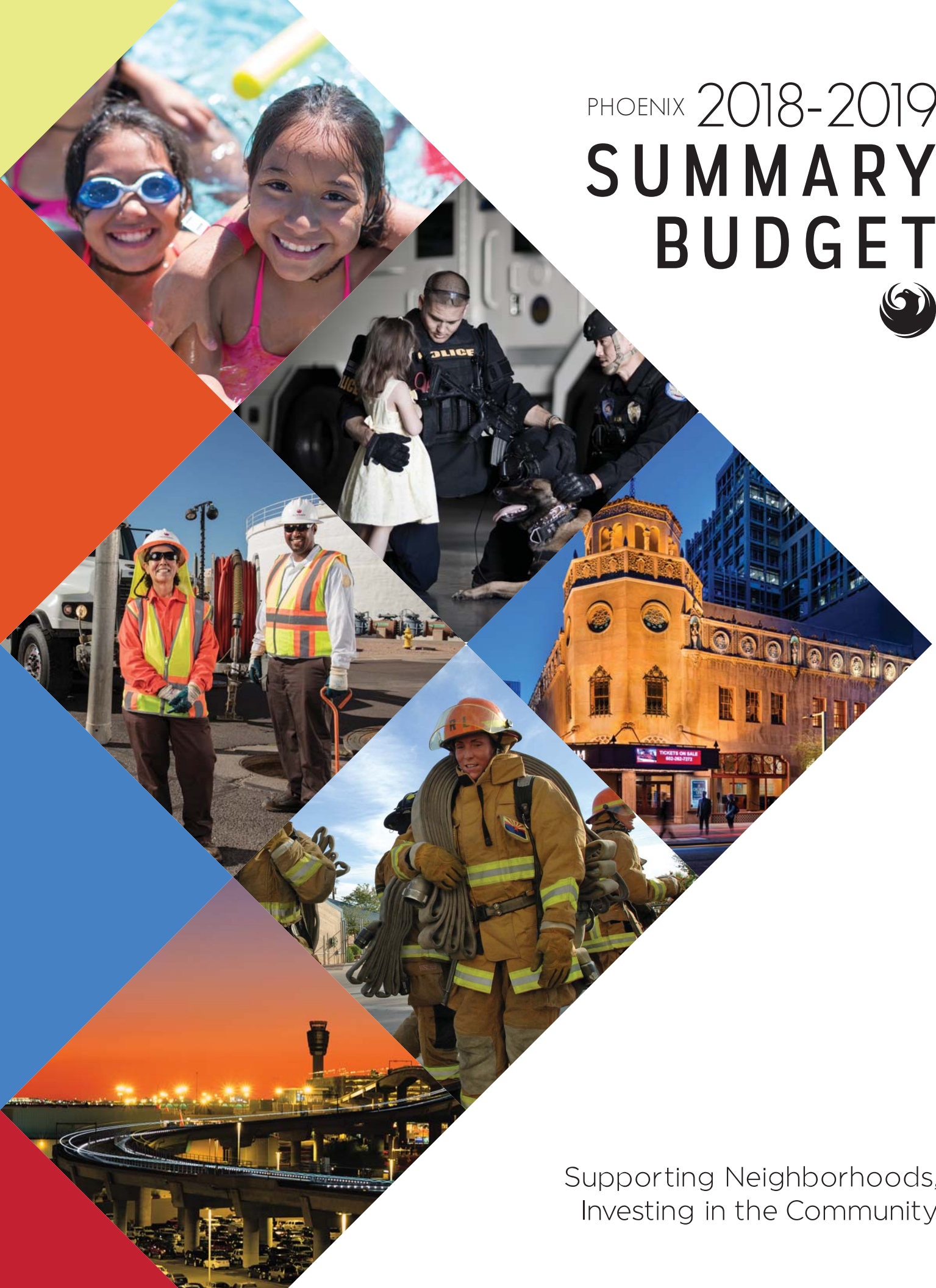


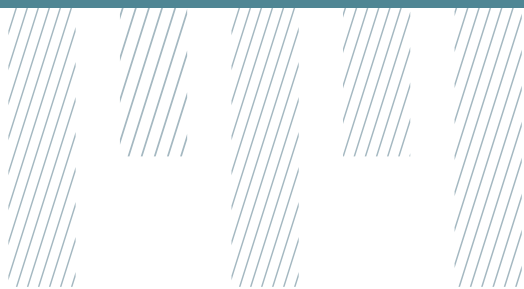
PHOENIX 2018-2019  
**SUMMARY  
BUDGET**



Supporting Neighborhoods,  
Investing in the Community



PHOENIX 2018-2019  
**SUMMARY**  
 **BUDGET**



City of Phoenix



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August 2018



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# City of Phoenix Council Members and District Boundaries



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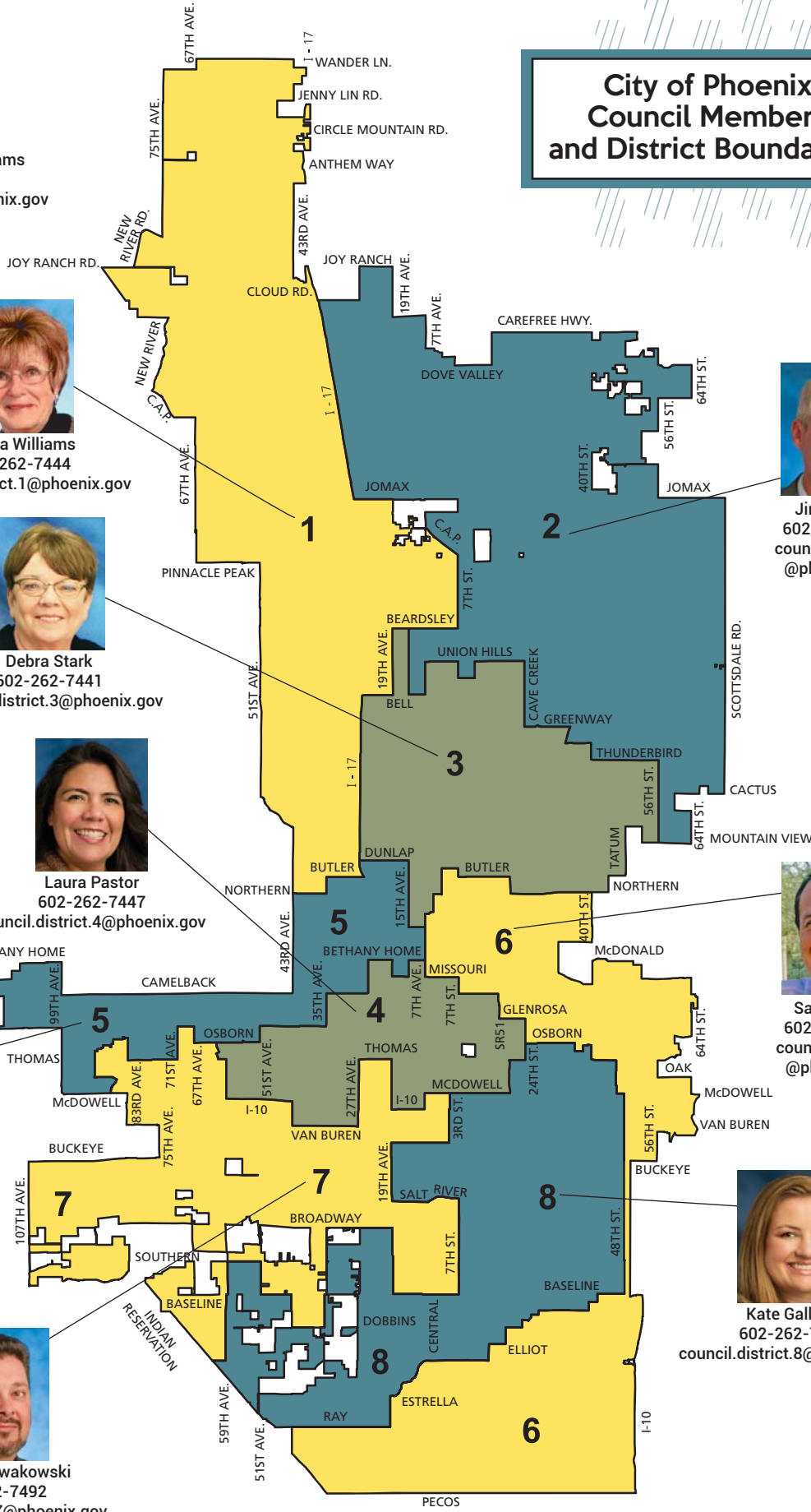
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# CITY OF PHOENIX

## Mayor and City Council

Thelda Williams  
Mayor

Jim Waring  
Vice Mayor  
District 2

Thelda Williams  
District 1

Debra Stark  
District 3

Laura Pastor  
District 4

Daniel Valenzuela  
District 5

Sal DiCiccio  
District 6

Michael Nowakowski  
District 7

Kate Gallego  
District 8

## Mayor's Office

Seth Scott  
Chief of Staff

Kweilin Waller  
Deputy Chief of Staff

## City Council Office

Penny Parrella  
Executive Assistant to City Council

## Management Staff

Ed Zuercher  
City Manager

Milton Dohoney, Jr.  
Assistant City Manager

Mario Paniagua  
Deputy City Manager

Karen Peters  
Deputy City Manager

Toni Maccarone  
Acting Deputy City Manager

Deanna Jonovich  
Deputy City Manager

Frank McCune  
Government Relations Director

## Department Heads

Matthew B. Arvay  
Chief Information Officer

Jeff Barton  
Budget and Research Director

Lori Bays  
Human Resources Director

James Bennett  
Director of Aviation Services

John Chan  
Phoenix Convention Center Director

Inger Erickson  
Parks and Recreation Director

Marchelle F. Franklin  
Human Services Director

Rita Hamilton  
City Librarian

Brad Holm  
City Attorney

Maria Hyatt  
Street Transportation Director

Kara Kalkbrenner  
Fire Chief

Ken Kessler  
Acting Public Transit Director

Donald R. Logan  
Equal Opportunity Director

Christine Mackay  
Community and Economic Development  
Director

Elizabeth Martin Parker  
Acting City Clerk

Denise Olson  
Chief Financial Officer

Kathryn Sorensen  
Water Services Director

Ginger Spencer  
Public Works Director

Spencer Self  
Acting Neighborhood Services Director

Alan J. Stephenson  
Planning and Development Director

Cindy Stotler  
Housing Director

Ross Tate  
City Auditor

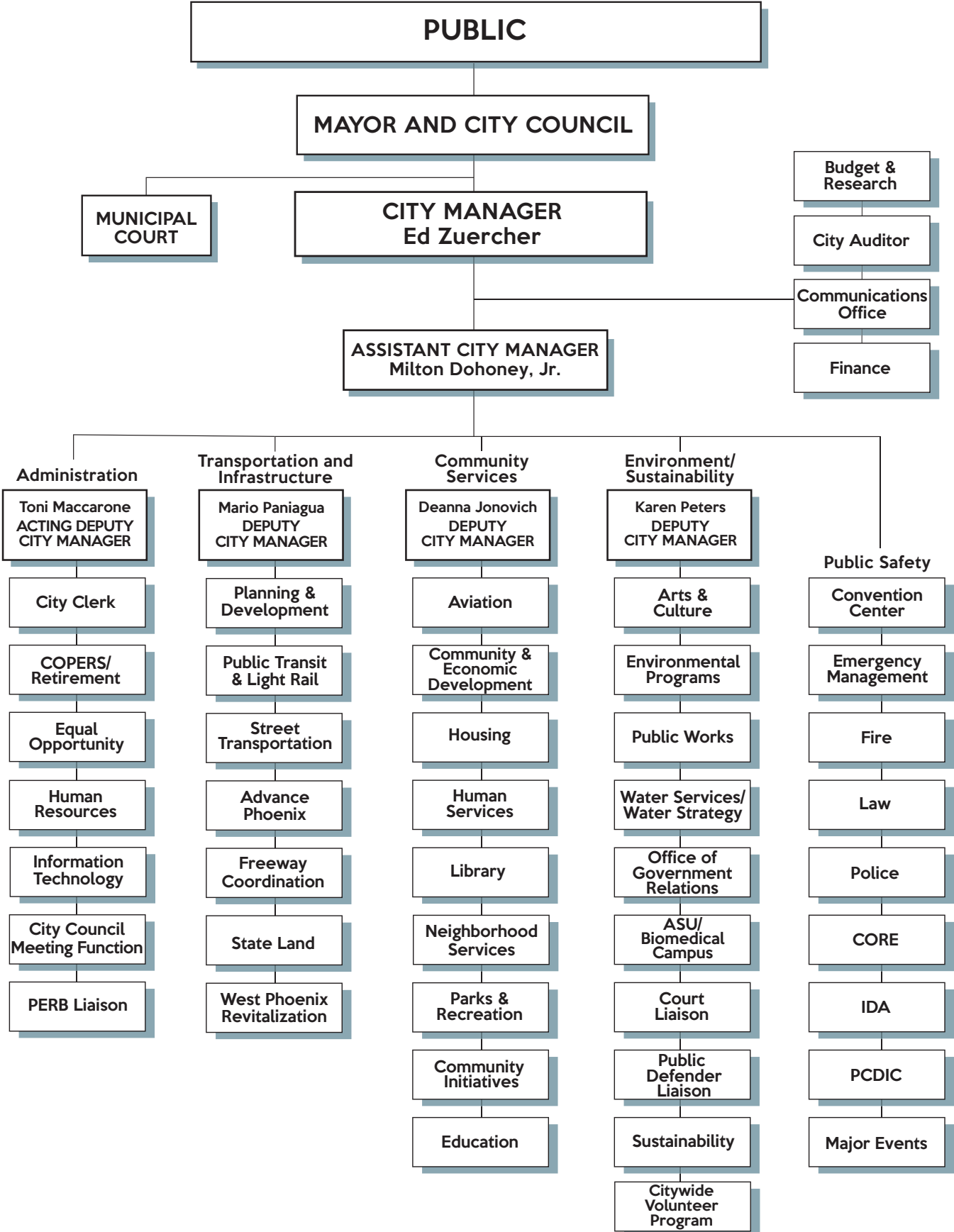
Julie Watters  
Communications Director

Jeri L. Williams  
Police Chief

## Chief Presiding Judge

B. Don Taylor III

# CITY OF PHOENIX ORGANIZATIONAL CHART





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# BUDGET DOCUMENT OVERVIEW

This overview outlines the 2018-19 Annual Budget. This budget document can be accessed at [phoenix.gov/budget](http://phoenix.gov/budget), or copies of the document are available by contacting the city of Phoenix Budget and Research Department at 602-262-4800, TTY: use 7-1-1. To request this in alternate formats (large print, braille, audio cassette or compact disc), please contact the Budget and Research Department.

The summary budget contains a narrative description of Phoenix programs and services planned for the fiscal year 2018-19. 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 2018-23 Capital Improvement Program provides Phoenix's planned construction program by project and detailed sources of funds.

A more detailed description of the 2018-19 Phoenix summary budget follows.

## CITY MANAGER'S BUDGET MESSAGE

The city manager's budget message provides an executive summary of 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.

## PHOENIX STRATEGIC PLAN

This section provides the city's mission statement, complete Phoenix strategic plan, strategic plan goals, and strategic plan major accomplishments.

## 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 the Employee Excellence Awards.

## COMMUNITY PROFILE AND TRENDS

This section includes key demographic, financial and infrastructure profile measures. Estimates or projections are provided for 2017-18 and 2018-19 as well as actual results for recent and historical periods.

## 2018-19 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 2018-19 Annual 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.

## 2018-19 REVENUE OVERVIEW

This section provides an extensive narrative describing the city's revenue estimates. The section 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 2018-23 Capital Improvement Program.

## SCHEDULES

The schedules provide a general statistical overview 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



The 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, 2017.

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 balanced fiscal year 2018-19 City of Phoenix Budget required by City Charter.

The City of Phoenix budget is notable for its openness and transparency. Over a three-week period, we held 15 hearings throughout the City. In addition, presentations were made to various other citizen groups, organizations and advisory panels. I want to thank each of you for hosting and attending hearings throughout the City. Over 300 residents contributed time, thought and energy to attend or comment on the Trial Budget. All the City's budget information - including complete program information and the Trial Budget details - is available at [Phoenix.gov](http://Phoenix.gov).

Consistent themes of the input included:

- A deep desire to preserve existing services provided by the City and an appreciation that there are no reductions to those services;
- Increased funding for homelessness and homelessness clean-ups;
- Increased funding for arts and public art maintenance;
- Increased library access and expanded hours;
- Hiring of more police officers and firefighters;
- Increased funding for street maintenance and repair;
- Increased funding for parks, pedestrians and shade;
- Increased funding for youth programs and other community services;

- Funding for a legal defense fund for the families of those impacted by illegal immigration arrests and a compensation fund for those impacted by police actions.

I want to thank the City staff who attended all the hearings to listen and engage with our residents, and the facilities staff who provided a place for the meetings. I especially commend the Budget and Research and Communications Office employees who staffed and prepared each budget hearing.

Based on the comments heard at budget hearings, it is clear residents desire more of the services we provide rather than less. The budget preserves what we do and adds some critical community and public safety needs. While not all input could be directly accommodated into the budget, the dialogue is extremely important to set budget and policy discussions for the future.

## OVERVIEW OF 2018-19 BUDGET

**General Funds:** The 2018-19 General Fund budget is \$1,310,119,000. This is a 2.5 percent increase from the adopted 2017-18 General Fund budget of \$1,277,740,000. Increased revenues reflect a strong and diversifying economy. Increased expenses reflect negotiated employee compensation restoration of 1.3 percent or \$14 million; increased funding for vehicles, technology and facilities maintenance totaling approximately \$14 million; the 2016 SAFER matching funds; and a \$2 million increase in the contingency fund.

**Revenue and Resources:** Projected General Fund (GF) revenue in 2018-19 is estimated to be \$1.184 billion, an annual increase of 1.7 percent over the revised current year estimate. This reflects continued City and State sales tax growth based on projections from the University of Arizona and continued growth in other key tax categories. Including revenue along with the estimated beginning fund balance of approximately \$115 million, and fund transfers and recoveries estimated at \$11.3 million, total 2018-19 General Fund resources are estimated to be \$1.310 billion.

**General Fund Additions:** The 2018-19 budget preserves existing city services and makes significant investments in public safety, homelessness, and other important community services including neighborhoods, trees and shade, arts and libraries by strategically using a General Fund surplus of approximately \$2.9 million. The General Fund additions include the following:

- **Public Safety:** The budget reflects Phoenix's continued commitment to keeping public safety its highest priority and includes continued hiring in both police and fire; the addition of 14 new firefighter positions and converting temporary fire station 55 to

a 24/7 operation which will improve response times and provide resources needed to respond to growth; and the addition of five civilian positions to support the police department's Crime Gun Intelligence Center and 13 civilian support positions to assist with the public records workload.

- **Homelessness Outreach:** The budget includes administrative staff and contractual support for two additional Homeless Outreach Teams for the Phoenix C.A.R.E.S. program. This will increase the program caseload capacity by up to 360 clients per year. The budget also includes additional funding for the Central Arizona Shelter Services (CASS) contract to provide additional case management to assist clients with obtaining necessary services. Also included are two new park ranger positions to assist with monitoring and enforcing park rules at flatland parks. This addition increases the number of flatland park rangers from 9 to 11 and enhances the ability to enforce park regulations and provide additional support to the Phoenix C.A.R.E.S. program as it relates to homeless issues in city parks. Overall this addition would raise the total park ranger count to 79, just two short of the pre-recession peak of 81 total park rangers.
- **Neighborhoods:** The budget includes the resources needed to establish and monitor a Sober Living Home (SLH) Licensing Program. The purpose of this program is to enhance the health, safety and welfare of residents of sober living homes and the surrounding community by establishing standards and regulations for the homes and their operators. This will bridge the gap until state regulations are in place. Based on current estimates, staff anticipates that the workload would consist of approximately 400 licensing inspections and 240 unlicensed complaint investigations annually.
- **Trees and Shade:** Each year the city loses approximately 100-200 trees due to storm damage and accidents in the Right-of-Way and as many as 1,000 trees citywide. The budget includes funding for the installation and maintenance for up to 750 more trees per year. By replacing these trees, the city will greatly enhance the livability of the city as recommended in the Tree and Shade Master Plan.
- **Arts and Culture and Latino Cultural Center:** \$30,000 for Arts grants and increase Arts maintenance to \$100,000 annually. Also included is a project management position to oversee the development of the Latino Cultural Center.
- **Library Hours Restoration:** Following the temporary closure of the Burton Barr Library in the summer of 2017, four additional Sunday hours were added to the Yucca, Century, Harmon and Ocotillo branches. The budget maintains these hours as permanent additions to the Library's ongoing service levels, even after Burton Barr reopens in the summer of 2018. This addition will restore branch hours to approximately 48 hours per branch or 67 percent of pre-recession level hours.

- **Census:** For the first time in history, the national decennial census will be conducted primarily online. This means we need great preparation and community outreach to ensure all Phoenixians are counted. The results of the 2020 census will be used to determine future allocations of state-shared revenue. To protect Phoenix's share of state-shared revenues, the budget includes adding temporary staff and \$50,000 in contractual support to ensure that Phoenix residents are accurately counted in this process.

**Contingency Grows:** While the overall percentage remains at 4.0 percent, the Contingency Fund will increase from \$50.4 million to \$52.4 million. Management and the City Council are keeping a watchful eye on the Contingency Fund and are fully committed to the long-term goal to reach 5 percent of operating costs.

City Council also adopted a 25-year amortization period for the Public Safety Personnel Retirement System (PSPRS). Extending the amortization period generated approximately \$25 million in current year savings. These savings were used to establish a PSPRS stabilization fund.

**Other Funds:** Significant services to the community are provided through non-General Fund resources. This includes Special Revenue funds like voter-approved Public Safety and Transit taxes, and Enterprise Funds like Aviation, Solid Waste, Water and Wastewater.

For all funds, which include General, Enterprise and Special Revenue Funds such as grants, and all debt service and pay-as-you-go capital costs, the 2018-19 budget amount is \$4,421,922,000. This is an 8.8 percent increase from the 2017-18 adopted budget of \$4,063,313,000 and reflects increased health care and civilian pension costs; the third year of employee compensation restorations; increased investments in vehicle replacements, infrastructure, and technology; increased contingencies; and the carryover of unspent Capital Improvement Program (CIP) funds.

**Non-General Fund Additions:** Significant services to the City are provided through non-General Fund resources. The 2018-19 budget includes the following critical non-General Fund service additions:

- **Development Services Funds:** Planning and Development Department is adding new positions to meet the needs of current workload demands and expected increases in development activity. The additions will enhance customer service and ensure a more streamlined experience for the development process. The department had 669 total staff at the height of the last economic cycle (2006-07) and decreased to a staff of 253 in 2010-11. Today the department has a staff of 364 employees. In 2006-07 the department served almost 120,000 customers. That dropped to a little over 70,000 customers in 2010-11. In 2017-18 the department is projected to serve approximately 113,000 customers. In addition, increased complexity of infill development and the

need to work with surrounding property owners and residents on a much more frequent basis than in 2006-07, places a greater demand on staff time.

- **Street Transportation Arizona Highway User Revenue (AHUR) Fund:**

The budget includes adding new positions in order to meet the needs of current workload demands associated with Right-of-Way Management and Utility Coordination. The budget also includes additional staffing needed to coordinate the department's robust Capital Improvement Program (CIP) which includes both AHUR and Transportation 2050 funded projects. Due to a \$22 million reimbursement of regional funds from the City's advancement of the Dove Valley Road and I-17 improvements, the department is increasing funding to the pavement and traffic management programs to accelerate street improvements citywide. The Five-Year CIP reflects \$255 million in Street Transportation and Drainage projects for 2018-19. As a result of community input during the budget hearings, the budget also includes adding a position to serve as the Pedestrian Safety Coordinator. This position will work with the multi-department Pedestrian Fatality Review Team to conduct studies and implement enforcement strategies to improve pedestrian safety.

- **Solid Waste Fund:** As a result of extensive feedback at the community budget hearings, the budget also includes adding the resources and staffing needed to improve the city's ability to clean up homelessness sites identified through the Phoenix C.A.R.E.S. program. By adding two solid waste equipment operators and the appropriate equipment, the Public Works Department will be available for Phoenix C.A.R.E.S. alleyway clean-ups five days per week. Additionally, the budget includes adding five positions to the Streets Department to increase the clean up of right-of-ways, city-owned lots, natural washes, culverts and drainage easements from one day a week to five days a week. Both of these additions will be funded out of the Solid Waste Fund for one-year using existing fund balances. To continue past 2018-19, the program will need to be incorporated into the Solid Waste rate or another funding source will need to be identified.

### **Looking Ahead**

As a result of the significant pressure placed on local governments due to the increases to required PSPRS pension contributions, the State Legislature enacted a law which allowed employers to make a one-time request to the PSPRS Board to increase the amortization period from 20 years to 30 years. The City elected this option with a commitment to try to pay off the balance in 25 years and created a \$25 million pension reserve fund based on the one-time savings created in 2017-18 to be used to pay future required contributions. This will allow for additional budget flexibility in future years, while still allowing a more aggressive payoff schedule to save added costs.

As indicated in the five-year forecast, as we look ahead to the forecast period and beyond, additional areas of concern are service costs, service levels and revenue. Service costs include employee compensation levels, use of technology and other ways to do existing work more efficiently. Service levels involve the amount of services, hours and number of facilities we keep open to serve the public. Revenues consider taxes, fees and the impact of economic growth. Other areas of future challenge include capital repair and replacement of vehicle fleet, facilities and technology. In order to meet these challenges, the City will continue to focus on accumulating reserves, increasing efficiency and reducing ongoing costs. On a positive note, the five-year forecast demonstrated that the General Fund budget could be on firmer ground going forward, assuming there are no unexpected shocks to the economy, cost increases or unanticipated actions by the State.

### **Thank You for Your Commitment to Phoenix**

I want to thank the Mayor and City Council for their leadership and guidance in balancing the City budget. I also want to thank all City departments and staff for their dedication to the Phoenix community. We value working smart, spending wisely and being kind to our customers and residents. Most of all, thanks to the residents who care intensely about the City they live in and give their time and attention during this open, public budget process.



Ed Zuercher  
City Manager





# STRATEGIC PLANNING AND COMMUNITY INVOLVEMENT

The Phoenix Strategic Plan was adopted in the spring of 2011 and was included in the Summary Budget Book for fiscal year 2011-12. The plan was 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.

The new Phoenix Strategic Plan guides decision-making within the organization and focuses the city's efforts to deliver core services that meet the city's mission: "**To improve the quality of life in Phoenix through efficient delivery of outstanding public services.**" The plan includes 10 study areas:

- Economic Development and Education
- Financial Excellence
- Infrastructure
- Innovation and Efficiency
- Neighborhoods and Livability
- Phoenix Team
- Public Safety
- Social Services Delivery
- Sustainability
- Technology

The Strategic Plan continues to evolve and the study areas consistently develop new priorities and strategies to fulfill their own study objectives.

Documents included in this section:

- Revised Phoenix Strategic Plan
- Strategic Plan 2017-18 Major Accomplishments



# PHOENIX STRATEGIC PLAN

## MISSION STATEMENT

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***"To improve the quality of life in Phoenix through efficient delivery of outstanding public services."***

## ABOUT THE STRATEGIC PLAN

---

The City of Phoenix developed a strategic plan to help guide decision-making at all levels of the organization and focus the City's efforts on its core businesses. 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, visit [phoenix.gov/strategicplan](http://phoenix.gov/strategicplan).

## 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.
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.
3. ***Targeted Neighborhood Revitalization.*** 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.
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.
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.
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.
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.

## 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 City 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 with a long-term outlook and plans to address unexpected changes is positively considered. In essence, a bond rating reflects an independent view of financial excellence. A higher bond rating will usually result in lower borrowing costs.
2. **Prioritize capital and funding plans for critical infrastructure.** With continuing challenges in the recovery of the state, local and national economy and the associated impact on revenues, the financial capacity to fund and finance additional capital projects remains 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.
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.
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.

## INFRASTRUCTURE

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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 consistent with Complete Streets policies to support mobility needs of present and future residents, businesses, and visitors within the City of Phoenix.
2. **Create and maintain 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.
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.
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.

## 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 City must remain dedicated to developing and seeking continuous improvements in business processes and maintaining a culture of innovation and efficiency. The continuing work of the Innovation and Efficiency Task Force and AdvancePHX has helped the City formalize 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 has become a much more prevalent part of the organization’s core value system and continues to be integrated into the way everyday 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.
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 permeate 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.
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 continue to identify these real or perceived hindrances and, when appropriate, actively remove or facilitate working through 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.

## NEIGHBORHOODS AND LIVABILITY

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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.
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.
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.
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.
5. **Provide accessible and quality library services 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.

## PHOENIX TEAM

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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 continuing economic challenges, the community remains interested in salary, benefits and overall compensation packages for government employees.
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
3. **Establish Communications Plans to engage and inform employees and the community.** The City's continuing 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.
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 remains critical to manage and coordinate the available human resources effectively to provide leadership and ongoing quality services to the community.
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.

## PUBLIC SAFETY

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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 Police Department, Fire Department, Municipal Court, Prosecutor's Office and Office of Emergency Management work together 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.
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.
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.
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.
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.

## SOCIAL SERVICES DELIVERY

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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.
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.
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.

## SUSTAINABILITY

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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.
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 is also important to implement policies, programs and practices that have a far-reaching effect on the environment.
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.
4. **Foster collaboration and communication.** Empowering employees at all levels through collaborative workgroups will galvanize them to realize the City's sustainability goals. Employees 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.



## TECHNOLOGY

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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. This plan 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.
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.
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 the opportunity to conduct business on-line versus waiting in line.
4. **Create a shared common infrastructure.** Consolidating technological infrastructure around common Information Technology 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.
5. **Enhance information security and privacy.** In today's business environment, information security and privacy form the foundation of technology projects. The City continues to develop a comprehensive program to protect data and technology infrastructures, secure systems and assets, mitigate threats and provide a mechanism for business continuity in emergencies.

# STRATEGIC PLAN 2017-18 MAJOR ACCOMPLISHMENTS

## ECONOMIC DEVELOPMENT AND EDUCATION

- 1. Music and Lifestyle Festivals:** Phoenix continued in 2017 to elevate its capacity as a music/lifestyle festival destination, with events boosting the economy and cultural vibrancy:
  - **Lost Lake Festival:** The inaugural event at Steele Indian School Park in October 2017 was a first-of-its-kind festival for Phoenix. Lost Lake drew approximately 45,000 attendees over three days for music, art and culinary experiences.
  - **Phoenix Children's Festival:** The inaugural event was held in April 2017 at Cityscape with 2,500 attendees, featuring activities for children ages three to 12.
  - **McDowell Mountain Music Festival:** The non-profit music festival benefitted Phoenix Children's Hospital and UMOM New Day Centers. The three-day March event, in its fourth year at Margaret T. Hance Park, attracted 14,150 attendees, up 9 percent from the previous year, and set a record for charity donation with \$150,000 from a single festival.
- 2. Community Development:** Community and Economic Development Department (CEDD) is dedicated to the development of a vibrant, sustainable urban core in addition to supporting community based revitalization initiatives to enhance the economic vitality of Phoenix. A few examples include:
  - CityScope Block 23:** Construction commenced September 2017 on the City Council authorized redevelopment of the CityScope Block 23 parking lot into a high-rise, mixed-use project, which will include residential rental units, office space, structured parking and a Fry's grocery store, which is a major Council priority for downtown.
  - Higher Education:** Continued expansion of our Universities and higher education programs throughout Phoenix, including the completion of Grand Canyon University's new corporate headquarters and customer care center with 300,000 square feet and an additional 1,800 jobs to West Phoenix.
  - Maximizing Downtown Development Incentives:** Projects facilitated with CEDD assistance include the Derby micro-unit high-rise, the Oscar shipping container apartment building, artHaus condominiums, Broadstone Arts District apartment complex, Portland on the Park, Union @ Roosevelt, and Ballpark lofts apartment complex. This will result in 1,032 residential units, 15,200 square feet of commercial space and \$206 million in capital investment.
- 3. Entrepreneurship and Emerging Enterprise Ecosystems:** Community and Economic Development continues to advance entrepreneurship and emerging enterprise ecosystems in Phoenix. Over the past year, staff has developed a draft Innovation District strategy and final work is being done on a website and promotional video. Phoenix is now home to 112 new coworking and tech companies including Galvanize coworking space which officially opened in February of 2017, The Society, a coworking space, opened on the top floor of the US Bank building and is home to several small businesses and tech companies such as Splash (NYC) and Fin (SF) opened initial offices in downtown Phoenix with plans to expand. In addition, three coding schools: DevMountain, Galvanize and Thinkful, opened in the downtown core and warehouse district training tomorrow's students for a career in the tech industry.
- 4. AARP Experience Corps:** In 2014, the City of Phoenix launched the AARP Foundation Experience Corps Tutoring Program, an award-winning, national program that engages people over 50 in meeting their communities' greatest challenges – Reading by Third Grade. AARP Foundation Experience Corps is an evidence-based, award-winning, Every Student Succeeds Act (ESSA) approved literacy program that helps children become great readers by the end of third grade.

To date, the City of Phoenix program has contributed 13,339 volunteer hours in Phoenix schools, equating to \$322,000 in literacy classroom support. At the completion of the 2016-2017 school year, 561 students were tutored by 137 volunteer tutors. Of the 561 students, 97 percent improved in fluency.

The 2017-2018 program year started in late August and is partnered with nine school districts, sixteen schools, serving 450 students with 137 volunteers.
- 5. CodePHX:** In September 2017, codePHX was rolled out at four libraries and four community centers: Cholla, Ironwood, Cesar Chavez and Yucca libraries and Mountain View, Sunnyslope and Vernell Coleman community centers and Tarver Learning Center. The codePHX initiative provides free coding classes for youth ages 4 to 17 and is designed to engage youth who are traditionally under-represented in technology fields, including girls and those from economically disadvantaged communities. Early exposure to coding has been shown to develop computation, critical thinking and problem solving skills and provides youth an opportunity to gain knowledge and hands-on experience that will help them achieve success in school, life and future careers. In the first week, the fall program hosted a total of 176 students at all locations.

## FINANCIAL EXCELLENCE

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- Supporting the Sale of City-Owned Property:** The City has put new focus on assessing all land owned for its long-term use. Those not needed will be sold. As a result, the City collected \$5.7 million in revenue from land sales. Further, a long-term process has been implemented to ensure the proper management of properties throughout the city which includes a web page of all properties, a property review team, multiple brokers and a reorganization of the real estate division.
- Rating Upgrades:** The Finance Department worked with Rating Agencies on financial position resulting in the City of Phoenix receiving an upgrade from A3 to A2 for the Rental Car Facility Charge Revenue Bonds and an upgrade from Aa3 to Aa2 for the Subordinated Excise Tax Revenue Bonds. Both ratings were from Moody's.
- Savings:** The Finance Department completed refundings of existing debt saving the City \$63.2 million in debt service for the following:
  - \$209.1 million in Aviation Bonds net present value (NPV) - savings of \$36.3 million
  - \$117.6 million in Excise Tax Revenue Bonds NPV - savings of \$18.6 million
  - \$68.3 million in General Obligation (GO) Bonds NPV - savings of \$8.3 million
- Bond Financing:** The Finance Department issued \$190.9 million in Bonds for the Aviation Department to finance the Terminal 3 modernization project.

The Finance Department issued \$116.8 million in Subordinate Excise Tax Revenue Bonds to fund the Regional Wireless Cooperative (RWC), Telephone Replacement Project, Elevator Replacement Project and LED lighting Project.

## INFRASTRUCTURE

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- Bus and DAR Service Improvements:** As part of the voter-approved Phoenix Transportation 2050 plan (T2050), the expansion of local bus and Dial-a-Ride (DAR) hours and service was completed when extended hours were implemented Friday, Saturday and Sunday. The longer service day was the second phase to match local bus and DAR with existing light rail service hours. The improved bus service has proven a success already, with a 6.1 percent increase in ridership since January 2017, during the weekend ridership has gone up 25 percent over last year's numbers. To continue to build upon the positive gains in bus ridership, in October the frequency on routes 29 (Thomas Road) and 50 (Camelback Road) was increased in the core of Phoenix to provide more buses running on two of the busiest routes in the Valley.
- South Central Light Rail Extension \$50 Million Agreement Approved:** On April 19, 2017, the Phoenix City Council approved a \$50 million agreement with Valley Metro to fund final design and pre-construction activities on the five-mile extension on Central Avenue between Jefferson Street and Baseline Road. The final design of the project includes completing the project engineering work, a comprehensive traffic analysis, archeology data testing, surveying and inspections, and community relations support through the final design.
- 50th Street/Washington Light Rail Station Start of Construction:** On June 8, 2017 construction began on the 50th Street/Washington Light Rail Station. It is the first Valley Metro infill station and the first capital project under Transportation 2050 (T2050), approved by Phoenix voters in 2015.
- Northwest Light Rail Extension Phase I Awards:** On March 8, 2017, the Northwest Light Rail Extension Phase I project was selected by the Associated General Contractor of America the recipient of the 2017 Alliant Build America Award in the Highway and Transportation New category. The award is a reflection of the successful delivery of a construction project with major utility relocation in a densely-urbanized community while maintaining access to neighborhoods, businesses and schools.

The project also received the Marvin M. Black Excellence in Partnering Award due to collaboration among the construction contractor, Sundt/Stacy and Witbeck Joint Venture (SSWJV), Valley Metro, City of Phoenix, third-party utility companies and community stakeholders.
- Tucson Water Agreement:** For the first time, Phoenix ordered its entire Colorado River entitlement and amended its agreements with the City of Tucson and the Metropolitan Domestic Water Improvement District to store an additional 40,000 acre-feet of Colorado River water in Tucson aquifers in 2017, a nearly ten-fold increase in volume. In addition, Phoenix stored more than 16,000 acre-feet of Colorado River water in the Phoenix area in 2017. The result is that by the end of 2017, Phoenix's total long-term storage credit balance will exceed 300,000 acre-feet. These long-term storage credits represent a groundwater supply that Phoenix can access during times of shortage.
- Diversifying Aquifer Storage Capabilities:** Water Services crafted agreements with the Gila River Indian Community (Community) and the City of Avondale to store additional volumes of Phoenix's Colorado River water. Phoenix Water also collaborated with Avondale and EPCOR Water Company to improve local resiliency through treating and wheeling of their respective Colorado River water entitlements, which in turn, preserves our shared aquifer. Each agreement includes unique benefits to the parties, increasing the resiliency in service areas in Avondale, Paradise Valley and Scottsdale. In the case of the Community's Olberg Dam Underground Storage Facility, storage of Phoenix's Colorado River water for future storage will effectuate the immediate rehabilitation of a riparian habitat near the Gila River.
- More than 20 New Retail, Food and Beverage locations in Terminal 4:** The first phase of the Terminal 4 retail renovation was completed, adding two spa locations, a Brooks Brothers store, Johnston & Murphy and local shops such as Bunky Boutique. Coming soon in phase two: Sky Harbor's first-ever medical clinic, the nation's first airport TripAdvisor store, and a variety of other shops and services.

8. **Sky Harbor Landscape Improvements and Turf Removal Project:** A comprehensive campus-wide xeriscape landscape program is underway at Phoenix Sky Harbor International Airport. The removal of twelve acres of turf will result in an expected \$440,000 annual water and labor savings and reduce water use by an estimated 26.8 million gallons every year.

## INNOVATION AND EFFICIENCY

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1. **Innovative and Efficient Organizational Culture:** AdvancePHX is a team-driven initiative led by the City Manager's Office in collaboration with City departments to review business processes and recommend improvements that enhance productivity and service. New improvement projects for staff and leaders have been ongoing.

Improvement projects:

- Arrest to Court Kaizen looked at the inefficiencies of the manual court docket process, reducing the time the Officer is off the street working on the booking process, and finding alternatives to booking that will help keep appropriate arrestees out of jail. The team included members from Police, Prosecutor's Office, Municipal Court, and Public Defender's Office.
  - Information Technology Services (ITS) Priority 1 Response Process worked to increase communications with departments that report a priority 1 issue. Water Services, Fire, Police, and Aviation departments were represented along with ITS staff to work at streamlining the time to declare a priority 1 while maintaining open communication with those that need to be notified on progress.
  - Police Investigations and Discipline process for employee misconduct can last months. The team, which included Police, Human Resources, and labor groups, looked for accumulated wastes in the process and developed an action plan to move into an improved future state reducing time in the process.
2. **Solid Waste Equipment Operators Apprenticeship "Grow Your Own" Program:** In March 2017, the Public Works Department and LIUNA Unit 1 launched the first ever municipal apprenticeship program for Solid Waste Equipment Operators (SWEO) and in February 2018, the first cohort graduated. This program was developed to attract and train individuals with the desire to earn their Commercial Driver's License (CDL) and become skilled SWEOs for the City of Phoenix. This one-year program seeks to develop operators through a detailed on-the-job training model, supplemented by related instruction, and designed to educate apprentices in safe, efficient, and customer centered solid waste operations. During the first year of the program, seven apprentices were selected, all of whom obtained their CDL within the first 1.5 months of the program.
  3. **Resource Innovation and Solutions Network Incubator Program:** In partnership with the Public Works Department, Arizona State University launched the Resource Innovation and Solutions Network (RISN) Incubator program. The RISN Incubator is a niche business accelerator for entrepreneurs in the early stages of waste-to-product innovation with the goal of improving diversion from the landfill and growing a Circular Economy in the Phoenix area. Currently there are nine ventures in the first cohort.
  4. **27th Avenue Compost Facility:** The 27th Avenue Compost Facility is a first of its kind project in the United States, and the first project in Arizona to earn the prestigious Envision recognition from the Institute of Sustainable Infrastructure. The Envision system rates sustainable infrastructure across the full range of environmental, social and economic impacts. The facility began operating in June 2017 by the City's contractor WeCare Denali with the initial capacity to process up to 55,000 tons of organics per year.
  5. **Energy Efficiency Projects:** Public Works Department staff implemented several energy efficiency measures on the Municipal Courthouse's heating, ventilation and air conditioning (HVAC) system that were identified during a retro-commissioning study. These measures, consisting primarily of new control strategies, will save \$84,000/year in operational costs.  
  
Public Works Department staff replaced 27,500 interior and exterior lighting fixtures and lamps at 13 City locations with LED lighting. These conversions have resulted in 2,175,000 kWh in annual energy savings, which translates to approximately \$177,000 reduction in utility costs per year.

## NEIGHBORHOODS AND LIVABILITY

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1. **My Community Map:** Planning and Development went live with the online "My Community Map" web application, a dynamic, web mapping application that allows residents to search within the city and identify current site plans, construction and building permits and zoning activities. It also provides comprehensive information about the Rezoning and Zoning Adjustment process so concerned residents can track progress and participate in the process.
2. **Gated Alley Program Pilot (GAPP):** The proposed Gated Alley Program Pilot (GAPP) provides a new approach to deterring unwanted activities in alleys located within the Royal Palm and Sunnyslope pilot areas. The program was approved by City Council on June 27, 2017. The program provides homeowners whose properties abut an alleyway the opportunity to request relocation of trash/recycle and permission to install locked view gates at the ends of the alley adjacent to their properties. GAPP was a silo busting effort that included the City Manager's Office, Public Works, Street Transportation, Police, Neighborhood Services, Human Services, Fire, Police and Planning and Development departments.

3. **Construction Plan Self-Certification Program Enhancements:** Planning and Development completed a comprehensive review of the five-year-old Self-Certification program that included surveys and focus group meetings. Based on feedback and data, staff improved the process to make changes to approved plans in the field, added a "pre-construction" meeting to the review process for all commercial projects, and added a peer review requirement for electrical projects that exceed a certain size and scope. Staff also has increased random audits of complicated projects to more quickly spot potential problems that would otherwise slow down the approval process.
4. **CDBG Capital Improvement Projects:** The Parks and Recreation Department collaborated with the Neighborhood Services Department to develop 16 projects in 12 parks in underserved areas throughout the City. Projects were completed in an 11-month timeframe utilizing \$4.753 million in federal Community Development Block Grant (CDBG) funds.  
 New playgrounds were installed at four parks: Mariposa, Sunridge, Green Valley and La Pradera. All of the playgrounds installed are ADA-accessible. New LED area lighting and court lights were installed at six different park sites. The new lighting will illuminate the walkways, parking lots and courts at Mariposa, Sunridge, Pierce, El Prado, Marivue, and Washington parks. The addition of the lighting will provide increased safety and allow users to enjoy the park in the evening hours.  
 In addition to the playground and lighting projects, a new parking lot was installed at Mountain View Community Center, new ADA sidewalks were installed at El Prado Park and old ramadas were replaced at Marivue and Solano parks.
5. **Mobile Recreation:** 2017 was the inaugural year for the Mobile Recreation program, which served approximately 1,793 youth and teens. Mobile Recreation serves as a recreation center on wheels, providing youth with access to safe recreation at parks that do not have nearby community centers. Communities receive programming in the areas of Science, Technology, Engineering and Math (STEM); music, arts and culture; sports; and gaming. Select vehicles supply iPads and Wi-Fi connectivity to enhance the learning experience.

## PUBLIC SAFETY

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1. **Phoenix Police Department Sworn Hiring Efforts:** As of April 2018, the Police Department successfully hired 202 recruits in 2017-18, bringing the total number of filled sworn positions to 2,958. In support of Police's hiring goals, an aggressive recruitment campaign continued during the year to attract qualified, capable and diverse candidates.
2. **Phoenix Fire Department Recruitment Efforts:** As of April 2018, the Fire Department successfully hired 59 firefighter candidates in 2017-18, bringing the total number of filled sworn positions to 1,651. Fire supports the recruitment efforts of affinity groups such as the Valley Hispanic Bomberos, Valley Women's Fire Fighter Society, J.W. Robinson Society United Black Firefighters, Phoenix Emerald Society, Firefighters for Christ, FireVet Phoenix Firefighter Military Veteran Society. These groups are comprised of firefighters who volunteer their time to interact with the community, and who recruit and mentor firefighter candidates. By integrating with the community, the affinity groups build strong bonds and community partnerships to attract a diverse group of potential firefighter candidates. This networking helps the Fire Department attract excellent candidates from all demographic groups to become career firefighters.
3. **City of Phoenix is STORM READY:** Phoenix received the STORM READY municipality designation from the National Weather Service. The presentation was given during the 2017 Monsoon Preparedness Seminar for the City of Phoenix. This half-day event brought together the various City of Phoenix departments and had speakers from the National Weather Service, Arizona State University, APS, SRP, American Red Cross, and the City of Phoenix Communications Department. The Office of Homeland Security and Emergency Management (OHSEM) hosted Monsoon Preparedness Media Day. The purpose of the event was to showcase the city of Phoenix preparedness for Monsoon Season. OHSEM also facilitated the improvement of the City of Phoenix Sand Plan. This plan created a response capability during the monsoon season to enable residents to have access to sand to fill sand bags. This was the first year of the program and was successful due to cooperation from Public Works, Streets and Transportation, Parks and Recreation, and OHSEM departments.

## SOCIAL SERVICE DELIVERY

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1. **PHX C.A.R.E.S:** On Nov. 6, 2017, The new PHX C.A.R.E.S. (Community, Action, Response, Engagement, Services) program launched to provide a coordinated City response to issues related to unsheltered homelessness. Phoenix residents can report related concerns via the City's customer service line at (602) 262-6251 or online at <https://www.phoenix.gov/atyourservice>. The program provides persons experiencing homelessness access to services; remediates blight associated with homeless encampments; and employs smart justice techniques to reduce associated crime. It will improve the City's ability to respond to resident concerns; provide data to inform future allocation of resources; and assist in quantifying and consolidating expenditures.
2. **Phoenix Starfish Place Grand Opening:** On Nov. 3, 2017, many dignitaries and community supporters celebrated the grand opening of Phoenix Starfish Place, the nation's first long-term housing project for human trafficking survivors. The Housing Department purchased a vacant 15-unit multi-family rental property to provide permanent supportive housing to survivors of human trafficking and their children. Phoenix Starfish Place includes two and three bedroom units with a resident services building that includes a community room, demonstration kitchen, library, and child care area. Two full-time trauma-informed social workers will assist residents with life skills, parenting and financial literacy classes as well as access to education, job placement, and other services.

3. **Project SOAR (Students + Opportunities + Achievements = Results):** After receiving a \$452,000 Resident Opportunities and Self Sufficiency (ROSS) for Education grant from the U.S. Department of Housing and Urban Development (HUD), the Housing Department and Library's College Depot partnered to create Project SOAR, a program to expand educational services to youth living in HUD-assisted housing communities. Three education navigators and seven Arizona State University Social Work interns are providing individualized assistance to public housing youth ages 15-20 and their families in Free Application for Federal Student Aid (FAFSA) completion, financial literacy and college readiness, post-secondary program applications and post-acceptance assistance.
4. **South Phoenix Village Ribbon Cutting and Dedication:** The South Phoenix Village (SPV) Infill Redevelopment Project Ribbon Cutting and Dedication celebrated the first newly built home at 2558 East Tamarisk Avenue on July 26, 2017. Immediately following the ribbon cutting, attendees were afforded an opportunity to take part in two Open House tours, which showcased two of the three available floor plans. Thanks to Channels 15 and 12 news segments on the project, a significant amount of buyer interest was generated. FSL Real Estate Services, the developer for the infill homes, received approximately 100 interest contacts within two days of the segment and more than 1,000 interest contacts following a repost of the segment. Moreover, the first new SPV homebuyer closed escrow at the end of July, and there are ten escrow closings anticipated through the end of December. Additionally, the infill redevelopment project boasts 26 new home construction starts.
5. **Abatement Lien Program (ALP):** ALP focuses on abandoned, blighted properties that require repeated intervention by the City to contractually abate hazards and remove blight. ALP addresses these properties with judicial foreclosure on the basis of the unpaid liens. The program collects outstanding liens on properties, prevents the loss of liens to tax foreclosures, and reduces abatement costs on problem properties.  
 ALP staff has researched approximately 500 properties, and referred 70 properties for foreclosure. Approximately 38 properties changed ownership and are now properly maintained because of the ALP program. Neighborhood Services Department foreclosed on 18 properties and recovered \$3.1 million of outstanding abatement liens through various strategies. Visit [phoenix.gov/abatement-program](http://phoenix.gov/abatement-program) for more information.

## SUSTAINABILITY

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1. **LEED Certification:** The City of Phoenix applied for and achieved a LEED for Cities Platinum certification. LEED, or Leadership in Environmental Energy and Design, is the world's most widely used green building rating program. The new LEED for Cities program enables cities to measure and track outcomes from ongoing efforts with the goal of improving sustainability and quality of life. Cities are evaluated based on 14 key metrics that include energy, water, waste, transportation, education, health, safety, prosperity and equitability.
2. **Brownfields Land Recycling:** The Phoenix Brownfields to Healthfields Project recognized the completion of the Pueblo Viejo Fields Farm and Food Hub project at 5025 S. Central Avenue with a Ribbon Cutting Ceremony on April 20, 2017.  
 A Ribbon Cutting Ceremony was held on April 20, 2017 to commemorate the completion and opening of the 5th Street and Buckeye Road Redevelopment Project. The event celebrated decades long collaboration between Phoenix, Arizona Department of Environmental Quality, Maricopa County, U.S. Environmental Protection Agency, and Harrison Properties to cleanup and redevelop this 10-acre former auto salvage site.

## TECHNOLOGY

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1. **Cybersecurity:** Information Technology Services implemented a mandatory online citywide Information Security Awareness Training program to facilitate readily accessible (cloud-based), high quality, and relevant information security awareness training. The program is composed of short video modules and includes a Learning Management System (LMS) which tracks training completion. Employees who go through the training learn about topics that strengthen the city's resiliency against malicious cyber activities.
2. **Savings on Technology:** The City Council approved a revised contract for on-going licensing, support and maintenance for Oracle hardware and software products, saving the City \$540,000 during the three year duration of the contract. Through collaboration, Information Technology Services staff worked with the eight departments using 40 different Oracle products to consolidate all Oracle agreements for better pricing on their maintenance services.



## OUR COMMITMENT TO EXCELLENCE

The City of Phoenix pursues excellence throughout the organization. Delivering quality, efficient, and cost-effective services to Phoenix residents is the cornerstone of our commitment to public service.

One of our most important achievements is the efficiency improvements achieved through the guidance of the City Innovation and Efficiency Task Force. The City Innovation and Efficiency Task Force was developed in December 2009 to implement innovative processes that would result in more efficient delivery of services to the community, while at the same time, maximizing the use of limited taxpayer dollars. The task force is made up of private-sector members and City management; and was charged with examining alternative service delivery methods, identifying organizational structure efficiencies, evaluating right sourcing opportunities, implementing process improvements, and ensuring the city's continued focus on customer service. To accomplish its goals, the task force established work groups to collaborate with every city department to identify specific improvements and cost-saving initiatives. More than 1,200 ideas have been proposed by employees through a website suggestion program.

By fiscal year 2017-18, the City will have achieved more than \$134.2 million in savings, exceeding the goal of achieving \$100 million in efficiency savings by the end of 2015. Highlights of savings achieved in 2017-18 include:

- Implementing citywide administrative efficiencies generated \$10.1 million in savings.
- City-owned facilities and service centers were retrofit with LED lighting resulting in a \$94,000 annual savings.
- Through contract renegotiations the Public Transit Department generated a \$180,000 annual savings for senior center shuttle services.
- Changing the operations model for contractor provided parking management services for the Phoenix Convention Center, generating an annual savings of \$62,000.
- Insourcing solid waste refuse truck lubrication services saved \$121,000 annually.

The City of Phoenix is committed to helping residents understand how their tax dollars are being spent and making all our processes accessible and easy to understand. As part of efforts to advance transparency and further engage citizens in helping shape the City's budget, the City provides one of the most open and accessible budget input and adoption processes in the country. The Zero-Based Inventory of Programs budget document, implemented in 2012 in response to the Mayor and City Council's request for a more transparent, relevant, and detailed presentation of the City's budget, provides important context for evaluating the costs of city programs. The document is online, searchable, and has links to allow for easy navigation. The Inventory of Programs document answers many questions for residents, including the following:

- Does City spending reflect my priorities?
- How much of the costs to provide city services come from staff, contractual services or supplies?
- Have the costs of staffing levels to provide services been changing and by how much?
- How much of staffing costs is related to wages and benefits?
- What programs and services are provided by the City?
- How much do these programs cost?
- How many City staff are involved in delivering these programs?
- What sources of funding are used to pay for these programs?
- What services are provided by these programs and how are they being measured?

In February, staff provided the preliminary budget status for the 2018-19 budget, and a Five-Year General Fund Forecast. The presentation provided a strategic and long-term view of the city budget and provided necessary context and considerations for well-informed budget discussions and decisions.

In March and April, the Trial Budget was presented at fifteen community budget hearings where City staff was present to answer the public's questions and record public commentary for review by the City Council.

The City of Phoenix recognizes that to endure, we must focus on the well-being of residents, a strong economy and a healthy environment, and embrace the full approach to sustainability. It is our responsibility to provide leadership and demonstrate our commitment through innovative and efficient policies that assure clean land, air and water, and improve working and living environments.



After an extensive community consultation process, the Phoenix City Council adopted seven 2050 Environmental Sustainability goals in April 2016 that articulate the community's desired long term environmental outcomes that would fulfill the General Plan aspirations of a Sustainable Desert City. With these long-term desired outcomes defined, planning is underway to identify additional short and mid-term goals and metrics to be included in the next update to the General Plan for the community's and Council's consideration. Along with environmental metrics, additional social and economic goals are being considered that would best articulate the community's desired outcomes to become a socially, economically and environmentally resilient City. Specific goal areas include:

### **1. Transportation**

Our goal by 2050 is to make walking, cycling, and transit commonly used and enjoyed in every Phoenix neighborhood. This goal will result in 90% of the population living within one-half mile of public transportation and 40% of the population choosing to commute by walking, biking, or using public transportation. This will be accomplished through two key actions:

- a. Implementing the Transportation 2050 Plan which includes:
  - Tripling the amount of light rail miles to 60.
  - Allowing 90% of the population to be a 10-minute walk from transit through the expansion of routes and service frequency (and shaded bus stops).
  - Creating 300 miles of walkable bike paths, greenways and vibrant urban canal paths.
  - Encouraging walking and biking, and expanding the bike share system.
- b. Lowering the carbon intensity of the current transportation system by 80% by:
  - Developing 15 vibrant compact complete centers throughout the city to provide the majority of services residents need within their local community.
  - Encouraging environmentally friendly transportation modes and providing infrastructure for electric vehicles and low carbon fuel vehicles.

### **2. Waste**

In 2050, Phoenix will create ZERO WASTE through participation in the "Circular Economy." In the short term, we will proceed on the target to divert 40% of waste by 2020. To move toward Zero Waste by 2050, three key actions are needed:

- a. Increasing the number of products recyclable by incubating local businesses to capture new products from the waste stream. The City of Phoenix has established the Resource Innovation Campus at the 27th Avenue Transfer Station to support new businesses, and is also constructing a new Compost Facility for the processing of green waste and organics.
- b. Supporting the transition to a Circular Economy and encouraging the retail industry to provide products that are either 100% recyclable or able to be repurposed at end of life.
- c. Expanding the current recycling program to remove commonly recycled products from the waste stream (and reducing the number of non-recyclable products from the recycle bins) through public education and awareness campaigns and new programs that increase access to recycling services for residents and businesses.

### **3. Water Stewardship**

The 2050 goal, essentially a perpetual one, is to provide a clean and reliable 100-year supply of water. The City of Phoenix has been proactive over the last century building the necessary infrastructure and systems to provide a clean and reliable supply of water for the foreseeable future. Phoenix's water management is exemplified through its water conservation programs. The three action areas of which it has been a long-established national leader are:

- a. Groundwater management: Supported by the nation-leading Groundwater Act of 1983, Phoenix is a net-positive contributor to groundwater using only 2/3 of its allocation from the Colorado River and diverting the other 1/3 toward groundwater recharge.
- b. Wastewater Management: Phoenix recycles an amazing 89% of its wastewater for uses such as irrigation and cooling for the Palo Verde Nuclear Plant. Phoenix also captures methane emissions from wastewater treatment and is currently partnering with Ninety-First Avenue Renewable Biogas, LLC to build a facility to generate renewable natural gas from the wastewater treatment for use in vehicles.
- c. Water and Wastewater Innovation: Phoenix is an established leader in water innovation and was recognized recently for three innovative projects; the \$6 million annual Colorado Water Resiliency Fund, the "Tucson-Exchange" where Phoenix stores water resources underground in Tucson to be used during low water years, and the Tres Rios Wetlands, where treated wastewater undergoes a final polishing through constructed wetlands creating a vibrant ecosystem.

#### 4. Building and Land Use

All new buildings will be "net-positive" in terms of energy and materials, meaning they will produce more energy than they consume. This can be accomplished through employing passive design principles, such as highly insulated wall assemblies and on-site renewable energy. This goal will apply to all new construction after 2050. Buildings exist today that already meet this standard, like those that meet the Living Building Challenge 3.0. At the community scale, the goal will be to establish fifteen vibrant compact complete centers where the majority of services needed by each community are provided locally; residents will be able to live, work, and play all within walking distance.

