

2023-2024

# PHOENIX

## SUMMARY BUDGET



INVESTING IN THE FUTURE OF PHOENIX





PHOENIX 2023-2024  
**SUMMARY**  
 **BUDGET**



City of Phoenix

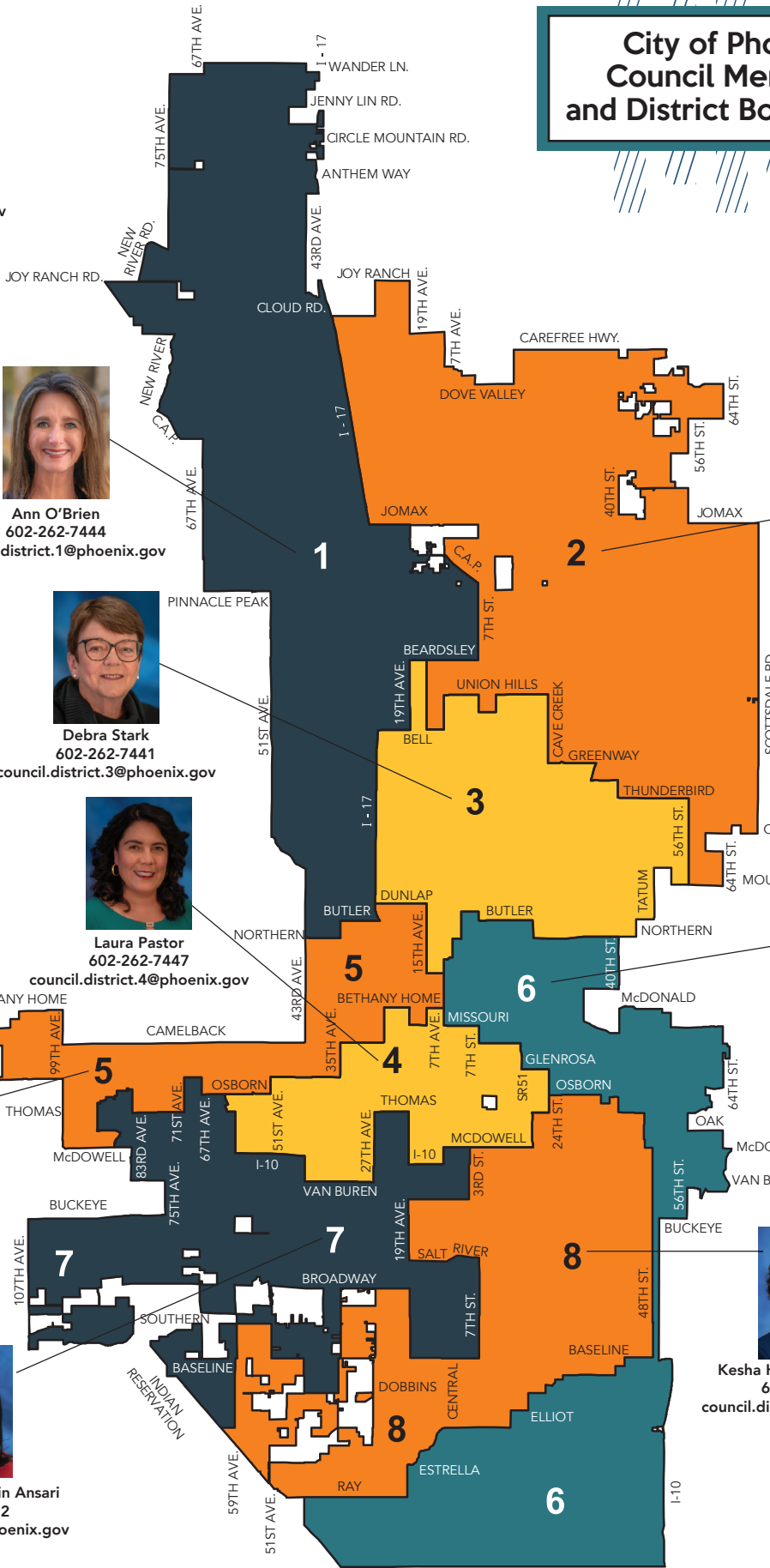


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August 2023

# City of Phoenix Council Members and District Boundaries



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# CITY OF PHOENIX

## Mayor and City Council

Kate Gallego  
Mayor

Yassamin Ansari  
Vice Mayor  
District 7

Ann O'Brien  
District 1

Jim Waring  
District 2

Debra Stark  
District 3

Laura Pastor  
District 4

Betty Guardado  
District 5

Kevin Robinson  
District 6

Kesha Hodge Washington  
District 8

## Mayor's Office

Willa Altman-Kaough,  
Interim Chief of Staff

## City Council Office

Stephanie Bracken  
Council Chief of Staff

## Management Staff

Jeff Barton  
City Manager

Lori Bays  
Assistant City Manager

John Chan  
Interim Deputy City Manager

Inger Erickson  
Deputy City Manager

Gina Montes  
Deputy City Manager

Mario Paniagua  
Deputy City Manager

Ginger Spencer  
Deputy City Manager

Alan J. Stephenson  
Deputy City Manager

## Department Heads

Cynthia Aguilar  
Parks and Recreation Director

Denise Archibald  
City Clerk

Joshua Bednarek  
Planning and Development  
Director

John Chan  
Phoenix Convention Center  
Director

Michael Duran  
Fire Chief

Marchelle F. Franklin  
Human Services Director

Eric Froberg  
Interim Public Works Director

Kathleen Gitkin  
Chief Financial Officer

Steen Hambric  
Chief Information Officer

Rita Hamilton  
City Librarian

Troy Hayes  
Water Services Director

Kini Knudson  
Street Transportation Director

Julie Kriegh  
City Attorney

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

Frank McCune  
Government Relations Director

Jesús Sapien  
Public Transit Director

Spencer Self  
Neighborhood Services Director

Michael Sullivan  
Interim Police Chief

Ross Tate  
City Auditor

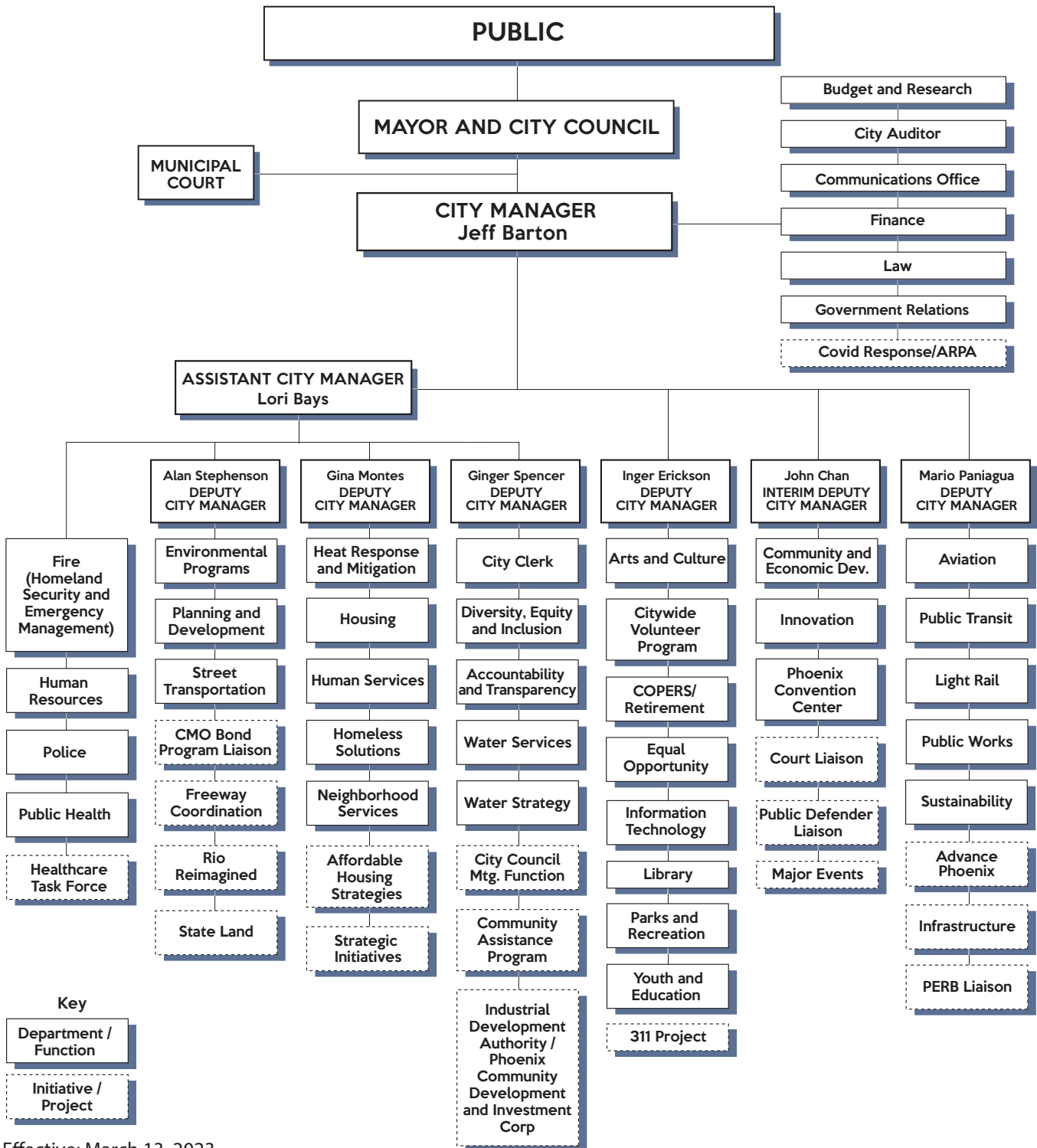
Amber Williamson  
Budget and Research Director

Dan Wilson  
Communications Office Director

## Chief Presiding Judge

B. Don Taylor III

# CITY OF PHOENIX ORGANIZATIONAL CHART



Effective: March 13, 2023





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# BUDGET DOCUMENT OVERVIEW

This overview outlines the 2023-24 Annual Budget. This budget document can be accessed at [phoenix.gov/budget](https://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 2023-24. 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 2023-28 Capital Improvement Program provides Phoenix's planned construction program by project and detailed sources of funds.

A more detailed description of the 2023-24 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 our mission statement, values and focus areas highlighting initiatives and accomplishments all designed to ensure the City of Phoenix is sustainable, and a great place to live, work and visit.

## COMMUNITY PROFILE AND TRENDS

This section includes key demographic, financial and infrastructure profile measures. Estimates or projections are provided for 2022-23 and 2023-24 as well as actual results for recent and historical periods.

## 2023-24 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 2023-24 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.

## 2023-24 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 2023-28 Capital Improvement Program.

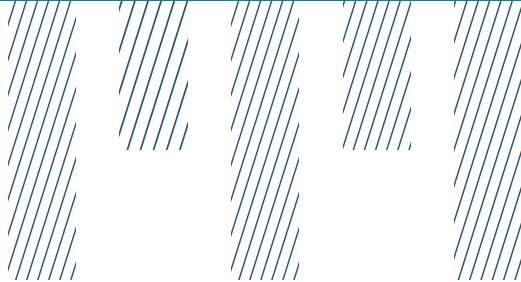
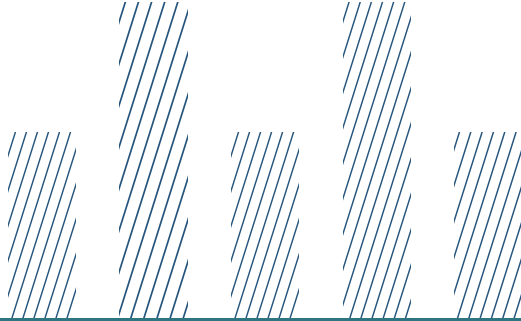
## SCHEDULES

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, 2022**

*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, 2022.

In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan and as a communications device.

This award is valid for a period of one year only. We believe our current budget continues to conform to program requirements, and we are submitting it to GFOA to determine its eligibility for another award.



# CITY MANAGER'S BUDGET MESSAGE



## TO THE HONORABLE MAYOR AND CITY COUNCIL:

This letter transmits the balanced 2023-24 City of Phoenix Budget required by City Charter.

The 2023-24 City of Phoenix Budget includes critical additions to build the Phoenix of tomorrow and reflects City Council and community priorities. As a result of the growing and diversified Phoenix economy, along with strategic actions taken by City Council and City Management, the budget remains balanced with an optimistic outlook. The planned use of resources will improve City programs and invest in our employees, our most important asset, to ensure we continue to provide exceptional service to our residents.

As reflected in the 2023-24 General Fund (GF) Status, the \$134 million projected surplus is allocated to employee compensation increases and to a variety of critical service areas. The majority of the surplus is earmarked for honoring the City Council approved labor agreements and provides the resources necessary to competitively pay our employees. The City has experienced significant hiring challenges due to the competitive labor market and the investment of \$114 million in our employees is crucial to attract and retain the best talent who do the work every day to serve the community. The remaining \$20 million of the surplus is allocated to a variety of programs and services with \$5 million earmarked for the General Fund contingency fund, or "rainy day" fund, to ensure resources are available in the event of an economic downturn in the future.

The 2023-24 GF Budget includes \$15 million in service additions that will continue to move the City forward in addressing several key priorities. To develop these additions, the City actively engaged residents to ensure the budget reflects community input. The supplemental additions totaling \$15 million provide needed resources in the following areas:

- Continuity of Services for Vulnerable Populations - \$7.6 million
- Enhanced Public Safety Responsiveness and Criminal Justice Support - \$3.8 million
- Healthy Neighborhoods and Community Enrichment - \$3.6 million

## Community Engagement

The City of Phoenix budget process encourages community participation to guide decision making. In order to facilitate feedback, a total of twelve budget hearings were held from April 3, 2023 to April 15, 2023. The proposed budget additions were also made available on the City's website and in the FundPHX tool available at [phoenix.gov/budget](http://phoenix.gov/budget). Residents also communicated priorities via email at [budget.research@phoenix.gov](mailto:budget.research@phoenix.gov) and by calling 602-262-4800. In total, we received 720 comments from 362 individuals.

Consistent themes of resident input included:

- Preserve existing services provided by the City.
- Requests for new cricket fields.
- Additional funding for park improvements and security.
- Support for arts and culture grant funding.
- Resources to address homelessness and affordable housing.
- Support for public safety additions.
- Additional funding for roadway, bike and pedestrian safety projects.
- Requests for additional street and bus stop cleaning.
- Support for the Gated Alley Program.
- Support for employee compensation increases.

Public participation demonstrated a variety of opinions and priorities of residents. While not all input could be directly accommodated in the budget, resident feedback was shared with the City Council and is extremely important to set budget and policy discussions for the future.

## Overview of 2023-24 Budget

**General Fund Budget:** The proposed balanced 2023-24 GF budget is \$2,028.7 million. This is a \$249.2 million increase or 14.0 percent from the adopted 2022-23 GF Budget of \$1,779.4 million. The increase accounts for the proposed additions detailed earlier and higher costs associated with employee salaries and fringe benefits, including health insurance and pension, increased costs for vehicle replacements and Fire apparatus, cost increases in capital equipment and expected pay-as-you-go projects, estimated costs for implementation of the classification and compensation study, and a higher contingency amount to achieve 4.5 percent of operating costs. Inflation has also dramatically impacted several expenditure categories including commodities and contractals such as fuel, compressed natural gas, electricity, motor vehicle parts, plumbing supplies, custodial and security services, machinery and equipment repair, and facility maintenance costs.

The increase also accounts for higher costs for public safety pensions, detailed in the Trial Budget report and presented to City Council on March 21, 2023. Projected GF resources are estimated at \$2,028.7 million and includes the estimated beginning balance of \$204.0 million, estimated revenue of \$1,830.9 million and net interfund transfers and recoveries of -\$6.3 million, which include interfund transfers for central services, in-lieu property taxes, capital equipment and projects, debt service, infrastructure repayment agreements, resources to support the Public Safety Specialty Funds and Pension Reserve Fund. GF revenues of \$1,830.9 million represent annual growth of 10.3 percent over 2022-23 and is largely due to growth in state shared income tax, which is based on collections from two years prior and is artificially high because of the State's decision to increase the percentage share with cities and towns from 15 to 18 percent to mitigate impacts from reducing the individual income tax rate. Revenue growth also includes estimated increases in City and state sales taxes. Additional detail on the 2023-24 GF Budget is provided in the Resources and Expenditure section of this document.

**General Fund Additions:** The 2023-24 budget preserves existing programs and will positively impact employees and the community. Additions totaling \$134.0 million by City Council and community priority areas include:

### Employee Compensation - \$114.0 million

The City is experiencing significant vacancies across all departments due to a combination of the competitive labor market and below-market salaries for many job classifications. The current vacancy rate as of March 2023 for all City funds is 17 percent. Vacancies can impact service delivery to residents and cause existing employees to carry the burden for unfilled positions. Because of this, the GF budget allocates 85 percent of the surplus, or \$114 million, to increase employee compensation. This amount includes \$20 million to be set-aside for potential employee compensation increases in 2024-25 and beyond. Additionally, the City Council approved the recommendations from the recently completed Classification and Compensation study to fill

vacant positions and retain existing employees. Estimated costs for implementing the study have been accounted for in the projected expenditures for 2023-24 for all City funds.

### Continuity of Services for Vulnerable Populations - \$7.6 million

To ensure vulnerable populations can continue receiving vital services at risk due to expiring or reduced funding, \$7.6 million is allocated to support the Low-Income Home Energy Assistance Program (LIHEAP), the Victims of Crime Act, and to expand the Behavioral Health Engagement Teams contract. These programs are essential in the continuation of outreach to areas of the City experiencing high instances of substance abuse, behavioral health issues and homelessness, as well as managing domestic violence and sexual assault referrals while maintaining acceptable response times. The funds will also expand the PHX Community Action Response Engagement Services (C.A.R.E.S.) Outreach Program and continue operations at several shelters across the City. Additional funding and partnerships with the state, county and non-profit organizations are being actively pursued to increase collaboration and resources to help individuals experiencing homelessness. In addition, one-time funding of \$250,000 is included for the New Leaf Phoenix Day Early Childhood Education Center to retain and expand teaching staff and provide additional training opportunities. The center provides affordable day care and early education opportunities to a diverse and inclusive population. The center is on pace to increase enrollment and achieve financial sustainability by 2024.

### Enhanced Public Safety Responsiveness and Criminal Justice Support - \$3.8 million

The services, programs and positions reflected in this area are dedicated to ensuring public safety response is appropriate, efficient and seamless. To help improve emergency response times across the City, an investment of \$3.5 million is included for the Phoenix Fire Department to add 31 new sworn positions to fully staff a new Fire Station 74 to be located at 19th Avenue and Chandler Boulevard, and to hire additional firefighters and support staff. In addition, as part of the Phoenix Police Department's focus on civilianization efforts, new positions are included for civilian investigators and police assistants within the department. Additional positions are also included for crime scene specialists, police research analysts, criminal intelligence analysts, and civilian law enforcement training specialists. These additions will provide support to the investigative process, training and civilian response. All new positions for the Police Department will be absorbed within the existing operating budget for the Police Department, using sworn vacancy savings and therefore require no additional costs for 2023-24. However, over time as vacancies are filled, additional budget capacity will be required in a future fiscal year. This category also includes conversion of expiring grant fund positions in the Law Department to the GF to assist victims of crime with navigating the judicial system, and six additional positions in Law to be offset with Police vacancy savings for next fiscal year to facilitate and coordinate immediate and ongoing needs related to the Department of Justice (DOJ) investigation.



Healthy Neighborhoods and Community Enrichment - \$3.6 million

The services, programs and positions reflected in this area will enhance the City's ability to develop and maintain healthy, vibrant and safe neighborhoods throughout the city. Included is \$571,000 for the Neighborhood Services Department to expand the Gated Alley Program, providing for a total of 77 gated alley segments each fiscal year, and restore two grant-funded Neighborhood Inspector positions. By restoring these two positions, the department can provide more grant-funded opportunities to low-and moderate-income residents. Additional funding of \$250,000 for the Community Arts Grants Program is included to increase the City's efforts toward equity in arts to support renters at Herberger Theater Center and other local venues such as the Black Theatre Troupe, Phoenix Center for the Arts' Third Street Theater, Phoenix Theatre, and Valley Youth Theatre. A Project Manager position is also included to help manage and coordinate the Office of Arts and Culture's model for involving artists in designing and building a better city. The cost of this position will be offset by charging various Capital Improvement Projects. Also, in an effort to increase park security and resident safety, \$2 million is allocated for the Parks and Recreation Department to hire 14 Park Rangers and one Park Manager position to create a third shift for Park Rangers. The addition of a third shift will provide coverage 24 hours per day, seven days per week at City parks. The proposed funds will also add five staff to expand tree planting and shade canopy efforts citywide and hire a Volunteer Coordinator to assist in the coordination of volunteer efforts throughout City parks. Additional funding for the Parks and Recreation Department totaling \$250,000 is included to create cricket field opportunities at up to three locations and to explore development of partnerships to expand more sites in the future, and \$125,000 for improvements at Sueño Park located at 4401 W. Encanto Blvd., and other park sites around the city. Resources are also proposed for two new Municipal Security Guards for the Library Department to provide additional security at Burton Barr Library at a cost of \$130,000. Finally, additional funding of \$100,000 is included to purchase a street sweeper dedicated to cleaning bike lanes, and \$150,000 for maintenance of three additional washes per year and to clean medians.

In addition to the above GF additions, \$5.0 million is allocated to the Contingency Fund. In March 2010 the City Council agreed to gradually increase this fund to achieve five percent of GF operating expenditures. Achieving this goal will improve the City's ability to withstand future economic declines and is considered to be a financial best practice. The 2023-24 total GF Contingency is \$81.2 million and is 4.5 percent of operating expenses.

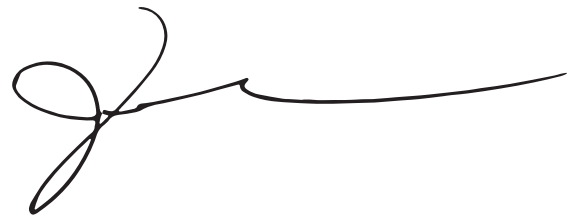
**Other Funds:** Important and critical services to the community are also provided through non-General Fund resources. This includes Special Revenue funds like voter-approved Public Safety Specialty funds and the Transportation 2050 fund, the Arizona Highway User Revenue fund, and Enterprise Funds like Aviation, Solid Waste, Water and Wastewater. Additions to the 2023-24 budget for other funds totaling \$1.5 million include: \$0.9 million in resources for Aviation for additional security positions and vehicles; \$0.5 million for the Planning and Development Department for additional staff to manage the SHAPE PHX land-based planning system; increased funding for the Regional Wireless Cooperative for a new position to assist with managing financial responsibilities relating to the public safety radio network; and increased funding for the Public Transit Department to provide resources for additional bus stop cleaning and maintenance.

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 2023-24 budget is \$6,750.0 million.

This budget represents the commitment of the City Council to allocate resources responsibly and strategically to reward employees and provide the best possible programs and services to Phoenix residents. More information on the budget can be found at [phoenix.gov/budget](http://phoenix.gov/budget).

**Thank You for Your Commitment to Phoenix**

I want to acknowledge and thank the Mayor and City Council for your leadership and dedication to the budget process. I also want to thank our residents who provided their input about the proposed budget, and finally our employees without which the City could not deliver the vast array of services the community deserves. I continue to be grateful for the people I work with and the Phoenix residents we serve every day.



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 objectives.

Documents included in this section:

- Phoenix Strategic Plan
- Strategic Plan 2022-23 Major Accomplishments



# PHOENIX STRATEGIC PLAN

## MISSION STATEMENT

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

## ABOUT THE STRATEGIC PLAN

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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](http://phoenix.gov/strategicplan).

## ECONOMIC DEVELOPMENT AND EDUCATION

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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

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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 that 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

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Infrastructure is the basic physical and organizational structure needed for the operation of a society or enterprise and the services and facilities necessary to function, such as roads, pedestrian and bicycle systems, water supply, sanitary and storm sewers, public transit, airports, railroads, public buildings and facilities, solid waste collection, power supply, and telecommunications.

### Priorities

1. **Create and maintain intra-City transportation.** Provide safe, clean, efficient, sustainable, multi-modal surface transportation systems consistent with Complete Streets policies to support mobility needs of present and future residents, businesses, and visitors within the City of Phoenix.
2. **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

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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

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To preserve healthy, vibrant, diverse, and safe neighborhoods that enhance the quality of life for all Phoenix residents through neighborhood vitality, by providing a range of housing opportunities and choices, supporting quality parks and open space, and enriching its populace with a strong arts 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

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

### Priorities

1. **Establish pay and benefits and a workplace culture that attracts, retains, and motivates a highly qualified workforce.** Given 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 limited resources 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

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The City of Phoenix is committed to a high level of public safety and working in partnership with the community to maintain a safe and secure City. The 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

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The City of Phoenix has a long history of responding to community needs and providing services to those most in need. Building upon this foundation, the City is committed to continue seeking innovative and effective methods for delivering social services. The City will serve as a catalyst to support a full continuum of high quality services for Phoenix residents.

Though the City of Phoenix has and will continue to respond to specific social services needs directly where appropriate, the framework of this plan defines and coordinates the greater scope of needs and services required by Phoenix residents. By providing a clear vision and continued leadership, City services will be provided in tandem with other resources provided by community and faith-based organizations, as well as other levels of government.

### Priorities

1. **Strengthen the safety net of social services available to protect those who are most vulnerable or in crisis.** The City of Phoenix will assure those most in need have access to basic needs such as shelter and food. The City will connect the homeless, working poor, elderly, disabled, and victims of violent crimes to core services needed to stabilize their lives.
2. **Enhance the quality of life for low-income or at-risk individuals and families.** The City of Phoenix will empower all residents to live in safe, affordable housing and achieve economic self-sufficiency through access to social, employment, and other economic resources needed to maximize their quality of life.
3. **Build healthy, caring communities.** The City of Phoenix will promote rich, diverse, and innovative networks of public, community, and faith-based programs, services, and facilities to maximize the potential of every community. The City will serve as a resource and a catalyst in strengthening neighborhoods and building community capacity.

## SUSTAINABILITY

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The City of Phoenix is committed to securing environmental and economic livability for future generations in the region. 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

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Information technology is a vital part of a vibrant City government. Information technology, utilized appropriately, enables enhanced services to the community, increases efficiency of operations, delivers useful information, and supports innovation. 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 2022-23 MAJOR ACCOMPLISHMENTS

## ECONOMIC DEVELOPMENT AND EDUCATION

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1. **Super Bowl LVII** – In February, Arizona hosted Super Bowl LVII. Although the game was played in Glendale, many of the official events were held in Phoenix. Downtown Phoenix was at center stage as staff created 1,300 pieces of social media content and hosted 6,000 members of the media. The Super Bowl Experience at the Phoenix Convention Center, Super Bowl Opening Night, the National Football League Honors Annual Awards Show, Super Bowl Music Fest, and the Super Bowl Experience at Hance Park drew nearly 300,000 residents and visitors to official Super Bowl events in Downtown Phoenix. All events achieved a Zero Waste to Landfill designation, with 92.6% of material, equivalent to 101 tons, diverted from landfills. The light rail system served 250,000 residents and visitors at no cost for event attendees. 5,300 riders downloaded a mobile fare app to utilize public transit in attending Super Bowl events. 200,000 visitors came through Sky Harbor International Airport, setting a record for the busiest day ever with 150,000 passengers in a single day. TSA wait times never exceeded 22 minutes.
2. **Digital Divide** – Community and Economic Development staff fully implemented the Phoenix Digital Education Connectivity Canopy (PHX DECC), also known as the Digital Divide project, in the proof-of-concept area that is bound by Camelback and Thomas Roads between 43rd and 59th Avenues, in partnership with the Phoenix Union High School District, its feeder elementary schools, and the Maricopa County Community Colleges District.
3. **Small Business Virtual Connection Platform** – Community and Economic Development staff launched PHXbizConnect by HUUB, a small business platform to help businesses through the COVID-19 pandemic using \$2 million in American Rescue Plan Act (ARPA) funds. This bilingual platform has been expanded with access to grant resources, on-demand trainings, and technical assistance from private sector consults with more than 700 small business participating on the virtual platform.
4. **Metrocenter Mall Redevelopment** – Following eight years of outreach by staff to 25 developers, the former Metrocenter Mall is now in escrow to be redeveloped as a \$1 billion signature mixed-use project along light rail. In a public/private partnership, Community and Economic Development staff worked to bring a redevelopment agreement and Government Property Lease Excise Tax (GPLET) forward to ensure that this redevelopment opportunity breathes new life into the North Mountain Redevelopment Area.
5. **Innovation 27** – To create educational and training opportunities in Maryvale, Community and Economic Development staff led efforts to acquire the former Kmart building at I-17 and Northern Avenue. Now known as Innovation 27, this site will be home to a strategic partnership between the City, Maricopa County Community College District, Arizona State University, and West-MEC.

## FINANCIAL EXCELLENCE

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1. **Strategy Plan for the Second Tranche of American Rescue Plan Act (ARPA) Funds** – The City of Phoenix was awarded \$396,080,366 in Coronavirus State and Local Fiscal Recovery Fund (SLFRF) from ARPA. The second tranche strategic plan was approved on June 7, 2022. In total, the City of Phoenix APRA Strategic Plan of \$396 million includes 65 programs spanning areas such as COVID-19 testing and vaccine efforts, homelessness and mental health services, business assistance, family financial assistance, youth sports and education, technology and wireless network improvements, and food insecurity. As of October 31, 2022, nearly \$138 million of ARPA funds had been spent. Most spending had occurred in COVID-19 testing and vaccination, homelessness services programs such as summer heat respite, arts and culture grants, food resiliency programs, premium pay, and administrative oversight. A website created last year to track actuals and performance measures for all ARPA programs has continued to be updated for the past 12 months. As a result of these efforts, the City has received praise and accolades from the White House, the U.S. Treasury, and the Government Finance Officers Association (GFOA).
2. **Balanced and Responsive 2022-23 City Manager's Trial Budget that Thoroughly Addressed Council and Community Priorities** – Staff developed the preliminary General Fund Budget Status and Five-Year Forecast, which is a financial best-practice and provides a fiscal outlook to ensure the General Fund remains structurally balanced. By projecting available resources and identifying potential ongoing budget surpluses or funding gaps, City management and Council are able to develop strategic plans to ensure the continuation of City operations and optimize services to the community.
3. **Distinguished Budget Presentation Award** – The 2021-22 annual budget earned the Government Finance Officers Association (GFOA) Distinguished Budget Presentation Award. This is the 34th consecutive award for Phoenix. Additionally, the Triple Crown designation recognizes governments that have received GFOA's Certificate of Achievement for Excellence in Financial Reporting, Popular Annual Financial Reporting Award, and the Distinguished Budget Presentation Award for a fiscal year. The City of Phoenix was one of just 317 governments that received the Triple Crown for FY 2020. These awards reaffirm the City's success in communicating its finances and budget information in a clear, transparent, and professional manner.

4. **Elevation of the City's Credit Rating** – In addition to adopting a balanced and responsive budget, the City's dedication to financial excellence was highlighted by the elevation of its credit rating by Moody's from a negative to stable outlook. This was the result of meaningful increases in pension contributions, likely decreasing long-term liabilities. As a result, all the City's credit ratings are investment grade.
5. **November 2023 General Obligation (GO) Bond Program** – For the first time since 2006, the City is preparing for a General Obligation Bond Program. Last year, the City committed to creating a bond program that includes no increase to the Secondary Property Tax rate, provides a basis for regular and reoccurring bond programs every five to seven years, and properly aligns with available resources needed for ongoing operation and maintenance associated with new facilities. Throughout the past year, the City organized and led a Citizen's GO Bond Committee process in preparation for a 2023 GO Bond election that keeps these commitments.

## INFRASTRUCTURE

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1. **Financially Responsible and Flexible Plan to Renovate 100 W. Washington** – After the City closed on the historic opportunity to acquire 100 W. Washington St., City Council approved the issuance of Excise Tax Bonds to purchase and renovate the property. As a result of the City's excellent bond ratings, staff financed \$151 million at a low interest rate of 3.79% to fund improvements needed to achieve this goal.
2. **Roadway Safety Action Plan** – The Phoenix City Council unanimously approved a comprehensive Vision Zero Road Safety Action Plan and the allocation of \$10 million in annual funding for its implementation. The \$10 million in annual funding approved to implement the plan comes from \$3 million allocated from the City's General Fund, \$2 million from Transportation 2050 (T2050) resources, and \$5 million from the Highway User Revenue Fund (HURF). The goal of the Plan is to reduce the number of traffic fatalities and serious injuries in Phoenix to zero by 2050 and connects with the Vision Zero philosophy that those types of incidents are preventable. In addition to its 41 strategies, the Road Safety Action Plan also identifies a series of 31 performance measures linked to meeting the 2050 goal of zero traffic fatalities. Those benchmarks include a 25 percent reduction in traffic deaths by 2027 and a 65 percent reduction by 2035.
3. **Northwest Valley Transportation Improvements Project** – Over the past two years, Street Transportation staff has worked on the Northwest Valley Transportation Improvements Project, which supports the Taiwan Semiconductor Manufacturing Company (TSMC) facility and the surrounding community. Staff collaborated with the TSMC site team to construct three miles of roadway improvements along Dove Valley Road and 51st Avenue.
4. **Consolidated Rail Infrastructure and Safety Improvements** – The Federal Railroad Administration recently announced a \$7.1 million Consolidated Rail Infrastructure and Safety Improvements grant to support proposed upgrades to the railroad crossings at 43rd Avenue and Camelback Road and 19th Avenue and McDowell Road. The City offered a 30 percent match toward the projects. Improvements include the installation of gate arms, signalization, and increased sidewalk width for Americans with Disabilities Act compliance.
5. **Rio Salado Bike and Pedestrian Bridge** – In August 2022, the City received \$25 million in federal funding to improve the bike and pedestrian bridge over the Rio Salado along the 3rd Street alignment. Proposed improvements include adding low-emitting solar lights along the existing asphalt pathway.

## INNOVATION AND EFFICIENCY

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1. **Additional Units of Low-Income Housing** – In 2022, Housing staff completed a Call for Interest (CFI) process and awarded \$1 million each to eight projects. These projects are financed in conjunction with the Low-Income Housing Tax Credit (LIHTC) program, representing an innovative financing solution to increase the number of housing units created. Five of the eight CFI-awarded projects received LIHTC allocations and, when completed, will provide an additional 471 affordable housing units in the community: Acacia Heights III, Garfield II, Reserve at Thunderbird Phase II, Osborne Pointe, and Pueblo Apartments. In addition to these projects, 223 units were completed, and another 901 units at 10 HOME-assisted developments are under construction, bringing the total number to 1,595 units assisted by Housing-managed HOME funding.
2. **Facilities Operations Building Solar Array** – In September, solar installation at the Facilities Operations Building was completed and energized. The 540kW solar array produces an average of 769,335 kWh of power annually over a 25-year period which is equivalent to the electricity needed to power approximately 72 homes per year. The 25-year power purchase agreement allows for the power to be purchased at \$.08 per kWh with no escalator. Additionally, the project reduces greenhouse gas emissions by 400 metric tons annually.
3. **Sky Harbor Security Checkpoint Apple Wallet** – Sky Harbor Airport became the first airport in the country to launch mobile drivers licenses and identification verification at security checkpoints through Apple Wallet. Authentication using a mobile ID eliminates the need to hand over identification or a boarding pass to a TSA agent to process through security, improving wait times.
4. **Vision Zero Road Safety Action Plan** – City Council unanimously approved a comprehensive Vision Zero Road Safety Action Plan (RSAP) and the allocation of \$10 million in annual funding for its implementation. The RSAP utilizes a data-driven decision-making process to identify and prioritize transportation safety improvements. Developing and implementing this Plan is the top priority for Street Transportation staff. The Plan aims to reduce traffic fatalities to zero by 2050. The Plan also incorporates the Five E's of Traffic Safety: Evaluation, Engineering, Enforcement, Education, and Equity.

5. **Crime Gun Intelligence Unit** – The Police Department’s Violent Crimes Bureau (VCB) Crime Gun Intelligence Unit (CGIU) was recognized nationally as the “Phoenix Model” by expert reviewers from the United States Department of Justice (DOJ) National Institute of Justice (NIJ). Reviewers highlighted the CGIU as an evidence-based model that had been accepted into CrimeSolution, an evidence-based repository that serves as a valuable clearinghouse of information about what works and what is promising in justice programs and practices.

## NEIGHBORHOODS AND LIVABILITY

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1. **Housing Phoenix** – Housing staff has achieved 50% of the Housing Phoenix Plan’s goal to create or preserve 50,000 units by 2030 by preserving or creating more than 25,000 housing units since the Plan’s approval in June 2020. Quarterly progress reports highlighting the advancements of the nine policy initiatives and actions were published on the City website.
2. **Public Housing Occupancy** – Housing staff increased Public Housing occupancy from 78% in January of last year to more than 98% occupied. The team managed the waitlist, conducted multiple recruitments extensive outreach to more than 4,000 applicants, and efficiently reviewed applications to house eligible low-income seniors in senior housing sites.
3. **Development of New Parks** – Staff is in the process of developing three new parks located in the southwest part of the City. The last time Parks and Recreation staff constructed three new parks in the same year was 1993. The future park sites are located at 55th Avenue and Samantha Way (Harvest Park); 71st Avenue and Meadow Loop Road (Laveen Heritage Park); and 87th Avenue and Lower Buckeye (Farmland Park). Staff is in various stages of design and permitting for each of these sites. The parks are estimated to be completed by the end of 2024.
4. **Crosswalk Repair and Restriping** – Street Transportation staff identified 83 school crosswalk locations across the City needing repair and restriping. Staff repaired paving conditions at 71 locations to ensure the striping team could safely restripe as many locations as possible before the start of the new school year. Despite staffing and equipment challenges, staff from multiple divisions completed the project.
5. **Household Hazardous Waste Home Collection** – Last year, Public Works staff established the Household Hazardous Waste (HHW) home collection as a permanent program. Since then, Public Works has received over 4,400 online and phone reservations. This program assists solid waste residential customers with the proper and safe disposal of their household hazardous waste items. Single-family residential customers can schedule one home collection per year through this program. In October, staff expanded the program’s convenience by enabling residents to request HHW home collections through the MyPHX311 mobile application.
6. **Heat Response Plan** – Heat Response and Mitigation staff led efforts to produce the City’s first-ever Heat Response Plan, which went into effect for the 2022 summer season after being unanimously passed by City Council in March of last year. The Plan included 30 different initiatives led by a wide range of City departments that contribute to the protection of public health and quality of life during Phoenix’s hot summers. The Plan also provides a framework for systematically evaluating the City’s portfolio of heat response initiatives to facilitate continuous improvement.
7. **Gated Alley Program** – Planning and Development staff collaborated with Neighborhood Services and other City staff on the Gated Alley Program (GAP). GAP allows residents to gate alleys throughout the city that are targets of dumping and illegal encampments. In September 2022, City Council approved expanding GAP citywide, allocating \$500,000 in funding to gate 43 alley segments. Staff developed a streamlined process to manage all GAP applications for self-funded gates and new resources to outline neighborhood options, clarify the application process, and facilitate project tracking.

## PHOENIX TEAM

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1. **Paid Parental Leave** – On July 1, the City Council unanimously approved providing paid parental leave of up to 480 hours (12 weeks) for the birth, adoption, or foster care placement of a child during a 12-month period. This action provides employees with the opportunity to take leave to bond with and care for a new child, without exhausting their accrued leave time. This investment in City employees and the community is one of the most generous parental leave packages offered by any local government. The City has received numerous stories from employees on the positive impact of this program on their families.
2. **Classification and Compensation Plan** – Staff has conducted a comprehensive job evaluation and market analysis. The goals of this project include: ensuring the City’s job classifications are accurate and up to date, an equitable and market-based compensation structure exists, better definition of career paths and training opportunities, and that all classifications meet legal compliance. This year, the City made progress on the classification and compensation of several critical functions throughout the City. These include Solid Waste Equipment Operators, as well as Police, Central Procurement, and Water and Wastewater staff. Phase I of the Classification and Compensation Study will be completed in 2023.
3. **Process Improvements** – Staff have been asked to identify and adopt specific metrics to ensure that effectiveness and progress can be measured for each Council-approved strategic plan, program, and initiative. This effort is designed to ensure that staff have the necessary resources and support to implement successful programs and perform thorough and routine programmatic evaluations on all major aspects of City initiatives. Moving forward, staff will continue to meet with the executive sponsors of all City initiatives to ensure that the City is achieving the goals identified in all newly approved and previously adopted plans, programs, and initiatives.

4. **All-American City** – The City was selected as one of 20 finalist cities to participate in a presentation and question-and-answer session, culminating in Phoenix being named one of 10 winning All-American Cities. This marks the sixth time Phoenix has been given this prestigious distinction. This eight-month process included weekly meetings, sessions with All-American City representatives, and coordination of multimedia elements, including videos, photos, and social media campaigns. The City’s theme was Housing as a Platform for Early Childhood Education Recovery and Success.
5. **PHX You** – In April 2022, Information Technology Services Project Management, eCHRIS, and Human Resources staff launched a new, comprehensive, and innovative employee training system, PHX You. This was the first phase of the City’s enterprise-wide Learning Management System (LMS). The COVID-19 pandemic highlighted the importance of providing centralized eLearning, training materials, certifications, and other critical employee services virtually. The PHX You approach promises improved, comprehensive, and user-friendly training opportunities for City staff, ultimately resulting in better service to customers.
6. **Employee Cancer Screenings** – Human Resources staff began a cancer screening program for employees who are at risk for developing cancer due to occupational exposure. This program helps identify early-stage cancers, resulting in better outcomes.

## PUBLIC SAFETY

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1. **Master Planning of the New 911 Call Center and Police Headquarters** – Throughout the past year, progress has continued for the conversion of the former Wells Fargo offices to the City’s new 911 Call Center and Police Headquarters. Staff has master-planned the facility to meet the Phoenix Police Department’s program needs for the next 20 years and began procuring information technology, fire alarm, and 911 equipment necessary for the facility. Infrastructure repairs, general contractor agreements, and sustainability improvements have been engineered to ensure that the facility is ready for Police functions and staff to begin a phased move-in starting in late 2023, with substantial completion anticipated by late 2024.
2. **Enhanced Community Safety by Expanding Mental and Behavioral Health Services** – Over the past 12 months, the City has focused on enhancing many forms of community safety including improvements to traditional police and fire models as well as expanding mental and behavioral health services. Aspects of community safety were identified for improvement including stabilizing staffing of the Police and Fire departments; implementing the Office of Accountability and Transparency (OAT); supporting the Community Assistance Program (CAP); maximizing civilianization efforts; cooperating with the Department of Justice (DOJ) investigation; and developing strategies to address homelessness. Additionally, this year the City welcomed both a new Fire Chief and Interim Police Chief to help modernize safety in the community.
3. **Police Hiring and Compensation** – During the past several years, the Phoenix Police Department has experienced attrition challenges, with the number of new recruits lagging behind the number of retirements and other separations. However, this year the Police Department will have hired 175 applicants, a substantial increase from 91 hires in 2021. Several Council-supported initiatives aim to continue to close this attrition gap. These include the implementation of efficiency improvements to onboarding software and hiring processes, participation in the Department of Defense SkillBridge program, and, with City Council approval, an increase to compensation for positions throughout the department. The compensation increase resulted in the Phoenix Police Department becoming the highest paid law enforcement agency in the State of Arizona. The City also focused on staffing for the Phoenix Fire Department. This year the City Council supported action to add 109 sworn positions between FY 2022-23 and FY 2023-24. These positions included sworn staffing for Fire Station 62, positions for the 24-hour operation of Rescue 19, and authorization for the continuation of SAFER Grant-funded positions.
4. **Community Assistance Program and Behavioral Health Units** – In 2022, staffing for community safety expanded beyond the traditional police and fire models. This expansion included the Community Assistance Program and Behavioral Health Units. This year, Community Assistance Program (CAP) staff conducted a citywide survey for expanded services, executed contracts to hire peer support specialists, and received City Council approval to participate in a second year of the Harvard Kennedy School’s Government Performance Lab. Staff also launched the first Behavioral Health Unit (BHU1) in August, which is designed to identify 911 callers who would benefit from a behavioral health professional respond in lieu of police or fire staff or as a co-responder. The BHU1 operates in partnership with Neighborhood Outreach Access to Health (NOAH) at the Desert Mission Health Center. BHU2 was launched in November at Phoenix Fire Station 56.
5. **Civilianization Efforts** – Throughout the past year staff focused on community safety, mental and behavioral health services, and maximizing civilianization efforts. The Police Department, with City Council approval, added additional Police Assistants as well as created the Civilian Investigator position to alleviate time demands and other workload constraints on sworn staff. Likewise, the Fire Department expanded hiring of civilian fire inspectors to assist with prevention efforts.
6. **Implementation of the Office of Accountability and Transparency** – A key focus of the past year for community safety included oversight through the implementation of the Office of Accountability and Transparency (OAT). In June, the Arizona State Legislature passed House Bill (HB) 2721, which created conditions affecting OAT’s investigative jurisdiction. As a result, OAT began monitoring Police and critical incident investigations and started receiving complaints within the parameters established by state law. OAT staff participated in more than 150 meetings with various community leaders and organizations. Along with community outreach, OAT has increased its direct engagement with the Phoenix Police Department. OAT has presented a proposed memorandum of understanding with the Police

Department, which is currently being finalized. Additionally, OAT has begun monitoring the investigations of all critical incidents involving Phoenix Police Officers. OAT is currently monitoring 25 cases, including 20 officer-involved shootings, two deaths in custody, two uses of non-lethal force, and one detention.

7. **Department of Justice Investigation** – The Department of Justice (DOJ) initiated a pattern and practice investigation on August 5, 2021. Since that time, Law Department and Police staff have worked with the DOJ under the guidance and direction of the City Manager. To date, the City has provided the DOJ over 80,000 documents, facilitated six site visits, and coordinated over 130 panel and individual staff interviews. The City has obtained the resources of an outside legal counsel firm, an eDiscovery tool for document production, established and maintained a website with weekly updates, and continued recruitments for in-house staff assistance.

## SOCIAL SERVICE DELIVERY

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1. **Establishment of the Office of Homeless Solutions** – The Office of Homeless Solutions (OHS) was officially established in October 2022. Homeless Solutions is a function of the City Manager’s Office and reflects the priority of the City to increase transparency and direct outreach to the community on the issue of homelessness. City Council approved the addition of nine new positions bringing the total number of OHS staff to 22.
2. **Washington Relief Center** – The City of Phoenix allocated \$6.3 million to transform a City-owned vacant building into a habitable space to provide shelter for people experiencing homelessness. The City funded building and rehabilitation expenses and partnered with Maricopa County, who contracted with St. Vincent de Paul to operate the shelter. The Washington Relief Center opened in May 2022 and now shelters 200 people per night, providing guests three meals per day, on-site case management, employment services, and behavioral health services.
3. **Residential Cleanups** – Neighborhood Services staff doubled residential cleanup efforts. In 2022, staff organized more than 75 neighborhood cleanup activities compared to 39 in 2021. In October 2022, Neighborhood Services received a \$4.7 million grant from the U.S. Department of Housing and Urban Development. The grant funds community outreach and education regarding lead poisoning, prevention, and lead testing for children through the Maricopa County Department of Public Health.
4. **Weatherization Projects** – Over the last year, Neighborhood Services staff completed a weatherization project on a 70-unit apartment complex to improve air quality and energy efficiency for residents ages 55 and older at the Sand Dollar Apartments located at 27th Avenue and Union Hills. Staff replaced HVAC units, electric furnaces, and thermostats with high-efficiency models, while windows and arcadia doors were shielded with sunscreens. Staff also sealed air conditioning ducts and applied new weather-stripping. The estimated post-weatherization assistance savings for these 70 units is \$40,452, a savings of nearly \$3,400 per month.
5. **Family Advocacy Center Referrals** – Compared with the previous year, the number of persons referred to the Family Advocacy Center in 2022 increased by 456 (14%) and the number of persons accepting services increased by 484 (53%). These increases are attributed to resuming face to face services and hiring new staff.
6. **Rent and Utility Assistance Online Application Portal and Case Management System** – In August 2022, Human Services staff contracted with Vision Link to develop and implement an online application portal and case management system to serve Phoenix residents in need of rent and utility assistance and access to community resources. Residents can now upload eligibility documents, book online appointments, and schedule follow-up appointments through the new online portal.
7. **Free Mobile Healthcare Screenings** – In 2021, Housing staff partnered with CVS to provide free mobile healthcare screenings through CVS’s Project Health initiative at all senior and multifamily public housing sites. Due to the program’s success, the program continued in 2022, resulting in 69 clinics and more than 1,550 persons receiving free healthcare screenings.

## SUSTAINABILITY

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1. **Heat Response Plan** – Approved by the City Council in March 2022, the Heat Response Plan established three goals, including a reduction in heat-associated deaths, fewer heat-related services calls, and evaluation of 100% of heat response programs and services. It also utilized \$2.6 million in American Rescue Plan Act (ARPA) funding to support a new shelter at 2739 E. Washington St. Additionally, in January 2023 the Phoenix City Council voted to receive up to \$500,000 from American Forests and to disburse the funds through nonprofit partners. Trees will be planted equitably with a focus on neighborhoods most impacted by rising temperatures.
2. **Heat Relief Supply Distribution** – Heat Response and Mitigation, Volunteer Programs, and Finance staff launched a new heat relief supply distribution program for summer 2022. Through this program, 50 local nonprofit and charitable organizations received more than 38,000 individual heat relief items that were distributed to community members in need. Items distributed included insulated water bottles, hats, cooling towels, personal misters, water jugs, evaporative coolers, and insulated backpacks.

3. **Transportation Electrification Plan** – Approved by the City Council in June, this plan prepares the City for more electric vehicles (EV), charging infrastructure, and e-mobility equity. The plan’s three focus areas include: prioritizing equity, accelerating public adoption of EVs, and the City of Phoenix leading by example. Goals include launching a robust public education and awareness campaign to help meet the Climate Action Plan goal of 280,000 electric vehicles registered in the City of Phoenix by 2030; installing at least 500 public EV charging stations on City properties or rights-of-way (ROW) by 2030, with an emphasis on equity; installing new EV charging ports on City property/ROW to reach 300 charging stalls in the ROW by the end of 2025; purchasing 200 light-duty EVs in the City fleet across all departments by 2030; installing light-duty EV charging infrastructure at City facilities to support the charging of 200 City fleet vehicles by 2030; and installing a minimum of 100 new chargers and the associated electrical and infrastructure upgrades at City facilities, with capacity for additional charging capability in the future. This effort also includes building out EV charging infrastructure for City employees to use at the workplace to meet employees’ current charging needs by 2025 based on ongoing employee EV surveys.
4. **Cool Corridors** – Parks and Recreation, in partnership with American Forests, Heat Response and Mitigation, Public Works and Street Transportation staff, created the first “Cooling Corridor” project in Arizona. This project became a national event with leaders from American Forests in Washington, D.C. joining Mayor Gallego to celebrate. The cooling corridor included the planting of 259 Arizona ash and Chinese elm trees in a single week at Cesar Chavez Park along both sides of the sidewalk from 35th to 39th Avenues.
5. **Tree and Shade Master Plan** – Parks and Recreation staff planted a total of 1,500 trees throughout the City in 2022. These plantings were planned and coordinated as a part of the City’s Tree and Shade Master Plan to support heat mitigation efforts.
6. **Tree City of the World** – Phoenix was recognized as a Tree City of the World for the second consecutive year. This award is on behalf of the Arbor Day Foundation and the Food and Agriculture Organization of the United Nations and celebrates dedication in leading urban and community forestry efforts.

## TECHNOLOGY

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1. **Revised and Updated City Manager’s Performance Dashboard** – The new City Manager’s Performance Dashboard launched in 2022 to enhance transparency, highlight City achievements, and identify potential areas for improvement. The dashboard serves as a comprehensive and easy-to-understand resource on services and programs provided to the Phoenix community and encompasses more than 130 metrics from 28 City departments. Staff redeveloped the City’s existing performance report, which had not been updated for 10 years and included only 27 metrics. This effort was a citywide collaboration to develop new metrics and enhance existing metrics. Staff also helped design a user-friendly interface in the Esri ArcGIS system and marketed this resource to the community. The dashboard, now administered by the newly created Office of Innovation, was featured by the Bloomberg Cities Network as an example of a smart strategy and innovative solution for local governments. Since the Dashboard launched, it has received nearly 30,000 views from over 5,000 individual users, with visitors from 33 countries worldwide.
2. **Phoenix Municipal Court Case Management** – The Prosecutor’s Office completed a major transition to manage over 30,000 misdemeanor cases a year at the Phoenix Municipal Court. Staff procured PROSECUTOR by Karpel to provide better caseload management, streamline data entry operations, and provide more information and better accountability for staff and attorneys.
3. **Unmanned Aircraft Systems** – On June 12, 2022, Phoenix Fire proudly began drone operations through the department’s Unmanned Aircraft Systems (UAS) Program. Since the launch, the UAS team has been busy training and responding to emergency incidents across the City. The phased-in approach has allowed the group to successfully work through implementation obstacles. As a result, the UAS team has conducted a total of 363 flights with a total of 55.7 hours in the air. During those flights, the team has responded to a total of 31 incidents, including first alarm fires, brush fires, and mountain rescues. With a group of nine Federal Aviation Administration (FAA) certified pilots, drone team leadership has initiated communications with the FAA, Sky Harbor Operations, Sky Harbor Tower, Phoenix Police, and Phoenix Fire Special Operations.
4. **Police Employment Services Bureau** – The Police Department’s Employment Services Bureau procured a new hiring software system to process applicants more efficiently. Using the old system, there were 515 applicant files processed in a seven-month period. Within one month of installation of the new system, there were 434 new applicant files processed, significantly increasing efficiency and helping staff hire new employees at a markedly faster pace.
5. **SHAPE PHX** – Planning and Development staff made substantial progress on the rollout and integration of the new SHAPE PHX portal software program. SHAPE PHX gives internal and external customers seamless communication with staff on planning, plan review, permitting, and building inspections. Staff continues to expand service levels by providing users with the latest technology that can assist in accessing and navigating the development process.
6. **Digital Literacy Training Program** – Housing staff partnered with AVID Consulting to develop a digital training curriculum. Housing staff’s Digital Literacy Training Program has trained nearly 200 senior residents at eight senior sites. The four-week course covers basic tablet functions, including email, internet safety, social media, navigating the internet, and downloading applications. Housing staff presented at the 2022 United States Department of Housing and Urban Development (HUD) ConnectHomeUSA virtual conference and Digital Equity Institute’s Digital Inclusion Summit on the success of the program.



# OUR COMMITMENT TO EXCELLENCE

The **mission** of the City of Phoenix is to *improve the quality of life in Phoenix through efficient delivery of outstanding public services*. Our **vision** is to *make Phoenix a great place to live, work and visit by fostering a dynamic and sustainable environment with exceptional public services*.

Delivering quality, efficient, and cost-effective services to Phoenix residents is the cornerstone of our commitment to public service. Our approach fulfills the evolving needs and expectations of our residents while considering how what we do today can have impacts years, or even decades, down the road.

## We Keep Our Residents Informed and Involved

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The City of Phoenix is committed to helping residents understand how their tax dollars are spent and to engage residents in the annual budget development process. We strive to make information accessible and easy to understand. As part of efforts to advance transparency and further engage the community 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 Budget and Research Department provides information and reports throughout the fiscal year to ensure the public and City Council has access to valuable information about the City's budget. Information is available online at [phoenix.gov/budget](https://phoenix.gov/budget) and includes annual budget documents such as the Summary Budget Book, Detail Budget Book, the Capital Improvement Program and the Inventory of Programs document that includes program level detail of all City programs and services. The 2021-22 annual budget earned Phoenix the **Government Finance Officers Association Distinguished Budget Presentation Award**. This is the 34th consecutive award for Phoenix.

To increase community participation and accessibility we designed and implemented **City Council hybrid meetings**, allowing the public to participate in Council meetings either in person or online. Each year, **we host several budget hearings around the city**, providing residents the opportunity to provide input directly to decision makers. Additionally, in the fall of each fiscal year, **an online budget tool "FundPHX"**, is updated with the most recent adopted General Fund budget and made accessible in English and Spanish online at [phoenix.gov/fundphx](https://phoenix.gov/fundphx). The tool allows residents to see how the General Fund budget is allocated and to submit recommendations about the budget. Information collected in the tool is then shared with the City Council and management so it may be considered ahead of budget decision making each fiscal year.

For the first time since 2006, **voters will be given the opportunity to approve a General Obligation (GO) Bond Program** to address critical infrastructure and rehabilitation needs of city facilities, such as parks, libraries, fire and police stations, affordable housing, streets, and storm drains, and to do so without an increase to the City's secondary property tax rate. In June 2022, the City Council appointed a citizen's GO Bond Committee, and we implemented the **GOPHX** online tool, which encouraged and coordinated public input in English and Spanish to evaluate and prioritize proposed projects and develop recommendations. **On November 7, 2023, Phoenix voters will be able to decide in a special election whether the City should issue GO bonds to fund those improvements.**

The City of Phoenix firmly believes that transparency in government encourages efficiency, as well as accountability to residents. More importantly, the availability of city data supports innovation that can be applied to make Phoenix an even better place to live, work and visit. The **Phoenix Open Data Portal** ([phoenixopendata.com](https://phoenixopendata.com)) provides the public with access to important information about the City's planning and performance, including:

- The *City Manager's Performance Dashboard*, which allows the public to drill into programs to see how well departments are meeting the needs and expectations of residents and businesses.
- Information about plans for using \$396 million awarded to the City as part of the federal American Rescue Plan Act (ARPA), passed by Congress in March 2021. The website lists ARPA funded programs and is updated continuously with expenditure reports, key performance indicator data, and additional program information.
- Access to other information the public identified as being important, showcasing the most popular information toward the top of the site.

## We Are Continuing to Make City Services More Accessible

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The Center for Digital Government (CDG) named the City of Phoenix a **2021 Digital Cities Survey Winner** for the '500,000 or More Population Category' for its overall technology programs and plans, including cybersecurity, digitization of services, data transparency, and community engagement. 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.

Our Information Technology Department successfully launched a new **MyPHX311 app**, which allows residents to pay their city services bill, report quality-of-life issues, and request city services.

The Planning and Development Department implemented and is improving a **SHAPE PHX portal**, helping our residents find information about and successfully apply for various kinds of building permits.

With Arizona State University and Amazon Web Services, Phoenix 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.

We implemented **phoenix.gov/informacion**, a new section of our website where Spanish-speaking residents can learn about services, learn where to report problems, or participate in City Council meetings.

## We Are Improving the Safety of Our Community

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This year, we have focused on enhancing the many forms of community safety including stabilizing staffing of our Police and Fire departments, implementing the Office of Accountability and Transparency (OAT), supporting the Community Assistance Program (CAP), maximizing civilianization efforts, cooperating with the Department of Justice (DOJ) investigation, expanding mental and behavioral health services, expanding our Gated Alley Program, and formulating a Road Safety Action Plan. Additionally, this year we welcomed both a new Fire Chief and Interim Police Chief to help modernize safety in our community.

## Education is Essential

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Our Strategic Plan ([phoenix.gov/strategicplan](https://phoenix.gov/strategicplan)) highlights the importance of ensuring that we are prepared to meet the challenges of the 21st Century as educated, productive and engaged residents. In furtherance of this part of our mission, we developed the **Phoenix Promise Program** using \$5 million in ARPA funds to provide financial aid to college students to attend Maricopa Community Colleges; we launched a **Tuition and Wraparound Services Program** with Maricopa Community College District to help Phoenix residents adversely impacted by the COVID-19 pandemic with tuition, books, stipends, career navigation, and employment; we are creating **literacy hubs** in local school libraries to improve literacy skills; we are collaborating with the Phoenix Union High School District to provide **College Depot**, college planning and scholarship sessions during the school day; we are launching **Innovation 27**, which is located in a former Kmart building at I-17 and Northern Avenue, and will become a home for educational and training opportunities in the Maryvale area.

