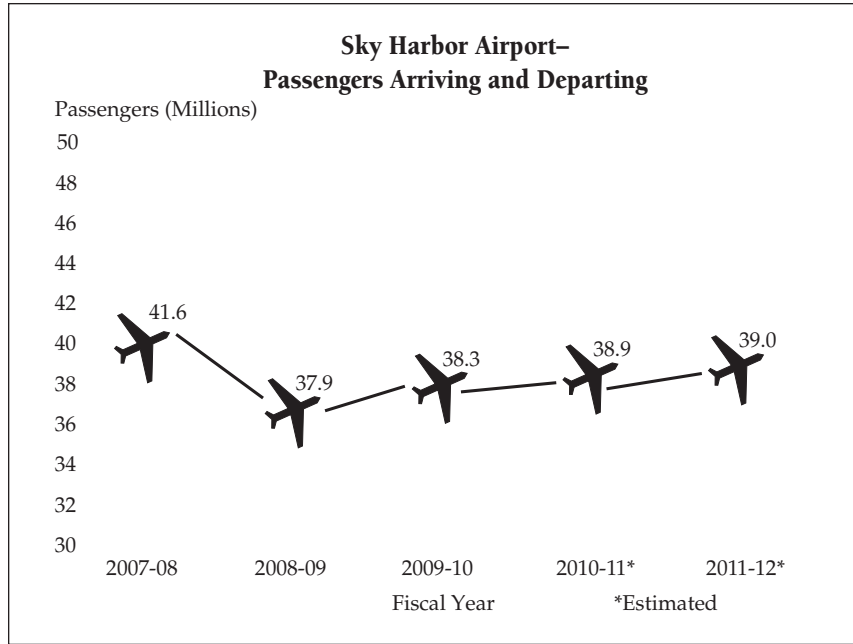
**AVIATION**

**Program Goal**

The Aviation Department provides the Phoenix metropolitan area with a self-supporting system of airports and aviation facilities that accommodate general and commercial aviation in a safe, efficient and convenient manner.

**Budget Allowance Explanation**

The Aviation Department's 2011-12 operating budget allowance of \$209,686,000 is \$5,778,000 or 2.8 percent more than 2010-11 estimated expenditures and reflects normal inflationary increases and start up costs for testing and operating the new PHX Sky Train™. The PHX Sky Train™ is expected to be fully operational in fiscal year 2012-13.



*Phoenix Sky Harbor International Airport is one of the 10 busiest in the nation for passenger traffic with a \$90 million daily economic impact. On a typical day more than 1,200 aircraft arrive and depart.*





The budget also reflects the addition of eleven support positions needed to transfer various contracted services to city staff. Transitioning these contracts to city staff is expected to save the Aviation Department an estimated \$385,000.

#### Expenditure and Position Summary

	2009-10	2010-11	2011-12
Operating Expense	\$194,786,000	\$203,908,000	\$209,686,000
Total Positions	850.7	841.0	852.0
Source of Funds:			
Aviation	\$194,786,000	\$203,908,000	\$209,686,000

#### Aviation Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2011-12 budget allowance:

	2009-10	2010-11 <sup>1</sup>	2011-12
Airline rental rates (cost per square foot):			
Terminal 2	\$69.60	\$76.08	NA <sup>2</sup>
Terminal 3	\$76.56	\$79.32	NA <sup>2</sup>
Terminal 4	\$85.20	\$89.88	NA <sup>2</sup>
Gross sales per departing passenger:			
Terminal 2	\$7.63	\$7.84	\$8.00
Terminal 3	\$8.76	\$9.00	\$9.18
Terminal 4	\$8.97	\$9.07	\$9.25
Aircraft takeoffs and landings	1,038,335	1,025,000	1,025,000
Total international passengers	2,004,012	2,010,000	2,050,000
Air cargo processed (in tons)	260,830	268,000	270,000

<sup>1</sup>Based on 10 months actual experience.

<sup>2</sup>Airline rental rates for 2011-12 have not yet been finalized.





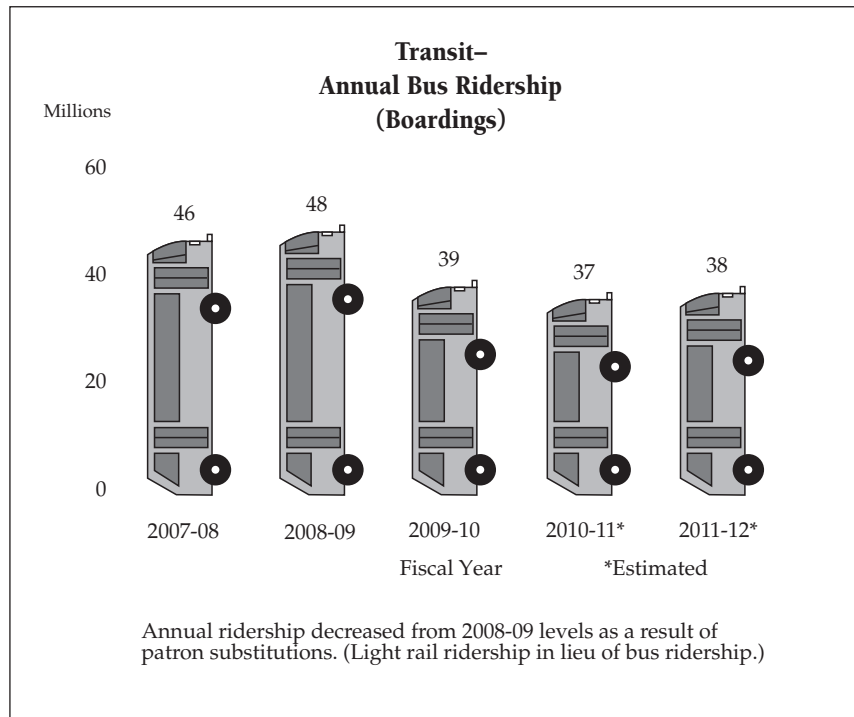
## PUBLIC TRANSIT

### Program Goal

The Public Transit Department provides improved public transit services and increased ridership in the Phoenix urbanized area through the operation of a coordinated regional fixed-route and paratransit bus transportation system.

### Budget Allowance Explanation

The Public Transit 2011-12 operating budget allowance of \$247,576,000 is \$9,090,000 or 3.8 percent more than 2010-11 estimated expenditures. This increase is primarily due to increases in the price of fuel, a scheduled increase in debt service payments for light rail bonds and normal inflationary increases. Additionally, funding was added for a taxi-subsidy program, funded by Transit 2000 sales tax revenue, to help address the need for same-day transportation of Phoenix residents under the age of 65 who are certified for paratransit service under the Americans with Disabilities Act (ADA). The department has also applied for a grant that would add Federal Transit Administration funding for that service.





This increase is partially offset by General Fund reductions that implement operational efficiencies such as reclassification of an accountant I to an account clerk III. The shift in funding from FTA grant funds to Transit 2000 in 2011-12 is due to one-time savings achieved from the reallocation of project savings in capital projects in 2010-11.

The 2011-12 Budget also includes an extension of Route 77 from 40th to 75th avenues on Baseline Road. The extension includes construction of bus stop infrastructure. The cost of the route extension and new infrastructure are offset by minor changes to Routes 0, 8, 19 and 35.

### Expenditure and Position Summary

	2009-10	2010-11	2011-12
Operating Expense	\$247,094,000	\$238,486,000	\$247,576,000
Total Positions	112.0	141.5	139.5
Source of Funds:			
General	\$22,589,000	\$19,295,000	\$19,232,000
Transit 2000	148,799,000	132,081,000	150,503,000
Local Transportation Assistance	3,706,000	—	—
Regional Transit	15,404,000	20,217,000	20,487,000
Federal Transit Authority	12,457,000	20,770,000	8,958,000
City Improvement	43,959,000	46,123,000	48,396,000
Human Services Grant	180,000	—	—



*As a member of the Valley Metro organization, Phoenix owns and operates transit service within the city and has about 45 million passenger boardings each year on buses traveling more than 18 million miles on city streets.*





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**Public Transit Major Performance Measures and Service Levels**

The following significant performance measures and service trends will be achieved with the 2011-12 budget allowance:

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	2009-10	2010-11 <sup>1</sup>	2011-12
On-time performance for bus service	94.6%	94.2%	94.2%
On-time performance for Dial-a-Ride prescheduled service	96.5%	95.0%	95.0%
Cost recovery from bus fares	23.3%	24.0%	24.2%
Bus boardings per revenue mile	2.05	2.21	2.24
Average weekday ridership - light rail (Phoenix only) <sup>2</sup>	23,923	27,720	28,274
Number of Reserve-A-Ride Trips <sup>3</sup>	160,786	123,749	125,234

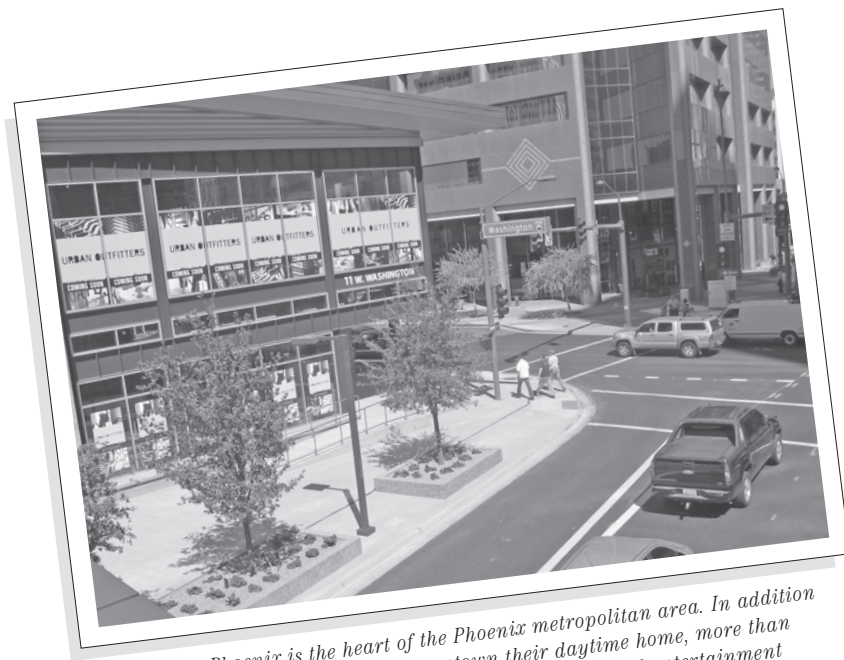
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<sup>1</sup>Based on 10 months actual experience.

<sup>2</sup>The 2009-10 figure represents Jan. 1, 2010-June 30, 2010 ridership.

<sup>3</sup>Reduction in trips in 2010-11 is due to elimination of demand service.





*Downtown Phoenix is the heart of the Phoenix metropolitan area. In addition to the 83,000 workers who make downtown their daytime home, more than 10 million people visit the areas many cultural, sport and entertainment venues each year.*

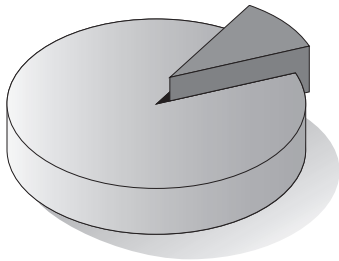






# Community Development

The Community Development Program Represents 9.8% of the Total Budget.



The Community Development program budget includes Planning and Development, Housing, Community and Economic Development, and Neighborhood Services.

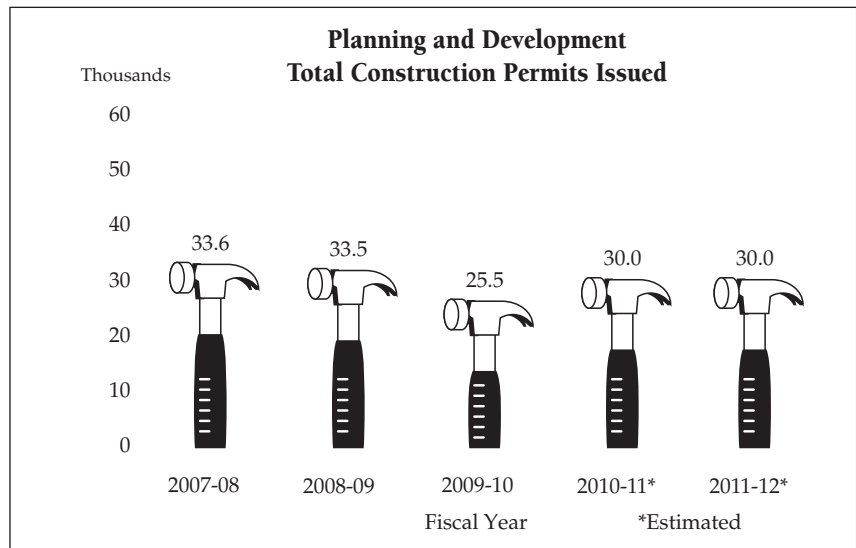
## PLANNING AND DEVELOPMENT

### Program Goal

The Planning and Development Department manages planning, development and preservation for a better Phoenix. Key services of the department include design review, permitting, inspections, implementation and updates to the General Plan, administration of the zoning ordinance, processing rezoning requests, and Historic Preservation.

### Budget Allowance Explanation

The Planning and Development Department 2011-12 operating budget allowance of \$33,602,000 is \$554,000 or 1.7 percent more than 2010-11 estimated expenditures. This is a result of restoring the Office of Customer Advocacy and normal inflationary factors.





### Expenditure and Position Summary

	2009-10	2010-11	2011-12
Operating Expense	\$32,813,000	\$33,048,000	\$33,602,000
Total Positions	249.0	251.0	249.0
Source of Funds:			
Development Services	\$25,522,000	\$27,076,000	\$28,163,000
General	6,502,000	4,964,000	4,995,000
Federal and State Grant	—	500,000	—
Community Development Block Grant	66,000	66,000	66,000
Other Restricted	723,000	442,000	378,000

### Planning and Development Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2011-12 budget allowance:

	2009-10	2010-11 <sup>1</sup>	2011-12
Total construction permits issued	25,536	30,000	30,000
Turnaround time for major commercial building plans (days)	38	43	43
Turnaround time for medium commercial building plans (days)	31	23	30
Turnaround time for minor commercial building plans (days)	21	19	20
Turnaround time for residential building plans (days) <sup>2</sup>	39	20	20
Percent of commercial inspections completed on time	90%	89%	95%
Percent of residential inspections completed on time	88%	93%	90%
Percent of costs recovered through fees	93%	100%	100%
Average number of days to schedule pre-application meeting prior to rezoning application	NA	20	20
Average number of days to complete Zoning Verification letters	NA	15	15
Zoning counter customers assisted within 15 minutes of arrival	95%	90%	90%
Board, Commission and Committee packets available seven days prior to meeting	100%	90%	90%
Number of design reviews performed on building permits in historic districts <sup>3</sup>	348	340	340
Number of city grants awarded for historic rehabilitation projects	27	30	30
Private dollars leveraged for every dollar of city historic rehabilitation grant funds expended <sup>4</sup>	\$12.37	\$35.00	\$3.00
Number of regulatory compliance reviews for federally funded city capital projects	955	1,200	1,000

<sup>1</sup>Based on 10 months actual experience.

<sup>2</sup>Variance is due to changes in demand for residential remodel, additions and minor project plan reviews.

<sup>3</sup>This projection includes the cumulative number of Certificates of Appropriateness, Certificates of No Effect, Demolition Reviews and Demolition Appeal Hearings.

<sup>4</sup>Leverage anticipated in FY 2010-11 due to Luhrs building payout.





**HOUSING**

**Program Goal**

The Housing Department provides and promotes diversified living environments for low-income families, seniors and persons with disabilities through the operation and leasing of assisted and affordable housing.

**Budget Allowance Explanation**

The Housing Department's 2011-12 operating budget allowance of \$75,136,000 is \$2,128,000 or 2.8 percent less than 2010-11 estimated expenditures. The decrease is due to reduced Neighborhood Stabilization Program (NSP) funding and reduced HOPE VI grant funding as the completion of the Krohn West project nears. Also reflected in the budget is the transfer of a partially general funded management services administrator to alternative funding sources.

**Expenditure and Position Summary**

	2009-10	2010-11	2011-12
Operating Expense	\$73,670,000	\$77,264,000	\$75,136,000
Total Positions	187.2	192.2	191.2
Source of Funds:			
Public Housing	\$66,484,000	\$70,007,000	\$70,824,000
Community Development			
Block Grant	2,853,000	2,128,000	1,663,000
Other Restricted	1,710,000	1,688,000	1,466,000
Federal and			
State Grants	1,995,000	2,008,000	902,000
HOPE VI	344,000	1,246,000	152,000
City Improvement	74,000	73,000	72,000
General	210,000	114,000	57,000

**Housing Major Performance Measures and Service Levels**

The following significant performance measures and service trends will be achieved with the 2011-12 budget allowance:

	2009-10	2010-11 <sup>1</sup>	2011-12
Affordable housing units for families and individuals	1,444	2,174	2,174
Rental assistance provided for low-income residents in the private housing market	5,758	5,883	6,008
City-owned and operated public housing units for families and seniors	2,476	2,336	2,261
Percent of Section 8 vouchers under lease	91%	94%	95%
Occupancy rate for public housing units	98%	98%	98%

<sup>1</sup>Based on 10 months actual experience.





**COMMUNITY AND ECONOMIC DEVELOPMENT**

**Program Goal**

The Community and Economic Development Department creates or facilitates development activities that add or retain jobs, enhances city revenues and enhances the quality of life including business development in Sky Harbor Center, downtown redevelopment area and other non-redevelopment areas.

**Budget Allowance Explanation**

The Community and Economic Development Department's 2011-12 operating budget allowance of \$26,859,000 is \$3,444,000 or 11.4 percent less than 2010-11 estimated expenditures and is primarily the result of expiring American Recovery and Reinvestment Act (ARRA) funds. Also reflected is the reclassification of a vacant assistant director position to a deputy director position.

**Community and Economic Development Major Performance Measures and Service Levels**

The following significant performance measures and service trends will be achieved with the 2011-12 budget allowance:

	2009-10	2010-11 <sup>1</sup>	2011-12
Projected jobs created/retained within the city of Phoenix as a result of department efforts	5,000	4,085	4,500
Projected average annual salary for new jobs with companies newly located in Phoenix	\$42,000	\$42,000	\$41,000
Individuals serviced in employment and training programs <sup>2</sup>			
Adult	350	1,033	1,725
Youth	1,600	940	1,400

<sup>1</sup>Based on 10 months actual experience.

<sup>2</sup>Adult and youth totals increased significantly in FY 2009-10 and the latter part of 2010 as a result of additional funding received from the American Recovery and Reinvestment Act (ARRA) that ended Dec. 31, 2010 for adult programs and Sept. 30, 2010 for youth programs. A decrease is projected for 2011-12 due to losses in ARRA funding of \$7.9 million.

**Expenditure and Position Summary**

	2009-10	2010-11	2011-12
Operating Expense	\$25,899,000	\$30,303,000	\$26,834,000
Total Positions	102.0	105.0	105.0
Source of Funds:			
General	4,944,000	4,506,000	4,886,000
Aviation	11,000	69,000	69,000
City Improvement	2,529,000	1,336,000	2,697,000
Community Reinvestment	217,000	312,000	333,000
Convention Center	516,000	463,000	453,000
Other Restricted	2,380,000	5,487,000	3,173,000
Sports Facilities	133,000	133,000	135,000
Wastewater	—	—	—
Water	575,000	553,000	567,000
Federal and State Grants	13,684,000	16,599,000	14,069,000
Community Development Block Grant	910,000	845,000	477,000





## NEIGHBORHOOD SERVICES

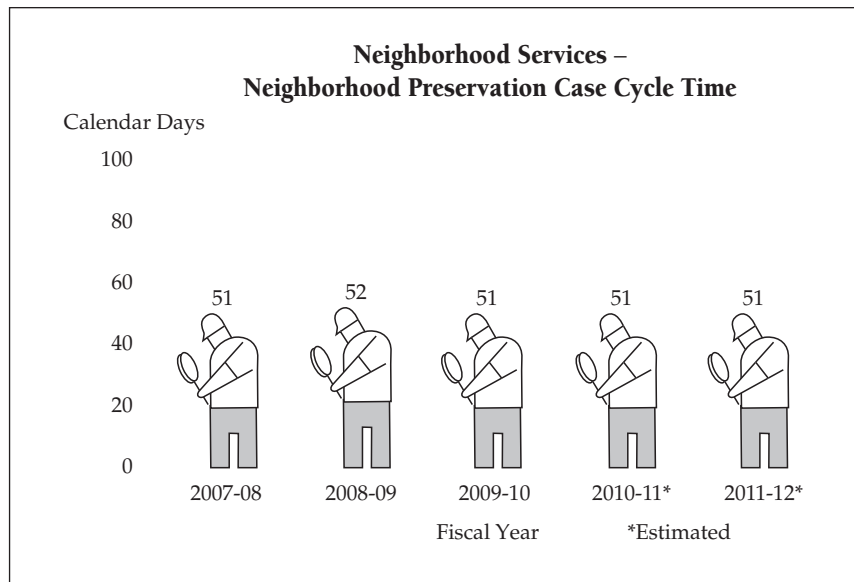
### Program Goal

To preserve and improve the physical, social and economic health of Phoenix neighborhoods, support neighborhood self-reliance and enhance the quality of life of residents through community-based problem solving, neighborhood-oriented services and public/private cooperation.

### Budget Allowance Explanation

The Neighborhood Services 2011-12 operating budget allowance of \$110,429,000 is \$61,515,000 or 125.8 percent more than 2010-11 estimated expenditures. This increase is primarily due to federal funding under the American Recovery and Reinvestment Act (ARRA) and the Neighborhood Stabilization Program and the carry forward of unspent grant allocations budgeted in 2010-11.

The General Fund budget of \$11,532,000 is \$839,000 or 7.8 percent more than the 2010-11 estimated expenditures. This is due to a one time eligible expenditure transfer in 2010-11 to the Community Development Block Grant fund, increased costs for liability insurance and normal inflationary factors. Additionally, it provides increased funding for contract staff to address graffiti removal in high-incident areas citywide, removing an estimated additional 10,000 sites of graffiti a year. This increase is partially offset by eliminating an administrative aide position responsible for notifying residents of all Capital Improvement Program projects.





### Expenditure and Position Summary

	2009-10	2010-11	2011-12
Operating Expense	\$41,471,000	\$48,914,000	\$110,429,000
Total Positions	212.5	220.5	217.5
Source of Funds:			
General	\$11,521,000	\$10,693,000	\$11,532,000
Other Restricted	105,000	149,000	90,000
Public Housing	957,000	1,630,000	3,000,000
Federal and State Grants	15,437,000	20,603,000	67,576,000
Community Development Block Grant	13,451,000	15,839,000	28,231,000

### Neighborhood Services Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2011-12 budget allowance:

	2009-10	2010-11 <sup>1</sup>	2011-12
Residents who receive landlord/tenant counseling	6,364	6,000	6,000
Number of residents provided technical assistance and education on available city services, programs, tools and other community resources	4,157	4,000	4,000
Community outreach events attended and/or facilitated	808	850	850
Sites where graffiti was removed through the Graffiti Busters program	65,699	65,000	75,000
Projects completed through housing rehabilitation programs <sup>2</sup>	992	900	900
Neighborhood Preservation cases opened annually <sup>3</sup>	67,859	65,000	65,000
Neighborhood Preservation average case cycle time (in days) <sup>4</sup>	51	51	51
Percent of Neighborhood Preservation cases resolved voluntarily <sup>5</sup>	91%	90%	90%

<sup>1</sup>Based on 10 months actual experience.

<sup>2</sup>Includes units remediated through the lead hazard control and weatherization programs, as well as completed owner occupied and rental rehabilitation projects.

<sup>3</sup>Effective 2010-11, non-permitted construction cases were transferred to the Planning and Development Department.

<sup>4</sup>This measure includes all administrative, adjudicated and standard cases and the average time taken to achieve compliance at properties reported with code violations.

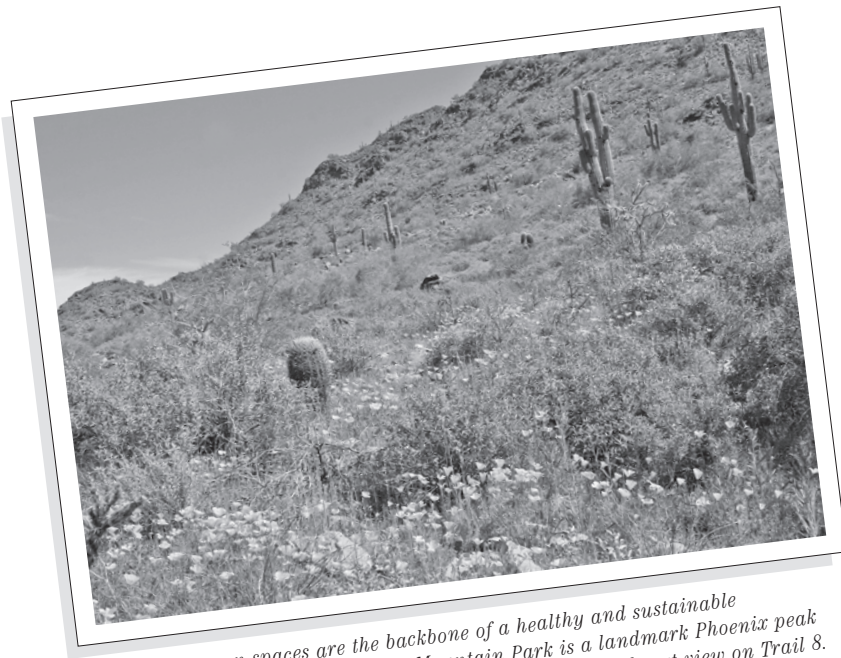
<sup>5</sup>This measures the volume of cases that were voluntarily brought into compliance with the appropriate city ordinances without court or abatement action.





