

2020-21

Planning Together for a Stronger Tomorrow



Phoenix

SUMMARY
BUDGET

A green rectangular box in the bottom right corner of the page. It contains the Phoenix logo (a stylized bird or flame) to the left of the word "Phoenix". Below this, the words "SUMMARY" and "BUDGET" are stacked vertically in a bold, dark blue, sans-serif font.



PHOENIX 2020-2021
SUMMARY
 **BUDGET**



Printed on Recycled Paper
150
August 2020



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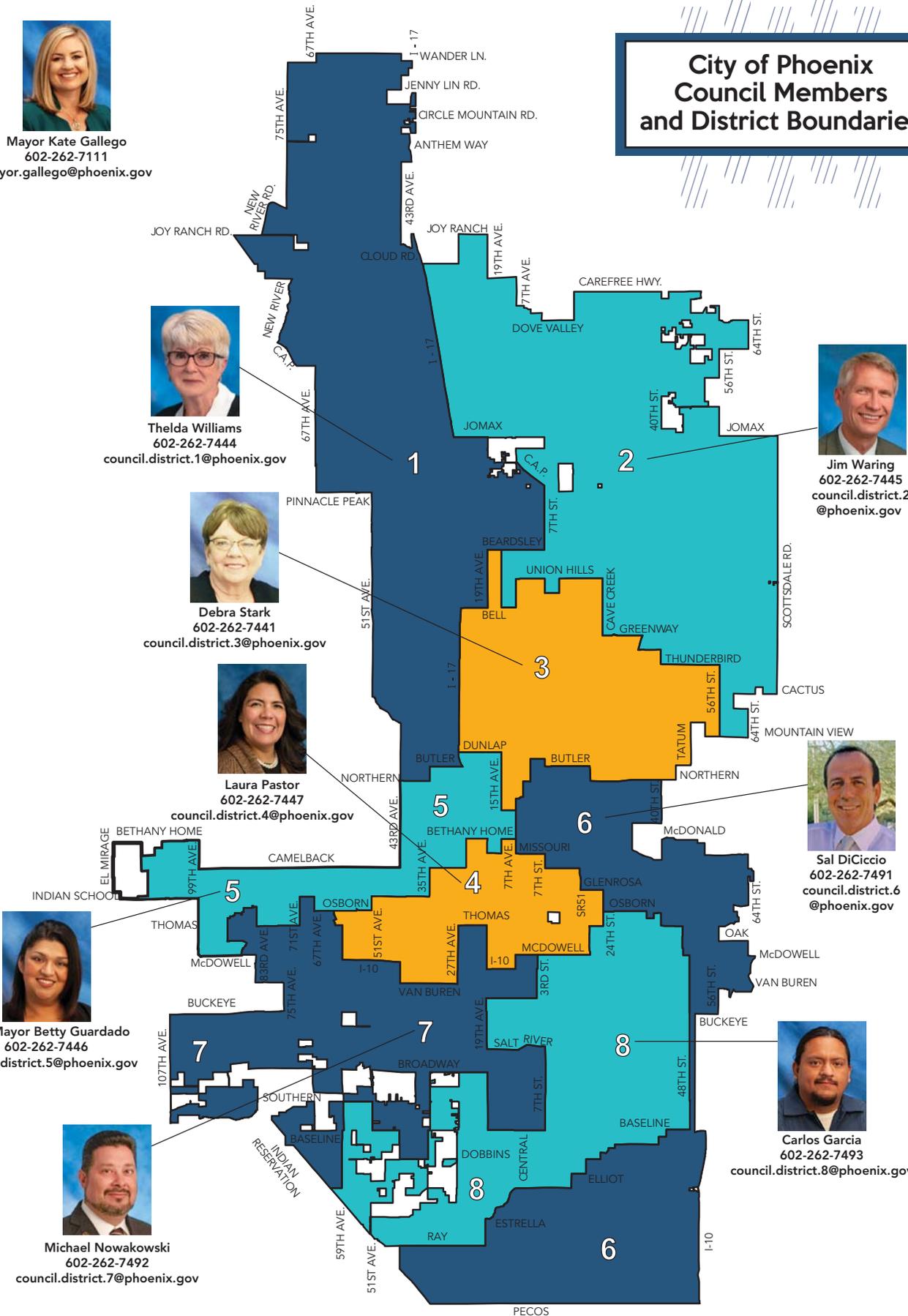
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CITY OF PHOENIX

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Vice Mayor
District 5

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District 1

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Debra Stark
District 3

Laura Pastor
District 4

Sal DiCiccio
District 6

Michael Nowakowski
District 7

Carlos Garcia
District 8

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Deputy City Manager

Toni Maccarone
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Deputy City Manager

Frank McCune
Government Relations Director

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Chief Information Officer

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Budget and Research Director

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Human Resources Director

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Director of Aviation Services

John Chan
Phoenix Convention Center Director

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Human Services Director

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Acting Parks and Recreation Director

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City Librarian

Shelly Jamison
Interim Communications Director

Kara Kalkbrenner
Fire Chief

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Street Transportation Director

Donald R. Logan
Equal Opportunity Director

Christine Mackay
Community and Economic Development
Director

Cris Meyer
City Attorney

Denise Olson
Chief Financial Officer

Jesús Sapien
Public Transit Director

Spencer Self
Neighborhood Services Director

Kathryn Sorensen
Water Services Director

Ginger Spencer
Public Works Director

Alan J. Stephenson
Planning and Development Director

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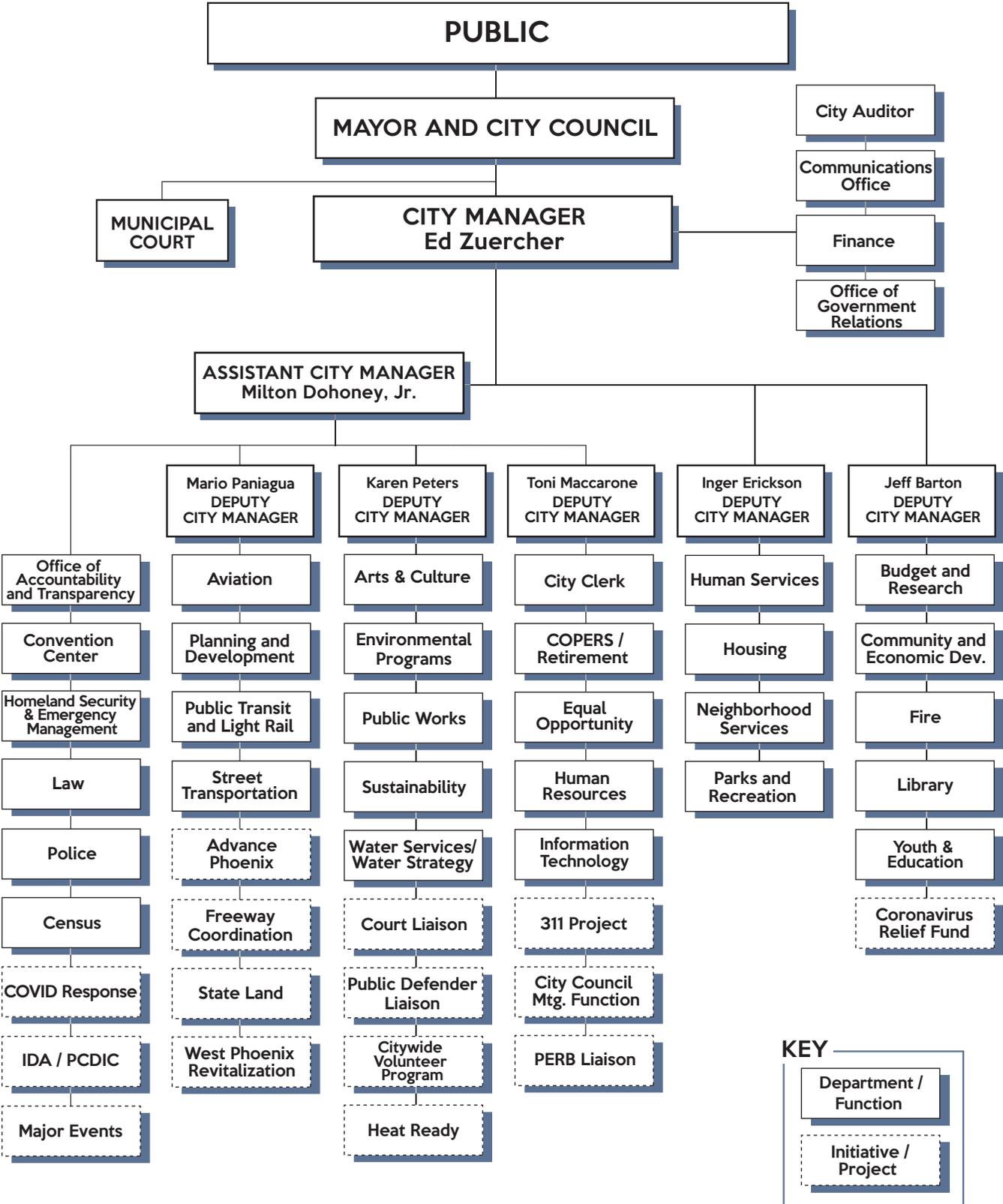
Ross Tate
City Auditor

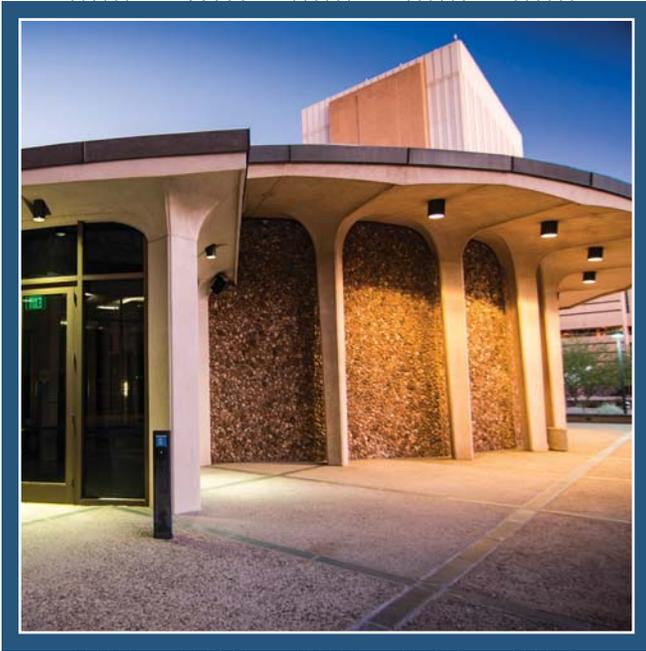
Jeri L. Williams
Police Chief

Chief Presiding Judge

B. Don Taylor III

CITY OF PHOENIX ORGANIZATIONAL CHART





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BUDGET DOCUMENT OVERVIEW

This overview outlines the 2020-21 Annual Budget. This budget document can be accessed at 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 2020-21. 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 2020-25 Capital Improvement Program provides Phoenix's planned construction program by project and detailed sources of funds.

A more detailed description of the 2020-21 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 2019-20 and 2020-21 as well as actual results for recent and historical periods.

2020-21 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 2020-21 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.

2020-21 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 2020-25 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



GOVERNMENT FINANCE OFFICERS ASSOCIATION

Distinguished Budget Presentation Award

PRESENTED TO

City of Phoenix

Arizona

For the Fiscal Year Beginning

July 1, 2019

Christopher P. Morill

Executive Director

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, 2019.

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



Ed Zuercher
City Manager

TO THE HONORABLE MAYOR AND CITY COUNCIL:

This letter transmits the balanced 2020-21 City of Phoenix Budget required by City Charter.

The 2020-21 process was unlike any other. Within a week of issuing the City Manager's Trial Budget, management had to revise a \$28 million anticipated General Fund surplus into a \$26 million deficit due to the economic impact of COVID-19. Even with the deficit, the City Council responded to community concerns by allocating \$3 million to fully fund the approved Office of Accountability and Transparency for police oversight.

The City of Phoenix budget is notable for its openness and transparency. In 2020, the City of Phoenix, like the majority of other local governments around the world, was impacted by the COVID-19 pandemic. This unprecedented situation altered the City's regular budget process.

Each year, the City tracks comments on the City's budget. The City Manager's Trial Budget was scheduled to be presented to the City Council on March 17, 2020,

with budget hearings scheduled to begin April 2, 2020. However, due to restrictions on public gatherings, the City unfortunately had to cancel normal and customary community budget hearings and the City Manager's Trial Budget was revised due to the economic downturn.

The City appreciates the feedback and community engagement received in our community budget hearings. Unfortunately, this year it was necessary to use a different format and a compressed schedule to accomplish this goal. Residents provided feedback by calling 602-262-4800 and/or emailing budget.research@phoenix.gov. Additionally, the Budget and Research Department launched and promoted the FundPHX interactive budget tool, available at phoenix.gov/FundPHX.

I want to thank each of you for sharing with the public the avenues to provide suggestions and feedback on the City's budget. Over 2,500 residents contributed time and thought to comment on the City Manager's Trial Budget via e-mail. There were also 22 voicemails received. The largest number of comments were about police, parks, streets, transit, human services, water, libraries and community and economic development.

Consistent themes of the input included:

- Preserve existing services provided by the City;
- Improved oversight over police operations/ community relations and officer - involved shootings and concern for the amount spent on the police budget;
- Increased funding to address the impacts of homelessness and a lack of affordable housing;
- Increased funding for street maintenance and repair;
- Increased funding for parks, youth programs, and other community services;
- Support for public safety

In addition to comments on the budget many committed community members commented on capital needs in their neighborhoods. Based on the comments submitted, it is clear residents request more of the services we provide rather than less. Public participation showed that residents have clear opinions (sometimes conflicting) about the programs that Phoenix employees provide every day. It was important to spend the time to consider, learn and share thoughts on the City's priorities and residents' specific neighborhood issues.

New this year, was FundPHX, providing residents the opportunity to see for themselves what each City service cost (or save) when service levels are changed. The FundPHX software allowed residents to explore the city budget on their own, allowing for greater community engagement with the City's budget process. There were 205 FundPHX submittals received since its implementation.

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. Staff will continue to work with the community and the City Council on longer term issues raised, including library services; arts maintenance; historic preservation project funding; continued strategies for homelessness, transient issues and affordable housing; police and fire staffing levels and continued community involvement in policing; youth services that link with community programs; adaptive recreation services for those with different needs; building and staffing undeveloped parks; budget process improvements; and many local, neighborhood issues.

I want to thank the City staff who engaged with our residents, and especially commend the Budget and Research Department and Communications Office employees for their continued outreach.

Most of all I want to thank the engaged residents who commented on our budget, employees and City services - both this year and in past budget processes - to shape this year's budget.

All the City's budget information - including complete program information and the City Manager's Trial Budget details - is available at [Phoenix.gov/budget](https://phoenix.gov/budget).

Overview of 2020-21 Budget

General Fund: The 2020-21 General Fund budget is \$1,425,613,000. This is a \$31.7 million or 2.3 percent increase from the adopted 2019-20 General Fund budget of \$1,393,926,000. Increased revenues in 2020-21 reflect conservative growth and a slow return to a strong and diversifying economy from the economic recession caused by the Coronavirus global health crisis. Increased expenses reflect the second year of a two-year labor contract for negotiated employee compensation increases; modest budget additions; and increased costs for employee pension obligations.

Revenue and Resources: Projected General Fund (GF) revenue in 2020-21 is \$1.310 billion, an increase of 4.4 percent over the revised current year estimate. Prior to the global health crisis, the state and local economy had shown solid growth in 2019-20 and economists predicted the state would continue to

grow. Arizona and the Phoenix metro area were projected to continue to outperform the nation in terms of jobs, population and income growth. However, affected by the COVID-19 pandemic, Arizona started to experience an economic downturn in March 2020. It is assumed the negative revenue impacts from the pandemic will not conclude until the end of July 2020, after which city and state sales taxes and other key revenue categories will slowly return to pre-pandemic growth levels. However, the economic situation caused by COVID-19 is extremely fluid and uncertain and the City is prepared to respond quickly and responsibly should revenue projections require adjustment. Additionally, the City's proposed 2020-21 combined property tax rate of \$2.13 is unchanged from 2019-20. Finally, including revenue along with the estimated beginning fund balance of approximately \$95 million, and fund transfers and recoveries estimated at \$21 million, total 2020-21 General Fund resources are estimated to be \$1.426 billion.

General Fund Additions: The 2020-21 budget preserves existing city programs and makes needed investment in public safety with an increase in funding of \$600,000 for 8 positions at the Phoenix Fire Regional Dispatch Center, which provides vital 9-1-1 communications and dispatch services to the City of Phoenix and 26 jurisdictions in the valley. The budget also includes \$3 million for creation of a Civilian Review Board and a new Office of Accountability and Transparency in the City Manager's Office. These additions were possible due to the strategic budget balancing actions of the City Council, which provided the resources necessary while simultaneously accounting for declines in revenues as a result of the pandemic.

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 includes General, Enterprise and Special Revenue funds such as grants, and all debt service and pay-as-you-go capital costs, the 2020-21 budget amount is \$5,020,460,000.

Looking Ahead

The City is experiencing unprecedented and uncertain economic times due to the Coronavirus pandemic. As we look to the future forecast period and beyond, additional areas of concern are the increasing costs to provide city services at current levels, the continuous upswing in employee pension obligations, and volatility in city revenue streams. Service costs include employee compensation, the need for advanced technology to operate and protect city assets and adequate maintenance of aging city facilities and vehicles.

Service levels involve the amount of services, hours and number of facilities we keep open to serve the growing population of residents in Phoenix. Revenues consider taxes, fees and the future impact of COVID-19 on city resources. In order to meet these challenges, the City will continue to focus on accumulating reserves, increasing efficiency and reducing ongoing costs where possible.

On a positive note, the City of Phoenix has a history of responsible financial stewardship of taxpayer resources and responds quickly during difficult economic times to ensure year after year a quality balanced budget is adopted. This tradition of financial excellence will continue under the Council's strong leadership and is my commitment to the residents we serve.

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 during these difficult times. I also want to thank all City departments and staff for their hard work and commitment to providing the vast array of services delivered to the Phoenix community. We collectively demonstrate the value of working smart, spending wisely and being kind to our customers. The residents of this great City deserve nothing less.



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 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 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:

- Phoenix Strategic Plan
- Strategic Plan 2019-20 Major Accomplishments



PHOENIX STRATEGIC PLAN

MISSION STATEMENT

"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.

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.
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. ***Revitalize the urban areas of Phoenix.*** Thriving urban cores are critical to the economic health and well-being of the entire metropolitan area. Strong urban centers enhance Phoenix's image and should be reflective of the City's collective social and economic aspirations as a region.
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 Phoenix Financial Excellence Strategic Plan strives to maintain fiscally sound and sustainable financial plans and budgets that reflect community values and residents' priorities.

Priorities

1. **Maintain high bond ratings.** A bond rating is a measure of the credit quality of the City. Factors considered in a rating are the health of the local economy, stability and volatility of revenues, level of reserves for liquidity during unexpected financial conditions, as well as sound financial practices, policies and structures or systems that allow flexibility to address challenges. An entity with a long-term outlook and has 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 the significant downturn in the state, local and national economy and the associated impact on revenues, the financial capacity to fund and finance additional capital projects has been significantly reduced. As a result, a focus on maintaining existing infrastructure must be balanced with the need for new infrastructure. This includes prioritizing the use of the remaining 2006 General Obligation (GO) bond capacity and other resources and investigating alternative methods to finance priority capital needs.
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

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. **Establish and enhance inter-City transportation.** Provide safe, efficient, sustainable, cost-effective multi-modal transportation systems to support economic growth, population growth, and competitiveness through connectivity to regional, national, and global destinations.
3. **Develop and operate public utilities.** Protect the public health and environment by providing reliable, efficient and affordable water, wastewater, stormwater, 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 recent economic climate challenges the City to do more with less, while maintaining high-quality public services. The City must also remain dedicated to developing and seeking continuous improvements in business processes and maintaining a culture of innovation and efficiency. The recent efforts of the City Manager in creating the Innovation and Efficiency Task Force have helped set the stage as the City formalizes its approach.

Priorities

1. **Infuse a mindset focused on innovation and efficiency into the City of Phoenix organizational culture.** An "innovation and efficiency" way of thinking must become a much more prevalent part of the organization's core value system and 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 be driven from the top to all levels, be results oriented, and demonstrate investment of available means. A proven approach involves assignment of resources dedicated to producing substantial innovative changes that enhance customer service, increase productivity, reduce costs and engage employees.
3. **Work continually toward elimination of barriers to innovation and efficiency.** Several obstacles can stand in the way of creating an environment of innovation and pathways to efficiency. The organization must seek to identify these real or perceived hindrances and, when appropriate, actively remove or facilitate working through them.
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

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

PHOENIX TEAM

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

Priorities

1. **Establish pay and benefits and a workplace culture that attracts, retains and motivates a highly qualified workforce.** Given the current state of the economy, the community has expressed interest in the current salary, benefits and overall compensation packages for government employees.
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 recent budget challenges have made evident the necessity of providing clear, timely and accurate information to employees and the public to garner continued support for and achievement of organizational goals and continued quality services.
4. **Create development opportunities that enhance the City's standing as a high-performing organization.** The City continues to reduce unnecessary hierarchy to improve efficiencies and speed communication and decision making. This has resulted in a flatter organization, increases in span of control and consequently fewer promotional opportunities. Further, an increasing number of employees are leaving the City as they reach retirement eligibility. As a result, it becomes even more critical to manage and coordinate the available human resources effectively to provide leadership and ongoing quality services to the community.
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

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

Priorities

1. **Prevent crimes and accidents by enhancing community awareness of public safety systems and partnering with other crime prevention programs.** The City provides the community with information about a variety of public safety issues including crime and accident prevention, information on the operation of the judicial system, and education on police and fire department services.
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

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

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. They in turn become an example of the City's efforts and progress to the community they serve. Communicating and celebrating the City's accomplishments is essential to motivating employees, customers, stakeholders and the public in achieving sustainability goals.

TECHNOLOGY

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

Priorities

1. **Provide seamless customer service.** A seamless customer experience is achieved when a customer interacts with both internal and external City service providers without experiencing service interruptions during the service delivery process.
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 IT components allows improved investments on behalf of the entire City. Strategic use of technology will result in tangible cost savings and results in the efficient and effective allocation of resources.
5. **Enhance information security and privacy.** In today's business environment, information security and privacy form the foundation of technology projects. The City should create a comprehensive program to protect data and technology infrastructures, secure systems and assets, mitigate threats and provide a mechanism for business continuity in emergencies.

STRATEGIC PLAN 2019-20 MAJOR ACCOMPLISHMENTS

In March 2020, the City of Phoenix responded to the COVID-19 worldwide pandemic, which impacted city services. On March 27, 2020 the Coronavirus Aid, Relief and Economic Security (CARES) Act was signed into United States law to address the economic impact caused by COVID-19. On May 5, 2020 the City of Phoenix rapidly mobilized to establish the Coronavirus Relief Fund Strategic Plan approved by the City Council, guiding the allocation of funding on projects related to the health and safety of residents, small business assistance, and other social assistance programs.

The funding allocation for the plan was approved as follows:

- A. Community Investment - \$75 Million
- B. City Expenses - \$75 Million
- C. Reserve to Preserve City Services - \$143 Million

ECONOMIC DEVELOPMENT AND EDUCATION

1. **Business Retention and Expansion** Business retention and expansion is important to the growth and development of the City. City efforts have resulted in the following:
 - **New Businesses** - New businesses are making major investments in Phoenix. The average new locate invested more than \$18.7 million, a jump from \$11.3 million in 2018. Phoenix remains a destination where new and existing companies look to increase their investments.
 - **Business Attraction** - A total of 4,492 new jobs were created with Community and Economic Development (CEDD) assistance locating 20 companies in Phoenix. Capital investment from these projects totals more than \$374 million (an 18 percent increase from the prior year). Manufacturing accounted for over \$200 million, representing an increase of 308 percent over last year.
 - **Business Retention and Expansion** - CEDD met with 1,151 local companies during 2019, a 22 percent increase over 2017-18, which contributed 5,893 net new jobs (average wage of \$64,558), a 15 percent increase over last year, and \$989,964,230 in capital investment, while 5,507 jobs were retained through companies at flight risk.
 - **Biosciences and Healthcare** - Biosciences and healthcare were a key strength in 2019 with more than \$3 billion in new capital investment, 4 million square foot of new construction and over 7,000 new jobs planned.
2. **Community and Economic Development** Development of a vibrant, sustainable urban core enhances the economic vitality of Phoenix. Several projects commenced or completed construction during this period and will contribute an estimated \$700 million over the next five years. A few examples include:
 - **CityScape Block 23** - Fry's Grocery opened, the first full-service grocery in downtown since 1981, which will be followed by 230,000 square foot of office space and the Ryan, a 330-unit rental residential tower.
 - **Arizona State University** - Arizona State University Thunderbird School of Global Management broke ground on a five-story education building in Downtown, representing an investment of \$60 million.
 - **Phoenix Biomedical Campus** - Wexford Science and Technology began construction on a 225,000 square foot building on the Phoenix Biomedical Campus (PBC) as a partnership with Arizona State University.
 - **Downtown Residential** - The first phase of the three building, high-rise multifamily development known as The Link PHX opened at 3rd and Pierce Streets. The Duo on Fillmore will break ground in late 2019 on a high-rise, multifamily tower at the northeast corner of 3rd Avenue and Fillmore Street. X-Phoenix, a two-phase, high rise development broke ground at 2nd Avenue and Van Buren Street, representing 600+ units of social living in both phases. The Battery broke ground in the Warehouse District on a 278-unit, four-story project that incorporates two historic buildings as ground floor retail.
 - **Central Station** - Electric Red Ventures (Medistar) will start construction on Central Station which will include 35,000 square foot of office, 47,000 square foot of retail, 300 residential units, 150 hotel rooms and 600 student housing beds.
 - **Park Central Mall** - The adaptive reuse of Park Central Mall is underway with Creighton University School of Medicine and a new residential tower and parking structure. Future development will include offices, retail, and hospitality development. Public infrastructure improvements were completed this year, connecting a pedestrian corridor between 3rd and Central Avenues through the heart of the mall.

3. **Major Conventions Hosted** Phoenix Convention Center (PCC) served as host to 68 city-wide conventions in 2019. Several of the largest conventions had a strong presence in the summer months:
- **Nazarene Youth Conference** - In July, the Church of the Nazarene held its Youth Conference at the Phoenix Convention Center. The conference included 7,500 delegates representing over 14,000 room nights. The event had an economic impact of \$11.2 million in direct spending.
 - **Convention of the Jehovah's Witnesses** - In August, the 2019 Convention of the Jehovah's Witnesses convened 35,000 delegates. The group accounted for almost 25,000 room nights while utilizing space at the Phoenix Convention Center, as well as, Chase Field. The convention had an estimated economic impact of \$52.4 million.
 - **Geological Society of America** - In September, the Geological Society of America continued the summer trend into the Fall by bringing in 7,000 delegates and almost 9,000 total room nights. This event had an estimated economic impact of approximately \$10.5 million.

FINANCIAL EXCELLENCE

1. **Airport Revenue Bonds** Secured new money for the Aviation Departments Capital Improvement Program (CIP) on November 6, 2019 by issuing \$763 million in Airport revenue bonds. The bonds were issued to fund major infrastructure projects that support the Airport's Comprehensive Asset Management Plan. The bonds were issued at an overall interest rate of 3.52 percent, saving the airport \$7 million from the estimate.
2. **Rental Car Facility Charge Revenue Bonds** Secured new money for the Aviation Department's CIP on November 6, 2019 by issuing \$305 million in rental car facility charge revenue bonds. The bonds were issued to fund construction of PHX Sky Train to the rental car facility. The overall rate was 3.28 percent, saving almost \$12 million.
3. **City-Owned Properties** During 2019 city-owned properties sold for \$9.5 million bringing the total land sales to \$54.4 million since June 2014.
4. **Pension Funding Policy** Phoenix City Council took action in May 2019 to formally adopt the first pension funding policy, which is applicable to both the City of Phoenix Employee Retirement System (COPERS) and the Public Safety Personnel Retirement System (PSPRS). The policy includes continuing to pay the annual required contributions for each plan, as determined through annual actuarial valuations. The policy also includes the use of advanced enterprise funds to pay down the pension liability, annually evaluate prior year budgets compared to actual expenditures to determine if additional payments can be made towards the pension liability, and to evaluate any potential new revenue sources for the purpose of paying down the pension liability.

As part of this, Finance issued additional Aviation bonds for the purpose of freeing up cash to pay down the Aviation Department's Net Pension Liability amounting to \$150 million. This transaction will result in paying down the pension by approximately 3 percent and will save the Aviation Department about \$823,000 as the average annual savings for a total of \$24.7 million in savings.

5. **Finance Banking Payment Program** The Finance Banking Payment Program produced \$831,000 in revenues for the fiscal year.
6. **Procurement** The Finance Department completed 170 procurements including towing, body worn cameras, budget replacement system and large citywide contracts such as furniture. Two major strategic effort contracts included the Automatic External Defibrillators (AED) for \$1.7 million, temporary labor for \$27.5 million for a five-year period and a new Planning and Development System implementation for \$31.6 million.
7. **Financial Reporting** Completion of year-end financial reporting including the City of Phoenix Comprehensive Annual Financial Report (CAFR) with clean external audits issued by December 31, 2018. Received the Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting. This has been awarded to the City continuously since 1976. The Finance Department received the GFOA award for Excellence in Financial Reporting for the Popular Annual Financial Report.

INFRASTRUCTURE

- Accelerated Pavement Maintenance Program** Phoenix's 2019 street paving season will go on record as one of the biggest ever to be accomplished, due largely to the Council-approved \$200 million advancement of Transportation 2050 (T2050) street program revenues. The city tripled the number of major street miles paved this year. Outreach efforts included:
 - Interactive public input tool that resulted in more than 7,500 'pin drops' from members of the public who helped to identify problem areas.
 - More than 80 public meetings reaching more than 10,000 Phoenix residents.
 - Public input was used to develop pavement plans for the city's five-year maintenance program.
 - The Street Transportation Department provides the City Council district offices and the office of the Mayor an infographic for their constituent e-newsletters that features council district specific and citywide pavement program accomplishment numbers.

The Street Transportation Department launched a new Interactive Pavement Maintenance Dashboard that familiarizes the public with the different types of streets and treatments that are used to extend the life of pavement. Most importantly, the interactive tool gives the public a past-present-future look at the City's paving program.
- Grand Canalscape Phase II Project** The Grand Canalscape project was awarded a 2020 Build Arizona Award at the annual Arizona Association of General Contractors' (AZAGC) Award Ceremony. This award was for both Phase I and II which consisted of the installation of a 10-foot-wide concrete pathway, pedestrian bridges, traffic signals, HAWKs, rapid flashing beacons, lighting, landscaping and irrigation along the Grand Canal between 23rd Avenue and 56th Street.
- Parking Protected Bicycle Lanes** The Street Transportation Department installed the City's first and second parking protected bicycle lanes through the Accelerated Pavement Maintenance Program. The two locations are on 39th Avenue from Encanto Boulevard to Edgemont Avenue, and on Earll Drive from 6th Avenue to 3rd Avenue.
- Rio Salado Pathway, 32nd Street Alignment to SR 143** A multi-use path from 32nd Street to the City of Phoenix/Tempe border on the Rio Salado levee along the Salt River's south bank was completed. Work included an asphalt pathway, seating areas adjacent to the pathway, a shade ramada, landscaping, curb access ramps, and safety railing.
- New Proactive Right-of-Way Inspection Program** The Street Transportation Department formed and launched a new street inspection program to proactively identify and help address roadway issues across the city. Four Right-of-Way Specialists (ROW Specialists) are each assigned two council districts and are responsible for proactively identifying pavement and other street, sidewalk and right-of-way conditions in need of repair before they become problems.
- Street Landscape Improvements** With City Council approval, service levels for street landscaping and irrigation maintenance were increased to quarterly service schedules, including additional resources for servicing landscape irrigation systems across the network. The Street Transportation Department also planted over 700 trees in 2019. Irrigation audits have also begun, which will result in reduced water consumption, save money and help make Phoenix streets more walkable.
- Bus Stop Shade, ADA and Lighting Improvements** Improving the experience for riders waiting for the bus is a goal that was identified through community outreach while developing the T2050 program. The Public Transit Department has been addressing this through a newly designed bus shelter that provides more shade for riders waiting for the bus, improving bus stops throughout the city to meet ADA requirements, and an upgrade to solar lighting at existing transit shelters.
- Innovations, Service Level Increases, Major Projects Completed** The most important accomplishment the Water Services Department achieved in 2019 was the continued provision of safe, clean drinking water for our community, which is the foundation of public health, economic opportunity, and quality of life in our desert city. This takes an enormous amount of effort, diligence, and technical expertise to accomplish. The Water Services Department also maintained wastewater treatment plant operations without incident and without permit violation in support of public health and protection of the environment.
- New and Expanded International Flights** In 2019, Phoenix Sky Harbor International Airport added 29 new routes, equating to more than 33,000 miles of new air service:
 - American Airlines launched service to London in March, quickly moving from seasonal to year-round service due to strong demand. American Airlines also added service to Chihuahua, Mexico, in addition to ten new domestic routes.
 - Eurowings, a subsidiary of the Lufthansa Group, announced seasonal service between Phoenix and Frankfurt, Germany beginning April 2020 five days per week.
 - Condor Airlines continued to see strong demand for its Phoenix-Frankfurt flight, extending its service by two full months in 2019 to include all of May and October. It also announced it was adding April flights beginning in 2020.
 - Frontier Airlines announced significant expansion, adding six new routes in the second half of 2019, bringing its total number of destinations out of PHX to 15.

INNOVATION AND EFFICIENCY

1. **Projects Completed** In the past year, the Audit Department completed 82 audits and management services, with recommendations to improve operational efficiency, reduce risk, and improve management controls.
2. **Economic Impact** City Auditor Department recommendations resulted in over \$6.5 million in revenue recovery and cost savings over the past five years, including \$272,000 in revenue recoveries and cost savings in 2018-19. The majority of the economic impact within the past year resulted in savings to the Aviation Department. The Audit Department reviewed compliance with the lease agreement and permits between one of the Fixed Base Operators (FBO) operating at the airport. During the review, we identified that not all activity was included in the FBO's revenue calculations; in some instances, fuel flowage and landing fees were not reported. This resulted in underpayments to the Aviation Department of \$135,000. Other revenue recoveries were from reviews of contracts in various City departments.
3. **Efficiency Efforts** In addition to recommendations to improve management controls and reduce risk, the Audit Department identified many potential efficiency improvements. Recommendations were made to: (1) conduct a citywide survey to gather information about contract monitoring practices; results were turned over to the CORE team which will identify concrete steps and actions to assist city staff in their contract monitoring duties; (2) effectively manage IT projects so they have a greater likelihood to achieve their objectives, and to be implemented on time and within budget; and (3) review control deficiencies identified in a 2017 review of the Fire Marshal Work Flow, to ensure each deficiency was addressed and future risks are mitigated.

NEIGHBORHOODS AND LIVABILITY

1. **Phoenix Parks and Preserve Initiative (PPPI) Projects** Funds from the voter-approved Phoenix Parks and Preserve Initiative (PPPI) helped fund projects citywide, such as repairs and upgrades to pools, playgrounds, hiking trails, parking lots and LED lighting. Specific projects worth noting include a new playground in Nuestro Park; renovated parking lots at Hayden, Moon Valley and Nevitt parks; and work on 30 miles of trails in South Mountain Park/Preserve that involved maintenance on 14 miles of existing trails, construction on 12 miles of new trails and the removal of four miles of undesigntated "spider" trails.
2. **Phoenix Mountains Preserve – Piestewa Peak Trailhead Renovation** The grand opening of new and upgraded amenities at Piestewa Peak Trailhead was celebrated in October. Improvements include reconfigured parking areas that are connected by a new 104-foot-long vehicle/pedestrian bridge that will improve traffic flow and access to this popular hiking destination. Trail users can also enjoy a new building with six individual restrooms and a ranger station, drinking fountains and water bottle fill station, four new ramadas and two renovated ramadas, as well as improved sidewalks, curbing, lighting and signage. A new 60-foot-tall concrete and steel entry monument was constructed.
3. **Park Activations** Funding made available in the 2019-20 budget allowed the Parks and Recreation Department to offer free, daily activities in select parks citywide during the fall and winter months. Activities provided include organized sports, games, and arts and crafts. This activation is the process of utilizing parks to provide residents with activities that develop a more cohesive community and discourage negative behavior.
4. **South Phoenix Village (SPV) Infill Redevelopment Project** The Neighborhood Services Department and its project partner, FSL Real Estate Services, were recipients of a Housing Hero Award from the Arizona Department of Housing under the Outstanding Affordable Housing Initiative category. As part of Neighborhood Services affordable homeownership program initiative, 44 new single-family infill houses were built, and a total of 39 were sold in 2019 between 24th and 32nd Street, from Broadway to Roeser Roads, for low- to moderate-income homebuyers. The new homes are energy efficient and boast fully accessible designs and come with \$15,000 in homebuyer assistance to eligible buyers. When this project is complete, 126 new infill homes will have been built in South Phoenix.
5. **Sunday Hours** The City Council restored Sunday operating hours to Acacia, Agave, Desert Broom and Desert Sage libraries. Effective Sunday, September 22nd, 2019, our final four locations were open, meaning all Phoenix Public Library locations are now available to our customers on Sundays.
6. **Public Works and Neighborhood Services Departments Community Clean-ups** The Public Works Department (PWD) partnered with the Neighborhood Services Department (NSD) in providing roll off bins for community clean-ups. Community clean-ups are a way for neighbors to come together to keep their community looking great. In 2019, PWD provided NSD with 388 roll off bins for community clean-ups. The cleanups resulted in the removal of 371 tons of refuse, 2 tons of recyclable material and 7 tons of green organics.
7. **Bulk Trash** The Public Works Department offers bulk trash collection service to City of Phoenix residential solid waste customers four times a year beginning every November. This gives residents the opportunity to dispose of materials such as furniture, appliances and vegetation. In 2019, a total of 85,600 tons of bulk trash was collected, which is a 2.5 percent increase over last year.

PUBLIC TEAM

1. **Onboarding and New Employee Orientation Modernization** Effective September 9, 2019, all employees began using the human resources software eCHRIS to onboard electronically. This change provides a consistent citywide onboarding process, reduces staff time, eliminates filing, and provides new hires with a connection to the organization prior to starting. The City onboards more than 1,600 employees annually. Completing a significant portion of the process electronically saves thousands of hours of staff time over the course of the year. In conjunction with electronic onboarding, the City's new employee orientation (NEO) process changed as well. New employees, including part-time staff, began attending NEO on their first day of employment and the class, now offered weekly, was reduced from two days to one. Attendance immediately exposes new employees to the city culture, benefits, expectations and policies. IT security training is also provided, and computer network and email access is granted after the completion of NEO.
2. **Census 2020** Planning efforts for the upcoming 2020 Census significantly increased during calendar year 2019. In addition to continually working with regional partners through the Maricopa Association of Governments (MAG) and the U.S. Census Bureau, census staff engaged local partners in being community ambassadors in helping spread messaging and more. The 2020 Census team completed the following major tasks:
 - Monitored the progression of the litigation related to the inclusion of a citizenship question to the decennial form.
 - Developed action plans in response to the U.S. Supreme Court's ruling to the inclusion of the citizenship question.
 - Collaborated with IT in developing a citywide map viewer to integrate city facilities and resources overlaid with 2010 Census tract response rates and demographic information to strategize and identify areas for outreach and available resources.
 - Established a public-private partnership with Microsoft and Cisco in outfitting seven mobile census vehicles through both in-kind and monetary donations to retrofit and supply vehicle with technology infrastructure and resources.
 - Conducted eight focus groups to develop the most effective grassroots campaign to build trust, eliminate barriers and maximize participation for communities that have been traditionally undercounted in Phoenix. The demographics included in the research were Latino, LGBTQ, African American, Latino Undocumented, DACA Families, Refugees and Middle Eastern, Native American and diverse population stakeholders.
 - Assisted the Planning and Development Department in addressing a discrepancy regarding the Local Update of Census Addresses (LUCA) process to ensure all data submitted by the City of Phoenix was accepted and implemented by the U.S. Census Bureau in conducting a complete and accurate count of Phoenix households.
 - Responded to over 100 requests for presentation and event presence from both internal and external partners.
 - Launched the iCount2020.info website on August 15, 2019.
 - The Communications Office worked with internal and external partners on early communications of the 2020 Census. Partnered with Univision, Mi Familia Vota and the Census Bureau to broadcast a live call-in show answering questions on the importance of the 2020 Census; production of a PHXTV "City Update," on applying and working for the Census and; assisting the City Council with messaging, statements and press releases for the Supreme Court opinion on the Census Citizenship question.

PUBLIC SAFETY

1. **Critical Incident Videos** The Police Department began producing videos for public viewing to highlight known facts of critical incidents following their occurrence. The first of these videos debuted in October 2019 and provides information on an officer-involved shooting incident that occurred in August. The intent of these videos is to further enhance transparency between the Police Department and the public regarding these types of incidents. The videos contain portions of 911 calls, radio transmissions, body-worn camera video, still photographs, narrative as well as other information that helps describe the incident. Because the investigations are in process at the time the videos are produced, they are not intended to draw conclusions concerning the actions of the officers involved in the incidents. Additionally, the videos do not replace the Police Department's initial briefings provided to the media. The videos are posted on the Police Department's Facebook page and on the Officer-Involved Shootings (OIS) Information webpage, located on the City of Phoenix Police Transparency website (phoenix.gov/police/oisinfo).
2. **Naloxone (NARCAN) Deployment** The Police Department began an expansion of the naloxone (NARCAN) program to all patrol first responders, and other front-line personnel this summer. NARCAN is an agent designed to reverse the effects of opiates and opioids. This expansion was made possible through an Arizona Department of Health Services grant that provided 1,800 doses of the life-saving medication.
3. **2019 IACP/BodyWorn™ by Utility Leadership in Volunteer Police Service Programs Award** The Police Department and the Reserve Division received the national 2019 IACP/BodyWorn™ by Utility Leadership in Volunteer Police Service Programs Award in October 2019. The award recognizes volunteer organizations and programs that demonstrate innovative, effective practices for augmenting sworn or civilian staff and/or improving the service delivery to their communities. Additionally, this award promotes leadership among law enforcement agencies to develop and implement creative and effective law enforcement volunteer organizations.

4. **Fire Station 55 Grand Opening** The first new Phoenix Fire Station to open in over a decade, Station 55 at I-17 and Jomax Road has been recognized as a state-of-the art facility that not only takes into account the health and total wellness of the firefighters (cancer prevention equipment inside), but it follows the Fire Department's goal of siting services based on response times and call volumes. The Norterra neighborhood in North Phoenix needed closer fire facilities, and with Station 55 nearby, response times have been significantly reduced. The facility was built under budget (\$4.5 million) and in record time – 18 months. The facility includes three apparatus bays, 10 dorm rooms, fitness room and work/living space. Construction began in September 2018 and the building was operational and occupied on July 30, 2019.

SOCIAL SERVICE DELIVERY

1. **Rental Assistance Demonstration Conversion of Washington Manor Senior Apartments** In October 2019, the Housing Department completed its first Rental Assistance Demonstration (RAD) Program conversion. Washington Manor Senior Apartments was successfully converted from underfunded public housing to long-term, project-based Section 8 rental assistance. This places the 112-unit property on a more reliable funding stream and makes it self-sustainable, to continue providing quality senior housing for many years. The goal for the RAD Program is to preserve affordable housing while protecting the existing residents' rights and not raising rent levels. All senior and/or disabled residents continued to reside on the property during the minor rehabilitation and they were seamlessly converted to Section 8 residents with no increase in rent.
2. **Aeroterra Community Center Designated as HUD EnVision Center** On October 31, 2019, the Aeroterra Community Center was designated as the first U.S. Department of Housing and Urban Development (HUD) EnVision Center in the State of Arizona. The EnVision Center's goal is to provide access to supportive services that help low-income residents achieve self-sufficiency. The EnVision Center designation brings new resources to help the Housing Department assist residents with education, job attainment, health, and character development. The Aeroterra Community Center is located in the Choice Neighborhoods Edison-Eastlake Community which is undergoing a six-year revitalization and redevelopment. This designation is a vital step to enhance supportive services for all the community residents during the transition.
3. **Eviction Prevention Program** On August 1, 2019, an Eviction Prevention Program (EVP) was launched offering emergency rental and utility assistance with a wraparound comprehensive 90-day case management component to assist participants in stabilizing their housing situation. The goal of the program is to ensure households facing eviction have the resources and support necessary to remain in a safe and stable household. EVP participants can receive Low Income Home Energy Assistance Program payments above the standard threshold if participating in the case management component. Since implementation, 272 households have received eviction prevention services with 94 agreeing to participate in the case management component.
4. **Emergency Assistance On-Line Application** To save money, decrease appointment times, and serve more households, an on-line client application was implemented allowing clients the ability to complete forms from any electronic device prior to their scheduled appointment. This enhancement significantly reduced the amount of time clients spent in the office completing documentation. This improvement is expected to increase staff capacity by limiting the amount of time needed to review application content, resulting in additional households served and savings in printing costs. Approximately 20 percent of clients have used the online application since implementation in July 2019.

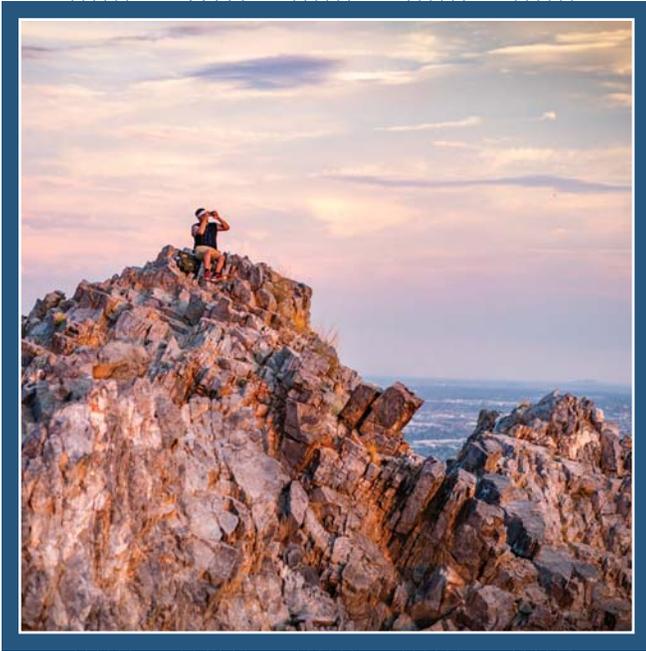
SUSTAINABILITY

1. **Sustainable Home** Published the plans and construction drawings for an open-source sustainable home (Phoenix.gov/homeplans) that uses 80 percent less energy and includes many sustainability features (including options to add solar and become net-zero). This year, the plans were downloaded over 5,000 times around the U.S.
2. **Tree Planting** Led a multiple-department collaboration on tree planting to accelerate department tree planting efforts. In 2019, over 4,000 trees were planted on City land and rights-of-ways, more than any year in the last decade.
3. **Solar Energy and SRP** Signed a 15-year contract with SRP for solar energy at a price below market rates. The agreement is predicted to save \$150,000/year off the SRP electrical bill while providing renewable energy for 10 percent of our SRP load.
4. **Solar Energy and Choice Neighborhoods** Brought solar to Choice Neighborhoods by connecting APS with the Housing Department to include solar on the roof of all new Choice Neighborhood housing. APS has committed to provide all residents a \$15 monthly credit on the energy bills in exchange for no-cost solar on the roof. As a result, the Housing Department is now exploring applying solar to many existing housing projects, to reduce costs to residents.

TECHNOLOGY

1. **City Telephone and Data Network Replacement Project** Information Technology Services (ITS) completed the roll-out phase of a project to implement a new telephone and contact center system and upgraded the data network. This multi-year project replaced a system that was over 30 years old and replaced it with new software and hardware to allow the City to leverage modern communication capabilities, improve network security, and gain efficiencies from a centralized platform and shared infrastructure. ITS replaced over 4,900 network devices and 11,000 phones at 526 unique locations across the City. The project also upgraded the data network and led to the creation of the City's first Network Operations Center to continuously monitor the City's systems and network.
2. **Cybersecurity Awareness Training** Information Technology Services' Information Security and Privacy Office (ISPO) put into place significant enhancements to employee security awareness training. Further, new employees' access to the City's systems is blocked until they have received that training on their first day and have acknowledged their understanding of the City's electronic use policy. In addition, the ISPO launched a one-month security awareness training campaign in October 2019, coinciding with National Cybersecurity Awareness Month. This initiative was the most comprehensive security awareness campaign the City has ever conducted. All City employees and contractors with access to City systems, both office and field staff, were required to take a 45-minute online training course and to read and acknowledge their understanding of the City's electronic use policy.

The training used by the City includes advanced reporting capabilities, allowing ISPO staff to identify who has completed the training. Employees were notified that failure to take all of the training would result in loss of access to the City's systems. As of mid-November 2019, 99 percent of staff had completed the training. This means that out of over 14,000 staff, fewer than 150 did not complete the training. Those employees will now have to complete the training within a 24-hour period in order to regain access to the City's systems. All City departments made this training a priority, helping to mitigate the City's cybersecurity risk by addressing criminals' first line of attack – the end user.



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.

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?

The City of Phoenix recognizes that we must focus on the well-being of residents, a strong economy and a healthy environment, and embrace a 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 percent of the population living within one-half mile of public transportation and 40 percent 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 percent 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 percent 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 percent 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 constructed a new Compost Facility for the processing of green waste and organics which opened in June 2017.
- b. Supporting the transition to a Circular Economy and encouraging the retail industry to provide products that are either 100 percent 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 $\frac{2}{3}$ of its allocation from the Colorado River and diverting the other $\frac{1}{3}$ toward groundwater recharge.
- b. Wastewater Management: Phoenix recycles an amazing 89 percent 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 partnered with Ninety-First Avenue Renewable Biogas, LLC to build a facility to generate renewable natural gas from the wastewater treatment for use in vehicles. The bio-gas facility opened in February 2019.
- c. Water and Wastewater Innovation: Phoenix is an established leader in water innovation and was recognized 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 15 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 percent 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 out performing all federal standards and achieving a visibility index of good or excellent on 90 percent of days or more. (Depending on the year, Phoenix currently achieves this good or excellent visibility rating on 70 - 80 percent 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 percent 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:

- Green Event Implementation Program - The City of Phoenix is part of the Sustainable Cities Network which is a partnership with the cities of Mesa and Glendale and Arizona State University to grow awareness of sustainable concepts. The network developed a Greening Events Implementation Guide to help event planners host sustainable events in a cost-effective manner. The guide provides planners helpful ideas and sustainable actions suitable for public and private events, varying from green procurement and planning, to waste management, measurement, and recognition. The network's goal is to help groups host more green, local events that produce less waste, increase sustainability knowledge, and lower the event's environmental impact, while at the same time increasing local interest and exposure.
- The City of Phoenix completed a citywide conversion of nearly 100,000 standard street lights to energy-efficient light-emitting diode (LED) units. This conversion is one of the largest completed by any U.S. city. The conversion was approved by Phoenix City Council after several years of testing and evaluation of various LED street lights. Based upon community input and the evaluations, Phoenix adopted 2,700 kelvin as the standard kelvin level for Phoenix's new LED street lights, which is considered a warmer color temperature for LED lights.

The new LED street lights are anticipated to save the city approximately \$3.5 million in annual energy costs. By switching to more energy efficient LED fixtures, the city reduced the amount of electricity needed to illuminate the streets by approximately 53 percent. This reduction prevents emissions of up to 18,000 metric tons of carbon dioxide a year - the equivalent of taking 3,800 cars off the road.

