

PHOENIX

Summary Budget



2024 - 2025

*Building the Phoenix
of Tomorrow*





PHOENIX 2024-2025

Summary
 Budget



City of Phoenix



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August 2024

City of Phoenix Council Members and District Boundaries



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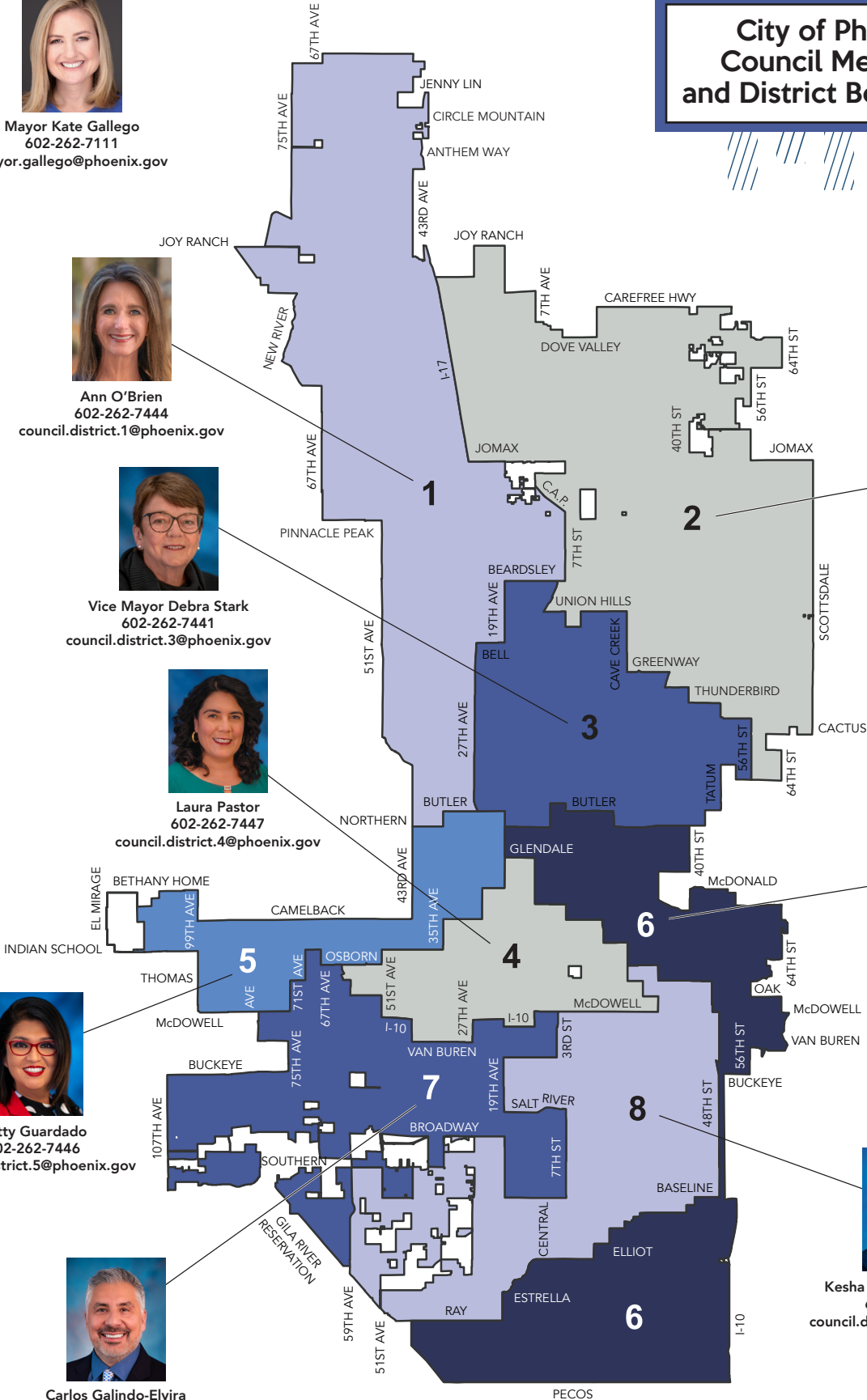
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CITY OF PHOENIX

Mayor and City Council

Kate Gallego
Mayor

Debra Stark
Vice Mayor
District 3

Ann O'Brien
District 1

Jim Waring
District 2

Laura Pastor
District 4

Betty Guardado
District 5

Kevin Robinson
District 6

Carlos Galindo-Elvira
District 7

Kesha Hodge Washington
District 8

Mayor's Office

Seth Scott
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
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

Joseph T. Brown
Street Transportation Director

Aaron Cook
City Auditor

Michael Duran
Fire Chief

Jacqueline Edwards
Human Services Director

Kathleen Gitkin
Chief Financial Officer

Steen Hambric
Chief Information Officer

Jerry Harper
Phoenix Convention Center
Director

Troy Hayes
Water Services Director

Julie Kriegh
City Attorney

Donald R. Logan
Equal Opportunity Director

Erin MacFarlane
Library Services 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

Felipe Moreno
Public Works Director

Jesús Sapien
Public Transit Director

Spencer Self
Neighborhood Services Director

Michael Sullivan
Interim Police Chief

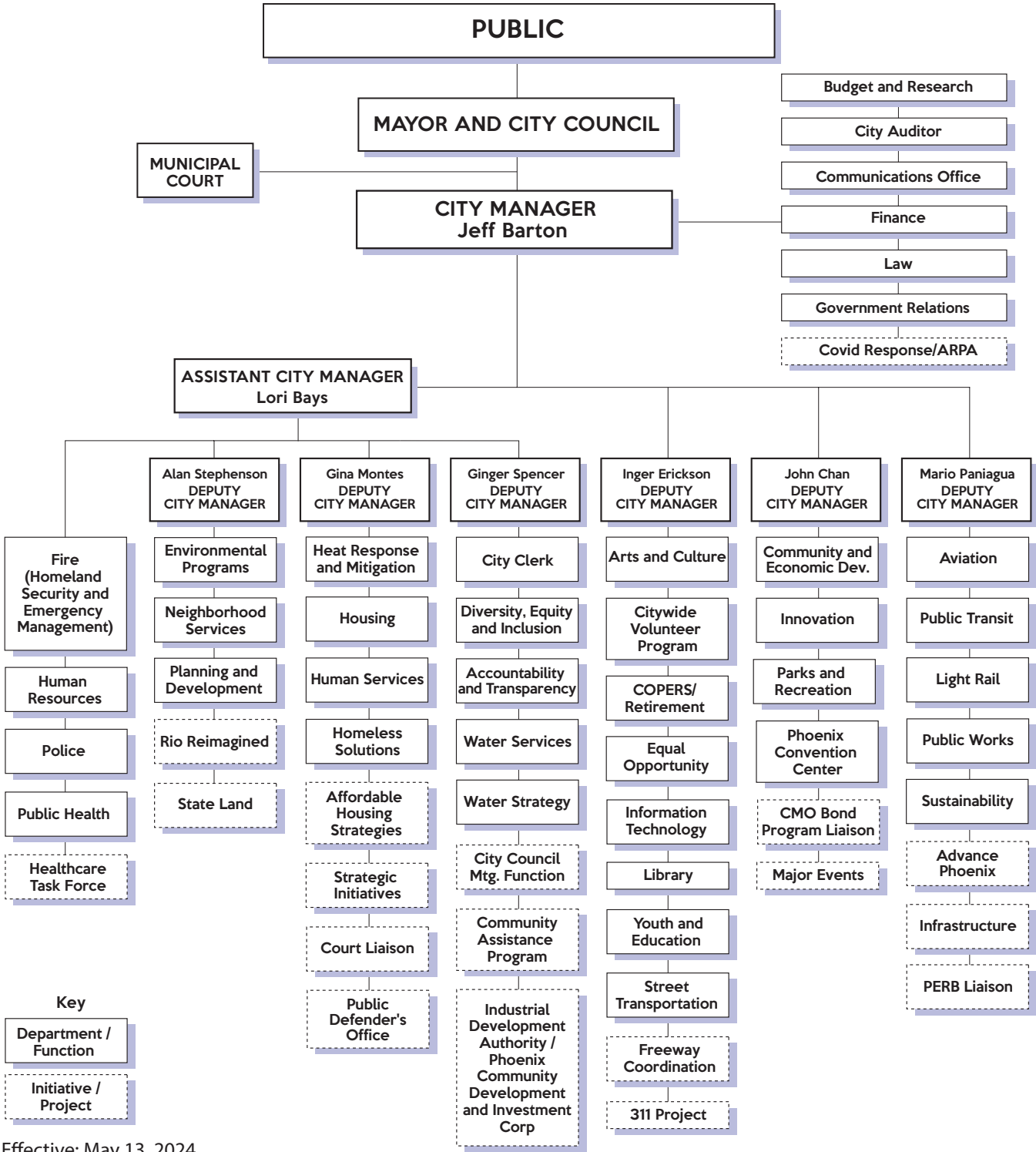
Amber Williamson
Budget and Research Director

Dan Wilson
Communications Office Director

Chief Presiding Judge

B. Don Taylor III

CITY OF PHOENIX ORGANIZATIONAL CHART



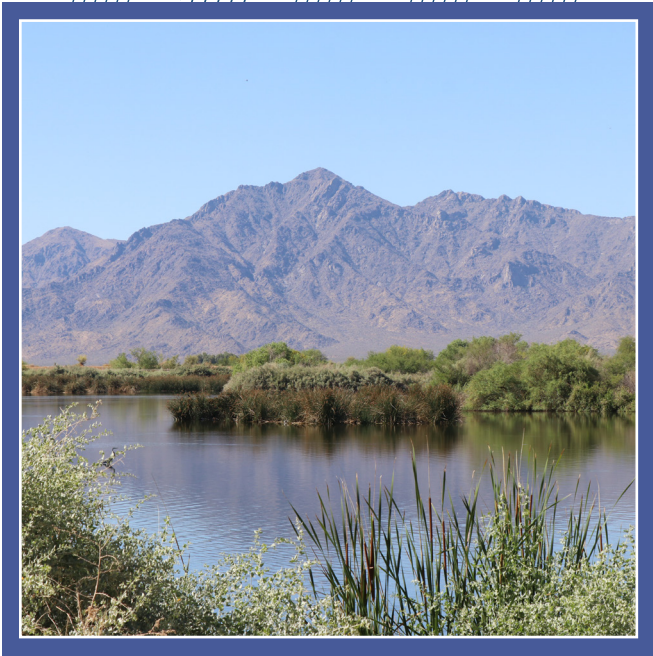
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BUDGET DOCUMENT OVERVIEW

This overview outlines the 2024-25 Annual Budget. This budget document can be accessed at phoenix.gov/budget, or copies of the document are available by contacting the City of Phoenix Budget and Research Department at 602-262-4800, TTY: use 7-1-1. To request this in alternate formats (large print, braille, audio cassette or compact disc), please contact the Budget and Research Department.

The summary budget contains a narrative description of Phoenix programs and services planned for 2024-25. 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 2024-29 Capital Improvement Program provides Phoenix's planned construction program by project and detailed sources of funds.

A more detailed description of the 2024-25 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 2023-24 and 2024-25 as well as actual results for recent and historical periods.

2024-25 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 2024-25 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.

2024-25 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.

2024-29 CAPITAL IMPROVEMENT PROGRAM

This section provides a description of the Capital Improvement Program process and an overview of the 2024-29 Capital Improvement Program.

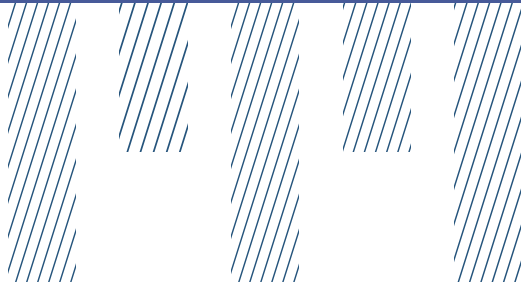
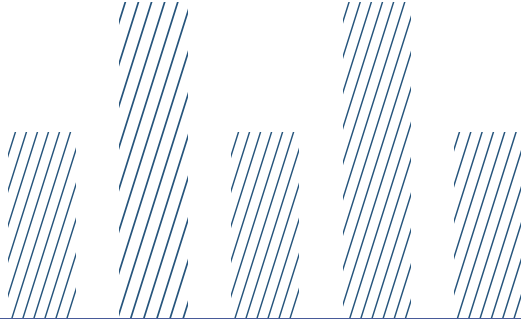
SCHEDULES

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 City of Phoenix, 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, 2023

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, 2023.

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

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



CITY MANAGER'S BUDGET MESSAGE



Jeff Barton
City Manager

TO THE HONORABLE MAYOR AND CITY COUNCIL:

This letter transmits the balanced 2024-25 City of Phoenix Budget required by City Charter.

The 2024-25 City of Phoenix Budget is balanced and preserves existing programs and services residents rely on every day. I want to thank the community for their input and the City Council for their leadership to adopt a balanced budget. Unfortunately, due to actions by the State legislative and executive branches significant reductions in ongoing revenue are expected in the coming fiscal years. It is for this reason the 2024-25 General Fund budget approved by the City Council on June 12, 2024, includes reserving one-time resources to be available to help balance the budget going forward.

As reflected in the 2024-25 General Fund (GF) Status and Multi-year Forecast report presented to City Council on February 27, 2024, the \$80 million one-time surplus will be set-aside to be available to help resolve future projected deficits. Shortfalls are expected due to the State's actions to eliminate residential rental sales tax (SB 1131) and to reduce the individual income tax rate to the current "flat tax" of 2.5 percent (SB 1828). These actions significantly reduce resources while the City faces financial pressures due to continuing inflation and necessary compensation increases to ensure a high-quality workforce. Baseline deficits are projected in 2025-26 of \$(92) million and in 2026-27 of \$(31) million based on the most recent multi-year forecast available on the Budget & Research Department website at phoenix.gov/budget.

While we will face budgetary challenges in the future, City leadership is committed to identifying solutions to balance the budget going forward, and to continue the tradition of delivering exceptional services to our residents. Phoenix also continues to be an economic leader in the country due to diverse business and development opportunities, a strong job market, and population growth. Over the past three fiscal years the city has benefited from strong revenue growth and the Council made strategic decisions to responsibly allocate available resources to resident priorities, and to invest in our City employees by approving competitive pay increases. Significant GF additions have been made over this time, totaling \$365 million, to enhance a variety of programs and services for the community, implement recommended changes from the Classification and Compensation Study, and for negotiated labor increases.

Community Engagement

Engaging residents in the annual budget process is a top priority for the City Council. To facilitate feedback, a total of eleven budget hearings were held from April 2, 2024, to April 16, 2024. The proposed budget was also made available on the City's website and in the FundPHX tool available at phoenix.gov/budget. Residents also communicated priorities via email at budget.research@phoenix.gov and by calling 602-262-4800.

Consistent themes of resident input included:

- Preserve existing services provided by the city.
- Requests for legal counsel for residents facing eviction.
- Additional funding for drinking fountains.
- Support for more resources for the Fire Department.
- Resources to address homelessness and affordable housing.
- Support for road safety initiatives, including Vision Zero.
- Additional funding for arts and culture.

Public participation demonstrated a variety of opinions and priorities of residents. While expanding and adding programs and services could not be accommodated in the 2024-25 budget, resident feedback was shared with the City Council and is extremely important to set budget and policy discussions for the future.

Overview of 2024-25 Budget

General Fund Budget: The balanced 2024-25 GF budget is \$2,131.8 million. This is a \$103.1 million increase or 5.1 percent from the adopted 2023-24 GF Budget of \$2,028.7 million. The increase accounts for higher costs associated with employee salaries and fringe benefits, including health insurance and pension, and a higher contingency amount to achieve 4.75 percent of operating costs. Inflation also continues to impact several expenditure categories including commodities and contractals such as electricity, motor vehicle parts, custodial services, machinery and equipment repair, and facility maintenance costs.

Projected 2024-25 GF resources are estimated at \$2,131.8 million and includes the estimated beginning balance of \$276.6 million, estimated revenue of \$1,843.6 million and net interfund transfers and recoveries of \$11.6 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 \$1,843.6 million represent annual growth of (3.1) percent over 2023-24 and is largely due to a decrease in state shared income tax, which is based on collections from two years prior and reflects the impact of SB 1828 which reduced individual income tax rates down to the current 2.5 percent. Negative growth also accounts for elimination of residential rental city sales tax due to SB 1131 effective January 2025. The combined negative impact to City revenues from the state's actions is estimated at \$(54) million in 2024-25 and \$(86) million in 2025-26. Revenue projections assume no further impacts from state legislative actions and does include increased growth in other city sales tax categories, state sales tax and several non-tax categories.

Included in the 2024-25 City budget are 30.0 ongoing full-time equivalent (FTE) positions needed in the GF (28.0 FTE) and Non-GFs (2.0 FTE). These positions represent conversion of existing budgeted resources for critical needs. Funding for these positions has been identified and accounted for in department budgets and therefore no additional resources are required.

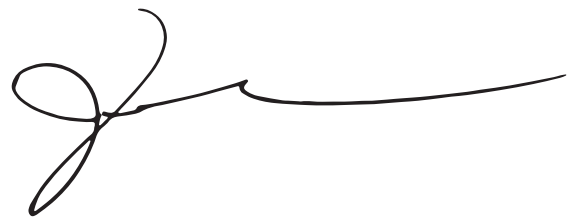
Additional detail on the 2024-25 GF Budget is provided in the Resource and Expenditure section of this document.

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. 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.

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 total 2024-25 City budget is \$7,243.8 million.

This budget reflects the City Council's dedication to the Phoenix community and responsibly saves resources to preserve vital programs and services for residents. More information on the budget can be found at phoenix.gov/budget.

Thank you,

A handwritten signature in black ink, appearing to read 'Jeff Barton', with a long horizontal line extending to the right.

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 2023-24 Major Accomplishments



PHOENIX STRATEGIC PLAN

MISSION STATEMENT

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

ABOUT THE STRATEGIC PLAN

The City of Phoenix developed a strategic plan to help guide decision-making at all levels of the organization and focus the City's efforts on its core businesses. The Phoenix Strategic Plan was coordinated by a team in the City Manager's Office. For more information about the Strategic Plan, including specific strategies of its components, visit phoenix.gov/strategicplan.

ECONOMIC DEVELOPMENT AND EDUCATION

A diverse, vibrant economy that provides economic opportunity for residents is essential to achieving the City's aspirations for a high quality of life. Creating and preserving jobs and enhancing our revenue base are key objectives. Businesses, neighborhoods, and individual residents benefit from the improved quality of life that the City's economic development efforts create. The most important building block of a strong economy is an educated and productive workforce.