*The Neighborhood Services Department's tool lending program lends tools such as paint rollers, buckets, hedge shears, rakes, shovels and more to neighborhood or Block Watch groups listed with the department to improve the neighborhood.*





*Parks and open spaces are the backbone of a healthy and sustainable environment. At 2,104 feet, North Mountain Park is a landmark Phoenix peak and offers an array of trails and city views such as this desert view on Trail 8.*

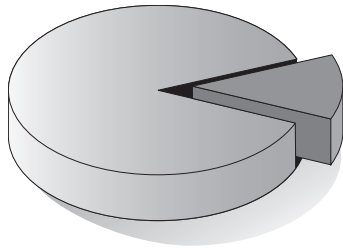






# Community Enrichment

## The Community Enrichment Program Represents 10.0% of the Total Budget.



The Community Enrichment program budget includes Parks and Recreation, Library, Golf, Phoenix Convention Center, Human Services and the Phoenix Office of Arts and Culture.

## Budget Allowance Explanation

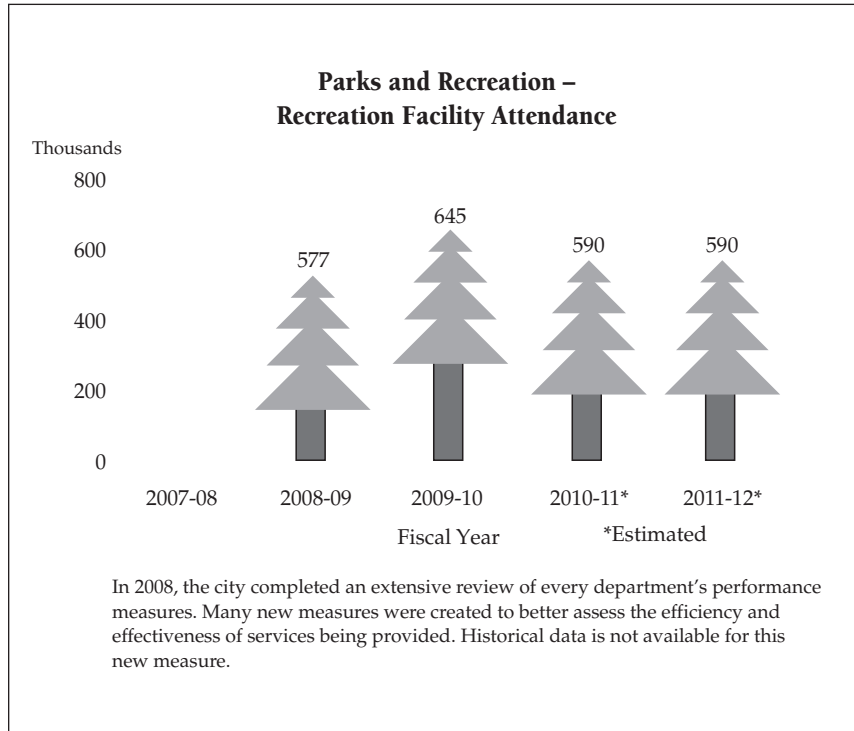
The Parks and Recreation 2011-12 budget allowance of \$96,395,000 is \$3,098,000 or 3.3 percent more than 2010-11 estimated expenditures. The increase is primarily due to transitioning the purchase of replacement vehicles from financing to all cash, the restoration of eight pools that had been closed on a rotating basis beginning in May 2008 and normal inflationary increases. In addition, the 2011-12 budget includes funding for the operating costs for 500 acres of newly acquired land for the Sonoran Preserve and the maintenance of facilities related to the opening of Tovrea Castle.

The increase is offset by budget reductions that include converting a full-time park ranger II position to 1.5 FTE of part-time and eliminating a management assistant I position responsible for managing concessions and cell tower revenue contracts. Further reductions include reduced utility support for the Arizona Science Center and elimination of evening and weekend IT helpdesk support.

## PARKS AND RECREATION

### Program Goal

The Parks and Recreation Department provides and maintains a diverse parks and recreation system available and accessible to all, which contributes to the physical, mental, social and cultural needs of the community and permits outlets that cultivate a wholesome sense of civic pride and social responsibility.





### Expenditure and Position Summary

	2009-10	2010-11	2011-12
Operating Expense	\$96,854,000	\$93,297,000	\$96,395,000
Total Positions	1,028.3	1,000.4	999.4
Source of Funds:			
General	\$89,235,000	\$86,336,000	\$89,567,000
Other Restricted	2,703,000	3,660,000	3,637,000
City Improvement	2,000,000	411,000	333,000
Federal and State Grants	801,000	618,000	617,000
Convention Center	324,000	350,000	239,000
Parks and Preserves	1,791,000	1,922,000	2,002,000

### Parks and Recreation Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2011-12 budget allowance:

	2009-10	2010-11 <sup>1</sup>	2011-12
Construction projects completed (target is 75% or more)	69%	75%	75%
Percentage of safe and clean park facilities (target is 80% or greater) <sup>2</sup>	88%	75%	75%
Fill 80% or more of all non-team sport registration openings	70%	60%	60%
Recreation Facility Attendance	645,226	590,000	590,000
Usage of athletic field's available programmable time (target is 60% or greater)	58%	50%	50%
Community usage of facility's available programmable time (target is 60% or greater)	37%	40%	40%

<sup>1</sup>Based on 10 months actual experience.

<sup>2</sup>Reduced performance in 2010-11 due to significant budget reductions.





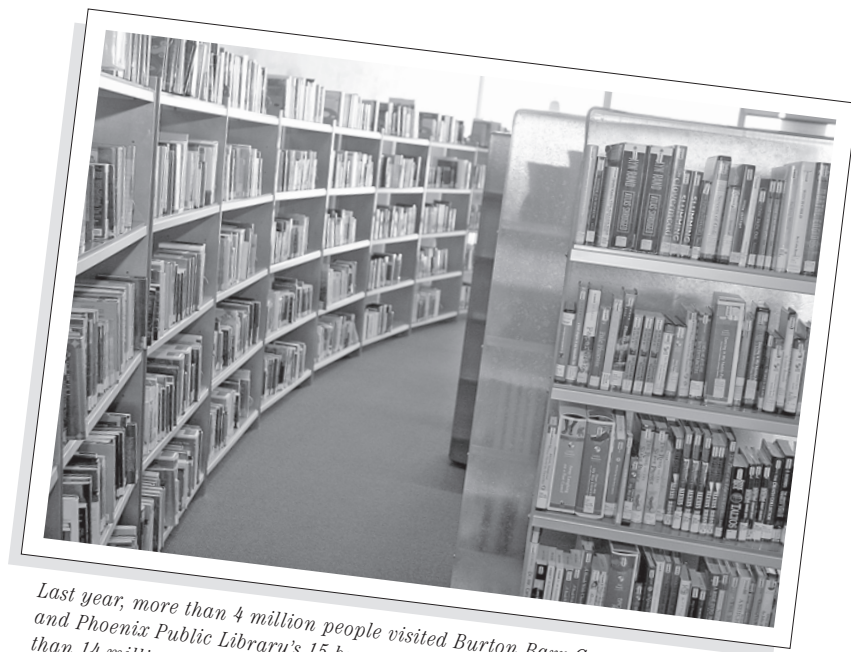
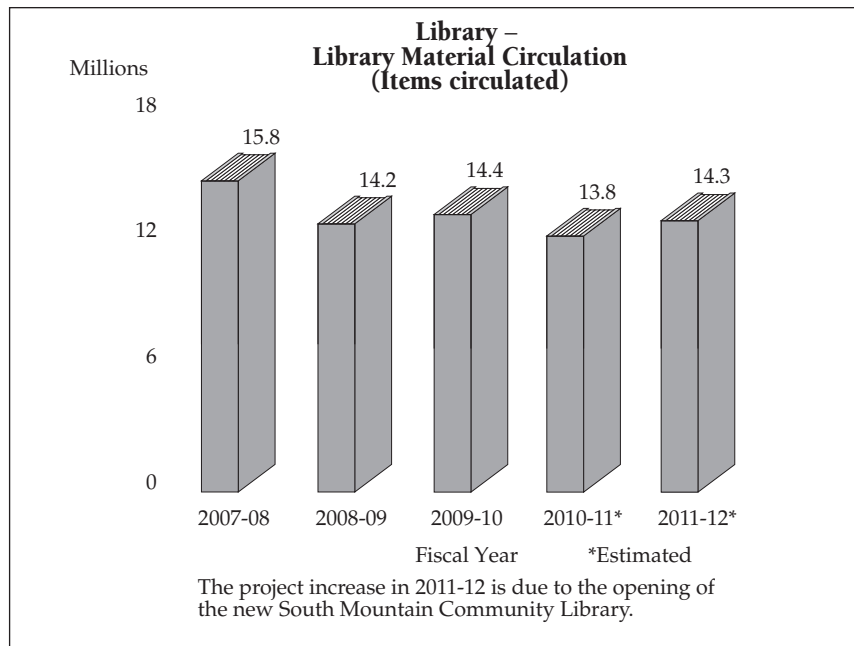
## LIBRARY

### Program Goal

The Library provides information and resources that are relevant, accessible and responsive to the intellectual needs and interests of the community.

### Budget Allowance Explanation

The Library 2011-12 budget allowance of \$36,070,000 is \$1,543,000 or 4.5 percent more than 2010-11 estimated expenditures. The increase is primarily due to the addition of operating costs for the new South Mountain Community branch library and restoration of same-day service to the Accessibility Center of Burton Barr Central Library with the addition of 0.3 FTE of part-time staff. The increase is partially offset by budget reductions that would impact the availability of materials and appearance of the libraries.



*Last year, more than 4 million people visited Burton Barr Central Library and Phoenix Public Library's 15 branch locations, and checked out more than 14 million books, DVDs and CDs.*





Included in the 2011-12 budget is funding for the operation of the South Mountain Community library, scheduled to open in August 2011. The new 15,000-square-foot branch is part of an overall 49,000-square-foot library built and operated in partnership with the Maricopa County Community College district. The new branch will be open 72 hours per week.

### Library Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2011-12 budget allowance:

	2009-10	2010-11 <sup>1</sup>	2011-12
Early literacy program attendance	78,066	85,000	90,000
Customer satisfaction with workforce readiness	94%	90%	90%
Library's home-page "hits"	29,054,000	27,400,000	28,500,000
Library material circulation <sup>2</sup>	14,447,000	13,800,000	14,300,000

<sup>1</sup>Based on 10 months actual experience.

<sup>2</sup>Circulation will increase in 2011-12 due to the opening of the South Mountain Community branch library.

### Expenditure and Position Summary

	2009-10	2010-11	2011-12
Operating Expense	\$33,709,000	\$34,527,000	\$36,070,000
Total Positions	330.0	336.8	356.6
Source of Funds:			
General	\$33,065,000	\$33,551,000	\$35,277,000
Federal and State Grants	551,000	808,000	333,000
Other Restricted	93,000	168,000	460,000





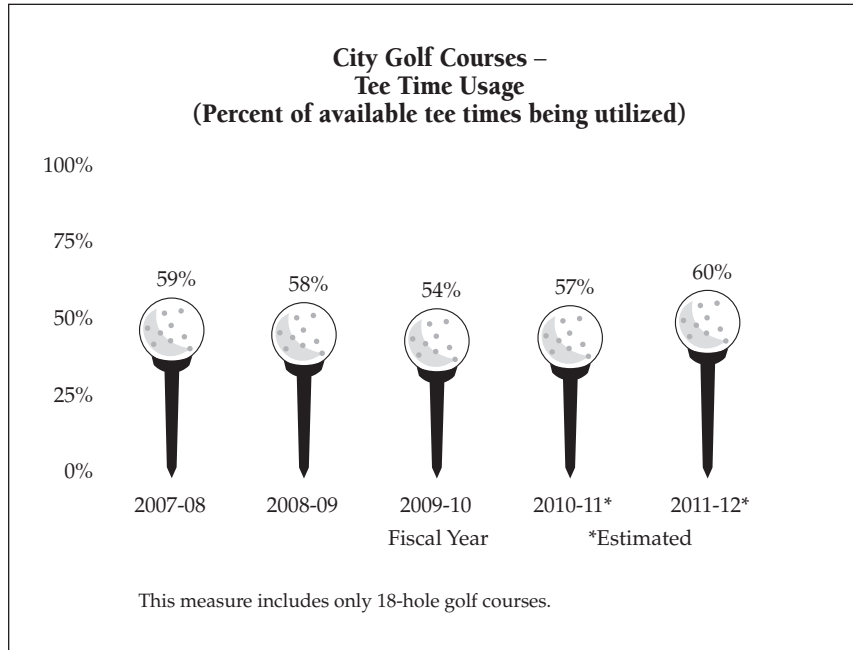
**GOLF**

**Program Goal**

The Golf Program provides quality golf services 365 days a year to residents and visitors.

**Budget Allowance Explanation**

The Golf 2011-12 operating budget allowance of \$8,341,000 is \$42,000 or one half of one percent more than 2010-11 estimated expenditures. The increase is due to normal inflationary increases.



**Expenditure and Position Summary**

	2009-10	2010-11	2011-12
Operating Expense	\$7,926,000	\$8,299,000	\$8,341,000
Total Positions	95.4	95.4	95.4
Source of Funds:			
Golf	\$7,926,000	\$8,299,000	\$8,341,000

**Golf Major Performance Measures and Service Levels**

The following significant performance measures and service trends will be achieved with the 2011-12 budget allowance:

	2009-10	2010-11 <sup>1</sup>	2011-12
Number of Golf Rounds <sup>2</sup>	246,000	235,000	244,000

<sup>1</sup>Based on 10 months actual experience.

<sup>2</sup>Reduced rounds in 2010-11 are the result of current economic conditions. This measure includes 9 and 18 hole golf courses.





**PHOENIX CONVENTION CENTER**

**Program Goal**

The Phoenix Convention Center and Venues hosts a diverse range of conventions, trade shows, meetings and entertainment events in one of the premier convention facilities in the United States. The department is committed to delivering the highest levels of customer service and guest experience in the industry. The Phoenix Convention Center and Venues enhances the economic vitality of the downtown area, the city of Phoenix and the state of Arizona by supporting tourism-related industries, businesses and cultural organizations.

**Budget Allowance Explanation**

The Phoenix Convention Center 2011-12 operating budget allowance of \$47,497,000 is \$155,000 or 0.3 percent less than 2010-11 estimated expenditures. The decrease is primarily due to programmatic efficiencies.

**Expenditure and Position Summary**

	2009-10	2010-11	2011-12
Operating Expense	\$46,345,000	\$47,652,000	\$47,497,000
Total Positions	278.3	276.0	273.0
Source of Funds:			
Convention Center	\$44,427,000	\$45,713,000	\$45,595,000
General	1,315,000	1,393,000	1,307,000
Other Restricted	103,000	106,000	113,000
Sports Facilities	500,000	440,000	470,000
City Improvement	—	—	12,000



*The soaring Arizona-inspired architecture of the Phoenix Convention Center is designed to share the wonders of our Southwestern culture, stimulate the imagination, and welcome guests to this premier meeting destination at the center of it all – downtown Phoenix.*





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**Phoenix Convention Center Major Performance Measures and Service Levels**

The following significant performance measures and service trends will be achieved with the 2011-12 budget allowance:

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	2009-10	2010-11 <sup>1</sup>	2011-12
Estimated direct spending impact from conventions (millions) <sup>2</sup>	\$386.8	\$249.1	\$379.7
Number of convention delegates	266,584	171,694	261,701
Number of conventions	70	50	60
Number of local public shows	43	38	45
Percent square feet occupancy (average of all event types)	40%	31%	39%
Number of theatrical performances	312	280	280
Total theater attendance	326,925	300,000	300,000
Total parking revenue (millions)	\$5.07	\$4.55	\$4.95
Revenue per parking space	\$1,118	\$1,002	\$1,090
Operating expense per parking space	\$876	\$921	\$921

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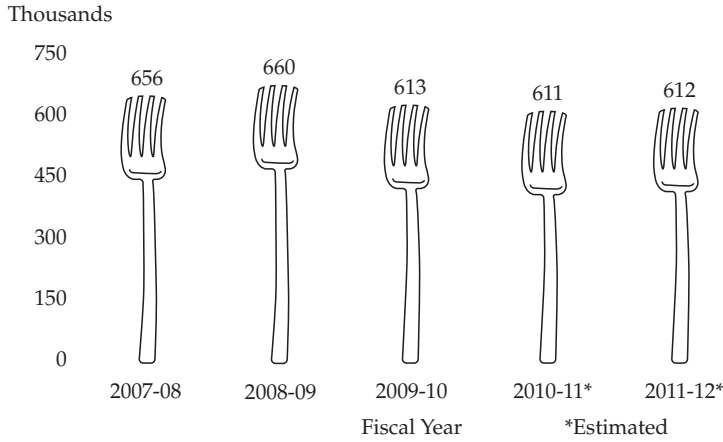
<sup>1</sup>Based on 10 months actual experience.

<sup>2</sup>Estimated direct spending impact is reported by the Greater Phoenix Convention and Visitors Bureau.





**Human Services –  
Meals Served by Senior Nutrition Program**



Included in total are breakfast, congregate and home delivery meals.

**HUMAN SERVICES**

**Program Goal**

The Human Services Department promotes self-sufficiency by providing a wide array of services that foster the economic, physical and social well-being of residents.

**Budget Allowance Explanation**

The Human Services 2011-12 operating budget allowance of \$62,377,000 is \$656,000 or 1.0 percent less than 2010-11 estimated expenditures. The decrease is primarily due to the expiration, in September 2012, of the American Recovery and Reinvestment Act (ARRA) funding for the Early Head Start Program. The decrease is partially offset by new facility operating costs and normal inflationary increases. The 2011-12 budget also includes a General Fund elimination of a Human Services program coordinator position as a result of an operational improvement recommendation from an efficiency study.



*Human Services Department senior centers provide access to services including nutrition programs, educational opportunities, advocacy, transportation and more.*







In addition, new facility operating costs are included in the budget for the operation of the new Helen Drake Senior Center. The new facility replaces the Manzanita Senior Center, which was in a leased facility.

### Expenditure and Position Summary

	2009-10	2010-11	2011-12
Operating Expense	\$62,833,000	\$63,033,000	\$62,377,000
Total Positions	458.0	415.5	416.3
Source of Funds:			
General	\$17,643,000	\$17,763,000	\$18,493,000
Human Services Grants	43,628,000	44,172,000	42,766,000
Community Development Block Grant	839,000	665,000	675,000
Federal and State Grant	9,000	23,000	15,000
Water	250,000	250,000	250,000
Other Restricted	45,000	91,000	91,000
City Improvement	419,000	69,000	87,000

### Human Services Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2011-12 budget allowance:

	2009-10	2010-11 <sup>1</sup>	2011-12
Percentage of families served at the Watkins Overflow Shelter moved into permanent housing	75%	60%	60%
Number of households served <sup>2</sup>	22,957	25,231	20,885
Percentage of school attendance for Head Start	88%	85%	85%
Medical and dental exams completed for Head Start	6,979	7,000	7,000
Number of meals served to seniors <sup>3</sup>	613,000	611,000	612,000
Number of victim services provided	6,732	5,500	5,500

<sup>1</sup>Based on 10 months actual experience.

<sup>2</sup>Number of households served is projected to be higher in 2010-11 due to a one-time increase in Low Income Home Energy Assistance Program (LIHEAP) grant funding and lower in 2011-12 due to a planned reduction in Community Services Block Grant funding.

<sup>3</sup>Meals served includes breakfast, congregate and home delivery meals.





**PHOENIX OFFICE OF ARTS  
AND CULTURE**

**Program Goal**

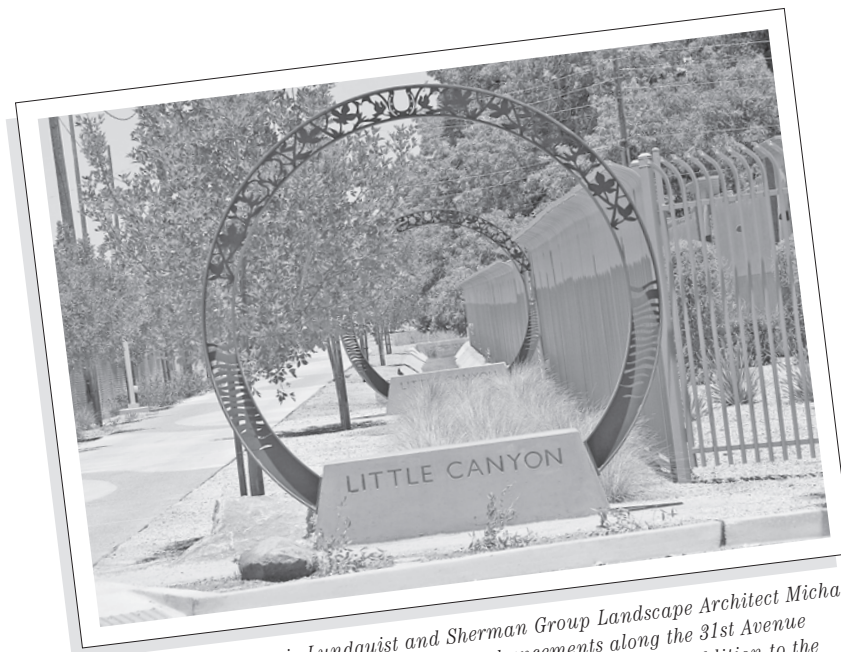
The Phoenix Office of Arts and Culture supports the development of the arts and cultural community in Phoenix, and seeks to raise the level of awareness and participation of city residents in the preservation, expansion and enjoyment of arts and culture.

**Budget Allowance Explanation**

The Phoenix Office of Arts and Culture 2011-12 operating budget allowance of \$842,000 is \$259,000 or 23.5 percent less than 2010-11 estimated expenditures. The decrease is mainly due to the International and Sister Cities programs being consolidated into the Community and Economic Development Department, and less grant funding in 2011-12.

**Expenditure and Position Summary**

	2009-10	2010-11	2011-12
Operating Expense	\$1,249,000	\$1,101,000	\$842,000
Total Positions	15.0	12.0	12.0
Source of Funds:			
General	\$926,000	\$1,033,000	\$814,000
Federal and State Grants	249,000	52,000	19,000
Local Transportation Assistance	65,000	—	—
Other Restricted	9,000	16,000	9,000



*Arizona Artist Laurie Lundquist and Sherman Group Landscape Architect Michael Tarek collaborated to design canal trail enhancements along the 31st Avenue irrigation canal, from Camelback Road to Missouri Avenue. In addition to the trail, the art elements included portal entry markers, seating areas, fencing and sustainable landscaping.*





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**Phoenix Office of Arts and Culture Major Performance Measures and Service Levels**

The following significant performance measures and service trends will be achieved with the 2011-12 budget allowance.

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	2009-10	2010-11 <sup>1</sup>	2011-12
Grant applications processed to support arts activities through schools and nonprofit organizations <sup>2</sup>	37	24	24
Grant awards administered to support arts activities through schools and nonprofit organizations <sup>2</sup>	56	37	24
Completed Percent-for-art projects to enhance city capital improvement projects with artwork	7	12	10
Local artists/arts organizations training workshops <sup>3</sup>	14	—	—
Arts management consulting projects coordinated by Arts and Business Council <sup>3</sup>	50	—	—
Percent of projects in Art Plan being implemented	64%	60%	65%
Community Presentations	43	38	35

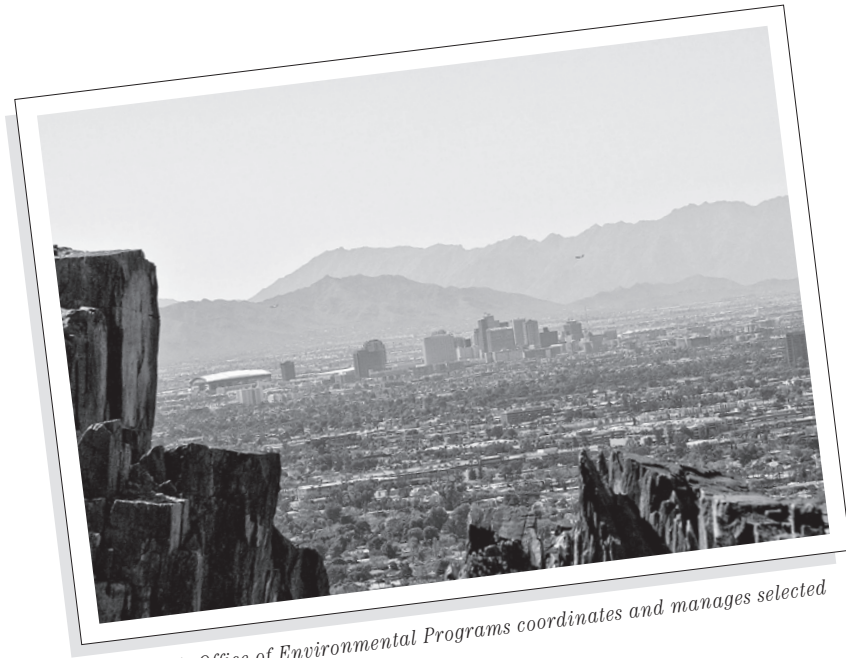
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<sup>1</sup>Based on 10 months actual experience.

<sup>2</sup>Due to reductions in funding for grants, there were fewer grant categories and fewer applications.

<sup>3</sup>Arts management consulting projects were eliminated in 2010-2011.





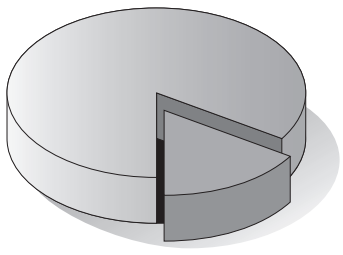
*The city's Office of Environmental Programs coordinates and manages selected citywide environmental projects.*





# Environmental Services

The Environmental Services Program Represents 17.0% of the Total Budget.