- The City of Phoenix is prioritizing multimodal and active transportation by upgrading bicycle infrastructure throughout the city. Upgrades include bicycle lanes and shared lane markings, bicycle protection and signage. These upgrades, accompanied by the addition of a full-time Active Transportation Program Manager position in the Street Transportation Department, will improve safety for all users of the roadways. In the first three and a half years of the voter-approved Transportation 2050 plan, more than 157 miles of new dedicated bicycle lanes have been added to the city's bicycle network. Additionally, in 2019, nearly 300 shared lane markings were installed in downtown Phoenix. Dedicated bicycle lanes are travel lanes exclusively for people riding bicycles. Shared lane markings visually reinforce to motorists that people on bicycles have the legal right to occupy the same space on the road as people driving cars. The city also added 12 miles of buffered bike lanes in 2019 and is planning to install an additional 34 miles by 2023. The buffer (painted stripes) creates additional space between vehicles and people walking or bicycling, enhancing safety. Many of these bicycle and shared lane markings are backed with green paint - the vibrant color helps draw attention to people bicycling and reminds people driving to be aware of people riding bicycles.
- The City of Phoenix Public Works Department recently was awarded \$1 million in Diesel Emissions Reduction Act (DERA) grants by the US Environmental Protection Agency (EPA) to replace some of the department's diesel-fueled trucks. The grant money will be combined with matching funds of \$2.1 million from Phoenix Public Works and its private partner, Mr. Bults Inc., to purchase nine new solid waste collection trucks and one long-haul truck fueled by compressed natural gas (CNG) to replace old, diesel-fueled vehicles. The DERA grant is a huge assist to Phoenix's diesel truck replacement program, which has a primary objective of improving the environmental health of Phoenix through the use of alternative-fuel vehicles with low harmful emissions. Phoenix Public Works already has replaced 135 of its 250 diesel-fueled collection trucks with CNG-fueled trucks. The program to transition to CNG-fueled trucks began in 2010 as a pilot. By 2013, the department made it a policy to purchase CNG-powered trucks moving forward.
- The City of Phoenix Water Services Department was recently honored by the Association of Metropolitan Water Agencies (AMWA) with a top utility management award. The announcement came at AMWA's 2019 Executive Management Conference. Phoenix Water was one of the 15 systems that received the Sustainable Water Utility Management Award for achieving a balance of innovative and successful efforts in areas of economic, social and environmental endeavors. AMWA awards spotlight the exceptional advances of public drinking water utilities that lead the nation toward sustainability through innovative management practices, executive leadership and employee commitment. Some of the successes that separated Phoenix Water from other municipal utilities include the acquisition of water resources to meet demand 100 years into the future; reduced energy consumption through the adoption of electronic processes such as automated meter reading; and 140 million gallons of wastewater recycled daily.

- Tree and Shade Master Plan - The Tree and Shade Master Plan presents Phoenix's leaders and residents a roadmap to creating a 21st Century desert city. The urban forest is a keystone to creating a sustainable city because it solves many problems with one single solution. By investing in trees and the urban forest, the city can reduce its carbon footprint, decrease energy costs, reduce storm water runoff, increase biodiversity, address the urban heat island effect, clean the air, and increase property values. In addition, trees can help to create walkable streets and vibrant pedestrian places. More trees will not solve all the problems, but it is known that for every dollar invested in the urban forest results in an impressive return of \$2.23 in benefits. Goals of the Tree and Shade Master Plan include:

1. Raise Awareness by:

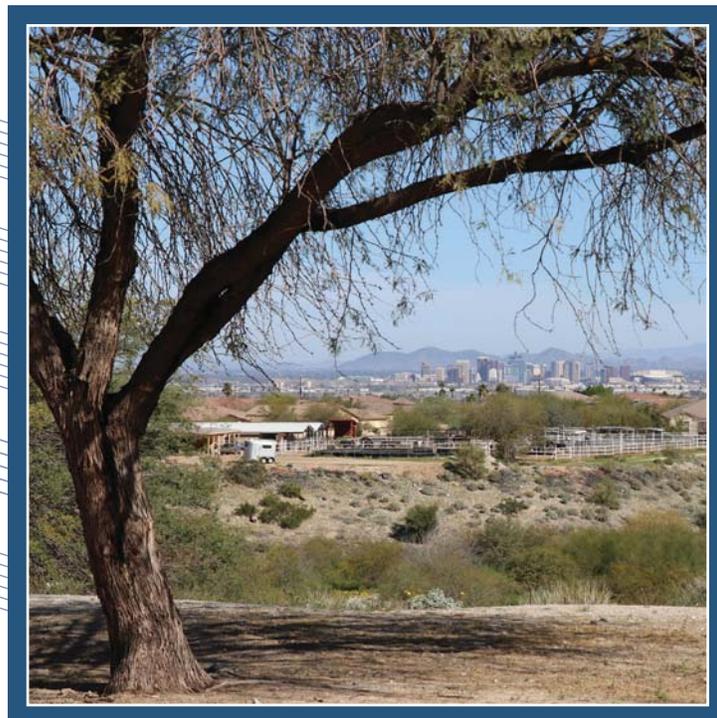
- Establishing partnerships
- Educating the public and staff through programs, publicity and media
- Leading by example - In 2018-19 City Council approved funding of \$450,000 annually to improve tree replacement in the right-of-way

2. Preserve, Protect, and Increase by:

- Creating an Urban Forest Infrastructure Team
- Conducting a tree inventory for city-owned facilities and rights-of-way
- Developing and adopting best management practices
- Researching and developing dedicated revenue streams to purchase trees

3. Sustain Maintainable Infrastructure by reviewing city ordinances to possibly include:

- Engineered shade standards
- Streamlined permitting for engineered shade
- Tree permitting
- Tree protection on construction sites
- Incentives and alternatives
- Planting and irrigation standards
- Landscaping standards based on the concepts of right tree, right place



The City's commitment to 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.

- Phoenix Sky Harbor International Airport is honored to be named the top airport in the nation among large airports by the Wall Street Journal. Reliability and value are critical factors the Wall Street Journal looked at when conducting its annual Airport Rankings study. It examined 14 different measures within these categories, as well as surveying more than 2,500 subscribers. The results found that among other things, Phoenix Sky Harbor's short taxi-to-takeoff times, restaurants and fast WiFi makes it the top airport in the country. Phoenix Sky Harbor ranked particularly high for its average Yelp rating for restaurants. America's Friendliest Airport is also America's Tastiest Airport with local favorites like Barrio Café, La Grande Orange, Four Peaks Brewery, Matt's Big Breakfast, San Tan Brewery, the Tavern and others in the terminals as well as nationally-recognized options available. Phoenix Sky Harbor also saw a major improvement in its WiFi speeds, something that is very important to travelers. Phoenix Sky Harbor was ranked second among the largest airports for WiFi service. With great weather, Phoenix Sky Harbor also had favorable on-time arrivals, making it a very reliable airport.
- The City of Phoenix was recently honored with a Distinguished Budget Presentation Award by the Government Finance Officers Association (GFOA) for its current budget. This is the 29th consecutive award for the city, which is bestowed through a peer-review process. The GFOA gives the Distinguished Budget Presentation Award to government organizations that most effectively present their budget information according to nationally recognized guidelines. This ensures that the budget documents produced can serve as a policy guide, a financial plan, an operations overview, and a communications tool, and are clear to understand and encourage budget transparency.
- The City of Phoenix earned a perfect score of 100 on the 2019 Human Rights Campaign (HRC) Municipal Equality Index for the seventh year in a row for its ongoing efforts to ensure equal treatment of members of the lesbian, gay, bisexual and transgender (LGBTQ) community. The HRC uses the Municipal Equality Index score to examine how inclusive municipal laws, policies, and services are of the LGBTQ community who live and work in each city. Phoenix has maintained a perfect score since the passage of 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.
- The City of Phoenix Human Services Director, Marchelle Franklin, was awarded the NextGen Public Service Silent Hero Award in Washington, D.C. This award recognizes a public servant who has operated behind the scenes, silently working in a dedicated and committed fashion, has laid the foundation for stellar public service results and impacted positive change in their organization. For the past 17 years, Marchelle has served tirelessly across the city as the Phoenix Police Department Community Affairs Division Director, Phoenix Sky Harbor International Airport Community Development and Government Relations Deputy Director and as Chief of Staff for the Mayor and City Council. Now at the helm of the city's Human Services Department, Marchelle continues to lead with exuberance and dedication to improving and invigorating the city.
- Phoenix Municipal Court Chief Presiding Judge, B. Don Taylor III, accepted an award from the National Association for the Advancement of Colored People (NAACP) for the court's Compliance Assistance Program (CAP). Judge Taylor established and implemented the CAP program to help people clear up past due traffic and parking fines owed to the Court that may be preventing the reinstatement of an Arizona driver's license. People can enter into a payment plan for all civil traffic and civil parking charges, without having to see a judge. If the required down payment is made and an agreement to make affordable monthly payments is completed, the Court will notify the Arizona Motor Vehicle Division (MVD) that the account is in compliance with civil traffic fines and fees due to the Court. Drivers can then contact the Arizona Motor Vehicle Division to find out what must be done to reinstate driving privileges.
- James E. Bennett, Director of Aviation Services for the City of Phoenix, was named this year's recipient of the Excellence in Visionary Leadership Award by the Airports Council International – North America (ACI-NA). Launched in 2016 by ACI-NA's Human Resources Committee, the Excellence in Visionary Leadership Award recognizes the extraordinary leadership of an airport CEO who best exemplifies the nine core competencies, including people practice expertise, relationship management, consultation, leadership and navigation, communication, global and cultural, effectiveness, ethical practice, critical evaluation, and business acumen. As the Director of Aviation Services at Phoenix Sky Harbor International Airport, Mr. Bennett leads one of America's busiest airports with integrity and the understanding that employee alignment is critical to execute a sound, unified business strategy. His dedication to Phoenix Sky Harbor International Airport and its 45 million annual passengers is unmistakable and will ensure the continued success of the airport and the local Phoenix community.
- The City of Phoenix Parks and Recreation Department received two honors at the annual Arizona Parks and Recreation Association (APRA) awards ceremony. The department is the recipient of APRA's Outstanding Program Award for its PHXteens initiative and the Partnership Award for its relationship with Arizona Center for Nature Conservation to operate South Mountain Environmental Education Center. The PHXteens program provides cultural, educational,

recreational and volunteer opportunities for teenagers citywide. Since the program began in 2016, 641 teens attended 236 field trips and 167 workshops, and performed 15,510 volunteer hours for a project savings of \$382,000. The Partnership Award recognizes the collaborations of public/private groups or agencies that have made significant contributions to the field of parks, recreation, and/or cultural services. Through a partnership managed by the Parks and Recreation Department, the Arizona Center for Nature Conservation operates the South Mountain Environmental Education Center which is located near the main entrance to South Mountain Park and Preserve and provides information to park visitors about the surrounding environment and produces year-round educational programming and special events.

- Matthew Arvay, Chief Information Officer (CIO) for the City of Phoenix, has been recognized by Constellation Research on its 2020 Business Transformation 150, an elite list of executives leading business transformation efforts around the globe. Currently, Mr. Arvay is leading Phoenix's first Smart City Strategic Plan, which will have a community-centric approach to implementing innovative solutions to civic challenges. Having only been with the city for less than three years, Mr. Arvay has led the Information Technology Services Department in modernizing the city's foundational infrastructure by replacing the organization's network that supports more than 12,000 telephones across 500 city locations, connected by approximately 300 miles of cables. The 2020 Business Transformation 150 identifies the world's most influential executives across a variety of industries, including Mr. Arvay.

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

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

CITY OF PHOENIX VISION STATEMENT

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

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, human service, 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 \$652,000 during the City's "Season of Giving" Valley of the Sun United Way 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 a few public service successes, large and small, that improved the quality of life for residents, businesses and visitors.

- The Phoenix Convention Center (PCC) was named as one of 20 Centers of Excellence by Exhibitor Magazine. PCC received this honor for trade shows and corporate events. Out of more than 100 venues PCC ranked among the highest qualified facilities in each of the five categories including: Facility & Functionality, Location & Accommodation, Service & Execution, Upgrades & Expansions and Awards & Industry Participation. PCC achieved this in part because of its walking distance to restaurants and entertainment, proximity to Phoenix Sky Harbor International Airport, access to public and alternative transportation, available hotel rooms nearby and much more.
- The City of Phoenix's 2019 street paving season will go on record as the biggest ever featuring more than 250 miles of newly paved streets. Due largely to the Council-approved \$200 million financing of Transportation 2050 street program revenue, the city tripled the number of arterial and major street miles that were paved this year. Accomplishments from this year's street paving season include:
 - 195 local street miles paved
 - 60 arterial and major street miles paved
 - 120 local street miles and 35 arterial and major street miles received a pavement preservation treatment, such as fog seal or crack seal
 - 5650 new wheelchair accessible sidewalk ramps installed
- The City of Phoenix Water Services Department announced it is the recipient of a \$100,000 grant by the U.S. Bureau of Reclamation for an innovative water conservation program. The grant will allow Phoenix Water, in partnership with Arizona State University, to pilot new technology to reduce lawn water usage between 40 and 45 percent, based on results experienced in California. The pilot will be performed on 12 acres of existing soccer fields near Arizona State University -West in Phoenix, owned by the City and Arizona State University. The process involves injecting water-absorbing polymers (known as "hydrogel") below the root zone of existing turf. The hydrogels can absorb up to 400 percent of their weight in water and release up to 96 percent of the water to the turf, as needed. The injected hydrogels retain the ability of repeating water absorptions and release over a period of 5-7 years. The existing soccer fields at Arizona State University currently consume roughly 11 million gallons (34 acre-feet) of water per year at a cost of approximately \$63,500. At a 40 percent reduction, 4.4 million gallons (13.5 acre-feet) of water and \$25,400 thousand per year will be saved. Additionally, based on a conservative five-year life cycle for the hydrogel, savings could equate to 22 million gallons (67.5 acre-feet) of water and \$127,000 in savings over the life of the pilot program.
- A program to replace the green grass turf with native desert landscape around Phoenix Sky Harbor International Airport is anticipated to save \$400,000 annually in labor and materials as well as millions of gallons of water. This turf replacement and landscaping project, which was completed in June 2019, is a step toward a more sustainable future for the airport - and the city. Water consumption at the airport averages 30 million gallons per month, necessitating such conservation efforts like the use of low-irrigation xeriscape. Removing all grass turf that is high in water use from Phoenix Sky Harbor grounds will dramatically reduce water usage by 5.375 million gallons a year. In place of the grass that also required high maintenance as well as water, suitable desert scenery planted in its place include:

- 435 new low-water-use trees added
- 75 saguaros added, 61 of which were salvaged from the areas where turf was removed and from the Rental Car Center currently undergoing PHX Sky Train construction
- 275 large signature cacti (ocotillo, senita, totem pole, Mexican fence post, organ pipe and Argentine toothpick)
- 2,900 accent plants and shrubs for ground cover added

Succulents and drought-tolerant plants are hallmarks of the desert, but another new landscape feature that was created as part of this project is meant to evoke aviation imagery from an unexpected source: rock-filled gabion baskets. Gabion baskets are typically used near slopes and banks to combat water erosion as well as offer an eye-pleasing element. There are now 8,950 linear feet – or 1.7 miles – of gabions in areas where turf used to grow, and they are designed to mimic the swirling wingtip vortex created by high-speed jets.

GOOD WORK MATTERS!

Good work continues to matter here at the City of Phoenix. With roughly 15,000 employees who work around-the-clock, what we do makes a difference 24/7. Sometimes it's truly 'the little things' that make the biggest impact to our customers. Here are a few examples of good work that make Phoenix a great city.

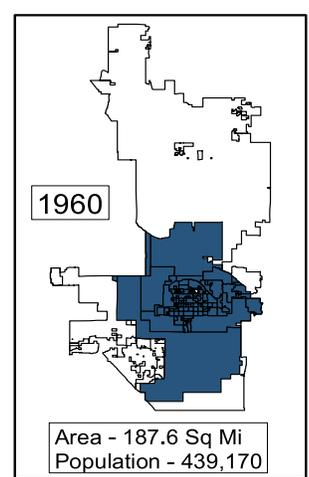
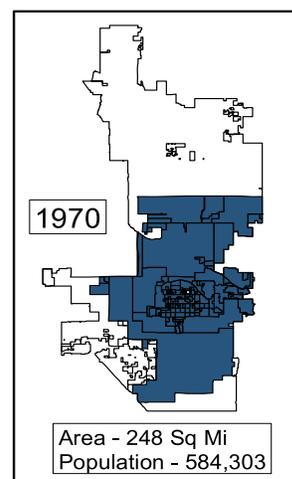
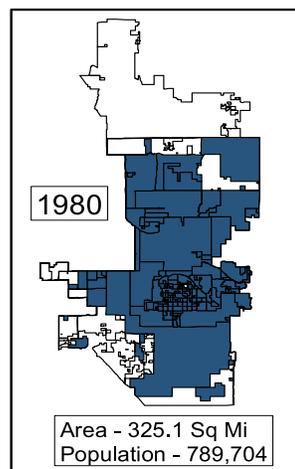
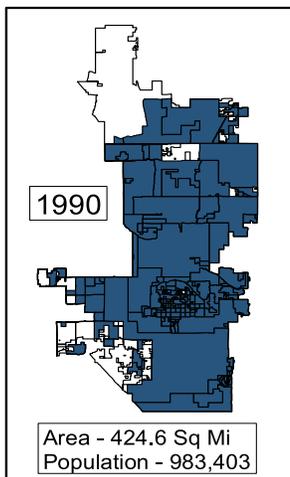
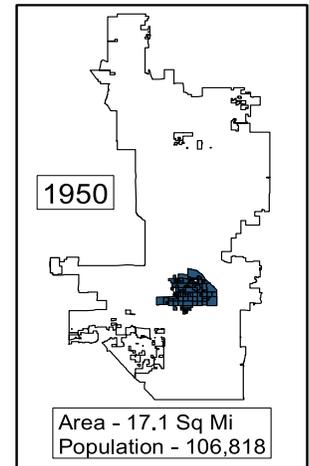
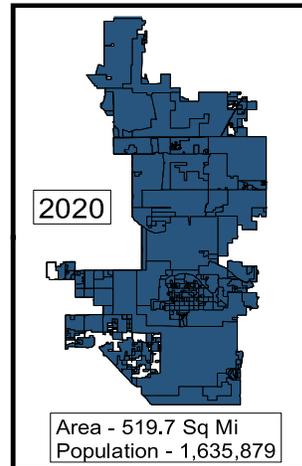
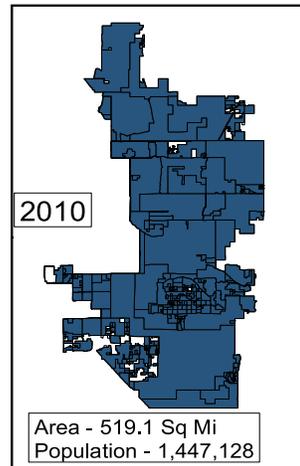
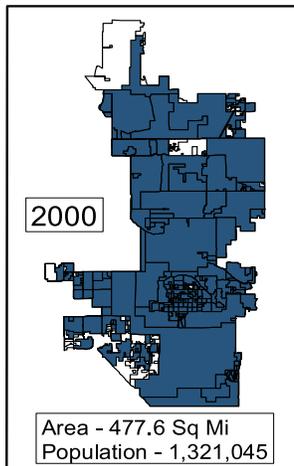
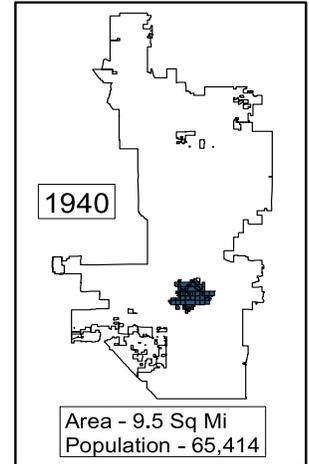
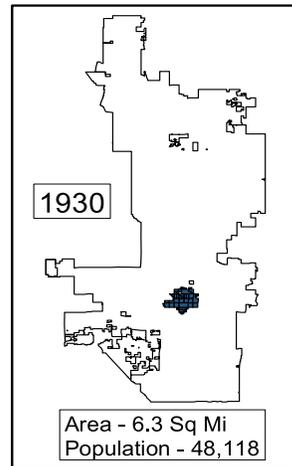
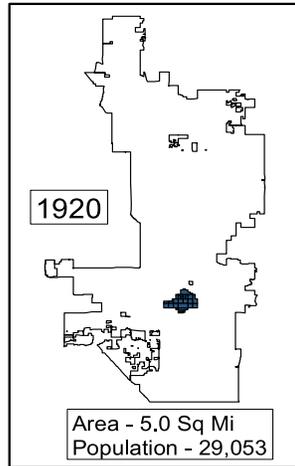
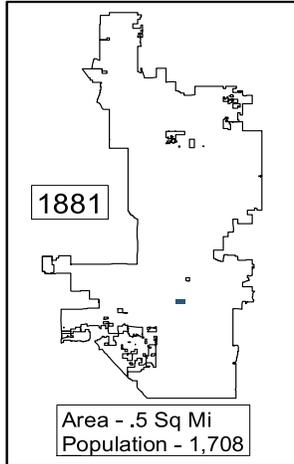
- A Phoenix resident got an amazing surprise to mark his 100th birthday. Michael Romero, a longtime Pecos Senior Center member, celebrated his 100th birthday with his family and friends joining in the fun. Pecos Senior Center staff organized a big event that he could safely watch from his driveway. Surrounded by balloons, Michael watched as friends and family put on a parade to celebrate this milestone day. A total of 20 cars decorated with signs and balloons drove by Michael shouting birthday messages and honking, including two Yellow Cab drivers that faithfully transported Michael and other seniors in the area to the Pecos Senior Center before the coronavirus COVID-19 pandemic.
- Phoenix firefighters responded to a fire and were able to rescue two dogs and a cat from an apartment. The residents of the house had self-evacuated prior to Fire Department arrival but told firefighters that their animals were still inside the home. Phoenix firefighters were able to remove all the animals from the fire affected apartment. One of the dogs, "Bubba", was unresponsive and needed to be resuscitated by Phoenix firefighters with the aid of a specialized oxygen delivery system for animals called a "FIDO bag". In addition to specialized oxygen masks, FIDO bags are also equipped with bandages, burn sheets and wound lubricant. Every City of Phoenix fire truck is equipped with a FIDO bag. No firefighters were injured during this incident.
- A Phoenix police officer was recognized for her efforts to help change the tire of a woman involved in a domestic violence dispute. Two Phoenix officers responded to a domestic violence criminal damage call at a residence. Upon arrival, they made contact with a woman and learned her ex-boyfriend had arrived for an unannounced visit. He was told to leave after he became verbally rude to her. A short time later, a passerby knocked on the woman's door and told her someone had let air out of a tire on her vehicle. The woman inspected her vehicle and found air was seeping from the driver-side rear tire. Hearing that the woman needed to get to work in the morning, one of the responding officers offered to change her tire, replacing it with the vehicle's spare tire. The woman accepted the offer, police said. When the tire was removed, the officers were able to see a 1-inch puncture in the sidewall of the tire.
- A City of Phoenix Water Service Department field crew got the opportunity to meet World War II hero, Salvador Leon. The 94 year old veteran lost his keys and military ID tags, while dining at his favorite restaurant with his family. Mr. Leon explained that he had his keys when he went into the restroom, but when he returned to the table, they were missing. The Leon's reached out to the City of Phoenix Street Transportation Department, who put them in contact with the Water Services Department. Crews worked diligently to recover the keys and military ID tags. Using a vactor truck, crews lowered a basket into the sewer line and retrieved them. The Leon family was very grateful for the compassion and respect shown by city employees and Mr. Leon was thrilled to have his military ID tags back where they belong.
- At the beginning of the COVID-19 outbreak in Arizona, a Phoenix senior citizen contacted the City's 3-1-1 number to simply state that he was experiencing hunger due to his local senior center being closed and unable to make it to a grocery store. City staff at the 3-1-1 center quickly organized with staff from the Human Services Department and within three hours were able to deliver the resident a food box. Additionally, staff was able to set up the resident with additional resources to ensure he would have access to weekly food.

- Diana, a Phoenix resident wrote a letter to the city, to recognize two Phoenix Police Officers for their efforts and going way beyond the call of duty. The two officers were directing traffic for a road paving crew. The crew had just poured tar when Dianna pulled up and the officers asked politely if she could wait for the crew to finish. Diana explained that she had sacks of fresh groceries in her vehicle that were perishable. She then parked her car down the street from her home and both police officers helped unload and carry groceries to her home, Diane appreciated the kind gesture and thanked the officers.
- Carolina Lee, a City of Phoenix Aviation Department employee went out of her way to help return a lost bag to a traveler. While something like that might be a regular occurrence at Phoenix Sky Harbor International Airport with thousands of people coming and going daily. It turned out this particular bag was critically important and the owner needed to be found as the bag contained medication for the passenger's service dog. The customer sent a note of appreciation to the Aviation Department thanking Caroline Lee for going to great lengths to ensure the bag was returned and to recognizing her for her kindness.

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

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 519.7 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 (15%); government (11%); financial activities (9%); manufacturing (6%); and construction (6%). Major employers of the Phoenix metropolitan area include Banner Health, State of Arizona, Wal-Mart, Fry's Food Stores, Wells Fargo & Company, Maricopa County, City of Phoenix, Intel Corp., JPMorgan Chase Bank National Association, and Arizona State University. The top ten property taxpayers, based on secondary assessed valuation, are Arizona Public Service Company, Southwest Gas Corporation, CenturyLink Inc., Host Kierland L.P., Host Camelback I L.L.C., Esplanade Owner L.P., Phoenix Plaza P.T. L.L.C., Target Corporation, Apollo Group Inc., and the United Services Automobile Association. These taxpayers make up 6.0 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 2018-19	Estimated 2019-20	Projected 2020-21
DEMOGRAPHIC PROFILE							
Population ¹	789,704	995,896	1,350,435	1,453,462	1,617,344	1,636,000	1,653,000
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 ¹							
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 ²	N/A	N/A	0.1	0.2			
Other	15.2	20.1	35.8	22.0			
Hispanic/Latino (of Any Race) ³	14.8	20.0	34.1	40.8			
Not Hispanic or Latino (of Any Race) ³	85.2	80.0	65.9	59.2			
CITY ECONOMIC PROFILE							
Median Household Income ⁴	\$29,706	\$30,797	\$40,856	\$42,260	\$57,957	\$59,638	\$61,367
Personal Income Growth (Metro Phoenix) ⁵	14.8%	4.6%	6.7%	3.0%	6.5%	2.8%	2.4%
Secondary Net Assessed Valuation ('000s) ⁶	N/A	\$5,700,825	\$7,573,211	\$16,092,308	\$16,665,875	\$18,193,681	\$19,889,714
Full Cash Value (Millions) ⁷	N/A	N/A	N/A	\$144.772	\$164,275	\$179,418	\$198,012
Employment Growth Rate ⁸	N/A	(3.0)%	3.7%	(2.1)%	3.6%	3.1%	2.7%
Unemployment Rate ⁹	N/A	4.9%	2.7%	9.1%	4.2%	4.0%	4.0%
Value of Residential Construction (Billions) ¹⁰	N/A	\$0.42	\$1.16	\$0.28	\$1.00	\$0.90	\$0.90
Value of Commercial Construction (Billions) ¹⁰	N/A	\$0.46	\$1.33	\$2.60	\$3.70	\$4.90	\$4.00
CITY FINANCIAL PROFILE							
Total Budget ('000s)	\$392,780	\$1,026,545	\$1,946,013	\$3,020,690	\$3,775,469	\$4,038,254	\$5,020,460
Total GF Budget ('000s) ¹¹	\$221,106	\$591,021	\$953,324	\$954,795	\$1,214,363	\$1,300,683	\$1,425,613
Total Employees	9,435	11,388	14,352.0	15,002.8	14,615.6	14,847.8	14,857.8
Total Employees per 1,000 population ¹²	11.9	11.4	10.6	10.3	9.0	9.1	9.0
Non-Enterprise Employees per 1,000 population	N/A	N/A	8.6	8.0	7.1	7.1	7.0
Enterprise Employees per 1,000 population ¹³	N/A	N/A	2.0	2.3	2.0	2.0	1.9
Property Tax Rate	1.75	1.79	1.82	1.82	2.14	2.13	2.13
G.O. Bond Rating (Moody's/Standard and Poor's/Fitch) ¹⁴	Aa/AA	Aa/AA+	Aa1/AA+	Aa1/AAA	Aa1/AA+/ AAA	Aa1/AA+/ AAA	N/A
Number of PLT Licenses ¹⁵	37,943	43,756	51,000	56,460	177,863	169,000	169,000
City Retail Sales Tax Rate ¹⁶	1%	1.2%	1.8%	2.0%	2.3%	2.3%	2.3%

	1980-81	1990-91	2000-01	2010-11	Actual 2018-19	Estimated 2019-20	Projected 2020-21
INFRASTRUCTURE PROFILE							
Area (Square Miles)	329.1	427.1	483.5	519.1	519.7	519.7	519.7
Police							
Major Crimes ¹⁷	86,287	110,961	97,666	70,108	68,938	68,800	68,800
Dispatched Calls for Service ¹⁸	452,350	895,117	862,769	666,116	680,037	690,500	690,900
Authorized Sworn Police Officers ¹⁹	1,694	2,047	2,810	3,281	3,274	3,271	3,271
Fire							
Fire Stations	35	45	45	57	58	59	59
Fires and All Other Calls	25,162	26,281	28,369	19,335	24,569	25,300	25,400
Emergency Medical Calls	46,122	75,112	101,396	136,163	182,400	187,600	188,000
Authorized Sworn Firefighters ¹⁹	838	1,042	1,315	1,661	1,686	1,695	1,695
Building Inspections							
Total Number of Inspections ²⁰	196,356	176,909	261,184	131,600	261,023	238,000	238,000
Streets							
Total Miles	3,084	3,800	4,299	4,825	4,864	4,872	4,872
Miles Resurfaced and Sealed ²¹	216	250	220	127	388	514	289
Total Miles of Bikeway ²²	N/A	250	472	615	1,420	1,488	1,516
Traffic Control and Lighting							
Signalized Intersections	555	761	906	1,092	1,142	1,154	1,164
Street Lights ²³	39,097	50,825	70,750	89,826	92,675	92,750	92,910
Traffic Accidents ²⁴	28,129	28,414	36,500	22,742	30,575	32,600	34,600
Aviation							
Passengers Arriving and Departing	6,500,000	22,175,000	35,900,000	40,500,000	45,531,435	33,200,000	20,000,000
Solid Waste Collection							
Residences Served ²⁵	281,900	281,392	327,953	392,825	406,877	411,800	414,200
Tons Disposed at City Landfills ²⁶	379,000	513,643	1,051,935	1,002,346	938,906	937,200	942,900
Municipal Parks							
Number of Municipal Parks	137	181	199	225	232	232	232
Developed Park Acres ²⁷	1,303	2,206	3,332	5,071	4,787	4,787	4,787
Number of Municipally Operated Golf Courses	5	5	7	6	5	5	5
Libraries							
Material Circulation ²⁸	3,691,745	5,962,411	9,151,000	13,839,543	10,385,852	11,500,000	11,500,000
Total Material Stock ²⁹	1,182,606	1,732,410	2,016,000	1,643,977	3,420,996	3,500,000	4,000,000
Number of Library Branches	9	11	13	16	17	17	17
Equipment Management							
Number of Equipment Units in Fleet ³⁰	4,497	4,776	6,080	7,612	7,429	7,548	7,548
Water							
Connections ³¹	282,048	321,996	350,967	397,390	430,592	434,900	439,200
Production (billions of gallons) ³²	88.5	84.7	109.4	98.6	106.3	108.7	108.7
Miles of Line	3,083	4,246	5,007	6,270	6,960	7,012	7,048
Wastewater							
Connections	250,199	311,980	327,051	389,978	414,043	418,200	422,400
Miles of Line	3,040	3,661	4,174	4,980	4,906	4,931	4,952

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

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

³ Hispanic/Latino of any race is included in the Census' "Other" race category for 1980-81, 1990-91, 2000-01 and 2010-11.

⁴ Median Household Income is based on U.S. Census Bureau data for the City of Phoenix geographic area. For the estimate and projection years, the Calendar Year (CY) 2019 greater Phoenix Consumer Price Index (CPI) of 2.9% was applied to the U.S. Census Bureau's (FactFinder) 2018 American Community Survey

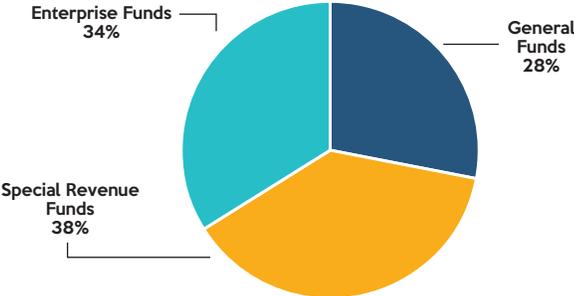
- 1-year estimates for City of Phoenix Median Household income. The reported data is from March 2020 and does not account for impacts to median household income from COVID-19.
- ⁵ Personal income growth percentage is from University of Arizona's "Economic Outlook" quarterly publication (University of Arizona Economic and Business Research Center), which reflects estimated impacts to personal income growth from COVID-19.
 - ⁶ 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.
 - ⁷ 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 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.
 - ⁸ Employment growth rate figures for 2018-19 are based on CY2018, while 2018-19 and 2019-20 (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: www.bls.gov. The reported data is from March 2020 and does not account for impacts to employment growth from COVID-19.
 - ⁹ Unemployment rate is reported monthly by the US Bureau of Labor Statistics website: www.bls.gov (LAU – Local Area Unemployment searchable databases) converted to fiscal year by the City of Phoenix Budget and Research Department. Data is based on the Phoenix-Mesa-Scottsdale Statistical Area (MSA). The reported data is from March 2020 and does not account for impacts to the unemployment rate from COVID-19.
 - ¹⁰ These measures represent the annual estimated value of projects permitted by the City of Phoenix (new construction and remodels).
 - ¹¹ As of 1998-99, Arizona Highway User Revenue funds are no longer included in the General Fund total.
 - ¹² A correction was made to the calculation of City employees per 1,000 population for 1980-81 and 1990-91. Previous budget books did not adjust for Census data that was published at least a year after the statistic was recorded in budget documents.
 - ¹³ Enterprise departments include Water, Wastewater, Aviation, Phoenix Convention Center and Solid Waste Management.
 - ¹⁴ The ratings listed in the estimated 2019-20 are the City's rating at the time of publication. No attempt has been made to project the City's ratings.
 - ¹⁵ As of January 1, 2017, the City of Phoenix no longer has administrative and collection duties over the management of Transaction Privilege (Sales) and Use Tax Licenses (TPT) accounts. This process is 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 remits 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.
 - ¹⁶ 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.
 - ¹⁷ 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 March 2020 and projected data for subsequent months for all crime types. 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 2014-15 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 2015-16 forward.
 - ¹⁸ The formula that categorizes calls as dispatched was revised in 2017. Counts for 2015-16 and forward have been updated. Call data is based on actual data through March 31, 2020 and projected data for the remaining months. The number of calls and response times for incidents handled by callback are impacted by the working hours and staffing levels of this unit. The original 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. Response times for callback calls are not provided for the callback unit for 2016-17 because the unit was re-opened in February 2017 and there was not adequate data for the full fiscal year. Response times for callback are difficult to predict since staffing in the current callback unit is dependent solely on officers with medical restrictions. 2019-20 callback data has larger variability than previous years, and this fiscal year and the following fiscal year response times for callback are not estimated. 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 callback unit.
 - ¹⁹ The numbers shown represent the Council authorized sworn position count in Police and Fire. The sworn hiring target for Police is 3,125 based on projected available resources. While for Fire, the hiring target is 1,683 through March 2021 and is reduced to 1,644 beginning in April 2021 due to the expiration of the Fire SAFER grant.
 - ²⁰ Includes building, electrical, mechanical, plumbing and general inspections.
 - ²¹ 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.
 - ²² City of Phoenix bicycle network consists of bicycle lanes, bicycle routes, paved shared use paths and unpaved multi-use paths. In 2018-19, the Streets Department changed the measurement methodology of bikeway miles from centerline miles (method used for total miles of streets measurement) to bi-directional miles to be consistent and accurate with bikeway miles regardless of street type. 2018-19 is the earliest year the measurement change can be recorded.
 - ²³ 2020-21 it is anticipated that 12 new signalized intersections and 17 HAWKs will be installed; seven HAWKs were installed as part of the Grand Canal Scape projects.
 - ²⁴ 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 City of Phoenix Street Transportation and Police Department via ADOT. 2019-20 and 2020-21 figures are projections from previous years and current available data.
 - ²⁵ 2019-20 projected service level is based on annualized six months of actuals data and assumptions from Business Intelligence Living Unit report. Projected households for 2020-21 are based on 0.75 growth from 2019-20 projections.
 - ²⁶ Tonnage includes disposal tonnage collected at City transfer stations and landfill as well Solid Waste Services tonnage sent to contracted private transfer stations and landfills. Projected tonnage for 2020-21 is based on 0.6% growth from 2019-20 projections.
 - ²⁷ During 2019-20, the Parks and Recreation Department staff visited and documented every park property to record all amenities within the park and refine the classification of the property. This information was used to develop a new park and land asset inventory database to manage the City's public parks, preserves, and facilities.
 - ²⁸ Measure covers all media including: audio books, e-books, CDs, DVDs, databases, books, and periodicals. 2017-18 data reflects the temporary closure of Burton Barr Central Library.
 - ²⁹ Total material stock includes digital material available to patrons. 2017-18 was the first year digital materials were included in this measure.
 - ³⁰ Includes vehicle replacements.
 - ³¹ Water connections have increased due to an increase in customer accounts. Includes water produced for City of Phoenix only.

RESOURCE AND EXPENDITURE SUMMARY

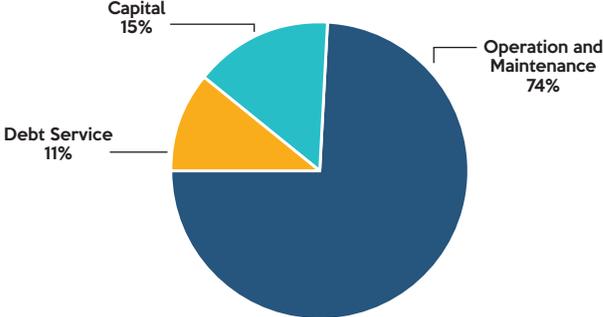
This section provides a broad overview of the resources and expenditures included in the 2020-21 budget. Information is presented for General, Special Revenue and Enterprise funds. General funds, which receive special attention by the community, are highlighted throughout this section. General funds are of importance to our residents as they provide for the most basic services, such as police, fire, parks and streets. Enterprise funds are supported by fees charged for the services provided except for 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 2020-21 budget, financed by operating funds, totals \$5,020,460,000. As shown in the pie chart below, the General Fund portion of \$1,425,613,000 is approximately 28 percent of the total. The Enterprise funds, which include Aviation, Water, Wastewater, Solid Waste and Convention Center, make up another 34 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 38 percent of the total budget.

**All Sources of Funds
Total Resources - \$5.02 Billion**



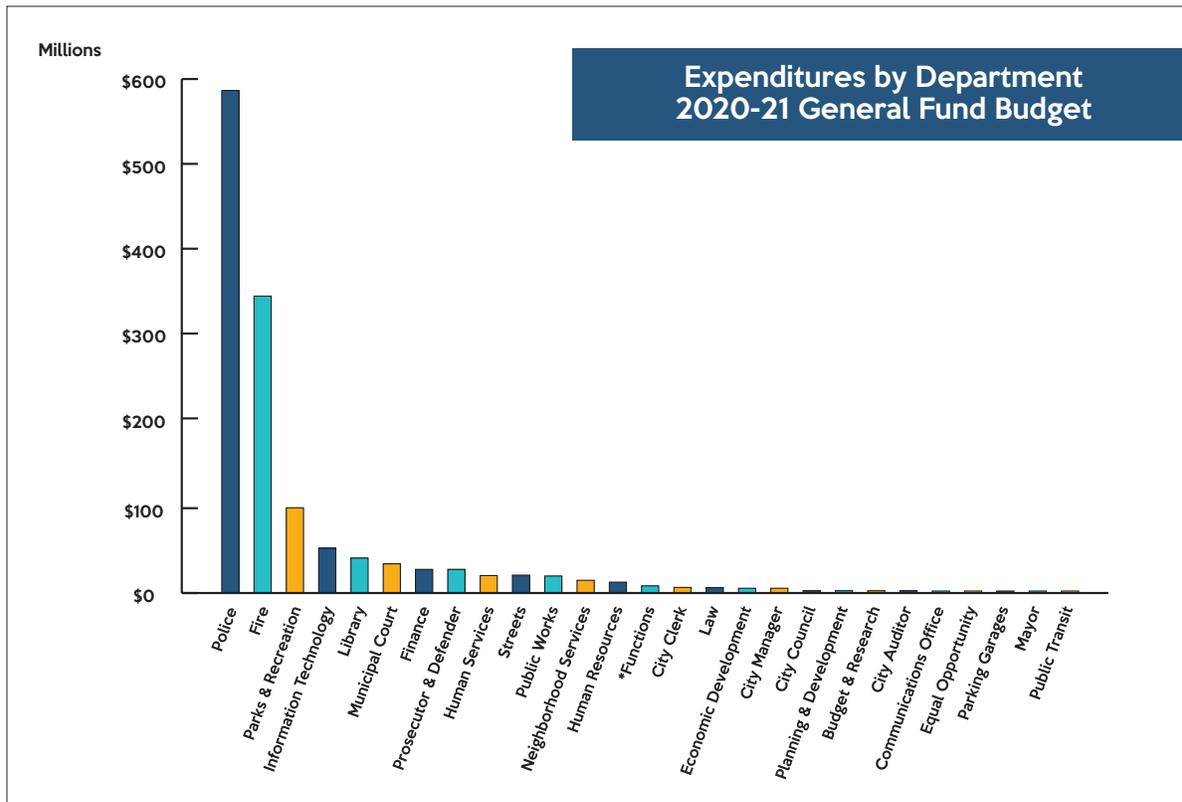
**All Sources of Funds
Total Expenditures - \$5.02 Billion**



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 2020-21 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 2020-21 budget to the 2019-20 adopted budget. Actual expenditures for the 2018-19 fiscal year also are included.

	2018-19 Actual Expenditures	2019-20 Adopted Budget	2020-21		
			Budget	Amount Change	Percent Change
Operating and Maintenance Expenditures	\$2,706.0	\$3,131.8	\$3,713.3	\$ 581.5	18.6%
Capital Expenditures	546.4	827.3	758.9	(68.4)	-8.3%
Debt Service	523.1	595.9	548.2	(47.7)	-8.0%
Total	\$3,775.5	\$4,555.0	\$5,020.4	\$465.4	10.2%

Overall, citywide operating and maintenance expenditures are expected to rise by \$581.5 million. Most of the increase is attributable to spending of Coronavirus Relief and CARES funds and the inclusion of \$185 million for the potential payoff of Aviation's unfunded pension liability. Other reasons for the increase include higher personal service costs associated with the second-year of negotiated labor contracts and higher required pension contributions. Commodity purchases are expected to rise due to needed purchases for Police and Fire operations and higher spending for water-related items, including raw water, chemicals, pumps and accessories as a result of expected increases in production.

Pay-as-you-go capital expenditures are expected to decrease primarily in Water and Wastewater funds due to changes in project timing, funding, and the elimination of some projects.

Debt service expenditures are expected to decrease due to the maturity of Light Rail bonds in 2019-20.

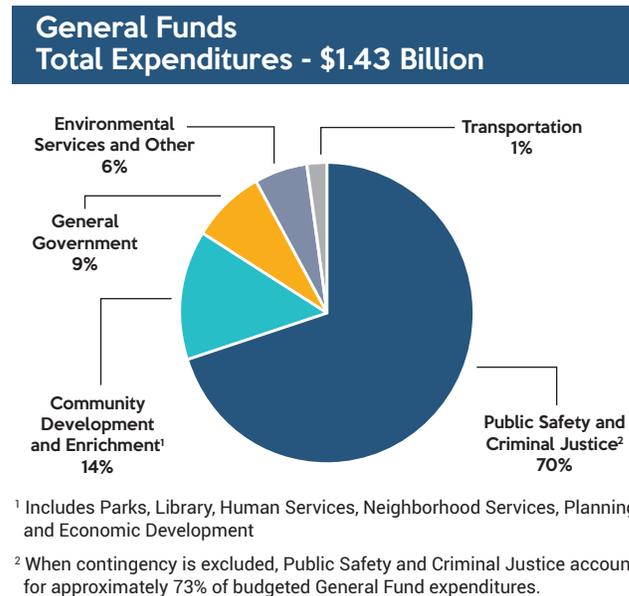
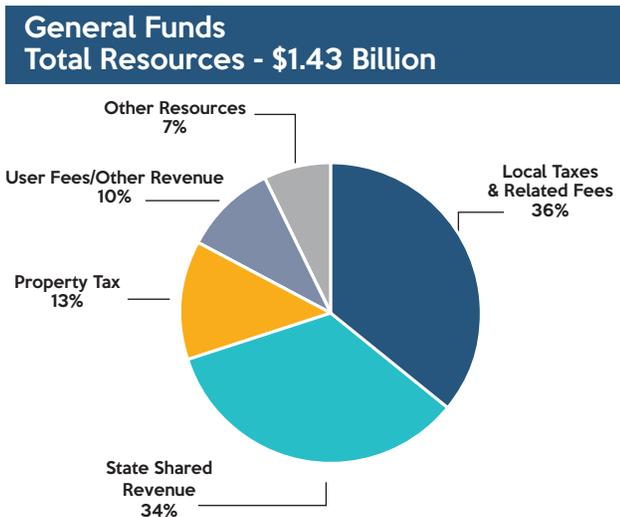
2020-21 GENERAL FUND BUDGET OVERVIEW

The 2020-21 General Fund budget of \$1,425,613,000 provides for ongoing operating and maintenance and some pay-as-you-go capital expenditures. The table below compares the 2020-21 General Fund budget with the adopted 2019-20 budget.

	2018-19 Actual Expenditures	2019-20 Adopted Budget	2020-21		
			Budget	Amount Change	Percent Change
Operating and Maintenance Expenditures	\$1,202.3	\$1,374.4	\$1,406.0	\$31.6	2.3%
Capital Expenditures	12.1	19.5	19.6	0.1	0.1%
Total	\$1,214.4	\$1,393.9	\$1,425.6	\$31.7	2.3%

The operating and maintenance expenditures for 2020-21 are expected to increase by 2.3 percent overall compared to the 2019-20 adopted budget primarily due to higher personal service costs, including negotiated employee compensation increases; pension funding requirements; continued hiring of police officers; and funding for 32 firefighters that were originally paid for by an expiring FEMA SAFER grant.

The following pie charts show the 2020-21 General Fund budget summarized by major programs and major resources.



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.

2020-21 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 2020-21 beginning fund balances totaling \$1,251.4 million include \$95.5 million in General funds, \$566.5 million in Special Revenue funds and \$589.4 million in Enterprise funds. The estimated beginning fund balance for Special Revenue and Enterprise funds include: Transportation 2050 - \$133.8 million; Other Restricted - \$80.1 million; Sports Facilities - \$62.0 million; Parks and Preserves - \$59.9 million; Development Services - \$53.6 million; Grant funds - \$39.2 million; Arizona Highway User Revenue - \$36.4 million; 2007 Public Safety Expansion - \$23.4 million; Neighborhood Protection - \$20.5 million; Public Safety Enhancement - \$16.4 million; Capital Construction- \$16.3 million; Community Reinvestment - \$13.5 million; Regional Transit - \$7.4 million; Aviation - \$302.4 million; Wastewater - \$111.8 million; Water - \$101.8 million; Convention Center - \$51.8 million; Solid Waste - \$21.6 million and \$4.0 million in various other special revenue funds.

2019-20 GENERAL FUND ESTIMATED ENDING BALANCE

As shown in the following table, the 2019-20 General Fund ending balance, which is also the 2020-21 beginning balance mentioned in the previous section, is estimated to be \$95.5 million. This results from a \$2.2 million increase in net resources, combined with an \$93.3 million reduction in net expenditures estimated in 2019-20 compared to the original General Fund budget.

General Fund Balance Analysis (In Thousands of Dollars)					
	2018-19	2019-20		Estimate Over (Under) Budget	
	Actuals	Budget	Estimate	Amount	Percent
Resources					
Beginning Balances	\$ 134,620	\$ 114,083	\$ 133,580	\$ 19,497	17.1%
Revenue	1,220,767	1,272,829	1,254,028	(18,801)	(1.5)%
Recoveries	1,857	1,000	3,500	2,500	+100.0%
Transfers	(9,301)	6,014	5,041	(973)	(16.2)%
Total Resources	\$1,347,943	\$1,393,926	\$1,396,149	\$ 2,223	0.2%
Expenditures					
Operating Expenditures	1,202,259	1,374,444	1,278,813	(95,631)	(7.0)%
Capital	12,104	19,482	21,870	2,388	12.3%
Total Expenditures	\$ 1,214,363	\$1,393,926	\$ 1,300,683	\$(93,243)	(6.7)%
Ending Fund Balance	\$ 133,580	\$ ---	\$ 95,466	\$ 95,466	+100.0%

The increase to net resources includes a \$19.5 million higher beginning balance and a \$2.5 million increase in expense recoveries, offset by an \$18.8 million decline in operating revenues and a \$1.0 million decrease in net transfers. The decrease of 2019-20 projected General Fund revenue is primarily due to anticipated declines in the city and state-shared sales taxes, which account for the economic impacts of COVID-19. The decrease in net transfers is mainly due to a reduction in estimated transfers from other funds to the General Fund for central service costs and payments of in-lieu property taxes.

The decrease in net expenditures includes a \$95.6 million decrease in operating expenditures and an increase of \$2.4 million in pay-as-you-go capital expenditures. The decrease in 2019-20 estimated General Fund operating expenditures from the 2019-20 budget is mainly due to unused contingency funds, vacancy savings, and the carryover of funds for the Case Management System Modernization project to next fiscal year. The increase in pay-as-you-go capital expenditures is due to replacements in the Police aerial fleet.

2020-21 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 2020-21 are estimated at \$4,420,438,000. This is \$471,586,000 or 11.9 percent more than the 2019-20 estimate of \$3,948,852,000. General Fund revenues are estimated at \$1,309,519,000 which is \$55,491,000 or 4.4 percent more than the 2019-20 estimate of \$1,254,028,000. The increase is primarily due to anticipated increases in city sales tax; state-shared sales and income taxes; and primary property tax.

The following table provides a comparison of the 2020-21 estimated revenues to 2019-20 estimates and 2018-19 actual collections. Detailed explanations by category are provided in the 2020-21 Revenue Estimates section of this document.

Fund Types	2018-19 Actuals	2019-20 Estimate	2020-21		
			Estimate	Amount Change	Percent Change
General	\$1,220,767	\$1,254,028	\$1,309,519	\$55,491	4.4%
Special Revenue Funds	1,166,986	1,329,423	1,692,895	363,472	27.3%
Enterprise Funds	1,277,446	1,365,401	1,418,024	52,623	3.9%
Total	\$3,665,199	\$3,948,852	\$4,420,438	\$471,586	11.9%

Prior to the national health crisis, the state and local economy had shown solid growth in 2019-20 and economists predicted the state would continue to grow but at a slower pace. Arizona and the Phoenix metro area were projected to continue to outperform the nation in terms of job, population and income growth. However, affected by the COVID-19 pandemic, Arizona started to experience an economic downturn in March 2020. It is assumed that the outbreak will not conclude until the end of July 2020, after which city and state sales taxes and other key revenue categories will return to pre-pandemic growth levels. City sales tax, primary property tax, state-shared sales, income and vehicle license taxes are all expected to grow in 2020-21, with growth rates ranging from 0.5 percent to 12.3 percent.

The 2020-21 estimate for Special Revenue funds includes an \$11.3 million increase in Other Restricted revenues, a \$5.9 million increase in Transportation 2050 funds, a \$5.5 million increase in Secondary Property Tax revenues, a \$2.8 million increase in Development Services funds, a \$2.5 million increase in 2007 Public Safety Expansion funds, a \$1.3 million increase in Parks and Preserves funds, a \$1.2 million increase in Neighborhood Protection funds, and a combined \$1.8 million increase in several other special revenue funds including Public Safety Enhancement, Sports Facilities, Arizona Highway User Revenue funds, Regional Wireless Cooperative and Impact Fee Program Administration. Furthermore, there is a \$355.8 million increase in various grant funds including Community Development, Criminal Justice, Public Transit and Other grants. Special Revenue funds also include a \$14.6 million decrease in Regional Transit revenues, a \$5.1 million decrease in Community Reinvestment, a \$3.0 million decrease in Human Services grants, a \$1.1 million decrease in Public Housing grants, and a combined decrease of \$0.8 million in Court Awards, Capital Construction and Golf Courses revenues.

The 2020-21 estimates for Enterprise Funds include the impact of rate increases for Water and Solid Waste services, and the rideshare fees at Phoenix Sky Harbor International Airport.

2020-21 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 2020-21 total \$81.1 million. This amount reflects \$70.5 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 \$10.6 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 \$81.1 million. A transfer of \$924.6 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.

