



2022-23 PHOENIX SUMMARY BUDGET

PROGRAMS AND SERVICES
THAT BUILD A BETTER PHOENIX





PHOENIX 2022-2023
SUMMARY
 **BUDGET**



Printed on Recycled Paper
150
August 2022

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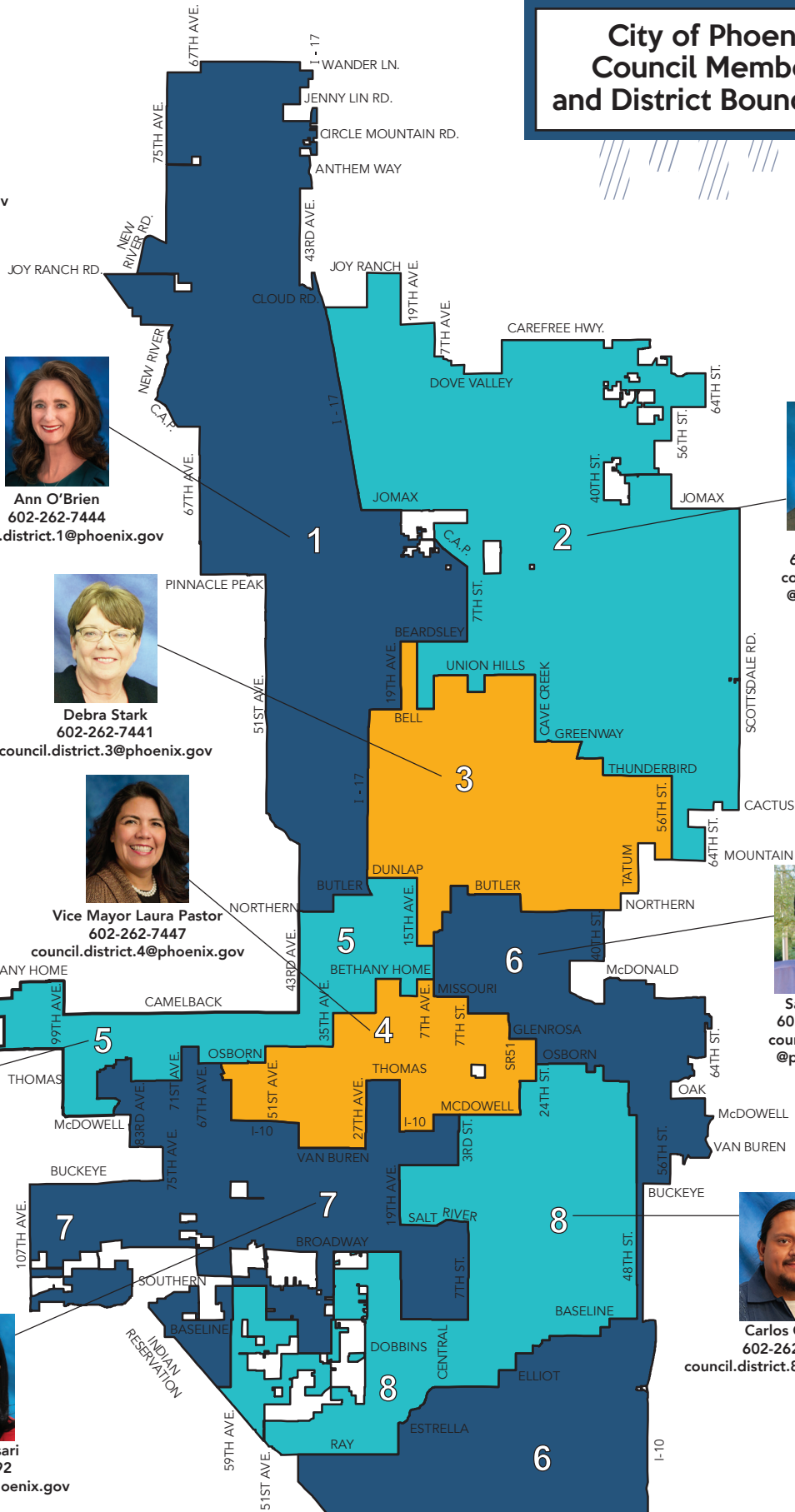
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CITY OF PHOENIX

Mayor and City Council

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Laura Pastor
Vice Mayor
District 4

Ann O'Brien
District 1

Jim Waring
District 2

Debra Stark
District 3

Betty Guardado
District 5

Sal DiCiccio
District 6

Yassamin Ansari
District 7

Carlos Garcia
District 8

Mayor's Office

Clark T. Princell
Chief of Staff

City Council Office

Stephanie Bracken
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Management Staff

Jeff Barton
City Manager

Lori Bays
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Gina Montes
Deputy City Manager

Mario Paniagua
Deputy City Manager

Karen Peters
Deputy City Manager

Ginger Spencer
Deputy City Manager

Alan J. Stephenson
Deputy City Manager

Frank McCune
Government Relations Director

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Cynthia Aguilar
Parks and Recreation Director

Denise Archibald
City Clerk

John Chan
Phoenix Convention Center
Director

Michael Duran
Fire Chief

Marchelle F. Franklin
Human Services Director

Kathleen Gitkin
Chief Financial Officer

Joe Giudice
Public Works Director

Steen Hambric
Chief Information Officer

Rita Hamilton
City Librarian

Troy Hayes
Water Services Director

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

David Mathews
Human Resources Director

Cris Meyer
City Attorney

Jesús Sapien
Public Transit Director

Spencer Self
Neighborhood Services Director

Alan J. Stephenson
Planning and Development Director

Ross Tate
City Auditor

Jeri L. Williams
Police Chief

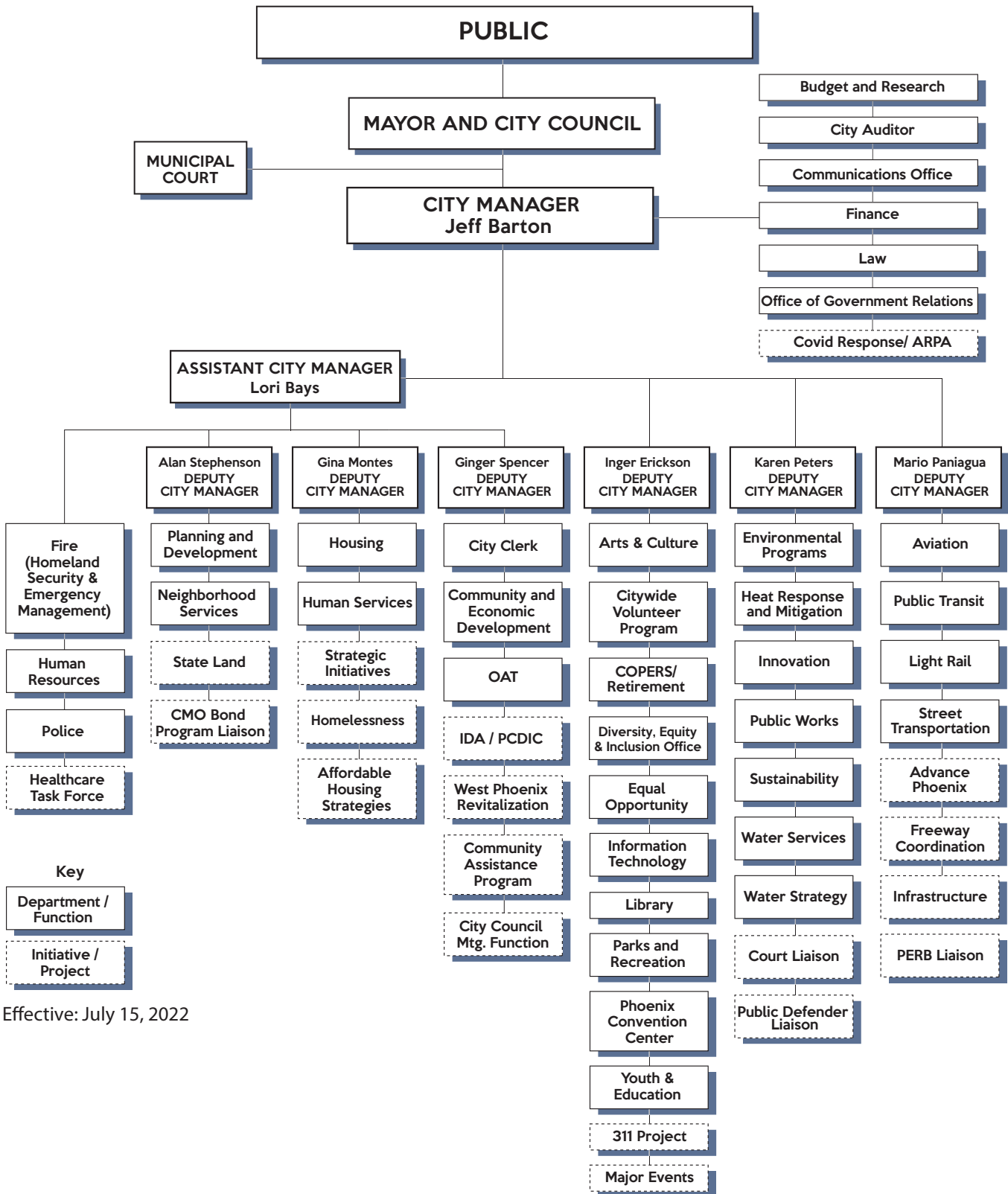
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Budget and Research Director

Dan Wilson
Communications Office Director

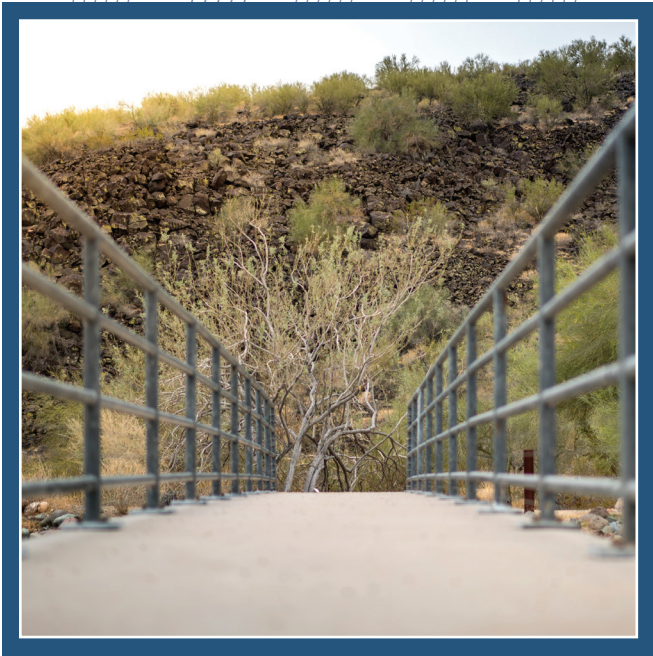
Chief Presiding Judge

B. Don Taylor III

CITY OF PHOENIX ORGANIZATIONAL CHART



Effective: July 15, 2022



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BUDGET DOCUMENT OVERVIEW

This overview outlines the 2022-23 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 2022-23. 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 2022-27 Capital Improvement Program provides Phoenix's planned construction program by project and detailed sources of funds.

A more detailed description of the 2022-23 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 2021-22 and 2022-23 as well as actual results for recent and historical periods.

2022-23 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 2022-23 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.

2022-23 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 2022-27 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 01, 2021

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, 2021.

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



Jeff Barton
City Manager

TO THE HONORABLE MAYOR AND CITY COUNCIL:

This letter transmits the balanced 2022-23 City of Phoenix Budget required by City Charter.

The 2022-23 City of Phoenix Budget reflects broad Council and community priorities. As a result of the strong Phoenix economy, strategic actions taken by City Council and City Management, along with the commitments of City employees to provide services and control spending through the pandemic, the budget remains balanced and provides enhanced city services for the community.

The budget addresses many issues raised by Council members and the community over the past year without over-committing current and projected resources. Balancing available resources with the community's desire for expanded service, and the organization's needs for staff and infrastructure required to provide those services is no easy task. This is especially true at this time amid the current economic climate including high inflation, tight labor markets, supply chain challenges, and the economic turmoil prompted by the Russian declaration of war against Ukraine. Given the additional economic uncertainty, the budget strategically uses available resources in a way that provides maximum flexibility should we need budget balancing actions in the upcoming fiscal year.

As reflected in the 2022-23 General Fund (GF) Status, the \$76 million projected surplus includes both one-time and ongoing resources. Given the uncertainty of the economy discussed above, the budget does not reflect spending the entire GF surplus. Instead, it includes \$52 million in GF set-asides to be available in the future to either help mitigate any potential negative economic decline, or to be used for employee compensation and enhanced services for the community. The 2022-23 GF Budget also includes \$24 million in service additions that will continue to move the City forward in addressing several key priorities discussed over the last few years. The proposed additions provide needed resources in the following areas:

- Affordable Housing - \$1.5 million
- Climate and Sustainability - \$1.6 million
- Economic Development, Planning and Innovation - \$2.4 million
- Historic Preservation and Arts - \$0.8 million
- Homelessness, Immigrant/Refugee Support and Fast Track Cities - \$3.0 million
- Parks & Recreation and Library - \$3.0 million
- Public Safety and Criminal Justice - \$6.9 million
- Roadway Safety - \$1.2 million
- General Government - \$3.6 million

To further enhance the City's ability to withstand the economic uncertainty ahead and to provide resources for critical projects and priorities, the 2022-23 GF Budget also recommends strategically creating two GF set-asides that would serve a dual purpose. The GF set-asides totaling \$52 million include \$30 million for future employee compensation increases and \$22 million for future Council and community priority areas. The set-asides could also be used if needed as an economic shock absorber to offset any negative revenue impacts experienced next fiscal year. If the economy stays strong, the set-asides would be used to provide the resources needed to address several critical issues such as:

- Employee Compensation
- Homelessness and Affordable Housing Strategies
- Roadway Safety
- Climate, Sustainability and other Environmental Initiatives
- Infrastructure and Future Bond Project Operating and Maintenance Needs
- American Rescue Plan Act (ARPA) GF Transition

Community Engagement

The City of Phoenix budget process encourages community participation to guide decision making. In order to facilitate feedback, a total of eleven virtual budget hearings were held from April 2, 2022 to April 15, 2022. The proposed budget additions were also made available on the City's website and in the 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, we received 668 comments from 388 individuals.

Consistent themes of resident input included:

- Preserve existing services provided by the City.
- Requests for new pickleball courts in Ahwatukee.
- Additional funding for street maintenance, lighting, repair and cleaning.
- Support for more funding for the Police Department.
- Requests for GF dollars to continue the Gated Alley Program.
- Additional funding for roadway and pedestrian safety projects.
- Funding for new parks and recreation services.
- Increased funding for affordable housing and homelessness initiatives.
- Increased funding for Arts & Culture and Historic Preservation Programs.
- Funding for environment, heat mitigation, and climate initiatives.
- Requests for mental health and substance abuse programs.
- Additional funding for planning and economic development activities.
- Expanded Public Transit Services, including more bus routes.

Public participation showed residents have diverse opinions 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 2022-23 budget.

Overview of 2022-23 Budget

General Fund Budget: The proposed balanced 2022-23 GF budget is \$1,777.6M. This is a \$170M increase or 10.6% from the adopted 2021-22 GF Budget of \$1,607.6M. The increase accounts for the proposed additions and set-asides detailed earlier and increases in capital pay-as-you-go projects, employee pension costs, setting the contingency fund to 4.25% of GF operating expenditures, and additional resources to replace aging fleet. The increase also accounts for the second year of the negotiated employee compensation increases. Projected GF resources are estimated at \$1,777.6M and includes the estimated beginning balance of \$183.8M, estimated revenue of \$1,587.3M and fund transfers and recoveries of \$6.5M. GF revenues of \$1,587.3M represent annual growth of 9.5% over 2021-22 and is largely due to growth in state shared income tax, which is based on collections from two years prior and is artificially high as a result of the State's decision to delay income tax filings in the fourth quarter of 2019-20 due to the COVID-19 pandemic. Revenue growth also includes estimated increases in city and state sales taxes. Additional detail on the 2022-23 GF Budget is provided in the Resource and Expenditure section of this document.

General Fund Additions: The 2022-23 budget preserves existing city programs and will positively impact the community. Additions totaling \$24.0 million by City Council and community priority areas include:

Affordable Housing - \$1.5 million

Funding of \$1.5 million is included for the Housing Department to provide resources to maintain and increase the scope of permanent supportive housing services, and for Phoenix Starfish Place. The Affordable Housing Fund provides support services to low income residents including self-sufficiency services, homelessness prevention, counseling, employment and youth services. Grant funding is not expected to provide the resources necessary to meet the needs of Affordable Housing residents and General Fund support is needed. Funding will be used to pay for staff to provide these critical services to residents. Additionally, funding is included for Phoenix Starfish Place, which is dedicated to the healing and empowerment of human trafficking survivors by providing safe and affordable housing, case management and support services for residents. Funds will be used to pay for staff, maintenance, utilities and unit upgrades.

Climate and Sustainability - \$1.6 million

Negative impacts from rising temperatures and climate change call for strategies to reduce pollutants, carbon emissions and combat the urban heat island effect in order to improve air quality and life for residents. The City Council approved Climate Action Plan requires implementation of projects, strategies and policies to achieve goals, report results and engage the community. Additions in this category include a Climate Action Plan Manager, Operations Analyst and an Electric Vehicle Manager in the Environmental Programs, Public Works and Office of Sustainability Office respectively. These positions will evaluate effectiveness of electric vehicle infrastructure and implementation, conduct policy research on climate adaptation and mitigation, con-

duct community education and engagement on climate initiatives, implement climate and resilience protocols and conduct vulnerability assessments. Additionally, increased funding is included for the award winning and successful Cool Pavement Program administered by the Street Transportation Department to apply surface treatments for two additional neighborhoods per year designed to reduce the urban heat island effect. The Cool Pavement Program was recently awarded the Women in Transportation's 2022 Innovative Transportation Solutions award. In addition to the Operations Analyst for the Public Works Department \$250,000 is included to conduct a comprehensive electric vehicle study to support the Phoenix Climate Action Plan and the Electric Vehicle Task Force recommendations. The study will include an equitable assessment of electric vehicle charging stations, infrastructure needs, and an implementation plan for City vehicles.

Economic Development, Planning and Innovation - \$2.4 million

Phoenix is a national leader for attracting businesses, demonstrating successful economic development efforts, meeting community demands for planning activities, and implementing innovative policy. Resources are included to further economic development, support planning activities and to enhance the newly created Office of Innovation. Additions include: positions for the Community and Economic Development Department (CEDD) to formalize an international trade program to remain competitive with global markets, enhance marketing opportunities to increase jobs, and create a Vacant Commercial Storefront and "Funertainment" team. This category also includes staff additions for the Planning and Development Department for general and long range planning to process growing development applications requiring zoning adjustments, and to execute City Council priority projects including transit oriented development, the Housing Phoenix Plan and downtown redevelopment areas, and staff for the Office of Customer Advocacy to assist property owners and businesses with efforts to activate vacant storefronts and expand the Adaptive Reuse Program. Funding is also included for the Office of Innovation to provide resources to conduct three to four projects per year focused on testing and prototyping, and for an AmeriCorps VISTA member to support capacity building, community engagement, and innovation in low-to-moderate income areas of the City. Funding in the amount of \$750,000 is included for the Elevate Education Workforce Program focused on Elevate EdAZ: connecting education and business for a thriving community program managed by the Greater Phoenix Chamber. This program would allow CEDD to connect to an existing program through an established 501c3 partner to facilitate the Mayor and City Council's priority of assisting youth to develop the future workforce.

Historic Preservation and Arts - \$800,000

The Historic Preservation Commission requested General Funds for the "Threatened Buildings Grant Program" to preserve historical buildings. The budget includes \$500,000 per year for this program and will require own-

ers to convey a conservation easement to the City and would protect the public's investment in the building. Additionally, \$250,000 is included for the Office of Arts and Culture for community arts grants bringing funding to \$1.2 million per year. These grants are awarded to artists, arts and culture organizations, youth, and neighborhood groups to execute high quality arts programming. Funding is also included to increase the current public art maintenance budget by \$40,000 to adequately protect and refurbish the City's art collection.

Homelessness, Immigrant/Refugee Support and Fast Track Cities - \$3.0 million

The city has a growing homeless, immigrant and refugee population in need of assistance. The city also has residents who continue to suffer from HIV and AIDS who need treatment and resources. The City Council approved the Strategies to Address Homelessness Plan in 2020 to find solutions specifically to identify ways to help individuals suffering from homelessness and to work with community partners to connect people to resources. Additionally, private businesses are negatively impacted by homeless encampments resulting in incidents of trespassing, blight, litter and hazardous waste. Additions are included for the City Manager's Office and the Human Services Department to expand the team dedicated to helping those suffering in our community from homelessness to achieve the goals of the Council approved plan. Resources are also included for the Neighborhood Services Department for a private property clean-up pilot program to fund a temporary position and contractual services for clean-up of private property required due to homeless encampments, and to expand the C.A.R.E.S. program by adding staff to manage the growing number of cases to provide timelier response to the community. A new navigator position is included to work with immigrants and refugees to connect individuals to resettlement agencies, or to obtain referrals for services such as housing, employment, healthcare, and to assist with a successful transition into the community. Finally, ongoing funding to continue the \$250,000 allocated in the 2021-22 Budget for Fast Track Cities (FTC) is included. This addition will provide ongoing resources to reach the FTC initiatives goal for 90 percent of Phoenixians to be aware of their HIV/AIDS status and to enroll in antiviral treatment. The City of Phoenix is one of 25 cities in the U.S. working to end the AIDS endemic.

Parks and Recreation and Library- \$3.0 million

Additions for the Parks and Recreation Department and Library Department are included to enhance community services. For the Parks and Recreation Department additional resources are included to provide enhanced after school programming including tutoring and educational support for children at facilities and within the department's Phoenix Afterschool Center (PAC) program. Additional Urban Park Rangers to provide a greater presence of rangers in City parks, and resources needed for Eastlake pool renovations are also included. The Library Department addition includes funding to launch a new bookmobile at 67th Avenue and Lower Buckeye Road. Initially the bookmobile will operate five days per week and offer programming and access to computers from a fixed location, however the intent is to eventually build a new library at the site with proceeds from a future GO Bond Program. If the bond program is approved by Phoenix voters, the bookmobile would transition into a mobile library and be used across the City. Also included is

one-time funding of \$21,000 to renovate and repair two tennis courts at the Desert Foothills Park located at 1010 E. Marketplace SE in Ahwatukee to include adding lines for pickleball. Resources are also included in the amount of \$229,000 to reopen the South Mountain Environmental Education Center (SMEEC) located at the base of South Mountain Park and will include 2.5 FTE to operate the center four days per week to offer residents culturally relevant educational programs and access to the facility. This addition includes a park ranger position that will also support work at Pueblo Grande Museum under the supervision of the City Archaeologist.

Public Safety and Criminal Justice - \$6.9 million

Included in the GF Budget are several supplementals for Fire, Police, Municipal Court and Public Defender. The Fire Department is in need of additional sworn positions to permanently staff Fire Station 72 located at 33027 N. Cave Creek Road, and for additional rovers to meet minimum staffing requirements to ensure effective service delivery for the community. Additional civilian positions are also included for Fire Prevention to perform inspections of outdoor combustible storage facilities and information technology support for the electronic care patient reporting system (EPCR). Additions for the Police Department include: additional civilian investigators to continue civilianization efforts to provide support to the Violent Crimes, Family Investigations, Property Crimes and Drug Enforcement Bureaus; new civilian positions to process the increased amount of body worn camera footage and to provide timelier response for public records requests; information technology positions for the Business Application Team that supports critical systems including the computer aided dispatch and records management systems; and additional positions for the Laboratory Services Bureau to process evidence for violent crimes and provide oversight of the Crime Scene Response operations. The above positions for the Police Department in 2022-23 will be funded by excess sworn vacancy savings resulting in no additional cost to the budget. Additional funding for Police is included for the 19th Avenue Community Safety and Crime Prevention Plan to improve the safety of area residents, businesses, and students. Funding will be used for additional civilian staff and technology to decrease violent crime and address quality of life concerns in the area. Funding is also included for the Municipal Court and Public Defender's Office for new positions to provide case management support for the Phoenix Intimate Partner Violence Court to assist victims of domestic violence, and for a new Veteran Court Attorney and Behavioral Health Attorney. Finally, residents indicated the desire to continue the Gated Alley Program with ongoing GF resources. The addition includes \$627,000 for one full-time position to administer the program and annual funding to accommodate up to 45 public alley segments each year based on equity and need in the city.

Roadway Safety- \$1.2 million

The GF Budget includes \$1.2 million for the Road Safety Action Plan (RSAP), which was adopted by City Council on March 2, 2021. The plan addresses comprehensive roadway safety issues on City streets. This additional funding combined with funds added in 2021-22 will provide \$1.8 million in General Funds annually. This funding will help

implement safety improvements targeted at both engineering and education based traffic safety measures. Such improvements could include traffic signals, street lighting, HAWK pedestrian signals, crosswalks, sidewalks, public service announcements (PSAs), and safety education campaigns. Funding will also be utilized in the development of the RSAP to engage the community to ensure equity in the selection and prioritization of traffic safety improvement projects.

In addition to the above City Council and community priority areas, proposed additions totaling \$3.6 million are included to support general government departments including: Budget and Research, Finance, Human Resources, Information Technology, Law and Public Works.

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, Solid Waste, Water and Wastewater. Additions to the 2022-23 budget for other funds includes \$4.9 million in resources and new positions for Aviation, Development Services, Neighborhood Services, Public Transit, Streets and Water Services Department. These additions are necessary due to growth at Phoenix Sky Harbor International Airport, increases in zoning and permitting activity, to ensure we can deliver grant programs and provide high quality transit services, provide long range street development planning, and hire staff to maintain new water wells to help with water resiliency planning.

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 2022-23 budget is \$5,977.8 million.

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 is available at [Phoenix.gov/budget](https://phoenix.gov/budget).

Thank You for Your Commitment to Phoenix

I want to thank the Mayor and City Council for your strong leadership over the past year and throughout the COVID-19 pandemic. I also want to thank our residents who participated in the budget process. Your feedback is critical to ensure the adopted budget reflects your priorities. I am honored to work for you to ensure we continue delivering exceptional programs and services to all Phoenix residents.



Jeff Barton
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 2021-22 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 2021-22 MAJOR ACCOMPLISHMENTS

ECONOMIC DEVELOPMENT AND EDUCATION

1. **Business Attraction**

- Staff is working with over 40 unique suppliers to Taiwan Semiconductor Manufacturing Company (TSMC), this also includes suppliers of suppliers as the multiplying effects of the TSMC project reverberate through the economy. Suppliers such as Sunlit, Linde and Air Liquide all broke ground this year with over \$750 million in combined capital investments. These suppliers are all located in north Phoenix near the TSMC main campus.
- Staff has assisted 29 companies to locate and create 3,709 new jobs at an average salary of \$81,927 with a capital investment of more than \$1.1 billion. Several high-profile advanced manufacturing and technical locates include Cavco Industries, Diamond Age, Foxlink, Sendoso, Blue Origin and Georgia Pacific.
- Industrial Activity is at an all-time high in Phoenix. Historically low vacancy rates have led to over 30 million square feet of industrial buildings planned and under construction. Several large projects in Phoenix are in various stages of development by Caprock, Scannell and George Oliver Industrial.

2. **Business Retention & Expansion Outreach** – Community and Economic Development staff assisted 48 companies that indicated they were expanding within the next 12 months, creating 4,642 new jobs at an average salary of \$52,059, with a capital investment of \$134,940,000, and a total of 784,268 square feet. Notable expansions include: TriWest Healthcare Alliance, ITC Manufacturing, Caris Life Sciences, LabCorp, Valor IT Global and Brewer Companies.

3. **Micro and Small Business Grant Program** – Nearly 1,100 PHXbizGrants applications have been approved for Phoenix micro and small businesses for an aggregate total of \$7 million in grant awards using American Rescue Plan Act funding. Staff continues to process eligible applications received by the April 15, 2022 application deadline. As of April 30, 2022, 58 percent of all grant recipients were small businesses located in Qualified Census Tracts and 69 percent of all awarded funds were sent to small businesses located in Qualified Census Tracts.

4. **Small Business Financial Assistance Program Pilot** – In 2021, the City launched the light rail Small Business Financial Assistance Program Pilot (SBFAP). The program provides financial assistance to eligible small businesses operating along light rail corridors. More than \$292,000 in financial assistance has been provided to over 50 businesses.

5. **Million Dollar Circle of Excellence** – The Aviation Department was inducted into the Million Dollar Circle of Excellence which recognizes companies spending more than \$1 million annually with Minority and Women-owned Business Enterprises in Arizona. The department was recognized at the 10th Annual Business Diversity Summit, hosted by the Phoenix Minority Business Development Agency (MBDA) Business Center and the Arizona Hispanic Chamber of Commerce.

6. **New and Expanded International Flights** – All of Phoenix's overseas international flights have resumed and all but two international markets have returned since being paused due to the pandemic. These flights include:

- British Airways' daily direct Phoenix to London flight.
- American Airlines' daily flight to London.
- Air Canada's twice weekly Montreal flight, which will now be available year-round.
- Condor resumed its direct Phoenix to Frankfurt flight which is served twice per week.

The international services that have not returned yet include:

- American Airlines' service to Chihuahua, Mexico and to San Juan, Costa Rica.
- WestJet's services to Kelowna and Winnipeg, Canada.

FINANCIAL EXCELLENCE

1. **100 West Washington Acquisition** – The City completed the purchase of the 27 story former Wells Fargo office tower. The strategic acquisition of the adjacent buildings and parking garages will focus on consolidating various police and public safety functions into a more efficiently combined facility. Finance staff issued \$60 million of Subordinated Excise Tax Revenue Obligations on October 1, 2021. The final maturity of the obligations is July 2031 with an all-in rate of 1.80 percent.
2. **Indirect Cost Plan Approval** – The Finance Department successfully created and submitted the City's Indirect Cost Plan to the United States Department of Transportation. The goal of this effort is to receive approval of the indirect cost rate by the Federal Government to allow the City to submit for reimbursement of their soft or "indirect" costs related to Federal grants. The City's proposed Indirect Cost Plan has been recommended for approval.
3. **Agile Procurement Implementation** – The Finance Department processed the first Agile Procurement for the PHX311 Customer Relationship Management System to establish a five-year contract term. The process expedited the procurement in a four-month timeframe. This effort led to the implementation of a new solution for enhanced services to residents with multiple options for submitting service requests, comments and improving digital service delivery.
4. **Risk Management** – The Risk Management Division processed 1,095 risk claims over the last fiscal year as of May 2022 and all claim information has been made available on the City's website.
5. **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, 2020. 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, 2020.
6. **Strong Credit Rating** – The City's credit rating for General Obligation (GO) and Excise Tax bonds remained investment grade. The ratings were affirmed by Fitch Ratings (AAA), S&P Global Ratings (AA+) and Moody's Investor Service (Aa1). All three ratings have a stable outlook. Moody's Investors Service revised the GO bond outlook to stable from negative citing the City's "meaningful increases in pension contributions that will likely decrease liabilities over the long-term."

INFRASTRUCTURE

1. **Accelerated Pavement Maintenance Program (APMP)** – In 2018, City Council authorized an advance of \$200 million in T2050 funding over five years to accelerate pavement maintenance. As of May 2022, the Accelerated Pavement Maintenance Plan (APMP) completed over 575 miles of mill and overlay improvements since 2019.
2. **Central Station Redevelopment** – City staff and other stakeholders broke ground on the redevelopment of Central Station. 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.
3. **Drought Pipeline Project** – Construction continued on the Drought Pipeline Project. As part of Project 1, the 66-inch Pipeline from the 24th Street Water Treatment Plant to 32nd Street and Shea Boulevard was mobilized. Additionally, Project 2 construction focused on the 66-inch pipeline from 32nd Street and Shea Boulevard to 32nd Street and Bell Road. Finally, as part of the Drought Contingency Plan to ensure a reliable and resilient water supply into the future, the Groundwater Well Program continued as two additional wells were drilled.
4. **Community Project Funding** – Government Relations helped the City navigate the FY 2022 appropriations process, which includes Community Project Funding (formerly known as earmarks) for the first time in a decade. Our policy and project funding wins include: \$1.8 million for Tres Rios; \$960,000 for safety improvements to the intersection at 32nd Street and Thomas Road; \$1 million for the Edison Impact HUB; \$2.7 million for electric bus investment; an increase for the federal cost share for Northwest Light Rail Extension that could provide up to an additional \$40 million in federal funding for the project; \$5 million for the Environmental Protection Agency (EPA) Water Workforce grant program.
5. **HAWK Activations** – In March 2022, the Street Transportation Department celebrated the installation of the 75th HAWK activation at Amelia Drive on Indian School Road.

INNOVATION AND EFFICIENCY

1. **What Works Cities Certification** – The City was elevated to What Works Cities (WWC) Gold Certification, which is a higher level of recognition than the City's previous Silver level certification. WWC has set the national standard of excellence for data-driven, well-managed local government with its comprehensive certification process. WWC considers Gold certified cities "great at understanding data, tracking progress, and using data and evidence to inform decisions."
2. **Wastewater Testing** – The Water Services Department completed an Intergovernmental Agreement with Arizona State University to conduct sample collection for the COVID-19 virus in wastewater at four lift stations and the 91st Avenue wastewater treatment plant. Water Services also enrolled in a nationwide study to analyze raw wastewater influent samples at the wastewater treatment plants for COVID-19. This study provided data to track infection rate trends.
3. **Audit Projects Completed** – From July 1, 2021, through April 30, 2022, the City Auditor Department completed 55 audits and management services, with recommendations to improve operational efficiency, reduce risk, and improve management controls.
4. **Efficiency Efforts** – In addition to recommendations to improve management controls and reduce risk, the City Auditor Department identified many potential efficiency improvements. City departments reported the implementation of 165 recommendations from July 1, 2021, through April 30, 2022. Audit recommendations result in many benefits to the City, including improved transparency and accountability, enhanced internal controls, reduced costs, increased revenue, and improved services.
5. **Economic Impact** – City Auditor Department recommendations resulted in over \$5.04 million in revenue recovery and cost savings over the past five years, including \$432,888 in revenue recoveries and cost savings from July 1, 2021, through April 30, 2022.

NEIGHBORHOODS AND LIVABILITY

1. **Free Swimming Lessons** – The Parks and Recreation Department offered free swimming lessons at the 12 operational pools during the 2021 summer with 5,675 participants. Swimming lesson classes were filled to capacity at all sites, with over 3,825 children placed on waitlists.
2. **Parks and Recreation Facility Improvement Projects** –
 - In November 2021, the Parks and Recreation Department completed phase two of the Phoenix Zoo Parking Lot Renovation Project. This phase completely repaved the existing parking areas, provided lighting upgrades, shade structures, electric vehicle charging stations and improved landscaping with an abundance of new trees.
 - Piestewa Peak Trailhead's Ocotillo section was completed in October 2021. Improvements included roughly 77,500 square feet of renovation including new trailhead access with Americans with Disabilities Act (ADA) accessible restrooms, ramadas, parking, and drinking fountains.
 - In November 2021, the South Mountain's Dobbins Lookout renovation project was completed. The existing parking lot was repaved and striped, a new Americans with Disabilities Act (ADA) accessible sidewalk was installed from the restroom to the new scenic lookout, a new ramada and benches were installed, and the existing historic ramada's roof was replaced.
3. **Library Improvements** – The Phoenix Public Library and the Phoenix Public Library Foundation received a \$50,000 grant from Fiesta Bowl Charities to create a new interactive and educational play space at Cholla Library. The colorful new space in the first-floor children's area was completed and available for children and families in 2021.

PHOENIX TEAM

1. **Office of Heat Response and Mitigation** – The City of Phoenix created the nation's first publicly-funded Office of Heat Response and Mitigation (OHRM) as part of the \$2.8 million Climate and Heat Readiness Investment in the FY 2021-22 budget. OHRM hired its director and administrative support in October 2021 and the team includes an Urban Tree Program Manager and a Built Environment Specialist.
2. **Bloomberg Global Mayor's Challenge Winner** – The City of Phoenix was selected as one of 15 winners of the 2021 Bloomberg Cities Network Global Mayor's Challenge from more than 631 applicant cities around the world to test and refine solutions to the most pressing issues facing cities. The City's proposed program was to pilot a Mobile Career Unit that connects jobseekers to employment and career services (virtually and in person) right in their own communities, breaking down the resident-identified barriers of transportation and technology. As one of the selected winners, the City will receive \$1 million and multi-year technical assistance from the Bloomberg team to implement and scale the Mobile Career Unit to help Phoenix to connect employers and jobseekers.
3. **Combatting COVID Efforts** – In May 2022, over 200 City employees from more than 15 departments volunteered to package Combatting COVID Kits for distribution to Phoenix school districts and to families participating in the City's Head Start programs. Each Kit included at-home COVID-19 tests, high quality masks, hand sanitizing wipes and public health information. The volunteers packaged nearly 55,000 of these kits over two days. As part of the program, the City distributed over 200,000 at-home COVID test kits throughout the community.

PUBLIC SAFETY

1. **Laboratory Services Bureau Recognition** – The Police Department's Laboratory Services Bureau received the American Society of Crime Laboratory Directors and West Virginia University FORESIGHT Maximus award for being a peak performer demonstrating more than a 90 percent efficiency in its operations. This is a significant achievement with only a few laboratories reaching this level of performance out of more than 200 participants.
2. **Community Assistance Program (CAP) Expansion** – The Community Assistance Program (CAP) began an expansion from five Crisis Response Units to 10 Crisis Response Units and nine Behavioral Health Units. The CAP provides crisis response, and mental and behavioral health services to residents in need. The CAP has continued to offer trainings for new volunteers and current staff by collaborating with community partners. CAP also successfully coordinated four Regional Crisis Intervention Trainings for new volunteers and employees.
3. **Electronic Patient Care Reporting (ePCR) Project** – The Phoenix Fire Department's Electronic Patient Care Reporting (ePCR) project was a critical effort to replace the paper-based patient care records system with a cloud-based iPad application to chart Fire's Emergency Medical Services (EMS) patients. The readily available information and data can be extremely beneficial for identifying medical and trauma related trends, improving patient care outcomes, advancing our Quality Assurance program, and creating efficiencies in the ambulance billing process for our Emergency Transportation Services Section.

SOCIAL SERVICE DELIVERY

1. **Heat Relief Program** – Through the City's Heat Relief program, a total of 323,856 water bottles were distributed to 20 agencies throughout the City. Additionally, the City provided shade structures, tables, chairs, and misters to the Human Services Campus and St. Vincent de Paul and provided a 40-foot cooling bus during daytime hours adjacent to the Human Services Campus. 12,793 individuals utilized the bus.
2. **Arts Career Advancement** – The Office of Arts and Culture supported artists and arts workers with \$500,000 in Arts Career Advancement Grants. Funding helped these individuals who experienced lost income and opportunity because of the COVID-19 pandemic and are in the process of rebuilding their arts practice.
3. **Project Health Partnership** – In July 2021, a Project Health partnership between Housing and CVS Pharmacy was established to provide free, mobile healthcare screenings at all senior and multifamily public housing sites. The objective of the Project Health program is to improve access to health care and ensure that cost is not a barrier to important preventative services. Through the program, a state-of-the-art van arrives at the site and residents receive professional consultation from a nurse practitioner with free biometric screenings and other wellbeing services offered.
4. **Fast Track Cities Initiative** – The Mayor and City Council approved a total of \$250,000 in funding to support HIV/AIDS awareness, education, and support services for individuals living with HIV through the Fast-Track Cities Initiative.
5. **Family Assistance Resource Program** – On Sept. 21, 2021, the City Council approved \$12 million for the Family Assistance Resource (FAR) program as part of the City's American Rescue Plan Act (ARPA) Strategic Plan. Under this 12-month pilot program, 1,000 Phoenix families with children were selected to receive \$1,000 of assistance each month on a prepaid debit card to use for household expenses such as childcare, groceries, rent/utility bills, transportation, and other similar needs. Families with children who have applied for emergency rental assistance and reside in city-owned public housing, or have a Section 8 voucher, were randomly selected via lottery system and asked to participate.

SUSTAINABILITY

1. **Water Budget Calculator** – Water Services staff created a Water Budget Calculator to assist residential customers with optimizing water use using the specific parameters of their own homes.
2. **Climate Action Plan Adoption** – In October, the 2021 Phoenix Climate Action Plan was approved by Phoenix City Council. The plan is internationally recognized as meeting the requirements of the Paris Agreement and includes goals and actions that move the City toward becoming the most sustainable desert city on the planet; a first for a North American city's climate action plan to include both greenhouse gas emissions reductions and resiliency goals.
3. **Water Conservation Efforts** – Water Services staff revised the intergovernmental agreement with the City of Tucson, allowing storage of more of Phoenix's Colorado River allocation in Tucson. Staff also revised the contract with Roosevelt Irrigation District to allow Phoenix to store more (and different types of) water, including supplies from the Salt River.
4. **Electric Vehicle (EV) Ad Hoc Committee** – The EV Ad Hoc Committee completed the City's first-ever Electric Vehicle Roadmap to prepare for 280,000 Electric Vehicles in Phoenix by 2030.
5. **Student Council Sustainability Officers Program** – The Office of Sustainability led the first of its kind student engagement effort called the "Student Council Sustainability Officers Program" in the Phoenix Union High School District, supporting civic leadership and sustainability actions by the student body in 16 schools, such as design of and participation in the Climate Action Plan Workshop for Students and the development of the Arizona Greening Events Guide for Schools.

TECHNOLOGY

1. **City Manager's Performance Dashboard** - The City launched the new City Manager's Performance Dashboard to enhance transparency, highlight the City's achievements and identify potential areas for improvement. This new dashboard modernized the previous performance report that was launched in 2013 and encompasses over 130 performance metrics from 28 City departments. Metrics will be updated monthly to serve as a comprehensive and easy-to-understand resource on the services and programs provided to our community.
2. **myPHX311 Web Portal** – The myPHX311 project team launched a new web portal to replace Phoenix-At-Your-Service, with a virtual agent residing on the portal and brand new native mobile app. The portal includes the existing list of 20 online services plus four new services. With the app that launched November 16, residents can now conveniently submit their service requests such as quickly paying their city services bill, finding their trash day, reporting graffiti, and much more. The virtual assistant can answer the most frequently asked questions without having to dig through the phoenix.gov website.
3. **Hybrid City Council Meetings Launched** – Starting May 3, Phoenix City Council meetings became even more accessible as Council Chambers reopened to in-person public attendance. The City now provides three options for the public to participate in City Council proceedings. These options include attending and speaking in person at Council Chambers, over the phone, and virtually via WebEx.
4. **Transit Mobile APP** – On July 1, Public Transit staff, in coordination with Valley Metro, launched a new mobile app that allows transit riders to plan trips with step-by-step navigation, track bus and light rail locations in real-time, view transit trip total travel time, save favorite routes and stops, and receive service alerts and updates.
5. **Public Art Map** – The Office of Arts and Culture launched a new online Public Art Map that provides self-guided tours throughout the City of Phoenix. It features more than 200 major public art projects and each point on the map contains a description highlighting key information about the artist and project. The works range from pedestrian bridges, underpasses, streetscapes, community water facilities and canal projects, to monumental indoor and outdoor sculptures, and artist-designed terrazzo floors and installations at Phoenix Sky Harbor International Airport.



OUR COMMITMENT TO EXCELLENCE

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

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

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

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

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

1. Transportation

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

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

2. Waste

In 2050, Phoenix will create ZERO WASTE through participation in the "Circular Economy." 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 percent recyclable or able to be repurposed at end of life.
- c. Expanding the current recycling program to remove commonly recycled products from the waste stream (and reducing the number of non-recyclable products from the recycle bins) through public education and awareness campaigns and new programs that increase access to recycling services for residents and businesses.

3. Water Stewardship

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

- a. *Groundwater management:* Supported by the nation-leading Groundwater Act of 1983, Phoenix is a net-positive contributor to groundwater using only 2/3 of its allocation from the Colorado River and diverting the other 1/3 toward groundwater recharge.
- b. *Wastewater Management:* Phoenix recycles an amazing 89 percent of its wastewater for uses such as irrigation and cooling for the Palo Verde Nuclear Plant. Phoenix also captures methane emissions from wastewater treatment and partnered with Ninety-First Avenue Renewable Biogas, LLC to build a facility to generate renewable natural gas from the wastewater treatment for use in vehicles. The bio-gas facility opened in February 2019.
- c. *Water and Wastewater Innovation:* Phoenix is an established leader in water innovation and was recognized for three innovative projects; the \$6 million annual Colorado Water Resiliency Fund, the "Tucson-Exchange" where Phoenix stores water resources underground in Tucson to be used during low water years, and the Tres Rios Wetlands, where treated wastewater undergoes a final polishing through constructed wetlands creating a vibrant ecosystem.

4. Building and Land Use

All new buildings will be "net-positive" in terms of energy and materials, meaning they will produce more energy than they consume. This can be accomplished through employing passive design principles, such as highly insulated wall assemblies and on-site renewable energy. This goal will apply to all new construction after 2050. Buildings exist today that already meet this standard, like those that meet the Living Building Challenge 3.0. At the community scale, the goal will be to establish 15 vibrant compact complete centers where the majority of services needed by each community are provided locally; residents will be able to live, work, and play all within walking distance.

5. Parks, Preserves, and Open Spaces

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

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

6. Clean Air

By 2050, Phoenix will achieve a level of air quality that is healthy for humans and the natural environment. This includes 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 on 70 percent - 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.

Other examples of environmental stewardship include:

- The City of Phoenix planted the first Cool Corridor at Cesar Chavez Park. Cool Corridors are longer walkways, pathways or trails adjacent and/or parallel to arterial streets that are designed to serve residents who walk, bike, and use transit. More than 100 volunteers joined in planting over 250 new trees such as Elm, Ash, Sissoo, and Chinese Pistache -- all drought-resistant trees -- along Baseline Road at Cesar Chavez Park. The creation of a Cool Corridor marks a major milestone in the city's national partnership with American Forests, as well as Phoenix's Metro Urban Forestry Roundtable. With American Forests and private sector partners, the City of Phoenix can prioritize investment in low-income and heat vulnerable neighborhoods. This corridor models the vision for tree equity and will serve students walking to and from nearby schools, public transit riders, and residents in the community.
- The City of Phoenix's unique Student Council Sustainability Officer (SCSO) Initiative is spreading across the state. The Tempe Union High School District and the Tolleson Union High School District adopted the SCSO model, bringing sustainability opportunities to 23,000 more students at 13 additional high schools. The City of Phoenix Office of Sustainability developed the first-of-its-kind form of student engagement. It invites high schools to add a Sustainability Officer (SO) position to their existing student councils. With a Sustainability Officer on the council, students will be able to embed sustainability into the school campus by promoting practices that reduce environmental impacts. Sustainability officers teach their fellow students how to conserve more, waste less, and live overall more sustainably. SCSO projects and initiatives also increase opportunities for grants, special funding, and awards. Phoenix Union High School District (PXU) first adopted the SCSO model in 2014, and now has 12 schools and 28,000 students participating. Among other benefits, PXU schools saw a reduction in costs associated with energy consumption and water use after adopting the initiative.
- A South Phoenix farm is now permanently protected from development thanks to the City of Phoenix's Farm Preservation Program. The city recently invested \$1,000,000 into the program as part of the Phoenix Resilient Food System Program. Maya's Farm, operated by Maya Dailey, is a 3.3-acre farm that uses organic and sustainable production methods. A mainstay at local farmers' markets, the farm provides produce to local restaurants, engages in a Community Support Agriculture program and numerous educational efforts, and grows specialty vegetables, herbs, flowers, and eggs. Farmland within Phoenix is dramatically decreasing, and the Phoenix City Council is committed to leading the efforts to conserve it for this generation, and the next generations to come. The farm sits on land owned by Bridget Bellavigna. By funding the purchase of the development rights from Ms. Bellavigna with Central AZ Land Trust as the administrator, Maya's Farm now has a conservation easement on it, which ensures it will never be paved over or developed.
- The City of Phoenix selected an ASU Environmental Sciences Professor to lead a first of its kind Office of Heat Response and Mitigation. ASU Associate Professor David Hondula will lead the office approved by the Phoenix City Council as part of the 2021-22 budget. The Office of Heat Response & Mitigation will establish a strategic action plan to address the growing hazard of urban heat, which threatens the City's economic viability and health and well-being of vulnerable residents. Addressing the public health and environmental challenges posed by extreme heat is a key priority, and a central component of the city's efforts to address our changing climate. This is the first publicly funded position of this type in the Country. Under Dr. Hondula's leadership this new office will work across departments and with external partners to build the vision of a cooler, more sustainable Phoenix, and to develop and implement the tangible actions it will take to achieve it.

- The City of Phoenix Water Services Department and the Office of Arts and Culture have collaborated to transform a previously inaccessible decommissioned former well site into an engaging sculpture garden at 63rd Avenue and Osborn Road named the "Neighborhood Vista" project. This former well site provided water to the surrounding neighborhood as far back as the 1940s. With the well no longer active, it offered little continued benefit to the surrounding community. This former well site was selected as the fourth location to be developed as part of the Community Well Enhancement Program. Local artist Jeff Zischke saw the space as an opportunity to create a sculptural garden that tells the story of the past, present, future, and diversity of the community that has grown around the historical well. This space integrates large steel sculptures with indigenous flora, connected by a walking path that provides information of the sculptural elements. To further enhance the experience, an interactive map is available, providing historic context for the site, details about the design process, and insights from the artist.