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

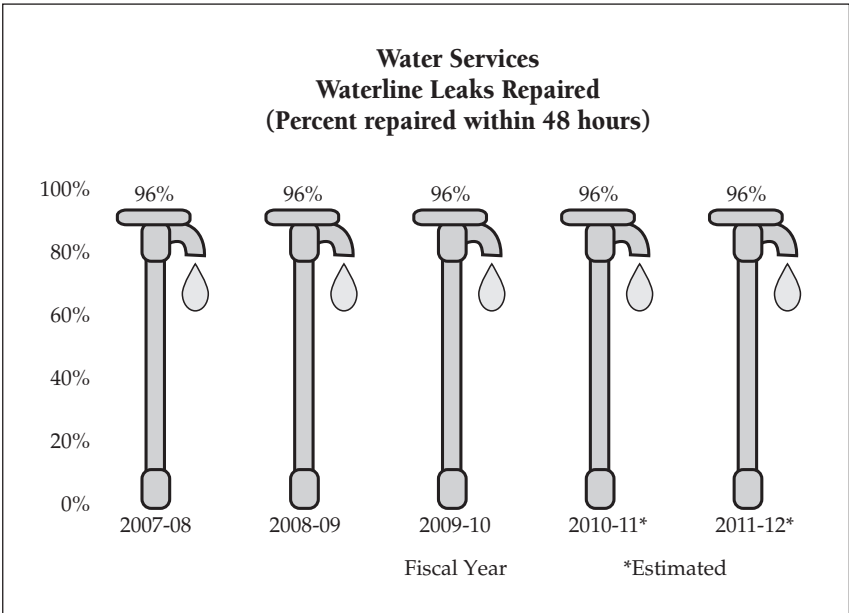
## WATER SERVICES

### 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 2011-12 operating budget allowance of \$280,039,000 is \$11,887,000 or 4.4 percent more than 2010-11 estimated expenditures. The increase is primarily due to an increase in costs for water and wastewater treatment, such as increased cost of chemicals, new facility operating costs and normal inflationary increases.





The budget adds funding necessary to comply with federally mandated water quality requirements. This includes new facility operating costs to operate and maintain the new granular activated carbon (GAC), chlorine dioxide treatment, and powder activated carbon processes at the Val Vista Water Treatment Plant; and chlorine dioxide treatment processes at the 24th Street Water Treatment Plant.

The increase in the budget is partially offset by a full year of savings from position reductions resulting from improvements in organizational efficiency.

### Expenditure and Position Summary

	2009-10	2010-11	2011-12
Operating Expense	\$250,747,000	\$268,152,000	\$280,039,000
Total Positions	1,527.1	1,497.1	1,496.1
Source of Funds:			
Water	\$164,732,000	\$175,771,000	\$186,864,000
Wastewater	86,015,000	90,712,000	91,290,000
Federal and State Grants	—	101,000	—
Other Restricted	—	1,568,000	1,885,000



*The Phoenix Water Services Department produces about 100 billion gallons of tap water annually that is delivered to more than 400,000 customers.*





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**Water Services Major Performance Measures and Service Levels**

The following significant performance measures and service trends will be achieved with the 2011-12 budget allowance:

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	2009-10	2010-11 <sup>1</sup>	2011-12
Water main break/leaks per year	199.2	262.8	228.0
Waterline leaks repaired within 48 hours	96%	96%	96%
Percent of miles of sewer cleaned per year	34.8%	35.0%	35.0%
Sanitary sewer overflows per 100 miles	1.04	1.00	1.00
Gallons of water produced system wide (billions)	114.8	110.7	112.4
Gallons of wastewater treated (billions)	62.2	63.3	64.0
Telephone Calls-Received	1,163,929	1,302,398	1,180,000
Telephone Calls-Percent Answered <sup>2</sup>	92%	90%	92%

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<sup>1</sup>Based on 10 months actual experience.

<sup>2</sup>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."





**SOLID WASTE MANAGEMENT**

**Program Goal**

The Solid Waste Management Program assists in providing a safe and aesthetically acceptable environment through effective, integrated management of the solid waste stream, including collection, disposal, source reduction and recycling activities.

**Budget Allowance Explanation**

The Solid Waste Management 2011-12 operating budget allowance of \$126,439,000 is \$11,613,000 or 10.1 percent more than 2010-11 estimated expenditures. This increase reflects higher refuse truck replacement costs, increased recycling costs in FY 2011-12 due to the 27th Avenue Material Recovery Facility (MRF) anticipated re-opening in July 2011, higher personal services and fuel costs and normal inflationary increases.

**Expenditure and Position Summary**

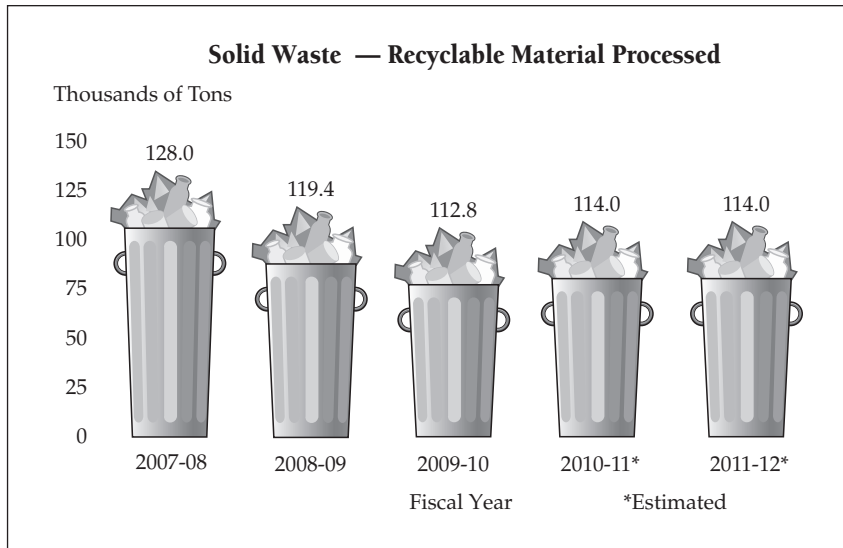
	2009-10	2010-11	2011-12
Operating Expense	\$111,429,000	\$114,826,000	\$126,439,000
Total Positions	614.0	610.3	610.3
Source of Funds:			
Solid Waste	\$111,429,000	\$114,826,000	\$126,439,000
General	—	—	—
Federal and State Grants	—	—	—



*More than 1 million tons of solid waste is taken to the city's SR85 Landfill each year. The city's recycling program extends the capacity of city landfills by diverting almost 120,000 tons of recyclables each year.*







**Solid Waste Management Major Performance Measures and Service Levels**

The following significant performance measures and service trends will be achieved with the 2011-12 budget allowance:

	2009-10	2010-11 <sup>1</sup>	2011-12
Residential households served with twice-per-week contained solid waste and recyclable material collections	392,825	394,000	397,000
Tons of residential recyclable materials collected	112,800	114,000	114,000
Tons of total solid waste disposed at city landfills	929,700	1,050,000	1,050,000
Tons of solid waste from city residences disposed	629,700	650,000	650,000

<sup>1</sup>Based on 10 months actual experience.





## PUBLIC WORKS

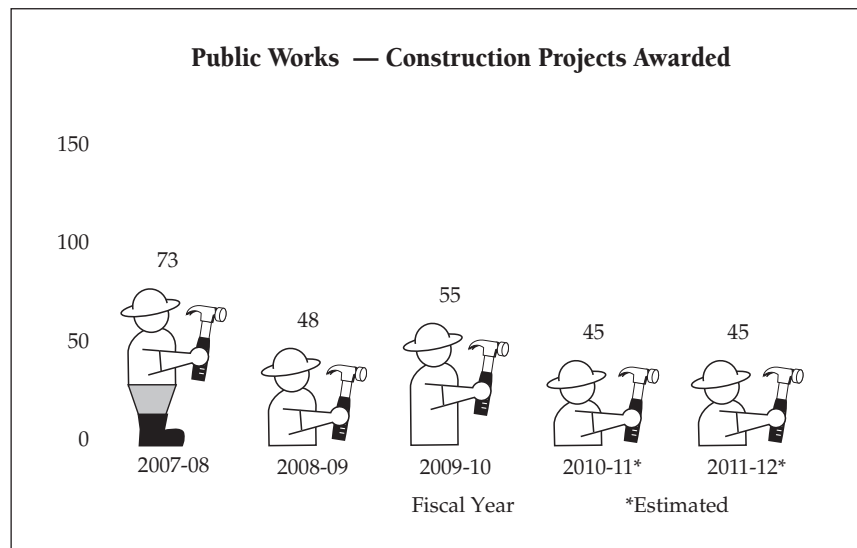
### Program Goal

The Public Works Department provides mechanical and electrical maintenance and energy conservation services for city facilities; procures, manages and maintains the city's fleet of vehicular equipment; and provides for the economical, safe and aesthetic design and construction of facilities on city property.

### Budget Allowance Explanation

The Public Works 2011-12 operating budget allowance of \$21,261,000 is \$1,516,000 or 7.7 percent more than 2010-11 estimated expenditures. This increase is primarily due to expected increases in fuel-related charges and normal inflationary increases. These increases are partially offset by budget reductions of \$681,000 and a change in how enterprise information technology costs are being distributed to city departments which resulted in a reduction to the budget.

The budget reflects the elimination of an assistant Public Works director position that served as the city engineer. The duties and designation of city engineer will be reassigned to the Street Transportation director. The contract for landscape maintenance at the Phoenix Art Museum was lowered due to renegotiated terms with the contractor. The budget also eliminates accident repair funding and surplus equipment costs in the Equipment Management Division. In addition, the budget reduces department funding for training and travel related to maintaining professional certifications.






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### Public Works Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2011-12 budget allowance:

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	2009-10	2010-11 <sup>1</sup>	2011-12
Square footage of buildings maintained	9,860,000	9,885,000	9,885,000
Facility service requests completed <sup>2</sup>	18,432	19,186	19,186
Fleet vehicles per mechanic	38.2	40.8	40.8
Units of equipment for which fleet management is provided <sup>3</sup>	7,677	7,623	7,623
Annual miles of fleet vehicle utilization (in millions) <sup>3</sup>	51.6	50.3	50.3
Number of engineering and architectural consultant contracts awarded	244	215	215
Number of construction projects awarded <sup>4</sup>	55	45	45
Construction dollars as a percentage of total dollars awarded:			
Women-owned business enterprises <sup>5</sup>	1.1%	n/a	n/a
Minority-owned business enterprises <sup>5</sup>	2.0%	n/a	n/a
Small business enterprises <sup>5</sup>	2.9%	6.7%	7.0%

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<sup>1</sup>Based on 10 months actual experience.

<sup>2</sup>FY 2010-11 is higher due to implementation of new PM Program which will result in a higher number of separate work orders which, previously, were consolidated into one work order.

<sup>3</sup>Units of equipment and utilization were lower in 2010-11 due to a reduction in take home vehicles and citywide budget reductions.

<sup>4</sup>Number of contracts awarded is expected to be lower due to downturn in CIP projects.

<sup>5</sup>Effective FY 2010-11, the M/WBE program will be combined with the Small Business Enterprise (SBE) program.

### Expenditure and Position Summary

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	2009-10	2010-11	2011-12
Operating Expense	\$22,906,000	\$19,745,000	\$21,261,000
Total Positions	567.4	519.0	518.0
Source of Funds:			
General	\$15,210,000	\$15,308,000	\$16,400,000
City Improvement	6,337,000	2,979,000	3,642,000
Other Restricted	1,359,000	801,000	802,000
Federal and State Grants	0	657,000	417,000

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**ENVIRONMENTAL PROGRAMS**

**Program Goal**

The Office of Environmental Programs provides coordination and monitoring for the city's environmental programs and activities, and develops and implements regulatory policies and programs.

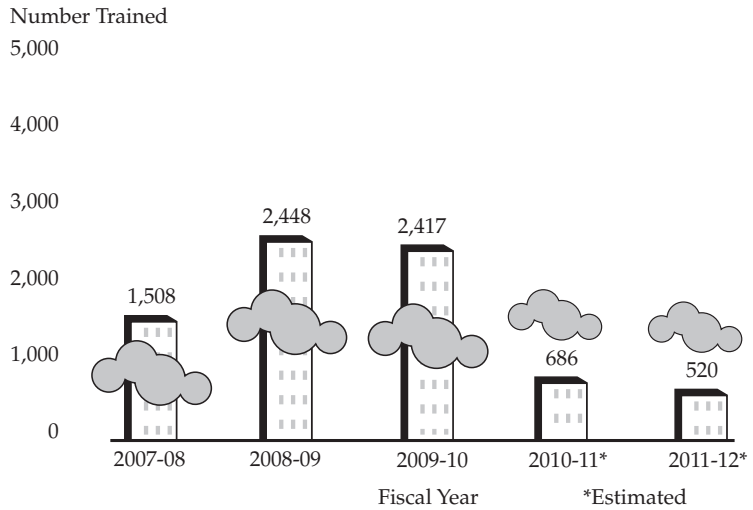
**Budget Allowance Explanation**

The Office of Environmental Programs 2011-12 operating budget allowance of \$1,407,000 is \$101,000 or 6.7 percent less than the 2010-11 estimated expenditures and reflects a reduction in grant funding for Brownfields training. Also, reflected is the elimination of an environmental program specialist that was eliminated through the organizational review process.

**Expenditure and Position Summary**

	2009-10	2010-11	2011-12
Operating Expense	\$1,277,000	\$1,508,000	\$1,407,000
Total Positions	14.0	13.0	13.0
Source of Funds:			
General	\$1,124,000	\$944,000	\$978,000
Federal and State Grants	1,000	134,000	25,000
Water	118,000	215,000	225,000
Capital Construction	34,000	70,000	70,000
Other Restricted Funds	—	145,000	109,000

**Environmental Programs  
Total Training Provided to Employees/Consultants  
on Environmental Issues**



The decrease between FY 2009-10 and FY 2011-12 reflects budget reductions to training, larger internal departments developing and implementing their own stormwater training programs, and Maricopa County assuming all dust control training.

**Environmental Programs Major Performance Measures and Service Levels**

The following significant performance measures and service level trends will be achieved with the 2011-12 budget allowance:

	2009-10	2010-11 <sup>1</sup>	2011-12
Number of facility assessments and technical assistance visits conducted <sup>2</sup>	72	120	100
Number of brownfields projects implemented	0	2	0
Pollution prevention and hazardous materials/hazardous waste compliance assistance provided <sup>3</sup>	138	115	115

<sup>1</sup>Based on 10 months actual experience.

<sup>2</sup>Departments are assessed on a cyclical basis. The annual variance reflects different departments which have a varying number of facilities.

<sup>3</sup>Projection based on historical data and available funding.





# Contingencies

The Contingency Fund (also commonly referred to as a “rainy day fund”) provides for revenue shortfalls and unanticipated costs that may occur after the budget is adopted. The possibility of natural disasters, public or employee safety emergencies or up-front costs for productivity opportunities necessitates the need for adequate contingency funds. Use of these contingency funds requires the recommendation of the city manager and City Council approval.

## GENERAL FUND CONTINGENCY

The budget reflects an increase in the General Fund contingency from the 2010-11 budgeted level of \$31,000,000 plus a \$3,000,000 set aside for the Convention Center. The General Fund contingency in 2011-12 will be \$35,840,000 plus a \$2,000,000 set aside for Fire to cover the future cost of Fire positions currently being funded by grants which expire in January 2013 and a \$50,000 set aside for the Neighborhood Services Department to establish regional graffiti partnership with the Arizona Department of Transportation and the Maricopa Association of Governments, each to address the problem of graffiti within the city of Phoenix. The 2010-11 contingency of \$31,000,000 was equal to 3.1 percent of General Fund expenditures. Over the last 10 years, the General Fund contingency has been as low as 2.6 percent and will be at its highest level in 2011-12 at 3.4 percent.

The 2011-12 budget continues the gradual increase of the contingency percentage. In March 2010, the Council agreed to increase the Contingency Fund each year for the next several years, with the goal of achieving a fund that equals 5.0 percent of General Fund expenditures. This higher contingency percentage will improve the city’s ability to withstand

future economic cycles. In 2010-11, \$3,000,000 was added to the contingency fund, raising the percentage to 3.1 percent. In the 2011-12 budget, another \$3,000,000 was added above the 3.1 percent level. Another \$40,000 was added in 2011-12 as a result of state-sales tax performing better than expected, which will help toward reaching the 5.0 percent goal more quickly. These actions increase the contingency

percentage to 3.4 percent for 2011-12.

The following table shows contingency funding and set-aside amounts over the past ten years. As with the \$2,000,000 for Fire and the \$50,000 for Neighborhood Services in 2011-12, set-asides have been used in the past to prepare for known future costs such as declining grant funding and new operating costs.

**Comparison of Annual Budget for General Fund Contingency Amount to Operating Expenditures (000’s)**

Fiscal Year	General Fund Operating Expenditures	Contingency and Set-Aside Amounts	Percent of Operating Expenditures
2002-03	888,014	27,190 3,652	3.1%
2003-04	872,112	22,700	2.6
2004-05	925,603	23,800	2.6
2005-06	968,051	24,740	2.6
2006-07	1,083,304	28,860	2.7
2007-08	1,184,192	34,230	2.9
2008-09	1,177,763	31,900	2.7
2009-10	1,110,780	29,800	2.7
2010-11	1,012,414	31,000 3,000	3.1
2011-12	1,059,115	35,840 2,050	3.4





#### OTHER FUND CONTINGENCIES

Similar to the General Fund, other funds also include contingency amounts. The contingency amounts and percentages of total operating expenditures vary to accommodate differences in the volatility of operations and revenues. Use of these amounts requires City Council approval. The following table shows the contingency amount for each of the other funds.

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#### 2011-12 Other Fund Operating Expenditure and Contingency Amount (000's)

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Fund	Operating Expenditures	Contingency Amount	Percent of Operating Expenditures
Transit 2000	\$160,617	\$10,000	6.2%
Development Services	31,212	2,000	6.4
Aviation	224,139	14,000	6.2
Water	198,459	9,000	4.5
Wastewater	96,549	4,500	4.7
Solid Waste	130,414	4,000	3.1
Convention Center	49,957	3,000	6.0
Golf	8,391	50	0.6

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# Debt Service

**D**ebt service expenditures include payments of principal, interest, sinking fund transfers, costs of issuance and bond reserve requirements for bonds issued. The debt service allowance in 2011-12 for existing debt and future bond sales is \$570,296,000. As shown in the following pie chart, the \$570.3 million is funded by Secondary Property Tax, Water, Aviation, Wastewater, City Improvement, Arizona Highway User Revenue, Convention Center, Sports Facilities, Solid Waste and other miscellaneous funds. City Improvement includes \$63.9 million in general government nonprofit corporation bonds debt service payments funded by General Fund (\$13.7 million), Transit 2000 (\$48.4 million), Housing (\$0.1 million) and capital funds (\$1.7 million).

Secondary Property Tax shown in the pie chart represents the annual tax levy for debt service, federal subsidy and related interest earnings.

### Types of Bonds Issued and Security

Under Arizona law, cities are authorized to issue voter-approved general obligation, highway user revenue and utility revenue bonds. For the city of Phoenix, this includes property tax-supported bonds and revenue bonds (such as water revenue and airport revenue bonds).

The city's general obligation bonds are "full faith and credit" bonds. This means they are secured by a legally binding pledge to levy property taxes without limit to make annual bond principal and interest payments. Water and airport revenue bonds are secured by a pledge of these enterprises' net revenues (revenues net of operation and maintenance expenses) and do not constitute a general obligation of the city backed by general taxing power. Highway user revenue bonds

are secured by state-shared gas taxes and other highway user fees and charges and also are not general obligations of the city.

### Debt Management

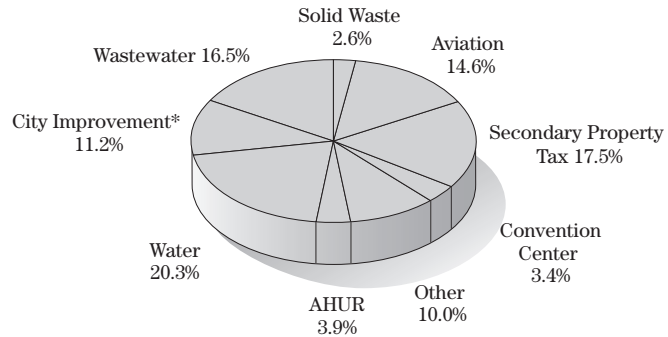
In general, the city has used general obligation bonds to finance capital programs of general government (non-enterprise) departments. These include programs such as fire protection, police protection, libraries, parks and recreation, service centers and storm sewers. The debt service on these bonds is paid from the secondary property tax levy. By state law, the city can only use its secondary property tax levy to pay principal and interest on long-term debt.

Currently, to finance the capital programs of enterprise departments, the city has used revenue bonds secured by and repaid from the revenues of these enterprises. In the past, the city also has used general obligation bonds for water, airport, sanitary sewer and solid waste purposes when deemed appropriate.

Since the 1950s, the city has used a community review process to develop and acquire voter approval for general obligation bond programs. At a bond election held on March 14, 2006, voters approved all of the \$878.5 million of the 2006 Citizens' Bond Committee-recommended bond authorizations. These authorizations provided funding to construct capital improvements in the following areas:

- Police and Fire Protection
- Police, Fire and Computer Technology
- Parks, Recreation and Mountain Preserves
- Education Facilities
- Library Facilities
- Street Improvements
- Storm Sewers
- Senior Facilities
- Cultural Facilities
- Affordable Housing Neighborhood Revitalization

2011-12 Debt Service



\*Funded by General, Transit 2000 taxes and capital funds.





### Bond Ratings

As shown in the chart below, the city's bonds are rated favorably by the major bond rating agencies, Moody's Investors Service and Standard and Poor's. The city's general obligation bonds are rated Aa1 and AAA, respectively. Standard and Poor's has also assigned a Financial Management Assessment (FMA) score of "strong."

Maintaining high bond ratings has resulted in a broader market for the city's bonds and lower interest costs to the city. The following table is a statement of the city's bonded indebtedness as of March 1, 2011.

### Debt Limitation

Under the provisions of the Arizona Constitution, outstanding general obligation bonded debt for combined water, sewer, lighting, parks, open space preserves, playgrounds, recreational facilities, public safety, law enforcement, fire emergency, and street and transportation may not exceed 20 percent of a city's net secondary assessed valuation, nor may outstanding general obligation bonded debt for all other purposes exceed 6 percent of a city's net secondary assessed valuation. Unused borrowing capacity as of March 1, 2011 based upon 2010-11 assessed valuation is shown in the tables on the next page.

### Debt Burden

Debt burden is a measurement of the relationship between the debt of the city supported by its property tax base (net direct debt) to the broadest and most generally available measure of wealth in the community: the assessed valuation of all taxable property and the assessed valuation adjusted to reflect market value. In addition, net debt can be compared to population to determine net debt per capita. The city makes these comparisons each time it offers bonds for sale. They are included in the official statements (bond prospectuses) that are distributed to prospective investors. The following table provides debt burden ratios as of March 1, 2011.

The city's debt burden remains in the low-to-moderate range. This means the amount of net debt supported by the city's property tax base is moderate relative to the value of that tax base.

The city has considerable bonded debt outstanding. However, the use of revenue bonds for enterprise activities and enterprise-supported general obligation bonds, in combination with a well-managed, property tax-supported bond program, has permitted the maintenance of a low-to-moderate debt burden.

### General Government Nonprofit Corporation Bonds

In addition to bonded debt, the city uses nonprofit corporation bonds as a financing tool. This form of financing involves the issuance of bonds by a nonprofit corporation for city-approved projects. The city makes annual payments equal to the bond debt service requirements to the corporation.

The city's payments to the corporation are guaranteed by a pledge of excise taxes

### City of Phoenix Bond Ratings

	Rating <sup>(1)</sup>	
	Moody's	Standard & Poor's
General Obligation	Aa1	AAA
Senior Lien Water Revenue <sup>(3)</sup>	Aa2	AAA
Junior Lien Water Revenue <sup>(2)</sup>	Aa2	AAA
Senior Lien Airport Revenue <sup>(2)</sup>	Aa3	AA-
Junior Lien Airport Revenue <sup>(2)</sup>	A1	A+
Senior Lien Street and Highway User Revenue	Aa3	AAA
Junior Lien Street and Highway User Revenue	A1	AA
Senior Lien Tax Excise Tax Revenue <sup>(2)</sup>	Aa2	AAA
Junior Lien Tax Excise Tax Revenue <sup>(3)</sup>	Aa3	AA
Subordinated Excise Tax Revenue <sup>(2)</sup>	Aa3	AA
Senior Lien Wastewater System Revenue <sup>(2)</sup>	Aa2	AAA
Junior Lien Wastewater System Revenue <sup>(2)</sup>	Aa2	AA+
Rental Car Facility Charge Revenue Bonds <sup>(2)</sup>	A3	A-
Transit Excise Tax Revenue Bonds (Light Rail) <sup>(2)</sup>	Aa3	AA
State of AZ Distribution Revenue Bonds <sup>(2)</sup>	Aa3	AA
Senior Hotel Revenue Bonds <sup>(4)</sup>	Ba1	BB+
Subordinate Hotel Revenue Bonds <sup>(4)</sup>	A2	A-

<sup>(1)</sup> Represents underlying rating, if insured.

<sup>(2)</sup> Issued by the Civic Improvement Corporation.

<sup>(3)</sup> No bonds currently outstanding.

<sup>(4)</sup> Issued by the Downtown Phoenix Hotel Corporation.