#### 5. Parks, Preserves, and Open Spaces

More than many cities, Phoenix residents have a strong connection to the natural eco-system around them; most identify strongly with living in a desert. The 2050 goal of having all residents within a five-minute walk of a park or open space is enhanced through two complementary actions:

- a. Adding 150 miles of paths, greenways, and bikeways throughout the city, and transforming an additional 150 miles of canals into vibrant public space. Phoenix has more canals than Venice, but significant upgrades are needed to make them widely used and enjoyed.
- b. Reducing urban heat-island through green-infrastructure (such as "cool roofs", permeable pavement, and stormwater capture) as well as doubling the current tree and shade canopy to 25% by 2030. Structured shade and trees facilitate increased walking and biking, increase property values, and, most importantly, can be used to create great public gathering spaces in communities.

#### 6. Clean Air

By 2050, Phoenix will achieve a level of air quality that is healthy for humans and the natural environment. This includes outperforming all federal standards and achieving a visibility index of good or excellent on 90% of days or more. (Depending on the year, Phoenix currently achieves this good or excellent visibility rating on 70-80% of days.)

#### 7. Local Food Systems

Increase community access to fresh and healthy food by creating a vibrant food system. Many residents live in "food deserts" where they are more than one mile from fresh and healthy food. In Phoenix, there are 43 food deserts which are more than 75% of the total number of food deserts in Maricopa County. Increasing neighborhood access to fresh and healthy food will improve community health and reduce diet-related disease. By 2050, we want to establish a sustainable, healthy, equitable, local food system by eliminating food deserts, increasing urban agriculture, establishing farmers markets in each of the city's urban villages, and significantly reducing the rates of hunger, obesity, and diet-related disease

Other examples of environmental stewardship include:

- Student Council Sustainability Officers Initiative- The City of Phoenix Office of Sustainability partnered with the Phoenix Union High School District to create the nation's first high school Sustainability Officers. Students that become Sustainability Officers enhance the elements of sustainability within their schools. The elected student council member initiates and spearheads any projects concerning sustainability that they wish to apply to their school such as "Green" school events and the creation of environmental clubs on campus.
- The Phoenix Convention Center (PCC), a LEED-silver certified building, recently completed several upgrades throughout its campus by converting outdated lighting to energy efficient LED light technology. This past year the Phoenix Convention Center participated in Arizona Public Service's (APS) Solutions for Business energy rebate program and received more than \$175,000 in rebates. The PCC took full advantage of APS's rebate program by converting to LED lighting in several areas of the campus including meeting rooms, loading docks, stairwells, food court, garages, production kitchens and the atrium.
- The Phoenix Police Department implemented and expanded the Prescription Take Back program to safely dispose of prescription drugs. Residents can anonymously drop off their unwanted prescription medication at drop boxes located at police stations. In addition to station drop boxes, Prescription Take Back events are held throughout the year at various city locations. The Phoenix Police Department partnered with the Water Services Department to educate the public about keeping prescription and over the counter medications out of the water supply and how to dispose of unused medications.
- The Street Transportation Department with public input developed a Five-Year Bicycle Program, titled Shifting Gears that outlines work efforts that will be initiated during fiscal years 2018 through 2022. These work efforts will compliment the City of Phoenix Comprehensive Bicycle Master Plan and will provide complete holistic improvements that include: bicycle detection at intersections, shared-use paths, safe crossings, protected bicycle lanes and various other bicycle improvements. The five-year program outlines a plan to achieve 176 of the 1,080 approved new bicycle lanes miles by 2022.

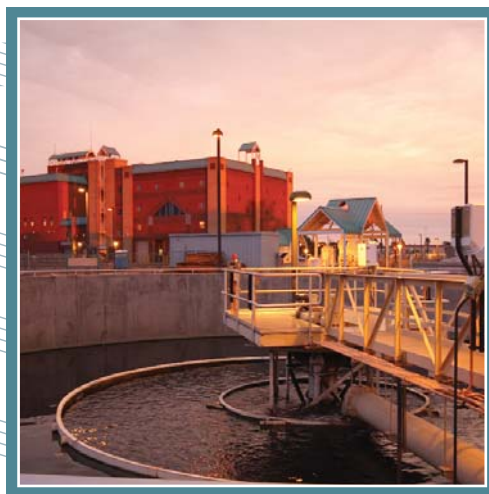
- The Public Transit Department and Lyft have partnered on a "First Mile Last Mile" pilot program to bring transit within reach of all Phoenix residents, especially in areas not currently served by the bus. The partnership targets areas in north, southwest, and the farthest south area of the city. Those who currently do not have bus service to provide that "first mile" or "last mile" of transit in these areas, can utilize Lyft, at a discount, to get to the closest bus stop. New Lyft users will be able to use the code PHXRIDES to get \$5 off their first four rides. Existing Lyft users can use the code TRANSITPHX to get 20 percent off their rides to and from select transit stops. The goal of this partnership is to bring transit within reach of everyone who needs transit in Phoenix.
- As part of a citywide effort, the city is replacing approximately 100,000 existing street light fixtures with energy-efficient light-emitting diode (LED) fixtures. The new fixtures feature a 2,700 kelvin LED, the city's new kelvin standard for street lights. Over time the full LED street light conversion initiative will save money and will reduce street light electricity use by up to 50 percent. By converting approximately 100,000 street lights to LED, the city estimates it will achieve a total net savings of approximately \$22 million through 2030 due to substantial savings in energy and maintenance costs. The citywide conversion is programmed to be completed fall 2019.

The City's philosophy and commitment of maintaining a highly trained and well educated workforce is imperative to achieve the maximum contribution a workforce can provide to the customers they serve. In addition to the community's recognition of a job well done, the city and its employees have also been recognized by a variety of professional organizations for its continuous pursuit of excellence. The following is a list of just a few awards and recognitions received by the City during this fiscal year.

- James E. Bennett, A.A.E., Director of Aviation Services for the City of Phoenix, received the American Association of Airport Executives' (AAAE) Distinguished Service Award, which is presented to airport executives in honor of an exemplary career and contributions to the airport industry. Mr. Bennett has more than three decades of dedicated service to the aviation industry and has undertaken many volunteer positions that have resulted in significant improvement throughout the industry. The Distinguished Service Award is one of AAAE's highest levels of recognition. Men and women receive the award as a mark of accomplishments in their professional and personal lives. Distinguished Service Award winners exemplify the best in airport management by continually bringing credit to the profession and the aviation community.
- The City of Phoenix was recognized by the Arizona Relay Service (AZRS) for training more than 85 percent of its staff and incoming employees regarding the use of the relay service. AZRS is a public service that makes communication by telephone easy and accessible for people who are deaf, hard of hearing, deaf-blind, or have difficulty speaking. Relay training has improved business relationships with current and potential customers and increased employee awareness to serve customers better. Phoenix's Equal Opportunity Department spearheaded the city's training efforts and has provided a tremendous enhancement to working effectively with external customers.



- The City of Phoenix earned a perfect score from the Human Rights Campaign for the fifth year in a row for its ongoing efforts to ensure equal treatment of members of the lesbian, gay, bisexual and transgender community. Phoenix was one of a record 68 cities to earn a perfect score out of the 506 cities evaluated in the 2017 Municipal Equality Index. Phoenix was also designated "All-Star" status as one of 41 cities to earn a perfect score in a state that lacks an anti-discrimination law. Phoenix has maintained a perfect score since Mayor Greg Stanton led the effort to pass the City's anti-discrimination ordinance in 2012. The ordinance makes it unlawful to discriminate against someone based on sexual orientation, gender, identity or disability for the purpose of employment, public accommodations, housing, and government contracts.
- Assistant City Attorney, Mark Borzych, was named Misdemeanor Prosecutor of the Year at the Governor's Office of Highway Safety (GOHS) DUI Conference. Mark's willingness to consult on cases and assist other prosecutors with trial strategy and to prepare for defense experts has contributed greatly to the multiple convictions received by the city of Phoenix Prosecutor's Office in DUI cases.
- The City of Phoenix TV station, PHX-TV, was honored with a Rocky Mountain Emmy Award for producing a TV series called "Phoenix Final Four: Full Access" that featured exclusive behind-the-scenes preparations of what the city was doing to prepare to host tens of thousands of NCAA Final Four fans at downtown events and activities. The Rocky Mountain Emmy awards are an annual event where local news organizations from four western states honor each other by judging one another's work. More than a thousand submissions were entered in more than 80 categories.
- The U.S. Conference of Mayors and Partner America presented Mayor Greg Stanton with the Small Business Advocate Award to recognize his support of small businesses and championing policies that help small businesses. Stanton has made supporting small businesses a priority and has adopted several measures to assist small businesses to get started and succeed. Those measures include:
  1. Creation of the hive @ central, the city's first business incubator offers 500 programs and has served more than 36,000 people since its launch in 2014. The Hive helped launch 93 startups and created 139 new jobs. The Hive's Business Roadmap Program is a series of eight startup workshops for anyone interested in starting a small business in Arizona. The workshops are also offered in Spanish.
  2. Shop Local program is a policy that sets aside all procurements of goods and general services under \$50,000 and limits competition for such bids to local small business enterprises whenever possible. With the Shop Local policy, the value of procurement contracts to local businesses climbed from just \$50,000 to more than \$2.3 million in the first two years alone.
  3. A 24-hour online permitting system was implemented which accelerated the permitting process, reduced wait times at permit customer service walk-in counters and facilitated private development.
  4. An export readiness boot camp was established for small businesses to learn how to expand their reach across international borders. In 2017, 14 companies completed the program.
  5. An adaptive reuse initiative has helped business owners who are finding new, productive uses for older and historic buildings by offering development guidance, streamlined processes, reduced timeframe for occupancy, fee waivers and cost savings.



The City's Mission and Vision 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.

## **CITY OF PHOENIX MISSION STATEMENT**

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To improve the quality of life in Phoenix through efficient delivery of outstanding public services.

## **CITY OF PHOENIX VISION STATEMENT**

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We will make Phoenix a great place to live, work and visit by fostering a dynamic and sustainable environment with exceptional public services.

## **CITY OF PHOENIX VALUES STATEMENTS**

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We are committed to excellence through:

**1. Exceptional Customer Service**

We exist to provide responsive and consistent customer service to the community and to city employees. We exhibit empathy by listening to each other and to the public in our efforts to deliver services that improve people's lives.

**2. Integrity and Transparency**

We safeguard the public trust through honest business practices and open communication. Our credibility with the public depends on our strong ethical stewardship of all resources.

**3. Respect for Diversity**

We recognize and respect the differences that make us unique. We embrace diversity in everything we do to create a healthy and productive community and workplace.

**4. Personal Empowerment**

We trust our employees to always own the problem and solution in addressing business challenges. We value and invest in the growth and development of our employees.

**5. Engaged Teamwork**

We engage employees and the public in productive and respectful dialogue. Our success hinges on dynamic and interdependent partnerships. We achieve our highest performance by working together.

**6. Consistent Professionalism**

We work to the highest standards of proficiency and expertise. We are accountable to ourselves, to the City and to the public.

**7. Creativity and Innovation for Excellent Results**

We promote an environment of inventive thinking and imaginative solutions to community needs. We encourage a spirit of continuous improvement in all our activities to exceed community expectations.

Not only do city of Phoenix employees follow these guiding principles in their workplace, 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. The Community Service Fund Drive (CSFD) has provided city employees with the ability to pool their charitable giving dollars together resulting in the donation of millions of dollars to worthwhile health and human service, and environmental and conservation organizations.

Our workplace partners - Valley of the Sun United Way (VSUW) and the Environment Fund of Arizona (EFAZ) - help us offer employees plenty of choices for employee giving. Since the campaign began in 1980, employees have raised more than \$26 million in charitable giving to donate to worthwhile causes. These donations help fund more than 370 local, non-profit organizations in Arizona, with the majority of those providing services in Maricopa County. This year, employees raised more than \$749,000 during the City's "Give Where You Live" campaign.

City of Phoenix employee organizations and departments coordinate various fund raising events to assist communities in need both locally and globally. In addition, city employees volunteer in the community with many organizations serving youth, homeless, disadvantaged, marginalized and other areas of need.

The following are more examples of how city employees have demonstrated their commitment to our Mission and Vision statements by going above and beyond to improve the quality of life for Phoenix residents.

- The Phoenix Fire Department is the sponsor of the Fire FitKids program which is designed to expose teenagers to the benefits of regular exercise and the practice of healthy habits. Fire FitKids uses knowledge, enthusiasm and experience to improve the motivation, knowledge and fitness of the community's youth. Fire FitKids provides the community with a wellness message to help prevent the numerous illnesses associated with an unhealthy lifestyle and a lack of fitness. Fire FitKids provides kids with an exposure to the job of a firefighter, their need for high levels of fitness, and the rewards of being fit. Fire FitKids is the family of the Phoenix Fire Department helping your family.
- The Traffic Signal Shop is no stranger to helping pedestrians who are unsure how to cross a street with barricades and construction work. Traffic Signal Electrician Boe Hall saw a young man who is blind approach an intersection under construction. Boe approached him and helped him cross through the work zone and continued to walk him down the street to his bus stop. This is not an uncommon occurrence from our staff who are always helping pedestrians safely cross busy intersections.
- Acting Housing Maintenance Supervisor Abraham Chaparro went the extra mile for a family whose HVAC unit was not functioning properly. Although Building Maintenance Worker Mike Huff fixed the electrical breaker, the unit was still not 100%. Abraham and Mike learned the family were given custody from Child Protective Services of two small children including a newborn who needed an oxygen tank. Abraham did not want the family to endure the heat over the weekend with one small HVAC unit, which is standard Housing Department protocol. He went the extra mile and personally rented a large portable HVAC unit and delivered it. Abraham and Mike installed the large unit in the living room and moved the smaller unit in the bedroom for the newborn. Since the smaller unit was still not functioning properly. Abraham directed the contractor to visit the residence after-hours to properly inspect the unit for repair.
- Communications Office staff member Tamra Ingersoll noticed an unclaimed bag on the light rail and contacted Valley Metro's lost and found. The bag contained a very expensive medical device. The customer who left it had already called an operator at Valley Metro to report it missing. When the owner was reunited with her bag, she was overwhelmed with joy and through her tears told Tamra that on the day she lost her bag, she thought she had lost everything as she was currently living in a shelter. She said the friendliness and kindness of both the operator and Tamra saved her life.
- Andy Carrillo, a Solid Waste Foreman, saved a family from a house fire. Andy saw a fire brewing near the back of a family's home and jumped into action. He drove to the home and frantically dialed 911, flashed his lights and honked his horn. He tried everything he could to warn the family inside, he even grabbed a fire extinguisher from his truck, in case he had to break the door down. The family had no idea there was a fire raging near the back of the home. Thankfully the message spread faster than the fire and the family was able to escape as Phoenix fire crews rushed on scene to put out the fire.



## CITY OF PHOENIX EXCELLENCE AWARDS

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

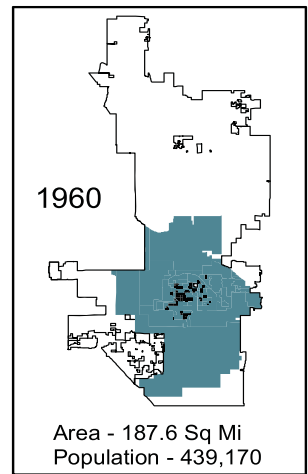
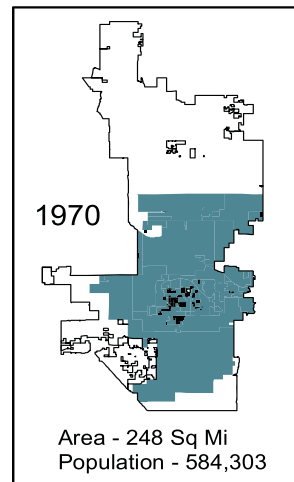
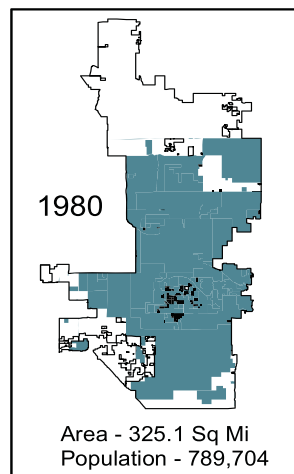
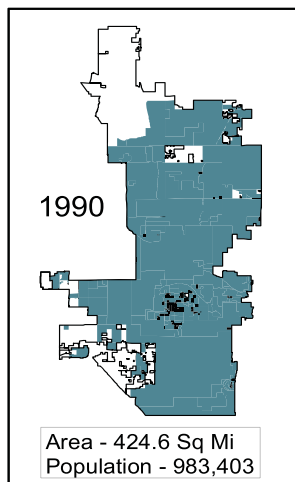
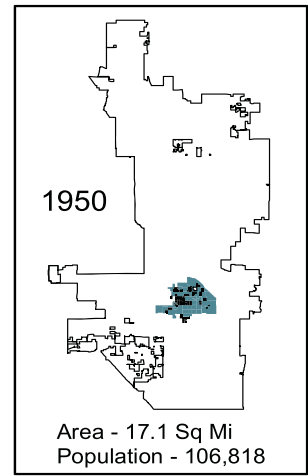
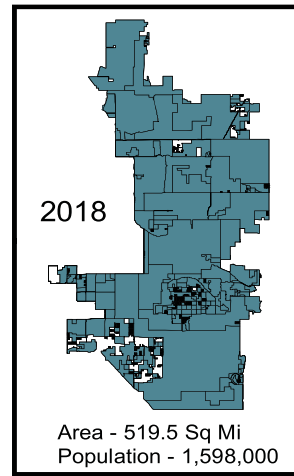
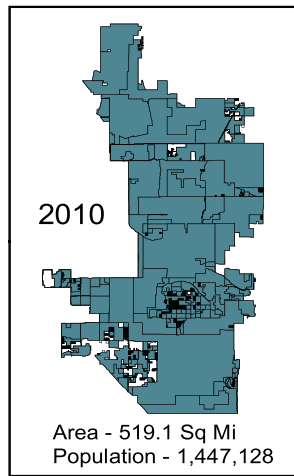
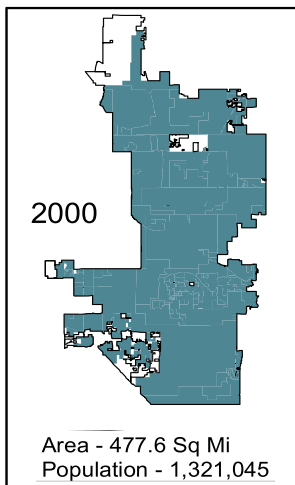
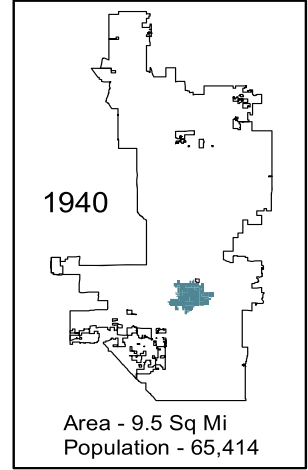
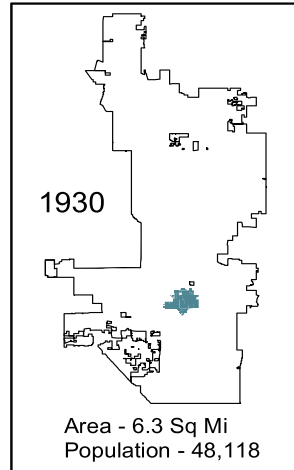
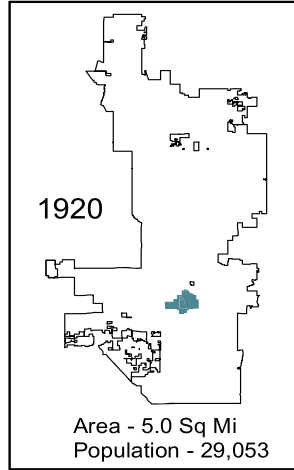
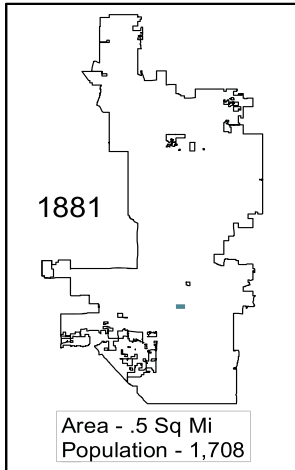
- Mary Mitchell, Librarian III, and her staff at the Ocotillo branch library assist customers with resume assistance, online application support, job fairs, recruitment events, and referrals to Arizona @ Work City of Phoenix offices. Three job fairs in 2017 attracted 162 people; an additional 358 attended one of 70 career workshops. A master at partnership building, Mary holds quarterly Community Partner Breakfasts. She has forged new partnerships with Friendly House for workforce assistance and program support, and continues partnerships with Goodwill of Central and Northern Arizona for job fairs, and Community Legal Services for re-entry Set Aside Clinics. Recruiters at Ocotillo last year included: Phoenix Police Department, State Farm, Chase, HotelPro, Express Pros, Enterprise Rental, Aramark, Cognizant Social Media, Sears Holdings, Alorica, Progressive, and the State of Arizona, along with 5 staffing agencies. Ocotillo was invited to participate in the RetailWorks AZ initiative sponsored by Walmart and administered by the Center for the Future of Arizona to bring together employers and partners to make it easier and faster for front-line, entry level workers to move up the career ladder. Mary was invited to join the Workforce Collaborative, a regional collective focusing on meeting local employer needs. Ocotillo presented a series of career workshops to students at South Mountain Community College. Mary was asked to present to the consulting firm hired by Phoenix Business and Workforce Investment Board to help survey the area's workforce providers to help design the City's next strategic plan. She partnered with Local First Arizona and Go Daddy Communities to host a series of technology workshops for small business owners along the South Central Light Rail extension. Mary leads her team in quality library services as well. Participation in the 2017 summer reading program increased by 33% and new programs include Babytime with Sign, Bilingual Familytimes and Preschool Prep, keeping education and literacy a primary focus.
- Chris Christensen, Project Manager in the Neighborhood Services Department has enthusiastically served as the Paint Phoenix Purple (PPP) Committee Chair in the Neighborhood Services Department (NSD) for the last two years. Despite the heavy demands of his normal job duties, he volunteered to lead the Committee and he puts his heart and soul into planning campaign projects aimed at raising awareness about domestic violence. Many employees lead committees, but Chris' can-do attitude and ability to convert his enthusiasm into meaningful results sets him apart from his peers. Each year, Chris organizes a brown bag with a different focus area related to domestic violence. In 2017, the focus centered on what to do when you encounter someone in the workplace or in your personal life who needs support or assistance. The brown bag was standing room only with over 100 people in attendance and a diverse panel of speakers. Chris also leads a donation drive to collect much needed items for the Chrysalis Domestic Violence Shelter. Through Chris' leadership, the team held a competition to see which division could collect the most donations. The competition was fierce with folks bringing in mounds of toilet paper, deodorant, laundry detergent, linens and cleaning supplies totaling over 1,400 items. Chris was seen bringing in dolly loads of toilet paper from Costco and texting the competition to challenge the other teams to do the same. Chris also led efforts to hand out over 370 PPP bracelets, 70 vehicle magnets and 2000 campaign flyers at Getting Arizonans Involved in Neighborhoods (GAIN) events. His committee also coordinated with NSD Graffiti Busters staff to paint PPP logos at eight City of Phoenix facilities. Many departments do a wonderful job with PPP efforts, however Chris truly sets the bar and his efforts are an inspiration in the community and our workplace.
- In 2016, City Councilmembers identified a significant gap in services to victims of human trafficking - namely how do they get their lives and children back and heal themselves once they are out of that "life"? The Council asked the Housing Department to explore housing options to address this gap. The Housing Director identified a vacant multi-family property and worked with the Neighborhood Services Director, the Human Services Director, and Dr. Dominique Roe-Sepowitz from ASU's Office of Sex Trafficking Intervention Research, to create a plan to locate permanent supportive housing for victims of human trafficking at that site. The Housing Department needed to buy out the owner's equity and create an instrumentality to acquire the property. In addition, the Human Services Department, working with ASU, identified the need for two caseworkers to provide the on-site wrap-around case management for the residents to facilitate their transition to independent living. The Neighborhood Services staff identified unspent Community Development Block Grant funds to acquire the property and pay for the caseworkers. The three Department Heads jointly presented the plan to the City Council and received approval to proceed with creating Phoenix Starfish Place. Housing took ownership, allocated rental assistance, and contracted with a property management firm to manage the property. Law facilitated the purchase and created the ownership entity. Human Services procured the caseworkers who will provide trauma-informed case management. ASU developed the programming and continues to serve in an advisory role and provides complementary services, including support groups and classes, for the residents. After more than a year of planning and acquisition the grand opening of Phoenix Starfish Place was held on November 3, 2017. This innovative concept by a dedicated group of staff culminated in the first permanent supportive housing community for human trafficking survivors in Arizona.

- Phoenix Water Services employees spearheaded a collaborative effort with the Arizona Department of Environmental Quality (ADEQ) to test school plumbing fixtures for unsafe levels of lead to better protect the health of local school kids. Assistant Director Troy Hayes approached ADEQ about the idea and offered the resources of the City's compliance laboratory and expertise of our water quality samplers. Deputy Director Randy Gottler and his team met with ADEQ staff on numerous occasions to develop, refine, and implement the program, and to ensure proper coordination with our water quality samplers and compliance laboratory. Nearly 3,000 samples were collected from 262 schools throughout the Phoenix metropolitan area and analyzed at Phoenix Water Services' laboratory. The team's input helped ADEQ determine that 96% of all screened fixtures were found to be protective and required no action. Due to the success of this program, the team helped schools identify plumbing with unsafe levels of lead so that it could be replaced to protect children's health. The Arizona School Facilities Board is now able to actively work with public school districts to replace the fixtures with confirmed levels higher than screening limits. This very meaningful accomplishment is of great importance to our community and public health and would not have been possible without the team's ideas, expertise, and executive skills. This program is becoming a national model for proactive discovery of problematic lead fixtures in school facilities.
- Laura Artusio, Librarian II, took the Workforce offerings at Burton Barr Central Library from "zero to sixty" with no additional staff or funding! She created new workforce contracts and forged partnerships with workforce agencies that have been mutually beneficial, resulting in an explosion of workforce-related events at Burton Barr. Between January 2017 through the end of June 2017, Laura arranged for over 45 workforce programs to be offered at Central Library. She has worked with Youth Services, College Depot, and community partner, Goodwill, to offer job fair readiness workshops to teens in preparation for a large "Goodwill Teen Job Fair" event. Additionally, she worked with community partners to host three hiring events, as well as career pathways/internship and volunteer fairs. She has continued her efforts to work with community partners and branch managers to ensure workforce services continued when Burton Barr Central Library was flooded and temporarily closed. Finally, Laura noticed that computer classes were filled with "repeaters" and that students came to socialize. She worked with her Computer Class Team to overhaul the computer class program, adding learning objectives, more effective lessons, and expanding the program to encompass Excel, PowerPoint and Advanced Word to stimulate job skill building. Laura's success is fueled by her passion to serve diverse populations and to help improve their lifestyle, occupation, and their welfare.
- In 2017, Public Works, Parks and Recreation, and Human Resources departments, in collaboration with LIUNA Local 777, formed two apprenticeship programs for Solid Waste Equipment Operators (SWEEO) and Gardeners for the City of Phoenix. The SWEEO apprenticeship is the first municipal program of its kind; providing a new pathway for career mobility in the solid waste industry. The program is a blend of on-the-job training and related technical instruction, all done internally through the Solid Waste Safety Program. The Gardener apprenticeship program provides participants opportunities to learn aspects of park landscape maintenance by engaging in hands-on learning experiences, as well as completion of a 13-credit landscape certificate program. The programs are designed to ensure that apprentices are fully exposed to the complexities of each occupation, while preparing them to satisfactorily obtain the required licensing (Commercial Driver's License for SWEEOs) or Landscape Certificate prior to program graduation. Additionally, the programs are designed to create opportunities to underserved and underrepresented populations within the workforce. Extensive outreach was done to attract youth, women and veterans seeking a career in a non-traditional field. The Solid Waste Apprenticeship program is heading into its second year; the first class of seven apprentices are aimed to satisfactorily graduate February 2018. The second year of the program, aimed to begin March 2018, had over 300 applications submitted. The Parks and Recreation Department conducted a job readiness fair to provide potential applicants with resources for resume and cover letter writing, interview preparation and job expectations. A Pre-Apprenticeship program was conducted as an introductory into the skills and work of a Gardener. These programs could not have been successful without the strategic vision and dedication put forth by the associated departments.
- The Navigator volunteer program is one of the reasons Phoenix Sky Harbor International Airport is known as America's Friendliest Airport®. The Navigator Buddies Pet Therapy Program is the latest addition to the Navigator Program and it is catapulting the level of service offered at the Airport. The Customer Service team at the city of Phoenix Aviation Department launched this program in September 2017. The Navigator Buddies, dogs and their owners, volunteer a minimum of 2.25 hours per week at the airport. They walk the terminals, creating a positive experience for guests by offering assistance, comfort, and a way to reduce stress. Passengers and visitors to Sky Harbor are able to pet and interact with a therapy dog while waiting to board a plane, pick up a passenger, or after landing in Phoenix. And since they are part of the Navigator volunteer program, their handlers are also ready to answer questions and provide directions. All canine members of the Navigator Buddies program must be in good standing with a qualified pet therapy organization. Their two-legged companions also must undergo an interview, orientation, and three weeks of mentor training. The Aviation department is already hearing positive feedback. Customer Rita Roe Bartlett wrote, "Seeing and petting Boola, and speaking with the woman who was so patient and personable, was a tremendous moment of happiness to me in a time of dire unhappiness. (It) was the bright spot in my day." By creating a feeling of goodwill, airport guests will have the best experience possible as they interact with one of the 16 Navigator Buddies Teams who are ready and waiting to show everyone they meet why America's Friendliest Airport® is in Phoenix, Arizona.

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 values of our organization – what we call our "Mission and Vision" – are at the core of everything we do.



# PHOENIX GROWTH



# COMMUNITY PROFILE AND TRENDS

Phoenix was founded in 1870 as an agricultural community and was incorporated as a city in 1881. The original city charter 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

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Phoenix has grown steadily, especially since 1950. The 1900 Census recorded Phoenix's 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 2010 Census recorded Phoenix population at 1,447,128. The City currently encompasses 519.5 square miles.

Today, Phoenix is the fifth 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 (46%); trade (16%); government (12%); financial activities (9%); manufacturing (6%); and construction (6%). Major employers of the Phoenix metropolitan area include Banner Health, State of Arizona, Wal-Mart Stores, Inc., Fry's Food & Drug Stores, Inc., Maricopa County, Wells Fargo & Company, City of Phoenix, Intel Corp., Arizona State University, and Bank of America Corp. The top ten property taxpayers, based on secondary assessed valuation, are Arizona Public Service Company, Southwest Gas Corporation, CenturyLink Inc., Grand Canyon Education Inc., AT&T Inc., Host Kierland L.P., Mayo Clinic Arizona, Espanada Owner L.P., United Services Automobile Association and Verizon Wireless. These taxpayers make up 6.8 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.

	1980-81	1990-91	2000-01	2010-11	Actual 2016-17	Estimated 2017-18	Projected 2018-19
<b>DEMOGRAPHIC PROFILE</b>							
Population <sup>1</sup>	789,704	995,896	1,350,435	1,453,462	1,579,253	1,598,000	1,616,000
Percent of Population by Age							
Under 5	7.8	8.5	8.5	8.3			
5-19	25.0	21.6	21.5	23.0			
20-44	39.3	42.9	42.8	37.2			
45-64	18.6	17.3	17.3	23.1			
65+	9.3	9.7	9.8	8.4			
Percent of Population by Race <sup>1</sup>							
Caucasian	78.1	71.9	55.8	65.9			
Black/African American	4.7	4.9	4.8	6.5			
American Indian/Alaska Native	1.1	1.6	1.6	2.2			
Asian	0.9	1.5	1.9	3.2			
Native Hawaiian/ Other Pacific Islander <sup>2</sup>	N/A	N/A	0.1	0.2			
Other	15.2	20.1	35.8	22.0			
Hispanic/Latino (of Any Race) <sup>3</sup>	14.8	20.0	34.1	40.8			
Not Hispanic or Latino (of Any Race) <sup>3</sup>	85.2	80.0	65.9	59.2			
<b>CITY ECONOMIC PROFILE</b>							
Median Household Income <sup>4</sup>	\$29,706	\$30,797	\$40,856	\$42,260	\$52,062	\$53,468	\$54,911
Personal Income Growth (Metro Phoenix) <sup>5</sup>	14.8%	4.6%	6.7%	3.0%	4.4%	5.5%	6.3%
Secondary Net Assessed Valuation ('000s) <sup>6</sup>	N/A	\$5,700,825	\$7,573,211	\$16,092,308	\$14,008,919	\$15,366,354	\$16,665,875
Full Cash Value (Millions) <sup>7</sup>	N/A	N/A	N/A	\$144.772	\$140,141	\$152,048	\$164,275
Employment Growth Rate <sup>8</sup>	N/A	(3.0)%	3.7%	(2.1)%	3.7%	2.8%	3.2%
Unemployment Rate <sup>9</sup>	N/A	4.9%	2.7%	9.1%	4.9%	4.4%	4.2%
Value of Residential Construction (Billions) <sup>10</sup>	N/A	\$0.42	\$1.16	\$0.28	\$0.71	\$0.74	\$0.74
Value of Commercial Construction (Billions) <sup>10</sup>	N/A	\$0.46	\$1.33	\$2.60	\$3.20	\$3.30	\$3.40
<b>CITY FINANCIAL PROFILE</b>							
Total Budget ('000s)	\$392,780	\$1,026,545	\$1,946,013	\$3,020,690	\$3,468,595	\$3,621,393	\$4,421,922
Total GF Budget ('000s) <sup>11</sup>	\$221,106	\$591,021	\$953,324	\$954,795	\$1,105,362	\$1,189,397	\$1,310,119
Total Employees	9,435	11,388	14,352.0	15,002.8	14,368.5	14,442.4	14,559.8
Total Employees per 1,000 population <sup>12</sup>	11.9	11.4	10.6	10.3	9.1	9.0	9.0
Non-Enterprise Employees per 1,000 population	N/A	N/A	8.6	8.0	7.1	7.0	7.0
Enterprise Employees per 1,000 population <sup>13</sup>	N/A	N/A	2.0	2.3	2.0	2.0	2.0
Property Tax Rate	1.75	1.79	1.82	1.82	2.17	2.16	2.14
G.O. Bond Rating (Moody's/Standard and Poor's/Fitch) <sup>14</sup>	Aa/AA	Aa/AA+	Aa1/AA+	Aa1/AAA	Aa1/AA+/ AA+	Aa1/AA+/ AAA	N/A
Number of PLT Licenses <sup>15</sup>	37,943	43,756	51,000	56,460	73,249	140,000	140,000
City Retail Sales Tax Rate <sup>16</sup>	1%	1.2%	1.8%	2.0%	2.3%	2.3%	2.3%

	1980-81	1990-91	2000-01	2010-11	Actual 2016-17	Estimated 2017-18	Projected 2018-19
<b>INFRASTRUCTURE PROFILE</b>							
<b>Area (Square Miles)</b>	329.1	427.1	483.5	519.1	519.4	519.5	519.5
<b>Police</b>							
Major Crimes <sup>17</sup>	86,287	110,961	97,666	70,108	70,997	73,500	75,600
Dispatched Calls for Service <sup>18</sup>	452,350	895,117	862,769	666,116	687,199	687,000	690,000
Authorized Sworn Police Officers <sup>19</sup>	1,694	2,047	2,810	3,281	3,272	3,273	3,273
<b>Fire</b>							
Fire Stations	35	45	45	57	58	58	59
Fires and All Other Calls	25,162	26,281	28,369	19,335	23,646	25,000	26,000
Emergency Medical Calls	46,122	75,112	101,396	136,163	178,621	181,000	182,000
Authorized Sworn Firefighters <sup>19</sup>	838	1,042	1,315	1,661	1,668	1,669	1,683
<b>Building Inspections</b>							
Total Number of Inspections <sup>20</sup>	196,356	176,909	261,184	131,600	223,488	230,000	240,000
<b>Streets</b>							
Total Miles	3,084	3,800	4,299	4,825	4,845	4,859	4,859
Miles Resurfaced and Sealed <sup>21</sup>	216	250	220	127	422	288	294
Total Miles of Bikeway <sup>22</sup>	N/A	250	472	615	716	743	786
<b>Traffic Control and Lighting</b>							
Signalized Intersections	555	761	906	1,092	1,147	1,152	1,152
Street Lights	39,097	50,825	70,750	89,826	92,325	92,675	92,675
Traffic Accidents <sup>23</sup>	28,129	28,414	36,500	22,742	30,782	32,800	34,800
<b>Aviation</b>							
Passengers Arriving and Departing	6,500,000	22,175,000	35,900,000	40,500,000	43,600,000	44,300,000	45,000,000
<b>Solid Waste Collection</b>							
Residences Served	281,900	281,392	327,953	392,825	402,504	407,000	409,000
Tons Disposed at City Landfills <sup>24</sup>	379,000	513,643	1,051,935	1,002,346	943,347	843,000	848,000
<b>Municipal Parks</b>							
Number of Municipal Parks	137	181	199	225	226	228	228
Developed Park Acres <sup>25</sup>	1,303	2,206	3,332	5,071	4,572	4,573	4,573
Number of Municipally Operated Golf Courses	5	5	7	6	5	5	5
<b>Libraries</b>							
Material Circulation <sup>26</sup>	3,691,745	5,962,411	9,151,000	13,839,543	12,096,213	11,171,000	11,500,000
Total Material Stock <sup>27</sup>	1,182,606	1,732,410	2,016,000	1,643,977	1,625,119	3,515,000	3,570,000
Number of Library Branches	9	11	13	16	17	17	17
<b>Equipment Management</b>							
Number of Equipment Units in Fleet <sup>28</sup>	4,497	4,776	6,080	7,612	7,385	7,340	7,340
<b>Water</b>							
Connections	282,048	321,996	350,967	397,390	423,569	427,000	431,000
Production (billions of gallons) <sup>29</sup>	88.5	84.7	109.4	98.6	97.8	97.9	98.0
<b>Wastewater</b>							
Connections	250,199	311,980	327,051	389,978	410,952	414,000	418,000
Miles of Line	3,040	3,661	4,174	4,980	4,864	4,882	4,901

<sup>1</sup> Population by age and race is only available in census years. Also, racial categories were modified by the Census Bureau in the 2000 Census. The 2010 Census number was increased from the original total due to the City appealing the result through the official Count Question Resolution (CQR). There was an area in far west Phoenix which was not attributed to the city, when in fact it was inside the city's boundaries. Thus, the U.S. Census Bureau officially changed the city's 2010 Census population count which in turn affected the preceding years' population estimates. The preceding years also include additional population estimate adjustments approved by Maricopa Association of Governments.

<sup>2</sup> 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.

<sup>3</sup> Hispanic/Latino of any race is included in the Census' "Other" race category for Fiscal Year (FY) 1980-81, FY 1990-91, FY 2000-01 and FY 2010-11.

<sup>4</sup> Median Household Income is based on U.S. Census Bureau data for city of Phoenix geographic area. For the estimate and projection years, the Calendar Year (CY) 2017 greater Phoenix Consumer Price Index (CPI) 2.7% was applied to the U.S. Census Bureau's (FactFinder) 2016 American Community Survey 1-year estimates for City of Phoenix for Median Household income. 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.

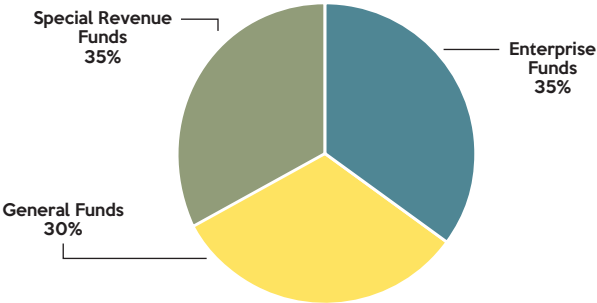
- <sup>5</sup> Personal income growth percentage is from University of Arizona's "Economic Outlook" quarterly publication (University of Arizona Economic and Business Research Center).
- <sup>6</sup> Following the 2012 voter approval of the Arizona Property Tax Assessed Valuation Amendment (Proposition 117), and A.Z. Const. art. IX, § 18(3), Secondary (Full Cash) Net Assessed Valuation is no longer used for purposes of calculating Secondary Property Taxes. The City continues to report Secondary Net Assessed Valuation here for continuity with previous reports.
- <sup>7</sup> Full Cash Value represents market value of properties as determined by the Maricopa County Assessor's Office, prior to the application of Limited Property Value formulas, assessment ratios and exemptions. Prior to FY 2015-16, trends in Full Cash Value correlated to trends in the City's Secondary Property Tax Base; however, this correlation no longer applies. Reported values lag market conditions by approximately 18 to 24 months.
- <sup>8</sup> Employment growth rate figures for FY2016-17 are based on CY2016, while FY2017-18 and FY2018-19 (total non-farm employment) are based on a 12-month change (Q2) in employment rate. Data is based on the Phoenix-Mesa-Scottsdale Statistical Area (MSA) and is obtained from the United States Department of Labor – Bureau of Labor and Statistics website: bls.gov
- <sup>9</sup> Unemployment rate is reported monthly by the Arizona Department of Administration Office of Employment and Population Statistics' website: azstats.gov and converted to fiscal year by the City of Phoenix Budget and Research Department. Data is based on the Phoenix-Mesa-Scottsdale Statistical Area (MSA).
- <sup>10</sup> 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).
- <sup>11</sup> As of FY1998-99, Arizona Highway User Revenue funds are no longer included in the General Fund total.
- <sup>12</sup> 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.
- <sup>13</sup> Enterprise departments include Water, Wastewater, Aviation, Phoenix Convention Center and Solid Waste Management.
- <sup>14</sup> The ratings listed in the Estimated FY2017-18 are the City's rating at the time of publication. No attempt has been made to project the City's ratings.
- <sup>15</sup> As of January 1, 2017, the City of Phoenix will no longer have administrative and collection duties over the management of Transaction Privilege (Sales) and Use Tax Licenses (TPT) accounts. This process is now administrated by the State of Arizona. Previously, the City allowed businesses to report multiple locations or entities under one license; that is no longer the policy under the State. Although the Arizona Department of Revenue assumed these duties in 2017, it is expected that the State will remit the same approximate amount of annual license fee revenues for the same approximate number of (TPT) accounts that have privilege tax liability within the City of Phoenix limits.
- <sup>16</sup> Voters approved a 0.3 percent increase in most city sales tax categories effective January 1, 2016 to fund a comprehensive transportation plan. This was an increase to and an extension of the 0.4 percent tax that was effective June 1, 2000, resulting in a total tax of 0.7 percent for transportation with a 35-year sunset date.
- <sup>17</sup> Total violent and property crimes are based on Uniform Crime Reporting (UCR) standards, not based on Arizona Revised Statutes. Counts are based on finalized data through January 2018 and projected data for subsequent months for all crime types except homicide, which has finalized data through April 2018. Beginning in January 2014, the rape counts (which are one of the crime types included in the violent crime counts) include incidents that met the updated FBI rape definition. This change is reflected in counts from FY2014-15 forward. Similarly, beginning in January 2016, the aggravated assault counts include incidents that met the updated FBI aggravated assault definition. This report reflects that change from FY2015-16 forward.
- <sup>18</sup> The formula that categorizes calls as dispatched was revised in 2017. Counts for FY2015-16 and forward have been updated. The number of calls and response times for incidents handled by callback are impacted by the working hours and vacancy levels of this unit. The Callback Unit was replaced by an online reporting system in May 2012, and then was re-opened in February 2017, but with only partial hour coverage and varying staffing levels. Currently, callback officers are tasked with taking the longest holding, lower priority calls off of the patrol queue of calls awaiting an officer response. Callback and patrol call holding queues are not separated due to the varying staffing levels and non 24-7 hour operation of the current unit (callbacks represent less than 1% of dispatched calls for service). Callback response times are not yet provided for 2016-17 because the amount of calls is low due to the unit being implemented partway through February and only minimally staffed.
- <sup>19</sup> The numbers shown represent the Council authorized sworn position count in Police and Fire. The sworn hiring targets based on projected available resources for Police and Fire is 3,125 and 1,668 respectively.
- <sup>20</sup> Includes building, electrical, mechanical, plumbing and general inspections.
- <sup>21</sup> Miles of streets resurfaced or sealed varies year over year and is dependent on actual streets selected and distribution of wide versus narrow. It also varies based on the method of seal coat used.
- <sup>22</sup> The bikeway program was approved by the City Council in 1987. Figures include on-street bike lanes, bike routes and paved and unpaved paths.
- <sup>23</sup> Traffic accidents include injury, non-injury, and fatal collisions. Due to the implementation of a new Arizona Department of Transportation (ADOT) collision form in 2009 and due to delays in data entry and processing, there can be delays in data becoming available to the COP's Streets Transportation and Police Departments via ADOT. FY2017-18 and FY2018-19 figures are based on projections from previous years based on currently available data.
- <sup>24</sup> Residential tonnage has reduced from FY2016-17 actuals due to department's efforts to increase recycling and tonnage sent to private contractors. The projected increase in FY2018-19 reflects an upward trend in the number of residents served and an increase in consumption.
- <sup>25</sup> Amount reported prior to FY2010-11 include both developed and un-developed park acres.
- <sup>26</sup> Measure covers all media including: audio books, e-books, CDs, DVDs, databases, books, and periodicals. The decrease in FY2017-18 is due to the closure of Burton Barr Central Library.
- <sup>27</sup> Total material stock includes digital material available to patrons. Digital increased in FY2017-18 due to additional funding.
- <sup>28</sup> Includes vehicle replacements.
- <sup>29</sup> Includes water produced for City of Phoenix only.

# RESOURCE AND EXPENDITURE SUMMARY

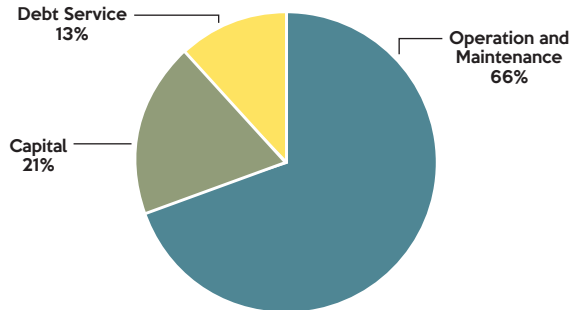
This section provides a broad overview of the resources and expenditures included in the 2018-19 budget. Information is presented for General, Special Revenue and Enterprise funds. General funds, which receive special attention by the community, are highlighted throughout this section. General funds 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 2018-19 budget, financed by operating funds, totals \$4,421,922,000. As shown in the pie chart below, the General Fund portion of \$1,310,119,000 is approximately 30 percent of the total. The Enterprise funds, which include Aviation, Water, Wastewater, Solid Waste and Convention Center, make up another 35 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 35 percent of the total budget.

**All Sources of Funds  
Total Resources - \$4.42 Billion**



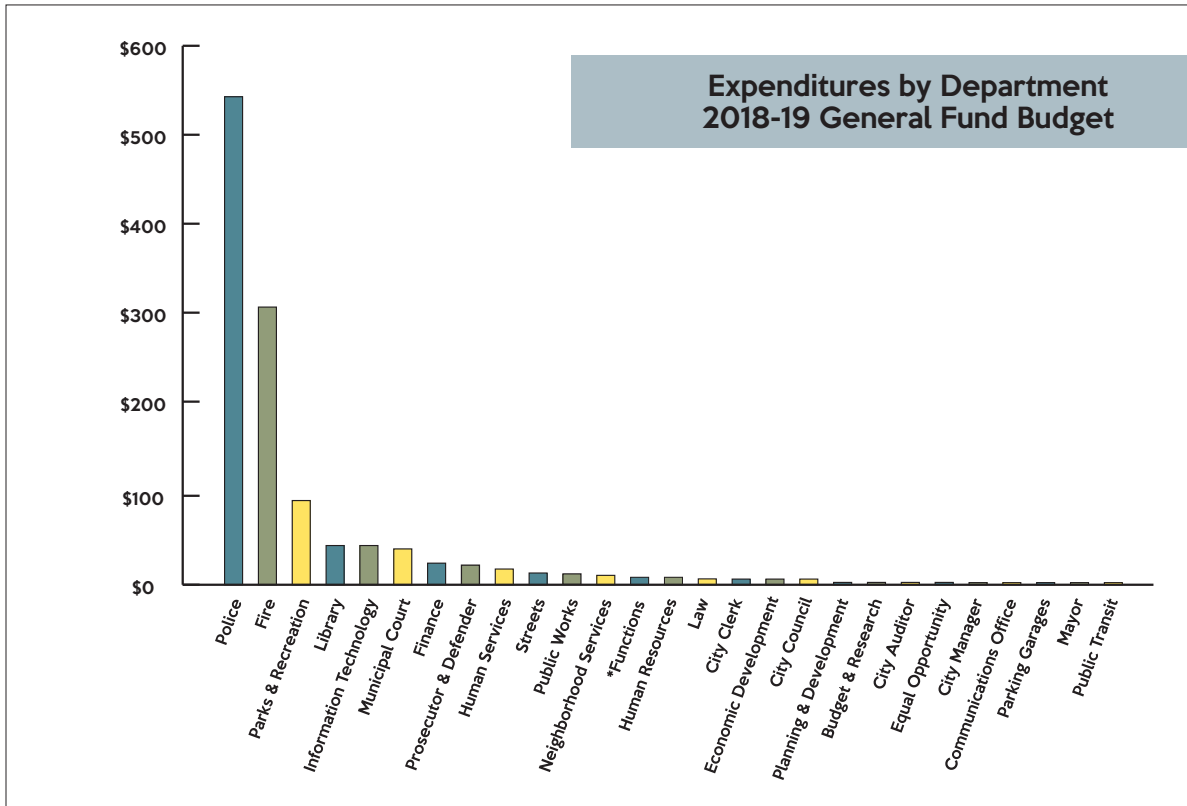
**All Sources of Funds  
Expenditures - \$4.42 Billion**



In addition to presenting the budget by funding source, the budget is also 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 above shows the distribution of the total operating budget into these three types of expenditures. Bonds and other capital funds used for capital improvement projects are included in a separate capital improvement program.

The 2018-19 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 provided on a departmental basis. Detailed explanations of each department's budget are provided in the Department Program Summary section of this document. The following bar chart presents the General Fund budget on a department-by-department basis.



\*Functions include several small offices such as the Office of Arts and Culture and Environmental Programs.

The table below provides a comparison of the 2018-19 budget to the 2017-18 adopted budget. Actual expenditures for the 2016-17 fiscal year also are included.

2018-19 Budget Compared to 2017-18 Adopted Budget (In Millions of Dollars)						
	2016-17 Actual Expenditures	2017-18 Adopted Budget	2018-19		Percent Change	
			Budget	Amount Change		
Operating and Maintenance Expenditures	\$2,422.4	\$2,826.8	\$2,929.4	\$ 102.6	3.6%	
Capital Expenditures	535.8	736.3	919.2	182.9	24.8%	
Debt Service	510.4	500.2	573.3	73.1	14.6%	
<b>Total</b>	<b>\$3,468.6</b>	<b>\$4,063.3</b>	<b>\$4,421.9</b>	<b>\$358.6</b>	<b>8.8%</b>	

Citywide operating and maintenance expenditures are expected to rise primarily due to personal services cost increases from factors such as third-year labor contracts that restore employee concessions, rising pension costs for non-sworn employees, an increase in workforce hiring, and rising medical costs. Contractual expenditures are expected to increase primarily due to rising street repair costs for utilities; replacement of fire life safety systems in City facilities; additional spending associated with voter-approved Transportation 2050 funds for preventive maintenance, light rail operations, security, and the Senior Center Shuttle program; and increased spending of AHUR funds for street lighting, traffic signals, and freeway landscape maintenance. Miscellaneous expenses are expected to rise due to increased contingencies. Capital Outlay expenses are anticipated to rise for additional funding for vehicle and large equipment replacements to address the City's aging fleet. Commodity expenses are expected to rise primarily due to fee increases on raw water purchases and chemicals for the Union Hills Water Treatment Plant and water meter purchases.

Pay-as-you-go capital expenditures are expected to increase due primarily to an increase in pay-as-you-go funding in the Aviation Capital Improvement Program for the PHX Sky Train, Terminals 3 and 4 improvements, and other future development plan projects; and in the Public Transit Capital Improvement Program for projects that include upgrading the fare collection system, new bus purchases, and light rail extensions. Wastewater pay-as-you-go expenditures are expected to decrease due to changing the source of funding for projects from operating to bond funds, which partially offset the increases in other areas.

Debt service expenditures are expected to increase due to the amortization schedules of existing General Obligation Bond, Aviation, Solid Waste, Transportation 2050, Wastewater, and Water debt; new and refunding sales of Aviation debt; and costs of converting the Sheraton Hotel debt from a tax-exempt loan to a taxable loan.

## 2018-19 GENERAL FUND BUDGET OVERVIEW

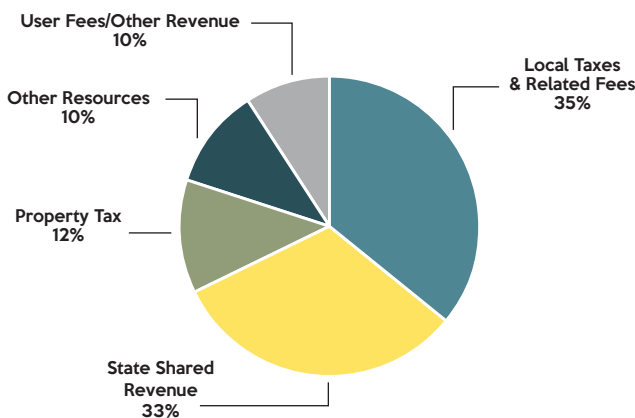
The 2018-19 General Fund budget of \$1,310,119,000 provides for ongoing operating and maintenance and some pay-as-you-go capital expenditures. The table below compares the 2018-19 General Fund budget with the adopted 2017-18 budget.

	2016-17 Actual Expenditures	2017-18 Adopted Budget	2018-19		
			Budget	Amount Change	Percent Change
Operating and Maintenance Expenditures	\$1,100.0	\$1,268.1	\$1,296.7	\$28.6	2.3%
Capital Expenditures	5.4	9.6	13.4	3.8	39.6%
<b>Total</b>	<b>\$1,105.4</b>	<b>\$1,277.7</b>	<b>\$1,310.1</b>	<b>\$32.4</b>	<b>2.5%</b>

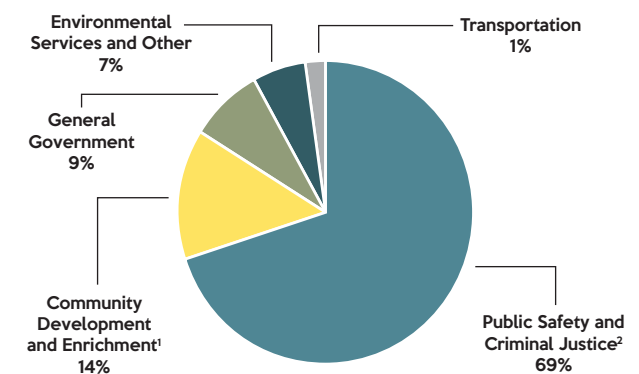
The operating and maintenance expenditures for 2018-19 are expected to increase by 2.3 percent overall compared to the 2017-18 adopted budget primarily due to third-year employee compensation restorations; additional funding for vehicles, technology and facilities maintenance; SAFER grant matching funds; and an increase in the contingency fund. Pay-as-you-go capital expenditure increases are mainly due to increased funding to address aging City facilities and equipment.

The following pie charts show the 2018-19 General Fund budget summarized by major programs and major resources.

### General Funds Total Resources - \$1.31 Billion



### General Funds Total Expenditures - \$1.31 Billion



<sup>1</sup> Includes Parks, Library, Human Services, Neighborhood Services, Planning and Economic Development

<sup>2</sup> When contingency is excluded, Public Safety and Criminal Justice account for approximately 73% of budgeted General Fund expenditures.

## RESOURCES

Resources include beginning fund balances, revenues, recoveries and fund transfers. 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.



## 2018-19 ESTIMATED BEGINNING FUND BALANCES

As explained in a later section, a General Fund ending balance may not be budgeted. However, a contingency fund is used to provide a means to address any emergencies and unanticipated one-time costs that may occur after the budget is adopted. Each year, all or almost all 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 2018-19 beginning fund balances totaling \$1,241.4 million include \$115.1 million in General funds, \$604.4 million in Special Revenue funds and \$521.9 million in Enterprise funds. The estimated beginning fund balance for Special Revenue and Enterprise funds include: Transportation 2050 - \$200.6 million; Other Restricted - \$101.3 million; Arizona Highway User Revenue - \$63.3 million; Parks and Preserves - \$50.3 million; 2007 Public Safety Expansion - \$25.2 million; Neighborhood Protection - \$20.0 million; Development Services - \$50.2 million; Sports Facilities - \$40.2 million; Grant funds - \$17.9 million; Capital Construction- \$14.7 million; Community Reinvestment - \$13.6 million; Aviation - \$330.1 million; Water - \$80.4 million; Convention Center - \$39.9 million; Solid Waste - \$36.0 million; Wastewater - \$35.5 million and \$7.1 million in various other special revenue funds.

## 2017-18 GENERAL FUND ESTIMATED ENDING BALANCE

As shown in the following table, the 2017-18 General Fund ending balance, which is also the 2018-19 beginning balance mentioned in the previous section, is estimated to be \$115.1 million. This results from a \$26.8 million increase in net resources, combined with an \$88.3 million reduction in net expenditures estimated in 2017-18 compared to the original General Fund budget.

General Fund Balance Analysis (In Thousands of Dollars)					
	2016-17 Actuals	2017-18		Estimate Over (Under) Budget	
		Budget	Estimate	Amount	Percent
<b>Resources</b>					
Beginning Balances	\$ 112,544	\$ 130,109	\$ 144,494	\$ 14,385	11.1%
Revenue	1,105,791	1,140,252	1,164,422	24,170	2.1%
Recoveries	3,690	1,000	1,000	---	0.0%
Transfers	27,831	6,379	(5,396)	(11,775)	(100.0)%+
<b>Total Resources</b>	<b>\$1,249,856</b>	<b>\$1,277,740</b>	<b>\$1,304,520</b>	<b>\$ 26,780</b>	<b>2.1%</b>
<b>Expenditures</b>					
Operating Expenditures	1,099,941	1,268,098	1,177,972	(90,126)	(7.1)%
Capital	5,421	9,642	11,425	1,783	18.5%
<b>Total Expenditures</b>	<b>\$ 1,105,362</b>	<b>\$1,277,740</b>	<b>\$ 1,189,397</b>	<b>\$(88,343)</b>	<b>(6.9)%</b>
<b>Ending Fund Balance</b>	<b>\$ 144,494</b>	<b>\$ ---</b>	<b>\$ 115,123</b>	<b>\$ 115,123</b>	<b>100.0%+</b>

The increase to net resources includes a \$14.4 million higher beginning balance and a \$24.2 million increase in operating revenues, offset by an \$11.8 million decrease in net transfers. The increase to 2017-18 projected General Fund revenues is due to the receipt of one-time insurance proceeds for the Burton Barr Central Library, as well as anticipated increases in city sales tax and state-shared sales, income and vehicle license taxes. The decrease in net transfers is due to a one-time transfer being done to create a Public Safety Pension Stabilization Reserve fund based on the operating savings achieved by changing from a 20-year to a 25-year amortization period for public safety pension. The decrease was offset somewhat by higher central service cost transfers into the General Fund.