The City's commitment to improving digital equity and collaborating with Phoenix residents in underinvested areas and public housing communities led to Phoenix being named as the winner of the **2022 All-America City Award** by the National Civic League and Campaign for Grade-Level Reading. During the pandemic, the City distributed more than 12,000 laptops to 15 Phoenix school districts, along with 1,600 tablets and Wi-Fi connectivity to students and seniors for at-home learning, telemedicine and more.

## We Are Working to Reduce Homelessness and its Impacts

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The city has a growing homeless, immigrant and refugee population in need of assistance. Private businesses are also impacted by homeless encampments that result in incidents of trespassing, blight, litter, and hazardous waste. During the past year,

- Our **Human Services Department** provided **emergency rental assistance** to 6,979 households representing 17,477 residents to help prevent homelessness; established an **Eviction Assistance Line** to provide emergency appointments to households in imminent danger of eviction preventing eviction for 1,260 residents; is working with a contractor to implement an online application portal and case management system to help Phoenix residents needing rent and utility assistance, and access to community resources; and, **expanded shelter options** and renovated shelter facilities.
- Our **Neighborhood Services Department** applied \$4 million of the Coronavirus Aid, Relief, and Economic Security Act funding to help **Community Bridges Inc.** acquire a **new neighborhood shelter**. They also provided \$1.2 million of facility improvement funds to the Human Services Campus to accommodate 130 additional beds in time for the summer heat.

## We Are Creating More Opportunities for Success

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The City of Phoenix was one of 15 cities awarded \$1 million dollars in the **2021-22 Bloomberg Philanthropies Global Mayors Challenge**, helping to pay for a data-directed Mobile Career Unit (MCU) that helps unemployed residents connect with hiring employers right in their neighborhoods.

**The City awarded \$7.5 million in ARPA Resiliency Grants** to help micro and small businesses located in qualified areas.

Our Community and Economic Development Department launched **PHXbizConnect** to provide businesses with expanded access to grant resources, on-demand training, and private-sector technical assistance. They have also facilitated numerous business entrances, grand openings and expansions, and have been front and center in city revitalization projects.

We have been working to improve our infrastructure in Northwest Phoenix in support of the development of two **Taiwan Semiconductor Manufacturing Company (TSMC) Arizona** fabrication laboratories. This development project has employed 10,000 construction workers and once completed is estimated to create 10,000 high-paying tech jobs. TSMC's investment in Phoenix will fortify the U.S. computer chip supply chain, while providing for an on-site industrial water reclamation plant to achieve near zero liquid discharge.

We are also extending assistance to small businesses along light-rail expansions with our **Small Business Financial Assistance Program**.

## We Are Improving Opportunities for Recreation and Travel

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**Super Bowl LVII was a great success**, for which Phoenix delivered a Super Bowl Experience Outdoor Festival, the National Football League Honors Award Show hosted by Symphony Hall, and three days of concerts hosted at the City-owned Footprint Center leading up to the big game in Glendale.

Our Parks and Recreation Department made improvements to **Margaret T. Hance Park**, now featuring an urban garden with shrubs, succulents, shade trees and flowers; **Cholla Trail at Camelback Mountain** trailhead relocation with a chilled drinking fountain, restrooms, bike racks and an improved hiking experience; **West Plaza Park**, with a new playground, basketball court and sand volleyball court, a WalkPHX path and exercise equipment; **Cielito Park** with a new parking lot, additional trees, resurfaced basketball and mini pitch courts, and improvements to irrigation, grading, drainage and accessibility; **South Mountain Environmental Education Center**, helping visitors gain a deeper understanding of the plants, wildlife and culture in the South Mountain Park and Preserve; and a new disability-accessible fishing dock at **Papago Park**.

**The Cesar Chavez Community Center** opened its doors to the public March 30, 2023. Located in Laveen, the 34,000 square-foot Center features a fitness facility, gymnasium, outdoor movie theater, a lobby with a pool table, air hockey table and foosball table, a sensory room where individuals with special needs can enjoy an accommodating space, and hosts youth programs.

Our Aviation Department launched **two new airport security features for passengers**: a PHX Reserve Virtual Queue pilot project, allowing passengers in Terminals 3 and 4 to reserve a time to go through security checkpoint through a dedicated lane; and passenger identification verification using mobile driver licenses and Apple Wallet. Aviation also **enhanced travel at the airport**, with an additional segment of the PHX Sky Train that links the airport's core terminal to a new 1,600-space parking lot and to the Rental Car Center, and the ability to use an autonomous Waymo vehicle to travel to and from Phoenix Sky Harbor International Airport.

## We Are Working to Achieve a More Sustainable Future

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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.

The following are seven **2050 Environmental Sustainability Goals** the City Council adopted in April 2016, and the City's efforts over the past year to fulfill those goals.

### 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. We will accomplish this by:

#### a. Tripling the amount of light rail miles to 60.

- We are currently expanding light rail, with a *Northwest extension* from 19th Avenue and Dunlap to 25th Avenue and Mountain View Road; a *South-Central extension* and *Downtown hub*, extending light rail from downtown to South Mountain Village Core on Central Avenue and 1st Avenue; a *Capitol Mall extension* from downtown to the Arizona State Capitol; and plans for an *Interstate 10 West extension*, connecting the greater West Valley to the Valley Metro Rail system.

#### b. 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).

- The Public Transit Department implemented Council-approved **bus service changes** to connect several neighborhood routes, including a neighborhood circulator operating in Maryvale; a service route in the Estrella Village area between Roosevelt and Fillmore Streets and 59th and 63rd Avenues; and an extension of Route 43 from Buckeye Road to Lower Buckeye Road to provide added transit coverage to the industrial area. With public input, the City Council unanimously approved the Bus Rapid Transit (BRT) Program for the initial corridor of 35th Avenue and Van Buren Street.
- The Public Transit Department, in coordination with Valley Metro, launched a **new mobile app** on July 1 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.

**c. Creating 300 miles of walkable bike paths, greenways and vibrant urban canal paths, and encouraging walking and biking and expanding the bike share system.**

- We improved and are continuing to improve bicycle and pedestrian corridors downtown, along the Rio Salado, and in various other locations around the city, featuring more protected bike lanes, bicycle/pedestrian bridges, sidewalks, intersection pavement markings, signage, street lighting, traffic calming applications, improved drainage, and improved crossings.

**d. Lowering the carbon intensity of the current transportation system by 80 percent, encouraging environmentally friendly transportation modes and providing infrastructure for electric vehicles and low carbon fuel vehicles.**

- In June 2022, the City Council approved a *Transportation Electrification Plan* to prepare the city for a future filled with more electric vehicles (EV), charging infrastructure, and e-mobility equity. The plan focuses on prioritizing equity, accelerating public adoption of EVs, and having the City of Phoenix lead by example. Goals include improving public education and awareness, installing public EV charging stations and charting ports on city properties or rights-of-way, and purchasing light-duty EVs in the City fleet across all departments.
- We received a \$16.3-million **Federal Transit Administration Low-No Emission Grant** for new hydrogen and battery-electric buses.
- In November 2022, the City's Transportation, Infrastructure, and Planning Subcommittee approved a heavy-duty zero-emissions fleet transition. Public Transit staff is identifying a cooperative to purchase low and no-emissions technology buses that includes green transit technology, including battery-electric, hybrid-electric, and fuel-cell electric buses.
- Phoenix was recognized as one of 123 cities on the **2022 Carbon Disclosure Project Cities A-list** for its ambition, leadership, and transparency on climate action.

**e. Developing 15 vibrant compact complete centers throughout the city to provide the majority of services residents need within their local community.**

- Community and Economic Development staff worked over a two year period with the City Council Offices and City Manager's Office to create new government property lease excise tax (GPLET) policies for the central business district and 19 redevelopment areas in Phoenix. These new policies will provide a solid redevelopment tool to assist in the revitalization of challenged areas of Phoenix.

## **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.**

- In September, the City's compost processor, WeCare Denali, LLC installed a food de-packager at the 27th Avenue Compost Facility to divert additional food waste from the landfill. The de-packager removes large pieces of food packaging and increases the yield of high-quality compost.
- In October, the City Council awarded Balcones Resources the contract to operate the City's North Gateway and 27th Avenue Materials Recovery Facilities, which includes processing materials from the City's curbside recycling program, city facilities, and other municipalities to meet market specifications and creating economic value by marketing, selling, and shipping the recyclable material to various markets.

**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.**

- The Aviation Department opened the eighth and final concourse for Terminal 4, which included several innovative sustainability elements such as electrochromic glazing for glass to provide more temperature control and a better passenger experience, and a baffle ceiling constructed of materials from recycled water bottles, which adds sustainable elements to concourse architecture.

**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, and focusing on 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, we are a net-positive contributor to groundwater using only 2/3 of our allocation from the Colorado River and diverting the other 1/3 toward groundwater recharge.
- The Law Department concluded negotiations on water conservation agreements to help stabilize water levels at Lake Mead, and our Water Services Department is joining other western states participating in a memorandum of understanding focused on finding a collective solution to the Colorado River shortage.
- We have almost completed our Drought Pipeline, which will carry water from the Salt River and Verde River to parts of Phoenix currently exclusively served from our allocation of Colorado River water.
- Our Office of Environmental Programs awarded six Resilient and Sustainable Agriculture grants totaling \$245,000 provided to COVID-impacted farms to aid in installing or enhancing water-efficiency practices.

#### b. Wastewater Management:

- We recycle an amazing 89 percent of our wastewater for uses such as irrigation and cooling for the Palo Verde Nuclear Plant. We also capture methane emissions from wastewater treatment and partnered with Ninety-First Avenue Renewable Biogas, LLC to build a facility that generates renewable natural gas from the wastewater treatment for use in vehicles.
- This year, the 91st Avenue Wastewater Treatment Plant (WWTP) was awarded the Gold Award for no permit exceedances in the year. The 23rd Avenue WWTP was awarded the platinum award for the 13th consecutive year. The platinum award is for no permit exceedances for 5 years.

#### c. Water and Wastewater Innovation:

We are an established leader in water innovation and were recognized for three innovative projects; the \$6 million annual Colorado Water Resiliency Fund, the "Tucson-Exchange" where we store 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.

We are continuing to find ways to conserve water:

- We are working with developers to ensure they fulfill EPA *WaterSense* standards in new homes.
- We are informing residents of their water use compared to others in their neighborhoods, and ways they can conserve water while maintaining attractive landscaping.
- We are looking at City government water usage and are replacing inefficient plumbing fixtures in City buildings.

### 4. Buildings 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 most 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 is to have all residents within a five-minute walk of a park or open space.

**a. Part of our goal is to add 150 miles of paths, greenways, and bikeways throughout the city, and transforming an additional 150 miles of canals into vibrant public spaces.** In August 2022, the City received \$25 million in federal funding to improve the bike/pedestrian bridge over the Rio Salado along the 3rd Street alignment across the Rio Salado. Proposed improvements include adding a low-emitting solar light along the existing asphalt pathway.

**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.

- In March 2022, City Council approved the **Heat Response Plan**, which aims to reduce heat-associated deaths, reduce heat-related services calls, to evaluate 100% of heat-response programs and services, and to support a new shelter at 2739 E. Washington St. with \$2.6 million in ARPA funding.

- In August 2022, Phoenix was one of 10 winners of the **Let's Talk About Heat Challenge** for its strategies to raise awareness of extreme heat risks and to protect public health, especially in underserved communities. Additionally, in January 2023, the City Council voted to receive a total of up to \$500,000 from **American Forests**, and to disburse the funds through nonprofit partners to promote shade equity by planting trees in neighborhoods most impacted by rising temperatures.
- The City is creating Arizona's first **Cooling Corridor Project**, which includes planting shade trees at Cesar Chavez Park along both sides of the sidewalk from 35th to 39th Avenues. The Parks and Recreation Department planted a total of 1,500 trees throughout the city in 2002 as part of the City's **Tree and Shade Master Plan** for heat mitigation, and Public Transit installed 112 **transit shade structures** throughout the city as part of continued efforts to mitigate heat impacts and increase transit comfort and access.
- We are continuing to expand our **"We're Cool" Heat Relief Program**, launched in 2017 to make cooling centers, hydration stations and heat-mitigation supplies (hats, umbrellas, water, et al) available during times of extreme heat.
- Our Street Transportation Department implemented Phase II of our **Cool Pavement Program**, which applies a coating to streets that reflects a higher portion of sunlight that hits it, reducing heat absorption and heat radiation. The program received a first-place environmental excellence **Crescordia Award in Climate-Action Solutions** from Arizona Forward, an organization that brings business and civic leaders together to promote cooperative efforts to improve the environmental sustainability and the economic vitality of Arizona and local regions.
- Parks and Recreation Department efforts led Phoenix to be recognized by the Arbor Day Foundation and the Food and Agriculture Organization of the United Nations as a **Tree City of the World**, celebrating leadership in urban and community forestry, for the second consecutive year.

## 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.

As previously noted, in November 2022, the City's Transportation, Infrastructure, and Planning Subcommittee approved a heavy-duty zero-emissions fleet transition. Public Transit staff is identifying a cooperative to purchase low and no-emissions technology buses that includes green transit technology, including battery-electric, hybrid-electric, and fuel-cell electric buses.

## 7. Local Food Systems

Phoenix is increasing 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. Increasing neighborhood access to fresh and healthy food improves community health and reduces 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.

Phoenix is working with Arizona Fresh Holdings LLC to redevelop the Del Rio Landfill into **the Arizona Fresh Agri-food Innovation Center**, which will feature a wholesale produce distribution center, retail food market, community park, and education and research facilities related to food and agriculture.

This year, our Office of Environmental Programs implemented numerous programs as part of the Phoenix Resilient Food Systems Initiatives funded by ARPA, including a **backyard garden program** that installed 92 garden systems for residents with another 90 residents selected for garden installations; an **urban agriculture fellowship program** that placed nine fellows with Phoenix-based farms for one year; two **food systems training cohorts** held through the Food Systems Worker Cooperative Training program with 23 people completing the program and two cooperatives established; **Agri-Food Tech innovation grants** totaling \$500,000 awarded to businesses, non-profits, and an educational institute to advance technological improvements to the food system and increase capacity for access to healthy food; a total of \$500,000 awarded to various non-profit and business entities to improve farms, provide food to COVID-impacted residents, **enhance school and community gardens**, and create a new community garden at Homestead Park; continuation of the **Feed Phoenix program**, providing healthy meals to social service organizations serving COVID-impacted residents through the purchase of produce from local farmers used in meals prepared by small, local restaurants and caterers with more than 130,000 meals delivered in 2022; and continuation of the **Funds to Feed Phoenix program**, with community and grassroots organizations and school districts providing meals to COVID-impacted residents with a total of more than 132,000 meals delivered.

## We Are Intent on Attracting, Keeping and Developing the Best and Brightest

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The City is completing a comprehensive **job evaluation and market analysis** to make the City of Phoenix a destination employer for future generations, and to attract and retain the best talent available to deliver programs and services to the community. The Class & Comp Study aims to ensure job classifications are accurate and up to date and that an equitable and market-based compensation structure exists, to better define career paths and training opportunities.

Our Public Works Department established **apprentice programs** for HVAC, fleet services and plumbing, and expanded its programs for electricians and solid waste equipment operators to provide on-the-job training and education leading to a greater supply of tradespeople for the City and within the Phoenix area in general.

On July 1, 2022, the City Council unanimously approved providing paid **parental leave** of up to 480 hours (12 weeks) for the birth, adoption, or foster care placement of a child during a 12-month period, enabling employees to bond with and care for a new child without exhausting their accrued leave time.

The City also launched **PHXYou**, a new, innovative, centralized employee learning management system, facilitating online training and professional development planning.

## We Have a Strong Financial Outlook

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The City of Phoenix's credit ratings for GO and excise tax bonds remain investment grade. The ratings for GO bonds are as follows: Fitch Ratings (AAA), S&P Global Ratings (AA+) and Moody's Investor Service (Aa1). The ratings for excise tax bonds are: Fitch Ratings (AA+), S&P Global Ratings (AAA) and Moody's Investor Service (Aa2). All 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 cited that "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.

## Our Values Guide Our Approach

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We are committed to delivering excellence through:

- **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.

- **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.

- **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.

- **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.

- **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.

- **Consistent Professionalism**

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

- **Creativity and Innovation for Excellent Results**

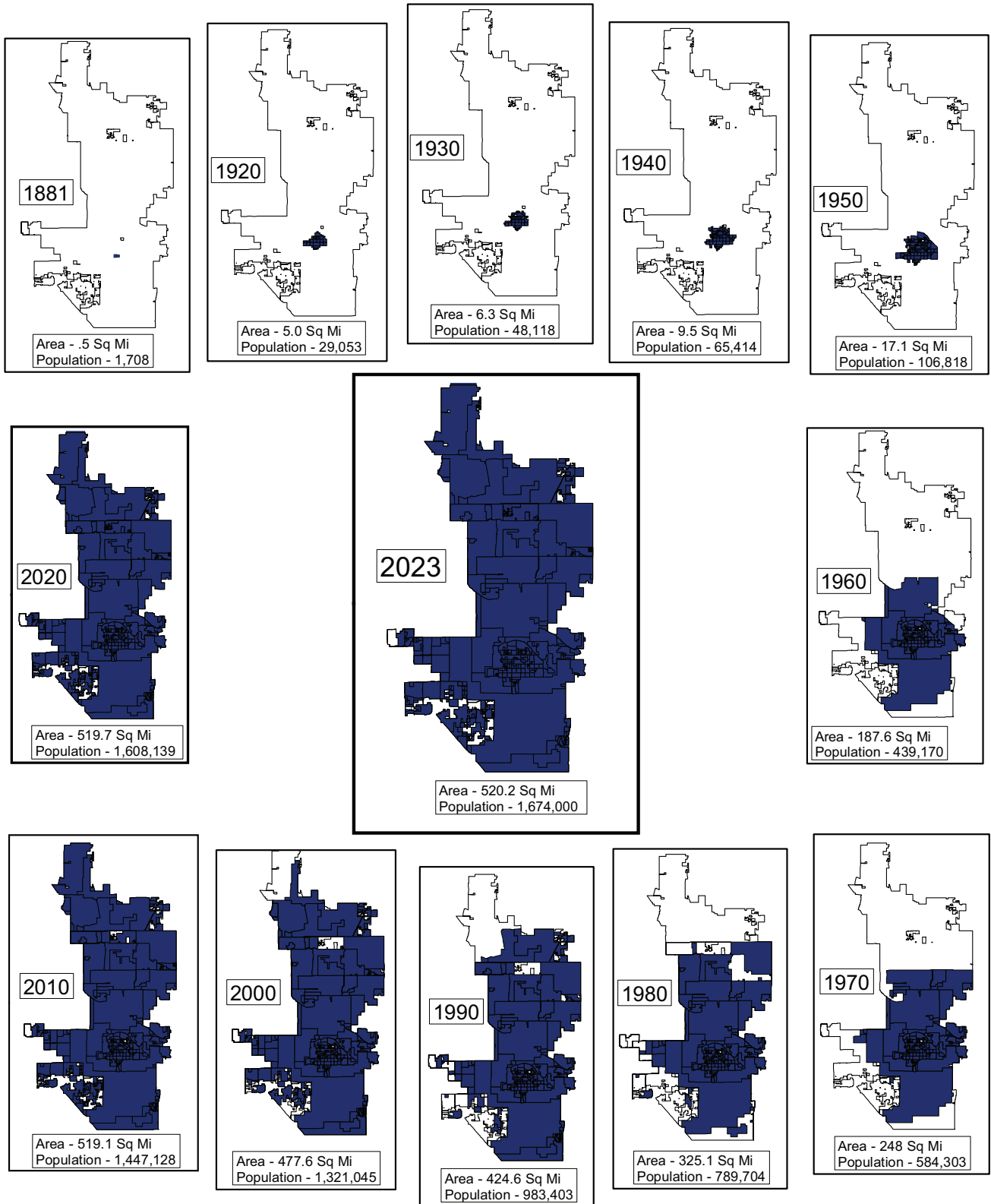
We promote an environment of inventive thinking and imaginative solutions to community needs. We encourage a spirit of continuous improvement in all our activities to exceed community expectations.

City of Phoenix employees not only follow these guiding principles in their workplace, they also demonstrate care for their community by contributing their time and money.

- In 2022, employees raised nearly \$680,000 for the **Valley of the Sun United Way Mighty Change Campaign**. Since the campaign began in 1980, employees have raised more than \$27 million, with most of the recipient organizations providing services in Maricopa County.
- 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.
- City employees also support each other, with more than \$57,000 in contributions to the City's Helping Other Phoenix Employees (HOPE) Fund, designed to offer eligible employees financial assistance for basic household or unanticipated expenses.

We work very hard to earn our reputation as a well-run city. We strive to be leaders in our professions. Each day, our mission and vision, which look to the needs and expectations of our residents, are at the core of everything we do.

# PHOENIX GROWTH





# COMMUNITY PROFILE AND TRENDS

Phoenix was founded in 1870 as an agricultural community and was incorporated as a city in 1881. The original city charter was adopted in 1913 and has been amended by Phoenix voters from time to time since then. The charter allows Phoenix to determine its governmental structure and levy revenue and privilege license taxes. A council-manager form of government was also adopted in 1913. Under this organizational structure, the Mayor and Council appoint a city manager to act as the chief operating officer. The City Council sets policy direction, and the City Manager is responsible for implementing those policies in an efficient and effective manner. In 1982, a group of residents initiated an effort to move to a district system for electing council members. These residents were concerned that at-large elections resulted in an organization that was less responsive to neighborhoods. The initiative was passed by the voters of Phoenix, and the number of council seats was increased from six to eight. The mayor continued to be elected at-large.

## ECONOMIC DIVERSITY

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Phoenix has grown steadily, especially since 1950. The 1900 Census recorded Phoenix's population at 5,544. In 1950, the City occupied 17 square miles with a population of almost 107,000, ranking it 99th among American cities. The 2022 Census recorded Phoenix population at 1,644,409. The City currently encompasses 520.2 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 7.25 inches annually.

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 (10%); financial activities (9%); construction (7%); and manufacturing (6%); Major employers of the Phoenix metropolitan area include Banner Health, State of Arizona, Wal-Mart Inc., Amazon.com, Inc., Fry's Food Stores, Wells Fargo & Company, Maricopa County, Intel Corporation, Arizona State University, and City of Phoenix. The top ten property taxpayers, based on secondary assessed valuation, are Arizona Public Service Company, Southwest Gas Corporation, CenturyLink Inc., Esplanade Owner L.P., Phoenix Plaza P.T. L.L.C., Host Kierland L.P., Target Corporation, United Services Automobile Association, Biltmore Center Owner L.L.C., and Epic Apollo L.L.C. These taxpayers make up 5.7 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.

	1990-91	2000-01	2010-11	2020-21	Actual 2021-22	Estimated 2022-23	Projected 2023-24
<b>DEMOGRAPHIC PROFILE</b>							
Population <sup>1</sup>	995,896	1,350,435	1,453,462	1,608,139	1,630,195	1,644,409	1,674,000
Percent of Population by Age							
Under 5	8.5	8.5	8.3	7.0			
5-19	21.6	21.5	23.0	21.3			
20-44	42.9	42.8	37.2	37.2			
45-64	17.3	17.3	23.1	23.5			
65+	9.7	9.8	8.4	11.0			
Percent of Population by Race <sup>1</sup>							
Caucasian	71.9	55.8	65.9	49.7			
Black/African American	4.9	4.8	6.5	7.8			
American Indian/Alaska Native	1.6	1.6	2.2	2.6			
Asian	1.5	1.9	3.2	4.1			
Native Hawaiian/Other Pacific Islander <sup>2</sup>	N/A	0.1	0.2	0.2			
Other	20.1	35.8	22.0	35.6			
Hispanic/Latino (of Any Race) <sup>3</sup>	20.0	34.1	40.8	41.1			
Not Hispanic or Latino (of Any Race) <sup>3</sup>	80.0	65.9	59.2	58.9			
<b>CITY ECONOMIC PROFILE</b>							
Median Household Income <sup>4</sup>	\$30,797	\$40,856	\$42,260	\$61,529	\$68,435	\$73,499	\$78,938
Personal Income Growth (Metro Phoenix) <sup>5</sup>	4.6%	6.7%	3.0%	8.2%	5.3%	4.3%	6.2%
Secondary Net Assessed Valuation ('000s) <sup>6</sup>	\$5,700,825	\$7,573,211	\$16,092,308	\$19,889,714	\$21,780,881	\$23,045,115	\$28,939,043
Full Cash Value (Millions) <sup>7</sup>	N/A	N/A	\$144.772	\$198.012	\$215.742	\$232.424	\$292.924
Employment Growth Rate <sup>8</sup>	(3.0)%	3.7%	(2.1)%	2.4%	(1.2)%	5.4%	2.3%
Unemployment Rate <sup>9</sup>	4.9%	2.7%	9.1%	6.1%	3.5%	3.3%	3.3%
Value of Residential <sup>10</sup> Construction (Billions)	\$0.42	\$1.16	\$0.28	\$1.00	\$1.10	\$1.10	\$1.10
Value of Commercial <sup>10</sup> Construction (Billions)	\$0.46	\$1.33	\$2.60	\$5.00	\$8.10	\$8.20	\$8.00
<b>CITY FINANCIAL PROFILE</b>							
Total Budget ('000s)	\$1,026,545	\$1,946,013	\$3,020,690	\$4,163,128	\$4,488,849	\$4,911,713	\$6,750,037
Total GF Budget ('000s) <sup>11</sup>	\$591,021	\$953,324	\$954,795	\$1,371,152	\$1,470,251	\$1,627,796	\$2,028,668
Total Employees	11,388	14,352.0	15,002.8	14,980.9	15,495.2	15,901.9	15,946.9
Total Employees per 1,000 population <sup>12</sup>	11.4	10.6	10.3	9.2	9.5	9.7	9.5
Non-Enterprise Employees per 1,000 population	N/A	8.6	8.0	7.2	7.5	7.7	7.6
Enterprise Employees per 1,000 population <sup>13</sup>	N/A	2.0	2.3	2.0	2.0	2.0	2.0
Property Tax Rate per \$100 Net Assessed Value	1.79	1.82	1.82	2.13	2.12	2.11	2.10
G.O. Bond Rating (Moody's/S&P/Fitch) <sup>14</sup>	Aa/AA+	Aa1/AA+	Aa1/AAA	Aa1/AA+/ AAA	Aa1/AA+/ AAA	Aa1/AA+/ AAA	N/A
Number of PLT Licenses <sup>15</sup>	43,756	51,000	56,460	200,845	210,779	211,000	211,000
City Retail Sales Tax Rate <sup>16</sup>	1.2%	1.8%	2.0%	2.3%	2.3%	2.3%	2.3%

	1990-91	2000-01	2010-11	2020-21	Actual 2021-22	Estimated 2022-23	Projected 2023-24
<b>INFRASTRUCTURE PROFILE</b>							
<b>Area (Square Miles)</b>	427.1	483.5	519.1	519.8	519.9	520.2	520.2
<b>Police</b>							
Major Crimes <sup>17</sup>	110,961	97,666	70,108	63,710	64,977	58,220	57,520
Dispatched Calls for Service <sup>18</sup>	895,117	862,769	666,116	655,459	666,908	624,440	639,420
Authorized Sworn Police Officers <sup>19</sup>	2,047	2,810	3,281	3,271	3,271	3,271	3,271
<b>Fire</b>							
Fire Stations <sup>20</sup>	45	45	57	59	59	59	59
Fires and All Other Calls	26,281	28,369	19,335	27,323	33,467	34,000	36,000
Emergency Medical Calls <sup>21</sup>	75,112	101,396	136,163	190,669	214,339	216,000	224,000
Authorized Sworn Firefighters <sup>19</sup>	1,042	1,315	1,661	1,723	1,722	1,798	1,835
<b>Building Inspections</b>							
Total Number of Inspections <sup>22</sup>	176,909	261,184	131,600	271,758	277,742	277,000	277,000
<b>Streets</b>							
Total Miles	3,800	4,299	4,825	4,858	4,864	4,867	4,872
Miles Resurfaced and Sealed <sup>23</sup>	250	220	127	582	340	308	219
Total Miles of Bikeway <sup>24</sup>	250	472	615	1,528	1,492	1,523	1,553
<b>Traffic Control and Lighting</b>							
Signalized Intersections	761	906	1,092	1,163	1,164	1,173	1,183
Street Lights	50,825	70,750	89,826	96,828	97,217	97,444	99,444
Traffic Accidents <sup>23</sup>	28,414	36,500	22,742	27,540	27,979	29,171	30,000
<b>Aviation</b>							
Passengers Arriving and Departing	22,175,000	35,900,000	40,500,000	26,779,940	43,939,105	46,500,000	47,900,000
<b>Solid Waste Collection</b>							
Residences Served <sup>26</sup>	281,392	327,953	392,825	413,010	416,176	420,002	423,863
Tons Disposed at City Landfills <sup>27</sup>	513,643	1,051,935	1,002,346	986,352	1,013,301	972,257	978,090
<b>Municipal Parks</b>							
Number of Municipal Parks <sup>28</sup>	1181	199	225	200	200	200	200
Developed Park Acres <sup>29</sup>	2,206	3,332	5,071	8,860	8,860	8,860	8,860
Number of Municipally Operated Golf Courses	5	7	6	5	5	5	5
<b>Libraries</b>							
Material Circulation <sup>30</sup>	5,962,411	9,151,000	13,839,543	6,833,489	8,452,505	9,400,000	9,500,000
Total Material Stock <sup>31</sup>	1,732,410	2,016,000	1,643,977	4,050,722	3,292,831	3,512,000	3,700,000
Number of Library Branches	11	13	16	17	17	17	17
<b>Equipment Management</b>							
Number of Equipment Units in Fleet <sup>32</sup>	4,776	6,080	7,612	7,711	7,764	7,876	7,907
<b>Water</b>							
Connections <sup>33</sup>	321,996	350,967	397,390	434,743	441,237	444,767	449,215
Production (billions of gallons) <sup>34</sup>	84.7	109.4	98.6	106.0	101.3	98.2	102.7
Miles of Line	4,246	5,007	6,270	7,035	7,068	7,125	7,155
<b>Wastewater</b>							
Connections	311,980	327,051	389,978	421,854	423,122	426,507	430,772
Miles of Line	3,661	4,174	4,980	4,952	4,984	5,038	5,060

<sup>1</sup> Population by age and race is only available in census years. Also, racial categories were modified by the Census Bureau in the 2000 Census. Population counts reported for 2022-23 and prior are based on Census Bureau Population Estimate, and the population count for 2023-24 is a projection provided by Maricopa Association of Governments.

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

<sup>3</sup> Hispanic/Latino of any race is included in the Census' "Other" race category.

<sup>4</sup> 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 April 2023 greater Phoenix Consumer Price Index (CPI) of 7.4% was applied to the U.S. Census Bureau's (FactFinder) 2021 American Community Survey 1-year estimates for City of Phoenix Median Household income. The reported data is from April 2023.

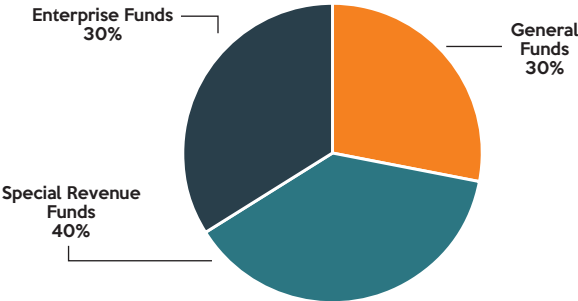
- <sup>5</sup> Personal income growth percentage is from University of Arizona's "Economic Outlook" quarterly publication (University of Arizona Economic and Business Research Center).
- <sup>6</sup> Following the 2012 voter approval of the Arizona Property Tax Assessed Valuation Amendment (Proposition 117), and A.Z. Const. art. IX, § 18(3), Secondary (Full Cash) Net Assessed Valuation is no longer used for purposes of calculating Secondary Property Taxes. The City continues to report Secondary Net Assessed Valuation here for continuity with previous reports.
- <sup>7</sup> Full Cash Value represents market value of properties as determined by the Maricopa County Assessor's Office, prior to the application of Limited Property Value formulas, assessment ratios and exemptions. Prior to 2015-16, trends in Full Cash Value correlated to trends in the City's Secondary Property Tax Base; however, this correlation no longer applies. Reported values lag market conditions by approximately 18 to 24 months.
- <sup>8</sup> Employment growth rate figures (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](http://www.bls.gov). The reported data is from March 2023 and does account for impacts to employment growth from COVID-19.
- <sup>9</sup> Unemployment rate is reported monthly by the US Bureau of Labor Statistics website: [www.bls.gov](http://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 February 2023 and does account for impacts to the unemployment rate from COVID-19.
- <sup>10</sup> These measures represent the annual estimated value of projects permitted by the City of Phoenix (new construction and remodels). Valuations are trending higher than prior years due to large semi-conductor project and supplier sites in north Phoenix.
- <sup>11</sup> As of 1998-99, Arizona Highway User Revenue funds are no longer included in the General Fund total.
- <sup>12</sup> A correction was made to the calculation of City employees per 1,000 population for 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.
- <sup>13</sup> Enterprise departments include Water, Wastewater, Aviation, Phoenix Convention Center, and Solid Waste Management.
- <sup>14</sup> The ratings listed in the estimated 2022-23 are the City's rating at the time of publication. No attempt has been made to project the City's ratings.
- <sup>15</sup> As of January 1, 2017, the City of Phoenix no longer has administrative and collection duties over the management of Transaction Privilege (Sales) and Use Tax Licenses (TPT) accounts. This process is administrated by the State of Arizona. Previously, the City allowed businesses to report multiple locations or entities under one license; that is no longer the policy under the State. Although the Arizona Department of Revenue assumed these duties in 2017, it is expected that the State remits the same approximate amount of annual license fee revenues for the same approximate number of (TPT) accounts that have privilege tax liability within the City of Phoenix limits.
- <sup>16</sup> Voters approved a 0.3 percent increase in most city sales tax categories effective January 1, 2016 to fund a comprehensive transportation plan. This was an increase to and an extension of the 0.4 percent tax that was effective June 1, 2000, resulting in a total tax of 0.7 percent for transportation with a 35-year sunset date.
- <sup>17</sup> Total violent and property crimes are based on Uniform Crime Reporting (UCR) standards, not based on Arizona Revised Statutes. Counts are based on finalized data through March 2023 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.
- <sup>18</sup> 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, 2023 and projected data for the remaining months.
- <sup>19</sup> 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 1,819 based on projected available resources.
- <sup>20</sup> Station 62 is anticipated to open in December 2024. Station 74 is anticipated to open in the first quarter of 2025.
- <sup>21</sup> Estimated calls are based on historical actual numbers and could be impacted by external factors such as population density, traffic, and hospital wait times.
- <sup>22</sup> Includes building, electrical, mechanical, plumbing and general inspections.
- <sup>23</sup> Miles of streets resurfaced or sealed varies year over year and is dependent on actual streets selected and distribution of wide versus narrow. It also varies based on the method of seal used. 2023-24 shows a decrease due to the end of the Accelerated Pavement Maintenance Program (APMP) in 2022-23.
- <sup>24</sup> 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. As part of the ongoing effort to improve the bikeway data, 51 miles of bike routes were reclassified over the last year and they are no longer considered bikeways.
- <sup>25</sup> Traffic accidents include injury, non-injury, and fatal collisions. 2021-22 represents a pre-final number based on current ADOT data. 2022-23 and 2023-24 figures are projections based on previous years.
- <sup>26</sup> 2022-23 projected service level is based on annualized 9 months of actuals data and assumptions from Business Intelligence (BI) Living Unit report (average 0.69% growth over the last 9 months). Projected households for 2023-24 are based on 0.92% growth from 2022-23 projections.
- <sup>27</sup> 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 2023-24 is based on 0.6% growth from 2022-23 projections. For 2022-23, the projection is reduced compared to 2021-22 actuals due to Covid behavioral changes (mostly attributed to people returning to a physical workplace that is not their home).
- <sup>28</sup> Decrease from prior years resulted from removing undeveloped parcels from the total, therefore reducing the total number of municipal parks. The Municipal Parks include 14 Mountain Preserves.
- <sup>29</sup> Increase from prior years resulted from the reclassification of park assets in Park's asset inventory database compared to 2010-11. These numbers include all flatland parks, including four Natural Parks (Cave Buttes Recreation Area, Papago Park I, Reach 11 Recreation Area, and Rio Salado).
- <sup>30</sup> Measure covers all media including: audio books, e-books, CDs, DVDs, databases, books, and periodicals. 2021-22 data reflects the addition of Kanopy to the catalog. Library locations returned to regular operating hours in 2021-22, resulting in higher than estimated circulation versus the previous year, which was impacted by COVID-19.
- <sup>31</sup> Total material stock includes digital material available to patrons.
- <sup>32</sup> Includes vehicle replacements.
- <sup>33</sup> Water connections have increased due to an increase in customer accounts.
- <sup>34</sup> Includes water produced for City of Phoenix only.

# RESOURCE AND EXPENDITURE SUMMARY

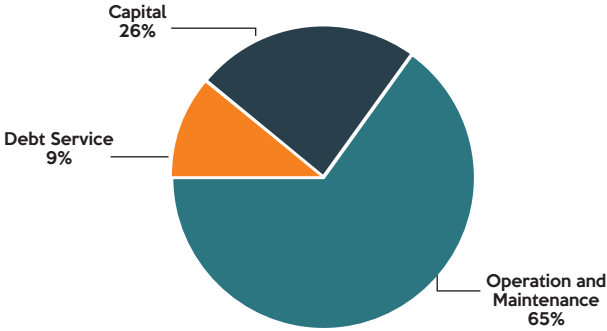
This section provides a broad overview of the resources and expenditures included in the fiscal year (FY) 2023-24 budget. Information is presented for General, Special Revenue and Enterprise funds. General funds, which receive special attention by the community, are highlighted throughout this section. 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 2023-24 budget, financed by operating funds, totals \$6,750,037,000. As shown in the pie chart below, the General Fund portion of \$2,028,668,000 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 - \$6.75 Billion**



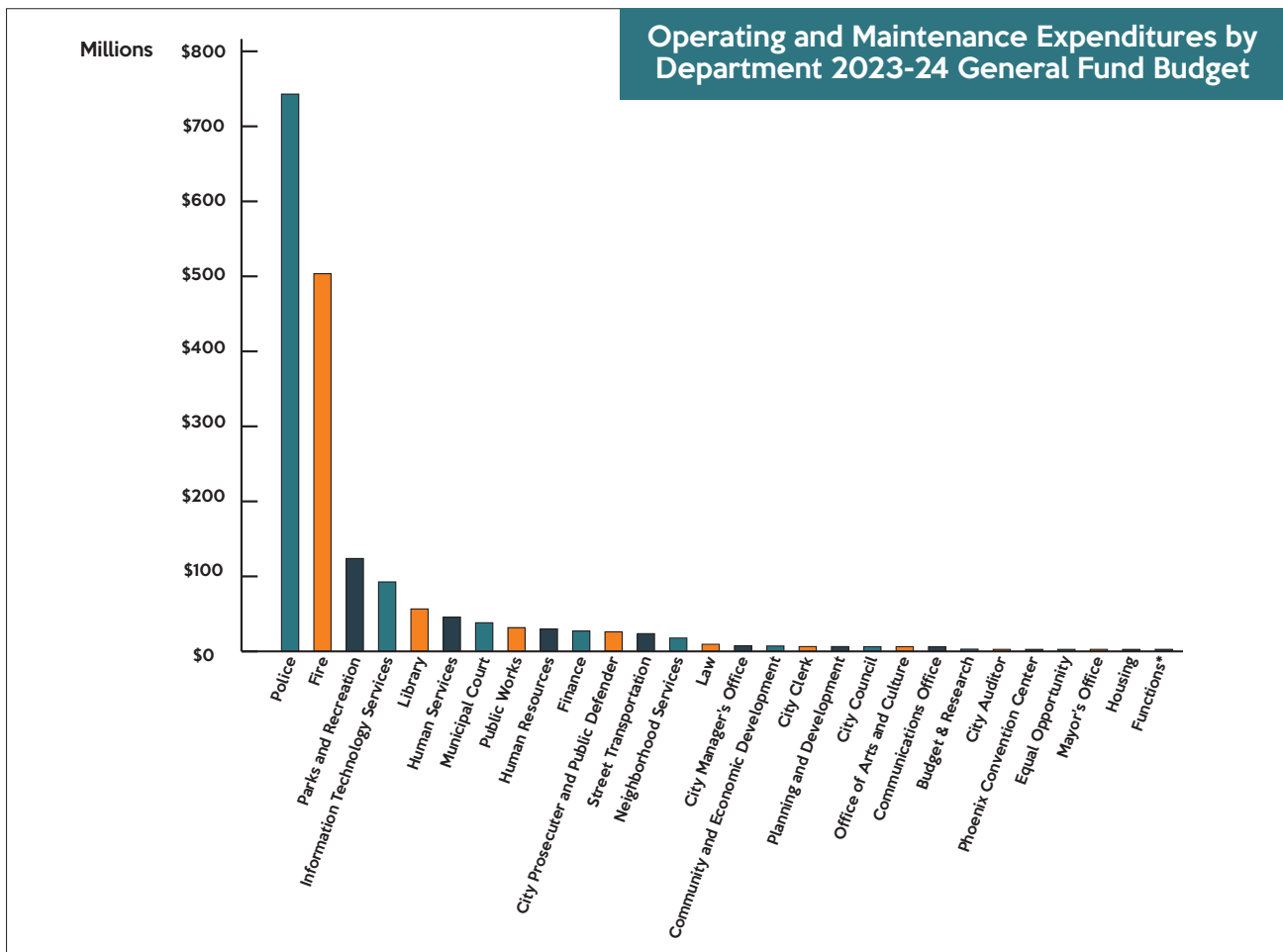
**All Sources of Funds  
Total Expenditures - \$6.75 Billion**



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 2023-24 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 operating and maintenance 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 operating and maintenance 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 2023-24 budget to the FY 2022-23 adopted budget. Actual expenditures for FY 2021-22 are also included.

	2021-22	2022-23	2023-24		
	Actual Expenditures	Adopted Budget	Budget	Amount Change	Percent Change
Operating and Maintenance Expenditures	3,354.2	4,028.5	4,421.6	393.1	9.8%
Capital Expenditures	563.6	1,337.4	1,749.2	411.8	30.8%
Debt Service	571.0	611.9	579.2	(32.7)	(5.3)%
<b>Total</b>	<b>4,488.8</b>	<b>5,977.8</b>	<b>6,750.0</b>	<b>772.2</b>	<b>12.9%</b>

Overall, citywide operating and maintenance expenditures are expected to rise by \$393.1 million. Most of the increase is attributable to FY 2023-24 negotiated employee compensation increases, the implementation of the Class and Compensation study, additional staff for programs and services, and higher costs for health insurance and public safety pension. Expenditure growth can also be attributed to additional Section 8 housing assistance payments from HUD and the carryover of several Council-approved American Rescue Plan Act (ARPA) projects that are still in progress; water replacement and water conservation programs; and water treatment plant infrastructure improvements. Increases are also due to higher inflationary and usage costs for credit card fees and banking services, electricity, computer software and components; water treatment chemicals, raw water purchases, and water pumps; telecommunications equipment; gasoline, diesel fuel, liquid petroleum and compressed natural gas (CNG); plumbing, janitorial, and paint supplies; motor vehicle parts; garbage containers; police equipment; reference and education materials; safety and environmental supplies; tools; and clothing and golf merchandise.

Pay-as-you-go capital expenditure increases are primarily due to increases in the Aviation, Housing, Information Technology, Non-Departmental Capital, Parks and Recreation, Public Transit, Wastewater, and Water programs. The Capital Improvement Program Budget Book provides project-level detail.

Debt service expenditures are anticipated to decrease due to the absence of reserve funds needed to defease debt.

## FY 2023-24 GENERAL FUND BUDGET OVERVIEW

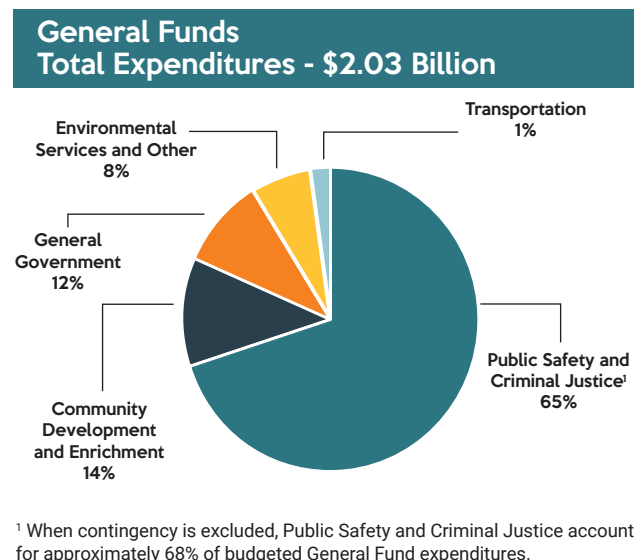
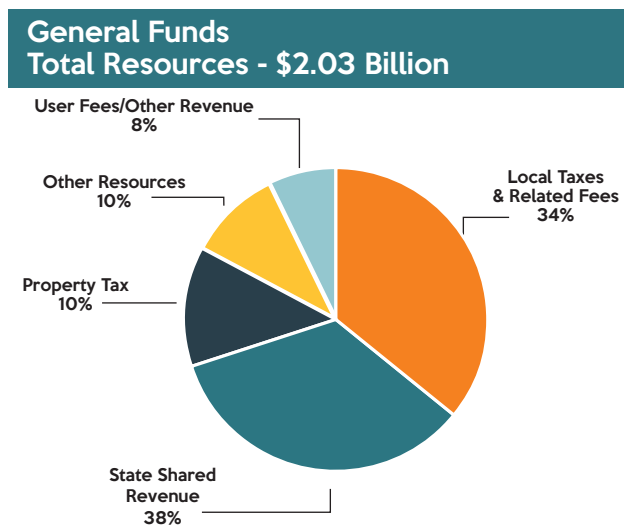
The FY 2023-24 General Fund budget of \$2,028,668,000 provides for ongoing operating and maintenance and some pay-as-you-go capital expenditures. The table below compares the FY 2023-24 General Fund budget with the adopted FY 2022-23 budget.

	2021-22 Actual Expenditures	2022-23 Adopted Budget	2023-24		
			Budget	Amount Change	Percent Change
Operating and Maintenance Expenditures	1,446.1	1,731.2	1,906.8	175.6	10.1%
Capital Expenditures	24.2	48.2	121.9	73.7	+100.0%
<b>Total</b>	<b>1,470.3</b>	<b>1,779.4</b>	<b>2,028.7</b>	<b>249.3</b>	<b>14.0%</b>

The operating and maintenance expenditures for FY 2023-24 are expected to increase by 10.1 percent overall compared to the FY 2022-23 adopted budget primarily due to FY 2023-24 negotiated employee compensation increases, the implementation of the Class and Compensation study, rising costs for health insurance and public safety pension, and for new positions for expansion of City programs and services. Various departmental increases are also contributing to growing expenditures for reasons such as facility maintenance costs including the operations and maintenance of the new 100 West Washington building; homeless and senior services; continued funding for maintenance and modernization of technology; increases to liability insurance, medical services, credit card fees and banking services, self-insurance charges, and property insurance; crisis response; security services; maintenance and repairs to citywide parks; funding for revenue enforcement; SAP system software agreements; and rental charges for the PPE Warehouse. Commodities will also rise due to higher costs in police equipment and ammunition; safety and environmental supplies; gasoline, diesel fuel, and CNG; plumbing supplies; motor vehicle parts; small tools and equipment; computer software and components; telecommunications equipment; and park supplies such as chemicals, pumps, and accessories for citywide pools along with material to maintain infrastructure, clothing, janitorial supplies, signage, locks, and office furniture. Other reasons for the growth are due to vehicle replacements including one-time funds to replace Fire apparatus, and a General Fund contingency increase.

Pay-as-you-go capital expenditure increases are primarily due to funding for Fire Station 74; replacement of the existing Municipal Court Case Management System; Fleet Services facility improvements; increases in Information Technology Plan funding; Roadway Safety Action Program and Cool Pavement Program funding; a new Cold War monument at Steele Indian School Park; local match funding for potential federal grant awards; and set-asides to support the planned 2023 General Obligation Bond Program.

The following pie charts show the FY 2023-24 General Fund budget summarized by major programs and major resources.



## RESOURCES

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

## FY 2023-24 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 2023-24 beginning fund balances totaling \$2,431.3 million include \$204.1 million in General funds, \$1,060.4 million in Special Revenue funds and \$1,166.8 million in Enterprise funds. The estimated beginning fund balance for Special Revenue and Enterprise funds include: Transportation 2050 - \$376.0 million; Other Restricted - \$176.1 million; Parks and Preserves - \$115.9 million; Sports Facilities - \$79.9 million; Development Services - \$70.1 million; Arizona Highway User Revenue - \$57.2 million; Grant funds - \$46.4 million; 2007 Public Safety Expansion - \$44.8 million; Capital Construction - \$25.8 million; Neighborhood Protection - \$25.6 million; Public Safety Enhancement - \$20.5 million; Community Reinvestment - \$17.7 million; Aviation - \$657.2 million; Wastewater - \$225.2 million; Water - \$142.9 million; Convention Center - \$111.5 million; Solid Waste - \$30.0 million and \$4.4 million in various other special revenue funds.

## FY 2023-24 GENERAL FUND ESTIMATED BEGINNING FUND BALANCE (AKA FY 2022-23 GENERAL FUND ESTIMATED ENDING BALANCE)

The FY 2023-24 beginning balance mentioned in the previous section is estimated to be \$204.1 million, which is also the FY 2022-23 General Fund ending balance, as shown in the following table. This results from a \$52.4 million increase in net resources, combined with a \$151.6 million reduction in net expenditures estimated in FY 2022-23 compared to the original General Fund budget.

	2021-22 Actuals	2022-23		Estimate Over (Under) Budget	
		Budget	Estimate	Amount	Percent
<b>Resources</b>					
Beginning Balances	283,000	185,378	224,446	39,068	21.1%
Revenue	1,495,712	1,587,305	1,660,431	73,126	4.6%
Recoveries	3,793	1,000	4,206	3,206	+100.0%
Transfers	(87,808)	5,747	(57,222)	(62,969)	-100.0%
<b>Total Resources</b>	<b>1,694,697</b>	<b>1,779,430</b>	<b>1,831,861</b>	<b>52,431</b>	<b>2.9%</b>
<b>Expenditures</b>					
Operating Expenditures	1,446,093	1,731,265	1,592,871	(138,394)	(8.0)%
Capital	24,158	48,165	34,925	(13,240)	(27.5)%
<b>Total Expenditures</b>	<b>1,470,251</b>	<b>1,779,430</b>	<b>1,627,796</b>	<b>(151,634)</b>	<b>(8.5)%</b>
<b>Ending Fund Balance</b>	<b>224,446</b>	<b>---</b>	<b>204,065</b>	<b>204,065</b>	<b>+100.0%</b>

The increase in net resources includes a \$39.1 million higher beginning balance, a \$73.1 million increase in operating revenues, and a \$3.2 million increase in recoveries, offset by a \$63.0 million decrease in net transfers. The increase to FY 2022-23 projected General Fund revenues is primarily due to the anticipated city and state sales tax increases. The increase in recoveries is because less encumbered expenditures are expected to be liquidated in FY 2022-23. The decrease in net transfers is mainly due to additional transfers from the General Fund to Police and Fire sinking funds for necessary public safety radio replacements and breathing apparatus equipment, and to Public Safety Special Revenue funds to ensure fund sustainability.

The decrease in net expenditures includes a \$138.4 million decrease in operating expenditures and a \$13.2 million decline in pay-as-you-go capital expenditures. The decrease in FY 2022-23 estimated General Fund operating expenditures from the FY 2022-23 budget is mainly due to unused contingency funds and vacancy savings. The reduction of pay-as-you-go capital expenditures compared with the FY 2022-23 budget is primarily due to a carryover of funds from FY 2022-23 to FY 2023-24.

## FY 2023-24 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 2023-24 are estimated at \$5,604,941,000. This is \$559,351,000 or 11.1 percent higher than the FY 2022-23 estimate of \$5,045,590,000.

The following table provides a comparison of the FY 2023-24 estimated revenues to FY 2022-23 estimates and FY 2021-22 actual collections. Detailed explanations by category are provided in the FY 2023-24 Revenue Estimates section of this document.

Fund Types	2021-22 Actuals	2022-23 Estimate	2023-24		
			Estimate	Amount Change	Percent Change
General	1,495,712	1,660,431	1,830,903	170,472	10.3%
Special Revenue Funds	1,662,461	1,697,505	2,018,978	321,473	18.9%
Enterprise Funds	1,631,569	1,687,654	1,755,060	67,406	4.0%
<b>Total</b>	<b>4,789,742</b>	<b>5,045,590</b>	<b>5,604,941</b>	<b>559,351</b>	<b>11.1%</b>



General Fund revenues are estimated at \$1,830,903,000, which is \$170,472,000 or 10.3 percent more than the FY 2022-23 estimate of \$1,660,431,000. The increase is primarily due to the anticipated increases in the state-shared income, sales and vehicle license taxes, and City sales taxes.

Special Revenue funds are projected at \$2,018,978,000, which is \$321,473,000 or 18.9 percent higher than the FY 2022-23 estimate of \$1,697,505,000. The estimate for Special Revenue funds includes a \$39.3 million increase in Regional Transit funds, an \$11.4 million increase in Transportation 2050 funds, a \$5.3 million increase in Secondary Property Tax revenues, a \$4.6 million increase in Highway User Revenue, a \$3.4 million increase in 2007 Public Safety Expansion funds, a \$3.0 million increase in Community Reinvestments revenues, a \$1.5 million increase in Neighborhood Protection funds, a \$1.2 million increase in Regional Wireless Cooperative revenues, a \$1.1 million increase in Other Restricted revenues, and a combined increase of \$0.4 million in Public Safety Enhancement funds, and Parks and Preserves funds. Furthermore, there is a \$312.1 million increase in various grant funds, including Public Housing, Community Development, and Public Transit grants. The increased Special Revenue funds are offset by a \$7.3 million decrease in Development Services funds, a \$1.0 million decrease in Court Awards, a \$0.6 million decrease in Golf Courses funds, and a combined decrease of \$0.5 million in Capital Construction revenue, Sports Facilities funds, City Improvement funds, and Impact Fee Program Administration revenue. The reduction of \$49.5 million in Human Services grants and \$2.9 million decrease in Criminal Justice grants also offset the positive Special Revenue funds.

The FY 2023-24 Enterprise funds are expected to be \$1,755,060,000, which is \$67,406,000 or 4.0 percent more than the FY 2022-23 estimate of \$1,687,654,000. The increase includes the impact of the proposed rate increases for Water and Wastewater funds and the additional revenue from the Convention Center fund. The projected revenue increases are offset by the Aviation revenue loss resulting from the discontinuation of the COVID-19 related federal funding in FY 2022-23.

## **FY 2023-24 TRANSFERS TO THE GENERAL FUND**

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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 2023-24 total \$93.2 million. This amount reflects \$90.4 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 \$2.8 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 \$93.2 million. A transfer of \$1,386.6 million from the Excise Tax fund represents the General Fund share of local and state-shared sales taxes, fees and state-shared income taxes. However, this amount is reflected in revenues, rather than a transfer, throughout this section.

## **FY 2023-24 ESTIMATED ENDING BALANCES**

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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 2023-24, \$81.2 million is included for the General Fund contingency, with an additional \$20.0 million set aside for potential employee compensation increases to attract and retain a quality workforce. The set-aside could also be used if needed in the event of an economic downturn or an unexpected reduction in revenues to ensure the General Fund remains balanced upon City Council approval. More detail can be found 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 a decade.

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 2023-24 ending balance of \$1,284.2 million includes: Other Restricted - \$137.6 million; Sports Facilities - \$90.1 million; Transportation 2050 - \$59.1 million; Parks and Preserves - \$43.6 million; Grant Funds - \$30.7 million; 2007 Police Public Safety Expansion - \$23.9 million; Development Services - \$23.3 million; Neighborhood Protection - \$17.9 million; Community Reinvestment - \$17.3 million; Public Safety Enhancement - \$12.7 million; Capital Construction - \$7.2 million; Golf - \$4.5 million; Arizona Highway User Revenue - \$2.8 million; Aviation - \$485.5 million; Convention Center - \$127.7 million; Wastewater - \$114.4 million; Water - \$72.3 million; Solid Waste - \$11.4 million; and a combined \$2.2 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 \$1,060.4 million to \$472.9 million.

- Transportation 2050 fund balances are decreasing primarily due to planned pay-as-you-go capital spending for light rail extensions; bus rapid transit; new infrastructure for transit facilities; major maintenance to existing pavements and sidewalks; traffic signal improvements; construction of a bicycle and pedestrian bridge across the Rio Salado River; and the installation of citywide mid-block streetlights.
- The Phoenix Parks and Preserves fund balance is declining primarily due to planned capital expenditures for preserve land acquisition, park and preserve development, and spider trails revegetation.
- The Arizona Highway User Revenue fund balance is diminishing due to intended capital spending for a scope of work study of Happy Valley Road and 35th Avenue to 67th Avenue and for the annual Residential Street Overlay program. Operating expenses will also rise mostly as a result of fewer anticipated vacancies, negotiated employee compensation increases, and the implementation of the Classification and Compensation study. In addition, less anticipated expense recoveries and the

discontinuation of the one-time transfer from the General Fund to the Arizona Highway User Revenue fund in FY 2022-23 also contribute to the expected fund balance decline.

- Development Services funds are reducing due to projected capital expenditures for the replacement of the KIVA permitting system, the Data Center Modernization project, and for citywide data network technology. Operating costs are also rising due to higher contingency reserves, fewer anticipated vacancies, negotiated employee compensation increases, and the implementation of the Class and Compensation study. Other factors include additional costs for contractual plan review and inspection services and increased facility maintenance costs, increases in work-order charges, office furniture, and computer components. Revenue collections are also declining due to an estimated revenue decrease in building permit fees, building plan review fees, interest earnings and other miscellaneous fees.
- Other Restricted fund balances are declining due to increases in public safety pension, funding to address substance abuse and the impacts of the opioid crisis, support for Patrol Divisions officers to support a variety of department efforts, increased contributions to the Community Facilities District (CFD) trust; additional appropriation for affordable housing projects; added costs for Impact Fee studies; support, equipment replacement, and maintenance of the Computer-Aided Dispatch (CAD) system; funding for the new Stormwater Post Construction program; costs for services in the Enhanced Municipal Service District; and for more Strategic Economic Development Fund projects. Increases in planned capital spending include funding for affordable housing projects; improvements to citywide fuel infrastructure; software and equipment for the CAD system; the enhancement of Phoenix Biomedical Campus; and for replacements of HVAC ventilation diffusers at Public Transit headquarters.
- 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 expenses due to a significant growth in Police overtime costs compared to prior years and also due to a rise in pension costs, negotiated employee compensation increases, and the implementation of the Class and Compensation study.
- 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 2022-23 that are now budgeted for FY 2023-24.
- A few Special Revenue fund balances are expected to increase primarily due to decreases in total expenditures or increases in revenue.

In FY 2023-24, the Enterprise funds ending balances in the aggregate are programmed to decline from \$1,166.8 million at the beginning of FY 2023-24 to \$811.3 million at year end.

