

2021-22

Phoenix

Community Budget Guide



Setting a path forward for a sustainable Phoenix

Phoenix Community Budget Guide

July 1, 2021–June 30, 2022

A resident's guide to the City budget: how City operations are funded, where your tax dollars go, and how you can participate.





Contents

Outlook. What are the budget’s major economic assumptions? What are the most significant cost trends?

4

City Budget Structure and Sources. How is the City’s funding allocated between operating costs, debt payments, and infrastructure? What are the sources of funding for each?

5

The Operating Budget. How do the City’s ongoing costs for public safety services like police and fire compare to ongoing costs for community enrichment activities like parks and libraries? Where are the City’s unrestricted General Fund resources invested?

6

General Fund Revenue Sources. What types of taxes, fees and other revenue sources flow to the City’s General Fund? How reliant is the City on state-shared revenue sources like income taxes?

7

Distribution of Local Sales Tax Dollars. When you make a purchase, how much of the sales tax goes to the City? Can the City spend that sales tax revenue on any service? Or is some of it set aside for dedicated purposes?

8

City Budget Process. How far in advance of the budget year does the budget development process begin? At what stages is the budget presented to the public and to the City Council? How can residents participate in the process?

9

Department Summaries. How is each City department funded and staffed, and what purpose does each department serve?

10



Outlook

State and Local Economy

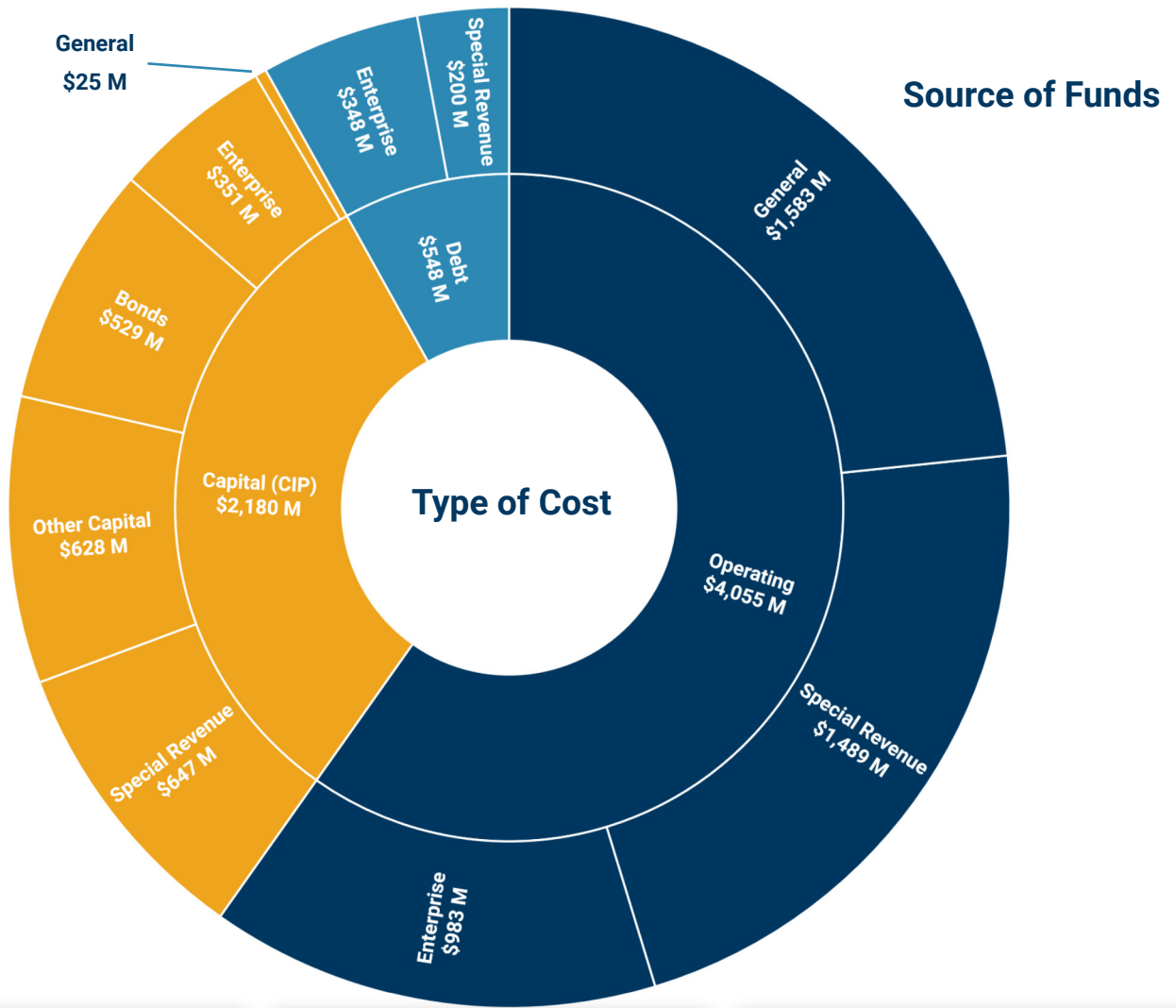
Ever since the first cases in late 2019, the COVID-19 virus has spread to over 200 countries and across the United States. The pandemic has severely impacted the global economy and ended the longest U.S. economic expansion on record – nearly 11 years. Arizona has been able to recover quicker than many other states and ranks 6th in economic momentum among the nation represented by strong growth in jobs, population and personal income. The federal stimulus packages also have boosted the state and local economy. Enhanced and extended unemployment benefits, the paycheck protection program, and individual rebates to households have indirectly positively impacted city revenues. City sales tax, primary property tax, state-shared sales and vehicle license taxes are projected to grow in 2021-22, with growth rates ranging from 4.2 percent to 6.3 percent. Due to the uncertainty of how new variants of COVID-19 may impact the economy and how discontinuation of the federal assistance could offset revenue collections, staff will closely monitor revenue activity in order to develop revised revenue estimates for the current year and to prepare a balanced budget for 2022-23.

Looking Ahead

The City and its residents continue to experience unprecedented stresses as we emerge from COVID-19. Working with the community, the City will continue to safely and responsibly navigate the pandemic, including identifying strategic use of American Rescue Plan Act funds to help residents who continue to experience financial hardship. Under the City Council's strong leadership we have navigated this crisis successfully by taking a cautious and steady approach to how we utilize taxpayer resources and adopt spending commitments to keep the budget solvent and balanced. Looking ahead, our future is full of opportunity. Phoenix is one of the fastest growing and most desirable locations in the country. However, we continue to face fiscal challenges including economic uncertainty, increasing costs for employee pension benefits, aging city assets including fleet and city facilities, the need for new city infrastructure to keep pace with population growth, increased costs for implementing and maintaining technology to ensure our city systems remain functional and stay protected from cyber security threats, resources to retain and attract a highly skilled workforce, continued demands for more city services, potential reductions to state shared revenues and new unfunded state or federal mandates. The good news is the City is an organization that has proven to be responsible stewards of public resources. We are committed to work through challenges and identify solutions so we can continue to serve the citizens of Phoenix.



City Budget Structure & Sources: Operating, Capital and Debt Service



Operating

Operations and maintenance costs. These include costs like the salaries of police officers and firefighters and costs of repairing City streets.

Debt Service

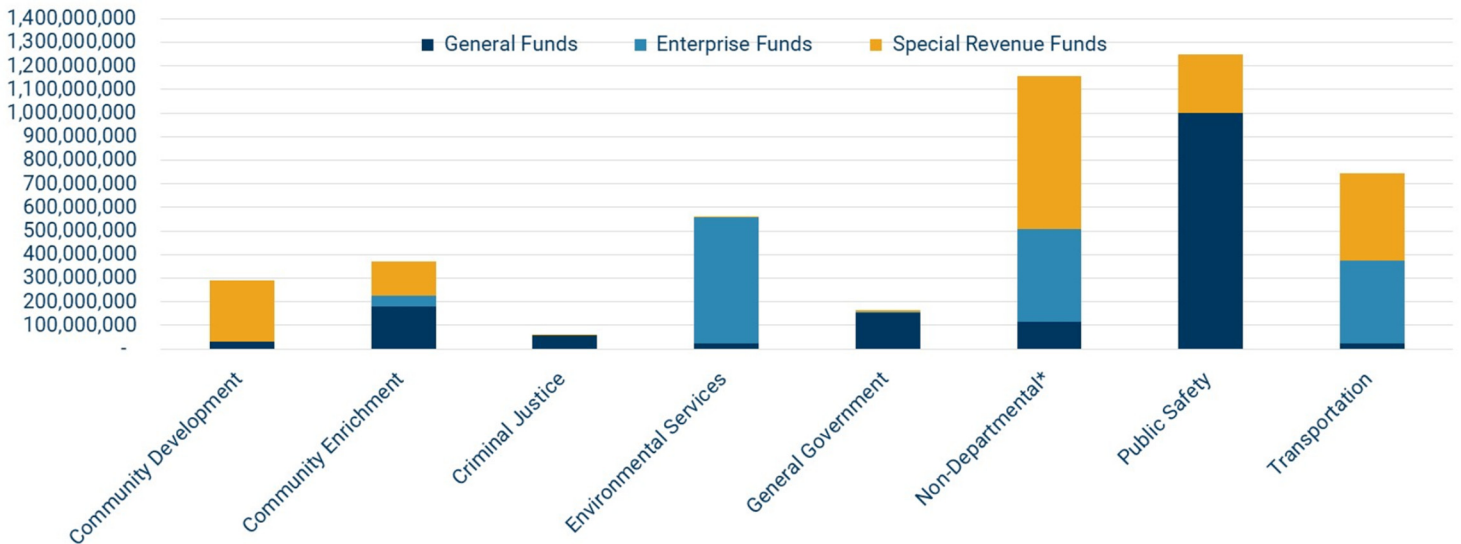
Principal and interest payments on bonds issued by the City for projects like water treatment plants.

Capital Improvement Program

Investments in infrastructure and similar assets. The construction of new light rail extensions, for example, is included in the Capital Improvement Program.



The Operating Expenditure Budget



* Debt service, contingency funds, coronavirus relief funds; net unassigned budgeted vacancy savings

General Funds

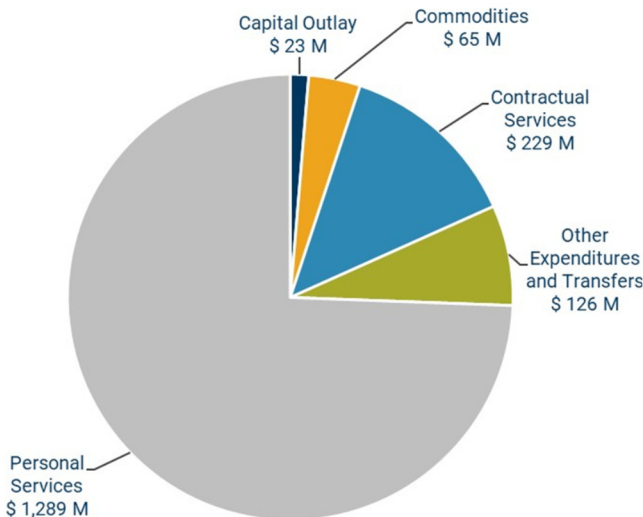
Money from taxes and fees that have an unrestricted use.

Enterprise Funds

Money generated from fees for goods or services that the City provides, like water and trash pick-up, that operate like a business. This money is only used to offset the City's cost of providing these services.

Special Revenue Funds

Funds for specific activities that may be governed by state law, provided under grant agreements, or earmarked by voters.