2020-21 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 2020-21, \$55.6 million is included for the General Fund contingency, 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 the contingency fund has remained 100 percent unused in over five years.

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 2020-21 ending balance of \$680.4 million includes: Transportation 2050 -\$141.2 million; Other Restricted - \$56.3 million; Sports Facilities - \$37.1 million; Development Services - \$33.9 million; Grant Funds - \$27.7 million; Parks and Preserves - \$23.8 million; Neighborhood Protection - \$16.3 million; Community Reinvestment - \$14.8 million; Regional Transit - \$14.4 million; 2007 Police Public Safety Expansion - \$14.4 million; Arizona Highway User Revenue - \$10.8 million; Public Safety Enhancement - \$8.5 million; Wastewater - \$122.8 million; Water - \$82.9 million; Convention Center - \$36.5 million; Aviation - \$31.3 million; Solid Waste - \$0.4 million; and a combined \$7.3 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.

Special Revenue fund balances in the aggregate are expected to decrease from \$566.5 million to \$406.4 million.

- The Phoenix Parks and Preserves fund balance is decreasing primarily due to planned pay-as-you-go capital spending for land acquisition and improvements to existing facilities; negotiated employee compensation increases; and an increase in water usage at Pinnacle Park, as well as continuing personnel costs for the operation and maintenance of Phase II of the park.
- The Arizona Highway User Revenue fund balance is diminishing primarily due to negotiated increases to employee compensation; additional funding for maintenance of the 202 Freeway; liability insurance increases; added costs for street and roadway construction material; and greater pay-as-you-go capital spending for the street modernization of 3rd Street and McDowell to Indian School Road.
- The Sports Facilities funds are decreasing due to the addition of contingency appropriation to allow for flexibility in managing potential debt payments.
- Other Restricted fund balances are declining due to the transfer of proceeds from the sale of real estate to other funds and due to planned pay-as-you-go capital expenditures, including new software and equipment for Fire's CAD system.
- Development Services funds are reducing due to negotiated employee compensation increases and the full year cost of positions added to address workload growth associated with increased construction activity and plan review services.
- Capital Construction fund balances are decreasing primarily due to rising pay-as-you-go capital expenditures for various Street Transportation projects such as the Rawhide Wash Project, drainage improvements, and a detention basin on 19th Avenue and Dobbins Road.
- Grant fund balances are decreasing primarily due to planned pay-as-you go capital spending of HOME Program funds.
- The Public Safety Specialty funds, including Neighborhood Protection, 2007 Public Safety Expansion and Public Safety Enhancement, are decreasing primarily due to negotiated increases to employee compensation and rising pension costs.
- Transportation 2050 fund balances are increasing primarily because of the shift of costs to the Federal Transit Authority fund due to the receipt of federal money in response to COVID-19 and from lower costs resulting from the maturity of Light Rail Bonds in 2019-20.
- Regional Transit fund balances are increasing due to the timing of reimbursements from the Regional Transit Authority and planned spending.
- A few other Special Revenue fund balances are expected to increase slightly primarily due to anticipated increases in total resources.

In 2020-21, the Enterprise funds ending balances in the aggregate are programmed to decline from \$589.4 million at the beginning of 2020-21 to \$274.0 million at year end.

- The Aviation balance is declining due to the addition of \$185 million for possible payoff of the Aviation portion of the unfunded pension liability for civilian employees and because of negotiated increases to employee compensation. It is also due to increased funding for equipment maintenance; motor vehicle and capital tool replacements; and increased costs for police and fire services. Pay-as-you-go capital spending is rising as a result of Terminal 2 processor and garage demolitions and increased contingency to cover future CIP projects.
- Water funds are decreasing due to negotiated employee compensation increases; higher debt service payments; and higher costs associated with increased water production, water meter replacements, and software agreements. Pay as you go capital is also expected to increase due to spending on a variety of projects, including investments in power redundancy and resiliency to ensure stable water delivery for customers.
- Wastewater funds are increasing due to project funding changes and various project savings.
- Solid Waste funds are declining due to negotiated employee compensation increases, increased costs for equipment maintenance, and increased spending for vehicle replacements as a result of an aging fleet.
- The Convention Center fund balance is decreasing due to increases in negotiated employee compensation and the part-time hourly wage; costs incurred for the replacement of event materials; higher operating costs for the tourism and marketing contract with the Greater Phoenix Convention and Visitor Bureau (GPCVB); and increased pay-as-you-go expenditures for the refurbishment of the East Garage elevator.



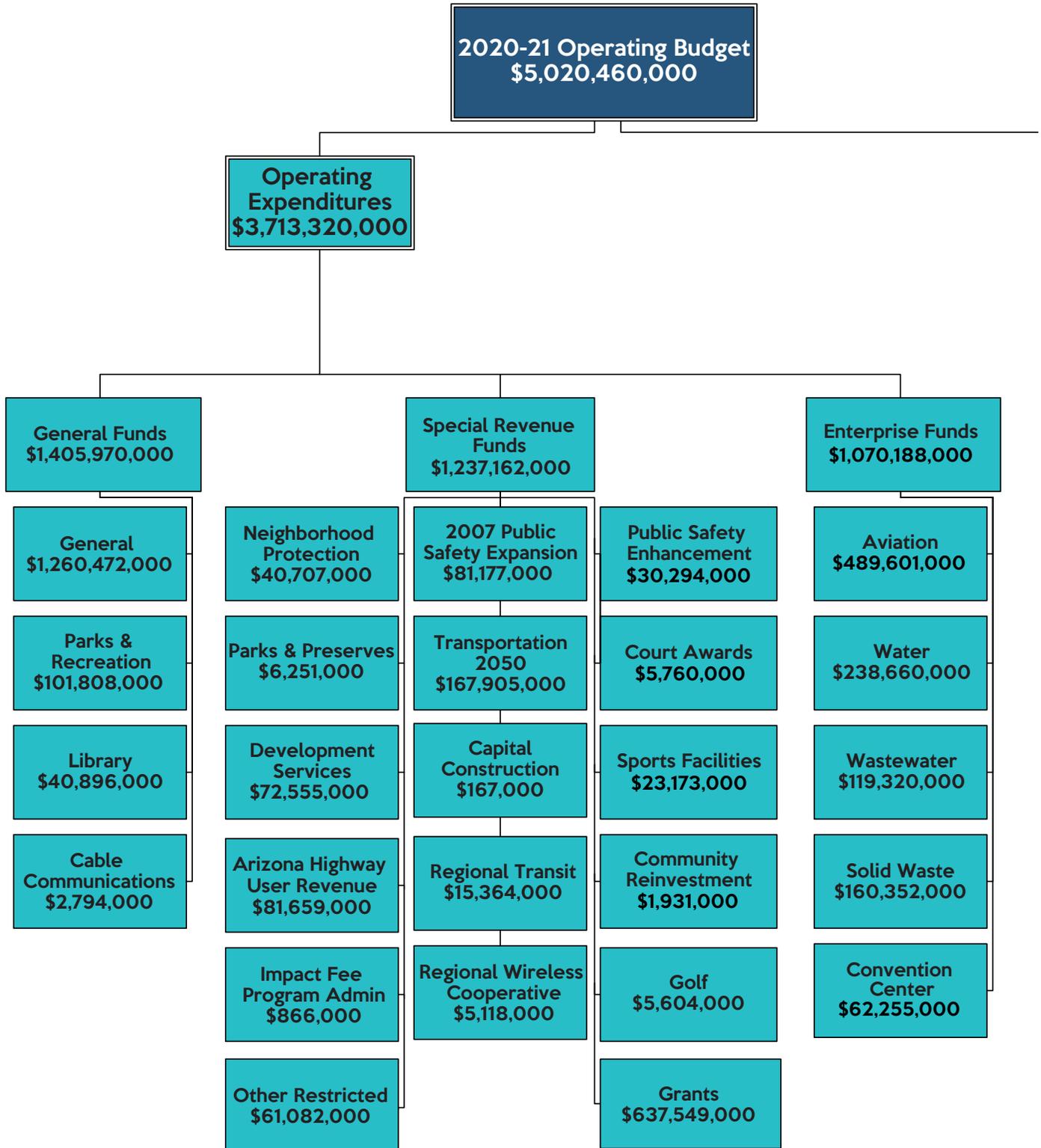
The Highest S&P
Credit Rating of the
5 Largest U.S. Cities

STRONG CREDIT RATING

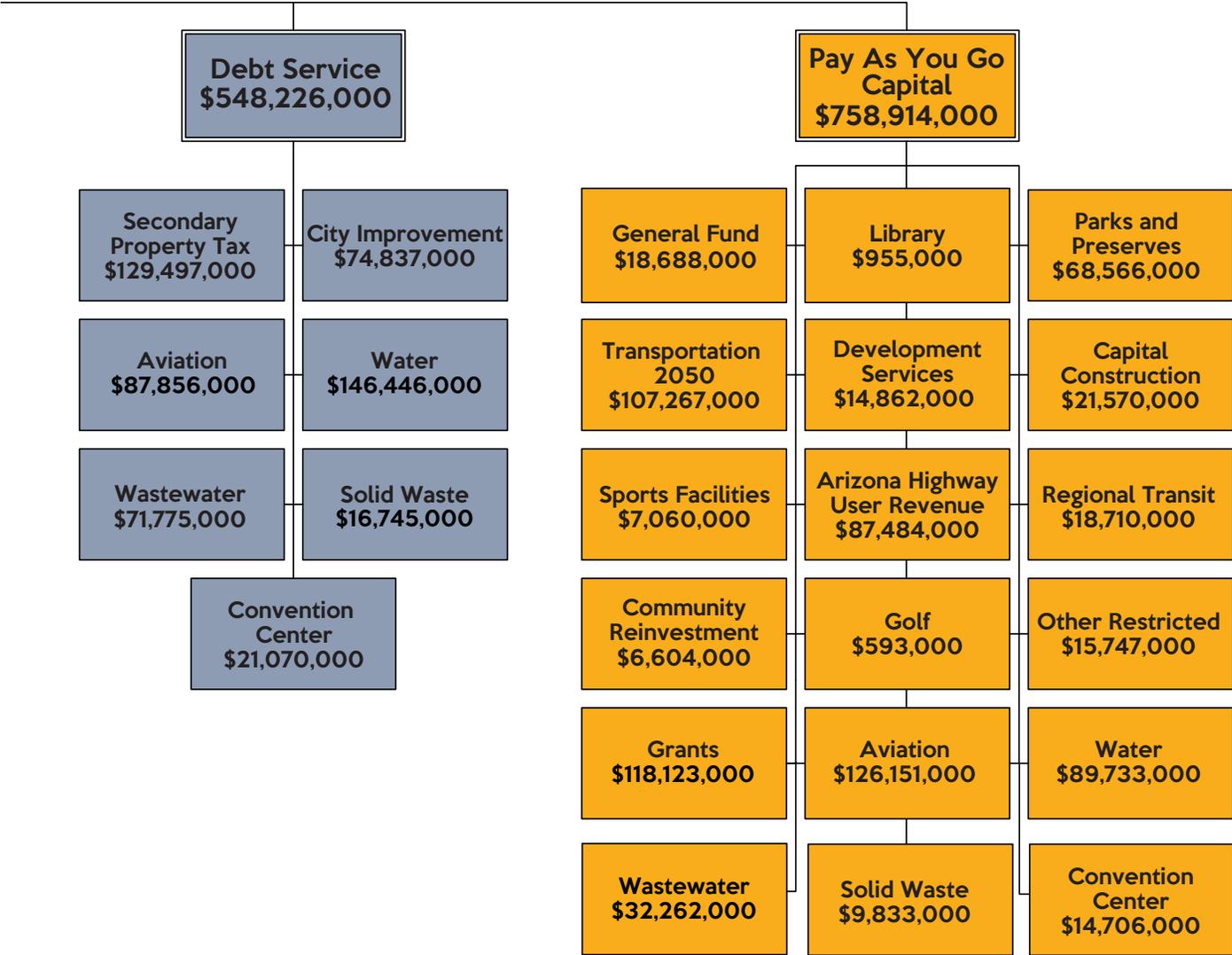
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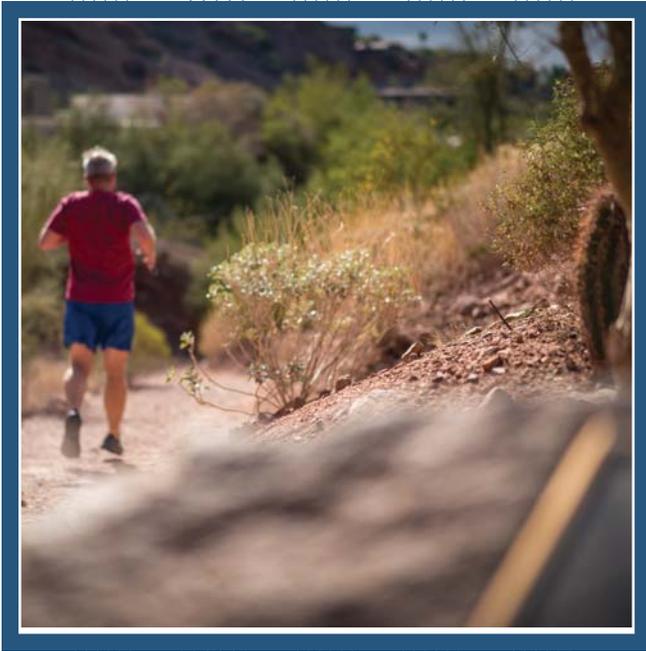
STABLE OUTLOOK

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 Phoenix area has a mix of industry that mirrors the U.S. The primary employment sectors and their share of total employment consist of the service industry including financial activities; trade, transportation, and utilities; government; manufacturing; construction; and natural resources and mining. Job growth in Phoenix has remained strong and is above the national average while maintaining a low unemployment rate.

The 2020-21 budget provides a balanced General Fund budget. However, the City along with the rest of the county, is experiencing an economic downturn due to the worldwide COVID-19 pandemic. Across the country, the pandemic has necessitated cities to shelter-in-place or stay-at home. Many City facilities including libraries, community and senior centers were temporarily closed and services suspended.

As a result of the pandemic, the City is expecting local tax revenues to decline from what was expected just a few months prior and analysts are estimating the number of lost jobs and failed businesses to surpass the Great Recession. In May 2020, in preparation for a decline in revenue, the City Council approved a budget that preserves existing City services by identifying reductions and balancing actions that minimized the impact on service delivery. The approved budget also includes resources to address items previously voted on or to address other critical issues.

The 2020-21 budget includes \$27 million in General Fund reductions and balancing items which result in minimal impact to City services and include the following: \$13 million in savings resulting from a hiring freeze of vacant civilian positions; \$6.8 million transfer proceeds from real estate transactions; eliminating the proposed \$4 million increase to the contingency fund; reducing the replacement budget for non-public safety vehicles from \$5 million to \$2.8 million; and eliminating a planned transfer of \$1 million into the Public Safety Pension Stabilization Fund.

The General Fund includes \$1 million in new funding for items previously approved by the City Council and to address issues important to the community including: \$400 thousand to establish a Community Review Board and an Office of Accountability & Transparency as approved by City Council in February 2020; and \$600 thousand for eight new positions for the Phoenix Fire Regional Dispatch Center which provides 9-1-1 fire and medical emergency call-taking and dispatching services for the City of Phoenix and 26 other jurisdictions.

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. The current COVID-19 pandemic and economic crisis is expected to have a negative impact on all City funds, including Enterprise and Special Revenue funds. As the economic impact of COVID-19 develops, additional mid-year budget reductions may be necessary, which could impact City services. To help mitigate the impact, the City received \$293 million designated as the Coronavirus Relief Fund by the Treasury and is a subset of the CARES Act. The City Council adopted a strategic plan that allocated those funds to address critical areas in the community and needs within the organization including resources to help the most vulnerable populations, utility and small business assistance, pay for operational costs due to COVID-19 and reserving a portion of the funds to preserve vital city services.

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

**PROGRAM SERVICE
LEVEL IN 2009-10**

**SERVICE CHANGES
THROUGH 2019-20**

**SERVICE CHANGES
FOR 2020-21**

PUBLIC SAFETY

POLICE

Personnel Resources:

In 2009-10, the Police Department had 3,558 sworn and 1,268 civilian employees.

The 2019-20 budget includes a number of service enhancements. Additional staff support was added for transition to the Federal Bureau of Investigation's Uniform Crime Reporting National Incident-Based Reporting System (UCR NIBRS), which will provide more extensive crime reporting statistics and enhance crime analysis. Booking processing centers were opened at the Southern Command Station and Mountain View Precinct to reduce booking times, allowing officers to get back on the streets more quickly. Additional staff was added to the Crime Lab to reduce testing backlogs and maintain consistent crime scene support. Funding was also provided to implement the recommendations of the Traumatic Incident Intervention Resources Task Force (TIIR), which included facilitated community debriefing sessions after officer involved shootings and additional de-escalation and behavioral health training for officers. Finally, funding was included for the implementation of recommendations from the National Police Foundation study, with the goal of increasing transparency and enhancing the department's service to the community.

Significant hiring efforts continued in 2019-20, with the planned hiring of 300 police officers. These efforts support the department's goal of reaching 3,125 filled sworn positions. As of March 2020, there were 3,050 filled sworn positions.

Overall, the 2019-20 budget includes 3,271 authorized sworn positions, or approximately 2.01 for every 1,000 residents, as well as 1,089.6 civilian employees.

The 2020-21 budget maintains services at their current levels.

The sworn hiring plan continues in 2020-21, with the planned hiring of 300 police officers.

Response Time Average:

Response time for 2009-10 Priority 1 emergency calls was an average of 5 minutes.

Due to sworn vacancies in the Police Department, overtime usage has increased 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 90 percent for 2019-20.

The 2020-21 budget provides for an estimated 6 minute and 24 second average response time for Priority 1 calls.

PUBLIC SAFETY

FIRE

Response Time Average:

In 2009-10, the Fire Department maintained an average response time of 4 minutes 55 seconds for all fire and medical emergency calls.

Since 2009-10, response times have increased to 5 minutes 21 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 46 percent from 2009-10 to 2019-20.

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.

For 2018-19, the department reclassified six sworn positions to firefighters to increase field staffing levels. Construction of Fire Station 55 located at I-17 and Jomax Road was scheduled to be completed in 2019-20. A temporary station was operational, and funding was added for 14 full-time sworn positions to allow for 24-hour operations at the temporary location until the opening of the new station.

For 2019-20, funding for eight new sworn positions was added to complete the staffing needs for Fire Station 55, which opened in 2019-20.

The 2020-21 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 Fire Department added funding for eight new dispatcher positions in the Alarm Room. This increase brings the staffing to acceptable levels set by national standards.

**Emergency
Transportation:**

In 2009-10, the City had a total of 23 full-time and 11 part-time ambulances in service.

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 and 2013-14 budget's each included adding staff for an additional One and One Ambulance (seven sworn positions) to meet state -mandated response times. This brought the total to 23 full-time and 11 part-time ambulances.

The 2016-17 budget included 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.

In 2018-19 an additional full-time ambulance was placed into service bringing the total to 24 full-time rescues and 15 part-time rescues.

The 2019-20 budget includes funding for two additional full-time ambulances, bringing the total to 26 full-time rescues and 15 part-time rescues. The first ambulance is for the new Fire Station 55 located at I-17 and Jomax Road. The second ambulance is for Fire Station 58 to improve ambulance response time in the southwest region of the City of Phoenix and will be staffed by approved sworn positions previously unbudgeted.

The 2020-21 budget has no service changes.

**PROGRAM SERVICE
LEVEL IN 2009-10**

**SERVICE CHANGES
THROUGH 2019-20**

**SERVICE CHANGES
FOR 2020-21**

TRANSPORTATION

PUBLIC TRANSIT

Service Miles/Hours:

In 2009-10, an estimated 19,623,488 bus miles and 357,620 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 Department also extended Route 39 to Dreamy Draw Park and Ride and extended Route 122 to service both Arizona State University (ASU) West and 19th Avenue and Dunlap light rail station.

Annual 2017-18 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, Public Transit Department extended Route 19 to service Happy Valley Towne Center, Route 60 to service 24th Street and Camelback area, and improved frequency on Routes 29 and 50. In April 2018, Public Transit Department 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 2018-19 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, Public Transit Department and all jurisdictions under the Valley Metro system restored weekday service levels on Martin Luther King Jr. Day, Presidents' Day, Veterans' Day, Day after Thanksgiving, and Christmas Eve. Public Transit Department also made a minor routing change on Route 8 in Downtown Phoenix and Route 106 in Metrocenter Mall. Frequency improvements were completed for Route 41 on Indian School Road.

In April 2019, Public Transit Department made several schedule modifications to the SR51, I-17, I-10 East and I-10 West RAPID by adding or shifting several trips to better serve our riders. In addition, a minor routing modification on the South Mountain East RAPID was made to improve route reliability.

On April 5, 2020, in response to the ridership decline on RAPID/Express routes due to COVID-19, Public Transit reduced RAPID and Express trips into Downtown Phoenix.

In April 2020, Public Transit Department's service change items include minor route modification on Route 7, Route 60, and the SMART Circulator.

On May 4, 2020, in response to the ridership decline and operator shortage on local routes, Phoenix operated fixed route service's service hours were reduced to weekdays 5am-11pm, weekends 6am-11pm.

On May 18, 2020, reduction in service hours for local routes is applied to RPTA operated routes in Phoenix.

Annual 2019-20 local bus revenue miles with COVID-19 related reduction are estimated at 20,303,300. Express/RAPID revenue miles with COVID-19 related reduction are estimated at 827,400 and Dial-a-Ride services hours are estimated at 326,966.

Annual 2020-21 local bus revenue miles are estimated at 20,205,800.

Express/RAPID revenue miles are estimated at 944,300, and Dial-a-Ride services hours are estimated at 325,390.

Average Weekday Bus Ridership:

In 2009-10, the average weekday bus ridership was estimated to be 130,471.

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 115,000.

In the 2019-20 budget, average weekday ridership is estimated at 89,250.

In the 2020-21 budget, average weekday ridership is estimated at 86,250.

**PROGRAM SERVICE
LEVEL IN 2009-10**

**SERVICE CHANGES
THROUGH 2019-20**

**SERVICE CHANGES
FOR 2020-21**

TRANSPORTATION

**STREET
TRANSPORTATION**

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

In 2009-10, street sweeping and maintenance was scheduled to occur every 14 days.

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 from 2011-12 through 2018-19. Frequency of service remains at every two weeks.

For 2019-20 there are no service changes. Frequency of service remains as stated above.

2020-21 budget includes no changes in service for major and collector sweeping and maintenance.

**Residential Street
Sweeping:**

In 2009-10, the city provided street sweeping service four times a year.

There were no changes from 2010-11 through 2018-19. Frequency of service remains at four times per year. For 2019-20 there are no service changes. Frequency remains as stated above.

The 2020-21 budget includes no changes in service for residential street sweeping.

TRANSPORTATION

**STREET
TRANSPORTATION**

Sealcoat:

The 2009-10 budget provided sealcoating for 12 miles of city streets. The reduction from the prior year is due to funds being diverted from the slurry seal budget to pilot the FAST program.

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.

The 2013-14 budget provided no changes to service levels.

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. Transportation 2050 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 212 miles of streets to be sealcoated.

The 2018-19 budget provided funding for 200 miles of streets to be sealcoated.

The 2019-20 budget includes 110 miles of streets to be sealcoated.

The 2020-21 budget includes 146 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. This includes operational and Capital Improvement Program (CIP) funding.

**PROGRAM SERVICE
LEVEL IN 2009-10**

**SERVICE CHANGES
THROUGH 2019-20**

**SERVICE CHANGES
FOR 2020-21**

TRANSPORTATION

**STREET
TRANSPORTATION**

Asphalt Overlay:

In 2009-10, 97 miles of asphalt overlay were estimated to be completed.

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 miles of overlay was due to a carryover of AHUR Funds from the prior year.

The 2013-14 budget provided for 106 miles of overlay. The change in overlay is due to the elimination of the 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 overlay. Additional AHUR funding was added to increase the total to 121 miles.

The 2017-18 budget allowed for 76 miles of overlay.

The 2018-19 budget provided for 187 miles of overlay. This included overlays as part of the Accelerated Pavement Maintenance Program, which started in 2018-19.

The 2019-20 budget provided for 261 miles of overlay completed.

The 2020-21 budget provides for 57 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. This includes overlays as part of the Accelerated Pavement Maintenance Program.

**PROGRAM SERVICE
LEVEL IN 2009-10**

**SERVICE CHANGES
THROUGH 2019-20**

**SERVICE CHANGES
FOR 2020-21**

COMMUNITY DEVELOPMENT

HOUSING

**Scattered Sites Housing
Program:**

In 2009-10, the Housing Department had 429 units.

This homeownership program allows eligible tenants the opportunity to purchase a home. Between 1998-99 and 2008-09, the program's total inventory expanded to 480 units.

In the 2020-21 budget, the program is expected to sell 40 units, reducing its inventory to 206 units.

At the end of 2019-20, the inventory of 246 units reflects the sale of 230 homes to eligible residents over the past decade and the transfer of four units to a local nonprofit agency.

**Affordable Housing
Program:**

In 2009-10, this program had 1,444 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 2020-21 budget, the program is expected to increase to 2,677 units, which results from demolishing part of AMP 3 Public Housing and adding 40 new units of Affordable Housing.

At the end of 2019-20, the Affordable Housing Program consists of 2,637 units for families.

**Federal Assisted Housing
Program:**

In 2009-10, the total inventory of assisted housing units was 2,047.

At the end of 2019-20, the Federal Assisted Housing Program consists of 2,370 units for families and individuals.

In the 2020-21 budget, the program is expected to decrease the number of units for a total of 1,650 due to continuing sales of Section 32 properties and the conversion of Public Housing units to Rental Assistance Demonstration units.

**Housing Payment
Assistance Program:**

In the 2009-10 budget, the rental assistance program provided 5,473 units of vouchers for low income residents in the private housing market.

At the end of 2019-20, the rental assistance program will provide 6,579 vouchers for low income residents in the private housing market.

In the 2020-21 budget, the program is expected to maintain 7,357 vouchers for low income residents in the private housing market.

COMMUNITY DEVELOPMENT

**NEIGHBORHOOD
SERVICES**

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

In 2009-10, the average case cycle time was 51 days.

The overall average case cycle time increased to 52 days in 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 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.

Since 2015-16 through 2019-20, the overall average case cycle time is 34 days or less.

The 2020-21 budget includes no changes in service for Neighborhood Preservation Case Cycle Time.

COMMUNITY DEVELOPMENT

**ECONOMIC
DEVELOPMENT**

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

In 2009, Phoenix's employment growth rate was significantly lower than the other benchmark cities due to the declining housing market.

- Austin – (.3)%
- Ft. Worth-Arlington – (.9)%
- San Antonio – (1.1)%
- Dallas – (2.0)%
- Kansas City – (2.4)%
- Los Angeles/Long Beach – (2.9)%
- San Diego – (3.3)%
- San Jose – (4.0)%

PHOENIX – (5.0)%

As the below data show, employment growth in 2019 remained strong for most benchmark cities.

Phoenix's employment growth rate increased by nearly 0.6 percent in 2019 with a rate of 5.0 percent versus 4.4 percent in 2018. The next highest benchmark city saw growth of 3.7%, 1.3% less than Phoenix. Phoenix moved into 1st from being the 2nd ranked city previously, and the 3rd ranked city the year prior (compared to the previously listed cities).

The Phoenix unemployment rate saw a drop throughout 2019 averaging 4.1 percent.

Based on data from the Bureau of Labor Statistics, Phoenix ranked 1st in the Employment Growth Rate in 2019 compared to the following benchmark cities:

PHOENIX – 5.0%

- Dallas – 3.7%
- Austin – 3.6%
- Denver – 3.4%
- Ft. Worth – 3.1%
- San Francisco – 3.1%
- San Antonio – 3.0%
- Kansas City – 2.4%
- Los Angeles – 2.4%
- San Jose – 1.7%
- San Diego – 1.4%

Based on data from the Arizona Commerce Authority Office of Economic Opportunity, Phoenix's employment level was expected to increase by 41,000 from 2018 to 2020.

Given economic conditions related to the COVID-19 pandemic, it is difficult to anticipate employment growth in 2020.

**PROGRAM SERVICE
LEVEL IN 2009-10**

**SERVICE CHANGES
THROUGH 2019-20**

**SERVICE CHANGES
FOR 2020-21**

COMMUNITY ENRICHMENT

HUMAN SERVICES

Head Start Program:

In 2009-10, the program served 3,090 children.

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

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

The program served 4,377 children during 2017-18, of which, 868 are included in the Early Head Start Program.

The program served 4,289 children during 2018-19, of which, 765 are included in Early Head Start Program.

The program is expected to serve 4,175 children in 2019-20, of which, 679 are included in the Early Head Start Program.

In 2020-21 the Head Start program is expected to serve more than 3,451 children, and 1,726 of those will be in full day Head Start classes while the rest will continue to attend half day classes. The Early Head Start Program will serve more than 488 children.

Senior Nutrition Program:

In 2009-10, the program served 600,000 congregate and home-delivered meals.

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

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

For 2017-18, the program served 448,799 meals. The meals served decreased due to the demographics shifting towards attendees who are joining the center for activities and classes, while not partaking in meal services.

For 2018-19, the program served 444,385 meals. The meals served decreased slightly due to the continued demographics shifting towards attendees who are joining the center for activities and classes, while not partaking in meal services.

For 2019-20, the program is expected to serve 491,674 meals. The meals served include an additional 44,818 meals using federal funding from the C.A.R.E.S. Act for responding to COVID-19.

In 2020-21 the program expects to serve 446,856 meals.

**PARKS AND
RECREATION**

Swimming Pools:

In 2009-10, 21 of 29 pools continued to provide open swim. Eight pools were closed for infrastructure repairs.

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

In 2011-12, 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 2015-16 and 2019-20, no changes were included in the budget.

No changes are included in the 2020-21 budget for swimming pools.

**PROGRAM SERVICE
LEVEL IN 2009-10**

**SERVICE CHANGES
THROUGH 2019-20**

**SERVICE CHANGES
FOR 2020-21**

COMMUNITY ENRICHMENT

**PARKS AND
RECREATION**

Swimming Pool Season:

In 2009-10, the budget allowed for an eight-week season.

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 are included in the 2020-21 budget for swimming pool season.

No changes were included in 2013-14 through 2015-16.

In 2016-17, 29 pools were open on Memorial Day weekend through the last weekend in July; due to additional "Kool Kids" funding from Cigna, 11 pools remained open in August through the Labor Day Holiday.

No changes were included in 2017-18 through 2019-20.

**School Recreation
Program During School
Year:**

The 2009-10 budget reduced the number of Phoenix Afterschool Center (PAC) 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 PAC sites to 25 General Fund-supported sites and five full cost recovery sites effective June 2010.

No changes are included in the 2020-21 budget for Phoenix Afterschool Center (PAC) sites.

In 2012-13, nine PAC sites were restored, which brought the total number of sites to 39.

The 2013-14 budget increased PAC sites to 44.

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

The 2015-16 budget had 42 PAC 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 2017-18.

The 2018-19 budget decreased PAC sites to 37 due to the Kyrene School District discontinuing services.

No changes were included in 2019-20.

COMMUNITY ENRICHMENT

LIBRARY

Central Library:

The 2009-10 budget included 52 hours of operation per week.

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 percent 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 (SARRC) to operate a café at Burton Barr Library.

Burton Barr Central Library was closed the summer of 2017 due to storm damage and reopened in June 2018.

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 was 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 2020-21 budget will expand the availability of electronic materials, resources and online programming.

COMMUNITY ENRICHMENT

LIBRARY

Central Library Continue:

The MACH1 space added two designated computer labs. The space doubles the capacity for computer-related classes and programs. The designated classroom space allows 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 for an increase in the number of 3D printers. Designated computers are 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 5,000 square feet to 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.

No service changes are included in the 2019-20 budget, with hours of operation at 64 hours per week. Two full-time Municipal Security Guard positions were added to provide continuous security coverage for patrons and staff at the Burton Barr Central Library during all hours of operation.

In 2019-20, an automated materials handling (AMH) system was installed at Burton Barr Central Library, to generate efficiencies and enable customers to return materials 24/7 and get immediate acknowledgement of the returned item(s).

In partnership with First Things First, the Human Services Department and the Youth and Education Office opened the Family Resource Center to provide services to families with children birth to age five.

In November 2019, implemented a fines free policy. All library accounts with overdue fines were waived, and the practice of applying overdue fines for materials returned late was discontinued.

In March 2020, all library locations temporarily suspended in-person services due to the global pandemic, COVID-19. The loan period for all materials checked out, as well as library card account renewals, was extended. Literacy and STEM programs were offered virtually; customers were provided with online, phone, and one-on-one appointment assistance; and, access was extended for eLibrary platforms. Curbside services to allow customers to pick up library materials began in May 2020.

In April 2020, in partnership with St. Mary's Food Bank Alliance, the annual food drive held during National Library Week was conducted virtually and raised enough funds for nearly 175,000 meals for the community.

COMMUNITY ENRICHMENT

LIBRARY

Branch Libraries:

The 2009-10 total branch library service hours were 1,008 per week.

In April 2010, the hours of operation per week were reduced from 52 to 44 hours at seven branches and 48 to 40 hours 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 material 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 to 14, was established in three Phoenix 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.

The additional four hours of service on Sundays were continued at four branch libraries that were temporarily added because of the Burton Barr Library closure for most of 2017-18: Yucca, Century, Harmon and Ocotillo. The additional Sunday hours have resulted in an average 10 percent increase in usage at the four branches, serving over 21,000 people in 24 weeks. This change brings total branch hours to 775 hours per week.

The 2019-20 budget added Municipal Security Guard positions to various library branches to provide continuous security coverage for patrons and staff during all hours of operation.

Staff and supplies were added to expand Kindergarten Bootcamp programming citywide to help parents and children learn together the skills needed for school success. This provided an additional 25 series of classes per year, serving between 350 to 450 families.

Sunday hours at the remaining four branches (Acacia, Agave, Desert Broom, and Desert Sage) without Sunday hours were restored. This addition restored branch hours to approximately 49 hours per branch or 68 percent of pre-recession level hours. The total branch library service hours were 833 per week.

In 2019-20, in partnership with First Things First, the Human Services Department and the Youth & Education Office opened the Family Resource Center to provide services to families with children birth to age five at Cesar Chavez Library.

In March 2020, all library locations temporarily suspended in-person services due to the global pandemic, COVID-19. The loan period for all materials checked out, as well as library card account renewals, was extended. Literacy and STEM programs were offered virtually; customers were provided with online, phone, and one-on-one appointment assistance; and, access was extended for eLibrary platforms. Curbside services to allow customers to pick up library materials began in May 2020.

The 2020-21 budget will expand the availability of electronic materials and resources and online programming.

ENVIRONMENTAL SERVICES

WATER SERVICES

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

In a March 2010 survey, Phoenix's average monthly water bill compared favorably to the following benchmark cities:

San Jose – \$48.90
 Kansas City – \$46.30
 Austin – \$45.44
 Dallas – \$41.56
 Tucson – \$35.41

PHOENIX – \$34.20

Albuquerque – \$28.84
 San Antonio – \$19.77

In an April 2020 survey, Phoenix's monthly water bill compared favorably to the following benchmark cities:

San Diego – \$103.61
 San Jose – \$98.46
 Austin – \$87.42
 Tucson – \$64.39
 Fort Worth – \$46.10
 Dallas – \$36.99
 Albuquerque – \$35.59
PHOENIX – \$33.66
 San Antonio – \$27.81

It is anticipated Phoenix water rates will continue this trend during 2020-21.

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

In a March 2010 survey, Phoenix's average monthly wastewater bill compared favorably to the following benchmark cities:

Austin – \$55.04
 Dallas – \$33.97
 Kansas City – \$30.34
 San Jose – \$31.00
 Tucson – \$31.45

PHOENIX – \$22.48

San Antonio – \$19.71
 Albuquerque – \$14.89

In an April 2020 survey, Phoenix's monthly wastewater bill compared favorably to the following benchmark cities:

Austin – \$71.45
 San Diego – \$48.75
 Tucson – \$47.86
 Fort Worth – \$46.90
 Dallas – \$41.64
 San Jose – \$40.07
 San Antonio – \$39.06
PHOENIX – \$25.16
 Albuquerque – \$17.68

It is anticipated Phoenix wastewater rates will continue this trend during 2020-21.

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

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 sixth 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. In 2018-19, total General Fund resources were estimated to end the fiscal year at \$1,342.8 million. Actual total resources were \$1,347.9 million; a positive difference of \$5.1 million or 0.4 percent. Total 2018-19 General Fund revenues (collections) ended the fiscal year at \$1,220.8 million, compared to the estimate of \$1,208.2 million for a variance of \$12.5 million or 1.0 percent. The variance was mostly attributable to city and state sales taxes, various fees associated with providing services, and interest earnings.
- 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 (CIP) budget briefings to Council subcommittees to provide earlier and additional opportunities for input.
- The city launched the new FundPHX at phoenix.gov/FundPHX. FundPHX is an online budget tool designed to educate and engage the public in the city's annual budget process. The tool is available in both English and Spanish. The tool gives residents an opportunity to try their hand at balancing the city's General Fund operating budget, provide feedback on current funding levels and share community priorities with staff.

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 to fund the expansion of an existing program or adding a new program. Base reductions and supplemental budget 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 budget 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. Budget 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.

2020-21 BUDGET PROCESS

Initial Budget Status

On October 8, 2019, staff provided an early review of the 2018-19 General Fund budget results. Resources exceeded estimates by \$5.1 million or 0.4 percent and spending came in lower by \$14.4 million or 1.2 percent. As a result, the General Fund ending balance was approximately \$19.5 million higher than anticipated. Staff cautioned the additional \$19.5 million was one-time, not ongoing, and was largely the result of annual vacancy savings that was higher than expected.

Staff also requested adoption of the 2020-21 budget calendar. The City Council adopted staff's recommendation.

Zero-Based Budget Inventory of Programs

On February 6, 2020, for the ninth consecutive year, the Budget and Research Department provided detailed preliminary estimates with multiple year-to-year comparisons in the Zero-Based 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 at least a full six weeks prior to the City Manager's Trial Budget. 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, City Council and public could begin reviewing this important information very early in the process.

Preliminary Status of 2020-21 General Fund Budget and Five-Year General Fund Forecast

On March 3, 2020, staff provided the preliminary status update for the General Fund 2020-21 budget. The five-year General Fund forecast through 2024-25 was also presented to the Mayor and City Council for the ninth consecutive year, providing an essential tool in long-term budget discussions and decision making. The report explained economic, resource, and expenditure assumptions, providing the basis for potential ending balance ranges over the next five fiscal years.

After accounting for the estimated General Fund revenues and estimated expenditures, staff estimated a projected surplus of approximately \$28 million for 2020-21. Staff noted the projected surplus was based on pre-holiday sales tax collections and that given the year-to-date revenue growth, it was likely that revenue estimates could be adjusted. The forecast showed a structurally-balanced budget where ongoing revenues were available for existing programs.

Staff reported that in addition to strong revenue collections and sustained efforts to spend wisely, several steps led to a potential surplus of \$28 million for 2020-21 (assuming no actions by the State to change revenue from existing projections and no economic downturn in the next 12 to 15 months). These included accumulating one-time savings of \$19.5 million in 2017-18 and proactive steps in 2018-19 to reduce ongoing costs and to defer and reduce spending wherever possible.

Additionally, staff noted that over the last few years, the City Council has taken necessary actions to protect city services while facing very challenging financial conditions. The City Council has led important fiscal reform measures, including the following:

- \$134 million in innovation and efficiency savings to date since 2010.
- Net reduction in city employee count of approximately 2,700 positions since 2007-08, resulting in the smallest government per capita since 1970-71.
- Consistently raising the Contingency Fund to its highest level in Phoenix history.
- Balancing the deficit in the Public Safety Funds without sworn layoffs and the planned hiring of more than 425 Police Officers and 90 Firefighters by the end of 2020-21.
- Creating a \$35 million Pension Reserve Fund that can only be used on Public Safety Pensions.

Staff reported through deliberate fiscal planning, early action and a strong economy, the projected funding gap for 2020-21 was eliminated. Staff stated the preliminary 2019-20 General Fund expenditures to continue existing levels of service were projected to be \$1.438 billion. This compared to the adopted General Fund expenditure budget of \$1.393 billion for 2019-20.

The increase accounted for Council priorities and previous commitments including the following:

- Negotiated \$27.6 million increase in employee compensation (\$16.6 million ongoing and \$11.0 one-time);
- Increased civilian (\$3 million) and sworn (\$13 million) pension costs; and
- Increased contingency to maintain a four percent reserve (approximately \$4 million).

Staff reported this year's forecast illustrated results similar to last year's forecast. The baseline (midpoint) forecast for each year, except for 2021-22, reflected a balanced budget. Looking ahead, the areas of concern for the General Fund budget are service costs, service levels, capital needs, and revenue. The current forecast assumed no changes to existing labor contracts or service levels. It assumed any surplus is incorporated into the subsequent years' expenditures. The current labor contracts expire at the end of next fiscal year (June 2021), and labor contract negotiations begin December 2020. Any changes to these contracts will impact 2021-22 and beyond.

City Manager's 2020-21 Trial Budget

The City Manager's Trial Budget was scheduled to be presented to the City Council on March 17, 2020, with budget hearings scheduled to begin April 2, 2020. However, due to restrictions on public gatherings because of the COVID-19 pandemic, the city canceled the normal and customary community budget hearings.

Budget Updates

On March 26, 2020, staff began to provide a series of budget updates to the Council in light of the changing economic situation related to the COVID-19 pandemic. Staff presented a revised budget adoption calendar. Additionally, staff recommended cancelling the in-person community budget hearings in April, with a commitment to investigate virtual tools to gather community feedback.

Staff stated the city needed to reduce spending and revenue estimates, and there would be no General Fund surplus. While staff anticipated a deficit, the length of recovery and impact were not yet known. Staff reported that the city would monitor revenues and control and reduce spending.

In response to the economic downturn caused by the COVID-19 pandemic, on April 2, 2020, staff presented four different scenarios that could result over subsequent months. The scenarios were based on data from the Great Recession, local and national economists, and information from other municipalities. The four scenarios projected potential deficits of \$26 million to \$128 million depending on the severity and length of the downturn. Because the city would not have actual sales tax revenue for March until May 2020, staff suggested a measured approach before further budget reductions.

For the purposes of adopting a balanced budget for 2020-21, staff worked from the scenario in which the downturn and decline in sales tax lasted through July 2020. Under this scenario, between April 2, 2020 and the end of next fiscal year, projected resources would be approximately \$69 million less than projected on March 3, 2020.

To help offset the loss in revenue, departments worked to reduce spending in the current year 2019-20 by \$15 million. As a result, total resources for 2020-21 were projected at \$1.412 billion which was approximately \$54 million less than originally anticipated in the March 3, 2020 status report. Instead of a surplus of \$28 million, staff projected a deficit of \$26 million.

All General Fund departments were asked to prepare possible cuts of up to 25 percent for City Council review should the economy make this necessary. Staff would evaluate submittals and develop a potential list of reductions by the first week of June for City Council and community input. In mid-July, results from revenues received from March through May will have been reported and would allow staff to update the city's financial status based on real data. Following community input and using the updated status, the City Council could act on a list of proposed reductions in late July or early August 2020.

2020-21 City Manager's Revised Trial Budget

On April 13, 2020, staff presented the revised balanced Trial Budget for 2020-21. It was based on the following principles:

1. Work through a deliberate process based on facts;
2. Identify a balanced 2020-21 budget that gives the City Council flexibility if the economy improves or declines more than projected;
3. Prepare a plan for phased cuts, if necessary, that can be evaluated monthly, beginning in July 2020.

By law, the City cannot operate at a deficit. As presented, the revised 2020-21 Trial Budget attempted to preserve existing city services by cautiously and strategically recommending reductions that minimize the impact on service delivery. The revised Trial Budget used available resources such as land sales; eliminated some planned increases to the contingency (rainy-day) fund and pension stabilization funds; and reduced planned spending on city vehicles and hiring. It also made \$1 million available for Council priorities that had been adopted or expressed earlier in the year. While working on the 2020-21 budget adoption process, staff also prepared a plan for future options that the City Council could evaluate after the budget year begins on July 1, 2020.

Staff reported that the city would continue to monitor economic conditions, anticipating further budget cuts in 2020-21. By July 2020, the city will have data to examine the true depth of the economic shutdown on city revenue in March, April and May 2020, better projections on the speed of any recovery, and further guidance on how federal CARES Act funding could be used to offset a General Fund deficit.

The City Council approved \$27 million worth of preliminary budget balancing actions and approved \$600,000 in new spending for Fire 911 Dispatchers and \$400,000 for the initial Office of Accountability and Transparency staffing. The Council's actions preserved existing city services by cautiously and strategically identifying reductions and balancing actions that minimized the impact on service delivery.

Community Input

Community budget hearings were scheduled to begin April 2, 2020. However, due to COVID-19 pandemic restrictions on public gatherings, the city canceled the hearings. The 2020-21 Trial Budget, revised on April 13, 2020, in response to the economic downturn, was shared with the community on the City's website. Residents were invited to send comments and questions by completing a Budget Feedback Form online, calling, or emailing budget.research@phoenix.gov.

Additionally, this year, the city launched the new FundPHX at phoenix.gov/FundPHX. Staff provided a monthly report to the City Council summarizing the data collected through the FundPHX tool. Monthly reports are broken-out by Council district and included the following information:

- Number of submissions received;
- Demographic information;
- Average change made to each spending/revenue category;
- Average change between submittals and the original budget; and
- Resident comments.

For March 2020, staff received a total of 99 new submittals, which brought the year-to-date total submittals to 186. So far, the page received nearly 1,900 interactive page views.

Comments received via FundPHX were responded to by staff. The monthly FundPHX report was also posted online at phoenix.gov/budget.

Staff were working to update the FundPHX tool to include a list of potential mid-year 2020-21 budget reductions that would be considered by the City Council and the community. Residents were able to provide feedback on FundPHX again starting in June 2020 to support any community budget hearings that may be necessary to discuss potential budget reductions.

The city also launched a new eComment System on the City Council Meetings webpage. This new system gives residents an additional option to participate in City Council meetings from a remote location. By using eComment, residents can either register to speak during a meeting or just post a public comment online. The public can access the written summary minutes of comments received each week and FundPHX results each month online.

City Manager's Proposed Budget and Council Action

On May 5, 2020, a revised budget package was presented to the Mayor and City Council for information and discussion. All the items approved by City Council on April 13, 2020 were included. As presented on April 13, 2020, the COVID-19 pandemic exacerbated an economic downturn across the globe. As a result, staff expected local tax revenues to decline from levels reported on March 3, 2020.

Council Action

The 2020-21 City Council Budget Decision was presented to the City Council for action on May 19, 2020. The General Fund budget for action was the same as presented on May 5, 2020. On May 19, 2020, the City Council approved the proposed budget as presented.

The May 19, 2020 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.

The proposed balanced 2020-21 General Fund budget is \$1,425,500,000. This was a \$31.7 million or 2.3 percent increase from the 2019-20 adopted General Fund budget of \$1,393,926,000. The increase is largely driven by negotiated personnel costs and pension.

Projected General Fund revenue in 2020-21 was estimated at \$1.310 billion, an increase of 4.4 percent over the revised current year estimate. This reflects the assumption that the impacts of the COVID-19 pandemic would last through July 2020, at which time city and state sales tax and other key revenue categories will return to pre-pandemic growth levels.

Additionally, the city's proposed 2020-21 combined property tax rate of \$2.13 remained unchanged from 2019-20. The budget assumed that 99 percent of levied property taxes are collected. Including revenue along with the estimated beginning fund balance of approximately \$95 million, and fund transfers and recoveries estimated at \$21 million, total 2020-21 General Fund resources are estimated to be \$1.425 billion.

For all funds, which includes General Fund, Enterprise and Special Revenue funds such as grants, and all debt service and pay-as-you-go capital costs, the proposed 2020-21 budget amount is \$5,020,460,000.

Tentative Budget Adoption

A public hearing and adoption of the tentative budget ordinances was completed on June 8, 2020, in compliance with the City Charter requirement that the budget be adopted no later than June 30, 2020. The Tentative Budget included an additional \$2,600,000 for the Office of Accountability funded with savings resulting from the Coronavirus Relief Fund, a reduced cost from Maricopa County for jail services, a reduced cost from the Arizona Department of Revenue for sales tax collection services, and other identified savings.

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 budget ordinances was completed on June 17, 2020. Adoption of the property tax levy ordinance was completed no less than 14 days later on July 1, 2020, in accordance with State law.



The following chart is an overview of the 2020-21 community budget process calendar.

DATE	BUDGET ITEMS
February 6, 2020	2020-21 Zero-Based Inventory of Programs Report
March 3, 2020	Preliminary 2020-21 General Fund Budget Status and Five-Year General Fund Forecast
March 17, 2020	2020-21 City Manager's Trial Budget and Preliminary Five-Year Capital Improvement Program for 2020-25
April 2, 2020	Updated 2020-21 General Fund Forecast
April 13, 2020	City Manager's Revised 2020-21 Trial Budget
May 5, 2020	City Manager's Proposed 2020-21 Budget
May 19, 2020	Council Budget Decision
June 8, 2020	2020-21 Tentative Budget Ordinance Adoption
June 17, 2020	2020-21 Funding Plan and Final Budget Ordinance Adoption
July 1, 2020	2020-21 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 2019-20 budget development process are as follows:

Action Required	City Charter Prescribed Deadline	Arizona State Statute Prescribed Deadline	2020-21 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 17, 2020* *Meeting canceled due to COVID-19 restrictions. Item was provided to Council in March 12 packet.
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 1, 2020
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 5, 2020
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 18, 2020

Action Required	City Charter Prescribed Deadline	Arizona State Statute Prescribed Deadline	2020-21 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 18, 2020
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 3, 2020 June 8, 2020* *Adoption of the ordinances
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 1, 2020 and June 8, 2020
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 8, 2020 and June 15, 2020
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 12, 2020
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 16, 2020
Public hearing on budget plus property tax levy or truth-in-taxation hearing (when required) immediately followed by adoption of final budget ordinances.	No requirement.	On or before the 14 th day before the tax levy is adopted and no later than first Monday in August.	June 17, 2020
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 26, 2020
Public hearing and property tax levy adoption.	No later than the last regularly scheduled Council meeting in July.	No sooner than 14 days following final budget adoption and no later than the third Monday in August.	July 1, 2020

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 and 2) 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. At the end of the fiscal year, the City Council through formal action adopts amendments to the budget ordinances to reflect transfers of contingency amounts and reallocations as needed.

According to a State Attorney General opinion, appropriations may be increased if funds are unexpectedly received during the current budget year in one specific circumstance, which is for federal grants when the city is merely acting as a conduit (pass-through).

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

PROPERTY TAXES AND BONDED DEBT LIMIT

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

Primary Property Tax Restrictions

Primary property tax levies are restricted to an annual 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

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, which was approved in 2015, will expire at the end of fiscal year 2020-21. As recommended by the 2020 Expenditure Limit Task Force, a home rule option will be presented to voters on the November 3, 2020 ballot that would once again set the limit at the City's annual budget after public meetings and hearings. If approved, the limit will be in effect for four fiscal years from 2021-22 through 2024-25 and will allow Phoenix residents to continue to control local expenditures.

BUDGET BASIS OF ACCOUNTING

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

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

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

GENERAL FINANCIAL POLICIES

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

Form of Budget Adoption

1. **Allocation of Appropriations** - Funds appropriated by the City Council are allocated to programs, offices, departments, divisions, sections, projects and type of expenditure by the City Manager or as delegated to the Budget and Research Director to provide managerial control and reporting of budgetary operations.
2. **Budget Controls** - At the department level, control of expenditures is governed by Administrative Regulation. City departments prepare revised expenditure estimates twice a year. The Budget and Research Department keeps the City Manager and the City Council advised on the status of the budget through periodic budget status reports. Mid-year revenue shortfalls can result in the adoption of mid-year expenditure reductions.

3. **Contingency Amounts** - A contingency allowance 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 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, 37 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 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.

In the past the growth of internet sales created concern about the erosion of the revenue base. However, as a direct result of a U.S. Supreme Court decision (Wayfair), the State passed H.B. 2757, effective in October 2019, which created an economic nexus standard and required most marketplace facilitators to collect tax on behalf of sellers using the facilitator's platform. This resulted in a much larger portion of internet sales becoming taxable.

The use tax is an important tool for reducing the impact of otherwise non-taxable retail sales. Also, the development of tourism-related sales tax base (hotels, restaurants and short-term car rentals) is another important component of diversifying revenue.