- The Aviation balance is declining due to capital spending on increased project contingency funds, infrastructure improvements, land acquisitions, improved technology, LED lighting upgrades, and for the Data Center Modernization project at Phoenix Sky Harbor Airport.
- Wastewater funds are diminishing due to planned capital projects for infrastructure improvements to water treatment plants, sewers, lift stations, and technology. Operating expenditures are also expected to grow due to higher contingency reserves; a rise in inflationary and usage costs for chemicals, odor and pest control and other needed services, computer software, materials to maintain infrastructure, electricity, consultants, permit fees, water pumps, and sludge hauling; increases in work-order charges; and increases to personal service costs due to fewer anticipated vacancies, negotiated employee compensation increases, and for the implementation of the Class and Compensation study; and lastly due to vehicle replacements as a result of an aging fleet.
- Water funds are decreasing due to additional operating expenditures for water replacement and water conservation programs as part of funds received from the Bureau of Reclamation; higher contingency reserves; a rise in inflationary and usage costs for street pavement contracts, chemicals, computer software and equipment, raw water purchases, electricity, services to maintain infrastructure and other needed services, sludge hauling, and for credit card fees and banking services; increases to personal service costs due to fewer anticipated vacancies, negotiated employee compensation increases, and for the implementation of the Class and Compensation study; and for vehicle replacements as a result of an aging fleet.
- Solid Waste funds are decreasing due to negotiated increases in employee compensation and the implementation of the Class and Compensation study; higher contingency reserves and capital replacements; and greater costs for recycling services. Pay-as-you-go capital improvements are forecasted to rise for landfill and transfer station repairs and for upgraded recycling equipment at North Gateway Material Recovery Facility (MRF) station. In addition, the expected decline in the ending fund balance is also caused by a lower beginning fund balance and less anticipated revenue from interest earnings due to the decrease in the beginning fund balance.
- The Convention Center fund balance is increasing primarily due to a higher beginning balance, and anticipated revenue growth as the recovery from the pandemic continues. The surplus is offset by increased operating expenditures mostly due to event growth as activities return to pre-pandemic levels; higher contingency reserves; personal service costs for negotiated increases in employee compensation and the implementation of the Class and Compensation study; a rise in inflationary and usage costs such as electricity, air-conditioning chiller services and other needed services; and the result of the conclusion of supplementing costs from ARPA funds.

### **Negative Fund Balances**

The negative fund balance in Regional Transit is due to the negative interest earnings that have accumulated over the past few years, which is a result of the negative fund balance caused by 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.



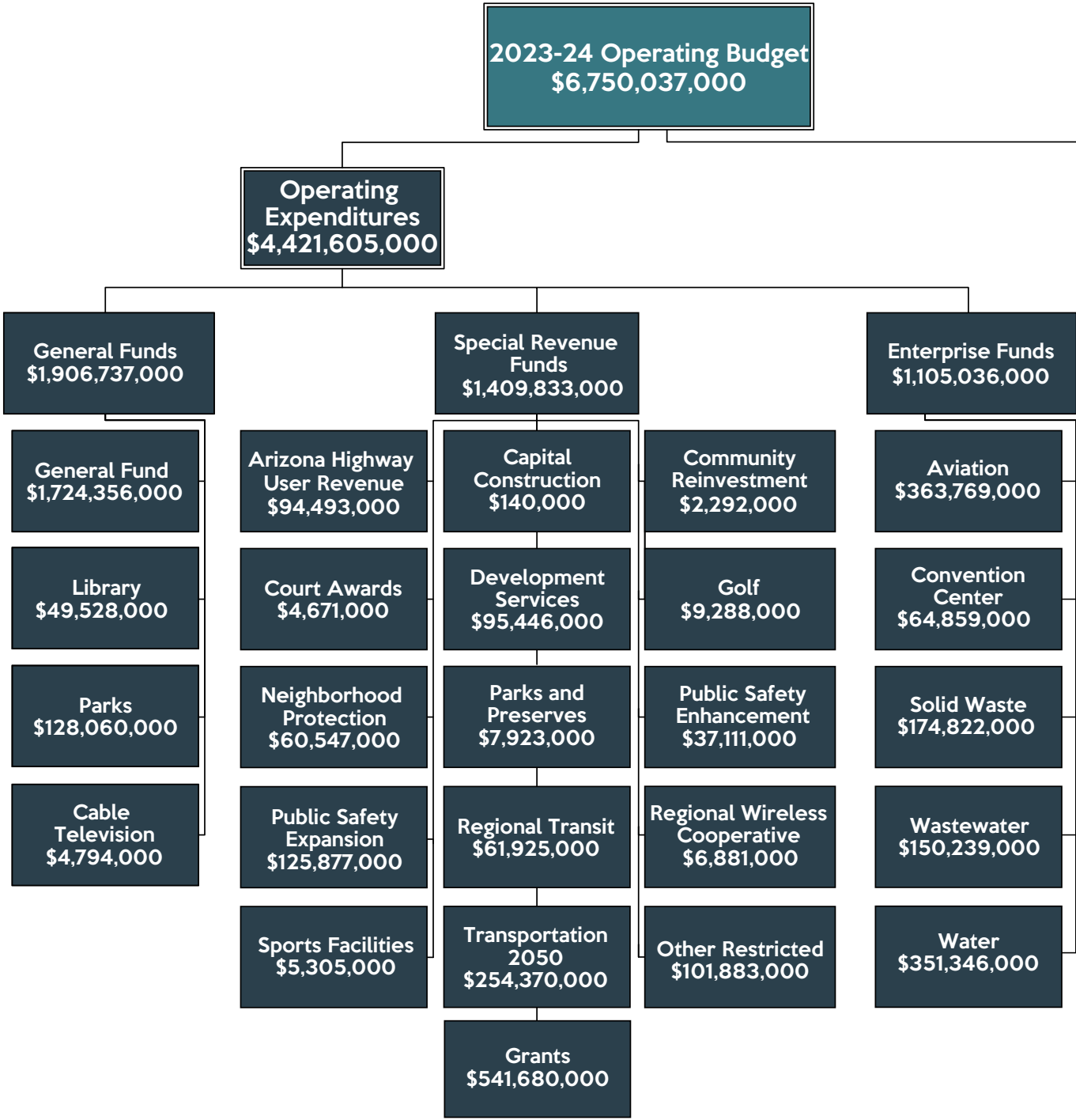
**The Highest S&P  
Credit Rating of the  
5 Largest U.S. Cities**

**STRONG CREDIT RATING**

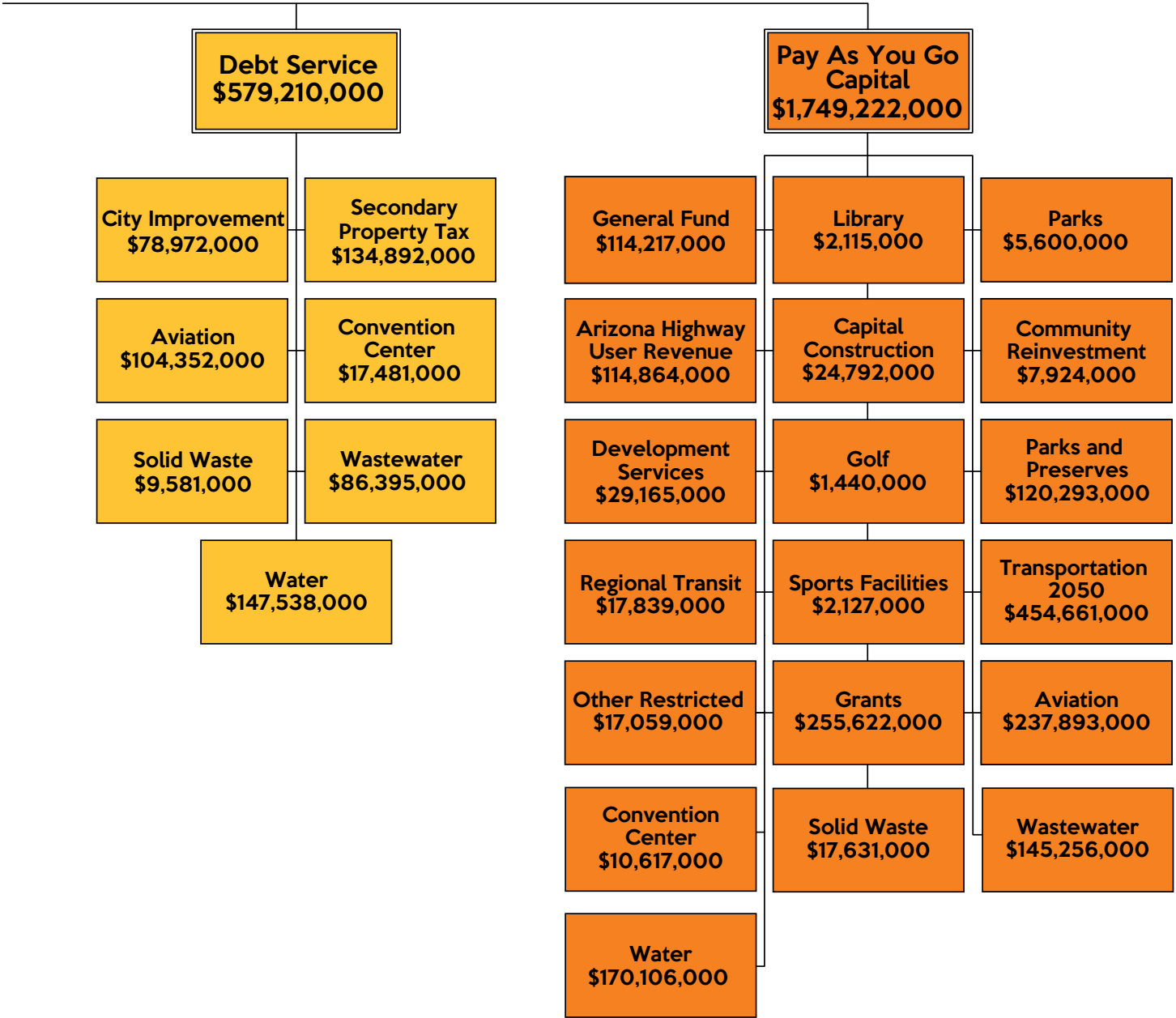
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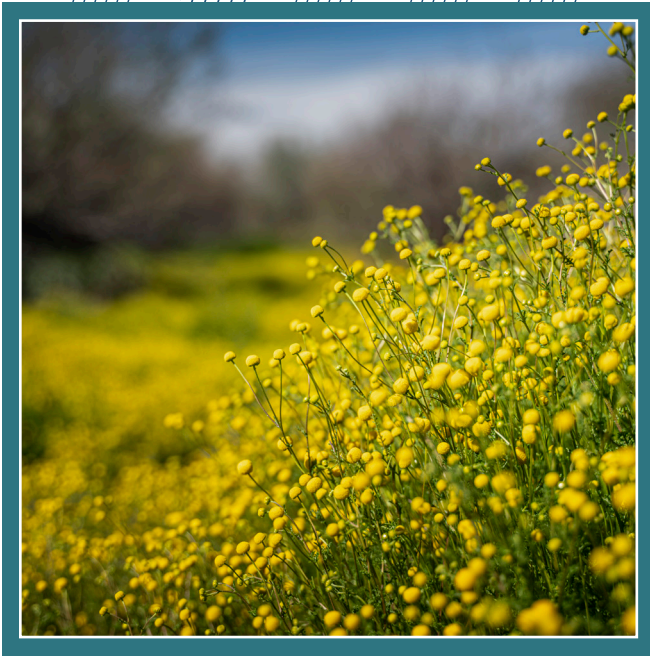
**STABLE OUTLOOK**

# 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 and recreational opportunities, the city has experienced sustained growth. The local economy continues to make progress and city revenue collections reflect strong growth.

The 2023-24 General Fund includes a projected surplus of \$134 million of which \$15 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: continuity of services for vulnerable populations; enhanced public safety responsiveness and criminal justice support; and healthy neighborhoods and community enrichment. A summary of the major programs receiving funding follows below.

The continuity of services for vulnerable populations category totals \$7.6 million and is intended to ensure vulnerable populations can continue receiving vital services at risk due to expiring or reduced grant funding. This category includes: funding to compensate for the loss of funding from the Arizona Department of Economic Security for the Low Income Home Energy Assistance Program; funding to offset expiring Victims of Crime Act grant funding; funding to expand the Behavioral Health Engagement Teams contract; funding to expand the PHX C.A.R.E.S. Outreach Teams contract; funding needed to continue emergency services for shelter operations throughout the city; and funding for the Phoenix Day Early Childhood Education Center.

The enhanced public safety responsiveness and criminal justice support category totals \$3.8 million and is intended to help improve emergency response times across the city and enhance public safety service delivery. This category includes: funding to provide dedicated staffing for the new Fire Station 74, located at 19th Avenue and Chandler Boulevard; funding for one new Fire Rescue unit for citywide response needs; funding for a new position to support the processing of payroll and leave transactions in the Fire Department; funding for the Law Department to convert expiring grant funded positions that assist victims of crime with navigating the judicial system.

The healthy neighborhoods and community enrichment category totals \$3.6 million and is intended to enhance community services. This category includes: funding to expand the Gated Alley Program for a total of 77 gated alley segments each fiscal year; funding to restore two grant-funded Neighborhood Inspector positions; funding for the Community Arts Grants Program to enhance efforts towards greater equity of funds to arts organizations; funding to create a third-shift for Park Rangers which will provide coverage 24 hours per day; funding to create an additional forestry crew to support the Tree and Shade Master Plan; funding for a Volunteer Coordinator position to help manage the citywide parks volunteer program; funding for improvements at up to three existing facilities for new cricket fields and for general park maintenance; funding to provide ongoing security support to library patrons and ensure continuity of security coverage during all library hours; and funding for a street sweeper dedicated to cleaning bike lanes and to clean up washes and medians.

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 2023-24 non-General Funds include \$1.5 million in new funding for various services. Some of the major programs include: funding to reduce wait times for airport security badging services and to increase the Airport Police Bureau fleet; funding to support the SHAPE PHX technology replacement project; funding to reduce turnaround times for electronic plan reviews; funding to reduce turnaround times for human resources transactions and processing; funding for the Regional Wireless Cooperative to support administrative and accounting responsibility of the VHF (conventional) radio network; and funding to clean-up additional bus stops.

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 2012-13, the Police Department had 3,272 sworn and 1,180.4 civilian employees.

The 2022-23 budget includes several service enhancements:

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

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

Additional technology-related positions were added to 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 to increase evidence processing capabilities and provide more comprehensive oversight and response to crime scenes.

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

Significant hiring efforts continue in 2022-23, with the planned hiring of 195 police officers. These efforts support the department's goal of reaching 3,125 filled sworn positions, or approximately 1.89 officers for every 1,000 residents. As of March 2023, there were 2,654 filled sworn positions.

The 2023-24 budget includes several service enhancements:

Additional Civilian Investigators to support the department's ongoing civilianization efforts, which include performing select investigative functions and enhancing investigative capacity, providing staffing flexibility, and enabling optimal deployment of sworn personnel.

Additional staff in the Investigations and Patrol Divisions and the Compliance and Oversight Bureau, providing key analytics and research work to support a variety of department efforts, including work with the Office of Accountability and Transparency and the Professional Standards Bureau addressing community concerns.

Additional training staff in the Training Bureau to enhance training capacity, benefitting both new recruits and existing sworn staff.

Additional Crime Scene Specialists in the Laboratory Services Bureau to improve the investigative process and processing of crime scenes, helping to keep pace with national standards and best practices.

Additional Police Assistants in the Patrol Division and Logistical Resources Bureau to ensure the integrity of chain of custody and preservation of property.

The sworn hiring plan continues in 2023-24, with the planned hiring of 225 police officers. Overall, the 2023-24 budget includes 3,125.0 sworn positions, or approximately 1.89 officers for every 1,000 residents, as well as 1,316.9 civilian employees.

**Response Time Average:**

Response time for 2012-13 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 30 seconds. The department has strived to maintain the percentage of 911 calls answered within 15 seconds in the 90th percentile, per National Emergency Number Association standards; however, hiring and staffing challenges have reduced the percentage to 82% for 2022-23.

Due to anticipated continuing challenges to hire and retain sworn personnel, the 2023-24 budget provides for an estimated 7 minute and 30 second average response time for Priority 1 calls. It also plans for 81% of 9-1-1 calls to be answered within 15 seconds.



**PUBLIC SAFETY**

**FIRE**

**Response Time Average:**

In 2012-13, the Fire Department maintained an average response time of 4 minutes 37 seconds for all fire and medical emergency calls.

Since 2012-13, response times have increased to 5 minutes 5 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 2012-13 to 2022-23.

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.

The Fire Department added 24 sworn positions for the permanent staffing of Station 62 to be located at 99 Avenue and Lower Buckeye Road.

The 2023-24 budget recommends retaining current emergency response staffing levels to achieve less than five-minute average response time for all fire and medical emergency calls.

The Fire Department added 24 sworn positions for the permanent staffing of Station 74, to be located at 19 Avenue and Chandler Blvd. This permanent staffing will have a positive impact on the overall current resource challenges helping to address coverage deficiencies at other stations and help improve overall service delivery.

**Emergency  
Transportation:**

In 2012-13, the City had a total of 22 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 ambulances and 15 part-time ambulances.

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

The 2020-21 and 2021-22 budgets have no service changes.

The 2022-23 budget included the funding for two additional full-time ambulances. The first ambulance will be for new Fire Station 62 to be located at 99 Avenue and Lower Buckeye Road. The second ambulance will be dedicated to Sky Harbor Airport, replacing the current part-time rescue.

The 2023-24 budget includes funding for two new full-time ambulances. The first ambulance will be dedicated to the new Fire Station 74 to be located at 19th Avenue and Chandler Blvd. The second ambulance will be placed into service to provide the necessary resources to cover deficiencies and improve overall service delivery for the City. This will bring the total to 31 full-time ambulances and 15 part-time ambulances.

**PROGRAM SERVICE  
LEVEL IN 2012-13**

**SERVICE CHANGES  
THROUGH 2022-23**

**SERVICE CHANGES  
FOR 2023-24**

**TRANSPORTATION**

**PUBLIC TRANSIT**

**Service Miles/Hours:**

In 2012-13, an estimated 15,832,775 bus miles and 264,540 hours of Dial-a-Ride services were provided on weekdays and weekends in the City of Phoenix.

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 SR-51, I-17, I-10 East and I-10 West RAPID by adding or shifting several trips to better serve 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 the COVID-19 pandemic, 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 ridership decline and operator shortage on local routes, Phoenix-operated fixed route service's service hours were reduced to weekdays 5am-11pm and weekends 6am-11pm.

On May 18, 2020, a 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 the COVID-19 pandemic.

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

Annual 2021-22 local bus revenue miles were originally estimated at 20,210,200 but reduced to 18,636,200 due to the pandemic. 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 the pandemic.

Annual 2022-23 local bus revenue miles were originally estimated at 20,223,500 but reduced to 19,266,700 reflecting actual service scheduled post-pandemic. Dial-a-Ride service hours were estimated at 326,500.

In October 2022, Public Transit Department extended Route 43 to Lower Buckeye Road as well as implementing peak hour service on Route 156.

In April 2023, Public Transit Department extended Route 28 to 99th Avenue and Route 61 to 51st Avenue.

Express/RAPID revenue miles were estimated at 947,700 in 2022-23 but reduced to 685,600 reflecting actual service scheduled post-pandemic.

Annual 2023-24 local bus revenue miles are estimated at 19,266,700. Express / RAPID revenue miles are estimated at 685,600, and Dial-a-Ride services hours are estimated at 328,141.

**PROGRAM SERVICE  
LEVEL IN 2012-13**

**SERVICE CHANGES  
THROUGH 2022-23**

**SERVICE CHANGES  
FOR 2023-24**

**TRANSPORTATION**

**PUBLIC TRANSIT**

**Average Weekday Bus  
Ridership:**

In 2012-13, the average weekday bus ridership was estimated to be 136,857.

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, decreasing from the prior year due to the COVID-19 pandemic.

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

In the 2021-22 budget, average weekday ridership was originally estimated at 86,250 but reduced to 53,000 due to the pandemic.

In the 2022-23 budget, average weekday ridership was originally estimated at 53,000. The ridership estimate has been revised to 52,000.

In the 2023-24 budget, average weekday ridership is estimated at 53,000.

**STREET  
TRANSPORTATION**

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

In 2012-13, street sweeping and maintenance was scheduled to occur every 14 days.

There were no changes in service from 2013-14 through 2022-23. Frequency of service remains at every two weeks.

The 2023-24 budget includes no changes in service for major and collector sweeping and maintenance; however, it does add funding for a dedicated street sweeper for bike lanes.

**Residential Street  
Sweeping:**

In 2012-13, the city provided street sweeping service four times a year.

There were no changes from 2013-14 through 2022-23. Frequency of service remains at four times per year.

The 2023-24 budget includes no changes in service for residential street sweeping.

**TRANSPORTATION**

**STREET  
TRANSPORTATION**

**Sealcoat:**

The 2012-13 budget provided for 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 program and 26 miles of preservative arterial street crack sealing programs. Transportation 2050 funds from passage of Proposition 104, 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 included 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 2023-24 budget includes 109 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 may also vary based on the method of sealcoat used.

**PROGRAM SERVICE  
LEVEL IN 2012-13**

**SERVICE CHANGES  
THROUGH 2022-23**

**SERVICE CHANGES  
FOR 2023-24**

**TRANSPORTATION**

**STREET  
TRANSPORTATION**

**Asphalt Overlay:**

In 2012-13, the budget provided for 106 miles of overlay

The 2013-14 budget provided for 100 miles of overlay.

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 provided for 57 miles of overlay.

The 2023-24 budget provides for 74 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 2012-13**

**SERVICE CHANGES  
THROUGH 2022-23**

**SERVICE CHANGES  
FOR 2023-24**

**COMMUNITY DEVELOPMENT**

**HOUSING**

**Scattered Sites Housing Program:**

In 2012-13, the Housing Department had 418 units.

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

At the end of 2022-23, the total projected inventory of 175 units reflects a reduction of 6 units sold in 2021-22 and the projected sale of 5 units in 2022-23 through the Section 18 and Section 32 programs.

In the 2023-24 budget, the Scattered Sites program is expected to sell 24 units, reducing its inventory to 151 units.

**Affordable Housing Program:**

In 2012-13, this program consisted of 3,115 units for families and individuals.

At the end of 2022-23, the Affordable Housing Program is anticipated to consist of 2,681 units for families and individuals.

In the 2023-24 budget, the Affordable Housing program is expected to consist of 2,711 units for families and individuals.

**Federal Assisted Housing Program:**

In 2012-13, the total inventory of assisted housing units was 1,972

At the end of 2022-23, the Federal Assisted Housing program consists of 1,173 units for families and individuals, a decrease due to the conversion of Public Housing units to Rental Assistance Demonstration units and the redevelopment of the Edison-Eastlake community into mixed income units through the Choice Neighborhoods Revitalization Grant.

In the 2023-24 budget, the total number of units is expected to decrease to 1,097 due to the continued redevelopment of the Edison-Eastlake community into mixed income units through the Choice Neighborhoods Revitalization Grant.

**Housing Payment Assistance Program:**

In the 2012-13 budget, the rental assistance program provided 6,296 units of vouchers for low-income residents in the private housing market.

At the end of 2022-23, the rental assistance program will provide 7,355 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 2023-24 budget, the rental assistance program is expected to provide 7,430 vouchers for low income residents in the private housing market and 390 emergency housing vouchers.

**PROGRAM SERVICE  
LEVEL IN 2012-13**

**SERVICE CHANGES  
THROUGH 2022-23**

**SERVICE CHANGES  
FOR 2023-24**

**COMMUNITY DEVELOPMENT**

**NEIGHBORHOOD  
SERVICES**

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

In 2012-13, 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, which reduced average case cycle time to 45 days by 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. It decreased to 38 days in 2021-22 as processes normalized during the pandemic.

The average case cycle time in 2022-23 is anticipated to improve to 37 days as processes have further normalized since the pandemic.

The average case cycle time in 2023-24 is anticipated to increase slightly to 38 days due to the current number of vacant Neighborhood Preservation Inspector I positions.

**ECONOMIC  
DEVELOPMENT**

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

In 2012, Phoenix's employment growth rate was as follows:

Ft. Worth-Arlington – 4.2%

Austin – 4.0%

Dallas – 3.5%

San Jose – 3.2%

San Diego – 2.5%

**PHOENIX – 2.4%**

Los Angeles/Long Beach – 2.3%

San Antonio – 2.0%

Kansas City – .5%

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

The Phoenix Metro average unemployment rate in 2022 was 3.4%. This is a 1.2% decrease from 2021 and a 9.2% decrease from peak pandemic unemployment, which occurred in April 2020 at 12.6%. Preliminary data from the Bureau of Labor Statistics (BLS) shows an unemployment rate of 2.9% for March 2023.

Based on data from the BLS, Phoenix Metro's employment growth rate increased to 2.9% in 2022 from 2021. Between 2020 and 2022, the Phoenix Metro area had a 7.9% increase overall. The Phoenix Metro employment growth rate between 2021 and 2022 is in line with growth rates in benchmark metro areas:

Las Vegas – 5.2%

Austin – 3.9%

San Diego – 3.8%

Dallas – 3.3%

Salt Lake City – 3.3%

San Francisco – 3.0%

**PHOENIX – 2.9%**

Denver – 2.1%

Albuquerque – 1.7%

Los Angeles – 1.4%

Based on data from the Arizona Commerce Authority Office of Economic Opportunity, the City of Phoenix employment level is expected to increase by 28,531 from 2022 to 2024.

Despite economic conditions related to inflation and the decline in spending expected through 2023, the City's employment is expected to grow by 2.8% between 2022 and 2024.

**PROGRAM SERVICE  
LEVEL IN 2012-13**

**SERVICE CHANGES  
THROUGH 2022-23**

**SERVICE CHANGES  
FOR 2023-24**

**COMMUNITY ENRICHMENT**

**HUMAN SERVICES**

**Head Start Program:**

In 2012-13, 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 were included in the Early Head Start Program.

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

The program served 4,220 children in 2019-20, of which 745 were included in the Early Head Start Program.

The program served 2,632 children in 2020-21, of which 575 were included in the Early Head Start Program. Enrollment was lower than normal due to the COVID-19 pandemic.

The program served 3,156 children in 2021-22, of which 575 were included in the Early Head Start Program.

In 2022-23 the Head Start program served more than 2,582 children. Of those, 1,920 were full-day Head Start students, and the rest attended part-day programming. The Early Head Start Program will serve more than 473 children. In addition, the Early Childhood Education Expansion (ECEE) will serve 230 children. The ECEE program is funded through ARPA and will end in June 2024. The decrease in projected numbers for 2022-23 is influenced by staffing shortages and ongoing efforts to address declines in enrollment that occurred during the pandemic.

In 2023-24, the Head Start program is budgeted to serve up to 3,451 children, representing fully funded enrollment. Of those, 1,920 will be 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, representing fully funded enrollment. The Early Childhood Education Expansion is funded to serve 300 children through June 2024.



**PROGRAM SERVICE  
LEVEL IN 2012-13**

**SERVICE CHANGES  
THROUGH 2022-23**

**SERVICE CHANGES  
FOR 2023-24**

**COMMUNITY ENRICHMENT**

**HUMAN SERVICES**

**Senior Nutrition Program:**

In 2012-13, the program served 655,000 congregate and home-delivered meals.

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

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

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

In 2018-19, the program served 444,385 meals. The meals served decreased slightly due to the continued demographic shifting towards attendees joining centers for activities and classes, while not partaking in meal services.

In 2019-20, the program served 499,273 meals. The meals served included an additional 44,818 meals funded by C.A.R.E.S. Act COVID-19 funding.

In 2020-21 the program served 706,920 meals. This includes 197,220 meals funded by Area Agency on Aging COVID-19 pandemic relief funding.

In 2021-22, the program served 625,043 meals. This includes 165,002 meals funded by Area Agency on Aging COVID-19 pandemic relief funding.

In 2022-23, the program is projected to serve approximately 400,000 meals. Home Delivered Meals decreased due to Area Agency on Aging COVID-19 pandemic relief funding expiring June 30, 2022. Congregate meal participation was low due to center closures and reduced requests for meal delivery. Although the centers re-opened in June 2022, on-site meals did not restart until August 2022, and some returning members were not yet comfortable participating in the meal program.

In 2023-24, the program expects to serve 450,000 meals. The projected increase from 2022-23 is based on more senior center members returning to the centers as the COVID-19 pandemic subsides.

**PARKS AND  
RECREATION**

**Swimming Pools:**

In 2012-13, 28 out of 29 pools were open. Cortez Pool was closed indefinitely due to the need for significant structural repairs.

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 of 2020 in response to the COVID-19 pandemic.

In 2020-21, following the previous summer's closures, City Council directed 12 of the 29 pools to reopen in May 2021.

In 2021-22, 14 pools opened in May 2022 with the remaining 14 pools closed due to staffing shortages. Eastlake Pool was closed for structural repair.

In 2022-23, a total of 18 pools were open. Twelve pools were open all season, with 6 additional pools open in select months.

In 2023-24, it is anticipated 29 pools will open beginning May 2024 if staffing shortages are able to be addressed and Eastlake Pool structural repairs are completed.

**PROGRAM SERVICE  
LEVEL IN 2012-13**

**SERVICE CHANGES  
THROUGH 2022-23**

**SERVICE CHANGES  
FOR 2023-24**

**COMMUNITY ENRICHMENT**

**PARKS AND  
RECREATION**

**Swimming Pool Season:**

In 2012-13, the budget allowed for open swim hours at nine pools 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.

In 2020-21, recreational swim and dive teams, water basketball programs, and Cigna Summer programs continued to be temporarily suspended for the 2020-21 season due to the COVID-19 pandemic.

In 2021-22, the Cigna-sponsored Lifeguard Academy and Jr. Lifeguard programs became operational. The recreational swim and dive teams and water basketball programs continued to be temporarily suspended due to the lifeguard shortage. In the summer of 2022, 8 pools remained open on weekends from August through Labor Day, in addition to their normal summer schedule.

In 2022-23, the recreational swim and dive teams, water basketball programs, and Cigna Summer programs are scheduled to be operational, and 8 pools will remain open on weekends from August through Labor Day, in addition to their normal summer schedule.

In 2023-24, there are no anticipated changes.

**School Recreation  
Program During School  
Year:**

The 2012-13 budget restored nine Phoenix Afterschool Program (PAC) sites 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 2021-22, all PAC sites remained closed as of May 2021 in response to the COVID-19 pandemic. By 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, 33 of 34 PAC sites were open as of August 2022 and operated for the duration of the school year. Sites opened at a maximum capacity of 40 students per school due to limited staffing.

In 2023-24, PAC is anticipating continued operation of 33 of the 34 sites.

**COMMUNITY ENRICHMENT**

**LIBRARY**

**Central Library:**

The 2012-13 budget included 64 hours of operation per week.

In July 2012, Burton Barr Central Library expanded overall 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. hive@central is a collaborative space designed to bring together inventors, problem-solvers, entrepreneurs, and small businesses.

In January 2015, Library partnered with St. Mary's Food Bank to provide Kids Café, a meal service program designed to provide free, healthy meals and 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. These materials provided an alternative method of delivering services following reductions to branch hours in 2009-10 and 2010-11.

In January 2017, Library 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 expansion enabled an increase in the number and size of workshops. 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 levels of expertise access to resources. A designated space for the sewing machine program was added, enhancing focused learning. A 3D printer room was added which allows for an increase in the number of 3D printers. Designated computers are available for customers to book time. The open making space is upgraded to include state-of-the-art flooring, tables, and outlets to allow the addition of another full summer camp series.

The Children's Space expanded from 5,000 square feet to 14,000 square feet. Design was updated to include a larger

The 2023-24 budget includes several service enhancements:

Public meeting room rental and study rooms will fully reopen in Fall of 2023.

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

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

Expansions of both the StartUpPhx and PHX Works spaces will be completed.

**COMMUNITY ENRICHMENT**

**LIBRARY**

**Central Library Continued:**

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, Library 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 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 added 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.

A new "light wall" interactive learning/play installation was opened in the Children's area in March 2023.

College Depot added one full-time Admin Aide position and one part-time Library Assistant position through ARPA funding to expand the GRIT program and laptop/hotspot lending program.

The Arizona State University (ASU) Tutoring Read America program began work in late 2022.

In April 2023, four additional water bottle filling stations were added making a total of six filling stations at Burton Barr Central Library.

**COMMUNITY ENRICHMENT**

**LIBRARY**

**Branch Libraries:**

The 2012-13 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 providing healthy meals along with a learning component.

In 2013, the FitPHX Energy Zones program, an after-school health education program for Phoenix youth ages 10 to 14, was established in three Phoenix Library locations: Harmon, Palo Verde, and Yucca. In October 2015, through a Super Bowl grant, these three locations installed active computer workstations, so customers can walk 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.

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 COVID-19 pandemic. The loan period for all materials checked out, as well as library card account

The 2023-24 budget includes several service enhancements:

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

Mesquite Library will replace its automated materials handling machine in fall 2023.

Additional ADA assistive technology will be provided in the branches.

In fall 2023, StartUpPHX will relaunch SCORE Business Mentoring, a partnership with Maricopa Community Colleges, and other additional programming.

New bookmobile service will be launched in fall 2023 at 67th Avenue and Lower Buckeye Road, primarily serving the Southwest Valley.

Additional security cameras will be added at Cesar Chavez Library for better coverage of the parking lot to increase customer safety.

A new library mobile app will be launched in August 2023.

A beta version of the Library's new catalog solution, Vega, will be launched in the winter of 2024.

A year-round reading program geared for children 5 and under and their caregivers, known as 1,000 Books by Kindergarten, will be launched in the fall of 2023.

**COMMUNITY ENRICHMENT**

**LIBRARY**

**Branch Libraries  
Continued:**

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, Library 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 spring 2021, all library locations restored limited in-house services in a phased reopening plan. Services included collection-browsing, computer use, and self-check-out of materials. Access was provided with 45-minute reservations made online or at the door based on occupancy limits set by Centers for Disease Control (CDC) guidelines. Curbside service continued 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 Cesar Chavez Park with related kits and materials available for children at the library after they finished the Walk.

In June 2021, a virtual assistant on [Phoenix.gov](http://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.

A 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.

A third Story Walk was added at Harmon Library in October 2022.

Public meeting room rental and study rooms reopened in January 2023.

A new First Five Years educational area for parents and young children was installed at Palo Verde Library in May 2023.

South Mountain Community Library expanded hours in April 2023, for a total of 69 hours per week.

In April 2023, Burton Barr Library expanded private appointments, tours, and programming of the Arizona Room and Rare Book Room, utilizing an online tour booking process.

To support City sustainability initiatives, 11 new electric vehicle charging stations were added with two dedicated parking spots and two charging cords.

In December 2022, 700 hotspots were added to the hotspot lending program for customers.

In 2022-23, a security Dispatch Center was deployed with monitoring of 450-plus cameras to improve customer service.

The Library also partnered with ASU's America Reads tutoring program to provide one-on-one reading tutoring to emerging readers in first through fourth grade who lost ground due to the pandemic. Tutoring is provided by ASU students, and the Library will provide Wi-Fi-provisioned tablet computers to facilitate virtual tutoring as needed.

**ENVIRONMENTAL SERVICES**

**WATER SERVICES**

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

In a March 2013 survey, Phoenix's average monthly water bill compared favorably to the following benchmark cities:

San Diego – \$77.89  
Tucson – \$60.62  
San Jose – \$55.08  
Austin – \$51.17  
Dallas – \$48.53

**PHOENIX – \$37.75**

Albuquerque – \$31.81  
San Antonio – \$21.33

In an April 2023 survey, Phoenix's monthly water bill compared favorably to the following benchmark cities:

San Diego – \$109.47  
San Jose – \$124.37  
Austin – \$85.08  
Tucson – \$69.25  
Fort Worth – \$46.50  
Dallas – \$39.69  
Albuquerque – \$35.87  
**PHOENIX – \$35.32**  
San Antonio – \$20.77

The average monthly water bill for Phoenix is anticipated to be \$44.26 in 2023-24, contingent upon City Council approval of proposed rate increases.

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

In a March 2013 survey, Phoenix's average monthly wastewater bill compared favorably to the following benchmark cities:

Austin – \$60.79  
San Diego – \$47.69  
Tucson – \$40.90  
Dallas – \$36.30  
San Jose – \$33.83  
San Antonio – \$23.97

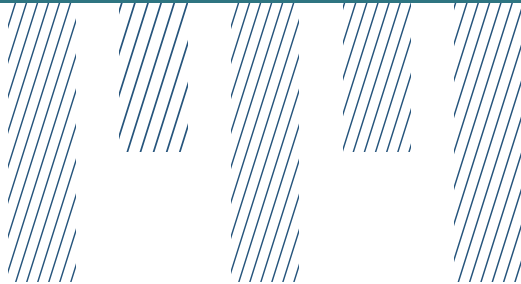
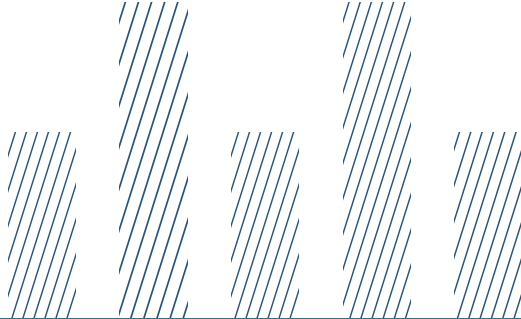
**PHOENIX – \$20.71**

Albuquerque – \$18.16

In an April 2023 survey, Phoenix's monthly wastewater bill compared favorably to the following benchmark cities:

Austin – \$64.35  
San Diego – \$58.00  
Tucson – \$44.75  
Fort Worth – \$43.33  
Dallas – \$41.67  
San Antonio – \$58.18  
San Jose – \$45.49  
**PHOENIX – \$21.35**  
Albuquerque – \$16.78

The average monthly wastewater bill for Phoenix is anticipated to be \$29.48 in 2023-24, contingent upon City Council approval of proposed rate increases.





# 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 City departments.

## BUDGETING PROCESS

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

- Staff presents an early and detailed budget status to facilitate enhanced strategic resource and expense discussions.
- For the ninth 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 results in improved revenue projections by giving the City access to independent expert economists who understand the impact of local, national, and global economic changes on the Phoenix economy. In Fiscal Year (FY) 2021-22, total General Fund resources were originally estimated to end the fiscal year at \$1,663.0 million. Actual total resources were \$1,694.7 million, a difference of \$31.7 million or 1.9 percent. Total 2021-22 General Fund revenues (collections) ended the fiscal year at \$1,495.7 million, representing a variance to the revised revenue estimate of \$45.8 million.
- 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 Economic Development and Equity subcommittee. The data provides an overall picture of recent economic activity trends within Phoenix.
- Preliminary Capital Improvement Programs are presented by departments to City Council subcommittees to provide earlier and additional opportunities for input.
- For the fourth year, the City continues to use the FundPHX tool (available at [phoenix.gov/FundPHX](https://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 begin the budget setting process by submitting 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. A department's base budget funding may differ from its current year funding for a variety of reasons, such as contractually-obligated cost increases, changes in usage-based costs (i.e., electricity, water, etc.), and other considerations.

After these base budget requests are reviewed, departments may be asked to identify a percentage of their budget for potential elimination. These proposals are potential base reductions and represent the department's lowest-priority activities. Departments are also 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 presentation of the Trial Budget enables 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 typically conducted throughout the community in April, and residents are encouraged to provide their feedback on the Trial Budget. 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.

## **FY 2023-24 BUDGET PROCESS**

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### **Initial Budget Status**

On September 27, 2022, staff provided a review of the 2021-22 General Fund budget results.

The General Fund ending balance of \$224.4 million exceeded the estimate of \$185.4 million by \$39.0 million, primarily due to higher than anticipated revenue collections. The fund balance carried forward to the current fiscal year and factored into the development of the 2023-24 General Fund Budget Status.

Two components make up the General Fund ending balance: resources and expenditures. General Fund 2021-22 actual resources were \$1,694.7 million and exceeded the estimate of \$1,663.0 million by \$31.7 million, or a variance of 1.9 percent. Higher than anticipated revenue collections were the main contributing factor to increased resources. The increased revenue collections were partially offset by increased transfers, primarily to City trust funds including the Worker's Compensation Trust and the Self-Insurance Reserve Trust, which were statutorily and actuarially required. General Fund expenditures ended the fiscal year at \$1,470.3 million, or \$7.3 million less than the revised estimate of \$1,477.6 million. The expenditure variance primarily resulted from greater than estimated vacancy savings.

During the review of the 2021-22 General Fund budget results, staff also requested adoption of the FY 2023-24 budget calendar, which the City Council adopted.

### **Zero-Based Budget Inventory of Programs**

On February 2, 2023, for the twelfth consecutive year, the Budget and Research Department provided detailed preliminary budget estimates with year-to-year comparisons in the Zero-Based Inventory of Programs document. The document was created in response to the City Council's request for a more transparent, relevant, and detailed presentation of the City's budget. In the Inventory, the City's budget was presented by program, the key component of a zero-based budget approach. The Inventory also outlines costs, revenue, staffing levels, funding source, performance measures, and other key budget details 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 were able to begin reviewing this important information very early in the budget process.

### **Preliminary Status of the FY 2023-24 General Fund Budget and Five-Year General Fund Forecast**

On February 21, 2023, staff provided the preliminary status update for the General Fund FY 2023-24 budget. The five-year General Fund forecast through FY 2027-28 was also presented to the Mayor and City Council for the thirteenth 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 fund balance ranges over the next five fiscal years.

The General Fund budget outlook for FY 2023-24 indicated a projected surplus of \$134 million, a reflection of responsible decision making by the City Council and a strong local and state economy. The projected surplus included an estimated \$69 million in ongoing resources and \$65 million in one-time funds primarily due to: strong revenue growth impacted by high inflation, significant vacancy savings due to the competitive labor market, and the carry-forward of fund balances including unspent contingency reserves as noted in the FY 2021-22 Year-End General Fund Budget Results presented on September 27, 2022. These resources could be used for employee compensation increases and to provide new or expanded programs and services for the community. Staff indicated they planned to update revenue and expenditure estimates and bring back revised estimates and recommendations on responsible cost additions using the combination of one-time and ongoing projected resources to the March 2023 meeting on the City Manager's 2023-24 Trial Budget.

The Five-Year Forecast report included estimates of future General Fund resources and expenditures for FY 2023-24 through FY 2027-28 based on a range of economic and budgetary assumptions. The forecast was not intended to predict precisely future General Fund capacity, but rather to present ranges of potential ending fund balances to be used as a framework for decision making and strategic budget planning.

### **City Manager's FY 2023-24 Trial Budget**

The City Manager's 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. On March 21, 2023, staff presented a FY 2023-24 City Manager's Trial Budget. This year's Trial Budget included new and expanded programs and services for the community, as well as needed market-driven employee compensation increases.

Staff reported that the General Fund projected surplus for FY 2023-24 was \$134 million, which included one-time resources of \$65 million and ongoing resources of \$69 million. Staff explained the surplus reflected responsible decision-making by the City Council and a strong local and state economy. The surplus was primarily due to revenue growth impacted by high inflation and a one-time increase in state shared income tax revenues, significant vacancy savings due to the competitive labor market, and the carry-forward of fund balance including unspent contingency funds.

As presented in the Five-Year Forecast report to the City Council on February 21, 2023, staff noted the General Fund long-term outlook was currently positive. Staff indicated, however, that economic uncertainty still existed, with many economists predicting the potential for recession or slowdown in the coming year, primarily due to historic high inflation and unknown impacts from future Federal Reserve actions. Staff did not recommend changes to the General Fund status presented in February and indicated they would be closely monitoring City revenues, the economy, and independent analysis over the next several weeks of fiscal year 2022-23. Staff noted it was possible that revenue adjustments could be made with the FY 2023-24 City Manager's Proposed Budget that was scheduled to be presented on May 2, 2023, as more data and information became available.

Staff reported the FY 2023-24 Trial Budget was focused on ensuring that the City delivers quality, timely, and efficient services to the community. Over the last three years, the City made strategic decisions throughout the COVID-19 pandemic and expanded services to residents. In order to ensure that those vital services, and the people who provide them, can be sustained for years to come, the Trial Budget proposed to allocate the \$134 million surplus in the following ways:

- Employee Compensation Increases - \$114 million
- Continuity of Services for Vulnerable Populations - \$7.4 million
- Enhanced Public Safety Responsiveness and Criminal Justice Support - \$3.8 million
- Healthy Neighborhoods and Community Enrichment - \$2.8 million
- Community Input - \$1 million
- Contingency Funds - \$5 million

The Trial Budget also included proposed Non-General Fund supplementals totaling \$1.457 million, impacting the Aviation, Housing, Library, Planning and Development, and Public Transit departments, as well as the Regional Wireless Cooperative.

### **Community Feedback**

Resident input was solicited at 12 community budget hearings held between April 3 and April 15, 2023. 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, 2023, the city received 720 comments from 362 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 2, 2023, staff presented a balanced FY 2023-24 City Manager's Proposed Budget to the Mayor and City Council for information and discussion. No changes were made to the projected \$134 million surplus that was presented to City Council on March 21, 2023. Agreements had been negotiated with labor groups for the next fiscal year, and the proposed budget accounted for the negotiated increases.

The following list documents the \$1 million in recommended General Fund changes to the FY 2023-24 General Fund Trial Budget based on community input:

- **Community Arts Grants** - increased proposed grant funding from \$125,000 to \$250,000.
- **Cricket** - \$250,000 to provide additional cricket field locations and to explore development of partnerships to expand more sites in the future.
- **Park Repairs** - additional \$125,000 for additional maintenance at Sueño Park and other park sites in the city.
- **Phoenix Day Early Childhood Education Center** - one-time funding of \$250,000 to support affordable child care and early education services.
- **Street Cleaning** - one-time funding of \$100,000 to purchase a street sweeper dedicated for bike lanes, and \$150,000 to clean and remove debris in up to three additional washes annually and for median clean-ups.

Overall, recommendations for General Fund supplemental additions in FY 2023-24 totaled \$134 million, focusing on critical City Council and community priorities including:

- Employee Compensation Increases - \$114 million
- Continuity of Services for Vulnerable Populations - \$7.6 million
- Enhanced Public Safety Responsiveness and Criminal Justice Support - \$3.8 million
- Healthy Neighborhoods and Community Enrichment - \$3.6 million
- Contingency Funds - \$5 million

In addition to Non-General Fund supplementals proposed in the City Manager's Trial Budget, an \$0.05 million supplemental was added in the Proposed Budget for the Public Transit Department for enhanced bus stop cleanings, based on resident feedback during the community engagement process.

### **Council Action**

The 2023-24 City Council Budget Decision was presented to the City Council for action on May 16, 2023. Staff stated no changes had been made to the projected surplus or to the proposed supplemental additions.

The City Council approved the proposed 2023-24 budget as presented. The May 16 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 budget adoption actions.

The proposed balanced FY 2023-24 General Fund budget is \$2,028.7 million. This is a \$249.2 million increase or 14.0 percent from the adopted FY 2022-23 General Fund budget of \$1,779.4 million. The increase accounts for the proposed additions detailed above and higher costs associated with employee salaries and fringe benefits, including health insurance and pension, increased costs for vehicle replacements and Fire apparatus, cost increases in capital equipment and expected pay-as-you-go projects, estimated costs for implementation of the Classification and Compensation study, and a higher contingency amount to achieve 4.5 percent of operating costs. Inflation also dramatically impacted several expenditure categories including commodities and contractals such as fuel, compressed natural gas, electricity, motor vehicle parts, plumbing supplies, custodial and security services, machinery and equipment repair, and facility maintenance costs. The increase also accounts for higher costs for public safety pensions, detailed in the Trial Budget report and presented to the City Council on March 21.

Projected General Fund resources are estimated at \$2,028.7 million and include the estimated beginning balance of \$204.0 million, estimated revenue of \$1,830.9 million, and net interfund transfers and recoveries of -\$6.3 million, which include interfund transfers for central services, in-lieu property taxes, capital equipment and projects, debt service, infrastructure repayment agreements, and resources to support the Public Safety Specialty Funds and Pension Reserve Fund. General Fund revenues of \$1,830.9 million represent annual growth of 10.3 percent over FY 2022-23 and is largely due to growth in state shared income tax, which is based on collections from two years prior and is artificially high due to the State's decision to increase the percentage share with cities and towns from 15 to 18 percent to mitigate impacts from reducing the individual income tax rate. Revenue growth also includes estimated growth in City and state sales taxes.

For all funds, which include General, Enterprise and Special Revenue funds such as grants, and all debt service and pay-as-you-go capital costs, the proposed FY 2023-24 budget is \$6,750.0 million.

Following the Council's budget action on May 16, 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 May 31, 2023, in compliance with the City Charter requirement that the budget be adopted no later than June 30, 2023.

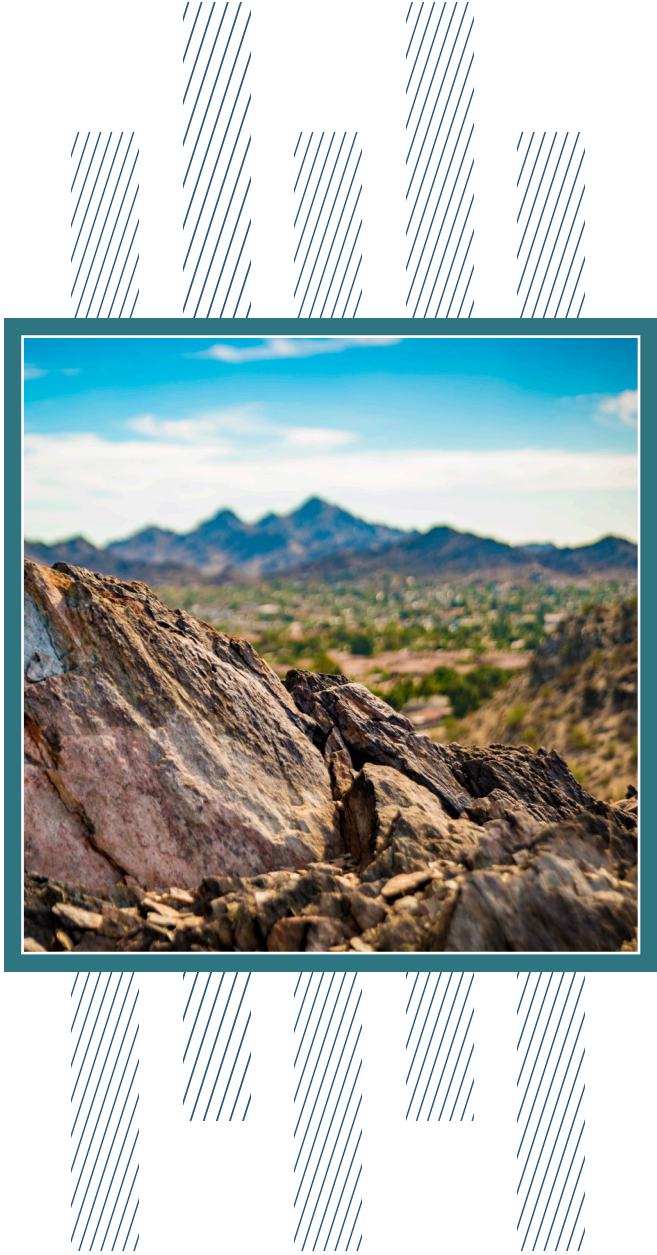
Upon adoption of tentative budget ordinances, the budget becomes the City Council's program of services for the ensuing fiscal year. At that point, the City Council may later decrease the budget, but only in certain instances may the budget be increased. Generally, the ability to increase the budget 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 14, 2023. Adoption of the property tax levy ordinance was completed on July 3, 2023, no sooner than 14 days following final budget adoption, in accordance with State law.

The following chart is an overview of the 2023-24 community budget process calendar.

<b>DATE</b>	<b>BUDGET ITEMS</b>
November 2022	FundPHX (available to the public)
February 2, 2023	2023-24 Inventory of Programs
February 21, 2023	Preliminary 2023-24 Budget Status and Five-Year General Fund Forecast
March 21, 2023	2023-24 City Manager's Trial Budget and Preliminary Five-Year Capital Improvement Program
April 2023	Community Budget Hearings
May 2, 2023	City Manager's Proposed 2023-24 Budget
May 16, 2023	Council Budget Decision
May 31, 2023	2023-24 Tentative Budget Ordinance Adoption
June 14, 2023	2023-24 Funding Plan and Final Budget Ordinance Adoption
July 3, 2023	2023-24 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 2023-24 budget development process are as follows:

Action Required	City Charter Prescribed Deadline	Arizona State Statute Prescribed Deadline	2023-24 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 21, 2023
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 2, 2023
Post notice on the official City website if there will be an increase in either the primary or the secondary property tax rate, even if the combined tax rate is a decrease.	No requirement.	60 days prior to Tax Levy Adoption.	May 4, 2023
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 on May 17, 2023

<b>Action Required</b>	<b>City Charter Prescribed Deadline</b>	<b>Arizona State Statute Prescribed Deadline</b>	<b>2023-24 Budget Dates</b>
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.	May 31, 2023
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 on May 26, 2023 and June 5, 2023
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 on June 5, 2023 and June 12, 2023
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 9, 2023
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 14, 2023
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 14, 2023
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 23, 2023
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 3, 2023



## **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**

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

### **Primary Property Tax Restrictions**

Primary property tax levies are restricted to an annual two percent increase plus an allowance for growth attributable to previously unassessed properties (primarily new construction). The City Charter requires that eight cents of the primary property tax levy be allocated to the Parks and Recreation Fund. In addition, the City Charter limits the primary property tax rate to \$1.00 plus an amount that provides for the establishment and support of free public libraries and reading rooms. The primary levy may additionally increase by an amount equal to annual tort liability claims. Assessment ratios and the primary tax rate are applied to a property's limited property value, less exclusions, to determine the property's primary tax levy. Beginning in 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, except up to ten percent of annual principal and interest can be maintained as a debt service reserve. 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

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Since fiscal year 1982-83, the City of Phoenix has been subject to an annual expenditure limitation imposed by the Arizona Constitution. This limitation is based upon the City's actual 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

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The City's budget basis of accounting is based on the modified accrual basis plus encumbrances. This method recognizes revenues in the period that they become available and measurable, and expenditures are recognized in the period the associated liability is incurred. This method differs from Generally Accepted Accounting Principles (GAAP) used for preparing the City's 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

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

### Form of Budget Adoption

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

3. **Contingency Amounts** – A contingency allowance is appropriated to provide for emergencies and unanticipated expenditures. The use of contingency funds is intended for one-time expenses since it represents limited one-time resources in the fund balances. Expenditures may be made from contingencies only upon approval by the City Council with recommendation by the City Manager. In March 2010, the City Council agreed to gradually increase the contingency with a goal of achieving five percent of General Fund operating expenditures. Achieving this goal will improve the City's ability to withstand future economic cycles. Enterprise and Special Revenue funds have varying levels of contingency funding consistent with the variability in revenues and expenditures associated with the services provided.
4. **Ordinances** – Three budget ordinances are adopted each fiscal year: (1) the operating funds ordinance, (2) the capital funds ordinance and (3) the re-appropriated funds ordinance. The last ordinance is required because the appropriation authority for unexpended amounts, including those encumbered, lapses at the end of the fiscal year. Since all expended amounts must be included in the budget adoption ordinance, the City re-budgets all encumbrances outstanding at year's end.

### **Cost Allocation and Expenditure Policies**

1. **Administrative Cost Recovery** – The Finance Department prepares an indirect cost allocation plan that conforms to federal guidelines for grant reimbursement of appropriate administrative costs. The allocated costs are charged to eligible federal grant funds through a fund transfer to the General Fund.
2. **Central Services Cost Allocation** – The Finance Department annually calculates the full cost of central services provided to Enterprise and certain Special Revenue funds. These allocated costs are recouped from the Enterprise and certain Special Revenue funds through fund transfers to the General Fund.
3. **Employee Compensation Costs** – Costs for employee compensation including all wages, social security, industrial, health, life, unemployment, dental insurance and other personal allowances are allocated to each department. Annual amounts for cash conversion of vacation, compensatory time and sick leave are included in the budget. However, future values of compensated absences are not included in the budget but are disclosed in the notes to the 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.

The City also advanced \$70 million in Wastewater and \$170 million in Aviation enterprise funds to pay down the COPERS liability in FY 2017-18 and FY 2020-21, respectively. The City will continue to seek opportunities to advance payments from enterprise and/or specialty funds.

In November 2020, voters approved Proposition 207 legalizing the sale of recreational marijuana in the State of Arizona beginning in January 2021. Towards the end of FY 2020-21, the City started receiving tax revenues from sales of recreational marijuana. The City Council adopted a policy in FY 2021-22 to annually direct the General Fund portion of the City sales tax from recreational sales and the state-shared 16% excise tax on recreational marijuana sales for Police and Fire personnel costs to pay down public safety pension liability.

- 8. Self-Insurance Costs** – With a few exceptions, the City is fully self-insured for general and automotive liability exposures. The major exceptions to self-insurance include airport operations, police aircraft operations and excess general and automotive liability for losses in excess of \$7.5 million. An independent actuary determines the self-insurance costs, which are combined with purchased policy costs and allocated to department budgets based on the previous five years' loss experience of each department.

## Revenue Management

All local governments struggle to generate the funds necessary to provide, maintain and enhance the service demands of their community. Due to the legal limitations on property taxes in Arizona, and due to the pre-emption of city-imposed income, luxury and gas taxes, Arizona cities and towns largely rely on local sales taxes and state-shared sales, income and vehicle license taxes. In Phoenix, 37 percent of General Fund revenue comes from the local sales tax. This reliance on sales tax collections results in a highly cyclical revenue base. Significant decreases in total General Fund revenue and sales taxes led to the City Council's February 2010 approval of a temporary sales tax on food for home consumption effective April 1, 2010. The temporary food tax was reduced in half by the City Council effective Jan. 1, 2014, and the remaining tax expired by ordinance on March 31, 2015.

Given the City's reliance on sales taxes, developing personal income is an important step in managing the revenue base. In recent years, considerable effort has been devoted to attracting employers that will provide quality jobs and to developing a local workforce that will support the needs of quality employers. The City also has worked to develop an employment base that is not as heavily concentrated in the highly cyclical construction industry.

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

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

Finally, utility taxes levied against the sales of electricity, natural gas, telecommunications, water and sewer make up about 13 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

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The budget presented here is made up of three distinct fund groups: General, Special Revenue and Enterprise funds.

All planned uses of these fund types are included in the annual budget. Fiduciary funds, which are described later in this section, are not included in the annual budget.

### General Funds

**General** – These revenues come from four major sources: local sales (privilege license) taxes, local primary property taxes, state-shared revenues, and user fees and other revenues. State-shared 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.