- The City of Phoenix's Phoenix Resilient Food System Initiative, funded with federal American Rescue Plan Act funds, provides Agri-Food Technology Innovation grants to people within the food supply chain who are interested in addressing climate change challenges. The City of Phoenix Office of Environmental Programs provides \$400,000 in available grant funds to businesses, nonprofits, educational institutions, and sustainable food cooperatives across the entire food system that adopt agri-food technologies and innovations into their operations. The grant can help develop product prototypes, advance food equity, and lessen the food system's footprint on the environment. Grants range in amounts from \$1,000 to \$99,000. Whether you are a food producer, distributor, processor, retailer, restaurant owner or food waste recycler, the benefits of agri-food technology will bolster resilience, help with climate change, and increase the accessibility of local food in Phoenix. Examples of qualifying agri-food technology include but are not limited to:
 - Farm management software, sensing and Internet of Things (IoT)
 - Irrigation and water technology
 - Agrivoltaics
 - Agricultural robotics, machinery and equipment
 - Research and design
 - Supply chain technologies
 - Innovative food (cultured meat, novel ingredients)
 - Food waste mitigation efforts across food system
 - eGrocery online services
 - In-store retail and restaurant technology

- The Tree and Shade Master Plan presents Phoenix's leaders and residents a roadmap to creating a 21st Century desert city. The urban forest is a keystone to creating a sustainable city because it solves many problems with one single solution. By investing in trees and the urban forest, the city can reduce its carbon footprint, decrease energy costs, reduce storm water runoff, increase biodiversity, address the urban heat island effect, clean the air, and increase property values. In addition, trees can help to create walkable streets and vibrant pedestrian places. More trees will not solve all the problems, but it is known that for every dollar invested in the urban forest results in an impressive return of \$2.23 in benefits. Goals of the Tree and Shade Master Plan include:
 1. Raise Awareness by:
 - Establishing partnerships.
 - Educating the public and staff through programs, publicity and media.
 - Leading by example - In 2018-19 City Council approved funding of \$450,000 annually to improve tree replacement in the right-of-way and in 2020-21 approved \$734,000 to replace trees lost to storms, accidents and age.
 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.

- Arizona Forward is the state's leading sustainability not-for-profit organization that has successfully worked on major environmental initiatives for Arizona since 1969. The organization leverages partnerships with Arizona business leaders, local and state officials, state education leaders and policymakers to drive how the state can best grow its communities, stimulate the economy and enhance the environment. This year, the Phoenix Street Transportation Department's Cool Pavement Program received a Crescordia Award in the category of Climate Action Solutions at Arizona Forward's 40th Annual Environmental Excellence Awards. In partnership with Arizona State University (ASU), the Cool Pavement Program studies how an innovative asphalt seal coat technology could provide meaningful relief from the urban heat island effect. To date, 36 miles of neighborhood streets citywide have received the cool pavement treatment. Asphalt collects and retains heat during the day and releases it at night. The cool pavement coating reflects sunlight and absorbs less heat, having the potential to offset rising nighttime temperatures. In 2020, nine locations were selected to receive the seal coat. The city then worked with ASU researchers to conduct scientific tests of the cool paved areas and results showed the average surface temperature in test locations is 10.5 to 12 degrees Fahrenheit lower than traditional asphalt at noon and during the afternoon hours, and that surface temperatures at sunrise averaged 2.4 degrees Fahrenheit lower.
- The City of Phoenix is one of 15 cities awarded \$1 million dollars in the 2021-2022 Bloomberg Philanthropies Global Mayors Challenge. The worldwide innovation competition supports and spreads the most promising ideas that emerged during the COVID-19 pandemic. Phoenix's award-winning innovation is a data-directed Mobile Career Unit (MCU) that helps unemployed residents overcome barriers and obtain employment. The MCU connects hiring employers with job-seekers, right in their neighborhoods, filling job vacancies and providing access to employment services. Global talent shortages are at a 15-year high, with one in three employers citing difficulty filling jobs. The City of Phoenix got creative and focused on coming up with new ways for employers and job seekers to connect, the pilot MCU program has successfully provided employers with skilled talent and resulted in 'on the spot' hires. In addition to the \$1 million dollar award, Phoenix's MCU initiative will also receive technical support and coaching over three years. A targeted zip code focus is coupled with quantitative and qualitative data to determine areas in Phoenix that most need assistance. Offering trainings, interview opportunities (virtual and in-person), translation, career counseling, and supplemental supportive services, the goals of the MCU is to decrease unemployment, while boosting confidence. The MCU is the only service in Phoenix that serves as this kind of mobile career "hotspot".
- The City of Phoenix has achieved 2021 What Works Cities Gold Certification, the national standard of excellence in data-driven city governance. What Works Cities Certification evaluates how well cities are managed by measuring the extent in which city leaders incorporate data and evidence in their decision-making. What Works Cities is a national initiative launched to help cities use data and evidence more effectively to tackle their most pressing challenges. The City of Phoenix supports using data and resident perspectives to drive decisions and create policies and programs that are more impactful and meaningful to the community. This Gold achievement speaks to the innovation and passion many public servants in Phoenix demonstrate in a continuous effort to better learn from and respond to the needs and ideas of residents. What Works Cities Certification assesses cities based on their data-driven decision-making practices, such as whether they are using data to set goals and track progress, allocate funding, evaluate the effectiveness of programs, and achieve desired outcomes from contracts with outside vendors.

- The Center for Digital Government (CDG) has named the City of Phoenix a 2021 Digital Cities Survey Winner for the '500,000 or More Population Category'. The 21st annual Digital Cities Survey examines the overall technology programs and plans of the city. It focuses on cybersecurity, digitization of services, data transparency, and community engagement. "Innovative cities are able to leverage data and harness new technology to enhance the services they provide," said CDG Vice President Phil Bertolini. The CDG recognizes cities for putting technology to good use toward improving the lives of constituents and strengthening the relationships cities have with both public and private partners. Over the last year, the City of Phoenix Information Technology Department successfully launched a new service through an app called "MyPHX311" that allows residents to pay their city services bill, report quality-of-life issues, and request city services. In partnership with Arizona State University and Amazon Web Services, Phoenix also developed a virtual assistant chatbot prototype for its website, phoenix.gov, which supports English and Spanish queries as well as providing voice assistance for the visually impaired. Phoenix's Information Technology Department's mission is to further the delivering of secure, responsible, sustainable, and flexible IT services, solutions, and governance.
- Last year's emergency repair of the 7th Street Salt River Bridge earned the City of Phoenix Street Transportation Department the American Public Works Association (APWA) 2022 Project Disaster or Emergency Construction Repair Award. Following a gas utility line fire in February 2021, approximately 40 percent of the structure was damaged and needed to be demolished and rebuilt. To minimize the impact of the closure of this major connection point between south Phoenix and downtown, crews worked through an expedited six-month reconstruction schedule and reopened the bridge in August 2021. Representatives from the Street Transportation Department, project contractor Hunter Contracting Co., and project consultant Kimley-Horn were honored for this achievement at an awards ceremony held in conjunction with the APWA Public Works Expo. Some interesting bridge reconstruction facts include:
 - 20 new rebar-reinforced concrete grinders were installed, each weighing 191,000 pounds.
 - Repouring of the driving surface required 705 tons of concrete.
 - The bridge deck was poured in one night, requiring a convoy of more than 80 concrete trucks.
 - Handrails along the entire bridge were replaced and updated to meet current safety standards.
 - The new portion of the bridge has a 75-year lifespan.
- At the 2021 Open Your Heart Gala, Phoenix Fire Chief Kara Kalkbrenner and Phoenix Police Chief Jeri Williams were awarded the first ever Visionary Leader Awards from Hunkapi Farms. Thanks to the work and dedication from Phoenix's Chiefs, equine therapy is now covered for all Fire, Police and 911 operations personnel. Phoenix is the first and only city in the country to have equine therapy fully covered. Equine-assisted therapy encompasses a range of treatments that involve activities with horses to promote physical and mental health. Hunkapi Farm's First Responder Program started in January 2019 and has helped dozens of first responders reduce their stress. Chief Kalkbrenner and Chief Williams are two of the most forward-thinking, passionate leaders I know," said Councilwoman Laura Pastor. "They continue to put the mental health of their first responders first, something so many other Fire and Police departments ignore. The Visionary Leadership Award is so well deserved!" The annual Open Your Heart gala brings leaders and community members together to support the programs for those in Arizona who need them most.
- The City of Phoenix's credit rating for General Obligation (GO) and Excise Tax bonds remain investment grade. The ratings were affirmed by Fitch Ratings (AAA), S&P Global Ratings (AA+) and Moody's Investor Service (Aa1) in April 2022. All three ratings have a stable outlook. Phoenix's strong credit ratings reduce the overall cost to the city when borrowing money for critical public projects. Moody's Investors Service revised the GO bond outlook to stable from negative citing the City's "meaningful increases in pension contributions that will likely decrease liabilities over the long-term". While the regional economy was affected by the coronavirus outbreak, Phoenix's economic and tax base growth outperformed other parts of the U.S. Finances remain in a healthy position, supported by prudent budget management and revenue growth driven by the City's strong economy. Phoenix serves as the economic hub for the broader metropolitan statistical area, which has experienced strong and sustainable growth in recent years. These ratings are a testament to the elected officials and City Management who work diligently to make hard decisions that will ensure a strong financial position for the City.

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 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 \$27 million in charitable giving to donate to worthwhile causes. These donations help fund more than 300 local, non-profit organizations in Arizona, with the majority of those providing services in Maricopa County. This year, employees raised more than \$640,000 during the City's "Mighty 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 response to the COVID-19 pandemic, The Phoenix City Council approved a Mobile Testing Team to deliver new, innovative services to reach underserved communities. This level of public health-related services has traditionally not been within the purview of the City, but became a City approved priority to reduce the spread of the virus with early detection and treatment. A small, dedicated team with collaboration across City departments implemented two customized mobile COVID-19 vans upfitted with vehicle wraps, workstations, and medical equipment to provide community testing, the first of their kind in Arizona. The service model to provide free, accessible, and mobile testing was unprecedented and a major public private partnership with local community health providers, citywide departments, nonprofit organizations, schools, etc. Phoenix continues to coordinate testing events across the city five days per week, ensuring residents receive no out-of-pocket cost testing services in a safe environment that complies with CDC recommendations. With support from City Council, the mobile vans expanded services to include vaccination services, booster vaccines, and a pilot Vaccine Incentive Program, with a focus on providing services to underserved areas disproportionately impacted by COVID-19. Mobile testing vans helped address equity issues and eliminate barriers by providing a direct mobile solution to communities that may lack access to testing and vaccination services, and public transportation. The mobile testing vans have provided over 178,000 tests and 1,605 vaccinations at over 500 events held throughout Phoenix.

- Police Officer Lance Wisuri responded to a radio call of a residential burglary attempt. Upon arrival, Officer Wisuri made contact with an elderly woman who lived alone and was extremely concerned for her safety. This information was relayed to Community Action Officers (CAOs) Katelin Carnahan, Caleb Zigler, and Rob Gokool who met with the community member at her residence. In order to help improve the overall safety of the home, and increase the resident's feeling of security, Cactus Park Precinct CAOs installed motion sensor lights on the woman's house. The officers also brought some potted plants for the front of the home so the residence did not look empty. The CAOs conducted the installation of the motion sensor lights on the homeowner's birthday, and brought a cake to celebrate the occasion.
- To keep students connected and ready for distance learning, the City of Phoenix, School Connect and Scottsdale Bible Church partnered together to provide internet-enabled laptops to assist local schools in closing the technology gap. The digital divide was amplified by the COVID-19 crisis, and it became crucial that students, families, and educators had the tools they need to continue learning, despite interruptions to traditional in-person schooling. The partnership distributed approximately 10,000 devices, making distance learning more manageable, accessible, and equitable. The laptops provided by this partnership will help schools achieve and maintain a 1:1 student-to-device ratio for grades K-12. The Phoenix City Council approved \$2 million in federal CARES Act funding and School Connect received a \$1 million donation from Scottsdale Bible Church to purchase the devices. The laptops will become the property of the school districts who will be responsible for creating guidelines for issuing, maintaining, and monitoring the student devices. Phoenix has implemented a variety of measures to help address the local digital divide, from providing devices to families and seniors in local housing facilities to expanding mobile Wi-Fi access in the community.
- Phoenix Sky Harbor International Airport is committed to sustainability. Since 2014, the Airport has undertaken measures to be more sustainable. For the past four years, Phoenix Sky Harbor has achieved and maintained a Level 2 status with the Airport Carbon Accreditation Program. In 2020, Phoenix Sky Harbor has taken its sustainability efforts one step further and has achieved Level 3 Accreditation. Phoenix Sky Harbor is among an elite group of airports to attain this level as there are only seven airport systems in the US and 17 airports overall in North America who have reached this level or above. Attaining Level 3 of the Airport Carbon Accreditation Program is a remarkable achievement," said Director of Aviation Services James E. Bennett. "Our commitment to sustainability is strong with numerous initiatives underway, all while we continue to deliver world-class service to our customers each day." The Airport Carbon Accreditation Program is a voluntary initiative for airports that want to demonstrate their commitment to reduce global warming and climate change. It serves as an international carbon management certification standard for airports and requires participating airports to create a carbon footprint of emissions so that they can see where the greatest reductions can be made and monitor progress. More than 90% of Phoenix Sky Harbor's carbon footprint is from the purchase of electricity. Phoenix Sky Harbor has had solar panels at its Rental Car Center and East Economy Parking areas since 2012, but it recently installed a third solar system at the City of Phoenix Aviation Department's Corporate Office Building. Additionally, the Airport enacted energy reduction measures such as using LED lighting. LED lighting conversions have taken place at Terminal 4, in the Terminal 4 Garage, in the East Economy Garage, and on the airfield. As a result, of conservation measures, there has been a 17% reduction in energy used. Reporting in 2020 for calendar year 2019, Phoenix Sky Harbor certified at Level 3 Optimization. This means that the airport had a year-to-year reduction in airport-owned and operational emissions associated with terminal electricity and fleet vehicles among others, but also required the Airport to calculate user and tenant activities. The report includes carbon emissions associated with all activities at the airport such as estimating aircraft emissions, emissions from vehicles coming to the airport, tenant electricity, and more. With this information, the Airport will develop a plan with stakeholders so that they can be engaged in working together to reduce emissions. Other sustainability initiatives include:
 - Upgrading HVAC cooling systems with more energy-efficient technology.
 - Decreasing energy used in buildings and on the airfield. Since 2009, the goal of 20% reduction is almost achieved.
 - The airport's 40% waste diversion goal has been achieved.
 - Transitioning to 100% xeriscape which resulted in the savings of more than five million gallons of water each year.
 - Installing a new Terminal 4 cooling tower soft water pre-treatment system that prolongs the life of the equipment and saves more than 22 million gallons of water annually.
 - Creating a Leadership in Energy Environmental Design (LEED) silver building featuring new, energy efficient equipment as part of the Terminal 3 Modernization Program.

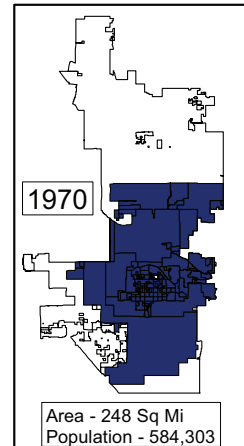
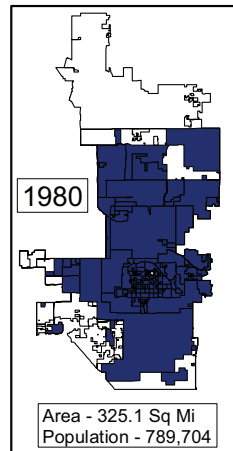
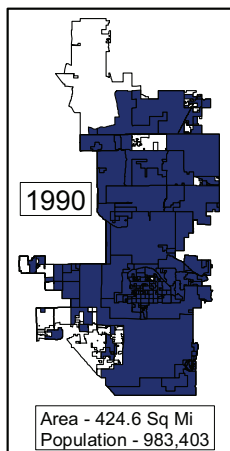
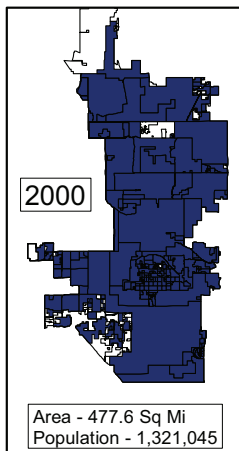
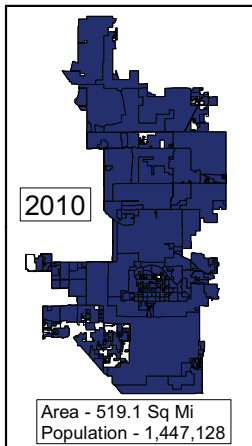
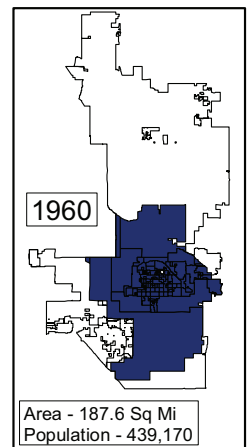
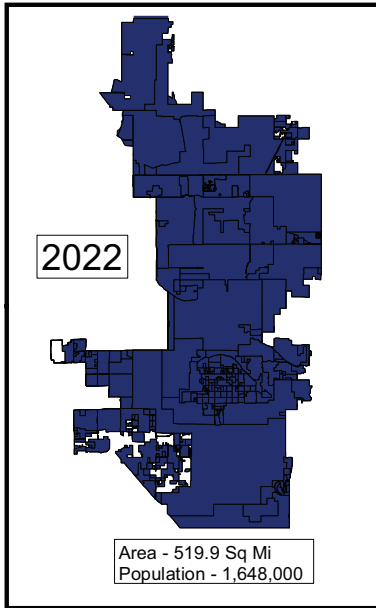
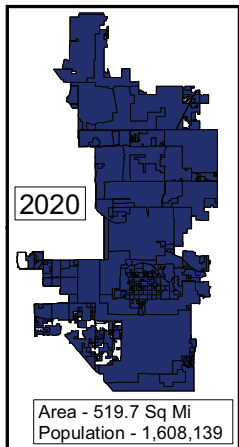
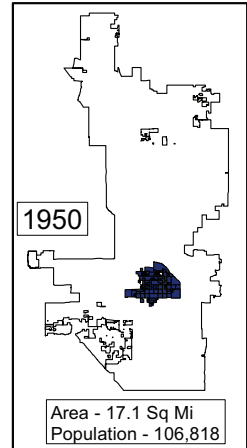
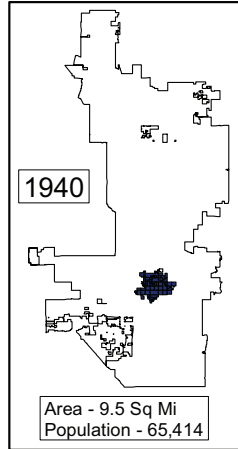
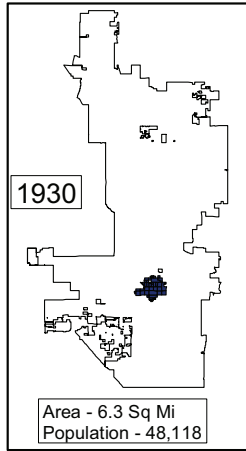
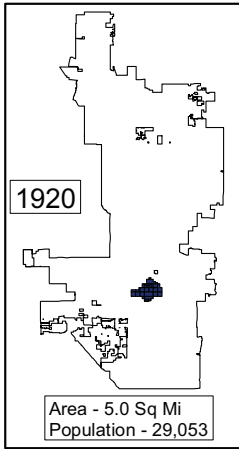
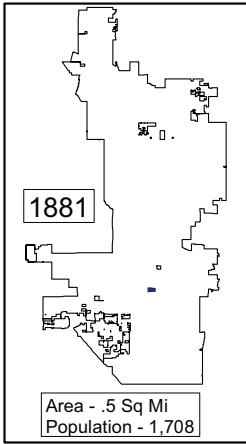
GOOD WORK MATTERS!

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.

- Like clockwork, every morning Phoenix Police Officer Tony and his partner stop into 5 & Diner for a cup of coffee and to get some paperwork done. And like clockwork, they are greeted by diner staff and other regulars. and are often seated in the exact same booth "If they see us pull in the parking lot, they'll have the two coffee cups sitting at this table," Officer Tony said of the routine. Ryan Ladden, the District Manager of all 5 & Diner locations in the Valley, says he is grateful for a couple of Phoenix police officers after they saved the life of one of his employees while stopping by the Phoenix location. One morning They noticed something off about the waitress that serves them regularly, she was walking very slow and complained of back pain. Officer Tony placed a call to medical to check her out just to be safe. The EMT showed up and determined she needed to be transported immediately, turns out the waitress had fluid around her heart. Mr. Ladden said the waitress is doing much better and has returned to work. The waitress said she is feeling better, and grateful for the actions of the officers. Officer Tony said they were just doing their job. "Our training is to notice that something's not right when you're sitting here," Officer Tony explained. "Whether it be coming here every day or showing up to a scene. You can kind of get a feel that something's just not right. She takes care of us, so we gotta make sure that we take care of her".
- Melanie Delgado Santacruz is a participant in the City of Phoenix's ROSS for Education program - also known as Project SOAR (Student + Opportunities + Achievements = Results). She is a recent Phoenix Union Bioscience High School graduate. She enrolled in Project SOAR in 2017 as a sophomore in high school with a 4.0 GPA, was a member of the National Honor Society and a participant with the Be A Leader Foundation, which empowers students with leadership skills and support through high school. Upon enrollment in the city's program, Melanie was self-sufficient, however, she gained additional support, guidance and friendship from her Education Navigator, Bethany Neal, a Caseworker II in the Housing Department. Bethany was always available to provide advice on navigating the education system and case management services through the program. Melanie utilized the city's College Depot services, which is a free full-service college access center located at the Burton Barr Central Library. Melanie was accepted to Princeton University with a full-ride scholarship. She is one of 50 students chosen for the Jack Kent Cooke Scholarship and the only recipient from Arizona. Melanie has started online classes with a summer bridge program for first-generation students and will officially start as a freshman at Princeton in the fall. Melanie plans to major in engineering.
- Matt Davis, an Environmental Specialist with the Public Works Department and United States Army vet was waiting for the light to turn green at the intersection of Camelback Road and 83rd Avenue, when a Jeep Cherokee traveling south on 83rd Avenue immediately caught his attention. The Jeep ran through a red light, headed straight to the sidewalk, and eventually crashed into the traffic pole on the southwest corner of the intersection. A second later, when his light turned green, Davis drove toward the Jeep, turned on the beacon lights of his work vehicle, parked it, and approached the Jeep that now has significant damage. It didn't take long for Davis to realize that the female driver was having severe seizures and was still convulsing as he attempted to open the passenger side door. As he expected, all the doors were locked. And to add another layer to the emergency, there was a rear-facing car seat in the back of the car that was covered with a baby blanket. Davis wasted no time in calling 911 for immediate help. About a minute after the 911 call, the driver of the Jeep slowly gained consciousness, and was able to open her door. After Davis was assured that 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. Phoenix Police and Fire arrived on the scene immediately and first responders took over 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. "Amidst all the chaos this year", 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." Phoenix's SWEOs have been showing up and showing out for their city, providing even the tiniest bit of certainty 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," Coleman 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, a 20% increase in trash and recycling and 15% increase in bulk trash collection. The increase in material has extended workdays and sometimes forcing crews to work into the weekends. As for Barnett, she wants to make sure our SWEOs get the credit they deserve.
- Over 200 City of Phoenix employees volunteered their time to help combat COVID and protect children and families. Over a two-day period, employees volunteered their time to assemble Covid kits containing rapid test kits, KN95 masks and hand sanitizing wipes. These resources were part of the \$5.4-million-dollar American Rescue Plan Act Fund..

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 2020 Census recorded Phoenix population at 1,608,139. The City currently encompasses 519.9 square miles.

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

The Phoenix metropolitan area employment mix is well diversified and fairly similar to that of the United States as a whole. An exception is construction and financial employment, which comprise more of Phoenix's employment mix than the United States average due to historical rapid population and employment growth. Additionally, the Phoenix area's manufacturing mix is much more concentrated in high technology than the United States. The high technology manufacturing sectors are cyclical in nature and may be more impacted during periods of economic slowing than other manufacturing sectors. The primary employment sectors and their share of total employment in the Phoenix metropolitan area consist of service industry (46%); trade (15%); government (11%); financial activities (9%); manufacturing (6%); and construction (6%). Major employers of the Phoenix metropolitan area include State of Arizona, Banner Health, Wal-Mart Inc., Fry's Food Stores, Maricopa County, Wells Fargo & Company, City of Phoenix, Amazon.com, Inc., Arizona State University and Intel Corporation. The top ten property taxpayers, based on secondary assessed valuation, are Arizona Public Service Company, Southwest Gas Corporation, CenturyLink Inc., Host Kierland L.P., Esplanade Owner L.P., Host Camelback I L.L.C., Phoenix Plaza P.T. L.L.C., Target Corporation, United Services Automobile Association and Bre Iconic ABR Owner L.L.C. 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 2020-21	Estimated 2021-22	Projected 2022-23
DEMOGRAPHIC PROFILE							
Population ¹	789,704	995,896	1,350,435	1,453,462	1,630,195	1,648,000	1,666,000
Percent of Population by Age							
Under 5	7.8	8.5	8.5	8.3	7.0		
5-19	25.0	21.6	21.5	23.0	21.3		
20-44	39.3	42.9	42.8	37.2	37.2		
45-64	18.6	17.3	17.3	23.1	23.5		
65+	9.3	9.7	9.8	8.4	11.0		
Percent of Population by Race ¹							
Caucasian	78.1	71.9	55.8	65.9	49.7		
Black/African American	4.7	4.9	4.8	6.5	7.8		
American Indian/Alaska Native	1.1	1.6	1.6	2.2	2.6		
Asian	0.9	1.5	1.9	3.2	4.1		
Native Hawaiian/Other Pacific Islander ²	N/A	N/A	0.1	0.2	0.2		
Other	15.2	20.1	35.8	22.0	35.6		
Hispanic/Latino (of Any Race) ³	14.8	20.0	34.1	40.8	41.1		
Not Hispanic or Latino (of Any Race) ³	85.2	80.0	65.9	59.2	58.9		
CITY ECONOMIC PROFILE							
Median Household Income ⁴	\$29,706	\$30,797	\$40,856	\$42,260	\$61,529	\$65,713	\$70,181
Personal Income Growth (Metro Phoenix) ⁵	14.8%	4.6%	6.7%	3.0%	8.2%	3.9%	3.8%
Secondary Net Assessed Valuation ('000s) ⁶	N/A	\$5,700,825	\$7,573,211	\$16,092,308	\$19,889,714	\$21,780,881	\$23,045,115
Full Cash Value (Millions) ⁷	N/A	N/A	N/A	\$144.772	\$198,012	\$215,742	\$232,424
Employment Growth Rate ⁸	N/A	(3.0)%	3.7%	(2.1)%	2.4%	(1.4)%	3.7%
Unemployment Rate ⁹	N/A	4.9%	2.7%	9.1%	6.1%	3.3%	3.3%
Value of Residential ¹⁰ Construction (Billions)	N/A	\$0.42	\$1.16	\$0.28	\$1.00	\$1.10	\$1.00
Value of Commercial ¹⁰ Construction (Billions)		\$0.46	\$1.33	\$2.60	\$5.00	\$7.80	\$8.00
CITY FINANCIAL PROFILE							
Total Budget ('000s)	\$392,780	\$1,026,545	\$1,946,013	\$3,020,690	\$4,163,128	\$4,688,896	\$5,977,841
Total GF Budget ('000s) ¹¹	\$221,106	\$591,021	\$953,324	\$954,795	\$1,371,152	\$1,477,595	\$1,779,431
Total Employees	9,435	11,388	14,352.0	15,002.8	14,980.9	15,485.2	15,645.8
Total Employees per 1,000 population ¹²	11.9	11.4	10.6	10.3	9.2	9.4	9.4
Non-Enterprise Employees per 1,000 population	N/A	N/A	8.6	8.0	7.2	7.4	7.4
Enterprise Employees per 1,000 population ¹³	N/A	N/A	2.0	2.3	2.0	2.0	2.0
Property Tax Rate	1.75	1.79	1.82	1.82	2.13	2.12	2.11
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	200,845	201,000	201,000
City Retail Sales Tax Rate ¹⁶	1%	1.2%	1.8%	2.0%	2.3%	2.3%	2.3%

	1980-81	1990-91	2000-01	2010-11	Actual 2020-21	Estimated 2021-22	Projected 2022-23
INFRASTRUCTURE PROFILE							
Area (Square Miles)	329.1	427.1	483.5	519.1	519.8	519.9	519.9
Police							
Major Crimes ¹⁷	86,287	110,961	97,666	70,108	63,710	64,400	64,400
Dispatched Calls for Service ¹⁸	452,350	895,117	862,769	666,116	655,459	665,200	672,600
Authorized Sworn Police Officers ¹⁹	1,694	2,047	2,810	3,281	3,271	3,270	3,270
Fire							
Fire Stations	35	45	45	57	59	59	59
Fires and All Other Calls	25,162	26,281	28,369	19,335	27,323	30,000	32,900
Emergency Medical Calls	46,122	75,112	101,396	136,163	190,669	209,800	230,800
Authorized Sworn Firefighters ¹⁹	838	1,042	1,315	1,661	1,723	1,722	1,736
Building Inspections							
Total Number of Inspections ²⁰	196,356	176,909	261,184	131,600	271,758	275,500	281,000
Streets							
Total Miles	3,084	3,800	4,299	4,825	4,858	4,863	4,868
Miles Resurfaced and Sealed ²¹	216	250	220	127	582	277	309
Total Miles of Bikeway ²²	N/A	250	472	615	1,528	1,559	1,598
Traffic Control and Lighting							
Signalized Intersections	555	761	906	1,092	1,163	1,182	1,192
Street Lights	39,097	50,825	70,750	89,826	96,828	96,937	97,246
Traffic Accidents ²³	28,129	28,414	36,500	22,742	27,540	29,200	30,100
Aviation							
Passengers Arriving and Departing	6,500,000	22,175,000	35,900,000	40,500,000	26,779,940	43,427,000	48,000,000
Solid Waste Collection							
Residences Served ²⁴	281,900	281,392	327,953	392,825	413,010	416,219	419,453
Tons Disposed at City Landfills ²⁵	379,000	513,643	1,051,935	1,002,346	986,352	1,016,300	1,022,400
Municipal Parks							
Number of Municipal Parks ²⁶	137	181	199	225	200	200	200
Developed Park Acres ²⁷	1,303	2,206	3,332	5,071	8,860	8,860	8,860
Number of Municipally Operated Golf Courses	5	5	7	6	5	5	5
Libraries							
Material Circulation ²⁸	3,691,745	5,962,411	9,151,000	13,839,543	6,833,489	8,281,000	9,500,000
Total Material Stock ²⁹	1,182,606	1,732,410	2,016,000	1,643,977	4,050,722	4,100,000	4,100,000
Number of Library Branches	9	11	13	16	17	17	17
Equipment Management							
Number of Equipment Units in Fleet ³⁰	4,497	4,776	6,080	7,612	7,711	7,764	7,801
Water							
Connections ³¹	282,048	321,996	350,967	397,390	434,743	441,245	441,686
Production (billions of gallons) ³²	88.5	84.7	109.4	98.6	106.0	99.4	100.4
Miles of Line	3,083	4,246	5,007	6,270	7,035	7,070	7,090
Wastewater							
Connections	250,199	311,980	327,051	389,978	421,854	425,229	425,654
Miles of Line	3,040	3,661	4,174	4,980	4,952	4,990	5,000

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 2020 Decennial Census count population projections for the City of Phoenix presented in the 2021-22 Summary Budget were decreased from the original submittal. Maricopa Association of Governments (MAG) and State Demographers office compile and infer the most accurate population totals available through construction and transportation records however it is superseded by the actual Census count which lowered the MAG projections.

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.

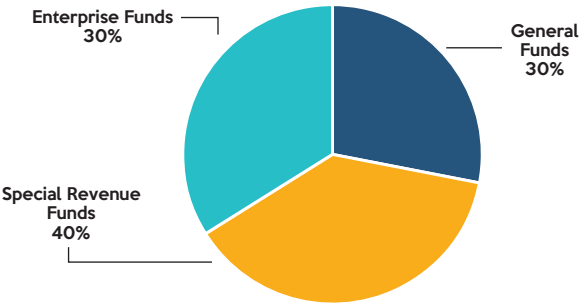
- ⁴ Median Household Income is based on U.S. Census Bureau data for the City of Phoenix geographic area. For the estimate and projection years, the Calendar Year (CY) 2021 greater Phoenix Consumer Price Index (CPI) of 6.8% was applied to the U.S. Census Bureau's (FactFinder) 2020 American Community Survey 1-year estimates for City of Phoenix Median Household income. The reported data is from April 2022.
- ⁵ Personal income growth percentage is from University of Arizona's "Economic Outlook" quarterly publication (University of Arizona Economic and Business Research Center). The significant growth in 2020-21 is primarily due to the federal assistance for 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 2022 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 2022 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). Valuations are trending higher in 2021-21 and 2022-23 than prior year due to a large semi-conductor project and supplier sites in north Phoenix.
- 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 2021-22 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 administered 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 2022 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, 2022 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 1,720 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 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. 2021-22 and 2022-23 are decreasing due to the Accelerated Pavement Maintenance Program (APMP) coming to an end.
- ²² 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.
- ²³ Traffic accidents include injury, non-injury and fatal collisions. 2021-22 and 2022-23 are projections based on previous years.
- ²⁴ 2021-22 projected service level is based on annualized 9 months of actuals data and assumptions from Business Intelligence (BI) Living Unit report (average 0.58% growth over the last 9 months). Projected households for 2022-23 are based on 0.78% growth from 2021-22 projections.
- ²⁵ 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 2022-23 is based on 0.6% growth.
- ²⁶ Decrease from prior years in 2020-21 resulted from removing undeveloped parcels from the total, therefore reducing the total number of municipal parks.
- ²⁷ 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.
- ²⁸ Measure covers all media including: audio books, e-books, CDs, DVDs, databases, books, and periodicals. 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.
- ²⁹ Total material stock includes digital material available to patrons.
- ³⁰ Includes vehicle replacements.
- ³¹ Water connections have increased due to an increase in customer accounts.
- ³² Includes water produced for City of Phoenix only.

RESOURCE AND EXPENDITURE SUMMARY

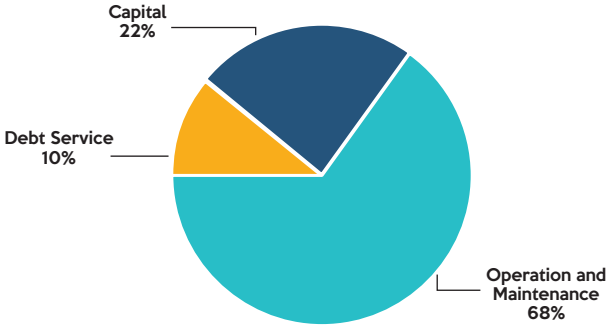
This section provides a broad overview of the resources and expenditures included in the fiscal year (FY) 2022-23 budget. Information is presented for General, Special Revenue and Enterprise funds. General funds, which receive special attention by the community, are highlighted throughout this section. 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 FY 2022-23 budget, financed by operating funds, totals \$5,977,841,000. As shown in the pie chart below, the General Fund portion of \$1,779,431,000 is approximately 30 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 40 percent of the total budget.

**All Sources of Funds
Total Resources - \$5.98 Billion**



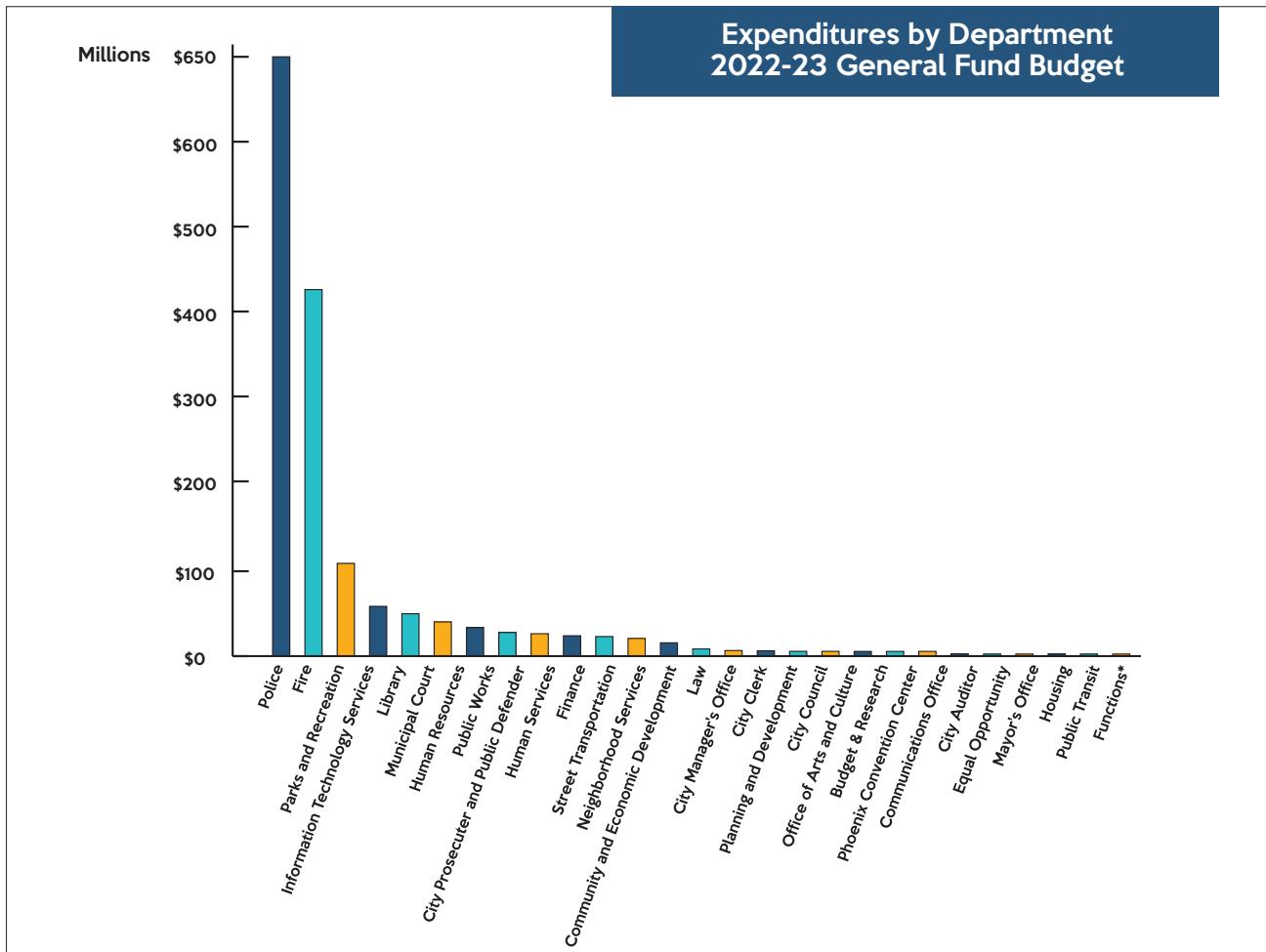
**All Sources of Funds
Total Expenditures - \$5.98 Billion**



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 FY 2022-23 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 Environmental Programs and Government Relations.

The table below provides a comparison of the FY 2022-23 budget to the FY 2021-22 adopted budget. Actual expenditures for the FY 2020-21 fiscal year also are included.

	2020-21 Actual Expenditures	2021-22 Adopted Budget	2022-23		
			Budget	Amount Change	Percent Change
Operating and Maintenance Expenditures	3,117.4	4,055.2	4,028.5	(26.7)	(0.7)%
Capital Expenditures	499.2	1,022.9	1,337.4	314.5	30.7%
Debt Service	546.5	548.4	611.9	63.5	11.6%
Total	4,163.1	5,626.5	5,977.8	351.3	6.2%

Overall, citywide operating and maintenance expenditures are expected to decrease by \$26.7 million. Most of the reduction is attributable to the conclusion of several federal funding sources in response to the COVID-19 pandemic such as emergency rental and utility assistance, emergency shelter contracts, and Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA) and American Rescue Plan Act (ARPA) funds. A contingency decrease in the Sports Facilities fund also contributed to the overall expenditure savings.

Pay-as-you-go capital expenditures are projected to rise due to increased funding for street, water and wastewater infrastructure; Public Transit light rail extensions, bus acquisitions and bus rapid transit; and improvements at Phoenix Sky Harbor Airport. The Capital Improvement Program Budget Book provides project-level detail.

Debt service expenditures are anticipated to climb primarily due to the one-time use of secondary property tax reserve funds to abate outstanding general obligation bond debt.

FY 2022-23 GENERAL FUND BUDGET OVERVIEW

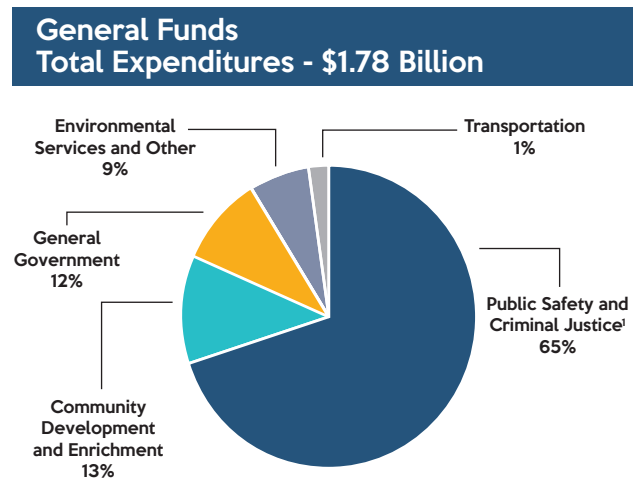
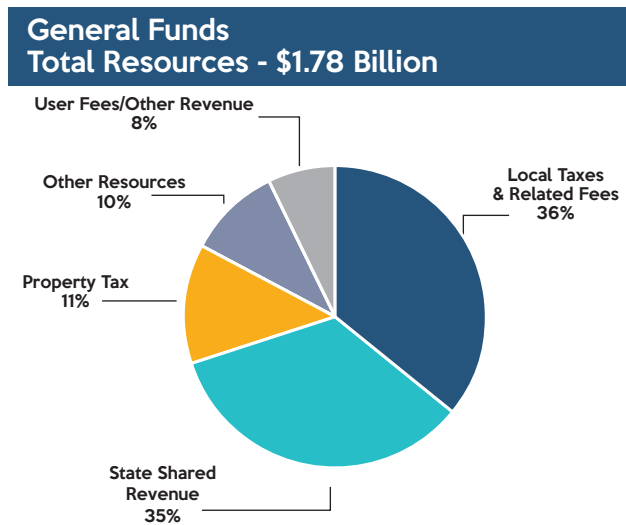
The FY 2022-23 General Fund budget of \$1,779,431,000 provides for ongoing operating and maintenance and some pay-as-you-go capital expenditures. The table below compares the FY 2022-23 General Fund budget with the adopted FY 2021-22 budget.

	2020-21 Actual Expenditures	2021-22 Adopted Budget	2022-23 Budget	2022-23 Amount Change	Percent Change
Operating and Maintenance Expenditures	1,342.1	1,582.6	1,731.2	148.6	9.4%
Capital Expenditures	29.1	25.0	48.2	23.2	92.8%
Total	1,371.2	1,607.6	1,779.4	171.8	10.7%

The operating and maintenance expenditures for FY 2022-23 are expected to increase by 9.4 percent overall compared to the FY 2021-22 adopted budget primarily due to increased personal service costs for employee pension benefits, second-year negotiated employee compensation increases, and new positions for expansion of city programs and services. Contractual costs are also expected to climb primarily due to increased funding for technology projects including extra security solutions and services for the Information Security and Privacy Office (ISPO), proper maintenance and modernization, and to enhance distance learning and WiFi access services to the public; and for Police services due to anticipated costs related to Super Bowl LVII and for the Information Technology Bureau to provide critical technical support. Expenses will also rise due to vehicle and large equipment replacements and purchases as the City continues to address its aging fleet; purchasing replacement electrocardiogram defibrillator monitors; increased costs for gasoline and bio-diesel fuel; bodyworn camera footage processing; and communication technology equipment.

Pay-as-you-go capital expenditure increases are primarily due to funding for information technology projects including a new centralized time and labor management system and the modernization of the aging data center, and for facility major maintenance work including energy efficiency projects.

The following pie charts show the FY 2022-23 General Fund budget summarized by major programs and major resources.



¹ When contingency is excluded, Public Safety and Criminal Justice account for approximately 70% 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.

FY 2022-23 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 FY 2022-23 beginning fund balances totaling \$1,902.9 million include \$185.4 million in General funds, \$861.5 million in Special Revenue funds and \$856.0 million in Enterprise funds. The estimated beginning fund balance for Special Revenue and Enterprise funds include: Transportation 2050 - \$282.2 million; Other Restricted - \$127.1 million; Parks and Preserves - \$96.3 million; Sports Facilities - \$65.4 million; Arizona Highway User Revenue - \$56.1 million; Development Services - \$51.6 million; Grant funds - \$49.3 million; 2007 Public Safety Expansion - \$37.6 million; Neighborhood Protection - \$25.7 million; Capital Construction - \$23.0 million; Community Reinvestment - \$20.6 million; Public Safety Enhancement - \$17.0 million; Aviation - \$435.5 million; Wastewater - \$197.3 million; Water - \$138.3 million; Convention Center - \$61.3 million; Solid Waste - \$23.6 million and \$9.6 million in various other special revenue funds.

FY 2021-22 GENERAL FUND ESTIMATED ENDING BALANCE

As shown in the following table, the FY 2021-22 General Fund ending balance, which is also the FY 2022-23 beginning balance mentioned in the previous section, is estimated to be \$185.4 million. This results from a \$55.4 million increase in net resources, combined with a \$130.0 million reduction in net expenditures estimated in FY 2021-22 compared to the original General Fund budget.

General Fund Balance Analysis (In Thousands of Dollars)					
	2020-21	2021-22		Estimate Over (Under) Budget	
	Actuals	Budget	Estimate	Amount	Percent
Resources					
Beginning Balances	169,119	244,765	283,000	38,235	15.6%
Revenue	1,488,112	1,355,775	1,449,948	94,173	6.9%
Recoveries	2,457	1,000	1,000	---	0.0%
Transfers	(5,537)	6,078	(70,975)	(77,053)	-100.0%
Total Resources	1,654,151	1,607,618	1,662,973	55,355	3.4%
Expenditures					
Operating Expenditures	1,342,046	1,528,611	1,452,435	(130,176)	(8.2)%
Capital	29,106	25,007	25,160	153	0.6%
Total Expenditures	1,371,152	1,607,618	1,477,595	(130,023)	(8.1)%
Ending Fund Balance	283,000	---	185,378	185,378	+100.0%

The increase in net resources includes a \$38.2 million higher beginning balance and \$94.2 million increase in operating revenues, offset by an \$77.1 million decrease in net transfers. The increase to FY 2021-22 projected General Fund revenues is primarily due to anticipated increases in city and state sales tax. The decrease in net transfers is mainly due to an additional transfer from the General Fund to pay off the loan for acquiring the property at 100 West Washington Street.

The decrease in net expenditures includes a \$130.2 million decrease in operating expenditures and a slight increase of \$0.2 million in pay-as-you-go capital expenditures. The decrease in FY 2021-22 estimated General Fund operating expenditures from the FY 2021-22 budget is mainly due to unused contingency funds, vacancy savings, and an increase in internal work order credits for fuel and senior services. Pay-as-you-go capital expenditures mostly remained consistent with FY 2021-22 budget levels.

FY 2022-23 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 FY 2022-23 are estimated at \$5,049,647,000. This is \$333,207,000 or 7.1 percent higher than the FY 2021-22 estimate of \$4,716,440,000.

The following table provides a comparison of the FY 2022-23 estimated revenues to FY 2021-22 estimates and FY 2020-21 actual collections.

FY 2022-23 Estimated Revenues Compared to FY 2021-22 Estimates (In Thousands of Dollars)					
Fund Types	2020-21 Actuals	2021-22 Estimate	2022-23		
			Estimate	Amount Change	Percent Change
General	1,488,112	1,449,948	1,587,305	137,357	9.5%
Special Revenue Funds	1,433,033	1,726,539	1,871,314	144,775	8.4%
Enterprise Funds	1,382,335	1,539,953	1,591,028	51,075	3.3%
Total	4,303,480	4,716,440	5,049,647	333,207	7.1%

Detailed explanations by category are provided in the FY 2022-23 Revenue Estimates section of this document.

General Fund revenues are estimated at \$1,587,305,000 which is \$137,357,000 or 9.5 percent more than the FY 2021-22 estimate of \$1,449,948,000. The increase is primarily due to the anticipated increases in state-shared income tax and the city sales tax.

Special Revenue Funds are projected at \$1,871,314,000 which is \$144,775,000 or 8.4 percent higher than the FY 2021-22 estimate of \$1,726,539,000. The estimate for Special Revenue funds includes a \$23.1 million increase in Regional Transit funds, a \$22.7 million increase in Transportation 2050 funds, a \$5.3 million increase in Secondary Property Tax revenues, a \$3.9 million increase in Other Restricted revenues, a \$2.9 million increase in 2007 Public Safety Expansion funds, a \$1.9 million increase in Highway User Revenue, a \$1.7 million increase in Development Services funds, a \$1.4 million increase in Neighborhood Protection funds, a \$1.3 million increase in Parks and Preserves funds, a \$0.7 million increase in Sports Facilities funds, and a combined increase of \$0.7 million in Public Safety Enhancement funds, Regional Wireless Cooperative revenues, Capital Construction, Golf Courses, and Impact Fee Program Administration revenues. Furthermore, there is a \$250.9 million increase in various grant funds including Public Housing grants, Community Development grants, and Other grants. Special Revenue funds also include an \$87.1 million decrease in Public Transit grants, a \$77.4 million decrease in Human Services grants, a \$3.8 million decrease in Court Awards, \$3.2 million decrease in Criminal Justice, and a \$0.3 million decrease in Community Reinvestments revenues.

The FY 2022-23 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 in FY 2021-22.

FY 2022-23 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 FY 2022-23 total \$82.4 million. This amount reflects \$78.1 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 \$4.3 million in miscellaneous transfers from other funds is also included. As a result, total transfers to the General Fund exclusive of excise tax-related items are \$82.4 million. A transfer of \$1,172.7 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.