Priorities

1. **Create and retain high-quality jobs focusing on key domestic and international business sectors.** To a great extent, the quality of life for Phoenix residents will be dependent on the number and quality of jobs created and retained that are convenient and appropriate for residents of the City of Phoenix.
2. **Foster an environment for entrepreneurial growth.** Entrepreneurs make critical contributions to the economy, including the generation of new jobs. Energized, educated entrepreneurs create economic opportunity for others and enhance a culture of innovation.
3. **Revitalize the urban areas of Phoenix.** Thriving urban cores are critical to the economic health and well-being of the entire metropolitan area. Strong urban centers enhance Phoenix's image and should be reflective of the City's collective social and economic aspirations as a region.
4. **Expand the City's revenue base.** Sales taxes provide the largest source of local government funding. Phoenix needs to attract and retain a fair share of retail activity to sustain quality public services for residents.
5. **Develop and retain qualified talent to meet the needs of business and the community.** A skilled workforce is essential for an economy to sustain and enhance its competitiveness. A workforce development strategy that allows employers to grow and residents to enhance their income is critical to maintaining a high quality of life for Phoenix residents.
6. **Promote early literacy and prepare young children for academic success.** Early childhood development is critical in preparing youth for success in school and developing a foundation of knowledge, skills, and life-long learning in families and the community.
7. **Commit to achieving educational excellence for all Phoenix residents through sponsored facilities and programs.** The future success of the region depends on ensuring that residents are prepared to meet the challenges of the 21st Century as educated, productive, and engaged residents.

FINANCIAL EXCELLENCE

Financial excellence ensures the effective and efficient allocation of City resources for the delivery of quality services to residents. It creates trust and confidence that City resources are used appropriately. At the core of financial excellence is integrity and innovation. The Phoenix Financial Excellence Strategic Plan strives to maintain fiscally sound and sustainable financial plans and budgets that reflect community values and residents' priorities.

Priorities

1. **Maintain high bond ratings.** A bond rating is a measure of the credit quality of the City. Factors considered in a rating are the health of the local economy, stability and volatility of revenues, level of reserves for liquidity during unexpected financial conditions, as well as sound financial practices, policies, and structures or systems that allow flexibility to address challenges. An entity with a long-term outlook and 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

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

Priorities

1. **Create and maintain intra-City transportation.** Provide safe, clean, efficient, sustainable, multi-modal surface transportation systems consistent with Complete Streets policies to support mobility needs of present and future residents, businesses, and visitors within the City of Phoenix.
2. **Establish and enhance inter-City transportation.** Provide safe, efficient, sustainable, cost-effective multi-modal transportation systems to support economic growth, population growth, and competitiveness through connectivity to regional, national, and global destinations.
3. **Develop and operate public utilities.** Protect the public health and environment by providing reliable, efficient, and affordable water, wastewater, stormwater, and garbage and diversion (recycling, reducing, reusing) services.
4. **Construct and manage public facilities.** Provide safe, efficient, sustainable, cost-effective, well-maintained and aesthetically pleasing public facilities for delivery of municipal services to residents and visitors; build, maintain, and manage capital assets to preserve long-term investment and ensure uninterrupted support services.

INNOVATION AND EFFICIENCY

The City of Phoenix must further enhance its commitment to developing new and creative service delivery methods to provide services to residents. The City must also remain dedicated to developing and seeking continuous improvements in business processes and maintaining a culture of innovation and efficiency.

Priorities

1. **Infuse a mindset focused on innovation and efficiency into the City of Phoenix organizational culture.** An “innovation and efficiency” way of thinking must become a much more prevalent part of the organization’s core value system and continues to be integrated into the way everyday business is conducted. Executives, managers, supervisors and frontline staff must embrace an attitude that questions existing business processes and practices throughout the organization, with the goal of fostering innovation through the creation and implementation of new ideas.
2. **Establish and support City programs and mechanisms focused on developing and implementing tangible innovations throughout the organization.** The City’s innovation and efficiency efforts must be driven from the top to all levels, be results oriented, and demonstrate investment of available means. A proven approach involves assignment of resources dedicated to producing substantial innovative changes that enhance customer service, increase productivity, reduce costs, and engage employees.
3. **Work continually toward elimination of barriers to innovation and efficiency.** Several obstacles can stand in the way of creating an environment of innovation and pathways to efficiency. The organization must seek to identify these real or perceived hindrances and, when appropriate, actively remove or facilitate working through them.
4. **Engage the Phoenix community in the City’s innovation and efficiency methodologies to facilitate citizen involvement, input, and awareness.** Involvement by Phoenix residents in the accomplishment of the City’s innovation and efficiency goals will boost the meaningfulness and connectedness of the achievements to the community. It is important for the City to enhance public awareness about innovation and efficiency achievements and make strong efforts to request relevant input.

NEIGHBORHOODS AND LIVABILITY

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

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

Priorities

1. **Establish pay and benefits and a workplace culture that attracts, retains, and motivates a highly qualified workforce.** Given the current state of the economy, the community has expressed interest in the current salary, benefits, and overall compensation packages for government employees.
2. **Provide a workplace culture that supports the health, productivity, and efficiency of employees.** The City of Phoenix understands that organizational success depends on a healthy, productive, and efficient workplace and workforce. Employees also recognize that they can improve their lives by taking charge of their own health and making greater use of technology to ease ever increasing work demands.
3. **Establish Communications Plans to engage and inform employees and the community.** The City's recent budget challenges have made evident the necessity of providing clear, timely, and accurate information to employees and the public to garner continued support for and achievement of organizational goals and continued quality services.
4. **Create development opportunities that enhance the City's standing as a high-performing organization.** The City continues to reduce unnecessary hierarchy to improve efficiencies and speed communication and decision making. This has resulted in a flatter organization, increases in span of control and consequently fewer promotional opportunities. Further, an increasing number of employees are leaving the City as they reach retirement eligibility. As a result, it becomes even more critical to manage and coordinate the available human resources effectively to provide leadership and ongoing quality services to the community.
5. **Mobilize and leverage community partnerships and volunteer programs to enhance programs and services.** The City continues to make difficult choices regarding programs and services to our customers in light of revenue stream uncertainty. Additionally, the community has expressed interest in assisting the City in continuing to provide quality services to residents in a variety of areas.

PUBLIC SAFETY

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

Priorities

1. **Prevent crimes and accidents by enhancing community awareness of public safety systems and partnering with other crime prevention programs.** The City provides the community with information about a variety of public safety issues including crime and accident prevention, information on the operation of the judicial system, and education on police and fire department services.
2. **Provide public safety workers with the tools necessary to professionally meet City and regional public safety needs.** Ensure that public safety workers have the training, education, equipment, facilities, and other resources needed to provide a high level of service to the community.
3. **Ensure timely and appropriate response.** The City of Phoenix deploys public safety workers in a manner that provides a timely and appropriate response to emergencies. Response resources include those needed for routine incidents as well as the capacity to respond to and manage natural and human-caused incidents of regional significance.
4. **Provide strong customer service internally and externally.** Every member of the community and every organization working in Phoenix is a public safety customer. Firefighters, police officers, and officers of the court swear an oath to protect the people they serve. Every public safety worker should serve their customers with dignity and honor to develop mutual trust and respect.
5. **Ensure fiscal responsibility in all public safety efforts.** Public safety managers and public safety workers must be responsible stewards of the funds provided by the customers to support public safety efforts.

SOCIAL SERVICES DELIVERY

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

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

Priorities

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

SUSTAINABILITY

The City of Phoenix is committed to securing environmental and economic livability for future generations in the region, with an emphasis on solar energy production. Phoenix has long used sustainability as a guiding principle, believing that sustainable living is critical to ensuring that the actions we take today do not compromise the ability of future generations to meet their needs. Phoenix's sustainability motto – "Living Like it Matters!" – reaffirms the sustainability creed that guides its current programs and future plans.

Priorities

1. **Accelerate renewable energy development.** The city has a long-standing commitment to resource conservation and continues to be an active participant in energy conservation, efficiency, and environmental preservation. Pursuing renewable energy development guides the City towards energy independence.
2. **Enable opportunities for environmental stewardship.** Environmental sustainability is best achieved by encouraging shared responsibilities, protecting natural systems, and promoting the efficient use of natural resources. It is also important to implement policies, programs, and practices that have a far-reaching effect on the environment.
3. **Enhance sustainable land use and mobility practices.** The success in sustainable land use and mobility lies in adopting policies that encourage the use of green infrastructure and buildings, brownfield redevelopment, creating connectivity within road networks, and ensuring connectivity between pedestrian, bike, transit and road facilities.
4. **Foster collaboration and communication.** Empowering employees at all levels through collaborative workgroups will galvanize them to realize the City's sustainability goals. They in turn become an example of the City's efforts and progress to the community they serve. Communicating and celebrating the City's accomplishments is essential to motivating employees, customers, stakeholders, and the public in achieving sustainability goals.

TECHNOLOGY

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

Priorities

1. **Provide seamless customer service.** A seamless customer experience is achieved when a customer interacts with both internal and external City service providers without experiencing service interruptions during the service delivery process.
2. **Increase operational efficiency through constant innovation.** Constant product and service innovation nurtures ideas and focuses on customer satisfaction, combines process and technology to enhance productivity and value, drives down operational costs, and supports other City strategies.
3. **Turn data into information through a web-enabled City.** When business data is stored in easily accessible, organization-wide repositories, the City can create opportunities to use this data to make better decisions. Internet-based information delivery and collection efforts empower the community to interact with and receive City services 24 hours a day, giving the opportunity to conduct business on-line versus waiting in line.
4. **Create a shared common infrastructure.** Consolidating technological infrastructure around common IT components allows improved investments on behalf of the entire City. Strategic use of technology will result in tangible cost savings and results in the efficient and effective allocation of resources.
5. **Enhance information security and privacy.** In today's business environment, information security and privacy form the foundation of technology projects. The City should create a comprehensive program to protect data and technology infrastructures, secure systems and assets, mitigate threats and provide a mechanism for business continuity in emergencies.

STRATEGIC PLAN 2023-24 MAJOR ACCOMPLISHMENTS

ECONOMIC DEVELOPMENT AND EDUCATION

1. **Successful Hosting of the 2024 NCAA Men's Basketball Final Four** – The City of Phoenix played a pivotal role in hosting the 2024 NCAA Men's Basketball Final Four. The event generated hundreds of millions of dollars in economic activity. In addition to the economic impact, the City contributed to the success of the event in several unique ways. Fire staff worked with local Federal Bureau of Investigation (FBI) partners to develop a curriculum and process to certify over 150 members as Joint Hazard Awareness Team members. These members represent the surrounding public safety region and now serve to support major large-scale events such as the Super Bowl and the Final Four. The Information Technology Services Network Team established an emergency contact number, allowing Emergency Operations an around-the-clock contact resource from the Enterprise Network Support team. The new contact number improves staff's ability to respond to network outages and provides up-to-date information on the City network during high priority events, such as the Final Four.
2. **Entertainment District Creation** – The City Council approved a request to issue a consulting services solicitation to assist in a planning effort for the formation of a Downtown Entertainment District. The goal of this district is to elevate Phoenix as a top-tier destination for conventions, major events, sports, and entertainment by creating a vibrant mix of hospitality amenities, including restaurants, bars, attractions, outdoor spaces, shade, and public art within a walkable urban district. The evaluation process is underway, and staff plans to make an award recommendation to the City Council in spring 2024.
3. **Continued Attraction of Diverse Economic Development Opportunities** – This year, Community and Economic Development staff assisted 22 companies to locate in Phoenix, creating 5,525 new jobs, with a capital expenditure of \$29.3 billion and a total of 7.9 million square-feet. Notable locates included the Taiwan Semiconductor Manufacturing Company (TSMC) Second Fab announcement, multiple food innovation companies, and four additional semiconductor suppliers, including FM Industries, MA-Tek, Organo and DNS Screen. In addition, Community and Economic Development staff assistance was provided to many small businesses and retailers throughout the city, with the most notable project occurring in January, when Council approved a development agreement for Laveen Town Center by Vestar, which will encompass an approximately 375,000 square-foot town center along the Loop 202 corridor. Overall, unemployment remained low, and jobs, as well as workforce, continued to relocate to Phoenix.

FINANCIAL EXCELLENCE

1. **Balanced and Responsive 2023-24 Budget** – The 2023-24 balanced budget dedicated \$114 million or 85 percent of the projected \$134 million surplus to necessary investments in City employees via labor increases. The budget also accounted for estimated costs to implement the Classification and Compensation Study. This investment is essential as the City faces a very competitive labor market, and hiring and retaining top talent continues to be a challenge. The budget also included \$20 million in critical supplementals to achieve Council policy objectives. For example, investments in public safety by adding additional Fire sworn personnel to reduce response times, and resources for additional Park Rangers to increase security in City parks, continued assistance for vulnerable populations and to help those experiencing homelessness and domestic violence. Extensive time and effort were spent working with labor groups and departments to analyze costs and revenues to ensure we recommended a responsible budget to management, the Council, and community. The proposed budget was very well received and supported by labor groups and residents.
2. **Voter Approval of the 2023 GO Bond Program** – For the first time since 2006, Phoenix residents were asked to approve a new General Obligation (GO) Bond Program. The Program totals \$500 million and was overwhelmingly approved by voters in November 2023. Staff from the City Manager's Office, Budget and Research, Finance, City Clerk, Information Technology Services, Communications, Public Works, and Citywide departments provided key support during the GO Bond process. Staff completed a Capital Needs Study and staffed over 40 committee meetings. Extensive planning and communication with over 70 committee members was required to successfully execute all meetings. All throughout the process, staff ensured that residents had access to information in English and Spanish about meetings, proposed projects, and ways to engage and provide input. A dedicated website was developed, hybrid meeting formats were utilized to ensure that community members could participate in person or virtually, and a dedicated GOPHX tool was created with information on projects included in the Capital Needs Study. Staff developed and analyzed bonding needs, authorized the 2023 GO Bond Program, created proposition language with input from Bloomberg Associates and the City Council, and created data sets and language for the informational pamphlet.

3. **Strategic Use of Federal Support – ARPA and BIL** – The federal government allocated \$396 million to the City as part of the American Rescue Plan Act (ARPA). On June 8, 2021, and June 7, 2022, City Council approved the ARPA Strategic Plan and at several subsequent Council meetings, approved additional programs which included new programs in affordable housing and homelessness funded through the first large reallocation in December 2022. There are currently 69 programs across 19 City departments, and as of March 31, 2024, \$252 million had been spent. Twelve programs are at or near total expenditures spent. These programs include the Arts Career Advancement Grants, Better Health and Community Outcomes, Bus Card Subsidy Program, Family Assistance Resource Program, Food Banks and Pantries Support, Meals That Work, Micro and Small Business Assistance Programs, Nonprofit Arts and Culture Stabilization Grants, Premium Pay, Summer Heat Respite, After School Grant for Phoenix Schools, and the Transit Heat Relief Program. The first reallocation exercise resulted in the approval of \$21.2 million reallocated towards homelessness and affordable housing programs. On November 15, 2023, City Council approved a second reallocation of \$19.6 million which also went towards similar programs.

Separately, staff citywide submitted 42 individual grant applications for 22 discretionary grant programs valued at \$2.45 billion as part of the Bipartisan Infrastructure Law (BIL), Infrastructure Investment and Jobs Act (IIJA) and Inflation Reduction Act (IRA). To date, nine of those programs have announced awards and the City has received six individual awards, valued at \$23 million. The City is still awaiting notification of award for 22 individual applications, valued at \$2.38 billion.

INFRASTRUCTURE

1. **Funding and Building Fire Stations** – In 2023-24, Fire staff completed two fire station remodeling efforts to mitigate sleep deprivation issues. Fire Station 38 completed eight dorm room remodels over five months totaling 1,100 square feet. Fire Station 41 completed a remodel in 13 dorms totaling 1,330 square feet. The 2023 GO Bond Program includes four new fire stations in Phoenix. Planning and implementation efforts are underway to prepare for the relocation of Fire Stations 7, 13, and 15. Fire Station 51 will be built near the TSMC plant and the growing region of North Phoenix. This year, Fire staff also successfully purchased over \$15 million of fire vehicles and technical equipment to replace the aging fleet and reduce out-of-service time. Staff ordered 38 fire vehicles, including engines, ladders, ambulances, and trucks. In October 2023, Fire staff held a Fire Station 62 groundbreaking event with numerous community leaders and partners in attendance.
2. **100 West Washington Build-Out** – Throughout this year, significant milestones were achieved on the 100 West Washington project to construct the City's new Police Headquarters. Architectural and engineering design was 100 percent completed for floors 2-25. Infrastructure improvements were implemented, such as fiber and internet installation, air conditioning refurbishment, and electrical panel replacement. Additionally, major tenant improvement construction commenced, starting with the floors for 911 staff, which were celebrated with a "wall breaking" ceremony. Substantial completion is scheduled for summer 2024 on the 911 floors and summer 2025 for the remainder of the facility.

INNOVATION AND EFFICIENCY

1. **Increased Payment Ordinance Thresholds** – City Council approved two significant changes to City Code. The payment ordinance threshold was raised to \$32,000 (from \$8,600), and the formal competitive procurement threshold was raised to \$250,000 (from \$100,000). These actions will allow for easier and increased opportunities for small and local business entities to do business with the City, while also streamlining procurements processes and increasing overall efficiency in City operations.
2. **Citywide Department Process Improvement Initiative** – Over the past year, departments were tasked with submitting meaningful process improvements and efficiencies for their department and beyond, which were evaluated and ranked by each member of the City Manager's Executive Team. Staff submitted 70 proposed process improvement efforts, many of which were already underway. Each proposal was given an overall score, combining rankings from each member of the Executive Team. These process improvements will be further evaluated and considered for implementation.
3. **Strategic Council Guidance, Oversight and Direction** – Staff continued to make progress on Council-approved plans and initiatives to improve the livability, safety, and sustainability of our city. In the past year, Council approved amendments to the City's Zoning Ordinance to address regulations for mobile home parks, amended the City's Zoning Ordinance to allow accessory dwelling units on all single-family zoned property in the city, and approved an amendment to City Code to adopt a permit process for Short Term Rentals.