**Statement of Bonded Indebtedness****General Obligation Bonds (In Thousands of Dollars)<sup>(1)</sup>**

Purpose	Non-Enterprise General Obligation Bonds	Revenue Supported General Obligation Bonds	Total General Obligation Bonds	Revenue Bonds	Total Bonds
Various	\$1,500,380	\$ —	\$1,500,380	\$ —	\$1,500,380
Airport	—	11,350	11,350	—	11,350
Sanitary Sewer	—	41,502	41,502	—	41,502
Solid Waste	—	18,385	18,385	—	18,385
Water	—	60,187	60,187	—	60,187
Public Housing	—	—	—	—	—
Street and Highway	—	—	—	41,881	41,881
Subtotal	\$1,500,380	\$ 131,424	\$1,631,804	\$ 41,881	\$1,673,685
Less: Restricted Funds	(341,233)	—	(341,233)	—	(341,233)
Direct Debt	\$1,159,147	\$ 131,424	\$1,290,571	\$41,881	\$1,332,452
Less: Revenue Supported	—	(131,424)	(131,424)	(41,881)	(173,305)
Net Debt	\$1,159,147	\$ —	\$1,159,147	\$ —	\$1,159,147

<sup>(1)</sup>Represents general obligation bonds outstanding as of March 1, 2011. Such figures do not include the outstanding principal amounts of certain general obligation bonds and street and highway user revenue bonds which have been refunded or the payment of which has been provided for in advance of maturity. The payment of the refunded debt service requirements is secured by obligations issued or fully guaranteed by the United States of America which were purchased with proceeds of the refunding issues and other available moneys and are held in irrevocable trusts and are scheduled to mature at such times and in sufficient amounts to pay when due all principal, interest and redemption premiums where applicable, on the refunded bonds.

**Water, Sewer, Lighting, Parks, Open Space and Preserves, Playgrounds, Recreational Facilities, Public Safety, Law Enforcement, Fire and Emergency Services Facilities, and Streets and Transportation Facilities Bonds**

20% Constitutional Limitation	\$3,218,461,665
Direct General Obligation Bonds Outstanding <sup>(1)</sup>	(1,241,159,070)
Unused 20% Limitation Borrowing Capacity	\$1,977,302,595

**All Other General Obligation Bonds**

6% Constitutional Limitation	\$965,538,499
Direct General Obligation Bonds Outstanding	\$390,645,000 <sup>(1)</sup>
Less: Principal Redemption Funds held in Restricted Fund as of April 1, 2010	(341,232,663)
Direct General Obligation Bonds Outstanding	(49,412,337)
Unused 6% Limitation Borrowing Capacity	\$916,126,162

<sup>(1)</sup>Represents general obligation bonds outstanding as of March 1, 2011.





or utility revenues generated by the city's airport, water system or wastewater system. Pledged excise taxes may include city sales, use, utility and franchise taxes; license and permit fees; and state-shared sales and income taxes.

The city has used nonprofit corporation financing selectively. In general, it has financed only those projects that will generate revenues adequate to support the annual debt service requirements or that generate economic benefits that more than offset the cost of financing. The city also has used nonprofit corporation financing for projects essential to health and safety: e.g., police precinct stations. Similar to bonded debt, these financings are rated by bond rating agencies.

#### Net Direct General Obligation Bonded Debt Ratios

	Per Capita Debt Pop. Est. (1,445,632) <sup>1</sup>	Secondary Assessed Valuation (\$16,092,308,323)	Full Cash Valuation (\$144,772,030,661)
Direct General Obligation Bonded Debt Outstanding as of March 1, 2011	\$892.74	8.02%	0.89%
Net Direct General Obligation Bonded Debt Outstanding as of March 1, 2011	\$801.83	7.20%	0.80%

<sup>1</sup>Population reflects the U.S. Department of Commerce, Census Bureau's 2010 Census number.

#### Debt Service by Source of Funds and Type of Expenditure (In Thousands of Dollars)

Fund	2009-10 Actual	2010-11 Estimate	2011-12 Budget
Secondary Property Tax	\$201,361	\$156,041	\$ 99,757
Aviation	77,533	78,013	82,070
Arizona Highway User Revenue	31,246	31,247	22,001
Convention Center	18,592	18,594	19,192
General	25,880	10,223	13,749
Golf	20	—	1
Grant Funds - Housing	74	74	72
Solid Waste	12,790	12,836	14,726
Sports Facilities	9,872	20,200	23,295
Transit 2000	43,959	46,122	48,396
Wastewater	69,743	70,900	93,665
Water	112,316	111,044	115,623
Capital Funds - Various Sources	5,172	33,839	37,749
<b>Total</b>	<b>\$608,558</b>	<b>\$589,133</b>	<b>\$570,296</b>

Type of Expenditure	2009-10 Actual	2010-11 Estimate	2011-12 Budget
Principal	\$294,952	\$245,061	\$196,520
Interest	308,921	337,208	368,814
Other	4,685	6,864	4,962
<b>Total</b>	<b>\$608,558</b>	<b>\$589,133</b>	<b>\$570,296</b>





## Overview of Capital Improvement Program Process

The Capital Improvement Program is a five-year plan for capital expenditures needed to replace, expand and improve infrastructure and systems. Other planning processes, the most significant of which are explained in this section, identify the need and provide funding for capital projects and related operating costs.

On April 5, 2011, the City Council reviewed the Preliminary 2011-16 Capital Improvement Program and forwarded the 2006 bond-funded portion for review and consideration by the 2006 Bond Committee. The bond committee met on April 20 and reviewed property tax assessed valuation results, the status of bond sales, current property tax and bond policies and the general obligation bond-funded portion of the Preliminary Capital Improvement Program.

The Capital Improvement Program reflected here includes the preliminary plan presented to Council in April updated for project cost and timing changes, plus the addition of several projects that had been reflected as operating expenditures that were determined to more appropriately belong in the capital budget.

### 2011-16 Capital Improvement Program Development

The annual citywide Capital Improvement Program update process began in January 2011 when departments prepared revised 2010-11 estimates and updated their five-year capital improvement programs. The 2010-11 estimates reflect updated construction cost estimates, project delays, awarded contract amounts, project carry-overs and other program changes. The 2011-16 program includes projects planned for authorized bond funding and the latest estimates for pay-as-you-go projects funded with operating funds, federal funds, impact fees and other sources. Also included are net new operating costs and/or savings. Budget and Research staff reviewed the departments' programs for funding availability, reasonableness and technical accuracy.

Presented in this citywide program are projects reviewed and adopted through several planning processes. These include capital projects funded through the most recently adopted multi-year rate plans for enterprise funds such as Water, Wastewater and Solid Waste, and from other planning processes including the five-year Arterial Streets Plan, infrastructure financing plans for impact fees and various multi-year facility maintenance plans. Also reflected are capital projects from sales tax and voter-approved 2006 Bond Program.

In conjunction with the CIP process, the Engineering and Architectural Services Division works with departments to level design and construction bid award dates evenly throughout the fiscal year. By avoiding bidding capital projects during the last quarter of the fiscal year, the city has controlled construction costs and increased project quality by making better use of locally available construction resources.

### 2006 Citizens' Bond Committee Program

Voter-approved bond authorizations are the major funding source for the general government portion of the Capital Improvement Program. The city generally seeks new voter-approved programs on five-year cycles. Consistent with that planning cycle, a Citizens' Bond Committee process was initiated by the City Council in June 2005. More than 700 community volunteers were appointed by the City Council to serve on 17 bond subcommittees to help shape the program.

Two of the committees evaluated the city's capacity to service new debt and to fund the operating costs of new capital facilities. These committees reviewed multi-year forecasts for assessed valuation and property tax levies, and for General Fund revenues and expenses. They recommended annual bond and operating cost capacities before 14 service-related committees began their work to evaluate five-year capital facility needs identified by city departments as well as capital project funding requests by community nonprofit organizations. Through the work of these subcommittees, the Citizens' Bond Committee recommended nearly 200 capital projects to the City Council.

The City Council formed the \$878.5 million in projects into seven propositions all of which were approved by the voters in March 2006. Consistent with past practice to continue community oversight, the 2006 Bond Committee met on April 20, 2011, to review current policies and the 2006 bond-funded portion of the 2011-16 Capital Improvement Program. They recommended approval of the updated plan presented.





### **Enterprise Funds**

Fees for the Water, Wastewater and Solid Waste enterprise funds are billed to customers on a single billing. As a result, all three of these enterprise funds complete annual updates to their multi-year rate plans on a similar timeline. These plans are first reviewed by the City Council Transportation, Infrastructure and Sustainability Subcommittee prior to action on the plans by the full City Council. Bond and pay-as-you-go funded capital projects, debt service, and operating and maintenance costs of existing services and planned capital projects are all provided for in these multi-year rate plans. User fee rate changes are typically implemented in March of each year to support the updated plans. The Phoenix Convention Center enterprise fund receives most of its resources from earmarked sales taxes. To support a significant expansion and renovation of the Phoenix Convention Center, an extensive multi-year forecast was developed to establish pay-as-you-go, bond and related debt service, and operations and maintenance cost capacities without a tax rate increase. The first and second phases of the expansion are open for business. The second phase was completed in December 2008. The capital and financial plan was critical to securing \$600 million in bond funding split equally between the city and state of Arizona to expand and modernize the facility.

### **Capital Construction Funds**

The Capital Construction fund was established in 1998-99 and provides about \$20 million each year for critical infrastructure improvements in the right of way. Citizen input from a series of public meetings supported using these funds for neighborhood street rehabilitation, sidewalks and wheelchair ramps, traffic safety and traffic calming projects, and neighborhood traffic mitigation projects. Funds are programmed in these project categories for each year of the Capital Improvement Program. Individual projects will be determined during the first year of the program based on traffic engineering data and neighborhood input.

### **Parks and Preserves Funds**

In September 1999, the voters approved a 10-year, one-tenth of one percent sales tax to purchase state trust lands for the Sonoran Desert Preserve, and for the development and improvement of regional and neighborhood parks. This tax was renewed by voters in May 2008 for 30 years. The 2011-16 Capital Improvement Program includes \$78.5 million of these funds, which are programmed for regional, community and neighborhood parks, and Sonoran Preserve land acquisition. Land acquisitions are planned and timed to take advantage of state grant funding opportunities.

### **Transit 2000 Funds**

The voters approved Proposition 2000 on March 14, 2000. This initiative authorized a four-tenths of one percent sales tax for a period of 20 years to implement the Transit 2000 plan. The plan provides funding for light rail, buses, right of way improvements, passenger facilities and

related operating costs. The 2011-16 Capital Improvement Program includes \$31.2 million of these funds, which are programmed for:

- Additional vehicles and upgrades to existing vehicles (\$1.0 million)
- New and expanded passenger and maintenance facilities (\$12.8 million)
- Bus pullouts, left-turn arrows and bicycle lanes (\$4.6 million)
- Technology upgrades (\$2.5 million)
- Light rail, bus rapid transit and related support services (\$9.8 million)
- Contingencies (\$0.5 million)

### **Five-Year Arterial Streets Plan**

Each year the Street Transportation Department updates its five-year plan and funding for major street and storm drain construction. This program is primarily funded through Arizona Highway User Revenue (AHUR) including state-shared revenue from gas taxes and vehicle license taxes. The update begins with the Budget and Research Department providing an updated current year and five-year forecast of AHUR revenue, and requirements for AHUR to support operating expenditures and debt service to determine the amounts available for pay-as-you-go capital projects. Also included in the plan are any needed updates to voter-approved bond projects as well as funding sources from other government agencies in projects such as flood control. The plan is then presented to the Transportation, Infrastructure and Sustainability Subcommittee before forwarding on to the City Council.

This preliminary program primarily reflects the five-year Arterial Street plan that will be presented to the City Council in June.





### Programming of Impact Fees

In 1987, the City Council adopted an ordinance requiring new development in the city's peripheral planning areas to pay its proportionate share of the costs associated with providing public infrastructure. An impact fee program was developed that is based on projected infrastructure requirements within several planning areas. Impact fees collected for a specific planning area must be expended for capital infrastructure in the plan for that area and may not be used for any other purpose. In addition, impact fee-funded projects must directly benefit the parties that paid the fees.

Impact fee collections initially progressed slowly because of a slowdown in construction in the late 1980s and early 1990s. By 2004, impact fee collections had experienced strong growth. With the downturn in the economy, impact fee collections have declined significantly. Since the revenue streams are dependent on what can be volatile development activity, only impact fee revenues that have been collected are planned in the Capital Improvement Program.

Operating costs for impact fee-funded projects are included in the rate planning process for Water, Wastewater and Solid Waste. Operating costs for the other

impact fee programs are identified in the Capital Improvement Program and are funded through the annual operating budget as costs for operating and maintaining new capital projects. Budget and Research staff has worked with the Planning and Development Department as well as operating department staff to appropriately program \$110.8 million in available impact fees in the 2011-16 Preliminary Capital Improvement Program. Additional impact fees will be programmed in future capital improvement programs as these fees are collected.

### SUMMARY OF 2011-16 CAPITAL IMPROVEMENT PROGRAM (In Thousands of Dollars)

Source of Funds	2011-12	2012-13	2013-14	2014-15	2015-16	5-Year Total
Arts and Cultural Facilities	\$14,804	\$1,828	\$-	\$-	\$-	\$16,632
Aviation	435,812	125,513	57,339	43,878	55,372	717,914
Economic Development	10,254	19,019	4,000	4,000	4,000	41,273
Energy Conservation	17,747	8,468	1,000	1,000	1,000	29,215
Facilities Management	19,198	8,413	4,081	789	1,330	33,811
Fire Protection	21,140	13,973	-	-	-	35,113
Historic Preservation	2,759	2,591	434	-	-	5,784
Housing	60,044	15,052	11,678	11,678	11,678	110,130
Human Services	2,857	12,188	-	-	-	15,045
Information Technology	14,254	12,277	8,703	7,940	7,200	50,374
Libraries	7,698	8,511	1,850	2,100	200	20,359
Neighborhood Services	11,786	6,211	-	-	-	17,997
Parks, Recreation and Mountain Preserves	99,758	46,267	1,000	1,000	1,000	149,025
Phoenix Convention Center	2,212	3,579	5,443	4,967	5,565	21,766
Police Protection	25,509	17,940	-	-	-	43,449
Public Transit	77,991	56,121	59,534	46,975	32,658	273,279
Solid Waste Disposal	29,244	7,020	15,785	17,050	10,050	79,149
Street Transportation and Drainage	155,265	146,716	77,804	85,874	82,201	547,860
Wastewater	107,163	58,961	110,541	45,464	135,595	457,724
Water	197,602	100,648	116,495	132,960	203,715	751,420
<b>Total Operating Funds</b>	<b>\$1,313,097</b>	<b>\$671,296</b>	<b>\$475,687</b>	<b>\$405,675</b>	<b>\$551,564</b>	<b>\$3,417,319</b>





**SUMMARY OF 2011-16 CAPITAL IMPROVEMENT PROGRAM  
BY SOURCE OF FUNDS  
(In Thousands of Dollars)**

<b>Fund</b>	2011-12	2012-13	2013-14	2014-15	2015-16	5-Year Total
<b>Operating Funds:</b>						
General Funds	\$3,733	\$5,492	\$4,916	\$4,874	\$5,460	\$24,475
Parks and Preserves	46,534	29,006	1,000	1,000	1,000	78,540
Transit 2000	16,426	5,711	3,530	2,985	2,522	31,174
Development Services	66	55	59	257	–	437
Capital Construction	26,250	18,229	18,759	19,305	19,872	102,415
Arizona Highway Users	44,485	36,400	63,541	60,625	61,231	266,282
Public Transit	8,766	7,028	4,048	7,603	5,215	32,660
Community Reinvestment	4,400	2,000	2,000	2,000	2,000	12,400
Community Development Block Grants (CDBG)	3,310	171	170	171	171	3,993
Other Restricted	16,140	10,750	10,500	10,500	10,500	58,390
Grant Funds	57,925	23,135	5,762	5,762	5,762	98,346
<b>Enterprise Funds:</b>						
Aviation	54,721	33,492	19,426	15,356	15,650	138,645
Convention Center	2,167	2,285	3,272	2,732	3,335	13,791
Solid Waste	14,682	6,175	7,177	6,327	9,250	43,611
Wastewater	73,558	43,011	69,649	36,605	56,478	279,301
Water	113,158	65,424	104,283	127,650	107,967	518,482
<b>Total Operating Funds</b>	<b>\$486,321</b>	<b>\$288,364</b>	<b>\$318,092</b>	<b>\$303,752</b>	<b>\$306,413</b>	<b>\$1,702,942</b>
<b>Bond Funds:</b>						
<b>Property Tax Supported:</b>						
1988 Various Purpose	\$669	\$1,581	\$–	\$–	\$–	\$2,250
1989 Historic Preservation	35	–	–	–	–	35
2001 Various Purpose	5,813	14,223	100	1,900	–	22,036
2006 Various Purpose	107,608	138,411	5,080	–	–	251,099
<b>Nonprofit Corporation Bonds:</b>						
Aviation	35,279	6,238	482	–	–	41,999
Convention Center	–	–	–	–	–	–
Solid Waste	4,277	170	4,825	10,500	–	19,772
Transit 2000	2,170	–	–	–	–	2,170
Wastewater	12,564	3,529	7,923	2,319	47,275	73,610
Water	51,094	34,135	9,536	4,531	88,407	187,703
Other	10,255	500	–	–	–	10,755
<b>Total Bond Funds</b>	<b>\$229,764</b>	<b>\$198,787</b>	<b>\$27,946</b>	<b>\$19,250</b>	<b>\$135,682</b>	<b>\$611,429</b>





**SUMMARY OF 2011-16 CAPITAL IMPROVEMENT PROGRAM (continued)**  
**BY SOURCE OF FUNDS**  
**(In Thousands of Dollars)**

<b>Fund</b>	2011-12	2012-13	2013-14	2014-15	2015-16	5-Year Total
<b>Other Capital Sources:</b>						
Impact Fees	\$84,182	\$15,258	\$3,908	\$920	\$6,580	\$110,848
Passenger Facility Charge	321,300	69,364	14,462	8,813	15,313	429,252
Other Cities' Share -						
SROG and Val Vista	11,145	6,032	35,621	7,178	33,103	93,079
Solid Waste Remediation	1,632	700	3,810	250	800	7,192
Capital Grants	103,975	53,404	48,393	59,568	52,574	317,914
Federal, State and						
Other Participation	40,133	30,191	21,001	5,944	1,099	98,368
Private Participation	-	-	-	-	-	-
Capital Reserves	20,887	9,196	2,454	-	-	32,537
Parks Capital Gifts	1,071	-	-	-	-	1,071
Other Capital	12,687	-	-	-	-	12,687
<b>Total Other Capital Sources</b>	<b>\$597,012</b>	<b>\$184,145</b>	<b>\$129,649</b>	<b>\$82,673</b>	<b>\$109,469</b>	<b>\$1,102,948</b>
<b>TOTAL</b>	<b>\$1,313,097</b>	<b>\$671,296</b>	<b>\$475,687</b>	<b>\$405,675</b>	<b>\$551,564</b>	<b>\$3,417,319</b>







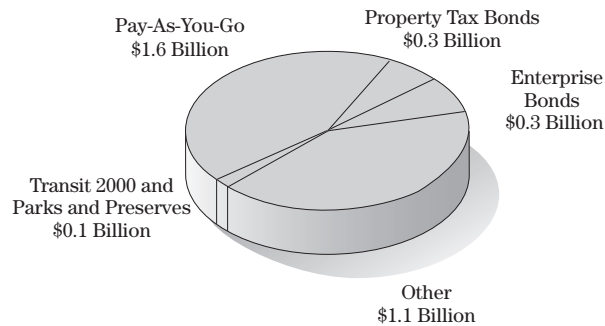


## 2011-16 Capital Improvement Program Highlights

The Capital Improvement Program (CIP) totals \$3.4 billion over the next five years. As shown in the pie chart on this page, funding for the 2011-16 program comes from five main sources: \$0.3 billion in 1988, 1989, 2001 and 2006 voter-approved bond funds, \$1.6 billion in pay-as-you-go operating funds, \$0.3 billion in various enterprise bonds, \$0.1 billion in Transit 2000 and Parks and Preserve Initiative funds, and \$1.1 billion in other funds. The \$1.1 billion in other funds includes \$93.1 million in payments by other cities and agencies for participating in projects in programs such as Water and Wastewater, \$317.9 million in capital grants, \$110.8 million in development impact fees, \$429.3 million in passenger facility charges, \$98.4 million in government and other participation, \$32.5 million in capital reserves, \$7.2 million in Solid Waste remediation funding and \$13.7 million from miscellaneous capital sources.

Projects in the first year total \$1.3 billion and are funded from pay-as-you-go operating funds (\$486.3 million), bond funds (\$229.8 million) and other capital financing (\$597.0 million). A financial organization chart at the end of this section presents a visual overview of the first year by source of funds and additional schedules summarize the 2011-12 Capital Budget by source of funds and the 2011-12 Capital Improvement Program by fund group and program. A brief overview of the five-year plan for each program follows.

**2011-16 Preliminary Capital Improvement Program Sources of Funds**



### Arts and Cultural Facilities

The \$16.6 million Arts and Cultural Facilities program is funded with 2001 and 2006 bonds. The following projects are planned for bond funding:

- Renovate a facility for the Arizona Opera
- Renovate a facility for the Black Theatre Troupe
- Complete renovation and expansion of the Phoenix Theatre
- Renovate a facility for Ballet Arizona

### Aviation

The Aviation program totals \$717.9 million and includes projects for Phoenix Sky Harbor International Airport and two satellite airports, Phoenix Deer Valley and Phoenix Goodyear. The Aviation program is funded with Aviation operating revenue, federal grant funds, Aviation nonprofit corporation bonds and Passenger Facility Charge funds.

Major improvements for Sky Harbor International Airport include the following:

- Develop and manage airport infrastructure
- Construct the PHX Sky Train™ system
- Construct roadway, runway and taxiway improvements
- Acquire and maintain properties for the Community Noise Reduction Program
- Implement various development studies and services
- Rehabilitate Terminal 4 including rebuilding moving walkways, food and beverage tenant space improvements, pavement reconstruction and restroom remodeling





- Construct security improvements, including an intruder alarm, roadway detection system and emergency operations center expansion
- Provide soundproofing to non-residential qualified establishments within airport proximity
- Improve and redevelop various facilities
- Replace signage including wayfinding, roadway and terminal directories
- Develop and upgrade various airport technology systems

The Aviation program also includes taxiway, safety and structure improvements at the Phoenix Deer Valley and Phoenix Goodyear airports and support of development projects at Phoenix-Mesa Gateway Airport.

### **Economic Development**

The \$41.3 million Economic Development program is funded with 2006 bonds and Downtown Community Reinvestment funds. The program includes the following downtown and citywide economic development projects:

- Facilitate and assist bioscience development in Phoenix
- Construct downtown infrastructure improvements to sidewalks, landscaping and lighting
- Increase business redevelopment and public art enhancements
- Revitalize public infrastructure in West Phoenix
- Acquire property for the relocation of the Arizona State Fairgrounds



*The Phoenix Aviation Department owns and operates three airports: Phoenix Sky Harbor International Airport, Phoenix Deer Valley Airport and Phoenix Goodyear Airport.*





### Energy Conservation

The \$29.2 million Energy Conservation Program is funded with General, Water and Wastewater operating funds. This program includes capital projects to continue the city's energy conservation efforts and also includes energy efficient retrofit cost reduction efforts at various city facilities.

The city's Energy Conservation Program has been in place for more than 20 years. Through the program's efforts in addressing energy efficient retrofits, energy efficient design and management, metering for efficient operations and implementation of new technology, first year annualized cost savings average \$250,000.

Energy saving retrofits have been completed for lighting, heating, ventilation, air conditioning and control systems. American Recovery and Reinvestment funds will be used extensively to make city facilities more energy efficient.

### Facilities Management

The Facilities Management program totals \$33.8 million and is funded with 2001 bonds, 2006 bonds, nonprofit corporation bonds, general funds, impact fees and other restricted funds. The following projects are planned for 2001 and 2006 bond funding:

- Replace critical facility and support systems in Phoenix City Hall and Personnel Building
- Reconfigure Phoenix City Hall to increase work space efficiency

Also included in the program is funding for remediation of contaminated soil from leaking underground storage tanks. Planned uses of general funds and nonprofit corporation bonds include major facility repairs and maintenance for service centers, maintenance shops and office buildings according to the facility management plan.