FY 2022-23 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 FY 2022-23, \$68.4 million is included for the General Fund contingency, with an additional \$52.3 million set aside for labor costs to attract and retain a quality workforce and for the ongoing Classification & Compensation study as well as for City Council and community initiatives, 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 FY 2022-23 ending balance of \$1,053.6 million includes: Other Restricted - \$114.4 million; Sports Facilities - \$66.7 million; Parks and Preserves - \$57.0 million; Transportation 2050 - \$39.3 million; Grant Funds - \$33.5 million; 2007 Police Public Safety Expansion - \$25.2 million; Development Services - \$21.9 million; Neighborhood Protection - \$21.5 million; Arizona Highway User Revenue - \$20.6 million; Community Reinvestment - \$19.2 million; Public Safety Enhancement - \$10.3 million; Aviation - \$339.7 million; Wastewater - \$144.2 million; Convention Center - \$71.7 million; Water - \$59.8 million; Solid Waste - \$6.0 million; and a combined \$2.6 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 \$861.5 million to \$432.2 million.

- Transportation 2050 fund balances are decreasing due to planned pay-as-you-go capital spending for light rail extensions, bus rapid transit, transit facilities, pavement maintenance, street lighting, and other street improvements. Operating expenditures are also expected to increase due to the conclusion of federal funds used to offset costs for providing fixed route bus service in addition to anticipated increases to bus service, light rail and dial-a-ride operations to pre-pandemic levels.
- The Phoenix Parks and Preserves fund balance is declining primarily due to planned pay-as-you-go capital spending for preserve land acquisition and park and preserve development. Operating expenditures are also expected to increase slightly due to negotiated employee compensation increases.

- The Arizona Highway User Revenue fund balance is diminishing primarily due to planned capital spending for pavement maintenance, traffic signal improvements, roadway safety improvements, and other street improvements. Operating expenses will also rise as a result of fewer anticipated vacancies and negotiated employee compensation increases; additional funding for the Roadway Safety Action Plan (RSAP) adopted by the City Council in 2021 to address roadway safety issues on City streets; a decrease in charges to the Capital Improvement Program budget for street marking due to the conclusion of the Advanced Pavement Management Program; increased costs for liability insurance and street maintenance materials; additional traffic safety measures; and higher usage for water and electricity.
- Development Services funds are reducing due to higher contingency reserves; fewer anticipated vacancies and negotiated employee compensation increases; continued support for SHAPEPHX software system; carryover of funds to FY 2022-23 for the sign text consultant contract; and increased pay-as-you-go expenses primarily for the replacement of the KIVA permitting system.
- The Public Safety Specialty funds, including Neighborhood Protection, 2007 Public Safety Expansion and Public Safety Enhancement, are decreasing primarily as a result of increased personal service costs due to pension and negotiated employee compensation increases as well as additional funding for positions to support new programs or service enhancements.
- Capital Construction fund balances are decreasing due to planned capital expenditures for flood hazard mitigation and street improvements.
- Grant fund balances are declining mainly due to anticipated pay-as-you-go capital expenditures originally planned for FY 2021-22 that are now projected for FY 2022-23 and for new grants originally unallocated, including ARPA funding, that have now been assigned to CIP projects.
- Other Restricted fund balances are declining due to an increase in planned capital spending including the expenditure of partner agency funding for the Fire Computer-Aided Dispatch (CAD) system replacement.
- Regional Transit fund balances are decreasing primarily due to the conclusion of Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA) and the American Rescue Plan Act (ARPA) funds used to cover the cost of fixed route bus service in addition to anticipated increases to pre-pandemic levels for bus service. Capital expenditures include standard bus purchases, the replacement of the current fare collection system, and construction of the Laveen/59th Avenue Park-and-Ride.
- A few Special Revenue fund balances are expected to increase slightly primarily due to decreases in total expenditures.

In FY 2022-23, the Enterprise funds ending balances in the aggregate are programmed to decline from \$856.0 million at the beginning of FY 2022-23 to \$621.4 million at year end.

- The Aviation balance is declining primarily due to capital spending on infrastructure and land acquisition at Phoenix Sky Harbor Airport and budgeted contingencies; and also due to a shortfall in revenue resulting from the discontinuation of one-time federal funds awarded in response to COVID-19.
- Water funds are decreasing due to capital expenditures for water infrastructure including water mains, treatment plant improvement, and booster pump stations. Operating expenditures are also expected to climb as a result of fewer anticipated vacancies; negotiated employee compensation increases; additional staff and equipment to operate new water production wells; contingency reserves; a Central Arizona Project (CAP) rate increase; higher costs for chemicals and equipment replacements; pavement repair increases; and increased usage for sludge hauling and electricity.
- 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.
- Wastewater funds are diminishing due to negotiated employee compensation increases; fewer anticipated vacancies; contingency reserves; higher cost for chemicals; increased usage for sludge hauling and electricity; software and facility maintenance charges; vehicle replacements; and increases in work-order charges. Planned capital expenditures include improvements to treatment plants, lift stations and sewer lines.
- Solid Waste funds are decreasing due to pay-as-you-go capital improvements to the State Route 85 Landfill, transfer stations, and closed landfill maintenance and monitoring.
- The Convention Center fund balance is increasing primarily due to a higher beginning balance, anticipated revenue growth as the recovery from the pandemic continues, and decreased debt service costs. The surplus is offset by increased operating expenditures due to fewer anticipated vacancies and increased use of temporary staff; contingency reserves; large equipment replacements and purchases; increased usage of electricity, custodial services, and equipment maintenance as post-pandemic business levels resume; and the complete spending of ARPA funds that were used to offset expenditures.

Negative Fund Balances

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



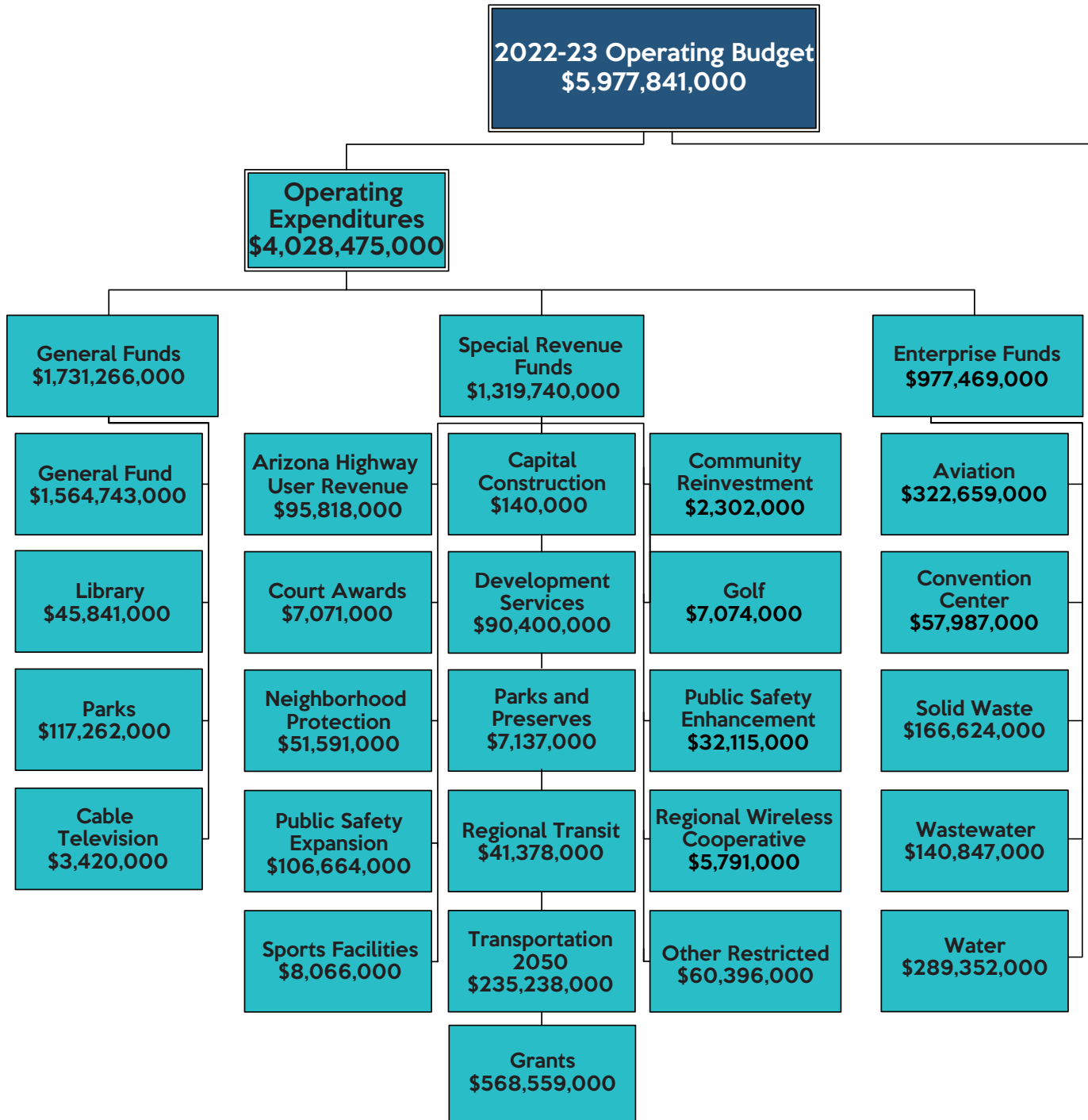
The Highest S&P
Credit Rating of the
5 Largest U.S. Cities

STRONG CREDIT RATING

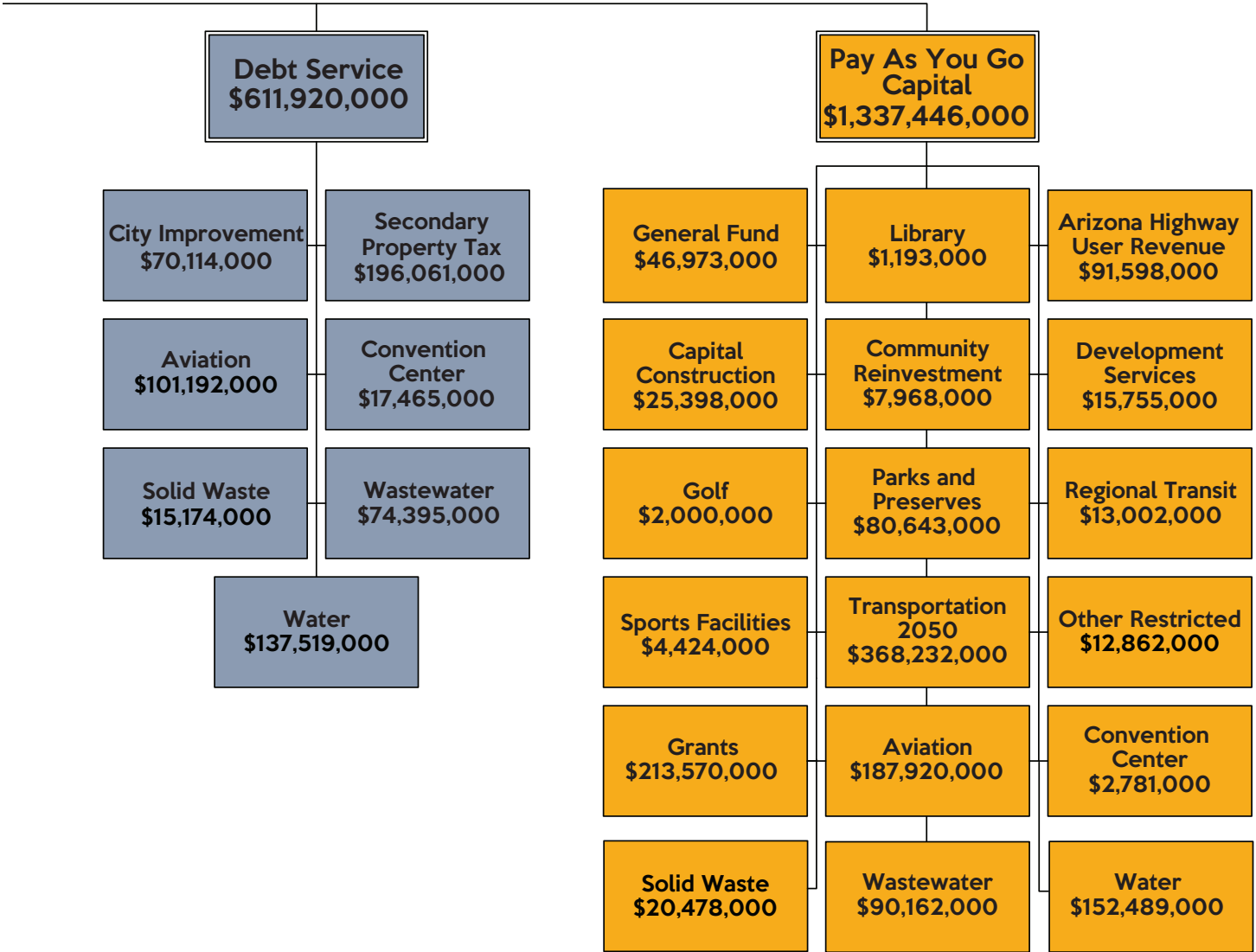
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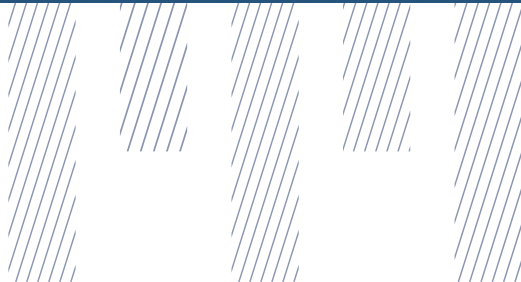
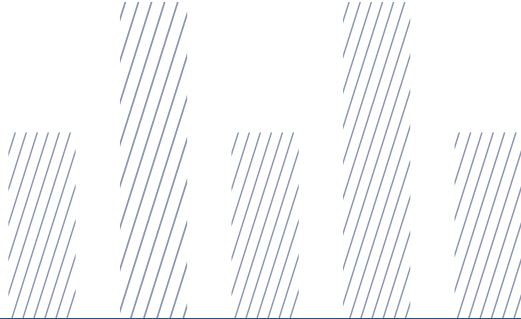
STABLE OUTLOOK

CITY OF PHOENIX FINANCIAL ORGANIZATIONAL CHART



CITY OF PHOENIX FINANCIAL ORGANIZATIONAL CHART





SERVICES TO THE COMMUNITY

Phoenix is the core of Maricopa County and the state's population and economic center. With its attractive climate, recreational opportunities, and affordable costs of living and doing business, the City has experienced sustained growth. The local economy continues to make progress and city revenue collections reflect strong growth.

The 2022-23 General Fund includes a projected surplus of \$76 million of which \$24 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: affordable housing; climate and sustainability; economic development, planning and innovation; historic preservation and arts; homelessness, immigrant/refugee support, and fast track cities; parks & recreation and library; public safety and criminal justice; roadway safety; and administrative accountability. A summary of the major programs receiving funding follows below.

The affordable housing category totals \$1.5 million and is intended to provide resources to maintain and increase the scope of permanent supportive housing services. This category includes funding for: Housing to provide permanent, expanded housing support services to address the needs of low-income residents and to support Phoenix Starfish Place support services for human trafficking survivors.

The climate and sustainability category totals \$1.6 million and is intended to address negative impacts from rising temperatures and combat the hazards of urban heat. This category includes funding for: Public Works to evaluate effectiveness of electric vehicle infrastructure and to conduct a comprehensive electric vehicle study to support the Phoenix Climate Action Plan; Environmental Programs to develop and implement climate change resilience policy; the Office of Sustainability to manage the implementation of an electric vehicle infrastructure program and public electric vehicle buying program; and Street Transportation to increase capacity for the award winning Cool Pavement Program to combat the urban heat island effect.

The economic development, planning and innovation category totals \$2.4 million and is intended to further economic development efforts, support planning activities, and enhance the newly created Office of Innovation. This category includes funding for: Community and Economic Development to formalize an international trade program, enhance marketing opportunities, and support the Elevate EdAZ workforce development program; Planning and Development to respond to increased zoning adjustment applications, support transit oriented development, and address vacant commercial storefronts; and the City Manager's Office to support the testing and prototyping of innovation projects and to provide for an AmeriCorps VISTA member to support innovation in low-to-moderate income areas of the City.

The historic preservation and arts category totals \$0.8 million and is intended to preserve historical buildings, provide community arts grants, and protect and refurbish the City's art collection. This category includes funding for: Planning and Development to increase funding for the Threatened Buildings Grant Program, increase resources for community arts grants, and increase the current public art maintenance budget.

The homelessness, immigrant/refugee support and fast track cities category totals \$3.0 million and is intended to increase affordable housing and help address homelessness. This category includes funding for: the City Manager's Office and Human Services to expand the team dedicated to helping those suffering from homelessness; Neighborhood Services to implement a pilot program to address private property clean-up due to homeless encampments and expand the PHX C.A.R.E.S. program to manage the growing number of cases; and Human Services to create a new navigator position to assist with refugee, asylee, and immigrant resettlement issues, and provide ongoing support for the Fast Track Cities initiative to increase engagement and connection to treatment for residents with HIV/AIDS.

The parks & recreation and library category totals \$3.0 million and is intended to enhance community services. This category includes funding for: Parks & Recreation to provide enhanced after school programming within the Phoenix Afterschool Center program, increase the number of Urban Park Rangers and support work at Pueblo Grande Museum, renovate the Eastlake Pool facility, renovate two tennis courts at Desert Foothills park to create four pickleball courts, and provide resources for the reopening of the South Mountain Environmental Education Center; and the Library to launch a new bookmobile temporary library located at 67th Avenue and Lower Buckeye Road.

The public safety and criminal justice category totals \$6.9 million and is intended to enhance public safety service delivery. This category includes funding for: Fire to permanently staff Fire Station 72 with additional sworn positions, meet minimum staffing requirements with additional rover firefighters, increase inspections of outdoor combustible storage facilities with dedicated inspectors, and provide ongoing administration of the electronic patient care reporting system; Police to continue civilianization efforts within select investigative functions, process the increased amount of body worn camera footage and public records requests, support critical IT systems including the computer aided dispatch and records management systems, and increase evidence processing capabilities for violent crimes; Public Defender to provide better services for clients in the Veteran's Court and the Behavioral Health Court; Municipal Court to support the Intimate Partner Violence Court pilot program to enhance domestic violence victim safety; and Neighborhood Services to support the installation of gates at up to 45 alley segments on an annual basis through the Gated Alley Program.

The roadway safety category totals \$1.2 million and is intended to address comprehensive roadway safety issues on City streets through the Road Safety Action Plan. This category includes funding for: Street Transportation to implement safety improvements targeted at both engineering and education-based traffic safety measures such as HAWK pedestrian signals and public service announcements.

The administrative accountability category totals \$3.6 million and includes additions across several City departments. The intent of this category is to improve service delivery for general government departments including Budget & Research, Finance, Human Resources, Information Technology, Law, and Public Works.

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 2022-23 non-General Funds include \$4.9 million in new funding for various departments. Some of the major programs include: Public Transit to extend fixed route bus service in north Phoenix and administer increased Federal Transit Administration grant funds; Solid Waste for residential refuse and recycle collection necessary due to household growth; and Water Services to operate and maintain new wells and to begin internally staffing the Lake Pleasant Water Treatment Plant.

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 2011-12, the Police Department had 3,273 sworn and 1,167.7 civilian employees.

The 2021-22 budget includes a number of service enhancements:

Additional staff in 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 to meet federal National Incident-Based Reporting System requirements, providing more extensive crime reporting statistics and enhanced crime analysis.

Additional support in the Professional Standards Bureau Inspection Unit's Early Intervention System, which utilizes data and implements intervention recommendations to help identify employee risk and prevent adverse events.

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

Additional funding to conduct a comprehensive review of Police policies and practices with the goal to improve community trust and transparency.

Funding was also identified during 2021-22 to support the 27th Avenue Corridor Community Safety and Crime Prevention Plan; to begin the replacement of Police's Records Management System; to establish a Police drone program; to expand body worn cameras to all sworn officers; and to replace and enhance downtown security cameras.

Significant hiring efforts continued in 2021-22, with the planned hiring of 180 police officers. These efforts support the department's goal of reaching 3,125 filled sworn positions, or approximately 1.91 officers for every 1,000 residents. As of March 2022, there were 2,721 filled sworn positions.

Response Time Average:

Response time for 2011-12 Priority 1 emergency calls was not available due to issues with the Police Computer-Aided Dispatch (CAD) system.

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 7 minutes and 6 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 standards; however, hiring and staffing challenges have reduced the percentage to 78% for 2021-22.

The 2022-23 budget includes several service enhancements:

Additional Civilian Investigator positions will be added to continue the Police Department's civilianization efforts, providing staffing flexibility and enabling optimal deployment of sworn personnel.

Additional staff will be hired to better support the Body Worn Camera Unit, ensuring camera footage is made available by court case deadlines and reducing public records request backlogs.

Additional technology-related positions will support critical IT infrastructure, help migrate custom-built legacy applications to web-based platforms, address security needs, and provide technical support.

Additions in the Lab Services Bureau will increase evidence processing capabilities and provide more comprehensive oversight and response to crime scenes.

Additional staff and resources will enable the implementation of the 19th Avenue Corridor Community Safety and Crime Prevention Plan, which will work to improve safety and security along the 19th Avenue Corridor.

The sworn hiring plan continues in 2022-23, with the planned hiring of 250 police officers. Overall, the 2022-23 budget includes 3,125.0 sworn positions, or approximately 1.91 for every 1,000 residents, as well as 1,257.9 civilian employees.

Due to anticipated continuing challenges to hire and retain sworn personnel, the 2022-23 budget provides for an estimated 7 minute and 6 second average response time for Priority 1 calls. It also plans for 82% of 911 calls to be answered within 15 seconds.

PUBLIC SAFETY

FIRE

Response Time Average:

In 2011-12, the Fire Department maintained an average response time of 4 minutes 37 seconds for all fire and medical emergency calls.

Since 2011-12, response times have increased to 5 minutes 14 seconds for all fire and medical emergency calls. The increase in response times is directly related to the significant increase in the demand for service. The overall incident activity level increased 46 percent from 2011-12 to 2021-22.

The 2022-23 budget recommends retaining current emergency response staffing levels to preserve less than five-minute average response time for all fire and medical emergency calls.

The Fire Department added 15 sworn positions for the permanent staffing of Station 72 located at 33027 N. Cave Creek Rd. This permanent staffing will provide the necessary resources to address coverage deficiencies at other stations and improve overall service delivery.

The Fire Department added four Firefighter positions to cover absences at various fire stations citywide which will help alleviate staffing shortages and reduce the need to utilize overtime.

**Emergency
Transportation:**

In 2011-12, the City had a total of 21 full-time and 11 part-time ambulances in service.

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 unbudged.

The 2020-21 budget has no service changes.

The 2022-23 budget has no service changes.

**PROGRAM SERVICE
LEVEL IN 2011-12**

**SERVICE CHANGES
THROUGH 2021-22**

**SERVICE CHANGES
FOR 2022-23**

TRANSPORTATION

PUBLIC TRANSIT

Service Miles/Hours:

In 2011-12, an estimated 16,716,435 bus miles and 257,896 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 were originally estimated at 20,210,200 but reduced to 18,636,200 due to COVID-19. Dial-a-Ride service hours were estimated at 326,000

Express/RAPID revenue miles were estimated at 948,000 but reduced to 682,600 due to COVID-19.

Annual 2022-23 local bus revenue miles are estimated at 20,223,500.

Express/RAPID revenue miles are estimated at 947,700, and Dial-a-Ride services hours are estimated at 326,500

**PROGRAM SERVICE
LEVEL IN 2011-12**

**SERVICE CHANGES
THROUGH 2021-22**

**SERVICE CHANGES
FOR 2022-23**

TRANSPORTATION

PUBLIC TRANSIT

**Average Weekday Bus
Ridership:**

In 2011-12, the average
weekday bus ridership was
estimated to be 132,820.

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 was originally estimated at 86,250
but reduced to 53,000 due to COVID-19.

In the 2022-23 budget, average weekday
ridership is estimated at 53,000.

**STREET
TRANSPORTATION**

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

In 2011-12, street
sweeping and
maintenance was
scheduled to occur every
14 days.

There were no changes in service from 2012-
13 through 2021-22. Frequency of service
remains at every two weeks.

The 2022-23 budget includes no changes
in service for major and collector sweeping
and maintenance.

**Residential Street
Sweeping:**

In 2011-12, the city
provided street sweeping
service four times a year.

There were no changes from 2012-13
through 2021-22. Frequency of service
remains at four times per year.

The 2022-23 budget includes no changes in
service for residential street sweeping.

**PROGRAM SERVICE
LEVEL IN 2011-12**

**SERVICE CHANGES
THROUGH 2021-22**

**SERVICE CHANGES
FOR 2022-23**

TRANSPORTATION

**STREET
TRANSPORTATION**

Sealcoat:

The 2011-12 budget provided sealcoating for 39 miles of city streets.

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 included 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 included 212 miles of streets to be sealcoated.

The 2018-19 budget included 200 miles of streets to be sealcoated.

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

The 2020-21 budget included 280 miles of streets to be sealcoated.

The 2021-22 budget included 39 miles of streets to be sealcoated. The bond funded portion of the Accelerated Pavement Maintenance Program ended in 2020-21, reducing the number of miles per year.

The 2022-23 budget includes 200 miles of streets to be sealcoated.

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

**PROGRAM SERVICE
LEVEL IN 2011-12**

**SERVICE CHANGES
THROUGH 2021-22**

**SERVICE CHANGES
FOR 2022-23**

TRANSPORTATION

**STREET
TRANSPORTATION**

Asphalt Overlay:

In 2011-12, 164 miles of asphalt overlay were estimated to be completed.

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 provided for 90 miles of overlay. Additional AHUR funding was added to increase the total to 121 miles.

The 2017-18 budget provided 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.

The 2020-21 budget provided for 90 miles of overlay.

The 2021-22 budget provided for 29 miles of overlay. The bond funded portion of the Accelerated Pavement Maintenance Program ended in 2020-21, reducing the number of miles per year.

The 2022-23 budget provides for 57 miles of overlay.

The number of miles resurfaced can vary year over year based on the streets selected and the distribution of wide versus narrow streets being treated.

**PROGRAM SERVICE
LEVEL IN 2011-12**

**SERVICE CHANGES
THROUGH 2021-22**

**SERVICE CHANGES
FOR 2022-23**

COMMUNITY DEVELOPMENT

HOUSING

Scattered Sites Housing Program:

In 2011-12, the Housing Department had 423 units.

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

At the end of 2021-22, the total projected inventory of 186 units reflects a reduction of 30 units sold in 2020-21 and the projected sale of 28 units in 2021-22 through the Section 18 and Section 32 programs.

In the 2022-23 budget, the Scattered Sites program is expected to sell 29 units, reducing its inventory to 157 units.

Affordable Housing Program:

In 2011-12, this program had 3,115 units for families and individuals.

At the end of 2021-22, the Affordable Housing Program consists of 2,637 units for families and individuals.

In the 2022-23 budget, the Affordable Housing program is expected to remain at 2,637 units.

Federal Assisted Housing Program:

In 2011-12, the total inventory of assisted housing units was 1,968.

At the end of 2021-22, the Federal Assisted Housing program consists of 1,388 units for families and individuals.

In the 2022-23 budget, the total number of units is expected to decrease to 1,054 due to continuing sales of Section 18 and Section 32 properties, the conversion of Public Housing units to Rental Assistance Demonstration units, and the redevelopment of the Edison-Eastlake community through the Choice Neighborhoods Revitalization Grant.

Housing Payment Assistance Program:

In the 2011-12 budget, the rental assistance program provided 6,196 units of vouchers for low income residents in the private housing market.

At the end of 2021-22, the rental assistance program will provide 7,079 vouchers for low income residents in the private housing market and 390 emergency housing vouchers as part of a new special purpose voucher program.

In the 2022-23 budget, the rental assistance program is expected to provide 7,300 vouchers for low income residents in the private housing market and 390 emergency housing vouchers.

**PROGRAM SERVICE
LEVEL IN 2011-12**

**SERVICE CHANGES
THROUGH 2021-22**

**SERVICE CHANGES
FOR 2022-23**

COMMUNITY DEVELOPMENT

**NEIGHBORHOOD
SERVICES**

**Neighborhood
Preservation Case Cycle
Time;**

In 2011-12, the average case cycle time was 50 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.

In 2020-21, the average case cycle time increased to 42 days due to COVID-19 safety protocols and regulations remaining in effect.

In 2021-22, the average case cycle time decreased to 38 days, as processes normalized during the pandemic.

The overall average case cycle time in 2022-23 is anticipated to decrease to 37 days as operations become more normalized to pre-pandemic levels.

**ECONOMIC
DEVELOPMENT**

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

In 2011, Phoenix's employment growth rate was as follows:

- San Jose – 3.0%
- San Diego – 2.2%
- Austin – 2.1%
- PHOENIX – 1.7%**
- Ft. Worth-Arlington – 1.7%
- Dallas – 1.5%
- Los Angeles/Long Beach – .8%
- San Antonio – .3%
- Kansas City – .3%

The Phoenix Metro area has rebounded from peak COVID-19 pandemic unemployment levels.

The Phoenix unemployment rate in 2021 was 4.5%. This is a 2.7% decrease from 2020 and a 8.3% decrease from peak pandemic unemployment, which occurred in April 2020 at 12.8%. Preliminary data from the Bureau of Labor Statistics (BLS) shows an unemployment rate of 2.4% for March 2022.

Based on data from the BLS, Phoenix's employment growth rate increased to 5.4% in 2021 from 2020. This is a large jump compared to the (1.8%) growth in 2020 from 2019, which was caused by the COVID-19 pandemic. Phoenix's employment growth rate compares favorably with benchmark metros:

- Las Vegas – 8.2%
- Austin – 8.1%
- Dallas – 5.9%
- PHOENIX – 5.4%**
- Salt Lake City – 4.1%
- Los Angeles – 4.0%
- Denver – 3.8%
- San Diego – 3.4%
- Albuquerque – 3.4%
- San Francisco – 1.8%

Based on data from the Arizona Commerce Authority Office of Economic Opportunity, the City of Phoenix employment level is expected to increase by 81,597 from 2021 to 2023.

Despite economic conditions related to the pandemic and the decline in employment in 2020, the City's employment growth is expected to be 8.1% between 2021 and 2023.

COMMUNITY DEVELOPMENT

HUMAN SERVICES

Head Start Program:

In 2011-12, the program served 3,390 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.

The program served 2,632 children in 2020-21, of which, 575 are included in the Early Head Start Program. Enrollment was low due to COVID.

In 2021-22 the Head Start program served more than 2,176 children, and of those 1,131 were full day Head Start students and the rest attended part day programming. The Early Head Start Program will serve more than 350 children. The continued decline in the number of children served is a result of the COVID-19 pandemic. Families continue to be hesitant to enroll.

In 2022-23 the Head Start program is budgeted to serve up to 3,451 children which represents fully funded enrollment. 1,688 of those will be in full day Head Start students while the rest will continue to attend part day programming. The Early Head Start Program will serve up to 488 children which represents fully funded enrollment. The increase in students served is due to a progressive return to normal operations.

**PROGRAM SERVICE
LEVEL IN 2011-12**

**SERVICE CHANGES
THROUGH 2021-22**

**SERVICE CHANGES
FOR 2022-23**

COMMUNITY ENRICHMENT

Senior Nutrition Program:

In 2011-12, the program served 600,000 congregate and home-delivered meals.

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

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

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

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

For 2019-20, the program 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.

For 2021-22 the program served 625,043 meals. This includes 165,002 meals specific to COVID-19 pandemic relief using federal funding from the Area Agency on Aging.

In 2022-23 the program expects to serve 450,000 meals. The projected decrease over 2021-22 is based on Area Agency on Aging Pandemic Relief Meal funding expiring June 30, 2022.

**PARKS AND
RECREATION**

Swimming Pools:

In 2011-12, 28 out of 29 pools were open. 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.

In 2021-22, 14 pools are scheduled to be open beginning May 2022. Eastlake pool is closed for structural repair. The remaining 14 pools will remain closed due to lifeguard shortages.

In 2022-23, it is anticipated that 28 of 29 pools are scheduled to be open beginning May 2023. Eastlake pool will be open if structural repairs are completed in time.

**PROGRAM SERVICE
LEVEL IN 2011-12**

**SERVICE CHANGES
THROUGH 2021-22**

**SERVICE CHANGES
FOR 2022-23**

COMMUNITY ENRICHMENT

**PARKS AND
RECREATION**

Swimming Pool Season:

In 2011-12, 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.

As of May 2022, the Cigna sponsored Lifeguard Academy and Jr. Lifeguard programs will be operational in 2022. The recreational swim and dive teams and water basketball programs continue to be temporarily suspended due to the lifeguard shortage.

In 2022-23, it is anticipated the recreational swim and dive teams, water basketball programs and Cigna Summer programs will be operational.

**School Recreation
Program During School
Year:**

The 2011-12 budget included 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.

In 2021-22, as of August 2021, 33 of 34 PAC sites were reopened and were operational for the duration of the school year. Sites opened at a maximum capacity of 40 students per school due to limited staffing.

In 2022-23, PAC is anticipating continued operation of 33 of the 34 sites.

COMMUNITY ENRICHMENT

LIBRARY

Central Library:

The 2011-12 budget included 58 hours of operation 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 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

Public meeting room rental and study rooms will fully reopen in Fall of 2022.

Arizona State University (ASU) Tutoring Read America will be provided through ASU beginning late 2022.

StartUp PHX (formerly hive@central) is relaunching Business Road Map in English and Spanish.

Exterior book lockers with access to library materials will be available 24/7.

COMMUNITY ENRICHMENT

LIBRARY

Central Library Continued: 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.

PHX C.A.R.E.S social workers were available to assist individuals experiencing homelessness three days a week.

College Depot added three Caseworker II positions to expand the Graduating Ready Independent and Tenacious (GRIT) program and manage hotspot lending.

The Friends store at Burton Barr reopened on May 9, 2022.

Beginning in June 2022, 425 laptops and 200 hotspots were made available for long term lending for students.

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:

The 2011-12 total branch library service hours were 711 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 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.

Public meeting room rental and study rooms will fully reopen in Fall of 2022

A third Story Walk will be added at Harmon Library.

Exterior book lockers with access to library materials will be available 24/7.

COMMUNITY ENRICHMENT

LIBRARY

**Branch Libraries
Continued:**

In 2019-20, 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 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 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 assistant on [Phoenix.gov](https://www.phoenix.gov) began assisting customers with common Library-related inquiries.

South Mountain Community Library re-opened for in-person service in September 2021 in partnership with South Mountain Community College.

New First Five Years educational area for parents and young children was installed at Cholla in December 2021.

A second Story Walk at Edison Park was added in February 2022.

Over 100 teen volunteers returned for the summer reading program.

ENVIRONMENTAL SERVICES

WATER SERVICES

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

In a March 2012 survey, Phoenix's average monthly water bill compared favorably to the following benchmark cities:

San Diego – \$77.89
 Kansas City – \$62.75
 Austin – \$57.24
 San Jose – \$55.08
 Dallas – \$45.85
 Tucson – \$43.26

PHOENIX – \$36.12

Albuquerque – \$31.81
 San Antonio – \$21.33

In an April 2022 survey, Phoenix's monthly water bill compared favorably to the following benchmark cities:

San Diego – \$108.39
 San Jose – \$108.16
 Austin – \$86.42
 Tucson – \$66.33
 Fort Worth – \$47.15
 Dallas – \$38.61
 Albuquerque – \$36.30
PHOENIX – \$36.26
 San Antonio – \$28.33

It is anticipated Phoenix water rates will continue this trend during 2022-23.

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

In a March 2012 survey, Phoenix's average monthly wastewater bill compared favorably to the following benchmark cities:

Austin – \$49.04
 San Diego – \$43.44
 Kansas City – \$34.59
 Tucson – \$34.08
 San Jose – \$33.83
 Dallas – \$30.82

PHOENIX – \$22.34

San Antonio – \$21.60
 Albuquerque – \$16.81

In an April 2022 survey, Phoenix's monthly wastewater bill compared favorably to the following benchmark cities:

Austin – \$77.48
 San Diego – \$64.90
 Tucson – \$51.29
 Fort Worth – \$50.85
 Dallas – \$46.91
 San Antonio – \$43.04
 San Jose – \$41.64
PHOENIX – \$26.14
 Albuquerque – \$19.61

It is anticipated Phoenix wastewater rates will continue this trend during 2022-23.



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 eighth 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 2020-21, total General Fund resources were estimated to end the fiscal year at \$1,585.6 million. Actual total resources, excluding the one-time Coronavirus Relief Fund (CRF) monies of \$121 million, was \$1,613.5 million for a positive difference of \$27.9 million or 1.8 percent. Total 2020-21 General Fund revenues (collections) ended the fiscal year at \$1,488.1 million, compared to the estimate of \$1,432.1 million for a variance of \$56 million or 3.9 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 third 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 usually 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.

2022-23 BUDGET PROCESS

Initial Budget Status

On September 21, 2021, staff provided an early review of the 2020-21 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 \$27.9 million or 1.8 percent, and expenditures ended the fiscal year \$4.9 million under the estimate representing a variance of only 0.4 percent. As a result, the General Fund ending balance of \$275.6 million was approximately \$32.8 million higher than estimated. The fund balance includes a combined \$121 million in one-time funds from the CRF approved by City Council to offset public safety salaries as permitted by the Federal guidelines. The ending balance carried forward to the current fiscal year and was used as planned to pay for the supplemental expenditures approved in the 2021-22 adopted budget. The additional resources of \$32.8 million will be factored into the development of the FY 2022-23 General Fund Budget Status.

Staff also requested adoption of the FY 2022-23 budget calendar. The City Council adopted staff's recommendation.

Zero-Based Budget Inventory of Programs

On February 3, 2022, for the eleventh 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 the FY 2022-23 General Fund Budget and Five-Year General Fund Forecast

On February 22, 2022, staff provided the preliminary status update for the General Fund FY 2022-23 budget. The five-year General Fund forecast through FY 2026-27 was also presented to the Mayor and City Council for the twelfth 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 in spite of the COVID-19 pandemic, the City has done remarkably well from a revenue and expenditure perspective resulting in a projected General Fund surplus for FY 2022-23 of \$76 million. Under the leadership of the City Council, strategic use of Coronavirus Relief Funds coupled with tight controls on expenses and strong revenue growth have resulted in additional General Fund resources. The preliminary \$76 million surplus is made up of estimated one-time resources of approximately \$44 million and \$32 million in ongoing resources. The one-time resources include excess salary savings caused by a significant increase in vacancies, and carryover of the Council-approved transfer of funding from the Coronavirus Relief Fund to the General Fund to offset public safety salaries as permitted by the Federal guidelines.

These resources could be used to provide new or expanded programs and services in Council and community priority areas, establish set-asides to provide future employee compensation increases and to cover anticipated costs from the citywide classification and compensation study. To maintain a structural balance and prevent future deficits, it is critical that the City does not use one-time resources to fund ongoing costs, especially considering the uncertainties of the pandemic and volatile revenue collections. Staff reported they would be updating revenue and expenditure estimates and would bring back final estimates and recommendations on responsible cost additions using the combination of one-time and ongoing projected resources on March 15, 2022, with the City Manager's 2022-23 Trial Budget.

City Manager's 2022-23 Trial Budget

The Trial Budget is an important step in the City's Zero-Based Budget development process. It provides the Mayor, City Council and the community an opportunity to review a proposed balanced budget months in advance of final budget adoption in June. The proposed balanced General Fund budget includes minor but essential increases in a variety of City programs and services.

Staff reported that due to geopolitical events in Europe and rising economic uncertainty, the proposed Trial Budget also includes set-asides for future spending initiatives or to provide flexibility if needed to ensure the budget remains balanced.

On March 29, 2022, staff presented the 2022-23 Trial Budget. Staff stated that as presented to the City Council on February 22, 2022, in the Five-Year Forecast, the General Fund projected surplus for FY 2022-23 is \$76M which includes one-time resources of \$44M and ongoing resources of \$32M. The ongoing resources are primarily due to higher than anticipated revenue growth. The one-time resources include excess salary savings caused by a significant increase in vacancies due to the competitive labor market, and the carryover fund balance from last fiscal year. These resources were budgeted to pay for the negotiated compensation increases for fiscal years 2021-22 and 2022-23, and the additional programs and services added in the current year budget.

Staff reported that as presented in February 2022, the General Fund long-term outlook is positive, with ongoing resources balanced to projected ongoing expenditures. However, the war in Europe presents additional uncertainty in terms of potential negative impacts to the broader economy, calling for a cautious and conservative approach to the budget. Revenue volatility also continues as a result of the COVID-19 pandemic and inflation. Staff reported that there is no way to predict how revenue could be impacted in the future from either the war, future COVID-19 outbreaks or continued high inflation. As a result of these factors, staff did not recommend changes to the General Fund Status and reported that staff will be closely monitoring City revenues, the economy and trusted experts over the next several weeks after the presentation. Staff stated it was possible that revenue adjustments could be made with the City Manager's Proposed Budget that was scheduled to be presented on May 3, 2022, as more data and information became available.

Staff stated that in light of recent events, increased uncertainty, and challenges with hiring city staff, the FY 2022-23 Trial Budget proposed to allocate the estimated \$76M surplus to both ongoing program and service additions totaling \$21M and to General Fund set-asides totaling \$55M to provide budget flexibility. While the General Fund five-year forecast model presented in February 2022 projected ongoing resources of \$32M could be available, for the reasons stated above, staff did not recommend spending the entire amount for ongoing program and service additions. The General Fund set-asides could be used next fiscal year to address employee compensation and to achieve City Council priorities, or to provide needed resources in the event of an economic downturn to mitigate any possible negative revenue impacts.

Staff reported that the proposed FY 2022-23 Trial Budget anticipated leveraging the final tranche of American Rescue Plan Act (ARPA) funds to further address critical priorities. Recommendations for General Fund supplemental additions in FY 2022-23 total \$21M and focus on City Council and community priorities including the following:

- Affordable Housing - \$1.5M
- Climate and Sustainability - \$1.3M
- Economic Development, Planning & Innovation - \$1.6M
- Historic Preservation and Arts - \$0.3
- Homelessness, Immigrant/Refugee Support and Fast Track Cities - \$3.0M
- Public Safety and Criminal Justice - \$6.3M
- Roadway Safety - \$0.6M

The proposed FY 2022-23 Trial Budget also included additions of \$4.9M for non-General Fund departments for Aviation, Planning and Development, Solid Waste, Street Transportation and Water Services.

Community Feedback

Resident input was solicited at 11 virtual community budget hearings held between April 2 and April 15, 2022. Residents also provided feedback online using the FundPHX tool and comments were sent directly to the Budget & Research Department via email and voicemail. In total, between March 1 through May 5, 2022, the City received 624 comments from 368 individuals on the proposed Trial Budget. Several residents commented multiple times on the same topic.

City Manager's Proposed Budget and Council Action

On May 3, 2022, staff presented a balanced FY 2022-23 City Manager's Proposed Budget to the Mayor and City Council for information and discussion. Based on community feedback, the FY 2022-23 City Manager's Proposed Budget recommended General Fund increases for community priority areas increased from \$21M to \$24M with a commensurate reduction in the proposed General Fund set-asides from \$55M to \$52M. Also included are proposed FY 2022-23 non-General Fund supplementals totaling \$4.9M.

Changes to the FY 2022-23 General Fund Trial Budget based on community input totaling \$3.0M were identified as follows:

- **Community Arts Grants** - increase proposed grant funding from \$75K to \$275K.
- **Electric Vehicle Study** - add resources for an electric vehicle infrastructure study of \$250K.
- **Elevate Education Workforce Program** - add funding of \$750K focused on "Elevate EdAZ" to connect youth to the workforce.
- **Gated Alley Program** - convert the program from the pilot phase to ongoing with General Fund resources totaling \$627K.
- **Historic Preservation** - increase proposed funding for the Threatened Buildings Grant Program from \$200K to \$500K.
- **Pickleball** - add \$21K to resurface tennis courts and add lines to create two pickleball courts at the Desert Foothills Park located at 1010 E Marketplace SE.
- **Roadway Safety** - increase ongoing funding for Roadway Safety Action Plan projects from \$600K to \$1.2M.
- **South Mountain Environmental Education Center** - add \$229K to reopen the center located at the base of South Mountain Park.

Including the above changes to the proposed budget from community feedback, General Fund priorities included the following increases totaling \$24M by category and are summarized below:

- Affordable Housing - \$1.5M
- Climate and Sustainability - \$1.6M
- Economic Development, Planning & Innovation - \$2.4M
- Historic Preservation and Arts - \$0.8M
- Homelessness, Immigrant/Refugee Support and Fast Track Cities - \$3.0M
- Parks and Recreation and Library - \$3.0M
- Public Safety and Criminal Justice - \$6.9M
- Roadway Safety - \$1.2M

In addition to the above City Council priority areas, proposed additions totaling \$3.6M are included to support general government departments including: Budget and Research, Finance, Human Resources, Information Technology, Law and Public Works.

Staff proposed to set-aside \$52M of the projected \$76M surplus for future City Council spending initiatives, or to provide resources needed to maintain a balanced budget in the event of an economic downturn. The set-asides will provide budget flexibility and can be used next fiscal year or in future years at Council's direction. This would also allow for more time to determine the ongoing impacts to revenues from the pandemic and diminishing federal COVID-19 aid, inflation and the war in Europe.

Proposed General Fund set-asides included \$30M that could be used in the future to address employee compensation and to provide resources needed for recommendations from the ongoing classification and compensation study. The classification and compensation study will be completed next fiscal year and is anticipated to result in increased labor costs.

The remaining \$22M in set-asides could be used for the above City Council and community priority areas, and/or to provide resources for future operation and maintenance costs from a potential General Obligation (GO) Bond Program, or possibly ARPA initiatives the City Council may want to continue once stimulus funding is depleted. Under the direction of the Mayor and City Council, staff began working with City departments to identify unfunded capital needs that could be addressed with a potential 2023 GO Bond Program. The program would require voter approval at the November 2023 general election. The General Fund five-year forecast presented on February 22 did not assume ongoing operating costs in the later years of the forecast from either GO Bond projects or ARPA initiatives. Given the uncertainty of these potential needs, staff stated that it would be financially prudent to reserve General Fund budget capacity to be able to address operating costs for new bond projects or to transition temporary programs to the General Fund when ARPA stimulus funding expires.

Council Action

The 2022-23 City Council Budget Decision was presented to the City Council for action on May 17, 2022. Staff stated the General Fund budget for action was the same as presented on May 3, 2022. No changes are proposed to non-General Fund additions presented in the 2022-23 Trial Budget.

On May 17, 2022, the City Council approved the proposed 2022-23 budget as presented. The May 17 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 2022-23 General Fund budget is \$1,777.6M. This is a \$170M increase or 10.6% from the adopted FY 2021-22 General Fund Budget of \$1,607.6M. The increase accounts for the proposed additions and set-asides detailed earlier and increases in capital pay-as-you-go projects, employee pension costs, setting the contingency fund to 4.25% of General Fund operating expenditures, and additional resources to replace an aging vehicle fleet. The increase also accounts for the second year of the negotiated employee compensation increases. Projected General Fund resources are estimated at \$1,777.6M and includes the estimated beginning balance of \$183.8M, estimated revenue of \$1,587.3M and fund transfers and recoveries of \$6.5M. General Fund revenues of \$1,587.3M represent annual growth of 9.5% over 2021-22 and is largely due to growth in state-shared income tax, which is based on collections from two years prior and is artificially high as a result of the State's decision to delay income tax filings in the fourth quarter of FY 2019-20 due to the COVID-19 pandemic. Revenue growth also includes estimated increases in City and state sales taxes.

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 2022-23 budget is \$5,557.8M.

Following the Council's budget action on May 17, 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 1, 2022, in compliance with the City Charter requirement that the budget be adopted no later than June 30, 2022.

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 15, 2022. Adoption of the property tax levy ordinance was completed on July 1, 2022, no sooner than 14 days following final budget adoption, in accordance with State law.

The following chart is an overview of the 2022-23 community budget process calendar.

DATE	BUDGET ITEMS
November 2021	FundPHX (available to the public)
February 4, 2022	2022-23 Inventory of Programs
February 22, 2022	Preliminary 2022-23 Budget Status and Five-Year General Fund Forecast
March 29, 2022	2022-23 City Manager's Trial Budget and Preliminary Five-Year Capital Improvement Program for 2022-27
April 2022	Virtual Community Budget Hearings
May 3, 2022	City Manager's Proposed 2022-23 Budget
May 17, 2022	Council Budget Decision
June 1, 2022	2022-23 Tentative Budget Ordinance Adoption
June 15, 2022	2022-23 Funding Plan and Final Budget Ordinance Adoption
July 1, 2022	2022-23 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 FY 2022-23 budget development process are as follows:

Action Required	City Charter Prescribed Deadline	Arizona State Statute Prescribed Deadline	2022-23 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 29, 2022
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, 2022
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 3, 2022
Publish general summary of budget and notice of public hearing that must be held prior to adoption of tentative budget ordinances and 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 16, 2022

Action Required	City Charter Prescribed Deadline	Arizona State Statute Prescribed Deadline	2022-23 Budget Dates
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 1, 2022
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 30, 2022 and June 6, 2022
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 6, 2022 and June 13, 2022
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 10, 2022
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, 2022
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 14th day before the tax levy is adopted and no later than first Monday in August.	June 15, 2022
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 24, 2022
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, 2022

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 FY 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 FY 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 FY 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 FY 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 FY 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 FY 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 FY 2021-22 through FY 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 (ACFR). 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 ACFR.

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 ACFR 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 FY 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 15 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 ACFR. However, the year-end balances held in fiduciary funds are provided in the ACFR.

