

2021-22

Phoenix

Summary Budget



Setting a path forward for a sustainable Phoenix



PHOENIX 2021-2022
SUMMARY
 **BUDGET**



City of Phoenix



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150
August 2021

City of Phoenix Council Members and District Boundaries



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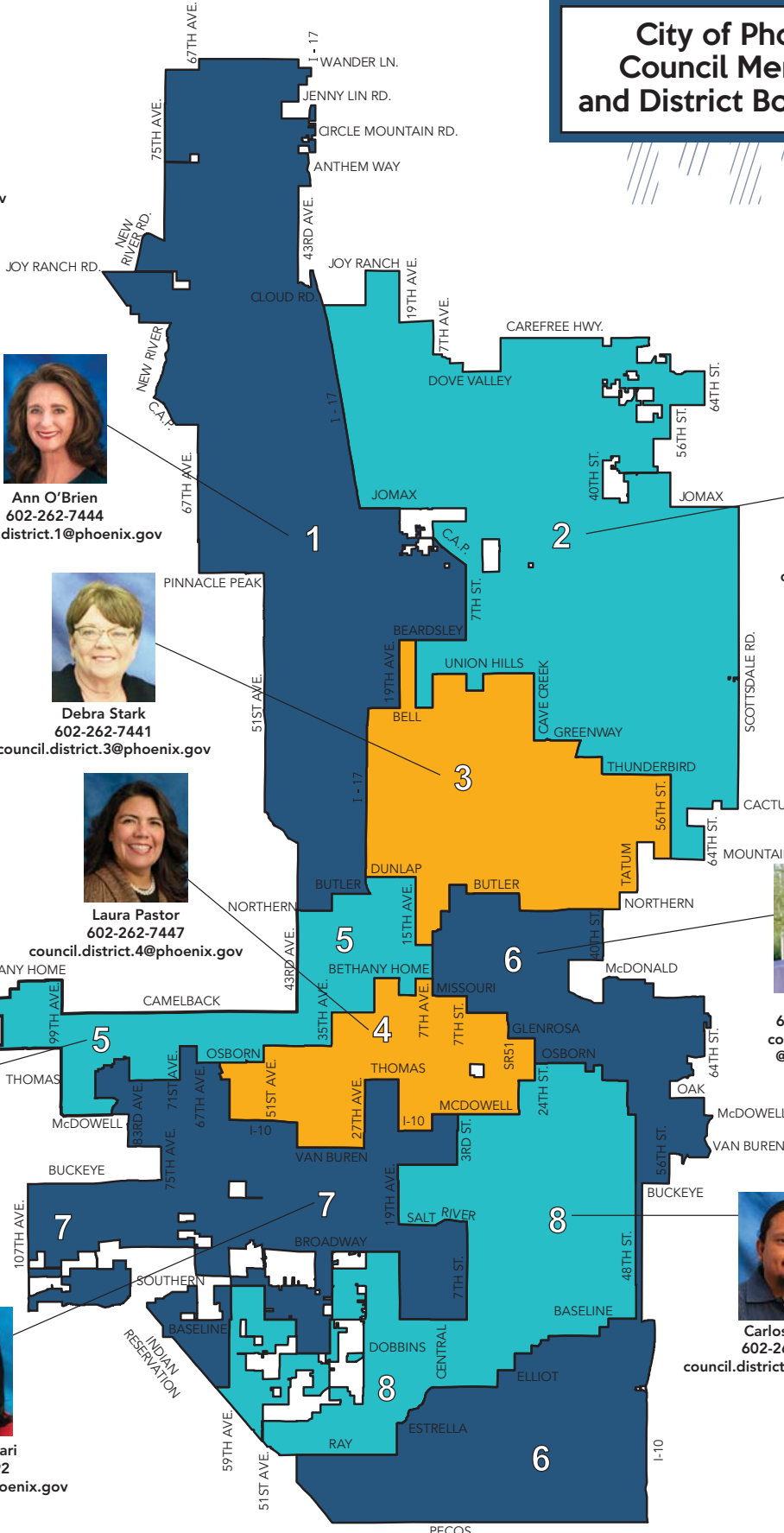
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CITY OF PHOENIX

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Carlos Garcia
Vice Mayor
District 8

Ann O'Brien
District 1

Jim Waring
District 2

Debra Stark
District 3

Laura Pastor
District 4

Betty Guardado
District 5

Sal DiCiccio
District 6

Yassamin Ansari
District 7

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City Council Office

Sina Matthes
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City Manager

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Deputy City Manager

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Deputy City Manager

Gina Montes
Deputy City Manager

Mario Paniagua
Deputy City Manager

Karen Peters
Deputy City Manager

Ginger Spencer
Deputy City Manager

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City Clerk

Lori Bays
Human Resources Director

John Chan
Phoenix Convention Center Director

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Acting Chief Financial Officer

Steen Hambric
Acting Chief Information Officer

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Water Services Director

Kara Kalkbrenner
Fire Chief

Kini Knudson
Street Transportation Director

Donald R. Logan
Equal Opportunity Director

Christine Mackay
Community and Economic Development Director

Chad Makovsky
Director of Aviation Services

Titus Mathew
Housing Director

Frank McCune
Government Relations Director

Cris Meyer
City Attorney

Jesús Sapien
Public Transit Director

Spencer Self
Neighborhood Services Director

Felissa Washington Smith
Interim Public Works Director

Alan J. Stephenson
Planning and Development Director

Ross Tate
City Auditor

Jeri L. Williams
Police Chief

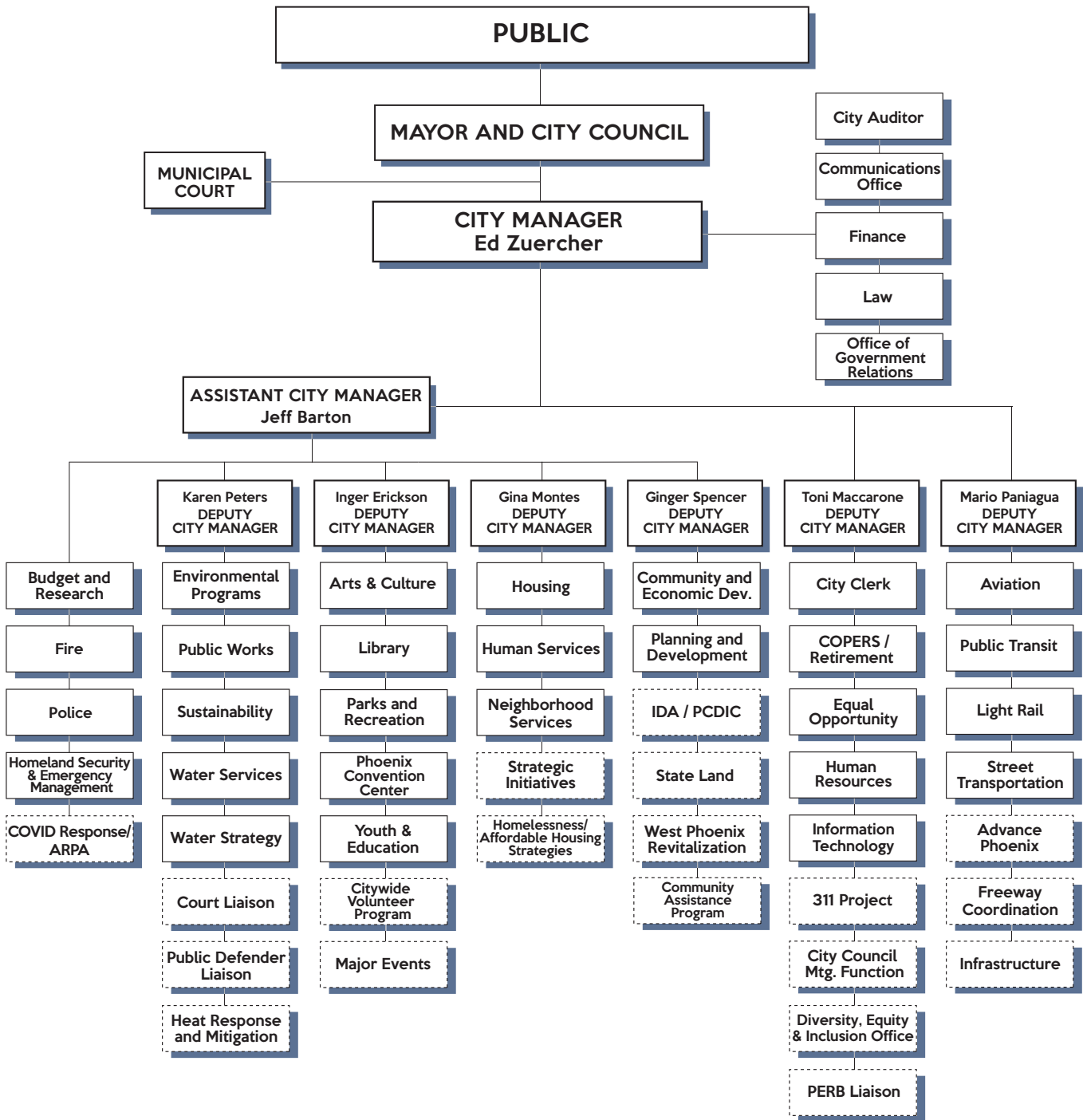
Amber Williamson
Budget and Research Director

Dan Wilson
Communications Office Director

Chief Presiding Judge

B. Don Taylor III

CITY OF PHOENIX ORGANIZATIONAL CHART





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BUDGET DOCUMENT OVERVIEW

This overview outlines the 2021-22 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 2021-22. 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 2021-26 Capital Improvement Program provides Phoenix's planned construction program by project and detailed sources of funds.

A more detailed description of the 2021-22 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 2020-21 and 2021-22 as well as actual results for recent and historical periods.

2021-22 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 2021-22 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.

2021-22 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 2021-26 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, 2020

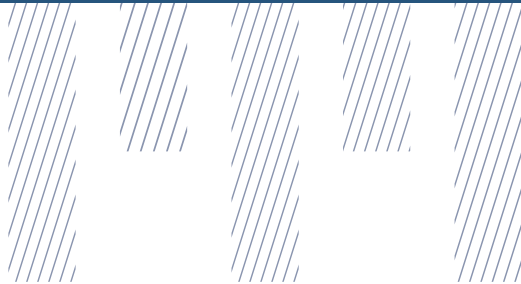
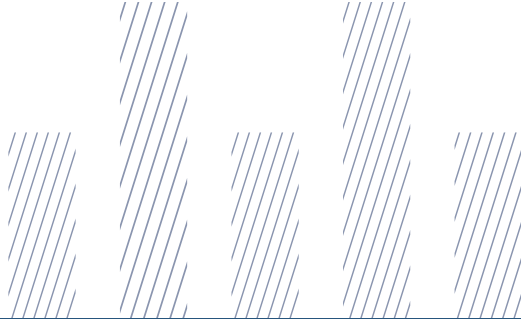
Christopher P. Morill

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, 2020.

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 2021-22 City of Phoenix Budget required by City Charter.

The 2021-22 City of Phoenix Budget represents a positive path forward and reflects City Council and community priorities to ensure our city remains an attractive place to live and work for residents. Throughout the COVID-19 pandemic the City Council demonstrated strong leadership, taking early actions to preserve resources, resulting in a budget which will provide fair compensation increases to our employees, enhanced programs and services for our community, and respond to the important challenges we face as the fastest growing city in the United States. This path forward includes an innovative Office of Heat Response and Mitigation, enhanced water conservation efforts, and an expanded Community Assistance Program to support the Police and community.

The City of Phoenix budget process encourages community participation to guide decision making. In order to facilitate feedback while keeping COVID-19 safety measures in place, a total of 14 virtual budget

hearings were held from April 2, 2021 to April 20, 2021. The proposed Trial Budget additions were also made available on the City's website and in the new interactive FundPHX tool available at phoenix.gov/budget. Residents also communicated priorities via email at budget.research@phoenix.gov and by calling 602 262-4800. In total, approximately 1,500 individual comments were received on the proposed budget.

The largest number of comments were about police, new community parks, expansion of the Community Assistance Program, homelessness and affordable housing, heat mitigation and climate initiatives, street projects, funding for the arts community, transit services and workforce development.

Consistent themes of the input included:

- Preserve existing services provided by the City.
- Requests for community input on the expansion of the Community Assistance Program to better serve residents contacting 911 experiencing mental and behavioral health issues.
- More accountability of police officers and reduced funding for the Police Department.
- New parks in the fast growing southwest area of the City.
- Support for initiatives on heat mitigation and climate resiliency.
- Increased funding to address the impacts of homelessness and a lack of affordable housing.
- Increased funding for street maintenance and repair.
- Additional transit services in west Phoenix.
- Increased funding for Arts & Culture, Historic Preservation and Library services.
- Continuation of the PHXBizConnect by HUUB platform.
- Support for increased funding for Police and Fire.
- Additional resources for residents challenged with continued financial hardship due to the COVID-19 pandemic.

Based on resident feedback, it is clear there is a demand for more City services, not less. Public participation showed residents have clear opinions, some of which

are contradictory, about the services we deliver every day to the community. While not all input could be directly accommodated into the budget, the feedback is extremely important to set budget and policy discussions for the future. Many additions in this year's budget reflect input received over the past several years.

I would like to acknowledge and thank City staff in Budget & Research, City Clerk, Information Technology Services and the Communications Office for their work on development, advertisement and facilitation of community engagement in the development of the 2021-22 budget.

Overview of 2021-22 Budget

General Fund: The 2021-22 General Fund (GF) budget is \$1.608 billion. This is a \$182 million or 12.8 percent increase from the adopted 2020-21 budget of \$1.426 billion. The increase accounts for strategic use of the \$154.8 million surplus and provides compensation increases for our employees, and enhancements to programs and services. Expenditure increases also include higher costs for capital pay-as-you-go projects, employee pension benefits, and increasing the contingency fund to maintain 4 percent of GF operating expenditures.

Revenue and Resources: Projected GF revenue in 2021-22 is estimated to be \$1.356 billion and represents an increase of \$33.0 million or 2.5 percent over the 2020-21 Revised Estimate of \$1.323 billion, excluding one-time revenues of \$109.2 million from the Council approved transfer from the Coronavirus Relief Fund to offset public safety salaries as permitted by the Federal guidelines. Growth in 2021-22 reflects anticipated increases in city and state sales taxes and state-shared vehicle license taxes as the local economy continues to improve from the Coronavirus pandemic. This growth is offset by estimated declines in state-shared income tax revenues, which is based on collections from two years prior, and is impacted by the State's action to delay income tax filings in the last quarter of 2019-20 in response to the pandemic. Additionally, the City's proposed 2021-22 combined property tax rate of \$2.12 is one cent lower than the 2020-21 combined rate of \$2.13. The primary property tax rate used to support all GF programs and services remains unchanged at \$1.31, while the secondary property tax rate used to pay voter approved general obligation debt service decreases from \$0.82 to \$0.81.

Finally, including revenue along with the estimated beginning fund balance of approximately \$244.7 million (largely made up of one-time funds from the Coronavirus Relief Fund), and fund transfers and recoveries estimated at \$7.1 million, total 2021-22 GF resources are estimated to be \$1.608 billion.

General Fund Additions: The 2021-22 budget preserves existing City programs and will positively impact our employees and the community. The budget makes significant investments in our employees by allocating 76 percent, or \$118.3 million of the available GF surplus of \$154.8 million, to provide much deserved compensation increases. Our employees have demonstrated their commitment to the community by ensuring City services continued to be delivered throughout the pandemic.

The remaining \$36.5 million includes additions designed to accomplish several important City Council policy goals. Primary among these additions are resources for public safety reform and responsiveness including: adding a Victim Advocate to assist family members who have experienced use of force incidents, resources to provide quicker turnaround for public records requests, improved data reporting and analytics to support accurate statistics and to facilitate early intervention for possible adverse sworn police behaviors. These additions are designed to improve accountability and trust between the Phoenix Police Department and the community. The budget also includes a significant investment of \$15 million to expand the existing Community Assistance Program (CAP) to provide crisis response services for residents experiencing mental and behavioral health issues. This investment will achieve several goals including: meeting the demand for services, provide an appropriate response with civilian staff trained in crisis care and mental and behavioral health, reduce response times, and facilitate a connection to care for ongoing counseling and support services with community partners. Another outcome will be to return sworn personnel to the field to reduce response times for public safety related calls for service.

General Fund additions also include several items in the areas of building community and responding to growth, affordable housing and homelessness, climate change and heat readiness, COVID response and resiliency and administrative accountability. Highlights of these categories include: adding three new parks in the southwest region of Phoenix, providing staff to operate the new Cesar Chavez Community Center, expanding the successful Adaptive Recreation program to offer year-round inclusive recreation opportunities for residents with disabilities and college readiness programs for our youth provided by College Depot.

Funding is also included for art grants, historic preservation, support for veterans, funding for Fast-Track Cities initiatives to provide education and treatment for residents with HIV/AIDS, staff to work with small businesses to revitalize retail development in the west part of the City, and new positions to support Council and community initiated projects like the Rio Reimagined Plan to develop an economically viable and diverse mix of housing and businesses along the banks of the Salt River.

Resources are also included to achieve the goals of the Council adopted Housing Phoenix Plan and Homeless Strategies Plan to provide assistance to individuals experiencing homelessness and to expand the number of affordable housing units in Phoenix. To help mitigate the extreme heat in Phoenix, a new Office of Heat Response and Mitigation will be created to identify strategies to help our most vulnerable populations who struggle every summer to survive rising valley temperatures. This is a first in the nation. Funding is included to focus on climate change and includes resources to conduct greenhouse gas emission inventories and to plant more trees around the City to achieve the Council adopted Tree and Shade Master Plan goal of doubling the tree canopy by 2050.

Additionally, funding is included to continue innovative services developed due to COVID-19 such as providing additional Wifi services to the community, funds to continue contracts with public health consultants, an additional position to continue the Emergency Food Action program to achieve the goals of the Council approved 2025 Food Action Plan.

Finally, new administrative positions are added to create an Office of Diversity, Equity and Inclusion to ensure Phoenix remains a place to live and work which promotes equitable and respectful treatment of all people. Funding is also added to restore positions for Information Technology, Human Resources and to properly maintain the City's fleet of vehicles.

Other Funds: Important and critical 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 the Arizona Highway User Revenue fund, and Enterprise Funds like Aviation, Phoenix Convention Center, Solid Waste, Water and Wastewater. Additions to the 2021-22 budget for other funds includes \$4.3 million in resources to add new positions in the Development Services fund to process increasing commercial and residential plan reviews, in the Solid Waste fund due to growth in both the number of households and refuse and recycling tonnage, in the Water fund to implement 13 projects recommended by the Water Conservation Ad Hoc Committee to address water shortages from the Colorado River, and in the Arizona Highway User Revenue fund for additional street maintenance needs.

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 2021-22 budget amount is \$5.627 billion.

This budget is a dynamic representation of City Council objectives and our commitment to providing our community the best possible programs and services.

All the City's budget information - including complete program information and the City Manager's Trial Budget details - is available at phoenix.gov/budget.

Looking Ahead

The City and its residents continue to experience unprecedented stresses from COVID-19. I am committed to working with you and our community to 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 under your leadership we are 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. This budget is a reflection of that unwavering commitment.

Thank You for Your Commitment to Phoenix

I want to thank the Mayor and City Council for your dedication to the City and the community we all serve. Under your stewardship, I am confident we will continue to navigate through the pandemic strategically by working together to continue our tradition of providing exceptional services to our community.

Finally, I want to thank the residents who took the time to attend hearings and provided comments on the budget. Together, we all make a great city to work and live.


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.

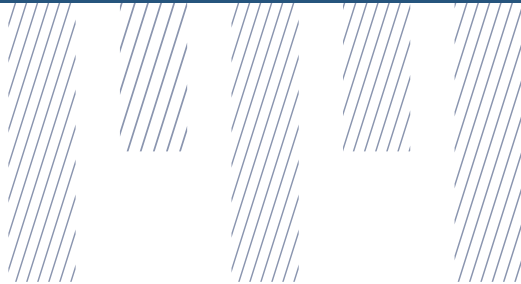
The Phoenix Strategic Plan guides decision-making within the organization and focuses the City's efforts to deliver core services that meet the City's mission: **"To improve the quality of life in Phoenix through efficient delivery of outstanding public services."** The plan includes 10 study areas:

- 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 2020-21 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. 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.
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 from the Great Recession 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 City must also remain dedicated to developing and seeking continuous improvements in business processes and maintaining a culture of innovation and efficiency.

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 2020-21 MAJOR ACCOMPLISHMENTS

ECONOMIC DEVELOPMENT AND EDUCATION

1. **Business Attraction**

- In May, Taiwan Semiconductor Manufacturing Company (TSMC) announced they selected Phoenix for their new U.S. advanced semiconductor factory. This will include 1,900 high wage jobs and a \$12 billion investment from the company.
- Staff assisted 23 companies to locate and create 5,635 new jobs with a capital expenditure of more than \$457 million and a total of 3.6 million square feet, representing a 25% increase in jobs from last year. Despite the pandemic we are at historically low vacancy rates in our industrial product.
- The office market in Phoenix remained strong in 2020 despite COVID-19. More than 162,000 square feet of office space has been leased creating 1,571 new jobs with an average annual salary of \$79,332. These new companies are expected to bring over \$18.5 million in capital investment including PennyMac, ZorroSigns, SMS Assist, MakeSpace, Dataminr, FrontApp, Smead Capital, Blue Optima and Protecht.

2. **Business Retention & Expansion Outreach** - Twenty companies indicated they were expanding within the next 12 months, creating 4,480 new jobs at an average salary of \$54,243, with a capital investment of more than \$519 million and a total of 1.5 million square feet. Examples of expansions include: Freestar, LLC, Honeywell Aerospace, and Industrial Metal Supply.

3. **Emergence of Food System Entrepreneurship and Innovation** - In partnership with the Public Works Department, Parks and Recreation Department and the Office of Environmental Programs, the redevelopment of the Del Rio Landfill, known as Arizona Fresh is moving forward with a food innovation, education, distribution facility and a new City park amenity. Arizona Fresh projects to create 1,500 jobs, incur a capital expenditure of \$200 million and create \$848 million in annual economic output.

4. **Arena Renovation** - Nearly \$150 million of improvements have been implemented, employing more than 2,800 people, including over 165 apprentices learning valuable career skills. By December 2020, the first phase was completed, including a reimagined entry pavilion and guest experience. All 17,000 seats have been replaced and fans will enjoy improved technology, from upgraded Wi-Fi to visually stunning LED displays. The project has achieved a better than 75% waste diversion rate.

5. **Global Biorisk Advisory Council STAR Accreditation** - In 2020, the Phoenix Convention Center (PCC) achieved the Global Biorisk Advisory Council (GBAC) STAR accreditation. The PCC is among the few major convention centers in the United States, and the first facility in Arizona, to implement the most stringent protocols for cleaning, disinfection and infectious disease prevention. To achieve GBAC STAR accreditation, the PCC was required to demonstrate compliance with the program's 20 core elements, which range from standard operating procedures and risk assessment strategies to personal protective equipment and emergency preparedness and response measures.

FINANCIAL EXCELLENCE

1. **Short-Term Debt** - In June 2020, the Finance Department successfully issued short-term debt for Streets and Transit for \$200,000,000. The short-term debt was a T2050 Revolving Credit Facility Agreement (three-year term) with Bank of America to pay for costs of certain improvements to the City's streets and public transit systems. This Revolver was issued during a time where the banks nationwide were limiting or omitting borrowing due to liquidity shortages as a result of COVID-19.

2. **Senior Lien Airport Revenue** - The Finance Department issued \$762,535,000 of Senior Lien Airport Revenue Bonds and Refunding Bonds to pay the costs of certain improvements for the City's aviation system. The all-in interest cost was 3.52% on bonds with a final maturity of 2049.

3. **Delinquent Collections** - Delinquent collections amounted to over \$28 million and tax audits brought in an additional \$10 million.

4. **Finance Procurement** - The Finance Procurement Division established a collaborative partnership for procurement from the State of Arizona to streamline procurement processes.

5. **Risk Management** - The Risk Management Division processed 1,565 risk claims over the last fiscal year and all claim information has been made available on the City's website.

6. **Annual Comprehensive Financial Report** - The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its Annual Comprehensive Financial Report for the fiscal year ended June 30, 2019. The city has received this award continuously since 1976. The City also received the GFOA Award for Outstanding Achievement in Popular Annual Financial Reporting for its Popular Annual Financial Report (PAFR) for the fiscal year ended June 30, 2019.
7. **Junior Lien Water Revenue Bonds** - The Finance Department issued two series of Junior Lien Water Revenue Bonds totaling \$393,130,000 to finance high priority projects to improve the resiliency of the City's water system against potential future droughts, creating a more sustainable water system. The bonds were designated by the City as Sustainability Bonds based upon the social impacts of sustainable, clean water management as well as the climate adaptation and/or mitigation benefits of the Colorado River Resiliency project, utilizing the City's Green and Sustainability Bond Framework and in compliance with the Green Bonds Principles. This was the City's first issuance of "Sustainability" bonds. The all-in interest cost was 3.14% on bonds with a final maturity of 2044. The Bonds were sold during a period of unprecedented market volatility, and the transaction was one of the first bond sales after the municipal new issue market almost entirely shut down during the second week of March 2020.
8. **City of Phoenix Civic Improvement Corporation Subordinated Excise Tax Revenue Bonds** - On August 4, the Finance Department priced the City of Phoenix Civic Improvement Corporation Subordinated Excise Tax Revenue bonds totaling \$398.3 million. The sale included \$131.6 million of tax-exempt bonds, \$150 million of taxable bonds and \$116.7 million of refunding bonds (taxable). The City received the following ratings; Aa2 from Moody's, AA+ from Fitch and AAA from S&P. The bond proceeds will be used to fund renovations to the Downtown Arena, the shoring wall at the Convention Center, solid waste facility improvements and equipment as well as Council approved technology projects. The refunded bonds resulted in about \$14 million in overall savings. During pricing, demand for City bonds was very strong and the City received over \$3 billion in orders for a supply of \$398.3 million resulting in a true interest cost of 2.05%. This historically low rate will save the City and the constituents of Phoenix millions of dollars in the years to come.

INFRASTRUCTURE

1. **Accelerated Pavement Maintenance Program (APMP)** - In the second year of the APMP, 587 miles of Phoenix streets received pavement maintenance treatment in 2020, which is approximately 12% of the entire street network. A breakdown of the pavement maintenance activities includes:
 - Mill and overlay - 74 miles of major streets and 108 miles of local streets.
 - Other paving treatments (slurry/micro seal, fog seal, crack seal, etc.) – 406 miles of major and local streets.
 - 3,081 ADA ramps upgraded for improved accessibility.
2. **LED Conversion** - The Street Transportation Department completed the citywide LED street light conversion. The LED streetlights will save approximately \$3.5 million in annual energy costs and reduce the electricity needed to light the streets by approximately 53%. 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. LED streetlights also have longer lifespans and produce better light quality than the previous streetlights, improving roadway visibility and safety.
3. **Central Station Redevelopment** - The redevelopment plan for Central Station was approved by the FTA earlier last year. When completed in 2024, the project will include a 9,000 square-foot Central Station Transit Center, lower level retail and commercial space, as well as market-rate, workforce and student housing. During construction, all Central Station customer service activities have been relocated to the ground floor of the Public Transit building on Van Buren Street and First Avenue.
4. **South Central Extension/Downtown Hub Project Construction Funding Agreement** - In May 2020, the U.S. Department of Transportation's Federal Transit Administration (FTA) announced a \$100 million federal funding allocation to the South Central Light Rail Extension/Downtown Hub. The funding is provided through FTA's Capital Investment Grants (CIG) Program. The South Central Extension/Downtown Hub allocation is one of twelve rail projects nationwide receiving CIG allocations. The FTA has now awarded another \$500+ million in potential federal funding for the South Central Extension/Downtown Hub project, subject to the completion of a full funding grant agreement between FTA, Valley Metro and the City of Phoenix in 2021.
5. **New and Expanded International Flights** - In 2020, new and expanded international flights included:
 - On Oct. 8, 2020, Southwest Airlines launched its first international service from Phoenix. Southwest now serves Cabo San Lucas and Puerto Vallarta daily from PHX.
 - American Airlines announced service to Loreto, Mexico four times a week beginning December 17, 2020, and service to La Paz, Mexico offered three times a week beginning December 19, 2020. The flights will operate until May 3, 2021.

INNOVATION AND EFFICIENCY

1. **Projects Completed** - In the past year, the City Auditor Department completed 71 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 \$6.6 million in revenue recovery and cost savings over the past five years, including \$601,000 in revenue recoveries and cost savings in FY 2019/20.
3. **Efficiency Efforts** - In addition to recommendations to improve management controls and reduce risk, the Audit Department identified many potential efficiency improvements. City departments reported the implementation of 186 recommendations in the past year. Audit recommendations result in many benefits to the City, including improved transparency and accountability, enhanced internal controls, reduced costs, increased revenue, and improved services.

NEIGHBORHOODS AND LIVABILITY

1. **Coronavirus Relief Fund (CRF) Utility, Rent, Mortgage Assistance Program**
The Neighborhood Services Department, in partnership with Arizona Community Action Association (Wildfire) and nine participating agencies, launched the Coronavirus Relief Fund (CRF) Utility, Rent/ Mortgage Assistance Program, which provides emergency assistance relief to eligible Phoenix residents experiencing financial hardship as a result of the COVID-19 pandemic. Wildfire contracted with nine agencies with well-established community relationships that have adapted their infrastructures and existing programs to make service delivery a priority. In 2020, these agencies provided 3,003 households with over \$9.8 million in rent/mortgage assistance and over \$1.9 million in utility assistance, totaling over \$11.7 million in critical services to households in need.

Wildfire contracted with six additional agencies to target the Refugee/Asylee community to ensure this greatly underserved population also has access to critical services that have the potential to stabilize households in need. In 2020, these six agencies prevented 192 households from facing utility disconnection and eviction/foreclosure by providing \$600,600 in rent/mortgage assistance and \$80,700 in utility assistance. These agencies have successfully reinforced their infrastructures and adapted their existing programs to engage an increasing number of residents and households in this vulnerable community.
2. **Youth Day Camps / Virtual Learning** - On March 23, 2020, the Parks and Recreation Department began offering free youth camps for children and dependents ages 6 to 17 of all full and part-time City employees in multiple community centers. When the 2020-21 school year began, those sites transitioned into virtual learning locations and are still being used for that purpose. Those camps have served more than 4,200 participants. On August 28, 2020, in partnership with the Housing Department, the Parks and Recreation Department began facilitating youth camps at six housing sites: Sidney P. Osborn, Luke Krohn, Aeroterra, Foothills, Vernell Coleman and Harmon Park. More than 2,200 youth have participated in activities offered as part of those camps.
3. **Virtual Recreation Programs** - The Parks and Recreation Department and several of its partner organizations offered a variety of free virtual programs, activities and resources to help community members of all ages stay active and engaged during the pandemic. Activities include the PHXPlays at Home Virtual Recreation series; Virtual Adaptive Recreation programs; Virtual Chats for Seniors; Virtual Speaker Series; FitPHX Virtual Fall Into Fitness, Boot Camp and Morning Yoga series; virtual activities for the PHXteens, Project BRAVE and Partners programs; virtual Park Ranger programming; Pueblo Grande Museum virtual storytelling and enrichment activities; self-guiding codePHX resources; the Camp Colley Virtual Environmental Learning Program; and Daring Adventures Virtual Adventures series. More than 2,000 people participated in those programs. Video of the FitPHX activities was archived on the department's YouTube channel and is available on-demand for free. Those videos have been viewed more than 4,400 times.
4. **Cesar Chavez Community Center Groundbreaking** - In September 2020, the Parks and Recreation Department kicked off construction of the City's newest community center with a ceremonial groundbreaking event in Cesar Chavez Park. Construction of the \$12 million, 34,000-square-foot facility is scheduled for completion in fall 2021.
5. **Library Resources** - On March 16, 2020 Phoenix Public Library closed all locations and book drops due to the Coronavirus pandemic. Even with an unexpected closure to in-building services and visits, Phoenix Public Library continues to be responsive while maintaining the health and responsible safety measures as a top priority for the community. During the first day of closure, Phoenix Public Library immediately extended the borrowing period on all checked out items through June 30 and communicated with over 400,000 library cardholders as to the status of their access to library services and resources. Phoenixpubliclibrary.org remains available 24/7 and hosts approximately 470,000 visits each week, with digital customers checking out over 2,444,500 digital items, an average of more than 69,800 digital items a week. Circulation of a diverse selection of eMaterials provided through the public website increased by approximately 30%, with some platforms doubling their use in the first 4-6 weeks as many vendors expanded and adjusted the volume and selection of their content.

6. **Increase Solid Waste Service Levels** - During this unprecedented pandemic, the Public Works Department experienced an increase in solid waste collection demand from residential customers. Recycling tonnage increased by 20%, refuse tonnage increased by 11%, and bulk trash tonnage experienced a 15% increase. Increased tonnage has been a challenge for many cities across the state and country. Where many local and national cities addressed this concern through reducing services such as bulk trash and recycling, the Public Works Department stepped up and managed to maintain continuity of services with existing resources despite the drastic increase in tonnage.

PUBLIC TEAM

1. **City of Phoenix Learning Resource Library** - The City of Phoenix Learning Resource Library was designed for City employees to access learning tools and resources for developing professional, personal, physical, wellness, and emotional skills. The Library helps employees and leaders navigate some of the work and life challenges they may be facing during the COVID-19 health crisis.
2. **Enhancements** - Due to restrictions from COVID-19, the Human Resources Department made several enhancements including electronic routing of documents for employee relations matters, electronic tuition reimbursement process, electronic approval for payroll preparation, semi-virtual Civil Service Board meetings, use of video conferencing for internal and external meetings and conversion to virtual learning including new employee orientation webinar. For required in-person training, the department created a written safety plan and discovered non-traditional training techniques that allowed employees to achieve social distancing and other COVID-19 recommendations.
3. **Census 2020** - During calendar year 2020, planning and execution efforts for the 2020 Census came to fruition. 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 supporting outreach as community ambassadors to spread messaging and increase participation. The 2020 Census team achieved, following a national self-response rate of 67%, a City self-response rate of 66.2% resulting in the third highest self-response rate among cities of similar population.

PUBLIC SAFETY

1. **COVID-19 Testing** - The Phoenix Police Department's crime lab became the first and only law enforcement crime lab in the nation to be certified to process COVID-19 tests. Staff worked for several months to meet rigorous standards required by the Arizona Department of Health Services to provide this public service. Testing performed by the crime lab began in October 2020 and is supporting the Maricopa County Medical Examiner's Office in death investigations.
2. **Critical Incident Briefing Videos** - In July, the Phoenix Police Department shortened the release time of Critical Incident Briefing (CIB) videos from 45-60 days to within 14 days of an incident. The CIB videos contain audio, body-worn camera footage and information related to high-profile incidents such as officer-involved shootings. Records associated with the CIB videos are also available for release during this abbreviated period.
3. **Body-Worn Cameras** - The Phoenix Police Department has deployed 2,170 body-worn cameras to sworn and nonsworn employees throughout the department. In patrol, officers through the rank of commander are outfitted with cameras, as are CAOs, NET squads, reserve officers and patrol police assistants. Specialty units outfitted with cameras include the Special Assignments Unit, canine officers, the Fugitive Apprehension Unit, Motors, Transit officers and police assistants, the Gang Enforcement Unit, Crisis Intervention Teams, Community Response Squads, the Downtown Operations Unit and the officers and police assistants assigned to the downtown Infrastructure Protection Unit. An additional 400 cameras have been requested to outfit staff assigned to: Central Booking, the Airport Bureau and academy graduates.
4. **New Fire Station 62** - Approval to build Fire Station 62 at 93rd Avenue and Lower Buckeye Road will result in significant service delivery improvements to the surrounding community.

SOCIAL SERVICE DELIVERY

1. **Bridging the Digital Divide** - PHX Housing Connect Tablet Distribution - In June 2020, the Housing Department began distribution of 800 tablets with 24 months of unlimited WiFi data service to provide digital learning access to public housing households with school-aged children. These devices can be utilized as a hotspot to connect additional devices in the household to the internet. A custom image was deployed on each device providing immediate access to educational applications and website bookmarks. The devices are managed through a mobile device management software which allows the Housing Department to broadcast messages and share information electronically with residents. All program participants received a user guide which provided information on tablet and application usage, cyber safety and device care. Distribution was completed in September 2020. In October 2020, City Council approved 800 additional devices for public housing senior residents to reduce social isolation and assist them with access to online services, telemedicine and social media.

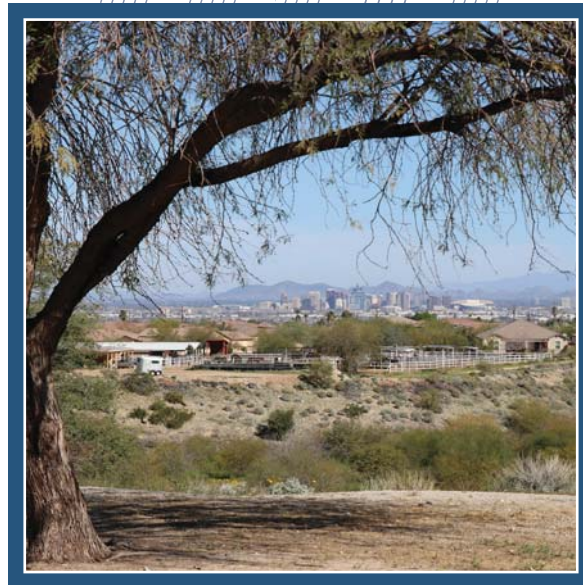
2. **Delivering Essential Services to Residents** - Providing essential services to meet the basic needs of residents in public housing was a priority for the Housing Department during the COVID-19 pandemic. Beginning in March 2020, the Housing Department shifted resources to focus on assisting these residents and from March to October, provided over 25,000 Kids Café meals to youth in public housing and over 4,700 food boxes in mobile food pantry events to ensure families had access to nutritious food. Health and wellness services were facilitated on-site to maximize access and eliminate potential transportation barriers. In total, 340 residents received onsite COVID-19 testing, 283 residents were administered the seasonal flu shot, and 265 senior residents participated in health screenings. Staff coordinated with the City's mobile testing van to provide additional on-site testing and flu shots for hundreds of public housing residents and surrounding community members. Staff also coordinated with non-profit partners who donated over 1,700 essential care packages filled with important items including toilet paper, disinfectant wipes, and various other household cleaning supplies.
3. **Housing Phoenix Plan** - In June 2020, the Phoenix City Council unanimously approved the first-ever Housing Phoenix Plan, which establishes a goal of creating or preserving 50,000 homes by 2030 to address the housing shortage in Phoenix. The Housing Phoenix Plan documents the findings of the Affordable Housing Initiative, which launched in 2019 with the goal of completing a housing needs assessment and establishing policy recommendations to address the City's current housing challenge. Through extensive research and community outreach, the published plan identifies the community's housing needs, documents the housing gap, compiles nationwide best practices, and recommends nine policy initiatives to increase the number of available and affordable housing options throughout the city. In October 2020, staff released the first Housing Phoenix Plan Quarterly Report showcasing the progress of the nine policy initiatives and actions taken from June through September 2020. One of the significant accomplishments achieved includes securing Housing's first Community Land Trust program through a partnership with Newtown CDC and Phoenix Residential Investment Development Effort (PRIDE). Five homes will be placed in the Community Land Trust, which will ensure long-term affordable homeownership opportunities for residents. Another accomplishment includes the development of the Section 8 Landlord Incentive Program which incentivizes Phoenix landlords to sign a one-year Housing Assistance Payment (HAP) contract to make their properties available to Section 8 voucher holders. Staff have also identified City-owned land for the potential development of affordable and mixed-income housing. Continuing to make progress in implementing the Housing Phoenix Plan will help the City reach the goal of creating a stronger and more vibrant Phoenix through increased housing options for all.
4. **Monroe Gardens Completion** - Monroe Gardens, located at 1441 E. Monroe St. in Council District 8, is a new 78-unit affordable housing community that will be completed in December 2020. This project replaces the demolished A.L. Krohn East Public Housing. Monroe Gardens converted 38 obsolete public housing units into 78 project-based Section 8 rental assistance units through the Rental Assistance Demonstration (RAD) program. The new apartment community was designed to the Walkable Urban Code and includes one to five-bedroom units, a community building, covered playground, ramadas and barbeque grills. Former residents of A.L. Krohn East were provided the first right to return to the new development to enjoy the new, modern, energy efficient affordable housing units located near a light rail station in the Downtown Eastlake Community.
5. **Soluna Groundbreaking** - Choice Neighborhoods Housing Development The Groundbreaking for Soluna, the first phase of the City's Choice Neighborhoods (CN) Implementation Grant was held on Feb. 10, 2020. In 2018, the City of Phoenix was awarded a \$30 million CN Grant from the U.S. Department of Housing and Urban Development to transform the Edison-Eastlake Community into a vibrant mixed-income neighborhood, linking housing redevelopment with new amenities, upgraded infrastructure, neighborhood economic growth and social services. With this grant, Housing will redevelop 577 obsolete public housing units into 1,011 mixed-income housing units in four phases over six years. Soluna has 177 mixed-income, energy efficient, one to five-bedroom units, and is scheduled to be completed in Fall 2021.

SUSTAINABILITY

1. **Heat Ready** - The Office of Sustainability developed the City's "HeatReady" program in collaboration with ASU to mitigate the Urban Heat Island in Phoenix through the following initiatives:
 - Developed a Walkshed GIS tool based on an Icarus Model that rated every street in Phoenix for pedestrian traffic based on nearby services, density and heat vulnerability. The first application of the tool is for use in the Street Transportation Department to prioritize tree planting in the right-of-way in vulnerable neighborhoods. Future applications will identify streets in vulnerable communities to be targeted for development as cool corridors.
 - Completed the City's application to ASU's new HeatReady City Certification program. Phoenix and three other cities will be evaluated in 2021 for the nation's first Heat-Readiness Assessment followed by the development of the next stage of the program—HeatReady Certification.
 - Launched the City's first Electric Vehicle Program (supported through a \$240,000 grant from the Catena Foundation) to hire a full-time electric vehicle program manager to roll out initiatives in 2020.

TECHNOLOGY

1. **Phoenix Expands Free Wi-Fi Coverage Across the City** - To ensure students and community members have free internet access, as some schools remain closed due to the global pandemic, the City of Phoenix expanded its Wi-Fi coverage outside of nearly 50 libraries, community, senior, and recreation centers to ensure all students have internet access. The Information Technology Services Department provided approximately 1.18 square miles of exterior Wi-Fi coverage, allowing residents to sit in parking lots and public areas outside of participating facilities to connect their devices daily from 8 a.m. to 9 p.m. Phoenix's focus on digital equity ensures students have 13 hours of internet access a day to participate in distance learning and navigate online tools. Phoenix City Council approved the installation of Wi-Fi antennas on city-owned, public facilities in May funded through the Federal Coronavirus Aid, Relief, and Economic Security (CARES) Act.
2. **Phoenix Residents Participate Virtually in City Council & Community Meetings** - In partnership with the Phoenix City Clerk Department, the Information Technology Services Department worked with a vendor to create the ability for residents to participate virtually in City Council meetings during the global pandemic. Now, residents can electronically comment on City Council agendas, select their opinion of Support/Neutral/Oppose on an agenda item and/or electronically register to speak during a meeting. Similar virtual interactions were extended to community meetings.
3. **Legacy Phone System Shut Down in 2020** - After successfully completing one of the largest IT projects the City has ever experienced, the Network and Telephone Replacement Project began the final clean-up phase earlier this year. The multi-year \$36.5 million project upgraded the data network and replaced a 30-year-old TDM-based Ericsson telephone system. The project began shutting down the old phone system on January 31, 2020.
4. **Phoenix Named a 2020 'Top 10 Digital Cities' Winner** - The Center for Digital Government (CDG) named the City of Phoenix a Top 10 Digital Cities winner for the '500,000 or More Population Category' in November. Phoenix ranked fourth in this highly competitive award, moving up one spot from last year. The 20th annual Digital Cities Survey examines the overall technology programs and plans of the City. It focuses on twelve categories ranging from aligned leadership to cybersecurity to data governance and transparency. New this year, the survey called for narratives about each city's Covid-19 response.



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 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 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." To move toward Zero Waste by 2050, three key actions are needed:

- a. Increasing the number of products that are 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% 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 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% by 2030. Structured shade and trees facilitate increased walking and biking, increase property values, and can be used to create great public gathering spaces in communities.

6. Clean Air

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

7. Local Food Systems

Increase community access to fresh and healthy food by creating a vibrant food system. Many residents live in "food deserts" where they are more than one mile from fresh and healthy food. In Phoenix, there are 43 food deserts which are more than 75 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. Additionally, the City Council adopted the 2025 Food Action Plan in March 2020 to outline actions and policies, develop and enhance partnerships, to support people most impacted by food insecurity and hunger, and to achieve the goals of access to healthy food for everyone in Phoenix.

Other examples of environmental stewardship include:

- The City of Phoenix Water Services Department launched a digital education page to make learning from home convenient for everyone. The Phoenix Water Cloud page offers water conservation resources for all ages including activity books, games and lesson plans to keep the kids learning at home. Adults can find resources on how to repair common household leaks and information about landscape watering. See the website at phoenix.gov/WaterCloud. In addition, the department created an interactive water calculator for residents to help better understand their water usage. At phoenix.gov/Waterservices/Usage-Calculator residents can enter information about their household and the calculator will provide their optimal monthly water usage. Resources are also available to help you conserve water and save on your bill.
- The City of Phoenix Street Transportation Department is launched a pilot study to evaluate cool pavement treatment. Asphalt collects and retains heat during the day and releases it slowly at night. Phoenix is among several cities that are experiencing the urban 'heat island' effect due to the retention of heat within the built environment. U.S. Environmental Protection Agency data shows the difference in nighttime temperatures in heat island areas can be as much as 22 degrees hotter than temperatures measured outside the heat island. Higher nighttime temperatures lead to more energy consumption, more greenhouse gas emissions, air pollution and other harmful effects. Cool pavement is lighter in color than traditional asphalt or other seal coatings. Cool pavement reflects back the sunlight that hits it. Because the surface reflects, rather than retains heat, cool pavement has the potential to offset rising nighttime temperatures in Phoenix. It should also help cool neighborhood areas that don't have much shade from the sun. Cool pavement is not a paint treatment. It is a water-based asphalt sealant that is applied on top of the existing asphalt pavement. It contains no harmful chemicals and bonds with the asphalt layer underneath. Esteban Park at 32nd Street and Roeser Road was the first site to receive cool pavement treatment. Eight other locations where streets were in good condition but were due for a surface treatment were selected in consultation with the Mayor and Council offices. To learn more about cool pavement, visit phoenix.gov/streets/coolpavement.
- The City of Phoenix Water Services Department is pleased to announce that the Renewable Natural Gas (RNG) facility at the 91st Avenue Wastewater Treatment Plant received honorable mention in the 2020 World Changing Ideas Awards, in the energy category. This facility is the largest wastewater treatment biogas-to-renewable natural gas facility of its kind in the United States. The gas is a result of the natural breakdown of organic matter in the wastewater treatment process. Prior to this operation, the majority of this gas was burned off using flares. Through this new effort, 600,000 cubic feet of gas will be treated annually and transferred to a nearby commercial gas pipeline, where it will be sold on the open market as green energy. The carbon neutral RNG produced at this facility offsets approximately 44,671 metric tons of CO2 per year, the equivalent of taking roughly 70,452 passenger vehicles off the road for one year. The World Changing Ideas Awards showcased how some of the world's most inventive entrepreneurs and companies are addressing grave global challenges.
- The Phoenix City Council recently approved the implementation of a 6-month pilot program that will allow Phoenix solid waste customers to schedule a home pickup of their household hazardous waste (HHW) materials beginning mid-January 2021. The HHW Home Pickup Pilot Program will be managed by the Phoenix Public Works Department in partnership with Kay Environmental Services, a local company that offers professional collection and handling of hazardous waste materials. Public Works is responsible for the proper collection, diversion and disposal of trash and recyclable materials from more than 400,000 Phoenix residential customers. This home pickup program makes it easy for residents to properly dispose of hazardous materials, including things like batteries and paint. It is expected this effort will result in up to 700 tons of waste diverted from landfills annually, at no additional cost to residents.
- The City of Phoenix once again earned the Bronze-level award as a Bicycle Friendly Community for its commitment to making the City a better, safer place to bicycle. The League of American Bicyclists' Bicycle Friendly America program sets standards for how communities build and mark progress toward safer and better bicycling options. The Bronze level award recognizes Phoenix's commitment to improving conditions for all people who bike, through investments in bicycle infrastructure, bicycle education, adult and youth bicycle safety programs and events like Bike-to-Work-Day. Phoenix joins 482 communities across the country in the pursuit of safer streets and better bicycling for everyone. Phoenix currently has 1,062 bike lane miles with that number continuously growing. With support from the Mayor and City Council, the Street Transportation Department created the Office of Pedestrian Safety and the Active Transportation Program as part of our commitment to improving safety and active transportation options citywide.

- The Phoenix Parks and Recreation Department's recent renovation of Piestewa Peak Trailhead was honored with the Natural Resources Award during the Arizona Parks and Recreation Association's (APRA) Best of the Best Virtual Awards Ceremony held August 2020. The renovation is part of a five-year infrastructure improvement plan for the Phoenix Mountains Preserve, which started in 2017, and is funded by the voter-approved Phoenix Parks and Preserve Initiative (PPPI). Trailhead improvements included reconfigured parking areas that are connected by a new 104-foot-long vehicle/pedestrian bridge that improved traffic flow and access to trails. Reengineering of the parking lots created an additional 22 parking spaces for what is one of the City's most popular hiking destinations. Trail users can also now enjoy a new building with six individual restrooms and a ranger station, three drinking fountains and a water bottle fill station, four new ramadas and two renovated ramadas, as well as improved sidewalks, curbing, lighting and signage. Additionally, a new 60-foot-tall concrete and steel entry monument was constructed to greet visitors as they enter the trailhead. The Phoenix Mountains Preserve is located within the ancestral homeland of what is today represented by the Tohono O'odham Nation, Gila River Indian, Ak-Chin Indian and Salt River Pima Maricopa Indian communities. Additionally, Piestewa Peak is named in honor of Lori Piestewa, the first Native American female to die in combat. The design addresses the significance of the location to the tribal community, as well as conservation and natural resource management.

- Tree and Shade Master Plan - The Tree and Shade Master Plan provides 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. For 2021-22 City Council approved funding for the Cool Corridors Program to plant 1,800 trees annually 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 achieving 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.

- The City of Phoenix recently was named the 2020 Gold Winner in the category of Best Government Response-Helping People and Businesses During COVID-19 by Public Relations World Awards (PRWA). This award recognizes outstanding work in agency and in-house public relations, corporate communications, marketing and investor relations from around the world. Because of the pandemic, PRWA created the new category to honor the contributions of individuals, teams and organizations that have demonstrated creativity, resourcefulness and innovative thinking to assist the public in dealing with the impacts of COVID-19. "The city of Phoenix responded quickly and efficiently to the COVID-19 pandemic. We stepped up to provide accessible, no-cost testing to every resident with help from community partners and local healthcare providers," said Phoenix Mayor Kate Gallego. Phoenix partnered with several local healthcare providers to deliver free drive-thru COVID-19 testing at various city-owned parks. Even in the middle of Phoenix's summer season, the drive-thru sites were flocked by hundreds of vehicles, which captured the national media's attention. In August, City leaders saw an additional need to bring COVID-19 testing at no cost to the underserved communities of Phoenix. They conceptualized a mobile unit that could bring the testing to community members experiencing various challenges that prevent them from getting to a testing site--transportation, language barriers, health and personal reasons. A multi-departmental collaboration resulted in the COVID-19 Mobile Testing Van, which currently is managed and operated by the City's medical partner, Vincere Cancer Center. Phoenix Public Works' Fleet Services division procured the cargo van and customized it to the medical staff's needs, while Phoenix Communications Office designed the colorful wrap that makes the Van stand out. To-date, the COVID-19 Mobile Testing Van has administered more than 17,000 tests at 55 different locations since its launch in mid-August. For the drive-thru testing, 75 events have been held in city-owned parks, as well as schools and churches. The drive-thru tests have provided more than 12,000 tests to individuals ages 6 months and above.
- 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 30th 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 2020 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 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's Human Services Department director, Marchelle Franklin, was named one of the AZ Business magazine's Most Influential Women in Arizona Business for 2020. As one of only 50 Arizona women to receive this honor, Franklin was recognized for her 18 years of public service and her mission and commitment to meet the needs of at-risk residents. Franklin manages a \$95 million budget and leads over 375 employees as the Human Services Director. She joined the City of Phoenix in 2002 and prior to her current role, served as director of the Phoenix Police Department Community Affairs division, deputy director for community development and government relations at Phoenix Sky Harbor International Airport and separate roles as chief of staff for the Mayor and City Council. "It is an honor and a testament to Marchelle's hard work and commitment that she is recognized by AZ Business magazine for contributions she makes to the community," Phoenix City Manager Ed Zuercher said. "During her two decades with the City, Marchelle's career embodies passion for people and the impact that better systems and structures have on our residents' quality of life." Before transitioning to municipal work, Franklin spent nearly 15 years in the private sector working in human resources management. In addition to her role as a member of the Board of Directors at the Fiesta Bowl, Franklin also serves as Board Secretary for The Desert Pearls Foundation, Inc.
- City of Phoenix Director of Golf, Greg Leicht, was honored as the Southwest PGA Golf Professional of the Year. This is the highest annual award bestowed by the Southwest PGA on a PGA Professional. Leicht is the 46th recipient of the award. The Professional of the Year award is given to those who have great leadership qualities, strong moral character and a substantial record of service. Leicht has served as the City's director of golf since 2018 and oversees the operation of its eight municipal courses. During his tenure, he's directed a variety of upgrades to those facilities, including renovated and re-branded restaurants that opened in 2019. Those improvements contributed to a 12.5 percent increase in rounds played during the 2018-19 fiscal year. Leicht earned his PGA Certification in General Management and has worked at number of courses around the Phoenix metro area, including the TPC Scottsdale, The Phoenician and Vistal Golf Club. While at Vistal, Leicht hosted the Special Olympics State Golf Championships for 12 years and continues to be heavily involved with that event.