### Fire Protection

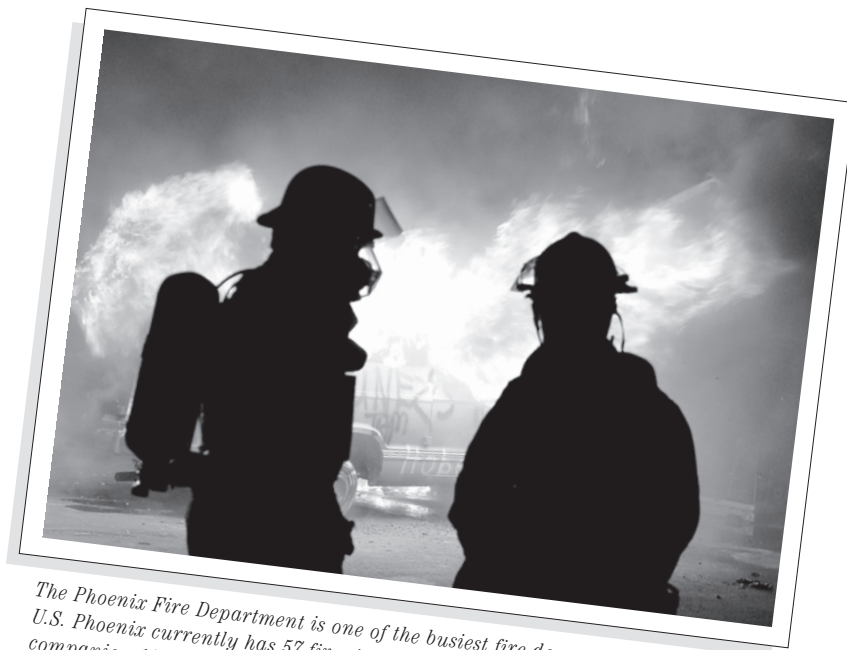
The \$35.1 million Fire Protection program is funded with impact fees, nonprofit corporation bonds, 2001 and 2006 bonds. The following fire stations are planned for bond funding:

#### Fire Station Construction

- New Station 55 near the borders of the Deer Valley and North Gateway villages along the I-17 corridor
- New Station 59 in Estrella Village
- New Station 74 in west Ahwatukee Foothills

The following firefighter training and technology projects are also included for bond funding:

- Study and pilot new fire communication technology
- Design and construct a Dispatch and Emergency Operations Center



*The Phoenix Fire Department is one of the busiest fire departments in the U.S. Phoenix currently has 57 fire stations, 8 battalions, 65 engine companies, 14 ladder companies and 32 rescue companies.*





### Historic Preservation

The Historic Preservation program totals \$5.8 million and is funded with federal and state grant funds, 1989, 2001 and 2006 bonds. The following projects are planned:

- Provide grants for low income homeowners to complete exterior rehabilitation work on their homes
- Acquire and rehabilitate threatened historic buildings citywide
- Provide matching grants for residential and commercial historic property owners to rehabilitate historic properties in exchange for conservation easements
- Provide funds to rehabilitate city-owned historic buildings and facilities

### Housing

The Housing program totals \$110.1 million and is funded with Community Development Block Grant (CDBG) funds, 2006 bonds and public housing federal grant funds.

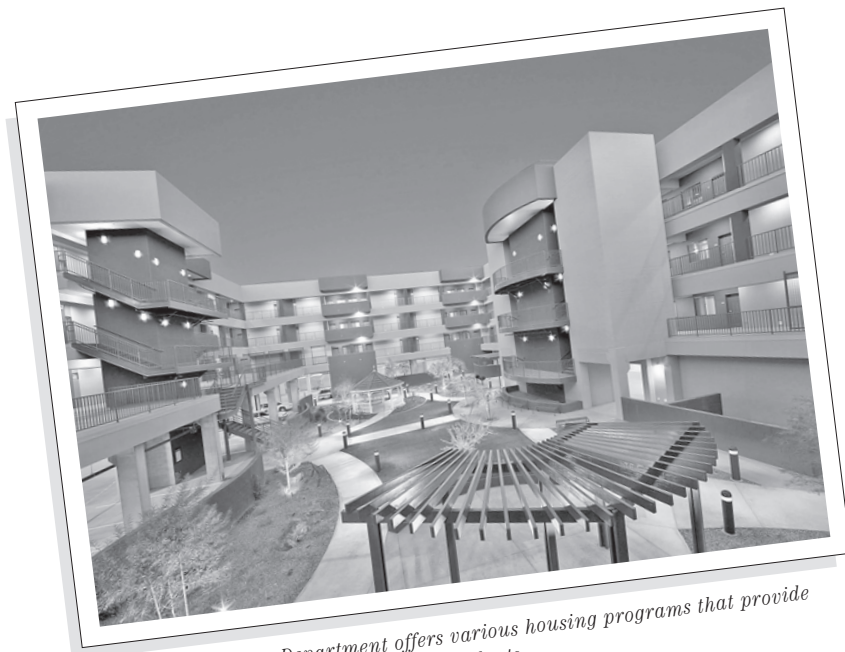
Housing projects using 2006 bond funds include:

- Acquire and expand city-owned properties for affordable housing
- Provide a new loan program to increase affordable properties
- Install air conditioning units in public housing to replace obsolete evaporative coolers

Nonprofit projects using 2006 bond funds include:

- Provide funding for construction of the United Methodist Outreach Ministries New Day Center homeless shelter for families

Modernization projects for public housing units are proposed based on the availability of grant funds. City Council approved allocations of Community Development Block Grant funds also are programmed.



*The city's Housing Department offers various housing programs that provide homes to more than 25,000 Phoenix residents.*





### Human Services

The \$15.0 million Human Services program is funded with 2001 and 2006 bonds and provides for design and construction of the Southwest Family Services Center, the 51st Avenue Senior Center, and the purchase of land for the 16th Street Senior Center.

In addition, there is one nonprofit project:

- Native American Connections Business and Cultural Center

### Information Technology

The \$50.4 million Information Technology program is funded with 2006 bonds; nonprofit corporation bonds; Water, Wastewater, Solid Waste Disposal and Aviation revenues; general funds and other restricted funds. Projects planned for 2006 bond funding include the following:

- Acquire electronic equipment to provide improved customer service
- Establish and equip an alternate information technology operations center to ensure business continuity
- Deploy voice/data convergence-ready equipment to upgrade and enhance staff connectivity
- Improve the city's Geographic Information System

### Libraries

The Libraries program totals \$20.4 million and is funded with 2001 and 2006 bonds, impact fees, library revenue, federal grants, and general funds. Projects planned for 2001 and 2006 bond funding include the following:

- Complete construction of South Mountain Regional Branch Library
- Acquire land for a west Ahwatukee Branch Library
- Complete the replacement of Palo Verde Branch Library
- Complete improvements to Ironwood Branch Library
- Replace the central heating and cooling system at Burton Barr Library
- Complete library technology improvements

Impact fees are included to acquire land for a west Ahwatukee Branch Library, to design a new library in the Desert View area, and to partially fund the design and construction of an Estrella Branch Library. Federal grants and general funds are proposed to construct a Workforce Literacy Center at Ocotillo Branch Library.



*Phoenix Public Library's mission is to connect today's community to a world of possibilities.*





### **Neighborhood Services**

The Neighborhood Services program totals \$18.0 million and is funded with federal grants, Community Development Block Grant (CDBG) funds and 2006 bonds.

Proposed projects include the following:

- Purchase and redevelop foreclosed properties to assist with neighborhood stabilization
- Partner with the community and other city departments to address critical neighborhood projects and blight elimination
- Acquire property and provide development incentives for blight elimination and revitalization
- Construct neighborhood infrastructure such as sidewalks, lighting, alley improvements and landscaping to enhance aging neighborhoods

### **Parks, Recreation and Mountain Preserves**

The Parks, Recreation and Mountain Preserves program totals \$149.0 million and is funded with nonprofit corporation bonds, 2001 and 2006 bonds, parks monopole sites revenue, impact fees, grants, Parks and Preserves Initiative and other restricted funds. The program provides for acquisition and development of new park sites, preserves, specialty areas and improvements to existing parks.

The following major projects are planned for 2001 and 2006 bond funds:

- Construct, improve and renovate parks citywide
- Acquire land for neighborhood mini-park sites
- Renovate aquatics facilities citywide
- Renovate and construct park upgrades to comply with the Americans with Disabilities Act
- Construct La Pradera Community Center
- Design and renovate the Phoenix Center for the Arts

Parks and Preserves projects include improvements to community and neighborhood parks and land for the Sonoran Preserve. Impact fees are included to acquire and develop park sites in the Ahwatukee, Deer Valley, Desert View, Estrella, Laveen and North Gateway areas, and to acquire open space preserve land in the northern areas. Parks monopole sites revenue is included to add amenities to parks with monopole sites.

### **Phoenix Convention Center**

The \$21.8 million Phoenix Convention Center program is funded with Convention Center operating revenue, 2001 and 2006 bonds, and general funds. In addition to the Convention Center, this program includes projects and improvements for the Herberger and Orpheum Theaters, Symphony Hall plus the Regency, Heritage and Convention Center parking garages.





### **Police Protection**

The Police Protection program totals \$43.4 million and is funded with 2006 bonds. The following projects are planned:

- Design and construct aircraft hangar facilities at the Deer Valley Airport
- Acquire land for a new northwest precinct
- Upgrade or replace the Police Automated Computer Entry (PACE) System
- Renovate buildings for use as the Cactus Park Precinct

### **Public Transit**

The \$273.3 million Public Transit program is funded with Transit 2000 revenue, regional transportation revenue including the half-cent countywide sales tax, Transit nonprofit corporation bonds, Arizona Highway User Revenue, capital construction and grants from various sources.

Phoenix voters approved Transit 2000, a 0.4 percent sales tax, on March 14, 2000, to fund extensive improvements to the city's public transit system. Projects in the Public Transit program include the following:

- Acquire buses and purchase Dial-a-Ride replacement vans
- Improve and maintain bus stops, park-and-ride locations and transit centers
- Renovate, refurbish and equip North and South maintenance facilities
- Implement technology enhancements including a wireless communication system for the regional bus system
- Acquire land and plan for future light rail northwest extension
- Develop Desert Sky, East Baseline and Laveen/59th Avenue park-and-ride facilities

### **Solid Waste Disposal**

The \$79.1 million Solid Waste Disposal program includes projects at the city's open landfill, closed landfills and transfer stations, and is funded with Solid Waste revenue, Solid Waste Remediation funds and nonprofit corporation bond funds. Projects planned in the Solid Waste program include:

- Monitor and maintain methane gas extraction systems, cell lining and capping, and install landscaping at the closed Skunk Creek Landfill
- Monitor and maintain methane gas extraction systems and cell lining at the State Route 85 Landfill
- Maintain soil capping and the methane gas collection system at the closed 19th Avenue Landfill
- Monitor groundwater and methane gas and install landscaping at the closed 27th Avenue Landfill





### Street Transportation and Drainage

The Street Transportation and Drainage program totals \$547.9 million and is funded with Arizona Highway User Revenues, 2006 bonds, Capital Construction funds and participation from other agencies. Included in the program are major street, storm drainage, traffic improvement and other street maintenance and improvement projects.

Major street and storm drainage projects for 2006 bond funding include:

- Construct a bridge at Riverview Drive between 18th and 22nd streets
- Expand city of Phoenix wireless network for connections to on-street devices for traffic signal coordination
- Construct Camelback Corridor improvements
- Construct improvements to 32nd Street from Washington Street to McDowell Road
- Construct a downtown storm drain relief system
- Construct landscape and streetscape improvements in the West Phoenix Revitalization Area
- Construct historic districts streetscape improvements
- Design and construct traffic calming infrastructure
- Storm drain rehabilitation
- Construction local drainage improvements
- Construct phase II of the Intelligent Transportation System (ITS) fiber optic backbone
- Design and partially construct a drainage system along Arcadia Drive from Indian School and Camelback roads, and along Lafayette Boulevard from Arcadia Drive to 44th Street

Major street projects for AHUR funding include the following projects:

- Construct one mile of major street at Lower Buckeye Road from 43rd to 35th avenues
- Design, acquire right-of-way, and construct one mile of major street at Buckeye Road from 7th to 16th streets
- Construct one and a half miles of major street on Seventh Avenue from Southern Avenue to the Salt River
- Design, acquire right-of-way and construct one mile of major street at Baseline Road from 59th to 51st avenues
- Design, acquire right-of-way and construct one mile of major street at 64th Street from Utopia to the Loop 101
- Implement safety enhancements in the reverse lane corridor
- Construct one mile of major street at Pinnacle Peak Road from 43rd to 35th avenues
- Construct one and a half miles of major street at Pinnacle Peak Road from 55th to 43rd avenues
- Construct one mile of major street at 35th Avenue from Baseline Road to Southern Avenue
- Construct 7.5 miles of major street and bridges at Sonoran Boulevard (includes funding from state and local aid)
- Acquire land, design and construct Black Mountain Parkway ramps to the State Route 51 (includes funding from federal aid)
- Complete the design, acquire land and construct Avendia Rio Salado Parkway (includes funding from federal aid)
- Construct one mile of major street at 43rd Avenue from Lower Buckeye to Buckeye roads

- Construct a mile of major street at 75th Avenue from Lower Buckeye to Buckeye roads
- Construct one mile of major street at 56th Street from Deer Valley to Pinnacle Peak roads
- Construct a mile of major street at 32nd Street from Southern Avenue to Broadway Road
- Construct a mile of major street at Buckeye Road from 67th to 59th avenues
- Construct a mile of major street at Lower Buckeye Road from 51st to 43rd avenues
- Construct a bridge at Greenway Parkway and Cave Creek Wash
- Retrofit landscaping on existing major streets
- Major street overlay
- Major street slurry seal and crack seal

Capital Construction funding is planned for the following types of projects:

- Local paving and drainage projects
- Residential street resurfacing
- Landscaping along freeways
- Sidewalks
- Sidewalk ramps
- Dust control
- Traffic calming







## Wastewater

The Wastewater program totals \$457.7 million and is funded with Wastewater operating revenue, Wastewater nonprofit corporation bonds, impact fees and other cities' share in joint ventures funds.

Major Wastewater projects include the following:

- Expand 91st Avenue Wastewater Treatment Plant
- Repair and replace wastewater treatment plant equipment
- Study, design and construct the Regional Capacity Management Facility
- Construct relief sewers citywide
- Expand, improve and replace sewer lift stations
- Construct parallel sections of the Broadway Sewer from 32nd Street to 51st Avenue to provide additional capacity
- Rehabilitate selected sewers of various sizes and materials located throughout the city
- Improve technology including automatic meter reading
- Construct pump station
- Various Wastewater management studies, security improvements, staff charges and consultant fees
- Construct a Wastewater collection maintenance yard
- Design the Tres Rios Flood Control and Ecosystem Restoration

## Water

The \$751.4 million Water program is funded with Water operating revenue, nonprofit corporation bonds, impact fees and city of Mesa participation in the Val Vista Water Treatment Plant joint venture.

Major projects include the following:

- Acquire and construct new wells and rehabilitate existing wells
- Construct new reservoirs, and rehabilitate existing reservoirs and basins
- Rehabilitate existing booster stations
- Complete construction of a granulated activated carbon regeneration facility at Val Vista Water Treatment Plant
- Replace and rehabilitate the Val Vista Transmission Main from the Val Vista Water Treatment Plant to 48th Street
- Rehabilitate the Val Vista Water Treatment Plant
- Design and construct a joint sludge dewatering facility for Union Hills Water Treatment Plant and Cave Creek Water Reclamation Plant
- Construct treatment optimization strategies, process control efficiency improvements and implement plant equipment rehabilitation at Cave Creek Water Reclamation Plant, 24th Street, Union Hills and Deer Valley Water Treatment Plants
- Construct production improvements to water treatment plants, reservoirs, wells and booster stations such as treatment processes, chemical facilities, equipment and facility improvements
- Install new service meters and construct plumbing connections for alley service relocations
- Repair and replace leaking water services
- Construct water main improvements recommended in the integrity study and rehabilitate existing mains citywide

- Construct new mains in growth areas
- Relocate water lines for light rail northwest extension
- Inspect and assess 260 miles of 42-inch and larger water transmission mains
- Design and construct new water mains and install new fire hydrants in the Garfield Neighborhood (7th to 16th streets and Van Buren to Roosevelt streets)
- Acquire and install software and hardware to automate meter reading
- Conduct various water system studies
- Construct security upgrades at remote facilities





**2011-12 CAPITAL IMPROVEMENT PROGRAM  
BY SOURCE OF FUNDS  
(In Thousands of Dollars)**

	Total Program	Pay-As- You-Go Operating	Misc. Bonds*	2006 Bonds	Nonprofit Corporation Bonds	Other Capital Sources
Arts and Cultural Facilities	\$14,804	\$1,195	\$-	\$13,347	\$262	\$-
Aviation	435,812	53,590	-	-	35,279	346,943
Economic Development	10,254	6,545	-	3,409	-	300
Energy Conservation	17,747	17,747	-	-	-	-
Facilities Management	19,198	1,752	150	400	5,510	11,386
Fire Protection	21,140	-	992	19,213	935	-
Historic Preservation	2,759	87	910	1,762	-	-
Housing	60,044	44,068	-	7,621	-	8,355
Human Services	2,857	-	705	1,900	-	252
Information Technology	14,254	10,257	118	2,838	1,041	-
Libraries	7,698	1,455	788	4,093	8	1,354
Neighborhood Services	11,786	3,967	313	7,506	-	-
Parks, Recreation and Mountain Preserves	99,758	46,820	486	13,504	290	38,658
Phoenix Convention Center	2,212	2,212	-	-	-	-
Police Protection	25,509	-	978	21,438	2,662	431
Public Transit	77,991	26,179	-	88	2,182	49,542
Solid Waste Disposal	29,244	14,365	-	70	4,277	10,532
Street Transportation and Drainage	155,265	70,784	1,077	10,154	1,317	71,933
Wastewater	107,163	72,778	-	-	11,286	23,099
Water	197,602	112,520	-	265	50,590	34,227
<b>Total</b>	<b>\$1,313,097</b>	<b>\$486,321</b>	<b>\$6,517</b>	<b>\$107,608</b>	<b>\$115,639</b>	<b>\$597,012</b>

\*Remaining 1988, 1989 and 2001 bond funds. Of this amount, \$9,722,000 is 2001 bond funds, \$136,000 is 1989 Historic Preservation bonds and \$615,000 in 1988 bonds.





**RESOURCES AND EXPENDITURES BY CAPITAL FUND  
2011-12 CAPITAL IMPROVEMENT PROGRAM**

	RESOURCES		EXPENDITURES		FUND BALANCES		
	Beginning Balance	Projected Revenue <sup>1</sup>	Total	Estimated Expenditures	Ending Fund Balances	Projected Resources Beyond 11/12 <sup>2</sup>	Funds Available Beyond 11/12
<b>Capital Fund</b>							
<b>Bond and Related Funds</b>							
<b>2006 Bonds</b>							
Libraries, Senior & Cultural Centers	\$(13,993)	\$34,000	\$20,007	\$18,248	\$1,759	\$16,835	\$18,594
Education	(7,190)	8,000	810	1,363	(553)	3,750	3,197
Affordable Housing & Neighborhoods	13,244	16,000	29,244	16,751	12,493	8,805	21,298
Parks and Open Spaces	(18,206)	29,000	10,794	13,415	(2,621)	14,650	12,029
Police, Fire & Homeland Security	(634)	47,000	46,366	42,147	4,219	25,000	29,219
Police, Fire & City Technology	2,735	4,000	6,735	2,838	3,897	1,900	5,797
Street and Storm Sewer Improvement	25,990	27,000	52,990	12,846	40,144	13,935	54,079
<b>2001 Bonds</b>							
Affordable Housing & Homeless Shelter	1,753	—	1,753	700	1,053	—	1,053
Educational, Youth & Cultural Facilities	(72)	1,975	1,903	43	1,860	—	1,860
Environmental Improvement & Cleanup	336	630	966	150	816	—	816
Fire Protection Facilities & Equipment	(83)	500	417	116	301	400	701
Neighborhood Protection & Senior Centers	4,958	500	5,458	364	5,094	1,855	6,949
New & Improved Libraries	3,780	900	4,680	788	3,892	—	3,892
Parks, Open Space & Recreation	(287)	1,000	713	45	668	3,425	4,093
Police Protection Facilities & Equipment	(2,031)	1,570	(461)	520	(981)	2,160	1,179
Police, Fire & Computer Technology	(504)	1,000	496	1,452	(956)	1,215	259
Preserving Phoenix Heritage	(96)	925	829	829	—	—	—
Storm Sewers	(1,760)	—	(1,760)	10	(1,770)	1,770	—
Street Improvements	(515)	1,000	485	796	(311)	1,225	914
<b>1989 Historic Preservation</b>	36	—	36	35	1	—	1
<b>1988 Bonds</b>							
Community Education/Cultural Facilities	—	—	—	—	—	—	—
Freeway Mitigation, Neighborhood Stabilization, Slum & Blight Elimination	846	—	846	270	576	1,000	1,576
Parks, Recreation & Mountain Preserves	413	—	413	399	14	—	14
Police Protection	27	—	27	—	27	—	27
<b>1984 Fire &amp; Police Protection</b>	1	—	1	—	1	—	1
<b>Nonprofit Corporation Bonds</b>							
Aviation	156,754	100,000	256,754	35,279	221,475	638,020	859,495
Phoenix Convention Center	26,365	—	26,365	—	26,365	—	26,365
Golf	67	—	67	—	67	—	67
Solid Waste	4,513	—	4,513	4,277	236	75,000	75,236
Transit 2000	53,958	—	53,958	2,170	51,788	—	51,788
Wastewater	54,456	225,000	279,456	12,564	266,892	130,000	396,892
Water	(89,216)	—	(89,216)	51,094	(140,310)	600,000	459,690
Other	38,863	1,373	40,236	10,255	29,981	109,500	139,481
<b>OTHER FINANCING</b>							
Impact Fees	117,654	(4,000)	113,654	84,182	29,472	—	29,472
Passenger/Customer Facility Charge	(18,117)	145,334	127,217	321,300	(194,083)	581,332	387,249
Other Cities' Participation in Joint Ventures	(4,927)	11,145	6,218	11,145	(4,927)	4,927	—
Solid Waste Remediation	8,509	—	8,509	1,632	6,877	—	6,877
Capital Grants	38,016	103,975	141,991	103,975	38,016	—	38,016
Federal, State & Other Participation	(1,967)	40,133	38,166	40,133	(1,967)	1,967	—
Capital Gifts	1,090	50	1,140	1,071	69	—	69
Private Participation	2,696	600	3,296	—	3,296	—	3,296
Capital Reserves	189,111	—	189,111	20,887	168,224	—	168,224
Other Capital	31,414	—	31,414	12,687	18,727	—	18,727
<b>TOTAL</b>	<b>\$617,987</b>	<b>\$798,610</b>	<b>\$1,416,597</b>	<b>\$826,776</b>	<b>\$589,821</b>	<b>\$2,238,671</b>	<b>\$2,828,492</b>

<sup>1</sup>Includes bond proceeds and funds which "pass through" bond funds such as grants, land sales and other agency and private participation.

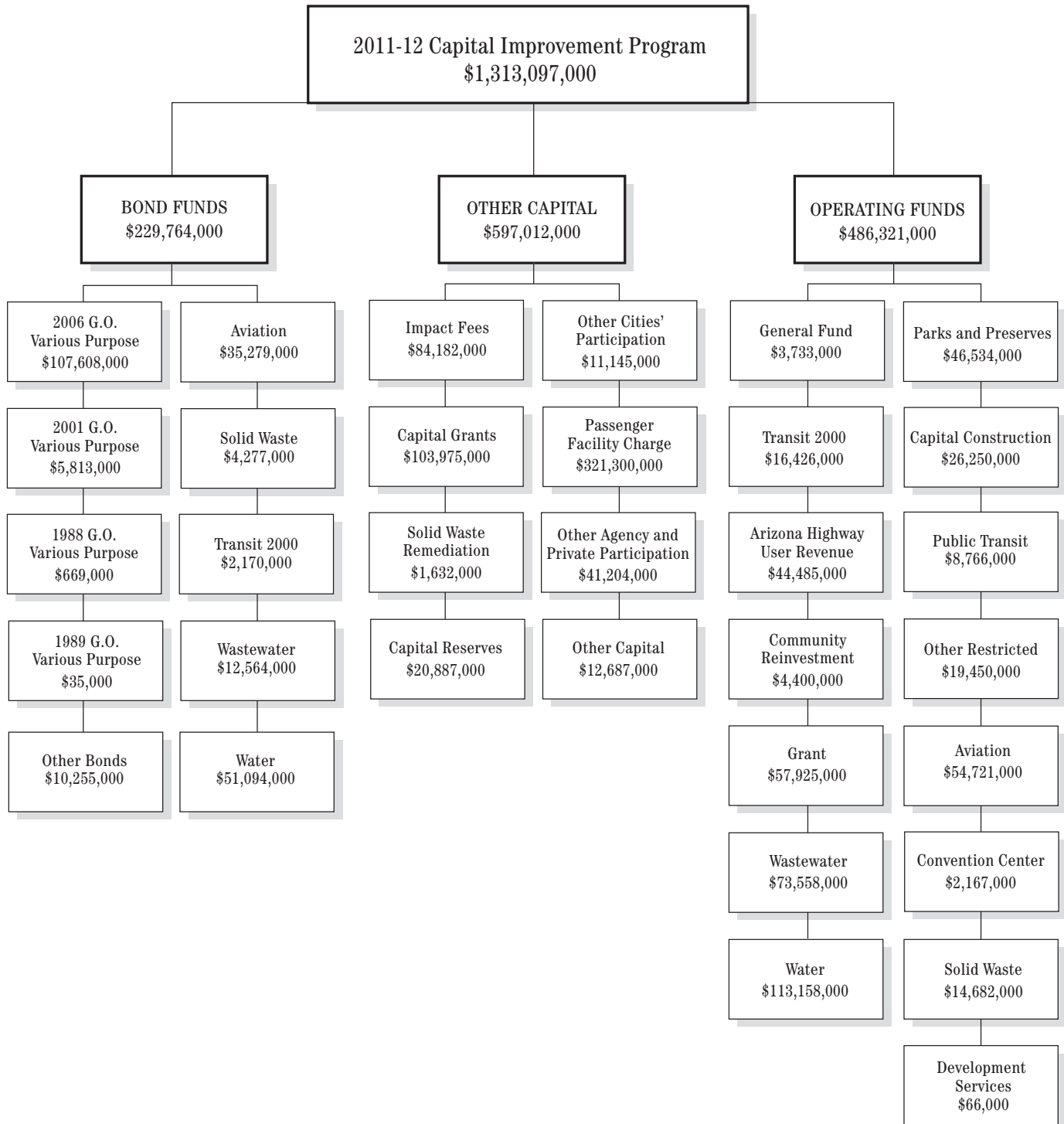
<sup>2</sup>Includes bonds authorized and available for sale, pledged resources and cost recovery for projects billed and/or reimbursed on a cash flow basis.