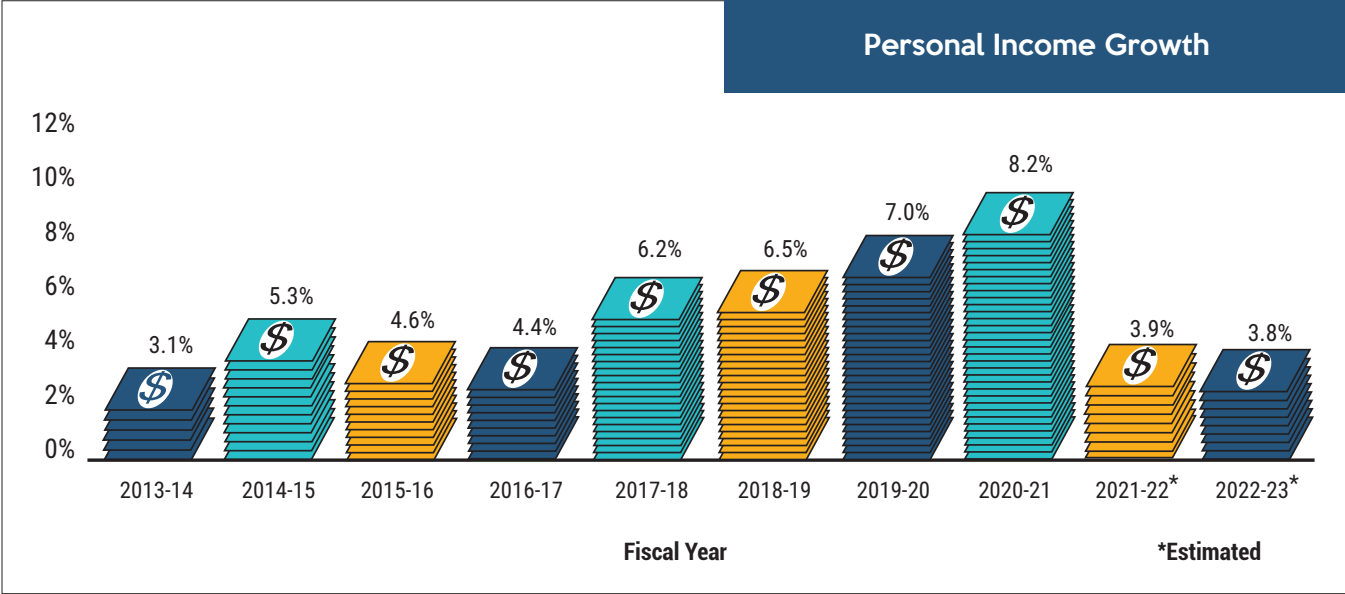
REVENUE ESTIMATES

Revenue estimates for fiscal year (FY) 2022-23 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 external entities include portions of court fines and fees, and ambulance fees. Revenue estimates also include property taxes; the FY 2022-23 combined property tax rate of \$2.1130 reflects a slight decrease from the FY 2021-22 rate of \$2.1196.

It has been more than two years since COVID-19 began in December 2019 and Phoenix has emerged as an economic leader in the country. 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 most marketplace facilitators to collect tax on behalf of sellers using the facilitator's platform. This resulted in a much larger portion of internet sales becoming taxable and helped to mitigate the impacts of COVID-19 on city and state sales taxes. Federal assistance from the Coronavirus, Relief, and Economic Security Act (CARES) and the American Rescue Plan Act (ARPA) provided a tremendous amount of one-time stimulus aid to the national, state and local economies, which has temporarily created significant increases in revenue collections.

The recent geopolitical crisis in Europe caused by the war in Ukraine along with the COVID-19 pandemic, rising interest rates, high inflation, lack of labor and supply chain disruptions have caused increased economic uncertainty. The pandemic has created a significant challenge with accurately forecasting revenue and additional uncertainty further supports a cautious and prudent approach to revenue estimating.

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 3.9 percent for FY 2021-22 and 3.8 percent for FY 2022-23.



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 reflects the tax cut plan effective on January 1, 2022, and urban revenue sharing distribution increased from 15% to 18% starting in FY 2023-24, adopted in the final days of the 2021 legislative session. 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)													
	2020-21	2021-22	%	2022-23	%	2023-24	%	2024-25	%	2025-26	%	2026-27	%
	Actual	Estimate	Change	Estimate	Change	Forecast	Change	Forecast	Change	Forecast	Change	Forecast	Change
Privilege License Tax													
Privilege License Tax	454,779	512,535	12.7%	530,591	3.5%	559,724	5.5%	590,193	5.4%	621,145	5.2%	655,182	5.5%
Police Neighborhood Protection	28,657	32,485	13.4%	33,491	3.1%	35,337	5.5%	37,248	5.4%	39,158	5.1%	41,269	5.4%
Police Block Watch	2,047	2,320	13.3%	2,392	3.1%	2,524	5.5%	2,660	5.4%	2,797	5.2%	2,947	5.4%
Fire Neighborhood Protection	10,236	11,601	13.3%	11,960	3.1%	12,620	5.5%	13,301	5.4%	13,984	5.1%	14,738	5.4%
Police - 2007 Public Safety Expansion	65,504	74,250	13.4%	76,550	3.1%	80,768	5.5%	85,139	5.4%	89,503	5.1%	94,328	5.4%
Fire - 2007 Public Safety Expansion	16,377	18,563	13.3%	19,136	3.1%	20,192	5.5%	21,283	5.4%	22,375	5.1%	23,581	5.4%
Parks and Preserves	40,940	46,406	13.4%	47,844	3.1%	50,480	5.5%	53,211	5.4%	55,940	5.1%	58,955	5.4%
Transportation 2050	279,348	316,830	13.4%	326,455	3.0%	344,937	5.7%	363,346	5.3%	382,305	5.2%	402,433	5.3%
Convention Center Excise Tax	54,331	71,772	32.1%	73,883	2.9%	78,334	6.0%	82,382	5.2%	86,234	4.7%	90,280	4.7%
Sports Facilities Excise Tax	13,990	23,854	70.5%	24,577	3.0%	25,950	5.6%	27,554	6.2%	29,681	7.7%	31,583	6.4%
Jet Fuel Other Restricted Fund	838	817	-2.5%	929	13.7%	976	5.1%	1,025	5.0%	1,076	5.0%	1,131	5.1%
Privilege License Fees (Annual)	2,912	3,003	3.1%	3,003	0.0%	3,048	1.5%	3,094	1.5%	3,140	1.5%	3,187	1.5%
Treasury Collection Service Fee ¹	3	4	33.3%	4	0.0%	-	-	-	-	-	-	-	-
Government Lease Property Excise Tax	671	601	-10.4%	601	0.0%	614	2.1%	627	2.2%	642	2.3%	657	2.4%
Subtotal (PLT)	970,633	1,115,041	14.9%	1,151,416	3.3%	1,215,504	5.6%	1,281,063	5.4%	1,347,980	5.2%	1,420,271	5.4%
Utility & Franchise													
Utility & Franchise Tax	82,110	76,682	-6.6%	79,212	3.3%	80,605	1.8%	82,221	2.0%	83,833	2.0%	85,454	1.9%
Jail Tax	7,391	7,463	1.0%	7,538	1.0%	7,632	1.3%	7,728	1.3%	7,824	1.3%	7,922	1.3%
General Excise Tax	11,086	11,200	1.0%	11,312	1.0%	11,453	1.3%	11,597	1.3%	11,742	1.3%	11,888	1.3%
Storm Water Management	5,046	5,097	1.0%	5,148	1.0%	5,205	1.1%	5,263	1.1%	5,322	1.1%	5,381	1.1%
Capital Construction	7,030	6,091	-13.4%	6,179	1.4%	6,144	-0.6%	6,105	-0.6%	5,978	-2.1%	5,856	-2.0%
Police Public Safety Enhancement	15,174	15,770	3.9%	16,009	1.5%	16,265	1.6%	16,526	1.6%	16,790	1.6%	17,058	1.6%
Fire Public Safety Enhancement	9,300	9,666	3.9%	9,812	1.5%	9,970	1.6%	10,129	1.6%	10,291	1.6%	10,455	1.6%
Subtotal (Utility & Franchise)	137,137	131,969	-3.8%	135,210	2.5%	137,275	1.5%	139,568	1.7%	141,780	1.6%	144,014	1.6%
Licenses & Permits													
Licenses & Permits	2,694	2,847	5.7%	2,872	0.9%	2,932	2.1%	2,997	2.2%	3,066	2.3%	3,139	2.4%
State Sales Tax ^{2,3}	201,292	223,359	11.0%	227,155	1.7%	239,699	5.5%	252,070	5.2%	263,890	4.7%	277,147	5.0%
State Income Tax ^{2,3}	240,237	213,294	-11.2%	310,387	45.5%	350,437	12.9%	315,208	-10.1%	317,201	0.6%	302,679	-4.6%
Marijuana Sales Tax Earmarked for PSPRS ⁴	3,424	11,976	+100%	12,248	2.3%	12,931	5.6%	13,654	5.6%	14,384	5.3%	15,192	5.6%
TOTAL	1,555,417	1,698,486	9.2%	1,839,288	8.3%	1,958,777	6.5%	2,004,560	2.3%	2,088,301	4.2%	2,162,442	3.6%

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

² Relative population share used in calculating state shared revenues in 2022-23 was based on the 2020 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. In addition, Laws 2021, Chapter 412 (Tax Omnibus) increases the Urban Revenue Sharing distribution from 15% to 18% starting in 2023-24.

³ The forecast includes Tax Rate Reduction: Laws 2021, Chapter 412 (Tax Omnibus), reduces the current Individual Income Tax (IIT) brackets to 2 starting in Tax Year (TY) 2022. The forecast also includes the 4.5% Maximum IIT Rate: Law 2021, Chapter 411, imposes a maximum combined (regular plus Proposition 208) IIT rate of 4.5% on taxable income above \$250K/\$500K. The forecast also includes the Alternative Tax Rate (SB 1783), imposes an alternative tax rate phased down from 3.5% in TY 2021 to 2.5% in TY 2025 on taxable income. Although the recent Maricopa County Superior Court ruling struck down the surcharge imposed by Proposition 208, the forecast counted it to align with the Joint Legislative Budget Committee's method of maximum commitment scenario assumptions.

⁴ In the November 3, 2020 General Election, voters approved the Smart and Safe Arizona Act (Proposition 207), which has become effective to govern the possession, sale, and taxation of Recreational (non-medical) marijuana (MJ) in Arizona. In January 2021, the City started collecting sales tax from Recreational (non-medical) MJ sales. On June 16, 2021, the City Council adopted the pension funding policy that designated the General Fund portion of the City Sales tax from Recreational (non-medical) MJ retail sales and the state-shared 16% excise tax on the MJ sales for Police and Fire personnel costs to paying down the public safety pension liability.

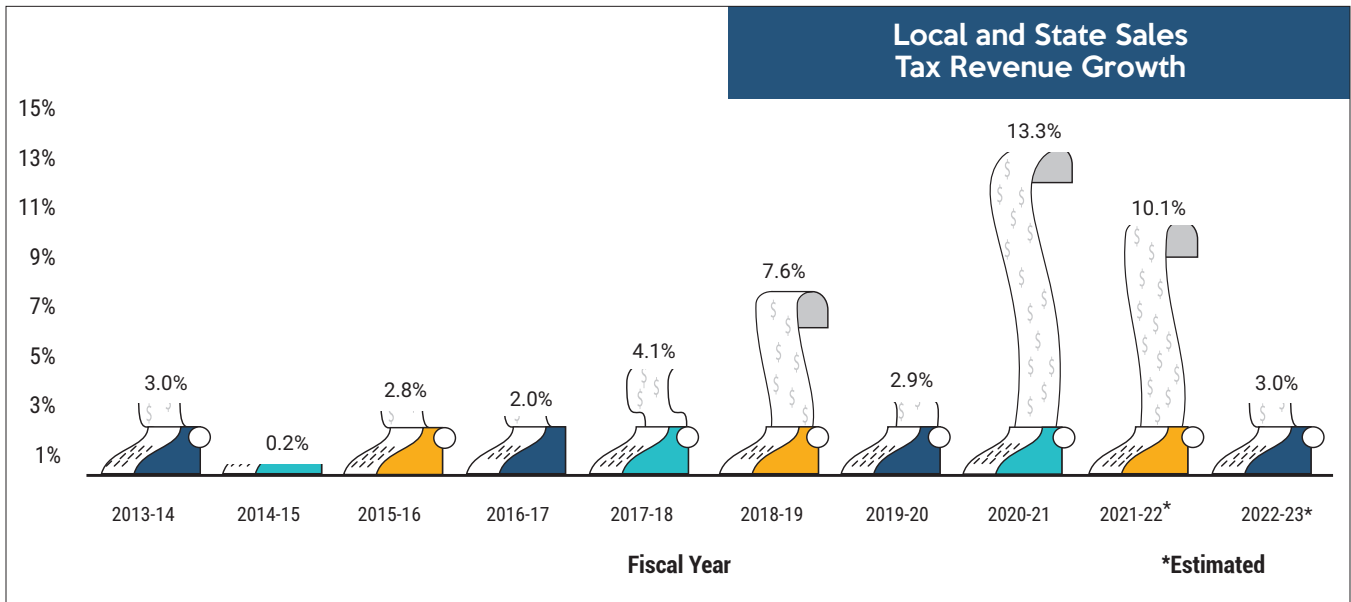
GENERAL FUNDS

Total FY 2022-23 General Fund revenues are estimated to be \$1,587.3 million or 9.5 percent higher than FY 2021-22 estimates of \$1,450.0 million. General Fund revenues consist of four major categories: local taxes and related fees, state-shared revenues, primary property taxes and user fees. Following are descriptions of the revenue sources within these four categories and explanations of FY 2022-23 revenue estimates.

Local and state sales tax collections represent approximately 52.7 percent of General Fund revenues. Local sales taxes for FY 2022-23 are expected to grow by 3.5 percent over FY 2021-22 estimates. Phoenix's share of state sales taxes for FY 2022-23 is expected to grow by 1.7 percent over FY 2021-22 estimates.

Combined local and state sales tax revenues for FY 2022-23 are expected to grow by 3.0 percent over FY 2021-22 estimates. Combined rates of growth since FY 2013-14 are provided in the chart below.

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

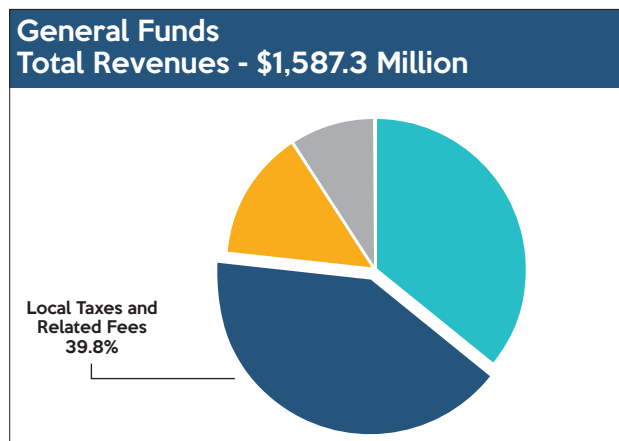


GENERAL FUND REVENUE BY MAJOR SOURCE (In Thousands of Dollars)

Revenue Source	2020-21 Actual	% of Total	2021-22 Estimate	% of Total	2022-23 Budget	% of Total	Increase/(Decrease) From 2021-22 Estimate	
							Amount	Percent
Local Taxes and Related Fees								
Local Sales Tax	536,889	36.1%	589,217	40.6%	609,803	38.4%	20,586	3.5%
Privilege License Fees	2,915	0.2%	3,006	0.2%	3,006	0.2%	-	0.0%
Other General Fund Excise Taxes	19,148	1.3%	19,264	1.3%	19,451	1.2%	187	1.0%
Subtotal	558,952	37.6%	611,487	42.2%	632,260	39.8%	20,773	3.4%
State-Shared Revenue								
Sales Tax	201,292	13.5%	223,359	15.4%	227,155	14.3%	3,796	1.7%
State Income Tax	240,237	16.1%	213,294	14.7%	310,387	19.6%	97,093	45.5%
Vehicle License Tax	79,768	5.4%	79,000	5.4%	83,100	5.2%	4,100	5.2%
Subtotal	521,297	35.0%	515,653	35.6%	620,642	39.1%	104,989	20.4%
Primary Property Tax	182,043	12.2%	191,294	13.2%	199,194	12.5%	7,900	4.1%
User Fees/Other Revenue								
Licenses & Permits	2,694	0.2%	2,847	0.2%	2,872	0.2%	25	0.9%
Cable Communications	9,424	0.6%	9,200	0.6%	9,000	0.6%	(200)	-2.2%
Fines and Forfeitures	9,211	0.6%	8,256	0.6%	8,184	0.5%	(72)	-0.9%
Court Default Fee	1,288	0.1%	920	0.1%	920	0.1%	-	0.0%
Fire	50,109	3.4%	60,023	4.2%	61,831	3.9%	1,808	3.0%
Hazardous Materials Inspection Fee	1,464	0.1%	1,500	0.1%	1,500	0.1%	-	0.0%
Library Fees	119	0.0%	387	0.0%	399	0.0%	12	3.1%
Parks and Recreation	3,671	0.3%	4,669	0.3%	5,722	0.4%	1,053	22.6%
Planning	1,723	0.1%	1,792	0.1%	1,828	0.1%	36	2.0%
Police	12,637	0.9%	14,766	1.0%	14,154	0.9%	(612)	-4.1%
Street Transportation	5,881	0.4%	9,107	0.6%	6,831	0.4%	(2,276)	-25.0%
Other Service Charges	15,026	1.0%	14,715	1.0%	19,193	1.2%	4,478	30.4%
Other	3,447	0.2%	3,332	0.2%	2,775	0.2%	(557)	-16.7%
Subtotal	116,694	7.9%	131,514	9.0%	135,209	8.6%	3,695	2.8%
Coronavirus Relief Fund ^{1/}	109,126	7.3%	-	0.0%	-	0.0%	-	NA
TOTAL GENERAL FUND	1,488,112	100.0%	1,449,948	100.0%	1,587,305	100.0%	137,357	9.5%

^{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 FY 2022-23 estimate is \$632,260,000, which is \$20,773,000 or 3.4 percent greater than the FY 2021-22 estimate of \$611,487,000. 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.

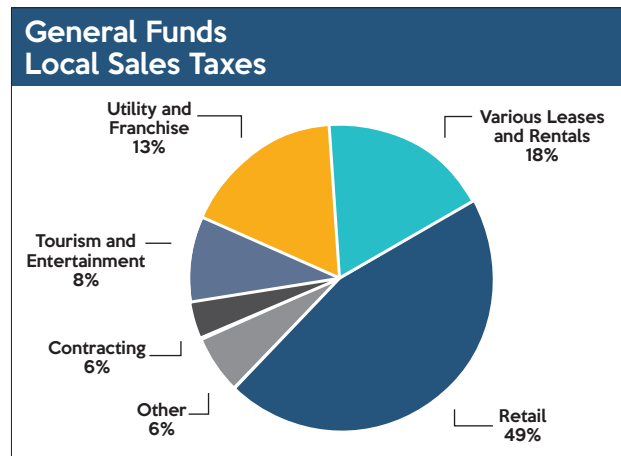
Beginning in May 2005, 2 percent of utilities sales tax collections paid by those utilities with a franchise agreement were directed to the newly established Public Safety Enhancement Fund. Finally, an additional 2 percent tax on the telecommunications category provides resources for the Capital Construction 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.
 **The Public Safety Enhancement designated 2.0 percent sales tax applies only to those utilities with a franchise agreement.
 (1) The Transportation 2050 sales tax (Proposition 104) was established by the voters effective January 1, 2016 and increased the Transit 2000 sales tax (Proposition 2000) to fund a comprehensive transportation plan with a 35-year sunset date. The Proposition increased the transaction privilege (sales) tax rates by 0.3% for various business activities and established a two-tier tax rate structure applicable to retail sales of single items in excess of \$10,000, to be adjusted biennially for inflation beginning on January 1, 2018. Effective January 1, 2022, the first \$11,631 (Tier 1) is subject to the 2.3% tax rate, while transactions over \$11,631 (Tier 2) are subject to the 2.0% tax rate. The criteria for Level 1 and Level 2 will be adjusted again on January 1, 2024
 (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 \$609,803,000 for FY 2022-23. This is an increase of \$20,586,000 or 3.5 percent from the FY 2021-22 estimate of \$589,217,000. The increase in local sales tax revenue is based on actual collections, growth rates provided by the University of Arizona city sales tax model, and the assumption that the economy will continue to grow and recover from the pandemic.

As shown in the pie chart below, the retail category represents approximately 49 percent of the local General Fund sales tax. The retail sales category is expected to increase by 3.5 percent in FY 2022-23. Personal income growth, which is used as a trend indicator for retail sales activity, is projected at 3.8 percent for FY 2022-23. The growth estimated of the retail sales category in FY 2022-23 assumes continuous growth over FY 2021-22, albeit at a slower pace.



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 FY 2022-23, tangible personal property and residential property rentals are expected to grow by 3.0 and 8.1 percent, respectively, and commercial property rental is projected to grow by 3.0 percent. The growth projected in these categories is mainly due to expected continuous growth in the overall economy and a growing population.

The contracting category is expected to increase by 5.0 percent in FY 2022-23 based on the actual collections in FY 2021-22. 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 FY 2022-23 albeit at a slower pace. The contracting category represents approximately 6 percent of the local General Fund sales tax revenue.

The restaurants and bars category is expected to increase 3.0 percent and the hotel/motel category is expected to grow by 4.3 percent in FY 2022-23. Both categories, combined with revenue from amusements, are closely related to tourism and entertainment activities. These sectors most adversely affected by the COVID-19 pandemic have seen substantial increases and exceeded the pre-pandemic level of 2019. The growth estimated in FY 2022-23 assumes continuous growth over FY 2021-22 albeit at a slower pace. Revenues from these activities represent approximately 8 percent of local General Fund sales tax revenue.

The utility and franchise tax category is approximately 13 percent of local General Fund sales tax revenue. The category includes electricity, natural and artificial gas, water consumption, sewer service, and communications activities. The FY 2022-23 estimate for utility sales, franchise and communication tax revenue is \$79,082,000, which represents an increase of 2.5 percent compared to FY 2021-22. 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 FY 2022-23 estimate of \$28,935,000 is estimated to increase by 3.1 percent from the FY 2021-22 forecast based on the actual collections in FY 2021-22. 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 FY 2018-19. 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
2018-19	468,015	8.2
2019-20	479,705	2.5
2020-21	536,889	11.9
2021-22 (Est.)	589,217	9.7
2022-23 (Est.)	609,803	3.5

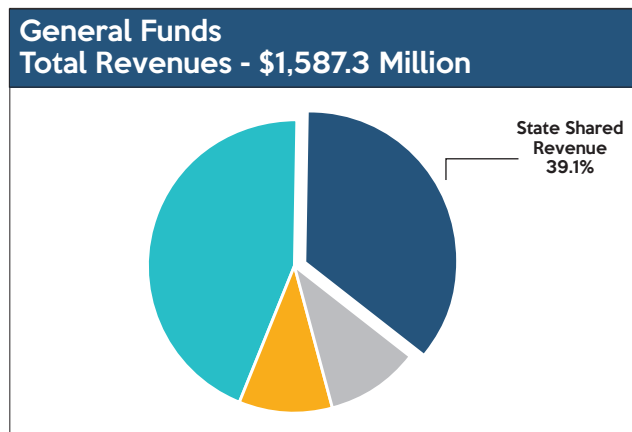
Privilege License Fees

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 FY 2022-23 estimate for privilege license fee revenue of \$3,006,000 is projected to remain flat from the FY 2021-22 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 FY 2022-23 estimate of \$7,538,000 is \$75,000 or 1.0 percent more than the FY 2021-22 estimate of \$7,463,000. This category also includes a general city services excise tax on municipal services bills based on water meter size implemented in July 2014. The FY 2022-23 estimate for the general city services excise tax of \$11,312,000 is \$112,000 or 1.0 percent more than the FY 2021-22 estimate of \$11,200,000. 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 FY 2022-23 estimate for the GPLET of \$601,000 is projected to remain flat from the FY 2021-22 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 FY 2022-23 estimate for this category is \$620,642,000, which is \$104,989,000 or 20.4 percent more than the FY 2021-22 estimate of \$515,653,000. The increase is due to an estimated increase of 45.5 percent in state-shared income tax, 1.7 percent in state sales tax and 5.2 percent in vehicle license tax.

Prior to FY 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 FY 2016-17. The decennial census will continue to be used, but only for the year it is completed.

State Sales Tax

The state sales tax rate on most taxable activities is 5.6 percent. The revenues are split between a "distribution base," of which Phoenix receives a share, and a "combined non-shared" category, which is allocated entirely to the state. With exceptions for some categories, the distribution base consists of either 20 or 40 percent of collections depending on the tax classification. The 0.6 percent education tax included in the total tax rate is not included in the distribution base. Under the current formula, incorporated cities receive 25 percent of the distribution base. As indicated previously, these funds are distributed to individual cities on the basis of relative population percentages. However, the Census Bureau population estimates to be used for FY 2022-23 were not available in time for developing the budget projections. Since no significant changes were anticipated, Phoenix's share of 28.07 percent for FY 2021-22 was used for FY 2022-23.

The City's share of the state sales tax for FY 2022-23 is expected to be \$227,155,000, which is \$3,796,000 or 1.7 percent more than the FY 2021-22 estimate of \$223,359,000. The increase in state-shared sales tax revenue is based on actual collections in FY 2021-22 and anticipated modest growth in FY 2022-23. The table below shows the cities' share of state sales tax, Phoenix's allocation and annual increase since FY 2018-19.

STATE SALES TAXES (In Thousands of Dollars)					
Fiscal Year	Cities' Share of State Collections		Phoenix's Share		
	Total	% Change	Percent	Amount	% Change
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	687,053	16.6	29.0	201,292	17.1
2021-22 (Est.)	786,116	14.4	28.1	223,359	11.0
2022-23 (Est.)	805,635	2.5	28.1*	227,155	1.7

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

State Income Tax

Since 1973, cities in Arizona have shared 15 percent of the actual state 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 Census Bureau population estimates were not available in time for developing the budget projections and no significant changes were anticipated, Phoenix's share for FY 2021-22 was used for FY 2022-23.

The 15 percent portion of the state income tax, which will be distributed to Arizona cities and towns in FY 2022-23, is expected to be \$1.107 billion. The distribution represents actual individual and corporate income tax collections by the state in the 2020-21 fiscal year. The anticipated \$1.107 billion is a 46.4 percent increase from the previous fiscal year. The surge in FY 2022-23 is a result of the State deferred income tax filings in the 4th quarter of FY 2019-20 to FY 2020-21 due to the pandemic. Phoenix's total distribution for FY 2022-23 is estimated at \$310,387,000, which is an increase of \$97,093,000 or 45.5 percent from the FY 2021-22 estimate of \$213,294,000.

The following table shows the total cities' share of state income tax, Phoenix's share, percentage allocation and annual increase/decrease since FY 2018-19.

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
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	15.0	828,493	12.3	29.0	240,237	11.9
2021-22 (Est.)	15.0	756,344	(8.7)	28.0	213,294	(11.2)
2022-23 (Est.)	15.0	1,106,966	46.4	28.0*	310,387	45.5

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

Vehicle License Tax

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

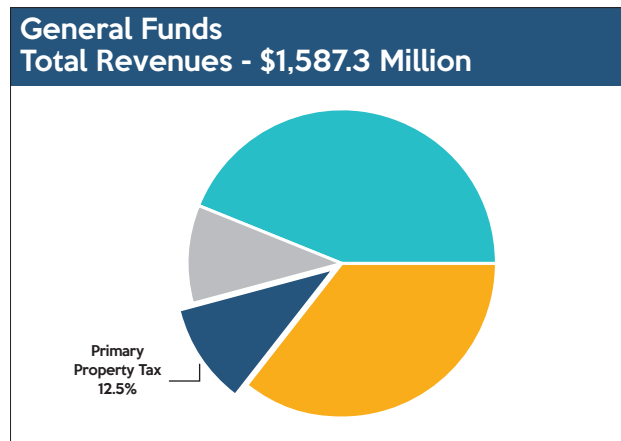
A portion of vehicle license tax collections is allocated to the Arizona Highway User Revenue Fund, with the remainder being allocated by percentage to various state funds as well as to the counties and cities. The state is responsible for distributing funds to cities according to their relative population within the county. As with the other state-shared revenues since Census Bureau population estimates were not available in time for developing the budget projections and no significant changes were anticipated, Phoenix's share of 40.4 percent of Maricopa County for FY 2021-22 was used for FY 2022-23. Phoenix's share of the vehicle license tax for FY 2022-23 is anticipated to be \$83,100,000, which is \$4,100,000 or 5.2 percent more than the FY 2021-22 estimate of \$79,000,000.

The following table shows the cities' share of the vehicle license tax, Phoenix's share, allocation percentage and annual percentage change since FY 2018-19.

VEHICLE LICENSE TAX (In Thousands of Dollars)					
Fiscal Year	Amount Distributed by Maricopa County	Phoenix's Share		Increase/(Decrease)	
		Percent	Amount	Amount	Percent
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	197,392	40.4	79,768	9,284	13.2
2021-22 (Est.)	195,491	40.4	79,000	(768)	(1.0)
2022-23 (Est.)	205,637	40.4*	83,100	4,100	5.2

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

PRIMARY PROPERTY TAX



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

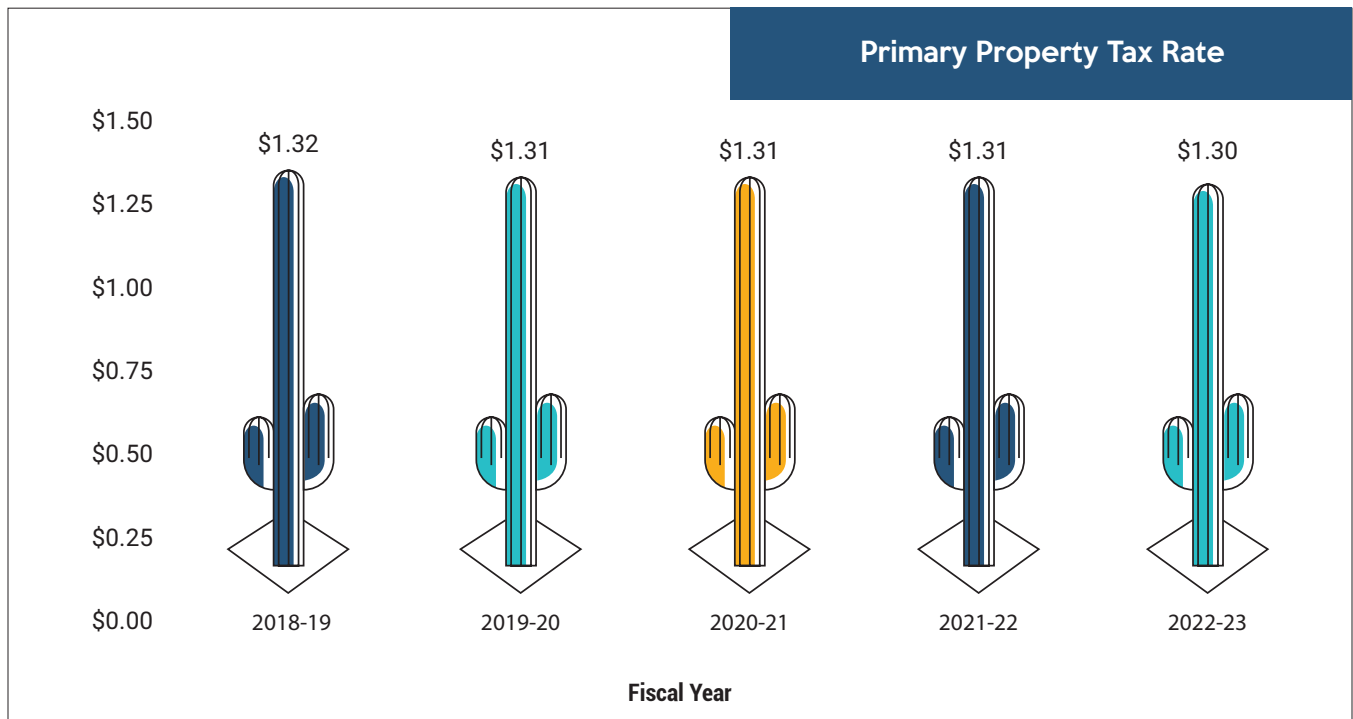
The annual increase in the primary property tax levy is limited by the Arizona Constitution to a 2 percent increase over the prior levy plus an estimated levy for previously untaxed property (primarily new construction), and allowable tort liability judgments. The Phoenix City Charter also limits the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

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

The chart below shows the primary property tax rate since FY 2018-19.

The estimated FY 2022-23 primary property tax levy is \$201,207,000. The levy is a 4.1 percent increase over the FY 2021-22 levy of \$193,225,000. The primary net assessed valuation of \$15.49 billion is 4.7 percent above the FY 2021-22 primary net assessed valuation of \$14.80 billion.

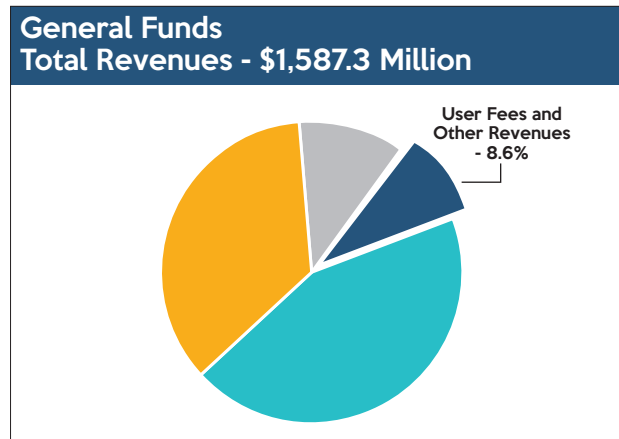
Historically, actual property tax collections have been slightly lower than the amount levied. For FY 2022-23, collections for primary property tax are estimated to be \$199,194,000, or 99 percent of the levy amount.



The FY 2022-23 levy results in a primary property tax rate of \$1.2989 per \$100 of assessed value and a secondary property tax rate of \$0.8141, for a total property tax rate of \$2.1130 per \$100 of assessed value. The table below shows primary assessed valuation, primary property tax revenues and primary rates since FY 2018-19.

PRIMARY PROPERTY TAX					
Fiscal Year	Primary Net Assessed Valuation (in Millions)	% Change	Primary Levy (in Thousands)	% Change	Rate per \$100 Net Assessed Valuation
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
2022-23	15,491	4.7	201,207	4.1	1.2989

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 FY 2022-23 estimate for this category is \$135,209,000, which is \$3,695,000 or 2.8 percent more than the FY 2021-22 estimate of \$131,514,000. The increase is primarily due to the estimated revenue growth in emergency transportation service, parks, 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 FY 2022-23 estimate of \$2,872,000 is \$25,000 or 0.9 percent more than FY 2021-22 estimate of \$2,847,000. The projection assumes a slight increase in other business license applications and for other activity to remain unchanged from FY 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 FY 2022-23 estimate of \$9,000,000 is \$200,000 or 2.2 percent less than FY 2021-22 estimate of \$9,200,000. The decrease is due to the discontinued Prism television service in Phoenix.

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 FY 2022-23 estimate of \$8,184,000 is \$72,000 or 0.9 percent less than the FY 2021-22 estimate of \$8,256,000. The slight decrease is attributable to anticipated declines from moving violation fine collections.

Court Default Fee

A default fee was implemented in FY 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 FY 2009-10, the fee was increased from \$25 to \$40. The FY 2022-23 estimate for court default fee revenue of \$920,000 is projected to remain flat from the FY 2021-22 estimate.

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 FY 2022-23 estimate for ETS is \$44,313,000, which is \$1,358,000 or 3.2 percent more than the FY 2021-22 estimate of \$42,955,000. The increase mainly reflects the inflationary rate adjustment. Other Fire revenue sources include fire prevention inspection fees, computer-aided dispatch (CAD) and various other charges for the services provided to the community. The FY 2022-23 estimate for other fire services is \$17,518,000, which is \$450,000 or 2.6 percent more than the FY 2021-22 estimate of \$17,068,000. 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 FY 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 FY 2022-23 estimate of \$1,500,000 is projected to remain flat from the FY 2021-22 estimate.

Library Fees

In November 2019, the City waived all overdue library fines and discontinued assessing fines on library items returned late. The revenue lost from this program is being partially offset by additional revenue from the Maricopa County Library Assistance Program. Library revenues are primarily generated from the Maricopa County Library Assistance Program, copier/printer and damaged library materials fees, wireless communications license fees and room rentals at city libraries. The FY 2022-23 estimate of \$399,000 is \$12,000 more than the FY 2021-22 estimate of \$387,000. During the pandemic, several branches were closed, events were canceled, and revenues reduced significantly in FY 2020-21. A slight increase in projection accounts for the resumed copier and printer services in FY 2022-23, which is offset with the decrease in recovery of damage claims.

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 Ak-Chin Pavilion, and other miscellaneous park fees. The FY 2022-23 estimate of \$5,722,000 is \$1,053,000 or 22.6 percent more than the FY 2021-22 estimate of \$4,669,000. The increase in FY 2022-23 assumes higher revenues as recreation programs are resumed and continued recovery from the pandemic.

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 FY 2022-23 estimate of \$1,828,000 is \$36,000 or 2.0 percent above the FY 2021-22 estimate of \$1,792,000. The projection accounts for increased revenue from rezoning and zoning administrative adjustment 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 \$14,154,000 in FY 2022-23 is projected to decrease by \$612,000 or 4.1 percent from the FY 2021-22 forecast of \$14,766,000. The decrease is attributable to the cancellation of the contract with the Arizona Peace Officer Standards and Training Board (AZPOST), and the one-time bad debt accounting adjustments in false alarm assessments, which artificially increases the revenue estimate in FY 2021-22.

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 FY 2022-23 estimate of \$6,831,000 is \$2,276,000 or 25.0 percent less than the FY 2021-22 estimate of \$9,107,000. The decrease is mainly due to the one-time bad debt accounting adjustments, which artificially increases the revenue estimate in FY 2021-22.

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 FY 2022-23 estimate of \$19,193,000 is \$4,478,000 or 30.4 percent more than the FY 2021-22 estimate of \$14,715,000. The increase is primarily due to more estimated revenues from rentals and concessions, 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 FY 2022-23 estimate of \$2,775,000 is \$557,000 or 16.7 percent less than the FY 2021-22 estimate of \$3,332,000. The decrease is mainly due to the one-time bad debt accounting adjustments, which artificially increases the revenue estimate in FY 2021-22.

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 FY 2022-23 revenue estimates. The table on the next page provides FY 2021-22 and FY 2022-23 estimates as well as FY 2020-21 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 FY 2022-23 estimate of \$47,843,000 is \$1,437,000 or 3.1 percent more than the FY 2021-22 estimate of \$46,406,000. These estimates are consistent with those for the same categories in the local sales tax discussion. In addition, \$292,000 is estimated for combined net interest earnings in FY 2022-23.

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 FY 2022-23 estimate is \$95,686,000 or 3.1 percent more than the FY 2021-22 estimate of \$92,813,000. These estimates are consistent with those for the same categories in the local sales tax discussion. In addition, \$119,000 is estimated for interest earnings in FY 2022-23.

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 FY 2022-23 estimate of \$25,821,000 is \$385,000 or 1.5 percent more than the FY 2021-22 estimate of \$25,436,000.

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 FY 2022-23 estimate of \$47,844,000 is \$1,438,000 or 3.1 percent more than the FY 2021-22 estimate of \$46,406,000. These estimates are consistent with the estimates for the same categories in the local sales tax discussion. In addition, \$891,000 is estimated for land rentals, lease revenue and interest earnings in FY 2022-23.

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

Revenue Source	2020-21 Actual	2021-22 Estimate	2022-23 Budget	Increase/(Decrease) From 2021-22 Estimate	
				Amount	Percent
SPECIAL REVENUE FUNDS					
Neighborhood Protection	44,353	46,698	48,135	1,437	3.1%
2007 Public Safety Expansion	89,914	92,932	95,805	2,873	3.1%
Public Safety Enhancement	26,901	25,436	25,821	385	1.5%
Parks and Preserves	43,000	47,418	48,735	1,317	2.8%
Transit 2000 ^{1/}	(3)	-	-	-	NA
Transportation 2050 ^{1/}	293,470	341,902	364,612	22,710	6.6%
Court Awards	1,982	8,377	4,533	(3,844)	-45.9%
Development Services	70,968	80,028	81,725	1,697	2.1%
Capital Construction	7,060	6,211	6,299	88	1.4%
Sports Facilities	18,164	27,742	28,455	713	2.6%
Arizona Highway User Revenue	147,054	153,079	154,999	1,920	1.3%
Regional Transit Revenues	20,685	22,609	45,672	23,063	+100.0%
Community Reinvestment	7,011	6,296	6,045	(251)	-4.0%
Secondary Property Tax	119,697	123,686	128,978	5,292	4.3%
Regional Wireless Cooperative	5,290	5,530	5,632	102	1.9%
Golf Courses	9,192	9,485	9,562	77	0.8%
City Improvement	1	-	-	-	NA
Impact Fee Program Administration	621	737	761	24	3.3%
Court Special Fees	898	821	814	(7)	-0.9%
Monopole Rental	169	169	169	-	0.0%
Tennis Center	30	51	54	3	5.9%
Vehicle Impound Program	1,972	2,013	1,993	(20)	-1.0%
Heritage Square	1	1	36	35	+100.0%
Affordable Housing Program	(3,771)	5,468	4,774	(694)	-12.7%
Jet Fuel Other Restricted Fund	838	817	929	112	13.7%
Recreational Marijuana Special Revenue Fund	3,424	11,976	12,248	272	2.3%
Other Restricted	30,126	23,777	27,974	4,197	17.7%
Grants					
Public Housing Grants	108,091	127,299	137,673	10,374	8.1%
Human Services Grants	82,247	153,407	76,011	(77,396)	-50.5%
Community Development	17,303	33,936	54,729	20,793	61.3%
Criminal Justice	10,274	13,493	10,296	(3,197)	-23.7%
Public Transit Grants	141,732	183,616	96,562	(87,054)	-47.4%
Other Grants	134,339	171,531	391,284	219,753	+100.0%
Subtotal - Grants	493,986	683,282	766,555	83,273	12.2%
Total Special Revenue Funds	1,433,033	1,726,539	1,871,314	144,775	8.4%
ENTERPRISE FUNDS					
Aviation	391,196	516,966	508,516	(8,450)	-1.6%
Water System	492,162	484,368	525,269	40,901	8.4%
Wastewater System	254,744	259,420	268,890	9,470	3.7%
Solid Waste	186,310	194,202	196,668	2,466	1.3%
Convention Center	57,923	84,998	91,685	6,687	7.9%
Total Enterprise Funds	1,382,335	1,539,953	1,591,028	51,075	3.3%
TOTAL NON-GENERAL FUND	2,815,368	3,266,493	3,462,342	195,850	6.0%

^{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 FY 2022-23 sales tax estimate for Transportation 2050 is \$326,455,000, which is \$9,625,000 or 3.0 percent more than the FY 2021-22 estimate of \$316,830,000. 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 FY 2022-23 fare box revenue estimate of \$26,373,000 is projected to increase by \$12,369,000 from the FY 2021-22 estimate of \$14,004,000. This increase is primarily attributable to anticipated increases in ridership after the pandemic and the return of front door boarding/fareboxes usage. The FY 2022-23 estimate also includes interest earnings and other miscellaneous revenue of \$11,783,000, which is \$716,000 or 6.5 percent more than the FY 2021-22 estimate of \$11,067,000. This increase is due to more 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 FY 2022-23 is \$4,533,000, which is \$3,844,000 or 45.9 percent less than the FY 2021-22 estimate of \$8,377,000. The decrease reflects less anticipated cases in FY 2022-23.

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 FY 2022-23 estimate is \$81,725,000, which is \$1,697,000 or 2.1 percent more than the FY 2021-22 estimate of \$80,028,000. This increase is primarily due to estimated revenue growth in building permit fees, annual facilities/building maintenance program, engineering plan review fees, and building 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 FY 2022-23 estimate is \$6,179,000, which is \$88,000 or 1.4 percent more than the FY 2021-22 estimate of \$6,091,000. The slight increase accounts for year-end adjustments. The FY 2022-23 estimate also includes interest earnings of \$120,000.

Sports Facilities

Sports facilities revenues consist of a 1 percent portion of the 5.3 percent hotel/motel tax category, a 2 percent tax on short-term motor vehicle rentals, and interest revenue generated by the fund. The FY 2022-23 estimate is \$24,577,000, which is \$723,000 more than the FY 2021-22 estimate of \$23,854,000. The revenue estimates are consistent with the estimates for the same categories in the local sales tax discussion. The FY 2022-23 estimate also includes \$3,878,000 in other revenues, including lease payments from the Translational Genomics Research Institute 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).

For FY 2022-23, Phoenix is projected to receive \$123.0 million from the allocation to all cities and towns and \$31.5 million from the allocation to cities and towns over 300,000 population.

The total FY 2022-23 HURF distribution estimate of \$154,499,000 is \$2,256,000 more than the FY 2021-22 estimate of \$152,243,000. The increased FY 2022-23 estimate is primarily attributed to projected increases in gas and use fuel tax (2.3 percent) and vehicle license tax (4.9 percent).

The estimate for interest revenue is projected to remain stable between FY 2021-22 and FY 2022-23 at \$500,000. The FY 2021-22 estimate includes other income totaling \$336,000 in land sales which are not projected for FY 2022-23.

The table below shows the state-shared HURF allocations to the city of Phoenix since FY 2018-19.

ARIZONA HIGHWAY USER REVENUES (In Thousands of Dollars)			
Fiscal Year	AHUR Distribution	Increase/(Decrease)	
		Amount	Percent
2018-19	138,864	7,509	5.7
2019-20	135,984	(2,880)	(2.1)
2020-21	146,188	10,204	7.5
2021-22 (Est.)	152,243	6,055	4.1
2022-23 (Est.)	154,499	2,256	1.5

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 FY 2022-23 estimate of \$45,672,000 is \$23,063,000 or 102.0 percent higher than the FY 2021-22 estimate of \$22,609,000. The increase is due to anticipated growth in service costs to be paid by other jurisdictions.

Community Reinvestment

The FY 2022-23 estimate of \$6,045,000 is \$251,000 less than the FY 2021-22 estimate of \$6,296,000 and represents estimated revenues to be received through various economic redevelopment agreements in the downtown area. The slight decrease is due to estimated declines in several lease revenues in FY 2022-23.

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 FY 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 FY 2022-23 primary property tax rate is \$1.2989 per \$100 of assessed valuation, reduced from the FY 2021-22 primary property tax rate of \$1.3055 per \$100 of assessed valuation. The FY 2022-23 secondary rate is \$0.8141 per \$100 of assessed value is unchanged from the FY 2021-22 secondary rate. The combined tax rate is \$2.1130.

The FY 2022-23 secondary property tax levy of \$126,108,000 is based on this \$0.8141 rate and the primary net assessed valuation of \$15.49 billion. This resulting levy increases the FY 2021-22 secondary property tax levy of \$120,494,000 by \$5,614,000 to satisfy debt service requirements.

Also included in the FY 2022-23 estimate is \$4,130,000 in bond interest subsidies. Revenues are partially offset by an estimated \$1,261,000 in uncollected taxes. In total, secondary property tax and bond interest subsidy revenue is estimated to be \$128,978,000.

The table below shows secondary assessed valuation, secondary property tax levies and secondary property tax rates since FY 2018-19.

SECONDARY PROPERTY TAX					
Fiscal Year	Net Assessed Valuation (in Millions)	% Change	Secondary Levy (in Thousands)	% Change	Rate per \$100 Net Assessed Valuation
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
2022-23	15,491	4.7	126,108	4.7	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-three cities, towns and fire districts, and government agencies 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 FY 2022-23 revenue estimate of \$5,632,000 is \$102,000 more than the FY 2021-22 estimate of \$5,530,000. The slight increase is due to anticipated radio rate and count increases in FY 2022-23.

Golf Courses

Revenue sources in the golf course category include golf course 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 FY 2022-23 estimate of \$9,562,000 is \$77,000 more than the FY 2021-22 estimate of \$9,485,000. Activity level for golf courses have increased in the past year and is anticipated to continue through FY 2022-23.

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 FY 2022-23 revenue is estimated at \$761,000, which is 3.3% greater than the FY 2021-22 revenue estimate of \$737,000.

Other Restricted Fees

Included in this category are revenues associated with the Court Technology Enhancement fee and the Judicial Collection Enhancement Fund, monopoly rentals from several city parks, Tennis Center at Washington Park, Vehicle Impound fees, Heritage Square, Affordable Housing Program, Jet Fuel Other Restricted Fund, and recreational marijuana (MJ) special revenue 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. The recreational MJ special revenue fund was created for the recreational MJ sales taxes earmarked for public safety pension liability. On June 16, 2021, the City Council adopted the pension funding policy that designated the General Fund portion of the City Sales tax from recreational MJ retail sales and the state-shared 16% excise tax on the MJ sales for Police and Fire personnel costs to pay down public safety pension liability. Also included is revenue from restricted fees for recreation and other programs, and donations specified for various city programs.

The FY 2022-23 estimate of \$48,991,000 is \$3,899,000 or 8.6 percent more than the FY 2021-22 estimate of \$45,092,000. The increase is primarily due to the anticipated increases in the sale of excess city-owned real property.

Public Housing Grants

The FY 2022-23 Public Housing grants revenue included in the annual operating budget is \$137,673,000, which is \$10,374,000 or 8.1 percent more than the FY 2021-22 estimate of \$127,299,000. This increase is primarily due to more HOME Investment Partnerships Program (HOME) funding from the federal government, which is offset by less 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 FY 2022-23 revenue estimate of \$76,011,000 is \$77,396,000 or 50.5 percent less than the FY 2021-22 estimate of \$153,407,000. The decrease is primarily due to the reduction in the Emergency Rental Assistance Program. This category includes funds from the Department of Health and Human Services, Department of Housing and Urban Development, Workforce Investment Act, Aging Program Grants, and Head Start funds.