- Ed Faron, Accredited Airport Executive, Manager of the Phoenix Deer Valley Airport, was named 2020 Airport Executive of the Year by the Arizona Airports Association. Mr. Faron has been with the City of Phoenix for 18 years, the last six as airport manager for Phoenix Deer Valley, which is the busiest general aviation airport in the country. He works tirelessly to advocate for the growth and development of Deer Valley Airport and for aviation in Arizona as a whole. A pilot himself, Ed's deep passion for general aviation allows him to run a seamless operation and advocate for pilots, tenants, and stakeholders throughout the state of Arizona.

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 \$620,000 during the City's "Activate Change" 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.

- In February 2021, the City of Phoenix and Local First Arizona Foundation won an award for the Feed Phoenix Initiative from the Arizona Recycling Coalition. The organization recognized the contribution that the Feed Phoenix Initiative has made to feeding COVID-19 impacted individuals and families in our most vulnerable communities. The initiative is providing food and helping to preserve small businesses and jobs. Produce from local farmers is purchased for use in healthy, culturally appropriate meals that are being prepared by local restaurants and caterers and delivered to social service organizations serving people impacted by the pandemic and living in food deserts. To date, about 65,000 meals and nearly 3,000 CSA (community-supported agriculture) shares have been delivered by 8 farms and 45 restaurants/caterers to 17 organizations in Phoenix.
- The City of Phoenix continues to maintain its streets more than ever before. The hottest summer on record and a global pandemic did not slow street maintenance crews and contractors who successfully completed the City's busiest paving season yet. These essential workers could not work from home, but with less traffic, pavement projects moved quickly and in a more convenient way. Every year since its implementation in 2018, Phoenix's Accelerated Pavement Maintenance Program has broken records, and 2020 was busy, with approximately 130 more miles of streets treated than in 2019. Approximately 590 miles of Phoenix streets received pavement maintenance treatment in 2020 – about 12 percent of the city's entire street network. The Accelerated Pavement Maintenance Program brings more benefits than smooth roads to Phoenix. People walking and riding bicycles will also notice improvements. A freshly paved street is a blank canvas – Street Transportation staff examine each roadway for opportunities to improve safety and bicycle connectivity. More than 40 miles of new bicycle lanes were installed and approximately 30 miles of bicycle lanes were upgraded to include buffers in fiscal year 2020. Additionally, more than 3,000 curb ramps were upgraded to meet the most current ADA standards through the 2020 pavement maintenance program.
- The City of Phoenix made available to the public a new customer experience, myPHX311. Customers will have access to a new mobile app and web portal to access their City services account, pay their bill, request service for their home or submit requests for issues in the community. The app will be available for both Apple and Android devices. The web portal will replace the current "Phoenix at Your Service" web page. Users on that page will also be able to interact with a virtual assistant and receive notifications via text and email to improve customer service without the need for in-person interaction. One of the robust features of this new service will be the virtual assistant or "chat bot." A chat bot allows the user to "talk" via typing to a virtual customer service agent to help them with their needs.

GOOD WORK MATTERS!

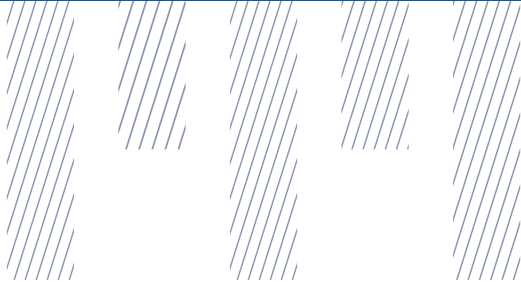
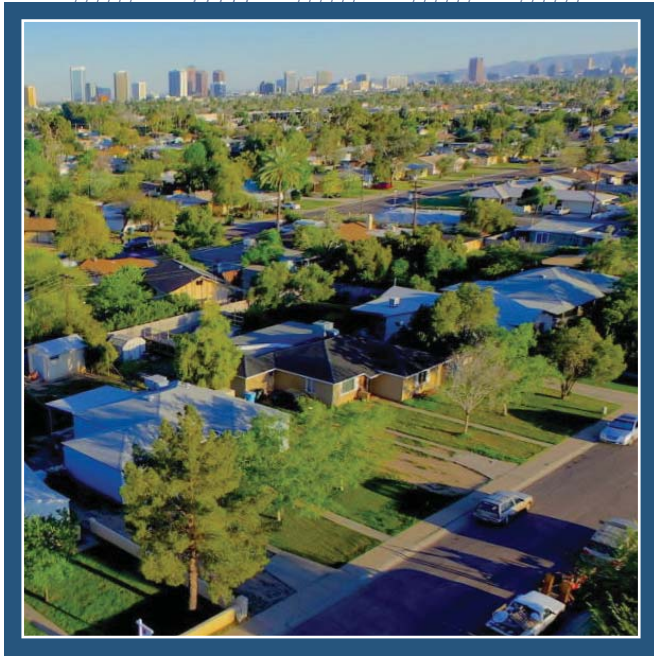
Good work continues to matter here at the City of Phoenix. With roughly 15,000 employees who work around-the-clock, what we do makes a difference 24/7. Sometimes it's truly 'the little things' that make the biggest impact to our customers. Here are a few examples of good work that make Phoenix a great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

- Matt Davis, an Environmental Specialist with the City of Phoenix Public Works Department, was waiting for the light to turn green at the intersection of Camelback Road and 83rd Avenue, when a vehicle traveling south on 83rd Avenue immediately caught his attention. The vehicle ran through a red light, headed straight to the sidewalk and eventually crashed into the traffic pole on the southwest corner of the intersection. Matt drove toward the vehicle, turned on the beacon lights of his work vehicle, parked, and approached the vehicle. The female driver was having severe seizures and was convulsing and had a three-month old child in the vehicle. Matt wasted no time in calling 911 for immediate help. Right after calling 911, the driver of the vehicle slowly gained consciousness, after Matt was assured the woman was stable and coherent, he quickly checked on the baby in the back seat. The 3-month old appeared to be fine, did not show any signs of injury, and seemed unfazed by the whole incident. Matt waited with the driver and child a few more minutes until the Fire Department arrived on the scene.
- Phoenix resident, Ann Barnett, has been routinely impressed by the punctuality and service provided by two of our Solid Waste Equipment Operators (SWEOs), the men and women who collect trash and recycling daily. Amidst all the chaos this year with the pandemic, Barnett wrote, "They never missed a scheduled service, time or date . . ." She added, "I could set my alarm clock by them if I needed to", and she is absolutely right! Phoenix's SWEOs have been showing up and showing out for their City, during these uncertain times. Lucas Coleman, an 8-year vet with the Public Works Department explains, "We are expected to provide an essential service that everybody needs, and we want to

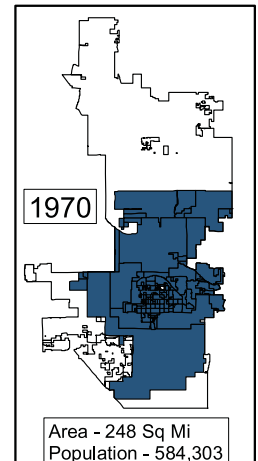
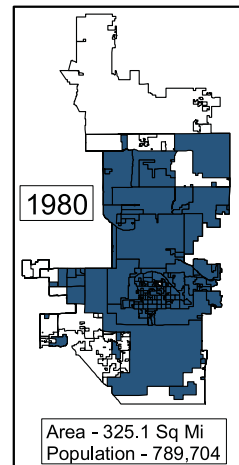
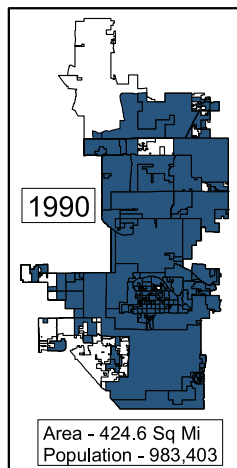
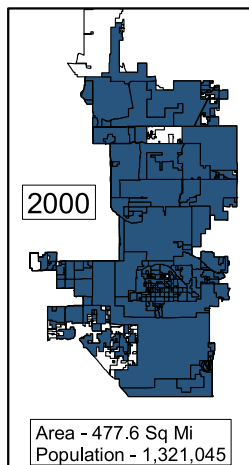
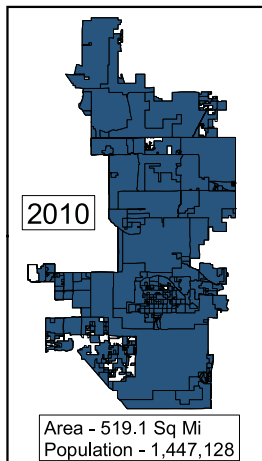
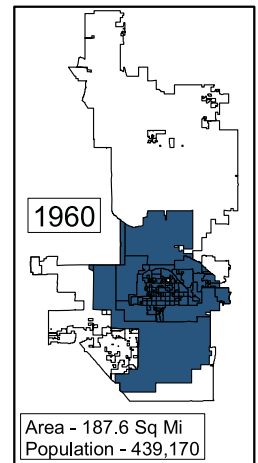
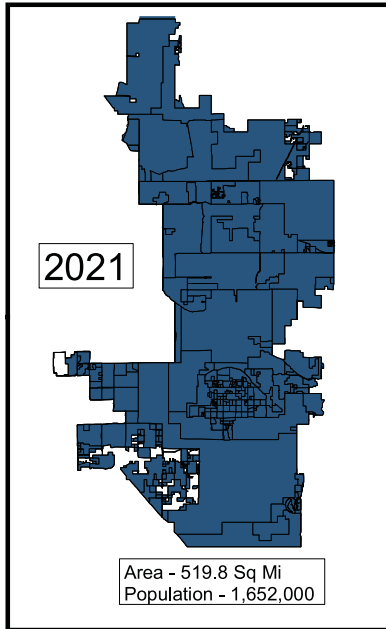
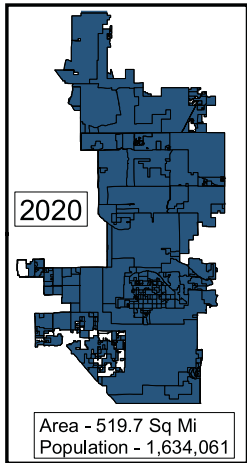
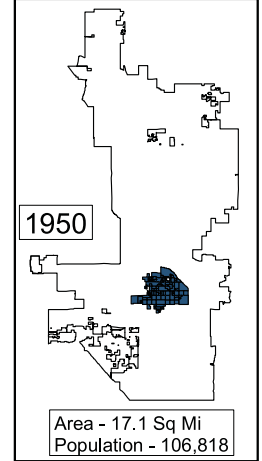
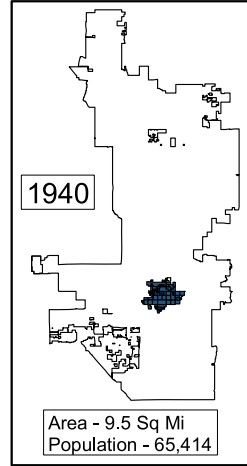
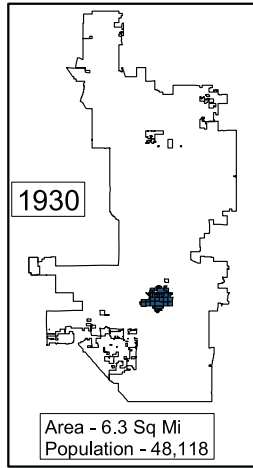
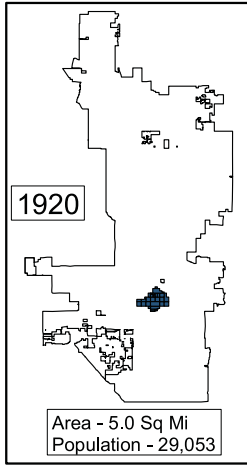
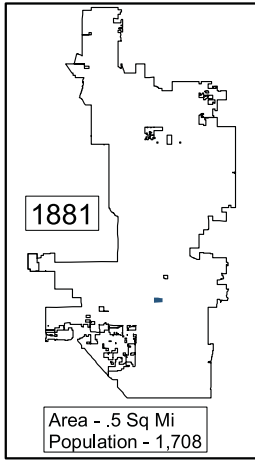
provide exceptional customer service for our residents." Coleman works Barnett's route in west Phoenix and said at the beginning of the pandemic, "thank you" signs attached to solid waste containers were common. In response to receiving compliments and praise from residents, Coleman plays it cool. "That's the stuff that means something, it makes you feel like people truly appreciate what we are doing out here," he said. The pandemic has not been easy on SWEOs. As more and more people were advised to stay home, Phoenix saw sizeable increases in solid waste tonnage this year—20% increase in trash and recycling and 15% increase in bulk trash collection. The increase in material has extended workdays and sometimes forced crews to work into the weekends. These essential workers are heroes to the residents of Phoenix, but for Coleman, who shares the same sentiment as his colleagues, "It's just an everyday job." As for Barnett, she wants to make sure our SWEOs get the credit they deserve. "(SWEOs) are as essential as police and fire...imagining our city without garbage collection throws us back centuries," she wrote.

- Early Monday morning, just before 7 a.m., Solid Waste Equipment Operator Blaine Freeman, a recycling truck driver, assisted neighbors and the Phoenix Fire Department to keep a family safe from a house fire in north Phoenix. As Freeman was working his recycling route, he noticed smoke a few blocks away and decided to head that direction to make sure everything was okay. Sure enough, a home was on fire. As described by one resident online, Freeman, alongside other residents, proceeded to knock on doors without hesitation to make sure family members were out of their home, while reporting the fire to 911. Thankfully the fire was reported in time for Phoenix Fire crews to control the fire and prevent spread to the rest of the house. Nobody was injured during the incident. Freeman, a solid waste equipment operator with the Phoenix Public Works Department, has more than 12 years of experience as a collection truck driver. He has been the recycling driver for the area near Jomax and the I-17 and for six years now and has gotten familiar with the characteristics of the neighborhood. He views his job as more than just collecting waste and/or recyclable materials, but also as a community watchdog. As the fire ensued, Freeman explained, "Everybody came together like a family. The neighbors, myself and the fire department. I am extremely proud to be a City of Phoenix employee".
- This year, Phoenix Planning and Development Department staff used "Building Safety Month" as the platform to launch a community project that will continue for most of the summer to repair and rebuild a Phoenix woman's home after it was damaged by fire in October of 2019. Phoenix resident, Mary Chavez, hired an unlicensed contractor to install a water heater and within hours of them leaving, the fire sparked. The home has been without electricity and the damage went unrepaired for months as the expenses were too much for Mary to afford. Planning and Development Department Field Supervisor, Don Councilor, learned of Mary's situation and launched the effort to gather contractors to rally around her to donate their services and materials to get the critical repairs completed before the extreme Arizona heat sets in. The response was above and beyond and within days of this project starting, Mary's electricity was restored. Now, the roof has been replaced, the bathroom shower has been retiled, the ceiling repaired, air conditioning was installed, smoke detectors have been installed and all life-safety measures are in working order. "We are seeing contractors that normally compete with each other coming together for this cause," said Don Councilor. "I knew people in the industry would respond but they went above and beyond." "It is so wonderful," said Mary Chavez. "They are doing so much. I'm very thankful".
- The City of Phoenix Aviation Department earned recognition as a GBAC STAR™ Facility Accreditation Program. Phoenix Sky Harbor, Phoenix Deer Valley and Phoenix Goodyear airports have all received this accreditation. "To receive this distinction is a testament to the Aviation staff's commitment to making sure travelers, operators, airlines, concessionaires, tenants and business partners have the safest environment possible when interacting with us" said Phoenix Mayor Kate Gallego. The Global Biorisk Advisory Council's GBAC STAR™ facility accreditation program is an outbreak prevention, response, and recovery accreditation for facilities. It represents a high level of achievement within the cleaning industry, including 20 components that a facility must meet to achieve this accreditation. Facilities must demonstrate that they have established and maintained a cleaning and disinfecting program to minimize risks of infectious diseases; have employed the proper protocols to clean and disinfect facilities; and have staff who are trained for outbreak and infectious disease preparation and response. Earning the GBAC STAR™ accreditation is the gold standard in a performance-based program, and it demonstrates commitment to safety and preparedness. Throughout the COVID-19 pandemic, Phoenix Sky Harbor, Phoenix Deer Valley, and Phoenix Goodyear airports have employed a number of initiatives to ensure a safe, welcoming and healthy environment for those coming through the airports. Phoenix Sky Harbor, Deer Valley and Goodyear airports continue to provide world-class safe, clean facilities and service to our customers.

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 519.8 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 (45%); trade (15%); government (11%); financial activities (10%); manufacturing (6%); and construction (6%). Major employers of the Phoenix metropolitan area include Banner Health, State of Arizona, Wal-Mart Inc., Fry's Food Stores, Wells Fargo & Company, Maricopa County, City of Phoenix, Intel Corp., Arizona State University and JPMorgan Chase and Co. The top ten property taxpayers, based on secondary assessed valuation, are Arizona Public Service Company, Southwest Gas Corporation, CenturyLink Inc., Host Camelback I L.L.C., Host Kierland L.P., Esplanade Owner L.P., Phoenix Plaza P.T. L.L.C., Target Corporation, Epic Apollo L.L.C. and the United Services Automobile Association. These taxpayers make up 5.9 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 2019-20	Estimated 2020-21	Projected 2021-22
DEMOGRAPHIC PROFILE							
Population ¹	789,704	995,896	1,350,435	1,453,462	1,634,061	1,652,000	1,670,000
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	.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	\$60,931	\$61,662	\$62,402
Personal Income Growth (Metro Phoenix) ⁵	14.8%	4.6%	6.7%	3.0%	7.0%	6.2%	3.8%
Secondary Net Assessed Valuation ('000s) ⁶	N/A	\$5,700,825	\$7,573,211	\$16,092,308	\$18,193,681	\$19,889,714	\$21,780,881
Full Cash Value (Millions) ⁷	N/A	N/A	N/A	\$144.772	\$179,418	\$198,012	\$215,742
Employment Growth Rate ⁸	N/A	(3.0)%	3.7%	(2.1)%	3.1%	2.4%	(2.4)%
Unemployment Rate ⁹	N/A	4.9%	2.7%	9.1%	4.2%	6.0%	6.8%
Value of Residential ¹⁰ Construction (Billions)	N/A	\$0.42	\$1.16	\$0.28	\$0.96	\$1.00	\$1.00
Value of Commercial ¹⁰ Construction (Billions)	N/A	\$0.46	\$1.33	\$2.60	\$4.67	\$4.80	\$5.00
CITY FINANCIAL PROFILE							
Total Budget ('000s)	\$392,780	\$1,026,545	\$1,946,013	\$3,020,690	\$3,814,963	\$4,348,132	\$5,626,521
Total GF Budget ('000s) ¹¹	\$221,106	\$591,021	\$953,324	\$954,795	\$1,282,831	\$1,377,249	\$1,607,618
Total Employees	9,435	11,388	14,352.0	15,002.8	14,843.8	14,952.4	15,278.3
Total Employees per 1,000 population ¹²	11.9	11.4	10.6	10.3	9.1	9.1	9.1
Non-Enterprise Employees per 1,000 population	N/A	N/A	8.6	8.0	7.1	7.1	7.2
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	2.13	2.13	2.12
G.O. Bond Rating (Moody's/S&P/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	115,855	181,500	181,500
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 2019-20	Estimated 2020-21	Projected 2021-22
INFRASTRUCTURE PROFILE							
Area (Square Miles)	329.1	427.1	483.5	519.1	519.7	519.7	519.8
Police							
Major Crimes ¹⁷	86,287	110,961	97,666	70,108	66,908	65,600	65,300
Dispatched Calls for Service ¹⁸	452,350	895,117	862,769	666,116	681,230	657,000	659,500
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	59	59	59
Fires and All Other Calls	25,162	26,281	28,369	19,335	25,311	27,300	24,700
Emergency Medical Calls	46,122	75,112	101,396	136,163	187,378	187,700	182,500
Authorized Sworn Firefighters ¹⁹	838	1,042	1,315	1,661	1,695	1,723	1,722
Building Inspections							
Total Number of Inspections ²⁰	196,356	176,909	261,184	131,600	272,514	266,200	270,000
Streets							
Total Miles ²¹	3,084	3,800	4,299	4,825	4,872	4,849	4,849
Miles Resurfaced and Sealed ²²	216	250	220	127	559	740	288
Total Miles of Bikeway ²³	N/A	250	472	615	1,474	1,514	1,531
Traffic Control and Lighting							
Signalized Intersections	555	761	906	1,092	1,152	1,165	1,180
Street Lights ²⁴	39,097	50,825	70,750	89,826	94,562	100,562	108,746
Traffic Accidents ²⁵	28,129	28,414	36,500	22,742	31,397	30,853	30,949
Aviation							
Passengers Arriving and Departing	6,500,000	22,175,000	35,900,000	40,500,000	34,725,551	21,898,000	20,000,000
Solid Waste Collection							
Residences Served ²⁶	281,900	281,392	327,953	392,825	411,814	415,500	419,300
Tons Disposed at City Landfills ²⁷	379,000	513,643	1,051,935	1,002,346	972,267	983,600	989,500
Municipal Parks							
Number of Municipal Parks ²⁸	137	181	199	225	232	227	231
Developed Park Acres ²⁹	1,303	2,206	3,332	5,071	4,787	8,860	8,860
Number of Municipally Operated Golf Courses	5	5	7	6	5	5	5
Libraries							
Material Circulation ³⁰	3,691,745	5,962,411	9,151,000	13,839,543	8,528,708	6,750,000	8,000,000
Total Material Stock ³¹	1,182,606	1,732,410	2,016,000	1,643,977	3,500,000	4,000,000	4,100,000
Number of Library Branches	9	11	13	16	17	17	17
Equipment Management							
Number of Equipment Units in Fleet ³²	4,497	4,776	6,080	7,612	7,548	7,711	7,760
Water							
Connections ³³	282,048	321,996	350,967	397,390	434,023	437,495	441,870
Production (billions of gallons) ³⁴	88.5	84.7	109.4	98.6	99.3	108.2	108.2
Miles of Line	3,083	4,246	5,007	6,270	6,990	7,038	7,075
Wastewater							
Connections	250,199	311,980	327,051	389,978	417,346	420,685	424,892
Miles of Line	3,040	3,661	4,174	4,980	4,933	4,952	4,972

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) 2020 greater Phoenix Consumer Price Index (CPI) of 1.2% was applied to the U.S. Census Bureau's (FactFinder) 2019 American Community Survey 1-year estimates for City of Phoenix Median Household income. The reported data is from March 2021.

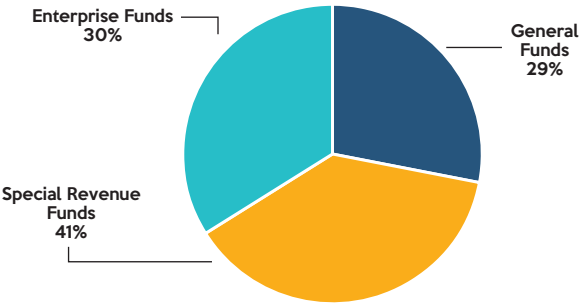
- ⁵ Personal income growth percentage is from University of Arizona's "Economic Outlook" quarterly publication (University of Arizona Economic and Business Research Center), which reflects estimated impacts to personal income growth from COVID-19.
- ⁶ Following the 2012 voter approval of the Arizona 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 (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 2021 and does 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 2021 and does 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 2020-21 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 February 2021 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 April 30, 2021 and projected data for the remaining months.
- 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. The sworn hiring target for Fire is 1,706 based on projected available resources.
- ²⁰ Includes building, electrical, mechanical, plumbing and general inspections. Decrease in 2020-21 is due to COVID-19 restrictions.
- ²¹ Total Mileage decreased due to previously reported mileage included roads no longer in Phoenix jurisdiction (New River Road).
- ²² 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 used.
- ²³ City of Phoenix bicycle network consists of bicycle lanes, routes and paths. The measurement methodology of bikeways records bicycle lanes as bi-directional because of the doubled signage and striping requirements.
- ²⁴ 2021-22 it is anticipated that 15 new signalized intersections and 12 HAWKs will be installed.
- ²⁵ Traffic accidents include injury, non-injury and fatal collisions. 2020-21 and 2021-22 are projections based on previous years.
- ²⁶ 2020-21 projected service level is based on annualized 10 months of actuals data and assumptions from Business Intelligence Living Unit report (average 0.90% growth over the last 10 months). Projected households for 2021-22 are based on 0.90 growth from 2020-21 projections.
- ²⁷ 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 2021-22 is based on 0.6% growth.
- ²⁸ This number includes all properties except undeveloped land.
- ²⁹ The increase in 2020-21 resulted from the reclassification of park assets in a newly implemented asset inventory database. This change reflects the update to the new system. This number includes all flatland parks.
- ³⁰ Measure covers all media including: audio books, e-books, CDs, DVDs, databases, books, and periodicals. 2019-20 and 2020-21 data reflect the temporary suspension of in-person services at all library locations in March 2020 and the availability of curbside library services that began in May 2020. 2021-22 reflects partial resumption of in-person services at all Library branches.
- ³¹ Total material stock includes digital material available to patrons. 2017-18 was the first year digital materials were included in this measure.
- ³² Includes vehicle replacements.
- ³³ Water connections have increased due to an increase in customer accounts.
- ³⁴ Includes water produced for City of Phoenix only.

RESOURCE AND EXPENDITURE SUMMARY

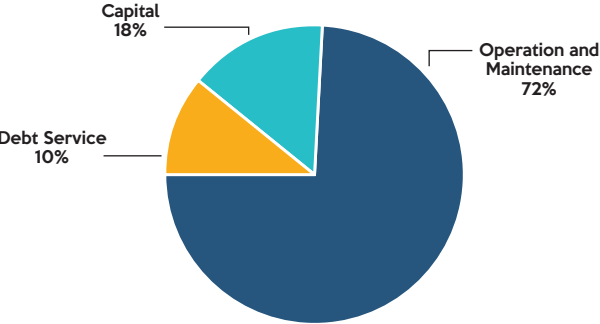
This section provides a broad overview of the resources and expenditures included in the 2021-22 budget. Information is presented for General, Special Revenue and Enterprise funds. General funds, which receive special attention by the community, are highlighted throughout this section. General funds 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 2021-22 budget, financed by operating funds, totals \$5,626,521,000. As shown in the pie chart below, the General Fund portion of \$1,607,618,000 is approximately 29 percent of the total. The Enterprise funds, which include Aviation, Water, Wastewater, Solid Waste and Convention Center, make up another 30 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 41 percent of the total budget.

**All Sources of Funds
Total Resources - \$5.63 Billion**



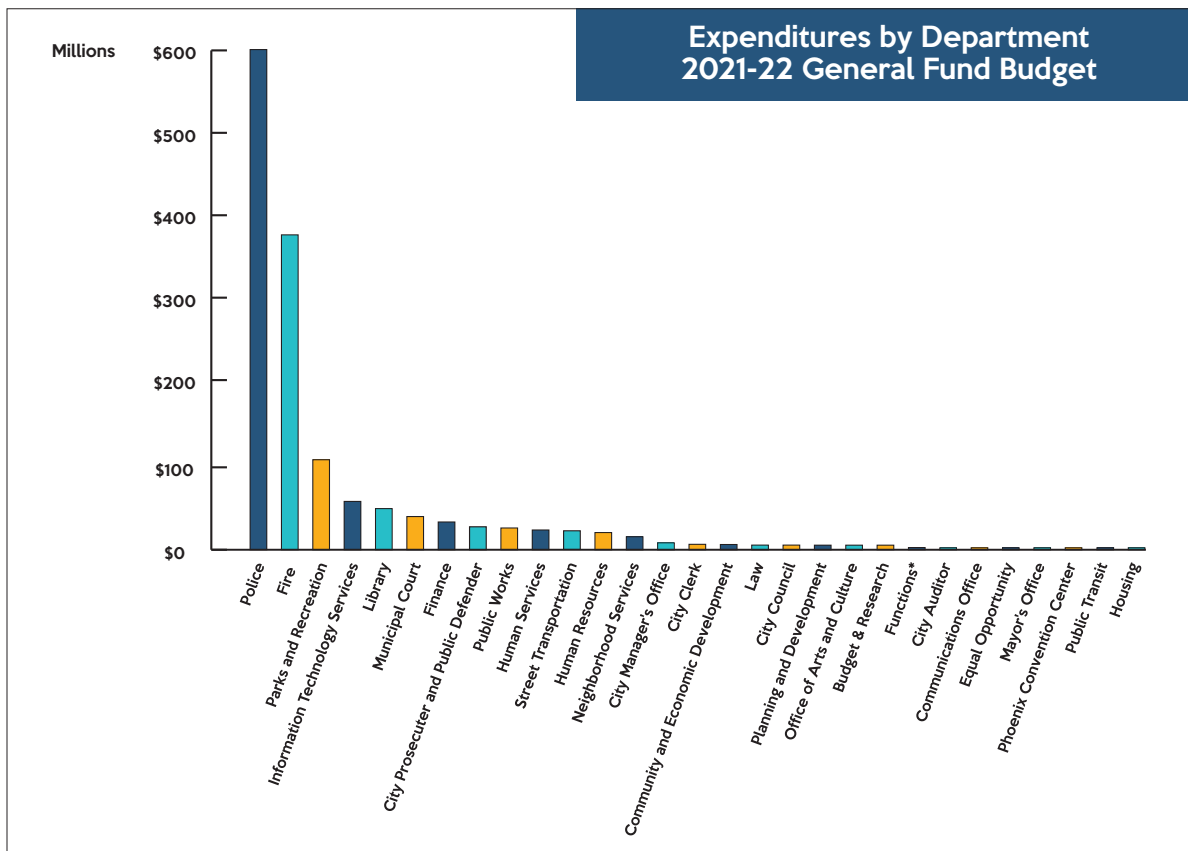
**All Sources of Funds
Total Expenditures - \$5.63 Billion**



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 2021-22 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 Sustainability and Environmental Programs.

The table below provides a comparison of the 2021-22 budget to the 2020-21 adopted budget. Actual expenditures for the 2019-20 fiscal year also are included.

	2019-20 Actual Expenditures	2020-21 Adopted Budget	2021-22 Budget	2021-22 Amount Change	Percent Change
Operating and Maintenance Expenditures	2,889.3	3,713.3	4,055.2	341.9	9.2%
Capital Expenditures	358.6	758.9	1,022.9	264.0	34.8%
Debt Service	567.1	548.2	548.4	0.2	0.0%
Total	3,815.0	5,020.4	5,626.5	606.1	12.1%

Overall, citywide operating and maintenance expenditures are expected to rise by \$341.9 million. Most of the increase is attributable to the planned spending of the American Rescue Plan Act (ARPA) funds awarded by the federal government in its continued effort to respond to the COVID-19 pandemic. Other reasons for the growth include funding for emergency rental assistance; the retrofit of the city's bus fleet to provide a safety barrier between drivers and passengers; employee compensation increases associated from first-year negotiated labor contracts and a set-aside for the second-year of these same contracts; additional staff for programs and services; and higher contingencies. Commodity purchases are expected to increase due to the carryover of unspent Police grants and additional grant funding for Police operations equipment as well as rising costs for water treatment chemicals. Other department increases are attributed to increased funding for vehicle replacements as the City continues to address its aging fleet; and the establishment of a specified funding source for replacements of self-contained breathing apparatuses for first responders.

Pay-as-you-go capital expenditures are expected to increase as available Transportation 2050, Wastewater and Water pay-as-you-go funds are used instead of debt financing.

Debt service expenditures are expected to mostly remain consistent with 2020-21 budget levels.

2021-22 GENERAL FUND BUDGET OVERVIEW

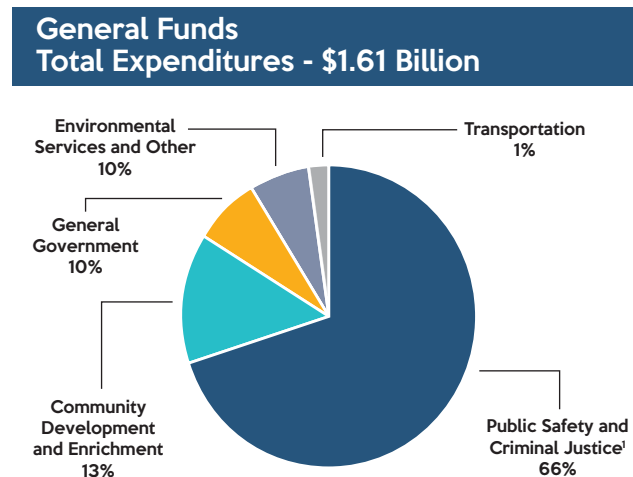
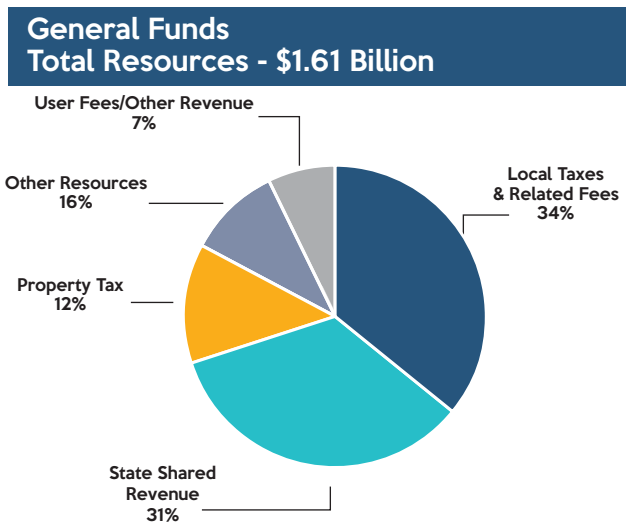
The 2021-22 General Fund budget of \$1,607,618,000 provides for ongoing operating and maintenance and some pay-as-you-go capital expenditures. The table below compares the 2021-22 General Fund budget with the adopted 2020-21 budget.

	2019-20 Actual Expenditures	2020-21 Adopted Budget	2021-22		
			Budget	Amount Change	Percent Change
Operating and Maintenance Expenditures	1,268.4	1,406.0	1,582.6	176.6	12.6%
Capital Expenditures	14.4	19.6	25.0	5.4	27.6%
Total	1,282.8	1,425.6	1,607.6	182.0	12.8%

The operating and maintenance expenditures for 2021-22 are expected to increase by 12.6 percent overall compared to the 2020-21 adopted budget primarily due to increased personal service costs for employee pension benefits, first-year negotiated employee compensation increases, and new positions for expansion of City programs and services. Non-personal and contractual costs are also expected to climb primarily due to a set-aside for the expansion of the Community Assistance Program (CAP) to address the need for enhanced mental and behavioral health calls for services; and for the second year of the two-year labor contracts for employee compensation increases in FY 2022-23. Cost increases also include spending on critical IT infrastructure, cybersecurity, WiFi access, virtual business environment support, and other systems; funding for community and employee COVID-19 testing and employee personal protective equipment supplies; and for the expansion of the Human Services Campus Clean-Up program; increased liability insurance premiums; and for the Santa Fe Springs Apartments rehabilitation project.

Pay-as-you-go capital expenditure increases are mainly due to increased funding to address aging City facilities, information technology equipment, and land acquisition for a future fire station.

The following pie charts show the 2021-22 General Fund budget summarized by major programs and major resources.



¹ When contingency is excluded, Public Safety and Criminal Justice account for approximately 71% of budgeted General Fund expenditures.

RESOURCES

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

2021-22 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 2021-22 beginning fund balances totaling \$1,551.2 million include \$244.8 million in General funds, \$567.1 million in Special Revenue funds and \$739.3 million in Enterprise funds. The estimated beginning fund balance for Special Revenue and Enterprise funds include: Transportation 2050 - \$146.5 million; Parks and Preserves - \$77.3 million; Other Restricted - \$68.2 million; Sports Facilities - \$52.3 million; Development Services - \$45.8 million; 2007 Public Safety Expansion - \$34.1 million; Arizona Highway User Revenue - \$31.0 million; Grant funds - \$29.0 million; Neighborhood Protection - \$23.8 million; Capital Construction - \$19.8 million; Public Safety Enhancement - \$19.1 million; Community Reinvestment - \$17.3 million; Aviation - \$378.4 million; Water - \$155.9 million; Wastewater - \$154.5 million; Convention Center - \$32.5 million; Solid Waste - \$18.0 million and \$2.9 million in various other special revenue funds.

2020-21 GENERAL FUND ESTIMATED ENDING BALANCE

As shown in the following table, the 2020-21 General Fund ending balance, which is also the 2021-22 beginning balance mentioned in the previous section, is estimated to be \$244.8 million. This results from a \$196.4 million increase in net resources, combined with a \$48.4 million reduction in net expenditures estimated in 2020-21 compared to the original General Fund budget.

General Fund Balance Analysis (In Thousands of Dollars)					
	2019-20	2020-21		Estimate Over (Under) Budget	
	Actuals	Budget	Estimate	Amount	Percent
Resources					
Beginning Balances	133,580	95,466	169,119	73,653	77.2%
Revenue	1,307,357	1,309,519	1,432,130	122,611	9.4%
Recoveries	7,264	1,000	1,000	---	0.0%
Transfers	3,749	19,628	19,765	137	0.7%
Total Resources	1,451,950	1,425,613	1,622,014	196,401	13.8%
Expenditures					
Operating Expenditures	1,268,424	1,405,970	1,345,743	(60,227)	(4.3)%
Capital	14,407	19,643	31,506	11,863	60.4%
Total Expenditures	1,282,831	1,425,613	1,377,249	(48,364)	(3.4)%
Ending Fund Balance	169,119	---	244,765	244,765	+100.0%

The increase in net resources includes a \$73.7 million higher beginning balance and \$109.2 million from the Coronavirus Relief Fund (CRF) to offset public safety salaries from July through December 2020 as permitted by the Federal guidelines. The increase in net resources also includes the estimated growth in city and state sales taxes, and state-shared vehicle license tax.

The decrease in net expenditures includes a \$60.2 million decrease in operating expenditures and an increase of \$11.9 million in pay-as-you-go capital expenditures. The decrease in 2020-21 estimated General Fund operating expenditures from the 2020-21 budget is mainly due to unused contingency funds, vacancy savings, lower fuel and vehicle maintenance costs, and other commodity savings such as uniforms and smaller communications equipment related to a decrease in operations. The increase in pay-as-you-go capital expenditures is a result of acquiring property to house at-risk veterans utilizing Coronavirus Relief Funds and various Parks improvements such as the citywide replacement of sports field lighting and citywide repairs to park buildings.

2021-22 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 2021-22 are estimated at \$4,770,197,000. This is \$475,307,000 or 11.1 percent higher than the 2020-21 estimate of \$4,294,890,000.

The following table provides a comparison of the 2021-22 estimated revenues to 2020-21 estimates and 2019-20 actual collections. Detailed explanations by category are provided in the 2021-22 Revenue Estimates section of this document.

Fund Types	2019-20 Actuals	2020-21 Estimate	2021-22		
			Estimate	Amount Change	Percent Change
General	1,307,357	1,432,130	1,355,775	(76,355)	(5.3)%
Special Revenue Funds	1,246,000	1,443,941	1,993,618	549,677	38.1%
Enterprise Funds	1,301,276	1,418,819	1,420,804	1,985	0.1%
Total	3,854,633	4,294,890	4,770,197	475,307	11.1%

General Fund revenues are estimated at \$1,355,775,000 which is \$76,355,000 or 5.3 percent less than the 2020-21 estimate of \$1,432,130,000. The decline is primarily due to the projected decrease in state-shared income tax and the discontinuation of the one-time CRF in 2021-22.

Special Revenue Funds are projected at \$1,993,618,000 which is \$549,677,000 or 38.1 percent higher than the 2020-21 estimate of \$1,443,941,000. The estimate for Special Revenue funds includes a \$25.3 million increase in Transportation 2050 funds, an \$11.7 million increase in Other Restricted revenues, an \$11.1 million increase in Regional Transit funds, a \$6.8 million increase in Highway User Revenue, a \$5.5 million increase in Secondary Property Tax revenues, a \$4.6 million increase in Sports Facilities funds, a \$2.2 million increase in Parks and Preserves funds, and a \$1.9 million increase in Development Services funds. Furthermore, there is a \$503.8 million increase in various grant funds including Community Development, Criminal Justice, Public Transit and Other grants. Special Revenue funds also include a \$9.9 million decrease in Human Services grants, a \$4.0 million decrease in Public Housing grants, a \$3.9 million decrease in 2007 Public Safety Expansion funds, a \$2.1 million decrease in Public Safety Enhancement funds, a \$1.6 million decrease in Golf Courses revenue, a \$1.1 million decrease in Neighborhood Protection funds, and a combined decrease of \$0.6 million in Court Awards, Capital Construction, Community Reinvestments, and Regional Wireless Cooperative revenues.

The 2021-22 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. The projected revenue increases are offset by the revenue loss resulting from the discontinuation of the one-time COVID-19 related federal funding and lower revenue collections due to the anticipated lower water consumption in 2021-22.

2021-22 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 2021-22 total \$80.1 million. This amount reflects \$76.1 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 \$4.0 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 \$80.1 million. A transfer of \$970.2 million from the Excise Tax fund represents the General Fund share of local and state-shared sales taxes, fees and state-shared income taxes. However, this amount is reflected in revenues, rather than a transfer, throughout this section.

2021-22 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 2021-22, \$57.0 million is included for the General Fund contingency, with an additional \$67.2 million set aside for the expansion of the Community Assistance Program, labor costs, police reform, and staff, supplies and equipment to operate three new parks, 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. The contingency fund has remained 100 percent funded for over ten 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 2021-22 ending balance of \$727.9 million includes: Other Restricted - \$47.9 million; Parks and Preserves - \$46.7 million; Sports Facilities - \$32.6 million; Transportation 2050 - \$27.7 million; Development Services - \$26.4 million; Grant Funds - \$21.7 million; Neighborhood Protection - \$18.0 million; 2007 Police Public Safety Expansion - \$16.7 million; Community Reinvestment - \$15.9 million; Public Safety Enhancement - \$12.9 million; Capital Construction - \$7.1 million; Arizona Highway User Revenue - \$5.1 million; Aviation - \$228.0 million; Wastewater - \$121.2 million; Water - \$76.6 million; Convention Center - \$19.7 million; Solid Waste - \$0.1 million; and a combined \$3.6 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 \$567.2 million to \$282.3 million.

- Transportation 2050 fund balances are decreasing primarily due to shifting costs from bond funds to pay-as-you-go capital funds, allowing issuance of debt to be delayed.
- 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 and negotiated employee compensation increases.
- The Public Safety Specialty funds, including Neighborhood Protection, 2007 Public Safety Expansion and Public Safety Enhancement, are decreasing primarily due to reduced revenue caused by the ending of the one-time CRF funding, increased personal service costs, as well as increases for vehicle replacements.
- The Arizona Highway User Revenue fund balance is diminishing primarily due to negotiated increases to employee compensation; the full year cost of positions added for the Roadway Safety Action Plan; additional staff to support street cleaning and maintenance and increased costs for related materials; and greater pay-as-you-go capital spending for the Residential Street Overlay program.
- Other Restricted fund balances are declining primarily due to additional capital expenditures for purchasing new software and equipment for the Computer-Aided Dispatch (CAD) system and increased operating expenditures for contractual and personal services.
- The Sports Facilities funds are decreasing due to increased operating expenditures as a result of higher contingency reserves.
- Development Services funds are reducing due to negotiated employee compensation increases, higher contingency reserves, and increased facility management charges.
- Capital Construction fund balances are decreasing primarily due to pay-as-you-go capital expenditures for future street construction projects, local drainage improvements, and for a street study of Happy Valley Road from 35th Avenue to 67th Avenue.
- A few Special Revenue fund balances are expected to increase slightly primarily due to decreases in total expenditures.

In 2021-22, the Enterprise funds ending balances in the aggregate are programmed to decline from \$739.3 million at the beginning of 2021-22 to \$445.6 million at year end.

- The Aviation balance is declining primarily due to a fall in airport revenue as a result of the discontinuation of the one-time Coronavirus Relief Funds; negotiated increases to employee compensation and other normal inflationary adjustments. Pay-as-you-go capital is also expected to rise due to increased contingencies for future projects that may occur in the Airport Development Plan.
- Water funds are decreasing due to lower revenue collections due to less water consumption; negotiated employee compensation increases; higher contingency reserves; increased debt service payments; increased costs for purchasing raw water from the Central Arizona Project; higher costs for consultants to administer and inspect pavement repairs; property insurance increases; replacements for water meters, fire hydrants, and motor vehicles; and staff additions and equipment to implement Phase II of the water conservation plan. Pay as you go capital is also expected to increase primarily for the Deer Valley Water Treatment Plant rehabilitation project.
- Wastewater funds are diminishing primarily due to higher pay-as-you-go capital expenditures for projects such as a new grit basin and other equipment at 23rd Avenue Wastewater replacing assets and infrastructure at support facilities. Increases to operating funds are a result of higher contingency appropriations; negotiated increases to employee compensation; higher chemical and electricity costs; and property insurance increases.
- Solid Waste funds are lessening due to negotiated employee compensation increases and added positions to support growth in various Solid Waste areas; higher spending for vehicle replacements as a result of an aging fleet; contractual increases for recycling and long-haul waste transport services; and increased pay-as-you-go expenses primarily for the 27th Avenue Transfer Station painting project.
- The Convention Center fund balance is falling primarily due to increases in negotiated employee compensation; and rising pay-as-you-go expenditures for North building shoring wall, lighting upgrades, and the East Garage fire alarm system replacement.



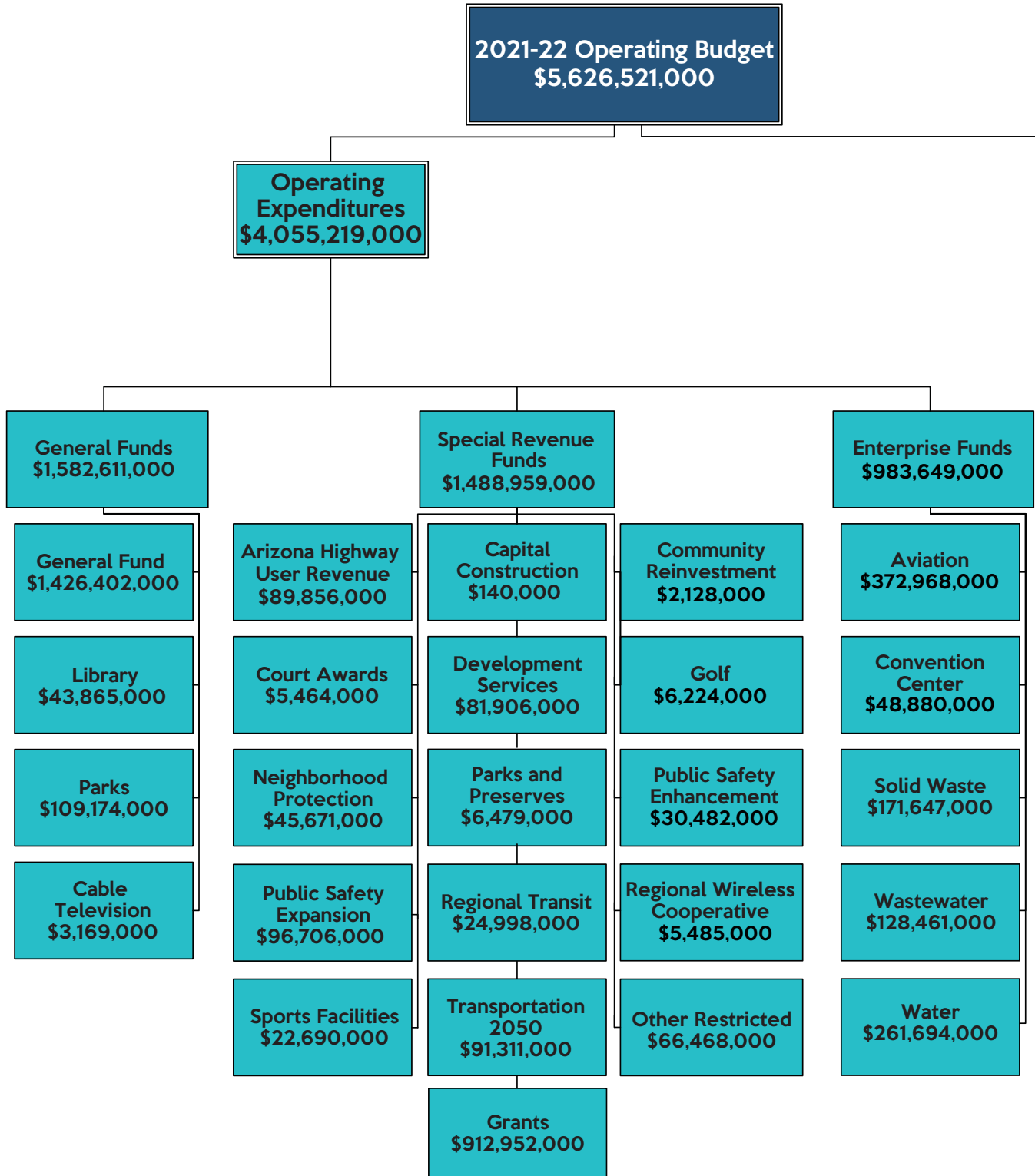
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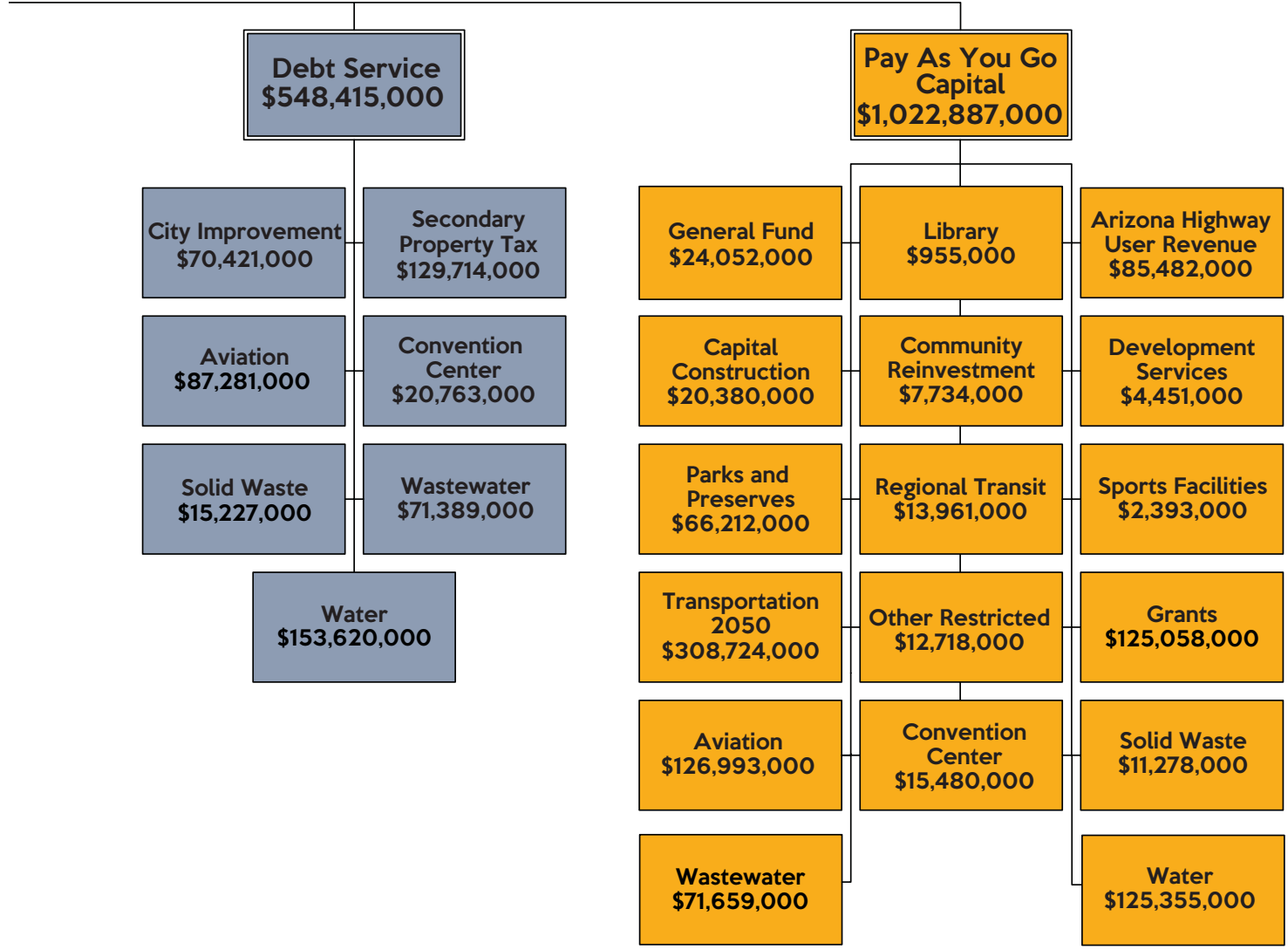
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STABLE OUTLOOK

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 local economy continues to make progress and City revenue collections reflect modest growth.