NEIGHBORHOODS AND LIVABILITY

1. **Enhancing Neighborhood Revitalization Efforts** – The Neighborhood Services Department (NSD) funded eight nonprofit agencies, including Chicanos Por La Casa, Child Crisis Arizona, 1N10, Boys and Girls Club of the Valley, and Homeless Youth Connect, for a total of \$240,000, to provide the City's low- and moderate-income community youth and senior services, as well as support services for people with disabilities. In addition, NSD made a \$7 million investment of Community Development Block Grant (CDBG) funds to support the Housing Department's rehabilitation of the Foothills Village and Pine Towers affordable housing communities. This CDBG investment will support the revitalization of this aging affordable housing community and support continued affordability of the 356 units at these locations. NSD also awarded \$4.6 million over four years to help vulnerable residents in the city increase the energy efficiency of their homes through Bipartisan Infrastructure Law (BIL) Weatherization Assistance Program (WAP) Enhancement and Innovation funds. These funds will be utilized to improve the health of communities historically and disproportionately negatively impacted by high energy costs.
2. **Park Activation** – Parks and Recreation opened the new Cesar Chavez Community Center, the first large scale community center to open in the city in more than a decade. The Cesar Chavez Community Center is a 34,000 square foot addition to Cesar Chavez Park, complete with a new fitness center, basketball court, gaming room, multipurpose room, kitchen, sensory room, outdoor movie theater and more. In September 2023, the Dreamy Draw Recreation area reopened to the public after being closed for two years. The closure was to allow for the installation of the city pipeline project and to complete trailhead improvements. The grand opening was an opportunity to showcase the new ramadas, new restroom facility, and improved trail connectors. Parks and Recreation also opened two new splash pads at Mariposa and El Oso Parks. Grand opening celebrations were held in time for the community to enjoy these new amenities over the summer. In addition, Parks and Recreation staff was allocated \$500,000 in American Rescue Plan Act (ARPA) funding to develop and administer a neighborhood park activation grant program. Over 160 applications were received, with a total of \$1.3 million dollars requested.

PHOENIX TEAM

1. **Complete Classification and Compensation Study** – Staff implemented the Council-approved Classification and Compensation study, developed updated salary tables and interfaces, and conducted extensive testing to ensure changes were accurately implemented. This marked the largest change in pay structure in City history. Pay grades and rates were updated for 11,864 employees and 14,310 positions. The changes were implemented to address and improve the City's market position for classifications across the organization by establishing ranges with the maximum of the grade targeted at leading the market in each classification. Prior to the Classification and Compensation Study going into effect, the average hourly rate of a full-time employee was \$34.46. As of November 2023, the average full-time average hourly rate increased to \$37.49, an hourly rate change increase of 8.8 percent.
2. **Successful Labor Negotiations** – Compensation agreements were achieved early in this year's labor negotiations process, reflecting the effective partnership between labor and City management. Contract negotiations were conducted with seven separate labor units representing over 12,000 City employees. As a result, new one-year contracts began in July 2023, providing a 4.5 percent total compensation increase and a non-continuous payment equal to approximately 5.0 percent base wage for most employees. Including the impacts of the Classification and Compensation Study, the total base wage increase for the average employee amounted to a 20.8 percent pay increase in a single fiscal year.
3. **Formation of a 501(c)(3) Nonprofit Partner** – An independent 501(c)(3) nonprofit partner, overseen by a board of directors, would allow the City to bring together businesses, philanthropy, nonprofit organizations, and local government to address our community's most urgent needs. This year, staff researched independent 501(c)(3) organizations created to work alongside the elected officials and executive leadership of other large cities across the country. Staff from the City Manager's Office, Law, and Communications developed a draft memorandum of understanding, purpose and mission statement, bylaws, articles of incorporation, name and branding for a nonprofit partner. Staff is ready to apply for the 501(c)(3) designation once approved by City Council.

PUBLIC SAFETY

1. **Continued Police Stabilization Efforts** – This year, the Police Department is on track to have police recruit hires exceed attrition for the first time since 2019. This accomplishment is the result of increased officer pay, retention payments, hiring incentives, and the Classification and Compensation Study approved by City Council. These efforts will help the department pursue the Council-approved goal of 3,125 filled sworn positions.
2. **Expanding the Community Assistance Program and Telehealth Services** – Community Assistance Program (CAP) staff launched an additional three Behavioral Health Units (BHU), to bring the total to four BHU teams responding to calls for services. This increase allowed CAP to expand BHU services citywide. BHU teams are stationed in Maryvale, Sunnyslope, North Phoenix, and South Phoenix. CAP also increased the number of BHU Dispatchers from three to six. This increased the number of days CAP has a dispatcher available from four days to seven days a week and increased the total number of coverage hours per day. Staff also had a major focus on hiring new Caseworker IIs and Caseworker IIIs. CAP staff held five large hiring events. During these events, over 100 candidates were interviewed, resulting in 52 new employees hired.

In October 2023, the Telehealth program expanded to operational crews. The Telehealth Program was initiated as an additional method to provide response options for non-emergent calls to connect patients virtually with a licensed physician within minutes. Fire staff contracted with MD Ally to provide the services with the initial roll-out to alarm room dispatchers in December 2022. Once calls are triaged to be appropriate to transfer to telehealth, this reduces the need to send emergency response units on low acuity calls while still ensuring appropriate care.

SOCIAL SERVICE DELIVERY

1. **Creation of New Beds to Address Homelessness** – The Office of Homeless Solutions significantly increased bed capacity for unsheltered individuals. There have been seven temporary projects opened in 2023-24 to provide an additional 482 new beds, adding to the existing 592 beds created in 2022-23. The new projects which opened in 2023 included 20 beds at Lutheran Social Services, 50 beds at St. Vincent de Paul Temporary Hotel Shelter, 50 beds at Mercy House Temporary Hotel Shelter, 102 beds at A New Leaf Temporary Hotel Shelter, 140 beds at Community Bridges Rio Fresco II, 60 beds at Central Arizona Shelter Services Temporary Haven Shelter, and temporary increased capacity at Washington Street Shelter by 60 beds. These additional temporary lodging units will provide safe, indoor respite as well as appropriate services to help individuals end their homelessness.
2. **Innovative Approaches to Support Those Experiencing Homelessness** – In October 2023, the Office of Homeless Solutions opened and began operating the Safe Outdoor Space, providing a voluntary camping area and non-congregate shelter spaces with onsite hygienic support. Staff also help individuals staying at the Safe Outdoor Space move towards ending their homelessness by providing behavioral health support, case management, and medical services. Staff will continue improvements to the site this year to add indoor respite, turf and shaded camp areas, and a pet run.
3. **Increasing the Overall Availability of Workforce and Affordable Housing** – As of September 2023, 34,171 housing units towards the Housing Phoenix Plan's goal of 50,000 units by 2030 have been achieved through the creation or preservation of units. Of those units, 19 percent are affordable housing units. Since the plan was approved by City Council in 2020, staff have published quarterly progress reports highlighting advancements of the nine policy initiatives within the plan. In addition, Housing staff completed a Call for Interest (CFI) to award \$6 million in gap financing available through the ARPA Second Tranche Strategic Plan. Four affordable housing projects were selected to receive ARPA funds that will create a total of 101 units and the creation of 544 total affordable housing units. Housing staff also supported the federal HOME Investment Partnerships Program (HOME) funded gap financing and other program partnerships, resulting in the creation of 756 additional affordable housing units this year.
4. **Implementing Creative Strategies to Assist Mobile Home Residents** – Housing and Human Services Department staff partnered with Phoenix Industrial Development Authority (IDA) and Helping Families in Need to provide housing navigation, case management, and rent and utility assistance to 170 residents displaced from three mobile home parks. As of October 2023, 160 residents have secured permanent housing. In addition, Government Relations State Program staff successfully supported a \$5 million allocation to the Mobile Home Relocation Fund. Also, Housing Department staff sold 29 former public housing single-family homes this year, to support the goal of increasing homeownership opportunities. One of the homes was sold to a Periwinkle Mobile Home Park resident who was facing displacement.

SUSTAINABILITY

1. **Expand Water Conservation** – The City reasserted its commitment to reducing the City’s own water use through the establishment of the Drought and Shortage Response Team (DSRT), with an executive committee and a working group with members from multiple departments. The goal of DSRT in 2023 was to begin implementation of four goals: reduce/remove non-functional turf, practice more efficient water use, replace less efficient water fixtures in City buildings, and increase the cycles of concentration for water used in City-owned cooling towers.

In addition, Water Resources staff worked with the Planning and Development Department to draft the Desert City Development Policy, a development policy that would incorporate stipulations for new development to reflect policies relating to sustainable water use. These include stipulations for third-party certification such as Environmental Protection Agency’s WaterSense for residential development, restrictions on the use of turf, and additional scrutiny of large water users. While the initial implementation will be in the form of zoning stipulations, these will evolve into changes to codes and ordinances that govern new development, including the Zoning Ordinance and the Phoenix City Construction Code. The City Council passed the sustainable Desert City Development Policy in June 2023. In 2023, the Water Resources staff was awarded over \$3.1 million in grants from the Arizona Water Infrastructure Finance Authority (WIFA) for turf removal and fixture retrofit programs for customers in 2024. In total, staff applied for over \$14 million in grants from State and Federal sources.

2. **Water Rate Stability** – In June 2023, the City Council approved a two-year Water and Wastewater revenue increase that was implemented on October 1, 2023. In October 2023, Water and Wastewater each received 6.5 percent revenue increases. In March 2024, Water and Wastewater will receive an additional 6.5 percent revenue increase. Lastly, in March 2025, Water will receive an additional 13 percent revenue increase, and Wastewater will receive an additional 7 percent revenue increase. Public outreach consisted of over 30 public meetings with over 500 attendees. Comments received online and in-person totaled approximately 1,400 comments providing input on the proposed increases. More than 25 news stories featured locally increased visibility of these efforts. Staff also led a digital campaign that received over 6,000 views.

On November 15, 2023, Finance staff completed the sale of \$381,620,000 in City of Phoenix Civic Improvement Corporation (CIC) Junior Lien Wastewater System Revenue Bonds. The City received rating affirmations from S&P and Moody’s rating agencies. S&P rated the bonds AAA and Moody’s rated the bonds Aa2. The bond ratings provide critical information to potential investors and affects the interest rate that the City pays to issue bonds. The all-in true interest cost, including all fees and costs, was 4.6 percent. The sale resulted in more than seven times the orders than bonds available to sell, highlighting the City’s reputation for fiscal responsibility.

3. **Address Colorado River Shortage** – In June, Phoenix signed a three-year agreement with the United States Bureau of Reclamation and the Central Arizona Project (CAP) Water Conservation District to leave up to 50,000-acre feet of the City’s Colorado River water entitlement in Lake Mead as system conservation for each of the years 2023, 2024, and 2025. In return, the Bureau of Reclamation will provide compensation to Phoenix in the amount of \$400 per acre foot (up to \$20 million each year). These funds will be used to augment the City’s water resource portfolio and fund water conservation programs. More importantly, Phoenix’s contribution to system conservation, in concert with the contributions of other water users in Arizona and California, will provide stability to Lake Mead through 2026.
4. **Diversify and Protect Water Supply** – In May 2023, Water Resources Management Advisor Cynthia Campbell was chosen by Governor Katie Hobbs to represent Phoenix on the Governor’s Water Council. Two main issues facing the Council are changes to the Assured Water Supply (AWS) program and management of rural groundwater. Ms. Campbell is a member of the AWS Committee, which has produced a proposal for an Alternate Designation of Assured Water Supply Program to benefit communities that are still growing but lacking a designation of assured water supply. The proposal is going into a rule-making process in 2024, and the Council will draft a report to Governor Hobbs by the end of the calendar year.

TECHNOLOGY

1. **Update City Manager’s Performance Dashboard** – The City Manager’s Performance Dashboard marked its one-year anniversary. More than 14,000 unique visitors have explored the dashboard, with more than 47,000 page views. The most frequented pages are Public Safety, Neighborhoods and Livability, and Transportation and Infrastructure. Marketing efforts have increased traffic, including a global What Works Cities webinar featuring the City of Phoenix that aligns with a 147 percent increase in pageviews. The dashboard was a finalist in the International Data Corporation (IDC) Smart Cities North America Awards. Phoenix is also mentoring other cities in creating a similar performance tool. Staff is currently working on surveys to gather input from the public on the dashboard.
2. **Citywide Strategic Plan** – Over the past year, staff has conducted research into the recent strategic planning initiatives undertaken by peer cities and worked with a consultant to discuss a potential roadmap for the creation and adoption of an updated citywide strategic plan. Staff is planning to take a data-driven approach by incorporating key performance indicators for all existing Council-approved action plans, as well as hold stakeholder and community meetings citywide. Staff attended webinars to learn more about web-based technologies the City could utilize to improve accessibility and data sharing with the public. In the coming year, staff will continue working toward development of an updated citywide strategic plan.



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

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 have access to valuable information about the City's budget. Information is available online at 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 2023-24 annual budget earned Phoenix the *Government Finance Officers Association Distinguished Budget Presentation Award*. This is the 38th 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. 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.

On November 7, 2023, Phoenix voters passed the City Council approved \$500 million 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. This was done with the help of a City Council appointed citizen's GO Bond Committee and the GOPHX online tool, which encouraged and coordinated public input in English and Spanish to evaluate and prioritize proposed projects and develop recommendations.

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) 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 explore program metrics to see how well departments are meeting the needs and expectations of residents and businesses.
- Information about plans for using the \$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 over 70 datasets, including 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

The Center for Digital Government (CDG) named the City of Phoenix a **2022 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.

Phoenix achieved the highest recognition, Platinum level, from Bloomberg Philanthropies What Works Cities Certification, an international standard for data-informed city governance. This advancement from the Gold level in 2021 makes Phoenix one of only five cities with Platinum distinction. What Works Cities measures cities in the use of data and evidence to inform policy decision-making, allocate funding, improve services, evaluate program effectiveness, and engage residents.

The Planning and Development team launched an updated version of SHAPE PHX in September 2023, introducing significant improvements to the permitting system. This update integrates business processes for long-range planning, zoning, and historic preservation. Notably, it introduced a significant new feature: enabling electronic application submissions through the SHAPE PHX portal. Users also now have enhanced search capabilities.

We Are Improving the Safety of Our Community

Throughout the past year, the City has made important progress to enhance community safety.

Fire Station 62 construction started in October 2023 with an estimated opening in early 2025. In the November 2023 election, the General Obligation (GO) Bond program, which includes four new fire stations, was approved by voters. With the successful election result, planning efforts are underway to prepare for the relocation of Fire Stations 7, 13, and 15. Fire Station 51 will be built in the growing region of North Phoenix near the Taiwan Semiconductor Manufacturing Company plant. And significant milestones were achieved on the project for the new Police Headquarters downtown.

As a result of increased officer pay, retention bonus, and the Classification and Compensation Study, the Police Department is on track to have recruit hires exceed attrition for the first time since 2019.

The Police Department's Crime Reduction Plan resulted in reductions to violent and property crimes of 6.1 percent and 14.6 percent respectively. This included a reduction in homicides of 14.5 percent from the year prior, a reduction in robberies by 15.9 percent, a reduction in aggravated assaults by 2.7 percent, and a reduction in arson by 37.6 percent.

In 2023, Neighborhood Services staff processed more than 200 gated alley requests and petitions, completed gating 124 alley segments, and approved more than 70 requests for installation in early 2024.

The Community Assistance Program (CAP) staff on-boarded five groups totaling 52 employees, which will help provide crisis intervention and behavioral health assistance to our residents. Public Health staff launched the Naloxone Program, providing the lifesaving overdose medication, with participation from all Phoenix public libraries and various other departments in its implementation.

We Are Working to Reduce Homelessness and its Impacts

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,

- Over \$32 million in new funding was applied for and received by the City to support various homeless initiatives. The Office of Homeless Solutions increased bed capacity for unsheltered individuals, providing an additional 482 temporary beds to the existing 592 beds. And in October 2023, the Safe Outdoor Space was opened and began operations to provide a voluntary camping area and non-congregate shelters. Staff at this site help the individuals staying there to end their homelessness by providing behavioral health support, case management, and medical services.
- With the oversight of the Neighborhood Services Department, over \$1.2 million of Community Development Block Grant (CDBG) Coronavirus funds were used to complete public facility improvements to Central Arizona Shelter Services (CASS) single adult shelter, including renovations of the restrooms.
- Human Services staff utilized the City's final allocation in the Emergency Rental Assistance Program, totaling over \$148 million, to provide rent and utility assistance to more than 21,000 households.

We Are Creating More Opportunities for Success

Phoenix is a flourishing community with a skilled and educated workforce ready to take on innovative jobs. Over the last decade, Phoenix has exploded to take the spot of 5th largest city and fastest-growing city of the last decade according to the U.S. Census Bureau. Our Community and Economic Development Department has facilitated development projects creating over 9,000 jobs with an average salary of \$75,300, and capital investments of \$30.5 billion in 2023 alone.

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. Four additional semiconductor suppliers have announced new locations as well.

We are also extending assistance to small businesses along light-rail expansions with our Small Business Financial Assistance Program, awarding 188 grants totaling more than \$1 million.

We Are Improving Opportunities for Recreation and Travel

The 2024 NCAA Men's Final Four festivities were a great success thanks to the work done by nearly every department. The Men's Final Four brought a weekend of events hosted by the City, including Fan Fest at the Phoenix Convention Center, a three-day musical festival at Hance Park, and the Dribble, a one-mile basketball dribble course through Downtown Phoenix.

Our Parks and Recreation Department reopened the Dreamy Draw Recreation area with improvements to the ramadas, restrooms, and trailheads, after it had been closed for two years for the Drought Pipeline project installation. Two new splash pads were opened at Mariposa and El Oso Parks. Design and planning are also underway for the development of the 40-acre Lone Mountain Park, 11-acre Harvest Park, 10-acre Farmland Park, 14-acre Laveen Heritage Park, and North Mountain Park. These new and redeveloped parks will include new amenities such as athletic fields and courts, playgrounds, dog parks, skate plazas, walking paths, splash pads, and ramadas.

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.

In 2023, Phoenix airports inaugurated new services to 21 destinations, including three international locations. Additionally, two new airlines commenced operations at Phoenix Sky Harbor Airport. And beginning in May 2024, Air France started providing non-stop flights out of Phoenix Sky Harbor International Airport. The number of passengers utilizing Sky Harbor Airport continues to surge, with a 7.4 percent increase for the first quarter of 2024.

We Are Working to Achieve a More Sustainable Future

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.

- The 1.6-mile Northwest Phase II extension was completed in January 2024, expanding the Valley Metro Rail system to 30 miles.
- The 5.5-mile South Central extension and Downtown hub, extending the light rail from downtown to the South Mountain Village Core on Central Avenue and 1st Avenue is more than 70 percent complete and scheduled to open in 2024.
- The Capitol Mall and Interstate-10 West extensions, which will connect west Phoenix to the Valley Metro Rail system through an additional 10 miles of track, are currently in the planning and design phase.

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 increase the number of routes with weekday service frequency of 15 minutes or better from 6 a.m. to 6 p.m. With this change 47 percent of Phoenix residents are now in the frequent service network area.
- The Public Transit Department, in coordination with Valley Metro, launched a new mobile ticketing app in February 2023 that allows transit riders to purchase bus and light rail fares on their smartphones. And starting in mid-2024, a new and convenient reloadable fare card will be available to residents to use, replacing most paper passes.

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.