The decrease in net expenditures includes a \$90.1 million decrease in operating expenditures, offset slightly by a \$1.8 million increase in pay-as-you-go capital expenditures. The decrease in 2017-18 estimated General Fund operating expenditures from the 2017-18 budget is mainly due to unused contingency funds, the change from a 20-year to a 25-year amortization period for public safety pension, and continued salary savings from vacant positions. The increase in pay-as-you-go capital expenditures is due to Burton Barr Central Library renovations.

## 2018-19 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 2018-19 are estimated at \$3,621,170,000. This is \$142,440,000 or 4.1 percent more than the 2017-18 estimate of \$3,478,730,000. General Fund revenues are estimated at \$1,183,681,000 which is \$19,259,000 or 1.7 percent more than the 2017-18 estimate of \$1,164,422,000. The increase is primarily due to anticipated increases in city sales tax; state-shared sales and vehicle license taxes; and primary property tax.

The following table provides a comparison of the 2018-19 estimated revenues to 2017-18 estimates and 2016-17 actual collections. Detailed explanations by category are provided in the 2018-19 Revenue Estimates section of this document.

Fund Types	2016-17 Actuals	2017-18 Estimate	2018-19		
			Estimate	Amount Change	Percent Change
General	\$1,105,791	\$1,164,422	\$1,183,681	\$19,259	1.7%
Special Revenue Funds	1,079,689	1,066,978	1,172,711	105,733	9.9%
Enterprise Funds	1,221,638	1,247,330	1,264,778	17,448	1.4%
<b>Total</b>	<b>\$3,407,118</b>	<b>\$3,478,730</b>	<b>\$3,621,170</b>	<b>\$142,440</b>	<b>4.1%</b>

The state and local economy has shown solid growth in 2017-18 and economists predict the state will continue to grind out solid gains assuming the national economy avoids recession. Arizona and the Phoenix metro area are projected to continue to outperform the nation in terms of job, population and income growth. City sales tax, state-shared sales and vehicle license taxes are all expected to grow in 2018-19, with growth rates ranging from 3.5 percent to 4.5 percent.

The 2018-19 estimate for Special Revenue funds includes an \$8.4 million increase in Transportation 2050 funds, a \$5.5 million increase in secondary property tax revenues, a \$4.1 million increase in Arizona Highway User Revenue funds, a \$2.4 million increase in 2007 Public Safety Expansion funds, a \$1.2 million increase in Neighborhood Protection funds, and a \$106.9 million increase in various grant funds including public transit, public housing and human services grants. Special Revenue funds also include a \$7.0 million decrease in community development grants, a \$4.2 million decrease in regional transit revenues, a \$3.9 million decrease in sports facilities revenues, a \$2.7 million decrease in criminal justice grants, a \$2.6 million decrease in other restricted funds and a \$2.6 million decrease for other grants.

## 2018-19 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.

Central service cost allocation and other transfers to the General Fund for 2018-19 total \$71.5 million. This amount reflects \$66.2 million to recoup central service costs and/or payments of in lieu property taxes, the majority of which is 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.

Approximately \$5.3 million in miscellaneous transfers from other funds is also included. As a result, total transfers to the General Fund exclusive of excise tax-related items are \$71.5 million. A transfer of \$826.2 million from the Excise Tax fund represents the General Fund share of local and state-shared sales taxes, fees and state-shared income taxes. However, this amount is reflected in revenues, rather than a transfer, throughout this section.

## 2018-19 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 each year. For 2018-19, \$52.4 million is included for the General Fund contingency, with an additional \$9.2 million set aside for Police body cameras and a Fire SAFER grant match, as 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 and in the last five years; the contingency fund has remained 100 percent unused.

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 2018-19 ending balance of \$461.5 million includes: Transportation 2050 -\$87.8 million; Other Restricted - \$82.7 million; Development Services - \$26.3 million; Parks and Preserves - \$18.1 million; 2007 Police Public Safety Expansion - \$16.4 million; Community Reinvestment - \$12.4 million; Grant Funds - \$11.4 million; Aviation - \$93.8 million; Wastewater - \$50.4 million; Water - \$23.4 million; Convention Center - \$22.5 million; Solid Waste - \$0.4 million and a combined \$15.9 million in various other Special Revenue funds. Beginning and ending fund balances are provided in more detail in Schedule 1 located in the Summary Schedules section.

In 2018-19, the Enterprise funds ending balances in the aggregate are programmed to decline from \$521.9 million at the beginning of 2018-19 to \$190.5 million at year end.

- The Aviation balance is declining due to an increase in personnel costs, custodial service costs for higher minimum wage and paid sick time, as well as increased pay-as-you-go expenditures for the PHX Sky Train, Terminal 4 South Concourse and Terminal 3 Modernization projects.
- Water funds are decreasing primarily due to fee increases on raw water purchases and chemicals for the Union Hills Water Treatment Plant and increased expenditures for water meter purchases.
- Wastewater funds are increasing due to shifting the source of funding for projects from operating to bond funds.
- Solid Waste funds are decreasing due to an increase in costs for processing recyclables, additional funding for vehicle and equipment replacements, and increasing the clean-up of homeless sites from twice a week to five times per week.
- The Convention Center fund balance is decreasing due to capital furniture and equipment replacement; higher operating costs for the tourism and marketing contract with the Greater Phoenix Convention and Visitor Bureau (GPCVB); increased costs for security, utilities, custodial services and elevator maintenance; and pay-as-you-go capital spending for projects such as designing and constructing a new shoring wall for the North building and to refurbish elevators in the East Garage.

Special Revenue fund balances in the aggregate are expected to decrease from \$604.3 million to \$271.0 million.

- The Public Safety specialty funds (Neighborhood Protection, 2007 Public Safety Expansion and Public Safety Enhancement) balances are declining due to increased personal service costs and planned hiring.
- The Transportation 2050 fund, which includes public transit and street improvements, is expected to decrease due to various transit projects such as technology improvements, routing changes, increased costs to restore weekday service levels on some holidays, and light rail extensions.
- The Arizona Highway User Revenue fund balance is decreasing primarily due to an increase in personnel costs, vehicle replacements, and for pay-as-you-go capital projects such as improvements and modifications to streets, bicycle and pedestrian walkways, and illuminated street signs.
- The Sports Facilities fund balance is decreasing due to increased contingencies, Talking Stick Arena repairs and debt costs.
- The Phoenix Parks and Preserves fund balance is decreasing primarily due to a variety of pay-as-you-go capital projects including a new community center at Cesar Chavez Park and Margaret T. Hance Park renovations.
- Development Services funds are decreasing due to increased spending on pay-as-you-go capital projects for technology improvements and replacements.
- Other Restricted fund balances are decreasing as a result of addressing critical needs throughout departments, including funding for Transit police officers, as well as planned spending in pay-as-you-go capital funds for public safety technology and building improvements.
- Regional Transit fund balances are decreasing due to increased costs related to replacement of buses and the fare collection system and due to the timing of reimbursements from the regional transportation plan explained in more detail in the next section.
- A few Special Revenue fund balances are expected to increase slightly primarily due to anticipated increases in total resources.

## **NEGATIVE FUND BALANCES**

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The negative fund balance in Regional Transit is due to the timing of reimbursements for project costs from the regional transportation plan. In response to the question of how to accommodate the Valley's skyrocketing growth, voters cast their ballots in November 2004 in support of Proposition 400, a half-cent sales tax that helps fund projects in the regional transportation plan. This performance-based regional transportation plan provides a broad vision for the regional transportation system for the next two decades, addressing freeways and other highways, streets, transit, airports, bicycle and pedestrian facilities, freight, demand management, system management including intelligent transportation systems (ITS), and safety. The City receives reimbursements from the Regional Public Transportation Authority (RPTA) for the projects in the plan.



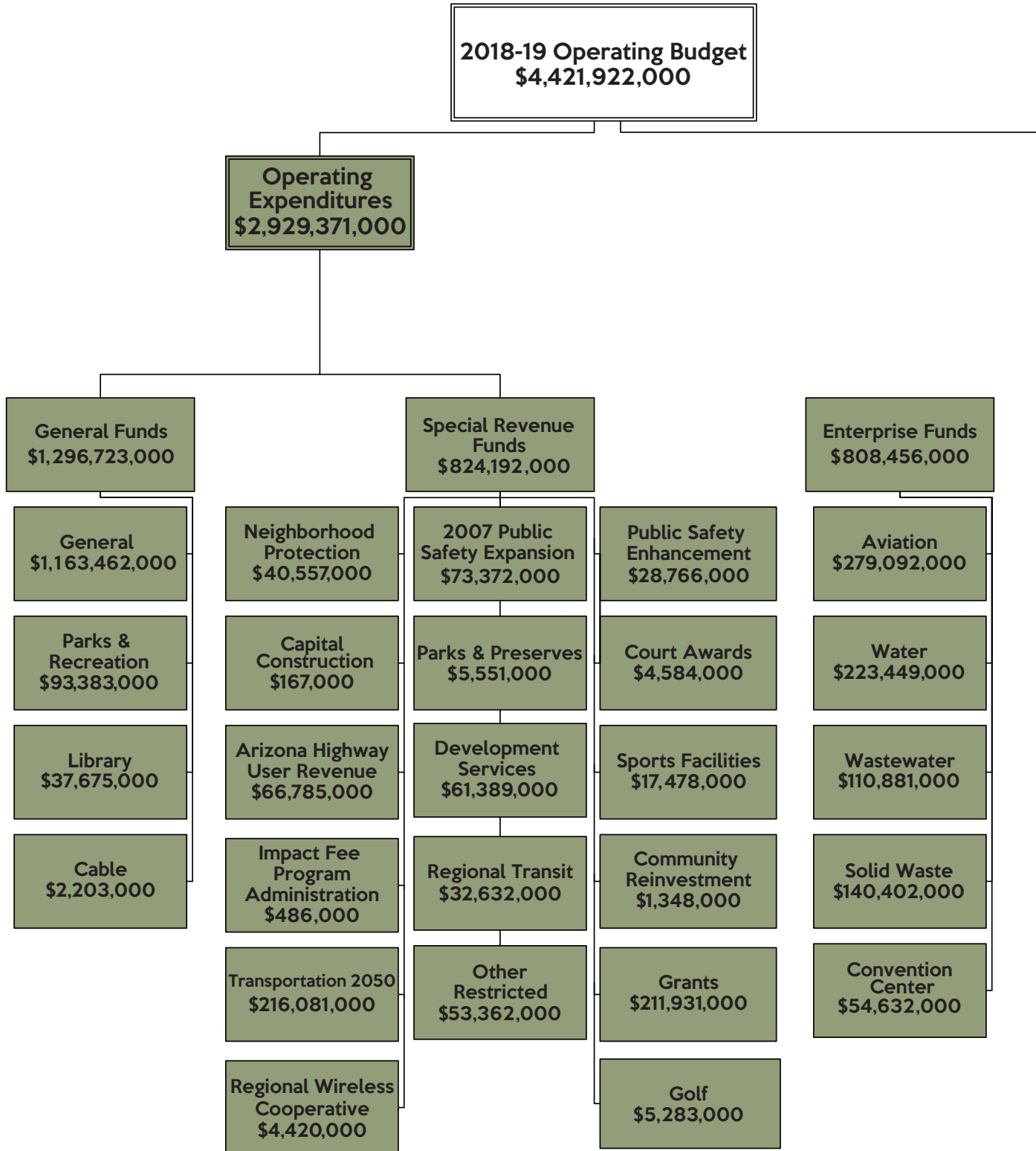
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Credit Rating of the  
5 Largest U.S. Cities

**STRONG CREDIT RATING**

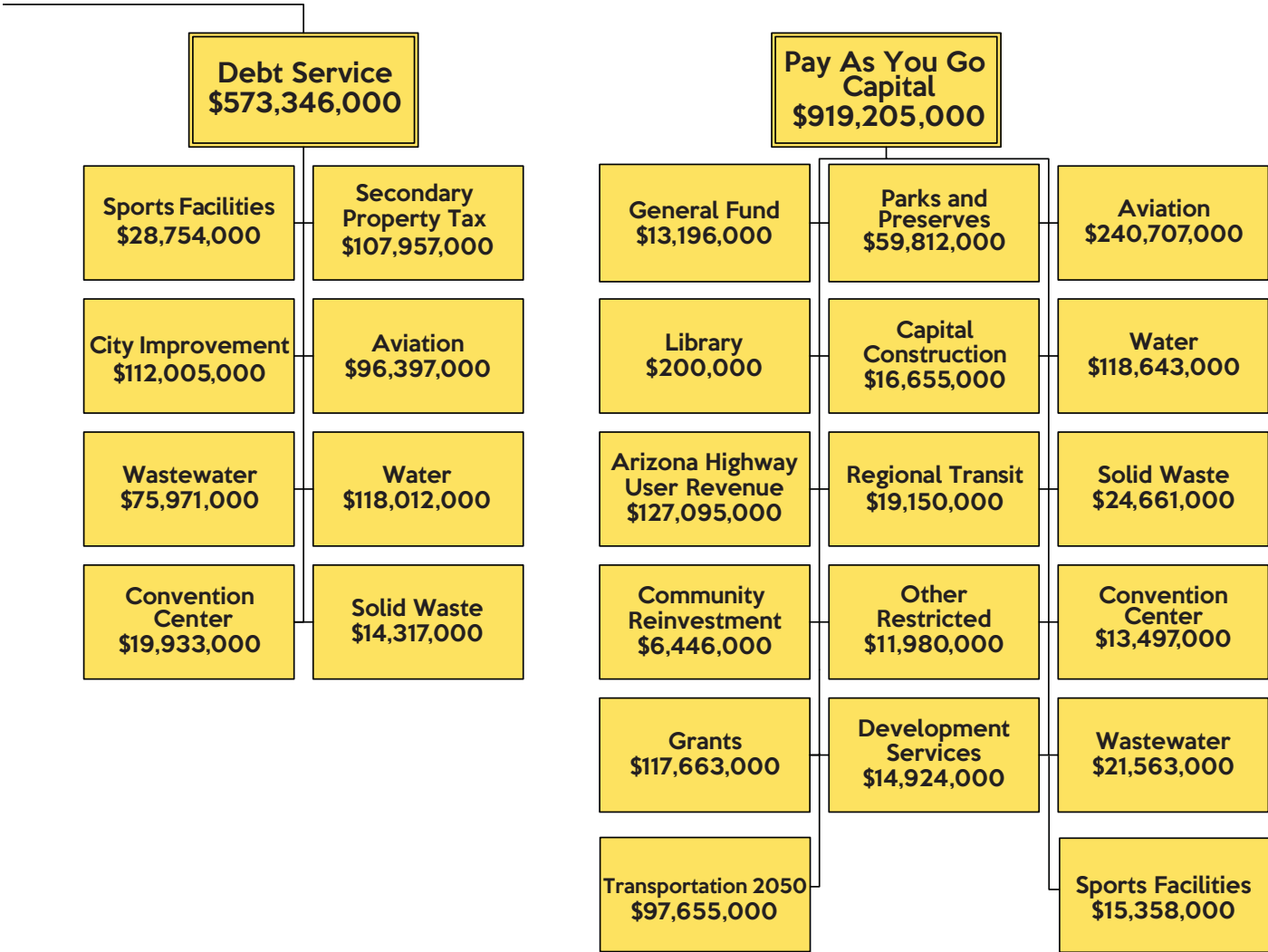
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**STABLE OUTLOOK**

# 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 City's area, just under 520 square miles, increases periodically with annexations. The local economy continues to make progress and city revenue collections reflect modest growth.

Population in Phoenix has consistently outpaced the U.S. growth over the last several years, and according to the most recent census estimates, is more than 1.6 million making Phoenix the nation's fifth-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 education and health services, professional and administrative, retail trade, leisure and hospitality services, financial activities, construction and manufacturing. Job growth in Phoenix has generally been higher than the U.S. average. Recent estimates show unemployment rates lower than the rest of the country.

The 2018-19 budget provides a balanced General Fund with service additions reflecting the comments received from the community, the Mayor and City Council regarding the importance of maintaining current city services and a strong city organization. The additions from feedback received this year focused on homelessness, arts and art maintenance, library access and extended hours, public safety hiring, street maintenance and repair, parks, pedestrian safety, shade, youth programming and community services. These additions reflect enhancements to several critical areas such as public safety, homelessness, and other important community services including neighborhoods, trees and shade, arts and libraries.

The budget reflects Phoenix's continued commitment to keeping public safety its highest priority and includes: the addition of 14 new firefighter positions and converting temporary fire station 55 to a 24/7 operation which will improve response times and provide resources needed to respond to growth; the addition of five civilian positions to support the Police department's Crime Gun Intelligence Center and 13 civilian positions to assist with the public records workload; increased homeless outreach to allow the City to efficiently and effectively address community concerns regarding growing street homeless issues; and the addition of two new park rangers to assist with monitoring and park rule enforcement.

The General Fund also includes increased funding for: arts maintenance; the Latino Cultural Center; the Tree and Shade masterplan; extended library hours; and sober living home licensing.

Significant services to the City are provided through non-General Fund resources. There are Special Revenue Funds like voter-approved public safety and transit taxes, and Enterprise Funds like Aviation and Solid Waste. Important non-General Fund changes include the following service additions: 18 new positions in the Planning and Development department to meet the needs of current workload and expected increases in the development process; \$895,000 in Proposed Arizona Highway User Revenue (AHUR) Fund additions and 30 additional staff to meet the needs of current workload demands and facilitate in coordination of the Street Transportation department's robust capital improvement program which includes both AHUR and Transportation 2050 funded projects.

The chart that follows indicates how major services provided to Phoenix residents have been adjusted in response to local economic and financial conditions.



**PUBLIC SAFETY**

**POLICE**

**Personnel Resources:**

In 2007-08, the Police Department had 3,234 sworn officers and 1,206 civilian employees.

The 2017-18 budget includes funds to hire 16 Police Assistants and associated equipment, with the goal of improving response times by allowing officers to focus on higher priority calls for service.

Significant hiring efforts continue in 2017-18, with the planned hiring of 278 police officers. These efforts support the department's goal of reaching 3,125 filled sworn positions. As of March 2018, there were 2,948 filled sworn positions.

The 2018-19 budget includes additional staff support for the Criminal Gun Intelligence Center (CGIC), a regional resource that uses advanced technologies and investigative techniques to help law enforcement identify, locate, and apprehend violent criminals possessing firearms. The 2018-19 budget also reallocates funding to more effectively staff the Public Records Unit, which has experienced a significant increase in public records requests over the last five years.

The sworn hiring plan continues in 2018-19, with the planned hiring of 300 police officers. Overall, the 2018-19 budget includes 3,273 authorized sworn positions, or approximately 2.06 for every 1,000 residents, as well as 1,064.6 civilian employees.

**Response Time Average:**

Response time for 2007-08 Priority 1 emergency calls was an average of 5 minutes 36 seconds.

Due to sworn vacancies in the Police Department, overtime usage has increased in order to maintain minimum staffing levels within patrol. This has negatively impacted Priority 1 emergency call response times, which are currently 6 minutes and 30 seconds. The department has strived to maintain the percentage of 911 calls answered within 10 seconds in the mid-90th percentile; however, hiring and staffing challenges have reduced the percentage to 88% for 2017-18.

The 2018-19 budget provides for an estimated 6 minute and 30 second average response time for Priority 1 calls.

**PUBLIC SAFETY**

**FIRE**

**Response Time Average:**

In 2007-08, the Fire Department maintained an average response time of 5 minutes 29 seconds for all fire and medical emergency calls.

Since 2007-08, response times have increased to 5 minutes 11 seconds for all fire and medical emergency calls. This increase is at least partly attributed to staffing and deployment changes for paramedic engine companies and ambulances. The overall incident activity level increased 42 percent from 2007-08 to 2017-18.

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 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 Services Department.

The fiscal year 2011-12 budget included 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 were in contractual services, commodities and capital outlay.

The 2012-13 budget included additions for staff coverage in the Alarm Room (four civilian positions) and Operating costs for the new Dispatch and Emergency Operations Center. Reductions reflected in the 2013-14 budget included the elimination of 8.3 General Funded civilian positions as well as a reduction of the Banner contract for the Health Center.

In addition, seven positions from the New Construction section were moved to the Planning and Development Services Department.

The 2013-14 budget included savings in contractual and commodity expenditures and moving the Ambulance Billing office from leased space to city-owned space.

The 2014-15 budget includes normal inflationary increases in personnel costs and other operational necessities such as fuel, vehicle maintenance and facility maintenance and administrative efficiencies that include a reduction in the inventory of MCTs, reduced administrative support for the department and employee concessions.

The 2015-16 budget retained current emergency response staffing levels to preserve less than five-minute average response time for all fire and medical emergency calls.

The 2016-17 budget for the department eliminated three civilian positions as part of the city-wide vacancy elimination and one additional civilian position was moved out of the department to support City Human Resources. The department closed the Fire Uniform Store.

For 2017-18, the department added one alternative response vehicle (LA18) at Fire Station 18 to meet increasing peak demands for medical treatment. The department added temporary Engine 55 to greatly enhance response times in the I-17 and Jomax area. The department also eliminated two full-time and two part-time civilian positions as part of a 2017-18 city organizational review.

The 2018-19 budget recommends retaining current emergency response staffing levels to preserve less than five-minute average response time for all fire and medical emergency calls.

The department reclassified six sworn positions to firefighters to increase field staffing levels. With the salary savings, the department added eight civilian positions to enhance the Fire Prevention program.

Construction of Fire Station 55 located at I-17 and Jomax Road is scheduled to be completed in late 2019. A temporary station is operational and funding is added for 14 full-time sworn positions to allow for full-time operations in a 24-hour schedule at the temporary location until the new station is built.

**PROGRAM SERVICE  
LEVEL IN 2007-08**

**SERVICE CHANGES  
THROUGH 2017-18**

**SERVICE CHANGES  
FOR 2018-19**

**PUBLIC SAFETY**

**FIRE**

**Emergency  
Transportation:**

In 2007-08, the City of Phoenix had a total of 23 full-time and 11 part-time ambulances in service.

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 decreased the Emergency Transportation System to 21 full-time and 11 part-time ambulances.

The 2012-13 budget included adding staff for an additional One and One Rescue (seven sworn positions) to meet state-mandated response times.

The 2013-14 budget included adding staff for an additional One and One Rescue (seven sworn positions) to meet state-mandated response times.

The 2014-15 budget included no changes in service for Emergency Transportation.

The 2016-17 budget included no changes in service for Emergency Transportation, which includes a total of 23 full-time and 14 part-time ambulances in service.

The 2017-18 budget included the addition of one dedicated part-time ambulance for emergency response at Sky Harbor Airport. This unit will assure compliance with timely ambulance transportation response. This addition gave the department a total of 23 full-time and 15 part-time ambulances in service.

The 2018-19 budget includes no changes in service for Emergency Transportation.

**PROGRAM SERVICE  
LEVEL IN 2007-08**

**SERVICE CHANGES  
THROUGH 2017-18**

**SERVICE CHANGES  
FOR 2018-19**

**TRANSPORTATION**

**PUBLIC TRANSIT**

**Service Miles/Hours:**

In 2007-08, 21,415,732 miles of annual bus service and 296,043 hours of Dial-a-Ride services were provided on weekdays and weekends in the City of Phoenix.

Annual 2015-16 bus revenue miles are estimated at 17,202,500, Express/RAPID revenue miles are estimated at 920,700, and Dial-a-Ride service hours are estimated at 323,810.

City Council approved bus service modifications implemented in October 2015 and April 2016. Public Transit modified several bus routes, increased route frequency on some existing routes, and added one new bus route to meet ridership demand and improve route efficiency.

Annual 2016-17 local bus revenue miles are estimated at 17,206,500, Express/RAPID revenue miles are estimated at 920,700 and Dial-a-Ride service hours are estimated at 323,286.

City Council approved expanding bus service and increasing service frequency in Phoenix to at least every 30 minutes on all routes in October 2016 and April 2017. Public Transit also extended Route 39 to Dreamy Draw Park and Ride and extended Route 122 to service both Arizona State University West and 19th Avenue & Dunlap light rail station.

Annual 2017-2018 local bus revenue miles are estimated at 19,836,900, Express/RAPID revenue miles are estimated at 920,700 and Dial-a-Ride services hours are estimated at 322,760.

In October 2017, Phoenix Public Transit extended Route 19 to service Happy Valley Towne Center, Route 60 to service 24th Street & Camelback area, and improved frequency on Routes 29 and 50. In April 2018, Transit extended Route 32 to Arizona Mills Mall in Tempe via 48th Street, University, 40th Street, and Baseline Road. Route 51 has been extended on 51st Avenue from Lower Buckeye Road to Baseline Road. In addition, the extended 51 consolidated with Route 251 to form a single bus route on 51st Avenue from ASU West to Pecos Road. Frequency improvements were made on Routes 3 and 19 in April 2018.

Annual 2018-2019 local bus revenue miles are estimated at 20,372,200, Express/RAPID revenue miles are estimated at 850,500 and Dial-a-Ride services hours are estimated at 324,864.

In October 2018, Phoenix Public Transit and all jurisdictions under the Valley Metro system will be restoring weekday service levels on Martin Luther King Jr. Day, Presidents' Day, Veterans' Day, Day after Thanksgiving, and Christmas Eve. Phoenix Public Transit will also be making a minor routing change on Route 8 in Downtown Phoenix and Route 106 in Metrocenter Mall. Frequency improvements are planned for Route 41 on Indian School Road.

**Average Weekday Bus  
Ridership:**

In 2007-08 the average weekday bus ridership increased to 170,250.

In the 2015-16 budget, average weekday ridership is estimated at 125,097.

In the 2016-17 budget, average weekday ridership is estimated at 125,097.

In the 2017-18 budget, average weekday ridership is estimated at 117,000.

In the 2018-19 budget, average weekday ridership is estimated at 120,000.

**PROGRAM SERVICE  
LEVEL IN 2007-08**

**SERVICE CHANGES  
THROUGH 2017-18**

**SERVICE CHANGES  
FOR 2018-19**

**TRANSPORTATION**

**STREET  
TRANSPORTATION**

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

In 2007-08 funding was added to improve the general maintenance of streets and frequency of service remained at every two weeks.

The 2008-09 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 Third Avenue to Seventh 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.

There were no changes in service for major and collector sweeping and maintenance from fiscal year 2011-12 through 2017-18. Frequency of service remains at every two weeks.

The 2018-19 budget includes no changes in service for major and collector sweeping and maintenance.

**Residential Street  
Sweeping:**

In 2007-08, there were no changes to the budget and frequency of service remained at four times a year.

There were no changes in residential street sweeping from fiscal year 2008-09 through 2017-18. Frequency of service remains at four times per year.

The 2018-19 budget included no changes in service for residential street sweeping.

**TRANSPORTATION**

**STREET  
TRANSPORTATION**

**Sealcoat:**

The 2007-08 budget provided sealcoating for 37 miles of city streets.

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.

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 until 2011-12.

The 2011-12 budget included funding for 39 miles of city streets to be sealcoated.

The 2012-13 budget included 45 miles of streets to be sealcoated. It also included 20 miles of the FAST program.

No changes were included in the 2013-14 budget.

The 2014-15 budget provided no changes to service levels. However, the two September 2014 storms diverted attention from sealcoat to repairs.

The 2015-16 budget included 68 miles of streets to be sealcoated. It also included 10 miles of the FAST, and 26 miles of preservative arterial street crack sealing programs. T2050 funds from passage of Proposition 104 improved the budget, coupled with the availability of improved technology allowed for revamping of the sealcoat program to increase the level of service.

The 2016-17 budget provided funding for 297 miles of streets to be sealcoated. New resurfacing treatments were added that include Tire Rubber Modified Surface Seal (TRMSS) and Polymer Modified Masterseal (PMM). The addition of these treatments, and additional Arizona Highway User Revenue (AHUR) funding, allowed the number of miles treated to increase to a total of 360 miles.

The 2017-18 budget provided funding for 306 miles of streets to be sealcoated.

The 2018-19 budget includes 200 miles of streets to be sealcoated. The number of miles sealcoated may vary year over year based on the streets selected and the distribution of wide versus narrow streets treated. It can also vary based on the method of sealcoat used.

**TRANSPORTATION**

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**STREET  
TRANSPORTATION**

**Asphalt Overlay:**

In 2007-08, due to continued increases in costs, 62 miles were overlaid.

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.

The 2018-19 budget provides for 94 miles of overlay. The number of miles resurfaced can vary year over year based on the streets selected and the distribution of wide versus narrow streets being treated.

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 Program (CIP) funds from other CIP projects to the overlay and sidewalk ramp contracts.

The 2010-11 budget provided for 85 miles of overlay, including 65 miles that were funded by the American Recovery and Reinvestment Act (ARRA).

The 2011-12 budget provided 153 miles of overlay. The increase in the number of miles of overlay is due to a carryover of Arizona Highway User Revenue (AHUR) Funds from the prior year.

The 2013-14 budget provided for 106 miles of overlay. The projected amount is the result of a decrease in the elimination of the American Recovery and Reinvestment Act (ARRA) funding and the addition of \$5 million in AHUR.

The 2014-15 budget provided no changes to service levels. However, the two September 2014 storms diverted attention from overlay to repairs.

The 2015-16 budget provided for 100 miles of overlay.

The 2016-17 budget allowed for 90 miles of streets to be overlaid. Additional AHUR funding was added to increase the total amount to 121 miles.

The 2017-18 budget allowed for 91 miles of streets to be overlaid.

**PROGRAM SERVICE  
LEVEL IN 2007-08**

**SERVICE CHANGES  
THROUGH 2017-18**

**SERVICE CHANGES  
FOR 2018-19**

**COMMUNITY DEVELOPMENT**

**HOUSING**

**Scattered Sites Housing  
Program:**

In 2007-08, the Housing Department had 433 units.

This homeownership program allows eligible tenants the opportunity to purchase a home. Between 1998-99 and 2007-08, the program's total inventory expanded to 480 units.

In the 2017-18 budget, the program is expected to sell 45 units, reducing its inventory to 286 units.

At the end of 2016-17, the inventory of 334 units reflects the sale of 147 homes to eligible residents over the past decade and the transfer of 4 units to a local nonprofit agency.

**Affordable Housing  
Program:**

In 2007-08, this program had 1,382 units for families and individuals.

By the end of 2011-12, the Affordable Housing Program was expanded to a total of 3,115 city-owned units for families and individuals, with the addition of 483 units from the newly renovated units at Park Lee and The Symphony.

In the 2017-18 budget, the program is expected to increase to approximately 2,778 units, which results from the acquisition of 15 units at Phoenix Starfish Place.

At the end of 2016-17, the Affordable Housing Program consists of 2,763 units for families.

**Federal Assisted Housing  
Program:**

In 2007-08, Phase III of the HOPE VI project was completed, adding 68 units, bringing the total inventory of conventional housing units to 2,070.

At the end of 2016-17, the Federal Assisted Housing Program consists of 2,608 units for families and individuals.

In the 2017-18 budget, the program is expected to decrease the number of units for a total of 2,563.

**Housing Payment  
Assistance Program:**

In the 2007-08 budget, the rental assistance program provided 5,313 units of vouchers for low income residents in the private housing market.

At the end of 2016-17, the rental assistance program will provide 6,700 units of vouchers for low income residents in the private housing market.

In the 2017-18 budget, the program is expected to maintain 6,700 units of vouchers for low income residents in the private housing market.



**COMMUNITY DEVELOPMENT**

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**NEIGHBORHOOD  
SERVICES**

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

In 2007-08 case cycle time improved slightly to 51 days.

Significant staffing and resource reductions in March 2009 occurred. The impact was minimized by the implementation of an enhanced quality control program, supplemented by supervisory access to more detailed performance indicator reports. Average cycle time for 2009-10 was 51 days.

The overall average case cycle time increased to 52 days in fiscal year 2010-11. The increase was due in part to the ongoing complexity of resolving violations at properties in the foreclosure process which caused delays in both administrative (abatement) and adjudication (court) cases.

In fiscal year 2011-12, additional performance standard and quality control measures were initiated along with ongoing process improvements and some division reorganization.

These measures assisted in reducing overall average case cycle time back down to 45 days in 2013-14.

In 2014-15, the overall average case cycle time was 33 days.

In 2015-16, the overall average case cycle time was 34 days.

In 2016-17 the overall average case cycle time is estimated at 34 days or less.

The 2017-18 budget includes no changes in service for Neighborhood Preservation case cycle time.

The 2018-19 budget includes no changes in service for Neighborhood Preservation case cycle time.

**COMMUNITY DEVELOPMENT**

**ECONOMIC  
DEVELOPMENT**

**Employment Growth Rate  
Compared to Other Cities:**

In 2007, Phoenix's employment growth rate ranked 6th among the following benchmark cities:

- Austin – 3.1%
- Dallas – 2.2%
- Fort Worth/Arlington – 2.2%
- San Antonio – 2.0%
- San Jose – 1.4%

**PHOENIX – 1.3%**

- San Diego – 1.1%
- Kansas City – 1.0%
- Los Angeles/Long Beach – 0.4%

As the below figures show, employment growth in 2017 has increased for most cities.

The Phoenix unemployment rate dropped approximately 0.2% by the end of 2017 as compared to the same time in 2016.

Based on data from the Bureau of Labor Statistics, Phoenix ranked 3rd in the Employment Growth Rate in 2017 compared to the following benchmark cities:

- Denver – 3.69%
- Austin – 3.55%
- PHOENIX – 3.43%**
- Dallas – 3.23%
- Ft. Worth – 3.07%
- San Jose – 2.98%
- San Antonio – 2.64%
- Los Angeles – 2.42%
- San Francisco – 2.33%
- San Diego – 1.75%
- Kansas City – 1.11%

Based on data from the Arizona Department of Administration, the **Phoenix Metro** employment level is expected to increase by 23,000 jobs from 2017-2019. Phoenix Metro was projected to see its employment level increase by 467,919 jobs between 2014 and 2024.

Phoenix's employment growth rate remained roughly the same in 2017 as in 2016: 3.43%, although 2017 saw 1,112 more jobs added than in 2016. Phoenix moved down from 2nd to 3rd ranked city (compared to the previously listed cities). It is anticipated employment will continue to grow significantly in 2018-19.

**PROGRAM SERVICE  
LEVEL IN 2007-08**

**SERVICE CHANGES  
THROUGH 2017-18**

**SERVICE CHANGES  
FOR 2018-19**

**COMMUNITY ENRICHMENT**

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**HUMAN SERVICES**

**Head Start Program:**

In 2007-08, the program served 3,800 children.

The program served 3,667 children during 2015-16, of which, 845 were included in the Early Head Start Program.

The 2018-19 budget includes no changes in service.

The program served 4,321 children during 2016-17, of which, 831 were included in the Early Head Start Program.

The program is expected to serve 3,451 children during 2017-18, of which, 488 are included in the Early Head Start Program.

**Senior Nutrition Program:**

In 2007-08 the program expanded to serve 625,000 congregate and home-delivered meals.

For 2015-16, the program served 538,133 meals.

The 2018-19 budget includes no changes in service.

For 2016-17, the program served 494,230 meals.

For 2017-18, the program is expected to serve 448,042 meals. The meals served are expected to decrease due to the demographics shifting towards attendees who are joining the center for activities and classes, while not partaking in meal services.

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**PARKS AND  
RECREATION**

**Swimming Pools:**

In 2007-08, there were 29 public swimming pools.

No changes were included in the 2008-09 budget.

No changes are included in the 2018-19 budget for swimming pools.

In the 2009-10 budget, eight pools were closed for infrastructure repairs on a rotating basis for three years 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, eight pools previously closed for infrastructure repairs were re-opened. This increased the number of open pools to 28 out of 29.

In 2014-15, the number of open pools increased to 29 with the re-opening of Cortez Pool.

Between fiscal years 2015-16 and 2017-18, no changes were included in the budget.

**COMMUNITY ENRICHMENT**

**PARKS AND  
RECREATION**

**Swimming Pool Season:**

In 2007-08 budget season allowed for a nine-week season.

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 to 7 p.m. instead of noon to 8 p.m. Also, fees were increased for general swim lessons and recreational teams.

The 2012-13 budget added open swim hours at nine pools, representing all Council districts and city regions, from 1 to 7 p.m. each day in August through the Labor Day Holiday.

No changes were included in the 2014-15 budget.

No changes were included in the 2015-16 budget.

In 2016-17, 18 pools were open on Memorial Day weekend through the last weekend in July; 11 pools were open in August through the Labor Day Holiday.

No changes were included in the 2017-18 budget.

No changes are included in the 2018-19 budget for swimming pool season.

**School Recreation  
Program During School  
Year:**

In 2007-08, funding was provided for school recreation programs at 83 sites and 166 program units.

Budget reductions in 2008-09 reduced the number of after-school program units to 104, which included reducing the number of sites to 81.

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.

The 2010-11 budget further reduced after-school sites to 25 General Fund-supported sites and five full cost recovery sites effective June 2010.

In 2012-13, nine Phoenix Afterschool Program (PAC) sites were restored, which brought the total number of sites to 39.

The 2013-14 budget increased after-school sites to 44.

In 2014-15, the number of after-school sites started with 44. Two sites were cancelled in mid-year due to low enrollment.

The 2015-16 budget had 42 after-school sites.

In 2016-17, eight smaller sites were combined into four "super" sites, which reduced the number of sites to 38.

No changes were included in the 2017-18 budget.

No changes are included in the 2018-19 budget for during school year recreation programs.

**COMMUNITY ENRICHMENT**

**LIBRARY**

**Central Library:**

The Burton Barr Central Library opened in May 1995. The 2007-08 budget included 72 hours of operation per week.

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

No service changes are included in the 2018-19 budget.

In March 2009, the hours of operation at the Burton Barr Central Library were reduced from 72 to 52 hours per week. 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 Burton Barr Central Library were reduced.

In December 2010, the hours at Burton Barr Central Library were expanded by six hours per week, from 52 to 58 hours per week.

In July 2012, Burton Barr Central Library expanded morning hours by six hours, from 58 to 64 hours per week, opening at 9 a.m. instead of 11 a.m. on Tuesdays, Wednesdays and Thursdays.

In 2013-14, the number of electronic-materials was increased by over 13,000 items.

In July 2013, MACH1 opened. MACH1 is a space for coding classes, robotics, science cafes, and STEM programming for all ages. It is only open for scheduled classes and programs.

In January 2014, hive@central opened. The hive@central is a collaborative space designed to bring together inventors, problem-solvers, entrepreneurs, and small businesses.

In January 2015, partnered with St. Mary's Food Bank to provide Kids Café, a meal service program designed to provide a free, healthy meal along with educational programs.

In January 2015, College Depot launched the ReEngage Phoenix program to provide adults 21 and older, and youth who have not completed high school with the opportunity to earn an accredited high school diploma and a career certificate through Career Online High School.

Beginning March 2015, materials that do not have holds placed are automatically renewed, enhancing the customer experience.

The 2016-17 budget restored \$100,000 for electronic materials, representing a 22% increase. Funding provided an alternative method of delivering services following reductions to branch hours in 2009-10 and 2010-11.

In January 2017, entered into a contract with Southwest Autism Research & Resource Center to operate a café at Burton Barr Library.

Burton Barr Central Library was closed beginning in the summer of 2017 due to storm damage and is scheduled to reopen in June 2018.

**COMMUNITY ENRICHMENT**

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**LIBRARY**

**Central Library Continue:**

The renovation of Burton Barr Central Library expanded the College Depot, MACH1 and Children's areas within the library.

The College Depot area expanded from 4,000 to 12,000 square feet which will enable an increase in the number of workshops. In addition to doubling the number of "applying for college" workshops, each workshop will accommodate double the number of attendees. Specialty programming will be added to include: more summer camps; additional break-out sessions with expertise; additional GED sessions; "Youth Work Readiness" sessions, and additional capacity for in service and workshop sessions.

The MACH1 space added two designated computer labs. The space will double the capacity for computer-related classes and programs. The designated classroom space will allow break-out sessions which provides different age groups and level of expertise access to resources. A designated space for the sewing machine program was added, enhancing focused learning. A 3D printer room was added which allows an increase in the number of 3D printers. Designated computers will be available for customers to book time. The open making space is upgraded to include state- of-the-art flooring, tables and outlets to allow the addition of another full summer camp series.

The Children's Space expanded from just over 5,000 square feet to over 14,000 square feet. Design was updated to include a larger capacity Storytime area. Expansion also included a tripling of the children's materials collection with an increase to the "Great Children's Book" specialty collection. A designated children's makers' programming space, "MACH.5," for ages birth to 12 was added. Specially-designed early literacy interactive furniture and "Little Sprouts" (children's seed library) were incorporated.

**COMMUNITY ENRICHMENT**

**LIBRARY**

**Branch Libraries:**

The 2007-08 budget increased 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, 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; and facilities maintenance projects were delayed.

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

The new 12,300 square foot replacement for Harmon Library opened 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.

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.

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

In July 2012, evening hours were expanded at eight branches: Ironwood, Cholla, Cesar Chavez, Palo Verde, Juniper, Agave, Yucca and Saguaro. They opened an additional six hours per week, from 7 to 9 p.m. on Tuesdays, Wednesdays and Thursdays, bringing total branch service hours to 759 per week. College Depot also expanded its programming to four branch libraries: Cesar Chavez, Cholla, Palo Verde and South Mountain Community College.

In 2013, an automated materials handling system was installed at Mesquite Library, generating efficiencies and enabling customers to return materials 24/7 and get immediate acknowledgement of the return.

In January and October 2014, began partnering with St. Mary's Food Bank at six branches to provide Kids Café, a meal service program designed to provide a free, healthy meal along with a learning component.

In 2013, the FitPHX Energy Zones program, an after-school health education program for Phoenix youth ages 10-14, was established in three Phoenix Public Library locations: Harmon, Palo Verde and Yucca. In October 2015, through a Super Bowl grant, these three locations installed active computer workstations so customers can walk at a leisurely pace on a treadmill while using one of the library's public computers.

Opened a temporary branch at Park Central Mall in January 2018 due to the temporary closure of Burton Barr Central Library in the summer of 2017.

Temporarily added four hours of service on Sundays at four branch libraries because of the Burton Barr Library closure: Yucca, Century, Harmon and Ocotillo.

The 2018-19 budget continues the additional four hours of service on Sundays at four branch libraries that were temporarily added because of the Burton Barr Library closure: Yucca, Century, Harmon and Ocotillo.

**ENVIRONMENTAL SERVICES**

**WATER SERVICES**

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

In a March 2008 survey, Phoenix's average monthly water bill compared favorably to the following benchmark cities:

San Jose – \$47.72  
 Kansas City – \$36.82  
 Austin – \$36.07  
 Dallas – \$36.33  
 Albuquerque – \$28.84  
 Tucson – \$30.25  
**PHOENIX – \$28.29**  
 San Antonio – \$19.16

In an April 2018 survey, Phoenix's monthly water bill compared favorably to the following benchmark cities:

Austin – \$116.33  
 San Diego – \$116.01  
 San Jose – \$101.22  
 Philadelphia – \$71.68  
 Dallas – \$49.97  
**PHOENIX – \$39.56**  
 Albuquerque – \$38.25  
 San Antonio – \$22.84

It is anticipated Phoenix water rates will continue this trend during 2018-19.

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

In a March 2008 survey, Phoenix's average monthly wastewater bill compared favorably to the following benchmark cities:

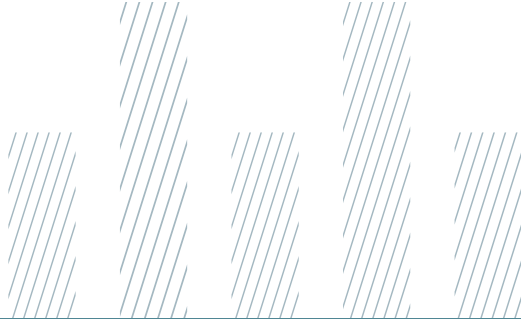
San Jose – \$23.56  
 Kansas City – \$26.20  
 Austin – \$53.73  
 Dallas – \$33.21  
 Albuquerque – \$15.38  
 Tucson – \$27.15  
**PHOENIX – \$20.47**  
 San Antonio – \$19.67

In an April 2018 survey, Phoenix's monthly wastewater bill compared favorably to the following benchmark cities:

Austin – \$62.93  
 San Diego – \$44.91  
 Philadelphia – \$46.90  
 Dallas – \$37.66  
 San Jose – \$37.91  
 San Antonio – \$26.31  
**PHOENIX – \$22.27**  
 Albuquerque – \$13.08

It is anticipated Phoenix water rates will continue this trend during 2018-19.





# 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.

## BUDGETING PROCESS

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Enhancements made over the last several years demonstrate the City's commitment to continuously improve transparency, better communicate detailed budget information and further engage the community in the budget process. At the direction of the City Council, several steps continued to be carried out to enhance the City's budget process, making it a year-round, flexible process.

- Staff presents an early and detailed budget status to facilitate enhanced strategic resource and expense discussions. This resulted in the adjustment of estimated revenue and expenditures based on early budget results.
- For the fourth consecutive year, the Budget and Research Department consulted with the University of Arizona Economic Business Research Center to enhance the City's sales tax revenue forecasting model. The partnership resulted in improved revenue projections as we now have access to independent expert economists who understand the impact that local, national and global economic changes have on the Phoenix economy. For 2016-17, our revenue forecast came within 0.2 percent of actuals.
- Staff engages in the financial best practice of providing a Five-Year General Fund Forecast to facilitate long-term fiscal planning and strategic decision making by policymakers.
- Staff compiles 19 key Phoenix economic indicators in a quarterly report. The indicators are provided to the city council subcommittee and are posted online. The data can reveal an overall picture of recent economic activity trends specifically within Phoenix.
- Budget and Research coordinates pre-submittal Capital Improvement Program budget briefings to council subcommittees to provide earlier and additional opportunities for input.

Each fall, departments start from zero and submit an estimate of the costs associated with providing their current levels of service for the following year (the "base budget"). Budget and Research 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 five to 10 percent of their budget for potential elimination. These proposals are potential base reductions and represent the department's lowest-priority activities. Departments also are asked to provide any requests for new or expanded programs. These are called supplemental budget requests. Departments can propose reducing or eliminating an existing program in order to fund the expansion of an existing program or adding a new program. 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, maintenance and utilities.

When base reductions and supplemental requests are proposed, they are ranked together according to the department's priorities. These rankings are used by city management to assist in the development of the City Manager's Trial Budget.

The Trial Budget 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 a proposed budget in May. Public hearings are conducted throughout the community during day and evening hours at which residents are encouraged to provide their feedback. The Trial Budget is also available online, and residents can send comments by email, letters, phone, and through the City's website and social media.

The City Manager's Proposed Budget provided in May reflects the input received from the community and City Council. The City Council makes final budget decisions after the City Manager's Budget is reviewed.

## 2018-19 BUDGET PROCESS

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### Initial Budget Status

On September 26, 2017, staff provided an early review of the 2016-17 General Fund budget results. Resources exceeded estimates by \$300,000 or 0.02 percent and spending came in lower by \$14.0 million or 1.2 percent. As a result, the General Fund ending balance was approximately \$14.4 million higher than anticipated. Staff cautioned the additional \$14.4 million was a one-time resource, not ongoing, and was largely the result of annual vacancy savings that was higher than expected.

Staff also requested Council adoption of the 2018-19 budget calendar and approval of approximately \$10.7 million in General Fund efficiencies, including eliminating 12.4 FTE of vacant positions plus other administrative savings. Another \$2.1 million in potential savings was identified, but would require separate Council policy direction later in the fiscal year.

### Early Budget Status Update

On January 30, 2018, staff provided the early status update on the 2018-19 budget development process and began discussing items that would have a significant impact on the overall budget status for the upcoming fiscal year.

Based on current information at the time, staff reported the 2018-19 budget could be balanced without increasing revenues or negatively impacting existing city services based on the following: one-time expenditure savings carried in the fund balance; ongoing savings from early council budget actions; and improved revenue. Staff also briefly discussed other assumptions that will significantly impact the overall budget status.

The February 2017 Five-Year General Fund Forecast projected a potential General Fund budget shortfall of between (\$43 million) and (\$64 million) for fiscal year 2018-19. At the time of last year's forecast, the estimated beginning balance for fiscal year 2017-18 was estimated at \$119 million. As reported in September 2017, the actual beginning balance was \$144 million. The change in fund balance provided additional one-time resources of approximately \$25 million that could be used to address next year's projected shortfall.

There were four other changes totaling approximately \$31 million that contributed to next year's improved budget forecast. These items included:

- Net increase in current year General Fund resources of approximately \$9 million;
- Early efficiencies approved by the City Council in September 2017 totaling approximately \$4 million in 2017-18;
- Current year savings resulting from staff's detailed technical reviews and tight spending controls totaling approximately \$10 million; and
- Net increase in 2018-19 state-shared sales tax totaling approximately \$8 million.

Staff identified four main areas to evaluate in developing the Five-Year General Fund Forecast and the 2018-19 Trial Budget:

- General Fund revenue outlook;
- General Fund pensions costs;
- infrastructure and capital needs; and
- service levels.

### Zero-Based Budget Inventory of Programs

On February 8, 2018, for the seventh consecutive year, Budget and Research provided detailed preliminary estimates with multiple year-to-year comparisons in the zero-based budget inventory of programs document. The City's budget was presented by program, the key component of a zero-based budget approach. The document was put in place in response to the City Council's request for a more transparent, relevant and detailed presentation of the City's budget. The Inventory of Programs outlines costs, revenue, staffing levels, funding source, performance measures and other key budget detail for the more than 360 programs and services citywide.

The Zero-Based Inventory of Programs document was provided a full six weeks prior to the City Manager's Trial Budget and subsequent community budget hearings. By detailing the more than 360 City programs and services and providing a complete view of the City's current year budget along with a preliminary look at next year's estimates, the Mayor, Council and public could begin reviewing this important information very early in the process.

## **Preliminary Status of 2018-19 General Fund Budget and Five-Year Forecast**

On February 27, 2018, for the seventh consecutive year, Budget and Research provided the five-year General Fund forecast. The multi-year forecast is a financial management best practice that provides the City Council with a tool for long-term planning and strategic decision-making. The forecast showed a balanced budget for 2018-19.

The February 2017 Five-Year Forecast projected that without any action, the City would have a General Fund budget deficit of (\$43M) to (\$64M) for 2018-19. With sustained effort, several steps led to a projected balanced budget for fiscal year 2018-19 (this assumed no actions by the State to change revenue from existing projections). These include accumulating one-time savings of \$14.4 million in 2016-17 and proactive steps in 2017-18 to reduce ongoing costs and to defer and reduce spending wherever possible.

Over the last few years, the Council has also taken necessary actions to protect city services while facing very challenging financial conditions. The Council has led important fiscal reform measures, including:

- \$134 million in innovation and efficiency savings to date since 2010.
- Elimination of approximately 2,700 positions since fiscal year 2007-08, resulting in the smallest government per capita since 1970-71.
- Consistently raising the Contingency Fund to its highest level in our history.
- Balancing the deficit in the Public Safety funds without sworn layoffs and the planned hiring of more than 465 police officers and 79 firefighters between now and the end of 2018-19.

With this strong fiscal planning and early action, the projected funding gap for 2018-19 was eliminated. Revenue and expenditure estimates would continue to be refined for a final status in March 2018 for the City Manager's Trial Budget.

In combination with the preliminary budget status, the Five-Year General Fund Forecast presented a strategic and long-term view of the City budget, providing necessary context and considerations for well-informed budget discussions and decisions.

## **City Manager's 2018-19 Trial Budget**

On March 20, 2018, the Mayor and Council were presented with a balanced 2018-19 City Manager's Trial Budget. It is an important step in the City's zero-based budget development process. It provides the Mayor and City Council, the community and City employee groups an opportunity to review a proposed balanced budget well in advance of the deadlines for making final budget decisions.

In September, a list of early administrative efficiencies was approved that resulted in ongoing savings of approximately \$6 million per year. City Council also adopted a 25-year amortization period for the Public Safety Personnel Retirement System (PSPRS). Extending the amortization period generated approximately \$25 million in current year savings. This savings was used to establish the Public Safety Pension Stabilization Fund.

As a result of these actions and staff's commitment to maintaining tight controls on expenditures, the General Fund portion of the 2018-19 Trial Budget included a small surplus of approximately \$2.9 million in ongoing savings that can be used to address critical needs, requests from the community for new or expanded services, and/or be set aside to address future budget needs or revenue shortfalls. The Trial Budget included several recommendations that continue to move the City forward in addressing critical community priorities. These priorities included the following:

- public safety
- homelessness
- neighborhoods
- trees and shade
- arts and culture
- library hours restoration
- Census 2020

The Trial Budget also included several critical non-General Fund additions that address the following important community priorities: responding to community growth and maintaining our transportation infrastructure.

In addition, staff also reported that due to higher than anticipated assessed property values, the overall property tax rate of \$2.16 could be reduced to \$2.14 next fiscal year.

Pension costs have consumed a growing share of our General Fund resources over the past decade. In 2018-19, General Fund pension costs will be approximately \$282 million, up from just over \$150 million in 2008-09. All of the City's efforts for efficiencies and cost reductions, as well as revenue from a recovering economy, have gone to paying 100 percent of our actuarially-required contribution every year.

The City Council has taken steps to address long-term pension health through City of Phoenix Employees' Retirement System (COPERS) reforms that will save over \$1 billion over the next 20 years; establishing a \$25 million Public Safety Personnel Retirement System (PSPRS) Stabilization Fund, and authorizing the use of Wastewater Funds to pay down the COPERS unfunded liability. State voters recently approved some reform to PSPRS. However, we still have a total unfunded pension liability of \$4.4 billion that will require continued diligence and further resource strategies in the coming years.

### **Community Input**

The Trial Budget was presented at 15 budget hearings conducted throughout the community in all council districts in April. 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 summary entitled "Phoenix Budget for Community Review" that outlined the proposed budget as well as a calendar of budget hearing dates in English and Spanish. This information was made available electronically in addition to hard copies provided at budget hearings.

The City also published where to find the electronic version in *The Arizona Republic*, *Arizona Informant*, and *La Voz*. Residents also were invited to send comments and questions through the City's website. The publicity of the 2018-19 Trial Budget allows the City Council and the community to comment on proposed measures for balancing the 2018-19 budget.

About 394 comments were heard at the hearings and approximately 30 comments were received via email and social media. Public comments mostly focused on the following topics:

- Preserving existing services.
- Increased funding for homelessness and homelessness clean-ups.
- Increased funding for arts and public art maintenance.
- Increased library access and expanded hours.
- Hiring of more police officers and firefighters.
- Increased funding for street maintenance and repair.
- Increased funding for youth programs and other community services.
- Funding for a legal defense fund for the families of those impacted by illegal immigration arrests and a compensation fund for those impacted by police actions.

The public could access the written summary minutes and video recordings of completed budget hearings at [phoenix.gov/budget](http://phoenix.gov/budget), Phoenix 11 and the City of Phoenix YouTube channel.

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

On May 8, 2018, a revised budget package that reflected feedback from the community was presented to the Mayor and City Council for information and discussion. The proposed changes represent the City Manager's best effort to follow City Council and community priorities in allocating scarce resources to keep Phoenix a safe, dynamic and desirable community. In response to public comment and input, both on-line and in-person, the following additions to the Trial Budget were proposed for City Council consideration:

- Using existing Fire Department resources to fund fourteen new firefighter positions to operate Station 55 on a 24/7 schedule;
- A one-year pilot of full-time staffing for Phoenix C.A.R.E.S., providing five days a week coverage for neighborhood, alley and wash clean-ups;
- Adjusted facility maintenance funding to bring public arts maintenance to \$100,000 annually; and
- An additional position to create an Office of Pedestrian Safety in the Street Transportation Director's Office.

Although other expressed community needs were not able to be addressed in this budget due to lack of available resources, the City will continue to examine how the other requests from residents may be addressed in the future.

## **Council Action**

The 2018-19 City Council Budget Decision was presented to the City Council for action on May 22, 2018. The balanced budget for 2018-19 reflected the same budget presented on May 8, 2018 with the exception of an increase by \$75,000 in case management funding for the CASS Homeless Shelter. This will be achieved by reducing the proposed General Fund increase for Human Services outreach teams from \$300,000 to \$225,000. Additional funds for outreach will be identified through the federal Community Development Block Grant or other grant sources.

The proposed balanced 2018-19 General Fund budget is \$1,310,119,000. This is a \$32 million or 2.5 percent increase from the adopted 2017-18 General Fund budget of \$1,277,740,000. The increase is largely driven by the third and final year of negotiated employee compensation restorations of 1.3 percent or \$14 million; increased funding for vehicles, technology and facilities maintenance totaling approximately \$14 million; the 2016 SAFER grant matching funds; and a \$2 million increase in the Contingency Fund.

Projected General Fund revenue in 2018-19 is estimated to be \$1.184 billion, an increase of 1.7 percent over the revised current year estimate. This reflects continued City and State sales tax growth based on projections from the University of Arizona and continued growth in other key tax categories.

Including revenue along with the estimated beginning fund balance of approximately \$115 million, and fund transfers and recoveries estimated at \$11.3 million, total 2018-19 General Fund resources are estimated to be \$1.310 billion.

For all funds, which includes General, Enterprise and Special Revenue funds such as grants, and all debt service and pay-as-you-go capital costs, the proposed 2018-19 budget amount is \$4,421,922,000.

The May 22, 2018 City Council action provided the time needed to meet legal deadlines and comply with City code, charter and State law. Requirements include advance public notification, publication of detailed budget information, advertising, hearings and final legal adoption actions

## **Tentative Budget Adoption**

A public hearing and adoption of the tentative budget ordinances was completed on June 6, 2018, in compliance with the City Charter requirement that the budget be adopted no later than June 30, 2018. Upon adoption of tentative budget ordinances, 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 adoption of the final reappropriation and capital budget ordinances was completed on June 20, 2018. Final adoption of the operating budget ordinance was completed on June 27, 2018. Adoption of the property tax levy ordinance was completed no less than 14 days after the public hearing on July 5, 2018, in accordance with State law.

The following chart is an overview of the 2018-19 community budget process calendar.