The 2021-22 General Fund includes a projected surplus of 154.8 million of which \$36.5 million is allocated for new or expanded services. The additions address critical community priorities set by the City Council and are grouped into the following categories: public safety reform and responsiveness; COVID-19 relief and resiliency; climate change and heat readiness; affordable housing and homelessness; building community and responding to growth; and administrative accountability. A summary of the major programs receiving funding follows below.

The public safety reform and responsiveness category totals \$20.5 million and is intended to increase transparency and public trust in public safety programs. This category includes funding for: Fire to expand the Community Assistance Program for mental health calls for service; Police public records requests, data reporting compliance, and to civilianize the Central Booking Detail; and Street Transportation projects included in the Council approved Roadway Safety Action Plan.

The COVID response and resiliency category totals \$2.6 million and is intended to provide services to continue to responsibly navigate the pandemic, but also to provide these service enhancements and information technology benefits going forward. This category includes funding for: Information Technology to support the technology deployed for teleworking, new wifi locations, and video conferencing; Environmental Programs to continue the Emergency Food Assistance Program and to achieve the goals of the Council approved 2025 Phoenix Food Action Plan; and for the Library Department to continue mobile service for the "Mifi" hotspot program, online programming and remote outreach, and laptop support.

The climate change and heat readiness category totals \$2.8 million and is intended to address negative impacts to air quality from pollutants and carbon emissions and the hazards of urban heat. This category includes funding for: establishing a new Office of Heat Response and Mitigation; Street Transportation to achieve the goals of the 2010 Tree and Shade Master Plan; Fire to increase staff for the Energy System Inspection Program; and Environmental Programs to conduct greenhouse gas emissions inventories and to assist with implementing the City's newly created Climate Action Plan.

The affordable housing and homelessness category totals \$2.8 million and is intended to increase affordable housing and help the homeless. This category includes funding for: Housing community outreach and development of affordable or mixed- income housing, as well as onetime funding for infrastructure improvements at Santa Fe Springs affordable apartment homes; Neighborhood Services, Street Transportation, and Public Works for Human Services Campus downtown area clean-ups and outreach; and Human Services to create a homeless advocate workforce specialist to help the homeless find employment.

The building community and responding to growth category totals \$4.7 million and is intended to address the need for more resources due to growth and demand for City amenities and services. This category includes funding for: Parks and Recreation staff to support the growing needs at various parks and recreation centers and the operations of three new parks in the Southwest region of the City; Community and Economic Development to provide targeted economic development opportunities for the West region of the City; and Human Services to increase engagement and connection to treatment for residents with HIV/AIDS and a position to serve as a navigator for connection to services for residents who are veterans of the military.

The administrative accountability category totals \$3.1 million and includes additions across several City departments. The intent of this category is to improve service delivery for City elections, public records requests, information technology, administrative functions, and to increase funding for maintenance of the City's aging fleet of vehicles.

Significant services are provided through non-General Fund resources. These include Special Revenue Funds like voter-approved public safety and transit taxes, and Enterprise Funds like Water Services and Solid Waste. The 2021-22 non-General Funds include \$4.3 million in new funding for various departments. Some of the major programs include: Water Services to implement water conservation programs; Planning and Development for plan reviews and inspections; and Solid Waste for residential refuse and recycling collection necessary due to household growth.

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

PUBLIC SAFETY

POLICE

Personnel Resources:

In 2010-11, the Police Department had 3,558 sworn and 938.7 civilian employees.

The 2020-21 budget includes several service enhancements. The Center for Continuous improvement was created and staffed to focus on the department mission to constantly and continuously improve both the organization and individual employees by focusing on five key areas: operation and policy management, accountability, technology and transparency, messaging, and employee wellness and development. The Compliance and Oversight Bureau was created to implement the Police Department's on-going commitment to data-driven decision making, accountability and organizational commitment and transparency.

Significant hiring efforts continued in 2020-21, with the planned hiring of 210 police officers. These efforts support the department's goal of reaching 3,125 filled sworn positions, or approximately 1.89 officers for every 1,000 residents. As of March 2021, there were 2,934 filled sworn positions. The 2020-21 budget also provides for 1,093.6 civilian positions.

The 2021-22 budget includes several service enhancements. Additional support staff will be added to the Public Records and Services Unit to help eliminate public records request backlogs, ensure timely request processing, and improve overall customer service and transparency.

Additional staff will be hired to meet federal National Incident-Based Reporting System requirements, which will provide more extensive crime reporting statistics and enhance crime analysis.

Staff will be hired for the Professional Standards Bureau Inspection Unit's Early Intervention System, which will ensure timely and accurate data and implement intervention recommendations, with the goal of identifying employee risk and preventing adverse events.

Temporary Detention Officer positions will be added to the Centralized Booking Detail to take the place of sworn positions, allowing officers to be redeployed to higher priority duties.

Funding will be added for a third party to conduct a comprehensive review of Police policies and practices with the goal to improve community trust and transparency. Funds will be used to hire independent third parties that have a demonstrated track record with assisting police departments across the country achieve this goal.

The sworn hiring plan continues in 2021-22, with the planned hiring of 120 police officers.

Response Time Average:

Response time for 2010-11 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 15 seconds in the 90th percentile, per National Emergency Number Association (NENA) standards; however, hiring and staffing challenges have reduced the percentage to 79 percent for 2020-21.

The 2021-22 budget provides for an estimated 6 minute and 36 second average response time for Priority 1 calls.

PUBLIC SAFETY

FIRE

Response Time Average:

In 2010-11, the Fire Department maintained an average response time of 4 minutes 42 seconds for all fire and medical emergency calls.

Since 2010-11, response times have increased to 5 minutes 18 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 38 percent from 2010-11 to 2020-21.

The 2021-22 budget recommends retaining current emergency response staffing levels to preserve less than five-minute average response time for all fire and medical emergency calls.

**Emergency
Transportation:**

In 2010-11, the City had a total of 21 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 2021-22 budget has no service changes.

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 2010-11**

**SERVICE CHANGES
THROUGH 2020-21**

**SERVICE CHANGES
FOR 2021-22**

TRANSPORTATION

PUBLIC TRANSIT

Service Miles/Hours:
In 2010-11, an estimated 16,853,484 bus miles and 324,990 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 were originally estimated at 20,205,800 but reduced to 18,761,400 due to COVID-19.

Express/RAPID revenue miles were originally estimated at 944,300 but reduced to 491,700 due to COVID-19. Dial-a-Ride services hours are estimated at 325,390 and have not been reduced due to COVID-19.

Annual 2021-22 local bus revenue miles are estimated at 20,210,200.

Express/RAPID revenue miles are estimated at 948,000, and Dial-a-Ride services hours are estimated at 326,000.

**PROGRAM SERVICE
LEVEL IN 2010-11**

**SERVICE CHANGES
THROUGH 2020-21**

**SERVICE CHANGES
FOR 2021-22**

TRANSPORTATION

PUBLIC TRANSIT

**Average Weekday Bus
Ridership:**

In 2010-11, the average weekday bus ridership was estimated to be 126,800.

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, the decrease from the prior year was due to COVID-19.

In the 2020-21 budget, average weekday ridership was originally estimated at 86,250 but reduced to 46,000 due to COVID-19.

In the 2021-22 budget, average weekday ridership is estimated at 86,250.

**STREET
TRANSPORTATION**

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

In 2010-11, street sweeping and maintenance was scheduled to occur every 14 days.

There were no changes in service from 2011-12 through 2019-20. Frequency of service remains at every two weeks.

For 2020-21 there are no service changes.

2021-22 budget includes no changes in service for major and collector sweeping and maintenance.

**Residential Street
Sweeping:**

In 2010-11, the City provided street sweeping service four times a year.

There were no changes from 2011-12 through 2019-20. Frequency of service remains at four times per year.

For 2020-21 there are no service changes.

The 2021-22 budget includes no changes in service for residential street sweeping.

**PROGRAM SERVICE
LEVEL IN 2010-11**

**SERVICE CHANGES
THROUGH 2020-21**

**SERVICE CHANGES
FOR 2021-22**

TRANSPORTATION

**STREET
TRANSPORTATION**

Sealcoat:

The 2010-11 budget provided sealcoating for 41 miles of City streets.

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 280 miles of streets to be sealcoated.

The 2021-22 budget includes 39 miles of streets to be sealcoated. The bond funded portion of the Accelerated Pavement Maintenance Program ended in 2020-2021 reducing the number of miles per year.

The number of miles sealcoated may vary year over year based on the streets selected and the distribution of wide versus narrow streets treated. It can also vary based on the method of sealcoat used.

TRANSPORTATION

**STREET
TRANSPORTATION**

Asphalt Overlay:

In 2010-11, 85 miles of asphalt overlay were estimated to be completed, 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 provided for 90 miles of overlay to be completed.

The 2021-22 budget provides for 29 miles of overlay. The bond funded portion of the Accelerated Pavement Maintenance Program ended in 2020-2021 reducing the number of miles per year.

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.

**PROGRAM SERVICE
LEVEL IN 2010-11**

**SERVICE CHANGES
THROUGH 2020-21**

**SERVICE CHANGES
FOR 2021-22**

COMMUNITY DEVELOPMENT

HOUSING

**Scattered Sites Housing
Program:**

In 2010-11, the Housing Department had 427 units.

This homeownership program allows eligible tenants the opportunity to purchase a home.

At the end of 2020-21, the inventory of 191 units reflects the reduction of 289 homes due to sales to eligible residents over the past decade under the Section 32 program and the demolition/disposition of properties under the Section 18 program.

In the 2021-22 budget, the program is expected to sell 20 units, reducing its inventory to 171 units.

**Affordable Housing
Program:**

In 2010-11, this program had 2,174 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.

At the end of 2020-21, the Affordable Housing Program consists of 2,637 units for families.

In the 2021-22 budget, the program is expected to remain at 2,637 units.

**Federal Assisted Housing
Program:**

In 2010-11, the total inventory of assisted housing units was 1,909.

At the end of 2020-21, the Federal Assisted Housing Program consists of 1,695 units for families and individuals.

In the 2021-22 budget, the program is expected to decrease the number of units for a total of 1,615 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 2010-11 budget, the rental assistance program provided 6,096 units of vouchers for low income residents in the private housing market.

At the end of 2020-21, the rental assistance program will provide 6,977 vouchers for low income residents in the private housing market.

In the 2021-22 budget, the program is expected to maintain 7,300 vouchers for low income residents in the private housing market.

**PROGRAM SERVICE
LEVEL IN 2010-11**

**SERVICE CHANGES
THROUGH 2020-21**

**SERVICE CHANGES
FOR 2021-22**

COMMUNITY DEVELOPMENT

**NEIGHBORHOOD
SERVICES**

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

In 2010-11, the average case cycle time was 51 days.

In 2011-12, additional performance standards and quality control measures were initiated along with ongoing process improvements and some division reorganization to reduce the overall average case cycle time to 45 days in 2013-14, and to 33 days in 2014-15.

From 2015-16 through 2020-21, the overall average case cycle time was 34 days or less.

The overall average case cycle time in 2021-22 is anticipated to increase to 36 days due to ongoing COVID-19 safety protocols and regulations remaining in effect.

COMMUNITY DEVELOPMENT

**ECONOMIC
DEVELOPMENT**

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

In 2010, Phoenix's employment growth rate was as follows:

Austin – 2.0%

PHOENIX – 1.7%

Dallas – 1.4%

Ft. Worth-Arlington – 1.0%

San Jose – 1.0%

San Antonio – .8%

San Diego – .5%

Los Angeles/Long Beach – .3%

Kansas City – (1.9)%

As the below data show, due to the COVID-19 pandemic, employment in 2020 fell for all benchmark cities.

Based on data from the Bureau of Labor Statistics, Phoenix's employment growth rate fell by nearly 6.0 percent in 2020 with a rate of (2.4) percent versus 3.5 percent in 2019. This places Phoenix 6th among the ten benchmark cities below. Kansas City saw the lowest drop in employment at (1.2) percent, while Los Angeles saw the highest employment drop at (13.9) percent.

The Phoenix unemployment rate saw a large increase due to the pandemic. Peak unemployment occurred in April 2020 at 13.9 percent. For the remainder of the year, the unemployment rate dropped to 7.1 percent in December.

Based on data from the Arizona Commerce Authority Office of Economic Opportunity, Phoenix's employment level was expected to increase by 101,390 from 2020 to 2022 prior to the COVID-19 pandemic.

Given economic conditions related to the pandemic and the decline in employment in 2020, it is difficult to anticipate employment growth in 2021.

Kansas City – (1.2)%

Dallas – (1.6)%

Ft. Worth – (1.7)%

Austin – (2.1)%

San Antonio – (2.1)%

PHOENIX – (2.4)%

Denver – (4.0)%

San Jose – (7.0)%

San Diego – (7.3)%

San Francisco – (10.6)%

Los Angeles – (13.9)%

**PROGRAM SERVICE
LEVEL IN 2010-11**

**SERVICE CHANGES
THROUGH 2020-21**

**SERVICE CHANGES
FOR 2021-22**

COMMUNITY ENRICHMENT

HUMAN SERVICES

Head Start Program:

In 2010-11, 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 served 4,220 children in 2019-20, of which, 745 are included in the Early Head Start Program.

In 2020-21 the Head Start program is expected to serve more than 2,338 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 371 children. The decline in the number of children served was a result of restricted classroom attendance due to the COVID-19 pandemic.

In 2021-22 the Head Start program is expected to serve more than 3,451 children, and 1,737 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. The increase in children served is due to the phasing in of the return to normal operations.

Senior Nutrition Program:

In 2010-11, the program served 611,000 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 served 499,273 meals. The meals served included 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 served 706,920 meals. This includes 197,220 meals specific to COVID-19 pandemic relief using federal funding from the Area Agency on Aging.

In 2021-22 the program expects to serve 716,918 meals. This includes projections for up to 197,220 meals specific to COVID-19 pandemic relief using federal funding from the Area Agency on Aging.

**PARKS AND
RECREATION**

Swimming Pools:

In 2010-11, 20 of 29 pools continued to provide open swim. Eight pools were closed for infrastructure repairs on a rotating basis and 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 2018-19, no changes were included in the budget.

In 2019-20 all pools were closed during the summer months of 2020 in response to the COVID-19 pandemic.

In 2020-21 all pools were closed during July and August of 2020 in response to the COVID-19 pandemic. City Council directed 12 of the 29 pools to reopen in May 2021.

No changes are included in the 2021-22 budget for swimming pools. As of May 2021, no date has been set for the remaining 17 pools to resume operations.

**PROGRAM SERVICE
LEVEL IN 2010-11**

**SERVICE CHANGES
THROUGH 2020-21**

**SERVICE CHANGES
FOR 2021-22**

COMMUNITY ENRICHMENT

**PARKS AND
RECREATION**

Swimming Pool Season:

In 2010-11, 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 were included in the budget for 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 the budget for 2017-18 and 2018-19.

In 2019-20 all pools were closed during the summer months of 2020 in response to the COVID-19 pandemic.

As of May 2021, recreational swim and dive teams, water basketball programs and Cigna Summer programs continue to be temporarily suspended for the 2020-21 season, in response to the COVID-19 pandemic.

No changes are included in the 2021-22 budget for the swimming pool season. As of May 2021, recreational swim and dive teams, water basketball programs and Cigna Summer programs continue to be temporarily suspended, in response to the COVID-19 pandemic.

**School Recreation
Program During School
Year:**

The 2010-11 budget reduced after-school sites to 25 General Fund supported sites and five full cost recovery 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 the 2017-18 budget.

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

In 2019-20, PAC sites decreased from 37 to 36 due to Washington School District discontinuing services at one site. All PAC sites ceased operations in March 2020 in response to the COVID-19 pandemic.

In 2020-21, as of May 2021 all PAC sites remained closed in response to the COVID-19 pandemic.

No changes are included in the 2021-22 budget for Phoenix Afterschool Center (PAC) sites. As of May 2021, all PAC sites continue to be temporarily suspended in response to the COVID-19 pandemic.

COMMUNITY ENRICHMENT

LIBRARY

Central Library:

The 2010-11 budget included 58 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 enabled an increase in the number of workshops. In addition to doubling the number of "applying for college" workshops, each workshop accommodates 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 2021-22 budget adds two positions for the expansion of the College Depot program to accommodate growing demand for additional GED classes, ACT/SAT prep classes, and one-on-one counseling appointments. The program expansion is projected to serve additional students, offer additional classes, and increase the one-on-one college counseling appointments.

StartupPHX, formerly known as hive@Central, will offer additional business and entrepreneurial services, in partnership with other departments and agencies.

Additional Arizona Room digitized collection will be made available online through the Phoenix Public Library website and the Arizona Memory Project.

Several online virtual tours of specialty spaces will be made available through the Phoenix Public Library website.

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 were 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 COVID-19 global pandemic. 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 2010-11 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, opened in August 2011 on the campus of South Mountain Community College at 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 to14, 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.

A temporary branch at Park Central Mall opened 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 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 2021-22 budget adds funding to continue mobile and self-serve computing services initiated as a result of the COVID-19 pandemic including cellular service for the MiFi hotspot loan program, annual maintenance for additional self-checkout payment kiosks, and security software for the laptop loan program.

COMMUNITY ENRICHMENT

LIBRARY

Branch Libraries Continue: 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 COVID-19 pandemic. 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 May 2020, added curbside services 15 hours per week permitting customers to drive/walk up and pick up holds and utilize mobile printing.

In January 2021, launched an upgraded version of its website in partnership with the Information Technology Services Department.

In April 2021, all library locations began a laptop and hotspot lending program to customers.

In April-May 2021, all library locations restored limited in-house services in a phased reopening plan. Services include collection-browsing, computer use and self-check-out of materials. Access is provided with 45-minute reservations made online or at the door based on occupancy limits set by federal Centers for Disease Control (CDC) guidelines. Curbside service continues for three hours each morning.

In May 2021, the Cesar Chavez Library coordinated with the Parks and Recreation and Housing Departments to install a StoryWalk in the Cesar Chavez Park with related kits and materials available for children at the library after they finish the Walk.

In June 2021, a virtual assist on Phoenix.gov will assist customers with common Library-related inquiries.

**PROGRAM SERVICE
LEVEL IN 2010-11**

**SERVICE CHANGES
THROUGH 2020-21**

**SERVICE CHANGES
FOR 2021-22**

ENVIRONMENTAL SERVICES

WATER SERVICES

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

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

San Diego - \$72.84
San Jose -\$53.32
Kansas City -\$52.15
Austin -\$48.40
Dallas -\$43.21
Tucson -\$39.87

PHOENIX -\$36.12

Albuquerque -\$29.21
San Antonio -\$19.96

In an April 2021 survey, Phoenix's monthly water bill compared favorably to the following benchmark cities:

San Diego - \$112.30
San Jose - \$106.91
Austin - \$100.55
Tucson - \$72.36
Fort Worth - \$49.39
Dallas - \$42.04
PHOENIX - \$38.24
Albuquerque - \$37.70
San Antonio - \$29.85

Phoenix water rates will increase in October 2021 and then in March 2022 to \$40.75.

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

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

Austin - \$51.73
San Diego - \$45.94
San Jose - \$32.86
Tucson - \$32.52
Kansas City - \$32.19
Dallas - \$31.40

PHOENIX - \$22.34

San Antonio - \$19.32
Albuquerque - \$14.09

In an April 2021 survey, Phoenix's monthly wastewater bill compared favorably to the following benchmark cities:

Austin - \$74.95
San Diego - \$51.22
Tucson - \$50.54
Fort Worth - \$49.99
Dallas - \$44.43
San Antonio - \$42.46
San Jose - \$41.64
PHOENIX - \$25.21
Albuquerque - \$18.63

It is anticipated Phoenix wastewater rates will continue this trend during 2021-22.



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.
- For the seventh consecutive year, the Budget and Research (B&R) 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 Fiscal Year 2019-20, total General Fund resources were estimated to end the fiscal year at \$1,396.2 million. Actual total resources, excluding the one-time Coronavirus Relief Fund (CRF) monies of \$48.5 million, was \$1,403.4 million for a positive difference of \$7.2 million or 0.5 percent. Total 2019- 20 General Fund revenues (collections) ended the fiscal year at \$1,258.9 million, compared to the estimate of \$1,254.0 million for a variance of \$4.9 million or 0.4 percent.
- 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 18 key Phoenix economic indicators in a quarterly report. The indicators are provided to the City Council subcommittee. The data can reveal an overall picture of recent economic activity trends specifically within Phoenix.
- Preliminary Capital Improvement Programs are presented by departments to Council subcommittees to provide earlier and additional opportunities for input.
- For the second year, the City continues to use the FundPHX tool 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, and it 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, through the City's website and social media, and online using the FundPHX tool.

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.

2021-22 BUDGET PROCESS

Initial Budget Status

On October 13, 2020, staff provided an early review of the 2019-20 General Fund budget results. Results reflect the impact of COVID-19 on city resources over the last quarter of the fiscal year and the one-time Coronavirus Relief Funds (CRF) used to offset public safety salaries as permitted by the federal guidelines.

Overall, General Fund resources exceeded estimates by \$55.7 million or 4.0 percent. Excluding the one-time CRF amount of \$48.5 million received by the General Fund, the variance was only \$7.2 million or 0.5 percent. Expenditures came in lower by \$17.9 million or 1.4 percent, primarily due to one-time vacancy savings as a result of the hiring freeze implemented earlier in the fiscal year to mitigate revenue shortfalls due to the pandemic. As a result, the General Fund ending balance was approximately \$73.6 million higher than anticipated, or \$25.1 million excluding the one-time resources from the CRF.

Staff also requested adoption of the 2021-22 budget calendar. The City Council adopted staff's recommendation.

Zero-Based Budget Inventory of Programs

On February 9, 2021, for the tenth 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 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 2021-22 General Fund Budget and Five-Year General Fund Forecast

On February 23, 2021, staff provided the preliminary status update for the General Fund 2021-22 budget. The five-year General Fund forecast through 2025-26 was also presented to the Mayor and City Council for the tenth 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.

Staff reported that the COVID-19 global pandemic created significant challenges for residents, employees, city operations and adversely impacted revenue streams, primarily in the hospitality and leisure sales tax categories. Under the leadership of the City Council, the General Fund remained balanced and was projected to end Fiscal Year 2021-22 with a surplus of \$153 million of which \$98 million was one-time resources. The surplus was comprised of both one-time and ongoing resources.

Staff explained one-time resources were due to the Council-approved transfer of funding from the CRF to the General Fund to offset public safety salaries as permitted by federal guidelines. Staff stated this action was specifically taken to preserve General Fund programs facing potential reduction due to revenue declines in the first three months of the pandemic (March-May 2020).

On December 8, 2020, in anticipation of the pending CRF deadline of December 30, 2020, Council again approved the use of the CRF public safety salary offset. This time, the offset was used to free up General Fund resources to continue programs, originally funded from the CRF, that would have ended prematurely due to the pending CRF deadline.

Staff noted estimated one-time General Fund resources were \$98 million, and in order to maintain a structurally balanced budget, available ongoing resources were projected to be \$55 million, for a combined surplus of \$153 million. These resources were available to be used to provide new or expanded programs and services, employee compensation increases, one-time investments in City assets, infrastructure, or increasing the pension stabilization reserve fund. Staff noted it was critical the City did not use one-time resources to fund ongoing costs, especially considering the City was still dealing with the pandemic.

Over the last few years, the City Council has taken necessary actions to protect City services while facing very challenging financial conditions, and the COVID-19 pandemic was no exception. The City Council has implemented important fiscal measures including:

- Strategic use of the Coronavirus Aid, Relief, and Economic Security (CARES) Act and CRF to preserve City programs and services during the COVID-19 pandemic.
- \$134 million in innovation and efficiency savings to date since 2010.
- Net reduction in City employee count of approximately 2,700 positions since Fiscal Year 2007-08, resulting in the smallest government per capita since 1970-71.

- Consistently raising the contingency fund to its highest level in City history.
- Paying Public Safety Pension costs on an expedited 25-year amortization schedule instead of a 30-year schedule.
- Creating a Pension Funding Policy and Pension Reserve Fund which currently carries a balance of over \$40 million that can only be used to offset increased future costs for Public Safety Pensions.

Staff reported that the forecast showed a structurally balanced budget where ongoing revenues are available for existing programs. However, staff was mindful of the pandemic and how its effects may continue to impact the City's budget. This uncertainty called for a cautious approach to forecasting future revenues to ensure the City could sustain a balanced budget into the future.

The report also included stress testing of the forecast, which was done for the third consecutive year, to model the potential for a recession in the last two years of the forecast. While this is not anticipated to occur, the alternative models provided an opportunity to evaluate how declines in revenue could compromise the General Fund's structurally balanced budget.

Staff reported the preliminary Fiscal Year 2021-22 General Fund expenditures to continue existing levels of service were projected to be \$1.452 billion. This compared to the adopted General Fund expenditure budget of \$1.426 billion for Fiscal Year 2020-21 or an increase of \$26 million. The increase accounted primarily for higher costs for public safety pension, increases in capital equipment, lower than anticipated vacancy savings, higher contingency to maintain a four percent reserve, and increases for pay-as-you-go capital projects, many of which reflected deferred maintenance over the past decade.

Staff explained that this year's forecast illustrated the General Fund baseline (midpoint) forecast for each year and reflects a balanced budget. Looking ahead, staff stated the areas of concern for the General Fund budget are pension costs for sworn public safety staff, service costs and capital needs for facilities, vehicles and information technology, service levels, and revenue.

Service costs include employee compensation levels, contractual increases, commodity purchases, capital needs for technology hardware and software, infrastructure and vehicles, including Fire apparatus. Service levels involve the amount of services, hours and the number of facilities kept open to serve the public. Revenues consider taxes, fees, economic growth, predictions of potential continuing negative impacts from the COVID-19 pandemic, along with 2020 Census's potential impact on the City's relative population share.

The current forecast assumed no changes to existing labor contracts or service levels, however, it assumed any surplus is incorporated into the subsequent years' expenditures, whether in increased one-time or ongoing costs for added programs and services, labor increases, set-asides, or other uses of the funds. The current labor contracts expire at the end of June 2021, and contract negotiations were underway at the time. Any changes to these contracts would impact Fiscal Year 2021-22 and beyond.

City Manager's 2021-22 Trial Budget

The Trial Budget is an important step in the City's Zero-Based Budget development process. It provides the Mayor and City Council, the community and employee groups an opportunity to review a proposed balanced budget, which includes proposed increases in employee compensation, and additions of a variety of City programs and services. This information is provided well in advance of the deadlines for making final budget decisions.

On March 16, 2021, staff presented the 2021-22 Trial Budget. Staff stated the General Fund long-term outlook was positive, with ongoing resources balanced to projected ongoing expenditures. The Trial Budget included several recommendations that continue to move the City forward in addressing critical community priorities and ensuring City employees were compensated fairly. These General Fund priorities included the following recommended increases by category:

- Employee compensation increases (ongoing and one-time) - \$118M
- Public safety reform and responsiveness - \$21.0M
- COVID relief and resiliency - \$2.6M
- Climate change and heat readiness - \$2.8M
- Affordable housing and homelessness - \$2.8M
- Building community and responding to growth - \$2.9M
- Administrative accountability - \$3.0M

The proposed Trial Budget also included additions of \$3.6 million for non-General Fund departments for Planning and Development, Solid Waste and Street Transportation.

Community Feedback

Resident input was solicited at 14 virtual community budget hearings held between April 2, 2021 and April 20, 2021. Residents also provided feedback online using the FundPHX tool and comments were received directly to the Budget & Research Department via email and voicemail. In total, between March 8 through May 4, 2021, the City received 2,094 comments from 1,464 individuals on the proposed Budget. Several residents commented multiple times on the same topic.

City Manager's Proposed Budget and Council Action

On May 4, 2021, staff presented a balanced 2021-22 City Manager's Proposed Budget to the Mayor and City Council for information and discussion. Staff revised revenue estimates based on 8-month technical revenue reviews resulted in an additional \$1.8M in resources available for community priorities identified by residents. Feedback from residents was taken into consideration, and changes to the Trial Budget were reflected.

The General Fund revised projected surplus for Fiscal Year 2021-22 was \$154.8M. Due to the leadership of the City Council over the past year, it represented a turnaround from the budget of 2020-21 when the City instituted hiring freezes to prevent COVID-related deficits. The surplus was available for negotiated employee compensation increases and additions to programs and services in several important categories.

Staff reported the City Manager's 2021-22 Proposed Budget included several recommendations that continue to move the City forward in addressing critical community priorities and ensuring City employees are compensated fairly. The following is a summary list of the changes to the Trial Budget:

- Build and set-aside operating funds for three new neighborhood parks in the southwest area of Phoenix, which can be built with impact fees.
- Add staff to properly maintain the Highline Canal.
- Add staff for the Pueblo Grande Museum.
- Fund resources for advancement of Fast Track City initiatives to promote AIDS awareness, prevention and treatment.
- Fund a City Navigator for veterans' services.
- Add funding for the City's Adaptive Reuse Program.
- Add staff to properly maintain City cemeteries.
- Add staff in the Water Services Department (non-general funded from Water Services) to implement recommendations from the Water Conservation Ad Hoc Committee.

Council Action

The 2021-22 City Council Budget Decision was presented to the City Council for action on May 18, 2021. The General Fund budget for action was the same as presented on May 4, 2021.

On May 18, 2021, the City Council approved the proposed 2021-22 budget as presented. The May 18, 2021 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 2021-22 General Fund budget was \$1,607.6M. This was a \$182M increase or 12.8 percent from the adopted 2020-21 General Fund Budget of \$1,425.6M. The increase accounted for the additions mentioned earlier and increases in capital pay-as-you-go projects, employee pension costs, and an increase in the contingency fund to maintain 4 percent of General Fund operating expenditures.

Projected General Fund revenue in 2021-22 was estimated to be \$1,355.8M and represented an increase of \$32.9M or 2.5 percent over the 2020-21 Revised Estimate of \$1,322.9M, excluding one-time revenues of \$109.2M from the Council approved transfer from the Coronavirus Relief Fund to offset public safety salaries as permitted by federal guidelines. Growth in 2021-22 reflected anticipated increases in city and state sales taxes and state-shared vehicle license taxes; this growth was offset by estimated declines in state-shared income tax revenues, which was based on collections from two years prior. This decline was due to the State's action to delay income tax filings in the last quarter of Fiscal Year 2019-20 in response to the COVID-19 pandemic.

Total General Fund resources for Fiscal Year 2021-22 are estimated at \$1,607.6M and included the estimated beginning fund balance of \$244.7M (largely made up of one-time funds discussed earlier), estimated revenue of \$1,355.8M and fund transfers and recoveries estimated at \$7.1M.

For all funds, which includes General, Enterprise and Special Revenue funds such as grants, and all debt service and pay-as-you-go capital costs, the proposed 2021-22 budget is \$5,626.5M. Included in this proposed budget amount is \$416M allocated to the city by the federal government in the American Rescue Plan Act (ARPA).

Following the Council's budget action on May 18, 2021, both the City Charter and State law require subsequent public notification, advertising, and City Council actions.

Tentative Budget Adoption

A public hearing and adoption of the tentative budget ordinances was completed on June 2, 2021, in compliance with the City Charter requirement that the budget be adopted no later than June 30, 2021.

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 Adoption

A public hearing and adoption of the final budget ordinances was completed on June 16, 2021. Adoption of the property tax levy ordinance was completed no less than 14 days with the City Charter requirement that the budget be adopted no later than July 1, 2021, in accordance with State law.

The following chart is an overview of the 2021-22 community budget process calendar.

DATE	BUDGET ITEMS
November 2020	FundPHX (available to the public)
February 9, 2021	2021-22 Inventory of Programs
February 23, 2021	Preliminary 2021-22 Budget Status and Five-Year General Fund Forecast
March 16, 2021	2021-22 City Manager's Trial Budget and Preliminary Five-Year Capital Improvement Program for 2021-26
April 1, 2021	Publish Budget Tabloid
April 2021	14 Virtual Community Budget Hearings
May 4, 2021	City Manager's Proposed 2021-22 Budget
May 18, 2021	Council Final Budget Decision
June 2, 2021	2021-22 Tentative Budget Ordinance Adoption
June 16, 2021	2021-22 Funding Plan and Final Budget Ordinance Adoption
July 1, 2021	2021-22 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 2021-22 budget development process are as follows:

Action Required	City Charter Prescribed Deadline	Arizona State Statute Prescribed Deadline	2021-22 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 16, 2021
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, 2021
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 4, 2021
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 17, 2021

Action Required	City Charter Prescribed Deadline	Arizona State Statute Prescribed Deadline	2021-22 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 17, 2021
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 2, 2021
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 May 31, 2021 and June 7, 2021
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 7, 2021 and June 14, 2021
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 11, 2021
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 15, 2021
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 16, 2021
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 25, 2021
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, 2021

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 10 local home rule options in 1981, 1985, 1991, 1995, 1999, 2003, 2007, 2011, 2015 and 2020. Before 1999, the home rule options generally excluded enterprise operations such as Aviation, Water, Wastewater and Solid Waste from the expenditure limitation. Beginning in 1999, the voters approved establishing the City's annual budget as the spending limit. Voters approved the permanent annual exclusion in 1981 of the following amounts for pay-as-you-go capital: \$5 million for Aviation, \$6 million for Water, \$6 million for Wastewater and \$2 million for General Fund street improvements.

The current home rule option, approved by the voters on November 3, 2020, sets the limit at the City's annual budget after obtaining community input by the residents of the City of Phoenix on the proposed spending plan. This home rule option is in effect for four fiscal years from 2021-22 through 2024-25 and allows 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 Annual Comprehensive 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 Annual Comprehensive 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 Annual Comprehensive Financial Report at year's end.
4. **Enterprise Cost Recovery** - Aviation, Water, Wastewater and Solid Waste are fully self-supporting from rates, fees and charges and, as such, are budgeted and accounted for as Enterprise funds. Cost recovery includes direct operation and maintenance expenses, capital expenditures, debt service, indirect cost allocation, and in-lieu property taxes, where allowable. The Convention Center, while accounted for using enterprise accounting principles, is partially financed from rental and parking fees with the remainder coming from earmarked sales taxes. 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, 39 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 16 percent of General Fund local sales tax collections. 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.

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 custodial 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 Annual Comprehensive Financial Report. However, the year-end balances held in fiduciary funds are provided in the Annual Comprehensive Financial Report.

REVENUE ESTIMATES

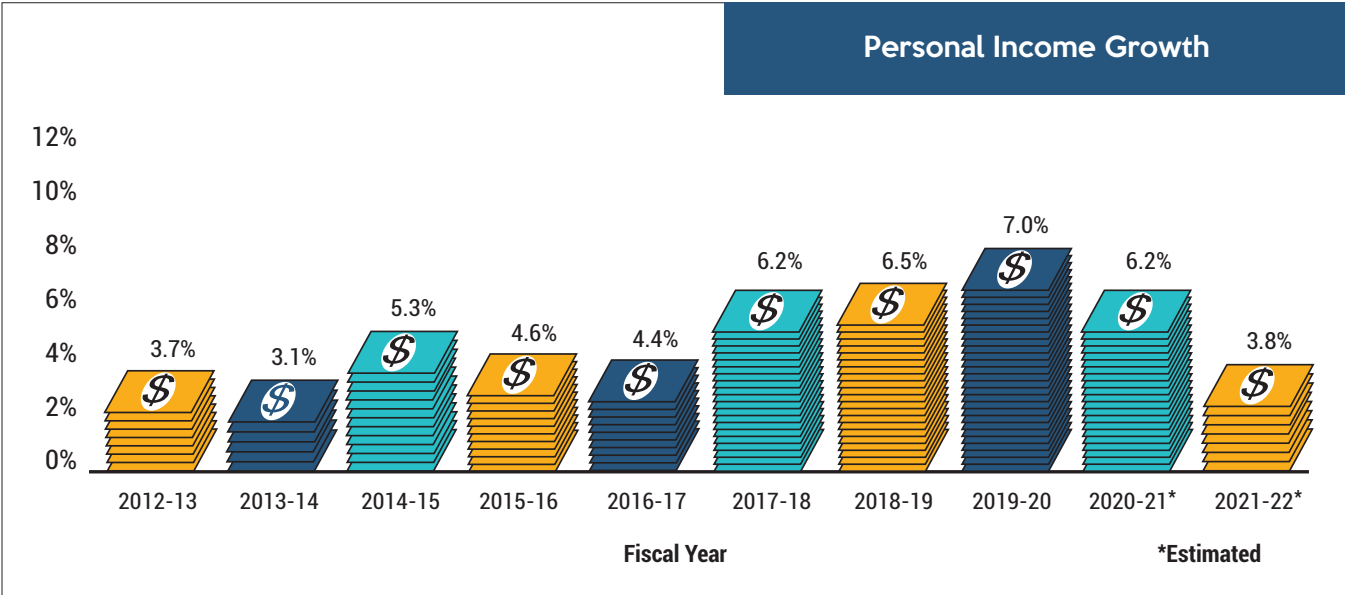
Revenue estimates for 2021-22 are based on assumptions about the local economy, population changes, activity levels, underlying estimates for cost-recovery rates and fees, and on the continuation of current state revenue collection and sharing practices. In addition, other revenue estimates are developed 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 2021-22 combined property tax rate of \$2.1196 reflects a decrease to the secondary property tax rate of one cent from 2020-21.

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 certainly indirectly positively impacted City revenues.

City and state-shared sales tax revenues have shown solid growth throughout 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 out-of-state remote sellers with a certain number of sales into the state to collect and remit sales tax and 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. Consistent with projections by local economists, the chart below shows that personal income is expected to grow by 6.2 percent for 2020-21 and 3.8 percent for 2021-22.

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. Included in the forecast are several economic assumptions including continued growth for city and state sales taxes, population, personal income and jobs, marginal increases in consumer spending and a strong 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)

	2019-20	2020-21	%	2021-22	%	2022-23	%	2023-24	%	2024-25	%	2025-26	%
	Actual	Estimate	Change	Estimate	Change	Forecast	Change	Forecast	Change	Forecast	Change	Forecast	Change
Privilege License Tax													
Privilege License Tax	401,177	425,626	6.1%	446,092	4.8%	474,730	6.4%	500,200	5.4%	527,260	5.4%	556,901	5.6%
Police Neighborhood Protection	25,363	26,780	5.6%	28,150	5.1%	29,802	5.9%	31,404	5.4%	33,107	5.4%	34,970	5.6%
Police Block Watch	1,811	1,913	5.6%	2,011	5.1%	2,129	5.9%	2,243	5.4%	2,365	5.4%	2,498	5.6%
Fire Neighborhood Protection	9,058	9,565	5.6%	10,053	5.1%	10,643	5.9%	11,216	5.4%	11,823	5.4%	12,489	5.6%
Police - 2007 Public Safety Expansion	57,971	61,213	5.6%	64,342	5.1%	68,120	5.9%	71,781	5.4%	75,671	5.4%	79,929	5.6%
Fire - 2007 Public Safety Expansion	14,493	15,304	5.6%	16,086	5.1%	17,030	5.9%	17,945	5.4%	18,918	5.4%	19,983	5.6%
Parks and Preserves	36,233	38,259	5.6%	40,214	5.1%	42,576	5.9%	44,863	5.4%	47,295	5.4%	49,956	5.6%
Transportation 2050	247,593	261,183	5.5%	274,395	5.1%	290,825	6.0%	306,254	5.3%	323,172	5.5%	340,952	5.5%
Convention Center Excise Tax	55,266	50,420	-8.8%	57,196	13.4%	60,599	5.9%	63,379	4.6%	66,483	4.9%	69,444	4.5%
Sports Facilities Excise Tax	17,449	10,877	-37.7%	15,578	43.2%	16,385	5.2%	17,012	3.8%	17,895	5.2%	18,382	2.7%
Jet Fuel Other Restricted Fund	657	741	12.8%	744	0.4%	753	1.2%	756	0.4%	766	1.3%	758	-1.0%
Privilege License Fees (Annual)	2,432	2,797	15.0%	2,797	0.0%	2,553	-8.7%	2,604	2.0%	2,656	2.0%	2,709	2.0%
PLT Application Fees ¹	1	-	-100.0%	-	-	-	-	-	-	-	-	-	-
Treasury Collection Service Fee ¹	3	3	0.0%	3	0.0%	-	-	-	-	-	-	-	-
Government Lease Property Excise Tax	547	656	19.9%	656	0.0%	563	-14.2%	574	1.9%	586	2.1%	599	2.3%
Subtotal (PLT)	870,054	905,337	4.1%	958,317	5.9%	1,016,708	6.1%	1,070,231	5.3%	1,127,997	5.4%	1,189,570	5.5%
Utility & Franchise													
Utility & Franchise Tax	78,528	80,331	2.3%	82,019	2.1%	83,523	1.8%	85,811	2.7%	88,430	3.1%	90,835	2.7%
Jail Tax	7,316	7,390	1.0%	7,460	0.9%	7,553	1.2%	7,647	1.2%	7,743	1.3%	7,840	1.3%
General Excise Tax	10,974	11,060	0.8%	11,170	1.0%	11,310	1.3%	11,451	1.3%	11,594	1.3%	11,739	1.3%
Storm Water Management	4,994	5,037	0.9%	5,087	1.0%	5,143	1.1%	5,200	1.1%	5,257	1.1%	5,315	1.1%
Capital Construction	8,548	7,790	-8.9%	7,370	-5.4%	7,232	-1.9%	7,480	3.4%	7,941	6.2%	8,197	3.2%
Police Public Safety Enhancement	14,866	15,116	1.7%	15,318	1.3%	15,656	2.2%	16,012	2.3%	16,332	2.0%	16,658	2.0%
Fire Public Safety Enhancement	9,111	9,265	1.7%	9,388	1.3%	9,596	2.2%	9,813	2.3%	10,010	2.0%	10,210	2.0%
Subtotal (Utility & Franchise)	134,337	135,989	1.2%	137,812	1.3%	140,013	1.6%	143,414	2.4%	147,307	2.7%	150,794	2.4%
Licenses & Permits													
Licenses & Permits	2,812	2,502	-11.0%	2,771	10.8%	2,804	1.2%	2,857	1.9%	2,917	2.1%	2,984	2.3%
State Sales Tax ^{2,3}	171,927	189,898	10.5%	197,945	4.2%	209,317	5.7%	219,245	4.7%	229,893	4.9%	241,358	5.0%
State Income Tax ^{2,3}	214,697	240,237	11.9%	219,316	-8.7%	275,000	25.4%	263,000	-4.4%	276,000	4.9%	290,000	5.1%
TOTAL	1,393,827	1,473,963	5.7%	1,516,161	2.9%	1,643,842	8.4%	1,698,747	3.3%	1,784,114	5.0%	1,874,706	5.1%

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 2020-21 was based on the 2019 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 no future fee increases/decreases or new sources of revenue.

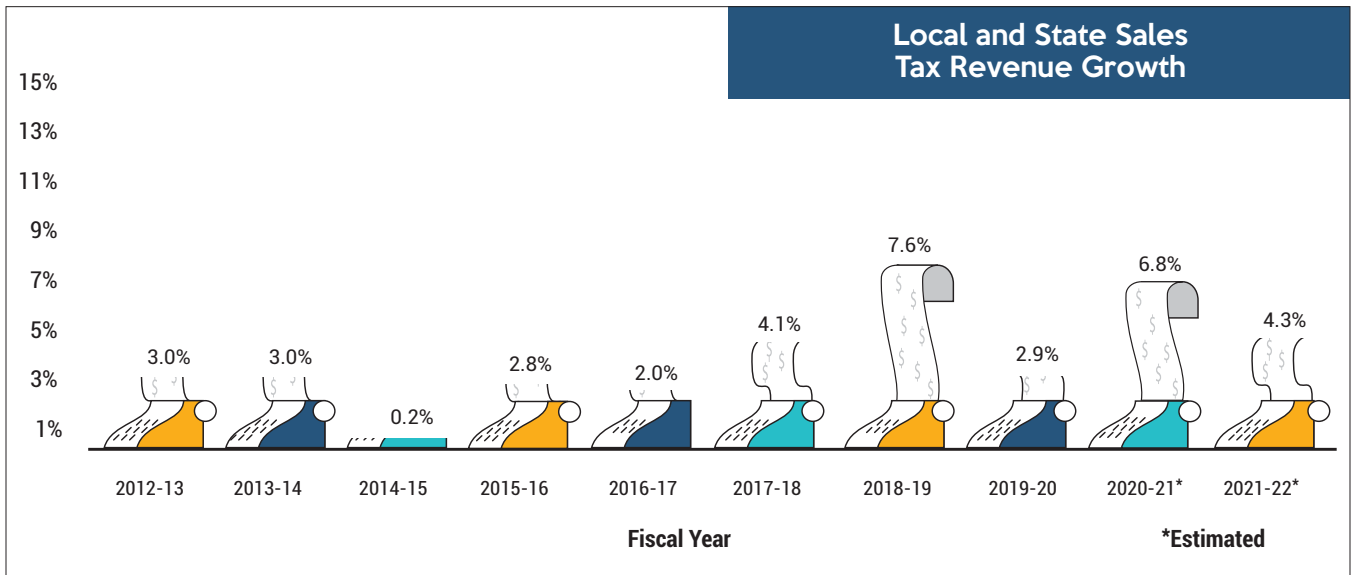
GENERAL FUNDS

Total 2021-22 General Fund revenues are estimated to be \$1,355.8 million or 5.3 percent less than 2020-21 estimates of \$1,432.1 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 2021-22 revenue estimates.

Local and state sales tax collections represent approximately 53.6 percent of General Fund revenues. Local sales taxes for 2021-22 are expected to grow by 4.4 percent over 2020-21 estimates. Phoenix's share of state sales taxes for 2021-22 is expected to grow by 4.2 percent over 2020-21 estimates.

Combined local and state sales tax revenues for 2021-22 are expected to grow by 4.3 percent over 2020-21 estimates. Combined rates of growth since 2012-13 are provided in the chart below.

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

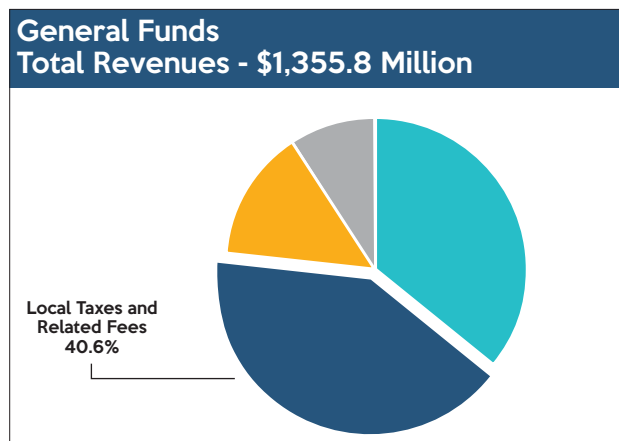


GENERAL FUND REVENUE BY MAJOR SOURCE (In Thousands of Dollars)

Revenue Source	2019-20 Actual	% of Total	2020-21 Estimate	% of Total	2021-22 Budget	% of Total	Increase/(Decrease) From 2020-21 Estimate	
							Amount	Percent
Local Taxes and Related Fees								
Local Sales Tax	479,705	36.7%	505,957	35.3%	528,111	39.0%	22,154	4.4%
Privilege License Fees	2,436	0.2%	2,800	0.2%	2,800	0.2%	-	0.0%
Other General Fund Excise Taxes	18,837	1.4%	19,106	1.3%	19,286	1.4%	180	0.9%
Subtotal	500,978	38.3%	527,863	36.9%	550,197	40.6%	22,334	4.2%
State-Shared Revenue								
Sales Tax	171,927	13.2%	189,898	13.3%	197,945	14.6%	8,047	4.2%
State Income Tax	214,697	16.4%	240,237	16.8%	219,316	16.2%	(20,921)	-8.7%
Vehicle License Tax	70,484	5.4%	75,200	5.3%	79,100	5.8%	3,900	5.2%
Subtotal	457,108	35.0%	505,335	35.3%	496,361	36.6%	(8,974)	-1.8%
Primary Property Tax	170,210	13.0%	179,950	12.6%	191,294	14.1%	11,344	6.3%
User Fees/Other Revenue								
Licenses & Permits	2,812	0.2%	2,502	0.2%	2,771	0.2%	269	10.8%
Cable Communications	10,369	0.8%	9,600	0.7%	9,600	0.7%	-	0.0%
Fines and Forfeitures	10,734	0.8%	8,918	0.6%	8,956	0.7%	38	0.4%
Court Default Fee	1,310	0.1%	1,216	0.1%	1,451	0.1%	235	19.3%
Fire	49,893	3.8%	45,686	3.2%	50,098	3.7%	4,412	9.7%
Hazardous Materials Inspection Fee	1,408	0.1%	1,400	0.1%	1,500	0.1%	100	7.1%
Library Fees	371	0.0%	204	0.0%	483	0.0%	279	+100.0%
Parks and Recreation	5,453	0.4%	3,461	0.2%	4,093	0.3%	632	18.3%
Planning	1,589	0.1%	1,387	0.1%	1,497	0.1%	110	7.9%
Police	14,848	1.1%	12,975	0.9%	13,108	1.0%	133	1.0%
Street Transportation	6,155	0.5%	6,145	0.4%	6,481	0.5%	336	5.5%
Other Service Charges	22,519	1.7%	13,589	0.9%	15,306	1.1%	1,717	12.6%
Other	3,067	0.2%	2,674	0.2%	2,579	0.2%	(95)	-3.6%
Subtotal	130,528	10.0%	109,757	7.6%	117,923	8.7%	8,166	7.4%
Coronavirus Relief Fund ^{1/}	48,533	3.7%	109,225	7.6%	-	0.0%	(109,225)	-100%
TOTAL GENERAL FUND	1,307,357	100.0%	1,432,130	100.0%	1,355,775	100.0%	(76,355)	-5.3%

^{1/} Coronavirus Relief Fund (CRF) is a one-time resource received from the federal government. It is approved by the City Council to offset public safety salaries as permitted by the Federal guidelines.

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 2021-22 estimate is \$550,197,000, which is \$22,334,000 or 4.2 percent greater than the 2020-21 estimate of \$527,863,000. 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 Vehicle Rental	1.2%	0.1%	0.2%	–	0.1%	0.7%	–	2.0%	–	4.3%
Commercial Rentals	1.3%	0.1%	0.2%	–	0.1%	0.7%	–	–	–	2.4%
Lodging Rentals Under 30 Days	1.2%	0.1%	0.2%	–	0.1%	0.7%	2.0%	1.0%	–	5.3%
Lodging Rentals 30 Days and Over	1.2%	0.1%	0.2%	–	0.1%	0.7%	–	–	–	2.3%
Retail Tier 1 (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%

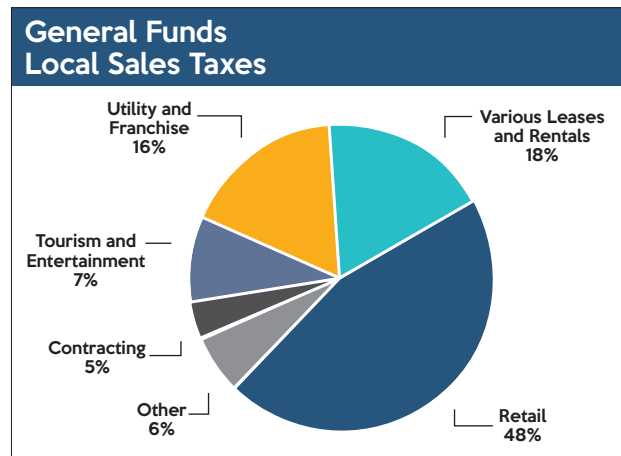
*The General Fund portion of the utilities category includes the 2.0 percent franchise fee paid by utilities with a franchise agreement.
 **Public Safety Enhancement designated 2.0 percent sales tax applies only to those utilities with a franchise agreement.

(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.