General Fund by Character

The chart to the left represents the General Fund operating expenditure budget by character of spending, illustrating that expenditures are predominantly related to personal services costs: salaries and benefits of City employees. The costs shown are partially offset by \$150 million in charges out to other funds, making the net General Fund operating budget \$1,583 million.



General Fund Revenue Sources



Local Taxes & Related Fees \$550 million (40%)

Includes local sales taxes, use taxes on purchases where no sales tax are paid, annual tax license fees, and jail and general excise taxes on municipal service bills.

Property Taxes \$191 million (14%)

The primary portion of the City's property tax serves as a General Fund resource.

State Shared Revenues \$496 million (37%)

Includes the City's population-based share of state sales taxes, state income taxes, and vehicle license taxes.

User Fees & Other Revenue \$118 million (9%)

Licenses and permits, cable television fees, fines and forfeitures, parks and libraries fees, various cost recovery-based user fees, and miscellaneous General Fund revenue sources.

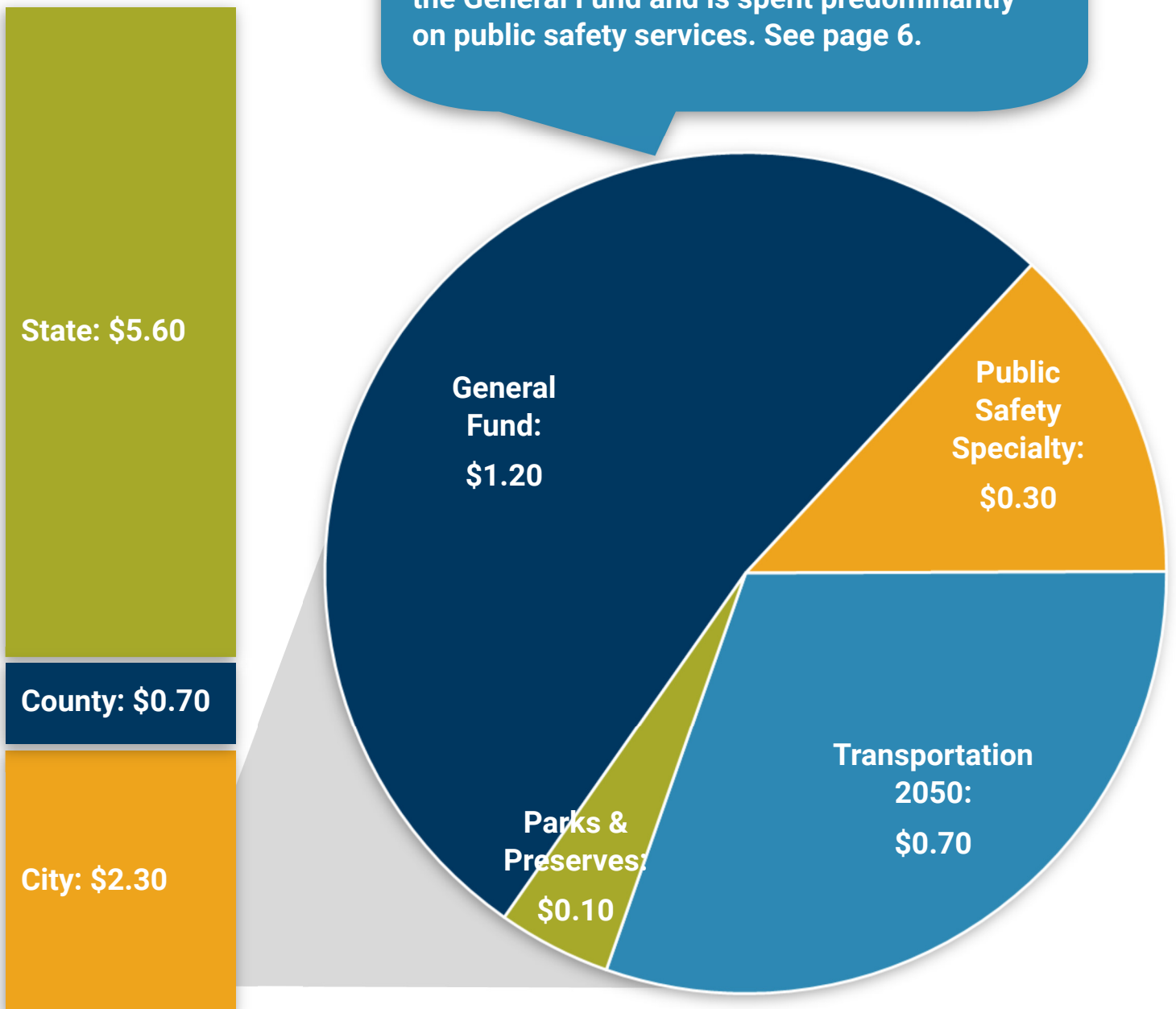


Distribution of Local Sales Tax Dollars

Example: \$100 Retail Purchase

Total Sales Tax:
\$8.60

While City voters have approved several initiatives to set aside portions of the City's sales tax for specific purposes, most goes to the General Fund and is spent predominantly on public safety services. See page 6.



City Budget Process

August – February. Staff update revenue and expenditure estimates for the current year, prepare baseline budget requests for the coming year that assume current levels of service, and prepare proposed service level changes.

March. Staff present the Trial Budget and Preliminary Capital Improvement Program to Council.

April. Public budget hearings are held to gather residents' input on the Trial Budget; comments are compiled and reviewed by City management and Council.

May. Reflecting public input, staff present the City Manager's Budget to Council; Council reviews the presented budget and provides policy guidance.

June. Reflecting Council input, staff present the Tentative and Final budgets to Council, and the 5-year CIP is adopted.

July. Council adopts the property tax rates and property tax levies specified in the budget.

This budget process is longer than many other cities' processes to give our residents and the City Council many opportunities to shape the budget. How do residents participate?

Through a new interactive online tool "FundPHX". The tool gives residents an opportunity to try their hand at balancing the city's \$1.6 billion General Fund operating budget, provide feedback on current funding levels and share community priorities with staff. The tool is available on the Budget and Research Department website, www.phoenix.gov/budget.

At community budget hearings each April: posted on www.phoenix.gov/budget.

Through social media, email or phone:

#PhoenixBudget

budget.research@phoenix.gov

602-262-4800



Department Summaries

Public Safety

Fire	11
Homeland Security & Emergency Mgmt.	12
Police	13

Criminal Justice

Municipal Court	14
Public Defender	15

Community Enrichment

Office of Arts & Culture	16
Human Services	17
Library	18
Parks & Recreation	19
Phoenix Convention Center	20

Environmental Services

Office of Environmental Programs	21
Public Works	22
Solid Waste Management	23
Office of Sustainability	24
Water Services	25

Transportation

Aviation	26
Public Transit	27
Street Transportation	28

Community Development

Community & Economic Development	29
Housing	30
Neighborhood Services	31
Planning & Development	32

General Government

Mayor	33
City Council	34
Budget & Research	35
City Auditor	36
City Clerk	37
City Manager's Office	38
Communications Office	39
Equal Opportunity	40
Finance	41
Government Relations	42
Human Resources	43
Information Technology Services	44
Law	45
Phoenix Employment Relations Board	46
Regional Wireless Cooperative	47
Retirement Systems	48

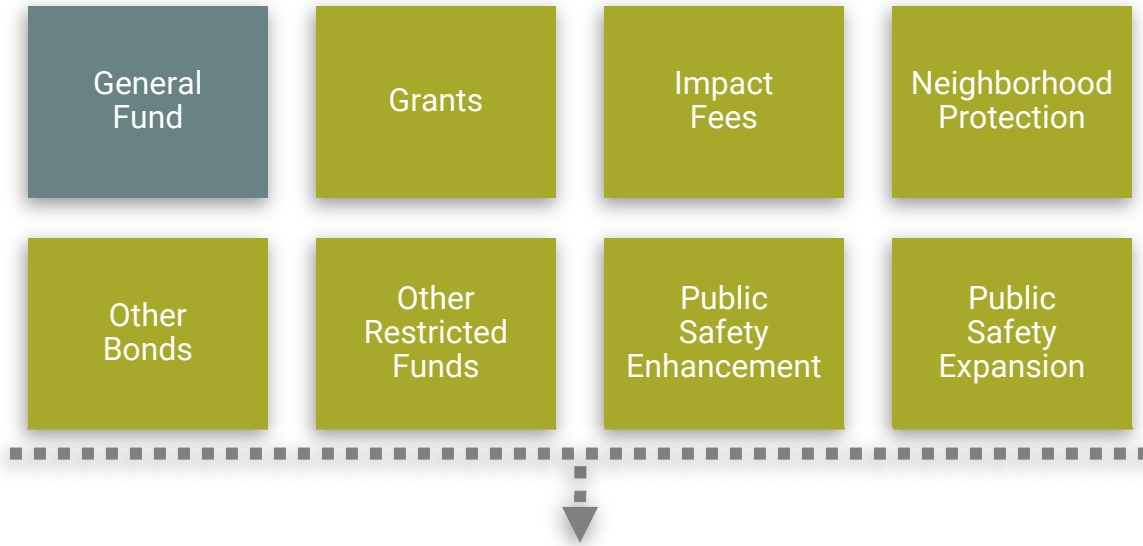
Other

Contingencies	49
Debt Service	50
Other Non-Departmental	51

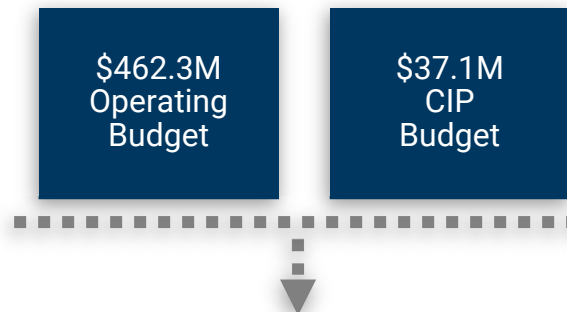


Fire

Types of Funds



Types of Expenditures

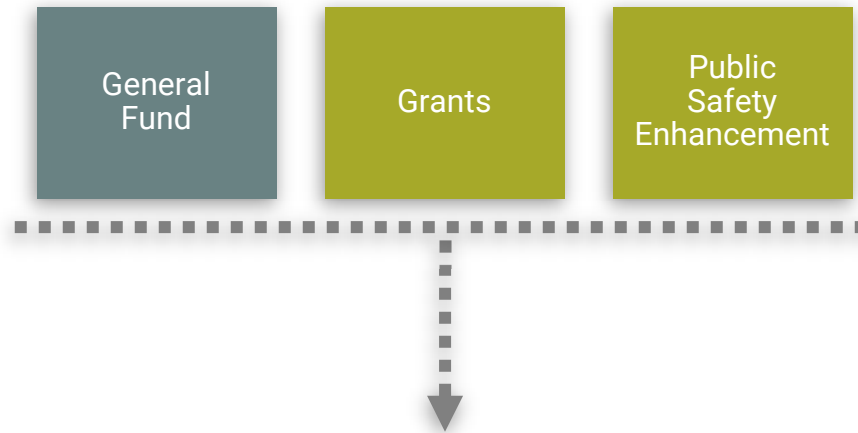


The Phoenix Fire Department is committed to providing the highest level of public safety services to the community. The department protects lives and property through fire suppression, emergency medical and transportation services, disaster services, fire prevention and public education.