- Public Transit staff started implementation of its Zero Emission Fleet Transition Plan. Phase I of the plan integrates and tests hybrid electric, battery electric (BEB) and fuel cell electric (FCEB) buses into the fleet over the next five years.
- At the 36th Annual Clean Air Campaign Awards, Phoenix Public Transit was a Champions for Clean Air Finalist in recognition for the department's Zero Emission Fleet Transition Plan.
- Phoenix was recognized as one of 120 cities on the 2023 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 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." Notable progress has been made toward Zero Waste by 2050, including the following actions by the City this past year:

- Alongside the Arizona Super Bowl Host Committee the City set an ambitious goal to achieve zero waste for downtown Super Bowl events, resulting in the collection of a total of 101 tons of materials from the Convention Center and Hance Park, and accomplishing an impressive diversion rate of 92.61 percent for the materials collected during downtown Super Bowl events, thus qualifying this as a zero waste event and making it the greenest Super Bowl in history.
- Project REDUCE (Restaurants Eliminating and Diverting Uneaten food through Composting and Education) launched with nine participating restaurants, resulting in approximately 30,000 pounds of food waste diverted from the landfill and instead composted.

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.
- Water Services received Arizona Forward Awards in Environmental Excellence for Art in Public Places, for Well Enhancement and Well Site Reuse projects.

b. Wastewater Management:

- Wastewater Engineering and Wastewater Treatment staff along with a consultant worked on the Cave Creek Water Reclamation Plant Assessment and Design to bring the facility back on-line by early 2026. The design of the eight million gallons per day facility was completed and a construction contract was awarded in February 2024. This facility, planned to be the City's first Advanced Purified Water Treatment Plant, is expected to be operational by the end of 2026.
- Sustainability staff partnered with the Salt River Project on a biomass plant by signing a 10-year operating and watershed restoration agreement that will provide the city with 12,000 Renewable Energy Credits (RECs) and an additional 20 megawatts of solar power that will allow the 91st Ave Wastewater Treatment Plant to operate on 70 percent renewable energy.

c. Water and Wastewater Innovation:

- To ensure the future stability of Lake Mead and Colorado River Basin water sources, Phoenix entered a three-year agreement with the United States Bureau of Reclamation and the Central Arizona Project (CAP) Water Conservation District to annually conserve up to 50,000 acre-feet of the City's Colorado River water entitlement in Lake Mead for three years, receiving up to \$20 million each year.
- The Drought Pipeline was completed in February 2023 and is now in service, carrying water from the Salt River and Verde River to parts of Phoenix previously using only Colorado River water, helping mitigate drought conditions.
- In March of 2024 the City Council adopted the Desert City Development Policy-Large Water User Ordinance, that places additional water conservation requirements on new large water use developments in the City. Large water user developments are those that are projected to use more than 250,000 gallons of water per day.

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.

- The 3rd and 5th Avenues Improvement Project north of McDowell Road aims to increase multi-modal connectivity, extending and expanding bike facilities and introduce innovative improvements to encourage bicycle usage. The project will install protected pedestrian and bicycle lanes, and signal improvements to enhance all modes of transportation.
- The Aviation Department was awarded a \$10 million grant from the US Department of Transportation to redevelop areas west of Sky Harbor Airport, which includes over three miles of new bicycle lanes, crosswalk safety enhancements, green drainage improvements, shade trees, and new streetlights.
- In 2023, the Guadalupe Bridge widening project was completed, allowing for safe pedestrian access, and linking residents who walk and bike between Phoenix, Guadalupe, and Tempe.

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.

- The City is continuing the "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. Staff had more than 8,300 interactions with community members across 85 shifts. Staff and volunteer commitments increased by more than 40 percent with over 1,700 hours contributed in 2023. Also, the Gila River Indian Community awarded \$197,100 over three years of grant funds to the "We're Cool" campaign.
- Bloomberg Philanthropies selected Phoenix as a winner of a \$1 million grant as part of its Public Art Challenge. Phoenix's project, ¡Sombra! (Shade) will commission nine artists to create shading and cooling installations in response to extreme urban heat.
- As part of the Phoenix Transportation 2050 (T2050) plan, Public Transit staff's goal has been to manufacture and install 80 bus shelters each year at bus stops that currently do not provide shade. Since T2050 began in January 2016, Public Transit staff has installed 558 new shade structures citywide.
- Heat Response and Mitigation staff added two new positions in 2023, a Tree Equity Project Coordinator and a new Heat Resilience Project Management Assistant who supports heat response initiatives and a shade structure grants program.
- Heat Response and Mitigation staff coordinated and supported numerous tree planting events in 2023, including a neighborhood tree planting in the Brentwood neighborhood, a planting at Sunridge Park to celebrate the Super Bowl, and a tree giveaway in Grant Park.
- Heat Response and Mitigation staff launched three grant programs using American Rescue Plan Act funds that will increase tree and shade canopy in parts of Phoenix with low tree and shade coverage. The Community Canopy program opened to the public in August 2023 to provide tree planting and support for residents and neighborhood groups. The program has already allocated more than 1,500 trees for residential neighborhood plantings and has completed its first planting in October 2023 in the Garfield neighborhood. The Canopy for Kids and Shade for Students programs provide funding for tree planting and built shade for public schools and non-profit organizations that serve youth. Nearly \$800,000 has been allocated to local schools through these programs to date.

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.

Phoenix received more than \$1 million in Bipartisan Infrastructure Law grant funding for the Congestion Mitigation and Air Quality Improvement Program to allow upgrades to the central software used to run the Downtown Traffic Management System. Public Library and Sustainability staff completed the installation of electric vehicle charging stations at 16 library locations across the city. And as previously noted, Public Transit staff has started the implementation of its Zero Emission Fleet Transition Plan.

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 continued to develop our local food systems. The backyard garden program installed 139 garden systems for 380 residents in food deserts. And in partnership with St. Mary's Food Bank, 53,811 pounds of produce was purchased from Phoenix-based farmers and distributed to 43,411 households for the Farms to Food Bank Project. The Office also launched Cultivate PHX, and Agri-Food Tech Incubator program, providing technical and financial assistance to agrifood ventures and awarded Food System Transformation program grants totaling \$860,000 to 10 organizations. The Feed Phoenix program concluded in 2023 resulting in more than 380,000 meals served and 15,000 produce bags distributed through 45 social service organizations. Phoenix was recognized by the National Resource Defense Council and named as a Food Matters City.

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

Following a comprehensive job evaluation and market analysis, the City of Phoenix undertook the largest overhaul of its pay structure in history. This initiative led to adjustments in pay grades and rates for 11,864 employees and 14,310 positions. The changes were aimed at enhancing the City's market competitiveness for various classifications throughout the organization, positioning it as a premier employer for future generations, and attracting and retaining top talent to effectively deliver programs and services to the community.

On October 23, 2023, the Human Resources department introduced a new career website aimed at enhancing the job seeker experience and facilitating candidates' research into the City of Phoenix. Concurrently, they unveiled new hiring marketing materials under the campaign "Do Work That Makes Phoenix Work," emphasizing the City's significant employment opportunities. The website and marketing campaign are geared towards enhancing search engine optimization (SEO) and expanding advertising across platforms like Facebook, Instagram, LinkedIn, and internet banner ads. Outdoor advertising, such as placing ads on college campuses and on light rail trains, was marketed to bolster brand visibility and direct potential candidates to the website for application submissions.

This year, Human Resources staff continued to add three new apprenticeship programs for Finance Procurement Officer, Equipment Service Worker and Instrumentation and Control Specialist positions. The apprenticeship programs hired over 40 individuals across eight different programs. A new website was launched for the apprenticeships to highlight opportunities across the organization. The City has also contracted with Southwest Truck Driving School to offer additional training options for staff pursuing a Commercial Driver's License (CDL).

Keeping up with the evolving communication delivery landscape, Human Resources staff launched a podcast: "Raising the Bar With HR". The show addresses topics that are important to City of Phoenix employees with subject-matter experts from across departments.

And in 2023, the City of Phoenix made the list for America's Best Employers by State. Forbes worked with market research firm Statista to anonymously survey 70,000 workers across the nation at companies with more than 500 employees, asking employees if they would recommend their employer to others, and to evaluate their employer on things like compensation packages and diversity.

We Have a Strong Financial Outlook

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 Ratings (Aa1). The ratings for excise tax bonds are Fitch Ratings (AA+), S&P Global Ratings (AAA) and Moody's Ratings (Aa2).

On June 4, 2024, Moody's Ratings upgraded the outstanding City of Phoenix Civic Improvement Corporation's (CIC) excise tax revenue bonds to Aa1 from Aa2 with a stable outlook and have assigned Aa1 to the City's upcoming sale of \$180 million in Subordinated Excise Tax Revenue Bonds, Series 2024. The upgrade reflects the strength of the excise tax credit, the City's strong and diverse economy, which is expected to continue to support growth in the pledged revenues and provide strong coverage of new and outstanding debt. Finance staff is also in the process of issuing \$133.6 million GO bonds, Series 2024A and \$108.18 million GO bonds, Series 2024B, expected to complete in August 2024. For this upcoming sale, the City received rating affirmations from Fitch Ratings (AAA), S&P Global Ratings (AA+) and Moody's Ratings (Aa1).

These ratings are a testament to the elected officials and City Management who work diligently to make hard decisions that will ensure a strong financial position for the City.

The Government Finance Officers Association (GFOA) named Phoenix a Triple Crown Winner for 2021 (awarded in 2023), which recognizes governments who have received GFOA's Certificate of Achievement for Excellence in Financial Reporting, Popular Annual Financial Reporting, and Distinguished Budget Presentation Awards.

Our Values Guide Our Approach

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**

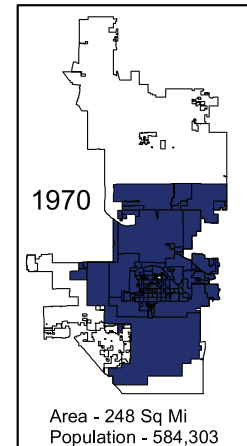
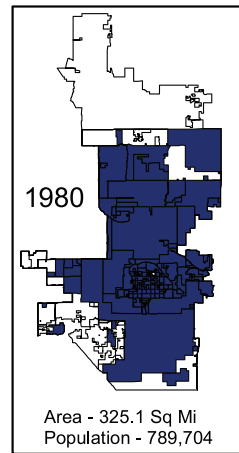
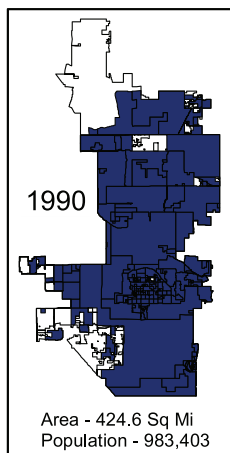
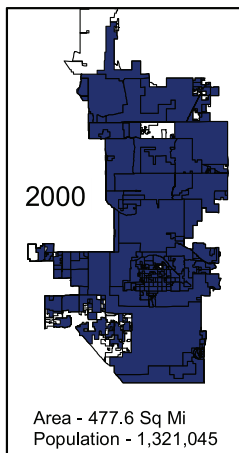
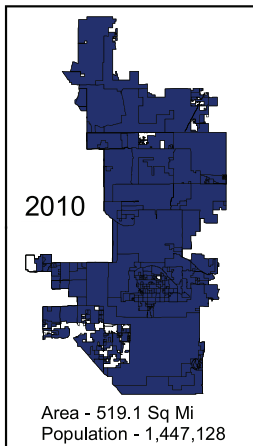
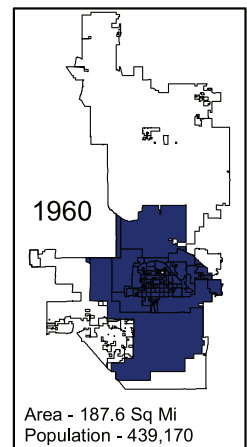
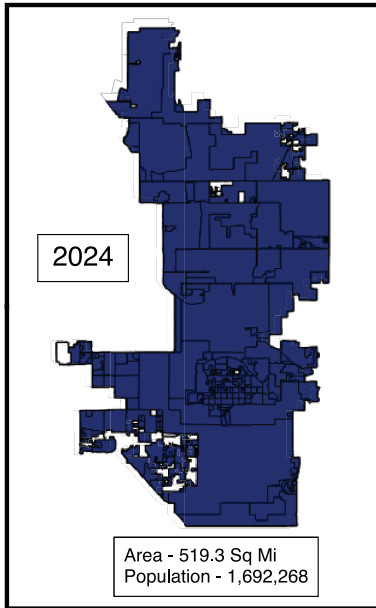
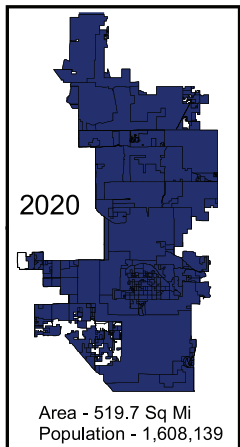
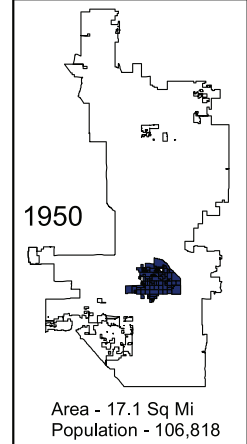
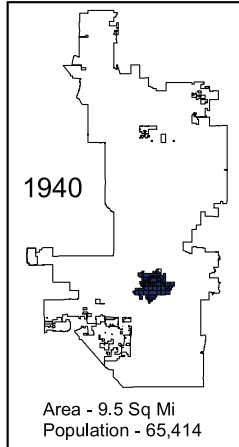
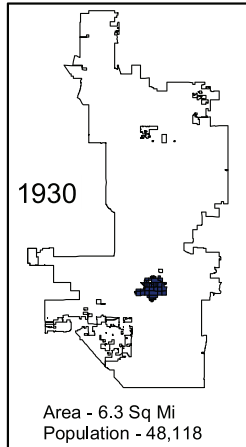
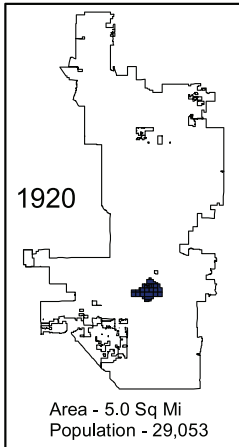
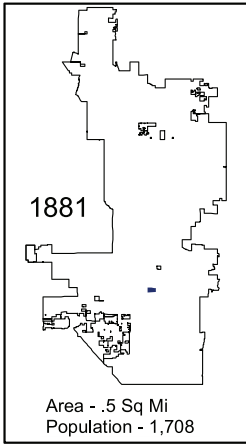
We promote an environment of inventive thinking and imaginative solutions to community needs. We encourage a spirit of continuous improvement in all our activities to exceed community expectations.

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 2023, employees raised nearly \$686,000 for the Valley of the Sun United Way Mighty Change Campaign.
- City of Phoenix employee organizations and departments coordinate various fund-raising events to assist communities in need both locally and globally. In addition, City employees volunteer in the community with many organizations serving youth, homeless, disadvantaged, marginalized and other areas of need.
- City employees also support each other, with nearly \$50,000 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 aspire to be the leaders in our respective professions, setting new standards of excellence. Each day, our mission and vision, which centers around 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

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 U.S. Census Bureau estimated Phoenix population at 1,650,070 as of July 1, 2023. The City currently encompasses 519.3 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 6.85 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 (14%); government (10%); financial activities (9%); construction (7%); and manufacturing (6%). Major employers of the Phoenix metropolitan area include State of Arizona, Banner Health, Amazon, Walmart, Fry's Food Stores, Maricopa County, Intel Corporation, Wells Fargo, Arizona State University, and City of Phoenix. The top ten property taxpayers, based on secondary assessed valuation, are Arizona Public Service Company, Salt River Project (T&D), Southwest Gas Corporation, Esplanade Owner LP, Biltmore Center Owner LLC, Esplanade Owner LLC, Biltmore Shopping Center Partners, Viola Lordsmeer LP, Aligned Data Centers Phoenix Propco LLC, and Epic Apollo LLC. These taxpayers make up 6.4 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 2022-23	Estimated 2023-24	Projected 2024-25
DEMOGRAPHIC PROFILE							
Population ¹	995,896	1,350,435	1,453,462	1,608,139	1,644,409	1,650,070	1,692,268
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 ¹							
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 ²	N/A	0.1	0.2	0.2			
Other	20.1	35.8	22.0	35.6			
Hispanic/Latino (of Any Race) ³	20.0	34.1	40.8	41.1			
Not Hispanic or Latino (of Any Race) ³	80.0	65.9	59.2	58.9			
CITY ECONOMIC PROFILE							
Median Household Income ⁴	\$30,797	\$40,856	\$42,260	\$61,529	\$75,969	\$78,324	\$80,752
Personal Income Growth (Metro Phoenix) ⁵	4.6%	6.7%	3.0%	8.2%	5.9%	6.3%	6.3%
Secondary Net Assessed Valuation ('000s) ⁶	\$5,700,825	\$7,573,211	\$16,092,308	\$19,889,714	\$23,045,115	\$28,939,043	\$32,253,420
Full Cash Value (Millions) ⁷	N/A	N/A	\$144.772	\$198.012	\$232,424	\$292,924	\$362,082
Employment Growth Rate ⁸	(3.0)%	3.7%	(2.1)%	2.4%	5.3%	3.7%	2.2%
Unemployment Rate ⁹	4.9%	2.7%	9.1%	6.1%	3.4%	3.6%	3.6%
Value of Residential Construction (Billions) ¹⁰	\$0.42	\$1.16	\$0.28	\$1.00	\$1.00	\$1.10	\$1.10
Value of Commercial Construction (Billions) ¹⁰	\$0.46	\$1.33	\$2.60	\$5.00	\$8.00	\$7.80	\$7.80
CITY FINANCIAL PROFILE							
Total Budget ('000s)	\$1,026,545	\$1,946,013	\$3,020,690	\$4,163,128	\$ 4,737,762	\$5,487,405	\$7,243,845
Total GF Budget ('000s) ¹¹	\$591,021	\$953,324	\$954,795	\$1,371,152	\$1,623,807	\$1,855,479	\$2,131,759
Total Employees	11,388	14,352.0	15,002.8	14,980.9	15,928.8	16,082.9	16,011.6
Total Employees per 1,000 population ¹²	11.4	10.6	10.3	9.2	9.7	9.7	9.5
Non-Enterprise Employees per 1,000 population	N/A	8.6	8.0	7.2	7.7	7.7	7.5
Enterprise Employees per 1,000 population ¹³	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	2.11	2.10	2.08
G.O. Bond Rating (Moody's/S&P/Fitch) ¹⁴	Aa/AA+	Aa1/AA+	Aa1/AAA	Aa1/AA+/ AAA	Aa1/AA+/ AAA	Aa1/AA+/ AAA	N/A
Number of PLT Licenses ¹⁵	43,756	51,000	56,460	200,845	227,389	228,000	228,000
City Retail Sales Tax Rate ¹⁶	1.2%	1.8%	2.0%	2.3%	2.3%	2.3%	2.3%