<b>DATE</b>	<b>BUDGET ITEMS</b>
January 30, 2018	Early General Fund Budget Status
February 8, 2018	Fiscal Transparency and Zero-Based Inventory of Programs Budget Report
February 27, 2018	Preliminary 2018-19 General Fund Status and Five-Year General Fund Forecast
March 20, 2018	2018-19 City Manager's Trial Budget and Preliminary Five-Year Capital Improvement Program for 2018-23
April 2018	Community Budget Hearings
May 8, 2018	City Manager's Proposed 2018-19 Budget
May 22, 2018	Council Budget Decision
June 6, 2018	2018-19 Tentative Budget Ordinance Adoption
June 20, 2018	2018-19 Funding Plan and Final Reappropriation and Capital Budget Ordinance Adoption
June 27, 2018	Final Operating Budget Ordinance Adoption
July 5, 2018	2018-19 Property Tax Levy Ordinance Adoption

# GENERAL BUDGET AND FINANCIAL POLICIES

City of Phoenix budget and financial policies are governed by Arizona state law, the City Charter and Code 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 City Charter and Code also provide restrictions on property tax. 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 Instruments

The City Charter and Code 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 2018-19 budget development process are as follows:

Action Required	City Charter Prescribed Deadline	Arizona State Statute Prescribed Deadline	2018-19 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.	March 20, 2018
Post notice on the official City website if there will be an increase in either the primary or the secondary property tax rate, even if the combined tax rate is a decrease.	No requirement.	60 days prior to Tax Levy Adoption.	May 4, 2018
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 8, 2018
Publish general summary of budget and notice of public hearing that must be held prior to adoption of tentative budget ordinances.	Publish in newspaper of general circulation at least two weeks prior to first public hearing.	No requirement.	Publish Week of May 23, 2018



Action Required	City Charter Prescribed Deadline	Arizona State Statute Prescribed Deadline	2018-19 Budget Dates
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 23, 2018
Public hearing immediately followed by adoption of tentative budget ordinances with or without amendment.	On or before the last day of June.	On or before the third Monday of July.	June 6, 2018
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 10 days before required hearing.	Publish weeks of June 4, 2018 and June 11, 2018
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 11, 2018 and June 18, 2018
Post a complete copy of the tentatively adopted budget on the City's website and provide copies to libraries and City Clerk.	No requirement.	No later than seven business days after the estimates of revenue and expenses are initially presented before the City Council.	June 15, 2018
Post notice of intent on the official City website and distribute notice through the City's social media accounts if there will be an increase in either the primary or secondary property tax rate.	No requirement.	At least 15 days prior to Tax Levy Adoption.	June 20, 2018
Public hearing on budget plus property tax levy or truth-in-taxation hearing (when required) followed by adoption of final budget ordinances.	No requirement.	Public hearing on or before the 14th day before the tax levy is adopted and no later than first Monday in August.	June 20, 2018 June 27, 2018*  *Final adoption of operating budget ordinance
Post a complete copy of the adopted final budget on the City's website.	No requirement.	No later than seven business days after adoption.	June 29, 2018
Public hearing and property tax levy adoption.	No later than the last regularly scheduled Council meeting in July.	No sooner than 14 days following initial public hearing and no later than the third Monday in August.	July 5, 2018

### **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 and Capital Funds 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 may be 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 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**

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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 two percent increase plus an allowance for growth attributable to previously unassessed properties (primarily new construction). The City Charter requires that eight cents of the primary property tax levy be allocated to the Parks and Recreation Fund. In addition, the City Charter limits the primary property tax rate to \$1.00 plus an amount that provides for the establishment and support of free public libraries and reading rooms. The primary levy may additionally increase by an amount equal to annual tort liability claims. Assessment ratios and the primary tax rate are applied to a property's limited property value, less exclusions, to determine the property's primary tax levy. Beginning in 2015-16 due to state Proposition 117 passed by Arizona voters in 2012, the limited property value used in this calculation for most properties was the lesser of the property's full cash value, or an amount five percent greater than the property's prior-year limited property value.

### **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. Beginning in 2015-16 due to state Proposition 117 passed by Arizona voters in 2012, assessment ratios and the secondary tax rate were applied to a property's limited property value, less exclusions, to determine the property's secondary tax levy. The limited property value used in this calculation for most properties was the lesser of the property's full cash value, or an amount five percent greater than the property's prior-year limited property value. Prior to 2015-16, full cash value rather than limited property value applied.

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 six percent of the secondary assessed valuation. An analysis of bonded debt limits is provided in the Debt Service chapter.

## ANNUAL EXPENDITURE LIMITATION

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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 (GDP) implicit price deflator. The constitution exempts certain expenditures from the limitation. Constitutional exemptions generally do not apply to cities adopting a home rule option unless specifically approved by voters. The principal constitutional exemptions that could apply to 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. They all require voter approval.

City of Phoenix voters have approved nine local home rule options in 1981, 1985, 1991, 1995, 1999, 2003, 2007, 2011 and 2015. 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. Voters approved the permanent annual exclusion in 1981 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.

The current home rule option, approved by the voters on August 25, 2015, sets the limit at the City's annual budget after public hearings in all Council districts. This home rule option is effective through 2019-20 and allows Phoenix residents to continue to control local expenditures.

## BUDGET BASIS OF ACCOUNTING

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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

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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 is appropriated to provide for emergencies and unanticipated expenditures. The use of contingency funds is intended for one-time expenses since it represents limited one-time resources in the fund balances. Expenditures may be made from contingencies only upon approval by the City Council with recommendation by the City Manager. In March 2010, the City Council agreed to gradually increase the contingency with a goal of achieving five percent of General Fund operating expenditures. Achieving this goal will improve the City's ability to withstand future economic cycles. 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 the appropriation authority for unexpended amounts, including those encumbered, lapses 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 and certain Special Revenue funds. These allocated costs are recouped from the Enterprise and certain Special Revenue 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 (CAFR) 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. 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 rates are 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 the amortization period determined by the appropriate pension board.

Due to rising pension costs and reforms made to both the general city employee retirement system (COPERS) and the public safety retirement system (PSPRS), these systems have become increasingly complex. In 2017, the State legislature passed a law that offered employers some relief from the escalating PSPRS contribution rates. This law allowed cities to increase the amortization period for the unfunded actuarial liability from a closed 20-year period to a closed 30-year period. The City requested and was approved for the change to a closed 30-year amortization period effective July 1, 2017. However, the Council adopted a plan to use a 25-year amortization period and to establish a Public Safety Pension Reserve Fund with the savings based on the difference from the original 20-year amortization in Fiscal Year 2017-18. The reserve fund may be used to make extra contributions to pay off the unfunded liability quicker or to help offset future cost increases. The Personal Services section of the Detail Budget document contains additional information regarding the pension systems.

**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, 38 percent of General Fund revenue 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 a temporary sales tax on food for home consumption effective April 1, 2010. The temporary food tax was reduced in half by the City Council effective Jan. 1, 2014, and the remaining tax expired by ordinance on March 31, 2015.

Given the City's reliance on sales taxes, developing personal income is an important step in managing the revenue base. In recent years, considerable effort has been devoted to attracting employers that will provide quality jobs and to developing a local workforce that will support the needs of quality employers. The City also has worked to develop an employment base that is not as heavily concentrated in the highly cyclical construction industry. However, the tenuous recovery in construction activity and slow job growth had a significant negative impact on revenue. Additionally, state legislative changes related to the "simplification" of Transaction Privilege (Sales) Tax further reduced the City's construction sales tax.

Also, important to managing the revenue base is the continued growth expected in Internet sales. The use tax is an important tool in reducing the impact of this shift from sales in "Bricks and Mortar" stores. The development of 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 sales.

Finally, utility taxes levied against the sales of electricity, natural gas, telecommunications, water and sewer make up about 19 percent of our General Fund local sales tax base. Generally, utility taxes are not responsive to economic conditions and provide a fairly significant revenue source that remains stable during periods of economic downturn. In addition, several detailed revenue policies follow.

- 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 2.3 percent effective January 1, 2016. However, a two-tier rate structure was established for retail sales of single items in excess of \$10,000; with the requirement that the threshold be adjusted biennially for inflation. Additional information on the current threshold and the rates on other specialized tax categories is included in the Current Local Sales Tax Rates chart within the Revenue Estimates section of this document. The Model City Tax Code exemption on food for home consumption was temporarily removed by City Council action in February 2010. By ordinance, the exemption was restored in April 2015. The food tax was previously last imposed in June 1980. Effective January 1, 2017 the Arizona Department of Revenue (ADOR) began collecting all city sales tax.
- 2. Property Tax** – The City Charter limits city property tax rates to \$1.00 per \$100 of net assessed valuation, plus the amount necessary to pay for debt service and to maintain public libraries. Except as otherwise limited by state law, the City's primary property tax rate is set based on the \$1.00 limitation plus an amount needed for library operations. The secondary property tax rate is set to support debt service requirements.
- 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 Reviews** – 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

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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 including 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 two 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 capital projects 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 & 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.

**Golf** – The Golf Fund is used to account for revenue and expenditures associated with the rental, sales, development and maintenance of the City's golf courses.

**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 two percent increment of the 2.7 percent sales tax on utilities with franchise agreements in March 2005. The Police Department, including the Office of Homeland Security and 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 one percent hotel/motel tax and a two 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 has been replaced by the Transportation 2050 Fund.

**Transportation 2050** – These funds are used to account for the revenues generated by the 0.7 percent sales tax approved by voters in August 2015, with an effective date of January 1, 2016, to fund a comprehensive transportation plan with a 35-year sunset date. This tax supersedes the 0.4 percent sales tax approved by voters in March 2000, which was accounted for in the Transit 2000 Fund. The Public Transit Department is allocated 86.2 percent of the sales tax, with the remaining 13.8 percent being allocated to the Streets Department. Fare box collections are also included in the Transportation 2050 Transit Fund. This fund replaced the Transit 2000 Fund.

### **Enterprise Funds**

Enterprise funds include Water, Wastewater, Aviation, Solid Waste 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 (as appropriate), 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.

### **Capital Funds**

Capital Funds include bond issuance proceeds, and other funds such as development impact fees and airport passenger facility charges that are restricted in use to the acquisition of capital assets. The City appropriates Capital Funds separately, and all Capital Fund expenditures are budgeted in the Capital Improvement Program.

### **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. Any contributions made to these funds using city funds are included in the budget for the appropriate fiscal year. 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.

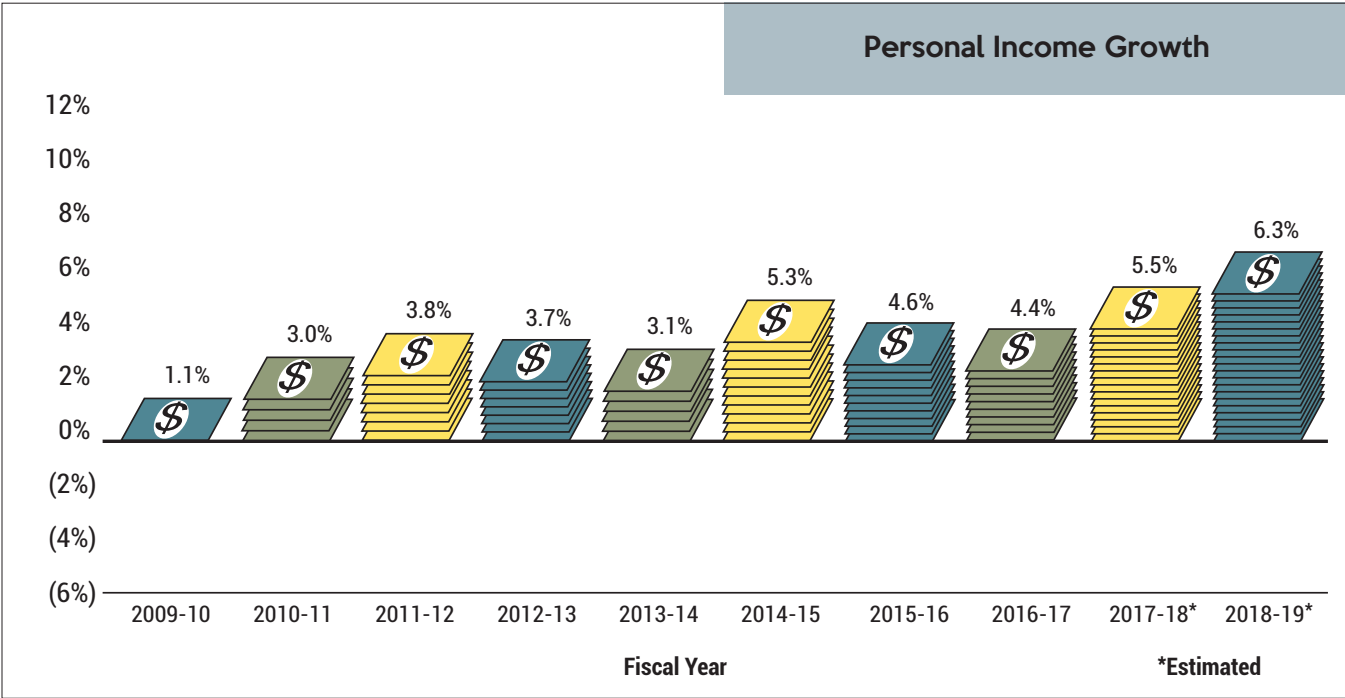
# REVENUE ESTIMATES

Revenue estimates for 2018-19 are based on assumptions about the local economy, population changes, activity levels, underlying estimates for cost-recovery rates and fees, and on the continuation of current state revenue collection and sharing practices. 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. Revenue estimates also include property taxes; with a reduction in the primary property tax rate, the overall 2018-19 property tax rate of \$2.1404 is \$0.0196 below the 2017-18 combined rate of \$2.1600.

Arizona added jobs, population, and income at solid rates last year, outpacing the nation although the growth was slower than previous recoveries. Economists predict the state will continue to grind out solid gains assuming the national economy avoids recession. Risks to continued economic improvement at the national level include the high degree of uncertainty surrounding foreign trade, immigration and regulatory policies.

City sales tax revenues are increasing moderately which is a positive sign, but there is concern about a diminished sales tax base as the economy becomes more service-oriented and consumers change shopping behavior. Personal income is one of many indicators used for estimating state and local sales taxes and is expected to increase. Consistent with projections by local economists, the chart below shows that personal income is expected to grow by 6.3 percent in 2018-19, which is up from the 5.5 percent estimated for 2017-18.

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. Projections of these economic variables are provided by The University of Arizona (UofA) and are used to develop sales tax forecasts with a statistical forecasting model developed specifically for the City of Phoenix. 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, state universities and the private sector.





## 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; growth in population; increases in personal income and job growth; decreased unemployment; marginal increases in consumer spending and continued improvement of the housing market. The forecast also includes no further periods of recession and no change to state-shared revenue formulas. The forecast accounts for Proposition 104 established by the voters effective January 1, 2016, which raised the transaction privilege tax rates by 0.3 percent for various business activities to fund a comprehensive transportation plan. In addition, the forecast reflects the transition of jet fuel sales and use tax from the General Fund to a special revenue fund restricted for aviation purposes (Jet Fuel Other Restricted Fund) due to a Federal Aviation Administration (FAA) policy requirement, which was subsequently incorporated into State law with an effective date of December 2017.

CITY OF PHOENIX, ARIZONA FIVE YEAR EXCISE TAX REVENUE FORECAST (In Thousands of Dollars)													
	2016-17	2017-18	%	2018-19	%	2019-20	%	2020-21	%	2021-22	%	2022-23	%
	Actual	Estimate	Change	Estimate	Change	Forecast	Change	Forecast	Change	Forecast	Change	Forecast	Change
<b>Privilege License Tax</b>													
Privilege License Tax	\$337,777	\$346,838	2.7%	\$360,938	4.1%	\$376,410	4.3%	\$396,128	5.2%	\$417,767	5.5%	\$440,369	5.4%
Police Neighborhood Protection	21,058	21,915	4.1%	22,761	3.9%	23,745	4.3%	25,023	5.4%	26,313	5.2%	27,781	5.6%
Police Block Watch	1,505	1,565	4.0%	1,626	3.9%	1,696	4.3%	1,787	5.4%	1,879	5.1%	1,985	5.6%
Fire Neighborhood Protection	7,521	7,826	4.1%	8,129	3.9%	8,480	4.3%	8,937	5.4%	9,398	5.2%	9,922	5.6%
Police - 2007 Public Safety Expansion	48,134	50,089	4.1%	52,025	3.9%	54,275	4.3%	57,197	5.4%	60,144	5.2%	63,499	5.6%
Fire - 2007 Public Safety Expansion	12,033	12,523	4.1%	13,006	3.9%	13,568	4.3%	14,296	5.4%	15,033	5.2%	15,872	5.6%
Parks and Preserves	30,082	31,306	4.1%	32,517	3.9%	33,921	4.3%	35,748	5.4%	37,590	5.2%	39,687	5.6%
Transportation 2050	202,842	213,222	5.1%	220,854	3.6%	230,670	4.4%	243,101	5.4%	256,048	5.3%	269,888	5.4%
Convention Center Excise Tax	49,051	49,505	0.9%	50,907	2.8%	54,115	6.3%	57,356	6.0%	60,881	6.1%	64,482	5.9%
Sports Facilities Excise Tax	18,435	18,342	-0.5%	18,287	-0.3%	19,367	5.9%	20,411	5.4%	21,490	5.3%	22,596	5.1%
Jet Fuel Other Restricted Fund <sup>1</sup>	-	679	-	1,066	57.0%	1,068	0.2%	1,069	0.1%	1,070	0.1%	1,071	0.1%
Privilege License Fees (Annual)	1,467	2,080	41.8%	2,080	0.0%	2,080	0.0%	2,080	0.0%	2,080	0.0%	2,080	0.0%
PLT Application Fees <sup>2</sup>	1	-	-100.0%	-	-	-	-	-	-	-	-	-	-
Treasury Collection Service Fee <sup>2</sup>	17	10	-41.2%	-	-100.0%	-	-	-	-	-	-	-	-
Government Lease Property Excise Tax	334	350	4.8%	350	0.0%	354	1.1%	358	1.1%	362	1.1%	366	1.1%
<b>Subtotal (PLT)</b>	<b>\$730,257</b>	<b>\$756,250</b>	<b>3.6%</b>	<b>\$784,546</b>	<b>3.7%</b>	<b>\$819,749</b>	<b>4.5%</b>	<b>\$863,491</b>	<b>5.3%</b>	<b>\$910,055</b>	<b>5.4%</b>	<b>\$959,598</b>	<b>5.4%</b>
<b>Utility &amp; Franchise</b>													
Utility & Franchise Tax	\$83,462	\$82,708	-0.9%	\$83,625	1.1%	\$86,127	3.0%	\$88,337	2.6%	\$90,276	2.2%	\$92,372	2.3%
Jail Tax	7,059	7,110	0.7%	7,180	1.0%	7,270	1.3%	7,361	1.3%	7,453	1.2%	7,546	1.2%
General Excise Tax	10,591	10,670	0.7%	10,780	1.0%	10,915	1.3%	11,051	1.2%	11,189	1.2%	11,329	1.3%
Storm Water Management	4,815	4,508	-6.4%	4,510	0.0%	4,566	1.2%	4,623	1.2%	4,681	1.3%	4,740	1.3%
Capital Construction	11,064	9,377	-15.2%	9,034	-3.7%	9,340	3.4%	9,436	1.0%	9,366	-0.7%	9,366	0.0%
Police Public Safety Enhancement	15,536	15,576	0.3%	16,128	3.5%	16,627	3.1%	17,126	3.0%	17,641	3.0%	18,188	3.1%
Fire Public Safety Enhancement	9,523	9,546	0.2%	9,885	3.6%	10,190	3.1%	10,496	3.0%	10,812	3.0%	11,147	3.1%
<b>Subtotal (Utility &amp; Franchise)</b>	<b>\$142,050</b>	<b>\$139,495</b>	<b>-1.8%</b>	<b>\$141,142</b>	<b>1.2%</b>	<b>\$145,035</b>	<b>2.8%</b>	<b>\$148,430</b>	<b>2.3%</b>	<b>\$151,418</b>	<b>2.0%</b>	<b>\$154,688</b>	<b>2.2%</b>
Licenses & Permits <sup>3</sup>	2,879	2,929	1.7%	3,558	21.5%	3,647	2.5%	3,742	2.6%	3,832	2.4%	3,927	2.5%
State Sales Tax <sup>4,5</sup>	143,976	153,160	6.4%	159,407	4.1%	167,511	5.1%	175,482	4.8%	182,683	4.1%	190,084	4.1%
State Income Tax <sup>4,5</sup>	191,225	200,035	4.6%	198,297	-0.9%	204,000	2.9%	208,000	2.0%	218,000	4.8%	229,000	5.0%
<b>TOTAL</b>	<b>\$1,210,387</b>	<b>\$1,251,869</b>	<b>3.4%</b>	<b>\$1,286,950</b>	<b>2.8%</b>	<b>\$1,339,942</b>	<b>4.1%</b>	<b>\$1,399,145</b>	<b>4.4%</b>	<b>\$1,465,988</b>	<b>4.8%</b>	<b>\$1,537,297</b>	<b>4.9%</b>

<sup>1</sup> Effective in December 2017, jet fuel sales and use tax revenues are included in Jet Fuel Other Restricted Fund due to a Federal Aviation Administration (FAA) policy requirement and a change in State law. Prior to that time, jet fuel sales and use tax revenues were included with General Fund privilege license tax revenues.

<sup>2</sup> Effective 1/1/2015, the City no longer charges a privilege license application fee and revenue is not expected to continue from treasury collection service activity due to legislation requiring the State of Arizona to collect taxes on behalf of all cities and towns.

<sup>3</sup> Effective 7/1/2018, revenues from a new City Council approved licensing program for structured sober living homes are included.

<sup>4</sup> Relative population share used in calculating state shared revenues in 2017-18 was based on the 2016 Census Bureau Population Estimate. It was projected to remain flat throughout the forecast period. The actual share will change annually based on Census Bureau Population Estimates and the 2021-22 share will be impacted by the 2020 Decennial Census.

<sup>5</sup> Assumes no change to state shared revenue formulas or legislation that could impact state income or sales tax collections.

**Note:**

\* Assumes no further period of recession and modest revenue growth for the forecast period.

\* Assumes no change to current revenue base as provided in applicable state statutes and city ordinances.

\* Assumes no future fee increases/decreases or new sources of revenue.

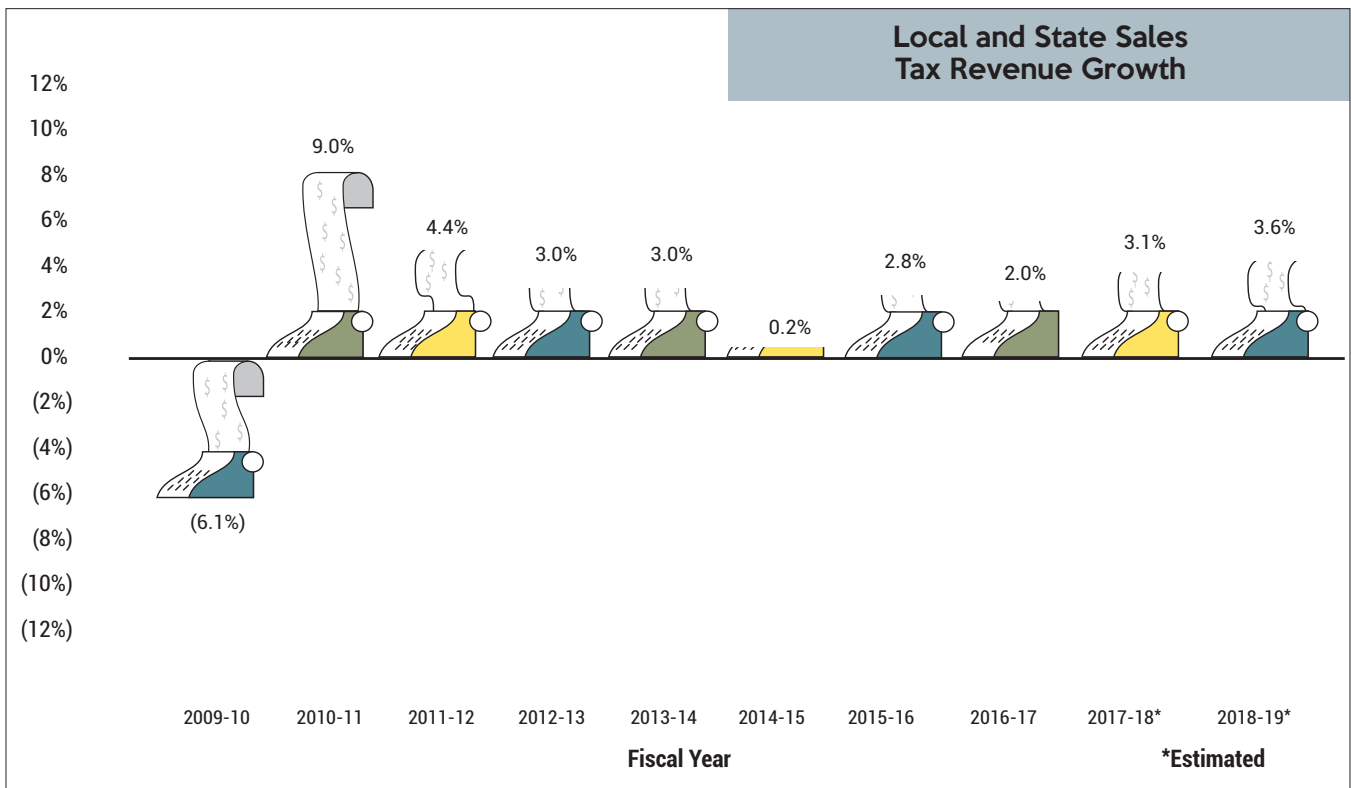
## GENERAL FUNDS

Total 2018-19 General Fund revenues are estimated to be \$1,183.7 million or 1.7 percent more than 2017-18 estimates of \$1,164.4 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 2018-19 revenue estimates.

Local and state sales tax collections represent approximately 51 percent of General Fund revenues. Local sales taxes for 2018-19 are expected to grow by 3.5 percent over 2017-18 estimates. This is an increase from the 2.0 percent growth rate in local sales taxes estimated in 2017-18. Phoenix's share of state sales taxes for 2018-19 is expected to grow by 4.1 percent, which is a decrease from the 6.4 percent growth in Phoenix's share anticipated in 2017-18.

Combined local and state sales tax revenues for 2018-19 are expected to grow by 3.6 percent over 2017-18 estimates. Combined rates of growth since 2008-09 are provided in the chart below.

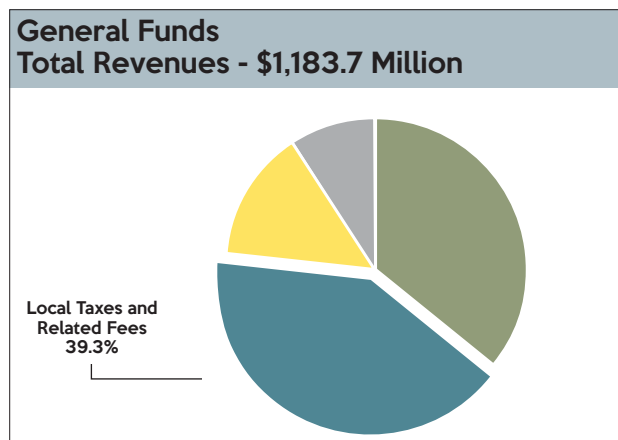
The table on the next page details estimated General Fund revenue by major source.



## GENERAL FUND REVENUE BY MAJOR SOURCE (In Thousands of Dollars)

Revenue Source	2016-17 Actual	% of Total	2017-18 Estimate	% of Total	2018-19 Budget	% of Total	Increase/(Decrease) From 2017-18 Estimate	
							Amount	Percent
<b>Local Taxes and Related Fees</b>								
Local Sales Tax	\$ 421,239	38.1%	\$ 429,546	36.9%	\$ 444,563	37.6%	\$ 15,017	3.5%
Privilege License Fees	1,485	0.1%	2,090	0.2%	2,080	0.2%	(10)	-0.5%
Other General Fund Excise Taxes	17,984	1.6%	18,130	1.6%	18,310	1.5%	180	1.0%
Subtotal	\$ 440,708	39.8%	\$ 449,766	38.7%	\$ 464,953	39.3%	\$ 15,187	3.4%
<b>State-Shared Revenue</b>								
Sales Tax	143,976	13.0%	153,160	13.2%	159,407	13.4%	6,247	4.1%
State Income Tax	191,225	17.3%	200,035	17.2%	198,297	16.8%	(1,738)	-0.9%
Vehicle License Tax	61,586	5.6%	67,745	5.8%	70,794	6.0%	3,049	4.5%
Subtotal	\$ 396,787	35.9%	\$ 420,940	36.2%	\$ 428,498	36.2%	\$ 7,558	1.8%
<b>Primary Property Tax</b>	146,121	13.2%	155,020	13.3%	161,586	13.7%	6,566	4.2%
<b>User Fees/Other Revenue</b>								
Licenses & Permits	2,879	0.3%	2,929	0.2%	3,558	0.2%	629	21.5%
Cable Communications	10,391	0.9%	10,105	0.9%	10,105	0.9%	-	0.0%
Fines and Forfeitures	12,039	1.1%	13,022	1.1%	12,667	1.1%	(355)	-2.7%
Court Default Fee	1,164	0.1%	1,308	0.1%	1,308	0.1%	-	0.0%
Fire	45,886	4.1%	47,931	4.1%	48,650	4.1%	719	1.5%
Hazardous Materials Inspection Fee	1,388	0.1%	1,400	0.1%	1,400	0.1%	-	0.0%
Library Fees	701	0.1%	8,561	0.7%	518	0.0%	(8,043)	-93.9%
Parks and Recreation	7,571	0.7%	7,933	0.7%	7,240	0.6%	(693)	-8.7%
Planning	1,690	0.2%	1,806	0.2%	1,860	0.2%	54	3.0%
Police	13,720	1.2%	14,133	1.2%	14,010	1.2%	(123)	-0.9%
Street Transportation	5,194	0.5%	6,209	0.5%	4,682	0.4%	(1,527)	-24.6%
Other Service Charges	16,752	1.5%	19,446	1.7%	19,648	1.6%	202	1.0%
Other	2,800	0.3%	3,913	0.3%	2,998	0.3%	(915)	-23.4%
Subtotal	\$ 122,175	11.1%	\$ 138,696	11.8%	\$ 128,644	10.8%	\$ (10,052)	-7.2%
<b>TOTAL GENERAL FUND</b>	<b>\$ 1,105,791</b>	<b>100.0%</b>	<b>\$ 1,164,422</b>	<b>100.0%</b>	<b>\$ 1,183,681</b>	<b>100.0%</b>	<b>\$ 19,259</b>	<b>1.7%</b>

### LOCAL TAXES AND RELATED FEES



This major revenue category consists of local sales tax, privilege license fees, use tax, franchise taxes and fees, and other general excise taxes. The 2018-19 estimate is \$465.0 million, which is \$15.2 million or 3.4 percent greater than the 2017-18 estimate of \$449.8 million. The assumptions used to estimate local taxes and related fees 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, all except advertising provide General Fund resources and contribute to voter-approved resources for police and fire, parks and preserves, and transportation programs. Portions of several categories and the entire advertising category are restricted to the Convention Center Fund and/or the Sports Facilities Fund. Effective January 1, 2016, Proposition 104 established the Transportation 2050 sales tax and increased the Transit 2000 sales tax previously passed by Proposition 2000 to fund a comprehensive transportation plan with a new 35-year sunset date. The Proposition increased the transaction privilege (sales) tax by 0.3 percent for various business activities.

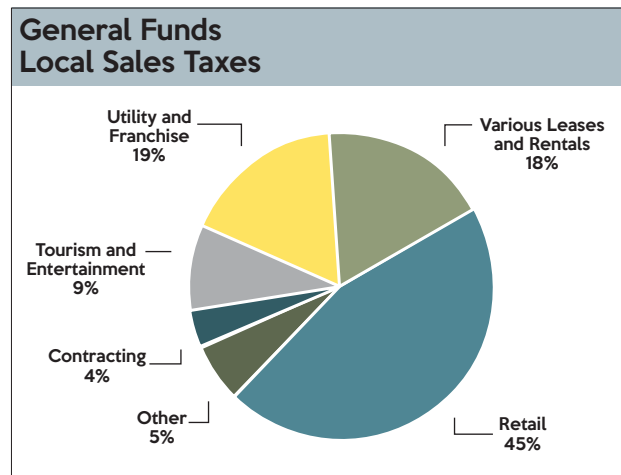
Beginning in May 2005, 2 percent of utilities sales tax collections paid by those utilities with a franchise agreement were directed to the newly established Public Safety Enhancement Fund. Finally, an additional 2 percent tax on the telecommunications category provides resources for the Capital Construction Fund. The table below provides a listing of the local sales tax by categories, indicating the specific tax rates for each fund and the total tax rate for each category.

<b>CURRENT LOCAL SALES TAX RATES BY CATEGORY</b>										
	General Fund	Neighborhood Protection	2007 Public Safety Expansion	Public Safety Enhancement	Parks & Pres.	Transportation 2050 <sup>(1)</sup>	Convention Center	Sports Facilities	Capital Const.	Total
Advertising	–	–	–	–	–	–	0.5%	–	–	0.5%
Contracting	0.7%	0.1%	0.2%	–	0.1%	0.7%	0.5%	–	–	2.3%
Job Printing	0.7%	0.1%	0.2%	–	0.1%	0.7%	0.5%	–	–	2.3%
Publishing	0.7%	0.1%	0.2%	–	0.1%	0.7%	0.5%	–	–	2.3%
Transportation/ Towing	0.7%	0.1%	0.2%	–	0.1%	0.7%	0.5%	–	–	2.3%
Restaurants/Bars	0.7%	0.1%	0.2%	–	0.1%	0.7%	0.5%	–	–	2.3%
Leases/Rentals/ Personal Property	1.2%	0.1%	0.2%	–	0.1%	0.7%	–	–	–	2.3%
Short-Term Motor Vehicle Rental	1.2%	0.1%	0.2%	–	0.1%	0.7%	–	2.0%	–	4.3%
Commercial Rentals	1.3%	0.1%	0.2%	–	0.1%	0.7%	–	–	–	2.4%
Lodging Rentals Under 30 Days	1.2%	0.1%	0.2%	–	0.1%	0.7%	2.0%	1.0%	–	5.3%
Lodging Rentals 30 Days and Over	1.2%	0.1%	0.2%	–	0.1%	0.7%	–	–	–	2.3%
Retail Tier 1 <sup>(1)</sup>	1.2%	0.1%	0.2%	–	0.1%	0.7%	–	–	–	2.3%
Retail Tier 2 <sup>(1)</sup>	1.2%	0.1%	0.2%	–	0.1%	0.4%	–	–	–	2.0%
Amusements	1.2%	0.1%	0.2%	–	0.1%	0.7%	–	–	–	2.3%
Utilities	2.7%*	–	–	2.0%**	–	–	–	–	–	4.7%
Telecommunications	2.7%	–	–	–	–	–	–	–	2.0%	4.7%

\*General Fund portion of the utilities category includes the 2.0 percent franchise fee paid by utilities with a franchise agreement.  
 \*\*The Public Safety Enhancement designated 2.0 percent sales tax applies only to those utilities with a franchise agreement.  
 (1) The Transportation 2050 sales tax (Proposition 104) was established by the voters effective January 1, 2016 and increased the Transit 2000 sales tax (Proposition 2000) to fund a comprehensive transportation plan with a 35-year sunset date. The Proposition increased the transaction privilege (sales) tax rates by 0.3% for various business activities and established a two-tier tax rate structure applicable to retail sales of single items in excess of \$10,000, to be adjusted biennially for inflation. Effective January 1, 2018, the first \$10,303 (Tier 1) is subject to the 2.3% tax rate, while transactions over \$10,303 (Tier 2) are subject to the 2.0% tax rate.

The General Fund portion of the local sales tax estimate is \$444,563,000 for 2018-19. This is an increase of \$15,017,000 or 3.5 percent from the 2017-18 estimate of \$429,546,000. The increase in local sales tax revenue is based on growth rates provided by the UofA city sales tax model and the assumption the economy will continue to expand and reflects growth in most tax categories.

As shown in the pie chart below, the retail category represents approximately 45 percent of the local General Fund sales tax. The retail sales category is expected to increase by 4.2 percent in 2018-19. Personal income growth, which is used as a trend indicator for retail sales activity, is projected at 6.3 percent for 2018-19.



General Fund sales tax revenue is collected on three rental categories: leases and rentals of tangible personal property, commercial real property rentals and residential real property rentals. For 2018-19, the leases and rentals of tangible personal property and residential real property rentals are expected to grow by 5.0 and 3.5 percent respectively, while the commercial real property rental is projected to remain flat. The projected increase in leases and rentals of tangible personal property and residential real property rentals is mainly due to expected improvements in the overall economy and a growing population. These three categories combined are approximately 18 percent of local General Fund sales tax revenue.

The contracting category is expected to increase by 5.0 percent in 2018-19 based on the projections from the UofA. The revenue collections from contracting are highly correlated with housing permit activity. The growth rate of housing permits in the current fiscal year has increased and is expected to continue grow in 2018-19. The contracting category represents approximately 4 percent of the local General Fund sales tax revenue.

The restaurants and bars category is expected to increase 2.5 percent and the hotel/motel category is expected to remain flat in 2018-19. These two categories, combined with revenue from amusements, are closely related to tourism and entertainment activities. Revenues from these activities represent approximately 9 percent of local General Fund sales tax revenue.

The utility and franchise tax category is approximately 19 percent of local General Fund sales tax revenue. The category includes electricity, natural and artificial gas, water consumption, sewer service and communications activities. The 2018-19 estimate for utility sales and franchise tax revenue is \$83,547,000, which is an increase of 0.8 percent over the 2017-18 estimate. The increase is due to expected modest account growth and consumption in the utilities category as the economy continues to grow, which is offset by the predicted continued decrease in communications activities.

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 2018-19 estimate of \$20,847,000, is an increase of 1.4 percent from the 2017-18 estimate based on the projections from the UofA. The use tax category is subject to fluctuations in purchasing practices, as well as economic drivers, and is approximately 4.7 percent of local General Fund sales tax revenue.

The following table shows General Fund sales tax collections since 2014-15. The amounts shown exclude the additional tax items that are collected based on water service accounts (jail tax and general excise tax).

GENERAL FUND SALES TAXES (In Thousands of Dollars)		
Fiscal Year	Revenues	% Change From Previous Year
2014-15 <sup>1/</sup>	\$407,014	(1.0)%
2015-16	416,522	2.3
2016-17	421,239	1.1
2017-18 (Est.)	429,546	2.0
2018-19 (Est.)	444,563	3.5

<sup>1/</sup>Accounts for the expiration of the food for home consumption sales tax effective April 2015 and one-time revenue from the Super Bowl.

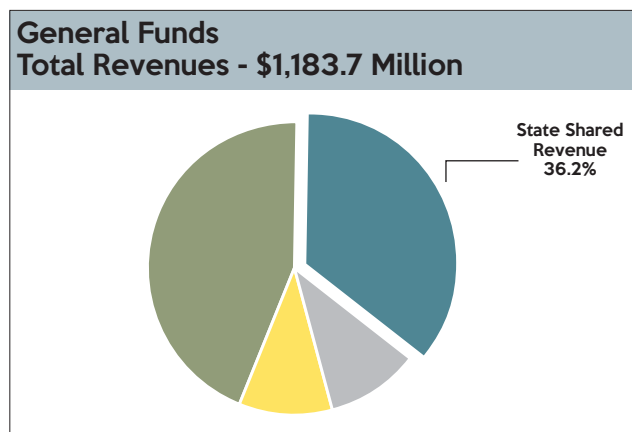
### Privilege License Fees

The City charges a \$50 annual license fee to businesses that engage in activity where a transaction privilege tax is imposed. This category also includes a \$2 per unit (\$50 maximum) annual fee on each apartment complex for non-transient lodging. The 2018-19 estimate for privilege license fee revenue of \$2,080,000 is project to slightly decrease from the 2017-18 estimate of 2,090,000.

### Other General Fund Excise Taxes

The jail tax collected on water service accounts was implemented on October 1, 1990, and provides resources to help offset jail costs paid to Maricopa County for misdemeanor defendants. The City Council voted to reduce the jail tax 50 percent effective July 2012. The 2018-19 estimate of \$7,180,000 represents a 1.0 percent increase from the 2017-18 estimate of \$7,110,000. This category also includes a general city services excise tax on municipal services bills based on water meter size implemented in July 2014. The 2018-19 estimate for the general city services excise tax is \$10,780,000 and represents a 1.0 percent increase from the 2017-18 estimate of \$10,670,000.

## 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 2018-19 estimate for this category is \$428.5 million, which is \$7.6 million or 1.8 percent more than the 2017-18 estimate of \$420.9 million. The increase is due to an estimated increase of 4.1 percent in state sales taxes and estimated growth of 4.5 percent in vehicle license taxes. The increase is offset by the estimated decrease of 0.9 percent in state-shared income taxes.

Prior to 2016-17 state-shared revenues were distributed to cities and towns based on mid-decade and decennial census counts and thus, except for minor adjustments primarily due to annexations, each city or town's relative share only changed every five years. However due to a change in State law that occurred in 2016, state-shared revenue distributions began to be updated annually based on Census Bureau population estimates beginning in 2016-17. The decennial census will continue to be used, but only for the year it is completed.

## State Sales Tax

The state sales tax rate on most taxable activities is 5.6 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 tax classification. The 0.6 percent education tax included in the total tax rate is not included in the distribution base. Under the current formula, incorporated cities receive 25 percent of the distribution base. As indicated previously, these funds are distributed to individual cities on the basis of relative population percentages. However, the Census Bureau population estimates to be used for 2018-19 were not available in time for developing the budget projections. Since no significant changes were anticipated, Phoenix's share of 29.41 percent for 2017-18 was used for 2018-19.

The City's share of the state sales tax for 2018-19 is expected to be \$159,407,000, which is \$6,247,000 or 4.1 percent more than the 2017-18 estimate of \$153,160,000. This estimate is based on growth rates provided by the UofA state sales tax model and the assumption that, similar to the local economy, the state economy will continue to grow in 2018-19. The table below shows the cities' share of state sales taxes, Phoenix's allocation and annual increase since 2014-15.

STATE SALES TAXES (In Thousands of Dollars)					
Fiscal Year	Cities' Share of State Collections		Phoenix's Share		
	Total	% Change	Percent	Amount	% Change
2014-15	\$459,177	4.9%	28.8%	\$132,218	4.1%
2015-16	476,773	3.8	28.8	137,544	4.0
2016-17	496,532	4.1	28.8*	143,976	4.7
2017-18 (Est.)	518,131	4.3	29.4	153,160	6.4
2018-19 (Est.)	539,868	4.2	29.4**	159,407	4.1

\*Phoenix's population share for June 2017 already reflected the subsequent year's updated percent.  
\*\*Estimated - Final U.S. Census Bureau estimates were not available during budget development.

## 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. Similar to state-shared sales tax, since Census Bureau population estimates were not available in time for developing the budget projections and no significant changes were anticipated, Phoenix's share for 2017-18 was used for 2018-19.

The 15 percent portion of the state income tax, which will be distributed to Arizona cities and towns in 2018-19, is expected to be \$674.9 million. The distribution represents actual individual and corporate income tax collections by the state in the 2015-16 fiscal year. The anticipated \$674.9 million is a 0.9 percent decrease from the previous fiscal year. The decrease is attributable to lower corporate income tax collections. Phoenix's total distribution for 2018-19 is estimated at \$198,297,000 and is a decrease of \$1,738,000 or 0.9 percent from the 2017-18 estimate of \$200,035,000.

The following table shows the total cities' share of state income tax, Phoenix's share, percentage allocation and annual increase/decrease since 2014-15.

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
2014-15	15.0%	\$608,936	8.5%	28.8%	\$175,184	8.4%
2015-16	15.0	605,634	(0.5)	28.8	174,234	(0.5)
2016-17	15.0	663,582	9.6	28.8	191,225	9.8
2017-18 (Est.)	15.0	680,770	2.6	29.4	200,035	4.6
2018-19 (Est.)	15.0	674,855	(0.9)	29.4*	198,297	(0.9)

\*Estimated - Final U.S. Census Bureau estimates were not available during budget development.

## Vehicle License Tax

Vehicle license tax has 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.

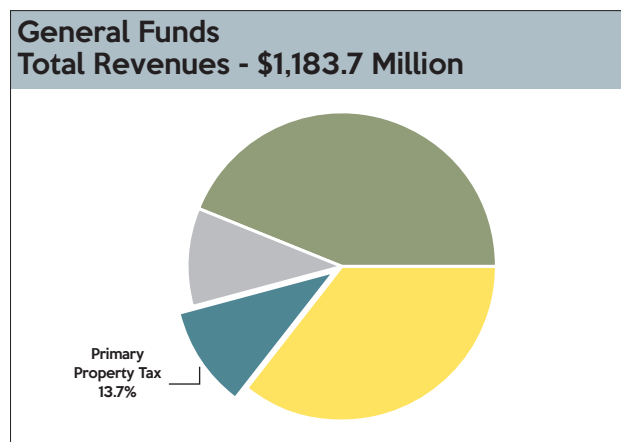
A portion of vehicle license tax collections is allocated to the Arizona Highway User Revenue Fund, with the remainder being allocated by percentage to various state funds as well as to the counties and cities. The state is responsible for distributing funds to cities according to their relative population within the county. As with the other state-shared revenues since Census Bureau population estimates were not available in time for developing the budget projections and no significant changes were anticipated, Phoenix's share of 41.0 percent of Maricopa County for 2017-18 was used for 2018-19. Phoenix's share of the vehicle license tax for 2018-19 is anticipated to be \$70,794,000 which is \$3,049,000 or 4.5 percent more than the 2017-18 estimate of \$67,745,000.

The following table shows the cities' share of the vehicle license tax, Phoenix's share, allocation percentage and annual percentage change since 2014-15.

VEHICLE LICENSE TAX (In Thousands of Dollars)					
Fiscal Year	Amount Distributed by Maricopa County	Phoenix's Share		Increase/(Decrease)	
		Percent	Amount	Amount	Percent
2014-15	\$135,043	40.9%	\$55,293	\$3,604	7.0%
2015-16	146,051	40.9	59,801	4,508	8.2
2016-17	152,384	40.4	61,586	1,785	3.0
2017-18 (Est.)	165,043	41.0	67,745	6,159	10.0
2018-19 (Est.)	172,471	41.0*	70,794	3,049	4.5

\*Estimated - Final U.S. Census Bureau estimates were not available during budget development.

## 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.

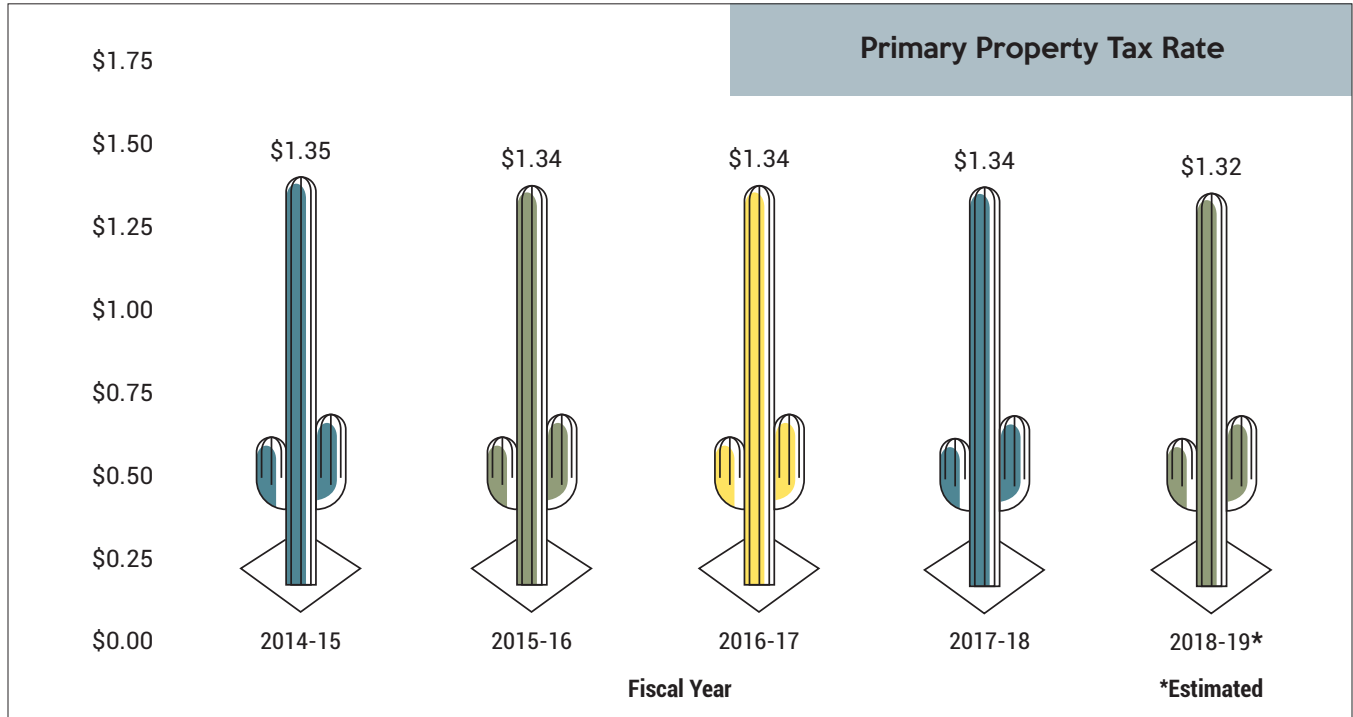
The annual increase in the primary property tax levy is limited by the Arizona Constitution to a 2 percent increase over the prior levy plus an estimated levy for previously untaxed property (primarily new construction), and allowable tort liability judgments. The Phoenix City Charter also limits the primary property tax rate to no more than \$1.00 plus the amount to cover the costs of libraries.

In 2012, voters approved Proposition 117, amending the Arizona Constitution by capping the annual increase in limited property values used to calculate primary net assessed value. The amendment has capped the limited property value at no greater than 5 percent above the previous year, plus new construction, since 2015-16.



The chart below shows the primary property tax rate since 2014-15. The estimated 2018-19 primary property tax levy is \$163,218,000. The levy is a 4.2 percent increase over the 2017-18 levy of \$156,586,000. The primary net assessed valuation of \$12.40 billion is 5.8 percent above the 2017-18 primary net assessed valuation of \$11.72 billion.

Historically, actual property tax collections have been slightly lower than the amount levied. For 2018-19, collections for primary property tax are estimated to be \$161,586,000, or 99 percent of the levy amount.

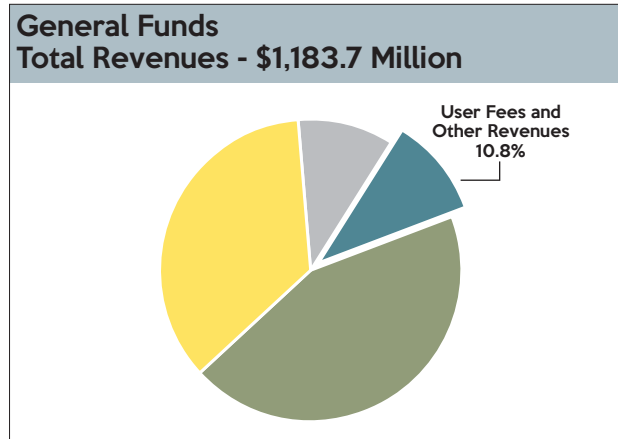


The 2018-19 levy results in a primary property tax rate of \$1.3163 per \$100 of assessed value and a secondary property tax rate of \$0.8241, for a total property tax rate of \$2.1404 per \$100 of assessed value.

The table below shows primary assessed valuation, primary property tax revenues and primary rates since 2014-15.

PRIMARY PROPERTY TAX					
Fiscal Year	Primary Net Assessed Valuation (in Millions)	% Change	Primary Levy (in Thousands)	% Change	Rate per \$100 Net Assessed Valuation
2014-15	\$10,298	4.1%	\$139,448	(3.8)%	\$1.3541
2015-16	10,577	2.7	141,880	1.7	1.3414
2016-17	10,982	3.8	146,711	3.4	1.3359
2017-18	11,721	6.7	156,586	6.7	1.3359
2018-19 (est.)	12,400	5.8	163,218	4.2	1.3163

## USER FEES/OTHER REVENUES



This major revenue category consists of licenses and permits, cable television fees, fines and forfeitures, 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 2018-19 estimate for this category is \$128.6 million, which is \$10.1 million or 7.2 percent less than the 2017-18 estimate of \$138.7 million. The decrease is primarily due to the one-time insurance proceeds received in 2017-18 for the Burton Barr Central Library. 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 2018-19 estimate of \$3,558,000 is \$629,000 more than the 2017-18 estimate of \$2,929,000. The growth is primarily due to revenues from a new licensing program for structured sober living homes, which is effective beginning in July 2018.

### Cable Communications

The City imposes up to 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 2018-19 estimate of \$10,105,000 is projected to remain unchanged from the 2017-18 estimate. Cable providers also make annual payments to the Educational Access Account, which are adjusted annually by the consumer price index.

### Fines and Forfeitures

This category is comprised of various sanctions including traffic moving violations, criminal offense fines, parking violations, driving under the influence, defensive driving program and substance abuse screening service. The 2018-19 estimate of \$12,667,000 is \$355,000 less than the 2017-18 estimate of \$13,022,000. The projection assumes a decrease in revenue from parking violations fees and other miscellaneous fees, while revenue in other areas remains unchanged from 2017-18.

### Court Default Fee

A default fee was implemented in 1993-94 in order to recover court costs associated with defendants who fail to appear for court or fail to pay previously imposed sanctions on civil traffic violations. In 2009-10, the fee was increased from \$25 to \$40. The 2018-19 estimate for this revenue category is \$1,308,000, which is unchanged from the 2017-18 estimate as activity is expected to remain flat.

## **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 2018-19 estimate for ETS is \$36,200,000, which is \$600,000 or 1.7 percent more than the 2017-18 estimate of \$35,600,000. The increase accounts for the inflationary rate adjustment. Other Fire revenue sources include fire prevention inspection fees, computer-aided dispatch (CAD) and various other charges for the services provided to the community. The 2018-19 estimate for other fire services is \$12,450,000 which is \$119,000 or 1.0 percent more than the 2017-18 estimate of \$12,331,000. This increase is due to an estimated increase in computer aided dispatch fees.

## **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 2018-19 estimate is \$1,400,000, which is unchanged from the 2017-18 estimate.

## **Library Fees**

Library fine and fee revenues are generated from overdue or damaged library materials and room rentals at city libraries. The 2018-19 estimate is \$518,000. It is decreased by \$8,043,000, which is primarily due to the one-time insurance proceeds received in 2017-18 for the Burton Barr Central Library.

## **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, recreation programs, cell towers and swimming pools, activities at Maryvale Stadium and the Papago Baseball Facility, and other miscellaneous park fees. The 2018-19 estimate of \$7,240,000 is \$693,000 or 8.7 percent less than the 2017-18 estimate of \$7,933,000. The decrease in 2018-19 is due to anticipated lower revenue from Maryvale Stadium rentals as result of contract changes.

## **Planning**

User fees in this category include revenue from the sale of codes and plans, rezoning fees and zoning adjustment fees for use permits and variances. The 2018-19 estimate of \$1,860,000 is \$54,000 or 3.0 percent above the 2017-18 estimate of \$1,806,000. Activity levels for rezoning cases are expected to slightly increase in 2018-19.

## **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. The estimate of \$14,010,000 for 2018-19 is 0.9 percent lower than the 2017-18 estimate of \$14,133,000. The decrease is due to a one-time revenue received in 2017-18 from the Maricopa County Attorney's Office to offset some of the costs associated with the SR85 Landfill search.

## **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 2018-19 estimate of \$4,682,000 is \$1,527,000 or 24.6 percent less than the 2017-18 estimate of \$6,209,000. The decrease is mainly due to the receipt of one-time revenues for recovery of damage claims, telecom plan review fees, and utility ordinance inspection fees in 2017-18.

## **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 concessions. The 2018-19 estimate of \$19,648,000 is \$202,000 or 1.0 percent more than the 2017-18 estimate of \$19,446,000. The increase is primarily due to estimated growth in interest income.

## **All Other Fees**

This fee category consists of miscellaneous service charges in the Finance, Human Services and Neighborhood Services departments and miscellaneous categories. The 2018-19 estimate of \$2,998,000 is \$915,000 or 23.4 percent less than the 2017-18 estimate of \$3,913,000. The decrease is mainly due to revenue received from the Translational Genomics Research Institute (TGen) for leasing a building in 2017-18.

## **NON-GENERAL FUNDS**

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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 2018-19 revenue estimates. The table on the next page provides the 2017-18 and 2018-19 estimates and 2016-17 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, 2007 Public Safety Expansion, Public Safety Enhancement, Parks and Preserves, and Transportation 2050. 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, Regional Wireless Cooperative, Golf Courses, 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 2018-19 estimate of \$32,516,000 is \$1,210,000 or 3.9 percent more than the 2017-18 estimate of \$31,306,000. These estimates are consistent with those for the same categories in the local sales tax discussion. Also, \$590,000 is estimated for combined net interest earnings in 2018-19.

#### **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 2018-19 estimate is \$65,031,000 or 3.9 percent more than the 2017-18 estimate of \$62,612,000. These estimates are consistent with those for the same categories in the local sales tax discussion. Also, \$165,000 is estimated for interest earnings in 2018-19.

#### **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. 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 2018-19 estimate of \$26,013,000 is \$891,000 or 3.5 percent greater than the 2017-18 estimate of \$25,122,000.

#### **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 forty percent for desert preserves. The 2018-19 estimate of \$32,517,000 is \$1,211,000 or 3.9 percent more than the 2017-18 estimate of \$31,306,000. These estimates are consistent with the estimates for the same categories in the local sales tax discussion. Also, \$650,000 is estimated for interest earnings in 2018-19.

## NON-GENERAL FUND REVENUE BY MAJOR SOURCE (In Thousands of Dollars)

Revenue Source	2016-17 Actual	2017-18 Estimate	2018-19 Budget	Increase/(Decrease) From 2017-18 Estimate	
				Amount	Percent
<b>SPECIAL REVENUE FUNDS</b>					
Neighborhood Protection	\$ 30,550	\$ 31,896	\$ 33,106	\$ 1,210	3.8%
2007 Public Safety Expansion	60,184	62,776	65,196	2,420	3.9%
Public Safety Enhancement	25,059	25,122	26,013	891	3.5%
Parks and Preserves	31,136	32,176	33,167	991	3.1%
Transit 2000 <sup>1/</sup>	2,730	-	-	-	
Transportation 2050 <sup>1/</sup>	251,294	261,283	269,637	8,354	3.2%
Court Awards	6,405	5,042	4,610	(432)	-8.6%
Development Services	53,410	55,870	55,955	85	0.2%
Capital Construction	11,206	9,567	9,154	(413)	-4.3%
Sports Facilities	27,411	26,246	22,336	(3,910)	-14.9%
Arizona Highway User Revenue	127,142	132,107	136,209	4,102	3.1%
Regional Transit Revenues	43,866	41,433	37,207	(4,226)	-10.2%
Community Reinvestment	7,068	6,219	5,252	(967)	-15.5%
Secondary Property Tax	95,759	100,382	105,917	5,535	5.5%
Regional Wireless Cooperative	4,123	4,495	4,858	363	8.1%
Golf Courses	5,770	5,471	5,266	(205)	-3.7%
Impact Fee Program Administration	383	388	388	-	0.0%
Court Special Fees	1,248	1,309	1,289	(20)	-1.5%
Monopole Rental	116	153	158	5	3.3%
Tennis Center	44	44	44	-	0.0%
Vehicle Impound Program	2,158	2,140	2,140	-	0.0%
Heritage Square	46	47	47	-	0.0%
Affordable Housing Program	4,103	3,388	2,918	(470)	-13.9%
Jet Fuel Other Restricted Fund	-	679	1,066	387	57.0%
Other Restricted (gifts/trusts)	37,997	30,053	27,435	(2,618)	-8.7%
<u>Grants</u>					
Public Housing Grants	89,723	92,830	95,210	2,380	2.6%
Human Services Grants	46,084	45,981	48,668	2,687	5.8%
Community Development	19,846	27,344	20,363	(6,981)	-25.5%
Criminal Justice	9,744	10,461	7,757	(2,704)	-25.8%
Public Transit Grants	55,272	14,847	116,715	101,868	+100%
Other Grants	29,812	37,229	34,630	(2,599)	-7.0%
Subtotal - Grants	\$ 250,481	\$ 228,692	\$ 323,343	\$ 94,651	41.4%
<b>Total Special Revenue Funds</b>	<b>\$ 1,079,689</b>	<b>\$ 1,066,978</b>	<b>\$ 1,172,711</b>	<b>\$ 105,733</b>	<b>9.9%</b>
<b>ENTERPRISE FUNDS</b>					
Aviation	354,651	366,280	373,795	7,515	2.1%
Water System	417,702	421,857	424,700	2,843	0.7%
Wastewater System	228,719	235,556	237,665	2,109	0.9%
Solid Waste	151,113	151,452	153,959	2,507	1.7%
Convention Center	69,453	72,185	74,659	2,474	3.4%
<b>Total Enterprise Funds</b>	<b>\$ 1,221,638</b>	<b>\$ 1,247,330</b>	<b>\$ 1,264,778</b>	<b>\$ 17,448</b>	<b>1.4%</b>
<b>TOTAL NON-GENERAL FUND</b>	<b>\$ 2,301,327</b>	<b>\$ 2,314,308</b>	<b>\$ 2,437,489</b>	<b>\$ 123,181</b>	<b>5.3%</b>

<sup>1/</sup> The Transportation 2050 sales tax (Proposition 104) was established by the voters effective January 1, 2016 and increased the Transit 2000 sales tax (Proposition 2000) to fund a comprehensive transportation plan with a 35 year sunset date. The Proposition increased the transaction privilege (sales) tax rates by 0.3% for various business activities.