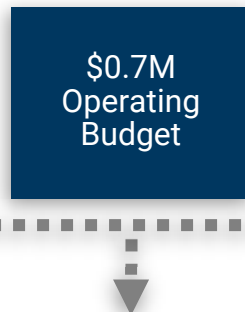


Homeland Security & Emergency Management

Types of Funds



Types of Expenditures



<0.1% of
General Fund
Budget

Homeland Security & Emergency Management
\$0.7 million
7 employees

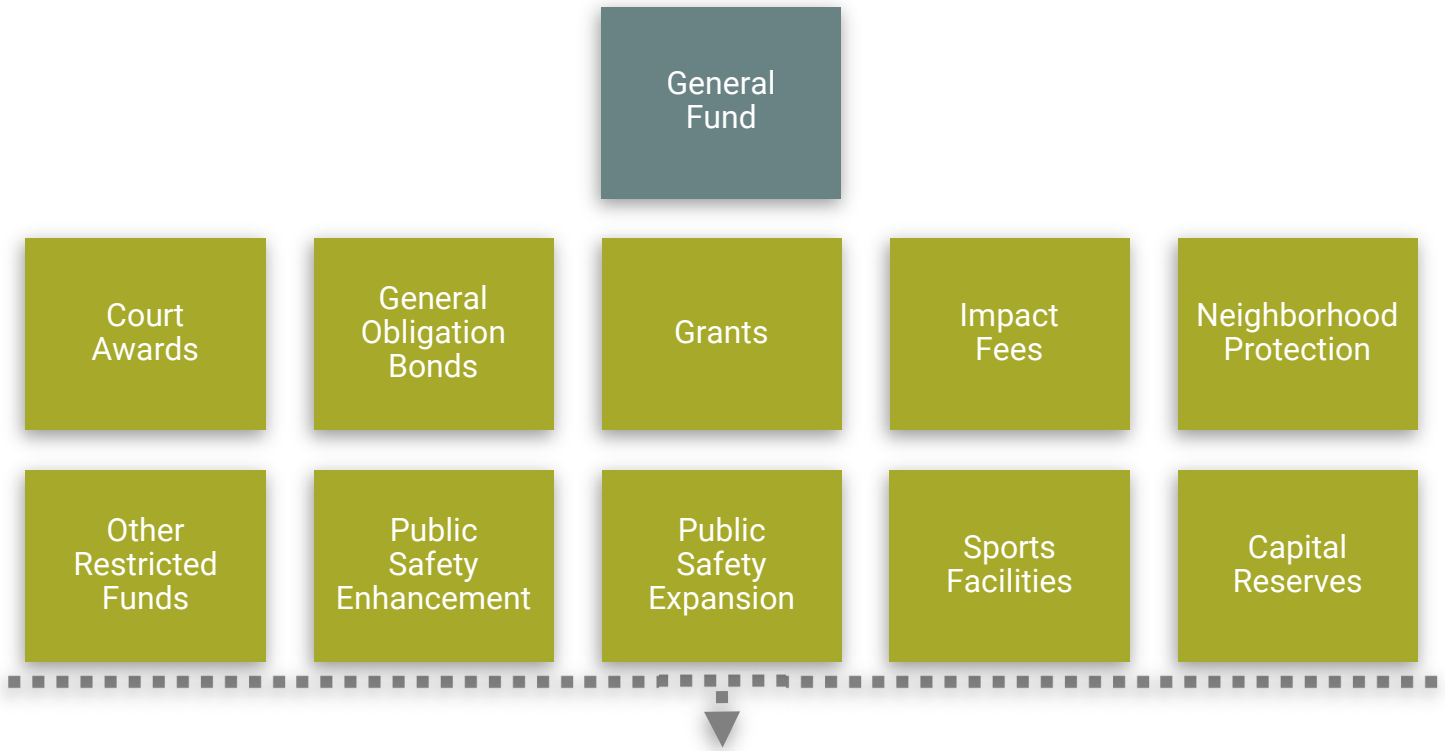
<0.1% of
Total
Budget

The Office of Homeland Security and Emergency Management provides the City with the capability to mitigate, plan for, respond to and recover from large-scale community emergencies and disasters as a result of human-caused, technological or natural hazards.

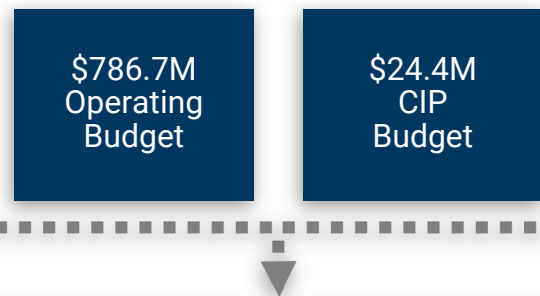


Police

Types of Funds



Types of Expenditures

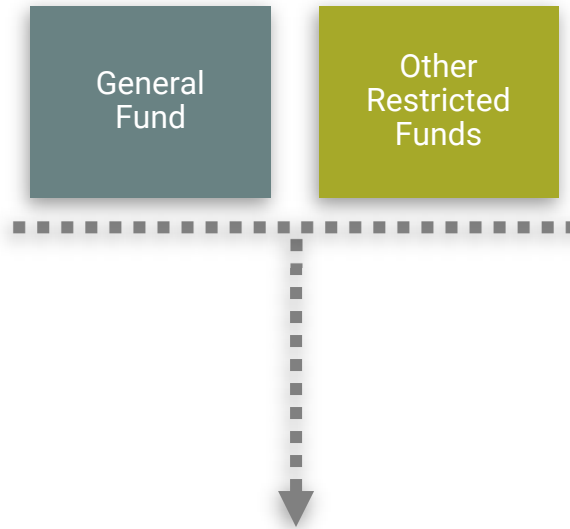


The Police Department provides the community with a law enforcement system that serves to protect and reduce crime in Phoenix while treating everyone with dignity and respect. The department integrates and uses all departmental, civic and community resources for police services and protection of the lives and property of our residents.



Municipal Court

Types of Funds



Types of Expenditures



2.1% of
General Fund
Budget

Municipal Court
\$37.5 million
279 employees

0.6% of
Total
Budget

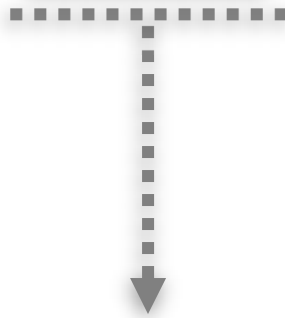
The Municipal Court provides with integrity, to all individuals who come before it: equal access, professional and impartial treatment, and just resolution of all court matters. The Court tries criminal and civil traffic violations, as well as non-traffic criminal misdemeanor cases.



Public Defender

Types of Funds

General Fund



Types of Expenditures

\$5.6M
Operating
Budget



0.4% of
General Fund
Budget

Public Defender
\$5.6 million
11 employees

0.1% of
Total
Budget

The Public Defender Program provides legal representation for indigent defendants in order to ensure Constitutional Rights are protected in Phoenix Municipal Court.

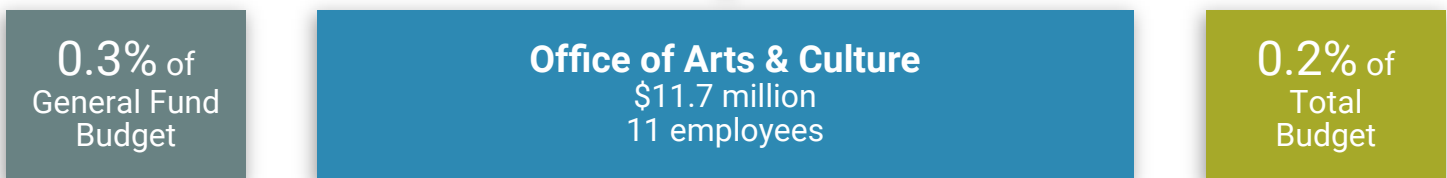


Office of Arts and Culture

Types of Funds



Types of Expenditures

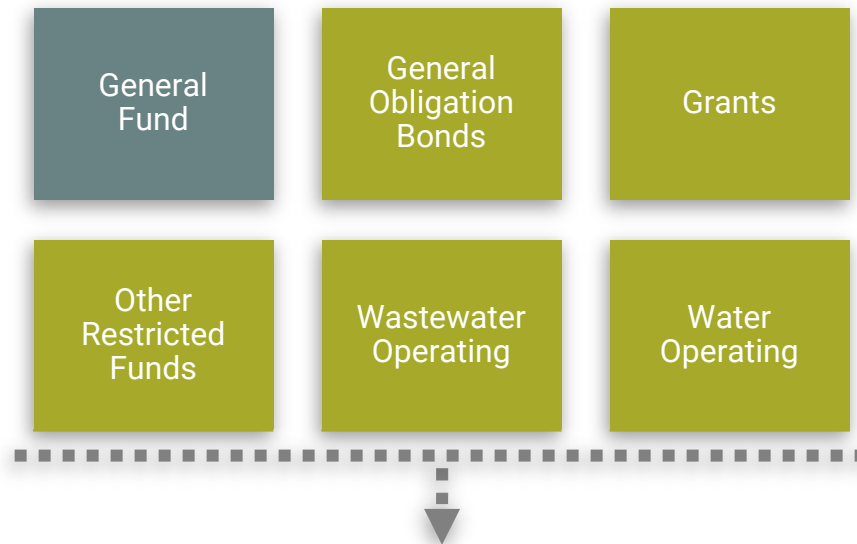


The Office of Arts and Culture supports the development of the arts and cultural community in Phoenix, and seeks to raise the level of awareness and participation of City residents in the preservation, expansion and enjoyment of arts and culture. One percent of eligible Capital Improvement Program expenditures is set aside for public art; the Office of Arts and Culture administers the Public Art Program.

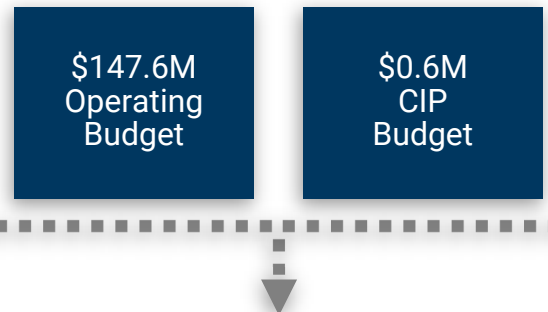


Human Services

Types of Funds



Types of Expenditures



1.4% of
General Fund
Budget

Human Services Department
\$148.2 million
395 employees

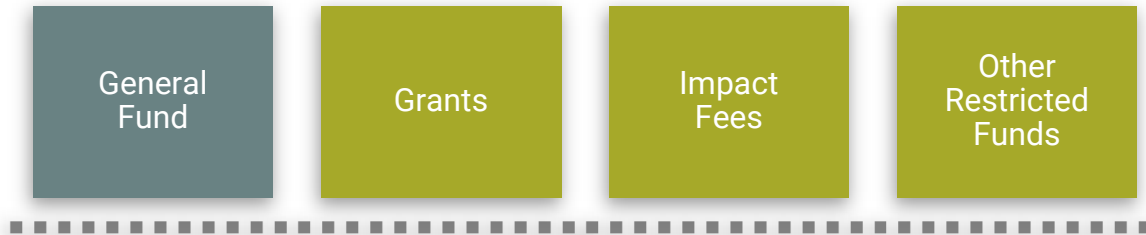
2.2% of
Total
Budget

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.