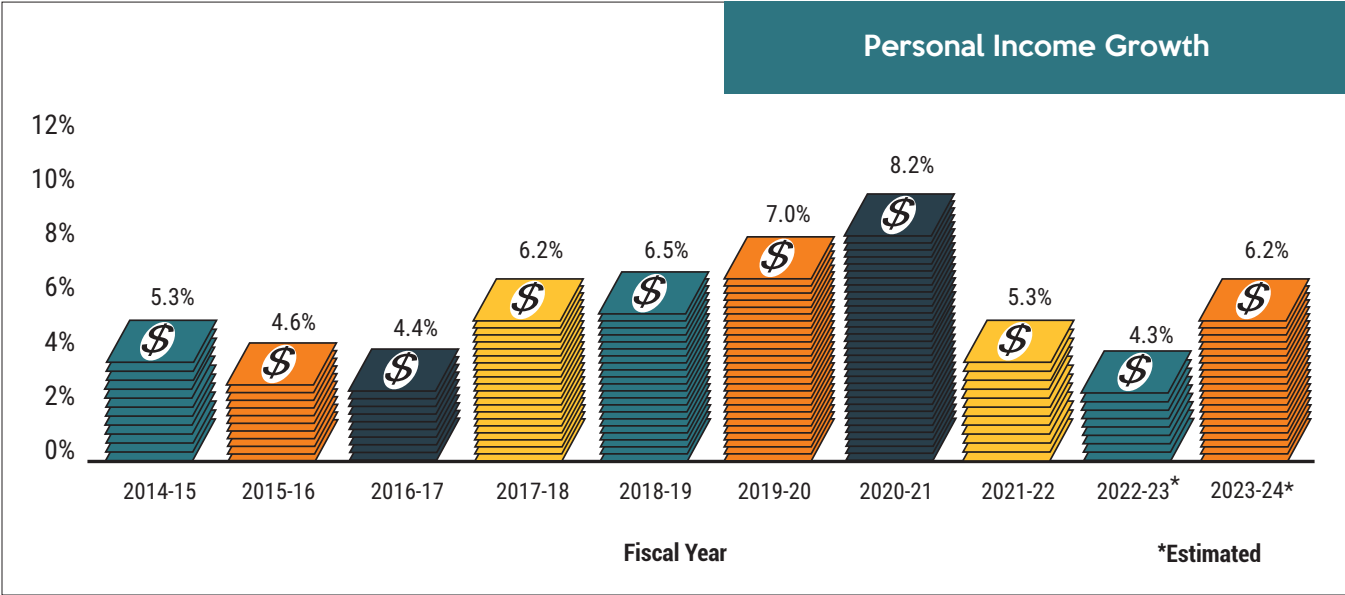
# REVENUE ESTIMATES

Revenue estimates for fiscal year (FY) 2023-24 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 2023-24 combined property tax rate of \$ 2.0992 reflects a slight decrease from the FY 2022-23 rate of \$2.1130.

It has been over three years since the emergence of COVID-19 in December 2019, and Arizona has recovered from the pandemic downturn ahead of most states. 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. Furthermore, the federal assistance provided through the Coronavirus, Relief, and Economic Security Act (CARES) and the American Rescue Plan Act (ARPA) has injected a substantial amount of one-time stimulus aid into the national, state and local economies, which has temporarily created significant increases in revenue collections.

While the impact of COVID-19 has been mitigated, other issues have emerged, including geopolitical conflicts, high inflation, supply-chain issues, tighter monetary policy, volatile markets, labor shortages and anticipated economic slowdown or mild recession in 2023. These factors pose a significant challenge in accurately forecasting revenue, and the additional uncertainty further supports a cautious and prudent approach to revenue estimation.

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 4.3 percent for FY 2022-23 and 6.2 percent for FY 2023-24.



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 moderate growth in the housing market. The forecast also reflects the individual income tax cut that became effective on January 1, 2022, and January 1, 2023, and the urban revenue sharing distribution increase from 15% to 18% starting in FY 2023-24. 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)													
	2021-22	2022-23	%	2023-24	%	2024-25	%	2025-26	%	2026-27	%	2027-28	%
	Actual	Estimate	Change	Estimate	Change	Forecast	Change	Forecast	Change	Forecast	Change	Forecast	Change
<b>Privilege License Tax</b>													
Privilege License Tax	543,815	569,940	4.8%	589,500	3.4%	620,849	5.3%	653,724	5.3%	688,728	5.4%	724,236	5.2%
Police Neighborhood Protection	34,422	36,194	5.1%	37,394	3.3%	39,260	5.0%	41,310	5.2%	43,548	5.4%	45,825	5.2%
Police Block Watch	2,458	2,585	5.2%	2,671	3.3%	2,805	5.0%	2,950	5.2%	3,111	5.5%	3,272	5.2%
Fire Neighborhood Protection	12,293	12,926	5.1%	13,356	3.3%	14,021	5.0%	14,753	5.2%	15,554	5.4%	16,366	5.2%
Police - 2007 Public Safety Expansion	78,677	82,730	5.2%	85,474	3.3%	89,734	5.0%	94,419	5.2%	99,539	5.4%	104,741	5.2%
Fire - 2007 Public Safety Expansion	19,670	20,682	5.1%	21,369	3.3%	22,434	5.0%	23,605	5.2%	24,884	5.4%	26,186	5.2%
Parks and Preserves	49,173	51,708	5.2%	53,420	3.3%	56,084	5.0%	59,010	5.2%	62,210	5.4%	65,461	5.2%
Transportation 2050	335,609	353,178	5.2%	364,773	3.3%	382,809	4.9%	402,675	5.2%	424,426	5.4%	446,548	5.2%
Convention Center Excise Tax	77,786	84,625	8.8%	86,163	1.8%	88,633	2.9%	92,244	4.1%	96,687	4.8%	101,276	4.7%
Sports Facilities Excise Tax	27,040	28,114	4.0%	28,488	1.3%	30,047	5.5%	31,603	5.2%	32,779	3.7%	33,953	3.6%
Jet Fuel Other Restricted Fund	707	811	14.7%	823	1.5%	838	1.8%	852	1.7%	854	0.2%	856	0.2%
Privilege License Fees (Annual)	3,465	3,003	-13.3%	3,003	0.0%	3,215	7.1%	3,442	7.1%	3,685	7.1%	3,945	7.1%
Treasury Collection Service Fee <sup>1</sup>	2	3	32.5%	3	0.0%	-	-	-	-	-	-	-	-
Government Lease Property Excise Tax	613	638	4.1%	638	0.0%	653	2.4%	668	2.3%	683	2.3%	699	2.3%
<b>Subtotal (PLT)</b>	<b>1,185,730</b>	<b>1,247,137</b>	<b>5.2%</b>	<b>1,287,075</b>	<b>3.2%</b>	<b>1,351,382</b>	<b>5.0%</b>	<b>1,421,255</b>	<b>5.2%</b>	<b>1,496,688</b>	<b>5.3%</b>	<b>1,573,364</b>	<b>5.1%</b>
<b>Utility &amp; Franchise</b>													
Utility & Franchise Tax	83,257	86,998	4.5%	87,107	0.1%	88,670	1.8%	90,795	2.4%	92,999	2.4%	95,001	2.2%
Jail Tax	7,466	7,533	0.9%	7,601	0.9%	7,696	1.2%	7,792	1.3%	7,890	1.3%	7,988	1.3%
General Excise Tax	11,198	11,288	0.8%	11,378	0.8%	11,520	1.2%	11,664	1.3%	11,810	1.3%	11,958	1.3%
Storm Water Management	5,099	5,143	0.9%	5,194	1.0%	5,249	1.1%	5,304	1.0%	5,359	1.0%	5,415	1.0%
Capital Construction	6,210	5,880	-5.3%	5,623	-4.4%	5,559	-1.1%	5,555	-0.1%	5,568	0.2%	5,576	0.1%
Police Public Safety Enhancement	16,452	18,367	11.6%	18,504	0.7%	18,869	2.0%	19,187	1.7%	19,471	1.5%	19,726	1.3%
Fire Public Safety Enhancement	10,084	11,257	11.6%	11,341	0.7%	11,564	2.0%	11,759	1.7%	11,933	1.5%	12,090	1.3%
<b>Subtotal (Utility &amp; Franchise)</b>	<b>139,766</b>	<b>146,466</b>	<b>4.8%</b>	<b>146,749</b>	<b>0.2%</b>	<b>149,127</b>	<b>1.6%</b>	<b>152,056</b>	<b>2.0%</b>	<b>155,030</b>	<b>2.0%</b>	<b>157,754</b>	<b>1.8%</b>
<b>Licenses &amp; Permits</b>													
Licenses & Permits	3,022	3,020	-0.1%	3,070	1.7%	3,144	2.4%	3,215	2.3%	3,288	2.3%	3,362	2.3%
<b>State Sales Tax <sup>2</sup></b>													
State Sales Tax <sup>2</sup>	229,901	241,628	5.1%	248,655	2.9%	259,684	4.4%	271,734	4.6%	286,530	5.4%	301,348	5.2%
<b>State Income Tax <sup>2,3</sup></b>													
State Income Tax <sup>2,3</sup>	213,294	308,183	44.5%	435,656	41.4%	388,700	-10.8%	361,287	-7.1%	373,644	3.4%	390,245	4.4%
<b>Marijuana Sales Tax Earmarked for PSPRS <sup>4</sup></b>													
Marijuana Sales Tax Earmarked for PSPRS <sup>4</sup>	12,812	14,159	10.5%	14,691	3.8%	15,464	5.3%	16,271	5.2%	17,215	5.8%	18,146	5.4%
<b>TOTAL</b>	<b>1,784,525</b>	<b>1,960,592</b>	<b>9.9%</b>	<b>2,135,896</b>	<b>8.9%</b>	<b>2,167,501</b>	<b>1.5%</b>	<b>2,225,819</b>	<b>2.7%</b>	<b>2,332,395</b>	<b>4.8%</b>	<b>2,444,218</b>	<b>4.8%</b>

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

<sup>2</sup> Relative population share used in calculating state shared revenues in 2023-24 was based on the 2021 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.

<sup>3</sup> The forecast includes Tax Rate Reduction: Laws 2021, Chapter 412 (Tax Omnibus), reduces the Individual Income Tax (IIT) brackets to 2 starting in Tax Year (TY) 2022: 2.55% for taxable income up to \$28,653 in a single household and \$57,305 in a married filing jointly household. The tax rate is 2.98% above those thresholds. Laws 2021, Chapter 412 included additional reductions to the 2.55%/2.98% individual income tax rates contingent upon reaching certain General Fund revenue levels. Based on the Joint Legislative Budget Committee and the Governor's Office of Strategic Planning and Budgeting report for the state General Fund revenue issued on September 29, 2022, the Arizona Department of Revenue implemented the 2.5% single tax rate beginning in TY 2023.

<sup>4</sup> 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 pay down the public safety pension liability.



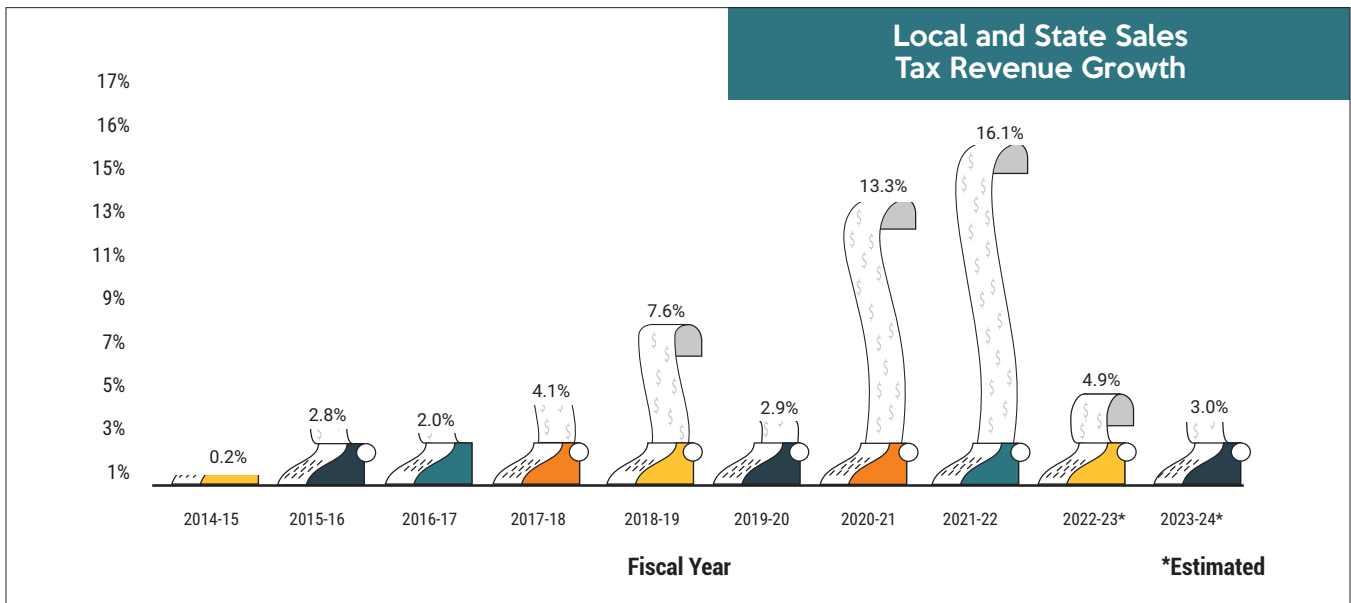
## GENERAL FUNDS

Total FY 2023-24 General Fund revenues are estimated to be \$1,830.9 million or 10.3 percent higher than FY 2022-23 estimates of \$1,660.4 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 2023-24 revenue estimates.

Local and state sales tax collections represent approximately 50.6 percent of General Fund revenues. Local sales taxes for FY 2023-24 are expected to grow by 3.0 percent over FY 2022-23 estimates. Phoenix's share of state sales taxes for FY 2023-24 is expected to grow by 2.9 percent over FY 2022-23 estimates.

Combined local and state sales tax revenues for FY 2023-24 are expected to grow by 3.0 percent over FY 2022-23 estimates. Combined rates of growth since FY 2014-15 are provided in the chart below.

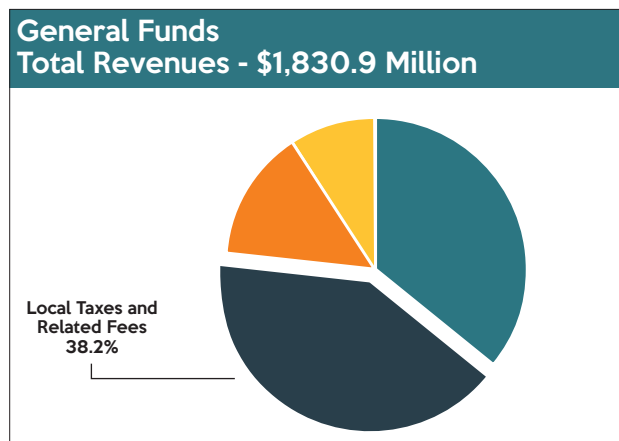
The table on the next page details estimated General Fund revenue by major source.



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

Revenue Source	2021-22 Actual	% of Total	2022-23 Estimate	% of Total	2023-24 Budget	% of Total	Increase/(Decrease) From 2022-23 Estimate	
							Amount	Percent
<b>Local Taxes and Related Fees</b>								
Local Sales Tax	627,072	41.9%	656,938	39.5%	676,607	37.0%	19,669	3.0%
Privilege License Fees	3,467	0.2%	3,005	0.2%	3,005	0.2%	-	0.0%
Other General Fund Excise Taxes	19,277	1.3%	19,459	1.2%	19,617	1.1%	158	0.8%
Subtotal	649,816	43.4%	679,402	40.9%	699,229	38.2%	19,827	2.9%
<b>State-Shared Revenue</b>								
Sales Tax	229,901	15.4%	241,628	14.5%	248,655	13.6%	7,027	2.9%
State Income Tax	213,294	14.2%	308,183	18.6%	435,656	23.8%	127,473	41.4%
Vehicle License Tax	78,695	5.3%	79,065	4.8%	85,627	4.7%	6,562	8.3%
Subtotal	521,890	34.9%	628,876	37.9%	769,938	42.1%	141,062	22.4%
<b>Primary Property Tax</b>	192,214	12.9%	200,199	12.1%	206,935	11.3%	6,736	3.4%
<b>User Fees/Other Revenue</b>								
Licenses & Permits	3,022	0.2%	3,020	0.2%	3,070	0.2%	50	1.7%
Cable Communications	8,982	0.6%	8,200	0.5%	8,000	0.4%	(200)	-2.4%
Fines and Forfeitures	8,109	0.5%	8,007	0.5%	7,987	0.4%	(20)	-0.2%
Court Default Fee	880	0.1%	778	0.0%	778	0.0%	-	0.0%
Fire	64,252	4.3%	67,566	4.0%	69,398	3.8%	1,832	2.7%
Hazardous Materials Inspection Fee	1,299	0.1%	1,500	0.1%	1,700	0.1%	200	13.3%
Library Fees	434	0.0%	435	0.0%	439	0.0%	4	0.9%
Parks and Recreation	5,141	0.3%	6,322	0.4%	6,371	0.3%	49	0.8%
Planning	1,904	0.1%	1,811	0.1%	1,811	0.1%	-	0.0%
Police	13,841	1.0%	13,592	0.8%	14,511	0.8%	919	6.8%
Street Transportation	4,526	0.3%	6,264	0.4%	6,976	0.4%	712	11.4%
Other Service Charges	15,882	1.1%	30,849	1.9%	30,221	1.7%	(628)	-2.0%
Other	3,520	0.2%	3,609	0.2%	3,539	0.2%	(70)	-1.9%
Subtotal	131,792	8.8%	151,954	9.1%	154,801	8.4%	2,847	1.9%
<b>TOTAL GENERAL FUND</b>	1,495,712	100.0%	1,660,431	100.0%	1,830,903	100.0%	170,472	10.3%

## 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 2023-24 estimate is \$699,229,000, which is \$19,827,000 or 2.9 percent greater than the FY 2022-23 estimate of \$679,402,000. 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.

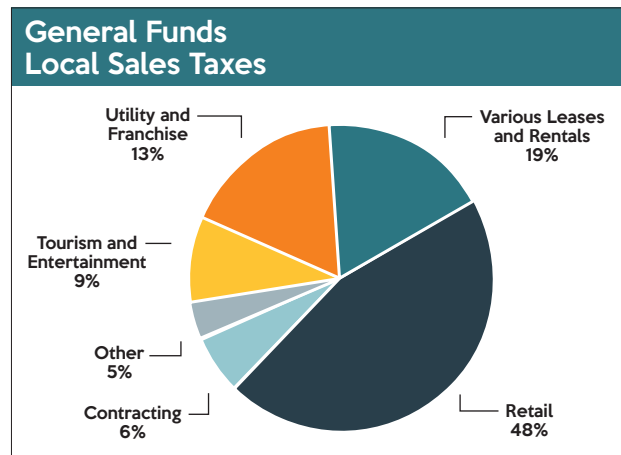
Beginning in May 2005, 2 percent of utilities sales tax collections paid by those utilities with a franchise agreement were directed to the newly established Public Safety Enhancement Fund. Finally, an additional 2 percent tax on the telecommunications category provides resources for the Capital Construction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

<b>CURRENT LOCAL SALES TAX RATES BY CATEGORY</b>										
	General Fund	Neighborhood Protection	2007 Public Safety Expansion	Public Safety Enhancement	Parks & Pres.	Transportation 2050 <sup>(1)</sup>	Convention Center	Sports Facilities	Capital Const.	Total
Advertising	–	–	–	–	–	–	0.5%	–	–	0.5%
Contracting	0.7%	0.1%	0.2%	–	0.1%	0.7%	0.5%	–	–	2.3%
Job Printing	0.7%	0.1%	0.2%	–	0.1%	0.7%	0.5%	–	–	2.3%
Publishing	0.7%	0.1%	0.2%	–	0.1%	0.7%	0.5%	–	–	2.3%
Transportation/ Towing	0.7%	0.1%	0.2%	–	0.1%	0.7%	0.5%	–	–	2.3%
Restaurants/Bars	0.7%	0.1%	0.2%	–	0.1%	0.7%	0.5%	–	–	2.3%
Leases/Rentals/ Personal Property	1.2%	0.1%	0.2%	–	0.1%	0.7%	–	–	–	2.3%
Short-Term Motor Vehicle Rental	1.2%	0.1%	0.2%	–	0.1%	0.7%	–	2.0%	–	4.3%
Commercial Rentals	1.3%	0.1%	0.2%	–	0.1%	0.7%	–	–	–	2.4%
Lodging Rentals Under 30 Days	1.2%	0.1%	0.2%	–	0.1%	0.7%	2.0%	1.0%	–	5.3%
Lodging Rentals 30 Days and Over	1.2%	0.1%	0.2%	–	0.1%	0.7%	–	–	–	2.3%
Retail Tier 1 (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.  
<sup>1</sup> The Transportation 2050 sales tax (Proposition 104) was established by the voters effective January 1, 2016 and increased the Transit 2000 sales tax (Proposition 2000) to fund a comprehensive transportation plan with a 35-year sunset date. The Proposition increased the transaction privilege (sales) tax rates by 0.3% for various business activities 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  
<sup>2</sup> 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 \$676,607,000 for FY 2023-24. This is an increase of \$19,669,000 or 3.0 percent from the FY 2022-23 estimate of \$656,938,000. 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 of moderate economic growth.

As shown in the pie chart below, the retail category represents approximately 48 percent of the local General Fund sales tax. The retail sales category is expected to increase by 4.8 percent in FY 2023-24. Personal income growth, which is used as a trend indicator for retail sales activity, is projected at 6.2 percent for FY 2023-24. The growth estimated of the retail sales category in FY 2023-24 assumes continuous growth over FY 2022-23.



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 19 percent of local General Fund sales tax revenue. For FY 2023-24, tangible personal property is projected to decrease by 4.5% since audit adjustments occurred in FY 2022-23, which artificially increased the collections in FY 2022-23. Residential and commercial property rentals are expected to grow by 5.9 and 4.5 percent, respectively. 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 remain flat in FY 2023-24 due to significant construction projects occurring in FY 2022-23, alongside the expected continued cooling off of the housing market. The revenue collections from contracting are highly correlated with housing permit activity. The growth rate of housing permits in the current fiscal year has decelerated and is expected to grow at a slower pace in FY 2023-24. The contracting category represents approximately 6 percent of the local General Fund sales tax revenue.

The restaurants and bars category is expected to increase 4.3 percent and the hotel/motel category is expected to grow by 3.9 percent in FY 2023-24. 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 2023-24 assumes continuous growth over FY 2022-23 albeit at a slower pace. Revenues from these activities represent approximately 9 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 2023-24 estimate for utility sales, franchise and communication tax revenue is \$87,107,000, which represents an increase of 0.1 percent compared to FY 2022-23. The slight increase is due to expected utility account and price growth but is offset by the predicted decrease in communications sales tax collections.

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 estimated amount of \$31,759,000 in FY 2023-24 indicates a projected increase of 5.9 percent compared to the FY 2022-23 forecast, based on the actual collections during FY 2022-23. The use tax category is subject to fluctuations in purchasing practices and economic factors. The use tax category, along with other categories such as penalty and interest earnings, job printing, publishing, transportation and towing, and accounting adjustments, contributes approximately 5.0 percent of local General Fund sales tax revenue.

The following table shows General Fund sales tax collections since FY 2019-20. 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
2019-20	479,705	2.5
2020-21	536,889	11.9
2021-22	627,072	16.8
2022-23 (Est.)	656,938	4.8
2023-24 (Est.)	676,607	3.0

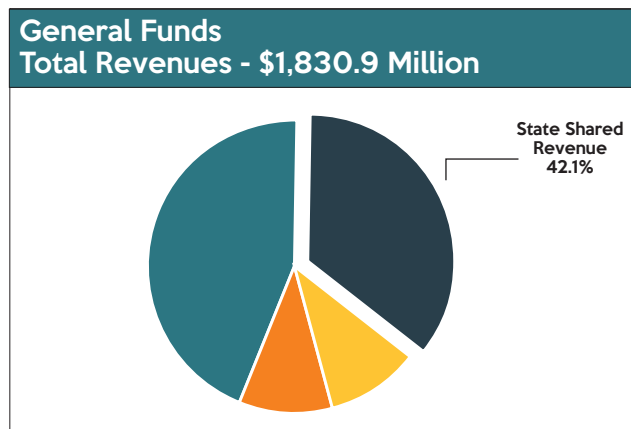
### Privilege License Fees

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 2023-24 estimate for privilege license fee revenue of \$3,005,000 is projected to remain flat from the FY 2022-23 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 2023-24 estimate of \$7,601,000 is \$68,000 or 0.9 percent more than the FY 2022-23 estimate of \$7,533,000. 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 2023-24 estimate for the general city services excise tax of \$11,378,000 is \$90,000 or 0.8 percent more than the FY 2022-23 estimate of \$11,288,000. 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 2023-24 estimate for the GPLET of \$638,000 is projected to remain flat from the FY 2022-23 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 2023-24 estimate for this category is \$769,938,000, which is \$141,062,000 or 22.4 percent more than the FY 2022-23 estimate of \$628,876,000. The increase is due to an estimated increase of 41.4 percent in state-shared income tax, 8.3 percent in vehicle license tax, and 2.9 percent in state sales 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 2023-24 were not available in time for developing the budget projections. Since no significant changes were anticipated, Phoenix’s share of 27.87 percent for FY 2022-23 was used for FY 2023-24.

The City’s share of the state sales tax for FY 2023-24 is expected to be \$248,655,000, which is \$7,027,000 or 2.9 percent more than the FY 2022-23 estimate of \$241,628,000. The increase in state-shared sales tax revenue is based on actual collections in FY 2022-23 and anticipated modest growth in FY 2023-24. The table below shows the cities’ share of state sales tax, Phoenix’s allocation and annual increase since FY 2019-20.

STATE SALES TAXES (In Thousands of Dollars)					
Fiscal Year	Cities’ Share of State Collections		Phoenix’s Share		
	Total	% Change	Percent	Amount	% Change
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	809,916	17.9	28.1	229,901	14.2
2022-23 (Est.)	860,962	6.3	27.9	241,628	5.1
2023-24 (Est.)	889,082	3.3	27.9*	248,655	2.9

\*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. Pursuant to Laws 2021, Chapter 412, beginning in FY 2023-24, the state-shared income tax distribution percentage is increased from 15% to 18% to compensate for revenue loss to cities and towns due to the individual income tax cut. 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 2022-23 was used for FY 2023-24.

Starting from FY 2023-24, Arizona cities and towns will receive 18% of the state income tax, which is expected to be \$1.565 billion. The distribution represents actual individual and corporate income tax collections by the State in the 2021-22 fiscal year. The anticipated \$1.565 billion is a 41.4 percent increase from the previous fiscal year. The surge in FY 2023-24 is due to the distribution share increase from 15% to 18% and additional income tax collections in FY 2021-22. Phoenix’s total distribution for FY 2023-24 is estimated at \$435,656,000, which is an increase of \$127,473,000 or 41.4 percent from the FY 2022-23 estimate of \$308,183,000.

The following table shows the total cities’ share of state income tax, Phoenix’s share, percentage allocation and annual increase/decrease since FY 2019-20.

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
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	15.0	756,344	(8.7)	28.0	213,294	(11.2)
2022-23 (Est.)	15.0	1,106,959	46.4	27.8	308,183	44.5
2023-24 (Est.)	18.0	1,564,826	41.4	27.8*	435,656	41.4

\*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.

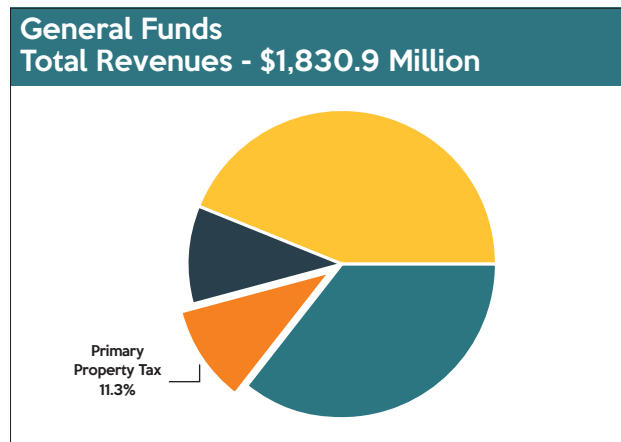
A portion of vehicle license tax collections is allocated to the Arizona Highway User Revenue Fund, with the remainder being allocated by percentage to various state funds as well as to the counties and cities. The state is responsible for distributing funds to cities according to their relative population 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 38.9 percent of Maricopa County for FY 2022-23 was used for FY 2023-24. Phoenix's share of the vehicle license tax for FY 2023-24 is anticipated to be \$85,627,000, which is \$6,562,000 or 8.3 percent more than the FY 2022-23 estimate of \$79,065,000. The increase is primarily attributable to the discontinuation of the alternative fuel vehicle license tax discount starting from January 1, 2023.

The following table shows the cities' share of the vehicle license tax, Phoenix's share, allocation percentage and annual percentage change since FY 2019-20.

VEHICLE LICENSE TAX (In Thousands of Dollars)					
Fiscal Year	Amount Distributed by Maricopa County	Phoenix's Share		Increase/(Decrease)	
		Percent	Amount	Amount	Percent
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	194,736	40.4	78,695	(1,073)	(1.3)
2022-23 (Est.)	203,121	38.9	79,065	370	0.5
2023-24 (Est.)	219,979	38.9*	85,627	6,562	8.3

\*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.

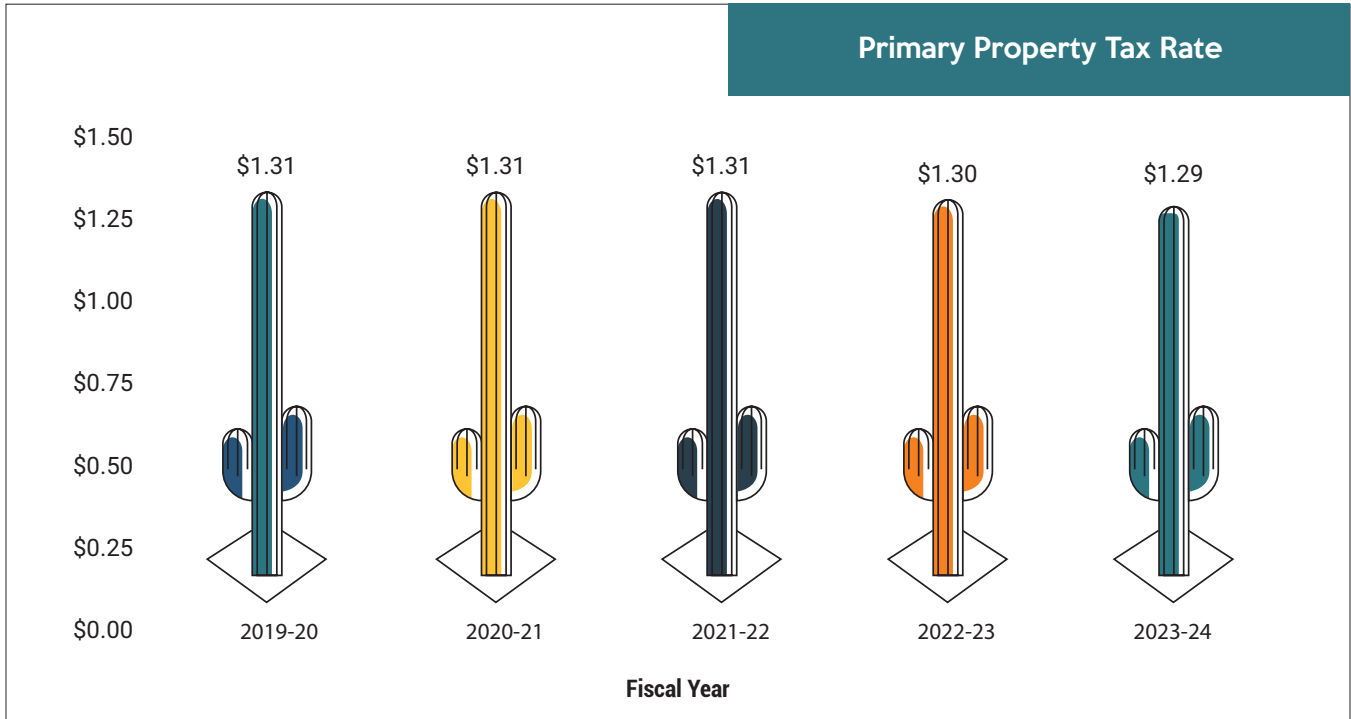
The annual increase in the primary property tax levy is limited by the Arizona Constitution to a 2 percent increase over the prior levy plus an estimated levy for previously untaxed property (primarily new construction), and allowable tort liability judgments. The Phoenix City Charter also limits the 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 5.0 percent above the previous year, plus new construction since FY 2015-16.

The chart below shows the primary property tax rate since FY 2019-20.

The estimated FY 2023-24 primary property tax levy is \$209,026,000. The levy is a 3.9 percent increase over the FY 2022-23 levy of \$201,207,000. The primary net assessed valuation of \$16.27 billion is 5.0 percent above the FY 2022-23 primary net assessed valuation of \$15.49 billion.

Historically, actual property tax collections have been slightly lower than the amount levied. For FY 2023-24, collections for primary property tax are estimated to be \$206,935,000, or 99 percent of the levy amount.

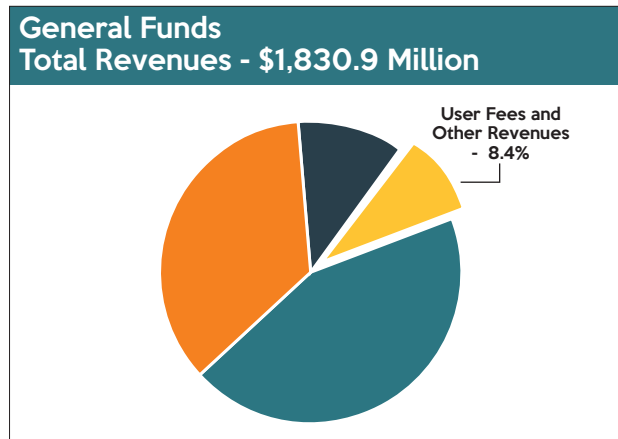


The FY 2023-24 levy results in a primary property tax rate of \$1.2851 per \$100 of assessed value and a secondary property tax rate of \$0.8141, for a total property tax rate of \$2.0992 per \$100 of assessed value. The table below shows primary assessed valuation, primary property tax revenues and primary rates since FY 2019-20.

PRIMARY PROPERTY TAX					
Fiscal Year	Primary Net Assessed Valuation (in Millions)	% Change	Primary Levy (in Thousands)	% Change	Rate per \$100 Net Assessed Valuation
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
2023-24	16,265	5.0	209,026	3.9	1.2851



## 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 2023-24 estimate for this category is \$154,801,000, which is \$2,847,000 or 1.9 percent more than the FY 2022-23 estimate of \$151,954,000. The increase is primarily due to the estimated revenue growth in fees/charges from Fire, Police, and Street Transportation departments. 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 2023-24 estimate of \$3,070,000 is \$50,000 or 1.7 percent more than FY 2022-23 estimate of \$3,020,000. The projection assumes a slight increase in liquor license applications and for other activity to remain unchanged from FY 2022-23.

### 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 2023-24 estimate of \$8,000,000 is \$200,000 or 2.4 percent less than FY 2022-23 estimate of \$8,200,000. The decrease is due to an anticipated decline in cable television customers 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 2023-24 estimate of \$7,987,000 is \$20,000 or 0.3 percent less than the FY 2022-23 estimate of \$8,007,000. The slight decrease is attributable to a one-time income in FY 2022-23, which will not occur in FY 2023-24.

### 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 2023-24 estimate for court default fee revenue of \$778,000 is projected to remain flat from the FY 2022-23 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 2023-24 estimate for ETS is \$51,332,000, which is \$1,593,000 or 3.2 percent more than the FY 2022-23 estimate of \$49,739,000. 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 2023-24 estimate for other fire services is \$18,066,000, which is \$239,000 or 1.3 percent more than the FY 2022-23 estimate of \$17,827,000. This increase is primarily due to an estimated increase in 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 2023-24 estimate of \$1,700,000 is projected to increase by \$200,000 from the FY 2022-23 estimate of \$1,500,000 due to an anticipated increase in inspections.

## **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 2023-24 estimate of \$439,000 is \$4,000 more than the FY 2022-23 estimate of \$435,000. During the pandemic, several branches were closed, events were canceled, and revenues reduced significantly in FY 2020-21 and have slowly recovered in FY 2021-22. A slight increase in projection accounts for additional rentals in FY 2023-24.

## **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 2023-24 estimate of \$6,371,000 is \$49,000 or 0.8 percent more than the FY 2022-23 estimate of \$6,322,000. The slight increase in FY 2023-24 is primarily attributable to expected revenue increases in various miscellaneous fees, charges from South Mountain Park, ballpark fees, concession revenues, and revenue from selling alcoholic beverage permits.

## **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 2023-24 estimate of \$1,811,000 is projected to remain flat from the FY 2022-23 estimate.

## **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 \$14,511,000 in FY 2023-24 is projected to increase by \$919,000 or 6.8 percent from the FY 2022-23 forecast of \$13,592,000. The increase is primarily attributable to anticipated higher revenues from police personal services billings and miscellaneous fees, which is offset by an estimated decline in fees from false alarm assessments.

## **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 2023-24 estimate of \$6,976,000 is \$712,000 or 11.4 percent more than the FY 2022-23 estimate of \$6,264,000. The increase is mainly due to an anticipated increase in revenues from rights-of-way fees and other miscellaneous fees.

## **Other Service Charges**

Revenue in this category is composed of several non-tax sources, including interest income, parking meter revenue, in lieu property taxes, sales of surplus and abandoned property, and various rental, parking and concessions. The FY 2023-24 estimate of \$30,221,000 is \$628,000 or 2.0 percent less than the FY 2022-23 estimate of \$30,849,000. The decrease is primarily due to less estimated revenues from rentals and concessions, offset by more anticipated revenue from parking garages.

## **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 2023-24 estimate of \$3,539,000 is \$70,000 or 1.9 percent less than the FY 2022-23 estimate of \$3,609,000. The decrease is mainly due to lower anticipated other miscellaneous revenue, which is offset by higher expected revenue from Human Services.

## NON-GENERAL FUNDS

Non-General Fund revenues consist of two major categories: Special Revenue and Enterprise funds. The following sections provide descriptions of the various revenue sources in each category and explanations of FY 2023-24 revenue estimates. The table on the next page provides FY 2022-23 and FY 2023-24 estimates as well as FY 2021-22 actual revenue amounts for revenues within these two categories.

### SPECIAL REVENUE FUNDS

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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 2023-24 estimate of \$53,422,000 is \$1,717,000 or 3.3 percent more than the FY 2022-23 estimate of \$51,705,000. These estimates are consistent with those for the same categories in the local sales tax discussion. In addition, \$365,000 is estimated for combined net interest earnings in FY 2023-24.

#### 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 2023-24 estimate of \$106,843,000 is \$3,431,000 or 3.3 percent more than the FY 2022-23 estimate of \$103,412,000. These estimates are consistent with those for the same categories in the local sales tax discussion. In addition, \$278,000 is estimated for interest earnings in FY 2023-24.

#### 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 2023-24 estimate of \$29,845,000 is \$221,000 or 0.7 percent more than the FY 2022-23 estimate of \$29,624,000.

#### 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 2023-24 estimate of \$53,420,000 is \$1,713,000 or 3.3 percent more than the FY 2022-23 estimate of \$51,707,000. These estimates are consistent with the estimates for the same categories in the local sales tax discussion. In addition, \$2,777,000 is estimated for land rentals, lease revenue and interest earnings in FY 2023-24.

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

Revenue Source	2021-22 Actual	2022-23 Estimate	2023-24 Budget	Increase/(Decrease) From 2022-23 Estimate	
				Amount	Percent
<b>SPECIAL REVENUE FUNDS</b>					
Neighborhood Protection	49,951	52,244	53,787	1,543	3.0%
2007 Public Safety Expansion	98,481	103,758	107,121	3,363	3.2%
Public Safety Enhancement	26,536	29,624	29,845	221	0.7%
Parks and Preserves	50,214	55,981	56,197	216	0.4%
Transportation 2050	362,608	390,829	402,264	11,435	2.9%
Court Awards	6,051	5,651	4,673	(978)	-17.3%
Development Services	87,583	91,614	84,311	(7,303)	-8.0%
Capital Construction	6,351	6,414	6,157	(257)	-4.0%
Sports Facilities	30,963	32,705	32,452	(253)	-0.8%
Arizona Highway User Revenue	156,459	153,839	158,475	4,636	3.0%
Regional Transit Revenues	7,059	43,172	82,429	39,257	90.9%
Community Reinvestment	6,950	8,888	11,905	3,017	33.9%
Secondary Property Tax	123,935	129,609	134,938	5,329	4.1%
Regional Wireless Cooperative	5,147	5,993	7,156	1,163	19.4%
Golf Courses	10,310	10,784	10,130	(654)	-6.1%
City Improvement	1	3	-	(3)	-100.0%
Impact Fee Program Administration	784	674	628	(46)	-6.8%
Court Special Fees	750	781	764	(17)	-2.2%
Monopole Rental	168	169	169	1	0.3%
Tennis Center	50	76	76	1	0.7%
Vehicle Impound Program	2,333	2,402	2,471	69	2.9%
Heritage Square	1	41	36	(5)	-12.2%
Affordable Housing Program	3,352	9,130	7,889	(1,241)	-13.6%
Jet Fuel Other Restricted Fund	707	811	823	12	1.5%
Recreational Marijuana Special Revenue Fund	12,812	14,159	14,691	532	3.8%
Other Restricted (gifts/trusts)	21,783	25,503	27,266	1,763	6.9%
<b>Grants</b>					
Public Housing Grants	108,530	130,335	194,819	64,484	49.5%
Human Services Grants	134,441	119,208	69,662	(49,546)	-41.6%
Community Development	17,446	37,061	44,010	6,949	18.7%
Criminal Justice	12,256	14,585	11,703	(2,882)	-19.8%
Public Transit Grants	172,858	44,045	136,908	92,863	+100%
Other Grants	145,591	177,421	325,223	147,802	83.3%
Subtotal - Grants	591,122	522,655	782,325	259,670	49.7%
<b>Total Special Revenue Funds</b>	<b>1,662,461</b>	<b>1,697,506</b>	<b>2,018,978</b>	<b>321,472</b>	<b>18.9%</b>
<b>ENTERPRISE FUNDS</b>					
Aviation	573,639	576,271	528,508	(47,763)	-8.3%
Water System	492,275	539,529	627,172	87,643	16.2%
Wastewater System	266,858	263,303	289,188	25,885	9.8%
Solid Waste	199,649	198,103	197,194	(909)	-0.5%
Convention Center	99,148	110,448	112,998	2,550	2.3%
<b>Total Enterprise Funds</b>	<b>1,631,569</b>	<b>1,687,654</b>	<b>1,755,060</b>	<b>67,406</b>	<b>4.0%</b>
<b>TOTAL NON-GENERAL FUND</b>	<b>3,294,030</b>	<b>3,385,160</b>	<b>3,774,038</b>	<b>388,878</b>	<b>11.5%</b>

## **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 2023-24 sales tax estimate for Transportation 2050 is \$364,773,000, which is \$11,595,000 or 3.3 percent more than the FY 2022-23 estimate of \$353,178,000. 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 2023-24 fare box revenue estimate of \$21,718,000 is projected to increase by \$1,078,000 or 5.2 percent from the FY 2022-23 estimate of \$20,640,000. This increase is primarily attributable to continued increases in ridership after the pandemic. The FY 2023-24 estimate also includes revenues from bus shelter advertising, interest earnings and other miscellaneous fees of \$15,773,000, which is \$1,238,000 or 7.3 percent less than the FY 2022-23 estimate of \$17,011,000. This decrease is due to less anticipated revenue from interest income, offset by more expected revenue from bus shelter advertising.

## **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 2023-24 is \$4,673,000, which is \$978,000 or 17.3 percent less than the FY 2022-23 estimate of \$5,651,000. The decrease reflects less anticipated cases in FY 2023-24.

## **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 2023-24 estimate is \$84,311,000, which is \$7,303,000 or 8.0 percent less than the FY 2022-23 estimate of \$91,614,000. This decrease is primarily due to estimated revenue declines in building permit fees, building plan review fees, interest earnings and other miscellaneous fees, which is offset by more estimated revenue from other building fees and engineering permits.

## **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 2023-24 estimate is \$5,623,000, which is \$257,000 or 4.4 percent less than the FY 2022-23 estimate of \$5,880,000. The telecommunications tax category has experienced a declining trend, which might be caused by the transition from the hard-wired telephone lines to non-taxable data/Internet-based communications. The FY 2023-24 estimate also includes interest earnings of \$534,000.

## **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 2023-24 estimate is \$28,488,000, which is \$374,000 or 1.3 percent more than the FY 2022-23 estimate of \$28,114,000. The revenue estimates are consistent with the estimates for the same categories in the local sales tax discussion. The FY 2023-24 estimate also includes \$3,964,000 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 2023-24, Phoenix is projected to receive \$125.3 million from the allocation to all cities and towns and \$32.7 million from the allocation to cities and towns over 300,000 population.

The total FY 2023-24 HURF distribution estimate of \$157,955,000 is \$6,095,000 more than the FY 2022-23 estimate of \$151,860,000. The increased FY 2023-24 estimate is primarily attributed to projected increases in collections of gas and use fuel tax (3.5 percent) and vehicle license tax (VLT) (6.0 percent). VLT growth is partially driven by legislation that eliminated VLT subsidies for alternative fuel vehicles, effective January 1, 2023.

The estimate for FY 2023-24 interest revenue is \$500,000, reduced from the FY 2022-23 estimate of \$1,959,000 due to projected lower fund balance. Other revenues are estimated at \$20,000, unchanged from FY 2022-23.

The table below shows the state-shared HURF allocations to the City of Phoenix since FY 2019-20.

ARIZONA HIGHWAY USER REVENUES (In Thousands of Dollars)			
Fiscal Year	AHUR Distribution	Increase/(Decrease)	
		Amount	Percent
2019-20	135,984	(2,880)	(2.1)
2020-21	146,188	10,204	7.5
2021-22	155,465	9,277	6.3
2022-23 (Est.)	151,860	(3,605)	(2.3)
2023-24 (Est.)	157,955	6,095	4.0

## 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 2023-24 estimate of \$82,429,000 is \$39,257,000 or 90.9 percent higher than the FY 2022-23 estimate of \$43,172,000. The increase is due to anticipated growth in service costs to be paid by other jurisdictions and the RPTA.

## Community Reinvestment

The FY 2023-24 estimate of \$11,905,000 is \$3,017,000 or 33.9 percent more than the FY 2022-23 estimate of \$8,888,000 and represents estimated revenues to be received through various economic redevelopment agreements in the downtown area. The significant increase is due to estimated growth in sales of real estate in FY 2023-24.

## 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 2023-24 primary property tax rate is \$1.2851 per \$100 of assessed valuation, reduced from the FY 2022-23 primary property tax rate of \$1.2989 per \$100 of assessed valuation. The FY 2023-24 secondary rate is \$0.8141 per \$100 of assessed value and is unchanged from the FY 2022-23 secondary rate. The combined tax rate is \$2.0992.

The FY 2023-24 secondary property tax levy of \$132,416,000 is based on this \$0.8141 rate and the primary net assessed valuation of \$16.27 billion. This resulting levy increases the FY 2022-23 secondary property tax levy of \$126,108,000 by \$6,308,000 to satisfy debt service requirements.

Also included in the FY 2023-24 estimate is \$3,846,000 in bond interest subsidies. Revenues are partially offset by an estimated \$1,324,000 in uncollected taxes. In total, secondary property tax and bond interest subsidy revenue is estimated to be \$134,938,000.

The table below shows secondary assessed valuation, secondary property tax levies and secondary property tax rates since FY 2019-20.

<b>SECONDARY PROPERTY TAX</b>					
<b>Fiscal Year</b>	<b>Net Assessed Valuation (in Millions)</b>	<b>% Change</b>	<b>Secondary Levy (in Thousands)</b>	<b>% Change</b>	<b>Rate per \$100 Net Assessed Valuation</b>
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
2023-24	16,265	5.0	132,416	5.0	0.8141

### **Regional Wireless Cooperative**

The Regional Wireless Cooperative (RWC) is an independent, multi-jurisdictional organization that manages and operates a regional radio communications network built to seamlessly serve the interoperable communication needs of first responders and other municipal radio users. It currently includes twenty-two cities, towns, fire districts, and other government agencies located in the Phoenix metropolitan region, as well as two associate, one long-term conditional and nearly 50 interoperability participating agencies. 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/agencies for their share of the cost to operate and maintain the network. The FY 2023-24 revenue estimate of \$7,156,000 is \$1,163,000 or 19.4 percent more than the FY 2022-23 estimate of \$5,993,000. The double-digit increase is due to anticipated radio rate and count increases in FY 2023-24 and additional reimbursements from members for upgrade projects.

### **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 2023-24 estimate of \$10,130,000 is \$654,000 or 6.1 percent less than the FY 2022-23 estimate of \$10,784,000. Activity level for golf courses is anticipated to decrease in FY 2023-24, as more worn-out golf carts will occur and there might be a delay in replacing these golf carts.

### **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 2023-24 revenue is estimated at \$628,000, which is \$46,000 or 6.8 percent less than the FY 2022-23 revenue estimate of \$674,000. The decrease is mainly attributed to an estimated decline in impact fees because of one-time projects in FY 2022-23 and estimated reduced interest earnings due to a projected lower fund balance.

### **Other Restricted Fees**

Included in this category are revenues associated with the Court Technology Enhancement fee and the Judicial Collection Enhancement Fund, monopole rentals from several city parks, Tennis Center at Washington Park, Vehicle Impound fees, Heritage Square, Affordable Housing Program, 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 a Federal Aviation Administration 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 the 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 the 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 2023-24 estimate of \$54,183,000 is \$1,112,000 or 2.1 percent more than the FY 2022-23 estimate of \$53,071,000. The increase is primarily due to the anticipated increases in the opioid settlement funding and recreational MJ sales tax, offset by estimated reduced revenues in the Affordable Housing Program.

## **Public Housing Grants**

The FY 2023-24 Public Housing grants revenue included in the annual operating budget is \$194,819,000, which is \$64,484,000 or 49.5 percent more than the FY 2022-23 estimate of \$130,335,000. This increase is primarily due to more housing assistance payments and HOME Investment Partnerships Program (HOME) funding from the federal government, which is offset by less revenue from housing subsidies, rentals, and other miscellaneous revenue. The HOME program is aimed at increasing the availability of affordable rental housing and expanding home ownership opportunities for first-time homebuyers.

## **Human Services Grants**

The FY 2023-24 revenue estimate of \$69,662,000 is \$49,546,000 or 41.6 percent less than the FY 2022-23 estimate of \$119,208,000. The decrease is primarily due to the reduction in the Emergency Rental Assistance Program and Head Start funds. This category includes funds from the Department of Health and Human Services, Department of Housing and Urban Development, Workforce Investment Act, and Aging Program Grants.

## **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 2023-24 CDBG entitlement is \$44,010,000, which is \$6,949,000 or 18.7 percent more than the FY 2022-23 estimate of \$37,061,000. The increase is primarily due to carryovers from FY 2022-23 to FY 2023-24.

## **Criminal Justice Grants**

The FY 2023-24 grant revenue for criminal justice programs is estimated to be \$11,703,000, which is \$2,882,000 or 19.8 percent less than the FY 2022-23 estimate of \$14,585,000. The decrease is due to estimated reductions in Police operating grant funding. Grants include funding for the Police Department training academy, drug trafficking prevention, internet crimes against children task force program, law enforcement community engagement training, and other crime related prevention programs.

## **Public Transit Grants**

The FY 2023-24 Federal Transit Administration Grant estimate is \$136,908,000 reflecting an increase of \$92,863,000 or 210.8 percent more than the FY 2022-23 estimate of \$44,045,000. The significant increase is mainly due to the additional funding from the Federal Transit Administration for several capital projects.

## **Other Grants**

The FY 2023-24 budget also includes \$325,223,000 for federal, state and other grants, which is \$147,802,000 or 83.3 percent more than the FY 2022-23 estimate of \$177,421,000. 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 carryover of this funding from FY 2022-23 to FY 2023-24. The increase is also attributable to the additional funding for Community Development Entitlement and carryovers for Neighborhood Stabilization Program and housing development grants.

## **ENTERPRISE FUNDS**

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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 the 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 2023-24 is anticipated to be \$528,508,000, which is \$47,763,000 or 8.3 percent less than the FY 2022-23 estimate of \$576,271,000. The decrease is due to the Aviation ARPA revenue received in FY 2022-23 in response to the pandemic, which is not anticipated in FY 2023-24. The decrease is offset by the continued growth in airline operation fees, concession and rental revenues as travel resumes after the pandemic.



The following table shows Aviation revenue by major category and annual percent change since FY 2019-20.

<b>SUMMARY OF AVIATION REVENUES (In Thousands of Dollars)</b>					
	2019-20	2020-21	2021-22	2022-23 (Est.)	2023-24 (Est.)
Airline Operation	159,116	127,020	144,864	163,064	200,824
Concessions and Rentals	173,643	146,676	267,607	297,489	305,177
Interest	10,418	3,407	2,312	11,510	11,510
Other/Federal Grants	12,856	107,758	152,312	97,646	4,427
Goodyear	2,947	3,045	3,053	2,988	2,985
Deer Valley	3,366	3,290	3,491	3,574	3,585
<b>Total Aviation Revenue</b>	<b>362,346</b>	<b>391,196</b>	<b>573,639</b>	<b>576,271</b>	<b>528,508</b>
Change from Prior Year	(8.3)%	8.0%	46.6%	0.5%	(8.3)%

### Water System

Water system revenues include water sales, development fees, various water service fees, resource acquisition fees, fees paid by other jurisdictions for the operation of the Val Vista Water Treatment Plant and other miscellaneous fees. Total water system revenue for FY 2023-24 is projected to be \$627,172,000, which is \$87,643,000 or 16.2 percent more than the FY 2022-23 estimate of \$539,529,000. The double-digit increase accounts for the proposed Water rate increase to address rising costs and includes anticipated small increases in the number of accounts.

The following table shows water system revenues by major category since FY 2019-20.

<b>SUMMARY OF WATER SYSTEM REVENUES (In Thousands of Dollars)</b>					
	2019-20	2020-21	2021-22	2022-23 (Est.)	2023-24 (Est.)
Water Sales	315,381	352,111	347,231	371,808	446,784
Environmental Consumption Charge	68,719	78,589	73,910	75,230	78,774
Raw Water Charge	34,427	39,560	36,652	37,602	39,870
Interest	5,225	1,573	2,253	12,726	7,256
Development Fees	5,536	5,896	6,365	6,200	6,200
Combined Service Fees	1,983	1,955	1,987	5,000	5,000
Val Vista	8,081	9,390	8,416	10,285	10,661
All Other	14,763	3,088	15,461	20,678	32,627
<b>Total Water Revenue</b>	<b>454,115</b>	<b>492,162</b>	<b>492,275</b>	<b>539,529</b>	<b>627,172</b>
Change from Prior Year	12.7%	8.4%	0.0%	9.6%	16.2%

### 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 \$289,188,000 in FY 2023-24, which is \$25,885,000 or 9.8 percent more than the FY 2022-23 estimate of \$263,303,000. The increase is mainly due to the proposed rate increase to address rising costs, 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 2019-20.

<b>SUMMARY OF WASTEWATER SYSTEM REVENUES (In Thousands of Dollars)</b>					
	2019-20	2020-21	2021-22	2022-23 (Est.)	2023-24 (Est.)
Sewer Service Charge	171,133	172,712	177,045	172,863	195,432
Environmental Charges	35,294	35,775	36,864	35,896	36,636
Development Fees	5,152	5,723	6,086	6,200	6,200
Interest	6,047	2,674	2,044	7,088	8,752
Multi-City	15,296	14,017	13,610	15,872	16,972
Other	19,742	23,843	31,209	25,384	25,196
<b>Total Wastewater Revenue</b>	<b>252,664</b>	<b>254,744</b>	<b>266,858</b>	<b>263,303</b>	<b>289,188</b>
Change From Prior Year	4.0%	0.8%	4.8%	(1.3%)	9.8%

**Solid Waste**

This category includes revenues from the monthly residential collection and landfill tipping fees. The FY 2023-24 estimate of \$197,194,000 is a slight decrease of \$909,000 or 0.5 percent less than the FY 2022-23 estimate of \$198,103,000. The revenue decrease is primarily due to less anticipated revenue from interest earnings as the anticipated decreased fund balance, offset by anticipated more revenue from solid waste service and city landfill fees. In February 2020, the City Council approved an increase to the solid waste monthly rate for residential customers of \$3.75 effective in April 2020 and another increase of \$3.25 effective in January 2021, and a 2 percent inflation rate to be added to the residential rate each year effective in January 2022 until 2026.

**Convention Center**

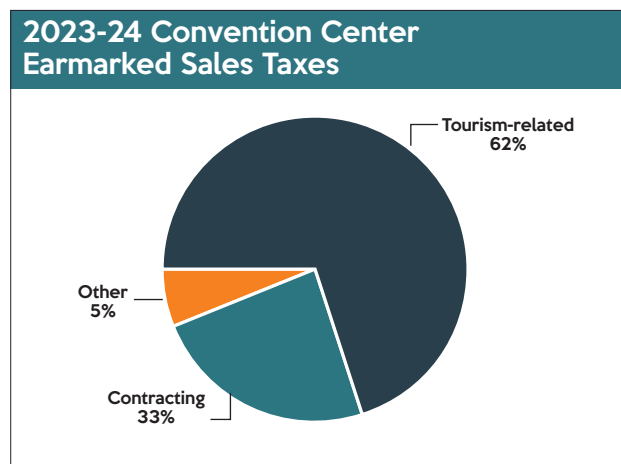
The majority of Convention Center revenues are from earmarked sales taxes including a 0.5 percent tax on advertising, a 0.5 percent portion of the 2.3 percent tax on construction, printing, publishing, transportation/towing and restaurant/bar sales, plus a 2.0 percent portion of the 5.3 percent hotel/motel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

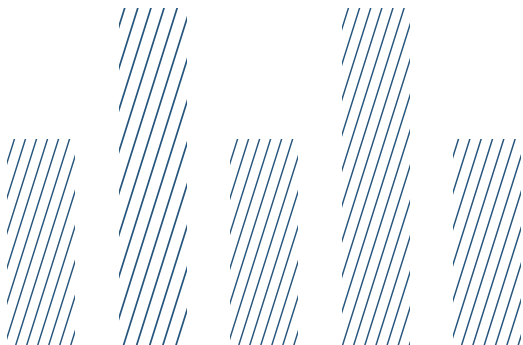
Earmarked sales taxes are expected to produce \$86,163,000 in FY 2023-24, an increase of \$1,538,000 or 1.8 percent above the FY 2022-23 estimate of \$84,625,000. Convention Center operating revenues are expected to be \$20,090,000, parking revenue is expected to be \$5,545,000, and interest revenue is expected to be \$1,200,000, for a total revenue estimate of \$112,998,000. This is \$2,550,000 or 2.3 percent more than the FY 2022-23 total estimated revenue of \$110,448,000. The increase is due to the expected growth in sales tax and the activity levels at the Convention Center. The tax estimates for Convention Center are also 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 2019-20.

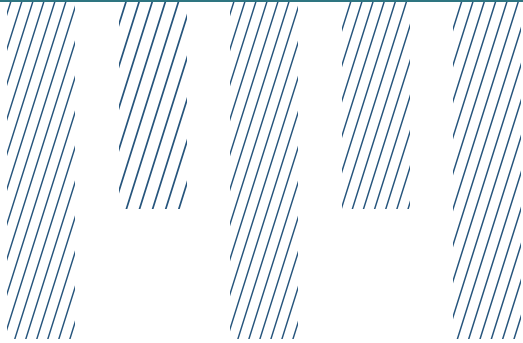
CONVENTION CENTER SALES TAXES (In Thousands of Dollars)			
Fiscal Year	Amount Collected	Increase/(Decrease)	
		Amount	Percent
2019-20	55,266	(5,934)	(9.7)
2020-21	54,331	(935)	(1.7)
2021-22	77,786	23,455	43.2
2022-23 (Est.)	84,625	6,839	8.8
2023-24 (Est.)	86,163	1,538	1.8

Overall growth rates differ from General Fund sales taxes due to the smaller number of categories, differing proportions of the total and their more volatile nature. As shown in the following pie chart, contracting and tourism represent 95 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 15 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 City sales tax will continue to grow, albeit at a slower pace.





# 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 2023-24 operating budget allowance of \$2,700,000 is \$212,000 or 8.5 percent more than 2022-23 estimated expenditures. The budget reflects negotiated increases in employee compensation.