## **Transit 2000 and Transportation 2050 Funds**

Effective January 1, 2016, Proposition 104 established the Transportation 2050 sales tax, which increased the 0.4 percent Transit 2000 sales tax previously passed by Proposition 2000 to fund a comprehensive transportation plan with a new 35-year sunset date. The Proposition increased the transaction privilege (sales) tax by 0.3 percent for various business activities. Since January 2016, sales tax collections from Proposition 104 have been budgeted and accounted for in the Transportation 2050 fund, while sales tax collections prior to that time from Proposition 2000 were included in the Transit 2000 fund. The 2018-19 sales tax estimate for Transportation 2050 is \$220,854,000, which is \$7,632,000 or 3.6 percent more than the 2017-18 estimate of \$213,222,000. 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 2018-19 fare box revenue estimate of \$38,156,000 is 1.5 percent greater than the 2017-18 estimate of \$37,606,000. The increase is primarily attributable to upcoming service level increases. The 2018-19 estimate also includes interest earnings and other miscellaneous revenue of \$10,627,000 which is a 1.6 percent increase from 2017-18 estimate of \$10,455,000. This increase is primarily due to a one-time revenue offset included in 2017-18 for a fuel tax credit paid to other regional partners.

## **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 2018-19 is \$4,610,000, which is \$432,000 or 8.6 percent less than the 2017-18 estimate of \$5,042,000. The decrease reflects less anticipated cases in 2018-19.

## **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 2018-19 estimate is \$55,955,000, which is \$85,000 or 0.2 percent more than the 2017-18 estimate of \$55,870,000. The slight change is primarily due to an estimated increase for site plan and engineering plan review fees.

## **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. These funds are used primarily for right-of-way improvements in the Street Transportation Capital Improvement Program. The 2018-19 estimate is \$9,034,000, or 3.7 percent less than the 2017-18 estimate of \$9,377,000. The telecommunications tax category has experienced a declining trend; thought to be caused by transition of wireless plans from direct voice to non-taxable data/Internet-based communications. The 2018-19 estimate also includes interest earnings of \$120,000.

## **Sports Facilities**

Sports facilities revenues consist of a 1 percent portion of the 5.3 percent hotel/motel tax category, a 2 percent tax on short-term motor vehicle rentals, and interest revenue generated by the fund. The 2018-19 estimate is \$18,287,000, which is \$55,000 less than the 2017-18 estimate of \$18,342,000. The revenue estimates are consistent with the estimates for the same categories in the local sales tax discussion, and the slight decrease is due to a projected year-end adjustment for 2018-19. The 2018-19 estimate includes \$8.4 million for the hotel/motel portion and \$9.9 million for the short-term car rental portion. The 2018-19 estimate also includes \$4,049,000 in other revenues, including lease payments from TGen and interest earnings.

## **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). In 2016-17 and 2017-18, to partially offset the impact of supplementing the Department of Public Safety with AHUR, the Arizona State Budget included a special distribution of \$30 million from the State General Fund to Arizona counties, cities and towns, equating to \$4.8 million per year for the City of Phoenix. At the time of budget development, this special distribution was assumed to be in place for 2018-19 based on the intent communicated by the State Legislature's 2017-18 budget revenue reconciliation bill.

For 2018-19, it is anticipated that Phoenix will receive \$108.6 million from the allocation to all cities and towns and \$27.1 million from the allocation to cities and towns over 300,000 population.

The total 2018-19 AHUR estimate of \$135,659,000 is \$4,502,000 more than the 2017-18 estimate of \$131,157,000. The increased 2018-19 estimate is primarily attributable to projected increases in gas and use fuel tax (2.0 percent) and vehicle license tax (6.0 percent). The 2018-19 interest earnings and other income estimate of \$550,000 is \$400,000 less than the 2017-18 estimate of \$950,000 due to an anticipated lower fund balance.

The table below shows the state-shared AHUR allocations to the city of Phoenix since 2014-15.

ARIZONA HIGHWAY USER REVENUES (In Thousands of Dollars)			
Fiscal Year	AHUR Distribution	Increase/(Decrease)	
		Amount	Percent
2014-15	\$111,748	\$ 9,740	9.5%
2015-16	116,682	4,934	4.4
2016-17	126,052	9,370	8.0
2017-18 (Est.)	131,157	5,105	4.0
2018-19 (Est.)	135,659	4,502	3.4

### 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 2018-19 estimate of \$37,207,000 is \$4,226,000 or 10.2 percent lower than the 2017-18 estimate of \$41,433,000. The decrease is due to the timing of reimbursements for project costs from the regional transportation plan.

### Community Reinvestment

The 2018-19 estimate of \$5,252,000 is \$967,000 less than the 2017-18 estimate of \$6,219,000 and represents estimated revenues to be received through various economic redevelopment agreements in the downtown area. The decrease is mainly due to a one-time revenue received in 2017-18 for sales of real estate.

### Secondary Property Tax

By law, secondary property taxes are used to pay debt service on voter-approved general obligation bonds.

In 2012, voters approved Proposition 117, amending the Arizona Constitution by capping the annual increase in limited property values used to calculate primary net assessed value. Proposition 117 additionally replaced secondary net assessed value with primary net assessed value as the base for secondary property taxes beginning in 2015-16. The amendment caps the limited property value at no greater than five percent above the previous year, plus new construction.

As discussed in the General Fund revenue section, the 2018-19 primary property tax rate is \$1.3163 per \$100 of assessed valuation. The 2018-19 secondary rate is \$0.8241 per \$100 of assessed value, for a combined property tax rate of \$2.1404.

The 2018-19 secondary property tax levy of \$102,187,000 is based on this \$0.8241 rate and the primary net assessed valuation of \$12.40 billion. This resulting levy increases the 2017-18 secondary property tax levy of \$96,596,000 by \$5,591,000 to satisfy debt service requirements.

Also included in the 2018-19 estimate is \$4,752,000 in bond interest subsidies. Revenues are partially offset by an estimated \$1,022,000 in uncollected taxes. In total, secondary property tax and bond interest subsidy revenue is estimated to be \$105,917,000.

The table below shows secondary assessed valuation, secondary property tax levies and secondary property tax rates since 2014-15.

SECONDARY PROPERTY TAX					
Fiscal Year	Net Assessed Valuation (in Millions) <sup>1</sup>	% Change	Secondary Levy (in Thousands)	% Change	Rate per \$100 Net Assessed Valuation
2014-15	\$10,819	8.5%	\$50,404	42.9%	\$0.4659
2015-16	10,577	(2.2)	50,622	0.4	0.4786
2016-17	10,982	3.8	91,602	81.0	0.8341
2017-18	11,721	6.7	96,596	5.5	0.8241
2018-19 (Est.)	12,400	5.8	102,187	5.8	0.8241

<sup>1/</sup> Secondary Net Assessed Valuation prior to 2015-16; Primary thereafter.

### **Regional Wireless Cooperative**

The Regional Wireless Cooperative (RWC) 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. It currently includes twenty cities, towns and fire districts located in the Phoenix metropolitan region. As the managing network and administrative member, Phoenix is responsible for operating and maintaining the network and for the accounting, budgeting, procurement and contracting functions.

The revenue in this fund primarily consists of reimbursements from the other participating jurisdictions for their share of the cost to operate and maintain the network. The 2018-19 revenue estimate of \$4,858,000 is 8.1 percent or \$363,000 more than the 2017-18 estimate of \$4,495,000. This is due to anticipated radio rate and count increases in 2018-19.

### **Golf Courses**

Revenue sources in the golf course category include greens fees, golf range balls, golf identification cards, golf cart rentals and pro shop sales at city-run golf courses which include Aguila, Cave Creek, Encanto, and Palo Verde. The 2018-19 estimate of \$5,266,000 is slightly lower than the 2017-18 estimate of \$5,471,000. The reduction is due to expected decreases in merchandise sales and facility rentals at several golf courses.

### **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.

The 2018-19 revenue is estimated at \$388,000, which is equal to the 2017-18 estimate.

### **Other Restricted Fees**

Included in this category are revenues associated with the Court Technology Enhancement fee and the Judicial Collection Enhancement Fund, monopole rentals from several city parks, Tennis Center at Washington Park, Vehicle Impound fees, Heritage Square, Affordable Housing Program, and Jet Fuel Other Restricted Fund. The Jet Fuel Other Restricted Fund was established to account for jet fuel sales and use tax as a result of an FAA policy requiring that those funds be used only for aviation-related purposes, which was subsequently included in State law with an effective date of December 2017. Also included is revenue from restricted fees for recreation and other programs, and donations specified for various city programs.

The 2018-19 estimate of \$35,097,000 is \$2,716,000 or 7.2 percent less than the 2017-18 estimate of \$37,813,000. The decrease is primarily due to lower revenues anticipated from real estate sales and the affordable housing program.

### **Public Housing Grants**

The 2018-19 Public Housing grants revenue included in the annual operating budget is \$95,210,000, which is a 2.6 percent increase from 2017-18 estimate of \$92,830,000. This increase is primarily due to more HOME Investment Partnerships Program (HOME) funds and housing subsidy and assistance payments from 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 rentals and interest income.

### **Human Services Grants**

The 2018-19 revenue estimate of \$48,668,000 is \$2,687,000 or 5.8 percent more than the 2017-18 estimate of \$45,981,000. The increase is primarily due to more federal grant funds available for the Head Start program. This category includes funds from the Department of Health and Human Services, Department of Housing and Urban Development, 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 (CDBG) 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 2018-19 CDBG entitlement is \$20,363,000 which is \$6,981,000 or 25.5 percent less than the 2017-18 estimate of \$27,344,000. The decrease is due to a carryover from previous years' grant revenues to 2017-18, but not 2018-19.



### Criminal Justice Grants

The 2018-19 grant revenue for criminal justice programs is estimated to be \$7,757,000 which is \$2,704,000 or 25.8 percent less than the 2017-18 estimate of \$10,461,000. The decrease is due to reductions in police grant funding. This category includes Police, Court and Law department grants. Grants include funding for the Police Department training academy, drug trafficking prevention, law enforcement community engagement training and other crime related prevention programs.

### Public Transit Grants

The 2018-19 Federal Transit Administration Grant estimate is \$116,715,000 reflecting an increase of \$101,868,000 or 686.1 percent higher than the 2017-18 estimate of \$14,847,000. The significant increase is due to the anticipated timing of reimbursements for capital budget projects.

### Other Grants

The 2018-19 budget also includes \$34,630,000 for federal, state and other grants which is \$2,599,000 or 7.0 percent less than the 2017-18 estimate of \$37,229,000. The decrease is due to reductions in grants for the Neighborhood Stabilization Program and the Urban Search and Rescue grant. This category includes funding for various parks and recreation and library activities, workforce development programs, housing development grants, fire department and victim assistance grants, and the Neighborhood Stabilization Program.

## ENTERPRISE FUNDS

This category includes revenues from the City's Enterprise funds including Aviation, Water, Wastewater and Solid Waste. 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 primarily include airline operation fees, concession revenues and interest income at Sky Harbor International, Deer Valley and Goodyear airports. Total Aviation revenue for 2018-19 is anticipated to be \$373,795,000, which is \$7,515,000 or 2.1 percent more than the 2017-18 estimate of \$366,280,000. The increase is mainly due to expected increases in airline operation fees and concession revenues.

The following table shows Aviation revenue by major category and annual percent change since 2014-15.

SUMMARY OF AVIATION REVENUES (In Thousands of Dollars)					
	2014-15	2015-16	2016-17	2017-18 (Est.)	2018-19 (Est.)
Airline Operation	\$136,686	\$137,358	\$140,972	\$146,500	\$151,250
Concessions and Rentals	192,615	195,889	202,804	204,836	207,527
Interest	1,842	3,092	4,177	4,500	4,500
Other/Federal Grants	3,591	3,769	1,191	5,279	5,304
Goodyear	2,272	2,292	2,395	2,188	2,188
Deer Valley	2,727	2,926	3,112	2,977	3,026
Total Aviation Revenue	\$339,733	\$345,326	\$354,651	\$366,280	\$373,795
Change From Prior Year	3.0%	1.6%	2.7%	3.3%	2.1%

### 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 2018-19 is projected to be \$424,700,000, which is \$2,843,000 or 0.7 percent more than the \$421,857,000 estimate for 2017-18. The increase is due to estimated increases in water sales, environmental consumption charges, raw water charges, development fees, and Val Vista revenues. The 2018-19 estimate includes anticipated small increases in the number of accounts. Water rate increases of 3 percent and 2 percent were effective in March 2016 and March 2017 respectively.

The following table shows water system revenues by major category since 2014-15.

<b>SUMMARY OF WATER SYSTEM REVENUES (In Thousands of Dollars)</b>					
	2014-15	2015-16	2016-17	2017-18 (Est.)	2018-19 (Est.)
Water Sales	\$280,321	\$305,168	\$329,021	\$336,039	\$337,849
Environmental Consumption Charge	42,613	40,105	33,358	33,728	34,036
Raw Water Charge	23,582	24,979	25,425	25,847	25,976
Interest	2,691	2,467	2,792	2,685	2,685
Development Fees	2,416	3,514	3,755	3,700	3,800
Combined Service Fees	2,429	2,386	2,348	5,400	5,400
Val Vista	5,875	5,753	5,827	5,808	6,318
All Other	10,959	12,220	15,176	8,650	8,636
Total Water Revenue	\$370,886	\$396,592	\$417,702	\$421,857	\$424,700
Change From Prior Year	(6.9)%	6.9%	5.3%	1.0%	0.7%

### 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 \$237,665,000 in 2018-19, which is \$2,109,000 or 0.9 percent more than the 2017-18 estimate of \$235,556,000. The increase is due to expected increases in sewer service charges, environmental charges, development fees, and other fees. Wastewater rate increases of 2 percent were effective in March 2016 and March 2017.

The following table shows Wastewater revenue by major category and annual percent change since 2014-15.

<b>SUMMARY OF WASTEWATER SYSTEM REVENUES (In Thousands of Dollars)</b>					
	2014-15	2015-16	2016-17	2017-18 (Est.)	2018-19 (Est.)
Sewer Service Charge	\$148,295	\$154,277	\$161,127	\$162,598	\$164,210
Environmental Charges	33,784	33,640	33,212	35,626	35,997
Development Fees	2,256	3,340	3,578	3,600	3,700
Interest	1,561	1,756	2,149	1,820	1,820
Multi-City	13,506	15,493	15,843	18,968	18,872
Other	11,987	13,152	12,810	12,944	13,066
Total Wastewater Revenue	\$211,389	\$221,658	\$228,719	\$235,556	\$237,665
Change From Prior Year	(0.3)%	4.9%	3.2%	3.0%	0.9%

### Solid Waste

This category includes revenues from the monthly residential collection and landfill tipping fees. The 2018-19 estimate of \$153,959,000 is an increase of \$2,507,000 or 1.7 percent greater than the 2017-18 estimate of \$151,452,000. The growth is due to an expected increase in collections from solid waste service fees, which is offset by the decreases in city landfill fees and interest income.

**Convention Center**

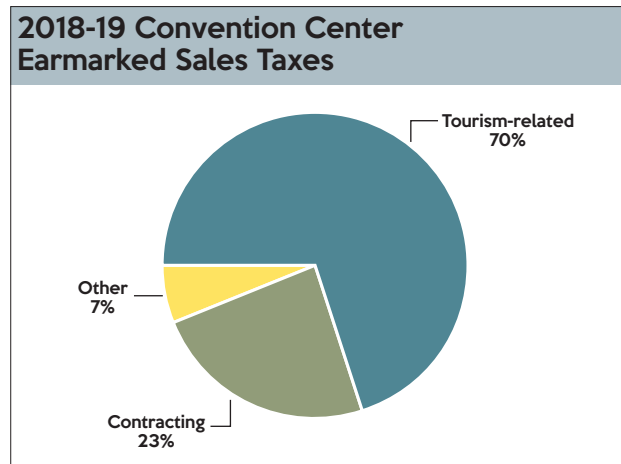
The majority of Convention Center revenues are from earmarked sales taxes including a 0.5 percent tax on advertising, a 0.5 percent portion of the 2.3 percent tax on construction, printing, publishing, transportation/towing and restaurant/ bar sales, plus a 2.0 percent portion of the 5.3 percent hotel/motel tax on rooms rented for 30 days or less.

Earmarked sales taxes are expected to produce \$50,907,000 in 2018-19, an increase of 2.8 percent above the 2017-18 estimate of \$49,505,000. Convention Center operating revenues are expected to be \$19,863,000, parking revenue is expected to be \$3,400,000, and interest revenue is expected to be \$489,000, for total revenue estimates of \$74,659,000. This is \$2,474,000 or 3.4 percent more than the 2017-18 total estimated revenue of \$72,185,000. The increase is due to anticipated increases in sales tax and operating revenues. Tax estimates are consistent with General Fund sales tax estimates for the categories included in Convention Center.

The following table shows the Convention Center excise tax collections since 2014-15.

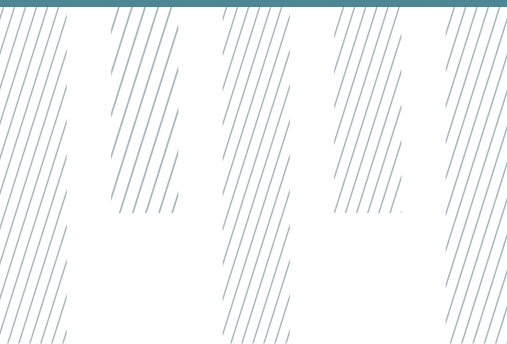
CONVENTION CENTER SALES TAXES (In Thousands of Dollars)			
Fiscal Year	Amount Collected	Increase/(Decrease)	
		Amount	Percent
2014-15	\$46,402	\$2,091	4.7%
2015-16	46,501	99	0.2
2016-17	49,051	2,550	5.5
2017-18 (Est.)	49,505	454	0.9
2018-19 (Est.)	50,907	1,402	2.8

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 93 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 13 percent of the sales tax revenue. Because of this, any changes to these more volatile industries have a greater impact in this fund's sales tax revenue than in the General Fund's sales tax revenue. The 2018-19 estimates assume continued economic growth.





# GENERAL GOVERNMENT



## MAYOR

### Program Goal

The Mayor is elected on a nonpartisan ballot to represent the entire city for a four-year term. 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 and votes on policy direction for the City and chairs all City Council meetings.

### Budget Allowance Explanation

The Mayor's Office 2018-19 operating budget allowance of \$1,995,000 is \$33,000 or 1.7 percent more than 2017-18 estimated expenditures. The increase is due to personal service adjustments associated with the Elected Officials Retirement Plan (EORP).

Expenditure and Position Summary			
	2016-17 Actual	2017-18 Estimate	2018-19 Budget
Operating Expense	\$1,559,000	\$1,962,000	\$1,995,000
Total Positions	12.5	15.0	15.0
<i>Source of Funds:</i>			
General	\$1,559,000	\$1,962,000	\$1,995,000

## 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 2022. Terms for council members from odd-numbered districts expire in January 2020. 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 2018-19 City Council operating budget allowance of \$4,409,000 is \$193,000 or 4.6 percent more than 2017-18 estimated expenditures. The increase is due to personal service adjustments associated with the Elective Officials Retirement Plan (EORP) and normal inflationary increases within the central City Council Office.

Expenditure and Position Summary			
	2016-17 Actual	2017-18 Estimate	2018-19 Budget
Operating Expense	\$3,352,000	\$4,216,000	\$4,409,000
Total Positions	31.0	31.0	31.0
<i>Source of Funds:</i>			
General	\$3,352,000	\$4,216,000	\$4,409,000

## CITY MANAGER

### Program Goal

The City Manager's Office 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 2018-19 operating budget allowance of \$2,636,000 is \$95,000 or 3.7 percent more than 2017-18 estimated expenditures. The increase is primarily due to fewer anticipated vacant positions and the final year of employee concession restorations.

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

The following significant performance measures and service level trends will be achieved with the 2018-19 budget allowance:

	2016-17 Actual	2017-18 Estimate <sup>1</sup>	2018-19 Budget
Departments implementing performance metrics as follow up to organizational review	10	10	10
Streamline internal processes to create efficiencies through AdvancePHX	4	4	3

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

#### Expenditure and Position Summary

	2016-17 Actual	2017-18 Estimate	2018-19 Budget
Operating Expense	\$2,439,000	\$2,541,000	\$2,636,000
Total Positions	19.5	19.5	19.5
<i>Source of Funds:</i>			
General	\$2,235,000	\$2,327,000	\$2,624,000
Other Restricted	110,000	167,000	12,000
State and Federal Grants	53,000	47,000	-
Water	41,000	-	-

## REGIONAL WIRELESS COOPERATIVE (RWC)

### Program Goal

The Regional Wireless Cooperative (RWC) 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. 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 2018-19 operating budget allowance of \$12,537,000 is (\$337,000) or 2.6 percent less than 2017-18 estimated expenditures. The decrease reflects slightly lower system maintenance costs.

#### Expenditure and Position Summary

	2016-17 Actual	2017-18 Estimate	2018-19 Budget
Operating Expense	\$4,693,000	\$12,874,000	\$12,537,000
Total Positions	4.0	4.0	4.0
<i>Source of Funds:</i>			
City Improvement	\$ -	\$8,120,000	\$8,117,000
RWC	4,693,000	4,754,000	4,420,000

## GOVERNMENT RELATIONS

### Program Goal

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

### Budget Allowance Explanation

The Government Relations 2018-19 operating budget allowance of \$1,281,000 is \$240,000 or 23.1 percent more than 2017-18 estimated expenditures and reflects the addition of one temporary position and additional resources to support the 2020 Census, as well as the restoration of employee compensation and other normal inflationary adjustments.

### Government Relations Major Performance Measures and Service Levels

The following significant performance measures and service level trends will be achieved with the 2018-19 budget allowance:

	2016-17 Actual	2017-18 Estimate <sup>1</sup>	2018-19 Budget
Percentage of Arizona state legislative bills supported by the City which were enacted	50%	40%	60%
Percentage of Arizona state legislative bills opposed by the City which were not enacted	50%	80%	60%
Number of strategic federal meetings brokered for elected officials or government executives <sup>2</sup>	N/A	88	60
Success rate of federal and state competitive grants and private foundation grants that Government Relations assisted departments securing	75%	76%	75%
Number of tribal gaming grants processed by Government Relations	28	59	40

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

<sup>2</sup> This performance measure was added for the 2017-18 budget year, so there is no data available for 2016-17.

### Expenditure and Position Summary

	2016-17 Actual	2017-18 Estimate	2018-19 Budget
Operating Expense	\$993,000	\$1,041,000	\$1,281,000
Total Positions	5.0	6.0	7.0
<i>Source of Funds:</i>			
General	\$989,000	\$1,041,000	\$1,281,000
Other Restricted	4,000	-	-

## COMMUNICATIONS OFFICE

### Program Goal

The Communications Office provides information on city services and events to residents, businesses, visitors and the media. The office assists the City Manager's Office and departments citywide in promoting their programs and messages. In addition, the Communications Office manages the city's two cable channels, PHXTV and KNOW99, and daily content for both the city website and the city's main social media platforms.

### Budget Allowance Explanation

The Communications Office 2018-19 operating budget allowance of \$2,544,000 is \$78,000 or 3.2 percent more than 2017-18 estimated expenditures. The increase is primarily due to the final year of employee concession restorations.

### Communications Office Major Performance Measures and Service Levels

The following significant performance measures and service level trends will be achieved with the 2018-19 budget allowance:

	2016-17 Actual	2017-18 Estimate <sup>1</sup>	2018-19 Budget
Percent of news releases that generate media coverage	70%	70%	70%
New PHX 11 programs produced per year	359	350	350
Percent of news distributed to stakeholders by 5 p.m. daily	96%	95%	95%
Percent of email responses to public inquiries within one day	96%	97%	97%
Average response time to public records requests (days)	1.5	1.5	1.5
Phoenix.gov pageviews (monthly average)	1,162,107	1,100,000	1,120,000

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

### Expenditure and Position Summary

	2016-17 Actual	2017-18 Estimate	2018-19 Budget
Operating Expense	\$2,291,000	\$2,466,000	\$2,544,000
Total Positions	19.1	19.1	19.1
<i>Source of Funds:</i>			
General	\$1,929,000	\$2,104,000	\$2,169,000
Other Restricted	362,000	362,000	375,000

# 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 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.

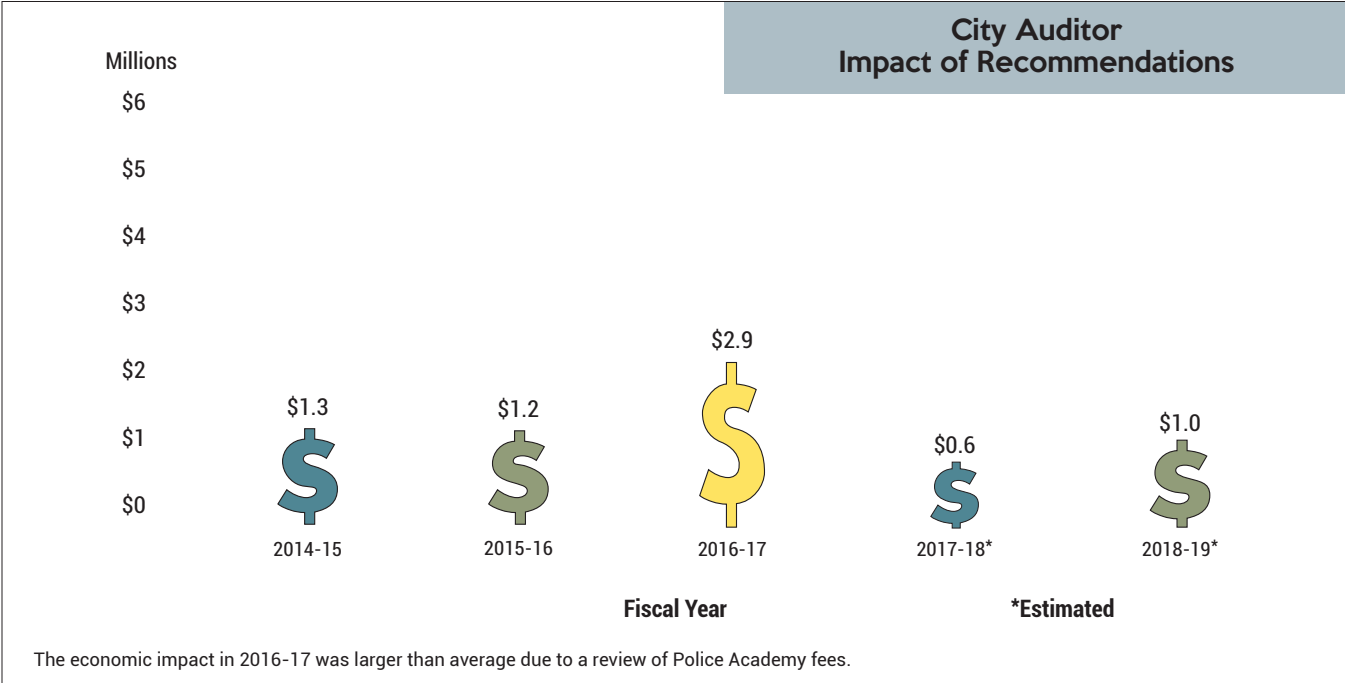
### Budget Allowance Explanation

The City Auditor 2018-19 operating budget allowance of \$2,980,000 is \$254,000 or 9.3 percent more than 2017-18 estimated expenditures. The increase is primarily due to fewer anticipated vacant positions and the final year of employee concession restorations.

City Auditor Major Performance Measures and Service Levels			
The following significant performance measures and service trends will be achieved with the 2018-19 budget allowance:			
	2016-17 Actual	2017-18 Estimate <sup>1</sup>	2018-19 Budget
Percent of audit plan completed	79%	80%	80%
Performance audit and management reports issued <sup>2</sup>	82	90	90
Average audit cycle time (calendar days) <sup>2</sup>	168	180	180
Economic impact of audits as a result of identified improvements or cost savings (millions) <sup>3</sup>	\$2.9	\$0.6	\$1.0
Hearing rulings issued timely according to time frames listed in the city code	100%	100%	100%

Expenditure and Position Summary			
	2016-17 Actual	2017-18 Estimate	2018-19 Budget
Operating Expense	\$2,358,000	\$2,726,000	\$2,980,000
Total Positions	25.5	25.4	25.4
<i>Source of Funds:</i>			
General	\$2,358,000	\$2,726,000	\$2,980,000

<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.  
<sup>3</sup>\$1.0 million is more representative of the historical average than the 2017-18 estimate of \$.6 million which was an unusually low year.





# EQUAL OPPORTUNITY

## Program Goal

The Equal Opportunity Department promotes and enforces equal opportunities for city employees and the public through voluntary 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 2018-19 Equal Opportunity operating budget allowance of \$3,158,000 is \$317,000 or 11.2 percent more than 2017-18 estimated expenditures. This is primarily due to fewer anticipated vacant positions, the final year of employee compensation restoration, and an annual maintenance agreement for the new electronic case management system for Equal Opportunity complaints filed under Title VI of the 1964 Civil Rights Act and the Americans with Disabilities Act (ADA).

### Equal Opportunity Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2018-19 budget allowance:

	2016-17 Actual	2017-18 Estimate <sup>1</sup>	2018-19 Budget
Discrimination complaints in employment, public accommodations, housing and ADA accessibility, investigated and closed <sup>2</sup>	202	350	300
Percentage of discrimination complaints investigated timely <sup>3</sup>	78%	80%	85%
Outreach presentations to small and disadvantaged businesses and small business advocacy organizations	12	16	14
Number of disadvantaged business enterprises (DBEs) certified	673	681	700
Number of small business enterprises (SBEs) certified	747	733	750
Construction subcontracts monitored for participation of DBE subcontractors and non-DBE-certified construction subcontractors	2,342	2,368	2,200

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

<sup>2</sup> Discrimination complaints investigated and closed are based on the number of cases filed. Increases are expected due to the anticipated filling of vacant positions.

<sup>3</sup> Timelines may be dictated by state and federal enforcement agencies and not by city timelines.

### Expenditure and Position Summary

	2016-17 Actual	2017-18 Estimate	2018-19 Budget
Operating Expense	\$2,520,000	\$2,841,000	\$3,158,000
Total Positions	25.0	25.0	25.0
<i>Source of Funds:</i>			
General	\$2,139,000	\$2,325,000	\$2,660,000
Community Development Block Grant	252,000	299,000	252,000
Federal and State Grants	121,000	204,000	232,000
Other Restricted	8,000	13,000	14,000

# 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 2018-19 operating budget allowance of \$12,041,000 is \$537,000 or 4.7 percent higher than 2017-18 estimated expenditures. This is primarily due to increased costs in the General Fund and City Improvement Fund.

The General Fund 2018-19 budget allowance of \$10,624,000 is \$326,000 or 3.2 percent more than 2017-18 estimated expenditures. The increase is primarily due to the final year of employee concession restorations and fewer anticipated vacant positions.

The City Improvement Fund 2018-19 budget allowance of \$884,000 is \$184,000 or 26.3 percent more than 2017-18 estimated expenditures. The increase is for Personnel building debt service payments.

## Human Resources Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2018-19 budget allowance:

	2016-17 Actual	2017-18 Estimate <sup>1</sup>	2018-19 Budget
Percentage of hiring managers satisfied with applicants placed on hiring eligible list	82%	80%	81%
Annualized employee turnover rate	8.3%	8.0%	8.0%
Employee performance evaluations completed on time	75%	75%	78%
The number of employee suggestions received	50	60	60

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

## Expenditure and Position Summary

	2016-17 Actual	2017-18 Estimate	2018-19 Budget
Operating Expense	\$11,745,000	\$11,504,000	\$12,041,000
Total Positions	105.0	99.2	99.2
<i>Source of Funds:</i>			
General	\$10,434,000	\$10,298,000	\$10,624,000
City Improvement	853,000	700,000	884,000
Other Restricted	458,000	506,000	533,000

## 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 2018-19 operating budget allowance of \$102,000 is \$5,000 or 5.2 percent more than 2017-18 estimated expenditures. The increase is primarily due to the final year of employee compensation restoration.

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

The following significant performance measures and service trends will be achieved with the 2018-19 budget allowance:

	2016-17 Actual	2017-18 Estimate <sup>1</sup>	2018-19 Budget
Number of cases filed annually <sup>2</sup>	3	3	2

<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

	2016-17 Actual	2017-18 Estimate	2018-19 Budget
Operating Expense	\$82,000	\$97,000	\$102,000
Total Positions	1.0	1.0	1.0
<i>Source of Funds:</i>			
General	\$82,000	\$97,000	\$102,000

## 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 2018-19 gross operating budget allowance of \$2,439,000 is \$5,000 or 0.2 percent less than 2017-18 estimated expenditures. This is primarily due to fewer anticipated contractual expenses for medical disability examinations and computer software. This is partially offset by fewer anticipated vacant positions in 2018-19 and the final year of employee compensation restoration.

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

The following significant performance measures and service trends will be achieved with the 2018-19 budget allowance:

	2016-17 Actual	2017-18 Estimate <sup>1</sup>	2018-19 Budget
General city retirements <sup>2</sup>	343	320	300
Public safety retirements <sup>2</sup>	284	247	250
General city and public safety member contacts			
Appointments <sup>2</sup>	959	837	900
Walk-in service <sup>2</sup>	1,600	1,365	1,600
Telephone calls	9,577	8,526	9,500
General City and Public Safety Benefit estimates provided (excluding self-service)	1,619	1,717	1,700

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

<sup>2</sup> Decreases in retirements and increases in contacts are expected in 2018-19 to align with historical levels.

#### Expenditure and Position Summary

	2016-17 Actual	2017-18 Estimate	2018-19 Budget
Operating Expense (Gross <sup>1</sup> )	\$2,194,000	\$2,444,000	\$2,439,000
Total Positions	15.0	15.0	15.0
<i>Source of Funds:</i>			
General (Gross <sup>1</sup> )	\$2,194,000	\$2,444,000	\$2,439,000

<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 2018-19 operating budget allowance of \$25,487,000 is \$3,510,000 or 16.0 percent more than 2017-18 estimated expenditures. Much of the increase is for the replacement of the department's Case Management System (CMS). Also, included in the increase are the restoration of employee compensation, a no cost conversion of two temporary positions to regular status and normal inflationary increases.

### Law Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2018-19 budget allowance:

	2016-17 Actual	2017-18 Estimate <sup>1</sup>	2018-19 Budget
Criminal cases sent to diversion	2,525	2,400	2,600
Pre-trial disposition conferences set	52,054	60,000	65,000
New civil cases opened in the fields of condemnation, collection, taxes and civil litigation, excluding liability and other cases assigned to outside counsel	579	560	600
Number of defendants submitted for charging review	25,512	33,000	33,000
Number of civil cases closed, including those assigned to outside counsel and handled through the alternative dispute resolution process	520	350	400
Ordinances and resolutions for City Council adoption drafted and reviewed	1,058	1,100	1,100
Number of jury trials prosecuted	92	100	100

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

### Expenditure and Position Summary

	2016-17 Actual	2017-18 Estimate	2018-19 Budget
Operating Expense	\$19,725,000	\$21,977,000	\$25,487,000
Total Positions	197.0	199.0	199.0
<i>Source of Funds:</i>			
General	\$18,548,000	\$20,190,000	\$24,088,000
Federal and State Grants	1,017,000	1,572,000	1,183,000
Court Awards	129,000	183,000	184,000
Other Restricted	31,000	32,000	32,000

# 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 2018-19 operating budget allowance of \$42,435,000 is \$1,790,000 or 4.4 percent more than 2017-18 estimated expenditures. The increase reflects the restoration of employee compensation, lower anticipated vacant positions, and normal inflationary adjustments. Increased costs for software licensing and ongoing technology maintenance requirements also contributed to the increase.

### Information Technology Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2018-19 budget allowance:

	2016-17 Actual	2017-18 Estimate <sup>1</sup>	2018-19 Budget
Percentage of on-time operations center services	99.0%	99.0%	99.0%
Critical systems availability percentage:			
Enterprise network	99.9%	99.9%	99.9%
Telephone network	98.0%	98.0%	98.0%
Phoenix.gov	99.7%	99.8%	99.8%
ePay	98.2%	99.0%	99.0%
TALIS	96.0%	95.5%	95.5%
RWC	99.9%	99.9%	99.9%
Number of pages accessed in Phoenix.gov	13,721,679	13,300,000	13,300,000
Average cycle time of telephone service requests	< 21 days	< 21 days	< 21 days
Units of portable and mobile radio equipment <sup>2</sup>	18,500	18,920	18,920

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

<sup>2</sup> Includes all portable and mobile radios support on behalf of all RWC members, as well as support of portable and mobile radios for Fire's VHF system.

### Expenditure and Position Summary

	2016-17 Actual	2017-18 Estimate	2018-19 Budget
Operating Expense	\$36,827,000	\$40,645,000	\$42,435,000
Total Positions	195.0	197.0	197.0
<i>Source of Funds:</i>			
General	\$33,844,000	\$36,358,000	\$37,553,000
City Improvement	1,800,000	3,289,000	4,070,000
Aviation	264,000	283,000	287,000
Water	212,000	214,000	222,000
Solid Waste	188,000	171,000	172,000
Other Restricted	76,000	97,000	97,000
Cable Communications	443,000	233,000	34,000

# CITY CLERK AND ELECTIONS

## Program Goal

The City Clerk Department exists to uphold public trust and protect local democracy by providing access to services and information on matters of public interest to residents, elected officials, city departments, and other customers. The department manages elections and annexations; prepares council agendas, minutes and meeting notices; maintains public records; processes liquor and regulated business licenses; and supports all city department operations through provision of internal printing, graphic design, and mail services.

## Budget Allowance Explanation

The City Clerk 2018-19 operating budget allowance of \$6,712,000 is \$2,022,000 or 43.1 percent more than 2017-18 estimated expenditures. The increase is primarily due to a full year of software maintenance for the agenda management system, funding for new business licensing software, replacement of the ballot tabulation system, fewer anticipated vacant positions and the final year of employee concession restorations.

### City Clerk Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2018-19 budget allowance:

	2016-17 Actual	2017-18 Estimate <sup>1</sup>	2018-19 Budget
Number of council formal and special meeting agenda items	2,312	2,300	2,300
Open meeting law notices posted	3,107	3,000	3,000
Percent of open meeting law notices posted in accordance with state law <sup>2</sup>	100%	100%	100%
Total printing and copy impressions (millions) <sup>3</sup>	37.6	26.0	24.0
City Council regular and special elections held	2	1	2
License services applications and contacts <sup>4</sup>	17,605	17,600	19,600
Records (in pages) provided for public access online	143,411	150,000	155,000

<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> Reduction in 2017-18 resulted from the outsourcing of City Services billings and monthly newsletter printing, and the projected reduction in 2018-19 is due to the collection of privilege tax collections transitioning to the State of Arizona.

<sup>4</sup> Projected increase in license services applications and contacts in 2018-19 is the result of the new sober living home licensing requirements.

### Expenditure and Position Summary

	2016-17 Actual	2017-18 Estimate	2018-19 Budget
Operating Expense	\$4,252,000	\$4,690,000	\$6,712,000
Total Positions	53.0	52.5	54.5
<i>Source of Funds:</i>			
General	\$4,228,000	\$4,671,000	\$6,693,000
City Improvement	24,000	19,000	19,000

# 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 2018-19 Finance Department operating budget allowance of \$26,650,000 is \$327,000 or 1.2 percent less than 2017-18 estimated expenditures. The decrease is primarily due to reduced expenditures in the City Improvement Fund, partially offset by an increase in the General Fund.

The City Improvement Fund 2018-19 budget allowance of \$911,000 is \$776,000 or 46 percent less than 2017-18 estimated expenditures. This is due to a decrease in debt service payments for citywide vehicle replacement.

The General Fund 2018-19 budget allowance of \$23,567,000 is \$475,000 or 2.1 percent more than 2017-18 estimated expenditures. This is primarily due to the final year of employee concession restorations and fewer anticipated vacant positions.

## Finance Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2018-19 budget allowance:

	2016-17 Actual	2017-18 Estimate <sup>1</sup>	2018-19 Budget
Sales tax and franchise fees collected (millions)	\$832	\$889	\$890
Average real estate acquisition cycle time (months) <sup>2</sup>	5.2	6.0	9.0
Average property damage claims cycle time (days) <sup>3</sup>	41	44	60
Average invitation for bid (IFB) cycle time (days) <sup>4</sup>	67	60	60

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

<sup>2</sup> The variance in acquisition cycle time between 2017-18 and 2018-19 increased due to an anticipated increase in parcel acquisitions associated with the light rail extension.

<sup>3</sup> The 60 day cycle time is the budgeted goal. The goal was exceeded last year and is projected to exceed the goal this year. Factors such as volume and complexity has an impact on the processing of claims.

<sup>4</sup> The cycle time has decreased with the approval of new procurement thresholds.

## Expenditure and Position Summary

	2016-17 Actual	2017-18 Estimate	2018-19 Budget
Operating Expense	\$24,956,000	\$26,977,000	\$26,650,000
Total Positions	214.0	215.0	215.0
<i>Source of Funds:</i>			
Aviation	\$331,000	\$343,000	\$357,000
City Improvement	1,590,000	1,687,000	911,000
General	21,135,000	23,092,000	23,567,000
Other Restricted	126,000	120,000	120,000
Public Housing	-	(2,000)	(1,000)
Sports Facilities	137,000	129,000	129,000
Wastewater	614,000	636,000	635,000
Water	1,023,000	972,000	932,000

# 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 2018-19 operating budget allowance of \$3,396,000 is \$367,000 or 12.1 percent higher than 2017-18 estimated expenditures. This is primarily due to continuation of employee compensation restoration, fewer anticipated vacant positions and normal inflationary increases.

### Budget and Research Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2018-19 budget allowance:

	2016-17 Actual	2017-18 Estimate <sup>1</sup>	2018-19 Budget
Percent variance of actual versus estimated expenditures for each major fund (data for the General Fund is shown)	-1.2%	0 ± 1%	0 ± 1%
Percent variance of actual versus estimated revenues for each major fund (data for the General Fund is shown)	-0.2%	0 ± 1%	0 ± 1%
Percent of Requests for Council Action processed within 24 hours	92%	85%	85%
Capital Improvement Program expenditures as a percentage of original budget	63%	68%	65%

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

### Expenditure and Position Summary

	2016-17 Actual	2017-18 Estimate	2018-19 Budget
Operating Expense	\$3,044,000	\$3,029,000	\$3,396,000
Total Positions	25.0	24.0	24.0
<i>Source of Funds:</i>			
General	\$3,044,000	\$3,029,000	\$3,396,000







# PUBLIC SAFETY



**The Public Safety Program Represents 34.7% of the Total Budget.**

The Public Safety program budget includes Police, Fire and the Office of Homeland Security 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 2018-19 operating budget allowance of \$687,794,000 is \$43,819,000 or 6.8 percent more than 2017-18 estimated expenditures, primarily due to the planned increase in hiring of police officers to reach the targeted goal of 3,125 filled sworn positions. The increase also reflects the continued restoration of employee compensation, public safety retirement contribution increases and other normal inflationary increases.

The 2018-19 budget includes additional funds to hire one Criminal Intelligence Analyst and four Police Assistants to help support the work of the Criminal Gun Intelligence Center (CGIC), which uses advanced technologies and investigative techniques to reduce crimes related to gun violence. The budget also adds 13 positions to more effectively staff the Police Department's Public-Traffic Records Detail. The additional staff, which are funded through the reallocation of existing department resources, will help prevent future public records request backlogs.

## Police Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2018-19 budget allowance:

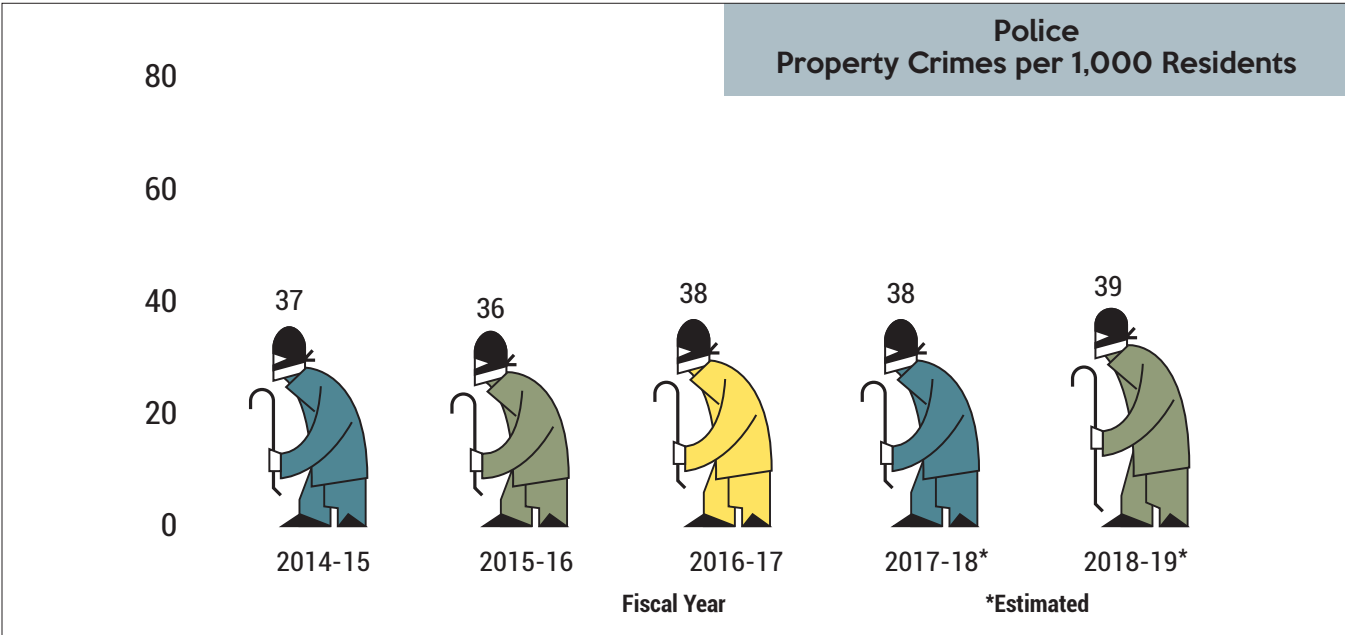
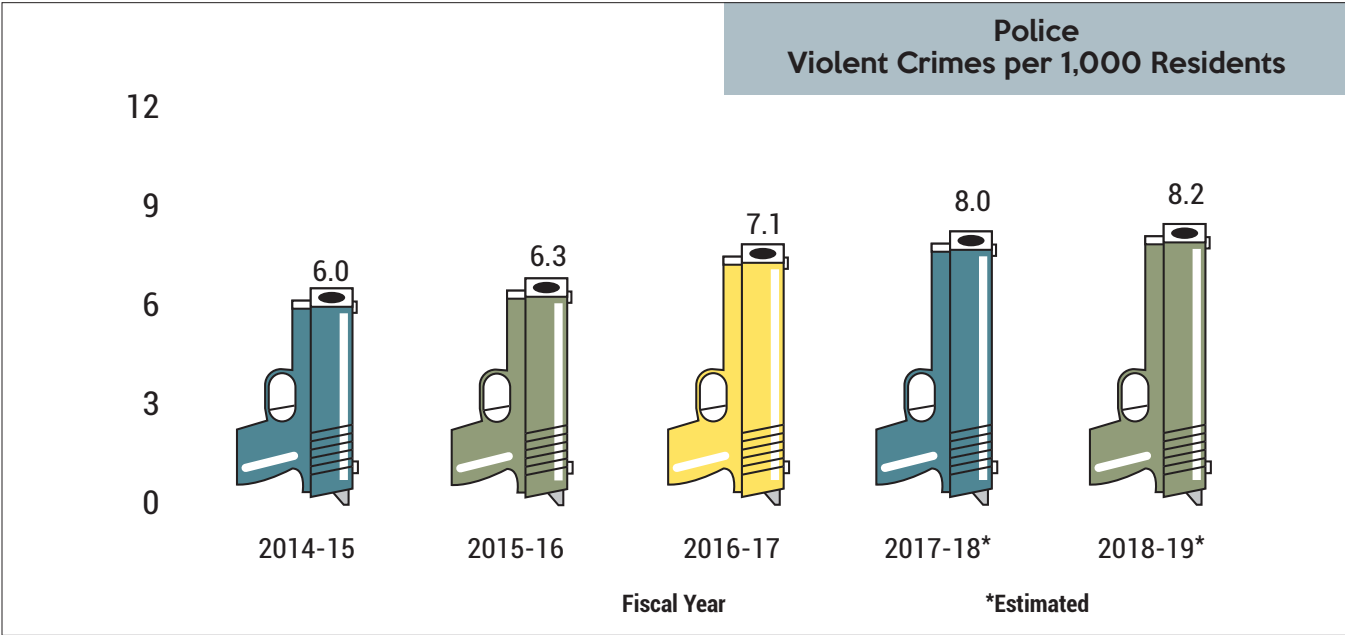
	2016-17 Actual	2017-18 Estimate <sup>1</sup>	2018-19 Budget
Average Response Time (Minutes)			
Priority 1 – Emergency	6.4	6.5	6.5
Priority 2 – Non-Emergency	18.0	19.5	19.5
Priority 3 – All Others	46.5	46.5	46.5
Percentage of phone calls to 9-1-1 and Crime Stop answered within 10 seconds	88%	88%	88%
Moving violation citations issued <sup>2</sup>	84,883	99,662	99,662
Traffic accidents	30,782	32,800	34,800
Percentage of cases cleared:			
Murder	57%	61%	61%
Rape	10%	10%	10%
Robbery	22%	20%	20%
Aggravated Assault	36%	33%	33%
Burglary	6%	5%	5%
Theft	17%	17%	17%
Auto Theft	6%	5%	5%
Arson	22%	9%	12%

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

<sup>2</sup> Due to processing delays with the vendor that administers the City's photo enforcement program, 2016-17 data does not fully reflect annual citation data.

## Expenditure and Position Summary

	2016-17 Actual	2017-18 Estimate	2018-19 Budget
Operating Expense	\$600,417,000	\$643,975,000	\$687,794,000
Total Positions	4,301.6	4,310.6	4,328.6
<i>Source of Funds:</i>			
General	\$498,269,000	\$527,768,000	\$546,207,000
Public Safety Expansion	36,581,000	39,015,000	57,984,000
Neighborhood Protection	16,694,000	25,757,000	30,246,000
Other Restricted	17,115,000	19,161,000	21,325,000
Public Safety Enhancement	10,666,000	13,966,000	16,736,000
Federal and State Grants	8,883,000	9,443,000	6,757,000
Court Awards	5,645,000	4,887,000	4,400,000
City Improvement	5,219,000	2,579,000	2,684,000
Sports Facilities	1,345,000	1,399,000	1,455,000



# 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 2018-19 operating budget allowance of \$365,547,000 is \$21,489,000 or 6.2 percent more than 2017-18 estimated expenditures and is the result of continued restoration of employee compensation, public safety retirement contribution increases and other normal inflationary factors.

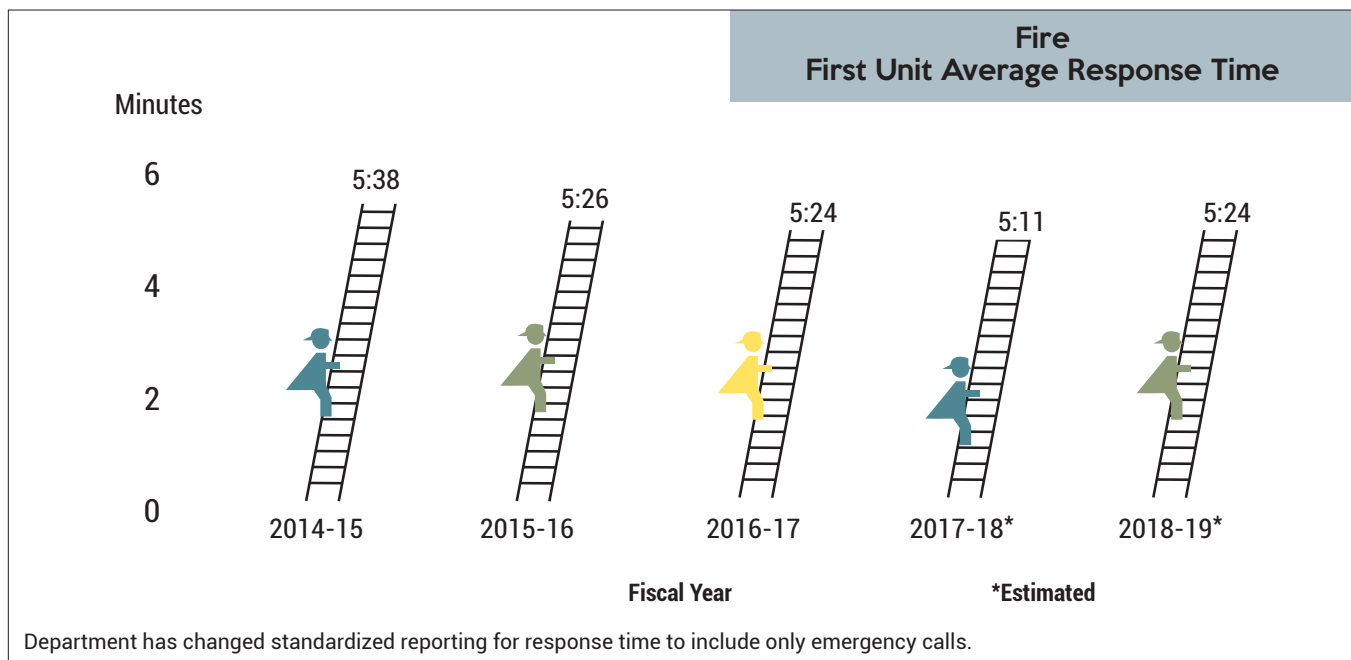
The budget also includes the reallocation of five Fire Captains and one Fire Battalion Chief into six Firefighter positions to enhance first responder staffing levels. The savings from this reallocation is used to partially offset a significant enhancement to the Fire Prevention Program by adding eight additional inspections staff. Additionally, the budget includes 14 new sworn positions to operate the temporary Fire Station 55 in North Phoenix on a full-time 24-hour 7 day a week operation. This will improve response times and provide the resources needed to meet demand in the area until the permanent station is constructed and operational in late 2019. The cost for the additional sworn positions is offset through the reallocation of existing overtime and other miscellaneous savings.

## Fire Major Performance Measures and Service Levels

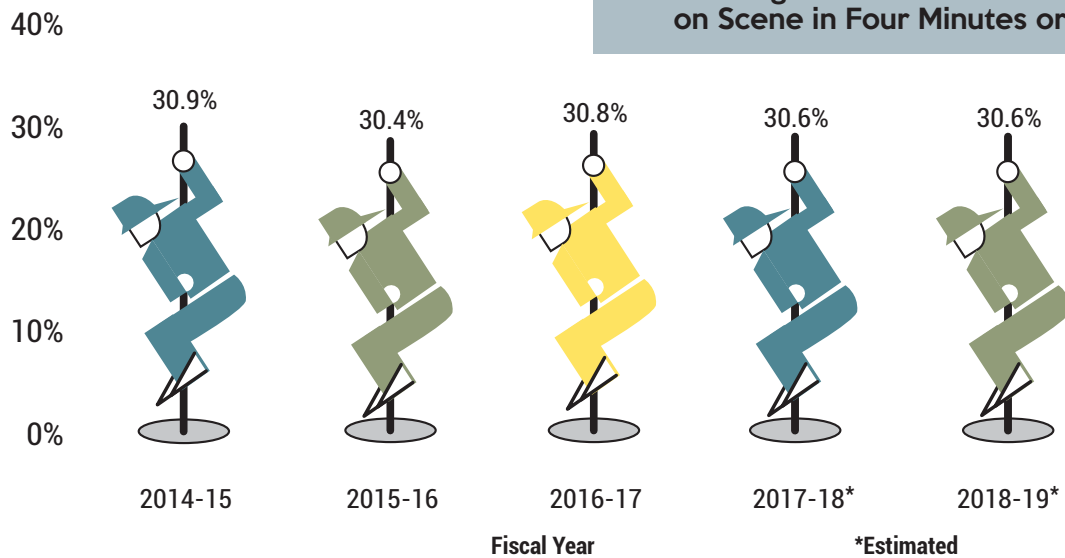
The following significant performance measures and service trends will be achieved with the 2018-19 budget allowance:

	2016-17 Actual	2017-18 Estimate <sup>1</sup>	2018-19 Budget
Percent of fire and emergency medical call responses within four minutes	32.4%	31.5%	32.2%
Patient transports to Valley hospitals via emergency medical vehicles	65,794	65,865	65,900
Percentage of time Advanced Life Support (ALS) medical calls are responded to with paramedic units within five minutes	55.2%	54.1%	54.9%
Number of fire investigations to determine cause only	760	935	875
Number of calls by type:			
Emergency Medical	178,621	181,412	182,000
Fire	16,975	18,424	18,600
Other (mountain/swift water/trench/tree rescues/other)	6,671	6,851	6,900

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



**Fire  
Percentage of Time First Unit Arrives  
on Scene in Four Minutes or Less**



**Expenditure and Position Summary**

	2016-17 Actual	2017-18 Estimate	2018-19 Budget
Operating Expense	\$307,307,000	\$344,058,000	\$365,547,000
Total Positions	2,011.9	2,014.8	2,036.8
<i>Source of Funds:</i>			
General	\$266,153,000	\$290,355,000	\$308,591,000
Public Safety Expansion	12,456,000	13,361,000	15,388,000
Public Safety Enhancement	8,451,000	9,428,000	11,615,000
Neighborhood Protection	8,354,000	9,407,000	10,311,000
Federal and State Grants	5,708,000	12,301,000	9,422,000
Other Restricted	3,883,000	4,927,000	5,057,000
City Improvement	2,302,000	4,279,000	5,163,000

**OFFICE OF HOMELAND SECURITY AND EMERGENCY MANAGEMENT**

**Program Goal**

The Office of Homeland Security and Emergency Management 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 Office of Homeland Security and Emergency Management 2018-19 operating budget allowance of \$1,032,000 is \$213,000 or 17.1 percent less than 2017-18 estimated expenditures, primarily due to the completion of several projects funded from one-time storm recovery grants, as well as fewer grant funds expected for the Urban Areas Security Initiative (UASI).