Community Development Block Grant

Each year since 1974, the City has received Community Development Block Grant (CDBG) funds from the U.S. Department of Housing and Urban Development. These funds are used to support a variety of projects and programs that must meet the following national objectives: benefit low- and moderate-income persons; aid in the prevention or elimination of slums and blight; or meet other urgent community development needs. The FY 2022-23 CDBG entitlement is \$54,729,000 which is \$20,793,000 or 61.3 percent more than the FY 2021-22 estimate of \$33,936,000. The significant increase is due to carryovers from FY 2021-22 to FY 2022-23.

Criminal Justice Grants

The FY 2022-23 grant revenue for criminal justice programs is estimated to be \$10,296,000, which is \$3,197,000 or 23.7 percent less than the FY 2021-22 estimate of \$13,493,000. The decrease is due to reductions in federal and state grant funding. 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 FY 2022-23 Federal Transit Administration Grant estimate is \$96,562,000 reflecting a decrease of \$87,054,000 or 47.4 percent less than the FY 2021-22 estimate of \$183,616,000. The decrease is mainly due to the ending of federal assistance from the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA).

Other Grants

The FY 2022-23 budget also includes \$391,283,000 for federal, state and other grants which is \$219,753,000 or 128.1 percent more than the FY 2021-22 estimate of \$171,531,000. The substantial increase is primarily due to Coronavirus State and Local Fiscal Recovery Funds (SLFRF) awarded to the City under the ARPA signed by President Biden in March 2021 to provide further relief from the COVID-19 pandemic. This funding was allocated based on the Council approved strategic plan and in accordance with federal guidelines. The increase includes the carryovers of this funding from FY 2021-22 to FY 2022-23, and it also reflects the unallocated funding for the second tranche of the SLFRF, which will be allocated in FY 2022-23 based on the federal guidelines and Council's approval. 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 FY 2022-23 is anticipated to be \$508,516,000, which is \$8,450,000 or 1.6 percent less than the FY 2021-22 estimate of \$516,966,000. The decrease is due to the elimination of CARES and CRRSAA revenue received in FY 2021-22 in response to the pandemic, which is not anticipated in FY 2022-23. The decrease is offset by expected increases in airline operation fees, concession and rental revenues as travel resumes after the pandemic, and the ARPA funding.

The following table shows Aviation revenue by major category and annual percent change since FY 2018-19.

SUMMARY OF AVIATION REVENUES (In Thousands of Dollars)					
	2018-19	2019-20	2020-21	2021-22 (Est.)	2022-23 (Est.)
Airline Operation	157,123	159,116	127,020	135,909	141,158
Concessions and Rentals	220,644	173,643	146,676	226,180	260,964
Interest	9,241	10,418	3,407	3,720	3,720
Other/Federal Grants	2,466	12,856	107,758	144,697	95,677
Goodyear	2,615	2,947	3,045	2,963	3,082
Deer Valley	3,144	3,366	3,290	3,496	3,915
Total Aviation Revenue	395,233	362,346	391,196	516,966	508,516
Change from Prior Year	2.4%	(8.3)%	8.0%	32.2%	(1.6)%

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 FY 2022-23 is projected to be \$525,269,000, which is \$40,901,000 or 8.4 percent more than the FY 2021-22 estimate of \$484,368,000. The increase is due to estimated increases in water sales and environmental consumption charges. The FY 2022-23 estimate also includes anticipated small increases in the number of accounts and additional revenue from Taiwan Semiconductor Manufacturing Corporation.

The following table shows water system revenues by major category since FY 2018-19.

SUMMARY OF WATER SYSTEM REVENUES (In Thousands of Dollars)					
	2018-19	2019-20	2020-21	2020-21 (Est.)	2022-23 (Est.)
Water Sales	302,919	315,381	352,111	345,639	377,347
Environmental Consumption Charge	42,846	68,719	78,589	74,531	77,290
Raw Water Charge	26,395	34,427	39,560	36,823	38,600
Interest	3,844	5,225	1,573	4,835	6,233
Development Fees	4,221	5,536	5,896	6,000	6,200
Combined Service Fees	2,143	1,983	1,955	2,250	3,000
Val Vista	6,846	8,081	9,390	9,341	9,839
All Other	13,585	14,763	3,088	4,948	6,760
Total Water Revenue	402,799	454,115	492,162	484,368	525,269
Change from Prior Year	(7.2)%	12.7%	8.4%	(1.6)%	8.4%

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 \$268,890,000 in FY 2022-23, which is \$9,470,000 or 3.7 percent more than the FY 2021-22 estimate of \$259,420,000. The increase is mainly due to expected increases in sewer service charges, environmental charges, interest earnings, and revenue from the multi-city sewer system.

The following table shows Wastewater revenue by major category and annual percent change since FY 2018-19.

SUMMARY OF WASTEWATER SYSTEM REVENUES (In Thousands of Dollars)					
	2018-19	2019-20	2020-21	2021-22 (Est.)	2022-23 (Est.)
Sewer Service Charge	168,740	171,133	172,712	175,232	179,447
Environmental Charges	35,032	35,294	35,775	36,420	37,305
Development Fees	4,048	5,152	5,723	6,500	7,000
Interest	3,984	6,047	2,674	1,752	3,708
Multi-City	15,205	15,296	14,017	16,546	17,630
Other	15,950	19,742	23,843	22,971	23,801
Total Wastewater Revenue	242,959	252,664	254,744	259,420	268,890
Change From Prior Year	1.6%	4.0%	0.8%	1.8%	3.7%

Solid Waste

This category includes revenues from the monthly residential collection and landfill tipping fees. The FY 2022-23 estimate of \$196,668,000 is an increase of \$2,466,000 or 1.3 percent more than the FY 2021-22 estimate of \$194,202,000. The revenue increase is due to more anticipated revenue from solid waste service fees and city landfill fees. The increase reflects 0.6 percent growth in household units and a 2 percent inflation rate applied to the residential rate. 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

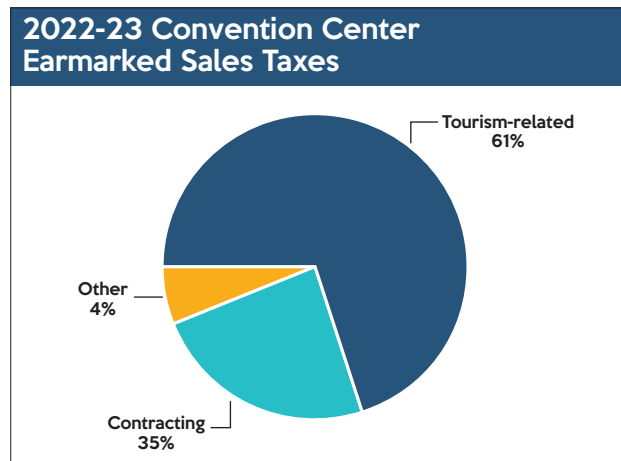
The majority of Convention Center revenues are from earmarked sales taxes including a 0.5 percent tax on advertising, a 0.5 percent portion of the 2.3 percent tax on construction, printing, publishing, transportation/towing and restaurant/ bar sales, plus a 2.0 percent portion of the 5.3 percent hotel/motel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

Earmarked sales taxes are expected to produce \$73,883,000 in FY 2022-23, an increase of \$2,111,000 or 2.9 percent above the FY 2021-22 estimate of \$71,772,000. Convention Center operating revenues are expected to be \$13,947,000, parking revenue is expected to be \$3,402,000, and interest revenue is expected to be \$453,000, for total revenue estimates of \$91,685,000. This is \$6,687,000 or 7.9 percent more than the FY 2021-22 total estimated revenue of \$84,998,000. The increase is based on the assumption that activity levels at the convention center and the economy will continuously recover and get close to pre-COVID-19 levels. 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 FY 2018-19.

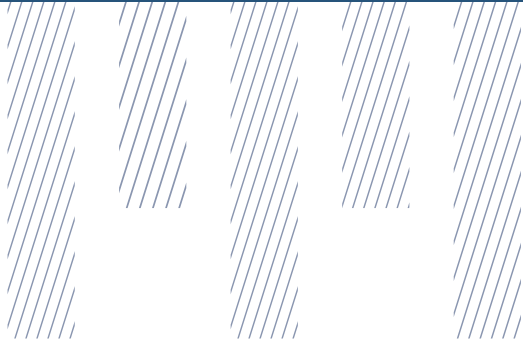
CONVENTION CENTER SALES TAXES (In Thousands of Dollars)			
Fiscal Year	Amount Collected	Increase/(Decrease)	
		Amount	Percent
2018-19	61,200	8,47	16.1
2019-20	55,266	(5,934)	(9.7)
2020-21	54,331	(935)	(1.7)
2021-22 (Est.)	71,772	17,441	32.1
2022-23 (Est.)	73,883	2,111	2.9

Overall growth rates differ from General Fund sales taxes due to the smaller number of categories, differing proportions of the total and their more volatile nature. As shown in the following pie chart, contracting and tourism represent 96 percent of the sales tax revenue to this fund. Both industries are considered volatile; and both have experienced dramatic changes in the last several years. The tourism industry has been hit especially hard by the novel coronavirus. In the General Fund, however, contracting and tourism represent only 14 percent of the sales tax revenue. Because of this, any changes to these more volatile industries have a greater impact in this fund's sales tax revenue than in the General Fund's sales tax revenue. The increase estimates assume the city sales tax will continue to grow and recover from the pandemic.





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 2022-23 operating budget allowance of \$2,507,000 is \$60,000 or 2.5 percent more than 2021-22 estimated expenditures. The budget reflects an increase in the allocation of discretionary funding to support constituent services for the Mayor's Office.

Expenditure and Position Summary			
	2020-21 Actual	2021-22 Estimate	2022-23 Budget
Operating Expense	\$2,020,000	\$2,447,000	\$2,507,000
Total Positions	17.3	15.0	15.0
<i>Source of Funds:</i>			
General	\$2,006,000	\$2,447,000	\$2,507,000
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 2022-23 City Council operating budget allowance of \$6,384,000 is \$209,000 or 3.4 percent more than 2021-22 estimated expenditures. The budget reflects an increase in the allocation of discretionary funding to support constituent services for each of the City Council districts.

Expenditure and Position Summary			
	2020-21 Actual	2021-22 Estimate	2022-23 Budget
Operating Expense	\$4,162,000	\$6,175,000	\$6,384,000
Total Positions	34.0	41.5	41.5
<i>Source of Funds:</i>			
General	\$4,162,000	\$6,175,000	\$6,384,000

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 2022-23 operating budget allowance of \$9,383,000 is \$566,000 or 6.4 percent more than 2021-22 estimated expenditures. This is primarily due to an increase in the General Fund and partially offset by a decrease in grants.

The General Fund 2022-23 budget allowance of \$8,758,000 is \$671,000 or 8.3 percent more than 2021-22 estimated expenditures. The increase is primarily due to the addition of an Assistant to the City Manager for Homeless Services and Programs and additional funds for the Office of Innovation for prototyping innovation projects and to provide for an AmeriCorps VISTA member. In addition, the conversion of my311 staff from grant funds to the General Fund and negotiated increases in employee compensation also contributed to the increase.

The Grants 2022-23 budget allowance of \$357,000 is \$126,000 or 26.1 percent less than 2021-22 estimated expenditures. This is primarily due to the conversion of my311 positions from grants to the General Fund.

Expenditure and Position Summary			
	2020-21 Actual	2021-22 Estimate	2022-23 Budget
Operating Expense	\$10,300,000	\$8,817,000	\$9,383,000
Total Positions	32.9	56.5	56.5
<i>Source of Funds:</i>			
General	\$7,940,000	\$8,087,000	\$8,758,000
Grants	2,289,000	483,000	357,000
Water	72,000	247,000	268,000

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 2022-23 operating budget allowance of \$5,791,000 is \$ 15,000 or 0.3 percent more than 2021-22 estimated expenditures. The budget reflects negotiated increases in employee compensation and other normal inflationary adjustments.

Expenditure and Position Summary			
	2020-21 Actual	2021-22 Estimate	2022-23 Budget
Operating Expense	\$5,134,000	\$5,776,000	\$5,791,000
Total Positions	4.0	4.0	4.0
<i>Source of Funds:</i>			
RWC	\$5,134,000	\$5,776,000	\$5,791,000

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 2022-23 operating budget allowance of \$1,313,000 is \$57,000 or 4.5 percent more than 2021-22 estimated expenditures. The budget reflects 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 2022-23 budget allowance:

	2020-21 Actual	2021-22 Estimate ¹	2022-23 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	81	70	70
Number of strategic state and local meetings brokered for elected officials or government executives	65	65	70
Success rate of federal and state competitive grants and private foundation grants that Government Relations assisted departments securing	77%	75%	75%
Number of tribal gaming grants processed by Government Relations	82	92	82

¹ Based on 10 months actual experience.

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

Expenditure and Position Summary

	2020-21 Actual	2021-22 Estimate	2022-23 Budget
Operating Expense	\$1,479,000	\$1,256,000	\$1,313,000
Total Positions	5.0	5.0	5.0
<i>Source of Funds:</i>			
General	\$1,235,000	\$1,256,000	\$1,313,000
Grants	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 2022-23 operating budget allowance of \$3,635,000 is \$93,000 or 2.6 percent more than 2021-22 estimated expenditures. The increase is primarily due to additional American Rescue Plan Act grant funds for COVID related public communication, outreach, and education. In addition, Other Restricted funds are planned for the replacement of equipment for PHXTV. These overages were partially offset by a one-time General Fund expenditure in 2021-22 for consulting services for the future upgrade of the Phoenix.gov website.

Communications Office Major Performance Measures and Service Levels

The following significant performance measures and service level trends will be achieved with the 2022-23 budget allowance:

	2020-21 Actual	2021-22 Estimate ¹	2022-23 Budget
Percent of news releases that generate media coverage	75%	80%	80%
New PHX 11 programs produced per year ²	475	312	300
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)	1,487,587	1,534,000	1,500,000

¹ Based on 10 months actual experience.

² 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.

Expenditure and Position Summary

	2020-21 Actual	2021-22 Estimate	2022-23 Budget
Operating Expense	\$2,762,000	\$3,542,000	\$3,635,000
Total Positions	19.1	21.1	21.1
<i>Source of Funds:</i>			
General	\$2,713,000	\$3,430,000	\$3,408,000
Other Restricted	43,000	6,000	73,000
Grants	6,000	106,000	154,000

CITY AUDITOR

Program Goal

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

Budget Allowance Explanation

The City Auditor 2022-23 operating budget allowance of \$3,323,000 is \$370,000 or 12.5 percent more than 2021-22 estimated expenditures. The increase is primarily due to negotiated increases in employee compensation, fewer anticipated vacancies and increased costs for auditing services.

City Auditor Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2022-23 budget allowance:

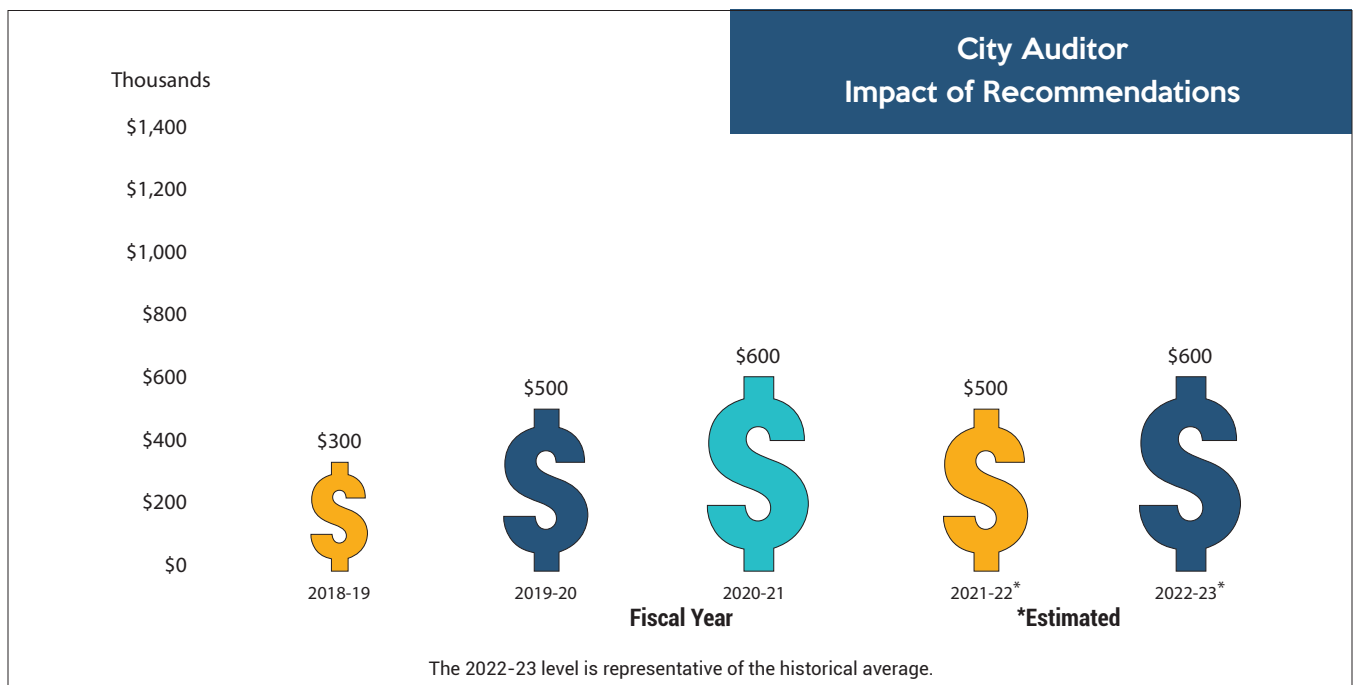
	2020-21 Actual	2021-22 ¹ Estimate ¹	2022-23 ² Budget
Percent of audit plan completed	74%	80%	80%
Performance audit and management reports issued	67	80	71
Percent of audit recommendations implemented within two years	92	90	90
Economic impact of audits as a result of identified improvements or cost savings (millions) ²	\$0.60	\$0.50	\$0.60
Hearing rulings issued timely according to time frames listed in the city code	100%	100%	100%

¹Based on 10 months actual experience.

²2022-23 budget level is representative of the historical average.

Expenditure and Position Summary

	2020-21 Actual	2021-22 Estimate	2022-23 Budget
Operating Expense	\$2,655,000	\$2,953,000	\$3,323,000
Total Positions	25.4	25.4	25.4
<i>Source of Funds:</i>			
General	\$2,655,000	\$2,953,000	\$3,323,000



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 Equal Opportunity Department 2022-23 operating budget allowance of \$3,499,000 is \$110,000 or 3.2 percent more than 2021-22 estimated expenditures. This is due to increased costs in the General Fund which is primarily due to 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 2022-23 budget allowance:

	2020-21 Actual	2021-21 Estimate ¹	2022-23 Budget
Discrimination complaints in employment, public accommodations, housing and ADA accessibility, investigated and closed ²	238	138	230
Outreach presentations to small and disadvantaged businesses and small business advocacy organizations	3	9	20
Number of disadvantaged business enterprises (DBEs) certified	651	550	638
Number of small business enterprises (SBEs) certified	651	583	669
Number of SBE and DBE prime contracts monitored ³	314	255	300

¹ Based on 10 months actual experience.

² Discrimination complaints investigated and closed are based on the number of cases filed.

³ The number of SBE and DBE prime contracts monitored are affected by the timing of the reporting period and the number of construction contracts received.

Expenditure and Position Summary

	2020-21 Actual	2021-21 Estimate ¹	2022-23 Budget
Operating Expense	\$2,703,000	\$3,389,000	\$3,499,000
Total Positions	27.0	27.0	27.0
<i>Source of Funds:</i>			
General	\$2,345,000	\$2,898,000	\$3,011,000
Grants	358,000	472,000	470,000
Other Restricted	-	19,000	19,000

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 2022-23 operating budget allowance of \$29,253,000 is \$23,829,000 or 44.9 percent less than 2021-22 estimated expenditures. This is primarily due to the conclusion of the funding from the American Rescue Plan Act of 2021 (ARPA).

The General Fund 2022-23 budget allowance of \$29,253,000 is \$5,466,000 or 23.0 percent more than 2021-22 estimated expenditures. The increase is primarily due to firefighter cancer screening services, consulting and other professional services for the City's new Learning Management System, fewer anticipated vacancies, and negotiated increases in employee compensation. Additionally, funding was added for positions to perform specialized clerical and technical duties as well as support day-to-day business operations and provide employee customer service. Funding was also added for three new vehicles and trailers for the Employee Driver Training Academy to support the Commercial Driver License Program (CDL).

The Other Restricted Fund 2022-23 budget allowance of \$0 is \$294,000 or 100.0 percent less than 2021-22 estimated expenditures. The decrease is due to the transfer of the Deferred Compensation 401a and 457 programs to Retirement Systems.

Human Resources Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2022-23 budget allowance:

	2020-21 Actual	2021-22 Estimate ¹	2022-23 Budget
Percentage of hiring managers satisfied with applicants placed on hiring eligible list	88%	78%	80%
Annualized employee turnover rate	7.85%	7.40%	7.40%
Employee performance evaluations completed on time	77%	75%	75%
The number of employee suggestions received	7	5	10

¹ Based on 10 months actual experience.

Expenditure and Position Summary

	2020-21 Actual	2021-22 Estimate	2022-23 Budget
Operating Expense	\$21,440,000	\$53,082,000	\$29,253,000
Total Positions	118.7	127.7	128.7
<i>Source of Funds:</i>			
General	\$15,194,000	\$23,787,000	\$29,253,000
Grants	5,904,000	29,000,000	-
Other Restricted	342,000	294,000	-

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 2022-23 operating budget allowance of \$118,000 is \$1,000 or 0.9 percent more than 2021-22 estimated expenditures. The increase is primarily due to increased costs for temporary agency services and negotiated increases in employee compensation. This is partially offset by lower than anticipated costs for contracted hearing officers and courier services.

Phoenix Employment Relations Board Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2022-23 budget allowance:

	2020-21 Actual	2021-22 Estimate ¹	2022-23 Budget
Number of cases filed annually ²	3	0	4

¹ Based on 10 months actual experience.

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

Expenditure and Position Summary

	2020-21 Actual	2021-22 Estimate	2022-23 Budget
Operating Expense	\$96,000	\$117,000	\$118,000
Total Positions	1.0	1.0	1.0
<i>Source of Funds:</i>			
General	\$96,000	\$117,000	\$118,000

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 2022-23 gross operating budget allowance of \$3,639,000 is \$490,000 or 15.6 percent more than 2021-22 estimated expenditures. This is primarily due to increases in the General Fund and Other Restricted Funds. The increase in the General Fund is primarily due to fewer anticipated vacancies and negotiated increases in employee compensation. The increase in the Other Restricted fund is due to a full-year's cost for the Deferred Compensation 401a and 457 programs that were transferred from the Human Resources department.

Retirement Systems Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2022-23 budget allowance:

	2020-21 Actual	2021-22 Estimate ¹	2022-23 Budget
General City retirements	393	425	390
Public safety retirements	396	425	400
General City and public safety member contacts			
Appointments	1,027	1,300	1,300
Walk-in service ²	187	200	250
Telephone calls	7,567	8,000	8,750
General City and Public Safety Benefit estimates provided (excluding self-service)	2,673	2,400	2,400

¹ Based on 10 months actual experience.

² Walk-in service impacted by COVID-19 pandemic.

Expenditure and Position Summary

	2020-21 Actual	2021-22 Estimate ¹	2022-23 Budget
Operating Expense (Gross ¹)	\$2,490,000	\$3,149,000	\$3,639,000
Total Positions	16.0	18.0	18.0
<i>Source of Funds:</i>			
General Fund (Gross ¹)	\$2,490,000	\$2,850,000	\$3,013,000
Other Restricted	-	299,000	626,000

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 2022-23 operating budget allowance of \$31,854,000 is \$5,286,000 or 19.9 percent more than 2021-22 estimated expenditures. The increase reflects full-year funding for seven new positions in the City Prosecutor's Office (CPO) and the associated program costs related to the 27th Avenue and 19th Avenue Corridor Community Safety and Crime Prevention Plans. The increase also reflects 11 new positions in the CPO and the Legal Assistant Unit of the Criminal Division for body worn camera evidence processing and case review. Both programs are vital to improving community safety, the timely review of evidence, and meeting prosecutorial charging requirements. In addition, the budget includes an Assistant City Attorney IV position in the Civil Division to litigate risk management cases. The cost of this position is offset by a reduction in contractual legal services. Finally, the budget includes negotiated increases for employee compensation and normal inflationary costs.

Law Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2022-23 budget allowance:

	2020-21 Actual	2021-22 Estimate ¹	2022-23 Budget
Criminal cases sent to diversion	1,623	1,475	1,400
Pre-trial disposition conferences set	58,235	59,000	59,000
New civil cases opened in the fields of condemnation, collection, taxes and civil litigation, excluding liability and other cases assigned to outside counsel	545	508	450
Number of defendants submitted for charging review ²	30,964	32,000	34,000
Number of civil cases closed, including those assigned to outside counsel and handled through the alternative dispute resolution process	398	288	350
Ordinances and resolutions for City Council adoption drafted and reviewed	1,203	1,061	1,000
Number of jury trials prosecuted	21	27	25
Number of hours of body worn camera footage reviewed	17,691	19,700	20,000

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.

Expenditure and Position Summary

	2020-21 Actual	2021-22 Estimate	2022-23 Budget
Operating Expense	\$25,438,000	\$26,568,000	\$31,854,000
Total Positions	214.0	226.5	239.5
<i>Source of Funds:</i>			
General	\$23,940,000	\$24,626,000	\$29,766,000
Grants	1,316,000	1,677,000	1,830,000
Other Restricted	132,000	205,000	201,000
Court Awards	50,000	60,000	58,000

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) 2022-23 operating budget allowance of \$82,055,000 is \$18,399,000 or 28.9 percent more than 2021-22 estimated expenditures. The increase is due to the addition of approximately \$6 million to fund solutions and services identified in the department's five-year plan needed to ensure proper maintenance and modernization of information technology (IT) operations and provide enhanced technology services to the public. An additional \$10 million will fund increased software and support costs, extra security solutions and services for the Information Security and Privacy Office (ISPO), and the ongoing maintenance and support for completed capital improvement projects that are now operational. The budget also reflects negotiated increases in employee compensation and normal inflationary increases.

The 2022-23 budget includes the conversion of a temporary Information Technology Systems Specialist with the Radio Systems Services Division to ongoing status. Also included in the budget are funds to convert three ITS positions from temporary to ongoing status that provide database administration support and perform quality assurance management for the Phoenix Police Department's records management system. ITS carefully monitors cyberattacks and threats to the City's IT systems and infrastructure. In response, funds for three IT security related positions are being added to support ISPO's Cyber Threat Intelligence program.

Information Technology Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2022-23 budget allowance:

	2020-21 Actual	2021-22 Estimate ¹	2022-23 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	17,851,047	18,654,000	19,853,000
Average cycle time of telephone service requests	< 21 days	< 21 days	< 21 days
Units of portable and mobile radio equipment ²	20,044	19,700	20,000

¹ Based on 10 months actual experience.

² Radio count for 2020-21 based on fiscal year-end billing snapshot. Radio count for 2021-22 is based on a system snapshot as of May 2022. Includes all portable and mobile radios supported on behalf of all Regional Wireless Cooperative members, as well as support of portable and mobile radios for Fire's VHF system.

Expenditure and Position Summary

	2020-21 Actual	2021-22 Estimate	2022-23 Budget
Operating Expense	\$68,333,000	\$63,656,000	\$82,055,000
Total Positions	206.0	215.0	215.0
<i>Source of Funds:</i>			
General	\$55,783,000	\$62,764,000	\$81,182,000
Water	37,000	289,000	291,000
Aviation	270,000	299,000	273,000
Solid Waste	200,000	204,000	206,000
Other Restricted	-	87,000	87,000
Cable Television	2,000	12,000	16,000
Grants	12,041,000	-	-

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 2022-23 operating budget allowance of \$8,630,000 is \$3,223,000 or 59.6 percent more than 2021-22 estimated expenditures. The increase is primarily due to the carryover of funding for the new business licensing system, records management system, and consulting services to perform a strategic assessment of the City's election services information technology needs. The 2022-23 budget also includes funding to pay Maricopa County for November 2022 election services and redistricting that generally occurs every 10 years based on the census. Negotiated increases in employee compensation and fewer anticipated vacancies are also contributing to the increase.

City Clerk Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2022-23 budget allowance:

	2020-21 Actual	2021-22 Estimate ¹	2022-23 Budget
Number of council formal and special meeting agenda items	3,140	3,000	3,000
Open meeting law notices posted ²	2,367	2,800	2,800
Percent of open meeting law notices posted in accordance with state law	100%	100%	100%
Total printing and copy impressions (millions)	13,707,743	14,000,000	15,000,000
City Council regular and special elections held	2	0	2
License services applications and contacts	12,409	13,000	13,000
Records (in pages) provided for public access online	145,787	150,000	150,000

¹ Based on 10 months actual experience.

² An increase in 2021-22 and 2022-23 is anticipated as operations begin to normalize to pre-pandemic activity.

Expenditure and Position Summary

	2020-21 Actual	2021-22 Estimate	2022-23 Budget
Operating Expense	\$5,519,000	\$5,407,000	\$8,630,000
Total Positions	51.5	51.7	51.5
<i>Source of Funds:</i>			
General	\$5,519,000	\$5,407,000	\$8,630,000

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 2022-23 operating budget allowance of \$28,138,000 is \$15,083,000 or 34.9 percent less than 2021-22 estimated expenditures. The decrease is primarily due to Grant funds and is partially offset by an increase in the General Fund.

The General Fund 2022-23 budget allowance of \$25,546,000 is \$2,162,000 or 9.2 percent more than 2021-22 estimated expenditures. The increase is primarily due to fewer anticipated vacancies and negotiated increases in employee compensation.

The Other Restricted Fund 2022-23 budget allowance of \$1,196,000 is \$844,000 or 239.8 percent more than 2021-22 estimated expenditures. The increase is due to expected pre-pandemic sales tax revenue from properties within the Park Central Community Facilities District (CFD), which will result in an increase to the City's contribution to the CFD trust.

The Grants Fund 2022-23 budget allowance of \$0 is \$18,000,000 or 100.0 percent less than 2021-22 estimated expenditures. This is due to the conclusion of the American Rescue Plan Act funded Financial Assistance for Phoenix Families and COVID Kit programs.

Finance Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2022-23 budget allowance:

	2020-21 Actual	2021-22 Estimate ¹	2022-23 Budget
Sales tax and franchise fees collected (millions)	\$1,093	\$ 1,300	\$1,300
Average real estate acquisition cycle time (months) ²	10.7	13.8	12
Average property damage claims cycle time (days) ³	38	33	60
Average invitation for bid cycle time (days) ⁴	152	145	90

¹ Based on 10 months actual experience.

² Cycle time varies with changes in the volume of acquisitions from year to year.

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

⁴ Factors such as COVID-19 and higher than normal vacancy rates have impacted the bid cycle time. Ninety days is the performance goal.

Expenditure and Position Summary

	2020-21 Actual	2021-22 Estimate	2022-23 Budget
Operating Expense	\$36,980,000	\$43,221,000	\$28,138,000
Total Positions	218.0	218.0	218.0
<i>Source of Funds:</i>			
General	\$26,976,000	\$23,384,000	\$25,546,000
Sports Facilities	389,000	159,000	159,000
Other Restricted	598,000	352,000	1,196,000
Grants	7,667,000	18,000,000	-
Aviation	245,000	226,000	200,000
Wastewater	399,000	490,000	490,000
Water	707,000	611,000	548,000

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 2022-23 operating budget allowance of \$4,806,000 is \$534,000 or 12.5 percent higher than 2021-22 estimated expenditures. The budget reflects administrative costs for the general obligation bond program, 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 2022-23 budget allowance:			
	2020-21 Actual	2021-22 Estimate ¹	2022-23 Budget
Percent variance of actual versus estimated expenditures for each major fund (data for the General Fund is shown)	-0.4%	0 ± 3%	0 ± 3%
Percent variance of actual versus estimated resources for each major fund (data for the General Fund is shown)	1.8%	0 ± 3%	0 ± 3%
Capital Improvement Program expenditures as a percentage of original budget	42%	55%	65%

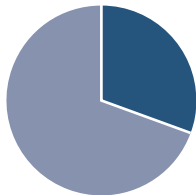
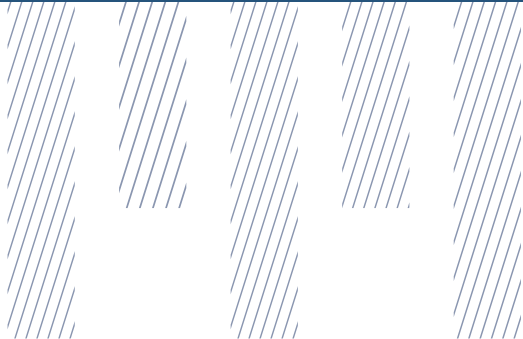
¹ Based on 10 months actual experience.

Expenditure and Position Summary			
	2020-21 Actual	2021-22 Estimate	2022-23 Budget
Operating Expense	\$3,597,000	\$4,272,000	\$4,806,000
Total Positions	25.0	29.0	29.0
<i>Source of Funds:</i>			
General	\$3,597,000	\$4,272,000	\$4,806,000





PUBLIC SAFETY



The Public Safety Program Represents 33.4% 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 2022-23 operating budget allowance of \$849,795,000 is \$68,808,000 or 8.8 percent more than 2021-22 estimated expenditures. The increase is primarily due to negotiated increases in employee compensation and other normal inflationary adjustments, as well as the carryover of unspent Court Awards funds. It also reflects several new programs and enhancements to services.

The General Fund 2022-23 budget allowance of \$659,530,000 is \$48,802,000 or 8.0 percent more than 2021-22 estimated expenditures. While the increase is primarily due to negotiated increases in employee compensation and other normal inflationary adjustments, it also reflects several new programs or service enhancements, although most of these additions are able to be offset in the 2022-23 budget by anticipated sworn salary savings. These additions include 25 additional staff to continue Police Department civilianization efforts, allowing sworn personnel to be deployed where they are most needed; 10 additional staff in the Bodyworn Camera Unit to more effectively process bodyworn camera footage; 13 additional Information Technology Bureau staff to provide critical technical support; 10 additional Lab Bureau staff to increase evidence processing and crime scene response capabilities; and 6 additional staff and resources for the 19th Avenue Corridor Community Safety and Crime Prevention Plan. The 2022-23 budget also includes added funding for anticipated costs related to Super Bowl LVII; Phase II of the downtown camera project; and for sworn employee retention payments.

Police Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2022-23 budget allowance:

	2020-21 Actual	2021-22 Estimate ¹	2022-23 Budget
Average Response Time (Minutes)			
Priority 1 – Emergency	6.7	7.1	7.1
Priority 2 – Non-Emergency	22.7	25.6	25.6
Priority 3 – All Others	50.2	53.4	53.4
Percentage of phone calls to 9-1-1 and Crime Stop answered within 15 seconds	78%	78%	82%
Moving violation citations issued ²	50,028	43,220	43,220
Traffic accidents	27,900	30,240	30,240
Percentage of cases cleared:			
Murder	77%	65%	65%
Rape	11%	12%	12%
Robbery	25%	29%	28%
Aggravated Assault	30%	29%	27%
Burglary	11%	11%	8%
Theft	12%	12%	10%
Auto Theft	9%	9%	7%
Arson	23%	24%	12%

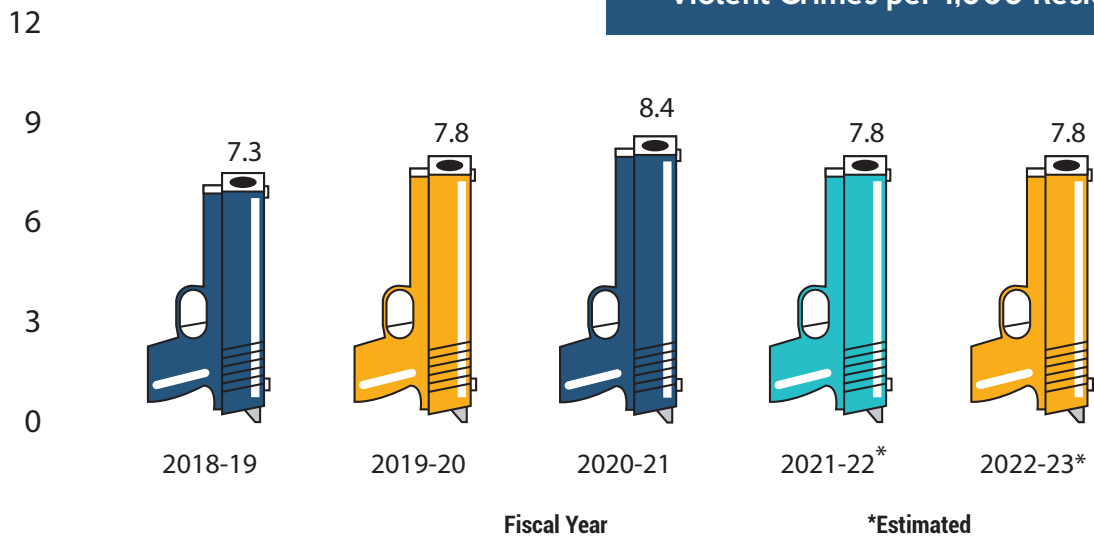
¹ Based on 10 months actual experience.

² Due to the impact of the COVID-19 pandemic and related school closures, school zone speed van citations stopped in March 2020 and have yet to resume.

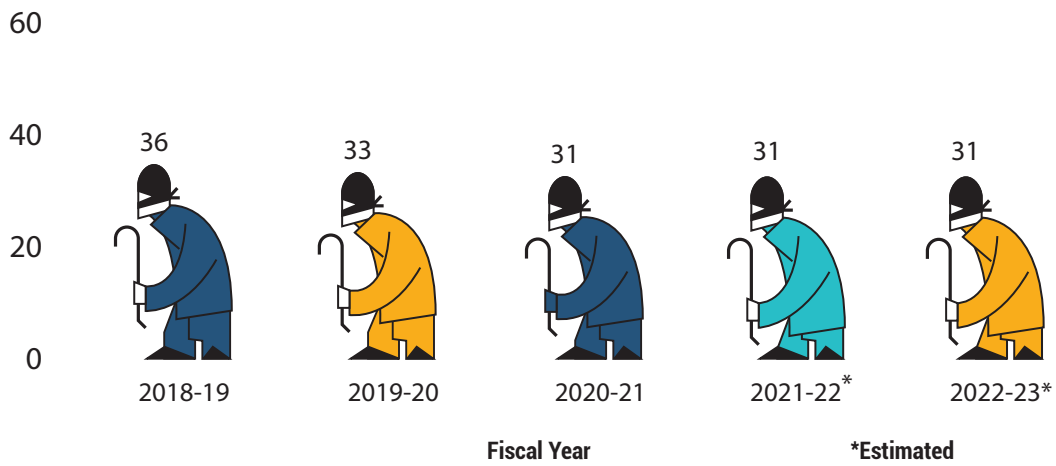
Expenditure and Position Summary

	2020-21 Actual	2021-22 Estimate	2022-23 Budget
Operating Expense	\$710,733,000	\$780,987,000	\$849,795,000
Total Positions	4,367.9	4,471.9	4,527.9
<i>Source of Funds:</i>			
General Fund	\$574,045,000	\$610,728,000	\$659,530,000
Court Awards	3,836,000	2,866,000	7,013,000
Neighborhood Protection	28,251,000	35,353,000	39,346,000
Public Safety Enhancement	14,130,000	18,316,000	20,509,000
Public Safety Expansion	63,966,000	79,764,000	89,143,000
Sports Facilities	1,604,000	1,685,000	1,769,000
Other Restricted	15,974,000	20,164,000	22,017,000
Grants	8,926,000	12,112,000	10,468,000

**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 2022-23 operating budget allowance of \$495,886,000 is \$32,084,000 or 6.9 percent more than 2021-22 estimated expenditures. The increase is primarily in the General Fund and is partially offset by a decrease in Other Restricted funds.

The General Fund 2022-23 budget allowance of \$429,045,000 is \$41,235,000 or 10.6 percent more than 2021-22 estimated expenditures. The increase is primarily due to additional funding needed to purchase replacement electrocardiogram defibrillator monitors, and negotiated increases in employee compensation. In addition, included in the 2022-23 budget is funding for: fifteen new sworn positions and one new vehicle to provide dedicated staffing and apparatus to permanently staff Fire Station 72 located at 33027 N. Cave Creek Rd; four new Firefighter positions to cover absences at various fire stations citywide; and four new positions to provide dedicated staffing for inspections of outdoor combustible storage facilities.

The Other Restricted 2022-23 budget allowance of \$6,712,000 is \$9,507,000 or 58.6 percent lower than 2021-22 estimated expenditures. This is due to the prior year replacement of self-contained breathing apparatus used by first-responders.

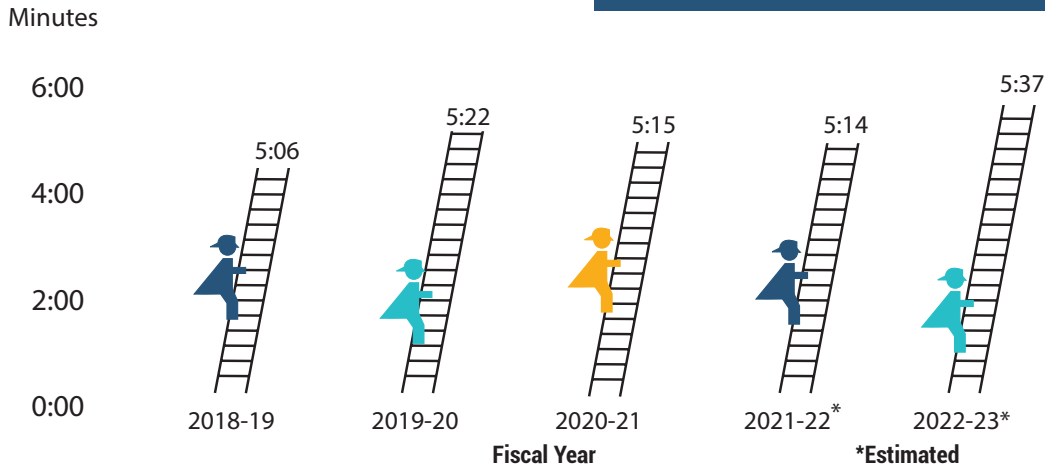
Fire Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2022-23 budget allowance:

	2020-21 Actual	2021-22 Estimate ¹	2022-23 Budget
Percent of fire and emergency medical call responses within four minutes	30.1%	29.8%	26.0%
Patient transports to Valley hospitals via emergency medical vehicles	66,866	80,669	88,735
Percentage of time Advanced Life Support (ALS) medical calls are responded to with paramedic units within five minutes	49.5%	48.5%	47.0%
Number of fire investigations to determine cause only	851	885	950
Number of calls by type:			
Emergency Medical	190,669	209,824	230,806
Fire	19,911	21,760	23,836
Other (mountain/swift water/trench/tree rescues/other)	7,412	8,243	9,067

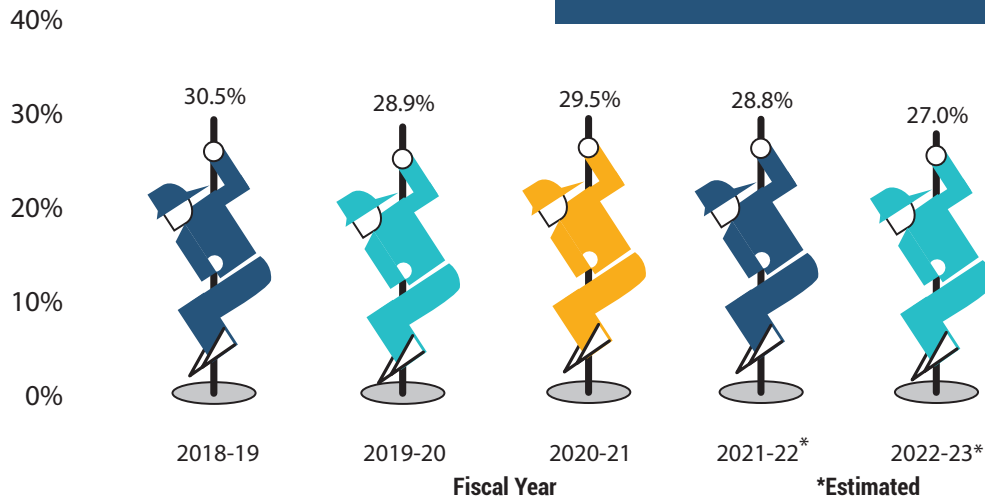
¹ Based on 10 months actual experience.

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

	2020-21 Actual	2021-22 Estimate	2022-23 Budget
Operating Expense	\$410,820,000	\$463,802,000	\$495,886,000
Total Positions	2,128.8	2,288.7	2,280.7
<i>Source of Funds:</i>			
General	\$351,833,000	\$387,810,000	\$429,045,000
Neighborhood Protection	11,250,000	11,585,000	11,945,000
Public Safety Enhancement	11,410,000	11,597,000	11,605,000
Public Safety Expansion	14,656,000	16,857,000	17,521,000
Other Restricted	5,925,000	16,219,000	6,712,000
Grants	15,747,000	19,733,000	19,057,000

OFFICE OF HOMELAND SECURITY AND EMERGENCY MANAGEMENT

Program Goal

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

Budget Allowance Explanation

The Office of Homeland Security and Emergency Management (OHSEM) 2022-23 operating budget allowance of \$0 is \$280,000 or 100 percent less than 2021-22 estimated expenditures. In January 2022, the OHSEM was incorporated into the Fire Department. The 2021-22 Estimate reflects costs for the first half of the year when OHSEM was a standalone entity, while the 2022-23 Budget reflects its full incorporation into the Fire Department operating budget.

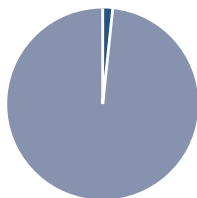
Expenditure and Position Summary

	2020-21 Actual	2021-22 Estimate	2022-23 Budget
Operating Expense	\$574,000	\$280,000	\$-
Total Positions	7.0	0.0	0.0
<i>Source of Funds:</i>			
General	\$43,000	\$8,000	\$-
Public Safety Enhancement	354,000	221,000	-
Other Restricted	12,000	-	-
Grants	165,000	51,000	-





CRIMINAL JUSTICE



The Criminal Justice Program Represents 1.7% 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 2022-23 operating budget allowance of \$40,556,000 is \$4,846,000 or 13.6 percent more than 2021-22 estimated expenditures. The budget reflects the addition of two new positions to provide case management support for the Phoenix Intimate Partner Violence Court, negotiated increases in employee compensation and other normal inflationary adjustments.

Municipal Court Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2022-23 budget allowance:

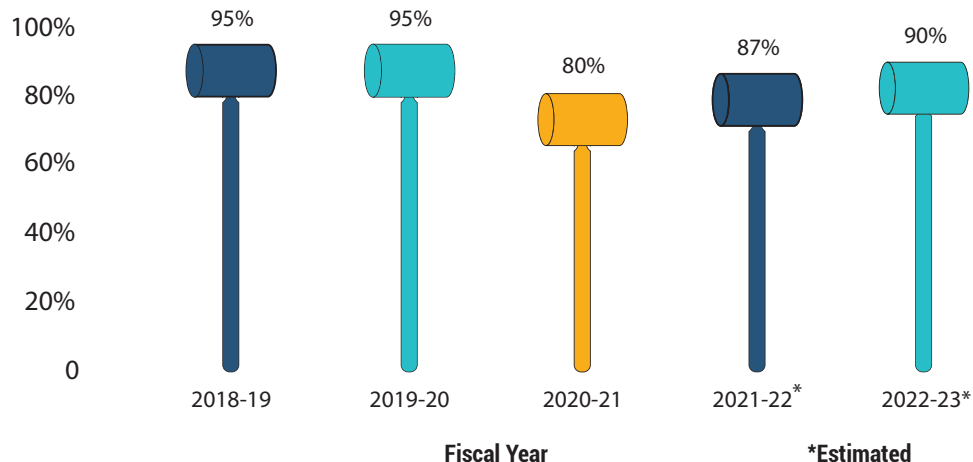
	2020-21 Actual	2021-22 Estimate ¹	2022-23 Budget
Criminal filings ²	36,000	31,000	39,000
Civil filings ²	80,000	66,000	82,500
Average number of days from arraignment to hearing for minor traffic cases	50	36	40
Number of criminal cases with a pending trial date at year end	3,600	4,000	3,800
Average cycle time for sending out restitution and bail refund checks	2.5 days	2.5 days	2.5 days
Average hold time for incoming information calls to the Customer Call Center ³	4.0 minutes	1.0 minutes	1.5 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.

³ In 2020-21 hold time was impacted by staffing shortages.

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

	2020-21 Actual	2021-22 Estimate	2022-23 Budget
Operating Expense	\$33,216,000	\$35,710,000	\$40,556,000
Total Positions	274.0	279.0	281.0
<i>Source of Funds:</i>			
General	\$31,102,000	\$33,350,000	\$37,568,000
Other Restricted	2,005,000	2,361,000	2,988,000
Grants	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 2022-23 operating budget allowance of \$5,822,000 is \$1,648,000 or 22.1 percent less than the 2021-22 estimated expenditures. The decrease is primarily due to the completed construction of the new Public Defender office space in the Municipal Court building. The decrease is partially offset by additional legal and administrative staff support for the Veteran's Court and Behavioral Health Court, as well as 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 2022-23 budget allowance:

	2020-21 Actual	2021-22 Estimate ¹	2022-23 Budget ²
Defendants charged with misdemeanor crimes represented in Phoenix Municipal Court	12,285	15,600	17,500

¹ Based on 9 months actual experience.