	1990-91	2000-01	2010-11	2020-21	Actual 2022-23	Estimated 2023-24	Projected 2024-25
INFRASTRUCTURE PROFILE							
Area (Square Miles)	427.1	483.5	519.1	519.8	520.2	519.3	519.3
Police							
Major Crimes ¹⁷	110,961	97,666	70,108	63,710	56,255	55,440	57,300
Dispatched Calls for Service ¹⁸	895,117	862,769	666,116	655,459	611,846	602,100	616,180
Authorized Sworn Police Officers ¹⁹	2,047	2,810	3,281	3,271	3,271	3,272	3,271
Fire							
Fire Stations ²⁰	45	45	57	59	59	59	60
Fires and All Other Calls	26,281	28,369	19,335	27,323	33,630	35,207	36,371
Emergency Medical Calls ²¹	75,112	101,396	136,163	190,669	203,547	212,754	217,301
Authorized Sworn Firefighters ¹⁹	1,042	1,315	1,661	1,723	1,798	1,869	1,869
Building Inspections							
Building Inspections Conducted by City Employees and Contractors	176,909	261,184	131,600	271,758	280,929	285,000	285,000
Streets							
Total Miles	3,800	4,299	4,825	4,858	4,867	4,871	4,876
Miles Resurfaced and Sealed ²²	250	220	127	582	407	377	212
Total Miles of Bikeway ²³	250	472	615	1,528	1,509	1,545	1,576
Traffic Control and Lighting							
Signalized Intersections	761	906	1,092	1,163	1,174	1,188	1,200
Street Lights ²⁴	50,825	70,750	89,826	96,828	97,217	97,444	99,444
Traffic Crashes ²⁵	28,414	36,500	22,742	27,540	23,467	23,433	21,247
Aviation							
Passengers Arriving and Departing	22,175,000	35,900,000	40,500,000	26,779,940	47,037,129	49,623,000	56,336,000
Solid Waste Collection							
Residences Served ²⁶	281,392	327,953	392,825	413,010	419,898	422,975	426,074
Tons Disposed at City Landfills ²⁷	513,643	1,051,935	1,002,346	986,352	974,563	961,684	967,454
Municipal Parks							
Number of Municipal Parks ²⁸	181	199	225	200	200	201	203
Developed Park Acres ²⁹	2,206	3,332	5,071	8,860	8,860	8,871	8,896
Number of Municipally Operated Golf Courses	5	7	6	5	5	5	5
Libraries							
Material Circulation ³⁰	5,962,411	9,151,000	13,839,543	6,833,489	9,364,763	10,000,000	10,400,000
Total Material Stock ³¹	1,732,410	2,016,000	1,643,977	4,050,722	2,988,878	3,416,622	3,600,000
Number of Library Branches	11	13	16	17	17	17	17
Equipment Management							
Number of Equipment Units in Fleet ³²	4,776	6,080	7,612	7,711	7,912	7,974	7,987
Water							
Connections ³³	321,996	350,967	397,390	434,743	442,058	447,674	453,228
Production (billions of gallons) ³⁴	84.7	109.4	98.6	106.0	97.0	107.6	104.9
Miles of Line	4,246	5,007	6,270	7,035	7,130	7,155	7,180
Wastewater							
Connections	311,980	327,051	389,978	421,854	420,763	438,450	442,835
Miles of Line	3,661	4,174	4,980	4,952	5,036	5,060	5,090

¹Population by age and race is only available in census years. Also, racial categories were modified by the Census Bureau in the 2000 Census. The 2020 Decennial Census count reported under 2020-21 for the City of Phoenix decreased from the original submittal presented in the 2021-22 Summary Budget. Maricopa Association of Governments (MAG) and State Demographers office compile and infer the most accurate population totals available through construction and transportation records however it is superseded by the actual Census count which lowered the MAG projections.

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

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

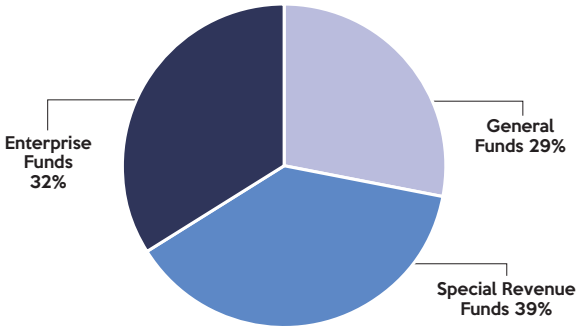
- ⁴ Median Household Income is based on U.S. Census Bureau data for the City of Phoenix geographic area. For the estimate and projection years, the Calendar Year (CY) 2023 greater Phoenix Consumer Price Index (CPI) of 3.1% was applied to the U.S. Census Bureau's (FactFinder) 2022 American Community Survey 1-year estimates for City of Phoenix Median Household income. The reported data is from April 2024.
- ⁵ Personal income growth percentage is from University of Arizona's "Economic Outlook" quarterly publication (University of Arizona Economic and Business Research Center).
- ⁶ Following the 2012 voter approval of the Arizona Property Tax Assessed Valuation Amendment (Proposition 117), and A.Z. Const. art. IX, § 18(3), Secondary (Full Cash) Net Assessed Valuation is no longer used for purposes of calculating Secondary Property Taxes. The City continues to report Secondary Net Assessed Valuation here for continuity with previous reports.
- ⁷ Full Cash Value represents market value of properties as determined by the Maricopa County Assessor's Office, prior to the application of Limited Property Value formulas, assessment ratios and exemptions. Prior to 2015-16, trends in Full Cash Value correlated to trends in the City's Secondary Property Tax Base; however, this correlation no longer applies. Reported values lag market conditions by approximately 18 to 24 months.
- ⁸ Employment growth rate figures (total non-farm employment) are based on a 12-month change in employment rate. Data is based on the Phoenix-Mesa-Scottsdale Statistical Area (MSA) and is obtained from the United States Department of Labor – Bureau of Labor and Statistics website: www.bls.gov. The reported data is from March 2024 and does account for impacts to employment growth from COVID-19.
- ⁹ Unemployment rate is reported monthly by the U.S. Bureau of Labor Statistics website: www.bls.gov (LAU – Local Area Unemployment searchable databases) converted to fiscal year by the City of Phoenix Budget and Research Department. Data is based on the Phoenix-Mesa-Scottsdale Statistical Area (MSA). The reported data is from February 2024 and does account for impacts to the unemployment rate from COVID-19.
- ¹⁰ These measures represent the annual estimated value of projects permitted by the City of Phoenix. Commercial valuations are experiencing a leveling after a previous spike in permitting of multi-family properties (which are categorized as commercial).
- ¹¹ As of 1998-99, Arizona Highway User Revenue funds are no longer included in the General Fund total.
- ¹² A correction was made to the calculation of City employees per 1,000 population for 1980-81 and 1990-91. Previous budget books did not adjust for Census data that was published at least a year after the statistic was recorded in budget documents.
- ¹³ Enterprise departments include Water, Wastewater, Aviation, Phoenix Convention Center, and Solid Waste Management.
- ¹⁴ The ratings listed in the estimated 2023-24 are the City's rating at the time of publication. No attempt has been made to project the City's ratings.
- ¹⁵ Effective January 1, 2016, the Arizona Department of Revenue began administering municipal transaction privilege taxes for all Arizona cities and towns. The State system deployed on July 1, 2016 even though the statutory effective date was January 1, 2017. Business entities must procure a municipal privilege tax license for each location in any tax jurisdiction regardless of whether all locations are reported on a consolidated return under one State TPT license in accordance with A.R.S. 42-5005. Consequently, the statistical licensing data provided by the State to cities consist of counts of all locations for a business entity engaged in taxable activities in Phoenix (e.g. all Circle K locations in Phoenix = 15) as opposed to the previous count by business entity (e.g. Circle K = 1).
- ¹⁶ Voters approved a 0.3 percent increase in most city sales tax categories effective January 1, 2016 to fund a comprehensive transportation plan. This was an increase to and an extension of the 0.4 percent tax that was effective June 1, 2000, resulting in a total tax of 0.7 percent for transportation with a 35-year sunset date.
- ¹⁷ Total violent and property crimes are based on Uniform Crime Reporting (UCR) standards, not based on Arizona Revised Statutes. Counts are based on finalized data through March 2024 and projected data for subsequent months for all crime types. Beginning in January 2014, 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, aggravated assault counts include incidents that met the updated FBI aggravated assault definition. This report reflects that change from 2015-16 forward.
- ¹⁸ The formula that categorizes calls as dispatched was revised in 2017. Counts for 2015-16 and forward were then updated. Call data is based on actual data through April 30, 2024 and projected data for the remaining months.
- ¹⁹ The numbers shown represent the Council authorized sworn position count in Police and Fire. The sworn hiring target for Police is 3,125 based on projected available resources. The sworn hiring target for Fire excludes sworn temporary positions and is 1,865 based on projected available resources.
- ²⁰ Fire Station 62 is scheduled to be complete and open in December 2024.
- ²¹ Estimated calls are based on historical actual numbers and could be impacted by external factors such as population density, traffic, and hospital wait times.
- ²² Miles of streets resurfaced or sealed varies year over year and is dependent on actual streets selected and distribution of wide versus narrow. It also varies based on the method of seal used. 2024-25 shows a decrease due to the end of the Accelerated Pavement Maintenance Program (APMP) in 2022-23.
- ²³ City of Phoenix bicycle network consists of bicycle lanes, routes, and paths. The measurement methodology of bikeways records bicycle lanes as bi-directional because of the doubled signage and striping requirements.
- ²⁴ Increases in the number of streetlights expected in 2024-25 reflect the City's planned efforts to install more mid-block streetlights citywide to enhance roadway visibility and the ability to detect pedestrians. This is in line with the City's Vision Zero Road Safety Action Plan, which aims to reduce traffic fatalities to zero by 2050.
- ²⁵ Traffic crashes include injury, non-injury, and fatal collisions. 2022-23 represents a pre-final number based on current Arizona Department of Transportation (ADOT) data. 2023-24 and 2024-25 figures are projections based on previous years. The methodology for 2023-24 and 2024-25 involved creating a new crash dashboard that removes crashes within ADOT right-of-way abutting the City of Phoenix but includes crashes in other municipal jurisdictions abutting within 300 feet of City of Phoenix right-of-way.
- ²⁶ Same-day contained solid-waste and recyclable-material collections, excluding quarterly bulk-trash, annual hazardous waste, and residential organic waste retrievals. Projected service level based on 9 months of actual data.
- ²⁷ Includes waste collected at City transfer stations and landfills, and Solid Waste Field Services tonnage sent to contracted private transfer stations and landfills. Projected service level based on nine months of actual data.
- ²⁸ The decreased number of municipal parks reflected 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. Harvest Park is the newest park, opening this year, and two additional parks are expected to open in 2024-25.
- ²⁹ The increase in 2020-21 reflects a reclassification of park assets in Parks' 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).
- ³⁰ Circulation reflects customer checkouts for all materials. eMedia continues to drive an increase in the department's overall materials circulation. The addition of a Library bookmobile in March 2024 will positively impact the department's physical material circulation.
- ³¹ Materials stock includes all physical and digital formats: books, audiobooks, video, periodicals, e-books, e-audiobooks, streaming video and downloadable materials.
- ³² Includes replacement vehicles, trailers, tractors, generators, off-road equipment, and other kinds of heavy-equipment items. Includes equipment maintained and serviced by the Aviation and Transit departments.
- ³³ Water connections have increased due to an increase in customer accounts.
- ³⁴ Includes water produced for City of Phoenix only. 2023-24 production reflects increased system demand and impact of summer 2023 weather conditions.

RESOURCE AND EXPENDITURE SUMMARY

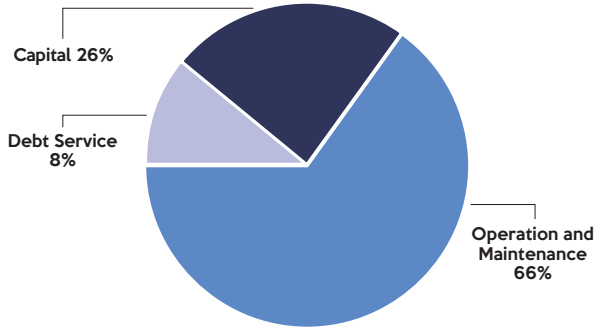
This section provides a broad overview of the resources and expenditures included in the 2024-25 budget. Information is presented for General, Special Revenue and Enterprise funds. General funds, which receive special attention by the community, are highlighted throughout this section. General funds are of importance to our residents as they provide for the most basic services, such as police, fire, parks, libraries, and streets. Special Revenue funds are restricted to statutory and/or voter-approved uses. 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.

The 2024-25 budget, financed by operating funds, totals \$7,243,845,000. As shown in the pie chart below, the General Fund portion of \$2,131,759,000 is approximately 29 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 another 39 percent of the total budget. The Enterprise funds, which include Aviation, Water, Wastewater, Solid Waste and Convention Center, make up the remaining 32 percent of the total.

**All Sources of Funds
Total Resources - \$7.24 Billion**



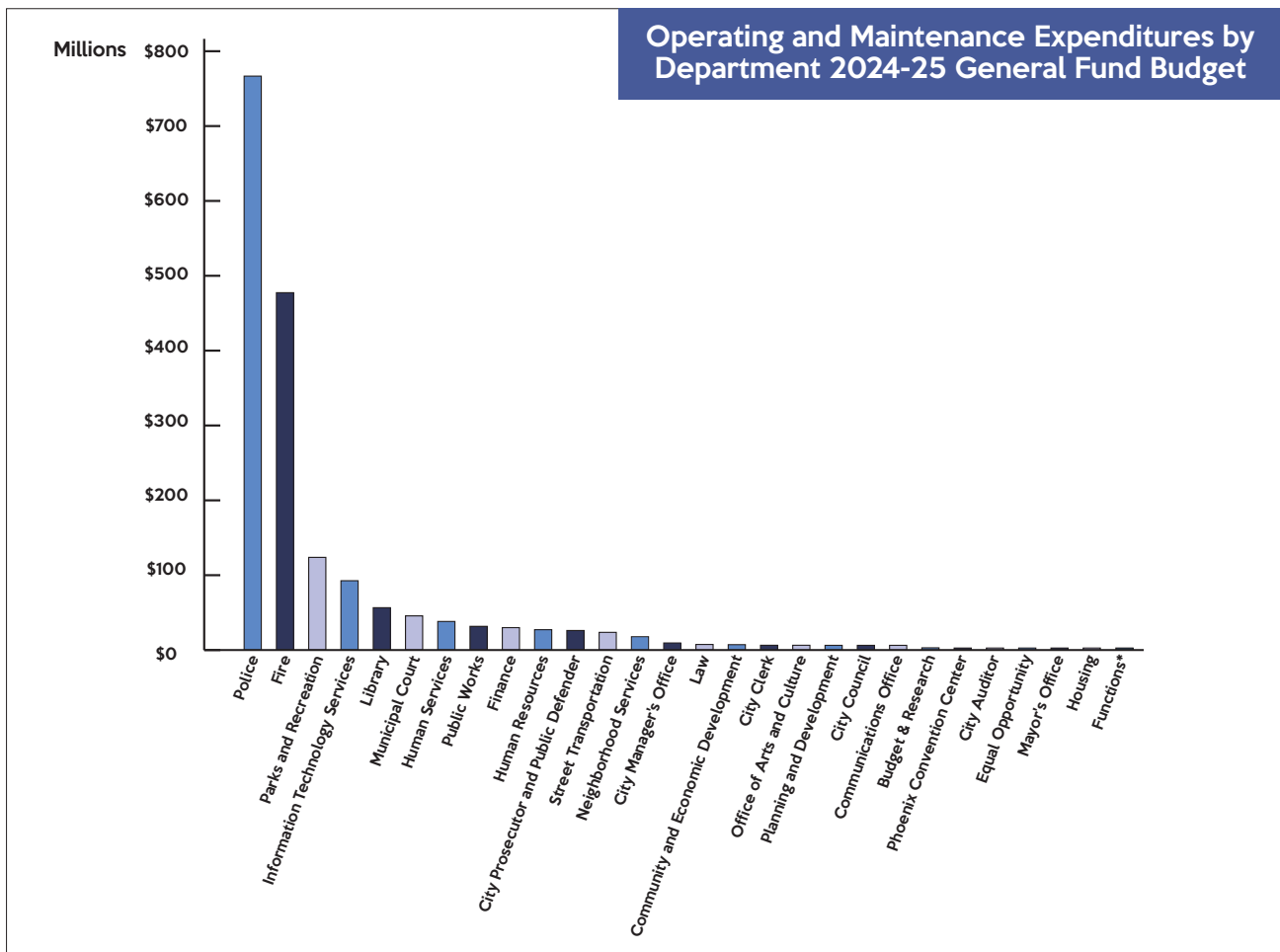
**All Sources of Funds
Total Expenditures - \$7.24 Billion**



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 2024-25 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 Office of Environmental Programs and Government Relations.

The table below provides a comparison of the 2024-25 budget to the 2023-24 adopted budget. Actual expenditures for the 2022-23 fiscal year also are included.

	2022-23 Actual Expenditures	2023-24 Adopted Budget	2024-25		
			Budget	Amount Change	Percent Change
Operating and Maintenance Expenditures	3,567.6	4,421.6	4,788.5	366.9	8.3%
Capital Expenditures	535.9	1,749.2	1,886.2	137.0	7.8%
Debt Service	634.3	579.2	569.1	(10.1)	(1.7)%
Total	4,737.8	6,750.0	7,243.8	493.8	7.3%

Overall, citywide operating and maintenance expenditures are expected to rise by \$493.8 million. Most of the increase can be attributed to higher costs for contractual services for inflationary adjustments and for a possible Climate Pollution Reduction Grant applied for from the Environmental Protection Agency; additional Section 8 housing assistance payments from HUD; PHX Sky Train maintenance and repair and operations contract; a cost per mile increase for fixed bus route services; and expanded funding for public housing. Expenditure growth rates are also due to a set-aside to help balance the 2025-26 budget and due to higher costs associated with employee salaries and fringe benefits, including health insurance and pension, due to the continuation of the Classification and Compensation study implementation and 2024-25 negotiated employee compensation increases. Commodities will also rise due to higher inflation costs for 911 system upgrades and new equipment, chemicals, library material, motor vehicle parts, material to maintain infrastructure, and electrical supplies.

Pay-as-you-go capital expenditure increases are primarily due to projects in Aviation for construction, technology, and land acquisitions and in Streets for construction and design. The Capital Improvement Program Budget Book provides project-level detail.

Debt service expenditures are anticipated to decrease due to the maturity of several Wastewater bonds.