(2) Arizona adopted Wayfair economic nexus for internet sales. Effective October 1, 2019, Arizona law requires most remote sellers and marketplace facilitators to file and pay transaction privilege (sales) tax in Arizona.

The General Fund portion of the local sales tax estimate is \$528,111,000 for 2021-22. This is an increase of \$22,154,000 or 4.4 percent from the 2020-21 estimate of \$505,957,000. The increase in local sales tax revenue is based on actual collections, growth rates provided by the University of Arizona city sales tax model, the assumption that the economy will continue to grow and recover from the pandemic, and no vaccine-resistant variants emerge in 2021-22.

As shown in the pie chart below, the retail category represents approximately 48 percent of the local General Fund sales tax. The retail sales category is expected to increase by 5.4 percent in 2021-22. Personal income growth, which is used as a trend indicator for retail sales activity, is projected at 3.8 percent for 2021-22. The estimated retail sales tax growth also counts for the expected stronger economic conditions in 2021-22.



General Fund sales tax revenue is collected on three rental categories: leases and rentals of tangible personal property, commercial and residential real property rentals. These three categories combined are approximately 18 percent of local General Fund sales tax revenue. For 2021-22, tangible personal property and residential property rentals are expected to grow by 8.0 and 6.5 percent, respectively, whereas commercial property rental is projected to decline by 6.1 percent. The projected increase in tangible personal property and residential property rentals is mainly due to expected improvements in the overall economy and a moderate growing population. The projected decrease in commercial property rental is primarily due to a large audit adjustment that occurred in 2020-21, which artificially increased the sales tax collections.

The contracting category is expected to increase by 3.7 percent in 2021-22 based on the actual collections in 2020-21. 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 2021-22 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 11.5 percent and the hotel/motel category is expected to grow by 35.1 percent in 2021-22. Both categories, combined with revenue from amusements, are closely related to tourism and entertainment activities. These sectors were negatively impacted by the pandemic and are expected to grow faster during the recovery in 2021-22, assuming vaccine distribution continues at the current pace and no vaccine-resistant variants emerge. Revenues from these activities represent approximately 7 percent of local General Fund sales tax revenue.

The utility and franchise tax category is approximately 16 percent of local General Fund sales tax revenue. The category includes electricity, natural and artificial gas, water consumption, sewer service, and communications activities. The 2021-22 estimate for utility sales, franchise and communication tax revenue is \$81,897,000, which represents an increase of 1.6 percent compared to 2020-21. The modest increase is due to expected utility account and consumption growth, but is offset by the predicted decrease in communications activities.

A use tax is assessed on the purchase of tangible personal property, which is stored, used or consumed within the City, and for which a local sales tax has not been paid at an equivalent rate to the City of Phoenix rate. The tax also applies to items purchased for resale and subsequently used or consumed in the business. The 2021-22 estimate of \$27,246,000, is estimated to increase by 5.4 percent from the 2020-21 forecast based on the actual collections in 2020-21. 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 2017-18. 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
2017-18	432,358	2.6
2018-19	468,015	8.2
2019-20	479,705	2.5
2020-21 (Est.)	505,957	5.5
2021-22 (Est.)	528,111	4.4

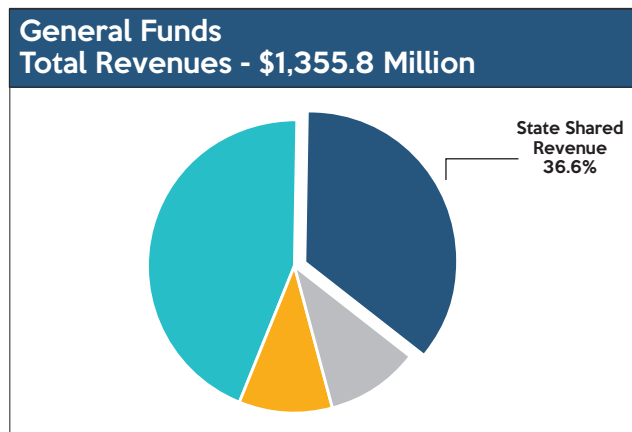
Privilege License Fees

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 2021-22 estimate for privilege license fee revenue of \$2,800,000 is projected to remain flat from the 2020-21 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 2021-22 estimate of \$7,460,000 is \$70,000 or 0.9 percent more than the 2020-21 estimate of \$7,390,000. This category also includes a general city services excise tax on municipal services bills based on water meter size implemented in July 2014. The 2021-22 estimate for the general city services excise tax of \$11,170,000 is \$110,000 or 1.0 percent more than the 2020-21 estimate of \$11,060,000. 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 2021-22 estimate for the GPLET of \$656,000 is projected to remain flat from the 2020-21 estimate.

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 2021-22 estimate for this category is \$496,361,000, which is \$8,974,000 or 1.8 percent less than the 2020-21 estimate of \$505,335,000. The decrease is due to an estimated decrease of 8.7 percent in state-shared income tax. It is offset by an estimated increase of 4.2 percent in state sales tax and estimated growth of 5.2 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. The 2020 Decennial Census will impact the 2021-22 share. However, since the 2020 census figure to be used for the 2021-22 allocation was not available in time for developing the budget projections, Phoenix's share of 29.03 percent for 2020-21 was used for 2021-22.

The City's share of the state sales tax for 2021-22 is expected to be \$197,945,000, which is \$8,047,000 or 4.2 percent more than the 2020-21 estimate of \$189,898,000. The increase in state-shared sales tax revenue is based on actual collections in 2020-21 and anticipated steady growth in 2021-22. The table below shows the cities' share of state sales tax, Phoenix's allocation and annual increase since 2017-18.

STATE SALES TAXES (In Thousands of Dollars)					
Fiscal Year	Cities' Share of State Collections		Phoenix's Share		
	Total	% Change	Percent	Amount	% Change
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	589,352	5.0	29.1	171,927	4.2
2020-21 (Est.)	647,797	9.9	29.0	189,898	10.5
2021-22 (Est.)	678,736	4.8	29.0*	197,945	4.2

*Estimated - Final U.S. 2020 decennial census figure was not available during budget development.

State Income Tax

Since 1973, cities in Arizona have shared 15 percent of the actual state individual 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 the 2020 decennial census figure was not available in time for developing the budget projections, Phoenix's share for 2020-21 was used for 2021-22.

The 15 percent portion of the state income tax, which will be distributed to Arizona cities and towns in 2021-22, is expected to be \$756.3 million. The distribution represents actual individual and corporate income tax collections by the state in the 2019-20 fiscal year. The anticipated \$756.3 million is an 8.7 percent decrease from the previous fiscal year. The decrease is due to lower corporate and individual income tax collections resulting from the income tax deferral in 2019-20. Affected by COVID-19, both the federal and state governments deferred their individual and corporate income tax filing dates from April 15 to July 15 for Tax Year 2019 (filed in 2020). This shift artificially suppresses the 2019-20 collections, which will be shown as the 2021-22 state income tax. Phoenix's total distribution for 2021-22 is estimated at \$219,316,000, which is a decrease of \$20,921,000 or 8.7 percent from the 2020-21 estimate of \$240,237,000.

The following table shows the total cities' share of state income tax, Phoenix's share, percentage allocation and annual increase/decrease since 2017-18.

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
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	15.0	737,561	9.3	29.1	214,697	9.0
2020-21 (Est.)	15.0	828,493	12.3	29.0	240,237	11.9
2021-22 (Est.)	15.0	756,34	(8.7)	29.0*	219,316	(8.7)

*Estimated - Final U.S. 2020 decennial census figure was 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.

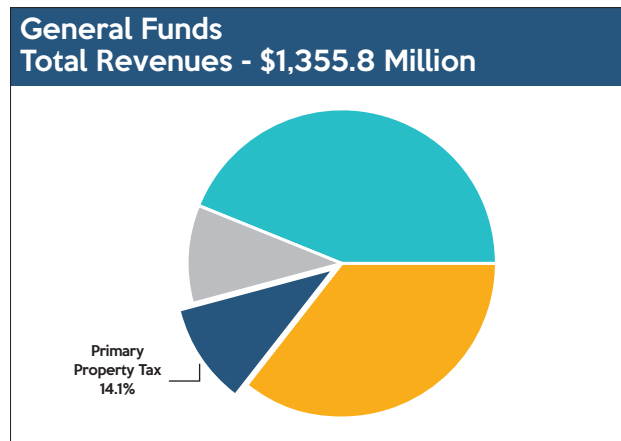
A portion of vehicle license tax collections is allocated to the Arizona Highway User Revenue Fund, with the remainder being allocated by percentage to various state funds as well as to the counties and cities. The state is responsible for distributing funds to cities according to their relative population within the county. As with the other state-shared revenues since the 2020 decennial census figure was not available in time for developing the budget projections, Phoenix's share of 40.4 percent of Maricopa County for 2020-21 was used for 2021-22. Phoenix's share of the vehicle license tax for 2021-22 is anticipated to be \$79,100,000, which is \$3,900,000 or 5.2 percent more than the 2020-21 estimate of \$75,200,000.

The following table shows the cities' share of the vehicle license tax, Phoenix's share, allocation percentage and annual percentage change since 2017-18.

VEHICLE LICENSE TAX (In Thousands of Dollars)					
Fiscal Year	Amount Distributed by Maricopa County	Phoenix's Share		Increase/(Decrease)	
		Percent	Amount	Amount	Percent
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	173,623	40.6	70,484	274	0.4
2020-21 (Est.)	186,086	40.4	75,200	4,716	6.7
2021-22 (Est.)	195,737	40.4*	79,100	3,900	5.2

*Estimated - Final U.S. 2020 decennial census figure was 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.

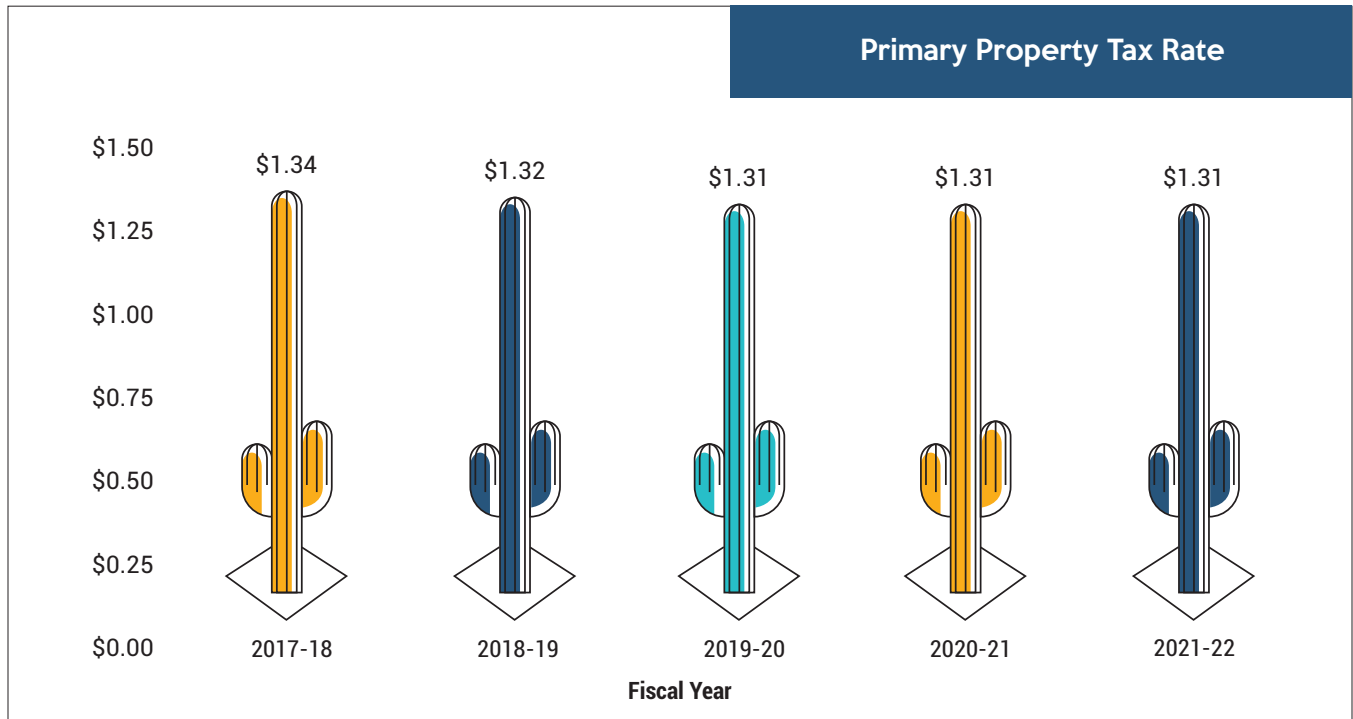
The annual increase in the primary property tax levy is limited by the Arizona Constitution to a 2 percent increase over the prior levy plus an estimated levy for previously untaxed property (primarily new construction), and allowable tort liability judgments. The Phoenix City Charter also limits the 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 2017-18.

The estimated 2021-22 primary property tax levy is \$193,225,000. The levy is a 6.3 percent increase over the 2020-21 levy of \$181,767,000. The primary net assessed valuation of \$14.80 billion is 6.3 percent above the 2020-21 primary net assessed valuation of \$13.92 billion.

Historically, actual property tax collections have been slightly lower than the amount levied. For 2021-22, collections for primary property tax are estimated to be \$191,294,000, or 99 percent of the levy amount.

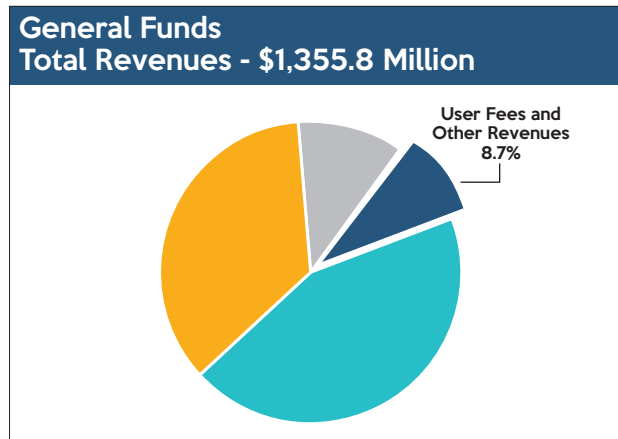


The 2021-22 levy results in a primary property tax rate of \$1.3055 per \$100 of assessed value and a secondary property tax rate of \$0.8141, for a total property tax rate of \$2.1196 per \$100 of assessed value.

The table below shows primary assessed valuation, primary property tax revenues and primary rates since 2017-18.

PRIMARY PROPERTY TAX					
Fiscal Year	Primary Net Assessed Valuation (in Millions)	% Change	Primary Levy (in Thousands)	% Change	Rate per \$100 Net Assessed Valuation
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	13,923	5.3	181,767	5.3	1.3055
2021-22	14,801	6.3	193,225	6.3	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 2021-22 estimate for this category is \$117,923,000, which is \$8,166,000 or 7.4 percent more than the 2020-21 estimate of \$109,757,000. The increase is primarily due to the estimated revenue growth in emergency transportation service and other service charges. 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 2021-22 estimate of \$2,771,000 is \$269,000 or 10.8 percent more than 2020-21 estimate of \$2,502,000. The increase assumes that the economy will continue to recover in 2021-22.

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 2021-22 estimate of \$9,600,000 is projected to remain flat from the 2020-21 estimate.

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 2021-22 estimate of \$8,956,000 is \$38,000 or 0.4 percent more than the 2020-21 estimate of \$8,918,000. The slight increase is attributable to projected higher collections from parking violation 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 2021-22 estimate for this revenue category is \$1,451,000, which is \$235,000 or 19.3 percent more than from the 2020-21 estimate of \$1,216,000 as activity is expected to increase after the pandemic.

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 2021-22 estimate for ETS is \$33,500,000, which is \$3,129,000 or 10.3 percent more than the 2020-21 estimate of \$30,371,000. The increase accounts for the inflationary rate adjustment and assumes the activity level will increase after the public health crisis. 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 2021-22 estimate for other fire services is \$16,598,000, which is \$1,283,000 or 8.4 percent more than the 2020-21 estimate of \$15,315,000. 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 2021-22 estimate is \$1,500,000, which is \$100,000 or 7.1 percent more than the 2020-21 estimate of \$1,400,000. The increase is primarily due to more anticipated permit applications and inspections after COVID-19 restrictions ease up.

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 2021-22 estimate of \$483,000 is \$279,000 more than the 2020-21 estimate of \$204,000. During the pandemic, several branches were closed, events were canceled, and revenues reduced significantly in 2020-21. The projection assumes an increase in fees and fines and room rentals as libraries reopen during 2021-22.

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 2021-22 estimate of \$4,093,000 is \$632,000 or 18.3 percent more than the 2020-21 estimate of \$3,461,000. Due to COVID-19, revenue collections from parks programs and facilities declined dramatically in 2020-21. The increase in 2021-22 assumes higher revenues as recreation programs are resumed and facilities reopen.

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 2021-22 estimate of \$1,497,000 is \$110,000 or 7.9 percent above the 2020-21 estimate of \$1,387,000. 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 \$13,108,000 in 2021-22 is projected to increase by \$133,000 or 1.0 percent from the 2020-21 forecast of \$12,975,000. The increase is primarily due to anticipated higher revenues from police personal services billings and pawnshop regulatory fees, which is offset by an estimated decrease in records and information fees and miscellaneous fees.

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 2021-22 estimate of \$6,481,000 is \$336,000 or 5.5 percent more than the 2020-21 estimate of \$6,145,000. The increase is mainly due to an anticipated increase in revenues from utility ordinance inspection and rights-of-way 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 2021-22 estimate of \$15,306,000 is \$1,717,000 or 12.6 percent more than the 2020-21 estimate of \$13,589,000. The increase is primarily due to more estimated revenues from parking garages, parking meters, and interest earnings, offset by less anticipated revenue from sales of surplus and abandoned property.

All Other Fees

This fee category consists of miscellaneous service charges in the Finance, Human Services and Neighborhood Services departments and miscellaneous categories. The 2021-22 estimate of \$2,579,000 is \$95,000 or 3.6 percent less than the 2020-21 estimate of \$2,674,000. The decrease is mainly due to lower anticipated revenue from recovery of damage claims.

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 2021-22 revenue estimates. The table on the next page provides 2020-21 and 2021-22 estimates as well as 2019-20 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 2021-22 estimate of \$40,214,000 is \$1,956,000 or 5.1 percent more than the 2020-21 estimate of \$38,258,000. These estimates are consistent with those for the same categories in the local sales tax discussion. In addition, \$405,000 is estimated for combined net interest earnings in 2021-22, which is \$3,028,000 or 88.2 percent less than the 2020-21 estimate of \$3,433,000 since revenue in 2020-21 also includes the one-time Coronavirus Relief Fund.

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 2021-22 estimate is \$80,428,000 or 5.1 percent more than the 2020-21 estimate of \$76,517,000. These estimates are consistent with those for the same categories in the local sales tax discussion. In addition, \$321,000 is estimated for interest earnings in 2021-22. Similar to Neighborhood Protection Sales Tax, it is \$7,825,000 or 96.1 percent less than the 2020-21 estimate of \$8,146,000 since revenue in 2020-21 includes the one-time Coronavirus Relief Fund.

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 2021-22 estimate of \$24,706,000 is \$325,000 or 1.3 percent greater than the 2020-21 estimate of \$24,381,000. Since the 2020-21 estimate also includes the one-time Coronavirus Relief Fund, the overall Public Safety Enhancement Sales Tax is projected to be \$2,102,000 or 7.8 percent less than the 2020-21 estimate of \$26,808,000.

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 2021-22 estimate of \$40,214,000 is \$1,955,000 or 5.1 percent more than the 2020-21 estimate of \$38,259,000. These estimates are consistent with the estimates for the same categories in the local sales tax discussion. In addition, \$1,852,000 is estimated for land rentals, lease revenue and interest earnings in 2021-22.

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

Revenue Source	2019-20 Actual	2020-21 Estimate	2021-22 Budget	Increase/(Decrease) From 2020-21 Estimate	
				Amount	Percent
SPECIAL REVENUE FUNDS					
Neighborhood Protection	38,853	41,691	40,619	(1,072)	-2.6%
2007 Public Safety Expansion	78,096	84,663	80,749	(3,914)	-4.6%
Public Safety Enhancement	25,596	26,808	24,706	(2,102)	-7.8%
Parks and Preserves	39,627	39,886	42,066	2,180	5.5%
Transit 2000 ^{1/}	18	-	-	-	NA
Transportation 2050 ^{1/}	292,242	277,038	302,368	25,330	9.1%
Court Awards	4,872	5,608	5,296	(312)	-5.6%
Development Services	70,425	69,500	71,428	1,928	2.8%
Capital Construction	9,113	7,835	7,592	(243)	-3.1%
Sports Facilities	22,829	15,190	19,818	4,628	30.5%
Arizona Highway User Revenue	138,553	142,879	149,715	6,836	4.8%
Regional Transit Revenues	43,148	27,828	38,945	11,117	39.9%
Community Reinvestment	10,841	5,938	5,863	(75)	-1.3%
Secondary Property Tax	111,103	118,215	123,686	5,471	4.6%
Regional Wireless Cooperative	4,602	5,543	5,515	(28)	-0.5%
Golf Courses	6,958	8,439	6,794	(1,645)	-19.5%
City Improvement	19	-	-	-	NA
Impact Fee Program Administration	524	515	525	10	1.9%
Court Special Fees	1,305	868	851	(17)	-2.0%
Monopole Rental	162	168	172	4	2.4%
Tennis Center	47	28	34	6	21.4%
Vehicle Impound Program	1,312	1,270	1,270	-	0.0%
Heritage Square	39	7	13	6	85.7%
Affordable Housing Program	15,829	(4,455)	6,550	11,005	+100.0%
Jet Fuel Other Restricted Fund	657	741	744	3	0.4%
Other Restricted (gifts/trusts)	23,625	26,656	27,295	639	2.4%
Grants					
Public Housing Grants	93,470	109,733	105,745	(3,988)	-3.6%
Human Services Grants	56,629	96,447	86,581	(9,866)	-10.2%
Community Development	15,289	41,795	70,581	28,786	68.9%
Criminal Justice	7,921	14,769	18,876	4,107	27.8%
Public Transit Grants	64,026	142,349	240,756	98,407	69.1%
Other Grants	68,270	135,989	508,465	372,476	+100.0%
Subtotal - Grants	305,605	541,082	1,031,004	489,922	90.5%
Total Special Revenue Funds	1,246,000	1,443,941	1,993,618	549,677	38.1%
ENTERPRISE FUNDS					
Aviation	362,346	426,477	412,547	(13,930)	-3.3%
Water System	454,115	502,979	487,696	(15,283)	-3.0%
Wastewater System	252,664	253,208	254,696	1,488	0.6%
Solid Waste	155,730	182,178	189,869	7,691	4.2%
Convention Center	76,421	53,977	75,996	22,019	40.8%
Total Enterprise Funds	1,301,276	1,418,819	1,420,804	1,985	0.1%
TOTAL NON-GENERAL FUND	2,547,276	2,862,760	3,414,422	551,662	19.3%

^{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 2021-22 sales tax estimate for Transportation 2050 is \$274,395,000, which is \$13,212,000 or 5.1 percent more than the 2020-21 estimate of \$261,183,000. 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 2021-22 fare box revenue estimate of \$19,129,000 is projected to increase by \$14,449,000 from the 2020-21 estimate of \$4,680,000. This increase is primarily attributable to anticipated increases in ridership after the pandemic. The 2021-22 estimate also includes interest earnings and other miscellaneous revenue of \$8,844,000, which is \$2,331,000 or 20.9 percent less than the 2020-21 estimate of \$11,175,000. 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 2021-22 is \$5,296,000, which is \$312,000 or 5.6 percent less than the 2020-21 estimate of \$5,608,000. The decrease reflects less anticipated cases in 2021-22.

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 2021-22 estimate is \$71,428,000, which is \$1,928,000 or 2.8 percent more than the 2020-21 estimate of \$69,500,000. This increase is primarily due to estimated revenue growth in building and new sign 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 2021-22 estimate is \$7,370,000, which is \$420,000 or 5.4 percent less than the 2020-21 estimate of \$7,790,000. The telecommunications tax category has experienced a declining trend; thought to be caused by transition from the hard-wired telephone lines to non-taxable data/Internet-based communications. The 2021-22 estimate also includes interest earnings of \$222,000.

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 2021-22 estimate is \$15,578,000, which is \$4,701,000 more than the 2020-21 estimate of \$10,877,000. The revenue estimates are consistent with the estimates for the same categories in the local sales tax discussion. The 2021-22 estimate also includes \$4,240,000 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 supplemental distribution as well as the Department of Public Safety's HURF distribution was discontinued in 2019-20. For 2021-22, Phoenix is projected to receive \$118.8 million from the allocation to all cities and towns and \$30.1 million from the allocation to cities and towns over 300,000 population. The total 2021-22 HURF distribution estimate of \$148,960,000 is \$6,841,000 more than the 2020-21 estimate of \$142,119,000.

Current trends are forecast to continue for the balance of 2020-21 with the Gas and Use Fuel category returning to positive growth rates beginning in 2021-22. Estimates for interest and other income are projected to remain stable between 2020-21 and 2021-22, at \$760,000 and \$755,000, respectively. The table below shows the state-shared HURF allocations to the City of Phoenix since 2017-18.

ARIZONA HIGHWAY USER REVENUES (In Thousands of Dollars)			
Fiscal Year	AHUR Distribution	Increase/(Decrease)	
		Amount	Percent
2017-18	131,355	5,303	4.2
2018-19	138,864	7,509	5.7
2019-20	135,984	(2,880)	(2.1)
2020-21 (Est.)	142,119	6,135	4.5
2021-22 (Est.)	148,960	6,841	4.8

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 2021-22 estimate of \$38,945,000 is \$11,117,000 or 39.9 percent higher than the 2020-21 estimate of \$27,828,000. The increase is due to an increase in reimbursements from RPTA for regional transportation plan-funded projects.

Community Reinvestment

The 2021-22 estimate of \$5,863,000 is \$75,000 less than the 2020-21 estimate of \$5,938,000 and represents estimated revenues to be received through various economic redevelopment agreements in the downtown area. The slight decrease is due to an estimated decline in lease revenue in 2021-22.

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 2021-22 primary property tax rate is \$1.3055 per \$100 of assessed valuation and remains unchanged from the 2020-21 primary property tax rate. The 2021-22 secondary rate is \$0.8141 per \$100 of assessed value, and represents a \$0.01 cent decrease from the 2020-21 secondary rate of \$0.8241 for a combined property tax rate of \$2.1196. The 2021-22 secondary property tax levy of \$120,494,000 is based on this \$0.8141 rate and the primary net assessed valuation of \$14.80 billion. This resulting levy increases the 2020-21 secondary property tax levy of \$114,741,000 by \$5,753,000 to satisfy debt service requirements. Also included in the 2021-22 estimate is \$4,397,000 in bond interest subsidies. Revenues are partially offset by an estimated \$1,205,000 in uncollected taxes. In total, secondary property tax and bond interest subsidy revenue is estimated to be \$123,686,000. The table below shows secondary assessed valuation, secondary property tax levies and secondary property tax rates since 2017-18.

SECONDARY PROPERTY TAX					
Fiscal Year	Net Assessed Valuation (in Millions)	% Change	Secondary Levy (in Thousands)	% Change	Rate per \$100 Net Assessed Valuation
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	13,923	5.3	114,741	5.3	0.8241
2021-22	14,801	6.3	120,494	5.0	0.8141

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 2021-22 revenue estimate of \$5,515,000 is \$28,000 less than the 2020-21 estimate of \$5,543,000. The slight decrease is due to less anticipated revenue from the Special Assessments fund for the Conventional Network (VHF) project.

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 2021-22 estimate of \$6,794,000 is \$1,645,000 less than the 2020-21 estimate of \$8,439,000. The reduction is due to higher revenue estimates in 2020-21. Covid-19 has positively affected the demand for golf services and therefore revenue collections from golf courses. Demand is expected to return to normal levels after the pandemic.

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 2021-22 revenue is estimated at \$525,000, which is 1.9% greater than the 2020-21 revenue estimate of \$515,000.

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 2021-22 estimate of \$36,929,000 is \$11,646,000 or 46.1 percent more than the 2020-21 estimate of \$25,283,000. The increase is primarily due to higher anticipated revenues from the Affordable Housing Program since the 2020-21 estimate includes a one-time revenue transfer from the Housing Department to the Neighborhood Services Department for loan repayment receipts. Higher Parks program fees are also attributable to the growth in 2021-22.

Public Housing Grants

The 2021-22 Public Housing grants revenue included in the annual operating budget is \$105,745,000, which is \$3,988,000 or 3.6 percent less than the 2020-21 estimate of \$109,733,000. This decrease is primarily due to less HOME Investment Partnerships Program (HOME) funding from the federal government and the expiration of several grants, which is offset by more revenue from housing assistance payments. 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, rentals, and interest income.

Human Services Grants

The 2021-22 revenue estimate of \$86,581,000 is \$9,866,000 or 10.2 percent less than the 2020-21 estimate of \$96,447,000. The decrease is primarily due to the ending of the Coronavirus Aid, Relief, and Economic Security Act (CARES) funding, which is offset by estimated increases in Human Services Operating Grants. This category includes funds from the Department of Health and Human Services, Department of Housing and Urban Development, Workforce Investment Act, Aging Program Grants, and Head Start funds.

Community Development Block Grant

Each year since 1974, the City has received Community Development Block Grant (CDBG) funds from the U.S. Department of Housing and Urban Development. These funds are used to support a variety of projects and programs that must meet the following national objectives: benefit low- and moderate-income persons; aid in the prevention or elimination of slums and blight; or meet other urgent community development needs. The 2021-22 CDBG entitlement is \$70,581,000 which is \$28,786,000 or 68.9 percent more than the 2020-21 estimate of \$41,795,000. The increase is due to a carryover from 2020-21 of grant revenues from the federal government and additional revenue from the federal government for COVID-19 related expenses.

Criminal Justice Grants

The 2021-22 grant revenue for criminal justice programs is estimated to be \$18,876,000, which is \$4,107,000 or 27.8 percent more than the 2020-21 estimate of \$14,769,000. The increase is primarily due to the anticipated funding aid from the federal government for Police, Court and Law departments. Grants include funding for the Police Department training academy, drug trafficking prevention, law enforcement community engagement training, and other crime related prevention programs.

Public Transit Grants

The 2021-22 Federal Transit Administration Grant estimate is \$240,756,000 reflecting an increase of \$98,407,000 or 69.1 percent higher than the 2020-21 estimate of \$142,349,000. The significant increase is due to additional federal assistance from the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA) and the American Rescue Plan Act (ARPA) to continuously prevent, prepare for and respond to COVID-19.

Other Grants

The 2021-22 budget also includes \$508,465,000 for federal, state and other grants which is \$372,476,000 or 273.9 percent more than the 2020-21 estimate of \$135,989,000. The substantial increase is primarily due to State and Local Fiscal Recovery Funds awarded to the City of Phoenix under the ARPA signed by President Biden in March 2021 to provide further relief from the COVID-19 pandemic. This funding will be allocated based on a Council approved strategic plan and in accordance with federal guidelines. This category also includes grant funding for various parks and recreation and library activities, workforce development programs, housing development grants, fire department and victim assistance grants, and the Neighborhood Stabilization Program.

ENTERPRISE FUNDS

This category includes revenues from the City's Enterprise funds including Aviation, Water, Wastewater and Solid Waste. These Enterprise funds fully recover their costs through user fees associated with the provision of their services. This category also includes the Convention Center that, in addition to the user fees associated with the operation of the Convention Center, is supported by earmarked sales taxes. Following are descriptions of each Enterprise Fund category and explanations of the revenue estimates.

Aviation

Aviation revenue estimates primarily include airline operation fees, concession revenues and interest income at Sky Harbor International, Deer Valley and Goodyear airports. 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 being unanimously upheld by the Arizona Supreme Court in response to a lawsuit filed by the Arizona Attorney General. The fees are used to offset costs for infrastructure, maintenance and improvements at the airport. Total Aviation revenue for 2021-22 is anticipated to be \$412,547,000, which is \$13,930,000 or 3.3 percent less than the 2020-21 estimate of \$426,477,000. The decrease is due to the elimination of CARES Act revenue received in 2020-21 in response to the pandemic, which is not anticipated in 2021-22. The decrease is offset by expected increases in airline operation fees, concession and rental revenues as travel resumes after the pandemic.

The following table shows Aviation revenue by major category and annual percent change since 2017-18.

SUMMARY OF AVIATION REVENUES (In Thousands of Dollars)					
	2017-18	2018-19	2019-20	2020-21 (Est.)	2021-22 (Est.)
Airline Operation	151,326	157,123	159,116	139,646	170,264
Concessions and Rentals	215,631	220,644	173,643	131,668	220,522
Interest	7,019	9,241	10,418	5,711	5,711
Other/Federal Grants	6,093	2,466	12,856	143,327	9,644
Goodyear	2,647	2,615	2,947	2,760	2,884
Deer Valley	3,172	3,144	3,366	3,365	3,522
Total Aviation Revenue	385,888	395,233	362,346	426,477	412,547
Change From Prior Year	8.8%	2.4%	(8.3)%	17.7%	(3.3)%

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 2021-22 is projected to be \$487,696,000, which is \$15,283,000 or 3.0 percent less than the \$502,979,000 estimate for 2020-21, despite the City Council action on March 17, 2021 to adopt water rate increases of 3 percent effective in October 2021 and 3.5 percent in March 2022. The decrease in water revenue is primarily based on the assumption that water consumption will be less in 2021-22 as compared to 2020-21.

The following table shows water system revenues by major category since 2017-18.

SUMMARY OF WATER SYSTEM REVENUES (In Thousands of Dollars)					
	2017-18	2016-19	2019-20	2020-21 (Est.)	2021-22 (Est.)
Water Sales	342,094	302,919	315,381	355,542	343,515
Environmental Consumption Charge	34,427	42,846	68,719	79,299	74,227
Raw Water Charge	26,451	26,395	34,427	39,999	36,693
Interest	3,613	3,844	5,225	8,555	8,374
Development Fees	3,916	4,221	5,536	4,900	4,900
Combined Service Fees	2,326	2,143	1,983	2,500	5,000
Val Vista	6,461	6,846	8,081	8,117	8,735
All Other	14,944	13,585	14,763	4,067	6,252
Total Water Revenue	434,232	402,799	454,115	502,979	487,696
Change From Prior Year	4.0%	(7.2)%	12.7%	10.8%	(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 \$254,696,000 in 2021-22, which is \$1,488,000 or 0.6 percent more than the 2020-21 estimate of \$253,208,000. The increase is mainly due to expected revenue growth in sewer service charges and environmental charges, which is offset by an anticipated decrease in interest earnings.

The following table shows Wastewater revenue by major category and annual percent change since 2017-18.

SUMMARY OF WASTEWATER SYSTEM REVENUES (In Thousands of Dollars)					
	2017-18	2018-19	2019-20	2020-21 (Est.)	2021-22 (Est.)
Sewer Service Charge	166,711	168,740	171,133	172,296	174,019
Environmental Charges	34,474	35,032	35,294	35,747	36,105
Development Fees	3,751	4,048	5,152	4,400	4,400
Interest	3,481	3,984	6,047	4,654	3,317
Multi-City	14,884	15,205	15,296	15,885	16,050
Other	15,944	15,950	19,742	20,226	20,805
Total Wastewater Revenue	239,245	242,959	252,664	253,208	254,696
Change From Prior Year	4.6%	1.6%	4.0%	0.2%	0.6%

Solid Waste

This category includes revenues from the monthly residential collection and landfill tipping fees. The 2021-22 estimate of \$189,869,000 is an increase of \$7,691,000 or 4.2 percent above the 2020-21 estimate of \$182,178,000. The 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, and a 2 percent inflation rate to be added to the residential rate each year effective in January 2022 until 2026.

Convention Center

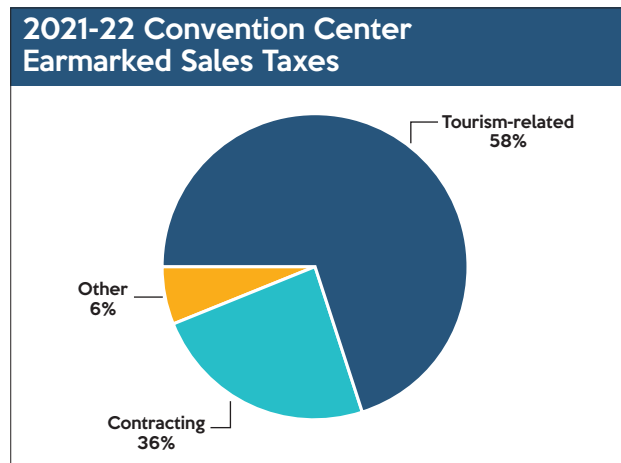
The majority of Convention Center revenues are from earmarked sales taxes including a 0.5 percent tax on advertising, a 0.5 percent portion of the 2.3 percent tax on construction, printing, publishing, transportation/towing and restaurant/ bar sales, plus a 2.0 percent portion of the 5.3 percent hotel/motel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

Earmarked sales taxes are expected to produce \$57,196,000 in 2021-22, an increase of \$6,776,000 or 13.4 percent above the 2020-21 estimate of \$50,420,000. Convention Center operating revenues are expected to be \$14,585,000, parking revenue is expected to be \$3,101,000, and interest revenue is expected to be \$1,114,000, for total revenue estimates of \$75,996,000. This is \$22,019,000 or 40.8 percent more than the 2020-21 total estimated revenue of \$53,977,000. The increase is based on the assumption that the activity levels at the convention center and the economy will continuously recover and get close to the pre-crisis level. 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 2017-18.

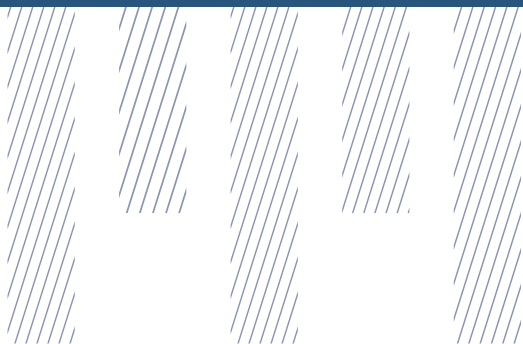
CONVENTION CENTER SALES TAXES (In Thousands of Dollars)			
Fiscal Year	Amount Collected	Increase/(Decrease)	
		Amount	Percent
2017-18	52,730	3,679	7.5
2018-19	61,200	8,470	16.1
2019-20	55,266	(5,934)	(9.7)
2020-21 (Est.)	50,420	(4,846)	(8.8)
2021-22 (Est.)	57,196	6,776	13.4

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 94 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 12 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 increase estimates assume the city sales tax will continue to recover from the pandemic and no vaccine-resistant variants emerge in 2021-22.





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 2021-22 operating budget allowance of \$2,323,000 is \$65,000 or 2.9 percent more than 2020-21 estimated expenditures. The budget reflects negotiated increases in employee compensation and other normal inflationary adjustments.

Expenditure and Position Summary			
	2019-20 Actual	2020-21 Estimate	2021-22 Budget
Operating Expense	\$1,624,000	\$2,258,000	\$2,323,000
Total Positions	13.0	15.3	14.3
<i>Source of Funds:</i>			
General	\$1,624,000	\$2,244,000	\$2,323,000
Grants	-	14,000	-

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 2025. 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 2021-22 City Council operating budget allowance of \$5,577,000 is \$179,000 or 3.3 percent more than 2020-21 estimated expenditures. The budget reflects negotiated increases in employee compensation and other normal inflationary adjustments.

Expenditure and Position Summary			
	2019-20 Actual	2020-21 Estimate	2021-22 Budget
Operating Expense	\$4,024,000	\$5,398,000	\$5,577,000
Total Positions	33.0	32.0	32.0
<i>Source of Funds:</i>			
General	\$4,024,000	\$5,398,000	\$5,577,000

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 2021-22 operating budget allowance of \$8,826,000 is \$4,915,000 or 35.8 percent less than 2020-21 estimated expenditures. This is primarily due to decreased costs in the General Fund and Grants Funds.

The General Fund 2021-22 budget allowance of \$8,111,000 is \$2,997,000 or 27.0 percent less than 2020-21 estimated expenditures. The decrease is primarily due to the conclusion of the General Fund resources made available through the offset of public safety salaries with the Coronavirus Relief Fund. This is partially offset by the addition of the Office of Heat Response and Mitigation, the Diversity, Equity and Inclusion Office, funding for COVID-19 consultants, and negotiated increases in employee compensation.

The Grants 2021-22 budget allowance of \$494,000 is \$1,994,000 or 80.1 percent less than 2020-21 estimated expenditures. This is primarily due to the conclusion of the federal grant for the Coronavirus Relief Fund.

Expenditure and Position Summary			
	2019-20 Actual	2020-21 Estimate	2021-22 Budget
Operating Expense	\$2,433,000	\$13,741,000	\$8,826,000
Total Positions	20.5	27.9	33.9
<i>Source of Funds:</i>			
General Fund	\$2,338,000	\$11,108,000	\$8,111,000
Grants	94,000	2,488,000	494,000
Other Restricted	1,000	0	0
Water	0	146,000	222,000

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 2021-22 operating budget allowance of \$5,485,000 is \$462,000 or 7.8 percent less than 2020-21 estimated expenditures. The budget reflects increased credits received for radio services due to an increase in the number of units in service and is partially offset by negotiated increases in employee compensation.

Expenditure and Position Summary			
	2019-20 Actual	2020-21 Estimate	2021-22 Budget
Operating Expense	\$4,636,000	\$5,947,000	\$5,485,000
Total Positions	4.0	4.0	4.0
<i>Source of Funds:</i>			
RWC	\$4,636,000	\$5,947,000	\$5,485,000

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 2021-22 operating budget allowance of \$1,259,000 is \$255,000 or 16.8 percent less than 2020-21 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 2021-22 budget allowance:

	2019-20 Actual	2020-21 Estimate ¹	2021-22 Budget
Percentage of Arizona state legislative bills opposed by the City which were not enacted	89%	85%	85%
Number of strategic federal meetings brokered for elected officials or government executives ²	72	82	70
Number of strategic state and local meetings brokered for elected officials or government executives	60	65	70
Success rate of federal and state competitive grants and private foundation grants that Government Relations assisted departments securing	77%	77%	75%
Number of tribal gaming grants processed by Government Relations	81	85	84

¹ Based on 10 months actual experience.

² 2020-21 increase in federal meetings is due to discussions on the Federal American Rescue Plan and the Coronavirus Relief Fund.

Expenditure and Position Summary

	2019-20 Actual	2020-21 Estimate	2021-22 Budget
Operating Expense	\$4,291,000	\$1,514,000	\$1,259,000
Total Positions	7.0	5.0	5.0
<i>Source of Funds:</i>			
General Fund	\$2,359,000	\$1,270,000	\$1,259,000
Other Restricted	1,853,000	-	-
Grants	79,000	244,000	-

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 2021-22 operating budget allowance of \$3,159,000 is \$419,000 or 15.3 percent more than 2020-21 estimated expenditures. The increase is primarily due to negotiated increases in employee compensation, contractual services for the new public records request system software, and the addition of a position to assist with tracking and responding to public records requests.

Communications Office Major Performance Measures and Service Levels

The following significant performance measures and service level trends will be achieved with the 2021-22 budget allowance:

	2019-20 Actual	2020-21 Estimate ¹	2021-22 Budget
Percent of news releases that generate media coverage ²	73%	75%	80%
New PHX 11 programs produced per year ³	360	400	360
Percent of news distributed to stakeholders by 5 p.m. daily	93%	95%	95%
Percent of email responses to public inquiries within one day	96%	96%	96%
Average response time to public records requests (days)	1.5	1.5	1.5
Phoenix.gov pageviews (monthly average) ⁴	1,313,457	1,250,000	1,200,000

¹ Based on 10 months actual experience.

² The anticipated increase in FY21-22 is due to a new contract for media monitoring services commencing in July 2021 which will provide a more accurate measure of news release success than the current method.

³ The anticipated decrease in FY21-22 is due to a change in programming formats. Shows produced for elected officials will be condensed and combined with other shows.

⁴ The anticipated decrease in FY20-21 and FY21-22 is due to less people viewing the phoenix.gov website for COVID-19 information.

Expenditure and Position Summary

	2019-20 Actual	2020-21 Estimate	2021-22 Budget
Operating Expense	\$2,446,000	\$2,740,000	\$3,159,000
Total Positions	19.1	19.1	20.1
<i>Source of Funds:</i>			
General Fund	\$2,365,000	\$2,684,000	\$3,159,000
Other Restricted	50,000	50,000	0
Grants	32,000	6,000	0

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 2021-22 operating budget allowance of \$3,174,000 is \$262,000 or 9.0 percent more than 2020-21 estimated expenditures. The increase is primarily due to negotiated increases in employee compensation, fewer anticipated vacancies and retirements, and increased costs for computer software agreements.

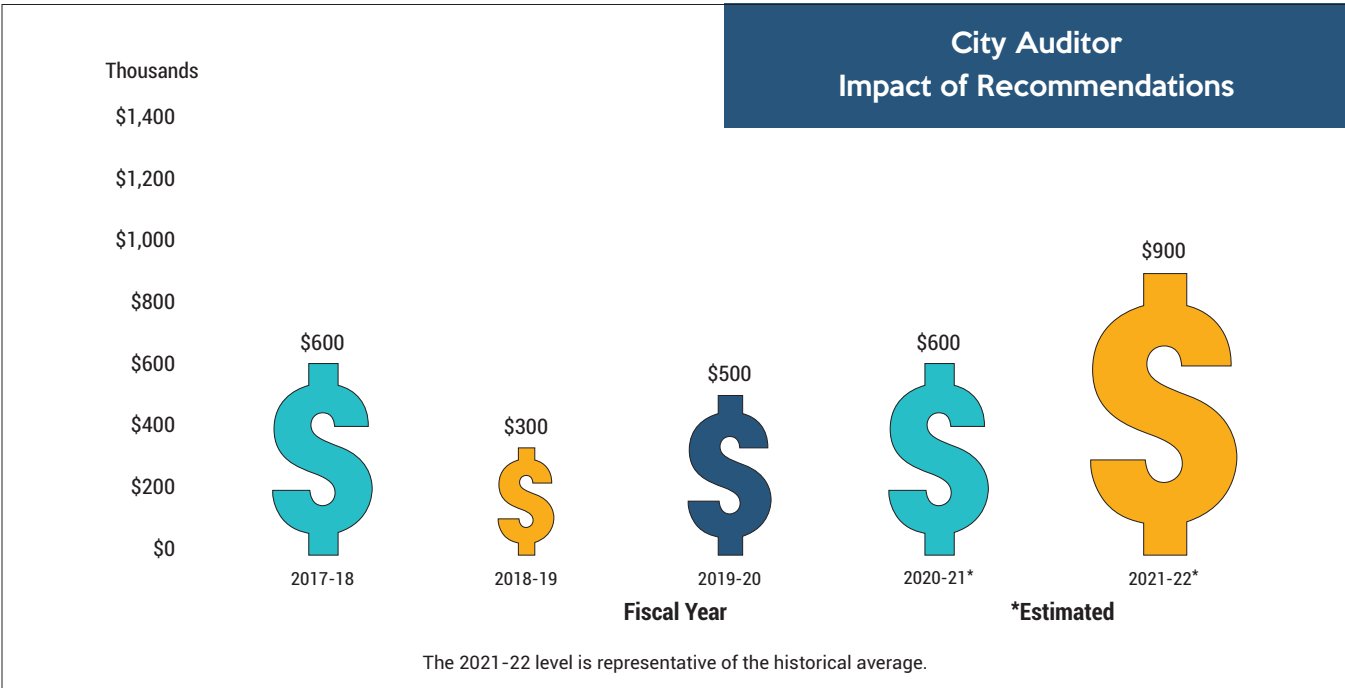
City Auditor Major Performance Measures and Service Levels
The following significant performance measures and service trends will be achieved with the 2021-22 budget allowance:

	2019-20 Actual	2020-21 Estimate ¹	2021-22 Budget
Percent of audit plan completed	78%	80%	80%
Performance audit and management reports issued ²	71	68	68
Average audit cycle time (calendar days) ³	206	180	180
Economic impact of audits as a result of identified improvements or cost savings (millions) ⁴	\$0.5	\$0.6	\$0.9
Hearing rulings issued timely according to time frames listed in the city code	100%	100%	100%

Expenditure and Position Summary

	2019-20 Actual	2020-21 Estimate	2021-22 Budget
Operating Expense	\$2,523,000	\$2,912,000	\$3,174,000
Total Positions	25.4	25.4	25.4
<i>Source of Funds:</i>			
General	\$2,523,000	\$2,912,000	\$3,174,000

¹Based on 10 months actual experience.
²The decrease from 2019-20 reflects that 16% of auditor positions are vacant due to retirements and hiring restrictions during the COVID-19 pandemic.
³Number of audit reports issued and average cycle time can vary due to the size and complexity of audits conducted.
⁴2021-22 budget level is representative of the historical average.



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 2021-22 Equal Opportunity operating budget allowance of \$3,453,000 is \$485,000 or 16.3 percent more than 2020-21 estimated expenditures. This is due to increased costs in the General Fund and Grants. The General Fund increase is primarily due to negotiated increases in employee compensation, fewer anticipated vacant positions, and increased costs for training and software maintenance. The Grants funds 2021-22 budget increase is primarily due to an increase for fair housing marketing services and negotiated increases in employee compensation.

Equal Opportunity Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2021-22 budget allowance:

	2019-20 Actual	2020-21 Estimate ¹	2021-22 Budget
Discrimination complaints in employment, public accommodations, housing and ADA accessibility, investigated and closed ²	341	325	325
Percentage of discrimination complaints investigated timely ³	79%	80%	80%
Outreach presentations to small and disadvantaged businesses and small business advocacy organizations	15	10	12
Number of disadvantaged business enterprises (DBEs) certified	615	580	600
Number of small business enterprises (SBEs) certified	653	543	600
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.

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

Expenditure and Position Summary

	2019-20 Actual	2020-21 Estimate	2021-22 Budget
Operating Expense	\$2,308,000	\$2,968,000	\$3,453,000
Total Positions	27.0	27.0	27.0
<i>Source of Funds:</i>			
General Fund	\$1,902,000	\$2,470,000	\$2,875,000
Grants	402,000	474,000	555,000
Other Restricted	4,000	24,000	24,000

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 2021-22 operating budget allowance of \$19,762,000 is \$2,888,000 or 12.8 percent less than 2020-21 estimated expenditures. This is primarily due to the conclusion of the General Fund resources made available through the offset of public safety salaries with the Coronavirus Relief Fund.

The General Fund 2021-22 budget allowance of \$19,275,000 is \$2,959,000 or 18.1 percent more than 2020-21 estimated expenditures. The increase is primarily due to funding programmed for COVID-19 testing for employees, the addition of three positions for procurement, data management, and investigations, and negotiated increases in employee compensation and other normal inflationary adjustments.

Human Resources Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2021-22 budget allowance:

	2019-20 Actual	2020-21 Estimate ¹	2021-22 Budget
Percentage of hiring managers satisfied with applicants placed on hiring eligible list	77%	90%	80%
Annualized employee turnover rate	7.7%	5.7%	6.0%
Employee performance evaluations completed on time	75%	83%	80%
The number of employee suggestions received	6	7	10

¹ Based on 10 months actual experience.

Expenditure and Position Summary

	2019-20 Actual	2020-21 Estimate	2021-22 Budget
Operating Expense	\$12,258,000	\$22,650,000	\$19,762,000
Total Positions	112.7	117.7	118.7
<i>Source of Funds:</i>			
General	\$11,762,000	\$16,316,000	\$19,275,000
Grants	77,000	5,904,000	0
Other Restricted	419,000	431,000	487,000

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 2021-22 operating budget allowance of \$124,000 is \$16,000 or 11.4 percent less than 2020-21 estimated expenditures. The decrease is primarily due to lower anticipated costs for contracted hearing officers and transcription services, which is partially offset by 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 2021-22 budget allowance:

	2019-20 Actual	2020-21 Estimate ¹	2021-22 Budget
Number of cases filed annually ²	5	1	4

¹ Based on 10 months actual experience.

² Number of cases filed varies depending upon specific issues encountered. 2020-21 reflects temporarily lower activity due to the COVID-19 pandemic.

Expenditure and Position Summary

	2019-20 Actual	2020-21 Estimate	2021-22 Budget
Operating Expense	\$104,000	\$140,000	\$124,000
Total Positions	1.0	1.0	1.0
<i>Source of Funds:</i>			
General	\$104,000	\$140,000	\$124,000

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 2021-22 gross operating budget allowance of \$3,001,000 is \$154,000 or 5.4 percent more than 2020-21 estimated expenditures. The increase is primarily due to negotiated increases in employee compensation and other normal inflationary adjustments.