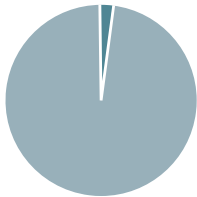
**Expenditure and Position Summary**

	2016-17 Actual	2017-18 Estimate	2018-19 Budget
Operating Expense	\$828,000	\$1,245,000	\$1,032,000
Total Positions	8.0	8.0	8.0
<i>Source of Funds:</i>			
General	\$60,000	\$80,000	\$91,000
Public Safety Enhancement	323,000	338,000	415,000
Federal and State Grants	445,000	827,000	526,000





# CRIMINAL JUSTICE



**The Criminal Justice Program Represents 2.1% 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 2018-19 operating budget allowance of \$41,116,000 is \$5,251,000 or 14.6 percent more than 2017-18 estimated expenditures. The increase is primarily due to technology upgrades related to the Municipal Court's Case Management System (CMS), continuation of employee compensation restoration and normal inflationary increases.

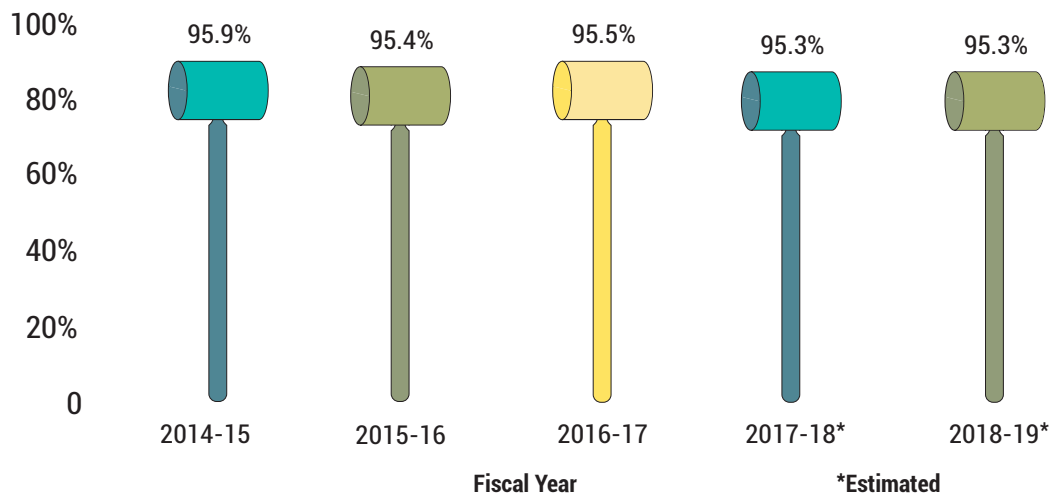
## Municipal Court Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2018-19 budget allowance:

	2016-17 Actual	2017-18 Estimate <sup>1</sup>	2018-19 Budget
Criminal filings	45,691	49,000	50,000
Civil filings	115,776	148,000	148,000
Average number of days from arraignment to hearing for minor traffic cases	35	37	37
Number of criminal cases with a pending trial date at year end	2,600	2,600	2,600
Percent of trials/hearings appealed	5.9%	3.0%	3.0%
Average cycle time for sending out restitution and bail refund checks	2.5 days	2.5 days	2.5 days
Average hold time for incoming information calls to the Customer Call Center	1.1 minutes	1.5 minutes	1.5 minutes

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

## Municipal Court Percent of criminal cases resolved within 180 days from case filing



## Expenditure and Position Summary

	2016-17 Actual	2017-18 Estimate	2018-19 Budget
Operating Expense	\$36,551,000	\$35,865,000	\$41,116,000
Total Positions	273.0	273.0	273.0
<i>Source of Funds:</i>			
General	\$26,895,000	\$28,496,000	\$29,719,000
City Improvement	7,310,000	4,113,000	7,169,000
Other Restricted	2,346,000	3,256,000	4,228,000

# 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 2018-19 operating budget allowance of \$5,028,000 is \$135,000 or 2.8 percent more than 2017-18 estimated expenditures. The 2018-19 increase reflects the restoration of employee compensation and normal inflationary increases.

### Public Defender Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2018-19 budget allowance:

	2016-17 Actual	2017-18 Estimate <sup>1</sup>	2018-19 Budget
Defendants charged with misdemeanor crimes represented in Phoenix Municipal Court	13,740	15,100	15,100

<sup>1</sup> Based on 9 months actual experience.

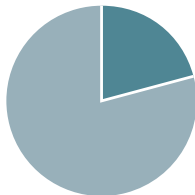
### Expenditure and Position Summary

	2016-17 Actual	2017-18 Estimate	2018-19 Budget
Operating Expense	\$4,700,000	\$4,893,000	\$5,028,000
Total Positions	11.0	9.0	9.0
<i>Source of Funds:</i>			
General	\$4,700,000	\$4,893,000	\$5,028,000





# TRANSPORTATION



**The Transportation Program Represents 22.2% 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. The Street Transportation Department also provides for the economical, safe and aesthetic design and construction of facilities on city property.

## Budget Allowance Explanation

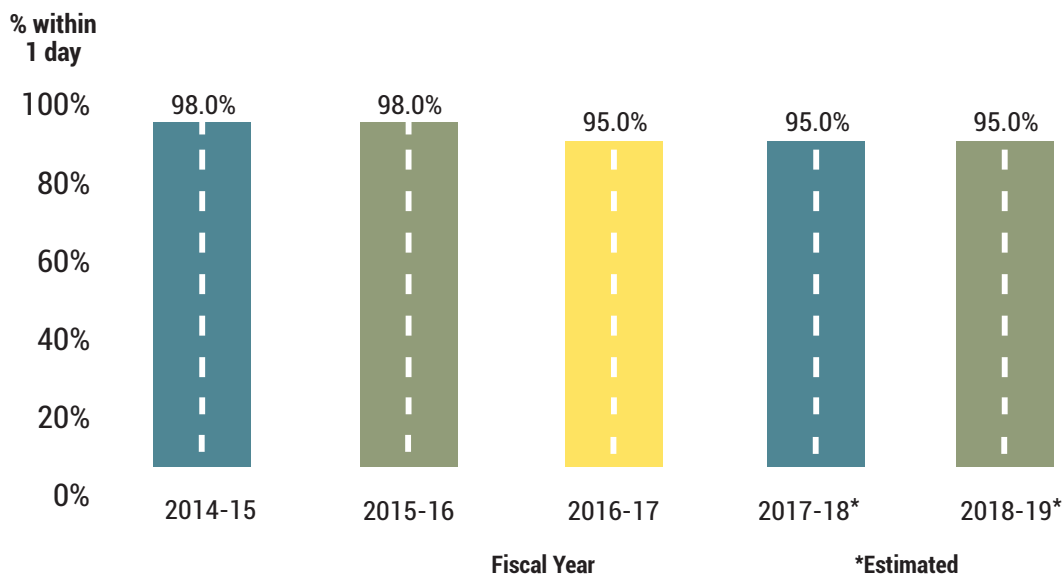
The Street Transportation 2018-19 operating budget allowance of \$87,480,000 is \$4,266,000 or 5.1 percent more than 2017-18 estimated expenditures. The increase is primarily due to increased costs in the Arizona Highway User Revenue and General Fund, partially offset by a decrease in the Other Restricted funds.

The Arizona Highway User Revenue fund 2018-19 operating budget of \$66,785,000 is \$4,736,000 or 7.6 percent more than 2017-18 estimated expenditures. The increase is primarily due to adding 31 new positions to maintain the City's transportation infrastructure, fewer anticipated vacant positions, the final year of employee concession restorations and an increase in vehicle replacement.

The General Fund 2018-19 operating budget of \$17,286,000 is \$222,000 or 1.3 percent more than 2017-18 estimated expenditures. The increase is due to adding funding for the installation of trees along surface streets as part of the Tree and Shade Master Plan.

The Other Restricted funds 2018-19 operating budget of \$2,641,000 is \$929,000 or 26 percent less than the 2017-18 estimate including funding for vehicle replacements and contracted permit reviews and inspection services of utility construction projects.

## Street Transportation Maintenance Rapid Response (Responding to urgent issues such as obstructions in the roadway)



### Street Transportation Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2018-19 budget allowance:

	2016-17 Actual	2017-18 Estimate <sup>1</sup>	2018-19 Budget
Routine street maintenance requests for service completed within 21 days	75%	75%	75%
Percent of all traffic signal control cabinets inspected annually	100%	100%	100%
Routine traffic operation requests for service completed within 30 days	94%	94%	90%
Construction project complaints or inquiries addressed within two working days	97%	97%	97%
Number of days to review and respond to street light requests <sup>2</sup>	14	12	12
Number of days to review private development plans	9	9	9
Utility plan review turnaround time within 10 working days	91%	91%	92%
Complete requests for sign and crosswalk work within 45 days	83%	83%	80%
Total number of High Intensity Activated Pedestrian Crosswalk System (HAWKS)	37	42	55

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

<sup>2</sup>The department reduced staff responsible for responding to street light requests.

### Expenditure and Position Summary

	2016-17 Actual	2017-18 Estimate	2018-19 Budget
Operating Expense	\$71,750,000	\$83,214,000	\$87,480,000
Total Positions	646.0	644.0	683.0
<i>Source of Funds:</i>			
General	\$16,325,000	\$17,064,000	\$17,286,000
Arizona Highway User Revenue	52,397,000	62,049,000	66,785,000
City Improvement	383,000	382,000	387,000
Capital Construction	130,000	129,000	97,000
Federal and State Grants	50,000	20,000	40,000
Other Restricted	2,465,000	3,570,000	2,641,000
Transportation 2050	-	-	244,000

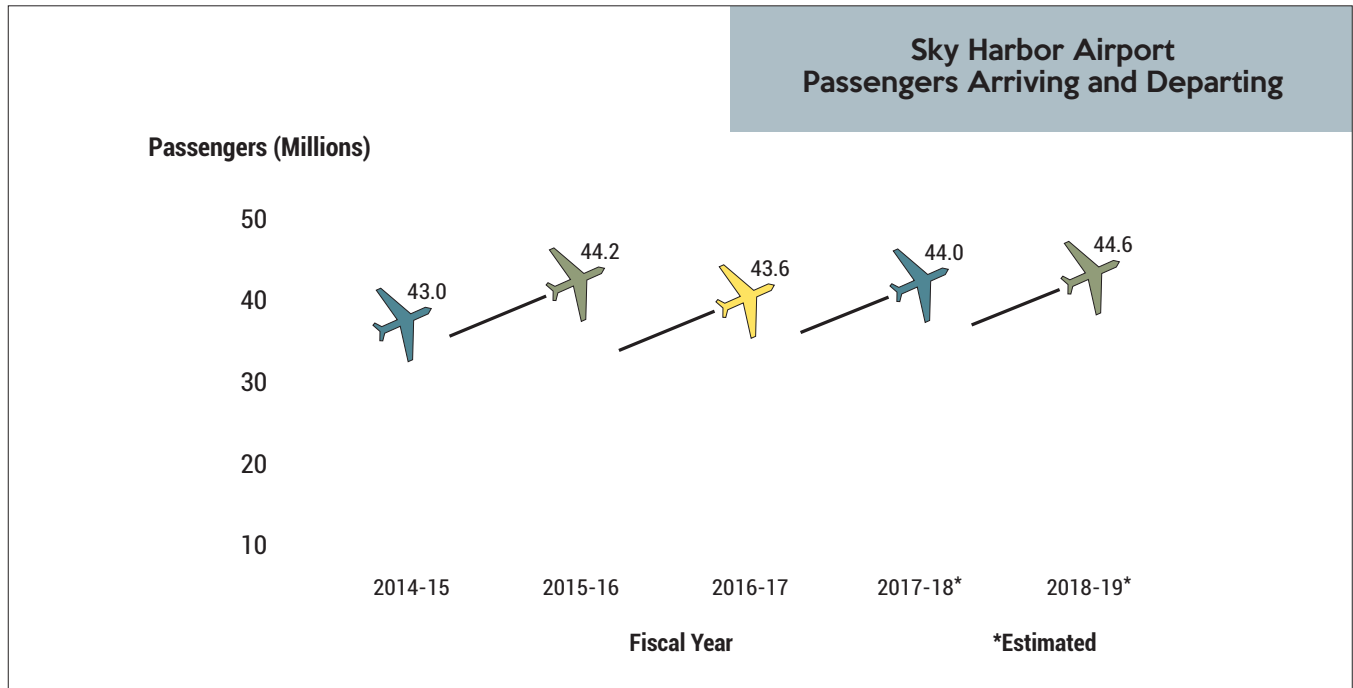
# AVIATION

## 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 2018-19 operating budget allowance of \$264,372,000 is \$9,007,000 or 3.5 percent more than 2017-18 estimated expenditures. The increase reflects normal inflationary growth in staffing costs and continued restoration of employee compensation. The increase also includes additional funding for contractual services such as custodial services as a result of Prop 206 which requires a higher minimum wage and paid sick time. The remaining increase is due to increasing public safety pension costs and the purchase of replacement vehicles.



## Aviation Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2018-19 budget allowance:

	2016-17 Actual	2017-18 Estimate <sup>1</sup>	2018-19 Budget
<b>Airline rental rates (cost per square foot):</b>			
Terminal 2	\$109.80	\$120.00	\$128.28
Terminal 3	\$109.80	\$120.00	\$128.28
Terminal 4	\$109.80	\$120.00	\$128.28
<b>Gross sales per departing passenger:</b>			
Terminal 2	\$8.10	\$8.61	\$8.65
Terminal 3	\$9.95	\$9.33	\$9.40
Terminal 4	\$10.30	\$10.46	\$10.50
Aircraft takeoffs and landings	923,039	923,400	925,000
Total international passengers	1,996,617	2,113,000	2,125,000
Air cargo processed (in tons)	362,521	398,000	400,000

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

## Expenditure and Position Summary

	2016-17 Actual	2017-18 Estimate	2018-19 Budget
Operating Expense	\$244,468,000	\$255,365,000	\$264,372,000
Total Positions	853.0	892.0	892.0
<b>Source of Funds:</b>			
Aviation	\$244,468,000	\$255,365,000	\$264,372,000

# PUBLIC TRANSIT

## Program Goal

The Public Transit Department mission is to provide Phoenix with reliable and innovative bus, light rail and para-transit services, and to improve the city's transit system through the transparent administration of the Transportation 2050 (T2050) plan.

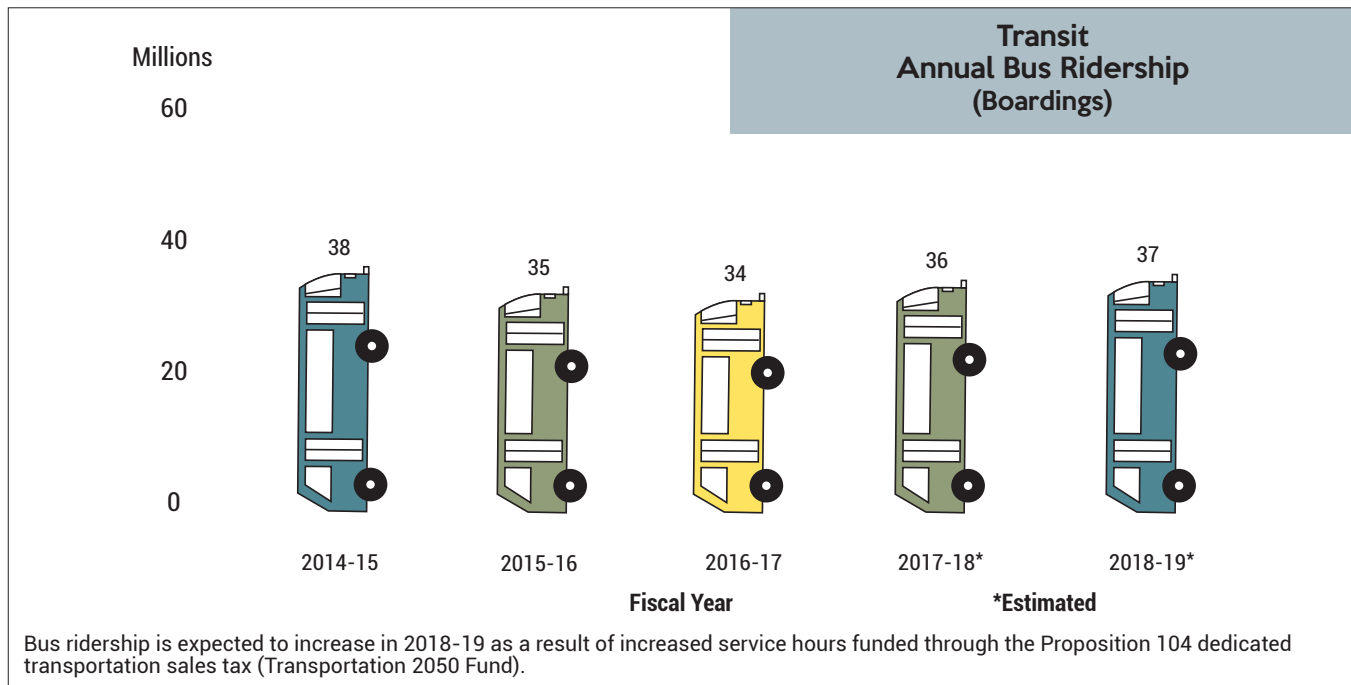
## Budget Allowance Explanation

The 2018-19 Public Transit operating budget allowance of \$324,613,000 is \$9,344,000 or 3.0 percent more than 2017-18 estimated expenditures. The increase is primarily due to the Transportation 2050, City Improvement and Federal Transit Authority Funds.

The Transportation 2050 Fund 2018-19 budget allowance of \$205,837,000 is \$3,696,000 or 1.8 percent more than 2017-18 estimated expenditures. The increase is primarily due to upcoming technology improvements, traffic signal maintenance by the Streets department, routing changes on Route 8 in Downtown Phoenix and Route 106 in Metrocenter Mall and frequency improvements for Route 41 on Indian School Road in October 2018. Phoenix Public Transit and all jurisdictions under the Valley Metro system will be restoring weekday service levels on some holidays in October 2018. Public Transit will also start paying for a portion of fees assessed by the State for collecting sales tax.

The City Improvement Fund 2018-19 budget allowance of \$68,514,000 is \$3,156,000 or 4.8 percent more than 2017-18 estimated expenditures. The increase is primarily due to debt service payments for light rail.

The Federal Transit Authority Fund 2018-19 budget allowance of \$14,604,000 is \$1,524,000 or 11.7 percent more than 2017-18 estimated expenditures. The increase is primarily due to additional Federal Transit Authority funds for preventive maintenance.



## Public Transit Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the in 2018-19 budget allowance:

	2016-17 Actual	2017-18 Estimate <sup>1</sup>	2018-19 Budget
On-time performance for bus service	95.0%	95.0%	95.0%
On-time performance for Dial-a-Ride prescheduled service	95.0%	95.0%	95.0%
Cost recovery from bus fares <sup>2</sup>	17.63%	17.94%	14.62%
Bus boardings per revenue mile	1.786	1.678	1.703
Average weekday ridership - light rail (Phoenix only)	32,952	31,500	31,600
Number of Senior Center Shuttle Trips <sup>3</sup>	78,738	70,000	70,840

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

<sup>2</sup>The decrease in 2018-19 cost recovery is due to increased bus operations costs.

<sup>3</sup>The 2017-18 figure is calculated from annualized actual ridership. An increase of 1.2% is anticipated in 2018-19.

## Expenditure and Position Summary

	2016-17 Actual	2017-18 Estimate	2018-19 Budget
Operating Expense	\$271,858,000	\$315,269,000	\$324,613,000
Total Positions	103.5	113.5	114.5
<i>Source of Funds:</i>			
General	\$1,552,000	\$1,623,000	\$1,640,000
Transit 2000	125,731,000	-	-
Transportation 2050	41,508,000	202,141,000	205,837,000
Regional Transit	30,758,000	31,681,000	32,632,000
Federal Transit Authority	11,302,000	13,080,000	14,604,000
City Improvement	61,007,000	65,358,000	68,514,000
Other Restricted	-	1,386,000	1,386,000







# COMMUNITY DEVELOPMENT



**The Community Development Program Represents 7.4% of the Total Budget.**

The Community Development program budget includes Planning and Development, Housing, Community and Economic Development, Neighborhood Services and the Phoenix Community Development and Investment Corporation.

# PLANNING AND DEVELOPMENT

**Program Goal**

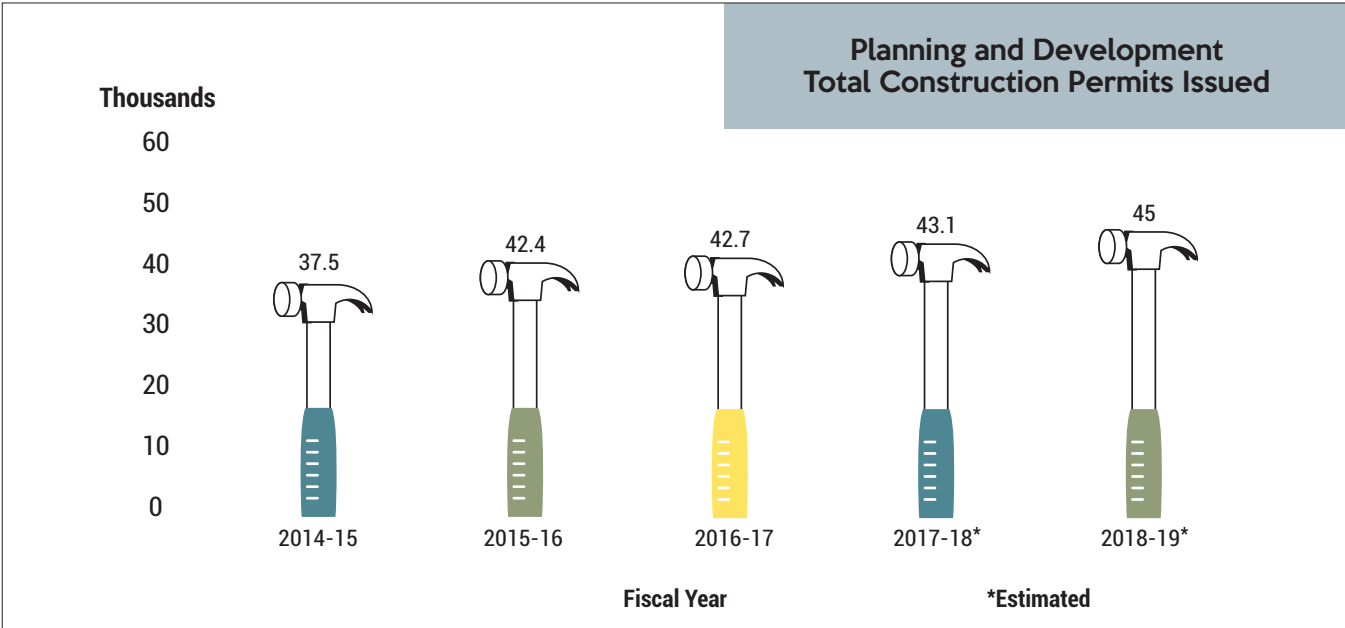
The Planning and Development Department manages planning, development and preservation for a better Phoenix. Key services of the department include design review, permitting, inspections, implementation and updates to the General Plan, administration of the Zoning Ordinance, processing rezoning requests and Historic Preservation.

**Budget Allowance Explanation**

The Planning and Development Department 2018-19 operating budget allowance of \$61,091,000 is \$1,731,000 or 2.9 percent more than 2017-18 estimated expenditures. This is primarily due to increased costs in the Development Services Fund and General Fund.

The Development Services Fund 2018-19 budget allowance of \$56,389,000 is \$1,508,000 or 2.7 percent more than 2017-18 estimated expenditures. This is a result of adding 18 new positions to address workloads associated with increased construction activity, the final year of employee concession restorations, and fewer anticipated vacant positions.

The General Fund 2018-19 budget allowance of \$4,150,000 is \$200,000 or 5.1 percent more than 2017-18 estimated expenditures. This increase is primarily due to the final year of employee concession restorations and fewer anticipated vacant positions.



### Planning and Development Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2018-19 budget allowance:

	2016-17 Actual	2017-18 Estimate <sup>1</sup>	2018-19 Budget
Total construction permits issued	42,698	43,093	45,000
Turnaround time for major commercial building plans (days)	40	45	45
Turnaround time for medium commercial building plans (days)	27	35	35
Turnaround time for minor commercial building plans (days)	18	25	25
Turnaround time for residential building plans (days)	31	30	30
Percent of commercial inspections completed on time	98%	97%	97%
Percent of residential inspections completed on time	95%	95%	95%
Percent of costs recovered through fees	131%	124%	100%
Average number of days to schedule pre-application meeting prior to rezoning application	14	14	14
Average number of days to complete Zoning Verification letters	15	15	15
Board, commission and committee packets available seven days prior to meeting	100%	100%	100%
Number of design reviews performed on building permits in historic districts <sup>2</sup>	789	1,005	1,005
Number of city grants awarded for historic rehabilitation projects	2	7	4
Number of regulatory compliance reviews for federally funded city capital projects	673	444	400

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

<sup>2</sup>This projection includes the cumulative number of Certificates of Appropriateness, Certificates of No Effect, demolition reviews and demolition appeal hearings.

### Expenditure and Position Summary

	2016-17 Actual	2017-18 Estimate	2018-19 Budget
Operating Expense	\$46,394,000	\$59,360,000	\$61,091,000
Total Positions	336.8	378.8	396.8
<i>Source of Funds:</i>			
Development Services	\$41,879,000	\$54,881,000	\$56,389,000
General	3,985,000	3,950,000	4,150,000
Community Development Block Grant	65,000	66,000	66,000
Other Restricted	465,000	463,000	486,000

# 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 2018-19 operating budget allowance of \$96,180,000 is \$4,403,000 or 4.8 percent more than 2017-18 estimated expenditures. The increase is primarily due to the carry-over of unspent federal funds, higher planned usage of developer fees brought in from co-developed affordable housing projects, increased Tenant-Based Rental Assistance (TBRA) for the Phoenix Starfish Place affordable housing site, which provides housing for victims of human trafficking, and the restoration of employee compensation and other normal inflationary costs.

## Housing Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2018-19 budget allowance:

	2016-17 Actual	2017-18 Estimate <sup>1</sup>	2018-19 Budget
Affordable housing units for families and individuals	2,341	2,666	2,941
Affordable housing units created or preserved for families and individuals owned and operated by private sector developers	120	193	225
Rental assistance provided for low-income residents in the private housing market	6,082	6,003	5,789
Federally-Assisted housing units for families and seniors	2,617	2,581	2,303
Utilization rate for Section 8 vouchers	93.5%	92%	89%
Occupancy rate for public housing units	96%	96%	97%

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

## Expenditure and Position Summary

	2016-17 Actual	2017-18 Estimate	2018-19 Budget
Operating Expense	\$84,070,000	\$91,777,000	\$96,180,000
Total Positions	182.0	170.0	170.0
<i>Source of Funds:</i>			
Public Housing	\$79,279,000	\$83,217,000	\$85,151,000
Other Restricted	3,332,000	5,123,000	7,410,000
Community Development Block Grant	627,000	1,856,000	1,558,000
HOPE VI	673,000	1,429,000	1,910,000
City Improvement	73,000	73,000	72,000
General	49,000	54,000	54,000
Federal and State Grants	37,000	25,000	25,000

## 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 2018-19 operating budget allowance of \$33,999,000 is \$2,398,000 or 7.6 percent more than 2017-18 estimated expenditures. The increase reflects the restoration of employee compensation and normal inflationary adjustments.

The budget also includes an increase in Federal Grant funds for the Workforce Innovation and Opportunity Act (WIOA) and the Strengthening Workforce Families Initiative (SWFI) which are designed to strengthen the workforce system and help the public gain access to high-quality training and jobs. In addition, the 2018-19 budget includes an increase in Federal funding for the Housing Jobs Plus Grant.

### Community and Economic Development Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2018-19 budget allowance:

	2016-17 Actual	2017-18 Estimate <sup>1</sup>	2018-19 Budget
Projected jobs created/retained within the City of Phoenix as a result of department efforts	11,250	10,000	10,000
Projected average annual salary for new jobs with companies newly located in Phoenix	\$46,190	\$43,000	\$42,000
Number of job seekers assisted through the workforce development initiatives	56,299	62,000	50,000

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

### Expenditure and Position Summary

	2016-17 Actual	2017-18 Estimate	2018-19 Budget
Operating Expense	\$29,757,000	\$31,601,000	\$33,999,000
Total Positions	97.5	96.0	96.0
<i>Source of Funds:</i>			
Federal and State Grants	\$13,782,000	\$15,257,000	\$16,020,000
City Improvement	6,038,000	6,129,000	6,432,000
General	4,700,000	5,086,000	5,319,000
Other Restricted Funds	4,051,000	3,795,000	4,005,000
Community Reinvestment	388,000	489,000	1,348,000
Convention Center	502,000	517,000	538,000
Sports Facilities	159,000	163,000	168,000
Public Housing	15,000	58,000	62,000
Aviation	32,000	76,000	76,000
Water	30,000	31,000	31,000
Community Development Block Grants	60,000	-	-

# NEIGHBORHOOD SERVICES

**Program Goal**

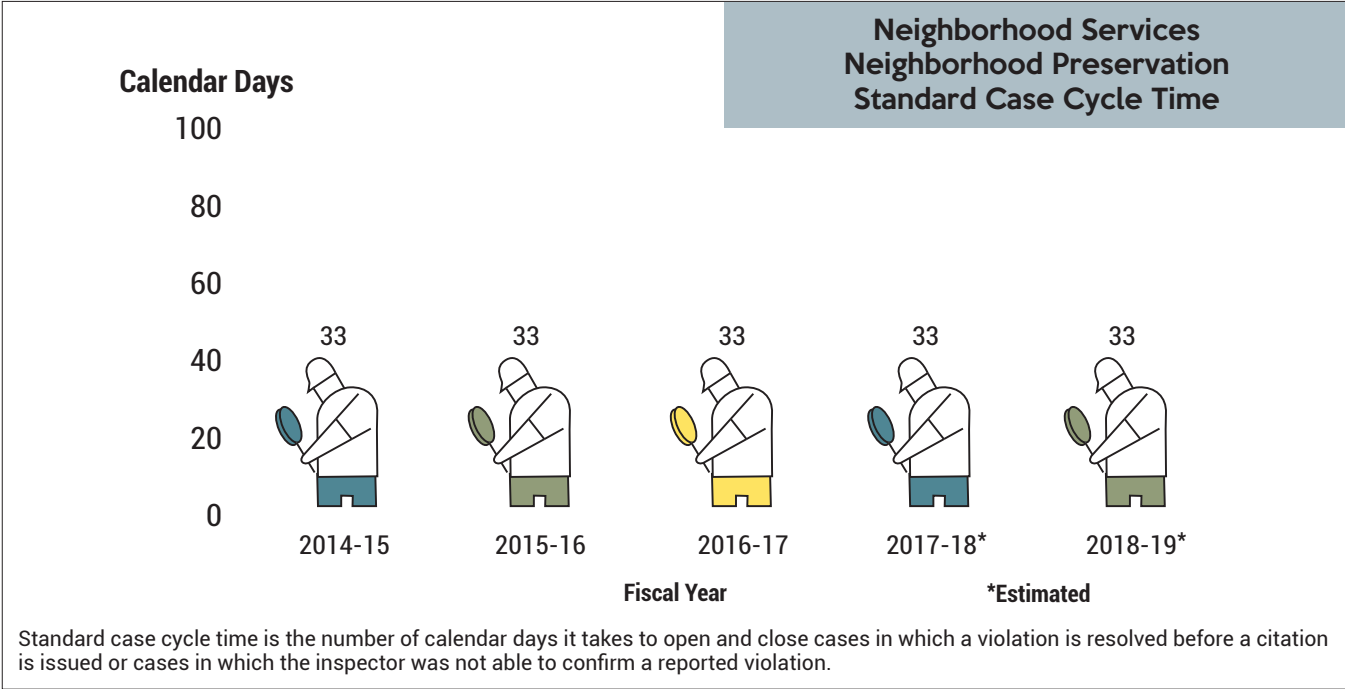
To preserve and improve the physical, social and economic health of Phoenix neighborhoods, support neighborhood self-reliance and enhance the quality of life of residents through community-based problem solving, neighborhood-oriented services and public/private cooperation.

**Budget Allowance Explanation**

The 2018-19 Neighborhood Services operating budget allowance of \$33,537,000 is \$16,204,000 or 32.6 percent less than 2017-18 estimated expenditures. The decrease is primarily due to Community Development Block Grant (CDBG) and Federal and State Grant funds, partially offset by an increase in the General Fund.

The CDBG 2018-19 budget allowance of \$16,066,000 is \$7,836,000 or 32.8 percent less than 2017-18 estimated expenditures and the Federal and State Grants fund 2018-19 budget allowance of \$3,606,000 is \$8,279,000 or 69.7 percent less than 2017-18 estimated expenditures. The decrease is primarily due to unspent funding that was not carried forward and included in the 2018-19 budget.

The General Fund budget of \$13,565,000 is \$443,000 or 3.4 percent more than the 2017-18 estimated expenditures. This is primarily due to additional funding for staff and equipment to conduct inspections, community outreach/education and enforcement of the Structured Sober Living Home licensing program; an additional position to coordinate services for the PHX C.A.R.E.S. program; and fewer anticipated vacant positions along with the final year of employee concession restoration.



### Neighborhood Services Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2018-19 budget allowance:

	2016-17 Actual	2017-18 Estimate <sup>1</sup>	2018-19 Budget
Residents who receive landlord/tenant counseling <sup>2</sup>	4,943	4,600	4,600
Sites where graffiti was removed through the Graffiti Busters program <sup>3</sup>	57,832	45,332	50,000
Number of household units rehabbed or assisted through housing rehabilitation programs <sup>4</sup>	319	230	275
Neighborhood Preservation cases opened annually	52,560	50,000	50,000
Neighborhood Preservation average standard case cycle time (days)	33	33	33
Percent of Neighborhood Preservation cases resolved voluntarily	94%	92% or above	92% or above
The number of new neighborhood groups	65	65	65

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

<sup>2</sup> The decrease between 2016-17 and 2017-18 is a result of an increase in customers receiving counseling services over the phone or through e-mail.

<sup>3</sup> Graffiti sites removed is lower than 2016-17 due to vacancies and enhanced illegal sign enforcement efforts.

<sup>4</sup> The decrease in 2017-18 is due to a delay in receipt of grant funding.

### Expenditure and Position Summary

	2016-17 Actual	2017-18 Estimate	2018-19 Budget
Operating Expense	\$30,654,000	\$49,741,000	\$33,537,000
Total Positions	186.0	186.0	192.0
<i>Source of Funds:</i>			
General	\$10,976,000	\$13,122,000	\$13,565,000
Other Restricted	8,000	136,000	-
HOME	1,421,000	696,000	300,000
Federal and State Grants	5,803,000	11,885,000	3,606,000
Community Development Block Grant	12,446,000	23,902,000	16,066,000



# PHOENIX COMMUNITY DEVELOPMENT & INVESTMENT CORPORATION (PCDIC)

**Program Goal**

The Phoenix Community Development and Investment Corporation (PCDIC) attracts and provides funds for projects that will improve the quality of life of those individuals who live and work in underserved areas of the community. To accomplish this mission, PCDIC seeks to: provide commercial real estate gap financing to attract employers creating jobs, provide gap financing for commercial real estate for small businesses and non-profits having difficulty securing loans at favorable rates, remove blight, particularly within the city's most distressed New Market Tax Credit (NMTC) Census Tracts and help non-profits expand services to the disadvantaged communities they serve.

**Budget Allowance Explanation**

The PCDIC 2018-19 operating budget allowance of \$980,000 is \$175,000 or 21.7 percent more than 2017-18 estimated expenditures. The increase reflects the restoration of employee compensation and increases for other employee related benefits.

<b>Expenditure and Position Summary</b>			
	<b>2016-17 Actual</b>	<b>2017-18 Estimate</b>	<b>2018-19 Budget</b>
Operating Expense	\$618,000	\$805,000	\$980,000
Total Positions	8.0	8.0	8.0
<i>Source of Funds:</i>			
Other Restricted	\$618,000	\$805,000	\$980,000



# COMMUNITY ENRICHMENT



**The Community Enrichment Program Represents 9.2% of the Total Budget.**

The Community Enrichment program budget includes Parks and Recreation, Library, Phoenix Convention Center, Human Services and the Office of Arts and Culture.

# PARKS AND RECREATION

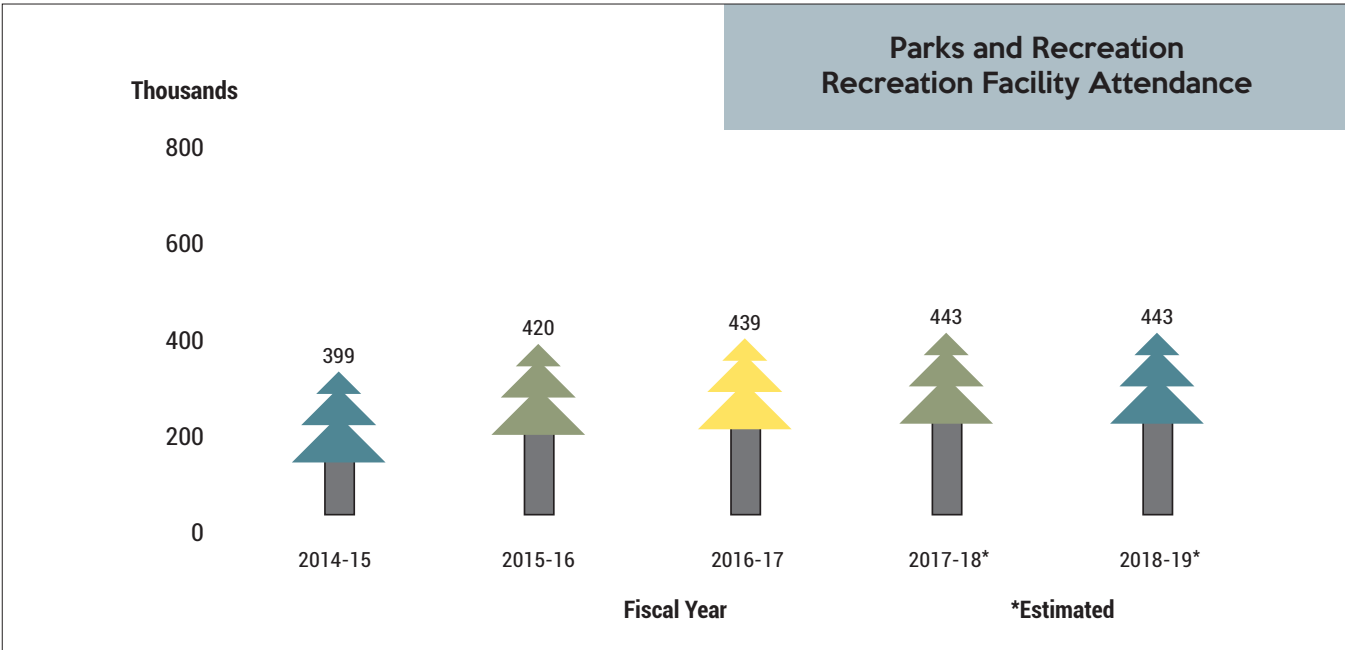
**Program Goal**

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 provides outlets that cultivate a wholesome sense of civic pride and social responsibility.

**Budget Allowance Explanation**

The Parks and Recreation Department 2018-19 budget allowance of \$108,597,000 is \$1,279,000 or 1.2 percent more than 2017-18 estimated expenditures. The increase is due to the General Fund with minor decreases in the other funds.

The General Fund 2018-19 budget allowance of \$93,383,000 is \$1,404,000 or 1.5 percent more than 2017-18 estimated expenditures. The increase is primarily due to the final year of employee concession restorations, fewer anticipated vacant positions, the purchase of replacement vehicles, and the addition of staff and equipment to increase daily park patrol coverage from 4:00 a.m. through 11:00 p.m. and provide assistance to the PHX C.A.R.E.S program. The increase is partially offset by savings in automotive and general liability insurance.



**Parks and Recreation Major Performance Measures and Service Levels**

The following significant performance measures and service trends will be achieved with the 2018-19 budget allowance:

	2016-17 Actual	2017-18 Estimate <sup>1</sup>	2018-19 Budget
Construction projects completed	92%	90%	90%
Fill 80% or more of all non-team sport registration openings	77%	76%	76%
Usage of athletic field's available programmable time	56%	56%	56%
Community usage of recreation and community center available programmable time	32%	31%	31%
Recreation facility attendance	438,620	443,419	443,419
Number of Golf Rounds <sup>2</sup>	200,405	177,392	187,983

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

<sup>2</sup> The anticipated reduction in 2017-18 is due to storm damage to bunkers at Aguila Golf Course and technical issues resulting from implementing a new point of sale system.

**Expenditure and Position Summary**

	2016-17 Actual	2017-18 Estimate	2018-19 Budget
Operating Expense	\$102,510,000	\$107,318,000	\$108,597,000
Total Positions	1,009.9	997.7	999.7
<i>Source of Funds:</i>			
General	\$89,032,000	\$91,979,000	\$93,383,000
Convention Center	1,000	-	-
Other Restricted	2,623,000	3,244,000	3,199,000
City Improvement	410,000	392,000	478,000
Federal and State Grants	614,000	745,000	703,000
Parks and Preserves	3,989,000	5,607,000	5,551,000
Golf	5,841,000	5,351,000	5,283,000

# LIBRARY

## Program Goal

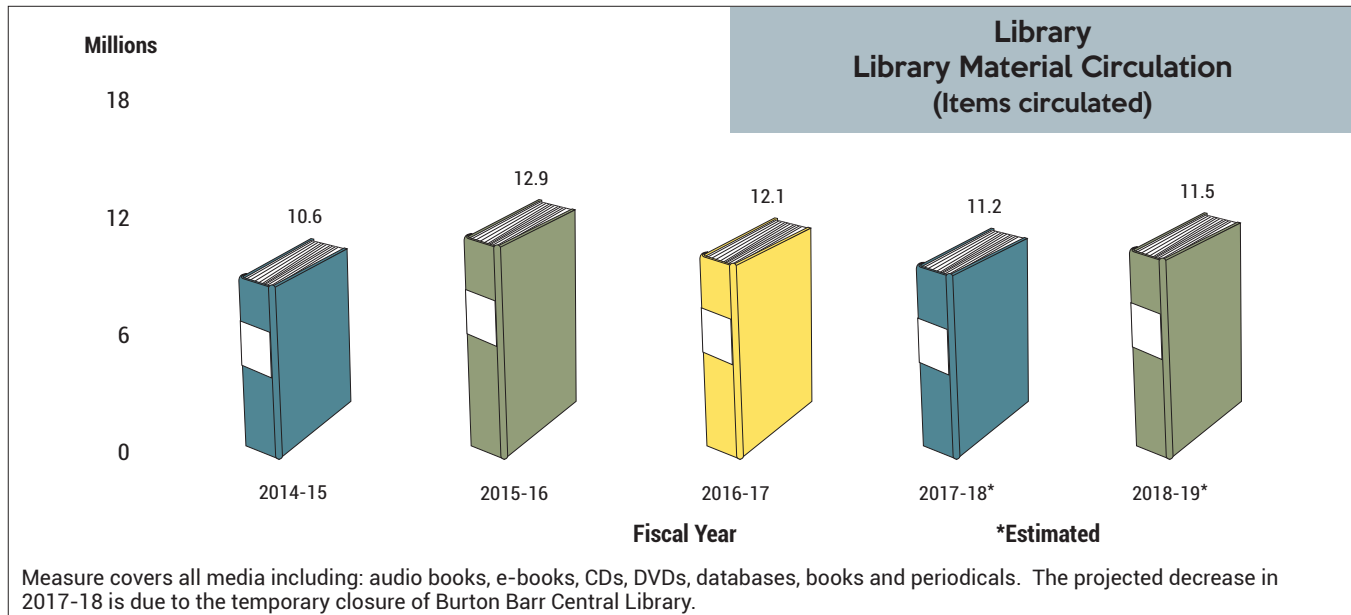
The Library provides information and resources that are relevant, accessible and responsive to the intellectual needs and interests of the community.

## Budget Allowance Explanation

The 2018-19 Library operating budget allowance of \$39,161,000 is \$1,922,000 or 4.7 percent less than 2017-18 estimated expenditures. The decrease is due to the General Fund and is partially offset by an increase in Federal and State Grants.

The General Fund 2018-19 budget allowance of \$37,675,000 is \$2,464,000 or 6.1 percent less than 2017-18 estimated expenditures. The decrease is primarily due to one-time funding in 2017-18 for storm damage expenses for the Burton Barr Central Library, an automated material handling system, various facilities maintenance needs, and vehicle replacements. The decrease is partially offset by increased costs for library materials resulting from a reduction in 2017-18 due to the temporary closure of Burton Barr Central Library and increased costs for part-time positions due to Proposition 206 which increased the state's hourly minimum wage and required provision of paid sick leave. Fewer anticipated vacant positions and the final year of employee compensation restoration also partially offset the decrease. In addition, the 2018-19 General Fund budget adds \$295,000 to continue the additional four hours of service on Sundays at four branch libraries that were temporarily added because of the Burton Barr Library closure in 2017-2018: Yucca, Century, Harmon and Ocotillo.

The Federal and State Grants 2018-19 budget allowance of \$1,014,000 is \$434,000 or 74.8 percent more than 2017-18 estimated expenditures. This is primarily due to an increase in the First Things First grant to fund early literacy outreach and education.



## Library Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2018-19 budget allowance:

	2016-17 Actual	2017-18 Estimate <sup>1</sup>	2018-19 Budget
Early literacy program attendance <sup>2</sup>	144,995	125,000	140,000
Library visitors <sup>2</sup>	4,072,655	3,282,149	3,800,000
Library's website "visits" <sup>3</sup>	28,235,784	22,189,986	25,000,000
Library material circulation <sup>4</sup>	12,096,213	11,170,240	11,500,000

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

<sup>2</sup> Attendance and visitors are estimated to increase in 2018-19 due to the re-opening of Burton Barr Central Library which was closed in the summer of 2017 due to storm damage.

<sup>3</sup> Website visits decreased from 2016-17 due to improved electronic catalog and circulation resources that allow patrons to search and checkout materials directly from third-party applications and catalogue sites, bypassing the need to search for content on the Library's website.

<sup>4</sup> Measure covers all media including: audio books, e-books, CDs, DVDs, databases, books, and periodicals. The projected decrease in 2017-18 is due to the temporary closure of Burton Barr Central Library.

## Expenditure and Position Summary

	2016-17 Actual	2017-18 Estimate	2018-19 Budget
Operating Expense	\$35,257,000	\$41,083,000	\$39,161,000
Total Positions	373.1	370.7	375.1
<i>Source of Funds:</i>			
General	\$34,712,000	\$40,139,000	37,675,000
Federal and State Grants	440,000	580,000	1,014,000
Other Restricted	95,000	209,000	305,000
Public Housing	10,000	155,000	167,000

# 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 2018-19 operating budget allowance of \$53,982,000 is \$4,562,000 or 9.2 percent more than 2017-18 estimated expenditures. The increase is primarily due to capital furniture and equipment replacement, an expected decrease in vacant positions, the final year of employee concession restorations, higher costs for the tourism and marketing contract with the Greater Phoenix Convention and Visitor Bureau (GPCVB) and higher operating costs including security, utilities, custodial services and elevator maintenance.

The General Fund 2018-19 operating budget allowance of \$2,163,000 is \$163,000 or 8.2 percent more than 2017-18 estimated expenditures. This is due to increased parking management and security service costs.

## Phoenix Convention Center Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2018-19 budget allowance:

	2016-17 Actual	2017-18 Estimate <sup>1</sup>	2018-19 Budget
Estimated direct spending impact from conventions (millions) <sup>2</sup>	\$375	\$393	\$430
Number of convention delegates	261,748	271,812	282,249
Number of conventions	62	72	72
Number of local public shows	97	117	121
Percent square feet occupancy (average of all event types)	34.6%	38.5%	50.0%
Number of theatrical performances	324	312	337
Total theater attendance	297,795	325,812	296,000
Total parking revenue (millions) <sup>3</sup>	\$5.50	\$5.93	\$5.96
Revenue per parking space <sup>3</sup>	\$1,252	\$1,351	\$1,357
Operating expense per parking space <sup>3</sup>	\$1,023	\$827	\$849

<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.

<sup>3</sup> 2016-17 reflects the transfer of parking operations for the 305 Garage from the Public Works Department to the Convention Center. Amounts shown do not include Adams Street Garage and various lots, which are primarily for employee parking.

## Expenditure and Position Summary

	2016-17 Actual	2017-18 Estimate	2018-19 Budget
Operating Expense	\$45,959,000	\$49,420,000	\$53,982,000
Total Positions	221.0	222.0	222.0
<i>Source of Funds:</i>			
Convention Center	\$43,544,000	\$46,665,000	\$51,094,000
General	1,715,000	2,000,000	2,163,000
Other Restricted	73,000	72,000	(1,000)
Sports Facilities	627,000	683,000	726,000

# 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.

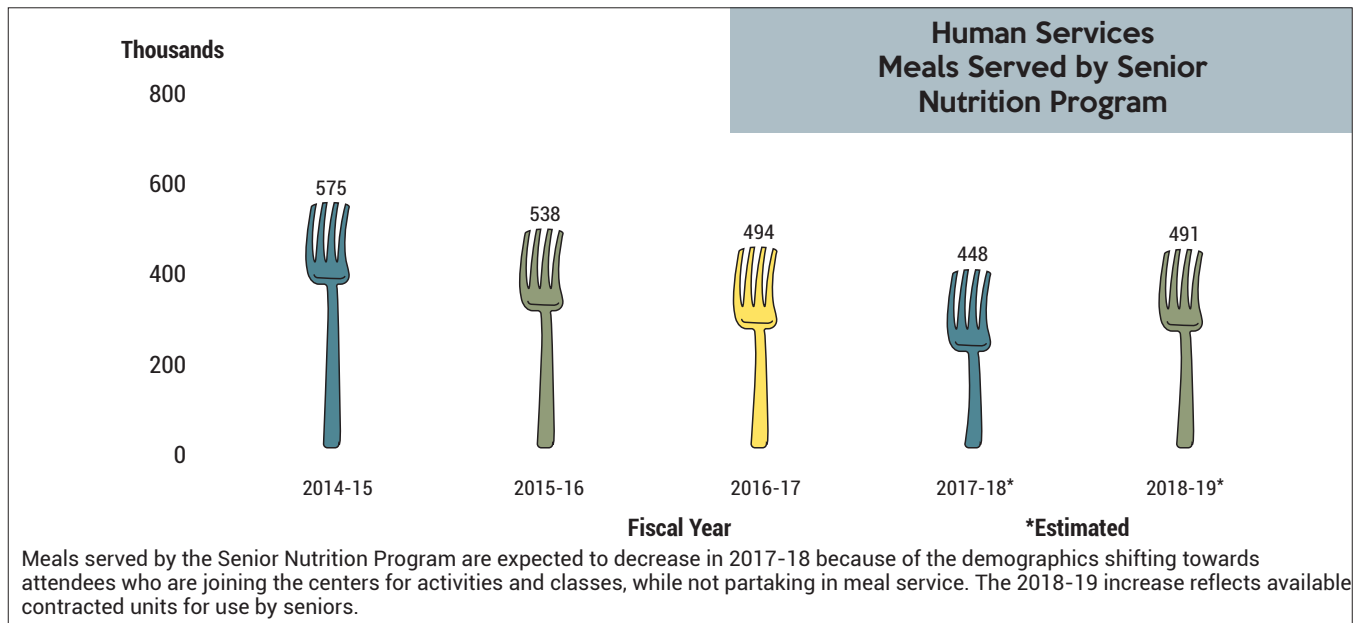
## Budget Allowance Explanation

The Human Services 2018-19 operating budget allowance of \$69,392,000 is \$3,352,000 or 5.1 percent higher than 2017-18 estimated expenditures. The overall increase is primarily due to an increase in Human Services grant funding and increased costs in the General Fund, which is partially offset by decreased costs in the City Improvement Fund.

The 2018-19 General Fund budget allowance of \$19,245,000 is \$1,343,000 or 7.5 percent greater than 2017-18 estimated expenditures. This is primarily due to the final year of employee concession restorations, fewer anticipated vacancies, an increase in resources for the PHX C.A.R.E.S. program, an increase in contractual funding for additional homeless case management services, and an anticipated increase in congregate meal participation.

The 2018-19 Human Services Grants Fund budget allowance of \$48,668,000 is \$2,687,000 or 5.8 percent greater than 2017-18 estimated expenditures. This is primarily due to the final year of employee concession restorations and carryforward of funding for Head Start services.

The 2018-19 City Improvement Fund budget allowance of \$91,000 is \$536,000 or 85.5 percent less than 2017-18 estimated expenditures. The decrease is due to reduced debt service for vehicle replacement.



Human Services Major Performance Measures and Service Levels			
The following significant performance measures and service trends will be achieved with the 2018-19 budget allowance:			
	2016-17 Actual	2017-18 Estimate <sup>1</sup>	2018-19 Budget
Number of homeless households (individuals and families) assisted through emergency shelter	8,674	7,869	6,251
Number of households served at family service centers	15,508	15,599	17,450
Percentage of school attendance for Head Start	88%	88%	88%
Medical and dental exams completed for Head Start	6,372	6,300	6,300
Medical and dental exams completed for Early Head Start	931	870	900
Number of meals served to seniors <sup>2</sup>	494,230	448,042	491,312
Number of victim services provided <sup>3</sup>	16,723	16,900	17,100

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

<sup>2</sup> The 2018-19 increase reflects available contracted units for use by seniors.

<sup>3</sup> The increase in Victim Services in 2017-18 is a result of an increase in Victims of Crime Act (VOCA) grant.

Expenditure and Position Summary			
	2016-17 Actual	2017-18 Estimate	2018-19 Budget
Operating Expense	\$65,031,000	\$66,040,000	\$69,392,000
Total Positions	322.0	314.0	315.0
<i>Source of Funds:</i>			
General	\$17,297,000	\$17,902,000	\$19,245,000
Human Services			
Grants	46,200,000	45,981,000	48,668,000
Community Development			
Block Grant	526,000	694,000	694,000
Water	210,000	210,000	210,000
Wastewater	140,000	140,000	140,000
Other Restricted	366,000	486,000	344,000
City Improvement	292,000	627,000	91,000

# 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 2018-19 operating budget allowance of \$8,624,000 is \$3,667,000 or 74 percent more than 2017-18 estimated expenditures. The increase is primarily due to facilities maintenance for city-owned cultural facilities. The 2018-19 budget also adds a position to oversee the coordination and development of the Latino Cultural Center, increases funding for arts grants by \$30,000 and adds \$18,500 for public art maintenance. The increases are partly offset by the decrease in grant funding in 2018-19.

## 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 2018-19 budget allowance.

	2016-17 Actual	2017-18 Estimate <sup>1</sup>	2018-19 Budget
Grant applications processed to support arts activities through schools and nonprofit organizations <sup>2</sup>	71	81	74
Grant awards administered to support arts activities through schools and nonprofit organizations <sup>2</sup>	61	74	72
Completed Percent-for-Art projects to enhance city capital improvement projects with artwork	4	4	7
Local artists/arts organizations training workshops <sup>3</sup>	10	10	13
Percent of projects in Art Plan being implemented <sup>4</sup>	82%	67%	75%
Community presentations	67	66	61

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

<sup>2</sup>Increases are expected due to increased funding in 2017-18.

<sup>3</sup>Numbers reflect presentations and workshops to local artists, the annual grant workshop training for arts organizations, and arts learning workshops.

<sup>4</sup>Measure reflects projects that were in design, under construction, or were completed.

## Expenditure and Position Summary

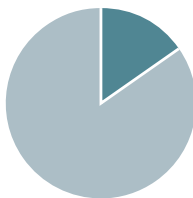
	2016-17 Actual	2017-18 Estimate	2018-19 Budget
Operating Expense	\$4,110,000	\$4,957,000	\$8,624,000
Total Positions	10.5	10.5	11.5
<i>Source of Funds:</i>			
General	\$3,993,000	\$4,821,000	\$8,519,000
Federal and State Grants	114,000	115,000	85,000
Other Restricted	3,000	21,000	20,000







# ENVIRONMENTAL SERVICES



## The Environmental Services Program Represents **16%** of the Total Budget.

The Environmental Services program budget includes Water Services, Public Works - Solid Waste Management, Public Works - Support Services, Environmental Programs and the Office of Sustainability.

# WATER SERVICES

## Program Goal

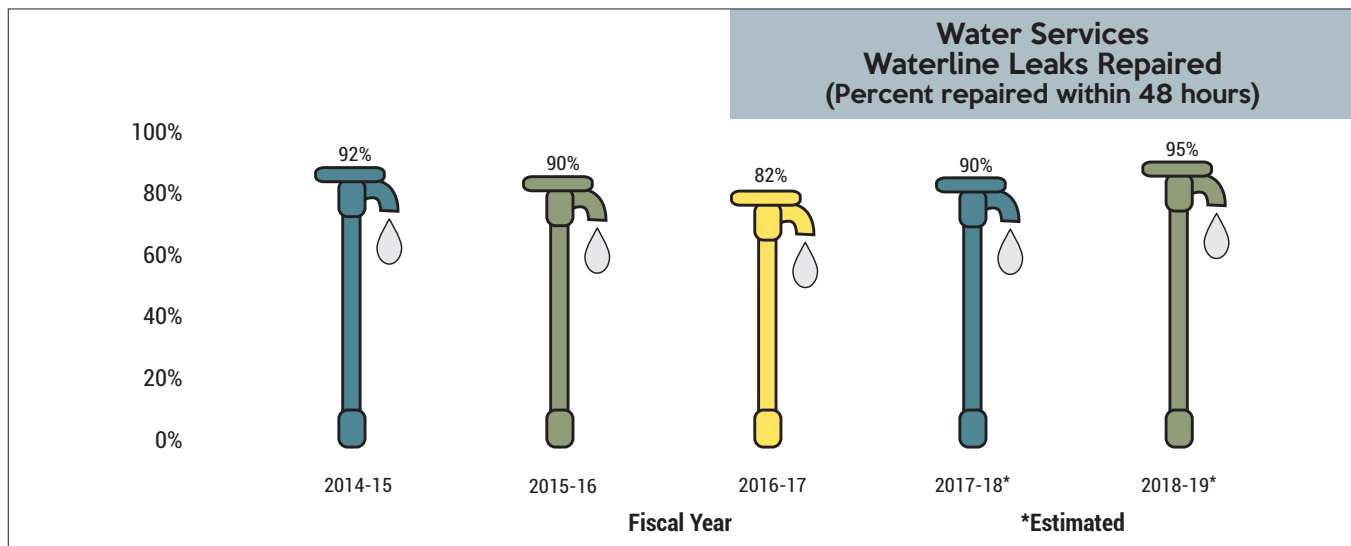
The Water Services Department is responsible for the Water and Wastewater programs. The Water program provides a safe and adequate domestic water supply to all residents in the Phoenix water service area. The Wastewater program assists in providing a clean, healthy environment through the effective management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

## Budget Allowance Explanation

The 2018-19 Water Services operating budget allowance of \$320,602,000 is \$46,156,000 or 12.6 percent less than 2017-18 estimated expenditures. The decrease is in the Wastewater fund and is partially offset by an increase in the Water fund.