Finally, utility taxes levied against the sales of electricity, natural gas, telecommunications, water and sewer make up about 17 percent of our General Fund local sales tax base. Generally, utility taxes are not responsive to economic conditions and provide a 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 are 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

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 revenues 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. Except for 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 2020-21 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; the 2020-21 combined property tax rate of \$2.1296 remains unchanged from 2019-20.

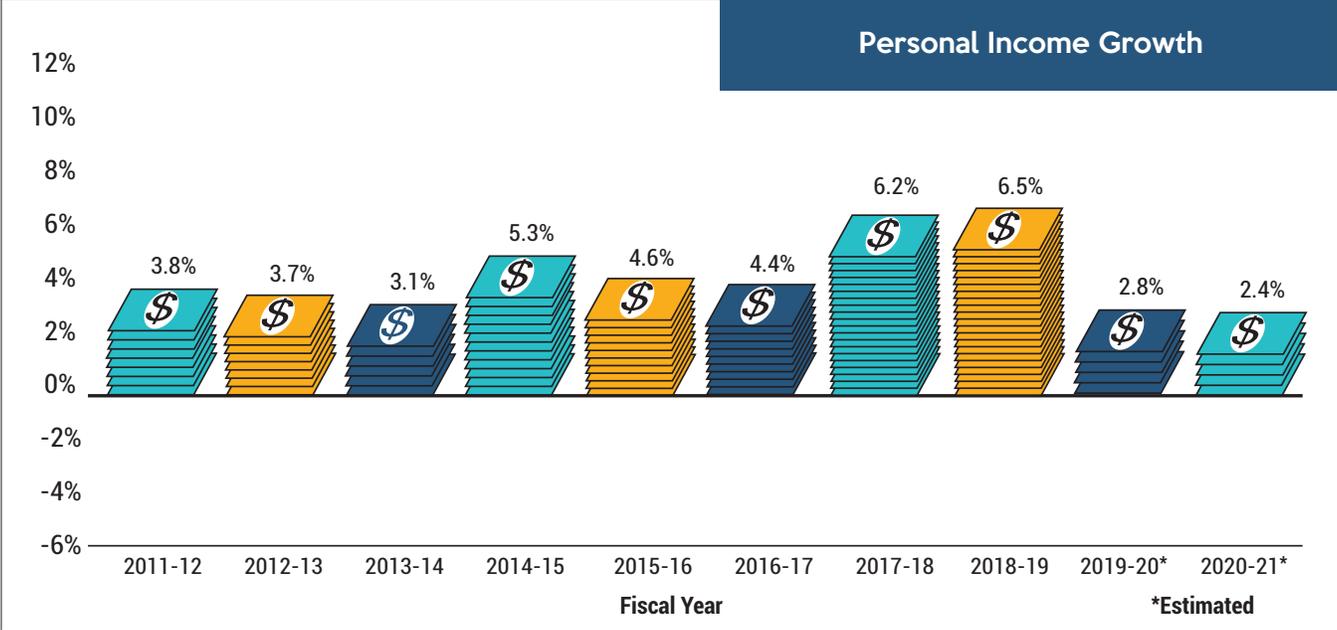
The COVID-19 pandemic is a unique, severe, and unprecedented health and economic crisis that is causing massive and still unknowable suffering. Due to timing and insufficient data, other than the General Fund and excise tax, the revenue estimates do not reflect the potential impacts of COVID-19. The General Fund overall was adjusted to account for the impact of the crisis, but the impact within individual categories of user fees, was not specifically addressed.

Before the novel coronavirus pandemic, Arizona was carrying significant momentum into 2020 represented by robust growth in jobs, population, and personal income, which outperformed the national averages. Economists predicted the state's economy would continue to expand, albeit at a slower pace. However, affected by the national health crisis, Arizona started to experience an economic downturn in March 2020. There is a massive amount of uncertainty about the future of the outbreak and the economic impacts associated with it. The City used the effect of the Great Recession on the revenues as a guide for the estimated declines and assumed the crisis concludes by the end of July 2020. This event is extraordinary and is vastly different than the Great Recession. The economic situation remains highly fluid, and the damage of COVID-19 to the City's revenue might be more severe than the projection in this scenario.

City and state-shared sales tax revenues had shown solid growth prior to the outbreak, but there is a big concern about diminished sales tax bases especially for the travel-and-tourism-related sectors as the Arizona economy suffered a major shock to the system caused by the COVID-19 crisis. In the past, the growth of internet sales created concern about the erosion of the revenue base. However, as a direct result of a U.S. Supreme Court decision (Wayfair), the State passed H.B. 2757, effective in October 2019, which created an economic nexus standard and required most marketplace facilitators to collect tax on behalf of sellers using the facilitator's platform. This resulted in a much larger portion of internet sales becoming taxable and mitigated the impacts of COVID-19 on city and state sales taxes.

Personal income is one of many indicators used for estimating state and local sales taxes and is expected to increase but slower than previous years. Consistent with projections by local economists, the chart below shows that personal income is expected to grow by 2.8 percent for 2019-20 and 2.4 percent for 2020-21.

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). 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, assuming the impacts of COVID-19 last through July 2020 at which time city and state sales taxes and other key revenue categories will return to pre-pandemic growth levels. Included in the forecast are several economic assumptions including moderate growth for city and state sales taxes, population, personal income and jobs; marginal increases in consumer spending and slightly improved housing market. The forecast also includes no change to state-shared revenue formulas. As indicated previously, Arizona adopted Wayfair economic nexus for internet sales. As a result, effective October 1, 2019, most remote sellers and marketplace facilitators must file and pay transaction privilege (sales) tax in Arizona.

CITY OF PHOENIX, ARIZONA FIVE YEAR EXCISE TAX REVENUE FORECAST (In Thousands of Dollars)													
	2018-19	2019-20	%	2020-21	%	2021-22	%	2022-23	%	2023-24	%	2024-25	%
	Actual	Estimate	Change	Estimate	Change	Forecast	Change	Forecast	Change	Forecast	Change	Forecast	Change
Privilege License Tax													
Privilege License Tax	\$385,284	\$390,485	1.3%	\$404,467	3.6%	\$422,664	4.5%	\$443,842	5.0%	\$462,725	4.3%	\$484,679	4.7%
Police Neighborhood Protection	24,509	24,699	0.8%	25,578	3.6%	26,708	4.4%	27,889	4.4%	29,080	4.3%	30,474	4.8%
Police Block Watch	1,751	1,764	0.7%	1,827	3.6%	1,907	4.4%	1,993	4.5%	2,078	4.3%	2,177	4.8%
Fire Neighborhood Protection	8,753	8,820	0.8%	9,134	3.6%	9,538	4.4%	9,960	4.4%	10,385	4.3%	10,883	4.8%
Police - 2007 Public Safety Expansion	56,027	56,454	0.8%	58,466	3.6%	61,049	4.4%	63,749	4.4%	66,472	4.3%	69,661	4.8%
Fire - 2007 Public Safety Expansion	14,006	14,113	0.8%	14,617	3.6%	15,264	4.4%	15,939	4.4%	16,619	4.3%	17,417	4.8%
Parks and Preserves	35,013	35,283	0.8%	36,539	3.6%	38,153	4.4%	39,842	4.4%	41,542	4.3%	43,535	4.8%
Transportation 2050	239,179	240,578	0.6%	249,230	3.6%	260,432	4.5%	271,850	4.4%	283,851	4.4%	297,011	4.6%
Convention Center Excise Tax	61,200	57,741	-5.7%	60,050	4.0%	62,278	3.7%	64,525	3.6%	66,905	3.7%	69,780	4.3%
Sports Facilities Excise Tax	20,732	20,016	-3.5%	20,558	2.7%	21,315	3.7%	22,051	3.5%	22,814	3.5%	23,637	3.6%
Jet Fuel Other Restricted Fund	815	569	-30.2%	769	35.1%	767	-0.3%	760	-0.9%	756	-0.5%	752	-0.5%
Privilege License Fees (Annual)	2,949	3,048	3.4%	3,048	0.0%	3,109	2.0%	3,171	2.0%	3,235	2.0%	3,300	2.0%
PLT Application Fees ¹	1	-	-100.0%	-	-	-	-	-	-	-	-	-	-
Treasury Collection Service Fee ¹	7	2	-71.4%	2	0.0%	-	-	-	-	-	-	-	-
Government Lease Property Excise Tax	524	600	14.5%	600	0.0%	614	2.3%	629	2.4%	644	2.4%	659	2.3%
Subtotal (PLT)	\$850,750	\$854,172	0.4%	\$884,885	3.6%	\$923,798	4.4%	\$966,200	4.6%	\$1,007,106	4.2%	\$1,053,965	4.7%
Utility & Franchise													
Utility & Franchise Tax	\$82,731	\$79,615	-3.8%	\$79,980	0.5%	\$81,803	2.3%	\$83,640	2.2%	\$85,411	2.1%	\$87,099	2.0%
Jail Tax	7,204	7,330	1.7%	7,330	0.0%	7,422	1.3%	7,515	1.3%	7,609	1.3%	7,704	1.2%
General Excise Tax	10,807	10,990	1.7%	10,990	0.0%	11,128	1.3%	11,266	1.2%	11,407	1.3%	11,549	1.2%
Storm Water Management	4,916	4,990	1.5%	5,040	1.0%	5,088	1.0%	5,137	1.0%	5,186	1.0%	5,235	0.9%
Capital Construction	8,812	8,205	-6.9%	8,239	0.4%	7,820	-5.1%	7,704	-1.5%	7,610	-1.2%	7,578	-0.4%
Police Public Safety Enhancement	16,132	14,007	-13.2%	14,129	0.9%	14,328	1.4%	14,529	1.4%	14,748	1.5%	14,984	1.6%
Fire Public Safety Enhancement	9,887	8,585	-13.2%	8,660	0.9%	8,781	1.4%	8,906	1.4%	9,039	1.5%	9,184	1.6%
Subtotal (Utility & Franchise)	\$140,489	\$133,722	-4.8%	\$134,368	0.5%	\$136,370	1.5%	\$138,697	1.7%	\$141,010	1.7%	\$143,333	1.6%
Licenses & Permits	2,969	2,960	-0.3%	2,960	0.0%	3,025	2.2%	3,101	2.5%	3,178	2.5%	3,254	2.4%
State Sales Tax ^{2,3}	165,066	168,964	2.4%	174,072	3.0%	181,352	4.2%	189,420	4.4%	198,362	4.7%	208,423	5.1%
State Income Tax ^{2,3}	196,918	214,697	9.0%	241,167	12.3%	204,000	-15.4%	250,000	22.5%	245,000	-2.0%	259,000	5.7%
TOTAL	\$1,356,192	\$1,374,515	1.4%	\$1,437,452	4.6%	\$1,448,545	0.8%	\$1,547,418	6.8%	\$1,594,656	3.1%	\$1,667,975	4.6%

¹ 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.

² Relative population share used in calculating state shared revenues in 2019-20 was based on the 2018 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.

³ Assumes no change to state shared revenue formulas or legislation that could impact state income or sales tax collections.

Note:

* Assumes the recession concludes by the end of July 2020.

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

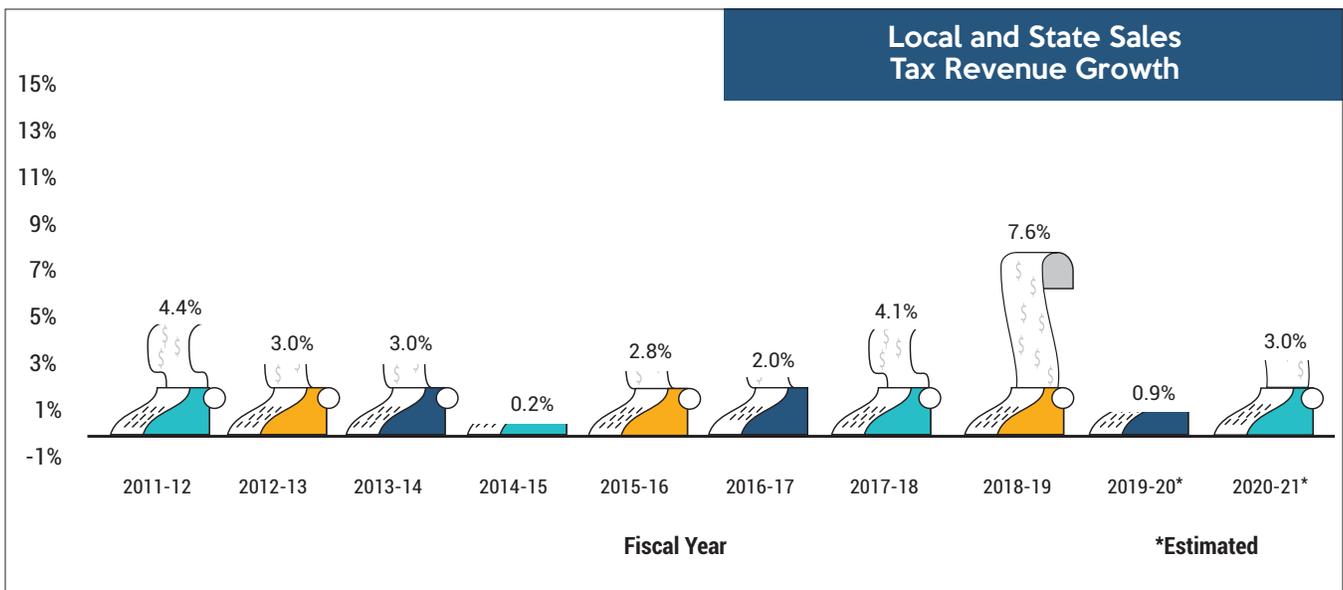
GENERAL FUNDS

Total 2020-21 General Fund revenues are estimated to be \$1,309.5 million or 4.4 percent more than 2019-20 estimates of \$1,254.0 million. General Fund revenues consist of four major categories: local taxes and related fees, state-shared revenues, primary property taxes and user fees. Following are descriptions of the revenue sources within these four categories and explanations of 2020-21 revenue estimates.

Local and state sales tax collections represent approximately 50.3 percent of General Fund revenues. Local sales taxes for 2020-21 are expected to grow by 3.1 percent over 2019-20 estimates. This is an increase from the 0.4 percent growth rate in local sales taxes estimated in 2019-20. Phoenix's share of state sales taxes for 2020-21 is expected to grow by 3.0 percent, which is a slight increase from the 2.4 percent growth in Phoenix's share anticipated in 2019-20.

Combined local and state sales tax revenues for 2020-21 are expected to grow by 3.0 percent over 2019-20 estimates. Combined rates of growth since 2011-12 are provided in the chart below.

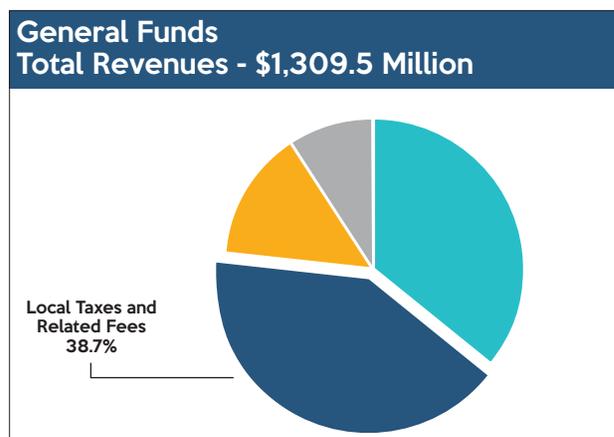
The table on the next page details estimated General Fund revenue by major source.



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

Revenue Source	2018-19 Actual	% of Total	2019-20 Estimate	% of Total	2020-21 Budget	% of Total	Increase/(Decrease) From 2019-20 Estimate	
							Amount	Percent
Local Taxes and Related Fees								
Local Sales Tax	\$ 468,015	38.3%	\$ 470,100	37.5%	\$ 484,447	37.0%	\$ 14,347	3.1%
Privilege License Fees	2,957	0.2%	3,050	0.2%	3,050	0.2%	-	0.0%
Other General Fund Excise Taxes	18,535	1.5%	18,920	1.5%	18,920	1.5%	-	0.0%
Subtotal	\$ 489,507	40.0%	\$ 492,070	39.2%	\$ 506,417	38.7%	\$ 14,347	2.9%
State-Shared Revenue								
Sales Tax	165,066	13.5%	168,964	13.5%	174,072	13.3%	5,108	3.0%
State Income Tax	196,918	16.1%	214,697	17.1%	241,167	18.4%	26,470	12.3%
Vehicle License Tax	70,210	5.8%	71,386	5.7%	71,743	5.5%	357	0.5%
Subtotal	\$ 432,194	35.4%	\$ 455,047	36.3%	\$ 486,982	37.2%	\$ 31,935	7.0%
Primary Property Tax	162,130	13.3%	170,899	13.6%	179,950	13.7%	9,051	5.3%
User Fees/Other Revenue								
Licenses & Permits	2,969	0.3%	2,960	0.2%	2,960	0.2%	-	0.0%
Cable Communications	10,876	0.9%	10,625	0.9%	10,120	0.8%	(505)	-4.8%
Fines and Forfeitures	12,456	1.0%	11,549	0.9%	11,548	0.9%	(1)	0.0%
Court Default Fee	1,320	0.1%	1,296	0.1%	1,296	0.1%	-	0.0%
Fire	49,095	4.0%	50,695	4.0%	51,535	3.9%	840	1.7%
Hazardous Materials Inspection Fee	1,369	0.1%	1,400	0.1%	1,400	0.1%	-	0.0%
Library Fees	904	0.1%	747	0.1%	768	0.1%	21	2.8%
Parks and Recreation	7,725	0.6%	7,585	0.6%	7,559	0.6%	(26)	-0.3%
Planning	1,783	0.2%	1,791	0.2%	1,808	0.1%	17	0.9%
Police	15,332	1.3%	15,481	1.2%	15,481	1.2%	-	0.0%
Street Transportation	6,497	0.5%	6,949	0.6%	6,684	0.5%	(265)	-3.8%
Other Service Charges	23,486	1.9%	22,592	1.8%	22,612	1.7%	20	0.1%
Other	3,124	0.3%	2,342	0.2%	2,399	0.2%	57	2.4%
Subtotal	\$ 136,936	11.3%	\$ 136,012	10.9%	\$ 136,170	10.4%	\$ 158	0.1%
TOTAL GENERAL FUND	\$ 1,220,767	100.0%	\$ 1,254,028	100.0%	\$ 1,309,519	100.0%	\$ 55,491	4.4%

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 2020-21 estimate is \$506.4 million, which is \$14.3 million or 2.9 percent greater than the 2019-20 estimate of \$492.1 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. Effective October 1, 2019, Arizona law requires most remote sellers and marketplace facilitators to file and pay transaction privilege (sales) tax in Arizona.

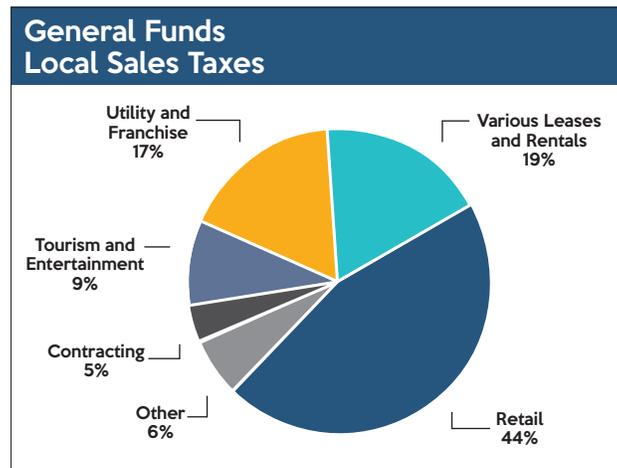
Beginning in May 2005, 2 percent of utilities sales tax collections paid by those utilities with a franchise agreement were directed to the newly established Public Safety Enhancement Fund. Finally, an additional 2 percent tax on the telecommunications category provides resources for the Capital Construction 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.

CURRENT LOCAL SALES TAX RATES BY CATEGORY										
	General Fund	Neighborhood Protection	2007 Public Safety Expansion	Public Safety Enhancement	Parks & Pres.	Transportation 2050 ⁽¹⁾	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	1.3%	0.1%	0.2%	–	0.1%	0.7%	–	–	–	2.4%
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	1.2%	0.1%	0.2%	–	0.1%	0.7%	–	–	–	2.3%
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 (1)(2)	1.2%	0.1%	0.2%	–	0.1%	0.7%	–	–	–	2.3%
Retail Tier 2 (1)(2)	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%

*The 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, 2020, the first \$10,968 (Tier 1) is subject to the 2.3% tax rate, while transactions over \$10,968 (Tier 2) are subject to the 2.0% tax rate. The criteria for Tier 1 and Tier 2 will be adjusted again on January 1, 2022.

The General Fund portion of the local sales tax estimate is \$484,447,000 for 2020-21. This is an increase of \$14,347,000 or 3.1 percent from the 2019-20 estimate of \$470,100,000. The increase in local sales tax revenue is based on the assumptions that the health crisis concludes by the end of July 2020 and the economy will rebound to pre-crisis level.

As shown in the pie chart below, the retail category represents approximately 44 percent of the local General Fund sales tax. The retail sales category is expected to increase by 3.3 percent in 2020-21. Although the pandemic will slow the growth of retail sales tax, the newly adopted internet sales tax will mitigate the impacts of COVID-19. Personal income growth, which is used as a trend indicator for retail sales activity, is projected at 2.4 percent for 2020-21.



General Fund sales tax revenue is collected on three rental categories: leases and rentals of tangible personal property, commercial and residential real property rentals. For 2020-21, leases and rentals of tangible personal property, commercial and residential real property rentals are expected to grow by 3.0, 3.0 and 3.7 percent respectively. The projected increase in rentals is mainly due to expected slow improvements in the overall economy and a moderate growing population. These three categories combined are approximately 19 percent of local General Fund sales tax revenue.

The contracting category is expected to increase by 2.0 percent in 2020-21 based on the actual collections in 2019-20 and the estimated impacts of COVID-19. 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 to grow in 2020-21 albeit at a slower pace. The contracting category represents approximately 5 percent of the local General Fund sales tax revenue.

The restaurants and bars category is expected to increase 4.5 percent and the hotel/motel category is expected to grow by 4.0 percent in 2020-21. These two categories, combined with revenue from amusements, are closely related to tourism and entertainment activities. These sectors are hit hard by the crisis and will grow faster once the crisis is over. Revenues from these activities represent approximately 9 percent of local General Fund sales tax revenue.

The utility and franchise tax category is approximately 17 percent of local General Fund sales tax revenue. The category includes electricity, natural and artificial gas, water consumption, sewer service and communications activities. The 2020-21 estimate for utility sales, franchise and communication tax revenue is \$79,980,000, which remains flat compared to 2019-20. The flat revenue is due to expected modest account growth, which is offset by the predicted decrease in utility consumption and 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 2020-21 estimate of \$24,295,000, is estimated to be flat from the 2019-20 forecast based on the actual collections in 2019-20. The use tax category is subject to fluctuations in purchasing practices, as well as economic drivers, and is approximately 5 percent of local General Fund sales tax revenue.

The following table shows General Fund sales tax collections since 2016-17. 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
2016-17	\$421,239	1.1%
2017-18	432,358	2.6
2018-19	468,015	8.2
2019-20 (Est.)	470,100	0.4
2020-21 (Est.)	484,447	3.1

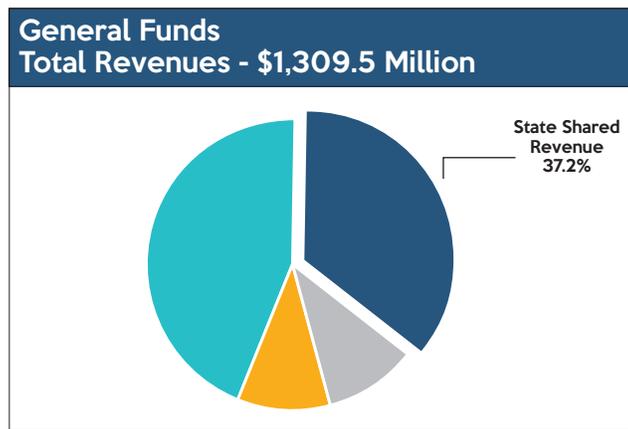
Privilege License Fees

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 2020-21 estimate for privilege license fee revenue of \$3,050,000 is projected to remain flat from the 2019-20 estimate.

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 2020-21 estimate of \$7,330,000 is flat from the 2019-20 estimate. This category also includes a general city services excise tax on municipal services bills based on water meter size implemented in July 2014. The 2020-21 estimate for the general city services excise tax of \$10,990,000 is projected to remain flat from the 2019-20 estimate. The Government Property Lease Excise Tax (GPLET) is also included in this category, which is a tax incentive agreement negotiated between a private party and a local government. It was established by the State of Arizona in 1996 to stimulate development in commercial districts by temporarily replacing a building's property tax with an excise tax. The 2020-21 estimate for the GPLET of \$600,000 is projected to remain flat from the 2019-20 estimate too.

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 2020-21 estimate for this category is \$487.0 million, which is \$31.9 million or 7.0 percent more than the 2019-20 estimate of \$455.0 million. The increase is due to an estimated increase of 3.0 percent in state sales tax, estimated growth of 12.3 percent in state-shared income tax, and estimated growth of 0.5 percent in vehicle license tax.

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 starting 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 2020-21 were not available in time for developing the budget projections. Since no significant changes were anticipated, Phoenix's share of 29.14 percent for 2019-20 was used for 2020-21.

The City's share of the state sales tax for 2020-21 is expected to be \$174,072,000, which is \$5,108,000 or 3.0 percent more than the 2019-20 estimate of \$168,964,000. This estimate is based on the assumptions that the impacts of COVID-19 last through July 2020 at which time city and state sales taxes and other key revenue categories will return to pre-pandemic growth levels. The table below shows the cities' share of state sales tax, Phoenix's allocation and annual increase since 2016-17.

STATE SALES TAXES (In Thousands of Dollars)					
Fiscal Year	Cities' Share of State Collections		Phoenix's Share		
	Total	% Change	Percent	Amount	% Change
2016-17	\$496,532	4.1%	28.8%	\$143,976	4.7%
2017-18	528,095	6.4	29.4	155,998	8.4
2018-19	561,049	6.2	29.2	165,066	5.8
2019-20 (Est.)	578,988	3.2	29.1	168,964	2.4
2020-21 (Est.)	595,379	2.8	29.1*	174,072	3.0

*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 2019-20 was used for 2020-21.

The 15 percent portion of the state income tax, which will be distributed to Arizona cities and towns in 2020-21, is expected to be \$828.5 million. The distribution represents actual individual and corporate income tax collections by the state in the 2018-19 fiscal year. The anticipated \$828.5 million is a 12.3 percent increase from the previous fiscal year. The increase is attributable to higher corporate as well as individual income tax collections. Phoenix's total distribution for 2020-21 is estimated at \$241,167,000 and is an increase of \$26,470,000 or 12.3 percent from the 2019-20 estimate of \$214,697,000.

The following table shows the total cities' share of state income tax, Phoenix's share, percentage allocation and annual increase/decrease since 2016-17.

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
2016-17	15.0%	\$663,582	9.6%	28.8%	\$191,225	9.8%
2017-18	15.0	680,770	2.6	29.4	200,036	4.6
2018-19	15.0	674,804	(0.9)	29.2	196,918	(1.6)
2019-20 (Est.)	15.0	737,561	9.3	29.1	214,697	9.0
2020-21 (Est.)	15.0	828,493	12.3	29.1*	241,167	12.3

*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.

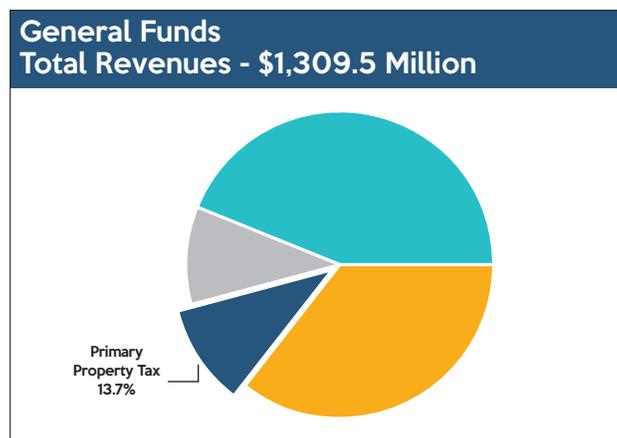
A portion of vehicle license tax collections is allocated to the Arizona Highway User Revenue Fund, with the remainder being allocated by percentage to various state funds as well as to the counties and cities. The state is responsible for distributing funds to cities according to their relative population 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 40.6 percent of Maricopa County for 2019-20 was used for 2020-21. Phoenix's share of the vehicle license tax for 2020-21 is anticipated to be \$71,743,000 which is \$357,000 or 0.5 percent more than the 2019-20 estimate of \$71,386,000.

The following table shows the cities' share of the vehicle license tax, Phoenix's share, allocation percentage and annual percentage change since 2016-17.

VEHICLE LICENSE TAX (In Thousands of Dollars)					
Fiscal Year	Amount Distributed by Maricopa County	Phoenix's Share		Increase/(Decrease)	
		Percent	Amount	Amount	Percent
2016-17	\$152,384	40.4%	\$61,586	\$1,785	3.0%
2017-18	162,702	41.0	66,784	5,198	8.4
2018-19	172,383	40.7	70,210	3,426	5.1
2019-20 (Est.)	175,845	40.6	71,386	1,176	1.7
2020-21 (Est.)	176,724	40.6*	71,743	357	0.5

*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.

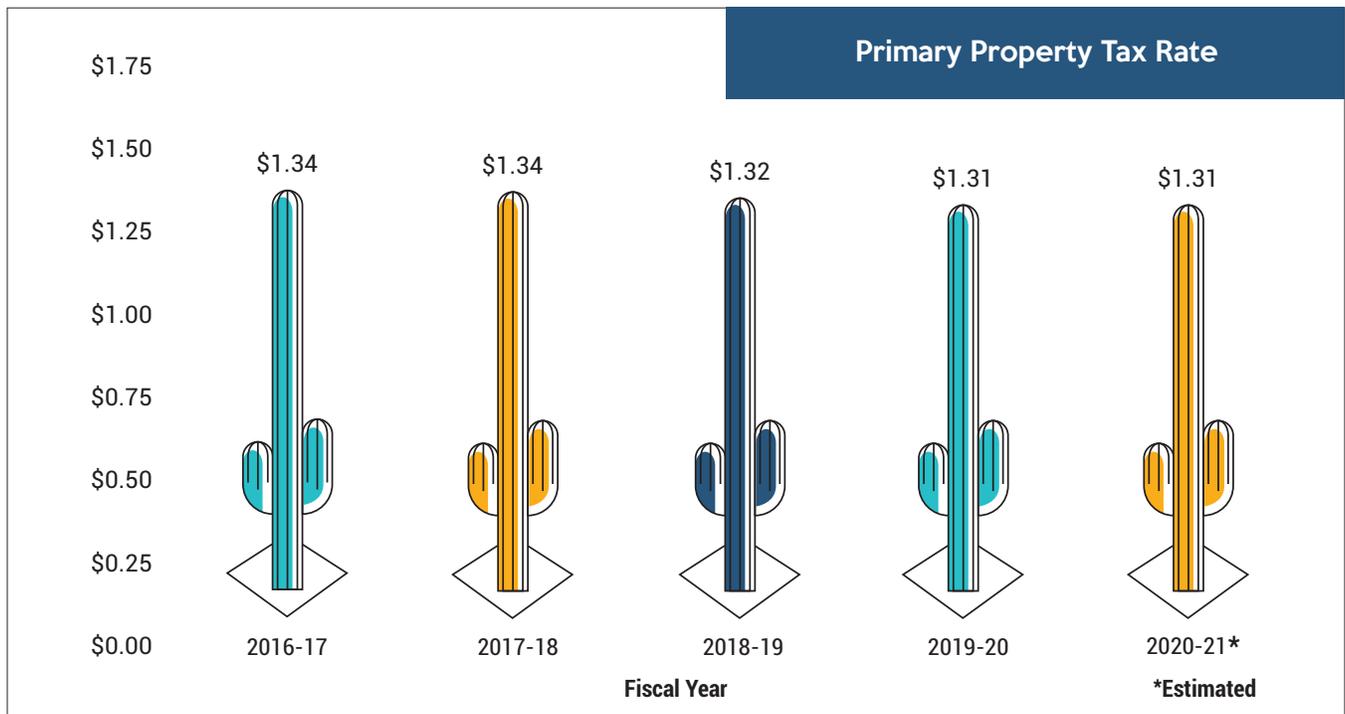
The annual increase in the primary property tax levy is limited by the Arizona Constitution to a 2 percent increase over the prior levy plus an estimated levy for previously untaxed property (primarily new construction), and allowable tort liability judgments. The Phoenix City Charter also limits the 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 2016-17.

The estimated 2020-21 primary property tax levy is \$181,767,000. The levy is a 5.3 percent increase over the 2019-20 levy of \$172,626,000. The primary net assessed valuation of \$13.92 billion is 5.3 percent above the 2019-20 primary net assessed valuation of \$13.22 billion.

Historically, actual property tax collections have been slightly lower than the amount levied. For 2020-21, collections for primary property tax are estimated to be \$179,950,000, or 99 percent of the levy amount.

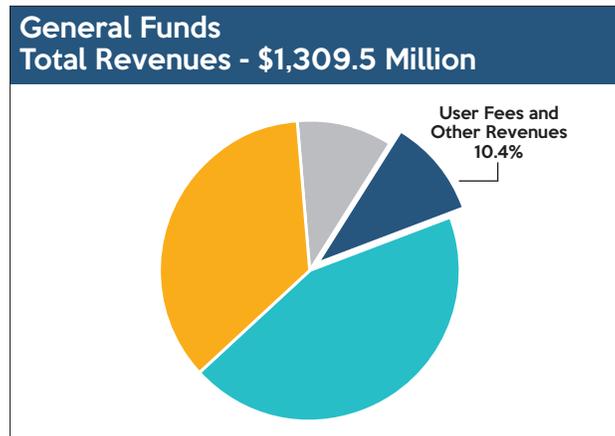


The 2020-21 levy results in a primary property tax rate of \$1.3055 per \$100 of assessed value and a secondary property tax rate of \$0.8241, for a total property tax rate of \$2.1296 per \$100 of assessed value.

The table below shows primary assessed valuation, primary property tax revenues and primary rates since 2016-17.

PRIMARY PROPERTY TAX					
Fiscal Year	Primary Net Assessed Valuation (in Millions)	% Change	Primary Levy (in Thousands)	% Change	Rate per \$100 Net Assessed Valuation
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	12,400	5.8	163,218	4.2	1.3163
2019-20	13,223	6.6	172,626	5.8	1.3055
2020-21 (est.)	13,923	5.3	181,767	5.3	1.3055

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 2020-21 estimate for this category is \$136.2 million, which is \$158,000 or 0.1 percent more than the 2019-20 estimate of \$136.0 million. The slight increase is primarily due to the estimated revenue growth in emergency transportation service, which is offset by the estimated revenue decrease in cable communications and street transportation. 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 2020-21 estimate of \$2,960,000 is estimated to remain flat from the 2019-20 estimate. The projection assumes all license fees and permits remain unchanged from 2019-20.

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 2020-21 estimate of \$10,120,000 is projected to decrease by 4.8 percent from the 2019-20 estimate. The decrease is due to the potential impact from the Federal Communications Commission (FCC) changes regarding in-kind offset. If the FCC determines channel capacity can be offset against revenue, the city may lose revenue.

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 2020-21 estimate of \$11,548,000 is \$1,000 less than the 2019-20 estimate of \$11,549,000. The slight decrease is due to less estimated revenues from substance abuse screening service fees.

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 2020-21 estimate for this revenue category is \$1,296,000, which is unchanged from the 2019-20 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 2020-21 estimate for ETS is \$37,875,000, which is \$375,000 or 1.0 percent more than the 2019-20 estimate of \$37,500,000. 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 2020-21 estimate for other fire services is \$13,660,000 which is \$465,000 or 3.5 percent more than the 2019-20 estimate of \$13,195,000. This increase is primarily due to an estimated increase in fire prevention inspection fees and CAD collections.

Hazardous Materials Permit and Inspection Fee

Because incidents involving hazardous materials have increased over the years, a hazardous material 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 2020-21 estimate is \$1,400,000, which is unchanged from the 2019-20 estimate.

Library Fees

In November 2019, the City waived all overdue library fines and discontinued assessing fines on library items returned late. The revenue lost from this program is being partially offset by additional revenue from the Maricopa County Library Assistance Program. Library revenues are primarily generated from the Maricopa County Library Assistance Program, copier/printer and damaged library materials fees, wireless communications license fees and room rentals at city libraries. The 2020-21 estimate of \$768,000 is \$21,000 more than the 2019-20 estimate of \$747,000. The projection assumes an increase in interest income, which is offset by an estimated revenue decrease in fees and fines.

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 2020-21 estimate of \$7,559,000 is \$26,000 or 0.3 percent less than the 2019-20 estimate of \$7,585,000. The decrease in 2020-21 is due to anticipated lower revenue from other miscellaneous park fees.

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 2020-21 estimate of \$1,808,000 is \$17,000 or 0.9 percent above the 2019-20 estimate of \$1,791,000. The projection accounts for increased revenue from rezoning fees.

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 \$15,481,000 in 2020-21 is projected to remain flat from the 2019-20 forecast.

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 2020-21 estimate of \$6,684,000 is \$265,000 or 3.8 percent less than the 2019-20 estimate of \$6,949,000. The decrease is mainly due to an anticipated reduction in revenues from right-of-way and other miscellaneous fees.

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 2020-21 estimate of \$22,612,000 is \$20,000 or 0.1 percent more than the 2019-20 estimate of \$22,592,000. The slight increase is primarily due to more estimated revenues from rentals and concessions, and parking garages, which are offset by less anticipated revenue from 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 2020-21 estimate of \$2,399,000 is \$57,000 or 2.4 percent more than the 2019-20 estimate of \$2,342,000. The increase is due to higher anticipated Neighborhood Services and other miscellaneous revenues, which are offset by lower anticipated revenue from Human Services.

NON-GENERAL FUNDS

Non-General Fund revenues consist of two major categories: Special Revenue and Enterprise funds. The following sections provide descriptions of the various revenue sources in each category and explanations of 2020-21 revenue estimates. The table on the next page provides 2019-20 and 2020-21 estimates as well as 2018-19 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 2020-21 estimate of \$36,539,000 is \$1,256,000 or 3.6 percent more than the 2019-20 estimate of \$35,283,000. These estimates are consistent with those for the same categories in the local sales tax discussion. Also, \$637,000 is estimated for combined net interest earnings in 2020-21.

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 2020-21 estimate is \$73,083,000 or 3.6 percent more than the 2019-20 estimate of \$70,567,000. These estimates are consistent with those for the same categories in the local sales tax discussion. Also, \$607,000 is estimated for interest earnings in 2020-21.

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 2020-21 estimate of \$22,789,000 is \$197,000 or 0.9 percent greater than the 2019-20 estimate of \$22,592,000.

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 2020-21 estimate of \$36,539,000 is \$1,256,000 or 3.6 percent more than the 2019-20 estimate of \$35,283,000. These estimates are consistent with the estimates for the same categories in the local sales tax discussion. In addition, \$2,242,000 is estimated for land rentals, lease revenue and interest earnings in 2020-21.

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

Revenue Source	2018-19 Actual	2019-20 Estimate	2020-21 Budget	Increase/(Decrease) From 2019-20 Estimate	
				Amount	Percent
SPECIAL REVENUE FUNDS					
Neighborhood Protection	\$ 35,612	\$ 35,960	\$ 37,176	\$ 1,216	3.4%
2007 Public Safety Expansion	70,461	71,218	73,690	2,472	3.5%
Public Safety Enhancement	26,023	22,592	22,789	197	0.9%
Parks and Preserves	38,238	37,525	38,781	1,256	3.3%
Transit 2000 ^{1/}	8	-	-	-	NA
Transportation 2050 ^{1/}	291,306	286,754	292,698	5,944	2.1%
Court Awards	3,848	6,422	5,760	(662)	-10.3%
Development Services	66,748	69,370	72,140	2,770	4.0%
Capital Construction	9,207	8,605	8,539	(66)	-0.8%
Sports Facilities	25,333	24,461	24,970	509	2.1%
Arizona Highway User Revenue	140,794	145,490	146,284	794	0.5%
Regional Transit Revenues	41,222	55,768	41,124	(14,644)	-26.3%
Community Reinvestment	4,320	11,069	5,987	(5,082)	-45.9%
Secondary Property Tax	106,424	112,669	118,205	5,536	4.9%
Regional Wireless Cooperative	4,423	4,886	5,167	281	5.8%
Golf Courses	6,289	6,295	6,274	(21)	-0.3%
City Improvement	13	-	-	-	NA
Impact Fee Program Administration	566	600	625	25	4.2%
Court Special Fees	1,455	1,362	1,328	(34)	-2.5%
Monopole Rental	304	213	219	6	2.8%
Tennis Center	49	49	49	-	0.0%
Vehicle Impound Program	2,246	1,293	1,293	-	0.0%
Heritage Square	44	48	48	-	0.0%
Affordable Housing Program	3,787	5,491	6,590	1,099	20.0%
Jet Fuel Other Restricted Fund	815	569	769	200	35.1%
Other Restricted (gifts/trusts)	25,772	28,061	38,041	9,980	35.6%
<u>Grants</u>					
Public Housing Grants	90,713	109,986	108,895	(1,091)	-1.0%
Human Services Grants	55,478	61,995	58,963	(3,032)	-4.9%
Community Development	11,469	28,104	53,375	25,271	89.9%
Criminal Justice	10,327	10,377	10,936	559	5.4%
Public Transit Grants	57,110	64,090	180,911	116,821	+100%
Other Grants	36,582	118,101	331,269	213,168	+100%
Subtotal - Grants	\$ 261,679	\$ 392,653	\$ 744,349	\$ 351,696	89.6%
Total Special Revenue Funds	\$ 1,166,986	\$ 1,329,423	\$ 1,692,895	\$ 363,472	27.3%
ENTERPRISE FUNDS					
Aviation	395,233	414,387	425,915	11,528	2.8%
Water System	402,799	465,970	479,782	13,812	3.0%
Wastewater System	242,959	248,447	249,814	1,367	0.6%
Solid Waste	149,769	152,144	175,132	22,988	15.1%
Convention Center	86,686	84,453	87,381	2,928	3.5%
Total Enterprise Funds	\$ 1,277,446	\$ 1,365,401	\$ 1,418,024	\$ 52,623	3.9%
TOTAL NON-GENERAL FUND	\$ 2,444,432	\$ 2,694,824	\$ 3,110,919	\$ 416,095	15.4%

^{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.

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 2020-21 sales tax estimate for Transportation 2050 is \$249,230,000, which is \$8,652,000 or 3.6 percent more than the 2019-20 estimate of \$240,578,000. 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 2020-21 fare box revenue estimate of \$35,300,000 is projected to remain flat from the 2019-20 estimate. The 2020-21 estimate also includes interest earnings and other miscellaneous revenue of \$8,168,000, which is a 24.9 percent decrease from 2019-20 estimate of \$10,876,000. This decrease is due to less anticipated revenue from bus shelter advertising and interest income.

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 2020-21 is \$5,760,000, which is \$662,000 or 10.3 percent less than the 2019-20 estimate of \$6,422,000. The decrease reflects less anticipated cases in 2020-21.

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 2020-21 estimate is \$72,140,000, which is \$2,770,000 or 4.0 percent more than the 2019-20 estimate of \$69,370,000. This increase is primarily due to estimated revenue growth in building and engineering permit fees, building inspection fees, building plans review fees, and 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 2020-21 estimate is \$8,239,000, or 0.4 percent more than the 2019-20 estimate of \$8,205,000. The slight increase accounts for year-end adjustments. The 2020-21 estimate also includes interest earnings of \$300,000.

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 2020-21 estimate is \$20,558,000, which is \$542,000 more than the 2019-20 estimate of \$20,016,000. The revenue estimates are consistent with the estimates for the same categories in the local sales tax discussion. The 2020-21 estimate also includes \$4,412,000 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. These statewide funds are deposited in the state's Highway User Revenue Fund (HURF) for allocation, including an allocation to cities and towns. Phoenix's HURF distribution is recorded in the city's Arizona Highway User Revenue (AHUR) fund.

A new distribution formula for HURF 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 HURF, 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. This distribution was discontinued in 2019-20. The Department of Public Safety's HURF distribution is assumed to be reinstated at a significantly reduced amount beginning in 2020-21.

For 2020-21, it is anticipated that Phoenix will receive \$116.0 million from the allocation to all cities and towns and \$29.1 million from the allocation to cities and towns over 300,000 population.

The total 2020-21 HURF distribution estimate of \$145,124,000 is \$2,497,000 more than the 2019-20 estimate of \$142,627,000. The increased 2020-21 estimate is primarily attributable to projected increases in gas and use fuel tax (2.2 percent) and vehicle license tax (5.3 percent). The 2020-21 interest earnings and other income estimate of \$1,160,000 is \$1,703,000 less than the 2019-20 estimate of \$2,863,000 due to an anticipated lower fund balance.

The table below shows the state-shared HURF allocations to the city of Phoenix since 2016-17.

ARIZONA HIGHWAY USER REVENUES (In Thousands of Dollars)			
Fiscal Year	AHUR Distribution	Increase/(Decrease)	
		Amount	Percent
2016-17	\$126,052	\$9,370	8.0%
2017-18	131,355	5,303	4.2
2018-19	138,864	7,509	5.7
2019-20 (Est.)	142,627	3,763	2.7
2020-21 (Est.)	145,124	2,497	1.8

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 2020-21 estimate of \$41,124,000 is \$14,644,000 or 26.3 percent lower than the 2019-20 estimate of \$55,768,000. The decrease is due to a reduction in reimbursements from RPTA for regional transportation plan funded projects.

Community Reinvestment

The 2020-21 estimate of \$5,987,000 is \$5,082,000 less than the 2019-20 estimate of \$11,069,000 and represents estimated revenues to be received through various economic redevelopment agreements in the downtown area. The drastic decline is due to a one-time revenue from sales of real estate in 2019-20.

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 2020-21 primary property tax rate is \$1.3055 per \$100 of assessed valuation. The 2020-21 secondary rate is \$0.8241 per \$100 of assessed value, for a combined property tax rate of \$2.1296.

The 2020-21 secondary property tax levy of \$114,741,000 is based on this \$0.8241 rate and the primary net assessed valuation of \$13.92 billion. This resulting levy increases the 2019-20 secondary property tax levy of \$108,971,000 by \$5,770,000 to satisfy debt service requirements.

Also included in the 2020-21 estimate is \$4,611,000 in bond interest subsidies. Revenues are partially offset by an estimated \$1,147,000 in uncollected taxes. In total, secondary property tax and bond interest subsidy revenue is estimated to be \$118,205,000.

The table below shows secondary assessed valuation, secondary property tax levies and secondary property tax rates since 2016-17.

SECONDARY PROPERTY TAX					
Fiscal Year	Net Assessed Valuation (in Millions)	% Change	Secondary Levy (in Thousands)	% Change	Rate per \$100 Net Assessed Valuation
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	12,400	5.8	102,187	5.8	0.8241
2019-20	13,223	6.6	108,971	6.6	0.8241
2020-21 (Est.)	13,923	5.3	114,741	5.3	0.8241

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 2020-21 revenue estimate of \$5,167,000 is 5.8 percent or \$281,000 more than the 2019-20 estimate of \$4,886,000. The increase is due to the new special assessment fees collected from members for replacing the dated RWC Conventional Network equipment in 2020-21.

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 2020-21 estimate of \$6,274,000 is slightly lower than the 2019-20 estimate of \$6,295,000. This is due to less estimated revenue from other miscellaneous receipts.

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 2020-21 revenue is estimated at \$625,000, which is 4.2% greater than the 2019-20 revenue estimate of \$600,000.

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 2020-21 estimate of \$48,337,000 is \$11,251,000 or 30.3 percent more than the 2019-20 estimate of \$37,086,000. The increase is primarily due to higher anticipated revenues from affordable housing and sales of real estate.

Public Housing Grants

The 2020-21 Public Housing grants revenue included in the annual operating budget is \$108,895,000, which is a 1.0 percent decrease from 2019-20 estimate of \$109,986,000. This decrease is primarily due to less HOME Investment Partnerships Program (HOME) funds from the federal government, which is offset by more revenue from housing assistance payments, and the CARES Act. The HOME program is aimed at increasing the availability of affordable rental housing and expanding home ownership opportunities for first-time homebuyers. Other items in this category include housing subsidies, housing assistance payments, rentals, interest income, and CARES Act funding for housing used for COVID-19 related expenses.

Human Services Grants

The 2020-21 revenue estimate of \$58,963,000 is \$3,032,000 or 4.9 percent less than the 2019-20 estimate of \$61,995,000. The decrease is primarily due to fewer anticipated Human Services Operating Grants, which is offset by additional revenue from federal assistance on coronavirus. This category includes funds from the Department of Health and Human Services, Department of Housing and Urban Development, Workforce Investment Act, Aging Program Grants, Head Start funds and the CARES Act.

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 2020-21 CDBG entitlement is \$53,375,000 which is \$25,271,000 or 89.9 percent more than the 2019-20 estimate of \$28,104,000. The substantial increase is due to a carryover from 2019-20 of grant revenues from the federal government, and additional revenue from the federal government for COVID-19 related expenses.

Criminal Justice Grants

The 2020-21 grant revenue for criminal justice programs is estimated to be \$10,936,000, which is \$559,000 or 5.4 percent more than the 2019-20 estimate of \$10,377,000. The increase is primarily due to the funding aid from the federal government related to the novel coronavirus. 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, COVID-19 related expenses and other crime related prevention programs.

Public Transit Grants

The 2020-21 Federal Transit Administration Grant estimate is \$180,911,000 reflecting an increase of \$116,821,000 or 182.3 percent higher than the 2019-20 estimate of \$64,090,000. The significant increase is due to a carryover of grant funds from 2019-20 and additional revenue from the federal government for COVID-19 related expenses.

Other Grants

The 2020-21 budget also includes \$331,269,000 for federal, state and other grants which is \$213,168,000 or 180.5 percent more than the 2019-20 estimate of \$118,101,000. The substantial increase is primarily due to Coronavirus Relief Fund revenue from the federal government. This category includes funding for various parks and recreation and library activities, workforce development programs, housing development grants, fire department and victim assistance grants, the Neighborhood Stabilization Program and Coronavirus Relief.

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 2020-21 is anticipated to be \$425,915,000, which is \$11,528,000 or 2.8 percent more than the 2019-20 estimate of \$414,387,000. The increase is mainly due to expected increases in revenue from rideshare fees and is offset by less revenue from interest earnings due to an anticipated lower fund balance. In December 2019, the City Council approved the imposition of new rideshare fees at Sky Harbor International Airport to help reduce the number of vehicles at the terminals and encourage use of the free Sky Train. The fees went into effect on May 1, 2020 after the being unanimously upheld by the Arizona Supreme Court in response to a lawsuit filed by the Arizona Attorney General. The fees will be used to offset costs for infrastructure, maintenance and improvements at the airport.

The following table shows Aviation revenue by major category and annual percent change since 2016-17.

SUMMARY OF AVIATION REVENUES (In Thousands of Dollars)					
	2016-17	2017-18	2018-19	2019-20 (Est.)	2020-21 (Est.)
Airline Operation	\$140,972	\$151,326	\$157,123	\$168,606	\$171,767
Concessions and Rentals	202,804	215,631	220,644	225,920	239,207
Interest	4,177	7,019	9,241	8,275	2,425
Other/Federal Grants	1,191	6,093	2,466	5,714	6,089
Goodyear	2,395	2,647	2,615	2,648	2,697
Deer Valley	3,112	3,172	3,144	3,224	3,730
Total Aviation Revenue	\$354,651	\$385,888	\$395,233	\$414,387	\$425,915
Change From Prior Year	2.7%	8.8%	2.4%	4.8%	2.8%

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 2020-21 is projected to be \$479,782,000, which is \$13,812,000 or 3.0 percent more than the \$465,970,000 estimate for 2019-20. The increase is due to estimated increases in water sales, environmental consumption charges, raw water charges, and Val Vista revenues. The 2020-21 estimate includes anticipated small increases in the number of accounts. Additionally, the City Council on January 9, 2019, adopted water rate increases effective in March 2019 and February 2020, which generates 6 percent annual revenue growth.

The following table shows water system revenues by major category since 2016-17.