## 2011-12 Capital Improvement Program Organizational Chart







## Operating Costs for New Capital Facilities

Capital facilities include the police and fire stations, senior centers, parks, swimming pools, libraries, cultural facilities and customer service centers needed to deliver services to our residents. Capital improvements also include investment in commercial and neighborhood development, redevelopment and revitalization. Since these types of capital projects are assets with a multi-year life, issuing bonded debt is an appropriate way to pay for these expenses, as it allows the initial costs to be repaid over the years the investment is used. The service delivery costs and day-to-day operating expenses such as staff salaries or supplies are not capital assets. These costs are not funded with bonded debt and must be paid from the city's annual operating funds.

### New Facilities Funding and Their Operating Costs

In accordance with Bond Committee recommendations, an annual 2 percent increase to the maximum allowable primary property tax levy is included to provide funding to operate new capital facilities. On March 14, 2006, Phoenix voters approved an \$878.5 million bond program. Estimated General Fund expenditures to operate these bond funded projects are updated annually. For Enterprise Fund operations, multi-year rate planning processes are used to provide the City Council with the effects new capital facilities will have on future rate-payers. That is, each year, the City Council considers the impact of future capital facilities as it sets annual utility rates. Rates are increased today to pay for tomorrow's facilities. Finally, for more than 20 years the energy conservation program has generated annual cost savings in excess of the funds invested. This program provides for energy efficient retrofits, energy efficient design and metering for efficient operations.

### Identifying Operating Costs

Each fall, departments are asked to review all capital projects, their estimated completion dates, any costs associated with operating new facilities and systems, and the funding source(s) for these costs. These costs are reviewed jointly by the Budget and Research, and Public Works departments. The 2011-12 budget includes \$8.8 million in new operating and maintenance costs for new facilities and systems. The funding sources for 2011-12 operating costs include General and Water funds. The schedule on the next page provides project funding sources, operating and maintenance costs for 2011-12, along with the full-year operating and maintenance costs for 2012-13, and the source of funds that will be used for these costs.

### OPERATING COSTS FOR NEW CAPITAL FACILITIES

Project and Construction Funding Source	# of FTEs		2011-12 Costs	2012-13 Costs
<b>Fire</b>				
Fire Station #59 (2006 Police, Fire and Homeland Security Bonds)	–	Provide operating costs to open a new fire station located at 65th Avenue and Buckeye Road.	\$133,000	\$133,000
<b>Human Services</b>				
Helen Drake Senior Center (Arizona Department of Environmental Quality Grant, 2006 Libraries, Youth, Senior and Cultural Facilities Bonds)	1.8	Add staff and associated operating costs for the new Helen Drake Senior Center, scheduled to open in January 2012. This center replaces the smaller Manzanita Senior Center, which was a leased facility.	\$144,000	\$354,000





**OPERATING COSTS FOR NEW CAPITAL FACILITIES (continued)**

<b>Project and Construction Funding Source</b>	<b># of FTEs</b>		<b>2011-12 Costs</b>	<b>2012-13 Costs</b>
<b>Library</b>				
City of Phoenix Branch Library at South Mountain Community College (2001 Bonds, 2006 Bonds)	19.5	Provide funding for staff, contractual services and commodities to operate the new branch library at South Mountain Community College opening in August 2011. The new 15,000-square-foot branch is part of an overall 49,000-square-foot facility built and operated in partnership with the Maricopa County Community College District.	\$1,127,000	\$1,236,000
<b>Parks and Recreation</b>				
New Sonoran Preserve Acreage (Parks CIP Grant, PPPI, PPPI 40% Mountain & Desert Preserves)	2.0	Add staff and funding to protect and maintain 500 acres of new preserve property, and eight miles of new trails, to be purchased in December 2011.	\$171,000	\$342,000
Tovrea Castle Improvements (PPPI)	0.5	Add staff to maintain the landscaping, restrooms, temporary visitor center and parking lot at Tovrea Castle opening in July 2011.	\$28,000	\$28,000
<b>Street Transportation</b>				
Downtown Streetscape Projects (2006 Street Improvement and Stormwater Bonds)	—	Add funding for contracted landscape and streetlight maintenance and utility costs for completed streetscape projects. Costs in 2012-13 represent 12 months of operations.	\$15,000	\$51,000







**OPERATING COSTS FOR NEW CAPITAL FACILITIES (continued)**

<b>Project and Construction Funding Source</b>	<b># of FTEs</b>		<b>2011-12 Costs</b>	<b>2012-13 Costs</b>
<b>Water Services</b>				
Val Vista Water Treatment Plant Disinfectant Byproduct Mitigation Improvements (2007 Water Bonds, 2008 Water Bonds)	—	Add funding for chemicals and electricity at the new granular activated carbon facility at the Val Vista Water Treatment Plant. Costs in 2012-13 represent 12 months of operations.	\$7,016,000	\$14,286,000
24th Street Water Treatment Plant Disinfectant Byproduct Mitigation Improvements (Water Revenue Pay-As-You-Go, 2007 Water Bonds, 2008 Water Bonds)	—	Add funding for chemicals at the new chlorine dioxide facility at the 24th Street Water Treatment Plant. Costs in 2012-13 represent 12 months of operations.	\$188,000	\$375,000
<b>Net Total Costs</b>			<b>\$8,822,000</b>	<b>\$16,805,000</b>
<b>Source of Funds</b>				
General			\$1,618,000	\$2,144,000
Water			\$7,204,000	\$14,661,000
<b>Total Source of Funds</b>			<b>\$8,822,000</b>	<b>\$16,805,000</b>







## Summary Schedules







**2009-10 SCHEDULE 1: RESOURCES AND EXPENDITURES BY FUND**  
**ACTUAL**  
**(In Thousands of Dollars)**

	Resources						Expenditures				Ending Fund Balances
	Beginning Fund Balances	Revenue	Recovery	Fund Transfer		Total	Operating	Capital	Debt Service	Total	
				To	From						
<b>General Funds:</b>											
General	\$45,580	\$260,804	\$1,070	\$736,349	\$129,814	\$913,989	\$866,542	\$695	\$-	\$867,237	\$46,752
Parks and Recreation	-	19,111	74	70,050	-	89,235	89,235	-	-	89,235	-
Library	-	1,349	17	31,700	-	33,066	33,065	1	-	33,066	-
Cable Communications	-	9,330	-	-	4,546	4,784	4,784	-	-	4,784	-
<b>Total General Funds</b>	<b>\$45,580</b>	<b>\$290,594</b>	<b>\$1,161</b>	<b>\$838,099</b>	<b>\$134,360</b>	<b>\$1,041,074</b>	<b>\$993,626</b>	<b>\$696</b>	<b>\$-</b>	<b>\$994,322</b>	<b>\$46,752</b>
<b>Special Revenue Funds:</b>											
Excise Tax	\$-	\$917,441	\$-	\$-	\$917,441	\$-	\$-	\$-	\$-	\$-	\$-
Neighborhood Protection-Police	(4,951)	(163)	-	15,131	98	9,919	20,629	-	-	20,629	(10,710) <sup>2</sup>
Neighborhood Protection-Fire	(2,179)	(74)	-	5,403	35	3,115	8,441	-	-	8,441	(5,326) <sup>2</sup>
Neighborhood Protection-Block Watch	2,099	171	-	1,081	7	3,344	1,272	-	-	1,272	2,072
2007 Public Safety Expansion-Police	16,832	281	-	34,505	106	51,512	43,889	-	-	43,889	7,623
2007 Public Safety Expansion-Fire	5,351	81	-	8,626	26	14,032	11,946	-	-	11,946	2,086
Public Safety Enhancement-Police	(2,220)	-	-	14,867	-	12,647	20,863	-	-	20,863	(8,216) <sup>2</sup>
Public Safety Enhancement-Fire	(1,932)	-	-	9,111	-	7,179	11,247	-	-	11,247	(4,068) <sup>2</sup>
Parks and Preserves	41,547	2,665	425	21,615	66	66,186	1,791	14,843	-	16,634	49,552
Transit 2000	235,879	52,537	2,528	125,297	44,223	372,018	148,799	3,210	-	152,009	220,009
Court Awards	1,263	5,179	2	-	-	6,444	4,506	-	-	4,506	1,938
Development Services	13,726	28,168	2	-	2,546	39,350	27,398	35	-	27,433	11,917
Capital Construction	7,109	269	579	17,434	-	25,391	163	21,963	-	22,126	3,265
Sports Facilities	32,663	1,113	-	13,804	550	47,030	1,795	-	9,872	11,667	35,363
Arizona Highway User Revenue	10,903	104,745	3,098	543	595	118,694	41,798	22,520	31,246	95,564	23,130
Local Transportation Assistance	-	3,771	-	-	-	3,771	3,771	-	-	3,771	-
Regional Transit	7,491	58,096	87	-	38,832	26,842	15,404	248	-	15,652	11,190
Community Reinvestment	14,141	2,748	-	16	5,092	11,813	217	1,136	-	1,353	10,460
Secondary Property Tax	100	200,977	-	69,911	69,527	201,461	-	-	201,361	201,361	100
Impact Fee Program											
Administration	961	301	-	-	-	1,262	756	-	-	756	506
Regional Wireless Cooperative	-	99	-	-	-	99	-	-	-	-	99
City Improvement	701	-	-	63,873	-	64,574	-	-	63,873	63,873	701
Other Restricted Funds	34,407	25,209	91	1,050	501	60,256	20,347	1,858	-	22,205	38,051
Grant Funds	22,213	230,107	545	-	1,227	251,638	191,199	33,121	-	224,320	27,318
<b>Total Special Revenue Funds</b>	<b>\$436,104</b>	<b>\$1,633,721</b>	<b>\$7,357</b>	<b>\$410,572</b>	<b>\$1,080,872</b>	<b>\$1,406,882</b>	<b>\$576,231</b>	<b>\$98,934</b>	<b>\$314,657</b>	<b>\$989,822</b>	<b>\$417,060</b>
<b>Enterprise Funds:</b>											
Aviation	\$173,626	\$308,088	\$2,649	\$15,089	\$9,433	\$490,019	\$195,140	\$13,607	\$77,533	\$286,280	\$203,739
Water	145,364	345,587	2,003	24,885	33,068	484,771	167,054	58,754	112,316	338,124	146,647
Wastewater	136,640	223,079	3,792	5,000	26,775	341,736	86,782	24,205	69,743	180,730	161,006
Solid Waste	45,013	138,906	1,431	-	9,273	176,077	111,429	2,326	12,790	126,545	49,532
Convention Center	50,800	17,605	144	49,006	3,115	114,440	46,034	1,018	18,592	65,644	48,796
Golf Course	(7,345)	5,552	-	-	279	(2,072)	7,926	-	20	7,946	(10,018) <sup>3</sup>
<b>Total Enterprise Funds</b>	<b>\$544,098</b>	<b>\$1,038,817</b>	<b>\$10,019</b>	<b>\$93,980</b>	<b>\$81,943</b>	<b>\$1,604,971</b>	<b>\$614,365</b>	<b>\$99,910</b>	<b>\$290,994</b>	<b>\$1,005,269</b>	<b>\$599,702</b>
<b>GRAND TOTAL</b>	<b>\$1,025,782</b>	<b>\$2,963,132</b>	<b>\$18,537</b>	<b>\$1,342,651</b>	<b>\$1,297,175</b>	<b>\$4,052,927</b>	<b>\$2,184,222</b>	<b>\$199,540</b>	<b>\$605,651</b>	<b>\$2,989,413</b>	<b>\$1,063,514</b>

<sup>1</sup> General fund sales tax revenue is reflected as a transfer from the excise tax fund. Total transfer equates to \$655.9 million, and is included in the General Funds revenue total of \$946.5 million shown on Schedule 2.

<sup>2</sup>The dedicated public safety funds have been severely impacted by declines in sales tax revenues. In November 2010, the Mayor and City Council adopted a plan to balance Fire by June 30, 2014 and Police by June 30, 2015.

<sup>3</sup>The Parks Department is exploring various ideas, including alternative operating structures, to correct the negative fund balance in the Golf Course Fund.



**2010-11 SCHEDULE I: RESOURCES AND EXPENDITURES BY FUND**  
**ESTIMATE**  
(In Thousands of Dollars)

	Resources						Expenditures				
	Beginning Fund Balances	Revenue	Recovery	Fund Transfer		Total	Operating	Capital	Debt Service	Total	Ending Fund Balances
				To	From						
<b>General Funds:</b>											
General	\$46,752	\$278,938	\$1,500	\$718,100	\$128,220	\$917,070	\$841,216	\$1,441	\$-	\$842,657	\$74,413
Parks and Recreation	-	19,052	-	67,284	-	86,336	86,336	-	-	86,336	-
Library	-	1,238	-	32,313	-	33,551	33,551	-	-	33,551	-
Cable Communications	-	9,566	-	-	5,403	4,163	4,163	-	-	4,163	-
<b>Total General Funds</b>	<b>\$46,752</b>	<b>\$308,794</b>	<b>\$1,500</b>	<b>\$817,697</b>	<b>\$133,623</b>	<b>\$1,041,120</b>	<b>\$965,266</b>	<b>\$1,441</b>	<b>\$-</b>	<b>\$966,707</b>	<b>\$74,413</b>
<b>Special Revenue Funds:</b>											
Excise Tax	\$-	\$951,896	\$-	\$-	\$951,896	\$-	\$-	\$-	\$-	\$-	\$-
Neighborhood Protection-Police	(10,710)	(162)	-	20,952	36	10,044	19,433	-	-	19,433	(9,389) <sup>2</sup>
Neighborhood Protection-Fire	(5,326)	(60)	-	8,613	13	3,214	6,918	-	-	6,918	(3,704) <sup>2</sup>
Neighborhood Protection-Block Watch	2,072	270	-	1,278	3	3,617	1,901	-	-	1,901	1,716
2007 Public Safety Expansion-Police	7,623	100	-	40,663	87	48,299	48,450	-	-	48,450	(151) <sup>2</sup>
2007 Public Safety Expansion-Fire	2,086	50	-	10,641	18	12,759	13,246	-	-	13,246	(487) <sup>2</sup>
Public Safety Enhancement-Police	8,216)	-	-	23,547	-	15,331	19,280	-	-	19,280	(3,949) <sup>2</sup>
Public Safety Enhancement-Fire	(4,068)	-	-	9,603	-	5,535	10,897	-	-	10,897	(5,362) <sup>2</sup>
Parks and Preserves	49,552	600	400	25,415	52	75,915	1,922	36,182	-	38,104	37,811
Transit 2000	220,009	51,627	2,000	131,302	46,329	358,609	132,081	3,718	-	135,799	222,810
Court Awards	1,938	4,707	-	-	-	6,645	4,699	-	-	4,699	1,946
Development Services	11,917	31,000	-	-	2,172	40,745	28,411	2	-	28,413	12,332
Capital Construction	3,265	200	400	16,751	-	20,616	200	11,863	-	12,063	8,553
Sports Facilities	35,363	395	-	13,473	184	49,047	1,808	-	20,200	22,008	27,039
Arizona Highway User Revenue	23,130	105,632	800	78	-	129,640	43,474	35,636	31,247	110,357	19,283
Regional Transit	11,190	47,126	-	-	31,419	26,897	20,217	212	-	20,429	6,468
Community Reinvestment	10,460	7,375	-	-	2,287	15,548	312	6,116	-	6,428	9,120
Secondary Property Tax	100	156,041	-	-	-	156,141	-	-	156,041	156,041	100
Impact Fee Program											
Administration	506	159	-	-	-	665	442	-	-	442	223
Regional Wireless Cooperative	99	2,050	-	1,920	-	4,069	3,537	-	-	3,537	532
City Improvement	701	-	-	58,076	-	58,777	-	-	58,076	58,076	701
Other Restricted Funds	38,051	23,677	-	4,583	508	65,803	32,721	5,912	-	38,633	27,170
Grant Funds	27,318	273,439	-	235	376	300,616	220,130	46,551	-	266,681	33,935
<b>Total Special Revenue Funds</b>	<b>\$417,060</b>	<b>\$1,656,122</b>	<b>\$3,600</b>	<b>\$367,130</b>	<b>\$1,035,380</b>	<b>\$1,408,532</b>	<b>\$610,079</b>	<b>\$146,192</b>	<b>\$265,564</b>	<b>\$1,021,835</b>	<b>\$386,697</b>
<b>Enterprise Funds:</b>											
Aviation	\$203,739	\$321,917	\$-	\$3,423	\$27,140	\$501,939	\$204,367	\$39,971	\$78,013	\$322,351	\$179,588
Water	146,647	358,621	-	24,000	19,026	510,242	178,320	74,706	111,044	364,070	146,172
Wastewater	161,006	231,790	-	-	23,633	369,163	91,471	40,863	70,900	203,234	165,929
Solid Waste	49,532	140,143	-	-	8,748	180,927	114,826	13,650	12,836	141,312	39,615
Convention Center	48,796	23,030	-	37,560	1,893	107,493	47,210	1,351	18,594	67,155	40,338
Golf Course	(10,018)	5,922	-	-	253	(4,349)	8,299	-	-	8,299	(12,648) <sup>3</sup>
<b>Total Enterprise Funds</b>	<b>\$599,702</b>	<b>\$1,081,423</b>	<b>\$-</b>	<b>\$64,983</b>	<b>\$80,693</b>	<b>\$1,665,415</b>	<b>\$644,493</b>	<b>\$170,541</b>	<b>\$291,387</b>	<b>\$1,106,421</b>	<b>\$558,994</b>
<b>GRAND TOTAL</b>	<b>\$1,063,514</b>	<b>\$3,046,339</b>	<b>\$5,100</b>	<b>\$1,249,810</b>	<b>\$1,249,696</b>	<b>\$4,115,067</b>	<b>\$2,219,838</b>	<b>\$318,174</b>	<b>\$556,951</b>	<b>\$3,094,963</b>	<b>\$1,020,104</b>

<sup>1</sup>General fund sales tax revenue is reflected as a transfer from the excise tax fund. Total transfer equates to \$652.0 million, and is included in the General Funds revenue total of \$961.0 million shown on Schedule 2.

<sup>2</sup>The dedicated public safety funds have been severely impacted by declines in sales tax revenues. In November 2010, the Mayor and City Council adopted a plan to balance Fire by June 30, 2014 and Police by June 30, 2015.

<sup>3</sup>The Parks Department is exploring various ideas, including alternative operating structures, to correct the negative fund balance in the Golf Course Fund.



**2011-12 SCHEDULE 1: RESOURCES AND EXPENDITURES BY FUND**  
**BUDGET**  
(In Thousands of Dollars)

	Resources						Expenditures				Ending Fund Balances
	Beginning Fund Balances	Revenue	Recovery	Fund Transfer To	Fund Transfer From	Total	Operating	Capital	Debt Service	Total	
<b>General Funds:</b>											
General	\$74,413	\$270,154	\$1,500	\$709,986	\$122,391	\$933,662	\$929,929	\$3,733	\$-	\$933,662	\$-
Parks and Recreation	-	16,723	-	72,844	-	89,567	89,567	-	-	89,567	-
Library	-	1,256	-	34,021	-	35,277	35,277	-	-	35,277	-
Cable Communications	-	9,566	-	-	5,224	4,342	4,342	-	-	4,342	-
<b>Total General Funds</b>	\$74,413	\$297,699	\$1,500	\$816,851	\$127,615	\$1,062,848	\$1,059,115	\$3,733	\$-	\$1,062,848	\$-
<b>Special Revenue Funds:</b>											
Excise Tax	\$-	\$966,785	\$-	\$-	\$966,785	\$-	\$-	\$-	\$-	\$-	\$-
Neighborhood Protection-Police	(9,389)	(162)	-	18,837	132	9,154	19,758	-	-	19,758	(10,604) <sup>2</sup>
Neighborhood Protection-Fire	(3,704)	(60)	-	6,726	8	2,954	7,314	-	-	7,314	(4,360) <sup>2</sup>
Neighborhood Protection-Block Watch	1,716	270	-	1,345	2	3,329	1,200	-	-	1,200	2,129
2007 Public Safety Expansion-Police	(151)	100	-	43,012	290	42,671	48,830	-	-	48,830	(6,159) <sup>2</sup>
2007 Public Safety Expansion-Fire	(487)	40	-	10,754	53	10,254	13,968	-	-	13,968	(3,714) <sup>2</sup>
Public Safety Enhancement-Police	(3,949)	-	-	15,257	55	11,253	19,815	-	-	19,815	(8,562) <sup>2</sup>
Public Safety Enhancement-Fire	(5,362)	-	-	9,354	-	3,992	11,242	-	-	11,242	(7,250) <sup>2</sup>
Parks and Preserves	37,811	600	400	26,910	33	65,688	2,002	46,534	-	48,536	17,152
Transit 2000	222,810	52,326	2,000	112,114	48,932	340,318	160,503	16,426	-	176,929	163,389
Court Awards	1,946	11,425	-	-	-	13,371	11,434	-	-	11,434	1,937
Development Services	12,332	33,100	-	-	2,930	42,502	31,227	66	-	31,293	11,209
Capital Construction	8,553	125	400	17,377	-	26,455	205	26,250	-	26,455	-
Sports Facilities	27,039	395	-	14,386	184	41,636	1,840	-	23,295	25,135	16,501
Arizona Highway User Revenue	19,283	91,126	800	450	-	111,659	44,528	44,485	22,001	111,014	645
Regional Transit	6,468	28,864	-	-	4,474	30,858	20,487	8,766	-	29,253	1,605
Community Reinvestment	9,120	3,854	-	-	3,721	9,253	333	4,400	-	4,733	4,520
Secondary Property Tax	100	99,757	-	-	-	99,857	-	-	99,757	99,757	100
Impact Fee Program											
Administration	223	203	-	-	-	426	378	-	-	378	48
Regional Wireless Cooperative	532	3,622	-	-	-	4,154	3,630	-	-	3,630	524
City Improvement	701	-	-	63,873	-	64,574	-	-	63,873	63,873	701
Other Restricted Funds	27,170	27,056	-	4,565	850	57,941	32,298	16,140	-	48,438	9,503
Grant Funds	33,935	300,835	-	-	374	334,396	255,712	61,235	-	316,947	17,449
<b>Total Special Revenue Funds</b>	\$386,697	\$1,620,261	\$3,600	\$344,960	\$1,028,823	\$1,326,695	\$686,704	\$224,302	\$208,926	\$1,119,932	\$206,763
<b>Enterprise Funds:</b>											
Aviation	\$179,588	\$329,036	\$-	\$-	\$5,673	\$502,951	\$224,183	\$54,721	\$82,070	\$360,974	\$141,977
Water	146,172	366,646	-	4,000	22,345	494,473	198,537	113,158	115,623	427,318	67,155
Wastewater	165,929	230,882	-	-	10,287	386,524	96,549	73,558	93,665	263,772	122,752
Solid Waste	39,615	142,568	-	-	6,754	175,429	130,439	14,682	14,726	159,847	15,582
Convention Center	40,338	17,706	-	39,685	2,360	95,369	49,971	2,167	19,192	71,330	24,039
Golf Course	(12,648)	6,130	-	-	253	(6,771)	8,391	-	1	8,392	(15,163) <sup>3</sup>
<b>Total Enterprise Funds</b>	\$558,994	\$1,092,968	\$-	\$43,685	\$47,672	\$1,647,975	\$708,070	\$258,286	\$325,277	\$1,291,633	\$356,342
<b>GRAND TOTAL</b>	\$1,020,104	\$3,010,928	\$5,100	\$1,205,496	\$1,204,110	\$4,037,518	\$2,453,889	\$486,321	\$534,203	\$3,474,413	\$563,105

<sup>1</sup>General fund sales tax revenue is reflected as a transfer from the excise tax fund. Total transfer equates to \$650.9 million, and is included in the General Funds revenue total of \$948.6 million shown on Schedule 2.

<sup>2</sup>The dedicated public safety funds have been severely impacted by declines in sales tax revenues. In November 2010, the Mayor and City Council adopted a plan to balance Fire by June 30, 2014 and Police by June 30, 2015.

<sup>3</sup>The Parks Department is exploring various ideas, including alternative operating structures, to correct the negative fund balance in the Golf Course Fund.



**SCHEDULE 2: REVENUES BY MAJOR SOURCE**  
(In Thousands of Dollars)

Revenue Source	2009-10 Actual	2010-11 Estimate	Increase/(Decrease) From 2009-10 Estimate		2011-12 Budget	Increase/(Decrease) From 2010-11 Estimate	
			Amount	Percent		Amount	Percent
<b>GENERAL FUNDS</b>							
<b>Local Sales Taxes and Related Fees</b>	\$355,589	\$395,275	\$39,686	11.2%	\$414,906	\$19,631	5.0%
<b>State-Shared Revenues</b>							
Sales Tax <sup>1</sup>	106,916	110,137	3,221	3.0%	110,696	559	0.5%
State Income Tax <sup>1</sup>	190,546	143,647	(46,899)	(24.6%)	122,065	(21,582)	(15.0%)
Vehicle License Tax	49,500	48,500	(1,000)	(2.0%)	48,045	(455)	(0.9%)
Subtotal	\$346,962	\$302,284	\$(44,678)	(12.9%)	\$280,806	\$(21,478)	(7.1%)
<b>Primary Property Tax</b>	\$121,366	\$131,100	\$9,734	8.0%	\$126,763	\$(4,337)	(3.3%)
<b>User Fees/Other Revenue</b>							
Licenses & Permits	2,869	3,098	229	8.0%	3,270	172	5.6%
Cable Communications	9,330	9,566	236	2.5%	9,566	–	0.0%
Fines and Forfeitures	20,215	20,761	546	2.7%	20,759	(2)	0.0%
Court Default Fee	1,110	1,100	(10)	(0.9%)	1,100	–	0.0%
Fire	41,538	46,163	4,625	11.1%	47,911	1,748	3.8%
Hazardous Materials Inspection Fee	1,297	1,300	3	0.2%	1,300	–	0.0%
Library Fees	1,349	1,238	(111)	(8.2%)	1,256	18	1.5%
Parks and Recreation	6,813	7,177	364	5.3%	7,103	(74)	(1.0%)
Planning	999	1,002	3	0.3%	993	(9)	(0.9%)
Police	15,681	16,371	690	4.4%	12,598	(3,773)	(23.0%)
Street Transportation	5,159	6,360	1,201	23.3%	5,124	(1,236)	(19.4%)
Other Service Charges	12,481	12,780	299	2.4%	12,813	33	0.3%
Other	3,757	5,376	1,619	43.1%	2,368	(3,008)	(56.0%)
Subtotal	\$122,598	\$132,292	\$9,694	7.9%	\$126,161	\$(6,131)	(4.6%)
<b>Total General Funds</b>	<b>\$946,515</b>	<b>\$960,951</b>	<b>\$14,436</b>	<b>1.5%</b>	<b>\$948,636</b>	<b>\$(12,315)</b>	<b>(1.3%)</b>

<sup>1</sup>Includes the impact of the 2010 Census which decreases the city's population percentage from 30.33% to 28.78% for state shared sales tax and from 30.30% to 28.75% for state shared income tax, effective 2011-12.