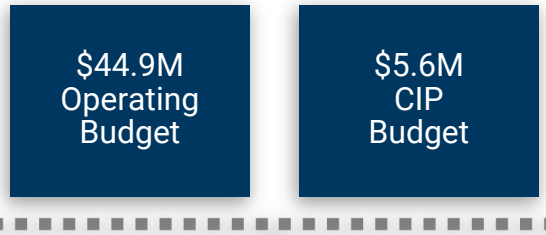


Library

Types of Funds



Types of Expenditures



2.8% of
General Fund
Budget

Library Department
\$50.5 million
402.8 employees

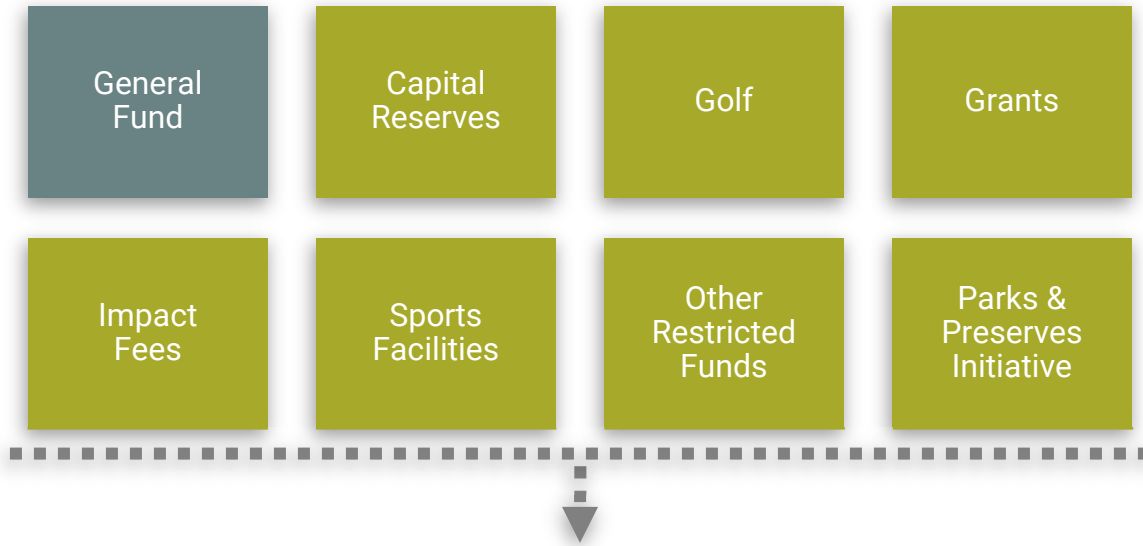
0.7% of
Total
Budget

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

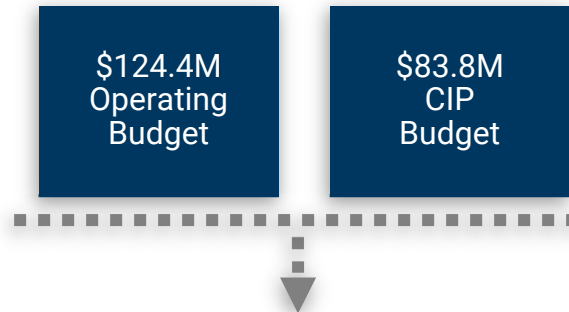


Parks & Recreation

Types of Funds



Types of Expenditures

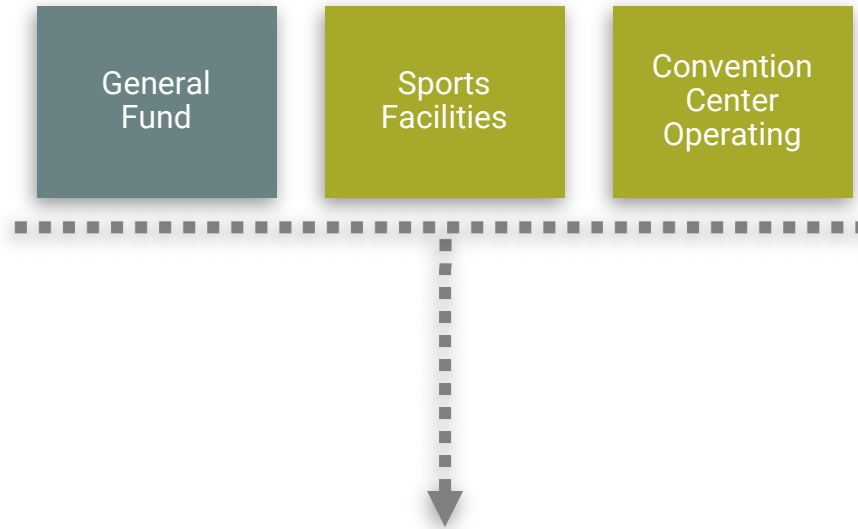


The Parks & Recreation Department provides and maintains a diverse parks and recreation system available and accessible to all, which contributes to the physical, mental, social and cultural needs of the community and permits outlets that cultivate a wholesome sense of civic pride and social responsibility.

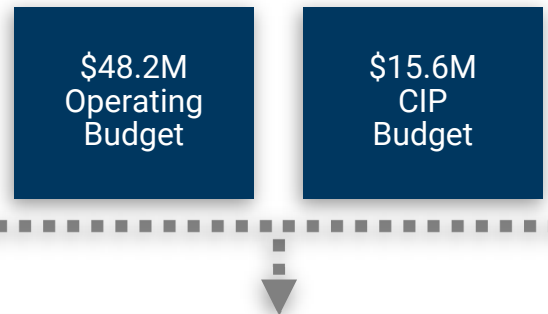


Phoenix Convention Center

Types of Funds



Types of Expenditures

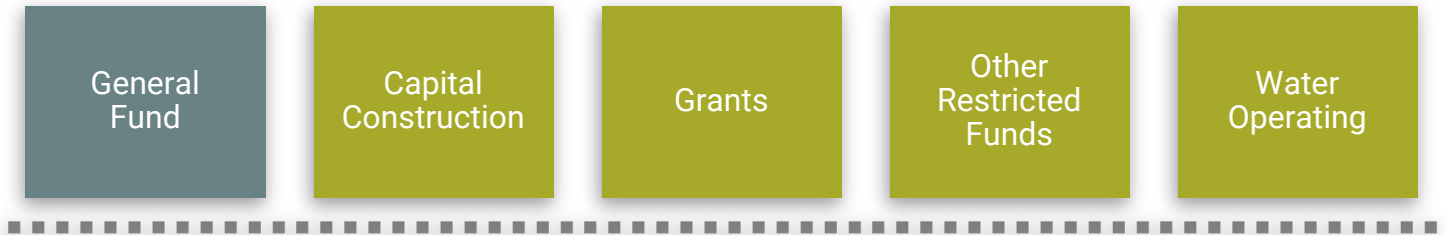


The Phoenix Convention Center and Venues hosts a diverse range of conventions, trade shows, meetings and entertainment events in one of the premier convention facilities in the United States. The department is committed to delivering the highest levels of customer service and guest experience in the 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.

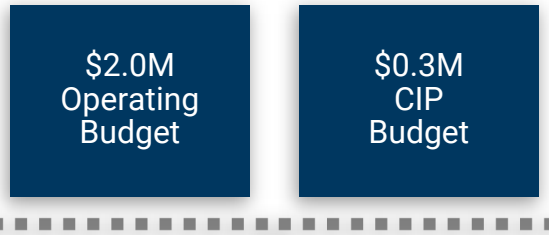


Office of Environmental Programs

Types of Funds



Types of Expenditures

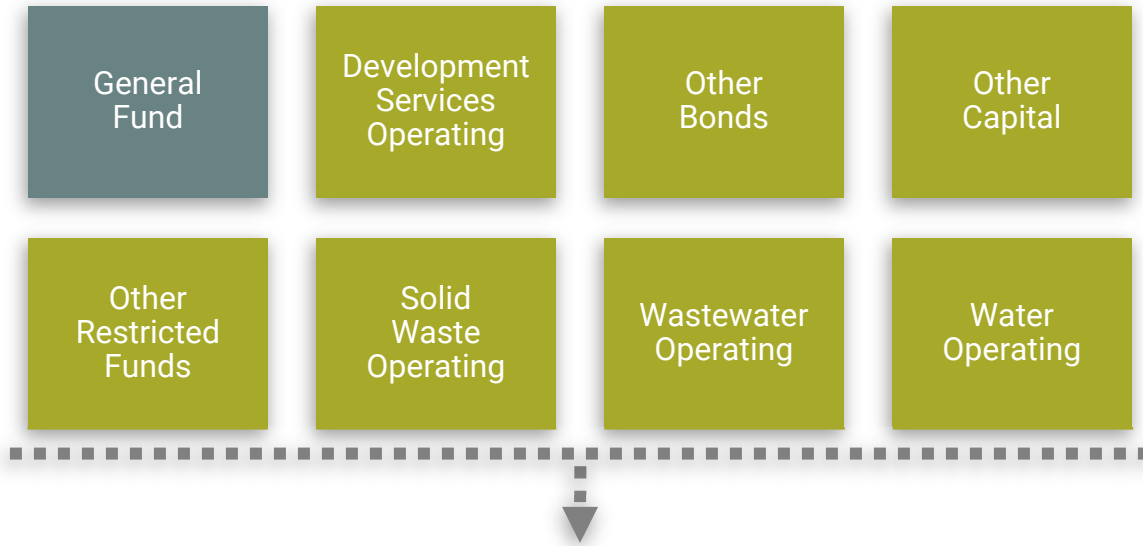


The Office of Environmental Programs advances environmental protection and sustainability through leadership, education, and policy development. The office provides coordination and monitoring for the City's environmental programs and activities, and develops and implements regulatory policies and programs.

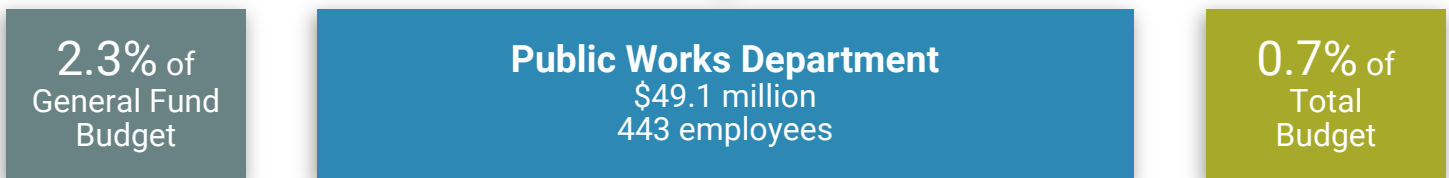
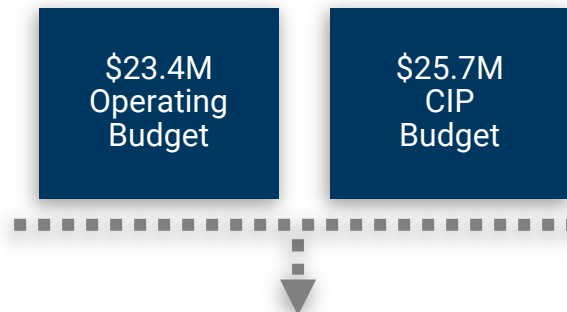


Public Works

Types of Funds



Types of Expenditures

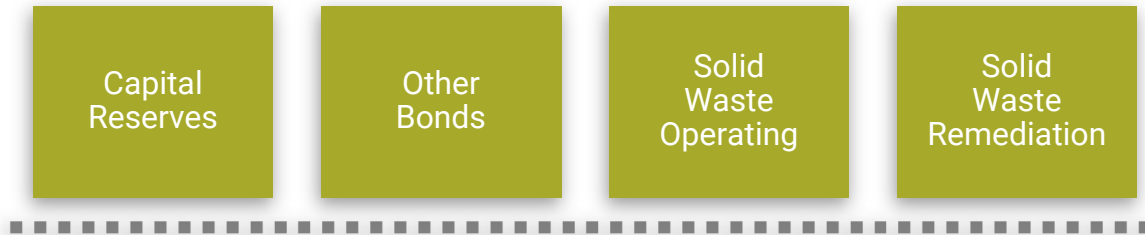


The Public Works Department provides mechanical and electrical maintenance and energy conservation services for City facilities; procures, manages and maintains the City's fleet of vehicular equipment; and provides for the economical, safe and aesthetic design and construction of facilities on City property.