Retirement Systems Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2021-22 budget allowance:

	2019-20 Actual	2020-21 Estimate ¹	2021-22 Budget
General City retirements	385	400	390
Public safety retirements	424	400	380
General City and public safety member contacts			
Appointments	1,255	1,200	1,200
Walk-in service ²	866	180	500
Telephone calls	7,695	8,000	9,000
General City and Public Safety Benefit estimates provided (excluding self-service)	2,296	2,300	2,250

¹ Based on 10 months actual experience.

² 2020-21 data reflects the impact of the COVID-19 pandemic.

Expenditure and Position Summary

	2019-20 Actual	2020-21 Estimate	2021-22 Budget
Operating Expense (Gross ¹)	\$2,565,000	\$2,847,000	\$3,001,000
Total Positions	16.0	16.0	16.0
<i>Source of Funds:</i>			
General Fund (Gross ¹)	\$2,565,000	\$2,847,000	\$3,001,000

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 2021-22 operating budget allowance of \$25,947,000 is \$705,000 or 2.6 percent less than 2020-21 estimated expenditures. The decrease is primarily due to fully encumbering the one-time funding for the new Case Management System in 2020-21. The decrease is offset by negotiated increases in employee compensation and normal inflationary costs. Included in the 2021-22 budget allowance are two no-cost budgetary actions. The first one converts contractual services funding for paralegal support to add two Legal Assistant positions. The second converts all temporary positions within the Victim Services Unit to ongoing positions due to the long-term nature of the grant funds which fund the unit.

Law Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2021-22 budget allowance:

	2019-20 Actual	2020-21 Estimate ¹	2021-22 Budget
Criminal cases sent to diversion	1,974	1,400	1,400
Pre-trial disposition conferences set	47,995	57,000	57,000
New civil cases opened in the fields of condemnation, collection, taxes and civil litigation, excluding liability and other cases assigned to outside counsel	557	550	500
Number of defendants submitted for charging review ²	35,900	29,000	36,000
Number of civil cases closed, including those assigned to outside counsel and handled through the alternative dispute resolution process	450	450	400
Ordinances and resolutions for City Council adoption drafted and reviewed	1,077	1,000	1,000
Number of jury trials prosecuted ³	52	10	25

¹ Based on 10 months actual experience.

² Defendants submitted for charging review were significantly impacted due to COVID-19 related protocols; as processes begin to normalize, an increase in cases submitted is anticipated.

³ Jury trial settings were significantly reduced due to COVID-19 related protocols; as processes begin to normalize, an increase in jury trials held is anticipated.

Expenditure and Position Summary

	2019-20 Actual	2020-21 Estimate	2021-22 Budget
Operating Expense	\$23,085,000	\$26,652,000	\$25,947,000
Total Positions	212.0	214.0	215.0
<i>Source of Funds:</i>			
General	\$21,725,000	\$24,438,000	\$23,864,000
Court Awards	53,000	86,000	58,000
Other Restricted	1,000	254,000	251,000
Grants	1,306,000	1,875,000	1,774,000

INFORMATION TECHNOLOGY

Program Goal

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. 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 (ITS) 2021-22 operating budget allowance of \$60,974,000 is \$7,830,000 or 11.4 percent less than 2020-21 estimated expenditures. The overall decrease is primarily due to the conclusion of the General Fund resources made available through the offset of public safety salaries with the Coronavirus Relief Fund. The General Fund allocation increase of \$4,123,000 reflects negotiated increases in employee compensation, normal inflationary increases and additional funding for various staff and contractual services to support numerous City and community information technology initiatives.

ITS received grant funding made available through the CARES Act. This funding was used for various technology projects in response to the COVID-19 pandemic to support both City operations and community services. To ensure the continuity of City operations technology was deployed for teleworking and to enhance e-government services. Community services efforts focused on closing the citywide digital divide and included providing wi-fi in public facilities and tablets for public housing residents.

In relation to the City's continued COVID-19 response and resiliency efforts, new funding was added to the 2021-22 budget allowance for three on-going positions, two temporary positions and for contractual services to continue support of critical IT infrastructure, cybersecurity, Wi-Fi support, virtual business environment support, a new Learning Management System and expanding the City's 311 system.

ITS continues to see an increase in cyberattacks and threats to the City's IT systems and infrastructure. In response, funds for three IT security related positions are being added to lead infrastructure and application vulnerability remediation efforts that mitigate known security and operational deficiencies.

Also included in the budget are funds for managed service agreements to bridge the technical expertise gap in existing staff who support the City's SAP and Peoplesoft ERP systems. These agreements will provide an ERP program manager, business analyst, technical leader and other needed services to improve processes and implement system advancements.

Information Technology Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2021-22 budget allowance:

	2019-20 Actual	2020-21 Estimate ¹	2021-22 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	98.5%	99.9%	99.9%
Phoenix.gov	99.9%	99.9%	99.9%
ePay	99.9%	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	16,249,572	18,654,000	16,500,000
Average cycle time of telephone service requests	19 days	< 21 days	< 21 days
Units of portable and mobile radio equipment ²	19,757	19,700	19,700

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

	2019-20 Actual	2020-21 Estimate	2021-22 Budget
Operating Expense	\$46,980,000	\$68,804,000	\$60,974,000
Total Positions	200.0	206.0	209.0
<i>Source of Funds:</i>			
General Fund	\$44,538,000	\$56,015,000	\$60,138,000
Other Restricted	-	87,000	87,000
Grants	1,970,000	12,042,000	-
Aviation	266,000	273,000	286,000
Solid Waste	197,000	200,000	208,000
Water	4,000	174,000	243,000
Cable Television	5,000	12,000	12,000

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 2021-22 operating budget allowance of \$7,475,000 is \$1,139,000 or 18.0 percent more than 2020-21 estimated expenditures. The increase is primarily due to the carryover of funding for the new business licensing system and the records management system, and negotiated increases in employee compensation. Additionally, funding was added for consulting services to perform a strategic assessment of the City's election services information technology needs.

City Clerk Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2021-22 budget allowance:

	2019-20 Actual	2020-21 Estimate ¹	2021-22 Budget
Number of council formal and special meeting agenda items ²	2,500	3,000	2,600
Open meeting law notices posted	2,900	2,800	2,900
Percent of open meeting law notices posted in accordance with state law	100%	100%	100%
Total printing and copy impressions (millions)	17,409,300	18,000,000	18,000,000
City Council regular and special elections held	3	2	0
License services applications and contacts	15,600	16,000	17,100
Records (in pages) provided for public access online	154,000	160,000	160,000

¹ Based on 10 months actual experience.

² The anticipated reduction in FY21-22 is due to not having as many COVID-19 related City Council agenda items.

Expenditure and Position Summary

	2019-20 Actual	2020-21 Estimate	2021-22 Budget
Operating Expense	\$4,528,000	\$6,336,000	\$7,475,000
Total Positions	51.5	51.5	51.5
<i>Source of Funds:</i>			
General	\$4,528,000	\$6,336,000	\$7,475,000

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 2021-22 operating budget allowance of \$33,541,000 is \$7,590,000 or 18.5 percent less than 2020-21 estimated expenditures. The decrease is primarily due to the Sports Facilities and Grants funds and is partially offset by an increase in the General Fund.

The General Fund 2021-22 budget allowance of \$ 29,715,000 is \$350,000 or 1.2 percent more than 2020-21 estimated expenditures. The increase is primarily due to negotiated increases in employee compensation. The increase is partially offset by the conclusion of the General Fund resources made available through the offset of public safety salaries with the Coronavirus Relief Fund.

The Sports Facilities Fund 2021-22 budget allowance of \$159,000 is \$447,000 or 73.8 percent less than 2020-21 estimated expenditures. The decrease is due to reduced need of consultants and legal fees related to the Talking Stick Resort Arena renovation bond issuance.

The Grants Fund 2021-22 budget allowance of \$0 is \$7,679,000 or 100.0 percent less than 2020-21 estimated expenditures. This is due to the conclusion of the federal grant for the Coronavirus Relief Fund.

Finance Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2021-22 budget allowance:

	2019-20 Actual	2020-21 Estimate ¹	2021-22 Budget
Sales tax and franchise fees collected (millions)	\$975	\$1,034	\$1,000
Average real estate acquisition cycle time (months) ²	3.1	9.9	12
Average property damage claims cycle time (days) ³	46	38.2	60
Average invitation for bid (IFB) cycle time (days) ⁴	60	90	90

¹ Based on 10 months actual experience.

² The variance in acquisition cycle time between 2020-21 and 2021-22 is due to an anticipated increase in parcel acquisitions associated with two light rail extensions, an increase in Street Transportation and Water Services projects, and an increase in development.

³ The 60-day cycle time is the performance goal. Factors such as volume and complexity have an impact on the processing of claims. Process improvements from 2019-20 to 2020-21 resulted in a reduction in claims cycle time.

⁴ The 60-day cycle time is the performance goal. Factors such as COVID-19, a hiring freeze and low staffing levels have impacted the bid cycle time.

Expenditure and Position Summary

	2019-20 Actual	2020-21 Estimate	2021-22 Budget
Operating Expense	\$28,749,000	\$41,131,000	\$33,541,000
Total Positions	213.0	215.0	214.0
<i>Source of Funds:</i>			
General Fund	\$19,973,000	\$29,365,000	\$29,715,000
Sports Facilities	305,000	606,000	159,000
Other Restricted	649,000	1,574,000	1,574,000
Grants	6,249,000	7,679,000	-
Aviation	306,000	322,000	361,000
Wastewater	464,000	636,000	636,000
Water	803,000	950,000	1,096,000

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 2021-22 operating budget allowance of \$4,311,000 is \$488,000 or 12.8 percent higher than 2020-21 estimated expenditures. The budget reflects negotiated increases in employee compensation and other normal inflationary adjustments.

Budget and Research Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2021-22 budget allowance:

	2019-20 Actual	2020-21 Estimate ¹	2021-22 Budget
Percent variance of actual versus estimated expenditures for each major fund (data for the General Fund is shown)	-0.8%	0 ± 3%	0 ± 3%
Percent variance of actual versus estimated revenues for each major fund (data for the General Fund is shown)	0.4%	0 ± 3%	0 ± 3%
Percent of Requests for Council Action processed within 24 hours	94%	85%	85%
Capital Improvement Program expenditures as a percentage of original budget	58%	43%	65%

¹ Based on 10 months actual experience.

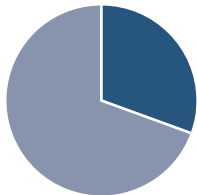
Expenditure and Position Summary

	2019-20 Actual	2020-21 Estimate	2021-22 Budget
Operating Expense	\$3,333,000	\$3,823,000	\$4,311,000
Total Positions	24.0	25.0	25.0
<i>Source of Funds:</i>			
General	\$3,329,000	\$3,823,000	\$4,311,000
Grants	4,000	-	-





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 2021-22 operating budget allowance of \$786,708,000 is \$66,746,000 or 9.3 percent more than 2020-21 estimated expenditures. The 2020-21 estimated expenditures reflect a high level of vacant sworn positions resulting in significant salary savings. The 2021-22 budget reflects the Council approved hiring target of 3,125 sworn positions and explains the majority of the budget increase in 2021-22. The budget also reflects negotiated increases in employee compensation, additional civilian positions and other normal inflationary adjustments.

The General Fund budget increase in 2021-22 reflects \$3.2 million for 75 new civilian positions and includes: 15 staff to ensure timely processing of public records requests; four positions for the Early Intervention System to identify sworn employee risk and prevent adverse events; 34 positions to provide expanded data tracking compatible with the National Incident-Based Reporting System; and 22 positions to further civilianize the Central Booking Detail, enabling officers to be redeployed to higher priority duties. Other contributing factors to the increase include higher costs for liability insurance premiums and employee pension benefits.

The 2021-22 non-General Fund budgets in Police include increases related to the carryover of unspent grant funds and additional grant funding, as well as additional funding in the Public Safety Specialty Funds for vehicle replacements.

Police Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2021-22 budget allowance:

	2019-20 Actual	2020-21 Estimate ¹	2021-22 Budget
Average Response Time (Minutes)			
Priority 1 – Emergency	6.5	6.5	6.6
Priority 2 – Non-Emergency	20.2	22.6	22.6
Priority 3 – All Others	44.8	50.4	50.4
Percentage of phone calls to 9-1-1 and Crime Stop answered within 15 seconds ²	n/a	79%	79%
Moving violation citations issued ³	81,831	50,800	70,200
Traffic accidents	31,585	29,610	31,585
Percentage of cases cleared:			
Murder	73%	72%	72%
Rape	10%	10%	10%
Robbery	27%	26%	26%
Aggravated Assault	33%	30%	30%
Burglary	9%	10%	10%
Theft	15%	13%	13%
Auto Theft	8%	8%	8%
Arson	22%	26%	26%

¹ Based on 10 months actual experience.

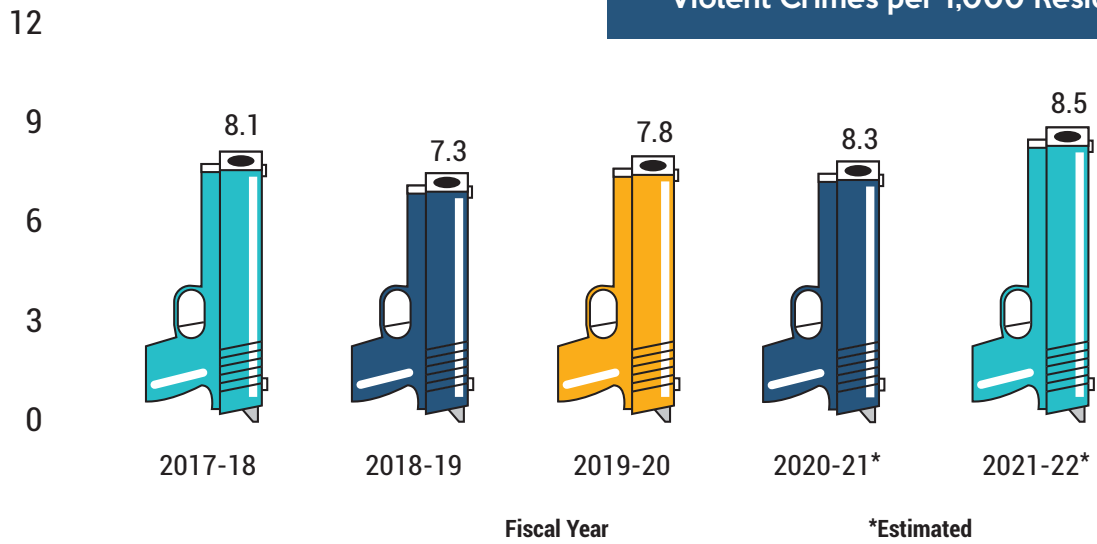
² The National Emergency Number Association (NENA) updated their guidelines in April 2020 to recommend a 90% call pickup rate within 15 seconds. This change prevented the availability of complete data for 2019-20.

³ 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, as well as a pause on the use of photo radar vans in school zones due to COVID-19 school closures.

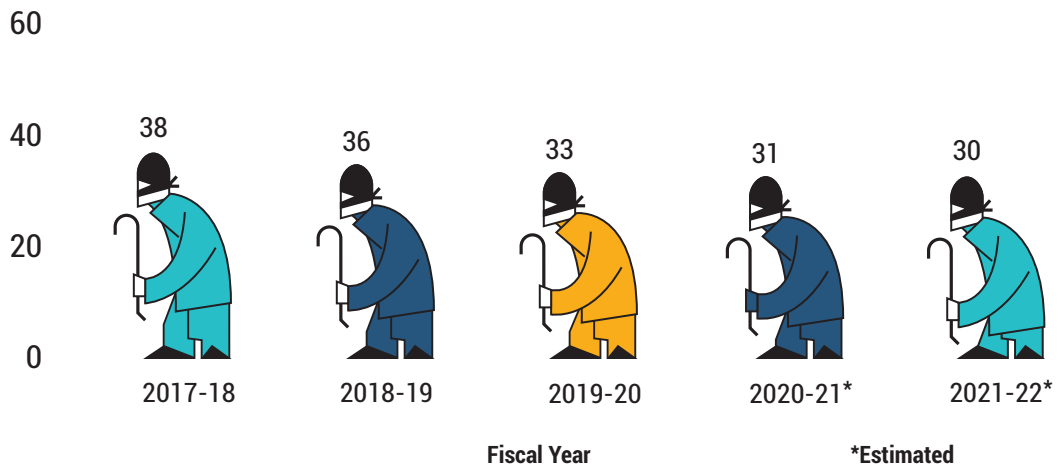
Expenditure and Position Summary

	2019-20 Actual	2020-21 Estimate	2021-22 Budget
Operating Expense	\$708,888,000	\$719,962,000	\$786,708,000
Total Positions	4,363.6	4,363.6	4,436.6
<i>Source of Funds:</i>			
General Fund	\$557,552,000	\$569,252,000	\$611,239,000
Court Awards	5,680,000	4,307,000	5,406,000
Neighborhood Protection	31,082,000	28,636,000	34,347,000
Public Safety Enhancement	17,826,000	16,736,000	18,880,000
Public Safety Expansion	67,186,000	65,735,000	79,093,000
Sports Facilities	1,528,000	1,604,000	1,685,000
Other Restricted	21,250,000	20,907,000	18,957,000
Grants	6,785,000	12,785,000	17,102,000

**Police
Violent Crimes per 1,000 Residents**



**Police
Property Crimes per 1,000 Residents**



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 2021-22 operating budget allowance of \$462,262,000 is \$45,276,000 or 10.9 percent more than 2020-21 estimated expenditures. The increase is primarily in the General Fund and Other Restricted and is partially offset by a decrease Grant funding.

The General Fund 2021-22 budget allowance of \$388,358,000 is \$36,879,000 or 10.5 percent more than 2020-21 estimated expenditures. The increase is primarily due to negotiated increases in employee compensation and \$15.8 million in new funding for multiple programs. Included in the 2021-22 budget is funding for ten 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. Also included is funding for 130.9 new positions to expand the City of Phoenix Community Assistance Program to provide for a civilian trained response to mental and behavioral health calls for service. Also included is funding for ten new positions to enhance paramedic training, support the maintenance and repair of radios, and conduct fire prevention energy system inspections.

The Other Restricted 2021-22 budget allowance of \$17,062,000 is \$10,270,000 or 151.2 percent higher than 2020-21 estimated expenditures. This is due to the establishment of a dedicated funding source for the replacement of self-contained breathing apparatus used by first-responders.

The Grants 2021-22 budget allowance of \$17,061,000 is \$2,795,000 or 14.1 percent less than 2020-21 estimated expenditures due to the conclusion of the federal grant for the Coronavirus Relief Fund and homeland security operating grants.

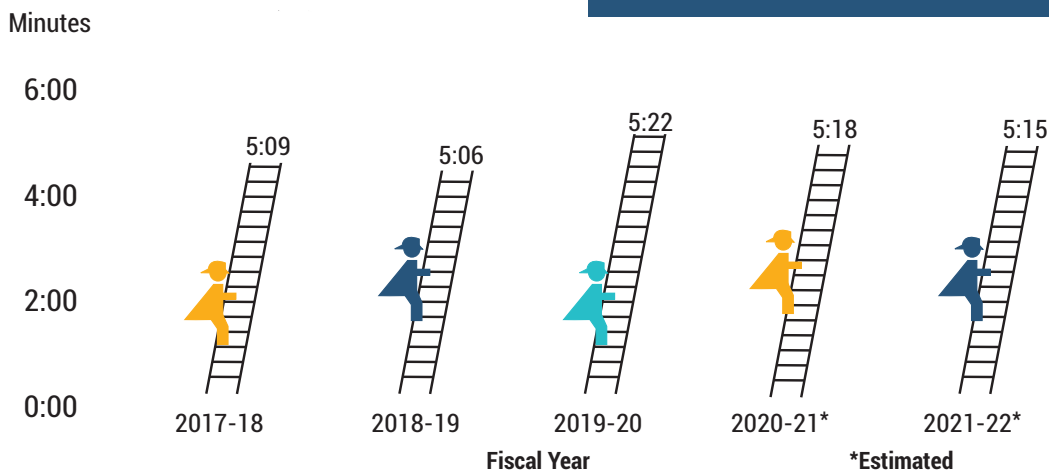
Fire Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2021-22 budget allowance:

	2019-20 Actual	2020-21 Estimate ¹	2021-22 Budget
Percent of fire and emergency medical call responses within four minutes	29.5%	29.9%	30.2%
Patient transports to Valley hospitals via emergency medical vehicles	64,809	63,000	65,000
Percentage of time Advanced Life Support (ALS) medical calls are responded to with paramedic units within five minutes	50.0%	48.9%	50.4%
Number of fire investigations to determine cause only	833	850	875
Number of calls by type:			
Emergency Medical	187,678	187,699	182,548
Fire	18,095	19,792	17,404
Other (mountain/swift water/trench/tree rescues/other)	7,216	7,516	7,286

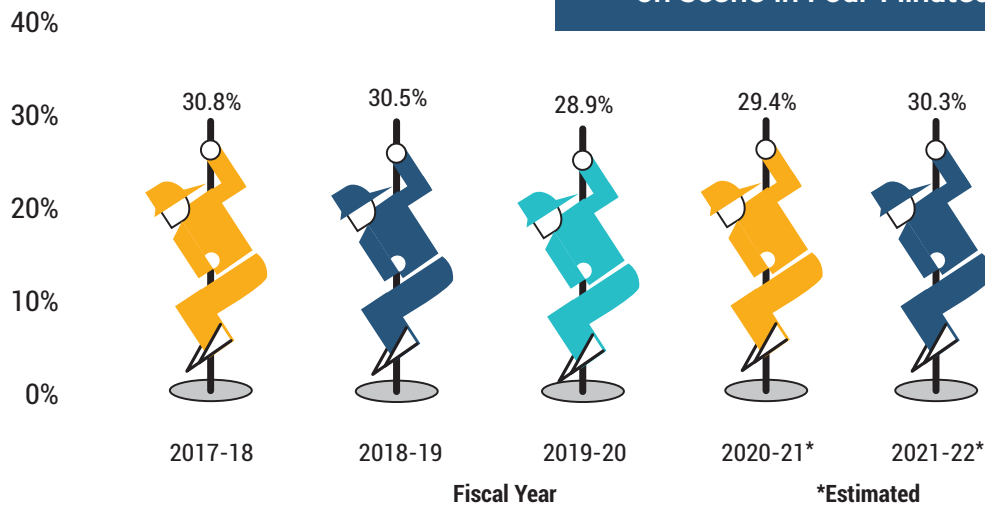
¹ Based on 10 months actual experience.

Fire First Unit Average Response Time



Department has changed standardized reporting for response time to include only emergency calls.

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



Expenditure and Position Summary

	2019-20 Actual	2020-21 Estimate	2021-22 Budget
Operating Expense	\$393,757,000	\$416,986,000	\$462,262,000
Total Positions	2,089.8	2,127.8	2,277.7
<i>Source of Funds:</i>			
General Fund	\$335,696,000	\$351,479,000	\$388,358,000
Neighborhood Protection	9,683,000	10,827,000	11,063,000
Public Safety Enhancement	9,559,000	11,723,000	11,104,000
Public Safety Expansion	13,306,000	16,309,000	17,613,000
Other Restricted	5,798,000	6,792,000	17,062,000
Grants	19,716,000	19,856,000	17,061,000

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 2021-22 operating budget allowance of \$690,000 is \$18,000 or 2.5 percent less than 2020-21 estimated expenditures. The decrease is primarily due to reduced grant awards and the move of one grant-funded position to the Fire Department. These decreases are partially offset by negotiated increases in employee compensation and other normal inflationary adjustments.

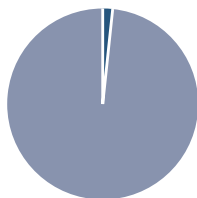
Expenditure and Position Summary

	2019-20 Actual	2020-21 Estimate	2021-22 Budget
Operating Expense	\$980,000	\$708,000	\$690,000
Total Positions	9.0	7.0	7.0
<i>Source of Funds:</i>			
General Fund	\$156,000	\$91,000	\$133,000
Public Safety Enhancement	365,000	437,000	498,000
Other Restricted	33,000	8,000	-
Grants	426,000	172,000	59,000





CRIMINAL JUSTICE



**The Criminal Justice Program Represents
1.5% 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 2021-22 operating budget allowance of \$37,489,000 is \$3,113,000 or 9.1 percent more than 2020-21 estimated expenditures. The increase is primarily due to negotiated increases in employee compensation, three new positions to support the increased operations of the Order of Protection Office and two new positions to support criminal courtroom operations at the new Maricopa County Intake, Transfer and Release facility that opened in November 2020.

Municipal Court Major Performance Measures and Service Levels

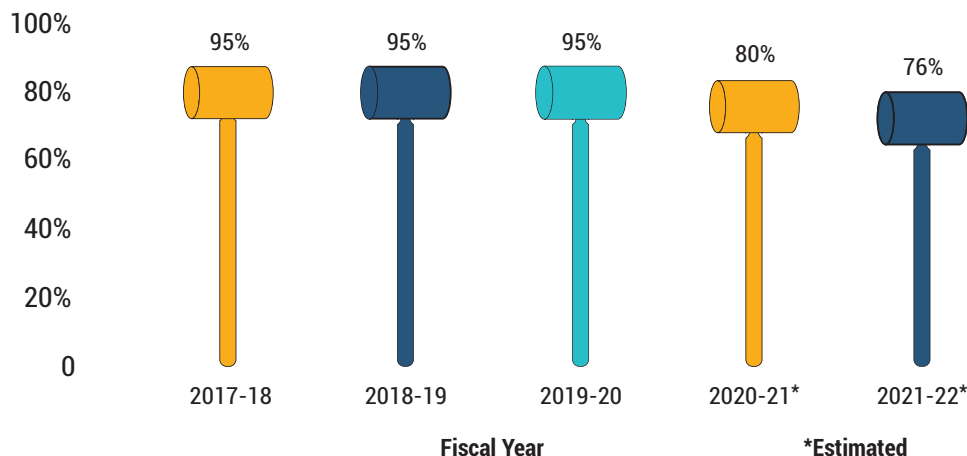
The following significant performance measures and service trends will be achieved with the 2021-22 budget allowance:

	2019-20 Actual	2020-21 Estimate ¹	2021-22 Budget
Criminal filings ²	43,500	36,000	35,000
Civil filings ²	114,750	80,000	70,000
Average number of days from arraignment to hearing for minor traffic cases	43	50	45
Number of criminal cases with a pending trial date at year end	2,800	3,500	3,500
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	3.0 minutes	4.0 minutes	5.0 minutes

¹ Based on 10 months actual experience.

² Citations issued by Phoenix Police, Neighborhood Services, and other citing authorities decreased beginning in April 2020 due to the COVID-19 pandemic.

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



In 2020-21, continuances were requested from all parties due to COVID-19 which resulted in a lower percentage of resolved cases.

Expenditure and Position Summary

	2019-20 Actual	2020-21 Estimate	2021-22 Budget
Operating Expense	\$32,376,000	\$34,376,000	\$37,489,000
Total Positions	274.0	274.0	279.0
<i>Source of Funds:</i>			
General Fund	\$29,706,000	\$31,310,000	\$34,224,000
Other Restricted	2,375,000	2,956,000	3,265,000
Grants	295,000	110,000	-

PUBLIC DEFENDER

Program Goal

The Public Defender Program provides legal representation for indigent defendants in Phoenix Municipal Court.

Budget Allowance Explanation

The Public Defender 2021-22 operating budget allowance of \$5,634,000 is \$261,000 or 4.9 percent more than 2020-21 estimated expenditures. The increase is primarily due to negotiated increases in employee compensation and other normal inflationary adjustments.

Public Defender Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2021-22 budget allowance:

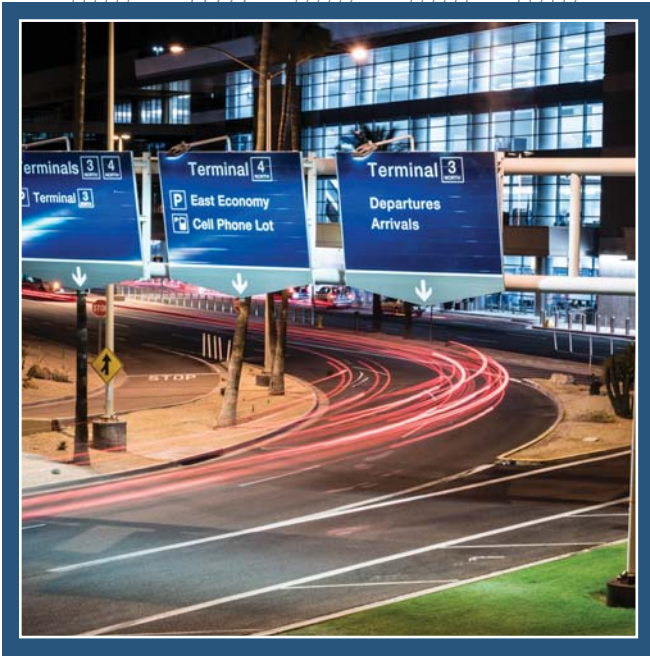
	2019-20 Actual	2020-21 Estimate ¹	2021-22 Budget ²
Defendants charged with misdemeanor crimes represented in Phoenix Municipal Court	16,094	16,036	17,500

¹ Based on 10 months actual experience.

² Anticipated increase in Veterans and individuals with mental health issues who appear in court, receive treatment, and maintain contact with the Court and social service agencies.

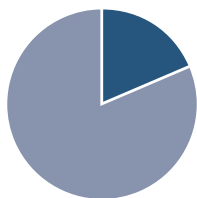
Expenditure and Position Summary

	2019-20 Actual	2020-21 Estimate	2021-22 Budget
Operating Expense	\$5,327,000	\$5,373,000	\$5,634,000
Total Positions	11.0	11.0	11.0
<i>Source of Funds:</i>			
General	\$5,327,000	\$5,373,000	\$5,634,000





TRANSPORTATION



The Transportation Program Represents 18.4% 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.

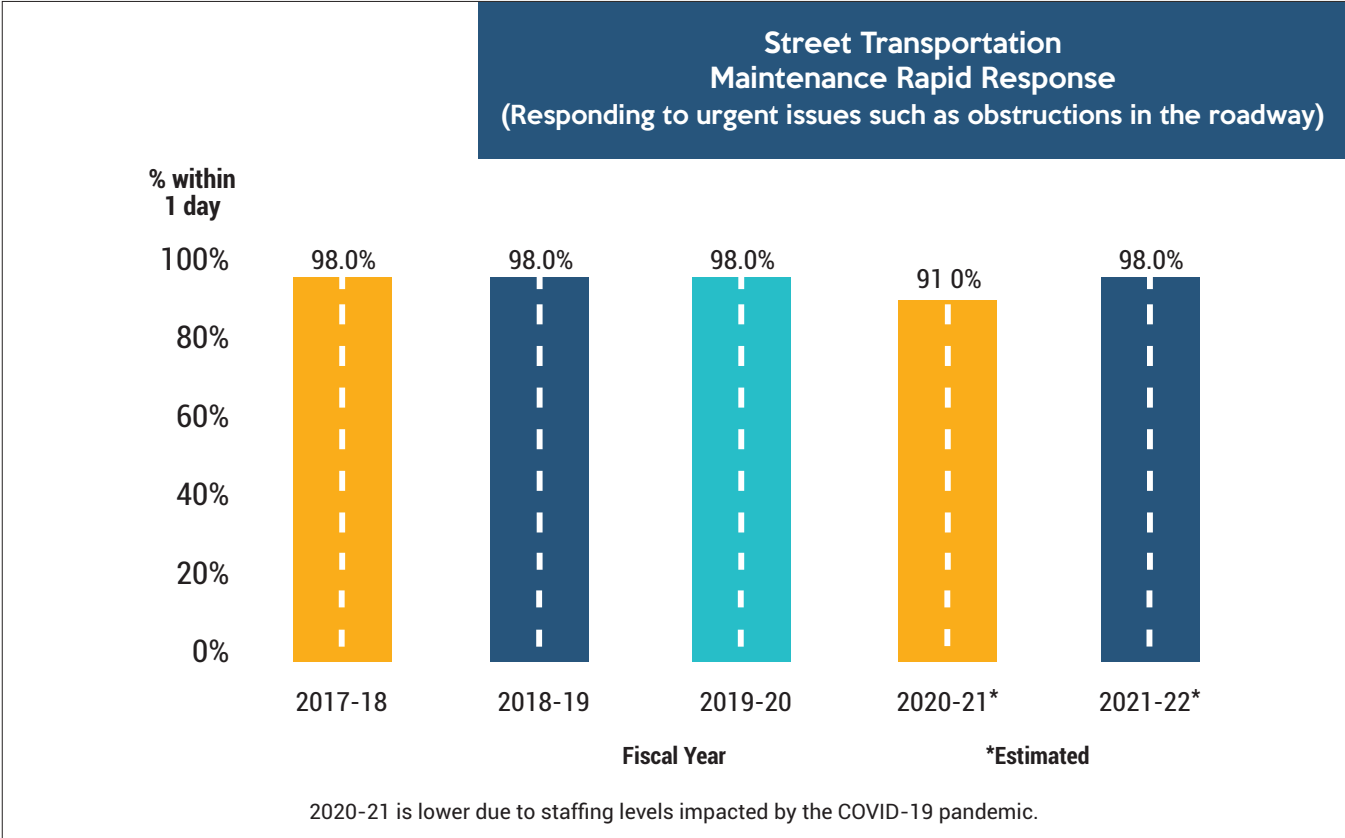
Budget Allowance Explanation

The Street Transportation 2021-22 operating budget allowance of \$115,853,000 is \$10,939,000 or 10.4 percent more than 2020-21 estimated expenditures. The increase is primarily due to increased costs in the General Fund and Arizona Highway User Revenue funds.

The General Fund 2021-22 budget allowance of \$21,639,000 is \$2,672,000 or 14.1 percent more than 2020-21 estimated expenditures. The increase is primarily due to the implementation of the City Council approved Roadway Safety Action Plan, funding for the Cool Corridors Program, conversion of federally-funded deep-cleaning around the Human Services Campus and the right of way in the West Hatcher Road area of Sunnyslope to General Funds, additional funding to maintain street landscaping along newly developed and renovated streetscapes, and negotiated increases in employee compensation.

The Arizona Highway User Revenue fund 2021-22 budget allowance of \$89,856,000 is \$8,142,000 or 10.0 percent more than 2020-21 estimated expenditures. The increase is primarily due to negotiated increases in employee compensation, the full year cost of five positions added for the Roadway Safety Action Plan, additional positions to support street maintenance and street cleaning, an increase in electricity in street lighting, increased costs for liability insurance and street maintenance materials, and a decrease in charges to the Capital Improvement Program budget for street marking due to the Advanced Pavement Management Program coming to an end.

The Grants funds 2021-22 budget allowance of \$30,000 is \$140,000 or 82.4 percent less than the 2020-21 estimated expenditures. The decrease is primarily due to the conclusion of the federal grant for the Coronavirus Relief Fund.



Street Transportation Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2021-22 budget allowance:

	2019-20 Actual	2020-21 Estimate ¹	2021-22 Budget
Routine street maintenance requests for service completed within 21 days	75%	75%	75%
Percent of all traffic signal control cabinets inspected annually ²	95%	51%	95%
Respond to high priority traffic signal trouble calls within 2 hours (knockdowns, signal on flash and signal malfunction)	90%	90%	90%
Construction project complaints or inquiries addressed within two working days	97%	98%	98%
Number of days to review and respond to street light requests	5	5	5
Number of days to review private development plans ³	9	10	10
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	67	79

¹Based on 10 months actual experience.

²Decrease in 2020-21 due to workforce impacts from the COVID-19 pandemic and staffing vacancies.

³Increase in 2020-21 due to a significant increase in private development activity as well as staffing vacancies.

Expenditure and Position Summary

	2019-20 Actual	2020-21 Estimate	2021-22 Budget
Operating Expense	\$98,378,000	\$104,914,000	\$115,853,000
Total Positions	721.0	728.0	734.0
<i>Source of Funds:</i>			
General Fund	\$18,468,000	\$18,967,000	\$21,639,000
Arizona Highway User Revenue	75,913,000	81,714,000	89,856,000
Capital Construction	89,000	70,000	70,000
Transportation 2050	384,000	362,000	515,000
Other Restricted	3,364,000	3,631,000	3,744,000
Grants	159,000	170,000	30,000

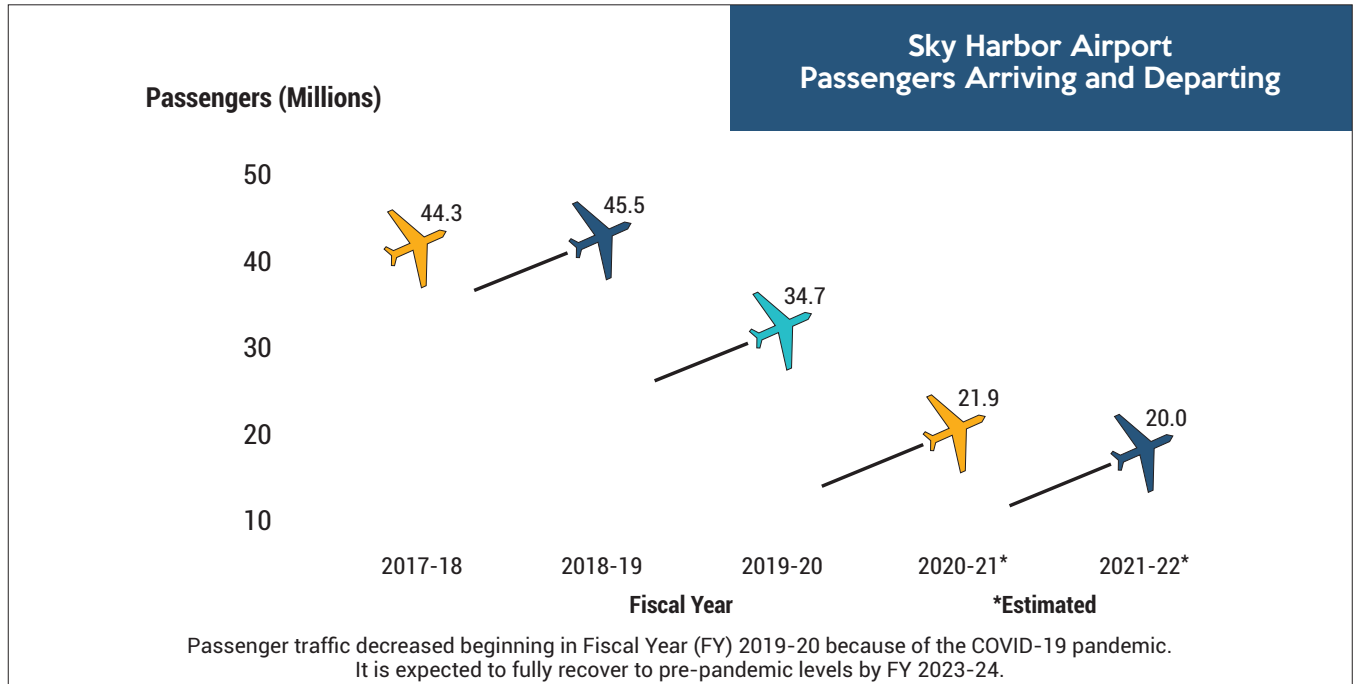
AVIATION

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 2021-22 operating budget allowance of \$352,246,000 is \$113,000 or 0.0 percent less than 2020-21 estimated expenditures. Aviation committed to paying down a portion of unfunded pension in 2020-21 by \$100,000,000 and in 2021-22 by \$70,000,000. The 2021-22 budget allowance decrease from the prior year is a result of the pension pay down which is offset by negotiated increases in employee compensation and other normal inflationary adjustments. Aviation passenger activity levels have been severely impacted by the COVID-19 pandemic. Federal funds received from the Coronavirus Aid Relief and Economic Security (CARES) Act helped to mitigate negative fiscal impacts to the department. Activity levels are anticipated to return to pre-pandemic levels by FY 2023-24.



Aviation Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2021-22 budget allowance:

	2019-20 Actual	2020-21 Estimate ¹	2021-22 Budget
Airline rental rates (cost per square foot):			
Terminal 2 ^{2,3}	\$126.84	NA	NA
Terminal 3	\$126.84	\$124.20	\$100.44
Terminal 4	\$126.84	\$124.20	\$100.44
Gross sales per departing passenger:			
Terminal 2 ²	\$9.41	NA	NA
Terminal 3	\$10.48	\$9.00	\$10.00
Terminal 4	\$11.21	\$9.00	\$10.00
Aircraft takeoffs and landings⁴	756,392	634,253	650,000
Total international passengers⁴	1,454,133	637,093	700,000
Air cargo processed (in tons)⁵	405,085	427,008	450,000

¹ Based on 10 months actual experience.

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

³ The use of federal grants decreases the airline cost requirement, leading to lower airline rates in 2020-21 and 2021-22.

⁴ Passenger traffic decreased beginning in Fiscal Year (FY) 2019-20 due to the COVID-19 pandemic. It is expected to fully recover to pre-pandemic levels by FY 2023-24.

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

Expenditure and Position Summary

	2019-20 Actual	2020-21 Estimate	2021-22 Budget
Operating Expense	\$258,733,000	\$352,359,000	\$352,246,000
Total Positions	890.0	889.0	889.0
<i>Source of Funds:</i>			
Aviation	\$258,733,000	\$352,359,000	\$352,246,000

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

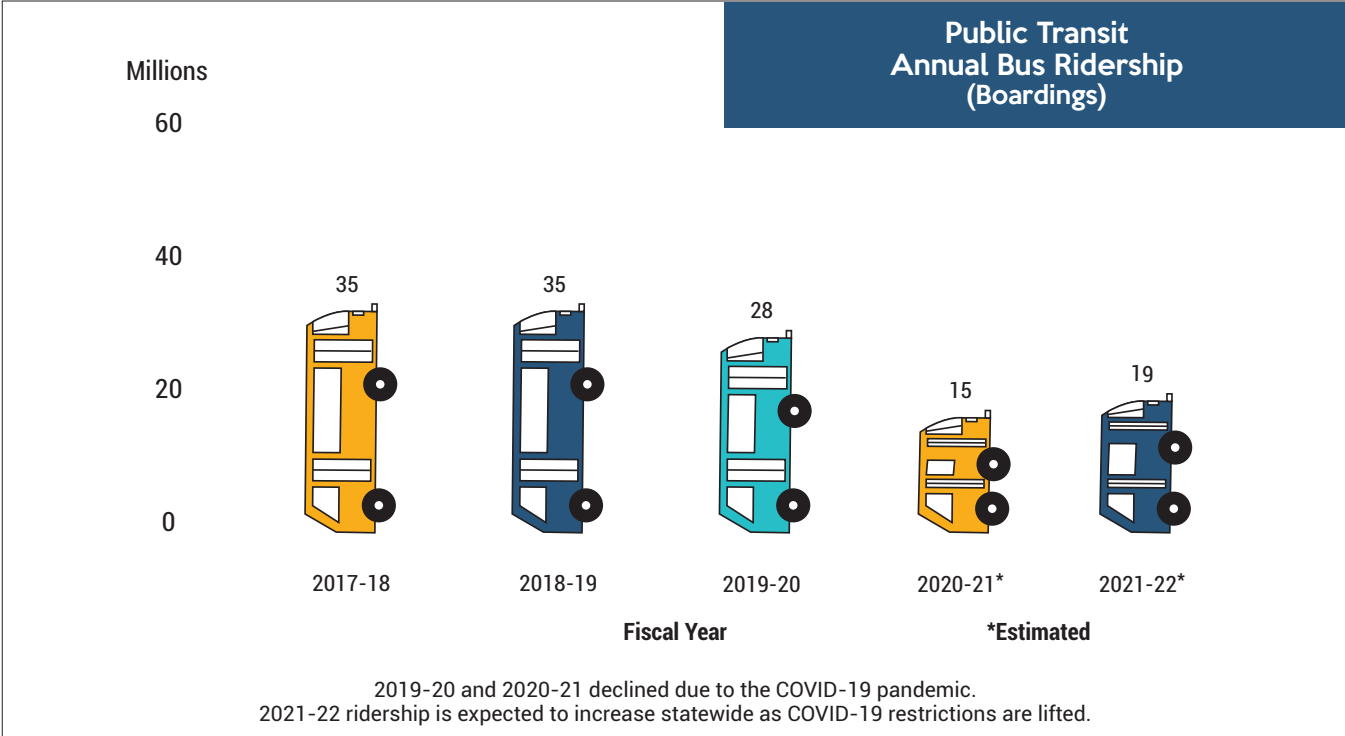
The 2021-22 Public Transit Department operating budget allowance of \$277,014,000 is \$35,645,000 or 14.8 percent more than 2020-21 estimated expenditures. The increase is primarily due to the Regional Transit Fund and Grants Fund and is partially offset by a reduction in the Transportation 2050 Fund and the General Fund.

The Regional Transit Fund 2021-22 budget allowance of \$24,998,000 is \$9,634,000 or 62.7 percent more than 2020-21 estimated expenditures. The increase is primarily due to Coronavirus Aid, Relief, and Economic Security (CARES) Act funding used to cover the cost of providing fixed route bus service has been spent and the purchase of bus service by the region from the City of Phoenix is anticipated to increase in 2021-22 towards pre-pandemic levels.

The Grants Fund 2021-22 budget allowance of \$161,955,000 is \$61,497,000 or 61.2 percent more than 2020-21 estimated expenditures. The increase is primarily due the award of \$43 million in funding from the Coronavirus Response and Relief Supplemental Appropriations Act of 2021 (CRRSA) and \$105 million as a result of the American Rescue Plan Act of 2021 (ARPA). This is offset by the conclusion of federal funds from the (CARES) of 2020.

The Transportation 2050 Fund 2021-22 budget allowance of \$86,797,000 is \$33,164,000 or 27.6 percent less than 2020-21 estimated expenditures. The decrease is primarily due to expenditures in 2021-22 being shifted to the Grants Fund due to the receipt of additional federal funds in response to COVID-19. The decrease is partially offset by negotiated employee compensation increases and increases for gasoline and liquid petroleum gas (LPG) due to the resuming of bus operations to a pre-pandemic level.

The General Fund 2021-22 budget allowance of \$1,838,000 is \$2,381,000 or 56.4 percent less than 2020-21 estimated expenditures. The decrease is primarily due to the conclusion of the General Fund resources made available through the offset of public safety salaries with the Coronavirus Relief Fund as permitted by the Federal guidelines.



Public Transit Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the in 2021-22 budget allowance:

	2019-20 Actual	2020-21 Estimate ¹	2021-22 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	11.36%	2.66%	8.48%
Bus boardings per revenue mile ³	1.30	0.71	1.00
Average weekday ridership - light rail (Phoenix only) ³	29,000	16,000	17,000
Number of Senior Center Shuttle Trips ⁴	53,807	0	59,000

¹Based on 10 months actual experience.

²The decrease in 2020-21 cost recovery is due to the temporary suspension in collecting passenger fares, due to the implementation of passenger rear-door boarding procedures resulting from the COVID-19 pandemic. The anticipated increase in 2021-22 is due to the gradual growth of ridership and the completion of the installation of safety barriers on buses thus enabling front door entry and the use of the farebox.

³The decrease in 2020-21 is related to the COVID-19 pandemic. The anticipated increase in 2021-22 is due to anticipated gradual growth of ridership.

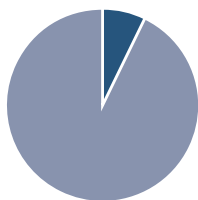
⁴The decrease in 2020-21 resulted from the temporary closure of senior centers due to the pandemic, and the anticipated increase in 2021-22 is due to the senior centers being reopened.

Expenditure and Position Summary

	2019-20 Actual	2020-21 Estimate	2021-22 Budget
Operating Expense	\$253,972,000	\$241,369,000	\$277,014,000
Total Positions	120.0	121.0	121.0
<i>Source of Funds:</i>			
General Fund	\$1,280,000	\$4,219,000	\$1,838,000
Transportation 2050	191,630,000	119,961,000	86,797,000
Regional Transit	34,263,000	15,364,000	24,998,000
Grants	25,486,000	100,458,000	161,955,000
Other Restricted	1,313,000	1,368,000	1,426,000



COMMUNITY DEVELOPMENT



The Community Development Program Represents 7.2% of the Total Budget.

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

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.

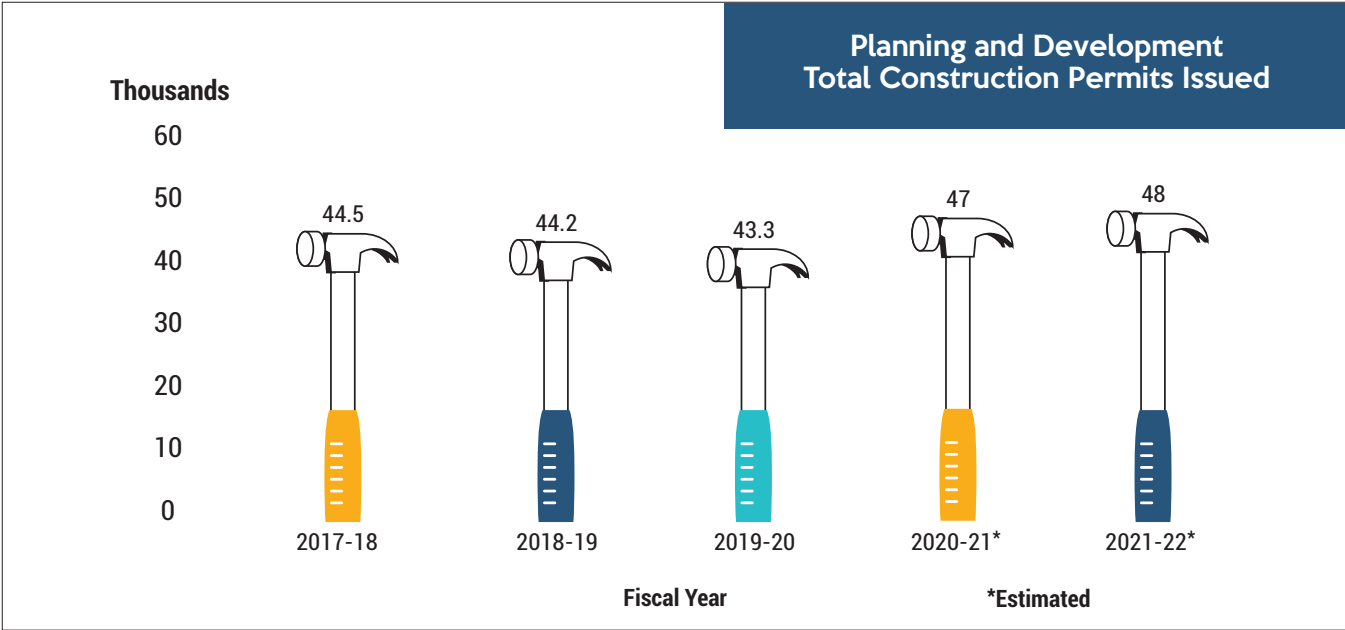
Budget Allowance Explanation

The Planning and Development Department 2021-22 operating budget allowance of \$81,254,000 is \$9,439,000 or 13.1 percent more than 2020-21 estimated expenditures. This is primarily due to increased costs in the Development Services Fund, General Fund and Other Restricted Fund.

The Development Services Fund 2021-22 budget allowance of \$74,906,000 is \$8,431,000 or 12.7 percent more than 2020-21 estimated expenditures. This increase is primarily due to negotiated increases in employee compensation, the full year cost of new positions that were added in February 2021 to address workloads associated with increased construction activity, and the reconfiguration of office space to accommodate new staff. In addition, funding was added for positions to conduct residential and commercial plan reviews, support accounting and technology due to the new KIVA permitting system, processing citations and court documents for increasing non-permitted construction activity and the new Remote Inspections Program implemented in the spring of 2020.

The General Fund 2021-22 budget allowance of \$5,173,000 is \$824,000 or 18.9 percent more than 2020-21 estimated expenditures. The increase is primarily due to the addition of staff to support the Long Range Planning Division to carryout City Council approved and community requested projects, funding for historic preservation grants to assist residential property owners in maintaining their historic properties, increased funding for the Adaptive Reuse Program, and negotiated increases in employee compensation.

The Other Restricted Fund 2021-22 budget allowance of \$1,110,000 is \$207,000 or 22.9 percent more than 2020-21 estimated expenditures. This increase is primarily for a land use and facilities study at Biscuit Flats, a fire master plan pilot study, and a storm drainage study.



Planning and Development Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2021-22 budget allowance:

	2019-20 Actual	2020-21 Estimate ¹	2021-22 Budget
Total construction permits issued	43,330	47,000	48,000
Turnaround time for major commercial building plans (days) ²	50	41	45
Turnaround time for medium commercial building plans (days) ³	33	37	35
Turnaround time for minor commercial building plans (days) ³	22	26	25
Turnaround time for residential building plans (days)	31	32	30
Percent of commercial inspections completed on time	99%	98%	99%
Percent of residential inspections completed on time	96%	96%	96%
Percent of costs recovered through fees	109%	105%	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 ⁴	697	688	692
Number of City grants awarded for historic rehabilitation projects ⁵	7	1	12
Number of regulatory compliance reviews for federally funded City capital projects	266	200	200

¹Based on 10 months actual experience.