**SCHEDULE 2: REVENUES BY MAJOR SOURCE (Continued)**  
(In Thousands of Dollars)

Revenue Source	2009-10 Actual	2010-11 Estimate	Increase/(Decrease) From 2009-10 Estimate		2011-12 Budget	Increase/(Decrease) From 2010-11 Estimate	
			Amount	Percent		Amount	Percent
<b>SPECIAL REVENUE FUNDS</b>							
Neighborhood Protection	\$21,550	\$25,505	\$3,955	18.4%	\$26,956	\$1,451	5.7%
2007 Public Safety Expansion	43,493	50,978	7,485	17.2%	53,906	2,928	5.7%
Public Safety Enhancement	23,978	24,012	34	0.1%	24,611	599	2.5%
Parks and Preserves	24,280	26,015	1,735	7.1%	27,510	1,495	5.7%
Transit 2000	139,002	153,287	14,285	10.3%	159,966	6,679	4.4%
Court Awards	5,179	4,707	(472)	(9.1%)	11,425	6,718	142.7%
Development Services	28,168	31,000	2,832	10.1%	33,100	2,100	6.8%
Capital Construction	17,683	16,951	(732)	(4.1%)	17,502	551	3.3%
Sports Facilities	13,615	13,868	253	1.9%	14,781	913	6.6%
Arizona Highway User Revenue	104,745	105,632	887	0.8%	91,126	(14,506)	(13.7%)
Local Transportation Assistance <sup>1</sup>	3,771	–	(3,771)	(100.0%)	–	–	NA
Regional Transit Revenues	58,096	47,126	(10,970)	(18.9%)	28,864	(18,262)	(38.8%)
Community Reinvestment	2,748	7,375	4,627	168.4%	3,854	(3,521)	(47.7%)
Secondary Property Tax	200,977	156,041	(44,936)	(22.4%)	99,757	(56,284)	(36.1%)
Regional Wireless Cooperative	99	2,050	1,951	1968.6%	3,622	1,572	76.7%
Impact Fee Program Administration	301	159	(142)	(47.2%)	203	44	27.7%
Other Restricted Revenues	25,208	28,260	3,052	12.1%	31,621	3,361	11.9%
<u>Grants</u>							
Public Housing Grants	86,034	96,490	10,456	12.2%	82,230	(14,260)	(14.8%)
Human Services Grants	43,805	44,172	367	0.8%	42,766	(1,406)	(3.2%)
Community Development	18,897	20,529	1,632	8.6%	34,665	14,136	68.9%
Criminal Justice	12,597	15,809	3,212	25.5%	11,713	(4,096)	(25.9%)
Public Transit Grants	12,617	21,401	8,784	69.6%	9,983	(11,418)	(53.4%)
Other Grants	56,156	75,038	18,882	33.6%	119,478	44,440	59.2%
Subtotal - Grants	\$230,106	\$273,439	\$43,333	18.8%	\$300,835	\$27,396	10.0%
<b>Subtotal Special Revenue Funds</b>	<b>\$942,999</b>	<b>\$966,405</b>	<b>\$23,406</b>	<b>2.5%</b>	<b>\$929,639</b>	<b>\$(36,766)</b>	<b>(3.8%)</b>
<b>ENTERPRISE FUNDS</b>							
Aviation	308,088	321,917	13,829	4.5%	329,036	7,119	2.2%
Water System	345,587	358,621	13,034	3.8%	366,646	8,025	2.2%
Wastewater System	223,079	231,790	8,711	3.9%	230,882	(908)	(0.4%)
Solid Waste	138,906	140,143	1,237	0.9%	142,568	2,425	1.7%
Convention Center	52,406	60,590	8,184	15.6%	57,391	(3,199)	(5.3%)
Golf Courses	5,552	5,922	370	6.7%	6,130	208	3.5%
<b>Subtotal Enterprise Funds</b>	<b>\$1,073,618</b>	<b>\$1,118,983</b>	<b>\$45,365</b>	<b>4.2%</b>	<b>\$1,132,653</b>	<b>\$13,670</b>	<b>1.2%</b>
<b>GRAND TOTAL</b>	<b>\$2,963,132</b>	<b>\$3,046,339</b>	<b>\$83,207</b>	<b>2.8%</b>	<b>\$3,010,928</b>	<b>\$(35,411)</b>	<b>(1.2%)</b>

<sup>1</sup>In April 2010 the Legislature passed a bill permanently sweeping the Local Transportation Assistance Fund.





**SCHEDULE 3: EXPENDITURES BY DEPARTMENT <sup>1</sup>**  
**(In Thousands of Dollars)**

Program	2009-10 Actual	2010-11		2011-12 Budget	Percent Change from 2010-11	
		Budget	Estimate		Budget	Estimate
<b>General Government</b>						
Mayor	\$1,842	\$1,598	\$1,438	\$1,438	(10.1%)	(0.1%)
City Council	3,602	3,344	3,354	3,323	(0.6%)	(0.9%)
City Manager	2,314	2,230	2,204	2,289	2.6%	3.9%
Government Relations	1,408	1,218	1,234	1,321	8.5%	7.1%
Public Information <sup>5</sup>	2,985	2,559	2,660	2,625	2.6%	(1.3%)
City Auditor	2,509	3,058	2,948	2,575	(15.8%)	(12.6%)
Equal Opportunity	3,060	2,774	2,717	2,690	(3.0%)	(1.0%)
Human Resources	12,644	11,059	10,609	11,730	6.1%	10.6%
Phoenix Employment Relations Board	103	101	134	162	60.8%	20.6%
Regional Wireless Cooperative	—	—	3,537	3,630	—	2.6%
Retirement Systems	—	—	—	—	—	—
Law	4,099	3,922	3,871	3,963	1.0%	2.4%
Information Technology	3,296	5,739	4,269	33,956	+100.0%	+100.0%
City Clerk and Elections	4,983	4,939	4,653	6,293	27.4%	35.2%
Finance	21,582	22,361	21,597	19,844	(11.3%)	(8.1%)
Budget and Research	2,827	2,930	3,177	3,191	8.9%	0.4%
<b>Total General Government</b>	<b>\$67,254</b>	<b>\$67,832</b>	<b>\$68,402</b>	<b>\$99,030</b>	<b>46.0%</b>	<b>44.8%</b>
<b>Public Safety</b>						
Police <sup>6</sup>	\$546,307	\$539,778	\$534,099	\$548,323	1.6%	2.7%
Fire	269,117	274,923	263,232	269,490	(2.0%)	2.4%
Emergency Management	618	576	525	481	(16.5%)	(8.4%)
<b>Total Public Safety</b>	<b>\$816,042</b>	<b>\$815,277</b>	<b>\$797,856</b>	<b>\$818,294</b>	<b>0.4%</b>	<b>2.6%</b>
<b>Criminal Justice</b>						
Municipal Court	\$38,096	\$42,110	\$39,767	\$40,847	(3.0%)	2.7%
City Prosecutor	16,112	16,321	16,421	16,079	(1.5%)	(2.1%)
Public Defender	4,536	4,657	4,659	4,708	1.1%	1.1%
<b>Total Criminal Justice</b>	<b>\$58,744</b>	<b>\$63,088</b>	<b>\$60,847</b>	<b>\$61,634</b>	<b>(2.3%)</b>	<b>1.3%</b>
<b>Transportation</b>						
Street Transportation <sup>2</sup>	\$63,352	\$65,584	\$66,746	\$70,408	7.4%	5.5%
Aviation	194,786	204,493	203,908	209,686	2.5%	2.8%
Public Transit	247,094	244,271	238,486	247,576	1.4%	3.8%
<b>Total Transportation</b>	<b>\$505,232</b>	<b>\$514,348</b>	<b>\$509,140</b>	<b>\$527,670</b>	<b>2.6%</b>	<b>3.6%</b>



**SCHEDULE 3: EXPENDITURES BY DEPARTMENT <sup>1</sup> (Continued)**  
**(In Thousands of Dollars)**

Program	2009-10 Actual	2010-11		2011-12 Budget	Percent Change from 2010-11	
		Budget	Estimate		Budget	Estimate
<b>Community Development</b>						
Planning and Development Services <sup>5</sup>	\$32,813	\$35,984	\$33,048	\$33,602	(6.6%)	1.7%
Housing	73,670	82,881	77,264	75,136	(9.3%)	(2.8%)
Community and Economic Development	25,899	24,787	30,303	26,859	8.4%	(11.4%)
Neighborhood Services <sup>5</sup>	41,471	105,802	48,914	110,429	4.4%	+100.0%
<b>Total Community Development</b>	<b>\$173,853</b>	<b>\$249,454</b>	<b>\$189,529</b>	<b>\$246,026</b>	<b>(1.4%)</b>	<b>29.8%</b>
<b>Community Enrichment</b>						
Parks and Recreation	\$96,854	\$97,515	\$93,297	\$96,395	(1.1%)	3.3%
Library <sup>5</sup>	33,709	35,379	34,527	36,070	2.0%	4.5%
Golf	7,926	8,697	8,299	8,341	(4.1%)	0.5%
Phoenix Convention Center	46,345	51,308	47,652	47,497	(7.4%)	(0.3%)
Human Services <sup>5</sup>	62,833	58,858	63,033	62,377	6.0%	(1.0%)
Office of Arts and Culture	1,249	1,075	1,101	842	(21.7%)	(23.6%)
<b>Total Community Enrichment</b>	<b>\$248,916</b>	<b>\$252,832</b>	<b>\$247,909</b>	<b>\$251,522</b>	<b>(0.5%)</b>	<b>1.5%</b>
<b>Environmental Services</b>						
Water	\$250,747	\$286,986	\$268,152	\$280,039	(2.4%)	4.4%
Solid Waste Management	111,429	121,873	114,826	126,439	3.7%	10.1%
Public Works <sup>2</sup>	22,906	29,230	19,745	21,261	(27.3%)	7.7%
Environmental Programs	1,277	1,356	1,508	1,407	3.8%	(6.7%)
<b>Total Environmental Services</b>	<b>\$386,359</b>	<b>\$439,445</b>	<b>\$404,231</b>	<b>\$429,146</b>	<b>(2.3%)</b>	<b>6.2%</b>
<b>Contingencies<sup>3</sup></b>	<b>\$-</b>	<b>\$98,450</b>	<b>\$-</b>	<b>\$4,440</b>	<b>(14.2%)</b>	<b>-</b>
<b>Innovation and Efficiency Savings<sup>4</sup></b>	<b>\$-</b>	<b>\$(6,951)</b>	<b>\$-</b>	<b>\$-</b>	<b>-</b>	<b>-</b>
<b>GRAND TOTAL</b>	<b>\$2,256,400</b>	<b>\$2,493,775</b>	<b>\$2,277,914</b>	<b>\$2,517,762</b>	<b>1.0%</b>	<b>10.5%</b>

<sup>1</sup>For purposes of this schedule, department budget allocations include Grants and City Improvement debt service payments.

<sup>2</sup>Engineering and Architectural Services was consolidated as part of the 2010-11 budget cuts. Fiber Optic and Cable utilities are now included in Street Transportation. Engineering and Architectural Services is now part of Public Works and Street Transportation.

<sup>3</sup>The General Fund contingency includes a \$2 million set aside for Fire and \$50 thousand for Neighborhood Services.

<sup>4</sup>The Innovation and Efficiency Task Force was created in January 2010 and given the goal of achieving \$10 million in savings from April 2010 through June 2011. As of May 2010, \$3,049,000 in savings was identified. The remaining \$6,951,000 was identified after the 2010-11 budget was adopted.

<sup>5</sup>The following consolidations were implemented mid-year in the 2010-11 citywide reorganization: Family Advocacy with Human Services; Historic Preservation with Planning and Development; International and Sister Cities with Community and Economic Development; and portions of Education and Youth with Library Services, Neighborhood Services and Public Information.

<sup>6</sup>The Office of the Public Safety Manager is shown combined with the Police Department through 2010-11. The Public Safety Manager is eliminated in 2011-12 and the administrative position assigned to this office is assigned to the Police Department.



**SCHEDULE 4: EXPENDITURES BY DEPARTMENT  
BY SOURCE OF FUNDS INCLUDING BUDGET CHANGES  
(In Thousands of Dollars)**

Program	2011-12	Recommended Changes	Total	General Funds	Enterprise Funds	Special Revenue Funds <sup>1</sup>
<b>General Government</b>						
Mayor	\$1,438	\$-	\$1,438	\$1,428	\$-	\$10
City Council	3,323	-	3,323	3,323	-	-
City Manager	2,289	-	2,289	1,973	316	-
Government Relations	1,343	(22)	1,321	1,321	-	-
Public Information <sup>4</sup>	2,575	50	2,625	2,319	-	306
City Auditor	2,575	-	2,575	2,575	-	-
Equal Opportunity	2,690	-	2,690	2,287	-	403
Human Resources	11,098	632	11,730	11,008	-	722
Phoenix Employment Relations Board	162	-	162	162	-	-
Regional Wireless Cooperative	3,630	-	3,630	-	-	3,630
Retirement Systems	-	-	-	-	-	-
Law	3,963	-	3,963	3,963	-	-
Information Technology	34,423	(467)	33,956	32,872	343	741
City Clerk and Elections	6,313	(20)	6,293	6,268	-	25
Finance	19,844	-	19,844	17,160	2,159	525
Budget and Research	3,191	-	3,191	3,191	-	-
<b>Total General Government</b>	<b>\$98,856</b>	<b>\$173</b>	<b>\$99,030</b>	<b>\$89,850</b>	<b>\$2,818</b>	<b>\$6,362</b>
<b>Public Safety</b>						
Police <sup>5</sup>	\$549,501	\$(1,178)	\$548,323	428,454	684	119,185
Fire	270,035	(545)	269,490	226,892	-	42,598
Emergency Management	489	(8)	481	30	-	451
<b>Total Public Safety</b>	<b>\$820,025</b>	<b>\$(1,731)</b>	<b>\$818,294</b>	<b>\$655,376</b>	<b>\$684</b>	<b>\$162,234</b>
<b>Criminal Justice</b>						
Municipal Court	\$41,007	\$(160)	\$40,847	\$30,954	\$-	\$9,893
City Prosecutor	16,180	(101)	16,079	14,272	-	1,807
Public Defender	4,732	(24)	4,708	4,708	-	-
<b>Total Criminal Justice</b>	<b>\$61,919</b>	<b>\$(285)</b>	<b>\$61,634</b>	<b>\$49,934</b>	<b>\$-</b>	<b>\$11,700</b>
<b>Transportation</b>						
Street Transportation <sup>2</sup>	\$70,393	\$15	\$70,408	\$22,527	\$-	\$47,881
Aviation	210,031	(345)	209,686	-	209,686	-
Public Transit	247,609	(33)	247,576	19,232	-	228,344
<b>Total Transportation</b>	<b>\$528,033</b>	<b>\$(363)</b>	<b>\$527,670</b>	<b>\$41,759</b>	<b>\$209,686</b>	<b>\$276,225</b>



**SCHEDULE 4: EXPENDITURES BY DEPARTMENT  
BY SOURCE OF FUNDS INCLUDING BUDGET CHANGES (Continued)  
(In Thousands of Dollars)**

Program	2011-12	Recommended Changes	Total	General Funds	Enterprise Funds	Special Revenue Funds <sup>1</sup>
<b>Community Development</b>						
Planning and Development Services <sup>4</sup>	\$33,586	\$16	\$33,602	\$4,995	\$-	\$28,607
Housing	75,136	-	75,136	57	-	75,079
Community and Economic Development	26,910	(51)	26,859	4,886	1,089	20,884
Neighborhood Services <sup>4</sup>	110,332	97	110,429	11,532	-	98,897
<b>Total Community Development</b>	<b>\$245,964</b>	<b>\$62</b>	<b>\$246,026</b>	<b>\$21,470</b>	<b>\$1,089</b>	<b>\$223,467</b>
<b>Community Enrichment</b>						
Parks and Recreation	\$96,379	\$16	\$96,395	\$89,567	\$239	\$6,589
Library <sup>4</sup>	35,006	1,064	36,070	35,277	-	793
Golf	8,341	-	8,341	-	8,341	-
Phoenix Convention Center	47,481	16	47,497	1,307	45,595	595
Human Services <sup>4</sup>	62,388	(11)	62,377	18,493	250	43,634
Office of Arts and Culture	842	-	842	814	-	28
<b>Total Community Enrichment</b>	<b>\$250,437</b>	<b>\$1,085</b>	<b>\$251,522</b>	<b>\$145,458</b>	<b>\$54,425</b>	<b>\$51,639</b>
<b>Environmental Services</b>						
Water	\$280,017	\$22	\$280,039	\$-	\$278,154	\$1,885
Solid Waste Management	126,415	24	126,439	-	126,439	-
Public Works <sup>2</sup>	21,941	(680)	21,261	16,400	-	4,861
Environmental Programs	1,407	-	1,407	978	225	204
<b>Total Environmental Services</b>	<b>\$429,780</b>	<b>\$(634)</b>	<b>\$429,146</b>	<b>\$17,378</b>	<b>\$404,818</b>	<b>\$6,950</b>
<b>Contingencies<sup>3</sup></b>	<b>\$-</b>	<b>\$-</b>	<b>\$84,440</b>	<b>\$37,890</b>	<b>\$34,550</b>	<b>\$12,000</b>
<b>GRAND TOTAL</b>	<b>\$2,435,014</b>	<b>\$(1,693)</b>	<b>\$2,517,762</b>	<b>\$1,059,115</b>	<b>\$708,070</b>	<b>\$750,577</b>

<sup>1</sup>For purposes of this schedule, department budget allocations include Grants and City Improvement debt service payments.

<sup>2</sup>Engineering and Architectural Services was consolidated as part of the 2010-11 budget cuts. Fiber Optic and Cable utilities are now included in Street Transportation. Engineering and Architectural Services is now part of Public Works and Street Transportation.

<sup>3</sup>The General Fund contingency includes a \$2 million set aside for Fire and \$50 thousand for Neighborhood Services.

<sup>4</sup>The following consolidations were implemented mid-year in the 2010-11 citywide reorganization: Family Advocacy with Human Services; Historic Preservation with Planning and Development; International and Sister Cities with Community and Economic Development; and portions of Education and Youth with Library Services, Neighborhood Services and Public Information.

<sup>5</sup>The Office of the Public Safety Manager is shown combined with the Police Department through 2010-11. The Public Safety Manager is eliminated in 2011-12 and the administrative position assigned to this office is assigned to the Police Department.



**SCHEDULE 5: DEBT SERVICE EXPENDITURES**  
**BY PROGRAM, SOURCE OF FUNDS AND TYPE OF EXPENDITURE <sup>2</sup>**  
**(In Thousands of Dollars)**

<b>Program</b>	2009-10 Actual	2010-11 Estimate	2011-12 Budget
Aviation	\$79,562	\$108,211	\$116,503
Cultural Facilities	8,813	9,542	13,124
Economic Development	30,081	40,556	43,482
Environmental Programs	360 <sup>1</sup>	682	806
Fire Protection	3,502 <sup>1</sup>	4,856	4,728 <sup>1</sup>
Freeway Mitigation	407 <sup>1</sup>	667	672
Golf	20	—	1
Historic Preservation	1,535	492	483
Human Services	703	843	677
Information Systems	765 <sup>1</sup>	3,107	3,207
Libraries	4,896	5,597	7,370
Local Streets/Street Improvements/Lighting	4,494 <sup>1</sup>	5,418 <sup>1</sup>	6,193
Maintenance Service Centers	522 <sup>1</sup>	920	930
Major Streets and Freeways	31,246	31,247	22,001
Municipal Administration Building	50 <sup>1</sup>	50 <sup>1</sup>	50 <sup>1</sup>
Neighborhood Preservation & Senior Services Centers	2,563	4,372	3,682
Parks & Recreation/Open Space	21,410	18,060	25,334
Phoenix Convention Center	18,592	20,316	19,192
Police, Fire, and Computer Tech	5,809	4,179 <sup>1</sup>	6,150
Police Protection	8,260	11,765	8,957
Public Housing	2,344	2,628	2,094
Public Transit	43,959	46,122	48,396
Solid Waste Disposal	12,791	12,836	14,726
Storm Sewer	26,364	25,473	31,959
Street Light Refinancing	261	167	306
Wastewater	69,743	70,900	93,665
Water	112,316	111,044	115,623
Early Redemption	88,059	36,942	(37,080)
General Government Nonprofit Corporation Bonds	28,145	11,880	15,405
Bond Issuance Costs	986	261	1,660
<b>Total Program</b>	<b>\$608,558</b>	<b>\$589,133</b>	<b>\$570,296</b>
<b>Type of Expenditure</b>			
Principal	\$294,952	\$245,061	\$196,520
Interest	308,921	337,208	368,814
Other	4,685	6,864	4,962
<b>Total Debt Service Expenditures</b>	<b>\$608,558</b>	<b>\$589,133</b>	<b>\$570,296</b>



**SCHEDULE 5: DEBT SERVICE EXPENDITURES**  
**BY PROGRAM, SOURCE OF FUNDS AND TYPE OF EXPENDITURE <sup>2</sup> (Continued)**  
(In Thousands of Dollars)

Program	2009-10 Actual	2010-11 Estimate	2011-12 Budget
<b>SOURCE OF FUNDS</b>			
<b>Operating Funds:</b>			
Secondary Property Tax	\$201,361	\$156,041	\$99,757
Sports Facilities	9,872	20,200	23,295
Arizona Highway User Revenue	31,246	31,247	22,001
City Improvement			
General	25,880	10,223	13,749
Housing	74	74	72
Transit 2000	43,959	46,122	48,396
Various Capital Funds <sup>3</sup>	2,265	1,657	1,656
Aviation	77,533	78,013	82,070
Convention Center	18,592	18,594	19,192
Golf	20	-	1
Solid Waste	12,790	12,836	14,726
Wastewater	69,743	70,900	93,665
Water	112,316	111,044	115,623
Subtotal Operating Funds	\$605,651	\$556,951	\$534,203
<b>Capital Funds:</b>			
Nonprofit Corporation Bonds			
Aviation	\$2,030	\$2,679	\$1,275
Convention Center	-	1,722	-
Other	-	150	410
Wastewater	124	-	700
Water	313	-	250
Passenger Facility Charges	-	27,631	33,158
2006 Bonds	440	-	-
Go Bond Capital Reserve	-	-	300
Subtotal Capital Funds	\$2,907	\$32,182	\$36,093
<b>Total Source of Funds</b>	<b>\$608,558</b>	<b>\$589,133</b>	<b>\$570,296</b>

<sup>1</sup>Interest only.

<sup>2</sup>Program costs are a combination of principal, interest and other debt related costs unless otherwise noted.

<sup>3</sup>Reflects transfer of various capital funds to City Improvement.