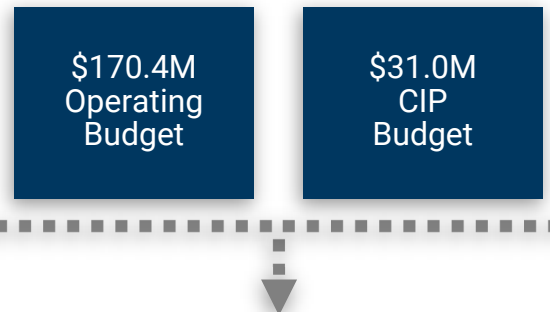


Solid Waste Management

Types of Funds



Types of Expenditures

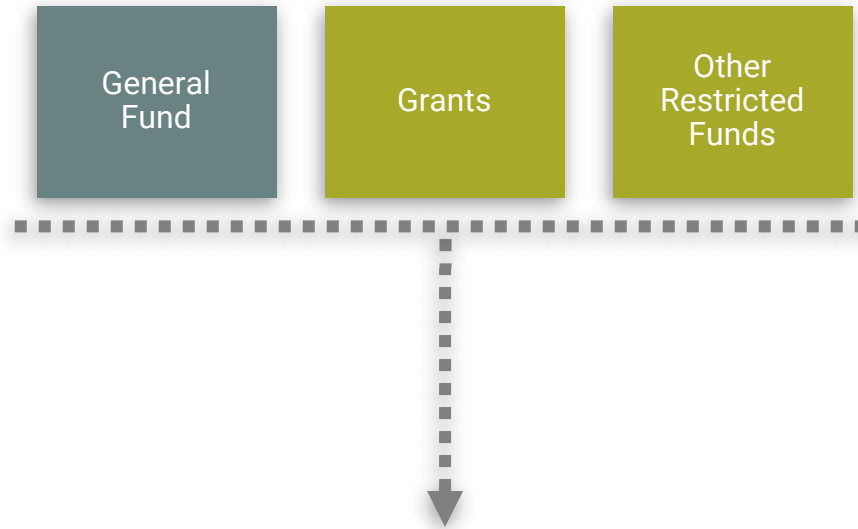


The Solid Waste Management Program assists in providing a safe and aesthetically acceptable environment through effective, integrated management of the solid waste stream, including collection, disposal, source reduction and recycling activities.



Office of Sustainability

Types of Funds



Types of Expenditures

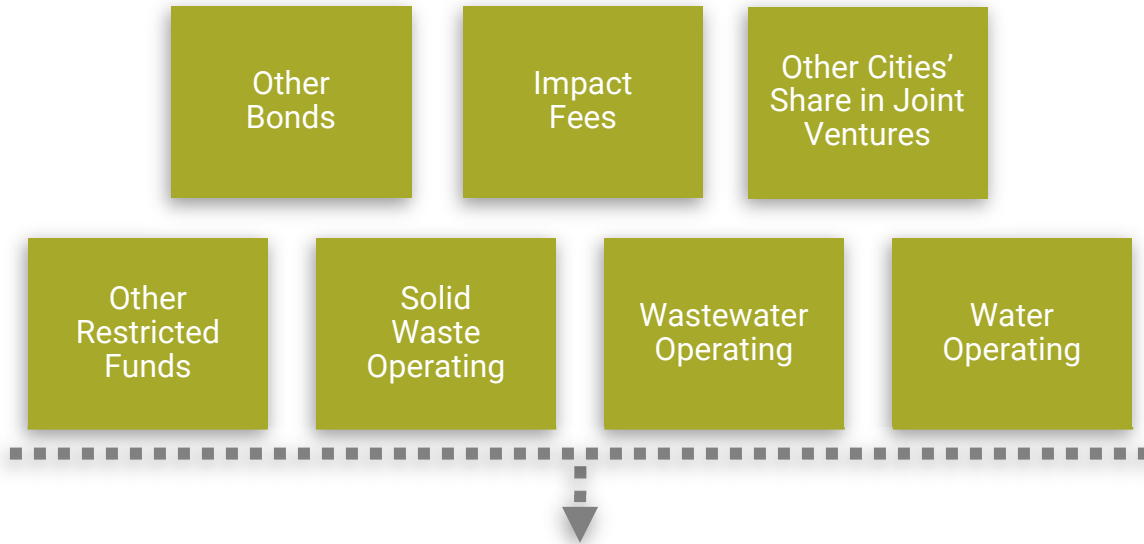


The Office of Sustainability provides professional administration of a citywide sustainability program that includes assessing the impact of sustainability practices to the City and community at large, while balancing the City's shared objectives for a healthy environment, an excellent quality of life, and continued economic vitality.

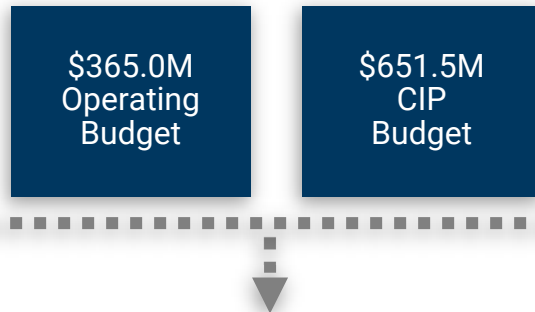


Water Services

Types of Funds



Types of Expenditures

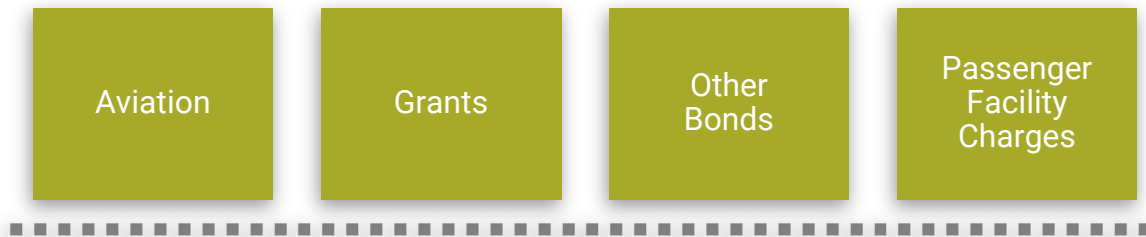


The Water Services Department is responsible for the Water and Wastewater Programs. The Water Program provides a safe and adequate domestic water supply to all residents in the Phoenix water service area. The Wastewater Program assists in providing a clean, healthy environment through the effective management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

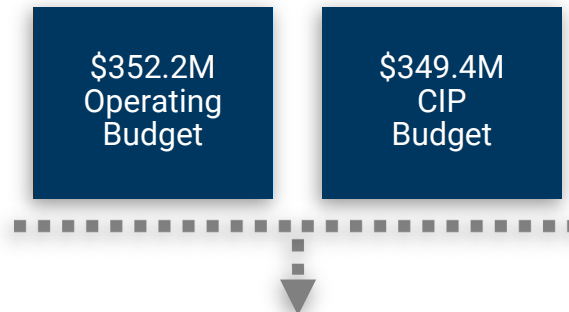


Aviation

Types of Funds



Types of Expenditures



0.0% of
General Fund
Budget

Aviation Department
\$701.6 million
889 employees

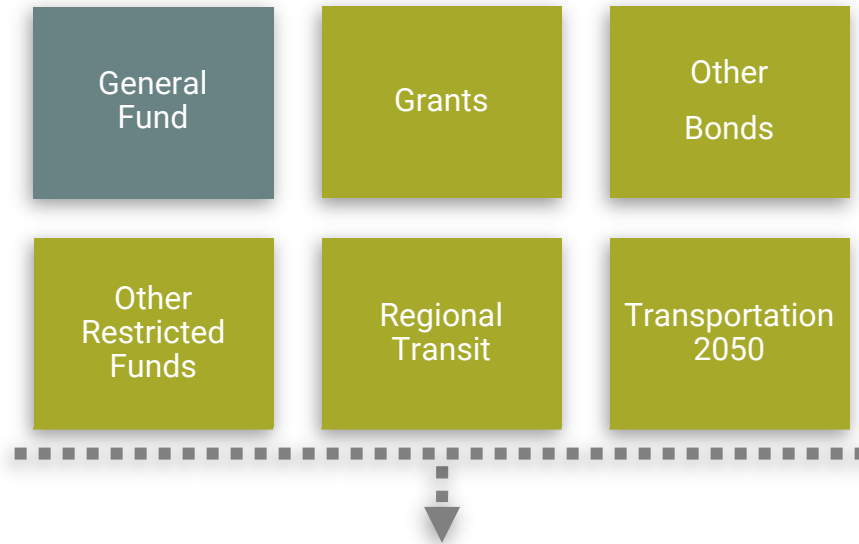
10.3% of
Total
Budget

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.

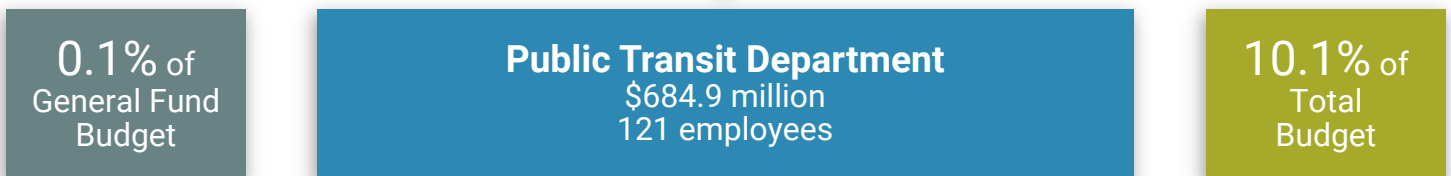
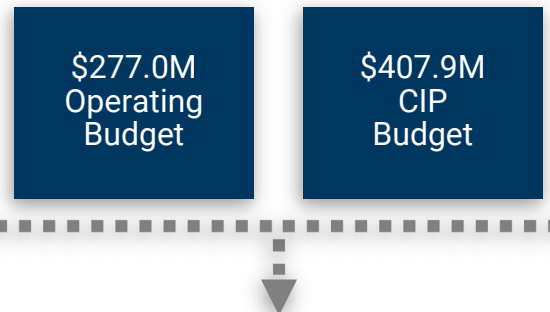


Public Transit

Types of Funds



Types of Expenditures

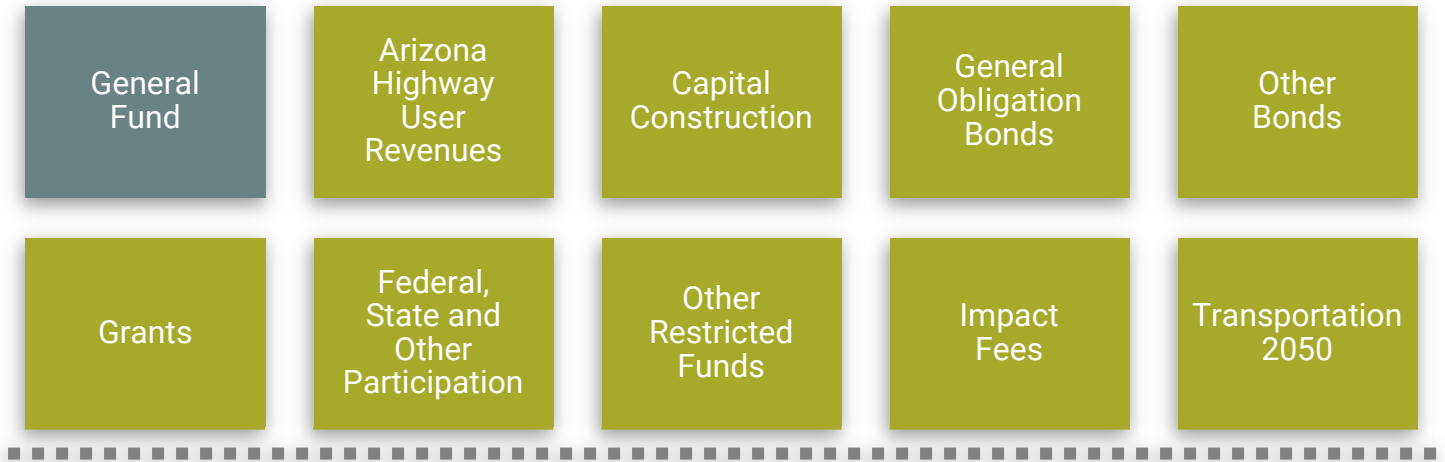


The Public Transit Department's mission is to provide Phoenix with reliable and innovative bus, light rail and para-transit services, and to improve the City's transit system through the transparent administration of the Transportation 2050 plan.