Expenditure and Position Summary			
	2021-22 Actual	2022-23 Estimate	2023-24 Budget
Operating Expense	\$2,200,000	\$2,488,000	\$2,700,000
Total Positions	15.0	15.0	15.0
<i>Source of Funds:</i>			
General Fund	\$2,200,000	\$2,488,000	\$2,700,000

## 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 odd-numbered districts expire in April 2025. Terms for council members from even-numbered districts expire in April 2027. 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 2023-24 City Council operating budget allowance of \$6,854,000 is \$470,000 or 7.4 percent more than 2022-23 estimated expenditures. The budget reflects negotiated increases in employee compensation and other normal inflationary adjustments.

Expenditure and Position Summary			
	2021-22 Actual	2022-23 Estimate	2023-24 Budget
Operating Expense	\$4,782,000	\$6,384,000	\$6,854,000
Total Positions	41.5	45.5	45.5
<i>Source of Funds:</i>			
General Fund	\$4,782,000	\$6,384,000	\$6,854,000

## 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 2023-24 operating budget allowance of \$20,128,000 is \$11,541,000 or 134.4 percent more than 2022-23 estimated expenditures. This is primarily due to an increase in American Rescue Plan Act (ARPA) grants and an increase in the General Fund.

The General Fund 2023-24 budget allowance of \$11,109,000 is \$3,471,000 or 45.4 percent more than 2022-23 estimated expenditures. The increase is primarily due to annualization of staffing and related costs for the Office of Accountability and Transparency. In addition, the conversion of Office of Heat Response, Office of Innovation, and Citywide grant administration staff from ARPA grant funds to the General Fund. Negotiated increases in employee compensation also contributed to the increase.

The Grants 2023-24 budget allowance of \$8,734,000 is \$8,063,000 or 1,201.6 percent more than 2022-23 estimated expenditures. This is primarily due to additional ARPA grant funding for the Office of Heat Response and the Office of Innovation.

### Expenditure and Position Summary

	2021-22 Actual	2022-23 Estimate	2023-24 Budget
Operating Expense	\$6,978,000	\$8,587,000	\$20,128,000
Total Positions	56.5	65.0	65.0
<i>Source of Funds:</i>			
General Fund	\$6,143,000	\$7,638,000	\$11,109,000
Grants	589,000	671,000	8,734,000
Water	246,000	278,000	286,000

## 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. 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 2023-24 operating budget allowance of \$6,881,000 is \$657,000 or 10.6 percent more than 2022-23 estimated expenditures. The increase is primarily due to negotiated increases in employee compensation and to implement the results from the Classification and Compensation study. In addition, included in the 2023-24 budget is funding for a new part-time accountant to support administrative and accounting responsibility of the VHF (conventional) radio network.

### Expenditure and Position Summary

	2021-22 Actual	2022-23 Estimate	2023-24 Budget
Operating Expense	\$4,808,000	\$6,224,000	\$6,881,000
Total Positions	4.0	4.0	5.0
<i>Source of Funds:</i>			
RWC	\$4,808,000	\$6,224,000	\$6,881,000

## 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 2023-24 operating budget allowance of \$1,581,000 is \$194,000 or 14.0 percent more than 2022-23 estimated expenditures. The budget reflects negotiated increases in employee compensation and to implement the results from the Classification and Compensation study, along with 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 2023-24 budget allowance:

	2021-22 Actual	2022-23 Estimate <sup>1</sup>	2023-24 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	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	75%	76%	74%
Number of tribal gaming grants processed by Government Relations	94	95	93

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

### Expenditure and Position Summary

	2021-22 Actual	2022-23 Estimate	2023-24 Budget
Operating Expense	\$1,288,000	\$1,387,000	\$1,581,000
Total Positions	5.0	6.0	6.0
<i>Source of Funds:</i>			
General Fund	\$1,288,000	\$1,387,000	\$1,581,000

## COMMUNICATIONS OFFICE

### Program Goal

The Communications Office supports the City Manager's Office by developing and coordinating strategic messaging regarding City services, events, and resources across all departments to residents, media, businesses, and visitors. The Communications Office is responsible for creating content for the City website, PHXTV, social media platforms, and produces live stream programming. In addition, the office oversees the management of public records requests citywide.

### Budget Allowance Explanation

The Communications Office 2023-24 operating budget allowance of \$4,803,000 is \$803,000 or 20.1 percent more than 2022-23 estimated expenditures. The increase is primarily due to negotiated increases in employee compensation and to implement results from the Classification and Compensation study. It also reflects expanded contractual funding for citizen engagement and marketing efforts. These increases are partially offset by the conclusion of American Rescue Plan Act funding and reduced usage of communications infrastructure funds.

### Communications Office Major Performance Measures and Service Levels

The following significant performance measures and service level trends will be achieved with the 2023-24 budget allowance:

	2021-22 Actual	2022-23 Estimate <sup>1</sup>	2023-24 Budget
New PHXTV content produced per year	496	595	650
Annual number of PIO interactions with media	921	1,100	1,100
Average response time to public records requests (days)	1.5	1.5	1.5
Phoenix.gov pageviews (monthly average)	1,775,050	1,650,000	1,600,000
Social media impressions per year	28,986,218	34,500,000	32,000,000
Email messages sent to residents via GreenRope	8,069,778	9,600,000	10,000,000
Annual number of strategic paid media campaigns	3	4	7

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

### Expenditure and Position Summary

	2021-22 Actual	2022-23 Estimate	2023-24 Budget
Operating Expense	\$3,476,000	\$4,000,000	\$4,803,000
Total Positions	21.1	24.0	23.0
<i>Source of Funds:</i>			
General Fund	\$3,360,000	\$3,701,000	\$4,778,000
Other Restricted	6,000	150,000	25,000
Grants	110,000	150,000	-

# 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.

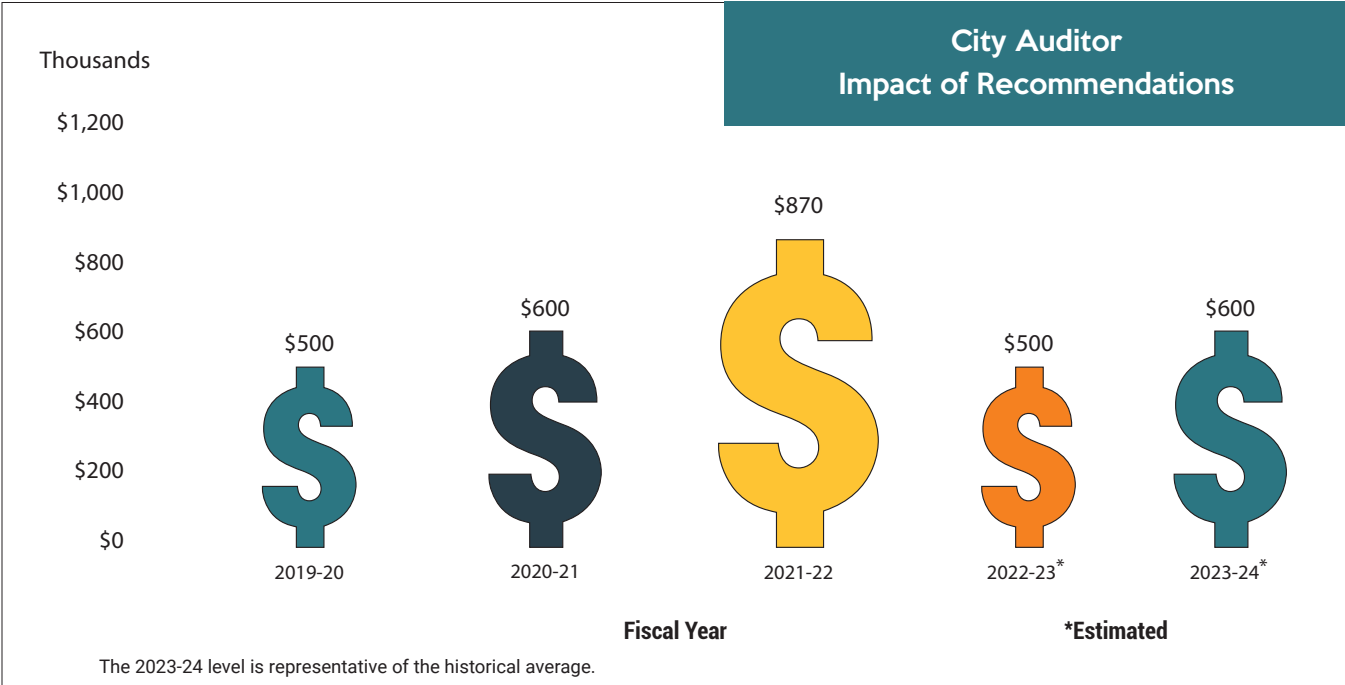
### Budget Allowance Explanation

The City Auditor 2023-24 operating budget allowance of \$3,682,000 is \$358,000 or 10.8 percent more than 2022-23 estimated expenditures. The increase is primarily due to negotiated increases in employee compensation and to implement the results from the Classification and Compensation study, as well as increased costs for external auditing services.

City Auditor Major Performance Measures and Service Levels			
The following significant performance measures and service trends will be achieved with the 2023-24 budget allowance:			
	2021-22 Actual	2022-23 Estimate <sup>1</sup>	2023-24 Budget
Percent of audit plan completed	89%	80%	80%
Performance audit and management reports issued	92	80	71
Percent of audit recommendations implemented within two years	96%	90%	90%
Economic impact of audits as a result of identified improvements or cost savings (millions) <sup>2</sup>	\$0.87	\$0.50	\$0.60
Hearing rulings issued timely according to time frames listed in the city code	100%	100%	100%

Expenditure and Position Summary			
	2021-22 Actual	2022-23 Estimate	2023-24 Budget
Operating Expense	\$2,743,000	\$3,324,000	\$3,682,000
Total Positions	25.4	25.4	25.4
<i>Source of Funds:</i>			
General Fund	\$2,743,000	\$3,324,000	\$3,682,000

<sup>1</sup>Based on 10 months actual experience.  
<sup>2</sup>2023-24 budget level is representative of the historical average.



# EQUAL OPPORTUNITY

## Program Goal

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

## Budget Allowance Explanation

The Equal Opportunity Department 2023-24 operating budget allowance of \$4,067,000 is \$701,000 or 20.8 percent more than 2022-23 estimated expenditures. The increase is primarily due to fewer anticipated staff vacancies in 2023-24, as well as negotiated increases in employee compensation and to implement the results from the Classification and Compensation study.

### Equal Opportunity Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2023-24 budget allowance:

	2021-22 Actual	2022-23 Estimate <sup>1</sup>	2023-24 Budget
Discrimination complaints in employment, public accommodations, housing and ADA accessibility, investigated and closed <sup>2</sup>	212	300	350
Outreach presentations to small and disadvantaged businesses and small business advocacy organizations	35	40	40
Number of disadvantaged business enterprises (DBEs) certified	543	558	608
Number of small business enterprises (SBEs) certified	559	562	612
Number of SBE and DBE prime contracts monitored <sup>3</sup>	390	461	517

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

<sup>2</sup> Discrimination complaints investigated and closed are based on the number of cases filed. Increases are expected due to the conversion of investigations staff from temporary to regular status.

<sup>3</sup> 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

	2021-22 Actual	2022-23 Estimate	2023-24 Budget
Operating Expense	\$3,231,000	\$3,366,000	\$4,067,000
Total Positions	27.0	30.0	30.0
<i>Source of Funds:</i>			
General Fund	\$2,789,000	\$2,856,000	\$3,486,000
Grants	441,000	511,000	562,000
Other Restricted	1,000	-	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 2023-24 operating budget allowance of \$37,626,000 is \$12,361,000 or 24.7 percent less than 2022-23 estimated expenditures. This is primarily due to the conclusion of Council-approved American Rescue Plan Act (ARPA) projects, including premium pay to employees and contributions to the City's healthcare and workers' compensation trusts.

The General Fund 2023-24 budget allowance of \$30,340,000 is \$2,063,000 or 7.3 percent more than 2022-23 estimated expenditures. The increase is primarily due to carryover of funding for costs related to the City's new Learning Management System, fewer anticipated vacancies, and negotiated increases in employee compensation and to implement the results from the Classification and Compensation study. The 2023-24 budget also includes full-year funding for positions added mid-year in 2022-23 which support day-to-day business operations and provide employee customer service in the Benefits, Employee Relations, Talent Acquisition, Classification and Compensation, and Organizational Support and Leave Programs divisions.

## Human Resources Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2023-24 budget allowance:

	2021-22 Actual	2022-23 Estimate <sup>1</sup>	2023-24 Budget
Percentage of hiring managers satisfied with applicants placed on hiring eligible list	76.7%	74.9%	78.0%
Annualized employee turnover rate	7.7%	8.5%	7.4%
Employee performance evaluations completed on time	71.4%	75.0%	75.0%
The number of employee suggestions received	12	10	15

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

## Expenditure and Position Summary

	2021-22 Actual	2022-23 Estimate	2023-24 Budget
Operating Expense	\$40,707,000	\$49,987,000	\$37,626,000
Total Positions	127.7	141.7	141.7
<i>Source of Funds:</i>			
General Fund	\$20,630,000	\$28,277,000	\$30,340,000
Grants	20,077,000	21,710,000	7,286,000

# 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 2023-24 operating budget allowance of \$129,000 is \$10,000 or 8.4 percent more than 2022-23 estimated expenditures. The increase is primarily due to negotiated increases in employee compensation and to implement the results from the Classification and Compensation study, as well as costs for conferences that did not occur in 2022-23.

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

The following significant performance measures and service trends will be achieved with the 2023-24 budget allowance:

	2021-22 Actual	2022-23 Estimate <sup>1</sup>	2023-24 Budget
Number of cases filed annually <sup>2</sup>	2	0	4

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

<sup>2</sup> Number of cases filed varies depending upon specific issues encountered.

### Expenditure and Position Summary

	2021-22 Actual	2022-23 Estimate	2023-24 Budget
Operating Expense	\$104,000	\$119,000	\$129,000
Total Positions	1.0	1.0	1.0
<i>Source of Funds:</i>			
General Fund	\$104,000	\$119,000	\$129,000

# 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 2023-24 gross operating budget allowance of \$3,898,000 is \$240,000 or 6.6 percent more than 2022-23 estimated expenditures. This is primarily attributed to vacancy savings that occurred in both the General Fund and Other Restricted Funds in 2022-23, as well as negotiated increases in employee compensation and the implementation of results from the Classification and Compensation study. Also contributing to the increase were additional contractual costs for medical evaluations for disability retirements.

### Retirement Systems Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2023-24 budget allowance:

	2021-22 Actual	2022-23 Estimate <sup>1</sup>	2023-24 Budget
General City retirements <sup>2</sup>	453	439	426
Public safety retirements <sup>2</sup>	487	255	200
General City and public safety member contacts <sup>3</sup>			
Appointments	1,523	881	881
Walk-in service	405	416	400
Telephone calls	8,333	8,255	8,000
General City and Public Safety Benefit estimates provided (excluding self-service) <sup>3</sup>	2,484	1,895	1,800

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

<sup>2</sup> Fewer retirements are expected due to negotiated increases in employee compensation in 2023-24.

<sup>3</sup> In 2022-23, the state Public Safety Personnel Retirement System took over most public safety retirement appointments and transactions.

### Expenditure and Position Summary

	2021-22 Actual	2022-23 Estimate	2023-24 Budget
Operating Expense (Gross <sup>1</sup> )	\$2,961,000	\$3,658,000	\$3,898,000
Total Positions	18.0	18.0	18.0
<i>Source of Funds:</i>			
General Fund (Gross <sup>1</sup> )	\$2,571,000	\$3,093,000	\$3,281,000
Other Restricted	390,000	565,000	618,000

<sup>1</sup>Gross costs are recovered through citywide assessments to all city departments.

# LAW

## Program Goal

The Law Department provides effective legal services to the Mayor and City Council, City Manager, departments, and advisory boards; interprets and enforces city, state, and federal laws as they pertain to City services and activities; and effectively administers and prosecutes criminal cases filed in Phoenix Municipal Court, using the prosecutorial function and discretion in a fair, impartial, and efficient manner.

## Budget Allowance Explanation

The Law Department 2023-24 operating budget allowance of \$35,833,000 is \$4,813,000 or 15.5 percent more than 2022-23 estimated expenditures. The increase is partially due to new positions to facilitate the needs of the ongoing Department of Justice investigation. In addition, the increase to the General Fund (and corresponding decrease in Grants) is due to the decrease in funding from the Victim of Crime Act Assistance grant. Several positions funded by this grant were moved to the General Fund to stay in compliance with mandated victims' rights. Finally, the budget includes negotiated increases for employee compensation and to implement the results from the Classification and Compensation study.

### Law Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2023-24 budget allowance:

	2021-22 Actual	2022-23 Estimate <sup>1</sup>	2023-24 Budget
Number of cases submitted for charging review	25,577	27,180	27,000
Pre-trial disposition conferences set	60,297	57,065	57,000
Criminal cases sent to diversion (estimate)	1,465	1,380	1,350
Number of jury trials prosecuted	39	37	35
Number of first Pre-trial Disposition Conferences (PDC) with body-worn camera (BWC) evidence	13,206	13,014	13,000
Number of hours of body worn camera footage requested for review <sup>2</sup>	22,204	12,851	20,000
Number of hours of BWC footage reviewed by LAU staff	14,402	12,007	16,000
New civil cases opened in the fields of condemnation, collection, taxes and civil litigation, excluding liability and other cases assigned to outside counsel	492	539	525
Number of civil Cases closed, including those assigned to outside counsel and handled through the alternative dispute resolution process <sup>3</sup>	331	824	300
Ordinances and resolutions for City Council adoption drafted and reviewed	1,210	1,156	1,150

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

<sup>2</sup> 2022-23 backlog of 1,331 cases waiting to be filled with an unknown number of hours. Additionally, the numbers are not fixed and increase based on date of violation requests.

<sup>3</sup> Projected 2022-23 higher than normal due to a record retention project.

### Expenditure and Position Summary

	2021-22 Actual	2022-23 Estimate	2023-24 Budget
Operating Expense	\$26,294,000	\$31,020,000	\$35,833,000
Total Positions	226.5	245.0	250.0
<i>Source of Funds:</i>			
General Fund	\$24,643,000	\$28,975,000	\$34,147,000
Court Awards	55,000	46,000	52,000
Other Restricted	182,000	201,000	201,000
Grants	1,415,000	1,799,000	1,432,000

# 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) 2023-24 operating budget allowance of \$92,904,000 is \$13,315,000 or 16.7 percent more than 2022-23 estimated expenditures.

The increase is primarily due to the transfer of approximately \$7 million from the ITS Capital Improvement Program budget to fund solutions and services identified in the department's five-year plan needed to ensure proper maintenance and modernization of information technology operations and to provide enhanced technology services to the public. The increase is also due to negotiated increases in employee compensation and to implement the results from the Classification and Compensation study.

## Information Technology Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2023-24 budget allowance:

	2021-22 Actual	2022-23 Estimate <sup>1</sup>	2023-24 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	99.9%	99.9%	99.9%
Phoenix.gov	99.9%	99.9%	99.9%
ePay	99.9%	99.9%	99.9%
TALIS	99.5%	99.9%	99.9%
RWC	99.9%	99.9%	99.9%
Number of pages accessed in Phoenix.gov	18,650,860	20,060,000	20,260,000
Average cycle time of telephone service requests	< 21 days	< 21 days	< 21 days
Units of portable and mobile radio equipment <sup>2</sup>	19,721	20,040	20,400

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

<sup>2</sup> 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. The increase in radio count is due to new members.

## Expenditure and Position Summary

	2021-22 Actual	2022-23 Estimate	2023-24 Budget
Operating Expense	\$63,830,000	\$79,589,000	\$92,904,000
Total Positions	216.0	225.0	225.0
<i>Source of Funds:</i>			
General Fund	\$63,045,000	\$78,757,000	\$92,022,000
Aviation	293,000	281,000	297,000
Solid Waste	204,000	212,000	223,000
Water	284,000	326,000	347,000
Cable Television	2,000	13,000	16,000

# 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 Department 2023-24 operating budget allowance of \$9,744,000 is \$3,121,000 or 47.1 percent more than 2022-23 estimated expenditures. The increase is primarily due to the carryover of funding for the new business licensing system and go-live costs for the records management system, as well as costs for the November 2023 GO Bond Election. Also contributing to the increase are negotiated increases in employee compensation, the implementation of results from the Classification and Compensation study, and fewer anticipated staff vacancies.

### City Clerk Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2023-24 budget allowance:

	2021-22 Actual	2022-23 Estimate <sup>1</sup>	2023-24 Budget
Number of council formal and special meeting agenda items	2,149	2,500	2,500
Open meeting law notices posted <sup>2</sup>	2,982	3,800	3,800
Percent of open meeting law notices posted in accordance with state law	100%	100%	100%
Total printing and copy impressions (millions)	13,768,000	16,000,000	16,500,000
City Council regular and special elections held	0	2	1
License services applications and contacts <sup>2</sup>	15,713	19,000	19,000
Records (in pages) provided for public access online <sup>2</sup>	101,678	125,000	125,000

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

<sup>2</sup> An increase in 2022-23 and 2023-24 is anticipated as operations continue normalizing to pre-pandemic activity.

### Expenditure and Position Summary

	2021-22 Actual	2022-23 Estimate	2023-24 Budget
Operating Expense	\$4,331,000	\$6,623,000	\$9,744,000
Total Positions	51.7	51.5	51.5
<i>Source of Funds:</i>			
General Fund	\$4,331,000	\$6,623,000	\$9,744,000

# 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 2023-24 operating budget allowance of \$33,213,000 is \$5,802,000 or 21.2 percent more than 2022-23 estimated expenditures. The increase is primarily in General Fund and Other Restricted funds.

The General Fund 2023-24 budget allowance of \$29,093,000 is \$4,087,000 or 16.3 percent more than 2022-23 estimated expenditures. The increase is primarily due to an increase in software agreements for financial and travel system upgrades, negotiated increases in employee compensation, and to implement the results from the Classification and Compensation study.

The Other Restricted Fund 2023-24 budget allowance of \$2,570,000 is \$1,735,000 or 207.8 percent more than 2022-23 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 2023-24 budget allowance of \$0 is \$235,000 or 100.0 percent less than 2022-23 estimated expenditures. This is due to the conclusion of the American Rescue Plan Act funding for the personal protective equipment warehouse.

## Finance Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2023-24 budget allowance:

	2021-22 Actual	2022-23 Estimate <sup>1</sup>	2023-24 Budget
Sales tax and franchise fees collected (millions)	\$1,303	\$1,400	\$1,400
Average real estate acquisition cycle time (months) <sup>2</sup>	11	11	12
Average property damage claims cycle time (days) <sup>3</sup>	33.5	37	60
Average invitation for bid cycle time (days) <sup>4</sup>	152	190	90

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

<sup>2</sup> Cycle time varies with changes in the volume of acquisitions from year to year.

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

<sup>4</sup> 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

	2021-22 Actual	2022-23 Estimate	2023-24 Budget
Operating Expense	\$40,609,000	\$27,411,000	\$33,213,000
Total Positions	218.0	220.0	220.0
<i>Source of Funds:</i>			
General Fund	\$21,798,000	\$25,006,000	\$29,093,000
Sports Facilities	109,000	109,000	159,000
Other Restricted	199,000	835,000	2,570,000
Grants	17,091,000	235,000	-
Aviation	233,000	208,000	224,000
Wastewater	438,000	490,000	490,000
Water	740,000	528,000	677,000

# 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.

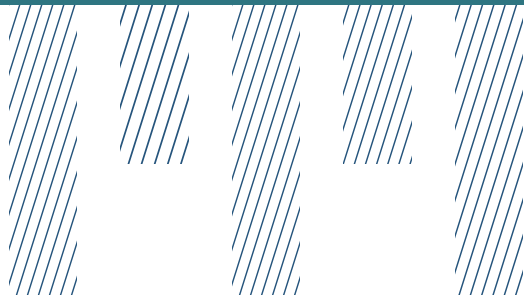
**Budget Allowance Explanation**

The Budget and Research 2023-24 operating budget allowance of \$4,563,000 is \$82,000 or 1.8 percent lower than 2022-23 estimated expenditures. The budget reflects negotiated increases in employee compensation and to implement the results from the Classification and Compensation study, along with other normal inflationary adjustments. The increase is offset by lower administrative costs which were incurred in 2022-23 for the General Obligation Bond Program committee process.

<b>Budget and Research Major Performance Measures and Service Levels</b>			
The following significant performance measures and service trends will be achieved with the 2023-24 budget allowance:			
	2021-22 Actual	2022-23 Estimate <sup>1</sup>	2023-24 Budget
Percent variance of actual versus estimated expenditures for each major fund (data for the General Fund is shown)	-0.5%	0 ± 3%	0 ± 3%
Percent variance of actual versus estimated resources for each major fund (data for the General Fund is shown)	1.9%	0 ± 3%	0 ± 3%
Capital Improvement Program percent variance of actual versus estimated expenditures	-9%	0 ± 10%	0 ± 10%

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

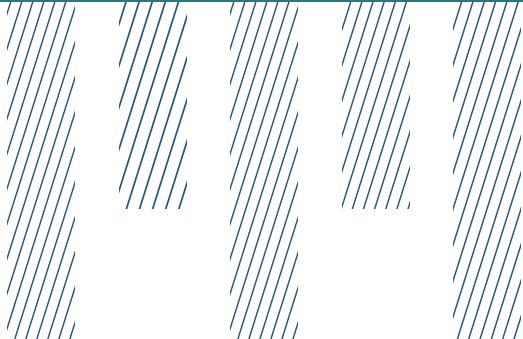
<b>Expenditure and Position Summary</b>			
	2021-22 Actual	2022-23 Estimate	2023-24 Budget
Operating Expense	\$4,008,000	\$4,645,000	\$4,563,000
Total Positions	29.0	24.0	24.0
<i>Source of Funds:</i>			
General Fund	\$4,008,000	\$4,645,000	\$4,563,000







# PUBLIC SAFETY



**The Public Safety Program Represents 34.9% 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 2023-24 operating budget allowance of \$978,646,000 is \$112,115,000 or 12.9 percent more than 2022-23 estimated expenditures. The increase is primarily due to negotiated increases in employee compensation and to implement the results from the Classification and Compensation study, which impacts all funds. It also reflects several new programs and enhancements to services in the General Fund.

The General Fund 2023-24 budget allowance of \$741,278,000 is \$81,482,000 or 12.3 percent more than 2022-23 estimated expenditures. The increase is primarily due to negotiated increases in employee compensation and to implement the results from the Classification and Compensation study. It also reflects several new programs or service enhancements, although most of these additions are able to be offset in the 2023-24 budget by anticipated sworn salary savings. These additions include new Civilian Investigator positions to support the department's ongoing civilianization efforts; additional analysts in the Investigations and Patrol Divisions and the Compliance and Oversight Bureau to provide key analytics and research work to support a variety of department efforts; new Law Enforcement Training Specialists in the Training Bureau to enhance training capacity; additional staff in the Laboratory Services Bureau to assist in the investigative process and processing of crime scenes; and new Police Assistants in the Patrol Division and Logistical Resources Bureau to ensure the integrity of chain of custody and preservation of property. The 2023-24 General Fund budget also reflects additional costs for marketing and advertising services, increased costs for jail services from Maricopa County, and the impact of a new bodyworn camera contract.

## Police Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2023-24 budget allowance:

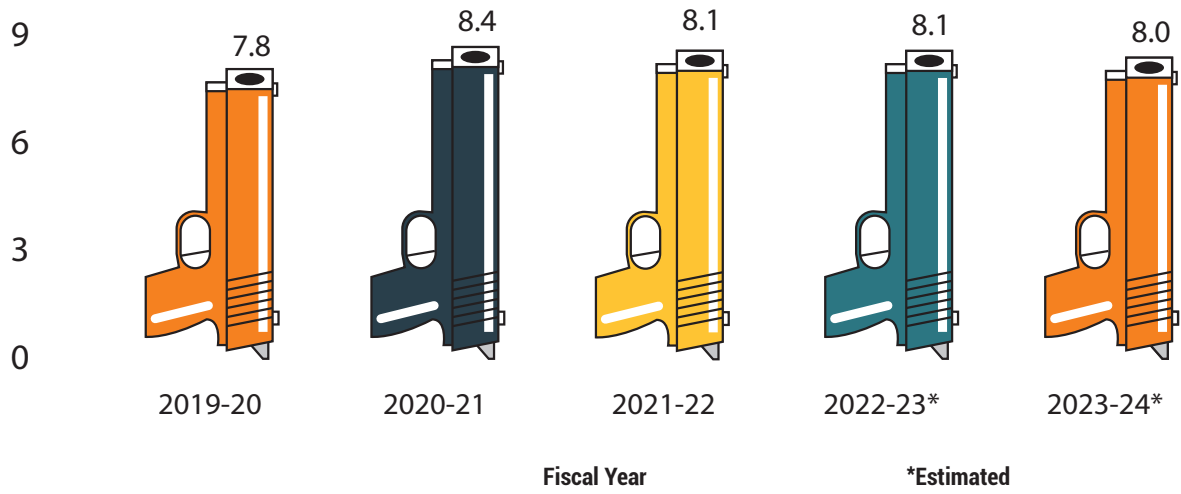
	2021-22 Actual	2022-23 Estimate <sup>1</sup>	2023-24 Budget
Average Response Time (Minutes)			
Priority 1 – Emergency	7.2	7.5	7.5
Priority 2 – Non-Emergency	25.6	25.8	26.0
Priority 3 – All Others	53.4	48.0	50.0
Percentage of phone calls to 9-1-1 and Crime Stop answered within 15 seconds	78%	81%	81%
Moving violation citations issued	43,383	48,840	48,840
Traffic accidents	29,693	27,450	27,450
Percentage of cases cleared:			
Murder	62%	85%	74%
Rape	12%	10%	10%
Robbery	30%	28%	28%
Aggravated Assault	28%	29%	29%
Burglary	11%	10%	10%
Theft	11%	11%	11%
Auto Theft	8%	6%	6%
Arson	30%	28%	28%

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

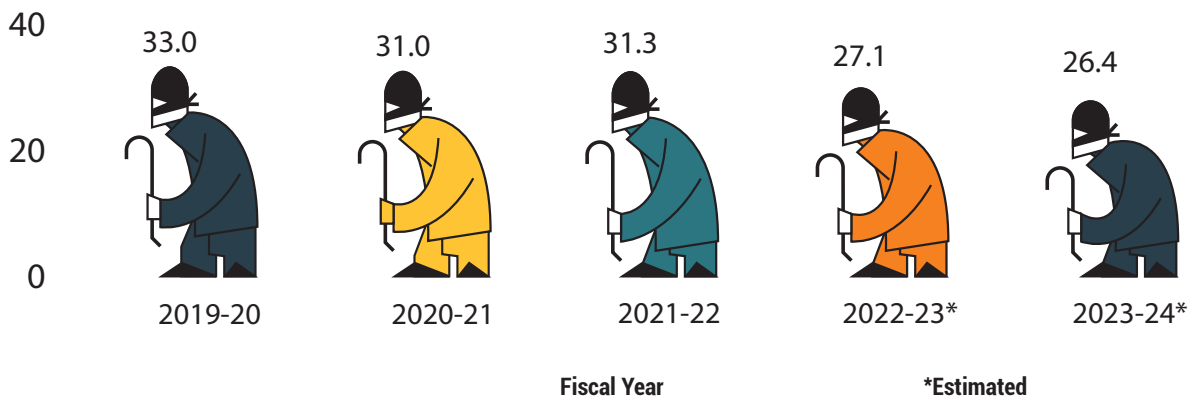
## Expenditure and Position Summary

	2021-22 Actual	2022-23 Estimate	2023-24 Budget
Operating Expense	\$778,713,000	\$866,531,000	\$978,646,000
Total Positions	4,472.9	4,548.9	4,587.9
<i>Source of Funds:</i>			
General Fund	\$610,288,000	\$659,796,000	\$741,278,000
Court Awards	3,167,000	5,574,000	4,619,000
Neighborhood Protection	36,257,000	41,180,000	47,397,000
Public Safety Enhancement	15,475,000	19,761,000	23,711,000
Public Safety Expansion	80,959,000	92,851,000	106,350,000
Sports Facilities	1,685,000	1,769,000	1,857,000
Other Restricted	20,422,000	32,478,000	43,039,000
Grants	10,461,000	13,123,000	10,394,000

**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 2023-24 operating budget allowance of \$565,019,000 is \$63,959,000 or 12.8 percent more than 2022-23 estimated expenditures. The increase is primarily in the General Fund and Other Restricted Fund, which is partially offset by a decrease in the Grants Fund.

The General Fund 2023-24 budget allowance of \$481,278,000 is \$56,890,000 or 13.4 percent more than 2022-23 estimated expenditures. The increase is primarily due to negotiated increases in employee compensation, to implement the results from the Classification and Compensation study, and to make a significant one-time purchase of Fire apparatus. In addition, included in the 2023-24 budget is funding for: twenty-four sworn positions to provide dedicated staffing for the new Fire Station 74, located at 19th Avenue and Chandler Boulevard; seven sworn positions and one new vehicle (ambulance) for one new Rescue unit; and one new Human Resources position to support the processing of payroll and leave transactions.

The Other Restricted 2023-24 budget allowance of \$18,589,000 is \$5,501,000 or 42.0 percent higher than 2022-23 estimated expenditures. This is due to an increase in public safety pension payments which are funded by Proposition 207 revenues.

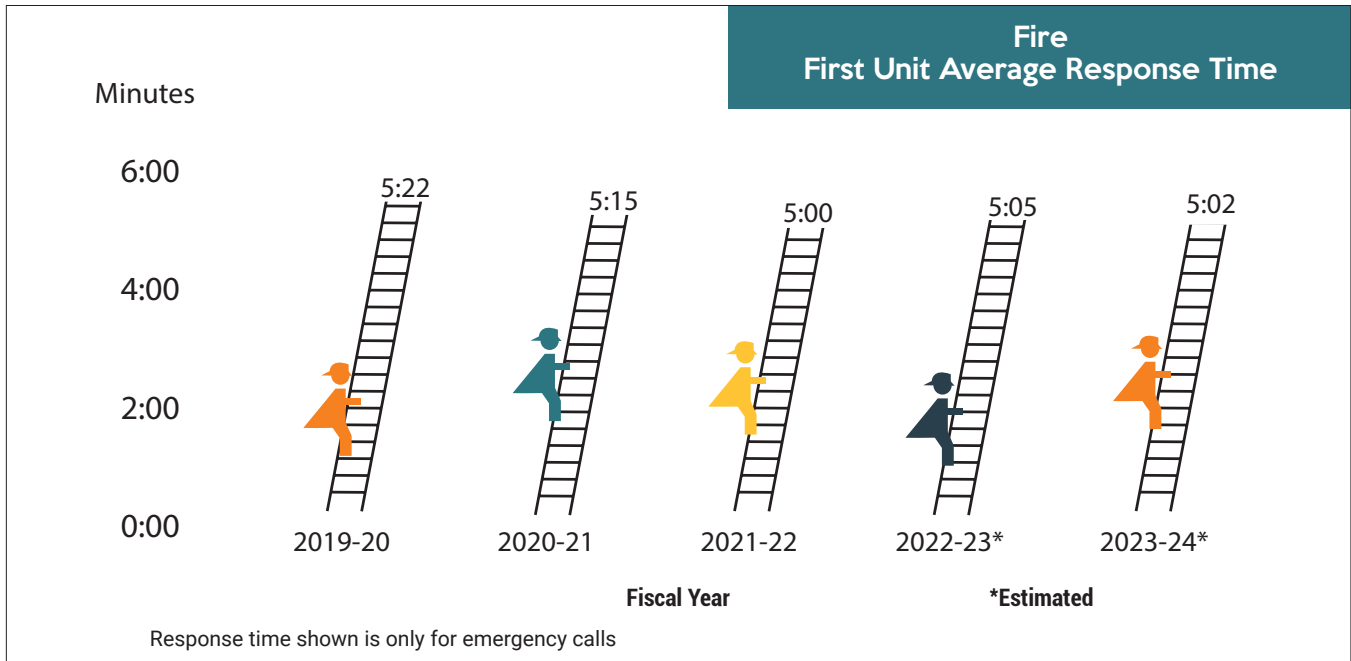
The Grants Fund 2023-24 budget allowance of \$19,075,000 is \$3,009,000 or 13.6 percent lower than 2022-23 estimated expenditures. This is due to decreased funding for the Arizona 9-1-1 Grant Program because of the transition to a new 9-1-1 platform which will reduce telecommunication expenditures.

## Fire Major Performance Measures and Service Levels

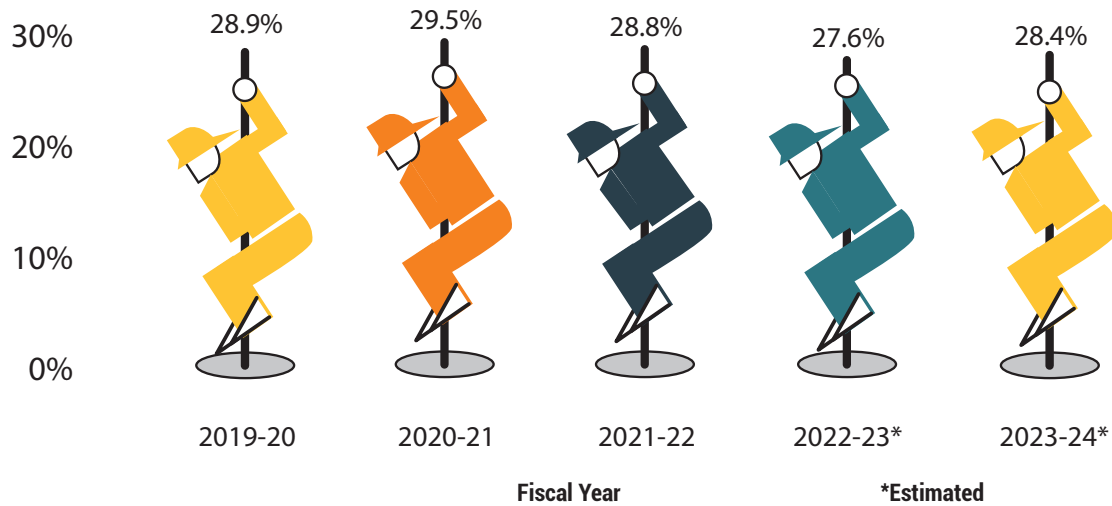
The following significant performance measures and service trends will be achieved with the 2023-24 budget allowance:

	2021-22 Actual	2022-23 Estimate <sup>1</sup>	2023-24 Budget
Percent of fire and emergency medical call responses within four minutes	29.7%	28.3%	29.2%
Patient transports to Valley hospitals via emergency medical vehicles	78,544	88,550	89,000
Percentage of time Advanced Life Support (ALS) medical calls are responded to with paramedic units within five minutes	48.3%	47.4%	48.5%
Number of fire investigations to determine cause only	967	877	975
Number of calls by type:			
Emergency Medical	214,339	216,000	224,000
Fire	24,843	25,000	27,000
Other (mountain/swift water/trench/tree rescues/other)	8,624	9,000	9,000

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



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



Expenditure and Position Summary			
	2021-22 Actual	2022-23 Estimate	2023-24 Budget
Operating Expense	\$449,322,000	\$501,060,000	\$565,019,000
Total Positions	2,288.7	2,364.7	2,386.7
<i>Source of Funds:</i>			
General Fund	\$382,352,000	\$424,388,000	\$481,278,000
Neighborhood Protection	11,611,000	12,105,000	13,150,000
Public Safety Enhancement	11,433,000	11,772,000	13,400,000
Public Safety Expansion	15,249,000	17,623,000	19,527,000
Other Restricted	14,518,000	13,088,000	18,589,000
Grants	14,159,000	22,084,000	19,075,000

**OFFICE OF HOMELAND SECURITY AND EMERGENCY MANAGEMENT**

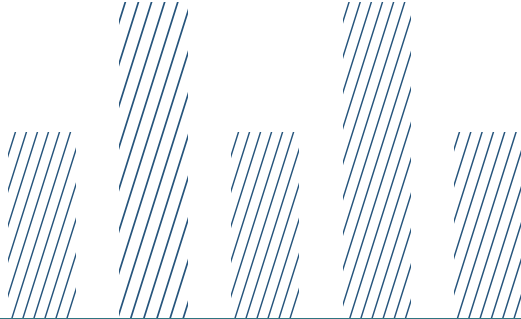
**Program Goal**

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**

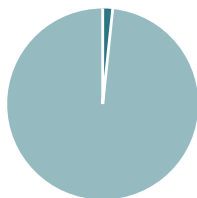
The Office of Homeland Security and Emergency Management (OHSEM) was incorporated into the Fire Department in January 2022. The 2021-22 Actuals reflect costs for the first half of the fiscal year when OHSEM was a standalone entity.

Expenditure and Position Summary			
	2021-22 Actual	2022-23 Estimate	2023-24 Budget
Operating Expense	\$275,000	\$-	\$-
Total Positions	0.0	0.0	0.0
<i>Source of Funds:</i>			
General Fund	\$8,000	\$-	\$-
Public Safety Enhancement	221,000	-	-
Grants	46,000	-	-





# CRIMINAL JUSTICE



**The Criminal Justice Program Represents 1.6% of the Total Budget.**

The Criminal Justice program budget includes the 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 2023-24 operating budget allowance of \$41,673,000 is \$1,956,000 or 4.9 percent more than 2022-23 estimated expenditures. The increase is primarily due to negotiated increases in employee compensation and to implement the results from the Classification and Compensation study.

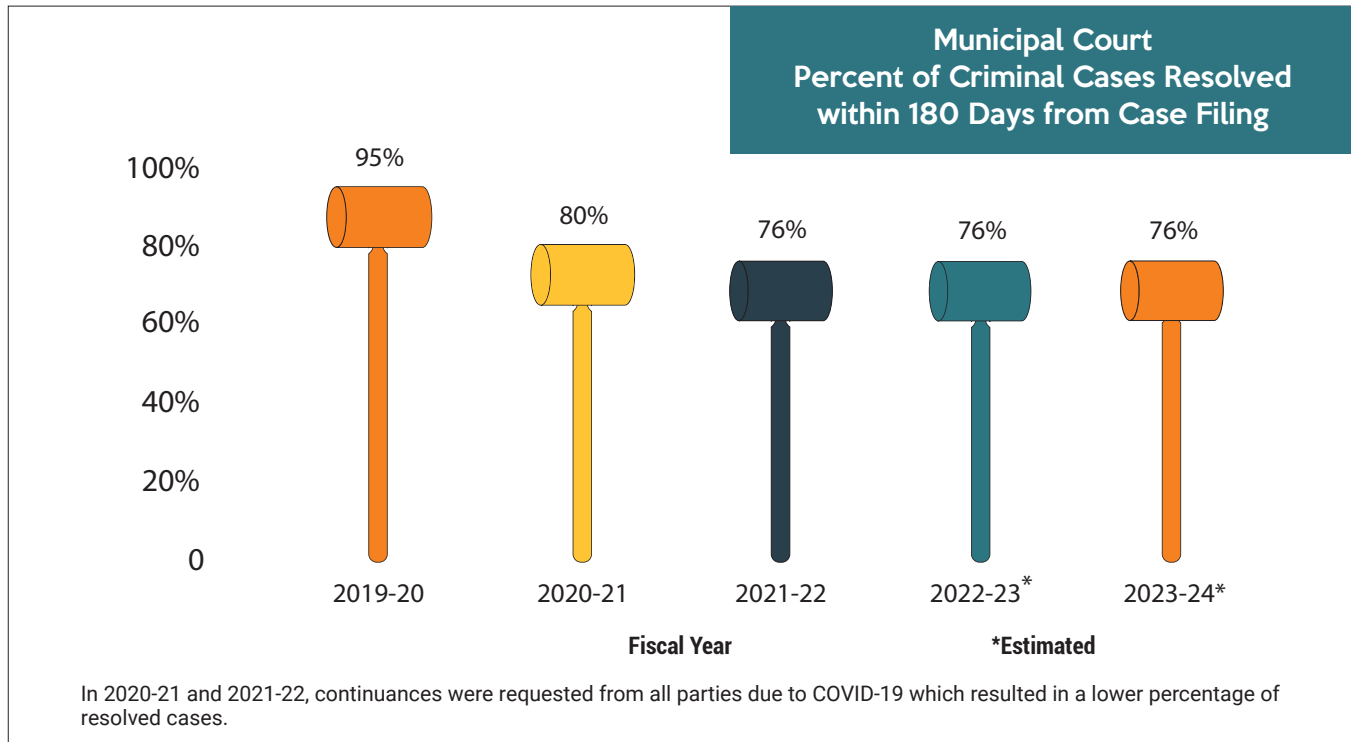
## Municipal Court Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2023-24 budget allowance:

	2021-22 Actual	2022-23 Estimate <sup>1</sup>	2023-24 Budget
Criminal filings <sup>2</sup>	31,000	34,000	34,000
Civil filings <sup>2</sup>	68,500	80,500	80,500
Average number of days from arraignment to hearing for minor traffic cases	35	38	37
Number of criminal cases with a pending trial date at year end	3,500	3,400	3,400
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	0.33 minutes	0.31 minutes	0.40 minutes

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

<sup>2</sup> Citations issued by Phoenix Police, Neighborhood Services, and other citing authorities decreased beginning in April 2020 due to the COVID-19 pandemic. Several agencies notified the Court they intend to resume citation issuance in 2022-23.



## Expenditure and Position Summary

	2021-22 Actual	2022-23 Estimate	2023-24 Budget
Operating Expense	\$34,402,000	\$39,717,000	\$41,673,000
Total Positions	279.0	281.0	281.0
<i>Source of Funds:</i>			
General Fund	\$32,433,000	\$37,031,000	\$38,970,000
Other Restricted	1,969,000	2,686,000	2,703,000



# PUBLIC DEFENDER

## Program Goal

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

## Budget Allowance Explanation

The Public Defender 2023-24 operating budget allowance of \$6,295,000 is \$560,000 or 9.8 percent more than the 2022-23 estimated expenditures. The increase is primarily due to the increased cost of contracted legal services. In addition, the budget includes negotiated increases for employee compensation and to implement the results from the Classification and Compensation study.

## Public Defender Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2023-24 budget allowance:

	2021-22 Actual	2022-23 Estimate <sup>1</sup>	2023-24 Budget <sup>2</sup>
Defendants charged with misdemeanor crimes represented at the Phoenix Municipal Court	14,763	15,000	17,500

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

<sup>2</sup> Based on the City's pending creation of a Community Court.

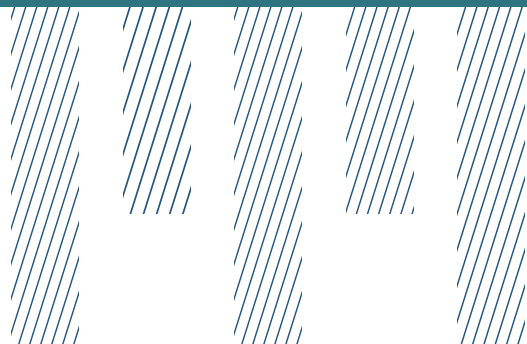
## Expenditure and Position Summary

	2021-22 Actual	2022-23 Estimate	2023-24 Budget
Operating Expense	\$7,575,000	\$5,735,000	\$6,295,000
Total Positions	11.0	13.0	13.0
<i>Source of Funds:</i>			
General Fund	\$7,575,000	\$5,735,000	\$6,295,000





# 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**

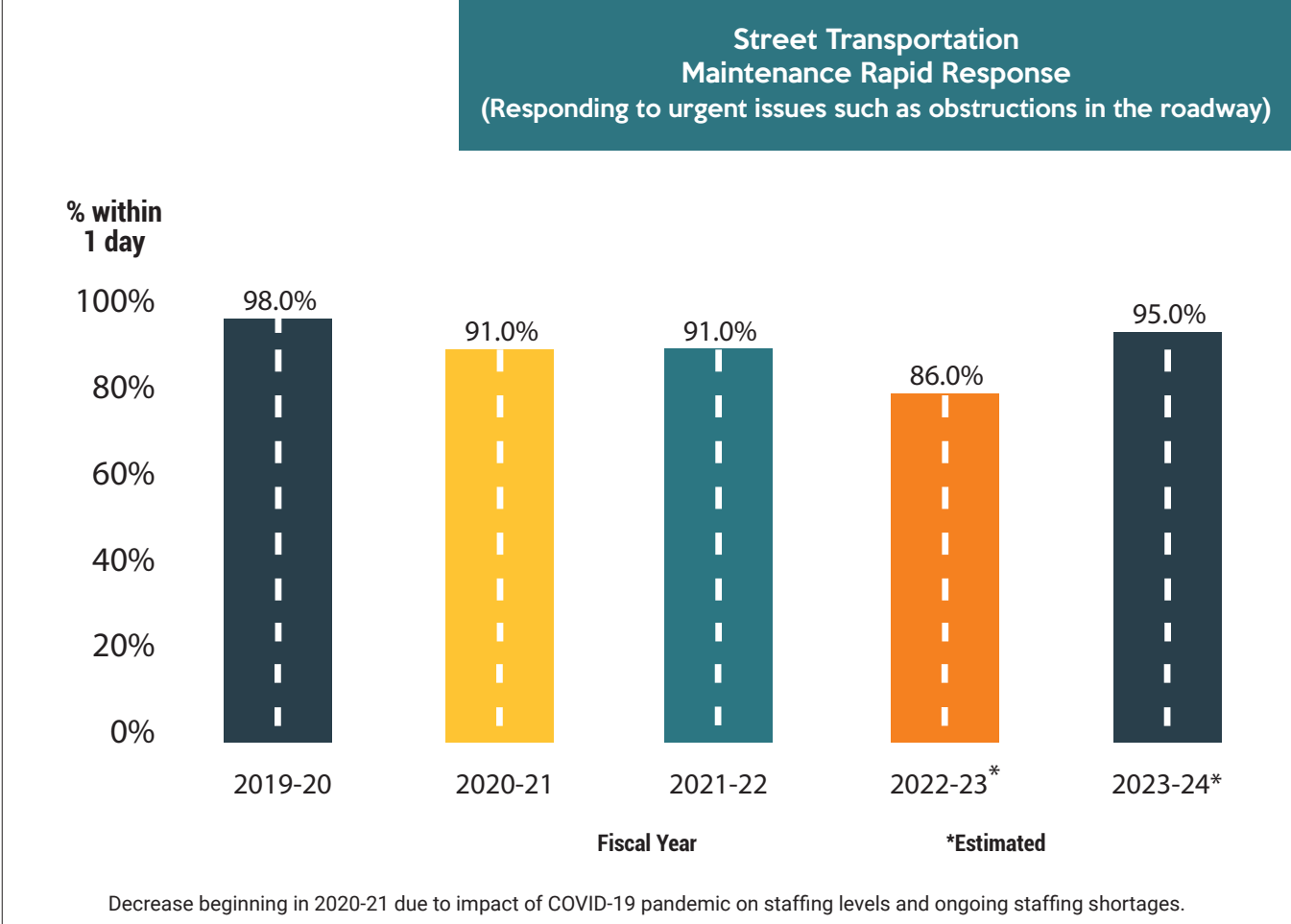
The Street Transportation Department plans for the safe and convenient movement of people and vehicles on city streets, effectively maintains the city's streets, designs and inspects the construction of streets to assure they meet specifications, and minimizes street damage through the control of irrigation 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 2023-24 operating budget allowance of \$124,336,000 is \$6,783,000 or 5.8 percent more than 2022-23 estimated expenditures. The increase is primarily due to increased costs in the General Fund and Arizona Highway User Revenue (AHUR) funds.

The General Fund 2023-24 budget allowance of \$25,473,000 is \$1,353,000 or 5.6 percent more than 2022-23 estimated expenditures. The increase reflects several new or enhanced services, including additional wash and median cleanings, a dedicated street sweeper for bike lanes, and increased service frequency in the landscape maintenance program. Negotiated increases to employee compensation and to implement the results of the Classification and Compensation Study also contributed to the increase.

The Arizona Highway User Revenue fund 2023-24 budget allowance of \$94,493,000 is \$5,607,000 or 6.3 percent more than 2022-23 estimated expenditures. The increase is primarily due to fewer anticipated vacancies, negotiated increases in employee compensation, and to implement the results of the Classification and Compensation study. Other contributing factors include additional facility maintenance costs, increased electricity costs for street lighting, and increased liability insurance costs. These increases are partially offset by reduced planned vehicle and equipment purchases.



**Street Transportation Major Performance Measures and Service Levels**

The following significant performance measures and service trends will be achieved with the 2023-24 budget allowance:

	2021-22 Actual	2022-23 Estimate <sup>1</sup>	2023-24 Budget
Routine street maintenance requests for service completed within 21 days	75%	86%	95%
Percent of all traffic signal control cabinets inspected annually <sup>2</sup>	51%	39%	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	85	100

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

<sup>2</sup> Decreases in 2021-22 and 2022-23 due to staffing vacancies.

**Expenditure and Position Summary**

	2021-22 Actual	2022-23 Estimate	2023-24 Budget
Operating Expense	\$104,319,000	\$117,553,000	\$124,336,000
Total Positions	737.0	753.0	752.0
<i>Source of Funds:</i>			
General Fund	\$22,399,000	\$24,120,000	\$25,473,000
Arizona Highway User Revenue	77,798,000	88,886,000	94,493,000
Capital Construction	69,000	69,000	70,000
Transportation 2050	377,000	461,000	466,000
Other Restricted	3,649,000	3,886,000	3,790,000
Grants	26,000	130,000	44,000

# AVIATION

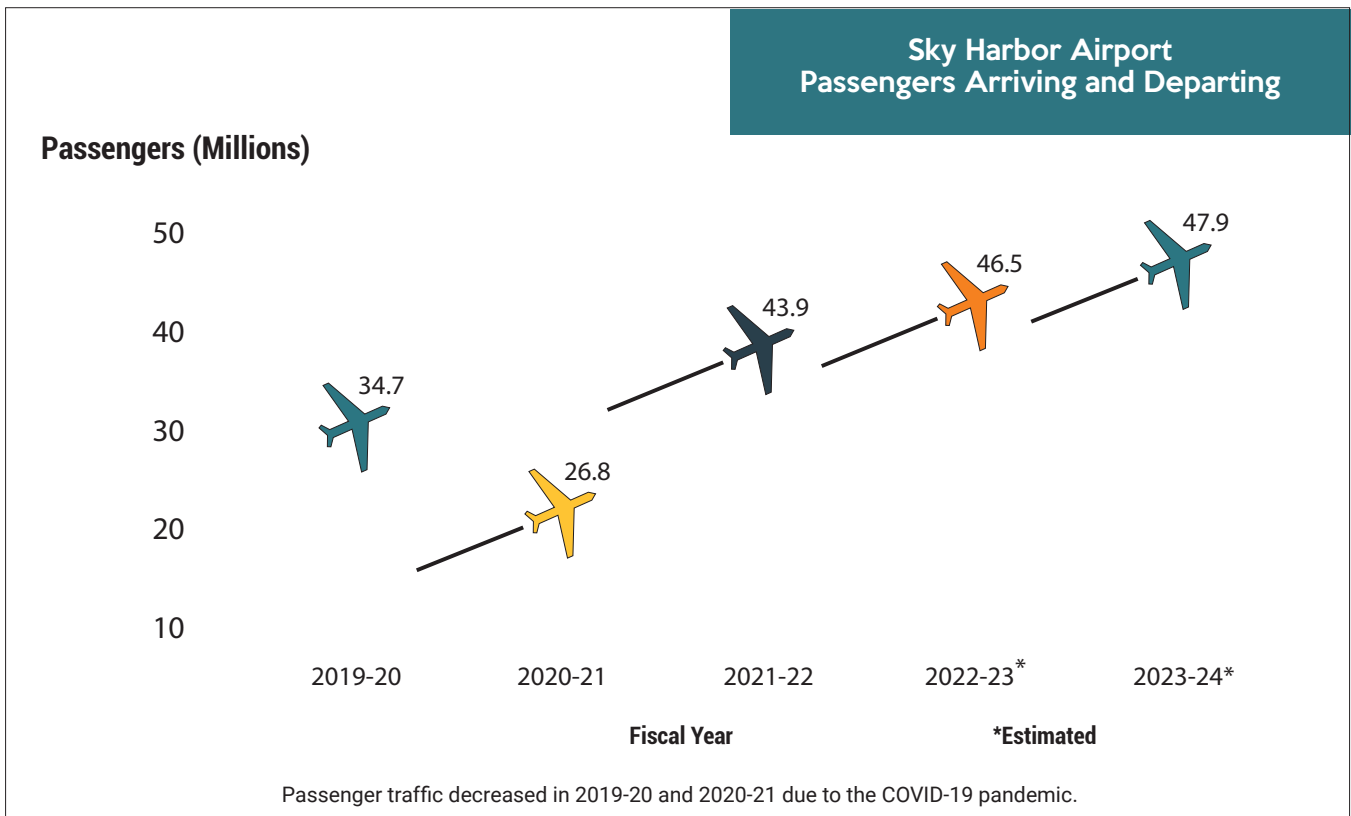
## Program Goal

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 2023-24 operating budget allowance of \$338,174,000 is \$33,118,000 or 10.9 percent more than 2022-23 estimated expenditures. The Aviation Fund increase is primarily attributed to \$15 million in increased personal services costs. The increase reflects negotiated increases in employee compensation and to implement the results from the Classification and Compensation study, along with other normal inflationary adjustments. Additionally, there are two new Airport Access Agent positions added to enhance security badging services. The budget also includes a full-year of operating costs for the Sky Train, increased costs for custodial services, and higher electricity rates.

The Grants fund decrease is due to the completion of American Rescue Plan Act grant funding.