The Wastewater Fund 2018-19 budget allowance of \$105,606,000 is \$63,920,000 or 37.7 percent less than 2017-18 estimated expenditures. The decrease is primarily due to the wastewater pension liability payoff in 2017-2018. The decrease is partially offset by the final year of employee concession restorations, fewer anticipated vacant positions and scheduled motor vehicle replacement.

The Water Fund 2018-19 budget allowance of \$212,720,000 is \$17,436,000 or 8.9 percent higher than 2017-18 estimated expenditures. The increase is primarily due to a new City ordinance requiring more extensive repaving for work performed in the street, the final year of employee concession restorations, fewer anticipated vacant positions, odor management costs for the Val Vista Water Treatment Plant, a new print vendor for City services bills, replacement of aging ruggedized laptops, contractual price increases in electricity and chemicals and the water meter replacement program.



## Water Services Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2018-19 budget allowance:

	2016-17 Actual	2017-18 Estimate <sup>1</sup>	2018-19 Budget
Water main break/leaks per 100 miles	144	156	144
Waterline leaks repaired within 48 hours	82%	90%	95%
Percent of miles of sewer cleaned per year	27%	25%	25%
Sanitary sewer overflows per 100 miles <sup>2</sup>	0.56	.60	1.00
Gallons of water produced system wide (billions)	107.8	108.7	108.8
Gallons of wastewater treated (billions)	60.8	61.4	62.0
Telephone calls-received <sup>3</sup>	1,492,780	1,765,031	1,815,000
Telephone calls-percent answered <sup>4</sup>	96.0%	82.0%	90.0%

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

<sup>2</sup> 2018-19 is set to the CMOM (Capacity, Management, Operation and Maintenance) requirement.

<sup>3</sup> In April 2017, Water Services absorbed the Public Works Solid Waste call center, resulting in an increase in call volume.

<sup>4</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."

## Expenditure and Position Summary

	2016-17 Actual	2017-18 Estimate	2018-19 Budget
Operating Expense	\$266,248,000	\$366,758,000	\$320,602,000
Total Positions	1,469.6	1,467.6	1,467.6
<b>Source of Funds:</b>			
Water	\$170,056,000	\$195,284,000	\$212,720,000
Wastewater	94,407,000	169,526,000	105,606,000
Other Restricted	1,785,000	1,948,000	2,276,000

# PUBLIC WORKS – 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 2018-19 operating budget allowance of \$139,230,000 is \$9,233,000 or 7.1 percent more than 2017-18 estimated expenditures. The increase includes the continuation of employee compensation restoration and normal inflationary increases. Recycling processing costs and other contractual services also contributed significantly to the increase in 2018-19. In addition, the increase reflects a large investment in equipment due to an aging fleet and rising maintenance costs.

The 2018-19 budget also adds temporary positions and equipment to increase the clean-up of homeless sites from twice a week to five times per week as identified through the Phoenix Community Action Response Engagement Services (C.A.R.E.S) program. This is a one-year effort using existing fund balances. To continue this service level past 2018-19, the program will need to be incorporated into the Solid Waste rate or other resources must be identified.



## Solid Waste Management Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2018-19 budget allowance:

	2016-17 Actual	2017-18 Estimate <sup>1</sup>	2018-19 Budget
Residential households served with same day contained solid waste and recyclable material collections	402,504	406,800	409,300
Tons of recyclable materials collected	119,517	120,000	120,300
Tons of total solid waste collected and landfills <sup>2</sup>	943,347	843,000	848,000
Tons of solid waste from City residences disposed <sup>3</sup>	623,032	580,000	582,000

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

<sup>2</sup> Tonnage includes disposal tonnage collected at City transfer stations and landfills as well as Solid Waste Field Services tonnage sent to contracted private transfer station landfills.

<sup>3</sup> Tonnage includes Solid Waste Field Services tonnage, transfer station residential loads, non-profit free loads and recycling rejects.

## Expenditure and Position Summary

	2016-17 Actual	2017-18 Estimate	2018-19 Budget
Operating Expense	\$125,968,000	\$129,997,000	\$139,230,000
Total Positions	589.0	600.0	602.0
<i>Source of Funds:</i>			
Solid Waste	\$125,968,000	\$129,997,000	\$139,230,000

## PUBLIC WORKS – SUPPORT SERVICES

### 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 2018-19 operating budget allowance of \$25,258,000 is \$6,044,000 or 31.5 percent more than 2017-18 estimated expenditures. The increase reflects the restoration of employee compensation and normal inflationary adjustments. The budget also includes an increase in funding to support citywide facility repair projects, vehicle replacements and equipment repairs due to the city's aging fleet and infrastructure, as well as other citywide facility improvement projects.

### Public Works Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2018-19 budget allowance:

	2016-17 Actual	2017-18 Estimate <sup>1</sup>	2018-19 Budget
Square footage of buildings maintained	10,573,285	10,573,285	10,573,285
Facility service requests completed	19,022	19,000	19,000
Fleet vehicles per mechanic	40.2	40.7	40.7
Units of equipment for which fleet management is provided	7,385	7,340	7,340
Annual miles of fleet vehicle utilization (in millions)	42.4	49.3	49.3

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

### Expenditure and Position Summary

	2016-17 Actual	2017-18 Estimate	2018-19 Budget
Operating Expense	\$20,117,000	\$19,214,000	\$25,258,000
Total Positions	394.5	394.5	394.5
<i>Source of Funds:</i>			
General	\$12,275,000	\$13,013,000	\$17,192,000
City Improvement	7,267,000	5,078,000	7,014,000
Other Restricted	571,000	813,000	814,000
Federal and State Grants	4,000	310,000	238,000

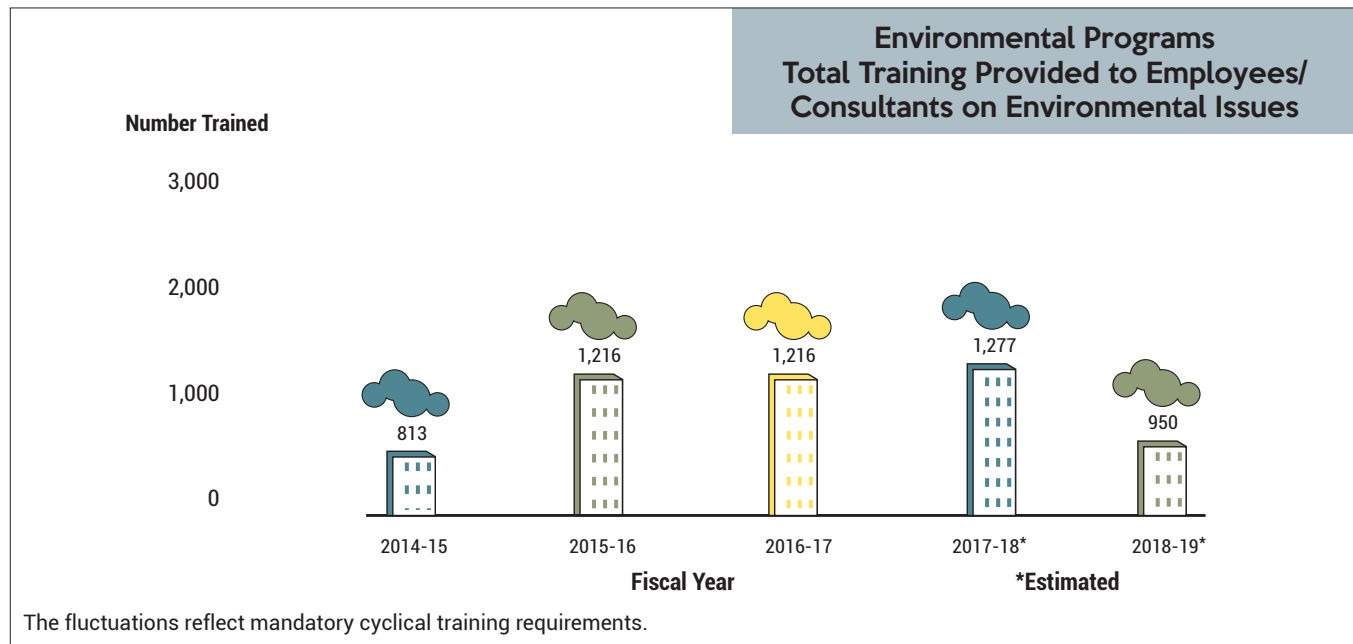
# ENVIRONMENTAL PROGRAMS

## 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 2018-19 operating budget allowance of \$1,795,000 is \$239,000 or 15.4 percent more than the 2017-18 estimated expenditures and reflects the continued restoration of employee compensation and normal inflationary adjustments. The budget also includes the continuation and increased capacity of the Federal Brownfields Grant which provides funding for environmental assessments and cleanup activities.



## Environmental Programs Major Performance Measures and Service Levels

The following significant performance measures and service level trends will be achieved with the 2018-19 budget allowance:

	2016-17 Actual	2017-18 Estimate <sup>1</sup>	2018-19 Budget
Total employees/consultants receiving training on environmental issues <sup>2</sup>	1,216	1,277	950
Number of site assessments conducted <sup>3</sup>	106	188	115
Number of brownfields projects implemented <sup>4</sup>	1	5	4
Percentage of time an emergency response team will arrive on-scene within 2 hours of a call for service	90%	90%	90%

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

<sup>2</sup> Training is conducted on a cyclical basis and fluctuates annually.

<sup>3</sup> Departments are assessed on a cyclical basis and include environmental facility, 404 and air quality inspections.

<sup>4</sup> Projection based on historical data and available funding. 2018-19 increase reflects the additional capacity available through the Federal Brownfields grant.

## Expenditure and Position Summary

	2016-17 Actual	2017-18 Estimate	2018-19 Budget
Operating Expense	\$1,117,000	\$1,556,000	\$1,795,000
Total Positions	10.0	10.0	10.0
<i>Source of Funds:</i>			
General	\$500,000	\$532,000	\$618,000
Water Fund	325,000	312,000	334,000
Federal and State Grants	91,000	494,000	605,000
Other Restricted Funds	133,000	148,000	168,000
Capital Construction	68,000	70,000	70,000

# OFFICE OF SUSTAINABILITY

**Program Goal**

The Office of Sustainability provides professional administration of a citywide sustainability program that includes assessing the impact of sustainability practices to the City and community at large, while balancing the City's shared objectives for a healthy environment, an excellent quality of life, and continued economic vitality.

**Budget Allowance Explanation**

The Office of Sustainability 2018-19 operating budget allowance of \$484,000 is \$58,000 or 13.6 percent more than 2017-18 estimated expenditures. The increase is primarily due to added funding for a study to develop a microgrid energy storage system to store renewable energy at key City sites. It is also due to the final year of employee compensation restorations.

<b>Expenditure and Position Summary</b>			
	<b>2016-17 Actual</b>	<b>2017-18 Estimate</b>	<b>2018-19 Budget</b>
Operating Expense	\$429,000	\$426,000	\$484,000
Total Positions	4.0	4.0	4.0
<i>Source of Funds:</i>			
General	\$429,000	\$426,000	\$484,000

# CONTINGENCIES

The Contingency Fund provides for possible emergencies 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. The use of contingency is intended for unanticipated one-time expenses, since it represents limited one-time resources in the fund balance. Use of these contingency funds requires the recommendation of the City Manager and City Council approval.

## GENERAL FUND CONTINGENCY

The General Fund contingency in 2018-19 will be \$52,400,000, plus \$9,219,000 in set-asides. The set-asides include \$5,000,000 for Police body cameras and \$4,219,000 for a Fire SAFER grant match. In March 2010, the Council agreed to gradually increase the contingency with a goal of achieving 5.0 percent of General Fund operating expenditures. Achieving this goal will improve the City's ability to withstand future economic cycles. The 2018-19 contingency reflects an increase of \$2,000,000 over the 2017-18 contingency of \$50,400,000 and maintains the contingency percentage at 4.0 percent.

The following table shows contingency funding and set-aside amounts over the past 10 years. As with the set-asides in 2018-19 for Police body cameras and a Fire SAFER grant match, set-asides have been used in the past to prepare for known future costs such as declining grant funding and new capital project 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
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
2012-13	1,109,322	40,658 2,000	3.7
2013-14	1,125,373	43,658 —	3.9
2014-15	1,145,995	45,268 —	3.95
2015-16	1,149,761	46,400 —	4.0
2016-17	1,212,282	48,400 34,746	4.0
2017-18	1,268,098	50,400 5,500	4.0
2018-19	1,296,723	52,400 9,219	4.0



## OTHER FUND CONTINGENCIES

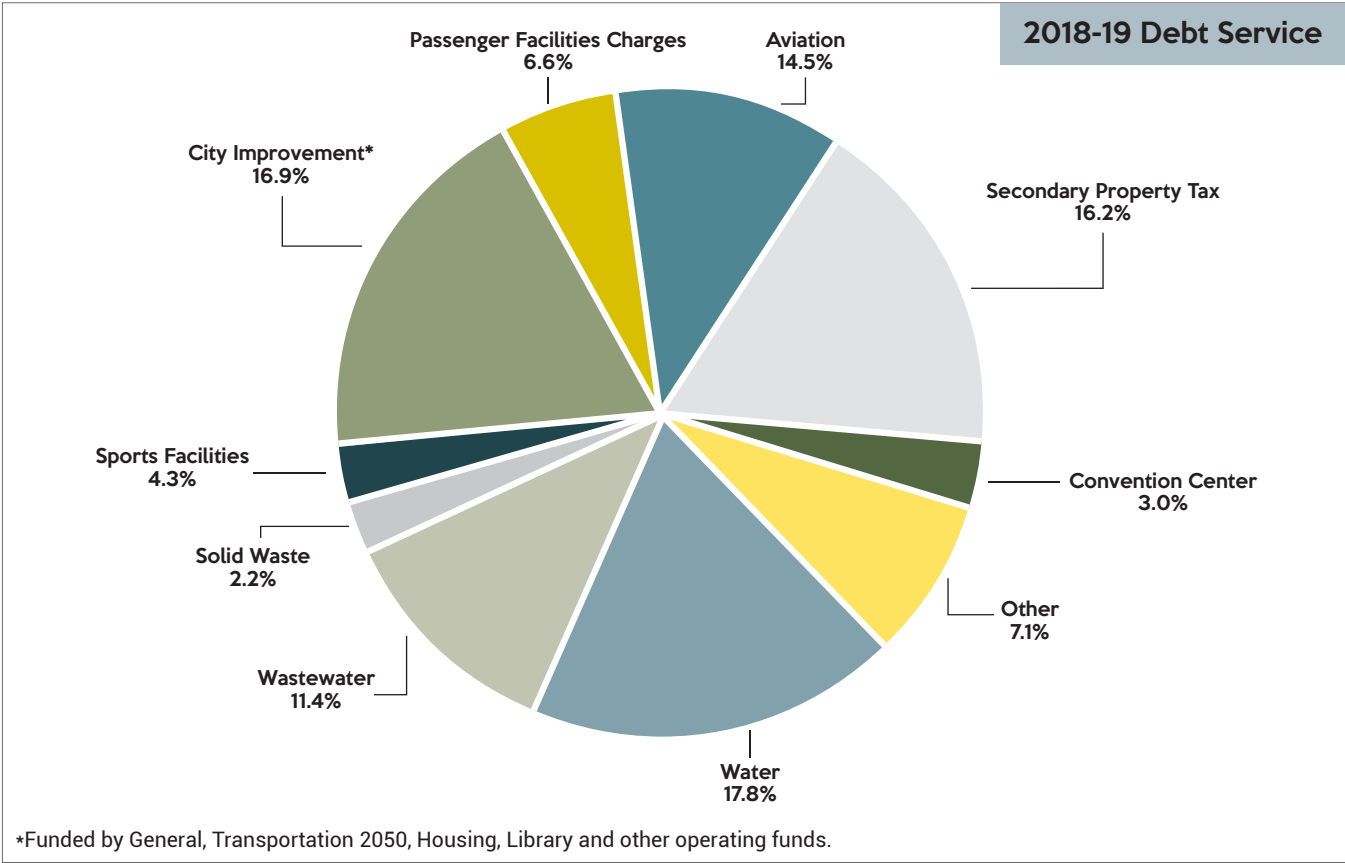
Similar to the General Fund, other funds also include contingency amounts. The contingency amounts and percentages of total operating expenditures vary to accommodate differences in the volatility of operations and revenues. Use of these amounts requires City Council approval. The following table shows the contingency amount for each of the other funds.

2018-19 Other Fund Operating Expenditure and Contingency Amount (000's)			
Fund	Operating Expenditures	Contingency Amount	Percent of Operating Expenditures
Transportation 2050	\$216,081	\$10,000	4.6%
Development Services	61,389	5,000	8.1
Sports Facilities	17,478	15,000	85.8
Aviation	279,092	14,000	5.0
Water	223,449	9,000	4.0
Wastewater	110,881	4,500	4.1
Solid Waste	140,402	1,000	0.7
Convention Center	54,632	3,000	5.5

# DEBT SERVICE

Debt service expenditures include payments of principal, interest, costs of issuance and related costs such as trustee fees and reserve requirements for bonds issued. The debt service allowance in 2018-19 for existing debt and anticipated future bond sales is \$664,537,000. As shown in the following pie chart, debt service expenditures are funded by Water, City Improvement, Secondary Property Tax, Aviation, Wastewater, Passenger Facility Charge, Sports Facilities, Convention Center, Solid Waste and other capital funding sources. City Improvement debt service includes \$112.0 million in general government nonprofit corporation bond debt service payments funded by General Fund (\$41.6 million), Transportation 2050 (\$67.3 million), Housing (\$0.1 million), Library (\$0.1 million) and other operating funds (\$2.9 million).

Secondary Property Tax shown in the pie chart represents the annual tax levy for general obligation bonded debt service and a federal subsidy payment.



### 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. Revenue bonds (such as water revenue 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.

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 and Neighborhood Revitalization

In December 2011, the City Council adopted a policy to delay lower priority bond projects subject to an annual review of property values and financial conditions. In addition, general obligation debt has been restructured and refinanced to take advantage of favorable market rates. The General Obligation Reserve Fund is utilized strategically to pay down debt service to the staff-recommended balance while preserving the high bond ratings.

## 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, S&P and Fitch. The City's general obligation bonds are rated Aa1, AA+ and AAA respectively. S&P also has assigned a Financial Management Assessment (FMA) score of "strong."

City of Phoenix Bond Ratings			
	Rating <sup>(1)</sup>		
	Moody's	S&P	Fitch
General Obligation	Aa1	AA+	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 Tax Excise Tax Revenue <sup>(2)</sup>	Aa2	AAA	AA+
Subordinated Excise Tax Revenue <sup>(2)</sup>	Aa2	AA+	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>	A2	A	-
Transit Excise Tax Revenue Bonds (Light Rail) <sup>(2)</sup>	Aa2	AA	-
State of AZ Distribution Revenue Bonds <sup>(2)</sup>	Aa2	AA	-

<sup>(1)</sup> Represents underlying rating, if insured.

<sup>(2)</sup> Issued by the City of Phoenix Civic Improvement Corporation.

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.

<b>Statement of Bonded Indebtedness<sup>(1)</sup> General Obligation Bonds (In Thousands of Dollars)</b>			
<b>Purpose</b>	<b>Non-Enterprise General Obligation Bonds</b>	<b>Revenue-Supported General Obligation Bonds</b>	<b>Total General Obligation Bonds</b>
Various	\$1,178,330	\$ —	\$1,178,330
Airport	—	7,865	7,865
Sanitary Sewer	—	3,475	3,475
Solid Waste	—	5,000	5,000
Water	—	6,735	6,735
Direct Debt	\$1,178,330	\$ 23,075	\$1,201,405
Less: Revenue Supported	—	(23,075)	(23,075)
<b>Net Debt</b>	<b>\$1,178,330</b>	<b>\$ —</b>	<b>\$1,178,330</b>

<sup>(1)</sup> Represents general obligation bonds outstanding as of January 1, 2018. Such figures do not include the outstanding principal amounts of certain general obligation bonds that 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.

### Debt Limitation

Pursuant to Chapter 177, Laws of Arizona 2016, which became effective August 6, 2016, the City's debt limitation is based on the full cash net assessed valuation. Full cash net assessed valuation for 2017-18 is \$15,366,353,843. Under the provisions of the Arizona Constitution, outstanding general obligation bonded debt for combined water, sewer, light, parks, open space preserves, playgrounds, recreational facilities, public safety, law enforcement, fire emergency, streets and transportation may not exceed 20 percent of a City's full cash net assessed valuation, nor may outstanding general obligation bonded debt for all other purposes exceed 6 percent of a City's full cash net assessed valuation. Unused borrowing capacity as of January 1, 2018, is shown below, based upon 2017-18 assessed valuation.

<b>Water, Sewer, Light, Parks, Open Spaces, Playgrounds, Recreational Facilities, Public Safety, Law Enforcement, Fire Emergency, Streets and Transportation Purpose Bonds</b>	
20% Constitutional Limitation	\$3,073,270,769
Direct General Obligation Bonds Outstanding <sup>(1)</sup>	(994,290,000)
Less: Debt Limit Reduction from Refunding <sup>(2)</sup>	(37,915,000)
<b>Unused 20% Limitation Borrowing Capacity</b>	<b>\$ 2,041,065,769</b>

<b>All Other General Obligation Bonds</b>	
6% Constitutional Limitation	\$ 921,981,231
Direct General Obligation Bonds Outstanding <sup>(1)</sup>	(207,115,000)
Less: Debt Limit Reduction from Refunding <sup>(2)</sup>	(19,355,000)
<b>Unused 6% Limitation Borrowing Capacity</b>	<b>\$ 695,511,231</b>

<sup>(1)</sup> Represents general obligation bonds outstanding as of January 1, 2018.

<sup>(2)</sup> Per A.R.S. Section 35-473.01.I, refunding bonds issued on or after August 6, 2016 may cause a reduction in available debt limits based on the nature of the refunded bonds (each, a "Debt Limit Reduction from Refunding"). If the principal amount of the refunded bonds is greater than the principal amount of the bonds that are refunding them and net premium is used to fund the escrow, then the difference in principal amounts will constitute a Debt Limit Reduction from Refunding.

## 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 July 1, 2017.

Net Direct General Obligation Bonded Debt Ratios			
	Per Capita Debt Pop. Est. (1,626,078) <sup>(1)</sup>	Limited Net Assessed Valuation (\$11,721,385,399)	Full Cash Valuation (\$152,048,146,858)
Direct General Obligation Bonded Debt Outstanding as of July 1, 2017	\$738.84	10.25%	0.79%
Net Direct General Obligation Bonded Debt Outstanding as of July 1, 2017	\$724.65	10.05%	0.77%

<sup>(1)</sup> Population estimate obtained from the U.S. Census Bureau as of July 1, 2017.

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 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, such as police precinct stations. Similar to bonded debt, these financings are rated by bond rating agencies.

<b>Debt Service by Source of Funds and Type of Expenditure (In Thousands of Dollars)</b>			
<b>Fund</b>	<b>2016-17 Actual</b>	<b>2017-18 Estimate</b>	<b>2018-19 Budget</b>
Secondary Property Tax	\$126,695	\$101,670	\$ 107,957
Aviation	54,948	65,203	96,397
Convention Center	19,720	19,928	19,933
City Improvement <sup>(1)</sup>	94,568	102,825	112,005
Passenger Facility Charges	46,658	45,068	43,643
Solid Waste	12,942	9,492	14,317
Sports Facilities	17,888	20,062	28,754
Wastewater	70,276	69,931	75,971
Water	113,349	110,046	118,012
Other Capital Funds <sup>(2)</sup>	45,079	46,745	47,548
<b>Total</b>	<b>\$602,123</b>	<b>\$591,970</b>	<b>\$664,537</b>
<b>Type of Expenditure</b>			
Principal	\$307,460	\$297,961	\$343,203
Interest and Other	294,663	293,009	321,334
<b>Total</b>	<b>\$602,123</b>	<b>\$591,970</b>	<b>\$664,537</b>

<sup>(1)</sup> Reflects City Improvement nonprofit corporation bond debt service funded by General Fund, Transit 2000/Transportation 2050, Housing, Library or other miscellaneous funding sources.

<sup>(2)</sup> Reflects debt service funded by Nonprofit Corporation Bond, Customer Facility Charge and Capital Reserve funds, and State contributions for Convention Center Expansion bond debt service payments.



# 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 March 20, 2018, the preliminary five-year Capital Improvement Program was submitted to the City Council. The Capital Improvement Program submitted to the City Council and reflected here includes a new concourse at Terminal Four of Sky Harbor Airport, stage two of the Sky Harbor Airport Sky Train, major street and bridge rehabilitation and new construction, a new fire station at I-17 and Jomax Road, construction of the Cesar Chavez Community Center, replacement of water mains, local and regional flood control efforts, enhanced landfill diversion with design and construction of the 27th Avenue Resource Innovation Campus and Technology Solutions Incubator (RISN), multimodal transportation improvements, and water resiliency efforts. The preliminary plan, as adjusted, has been updated to reflect cost or timing changes identified since the preliminary program was developed.

## **2018-23 Capital Improvement Program Development**

The annual citywide Capital Improvement Program update process began in December 2017 when departments prepared revised 2017-18 estimates and updated their five-year capital improvement programs. The 2017-18 estimates reflect updated construction cost estimates, project delays, awarded contract amounts, project carry-overs and other program changes. The 2018-23 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 infrastructure financing plans for impact fees and various multi-year facility maintenance plans. Also reflected are capital projects from sales tax and voter-approved bond programs including the 2006 Bond Program approved by Phoenix voters in March 2006.

## **2006 Citizens' Bond Program**

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 2006 Citizens' Bond 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.

The City Council grouped the \$878.5 million in projects into seven propositions all of which were approved by voters in March 2006. The decline in the local real estate market from the recent recession resulted in a reduction in property tax revenue, which placed a strain on the property tax supported GO Bond Program. As a result, a portion of this program is indefinitely deferred until the City has the bond capacity to move forward with these projects.

## **Enterprise Funds**

In addition to supporting related operations and maintenance costs, enterprise funds support pay-as-you-go funded capital projects and debt service for enterprise bond-funded capital projects.

Water, Wastewater and Solid Waste enterprise funds complete annual updates to their multi-year rate plans. These plans are first reviewed by the City Council Transportation and Infrastructure Subcommittee prior to action on the plans by the full City Council. If necessary, user fee changes are implemented to support the updated plans.

Aviation funds include airport revenues, Passenger Facility Charges collected from enplaned passengers at the time of booking, Customer Facility Charges assessed to rental car customers, and federal and state grants. The City Council adopts ordinances establishing fee structures for use of the airport facilities, including airline rates and charges, at the beginning of each fiscal year.



The Phoenix Convention Center enterprise fund receives most of its resources from designated sales taxes. To support a significant expansion and renovation of the Phoenix Convention Center, completed in 2008, 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 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 funding for critical street transportation and drainage infrastructure improvements, including projects focused on street pavement maintenance, and bicycle, pedestrian, stormwater and drainage facilities. Capital Construction funds are programmed into project categories for each year of the Capital Improvement Program, with individual projects identified and budgeted in the earlier years of the Capital Improvement Program.

### **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 2018-23 Capital Improvement Program includes \$152.7 million of these funds, which are programmed for regional, community and neighborhood parks, and Sonoran Preserve land acquisition.

### **Transportation 2050 Funds**

The voters approved Proposition 104 (Transportation 2050) in August 2015. This initiative authorized a three-tenths of one percent increase in the transaction privilege and use tax rate to fund the City's Comprehensive Transportation Plan including new light rail lines, bus expansion and street improvements. Collection of Transportation 2050 sales tax began on January 1, 2016. The 2018-23 Capital Improvement Program includes \$359.2 million in Transportation 2050 pay-as-you-go funds, as well as \$510.7 million in Transportation 2050 bond funds.

### **Five-Year Streets Plan**

Each year the Street Transportation Department updates its five-year plan and funding program for street, bicycle, pedestrian and stormwater construction and major maintenance projects. This program is primarily funded through the Arizona Highway User Revenue (AHUR) fund, including state-shared revenue from gas taxes and vehicle license taxes, but also includes funding through the Transportation 2050 (Proposition 104) voter-approved initiative. The update begins with the Budget and Research Department providing an updated current year and five-year forecast of AHUR and other revenue streams, and requirements for AHUR and other revenue resources to support operating expenditures and debt service to determine the amounts available for pay-as-you-go capital projects. Also included in the program are any needed updates to voter-approved bond projects as well as projects funded through intergovernmental partnerships.

### **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. The impact fee program is also regulated by state law. The impact fee program was developed to address 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.

Only impact fee revenues that have been collected are budgeted 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 \$128.3 million in available impact fees in the 2018-23 Capital Improvement Program. Additional impact fees will be programmed in future capital improvement programs as these fees are collected.

**SUMMARY OF 2018-23 CAPITAL IMPROVEMENT PROGRAM**

**By Program**

(In Thousands of Dollars)

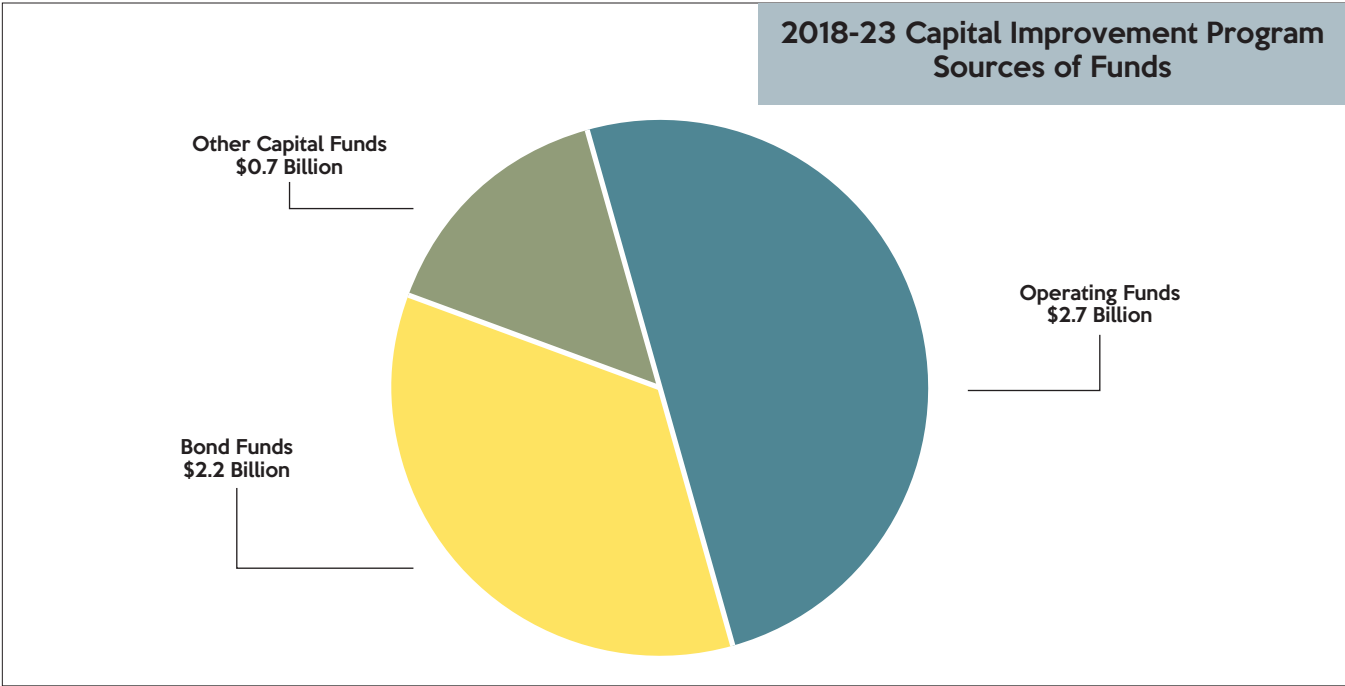
	<b>2018-19</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>	<b>Total</b>
Arts and Cultural Facilities	\$ 1,042	\$ -	\$ -	\$ -	\$ -	\$ 1,042
Aviation	678,063	170,157	34,785	28,869	35,968	947,842
Economic Development	8,261	4,872	4,212	5,462	4,189	26,996
Energy Conservation	1,200	1,200	1,200	1,200	1,200	6,000
Facilities Management	17,658	8,000	8,000	8,000	8,000	49,658
Finance	2,263	-	-	-	-	2,263
Fire Protection	19,442	-	-	-	-	19,442
Housing	22,210	5,108	7,480	7,480	7,480	49,758
Human Services	600	-	-	-	-	600
Information Technology	34,529	5,069	3,969	3,969	3,969	51,505
Libraries	200	200	544	200	8,166	9,310
Neighborhood Services	3,234	-	-	-	-	3,234
Parks, Recreation and Mountain Preserves	84,078	30,490	22,000	22,300	26,100	184,968
Phoenix Convention Center	50,963	7,442	8,753	6,912	4,263	78,333
Planning and Historic Preservation	13,786	7,000	6,000	-	-	26,786
Public Transit	193,570	166,024	217,144	218,881	129,425	925,044
Regional Wireless Cooperative	9,908	9,202	7,323	6,000	6,000	38,433
Solid Waste Disposal	37,860	19,532	14,500	30,305	14,300	116,497
Street Transportation and Drainage	254,977	149,987	130,066	137,298	135,817	808,145
Wastewater	177,624	142,589	154,534	82,405	93,333	650,485
Water	371,113	335,666	476,208	233,924	235,012	1,651,923
<b>Total</b>	<b>\$ 1,982,581</b>	<b>\$ 1,062,538</b>	<b>\$ 1,096,718</b>	<b>\$ 793,205</b>	<b>\$ 713,222</b>	<b>\$ 5,648,264</b>

**SUMMARY OF 2018-23 CAPITAL IMPROVEMENT PROGRAM**  
**By Source of Funds**  
(In Thousands of Dollars)

	2018-19	2019-20	2020-21	2021-22	2022-23	Total
<b>Operating Funds</b>						
<b>General Fund</b>						
General Fund	\$ 13,196	\$ 14,105	\$ 12,769	\$ 12,426	\$ 12,336	\$ 64,832
Library Fund	200	200	200	200	200	1,000
<b>Special Revenue Funds</b>						
Parks and Preserves	59,812	28,490	20,000	20,300	24,100	152,702
Transportation 2050	97,655	71,588	60,858	72,765	56,314	359,180
Development Services	14,924	7,039	6,039	39	39	28,080
Capital Construction	16,655	12,247	11,827	8,991	8,481	58,201
Sports Facilities	15,358	2,000	2,000	2,000	2,000	23,358
Arizona Highway User Revenue	127,095	70,227	71,352	72,729	75,249	416,652
Regional Transit	19,150	4,580	1,973	4,494	5,183	35,380
Community Reinvestment	6,446	3,272	3,272	4,522	3,250	20,762
Other Restricted	11,980	2,647	1,764	1,426	1,774	19,591
Operating Grants	117,663	30,697	15,926	30,211	34,017	228,514
<b>Enterprise Funds</b>						
Aviation	240,707	28,849	1,984	5,576	4,523	281,639
Water	118,643	111,655	116,211	102,441	112,960	561,910
Wastewater	21,563	120,130	73,443	62,660	72,905	350,701
Solid Waste	24,661	10,438	783	7,888	5,833	49,603
Convention Center	13,497	5,369	8,015	6,519	3,959	37,359
<b>Total Operating Funds</b>	<b>\$ 919,205</b>	<b>\$ 523,533</b>	<b>\$ 408,416</b>	<b>\$ 415,187</b>	<b>\$ 423,123</b>	<b>\$ 2,689,464</b>
<b>Bond Funds</b>						
<b>General Obligation Bonds</b>						
2001 General Obligation	\$ 5,937	\$ -	\$ -	\$ -	\$ -	\$ 5,937
2006 General Obligation	14,722	-	-	-	-	14,722
<b>Nonprofit Corporation Bonds</b>						
Aviation	265,558	90,000	19,900	-	-	375,458
Water	227,369	189,876	355,368	131,526	115,602	1,019,741
Wastewater	102,624	23,593	39,752	12,190	9,280	187,439
Solid Waste	14,724	7,500	14,000	22,700	6,000	64,924
Convention Center	150	-	-	-	-	150
Transportation 2050	-	107,913	172,707	155,456	74,624	510,700
Other	22,400	1,100	-	-	-	23,500
<b>Total Bond Funds</b>	<b>\$ 653,484</b>	<b>\$ 419,982</b>	<b>\$ 601,727</b>	<b>\$ 321,872</b>	<b>\$ 205,506</b>	<b>\$ 2,202,571</b>
<b>Other Capital Funds</b>						
Impact Fees	\$ 105,245	\$ 9,393	\$ 5,226	\$ 427	\$ 7,966	\$ 128,257
Passenger Facility Charge	114,412	12,508	7,422	3,265	1,152	138,759
Customer Facility Charges	3	-	-	-	-	3
Other Cities' Share in Joint Ventures	23,554	31,957	49,336	14,209	22,745	141,801
Solid Waste Remediation	1,255	475	-	-	-	1,730
Capital Grants	74,422	39,181	8,231	22,781	33,046	177,661
Federal, State and Other Participation	59,029	22,057	15,804	14,964	14,884	126,738
Capital Reserves	29,196	3,452	556	500	4,800	38,504
Other Capital	2,776	-	-	-	-	2,776
<b>Total Other Capital Funds</b>	<b>\$ 409,892</b>	<b>\$ 119,023</b>	<b>\$ 86,575</b>	<b>\$ 56,146</b>	<b>\$ 84,593</b>	<b>\$ 756,229</b>
<b>Total</b>	<b>\$ 1,982,581</b>	<b>\$ 1,062,538</b>	<b>\$ 1,096,718</b>	<b>\$ 793,205</b>	<b>\$ 713,222</b>	<b>\$ 5,648,264</b>

# 2018-23 CAPITAL IMPROVEMENT PROGRAM HIGHLIGHTS

The Capital Improvement Program (CIP) totals \$5.6 billion over the next five years. As shown in the pie chart below, funding for the 2018-23 program comes from three main sources: \$2.2 billion in bond funds, \$2.7 billion in pay-as-you-go operating funds and \$0.7 billion in other capital funds.



Projects in the first year total \$2.0 billion and are funded from pay-as-you-go operating funds (\$919.2 million), bond funds (\$653.5 million) and other capital financing (\$409.9 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 2018-23 Capital Improvement Program by source of funds and the 2018-19 Capital Improvement Program by fund group and program. A brief overview of the five-year plan for each program follows.

### Arts and Cultural Facilities

The Arts and Cultural Facilities program totals \$1.0 million and is funded by Other Restricted and General Obligation Bond funds.

The program provides partial funding to develop a Hispanic Cultural Center and for renovations to the Carver Museum.

## **Aviation**

The Aviation program totals \$947.8 million and is funded by Aviation, Aviation Bond, Capital Grant, Customer Facility Charge and Passenger Facility Charge funds. The program includes projects for Phoenix Sky Harbor International Airport, Phoenix Deer Valley Airport and Phoenix Goodyear Airport, and support for Phoenix-Mesa Gateway Airport.

Major improvements for Sky Harbor International Airport include:

- Modernize Terminal 3 with updated infrastructure including a new south concourse and renovation of the north concourse
- Upgrade to LED lighting at the Rental Car Center
- Reconstruct aprons, runways and upgrade utility vaults and infield paving
- Improve airport infrastructure including expansion of the PHX Sky Train by connecting the Rental Car Center to all terminals, ground transportation, parking and the Valley Metro Light Rail
- Enhance Terminal 4 infrastructure including a new south concourse adding eight gates
- Provide for contingency project funding, technology upgrades, debt service payments and integration of artwork into airport modernization projects

The Aviation program also includes connector relocation, taxiways, roadway and drainage improvements as well as land acquisition to enhance the protection of people and property within runway protection zones at the Phoenix Goodyear and Phoenix Deer Valley airports.

## **Economic Development**

The \$27.0 million Economic Development program is funded by Arizona Highway User Revenue, Downtown Community Reinvestment and Other Restricted funds. Major projects include:

- Downtown Redevelopment Area project facilitation and assistance
- Arizona State University Center for Law and Society development assistance
- Infrastructure improvements in connection with ASU's Health Solutions Innovation Center in the Arizona Biomedical Corridor located between Loop 101 and the Central Arizona Project Canal, between 56th and 64th Streets
- ASU Thunderbird School of Global Management development assistance

## **Energy Conservation**

The \$6.0 million Energy Conservation Program is funded by General, Solid Waste, Wastewater and Water funds.

The program is designed to focus efforts on energy efficient retrofits, energy efficient design and management, metering for efficient operations and implementation of new technology.

## **Facilities Management**

The Facilities Management program totals \$49.7 million and is funded by General, Development Services, Other Restricted, Solid Waste, Wastewater, Water, General Obligation Bond, Other Bond and Other Capital funds.

The Facilities Management program includes various major maintenance projects for City facilities and fuel infrastructure.

## **Finance**

The Finance program totals \$2.3 million and is funded with General, Transportation 2050, various enterprise and capital reserve funds. The program consists of a budget system replacement project.

## **Fire Protection**

The \$19.4 million Fire Protection program is funded by Other Restricted, General Obligation Bond, Other Bond and Impact Fee funds.

Major projects include replacement of the Computer Aided Dispatch (CAD) system and the design and construction of Fire Station 55 near the intersection of the I-17 Freeway and Jomax Road.

**Housing**

The Housing program totals \$49.8 million and is funded by Operating Grant, Other Restricted and Capital Grant funds.

The program provides funds for the purchase and modernization of housing units for low-income families throughout the City. Grant-funded modernization projects are planned based on the availability of these funds. Projects include HOME loan programs, affordable housing development, housing remodeling, and senior housing modernization.

**Human Services**

The \$0.6 million Human Services program is funded by General Obligation Bond funds.

The Human Services program includes design of a multi-purpose senior center adjacent to the Southwest Family Services Center.

**Information Technology**

The \$51.5 million Information Technology program is funded by General, Arizona Highway User Revenue, Aviation, Development Services, Solid Waste, Transportation 2050, Wastewater, Water, Other Bond and Capital Reserve funds.

The Information Technology program includes enhancement of the City's business intelligence and business analysis capabilities, replacing the outdated telephone system and data network, replacing FCC-mandated equipment with 700 MHz radios and consoles, and the implementation of a modernized data center environment to provide a more reliable and secure computing environment.

**Libraries**

The Libraries program totals \$9.3 million and is funded by General and Impact Fee funds.

The program includes branch library improvements and renovations to maintain current standards. Future expansions or renovations are planned for Estrella, Ironwood, North Gateway and Desert Broom pending funding availability.

**Neighborhood Services**

The Neighborhood Services program totals \$3.2 million and is funded by General Obligation Bond and Operating Grant funds.

The Neighborhood Services program seeks to reduce neighborhood blight and improve infrastructure by acquiring properties for stabilization and revitalization. By partnering with City departments, projects such as safe school routes, landscaping, sidewalks, lighting and other infrastructure improvements provide enhancements to City neighborhoods.

**Parks, Recreation and Mountain Preserves**

The Parks, Recreation and Mountain Preserves program totals \$185.0 million and is funded by Parks and Preserves, Sports Facilities, Other Restricted, Water, General Obligation Bond, Capital Reserve, Impact Fee and Other Capital funds.

The program includes improving and rehabilitating city parks, trails, sports fields and pools, installing or replacing security and sports field lighting, improving parking lots, constructing ADA accessible amenities and other citywide park infrastructure improvements.

Major projects include:

- Margaret T. Hance Park Renovation
- Cesar Chavez Community Center
- Phoenix Mountain Preserve Improvements
- Preserve Land Acquisition
- Maryvale Baseball Park Renovations
- South Mountain Park Improvements

### **Phoenix Convention Center**

The \$78.3 million Phoenix Convention Center program is funded by General, Convention Center, Sports Facilities and Convention Center Bond funds, and State contributions for Convention Center Expansion bond debt service payments. In addition to the Convention Center, this program includes projects and improvements for the Herberger Theater Center and Orpheum Theatre, Symphony Hall, and the Regency, Heritage and Convention Center parking garages.

Major projects include:

- Talking Stick Resort Arena Repairs
- Convention Center Audiovisual Infrastructure Improvements
- North and West Building Lighting Replacement
- North and West Building Security System Replacement
- East Garage Expansion Joint Replacement
- East Garage Elevator Refurbishment
- Regency Garage Fire Sprinkler System Replacement

### **Planning and Historic Preservation**

The Planning and Historic Preservation program totals \$26.8 million and is funded by Development Services and General Obligation Bond funds. The program includes replacement of the KIVA permitting system and matching funds for historic properties rehabilitation.

### **Public Transit**

The Public Transit program totals \$925.0 million and is funded by Transportation 2050, Operating Grant, Other Restricted, Regional Transportation, Capital Grant and Transportation 2050 Bond funds.

Phoenix voters approved Transportation 2050, an additional 0.4 percent sales tax, effective January 1, 2016, to fund the City's Comprehensive Transportation Plan including new light rail lines, bus expansion and street improvements.

Major projects in the Public Transit program include:

- Purchase buses and Dial-A-Ride vehicles
- Improve and maintain bus pullouts, passenger and public transit facilities
- Implement technology enhancements including a fare collection system
- Construct South Central, Capitol/I-10 and Northwest Extension Phase II Light Rail extensions
- Implement Transportation 2050 Bus Rapid Transit program
- Provide assistance to businesses along Light Rail zones, maintain vacant properties and provide for staff charges related to coordination of Light Rail expansion
- Provide for contingency project funding

### **Regional Wireless Cooperative (RWC)**

The RWC program totals \$38.4 million and is funded through the contributions of RWC member cities. The City of Phoenix's contribution is funded through excise tax-supported city improvement debt.

The RWC program's objective is to develop and assist subscriber cities with a FCC mandate requiring 700 MHz infrastructure upgrades for narrowbanding capabilities.

## **Solid Waste Disposal**

The \$116.5 million Solid Waste Disposal program is funded by Solid Waste, Solid Waste Bond, Capital Reserve and Solid Waste Remediation funds.

The Solid Waste Disposal program includes various projects at the City's landfills and transfer stations. Major projects include constructing methane gas extraction and drainage systems for the State Route 85 landfill, maintaining the methane gas collection systems for several locations, various cell excavations and lining, replacing or upgrading aging equipment at the 27th Avenue and North Gateway Transfer Stations Material Recovery Facilities, constructing the 27th Avenue Resource Innovation Campus and Technology Solutions Incubator, and completing the composting facility located at the 27th Avenue Transfer Station.

## **Street Transportation and Drainage**

The Street Transportation and Drainage program totals \$808.1 million and is funded by Arizona Highway User Revenue, Capital Construction, Other Restricted, Transportation 2050, Water, General Obligation Bond, Nonprofit Corporation Bond, Capital Reserve, Impact Fee and partner agency contribution funds.

The Street Transportation and Drainage program includes major maintenance of streets and bridges, new and expanded streets, mobility improvements, technology enhancements, and storm water improvements.

Major projects planned include improvements to the following locations:

- Lower Buckeye Road: 27th Avenue to 19th Avenue
- Buckeye Road: 67th Avenue to 59th Avenue
- Pinnacle Peak Road: Central Avenue to 7th Street
- Pinnacle Peak Road: 35th Avenue to 45th Avenue
- Jomax Road: I-17 to Norterra Parkway
- 24th Street and Grand Canal Bridge Replacement
- 3rd Street Promenade: McDowell Road to Indian School Road
- Rawhide Wash: Pinnacle Peak Road to Happy Valley Road

## **Wastewater**

The Wastewater program totals \$650.5 million and is funded by Wastewater, Wastewater Bond, Impact Fee and Other Cities' Share in Joint Venture funds.

The Wastewater program includes rehabilitation, replacement, and improvements to lift stations, sewer lines, wastewater treatment plants, odor control stations, large sewer interceptors, and other wastewater infrastructure. The program also includes power redundancy improvements, energy efficiency improvements, automation and technological improvements, security efforts, process improvements, Cave Creek Water Reclamation Plant rehabilitation and other initiatives.

## **Water**

The Water program totals \$1,652.0 million and is funded by Water, Wastewater, Solid Waste, Water Bond, Wastewater Bond, Impact Fee and Other Cities' Share in Joint Venture funds.

The Water program includes replacement, rehabilitation, and improvements to reservoirs, wells, steel tanks, booster stations, pipelines, water and transmission mains, water treatment plants, and other water infrastructure. The program also includes water resource acquisition, Colorado River shortage preparations, field service yard consolidation, power redundancy improvements, energy efficiency improvements, automation and technological improvements, security efforts, process improvements, Val Vista Water Treatment Plant rehabilitation and other initiatives.





**SUMMARY OF 2018-19 CAPITAL IMPROVEMENT PROGRAM**  
**By Program and Source of Funds**  
(In Thousands of Dollars)

<b>Program</b>	<b>Total Program</b>	<b>Pay-As- You-Go Operating</b>	<b>2001 Bonds</b>	<b>2006 Bonds</b>	<b>Nonprofit Corporation Bonds</b>	<b>Other Capital Sources</b>
Arts and Cultural Facilities	\$ 1,042	\$ 44	\$ 998	\$ -	\$ -	\$ -
Aviation	678,063	238,051	-	-	265,557	174,455
Economic Development	8,261	8,261	-	-	-	-
Energy Conservation	1,200	1,200	-	-	-	-
Facilities Management	17,658	11,154	4,900	104	665	835
Finance	2,263	1,432	-	-	-	831
Fire Protection	19,442	6,100	-	7,990	2,400	2,952
Housing	22,210	15,104	-	-	-	7,106
Human Services	600	-	-	600	-	-
Information Technology	34,529	15,434	-	-	18,295	800
Libraries	200	200	-	-	-	-
Neighborhood Services	3,234	1,748	18	1,468	-	-
Parks, Recreation and Mountain Preserves	84,078	61,921	-	3,525	-	18,632
Phoenix Convention Center	50,963	27,817	-	-	150	22,996
Planning and Historic Preservation	13,786	13,000	21	765	-	-
Public Transit	193,570	186,294	-	-	-	7,276
Regional Wireless Cooperative	9,908	-	-	-	-	9,908
Solid Waste Disposal	37,860	20,627	-	-	14,685	2,548
Street Transportation and Drainage	254,977	175,734	-	271	1,295	77,677
Wastewater	177,624	12,580	-	-	102,438	62,606
Water	371,113	122,504	-	-	227,339	21,270
<b>Total</b>	<b>\$ 1,982,581</b>	<b>\$ 919,205</b>	<b>\$ 5,937</b>	<b>\$ 14,723</b>	<b>\$ 632,824</b>	<b>\$ 409,892</b>

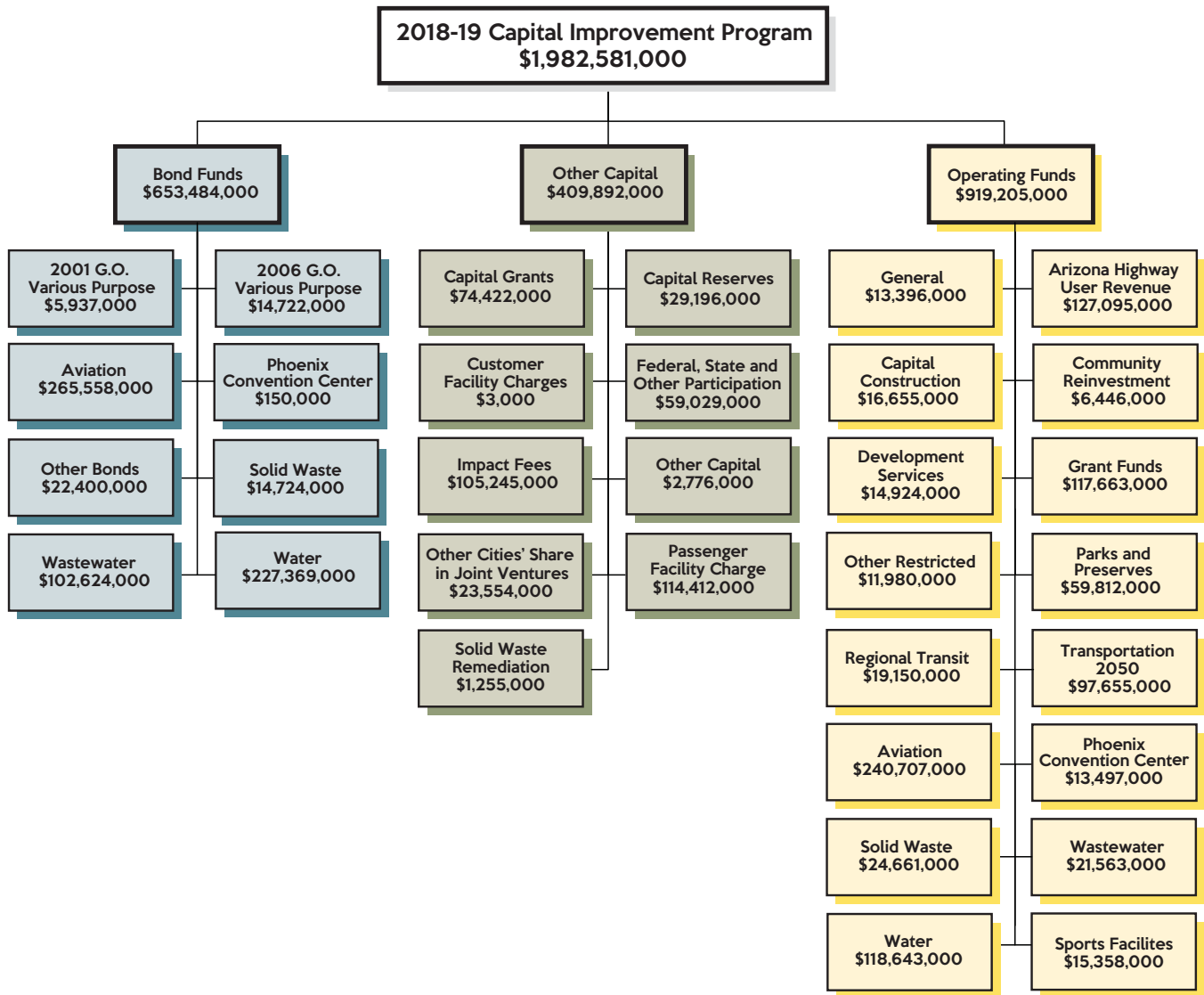
**RESOURCES AND EXPENDITURES BY CAPITAL FUND**  
**2018-19 CAPITAL IMPROVEMENT PROGRAM**  
(In Thousands of Dollars)

	RESOURCES			EXPENDITURES	FUND BALANCES		
	Beginning Balance	Projected Revenue <sup>1</sup>	Total	Estimated Expenditures	Ending Fund Balance	Projected Resources Beyond 18/19 <sup>2</sup>	Funds Available Beyond 18/19
<b>Capital Fund</b>							
<b>BONDS AND RELATED FUNDS</b>							
<b>2006 Bonds</b>							
Libraries, Senior & Cultural Centers	\$ (3,136)	\$ -	\$ (3,136)	\$ 600	\$ (3,736)	\$ 27,190	\$ 23,454
Education	(4,563)	-	(4,563)	-	(4,563)	8,090	3,527
Affordable Housing & Neighborhoods	5,740	-	5,740	2,568	3,172	17,795	20,967
Parks and Open Spaces	5,253	-	5,253	3,294	1,959	13,685	15,644
Police, Fire & Homeland Security	65	-	65	7,990	(7,925)	36,700	28,775
Police, Fire & City Technology	274	-	274	-	274	4,790	5,064
Street and Storm Sewer Improvement	5,925	-	5,925	270	5,655	27,495	33,150
<b>2001 Bonds</b>							
Affordable Housing & Homeless Shelter	1,053	-	1,053	-	1,053	-	1,053
Educational, Youth & Cultural Facilities	(179)	-	(179)	998	(1,177)	1,700	523
Environmental Improvement & Cleanup	261	-	261	-	261	630	891
Fire Protection Facilities & Equipment	(788)	-	(788)	-	(788)	800	12
Neighborhood Protection & Senior Centers	4,853	-	4,853	4,939	(86)	2,355	2,269
New & Improved Libraries	3,450	-	3,450	-	3,450	900	4,350
Parks, Open Space & Recreation	(332)	-	(332)	-	(332)	4,425	4,093
Police Protection Facilities & Equipment	(524)	-	(524)	-	(524)	1,115	591
Police, Fire & Computer Technology	(50)	-	(50)	-	(50)	615	565
Preserving Phoenix Heritage	(174)	-	(174)	-	(174)	795	621
Storm Sewers	-	-	-	-	-	50	50
Street Improvements	(457)	-	(457)	-	(457)	2,225	1,768
<b>1989 Historic Preservation</b>	<b>2</b>	<b>-</b>	<b>2</b>	<b>-</b>	<b>2</b>	<b>-</b>	<b>2</b>
<b>1988 Bonds</b>							
Freeway Mitigation, Neighborhood Stabilization, Slum & Blight Elimination	845	-	845	-	845	1,000	1,845
Parks, Recreation & Mountain Preserves	419	-	419	-	419	-	419
Police Protection	27	-	27	-	27	-	27
<b>Nonprofit Corporation Bonds</b>							
Aviation	(259,252)	524,810	265,558	265,558	-	696,199	696,199
Convention Center	4	150	154	150	4	-	4
Solid Waste	588	-	588	14,724	(14,136)	75,000	60,864
Wastewater	(77,431)	180,055	102,624	102,624	-	224,945	224,945
Water	(161,987)	389,356	227,369	227,369	-	135,644	135,644
Other	31,789	(2,085)	29,704	22,400	7,304	120,945	128,249
<b>OTHER FINANCING</b>							
Impact Fees	140,518	-	140,518	105,245	35,273	-	35,273
Passenger Facility Charge	35,764	80,000	115,764	114,412	1,352	320,000	321,352
Customer Facility Charge	10,188	9,736	19,924	3	19,921	-	19,921
Other Cities' Participation in Joint Ventures	-	23,554	23,554	23,554	-	-	-
Solid Waste Remediation	4,196	-	4,196	1,255	2,941	-	2,941
Capital Grants	-	74,422	74,422	74,422	-	-	-
Federal, State & Other Participation	-	59,029	59,029	59,029	-	-	-
Capital Gifts	31	-	31	-	31	-	31
Capital Reserves	348,428	-	348,428	29,196	319,232	-	319,232
Other Capital	3,339	-	3,339	2,776	563	-	563
<b>TOTAL</b>	<b>\$ 94,139</b>	<b>\$ 1,339,027</b>	<b>\$ 1,433,166</b>	<b>\$ 1,063,376</b>	<b>\$ 369,790</b>	<b>\$ 1,725,088</b>	<b>\$ 2,094,878</b>

<sup>1</sup> Includes bond proceeds, interfund transfers and funds which "pass through" capital funds such as grants, land sales and other agency and private participation funds. Actual bond sales will be according to cash flow requirements.