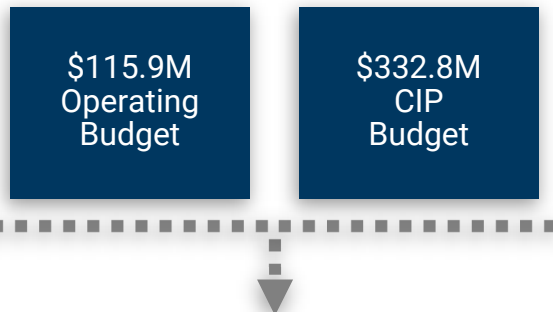


Street Transportation

Types of Funds



Types of Expenditures

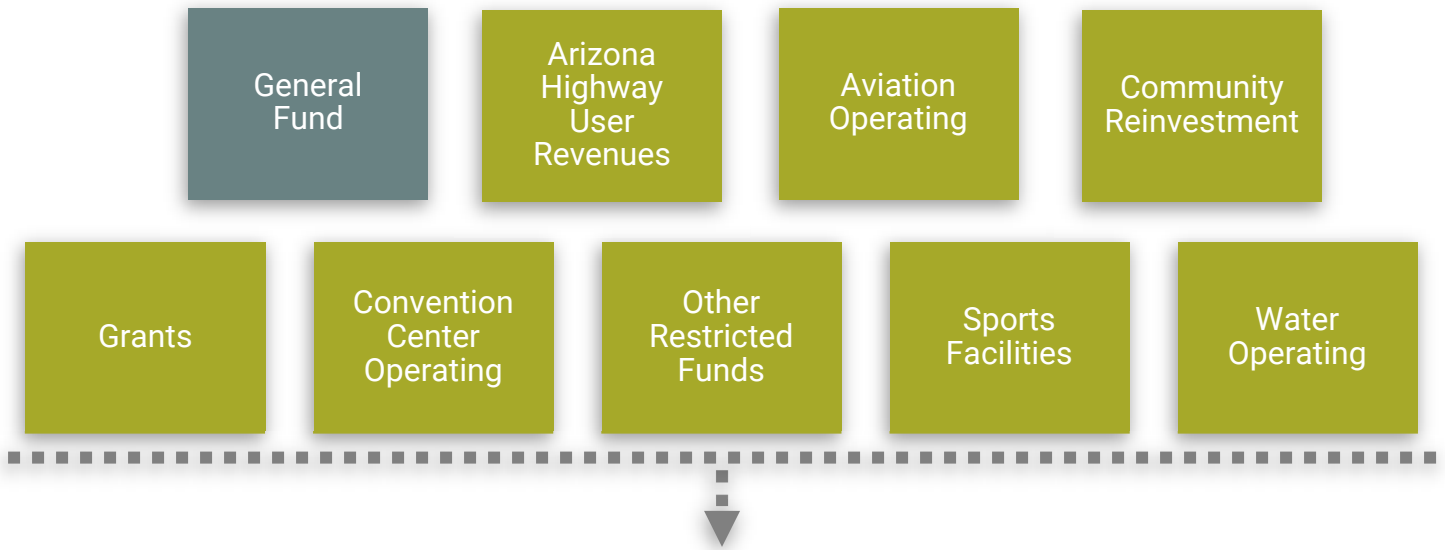


The Street Transportation Department plans for the safe and convenient movement of people and vehicles on city streets, effectively maintains the city's streets, designs and inspects the construction of streets to assure they meet specifications, and minimizes street damage through the control of irrigation and storm water. The Street Transportation Department also provides for the economical, safe and aesthetic design and construction of facilities on city property.

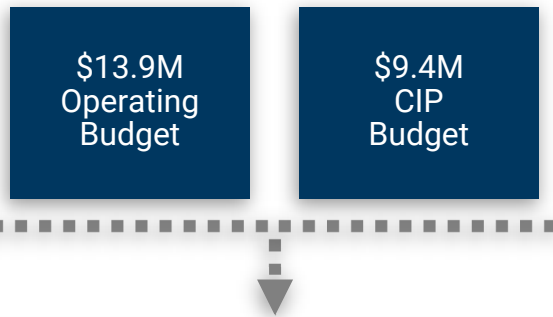


Community & Economic Development

Types of Funds



Types of Expenditures

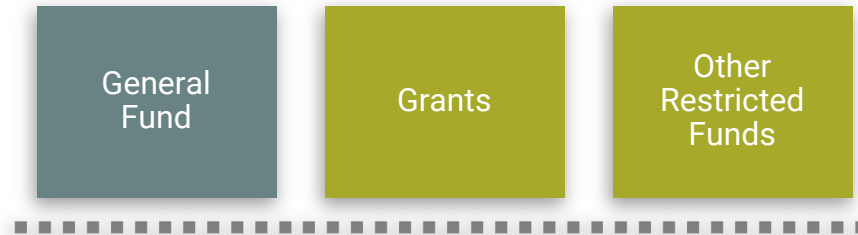


The Community & Economic Development Department creates or facilitates development activities that add or retain jobs, enhances City revenues and enhances the quality of life including business development in Sky Harbor Center, downtown redevelopment area and other non-redevelopment areas.



Housing

Types of Funds



Types of Expenditures



0.1% of
General Fund
Budget

Housing Department
\$159.5 million
126 employees

2.4% of
Total
Budget

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.

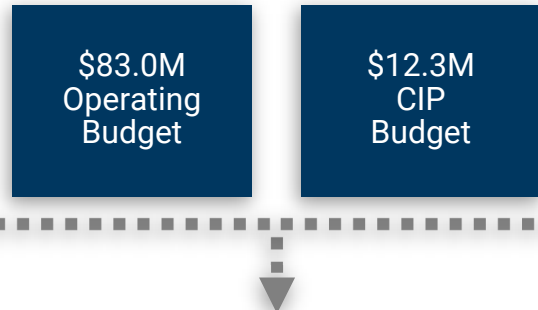


Neighborhood Services

Types of Funds



Types of Expenditures

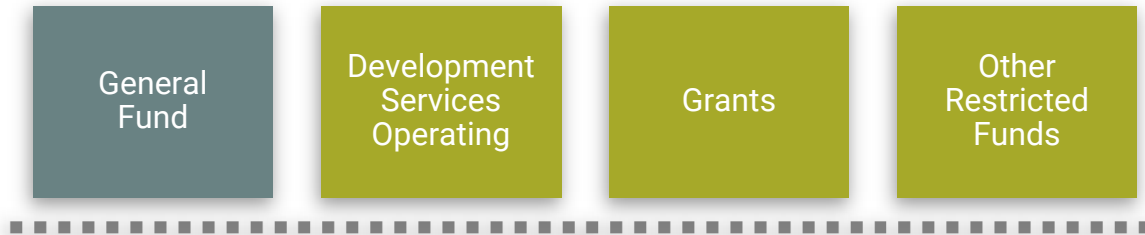


The Neighborhood Services Department preserves and improves the physical, social and economic health of Phoenix neighborhoods, supports neighborhood self-reliance and enhances the quality of life of residents through community-based problem solving, neighborhood-oriented services and public/private cooperation.



Planning & Development

Types of Funds



Types of Expenditures



0.3% of
General Fund
Budget

Planning & Development Department
\$84.9 million
480.8 employees

1.3% of
Total
Budget

The Planning & 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.



Mayor

Types of Funds

General Fund

Types of Expenditures

\$2.3M
Operating
Budget

0.1% of
General Fund
Budget

Mayor's Office
\$2.3 million
14.3 employees

<0.1% of
Total
Budget

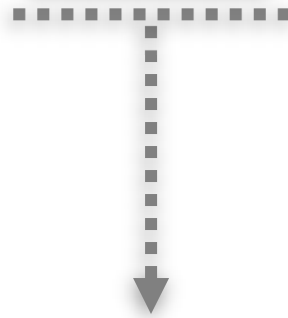
The Mayor is elected on a nonpartisan ballot to represent the City in all official capacities and provides leadership to the City Council, administrative staff and the community at large. The Mayor recommends policy direction for the City and chairs all City Council meetings.



City Council

Types of Funds

General Fund



Types of Expenditures

\$5.6M
Operating Budget



0.4% of
General Fund
Budget

City Council
\$5.6 million
32 employees

0.1% of
Total
Budget

The City Council is composed of eight council members elected by districts on a nonpartisan ballot. 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.



Budget & Research

Types of Funds

General Fund

Types of Expenditures

\$4.3M
Operating
Budget

0.3% of
General Fund
Budget

Budget & Research Department
\$4.3 million
25 employees

<0.1% of
Total
Budget

The Budget and Research Department ensures effective and efficient allocation of City resources to enable the City Council, City Manager and City departments to provide quality services to our residents.



City Auditor

Types of Funds

General Fund

Types of Expenditures

\$3.2M
Operating Budget

0.2% of
General Fund
Budget

City Auditor Department
\$3.2 million
25.4 employees

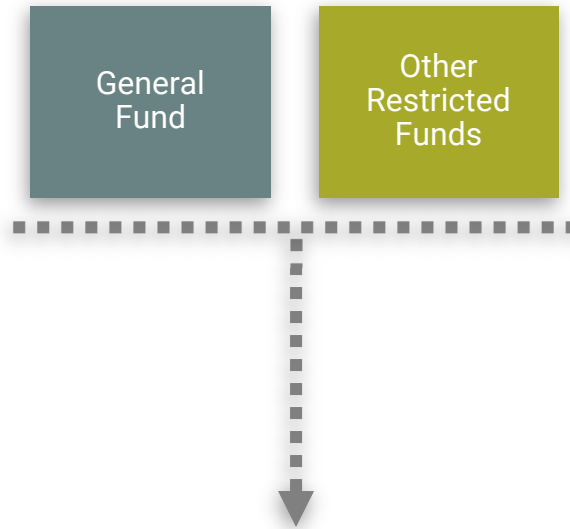
<0.1% of
Total
Budget

The City Auditor Department provides 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. 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.