²The decrease in days from 2019-20 was due to the complexity of larger project submittals received in 2019-20.

³The increase from 2019-20 is due to more medium and minor commercial plan reviews submitted.

⁴This projection includes the cumulative number of Certificates of Appropriateness, Certificates of No Effect, demolition reviews and demolition appeal hearings.

⁵The reduction in 2020-21 resulted from not receiving requests for grant funds due to the COVID pandemic, an increase in requests is expected in 2021-22.

Expenditure and Position Summary

	2019-20 Actual	2020-21 Estimate	2021-22 Budget
Operating Expense	\$64,824,000	\$71,815,000	\$81,254,000
Total Positions	444.8	467.8	480.8
<i>Source of Funds:</i>			
Development Services	\$60,353,000	\$66,475,000	\$74,906,000
Grants	165,000	87,000	66,000
General Fund	3,691,000	4,349,000	5,173,000
Other Restricted	615,000	903,000	1,110,000

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 2021-22 operating budget allowance of \$113,507,000 is \$1,727,000 or 1.5 percent more than 2020-21 estimated expenditures. The increase is primarily due to new funding provided in the General Fund for a Special Projects Administrator to continue implementation of the Housing Phoenix Plan, as well as \$1.4 million to fund rehabilitation work at Santa Fe Springs Apartments. The budget also reflects negotiated increases in employee compensation and other normal inflationary adjustments.

Housing Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2021-22 budget allowance:

	2019-20 Actual	2020-21 Estimate ¹	2021-22 Budget
Affordable housing units for families and individuals	2,297	2,297	2,297
Affordable housing units created or preserved for families and individuals owned and operated by private sector developers ²	202	119	361
Rental assistance provided for low-income residents in the private housing market ³	6,110	6,977	7,300
Federally-Assisted housing units for families and seniors ⁴	2,537	1,695	1,615
Utilization rate for Section 8 vouchers	91%	93%	93%
Occupancy rate for public housing units	91%	90%	90%

¹Based on 10 months actual experience.

²The COVID-19 pandemic caused delays in the development of affordable housing units. Development is expected to increase in 2021-22.

³Through 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.

⁴In addition to the impact of RAD conversions, lower federally assisted housing unit figures in 2020-21 and 2021-22 reflect the ongoing sale of homes under the Section 32 program.

Expenditure and Position Summary

	2019-20 Actual	2020-21 Estimate	2021-22 Budget
Operating Expense	\$96,702,000	\$111,780,000	\$113,507,000
Total Positions	129.0	126.0	126.0
<i>Source of Funds:</i>			
General Fund	\$152,000	\$295,000	\$1,772,000
Other Restricted	4,416,000	5,488,000	7,402,000
Grants	92,133,000	105,997,000	104,332,000

COMMUNITY AND ECONOMIC DEVELOPMENT

Program Goal

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

Budget Allowance Explanation

The Community and Economic Development 2021-22 operating budget allowance of \$13,882,000 is \$7,939,000 or 36.4 percent less than 2020-21 estimated expenditures. This is primarily due to the conclusion of the federal grant for the Coronavirus Relief Fund.

The General Fund 2021-22 budget allowance of \$6,884,000 is \$928,000 or 15.6 percent more than 2020-21 estimated expenditures. The increase is primarily due to negotiated increases in employee compensation and other normal inflationary adjustments. Funding is also included to convert one Special Project Administrator position from temporary to regular status and add one Economic Development Program Manager and one Project Manager to support citywide economic development and retail revitalization projects.

The Community Reinvestment 2021-22 budget allowance of \$2,128,000 is \$53,000 or 2.4 percent less than 2020-21 estimated expenditures due to a decrease in contractual obligations.

The Sport Facilities 2021-22 budget allowance of \$292,000 is \$63,000 or 17.7 percent less than 2020-21 estimated expenditures due to the completion of the Talking Stick Resort Arena project.

The Other Restricted 2021-22 budget allowance of \$3,866,000 is \$631,000 or 19.5 percent more than 2020-21 estimated expenditures due to an increase in Strategic Economic Development Fund projects.

Community and Economic Development Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2021-22 budget allowance:

	2019-20 Actual	2020-21 Estimate ¹	2021-22 Budget
Projected jobs created/retained within the City of Phoenix as a result of department efforts. ²	10,000	6,000	8,000
Projected average annual salary for new jobs with companies newly located in Phoenix. ³	\$48,200	\$40,000	\$50,000

¹Based on 10 months actual experience.

²2020-21 decrease in jobs is due to the impact of the COVID-19 pandemic. 2021-22 increase is due to a surge in advance manufacturing sector jobs.

³2020-21 reduction in average salary is due to the impact of the COVID-19 pandemic. 2021-22 wage increase is due to the increase of manufacturing jobs which have a higher wage.

Expenditure and Position Summary

	2019-20 Actual	2020-21 Estimate	2021-22 Budget
Operating Expense	\$15,848,000	\$21,821,000	\$13,882,000
Total Positions	57.0	57.0	59.0
<i>Source of Funds:</i>			
General Fund	5,490,000	5,956,000	6,884,000
Community Reinvestment	1,104,000	2,181,000	2,128,000
Sports Facilities	364,000	355,000	292,000
Other Restricted	3,184,000	3,235,000	3,866,000
Grants	5,086,000	9,456,000	102,000
Aviation	29,000	75,000	75,000
Convention Center	560,000	532,000	504,000
Water	31,000	31,000	31,000

NEIGHBORHOOD SERVICES

Program Goal

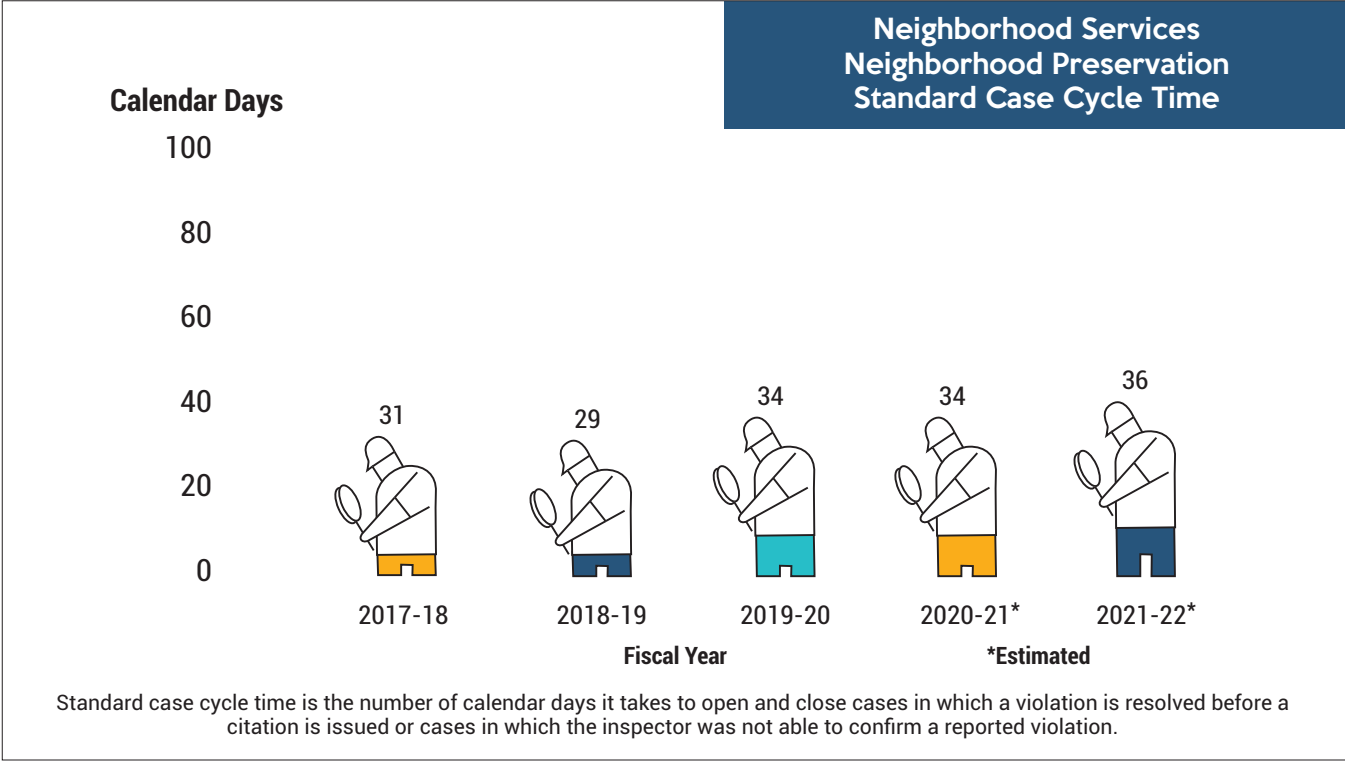
To preserve and improve the physical, social and economic health of Phoenix neighborhoods, support neighborhood self-reliance and enhance the quality of life of residents through community-based problem solving, neighborhood-oriented services and public/private cooperation.

Budget Allowance Explanation

The Neighborhood Services 2021-22 operating budget allowance of \$82,998,000 is \$7,358,000 or 9.7 percent more than 2020-21 estimated expenditures. The increase is due to Grants and the General Fund.

The Grants Funds 2021-22 budget allowance of \$67,211,000 is \$6,275,000 or 10.3 percent more than 2020-21 estimated expenditures. The increase is primarily due to unspent funding that was carried forward and included in the 2021-22 budget and negotiated increases in employee compensation.

The General Fund 2021-22 budget allowance of \$15,515,000 is \$1,059,000 or 7.3 percent more than 2020-21 estimated expenditures. The increase is primarily due to negotiated increases in employee compensation and for the replacement of vehicles which have reached the end of their useful life.



Neighborhood Services Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2021-22 budget allowance:

	2019-20 Actual	2020-21 Estimate ¹	2021-22 Budget
Residents who receive landlord/tenant counseling ²	462	N/A	N/A
Sites where graffiti was removed through the Graffiti Busters program	47,614	48,000	48,000
Number of household units rehabbed or assisted through housing rehabilitation programs ³	138	120	120
Neighborhood Preservation cases opened annually ⁴	48,808	40,000	40,000
Neighborhood Preservation average standard case cycle time (days) ⁵	34	34	36
Percent of Neighborhood Preservation cases resolved voluntarily (goal is 93% or above) ⁵	94%	97%	93%
The number of new neighborhood groups ⁶	25	12	15

¹ Based on 10 months actual experience.

² The decrease in 2020-21 and 2021-22 is due to the program being moved to the Human Services Department.

³ The decrease in 2020-21 and 2021-22 resulted from contractors and residents choosing to delay their participation in the program due to the COVID-19 pandemic.

⁴ The decrease in 2020-21 and 2021-22 is due to a decline in resident complaints during the pandemic.

⁵ The change in 2021-22 is due to the anticipation that voluntary compliance might decline to pre pandemic levels resulting in a slightly higher case cycle time.

⁶ The decrease in 2020-21 and 2021-22 is due to residents choosing to delay participation in the program due to the COVID-19 pandemic.

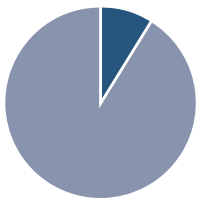
Expenditure and Position Summary

	2019-20 Actual	2020-21 Estimate	2021-22 Budget
Operating Expense	\$45,778,000	\$75,640,000	\$82,998,000
Total Positions	190.0	190.0	191.0
<i>Source of Funds:</i>			
General Fund	\$13,210,000	\$14,456,000	\$15,515,000
Other Restricted	7,000	10,000	11,000
Grants	32,561,000	60,936,000	67,211,000
Neighborhood Protection	-	237,000	261,000





COMMUNITY ENRICHMENT



The Community Enrichment Program Represents 9.1% 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 2021-22 budget allowance of \$124,443,000 is \$11,741,000 or 10.4 percent more than 2020-21 estimated expenditures. The increase is 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 and Grant Funds.

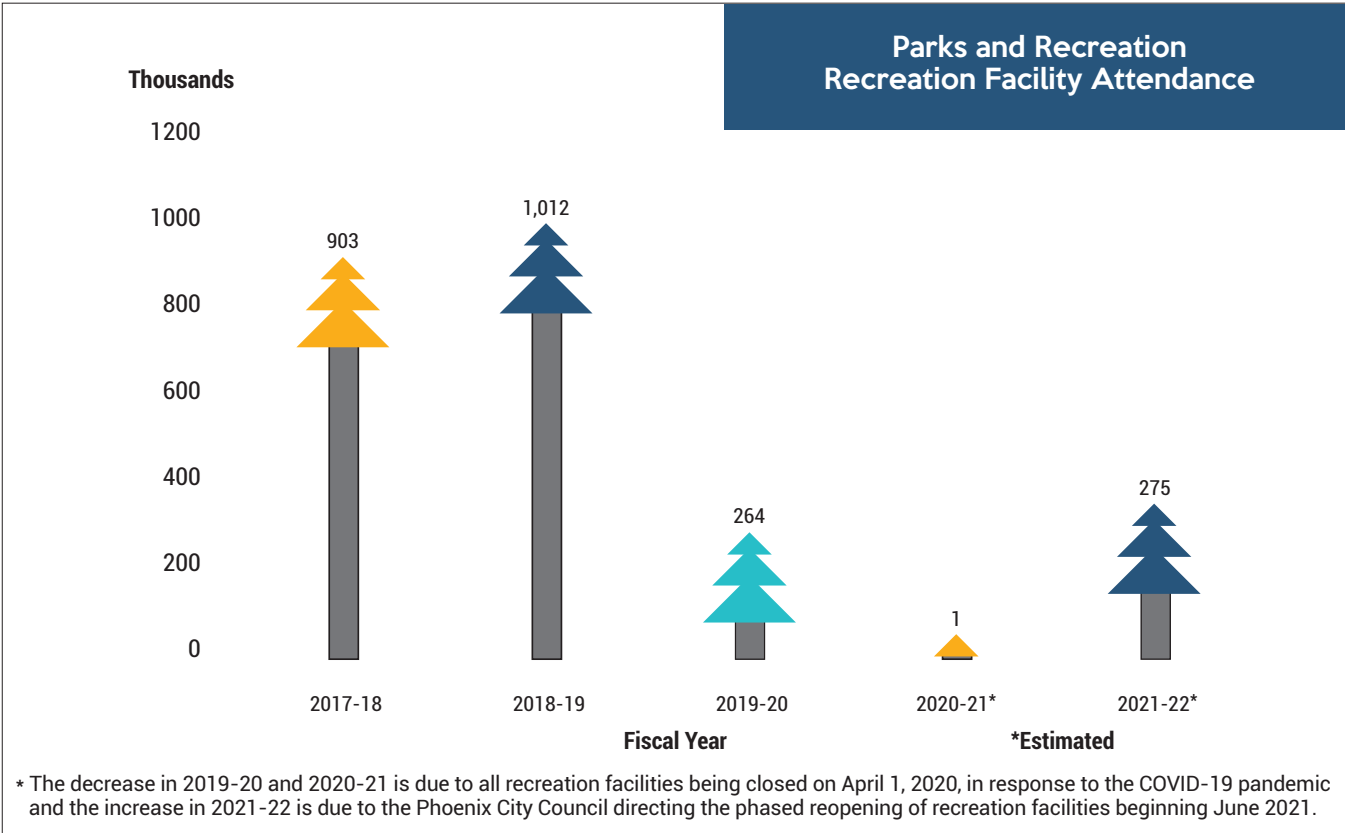
The General Fund 2021-22 budget allowance of \$108,229,000 is \$12,528,000 or 13.1 percent more than 2020-21 estimated expenditures. The increase is primarily due to negotiated increases in employee compensation, fewer anticipated vacancies, and increased operating costs due to the phased-in re-opening of facilities. Additionally, funding has been added to restore a Forestry Crew in support of the Tree and Shade Master Plan, for the opening of the new Cesar Chavez Community Center, increased maintenance for new park amenities and historic cemeteries, expansion of the Adaptive/Inclusive Recreation Program, and a set-aside for the operating costs of three new parks planned to open in fiscal year 2022-23. In addition, staff have been added to support the Urban Park Ranger program, Pueblo Grande Museum, facility and IT maintenance, and maintenance of the Highline Canal Trail.

The Phoenix Parks and Preserves Initiative Fund 2021-22 budget allowance of \$6,479,000 is \$550,000 or 9.3 percent more than 2020-21 estimated expenditures. The increase is primarily due to negotiated increases in employee compensation.

The Other Restricted Fund 2021-22 budget allowance of \$2,909,000 is \$2,132,000 or 274.4 percent more than 2020-21 estimated expenditures. This increase is primarily due to the temporary closure of community centers, sports complexes, and athletic fields in 2020-21 in response to COVID-19, and an anticipated phased reopening of facilities in 2021-22.

The Grants Fund 2021-22 budget allowance of \$602,000 is \$2,228,000 or 79.5 percent less than 2020-21 estimated expenditures. This decrease is primarily due to the conclusion of the federal grant for the Coronavirus Relief Fund.

The Golf Fund 2021-22 budget allowance of \$6,224,000 is \$1,140,000 or 15.5 percent less than 2020-21 estimated expenditures. The decrease is primarily due to an increase in 2020-21 for facility maintenance and repair expenses, and a reduction in the transfer of expenditures to the General Fund, which was facilitated by increased revenue.



Parks and Recreation Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2021-22 budget allowance:

	2019-20 Actual	2020-21 Estimate ¹	2021-22 Budget
Construction projects completed	85%	85%	90%
Fill 80% or more of all non-team sport registration openings ³	64%	64%	70%
Usage of athletic field's available programmable time ³	45%	40%	45%
Community usage of recreation and community center available programmable time ²	45%	10%	46%
Recreation facility attendance ²	264,147	1,000	275,000
Number of Golf Rounds ⁴	215,306	275,609	281,000

¹ Based on 10 months actual experience.

² Community centers, sports complexes, and athletic fields closed March of 2020, in response to COVID-19. City Council directed a phased re-opening of athletic fields and sports complexes beginning March 2021 and community centers beginning June 2021.

³ Affected by the reduction in registration openings and programmable time available as a result of closures due to COVID-19.

⁴ Increase from 2019-20 due to limited recreation options during the COVID-19 pandemic and higher customer satisfaction from better golf course conditions, the fleet of new golf carts, renovated on-site restaurants, and the golf instruction program.

Expenditure and Position Summary

	2019-20 Actual	2020-21 Estimate	2021-22 Budget
Operating Expense	\$107,259,000	\$112,702,000	\$124,443,000
Total Positions	1,013.1	1,017.0	1,050.0
<i>Source of Funds:</i>			
General Fund	\$92,755,000	\$95,701,000	\$108,229,000
Other Restricted	2,083,000	777,000	2,909,000
Grants	1,153,000	2,930,000	602,000
Parks and Preserves	5,638,000	5,929,000	6,479,000
Golf	5,630,000	7,364,000	6,224,000

LIBRARY

Program Goal

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

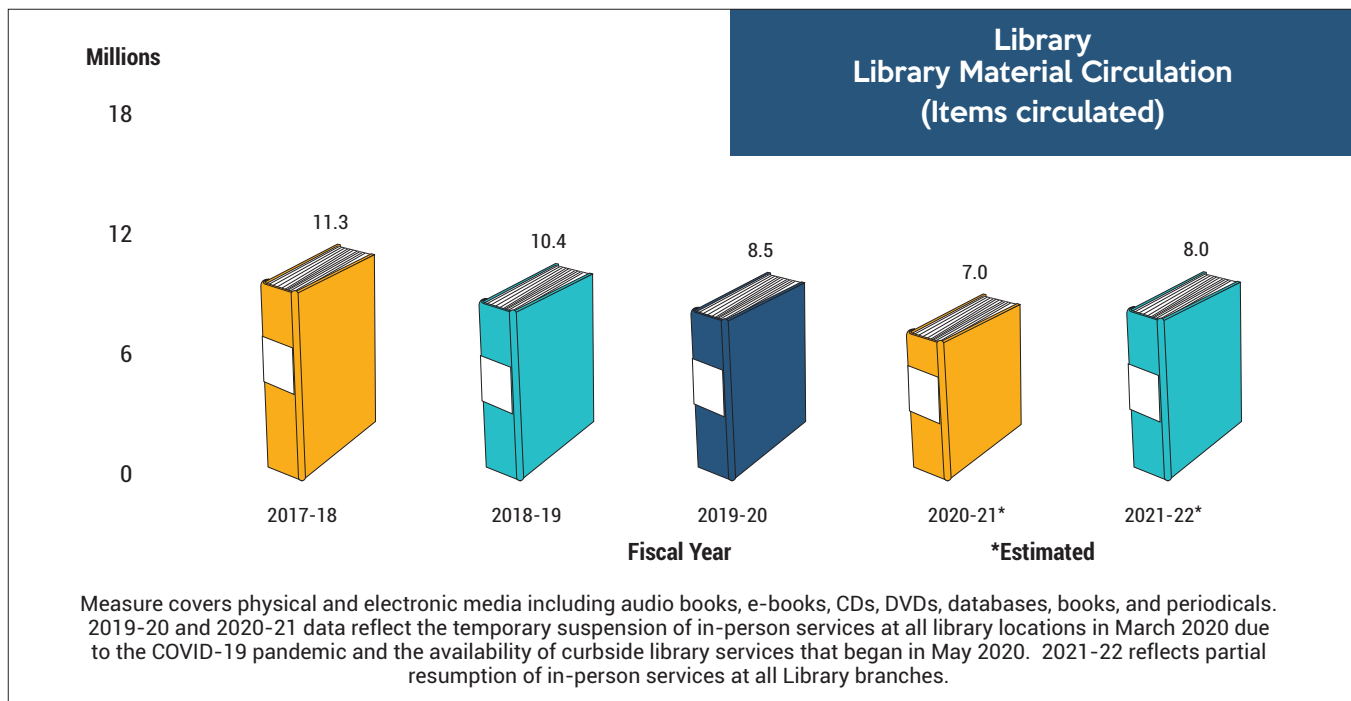
Budget Allowance Explanation

The Library 2021-22 operating budget allowance of \$44,860,000 is \$3,356,000 or 8.1 percent more than 2020-21 estimated expenditures. This is primarily due to increased costs in the General Fund and Other Restricted Fund and is partially offset by a decrease in Grants.

The General Fund 2021-22 budget allowance of \$43,865,000 is \$3,839,000 or 9.6 percent more than 2020-21 estimated expenditures. The increase is primarily due to negotiated increases in employee compensation, fewer anticipated vacancies, and increased costs for digital materials. Additionally, funding has been added for three positions for information technology support and for accounting and fiscal support duties, two positions were added for the expansion of the College Depot program to accommodate demand for additional college counseling, and funding was also added to continue mobile and self-serve computing services.

The Other Restricted Fund 2021-22 budget allowance of \$235,000 is \$63,000 or 36.6 percent more than the 2020-21 estimated expenditures. The increase is primarily due to an increase for library supplies and equipment to expand online programming and to continue children's take-home art and science kits.

The Grants funds 2021-22 budget allowance of \$759,000 is \$547,000 or 41.9 percent less than 2020-21 estimated expenditures. This decrease is primarily due to the conclusion of the federal grant for the Coronavirus Relief Fund.



Library Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2021-22 budget allowance:

	2019-20 Actual	2021-20 Estimate ¹	2021-22 Budget
Early literacy program attendance ²	88,781	25,000	57,000
Library visitors ²	2,335,030	98,000	1,220,000
Library's website "visits" ²	19,104,244	15,900,000	17,500,000
Library material circulation ³	8,528,708	7,000,000	8,000,000

¹ Based on 10 months actual experience.

² 2019-20 and 2020-21 data reflect the temporary suspension of in-person services at all library locations in March 2020 due to COVID-19, and the availability of curbside library services that began in May 2020. 2021-22 reflects partial resumption of in-person services at all Library branches.

³ Measure covers physical and electronic media including audio books, e-books, CDs, DVDs, databases, books, and periodicals. Data reflect service impacts noted above.

Expenditure and Position Summary

	2019-20 Actual	2020-21 Estimate	2021-22 Budget
Operating Expense	\$38,565,000	\$41,504,000	\$44,860,000
Total Positions	401.3	397.8	402.8
<i>Source of Funds:</i>			
General Fund	\$37,758,000	\$40,026,000	\$43,865,000
Grants	818,000	1,306,000	759,000
Other Restricted	(12,000)	172,000	235,000

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 2021-22 operating budget allowance of \$48,223,000 is \$3,190,000 or 6.2 percent less than 2020-21 estimated expenditures. The decrease is primarily in the Convention Center fund.

The General Fund 2021-22 budget allowance of \$2,292,000 is \$94,000 or 3.9 percent less than 2020-21 estimated expenditures. The decrease is primarily due to postponing of capital purchases due to reduced revenue from the COVID-19 pandemic and reductions in maintenance for the Heritage and Regency garages due to expected reduced usage in 2021-22.

The Convention Center Fund 2021-22 budget allowance of \$45,376,000 is \$3,095,000 or 6.4 percent less than 2020-21 estimated expenditures. The decrease is due to reductions in facility maintenance and the contract with the Phoenix Visitor's Bureau due to reduced revenue as a result of the COVID-19 pandemic.

Phoenix Convention Center Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2021-22 budget allowance:

	2019-20 Actual	2020-21 Estimate ^{1,3}	2021-22 Budget ⁴
Estimated direct spending impact from conventions (millions) ²	\$214	\$0	\$188
Number of convention delegates	167,372	0	147,445
Number of conventions	42	0	37
Number of Consumer Shows	29	0	9
Percent square feet occupancy (average of all event types)	42.8%	0.0%	46.6%
Number of theatrical performances ⁵	299	15	255
Total theater attendance ⁵	266,942	740	196,926
Total parking revenue (millions)	\$4.80	\$1.11	\$4.45
Revenue per parking space	\$1,092	\$253	\$1,012
Operating expense per parking space	\$875	\$830	\$838

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, the Phoenix Convention Center was not able to host events and activities based on the guidelines of the CDC and local health professionals in 2020-2021.

⁴ The expectation of 2021-2022 is events and activities will gradually return to the Phoenix Convention Center based on CDC guidelines and local health officials with COVID-19 transmission being low to moderate levels.

⁵ Virtual performances are counted in number of theatrical performances. The performances are not counted in theater attendance.

Expenditure and Position Summary

	2019-20 Actual	2020-21 Estimate	2021-22 Budget
Operating Expense	\$53,680,000	\$51,413,000	\$48,223,000
Total Positions	220.0	219.0	219.0
<i>Source of Funds:</i>			
General Fund	\$2,200,000	\$2,386,000	\$2,292,000
Sports Facilities	591,000	555,000	555,000
Convention Center	50,890,000	48,471,000	45,376,000

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.

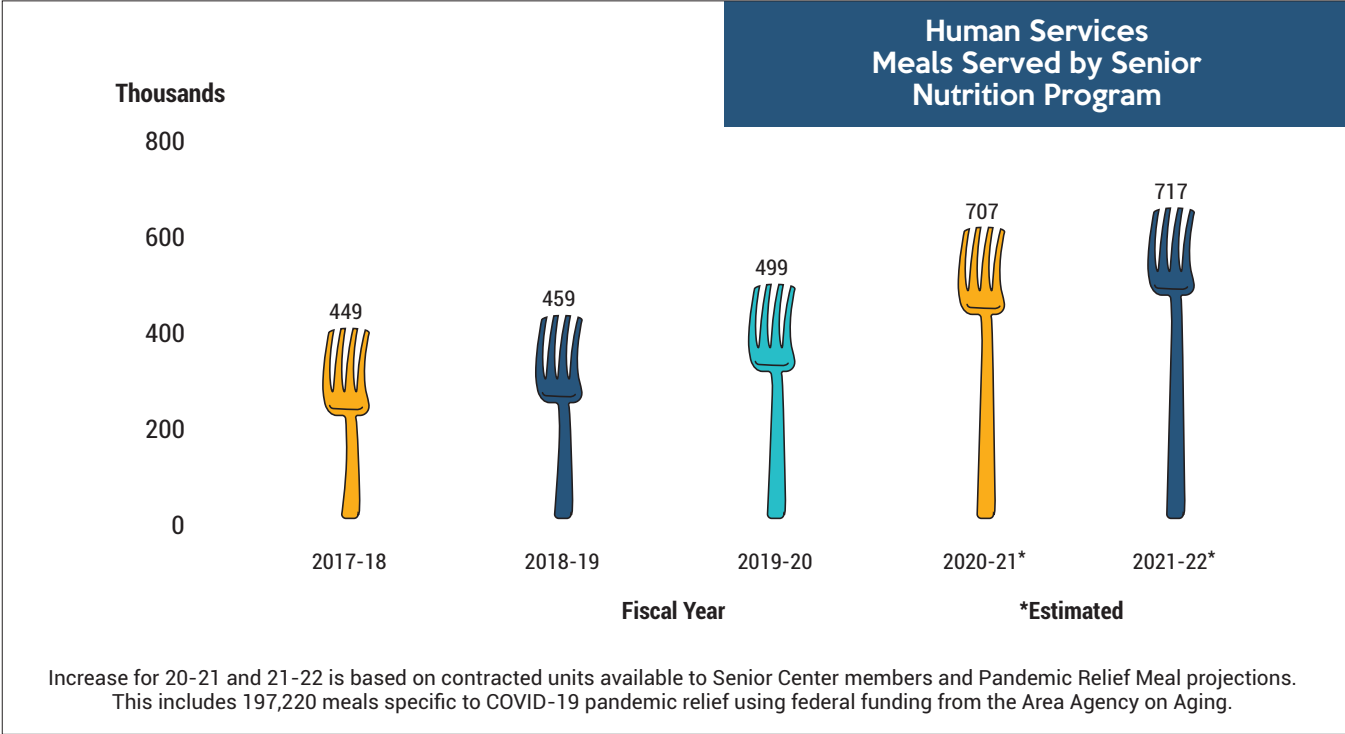
Budget Allowance Explanation

The Human Services Department 2021-22 operating budget allowance of \$147,633,000 is \$12,682,000 or 7.9 percent less than 2020-21 estimated expenditures. The overall decrease is primarily due to the conclusion of the federal grants related to the CARES Act that was a response to the COVID-19 pandemic.

The General Fund 2021-22 budget allowance of \$22,051,000 is \$1,641,000 or 8.0 percent more than 2020-21 estimated expenditures. This is primarily due to negotiated increases in employee compensation. In addition, funding was added to assist relatives of decedents, incapacitated individuals and juveniles as a result of a police interaction, to provide better access to employment benefits and training for individuals experiencing homelessness, to provide administrative support for the Homeless Services Division, to provide case management services for veterans seeking social services, and to support the Fast Track Cities initiative to end HIV/Aids.

The Grants 2021-22 budget allowance of \$124,460,000 is \$13,668,000 or 9.9 percent less than 2020-21 estimated expenditures. The decrease is primarily due to the conclusion of the federal grants related to the CARES Act that was a response to the COVID-19 pandemic.

The Other Restricted 2021-22 budget allowance of \$742,000 is \$655,000 or 46.9% less than 2020-21 estimated expenditures. The decrease is primarily due to the conclusion of the contributions from Suns Legacy Partners and Phoenix Suns Marketing Limited Partnership for Head Start services.



Human Services Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2021-22 budget allowance:

	2019-20 Actual	2020-21 Estimate ¹	2021-22 Budget
Number of homeless households (individuals and families) assisted through emergency shelter	7,627	8,701	9,001
Number of households served at family service centers ²	8,385	15,742	17,396
Percentage of school attendance for Head Start ³	87%	56%	85%
Medical and dental exams completed for Head Start ³	4,744	3,111	4,700
Medical and dental exams completed for Early Head Start ³	1,074	933	1,000
Number of meals served to seniors ⁴	499,273	706,920	716,918
Number of victim services provided ⁵	38,925	46,800	47,000
Number of job seekers assisted through the Workforce Development initiatives ⁶	255,207	55,228	75,000

¹ Based on 10 months actual experience.

² Increase in 2020-21 and 2021-22 is due to the receipt of additional federal funds in response to the COVID-19 pandemic.

³ Decrease in 2020-21 is due to restrictions related to the COVID-19 pandemic.

⁴ Increase for 20-21 and 21-22 is based on contracted units available to Senior Center members and Pandemic Relief Meal projections. This includes 197,220 meals specific to COVID-19 pandemic relief using federal funding from the Area Agency on Aging.

⁵ The increase in Victim Services in FY20-21 and FY21-22 are due to Family Advocacy Center staff streamlining how services are reported and increased referrals.

⁶ FY2019-20 higher numbers are due to the large scale "Return Stronger" campaign initiated by the State of Arizona that resulted in large numbers of people going to the job centers. In FY 2021-22, a change in the rules for receiving state unemployment insurance benefits is expected to result in an increase in attendance at the job centers.

Expenditure and Position Summary			
	2019-20 Actual	2020-21 Estimate	2021-22 Budget
Operating Expense	\$85,644,000	\$160,315,000	\$147,633,000
Total Positions	391.0	392.0	395.0
<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
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 2021-22 operating budget allowance of \$4,773,000 is \$2,178,000 or 31.3 percent less than 2020-21 estimated expenditures. This is primarily due to decreases in Grants and Other Restricted Funds and is partially offset by an increase in the General Fund.

The Grants funds 2021-22 budget decrease is primarily due to the conclusion of federal grants for the Coronavirus Relief Fund. The General Fund 2021-22 increase is primarily due to additional funding for public art maintenance, arts grants, youth arts and culture development programs, professional development and technical assistance for artists and arts administrators, and Latino Cultural Center popup programming. The increase is also due to negotiated increases in employee compensation, fewer anticipated vacancies, and increased costs for facility maintenance.

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 2021-22 budget allowance.

	2019-20 Actual	2020-21 Estimate ¹	2021-22 Budget
Grant applications processed to support arts activities through schools and nonprofit organizations ²	87	96	105
Grant awards administered to support arts activities through schools and nonprofit organizations ²	84	91	96
Completed Percent-for-Art projects to enhance capital improvement projects with artwork	4	7	8
Local artists/arts organizations training workshops ³	10	30	20
Percent of projects in Art Plan being implemented ⁴	76%	82%	72%
Community presentations	67	72	80

¹ Based on 10 months actual experience.

² Increases are expected due to increased outreach to grantees.

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

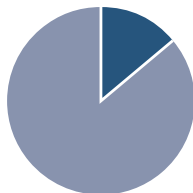
⁴ Measure reflect projects that were in design, under construction, or were completed. Reduced percentage reflects Art Plan projects that are programmed to be implemented in future years.

Expenditure and Position Summary

	2019-20 Actual	2020-21 Estimate	2021-22 Budget
Operating Expense	\$3,871,000	\$6,951,000	\$4,773,000
Total Positions	11.0	11.0	11.0
<i>Source of Funds:</i>			
General	\$3,717,000	\$3,947,000	\$4,726,000
Grants	153,000	2,979,000	27,000
Other Restricted	1,000	25,000	20,000



ENVIRONMENTAL SERVICES



The Environmental Services Program Represents 13.9% of the Total Budget.

The Environmental Services program budget includes Environmental Programs, Office of Sustainability, Public Works, and Water Services.

WATER SERVICES

Program Goal

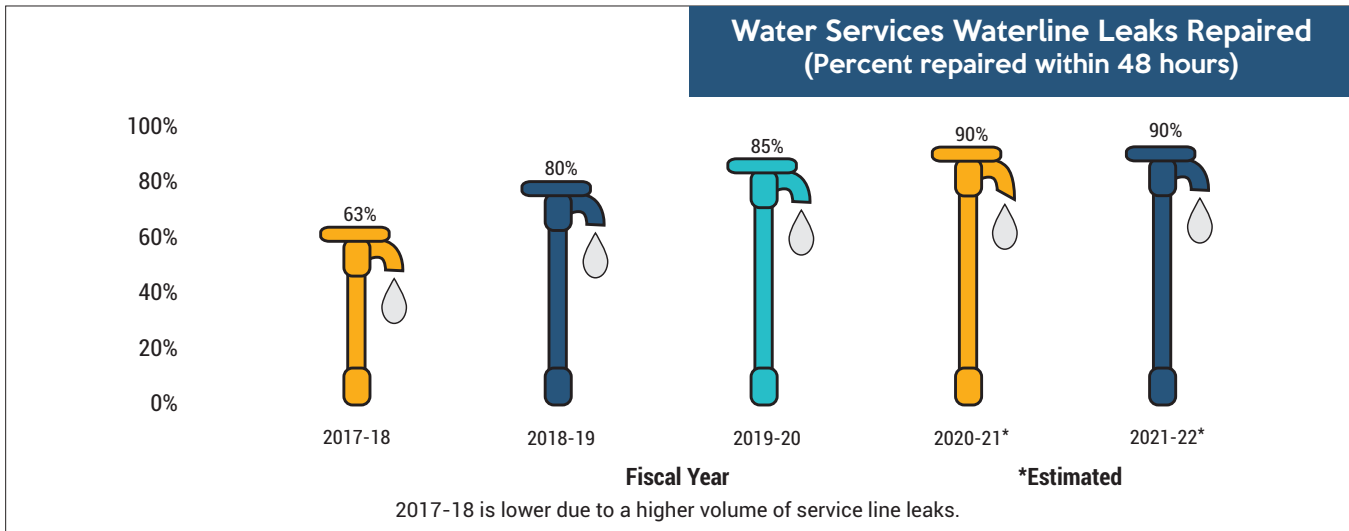
The Water Services Department is responsible for the Water and Wastewater programs. The Water program provides a safe and adequate domestic water supply to all residents in the Phoenix water service area. The Wastewater program assists in providing a clean, healthy environment through the effective management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

Budget Allowance Explanation

The Water Services Department 2021-22 operating budget allowance of \$364,980,000 is \$24,344,000 or 7.1 percent higher than 2020-21 estimated expenditures. The increase is primarily in the Water and Wastewater funds.

The Water Fund 2021-22 budget allowance of \$ 247,444,000 is \$ 19,576,000 or 8.6 percent higher than 2020-21 estimated expenditures. This is primarily due to negotiated increases in employee compensation, a raw water Central Arizona Project (CAP) rate increase, consultants to administer and inspect pavement repairs, increased costs in property insurance, water meter and fire hydrant replacements, and motor vehicle replacements. In addition, funding was added for staff and equipment to implement Phase II of the water conservation plan. These increases are partially offset by reductions in software agreements and increased work-order charges to the Wastewater Fund.

The Wastewater Fund 2021-22 budget allowance of \$ 115,170,000 is \$ 4,718,000 or 4.3 percent higher than 2020-21 estimated expenditures. This is primarily due to increases in employee compensation, chemical and electricity costs at the 91st Ave Wastewater Treatment Plant, work-order charges from the Water fund, and property insurance. These increases are partially offset by reductions in motor vehicle and equipment replacements.



Water Services Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2021-22 budget allowance:

	2019-20 Actual	2020-21 Estimate ¹	2021-22 Budget
Water main break/leaks per 100 miles	14	9	15
Waterline leaks repaired within 48 hours	85%	90%	90%
Percent of miles of sewer cleaned per year	22%	20%	25%
Sanitary sewer overflows per 100 miles	0.85	0.80	0.80
Gallons of water produced system wide (billions)	110.6	119.0	123.5
Gallons of wastewater treated (billions)	61.2	61.8	62.5
Telephone calls-received ²	590,172	421,848	402,000
Telephone calls-percent answered ³	95.0%	97.2%	100.0%

¹ Based on 10 months actual experience.

² Decrease in call volume is attributed to slowing economy due to COVID-19 and additional contact methods available to customers including web services, email, and self-serve.

³ 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

	2019-20 Actual	2020-21 Estimate	2021-22 Budget
Operating Expense	\$318,738,000	\$340,636,000	\$364,980,000
Total Positions	1,485.0	1,480.0	1,485.0
<i>Source of Funds:</i>			
Other Restricted	\$1,839,000	\$2,316,000	\$2,366,000
Wastewater	100,614,000	110,452,000	115,170,000
Water	216,286,000	227,868,000	247,444,000

PUBLIC WORKS – SOLID WASTE MANAGEMENT

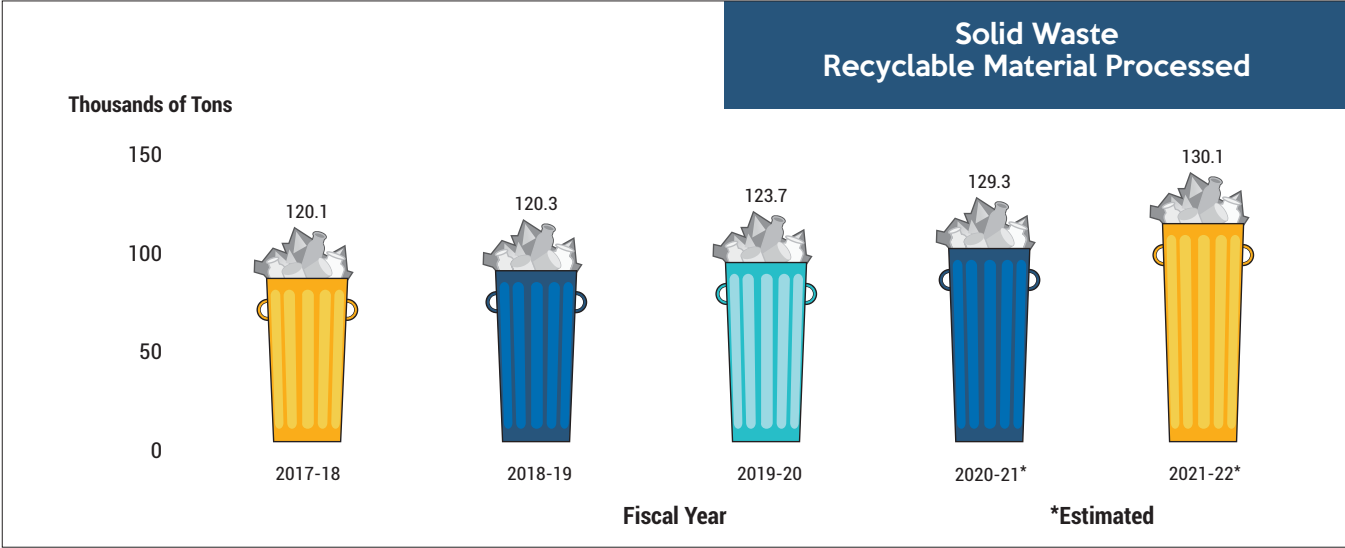
Program Goal

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 2021-22 operating budget allowance of \$170,439,000 is \$11,671,000 or 7.4 percent more than 2020-21 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.

The 2021-22 budget allowance also adds funding for five positions needed to support increases in refuse and recycling tonnage and operations at the SR85 Landfill. Three positions are included to support the coordination and expansion of the Human Services Campus Clean-Up service funded by the General Fund. Funding is also included for one Senior Human Resources Analyst position which was added to the Public Works Support Services area.



Solid Waste Management Major Performance Measures and Service Levels
 The following significant performance measures and service trends will be achieved with the 2021-22 budget allowance:

	2019-20 Actual	2020-21 Estimate ¹	2021-22 Budget
Residential households served with same day contained solid waste and recyclable material collections ²	411,814	415,533	419,286
Tons of total solid waste collected and landfilled ³	972,267	983,644	989,546
Tons of solid waste from City residences disposed ⁴	632,699	634,474	638,281

Expenditure and Position Summary

	2019-20 Actual	2020-21 Estimate	2021-22 Budget
Operating Expense	\$141,943,000	\$158,768,000	\$170,439,000
Total Positions	603.0	625.5	633.5
<i>Source of Funds:</i>			
Solid Waste	\$141,943,000	\$158,768,000	\$170,439,000

¹ Based on 10 months actual experience.
² Projected households for 2021-22 are based on 0.90% growth from 2020-21 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. Projected tonnage for 2021-22 is based on 0.6% growth from 2020-21 projections.
⁴ Tonnage includes Solid Waste Field Services tonnage, transfer station residential loads, non-profit free loads and recycling rejects. Projected tonnage for 2021-22 is based on 0.6% growth from 2020-21 projections.

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 2021-22 operating budget allowance of \$23,368,000 is \$146,000 or 0.6 percent more than 2020-21 estimated expenditures. The increase is primarily in the General Fund and is offset by a decrease in Grant funding due to the conclusion of the federal grant for the Coronavirus Relief Fund.

The General Fund 2021-22 budget allowance of \$22,728,000 is \$2,221,000 or 10.8 percent more than 2020-21 estimated expenditures. The increase is primarily due to negotiated increases in employee compensation. The 2021-22 budget allowance also includes restoration of ten fleet maintenance positions, one new position to support the Flood Plain Management program and three positions to support the operation of the Phoenix City Hall and Calvin C. Goode buildings appointment service counters implemented during the COVID-19 pandemic to provide for service continuity.

In addition, funding is included in the General Fund to support the coordination and expansion of the Human Services Campus Clean-up program for which positions and equipment will be in the Solid Waste Division of Public Works.

The Other Restricted 2021-22 budget allowance of \$641,000 is \$569,000 more than 2020-21 estimated expenditures due to ASU Facilities operations.

Public Works Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2021-22 budget allowance:

	2019-20 Actual	2020-21 Estimate ¹	2021-22 Budget
Square footage of buildings maintained	10,514,903	10,514,903	10,514,903
Facility service requests completed ²	19,299	17,500	18,000
Fleet vehicles per mechanic ³	40.4	41.3	39.8
Units of equipment for which fleet management is provided	7,548	7,711	7,760
Annual miles of fleet vehicle utilization (in millions)	49.2	47.4	47.8

¹ Based on 10 months actual experience.

² 2020-21 facility service requests are projected to decrease due to building closures due to the COVID-19 pandemic. 2021-22 service requests are projected to increase as City buildings open back up and employees return to work locations.

³ The reduction in 2021-22 is due to the addition of new fleet maintenance positions.

Expenditure and Position Summary

	2019-20 Actual	2020-21 Estimate	2021-22 Budget
Operating Expense	\$19,006,000	\$23,222,000	\$23,368,000
Total Positions	426.0	431.0	443.0
<i>Source of Funds:</i>			
General Fund	\$18,181,000	\$20,507,000	\$22,728,000
Other Restricted	50,000	45,000	641,000
Grants	775,000	2,671,000	-

OFFICE OF ENVIRONMENTAL PROGRAMS

Program Goal

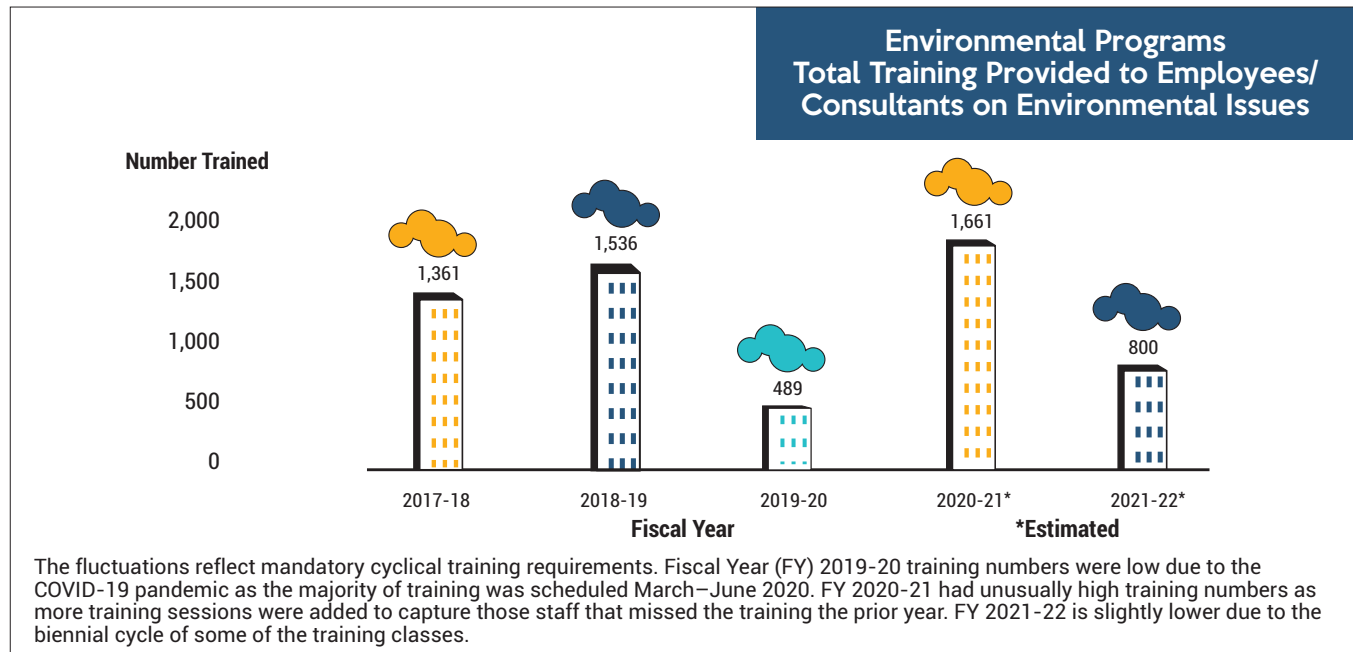
The Office of Environmental Programs provides coordination and monitoring for the City's environmental programs and activities, and develops and implements regulatory policies and programs.

Budget Allowance Explanation

The Office of Environmental Programs 2021-22 operating budget allowance of \$1,997,000 is \$1,759,000 or 46.8 percent less than the 2020-21 estimated expenditures. The decrease is primarily due to the conclusion of the federal grant for the Coronavirus Relief Fund.

The General Fund 2021-22 budget allowance of \$1,280,000 is \$546,000 or 74.4 percent higher than 2020-21 estimated expenditures. Funding was added for a new Program Manager position to focus on the 2025 Phoenix Food Action Plan. Additional funding was added to support existing and future needs relating to air quality, climate and resilience planning.

The Grants 2021-22 budget allowance of \$16,000 is \$2,354,000 or 99.3 percent less than 2020-21 estimated expenditures primarily due to the conclusion of the federal grant for the Coronavirus Relief Fund.



Environmental Programs Major Performance Measures and Service Levels

The following significant performance measures and service level trends will be achieved with the 2021-22 budget allowance:

	2019-20 Actual	2020-21 Estimate ¹	2021-22 Budget
Number of site assessments conducted ²	237	209	150
Number of brownfields projects implemented	2	2	3
Percentage of time an emergency response team will arrive on-scene within 2 hours of a call for service	92%	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. Fiscal year 2019-20 had a slightly higher than normal number of capital project assessment requests compared to previous years.

Expenditure and Position Summary

	2019-20 Actual	2020-21 Estimate	2021-22 Budget
Operating Expense	\$1,300,000	\$3,756,000	\$1,997,000
Total Positions	10.0	10.0	11.0
<i>Source of Funds:</i>			
General Fund	\$620,000	\$734,000	\$1,280,000
Capital Construction	64,000	70,000	70,000
Other Restricted	159,000	183,000	199,000
Grants	104,000	2,370,000	16,000
Water	354,000	399,000	431,000

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 2021-22 operating budget allowance of \$910,000 is \$230,000 or 33.8 percent more than 2020-21 estimated expenditures. The increase is primarily due to the reallocation of grant funds for two energy efficiency programs to the Office of Sustainability.

The General Fund 2021-22 budget allowance of \$474,000 is \$45,000 or 10.5 percent greater than 2020-21 estimated expenditures. The increase is due to negotiated increases in employee compensation and other normal inflationary adjustments.

The Other Restricted Funds 2021-22 budget allowance of \$90,000 is \$20,000 or 28.6 percent more than the 2020-21 estimated expenditures. The increase is primarily due to the reallocation of the Community Energy Efficiency Program from the Public Works Department to the Office of Sustainability.

The Grants Fund 2021-22 budget allowance of \$346,000 is \$165,000 or 91.2 percent more than the 2020-21 estimated expenditures.

The increase is primarily due to the reallocation of the City Energy Efficiency Program from the Public Works Department to the Office of Sustainability.

Expenditure and Position Summary			
	2019-20 Actual	2020-21 Estimate	2021-22 Budget
Operating Expense	\$425,000	\$680,000	\$910,000
Total Positions	5.0	5.0	4.0
<i>Source of Funds:</i>			
General Fund	\$379,000	\$429,000	\$474,000
Other Restricted	0	70,000	90,000
Grants	45,000	181,000	346,000

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 2021-22 will be \$57,000,000, plus \$67,164,000 in set-asides. The set-asides include \$6,229,000 for the expansion of the Community Assistance Program to provide additional resources for responding to mental and behavioral health calls for service; \$59,490,000 for the second year of the two year labor contracts for employee compensation increases in 2022-23; \$500,000 for police reform to hire independent third-parties to complete a comprehensive review of the Phoenix Police Department to improve trust and accountability with the community; and \$945,000 for staff, supplies and equipment to operate three new parks in the Southwest area of Phoenix expected to open in 2022-23.