## Aviation Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2023-24 budget allowance:

	2021-22 Actual	2022-23 Estimate <sup>1</sup>	2023-24 Budget
Airline rental rates (cost per square foot):			
Terminal 3	\$99.60	\$123.00	\$169.32
Terminal 4	\$99.60	\$123.00	\$169.32
Gross sales per departing passenger:			
Terminal 3	\$6.94	\$8.07	\$9.00
Terminal 4	\$11.37	\$11.52	\$12.00
Aircraft takeoffs and landings	854,192	875,000	900,000
Total international passengers	1,715,743	2,450,000	2,525,000
Air cargo processed (in tons)	438,835	410,000	425,000

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

## Expenditure and Position Summary

	2021-22 Actual	2022-23 Estimate	2023-24 Budget
Operating Expense	\$348,614,000	\$305,056,000	\$338,174,000
Total Positions	892.0	922.0	922.0
<i>Source of Funds:</i>			
Aviation	\$348,414,000	\$301,256,000	\$338,174,000
Grants	200,000	3,800,000	-

# 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**

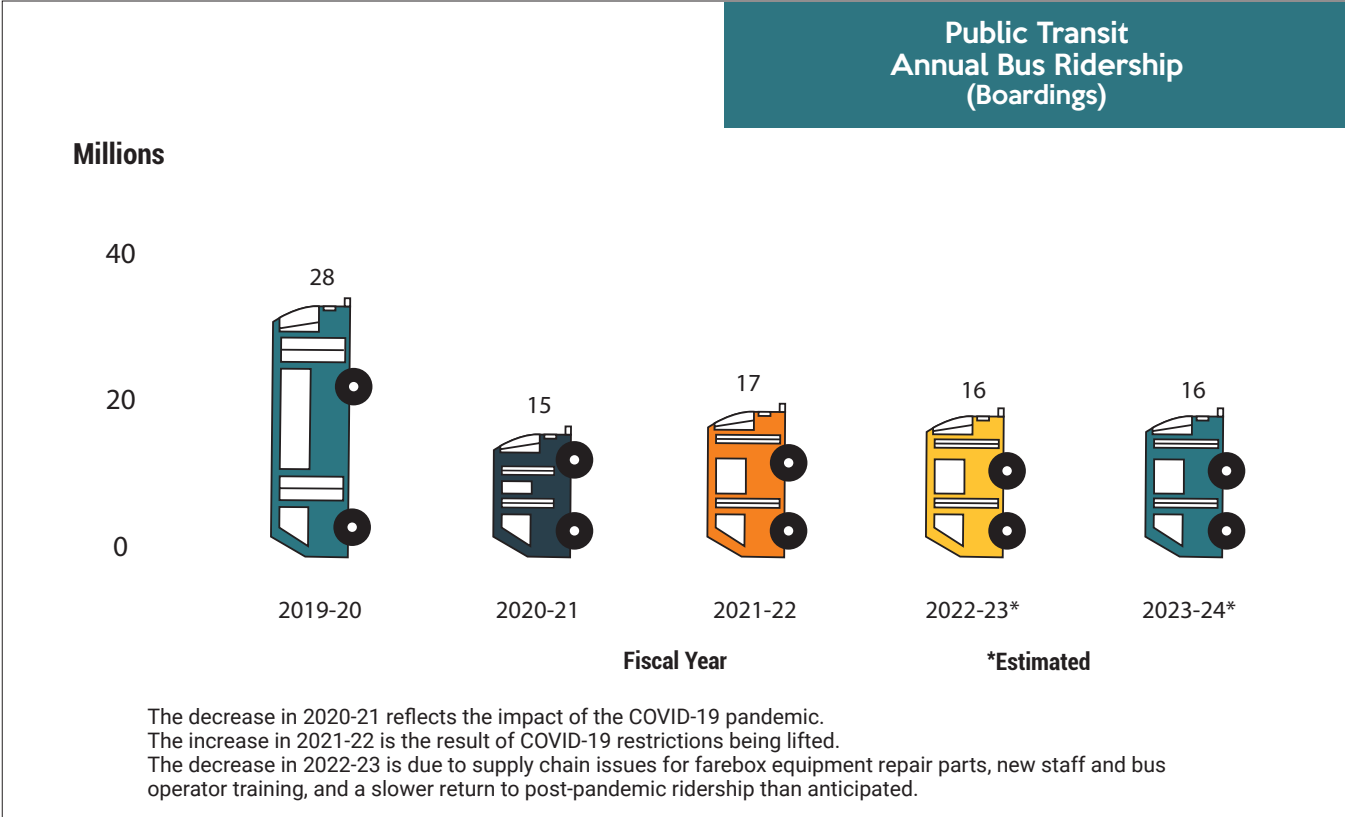
The 2023-24 Public Transit Department operating budget allowance of \$334,840,000 is \$35,706,000 or 11.9 percent more than 2022-23 estimated expenditures. The increase is primarily due to the Transportation 2050 Fund and Regional Transit Fund and is partially offset by reductions in Grants and General Funds.

The Transportation 2050 Fund 2023-24 budget allowance of \$249,903,000 is \$23,815,000 or 10.5 percent more than 2022-23 estimated expenditures. The increase is primarily the result of expenditures in 2023-24 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 increases in employee compensation, and to implement the results from the Classification and Compensation study. The 2023-24 budget also includes market rate increases for fixed route bus services and light rail operation cost increases due to the completion of the Northwest Extension Phase II.

The Regional Transit Fund 2023-24 budget allowance of \$61,925,000 is \$22,704,000 or 57.9 percent more than 2022-23 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 (ARPA) funding, which was previously available to offset the cost of fixed route bus service. It also reflects additional purchase of bus service by the region from the City of Phoenix as ridership is anticipated to continue to increase towards pre-pandemic levels.

The Grants Fund 2023-24 budget allowance of \$21,578,000 is \$8,922,000 or 29.3 percent less than 2022-23 estimated expenditures. The decrease is primarily due to the conclusion of CRRSA and ARPA funding.

The General Fund 2023-24 budget allowance of \$0 is \$1,891,000 or 100 percent less than 2022-23 estimated expenditures. The decrease reflects the transfer of the senior center shuttle contract to the Human Services Department.



**Public Transit Major Performance Measures and Service Levels**

The following significant performance measures and service trends will be achieved with the 2023-24 budget allowance:

	2021-22 Actual	2022-23 Estimate <sup>1</sup>	2023-24 Budget
On-time performance for bus service <sup>2</sup>	86.2%	83.1%	93.0%
On-time performance for Dial-a-Ride prescheduled service	92.6%	93.1%	93.4%
Cost recovery from bus fares <sup>3</sup>	6.3%	7.2%	7.1%
Bus boardings per revenue mile	0.829	0.828	0.828
Average weekday ridership - light rail (Phoenix only) <sup>4</sup>	14,800	16,000	17,000

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

<sup>2</sup> The decrease in 2021-22 and 2022-23 is due to a change in reporting method from targets to actual figures, with the new system accounting for early bus arrivals at time points, which the legacy system did not do. The 2023-24 figure is a target contractual requirement.

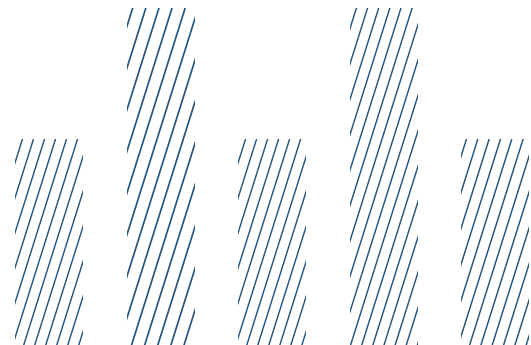
<sup>3</sup> The increase in 2022-23 is due to the expected gradual growth of ridership and pandemic recovery.

<sup>4</sup> The increase in 2022-23 is due to the expected gradual growth of ridership and pandemic recovery. The completion of Northwest Extension Phase II will also increase ridership in the latter half of 2023-24.

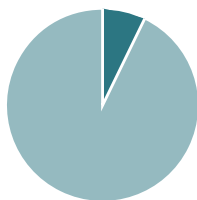
**Expenditure and Position Summary**

	2021-22 Actual	2022-23 Estimate	2023-24 Budget
Operating Expense	\$237,795,000	\$299,134,000	\$334,840,000
Total Positions	122.0	127.0	127.0
<i>Source of Funds:</i>			
General Fund	\$767,000	\$1,891,000	\$-
Transportation 2050	77,927,000	226,088,000	249,903,000
Regional Transit	6,390,000	39,221,000	61,925,000
Grants	151,444,000	30,500,000	21,578,000
Other Restricted	1,251,000	1,434,000	1,434,000
City Improvement	17,000	-	-





# COMMUNITY DEVELOPMENT



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

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

# PLANNING AND DEVELOPMENT

## Program Goal

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

## Budget Allowance Explanation

The Planning and Development Department 2023-24 operating budget allowance of \$96,602,000 is \$13,650,000 or 16.5 percent more than 2022-23 estimated expenditures reflecting increased costs in all funds.

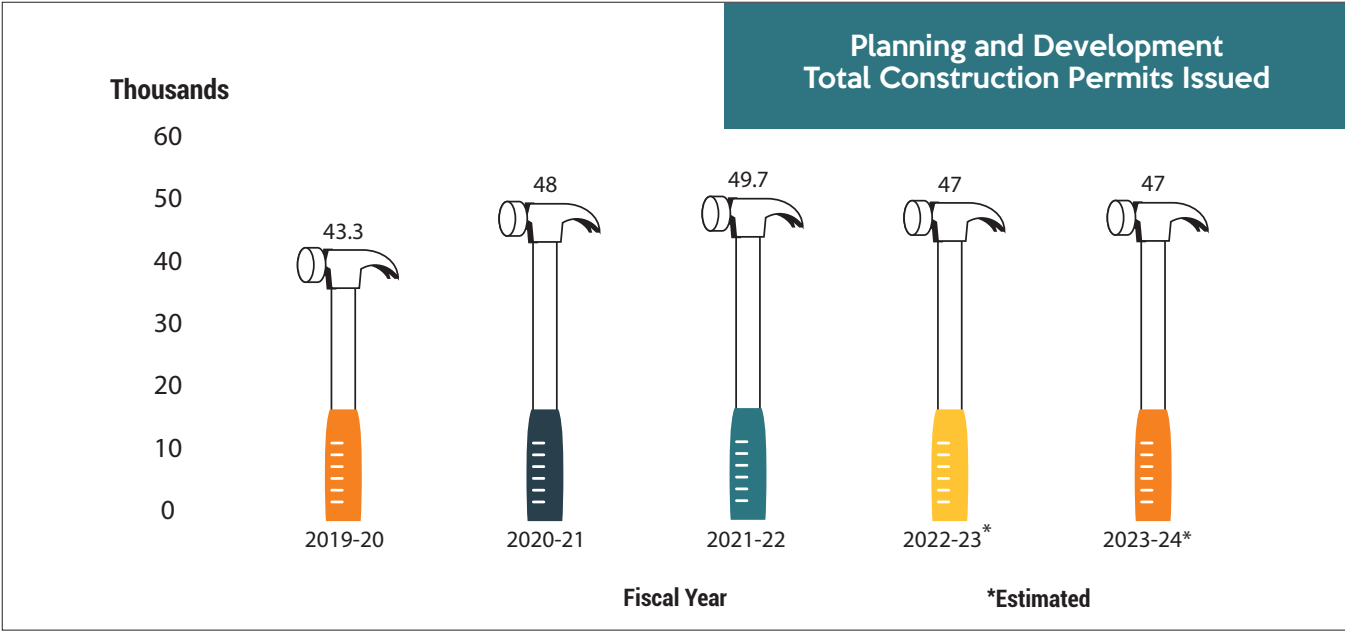
The Development Services Fund 2023-24 budget allowance of \$87,446,000 is \$10,240,000 or 13.3 percent more than 2022-23 estimated expenditures. The increase is primarily due to fewer anticipated vacancies, negotiated increases in employee compensation, and to implement the results from the Classification and Compensation study. It also reflects additional costs for contractual plan review and inspection services and increased facility maintenance costs.

The increase also includes additional funding for positions to support the continued implementation of SHAPE PHX, a business application that provides land management and permit tracking in one software system; a new position to support the electronic plan review team; and an additional position to support human resources functions.

The General Fund 2023-24 budget allowance of \$7,072,000 is \$2,203,000 or 45.2 percent more than 2022-23 estimated expenditures. The increase is primarily due to fewer anticipated vacancies, as well as negotiated increases in employee compensation and to implement the results from the Classification and Compensation study. In addition, funding was carried over from 2022-23 to 2023-24 for Historic Preservation's Threatened Building Grant Program.

The Grants 2023-24 budget allowance of \$566,000 is \$500,000 or 757.6 percent more than 2022-23 estimated expenditures due to the carryover of the Rio Reimagined Area grant.

The Other Restricted Fund 2023-24 budget allowance of \$1,519,000 is \$708,000 or 87.3 percent more than 2022-23 estimated expenditures. Increases are primarily due to negotiated increases in employee compensation and to implement the results from the Classification and Compensation study. It also reflects additional costs for Impact Fee studies and the new Stormwater Post Construction program.



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

The following significant performance measures and service trends will be achieved with the 2023-24 budget allowance:

	2021-22 Actual	2022-23 Estimate <sup>1</sup>	2023-24 Budget
Total construction permits issued	49,719	47,000	47,000
Turnaround time for major commercial building plans (days)	45	46	45
Turnaround time for medium commercial building plans (days)	35	36	35
Turnaround time for minor commercial building plans (days)	25	26	25
Turnaround time for residential building plans (days)	30	30	30
Percent of commercial inspections completed on time	99%	98%	99%
Percent of residential inspections completed on time	96%	93%	96%
Percent of costs recovered through fees	101%	109%	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	692	700	700
Number of city grants awarded for historic rehabilitation projects	12	12	18
Number of regulatory compliance reviews for federally funded city capital projects <sup>2</sup>	300	240	250

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

<sup>2</sup> Reviews decreased in 2022-23 due to decreased federal funding that was awarded to other departments. Section 106 reviews are submitted to Historic Preservation staff when other departments have federal projects.

**Expenditure and Position Summary**

	2021-22 Actual	2022-23 Estimate	2023-24 Budget
Operating Expense	\$74,293,000	\$82,952,000	\$96,602,000
Total Positions	520.8	536.8	536.8
<i>Source of Funds:</i>			
Development Services	\$68,941,000	\$77,206,000	\$87,446,000
Grants	66,000	66,000	566,000
General Fund	4,414,000	4,869,000	7,072,000
Other Restricted	872,000	811,000	1,519,000

# 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 2023-24 operating budget allowance of \$198,920,000 is \$67,318,000 or 51.2 percent more than 2022-23 estimated expenditures. The increase is primarily the result of additional appropriation in Grants, with a smaller increase in Other Restricted Funds.

The Grants 2023-24 operating budget allowance of \$186,227,000 is \$65,508,000 or 54.3 percent more than 2022-23 estimated expenditures. This increase reflects anticipated additional Section 8 housing assistance payments from the U.S. Department of Housing and Urban Development. It also reflects the carryover of several Council-approved American Rescue Plan Act projects and other contingency funding, as well as the impact of negotiated increases to employee compensation and the implementation of the results of the Classification and Compensation study.

The Other Restricted Funds 2023-24 operating budget allowance of \$10,691,000 is \$1,929,000 or 22.0% more than 2022-23 estimated expenditures. The increase is due to additional appropriation for affordable housing projects.

The General Fund 2023-24 operating budget allowance of \$2,003,000 is \$118,000 or 5.6 percent less than 2022-23 estimated expenditures due to the completion of the final phases of the Santa Fe Springs Apartments rehabilitation project.

## Housing Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2023-24 budget allowance:

	2021-22 Actual	2022-23 Estimate <sup>1</sup>	2023-24 Budget
Affordable housing units for families and individuals	2,297	2,681	2,711
Affordable housing units created or preserved for families and individuals owned and operated by private sector developers <sup>2</sup>	475	330	599
Rental assistance provided for low-income residents in the private housing market <sup>3,5</sup>	6,977	7,745	7,820
Federally assisted housing units for families and seniors <sup>4</sup>	1,388	1,045	1,007
Utilization rate for Section 8 vouchers	93%	90%	90%
Occupancy rate for public housing units	90%	98%	98%

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

<sup>2</sup> The COVID-19 pandemic and economic factors caused delays in the development of affordable housing units. Development is expected to increase in 2023-24.

<sup>3</sup> Through 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.

<sup>4</sup> In 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.

<sup>5</sup> Figures include 390 Emergency Housing Vouchers, which are funded through the American Rescue Plan Act to support residents at risk of homelessness.

## Expenditure and Position Summary

	2021-22 Actual	2022-23 Estimate	2023-24 Budget
Operating Expense	\$ 109,081,000	\$ 131,602,000	\$ 198,920,000
Total Positions	127.0	129.0	129.0
<i>Source of Funds:</i>			
General Fund	\$ 1,578,000	\$ 2,121,000	\$ 2,003,000
Other Restricted	2,827,000	8,762,000	10,691,000
Grants	104,676,000	120,719,000	186,227,000

# 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 2023-24 operating budget allowance of \$21,815,000 is \$420,000 or 2.0 percent more than 2022-23 estimated expenditures. This is primarily due to negotiated increases in employee compensation.

The General Fund 2023-24 budget allowance of \$9,771,000 is \$1,154,000 or 13.4 percent more than 2022-23 estimated expenditures. The increase is primarily due to implementation of real estate management software, increased property insurance costs, and increased funding to support the Elevate EdAz program. The increase also reflects negotiated increases in employee compensation and other normal inflationary adjustments.

The Community Reinvestment 2023-24 budget allowance of \$2,292,000 is \$599,000 or 20.7 percent less than 2022-23 estimated expenditures due to the elimination of one-time contractual obligations incurred for the Super Bowl.

The Sport Facilities 2023-24 budget allowance of \$194,000 is \$9,000 or 4.9 percent more than 2022-23 estimated expenditures due to normal inflationary adjustments.

The Other Restricted 2023-24 budget allowance of \$4,696,000 is \$331,000 or 7.6 percent more than 2022-23 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 2023-24 budget allowance of \$4,116,000 is \$513,000 or 11.1 percent less than 2022-23 estimated expenditures due to the completion of most Mobile Career Unit development activities funded by the grant from Bloomberg Philanthropies.

The Convention Center budget allowance of \$642,000 is \$37,000 or 6.1 percent greater than 2022-23 estimated expenditures due to the allocation of increased Enhanced Municipal Services District costs.

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

The following significant performance measures and service trends will be achieved with the 2023-24 budget allowance:

	2021-22 Actual	2022-23 Estimate <sup>1</sup>	2023-24 Budget
Projected new jobs created within the City of Phoenix due to department efforts <sup>2</sup>	10,404	7,500	7,425
Projected new jobs retained within the City of Phoenix due to department efforts <sup>2</sup>	4,502	530	473
Projected new capital investment created within the City of Phoenix due to department efforts <sup>2</sup>	\$2.1 billion	\$2 billion	\$510 million
Projected number of recruiting events assisted, promoted, or hosted by the Business and Workforce Development Team	78	80	75

<sup>1</sup>Based on 9 months (new jobs created) or 10 months (others) actual experience.

<sup>2</sup>The attraction of an enormous high-tech manufacturing project in 2021-22 resulted in significant job creation and capital investment, which carried over into 2022-23. The especially high jobs-retained figure in 2021-22 represents the decision of a major employer to remain in Phoenix. Due to the predicted economic slowdown, job creation and job retention are expected to be lower in 2023-24 from 2022-23.

## Expenditure and Position Summary

	2021-22 Actual	2022-23 Estimate	2023-24 Budget
Operating Expense	\$20,890,000	\$21,395,000	\$21,815,000
Total Positions	61.0	62.0	61.0
<i>Source of Funds:</i>			
General Fund	\$7,680,000	\$8,617,000	\$9,771,000
Community Reinvestment	1,316,000	2,891,000	2,292,000
Sports Facilities	267,000	185,000	194,000
Other Restricted	2,799,000	4,365,000	4,696,000
Grants	8,239,000	4,629,000	4,116,000
Aviation	16,000	74,000	74,000
Convention Center	543,000	605,000	642,000
Water	30,000	30,000	30,000

# 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

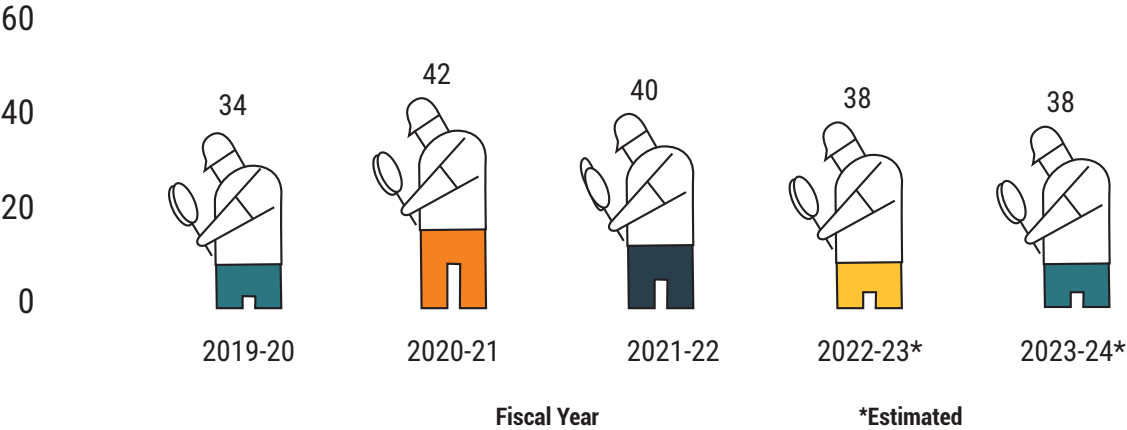
The Neighborhood Services 2023-24 operating budget allowance of \$91,079,000 is \$47,474,000 or 108.9 percent more than 2022-23 estimated expenditures. The increase is reflected in the General Fund and Grants. It is partially offset by the conclusion of Neighborhood Protection funding for the gated alley pilot program, which has since been expanded and moved into the General Fund.

The General Fund 2023-24 budget allowance of \$20,578,000 is \$1,982,000 or 10.7 percent more than 2022-23 estimated expenditures. The increase is primarily due to negotiated increases in employee compensation and to implement the results of the Classification and Compensation study. New funding was added for the Gated Alley Program, providing for a total of 77 gated alley segments each year. New funding has also been added to support the conversion of two Neighborhood Inspector positions previously funded by grant funds.

The Grants Funds 2023-24 budget allowance of \$70,486,000 is \$45,809,000 or 185.6 percent more than 2022-23 estimated expenditures. The increase is primarily due to unspent funding carried forward and included in the 2023-24 budget. Also contributing to the increase are negotiated increases in employee compensation, fewer anticipated vacancies, and the implementation of the results from the Classification and Compensation study.

## Neighborhood Services Neighborhood Preservation Standard Case Cycle Time

### Calendar Days



Standard case cycle time is the number of calendar days to open and close cases in which a violation is resolved before a citation is issued or cases in which the inspector was not able to confirm a reported violation. The 2020-21 increase was due to the COVID-19 pandemic. Cycle time improved to 38 days in 2022-23 as processes normalized after the pandemic and is expected to remain at 38 days due to staffing vacancies.

### Neighborhood Services Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2023-24 budget allowance:

	2021-22 Actual	2022-23 Estimate <sup>1</sup>	2023-24 Budget
Sites where graffiti was removed through the Graffiti Busters program <sup>2</sup>	45,313	50,000	50,000
Number of household units rehabbed or assisted through housing rehabilitation programs <sup>3</sup>	109	120	120
Neighborhood Preservation cases opened annually	42,149	42,000	43,000
Neighborhood Preservation average standard case cycle time (days) <sup>4</sup>	40	38	38
Percent of Neighborhood Preservation cases resolved voluntarily (goal is 93% or above)	94%	94%	94%
Number of new neighborhood groups	16	15	15

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

<sup>2</sup> Graffiti removal sites are anticipated to increase as staffing levels improve.

<sup>3</sup> Some 2021-22 projects were completed in the first quarter of 2022-23.

<sup>4</sup> Case cycle time improved to 38 days as processes normalized after the COVID-19 pandemic and is expected to remain at 38 days due to staffing vacancies.

### Expenditure and Position Summary

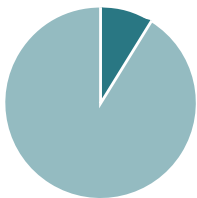
	2021-22 Actual	2022-23 Estimate	2023-24 Budget
Operating Expense	\$28,622,000	\$43,605,000	\$91,079,000
Total Positions	196.0	202.0	202.0
<i>Source of Funds:</i>			
General Fund	\$14,554,000	\$18,596,000	\$20,578,000
Grants	13,991,000	24,677,000	70,486,000
Neighborhood Protection	73,000	331,000	-
Other Restricted	3,000	-	15,000







# COMMUNITY ENRICHMENT



**The Community Enrichment Program Represents 10.1% 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 2023-24 budget allowance of \$150,286,000 is \$18,393,000 or 13.9 percent more than 2022-23 estimated expenditures. The increase is reflected in all funds.

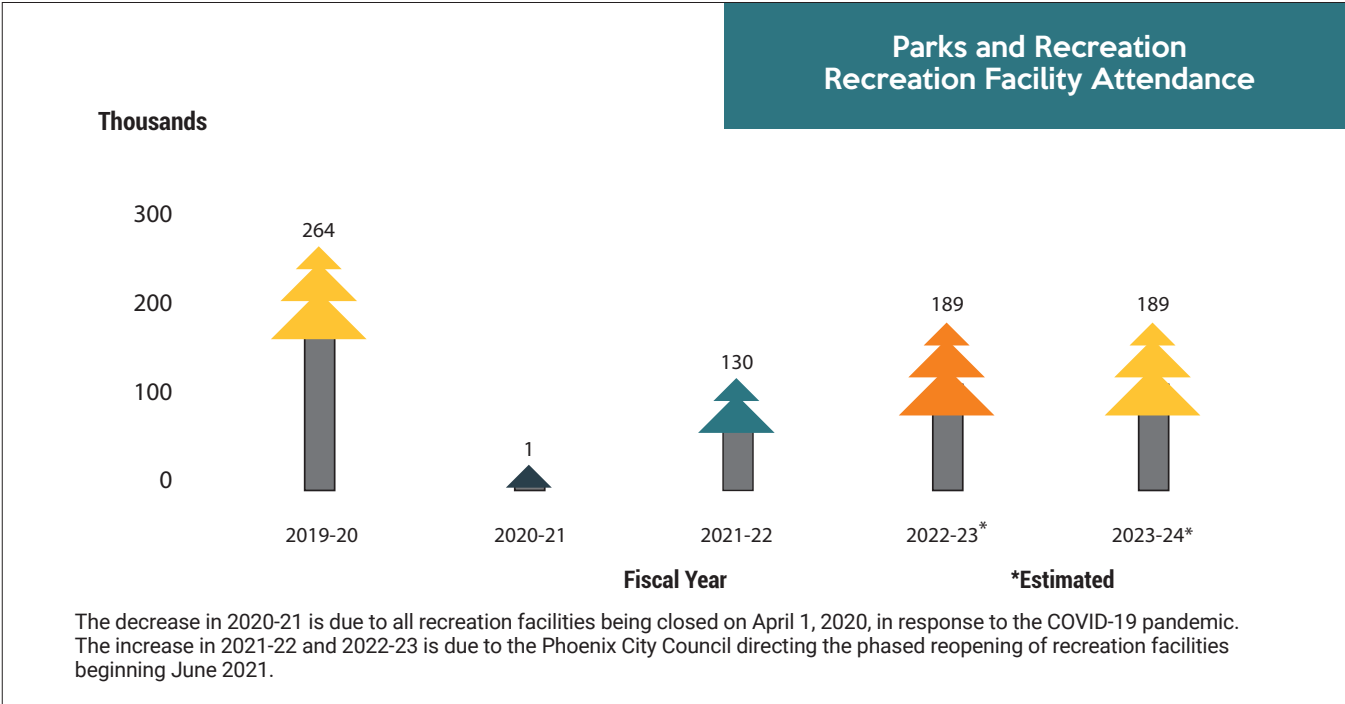
The General Fund 2023-24 budget allowance of \$128,060,000 is \$14,631,000 or 12.9 percent more than 2022-23 estimated expenditures. The increase is primarily due to fewer anticipated vacancies, negotiated increases to employee compensation, and to implement the results from the Classification and Compensation study. New funding has been added to create an overnight shift of two Urban Park Ranger Teams; to staff an additional Forestry crew, assisting citywide tree planting and maintenance and supporting the Tree and Shade Master Plan; to create a Parks volunteer coordinator to oversee a volunteer program supporting urban flatland parks citywide; to create up to three cricket fields and to explore development of partnership opportunities to expand future sites; and to provide additional maintenance and repair at Sueño Park and other park sites.

The Grants Fund 2023-24 budget allowance of \$1,675,000 is \$1,156,000 or 222.7 percent more than 2022-23 estimated expenditures. This increase is due to the carryover of American Rescue Plan Act funds for youth sports programs, to provide community Wi-Fi connectivity, and engagement in neighborhood activation programs. It also reflects negotiated increases in employee compensation and the implementation of results from the Classification and Compensation study.

The Golf Fund 2023-24 budget allowance of \$9,288,000 is \$1,184,000 or 14.6 percent more than 2022-23 estimated expenditures. The increase is primarily due to continued growth in the number of rounds sold at City golf courses, which has increased expenditures in numerous categories, including landscape maintenance, golf cart lease costs, and additional merchandise to be sold at golf course shops. It also reflects negotiated increases in employee compensation and the implementation of results from the Classification and Compensation study.

The Phoenix Parks and Preserves Initiative Fund 2023-24 budget allowance of \$7,923,000 is \$696,000 or 9.6 percent more than 2022-23 estimated expenditures. The increase is primarily due to negotiated increases in employee compensation and to implement the results from the Classification and Compensation study.

The Other Restricted Fund 2023-24 budget allowance of \$3,341,000 is \$727,000 or 27.8 percent more than 2022-23 estimated expenditures. This increase is due to additional budgeting for the improvement of monopole sites located within Parks division boundaries.



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

The following significant performance measures and service trends will be achieved with the 2023-24 budget allowance:

	2021-22 Actual	2022-23 Estimate <sup>1</sup>	2023-24 Budget
Construction projects completed <sup>2</sup>	50%	50%	75%
Fill 80% or more of all non-team sport registration openings	53%	50%	50%
Usage of athletic field's available programmable time	54%	54%	54%
Community usage of recreation and community center available programmable time	47%	46%	46%
Recreation facility attendance <sup>3</sup>	130,072	188,900	188,900
Number of golf rounds	280,867	289,541	296,000

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

<sup>2</sup> The increase in 2023-24 is due to the projected completion of several multi-year projects.

<sup>3</sup> Lower attendance in 2021-22 impacted by COVID-19 pandemic.

### Expenditure and Position Summary

	2021-22 Actual	2022-23 Estimate	2023-24 Budget
Operating Expense	\$119,679,000	\$131,893,000	\$150,286,000
Total Positions	1,054.0	1,061.6	1,082.6
<i>Source of Funds:</i>			
General Fund	\$103,306,000	\$113,429,000	\$128,060,000
Other Restricted	1,221,000	2,614,000	3,341,000
Grants	991,000	519,000	1,675,000
Parks and Preserves	6,109,000	7,227,000	7,923,000
Golf	8,051,000	8,104,000	9,288,000

# LIBRARY

## Program Goal

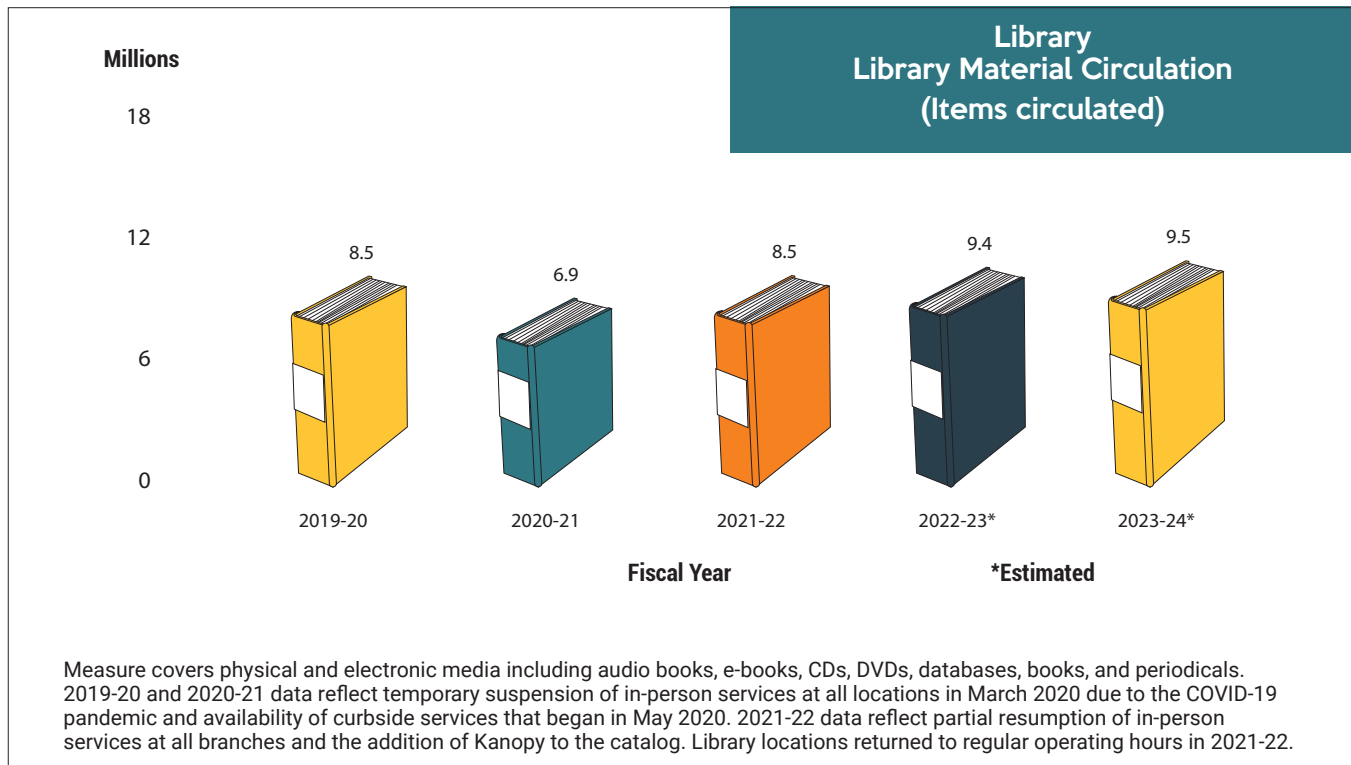
The Library provides information and resources that are relevant, accessible, and responsive to the intellectual needs and interests of the community.

## Budget Allowance Explanation

The Library 2023-24 operating budget allowance of \$52,313,000 is \$4,471,000 or 9.3 percent more than 2022-23 estimated expenditures, reflecting increased costs in all funds.

The General Fund 2023-24 budget allowance of \$49,528,000 is \$3,695,000 or 8.1 percent more than 2022-23 estimated expenditures. The increase is primarily due to negotiated increases in employee compensation and to implement the results from the Classification and Compensation study. It also reflects additional costs for computer software and components, increased facility maintenance costs, and the conversion of two Municipal Security Guard positions from temporary to regular status.

The Grants 2023-24 budget allowance of \$2,570,000 is \$746,000 or 40.9 percent more than 2022-23 estimated expenditures. This increase is due to American Rescue Plan Act projects, including 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 2023-24 budget allowance:

	2021-22 Actual	2022-23 Estimate <sup>1</sup>	2023-24 Budget
Early literacy program attendance <sup>2,4</sup>	46,550	66,000	51,000
Library visitors <sup>2</sup>	1,650,371	2,000,000	2,200,000
Library's website visits <sup>2</sup>	16,357,510	16,500,000	16,500,000
Library material circulation <sup>2,3</sup>	8,452,505	9,400,000	9,500,000

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

<sup>2</sup> 2021-22 reflects partial resumption of in-person services at all Library branches.

<sup>3</sup> This measure includes physical and electronic media, including audio books, e-books, CDs, DVDs, databases, books, and periodicals. 2021-22 includes the addition of Kanopy to the catalog.

<sup>4</sup> Lower attendance is expected in 2023-24 due to decreased grant funding.

## Expenditure and Position Summary

	2021-22 Actual	2022-23 Estimate	2023-24 Budget
Operating Expense	\$43,727,000	\$47,842,000	\$52,313,000
Total Positions	400.9	412.5	411.5
<i>Source of Funds:</i>			
General Fund	\$41,683,000	\$45,833,000	\$49,528,000
Grants	1,908,000	1,824,000	2,570,000
Other Restricted	137,000	185,000	216,000

# 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 2023-24 operating budget allowance of \$65,382,000 is \$4,972,000 or 8.2 percent more than 2022-23 estimated expenditures. The increase is primarily in the Convention Center Fund and offset by a decrease in American Rescue Plan Act (ARPA) grant funds.

The General Fund 2023-24 budget allowance of \$3,569,000 is \$75,000 or 2.1 percent more than 2022-23 estimated expenditures. The increase is primarily due to the operation and maintenance costs for the purchased Plaza and 2nd Avenue garages and the addition of one full-time employee to manage the 100 W. Washington building renovations. This is offset by a decrease in special contractual services due to the migration of the parking access and revenue control system from server-based to a cloud-based environment.

The Convention Center Fund 2023-24 budget allowance of \$61,217,000 is \$10,143,000 or 19.9 percent more than 2022-23 estimated expenditures. The increase is primarily due to event activity increasing back to pre-pandemic levels; increasing expenditures in personal services, security services, production temporary staff, electricity, and a/c chiller services. Increases to the budget also include negotiated increases in employee compensation and to implement the results from the Classification and Compensation study, changes to marketing services, and the restoration of capital purchases delayed due to the pandemic. Due to the end of the ARPA funds supplementing the Convention Center Funds, there is a large increase in expenditures from the previous fiscal year.

The Grants Fund 2023-24 budget allowance of \$0 is \$5,160,000 or 100 percent less than 2022-23 estimated expenditures. The decrease is due to the department using their remaining ARPA funds, used to offset operating expenditures in the Convention Center Fund, in 2022-23 to cover operating expenditures.

## Phoenix Convention Center Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2023-24 budget allowance:

	2021-22 Actual	2022-23 Estimate <sup>1</sup>	2023-24 Budget
Estimated direct spending impact from conventions (millions) <sup>2</sup>	\$393	\$442	\$486
Number of convention delegates	246,355	296,287	325,895
Number of conventions	66	64	66
Number of local public shows	15	18	14
Percent square feet occupancy (average of all event types)	45.24%	47.00%	49.00%
Number of theatrical performances	255	242	266
Total theater attendance	161,478	220,821	242,900
Total parking revenue (millions)	\$5.38	\$8.06	\$8.07
Revenue per parking space	\$1,224	\$1,835	\$1,837
Operating expense per parking space	\$790	\$1,005	\$1,014

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

<sup>2</sup> Estimated direct spending impact is reported by Visit Phoenix.

## Expenditure and Position Summary

	2021-22 Actual	2022-23 Estimate	2023-24 Budget
Operating Expense	\$48,343,000	\$60,410,000	\$65,382,000
Total Positions	219.0	220.0	220.0
<i>Source of Funds:</i>			
General Fund	\$2,445,000	\$3,494,000	\$3,569,000
Sports Facilities	698,000	682,000	596,000
Grants	2,377,000	5,160,000	-
Convention Center	42,824,000	51,074,000	61,217,000

# 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.

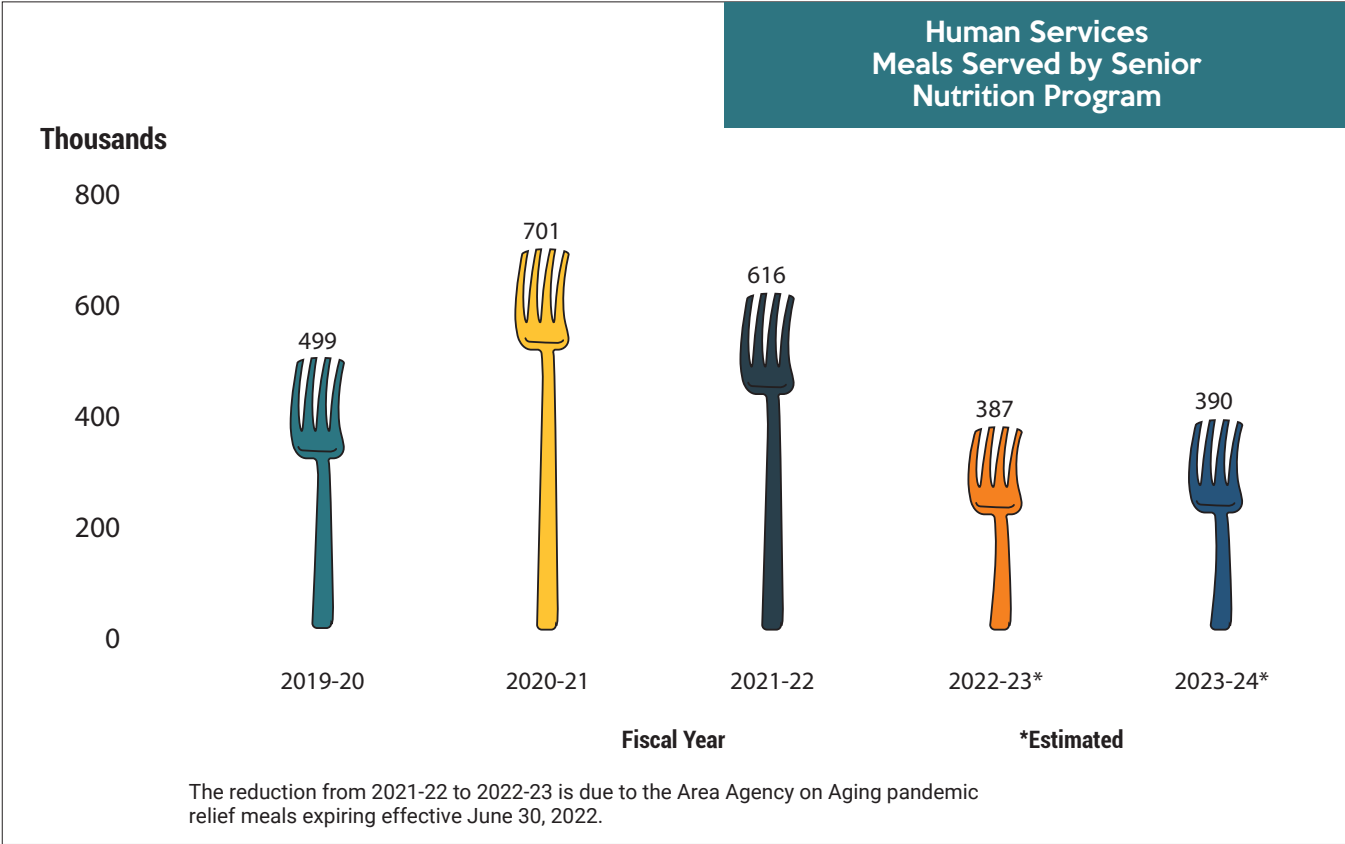
**Budget Allowance Explanation**

The Human Services Department 2023-24 operating budget allowance of \$172,854,000 is \$41,283,000 or 19.3 percent less than 2022-23 estimated expenditures. The overall decrease is primarily due to the conclusion of federal grants awarded to respond to the COVID-19 pandemic.

The General Fund 2023-24 budget allowance of \$40,944,000 is \$16,249,000 or 65.8 percent more than 2022-23 estimated expenditures. This is primarily due to additional funding to continue emergency services for shelter operations throughout the City serving individuals experiencing unsheltered homelessness; to support the work of the Office of Homeless Solutions; to compensate for loss of Low Income Home Energy Assistance Program funding; to offset expiring Victims of Crime Act grant funding; for expansion of the department's Behavioral Health Engagement Teams contract and PHX CARES Outreach Teams contract; to support the New Leaf Phoenix Day Early Childhood Education Center; to utilize one-time funding to open a 100-person emergency shelter on the Human Services campus; and due to the transfer of funding from the Public Transit Department to manage the Senior Center shuttle contract. The increase also reflects negotiated increases in employee compensation and to implement results from the Classification and Compensation study.

The Grants 2023-24 budget allowance of \$126,617,000 is \$61,195,000 or 32.6 percent less than 2022-23 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 funding for and/or carryover of Council-approved American Rescue Plan Act (ARPA) projects, as well as additional emergency rental assistance funding received from the U.S. Department of the Treasury.

The Other Restricted 2023-24 budget allowance of \$4,913,000 is \$3,663,000 or 293 percent more than 2022-23 estimated expenditures. The increase is primarily due to the One Arizona opioid settlement, with funds to be used to address substance use and the impacts of the opioid crisis.



### Human Services Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2023-24 budget allowance:

	2021-22 Actual	2022-23 Estimate <sup>1</sup>	2023-24 Budget
Number of homeless households (individuals and families) assisted through emergency shelter	8,572	8,510	8,510
Number of households served at family service centers <sup>2</sup>	27,750	16,889	4,647
Percentage of school attendance for Head Start <sup>3</sup>	54%	59%	85%
Medical and dental exams completed for Head Start <sup>3</sup>	4,048	4,283	4,700
Medical and dental exams completed for Early Head Start <sup>4</sup>	1,014	800	800
Number of meals served to seniors <sup>5</sup>	615,600	387,117	390,000
Number of victim services provided <sup>6</sup>	51,411	33,000	35,000
Number of job seekers assisted through the Workforce Development initiatives <sup>7</sup>	41,657	52,987	55,400
Number of Senior Center Shuttle Trips <sup>8</sup>	16,229	74,600	85,500

<sup>1</sup> Based on 10 months actuals.

<sup>2</sup> The decrease in 2022-23 and 2023-24 reflects reduced Federal Emergency Rental Assistance Program and other COVID-19 funding.

<sup>3</sup> The increase reflects anticipated full enrollment for 2023-24 as operations return to pre-pandemic levels.

<sup>4</sup> The decrease in 2022-23 and 2023-24 reflects reduced enrollment in the program.

<sup>5</sup> The decrease in 2022-23 reflects Area Agency on Aging funding for pandemic relief meals expiring on June 30, 2022.

<sup>6</sup> The decrease in 2022-23 reflects a modification to how services are reported.

<sup>7</sup> The increase in 2022-23 and 2023-24 reflects the expected 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.

<sup>8</sup> Services prior to 2023-24 were administered by the Public Transit Department. Decreased trips in 2021-22 reflect reduced Senior Center hours and the impact of the COVID-19 pandemic on shuttle use rates.

### Expenditure and Position Summary

	2021-22 Actual	2022-23 Estimate	2023-24 Budget
Operating Expense	\$178,896,000	\$214,137,000	\$172,854,000
Total Positions	427.0	459.0	430.0
<i>Source of Funds:</i>			
General Fund	\$21,708,000	\$24,695,000	\$40,944,000
Other Restricted	361,000	1,250,000	4,913,000
Grants	156,477,000	187,812,000	126,617,000
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 2023-24 operating budget allowance of \$6,618,000 is \$326,000 or 5.2 percent more than 2022-23 estimated expenditures. This is primarily due to increases in the General Fund and is partially offset by a decrease in Grants.

The General Fund 2023-24 budget allowance of \$5,666,000 is \$368,000 or 6.9 percent more than 2022-23 estimated expenditures. The increase is due to additional funding for community arts grants and fewer anticipated staff vacancies. It also reflects negotiated increases in employee compensation and to implement the results from the Classification and Compensation study.

The Grants 2023-24 budget allowance of \$932,000 is \$42,000 or 4.3 percent less than 2022-23 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, 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 2023-24 budget allowance.

	2021-22 Actual	2022-23 Estimate <sup>1</sup>	2023-24 Budget
Grant applications processed to support arts activities through schools and nonprofit organizations <sup>2</sup>	95	127	160
Grant awards administered to support arts activities through schools and nonprofit organizations <sup>2</sup>	88	112	126
Completed Percent-for-Art projects to enhance capital improvement projects with artwork	6	5	8
Local artists/arts organizations training workshops <sup>3</sup>	26	30	35
Percent of projects in Art Plan being implemented <sup>4</sup>	57%	46%	65%
Community presentations	70	70	90

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

<sup>2</sup> Increases are expected due to increased outreach to grantees.

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

<sup>4</sup> Includes projects that were in design, under construction, or were completed. Reduced percentage in 2022-23 reflects the carryover of some Art Plan projects to future years and the impact of staff vacancies.

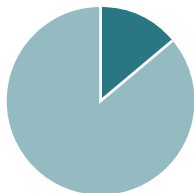
## Expenditure and Position Summary

	2021-22 Actual	2022-23 Estimate	2023-24 Budget
Operating Expense	\$7,928,000	\$6,292,000	\$6,618,000
Total Positions	11.0	11.0	12.0
<i>Source of Funds:</i>			
General Fund	\$4,489,000	\$5,298,000	\$5,666,000
Grants	3,438,000	974,000	932,000
Other Restricted	1,000	20,000	20,000





# ENVIRONMENTAL SERVICES



**The Environmental Services Program Represents 15.5% of the Total Budget.**

The Environmental Services program budget includes Environmental Programs, Sustainability, Public Works, Solid Waste Management, 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

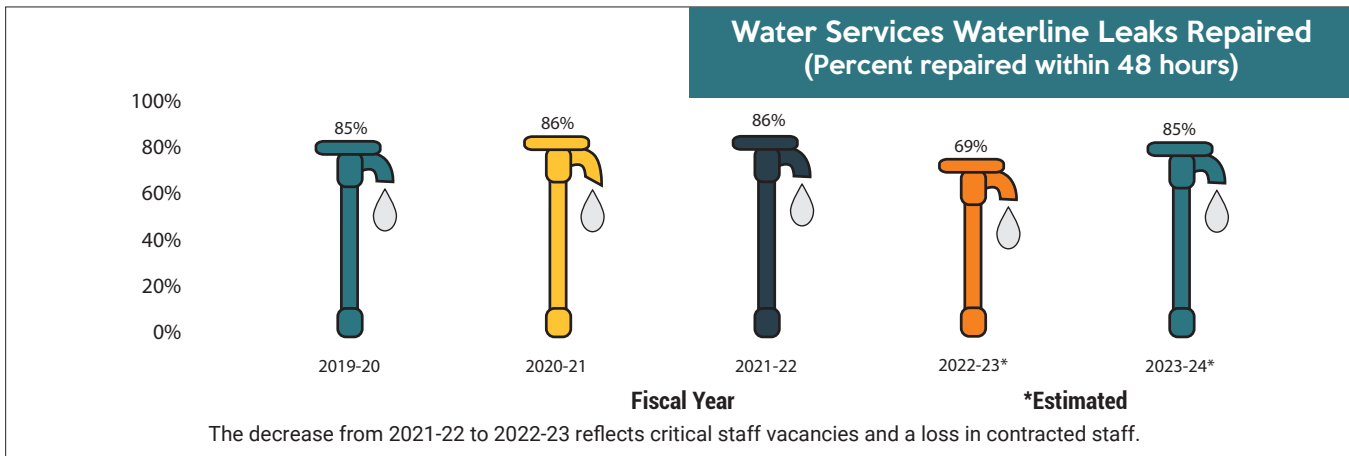
The Water Services Department 2023-24 operating budget allowance of \$469,997,000 is \$65,679,000 or 16.2 percent higher than 2022-23 estimated expenditures. The increase is included in all funds.

The Water Fund 2023-24 budget allowance of \$327,078,000 is \$50,710,000 or 18.3 percent higher than 2022-23 estimated expenditures. This is primarily due to fewer anticipated vacancies, negotiated increases in employee compensation, and to implement the results from the Classification and Compensation study. This increase also includes appropriation for funds received from the Bureau of Reclamation and Central Arizona Water Conservation District for forgoing delivery of a portion of Phoenix's Colorado River entitlement, which will be used for replacement water and to support water conservation programs.

The Wastewater Fund 2023-24 budget allowance of \$139,594,000 is \$14,263,000 or 11.4 percent higher than 2022-23 estimated expenditures. This is primarily due to fewer anticipated vacancies, negotiated increases in employee compensation, and to implement the results from the Classification and Compensation study, as well as other usage and inflationary adjustments for chemicals, electricity, and pest and odor control services.

The Grants Fund 2023-24 budget allowance of \$783,000 is \$509,000 or 185.8 percent more than 2022-23 estimated expenditures. This is due to the carryover of unspent Council-approved American Rescue Plan Act (ARPA) funding for customer utility assistance.

The Other Restricted Funds 2023-24 budget allowance of \$2,543,000 is \$197,000 or 8.4 percent higher than 2022-23 estimated expenditures. These funds primarily support the stormwater program, and the increase reflects negotiated increases in employee compensation and the implementation the results from the Classification and Compensation study.



## Water Services Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2023-24 budget allowance:

	2021-22 Actual	2022-23 Estimate <sup>1</sup>	2023-24 Budget
Water main break/leaks per 100 miles	13.4	13.5	15.0
Waterline leaks repaired within 48 hours <sup>2</sup>	86%	69%	85%
Percent of miles of sewer cleaned per year	17.6%	15.6%	20.0%
Sanitary sewer overflows per 100 miles	1.03	0.56	0.60
Gallons of water produced system wide (billions)	110.4	109.8	115.3
Gallons of wastewater treated (billions)	64.8	67.1	68.5
Telephone calls-received	439,922	392,671	400,000
Telephone calls-percent answered <sup>3</sup>	96.6%	98.1%	96.0%

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

<sup>2</sup> The decrease from 2021-22 to 2022-23 is due to critical staff vacancies and a loss in contracted staff.

<sup>3</sup> Percent answered is calculated based on total calls logged into the queue and calls answered. Callers can elect to end their call before receiving assistance and would not be counted as "answered".

## Expenditure and Position Summary

	2021-22 Actual	2022-23 Estimate	2023-24 Budget
Operating Expense	\$348,172,000	\$404,318,000	\$469,997,000
Total Positions	1,493.0	1,535.8	1,535.8
<b>Source of Funds:</b>			
Other Restricted	\$1,989,000	\$2,346,000	\$2,543,000
Grants	3,943,000	274,000	783,000
Wastewater	110,548,000	125,331,000	139,594,000
Water	231,692,000	276,368,000	327,078,000

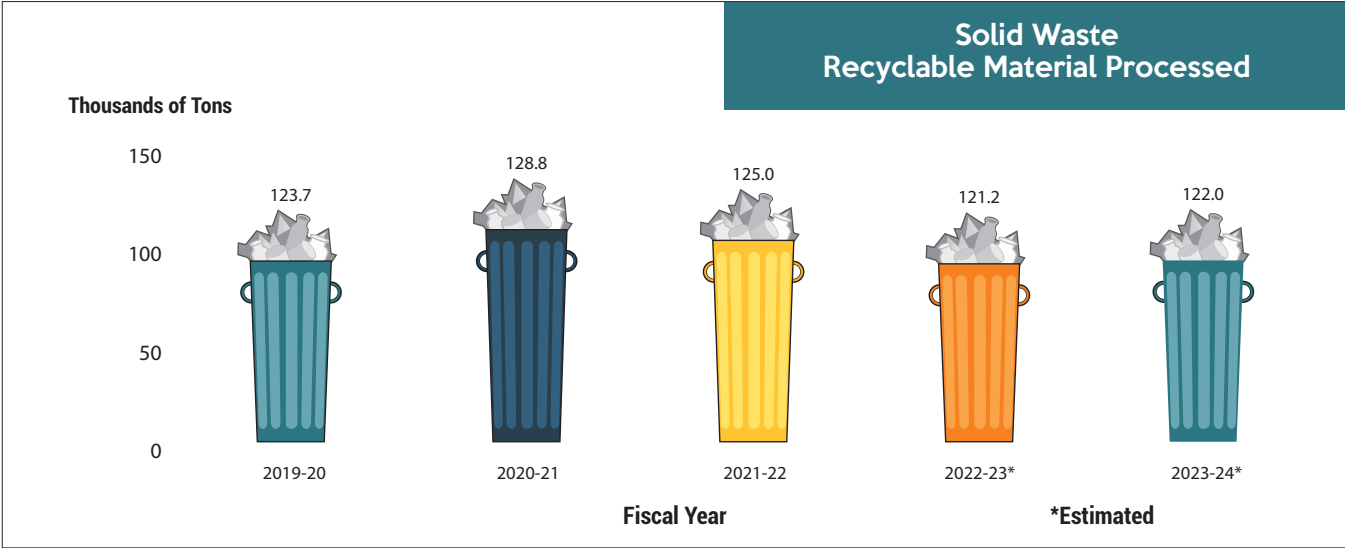
# PUBLIC WORKS – SOLID WASTE MANAGEMENT

### 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 2023-24 operating budget allowance of \$173,599,000 is \$8,594,000 or 5.2 percent greater than 2022-23 estimated expenditures. The increase is primarily due to negotiated increases in employee compensation and to implement the results from the Classification and Compensation study.



Solid Waste Management Major Performance Measures and Service Levels			
The following significant performance measures and service trends will be achieved with the 2023-24 budget allowance:			
	2021-22 Actual	2022-23 Estimate <sup>1</sup>	2023-24 Budget
Residential households served with same-day contained solid-waste and recyclable-material collections <sup>2</sup>	416,176	420,002	423,863
Tons of total solid waste collected and landfilled <sup>3</sup>	1,013,301	972,257	978,090
Tons of solid waste from City residences disposed <sup>4</sup>	626,381	616,541	620,241

Expenditure and Position Summary			
	2021-22 Actual	2022-23 Estimate	2023-24 Budget
Operating Expense	\$157,946,000	\$165,005,000	\$173,599,000
Total Positions	635.5	637.5	627.5
<i>Source of Funds:</i>			
Solid Waste	\$157,946,000	\$165,005,000	\$173,599,000

<sup>1</sup> Based on 10 months actual experience.  
<sup>2</sup> The 2022-23 projected service level is based on annualization of 9 months of actuals data and 0.69% growth over the last 9 months. Projected households for 2023-24 are based on 0.92% growth from 2022-23 projections.  
<sup>3</sup> 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 2023-24 is based on 0.6% growth from 2022-23 projections. The reduction in tonnage in 2022-23 is due to reduction in the COVID threat and people returning to physical workspaces.  
<sup>4</sup> Tonnage includes Solid Waste Field Services tonnage, transfer station residential loads, non-profit free loads and recycling rejects. Projected tonnage for 2023-24 is based on 0.6% growth from 2022-23 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 2023-24 operating budget allowance of \$36,678,000 is \$8,408,000 or 29.7 percent more than 2022-23 estimated expenditures. The increase is entirely in the General Fund which is offset by a reduction in Grant funds.

The General Fund 2023-24 budget allowance of \$36,023,000 is \$9,714,000 or 36.9 percent more than 2022-23 estimated expenditures. This is primarily due to negotiated increases in employee compensation and to implement the results from the Classification and Compensation study. In addition to normal inflationary increases, the budget also includes an increase in funding for operation and maintenance of the 100 West Washington building.

The Grants decrease is due to the completion of American Rescue Plan Act grant funding.

### Public Works Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2023-24 budget allowance:

	2021-22 Actual	2022-23 Estimate <sup>1</sup>	2023-24 Budget
Building space square footage serviced and maintained <sup>2</sup>	9,759,942	10,758,119	10,758,119
Facility service requests completed	20,397	21,155	21,700
Fleet vehicles per mechanic	41.9	42.6	42.8
Units of equipment for which fleet management is provided <sup>3</sup>	7,764	7,876	7,907
Annual miles of fleet vehicle utilization (in millions)	46.6	48.2	48.4

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

<sup>2</sup> The square footage change between 2021-22 and 2022-23 was the result of adding the 100 West Washington Building and its garages.

<sup>3</sup> Equipment includes vehicles, trailers, tractors, generators, off-road equipment, and other kinds of heavy-equipment items.

### Expenditure and Position Summary

	2021-22 Actual	2022-23 Estimate	2023-24 Budget
Operating Expense	\$35,536,000	\$28,270,000	\$36,678,000
Total Positions	445.0	462.0	462.0
<i>Source of Funds:</i>			
General Fund	\$24,930,000	\$26,309,000	\$36,023,000
Other Restricted	23,000	640,000	640,000
Grants	10,583,000	1,321,000	15,000

# ENVIRONMENTAL PROGRAMS

## Program Goal

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

## Budget Allowance Explanation

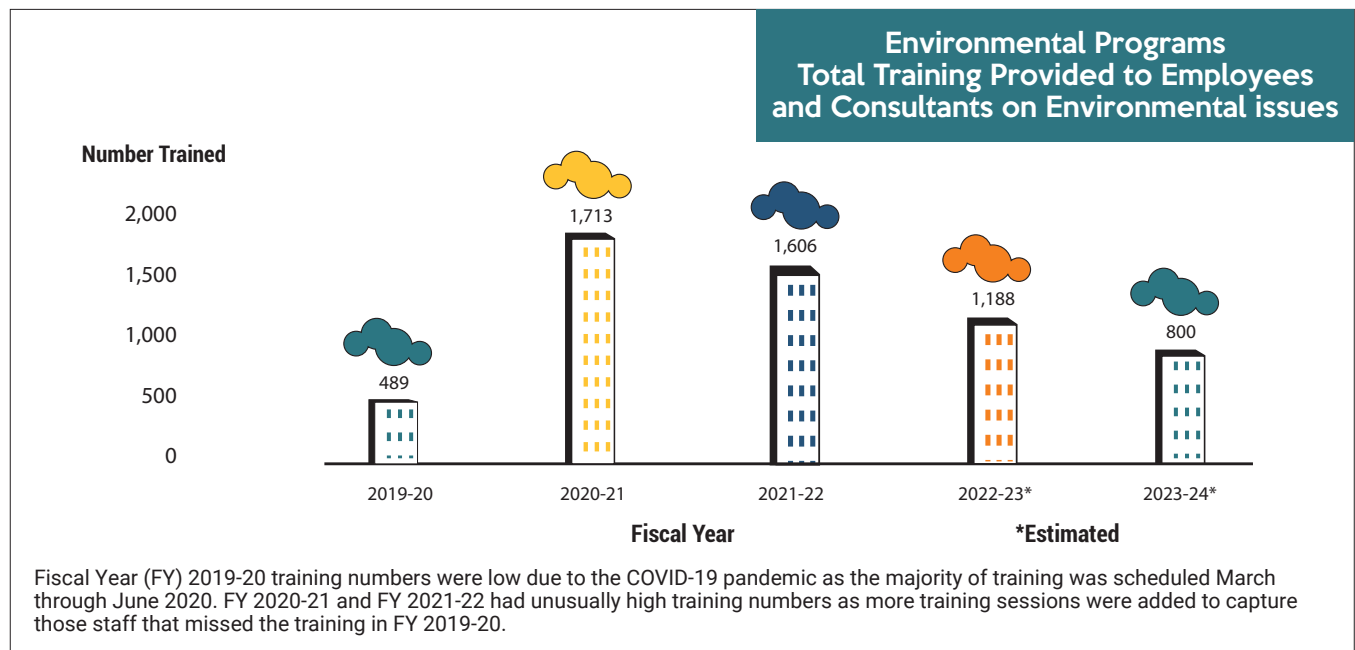
The Office of Environmental Programs 2023-24 operating budget allowance of \$5,070,000 is \$1,687,000 or 25.0 percent less than 2022-23 estimated expenditures. The decrease is primarily due to the conclusion of federal grant resources made available through the American Rescue Plan Act (ARPA).