FY 2024-25 GENERAL FUND BUDGET OVERVIEW

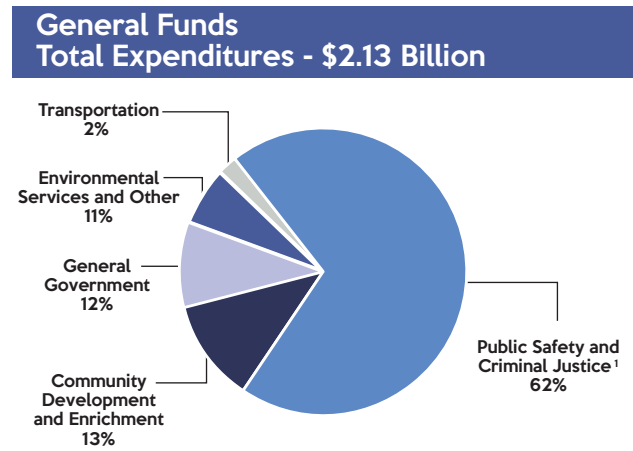
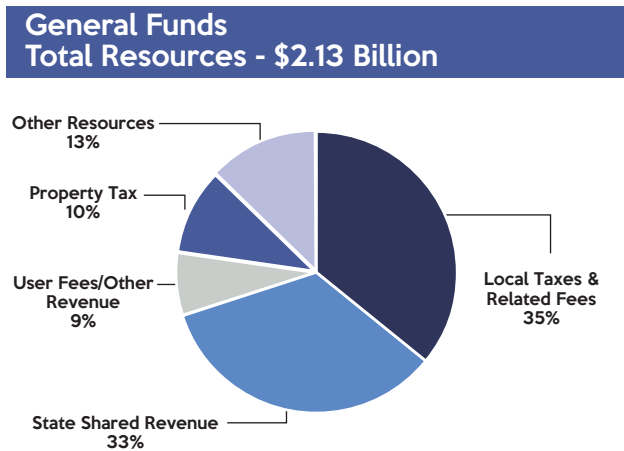
The 2024-25 General Fund budget of \$2,131,759,000 provides for ongoing operating and maintenance and some pay-as-you-go capital expenditures. The table below compares the 2024-25 General Fund budget with the adopted 2023-24 budget. The

	2022-23 Actual Expenditures	2023-24 Adopted Budget	2024-25		
			Budget	Amount Change	Percent Change
Operating and Maintenance Expenditures	1,592.2	1,906.8	2,039.9	133.1	7.0%
Capital Expenditures	31.6	121.9	91.8	(30.1)	-24.7%
Total	1,623.8	2,028.7	2,131.7	103.0	5.1%

operating and maintenance expenditures for 2024-25 are expected to increase by 7.0 percent overall compared to the 2023-24 adopted budget primarily due to a contingency increase to achieve 4.75 percent of operating costs; a set-aside for possible future deficits to stabilize the General Fund and preserve existing programs and services; and higher employee costs for the continuation of the Classification and Compensation study implementation and 2024-25 negotiated employee compensation increases as well as rises to health benefits and sworn pension. Inflation adjustments can be seen in higher contractual costs for maintenance and repairs for HVAC, motor vehicles, facilities, and machinery and equipment; computer services and software agreements; the senior center shuttle program; greater service costs for towing, temporary employment, the homeless storage program, consulting, and electricity; and increased fees for county jail services. Commodities are higher mostly due to inflationary adjustments for library materials and vehicle parts.

Pay-as-you-go capital expenditure decreases are primarily due to the carryover of funds for the 2023 General Obligation (GO) Bond Program projects and for an enterprise Time and Labor system that will instead be debt financed and are reflected as bond fund expenditures.

The following pie charts show the 2024-25 General Fund budget summarized by major programs and major resources.



¹ When contingency is excluded, Public Safety and Criminal Justice account for approximately 68% of budgeted General Fund expenditures.

RESOURCES

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

FY 2024-25 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 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 2024-25 beginning fund balances totaling \$2,810.4 million include \$276.6 million in General funds, \$1,260.1 million in Special Revenue funds and \$1,273.7 million in Enterprise funds. The estimated beginning fund balance for Special Revenue and Enterprise funds include: Transportation 2050 - \$521.8 million; Other Restricted - \$223.2 million; Sports Facilities - \$104.8 million; Parks and Preserves - \$97.1 million; Arizona Highway User Revenue - \$79.4 million; Grant funds - \$56.5 million; 2007 Public Safety Expansion - \$45.8 million; Development Services - \$27.4 million; Capital Construction - \$26.5 million; Public Safety Enhancement - \$26.2 million; Neighborhood Protection - \$21.8 million; Community Reinvestment - \$20.6 million; Aviation - \$709.7 million; Wastewater - \$217.7 million; Convention Center - \$165.6 million; Water - \$134.4 million; Solid Waste - \$46.2 million, and \$8.9 million in various other special revenue funds.

2024-25 GENERAL FUND ESTIMATED BEGINNING FUND BALANCE (AKA 2023-24 GENERAL FUND ESTIMATED ENDING BALANCE)

The 2024-25 beginning balance mentioned in the previous section is estimated to be \$276.6 million, which is also the 2023-24 General Fund ending balance, as shown in the following table. This results from a \$103.4 million increases in net resources, combined with a \$173.2 million reductions in net expenditures estimated in 2023-24 compared to the original General Fund budget.

General Fund Balance Analysis (In Thousands of Dollars)					
	2022-23 Actuals	2023-24		Estimate Over (Under) Budget	
		Budget	Estimate	Amount	Percent
Resources					
Beginning Balances	224,446	204,065	222,931	18,866	9.2%
Revenue	1,692,903	1,830,903	1,903,464	72,561	4.0%
Recoveries	4,259	2,457	4,124	1,667	67.8%
Transfers	(74,870)	(8,756)	1,549	10,305	+100.0%
Total Resources	1,846,738	2,028,669	2,132,068	103,399	5.1%
Expenditures					
Operating Expenditures	1,592,223	1,906,737	1,821,499	(85,238)	(4.5)%
Capital	31,584	121,932	33,979	(87,953)	(72.1)%
Total Expenditures	1,623,807	2,028,669	1,855,478	(173,191)	(8.5)%
Ending Fund Balance	222,931	--	276,590	276,590	+100.0%

The increase in net resources includes a \$18.9 million higher beginning balance, a \$72.6 million increase in operating revenues, a \$1.7 million increase in recoveries, and a \$10.3 million increase in net transfers. The increase to 2023-24 projected General Fund revenues is primarily due to higher than anticipated growth in city and state sales taxes and non-tax revenues. The increase in recoveries is because more encumbered expenditures are expected to be liquidated in 2023-24. The increase in net transfers is primarily attributed to higher central service cost transfers into the General Fund and a decrease in infrastructure repayments from the General Fund to the Infrastructure Repayment Trust.

The decrease in net expenditures includes a \$85.2 million decrease in operating expenditures and a \$88.0 million decline in pay-as-you-go capital expenditures. The decrease in 2023-24 estimated General Fund operating expenditures from the 2023-24 budget is mainly due to unused contingency funds and vacancy savings. The reduction of pay-as-you-go capital expenditures compared with the 2023-24 budget is primarily due to a carryover of funds from 2023-24 to 2024-25.

FY 2024-25 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 2024-25 are estimated at \$6,009,263,000. This is \$395,965,000 or 7.1 percent higher than the 2023-24 estimate of \$5,613,298,000.

The following table provides a comparison of the 2024-25 estimated revenues to 2023-24 estimates and 2022-23 actual collections. Detailed explanations by category are provided in the 2024-25 Revenue Estimates section of this document.

FY 2024-25 Estimated Revenues Compared to 2023-24 Estimates (In Thousands of Dollars)					
Fund Types	2022-23 Actuals	2023-24 Estimate	2024-25		
			Estimate	Amount Change	Percent Change
General	1,692,903	1,903,464	1,843,608	(59,856)	(3.1)%
Special Revenue Funds	1,661,747	1,878,263	2,204,558	326,296	17.4%
Enterprise Funds	1,668,401	1,831,571	1,961,097	129,525	7.1%
Total	5,023,051	5,613,298	6,009,263	395,965	7.1%

General Fund revenues are estimated at \$1,843,608,000, which is \$59,856,000 or 3.1 percent less than the 2023-24 estimate of \$1,903,464,000. The decrease is primarily due to the anticipated decrease in state-shared income tax revenues due to the state's actions to lower the individual income tax rate to the current flat tax of 2.5 percent, and partially offset by anticipated increases in state-shared sales and vehicle license taxes, and City sales taxes.

Special Revenue funds are projected at \$2,204,558,000, which is \$326,296,000 or 17.4 percent higher than the 2023-24 estimate of \$1,878,263,000. The estimate for Special Revenue funds includes an \$8.0 million increase in Regional Transit funds, a \$6.5 million increase in Secondary Property Tax revenues, a \$4.4 million increase in Community Reinvestments revenues, a \$3.2 million increase in Highway User Revenue, a \$1.6 million increase in Development Services funds, a \$1.4 million increase in Sports Facilities funds, a \$1.3 million increase in Public Safety Enhancement funds, a \$0.8 million increase in 2007 Public Safety Expansion funds, a \$0.7 million increase in Court Awards funds, and a combined increase of \$0.4 million in Neighborhood Protection and Golf Courses funds. In addition, there is a \$308.5 million increase in various grant funds and other restricted revenues, including Public Housing, Community Development, and Public Transit grants. The increased Special

Revenue funds are offset by a \$4.9 million decrease in Transportation 2050 funds, a \$3.8 million in Human Services grants, a \$1.1 million decrease in Regional Wireless Cooperative revenues, and a combined decrease of 0.7 million in Parks and Preserves, Capital Construction, and Impact Fee Program Administration revenues.

The 2024-25 Enterprise funds are expected to be \$1,961,097,000, which is \$129,525,000 or 7.1 percent more than the 2023-24 estimate of \$1,831,571,000. The increase includes the impact of the Council authorized rate increases for Water and Wastewater funds and the additional revenues from the Convention Center fund, Aviation fund, and Solid Waste fund.

FY 2024-25 TRANSFERS TO THE GENERAL FUND

Transfers are used to allocate resources between funds for purposes of matching costs with benefits received through a central service cost allocation or to assess in lieu property taxes.

Central service cost allocation and other transfers to the General Fund for 2024-25 total \$99.8 million. This amount reflects \$97.0 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 \$99.8 million. A transfer of \$1,353.1 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.

2024-25 ESTIMATED ENDING BALANCES

Arizona budget law requires a balanced General Fund budget. No General Fund balances may be accumulated in reserve for subsequent fiscal years. Arizona law does, however, provide for a contingency each year. For 2024-25, \$88.9 million is included for the General Fund contingency, with an additional \$80.0 million set aside to ensure the General Fund remains balanced in the event of a projected deficit in 2025-26, or an economic downturn or an unexpected reduction in revenues to preserve existing programs and services for residents. 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 2024-25 ending balance of \$1,612.5 million includes: Other Restricted - \$209.4 million; Transportation 2050 - \$197.8 million; Sports Facilities - \$116.1 million; Grant Funds - \$33.7 million; 2007 Police Public Safety Expansion - \$31.5 million; Parks and Preserves - \$30.0 million; Neighborhood Protection - \$25.2 million; Community Reinvestment - \$20.8 million; Arizona Highway User Revenue - \$20.3 million; Public Safety Enhancement - \$11.6 million; Golf - \$7.2 million; Regional Transit - \$3.7 million; Capital Construction - \$3.5 million; Aviation - \$412.2 million; Wastewater - \$193.6 million; Convention Center - \$177.4 million; Water - \$106.7 million; Solid Waste - \$6.3 million; and a combined \$5.5 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 \$1,260.1 million to \$716.4 million.

- Transportation 2050 fund balances are primarily decreasing due to planned pay-as-you-go capital spending for bus rapid transit; light rail extensions; aesthetic bridge improvements; land acquisition for a North Phoenix garage to maintain 250 buses; traffic signal improvements; the annual Residential Street Overlay, crack seal, and Micro Surfacing programs; contingencies for unexpected project costs; street modernization projects such as landscape medians; undetermined major street projects; the installation of citywide mid-block streetlights; pedestrian and bikeway improvements; new infrastructure for transit facilities; railroad safety improvements; and bus pullouts. Operating expenditures are also increasing due to a cost per mile increase for fixed bus routes, the Fare Collection System maintenance project, and higher contingency reserves.
- The Phoenix Parks and Preserves fund balance is declining mainly due to planned capital expenditures for preserve land acquisitions; Phoenix Mountain Preserve improvements to restrooms, picnic areas, parking lots, and trailheads; and park improvements. Revenue is also declining from lower collections in miscellaneous income and interest earnings due to the decrease in the beginning fund balance and the estimated interest rate reduction. Furthermore, operating expenses are slightly rising due to normal inflationary adjustments and to employee compensation increases for the continuation of the Classification and Compensation study implementation and 2024-25 negotiated labor contracts.
- The Arizona Highway User Revenue fund balance is diminishing due to intended capital spending for undetermined major street projects; a Street Life Cycle Program for Happy Valley Road and 35th Avenue to 67th Avenue; the ADA Transition Plan; and the annual Residential Street Overlay and crack seal labor programs. Operating expenses will also rise mostly as a result of negotiated employee compensation increases and the continuation of the Classification and Compensation study implementation.

- The Public Safety Specialty funds, including Neighborhood Protection, 2007 Public Safety Expansion and Public Safety Enhancement, are decreasing as a result of employee compensation increases due to the continuation of the Classification and Compensation study implementation and 2024-25 negotiated labor contracts. In addition, a transfer from the Public Safety Specialty Funds to the Other Restricted Funds to cover the needed subsidy is also contributing to the decreased fund balance.
- Development Services funds are reducing due to higher operating costs for fewer anticipated vacancies and employee compensation increases for the continuation of the Classification and Compensation study implementation and 2024-25 negotiated labor contracts. In addition, a decline in expense recoveries also contribute to the expected fund balance decline.
- Capital Construction fund balances are decreasing due to planned capital expenditures for undetermined major street projects; citywide drainage improvements; construction and repairs to containment facilities in the Rawhide Wash; and street modernization projects. Revenue is also declining from lower collections in miscellaneous income and interest earnings due to the decrease in the beginning fund balance and the estimated interest rate reduction. Expense recoveries are also expected to decline slightly.
- Grant fund balances are declining mainly due to planned pay-as-you go capital spending of HOME Investment Partnerships Program funds and additional Section 8 housing assistance payments.
- Other Restricted fund balances are decreasing due to increases in planned capital spending for affordable housing projects; extensive renovation to service the Edison Eastlake community; replacement of the existing case management system; modernization of the newly acquired hotel for veterans; and software and equipment for the Computer-Aided Dispatch (CAD) system.
- A few Special Revenue fund balances are expected to increase primarily due to decreases in total expenditures or increases in revenue.

In 2024-25, the Enterprise funds ending balances in the aggregate are programmed to decline from \$1,273.7 million at the beginning of 2024-25 to \$896.1 million at year end.

- The Aviation balance is declining due to capital spending on airport construction; increased project contingency funds; improved technology; land acquisitions and redevelopment; and infrastructure improvements. Operating costs are increasing in contractual services due to inflationary adjustments for ground transportation system maintenance and repair; transportation and custodial services; security, parking management, advertising, HVAC and other services; property insurance; higher electricity rates; and credit card fees and banking services. Additional costs are also due to higher contingency reserves; negotiated increases in employee compensation and the continuation of the Classification and Compensation study implementation; parking revenue control system equipment; janitorial, paint, plumbing, and electrical supplies; locks; motor vehicle parts; computer components; small tools; HVAC equipment; higher work order charges; capital equipment; and computer software.
- Solid Waste funds are decreasing due to a rise in pay-as-you-go capital developments for infrastructure improvements at the SR85 Landfill, upgraded recycling equipment, and generator and compressor replacements at CNG fuel sites. Operating costs are increasing due to higher equipment management charges from Fleet Services; the resumption of recycling operations at the 27th Avenue Material Recovery Facility (MRF); elevated costs for computer and long-haul waste transport services; negotiated employee compensation increases and for the continuation of the Classification and Compensation study implementation; greater contingency reserves; vehicle and capital equipment replacements; and higher inflationary costs for containers for garbage, recycling, metal, and green organics; computer components; and photographic supplies.
- Water funds are declining due to additional capital expenditures for infrastructure needs such as wells and Val Vista Water Treatment Plant improvements, and technology design for a computer maintenance management system. Operating costs are also increasing for higher contingency reserves; a rise in costs for chemicals, water conservation rebates, electricity, street pavement contracts, vehicle replacements, carbon regeneration services, credit card fees and banking services, computer equipment, and pumps; and greater costs to personal services due to negotiated employee compensation increases and for the continuation of the Classification and Compensation study implementation.
- Wastewater funds are diminishing mostly due to a rise in operating expenditures for higher contingency reserves; electricity; odor, pest control, and other services; sludge hauling; computer services; insurance costs; landscape maintenance; equipment repair; wastewater treatment costs; and maintenance and repairs. Commodities are also expected to increase for chemicals, computer software, materials to maintain infrastructure, water pumps, and electrical supplies. In addition, the continuation of the Classification and Compensation study implementation and negotiated employee increases as well as increases in work order charges are also expected to deplete the fund balance. Capital spending will rise slightly for equipment repair and replacement at the 91st Avenue Wastewater Treatment Plant.
- 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 due to higher contractual costs for a tourism and marketing contract, increases to custodial services, utilities, maintenance and repairs, temporary staff assisting in productions, property insurance, professional and auditing services, out-of-state training, and maintenance and repairs. Also included are costs for furniture and capital equipment replacement; higher contingency reserves; greater personal service costs for negotiated increases in employee compensation and the continuation of the Classification and Compensation study implementation; inflationary increases to material to maintain infrastructure, computer components, HVAC equipment, and other commodities; and increased work order charges. Increased pay-as-you-go capital expenditures will also slightly offset the fund balance for roof repair of the South Building, design and installation of new expansion joints in the East Garage, and to purchase and implement a new Facility Asset Management System.