² The reduced number of defendants represented in 2020-21 was caused by the COVID-19 pandemic's impact on Municipal Court operations. The Municipal Court has resumed full operations, which has increased the anticipated number of defendants represented in 2022-23.

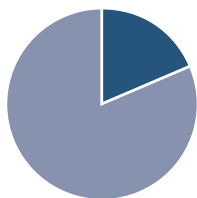
Expenditure and Position Summary

	2020-21 Actual	2021-22 Estimate	2022-23 Budget
Operating Expense	\$5,060,000	\$7,470,000	\$5,822,000
Total Positions	11.0	11.0	13.0
<i>Source of Funds:</i>			
General	\$5,060,000	\$7,470,000	\$5,822,000





TRANSPORTATION



The Transportation Program Represents 18.0% 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.

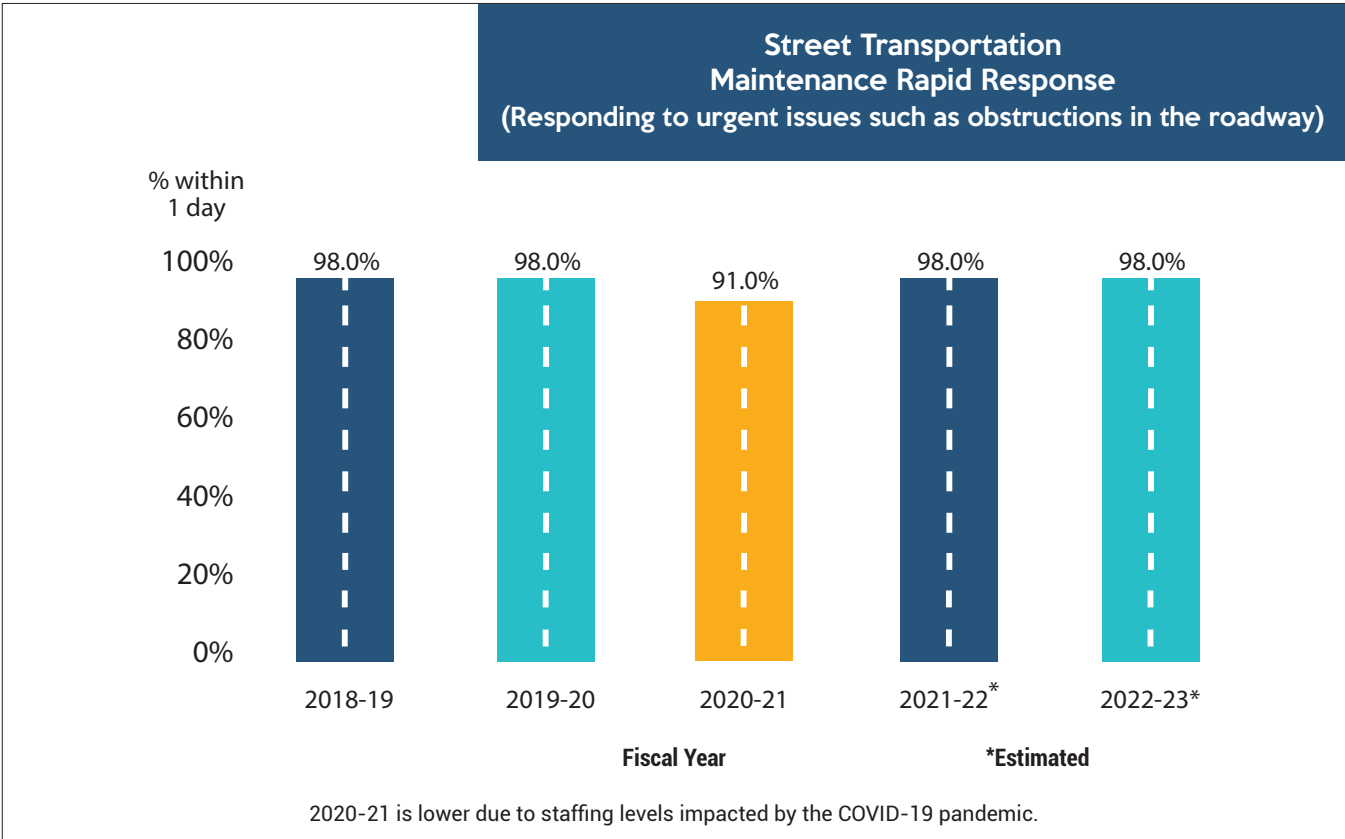
Budget Allowance Explanation

The Street Transportation 2022-23 operating budget allowance of \$124,589,000 is \$8,559,000 or 7.4 percent more than 2021-22 estimated expenditures. The increase is primarily due to increased costs in the General Fund and Arizona Highway User Revenue (AHUR) funds.

The General Fund 2022-23 budget allowance of \$24,194,000 is \$1,200,000 or 5.2 percent more than 2021-22 estimated expenditures. The increase is primarily due to additional funding for the Roadway Safety Action Plan and the Cool Corridors Program.

The Arizona Highway User Revenue fund 2022-23 budget allowance of \$95,818,000 is \$7,117,000 or 8.0 percent more than 2021-22 estimated expenditures. The increase is primarily due to fewer anticipated vacancies, negotiated increases in employee compensation, an increase in water for street landscaping, an increase in electricity for street lighting, a decrease in charges to the Capital Improvement Program budget for street marking due to the Advanced Pavement Management Program coming to an end, an increase in costs for liability insurance and street maintenance materials.

The Other Restricted funds 2022-23 budget allowance of \$3,944,000 is \$234,000 or 6.3 percent more than the 2021-22 estimated expenditures. The increase is primarily due to an increase in equipment maintenance and repairs, an increase in vehicle replacement costs, and negotiated increases in employee compensation.



Street Transportation Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2022-23 budget allowance:

	2020-21 Actual	2021-22 Estimate ¹	2022-23 Budget
Routine street maintenance requests for service completed within 21 days	75%	75%	75%
Percent of all traffic signal control cabinets inspected annually ²	51%	95%	95%
Respond to high priority traffic signal trouble calls within 2 hours (knockdowns, signal on flash and signal malfunction)	90%	95%	95%
Construction project complaints or inquiries addressed within two working days	98%	98%	98%
Number of days to review and respond to street light requests	5	5	5
Number of days to review private development plans	10	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)	67	75	93

¹Based on 10 months actual experience.

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

Expenditure and Position Summary

	2020-21 Actual	2021-22 Estimate	2022-23 Budget
Operating Expense	\$96,546,000	\$116,030,000	\$124,589,000
Total Positions	727.0	736.0	743.0
<i>Source of Funds:</i>			
General Fund	\$18,596,000	\$22,994,000	\$24,194,000
Arizona Highway User Revenue	73,865,000	88,701,000	95,818,000
Capital Construction	67,000	70,000	70,000
Transportation 2050	279,000	530,000	534,000
Other Restricted	3,569,000	3,710,000	3,944,000
Grants	170,000	25,000	30,000

AVIATION

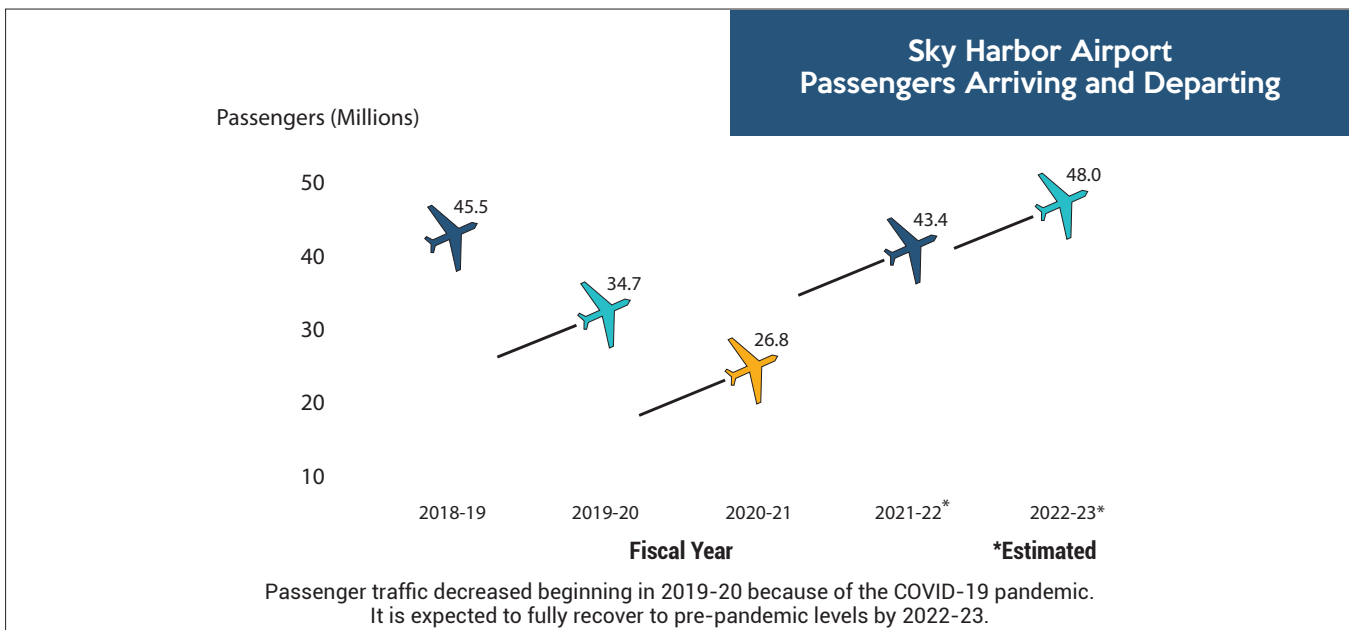
Program Goal

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 2022-23 operating budget allowance of \$305,899,000 is \$46,323,000 or 13.2 percent less than 2021-22 estimated expenditures. Aviation paid down the majority of its unfunded pension liability in 2020-21 by \$100,000,000 and in 2021-22 by \$70,000,000. The 2022-23 budget allowance decrease from the prior year is a result of the completion of the pension liability paydown and a reduction in contractual transportation services. The decrease is offset with funding for 31 new positions to assist with growth at the airports, including a new Terminal 4 concourse and two new PHX Sky Train stations. These positions will support the following divisions of Aviation: Facilities and Services, Operations, and Technology. In addition, the overall reduction is offset by negotiated increases in employee compensation and other normal inflationary adjustments.

The 2022-23 budget also includes American Rescue Plan Act grant funding totaling \$3,788,000 for the development and operation of a childcare center at Phoenix Sky Harbor International Airport.



Aviation Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2022-23 budget allowance:

	2020-21 Actual	2021-22 Estimate ¹	2022-23 Budget
Airline rental rates (cost per square foot):			
Terminal 3	\$104.88	\$100.44	\$123.00
Terminal 4	\$104.88	\$100.44	\$123.00
Gross sales per departing passenger:			
Terminal 3	\$11.26	\$12.64	\$13.00
Terminal 4	\$10.23	\$12.11	\$13.00
Aircraft takeoffs and landings²	680,058	863,144	950,000
Total international passengers²	791,305	1,565,375	1,750,000
Air cargo processed (in tons)³	430,060	442,420	475,000

¹ Based on 10 months actual experience.

² Passenger traffic decreased beginning in 2019-20 due to the COVID-19 pandemic. It is expected to fully recover to pre-pandemic levels by 2022-23. International passengers are expected to recover much slower than domestic traffic.

³ Air cargo continued to grow with online orders during the pandemic.

Expenditure and Position Summary

	2020-21 Actual	2021-22 Estimate	2022-23 Budget
Operating Expense	\$341,594,000	\$352,222,000	\$305,899,000
Total Positions	889.0	891.0	920.0
Source of Funds:			
Aviation	\$341,594,000	\$352,010,000	\$302,111,000
Grants	-	212,000	3,788,000

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

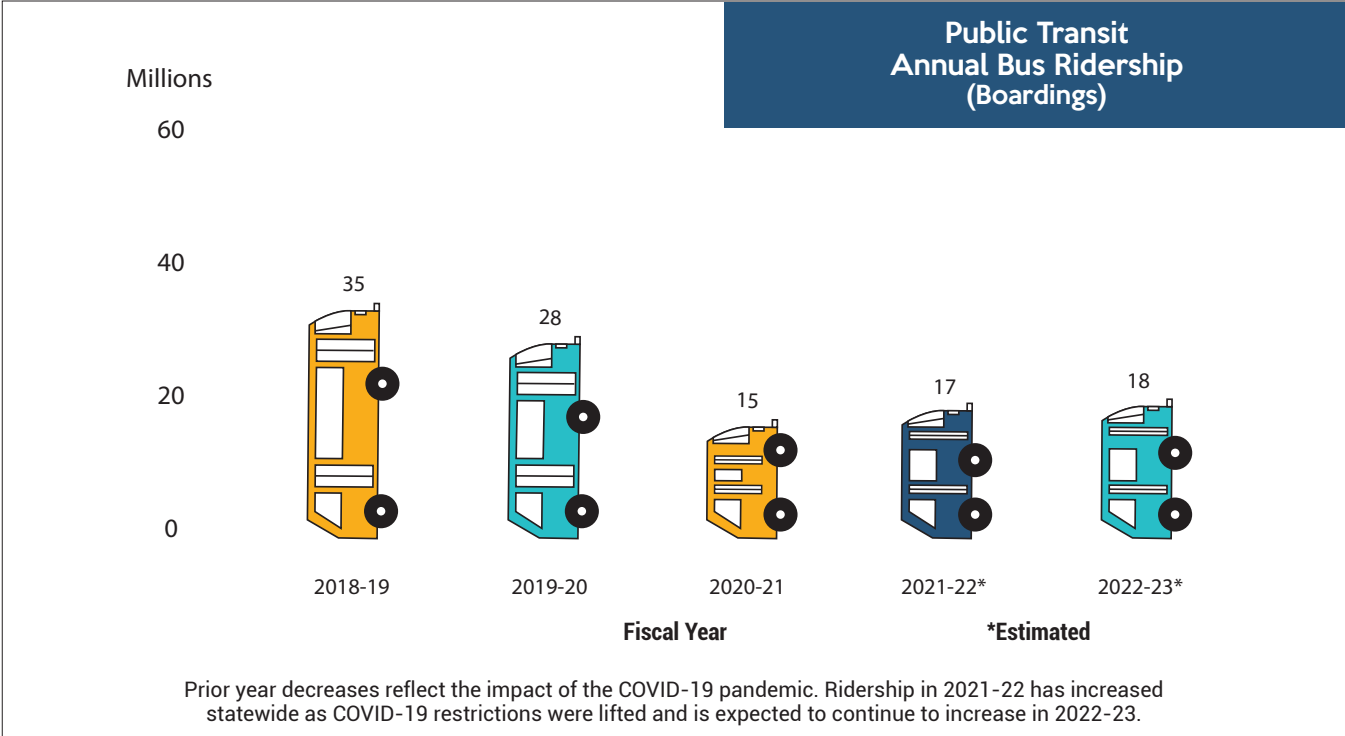
The 2022-23 Public Transit Department operating budget allowance of \$293,260,000 is \$35,430,000 or 13.7 percent more than 2021-22 estimated expenditures. The increase is primarily due to the Transportation 2050 Fund and Regional Transit Fund and is partially offset by a reduction in the Grants Fund.

The Transportation 2050 Fund 2022-23 budget allowance of \$230,704,000 is \$144,056,000 or 166.3 percent more than 2021-22 estimated expenditures. The increase is primarily the result of expenditures in 2022-23 being shifted from the Grants Fund to the Transportation 2050 Fund due to the end of federal funds awarded in response to COVID-19, negotiated employee compensation increases and increases for gasoline and liquid petroleum gas (LPG) from the resumption of bus operations to a pre-pandemic level.

The Regional Transit Fund 2022-23 budget allowance of \$41,378,000 is \$34,988,000 or 547.5 percent more than 2021-22 estimated expenditures. The increase is primarily due to the conclusion of Coronavirus Response and Relief Supplemental Appropriations Act of 2021 (CRRSA) and the American Rescue Plan Act of 2021 (ARPA) funding used to cover the cost of providing fixed route bus service, and that the purchase of bus service by the region from the City of Phoenix is anticipated to increase in 2022-23 towards pre-pandemic levels.

The Grants Fund 2022-23 budget allowance of \$17,852,000 is \$143,872,000 or 89.0 percent less than 2021-22 estimated expenditures. The decrease is primarily due to the conclusion of \$43 million in funding from the Coronavirus Response and Relief Supplemental Appropriations Act of 2021 (CRRSA) and \$105 million from the American Rescue Plan Act of 2021 (ARPA).

The General Fund 2022-23 budget allowance of \$1,891,000 is \$249,000 or 15.2 percent more than 2021-22 estimated expenditures. The increase is primarily due to the expectation that the demand for services will return to pre-pandemic levels.



Public Transit Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the in 2022-23 budget allowance:

	2020-21 Actual	2021-22 Estimate ¹	2022-23 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	0.92%	5.07%	9.60%
Bus boardings per revenue mile ³	0.723	0.723	0.723
Average weekday ridership - light rail (Phoenix only) ³	12,000	14,000	14,000
Number of Senior Center Shuttle Trips ⁴	0	59,000	59,708

¹Based on 10 months actual experience.

²The expected increase in 2021-22 and 2022-23 are 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 increase in 2021-22 is due to the expected gradual growth of ridership.

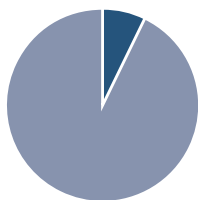
⁴ The increase in 2021-22 and 2022-23 is anticipated due to the reopening of senior centers.

Expenditure and Position Summary

	2020-21 Actual	2021-22 Estimate	2022-23 Budget
Operating Expense	\$217,825,000	\$257,830,000	\$293,260,000
Total Positions	120.0	122.0	127.0
<i>Source of Funds:</i>			
General Fund	\$3,548,000	\$1,642,000	\$1,891,000
Transportation 2050	97,559,000	86,648,000	230,704,000
Regional Transit	15,364,000	6,390,000	41,378,000
Grants	99,976,000	161,724,000	17,852,000
Other Restricted	1,377,000	1,426,000	1,435,000



COMMUNITY DEVELOPMENT



The Community Development Program Represents 7.6% 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.

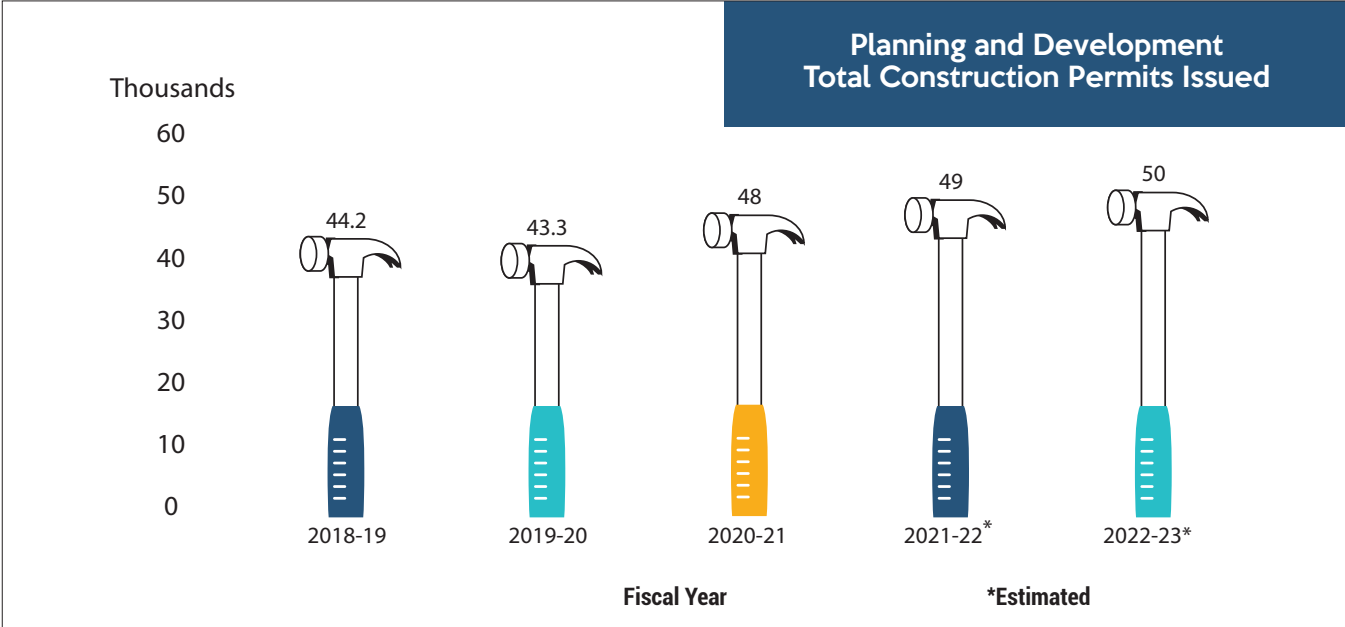
Budget Allowance Explanation

The Planning and Development Department 2022-23 operating budget allowance of \$90,299,000 is \$10,417,000 or 13.0 percent more than 2021-22 estimated expenditures. This is primarily due to increased costs in the Development Services Fund, General Fund and Other Restricted Fund.

The Development Services Fund 2022-23 budget allowance of \$82,400,000 is \$8,315,000 or 11.2 percent more than 2021-22 estimated expenditures. The increase is primarily due to fewer anticipated vacancies and negotiated increases in employee compensation. In addition, funding was carried over from fiscal year 2021-22 to 2022-23 for the sign text consultant contract, the land use facilities study and for replacement carpet and repainting of customer service areas and staff workspaces. The increase also includes additional funding for the continued implementation of SHAPE PHX, a business application that provides land management and permit tracking in one software system.

The General Fund 2022-23 budget allowance of \$6,608,000 is \$1,781,000 or 36.9 percent more than 2021-22 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, to respond to increased zoning verification, interpretation, and adjustment applications, and to implement the Vacant Storefront Program and expand the Adaptive Reuse Program. In addition, funding was increased in Historic Preservation for the Threatened Building Grant Program. Fewer anticipated vacancies and negotiated increases in employee compensation also contributed to the increase.

The Other Restricted Fund 2022-23 budget allowance of \$1,226,000 is \$321,000 or 35.5 percent more than 2021-22 estimated expenditures. This increase is due to carried over funding for a land use facilities study in Paradise Ridge, the Rio Vista Study Phase 2 and negotiated increases in employee compensation.



Planning and Development Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2022-23 budget allowance:

	2020-21 Actual	2021-22 Estimate ¹	2022-23 Budget
Total construction permits issued	47,977	49,000	50,000
Turnaround time for major commercial building plans (days) ²	32	46	46
Turnaround time for medium commercial building plans (days)	36	36	35
Turnaround time for minor commercial building plans (days)	25	26	25
Turnaround time for residential building plans (days) ³	41	27	30
Percent of commercial inspections completed on time	99%	97%	99%
Percent of residential inspections completed on time	97%	93%	96%
Percent of costs recovered through fees	107%	115%	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	700	700	700
Number of city grants awarded for historic rehabilitation projects ⁴	2	12	20
Number of regulatory compliance reviews for federally funded city capital projects ⁵	266	200	200

¹ Based on 10 months actual experience.

² The anticipated increase in days from 2020-21 is due to increasing workload.

³ The decrease from 2020-21 is due to adding new positions to perform residential building plan reviews.

⁴ The low number of requests in 2020-21 was due to receiving fewer requests for grant fund awards due to the COVID pandemic. The 2021-22 volume of requests is returning back to pre-pandemic levels and the increase in 2022-23 is a result of additional City Council approved funding.

⁵ The reduction in the number of reviews in 2021-22 and 2022-23 is due to an anticipated reduction in COVID related grant funds.

Expenditure and Position Summary

	2020-21 Actual	2021-22 Estimate	2022-23 Budget
Operating Expense	\$66,451,000	\$79,882,000	\$90,299,000
Total Positions	469.8	519.8	533.8
<i>Source of Funds:</i>			
Development Services	\$61,330,000	\$74,085,000	\$82,400,000
Grants	87,000	66,000	66,000
General Fund	4,238,000	4,827,000	6,608,000
Other Restricted	796,000	905,000	1,226,000

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 2022-23 operating budget allowance of \$123,674,000 is \$4,639,000 or 3.9 percent more than 2021-22 estimated expenditures. The increase is primarily due to new General Fund support for permanent, expanded housing supportive services for low-income residents, as well as new General Fund support for Phoenix Starfish Place, which provides housing and services for victims of human trafficking. The increase also reflects the carryover of contingency funds for the ongoing revitalization of the Edison-Eastlake community through the Choice Neighborhoods program, as well as negotiated increases in employee compensation and other normal inflationary adjustments. These increases are partially offset by the planned completion of the \$1,400,000 Santa Fe Springs Apartments rehabilitation project, which was funded through the 2021-22 budget process.

Housing Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2022-23 budget allowance:

	2020-21 Actual	2021-22 Estimate ¹	2022-23 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	475	369	400
Rental assistance provided for low-income residents in the private housing market ^{3&5}	6,977	7,469	7,690
Federally-Assisted housing units for families and seniors ⁴	1,388	1,388	1,054
Utilization rate for Section 8 vouchers	93%	90%	90%
Occupancy rate for public housing units	90%	91%	93%

²The COVID-19 pandemic caused delays in the development of affordable housing units. Development is expected to increase in 2022-23.

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, decreasing federally assisted housing unit figures reflect the ongoing sale of homes under the Section 32 and Section 18 programs.

⁵This figure includes 390 Emergency Housing Vouchers which are funded through the American Rescue Plan Act to support residents at risk of homelessness.

Expenditure and Position Summary

	2020-21 Actual	2021-22 Estimate	2022-23 Budget
Operating Expense	\$105,587,000	\$119,035,000	\$123,674,000
Total Positions	124.0	127.0	126.0
<i>Source of Funds:</i>			
General Fund	\$578,000	\$1,576,000	\$2,063,000
Other Restricted	5,287,000	5,959,000	8,782,000
Grants	99,721,000	111,500,000	112,828,000

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 2022-23 operating budget allowance of \$18,932,000 is \$4,713,000 or 19.9 percent less than 2021-22 estimated expenditures. This is primarily due to the completion of micro and small business assistance programs funded through American Rescue Plan Act (ARPA) funds.

The General Fund 2022-23 budget allowance of \$9,599,000 is \$1,258,000 or 15.1 percent more than 2021-22 estimated expenditures. The increase is primarily due to new General Fund support for several initiatives, including a formalized international trade program; enhanced marketing efforts to encourage job creation, retention, and capital investment; staff support to address vacant commercial storefronts and to increase "funertainment" sites; and funding to support the Elevate EdAz program, which works to align high school curriculum with workforce needs. The increase also reflects negotiated increases in employee compensation and other normal inflationary adjustments.

The Community Reinvestment 2022-23 budget allowance of \$2,302,000 is \$266,000 or 13.1 percent more than 2021-22 estimated expenditures due to an increase in contractual obligations.

The Sport Facilities 2022-23 budget allowance of \$354,000 is \$13,000 or 3.8 percent more than 2021-22 estimated expenditures due to normal inflationary adjustments.

The Other Restricted 2022-23 budget allowance of \$4,328,000 is \$341,000 or 8.6 percent more than 2021-22 estimated expenditures due to an increase in Strategic Economic Development Fund projects and increased costs for services in the Enhanced Municipal Services District.

The Grants 2022-23 budget allowance of \$1,647,000 is \$6,644,000 or 80.1 percent less than 2021-22 estimated expenditures due to the completion of micro and small business assistance programs funded through ARPA funds.

Community and Economic Development Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2022-23 budget allowance:

	2020-21 Actual	2021-22 Estimate ¹	2022-23 Budget
Projected jobs created/retained within the City of Phoenix as a result of department efforts. ²	14,230	8,000	8,250
Projected new jobs retained within the City of Phoenix due to department efforts ²	627	4,500	525
Projected new capital investment created within the City of Phoenix due to department efforts ²	\$14 billion	\$1 billion	\$510 million
Projected number of recruiting events assisted, promoted, or hosted by the Business and Workforce Development Team ³	78	80	80

¹Based on 10 months actual experience.

²The attraction of a mega high tech manufacturing project in 2020-21 resulted in significant job creation and capital investment. Additional capital investment from high tech suppliers continued to occur in 2021-22 due to this project. The increased jobs retained figure in 2021-22 represents the decision of a major employer to remain in Phoenix.

³The COVID-19 pandemic impacted the number of recruiting events able to be assisted, promoted, or hosted in all years shown.

Expenditure and Position Summary

	2020-21 Actual	2021-22 Estimate	2022-23 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	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.

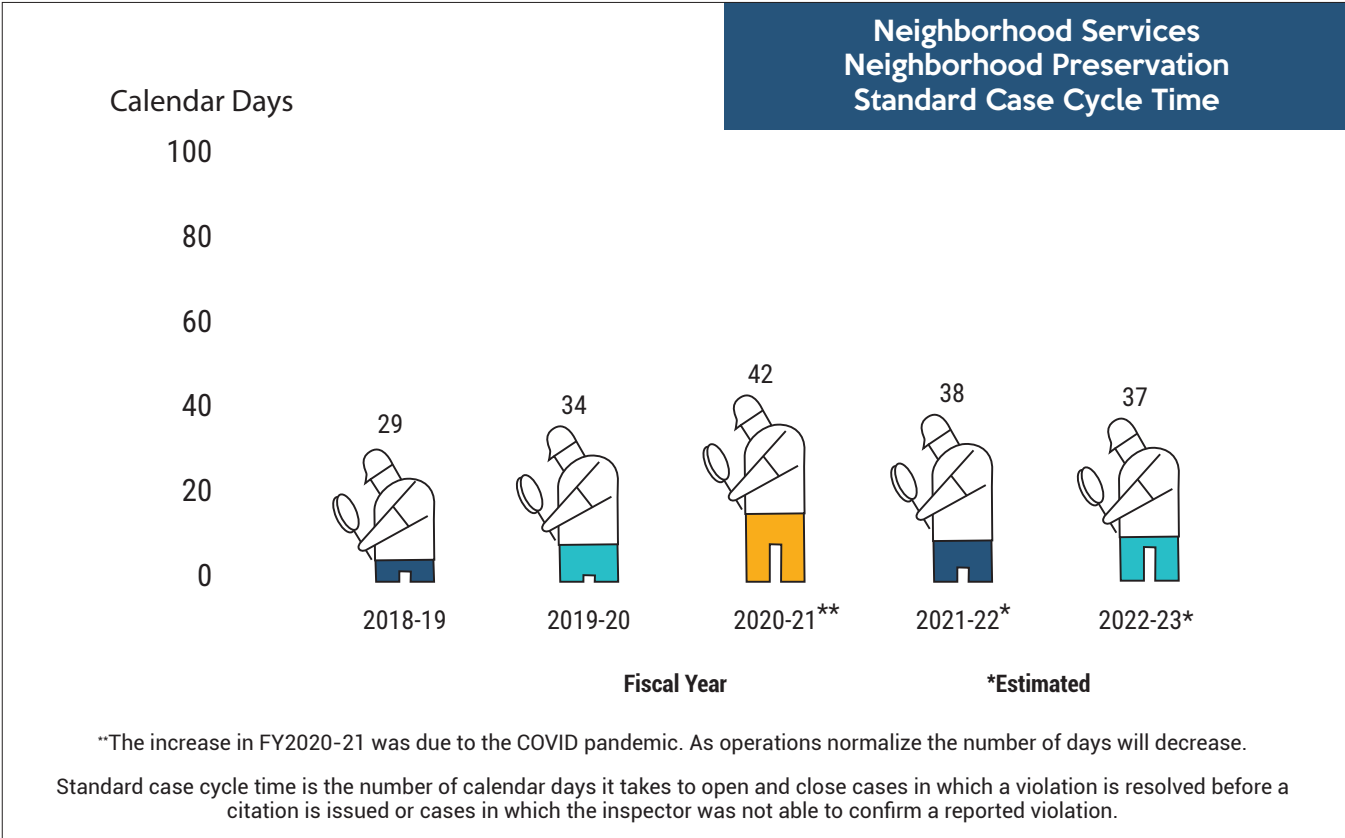
Budget Allowance Explanation

The Neighborhood Services 2022-23 operating budget allowance of \$75,067,000 is \$28,025,000 or 59.6 percent more than 2021-22 estimated expenditures. The increase is due to Grants and the General Fund.

The Grants Funds 2022-23 budget allowance of \$56,278,000 is \$24,709,000 or 78.3 percent more than 2021-22 estimated expenditures. The increase is primarily due to unspent funding carried forward and included in the 2022-23 budget. Funding was also added to convert temporary positions to ongoing status to assist in the timely completion of City Council approved neighborhood enhancement projects and to provide support to comply with federal grant reporting requirements.

The General Fund 2022-23 budget allowance of \$18,478,000 is \$3,070,000 or 19.9 percent more than 2021-22 estimated expenditures. The increase is due to additional funding to implement a pilot private property clean-up program to address chronic blight issues resulting from homelessness and for additional staff to support the significant growth in the PHX C.A.R.E.S program. In addition, funding was added to convert the Gated Alley Program to ongoing funding. Also contributing to the increase are negotiated increases in employee compensation, fewer anticipated vacancies, and the replacement of vehicles which have reached the end of their useful life.

The Neighborhood Protection Fund budget allowance of \$300,000 is \$246,000 or 455.6 percent more than 2021-22 estimated expenditures due to the carryover of one-time funding from the prior year to gate 45 alley segments.



Neighborhood Services Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2022-23 budget allowance:

	2020-21 Actual	2021-22 Estimate ¹	2022-23 Budget
Sites where graffiti was removed through the Graffiti Busters program ²	51,797	45,000	50,000
Number of household units rehabbed or assisted through housing rehabilitation programs ³	139	120	120
Neighborhood Preservation cases opened annually	42,149	42,000	42,000
Neighborhood Preservation average standard case cycle time (days) ⁴	42	38	37
Percent of Neighborhood Preservation cases resolved voluntarily (goal is 93% or above) ⁵	98%	94%	94%
The number of new neighborhood groups ⁶	11	15	15

¹Based on 10 months actual experience.

²The decrease in 2021-22 is due to staff vacancies.

³The decrease in 2021-22 and 2022-23 is due to less program participation due to COVID precautions, the same pattern is anticipated for 2022-23.

⁴The overall average case cycle time is anticipated to decrease as operations become more normalized to pre-pandemic levels.

⁵As operations normalize to pre-pandemic levels, court and abatement cases are steadily increasing, which drives voluntary compliance rates down.

⁶As operations normalize to pre-pandemic levels, the number of new neighborhood groups is anticipated to gradually increase.

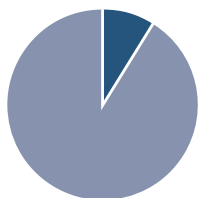
Expenditure and Position Summary

	2020-21 Actual	2021-22 Estimate	2022-23 Budget
Operating Expense	\$48,380,000	\$47,042,000	\$75,067,000
Total Positions	190.0	194.0	200.0
<i>Source of Funds:</i>			
General Fund	\$13,478,000	\$15,408,000	\$18,478,000
Other Restricted	1,000	11,000	11,000
Grants	34,859,000	31,569,000	56,278,000
Neighborhood Protection	42,000	54,000	300,000





COMMUNITY ENRICHMENT



The Community Enrichment Program Represents 11.1% 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 2022-23 budget allowance of \$137,593,000 is \$14,155,000 or 11.5 percent more than 2021-22 estimated expenditures. The increase is due to the General Fund, Grant Funds, Phoenix Parks and Preserves Initiative (PPPI) Fund, and the Other Restricted Fund. This is partially offset by a decrease in the Golf Fund.

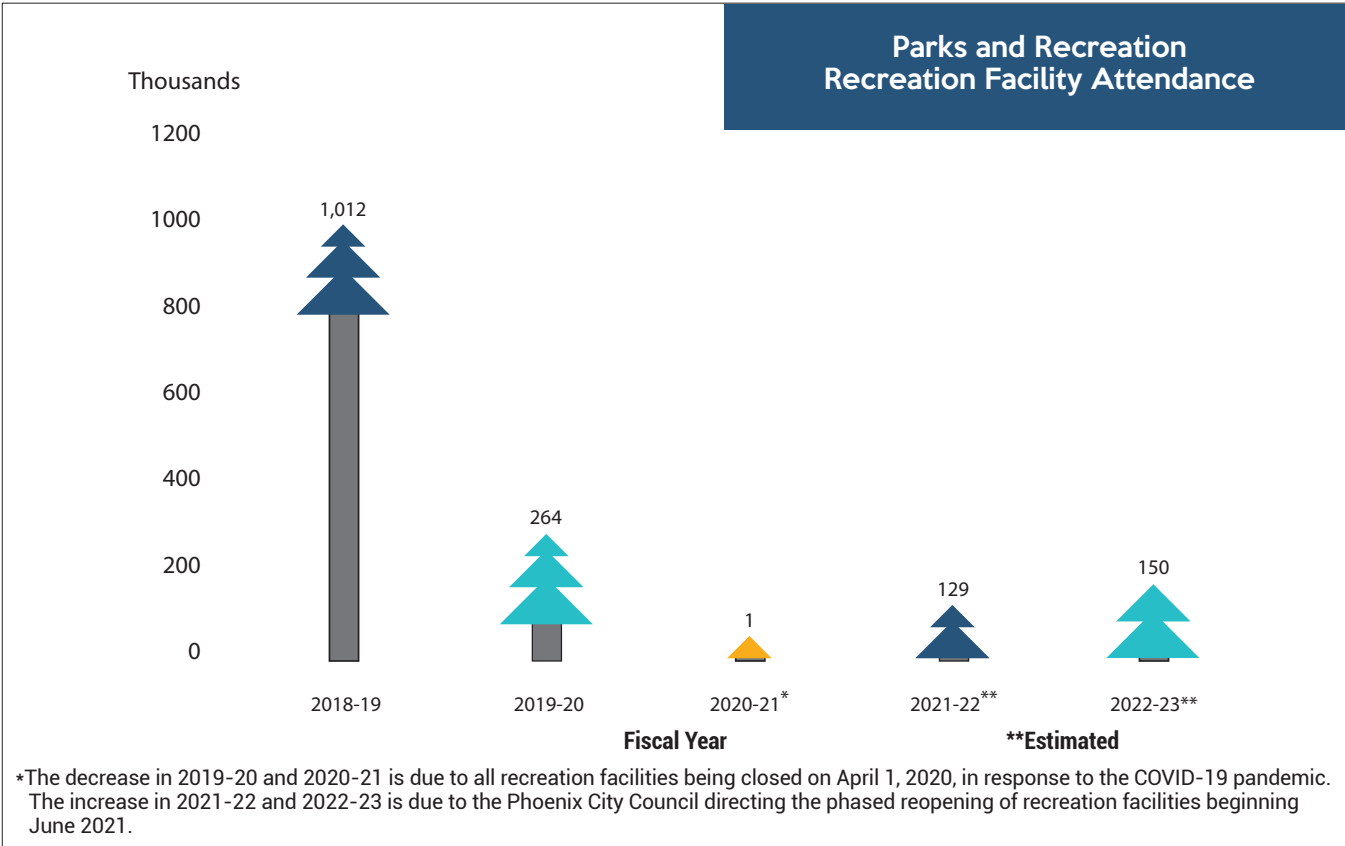
The General Fund 2022-23 budget allowance of \$117,261,000 is \$11,670,000 or 11.1 percent more than 2021-22 estimated expenditures. The increase is primarily due to negotiated increases in employee compensation and fewer anticipated vacancies. Additionally, funding has been added to the Phoenix Afterschool Centers to provide enhanced tutoring and educational support, for the addition of Parks Ranger positions in community and neighborhood parks to provide education and enforcement of park rules, and for ongoing facility maintenance for major repairs and improvements, including the repair of Eastlake pool. In addition, funding was added to convert two tennis courts to dual use for adding pickleball at Desert Foothills Park, for staff and equipment to reopen the South Mountain Environmental Education Center and for the replacement of vehicles that have reached the end of their useful life.

The Phoenix Parks and Preserves Initiative Fund 2022-23 budget allowance of \$7,137,000 is \$458,000 or 6.9 percent more than 2021-22 estimated expenditures. The increase is primarily due to negotiated increases in employee compensation.

The Other Restricted Fund 2022-23 budget allowance of \$2,733,000 is \$1,030,000 or 60.5 percent more than 2021-22 estimated expenditures. This increase is due to the reopening of community centers, sports complexes, and athletic fields that had been closed in response to COVID-19.

The Grants Fund 2022-23 budget allowance of \$3,388,000 is \$1,985,000 or 141.5 percent more than 2021-22 estimated expenditures. This increase is due to American Rescue Plan Act funds for youth programs and activities.

The Golf Fund 2022-23 budget allowance of \$7,074,000 is \$988,000 or 12.3 percent less than 2021-22 estimated expenditures. The decrease is primarily due to an increase in the budgeted transfer of expenditures from the Golf Fund to the General Fund.



Parks and Recreation Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2022-23 budget allowance:

	2020-21 Actual	2021-22 Estimate ¹	2022-23 Budget
Construction projects completed ²	85%	65%	50%
Fill 80% or more of all non-team sport registration openings ³	46%	59%	60%
Usage of athletic field's available programmable time ³	32%	53%	55%
Community usage of recreation and community center available programmable time ²	8%	41%	45%
Recreation facility attendance ³	1,004	129,000	150,000
Number of Golf Rounds	274,725	280,500	284,000

¹ Based on 10 months actual experience.

² The decrease in 2021-22 and 2022-23 is due to material scarcity in the supply chain and an increase in the number of multi-year projects.

³ Due to COVID-19, some facilities remained closed in 2020-21. In the fall of 2021-22, all facilities opened with 50% limited capacity. 2022-23 reflects facilities opening to 100% capacity however, participation is anticipated to increase gradually.

Expenditure and Position Summary

	2020-21 Actual	2021-22 Estimate	2022-23 Budget
Operating Expense	\$110,155,000	\$123,438,000	\$137,593,000
Total Positions	1,018.0	1,054.0	1,060.6
<i>Source of Funds:</i>			
General Fund	\$93,833,000	\$105,591,000	\$117,261,000
Other Restricted	733,000	1,703,000	2,733,000
Grants	2,764,000	1,403,000	3,388,000
Parks and Preserves	5,509,000	6,679,000	7,137,000
Golf	7,317,000	8,062,000	7,074,000

LIBRARY

Program Goal

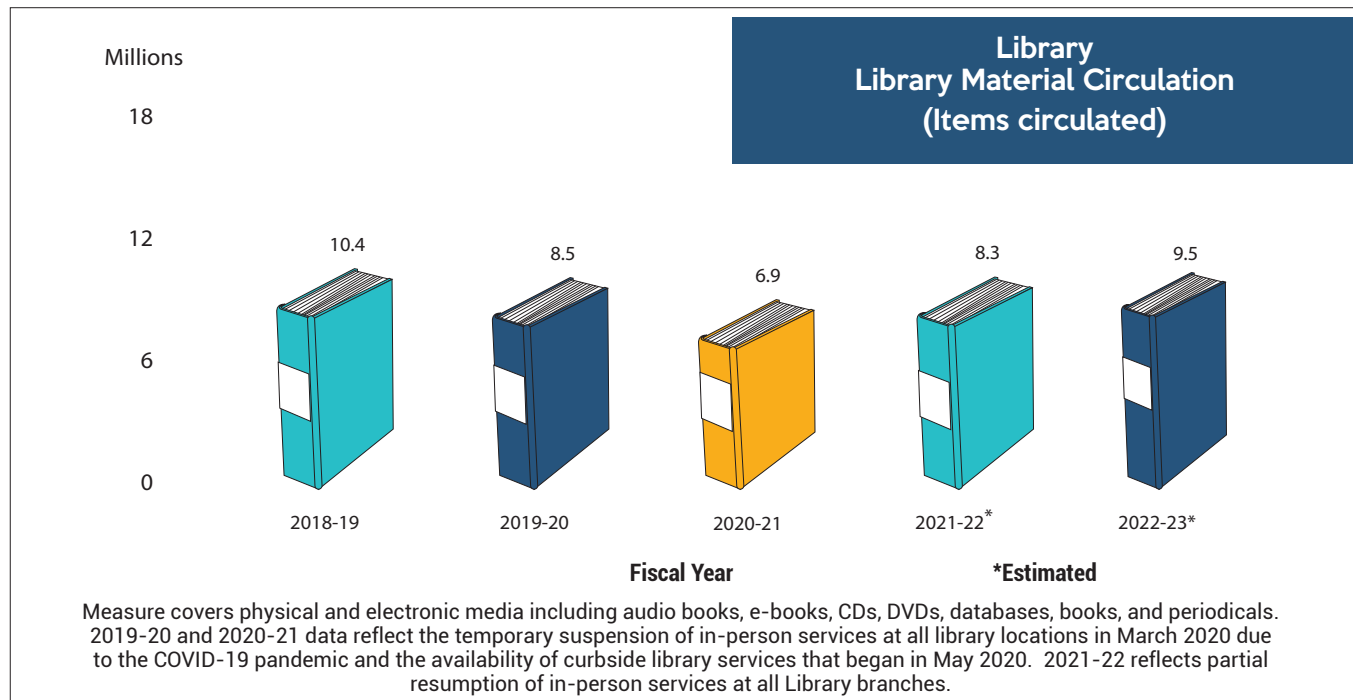
The Library provides information and resources that are relevant, accessible and responsive to the intellectual needs and interests of the community.

Budget Allowance Explanation

The Library 2022-23 operating budget allowance of \$49,254,000 is \$3,874,000 or 8.5 percent more than 2021-22 estimated expenditures. This is primarily due to increased costs in the General Fund and Grants.

The General Fund 2022-23 budget allowance of \$45,841,000 is \$2,687,000 or 6.2 percent more than 2021-22 estimated expenditures. The increase is primarily due to negotiated increases in employee compensation and fewer anticipated vacancies. Additionally, funding was added for five positions and supplies for a temporary library on city-owned land at 67th Avenue and Lower Buckeye Road. The temporary library will be a 38-foot-long coach-style bus (bookmobile) that is being purchased with federal funding from the American Rescue Plan Act (ARPA).

The Grants funds 2022-23 budget allowance of \$3,231,000 is \$1,228,000 or 61.3 percent more than 2021-22 estimated expenditures. This increase is due to ARPA funding related to a new bookmobile, PHXWorks program technology expenses, and College Depot staffing.



Library Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2022-23 budget allowance:

	2020-21 Actual	2021-22 Estimate ¹	2022-23 Budget
Early literacy program attendance ²	25,000	47,000	60,000
Library visitors ²	98,000	1,500,000	2,500,000
Library's website "visits" ²	15,900,000	16,500,000	16,500,000
Library material circulation ³	6,900,000	8,300,000	9,500,000

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

	2020-21 Actual	2021-22 Estimate	2022-23 Budget
Operating Expense	\$40,194,000	\$45,380,000	\$49,254,000
Total Positions	399	400.9	403.1
<i>Source of Funds:</i>			
General Fund	\$38,838,000	\$43,154,000	\$45,841,000
Grants	1,350,000	2,003,000	3,231,000
Other Restricted	6,000	223,000	183,000

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 2022-23 operating budget allowance of \$58,954,000 is \$9,656,000 or 19.6 percent more than the 2021-22 estimated expenditures. The increase is primarily in the Convention Center fund and offset by a reduction in grant funds.

The General Fund 2022-23 budget allowance of \$3,723,000 is \$641,000 or 20.8 percent more than the 2021-22 estimated expenditures. The increase is primarily due to the operating costs for two parking garages acquired as part of the purchase of the Wells Fargo downtown complex.

The Convention Center Fund 2022-23 budget allowance of \$54,390,000 is \$11,248,000 or 26.1 percent more than the 2021-22 estimated expenditures. The increase is primarily due to the department returning to business as usual after the COVID-19 pandemic shutdown. Due to increased event activity expenditures are increasing in personal services as vacancies are filled, as well as expected increases in use of temporary production staff, electricity, custodial services, and equipment maintenance. In addition, American Rescue Plan Act (ARPA) funding used to offset operating expenditures in the Convention Center Fund will be almost entirely expended in 2021-22.

The Grant Fund 2022-23 budget allowance of \$57,000 is \$2,320,000 or 97.6 percent less than the 2021-22 estimated expenditures. The decrease is due to the ARPA funding being used to offset operating expenditures in the Convention Center Fund will be almost entirely expended in 2021-22.

Phoenix Convention Center Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2022-23 budget allowance:

	2020-21 Actual ²	2021-22 Estimate ¹	2022-23 Budget
Estimated direct spending impact from conventions (millions) ³	\$25	\$348	\$375
Number of convention delegates	17,100	218,320	221,440
Number of conventions	3	67	61
Number of local public shows	1	15	15
Percent square feet occupancy (average of all event types)	4.20%	44.60%	41.46%
Number of theatrical performances ⁴	14	240	255
Total theater attendance	1,233	148,724	197,200
Total parking revenue (millions)	\$1.27	\$5.38	\$5.14
Revenue per parking space	\$288	\$1,224	\$1,170
Operating expense per parking space	\$705	\$790	\$981

¹ Based on 10 months actual experience.

² 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 FY 2020-21. No events of 50 or more people could be held per Executive Order 2020-43 from the Governor's Office.

³ Estimated direct spending impact is reported by the Greater Phoenix Convention and Visitors Bureau.

⁴ Virtual performances are counted for number of theatrical performances, but without attendance.

Expenditure and Position Summary

	2020-21 Actual	2021-22 Estimate	2022-23 Budget
Operating Expense	\$46,781,000	\$49,298,000	\$58,954,000
Total Positions	219.0	219.0	219.0
<i>Source of Funds:</i>			
General	\$2,007,000	\$3,082,000	\$3,723,000
Sports Facilities	555,000	698,000	784,000
Grants	-	2,377,000	57,000
Convention Center	44,219,000	43,142,000	54,390,000

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.