The General Fund 2023-24 budget allowance of \$1,789,000 is \$214,000 or 13.6 percent greater than 2022-23 estimated expenditures due to negotiated increases in employee compensation and to implement the results from the Classification and Compensation study.

The Other Restricted 2023-24 budget allowance of \$226,000 is \$19,000 or 9.2% greater than 2022-23 estimated expenditures due to negotiated increases in employee compensation and to implement the results from the Classification and Compensation study.

The Grants 2023-24 budget allowance of \$2,280,000 is \$1,999,000 or 46.7 percent less than 2022-23 estimated expenditures primarily due to the conclusion of federal grant resources made available through ARPA.

The Water 2023-24 budget allowance of \$704,000 is \$79,000 or 12.6 percent higher than 2022-23 estimated expenditures due to negotiated increases in employee compensation and to implement the results from the Classification and Compensation study.



## Environmental Programs Major Performance Measures and Service Levels

The following significant performance measures and service level trends will be achieved with the 2023-24 budget allowance:

	2021-22 Actual	2022-23 Estimate <sup>1</sup>	2023-24 Budget
Number of site assessments conducted <sup>2</sup>	245	258	200
Number of brownfields projects implemented	2	4	3
Percentage of time Environmental Programs works with City departments to correct Environmental Facility Assessment findings within 90 days	100%	100%	90%

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

<sup>2</sup> "Site assessments" means facility assessments, air quality (dust) site visits on certain City-owned property, and assessments of City projects to determine compliance with a variety of environmental regulations.

## Expenditure and Position Summary

	2021-22 Actual	2022-23 Estimate	2023-24 Budget
Operating Expense	\$9,496,000	\$6,757,000	\$5,070,000
Total Positions	14.0	16.0	15.0
<i>Source of Funds:</i>			
General Fund	\$1,112,000	\$1,575,000	\$1,789,000
Capital Construction	31,000	70,000	70,000
Other Restricted	160,000	207,000	226,000
Grants	7,787,000	4,279,000	2,280,000
Water	406,000	625,000	704,000

# 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 2023-24 operating budget allowance of \$1,100,000 is \$196,000 or 21.7 percent more than 2022-23 estimated expenditures. The increase is primarily in the General Fund and Grants Fund.

The General Fund 2023-24 budget allowance of \$715,000 is \$92,000 or 14.8 percent more than the 2022-23 estimated expenditures. The increase is primarily due to negotiated increases in employee compensation and to implement the results from the Classification and Compensation study.

The Grants Fund 2023-24 budget allowance of \$310,000 is \$103,000 or 49.8 percent more than 2022-23 estimated expenditures. The city received a new grant from the Catena Foundation to support the city's effort to develop an electric vehicle education and awareness campaign focused in disadvantaged and low income community areas, and expand transportation electrification infrastructure or implement low/no emissions e-mobility options.

Expenditure and Position Summary			
	2021-22 Actual	2022-23 Estimate	2023-24 Budget
Operating Expense	\$742,000	\$904,000	\$1,100,000
Total Positions	5.0	6.0	6.0
<i>Source of Funds:</i>			
General Fund	\$465,000	\$623,000	\$715,000
Other Restricted	27,000	75,000	75,000
Grants	250,000	207,000	310,000

# 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 2023-24 will be \$81,247,000, plus \$20,000,000 to be set-aside for potential employee compensation increases to attract and retain a quality workforce. The set-aside could also be used if needed in the event of an economic downturn or an unexpected reduction in revenues 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 2023-24 contingency reflects an increase of \$12,802,000 over the FY 2022-23 contingency of \$68,445,000 and increases the contingency percentage by 0.25% to 4.50%.

The following table shows contingency funding and set-aside amounts over the past nine 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
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	68,445 52,343	4.25%
2023-24	1,805,490 <sup>1</sup>	81,247 20,000	4.50%

<sup>1</sup> Total General Fund operating expenditures in FY 2023-24 are \$1,906,737,000, 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.

2023-24 OTHER FUND OPERATING EXPENDITURE AND CONTINGENCY AMOUNT (000s)			
Fund	Operating Expenditures <sup>2</sup>	Contingency Amount	Percent of Operating Expenditures
Aviation	338,769	25,000	7%
Convention Center	61,859	3,000	5%
Development Services	87,446	8,000	9%
Solid Waste	173,822	1,000	1%
Sports Facilities	2,805	2,500	89%
Transportation 2050	250,370	4,000	2%
Wastewater	140,239	10,000	7%
Water	329,346	22,000	7%

<sup>2</sup> Non-General Fund operating expenditures include operating costs for Non-General Fund programs and services, and contingency. For purposes of calculating the contingency Percent of Operating Expenditures, contingency amounts are excluded from the Non-General Fund Operating Expenditures amount.





# COVID-19 FUNDING SUMMARY

## FEDERAL FUNDING IN RESPONSE TO THE COVID-19 PANDEMIC

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### ***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 economic fallout in the United States resulting from the COVID-19 pandemic. 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 populations over 500,000 to address and mitigate the 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 impacts of the COVID-19 pandemic 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 part of the Coronavirus Response and Relief Supplemental Appropriations Act of 2021 (CRRSA). The funding from the federal COVID-19 relief packages was to provide the resources needed to continue public transit operations and respond to the impacts of COVID-19. These funds were fully expended by the end of fiscal year 2022-23.

### *Neighborhood Services*

The Neighborhood Services Department (NSD) 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 COVID-19 pandemic 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. In fiscal year 2022-23, NSD completed a significant public facility improvement project with multiple schools serving Phoenix households, in addition to continuing to work with nonprofits to acquire or improve sites intended to serve individuals experiencing homelessness. The majority of the remaining funds going into fiscal year 2023-24 are under contract for homeless support services or facility improvements.

### *Human Services*

The Human Services Department 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 received \$6.6 million in CARES Act funding from the U.S. Department of Housing and Urban Development (HUD) to be used for maintenance of normal operations and to prevent, prepare for, and respond to the COVID-19 pandemic. These funds were fully expended by the end of fiscal year 2021-22.

### *Fire Department*

The Fire Department 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 included 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 approximately \$396 million in State and Local Fiscal Recovery Funds under the 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.

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.

At the time of the award, City Council directed that a strategic plan be approved for each tranche of funding received, resulting in the entire SLFRF allocation being approved between 2021 and 2022. After receiving the first SLFRF allocation of \$198 million on May 19, 2021, City Council approved the first tranche strategic plan, detailing approved ARPA programs on June 8, 2021. The second tranche strategic plan was approved on June 7, 2022. In total, the City of Phoenix ARPA Strategic Plan of \$396 million includes 60-plus programs spanning areas such as COVID-19 testing and vaccine efforts, homelessness and mental health services, business assistance, family financial assistance, youth sports and education, technology and wireless network improvements, and food insecurity.

Categories include:

- Affordable Housing and Homelessness
- Better Health and Community Outcomes
- City Operations
- Education
- Neighborhood Sustainability
- Phoenix Resilient Food System
- Education
- Workforce

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

As of April 30, 2023, \$177 million has been spent on ARPA programs, including COVID-19 testing and vaccinations, micro and small business grants, homelessness services, food programs, workforce and tuition assistance, nonprofit and artists grants, bus cards, rental assistance, landlord incentives, business assistance, and premium pay. The City remains on track to fully expend awarded funds by the December 31, 2024 deadline. The City also created a public website tracking all ARPA programs. Visitors to the website can access the ARPA Strategic Plan, as well as detailed project information, updated spending data, and key performance indicators. Information can be found at [www.phoenixopendata.com](http://www.phoenixopendata.com) by visitors selecting the ARPA website under the Showcases section.

### **Other ARPA Funds Awarded to Specific Departments**

In addition to the citywide funds discussed above, ARPA funds were also awarded directly to certain City departments.

#### *Aviation Department*

The Aviation Department was awarded \$158 million in ARPA funds for operating expenses, which have been fully expended.

#### *Housing Department*

The U.S. Department of Housing and Urban Development awarded the Housing Department \$30.5 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; \$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; and \$5 million to support implementation of the Choice Neighborhoods grant program.

#### *Human Services Department*

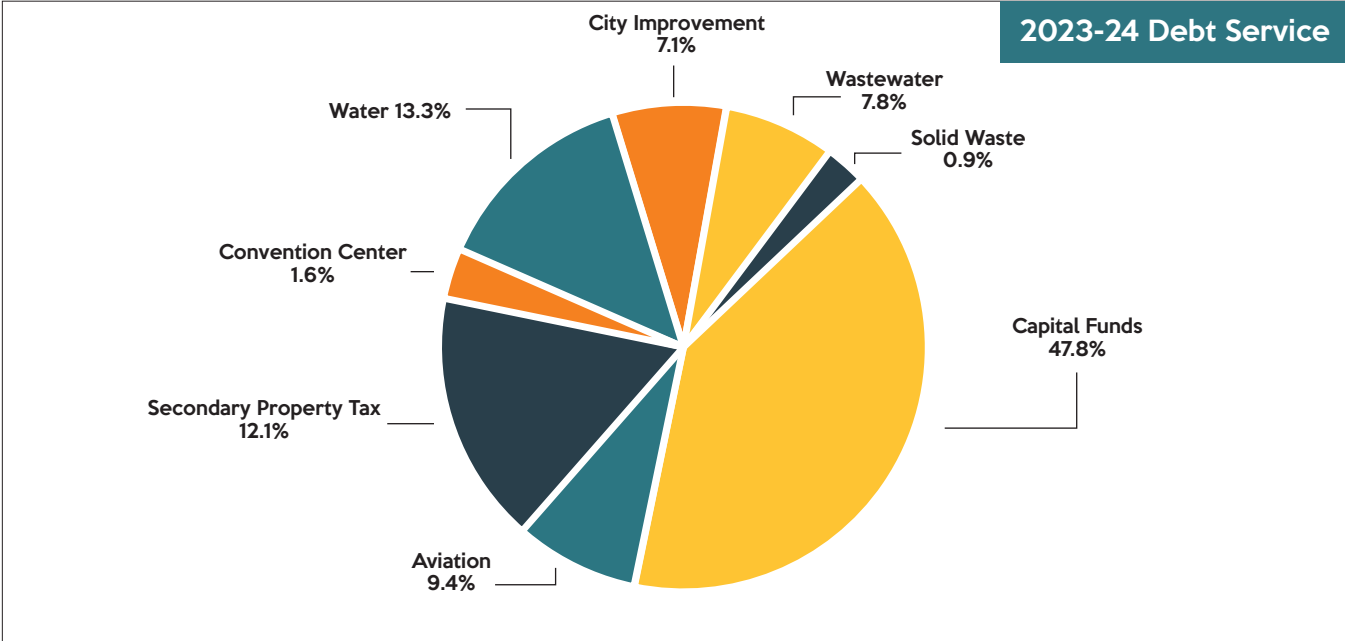
The Human Services Department (HSD) was awarded \$55.3 million to administer the emergency rental assistance program, which provides rent and utility assistance to qualifying residents impacted by COVID-19. HSD received \$7.0 million in reallocated Emergency Rental Assistance 2.0 funding to provide additional services to Phoenix residents facing housing instability, as well as \$1.0 million in ARPA funding from Maricopa County for the expansion of services at two Heat Relief shelters. A separate \$4.1 million grant 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. \$105 million was awarded to continue public transit operations and respond to the impacts of COVID-19, while \$81 million was designated specifically for the South-Central Extension/Downtown Hub light rail project. Of the \$186 million awarded, approximately \$10.1 million remains to be spent and is included in the 2023-24 budget.

# 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 2023-24 for existing debt and anticipated future bond sales is \$1,110,617,000. 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 City maintains a General Obligation Reserve Fund, which under State law cannot exceed 10% of annual principal and interest payments after 2022-23.

### 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 <sup>(1)</sup>		
	Moody's	S&P	Fitch
General Obligation	Aa1	AA+	AAA
Junior Lien Water Revenue <sup>(2)</sup>	Aa2	AAA	-
Senior Lien Airport Revenue <sup>(2)</sup>	Aa3	AA-	-
Junior Lien Airport Revenue <sup>(2)</sup>	A1	A+	-
Senior Lien Tax Excise Tax Revenue <sup>(2)</sup>	Aa2	AAA	AA+
Subordinated Excise Tax Revenue <sup>(2)</sup>	Aa2	AAA	AA+
Senior Lien Wastewater System Revenue <sup>(2)</sup>	Aa2	AAA	-
Junior Lien Wastewater System Revenue <sup>(2)</sup>	Aa2	AA+	-
Rental Car Facility Charge Revenue Bonds <sup>(2)</sup>	A3	A	-
Transit Excise Tax Revenue Bonds (Light Rail) <sup>(2)</sup>	Aa2	AA	-
State of AZ Distribution Revenue Bonds <sup>(2)</sup>	Aa2	AA	-

<sup>(1)</sup> Represents underlying rating, if insured.

<sup>(2)</sup> Issued by the City of Phoenix Civic Improvement Corporation.

Maintaining high bond ratings has resulted in a broader market for the City's bonds and lower interest costs to the City. The following table is a statement of the City's bonded indebtedness.

Statement of Bonded Indebtedness <sup>(1)</sup> (In Thousands of Dollars)			
General Obligation Bonds			
Purpose	Non-Enterprise General Obligation Bonds	Revenue-Supported General Obligation Bonds	Total General Obligation Bonds
Various	\$740,890	\$ -	\$740,890
Airport	-	-	-
Sanitary Sewer	-	-	-
Water	-	-	-
<b>Direct Debt</b>	<b>\$740,890</b>	<b>\$ -</b>	<b>\$740,890</b>
Less: Revenue Supported	-	-	-
<b>Net Debt</b>	<b>\$740,890</b>	<b>\$ -</b>	<b>\$740,890</b>

<sup>(1)</sup> Represents general obligation bonds outstanding as of January 1, 2023. Such figures do not include the outstanding principal amounts of certain general obligation bonds that have been refunded or the payment of which has been provided for in advance of maturity. The payment of the refunded debt service requirements is secured by obligations issued or fully guaranteed by the United States of America which were purchased with proceeds of the refunding issues and other available moneys and are held in irrevocable trusts and are scheduled to mature at such times and in sufficient amounts to pay when due all principal, interest and redemption premiums where applicable, on the refunded bonds.

### Debt Limitation

Pursuant to Chapter 177, Laws of Arizona 2016, which became effective August 6, 2016, the City's debt limitation is based on the full cash net assessed valuation. Full cash net assessed valuation for 2022-23 was \$23,045,115,140. 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, 2023, is shown below, based upon 2022-23 assessed valuation.

<b>Water, Sewer, Light, Parks, Open Spaces, Playgrounds, Recreational Facilities, Public Safety, Law Enforcement, Fire Emergency, Streets and Transportation Purpose Bonds</b>	
20% Constitutional Limitation	\$4,609,023,028
Direct General Obligation Bonds Outstanding <sup>(1)</sup>	(664,065,000)
Less: Debt Limit Reduction from Refunding <sup>(2)</sup>	(47,631,872)
<b>Unused 20% Limitation Borrowing Capacity</b>	<b>\$ 3,897,326,156</b>

<b>All Other General Obligation Bonds</b>	
6% Constitutional Limitation	\$ 1,382,706,908
Direct General Obligation Bonds Outstanding <sup>(1)</sup>	(\$76,825,000)
Less: Debt Limit Reduction from Refunding <sup>(2)</sup>	(14,779,763)
<b>Unused 6% Limitation Borrowing Capacity</b>	<b>\$ 1,291,102,145</b>

<sup>(1)</sup> Represents general obligation bonds outstanding as of January 1, 2023.

<sup>(2)</sup> Per A.R.S. Section 35-473.01.I, refunding bonds issued on or after August 6, 2016 may cause a reduction in available debt limits based on the nature of the refunded bonds (each, a "Debt Limit Reduction from Refunding"). If the principal amount of the refunded bonds is greater than the principal amount of the bonds that are refunding them and net premium is used to fund the escrow, then the difference in principal amounts will constitute a Debt Limit Reduction from Refunding.

### Debt Burden

Debt burden is a measurement of the relationship between the debt of the City supported by its property tax base (net direct debt) to the broadest and most generally available measure of wealth in the community: the assessed valuation of all taxable property and the assessed valuation adjusted to reflect market value. In addition, net debt can be compared to population to determine net debt per capita. The City makes these comparisons each time it offers bonds for sale. They are included in the official statements (bond prospectuses) that are distributed to prospective investors. The following table provides debt burden ratios as of January 1, 2023.

<b>Net Direct General Obligation Bonded Debt Ratios</b>			
	Per Capita Debt Pop. Est. (1,648,257) <sup>(1)</sup>	Limited Net Assessed Valuation (\$15,490,531,934)	Full Cash Valuation (\$232,423,574,149)
Direct General Obligation Bonded Debt Outstanding as of January 1, 2023	\$449.50	4.78%	0.32%

<sup>(1)</sup> Population estimate obtained from the U.S. Census Bureau as of July 1, 2021.

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)

	2021-22 Actual	2022-23 Estimate	2023-24 Budget
<b><u>Source of Funds</u></b>			
<b>Operating Funds</b>			
City Improvement	97,989	72,110	78,972
Secondary Property Tax	128,726	206,818	134,892
Aviation	104,878	99,337	104,352
Convention Center	20,763	17,465	17,481
Solid Waste	15,227	15,174	9,581
Wastewater	71,381	76,396	86,395
Water	132,063	147,528	147,538
<b>Total Operating Funds</b>	<b>571,026</b>	<b>634,828</b>	<b>579,210</b>
<b>Bond Funds</b>			
Aviation	-	317	1,233
Wastewater	-	-	900
Water	474	-	-
Other	352	654	900
<b>Total Bond Funds</b>	<b>826</b>	<b>971</b>	<b>3,033</b>
<b>Other Capital Funds</b>			
Customer Facility Charges	6,101	20,563	20,558
Federal, State and Other Participation	24,498	24,999	451,055
Passenger Facility Charges	51,763	56,761	56,761
<b>Total Other Capital Funds</b>	<b>82,363</b>	<b>102,323</b>	<b>528,374</b>
<b>Total</b>	<b>654,215</b>	<b>738,122</b>	<b>1,110,617</b>
<b><u>Type of Expenditure</u></b>			
Principal	347,733	422,273	792,964
Interest and Other	306,481	315,851	317,653
<b>Total</b>	<b>654,215</b>	<b>738,122</b>	<b>1,110,617</b>



**OUTSTANDING DEBT AND DEBT SERVICE COVERAGE**  
**2021-22 YEAR-END ACTUAL**  
(In Thousands of Dollars)

Issue Date	Series	Purpose	Maturity Dates	Effective	Average	Original Amount	Principal Outstanding	Interest Outstanding	Coverage (2)
				Interest Rate	Life (Years)				
<b>General Obligation Bonds (1)</b>									
03/01/04	2004	Various Improvements	7/1/10-28	4.22	16.3	200,000	14,720	2,650	N/A
10/27/09	2009A	Various Improvements Taxable Series 2009A	7/1/20-34	3.42	18.4	280,955	237,495	86,346	N/A
10/27/09	2009C	Refunding 2009C	7/1/11-23	2.70	6.7	117,195	3,615	126	N/A
06/12/12	2012B	Various Improvements Taxable Series 2012B	7/1/21-23	2.76	9.8	16,640	2,895	83	N/A
06/24/14	2014	Refunding	7/1/19-27	2.71	9.5	278,015	189,670	20,054	N/A
09/13/16	2016	Refunding	7/1/18-27	1.74	9.0	226,215	206,415	38,363	N/A
06/21/17	2017	Refunding	7/1/18-27	1.52	3.4	68,305	14,185	1,652	N/A
05/25/22	2022	Refunding	7/1/23-34	2.93	5.9	146,400	146,400	43,296	N/A
<b>Total General Obligation Bonds</b>						<b>1,333,725</b>	<b>815,395</b>	<b>192,570</b>	
<b>Loans from Direct Borrowings</b>									
08/03/10	Loan	Wastewater WIFA	7/1/18-26	2.97	12.0	6,287	2,830	175	2.20
04/11/11	Loan	Water WIFA	7/1/16-24	2.97	9.4	2,093	501	22	2.01
06/01/11	Loan	Wastewater WIFA	7/1/26-29	2.97	16.6	3,909	3,909	644	2.20
09/14/11	Loan	Water WIFA	7/1/24-29	2.97	15.8	1,497	1,497	222	2.01
04/11/19	Loan	Closed Loop Fund, LP	10/15/19-24	0.00	5.0	3,000	1,350	-	2.20
<b>Total Loans from Direct Borrowings</b>						<b>16,786</b>	<b>10,087</b>	<b>1,063</b>	
<b>Municipal Corporation Obligations</b>									
08/01/01	2001	Water System Rev Refunding	7/1/02-24	4.68	14.1	99,980	13,810	1,149	2.01
10/06/05	2005B	State Distribution Rev 2005B (3)	7/1/12-44	4.72	28.9	275,362	248,146	384,298	N/A
09/01/10	2010B	Airport Rev 2010B (Taxable)	7/1/2040	3.67	29.8	21,345	21,345	25,358	56.28
12/22/11	2011	Wastewater System Rev Refunding	7/1/14-24	2.58	8.4	118,290	21,935	1,628	2.20
06/21/12	2012A	Excise Tax Rev Refunding 2012A	7/1/14-25	2.30	6.7	17,510	220	20	17.49
03/05/13	2013	Airport Rev Refunding (AMT)	7/1/14-32	3.28	11.8	196,600	125,455	37,015	56.28
04/15/14	2014	Wastewater System Rev Refunding	7/1/15-29	3.00	9.4	127,810	73,155	15,344	2.20
12/17/14	2014A	Water System Rev 2014A	7/1/19-44	3.76	19.7	152,830	7,455	564	2.01
12/17/14	2014B	Water System Rev Refunding 2014B	7/1/16-29	2.64	9.7	445,085	295,915	55,427	2.01
05/12/15	2015A	Excise Tax Rev Refunding 2015A	7/1/17-41	3.56	16.2	319,305	275,365	149,812	17.49
05/12/15	2015B	Excise Tax Rev Refunding 2015B (Taxable)	7/1/16-35	3.35	10.2	60,895	36,925	9,070	17.49
12/15/15	2015A	Airport Rev 2015A (Non-AMT)	7/1/16-45	3.99	18.6	95,785	84,515	57,745	56.28
12/15/15	2015B	Airport Rev Refunding 2015B (Non-AMT)	7/1/2034	4.08	18.5	18,655	18,655	11,193	56.28
11/16/16	2016	Wastewater System Rev Refunding	7/1/17-35	2.89	11.3	225,325	178,505	69,122	2.20
01/10/17	2016	Water System Rev Refunding 2016	7/1/17-39	3.59	15.1	375,780	350,895	181,926	2.01
06/01/17	2017A	Excise Tax Rev 2017A	7/1/18-32	2.16	6.8	116,835	66,865	11,214	17.49
06/01/17	2017B	Excise Tax Rev Refunding 2017B	7/1/19-29	2.02	6.3	101,895	53,670	8,684	17.49
11/21/17	2017A	Airport Rev 2017A (AMT)	7/1/18-47	3.84	18.7	190,930	176,045	136,229	56.28
11/21/17	2017B	Airport Rev Refunding 2017B (Non-AMT)	7/1/21-38	3.23	13.5	173,440	162,340	77,326	56.28
12/21/17	2017D	Airport Rev Refunding 2017D (Non-AMT)	7/1/21-40	3.36	14.2	474,725	442,590	212,071	56.28
06/19/18	2018A	Wastewater System Rev 2018A	7/1/25-43	3.66	17.4	133,270	133,270	82,344	2.20
06/19/18	2018B	Wastewater System Rev Refunding 2018B	7/1/19-24	2.26	4.0	84,295	38,790	2,932	2.20
11/28/18	2018	Airport Rev 2018 (AMT)	7/1/19-48	4.22	19.3	226,180	213,505	173,749	56.28
12/05/19	2019A	Rental Car Facility (Taxable) 2019A	7/1/28-45	3.33	18.4	244,245	244,245	181,794	2.89
12/05/19	2019B	Rental Car Facility Ref (Taxable) 2019B	7/1/20-28	2.60	4.6	60,485	42,920	3,517	2.89
12/11/19	2019A	Airport Rev 2019A (Non-AMT)	7/1/41-49	3.61	25.9	341,095	341,095	356,544	56.28
12/11/19	2019B	Airport Rev 2019B (AMT)	7/1/20-49	3.44	19.1	392,005	388,895	300,929	56.28
12/11/19	2019C	Airport Rev Refunding (Taxable) 2019C	7/1/23-25	2.38	4.6	29,435	29,435	1,366	56.28
04/09/20	2020A	Water System Rev 2020A	7/1/30-44	3.14	20.0	165,115	165,115	146,809	2.01
04/09/20	2020B	Water System Rev 2020B	7/1/30-44	3.14	20.0	228,015	228,015	202,735	2.01
08/25/20	2020A	Excise Tax Rev 2020A	7/1/21-45	1.90	12.0	131,595	129,025	62,005	17.49
08/25/20	2020B	Excise Tax Rev (Taxable) 2020B	7/1/21-45	2.39	13.9	150,000	140,675	43,738	17.49
08/25/20	2020C	Excise Tax Rev Refunding (Taxable) 2020C	7/1/23-36	1.58	7.1	116,685	116,685	9,632	17.49
06/09/21	2021A	Water System Rev 2021A	7/1/26-45	2.45	16.1	250,000	250,000	179,100	2.01
06/09/21	2021B	Water System Rev Refunding 2021B	7/1/22-26	0.52	3.5	67,345	63,385	8,117	2.01
06/09/21	2021C	Water System Rev Refunding (Taxable) 2021C	7/1/26-44	2.61	15.0	151,280	151,280	55,027	2.01

**OUTSTANDING DEBT AND DEBT SERVICE COVERAGE**  
**2021-22 YEAR-END ACTUAL**  
(In Thousands of Dollars)

Issue Date	Series	Purpose	Maturity Dates	Effective	Average	Original Amount	Principal Outstanding	Interest Outstanding	Coverage (2)
				Interest Rate	Life (Years)				
<b>Total Municipal Corporation Obligations</b>						<b>6,379,427</b>	<b>5,330,141</b>	<b>3,255,533</b>	
<b>Community Facilities Districts</b>									
06/27/19	2019	Park Central CFD Special Assessment Rev	7/1/21-44	5.73	16.0	30,000	28,640	20,840	0.88
<b>Total Community Facilities Districts Bonds</b>						<b>30,000</b>	<b>28,640</b>	<b>20,840</b>	
<b>Total Outstanding Debt</b>						<b>7,759,938</b>	<b>6,184,263</b>	<b>3,470,006</b>	

- (1) General Obligation bonds are paid from secondary property taxes with the tax rate set by the City Council and are covered by a statutory lien.
- (2) Minimum debt service coverage ratio for each bond type is as follows:

Airport Revenue Bonds	1.25
Excise Tax Revenue Bonds	2.00
Rental Car Facility Charge Revenue Bonds	1.25
Wastewater Revenue Bonds	1.20
Water Revenue Bonds	1.10
- (3) The primary source of revenue for loan payments is State of Arizona distributions the City is to receive pursuant to legislation passed in 2003 authorizing up to fifty percent State funding for certain convention center developments in the State. The schedule of State Distributions are sufficient to make loan payments when due.

# 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 21, 2023, the preliminary five-year Capital Improvement Program was transmitted to the City Council. The preliminary plan has been updated to reflect cost or timing changes identified since the preliminary program was developed. The Capital Improvement Program Highlights section of this document provides summary-level information on program contents; project-level detail is provided in the Capital Improvement Program budget book.

## **2023-24 Capital Improvement Program Development**

The annual citywide Capital Improvement Program update process began in December 2022 when departments prepared revised 2022-23 estimates and updated their five-year capital improvement programs. The 2022-23 estimates reflect updated construction cost estimates, schedules adjustments, awarded contract amounts and other program changes. The 2023-28 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 was 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 applicable City Council 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 2023-28 Capital Improvement Program includes \$314.4 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 2023-28 Capital Improvement Program includes \$1,036.7 million in Transportation 2050 pay-as-you-go funds, as well as \$121.0 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 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 \$229.5 million in available impact fees in the 2023-28 Capital Improvement Program. Additional impact fees will be programmed in future capital improvement programs as these fees are collected.

**SUMMARY OF 2023-28 CAPITAL IMPROVEMENT PROGRAM  
BY PROGRAM**  
(In Thousands of Dollars)

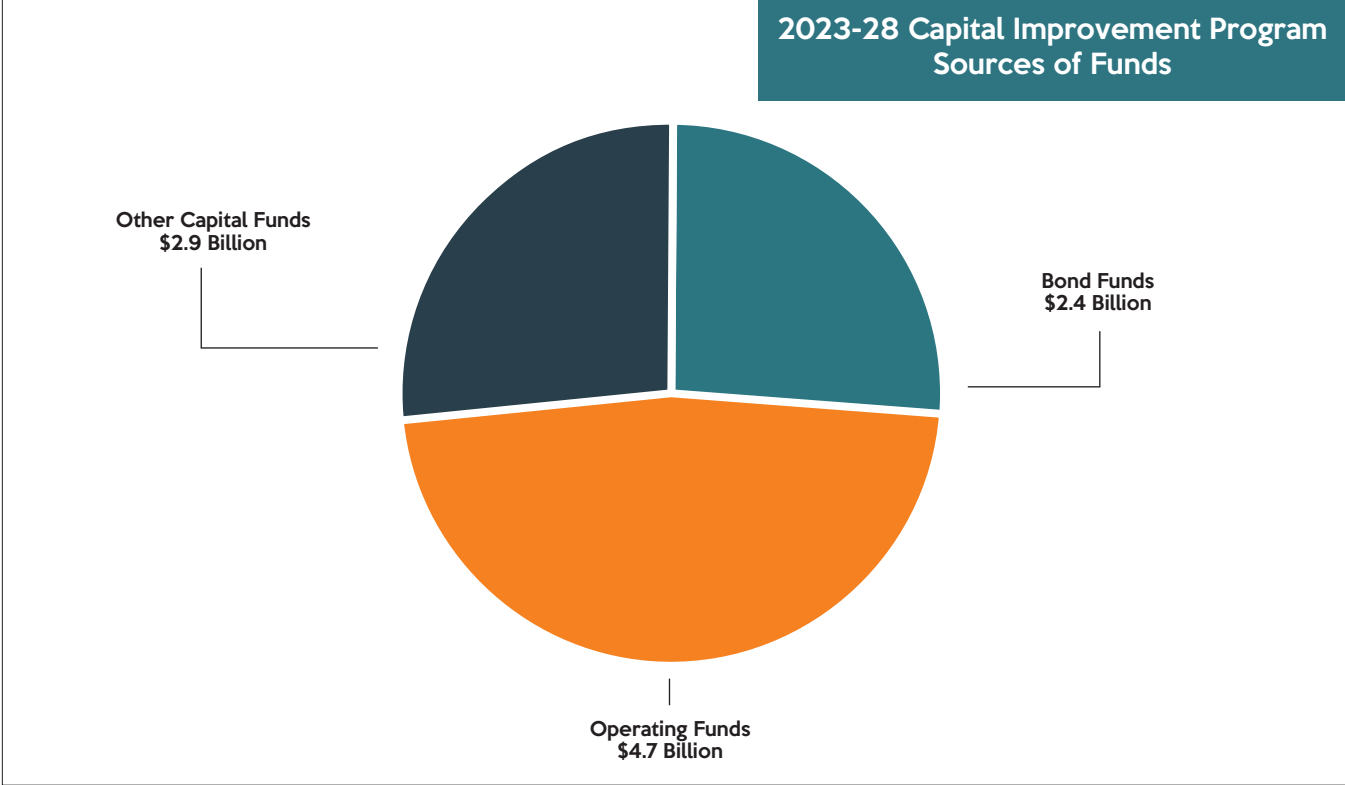
	2023-24	2024-25	2025-26	2026-27	2027-28	Total
Arts and Cultural Facilities	902	-	-	-	-	902
Aviation	1,192,245	239,550	196,058	132,363	202,352	1,962,568
Economic Development	18,088	8,564	7,555	7,314	6,980	48,501
Environmental Programs	262	250	250	250	250	1,262
Facilities Management	53,895	28,469	18,655	16,975	16,975	134,968
Finance	1,031	-	-	-	-	1,031
Fire Protection	52,714	1,881	-	-	-	54,594
Historic Preservation & Planning	26,563	-	-	-	-	26,563
Housing	122,276	18,875	13,650	8,150	9,850	172,801
Human Services	7,763	-	-	-	-	7,763
Information Technology	52,360	25,245	25,245	25,245	25,245	153,339
Libraries	9,229	1,550	1,265	955	955	13,954
Municipal Court	7,000	-	-	-	-	7,000
Neighborhood Services	10,888	2,000	-	-	-	12,888
Non-Departmental Capital	661,407	103,325	103,824	104,320	104,819	1,077,696
Parks, Recreation & Mountain Preserves	156,596	44,250	44,031	54,644	51,150	350,671
Phoenix Convention Center	45,697	12,168	10,441	4,440	6,487	79,232
Police Protection	17,759	-	8,500	14,000	5,000	45,259
Public Art Program	9,529	6,493	3,070	811	-	19,903
Public Transit	516,207	315,919	139,708	269,147	134,900	1,375,881
Regional Wireless Cooperative	6,001	6,001	6,001	6,001	6,001	30,005
Solid Waste Disposal	38,135	8,618	19,280	16,413	4,636	87,082
Street Transportation & Drainage	386,637	173,501	208,120	157,270	163,510	1,089,039
Wastewater	385,029	336,130	222,928	373,664	225,803	1,543,554
Water	606,925	299,468	292,578	302,018	221,358	1,722,347
<b>Total</b>	<b>4,385,138</b>	<b>1,632,257</b>	<b>1,321,158</b>	<b>1,493,979</b>	<b>1,186,271</b>	<b>10,018,803</b>

**SUMMARY OF 2023-28 CAPITAL IMPROVEMENT PROGRAM**  
**BY SOURCE OF FUNDS**  
(In Thousands of Dollars)

	2023-24	2024-25	2025-26	2026-27	2027-28	Total
<b>Operating Funds</b>						
<b>General Funds</b>						
General Fund	114,217	45,510	45,404	45,550	44,822	295,503
Library	2,115	1,300	1,265	955	955	6,590
Parks	5,600	-	-	-	-	5,600
<b>Special Revenue Funds</b>						
Arizona Highway User Revenue	114,864	63,334	93,338	79,931	86,671	438,140
Capital Construction	24,792	7,061	7,061	7,044	7,044	53,002
Community Reinvestment	7,924	4,665	3,656	3,415	3,415	23,075
Development Services	29,165	140	140	140	140	29,726
Golf	1,440	-	-	-	-	1,440
Grants	255,622	87,416	67,879	101,214	73,818	585,949
Other Restricted	17,059	5,181	3,049	3,049	2,715	31,053
Parks and Preserves	120,293	44,318	44,031	54,644	51,150	314,436
Regional Transit	17,839	4,911	4,928	7,075	7,093	41,846
Sports Facilities	2,127	5,650	5,650	4,000	2,100	19,527
Transportation 2050	454,661	229,505	107,963	180,489	64,036	1,036,654
<b>Enterprise Funds</b>						
Aviation	237,893	42,632	40,937	70,829	187,166	579,458
Convention Center	10,617	8,583	6,962	2,464	6,290	34,916
Solid Waste	17,631	8,565	19,238	17,916	7,250	70,600
Wastewater	145,256	92,025	99,221	87,090	90,178	513,771
Water	170,106	133,731	82,278	88,766	115,615	590,496
<b>Total Operating Funds</b>	<b>1,749,222</b>	<b>784,528</b>	<b>633,000</b>	<b>754,573</b>	<b>750,459</b>	<b>4,671,782</b>
<b>Bond Funds</b>						
<b>General Obligation Bond Funds</b>						
2001 General Obligation Bonds	902	-	-	-	-	902
2006 General Obligation Bonds	600	-	-	-	-	600
<b>Nonprofit Corporation Bond Funds</b>						
Aviation Bonds	394,260	82,212	58,623	2,998	-	538,093
Other Bonds	84,608	11,053	-	-	-	95,661
Solid Waste Bonds	11,854	120	-	-	-	11,974
Transportation 2050 Bonds	-	55,499	14,468	19,722	31,306	120,995
Wastewater Bonds	116,500	208,730	94,898	215,960	115,715	751,803
Water Bonds	247,782	143,631	209,220	207,141	98,364	906,138
<b>Total Bond Funds</b>	<b>856,507</b>	<b>501,245</b>	<b>377,209</b>	<b>445,821</b>	<b>245,385</b>	<b>2,426,167</b>
<b>Other Capital Funds</b>						
<b>Other Capital Funds</b>						
Capital Grants	817,368	87,926	90,187	59,996	16,475	1,071,952
Capital Reserves	9,487	20	8,520	14,020	5,000	37,047
Customer Facility Charges	20,558	20,562	20,560	20,562	20,558	102,800
Federal, State and Other Participation	557,321	74,438	84,551	59,201	60,069	835,581
Impact Fees	224,951	4,330	200	-	-	229,481
Other Capital	835	-	-	-	-	835
Other Cities' Share in Joint Ventures	42,931	69,168	39,443	82,319	31,108	264,969
Passenger Facility Charges	104,407	89,564	67,047	57,041	56,766	374,825
Solid Waste Remediation	1,551	477	441	446	451	3,366
<b>Total Other Capital Funds</b>	<b>1,779,409</b>	<b>346,485</b>	<b>310,949</b>	<b>293,585</b>	<b>190,427</b>	<b>2,920,855</b>
<b>Total</b>	<b>4,385,138</b>	<b>1,632,257</b>	<b>1,321,158</b>	<b>1,493,979</b>	<b>1,186,271</b>	<b>10,018,803</b>

# 2023-28 CAPITAL IMPROVEMENT PROGRAM HIGHLIGHTS

The Capital Improvement Program (CIP) totals \$10.0 billion over the next five years. As shown in the pie chart below, funding for the 2023-28 program comes from \$4.7 billion in pay-as-you-go operating funds, \$2.4 billion in bond funds, and \$2.9 billion in other capital funds.



Projects in the first year total \$4.4 billion and are funded from pay-as-you-go operating funds (\$1.7 billion), bond funds (\$0.9 billion) and other capital financing (\$1.8 billion). 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 2023-28 Capital Improvement Program by source of funds and the 2023-24 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 \$1,962.6 million and is funded by Aviation, Aviation Bond, Capital Grant, Operating 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:

- West Air Cargo Building C Modifications
- Design and construct a new Crossfield Taxiway U
- Airside Bus Route Preparation and Relocations of C-Point and Access Gate
- Design and construction of Terminal 3 North 2 Concourse

### **Economic Development**

The \$48.5 million Economic Development program is funded by Downtown Community Reinvestment, Operating Grant, Arizona Highway User Funds, 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

### **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 \$135.0 million and is funded by General, Other Restricted, Aviation, Convention Center, Solid Waste, Other Bond, Capital Grant, 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, Glenrosa Fleet Building and service center upgrades, energy efficient retrofits, fire and life safety systems, HVAC 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 \$1.0 million, funded by Other Bond funds, supporting enhancements to the citywide financial system.

### **Fire Protection**

The \$54.6 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 and construction of new Fire Station 74 at 19th Avenue and Chandler Boulevard.



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 \$26.6 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 \$172.8 million and is funded by Operating Grant, Other Restricted and Capital Grant funds.

The program provides funding for the creation and modernization of public housing units and affordable housing units for low-income families, individuals, seniors, and special populations 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, transformation of the Choice Neighborhood at Edison-Eastlake community, conversion of existing public housing units into Rental Assistance Demonstration (RAD) housing units, and affordable housing and public housing modernization through HUD Neighborhood Stabilization and Capital Fund Programs. A one-time HUD HOME Investment Partnership Program American Rescue Plan (HOME – ARP) award will be used to address qualifying populations through affordable housing production or preservation and non-congregate shelter development.

American Rescue Plan (ARPA) funded projects include Wi-Fi connectivity to bridge the digital divide, renovate and modernize a newly acquired hotel to serve veteran populations, remodel and renovate a multifunctional building in the Edison-Eastlake community, support a co-development of 132 affordable housing units, and supplement the financial gap to for-profit and non-profit organizations to develop or redevelop affordable housing.

Housing Department capital improvement projects are identified based on City management's priority list and the Mayor and Council'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 \$7.8 million Human Services program is funded by General, Operating Grant and 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 acquisition and construction of shelters, and design of a multi-purpose senior center.

### **Information Technology**

The \$153.3 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 an executive 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, implementation of a modernized data center environment to provide a more reliable and secure computing environment, and other enterprise technology projects.

## **Libraries**

The Libraries program totals \$14.0 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.

## **Municipal Court**

The Municipal Court program totals \$7.0 million and is funded by the General fund.

The program includes the Court Management System replacement project which targets the Phoenix Municipal Court's primary business application. This multi-year project envisions replacing the existing 24-year-old system which is no longer sustainable with a modern application. The new application will increase efficiency, expand self-service options for the public, enhance the Court's ability to offer remote contact and participation, and enable the Court's ability to move to real-time paperless processing.

## **Neighborhood Services**

The Neighborhood Services program totals \$12.9 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 \$1,077.7 million and is funded by General, Other Bond, Wastewater Bonds, 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 a contingency budget for future capital grant awards, a General Fund set-aside to support operating costs on future capital projects, and General Fund reserves to provide local matching funds for potential federal capital grants.

Appropriation is included for the State of Arizona's potential defeasance of its share of Phoenix Convention Center debt, under consideration by the State Legislature at the time of City budget preparation.

## **Parks, Recreation and Mountain Preserves**

The Parks, Recreation and Mountain Preserves program totals \$350.7 million and is funded by General, Parks and Preserves, Operating Grant, Golf, Development Impact Fee, Capital Grant, and Capital Reserve 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 Parks Construction: Farmland Park, Harvest Park and Laveen Heritage Park
- Sonoran Preserve Land Acquisition and Protection
- Paradise Valley Park Improvements
- Norton Park Improvements
- Citywide Building Repairs
- South Mountain Road Repairs
- Preserve Infrastructure Improvements
- Aquatic Infrastructure Renovation

### **Phoenix Convention Center**

The \$79.2 million Phoenix Convention Center program is funded by General, Sports Facilities, Convention Center and Convention Center Bond funds. In addition to the Convention Center, this program includes projects and improvements for the Herberger Theater Center and Orpheum Theatre, Symphony Hall, and the Heritage and Convention Center parking garages. General Fund-supported excise tax bonds are programmed for renovations of the 100 West Washington building.

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:

- Symphony Hall Theatrical Venue Improvements
- Herberger Theater Center Theatrical Improvements
- Repainting the exterior surfaces of the North and South Buildings
- Roof repairs for the South Building
- Construct North and West Building single source heating, ventilation, and air conditioning and light control automated systems
- Electric Gear Switch Replacement at the South Building
- 100 West Washington renovations

### **Police Protection**

The \$45.3 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 \$19.9 million and is funded by Percent-for-Art funds. Established in 1986, the Public Art Program allocates one percent of eligible Capital Improvement Program funding for the acquisition of temporary and permanent artwork for public buildings, infrastructure, and spaces. The program maintains more than 200 permanent artworks and manages and exhibits the City's 1,200 portable works in multiple public buildings.

The 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 art projects included in the Plan are prioritized based on opportunities to integrate artwork into individual Capital Improvement Program projects and their potential impact on the neighborhood and the broader arts community.

## **Public Transit**

The Public Transit program totals \$1,375.9 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 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**

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 \$87.1 million Solid Waste Disposal program is funded by Solid Waste, Solid Waste Bond, Capital Grant, 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 \$1,089.0 million and is funded by General, Arizona Highway User Revenue, Capital Construction, Operating Grants, Transportation 2050, Capital Reserve, Impact Fee, and partner agency contribution funds.

The program includes ongoing major maintenance of streets and bridges, new and expanded streets, mobility improvements, pedestrian traffic safety improvements including the Roadway Safety Action Plan, 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:

- 35th Avenue: I-10 Freeway to Camelback Road
- Happy Valley Road: 67th Avenue to 35th Avenue
- Buckeye Road: 67th Avenue to 59th Avenue
- Van Buren Street: 7th Street to 24th Street
- Lower Buckeye Road: 27th Avenue to 19th Avenue
- Rio Salado River Bicycle/Pedestrian Bridge at 3rd Street

## **Wastewater**

The Wastewater program totals \$1,543.6 million and is funded by Wastewater, Wastewater Bond, Impact Fee, Capital Grant 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 \$1,722.3 million and is funded by Water, Wastewater, Solid Waste, Water Bond, Impact Fee, Capital Grant and Other Cities' Share in Joint Venture funds.

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

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

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

**SUMMARY OF 2023-24 CAPITAL IMPROVEMENT PROGRAM**  
**BY PROGRAM AND SOURCE OF FUNDS**  
(In Thousands of Dollars)

<b>Program</b>	<b>2023-24 Total Program</b>	<b>Operating Funds</b>	<b>General Obligation Bond Funds</b>	<b>Nonprofit Corporation Bond Funds</b>	<b>Other Capital Funds</b>
Arts and Cultural Facilities	902	-	902	-	-
Aviation	1,192,245	232,286	-	392,969	566,989
Economic Development	18,088	18,088	-	-	-
Environmental Programs	262	262	-	-	-
Facilities Management	53,895	32,869	-	16,740	4,286
Finance	1,031	-	-	1,031	-
Fire Protection	52,714	20,044	-	20,029	12,640
Historic Preservation & Planning	26,563	26,563	-	-	-
Housing	122,276	109,112	-	-	13,165
Human Services	7,763	7,163	600	-	-
Information Technology	52,360	44,223	-	8,137	-
Libraries	9,229	3,934	-	-	5,295
Municipal Court	7,000	7,000	-	-	-
Neighborhood Services	10,888	10,888	-	-	-
Non-Departmental Capital	661,407	30,000	-	3,033	628,374
Parks, Recreation & Mountain Preserves	156,596	129,873	-	-	26,723
Phoenix Convention Center	45,697	8,927	-	36,770	-
Police Protection	17,759	-	-	-	17,759
Public Art Program	9,529	4,285	-	5,244	-
Public Transit	516,207	515,950	-	-	257
Regional Wireless Cooperative	6,001	-	-	-	6,001
Solid Waste Disposal	38,135	14,373	-	11,744	12,017
Street Transportation & Drainage	386,637	222,979	-	-	163,659
Wastewater	385,029	138,142	-	115,600	131,287
Water	606,925	172,262	-	243,706	190,957
<b>Total</b>	<b>4,385,138</b>	<b>1,749,222</b>	<b>1,502</b>	<b>855,004</b>	<b>1,779,409</b>

**RESOURCES AND EXPENDITURES BY CAPITAL FUND**  
**2023-24 CAPITAL IMPROVEMENT PROGRAM**  
(In Thousands of Dollars)

	Budgeted Beginning Fund Balance	Revenues and Other Sources/ (Uses) (1)	Expenditures	Ending Balance	Projected Resources Beyond 2023-24 (2)	Funds Available Beyond 2023-24
<b>1988 General Obligation Bonds</b>						
1988 Freeway Mitigation Bonds	849	-	-	849	1,000	1,849
1988 Parks Bonds	419	-	-	419	-	419
1988 Police Bonds	27	-	-	27	-	27
	<b>1,295</b>	<b>-</b>	<b>-</b>	<b>1,295</b>	<b>1,000</b>	<b>2,295</b>
<b>1989 General Obligation Bonds</b>						
1989 Historic Preservation Bonds	2	-	-	2	-	2
	<b>2</b>	<b>-</b>	<b>-</b>	<b>2</b>	<b>-</b>	<b>2</b>
<b>2001 General Obligation Bonds</b>						
2001 Affordable Housing and Homeless Shelter Bonds	1,011	-	-	1,011	-	1,011
2001 Education, Youth and Cultural Facilities Bonds	(371)	-	902	(1,273)	1,700	427
2001 Environmental Improvement and Cleanup Bonds	244	-	-	244	630	874
2001 Fire Protection Bonds	-	-	-	-	800	800
2001 Neighborhood Protection and Senior Centers Bonds	500	-	-	500	2,355	2,855
2001 New & Improved Libraries Bonds	3,420	-	-	3,420	900	4,320
2001 Parks, Open Space and Recreation Facilities Bonds	(436)	-	-	(436)	4,425	3,989
2001 Police, Fire and Computer Technology Bonds	(189)	-	-	(189)	615	426
2001 Police Protection Facilities and Equipment Bonds	(566)	-	-	(566)	1,115	549
2001 Preserving Phoenix Heritage Bonds	(190)	-	-	(190)	795	605
2001 Storm Sewer Bonds	-	-	-	-	50	50
2001 Street Improvement Bonds	(532)	-	-	(532)	2,225	1,693
	<b>2,891</b>	<b>-</b>	<b>902</b>	<b>1,989</b>	<b>15,610</b>	<b>17,599</b>
<b>2006 General Obligation Bonds</b>						
2006 Affordable Housing and Neighborhoods Bonds	3,600	-	-	3,600	17,795	21,395
2006 Education Bonds	(4,549)	-	-	(4,549)	8,090	3,541
2006 Libraries, Senior and Cultural Centers Bonds	(1,247)	-	600	(1,847)	27,190	25,343
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	(7,042)	-	-	(7,042)	36,700	29,658
2006 Street and Storm Sewer Improvements Bonds	5,939	-	-	5,939	27,495	33,434
	<b>(630)</b>	<b>-</b>	<b>600</b>	<b>(1,230)</b>	<b>135,745</b>	<b>134,515</b>
<b>Nonprofit Corporation Bond Funds</b>						
Aviation Bonds	222,982	200,000	394,260	28,722	346,210	374,932
Convention Center Bonds	38	-	-	38	-	38
Other Bonds	101,796	-	84,608	17,188	92,445	109,633
Parks and Preserves Bonds	-	-	-	-	66,000	66,000
Solid Waste Bonds	17,982	-	11,854	6,128	145,000	151,128
Transit 2000 Bonds	67	-	-	67	-	67
Transportation 2050 Bonds	239	-	-	239	1,100,000	1,100,239
Wastewater Bonds	(82,030)	400,000	116,500	201,470	71,730	273,200
Water Bonds	13,438	-	247,782	(234,344)	246,985	12,641
	<b>274,512</b>	<b>600,000</b>	<b>855,004</b>	<b>19,508</b>	<b>2,068,370</b>	<b>2,087,878</b>
<b>Total Bond Funds</b>	<b>278,070</b>	<b>600,000</b>	<b>856,507</b>	<b>21,563</b>	<b>2,220,725</b>	<b>2,242,288</b>

**RESOURCES AND EXPENDITURES BY CAPITAL FUND (Continued)**  
**2023-24 CAPITAL IMPROVEMENT PROGRAM**  
(In Thousands of Dollars)

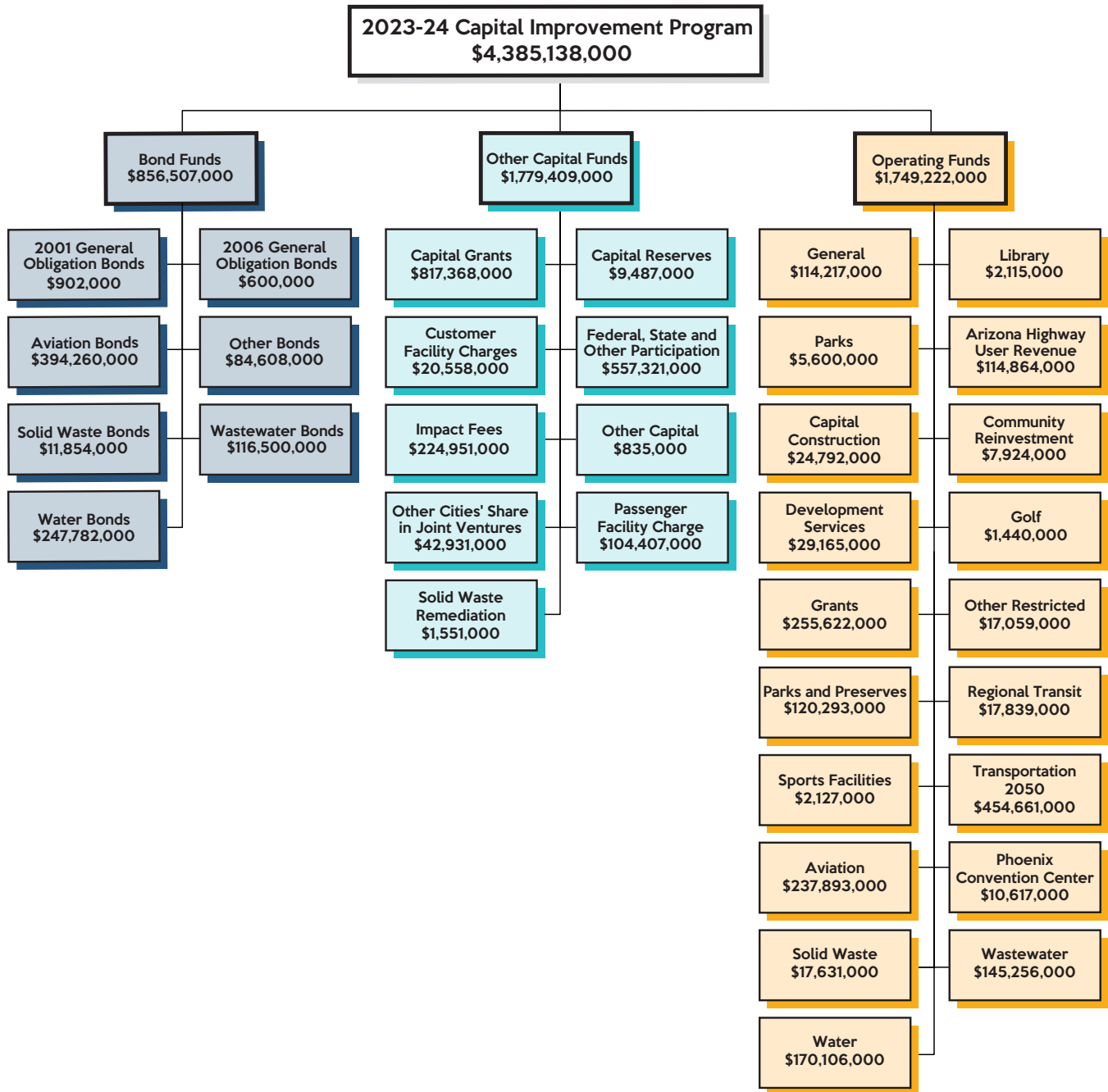
	Budgeted Beginning Fund Balance	Revenues and Other Sources/ (Uses) (1)	Expenditures	Ending Balance	Projected Resources Beyond 2023-24 (2)	Funds Available Beyond 2023-24
<b>Other Capital Funds</b>						
Capital Gifts	35	-	-	35	-	35
Capital Grants	-	817,368	817,368	-	254,584	254,584
Capital Reserves	213,020	10,200	9,487	213,733	-	213,733
Customer Facility Charges	64,062	37,330	20,558	80,833	230,398	311,231
Federal, State and Other Participation	-	557,321	557,321	-	278,259	278,259
Impact Fees	236,319	-	224,951	11,368	-	11,368
Other Capital	53,905	-	835	53,070	-	53,070
Other Cities' Share in Joint Ventures	-	42,931	42,931	-	222,038	222,038
Passenger Facility Charges	116,588	91,340	104,407	103,521	376,453	479,974
Solid Waste Remediation	5,326	-	1,551	3,775	-	3,775
<b>Total Other Capital Funds</b>	<b>689,256</b>	<b>1,556,490</b>	<b>1,779,409</b>	<b>466,337</b>	<b>1,361,733</b>	<b>1,828,070</b>
<b>Total</b>	<b>967,327</b>	<b>2,156,489</b>	<b>2,635,916</b>	<b>487,901</b>	<b>3,582,458</b>	<b>4,070,359</b>

(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.



# 2023-24 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 2023-24 budget includes \$2,021,000 in new operating and maintenance costs for new facilities. The schedule on the next page provides project operating and maintenance costs for 2023-24, the full year operating and maintenance costs for 2024-25, and the operating funds to be used for these costs.