SUMMARY OF WATER SYSTEM REVENUES (In Thousands of Dollars)					
	2016-17	2017-18	2018-19	2019-20 (Est.)	2020-21 (Est.)
Water Sales	\$329,021	\$342,094	\$302,919	\$327,068	\$335,162
Environmental Consumption Charge	33,358	34,427	42,846	70,496	74,763
Raw Water Charge	25,425	26,451	26,395	35,859	37,330
Interest	2,792	3,613	3,844	5,853	5,776
Development Fees	3,755	3,916	4,221	4,100	4,100
Combined Service Fees	2,348	2,326	2,143	5,500	5,500
Val Vista	5,827	6,461	6,846	7,648	7,792
All Other	15,176	14,944	13,585	9,446	9,359
Total Water Revenue	\$417,702	\$434,232	\$402,799	\$465,970	\$479,782
Change From Prior Year	5.3%	4.0%	(7.2)%	15.7%	3.0%

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 \$249,814,000 in 2020-21, which is \$1,367,000 or 0.6 percent more than the 2019-20 estimate of \$248,447,000. The increase is due to expected revenue growth in sewer service charges and environmental charges, which is offset by an anticipated decrease in interest earnings and other miscellaneous revenue.

The following table shows Wastewater revenue by major category and annual percent change since 2016-17.

SUMMARY OF WASTEWATER SYSTEM REVENUES (In Thousands of Dollars)					
	2016-17	2017-18	2018-19	2019-20 (Est.)	2020-21 (Est.)
Sewer Service Charge	\$161,127	\$166,711	\$168,740	\$170,451	\$172,136
Environmental Charges	33,212	34,474	35,032	35,358	35,730
Development Fees	3,578	3,751	4,048	4,000	4,000
Interest	2,149	3,481	3,984	5,513	5,268
Multi-City	15,843	14,884	15,205	17,792	17,784
Other	12,810	15,944	15,950	15,333	14,896
Total Wastewater Revenue	\$228,719	\$239,245	\$242,959	\$248,447	\$249,814
Change From Prior Year	3.2%	4.6%	1.6%	2.3%	0.6%

Solid Waste

This category includes revenues from the monthly residential collection and landfill tipping fees. The 2020-21 estimate of \$175,132,000 is an increase of \$22,988,000 or 15.1 percent above the 2019-20 estimate of \$152,144,000. The significant revenue increase is due to more anticipated revenue from solid waste service fees. In February 2020, the City Council approved an increase to the solid waste monthly rate for residential customers of \$3.75 effective in April 2020 and another increase of \$3.25 effective in January 2021.

Convention Center

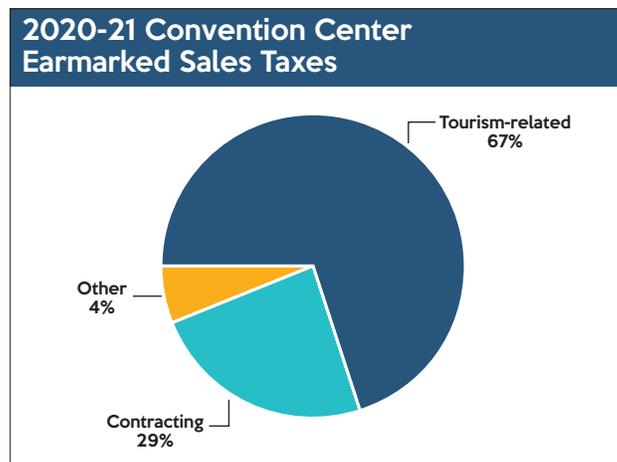
The majority of Convention Center revenues are from earmarked sales taxes including a 0.5 percent tax on advertising, a 0.5 percent portion of the 2.3 percent tax on construction, printing, publishing, transportation/towing and restaurant/ bar sales, plus a 2.0 percent portion of the 5.3 percent hotel/motel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

Earmarked sales taxes are expected to produce \$60,050,000 in 2020-21, an increase of 4.0 percent above the 2019-20 estimate of \$57,741,000. Convention Center operating revenues are expected to be \$21,558,000, parking revenue is expected to be \$4,273,000, and interest revenue is expected to be \$1,500,000, for total revenue estimates of \$87,381,000. This is \$2,928,000 or 3.5 percent more than the 2019-20 total estimated revenue of \$84,453,000. The increase is due to anticipated increases in sales tax, operating and parking 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 2016-17.

CONVENTION CENTER SALES TAXES (In Thousands of Dollars)			
Fiscal Year	Amount Collected	Increase/(Decrease)	
		Amount	Percent
2016-17	\$49,051	\$2,550	5.5%
2017-18	52,730	3,679	7.5
2018-19	61,200	8,470	16.1
2019-20 (Est.)	57,741	(3,459)	(5.7)
2020-21 (Est.)	60,050	2,309	4.0

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 96 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. The tourism industry has been hit especially hard by the novel coronavirus. In the General Fund, however, contracting and tourism represent only 14 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 2020-21 estimates assume the impacts of COVID-19 last through July 2020 at which time city sales tax will rebound to pre-pandemic growth levels.



**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 2020-21 operating budget allowance of \$2,244,000 is \$100,000 or 4.7 percent more than 2019-20 estimated expenditures. The increase is due to the addition of \$100,000 for constituent services and outreach.

Expenditure and Position Summary			
	2018-19 Actual	2019-20 Estimate	2020-21 Budget
Operating Expense	\$1,527,000	\$2,144,000	\$2,244,000
Total Positions	17.0	13.0	13.0
<i>Source of Funds:</i>			
General	\$1,527,000	\$2,144,000	\$2,244,000

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 April 2023. Terms for council members from odd-numbered districts expire in April 2021. 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 2020-21 City Council operating budget allowance of \$5,444,000 is \$463,000 or 9.3 percent more than 2019-20 estimated expenditures. The increase is due to negotiated increases in employee compensation and the addition of \$680,000 within the council districts to increase constituent services and outreach.

Expenditure and Position Summary			
	2018-19 Actual	2019-20 Estimate	2020-21 Budget
Operating Expense	\$3,525,000	\$4,981,000	\$5,444,000
Total Positions	30.0	33.0	33.0
<i>Source of Funds:</i>			
General	\$3,525,000	\$4,981,000	\$5,444,000

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 2020-21 operating budget allowance of \$6,307,000 is \$3,372,000 or 114.9 percent more than 2019-20 estimated expenditures. This is primarily due to increased costs in the General Fund which is partially offset by decreased costs in the Federal and State Grants Fund.

The General Fund 2020-21 budget allowance of \$5,971,000 is \$3,383,000 or 130.7 percent more than 2019-20 estimated expenditures. The increase is due to the addition of the Office of Accountability and Transparency and negotiated increases in employee compensation.

The Federal and State Grants 2020-21 budget allowance of \$336,000 is \$10,000 or 2.9 percent less than 2019-20 estimated expenditures. This is primarily due to the conclusion of the Mayor's Challenge and IDA grant and partially offset by increases in the Experience Corps grant funded program.

City Manager's Office Major Performance Measures and Service Levels

The following significant performance measures and service level trends will be achieved with the 2020-21 budget allowance:

	2018-19 Actual	2019-20 Estimate ¹	2020-21 Budget
Departments implementing performance metrics as follow up to organizational review	10	10	10
Streamline internal processes to create efficiencies through AdvancePHX	3	3	3

¹ Based on 10 months actual experience.

Expenditure and Position Summary

	2018-19 Actual	2019-20 Estimate	2020-21 Budget
Operating Expense	\$2,330,000	\$2,935,000	\$6,307,000
Total Positions	19.5	19.5	21.5
<i>Source of Funds:</i>			
Federal and State Grants	152,000	346,000	336,000
General	\$2,154,000	\$2,588,000	\$5,971,000
Other Restricted	24,000	1,000	-

REGIONAL WIRELESS COOPERATIVE

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 2020-21 operating budget allowance of \$13,238,000 is \$1,000 or 0.0 percent less than 2019-20 estimated expenditures. The budget reflects negotiated increases in employee compensation and normal inflationary increases, which is offset by lower one-time operational improvements and projects.

Expenditure and Position Summary

	2018-19 Actual	2019-20 Estimate	2020-21 Budget
Operating Expense	\$12,582,000	\$13,239,000	\$13,238,000
Total Positions	4.0	4.0	4.0
<i>Source of Funds:</i>			
City Improvement	\$8,118,000	\$8,122,000	\$8,120,000
RWC	4,464,000	5,117,000	5,118,000

GOVERNMENT RELATIONS

Program Goal

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 2020-21 operating budget allowance of \$1,541,000 is \$2,722,000 or 63.9 percent less than 2019-20 estimated expenditures due to the completion of marketing and engagement efforts for the 2020 Census. This is partially offset by negotiated increases in 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 2020-21 budget allowance:

	2018-19 Actual	2019-20 Estimate ¹	2020-21 Budget
Percentage of Arizona state legislative bills opposed by the City which were not enacted	89%	89%	85%
Number of strategic federal meetings brokered for elected officials or government executives	88	72	82
Number of strategic state and local meetings brokered for elected officials or government executives	55	60	65
Success rate of federal and state competitive grants and private foundation grants that Government Relations assisted departments securing	76%	77%	76%
Number of tribal gaming grants processed by Government Relations	81	81	82

¹ Based on 10 months actual experience.

Expenditure and Position Summary

	2018-19 Actual	2019-20 Estimate	2020-21 Budget
Operating Expense	\$1,406,000	\$4,263,000	\$1,541,000
Total Positions	7.0	7.0	7.0
<i>Source of Funds:</i>			
General	\$1,261,000	\$2,408,000	\$1,541,000
Other Restricted	145,000	1,855,000	-

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 cable channel, PHXTV, educational programming of PHX TV Classroom and daily content for both the city website and the city's main social media platforms.

Budget Allowance Explanation

The Communications Office 2020-21 operating budget allowance of \$2,779,000 is \$103,000 or 3.8 percent more than 2019-20 estimated expenditures. The increase is primarily due to negotiated increases in employee compensation.

Communications Office Major Performance Measures and Service Levels

The following significant performance measures and service level trends will be achieved with the 2020-21 budget allowance:

	2018-19 Actual	2019-20 Estimate ¹	2020-21 Budget
Percent of news releases that generate media coverage	70%	72%	72%
New PHX 11 programs produced per year ²	400	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	95%	96%	96%
Average response time to public records requests (days)	1.5	1.5	1.5
Phoenix.gov pageviews (monthly average)	1,293,638	1,176,000	1,200,000

¹ Based on 10 months actual experience.

² The anticipated decrease in 2019-20 is due to not having any major event coverage and programming related to the NCAA tournaments.

Expenditure and Position Summary

	2018-19 Actual	2019-20 Estimate	2020-21 Budget
Operating Expense	\$2,527,000	\$2,676,000	\$2,779,000
Total Positions	19.1	19.1	19.1
<i>Source of Funds:</i>			
General	\$2,152,000	\$2,619,000	\$2,777,000
Other Restricted	375,000	57,000	-

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 2020-21 operating budget allowance of \$3,206,000 is \$170,000 or 5.6 percent more than 2019-20 estimated expenditures. The increase is primarily due to negotiated employee compensation increases.

City Auditor Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2020-21 budget allowance:

	2018-19 Actual	2019-20 Estimate ¹	2020-21 Budget
Percent of audit plan completed	81%	80%	80%
Performance audit and management reports issued ²	82	75	66
Average audit cycle time (calendar days) ²	173	180	180
Economic impact of audits as a result of identified improvements or cost savings (millions) ³	\$0.3	\$0.6	\$0.9
Hearing rulings issued timely according to time frames listed in the city code	100%	100%	100%

¹Based on 10 months actual experience.

²Number of audit reports issued and average cycle time can vary due to the size and complexity of audits conducted. 2020-21 reflects that 12% of auditor positions are vacant and frozen due to budget constraints.

³2020-21 Budget level is more representative of the historical average.

Expenditure and Position Summary

	2018-19 Actual	2019-20 Estimate	2020-21 Budget
Operating Expense	\$2,700,000	\$3,036,000	\$3,206,000
Total Positions	25.4	25.4	25.4
<i>Source of Funds:</i>			
General	\$2,700,000	\$3,036,000	\$3,206,000

Millions

\$6
\$5
\$4
\$3
\$2
\$1
\$0



Fiscal Year

*Estimated

The Economic Impact in 2016-17 was larger than average due to a review of the Police Academy Fees.

City Auditor Impact of Recommendations

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 2020-21 Equal Opportunity operating budget allowance of \$3,341,000 is \$440,000 or 15.2 percent more than 2019-20 estimated expenditures. This is primarily due to increased costs in the General Fund and Federal and State Grants.

The General Fund increase is primarily due to negotiated increases in employee compensation.

The Federal and State Grants 2020-21 budget increase is primarily due to unspent funding for the fair housing program that was carried forward to 2020-21.

Equal Opportunity Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2020-21 budget allowance:

	2018-19 Actual	2019-20 Estimate ¹	2020-21 Budget
Discrimination complaints in employment, public accommodations, housing and ADA accessibility, investigated and closed ²	269	307	325
Percentage of discrimination complaints investigated timely ³	81%	80%	80%
Outreach presentations to small and disadvantaged businesses and small business advocacy organizations	15	12	12
Number of disadvantaged business enterprises (DBEs) certified	615	700	700
Number of small business enterprises (SBEs) certified	653	750	800
Construction subcontracts monitored for participation of DBE subcontractors and non-DBE-certified construction subcontractors	1,785	2,000	2,300

¹ Based on 10 months actual experience.

² Discrimination complaints investigated and closed are based on the number of cases filed. Cases related to COVID-19 are expected to increase in 2020-21.

³ Cases filed with state and federal enforcement agencies are affected by state and federal timelines

Expenditure and Position Summary

	2018-19 Actual	2019-20 Estimate	2020-21 Budget
Operating Expense	\$2,435,000	\$2,901,000	\$3,341,000
Total Positions	27.0	27.0	27.0
<i>Source of Funds:</i>			
General	\$2,177,000	\$2,511,000	\$2,761,000
Community Development Block Grant	214,000	201,000	231,000
Federal and State Grants	39,000	176,000	336,000
Other Restricted	5,000	13,000	13,000

HUMAN RESOURCES

Program Goal

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

Budget Allowance Explanation

The Human Resources Department 2020-21 operating budget allowance of \$14,398,000 is \$1,174,000 or 8.9 percent higher than 2019-20 estimated expenditures. This is primarily due to increased costs in the General Fund and City Improvement Fund.

The General Fund 2020-21 budget allowance of \$12,969,000 is \$1,100,000 or 9.3 percent more than 2019-20 estimated expenditures. The increase is primarily due to negotiated employee compensation increases and increases in consultant services for a classification and compensation Study.

The City Improvement Fund 2020-21 budget allowance of \$870,000 is \$54,000 or 6.6 percent more than 2019-20 estimated expenditures. The increase is due to 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 2020-21 budget allowance:

	2018-19 Actual	2019-20 Estimate ¹	2020-21 Budget
Percentage of hiring managers satisfied with applicants placed on hiring eligible list	80%	77%	80%
Annualized employee turnover rate	7.1%	8.1%	8.0%
Employee performance evaluations completed on time	73%	69%	70%
The number of employee suggestions received	32	11	25

¹ Based on 10 months actual experience.

Expenditure and Position Summary

	2018-19 Actual	2019-20 Estimate	2020-21 Budget
Operating Expense	\$11,902,000	\$13,224,000	\$14,398,000
Total Positions	103.7	112.7	112.7
<i>Source of Funds:</i>			
General	\$10,668,000	\$11,869,000	\$12,969,000
City Improvement	884,000	816,000	870,000
Other Restricted	350,000	539,000	559,000

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 2020-21 operating budget allowance of \$107,000 is \$1,000 or 0.9 percent more than 2019-20 estimated expenditures. The increase is primarily due to negotiated increases in employee compensation.

Phoenix Employment Relations Board Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2020-21 budget allowance:

	2018-19 Actual	2019-20 Estimate ¹	2020-21 Budget
Number of cases filed annually ²	4	5	6

¹ Based on 10 months actual experience.

² Number of cases filed varies depending upon specific issues encountered.

Expenditure and Position Summary

	2018-19 Actual	2019-20 Estimate	2020-21 Budget
Operating Expense	\$85,000	\$106,000	\$107,000
Total Positions	1.0	1.0	1.0
<i>Source of Funds:</i>			
General	\$85,000	\$106,000	\$107,000

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 2020-21 gross operating budget allowance of \$2,754,000 is \$2,000 or 0.1 percent less than 2019-20 estimated expenditures. The decrease is primarily due to a change in how enterprise information technology costs are being distributed to departments. Partially offsetting the decrease are negotiated increases in employee compensation and increased funding for audit and employment-related medical exam services.

Retirement Systems Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2020-21 budget allowance:

	2018-19 Actual	2019-20 Estimate ¹	2020-21 Budget
General city retirements	434	350	400
Public safety retirements	315	400	350
General city and public safety member contacts			
Appointments ²	1,330	1,040	1,200
Walk-in service ²	1,559	900	1,600
Telephone calls ²	10,051	8,200	10,100
General City and Public Safety Benefit estimates provided (excluding self-service) ²	2,533	2,200	2,270

¹ Based on 10 months actual experience.

² 2019-20 data reflects the possible impact of the COVID-19 pandemic.

Expenditure and Position Summary

	2018-19 Actual	2019-20 Estimate	2020-21 Budget
Operating Expense (Gross ¹)	\$2,374,000	\$2,756,000	\$2,754,000
Total Positions	15.0	16.0	16.0
<i>Source of Funds:</i>			
General (Gross ¹)	\$2,374,000	\$2,756,000	\$2,754,000

¹ 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 2020-21 operating budget allowance of \$27,805,000 is \$2,809,000 or 11.2 percent more than 2019-20 estimated expenditures. The increase is primarily due to negotiated increases in employee compensation, normal inflationary costs and funding for a new modernized Case Management System (CMS).

Law Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2020-21 budget allowance:

	2018-19 Actual	2019-20 Estimate ¹	2020-21 Budget
Criminal cases sent to diversion	2,636	2,500	2,500
Pre-trial disposition conferences set	75,608	75,000	75,000
New civil cases opened in the fields of condemnation, collection, taxes and civil litigation, excluding liability and other cases assigned to outside counsel	583	600	600
Number of defendants submitted for charging review	36,262	42,000	48,000
Number of civil cases closed, including those assigned to outside counsel and handled through the alternative dispute resolution process	486	500	300
Ordinances and resolutions for City Council adoption drafted and reviewed	1,232	1,000	950
Number of jury trials prosecuted	78	60	70

¹ Based on 10 months actual experience.

Expenditure and Position Summary

	2018-19 Actual	2019-20 Estimate	2020-21 Budget
Operating Expense	\$21,523,000	\$24,996,000	\$27,805,000
Total Positions	209.0	212.0	212.0
<i>Source of Funds:</i>			
General	\$20,172,000	\$23,099,000	\$26,183,000
Federal and State Grants	1,112,000	1,509,000	1,207,000
Other Restricted	111,000	223,000	250,000
Court Awards	128,000	165,000	165,000

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 2020-21 operating budget allowance of \$55,966,000 is \$5,593,000 or 11.1 percent more than 2019-20 estimated expenditures. This reflects negotiated increases in employee compensation, normal inflationary increases and additional funding for advanced security software for city enterprise systems and email accounts. 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 2020-21 budget allowance:

	2018-19 Actual	2019-20 Estimate ¹	2020-21 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	99.9%	99.9%	99.9%
ePay	98.9%	99.9%	99.9%
TALIS	95.5%	95.5%	95.5%
RWC	99.9%	99.9%	99.9%
Number of pages accessed in Phoenix.gov	15,523,659	15,824,000	15,500,000
Average cycle time of telephone service requests	< 21 days	< 21 days	< 21 days
Units of portable and mobile radio equipment ²	18,853	19,000	19,000

¹ Based on 10 months actual experience.

² 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

	2018-19 Actual	2019-20 Estimate	2020-21 Budget
Operating Expense	\$41,463,000	\$50,373,000	\$55,966,000
Total Positions	195.0	201.0	201.0
<i>Source of Funds:</i>			
General	\$36,816,000	\$45,622,000	\$52,395,000
City Improvement	4,070,000	4,028,000	2,786,000
Aviation	357,000	259,000	256,000
Water	4,000	170,000	231,000
Solid Waste	186,000	190,000	194,000
Other Restricted	26,000	87,000	87,000
Cable Communications	4,000	17,000	17,000

CITY CLERK

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 2020-21 operating budget allowance of \$7,349,000 is \$1,658,000 or 29.1 percent more than 2019-20 estimated expenditures. The increase is primarily due to the carryover of funding for the new business licensing system and the ballot tabulation system and negotiated increases in employee compensation.

City Clerk Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2020-21 budget allowance:

	2018-19 Actual	2019-20 Estimate ¹	2020-21 Budget
Number of council formal and special meeting agenda items	2,600	2,600	2,800
Open meeting law notices posted	3,200	3,100	3,000
Percent of open meeting law notices posted in accordance with state law	100%	100%	100%
Total printing and copy impressions (millions) ²	16,491,300	18,000,000	20,000,000
City Council regular and special elections held	4	1	1
License services applications and contacts	18,400	18,100	18,100
Records (in pages) provided for public access online	169,500	165,000	166,000

¹ Based on 10 months actual experience.

² The anticipated increase in printing impressions is due to an increase in volume of City Council meeting agendas and packets being printed as a result of the COVID-19 pandemic.

Expenditure and Position Summary

	2018-19 Actual	2019-20 Estimate	2020-21 Budget
Operating Expense	\$6,259,000	\$5,691,000	\$7,349,000
Total Positions	54.5	51.5	51.5
<i>Source of Funds:</i>			
General	\$6,240,000	\$5,672,000	\$7,285,000
City Improvement	19,000	19,000	64,000

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 Finance Department 2020-21 operating budget allowance of \$31,082,000 is \$2,630,000 or 9.2 percent more than 2019-20 estimated expenditures. The increase is primarily due to increased costs in the General Fund, Sports Facilities and Water Fund, and is partially offset by a decrease in the Other Restricted fund.

The General Fund 2020-21 budget allowance of \$26,013,000 is \$2,343,000 or 9.9 percent more than 2019-20 estimated expenditures. The increase is due to negotiated increases in employee compensation, anticipated retirements and an increase from the State of Arizona for sales tax collection services.

The Sports Facilities Fund 2020-21 budget allowance of \$639,000 is \$250,000 or 64.3 percent more than 2019-20 estimated expenditures. The increase is due to carrying over of funding for the cost of Talking Stick Resort Arena renovation bond issuance.

The Water Fund 2020-21 budget allowance of \$926,000 is \$237,000 or 34.4 percent more than 2019-20 estimated expenditures. This is primarily due to negotiated increases in employee compensation and fewer anticipated vacancies.

The Other Restricted Fund 2020-21 budget allowance of \$1,574,000 is \$226,000 or 12.6 percent less than 2019-20 estimated expenditures. This is primarily due to decreased expenditures related to the Park Central Garage project.

Finance Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2020-21 budget allowance:

	2018-19 Actual	2019-20 Estimate ¹	2020-21 Budget
Sales tax and franchise fees collected (millions)	\$976	\$969	\$969
Average real estate acquisition cycle time (months) ²	3.1	3.2	9.0
Average property damage claims cycle time (days) ³	46	60	60
Average invitation for bid (IFB) cycle time (days)	60	60	60

¹ Based on 10 months actual experience.

² The variance in acquisition cycle time between 2019-20 and 2020-21 is due to an anticipated increase in parcel acquisitions associated with two light rail extensions and an increase in Street Transportation projects.

³ The 60-day cycle time is the performance goal. Factors such as volume and complexity have an impact on the processing of claims.

Expenditure and Position Summary

	2018-19 Actual	2019-20 Estimate	2020-21 Budget
Operating Expense	\$24,525,000	\$28,452,000	\$31,082,000
Total Positions	211.0	213.0	213.0
<i>Source of Funds:</i>			
Aviation	\$337,000	\$356,000	\$370,000
City Improvement	911,000	912,000	924,000
General	21,454,000	23,670,000	26,013,000
Other Restricted	-	1,800,000	1,574,000
Sports Facilities	367,000	389,000	639,000
Wastewater	530,000	636,000	636,000
Water	926,000	689,000	926,000

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 2020-21 operating budget allowance of \$3,975,000 is \$406,000 or 11.4 percent higher than 2019-20 estimated expenditures. This is primarily due to negotiated increases in employee compensation.

Budget and Research Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2020-21 budget allowance:

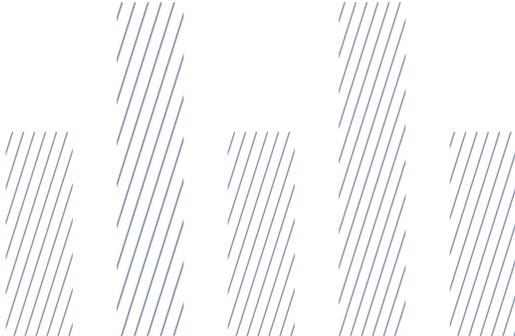
	2018-19 Actual	2019-20 Estimate ¹	2020-21 Budget
Percent variance of actual versus estimated expenditures for each major fund (data for the General Fund is shown)	-1.0%	0 ± 1%	0 ± 1%
Percent variance of actual versus estimated revenues for each major fund (data for the General Fund is shown)	0.7%	0 ± 1%	0 ± 1%
Percent of Requests for Council Action processed within 24 hours	90%	85%	85%
Capital Improvement Program expenditures as a percentage of original budget	69%	65%	65%

¹ Based on 10 months actual experience.

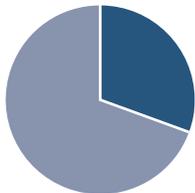
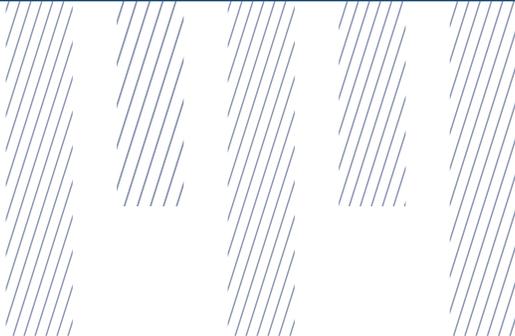
Expenditure and Position Summary

	2018-19 Actual	2019-20 Estimate	2020-21 Budget
Operating Expense	\$3,080,000	\$3,569,000	\$3,975,000
Total Positions	24.0	24.0	24.0
<i>Source of Funds:</i>			
General	\$3,080,000	\$3,569,000	\$3,975,000





PUBLIC SAFETY



The Public Safety Program Represents 30.8% of the Total Budget.

The Public Safety program budget includes Fire, Police, 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 2020-21 operating budget allowance of \$745,289,000 is \$30,062,000 or 4.2 percent more than 2019-20 estimated expenditures, and reflects the continued hiring of police officers in order to reach the targeted goal of 3,125 filled sworn positions.

The Public Safety Specialty Funds (PSSF) received the majority of new hires in 2019-20, which caused General Fund sworn vacancies to increase due to retirements and normal attrition. Hiring in 2020-21 is planned to occur primarily in the General Fund and explains most of the \$33.6 million General Fund increase, along with negotiated increases to employee compensation, increases in sworn pension costs and normal inflationary increases. Other General Fund increases include funding for the second year of the new taser contract, increased liability insurance premiums, and additional vehicle replacement funding.

The 2020-21 non-General Fund budgets in Police include increases related to the carryover of unspent grant funds and additional grant funding, including funding to cover overtime costs related to COVID-19. These increases are offset primarily by the completion of additional vehicle purchases in the Public Safety Specialty Funds in 2019-20 and reduced debt service payments.

Police Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2020-21 budget allowance:

	2018-19 Actual	2019-20 Estimate ¹	2020-21 Budget
Average Response Time (Minutes)			
Priority 1 – Emergency	6.4	6.5	6.4
Priority 2 – Non-Emergency	19.6	20.4	20.4
Priority 3 – All Others	46.0	47.1	47.1
Percentage of phone calls to 9-1-1 and Crime Stop answered within 10 seconds	91%	90%	90%
Moving violation citations issued ²	102,540	81,600	73,300
Traffic accidents	31,660	32,690	34,190
Percentage of cases cleared:			
Murder	68%	68%	68%
Rape	11%	10%	10%
Robbery	31%	27%	27%
Aggravated Assault	37%	35%	35%
Burglary	7%	7%	7%
Theft	17%	16%	16%
Auto Theft	8%	8%	8%
Arson	23%	23%	23%

¹ Based on 10 months actual experience.

² The 2019-20 and 2020-21 reductions in moving violation citations reflect City Council action to end the red-light photo enforcement program in January 2020.

Expenditure and Position Summary

	2018-19 Actual	2019-20 Estimate	2020-21 Budget
Operating Expense	\$669,944,000	\$715,227,000	\$745,289,000
Total Positions	4,337.6	4,360.6	4,360.6
<i>Source of Funds:</i>			
General	\$539,915,000	\$558,284,000	\$591,932,000
Public Safety Expansion	53,688,000	67,203,000	64,647,000
Neighborhood Protection	23,664,000	30,267,000	29,439,000
Other Restricted	21,414,000	21,557,000	22,954,000
Public Safety Enhancement	12,839,000	19,831,000	17,961,000
Federal and State Grants	10,005,000	8,126,000	9,660,000
Court Awards	4,280,000	5,830,000	5,595,000
City Improvement	2,684,000	2,601,000	1,497,000
Sports Facilities	1,455,000	1,528,000	1,604,000

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 2020-21 operating budget allowance of \$418,741,000 is \$13,681,000 or 3.4 percent more than 2019-20 estimated expenditures. The increase is primarily in the General Fund and is partially offset by a decrease in Federal and State Grant funding.

The General Fund 2020-21 budget allowance of \$352,507,000 is \$11,220,000 or 3.3 percent more than 2019-20 estimated expenditures. The increase is primarily due to negotiated increases in employee compensation and public safety retirement contribution increases. Included in the 2020-21 budget is funding for eight new positions for the Phoenix Fire Regional Dispatch Center (PFDRDC) which provides 9-1-1 fire and medical emergency call-taking and dispatching services for the City of Phoenix and 26 other jurisdictions.

The Federal and State Grants 2020-21 budget allowance of \$15,050,000 is \$2,735,000 or 15.4 percent less than 2019-20 estimated expenditures primarily due to the conclusion of the Federal Emergency Management Agency's 2016 SAFER grant, which provided funding for 32 Firefighters. Those positions are now funded in the General Fund.

The Public Safety Enhancement Fund 2020-21 budget allowance of \$11,858,000 is \$2,184,000 or 22.6 percent more than 2019-20 estimated expenditures.

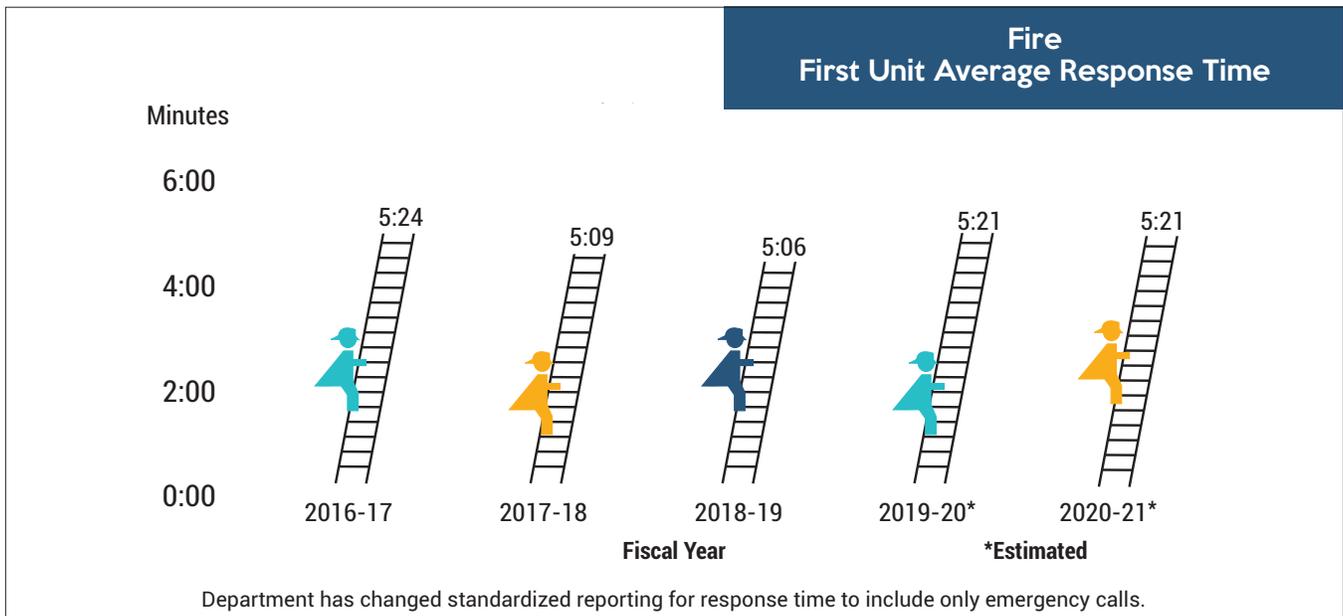
The Neighborhood Protection Fund 2020-21 budget allowance of \$10,868,000 is \$1,346,000 or 14.1 percent more than 2019-20 estimated expenditures. Increases in these two funds reflect changes in allocation of sworn staffing costs to ensure the sustainability of these special revenue funds.

Fire Major Performance Measures and Service Levels

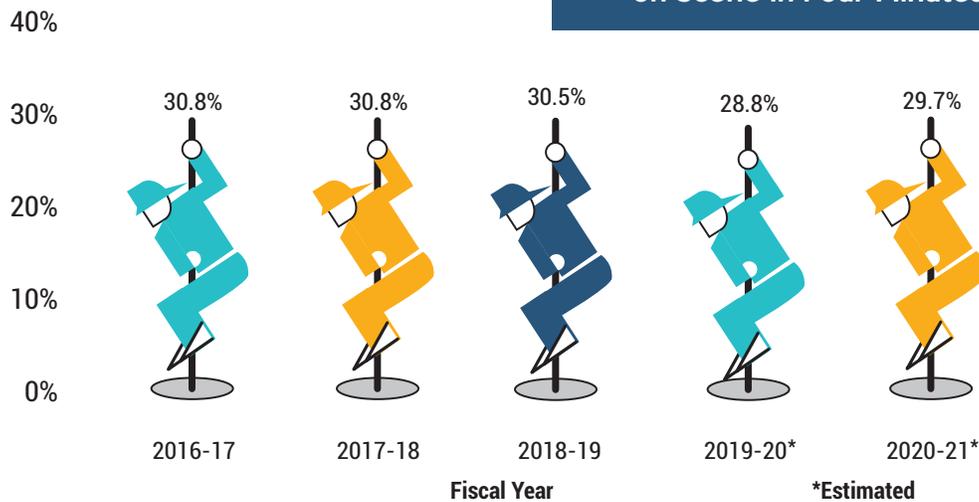
The following significant performance measures and service trends will be achieved with the 2020-21 budget allowance:

	2018-19 Actual	2019-20 Estimate ¹	2020-21 Budget
Percent of fire and emergency medical call responses within four minutes	31.6%	30.0%	30.7%
Patient transports to Valley hospitals via emergency medical vehicles	65,779	67,786	68,000
Percentage of time Advanced Life Support (ALS) medical calls are responded to with paramedic units within five minutes	53.5%	50.3%	52.2%
Number of fire investigations to determine cause only	865	852	830
Number of calls by type:			
Emergency Medical	182,400	187,632	188,000
Fire	17,066	17,941	18,000
Other (mountain/swift water/trench/tree rescues/other)	7,503	7,329	7,400

¹ Based on 10 months actual experience.



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



Expenditure and Position Summary

	2018-19 Actual	2019-20 Estimate	2020-21 Budget
Operating Expense	\$354,629,000	\$405,060,000	\$418,741,000
Total Positions	2,041.8	2,083.8	2,091.8
<i>Source of Funds:</i>			
General	\$301,647,000	\$341,287,000	\$352,507,000
Public Safety Expansion	12,734,000	15,720,000	16,530,000
Federal and State Grants	13,275,000	17,785,000	15,050,000
Public Safety Enhancement	8,078,000	9,674,000	11,858,000
Neighborhood Protection	9,059,000	9,522,000	10,868,000
Other Restricted	4,672,000	6,841,000	6,999,000
City Improvement	5,164,000	4,231,000	4,929,000

OFFICE OF HOMELAND SECURITY AND EMERGENCY MANAGEMENT

Program Goal

The Office of Homeland Security and Emergency Management (OHSEM) 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 2020-21 operating budget allowance of \$1,288,000 is \$64,000 or 5.2 percent more than 2019-20 estimated expenditures. The increase is primarily due to the full-year costs of a Fire Department position that was reallocated to OHSEM in the General Fund. Public Safety Enhancement Fund (PSEF) expenditures also increased due to reduced grant funding available to cover PSEF costs. These increases are partially offset by reduced grant funding and the completion of expenses from the National Homeland Security Conference.

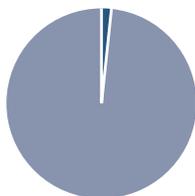
Expenditure and Position Summary

	2018-19 Actual	2019-20 Estimate	2020-21 Budget
Operating Expense	\$938,000	\$1,224,000	\$1,288,000
Total Positions	8.0	9.0	9.0
<i>Source of Funds:</i>			
General	\$(96,000)	\$147,000	\$242,000
Public Safety Enhancement	401,000	409,000	475,000
Federal and State Grants	612,000	634,000	571,000
Other Restricted	21,000	34,000	-





CRIMINAL JUSTICE



**The Criminal Justice Program Represents
1.8% of the Total Budget.**

The Criminal Justice program budget includes the
City Prosecutor, Municipal Court, and Public Defender.

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 2020-21 operating budget allowance of \$41,721,000 is \$847,000 or 2.1 percent more than 2019-20 estimated expenditures. The increase is primarily due to negotiated increases in employee compensation and additional costs for necessary computer hardware and software needs.

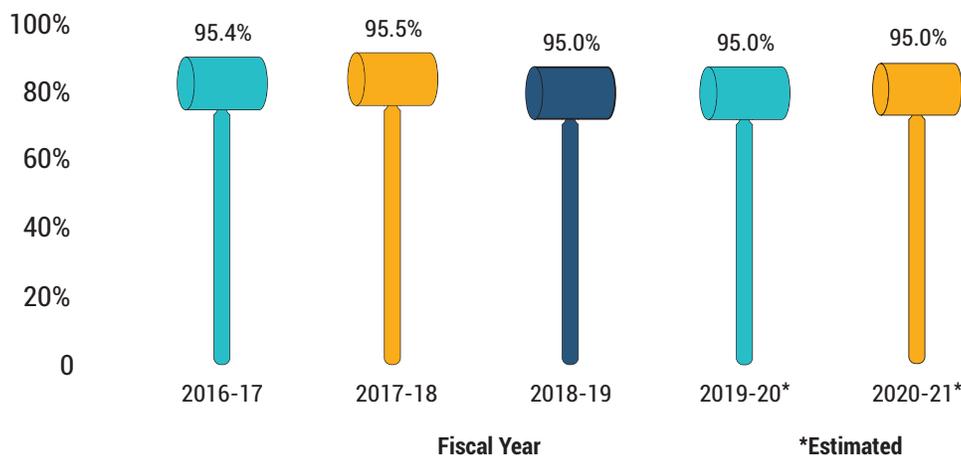
Municipal Court Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2020-21 budget allowance:

	2018-19 Actual	2019-20 Estimate ¹	2020-21 Budget
Criminal filings	49,250	43,500	45,000
Civil filings	129,250	114,800	100,000
Average number of days from arraignment to hearing for minor traffic cases	43	43	43
Number of criminal cases with a pending trial date at year end	2,975	2,800	2,800
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	2.5 minutes	2.5 minutes	2.5 minutes

¹ Based on 10 months actual experience.

Municipal Court Percent of Criminal Cases Resolved within 180 Days from Case Filing



Expenditure and Position Summary

	2018-19 Actual	2019-20 Estimate	2020-21 Budget
Operating Expense	\$37,528,000	\$40,874,000	\$41,721,000
Total Positions	274.0	274.0	274.0
<i>Source of Funds:</i>			
General	\$28,384,000	\$30,580,000	\$32,160,000
City Improvement	7,169,000	6,753,000	6,586,000
Other Restricted	1,985,000	3,541,000	2,975,000
Federal and State Grants	(10,000)	-	-

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 2020-21 operating budget allowance of \$5,380,000 is \$87,000 or 1.6 percent more than 2019-20 estimated expenditures. The increase is primarily due to negotiated increases in employee compensation.

Public Defender Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2020-21 budget allowance:

	2018-19 Actual	2019-20 Estimate ¹	2020-21 Budget ²
Defendants charged with misdemeanor crimes represented in Phoenix Municipal Court	16,280	16,694	16,694

¹ Based on 10 months actual experience.

² Estimate based on prior experience. This does not account for impacts from the COVID-19 crisis. There are currently about 10,000 cases before the court which have yet to be arraigned with a significant number of the cases eligible to be appointed counsel.

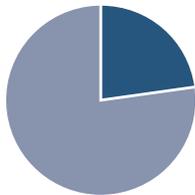
Expenditure and Position Summary

	2018-19 Actual	2019-20 Estimate	2020-21 Budget
Operating Expense	\$5,003,000	\$5,293,000	\$5,380,000
Total Positions	9.0	11.0	11.0
<i>Source of Funds:</i>			
General	\$5,003,000	\$5,293,000	\$5,380,000





TRANSPORTATION



The Transportation Program Represents 22.8% of the Total Budget.

The Transportation program budget includes Aviation, Public Transit, and Street Transportation.

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.

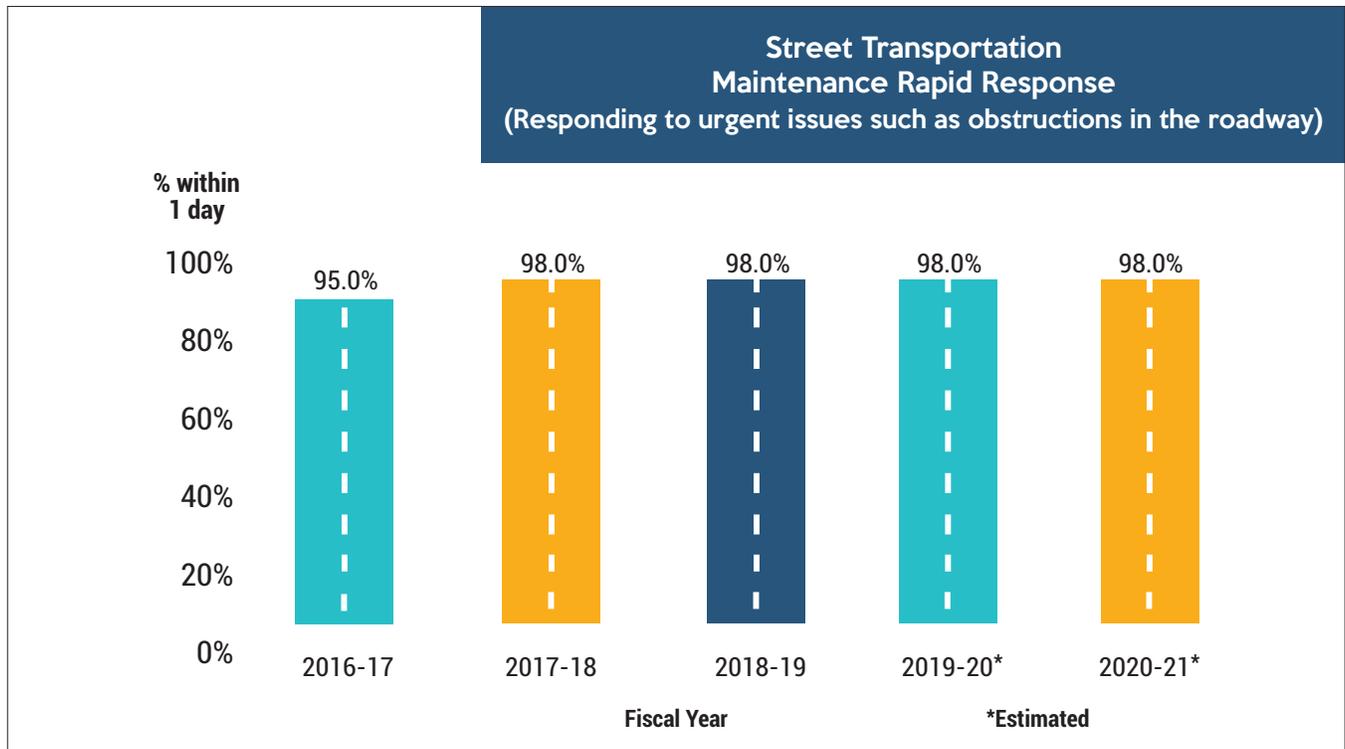
Budget Allowance Explanation

The Street Transportation 2020-21 operating budget allowance of \$109,053,000 is \$3,339,000 or 3.2 percent more than 2019-20 estimated expenditures. The increase is primarily due to increased costs in the General Fund, Arizona Highway User Revenue and Other Restricted funds.

The General Fund 2020-21 budget allowance of \$18,976,000 is \$396,000 or 2.1 percent more than 2019-20 estimated expenditures. The increase is primarily due to negotiated increases in employee compensation, implementation of new project management software and added funds for street landscaping maintenance. This is partially offset by a reduction in temporary employment services.

The Arizona Highway User Revenue fund 2020-21 budget allowance of \$81,659,000 is \$2,774,000 or 3.5 percent more than 2019-20 estimated expenditures. The increase is primarily due to negotiated increases in employee compensation, added funding for six months of freeway maintenance for the new 202 freeway, increase costs for liability insurance and added material costs for street and roadway construction. This is partially offset by reduced equipment and vehicle replacement expenditures.

The Other Restricted fund 2020-21 budget allowance of \$3,685,000 is \$186,000 or 5.3 percent more than the 2019-20 estimated expenditures. The increase is primarily due to negotiated increases in employee compensation, an increase in storm drain consultant services, and an increase in vehicle replacement costs.



Street Transportation Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2020-21 budget allowance:

	2018-19 Actual	2019-20 Estimate ¹	2020-21 Budget
Routine street maintenance requests for service completed within 21 days	75%	75%	75%
Percent of all traffic signal control cabinets inspected annually	95%	95%	95%
Routine traffic operation requests for service completed within 30 days	90%	90%	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	5	5	5
Number of days to review private development plans	9	9	9
Utility plan review turnaround time within 10 working days	92%	92%	92%
Complete requests for sign and crosswalk work within 45 days	82%	82%	82%
Total number of High Intensity Activated Pedestrian Crosswalk System (HAWKS)	55	68	75

¹Based on 10 months actual experience.

Expenditure and Position Summary

	2018-19 Actual	2019-20 Estimate	2020-21 Budget
Operating Expense	\$82,412,000	\$105,714,000	\$109,053,000
Total Positions	709.0	721.0	721.0
<i>Source of Funds:</i>			
Arizona Highway User Revenue	61,791,000	78,885,000	81,659,000
Capital Construction	97,000	90,000	97,000
City Improvement	1,646,000	4,283,000	4,212,000
Federal and State Grants	27,000	27,000	72,000
General	\$16,546,000	\$18,580,000	\$18,976,000
Other Restricted	2,305,000	3,499,000	3,685,000
Transportation 2050	-	350,000	352,000

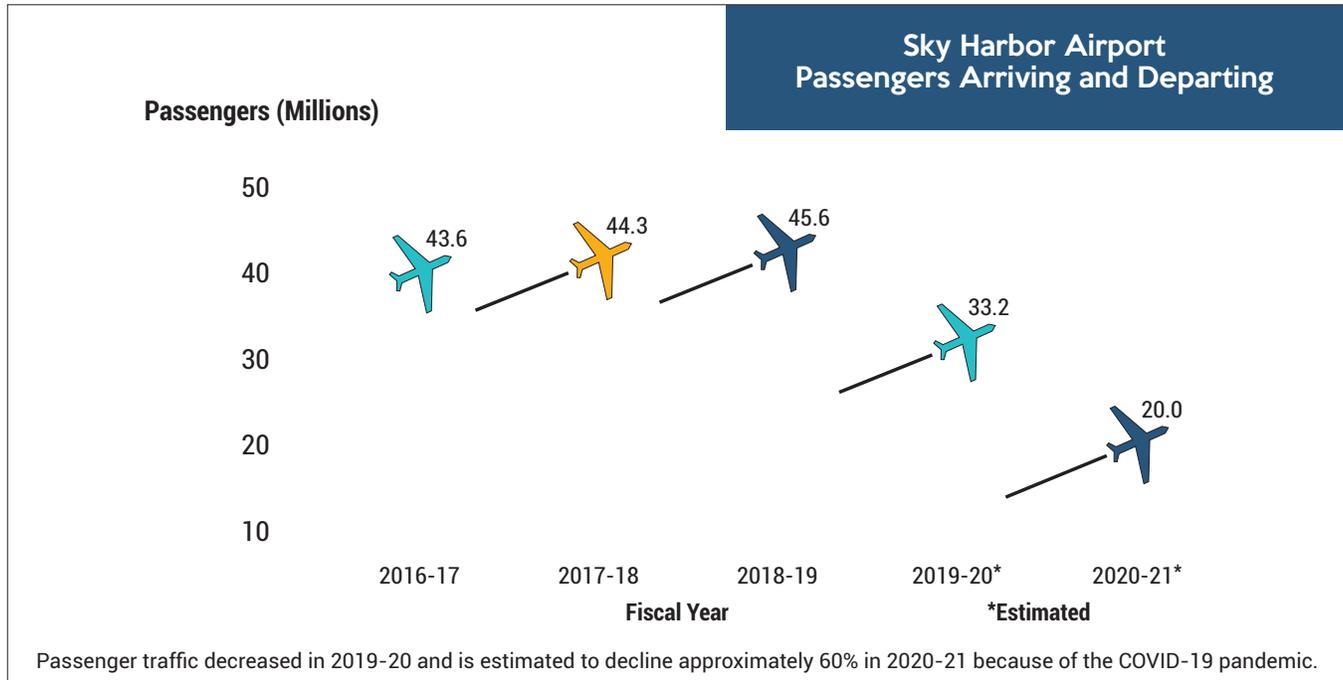
AVIATION

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 2020-21 operating budget allowance of \$468,150,000 is \$196,555,000 or 72.4 percent more than 2019-20 estimated expenditures. The increase reflects normal inflationary growth in staffing costs and negotiated increases to employee compensation. The increase also includes an additional \$185 million contribution to the unfunded pension obligation for civilian employees. The remaining increase is attributed to additional funding for equipment maintenance, motor vehicle and capital tool replacements, and increased costs for police and fire services.



Aviation Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2020-21 budget allowance:

	2018-19 Actual	2019-20 Estimate ¹	2020-21 Budget
Airline rental rates (cost per square foot):			
Terminal 2	\$126.96	\$140.85	\$130.00
Terminal 3	\$126.96	\$140.85	\$130.00
Terminal 4	\$126.96	\$140.85	\$130.00
Gross sales per departing passenger:			
Terminal 2 ²	\$9.29	\$9.06	NA
Terminal 3	\$11.07	\$9.45	\$11.00
Terminal 4	\$11.11	\$11.06	\$11.00
Aircraft takeoffs and landings³	869,884	750,000	600,000
Total international passengers⁴	2,132,970	1,500,000	750,000
Air cargo processed (in tons)⁵	391,694	410,000	420,000

¹ Based on 10 months actual experience.

² Terminal 2 closed on February 1, 2020 and consolidated operations in Terminal 3.

³ Due to effects of COVID-19, airline operations are expected to decrease approximately 35 percent in 2020-21.

⁴ In 2020-21, international passengers are expected to recover much slower than domestic traffic.

⁵ Air cargo continued to grow with online orders during the pandemic.