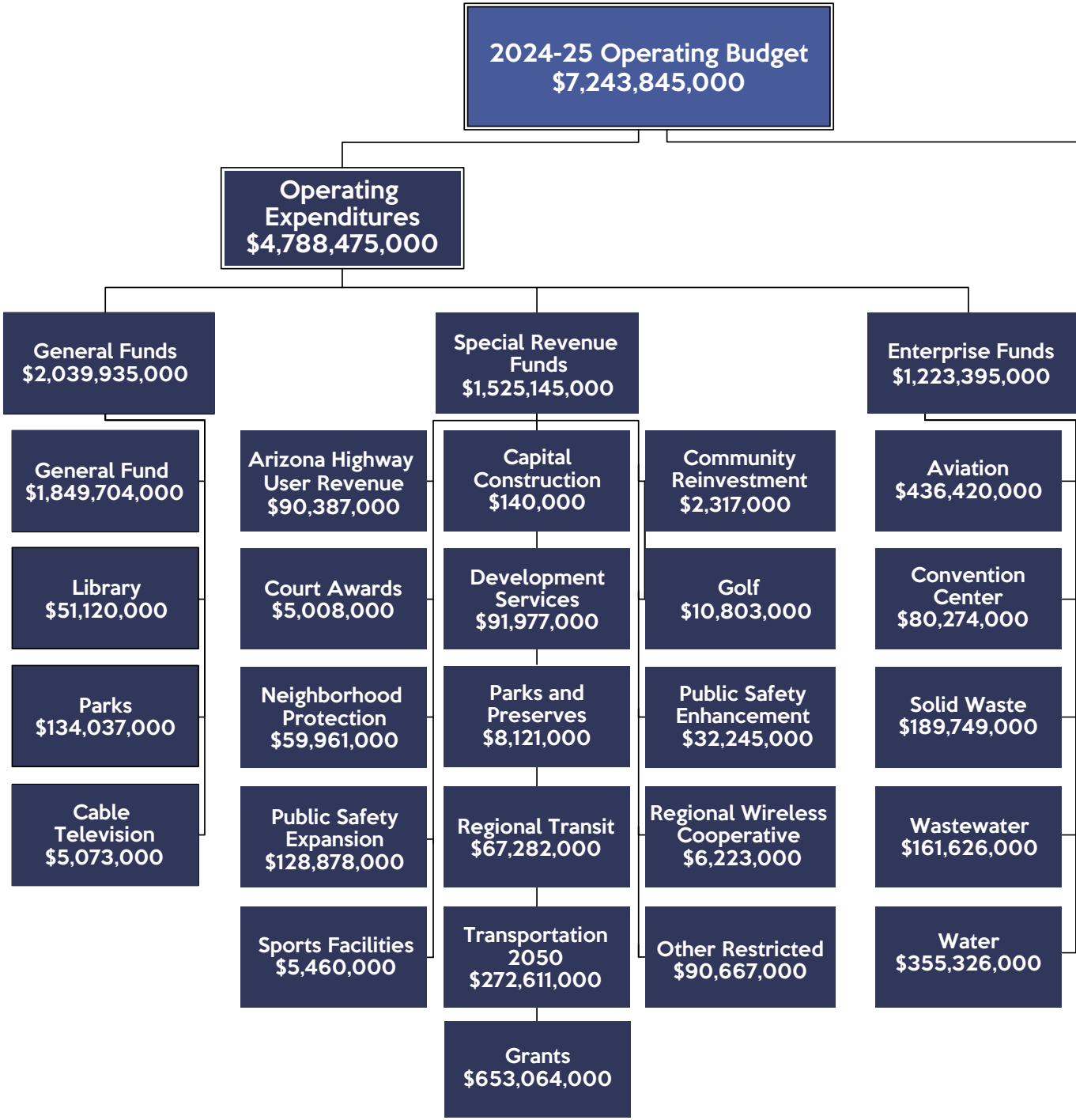
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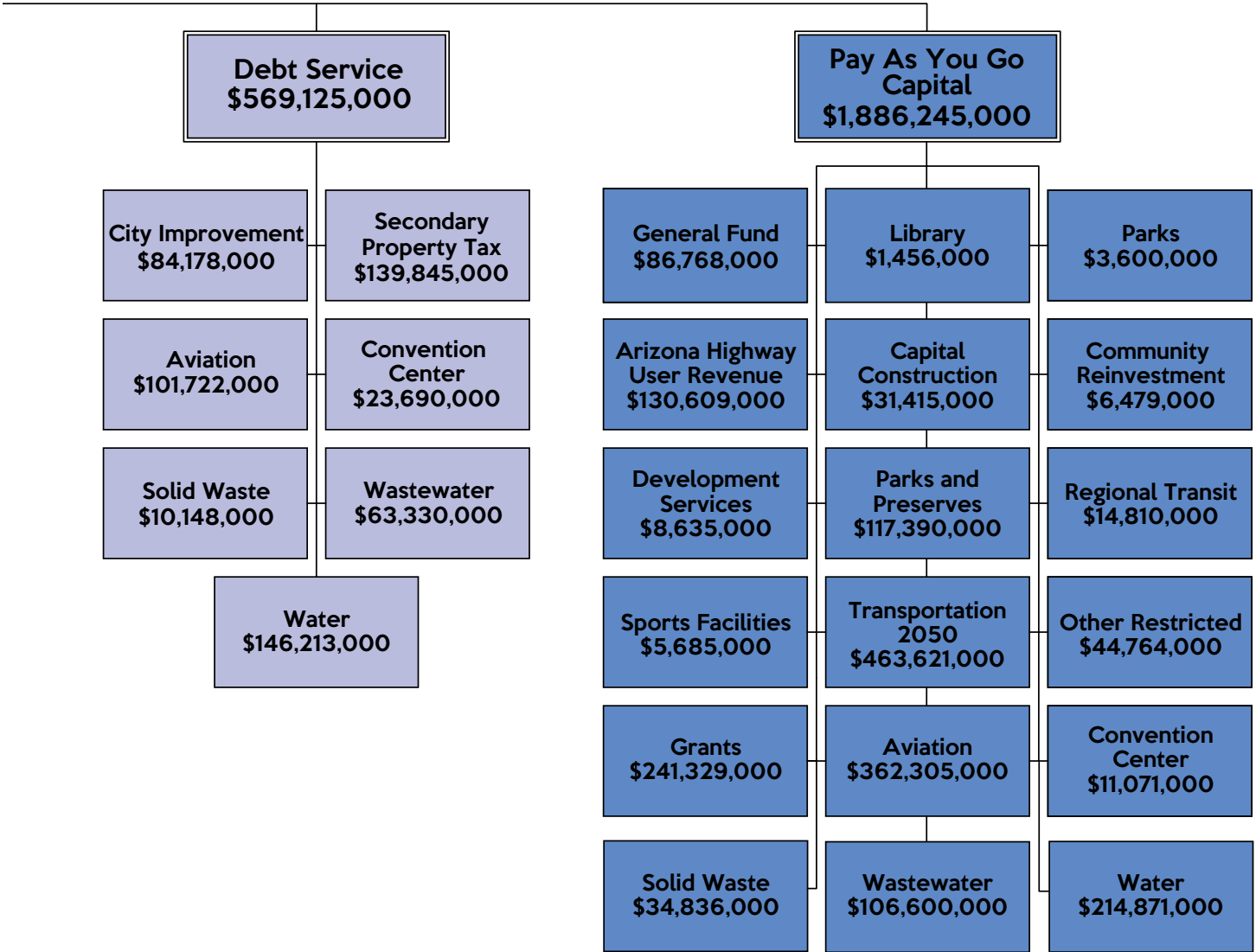
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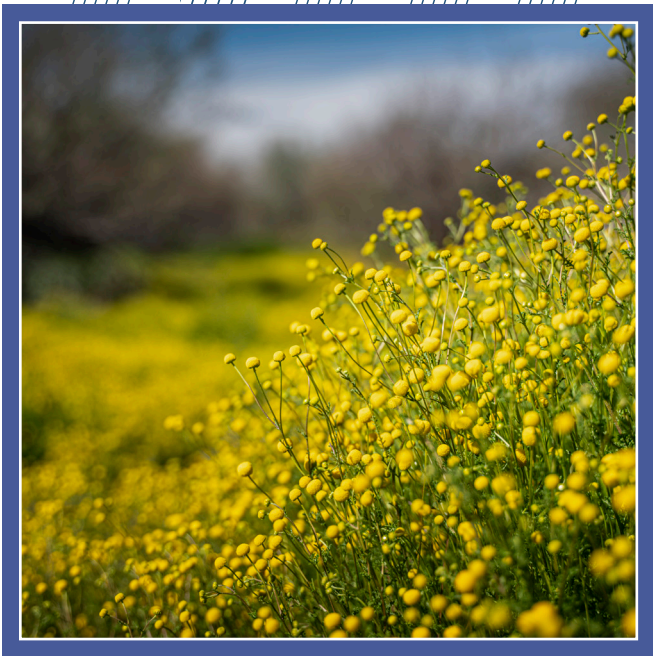
STABLE OUTLOOK

CITY OF PHOENIX FINANCIAL ORGANIZATIONAL CHART



CITY OF PHOENIX FINANCIAL ORGANIZATIONAL CHART





SERVICES TO THE COMMUNITY

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

The 2024-25 General Fund includes a projected surplus of \$80 million which will be set-aside in reserve, due to projected future deficits in 2025-26 and 2026-27. Additionally, the General Fund includes 28 full-time equivalent positions representing conversion of existing budgeted resources. These positions support the following City programs: Property Management Services, the Airport Bureau, Blight Reduction Program, Procurement and Contract Management, Media Relations and Strategic Communications, and Constituent Services. The \$80 million set-aside is critical to ensure current programs and services to the community are preserved in the coming years. The 2024-25 budget maintains current service and program levels, with the following areas highlighted based on received community feedback.

The City has made significant investments to address homelessness, namely the creation of the Office of Homeless Solutions in 2022. The \$2.8 million investment from the General Fund has increased staffing levels to provide direct services to unsheltered individuals and families in the community. Additionally, the City has invested nearly \$185 million over the last four years in capital projects and homeless service operations from a variety of funding sources.

The Housing Department provides the community with affordable housing through a variety of programs and projects. Dedicated funding for both City projects and community-focused programs ensures the creation or preservation of affordable housing units throughout Phoenix. The Housing Department has several projects planned or underway from various funding sources, which will result in hundreds of new affordable housing units.

The 2024-25 budget includes significant resources for public safety, including the Fire Department with a \$562 million total budget. Since 2016-17 the Fire Department budget has increased by 71 percent and added 250 sworn firefighter positions. The 2023 General Obligation Bond Program will provide four additional fire stations, apparatus, and 118 sworn personnel. Also included is continuation of the previously City Council approved allocation in 2021 of \$15 million for the Community Assistance Program with 130.9 civilian positions to respond to behavioral and mental health calls for service allowing sworn personnel to respond to core public safety related calls for service.

The budget maintains funding for critical heat relief and public water drinking fountain programs. The 2024 Heat Response Plan expands the City's efforts to prevent heat-related illnesses and deaths by extending hours and overnight ability at five Heat Relief Network locations in the summer. The Parks and Recreation Department manages 384 drinking fountains within the parks system and drinking fountains at 33 community and recreation centers. Additionally, the Office of Innovation launched a pilot program in 2023 to expand equitable, free, and reliable access to chilled drinking water in public locations.

The City provides critical eviction assistance through the Tenants Eviction Assistance Project (TEAP) Program and the Human Services Department (HSD) Landlord and Tenant Program Through TEAP, tenants are provided advice and legal counsel regarding their specific circumstances, and since 2020-21 has served over 16,000 residents. The HSD Landlord and Tenant Program provides education and counseling through in-person and telephonic appointments and is projected to serve over 8,000 community members in 2023-24.

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 2024-25 non-General Funds maintains funding for existing city services and includes two full-time equivalent positions representing conversion of existing budgeted resources. These positions support the Commercial Plan Review and Inspections and Growth and Infrastructure programs.

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

Program Service Level in 2013-14

In 2013-14, the Police Department had 3,266 sworn and 1,163.5 civilian employees.

Service Changes Through 2023-24

The 2023-24 budget included several service enhancements:

- Additional Civilian Investigator positions were added to continue the Police Department's civilianization efforts. Additional positions provide support to Employment Services Unit, Investigations, and Compliance and Oversight Bureaus providing staffing flexibility and enabling optimal deployment of sworn personnel.
- Temporary Forensic Scientist positions in the Lab Services Bureau were converted to permanent full-time positions to increase evidence processing capabilities.
- Additional Crime Scene Specialists in the Laboratory Services Bureau were added to improve the investigative process and processing of crime scenes, helping to keep pace with national standards and best practices.
- Two temporary Marketing Recruitment Specialist positions were converted to permanent full-time positions to provide continued efforts in recruitment.
- Additional Analyst positions were added to Patrol, Investigations, and Compliance and Oversight Bureau to enhance data collection and analyzation efforts.
- Additional Curriculum and Training Coordinator positions enhanced training capacity and increased overall effectiveness.
- Additional civilian Police Assistant positions enhanced the capabilities of the Logistical Resource Bureau responsible for moving evidence, as well as Patrol districts in effort to continue deferring calls that could be handled by civilian response personnel identified in a collaborative assessment with Arizona State University.
- The sworn hiring plan continued in 2023-24, with the planned hiring of 215 police officers. Overall, the 2023-24 budget includes 3,125.0 sworn positions, or approximately 1.86 officers for every 1,000 residents, as well as 1,324.4 civilian employees.

Service Changes for 2024-25

The 2024-25 budget includes several service enhancements:

- An administrative position was added to support the Airport Bureau. The position is responsible for management of several federal grants as well as coordinating equipment.
- Two temporary Human Resources positions were converted to permanent full-time status to ensure continued effective recruitment and hiring of Police Department positions.
- A temporary Chief of Staff position was converted to permanent full-time status. The position will ensure the continued link between the Chief of Police and the various units throughout the department.

POLICE - Response Time Average

Program Service Level in 2013-14

Response time for 2013-14 Priority 1 emergency calls was not available due to issues with the Police Computer-Aided Dispatch (CAD) system.

Service Changes Through 2023-24

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 were 7 minutes and 33 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 retention challenges have reduced the percentage to 74 percent of Priority 1 911 calls answered within 15 seconds.

Service Changes for 2024-25

As the Department continues to civilianize positions historically held by sworn personnel, the Priority 1 average response time for 2024-25 is estimated to slightly decrease to 7 minutes and 30 seconds. Due to anticipated hiring, the department estimates the percentage of Priority 1 911 calls answered within 15 seconds to be 77percent, a slight increase from 2023-24.

PUBLIC SAFETY

FIRE - Response Time Average

Program Service Level in 2013-14

In 2013-14, the Fire Department maintained an average response time of 4 minutes 44 seconds for all fire and medical emergency calls.

Service Changes Through 2023-24

Since 2013-14, response times have increased to 5 minutes 7 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 43 percent from 2013-14 to 2023-24.

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 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.

Service Changes for 2024-25

The 2024-25 budget recommends retaining current emergency response staffing levels to achieve less than five-minute average response time for all fire and medical emergency calls.

FIRE - Emergency Transportation

Program Service Level in 2013-14

In 2013-14, the City had a total of 23 full-time and 11 part-time ambulances in service.

Service Changes Through 2023-24

- 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 and 15 part-time ambulances.
- The 2019-20 budget included funding for two additional full-time ambulances, bringing the total to 26 full-time and 15 part-time ambulances. The first ambulance was for the new Fire Station 55 located at I-17 and Jomax Road. The second ambulance was for Fire Station 58 to improve ambulance response time in the southwest region of the City of Phoenix and were staffed by approved sworn positions previously unbudgeted.
- 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. In 2022-23 funding from the 2021 SAFER grant was utilized to bring an additional full-time ambulance into service. This brings the total to 29 full-time and 16 part-time ambulances.
- 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. In March 2024, the City Council approved the conversion of 10 part-time to six full-time ambulances. This conversion includes the creation of 34 new 56-hour firefighter positions and unfreezing 14 existing 56-hour firefighter positions. All positions were added this fiscal year but start dates will be staggered into 2024-25. This brings the total to 37 full-time and 6 part-time ambulances.

Service Changes for 2024-25

The 2024-25 budget includes filling the remaining positions that were part of the March 2024 conversion of 10 part-time to six full-time ambulances.

TRANSPORTATION

PUBLIC TRANSIT - Service Miles/Hours

Program Service Level in 2013-14

In 2013-14, an estimated 16,248,381 bus miles and 260,085 hours of Dial-a-Ride services were provided on weekdays and weekends in the City of Phoenix.

Service Changes Through 2023-24

- Annual 2014-15 bus miles are estimated at 16,458,353 and Dial-a-Ride service hours are estimated at 322,760.
- Annual 2015-16 bus revenue miles are estimated at 17,202,500, Express/RAPID revenue miles are estimated at 920,700, and Dial-a-Ride service hours are estimated at 323,810. City Council approved bus service modifications implemented in October 2015 and April 2016. Public Transit modified several bus routes, increased route frequency on some existing routes, and added one new bus route to meet ridership demand and improve route efficiency.
- Annual 2016-17 local bus revenue miles are estimated at 17,206,500, Express/RAPID revenue miles are estimated at 920,700, and Dial-a-Ride service hours are estimated at 323,286. City Council approved expanding bus service and increasing service frequency in Phoenix to at least every 30 minutes on all routes in October 2016 and April 2017. Public Transit also extended Route 39 to Dreamy Draw Park and Ride and extended Route 122 to service both Arizona State University West and the 19th Ave/Dunlap light rail station.
- Annual 2017-18 local bus revenue miles are estimated at 19,836,900, Express/RAPID revenue miles are estimated at 920,700 and Dial-a-Ride services hours are estimated at 322,760. In October 2017, Public Transit extended Route 19 to service Happy Valley Towne Center, Route 60 to service 24th Street and Camelback Road, and improved frequency on Routes 29 and 50. In April 2018, Public Transit extended Route 32 to Arizona Mills Mall in Tempe via 48th Street, University Drive, 40th Street, and Baseline Road. Route 51 was extended on 51st Avenue from Lower Buckeye Road to Baseline Road. In addition, the extended 51 consolidated with Route 251 to form a single bus route on 51st Avenue from ASU West to Pecos Road. Frequency improvements were made on Routes 3 and 19 in April 2018.
- Annual 2018-19 local bus revenue miles are estimated at 20,372,200, Express/RAPID revenue miles are estimated at 850,500 and Dial-a-Ride services hours are estimated at 324,864. In October 2018, Public Transit 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 also made a minor routing change on Route 8 in downtown Phoenix and Route 106 in Metro Center Mall. Frequency improvements were completed for Route 41 on Indian School Road. In April 2019, Public Transit 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.
- 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. In response to the ridership decline due to the COVID-19 pandemic, several changes took place in April and May 2020 including: reduced RAPID and Express trips into Downtown Phoenix; minor route modifications on Route 7, Route 60, and the SMART Circulator; Phoenix-operated fixed route service's service hours were reduced to weekdays 5 a.m. to 11 p.m. and weekends 6 a.m. to 11 p.m.; and a reduction in service hours for local routes was applied to Valley Metro operated routes in Phoenix.
- 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. Express/RAPID revenue miles were estimated at 947,700 but reduced to 685,600 reflecting actual service scheduled post-pandemic. In October 2022, Public Transit extended Route 43 to Lower Buckeye Road as well as implemented peak hour service on Route 156. In April 2023, Public Transit extended Route 28 to 99th Avenue and Route 61 to 51st Avenue.
- Annual 2023-24 local bus revenue miles are estimated at 22,314,000 after reflecting frequency adjustments. Dial-a-Ride service hours are estimated at 328,141. Express/RAPID revenue miles are estimated at 761,700 after reflecting October 2023 service adjustments. In October 2023, Public Transit made several frequency adjustments on local routes that increased the number of routes with frequent service (15-minute frequency or better). Routes modified were Route 3, 7, 16, 19, 35, and 70. In addition, peak-hour 15-minute service was introduced for Route 27 to help alleviate observed crowding on buses. Finally, service adjustments were made to RAPID commuter service by adding additional trips for each RAPID route.