City Clerk

Types of Funds



Types of Expenditures



0.5% of
General Fund
Budget

City Clerk
\$7.5 million
51.5 employees

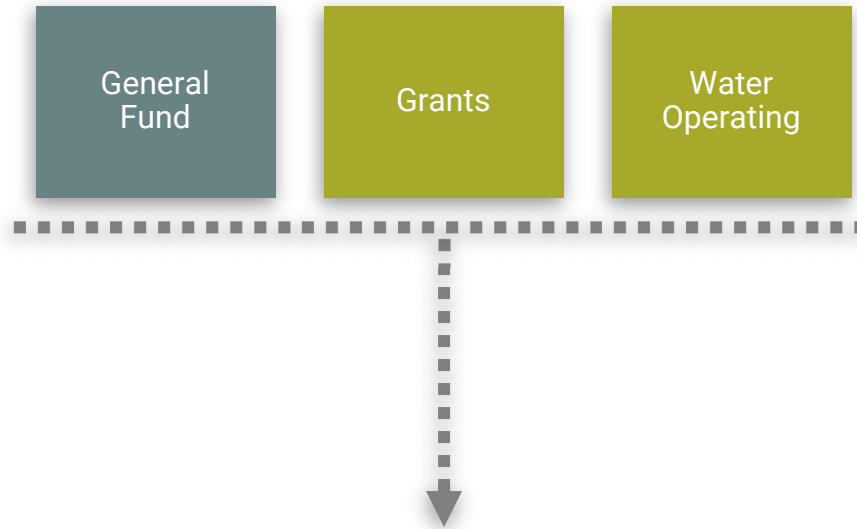
0.1% of
Total
Budget

The City Clerk Department provides 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.



City Manager's Office

Types of Funds



Types of Expenditures



0.5% of
General Fund
Budget

City Manager's Office
\$8.8 million
33.9 employees

0.1% of
Total
Budget

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, plans programs that meet the future public needs of the City, and provides assistance to City departments to ensure achievement of their departmental objectives and the objectives of the City government as a whole.



Communications Office

Types of Funds

General Fund

Types of Expenditures

\$3.2M
Operating Budget

0.2% of
General Fund
Budget

Communications Office
\$3.2 million
20.1 employees

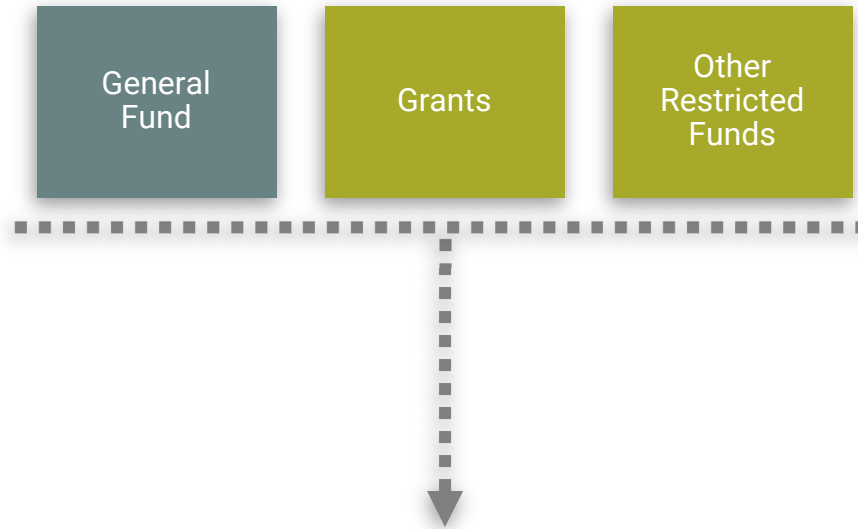
<0.1% of
Total
Budget

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 and daily content for both the city website and the city's main social media platforms.



Equal Opportunity

Types of Funds



Types of Expenditures

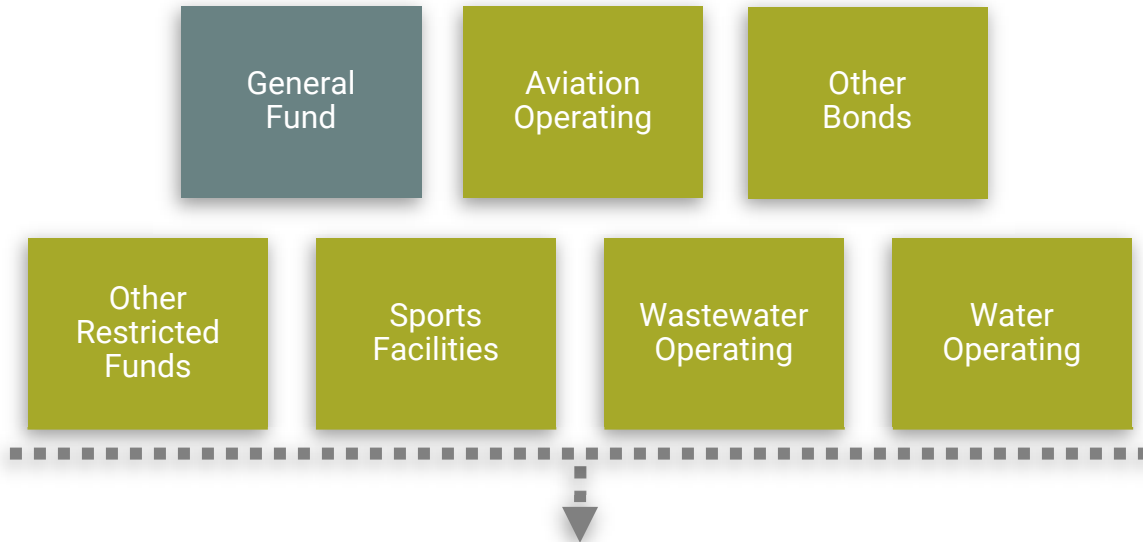


The Equal Opportunity Department promotes and enforces equal opportunities for City employees and the public through education, community involvement and enforcement programs. These programs are carried out by a combination of staff and volunteer panels appointed by the Mayor and City Council.

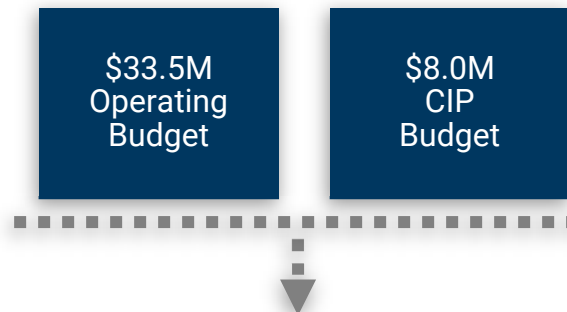


Finance

Types of Funds



Types of Expenditures



The Finance Department strives to maintain a fiscally sound governmental organization that conforms to legal requirements and to 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.



Government Relations

Types of Funds

General Fund

Types of Expenditures

\$1.3M
Operating
Budget

<0.1% of
General Fund
Budget

Government Relations
\$1.3 million
5 employees

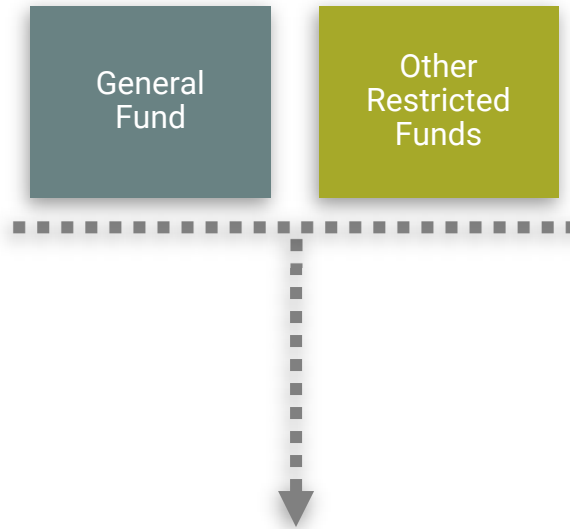
<0.1% of
Total
Budget

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

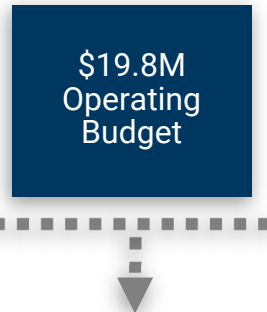


Human Resources

Types of Funds



Types of Expenditures



1.2% of
General Fund
Budget

Human Resources Department
\$19.8 million
118.7 employees

0.3% of
Total
Budget

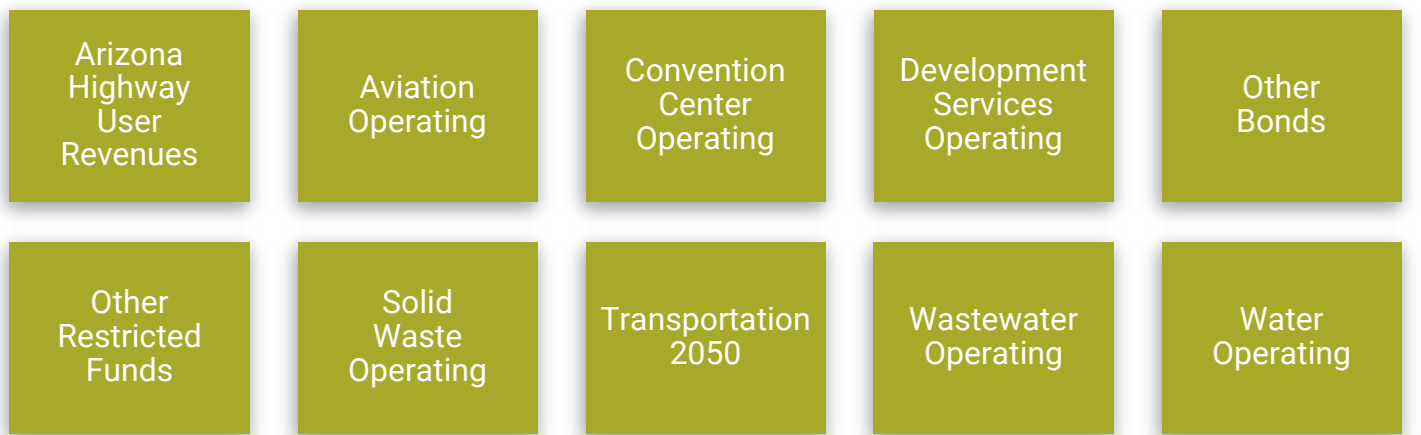
The Human Resources Department partners with departments and employees to hire, compensate, support and develop a diverse workforce that is dedicated to delivering high-quality services to the community.



Information Technology Services

Types of Funds

General Fund



Types of Expenditures

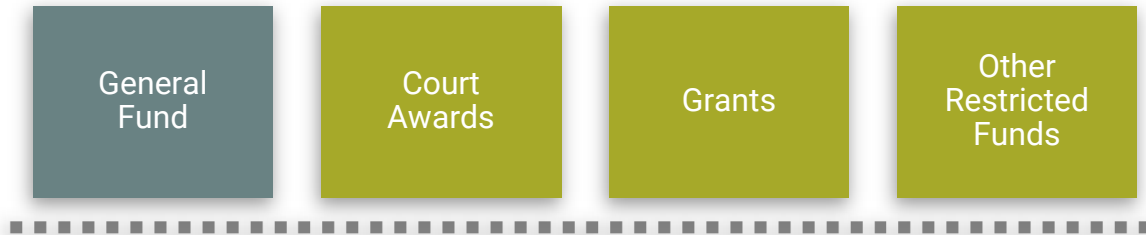


Information Technology Services coordinates the use of information technology across the various departments and agencies of City government to ensure that accurate and timely information is provided to residents, elected officials, City management and staff in the most cost-effective manner possible.