Expenditure and Position Summary

	2018-19 Actual	2019-20 Estimate	2020-21 Budget
Operating Expense	\$256,059,000	\$271,595,000	\$468,150,000
Total Positions	891.0	890.0	890.0
Source of Funds:			
Aviation	\$256,059,000	\$271,595,000	\$468,150,000

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

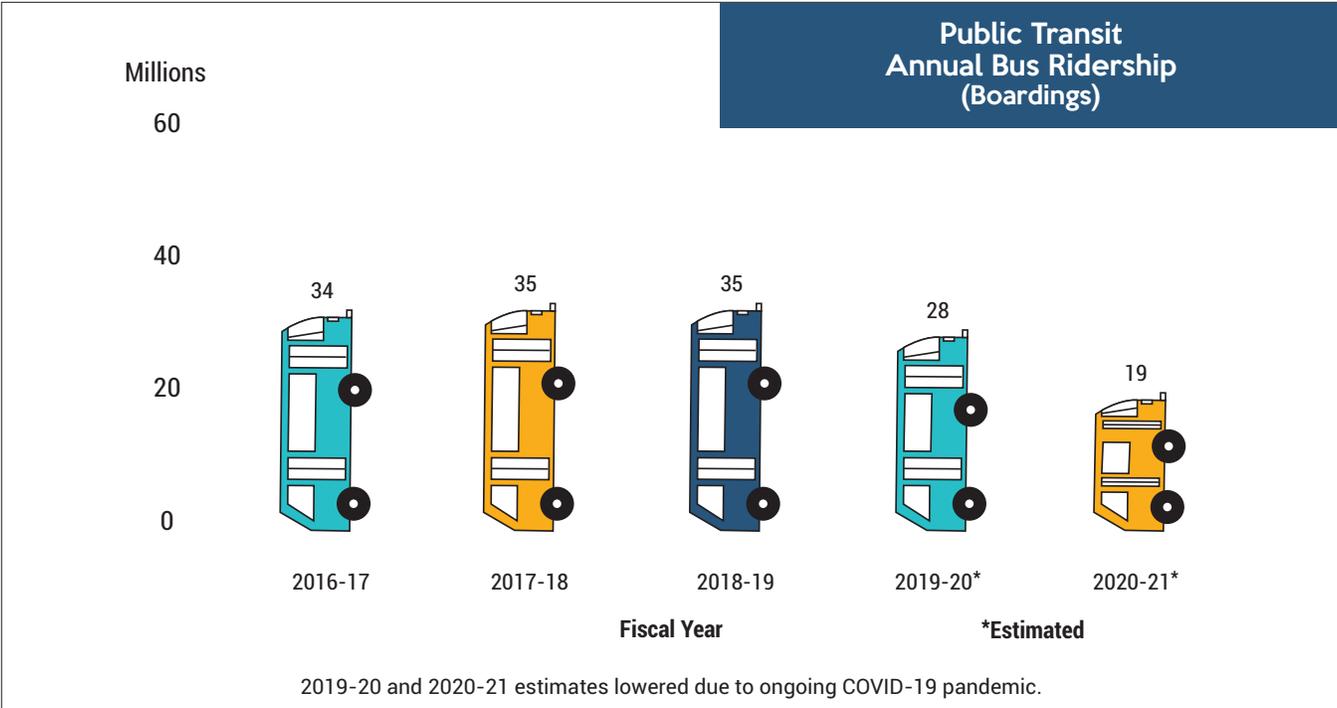
The 2020-21 Public Transit Department operating budget allowance of \$287,100,000 is \$54,627,000 or 16.0 percent less than 2019-20 estimated expenditures. The decrease is primarily due to the Transportation 2050, Regional Transit and City Improvement Funds, and is partially offset by increased costs in Federal Transit Authority Funds.

The Transportation 2050 Fund 2020-21 budget allowance of \$163,553,000 is \$44,407,000 or 21.4 percent less than 2019-20 estimated expenditures. The decrease is primarily due to expenditures being shifted to the Federal Transit Authority Fund due to the receipt of additional federal funds in response to COVID-19. The decrease is also due to lower expenses for administrative costs and contractual services associated with reduced transportation services for light rail operations and Fixed Route bus service, which includes schedule modifications to the SR51, I-17, I-10 East and I-10 West RAPID and South Mountain East RAPID by adding or shifting several trips to better serve our riders. The decrease is partially offset due to negotiated employee compensation increases and increases to gasoline and liquid petroleum gas (LPG) resulting from contractual price increases.

The City Improvement Fund 2020-21 budget allowance of \$7,078,000 is \$6,470,000 or 90.1 percent less than 2019-20 estimated expenditures. The decrease is primarily due to light rail bonds maturing in 2019-20 and thus having no payment in 2020-21.

The Regional Transit Fund 2020-21 budget allowance of \$15,364,000 is \$18,899,000 or 55.2 percent less than 2019-20 estimated expenditures. The decrease is primarily due to expenditures being shifted to the Federal Transit Authority Fund due to the receipt of additional federal funds in response to COVID-19, and service changes to other cities for services provided by the City of Phoenix.

The Federal Transit Authority Fund 2020-21 budget allowance of \$97,929,000 is \$73,237,000 or 296.6 percent more than 2019-20 estimated expenditures. The increase is primarily due to expenditures being shifted from other funds due to the receipt of additional federal funds in response to COVID-19.



Public Transit Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the in 2020-21 budget allowance:

	2018-19 Actual	2019-20 Estimate ¹	2020-21 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 ²	15.54%	12.36%	13.07%
Bus boardings per revenue mile	1.69	1.42	1.42
Average weekday ridership - light rail (Phoenix only)	30,400	30,000	30,000
Number of Senior Center Shuttle Trips ³	74,622	59,832	78,578

¹Based on 10 months actual experience.

²The decrease in 2019-20 cost recovery is due to increased bus operations costs and reduced fare revenue related to the COVID-19 pandemic.

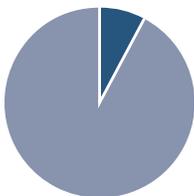
³The 2019-20 figure is calculated from annualized actual ridership with an expected 25% decrease due to the COVID-19 pandemic.

Expenditure and Position Summary

	2018-19 Actual	2019-20 Estimate	2020-21 Budget
Operating Expense	\$317,883,000	\$341,727,000	\$287,100,000
Total Positions	115.0	120.0	120.0
<i>Source of Funds:</i>			
General	\$1,791,000	\$1,641,000	\$1,786,000
Transportation 2050	198,089,000	207,960,000	163,553,000
Regional Transit	32,632,000	34,263,000	15,364,000
Federal Transit Authority	16,902,000	24,692,000	97,929,000
City Improvement	67,254,000	71,785,000	7,078,000
Other Restricted	1,215,000	1,386,000	1,390,000



COMMUNITY DEVELOPMENT



The Community Development Program Represents **7.8%** of the Total Budget.

The Community Development program budget includes Community and Economic Development, Housing, Neighborhood Services, Planning and Development, 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.

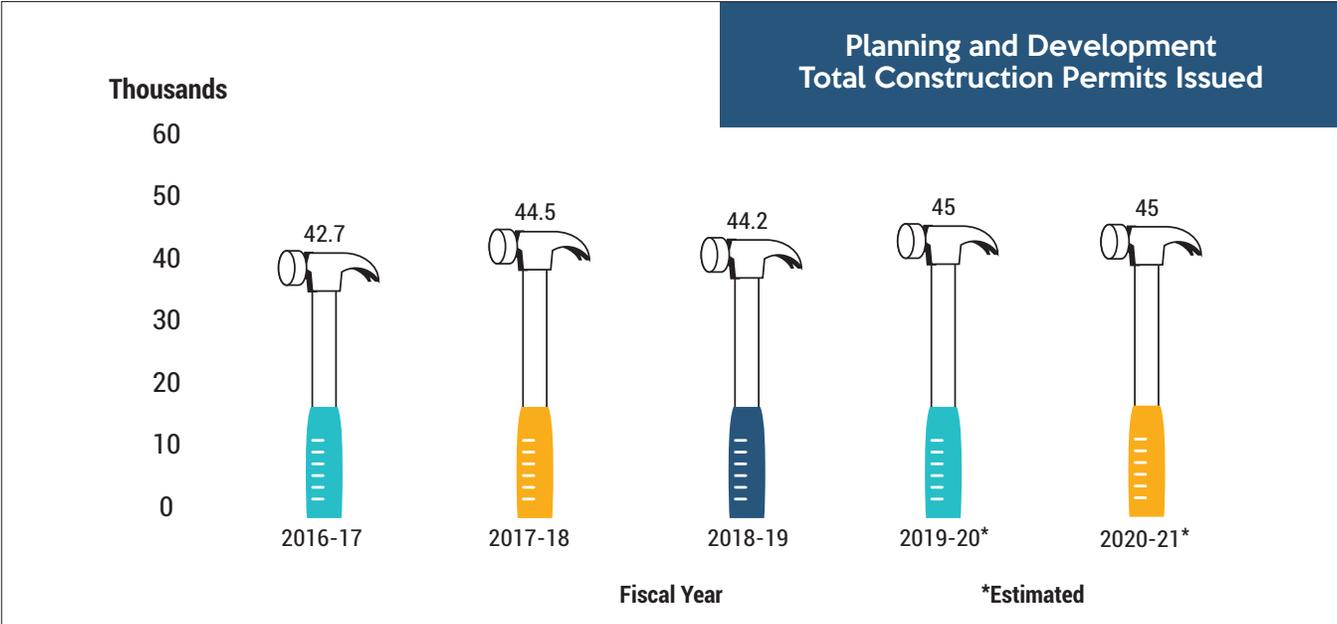
Budget Allowance Explanation

The Planning and Development Department 2020-21 operating budget allowance of \$72,795,000 is \$3,919,000 or 5.7 percent more than 2019-20 estimated expenditures. This is primarily due to increased costs in the Development Services Fund, General Fund and Special Revenue Fund.

The Development Services Fund 2020-21 budget allowance of \$67,555,000 is \$3,174,000 or 4.9 percent more than 2019-20 estimated expenditures. This increase represents the full year cost of new positions that were added in January 2020 to address workloads associated with increased construction activity and an increase in contracted civil, fire prevention and landscaping plan review services.

The General Fund 2020-21 budget allowance of \$4,308,000 is \$469,000 or 12.2 percent more than 2019-20 estimated expenditures. This increase is primarily due to negotiated increases in employee compensation and the carryover of funding for contracted historical preservation consultants to complete building condition assessments, historic property context reports, and historic property surveys to appropriately classify historic assets.

The Special Revenue Fund 2020-21 budget allowance of \$866,000 is \$276,000 or 46.8 percent more than 2019-20 estimated expenditures. This increase is due to additional contracted professional consulting services to conduct an impact fee planning study to include land use, park and street drainage cost analysis and storm drain assessments.



Planning and Development Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2020-21 budget allowance:

	2018-19 Actual	2019-20 Estimate ¹	2020-21 Budget
Total construction permits issued	44,246	45,000	45,000
Turnaround time for major commercial building plans (days) ²	45	53	45
Turnaround time for medium commercial building plans (days) ²	28	37	35
Turnaround time for minor commercial building plans (days)	25	24	25
Turnaround time for residential building plans (days)	38	34	30
Percent of commercial inspections completed on time	99%	99%	97%
Percent of residential inspections completed on time	96%	95%	95%
Percent of costs recovered through fees	119%	102%	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 ³	835	850	850
Number of city grants awarded for historic rehabilitation projects ⁴	8	7	2
Number of regulatory compliance reviews for federally funded city capital projects	266	200	200

¹Based on 10 months actual experience.

²The increase in the number of days in 2019-20 is due to work-from-home policies related to COVID-19 and complexity of larger project submittals. This trend is not anticipated to continue in 2020-21.

³This projection includes the cumulative number of Certificates of Appropriateness, Certificates of No Effect, demolition reviews and demolition appeal hearings.

⁴The dollar value of individual grants can vary from year to year which causes the number of grants awarded per year to vary. The amount for 2020-21 represents a minimum goal.

Expenditure and Position Summary

	2018-19 Actual	2019-20 Estimate	2020-21 Budget
Operating Expense	\$56,227,000	\$68,876,000	\$72,795,000
Total Positions	409.8	444.8	444.8
<i>Source of Funds:</i>			
Development Services	\$52,366,000	\$64,381,000	\$67,555,000
Federal and State Grants	(2,000)	-	-
General	3,375,000	3,839,000	4,308,000
Community Development Block Grant	66,000	66,000	66,000
Other Restricted	422,000	590,000	866,000

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 2020-21 operating budget allowance of \$118,009,000 is \$15,190,000 or 14.8 percent more than 2019-20 estimated expenditures. The increase is primarily due to additional funding received through the CARES Act to address the impact of COVID-19, including nearly \$12 million for public housing and housing voucher programs, as well as \$0.5 million for the Housing Opportunities for People with AIDS (HOPWA) program. Other factors contributing to the increase include the carry-over of unspent federal funds, ongoing implementation of the \$30 million Choice Neighborhoods grant, negotiated increases in employee compensation, and normal inflationary increases.

Housing Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2020-21 budget allowance:

	2018-19 Actual	2019-20 Estimate ¹	2020-21 Budget
Affordable housing units for families and individuals	2,297	2,297	2,337
Affordable housing units created or preserved for families and individuals owned and operated by private sector developers	202	288	291
Rental assistance provided for low-income residents in the private housing market	6,110	6,287	6,768
Federally-Assisted housing units for families and seniors ²	2,537	2,370	1,650
Utilization rate for Section 8 vouchers	91%	92%	92%
Occupancy rate for public housing units	91%	91%	93%

¹Based on 10 months actual experience.

²Through the Rental Assistance Demonstration (RAD) program, approximately 680 units in public housing complexes are being converted to voucher-based Section 8 rental units. This innovative program enables public housing authorities to utilize private financing to complete needed repairs and renovations to aging facilities while not diminishing the supply of available public housing.

Expenditure and Position Summary

	2018-19 Actual	2019-20 Estimate	2020-21 Budget
Operating Expense	\$89,159,000	\$102,819,000	\$118,009,000
Total Positions	144.0	134.0	134.0
<i>Source of Funds:</i>			
Public Housing	\$81,974,000	\$88,685,000	\$103,148,000
Other Restricted	3,362,000	7,099,000	7,708,000
Community Development Block Grant	1,565,000	967,000	827,000
HOPE VI	1,497,000	4,566,000	4,768,000
HOME	639,000	1,271,000	1,304,000
City Improvement	72,000	71,000	70,000
General	49,000	145,000	169,000
Federal and State Grants	1,000	15,000	15,000

COMMUNITY AND ECONOMIC DEVELOPMENT

Program Goal

The Community and Economic Development Department (CED) 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 2020-21 operating budget allowance of \$40,773,000 is \$13,685,000 or 50.5 percent more than 2019-20 estimated expenditures. This is primarily due to additional project management staff and debt service payments for the Talking Stick Resort Arena Renovation Project.

The General Fund 2020-21 budget allowance of \$6,251,000 is \$301,000 or 5.1 percent more than 2019-20 estimated expenditures. The increase is primarily due to negotiated increases in employee compensation and other contractual obligations.

The Community Reinvestment Fund 2020-21 budget allowance of \$1,931,000 is \$272,000 or 12.3 percent less than 2019-20 estimated expenditures due to a decrease in consulting services.

The Other Restricted Fund 2020-21 budget allowance of \$3,923,000 is \$162,000 or 4.0 percent less than 2019-20 estimated expenditures due to a decrease in contractual services.

Community and Economic Development Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2020-21 budget allowance:

	2018-19 Actual	2019-20 Estimate ¹	2020-21 Budget
Projected jobs created/retained within the City of Phoenix as a result of department efforts.	15,716	10,000	7,000
Projected average annual salary for new jobs with companies newly located in Phoenix ² .	\$70,316	\$48,200	\$40,000
Number of job seekers assisted through the workforce development initiatives ³ .	63,871	N/A	N/A

¹Based on 10 months actual experience.

²Reduction in average salary due to impact of COVID-19.

³2018-19 workforce development program moved to the Human Services Department.

Expenditure and Position Summary

	2018-19 Actual	2019-20 Estimate	2020-21 Budget
Operating Expense	\$27,853,000	\$27,088,000	\$40,773,000
Total Positions	55.0	55.0	57.0
<i>Source of Funds:</i>			
City Improvement	\$16,764,000	\$13,814,000	\$27,589,000
General	5,272,000	5,950,000	6,251,000
Other Restricted Funds	3,442,000	4,085,000	3,923,000
Community Reinvestment	1,350,000	2,203,000	1,931,000
Convention Center	543,000	560,000	588,000
Federal and State Grants	263,000	10,000	10,000
Sports Facilities	171,000	360,000	375,000
Water	30,000	31,000	31,000
Aviation	18,000	75,000	75,000

NEIGHBORHOOD SERVICES

Program Goal

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

Budget Allowance Explanation

The Neighborhood Services 2020-21 operating budget allowance of \$63,555,000 is \$17,427,000 or 37.8 percent more than 2019-20 estimated expenditures.

The increase is due to the Community Development Block Grant (CDBG) Fund, General Fund, HOME Program Fund and Neighborhood Protection Fund, and is partially offset by a decrease in Federal and State Grant funds.

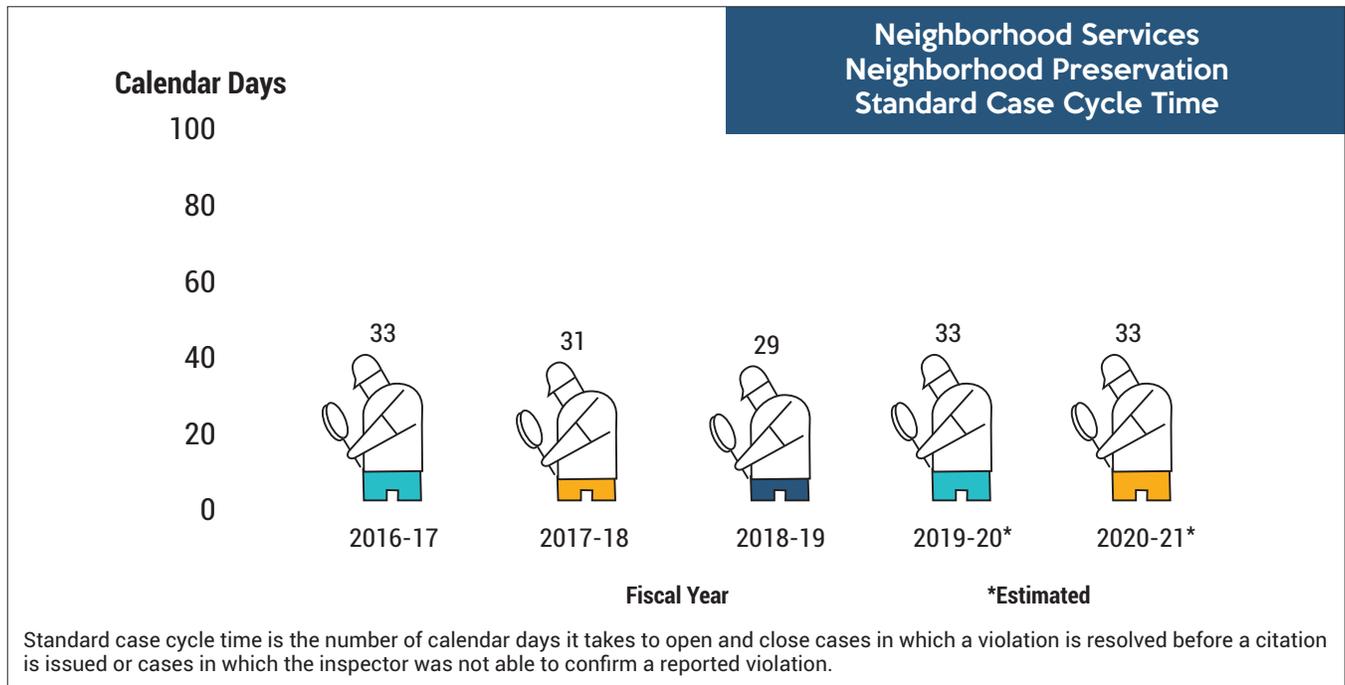
The General Fund 2020-21 budget allowance of \$14,033,000 is \$404,000 or 3.0 percent more than 2019-20 estimated expenditures. The increase is primarily due to negotiated increases in employee compensation, which is partially offset by a reduction in temporary agency usage, computer software maintenance from the replacement of obsolete computer servers and a reduction in replacement vehicle costs.

The CDBG 2020-21 budget allowance of \$39,360,000 is \$16,682,000 or 73.6 percent more than 2019-20 estimated expenditures. The increase is primarily due to additional funding related to the federal response to COVID-19 as authorized by the C.A.R.E.S. Act.

The Federal and State Grants fund 2020-21 budget allowance of \$8,963,000 is \$777,000 or 8.0 percent less than 2019-20 estimated expenditures due to the South Phoenix Village housing infill project being ahead of schedule.

The Neighborhood Protection fund 2020-21 budget allowance of \$400,000 is 100 percent more than 2019-20 estimate expenditures due to funding for the gated alley program.

The HOME fund 2020-21 budget allowance of \$708,000 is 100 percent more than 2019-20 estimated expenditures due to unspent funding that was carried forward and included in the 2020-21 budget.



Neighborhood Services Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2020-21 budget allowance:

	2018-19 Actual	2019-20 Estimate ¹	2020-21 Budget
Residents who receive landlord/tenant counseling ²	4,229	2,227	N/A
Sites where graffiti was removed through the Graffiti Busters program	54,677	50,000	50,000
Number of household units rehabbed or assisted through housing rehabilitation programs ³	70	275	275
Neighborhood Preservation cases opened annually	55,403	52,000	50,000
Neighborhood Preservation average standard case cycle time (days)	29	33	33
Percent of Neighborhood Preservation cases resolved voluntarily	94%	93% or above	93% or above
The number of new neighborhood groups	20	25	25

¹ Based on 10 months actual experience.

² The decrease in 2019-20 and 2020-21 is due to the program being moved to the Human Services Department.

³ The increase in 2019-20 and 2020-21 is due to CARES Act funding, access to more contractors through a cooperative agreement, and having fully trained staff.

Expenditure and Position Summary

	2018-19 Actual	2019-20 Estimate	2020-21 Budget
Operating Expense	\$35,610,000	\$46,128,000	\$63,555,000
Total Positions	189.0	189.0	189.0
<i>Source of Funds:</i>			
General	\$12,542,000	\$13,629,000	\$14,033,000
Other Restricted	8,000	10,000	10,000
HOPE VI	-	71,000	81,000
Neighborhood Protection	-	-	400,000
HOME	101,000	-	708,000
Federal and State Grants	13,048,000	9,740,000	8,963,000
Community Development Block Grant	9,911,000	22,678,000	39,360,000

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.

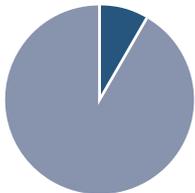
Budget Allowance Explanation

Effective July 1, 2018, PCDIC is no longer a function of the City's Community and Economic Development Department. PCDIC is now a function within the Phoenix Industrial Development Authority (IDA). This will be the last year PCDIC is included in this document.

Expenditure and Position Summary			
	2018-19 Actual	2019-20 Estimate	2020-21 Budget
Operating Expense	\$121,000	-	-
Total Positions	-	-	-
<i>Source of Funds:</i>			
Other Restricted	\$121,000	-	-



COMMUNITY ENRICHMENT



The Community Enrichment Program Represents 8.6% of the Total Budget.

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

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 2020-21 budget allowance of \$118,090,000 is \$1,721,000 or 1.5 percent more than 2019-20 estimated expenditures. The increase is primarily due to the General Fund, Phoenix Parks and Preserves Initiative (PPPI) Fund, and the Other Restricted Fund. This is partially offset by a decrease in the Golf Fund.

The General Fund 2020-21 budget allowance of \$101,808,000 is \$1,585,000 or 1.6 percent more than 2019-20 estimated expenditures. The increase is primarily due to negotiated increases in employee compensation, increases in the part-time hourly wage, and anticipated increases in utility costs. These increases are partially offset by reduced vehicle and equipment replacement costs and miscellaneous savings in various commodities.

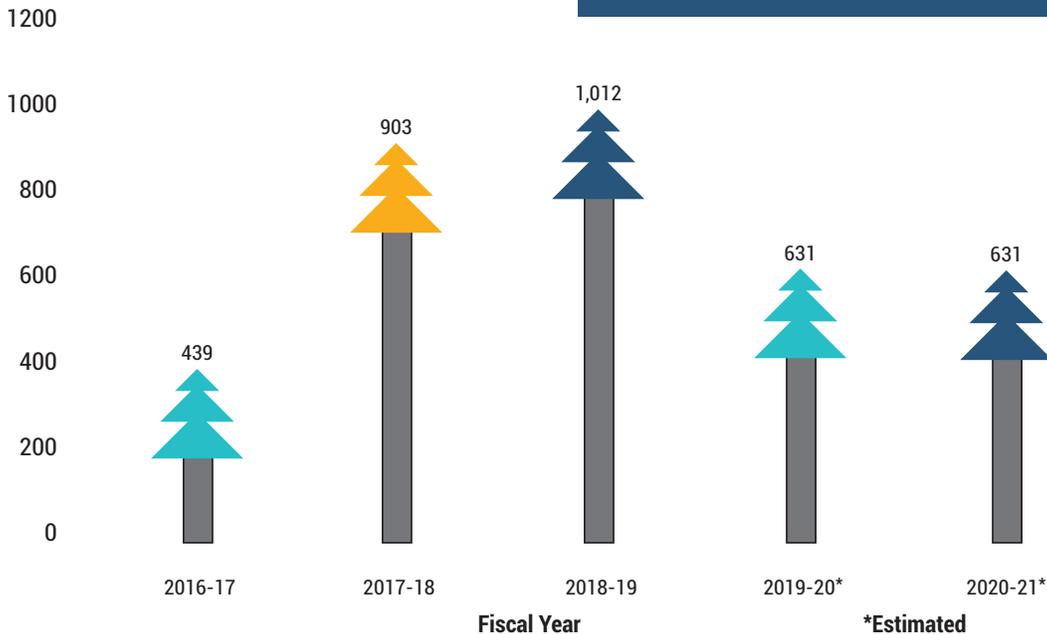
The Phoenix Parks and Preserves Initiative Fund 2020-21 budget allowance of \$6,251,000 is \$331,000 or 5.6 percent more than 2019-20 estimated expenditures. The increase is primarily due to negotiated increases in employee compensation and an anticipated increase in water usage at Pinnacle Park. 2020-21 represents a full year that phase II of the park has been open and operational. These increases were partially offset by reduced vehicle replacement costs.

The Other Restricted Fund 2020-21 budget allowance of \$3,245,000 is \$308,000 or 10.5 percent more than 2019-20 estimated expenditures. This increase is primarily due to scheduled monopole maintenance and the replacement of air conditioning units at Heritage Square.

The Golf Fund 2020-21 budget allowance of \$5,604,000 is \$598,000 or 9.6 percent less than 2019-20 estimated expenditures. This decrease is primarily due to reduced facility maintenance and repair expenses. The savings was partially offset by negotiated increases in employee compensation and increases in the part-time hourly wage.

Thousands

Parks and Recreation Recreation Facility Attendance



*The increase in recreation facility attendance starting in 2017-18 is due to membership cards being required at all recreational facilities, which is how attendance is recorded. In previous years membership cards were not required at all recreation centers. The anticipated decrease in 2019-20 and 2020-21 is due to all recreation facilities being closed on April 1, 2020 in response to the COVID-19 pandemic.

Parks and Recreation Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2020-21 budget allowance:

	2018-19 Actual	2019-20 Estimate ¹	2020-21 Budget
Construction projects completed	95%	85%	80%
Fill 80% or more of all non-team sport registration openings ²	82%	70%	70%
Usage of athletic field's available programmable time ²	53%	45%	45%
Community usage of recreation and community center available programmable time ²	49%	46%	46%
Recreation facility attendance ²	1,012,316	631,163	631,163
Number of Golf Rounds	191,807	201,300	205,300

¹ Based on 10 months actual experience.

² In response to COVID-19 pandemic, community centers, sports complexes, and field allocations closed April 1, 2020.

Expenditure and Position Summary

	2018-19 Actual	2019-20 Estimate	2020-21 Budget
Operating Expense	\$106,209,000	\$116,369,000	\$118,090,000
Total Positions	983.5	1,014.1	1,014.1
<i>Source of Funds:</i>			
General	\$91,453,000	\$100,223,000	\$101,808,000
Other Restricted	2,973,000	2,937,000	3,245,000
City Improvement	478,000	390,000	608,000
Federal and State Grants	443,000	651,000	528,000
HOPE VI	-	46,000	46,000
Parks and Preserves	5,369,000	5,920,000	6,251,000
Golf	5,493,000	6,202,000	5,604,000

LIBRARY

Program Goal

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

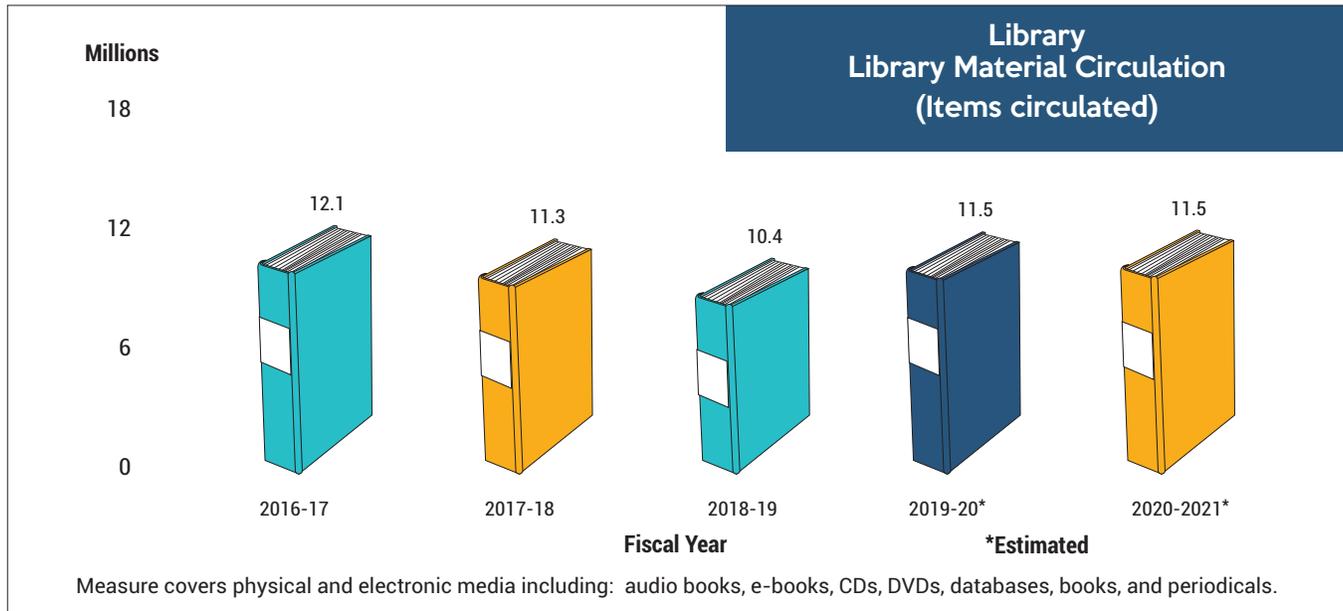
Budget Allowance Explanation

The Library 2020-21 operating budget allowance of \$41,959,000 is \$1,337,000 or 3.3 percent more than 2019-20 estimated expenditures. This is primarily due to increased costs in the General Fund and Federal and State Grants and is partially offset by a decrease in the Library's Other Restricted Fund.

The General Fund 2020-21 budget allowance of \$40,896,000 is \$1,521,000 or 3.9 percent more than 2019-20 estimated expenditures. The increase is primarily due to negotiated increases in employee compensation and increases in the part-time hourly wage. Partially offsetting the increase are decreases due to a one-time transfer in 2019-20 of know99 educational cable television funds to the Phoenix Public Library for the promotion of the Library's educational programming, a one-time transfer of funds in 2019-20 from the Capital Improvement Program budget to the operating budget for the labor costs of an electrical project at Century Library, and a change in how enterprise information technology costs are being distributed to departments.

The Federal and State Grants 2020-21 budget allowance of \$803,000 is \$43,000 or 5.7 percent more than 2019-20 estimated expenditures. The increase is primarily due to negotiated increases in employee compensation and increases in the part-time hourly wage.

The Other Restricted Fund 2020-21 budget allowance of \$260,000 is \$227,000 or 46.6 percent less than the 2019-20 estimated expenditures. The decrease is primarily due to reduced expenditures for public furniture replacement.



Library Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2020-21 budget allowance:

	2018-19 Actual	2019-20 Estimate ¹	2020-21 Budget
Early literacy program attendance ²	140,390	95,000	43,000
Library visitors ²	3,473,715	2,340,000	2,500,000
Library's website "visits"	21,239,996	22,300,000	22,500,000
Library material circulation ³	10,385,852	11,500,000	11,500,000

¹ Based on 10 months actual experience.

² 2019-20 figures reflect decreases due to COVID-19 related library program restrictions.

³ Measure covers physical and electronic media including: audio books, e-books, CDs, DVDs, databases, books, and periodicals.

Expenditure and Position Summary

	2018-19 Actual	2019-20 Estimate	2020-21 Budget
Operating Expense	\$37,569,000	\$40,622,000	\$41,959,000
Total Positions	375.2	401.3	401.3
<i>Source of Funds:</i>			
General	\$36,795,000	\$39,375,000	\$40,896,000
Federal and State Grants	652,000	760,000	803,000
Other Restricted	73,000	487,000	260,000
Public Housing	49,000	-	-

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 2020-21 operating budget allowance of \$60,860,000 is \$2,028,000 or 3.4 percent more than 2019-20 estimated expenditures. The increase is primarily due to increased costs in the General Fund and Convention Center fund.

The General Fund 2020-21 budget allowance of \$2,638,000 is \$134,000 or 5.4 percent more than 2019-20 estimated expenditures. This is due to an increase in parking management contractual services and capital expenditures for entry and ADA signage at the Heritage Garage.

The Convention Center fund 2020-21 budget allowance of \$57,667,000 is \$1,894,000 or 3.4 percent more than 2019-20 estimated expenditures. The increase is due to negotiated increases in employee compensation, increases in the part-time hourly wage, liability insurance, a one-time expenditure for replacement of materials for convention events, and higher costs for the tourism and marketing contract with the Greater Phoenix Convention and Visitor Bureau. This is partially offset by reduced equipment expenditures.

Phoenix Convention Center Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2020-21 budget allowance:

	2018-19 Actual	2019-20 Estimate ^{1,3}	2020-21 Budget ³
Estimated direct spending impact from conventions (millions) ²	\$314	\$262	\$254
Number of convention delegates	245,930	167,372	172,635
Number of conventions	73	42	44
Number of Consumer Shows ⁴	126	29	16
Percent square feet occupancy (average of all event types)	47.3%	42.8%	27.5%
Number of theatrical performances	348	234	175
Total theater attendance	334,438	192,472	140,000
Total parking revenue (millions)	\$6.86	\$4.92	\$5.26
Revenue per parking space	\$1,563	\$1,119	\$1,197
Operating expense per parking space	\$865	\$947	\$1,004

¹ Based on 10 months actual experience.

² Estimated direct spending impact is reported by the Greater Phoenix Convention and Visitors Bureau.

³ Due to the COVID-19 pandemic, events and activities at the Phoenix Convention Center and Venues have been curtailed. Currently contracted events are evaluating their options given evolving federal guidance from the Centers for Disease Control (CDC) and the Arizona Governor's Office, this could lead to canceled events or a decrease in the scope of the event.

⁴ Service level previously named "Number of local public shows".

Expenditure and Position Summary

	2018-19 Actual	2019-20 Estimate	2020-21 Budget
Operating Expense	\$49,601,000	\$58,832,000	\$60,860,000
Total Positions	222.0	220.0	220.0
<i>Source of Funds:</i>			
Convention Center	\$46,817,000	\$55,773,000	\$57,667,000
General	2,144,000	2,504,000	2,638,000
Sports Facilities	640,000	555,000	555,000

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.

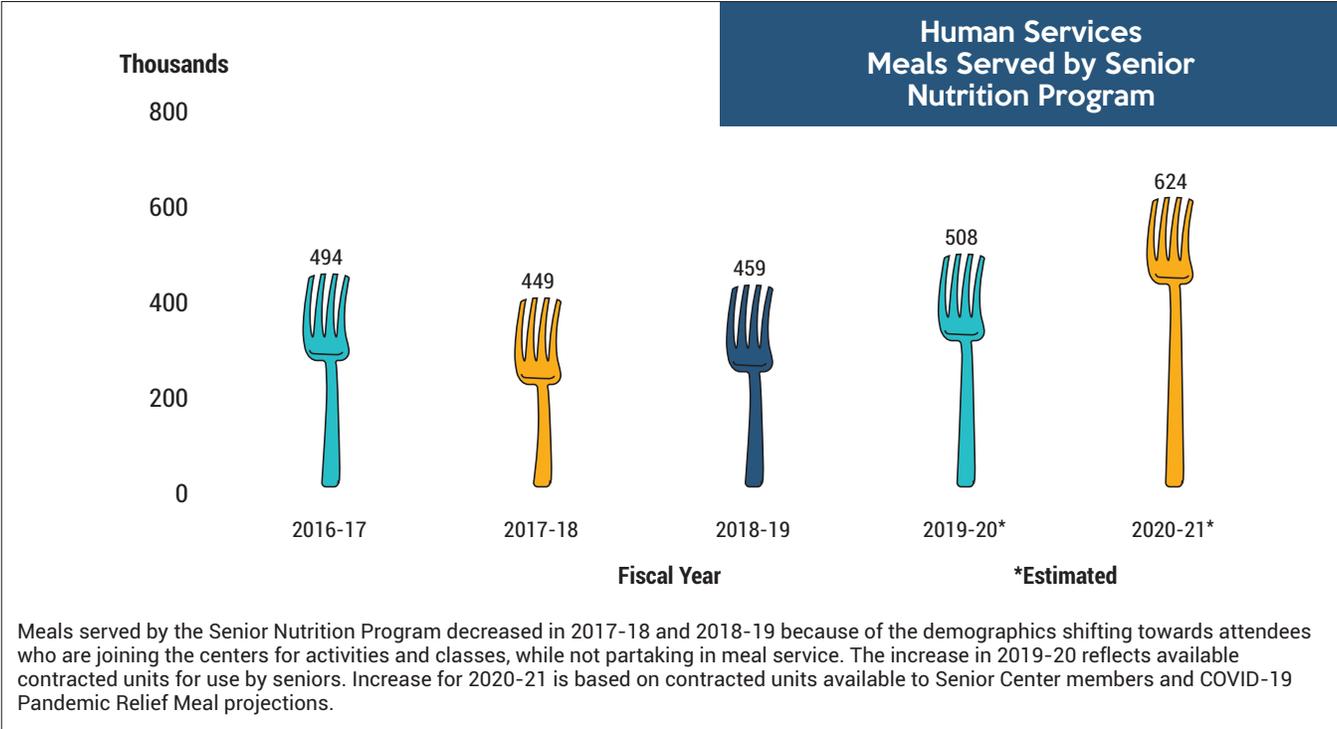
Budget Allowance Explanation

The Human Services Department 2020-21 operating budget allowance of \$100,583,000 is \$5,693,000 or 6.0 percent higher than 2019-20 estimated expenditures. The overall increase is primarily due to an increase in the General Fund, Community Development Block Grant, and Federal and State grant funding.

The General Fund 2020-21 budget allowance of \$19,978,000 is \$794,000 or 4.1 percent more than 2019-20 estimated expenditures. This is primarily due to negotiated employee compensation increases.

The Federal and State Grants 2020-21 budget allowance of \$17,074,000 is \$6,861,000 or 67.2 percent more than 2019-20 estimated expenditures. The movement of the Workforce Innovation Opportunity Act (WIOA) program to the Human Services Department in July 2018 required adjustments to where and how funding was programmed. The 2020-21 Federal and State Grants Fund reflects the total WIOA grant award.

The Community Development Block Grant 2020-21 budget allowance of \$2,213,000 is \$1,094,000 or 97.8 percent more than 2019-20 estimated expenditures. This is primarily due to the receipt of additional funds as authorized by the federal CARES Act in response to the COVID-19 pandemic allocated to fund shelter services for seniors and other vulnerable populations.



Human Services Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2020-21 budget allowance:

	2018-19 Actual	2019-20 Estimate ¹	2020-21 Budget
Number of homeless households (individuals and families) assisted through emergency shelter ²	7,259	8,092	5,308
Number of households served at family service centers ³	17,842	18,597	21,718
Percentage of school attendance for Head Start	87%	87%	88%
Medical and dental exams completed for Head Start	6,290	6,027	6,100
Medical and dental exams completed for Early Head Start	1,641	1,390	1,200
Number of meals served to seniors ⁴	458,550	507,730	625,810
Number of victim services provided ⁵	28,557	40,506	43,000
Number of job seekers assisted through the Workforce Development initiatives ⁶	69,871	191,108	75,000

¹ Based on 10 months actual experience.

² The decrease in 2020-21 reflects the currently contracted amounts. Number of households assisted is expected to be greater as grant funds received in response to the COVID-19 pandemic are implemented.

³ 2019-20 and 2020-21 reflect increases resulting from grant funds received in response to the COVID-19 pandemic.

⁴ Increase for 2020-21 is based on contracted units available to Senior Center members and Pandemic Relief Meal projections.

⁵ The increase in services in 2019-20 and 2020-21 is due to streamlined processes, and increased referrals.

⁶ 2019-20 numbers show a significant increase due to layoffs resulting from the COVID-19 pandemic.

Expenditure and Position Summary

	2018-19 Actual	2019-20 Estimate	2020-21 Budget
Operating Expense	\$83,045,000	\$94,890,000	\$100,583,000
Total Positions	379.0	391.0	391.0
<i>Source of Funds:</i>			
General	\$18,245,000	\$19,184,000	\$19,978,000
Human Services Grants	55,689,000	61,958,000	58,963,000
Community Development			
Block Grant	1,107,000	1,119,000	2,213,000
Water	233,000	233,000	225,000
Wastewater	173,000	173,000	155,000
Other Restricted	284,000	1,784,000	1,670,000
City Improvement	91,000	78,000	136,000
Federal and State Grants	7,170,000	10,213,000	17,074,000
HOPE VI	-	65,000	80,000
Public Housing	53,000	83,000	89,000

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 2020-21 operating budget allowance of \$4,661,000 is \$497,000 or 11.9 percent more than 2019-20 estimated expenditures. This is primarily due to increased costs in the General Fund and Federal and State Grants.

The General Fund increase is primarily due to negotiated increases in employee compensation.

The Federal and State Grants 2020-21 budget increase is primarily due to a new National Endowment for the Arts Grant to provide grants to artists, cultural organizations, businesses, and neighborhood community groups for projects that address community needs from an arts and culture perspective and increased funding for the Youth, Arts, and Culture Council.

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 2020-21 budget allowance.

	2018-19 Actual	2019-20 Estimate ¹	2020-21 Budget
Grant applications processed to support arts activities through schools and nonprofit organizations ²	81	96	110
Grant awards administered to support arts activities through schools and nonprofit organizations ²	74	91	95
Completed Percent-for-Art projects to enhance capital improvement projects with artwork	5	5	5
Local artists/arts organizations training workshops ³	10	17	20
Percent of projects in Art Plan being implemented ⁴	76%	80%	78%
Community presentations	64	68	75

¹ Based on 10 months actual experience.

² Increases are expected due to increased outreach to grantees and increased Federal and State Grant funds.

³ Numbers reflect presentations and workshops to local artists, public art trainings, the annual grant workshop training for arts organizations, and arts learning workshops.

⁴ Measure reflects projects that were in design, under construction, or were completed.

Expenditure and Position Summary

	2018-19 Actual	2019-20 Estimate	2020-21 Budget
Operating Expense	\$7,979,000	\$4,164,000	\$4,661,000
Total Positions	11.0	11.0	11.0
<i>Source of Funds:</i>			
General	\$7,914,000	\$4,041,000	\$4,221,000
Federal and State Grants	50,000	98,000	420,000
Other Restricted	15,000	25,000	20,000



ENVIRONMENTAL SERVICES



The Environmental Services Program Represents 14% of the Total Budget.

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

WATER SERVICES

Program Goal

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

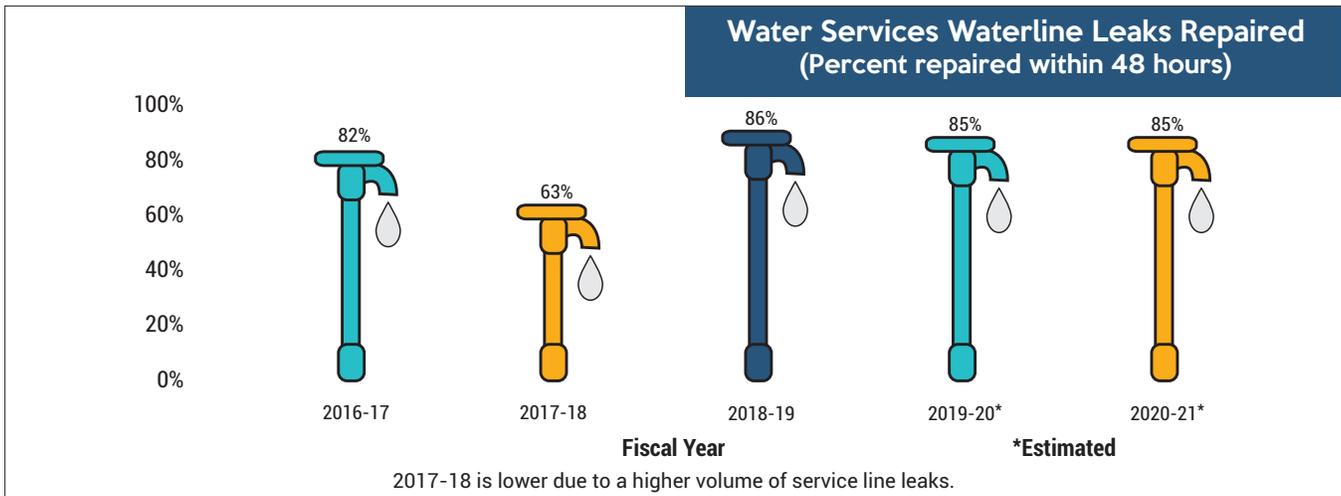
Budget Allowance Explanation

The Water Services Department 2020-21 operating budget allowance of \$341,893,000 is \$15,849,000 or 4.9 percent higher than 2019-20 estimated expenditures. The increase is in the Water, Wastewater and Other Restricted Funds.

The Water Fund 2020-21 budget allowance of \$224,547,000 is \$7,582,000 or 3.5 percent higher than 2019-20 estimated expenditures. This is primarily due to negotiated increases in employee compensation, and increased costs for chemicals, electricity, raw water, and GAC regeneration due to expected increases in water production. In addition, there are increased costs for water meter replacements and software agreements for IT projects. These increases are partially offset by reduced funding for vehicle replacement and increased work-order charges to the Wastewater Fund.

The Wastewater Fund 2020-21 budget allowance of \$115,029,000 is \$7,945,000 or 7.4 percent higher than 2019-20 estimated expenditures. This is primarily due to negotiated employee compensation increases, facility maintenance of the 91st Avenue Wastewater Treatment Facility, and increased costs for billing and collections.

The Other Restricted Fund 2020-21 budget allowance of \$2,317,000 is \$322,000 or 16.1 percent higher than 2019-20 estimated expenditures. The is primarily due to increases in testing due to a new IGA with US Geological Survey (USGS), advertising services, permit fees due to the Municipal Separate Storm Sewer System (MS4) permit renewal and motor vehicle replacements.



Water Services Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2020-21 budget allowance:

	2018-19 Actual	2019-20 Estimate ¹	2020-21 Budget
Water main break/leaks per 100 miles ²	15	14	15
Waterline leaks repaired within 48 hours	80%	85%	85%
Percent of miles of sewer cleaned per year	26%	21%	25%
Sanitary sewer overflows per 100 miles	0.64	1.0	1.0
Gallons of water produced system wide (billions)	106.3	108.7	108.7
Gallons of wastewater treated (billions)	60.2	58.1	61.2
Telephone calls-received ³	580,430	615,896	625,000
Telephone calls-percent answered ⁴	91.9%	94.8%	95.0%

¹ Based on 10 months actual experience.

² In previous years, this measure had been mistakenly reported as monthly and then annualized.

³ Increase in call volume is attributed to growth of the City's customer base.

⁴ 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

	2018-19 Actual	2019-20 Estimate	2020-21 Budget
Operating Expense	\$311,249,000	\$326,044,000	\$341,893,000
Total Positions	1,477.0	1,487.0	1,487.0
Source of Funds:			
Water	\$207,137,000	\$216,965,000	\$224,547,000
Wastewater	102,222,000	107,084,000	115,029,000
Other Restricted	1,890,000	1,995,000	2,317,000

PUBLIC WORKS – SOLID WASTE MANAGEMENT

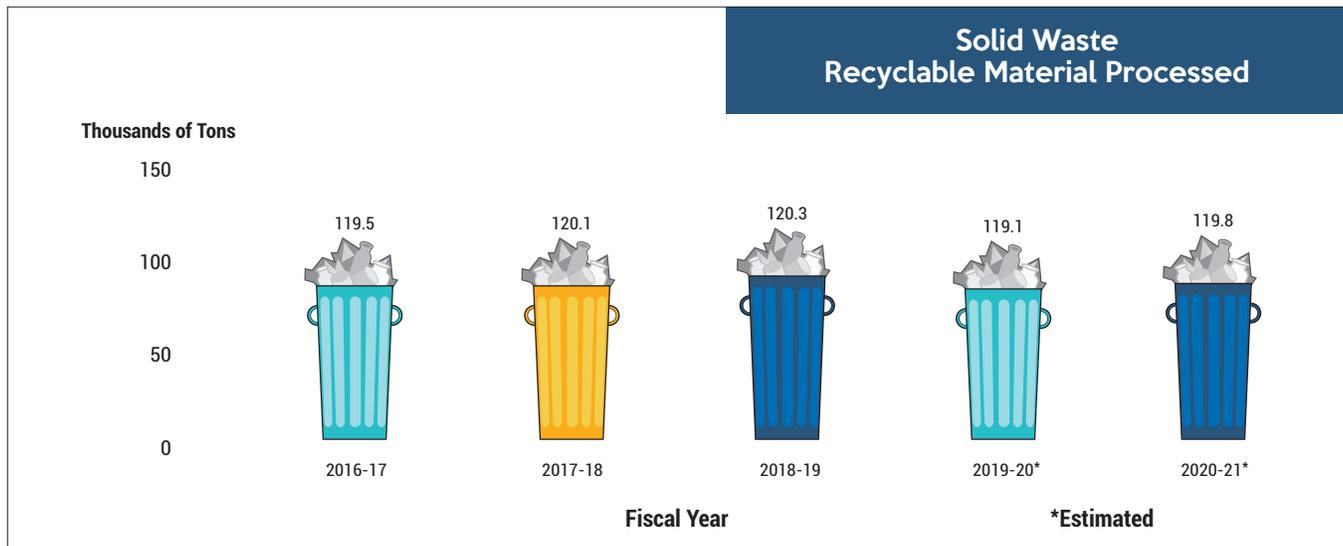
Program Goal

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 2020-21 operating budget allowance of \$158,908,000 is \$10,780,000 or 7.3 percent more than 2019-20 estimated expenditures. This includes negotiated increases in employee compensation, increased costs for equipment maintenance, and reflects a large investment in replacement vehicles due to an aging fleet.

On February 11, 2020, the Phoenix City Council approved a Solid Waste rate increase to be phased in over two years. The monthly residential solid waste rate increased from \$26.80 to \$30.55 in April 2020, and will increase again to \$33.80 in January 2021.



Solid Waste Management Major Performance Measures and Service Levels			
The following significant performance measures and service trends will be achieved with the 2020-21 budget allowance:			
	2018-19 Actual	2019-20 Estimate	2020-21 Budget
Residential households served with same day contained solid waste and recyclable material collections ¹	406,877	412,000	415,000
Tons of recyclable materials collected ²	120,341	119,000	120,000
Tons of total solid waste collected and landfills ³	938,906	937,000	943,000
Tons of solid waste from City residences disposed ⁴	596,161	607,887	611,500

¹ 2019-20 projected service level is based on annualized 9 months of actual data and assumptions from Business Intelligence (BI) Living Unit report (average 0.75% growth over the last 9 months). Projected households for 2020-21 are based on 0.75% growth from 2019-20 projections.

² Tonnage reported is only from recycling loads collected at curbside by Solid Waste Field Services. Projected tonnage for 2020-21 is based on 0.6% growth from 2019-20 projections.

³ Tonnage includes disposal tonnage collected at City transfer stations and landfill as well as Solid Waste Field Services tonnage sent to contracted private transfer stations and landfills (Tonnage & Diversion Report). Projected tonnage for 2020-21 is based on 0.6% growth from 2019-20 projections.

⁴ Tonnage includes Solid Waste Field Services tonnage, transfer station residential loads, non-profit free loads and recycling rejects (Tonnage & Diversion Report). Projected tonnage for 2020-21 is based on 0.6% growth from 2019-20 projections.