<b>OPERATING COSTS FOR NEW CAPITAL FACILITIES</b>				
<b>Project Name and Operating Fund Source</b>	<b># of FTEs</b>		<b>2023-24 Costs</b>	<b>2024-25 Costs</b>
<b>Fire</b>				
Twenty-four sworn positions for the new Fire Station 74 (General Fund)	24.0	Add funding for twenty-four sworn positions (four Fire Captains, four Fire Engineers, and sixteen Firefighters) to provide dedicated staffing for the new Fire Station 74, located at 19th Avenue and Chandler Boulevard. The Department intends to start hiring staff in January 2024.	\$2,021,000	\$3,796,000
<b>Net Total Costs</b>	24.0		<b>\$2,021,000</b>	<b>\$3,796,000</b>
<b>Source of Funds:</b>				
General Fund			\$2,021,000	\$3,796,000
<b>Total Source of Funds</b>			<b>\$2,021,000</b>	<b>\$3,796,000</b>



**SUMMARY  
SCHEDULES**

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

	Resources					Expenditures					Ending Fund Balance
	Beginning Fund Balance	Revenue <sup>1/</sup>	Recovery and Proceeds	Interfund Transfers-In	Interfund Transfers-Out	Total	Operating	Capital	Debt Service	Total	
<b>General Funds</b>											
General Fund	283,000	329,036	3,301	1,114,994	(184,611)	1,545,721	1,297,801	23,474	-	1,321,275	224,446
Library	-	44,881	113	-	(2,627)	42,367	41,683	684	-	42,367	-
Parks	-	16,781	379	93,358	(7,212)	103,306	103,306	-	-	103,306	-
Cable Television	-	8,982	-	751	(6,431)	3,303	3,303	-	-	3,303	-
<b>Total General Funds</b>	<b>283,000</b>	<b>399,680</b>	<b>3,793</b>	<b>1,209,104</b>	<b>(200,881)</b>	<b>1,694,696</b>	<b>1,446,093</b>	<b>24,158</b>	<b>-</b>	<b>1,470,251</b>	<b>224,446</b>
<b>Special Revenue Funds</b>											
Excise Tax	-	1,784,525	-	-	(1,784,525)	-	-	-	-	-	-
Arizona Highway User Revenue	48,043	156,459	4,166	35,731	(32,161)	212,238	77,798	64,859	-	142,657	69,581
Capital Construction	24,408	141	143	6,210	-	30,902	100	5,625	-	5,726	25,176
City Improvement	-	1	-	99,032	(1,026)	98,006	17	-	97,989	98,006	-
Community Reinvestment	18,103	6,950	6	-	(2,065)	22,994	1,316	1,544	-	2,860	20,134
Court Awards	(2,914)	6,051	19	-	-	3,155	3,222	-	-	3,222	(66) <sup>2/</sup>
Development Services	52,169	87,581	283	-	(5,261)	134,773	68,941	1,208	-	70,149	64,623
Golf	1,441	10,309	12	-	-	11,763	8,051	687	-	8,738	3,025
Neighborhood Protection - Block Watch	6,149	693	-	2,458	(9)	9,292	1,489	-	-	1,489	7,803
Neighborhood Protection - Fire	4,559	15	-	12,293	(45)	16,822	11,611	-	-	11,611	5,211
Neighborhood Protection - Police	15,901	70	-	34,422	(645)	49,748	34,841	-	-	34,841	14,907
Parks and Preserves	86,295	1,041	184	49,173	(180)	136,513	6,109	30,945	-	37,054	99,459
Public Safety Enhancement - Fire	10,321	-	1	10,084	-	20,406	11,326	-	-	11,326	9,080
Public Safety Enhancement - Police	11,837	-	-	16,452	(419)	27,871	15,803	-	-	15,803	12,068
Public Safety Expansion - Fire	10,887	56	-	19,670	(233)	30,381	15,249	-	-	15,249	15,131
Public Safety Expansion - Police	31,871	78	-	78,677	(1,277)	109,349	80,959	-	-	80,959	28,390
Regional Transit	(9,162)	7,058	13	-	-	(2,091)	6,390	3,857	-	10,247	(12,338) <sup>3/</sup>
Regional Wireless Cooperative	2,154	5,147	8	-	-	7,309	4,808	-	-	4,808	2,501
Secondary Property Tax	100	123,935	539	4,251	-	128,826	-	-	128,726	128,726	100
Sports Facilities	56,765	3,923	-	28,067	(15,224)	73,530	2,758	2,064	-	4,822	68,708
Transportation 2050	195,255	26,999	19,039	346,883	(3,833)	584,343	78,304	177,799	-	256,103	328,239
Other Restricted	98,833	24,121	506	97,218	(18,983)	201,695	53,007	9,572	-	62,579	139,116
Grants	37,706	591,122	3,876	-	(226)	632,477	530,754	54,973	-	585,727	46,750
<b>Total Special Revenue Funds</b>	<b>700,722</b>	<b>2,836,276</b>	<b>28,796</b>	<b>840,619</b>	<b>(1,866,113)</b>	<b>2,540,300</b>	<b>1,012,854</b>	<b>353,133</b>	<b>226,715</b>	<b>1,592,702</b>	<b>947,598</b>
<b>Enterprise Funds</b>											
Aviation	366,290	573,640	6,803	46,514	(10,945)	982,302	348,957	18,738	104,878	472,573	509,729
Convention Center	43,124	21,361	1,223	89,343	(15,064)	139,987	43,367	62	20,763	64,192	75,795
Solid Waste	30,288	199,650	325	-	(11,679)	218,584	158,151	5,493	15,227	178,871	39,713
Wastewater	158,651	266,858	7,733	161,873	(133,091)	462,025	111,142	66,463	71,381	248,985	213,040
Water	146,642	492,275	3,069	187,502	(200,819)	628,669	233,623	95,588	132,063	461,274	167,395
<b>Total Enterprise Funds</b>	<b>744,996</b>	<b>1,553,785</b>	<b>19,152</b>	<b>485,233</b>	<b>(371,599)</b>	<b>2,431,568</b>	<b>895,240</b>	<b>186,344</b>	<b>344,312</b>	<b>1,425,896</b>	<b>1,005,673</b>
<b>Total Operating Funds</b>	<b>1,728,718</b>	<b>4,789,741</b>	<b>51,743</b>	<b>2,534,956</b>	<b>(2,438,592)</b>	<b>6,666,565</b>	<b>3,354,187</b>	<b>563,635</b>	<b>571,026</b>	<b>4,488,849</b>	<b>2,177,717</b>

<sup>1/</sup> General fund sales tax revenue is reflected as a transfer-in from the excise tax fund. Total transfer equates to \$1,096.0 million, and is included in the General Funds revenue total of \$1,495.7 million shown on Schedule 2.

<sup>2/</sup> The negative balance in Court Awards is due to the timing of reimbursements for the Records Management System (RMS).

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

**2022-23 SCHEDULE 1**  
**RESOURCES AND EXPENDITURES BY FUND**  
**ESTIMATE**  
(In Thousands of Dollars)

	Resources					Expenditures					Ending Fund Balance
	Beginning Fund Balance	Revenue <sup>1/</sup>	Recovery and Proceeds	Interfund Transfers-In	Interfund Transfers-Out	Total	Operating	Capital	Debt Service	Total	
<b>General Funds</b>											
General Fund	224,446	354,841	4,206	1,287,939	(202,924)	1,668,508	1,429,895	34,548	-	1,464,443	204,065
Library	-	46,504	-	3,370	(3,663)	46,211	45,833	377	-	46,211	-
Parks	-	18,652	-	94,777	-	113,429	113,429	-	-	113,429	-
Cable Television	-	8,200	-	-	(4,486)	3,714	3,714	-	-	3,714	-
<b>Total General Funds</b>	<b>224,446</b>	<b>428,197</b>	<b>4,206</b>	<b>1,386,086</b>	<b>(211,074)</b>	<b>1,831,861</b>	<b>1,592,870</b>	<b>34,925</b>	<b>-</b>	<b>1,627,796</b>	<b>204,065</b>
<b>Special Revenue Funds</b>											
Excise Tax	-	1,960,592	-	-	(1,960,592)	-	-	-	-	-	-
Arizona Highway User Revenue	69,581	153,839	2,000	3,000	(3,952)	224,467	88,886	78,365	-	167,251	57,216
Capital Construction	25,176	534	350	5,880	-	31,940	139	5,974	-	6,113	25,827
City Improvement	-	3	-	73,134	(1,026)	72,110	-	-	72,110	72,110	-
Community Reinvestment	20,134	8,888	3	-	(2,066)	26,958	2,891	6,402	-	9,294	17,665
Court Awards	(66)	5,651	35	-	-	5,620	5,620	-	-	5,620	-
Development Services	64,623	91,614	230	-	(6,528)	149,939	77,206	2,618	-	79,824	70,115
Golf	3,025	10,784	1	-	-	13,809	8,104	560	-	8,664	5,145
Neighborhood Protection - Block Watch	7,803	296	-	2,585	(10)	10,673	1,868	-	-	1,868	8,805
Neighborhood Protection - Fire	5,211	53	-	12,926	(53)	18,136	12,105	-	-	12,105	6,031
Neighborhood Protection - Police	14,907	190	22	36,194	(875)	50,438	39,643	-	-	39,643	10,794
Parks and Preserves	99,459	4,274	-	51,707	(212)	155,228	7,227	32,067	-	39,294	115,934
Public Safety Enhancement - Fire	9,080	-	-	13,083	-	22,163	11,274	-	-	11,274	10,889
Public Safety Enhancement - Police	12,068	-	2	18,367	(535)	29,902	20,259	-	-	20,259	9,643
Public Safety Expansion - Fire	15,131	182	-	20,682	(314)	35,681	17,623	-	-	17,623	18,058
Public Safety Expansion - Police	28,390	164	4	92,791	(1,749)	119,601	92,851	-	-	92,851	26,750
Regional Transit	(12,338)	43,172	-	7,595	-	38,429	39,221	2,393	-	41,614	(3,185) <sup>2/</sup>
Regional Wireless Cooperative	2,501	5,993	7	-	-	8,501	6,224	-	-	6,224	2,277
Secondary Property Tax	100	129,609	-	77,209	-	206,918	-	-	206,818	206,818	100
Sports Facilities	68,708	4,591	195	29,141	(15,632)	87,002	2,744	4,413	-	7,157	79,845
Transportation 2050	328,239	37,651	1,630	353,178	(16,511)	704,187	226,549	101,654	-	328,203	375,984
Other Restricted	139,116	33,632	454	90,187	(5,320)	258,070	76,598	5,361	-	81,958	176,111
Grants	46,750	522,655	5,173	-	(273)	574,305	447,173	80,739	-	527,911	46,393
<b>Total Special Revenue Funds</b>	<b>947,598</b>	<b>3,014,364</b>	<b>10,106</b>	<b>887,658</b>	<b>(2,015,650)</b>	<b>2,844,077</b>	<b>1,184,205</b>	<b>320,546</b>	<b>278,928</b>	<b>1,783,679</b>	<b>1,060,397</b>
<b>Enterprise Funds</b>											
Aviation	509,729	576,271	2,704	23,703	(16,721)	1,095,685	301,819	37,296	99,337	438,452	657,233
Convention Center	75,795	25,823	640	84,625	(4,067)	182,817	51,679	2,171	17,465	71,316	111,501
Solid Waste	39,713	198,103	1,350	5,000	(18,933)	225,234	165,217	14,877	15,174	195,268	29,966
Wastewater	213,040	263,303	3,268	13,000	(19,425)	473,187	125,976	45,614	76,396	247,986	225,201
Water	167,395	539,529	3,780	10,000	(30,591)	690,113	278,381	121,309	147,528	547,218	142,895
<b>Total Enterprise Funds</b>	<b>1,005,673</b>	<b>1,603,030</b>	<b>11,742</b>	<b>136,328</b>	<b>(89,737)</b>	<b>2,667,035</b>	<b>923,072</b>	<b>221,267</b>	<b>355,900</b>	<b>1,500,239</b>	<b>1,166,797</b>
<b>Total Operating Funds</b>	<b>2,177,717</b>	<b>5,045,590</b>	<b>26,055</b>	<b>2,410,072</b>	<b>(2,316,460)</b>	<b>7,342,973</b>	<b>3,700,147</b>	<b>576,738</b>	<b>634,828</b>	<b>4,911,713</b>	<b>2,431,259</b>

<sup>1/</sup> General fund sales tax revenue is reflected as a transfer-in from the excise tax fund. Total transfer equates to \$1,232.2 million, and is included in the General Funds revenue total of \$1,660.4 million shown on Schedule 2.

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

**2023-24 SCHEDULE 1  
RESOURCES AND EXPENDITURES BY FUND  
BUDGET**  
(In Thousands of Dollars)

	Resources					Expenditures				Ending Fund Balance	
	Beginning Fund Balance	Revenue <sup>1/</sup>	Recovery and Proceeds	Interfund Transfers-In	Interfund Transfers-Out	Total	Operating	Capital	Debt Service		Total
<b>General Funds</b>											
General Fund	204,065	370,693	2,457	1,438,041	(176,683)	1,838,572	1,724,356	114,217	-	1,838,572	-
Library	-	46,347	-	8,972	(3,676)	51,643	49,528	2,115	-	51,643	-
Parks	-	19,253	-	114,407	-	133,660	128,060	5,600	-	133,660	-
Cable Television	-	8,000	-	-	(3,206)	4,794	4,794	-	-	4,794	-
<b>Total General Funds</b>	<b>204,065</b>	<b>444,293</b>	<b>2,457</b>	<b>1,561,419</b>	<b>(183,565)</b>	<b>2,028,669</b>	<b>1,906,737</b>	<b>121,932</b>	<b>-</b>	<b>2,028,668</b>	<b>-</b>
<b>Special Revenue Funds</b>											
Excise Tax	-	2,135,896	-	-	(2,135,896)	-	-	-	-	-	-
Arizona Highway User Revenue	57,216	158,475	901	-	(4,475)	212,117	94,493	114,864	-	209,357	2,760
Capital Construction	25,827	534	143	5,623	-	32,127	140	24,792	-	24,932	7,195
City Improvement	-	-	-	79,994	(1,022)	78,972	-	-	78,972	78,972	-
Community Reinvestment	17,665	11,905	1	-	(2,064)	27,507	2,292	7,924	-	10,216	17,291
Court Awards	-	4,673	19	-	-	4,692	4,671	-	-	4,671	20
Development Services	70,115	84,311	21	-	(6,528)	147,919	95,446	29,165	-	124,610	23,309
Golf	5,145	10,130	1	-	-	15,277	9,288	1,440	-	10,728	4,549
Neighborhood Protection - Block Watch	8,805	243	-	2,671	(15)	11,704	2,208	-	-	2,208	9,496
Neighborhood Protection - Fire	6,031	53	-	13,356	(69)	19,371	13,150	-	-	13,150	6,221
Neighborhood Protection - Police	10,794	70	-	37,394	(920)	47,339	45,189	-	-	45,189	2,150
Parks and Preserves	115,934	2,777	-	53,420	(278)	171,853	7,923	120,293	-	128,216	43,637
Public Safety Enhancement - Fire	10,889	-	-	11,341	-	22,230	12,783	-	-	12,783	9,447
Public Safety Enhancement - Police	9,643	-	-	18,504	(535)	27,612	24,328	-	-	24,328	3,283
Public Safety Expansion - Fire	18,058	182	-	21,369	(343)	39,266	19,527	-	-	19,527	19,739
Public Safety Expansion - Police	26,750	96	-	85,474	(1,849)	110,472	106,350	-	-	106,350	4,121
Regional Transit	(3,185)	82,429	-	-	-	79,243	61,925	17,839	-	79,764	(521) <sup>2/</sup>
Regional Wireless Cooperative	2,277	7,156	6	-	-	9,439	6,881	-	-	6,881	2,557
Secondary Property Tax	100	134,938	-	-	(47)	134,992	-	-	134,892	134,892	100
Sports Facilities	79,845	3,964	-	29,510	(15,759)	97,560	5,305	2,127	-	7,433	90,128
Transportation 2050	375,984	37,491	1,274	364,773	(11,366)	768,155	254,370	454,661	-	709,031	59,125
Other Restricted	176,111	34,103	49	47,311	(1,087)	256,487	101,883	17,059	-	118,942	137,546
Grants	46,393	782,325	68	-	(771)	828,015	541,680	255,622	-	797,303	30,712
<b>Total Special Revenue Funds</b>	<b>1,060,397</b>	<b>3,491,751</b>	<b>2,483</b>	<b>770,741</b>	<b>(2,183,024)</b>	<b>3,142,349</b>	<b>1,409,833</b>	<b>1,045,787</b>	<b>213,863</b>	<b>2,669,483</b>	<b>472,867</b>
<b>Enterprise Funds</b>											
Aviation	657,233	528,508	1,795	18,761	(14,727)	1,191,571	363,769	237,893	104,352	706,014	485,557
Convention Center	111,501	26,834	560	86,163	(4,394)	220,666	64,859	10,617	17,481	92,958	127,708
Solid Waste	29,966	197,194	322	-	(14,043)	213,439	174,822	17,631	9,581	202,034	11,405
Wastewater	225,201	289,188	1,619	-	(19,748)	496,260	150,239	145,256	86,395	381,891	114,369
Water	142,895	627,172	2,211	-	(31,007)	741,271	351,346	170,106	147,538	668,990	72,281
<b>Total Enterprise Funds</b>	<b>1,166,797</b>	<b>1,668,897</b>	<b>6,507</b>	<b>104,925</b>	<b>(83,919)</b>	<b>2,863,206</b>	<b>1,105,036</b>	<b>581,503</b>	<b>365,347</b>	<b>2,051,886</b>	<b>811,321</b>
<b>Total Operating Funds</b>	<b>2,431,259</b>	<b>5,604,941</b>	<b>11,447</b>	<b>2,437,085</b>	<b>(2,450,508)</b>	<b>8,034,224</b>	<b>4,421,605</b>	<b>1,749,222</b>	<b>579,210</b>	<b>6,750,037</b>	<b>1,284,187</b>

<sup>1/</sup> General fund sales tax revenue is reflected as a transfer-in from the excise tax fund. Total transfer equates to \$1,386.6 million, and is included in the General Funds revenue total of \$1,830.9 million shown on Schedule 2.

<sup>2/</sup> Regional Transit has a negative balance because of the negative interest earnings that have accumulated over the past few years. This is due to the negative fund balance caused by 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	2021-22 Actual	2022-23 Estimate	Increase/(Decrease) From 2021-22 Actual		2023-24 Budget	Increase/(Decrease) From 2022-23 Estimate	
			Amount	Percent		Amount	Percent
<b>GENERAL FUND</b>							
<b>Local Taxes and Related Fees</b>	649,816	679,402	29,586	4.6%	699,229	19,827	2.9%
<b>State-Shared Revenues</b>							
Sales Tax	229,901	241,628	11,727	5.1%	248,655	7,027	2.9%
State Income Tax	213,294	308,183	94,889	44.5%	435,656	127,473	41.4%
Vehicle License Tax	78,695	79,065	370	0.5%	85,627	6,562	8.3%
Subtotal	521,890	628,876	106,986	20.5%	769,938	141,062	22.4%
<b>Primary Property Tax</b>	192,214	200,199	7,985	4.2%	206,935	6,736	3.4%
<b>User Fees/Other Revenue</b>							
Licenses & Permits	3,022	3,020	(2)	-0.1%	3,070	50	1.7%
Cable Communications	8,982	8,200	(782)	-8.7%	8,000	(200)	-2.4%
Fines and Forfeitures	8,109	8,007	(102)	-1.3%	7,987	(21)	-0.3%
Court Default Fee	880	778	(102)	-11.6%	778	-	0.0%
Fire	64,253	67,566	3,314	5.2%	69,398	1,832	2.7%
Hazardous Materials Inspection Fee	1,299	1,500	201	15.5%	1,700	200	13.3%
Library Fees	434	435	1	0.2%	439	4	0.9%
Parks and Recreation	5,141	6,322	1,181	23.0%	6,371	49	0.8%
Planning	1,904	1,811	(93)	-4.9%	1,811	-	0.0%
Police	13,841	13,592	(249)	-1.8%	14,511	919	6.8%
Street Transportation	4,526	6,264	1,738	38.4%	6,976	712	11.4%
Other Service Charges	15,882	30,849	14,967	94.2%	30,221	(628)	-2.0%
Other	3,520	3,609	90	2.5%	3,539	(70)	-1.9%
Subtotal	131,792	151,953	20,161	15.3%	154,801	2,847	1.9%
<b>Total General Funds</b>	<b>1,495,712</b>	<b>1,660,431</b>	<b>164,719</b>	<b>11.0%</b>	<b>1,830,903</b>	<b>170,472</b>	<b>10.3%</b>

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

Revenue Source	2021-22 Actual	2022-23 Estimate	Increase/(Decrease) From 2021-22 Actual		2023-24 Budget	Increase/(Decrease) From 2022-23 Estimate	
			Amount	Percent		Amount	Percent
<b>SPECIAL REVENUE FUNDS</b>							
Neighborhood Protection	49,951	52,244	2,293	4.6%	53,787	1,544	3.0%
2007 Public Safety Expansion	98,481	103,758	5,277	5.4%	107,121	3,363	3.2%
Public Safety Enhancement	26,536	29,624	3,088	11.6%	29,845	221	0.7%
Parks and Preserves	50,214	55,981	5,767	11.5%	56,197	216	0.4%
Transportation 2050	362,608	390,829	28,221	7.8%	402,264	11,435	2.9%
Court Awards	6,051	5,651	(400)	-6.6%	4,673	(979)	-17.3%
Development Services	87,583	91,614	4,031	4.6%	84,311	(7,302)	-8.0%
Capital Construction	6,351	6,414	63	1.0%	6,157	(257)	-4.0%
Sports Facilities	30,963	32,705	1,742	5.6%	32,452	(253)	-0.8%
Arizona Highway User Revenue	156,459	153,839	(2,620)	-1.7%	158,475	4,636	3.0%
Regional Transit Revenues	7,059	43,172	36,113	+100%	82,429	39,257	90.9%
Community Reinvestment	6,950	8,888	1,938	27.9%	11,905	3,017	33.9%
City Improvement	1	3	2	+100%	-	(3)	-100.0%
Secondary Property Tax	123,935	129,609	5,674	4.6%	134,938	5,329	4.1%
Regional Wireless Cooperative	5,147	5,993	846	16.4%	7,156	1,163	19.4%
Golf Courses	10,310	10,784	474	4.6%	10,130	(654)	-6.1%
Impact Fee Program Administration	784	674	(110)	-14.1%	628	(46)	-6.8%
Other Restricted Revenues	41,956	53,071	11,115	26.5%	54,183	1,112	2.1%
<u>Grants</u>							
Public Housing Grants	108,530	130,335	21,805	20.1%	194,819	64,484	49.5%
Human Services Grants	134,441	119,208	(15,233)	-11.3%	69,662	(49,546)	-41.6%
Community Development	17,446	37,061	19,615	+100.0%	44,010	6,949	18.7%
Criminal Justice	12,256	14,585	2,329	19.0%	11,703	(2,882)	-19.8%
Public Transit Grants	172,858	44,045	(128,813)	-74.5%	136,908	92,863	+100.0%
Other Grants	145,591	177,421	31,830	21.9%	325,224	147,802	83.3%
Subtotal - Grants	591,122	522,655	(68,467)	-11.6%	782,325	259,670	49.7%
<b>Subtotal Special Revenue Funds</b>	<b>1,662,461</b>	<b>1,697,505</b>	<b>35,045</b>	<b>2.1%</b>	<b>2,018,977</b>	<b>321,472</b>	<b>18.9%</b>
<b>ENTERPRISE FUNDS</b>							
Aviation	573,639	576,271	2,632	0.5%	528,508	(47,763)	-8.3%
Water System	492,275	539,529	47,254	9.6%	627,172	87,643	16.2%
Wastewater System	266,858	263,303	(3,555)	-1.3%	289,188	25,885	9.8%
Solid Waste	199,649	198,103	(1,546)	-0.8%	197,194	(908)	-0.5%
Convention Center	99,148	110,448	11,300	11.4%	112,998	2,549	2.3%
<b>Subtotal Enterprise Funds</b>	<b>1,631,569</b>	<b>1,687,654</b>	<b>56,085</b>	<b>3.4%</b>	<b>1,755,060</b>	<b>67,406</b>	<b>4.0%</b>
<b>GRAND TOTAL</b>	<b>4,789,742</b>	<b>5,045,590</b>	<b>255,849</b>	<b>5.3%</b>	<b>5,604,941</b>	<b>559,350</b>	<b>11.1%</b>

**SCHEDULE 3**  
**OPERATING EXPENDITURES BY DEPARTMENT<sup>1/</sup>**  
(In Thousands of Dollars)

	2021-22	2022-23		2023-24	Percent Change from 2022-23	
	Actuals	Budget	Estimate	Budget	Budget	Estimate
<b>General Government</b>						
Mayor's Office	2,200	2,507	2,488	2,700	7.7%	8.5%
City Council	4,782	6,384	6,384	6,854	7.4%	7.4%
City Manager's Office	6,978	9,383	8,587	20,128	+100.0%	+100.0%
City Auditor	2,743	3,323	3,324	3,682	10.8%	10.8%
Information Technology Services	63,830	82,055	79,589	92,904	13.2%	16.7%
Equal Opportunity	3,231	3,499	3,366	4,067	16.2%	20.8%
City Clerk	4,331	8,631	6,623	9,744	12.9%	47.1%
Human Resources	40,707	29,253	49,987	37,626	28.6%	-24.7%
Retirement Systems	430	641	586	852	32.9%	45.4%
Phoenix Employment Relations Board	104	118	119	129	9.6%	8.5%
Law	8,104	9,318	9,958	12,085	29.7%	21.4%
Budget and Research	4,008	4,806	4,645	4,563	-5.1%	-1.8%
Regional Wireless Cooperative	4,808	5,791	6,224	6,881	18.8%	10.6%
Finance	40,609	28,138	27,411	33,213	18.0%	21.2%
Communications Office	3,476	3,635	4,000	4,803	32.1%	20.1%
Government Relations	1,288	1,313	1,387	1,581	20.4%	14.0%
<b>Total General Government</b>	<b>191,630</b>	<b>198,796</b>	<b>214,678</b>	<b>241,813</b>	<b>21.6%</b>	<b>12.6%</b>
<b>Public Safety</b>						
Police	778,713	849,795	866,531	978,646	15.2%	12.9%
Fire	449,322	495,886	501,060	565,019	13.9%	12.8%
Homeland Security & Emergency Management	275	-	-	-	0.0%	0.0%
<b>Total Public Safety</b>	<b>1,228,310</b>	<b>1,345,681</b>	<b>1,367,591</b>	<b>1,543,666</b>	<b>14.7%</b>	<b>12.9%</b>
<b>Criminal Justice</b>						
City Prosecutor	18,190	22,536	21,062	23,747	5.4%	12.7%
Municipal Court	34,402	40,556	39,717	41,673	2.8%	4.9%
Public Defender	7,575	5,822	5,735	6,295	8.1%	9.8%
<b>Total Criminal Justice</b>	<b>60,167</b>	<b>68,914</b>	<b>66,514</b>	<b>71,715</b>	<b>4.1%</b>	<b>7.8%</b>
<b>Transportation</b>						
Street Transportation	104,319	124,589	117,553	124,336	-0.2%	5.8%
Aviation	348,614	305,899	305,056	338,174	10.6%	10.9%
Public Transit	237,795	293,260	299,134	334,840	14.2%	11.9%
<b>Total Transportation</b>	<b>690,728</b>	<b>723,749</b>	<b>721,743</b>	<b>797,350</b>	<b>10.2%</b>	<b>10.5%</b>

**SCHEDULE 3 (Continued)**  
**OPERATING EXPENDITURES BY DEPARTMENT<sup>1/</sup>**  
(In Thousands of Dollars)

	2021-22	2022-23		2023-24	Percent Change from 2022-23	
	Actuals	Budget	Estimate	Budget	Budget	Estimate
<b>Community Development</b>						
Planning and Development	74,293	90,299	82,952	96,602	7.0%	16.5%
Housing	109,081	123,674	131,602	198,920	60.8%	51.2%
Community and Economic Development	20,890	18,932	21,395	21,815	15.2%	2.0%
Neighborhood Services	28,622	75,067	43,605	91,079	21.3%	+100.0%
<b>Total Community Development</b>	<b>232,886</b>	<b>307,973</b>	<b>279,554</b>	<b>408,416</b>	<b>32.6%</b>	<b>46.1%</b>
<b>Community Enrichment</b>						
Office of Arts and Culture	7,928	7,092	6,292	6,618	-6.7%	5.2%
Parks and Recreation	119,679	137,593	131,893	150,286	9.2%	13.9%
Library	43,727	49,254	47,842	52,313	6.2%	9.3%
Phoenix Convention Center	48,343	58,954	60,410	65,382	10.9%	8.2%
Human Services	178,896	195,628	214,137	172,854	-11.6%	-19.3%
<b>Total Community Enrichment</b>	<b>398,573</b>	<b>448,521</b>	<b>460,573</b>	<b>447,454</b>	<b>-0.2%</b>	<b>-2.8%</b>
<b>Environmental Services</b>						
Office of Sustainability	742	1,036	904	1,100	6.2%	21.7%
Environmental Programs	9,496	4,227	6,757	5,070	19.9%	-25.0%
Public Works	35,536	39,782	28,270	36,678	-7.8%	29.7%
Solid Waste Disposal	157,946	165,418	165,005	173,599	4.9%	5.2%
Water Services	348,172	405,514	404,318	469,997	15.9%	16.2%
<b>Total Environmental Services</b>	<b>551,892</b>	<b>615,977</b>	<b>605,254</b>	<b>686,445</b>	<b>11.4%</b>	<b>13.4%</b>
<b>Non-Departmental Operating</b>						
Contingencies	-	186,288	-	176,747	-5.1%	0.0%
Other Non-Departmental <sup>2/</sup>	-	132,576	(15,760)	48,000	-63.8%	+100.0%
<b>Total Non-Departmental Operating</b>	<b>-</b>	<b>318,864</b>	<b>(15,760)</b>	<b>224,747</b>	<b>-29.5%</b>	<b>+100.0%</b>
<b>Total</b>	<b>3,354,187</b>	<b>4,028,475</b>	<b>3,700,147</b>	<b>4,421,605</b>	<b>9.8%</b>	<b>19.5%</b>

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), unassigned vacancy savings, and additional pension contribution.

**SCHEDULE 4**  
**2023-24 OPERATING EXPENDITURES BY DEPARTMENT<sup>1/</sup>**  
**BY SOURCE OF FUNDS**  
(In Thousands of Dollars)

	Total	General Funds	Special Revenue Funds	Enterprise Funds
<b>General Government</b>				
Mayor's Office	2,700	2,700	-	-
City Council	6,854	6,854	-	-
City Manager's Office	20,128	11,109	8,734	286
City Auditor	3,682	3,682	-	-
Information Technology Services	92,904	92,038	-	867
Equal Opportunity	4,067	3,486	581	-
City Clerk	9,744	9,744	-	-
Human Resources	37,626	30,340	7,286	-
Retirement Systems	852	234	618	-
Phoenix Employment Relations Board	129	129	-	-
Law	12,085	12,085	-	-
Budget and Research	4,563	4,563	-	-
Regional Wireless Cooperative	6,881	-	6,881	-
Finance	33,213	29,093	2,729	1,391
Communications Office	4,803	4,778	25	-
Government Relations	1,581	1,581	-	-
<b>Total General Government</b>	<b>241,813</b>	<b>212,415</b>	<b>26,854</b>	<b>2,544</b>
<b>Public Safety</b>				
Police	978,646	741,278	237,368	-
Fire	565,019	481,278	83,741	-
<b>Total Public Safety</b>	<b>1,543,666</b>	<b>1,222,556</b>	<b>321,109</b>	<b>-</b>
<b>Criminal Justice</b>				
City Prosecutor	23,747	22,062	1,685	-
Municipal Court	41,673	38,970	2,703	-
Public Defender	6,295	6,295	-	-
<b>Total Criminal Justice</b>	<b>71,715</b>	<b>67,327</b>	<b>4,388</b>	<b>-</b>
<b>Transportation</b>				
Street Transportation	124,336	25,473	98,863	-
Aviation	338,174	-	-	338,174
Public Transit	334,840	-	334,840	-
<b>Total Transportation</b>	<b>797,350</b>	<b>25,473</b>	<b>433,703</b>	<b>338,174</b>

**SCHEDULE 4 (Continued)**  
**2023-24 OPERATING EXPENDITURES BY DEPARTMENT<sup>1/</sup>**  
**BY SOURCE OF FUNDS**  
(In Thousands of Dollars)

	Total	General Funds	Special Revenue Funds	Enterprise Funds
<b>Community Development</b>				
Planning and Development	96,602	7,072	89,530	-
Housing	198,920	2,003	196,918	-
Community and Economic Development	21,815	9,771	11,298	746
Neighborhood Services	91,079	20,578	70,501	-
<b>Total Community Development</b>	<b>408,416</b>	<b>39,424</b>	<b>368,246</b>	<b>746</b>
<b>Community Enrichment</b>				
Office of Arts and Culture	6,618	5,666	952	-
Parks and Recreation	150,286	128,060	22,227	-
Library	52,313	49,528	2,785	-
Phoenix Convention Center	65,382	3,569	596	61,217
Human Services	172,854	40,944	131,530	380
<b>Total Community Enrichment</b>	<b>447,454</b>	<b>227,767</b>	<b>158,090</b>	<b>61,597</b>
<b>Environmental Services</b>				
Office of Sustainability	1,100	715	385	-
Environmental Programs	5,070	1,789	2,577	704
Public Works	36,678	36,023	655	-
Solid Waste Disposal	173,599	-	-	173,599
Water Services	469,997	-	3,326	466,672
<b>Total Environmental Services</b>	<b>686,445</b>	<b>38,527</b>	<b>6,942</b>	<b>640,975</b>
<b>Non-Departmental Operating</b>				
Contingencies	176,747	101,247	14,500	61,000
Other Non-Departmental <sup>2/</sup>	48,000	(28,000)	76,000	-
<b>Total Non-Departmental Operating</b>	<b>224,747</b>	<b>73,247</b>	<b>90,500</b>	<b>61,000</b>
<b>Total</b>	<b>4,421,605</b>	<b>1,906,737</b>	<b>1,409,833</b>	<b>1,105,036</b>

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), unassigned vacancy savings, and additional pension contribution.

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

	2021-22 Actual	2022-23 Estimate	2023-24 Budget
<b>Operating Funds</b>			
City Improvement			
Economic Development	4,155	5,528	5,851
Finance and General Government	64,688	11,083	11,789
Fire	253	1,286	2,033
Housing	58	73	571
Human Resources	391	581	642
Human Services	4	94	124
Information Technology	1,841	10,966	12,567
Municipal Court	5,076	5,071	6,312
Parks and Recreation	24	454	636
Police	339	1,564	2,033
Public Works	6,380	12,140	10,913
Sports Facilities	12,273	13,128	12,760
Street Transportation	2,507	10,143	12,740
Sub-Total City Improvement	97,989	72,110	78,972
Secondary Property Tax			
Cultural Facilities	20,183	52,344	12,670
Education & Economic Development	4,146	19,186	23,256
Environmental Improvement	268	547	541
Fire Protection	7,945	8,738	14,830
Freeway Mitigation	541	819	626
Historic Preservation	1,472	2,130	1,765
Housing	4,348	-	-
Human Services & Senior Centers	2,225	332	559
Information Systems	3,037	71	123
Issuance Costs	281	1,304	900
Library	7,198	10,448	6,768
Maintenance Service Centers	654	245	377
Neighborhood Services	1,362	763	1,264
Other Debt Service	-	1,401	-
Parks & Mountain Preserves	19,727	28,197	16,644
Police	10,581	16,571	12,574
Police, Fire & Technology	12,011	10,213	12,769
Storm Sewers	20,708	37,884	17,779
Street Improvements	12,039	15,623	11,445
Sub-Total Secondary Property Tax	128,726	206,818	134,892
Aviation	104,878	99,337	104,352
Convention Center	20,763	17,465	17,481
Solid Waste	15,227	15,174	9,581
Wastewater	71,381	76,396	86,395
Water	132,063	147,528	147,538
<b>Total Operating Funds</b>	<b>571,026</b>	<b>634,828</b>	<b>579,210</b>

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

	2021-22 Actual	2022-23 Estimate	2023-24 Budget
<b>Bond Funds</b>			
Aviation	-	317	1,233
Wastewater	-	-	900
Water	474	-	-
Other	352	654	900
<b>Total Bond Funds</b>	<b>826</b>	<b>971</b>	<b>3,033</b>
<b>Other Capital Funds</b>			
Customer Facility Charges	6,101	20,563	20,558
Federal, State and Other Participation	24,498	24,999	451,055
Passenger Facility Charges	51,763	56,761	56,761
<b>Total Other Capital Funds</b>	<b>82,363</b>	<b>102,323</b>	<b>528,374</b>
<b>Total Debt Service</b>	<b>654,215</b>	<b>738,122</b>	<b>1,110,617</b>
<b><u>Type of Expenditure</u></b>			
Principal	347,733	422,273	792,964
Interest and Other	306,481	315,851	317,653
<b>Total Debt Service Expenditures</b>	<b>654,215</b>	<b>738,122</b>	<b>1,110,617</b>



**SCHEDULE 6**  
**SUMMARY OF 2023-24 CAPITAL IMPROVEMENT PROGRAM**  
**FINANCED BY OPERATING FUNDS**  
(In Thousands of Dollars)

	2021-22 Actuals	2022-23 Estimate	2023-24 Budget
<b><u>Use of Funds</u></b>			
Aviation	18,393	37,271	232,286
Economic Development	2,587	32,149	18,088
Environmental Programs	173	238	262
Facilities Management	11,864	21,272	32,869
Fire Protection	1,950	2,109	20,044
Historic Preservation & Planning	553	2,443	26,563
Housing	5,392	24,278	109,112
Human Services	-	14,000	7,163
Information Technology	14,436	9,745	44,223
Libraries	1,101	1,976	3,934
Municipal Court	-	-	7,000
Neighborhood Services	4,849	3,743	10,888
Non-Departmental Capital	-	-	30,000
Parks, Recreation & Mountain Preserves	39,367	35,009	129,873
Phoenix Convention Center	9,281	5,421	8,927
Public Art Program	2,222	685	4,285
Public Transit	169,115	62,918	515,950
Solid Waste Disposal	13,877	14,284	14,373
Street Transportation & Drainage	106,036	142,444	222,979
Wastewater	66,084	44,933	138,142
Water	96,354	121,819	172,262
<b>Total Operating Funds</b>	<b>563,635</b>	<b>576,738</b>	<b>1,749,222</b>
<b><u>Source of Funds</u></b>			
<b>General Funds</b>			
General Fund	23,474	34,548	114,217
Library	684	377	2,115
Parks	-	-	5,600
<b>Total General Funds</b>	<b>24,158</b>	<b>34,925</b>	<b>121,932</b>
<b>Special Revenue Funds</b>			
Arizona Highway User Revenue	64,859	78,365	114,864
Capital Construction	5,625	5,974	24,792
Community Reinvestment	1,544	6,402	7,924
Development Services	1,208	2,618	29,165
Golf	687	560	1,440
Grants	54,973	80,739	255,622
Other Restricted	9,572	5,361	17,059
Parks and Preserves	30,945	32,067	120,293
Regional Transit	3,857	2,393	17,839
Sports Facilities	2,064	4,413	2,127
Transportation 2050	177,799	101,654	454,661
<b>Total Special Revenue Funds</b>	<b>353,133</b>	<b>320,546</b>	<b>1,045,787</b>
<b>Enterprise Funds</b>			
Aviation	18,738	37,296	237,893
Convention Center	62	2,171	10,617
Solid Waste	5,493	14,877	17,631
Wastewater	66,463	45,614	145,256
Water	95,588	121,309	170,106
<b>Total Enterprise Funds</b>	<b>186,344</b>	<b>221,267</b>	<b>581,503</b>
<b>Total Operating Funds</b>	<b>563,635</b>	<b>576,738</b>	<b>1,749,222</b>

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

	2021-22 Actuals	2022-23 Estimate	2023-24	
			Budget	Increase/ (Decrease)
<b>Transfers to the General Fund</b>				
<b><u>Enterprise Funds</u></b>				
Aviation				
Central Service Cost Allocation	10,233	13,634	13,634	-
Convention Center				
Central Service Cost Allocation	2,721	3,144	3,144	-
Solid Waste				
Central Service Cost Allocation	8,935	10,778	10,778	-
In-Lieu Property Taxes	1,232	1,153	1,176	23
Total	10,167	11,931	11,954	23
Wastewater Funds				
Central Service Cost Allocation	7,231	8,539	8,539	-
In-Lieu Property Taxes	9,916	10,268	11,067	799
Total	17,147	18,807	19,606	799
Water Funds				
Central Service Cost Allocation	10,846	12,808	12,808	-
In-Lieu Property Taxes	16,456	17,185	17,997	812
Total	27,302	29,993	30,805	812
<b>Total From Enterprise Funds</b>	<b>67,570</b>	<b>77,509</b>	<b>79,143</b>	<b>1,634</b>
<b><u>Special Revenue Funds</u></b>				
Excise				
Transfer to General Fund	1,096,033	1,232,233	1,386,610	154,377
Development Services				
Central Service Cost Allocation	5,261	6,528	6,528	-
Sports Facilities				
Central Service Cost Allocation	103	63	63	-
ASU Facilities Operations Fund	-	871	705	(166)
Downtown Community Reinvestment Fund	2,065	2,066	2,064	(2)
Housing Central Office Central Service Costs	287	382	382	-
Library Reserve Fund	343	3,066	-	(3,066)
Neighborhood Protection Central Service Costs	519	726	726	-
Parks Gifts and Donations	-	1,000	-	(1,000)
Public Housing In-Lieu Property Taxes	153	200	200	-
Public Safety Enhancement Central Service Costs	419	535	535	-
Public Safety Expansion Central Service Costs	1,148	1,639	1,639	-
T2050 Central Service Costs	1,048	1,228	1,228	-
<b>Total From Special Revenue Funds</b>	<b>1,107,379</b>	<b>1,250,537</b>	<b>1,400,680</b>	<b>150,143</b>
<b>Total Transfers to the General Fund</b>	<b>1,174,949</b>	<b>1,328,046</b>	<b>1,479,823</b>	<b>151,777</b>

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

	2021-22 Actuals	2022-23 Estimate	2023-24	
			Budget	Increase/ (Decrease)
<b>Transfers from the General Fund</b>				
Aerial Fleet Capital Reserve Fund	(7,000)	(7,000)	(8,000)	(1,000)
Arizona Highway User Revenue	-	(3,000)	-	3,000
Aviation-Emergency Transportation Services	(189)	(189)	(189)	-
Capital Reserve Fund	-	(5,000)	-	5,000
City Improvement - 100 W. Washington Loan	(60,000)	-	-	-
City Improvement - Library	(39)	(116)	(129)	(13)
City Improvement	(16,729)	(44,049)	(47,515)	(3,466)
Community Facilities Districts-Restricted Fund	(63)	(400)	(797)	(397)
Fire Public Safety Enhancement	-	(1,826)	-	1,826
Fire Sinking Fund	(10,000)	(21,500)	(2,214)	19,286
Housing Central Office Cost Center	-	(2,500)	(2,500)	-
Infrastructure Repayment Agreements	(1,369)	(4,359)	(13,095)	(8,736)
Parks Gifts and Donations	(4,840)	-	-	-
Police-2007 Public Safety Expansion	-	(10,061)	-	10,061
Police Sinking Fund	-	(11,500)	-	11,500
Public Safety Other Restricted Fund	(17,000)	(17,000)	(18,000)	(1,000)
Public Safety Pension Reserve Fund	(1,000)	(1,000)	(1,000)	-
Restructured Savings Debt Service Reserve	(27,038)	(15,000)	-	15,000
Retiree Medical Expense Reimbursement	(4,950)	-	-	-
Retiree Rate Stabilization Fund	(1,026)	(1,026)	(1,022)	4
Self Insurance Retention Reserve	(5,100)	-	-	-
Strategic Economic Development Fund	(1,200)	(1,500)	(1,500)	-
Street Capital Project	(3,731)	(6,009)	(6,009)	-
Unemployment Compensation	(500)	-	-	-
Worker's Compensation	(4,950)	-	-	-
<b>Total Transfers from the General Fund</b>	<b>(166,724)</b>	<b>(153,035)</b>	<b>(101,970)</b>	<b>51,065</b>
<b>Net Transfers to the General Fund</b>	<b>1,008,224</b>	<b>1,175,011</b>	<b>1,377,853</b>	<b>202,842</b>

**SCHEDULE 8**  
**POSITIONS BY DEPARTMENT**  
Number of Full Time Equivalent Positions

	2021-22 Actual	2022-23 Adopted	2022-23 Estimate	Estimate less Adopted	2023-24 Budget	Budget less Estimate
<b>General Government</b>						
Mayor's Office	15.0	15.0	15.0	0.0	15.0	0.0
City Council	41.5	41.5	45.5	4.0	45.5	0.0
City Manager's Office	56.5	56.5	65.0	8.5	65.0	0.0
City Auditor	25.4	25.4	25.4	0.0	25.4	0.0
Information Technology Services	216.0	215.0	225.0	10.0	225.0	0.0
Equal Opportunity	27.0	27.0	30.0	3.0	30.0	0.0
City Clerk	51.7	51.5	51.5	0.0	51.5	0.0
Human Resources	127.7	128.7	141.7	13.0	141.7	0.0
Retirement Systems	18.0	18.0	18.0	0.0	18.0	0.0
Phoenix Employment Relations Board	1.0	1.0	1.0	0.0	1.0	0.0
Law	71.0	72.0	80.0	8.0	86.0	6.0
Budget and Research	29.0	29.0	24.0	(5.0)	24.0	0.0
Regional Wireless Cooperative	4.0	4.0	4.0	0.0	5.0	1.0
Finance	218.0	218.0	220.0	2.0	220.0	0.0
Communications Office	21.1	21.1	24.0	2.9	23.0	(1.0)
Government Relations	5.0	5.0	6.0	1.0	6.0	0.0
<b>Total General Government</b>	<b>927.9</b>	<b>928.7</b>	<b>976.1</b>	<b>47.4</b>	<b>982.1</b>	<b>6.0</b>
<b>Public Safety</b>						
Police	4,472.9	4,527.9	4,548.9	21.0	4,587.9	39.0
Fire	2,288.7	2,280.7	2,364.7	84.0	2,386.7	22.0
<b>Total Public Safety</b>	<b>6,761.6</b>	<b>6,808.6</b>	<b>6,913.6</b>	<b>105.0</b>	<b>6,974.6</b>	<b>61.0</b>
<b>Criminal Justice</b>						
City Prosecutor	155.5	167.5	165.0	(2.5)	164.0	(1.0)
Municipal Court	279.0	281.0	281.0	0.0	281.0	0.0
Public Defender	11.0	13.0	13.0	0.0	13.0	0.0
<b>Total Criminal Justice</b>	<b>445.5</b>	<b>461.5</b>	<b>459.0</b>	<b>(2.5)</b>	<b>458.0</b>	<b>(1.0)</b>
<b>Transportation</b>						
Street Transportation	737.0	743.0	753.0	10.0	752.0	(1.0)
Aviation	892.0	920.0	922.0	2.0	922.0	0.0
Public Transit	122.0	127.0	127.0	0.0	127.0	0.0
<b>Total Transportation</b>	<b>1,751.0</b>	<b>1,790.0</b>	<b>1,802.0</b>	<b>12.0</b>	<b>1,801.0</b>	<b>(1.0)</b>

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

	2021-22 Actual	2022-23 Adopted	2022-23 Estimate	Estimate less Adopted	2023-24 Budget	Budget less Estimate
<b>Community Development</b>						
Planning and Development	520.8	533.8	536.8	3.0	536.8	0.0
Housing	127.0	126.0	129.0	3.0	129.0	0.0
Community and Economic Development	61.0	61.0	62.0	1.0	61.0	(1.0)
Neighborhood Services	196.0	200.0	202.0	2.0	202.0	0.0
<b>Total Community Development</b>	<b>904.8</b>	<b>920.8</b>	<b>929.8</b>	<b>9.0</b>	<b>928.8</b>	<b>(1.0)</b>
<b>Community Enrichment</b>						
Office of Arts and Culture	11.0	11.0	11.0	0.0	12.0	1.0
Parks and Recreation	1,054.0	1,060.6	1,061.6	1.0	1,082.6	21.0
Library	400.9	403.1	412.5	9.4	411.5	(1.0)
Phoenix Convention Center	219.0	219.0	220.0	1.0	220.0	0.0
Human Services	427.0	411.0	459.0	48.0	430.0	(29.0)
<b>Total Community Enrichment</b>	<b>2,111.9</b>	<b>2,104.7</b>	<b>2,164.1</b>	<b>59.4</b>	<b>2,156.1</b>	<b>(8.0)</b>
<b>Environmental Services</b>						
Office of Sustainability	5.0	5.0	6.0	1.0	6.0	0.0
Environmental Programs	14.0	13.0	16.0	3.0	15.0	(1.0)
Public Works	445.0	456.0	462.0	6.0	462.0	0.0
Solid Waste Disposal	635.5	628.5	637.5	9.0	627.5	(10.0)
Water Services	1,493.0	1,529.0	1,535.8	6.8	1,535.8	0.0
<b>Total Environmental Services</b>	<b>2,592.5</b>	<b>2,631.5</b>	<b>2,657.3</b>	<b>25.8</b>	<b>2,646.3</b>	<b>(11.0)</b>
<b>Total</b>	<b>15,495.2</b>	<b>15,645.8</b>	<b>15,901.9</b>	<b>256.1</b>	<b>15,946.9</b>	<b>45.0</b>

**2021-22 SCHEDULE 9**  
**OPERATING AND CAPITAL RESOURCES AND EXPENDITURES BY FUND CATEGORY**  
**ACTUAL**  
(In Thousands of Dollars)

	Operating Funds			Capital Funds		All Budgeted Funds
	General <sup>1/</sup>	Special Revenue	Enterprise	Bonds	Other Capital	
<b>Beginning Fund Balance</b>	<b>283,000</b>	<b>700,722</b>	<b>744,996</b>	<b>302,649</b>	<b>288,200</b>	<b>2,319,567</b>
<b>Revenues</b>						
City Taxes and Related Fees	-	1,330,677	-	-	-	1,330,677
Property Taxes	192,215	119,973	-	-	-	312,188
State Shared Revenues <sup>2/</sup>	78,695	609,148	-	-	-	687,843
Federal and State Grants <sup>2/</sup>	1,859	586,867	143,104	-	80,560	812,390
Licenses and Permits <sup>2/</sup>	14,443	9,071	-	-	28	23,543
Charges for Services	80,195	126,565	744,311	-	166,474	1,117,545
Sales of Goods and Assets	2,053	9,206	475,799	-	(36)	487,022
Rentals	2,286	21,264	23,773	369	-	47,691
Concessions	5,726	749	141,927	-	-	148,401
Fines and Forfeitures	8,108	49	-	-	-	8,157
Interest Revenues	3,932	4,060	7,274	576	40,977	56,819
SRP In-Lieu Taxes	2,203	-	-	-	-	2,203
Other Revenues	7,965	18,647	17,597	257	4,089	48,555
<b>Total Revenues</b>	<b>399,680</b>	<b>2,836,276</b>	<b>1,553,785</b>	<b>1,202</b>	<b>292,093</b>	<b>5,083,036</b>
<b>Other Sources and Uses</b>						
Net Interfund Transfers In (Out)	1,008,223	(1,025,494)	113,634	(50,655)	(61,454)	(15,745)
Bond Proceeds	-	540	-	459,163	-	459,702
Expense Recoveries	3,793	28,256	19,153	3,099	5,281	59,582
<b>Total Other Sources and Uses</b>	<b>1,012,016</b>	<b>(996,698)</b>	<b>132,787</b>	<b>411,607</b>	<b>(56,173)</b>	<b>503,539</b>
<b>Total Sources</b>	<b>1,694,696</b>	<b>2,540,300</b>	<b>2,431,568</b>	<b>715,458</b>	<b>524,120</b>	<b>7,906,142</b>
<b>Expenditures</b>						
General Government	145,368	43,821	2,440	-	-	191,630
Public Safety	992,648	235,662	-	-	-	1,228,310
Criminal Justice	56,547	3,621	-	-	-	60,167
Transportation	23,166	319,148	348,414	-	-	690,728
Community Development	28,225	204,072	589	-	-	232,886
Community Enrichment	173,631	181,738	43,204	-	-	398,573
Environmental Services	26,508	24,793	500,592	-	-	551,892
Operating Debt Service	-	226,715	344,312	-	-	571,026
Capital Improvement Program	24,158	353,133	186,344	315,351	264,193	1,143,179
<b>Total Expenditures</b>	<b>1,470,251</b>	<b>1,592,702</b>	<b>1,425,896</b>	<b>315,351</b>	<b>264,193</b>	<b>5,068,392</b>
<b>Ending Fund Balance</b>	<b>224,446</b>	<b>947,598</b>	<b>1,005,673</b>	<b>400,106</b>	<b>259,927</b>	<b>2,837,750</b>

<sup>1/</sup> General fund sales tax revenue is reflected as a transfer-in from the excise tax fund. Total transfer equates to \$1,096.0 million, and is included in the General Funds revenue total of \$1,495.7 million shown on Schedule 2.

<sup>2/</sup> The amounts reported here do not align with Schedule 2, as there are differences in how revenues have been grouped between the reports.

**2022-23 SCHEDULE 9**  
**OPERATING AND CAPITAL RESOURCES AND EXPENDITURES BY FUND CATEGORY**  
**ESTIMATE**  
(In Thousands of Dollars)

	Operating Funds			Capital Funds		All Budgeted Funds
	General <sup>1/</sup>	Special Revenue	Enterprise	Bonds	Other Capital	
<b>Beginning Fund Balance</b>	<b>224,446</b>	<b>947,598</b>	<b>1,005,673</b>	<b>400,106</b>	<b>259,927</b>	<b>2,837,750</b>
<b>Revenues</b>						
City Taxes and Related Fees	-	1,399,599	-	-	-	1,399,599
Property Taxes	200,199	125,477	-	-	-	325,676
State Shared Revenues <sup>2/</sup>	79,065	713,031	-	-	-	792,096
Federal and State Grants <sup>2/</sup>	1,912	522,786	92,602	-	428,862	1,046,163
Licenses and Permits <sup>2/</sup>	12,835	8,398	-	-	-	21,233
Charges for Services	85,808	137,122	759,519	-	-	982,449
Sales of Goods and Assets	907	15,056	503,380	-	-	519,342
Rentals	6,987	19,302	31,765	-	-	58,054
Concessions	6,927	796	171,463	-	-	179,186
Fines and Forfeitures <sup>2/</sup>	7,973	45	-	-	-	8,018
Interest Revenues	14,825	15,046	34,132	-	-	64,003
SRP In-Lieu Taxes	2,126	-	-	-	-	2,126
Other Revenues	8,633	57,705	10,169	17,811	243,339	337,657
<b>Total Revenues</b>	<b>428,197</b>	<b>3,014,364</b>	<b>1,603,030</b>	<b>17,811</b>	<b>672,202</b>	<b>5,735,603</b>
<b>Other Sources and Uses</b>						
Net Interfund Transfers In (Out)	1,175,012	(1,127,991)	46,591	(2,178)	(24,088)	67,346
Bond Proceeds	-	-	-	150,709	-	150,709
Expense Recoveries	4,206	10,106	11,742	1,524	4,910	32,488
<b>Total Other Sources and Uses</b>	<b>1,179,218</b>	<b>(1,117,885)</b>	<b>58,333</b>	<b>150,055</b>	<b>(19,178)</b>	<b>250,543</b>
<b>Total Sources</b>	<b>1,831,861</b>	<b>2,844,077</b>	<b>2,667,036</b>	<b>567,972</b>	<b>912,951</b>	<b>8,823,896</b>
<b>Expenditures</b>						
General Government	181,194	31,160	2,324	-	-	214,678
Public Safety	1,084,184	283,406	-	-	-	1,367,591
Criminal Justice	61,782	4,732	-	-	-	66,514
Transportation	26,011	394,476	301,256	-	-	721,743
Community Development	34,203	244,643	708	-	-	279,554
Community Enrichment	192,749	216,370	51,454	-	-	460,573
Environmental Services	28,506	9,420	567,329	-	-	605,254
Non-Departmental Operating <sup>3/</sup>	(15,760)	-	-	-	-	(15,760)
Operating Debt Service	-	278,928	355,900	-	-	634,828
Capital Improvement Program	34,925	320,546	221,267	289,901	223,695	1,090,334
<b>Total Expenditures</b>	<b>1,627,796</b>	<b>1,783,679</b>	<b>1,500,239</b>	<b>289,901</b>	<b>223,695</b>	<b>5,425,309</b>
<b>Ending Fund Balance</b>	<b>204,065</b>	<b>1,060,397</b>	<b>1,166,797</b>	<b>278,070</b>	<b>689,256</b>	<b>3,398,586</b>

<sup>1/</sup> General fund sales tax revenue is reflected as a transfer-in from the excise tax fund. Total transfer equates to \$1,232.2 million, and is included in the General Funds revenue total of \$1,660.4 million shown on Schedule 2.

<sup>2/</sup> The amounts reported here do not align with Schedule 2, as there are differences in how revenues have been grouped between the reports.

<sup>3/</sup> Non-Departmental Operating consists of unassigned vacancy savings and additional pension contribution.

**2023-24 SCHEDULE 9**  
**OPERATING AND CAPITAL RESOURCES AND EXPENDITURES BY FUND CATEGORY**  
**BUDGET**  
(In Thousands of Dollars)

	Operating Funds			Capital Funds		All Budgeted Funds
	General <sup>1/</sup>	Special Revenue	Enterprise	Bonds	Other Capital	
<b>Beginning Fund Balance</b>	<b>204,065</b>	<b>1,060,397</b>	<b>1,166,797</b>	<b>278,070</b>	<b>689,256</b>	<b>3,398,586</b>
<b>Revenues</b>						
City Taxes and Related Fees	-	1,440,178	-	-	-	1,440,178
Property Taxes	206,935	131,092	-	-	-	338,027
State Shared Revenues <sup>2/</sup>	85,627	854,024	-	-	-	939,651
Federal and State Grants <sup>2/</sup>	1,912	823,245	499	-	1,411,610	2,237,266
Licenses and Permits <sup>2/</sup>	12,934	8,367	-	-	-	21,301
Charges for Services	89,288	129,724	823,953	-	-	1,042,966
Sales of Goods and Assets	907	17,627	584,313	-	-	602,846
Rentals	6,266	18,163	32,660	-	-	57,088
Concessions	7,010	767	176,690	-	-	184,467
Fines and Forfeitures <sup>2/</sup>	7,972	45	-	-	-	8,017
Interest Revenues	14,825	11,094	29,740	-	-	55,659
SRP In-Lieu Taxes	2,126	-	-	-	-	2,126
Other Revenues	8,492	57,426	21,041	-	148,192	235,151
<b>Total Revenues</b>	<b>444,293</b>	<b>3,491,751</b>	<b>1,668,897</b>	<b>-</b>	<b>1,559,802</b>	<b>7,164,743</b>
<b>Other Sources and Uses</b>						
Net Interfund Transfers In (Out)	1,377,854	(1,412,282)	21,006	-	(3,313)	(16,736)
Bond Proceeds	-	-	-	600,000	-	600,000
Expense Recoveries	2,457	2,483	6,507	-	-	11,447
<b>Total Other Sources and Uses</b>	<b>1,380,311</b>	<b>(1,409,799)</b>	<b>27,513</b>	<b>600,000</b>	<b>(3,313)</b>	<b>594,711</b>
<b>Total Sources</b>	<b>2,028,669</b>	<b>3,142,349</b>	<b>2,863,207</b>	<b>878,070</b>	<b>2,245,745</b>	<b>11,158,040</b>
<b>Expenditures</b>						
General Government	212,415	26,854	2,544	-	-	241,813
Public Safety	1,222,556	321,109	-	-	-	1,543,666
Criminal Justice	67,327	4,388	-	-	-	71,715
Transportation	25,473	433,703	338,174	-	-	797,350
Community Development	39,424	368,246	746	-	-	408,416
Community Enrichment	227,767	158,090	61,597	-	-	447,454
Environmental Services	38,527	6,942	640,975	-	-	686,445
Non-Departmental Operating <sup>3/</sup>	73,247	90,500	61,000	-	-	224,747
Operating Debt Service	-	213,863	365,347	-	-	579,210
Capital Improvement Program	121,932	1,045,787	581,503	856,507	1,779,409	4,385,138
<b>Total Expenditures</b>	<b>2,028,668</b>	<b>2,669,483</b>	<b>2,051,886</b>	<b>856,507</b>	<b>1,779,409</b>	<b>9,385,953</b>
<b>Ending Fund Balance</b>	<b>-</b>	<b>472,866</b>	<b>811,321</b>	<b>21,563</b>	<b>466,337</b>	<b>1,772,088</b>

<sup>1/</sup> General fund sales tax revenue is reflected as a transfer-in from the excise tax fund. Total transfer equates to \$1,386.6 million, and is included in the General Funds revenue total of \$1,830.9 million shown on Schedule 2.

<sup>2/</sup> The amounts reported here do not align with Schedule 2, as there are differences in how revenues have been grouped between the reports.

<sup>3/</sup> Non-Departmental Operating consists of contingencies, Coronavirus State and Local Fiscal Recovery Funds (SLFRF), unassigned vacancy savings, and additional pension contribution.





# **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 Proposed 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 develop viable urban communities by providing decent housing and a suitable living environment, and by expanding economic opportunities, principally for 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 mandates, unanticipated one-time expenses, and similar eventualities.

**Contractual Services**

Expenditures for services performed by firms, individuals or other City departments.

**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.

**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, such as 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 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 Improvement Program expenditures paid for by Operating Funds.

**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.

**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.

**Proposed 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 Proposed 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**

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 Proposed 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-Based 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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