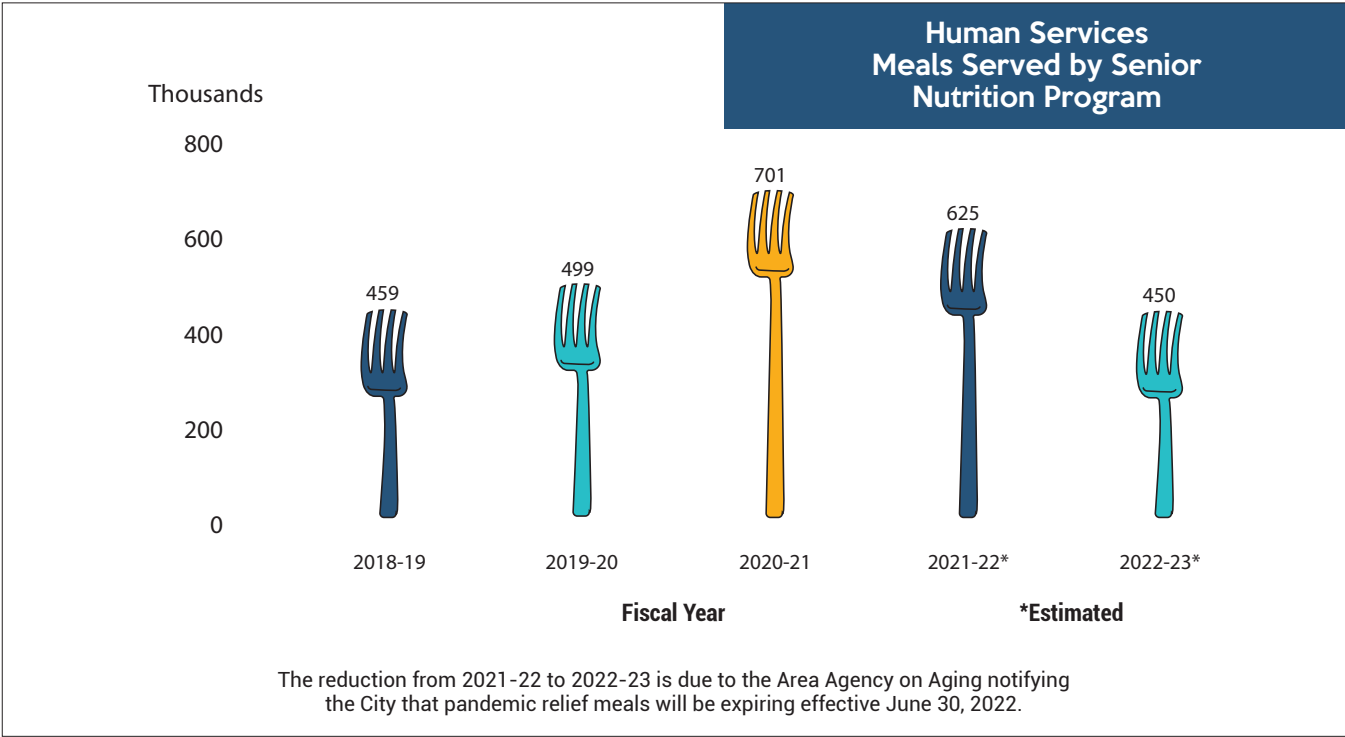
Budget Allowance Explanation

The Human Services Department 2022-23 operating budget allowance of \$195,628,000 is \$7,539,000 or 3.7 percent less than 2021-22 estimated expenditures. The overall decrease is primarily due to the conclusion of federal grants that were a response to the COVID-19 pandemic.

The General Fund 2022-23 budget allowance of \$26,042,000 is \$3,394,000 or 15.0 percent more than 2021-22 estimated expenditures. This is primarily due to the addition of staff to support the Strategies to Address Homelessness Plan, additional funding for the Fast Track Cities initiative to end HIV/Aids, and a new position to support services to refugee, asylee and immigrant communities. Additional staff for human resources support, fewer anticipated vacancies, and negotiated increases in employee compensation also contributed to the increase.

The Grants 2022-23 budget allowance of \$168,744,000 is \$9,336,000 or 5.2 percent less than 2021-22 estimated expenditures. The decrease is primarily due to the conclusion of grants related to emergency rental and utility assistance and emergency shelter contracts in response to the COVID-19 pandemic. This is partially offset by an increase in American Rescue Plan Act (ARPA) funding, as well as additional emergency rental assistance funding received from the U.S. Department of Treasury as the result of a voluntary reallocation and distribution of unused funds from other grantees.

The Other Restricted 2022-23 budget allowance of \$462,000 is \$1,597,000 or 77.6% less than 2021-22 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 2022-23 budget allowance:

	2020-21 Actual	2021-22 Estimate ¹	2022-23 Budget
Number of homeless households (individuals and families) assisted through emergency shelter	7,627	8,324	8,324
Number of households served at family service centers ²	22,363	26,247	18,398
Percentage of school attendance for Head Start ³	56%	51%	85%
Medical and dental exams completed for Head Start ³	2,822	3,970	4,700
Medical and dental exams completed for Early Head Start ³	1,034	927	1,000
Number of meals served to seniors ⁴	701,479	625,043	450,000
Number of victim services provided ⁵	46,821	52,460	50,000
Number of job seekers assisted through the Workforce Development initiatives ⁶	41,657	49,987	55,000

¹ Based on 10 months actuals.

² The reduction from 2021-22 to 2022-23 is due to reduced Federal Emergency Rental Assistance Program and other COVID-19 funding being available in 2022-23.

³ The increase is due to an anticipated full enrollment for 2022-23 as operations return to normal.

⁴ The reduction from 2021-22 to 2022-23 is due to Area Agency on Aging notifying the City that pandemic relief meals will be expiring effective June 30, 2022.

⁵ The decrease in Victim Services from 2021-22 to 2022-23 are due to a modification of how services are reported.

⁶ The increase from 2021-22 to 2022-23 reflects the expected natural recovery from the pandemic accompanied by a shift to more innovative community outreach efforts and new partnership initiatives to connect targeted audiences with employer job openings.

Expenditure and Position Summary

	2020-21 Actual	2021-22 Estimate	2022-23 Budget
Operating Expense	\$153,919,000	\$203,167,000	\$195,628,000
Total Positions	393.0	427.0	411.0
<i>Source of Funds:</i>			
General	\$20,030,000	\$22,648,000	\$26,042,000
Other Restricted	550,000	2,059,000	462,000
Grants	132,958,000	178,080,000	168,744,000
Wastewater	155,000	155,000	155,000
Water	225,000	225,000	225,000

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 2022-23 operating budget allowance of \$7,092,000 is \$1,004,000 or 12.4 percent less than 2021-22 estimated expenditures. This is primarily due to decreases in Grants and is partially offset by an increase in the General Fund.

The General Fund 2022-23 budget allowance of \$5,242,000 is \$562,000 or 12.0 percent more than 2021-22 estimated expenditures. The increase is primarily due to additional funding for public art maintenance and arts grants. The increase is also due to negotiated increases in employee compensation, fewer anticipated vacancies, and funding for a replacement generator which are partially offset by one-time facility maintenance costs in 2021-22.

The Grants fund 2022-23 budget allowance of \$1,830,000 is \$1,565,000 or 46.1 percent less than 2021-22 estimated expenditures. The decrease is primarily due to the spending down of American Rescue Plan Act funds for an arts and culture internship program, arts and culture nonprofit stabilization grants, artists to work grants, and artist technical assistance grants.

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 2022-23 budget allowance.

	2020-21 Actual	2021-22 Estimate ¹	2022-23 Budget
Grant applications processed to support arts activities through schools and nonprofit organizations ²	86	95	110
Grant awards administered to support arts activities through schools and nonprofit organizations ²	80	88	100
Completed Percent-for-Art projects to enhance capital improvement projects with artwork	6	6	10
Local artists/arts organizations training workshops ³	26	4	20
Percent of projects in Art Plan being implemented ⁴	57%	36%	75%
Community presentations	70	68	79

¹ Based on 10 months actual experience.

² Increases are expected due to increased outreach to grantees.

³ Includes presentations and workshops to local artists, the annual grant workshop training for arts organizations, and arts learning workshops. 2021-22 was lower due to staff vacancies.

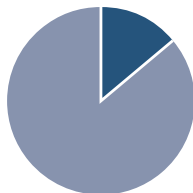
⁴ Includes projects that were in design, under construction, or were completed. Reduced percentage in 2021-22 reflects Art Plan projects that are programmed to be implemented in future years and staff vacancies.

Expenditure and Position Summary

	2020-21 Actual	2021-22 Estimate	2022-23 Budget
Operating Expense	\$6,725,000	\$8,096,000	\$7,092,000
Total Positions	11.0	11.0	11.0
<i>Source of Funds:</i>			
General	\$3,882,000	\$4,680,000	\$5,242,000
Grants	2,844,000	3,395,000	1,830,000
Other Restricted	-	20,000	20,000



ENVIRONMENTAL SERVICES



The Environmental Services Program Represents 15.3% 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.

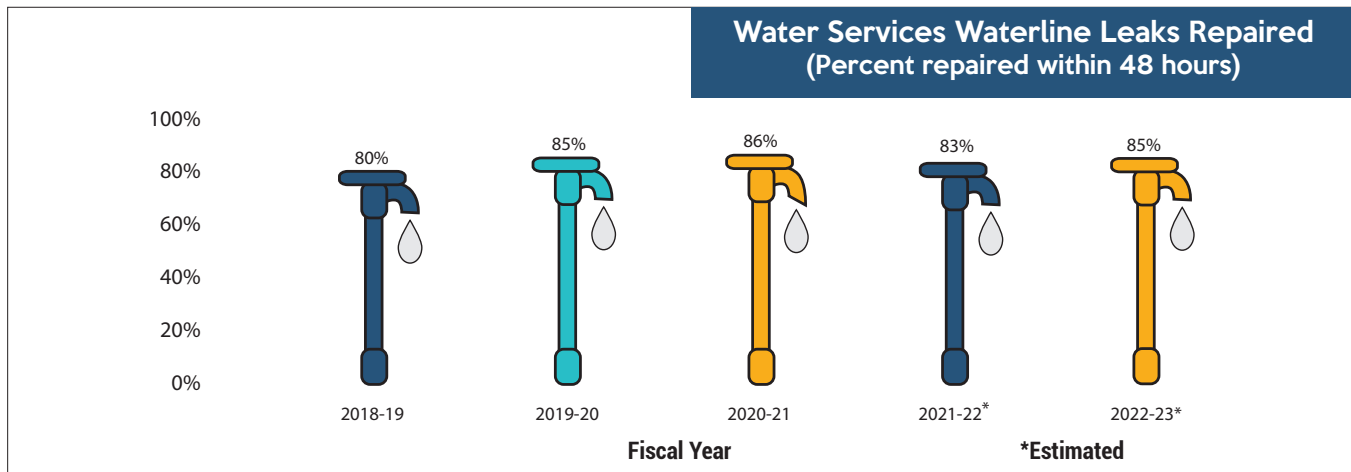
Budget Allowance Explanation

The Water Services Department 2022-23 operating budget allowance of \$405,514,000 is \$39,946,000 or 10.9 percent higher than 2021-22 estimated expenditures. The increase is primarily in the Water and Wastewater funds.

The Water Fund 2022-23 budget allowance of \$ 275,391,000 is \$31,449,000 or 12.9 percent higher than 2021-22 estimated expenditures. This is primarily due to fewer anticipated vacancies, negotiated increases in employee compensation, a raw water Central Arizona Project (CAP) rate increase, an increase in the cost of chemicals, an increase in pavement repairs resulting from water infrastructure projects, anticipated usage increase for sludge hauling and electricity, and increased equipment replacement costs. In addition, funding was added for staff, vehicles, and equipment to operate and maintain three new water production wells and eight aquifer, storage, and recovery (ASR) wells as well as preparation for a possible conclusion of the contract with Veolia Water for operation of the Lake Pleasant Water Treatment Plant. These increases are partially offset by increased work-order charges to the Wastewater Fund.

The Wastewater Fund 2022-23 budget allowance of \$127,702,000 is \$13,361,000 or 11.7 percent higher than 2021-22 estimated expenditures. This is primarily due to increases in employee compensation, fewer anticipated vacancies, an increase in the cost of chemicals, anticipated increases in usage and the cost for sludge hauling and electricity, software maintenance and facility maintenance costs, vehicle replacement, and an increase in work-order charges from the Water Fund due to fewer anticipated vacancies and increases in negotiated employee compensation.

The Grants Fund 2022-23 budget allowance of \$0 is \$5,000,000 or 100.0 percent less than 2021-22 estimated expenditures. This is due to the conclusion of American Rescue Plan Act (ARPA) funding for customer utility assistance.



Water Services Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2022-23 budget allowance:

	2020-21 Actual	2021-22 Estimate ¹	2022-23 Budget
Water main break/leaks per 100 miles	14.6	14.5	15.0
Waterline leaks repaired within 48 hours	86%	83%	85%
Percent of miles of sewer cleaned per year	17.9%	17.7%	20.0%
Sanitary sewer overflows per 100 miles	0.78	1.20	1.00
Gallons of water produced system wide (billions)	120.8	112.4	113.5
Gallons of wastewater treated (billions)	62.0	65.1	63.5
Telephone calls-received	455,418	433,972	435,762
Telephone calls-percent answered ²	97.3%	96.2%	97.0%

¹ Based on 10 months actual experience.

² 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

	2020-21 Actual	2021-22 Estimate	2022-23 Budget
Operating Expense	\$330,788,000	\$365,568,000	\$405,514,000
Total Positions	1,485.0	1,491.0	1,529.0
Source of Funds:			
Other Restricted	\$2,003,000	\$2,285,000	\$2,421,000
Grants	-	5,000,000	-
Wastewater	107,148,000	114,341,000	127,702,000
Water	221,637,000	243,942,000	275,391,000

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 2022-23 operating budget allowance of \$165,418,000 is \$2,922,000 or 1.7 percent lower than 2021-22 estimated expenditures. The decrease reflects a large prior year investment in replacement vehicles due to an aging fleet and is partially offset by negotiated increases in employee compensation, increased costs for recycling and waste transportation services, and other normal inflationary factors.

The 2022-23 budget allowance also adds funding for: eleven new positions needed to support the expansion of the solid waste equipment operator apprenticeship program; three new positions to support the refuse and recycle collection service growth; and one ongoing part time position to support the solid waste administrative internship program.



Solid Waste Management Major Performance Measures and Service Levels
 The following significant performance measures and service trends will be achieved with the 2022-23 budget allowance:

	2020-21 Actual	2021-22 Estimate ¹	2022-23 Budget
Residential households served with same day contained solid waste and recyclable material collections ²	413,010	416,219	419,453
Tons of total solid waste collected and landfilled ³	986,352	1,016,280	1,022,377
Tons of solid waste from City residences disposed ⁴	631,870	631,496	635,285

Expenditure and Position Summary

	2020-21 Actual	2021-22 Estimate	2022-23 Budget
Operating Expense	\$151,821,000	\$168,340,000	\$165,418,000
Total Positions	627.5	634.5	628.5
<i>Source of Funds:</i>			
Solid Waste	\$151,821,000	\$168,340,000	\$165,418,000

¹ Based on 10 months actual experience.
² Projected households for 2022-23 are based on 0.78% growth from 2021-22 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 2022-23 is based on 0.6% growth from 2021-22 projections.
⁴ Tonnage includes Solid Waste Field Services tonnage, transfer station residential loads, non-profit free loads and recycling rejects. Projected tonnage for 2022-23 is based on 0.6% growth from 2021-22 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 2022-23 operating budget allowance of \$39,782,000 is \$1,762,000 or 4.6 percent more than 2021-22 estimated expenditures. The increase is primarily in the General Fund and reflects negotiated increases in employee compensation and other normal inflationary factors.

The General Fund 2022-23 budget allowance of \$27,275,000 is \$1,528,000 or 5.9 percent more than 2021-22 estimated expenditures. Included in the 2022-23 budget is funding for: five new positions to expand the building trade apprenticeship program; restoration of two facilities maintenance positions; and one new position to evaluate electric vehicle infrastructure. In addition, funding is included for a comprehensive electric vehicle study.

Public Works Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2022-23 budget allowance:

	2020-21 Actual	2021-22 Estimate ¹	2022-23 Budget
Square footage of buildings maintained ²	10,514,903	10,514,903	13,093,814
Facility service requests completed	21,443	22,200	21,600
Fleet vehicles per mechanic	41.3	41.9	42.2
Units of equipment for which fleet management is provided	7,711	7,764	7,801
Annual miles of fleet vehicle utilization (in millions)	47.4	46.6	46.8

¹Based on 10 months actual experience.

²In 2020-21, a comprehensive citywide inventory of fixed/real property assets was conducted by facilities asset management staff. This initiative identified 2,028,911 square feet in properties and buildings that were actively being serviced by Public Works but were not captured in prior inventory counts. In 2022-23, the 100 West Washington Building will add an additional 550,000 square feet.

Expenditure and Position Summary

	2020-21 Actual	2021-22 Estimate	2022-23 Budget
Operating Expense	\$22,369,000	\$38,020,000	\$39,782,000
Total Positions	431.0	445.0	456.0
<i>Source of Funds:</i>			
General	\$19,739,000	\$25,747,000	\$27,275,000
Other Restricted	23,000	641,000	641,000
Grants	2,607,000	11,633,000	11,867,000

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.

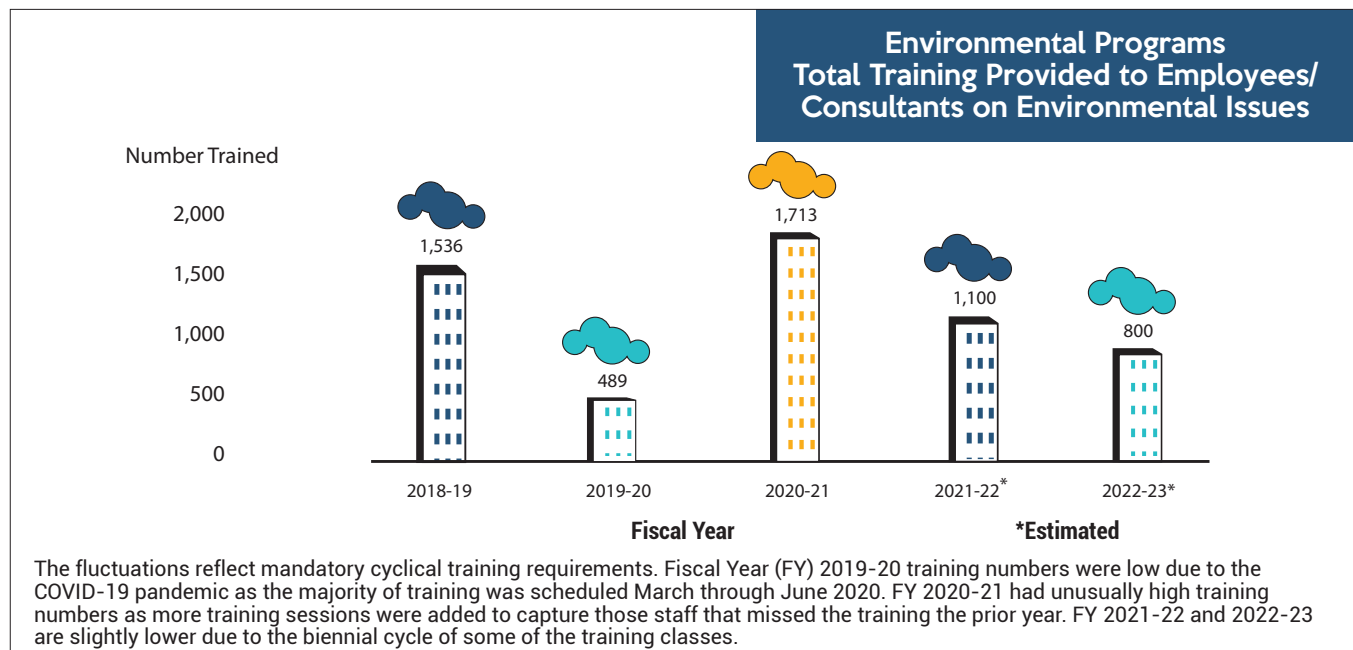
Budget Allowance Explanation

The Office of Environmental Programs 2022-23 operating budget allowance of \$4,227,000 is \$6,141,000 or 59.2 percent less than 2021-22 estimated expenditures. The decrease is primarily due to the conclusion of federal grant resources made available through the American Rescue Plan Act.

The General Fund 2022-23 budget allowance of \$1,561,000 is \$289,000 or 22.7 percent higher than 2021-22 estimated expenditures. Funding was added for a new Program Manager position to focus on the Phoenix Climate Action Plan approved by City Council in October 2021. Funding would also be used to conduct biennial greenhouse gas inventories, continue community engagement and bilingual support for Environmental Programs initiatives, and provide technical support for modeling and verification analysis.

The Grants 2022-23 budget allowance of \$1,794,000 is \$6,580,000 or 78.6 percent less than 2021-22 estimated expenditures primarily due to the conclusion of federal grant resources made available through the American Rescue Plan Act.

The Water 2022-23 budget allowance of \$599,000 is \$137,000 or 29.7 percent higher than 2021-22 estimated expenditures. Funding was added for a Program Manager position to develop and implement a new post-construction program required by the City's Municipal Separate Storm Sewer System Permit issued by the Arizona Department of Environmental Quality.



Environmental Programs Major Performance Measures and Service Levels

The following significant performance measures and service level trends will be achieved with the 2022-23 budget allowance:

	2020-21 Actual	2021-22 Estimate ¹	2022-23 Budget
Number of site assessments conducted	245	230	150
Number of brownfields projects implemented ²	2	2	3
Percentage of time Environmental Programs works with City departments to correct Environmental Facility Assessment findings within 90 days	100%	100%	90%

¹ Based on 10 months actual experience.

² In 2021-22, two Brownfields projects were implemented. Two additional private sector projects were in the queue for assistance, but one project was cancelled and the other was put on hold until Fall 2022.

Expenditure and Position Summary

	2020-21 Actual	2021-22 Estimate	2022-23 Budget
Operating Expense	\$3,649,000	\$10,368,000	\$4,227,000
Total Positions	11.0	14.0	13.0
Source of Funds:			
General	\$726,000	\$1,272,000	\$1,561,000
Capital Construction	66,000	70,000	70,000
Other Restricted	170,000	189,000	202,000
Grants	2,359,000	8,374,000	1,794,000
Water	328,000	462,000	599,000

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 2022-23 operating budget allowance of \$1,036,000 is \$186,000 or 21.9 percent more than 2021-22 estimated expenditures. The increase is primarily due to converting a position from grant funds to the General Fund.

The General Fund 2022-23 budget allowance of \$698,000 is \$204,000 or 41.3 percent more than the 2021-22 estimated expenditures. The increase is primarily due to converting the Electric Vehicle Program Manager position from grant funds to the General Fund and negotiated increases in employee compensation.

The Other Restricted Funds 2022-23 budget allowance of \$90,000 is \$15,000 or 20.0 percent more than the 2021-22 estimated expenditures. The increase is primarily due to expected increases in expenditures for the energy efficiency and tree donation programs.

The Grants Fund 2022-23 budget allowance of \$ 248,000 is \$34,000 or 12.1 percent less than the 2021-22 estimated expenditures. The decrease is primarily due to converting the Electric Vehicle Program Manager position from a grant fund to the General Fund. This is partially offset by the award to the City of the American Forest grant and the expected increases in expenditures in the Community Energy Efficiency Program.

Expenditure and Position Summary			
	2020-21 Actual	2021-22 Estimate	2022-23 Budget
Operating Expense	\$980,000	\$850,000	\$1,036,000
Total Positions	5.0	5.0	5.0
<i>Source of Funds:</i>			
General	\$440,000	\$494,000	\$698,000
Other Restricted	376,000	75,000	90,000
Grants	164,000	282,000	248,000

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 FY 2022-23 will be \$68,445,000, plus \$52,343,000 in set-asides. The set-asides include \$30,000,000 for labor to enhance future employee compensation necessary to attract and retain a quality workforce and to provide resources needed for results from the ongoing Classification & Compensation study expected to be completed in FY 2022-23. The remaining \$22,343,000 in set-asides could be used for City Council and community initiatives including but not limited to homelessness, affordable housing, roadway safety, climate and sustainability, infrastructure needs, future General Obligation Bond Program operating and maintenance needs, and/or transition of select American Rescue Plan Act programs to the General Fund. The set-asides could also be used if needed in the event of an economic downturn to ensure the General Fund remains balanced. Any use of the set-asides will require City Council approval.

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 declines. The FY 2022-23 contingency reflects an increase of \$11,445,000 over the FY 2021-22 contingency of \$57,000,000 and increases the contingency percentage by 0.25% to 4.25%.

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
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%
2022-23	1,610,478 ¹	68,445 52,343	4.25%

¹ Total General Fund operating expenditures in FY 2022-23 are \$1,731,266,000, and include operating costs for all General Fund programs and services, contingency and set-aside amounts. For purposes of calculating the contingency Percent of Operating Expenditures, contingency and set-aside amounts are excluded from the General Fund Operating Expenditures amount.

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.

2022-23 OTHER FUND OPERATING EXPENDITURE AND CONTINGENCY AMOUNT (000'S)			
Fund	Operating Expenditures	Contingency Amount	Percent of Operating Expenditures
Aviation	322,659	20,000	6%
Convention Center	57,987	3,000	5%
Development Services	90,400	8,000	9%
Solid Waste	166,624	1,000	1%
Sports Facilities	8,066	5,000	62%
Transportation 2050	235,238	4,000	2%
Wastewater	140,847	12,500	9%
Water	289,352	12,000	4%



COVID-19 FUNDING SUMMARY

FEDERAL FUNDING IN RESPONSE TO THE COVID-19 PANDEMIC

Coronavirus Aid, Relief, and Economic Security (CARES) Act

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security (CARES) Act was signed into law to address the economic fallout resulting from the COVID-19 pandemic in the United States. 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. These funds were fully expended by the end of fiscal year 2020-21.

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). These funds were fully expended by the end of fiscal year 2021-22.

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, funding public facility improvement projects with nonprofits and schools, and increasing shelter beds for people experiencing homelessness. Funding allocated for small businesses and shelter in place housing rehabilitation programs were fully expended by the end of fiscal year 2021-22.

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, and in March 2022 the department received an additional \$35.0 million in funds reallocated from other grantees.

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. These funds were fully expended by the end of fiscal year 2021-22.

Fire Department

The Fire Department has received \$879,000 in Assistance to Firefighters Grant COVID-19 supplemental funding. These funds were allocated to purchase personal protective equipment for public safety responders and include items such as respirators, masks, and gloves. These funds were fully expended by the end of fiscal year 2021-22.

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 COVID-19 response. These funds were fully expended by the end of fiscal year 2021-22.

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 Fund

The City of Phoenix received \$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 2021. Funding was received in two equal distributions 12 months apart. The City received the first allocation of \$198 million on May 19, 2021. The second allocation of \$198 million was awarded in May 2022 and is expected to spend in 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, 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. These funds have since been allocated to two programs: Transit Heat Relief Program of 2021 and additional funds for COVID-19 community testing and vaccinations as part of the Better Health and Community Outcomes program.

As of March 31, 2022, \$75 million of the first tranche has been spent on various programs such as COVID-19 testing and vaccinations, resident meal deliveries, nonprofit and artists grants, bus cards, rental assistance, landlord incentives, business assistance, and premium pay.

On April 12, 2022, staff presented the ARPA Second Tranche Strategic Plan to City Council to receive feedback and direction regarding which programs should receive second tranche allocations. Several early approvals of additional funds to support summer heat and homelessness related services were passed.

City Council approved the revised ARPA Second Tranche Strategic Plan on June 7, 2022. The allocations include:

- \$70.5 million for Affordable Housing and Homelessness programs, such as temporary shelters, transitional housing, and landlord incentives.
- \$27.8 million for Workforce and Education programs, such as Wi-Fi connectivity, tuition assistance, and workforce wraparound services.
- \$23.7 million for Neighborhood Sustainability programs, such as trees and shade and park improvements.
- \$7 million to continue Phoenix Resilient Food System programs.
- \$19 million to continue COVID-19 testing and vaccine services.
- \$50 million for City Operations programs, which includes premium pay and COVID-19 health care expenses.

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 Aviation Department was awarded \$158 million in ARPA funds for operating expenses. In addition, the Bipartisan Infrastructure Law (BIL) was passed on November 15, 2021. This grant program allocated \$42 million to the Aviation Department in the first of five grant years for airport projects. Additional infrastructure grant opportunities will be available at the Federal Aviation Administration's discretion.

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

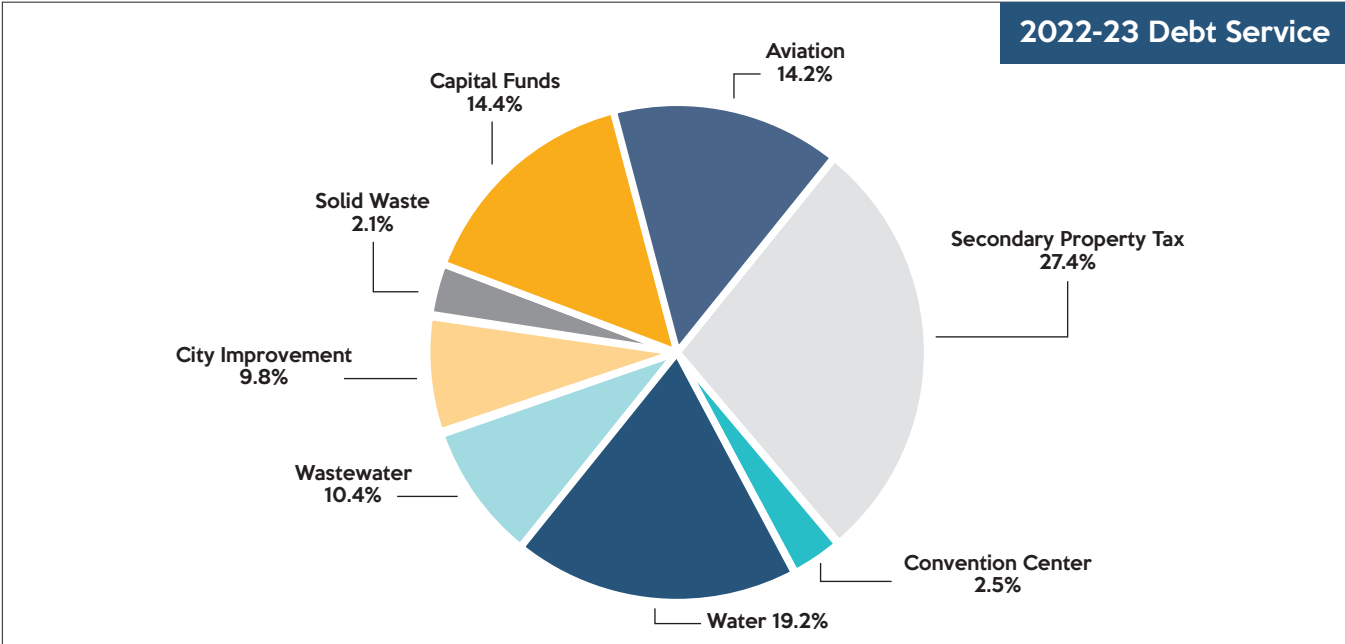
The Human Services Department was awarded \$55.3 million to continue the emergency rental assistance program, providing financial services to residents experiencing difficulty due to COVID-19 in paying their rent and utility bills. In addition, \$4.1 million was awarded to support services for Head Start children and families.

Public Transit Department

The U.S. Department of Transportation awarded the Public Transit Department \$186 million as part of the American Rescue Plan Act. Of this, \$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 2022-23 for existing debt and anticipated future bond sales is \$715,143,000. 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 Excise Tax Revenue ⁽²⁾	Aa2	AAA	AA+
Subordinated Excise Tax Revenue ⁽²⁾	Aa2	AAA	AA+
Senior Lien Wastewater System Revenue ⁽²⁾	Aa2	AAA	-
Junior Lien Wastewater System Revenue ⁽²⁾	Aa2	AA+	-
Rental Car Facility Charge Revenue Bonds ⁽²⁾	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	\$918,575	—	\$918,575
Airport	—	—	—
Sanitary Sewer	—	—	—
Water	—	330	330
Direct Debt	\$918,575	330	\$918,905
Less: Revenue Supported	—	(330)	(330)
Net Debt	\$918,575	—	\$918,575

⁽¹⁾ Represents general obligation bonds outstanding as of January 1, 2022. 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.

Schedule does not include \$146,400,000 of general obligation refunding bonds sold in May 2022 but does include the bonds expected to be refinanced by such 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 2021-22 was \$21,780,880,732. 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, 2022, is shown below, based upon 2021-22 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	\$4,356,176,146
Direct General Obligation Bonds Outstanding ⁽¹⁾	(827,190,000)
Less: Debt Limit Reduction from Refunding ⁽²⁾	(32,898,994)
Unused 20% Limitation Borrowing Capacity	<u>\$ 3,496,087,422</u>

All Other General Obligation Bonds	
6% Constitutional Limitation	\$1,306,852,844
Direct General Obligation Bonds Outstanding ⁽¹⁾	(91,715,000)
Less: Debt Limit Reduction from Refunding ⁽²⁾	(14,595,091)
Unused 6% Limitation Borrowing Capacity	<u>\$1,200,542,753</u>

⁽¹⁾ Represents general obligation bonds outstanding as of January 1, 2022.

⁽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, 2022.

Net Direct General Obligation Bonded Debt Ratios			
	Per Capita Debt Pop. Est. 1,608,139 ⁽¹⁾	Limited Net Assessed Valuation \$14,800,877,416	Full Cash Valuation \$215,741,892,809
Direct General Obligation Bonded Debt Outstanding as of January 1, 2022	\$571.41	6.21%	0.43%
Net Direct General Obligation Bonded Debt Outstanding as of January 1, 2022	\$571.20	6.21%	0.43%

⁽¹⁾ Population estimate obtained from the U.S. Census Bureau as of July 1, 2020.

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)

	2020-21 Actual	2021-22 Estimate	2022-23 Budget
<u>Source of Funds</u>			
Operating Funds			
City Improvement	50,742	98,239	70,114
Secondary Property Tax	128,846	129,349	196,061
Aviation	125,427	106,702	101,192
Convention Center	20,639	20,763	17,465
Solid Waste	14,977	15,227	15,174
Wastewater	71,775	74,389	74,395
Water	134,138	134,980	137,519
Total Operating Funds	546,544	579,650	611,920
Bond Funds			
Convention Center	119	-	-
Water	299	474	-
Other	117	352	900
Total Bond Funds	534	826	900
Other Capital Funds			
Customer Facility Charges	15,556	6,137	20,563
Federal, State and Other Participation	23,998	24,498	24,999
Passenger Facility Charges	21,763	51,763	56,761
Total Other Capital Funds	61,317	82,399	102,323
Total	608,395	662,874	715,143
<u>Type of Expenditure</u>			
Principal	298,396	348,338	412,701
Interest and Other	309,998	314,537	302,444
Total	608,395	662,874	715,143

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 29, 2022, 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; design and construction of a second Terminal 3 North Concourse and the new Crossfield Taxiway U 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; renovation of facilities at 100 West Washington Street; park and aquatic infrastructure improvements; a fire station in southwest Phoenix; implementation of centralized time and labor data systems; and construction of light rail and bus rapid transit infrastructure. The preliminary plan has been updated to reflect cost or timing changes identified since the preliminary program was developed.

2022-27 Capital Improvement Program Development

The annual citywide Capital Improvement Program update process began in December 2021 when departments prepared revised 2021-22 estimates and updated their five-year capital improvement programs. The 2021-22 estimates reflect updated construction cost estimates, schedules adjustments, awarded contract amounts and other program changes. The 2022-27 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 2022-27 Capital Improvement Program includes \$237.6 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 2022-27 Capital Improvement Program includes \$963.2 million in Transportation 2050 pay-as-you-go funds, as well as \$476.3 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 \$200.0 million in available impact fees in the 2022-27 Capital Improvement Program. Additional impact fees will be programmed in future capital improvement programs as these fees are collected.

**SUMMARY OF 2022-27 CAPITAL IMPROVEMENT PROGRAM
BY PROGRAM**
(In Thousands of Dollars)

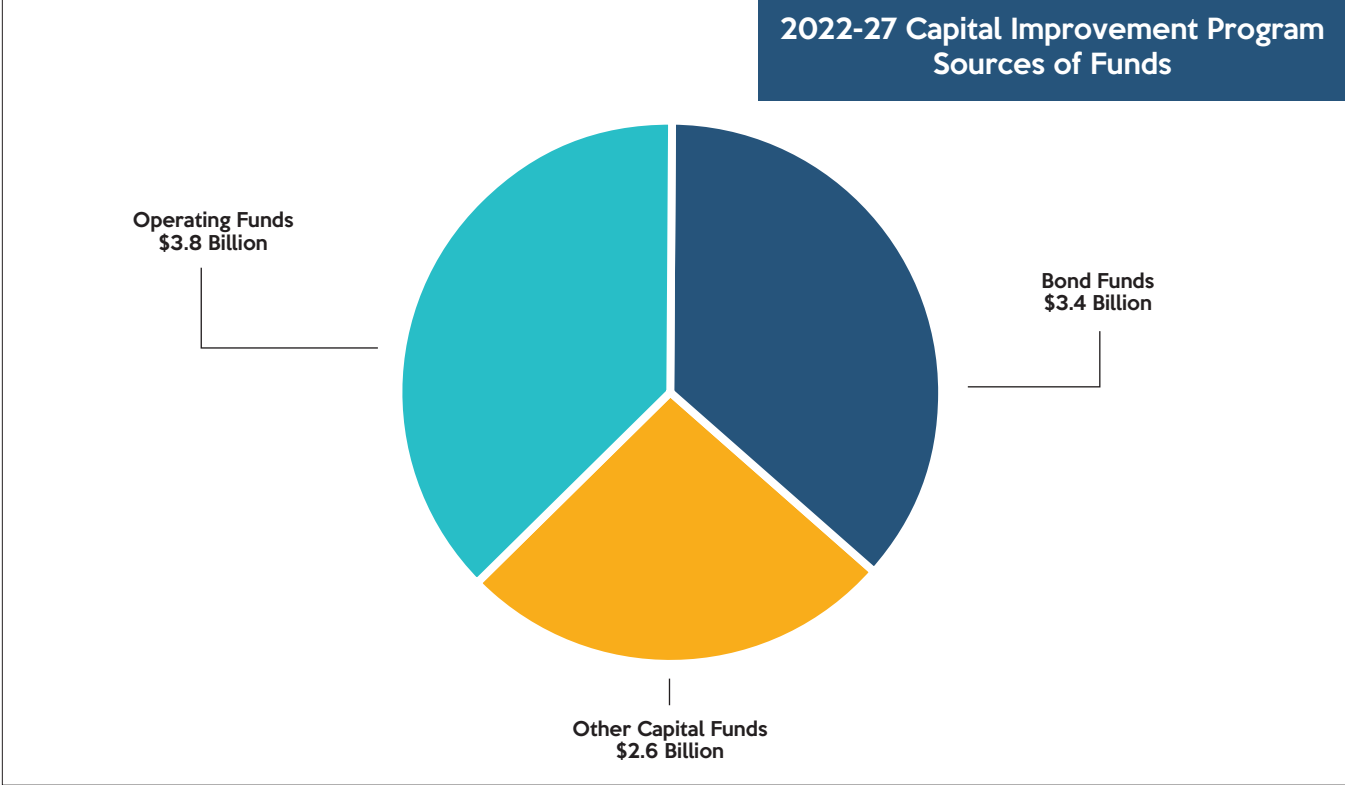
	2022-23	2023-24	2024-25	2025-26	2026-27	Total
Arts and Cultural Facilities	902	-	-	-	-	902
Aviation	567,076	436,553	348,398	268,745	120,191	1,740,964
Economic Development	41,021	8,028	7,089	7,089	7,089	70,314
Environmental Programs	250	250	250	250	250	1,250
Facilities Management	39,953	19,931	13,975	13,975	13,975	101,809
Finance	4,700	-	-	-	-	4,700
Fire Protection	34,005	-	-	-	-	34,005
Historic Preservation & Planning	15,503	-	-	-	-	15,503
Housing	89,562	10,017	9,750	9,750	8,365	127,443
Human Services	600	-	-	-	-	600
Information Technology	31,082	34,387	26,748	26,748	26,748	145,712
Libraries	9,278	955	955	955	955	13,098
Neighborhood Services	7,369	1,775	450	-	-	9,594
Non-Departmental Capital	203,223	102,818	103,325	103,824	104,320	617,510
Parks, Recreation & Mountain Preserves	109,500	46,550	33,550	34,731	45,244	269,575
Phoenix Convention Center	169,543	3,557	6,705	3,066	2,203	185,073
Police Protection	20,982	7,000	7,000	7,000	8,500	50,482
Public Art Program	7,686	3,375	1,551	2,711	250	15,572
Public Transit	515,979	214,698	294,985	215,580	300,768	1,542,009
Regional Wireless Cooperative	6,001	6,001	6,001	6,001	6,001	30,005
Solid Waste Disposal	28,338	18,632	14,269	5,507	3,396	70,142
Street Transportation & Drainage	358,555	161,886	147,782	149,646	131,990	949,859
Wastewater	509,355	413,780	341,734	205,451	238,281	1,708,599
Water	387,777	517,329	448,303	378,122	341,434	2,072,965
Total	3,158,239	2,007,519	1,812,820	1,439,150	1,359,958	9,777,686

**SUMMARY OF 2022-27 CAPITAL IMPROVEMENT PROGRAM
BY SOURCE OF FUNDS
(In Thousands of Dollars)**

	2022-23	2023-24	2024-25	2025-26	2026-27	Total
Operating Funds						
General Funds						
General Fund	46,973	35,657	40,763	40,657	40,203	204,253
Library	1,193	955	955	955	955	5,013
Special Revenue Funds						
Arizona Highway User Revenue	91,598	82,028	68,523	80,422	72,520	395,092
Capital Construction	25,398	6,312	7,062	7,062	7,045	52,877
Community Reinvestment	7,968	4,687	3,415	3,415	3,415	22,901
Development Services	15,755	2,243	140	140	140	18,419
Golf	2,000	-	-	-	-	2,000
Grants	213,570	50,548	53,152	65,958	88,988	472,216
Other Restricted	12,862	2,540	3,124	3,074	3,074	24,673
Parks and Preserves	80,643	43,371	33,580	34,762	45,244	237,599
Regional Transit	13,002	4,752	4,374	6,181	6,204	34,513
Sports Facilities	4,424	2,100	2,100	2,100	2,100	12,824
Transportation 2050	368,232	107,480	211,480	101,786	174,222	963,200
Enterprise Funds						
Aviation	187,920	57,042	40,827	35,898	66,004	387,692
Convention Center	2,781	4,043	6,670	3,137	2,127	18,758
Solid Waste	20,478	7,474	14,307	5,540	4,974	52,773
Wastewater	90,162	70,566	77,795	99,731	94,587	432,842
Water	152,489	104,504	58,698	86,536	88,012	490,238
Total Operating Funds	1,337,446	586,302	626,965	577,354	699,815	3,827,882
Bond Funds						
General Obligation Bond Funds						
2001 General Obligation Bonds	902	-	-	-	-	902
2006 General Obligation Bonds	870	-	-	-	-	870
Nonprofit Corporation Bond Funds						
Aviation Bonds	124,835	65,570	89,599	91,920	-	371,924
Other Bonds	200,458	6,156	-	-	-	206,614
Solid Waste Bonds	8,893	11,000	-	-	-	19,893
Transportation 2050 Bonds	142,992	101,336	75,410	88,573	67,972	476,282
Wastewater Bonds	194,716	320,733	217,993	78,494	118,044	929,980
Water Bonds	73,975	396,497	366,507	291,354	246,618	1,374,951
Total Bond Funds	747,641	901,292	749,508	550,341	432,633	3,381,416
Other Capital Funds						
Other Capital Funds						
Capital Grants	614,685	293,810	168,033	108,079	56,196	1,240,804
Capital Reserves	13,945	7,000	7,000	7,000	8,500	43,445
Customer Facility Charges	20,563	20,558	20,562	20,560	20,562	102,805
Federal, State and Other Participation	122,028	56,672	52,629	46,924	47,201	325,454
Impact Fees	182,117	16,155	1,750	-	-	200,023
Other Capital	835	-	-	-	-	835
Other Cities' Share in Joint Ventures	35,670	38,682	77,018	36,621	37,639	225,630
Passenger Facility Charges	81,821	86,690	108,993	91,904	57,041	426,449
Solid Waste Remediation	1,488	357	361	366	371	2,943
Total Other Capital Funds	1,073,152	519,925	436,346	311,454	227,510	2,568,387
Total	3,158,239	2,007,519	1,812,820	1,439,150	1,359,958	9,777,686

2022-27 CAPITAL IMPROVEMENT PROGRAM HIGHLIGHTS

The Capital Improvement Program (CIP) totals \$9.8 billion over the next five years. As shown in the pie chart below, funding for the 2022-27 program comes from \$3.4 billion in bond funds, \$3.8 billion in pay-as-you-go operating funds and \$2.6 billion in other capital funds.



Projects in the first year total \$3.2 billion and are funded from pay-as-you-go operating funds (\$1,337.5 million), bond funds (\$747.6 million) and other capital financing (\$1,073.2 million). A financial organization chart at the end of this section presents a visual overview of the first year by source of funds, and additional schedules summarize the 2022-27 Capital Improvement Program by source of funds and the 2022-23 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 \$1,741.0 million and is funded by Aviation, Operating Grant, 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
- Design and construction of Terminal 3 North Concourse
- Reconstruct the West Air Cargo Apron
- Design and construction of a new Taxiway U

Economic Development

The \$70.3 million Economic Development program is funded by Downtown Community Reinvestment, Operating Grant, Arizona Highway User Revenues, 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
- New workforce training facility
- Community wireless network expansion

Environmental Programs

The \$1.3 million Environmental Programs CIP is funded by Other Restricted funds. Environmental Programs facilitates eligible 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 reviewed by the Stormwater Working Group and then the requesting department presents for approval to 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 \$101.8 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 \$4.7 million, funded by Other Bond funds, supporting enhancements to the citywide financial system.

Fire Protection

The \$34.0 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 System, a Records Management System, and construction of new Fire Station 62 at 99th Avenue and Lower Buckeye Road.

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 \$15.5 million and is funded by the Development Services fund.

The program includes the SHAPE PHX 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 \$127.4 million and is funded by Operating Grant, 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 Investment Partnership Program multifamily loan and redevelopment 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 by using Neighborhoods Stabilization Program, and Capital Fund Program for remodeling of family and senior public housing units. A one-time HUD HOME Investment Partnership Program American Rescue Plan (HOME – ARP) award will be used to help qualifying populations within four eligible categories including the production and preservation of affordable housing.

American Rescue Plan funded projects will bridge the digital divide through Wi-Fi connectivity and transform the former Department of Economic Services building to a multifunctional facility in the Edison Eastlake Community.

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. The department's program and fiscal staff 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 \$145.7 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 projects typically go through a review process and are managed by IT project managers. The review process provides City leadership visibility into information technology spending across the organization and helps ensure technology purchases are in alignment with current and future technology needs. Projects are evaluated and approved by various Information Technology Services divisions for security, application, and infrastructure considerations.

The Information Technology program includes replacement of FCC-mandated equipment with 700 MHz radios, development of a centralized time and labor data system, and implementation of a modernized data center environment to provide a more reliable and secure computing environment.

Libraries

The Libraries program totals \$13.1 million and is funded by General, Operating Grant 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 \$9.6 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 \$617.5 million and is funded by Other Bond, Capital Grant, 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.

The non-departmental capital program additionally includes contingency budget for future capital grant awards.

Parks, Recreation and Mountain Preserves

The Parks, Recreation and Mountain Preserves program totals \$269.6 million and is funded by Parks and Preserves, Golf, Sports Facilities, Capital Grant, Capital Reserve, and 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
- New Lone Mountain Park at 56th Street and Montgomery Road

- Paradise Valley Park improvements
- Sonoran Preserve land acquisition and protection
- Citywide building repairs
- Aquatic infrastructure renovation
- Perry Park renovation

Phoenix Convention Center

The \$185.1 million Phoenix Convention Center program is funded by \$26.5 million in General, Operating Grant and Convention Center funds, and \$158.6 million in other bond funds for improvements to newly-acquired properties at 100 West Washington Street. 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

- Rehabilitation of facilities 100 West Washington Street
- 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
- Veneer replacement at the North Building

Police Protection

The \$50.5 million Police Protection program is funded by 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 \$15.6 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 \$1,542.0 million and is funded by Operating Grant, Other Restricted, Regional Transit, Transportation 2050, Capital Grant and Transportation 2050 Bond 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:

- Bus Rapid Transit program
- Northwest Phase II Light Rail extension
- Capitol and I-10 West Phase I Light Rail extension
- South Central Light Rail extension

- Bus stop improvements, lighting and shade structures
- 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 \$70.1 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 an annual project evaluation process. Staff submit a business case to provide information about the new program or project request. The evaluation report describes project scope and identifies the essential needs criteria for the successful operation of the utility. The Public Works Director and Assistant Directors review the requests and evaluate and prioritize 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 \$949.9 million and is funded by General, Arizona Highway User Revenue, Capital Construction, Operating Grant, Transportation 2050, 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
- 13th Street: Van Buren Street to Moreland Street
- 35th Avenue: I-10 Freeway to Camelback Road
- Happy Valley Road: 67th Avenue to 35th Avenue
- Buckeye Road: 67th Avenue to 59th Avenue
- 43rd Avenue: Virginia Avenue to Grand Canal Crossing
- 35th Avenue: Bethany Home Road to Camelback Road

- 43rd Avenue: McDowell Road to Virginia Avenue
- 51st Avenue to 43rd Avenue and Carefree Highway to SR 303

Wastewater

The Wastewater program totals \$1,708.6 million and is funded by Wastewater, Wastewater Bond, Capital Grant, 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
- Condition assessment and repair of sewer lines

Water

The Water program totals \$2,073.0 million and is funded by Water, Wastewater, Solid Waste, Water Bond, Capital Grant, 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.