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 2021-22 contingency reflects an increase of \$1,404,000 over the 2020-21 contingency of \$55,596,000 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
2012-13	1,109,322	40,658 2,000	4%
2013-14	1,125,373	43,658 —	4%
2014-15	1,145,995	45,268 —	4%
2015-16	1,149,761	46,400 —	4%
2016-17	1,212,282	48,400 34,746	4%
2017-18	1,268,098	50,400 5,500	4%
2018-19	1,296,723	52,400 9,219	4%
2019-20	1,374,444	55,400 2,512	4%
2020-21	1,405,970	55,596 —	4%
2021-22	1,576,231	57,000 67,164	4%

OTHER FUND CONTINGENCIES

Similar to the General Fund, other funds also include contingency amounts. The contingency amounts and percentages of total operating expenditures vary to accommodate differences in the volatility of operations and revenues. Use of these amounts requires City Council approval. The following table shows the contingency amount for each of the other funds.

2021-22 OTHER FUND OPERATING EXPENDITURE AND CONTINGENCY AMOUNT (000'S)			
Fund	Operating Expenditures	Contingency Amount	Percent of Operating Expenditures
Aviation	372,968	20,000	5%
Convention Center	48,880	3,000	6%
Development Services	81,906	7,000	9%
Solid Waste	171,647	1,000	1%
Sports Facilities	22,690	20,000	88%
Transportation 2050	91,311	4,000	4%
Wastewater	128,461	12,500	10%
Water	261,694	12,000	5%



COVID-19 FUNDING SUMMARY

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. State and local governments were awarded a variety of grant funds under the CARES Act.

Coronavirus Relief Fund (CRF)

The CARES Act allocated \$150 billion in Coronavirus Relief Funds to states and cities with a population over 500,000 to address and mitigate the negative impacts of COVID-19. As a result, the City of Phoenix was awarded \$293 million in Coronavirus Relief Funds. Based on the federal guidance, these funds could only be used to cover costs that were necessary expenditures caused by COVID-19 incurred between March 1 and December 30, 2020.

On May 5, 2020 City Council adopted the Coronavirus Relief Fund Strategic Plan. Based on input from City Council, the funds were allocated between Community Investment, City Operations and a Reserve to Preserve City Services. The Community Investment Programs were allocated between the following six categories:

- Business and Employee Assistance
- Rent/Mortgage and Utility Assistance
- Distance Learning and WiFi Access
- Mitigation and Care of Vulnerable Populations
- Food Delivery
- Better Health and Community Outcomes

The programs created within these categories were designed to directly address the negative impact that the COVID-19 virus was having on Phoenix residents and local businesses. Some of the approved programs were new initiatives, while others supplemented existing programs that were approved or implemented as a broader strategy to mitigate COVID-19.

The City Operations portion of the Coronavirus Relief Fund Strategic Plan was designed to provide City departments with the resources needed to keep employees and residents safe and to provide staff with the tools and technology needed to facilitate teleworking and continuity of operations. The City Operations Programs were allocated under the following six categories:

- Employee COVID-19 Testing
- PPE and Cleaning Supplies
- Medical and Public Safety Measures
- Payroll Expense Reimbursement/Management Oversight of COVID Funds
- Telework/e-Government Solutions
- Public Facility Retrofit Funding

The Reserve was initially created to address any unknown needs that could have surfaced as staff and the community dealt with the virus. However, as guidance from the Treasury changed, staff determined that the Reserve could be used to preserve existing General Funded programs that were facing reduction due to declining revenue by strategically offsetting eligible public safety salaries in the General Fund.

The Strategic Plan was modified throughout the year as conditions and needs changed and on December 8, 2020 staff presented City Council with the final update report.

Other Significant Grants Awarded to the City of Phoenix Under the CARES Act or the Consolidated Appropriations Act

The following is a summary of other funds received by City Departments under either the CARES Act or the Consolidated Appropriations Act.

Aviation

The Aviation Department received \$148 million in funding from the CARES Act. Per Department of Treasury guidance this funding was available to be used on any lawful airport purpose. In addition, the Aviation Department received \$39 million in funding from the Coronavirus Response and Relief Supplemental Appropriations Act of 2021(CRRSA).

Public Transit

The Public Transit Department received \$99.5 million in CARES Act funding from the U.S. Department of Transportation (USDOT). In addition, the Public Transit Department received \$43 million in funding from USDOT as a result of the Coronavirus Response and Relief Supplemental Appropriations Act of 2021 (CRRSA). The funding from the federal COVID-19 relief packages is to provide the resources needed to continue public transit operations and respond to the impacts of COVID-19.

Neighborhood Services

The Neighborhood Services Department received approximately \$23.9 million in CARES Act Community Development Block Grant funding from the federal Department of Housing and Urban Development (HUD). These funds were allocated to prevent, prepare for, and respond to the coronavirus by providing grants for very small businesses, assisting nonprofits to provide community services, supporting residents sheltering in place through housing rehabilitation, and increasing shelter beds for people experiencing homelessness.

Human Services

The Human Services Department has received nearly \$40 million in COVID-related funding through a variety of agencies. Funding was used to assist Phoenix residents facing housing instability, homelessness, and other emergency services. Funding was also used to support Head Start aged children and families. Additionally, the Human Services Department received \$51.1 million for the emergency rental assistance program from the Consolidated Appropriations Act 2021.

Housing Department

The Housing Department has received \$6.6 million in CARES Act funding from the federal Department of Housing and Urban Development (HUD) to be used for maintenance of normal operations and to prevent, prepare for, and respond to the coronavirus during the period impacted.

Fire Department

The Fire Department has received \$879,000 in Assistance to Firefighters Grant COVID19 supplemental funding. These funds were allocated to purchase personal protective equipment for public safety responders and include items such as respirators, masks, and gloves.

Police Department and Fire Department

The Police and Fire Departments received \$2,572,519 in Coronavirus Supplemental Funding Program Formula Grant funds to purchase personal protective equipment for public safety responders. Items funded include masks, gloves, and gowns. Funds were also allocated to cover Police and Fire overtime expenses attributed to the City of Phoenix Incident Management Team while managing the COVID19 response.

American Rescue Plan Act (ARPA)

On March 11, 2021 the American Rescue Plan Act (ARPA) was signed into law to provide additional relief to address the continued impact of the COVID-19 pandemic on the economy, public health, state and local governments, individuals, and businesses.

State and Local Fiscal Recovery Funds

Over the next two years, the City of Phoenix will receive approximately \$396 million in State and Local Fiscal Recovery Funds under the umbrella of the previously approved American Rescue Plan Act which was signed by President Biden in March. Funding is anticipated to be received in two equal distributions 12 months apart. The City received the first allocation of approximately \$198 million on May 19, 2021. The second allocation of \$198 million will be awarded approximately one year from now and is not expected to be available to spend until FY 2022-23.

According to federal guidance, these funds may only be used to cover costs that are necessary expenditures caused by COVID-19 incurred between March 3, 2021 and Dec. 31, 2024. Per the revised guidance and language currently available, funds can only be used to:

- Support public health expenditures, by funding COVID-19 mitigation efforts, medical expenses, behavioral healthcare, and certain public health and safety staff;
- Address negative economic impacts caused by the public health emergency, including economic harms to workers, households, small businesses, impacted industries, and the public sector;
- Replace lost public sector revenue, using this funding to provide government services to the extent of the reduction in revenue experienced due to the pandemic;
- Provide premium pay for essential workers, offering additional support to those who have borne and will bear the greatest health risks because of their service in critical infrastructure sectors; and
- Invest in water, sewer, and broadband infrastructure, making necessary investments to improve access to clean drinking water, support vital wastewater and stormwater infrastructure, and to expand access to broadband internet.

On June 8, 2021 City Council approved the American Rescue Plan Act Strategic Plan. Consistent with City Council direction the plan focused only on the first year's allocation. Based on input from City Council, the funds were allocated between Community Investment, City Operations Investments and a Contingency.

The Community Investment category, the largest proposed allocation in this plan, is strategically focused on providing assistance to vulnerable populations, businesses and those hardest hit by the COVID-19 pandemic. This portion of the plan includes six distinct focus areas consisting of multiple programs. The proposed strategic plan assumes Community Investment will receive approximately 72% of ARPA funding. The Community Investment Programs were allocated between the following six categories:

- Phoenix Arts, Business and Employee Assistance
- Mitigation and Care of Vulnerable Populations
- Youth Sports, Recreation, Education, After-School and Wireless
- Household and Residential Assistance
- Phoenix Resilient Food System
- Better Health and Community Outcomes

The City Operations category, the second largest of the three plan areas, is strategically focused on General Fund (GF) resiliency and capitalizing on the one-time nature of this funding source to address issues that will free up future GF resources and support transformational investments. The proposed strategic plan assumes City Operations will receive approximately 25% of ARPA funding, or \$100 million, over two years. This area includes the following areas of focus:

- Infrastructure, Technology and Capital Needs
- Revenue Replacement
- PPE, Cleaning, Sanitizing/Testing and Vaccine Distribution

A \$5 million contingency was included to preserve resources in case the federal government changes guidance to allow the funds to be used in new areas of concern for the Council or to supplement funding for an approved program that exhausts its allocation of funds before more funding becomes available. The contingency would also be available to cover other unexpected COVID-19 expenses that could occur later in the year. The reserve is not a requirement and Council could allocate this funding immediately or at any other point in the fiscal year as necessary.

Other ARPA Funds Awarded to Specific Departments

In addition to the funds awarded to the City of Phoenix mentioned above, ARPA funds were also awarded directly to certain departments within the City of Phoenix.

Aviation Department

The U.S. Department of Transportation also provided \$8 billion for airport operations nationwide. The Aviation Department's allocation for these ARPA funds has not yet been determined. The Aviation Department will apply for these funds after the Federal Aviation Administration publishes the funding requirements.

Housing Department

The U.S. Department of Housing and Urban Development awarded the Housing Department \$25.5 million in ARPA funds. The award was comprised of \$4.2 million for Emergency Housing Vouchers to provide temporary public housing to individuals and families experiencing homelessness or at risk of homelessness, and \$21.3 million for the on-going production or preservation of affordable housing, tenant-based rental assistance, supportive services, and purchase or development of non-congregate shelter for individuals and families experiencing homelessness.

Human Services Department

The Human Services Department was awarded \$55.3 million to continue the emergency rental assistance program, providing financial services to residents experiencing difficulty due to COVID-19 in paying their rent and utility bills.

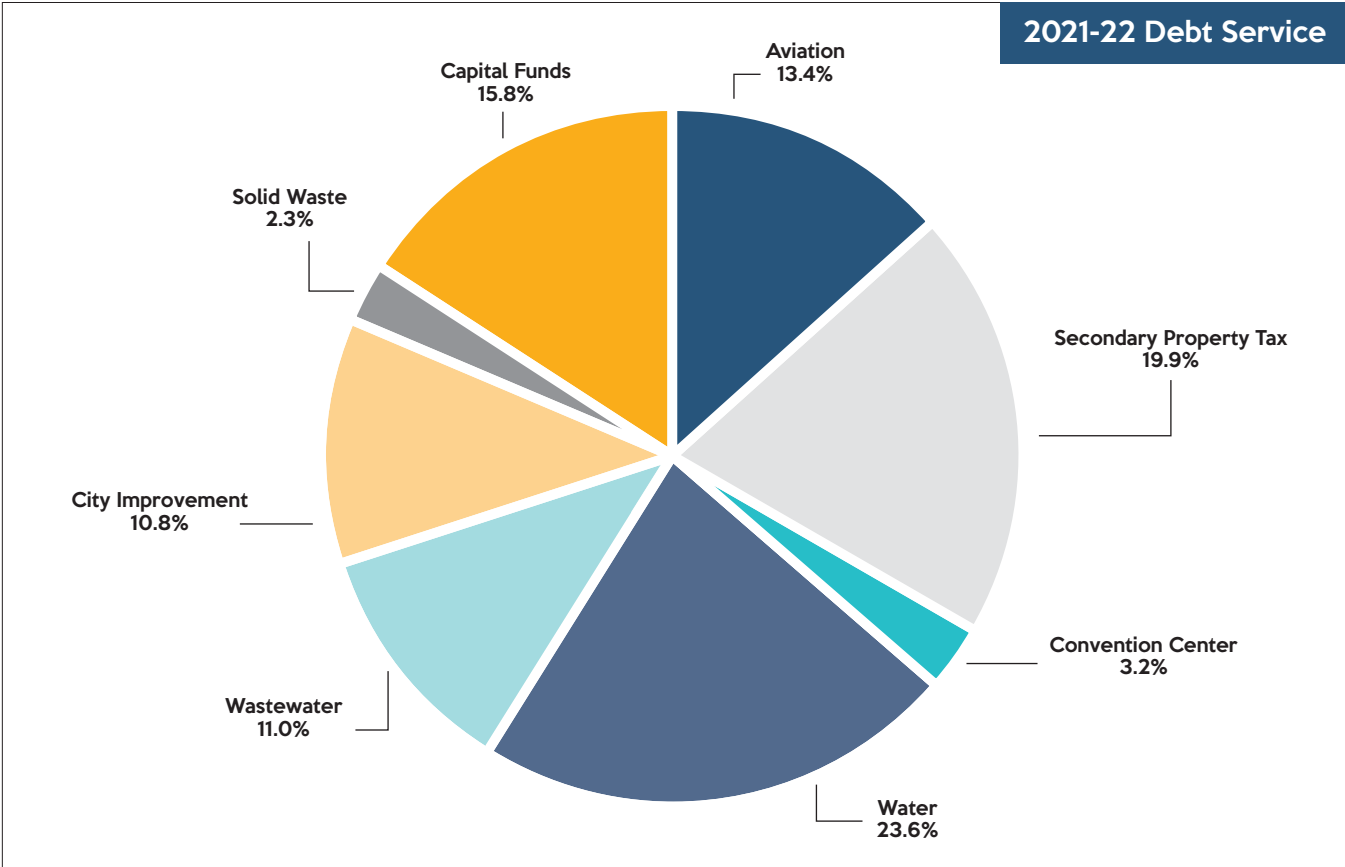
Public Transit Department

The U.S. Department of Transportation awarded the Public Transit Department \$186 million as part of the American Rescue Plan Act. \$105 million is to continue public transit operations and respond to the impacts of COVID-19, while \$81 million is specifically for the South-Central Extension/Downtown Hub (SCE/DH) light rail project.



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 2021-22 for existing debt and anticipated future bond sales is \$651,533,000. As shown in the following pie chart, debt service expenditures are funded by both operating and capital funding sources. 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 also are not general obligations of the City.

Debt Management

In general, the City has used general obligation bonds to finance capital programs of general government (non-enterprise) departments. These include programs such as fire protection, police protection, libraries, parks and recreation, service centers and storm sewers. The debt service on these bonds is paid from the secondary property tax levy. By state law, the City can only use its secondary property tax levy to pay principal and interest on long-term debt.

To finance the capital programs of enterprise departments, the City has used revenue bonds secured by and repaid from the revenues of these enterprises. In the past, the City also has used general obligation bonds for water, airport, sanitary sewer and solid waste purposes when deemed appropriate.

Since the 1950s, the City has used a community review process to develop and acquire voter approval for general obligation bond programs. At a bond election held on March 14, 2006, voters approved all of the \$878.5 million of the 2006 Citizens' Bond Committee recommended bond authorizations. These authorizations provided funding to construct capital improvements in the following areas:

- Police and Fire Protection
- Police, Fire and Computer Technology
- Parks, Recreation and Mountain Preserves
- Education Facilities
- Library Facilities
- Street Improvements
- Storm Sewers
- Senior Facilities
- Cultural Facilities
- Affordable Housing
- 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	A+	-
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	AAA	-
Rental Car Facility Charge Revenue Bonds ⁽²⁾	A3	BBB+	-
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	\$1,002,860	\$ -	\$1,002,860
Airport	-	-	-
Sanitary Sewer	-	375	375
Solid Waste	-	640	640
Water	-	-	-
Direct Debt	\$1,002,860	\$ 1,015	\$1,003,875
Less: Revenue Supported	-	(1,015)	(1,015)
Net Debt	\$1,002,860	\$ -	\$1,002,860

⁽¹⁾ Represents general obligation bonds outstanding as of January 1, 2021. 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 2020-21 was \$19,889,713,798. 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, 2021, is shown below, based upon 2020-21 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	\$3,977,942,760
Direct General Obligation Bonds Outstanding ⁽¹⁾	(890,365,000)
Less: Debt Limit Reduction from Refunding ⁽²⁾	(33,261,199)
Unused 20% Limitation Borrowing Capacity	<u>\$ 3,054,316,561</u>

All Other General Obligation Bonds	
6% Constitutional Limitation	\$1,193,382,828
Direct General Obligation Bonds Outstanding ⁽¹⁾	(113,510,000)
Less: Debt Limit Reduction from Refunding ⁽²⁾	(14,628,277)
Unused 6% Limitation Borrowing Capacity	<u>\$1,065,244,551</u>

⁽¹⁾ Represents general obligation bonds outstanding as of January 1, 2021.

⁽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, 2021.

Net Direct General Obligation Bonded Debt Ratios			
	Per Capita Debt Pop. Est. (1,680,992) ⁽¹⁾	Limited Net Assessed Valuation (\$13,923,185,918)	Full Cash Valuation (\$198,012,408,578)
Direct General Obligation Bonded Debt Outstanding as of January 1, 2021	\$597.19	7.21%	0.51%
Net Direct General Obligation Bonded Debt Outstanding as of January 1, 2021	\$596.59	7.20%	0.51%

⁽¹⁾ Population estimate obtained from the U.S. Census Bureau as of July 1, 2019.

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)			
SOURCE OF FUNDS	2019-20 Actual	2020-21 Estimate	2021-22 Budget
Operating Funds			
City Improvement	123,972	58,706	70,421
Secondary Property Tax	116,210	128,846	129,714
Aviation	91,827	126,449	87,281
Convention Center	19,952	20,639	20,763
Solid Waste	14,041	14,977	15,227
Wastewater	72,806	71,783	71,389
Water	128,287	136,908	153,620
Total Operating Funds	567,095	558,308	548,415
Capital Funds			
Nonprofit Corporation Bonds			
Aviation	1,722	-	-
Convention Center	-	259	-
Transportation 2050	-	-	800
Water	770	302	498
Other	-	164	-
Capital Reserves	-	800	-
Customer Facility Charges	14,024	15,557	20,558
Federal, State and Other Participation	23,500	23,998	24,498
Passenger Facility Charges	49,945	22,598	56,763
Total Capital Funds	89,961	63,678	103,118
Total	\$657,055	\$621,986	\$651,533
TYPE OF EXPENDITURE			
Principal	361,917	306,895	314,169
Interest and Other	295,138	315,090	337,363
Total	\$657,055	\$621,986	\$651,533

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 16, 2021, 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 and improvements to water and wastewater infrastructure; construction of Terminal 4 South 1 Concourse at Phoenix Sky Harbor Airport; major street and bridge rehabilitation and new construction; major maintenance and assessments of facilities citywide; replacement of the KIVA Planning and Development permitting system and the Fire Computer-Aided Dispatch and Record Management systems; completion of the Cesar Chavez Community Center; construction of three new parks and a fire station in southwest Phoenix; investment in northwest Phoenix regional public infrastructure, facilitating development of a multibillion dollar Taiwan Semiconductor Manufacturing Company campus; and development of Edison-Eastlake multifamily housing. The preliminary plan has been updated to reflect cost or timing changes identified since the preliminary program was developed.

2021-26 Capital Improvement Program Development

The annual citywide Capital Improvement Program update process began in December 2020 when departments prepared revised 2020-21 estimates and updated their five-year capital improvement programs. The 2020-21 estimates reflect updated construction cost estimates, schedules adjustments, awarded contract amounts and other program changes. The 2021-26 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 Infrastructure and Innovation 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 2021-26 Capital Improvement Program includes \$185.9 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 2021-26 Capital Improvement Program includes \$729.2 million in Transportation 2050 pay-as-you-go funds, as well as \$200.2 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 \$175.2 million in available impact fees in the 2021-26 Capital Improvement Program. Additional impact fees will be programmed in future capital improvement programs as these fees are collected.

**SUMMARY OF 2021-26 CAPITAL IMPROVEMENT PROGRAM
BY PROGRAM**
(In Thousands of Dollars)

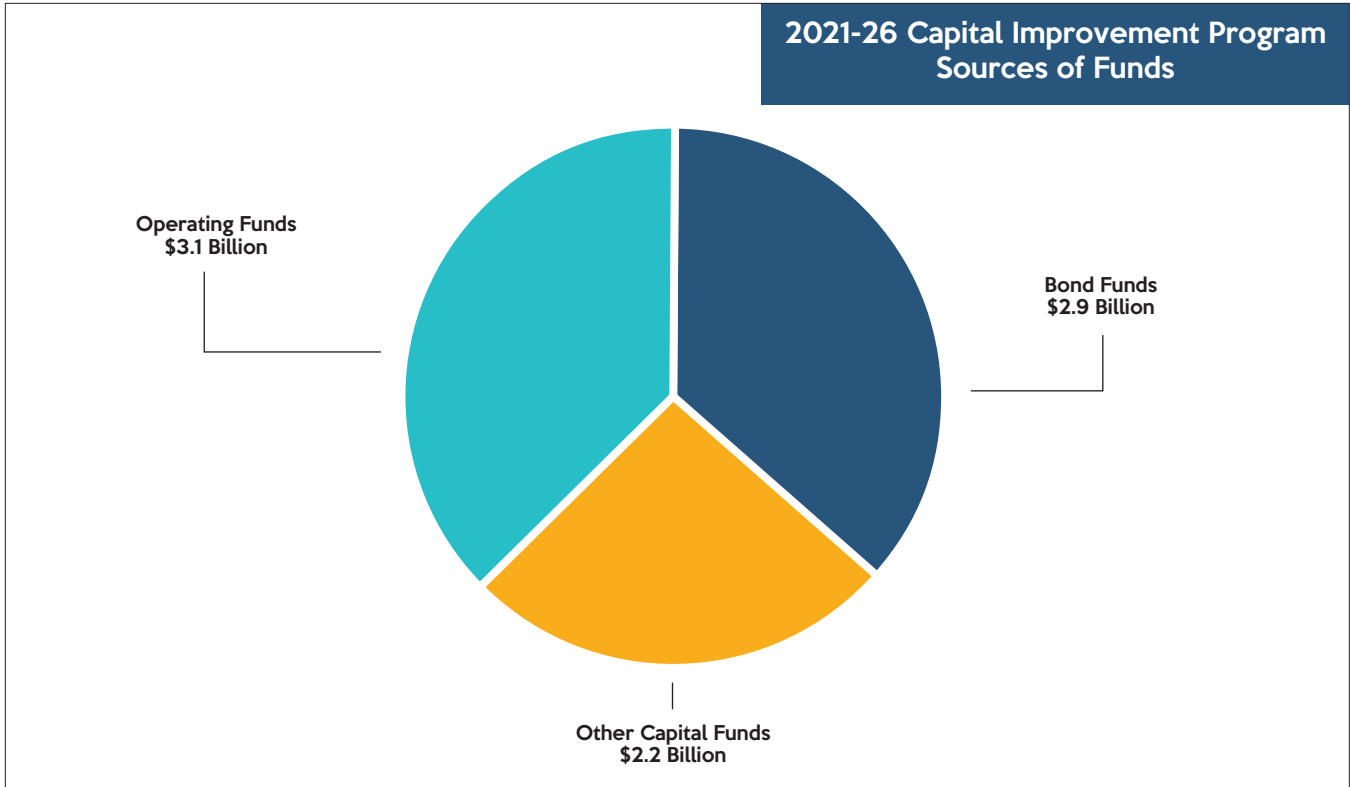
	2021-22	2022-23	2023-24	2024-25	2025-26	Total
Arts and Cultural Facilities	902	-	-	-	-	902
Aviation	349,354	261,139	325,000	293,978	264,705	1,494,176
Economic Development	9,450	6,540	7,663	6,390	6,590	36,633
Environmental Programs	250	250	250	250	250	1,250
Facilities Management	25,688	21,875	21,875	13,975	14,026	97,439
Finance	8,000	-	-	-	-	8,000
Fire Protection	37,133	-	-	-	-	37,133
Historic Preservation & Planning	3,648	-	-	-	-	3,648
Housing	46,013	17,451	9,197	8,215	7,340	88,216
Human Services	600	-	-	-	-	600
Information Technology	19,331	6,748	19,387	6,748	6,748	58,961
Libraries	5,621	955	955	955	955	9,441
Neighborhood Services	12,306	1,750	-	-	-	14,056
Non-Departmental Capital	103,118	102,325	102,822	103,329	103,828	515,421
Parks, Recreation & Mountain Preserves	83,802	39,450	30,670	29,700	29,075	212,697
Phoenix Convention Center	15,638	5,031	3,764	5,834	1,753	32,019
Police Protection	24,412	7,000	7,000	7,000	7,000	52,412
Public Art Program	6,039	3,861	1,561	543	483	12,486
Public Transit	407,919	186,969	308,684	222,467	115,675	1,241,713
Regional Wireless Cooperative	6,001	6,001	6,001	6,001	6,001	30,005
Solid Waste Disposal	30,954	24,084	11,332	3,569	5,007	74,947
Street Transportation & Drainage	332,786	144,946	125,053	120,974	136,608	860,368
Wastewater	248,640	472,220	232,689	423,889	249,397	1,626,835
Water	402,848	420,016	253,628	136,868	525,759	1,739,120
Total	2,180,453	1,728,611	1,467,530	1,390,684	1,481,200	8,248,478

SUMMARY OF 2021-26 CAPITAL IMPROVEMENT PROGRAM
BY SOURCE OF FUNDS
(In Thousands of Dollars)

	2021-22	2022-23	2023-24	2024-25	2025-26	Total
Operating Funds						
General Funds						
General Fund	24,052	19,060	19,057	19,163	19,057	100,390
Library	955	955	955	955	955	4,775
Special Revenue Funds						
Arizona Highway User Revenue	85,482	61,428	67,394	65,399	77,298	357,001
Capital Construction	20,380	9,086	8,226	8,226	8,226	54,144
Community Reinvestment	7,734	3,425	4,697	3,425	3,425	22,707
Development Services	4,451	140	2,243	140	140	7,115
Grants	125,058	58,575	50,673	73,418	51,581	359,305
Other Restricted	12,718	1,615	1,465	1,465	1,615	18,880
Parks and Preserves	66,212	30,155	30,691	29,725	29,100	185,883
Regional Transit	13,961	4,389	3,989	13,774	5,774	41,888
Sports Facilities	2,393	4,000	2,000	2,000	2,000	12,393
Transportation 2050	308,724	60,366	121,163	146,781	92,148	729,182
Enterprise Funds						
Aviation	126,993	47,716	35,870	46,068	30,836	287,482
Convention Center	15,480	5,098	4,250	5,798	1,824	32,451
Solid Waste	11,278	11,492	6,874	3,607	5,091	38,342
Wastewater	71,659	82,916	58,037	70,436	85,968	369,016
Water	125,355	160,240	65,743	56,564	78,853	486,756
Total Operating Funds	1,022,887	560,657	483,328	546,945	493,893	3,107,710
Bond Funds						
General Obligation Bond Funds						
2001 General Obligation Bonds	902	-	-	-	-	902
2006 General Obligation Bonds	4,370	-	-	-	-	4,370
Nonprofit Corporation Bond Funds						
Aviation Bonds	92,487	45,666	100,666	91,667	103,660	434,146
Other Bonds	40,590	8,100	8,100	-	-	56,790
Solid Waste Bonds	19,145	11,050	60	60	50	30,365
Transportation 2050 Bonds	39,898	108,797	27,244	20,886	3,358	200,183
Wastewater Bonds	112,016	370,164	121,984	329,487	126,655	1,060,306
Water Bonds	219,648	254,292	191,031	79,446	418,021	1,162,439
Total Bond Funds	529,057	798,069	449,085	521,546	651,744	2,949,501
Other Capital Funds						
Other Capital Funds						
Capital Grants	189,542	153,630	307,972	125,733	102,219	879,096
Capital Reserves	15,151	10,000	11,300	7,000	7,000	50,451
Customer Facility Charges	20,558	20,565	20,562	20,566	20,564	102,815
Federal, State and Other Participation	118,761	69,365	48,832	45,453	45,816	328,226
Impact Fees	166,111	7,295	-	1,750	-	175,156
Other Capital	835	-	-	-	-	835
Other Cities' Share in Joint Ventures	34,721	33,064	60,501	31,766	72,552	232,605
Passenger Facility Charges	81,365	75,595	85,593	89,564	87,047	419,163
Solid Waste Remediation	1,465	372	357	361	366	2,921
Total Other Capital Funds	628,509	369,885	535,117	322,193	335,563	2,191,268
Total	2,180,453	1,728,611	1,467,530	1,390,684	1,481,200	8,248,478

2021-26 CAPITAL IMPROVEMENT PROGRAM HIGHLIGHTS

The Capital Improvement Program (CIP) totals \$8.2 billion over the next five years. As shown in the pie chart below, funding for the 2021-26 program comes from \$2.9 billion in bond funds, \$3.1 billion in pay-as-you-go operating funds and \$2.2 billion in other capital funds.



Projects in the first year total \$2.2 billion and are funded from pay-as-you-go operating funds (\$1,022.9 million), bond funds (\$529.1 million) and other capital financing (\$628.5 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 2021-26 Capital Improvement Program by source of funds and the 2021-22 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. Projects are typically prioritized based on community input obtained during the development of periodic General Obligation Bond programs.

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

Aviation

The Aviation program totals \$1,494.2 million and is funded by Aviation, Aviation Bond, Capital Grant 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.

Various divisions of the Aviation Department are responsible to identify and request new CIP projects as they are needed for airport expansion and replacement of existing infrastructure. They work with the stakeholders impacted by the project to develop a business case which includes a scope, schedule, and budget, including a return on investment analysis, for the project. As part of the business case, a points-based score is developed for the project. Scoring is based on the project's return on investment, cost reduction or net present value; efficiency or productivity improvements; potential for risk transfer or public-private partnerships; regulatory mandates; safety and security risk mitigation; and level of service or community

relations needs. The business case is then presented to Aviation's executive team for approval or revision. If approval is received, the project is placed on the priority ranking list according to the project's score to await available funding and incorporation into the Aviation CIP.

Major projects include:

- Modernization of Terminal 4 vertical and horizontal transportation equipment
- Trenching of the Union Pacific Railroad tracks north of the airport to develop land for aviation purposes
- Reconfiguration of the Facilities and Services complex allowing for a future crossfield taxiway
- Design and construction of Terminal 3 North Concourse

Economic Development

The \$36.6 million Economic Development program is funded by Downtown Community Reinvestment, Arizona Highway User Revenue, Other Restricted and Sports Facilities funds.

The Community and Economic Development Department identifies new CIP projects by various methods which include: alignment with strategic planning objectives; collaboration with business, government and educational partners; and, engagement with community groups and business associations. The City commits funds and expertise to partner with private and public entities. These partnerships help to expand the City's economy through the creation of new infrastructure and civic improvements, that trigger regional revitalization, enhance public tax revenues, facilitate the growth of the knowledge workforce, and promote higher education opportunities. Other benefits include achieving affordable and workforce housing objectives, and support of historic preservation and adaptive reuse projects.

Major projects include:

- Downtown Redevelopment Area project facilitation and assistance
- ASU Thunderbird School of Global Management development assistance
- Historic Preservation and Conservation facilitation and assistance
- Arizona Biomedical Corridor Project Facilitation and assistance

Environmental Programs

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

Stormwater capital improvement projects are implemented to advance the City's efforts to comply with stormwater management requirements and regulations. Any City department may propose a potential stormwater project, provided that the project meets the criteria outlined in the Stormwater Capital Improvement Project Fund Eligibility and Funding Protocol. The proposed projects are periodically reviewed by the Stormwater Working Group and then approved by the Stormwater Executive Committee based on criteria established in the funding protocol, including: risk of regulatory non-compliance, ability for the project to achieve sustained compliance, degradation to the City's Municipal Separate Storm Sewer System, need for remediation, and other associated risks.

Facilities Management

The Facilities Management program totals \$97.4 million and is funded by General, Development Services, Other Restricted, Solid Waste, Wastewater, Water, Other Bond and Other Capital funds.

The Facilities Management program includes various major maintenance projects for City facilities and fuel infrastructure. Additional citywide efforts to be implemented by Facilities Management primarily include: security access control, energy efficient retrofits, fire and life safety systems, roofs, parking lots, and electric service entrance systems.

Most Facilities Management capital projects are requested and prioritized under the annual General Fund Facilities Project Prioritization Process. New project requests originate from facility lifecycle replacement plans, facility assessments, engineering studies, testing results, citizen requests, regulatory compliance, and identification of asset deterioration by City facilities staff. Projects are reviewed by a committee of subject matter experts from various departments and are evaluated and prioritized on the basis of human safety, service continuity, damage avoidance, aesthetic deficiency mitigation, regulatory considerations and potential for increasing efficiency.

Finance

The Finance program totals \$8.0 million, funded by Other Bond funds, supporting enhancements to the citywide financial system.

Fire Protection

The \$37.1 million Fire Protection program is funded by General, Other Restricted, Other Bonds and Impact Fee funds.

The program consists of infrastructure in growth areas, implementation of new Computer Aided Dispatch and Records Management systems, construction of new Fire Station 62 at 99th Avenue and Lower Buckeye Road, and land acquisition for a future fire station.

The Phoenix Fire Department plans for CIP projects through a prioritized strategic forecasting process. The most significant projects for the department are construction of future fire stations that have been forecasted through the creation of a twenty-year fire station implementation plan. The forecast plan was developed through analysis of a variety of factors such as: existing fire stations' location and capacity, key performance indicators, and planned growth. Additionally, other identified new CIP project needs are presented to the Fire Department executive staff in the form of business cases, that are then evaluated based on the potential positive impact on service delivery to the Phoenix community.

Development Impact Fee-funded projects are identified in accordance with state statutes, ensuring capital funding for service levels in planning areas is consistent with service levels in developed areas of the City. Identified projects are incorporated in the City's Infrastructure Financing Plan, which is reviewed by a citizens' committee prior to public hearings and ultimate adoption by the City Council.

Historic Preservation & Planning

The Historic Preservation and Planning program totals \$3.6 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 \$88.2 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.

Housing Department capital improvement projects are identified based on City management's priority list and the Mayor's Affordable Housing Initiative, in coordination with planned redevelopment programs, feedback from the Public Housing Resident Advisory Board, the Affordable Housing Development Community, and other stakeholders. Fiscal staff, project managers and housing managers actively participate in prioritizing funding availability, and addressing community housing needs and contractual terms of co-developers.

Human Services

The \$0.6 million Human Services program is funded by General Obligation Bond funds.

Projects are typically prioritized based on community input obtained during the development of periodic General Obligation Bond programs.

The Human Services program includes design of a multi-purpose senior center adjacent to the Southwest Family Services Center.

Information Technology

The \$59.0 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.

Information Technology CIP project requests typically start with the submission of a Business Investment Request Form from operational staff. The form provides City leadership visibility into information technology spending across the organization and helps ensure technology purchases are in alignment with current and future technology. Projects are evaluated and approved by various Information Technology divisions for security, application, and infrastructure considerations. After divisional review, projects are submitted for evaluation and prioritization by the Chief Information Officer and City executive staff.

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 \$9.4 million and is funded by General and Impact Fee funds.

The program includes branch library improvements and renovations to maintain current standards, and growth-driven infrastructure development pending future funding availability.

Improvement and renovation projects are requested and prioritized under the annual General Fund Facilities Project Prioritization Process. New project requests originate from facility lifecycle replacement plans, facility assessments, engineering studies, testing results, citizen requests, regulatory compliance, and identification of asset deterioration by City facilities staff. Projects are reviewed by a committee of subject matter experts from various departments and are evaluated and prioritized on the basis of human safety, service continuity, damage avoidance, aesthetic deficiency mitigation, regulatory considerations and potential for increasing efficiency.

Development Impact Fee-funded projects are identified in accordance with state statutes, ensuring capital funding for service levels in planning areas is consistent with service levels in developed areas of the City. Identified projects are incorporated in the City's Infrastructure Financing Plan, which is reviewed by a citizens' committee prior to public hearings and ultimate adoption by the City Council.

Neighborhood Services

The Neighborhood Services program totals \$14.1 million and is funded by Operating Grant 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.

The Neighborhood Services Department considers new CIP projects through the efforts of their Grants Compliance Team, which works closely with program staff, to identify potential CIP projects. Projects may also be proposed by the City Council or City management and evaluated based on availability of funding, eligibility of project area and scope which meets a HUD National Objective. Additionally, qualitative feedback is collected through community workshops, stakeholder consultations, and public requests, for projects such as: facility renovations, improvements to community centers, playgrounds, and other enhancements to community public infrastructure. Large projects, like acquisition of strategic or blighted properties, may be identified through other City programs and initiatives to expand the impact and/or better address the needs of the community such as providing affordable housing or creating Safe Routes to Schools.

Non-Departmental Capital

The non-departmental capital program totals \$515.4 million and is funded by Transportation 2050 Bond, Water Bond, 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 \$212.7 million and is funded by Parks and Preserves, Operating Grant, Sports Facilities, Capital Grant, Capital Reserve, and Development Impact Fee 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.

The Parks and Recreation Department identifies new CIP projects through the use of the Parks Land Asset Inventory (PLAI) database. Staff submit project PLAI request forms for the replacement or addition of equipment and structures. Staff review the PLAI database throughout the year; monitor park needs; score amenities based on categories including condition, location and safety, while accounting for emergency needs; and rate and rank each park site based on scores. New park projects and preserve land acquisitions are identified as population growth creates the need for parks expansion.

Development Impact Fee-funded projects are identified in accordance with state statutes, ensuring capital funding for service levels in planning areas is consistent with service levels in developed areas of the City. Identified projects are incorporated in the City's Infrastructure Financing Plan, which is reviewed by a citizens' committee prior to public hearings and ultimate adoption by the City Council.

Major projects include:

- New park at 55th Avenue and Samantha Way
- New park at 87th Avenue and Lower Buckeye Road
- New park at 71st Avenue and Meadows Loop Road
- Design of future Lone Mountain park at 56th Street and Montgomery Road
- Perry Park renovation
- Surrey Park renovation
- North Mountain Park improvements
- Citywide building repairs
- Aquatic infrastructure renovation

Phoenix Convention Center

The \$32.0 million Phoenix Convention Center program is funded by General and Convention Center 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.

The Phoenix Convention Center has a multi-discipline CIP committee comprised of members of the department including management, facility and capital project managers, fiscal, as well as subject matter experts. The committee meets monthly to identify and discuss potential CIP projects. CIP projects are initially submitted, and subsequently modified, through a project request form. The projects are then reviewed and ranked by staff for inclusion to a perpetual 10-year CIP forecast, that is constantly evaluated and updated. Project considerations include life safety, revenue generation, facility enhancement, and business and customer impact.

Major projects include

- Roof repairs for the South Building
- Installation of HVAC and light control systems at the North and West buildings
- Replacement of dimmer racks at Orpheum Theatre and Herberger Theater
- Expansion joint replacement at the East Garage
- Elevator refurbishment at Symphony Hall
- Replacement veneer at the North Building

Police Protection

The \$52.4 million Police Protection program is funded by General Obligation Bond, Capital Reserve and Impact Fee funds.

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

Development Impact Fee-funded projects are identified in accordance with state statutes, ensuring capital funding for service levels in planning areas is consistent with service levels in developed areas of the City. Identified projects are incorporated in the City's Infrastructure Financing Plan, which is reviewed by a citizens' committee prior to public hearings and ultimate adoption by the City Council.

Public Art Program

The Public Art Program totals \$12.5 million and is funded by Percent-for-Art funds. The Phoenix Office of Arts and Culture Public Art Program was established through the City's Percent-for-Art ordinance in 1986 to enhance the form and function of public infrastructure, buildings and spaces. One percent of eligible capital funds are set aside to enhance the design of public building, infrastructure and spaces.

The Office of Arts and Culture identifies the most efficient and beneficial opportunities to integrate public art projects into the City's capital investments, following priorities of the Phoenix Public Art Master Plan and the City's overall five-year CIP. Staff use GIS mapping to identify where multiple City efforts and fund sources can be combined to meet public needs. The Public Art Program works closely with all capital departments, City Council offices and the Phoenix Arts and Culture Commission to determine and approve projects to be included in the annual Public Art Plan.

Public Transit

The Public Transit program totals \$1,241.7 million and is funded by Operating Grant, Other Restricted, Regional Transit, Transportation 2050, Transportation 2050 Bond and Capital Grant funds.

Public Transit staff and management identify project needs by utilizing several planning documents – the Transportation 2050 Plan, the fleet replacement plan, the Maricopa Association of Governments Transportation Improvement Program, and the Transit Life Cycle Program element of the Regional Transportation Plan. Additionally, public assets are considered for potential refurbishment, upgrade, or replacement. Staff from each division submit project requests to Public Transit management for review, prioritization, and funding consideration.

Major projects in the Public Transit program include:

- Implementation of Transportation 2050 Bus Rapid Transit program
- Land acquisition and support services for Northwest Extension Phase II Light Rail extension
- Land acquisition, design and construction of the Capitol and I-10 West Phase I Light Rail extension
- Land acquisition and support services for South Central Light Rail construction
- Implementation of technology enhancements
- Purchase of new and replacement buses, Dial-A-Ride vehicles and commuter vans

Regional Wireless Cooperative (RWC)

The Regional Wireless Cooperative (RWC) program totals \$30.0 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.

The RWC identifies capital improvement projects via a governance and policy process. Projects and inventory are tracked, prioritized, and scheduled by the Administrative Manager, the City's Information Technology Services Department, which presents the projects' explanations and expected budgetary needs to the RWC. The member-specific costs are then drafted based on percentage of network use or special assessments and presented to the RWC Board of Directors for action. A CIP Working Group may also be asked to consider and draft large-scale CIP projects as needed.

Solid Waste Disposal

The \$75.0 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.

New projects for the Solid Waste Disposal CIP are evaluated and prioritized using the annual Project Charter process. Staff submit a Program/Project Charter form to provide information about the new program or project request. The form describes project scope and identifies the essential needs criteria for the successful operation of the utility. A committee made up of the Public Works Director and Assistant Directors review the requests. The committee evaluates and prioritizes the projects in the following areas: customer service, system benefits and efficiency, project benefits and impact, system reliability, operational flexibility, system security, system replacement and rehabilitation, regulatory compliance, and system growth. In addition to staff reviews, a Citizens Solid Waste Rate Advisory Committee performs an advisory role in reviewing the Solid Waste Utility Financial Plan and advising on the operating and capital program expenses and projects.

Major projects include:

- Open and closed landfill gas system maintenance and monitoring
- SR85 Landfill cell development, including excavation, lining, critical systems, and capping of completed cells
- Major maintenance, repair, and equipment replacement to support transfer stations operations
- Material Recovery Facility (MRF) equipment replacement

Street Transportation and Drainage

The Street Transportation and Drainage program totals \$860.4 million and is funded by Arizona Highway User Revenue, Capital Construction, Transportation 2050, General Obligation Bond, Transportation 2050 Bond, 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.

The Street Transportation Department maintains an ongoing annual project identification and prioritization process. The process begins with the collection of "Call for Projects" forms submitted by staff. These forms require various quantitative data on the projects such as: relative traffic volume, speeds, collision history, existing pre-design efforts or studies, and ADA requirements. The requests are gathered and evaluated. Immediate funding needs for existing funded projects and programs, and local funding matches required to leverage outside funding, are prioritized. Prioritization of new project and program proposals considers immediate life safety needs; the existence of completed pre-design studies with economical, feasible and publicly supported recommendations; and equity in project distribution. Project prioritization outcomes are presented to department management for review.

Development Impact Fee-funded projects are identified in accordance with state statutes, ensuring capital funding for service levels in planning areas is consistent with service levels in developed areas of the City. Identified projects are incorporated in the City's Infrastructure Financing Plan, which is reviewed by a citizens' committee prior to public hearings and ultimate adoption by the City Council.

Major projects planned include improvements to the following locations:

- Lower Buckeye Road: 27th Avenue to 19th Avenue
- Pinnacle Peak Road: 45th Avenue to 35th Avenue
- Pinnacle Peak Road: Central Avenue to 7th Street
- 13th Street: Van Buren Street to Moreland Street
- 3rd Street Promenade: McDowell Road to Indian School Road
- 35th Avenue: I-10 Freeway to Camelback Road
- Western Canal Multi-Use Path: 4th Avenue to 24th Street
- 51st Avenue to 43rd Avenue and Carefree Highway to SR 303

Wastewater

The Wastewater program totals \$1,626.8 million and is funded by Wastewater, Wastewater Bond, Impact Fee and Other Cities' Share in Joint Venture funds.

The Wastewater program includes infrastructure, 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.

The need for a new water or wastewater CIP project is identified by various means such as: an identifiable operational issue, the result of a study, a condition assessment, age of equipment or infrastructure, new technology, growth, increased number of pipe breaks, developer requests, City Council requests, and neighborhood requests. Once it has been determined a project has merit, staff submit a project request form and the proposed project is included in the department's annual Project Charter Process. The department's deputy directors of water and wastewater engineering then determine optimal timing, the approach for lowest cost, and coordinate with the affected operational division. All current and new CIP projects are presented to department executive staff and prioritized based on factors including risk of failure, criticality, timing and funding availability. Staff recommendations are reviewed by the Water and Wastewater rates and advisory citizens' committee, and then by the City Council's Transportation, Infrastructure and Innovation Subcommittee.

Development Impact Fee-funded projects are identified in accordance with state statutes, ensuring capital funding for service levels in planning areas is consistent with service levels in developed areas of the City. Identified projects are incorporated in the City's Infrastructure Financing Plan, which is reviewed by a citizens' committee prior to public hearings and ultimate adoption by the City Council.

Significant projects in the proposed capital improvement plan include:

- Land acquisition, design and construction for the SROG Interceptor
- Rehabilitation of 91st Avenue Wastewater Treatment Plant
- Cave Creek Water Reclamation Plant equipment and systems rehabilitation

Water

The Water program totals \$1,739.1 million and is funded by Water, Wastewater, Solid Waste, Water 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.

The need for a new water or wastewater CIP project is identified by various means such as: an identifiable operational issue, the result of a study, a condition assessment, age of equipment or infrastructure, new technology, growth, increased number of pipe breaks, developer requests, City Council requests, and neighborhood requests. Once it has been determined a project has merit, staff submit a project request form and the proposed project is included in the department's annual Project Charter Process. The department's deputy directors of water and wastewater engineering then determine optimal timing, the approach for lowest cost, and coordinate with the affected operational division. All current and new CIP projects are presented to department executive staff and prioritized based on factors including risk of failure, criticality, timing and funding availability. Staff recommendations are reviewed by the Water and Wastewater rates and advisory citizens' committee, and then by the City Council's Transportation, Infrastructure and Innovation Subcommittee.

Development Impact Fee-funded projects are identified in accordance with state statutes, ensuring capital funding for service levels in planning areas is consistent with service levels in developed areas of the City. Identified projects are incorporated in the City's Infrastructure Financing Plan, which is reviewed by a citizens' committee prior to public hearings and ultimate adoption by the City Council.

**SUMMARY OF 2021-22 CAPITAL IMPROVEMENT PROGRAM
BY PROGRAM AND SOURCE OF FUNDS**
(In Thousands of Dollars)

Program	2021-22 Total Program	Operating Funds	General Obligation Bond Funds	Nonprofit Corporation Bond Funds	Other Capital Funds
Arts and Cultural Facilities	902	-	902	-	-
Aviation	349,354	126,448	-	90,102	132,804
Economic Development	9,450	9,450	-	-	-
Environmental Programs	250	250	-	-	-
Facilities Management	25,688	16,491	-	8,362	835
Finance	8,000	-	-	8,000	-
Fire Protection	37,133	11,263	-	14,576	11,294
Historic Preservation & Planning	3,648	3,648	-	-	-
Housing	46,013	34,064	-	-	11,949
Human Services	600	-	600	-	-
Information Technology	19,331	9,680	-	9,651	-
Libraries	5,621	955	-	-	4,666
Neighborhood Services	12,306	12,306	-	-	-
Non-Departmental Capital	103,118	-	-	1,298	101,820
Parks, Recreation & Mountain Preserves	83,802	68,126	-	-	15,676
Phoenix Convention Center	15,638	15,638	-	-	-
Police Protection	24,412	-	3,500	-	20,912
Public Art Program	6,039	1,584	-	4,453	2
Public Transit	407,919	337,340	-	1,360	69,219
Regional Wireless Cooperative	6,001	-	-	-	6,001
Solid Waste Disposal	30,954	9,344	-	18,995	2,616
Street Transportation & Drainage	332,786	168,966	270	37,738	125,812
Wastewater	248,640	69,595	-	111,732	67,312
Water	402,848	127,740	-	217,517	57,591
Total	2,180,453	1,022,887	5,272	523,784	628,509

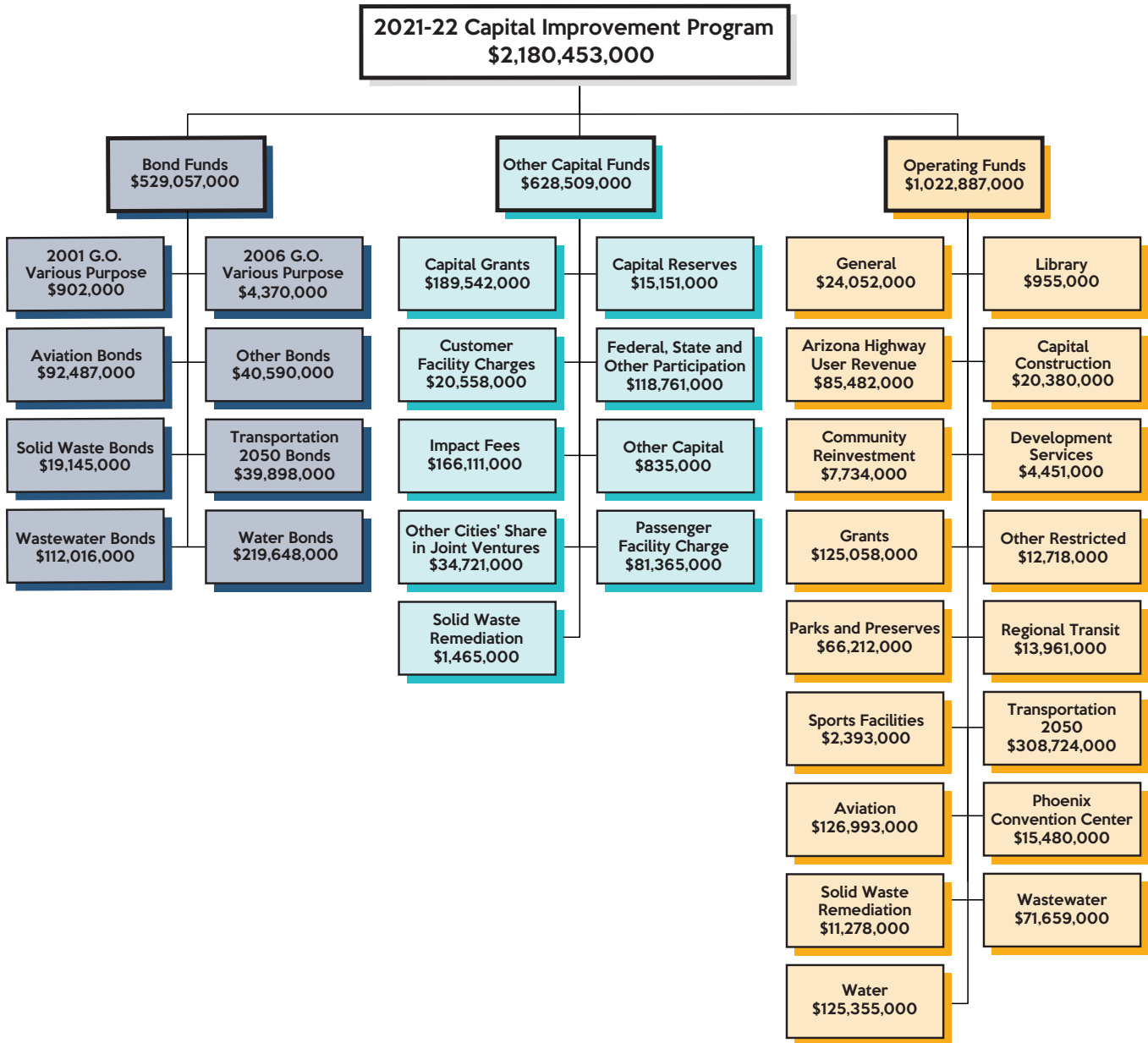
RESOURCES AND EXPENDITURES BY CAPITAL FUND
2021-22 CAPITAL IMPROVEMENT PROGRAM
(In Thousands of Dollars)

	Budgeted Beginning Fund Balance	Revenues and Other Sources/ (Uses)	Expenditures	Ending Balance	Projected Resources Beyond 2021-22	Funds Available Beyond 2021-22
1988 General Obligation Bonds						
1988 Freeway Mitigation Bonds	849	-	-	849	1,000	1,849
1988 Parks Bonds	419	-	-	419	-	419
1988 Police Bonds	27	-	-	27	-	27
	1,295	-	-	1,295	1,000	2,295
1989 General Obligation Bonds						
1989 Historic Preservation Bonds	2	-	-	2	-	2
	2	-	-	2	-	2
2001 General Obligation Bonds						
2001 Affordable Housing and Homeless Shelter Bonds	1,053	-	-	1,053	-	1,053
2001 Education, Youth and Cultural Facilities Bonds	(275)	-	902	(1,177)	1,700	523
2001 Environmental Improvement and Cleanup Bonds	261	-	-	261	630	891
2001 Fire Protection Bonds	(788)	-	-	(788)	800	12
2001 Neighborhood Protection and Senior Centers Bonds	631	-	-	631	2,355	2,986
2001 New & Improved Libraries Bonds	3,450	-	-	3,450	900	4,350
2001 Parks, Open Space and Recreation Facilities Bonds	(332)	-	-	(332)	4,425	4,093
2001 Police, Fire and Computer Technology Bonds	(51)	-	-	(51)	615	564
2001 Police Protection Facilities and Equipment Bonds	(524)	-	-	(524)	1,115	591
2001 Preserving Phoenix Heritage Bonds	(173)	-	-	(173)	795	622
2001 Storm Sewer Bonds	-	-	-	-	50	50
2001 Street Improvement Bonds	(457)	-	-	(457)	2,225	1,768
	2,795	-	902	1,893	15,610	17,503
2006 General Obligation Bonds						
2006 Affordable Housing and Neighborhoods Bonds	3,539	-	-	3,539	17,795	21,334
2006 Education Bonds	(4,549)	-	-	(4,549)	8,090	3,541
2006 Libraries, Senior and Cultural Centers Bonds	(3,127)	-	600	(3,727)	27,190	23,463
2006 Parks and Open Spaces Bonds	2,049	-	-	2,049	13,685	15,734
2006 Police, Fire and City Technology Bonds	621	-	-	621	4,790	5,411
2006 Police, Fire and Homeland Security Bonds	(4,051)	-	3,500	(7,551)	36,700	29,149
2006 Street and Storm Sewer Improvements Bonds	5,939	-	270	5,669	27,495	33,164
	421	-	4,370	(3,949)	135,745	131,796
Nonprofit Corporation Bond Funds						
Aviation Bonds	325,805	(14,975)	92,487	218,343	546,210	764,553
Convention Center Bonds	(101)	-	-	(101)	4,000	3,899
Other Bonds	71,871	-	40,590	31,281	70,095	101,376
Parks and Preserves Bonds	-	-	-	-	66,000	66,000
Solid Waste Bonds	39,542	-	19,145	20,397	145,000	165,397
Transit 2000 Bonds	66	-	-	66	-	66
Transportation 2050 Bonds	37,666	500,000	39,898	497,768	600,000	1,097,768
Wastewater Bonds	(109,207)	-	112,016	(221,223)	271,730	50,507
Water Bonds	(236,863)	200,000	219,648	(256,511)	331,870	75,359
	128,780	685,025	523,784	290,021	2,034,905	2,324,926
Total Bond Funds	133,292	685,025	529,057	289,260	2,187,260	2,476,520

RESOURCES AND EXPENDITURES BY CAPITAL FUND (Continued)
2021-22 CAPITAL IMPROVEMENT PROGRAM
(In Thousands of Dollars)

	Budgeted Beginning Fund Balance	Revenues and Other Sources/ (Uses)	Expenditures	Ending Balance	Projected Resources Beyond 2021-22	Funds Available Beyond 2021-22
Other Capital Funds						
Capital Gifts	35	-	-	35	-	35
Capital Grants	-	189,542	189,542	-	689,554	689,554
Capital Reserves	242,187	19,250	15,151	246,286	-	246,286
Customer Facility Charges	6,669	17,645	20,558	3,756	220,851	224,607
Federal, State and Other Participation	-	118,761	118,761	-	209,465	209,465
Impact Fees	206,409	-	166,111	40,298	-	40,298
Other Capital	1,374	-	835	539	-	539
Other Cities' Share in Joint Ventures	-	34,721	34,721	-	197,884	197,884
Passenger Facility Charges	37,606	77,959	81,365	34,200	372,302	406,502
Solid Waste Remediation	5,992	-	1,465	4,527	-	4,527
Total Other Capital Funds	500,273	457,878	628,509	329,642	1,690,057	2,019,699
Total	633,566	1,142,903	1,157,566	618,903	3,877,317	4,496,220

2021-22 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.