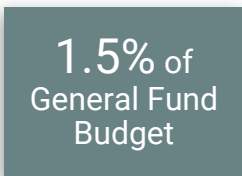


Law

Types of Funds



Types of Expenditures



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.



Phoenix Employment Relations Board

Types of Funds

General Fund

Types of Expenditures

\$0.1M
Operating
Budget

<0.1% of
General Fund
Budget

Phoenix Employment Relations Board
\$0.1 million
1 employee

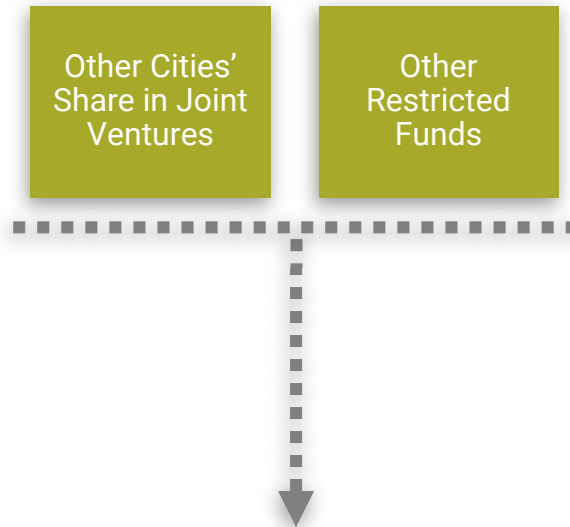
<0.1% of
Total
Budget

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

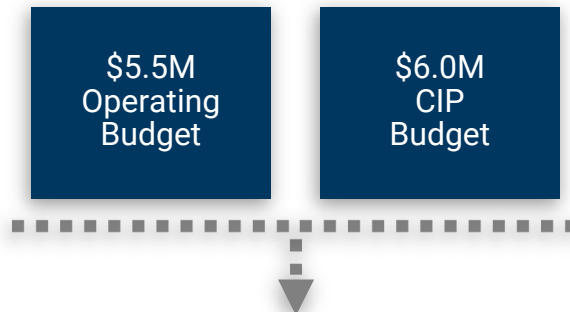


Regional Wireless Cooperative

Types of Funds



Types of Expenditures



0.0% of
General Fund
Budget

Regional Wireless Cooperative
\$11.5 million
4 employees

0.2% of
Total
Budget

The Regional Wireless Cooperative is an independent, multi-jurisdictional organization which manages and operates a regional public safety radio communications network built to seamlessly serve the operable and interoperable communication needs of first responders and other municipal radio users in and around the Phoenix Metropolitan Region.



Retirement Systems

Types of Funds

General Fund

Types of Expenditures

\$0.0M
Operating Budget

0.0% of
General Fund
Budget

Retirement Systems
\$0.0 million (Fully Allocated)
16 employees

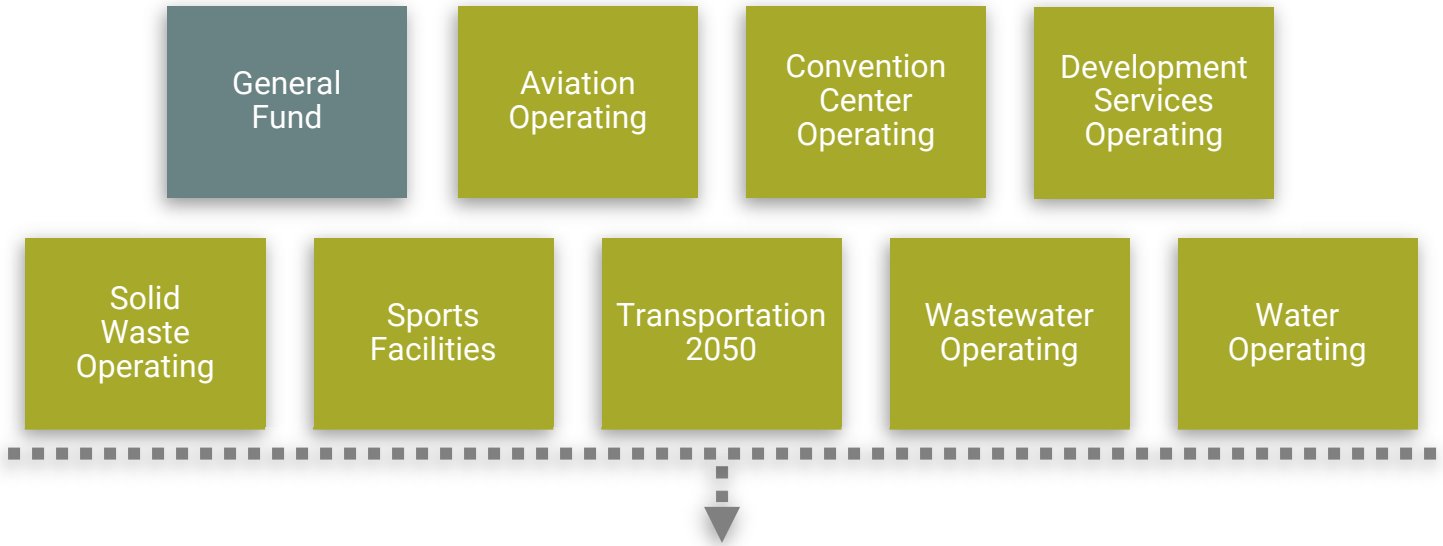
0.0% of
Total
Budget

Retirement Systems provides staff support to the general, police and fire retirement boards and administers retirement programs for all City employees. Costs are fully allocated to other departments.

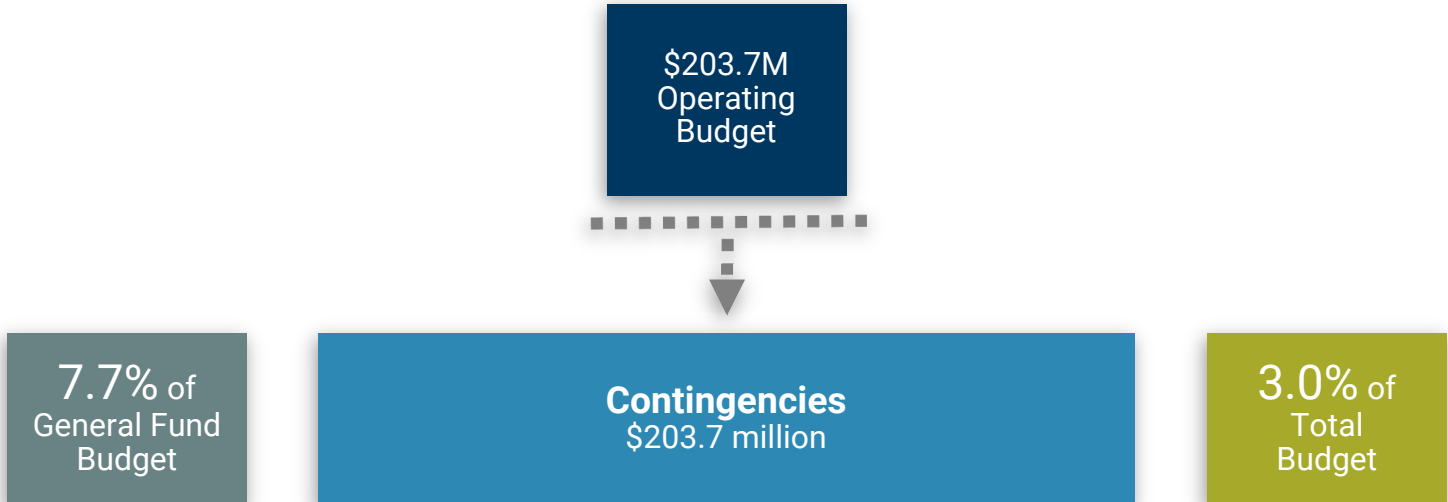


Contingencies

Types of Funds



Types of Expenditures



Contingency funds provide for possible emergencies and unanticipated costs that may occur after the budget is adopted. The use of these contingency funds is intended for unanticipated one-time expenses, since they are one-time resources, and requires the approval of the City Council.

The City budgets a contingency for its General Fund as well as for several other major operating funds.

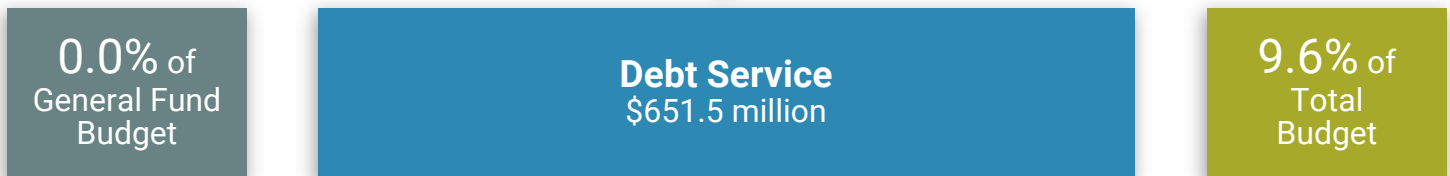
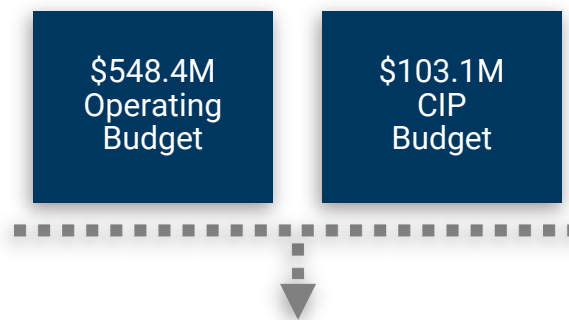


Debt Service

Types of Funds



Types of Expenditures

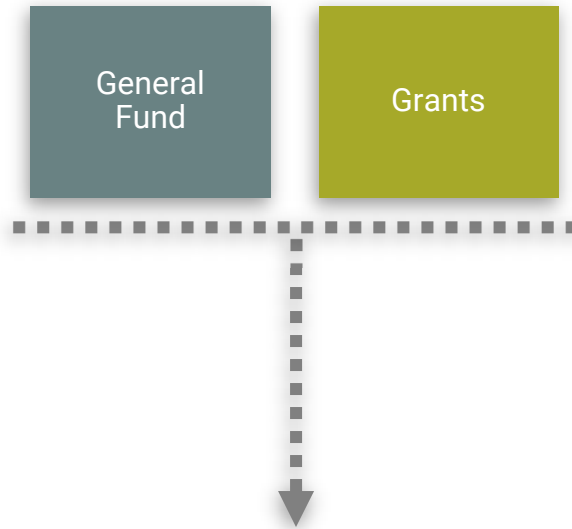


Debt Service represents the principal and interest payments and related costs for City bonds. Bonds include voter-approved General Obligation Bonds supported by property taxes as well as revenue bonds for enterprise departments secured by a pledge of net revenues.

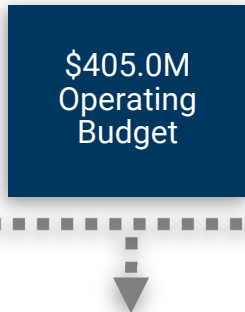


Other Non-Departmental

Types of Funds



Types of Expenditures



-0.7% of
General Fund
Budget

Other Non-Departmental
\$405.0 million

6.0% of
Total
Budget

The Other Non-Departmental budget includes unassigned General Fund savings attributable to position vacancies, and appropriation for federal grants associated with COVID-19 economic relief efforts, and not designated to a particular City department.