Expenditure and Position Summary			
	2018-19 Actual	2019-20 Estimate	2020-21 Budget
Operating Expense	\$136,005,000	\$148,128,000	\$158,908,000
Total Positions	609.0	610.0	610.0
<i>Source of Funds:</i>			
Solid Waste	\$136,005,000	\$147,128,000	\$158,908,000
Federal and State Grants	-	1,000,000	-

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 2020-21 operating budget allowance of \$27,966,000 is \$794,000 or 2.9 percent more than 2019-20 estimated expenditures. The budget variance is primarily due to negotiated increases in employee compensation and debt service for capital projects, which was offset by a decrease in the general fund of \$1,338,000 for moving major facility maintenance projects from the operating budget to the capital improvement program (CIP).

Public Works Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2020-21 budget allowance:

	2018-19 Actual	2019-20 Estimate ¹	2020-21 Budget
Square footage of buildings maintained ²	10,573,285	10,514,903	10,514,903
Facility service requests completed	19,299	21,200	21,200
Fleet vehicles per mechanic	41.1	40.4	40.4
Units of equipment for which fleet management is provided	7,429	7,548	7,548
Annual miles of fleet vehicle utilization (in millions)	47.9	46.5	46.5

¹ Based on 10 months actual experience.

² 2019-20 change in building square footage reflects sale of Personnel building.

Expenditure and Position Summary

	2018-19 Actual	2019-20 Estimate	2020-21 Budget
Operating Expense	\$23,538,000	\$27,172,000	\$27,966,000
Total Positions	399.5	425.0	425.0
<i>Source of Funds:</i>			
General	\$16,269,000	\$18,981,000	\$17,643,000
City Improvement	7,014,000	7,179,000	9,368,000
Other Restricted	148,000	774,000	717,000
Federal and State Grants	107,000	238,000	238,000

OFFICE OF ENVIRONMENTAL PROGRAMS

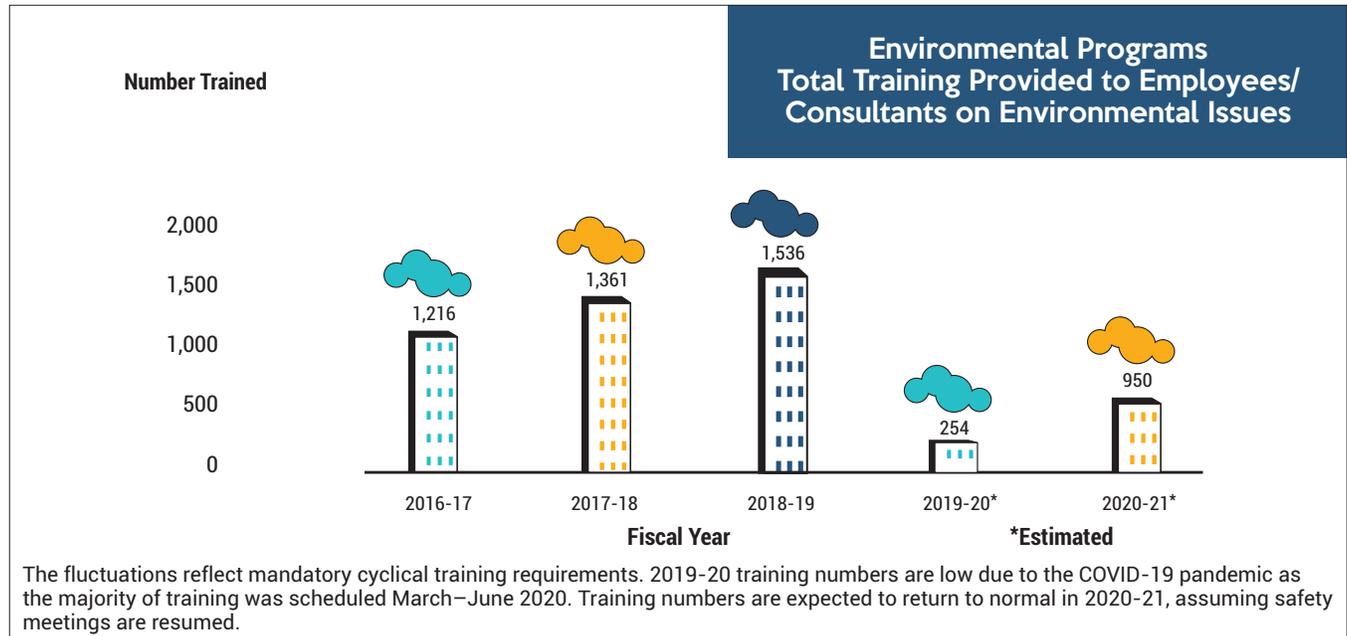
Program Goal

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 2020-21 operating budget allowance of \$1,449,000 is \$261,000 or 15.3 percent less than the 2019-20 estimated expenditures. The decrease is primarily due to reduced Federal and State Grant funding.

The Federal and State Grants 2020-21 budget allowance of \$51,000 is \$241,000 or 82.5 percent less than 2019-20 estimated expenditures primarily due to the conclusion of brownfields and food assessment grants.



Environmental Programs Major Performance Measures and Service Levels

The following significant performance measures and service level trends will be achieved with the 2020-21 budget allowance:

	2018-19 Actual	2019-20 Estimate ¹	2020-21 Budget
Number of site assessments conducted ²	158	207	155
Number of brownfields projects implemented ³	4	2	2
Percentage of time an emergency response team will arrive on-scene within 2 hours of a call for service	90%	91%	90%

¹ Based on 10 months actual experience.

² While the number of assessments conducted remains consistent across years, the number of 404/sensitive species assessments varies based on the number of capital projects in design in any one year. 2019-20 had a slightly higher than normal number of capital project assessment requests compared to previous years.

³ Two private sector projects estimated for 2019-20 were delayed and are expected to be completed in calendar year 2021.

Expenditure and Position Summary

	2018-19 Actual	2019-20 Estimate	2020-21 Budget
Operating Expense	\$1,494,000	\$1,710,000	\$1,449,000
Total Positions	10.0	10.0	10.0
Source of Funds:			
General	\$617,000	\$786,000	\$732,000
Water	325,000	372,000	400,000
Other Restricted	160,000	190,000	196,000
Capital Construction	45,000	70,000	70,000
Federal and State Grants	347,000	292,000	51,000

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 2020-21 operating budget allowance of \$656,000 is \$155,000 or 30.9 percent more than 2019-20 estimated expenditures. The increase is primarily due to a new grant award.

The General Fund 2020-21 budget allowance of \$424,000 is \$9,000 or 2.1 percent less than 2019-20 estimated expenditures. The decrease is due to one-time funding in 2019-20 for the study to develop a microgrid energy storage system to store renewable energy at key City sites and is partially offset by negotiated increases in employee compensation.

The Federal and State Grants Fund 2020-21 budget allowance of \$202,000 is \$164,000 or 431.6 percent more than the 2019-20 estimated expenditures. The City was awarded a grant by the Catena Foundation to support the City's efforts to develop a comprehensive transportation electrification program to reduce air pollution and meet its emissions goals.

Expenditure and Position Summary			
	2018-19 Actual	2019-20 Estimate	2020-21 Budget
Operating Expense	\$380,000	\$501,000	\$656,000
Total Positions	4.0	5.0	5.0
<i>Source of Funds:</i>			
Federal and State Grants	\$-	\$38,000	\$202,000
General	379,000	433,000	424,000
Other Restricted	1,000	30,000	30,000

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 2020-21 will be \$55,596,000. In March 2010, the 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. The 2020-21 contingency reflects an increase of \$196,000 over the 2019-20 contingency of \$55,400,000 and maintains the contingency percentage at four percent.

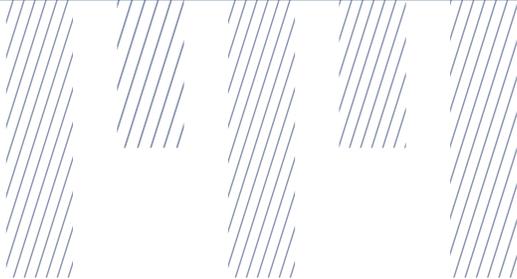
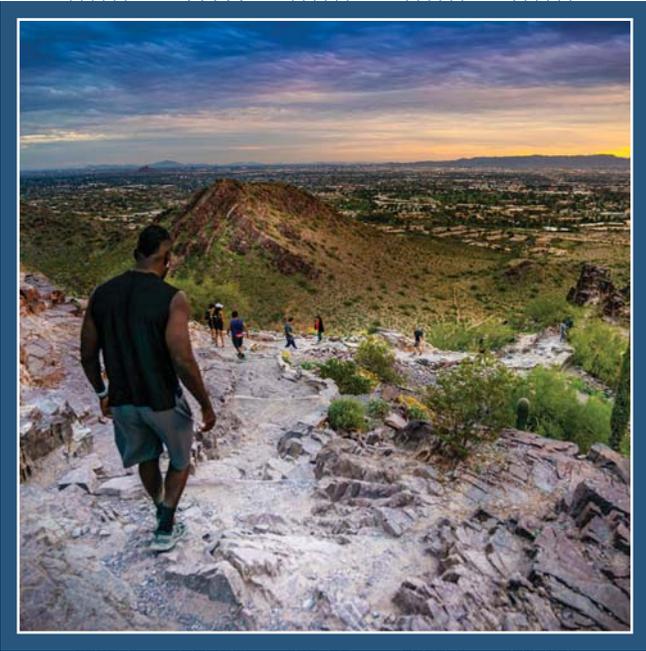
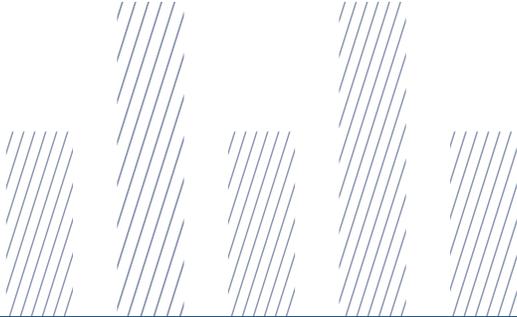
The following table shows contingency funding and set-aside amounts over the past 10 years.

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
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
2019-20	1,374,444	55,400 2,512	4.0
2020-21	1,405,970	55,596 —	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.

2020-21 OTHER FUND OPERATING EXPENDITURE AND CONTINGENCY AMOUNT (000'S)			
Fund	Operating Expenditures	Contingency Amount	Percent of Operating Expenditures
Transportation 2050	\$167,905	\$4,000	2.4%
Development Services	72,555	5,000	6.9
Sports Facilities	23,173	20,000	86.3
Aviation	489,601	20,000	4.1
Water	238,660	12,000	5.0
Wastewater	119,320	3,500	2.9
Solid Waste	160,352	1,000	0.6
Convention Center	62,255	3,000	4.8



CORONAVIRUS AID, RELIEF, AND ECONOMIC SECURITY (CARES) ACT

On March 27, 2020 the Coronavirus Aid, Relief, and Economic Security (CARES) Act was signed into law to address the economic fallout resulting from the COVID-19 pandemic in the United States. The Act is the largest economic bill in United States history totaling over \$2.1 trillion. States and local governments have been awarded a variety of grant funds under the CARES Act.

Coronavirus Relief Fund (CRF)

The federal government allocated \$293 million to the City of Phoenix in the Coronavirus Relief Fund (CRF) component of Section 5001 of the CARES Act. The Act allocated \$150 billion for states and cities over a population of 500,000. According to federal guidance, the Fund may only be used to cover costs that are necessary expenditures caused by COVID-19 incurred between March 1 and December 30, 2020.

On May 5, 2020 staff presented a CRF Strategic Plan based on input from councilmembers. Some of the options presented were new programs, while others supplemented existing programs that were approved or implemented as a COVID-19 response, such as the Homelessness response plan adopted on April 21, 2020, and the small business grant and loan funds administered through Phoenix Industrial Development Authority (IDA) and Phoenix Community Development Investment Corporation discussed on April 28, 2020. The proposed strategic plan includes three areas of emphasis: Community Investment (\$75M), City Operations (\$75M) and a Reserve for future needs (\$143M).

Guidance from the federal government on how CRF funds may be used continues to evolve and the City will need to be able to adjust our programs to ensure compliance with any future federal rules. A Reserve was proposed to preserve resources in case the federal government changes guidance to allow the funds to replace lost revenue or to offset existing costs. Depending on the severity of the pandemic, staff have estimated that the General Fund revenue loss from March through December 2020 due to COVID-19 economic disruption could range from \$48 million to \$100 million. For all funds that receive sales tax proceeds (including Convention Center, Transit 2050, Phoenix Parks and Preserves Initiative, several public safety funds and the Sports Facilities fund), the range could be from \$102 million to \$198 million. If the federal government changes its guidance to allow this revenue to be replaced, the Reserve would be available to avoid deep cuts to community programs and services. The Reserve would also cover unexpected COVID-19 expenses that could occur later in the year. If neither revenue replacement nor unexpected expenses occur, the City Council can allocate the Reserve to other areas in the strategic plan.

The chart below is a summary of the CRF Strategic Plan adopted by City Council.

STRATEGIC PLAN & ALLOCATION

COMMUNITY INVESTMENT	\$75M	CITY OPERATIONS	\$75M	RESERVE TO PRESERVE VITAL SERVICES	\$143M
Business Assistance	\$15.7M	Employee Testing	\$6M	Future Needs	
Utility Assistance	\$30M	PPE/Clean/Sanitizing	\$20M	Estimated Revenue Loss	
Distance Learning and Wi-fi Access	\$3.3M	Medical/Public Safety Measures	\$5M		
Mitigation and Care for Vulnerable Populations	\$10M	Payroll Expense Reimbursement	\$19M		
Food Delivery	\$5M	Facility Retrofit	\$10M		
Better Health Outcomes and Community Testing	\$5M	Telework/E-Government	\$15M		
Unallocated Funds	\$6M				

Other Significant Grants Awarded to the City of Phoenix

Aviation

The Aviation Department has been granted approximately \$148 million in CARES Act funding from the Department of Transportation (DOT). Per DOT guidance this funding is available to be used on any lawful airport purpose.

Public Transit

The Public Transit Department has received \$99.5 million in CARES Act funding from the Department of Transportation (DOT). The entire region received over \$188 million in CARES Act funding from DOT. The funding is to provide the resources needed to continue public transit operations.

Neighborhood Services

The Neighborhood Services Department has received approximately \$9.8 million in Community Development Block Grant funding from the federal Department of Housing and Urban Development (HUD). These funds are to be used to prevent, prepare for, and respond to the Coronavirus. On April 21, 2020 City Council approved a detailed Homeless Action Plan that outlined how these funds would be used to address homelessness, affordable housing and rent and utility assistance where applicable.

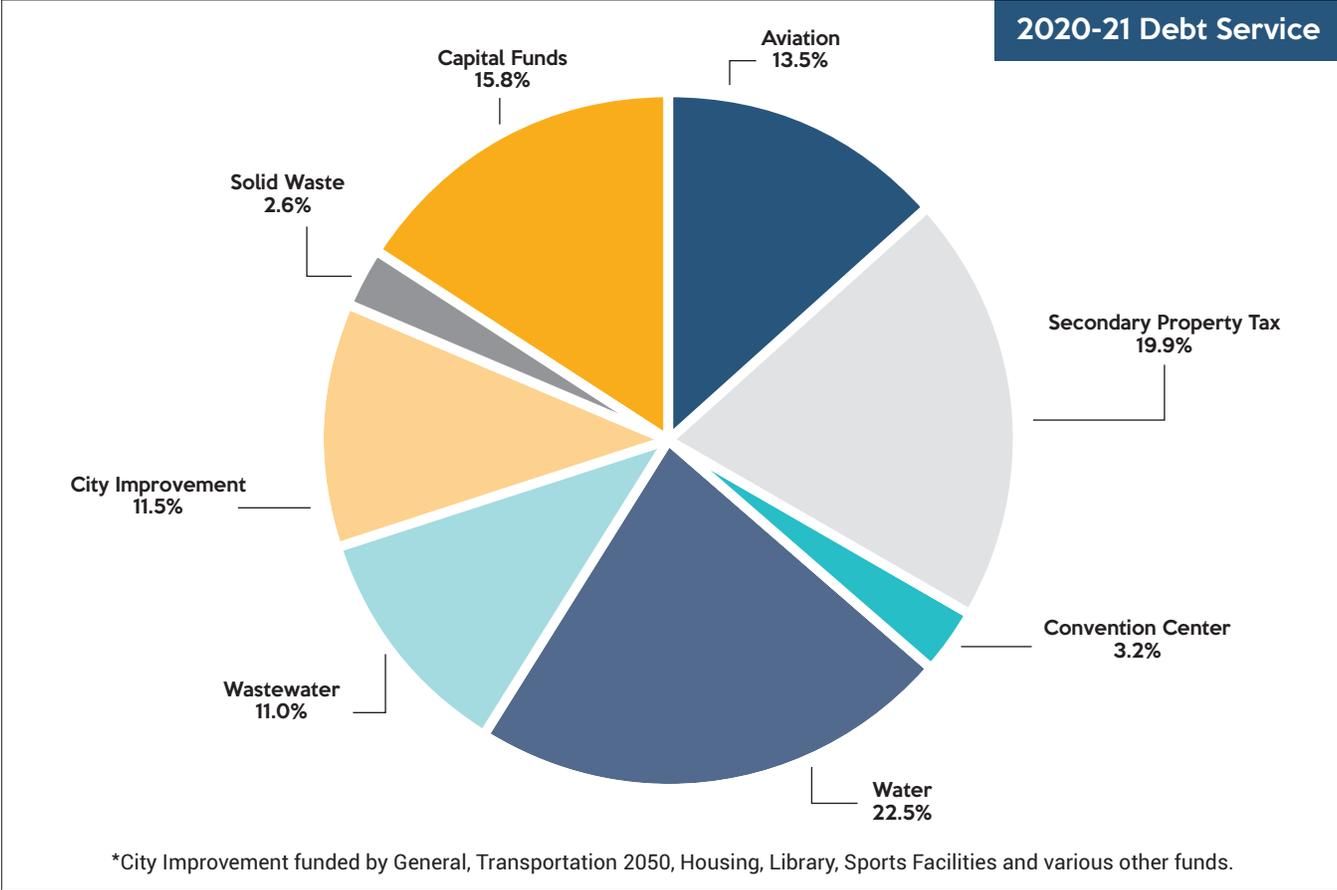
Human Services

The Human Services Department has received over \$2.3 million in CARES Act funding from the Department of Health and Human Services (HHS), the Arizona Department of Housing (ADOH), the Arizona Community Action Agency (Wildfire), and the Area Agency on Aging. The funding received from HHS (\$1 million) is intended to assist Head Start aged children and families with educational opportunities or impairments resulting from COVID-19. The funding from ADOH and the Arizona Community Action Agency (\$800,000) will be used to provide utility and rent assistance to individuals and families struggling to pay their bills due to COVID-19 circumstances. Funding from the Area Agency on Aging (\$500,000) is intended to aid homebound and disabled seniors. The Human Services Department was also awarded an additional \$19.2 million in Emergency Solutions Grants (ESG) funds. These special ESG funds are to be used to prevent, prepare for, and respond to the Coronavirus pandemic among individuals and families who are homeless or receiving homeless assistance; and to support additional homeless assistance and homelessness prevention activities to mitigate the impact of COVID-19.

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 2020-21 for existing debt and anticipated future bond sales is \$651,018,000. As shown in the following pie chart, debt service expenditures are funded by both operating and capital funding sources. City Improvement debt service includes \$74.8 million in general government nonprofit corporation bond payments funded by General Fund (\$40.9 million), Transportation 2050 (\$7.3 million), Sports Facilities (\$20.3), Housing (\$0.1 million), Library (\$0.1 million), other operating (\$6.0) and other financing sources (\$0.1 million).

Secondary Property Tax 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 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 the 2006 Citizens' Bond Committee recommended bond authorizations. These authorizations provided funding to construct capital improvements in the following areas:

- Police and Fire Protection
- Police, Fire and Computer Technology
- Parks, Recreation and Mountain Preserves
- Education Facilities
- Library Facilities
- Street Improvements
- Storm Sewers
- Senior Facilities
- Cultural Facilities
- Affordable Housing
- Neighborhood Revitalization

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.

City of Phoenix Bond Ratings			
	Rating ⁽¹⁾		
	Moody's	S&P	Fitch
General Obligation	Aa1	AA+	AAA
Junior Lien Water Revenue ⁽²⁾	Aa2	AAA	-
Senior Lien Airport Revenue ⁽²⁾	Aa3	AA-	-
Junior Lien Airport Revenue ⁽²⁾	A1	A+	-
Senior Lien Tax Excise Tax Revenue ⁽²⁾	Aa2	AAA	AA+
Subordinated Excise Tax Revenue ⁽²⁾	Aa2	AAA	AA+
Senior Lien Wastewater System Revenue ⁽²⁾	Aa2	AAA	-
Junior Lien Wastewater System Revenue ⁽²⁾	Aa2	AA+	-
Rental Car Facility Charge Revenue Bonds ⁽²⁾	A2	A	-
Transit Excise Tax Revenue Bonds (Light Rail) ⁽²⁾	Aa2	AA	-
State of AZ Distribution Revenue Bonds ⁽²⁾	Aa2	AA	-

⁽¹⁾ Represents underlying rating, if insured.

⁽²⁾ 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.

Statement of Bonded Indebtedness⁽¹⁾ (In Thousands of Dollars)			
General Obligation Bonds			
Purpose	Non-Enterprise General Obligation Bonds	Revenue-Supported General Obligation Bonds	Total General Obligation Bonds
Various	\$1,071,685	\$ —	\$1,071,685
Airport	—	3,345	3,345
Sanitary Sewer	—	1,725	1,725
Solid Waste	—	1,560	1,560
Water	—	6,735	6,735
Direct Debt	\$1,071,685	\$ 13,365	\$1,085,050
Less: Revenue Supported	—	(13,365)	(13,365)
Net Debt	\$1,071,685	\$ —	\$1,071,685

⁽¹⁾ Represents general obligation bonds outstanding as of January 1, 2020. 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 2019-20 was \$18,193,680,624. 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, 2020, is shown below, based upon 2019-20 assessed valuation.

Water, Sewer, Light, Parks, Open Spaces, Playgrounds, Recreational Facilities, Public Safety, Law Enforcement, Fire Emergency, Streets and Transportation Purpose Bonds	
20% Constitutional Limitation	\$ 3,638,736,125
Direct General Obligation Bonds Outstanding ⁽¹⁾	(939,125,000)
Less: Debt Limit Reduction from Refunding ⁽²⁾	(34,545,343)
Unused 20% Limitation Borrowing Capacity	\$ 2,665,065,782

All Other General Obligation Bonds	
6% Constitutional Limitation	\$ 1,091,620,837
Direct General Obligation Bonds Outstanding ⁽¹⁾	(145,925,000)
Less: Debt Limit Reduction from Refunding ⁽²⁾	(14,726,766)
Unused 6% Limitation Borrowing Capacity	\$ 930,969,071

⁽¹⁾ Represents general obligation bonds outstanding as of January 1, 2020.

⁽²⁾ 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 January 1, 2020.

Net Direct General Obligation Bonded Debt Ratios			
	Per Capita Debt Pop. Est. (1,660,272) ⁽¹⁾	Limited Net Assessed Valuation (\$13,223,017,360)	Full Cash Valuation (\$179,418,109,860)
Direct General Obligation Bonded Debt Outstanding as of January 1, 2020	\$653.54	8.21%	0.60%
Net Direct General Obligation Bonded Debt Outstanding as of January 1, 2020	\$645.49	8.10%	0.60%

⁽¹⁾ Population estimate obtained from the U.S. Census Bureau as of July 1, 2018.

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.

Debt Service by Source of Funds and Type of Expenditure (In Thousands of Dollars)			
Fund	2018-19 Actual	2019-20 Estimate	2020-21 Budget
Secondary Property Tax	\$107,305	\$ 116,862	\$ 129,497
City Improvement ⁽¹⁾	122,338	125,082	74,837
Aviation	71,011	96,267	87,856
Convention Center	19,928	19,953	21,070
Solid Waste	14,316	14,041	16,745
Wastewater	75,022	72,798	71,775
Water	113,208	134,119	146,446
Customer Facility Charge	21,278	14,024	20,547
Federal, State and Other Participation	22,997	23,500	23,998
Passenger Facility Charge	43,646	48,232	56,733
Other Funds	1,229	2,828	1,514
Total	\$612,278	\$667,706	\$651,018
Type of Expenditure			
Principal	\$335,495	\$361,917	\$311,436
Interest and Other	276,783	305,709	339,582
Total	\$612,278	\$667,706	\$651,018

⁽¹⁾ Reflects City Improvement nonprofit corporation bond debt service funded by General Fund, Housing, Transportation 2050, Library, Sports Facilities, other operating and other financing sources.

OVERVIEW OF CAPITAL IMPROVEMENT PROGRAM PROCESS

The Capital Improvement Program (CIP) 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 12, 2020, the preliminary five-year Capital Improvement Program was transmitted to the City Council. The Capital Improvement Program transmitted to the City Council and reflected here includes replacement, rehabilitation, and improvements to water infrastructure; a new concourse at Terminal 3 North and a new concourse at Terminal 4 South, reconstruction of aprons and runways, expansion of the PHX Sky Train at Phoenix Sky Harbor International Airport; major street and bridge rehabilitation and new construction; accelerated citywide pavement maintenance; Talking Stick Resort Arena renovations; major maintenance and assessments of facilities citywide; replacement of the KIVA Planning and Development permitting system; South Mountain Park improvements and construction of the Cesar Chavez Community Center. The preliminary plan has been updated to reflect cost or timing changes identified since the preliminary program was developed.

2020-25 Capital Improvement Program Development

The annual citywide Capital Improvement Program update process began in December 2019 when departments prepared revised 2019-20 estimates and updated their five-year capital improvement programs. The 2019-20 estimates reflect updated construction cost estimates, schedules adjustments, awarded contract amounts and other program changes. The 2020-25 program includes projects planned for authorized and anticipated 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 2007-2009 recession resulted in a reduction in property tax revenue, which placed a strain on the property tax supported General Obligation Bond Program. As a result, a portion of this program is indefinitely deferred.

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 2020-25 Capital Improvement Program includes \$186.0 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 2020-25 Capital Improvement Program includes \$654.5 million in Transportation 2050 pay-as-you-go funds, as well as \$743.4 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 \$184.1 million in available impact fees in the 2020-25 Capital Improvement Program. Additional impact fees will be programmed in future capital improvement programs as these fees are collected.

**SUMMARY OF 2020-25 CAPITAL IMPROVEMENT PROGRAM
BY PROGRAM**
(In Thousands of Dollars)

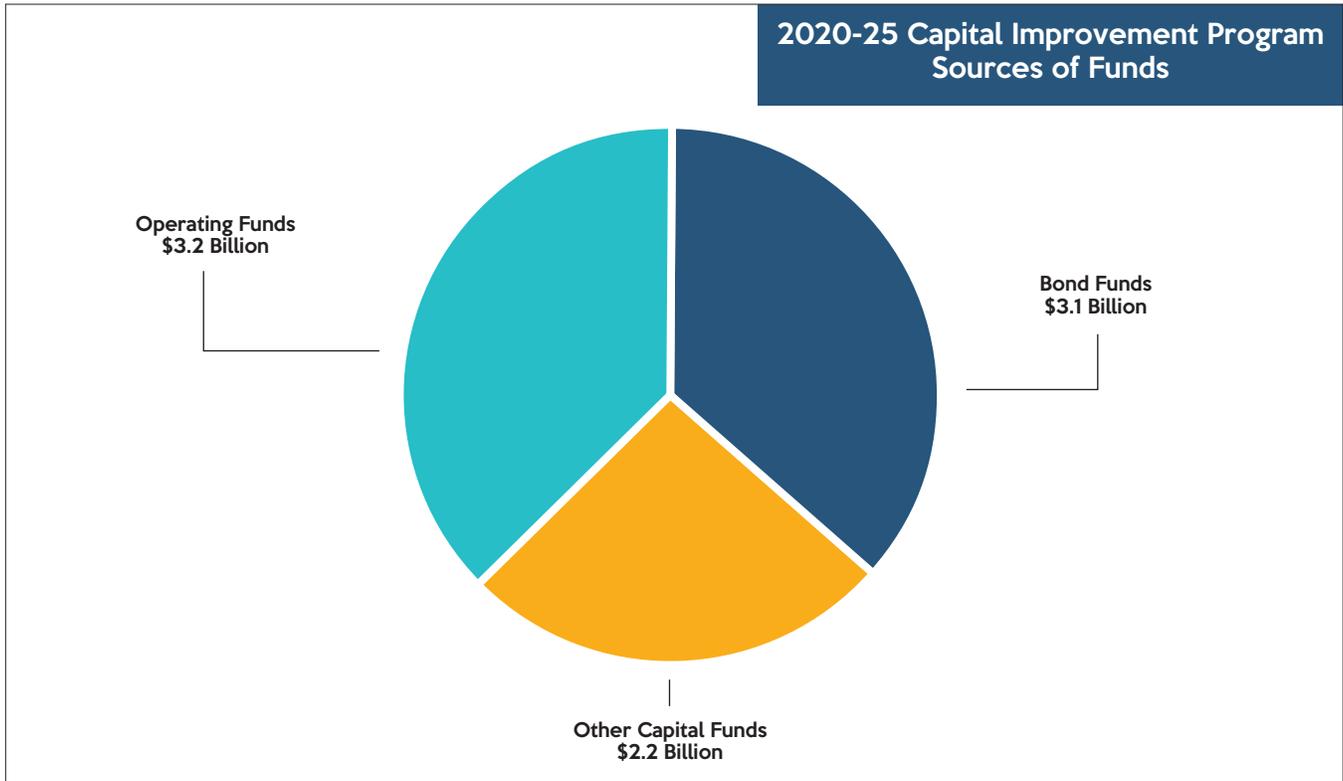
	2020-21	2021-22	2022-23	2023-24	2024-25	Total
Arts and Cultural Facilities	\$ 902	\$ -	\$ -	\$ -	\$ -	\$ 902
Aviation	438,230	185,775	224,432	235,172	253,979	1,337,588
Economic Development	132,495	5,813	4,540	4,390	4,390	151,628
Environmental Programs	250	250	250	250	250	1,250
Facilities Management	41,778	13,975	13,975	13,975	13,975	97,678
Fire Protection	30,601	9,063	-	-	-	39,664
Historic Preservation & Planning	14,498	-	-	-	-	14,498
Housing	37,379	15,604	8,477	8,215	8,515	78,190
Human Services	600	-	-	-	-	600
Information Technology	20,361	4,620	4,620	17,259	4,621	51,481
Libraries	9,485	1,311	955	955	955	13,661
Neighborhood Services	10,643	-	-	-	-	10,643
Non-Departmental Capital	102,791	101,775	102,278	102,773	103,282	512,899
Parks, Recreation & Mountain Preserves	89,520	27,650	30,100	33,964	29,700	210,934
Phoenix Convention Center	19,397	5,289	3,019	5,823	1,899	35,427
Police Protection	11,016	-	-	-	-	11,016
Public Art Program	9,039	-	-	-	-	9,039
Public Transit	1,142,594	154,941	280,836	242,660	152,733	1,973,764
Regional Wireless Cooperative	7,325	6,002	6,002	6,002	6,002	31,333
Solid Waste Disposal	31,103	13,702	7,115	6,932	17,969	76,821
Street Transportation & Drainage	293,641	186,794	121,897	135,628	120,120	858,080
Wastewater	313,441	175,105	276,988	252,575	175,413	1,193,522
Water	601,005	275,140	311,104	262,888	335,187	1,785,324
Total	\$ 3,358,094	\$ 1,182,809	\$ 1,396,588	\$ 1,329,461	\$ 1,228,990	\$ 8,495,942

SUMMARY OF 2020-25 CAPITAL IMPROVEMENT PROGRAM
BY SOURCE OF FUNDS
(In Thousands of Dollars)

	2020-21	2021-22	2022-23	2023-24	2024-25	Total
Operating Funds						
General Funds						
General Fund	\$ 18,688	\$ 17,815	\$ 17,592	\$ 17,696	\$ 17,589	\$ 89,380
Library General Fund	955	955	955	955	955	4,775
Special Revenue Funds						
Arizona Highway User Revenue	87,484	67,937	61,131	79,313	70,418	366,283
Capital Construction	21,570	8,563	8,226	8,226	8,226	54,811
Community Reinvestment	6,604	4,598	3,325	3,325	3,325	21,177
Development Services	14,862	77	77	2,179	76	17,271
Golf	593	-	-	-	-	593
Grants and Public Housing	118,123	33,826	34,562	57,309	52,124	295,944
Other Restricted	15,747	5,332	2,065	1,565	1,516	26,225
Parks and Preserves	68,566	25,650	28,100	33,964	29,700	185,980
Regional Transit	18,710	3,498	3,866	3,563	11,669	41,306
Sports Facilities	7,060	2,000	2,000	-	-	11,060
Transportation 2050	107,267	113,005	155,358	165,577	113,243	654,450
Enterprise Funds						
Aviation	126,151	62,079	94,997	104,636	141,674	529,537
Convention Center	14,706	5,102	3,055	6,171	1,938	30,972
Solid Waste	9,833	4,952	4,585	3,395	2,122	24,887
Wastewater	32,262	17,095	49,221	78,151	126,110	302,839
Water	89,733	115,207	136,466	113,411	75,220	530,037
Total Operating Funds	\$ 758,914	\$ 487,691	\$ 605,581	\$ 679,436	\$ 655,905	\$ 3,187,527
Bond Funds						
General Obligation Bond Funds						
2001 General Obligation Bonds	\$ 1,302	\$ -	\$ -	\$ -	\$ -	\$ 1,302
2006 General Obligation Bonds	4,423	-	-	-	-	4,423
Nonprofit Corporation Bond Funds						
Aviation Bonds	167,676	38,912	36,666	36,667	36,666	316,587
Convention Center Bonds	1,994	-	-	-	-	1,994
Other Bonds	174,985	5,792	-	-	-	180,777
Solid Waste Bonds	19,244	10,378	1,134	3,490	11,496	45,742
Transportation 2050 Bonds	464,855	100,742	122,775	51,117	3,888	743,377
Wastewater Bonds	181,780	136,446	210,309	102,950	22,805	654,290
Water Bonds	505,703	152,979	159,245	159,090	200,074	1,177,091
Total Bond Funds	\$ 1,521,962	\$ 445,249	\$ 530,129	\$ 353,314	\$ 274,929	\$ 3,125,583
Other Capital Funds						
Other Capital Funds						
Capital Grants	\$ 701,709	\$ 66,819	\$ 74,196	\$ 96,823	\$ 72,673	\$ 1,012,220
Capital Reserves	4,069	-	3,000	-	4,300	11,369
Customer Facility Charges	20,547	20,544	20,548	20,544	20,548	102,731
Federal, State and Other Participation	63,700	49,024	47,746	48,512	45,453	254,435
Impact Fees	155,822	1,312	-	-	26,954	184,088
Other Capital	1,135	-	-	-	-	1,135
Other Cities' Share in Joint Ventures	27,763	32,165	37,453	71,244	65,706	234,331
Passenger Facility Charges	101,073	79,657	77,563	59,231	62,161	379,685
Solid Waste Remediation	1,400	348	372	357	361	2,838
Total Other Capital Funds	\$ 1,077,218	\$ 249,869	\$ 260,878	\$ 296,711	\$ 298,156	\$ 2,182,832
Total	\$ 3,358,094	\$ 1,182,809	\$ 1,396,588	\$ 1,329,461	\$ 1,228,990	\$ 8,495,942

2020-25 CAPITAL IMPROVEMENT PROGRAM HIGHLIGHTS

The Capital Improvement Program (CIP) totals \$8.5 billion over the next five years. As shown in the pie chart below, funding for the 2020-25 program comes from \$3.1 billion in bond funds, \$3.2 billion in pay-as-you-go operating funds and \$2.2 billion in other capital funds.



Projects in the first year total \$3.4 billion and are funded from pay-as-you-go operating funds (\$758.9 million), bond funds (\$1,522.0 million) and other capital financing (\$1,077.2 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 2020-25 Capital Improvement Program by source of funds and the 2020-21 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 \$0.9 million and is funded by General Obligation Bond funds.

The program provides partial funding to develop a Latino Cultural Center.

Aviation

The Aviation program totals \$1,337.6 million and is funded by Aviation, Aviation Bond, Capital Grant, Customer Facility and Passenger Facility Charge funds.

The Aviation program includes improvements at Phoenix Sky Harbor International, Phoenix Deer Valley and Phoenix Goodyear Airports as well as support for Phoenix-Mesa Gateway Airport.

Major projects include:

- Demolition of Terminal 2 building and garage
- Design and construction of Terminal 3 North 2 Concourse
- Construction of Terminal 4 South 1 Concourse
- Improvements to Terminal 4 infrastructure with transportation equipment modernization and alarm system replacement
- Reconstruction of Terminal 4 north apron
- Design and construction of new Crossfield Taxiway V at Phoenix Sky Harbor Airport
- Relocation of police hangar and Taxiway B at Phoenix Deer Valley Airport
- Design of Union Pacific Railroad grade separation
- Property acquisition for future airport use

Economic Development

The \$151.6 million Economic Development program is funded by Arizona Highway User Revenue, Downtown Community Reinvestment, Other Restricted, Sports Facilities and Other Bond funds. Major projects include:

- Talking Stick Resort Arena renovations
- Downtown Redevelopment Area project facilitation and assistance
- ASU Thunderbird School of Global Management development assistance
- Historic Preservation and Conservation facilitation and assistance

Environmental Programs

The \$1.3 million Environmental Programs is funded by Other Restricted funds. Environmental Programs facilitates citywide general stormwater compliance projects.

Facilities Management

The Facilities Management program totals \$97.7 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. Also, citywide energy conservation efforts to be implemented by Facilities Management include: energy efficient retrofits, energy efficient design and management, metering for efficient operations and implementation of new technology.

Fire Protection

The \$39.7 million Fire Protection program is funded by Other Restricted, Other Bonds and Impact Fee funds.

The program consists of infrastructure in growth areas, and implementation of new Computer Aided Dispatch and Records Management systems.

Historic Preservation & Planning

The Historic Preservation and Planning program totals \$14.5 million and is funded by the Development Services fund.

The program includes the SHAPE Phoenix project which targets the Planning and Development Department's primary land management applications for replacement. This multi-year project envisions replacing KIVA, PlanWeb and other supporting applications with a modern Planning, Zoning, Plan Review and Permitting application that supports community planning, development and regulation.

Housing

The Housing program totals \$78.2 million and is funded by Operating Grant, Public Housing, Other Restricted and Capital Grant funds.

The program provides funding for the creation and modernization of senior public housing units and affordable 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 multifamily loan programs, transformation of the Choice Neighborhood at Edison-Eastlake community, conversion of existing public housing units into Rental Assistance Demonstration (RAD) housing units, affordable housing development and rehabilitation and remodeling of family and senior public housing units.

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, Development Services, Transportation 2050, Aviation, Convention Center, Solid Waste, Wastewater, Water and Other Bond funds.

The Information Technology program includes enhancement of the City's business intelligence and business analysis capabilities, replacement of FCC-mandated equipment with 700 MHz radios, and implementation of a modernized data center environment to provide a more reliable and secure computing environment.

Libraries

The Libraries program totals \$13.7 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 \$10.6 million and is funded by Operating Grant and General Obligation Bond funds.

The Neighborhood Services program seeks to stabilize neighborhoods and improve infrastructure by acquiring properties for revitalization. By partnering with City departments, projects such as landscaping, sidewalks, lighting and other infrastructure improvements provide enhancements to City neighborhoods.

Non-Departmental Capital

The non-departmental capital program totals \$512.9 million and is funded by Convention Center Bond, Other Bond, Capital Reserve, Customer Facility Charge, Federal, State and Other Participation, and Passenger Facility Charge funds.

The non-departmental capital program consists of existing and anticipated future capital debt service, including payments of principal, interest, issuance costs and related expenditures such as trustee fees for bonds issued. The capital debt program reflects debt service for capital projects funded in other capital improvement programs.

Parks, Recreation and Mountain Preserves

The Parks, Recreation and Mountain Preserves program totals \$210.9 million and is funded by Golf, Operating Grant, Other Restricted, Parks and Preserves, Sports Facilities, Transportation 2050, Capital Grant, Capital Reserve, Impact Fee, and Other Capital funds.

The program includes land acquisition; improvement and rehabilitation of city parks, trails, sports fields and pools; installation and replacement of security and sports field lighting; parking lot improvements; construction of ADA accessible amenities; and other citywide park infrastructure improvements.

Major projects include:

- Perry Park renovation
- Sports field lighting
- Citywide building repairs
- Preserve land acquisition
- Little Canyon Park renovation
- South Mountain Park improvements
- Cesar Chavez Community Center

Phoenix Convention Center

The \$35.4 million Phoenix Convention Center program is funded by General, Sports Facilities, Convention Center, and Convention Center Bond funds. In addition to the Convention Center, this program includes projects and improvements for the Herberger Theater Center and Orpheum Theatre, Symphony Hall, and the Heritage and Convention Center parking garages.

Major projects include:

- South Building roof membrane repair
- North Building veneer
- Herberger Theatre upgrades
- Orpheum Theatre upgrades
- East Garage expansion joint replacement
- East Garage elevator refurbishment
- East Garage fire sprinkler system replacement

Police Protection

The \$11.0 million Police Protection program is funded by General Obligation Bond and Impact Fee funds.

The program consists of purchasing replacement aerial fleet assets and future infrastructure in growth areas.

Public Art Program

The Public Art Plan totals \$9.0 million and is funded by Percent-for-Art funds. One percent of eligible capital funds are set aside to enhance the design of public building, infrastructure and spaces.

Public Transit

The Public Transit program totals \$1,973.8 million and is funded by Operating Grant, Other Restricted, Regional Transportation, Transportation 2050, Transportation 2050 Bond, and Capital Grant funds.

Major projects in the Public Transit program include:

- Implementation of Transportation 2050 Bus Rapid Transit program
- Construction of Northwest Extension Phase II Light Rail extension
- Design and construction of Capitol and I-10 West Phase I Light Rail extension
- Construction of South Central Light Rail extension
- Purchase of 64 new 60-foot buses and replacement of over 200 40-foot buses and 125 Dial-A-Ride vehicles
- Implementation of technology enhancements

Regional Wireless Cooperative (RWC)

The Regional Wireless Cooperative (RWC) program totals \$31.3 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 an FCC mandate requiring 700 MHz infrastructure upgrades for narrow-banding capabilities.

Solid Waste Disposal

The \$76.8 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:

- Drainage system construction for the State Route 85 landfill
- Landfill methane gas collection system maintenance and cell excavation, lining and capping
- Equipment replacement at the 27th Avenue and North Gateway Transfer Station material recovery facilities

Street Transportation and Drainage

The Street Transportation and Drainage program totals \$858.1 million and is funded by Arizona Highway User Revenue, Capital Construction, Transportation 2050, General Obligation Bond, Transportation 2050 Bond, Capital Reserve, Impact Fee, and partner agency contribution funds.

The program includes ongoing major maintenance of streets and bridges, new and expanded streets, mobility improvements, pedestrian traffic safety improvements, technology enhancements and storm water improvements, and prioritizes an accelerated citywide pavement maintenance program.

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: 45th Avenue to 35th Avenue
- 13th Street: Van Buren Street to Moreland Street
- 3rd Street Promenade: McDowell Road to Indian School Road
- Rawhide Wash: Pinnacle Peak Road to Happy Valley Road

Wastewater

The proposed Wastewater program totals \$1,193.5 million and is funded by Wastewater, Wastewater Bond, Water Bond, Impact Fee and Other Cities Share in Joint Venture funds.

The Wastewater program includes infrastructure improvements, safety, maintenance, technology and efficiency enhancements for the 91st Avenue and 23rd Avenue wastewater treatment plants, Cave Creek Water Reclamation Plant, multi-city and Phoenix sewer line systems, lift stations, support facilities and other related initiatives.

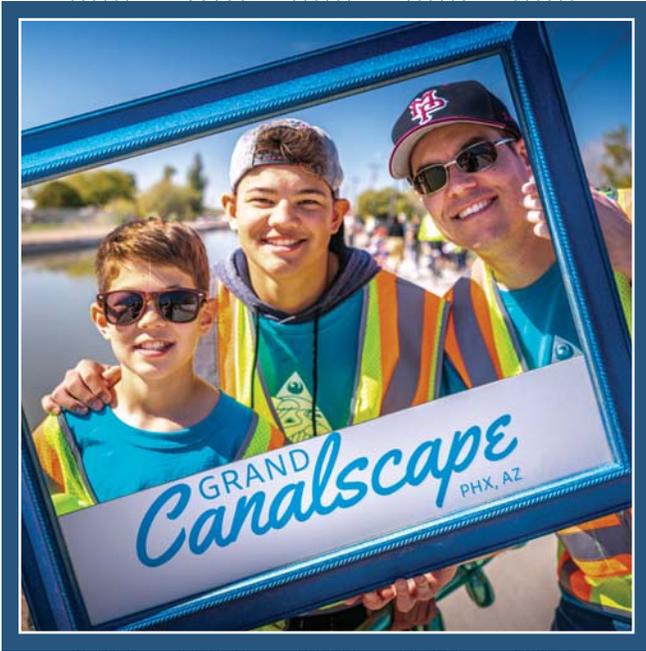
Significant projects in the proposed capital improvement plan include:

- Consolidation of field service yards
- Rehabilitation of 91st Avenue Wastewater Treatment Plant
- Rehabilitation and expansion of Cave Creek Water Reclamation Plant

Water

The Water program totals \$1,785.3 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 infrastructure improvements, technology and efficiency enhancements for 24th Street, Deer Valley, Union Hills and Val Vista water treatment plants, water storage facilities, wells, pressure reducing valve stations, booster pump stations, water and transmission mains, support facilities and other water related initiatives. Investments in power redundancy and water resiliency programs ensure stable water delivery for customers.



2020-21 CAPITAL IMPROVEMENT PROGRAM
BY PROGRAM AND SOURCE OF FUNDS
(In Thousands of Dollars)

Program	2020-21 Total Program	Operating Funds	General Obligation Bond Funds	Nonprofit Corporation Bond Funds	Other Capital Funds
Arts and Cultural Facilities	\$ 902	\$ -	\$ 902	\$ -	\$ -
Aviation	438,230	125,439	-	165,403	147,388
Economic Development	132,495	10,495	-	122,000	-
Environmental Programs	250	250	-	-	-
Facilities Management	41,778	14,438	400	26,105	835
Fire Protection	30,601	10,330	-	12,985	7,286
Historic Preservation & Planning	14,498	14,498	-	-	-
Housing	37,379	25,264	-	-	12,115
Human Services	600	-	600	-	-
Information Technology	20,361	6,966	-	13,395	-
Libraries	9,485	955	-	-	8,530
Neighborhood Services	10,643	10,590	53	-	-
Non-Departmental Capital	102,791	-	-	714	102,077
Parks, Recreation & Mountain Preserves	89,520	71,947	-	-	17,573
Phoenix Convention Center	19,397	17,617	-	1,780	-
Police Protection	11,016	-	3,500	-	7,516
Public Art Program	9,039	3,303	-	5,728	8
Public Transit	1,142,594	166,353	-	389,855	586,386
Regional Wireless Cooperative	7,325	-	-	-	7,325
Solid Waste Disposal	31,103	9,549	-	19,000	2,554
Street Transportation & Drainage	293,641	149,516	271	75,000	68,854
Wastewater	313,441	32,033	-	200,779	80,629
Water	601,005	89,371	-	483,492	28,142
Total	\$ 3,358,094	\$ 758,914	\$ 5,726	\$ 1,516,236	\$ 1,077,218

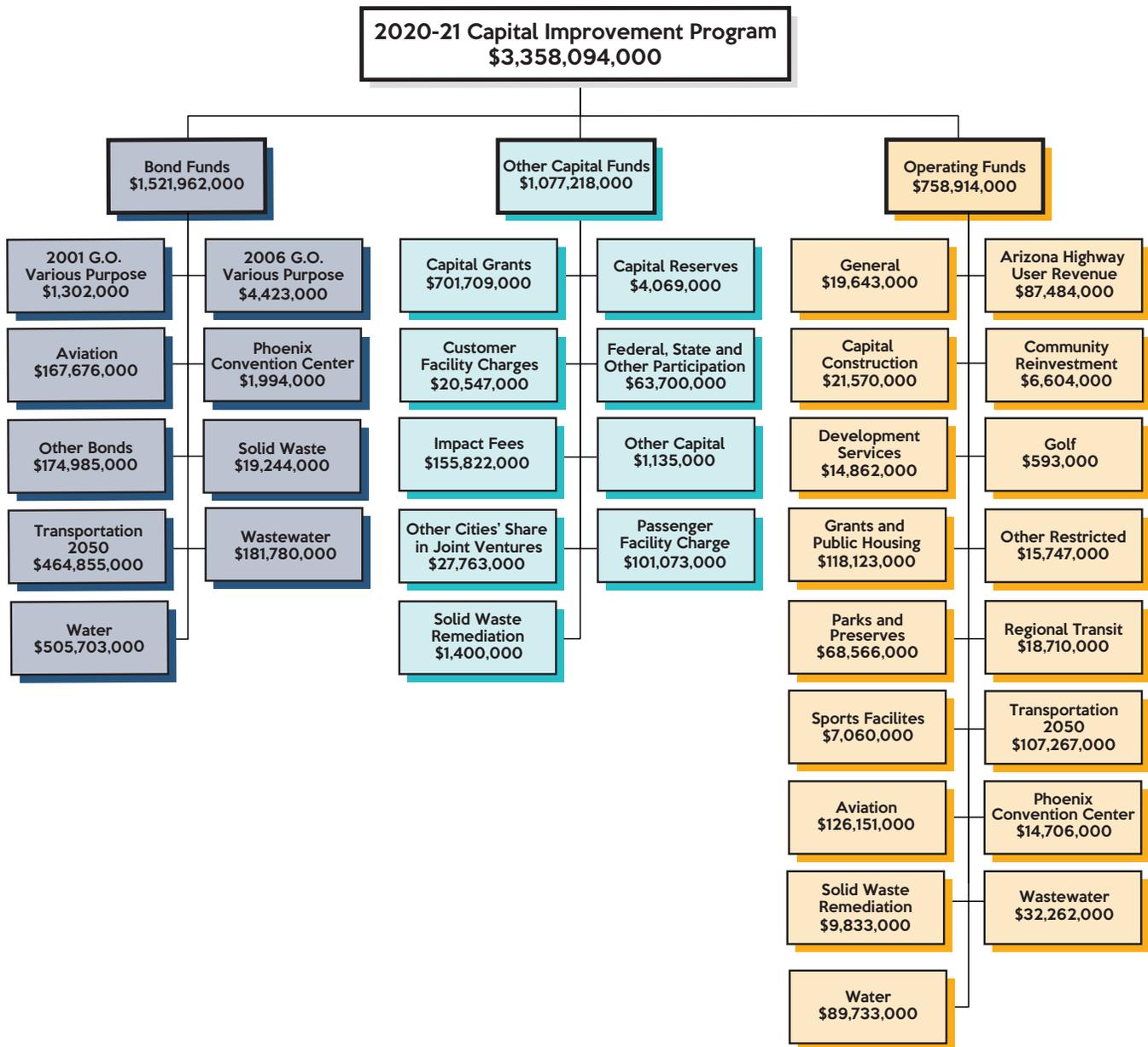
RESOURCES AND EXPENDITURES BY CAPITAL FUND
2020-21 CAPITAL IMPROVEMENT PROGRAM
(In Thousands of Dollars)

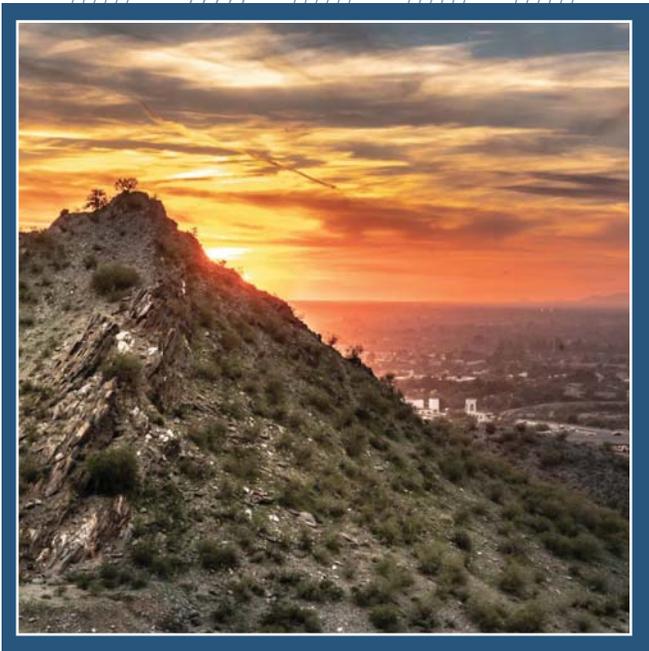
Capital Fund	RESOURCES			EXPENDITURES	FUND BALANCES		
	Beginning Balance	Projected Revenue ¹	Total	Estimated Expenditures	Ending Fund Balance	Projected Resources Beyond 20/21 ²	Funds Available Beyond 20/21
BONDS AND RELATED FUNDS							
2006 Bonds							
Libraries, Senior & Cultural Centers	\$ (3,129)	\$ -	\$ (3,129)	\$ 600	\$ (3,729)	\$ 27,190	\$ 23,461
Education	(4,549)	-	(4,549)	-	(4,549)	8,090	3,541
Affordable Housing & Neighborhoods	3,530	-	3,530	53	3,477	17,795	21,272
Parks and Open Spaces	2,048	-	2,048	-	2,048	13,685	15,733
Police, Fire & Homeland Security	(4,200)	-	(4,200)	3,500	(7,700)	36,700	29,000
Police, Fire & City Technology	289	-	289	-	289	4,790	5,079
Street and Storm Sewer Improvement	5,935	-	5,935	270	5,665	27,495	33,160
2001 Bonds							
Affordable Housing & Homeless Shelter	1,053	-	1,053	-	1,053	-	1,053
Educational, Youth & Cultural Facilities	(274)	-	(274)	902	(1,176)	1,700	524
Environmental Improvement & Cleanup	261	-	261	-	261	630	891
Fire Protection Facilities & Equipment	(788)	-	(788)	-	(788)	800	12
Neighborhood Protection & Senior Centers	561	-	561	400	161	2,355	2,516
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
1989 Historic Preservation	2	-	2	-	2	-	2
1988 Bonds							
Freeway Mitigation, Neighborhood Stabilization, Slum & Blight Elimination	850	-	850	-	850	1,000	1,850
Parks, Recreation & Mountain Preserves	419	-	419	-	419	-	419
Police Protection	27	-	27	-	27	-	27
Nonprofit Corporation Bonds							
Aviation	565,702	-	565,702	167,676	398,026	546,210	944,236
Convention Center	(22,237)	24,235	1,998	1,994	4	-	4
Solid Waste	(178)	30,000	29,822	19,244	10,578	145,000	155,578
Transportation 2050	113,000	-	113,000	464,855	(351,855)	1,300,000	948,145
Wastewater	(77,617)	-	(77,617)	181,780	(259,397)	271,730	12,333
Water	117,405	-	117,405	505,703	(388,298)	625,000	236,702
Other	(9,811)	196,000	186,189	174,985	11,204	120,094	131,298
OTHER FINANCING							
Impact Fees	200,031	-	200,031	155,822	44,209	-	44,209
Passenger Facility Charge	17,134	88,061	105,195	101,073	4,122	114,323	118,445
Customer Facility Charge	9,120	34,957	44,077	20,547	23,530	-	23,530
Other Cities' Participation in Joint Ventures	-	27,763	27,763	27,763	-	-	-
Solid Waste Remediation	4,900	-	4,900	1,400	3,500	-	3,500
Capital Grants	-	701,709	701,709	701,709	-	-	-
Federal, State & Other Participation	-	63,700	63,700	63,700	-	-	-
Capital Gifts	35	-	35	-	35	-	35
Capital Reserves	233,375	1,250	234,625	4,069	230,556	-	230,556
Other Capital	3,459	-	3,459	1,135	2,324	-	2,324
TOTAL	\$ 1,158,266	\$ 1,167,675	\$ 2,325,941	\$ 2,599,180	\$ (273,239)	\$ 3,274,712	\$ 3,001,473

¹ Net resources Includes various revenue sources, recoveries, bond proceeds and interfund transfers.