<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.

# 2018-19 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 infrastructure, 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. 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 and property tax policy adopted by the City Council in December 2011, the primary property tax levy is maximized to ensure its stability as a source of General Fund revenue and to help pay for operation and maintenance of capital facilities. On March 14, 2006, Phoenix voters approved an \$878.5 million bond program. Estimated General Fund expenditures to operate 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. Each year, the City Council considers the impact of future capital facilities as it sets annual utility rates. 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 by the Budget and Research Department. For the 2018-19 budget there are no new capital facilities opening, therefore there is no funding programed for operating and maintenance costs for new facilities and systems.





**SUMMARY  
SCHEDULES**





**2016-17 SCHEDULE 1  
RESOURCES AND EXPENDITURES BY FUND  
ACTUAL  
(In Thousands of Dollars)**

	Resources					Expenditures					Ending Fund Balances
	Beginning Fund Balances	Revenue <sup>1/</sup>	Recovery	Fund Transfer		Total	Operating	Capital	Debt		
				To	From				Service	Total	
<b>General Funds:</b>											
General	\$ 112,544	\$ 263,319	\$ 3,496	\$ 870,367	\$ 128,423	\$ 1,121,303	\$ 971,559	\$ 5,250	\$ -	\$ 976,809	\$ 144,494
Parks and Recreation	-	16,231	159	72,642	-	89,032	89,032	-	-	89,032	-
Library	-	37,062	29	-	2,208	34,883	34,712	171	-	34,883	-
Cable Communications	-	10,391	6	-	5,759	4,638	4,638	-	-	4,638	-
<b>Total General</b>	<b>\$ 112,544</b>	<b>\$ 327,003</b>	<b>\$ 3,690</b>	<b>\$ 943,009</b>	<b>\$ 136,390</b>	<b>\$ 1,249,856</b>	<b>\$ 1,099,941</b>	<b>\$ 5,421</b>	<b>\$ -</b>	<b>\$ 1,105,362</b>	<b>\$ 144,494</b>
<b>Special Revenue Funds:</b>											
Excise Tax	\$ -	\$ 1,210,387	\$ -	\$ -	\$ 1,210,387	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Nghbrhd Protection-Police	8,043	112	1	21,121	173	29,104	15,422	-	-	15,422	13,682
Nghbrhd Protection-Fire	7,064	75	-	7,543	-	14,682	8,354	-	-	8,354	6,328
Nghbrhd Protection-Block Watch	3,014	279	-	1,510	-	4,803	1,272	-	-	1,272	3,531
2007 Public Safety Exp-Police	519	(10)	1	48,277	349	48,438	36,582	-	-	36,582	11,856
2007 Public Safety Exp-Fire	3,721	27	-	12,069	57	15,760	12,455	-	-	12,455	3,305
Public Safety Enhance-Police	1,438	-	-	15,536	290	16,684	10,989	-	-	10,989	5,695
Public Safety Enhance-Fire	2,944	-	-	9,523	-	12,467	8,451	-	-	8,451	4,016
Parks and Preserves	47,318	1,054	413	30,172	4	78,953	3,989	31,169	-	35,158	43,795
Transit 2000 <sup>2/</sup>	175,186	2,730	312	-	47,089	131,139	125,731	4,130	-	129,861	1,278
Transportation 2050 <sup>2/</sup>	106,857	48,452	96	203,710	14,689	344,426	41,508	48,160	-	89,668	254,758
Court Awards	(89)	6,405	18	-	-	6,334	5,774	325	-	6,099	235
Development Services	46,240	53,410	71	-	3,289	96,432	41,879	333	-	42,212	54,220
Capital Construction	6,037	142	243	11,064	-	17,486	198	6,064	-	6,262	11,224
Sports Facilities	26,453	8,976	1	23,083	299	58,214	2,268	249	17,888	20,405	37,809
AZ Highway User Revenue	51,922	127,142	1,477	1,575	-	182,116	52,397	74,304	-	126,701	55,415
Regional Transit	(14,001)	43,866	(468)	-	24	29,373	30,758	12,604	-	43,362	(13,989) <sup>3/</sup>
Community Reinvestment	12,161	7,068	-	-	2,064	17,165	388	4,747	-	5,135	12,030
Secondary Property Tax	100	95,759	-	31,362	-	127,221	-	-	126,695	126,695	526
Impact Fee Program Admin	972	383	-	-	-	1,355	450	-	-	450	905
Regional Wireless Cooperative	2,326	4,123	-	-	-	6,449	4,693	-	-	4,693	1,756
Golf Course	317	5,770	4	-	-	6,091	5,841	-	-	5,841	250
City Improvement	-	-	-	180,993	86,309	94,684	-	-	94,568	94,568	116
Other Restricted Funds	72,937	40,897	300	23,444	7,775	129,803	39,768	5,374	-	45,142	84,661
Grant Funds	15,170	250,481	617	2,165	340	268,093	190,927	53,683	-	244,610	23,483
<b>Total Special Revenue</b>	<b>\$ 576,649</b>	<b>\$ 1,907,528</b>	<b>\$ 3,086</b>	<b>\$ 623,147</b>	<b>\$ 1,373,138</b>	<b>\$ 1,737,272</b>	<b>\$ 640,094</b>	<b>\$ 241,142</b>	<b>\$ 239,151</b>	<b>\$ 1,120,387</b>	<b>\$ 616,885</b>
<b>Enterprise Funds:</b>											
Aviation	\$ 326,033	\$ 354,651	\$ 1,498	\$ 18,959	\$ 24,294	\$ 676,847	\$ 245,095	\$ 42,693	\$ 54,948	\$ 342,736	\$ 334,111
Water	105,473	417,702	2,770	352	26,028	500,269	171,897	152,430	113,349	437,676	62,593
Wastewater	120,667	228,719	1,680	105	16,476	334,695	95,161	82,388	70,276	247,825	86,870
Solid Waste	54,679	151,113	468	-	12,704	193,556	126,156	10,557	12,942	149,655	43,901
Convention Center	41,879	20,402	51	49,082	2,680	108,734	44,047	1,187	19,720	64,954	43,780
<b>Total Enterprise</b>	<b>\$ 648,731</b>	<b>\$ 1,172,587</b>	<b>\$ 6,467</b>	<b>\$ 68,498</b>	<b>\$ 82,182</b>	<b>\$ 1,814,101</b>	<b>\$ 682,356</b>	<b>\$ 289,255</b>	<b>\$ 271,235</b>	<b>\$ 1,242,846</b>	<b>\$ 571,255</b>
<b>GRAND TOTAL</b>	<b>\$ 1,337,924</b>	<b>\$ 3,407,118</b>	<b>\$ 13,243</b>	<b>\$ 1,634,654</b>	<b>\$ 1,591,710</b>	<b>\$ 4,801,229</b>	<b>\$ 2,422,391</b>	<b>\$ 535,818</b>	<b>\$ 510,386</b>	<b>\$ 3,468,595</b>	<b>\$ 1,332,634</b>

<sup>1/</sup> General fund sales tax revenue is reflected as a transfer from the excise tax fund. Total transfer equates to \$778.8 million, and is included in the General Funds revenue total of \$1,105.8 million shown on Schedule 2.

<sup>2/</sup> The Transportation 2050 sales tax (Proposition 104) was established by the voters effective January 1, 2016 and increased the Transit 2000 sales tax (Proposition 2000) to fund a comprehensive transportation plan with a 35 year sunset date. The Proposition increased the transaction privilege (sales) tax rates by 0.3% for various business activities.

<sup>3/</sup> The negative fund balance in Regional Transit is due to the timing of reimbursements for project costs from the regional transportation plan (Proposition 400).

**2017-18 SCHEDULE 1  
RESOURCES AND EXPENDITURES BY FUND  
ESTIMATE  
(In Thousands of Dollars)**

	Resources					Expenditures					Ending Fund Balances
	Beginning Fund Balances	Revenue <sup>1/</sup>	Recovery	Fund Transfer		Total	Operating	Capital	Debt		
				To	From				Service	Total	
<b>General Funds:</b>											
General	\$ 144,494	\$ 283,672	\$ 1,000	\$ 887,763	\$ 156,717	\$ 1,160,212	\$ 1,041,024	\$ 4,065	\$ -	\$ 1,045,089	\$ 115,123
Parks and Recreation	-	17,216	-	74,763	-	91,979	91,979	-	-	91,979	-
Library	-	47,539	-	2,063	2,103	47,499	40,139	7,360	-	47,499	-
Cable Communications	-	10,105	-	-	5,275	4,830	4,830	-	-	4,830	-
<b>Total General</b>	<b>144,494</b>	<b>358,532</b>	<b>1,000</b>	<b>964,589</b>	<b>164,095</b>	<b>1,304,520</b>	<b>1,177,972</b>	<b>11,425</b>	<b>-</b>	<b>1,189,397</b>	<b>115,123</b>
<b>Special Revenue Funds:</b>											
Excise Tax	\$ -	\$ 1,251,869	\$ -	\$ -	\$ 1,251,869	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Nghbrhd Protection-Police	13,682	163	-	21,978	330	35,493	24,507	-	-	24,507	10,986
Nghbrhd Protection-Fire	6,328	95	-	7,848	10	14,261	9,407	-	-	9,407	4,854
Nghbrhd Protection-Block Watch	3,531	332	-	1,569	9	5,423	1,250	-	-	1,250	4,173
2007 Public Safety Exp-Police	11,856	135	-	50,232	420	61,803	39,015	-	-	39,015	22,788
2007 Public Safety Exp-Fire	3,305	29	-	12,559	76	15,817	13,361	-	-	13,361	2,456
Public Safety Enhance-Police	5,695	-	-	15,576	199	21,072	14,304	-	-	14,304	6,768
Public Safety Enhance-Fire	4,016	-	-	9,546	-	13,562	9,428	-	-	9,428	4,134
Parks and Preserves	43,795	870	280	33,135	198	77,882	5,607	21,982	-	27,589	50,293
Transit 2000 <sup>2/</sup>	1,278	-	19	-	1,297	-	-	-	-	-	-
Transportation 2050 <sup>2/</sup>	254,758	48,061	500	213,580	66,360	450,539	202,141	47,802	-	249,943	200,596
Court Awards	235	5,042	260	-	-	5,537	5,070	-	-	5,070	467
Development Services	54,220	55,870	-	-	3,494	106,596	54,881	1,531	-	56,412	50,184
Capital Construction	11,224	190	280	9,377	-	21,071	199	6,164	-	6,363	14,708
Sports Facilities	37,809	7,904	105	19,368	388	64,798	2,374	2,142	20,062	24,578	40,220
AZ Highway User Revenue	55,415	132,107	600	-	-	188,122	62,049	62,766	-	124,815	63,307
Regional Transit	(13,989)	41,433	-	-	-	27,444	31,681	2,919	-	34,600	(7,156) <sup>3/</sup>
Community Reinvestment	12,030	6,219	-	857	2,068	17,038	489	2,992	-	3,481	13,557
Secondary Property Tax	526	100,382	426	436	-	101,770	-	-	101,670	101,670	100
Impact Fee Program Admin	905	388	-	-	-	1,293	451	-	-	451	842
Regional Wireless Cooperative	1,756	4,495	40	-	-	6,291	4,754	-	-	4,754	1,537
Golf Course	250	5,471	-	-	-	5,721	5,351	-	-	5,351	370
City Improvement	116	-	-	103,735	1,026	102,825	-	-	102,825	102,825	-
Other Restricted Funds	84,661	32,626	110	48,874	9,624	156,647	49,407	5,959	-	55,366	101,281
Grant Funds	23,483	228,692	100	-	273	252,002	226,258	7,860	-	234,118	17,884
<b>Total Special Revenue</b>	<b>\$ 616,885</b>	<b>\$ 1,922,373</b>	<b>\$ 2,720</b>	<b>\$ 548,670</b>	<b>\$ 1,337,641</b>	<b>\$ 1,753,007</b>	<b>\$ 761,984</b>	<b>\$ 162,117</b>	<b>\$ 224,557</b>	<b>\$ 1,148,658</b>	<b>\$ 604,349</b>
<b>Enterprise Funds:</b>											
Aviation	\$ 334,111	\$ 366,280	\$ 3,060	\$ 15,750	\$ 11,970	\$ 707,231	\$ 256,067	\$ 55,894	\$ 65,203	\$ 377,164	\$ 330,067
Water	62,593	421,857	6,060	25,000	23,304	492,206	197,023	104,732	110,046	411,801	80,405
Wastewater	86,870	235,556	1,160	-	14,814	308,772	170,302	33,050	69,931	273,283	35,489
Solid Waste	43,901	151,452	260	-	10,368	185,245	130,168	9,538	9,492	149,198	36,047
Convention Center	43,780	22,680	50	49,505	4,227	111,788	47,182	4,782	19,928	71,892	39,896
<b>Total Enterprise</b>	<b>\$ 571,255</b>	<b>\$ 1,197,825</b>	<b>\$ 10,590</b>	<b>\$ 90,255</b>	<b>\$ 64,683</b>	<b>\$ 1,805,242</b>	<b>\$ 800,742</b>	<b>\$ 207,996</b>	<b>\$ 274,600</b>	<b>\$ 1,283,338</b>	<b>\$ 521,904</b>
<b>GRAND TOTAL</b>	<b>\$ 1,332,634</b>	<b>\$ 3,478,730</b>	<b>\$ 14,310</b>	<b>\$ 1,603,514</b>	<b>\$ 1,566,419</b>	<b>\$ 4,862,769</b>	<b>\$ 2,740,698</b>	<b>\$ 381,538</b>	<b>\$ 499,157</b>	<b>\$ 3,621,393</b>	<b>\$ 1,241,376</b>

<sup>1/</sup> General fund sales tax revenue is reflected as a transfer from the excise tax fund. Total transfer equates to \$805.9 million, and is included in the General Funds revenue total of \$1,164.4 million shown on Schedule 2.

<sup>2/</sup> The Transportation 2050 sales tax (Proposition 104) was established by the voters effective January 1, 2016 and increased the Transit 2000 sales tax (Proposition 2000) to fund a comprehensive transportation plan with a 35 year sunset date. The Proposition increased the transaction privilege (sales) tax rates by 0.3% for various business activities.

<sup>3/</sup> The negative fund balance in Regional Transit is due to the timing of reimbursements for project costs from the regional transportation plan (Proposition 400).

**2018-19 SCHEDULE 1  
RESOURCES AND EXPENDITURES BY FUND  
BUDGET  
(In Thousands of Dollars)**

	Resources						Expenditures				Ending Fund Balances	
	Beginning Fund Balances		Revenue <sup>1/</sup>	Recovery	Fund Transfer		Total	Operating	Capital	Debt Service		Total
					To	From						
<b>General Funds:</b>												
General	\$ 115,123	\$ 290,954	\$ 1,000	\$ 907,600	\$ 138,019	\$ 1,176,658	\$ 1,163,462	\$ 13,196	\$ -	\$ 1,176,658	\$ -	
Parks and Recreation	-	17,061	-	76,322	-	93,383	93,383	-	-	93,383	-	
Library	-	39,346	-	632	2,103	37,875	37,675	200	-	37,875	-	
Cable Communications	-	10,105	-	-	7,902	2,203	2,203	-	-	2,203	-	
<b>Total General</b>	<b>\$ 115,123</b>	<b>\$ 357,466</b>	<b>\$ 1,000</b>	<b>\$ 984,554</b>	<b>\$ 148,024</b>	<b>\$ 1,310,119</b>	<b>\$ 1,296,723</b>	<b>\$ 13,396</b>	<b>\$ -</b>	<b>\$ 1,310,119</b>	<b>\$ -</b>	
<b>Special Revenue Funds:</b>												
Excise Tax	\$ -	\$ 1,286,950	\$ -	\$ -	\$ 1,286,950	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Nghbrhd Protection-Police	10,986	163	-	22,803	428	33,524	28,996	-	-	28,996	4,528	
Nghbrhd Protection-Fire	4,854	95	-	8,144	39	13,054	10,311	-	-	10,311	2,743	
Nghbrhd Protection-Block Watch	4,173	332	-	1,629	8	6,126	1,250	-	-	1,250	4,876	
2007 Public Safety Exp-Police	22,788	135	-	52,121	653	74,391	57,984	-	-	57,984	16,407	
2007 Public Safety Exp-Fire	2,456	30	-	13,030	128	15,388	15,388	-	-	15,388	-	
Public Safety Enhance-Police	6,768	-	-	16,128	199	22,697	17,151	-	-	17,151	5,546	
Public Safety Enhance-Fire	4,134	-	-	9,885	-	14,019	11,615	-	-	11,615	2,404	
Parks and Preserves	50,293	650	80	32,577	158	83,442	5,551	59,812	-	65,363	18,079	
Transportation 2050	200,596	48,783	400	221,093	69,347	401,525	216,081	97,655	-	313,736	87,789	
Court Awards	467	4,610	-	-	-	5,077	4,584	-	-	4,584	493	
Development Services	50,184	55,955	-	-	3,494	102,645	61,389	14,924	-	76,313	26,332	
Capital Construction	14,708	120	230	9,034	-	24,092	167	16,655	-	16,822	7,270	
Sports Facilities	40,220	4,049	-	19,315	393	63,191	17,478	15,358	28,754	61,590	1,601	
AZ Highway User Revenue	63,307	136,209	600	-	1,258	198,858	66,785	127,095	-	193,880	4,978	
Regional Transit	(7,156)	37,207	-	-	-	30,051	32,632	19,150	-	51,782	(21,731) <sup>2/</sup>	
Community Reinvestment	13,557	5,252	-	3,421	2,063	20,167	1,348	6,446	-	7,794	12,373	
Secondary Property Tax	100	105,917	650	1,390	-	108,057	-	-	107,957	107,957	100	
Impact Fee Program Admin	842	388	-	-	-	1,230	486	-	-	486	744	
Regional Wireless Cooperative	1,537	4,858	-	-	-	6,395	4,420	-	-	4,420	1,975	
Golf Course	370	5,266	-	-	-	5,636	5,283	-	-	5,283	353	
City Improvement	-	-	-	113,033	1,028	112,005	-	-	112,005	112,005	-	
Other Restricted Funds	101,281	29,521	110	23,242	6,085	148,069	53,362	11,980	-	65,342	82,727	
Grant Funds	17,884	323,343	50	-	272	341,005	211,931	117,663	-	329,594	11,411	
<b>Total Special Revenue</b>	<b>\$ 604,349</b>	<b>\$ 2,049,833</b>	<b>\$ 2,120</b>	<b>\$ 546,845</b>	<b>\$ 1,372,503</b>	<b>\$ 1,830,644</b>	<b>\$ 824,192</b>	<b>\$ 486,738</b>	<b>\$ 248,716</b>	<b>\$ 1,559,646</b>	<b>\$ 270,998</b>	
<b>Enterprise Funds:</b>												
Aviation	\$ 330,067	\$ 373,795	\$ 1,200	\$ 16,250	\$ 11,344	\$ 709,968	\$ 279,092	\$ 240,707	\$ 96,397	\$ 616,196	\$ 93,772	
Water	80,405	424,700	2,710	-	24,289	483,526	223,449	118,643	118,012	460,104	23,422	
Wastewater	35,489	237,665	1,020	-	15,403	258,771	110,881	21,563	75,971	208,415	50,356	
Solid Waste	36,047	153,959	260	-	10,437	179,829	140,402	24,661	14,317	179,380	449	
Convention Center	39,896	23,752	50	50,907	4,050	110,555	54,632	13,497	19,933	88,062	22,493	
<b>Total Enterprise</b>	<b>\$ 521,904</b>	<b>\$ 1,213,871</b>	<b>\$ 5,240</b>	<b>\$ 67,157</b>	<b>\$ 65,523</b>	<b>\$ 1,742,649</b>	<b>\$ 808,456</b>	<b>\$ 419,071</b>	<b>\$ 324,630</b>	<b>\$ 1,552,157</b>	<b>\$ 190,492</b>	
<b>GRAND TOTAL</b>	<b>\$ 1,241,376</b>	<b>\$ 3,621,170</b>	<b>\$ 8,360</b>	<b>\$ 1,598,556</b>	<b>\$ 1,586,050</b>	<b>\$ 4,883,412</b>	<b>\$ 2,929,371</b>	<b>\$ 919,205</b>	<b>\$ 573,346</b>	<b>\$ 4,421,922</b>	<b>\$ 461,490</b>	

<sup>1/</sup> General fund sales tax revenue is reflected as a transfer from the excise tax fund. Total transfer equates to \$826.2 million, and is included in the General Funds revenue total of \$1,183.7 million shown on Schedule 2.

<sup>2/</sup> The negative fund balance in Regional Transit is due to the timing of reimbursements for project costs from the regional transportation plan (Proposition 400).

**SCHEDULE 2: REVENUES BY MAJOR SOURCE**

(In Thousands of Dollars)

Revenue Source	2016-17 Actual	2017-18 Estimate	Increase/(Decrease) From 2016-17 Actual		2018-19 Budget	Increase/(Decrease) From 2017-18 Estimate		
			Amount	Percent		Amount	Percent	
<b>GENERAL FUND</b>								
<b>Local Taxes and Related Fees</b>	\$ 440,708	\$ 449,766	\$ 9,058	2.1%	\$ 464,953	\$ 15,187	3.4%	
<b>State-Shared Revenues</b>								
Sales Tax	143,976	153,160	9,184	6.4%	159,407	6,247	4.1%	
State Income Tax	191,225	200,035	8,810	4.6%	198,297	(1,738)	-0.9%	
Vehicle License Tax	61,586	67,745	6,159	10.0%	70,794	3,049	4.5%	
Subtotal	\$ 396,787	\$ 420,940	\$ 24,153	6.1%	\$ 428,498	\$ 7,558	1.8%	
<b>Primary Property Tax</b>	\$ 146,121	\$ 155,020	\$ 8,899	6.1%	\$ 161,586	\$ 6,566	4.2%	
<b>User Fees/Other Revenue</b>								
Licenses & Permits	2,879	2,929	50	1.7%	3,558	629	21.5%	
Cable Communications	10,391	10,105	(286)	-2.8%	10,105	-	0.0%	
Fines and Forfeitures	12,039	13,022	983	8.2%	12,667	(355)	-2.7%	
Court Default Fee	1,164	1,308	144	12.4%	1,308	-	0.0%	
Fire	45,886	47,931	2,045	4.5%	48,650	719	1.5%	
Hazardous Materials Inspection Fee	1,388	1,400	12	0.9%	1,400	-	0.0%	
Library Fees	701	8,561	7,860	+100%	518	(8,043)	-93.9%	
Parks and Recreation	7,571	7,933	362	4.8%	7,240	(693)	-8.7%	
Planning	1,690	1,806	116	6.9%	1,860	54	3.0%	
Police	13,720	14,133	413	3.0%	14,010	(123)	-0.9%	
Street Transportation	5,194	6,209	1,015	19.5%	4,682	(1,527)	-24.6%	
Other Service Charges	16,752	19,446	2,694	16.1%	19,648	202	1.0%	
Other	2,800	3,913	1,113	39.8%	2,998	(915)	-23.4%	
Subtotal	\$ 122,175	\$ 138,696	\$ 16,521	13.5%	\$ 128,644	\$ (10,052)	-7.2%	
<b>Total General Funds</b>	\$ 1,105,791	\$ 1,164,422	\$ 58,631	5.3%	\$ 1,183,681	\$ 19,259	1.7%	

**SCHEDULE 2: REVENUES BY MAJOR SOURCE (Continued)**

(In Thousands of Dollars)

Revenue Source	2016-17 Actual	2017-18 Estimate	Increase/(Decrease) From 2016-17 Actual		2018-19 Budget	Increase/(Decrease) From 2017-18 Estimate		
			Amount	Percent		Amount	Percent	
<b>SPECIAL REVENUE FUNDS</b>								
Neighborhood Protection	\$ 30,550	\$ 31,896	\$ 1,346	4.4%	\$ 33,106	\$ 1,210	3.8%	
2007 Public Safety Expansion	60,184	62,776	2,592	4.3%	65,196	2,420	3.9%	
Public Safety Enhancement	25,059	25,122	63	0.3%	26,013	891	3.5%	
Parks and Preserves	31,136	32,176	1,040	3.3%	33,167	991	3.1%	
Transit 2000 <sup>1/</sup>	2,730	-	(2,730)	-100.0%	-	-	NA	
Transporation 2050 <sup>1/</sup>	251,294	261,283	9,989	4.0%	269,637	8,354	3.2%	
Court Awards	6,405	5,042	(1,363)	-21.3%	4,610	(432)	-8.6%	
Development Services	53,410	55,870	2,460	4.6%	55,955	85	0.2%	
Capital Construction	11,206	9,567	(1,639)	-14.6%	9,154	(413)	-4.3%	
Sports Facilities	27,411	26,246	(1,165)	-4.3%	22,336	(3,910)	-14.9%	
Arizona Highway User Revenue	127,142	132,107	4,965	3.9%	136,209	4,102	3.1%	
Regional Transit Revenues	43,866	41,433	(2,433)	-5.5%	37,207	(4,226)	-10.2%	
Community Reinvestment	7,068	6,219	(849)	-12.0%	5,252	(967)	-15.5%	
Secondary Property Tax	95,759	100,382	4,623	4.8%	105,917	5,535	5.5%	
Regional Wireless Cooperative	4,123	4,495	372	9.0%	4,858	363	8.1%	
Golf Courses	5,770	5,471	(299)	-5.2%	5,266	(205)	-3.7%	
Impact Fee Program Administration	383	388	5	1.3%	388	-	0.0%	
Other Restricted Revenues	45,712	37,813	(7,899)	-17.3%	35,097	(2,716)	-7.2%	
<u>Grants</u>								
Public Housing Grants	89,723	92,830	3,107	3.5%	95,210	2,380	2.6%	
Human Services Grants	46,084	45,981	(103)	-0.2%	48,668	2,687	5.8%	
Community Development	19,846	27,344	7,498	37.8%	20,363	(6,981)	-25.5%	
Criminal Justice	9,744	10,461	717	7.4%	7,757	(2,704)	-25.8%	
Public Transit Grants	55,272	14,847	(40,425)	-73.1%	116,715	101,868	+100%	
Other Grants	29,812	37,229	7,417	24.9%	34,630	(2,599)	-7.0%	
Subtotal - Grants	\$ 250,481	\$ 228,692	\$ (21,789)	-8.7%	\$ 323,343	\$ 94,651	41.4%	
<b>Subtotal Special Revenue Funds</b>	<b>\$ 1,079,689</b>	<b>\$ 1,066,978</b>	<b>\$ (12,711)</b>	<b>-1.2%</b>	<b>\$ 1,172,711</b>	<b>\$ 105,733</b>	<b>9.9%</b>	
<b>ENTERPRISE FUNDS</b>								
Aviation	354,651	366,280	11,629	3.3%	373,795	7,515	2.1%	
Water System	417,702	421,857	4,155	1.0%	424,700	2,843	0.7%	
Wastewater System	228,719	235,556	6,837	3.0%	237,665	2,109	0.9%	
Solid Waste	151,113	151,452	339	0.2%	153,959	2,507	1.7%	
Convention Center	69,453	72,185	2,732	3.9%	74,659	2,474	3.4%	
<b>Subtotal Enterprise Funds</b>	<b>\$ 1,221,638</b>	<b>\$ 1,247,330</b>	<b>\$ 25,692</b>	<b>2.1%</b>	<b>\$ 1,264,778</b>	<b>\$ 17,448</b>	<b>1.4%</b>	
<b>GRAND TOTAL</b>	<b>\$ 3,407,118</b>	<b>\$ 3,478,730</b>	<b>\$ 71,612</b>	<b>2.1%</b>	<b>\$ 3,621,170</b>	<b>\$ 142,440</b>	<b>4.1%</b>	

<sup>1/</sup> The Transporation 2050 sales tax (Proposition 104) was established by the voters effective January 1, 2016 and increased the Transit 2000 sales tax (Proposition 2000) to fund a comprehensive transportation plan with a 35 year sunset date. The proposition increased the transaction privilege (sales) tax rates by 0.3% for various business activities.

**SCHEDULE 3**  
**EXPENDITURES BY DEPARTMENT <sup>1</sup>**  
(In Thousands of Dollars)

Program	2016-17 Actual	2017-18		2018-19 Budget	Percent Change from 2017-18		
		Budget	Estimate		Budget	Budget	Estimate
<b>General Government</b>							
Mayor	\$ 1,559	\$ 1,962	\$ 1,962	1,995	1.7%	1.7%	
City Council	3,352	4,206	4,216	4,409	4.8%	4.6%	
City Manager	2,439	2,649	2,541	2,636	(0.5%)	3.7%	
Government Relations	993	1,091	1,041	1,281	17.4%	23.1%	
Communications Office	2,291	2,489	2,466	2,544	2.2%	3.2%	
City Auditor	2,358	2,853	2,726	2,980	4.5%	9.3%	
Equal Opportunity	2,520	2,970	2,841	3,158	6.3%	11.2%	
Human Resources	11,745	11,692	11,504	12,041	3.0%	4.7%	
Phoenix Employment Relations Board	82	96	97	102	6.3%	5.2%	
Regional Wireless Cooperative	4,693	4,628	12,874	12,537	170.9%	(2.6%)	
Retirement Systems	5	-	-	-	-	-	
Law	4,452	5,069	5,470	8,676	71.2%	58.6%	
Information Technology	36,827	40,660	40,645	42,435	4.4%	4.4%	
City Clerk and Elections	4,252	4,946	4,690	6,712	35.7%	43.1%	
Finance	24,956	40,841	26,977	26,650	(34.7%)	(1.2%)	
Budget and Research	3,044	3,501	3,029	3,396	(3.0%)	12.1%	
<b>Total General Government</b>	<b>\$ 105,568</b>	<b>\$ 129,653</b>	<b>\$ 123,079</b>	<b>\$ 131,552</b>	<b>1.5%</b>	<b>6.9%</b>	
<b>Public Safety</b>							
Police	\$ 600,417	\$ 677,593	\$ 643,975	\$ 687,794	1.5%	6.8%	
Fire	307,307	353,985	344,058	365,547	3.3%	6.2%	
Emergency Management	828	1,031	1,245	1,032	0.1%	(17.1%)	
<b>Total Public Safety</b>	<b>\$ 908,552</b>	<b>\$ 1,032,609</b>	<b>\$ 989,278</b>	<b>\$ 1,054,373</b>	<b>2.1%</b>	<b>6.6%</b>	
<b>Criminal Justice</b>							
Municipal Court	\$ 36,551	\$ 41,513	\$ 35,865	\$ 41,116	(1.0%)	14.6%	
City Prosecutor	15,273	16,678	16,507	16,811	0.8%	1.8%	
Public Defender	4,700	5,081	4,893	5,028	(1.0%)	2.8%	
<b>Total Criminal Justice</b>	<b>\$ 56,524</b>	<b>\$ 63,272</b>	<b>\$ 57,265</b>	<b>\$ 62,955</b>	<b>(0.5%)</b>	<b>9.9%</b>	
<b>Transportation</b>							
Street Transportation	\$ 71,750	\$ 83,749	\$ 83,214	\$ 87,480	4.5%	5.1%	
Aviation	244,468	255,739	255,365	264,372	3.4%	3.5%	
Public Transit	271,858	310,951	315,269	324,613	4.4%	3.0%	
<b>Total Transportation</b>	<b>\$ 588,076</b>	<b>\$ 650,439</b>	<b>\$ 653,848</b>	<b>\$ 676,465</b>	<b>4.0%</b>	<b>3.5%</b>	

**SCHEDULE 3 (continued)**  
**EXPENDITURES BY DEPARTMENT <sup>1</sup>**  
(In Thousands of Dollars)

Program	2016-17 Actual	2017-18		2018-19 Budget	Percent Change from 2017-18		
		Budget	Estimate		Budget	Estimate	
<b>Community Development</b>							
Planning and Development	\$ 46,394	\$ 60,934	\$ 59,360	\$ 61,091	0.3%	2.9%	
Housing	84,070	95,455	91,777	96,180	0.8%	4.8%	
Community and Economic Development	29,757	32,058	31,601	33,999	6.1%	7.6%	
Neighborhood Services	30,654	50,070	49,741	33,537	(33.0%)	(32.6%)	
PCDIC	618	911	805	980	7.6%	21.7%	
<b>Total Community Development</b>	<b>\$ 191,493</b>	<b>\$ 239,428</b>	<b>\$ 233,284</b>	<b>\$ 225,787</b>	<b>(5.7%)</b>	<b>(3.2%)</b>	
<b>Community Enrichment</b>							
Parks and Recreation	\$ 102,510	\$ 107,295	\$ 107,318	\$ 108,597	1.2%	1.2%	
Library	35,257	39,692	41,083	39,161	(1.3%)	(4.7%)	
Phoenix Convention Center	45,959	49,600	49,420	53,982	8.8%	9.2%	
Human Services	65,031	67,057	66,040	69,392	3.5%	5.1%	
Office of Arts and Culture	4,110	4,428	4,957	8,624	94.8%	74.0%	
<b>Total Community Enrichment</b>	<b>\$ 252,867</b>	<b>\$ 268,072</b>	<b>\$ 268,818</b>	<b>\$ 279,756</b>	<b>4.4%</b>	<b>4.1%</b>	
<b>Environmental Services</b>							
Water	\$ 266,248	\$ 298,067	\$ 366,758	\$ 320,602	7.6%	(12.6%)	
Solid Waste Management	125,968	129,442	129,997	139,230	7.6%	7.1%	
Public Works	20,117	21,559	19,214	25,258	17.2%	31.5%	
Environmental Programs	1,117	1,358	1,556	1,795	32.2%	15.4%	
Office of Sustainability	429	432	426	484	12.0%	13.6%	
<b>Total Environmental Services</b>	<b>\$ 413,879</b>	<b>\$ 450,858</b>	<b>\$ 517,951</b>	<b>\$ 487,369</b>	<b>8.1%</b>	<b>(5.9%)</b>	
<b>Contingencies</b>	<b>\$ -</b>	<b>\$ 103,400</b>	<b>\$ -</b>	<b>\$ 123,119</b>	<b>19.1%</b>	<b>-</b>	
<b>GRAND TOTAL</b>	<b>\$ 2,516,959</b>	<b>\$ 2,937,731</b>	<b>\$ 2,843,523</b>	<b>\$ 3,041,376</b>	<b>3.5%</b>	<b>7.0%</b>	

<sup>1</sup> For purposes of this schedule, department budget allocations include Grants and City Improvement debt service payments.



**SCHEDULE 4**  
**2018-2019 EXPENDITURES BY DEPARTMENT <sup>1</sup>**  
**BY SOURCE OF FUNDS**  
(In Thousands of Dollars)

Program	Total	General Funds	Enterprise Funds	Special Revenue Funds <sup>1</sup>
<b>General Government</b>				
Mayor	\$ 1,995	\$ 1,995	\$ -	\$ -
City Council	4,409	4,409	-	-
City Manager	2,636	2,624	-	12
Government Relations	1,281	1,281	-	-
Communications Office	2,544	2,169	-	375
City Auditor	2,980	2,980	-	-
Equal Opportunity	3,158	2,660	-	498
Human Resources	12,041	10,624	-	1,417
Phoenix Employment Relations Board	102	102	-	-
Regional Wireless Cooperative	12,537	-	-	12,537
Retirement Systems	-	-	-	-
Law	8,676	8,676	-	-
Information Technology	42,435	37,587	681	4,167
City Clerk and Elections	6,712	6,693	-	19
Finance	26,650	23,567	1,924	1,159
Budget and Research	3,396	3,396	-	-
<b>Total General Government</b>	<b>\$ 131,552</b>	<b>\$ 108,763</b>	<b>\$ 2,605</b>	<b>\$ 20,184</b>
<b>Public Safety</b>				
Police	\$ 687,794	\$ 546,207	\$ -	\$ 141,587
Fire	365,547	308,591	-	56,956
Emergency Management	1,032	91	-	941
<b>Total Public Safety</b>	<b>\$ 1,054,373</b>	<b>\$ 854,889</b>	<b>\$ -</b>	<b>\$ 199,484</b>
<b>Criminal Justice</b>				
Municipal Court	\$ 41,116	\$ 29,719	\$ -	\$ 11,397
City Prosecutor	16,811	15,412	-	1,399
Public Defender	5,028	5,028	-	-
<b>Total Criminal Justice</b>	<b>\$ 62,955</b>	<b>\$ 50,159</b>	<b>\$ -</b>	<b>\$ 12,796</b>
<b>Transportation</b>				
Street Transportation	\$ 87,480	\$ 17,286	\$ -	\$ 70,194
Aviation	264,372	-	264,372	-
Public Transit	324,613	1,640	-	322,973
<b>Total Transportation</b>	<b>\$ 676,465</b>	<b>\$ 18,926</b>	<b>\$ 264,372</b>	<b>\$ 393,167</b>

**SCHEDULE 4 (continued)**  
**2018-2019 EXPENDITURES BY DEPARTMENT <sup>1</sup>**  
**BY SOURCE OF FUNDS**  
(In Thousands of Dollars)

Program	Total	General Funds	Enterprise Funds	Special Revenue Funds <sup>1</sup>
<b>Community Development</b>				
Planning and Development Services	\$ 61,091	\$ 4,150	\$ -	\$ 56,941
Housing	96,180	54	-	96,126
Community and Economic Development	33,999	5,319	645	28,035
Neighborhood Services	33,537	13,565	-	19,972
PCDIC	980	-	-	980
<b>Total Community Development</b>	<b>\$ 225,787</b>	<b>\$ 23,088</b>	<b>\$ 645</b>	<b>\$ 202,054</b>
<b>Community Enrichment</b>				
Parks and Recreation	\$ 108,597	\$ 93,383	\$ -	\$ 15,214
Library	39,161	37,675	-	1,486
Phoenix Convention Center	53,982	2,163	51,094	725
Human Services	69,392	19,245	350	49,797
Office of Arts and Culture	8,624	8,519	-	105
<b>Total Community Enrichment</b>	<b>\$ 279,756</b>	<b>\$ 160,985</b>	<b>\$ 51,444</b>	<b>\$ 67,327</b>
<b>Environmental Services</b>				
Water	\$ 320,602	\$ -	\$ 318,326	\$ 2,276
Solid Waste Management	139,230	-	139,230	-
Public Works	25,258	17,192	-	8,066
Environmental Programs	1,795	618	334	843
Office of Sustainability	484	484	-	-
<b>Total Environmental Services</b>	<b>\$ 487,369</b>	<b>\$ 18,294</b>	<b>\$ 457,890</b>	<b>\$ 11,185</b>
<b>Contingencies</b>	<b>\$ 123,119</b>	<b>\$ 61,619</b>	<b>\$ 31,500</b>	<b>\$ 30,000</b>
<b>GRAND TOTAL</b>	<b>\$ 3,041,376</b>	<b>\$ 1,296,723</b>	<b>\$ 808,456</b>	<b>\$ 936,197</b>

<sup>1</sup> For purposes of this schedule, department budget allocations include Grants and City Improvement debt service payments.

**SCHEDULE 5**  
**DEBT SERVICE EXPENDITURES**  
**BY PROGRAM, SOURCE OF FUNDS AND TYPE OF EXPENDITURE**  
(In Thousands of Dollars)

<b>Program</b>	<b>2016-17 Actual</b>	<b>2017-18 Estimate</b>	<b>2018-19 Budget</b>
Aviation	\$ 124,628	\$ 132,283	\$ 161,317
Cultural Facilities	15,484	11,384	12,170
Economic Development	46,341	36,168	48,964
Environmental Programs	1,140	1,136	475
Fire Protection	4,510	4,420 <sup>1</sup>	10,700
Freeway Mitigation	336 <sup>1</sup>	335 <sup>1</sup>	335 <sup>1</sup>
Historic Preservation	711	498	367
Human Services	2,059	1,754	825
Information Systems	1,650	1,126	1,096
Libraries	6,417	4,816	8,232
Local Streets/Street Improvements/Lighting	5,067	5,026 <sup>1</sup>	5,061
Maintenance Service Centers	1,268	616	668
Municipal Administration Building	390	-	-
Neighborhood Preservation & Senior Services Centers	12,606	11,797	5,698
Parks & Recreation/Open Space	12,507	12,351	12,035
Phoenix Convention Center	40,169	42,427	42,930
Police, Fire and Computer Tech	5,366	7,860	8,637
Police Protection	6,847	5,937	6,102
Public Housing	5,400	4,157	1,928
Public Transit	61,006	63,994	67,255
Solid Waste Disposal	12,942	9,492	14,317
Storm Sewer	15,820	11,992	12,832
Street Light Refinancing	6 <sup>1</sup>	6 <sup>1</sup>	6 <sup>1</sup>
Wastewater	70,276	69,931	75,971
Water	113,349	110,046	118,012
General Government Nonprofit Corporation Bonds	33,354	38,641	44,678
Bond Issuance Costs	2,474	2,777	3,926
<b>Total Program</b>	<b>\$ 602,123</b>	<b>\$ 590,970</b>	<b>\$ 664,537</b>
<b>Type of Expenditure</b>			
Principal	\$ 307,460	\$ 297,961	\$ 343,203
Interest and Other	294,663	293,009	321,334
<b>Total Debt Service Expenditures</b>	<b>\$ 602,123</b>	<b>\$ 590,970</b>	<b>\$ 664,537</b>

<sup>1</sup> Interest only.

**SCHEDULE 5**  
**DEBT SERVICE EXPENDITURES**  
**BY PROGRAM, SOURCE OF FUNDS AND TYPE OF EXPENDITURE** (continued)  
(In Thousands of Dollars)

<b>Source of Funds</b>	<b>2016-17 Actual</b>	<b>2017-18 Estimate</b>	<b>2018-19 Budget</b>
<u>Operating Funds</u>			
Secondary Property Tax	\$ 126,695	\$ 101,670	\$ 107,957
Sports Facilities	17,888	20,062	28,754
<i>City Improvement</i>			
General	33,488	36,820	41,598
Housing	73	73	72
Transit 2000	46,332	-	-
Transportation 2050	14,675	64,035	67,296
Library	-	115	115
Other Operating	-	1,666	2,924
Other Financing Sources	-	116	-
Aviation	54,948	65,203	96,397
Convention Center	19,720	19,928	19,933
Solid Waste	12,942	9,492	14,317
Wastewater	70,276	69,931	75,971
Water	113,349	110,046	118,012
Subtotal Operating Funds	\$ 510,386	\$ 499,157	\$ 573,346
<u>Capital Funds</u>			
Nonprofit Corporation Bonds			
Aviation	\$ 23,019	\$ 23,765	\$ 22,274
Convention Center	-	18	150
Solid Waste	139	-	-
Wastewater	609	325	475
Water	599	-	850
Other	261	135	-
Customer Facility Charge	3	3	3
Federal, State & Other Participation	20,449	22,499	22,996
Passenger Facility Charges	46,658	45,068	43,643
Capital Reserve	-	-	800
Subtotal Capital Funds	\$ 91,737	\$ 91,813	\$ 91,191
<b>Total Source of Funds</b>	<b>\$ 602,123</b>	<b>\$ 590,970</b>	<b>\$ 664,537</b>

**SCHEDULE 6**  
**CAPITAL IMPROVEMENT PROGRAM**  
**FINANCED FROM OPERATING FUNDS**  
(In Thousands of Dollars)

<b>Program</b>	<b>2016-17 Actual</b>	<b>2017-18 Estimate</b>	<b>2018-19 Budget</b>
Arts and Cultural Facilities	\$ -	\$ -	\$ 44
Aviation	41,814	55,309	238,051
Economic Development	6,835	6,017	8,261
Energy Conservation	1,181	1,200	1,200
Facilities Management	2,673	4,907	11,154
Finance	-	15	1,432
Fire Protection	616	-	6,100
Housing	3,848	5,567	15,104
Information Technology	8,131	8,661	15,434
Libraries	171	7,728	200
Neighborhood Services	841	244	1,748
Parks, Recreation and Mountain Preserves	36,504	22,457	61,921
Phoenix Convention Center	1,436	7,669	27,817
Planning and Historic Preservation	-	-	13,000
Police Protection	325	-	-
Public Transit	92,910	29,228	186,294
Solid Waste Disposal	6,312	7,229	20,627
Street Transportation and Drainage	98,235	92,963	175,734
Wastewater	79,610	29,458	12,580
Water	154,376	102,886	122,504
<b>Total</b>	<b>\$ 535,818</b>	<b>\$ 381,538</b>	<b>\$ 919,205</b>

**Source of Funds**

**General Fund:**

General Fund	\$ 5,250	\$ 4,065	\$ 13,196
Library Fund	171	7,360	200
<b>Total General Fund</b>	<b>\$ 5,421</b>	<b>\$ 11,425</b>	<b>\$ 13,396</b>

**Special Revenue Funds:**

Parks and Preserves	\$ 31,169	\$ 21,982	\$ 59,812
Transit 2000	4,130	-	-
Transportation 2050	48,160	47,802	97,655
Court Awards	325	-	-
Development Services	333	1,531	14,924
Capital Construction	6,064	6,164	16,655
Sports Facilities	249	2,142	15,358
Arizona Highway User Revenue	74,304	62,766	127,095
Regional Transit	12,604	2,919	19,150
Community Reinvestment	4,747	2,992	6,446
Other Restricted	5,374	5,959	11,980
Operating Grants	53,683	7,860	117,663
<b>Total Special Revenue Funds</b>	<b>\$ 241,142</b>	<b>\$ 162,117</b>	<b>\$ 486,738</b>

**Enterprise Funds:**

Aviation	\$ 42,693	\$ 55,894	\$ 240,707
Water	152,430	104,732	118,643
Wastewater	82,388	33,050	21,563
Solid Waste	10,557	9,538	24,661
Convention Center	1,187	4,782	13,497
<b>Total Enterprise Funds</b>	<b>\$ 289,255</b>	<b>\$ 207,996</b>	<b>\$ 419,071</b>

<b>Total Operating Funds</b>	<b>\$ 535,818</b>	<b>\$ 381,538</b>	<b>\$ 919,205</b>
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**SCHEDULE 7**  
**INTERFUND TRANSFERS TO THE GENERAL FUND**  
(In Thousands of Dollars)

	2016-17	2017-18	2018-19	
			Budget	Increase/ (Decrease)
	Actuals	Estimate		
<b>Transfers to the General Fund</b>				
<b><u>Enterprise Funds</u></b>				
Aviation				
Central Service Cost Allocation	\$ 8,373	\$ 9,141	\$ 9,141	\$ -
Monthly MOU Installment	1,165	1,165	776	(389)
Total	9,538	10,306	9,917	(389)
Water Funds				
Central Service Cost Allocation	8,103	8,574	8,574	-
In-Lieu Property Taxes	14,484	14,730	15,715	985
Total	22,587	23,304	24,289	985
Wastewater Funds				
Central Service Cost Allocation	5,402	5,716	5,716	-
In-Lieu Property Taxes	8,787	9,098	9,687	589
Total	14,189	14,814	15,403	589
Solid Waste				
Central Service Cost Allocation	6,901	7,178	7,178	-
In-Lieu Property Taxes	1,292	1,316	1,385	69
Total	8,193	8,494	8,563	69
Convention Center				
Central Service Cost Allocation	2,663	2,710	2,710	-
<b>Total From Enterprise Funds</b>	<b>\$ 57,170</b>	<b>\$ 59,628</b>	<b>\$ 60,882</b>	<b>\$ 1,254</b>

**SCHEDULE 7**  
**INTERFUND TRANSFERS TO THE GENERAL FUND (Continued)**  
(In Thousands of Dollars)

	2016-17 Actuals	2017-18 Estimate	2018-19	
			Budget	Increase/ (Decrease)
<b>Special Revenue Funds</b>				
Excise				
Transfer to General Fund	\$ 778,788	\$ 805,890	\$ 826,215	\$ 20,325
Development Services				
Central Service Cost Allocation	3,289	3,494	3,494	-
Sports Facilities				
Central Service Cost Allocation	220	186	186	-
Phoenix Union Parking Maintenance	79	79	79	-
Total	299	265	265	-
Public Housing In-Lieu Property Taxes	261	200	200	-
ASU Facilities Operations Fund	779	780	779	(1)
Downtown Community Reinvestment Fund	2,064	2,068	2,063	(5)
T2000 Central Service Costs	752	-	-	-
T2050 Central Service Costs	-	945	945	-
Neighborhood Protection Central Service Costs	173	317	317	-
Public Safety Enhancement Central Service Costs	290	199	199	-
Public Safety Expansion Central Service Costs	406	466	466	-
Housing Central Office Central Service Costs	197	253	253	-
Other Restricted - Sale of Land	669	3,932	1,000	(2,932)
Library Reserve Fund	-	2,063	632	(1,431)
AHUR Capital Reserve Fund	2,600	-	-	-
Workers Compensation Fund	15,000	-	-	-
<b>Total From Special Revenue Funds</b>	<b>\$ 805,567</b>	<b>\$ 820,872</b>	<b>\$ 836,828</b>	<b>\$ 15,956</b>
<b>Total Transfers to the General Fund</b>	<b>\$ 862,737</b>	<b>\$ 880,500</b>	<b>\$ 897,710</b>	<b>\$ 17,210</b>
<b>Transfers from the General Fund</b>				
Strategic Economic Development Fund	\$ 1,000	\$ 1,000	\$ 1,000	\$ -
Public Safety Other Restricted Fund	16,000	16,000	16,000	-
Public Safety Pension Reserve Fund	-	24,750	-	(24,750)
Other Restricted	672	-	-	-
Aviation-Emergency Transportation Services	-	250	250	-
Regional Wireless Cooperative L/P Fund	3,729	-	-	-
Library Reserve Fund	337	-	-	-
Retiree Rate Stabilization Fund	1,026	1,026	1,028	2
Infrastructure Repayment Agreements	-	45	1,189	1,144
City Improvement - Library	-	115	115	-
City Improvement	33,354	36,820	41,598	4,778
<b>Total Transfers from the General Fund</b>	<b>\$ 56,118</b>	<b>\$ 80,006</b>	<b>\$ 61,180</b>	<b>\$ (18,826)</b>
<b>Net Transfers to the General Fund</b>	<b>\$ 806,619</b>	<b>\$ 800,494</b>	<b>\$ 836,530</b>	<b>\$ 36,036</b>

**SCHEDULE 8  
POSITIONS BY DEPARTMENT  
Number of Full Time Equivalent Positions**

Program	2016-17 Actual	2017-18 Estimate	<sup>1/</sup> Additions/Reductions		2018-19 Allowances
			2017-18	2018-19	June 30,2019 Authorized
<b>General Government</b>					
Mayor	12.5	12.5	2.5	-	15.0
City Council	31.0	31.0	-	-	31.0
City Manager	19.5	19.5	-	-	19.5
Government Relations	5.0	5.0	1.0	1.0	7.0
Communications Office	19.1	19.1	-	-	19.1
City Auditor	25.5	25.5	(0.1)	-	25.4
Equal Opportunity	25.0	25.0	-	-	25.0
Human Resources	105.0	101.0	(1.8)	-	99.2
Phoenix Employment Relations Board	1.0	1.0	-	-	1.0
Retirement Systems	15.0	15.0	-	-	15.0
Law	197.0	197.0	2.0	-	199.0
Information Technology	195.0	195.0	2.0	-	197.0
City Clerk and Elections	53.0	53.0	(0.5)	2.0	54.5
Finance	214.0	214.0	1.0	-	215.0
Budget and Research	25.0	25.0	(1.0)	-	24.0
Regional Wireless Cooperative	4.0	4.0	-	-	4.0
<b>Total General Government</b>	<b>946.6</b>	<b>942.6</b>	<b>5.1</b>	<b>3.0</b>	<b>950.7</b>
<b>Public Safety</b>					
Police	4,301.6	4,317.6	(7.0)	18.0	4,328.6
Fire	2,011.9	2,011.9	2.9	22.0	2,036.8
Homeland Security and Emergency Management	8.0	8.0	-	-	8.0
<b>Total Public Safety</b>	<b>6,321.5</b>	<b>6,337.5</b>	<b>(4.1)</b>	<b>40.0</b>	<b>6,373.4</b>
<b>Criminal Justice</b>					
Municipal Court	273.0	273.0	-	-	273.0
Public Defender	11.0	11.0	(2.0)	-	9.0
<b>Total Criminal Justice</b>	<b>284.0</b>	<b>284.0</b>	<b>(2.0)</b>	<b>0.0</b>	<b>282.0</b>



**SCHEDULE 8  
POSITIONS BY DEPARTMENT  
Number of Full Time Equivalent Positions (Continued)**

Program	2016-17 Actual	2017-18 Estimate	<sup>1/</sup> Additions/Reductions		2018-19 Allowances June 30,2019 Authorized
			2017-18	2018-19	
<b>Transportation</b>					
Street Transportation	646.0	646.0	(2.0)	39.0	683.0
Aviation	853.0	857.0	35.0	-	892.0
Public Transit	103.5	106.5	7.0	1.0	114.5
<b>Total Transportation</b>	<b>1,602.5</b>	<b>1,609.5</b>	<b>40.0</b>	<b>40.0</b>	<b>1,689.5</b>
<b>Community Development</b>					
Planning and Development	336.8	363.8	15.0	18.0	396.8
Housing	182.0	182.0	(12.0)	-	170.0
Community and Economic Development	97.5	97.5	(1.5)	-	96.0
Neighborhood Services	186.0	186.0	-	6.0	192.0
PCDIC	8.0	8.0	-	-	8.0
<b>Total Community Development</b>	<b>810.3</b>	<b>837.3</b>	<b>1.5</b>	<b>24.0</b>	<b>862.8</b>
<b>Community Enrichment</b>					
Parks and Recreation	1,009.9	1,034.9	(37.2)	2.0	999.7
Library	373.1	371.5	(0.8)	4.4	375.1
Phoenix Convention Center	221.0	221.0	1.0	-	222.0
Human Services	322.0	316.0	(2.0)	1.0	315.0
Office of Arts and Culture	10.5	10.5	-	1.0	11.5
<b>Total Community Enrichment</b>	<b>1,936.5</b>	<b>1,953.9</b>	<b>(39.0)</b>	<b>8.4</b>	<b>1,923.3</b>
<b>Environmental Services</b>					
Water Services	1,469.6	1,469.6	(2.0)	-	1,467.6
Solid Waste Management	589.0	597.0	3.0	2.0	602.0
Public Works	394.5	394.5	-	-	394.5
Environmental Programs	10.0	10.0	-	-	10.0
Office of Sustainability	4.0	4.0	-	-	4.0
<b>Total Environmental Services</b>	<b>2,467.1</b>	<b>2,475.1</b>	<b>1.0</b>	<b>2.0</b>	<b>2,478.1</b>
<b>TOTAL</b>	<b>14,368.5</b>	<b>14,439.9</b>	<b>2.5</b>	<b>117.4</b>	<b>14,559.8</b>

1. Additions/Reductions reflect the combined total of proposed and year-to-date budget reductions, budget additions and new positions associated with opening new facilities.

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# **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.

**Asset Betterment**

An addition or change to a Capital Asset intended to prolong the life of the asset beyond its original design life, or to increase the functionality, efficiency or capacity of the asset beyond that of its original design, over and above the results of prescribed or routine maintenance.

**Balanced Budget**

Arizona law (Title 42 Arizona Revised Statutes) and the City of Phoenix Charter (chapter XVIII) require 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 is included in the budget each year. The charter further requires that "the total of proposed expenditures shall not exceed the total of estimated income and fund balances."

**Base Budget**

Funding for ongoing expenditures for personnel, commodities, contractual services and replacement of existing equipment previously authorized. The base budget 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. Three agencies regularly review city bonds and generate bond ratings - Moody's Investors Service, Fitch Ratings and Standard & 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 Asset (Outlay)**

An asset meeting the capitalization threshold specified in the City's Comprehensive Annual Financial Report.

**Capital Expenditures**

Expenditures in the Capital Improvement Program.

**Capital Funds**

Resources such as bond issuance proceeds that are restricted to expenditures for Capital Assets.

**Capital Funds Budget**

The component of the first year of the Capital Improvement Program that is financed from Bond Funds and other Capital Funds.

**Capital Improvement Program (CIP)**

The City's five-year plan for investment in infrastructure and similar assets, which is updated annually. Direct costs of Capital Projects, and any expenditures of capital funds, are budgeted and recorded in the Capital Improvement Program. Additionally, direct costs of multi-year comprehensive infrastructure studies that are intended to expansively identify or prioritize Capital Projects, and non-recurring major maintenance projects such as re-roofing, may be budgeted and recorded in the Capital Improvement Program.

**Capital Project**

A project that is fixed-term but typically spans multiple years, that is expected to result in a Capital Asset or Asset Betterment for the City or its partner agency with a useful life of at least 5 years, and that involves acquisition, construction or improvement of land rights, buildings, infrastructure (including IT infrastructure) or major enterprise technology.

**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, unanticipated one time expenses and similar eventualities.

**Contractual Services**

Expenditures for services performed by firms, individuals or other city departments.

**Cost**

The amount of funding required to pay for a given program or service.

**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 an 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 four such self-supporting funds: Aviation, Water, Wastewater, 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**

A grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. For budgetary purposes, funds are categorized as General, Special Revenue, Enterprise, or Capital.

**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.

**Non-Recurring Cost**

A one-time cost, which is not expected to be required on an ongoing basis.

**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 one percent of the city's capital improvement budget to fund public art projects.

**Performance Measure**

A metric that quantifies a program's level of service and helps determine the extent to which a program is achieving its goals.

**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.

**Policy**

A set of plans, directions, or guidelines, which dictate City business. Policies may be directly approved and set by City Council, or they may refer to internal City policies set by the City Manager.

**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.

**Priority**

In relation to City projects, goals, or services, something that takes precedence or suggests particular importance.

**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 and 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.

**Recurring Cost**

A cost incurred on an ongoing basis.

**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, recoveries, 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.

**Service**

A public good provided to residents.

**Service Level**

The amount or scope of a given service.

**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.

**Strategic Plan**

A set of steps and strategies which help to achieve goals and realize an overarching vision. The City's Strategic Plan helps guide budgetary and programmatic decision-making to achieve efficient and effective delivery of City services.

**Strategy**

An informed and carefully constructed plan for meeting a goal.

**Structurally Balanced Budget**

A budget in which proposed ongoing expenditures are matched by available ongoing resources. By State law and City Charter, the City must propose a structurally balanced budget each year.

**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 was used to account for the 0.4 percent sales tax dedicated to transit that was approved by voters on March 14, 2000. Fare box collections were also included in this fund. This fund is being replaced by the Transportation 2050 Fund.

**Transportation 2050 Fund**

These funds are used to account for the revenues generated by the 0.7 percent sales tax approved by voters in August 2015, with a January 1, 2016 effective date. This tax supersedes the 0.4 percent sales tax approved by voters in March 2000, which was accounted for in the Transit 2000 Fund. These funds are to be used for a comprehensive transportation plan, including public transit and street improvements. The Public Transit Department is allocated 86.2 percent of the sales tax, with the remaining 13.8 percent being allocated to the Streets Department. Fare box collections are also included in the Transportation 2050 Transit Fund.

**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 the 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.

**Zero Base Budgeting**

A process whereby a budget is developed at the program level, and starting from zero the next year's budget is estimated assuming only those costs necessary to provide the currently approved level of service. This initial estimate is referred to as the "base budget." The estimated cost for providing each program is reviewed and justified on an annual basis. The process includes the identification of potential reductions and additions, which are ranked in priority order. Presentation of the budget also is provided on a program basis.



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