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 the funding source(s) for these costs. These costs are reviewed by the Budget and Research Department. The 2021-22 budget includes \$2,430,000 in new operating and maintenance costs for new facilities. The schedule on the next page provides project operating and maintenance costs for 2021-22, the full year operating and maintenance costs for 2022-23, and the operating funds to be used for these costs.

OPERATING COSTS FOR NEW CAPITAL FACILITIES				
Project Name and Operating Fund Source	# of FTEs		2021-22 Costs	2022-23 Costs
Municipal Court				
Maricopa County Intake, Transfer, and Release Facility (General Fund)	2.0	Add two Bailiff positions to provide judicial and operational support in a criminal courtroom located at the new Maricopa County intake, transfer, and release facility that opened in November 2020.	\$133,000	\$133,000
Parks and Recreation				
Cesar Chavez Community Center (General Fund)	9.8	Add staff and supplies for the new community center, scheduled to open in the fall of 2021. The community center will offer a variety of activities to the general public. These activities will include special events, sports programs, specialty classes, adaptive/inclusive programs, out-of-school time sessions, field trips, and provide meeting space for events and community groups.	911,000	1,000,000
Deem Hills Park, Phase 3 (General Fund)	0.5	Add a part-time Groundskeeper position and supplies to maintain the phase 3 project at Deem Hills Park, which includes: a sand volleyball court, a tennis court, pickleball courts, a large ramada, three small ramadas, a .7 mile nature trail interpretive loop, 25 additional parking stalls and other site furnishings like new trees, irrigation system and landscaping.	34,000	24,000
Fiesta Bowl PLAY at Margaret T. Hance Park (General Fund)	3.0	Add staff and equipment for grounds maintenance at Hance Park. The Fiesta Bowl PLAY opened to the community in December 2020. As part of this phase, a new landscape design incorporating over 7,000 new plants and trees was added.	260,000	200,000
New Parks (General Fund)	6.0	Add a General Fund set-aside for staff, supplies and equipment to operate three new parks expected to open in 2022-23. The new parks will be located at 55th Ave. & Samantha Way, 71st Ave. & Meadow Loop Rd., and 87th Ave & Lower Buckeye Rd. Construction of the parks will be paid for using available resources from impact fees.	945,000	945,000
Street Transportation				
Streetscape Projects (General Fund)	0.0	Add funding to maintain street landscaping along newly developed and renovated streetscapes. This includes maintenance for new landscaping along the Grand Canal Phase II, Avenida Rio Salado from 35th Avenue to 51st Avenue, and the east side of 107th Avenue from Indian School Road to Camelback Road.	147,000	147,000
Net Total Costs	21.3		\$2,430,000	\$2,449,000
Source of Funds:				
General Fund			\$2,430,000	\$2,449,000
Total Source of Funds			\$2,430,000	\$2,449,000

A decorative graphic consisting of a central white square with a dark blue border. The square is centered on the page. Above and below the square are five vertical bars of varying heights, each filled with diagonal blue lines. The bars are arranged in a slightly irregular pattern, with the central bar being the tallest and the outermost bars being the shortest.

SUMMARY SCHEDULES

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

	Resources					Expenditures					Ending Fund Balance
	Beginning Fund Balance	Revenue ^{1/}	Recovery and Proceeds	Interfund Transfers-In	Interfund Transfers-Out	Total	Operating	Capital	Debt Service	Total	
General Funds											
General Fund	133,580	351,218	5,443	937,469	(109,274)	1,318,436	1,135,541	13,776	-	1,149,317	169,119
Library	-	39,624	1,424	-	(2,659)	38,389	37,758	631	-	38,389	-
Parks	-	15,732	396	76,627	-	92,755	92,755	-	-	92,755	-
Cable Television	-	10,369	1	-	(8,000)	2,370	2,370	-	-	2,370	-
Total General Funds	133,580	416,943	7,264	1,014,096	(119,933)	1,451,950	1,268,424	14,407	-	1,282,831	169,119
Special Revenue Funds											
Excise Tax	-	1,393,827	-	-	(1,393,827)	-	-	-	-	-	-
Arizona Highway User Revenue	41,347	138,553	11,814	28,000	(31,893)	187,820	75,913	67,422	-	143,336	44,484
Capital Construction	15,992	565	236	8,548	-	25,341	153	4,482	-	4,635	20,705
City Improvement	-	19	-	124,980	(1,027)	123,972	-	-	123,972	123,972	-
Community Reinvestment	13,274	10,841	1	-	(2,065)	22,051	1,104	5,774	-	6,878	15,173
Court Awards	(300)	4,873	103	-	-	4,676	5,734	-	-	5,734	(1,058) ^{2/}
Development Services	70,367	70,424	21	-	(4,322)	136,490	60,353	17,416	-	77,768	58,722
Golf	796	6,958	7	-	-	7,761	5,630	95	-	5,725	2,036
Neighborhood Protection - Block Watch	4,857	287	-	1,812	(5)	6,950	1,519	-	-	1,519	5,431
Neighborhood Protection - Fire	4,636	676	-	9,058	(27)	14,343	9,683	-	-	9,683	4,659
Neighborhood Protection - Police	15,459	1,657	-	25,363	(472)	42,008	29,563	-	-	29,563	12,445
Parks and Preserves	63,604	3,394	187	38,331	(108)	105,407	5,638	33,677	-	39,315	66,092
Public Safety Enhancement - Fire	10,998	752	-	9,112	-	20,861	9,559	-	-	9,559	11,303
Public Safety Enhancement - Police	13,078	866	-	14,866	(356)	28,454	18,191	-	-	18,191	10,263
Public Safety Expansion - Fire	6,102	941	-	14,493	(166)	21,370	13,306	-	-	13,306	8,064
Public Safety Expansion - Police	30,255	4,690	-	57,971	(926)	91,991	67,186	-	-	67,186	24,806
Regional Transit	(7,529)	43,148	128	-	-	35,748	34,263	6,964	-	41,228	(5,480) ^{3/}
Regional Wireless Cooperative	1,823	4,602	9	188	(188)	6,434	4,636	-	-	4,636	1,798
Secondary Property Tax	100	111,103	-	5,107	-	116,310	-	-	116,210	116,210	100
Sports Facilities	52,882	5,379	9	18,476	(6,238)	70,509	2,788	6,941	-	9,729	60,780
Transit 2000 ^{4/}	(699)	18	447	713	(478)	-	-	-	-	-	-
Transportation 2050 ^{4/}	158,917	44,650	7,522	248,327	(73,197)	386,218	192,013	32,608	-	224,621	161,597
Other Restricted	90,732	37,848	404	31,767	(6,036)	154,717	50,955	2,070	-	53,025	101,692
Grants	29,009	305,608	1,314	1,274	(1,623)	335,582	260,818	46,654	-	307,472	28,110
Total Special Revenue Funds	615,701	2,191,680	22,202	638,386	(1,522,954)	1,945,013	849,006	224,103	240,183	1,313,292	631,721
Enterprise Funds											
Aviation	272,617	362,345	1,980	454,260	(337,921)	753,281	259,333	20,366	91,827	371,526	381,755
Convention Center	58,271	21,155	560	62,201	(10,497)	131,690	51,449	3,741	19,952	75,142	56,548
Solid Waste	33,349	155,730	5,719	-	(9,385)	185,414	142,140	4,305	14,041	160,486	24,927
Wastewater	85,045	252,665	2,288	77,068	(86,611)	330,455	101,251	26,196	72,806	200,253	130,202
Water	90,191	454,116	4,645	147,266	(171,361)	524,857	217,710	65,435	128,287	411,432	113,425
Total Enterprise Funds	539,474	1,246,010	15,193	740,795	(615,775)	1,925,697	771,884	120,044	326,912	1,218,840	706,857
GRAND TOTAL	1,288,755	3,854,633	44,658	2,393,277	(2,258,662)	5,322,659	2,889,314	358,554	567,095	3,814,963	1,507,696

^{1/} General fund sales tax revenue is reflected as a transfer-in from the excise tax fund. Total transfer equates to \$890.4 million, and is included in the General Funds revenue total of \$1,307.4 million shown on Schedule 2.

^{2/} The negative balance in Court Awards is due to the timing of reimbursements for the Records Management System (RMS).

^{3/} The negative balance in Regional Transit is due to the timing of reimbursements for project costs from the regional transportation plan (Proposition 400).

^{4/} 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
ESTIMATE
(In Thousands of Dollars)**

	Resources					Expenditures					Ending Fund Balance
	Beginning Fund Balance	Revenue ^{1/}	Recovery and Proceeds	Interfund Transfers-In	Interfund Transfers-Out	Total	Operating	Capital	Debt Service	Total	
General Funds											
General Fund	169,119	405,227	1,000	1,049,574	(145,284)	1,479,635	1,207,319	27,551	-	1,234,870	244,765
Library	-	42,314	-	1,287	(2,619)	40,981	40,026	955	-	40,981	-
Parks	-	14,489	-	84,212	-	98,701	95,701	3,000	-	98,701	-
Cable Television	-	9,600	-	-	(6,904)	2,696	2,696	-	-	2,696	-
Total General Funds	169,119	471,630	1,000	1,135,072	(154,807)	1,622,014	1,345,743	31,506	-	1,377,249	244,765
Special Revenue Funds											
Excise Tax	-	1,473,964	-	-	(1,473,964)	-	-	-	-	-	-
Arizona Highway User Revenue	44,484	142,879	691	-	(3,793)	184,261	81,714	71,585	-	153,299	30,962
Capital Construction	20,705	45	468	7,992	-	29,210	140	9,253	-	9,393	19,816
City Improvement	-	-	351	59,384	(1,028)	58,706	-	-	58,706	58,706	-
Community Reinvestment	15,173	5,938	75	2,800	(2,064)	21,922	2,181	2,470	-	4,651	17,271
Court Awards	(1,058)	5,608	9	-	-	4,559	4,393	-	-	4,393	167
Development Services	58,722	69,500	160	-	(4,440)	123,942	66,475	11,713	-	78,188	45,754
Golf	2,036	8,439	1	-	-	10,476	7,364	1,793	-	9,157	1,319
Neighborhood Protection - Block Watch	5,431	236	-	1,913	(10)	7,571	1,749	-	-	1,749	5,822
Neighborhood Protection - Fire	4,659	965	-	9,565	(50)	15,140	10,827	-	-	10,827	4,313
Neighborhood Protection - Police	12,445	2,232	5	26,780	(701)	40,760	27,125	-	-	27,125	13,635
Parks and Preserves	66,092	1,627	-	43,903	(201)	111,421	5,929	28,178	-	34,107	77,314
Public Safety Enhancement - Fire	11,303	1,128	-	9,265	-	21,696	11,723	-	-	11,723	9,973
Public Safety Enhancement - Police	10,263	1,299	2	15,116	(416)	26,264	17,173	-	-	17,173	9,091
Public Safety Expansion - Fire	8,064	1,337	-	15,304	(225)	24,480	16,309	-	-	16,309	8,171
Public Safety Expansion - Police	24,806	6,807	3	61,213	(1,214)	91,615	65,735	-	-	65,735	25,880
Regional Transit	(5,480)	27,828	14	2,000	-	24,362	15,364	8,997	-	24,362	-
Regional Wireless Cooperative	1,798	5,543	199	-	-	7,539	5,947	-	-	5,947	1,592
Secondary Property Tax	100	118,215	-	10,631	-	128,946	-	-	128,846	128,846	100
Sports Facilities	60,780	4,313	130	11,905	(14,655)	62,474	3,120	7,060	-	10,180	52,294
Transportation 2050	161,597	15,855	1,263	261,183	(5,842)	434,056	120,323	167,201	-	287,524	146,532
Other Restricted	101,692	20,019	378	23,652	(17,136)	128,605	52,701	7,708	-	60,409	68,196
Grants	28,110	541,082	482	-	(270)	569,403	491,317	49,135	-	540,453	28,951
Total Special Revenue Funds	631,721	2,454,860	4,231	562,606	(1,526,010)	2,127,408	1,007,609	365,093	187,552	1,560,254	567,154
Enterprise Funds											
Aviation	381,755	426,477	5,220	87,566	(12,306)	888,711	353,029	30,820	126,449	510,298	378,413
Convention Center	56,548	3,557	949	50,420	(3,944)	107,530	49,003	5,344	20,639	74,986	32,544
Solid Waste	24,927	182,178	3,077	-	(10,114)	200,068	158,968	8,138	14,977	182,084	17,984
Wastewater	130,202	253,208	2,714	28,581	(45,151)	369,555	111,243	32,039	71,783	215,064	154,491
Water	113,425	502,979	4,137	15,079	(51,576)	584,044	229,793	61,496	136,908	428,196	155,847
Total Enterprise Funds	706,857	1,368,400	16,097	181,645	(123,091)	2,149,908	902,037	137,837	370,756	1,410,629	739,279
GRAND TOTAL	1,507,696	4,294,890	21,328	1,879,324	(1,803,908)	5,899,330	3,255,388	534,436	558,308	4,348,132	1,551,198

^{1/} General fund sales tax revenue is reflected as a transfer-in from the excise tax fund. Total transfer equates to \$960.5 million, and is included in the General Funds revenue total of \$1,432.1 million shown on Schedule 2.

**2021-22 SCHEDULE 1
RESOURCES AND EXPENDITURES BY FUND
BUDGET
(In Thousands of Dollars)**

	Resources					Expenditures					Ending Fund Balance
	Beginning Fund Balance	Revenue ^{1/}	Recovery and Proceeds	Interfund Transfers-In	Interfund Transfers-Out	Total	Operating	Capital	Debt Service	Total	
General Funds											
General Fund	244,765	314,884	1,000	1,021,545	(131,740)	1,450,454	1,426,402	24,052	-	1,450,454	-
Library	-	45,248	-	2,119	(2,546)	44,820	43,865	955	-	44,820	-
Parks	-	15,816	-	93,358	-	109,174	109,174	-	-	109,174	-
Cable Television	-	9,600	-	-	(6,431)	3,169	3,169	-	-	3,169	-
Total General Funds	244,765	385,547	1,000	1,117,023	(140,717)	1,607,618	1,582,611	25,007	-	1,607,618	-
Special Revenue Funds											
Excise Tax	-	1,516,161	-	-	(1,516,161)	-	-	-	-	-	-
Arizona Highway User Revenue	30,962	149,715	691	-	(892)	180,475	89,856	85,482	-	175,338	5,138
Capital Construction	19,816	222	236	7,370	-	27,644	140	20,380	-	20,520	7,124
City Improvement	-	-	-	71,447	(1,026)	70,421	-	-	70,421	70,421	-
Community Reinvestment	17,271	5,863	1	4,845	(2,221)	25,759	2,128	7,734	-	9,862	15,897
Court Awards	167	5,296	2	-	-	5,464	5,464	-	-	5,464	1
Development Services	45,754	71,428	14	-	(4,440)	112,756	81,906	4,451	-	86,357	26,399
Golf	1,319	6,794	-	-	-	8,112	6,224	-	-	6,224	1,889
Neighborhood Protection - Block Watch	5,822	236	-	2,011	(9)	8,060	2,114	-	-	2,114	5,946
Neighborhood Protection - Fire	4,313	37	-	10,053	(48)	14,355	11,063	-	-	11,063	3,292
Neighborhood Protection - Police	13,635	132	-	28,150	(696)	41,222	32,494	-	-	32,494	8,728
Parks and Preserves	77,314	1,852	-	40,369	(193)	119,343	6,479	66,212	-	72,691	46,652
Public Safety Enhancement - Fire	9,973	-	-	9,388	-	19,361	11,104	-	-	11,104	8,257
Public Safety Enhancement - Police	9,091	-	-	15,318	(416)	23,993	19,378	-	-	19,378	4,615
Public Safety Expansion - Fire	8,171	82	-	16,086	(222)	24,117	17,613	-	-	17,613	6,504
Public Safety Expansion - Police	25,880	239	-	64,342	(1,201)	89,260	79,093	-	-	79,093	10,167
Regional Transit	-	38,945	14	-	-	38,959	24,998	13,961	-	38,959	-
Regional Wireless Cooperative	1,592	5,515	9	-	-	7,116	5,485	-	-	5,485	1,632
Secondary Property Tax	100	123,686	650	5,379	-	129,814	-	-	129,714	129,714	100
Sports Facilities	52,294	4,240	1	16,604	(15,415)	57,724	22,690	2,393	-	25,083	32,641
Transportation 2050	146,532	27,973	-	274,396	(21,192)	427,709	91,311	308,724	-	400,036	27,673
Other Restricted	68,196	31,622	32	34,824	(7,541)	127,133	66,468	12,718	-	79,186	47,947
Grants	28,951	1,031,004	74	-	(274)	1,059,755	912,952	125,058	-	1,038,010	21,745
Total Special Revenue Funds	567,154	3,021,042	1,724	600,583	(1,571,948)	2,618,554	1,488,959	647,114	200,135	2,336,209	282,346
Enterprise Funds											
Aviation	378,413	412,546	1,781	32,747	(10,290)	815,197	372,968	126,993	87,281	587,242	227,955
Convention Center	32,544	18,800	61	57,196	(3,801)	104,801	48,880	15,480	20,763	85,123	19,677
Solid Waste	17,984	189,870	268	-	(9,802)	198,320	171,647	11,278	15,227	198,151	169
Wastewater	154,491	254,696	1,222	30,004	(47,712)	392,701	128,461	71,659	71,389	271,510	121,191
Water	155,847	487,697	2,099	17,737	(46,103)	617,277	261,694	125,355	153,620	540,668	76,609
Total Enterprise Funds	739,279	1,363,609	5,431	137,685	(117,708)	2,128,296	983,649	350,766	348,280	1,682,695	445,601
GRAND TOTAL	1,551,198	4,770,197	8,155	1,855,290	(1,830,372)	6,354,468	4,055,219	1,022,887	548,415	5,626,521	727,947

^{1/} General fund sales tax revenue is reflected as a transfer-in from the excise tax fund. Total transfer equates to \$970.2 million, and is included in the General Funds revenue total of \$1,355.8 million shown on Schedule 2.

SCHEDULE 2
REVENUES BY MAJOR SOURCE

(In Thousands of Dollars)

Revenue Source	2019-20 Actual	2020-21 Estimate	Increase/(Decrease) From 2019-20 Actual		2021-22 Budget	Increase/(Decrease) From 2020-21 Estimate	
			Amount	Percent		Amount	Percent
GENERAL FUND							
Local Taxes and Related Fees	500,978	527,863	26,885	5.4%	550,197	22,334	4.2%
State-Shared Revenues							
Sales Tax	171,927	189,898	17,971	10.5%	197,945	8,047	4.2%
State Income Tax	214,697	240,237	25,540	11.9%	219,316	(20,921)	-8.7%
Vehicle License Tax	70,484	75,200	4,716	6.7%	79,100	3,900	5.2%
Subtotal	457,108	505,335	48,227	10.6%	496,361	(8,974)	-1.8%
Primary Property Tax	170,210	179,950	9,740	5.7%	191,294	11,344	6.3%
User Fees/Other Revenue							
Licenses & Permits	2,812	2,502	(310)	-11.0%	2,771	269	10.8%
Cable Communications	10,369	9,600	(769)	-7.4%	9,600	-	0.0%
Fines and Forfeitures	10,734	8,918	(1,816)	-16.9%	8,956	38	0.4%
Court Default Fee	1,310	1,216	(94)	-7.2%	1,451	235	19.3%
Fire	49,893	45,686	(4,207)	-8.4%	50,098	4,412	9.7%
Hazardous Materials Inspection Fee	1,408	1,400	(8)	-0.6%	1,500	100	7.1%
Library Fees	371	204	(167)	-45.0%	483	279	+100.0%
Parks and Recreation	5,453	3,461	(1,992)	-36.5%	4,093	632	18.3%
Planning	1,589	1,387	(202)	-12.7%	1,497	110	7.9%
Police	14,848	12,975	(1,873)	-12.6%	13,108	133	1.0%
Street Transportation	6,155	6,145	(10)	-0.2%	6,481	336	5.5%
Other Service Charges	22,519	13,589	(8,930)	-39.7%	15,306	1,717	12.6%
Other	3,067	2,674	(393)	-12.8%	2,579	(95)	-3.6%
Subtotal	130,528	109,757	(20,771)	-15.9%	117,923	8,166	7.4%
Coronavirus Relief Fund ^{1/}	48,533	109,225	60,692	+100.0%	-	(109,225)	-100.0%
Total General Funds	1,307,357	1,432,130	124,773	9.5%	1,355,775	(76,355)	-5.3%

SCHEDULE 2 (Continued)
REVENUES BY MAJOR SOURCE
(In Thousands of Dollars)

Revenue Source	2019-20 Actual	2020-21 Estimate	Increase/(Decrease) From 2019-20 Actual		2021-22 Budget	Increase/(Decrease) From 2020-21 Estimate	
			Amount	Percent		Amount	Percent
SPECIAL REVENUE FUNDS							
Neighborhood Protection	38,853	41,691	2,838	7.3%	40,619	(1,072)	-2.6%
2007 Public Safety Expansion	78,096	84,663	6,567	8.4%	80,749	(3,914)	-4.6%
Public Safety Enhancement	25,596	26,808	1,212	4.7%	24,706	(2,102)	-7.8%
Parks and Preserves	39,627	39,886	259	0.7%	42,066	2,180	5.5%
Transit 2000 ^{2/}	18	-	(18)	-100.0%	-	-	NA
Transporation 2050 ^{2/}	292,242	277,038	(15,204)	-5.2%	302,368	25,330	9.1%
Court Awards	4,872	5,608	736	15.1%	5,296	(312)	-5.6%
Development Services	70,425	69,500	(925)	-1.3%	71,428	1,928	2.8%
Capital Construction	9,113	7,835	(1,278)	-14.0%	7,592	(243)	-3.1%
Sports Facilities	22,829	15,190	(7,639)	-33.5%	19,818	4,628	30.5%
Arizona Highway User Revenue	138,553	142,879	4,326	3.1%	149,715	6,836	4.8%
Regional Transit Revenues	43,148	27,828	(15,320)	-35.5%	38,945	11,117	39.9%
Community Reinvestment	10,841	5,938	(4,903)	-45.2%	5,863	(75)	-1.3%
City Improvement	19	-	(19)	-100.0%	-	-	NA
Secondary Property Tax	111,103	118,215	7,112	6.4%	123,686	5,471	4.6%
Regional Wireless Cooperative	4,602	5,543	941	20.4%	5,515	(28)	-0.5%
Golf Courses	6,958	8,439	1,481	21.3%	6,794	(1,645)	-19.5%
Impact Fee Program Administration	524	515	(9)	-1.7%	525	10	1.9%
Other Restricted Revenues	42,976	25,283	(17,693)	-41.2%	36,929	11,646	46.1%
<u>Grants</u>							
Public Housing Grants	93,470	109,733	16,263	17.4%	105,745	(3,988)	-3.6%
Human Services Grants	56,629	96,447	39,818	70.3%	86,581	(9,866)	-10.2%
Community Development	15,289	41,795	26,506	+100.0%	70,581	28,786	68.9%
Criminal Justice	7,921	14,769	6,848	86.5%	18,876	4,107	27.8%
Public Transit Grants	64,026	142,349	78,323	+100.0%	240,756	98,407	69.1%
Other Grants	68,270	135,989	67,719	99.2%	508,465	372,476	+100.0%
Subtotal - Grants	305,605	541,082	235,477	77.1%	1,031,004	489,922	90.5%
Subtotal Special Revenue Funds	1,246,000	1,443,941	197,941	15.9%	1,993,618	549,677	38.1%
ENTERPRISE FUNDS							
Aviation	362,346	426,477	64,131	17.7%	412,547	(13,930)	-3.3%
Water System	454,115	502,979	48,864	10.8%	487,696	(15,283)	-3.0%
Wastewater System	252,664	253,208	544	0.2%	254,696	1,488	0.6%
Solid Waste	155,730	182,178	26,448	17.0%	189,869	7,691	4.2%
Convention Center	76,421	53,977	(22,444)	-29.4%	75,996	22,019	40.8%
Subtotal Enterprise Funds	1,301,276	1,418,819	117,543	9.0%	1,420,804	1,985	0.1%
GRAND TOTAL	3,854,633	4,294,890	440,257	11.4%	4,770,197	475,308	11.1%

^{1/} Coronavirus Relief Fund (CRF) is a one-time resource received from the federal government. It is approved by the City Council to offset public safety salaries as permitted by the Federal guidelines.

^{2/} 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 tranporation 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
OPERATING EXPENDITURES BY DEPARTMENT^{1/}
(In Thousands of Dollars)

	2019-20	2020-21		2021-22	Percent Change from 2020-21	
	Actuals	Budget	Estimate	Budget	Budget	Estimate
General Government						
Mayor's Office	1,624	2,244	2,258	2,323	3.5%	2.9%
City Council	4,024	5,444	5,398	5,577	2.4%	3.3%
City Manager's Office	2,433	6,307	13,741	8,826	39.9%	-35.8%
City Auditor	2,523	3,205	2,912	3,174	-1.0%	9.0%
Information Technology Services	46,980	53,181	68,804	60,974	14.7%	-11.4%
Equal Opportunity	2,308	3,341	2,968	3,453	3.4%	16.3%
City Clerk	4,528	7,285	6,336	7,475	2.6%	18.0%
Human Resources	12,258	13,528	22,650	19,762	46.1%	-12.7%
Retirement Systems	-	-	-	-	0.0%	0.0%
Phoenix Employment Relations Board	104	107	140	124	15.9%	-11.4%
Law	5,802	6,390	6,074	6,737	5.4%	10.9%
Budget and Research	3,333	3,975	3,823	4,311	8.5%	12.8%
Regional Wireless Cooperative	4,636	5,118	5,947	5,485	7.2%	-7.8%
Finance	28,749	30,158	41,131	33,541	11.2%	-18.5%
Communications Office	2,446	2,780	2,740	3,159	13.7%	15.3%
Government Relations	4,291	1,541	1,514	1,259	-18.3%	-16.8%
Total General Government	126,039	144,603	186,437	166,180	14.9%	-10.9%
Public Safety						
Police	708,888	743,792	719,962	786,708	5.8%	9.3%
Fire	393,757	413,812	416,986	462,262	11.7%	10.9%
Homeland Security & Emergency Management	980	1,287	708	690	-46.4%	-2.5%
Total Public Safety	1,103,625	1,158,891	1,137,656	1,249,660	7.8%	9.8%
Criminal Justice						
City Prosecutor	17,283	21,416	20,578	19,210	-10.3%	-6.6%
Municipal Court	32,376	35,136	34,376	37,489	6.7%	9.1%
Public Defender	5,327	5,380	5,373	5,634	4.7%	4.9%
Total Criminal Justice	54,986	61,932	60,327	62,334	0.6%	3.3%
Transportation						
Street Transportation	98,378	104,841	104,914	115,853	10.5%	10.4%
Aviation	258,733	468,150	352,359	352,246	-24.8%	0.0%
Public Transit	253,972	280,022	241,369	277,014	-1.1%	14.8%
Total Transportation	611,082	853,013	698,643	745,113	-12.6%	6.7%

SCHEDULE 3 (Continued)
OPERATING EXPENDITURES BY DEPARTMENT^{1/}
(In Thousands of Dollars)

	2019-20	2020-21		2021-22	Percent Change from 2020-21	
	Actuals	Budget	Estimate	Budget	Budget	Estimate
Community Development						
Planning and Development	64,824	72,794	71,815	81,254	11.6%	13.1%
Housing	96,702	117,938	111,780	113,507	-3.8%	1.5%
Community and Economic Development	15,848	13,183	21,821	13,882	5.3%	-36.4%
Neighborhood Services	45,778	63,556	75,640	82,998	30.6%	9.7%
Total Community Development	223,152	267,471	281,055	291,641	9.0%	3.8%
Community Enrichment						
Office of Arts and Culture	3,871	4,661	6,951	4,773	2.4%	-31.3%
Parks and Recreation	107,259	117,482	112,702	124,443	5.9%	10.4%
Library	38,565	41,958	41,504	44,860	6.9%	8.1%
Phoenix Convention Center	53,680	60,860	51,413	48,223	-20.8%	-6.2%
Human Services	85,644	100,447	160,315	147,633	47.0%	-7.9%
Total Community Enrichment	289,018	325,408	372,885	369,932	13.7%	-0.8%
Environmental Services						
Office of Sustainability	425	656	680	910	38.7%	33.9%
Environmental Programs	1,300	1,449	3,756	1,997	37.8%	-46.8%
Public Works	19,006	18,598	23,222	23,368	25.6%	0.6%
Solid Waste Disposal	141,943	158,908	158,768	170,439	7.3%	7.4%
Water Services	318,738	341,893	340,636	364,980	6.8%	7.1%
Total Environmental Services	481,411	521,505	527,062	561,694	7.7%	6.6%
Non-Departmental Operating						
Contingencies	-	124,096	-	203,664	64.1%	+100%
Other Non-Departmental ^{2/}	-	256,400	(8,677)	405,000	58.0%	+100%
Total Non-Departmental Operating	-	380,496	(8,677)	608,664	60.0%	+100%
Total	2,889,314	3,713,320	3,255,388	4,055,219	9.2%	24.6%

^{1/} For purposes of this schedule, department budget allocations include Grants.

^{2/} Other Non-Departmental consists of the Coronavirus Aid, Relief, and Economic Security Act (CARES) Coronavirus Relief Fund, the American Rescue Plan Act (ARPA) Fund and Unassigned Vacancy Savings.

SCHEDULE 4
2021-22 OPERATING EXPENDITURES BY DEPARTMENT^{1/}
BY SOURCE OF FUNDS
(In Thousands of Dollars)

	Total	General Funds	Special Revenue Funds	Enterprise Funds
General Government				
Mayor's Office	2,323	2,323	-	-
City Council	5,577	5,577	-	-
City Manager's Office	8,826	8,111	494	222
City Auditor	3,174	3,174	-	-
Information Technology Services	60,974	60,150	87	737
Equal Opportunity	3,453	2,875	579	-
City Clerk	7,475	7,475	-	-
Human Resources	19,762	19,275	487	-
Retirement Systems	-	-	-	-
Phoenix Employment Relations Board	124	124	-	-
Law	6,737	6,737	-	-
Budget and Research	4,311	4,311	-	-
Regional Wireless Cooperative	5,485	-	5,485	-
Finance	33,541	29,715	1,733	2,093
Communications Office	3,159	3,159	-	-
Government Relations	1,259	1,259	-	-
Total General Government	166,180	154,264	8,864	3,052
Public Safety				
Police	786,708	611,239	175,469	-
Fire	462,262	388,358	73,904	-
Homeland Security & Emergency Management	690	133	557	-
Total Public Safety	1,249,660	999,730	249,930	-
Criminal Justice				
City Prosecutor	19,210	17,127	2,083	-
Municipal Court	37,489	34,224	3,265	-
Public Defender	5,634	5,634	-	-
Total Criminal Justice	62,334	56,986	5,348	-
Transportation				
Street Transportation	115,853	21,639	94,215	-
Aviation	352,246	-	-	352,246
Public Transit	277,014	1,838	275,176	-
Total Transportation	745,113	23,476	369,391	352,246

SCHEDULE 4 (Continued)
2021-22 OPERATING EXPENDITURES BY DEPARTMENT^{1/}
BY SOURCE OF FUNDS
(In Thousands of Dollars)

	Total	General Funds	Special Revenue Funds	Enterprise Funds
Community Development				
Planning and Development	81,254	5,173	76,081	-
Housing	113,507	1,772	111,734	-
Community and Economic Development	13,882	6,884	6,388	610
Neighborhood Services	82,998	15,515	67,483	-
Total Community Development	291,641	29,344	261,686	610
Community Enrichment				
Office of Arts and Culture	4,773	4,726	47	-
Parks and Recreation	124,443	108,229	16,214	-
Library	44,860	43,865	995	-
Phoenix Convention Center	48,223	2,292	555	45,376
Human Services	147,633	22,051	125,202	380
Total Community Enrichment	369,932	181,164	143,012	45,756
Environmental Services				
Office of Sustainability	910	474	436	-
Environmental Programs	1,997	1,280	285	431
Public Works	23,368	22,728	641	-
Solid Waste Disposal	170,439	-	-	170,439
Water Services	364,980	-	2,366	362,615
Total Environmental Services	561,694	24,482	3,727	533,485
Non-Departmental Operating				
Contingencies	203,664	124,164	31,000	48,500
Other Non-Departmental ^{2/}	405,000	(11,000)	416,000	-
Total Non-Departmental Operating	608,664	113,164	447,000	48,500
Total	4,055,219	1,582,611	1,488,959	983,649

^{1/} For purposes of this schedule, department budget allocations include Grants.

^{2/} Other Non-Departmental consists of the American Rescue Plan Act (ARPA) Fund and Unassigned Vacancy Savings.

SCHEDULE 5
DEBT SERVICE EXPENDITURES
BY SOURCE AND USE OF FUNDS AND TYPE OF EXPENDITURE
(In Thousands of Dollars)

	2019-20 Actual	2020-21 Estimate	2021-22 Budget
Operating Funds			
City Improvement			
Economic Development	6,570	4,199	3,911
Finance and General Government	912	11,894	19,686
Fire	4,231	381	253
Housing	71	70	74
Human Resources	816	648	363
Human Services	78	47	4
Information Technology	12,150	10,300	1,840
Issuance Costs	-	351	-
Municipal Court	6,722	5,870	5,076
Parks and Recreation	390	176	24
Police	2,601	393	339
Public Transit	70,656	571	17,993
Public Works	7,179	6,978	6,379
Sports Facilities	7,242	12,169	12,708
Street Transportation	4,355	4,658	1,770
Sub-Total City Improvement	123,972	58,706	70,421
Secondary Property Tax			
Cultural Facilities	11,404	16,925	20,260
Education & Econ Development	6,784	5,034	4,164
Environmental Improvement	1,899	1,567	268
Fire Protection	7,086	7,825	8,039
Freeway Mitigation	610	539	541
Historic Preservation	616	1,490	1,474
Housing	4,952	5,131	4,348
Human Services & Senior Centers	2,176	2,472	2,225
Information Systems	3,221	3,491	3,037
Issuance Costs	-	-	650
Library	7,229	7,051	7,206
Maintenance Service Centers	3,507	761	654
Municipal Facilities	10	-	-
Neighborhood Services	9,776	5,142	1,362
Parks & Mountain Preserves	16,270	18,356	19,862
Police	6,784	9,634	10,676
Police, Fire & Computer Tech	10,366	12,034	12,088
Storm Sewers	16,044	20,417	20,796
Street Improvements	7,475	10,979	12,065
Sub-Total Secondary Property Tax	116,210	128,846	129,714
Aviation	91,827	126,449	87,281
Convention Center	19,952	20,639	20,763
Solid Waste	14,041	14,977	15,227
Wastewater	72,806	71,783	71,389
Water	128,287	136,908	153,620
Total Operating Funds	567,095	558,308	548,415

SCHEDULE 5 (Continued)
DEBT SERVICE EXPENDITURES
BY SOURCE AND USE OF FUNDS AND TYPE OF EXPENDITURE
(In Thousands of Dollars)

	2019-20 Actual	2020-21 Estimate	2021-22 Budget
Bond Funds			
Aviation	1,722	-	-
Convention Center	-	259	-
Transportation 2050	-	-	800
Water	770	302	498
Other	-	164	-
Total Bond Funds	2,492	725	1,298
Other Capital Funds			
Capital Reserves	-	800	-
Customer Facility Charges	14,024	15,557	20,558
Federal, State and Other Participation	23,500	23,998	24,498
Passenger Facility Charges	49,945	22,598	56,763
Total Other Capital Funds	87,469	62,953	101,820
Total Debt Service	657,055	621,986	651,533
Type of Expenditure			
Principal	361,917	306,895	314,169
Interest and Other	295,138	315,090	337,363
Total Debt Service Expenditures	657,055	621,986	651,533

SCHEDULE 6
SUMMARY OF 2021-22 CAPITAL IMPROVEMENT PROGRAM
FINANCED BY OPERATING FUNDS
(In Thousands of Dollars)

	2019-20 Actuals	2020-21 Estimate	2021-22 Budget
<u>Use of Funds</u>			
Aviation	20,335	30,577	126,448
Economic Development	8,167	5,766	9,450
Environmental Programs	333	250	250
Facilities Management	12,573	15,728	16,491
Fire Protection	-	4,007	11,263
Historic Preservation & Planning	17,301	10,850	3,648
Housing	4,146	16,098	34,064
Information Technology	2,342	5,247	9,680
Libraries	631	955	955
Neighborhood Services	2,026	1,377	12,306
Parks, Recreation & Mountain Preserves	38,698	36,271	68,126
Phoenix Convention Center	6,428	8,267	15,638
Public Art Program	137	1,970	1,584
Public Transit	55,433	195,898	337,340
Solid Waste Disposal	4,243	7,790	9,344
Street Transportation & Drainage	94,466	100,762	168,966
Wastewater	26,050	31,660	69,595
Water	65,245	60,964	127,740
Total Operating Funds	358,554	534,436	1,022,887
<u>Source of Funds</u>			
General Funds			
General Fund	13,776	27,551	24,052
Library	631	955	955
Parks	-	3,000	-
Total General Funds	14,407	31,506	25,007
Special Revenue Funds			
Arizona Highway User Revenue	67,422	71,585	85,482
Capital Construction	4,482	9,253	20,380
Community Reinvestment	5,774	2,470	7,734
Development Services	17,416	11,713	4,451
Golf	95	1,793	-
Grants	46,654	49,135	125,058
Other Restricted	2,070	7,708	12,718
Parks and Preserves	33,677	28,178	66,212
Regional Transit	6,964	8,997	13,961
Sports Facilities	6,941	7,060	2,393
Transportation 2050	32,608	167,201	308,724
Total Special Revenue Funds	224,103	365,093	647,114
Enterprise Funds			
Aviation	20,366	30,820	126,993
Convention Center	3,741	5,344	15,480
Solid Waste	4,305	8,138	11,278
Wastewater	26,196	32,039	71,659
Water	65,435	61,496	125,355
Total Enterprise Funds	120,044	137,837	350,766
Total Operating Funds	358,554	534,436	1,022,887

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

	2019-20 Actuals	2020-21 Estimate	2021-22	
			Budget	Increase/ (Decrease)
Transfers to the General Fund				
<u>Enterprise Funds</u>				
Aviation				
Central Service Cost Allocation	9,736	10,117	10,117	-
Water Funds				
Central Service Cost Allocation	8,511	10,014	10,014	-
In-Lieu Property Taxes	15,585	16,367	18,650	2,283
Total	24,096	26,381	28,664	2,283
Wastewater Funds				
Central Service Cost Allocation	5,674	6,676	6,676	-
In-Lieu Property Taxes	9,579	9,834	10,962	1,128
Total	15,253	16,510	17,638	1,128
Solid Waste				
Central Service Cost Allocation	6,153	6,952	6,952	-
In-Lieu Property Taxes	1,311	1,256	1,424	168
Total	7,464	8,208	8,376	168
Convention Center				
Central Service Cost Allocation	2,944	3,044	3,044	-
Total From Enterprise Funds	59,493	64,260	67,839	3,579

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

	2019-20 Actuals	2020-21 Estimate	2021-22	
			Budget	Increase/ (Decrease)
<u>Special Revenue Funds</u>				
Excise				
Transfer to General Fund	890,414	960,500	970,229	9,729
Development Services				
Central Service Cost Allocation	4,322	4,440	4,440	-
Sports Facilities				
Central Service Cost Allocation	174	148	148	-
Phoenix Union Parking Maintenance	79	79	79	-
Total	253	227	227	-
Public Housing In-Lieu Property Taxes	279	200	200	-
ASU Facilities Operations Fund	781	169	128	(41)
Downtown Community Reinvestment Fund	2,065	2,064	2,065	1
Human Trafficking Prevention Fund	2	-	-	-
T2050 Central Service Costs	985	1,063	1,063	-
Neighborhood Protection Central Service Costs	396	561	561	-
Public Safety Enhancement Central Service Costs	356	416	416	-
Public Safety Expansion Central Service Costs	871	1,037	1,037	-
Housing Central Office Central Service Costs	310	371	371	-
Other Restricted - Sale of Land	1,000	6,865	-	(6,865)
Library Reserve Fund	-	1,286	1,753	467
Total From Special Revenue Funds	902,034	979,199	982,490	3,291
Total Transfers to the General Fund	961,527	1,043,459	1,050,329	6,870
Transfers from the General Fund				
Strategic Economic Development Fund	(1,000)	(1,000)	(1,200)	(200)
Public Safety Other Restricted Fund	(16,000)	(16,000)	(17,000)	(1,000)
Public Safety Pension Reserve Fund	(5,500)	(1,000)	(1,000)	-
Other Restricted	(509)	-	-	-
Aviation-Emergency Transportation Services	(248)	-	(125)	(125)
Community Facilities Districts-Restricted Fund	(207)	(279)	(262)	17
Enhanced Municipal Services District Fund	(454)	-	-	-
Aerial Fleet Capital Reserve Fund	-	(5,000)	(7,000)	(2,000)
Fire SCBA Sinking Fund	-	-	(10,000)	(10,000)
Library Reserve Fund	(248)	-	-	-
Retiree Rate Stabilization Fund	(1,027)	(1,028)	(1,026)	2
Infrastructure Repayment Agreements	(574)	(1,369)	(1,427)	(58)
City Improvement - Library	(115)	(112)	(39)	73
City Improvement	(41,482)	(37,407)	(34,943)	2,464
Total Transfers from the General Fund	(67,364)	(63,195)	(74,022)	(10,827)
Net Transfers to the General Fund	894,163	980,264	976,307	(3,957)

SCHEDULE 8
POSITIONS BY DEPARTMENT
Number of Full Time Equivalent Positions

	2019-20 Actual	2020-21 Adopted	2020-21 Estimate	Estimate less Adopted	2021-22 Budget	Budget less Estimate
General Government						
Mayor's Office	13.0	13.0	15.3	2.3	14.3	(1.0)
City Council	33.0	33.0	32.0	(1.0)	32.0	0.0
City Manager's Office	20.5	21.5	27.9	6.4	33.9	6.0
City Auditor	25.4	25.4	25.4	0.0	25.4	0.0
Information Technology Services	200.0	201.0	206.0	5.0	209.0	3.0
Equal Opportunity	27.0	27.0	27.0	0.0	27.0	0.0
City Clerk	51.5	51.5	51.5	0.0	51.5	0.0
Human Resources	112.7	112.7	117.7	5.0	118.7	1.0
Retirement Systems	16.0	16.0	16.0	0.0	16.0	0.0
Phoenix Employment Relations Board	1.0	1.0	1.0	0.0	1.0	0.0
Law	65.0	65.0	66.0	1.0	67.0	1.0
Budget and Research	24.0	24.0	25.0	1.0	25.0	0.0
Regional Wireless Cooperative	4.0	4.0	4.0	0.0	4.0	0.0
Finance	213.0	213.0	215.0	2.0	214.0	(1.0)
Communications Office	19.1	19.1	19.1	0.0	20.1	1.0
Government Relations	7.0	7.0	5.0	(2.0)	5.0	0.0
Total General Government	832.2	834.2	853.9	19.7	863.9	10.0
Public Safety						
Police	4,363.6	4,360.6	4,363.6	3.0	4,436.6	73.0
Fire	2,089.8	2,091.8	2,127.8	36.0	2,277.7	149.9
Homeland Security & Emergency Management	9.0	9.0	7.0	(2.0)	7.0	0.0
Total Public Safety	6,462.4	6,461.4	6,498.4	37.0	6,721.3	222.9
Criminal Justice						
City Prosecutor	147.0	147.0	148.0	1.0	148.0	0.0
Municipal Court	274.0	274.0	274.0	0.0	279.0	5.0
Public Defender	11.0	11.0	11.0	0.0	11.0	0.0
Total Criminal Justice	432.0	432.0	433.0	1.0	438.0	5.0
Transportation						
Street Transportation	721.0	721.0	728.0	7.0	734.0	6.0
Aviation	890.0	890.0	889.0	(1.0)	889.0	0.0
Public Transit	120.0	120.0	121.0	1.0	121.0	0.0
Total Transportation	1,731.0	1,731.0	1,738.0	7.0	1,744.0	6.0

SCHEDULE 8 (Continued)
POSITIONS BY DEPARTMENT
Number of Full Time Equivalent Positions

	2019-20 Actual	2020-21 Adopted	2020-21 Estimate	Estimate less Adopted	2021-22 Budget	Budget less Estimate
Community Development						
Planning and Development	444.8	444.8	467.8	23.0	480.8	13.0
Housing	129.0	134.0	126.0	(8.0)	126.0	0.0
Community and Economic Development	57.0	57.0	57.0	0.0	59.0	2.0
Neighborhood Services	190.0	189.0	190.0	1.0	191.0	1.0
Total Community Development	820.8	824.8	840.8	16.0	856.8	16.0
Community Enrichment						
Office of Arts and Culture	11.0	11.0	11.0	0.0	11.0	0.0
Parks and Recreation	1,013.1	1,014.1	1,017.0	2.9	1,050.0	33.0
Library	401.3	401.3	397.8	(3.5)	402.8	5.0
Phoenix Convention Center	220.0	220.0	219.0	(1.0)	219.0	0.0
Human Services	391.0	391.0	392.0	1.0	395.0	3.0
Total Community Enrichment	2,036.4	2,037.4	2,036.8	(0.6)	2,077.8	41.0
Environmental Services						
Office of Sustainability	5.0	5.0	5.0	0.0	4.0	(1.0)
Environmental Programs	10.0	10.0	10.0	0.0	11.0	1.0
Public Works	426.0	426.0	431.0	5.0	443.0	12.0
Solid Waste Disposal	603.0	609.0	625.5	16.5	633.5	8.0
Water Services	1,485.0	1,487.0	1,480.0	(7.0)	1,485.0	5.0
Total Environmental Services	2,529.0	2,537.0	2,551.5	14.5	2,576.5	25.0
Total	14,843.8	14,857.8	14,952.4	94.6	15,278.3	325.9





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 Annual Comprehensive Financial Report, Phoenix recognizes grant revenues on a modified cash basis. Generally Accepted Accounting Principles (GAAP) recognizes grant revenues on an accrual basis.

Annual Comprehensive Financial Report (ACFR)

Official annual report of the City of Phoenix which includes statements of revenue, expenditures and changes in fund balances.

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.

ARPA

American Rescue Plan Act (ARPA) signed into law to provide additional relief to address the continued impact of the COVID-19 pandemic on the economy, public health, state and local governments, individuals, and businesses.

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.

Audit

An independent examination of, and expression of opinion on the financial statements of an enterprise by an appointed auditor in pursuance of that appointment and in compliance with generally accepted accounting principles.

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 Annual Comprehensive 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 System (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.

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 (WHO), 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 Annual Comprehensive Financial Report 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.



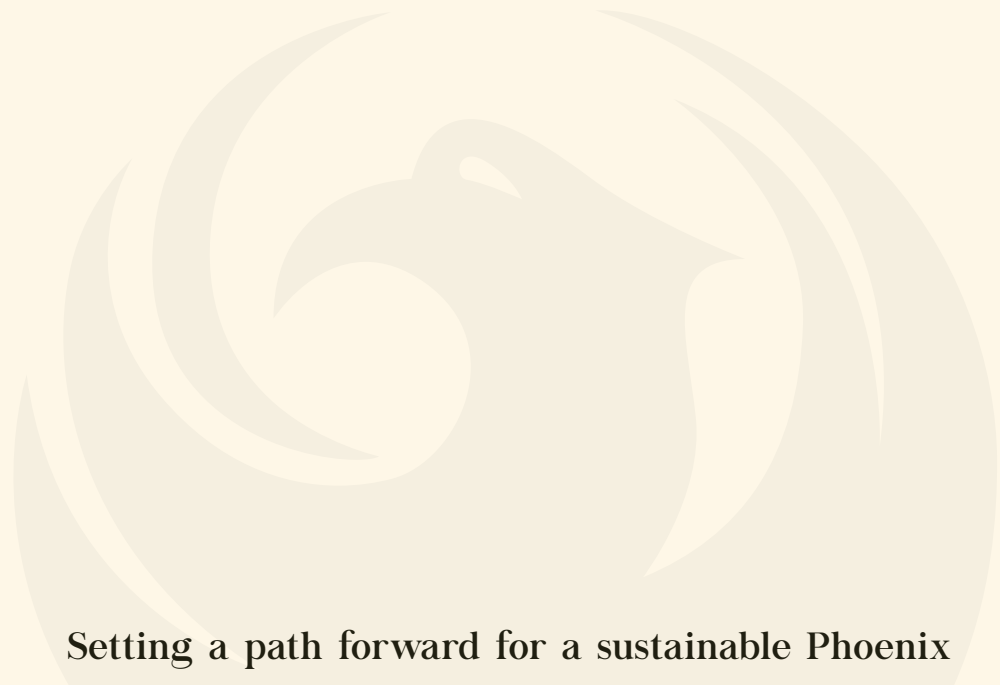
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