² Includes bonds authorized and available for sale, pledged resources and cost recovery for projects billed and/or reimbursed on a cash flow basis.

2020-21 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 2020-21 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

**2018-19 SCHEDULE 1
RESOURCES AND EXPENDITURES BY FUND
ACTUAL
(In Thousands of Dollars)**

	Resources						Expenditures				Ending Fund Balances	
	Beginning Fund Balances	Revenue ^{1/}	Recovery	Fund Transfer		Total	Operating	Capital	Debt			
				To	From				Service	Total		
General Funds:												
General	\$ 134,620	\$ 298,603	\$ 1,564	\$ 933,961	\$ 151,856	\$ 1,216,892	\$ 1,071,855	\$ 11,457	\$ -	\$ 1,083,312	\$ 133,580	
Parks and Recreation	-	17,455	167	73,831	-	91,453	91,453	-	-	91,453	-	
Library	-	39,373	125	141	2,197	37,442	36,795	647	-	37,442	-	
Cable Communications	-	10,876	1	-	8,721	2,156	2,156	-	-	2,156	-	
Total General	\$ 134,620	\$ 366,307	\$ 1,857	\$ 1,007,933	\$ 162,774	\$ 1,347,943	\$ 1,202,259	\$ 12,104	\$ -	\$ 1,214,363	\$ 133,580	
Special Revenue Funds:												
Excise Tax	\$ -	\$ 1,356,192	\$ -	\$ -	\$ 1,356,192	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Nghbrhd Protection-Police	13,260	218	1	24,551	366	37,664	22,204	-	-	22,204	15,460	
Nghbrhd Protection-Fire	4,876	58	-	8,768	7	13,695	9,059	-	-	9,059	4,636	
Nghbrhd Protection-Block Watch	4,242	323	-	1,754	2	6,317	1,460	-	-	1,460	4,857	
2007 Public Safety Exp-Police	27,957	354	-	56,123	491	83,943	53,688	-	-	53,688	30,255	
2007 Public Safety Exp-Fire	4,815	74	-	14,030	83	18,836	12,734	-	-	12,734	6,102	
Public Safety Enhance-Police	10,406	4	-	16,132	224	26,318	13,240	-	-	13,240	13,078	
Public Safety Enhance-Fire	9,189	-	-	9,887	-	19,076	8,078	-	-	8,078	10,998	
Parks and Preserves	52,363	3,225	1,722	35,073	221	92,162	5,369	23,189	-	28,558	63,604	
Transit 2000 ^{2/}	2,148	8	1,316	-	4,171	(699)	-	-	-	-	(699) ^{3/}	
Transportation 2050 ^{2/}	214,336	52,127	3,038	243,795	69,732	443,564	198,089	86,558	-	284,647	158,917	
Court Awards	258	3,848	2	-	-	4,108	4,408	-	-	4,408	(300) ^{4/}	
Development Services	59,849	66,748	133	-	3,414	123,316	52,366	583	-	52,949	70,367	
Capital Construction	15,780	395	320	8,812	-	25,307	142	9,173	-	9,315	15,992	
Sports Facilities	49,674	4,601	-	21,760	10,587	65,448	2,633	9,933	-	12,566	52,882	
AZ Highway User Revenue	63,108	140,794	3,630	-	1,258	206,274	61,791	103,136	-	164,927	41,347	
Regional Transit	(9,696)	41,222	235	-	-	31,761	32,632	6,658	-	39,290	(7,529) ^{5/}	
Community Reinvestment	14,253	4,320	-	-	1,387	17,186	1,350	2,562	-	3,912	13,274	
Secondary Property Tax	100	106,424	-	881	-	107,405	-	-	107,305	107,305	100	
Impact Fee Program Admin	1,069	566	4	-	-	1,639	422	-	-	422	1,217	
Regional Wireless Cooperative	1,825	4,423	39	-	-	6,287	4,464	-	-	4,464	1,823	
Golf Course	-	6,289	-	-	-	6,289	5,493	-	-	5,493	796	
City Improvement	-	13	-	123,353	1,028	122,338	-	-	122,338	122,338	-	
Other Restricted Funds	84,227	28,741	376	24,444	1,951	135,837	45,125	1,197	-	46,322	89,515	
Grant Funds	27,108	261,679	692	88	2,076	287,491	217,058	41,423	-	258,481	29,010	
Total Special Revenue	\$ 651,147	\$ 2,082,646	\$ 11,508	\$ 589,451	\$ 1,453,190	\$ 1,881,562	\$ 751,805	\$ 284,412	\$ 229,643	\$ 1,265,860	\$ 615,702	
Enterprise Funds:												
Aviation	\$ 354,000	\$ 395,233	\$ 5,117	\$ 25,677	\$ 11,615	\$ 768,412	\$ 256,771	\$ 168,013	\$ 71,011	\$ 495,795	\$ 272,617	
Water	92,772	402,799	3,418	-	23,794	475,195	208,655	63,141	113,208	385,004	90,191	
Wastewater	39,206	242,959	2,606	69	15,090	269,750	102,925	6,757	75,022	184,704	85,046	
Solid Waste	37,609	149,769	6,475	6,775	9,578	191,050	136,191	7,194	14,316	157,701	33,349	
Convention Center	46,643	25,486	639	61,200	3,655	130,313	47,360	4,754	19,928	72,042	58,271	
Total Enterprise	\$ 570,230	\$ 1,216,246	\$ 18,255	\$ 93,721	\$ 63,732	\$ 1,834,720	\$ 751,902	\$ 249,859	\$ 293,485	\$ 1,295,246	\$ 539,474	
GRAND TOTAL	\$ 1,355,997	\$ 3,665,199	\$ 31,620	\$ 1,691,105	\$ 1,679,696	\$ 5,064,225	\$ 2,705,966	\$ 546,375	\$ 523,128	\$ 3,775,469	\$ 1,288,756	

^{1/} General fund sales tax revenue is reflected as a transfer from the excise tax fund. Total transfer equates to \$854.5 million, and is included in the General Funds revenue total of \$1,220.8 million shown on Schedule 2.

^{2/} 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.

^{3/} The negative fund balance in Transit 2000 is due to an accounting issue that occurred in closing out the fund.

^{4/} The negative fund balance in Court Awards is due to the timing of reimbursements for the Records Management System (RMS).

^{5/} The negative fund balance in Regional Transit is due to the timing of reimbursements for project costs from the regional transportation plan (Proposition 400).

2019-20 SCHEDULE 1
RESOURCES AND EXPENDITURES BY FUND
ESTIMATE
(In Thousands of Dollars)

	Resources						Expenditures				Ending Fund Balances
	Beginning Fund Balances	Revenue ^{1/}	Recovery	Fund Transfer		Total	Operating	Capital	Debt		
				To	From				Service	Total	
General Funds:											
General	\$ 133,580	\$ 305,916	\$ 3,500	\$ 961,978	\$ 151,984	\$ 1,252,990	\$ 1,136,579	\$ 20,945	\$ -	\$ 1,157,524	\$ 95,466
Parks and Recreation	-	18,057	-	82,166	-	100,223	100,223	-	-	100,223	-
Library	-	40,739	-	1,971	2,410	40,300	39,375	925	-	40,300	-
Cable Communications	-	10,625	-	-	7,989	2,636	2,636	-	-	2,636	-
Total General	133,580	375,337	3,500	1,046,115	162,383	1,396,149	1,278,813	21,870	-	1,300,683	95,466
Special Revenue Funds:											
Excise Tax	\$ -	\$ 1,374,515	\$ -	\$ -	\$ 1,374,515	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Nghbrhd Protection-Police	15,460	290	-	24,699	549	39,900	28,756	-	-	28,756	11,144
Nghbrhd Protection-Fire	4,636	64	-	8,820	55	13,465	9,522	-	-	9,522	3,943
Nghbrhd Protection-Block Watch	4,857	323	-	1,764	11	6,933	1,511	-	-	1,511	5,422
2007 Public Safety Exp-Police	30,255	544	-	56,454	1,100	86,153	67,203	-	-	67,203	18,950
2007 Public Safety Exp-Fire	6,102	107	-	14,113	209	20,113	15,720	-	-	15,720	4,393
Public Safety Enhance-Police	13,078	-	-	14,007	356	26,729	20,240	-	-	20,240	6,489
Public Safety Enhance-Fire	10,998	-	-	8,585	-	19,583	9,674	-	-	9,674	9,909
Parks and Preserves	63,604	2,242	141	35,283	219	101,051	5,920	35,216	-	41,136	59,915
Transit 2000 ^{2/}	(699)	-	-	737	38	-	-	-	-	-	-
Transportation 2050 ^{2/}	158,917	46,176	7,154	240,872	75,083	378,036	208,310	35,943	-	244,253	133,783
Court Awards	(300)	6,422	102	-	-	6,224	5,995	-	-	5,995	229
Development Services	70,367	69,370	16	-	4,322	135,431	64,381	17,444	-	81,825	53,606
Capital Construction	15,992	400	228	8,205	-	24,825	160	8,330	-	8,490	16,335
Sports Facilities	52,882	4,445	-	21,043	6,384	71,986	2,832	7,110	-	9,942	62,044
AZ Highway User Revenue	41,347	145,490	9,473	-	3,893	192,417	78,885	77,113	-	155,998	36,419
Regional Transit	(7,529)	55,768	335	-	-	48,574	34,263	6,941	-	41,204	7,370
Community Reinvestment	13,274	11,069	1	-	2,065	22,279	2,203	6,557	-	8,760	13,519
Secondary Property Tax	100	112,669	650	3,543	-	116,962	-	-	116,862	116,862	100
Impact Fee Program Admin	1,217	600	-	-	-	1,817	590	-	-	590	1,227
Regional Wireless Cooperative	1,823	4,886	9	-	-	6,718	5,117	-	-	5,117	1,601
Golf Course	796	6,295	-	-	-	7,091	6,202	102	-	6,304	787
City Improvement	-	-	32	126,077	1,027	125,082	-	-	125,082	125,082	-
Other Restricted Funds	89,515	31,527	332	26,677	4,326	143,725	60,999	2,614	-	63,613	80,112
Grant Funds	29,010	392,653	116	-	271	421,508	332,301	49,964	-	382,265	39,243
Total Special Revenue	\$ 615,702	\$ 2,265,855	\$ 18,589	\$ 590,879	\$ 1,474,423	\$ 2,016,602	\$ 960,784	\$ 247,334	\$ 241,944	\$ 1,450,062	\$ 566,540
Enterprise Funds:											
Aviation	\$ 272,617	\$ 414,387	\$ 1,616	\$ 16,054	\$ 10,685	\$ 693,989	\$ 272,510	\$ 22,859	\$ 96,267	\$ 391,636	\$ 302,353
Water	90,191	465,970	4,181	-	24,096	536,246	218,560	81,781	134,119	434,460	101,786
Wastewater	85,046	248,447	2,068	8	15,253	320,316	107,893	27,796	72,798	208,487	111,829
Solid Waste	33,349	152,144	7,000	4,500	9,337	187,656	147,418	4,605	14,041	166,064	21,592
Convention Center	58,271	26,712	558	57,741	4,615	138,667	56,583	10,326	19,953	86,862	51,805
Total Enterprise	\$ 539,474	\$ 1,307,660	\$ 15,423	\$ 78,303	\$ 63,986	\$ 1,876,874	\$ 802,964	\$ 147,367	\$ 337,178	\$ 1,287,509	\$ 589,365
GRAND TOTAL	\$ 1,288,756	\$ 3,948,852	\$ 37,512	\$ 1,715,297	\$ 1,700,792	\$ 5,289,625	\$ 3,042,561	\$ 416,571	\$ 579,122	\$ 4,038,254	\$ 1,251,371

^{1/} General fund sales tax revenue is reflected as a transfer from the excise tax fund. Total transfer equates to \$878.7 million, and is included in the General Funds revenue total of \$1,254.0 million shown on Schedule 2.

^{2/} 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.

2020-21 SCHEDULE 1
RESOURCES AND EXPENDITURES BY FUND
BUDGET
(In Thousands of Dollars)

	Resources						Expenditures				Ending Fund Balances
	Beginning Fund Balances		Recovery	Fund Transfer		Total	Operating	Capital	Debt		
	Revenue ^{1/}	To		From	Service				Total		
General Funds:											
General	\$ 95,466	\$ 313,318	\$ 1,000	\$ 1,015,334	\$ 145,958	\$ 1,279,160	\$ 1,260,472	\$ 18,688	\$ -	\$ 1,279,160	\$ -
Parks and Recreation	-	18,587	-	83,221	-	101,808	101,808	-	-	101,808	-
Library	-	42,878	-	1,438	2,465	41,851	40,896	955	-	41,851	-
Cable Communications	-	10,120	-	-	7,326	2,794	2,794	-	-	2,794	-
Total General	\$ 95,466	\$ 384,903	\$ 1,000	\$ 1,099,993	\$ 155,749	\$ 1,425,613	\$ 1,405,970	\$ 19,643	\$ -	\$ 1,425,613	\$ -
Special Revenue Funds:											
Excise Tax	\$ -	\$ 1,437,452	\$ -	\$ -	\$ 1,437,452	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Nghbrhd Protection-Police	11,144	250	-	25,578	606	36,366	27,575	-	-	27,575	8,791
Nghbrhd Protection-Fire	3,943	64	-	9,134	63	13,078	10,868	-	-	10,868	2,210
Nghbrhd Protection-Block Watch	5,422	323	-	1,827	12	7,560	2,264	-	-	2,264	5,296
2007 Public Safety Exp-Police	18,950	500	-	58,466	1,216	76,700	64,647	-	-	64,647	12,053
2007 Public Safety Exp-Fire	4,393	107	-	14,617	233	18,884	16,530	-	-	16,530	2,354
Public Safety Enhance-Police	6,489	-	-	14,129	384	20,234	18,436	-	-	18,436	1,798
Public Safety Enhance-Fire	9,909	-	-	8,660	-	18,569	11,858	-	-	11,858	6,711
Parks and Preserves	59,915	2,242	141	36,539	253	98,584	6,251	68,566	-	74,817	23,767
Transportation 2050	133,783	43,468	-	249,230	10,120	416,361	167,905	107,267	-	275,172	141,189
Court Awards	229	5,760	2	-	-	5,991	5,760	-	-	5,760	231
Development Services	53,606	72,140	14	-	4,409	121,351	72,555	14,862	-	87,417	33,934
Capital Construction	16,335	300	228	8,239	-	25,102	167	21,570	-	21,737	3,365
Sports Facilities	62,044	4,412	-	21,586	20,690	67,352	23,173	7,060	-	30,233	37,119
AZ Highway User Revenue	36,419	146,284	1,124	-	3,919	179,908	81,659	87,484	-	169,143	10,765
Regional Transit	7,370	41,124	-	-	-	48,494	15,364	18,710	-	34,074	14,420
Community Reinvestment	13,519	5,987	-	5,940	2,064	23,382	1,931	6,604	-	8,535	14,847
Secondary Property Tax	100	118,205	650	10,642	-	129,597	-	-	129,497	129,497	100
Impact Fee Program Admin	1,227	625	-	-	-	1,852	866	-	-	866	986
Regional Wireless Cooperative	1,601	5,167	-	-	-	6,768	5,118	-	-	5,118	1,650
Golf Course	787	6,274	-	-	-	7,061	5,604	593	-	6,197	864
City Improvement	-	-	95	75,770	1,028	74,837	-	-	74,837	74,837	-
Other Restricted Funds	80,112	42,528	45	25,112	14,675	133,122	61,082	15,747	-	76,829	56,293
Grant Funds	39,243	744,349	-	-	270	783,322	637,549	118,123	-	755,672	27,650
Total Special Revenue	\$ 566,540	\$ 2,677,561	\$ 2,299	\$ 565,469	\$ 1,497,394	\$ 2,314,475	\$ 1,237,162	\$ 466,586	\$ 204,334	\$ 1,908,082	\$ 406,393
Enterprise Funds:											
Aviation	\$ 302,353	\$ 425,915	\$ 1,147	\$ 16,526	\$ 11,019	\$ 734,922	\$ 489,601	\$ 126,151	\$ 87,856	\$ 703,608	\$ 31,314
Water	101,786	479,782	2,105	-	25,888	557,785	238,660	89,733	146,446	474,839	82,946
Wastewater	111,829	249,814	885	-	16,322	346,206	119,320	32,262	71,775	223,357	122,849
Solid Waste	21,592	175,132	268	-	9,648	187,344	160,352	9,833	16,745	186,930	414
Convention Center	51,805	27,331	51	60,050	4,750	134,487	62,255	14,706	21,070	98,031	36,456
Total Enterprise	\$ 589,365	\$ 1,357,974	\$ 4,456	\$ 76,576	\$ 67,627	\$ 1,960,744	\$ 1,070,188	\$ 272,685	\$ 343,892	\$ 1,686,765	\$ 273,979
GRAND TOTAL	\$ 1,251,371	\$ 4,420,438	\$ 7,755	\$ 1,742,038	\$ 1,720,770	\$ 5,700,832	\$ 3,713,320	\$ 758,914	\$ 548,226	\$ 5,020,460	\$ 680,372

^{1/} General fund sales tax revenue is reflected as a transfer from the excise tax fund. Total transfer equates to \$924.6 million, and is included in the General Funds revenue total of \$1,309.5 million shown on Schedule 2.

SCHEDULE 2: REVENUES BY MAJOR SOURCE

(In Thousands of Dollars)

Revenue Source	2018-19 Actual	2019-20 Estimate	Increase/(Decrease) From 2018-19 Actual		2020-21 Budget	Increase/(Decrease) From 2019-20 Estimate		
			Amount	Percent		Amount	Percent	
GENERAL FUND								
Local Taxes and Related Fees	\$ 489,507	\$ 492,070	\$ 2,563	0.5%	\$ 506,417	\$ 14,347	2.9%	
State-Shared Revenues								
Sales Tax	165,066	168,964	3,898	2.4%	174,072	5,108	3.0%	
State Income Tax	196,918	214,697	17,779	9.0%	241,167	26,470	12.3%	
Vehicle License Tax	70,210	71,386	1,176	1.7%	71,743	357	0.5%	
Subtotal	\$ 432,194	\$ 455,047	\$ 22,853	5.3%	\$ 486,982	\$ 31,935	7.0%	
Primary Property Tax	\$ 162,130	\$ 170,899	\$ 8,769	5.4%	\$ 179,950	\$ 9,051	5.3%	
User Fees/Other Revenue								
Licenses & Permits	2,969	2,960	(9)	-0.3%	2,960	-	0.0%	
Cable Communications	10,876	10,625	(251)	-2.3%	10,120	(505)	-4.8%	
Fines and Forfeitures	12,456	11,549	(907)	-7.3%	11,548	(1)	0.0%	
Court Default Fee	1,320	1,296	(24)	-1.8%	1,296	-	0.0%	
Fire	49,095	50,695	1,600	3.3%	51,535	840	1.7%	
Hazardous Materials Inspection Fee	1,369	1,400	31	2.3%	1,400	-	0.0%	
Library Fees	904	747	(157)	-17.4%	768	21	2.8%	
Parks and Recreation	7,725	7,585	(140)	-1.8%	7,559	(26)	-0.3%	
Planning	1,783	1,791	8	0.4%	1,808	17	0.9%	
Police	15,332	15,481	149	1.0%	15,481	-	0.0%	
Street Transportation	6,497	6,949	452	7.0%	6,684	(265)	-3.8%	
Other Service Charges	23,486	22,592	(894)	-3.8%	22,612	20	0.1%	
Other	3,124	2,342	(782)	-25.0%	2,399	57	2.4%	
Subtotal	\$ 136,936	\$ 136,012	\$ (924)	-0.7%	\$ 136,170	\$ 158	0.1%	
Total General Funds	\$ 1,220,767	\$ 1,254,028	\$ 33,261	2.7%	\$ 1,309,519	\$ 55,491	4.4%	

SCHEDULE 2: REVENUES BY MAJOR SOURCE (Continued)

(In Thousands of Dollars)

Revenue Source	2018-19 Actual	2019-20 Estimate	Increase/(Decrease) From 2018-19 Actual		2020-21 Budget	Increase/(Decrease) From 2019-20 Estimate		
			Amount	Percent		Amount	Percent	
SPECIAL REVENUE FUNDS								
Neighborhood Protection	\$ 35,612	\$ 35,960	\$ 348	1.0%	\$ 37,176	\$ 1,216	3.4%	
2007 Public Safety Expansion	70,461	71,218	757	1.1%	73,690	2,472	3.5%	
Public Safety Enhancement	26,023	22,592	(3,431)	-13.2%	22,789	197	0.9%	
Parks and Preserves	38,238	37,525	(713)	-1.9%	38,781	1,256	3.3%	
Transit 2000 ^{1/}	8	-	(8)	-100.0%	-	-	NA	
Transporation 2050 ^{1/}	291,306	286,754	(4,552)	-1.6%	292,698	5,944	2.1%	
Court Awards	3,848	6,422	2,574	66.9%	5,760	(662)	-10.3%	
Development Services	66,748	69,370	2,622	3.9%	72,140	2,770	4.0%	
Capital Construction	9,207	8,605	(602)	-6.5%	8,539	(66)	-0.8%	
Sports Facilities	25,333	24,461	(872)	-3.4%	24,970	509	2.1%	
Arizona Highway User Revenue	140,794	145,490	4,696	3.3%	146,284	794	0.5%	
Regional Transit Revenues	41,222	55,768	14,546	35.3%	41,124	(14,644)	-26.3%	
Community Reinvestment	4,320	11,069	6,749	+100.0%	5,987	(5,082)	-45.9%	
City Improvement	13	-	(13)	-100.0%	-	-	NA	
Secondary Property Tax	106,424	112,669	6,245	5.9%	118,205	5,536	4.9%	
Regional Wireless Cooperative	4,423	4,886	463	10.5%	5,167	281	5.8%	
Golf Courses	6,289	6,295	6	0.1%	6,274	(21)	-0.3%	
Impact Fee Program Administration	566	600	34	6.0%	625	25	4.2%	
Other Restricted Revenues	34,472	37,086	2,614	7.6%	48,337	11,251	30.3%	
Grants								
Public Housing Grants	90,713	109,986	19,273	21.2%	108,895	(1,091)	-1.0%	
Human Services Grants	55,478	61,995	6,517	11.7%	58,963	(3,032)	-4.9%	
Community Development	11,469	28,104	16,635	+100.0%	53,375	25,271	89.9%	
Criminal Justice	10,327	10,377	50	0.5%	10,936	559	5.4%	
Public Transit Grants	57,110	64,090	6,980	12.2%	180,911	116,821	+100.0%	
Other Grants	36,582	118,101	81,519	+100.0%	331,269	213,168	+100.0%	
Subtotal - Grants	\$ 261,679	\$ 392,653	\$ 130,974	50.1%	\$ 744,349	\$ 351,696	89.6%	
Subtotal Special Revenue Funds	\$ 1,166,986	\$ 1,329,423	\$ 162,437	13.9%	\$ 1,692,895	\$ 363,472	27.3%	
ENTERPRISE FUNDS								
Aviation	395,233	414,387	19,154	4.8%	425,915	11,528	2.8%	
Water System	402,799	465,970	63,171	15.7%	479,782	13,812	3.0%	
Wastewater System	242,959	248,447	5,488	2.3%	249,814	1,367	0.6%	
Solid Waste	149,769	152,144	2,375	1.6%	175,132	22,988	15.1%	
Convention Center	86,686	84,453	(2,233)	-2.6%	87,381	2,928	3.5%	
Subtotal Enterprise Funds	\$ 1,277,446	\$ 1,365,401	\$ 87,955	6.9%	\$ 1,418,024	\$ 52,623	3.9%	
GRAND TOTAL	\$ 3,665,199	\$ 3,948,852	\$ 283,653	7.7%	\$ 4,420,438	\$ 471,586	11.9%	

^{1/} 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 ¹
(In Thousands of Dollars)

Program	2018-19 Actual	2019-20		2020-21 Budget	Percent Change from 2019-20		
		Budget	Estimate		Budget	Estimate	
General Government							
Mayor	\$ 1,527	\$ 2,094	\$ 2,144	\$ 2,244	7.2%	4.7%	
City Council	3,525	4,750	4,981	5,444	14.6%	9.3%	
City Manager	2,330	3,191	2,935	6,307	97.6%	114.9%	
Government Relations	1,406	5,168	4,263	1,541	(70.2%)	(63.9%)	
Communications Office	2,527	2,735	2,676	2,779	1.6%	3.8%	
City Auditor	2,700	3,345	3,036	3,206	(4.2%)	5.6%	
Equal Opportunity	2,435	3,230	2,901	3,341	3.4%	15.2%	
Human Resources	11,902	12,898	13,224	14,398	11.6%	8.9%	
Phoenix Employment Relations Board	85	105	106	107	1.9%	0.9%	
Regional Wireless Cooperative	12,582	12,905	13,239	13,238	2.6%	(0.0%)	
Retirement Systems	-	-	-	-	0.0%	0.0%	
Law	5,488	6,178	6,247	6,390	3.4%	2.3%	
Information Technology	41,463	50,427	50,373	55,966	11.0%	11.1%	
City Clerk and Elections	6,259	7,277	5,691	7,349	1.0%	29.1%	
Finance	24,525	28,102	28,452	31,082	10.6%	9.2%	
Budget and Research	3,080	3,659	3,569	3,975	8.6%	11.4%	
Total General Government	\$ 121,834	\$ 146,064	\$ 143,837	\$ 157,367	7.7%	9.4%	
Public Safety							
Police	\$ 669,944	\$ 721,210	\$ 715,227	\$ 745,289	3.3%	4.2%	
Fire	354,629	401,999	405,060	418,741	4.2%	3.4%	
Emergency Management	938	976	1,224	1,288	32.0%	5.2%	
Total Public Safety	\$ 1,025,511	\$ 1,124,185	\$ 1,121,511	\$ 1,165,318	3.7%	3.9%	
Criminal Justice							
Municipal Court	\$ 37,528	\$ 43,517	\$ 40,874	\$ 41,721	(4.1%)	2.1%	
City Prosecutor	16,035	21,515	18,749	21,415	(0.5%)	14.2%	
Public Defender	5,003	5,289	5,293	5,380	1.7%	1.6%	
Total Criminal Justice	\$ 58,566	\$ 70,321	\$ 64,916	\$ 68,516	(2.6%)	5.5%	
Transportation							
Street Transportation	\$ 82,412	\$ 109,809	\$ 105,714	\$ 109,053	(0.7%)	3.2%	
Aviation	256,059	274,894	271,595	468,150	70.3%	72.4%	
Public Transit	317,883	340,461	341,727	287,100	(15.7%)	(16.0%)	
Total Transportation	\$ 656,354	\$ 725,164	\$ 719,036	\$ 864,303	19.2%	20.2%	

SCHEDULE 3 (continued)
EXPENDITURES BY DEPARTMENT ¹
(In Thousands of Dollars)

Program	2018-19 Actual	2019-20		2020-21 Budget	Percent Change from 2019-20		
		Budget	Estimate		Budget	Estimate	
Community Development							
Planning and Development	\$ 56,227	\$ 71,929	\$ 68,876	\$ 72,795	1.2%	5.7%	
Housing	89,159	100,879	102,819	118,009	17.0%	14.8%	
Community and Economic Development	27,853	42,811	27,088	40,773	(4.8%)	50.5%	
Neighborhood Services	35,610	50,141	46,128	63,555	26.8%	37.8%	
PCDIC	121	-	-	-	0.0%	0.0%	
Total Community Development	\$ 208,970	\$ 265,760	\$ 244,911	\$ 295,132	11.1%	20.5%	
Community Enrichment							
Parks and Recreation	\$ 106,209	\$ 117,113	\$ 116,369	\$ 118,090	0.8%	1.5%	
Library	37,569	40,903	40,622	41,959	2.6%	3.3%	
Phoenix Convention Center	49,601	59,546	58,832	60,860	2.2%	3.4%	
Human Services	83,045	94,266	94,890	100,583	6.7%	6.0%	
Office of Arts and Culture	7,979	4,267	4,164	4,661	9.2%	11.9%	
Total Community Enrichment	\$ 284,403	\$ 316,095	\$ 314,877	\$ 326,153	3.2%	3.6%	
Environmental Services							
Water	\$ 311,249	\$ 340,280	\$ 326,044	\$ 341,893	0.5%	4.9%	
Solid Waste Management	136,005	145,095	148,128	158,908	9.5%	7.3%	
Public Works	23,538	27,737	27,172	27,966	0.8%	2.9%	
Environmental Programs	1,494	1,616	1,710	1,449	(10.3%)	(15.3%)	
Office of Sustainability	380	567	501	656	15.7%	30.9%	
Total Environmental Services	\$ 472,666	\$ 515,295	\$ 503,555	\$ 530,872	3.0%	5.4%	
Non-Departmental							
Contingencies	\$ -	\$ 115,412	\$ -	\$ 124,096	7.5%	+100.0%	
Unassigned Vacancy Savings	-	(5,000)	(20,000)	(18,600)	+100.0%	(7.0%)	
Coronavirus Relief Fund	-	-	75,000	275,000	+100.0%	+100.0%	
Total Non-Departmental	\$ -	\$ 110,412	\$ 55,000	\$ 380,496	+100.0%	+100.0%	
GRAND TOTAL	\$ 2,828,304	\$ 3,273,296	\$ 3,167,643	\$ 3,788,157	15.7%	19.6%	

¹ For purposes of this schedule, department budget allocations include Grants and City Improvement debt service payments.

SCHEDULE 4
2020-21 EXPENDITURES BY DEPARTMENT ¹
BY SOURCE OF FUNDS
(In Thousands of Dollars)

Program	Total	General Funds	Enterprise Funds	Special Revenue Funds ¹
General Government				
Mayor	\$ 2,244	\$ 2,244	\$ -	\$ -
City Council	5,444	5,444	-	-
City Manager	6,307	5,971	-	336
Government Relations	1,541	1,541	-	-
Communications Office	2,779	2,779	-	-
City Auditor	3,206	3,206	-	-
Equal Opportunity	3,341	2,761	-	580
Human Resources	14,398	12,969	-	1,429
Phoenix Employment Relations Board	107	107	-	-
Regional Wireless Cooperative	13,238	-	-	13,238
Retirement Systems	-	-	-	-
Law	6,390	6,390	-	-
Information Technology	55,966	52,411	682	2,873
City Clerk and Elections	7,349	7,285	-	64
Finance	31,082	26,013	1,932	3,137
Budget and Research	3,975	3,975	-	-
Total General Government	\$ 157,367	\$ 133,096	\$ 2,614	\$ 21,657
Public Safety				
Police	\$ 745,289	\$ 591,932	\$ -	\$ 153,357
Fire	418,741	352,507	-	66,234
Emergency Management	1,288	243	-	1,045
Total Public Safety	\$ 1,165,318	\$ 944,682	\$ -	\$ 220,636
Criminal Justice				
Municipal Court	\$ 41,721	\$ 32,160	\$ -	\$ 9,561
City Prosecutor	21,415	19,792	-	1,623
Public Defender	5,380	5,380	-	-
Total Criminal Justice	\$ 68,516	\$ 57,332	\$ -	\$ 11,184
Transportation				
Street Transportation	\$ 109,053	\$ 18,976	\$ -	\$ 90,077
Aviation	468,150	-	468,150	-
Public Transit	287,100	1,785	-	285,315
Total Transportation	\$ 864,303	\$ 20,761	\$ 468,150	\$ 375,392

SCHEDULE 4 (continued)
2020-21 EXPENDITURES BY DEPARTMENT ¹
BY SOURCE OF FUNDS
(In Thousands of Dollars)

Program	Total	General Funds	Enterprise Funds	Special Revenue Funds ¹
Community Development				
Planning and Development Services	\$ 72,795	\$ 4,309	\$ -	\$ 68,486
Housing	118,009	170	-	117,839
Community and Economic Development	40,773	6,251	694	33,828
Neighborhood Services	63,555	14,032	-	49,523
Total Community Development	\$ 295,132	\$ 24,762	\$ 694	\$ 269,676
Community Enrichment				
Parks and Recreation	\$ 118,090	\$ 101,808	\$ -	\$ 16,282
Library	41,959	40,896	-	1,063
Phoenix Convention Center	60,860	2,639	57,666	555
Human Services	100,583	19,978	380	80,225
Office of Arts and Culture	4,661	4,221	-	440
Total Community Enrichment	\$ 326,153	\$ 169,542	\$ 58,046	\$ 98,565
Environmental Services				
Water	\$ 341,893	\$ -	\$ 339,576	\$ 2,317
Solid Waste Management	158,908	-	158,908	-
Public Works	27,966	17,643	-	10,323
Environmental Programs	1,449	732	400	317
Office of Sustainability	656	424	-	232
Total Environmental Services	\$ 530,872	\$ 18,799	\$ 498,884	\$ 13,189
Non-Departmental				
Contingencies	\$ 124,096	\$ 55,596	\$ 39,500	\$ 29,000
Unassigned Vacancy Savings	(18,600)	(18,600)	-	-
Coronavirus Relief Fund	275,000	-	2,300	272,700
Total Non-Departmental	\$ 380,496	\$ 36,996	\$ 41,800	\$ 301,700
GRAND TOTAL	\$ 3,788,157	\$ 1,405,970	\$ 1,070,188	\$ 1,311,999

¹ 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)

Program	2018-19 Actual	2019-20 Estimate	2020-21 Budget
Aviation	\$ 135,936	\$ 158,524	\$ 165,135
Cultural Facilities	12,170	11,404	16,925
Economic Development	20,210	6,784	5,034
Environmental Programs	475	1,899	1,567
Fire Protection	10,700 ¹	7,086	7,825
Freeway Mitigation	335 ¹	610	539
Historic Preservation	367	616	1,490
Human Services	825	2,176	2,472
Information Systems	1,096	3,221	3,491
Libraries	8,232	7,229	7,051
Local Streets/Street Improvements/Lighting	5,061 ¹	7,469	10,958
Maintenance Service Centers	668	3,507	761
Municipal Administration Building	-	10	-
Neighborhood Preservation & Senior Services Centers	5,698	9,776	5,142
Parks & Recreation/Open Space	12,035	16,270	18,356
Phoenix Convention Center	42,925	43,453	45,068
Police, Fire and Computer Tech	8,637	10,366	12,034
Police Protection	6,102	6,784	9,634
Public Housing	1,928	5,024	5,201
Public Transit	67,254	71,785	7,079
Solid Waste Disposal	14,316	14,041	16,745
Storm Sewer	12,832	16,044	20,417
Street Light Refinancing	6 ¹	6 ¹	21
Wastewater	75,022	72,798	71,775
Water	113,208	134,119	146,446
General Government Nonprofit Corporation Bonds	55,011	53,195	67,594
Bond Issuance Costs	1,229	3,510	2,258
Total Program	\$ 612,278	\$ 667,706	\$ 651,018
Type of Expenditure			
Principal	\$ 335,495	\$ 361,917	\$ 311,436
Interest and Other	276,783	305,789	339,582
Total Debt Service Expenditures	\$ 612,278	\$ 667,706	\$ 651,018

SCHEDULE 5: DEBT SERVICE EXPENDITURES
BY PROGRAM, SOURCE OF FUNDS AND TYPE OF EXPENDITURE (continued)
(In Thousands of Dollars)

Source of Funds	2018-19 Actual	2019-20 Estimate	2020-21 Budget
<u>Operating Funds</u>			
Secondary Property Tax	\$ 107,305	\$ 116,862	\$ 129,497
<i>City Improvement</i>			
General	41,593	41,490	40,876
Housing	72	71	70
Transportation 2050	67,289	71,827	7,293
Library	115	115	115
Sports Facilities	10,332	5,988	20,287
Other Operating	2,924	5,559	6,101
Other Financing Sources	13	32	95
Aviation	71,011	96,267	87,856
Convention Center	19,928	19,953	21,070
Solid Waste	14,316	14,041	16,745
Wastewater	75,022	72,798	71,775
Water	113,208	134,119	146,446
Subtotal Operating Funds	<u>\$ 523,128</u>	<u>\$ 579,122</u>	<u>\$ 548,226</u>
<u>Capital Funds</u>			
Nonprofit Corporation Bonds			
Aviation - Revenue	\$ 856	\$ 1,227	\$ -
Aviation - Customer Facility Charge	-	577	-
Convention Center	-	21	214
Wastewater	373	-	-
Water	-	836	-
Other	-	167	500
Capital Reserve	-	-	800
Customer Facility Charge ²	21,278	14,024	20,547
Federal, State & Other Participation	22,997	23,500	23,998
Passenger Facility Charges	43,646	48,232	56,733
Subtotal Capital Funds	<u>\$ 89,150</u>	<u>\$ 88,584</u>	<u>\$ 102,792</u>
Total Source of Funds	<u>\$ 612,278</u>	<u>\$ 667,706</u>	<u>\$ 651,018</u>

¹ Interest only expenditure

² FY1819 restated from Non-Profit Corporation Bond - Aviation

SCHEDULE 6
CAPITAL IMPROVEMENT PROGRAM
FINANCED BY OPERATING FUNDS
(In Thousands of Dollars)

Program	2018-19	2019-20	2020-21
	Actuals	Estimate	Budget
Aviation	\$ 166,220	\$ 22,796	\$ 125,439
Economic Development	2,754	9,517	10,495
Environmental Programs	95	405	250
Facilities Management	8,387	14,886	14,438
Finance	1,415	-	-
Fire Protection	-	-	10,330
Historic Preservation & Planning	155	17,302	14,498
Housing	3,728	4,983	25,264
Information Technology	5,798	2,567	6,966
Libraries	664	925	955
Neighborhood Services	52	3,185	10,590
Parks, Recreation & Mountain Preserves	25,196	40,798	71,947
Phoenix Convention Center	13,546	13,000	17,617
Police Protection	-	5,000	-
Public Art Program	1,411	143	3,303
Public Transit	102,122	58,434	166,353
Solid Waste Disposal	6,034	4,519	9,549
Street Transportation & Drainage	141,461	109,045	149,516
Wastewater	5,611	27,571	32,033
Water	61,726	81,495	89,371
Total Operating Funds	\$ 546,375	\$ 416,571	\$ 758,914
Source of Funds			
General Funds			
General Fund	\$ 11,457	\$ 20,945	\$ 18,688
Library General Fund	647	925	955
Total General Funds	\$ 12,104	\$ 21,870	\$ 19,643
Special Revenue Funds			
Arizona Highway User Revenue	\$ 103,136	\$ 77,113	\$ 87,484
Capital Construction	9,173	8,330	21,570
Community Reinvestment	2,562	6,557	6,604
Development Services	583	17,444	14,862
Golf	-	102	593
Grants and Public Housing	41,423	49,964	118,123
Other Restricted	1,197	2,614	15,747
Parks and Preserves	23,189	35,216	68,566
Regional Transit	6,658	6,941	18,710
Sports Facilities	9,933	7,110	7,060
Transportation 2050	86,558	35,943	107,267
Total Special Revenue Funds	\$ 284,412	\$ 247,334	\$ 466,586
Enterprise Funds			
Aviation	\$ 168,013	\$ 22,859	\$ 126,151
Convention Center	4,754	10,326	14,706
Solid Waste	7,194	4,605	9,833
Wastewater	6,757	27,796	32,262
Water	63,141	81,781	89,733
Total Enterprise Funds	\$ 249,859	\$ 147,367	\$ 272,685
Total Operating Funds	\$ 546,375	\$ 416,571	\$ 758,914

SCHEDULE 7
INTERFUND TRANSFERS TO THE GENERAL FUND
(In Thousands of Dollars)

	2018-19 Actuals	2019-20 Estimate	2020-21	
			Budget	Increase/ (Decrease)
Transfers to the General Fund				
<u>Enterprise Funds</u>				
Aviation				
Central Service Cost Allocation	\$ 9,412	\$ 9,736	\$ 10,071	\$ 335
Monthly MOU Installment	776	-	-	-
Total	10,188	9,736	10,071	335
Water Funds				
Central Service Cost Allocation	8,843	8,511	8,786	275
In-Lieu Property Taxes	14,951	15,585	16,865	1,280
Total	23,794	24,096	25,651	1,555
Wastewater Funds				
Central Service Cost Allocation	5,896	5,674	5,857	183
In-Lieu Property Taxes	9,194	9,579	10,315	736
Total	15,090	15,253	16,172	919
Solid Waste				
Central Service Cost Allocation	6,365	6,153	6,257	104
In-Lieu Property Taxes	1,298	1,311	1,387	76
Total	7,663	7,464	7,644	180
Convention Center				
Central Service Cost Allocation	2,767	2,944	3,025	81
Total From Enterprise Funds	\$ 59,502	\$ 59,493	\$ 62,563	\$ 3,070

SCHEDULE 7
INTERFUND TRANSFERS TO THE GENERAL FUND (Continued)
(In Thousands of Dollars)

	2018-19 Actuals	2019-20 Estimate	2020-21	
			Budget	Increase/ (Decrease)
<u>Special Revenue Funds</u>				
Excise				
Transfer to General Fund	\$ 854,460	\$ 878,691	\$ 924,616	\$ 45,925
Development Services				
Central Service Cost Allocation	3,414	4,322	4,409	87
Sports Facilities				
Central Service Cost Allocation	151	174	174	-
Phoenix Union Parking Maintenance	79	79	79	-
Total	230	253	253	-
Public Housing In-Lieu Property Taxes	230	200	200	-
ASU Facilities Operations Fund	779	781	782	1
Downtown Community Reinvestment Fund	2,063	2,065	2,064	(1)
T2050 Central Service Costs	894	985	1,061	76
Neighborhood Protection Central Service Costs	347	396	429	33
Public Safety Enhancement Central Service Costs	224	356	384	28
Public Safety Expansion Central Service Costs	519	871	944	73
Housing Central Office Central Service Costs	355	310	334	24
Other Restricted - Sale of Land	-	1,000	6,800	5,800
Library Reserve Fund	141	1,971	819	(1,152)
Total From Special Revenue Funds	\$ 863,656	\$ 892,201	\$ 943,095	\$ 50,894
Total Transfers to the General Fund	\$ 923,158	\$ 951,694	\$ 1,005,658	\$ 53,964
Transfers from the General Fund				
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	10,250	5,500	-	(5,500)
Other Restricted	145	378	-	(378)
Aviation-Emergency Transportation Services	284	285	285	-
Community Facilities Districts-Restricted Fund	-	623	587	(36)
Enhanced Municipal Services District Fund	-	454	-	(454)
Worker's Compensation	7,000	-	-	-
Grant Fund	31	-	-	-
Retiree Rate Stabilization Fund	1,028	1,027	1,028	1
Infrastructure Repayment Agreements	553	1,090	1,523	433
City Improvement - Library	115	115	115	-
City Improvement	41,593	41,490	40,876	(614)
Total Transfers from the General Fund	\$ 77,999	\$ 67,962	\$ 61,414	\$ (6,548)
Net Transfers to the General Fund	\$ 845,159	\$ 883,732	\$ 944,244	\$ 60,512

SCHEDULE 8
POSITIONS BY DEPARTMENT
Number of Full Time Equivalent Positions

Program	2018-19 Actual	2019-20 Estimate	2019-20 changes ¹	2019-20 Actual	2020-21 changes ¹	2020-21 Allowances June 30,2021 Authorized
General Government						
Mayor	17.0	17.0	(4.0)	13.0	-	13.0
City Council	30.0	30.0	3.0	33.0	-	33.0
City Manager	19.5	19.5	-	19.5	2.0	21.5
Government Relations	7.0	7.0	-	7.0	-	7.0
Communications Office	19.1	19.1	-	19.1	-	19.1
City Auditor	25.4	25.4	-	25.4	-	25.4
Equal Opportunity	27.0	27.0	-	27.0	-	27.0
Human Resources	103.7	103.7	9.0	112.7	-	112.7
Phoenix Employment Relations Board	1.0	1.0	-	1.0	-	1.0
Retirement Systems	15.0	16.0	-	16.0	-	16.0
Law	209.0	211.0	1.0	212.0	-	212.0
Information Technology	195.0	201.0	-	201.0	-	201.0
City Clerk and Elections	54.5	54.5	(3.0)	51.5	-	51.5
Finance	211.0	211.0	2.0	213.0	-	213.0
Budget and Research	24.0	24.0	-	24.0	-	24.0
Regional Wireless Cooperative	4.0	4.0	-	4.0	-	4.0
Total General Government	962.2	971.2	8.0	979.2	2.0	981.2
Public Safety						
Police	4,337.6	4,367.6	(7.0)	4,360.6	-	4,360.6
Fire	2,041.8	2,062.8	21.0	2,083.8	8.0	2,091.8
Emergency Management	8.0	8.0	1.0	9.0	-	9.0
Total Public Safety	6,387.4	6,438.4	15.0	6,453.4	8.0	6,461.4
Criminal Justice						
Municipal Court	274.0	274.0	-	274.0	-	274.0
Public Defender	9.0	11.0	-	11.0	-	11.0
Total Criminal Justice	283.0	285.0	0.0	285.0	0.0	285.0

**SCHEDULE 8
POSITIONS BY DEPARTMENT
Number of Full Time Equivalent Positions (Continued)**

Program	2018-19 Actual	2019-20 Estimate	2019-20 changes ¹	2019-20 Actual	2020-21 changes ¹	2020-21 Allowances June 30, 2021 Authorized
Transportation						
Street Transportation	709.0	723.0	(2.0)	721.0	-	721.0
Aviation	891.0	891.0	(1.0)	890.0	-	890.0
Public Transit	115.0	115.0	5.0	120.0	-	120.0
Total Transportation	1,715.0	1,729.0	2.0	1,731.0	0.0	1,731.0
Community Development						
Planning and Development	409.8	430.8	14.0	444.8	-	444.8
Housing	144.0	145.0	(11.0)	134.0	-	134.0
Community and Economic Development	55.0	55.0	2.0	57.0	-	57.0
Neighborhood Services	189.0	192.0	(3.0)	189.0	-	189.0
PCDIC	0.0	-	-	-	-	-
Total Community Development	797.8	822.8	2.0	824.8	0.0	824.8
Community Enrichment						
Parks and Recreation	983.5	1,012.8	1.3	1,014.1	-	1,014.1
Library	375.2	402.3	(1.0)	401.3	-	401.3
Phoenix Convention Center	222.0	222.0	(2.0)	220.0	-	220.0
Human Services	379.0	382.0	9.0	391.0	-	391.0
Office of Arts and Culture	11.0	11.0	-	11.0	-	11.0
Total Community Enrichment	1,970.7	2,030.1	7.3	2,037.4	0.0	2,037.4
Environmental Services						
Water Services	1,477.0	1,498.0	(11.0)	1,487.0	-	1,487.0
Solid Waste Management	609.0	610.0	-	610.0	-	610.0
Public Works	399.5	423.0	2.0	425.0	-	425.0
Environmental Programs	10.0	10.0	-	10.0	-	10.0
Office of Sustainability	4.0	4.0	1.0	5.0	-	5.0
Total Environmental Services	2,499.5	2,545.0	(8.0)	2,537.0	0.0	2,537.0
TOTAL	14,615.6	14,821.5	26.3	14,847.8	10.0	14,857.8

1. Changes (Additions/Reductions) reflect the combined total of proposed and year-to-date budget reductions, budget additions and new positions associated with opening new facilities.



A decorative graphic consisting of a central white square with a dark blue border. Above and below the square are five vertical rectangular bars, each filled with diagonal hatching lines. The bars are arranged in a slightly irregular pattern, with the central bar being the tallest and the outer bars being shorter.

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 expenditure 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.

CARES Act

Coronavirus Aid, Relief, and Economic Security (CARES) Act signed into law to address the economic fallout resulting from the COVID-19 pandemic in the United States.

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 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 mandate, unanticipated one time expenses and similar eventualities.

Contractual Services

Expenditures for services performed by firms, individuals or other city departments.

Coronavirus

A large family of viruses which may cause illness in animals or humans.

Coronavirus Relief Fund (CRF)

The CARES Act established the Coronavirus Relief Fund (the "Fund") and appropriated \$150 billion to the Fund. Under the CARES Act, the Fund is to be used to make payments for specified uses to States and certain local governments. The CARES Act provides that payments from the Fund may only be used to cover costs for necessary expenditures incurred due to the public health emergency with respect to COVID-19, were not accounted for in the budget most recently approved as of March 27, 2020 (the date of enactment of the CARES Act) for the State or government and were incurred during the period that begins on March 1, 2020, and ends on December 30, 2020.

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.

COVID-19

An illness caused by a novel coronavirus now called severe acute respiratory syndrome coronavirus 2 (SARS-CoV-2). The illness was termed COVID-19 by the World Health Organization, the acronym derived from "coronavirus disease 2019".

COVID-19 Pandemic

On March 11, 2020 the Novel Coronavirus Disease, COVID-19, was declared a global pandemic by the World Health Organization (WHO).

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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