**SCHEDULE 6: CAPITAL IMPROVEMENT PROGRAM**  
**FINANCED FROM OPERATING FUNDS**  
**(In Thousands of Dollars)**

<b>Program</b>	2009-10 Actual	2010-11 Estimate	2011-12 Budget
Arts and Cultural Facilities	\$327	\$450	\$1,195
Aviation	13,219	38,957	53,590
Economic Development	1,136	6,118	6,545
Energy Conservation	1,494	6,044	17,747
Facilities Management	482	875	1,752
Historic Preservation	-	8	87
Housing	29,473	35,625	44,068
Information Technology	1,780	7,675	10,256
Libraries	568	408	1,455
Neighborhood Services	969	1,475	3,967
Parks, Recreation and Mountain Preserves	15,249	36,276	46,820
Phoenix Convention Center	1,179	1,351	2,212
Public Transit	3,617	4,825	26,179
Solid Waste Disposal	2,052	13,422	14,365
Street Transportation and Drainage	45,687	50,643	70,785
Wastewater	23,832	40,144	72,778
Water	58,476	73,878	112,520
<b>Total</b>	<b>\$199,540</b>	<b>\$318,174</b>	<b>\$486,321</b>





**SCHEDULE 6: CAPITAL IMPROVEMENT PROGRAM  
FINANCED FROM OPERATING FUNDS (Continued)  
(In Thousands of Dollars)**

Program	2009-10 Actual	2010-11 Estimate	2011-12 Budget
<b>SOURCE OF FUNDS</b>			
<b>General Funds:</b>			
General Funds	\$695	\$1,441	\$3,733
Library	1	-	-
<b>Total General Funds</b>	<b>\$696</b>	<b>\$1,441</b>	<b>\$3,733</b>
<b>Special Revenue Funds:</b>			
Parks and Preserves	\$14,843	\$36,182	\$46,534
Transit 2000	3,210	3,718	16,426
Development Services	35	2	66
Capital Construction	21,963	11,863	26,250
Arizona Highway Users	22,520	35,636	44,485
Public Transit	248	212	8,766
Community Reinvestment	1,136	6,116	4,400
Community Development Block Grants (CDBG)	624	983	3,310
Other Restricted	1,858	5,912	16,140
Grant Funds	32,497	45,568	57,925
<b>Total Special Revenue Funds</b>	<b>\$98,934</b>	<b>\$146,192</b>	<b>\$224,302</b>
<b>Enterprise Funds:</b>			
Aviation	\$13,607	\$39,971	\$54,721
Convention Center	1,018	1,351	2,167
Solid Waste	2,326	13,650	14,682
Wastewater	24,205	40,863	73,558
Water	58,754	74,706	113,158
<b>Total Enterprise Funds</b>	<b>\$99,910</b>	<b>\$170,541</b>	<b>\$258,286</b>
<b>Total Operating Funds</b>	<b>\$199,540</b>	<b>\$318,174</b>	<b>\$486,321</b>



**SCHEDULE 7: NET INTERFUND TRANSFERS TO THE GENERAL FUND**  
**(In Thousands of Dollars)**

	2009-10 Actual	2010-11 Estimate	2011-12	
			Budget	Increase/ (Decrease)
<b>TRANSFERS TO THE GENERAL FUND</b>				
<b>Enterprise Funds</b>				
Aviation				
Central Service Cost Allocation	\$5,037	\$4,364	\$5,673	\$1,309
Water Funds				
Central Service Cost Allocation	5,906	5,291	10,215	4,924
In Lieu Property Taxes	11,239	11,657	12,130	473
GO Bond Debt	15,923	2,050	—	(2,050)
Total	33,068	18,998	22,345	3,347
Wastewater Funds				
Central Service Cost Allocation	2,265	1,945	2,263	318
In Lieu Property Taxes	7,823	7,997	8,024	27
GO Bond Debt	6,394	13,677	—	(13,677)
Total	16,482	23,619	10,287	(13,332)
Solid Waste				
Central Service Cost Allocation	4,526	4,668	5,035	367
In Lieu Property Taxes	1,141	1,087	1,119	32
Go Bond Debt	2,358	2,373	—	(2,373)
Total	8,025	8,128	6,154	(1,974)
Convention Center				
Central Service Cost Allocation	2,154	1,725	2,277	552
Golf Courses				
Parks Administration	279	253	253	—
<b>Total from Enterprise Funds</b>	<b>\$65,045</b>	<b>\$57,087</b>	<b>\$46,989</b>	<b>\$(10,098)</b>



**SCHEDULE 7: NET INTERFUND TRANSFERS TO THE GENERAL FUND (Continued)**  
**(In Thousands of Dollars)**

	2009-10 Actual	2010-11 Estimate	2011-12	
			Budget	Increase/ (Decrease)
<b>Special Revenue Funds</b>				
Excise				
Transfer to General Fund	\$655,920	\$652,157	\$650,937	\$(1,220)
Development Services				
Central Service Cost Allocation	2,546	2,172	2,930	758
Sports Facilities				
Central Service Cost Allocation	111	105	105	—
Phoenix Union Parking Maintenance	79	79	79	—
Total	190	184	184	—
Public Housing - In Lieu Property Taxes	302	302	302	—
Know 99 Transfer	—	400	—	(400)
ASU Facilities Operations Fund	—	108	650	542
Downtown Community Reinvestment Fund	—	287	1,721	1,434
Capital Project Funds	7,800	—	—	—
T2000 Central Service Costs	—	—	407	407
Neighborhood Protection Central Service Costs	—	—	109	109
Public Safety Enhancement Central Service Costs	—	—	55	55
Public Safety Expansion Central Service Costs	—	—	278	278
Housing Central Office Central Service Costs	—	—	200	200
<b>Total from Special Revenue Funds</b>	<b>\$666,758</b>	<b>\$655,610</b>	<b>\$657,773</b>	<b>\$2,163</b>
<b>Total Transfers to the General Fund</b>	<b>\$731,803</b>	<b>\$712,697</b>	<b>\$704,762</b>	<b>\$(7,935)</b>
<b>Transfers from the General Fund</b>				
Public Safety Fund Balancing	—	15,000	—	(15,000)
Arizona Highway User Revenue Reimbursement	—	78	450	372
Regional Wireless Cooperative	—	1,814	—	(1,814)
Retiree Rate Stabilization Fund	1,020	1,026	1,029	3
Infrastructure Repayment Agreements	1,164	482	298	(184)
City Improvement	25,880	10,223	13,749	3,526
<b>Total Transfers from the General Fund</b>	<b>\$28,064</b>	<b>\$28,623</b>	<b>\$15,526</b>	<b>\$(13,097)</b>
<b>Net Transfers to the General Fund</b>	<b>\$703,739</b>	<b>\$684,074</b>	<b>\$689,236</b>	<b>\$5,162</b>



**SCHEDULE 8: POSITIONS BY DEPARTMENT**  
**Number of Full-Time Equivalent Positions**

Program	2009-10 Actual	2010-11 Estimate	<sup>1</sup> Additions/Reductions		2011-12 Allowances Ending June 30, 2012 Authorized
			2010-11	2011-12	
<b>General Government</b>					
Mayor	13.5	13.5	(2.0)	–	11.5
City Council	40.0	38.0	(8.0)	–	30.0
City Manager	19.0	19.0	(1.0)	–	18.0
Government Relations	5.0	5.0	1.0	–	6.0
Public Information	27.2	27.2	(3.7)	–	23.5
City Auditor	26.5	26.5	–	–	26.5
Equal Opportunity	25.0	25.0	1.0	–	26.0
Human Resources	79.6	79.6	(2.5)	16.0	93.1
Phoenix Employment Relations Board	1.0	1.0	–	–	1.0
Retirement Systems	14.0	14.0	–	–	14.0
Law	210.0	210.0	(6.0)	(1.0)	203.0
Information Technology	202.0	202.0	(11.0)	(9.0)	182.0
City Clerk and Elections	72.0	72.0	(5.0)	(1.0)	66.0
Finance	266.8	266.8	(17.6)	(1.0)	248.2
Budget and Research	27.0	27.0	(1.0)	–	26.0
Regional Wireless Cooperative	5.0	5.0	(1.0)	–	4.0
<b>Total General Government</b>	<b>1,033.6</b>	<b>1,031.6</b>	<b>(56.8)</b>	<b>4.0</b>	<b>978.8</b>
<b>Public Safety</b>					
Police <sup>2</sup>	4,827.7	4,827.7	(331.0)	(19.0)	4,477.7
Fire	2,066.2	2,066.2	(58.0)	(4.7)	2,003.5
Emergency Management	6.0	6.0	(1.0)	–	5.0
<b>Total Public Safety</b>	<b>6,899.9</b>	<b>6,899.9</b>	<b>(390.0)</b>	<b>(23.7)</b>	<b>6,486.2</b>
<b>Criminal Justice</b>					
Municipal Court	318.4	318.4	(3.0)	(1.0)	314.4
Public Defender	9.0	9.0	–	–	9.0
<b>Total Criminal Justice</b>	<b>327.4</b>	<b>327.4</b>	<b>(3.0)</b>	<b>(1.0)</b>	<b>323.4</b>
<b>Transportation</b>					
Street Transportation	719.0	719.0	(52.0)	–	667.0
Aviation	850.7	869.7	(28.7)	11.0	852.0
Public Transit	112.0	112.0	29.5	(2.0)	139.5
<b>Total Transportation</b>	<b>1,681.7</b>	<b>1,700.7</b>	<b>(51.2)</b>	<b>9.0</b>	<b>1,658.5</b>



**SCHEDULE 8: POSITIONS BY DEPARTMENT**  
**Number of Full-Time Equivalent Positions (Continued)**

Program	2009-10 Actual	2010-11 Estimate	<sup>1</sup> Additions/Reductions		2011-12 Allowances Ending June 30, 2012 Authorized
			2010-11	2011-12	
<b>Community Development</b>					
Planning and Development	249.0	249.0	2.0	(2.0)	249.0
Housing	187.2	187.2	5.0	(1.0)	191.2
Community and Economic Development	102.0	101.0	4.0	–	105.0
Neighborhood Services	212.5	212.5	8.0	(3.0)	217.5
<b>Total Community Development</b>	<b>750.7</b>	<b>749.7</b>	<b>19.0</b>	<b>(6.0)</b>	<b>762.7</b>
<b>Community Enrichment</b>					
Parks and Recreation	1,028.3	1,029.0	(28.6)	(1.0)	999.4
Library	330.0	332.0	4.8	19.8	356.6
Golf	95.4	95.4	–	–	95.4
Phoenix Convention Center	278.3	278.3	(2.3)	(3.0)	273.0
Human Services	458.0	458.0	(42.5)	0.8	416.3
Office of Arts and Culture	15.0	15.0	(3.0)	–	12.0
<b>Total Community Enrichment</b>	<b>2,205.0</b>	<b>2,207.7</b>	<b>(71.6)</b>	<b>16.6</b>	<b>2,152.7</b>
<b>Environmental Services</b>					
Water Services	1,527.1	1,524.1	(27.0)	(1.0)	1,496.1
Solid Waste Management	614.0	614.0	(3.7)	–	610.3
Public Works	567.4	567.4	(48.4)	(1.0)	518.0
Environmental Programs	14.0	14.0	(1.0)	–	13.0
<b>Total Environmental Services</b>	<b>2,722.5</b>	<b>2,719.5</b>	<b>(80.1)</b>	<b>(2.0)</b>	<b>2,637.4</b>
<b>TOTAL</b>	<b>15,620.8</b>	<b>15,636.5</b>	<b>(633.7)</b>	<b>(3.1)</b>	<b>14,999.7</b>

<sup>1</sup>Additions/Reductions reflect the combined total of budget reductions, budget additions and new positions associated with opening new facilities.

<sup>2</sup>The Office of the Public Safety Manager is shown combined with the Police Department through 2010-11. The public safety manager position is eliminated in 2011-12 and the administrative position assigned to this office is assigned to the Police Department.





## Glossary

**Accrual Basis Accounting** – The most commonly used accounting method, which reports income when earned and expenses when incurred, as opposed to cash basis accounting, which reports income when received and expenses when paid. For the city's Comprehensive Annual Financial Report (CAFR), Phoenix recognizes grant revenues on a modified cash basis. Generally Accepted Accounting Principles (GAAP) recognizes grant revenues on an accrual basis.

**Appropriation** – An authorization granted by the City Council to make expenditures and to incur obligations for purposes specified in the appropriation ordinances. Three appropriation ordinances are adopted each year: 1) the operating funds ordinance, 2) the capital funds ordinance, and 3) the re-appropriated funds ordinance.

**Arizona Highway User Revenue (AHUR)** – Various gas tax and vehicle licensing fees imposed and collected by the state and shared with cities and towns. This revenue must be used for street or highway purposes.

**Balanced Budget** – Arizona law (Title 42 Arizona Revised Statutes) requires the City Council to annually adopt a balanced budget by purpose of public expense. State law defines this balanced budget as “the primary property tax levy, when added together with all other available resources, must equal these expenditures.” Therefore, no General Fund balances can be budgeted in reserve for subsequent fiscal years. Instead, an amount for contingencies (also commonly referred to as a “rainy day fund”) is included in the budget each year. The City Charter also requires an annual balanced budget. The Charter further requires that “the total of proposed expenditures shall not exceed the total of estimated income and fund balances.”

**Base Budget Allowances** – Funding for ongoing expenditures for personnel, commodities, contractual services and replacement of existing equipment previously authorized. The base budget allowance provides funding to continue previously authorized services and programs.

**Block Watch Fund** – This fund is the Block Watch portion of the Neighborhood Protection Fund. This fund is a portion of a voter-approved 0.1 percent sales tax increase approved in October 1993. Grant funds are awarded to communities for innovative methods to deter crime-related problems in their neighborhoods. The city disburses these funds through an annual application process.

**Bonds** – Debt instruments that require repayment of a specified principal amount on a certain date (maturity date), along with interest at a stated rate or according to a formula for determining the interest rate.

**Bond Rating** – An evaluation of a bond issuer's credit quality and perceived ability to pay the principal and interest on time and in full. Two agencies regularly review city bonds and generate bond ratings - Moody's Investors Service and Standard and Poor's Ratings Group.

**Budget** – A plan of financial operation for a specific time period (the city of Phoenix's adopted budget is for a fiscal year July 1 – June 30). The budget contains the estimated expenditures needed to continue the city's operations for the fiscal year and revenues anticipated to finance them.

**Capital Budget** – See Capital Improvement Program.

**Capital Funds** – Resources derived from issuance of bonds for specific purposes, related federal project grants and participation from other agencies used to finance capital expenditures.

**Capital Improvement Program (CIP)** – A plan for capital expenditures needed to maintain and expand the public infrastructure (for example, roads, sewers, water lines or parks). It projects these infrastructure needs for a set number of years and is updated annually to reflect the latest priorities, cost estimates or changing financial strategies. The first year of the adopted Capital Improvement Program becomes the Annual Capital Budget.

**Capital Outlay** – Items that cost more than \$5,000 and have a useful life of more than two years.

**Capital Project** – New facility, technology system, land acquisition or equipment acquisition, or improvements to existing facilities beyond routine maintenance. Capital projects are included in the Capital Improvement Program and become fixed assets.

**Carryover** – Expenditure originally planned for in the current fiscal year, but because of delays, is postponed to the following fiscal year.

**CDBG** – See Community Development Block Grant.

**Central Service Cost Allocation** – The method of distributing expenses for general staff and administrative overhead to the benefiting activity.

**CIP** – See Capital Improvement Program.

**City Connection** – Weekly employee newsletter containing information about the organization, news about employees, and personnel and benefits updates.

**City Manager's Budget** – See Preliminary Budget.

**City of Phoenix Employees' Retirement Systems (COPERS)** – A pension plan for full-time employees who retire from service with the city of Phoenix.





**Civic Improvement Corporation (CIC)** – Non-profit corporation established in 1973 as the main financing arm of the city of Phoenix to issue debt obligations secured by enterprise fund revenues or excise tax pledges.

**Commodities** – Consumable goods such as office supplies, repair and replacement parts, small tools and fuel, which are not of a capital nature.

**Community Development Block Grant (CDBG)** – Grant funds allocated by the federal government to the city of Phoenix to use for the prevention and removal of slum and blight, and to benefit low- and moderate-income persons. The city disburses these funds through an annual application process open to all nonprofit organizations and city departments.

**Comprehensive Annual Financial Report (CAFR)** – Official annual report of the city of Phoenix which includes statements of revenue, expenditures and changes in fund balances.

**Contingency** – An appropriation of funds to cover unforeseen events that occur during the fiscal year, such as flood emergencies, federal mandates shortfalls in revenue and similar eventualities.

**Contractual Services** – Expenditures for services performed by firms, individuals or other city departments.

**Council-Manager Form of Government** – An organizational structure in which the Mayor and City Council appoint an independent city manager to be the chief operating officer of a local government. In practice, a City Council sets policies and the city manager is responsible for implementing those policies effectively and efficiently.

**Court Awards Fund** – Revenues provided by court awards of confiscated property under both the federal and state organized crime acts. These funds are used for additional law enforcement activities in the Police and Law departments.

**Cycle Time** – The amount of time, from the customer's perspective, it takes to complete a defined task, process or service.

**Debt Service** – Payment of principal and interest on an obligation resulting from the issuance of bonds.

**Depreciation** – The decline in the value of an asset due to general wear and tear or obsolescence.

**DBE** – Disadvantaged Business Enterprise

**Encumbrance** – A reservation of funds to cover purchase orders, contracts or other funding commitments that are yet to be fulfilled. The budget basis of accounting considers an encumbrance to be the equivalent of expenditure.

**Enterprise Funds** – Funds that are accounted for in a manner similar to a private business. Enterprise funds usually recover their costs (including depreciation) through user fees. The city has five such self-supporting funds: Aviation, Water, Wastewater, Golf and Solid Waste. In addition, the Phoenix Convention Center Fund, which is primarily supported by earmarked excise taxes, uses enterprise fund accounting to provide for the periodic determination of net income.

**Estimate** – The most recent prediction of current year revenue and expenditures. Estimates are based upon several months of actual expenditure and revenue information and are prepared to consider the impact of unanticipated costs or other economic changes.

**Excise Tax Fund** – This fund is used to account for tax revenues ultimately pledged to pay principal and interest on various debt obligations. This fund includes local sales taxes, state-shared sales taxes, state-shared income taxes and sales tax license fees.

**Expenditures** – Refers to current cash operating expenses and encumbrances.

**Expenditure Limit** – See State Expenditure Limit

**Fiduciary Funds** – Funds used to account for assets held by the city of Phoenix as a trustee or agent. These funds cannot be used to support the city's own programs.

**Fiscal Year** – The city's charter designates July 1 to June 30 as the fiscal year.

**FTE** – See Full-Time Equivalent Position.

**Full-Time Equivalent Position (FTE)** – A position converted to the decimal equivalent of a full-time position based on 2,080 hours per year. For example, a part-time clerk working for 20 hours per week would be equivalent to one half of a full-time position or 0.5 FTE.

**Fund** – An independent governmental accounting entity with a self-balancing group of accounts including assets, liabilities and fund balance, which record all financial transactions for specific activities of government functions.

**Fund Balance** – As used in the budget, the excess of resources over expenditures. The beginning fund balance is the residual funds brought forward from the previous fiscal year.

**GAAP** – See Generally Accepted Accounting Principles.

**General Obligation Bonds (G.O. Bonds)** – Bonds that require voter approval and finance a variety of public capital projects such as streets, buildings, parks and improvements. The bonds are backed by the "full faith and credit" of the issuing government.

**General Funds** – Resources derived from taxes and fees that have unrestricted use, meaning they are not earmarked for specific purposes.

**Generally Accepted Accounting Principles (GAAP)** – Uniform minimum standards of financial accounting and reporting that govern the form and content of basic financial statements. The city's Comprehensive Annual Financial Report (CAFR) outlines adjustments needed to convert Phoenix's budget basis of accounting to a GAAP basis.







**GFOA** – Government Finance Officers Association

**Goal** – A statement of broad direction, purpose or intent based on the needs of the community. A goal is general and timeless; that is, it is not concerned with a specific achievement in a given time period.

**G. O. Bonds** – See General Obligation Bonds.

**Grant** – A contribution by one government unit or funding source to another. The contribution is usually made to aid in the support of a specified function (e.g., library materials or drug enforcement, but it is sometimes for general purposes).

**HUD** – U.S. Department of Housing and Urban Development

**Infrastructure** – Facilities that support the daily life and growth of the city, for example, roads, water lines, sewers, public buildings, parks and airports.

**Impact Fees** – Fees adopted by the City Council in 1987 requiring new development in the city's outlying planning areas to pay its proportional share of the costs associated with providing necessary public infrastructure.

**Improvement Districts** – Special assessment districts formed by property owners who desire and are willing to pay for mutually enjoyed improvements such as streets, sidewalks, sewers and lighting.

**In Lieu Property Taxes (or In Lieu Taxes)** – An amount charged to certain city enterprise and federally funded operations that equal the city property taxes that would be due on plant and equipment if these operations were for-profit companies. This includes the Water, Wastewater, Solid Waste and Public Housing funds.

**Levy** – See Tax Levy.

**Mandate** – Legislation passed by the state or federal government requiring action or provision of services and/or programs. Examples include the Americans with Disabilities Act, which requires actions such as physical facility improvements and provision of specialized transportation services.

**M/W/SBE** – Minority, Women, and Small Business Enterprise

**Modified Accrual Basis** – Method under which revenues are recognized in the period they become available and measurable, and expenditures are recognized in the period the associated liability is incurred. Most government accounting follows this method.

**Neighborhood Protection Fund** – This fund, also referred to as Proposition 301, is used to account for the funds generated by the 0.1 percent increase in the sales tax approved by voters in October 1993. The funds are to be used for the expansion of police, fire, and block watch programs. The breakdown of funding is as follows: Police 70 percent, Fire 25 percent and Block Watch 5 percent.

**Net Direct Debt Ratio** – The ratio between property tax-supported debt service and secondary-assessed valuation. The Net Direct Debt Ratio is one way to gauge the ability of a local property tax base to support general obligation debt service.

**Objective** – Desired output-oriented accomplishments that can be measured and achieved within a given time frame, and advance the activity and organization toward a corresponding goal.

**Operating Funds** – Resources derived from continuing revenue sources used to finance ongoing operating expenditures and “pay-as-you-go” capital projects.

**Ordinance** – A formal legislative enactment by the City Council. If it is not in conflict with any higher form of law, such as a state statute or constitutional provision, it has the full force and effect of law within the boundaries of the city.

**Outstanding Bonds** – Bonds not yet retired through principal and interest payments.

**Parks and Preserves Fund** – This fund is used to account for the funds generated by the 0.1 percent increase in the sales tax approved by voters in 1999 and reauthorized in 2008. The funds are to be used for the purchase of state trust lands for the Sonoran Desert Preserve Open Space, and the development of regional and neighborhood parks to enhance community safety and recreation.

**Pay-As-You-Go Capital Projects** – Capital projects whose funding comes from day-to-day city operating revenue sources.

**Percent-for-Art** – An ordinance that allocates up to 1 percent of the city's capital improvement budget to fund public art projects.

**Personal Services** – All costs related to compensating city employees including employee benefits costs such as contributions for retirement, social security, and health and industrial insurance. It also includes fees paid to elected officials, jurors, and election judges and clerks. It does not include fees for professional or other services.

**Plan Six Agreements** – Agreements to provide funding to accelerate the construction of the Waddell and Cliff dams, and modification of the Roosevelt and Stewart dams, for the benefit of the city of Phoenix. These benefits include the use of additional unappropriated water, controlling floods, improving the safety of existing dams, and providing new and improved recreational facilities.

**PLT** – See Privilege License Tax.

**Preliminary Budget** – A balanced budget presented to the City Council by the city manager (sometimes referred to as the City Manager's Budget) based upon an earlier Trial Budget, City Council and community feedback and/or changing economic forecasts. Any City Council changes to the Preliminary Budget are incorporated into the final adopted budget.

**Primary Property Tax** – A tax levy that can be used to support any public expense.

**Privilege License Tax (PLT)** – The city of Phoenix's local sales tax, made up of more than 14 general categories.

**Privilege License Tax Fees** – Includes fees charged for Privilege License Tax (PLT) licenses and the annual fee per apartment unit on the rental of non-transient lodging. Fees recover the costs associated with administering an efficient and equitable system. A PLT license allows the licensee the privilege to conduct taxable business activities and to collect and remit those taxes.





**Program** – A group of related activities performed by one or more organizational units.

**Property Tax** – A levy upon each \$100 of assessed valuation of property within the city of Phoenix. Arizona has two types of property taxes. Primary property taxes support the city's General Fund and secondary property taxes pay general obligation debt.

**Proposition 1** – See Public Safety Expansion Fund

**Proposition 301** – See Neighborhood Protection Fund

**Public Safety Enhancement Funds** – The Public Safety Enhancement funds are used to account for a 2.0 percent increment of the 2.7 percent sales tax on utilities with franchise agreements. The Police Public Safety Enhancement Fund is dedicated to Police and Emergency Management needs and receives 62 percent of the revenues generated. The Fire Public Safety Enhancement Fund is dedicated to Fire needs and receives 38 percent of the revenues generated.

**Public Safety Expansion Funds** – This fund is used to account for the 0.2 percent increase in sales tax approved by Phoenix voters in 2007. The funds will be used to add 500 police personnel and 100 firefighters to the City of Phoenix. The Police Department receives 80 percent of revenues, the Fire Department receives 20 percent.

**Reappropriated Funds** – Funds for contracts entered in a previous fiscal year but which are still in progress.

**Recoveries** – Canceled prior year encumbrances.

**Regional Wireless Cooperative (RWC)** – An independent, multi-jurisdictional organization that manages and operates a regional radio communications network built to seamlessly serve the interoperable communication needs of first responders and other municipal radio users in and around Central Arizona's Valley of the Sun.

**RPTA** – Regional Public Transportation Authority

**Resources** – Total amounts available for appropriation including estimated revenues, fund transfers and beginning fund balances.

**Restricted Funds** – See Special Revenue Fund.

**Salary Savings** – Budget savings realized through employee turnover or vacant positions.

**Secondary Property Tax** – A tax levy restricted to the payment of debt service on bonded debt.

**Self-Insurance** – Self-funding of insurance losses. With the exception of airport operations, police aircraft operations, and excess general and automobile liability for losses in excess of \$7.5 million, the city is self-insured for general and automobile liability exposures.

**Special Revenue Fund** – A fund used to account for receipts from revenue sources that have been earmarked for specific activities and related expenditures. Examples include Arizona Highway User Revenue (AHUR) funds, which must be used for street and highway purposes, and secondary property tax, which is restricted to general-bonded debt obligations.

**Sports Facilities Fund** – A special revenue fund established to account for revenue raised from a designated portion of the hotel/motel tax and tax on short-term motor vehicle rentals. These funds pay the city's portion of the debt service and other expenditures related to the downtown sports arena.

**State Expenditure Limit** – A limitation on annual expenditures imposed by the Arizona Constitution as approved by the voters in 1980. The limitation is based upon a city's actual 1979-80 expenditures adjusted for interim growth in population and inflation. Certain expenditures may be exempt by the State Constitution or by voter action.

**State-Shared Revenues** – Revenues levied and collected by the state but shared with local governments as determined by state government each year. In Arizona, a portion of the state's sales, income and vehicle license tax revenues are distributed on the basis of a city's relative population percentage.

**Supplemental** – Resources to provide new or enhanced programs or services over the base budget allocation.

**Tax Levy** – The total amount to be raised by general property taxes for purposes specified in the Tax Levy Ordinance.

**Technical Review** – A detailed line-item review of each city department's budget conducted by the Budget and Research Department.

**Transit 2000 Fund** – This fund is used to account for the 0.4 percent sales tax dedicated to transit approved by voters on March 14, 2000. Also included in this fund are fare box collections.

**Trial Budget** – A budget developed in early spring that presents a proposed balanced budget for discussion by the City Council and the community before the city manager submits his or her Preliminary Budget in late spring.

**User Fees or User Charges** – A fee paid for a public service or use of a public facility by the individual or organization benefiting from the service.