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**SUMMARY OF 2022-23 CAPITAL IMPROVEMENT PROGRAM
BY PROGRAM AND SOURCE OF FUNDS**
(In Thousands of Dollars)

Program	2022-23 Total Program	Operating Funds	General Obligation Bond Funds	Nonprofit Corporation Bond Funds	Other Capital Funds
Arts and Cultural Facilities	902	-	902	-	-
Aviation	567,076	188,444	-	123,512	255,120
Economic Development	41,021	41,021	-	-	-
Environmental Programs	250	250	-	-	-
Facilities Management	39,953	23,256	-	15,862	835
Finance	4,700	-	-	4,700	-
Fire Protection	34,005	11,060	-	12,132	10,812
Historic Preservation & Planning	15,503	15,503	-	-	-
Housing	89,562	76,428	-	-	13,134
Human Services	600	-	600	-	-
Information Technology	31,082	22,945	-	8,137	-
Libraries	9,278	4,439	-	-	4,839
Neighborhood Services	7,369	7,369	-	-	-
Non-Departmental Capital	203,223	-	-	900	202,323
Parks, Recreation & Mountain Preserves	109,500	84,467	-	-	25,033
Phoenix Convention Center	169,543	10,943	-	158,600	-
Police Protection	20,982	-	-	-	20,982
Public Art Program	7,686	1,941	-	5,728	17
Public Transit	515,979	371,668	-	142,992	1,319
Regional Wireless Cooperative	6,001	-	-	-	6,001
Solid Waste Disposal	28,338	17,839	-	8,542	1,957
Street Transportation & Drainage	358,555	216,400	270	-	141,885
Wastewater	509,355	88,233	-	194,565	226,556
Water	387,777	155,240	-	70,197	162,341
Total	3,158,239	1,337,446	1,772	745,869	1,073,152

RESOURCES AND EXPENDITURES BY CAPITAL FUND
2022-23 CAPITAL IMPROVEMENT PROGRAM
(In Thousands of Dollars)

	Budgeted Beginning Fund Balance	Revenues and Other Sources/ (Uses) (1)	Expenditures	Ending Balance	Projected Resources Beyond 2022-23 (2)	Funds Available Beyond 2022-23
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	605	-	-	605	2,355	2,960
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
	2,769	-	902	1,867	15,610	17,477
2006 General Obligation Bonds						
2006 Affordable Housing and Neighborhoods Bonds	3,540	-	-	3,540	17,795	21,335
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	(7,551)	-	-	(7,551)	36,700	29,149
2006 Street and Storm Sewer Improvements Bonds	5,939	-	270	5,669	27,495	33,164
	(3,079)	-	870	(3,949)	135,745	131,796
Nonprofit Corporation Bond Funds						
Aviation Bonds	238,292	-	124,835	113,457	546,210	659,667
Convention Center Bonds	40	-	-	40	-	40
Other Bonds	66,349	150,000	200,458	15,891	74,095	89,986
Parks and Preserves Bonds	-	-	-	-	66,000	66,000
Solid Waste Bonds	25,228	-	8,893	16,335	145,000	161,335
Transit 2000 Bonds	66	-	-	66	-	66
Transportation 2050 Bonds	12	-	142,992	(142,980)	1,300,000	1,157,020
Wastewater Bonds (3)	(9,773)	-	194,716	(204,489)	71,730	(132,759)
Water Bonds	36,847	-	73,975	(37,128)	246,985	209,857
	357,062	150,000	745,869	(238,807)	2,450,020	2,211,213
Total Bond Funds	358,049	150,000	747,641	(239,592)	2,602,375	2,362,783

RESOURCES AND EXPENDITURES BY CAPITAL FUND (Continued)
2022-23 CAPITAL IMPROVEMENT PROGRAM
(In Thousands of Dollars)

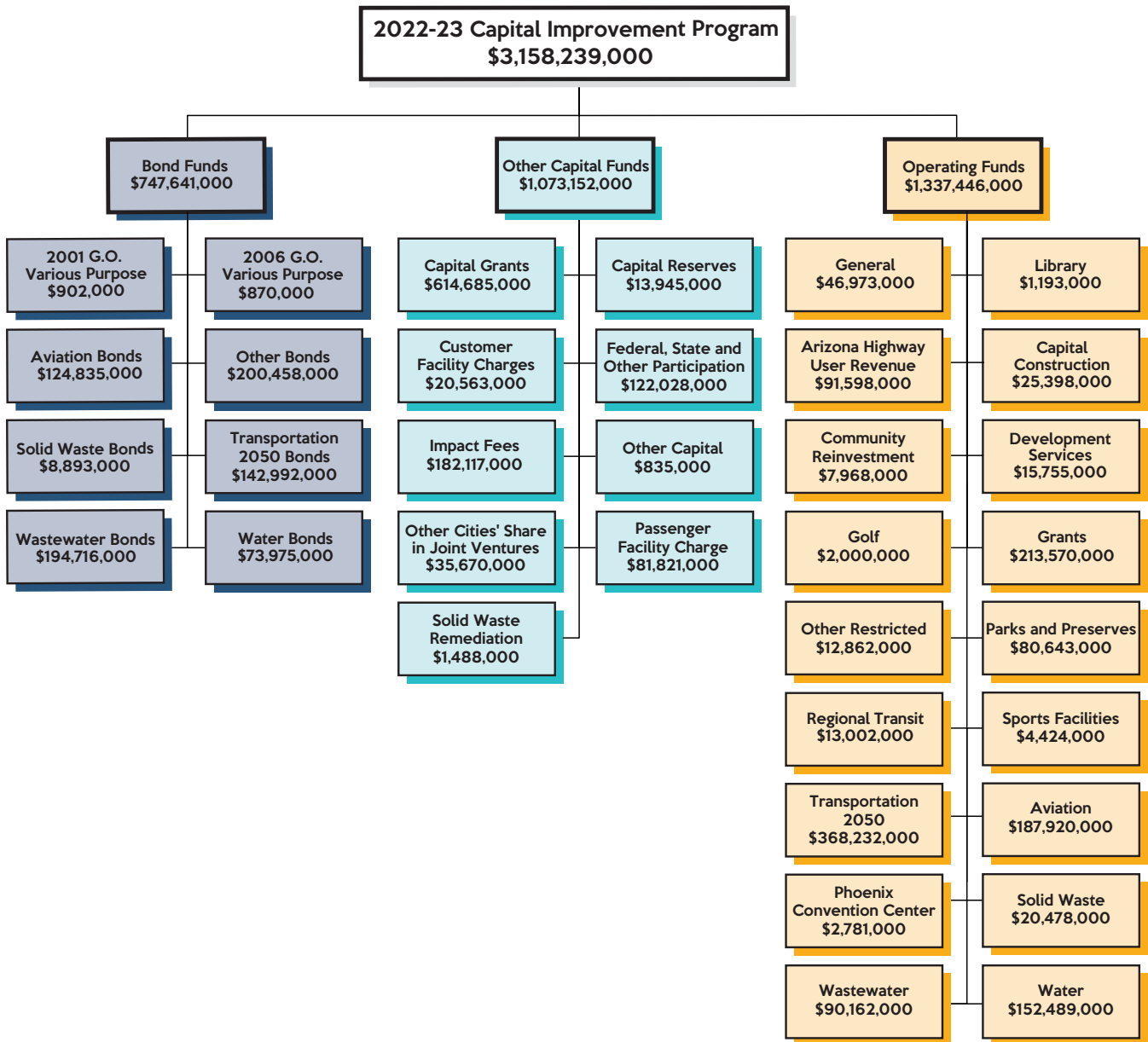
	Budgeted Beginning Fund Balance	Revenues and Other Sources/ (Uses) (1)	Expenditures	Ending Balance	Projected Resources Beyond 2022-23 (2)	Funds Available Beyond 2022-23
Other Capital Funds						
Capital Gifts	35	-	-	35	-	35
Capital Grants	-	614,685	614,685	-	626,119	626,119
Capital Reserves	253,549	8,250	13,945	247,854	-	247,854
Customer Facility Charges	29,563	36,417	20,563	45,418	220,005	265,423
Federal, State and Other Participation	-	122,028	122,028	-	203,426	203,426
Impact Fees	201,762	-	182,117	19,645	-	19,645
Other Capital	1,402	-	835	567	-	567
Other Cities' Share in Joint Ventures	-	35,670	35,670	-	189,960	189,960
Passenger Facility Charges	76,680	90,732	81,821	85,591	374,693	460,284
Solid Waste Remediation	5,658	-	1,488	4,170	-	4,170
Total Other Capital Funds	568,649	907,783	1,073,152	403,280	1,614,202	2,017,482
Total	926,698	1,057,783	1,820,794	163,687	4,216,577	4,380,264

(1) Includes bond proceeds and funds which pass through capital funds such as grants, land sales, and other agency and private participation.

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

(3) Wastewater Bond fund balance is to be managed on a cash-flow basis rather than a budgetary basis.

2022-23 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 2022-23 budget includes \$1,508,000 in new operating and maintenance costs for new facilities. The schedule on the next page provides project operating and maintenance costs for 2022-23, the full year operating and maintenance costs for 2023-24, 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
Water Services				
Three new water production wells and eight aquafer, storage, and recovery (ASR) wells (Water Fund)	6.0	Add funding for staff, utilities, materials, and vehicles required to operate and maintain three new water production wells and eight aquafer, storage, and recovery (ASR) wells scheduled to be completed by December 2022. The water from these wells will supplement the potable water system, and augment Phoenix's potable water resources during times of water shortages and emergency outages. 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.	\$1,508,000	\$1,192,000
Net Total Costs	6.0		\$1,508,000	\$1,192,000
Source of Funds:				
Water Fund			\$1,508,000	\$1,192,000
Total Source of Funds			\$1,508,000	\$1,192,000

A decorative graphic consisting of a central white square with a dark blue border. 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 second bar from the left being the tallest and the fourth bar from the left being the shortest.

SUMMARY SCHEDULES

2020-21 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	169,119	418,785	2,227	1,100,408	(174,955)	1,515,584	1,206,721	25,863	-	1,232,584	283,000
Library	-	42,070	30	410	(3,400)	39,110	38,838	272	-	39,110	-
Parks	-	14,657	200	84,299	(2,352)	96,804	93,833	2,972	-	96,804	-
Cable Television	-	9,424	-	556	(7,326)	2,654	2,654	-	-	2,654	-
Total General Funds	169,119	484,936	2,457	1,185,673	(188,033)	1,654,151	1,342,046	29,106	-	1,371,152	283,000
Special Revenue Funds											
Excise Tax	-	1,555,419	-	-	(1,555,419)	-	-	-	-	-	-
Arizona Highway User Revenue	44,484	147,054	901	29,000	(32,801)	188,638	73,865	66,730	-	140,595	48,043
Capital Construction	20,705	30	612	7,232	-	28,578	133	4,037	-	4,170	24,408
City Improvement	-	1	380	51,419	(1,058)	50,742	-	-	50,742	50,742	-
Community Reinvestment	15,173	7,011	118	-	(2,064)	20,238	1,144	992	-	2,136	18,103
Court Awards	(1,058)	1,982	48	-	-	972	3,887	-	-	3,887	(2,914) ^{2/}
Development Services	58,722	70,968	175	-	(4,440)	125,425	61,330	11,926	-	73,256	52,169
Golf	2,036	9,192	1	-	(653)	10,575	7,317	1,817	-	9,134	1,441
Neighborhood Protection - Block Watch	5,431	252	-	2,047	(9)	7,721	1,572	-	-	1,572	6,149
Neighborhood Protection - Fire	4,659	958	-	10,236	(46)	15,808	11,250	-	-	11,250	4,559
Neighborhood Protection - Police	12,445	2,203	5	28,657	(689)	42,622	26,721	-	-	26,721	15,901
Parks and Preserves	66,092	2,060	(205)	47,263	(182)	115,028	5,509	23,224	-	28,733	86,295
Public Safety Enhancement - Fire	11,303	1,128	-	9,300	-	21,732	11,410	-	-	11,410	10,321
Public Safety Enhancement - Police	10,263	1,299	2	15,174	(416)	26,322	14,485	-	-	14,485	11,837
Public Safety Expansion - Fire	8,064	1,321	-	16,377	(218)	25,543	14,656	-	-	14,656	10,887
Public Safety Expansion - Police	24,806	6,712	3	65,504	(1,187)	95,837	63,966	-	-	63,966	31,871
Regional Transit	(5,480)	20,685	32	-	-	15,237	15,364	9,034	-	24,399	(9,162) ^{3/}
Regional Wireless Cooperative	1,798	5,290	199	-	-	7,287	5,134	-	-	5,134	2,154
Secondary Property Tax	100	119,697	-	9,149	-	128,946	-	-	128,846	128,846	100
Sports Facilities	60,780	4,174	130	15,019	(14,648)	65,455	2,932	5,758	-	8,689	56,765
Transit 2000 ^{4/}	-	(3)	-	3	-	-	-	-	-	-	-
Transportation 2050 ^{4/}	161,597	14,122	1,375	279,348	(3,694)	452,748	97,838	159,655	-	257,492	195,255
Other Restricted	101,692	24,997	393	28,073	(6,831)	148,324	42,806	6,685	-	49,491	98,833
Grants	28,110	493,986	6,660	593	(834)	528,515	444,363	46,447	-	490,810	37,706
Total Special Revenue Funds	631,721	2,490,541	10,828	614,394	(1,625,189)	2,122,295	905,680	336,304	179,588	1,421,573	700,722
Enterprise Funds											
Aviation	381,755	391,196	5,718	459,512	(377,237)	860,942	342,110	27,116	125,427	494,652	366,290
Convention Center	56,548	3,592	985	47,396	3,052	111,572	44,751	3,058	20,639	68,448	43,124
Solid Waste	24,927	186,310	4,300	-	(10,183)	205,355	152,021	8,068	14,977	175,066	30,288
Wastewater	130,202	254,744	3,029	74,499	(91,068)	371,405	107,702	33,277	71,775	212,754	158,651
Water	113,425	492,162	4,531	156,429	(200,420)	566,126	223,035	62,311	134,138	419,483	146,642
Total Enterprise Funds	706,857	1,328,003	18,562	737,836	(675,858)	2,115,400	869,619	133,830	366,956	1,370,404	744,996
Total Operating Funds	1,507,696	4,303,480	31,848	2,537,903	(2,489,080)	5,891,847	3,117,345	499,240	546,544	4,163,128	1,728,718

^{1/} General fund sales tax revenue is reflected as a transfer-in from the excise tax fund. Total transfer equates to \$1,003.2 million, and is included in the General Funds revenue total of \$1,488.1 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.

**2021-22 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	283,000	328,217	1,000	1,057,512	(159,598)	1,510,131	1,300,310	24,443	-	1,324,753	185,378
Library	-	45,152	-	1,690	(2,970)	43,872	43,154	717	-	43,872	-
Parks	-	16,392	-	89,198	-	105,590	105,591	-	-	105,590	-
Cable Television	-	9,200	-	-	(5,820)	3,380	3,380	-	-	3,380	-
Total General Funds	283,000	398,961	1,000	1,148,400	(168,388)	1,662,973	1,452,435	25,160	-	1,477,595	185,378
Special Revenue Funds											
Excise Tax	-	1,698,486	-	-	(1,698,486)	-	-	-	-	-	-
Arizona Highway User Revenue	48,043	153,079	3,617	3,741	(892)	207,588	88,701	62,833	-	151,534	56,054
Capital Construction	24,408	120	143	6,091	-	30,763	140	7,647	-	7,787	22,976
City Improvement	-	-	-	99,266	(1,026)	98,239	-	-	98,239	98,239	-
Community Reinvestment	18,103	6,296	6	2,800	(2,221)	24,984	2,036	2,325	-	4,361	20,623
Court Awards	(2,914)	8,377	1	-	-	5,463	2,926	-	-	2,926	2,537
Development Services	52,169	80,028	56	-	(5,261)	126,993	74,085	1,343	-	75,428	51,565
Golf	1,441	9,485	11	-	-	10,938	8,062	1,000	-	9,062	1,875
Neighborhood Protection - Block Watch	6,149	218	-	2,320	(7)	8,680	1,584	-	-	1,584	7,096
Neighborhood Protection - Fire	4,559	17	-	11,602	(37)	16,140	11,585	-	-	11,585	4,555
Neighborhood Protection - Police	15,901	57	-	32,485	(621)	47,823	33,823	-	-	33,823	14,000
Parks and Preserves	86,295	1,012	183	46,562	(146)	133,906	6,679	30,937	-	37,616	96,290
Public Safety Enhancement - Fire	10,321	-	1	9,666	-	19,988	11,294	-	-	11,294	8,694
Public Safety Enhancement - Police	11,837	-	-	15,770	(419)	27,188	18,840	-	-	18,840	8,349
Public Safety Expansion - Fire	10,887	46	-	18,563	(218)	29,278	16,857	-	-	16,857	12,421
Public Safety Expansion - Police	31,871	73	-	74,250	(1,222)	104,972	79,764	-	-	79,764	25,208
Regional Transit	(9,162)	22,609	-	-	-	13,447	6,390	3,867	-	10,257	3,190
Regional Wireless Cooperative	2,154	5,530	8	-	-	7,691	5,776	-	-	5,776	1,915
Secondary Property Tax	100	123,686	677	4,987	-	129,449	-	-	129,349	129,349	100
Sports Facilities	56,765	3,888	-	24,881	(15,226)	70,308	2,882	2,073	-	4,955	65,353
Transportation 2050	195,255	25,070	14,061	328,104	(3,663)	558,828	87,178	189,404	-	276,582	282,246
Other Restricted	98,833	27,939	495	78,320	(5,420)	200,167	63,199	9,827	-	73,026	127,141
Grants	37,706	683,282	30	235	(509)	720,743	607,567	63,836	-	671,403	49,340
Total Special Revenue Funds	700,722	2,849,297	19,290	759,642	(1,735,374)	2,593,577	1,129,369	375,090	227,589	1,732,048	861,530
Enterprise Funds											
Aviation	366,290	516,966	5,739	43,631	(10,702)	921,925	352,610	27,083	106,702	486,394	435,530
Convention Center	43,124	13,226	1,014	71,772	(3,281)	125,856	43,685	133	20,763	64,581	61,275
Solid Waste	30,288	194,202	210	-	(11,593)	213,107	168,544	5,724	15,227	189,495	23,612
Wastewater	158,651	259,420	7,742	100,010	(71,227)	454,596	114,987	67,884	74,389	257,260	197,336
Water	146,642	484,368	1,904	42,025	(55,152)	619,788	245,807	100,736	134,980	481,524	138,264
Total Enterprise Funds	744,996	1,468,182	16,609	257,439	(151,955)	2,335,271	925,632	201,560	352,061	1,479,253	856,018
Total Operating Funds	1,728,718	4,716,440	36,899	2,165,480	(2,055,717)	6,591,821	3,507,436	601,810	579,650	4,688,896	1,902,925

^{1/} General fund sales tax revenue is reflected as a transfer-in from the excise tax fund. Total transfer equates to \$1,051.0 million, and is included in the General Funds revenue total of \$1,450.0 million shown on Schedule 2.

**2022-23 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	185,378	341,405	1,000	1,215,329	(131,396)	1,611,716	1,564,743	46,973	-	1,611,716	-
Library	-	46,237	-	3,843	(3,047)	47,033	45,841	1,193	-	47,033	-
Parks	-	17,990	-	99,272	-	117,262	117,262	-	-	117,262	-
Cable Television	-	9,000	-	-	(5,580)	3,420	3,420	-	-	3,420	-
Total General Funds	185,378	414,632	1,000	1,318,444	(140,023)	1,779,431	1,731,266	48,165	-	1,779,431	-
Special Revenue Funds											
Excise Tax	-	1,839,288	-	-	(1,839,288)	-	-	-	-	-	-
Arizona Highway User Revenue	56,054	154,999	901	-	(3,952)	208,002	95,818	91,598	-	187,416	20,586
Capital Construction	22,976	120	143	6,179	-	29,418	140	25,398	-	25,539	3,879
City Improvement	-	-	-	71,140	(1,026)	70,114	-	-	70,114	70,114	-
Community Reinvestment	20,623	6,045	1	4,845	(2,066)	29,448	2,302	7,968	-	10,271	19,177
Court Awards	2,537	4,533	1	-	-	7,071	7,071	-	-	7,071	-
Development Services	51,565	81,725	21	-	(5,261)	128,050	90,400	15,755	-	106,154	21,895
Golf	1,875	9,562	-	-	-	11,437	7,074	2,000	-	9,074	2,363
Neighborhood Protection - Block Watch	7,096	218	-	2,392	(10)	9,696	2,183	-	-	2,183	7,513
Neighborhood Protection - Fire	4,555	17	-	11,960	(51)	16,482	11,945	-	-	11,945	4,536
Neighborhood Protection - Police	14,000	57	-	33,491	(662)	46,885	37,463	-	-	37,463	9,422
Parks and Preserves	96,290	891	-	47,845	(205)	144,821	7,137	80,643	-	87,780	57,041
Public Safety Enhancement - Fire	8,694	-	-	9,812	-	18,505	11,025	-	-	11,025	7,480
Public Safety Enhancement - Police	8,349	-	-	16,009	(419)	23,939	21,090	-	-	21,090	2,849
Public Safety Expansion - Fire	12,421	46	-	19,136	(243)	31,361	17,521	-	-	17,521	13,840
Public Safety Expansion - Police	25,208	73	-	76,550	(1,316)	100,515	89,143	-	-	89,143	11,373
Regional Transit	3,190	45,672	-	-	-	48,862	41,378	13,002	-	54,380	(5,519) ^{2/}
Regional Wireless Cooperative	1,915	5,632	6	-	-	7,553	5,791	-	-	5,791	1,763
Secondary Property Tax	100	128,978	-	67,084	-	196,161	-	-	196,061	196,061	100
Sports Facilities	65,353	3,878	-	25,603	(15,674)	79,160	8,066	4,424	-	12,490	66,670
Transportation 2050	282,246	38,157	1,085	326,455	(5,188)	642,754	235,238	368,232	-	603,470	39,284
Other Restricted	127,141	31,426	37	38,721	(9,650)	187,675	60,396	12,862	-	73,258	114,417
Grants	49,340	766,553	28	-	(273)	815,648	568,559	213,570	-	782,129	33,520
Total Special Revenue Funds	861,530	3,117,869	2,223	757,221	(1,885,285)	2,853,558	1,319,740	835,451	266,175	2,421,366	432,192
Enterprise Funds											
Aviation	435,530	508,516	1,588	17,063	(11,192)	951,505	322,659	187,920	101,192	611,771	339,734
Convention Center	61,275	17,802	560	73,883	(3,621)	149,900	57,987	2,781	17,465	78,233	71,666
Solid Waste	23,612	196,668	190	-	(12,244)	208,227	166,624	20,478	15,174	202,276	5,951
Wastewater	197,336	268,890	1,205	28,093	(45,897)	449,628	140,847	90,162	74,395	305,404	144,224
Water	138,264	525,269	1,889	20,970	(47,190)	639,202	289,352	152,489	137,519	579,360	59,842
Total Enterprise Funds	856,018	1,517,145	5,432	140,010	(120,144)	2,398,461	977,469	453,829	345,745	1,777,044	621,417
Total Operating Funds	1,902,925	5,049,647	8,655	2,215,676	(2,145,452)	7,031,450	4,028,475	1,337,446	611,920	5,977,841	1,053,609

^{1/} General fund sales tax revenue is reflected as a transfer-in from the excise tax fund. Total transfer equates to \$1,172.7 million, and is included in the General Funds revenue total of \$1,587.3 million shown on Schedule 2.

^{2/} The negative balance in Regional Transit is due to the timing of reimbursements for project costs from the regional transportation plan (Proposition 400).

SCHEDULE 2
REVENUES BY MAJOR SOURCE

(In Thousands of Dollars)

Revenue Source	2020-21 Actual	2021-22 Estimate	Increase/(Decrease) From 2020-21 Actual		2022-23 Budget	Increase/(Decrease) From 2021-22 Estimate	
			Amount	Percent		Amount	Percent
GENERAL FUND							
Local Taxes and Related Fees	558,952	611,487	52,535	9.4%	632,260	20,773	3.4%
State-Shared Revenues							
Sales Tax	201,292	223,359	22,067	11.0%	227,155	3,796	1.7%
State Income Tax	240,237	213,294	(26,943)	-11.2%	310,387	97,093	45.5%
Vehicle License Tax	79,768	79,000	(768)	-1.0%	83,100	4,100	5.2%
Subtotal	521,297	515,653	(5,644)	-1.1%	620,642	104,989	20.4%
Primary Property Tax	182,043	191,294	9,251	5.1%	199,194	7,900	4.1%
User Fees/Other Revenue							
Licenses & Permits	2,694	2,847	153	5.7%	2,872	25	0.9%
Cable Communications	9,424	9,200	(224)	-2.4%	9,000	(200)	-2.2%
Fines and Forfeitures	9,211	8,256	(955)	-10.4%	8,184	(72)	-0.9%
Court Default Fee	1,288	920	(368)	-28.6%	920	-	0.0%
Fire	50,109	60,023	9,914	19.8%	61,831	1,808	3.0%
Hazardous Materials Inspection Fee	1,464	1,500	36	2.5%	1,500	-	0.0%
Library Fees	119	387	268	+100.0%	399	12	3.1%
Parks and Recreation	3,671	4,669	998	27.2%	5,722	1,053	22.6%
Planning	1,723	1,792	69	4.0%	1,828	36	2.0%
Police	12,637	14,766	2,129	16.8%	14,154	(612)	-4.1%
Street Transportation	5,881	9,107	3,226	54.9%	6,831	(2,276)	-25.0%
Other Service Charges	15,026	14,715	(311)	-2.1%	19,193	4,478	30.4%
Other	3,447	3,332	(115)	-3.3%	2,775	(557)	-16.7%
Subtotal	116,694	131,514	14,820	12.7%	135,209	3,695	2.8%
Coronavirus Relief Fund ^{1/}	109,126	-	(109,126)	-100.0%	-	-	NA
Total General Funds	1,488,112	1,449,948	(38,164)	-2.6%	1,587,305	137,357	9.5%

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

Revenue Source	2020-21 Actual	2021-22 Estimate	Increase/(Decrease)		2022-23 Budget	Increase/(Decrease)	
			From 2020-21 Actual	Percent		From 2021-22 Estimate	Percent
SPECIAL REVENUE FUNDS							
Neighborhood Protection	44,353	46,698	2,345	5.3%	48,135	1,437	3.1%
2007 Public Safety Expansion	89,914	92,932	3,018	3.4%	95,805	2,873	3.1%
Public Safety Enhancement	26,901	25,436	(1,465)	-5.4%	25,821	385	1.5%
Parks and Preserves	43,000	47,418	4,418	10.3%	48,735	1,317	2.8%
Transit 2000 ^{2/}	(3)	-	3	100.0%	-	-	NA
Transporation 2050 ^{2/}	293,470	341,902	48,432	16.5%	364,612	22,710	6.6%
Court Awards	1,982	8,377	6,395	+100.0%	4,533	(3,844)	-45.9%
Development Services	70,968	80,028	9,060	12.8%	81,725	1,697	2.1%
Capital Construction	7,060	6,211	(849)	-12.0%	6,299	88	1.4%
Sports Facilities	18,164	27,742	9,578	52.7%	28,455	713	2.6%
Arizona Highway User Revenue	147,054	153,079	6,025	4.1%	154,999	1,920	1.3%
Regional Transit Revenues	20,685	22,609	1,924	9.3%	45,672	23,063	+100.0%
Community Reinvestment	7,011	6,296	(715)	-10.2%	6,045	(251)	-4.0%
City Improvement	1	-	(1)	-100.0%	-	-	NA
Secondary Property Tax	119,697	123,686	3,989	3.3%	128,978	5,292	4.3%
Regional Wireless Cooperative	5,290	5,530	240	4.5%	5,632	102	1.9%
Golf Courses	9,192	9,485	293	3.2%	9,562	77	0.8%
Impact Fee Program Administration	621	737	116	18.7%	761	24	3.3%
Other Restricted Revenues	33,687	45,092	11,405	33.9%	48,991	3,899	8.6%
<u>Grants</u>							
Public Housing Grants	108,091	127,299	19,208	17.8%	137,673	10,374	8.1%
Human Services Grants	82,247	153,407	71,160	86.5%	76,011	(77,396)	-50.5%
Community Development	17,303	33,936	16,633	96.1%	54,729	20,793	61.3%
Criminal Justice	10,274	13,493	3,219	31.3%	10,296	(3,197)	-23.7%
Public Transit Grants	141,732	183,616	41,884	29.6%	96,562	(87,054)	-47.4%
Other Grants	134,339	171,531	37,192	27.7%	391,283	219,752	+100.0%
Subtotal - Grants	493,986	683,282	189,296	38.3%	766,554	83,272	12.2%
Subtotal Special Revenue Funds	1,433,033	1,726,539	293,506	20.5%	1,871,314	144,775	8.4%
ENTERPRISE FUNDS							
Aviation	391,196	516,966	125,770	32.2%	508,516	(8,450)	-1.6%
Water System	492,162	484,368	(7,794)	-1.6%	525,269	40,901	8.4%
Wastewater System	254,744	259,420	4,676	1.8%	268,890	9,470	3.7%
Solid Waste	186,310	194,202	7,892	4.2%	196,668	2,466	1.3%
Convention Center	57,923	84,998	27,075	46.7%	91,685	6,687	7.9%
Subtotal Enterprise Funds	1,382,335	1,539,953	157,618	11.4%	1,591,028	51,075	3.3%
GRAND TOTAL	4,303,480	4,716,440	412,960	9.6%	5,049,647	333,207	7.1%

^{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 transportation plan with a 35 year sunset date. The proposition increased the transaction privilege (sales) tax rates by 0.3% for various business activities.

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

	2020-21	2021-22		2022-23	Percent Change from 2021-22	
	Actuals	Budget	Estimate	Budget	Budget	Estimate
General Government						
Mayor's Office	2,020	2,323	2,447	2,507	8.0%	2.5%
City Council	4,162	5,577	6,175	6,384	14.5%	3.4%
City Manager's Office	10,300	8,826	8,817	9,383	6.3%	6.4%
City Auditor	2,655	3,174	2,953	3,323	4.7%	12.5%
Information Technology Services	68,333	60,974	63,656	82,055	34.6%	28.9%
Equal Opportunity	2,703	3,453	3,389	3,499	1.3%	3.2%
City Clerk	5,519	7,475	5,408	8,631	15.5%	59.6%
Human Resources	21,440	19,762	53,082	29,253	48.0%	-44.9%
Retirement Systems	48	-	299	641	+100.0%	+100.0%
Phoenix Employment Relations Board	96	124	117	118	-4.8%	0.9%
Law	6,351	6,737	7,758	9,318	38.3%	20.1%
Budget and Research	3,597	4,311	4,272	4,806	11.5%	12.5%
Regional Wireless Cooperative	5,134	5,485	5,776	5,791	5.6%	0.3%
Finance	36,980	33,541	43,221	28,138	-16.1%	-34.9%
Communications Office	2,762	3,159	3,542	3,635	15.1%	2.6%
Government Relations	1,479	1,259	1,256	1,313	4.3%	4.5%
Total General Government	173,577	166,180	212,164	198,796	19.6%	-6.3%
Public Safety						
Police	710,733	786,708	780,987	849,795	8.0%	8.8%
Fire	410,820	462,262	463,802	495,886	7.3%	6.9%
Homeland Security & Emergency Management	574	690	280	-	-100.0%	-100.0%
Total Public Safety	1,122,127	1,249,660	1,245,069	1,345,681	7.7%	8.1%
Criminal Justice						
City Prosecutor	19,087	19,210	18,810	22,536	17.3%	19.8%
Municipal Court	33,216	37,489	35,710	40,556	8.2%	13.6%
Public Defender	5,060	5,634	7,470	5,822	3.3%	-22.1%
Total Criminal Justice	57,363	62,334	61,991	68,914	10.6%	11.2%
Transportation						
Street Transportation	96,546	115,853	116,030	124,589	7.5%	7.4%
Aviation	341,594	352,246	352,222	305,899	-13.2%	-13.2%
Public Transit	217,825	277,014	257,830	293,260	5.9%	13.7%
Total Transportation	655,965	745,113	726,083	723,749	-2.9%	-0.3%

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

	2020-21	2021-22		2022-23	Percent Change from 2021-22	
	Actuals	Budget	Estimate	Budget	Budget	Estimate
Community Development						
Planning and Development	66,451	81,254	79,882	90,299	11.1%	13.0%
Housing	105,587	113,507	119,035	123,674	9.0%	3.9%
Community and Economic Development	20,512	13,882	23,645	18,932	36.4%	-19.9%
Neighborhood Services	48,380	82,998	47,042	75,067	-9.6%	59.6%
Total Community Development	240,931	291,641	269,604	307,973	5.6%	14.2%
Community Enrichment						
Office of Arts and Culture	6,725	4,773	8,096	7,092	48.6%	-12.4%
Parks and Recreation	110,155	124,443	123,438	137,593	10.6%	11.5%
Library	40,194	44,860	45,380	49,254	9.8%	8.5%
Phoenix Convention Center	46,781	48,223	49,298	58,954	22.3%	19.6%
Human Services	153,919	147,633	203,167	195,628	32.5%	-3.7%
Total Community Enrichment	357,774	369,932	429,379	448,521	21.2%	4.5%
Environmental Services						
Office of Sustainability	980	910	850	1,036	13.8%	21.9%
Environmental Programs	3,649	1,997	10,368	4,227	+100.0%	-59.2%
Public Works	22,369	23,368	38,020	39,782	70.2%	4.6%
Solid Waste Disposal	151,821	170,439	168,340	165,418	-2.9%	-1.7%
Water Services	330,788	364,980	365,568	405,514	11.1%	10.9%
Total Environmental Services	509,608	561,694	583,146	615,977	9.7%	5.6%
Non-Departmental Operating						
Contingencies	-	203,664	-	186,288	-8.5%	+100.0%
Other Non-Departmental ^{2/}	-	405,000	(20,000)	132,576	-67.3%	+100.0%
Total Non-Departmental Operating	-	608,664	(20,000)	318,864	-47.6%	+100.0%
Total	3,117,345	4,055,219	3,507,436	4,028,475	-0.7%	14.9%

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

2/ Other Non-Departmental consists of Coronavirus State and Local Fiscal Recovery Funds (SLFRF) and Unassigned Vacancy Savings.

SCHEDULE 4
2022-23 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	2,507	2,507	-	-
City Council	6,384	6,384	-	-
City Manager's Office	9,383	8,758	357	268
City Auditor	3,323	3,323	-	-
Information Technology Services	82,055	81,198	87	770
Equal Opportunity	3,499	3,011	488	-
City Clerk	8,631	8,630	-	-
Human Resources	29,253	29,253	-	-
Retirement Systems	641	15	626	-
Phoenix Employment Relations Board	118	118	-	-
Law	9,318	9,318	-	-
Budget and Research	4,806	4,806	-	-
Regional Wireless Cooperative	5,791	-	5,791	-
Finance	28,138	25,546	1,354	1,238
Communications Office	3,635	3,409	227	-
Government Relations	1,313	1,313	-	-
Total General Government	198,796	187,590	8,930	2,276
Public Safety				
Police	849,795	659,530	190,265	-
Fire	495,886	429,045	66,841	-
Total Public Safety	1,345,681	1,088,575	257,106	-
Criminal Justice				
City Prosecutor	22,536	20,448	2,088	-
Municipal Court	40,556	37,568	2,988	-
Public Defender	5,822	5,822	-	-
Total Criminal Justice	68,914	63,838	5,076	-
Transportation				
Street Transportation	124,589	24,194	100,396	-
Aviation	305,899	-	3,788	302,111
Public Transit	293,260	1,891	291,369	-
Total Transportation	723,749	26,085	395,553	302,111

SCHEDULE 4 (Continued)
2022-23 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	90,299	6,608	83,692	-
Housing	123,674	2,063	121,610	-
Community and Economic Development	18,932	9,599	8,632	702
Neighborhood Services	75,067	18,478	56,590	-
Total Community Development	307,973	36,748	270,523	702
Community Enrichment				
Office of Arts and Culture	7,092	5,242	1,850	-
Parks and Recreation	137,593	117,261	20,332	-
Library	49,254	45,841	3,414	-
Phoenix Convention Center	58,954	3,723	841	54,390
Human Services	195,628	26,042	169,206	380
Total Community Enrichment	448,521	198,108	195,643	54,770
Environmental Services				
Office of Sustainability	1,036	698	338	-
Environmental Programs	4,227	1,561	2,066	599
Public Works	39,782	27,275	12,508	-
Solid Waste Disposal	165,418	-	-	165,418
Water Services	405,514	-	2,421	403,093
Total Environmental Services	615,977	29,534	17,333	569,110
Non-Departmental Operating				
Contingencies	186,288	120,788	17,000	48,500
Other Non-Departmental ^{2/}	132,576	(20,000)	152,576	-
Total Non-Departmental Operating	318,864	100,788	169,576	48,500
Total	4,028,475	1,731,266	1,319,740	977,469

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

2/ Other Non-Departmental consists of Coronavirus State and Local Fiscal Recovery Funds (SLFRF) and Unassigned Vacancy Savings.

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

	2020-21 Actual	2021-22 Estimate	2022-23 Budget
Operating Funds			
City Improvement			
Economic Development	4,199	3,911	5,528
Finance and General Government	3,955	64,690	12,584
Fire	381	253	1,287
Housing	70	74	73
Human Resources	648	363	581
Human Services	47	4	94
Information Technology	10,300	1,840	10,965
Issuance Costs	351	-	-
Municipal Court	5,870	5,076	5,071
Parks and Recreation	176	24	454
Police	393	339	1,562
Public Transit	447	-	-
Public Works	6,976	6,380	12,141
Sports Facilities	12,169	12,708	13,128
Street Transportation	4,759	2,577	6,646
Sub-Total City Improvement	50,742	98,239	70,114
Secondary Property Tax			
Cultural Facilities	16,925	20,260	21,945
Education & Economic Development	5,034	4,164	16,200
Environmental Improvement	1,567	268	547
Fire Protection	7,825	8,039	8,925
Freeway Mitigation	539	541	632
Historic Preservation	1,490	1,474	1,520
Housing	5,131	4,348	-
Human Services & Senior Centers	2,472	2,225	332
Information Systems	3,491	3,037	71
Issuance Costs	-	285	1,065
Library	7,051	7,206	7,289
Maintenance Service Centers	761	654	245
Municipal Facilities	-	-	59,500
Neighborhood Services	5,142	1,362	763
Parks & Mountain Preserves	18,356	19,862	19,165
Police	9,634	10,676	13,598
Police, Fire & Technology	12,034	12,088	9,607
Storm Sewers	20,417	20,796	21,546
Street Improvements	10,979	12,065	13,110
Sub-Total Secondary Property Tax	128,846	129,349	196,061
Aviation	125,427	106,702	101,192
Convention Center	20,639	20,763	17,465
Solid Waste	14,977	15,227	15,174
Wastewater	71,775	74,389	74,395
Water	134,138	134,980	137,519
Total Operating Funds	546,544	579,650	611,920

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

	2020-21 Actual	2021-22 Estimate	2022-23 Budget
Bond Funds			
Convention Center	119	-	-
Water	299	474	-
Other	117	352	900
Total Bond Funds	534	826	900
Other Capital Funds			
Customer Facility Charges	15,556	6,137	20,563
Federal, State and Other Participation	23,998	24,498	24,999
Passenger Facility Charges	21,763	51,763	56,761
Total Other Capital Funds	61,317	82,399	102,323
Total Debt Service	608,395	662,874	715,143
 <u>Type of Expenditure</u>			
Principal	298,396	348,338	412,701
Interest and Other	309,998	314,537	302,444
Total Debt Service Expenditures	608,395	662,874	715,143

SCHEDULE 6
SUMMARY OF 2022-23 CAPITAL IMPROVEMENT PROGRAM
FINANCED BY OPERATING FUNDS
(In Thousands of Dollars)

	2020-21 Actuals	2021-22 Estimate	2022-23 Budget
<u>Use of Funds</u>			
Aviation	26,876	26,685	188,444
Economic Development	2,520	3,630	41,021
Environmental Programs	143	250	250
Facilities Management	13,964	12,495	23,256
Fire Protection	4,147	1,880	11,060
Historic Preservation & Planning	11,053	648	15,503
Housing	13,478	12,479	76,428
Information Technology	5,182	14,678	22,945
Libraries	272	1,556	4,439
Neighborhood Services	1,175	5,511	7,369
Parks, Recreation & Mountain Preserves	31,410	39,694	84,467
Phoenix Convention Center	5,744	9,627	10,943
Public Art Program	277	2,255	1,941
Public Transit	189,312	178,787	371,668
Solid Waste Disposal	7,726	14,022	17,839
Street Transportation & Drainage	91,298	108,599	216,400
Wastewater	32,881	67,481	88,233
Water	61,781	101,532	155,240
Total Operating Funds	499,240	601,810	1,337,446
<u>Source of Funds</u>			
General Funds			
General Fund	25,863	24,443	46,973
Library	272	717	1,193
Parks	2,972	-	-
Total General Funds	29,106	25,160	48,165
Special Revenue Funds			
Arizona Highway User Revenue	66,730	62,833	91,598
Capital Construction	4,037	7,647	25,398
Community Reinvestment	992	2,325	7,968
Development Services	11,926	1,343	15,755
Golf	1,817	1,000	2,000
Grants	46,447	63,836	213,570
Other Restricted	6,685	9,827	12,862
Parks and Preserves	23,224	30,937	80,643
Regional Transit	9,034	3,867	13,002
Sports Facilities	5,758	2,073	4,424
Transportation 2050	159,655	189,404	368,232
Total Special Revenue Funds	336,304	375,090	835,451
Enterprise Funds			
Aviation	27,116	27,083	187,920
Convention Center	3,058	133	2,781
Solid Waste	8,068	5,724	20,478
Wastewater	33,277	67,884	90,162
Water	62,311	100,736	152,489
Total Enterprise Funds	133,830	201,560	453,829
Total Operating Funds	499,240	601,810	1,337,446

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

	2020-21 Actuals	2021-22 Estimate	2022-23	
			Budget	Increase/ (Decrease)
Transfers to the General Fund				
<u>Enterprise Funds</u>				
Aviation				
Central Service Cost Allocation	10,117	10,233	10,233	-
Water Funds				
Central Service Cost Allocation	10,014	10,846	10,846	-
In-Lieu Property Taxes	16,367	16,456	17,396	940
Total	26,381	27,302	28,242	940
Wastewater Funds				
Central Service Cost Allocation	6,676	7,231	7,231	-
In-Lieu Property Taxes	9,834	9,916	10,431	515
Total	16,510	17,147	17,662	515
Solid Waste				
Central Service Cost Allocation	6,952	8,935	8,935	-
In-Lieu Property Taxes	1,256	1,232	1,307	75
Total	8,208	10,167	10,242	75
Convention Center				
Central Service Cost Allocation	3,044	2,721	2,721	-
Total From Enterprise Funds	64,260	67,570	69,100	1,530

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

	2020-21 Actuals	2021-22 Estimate	2022-23	
			Budget	Increase/ (Decrease)
Special Revenue Funds				
Excise				
Transfer to General Fund	1,003,175	1,050,987	1,172,674	121,687
Development Services				
Central Service Cost Allocation	4,440	5,261	5,261	-
Sports Facilities				
Central Service Cost Allocation	148	103	103	-
Phoenix Union Parking Maintenance	79	-	-	-
Total	227	103	103	-
Public Housing In-Lieu Property Taxes	171	200	200	-
ASU Facilities Operations Fund	-	128	573	445
Downtown Community Reinvestment Fund	2,064	2,065	2,066	1
T2050 Central Service Costs	1,063	1,048	1,048	-
Neighborhood Protection Central Service Costs	561	519	519	-
Public Safety Enhancement Central Service Costs	416	419	419	-
Public Safety Expansion Central Service Costs	1,037	1,148	1,148	-
Housing Central Office Central Service Costs	371	287	287	-
General Trust	132	-	-	-
Library Reserve Fund	-	1,689	1,721	32
Total From Special Revenue Funds	1,013,657	1,063,854	1,186,019	122,165
Total Transfers to the General Fund	1,077,917	1,131,424	1,255,119	123,695
Transfers from the General Fund				
Self Insurance Retention Reserve	(8,500)	-	-	-
Strategic Economic Development Fund	(1,000)	(1,200)	(1,200)	-
Public Safety Other Restricted Fund	(16,000)	(17,000)	(17,000)	-
Public Safety Pension Reserve Fund	(1,000)	(1,000)	(1,000)	-
Aviation-Emergency Transportation Services	-	(100)	(100)	-
Community Facilities Districts-Restricted Fund	(200)	(148)	(420)	(272)
Fire SCBA Sinking Fund	-	(10,000)	(1,000)	9,000
Aerial Fleet Capital Reserve Fund	(5,000)	(7,000)	(7,000)	-
Retiree Medical Expense Reimbursement	(8,250)	-	-	-
Worker's Compensation	(8,250)	-	-	-
Library Reserve Fund	(371)	-	-	-
Unemployment Compensation	-	(500)	-	500
Restructured Savings Debt Service Reserve	-	(27,038)	-	27,038
Retiree Rate Stabilization Fund	(1,028)	(1,026)	(1,026)	-
Parks Gifts and Donations	-	(4,840)	-	4,840
Infrastructure Repayment Agreements	(1,275)	(1,574)	(2,281)	(707)
City Improvement - 100 W. Washington Loan	-	(60,763)	-	60,763
City Improvement - Library	(112)	(39)	(116)	(77)
City Improvement	(29,293)	(19,184)	(45,555)	(26,371)
Total Transfers from the General Fund	(80,279)	(151,412)	(76,698)	74,714
Net Transfers to the General Fund	997,638	980,012	1,178,421	198,409

SCHEDULE 8
POSITIONS BY DEPARTMENT
Number of Full Time Equivalent Positions

	2020-21 Actual	2021-22 Adopted	2021-22 Estimate	Estimate less Adopted	2022-23 Budget	Budget less Estimate
General Government						
Mayor's Office	17.3	14.3	15.0	0.7	15.0	0.0
City Council	34.0	32.0	41.5	9.5	41.5	0.0
City Manager's Office	32.9	33.9	56.5	22.6	56.5	0.0
City Auditor	25.4	25.4	25.4	0.0	25.4	0.0
Information Technology Services	206.0	209.0	215.0	6.0	215.0	0.0
Equal Opportunity	27.0	27.0	27.0	0.0	27.0	0.0
City Clerk	51.5	51.5	51.7	0.2	51.5	(0.2)
Human Resources	118.7	118.7	127.7	9.0	128.7	1.0
Retirement Systems	16.0	16.0	18.0	2.0	18.0	0.0
Phoenix Employment Relations Board	1.0	1.0	1.0	0.0	1.0	0.0
Law	66.0	67.0	71.0	4.0	72.0	1.0
Budget and Research	25.0	25.0	29.0	4.0	29.0	0.0
Regional Wireless Cooperative	4.0	4.0	4.0	0.0	4.0	0.0
Finance	218.0	214.0	218.0	4.0	218.0	0.0
Communications Office	19.1	20.1	21.1	1.0	21.1	0.0
Government Relations	5.0	5.0	5.0	0.0	5.0	0.0
Total General Government	866.9	863.9	926.9	63.0	928.7	1.8
Public Safety						
Police	4,367.9	4,436.6	4,471.9	35.3	4,527.9	56.0
Fire	2,128.8	2,277.7	2,288.7	11.0	2,280.7	(8.0)
Homeland Security & Emergency Management	7.0	7.0	0.0	(7.0)	0.0	0.0
Total Public Safety	6,503.7	6,721.3	6,760.6	39.3	6,808.6	48.0
Criminal Justice						
City Prosecutor	148.0	148.0	155.5	7.5	167.5	12.0
Municipal Court	274.0	279.0	279.0	0.0	281.0	2.0
Public Defender	11.0	11.0	11.0	0.0	13.0	2.0
Total Criminal Justice	433.0	438.0	445.5	7.5	461.5	16.0
Transportation						
Street Transportation	727.0	734.0	736.0	2.0	743.0	7.0
Aviation	889.0	889.0	891.0	2.0	920.0	29.0
Public Transit	121.0	121.0	122.0	1.0	127.0	5.0
Total Transportation	1,737.0	1,744.0	1,749.0	5.0	1,790.0	41.0

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

	2020-21 Actual	2021-22 Adopted	2021-22 Estimate	Estimate less Adopted	2022-23 Budget	Budget less Estimate
Community Development						
Planning and Development	469.8	480.8	519.8	39.0	533.8	14.0
Housing	124.0	126.0	127.0	1.0	126.0	(1.0)
Community and Economic Development	57.0	59.0	61.0	2.0	61.0	0.0
Neighborhood Services	190.0	191.0	194.0	3.0	200.0	6.0
Total Community Development	840.8	856.8	901.8	45.0	920.8	19.0
Community Enrichment						
Office of Arts and Culture	11.0	11.0	11.0	0.0	11.0	0.0
Parks and Recreation	1,018.0	1,050.0	1,054.0	4.0	1,060.6	6.6
Library	399.0	402.8	400.9	(1.9)	403.1	2.2
Phoenix Convention Center	219.0	219.0	219.0	0.0	219.0	0.0
Human Services	393.0	395.0	427.0	32.0	411.0	(16.0)
Total Community Enrichment	2,040.0	2,077.8	2,111.9	34.1	2,104.7	(7.2)
Environmental Services						
Office of Sustainability	5.0	4.0	5.0	1.0	5.0	0.0
Environmental Programs	11.0	11.0	14.0	3.0	13.0	(1.0)
Public Works	431.0	443.0	445.0	2.0	456.0	11.0
Solid Waste Disposal	627.5	633.5	634.5	1.0	628.5	(6.0)
Water Services	1,485.0	1,485.0	1,491.0	6.0	1,529.0	38.0
Total Environmental Services	2,559.5	2,576.5	2,589.5	13.0	2,631.5	42.0
Total	14,980.9	15,278.3	15,485.2	206.9	15,645.8	160.6





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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