Service Changes for 2024-25

Annual 2024-25 local bus revenue miles are estimated at 22,284,100. Express / RAPID revenue miles are estimated at 761,700, and Dial-a-Ride services hours are estimated at 329,763.

TRANSPORTATION

PUBLIC TRANSIT - Average Weekday Bus Ridership

Program Service Level in 2013-14

In 2013-14, the average weekday bus ridership was estimated to be 135,050.

Service Changes Through 2023-24

- In the 2014-15 budget, average weekday ridership is estimated at 129,790.
- 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 is estimated at 46,000, decreasing from the prior year due to the COVID-19 pandemic.
- In the 2021-22 budget, average weekday ridership is estimated at 53,000.
- In the 2022-23 budget, average weekday ridership is estimated at 52,000.
- In the 2023-24 budget, average weekday ridership is estimated at 51,000.

Service Changes for 2024-25

In the 2024-25 budget, average weekday ridership is estimated at 52,000.

STREET TRANSPORTATION - Major And Collector Street Sweeping And Maintenance

Program Service Level in 2013-14

In 2013-14, street sweeping and maintenance was scheduled to occur every 14 days.

Service Changes Through 2023-24

There were no changes in service from 2013-14 through 2023-24. Frequency of service remained at every two weeks.

Service Changes for 2024-25

The 2024-25 budget includes no changes in service for major and collector sweeping and maintenance. Frequency of service remains at every two weeks.

STREET TRANSPORTATION - Residential Street Sweeping

Program Service Level in 2013-14

In 2013-14, the city provided street sweeping service four times a year.

Service Changes Through 2023-24

There were no changes from 2013-14 through 2023-24. Frequency of service remained at four times per year.

Service Changes for 2024-25

The 2024-25 budget includes no changes in service for residential street sweeping. Frequency of service remains at four times per year.

TRANSPORTATION

STREET TRANSPORTATION - Sealcoat

Program Service Level in 2013-14

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

Service Changes Through 2023-24

- 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 included 200 miles of streets to be sealcoated.
- The 2023-24 budget included 109 miles of streets to be sealcoated.

Service Changes for 2024-25

The 2024-25 budget includes 119 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.

STREET TRANSPORTATION - Asphalt Overlay

Program Service Level in 2013-14

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

Service Changes Through 2023-24

- 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 provided for 74 miles of overlay.

Service Changes for 2024-25

The 2024-25 budget provides for 93 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.

COMMUNITY DEVELOPMENT

HOUSING – Scattered Sites Housing Program

Program Service Level in 2013-14

In 2013-14, the Housing Department had 409 units.

Service Changes Through 2023-24

The Scattered Sites Homeownership Program allows eligible tenants the opportunity to purchase a home.

At the end of 2023-24, the Scattered Sites Homeownership Program is expected to have an inventory of 157 units, which reflects the anticipated sale of six units in 2023-24 through the Section 18 and Section 32 programs.

Service Changes for 2024-25

In the 2024-2025 budget, the Scattered Sites Homeownership Program is expected to sell 14 units, which will reduce its inventory to 143 units.

HOUSING – Affordable Housing Program

Program Service Level in 2013-14

In 2013-14, the Affordable Housing Program consisted of 2,716 units for families and individuals.

Service Changes Through 2023-24

At the end of 2023-24, the Affordable Housing Program is expected to consist of 2,711 units for families and individuals.

Service Changes for 2024-25

In the 2024-25 budget, the Affordable Housing Program is expected to consist of 2,741 units for families and individuals, which reflects a planned addition of 30 units.

HOUSING – Federal Assisted Housing Program

Program Service Level in 2013-14

In 2013-14, the total inventory of assisted housing units was 2,204.

Service Changes Through 2023-24

At the end of 2023-24, the Federal Assisted Housing Program is expected to consist of 1,018 units for families and individuals, which reflects a decrease from 2013-14 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.

Service Changes for 2024-25

In the 2024-25 budget, the total number of assisted housing units is expected to decrease to 975, which reflects the planned continued redevelopment of the Edison-Eastlake community into mixed income units through the Choice Neighborhoods Revitalization Grant.

HOUSING – Housing Payment Assistance Program

Program Service Level in 2013-14

In the 2013-14 budget, the Rental Assistance Program provided 6,582 units of vouchers for low-income residents in the private housing market.

Service Changes Through 2023-24

At the end of 2023-24, the Rental Assistance Program is expected to have provided 7,561 vouchers for low-income residents in the private housing market and 390 emergency housing vouchers.

Service Changes for 2024-25

In the 2024-25 budget, the Rental Assistance Program is expected to provide 7,650 vouchers for low-income residents in the private housing market and 390 emergency housing vouchers.

COMMUNITY DEVELOPMENT

NEIGHBORHOOD SERVICES – Neighborhood Preservation Case Cycle Time (Days)

Program Service Level in 2013-14

In 2013-14, the average case cycle time was 45 days.

Service Changes Through 2023-24

- In 2011-12, additional performance standards and quality control measures were initiated, along with ongoing process improvements and some division reorganization, which reduced the average case cycle time 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.
- In 2022-23, the average case cycle time reduced to 36 days, as processes further normalized after the pandemic.
- The average case cycle time in 2023-24 is anticipated to increase to 38 days due to staff vacancies.

Service Changes for 2024-25

The average case cycle time in 2024-25 is anticipated to increase slightly to 39 days due to existing and anticipated staff vacancies.

ECONOMIC DEVELOPMENT – Employment Growth Rate Compared to Other Cities

Program Service Level in 2013-14

In 2013, Phoenix's employment growth rate was as follows:

- Austin – 4.5%
- San Jose – 4.4%
- Dallas – 3.3%
- Ft. Worth-Arlington – 2.8%
- **PHOENIX – 2.7%**
- Los Angeles/Long Beach – 2.3%
- San Antonio – 2.3%
- San Diego – 2.2%
- Kansas City – 0.6%

Service Changes Through 2023-24

The average unemployment rate for the Phoenix Metropolitan Area in 2023 was 3.5%. This is a 0.1% increase from 2022 and a 9.6% decrease from peak pandemic unemployment, which occurred in April 2020 at 13.1%. Preliminary data from the Bureau of Labor Statistics (BLS) shows an unemployment rate of 3.3% for February 2024.

Based on data from the BLS, the Phoenix Metropolitan Area 2023 employment growth rate of 2.8% is a 0.1% decrease from 2022. The growth rate compares favorably with benchmark metropolitan areas:

- Austin – 3.8%
- Las Vegas – 3.5%
- **PHOENIX – 2.8%**
- Salt Lake City – 2.5%
- Albuquerque – 2.2%
- Dallas – 1.8%
- Denver – 1.1%
- San Diego – 0.7%
- Los Angeles – 0.0%
- San Francisco – (0.6%)

Source: Bureau of Labor Statistics, Local Area Unemployment, Not Seasonally Adjusted, Metropolitan Statistical Area.

Service Changes for 2024-25

Based on data from the Arizona Office of Economic Opportunity, the City of Phoenix employment level is expected to increase by 36,496 from 2023 to 2025.

Despite economic conditions related to the pandemic and the decline in employment in 2020, the City's employment is expected to grow by 3.3 percent between 2023 and 2025.

COMMUNITY ENRICHMENT

HUMAN SERVICES – Head Start Program

Program Service Level in 2013-14

In 2013-14, the program served 3,204 children.

Service Changes Through 2023-24

- 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 the Early Head Start Program.
- The program served 4,220 children during 2019-20, of which 745 were included in the Early Head Start Program.
- The program served 2,632 children during 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 during 2021-22, of which 575 were included in the Early Head Start Program.
- In 2022-23, the Head Start program served 2,585 children, of which 1,684 were full-day Head Start students, and the rest attended part-day programming. The Early Head Start Program served 477 children. In addition, the Early Childhood Education Expansion (ECEE) served 230 children. The ECEE program is funded through the American Rescue Plan Act (ARPA) and will end in June 2024. The decrease in numbers for 2022-23 was influenced by staffing shortages. The number of full-day Head Start students was lower than anticipated due to program teacher shortages for the school year.
- In 2023-24, the Head Start program served more than 2,551 children, of which 2,152 were full-day Head Start students, and the rest attended part-day programming. The Early Head Start Program will serve more than 295 children. In addition, the ECEE will serve 261 children. The decrease in projected numbers for 2023-24 is due to anticipated staffing shortages.

Service Changes for 2024-25

In 2024-25, the Head Start program is budgeted to serve up to 3,451 children, representing fully funded enrollment. Of those, 2,152 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.

COMMUNITY ENRICHMENT

HUMAN SERVICES – Senior Nutrition Program

Program Service Level in 2013-14

In 2013-14, the program served 564,300 congregate and home-delivered meals.

Service Changes Through 2023-24

- 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 served 386,269 meals. The Area Agency on Aging funded 300,000 of those meals.
- In 2023-24, the program expects to serve approximately 335,000 meals. The decrease is due to the reduction of Senior Center participants returning to the centers for meals since reopening from closure during the COVID-19 pandemic.

Service Changes for 2024-25

In 2024-25, the program expects to serve 380,000 meals. This includes projected funding to serve up to 300,000 meals through Home Delivered Meals and an increase in Senior Center members participating in meals.

COMMUNITY ENRICHMENT

PARKS AND RECREATION – Swimming Pools

Program Service Level in 2013-14

In 2013-14, 28 out of 29 pools were open. Cortez Pool was closed indefinitely due to the need for significant structural repairs.

Service Changes Through 2023-24

- In summer 2014, the number of open pools increased to 29 with the re-opening of Cortez Pool.
- Between summer 2015 and 2019, no changes were included in the budget.
- In summer 2020, all pools were closed during the summer of 2020 in response to the COVID-19 pandemic.
- In summer 2021, following the previous summer's closures, City Council directed 12 of the 29 pools to reopen in May 2021. The pool season had limited programming.
- In summer 2022, 14 pools opened in May 2022 with the remaining 14 pools closed due to staffing shortages. Eastlake Pool was closed for structural repair.
- In summer 2023, a total of 18 pools were open. Twelve pools were open all season, with six additional pools open in select months.

Service Changes for 2024-25

In summer 2024, it is anticipated 16 pools will open beginning May 2024. Two additional pools will be open one month each in June and July.

PARKS AND RECREATION – Swimming Pool Season

Program Service Level in 2013-14

In 2013-14, 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.

Service Changes Through 2023-24

- No changes were included in the budget through 2015-16, for summer seasons 2015 and 2016.
- In summer 2017, 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, for summer seasons 2018 and 2019.
- In summer 2020, all pools were closed during the summer months in response to the COVID-19 pandemic.
- In summer 2021, 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 summer 2022, 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, eight pools remained open on weekends from August through Labor Day, in addition to their normal summer schedule.
- In summer 2023, the swim and dive teams and water basketball continued to be temporarily suspended due to the lifeguard shortage; however, adult swim lessons and water aerobics were added at select pools.

Service Changes for 2024-25

In summer 2024, there are 16 pools scheduled to be open all summer season and two pools open one month each in June and July, therefore providing the public with 17 pools open at once. Additionally, six recreation swim teams will be added at select sites.

COMMUNITY ENRICHMENT

PARKS AND RECREATION – School Recreation Program During School Year

Program Service Level in 2013-14

The 2013-14 budget restored eight Phoenix Afterschool Program (PAC) sites which brought the total number of sites to 44.

Service Changes Through 2023-24

- In 2014-15, the number of PAC sites started with 44. Two sites were cancelled mid-year due to low enrollment.
- In 2015-16, the number of PAC sites were 42.
- In 2016-17, eight smaller sites were combined into four “super” sites, which reduced the number of overall sites to 38.
- No changes were included in the 2017-18 budget.
- In 2018-19, PAC sites decreased 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, 33 PAC sites were open for the duration of the school year. Sites opened at a maximum capacity of 40 students per school due to limited staffing.

Service Changes for 2024-25

In 2024-25, PAC is anticipating continued operation of 33 sites.

COMMUNITY ENRICHMENT

LIBRARY – Central Library

Program Service Level in 2013-14

The 2013-14 budget included an increase in the number of e-materials by over 13,000 items, the launch of a new public website, and the opening of hive@central and MACH1 spaces.

Service Changes Through 2023-24

- 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.
- In 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 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.

COMMUNITY ENRICHMENT

LIBRARY – Central Library (continued)

Service Changes Through 2023-24 (continued)

- The Friends store at Burton Barr reopened on May 9, 2022.
- 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.
- During summer of 2022, StartUp PHX (formerly hive@central) relaunched the Business Roadmap in English and Spanish.
- In April 2023, four additional water bottle filling stations were added making a total of six filling stations at Burton Barr Central Library.
- In April 2023, Burton Barr Library added hours, expanded private appointments, tours, and programming of the Arizona Room and Rare Book Room, and added building tours utilizing an online tour booking process.
- In July 2023, The MACH1 makerspace added open hours on Thursday afternoons.
- The Children's Place added a major interactive play installation: the Spycraft in August 2023.
- In January 2024, StartUpPhx (formerly HIVE) relaunched the SCORE Business Mentorship workshops.
- A new magazine lounge area was created on the 5th floor of the building in October 2023..
- College Depot more than doubled the number of Free Application for Federal Student Aid (FAFSA) Labs in response to national financial aid crisis in January 2024.
- College Depot expanded partnership with Phoenix Union High School District to host large-scale college planning conference in Burton Barr Central Library in February 2024.
- College Depot added an in-depth ACT Test Preparation 4-day Boot Camp for 68 students in March 2024.
- On May 1, 2024 through September 30, 2024, the cafe space will serve as a heat relief cooling center 24/7.

Service Changes for 2024-25

The 2024-25 budget includes several service enhancements:

- Through September 30, 2024, the cafe space will serve as a heat relief cooling center 24/7.
- 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.
- College Depot will orchestrate an Educational Resources Expo to coincide with back-to-school season in the fall.
- College Depot center on the 2nd floor of the Burton Barr Central Library will be expanded to include additional meeting room spaces and site improvements.
- College Depot will create an online in-take form for ReEngage Phoenix to help more adults earn their GED or high school diploma.

COMMUNITY ENRICHMENT

LIBRARY – Branch Libraries

Program Service Level in 2013-14

The 2013-14 total branch library service hours were 711 per week.

Service Changes Through 2023-24

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

COMMUNITY ENRICHMENT

LIBRARY – Branch Libraries (continued)

Service Changes Through 2023-24 (continued)

- A third Story Walk was added at Harmon Library in October 2022.
- In December 2022, 700 hotspots were added to the hotspot lending program for customers.
- Public meeting room rental and study rooms reopened in January 2023.
- South Mountain Community Library expanded hours in April 2023, for a total of 69 hours per week.
- A new First Five Years educational area for parents and young children was installed at Palo Verde Library in May 2023.
- The 2023-2024 total branch library service hours were 819 per week.
- In fall 2023, StartUpPHX relaunched SCORE Business Mentoring, a partnership with Maricopa Community Colleges, and other additional programming.
- A year-round reading program geared for children five and under and their caregivers, known as 1,000 Books by Kindergarten, was launched in the fall of 2023.
- The general laptop lending program was discontinued in December 2023. The College Depot laptop lending program remains in place.
- A beta version of the Library's new catalog solution, Vega, was launched in the winter of 2024.
- An exterior book locker with 24/7 access to library materials was installed at Acacia Library in February 2024.
- In the Spring of 2024, 1,000 additional hotspots were purchased to continue the library's hot spot lending program.
- To support City sustainability initiatives, 11 new electric vehicle charging stations were added with two dedicated parking spots and two charging cords.
- The Library 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.
- Additional ADA assistive technology is being provided in the branches.
- New bookmobile was launched in March 2024, primarily serving the Southwest Valley.
- On May 27, 2024, South Mountain Community Library's hours of operation were reduced by 13 hours. This was only a reduction in hours and staff were redeployed to other library locations with a staffing need.
- Deployed Naloxone training to staff and offered free Naloxone kits to customers, distributing over 4,000 kits.
- A new patio was installed at Century Library for additional library space and area outside for customers to utilize.

Service Changes for 2024-25

The 2024-25 budget includes several service enhancements:

- Mesquite Library will replace its automated materials handling machine in the fall of 2024.
- Outdoor digital signs will begin being installed at all library locations.
- All public printers will have the ability to accept credit card payments.

ENVIRONMENTAL SERVICES

WATER SERVICES – Water Bill Comparison for Single-Family Homes

Program Service Level in 2013-14

In a March 2014 survey, Phoenix's average monthly water bill compared favorably to the following benchmark cities:

- San Diego – \$82.33
- Austin – \$63.97
- San Jose – \$57.35
- Tucson – \$53.85
- Dallas – \$51.14
- **PHOENIX – \$37.75**
- Albuquerque – \$34.06
- San Antonio – \$21.84

Service Changes Through 2023-24

In an April 2024 survey, Phoenix's monthly water bill compared favorably to the following benchmark cities:

- San Diego – \$108.76
- San Jose – \$133.50
- Austin – \$86.22
- Tucson – \$69.44
- Fort Worth – \$46.75
- **PHOENIX – \$43.31**
- Dallas – \$39.06
- Albuquerque – \$34.73
- San Antonio – \$20.21

Service Changes for 2024-25

The average monthly water bill for Phoenix is anticipated to be \$48.56 in 2024-25.

ENVIRONMENTAL SERVICES

WATER SERVICES – Wastewater Bill Comparison for Single-Family Homes

Program Service Level in 2013-14

In a March 2014 survey, Phoenix's average monthly wastewater bill compared favorably to the following benchmark cities:

- Austin – \$58.04
- San Diego – \$46.15
- Tucson – \$43.05
- Dallas – \$35.60
- San Jose – \$33.83
- San Antonio – \$27.96
- **PHOENIX – \$20.71**
- Albuquerque – \$19.23

Service Changes Through 2023-24

In an April 2024 survey, Phoenix's monthly wastewater bill compared favorably to the following benchmark cities:

- Austin – \$69.59
- San Diego – \$59.27
- Tucson – \$45.97
- San Jose – \$45.49
- Fort Worth – \$45.22
- Dallas – \$43.67
- San Antonio – \$34.04
- **PHOENIX – \$24.95**
- Albuquerque – \$17.13

Service Changes for 2024-25

The average monthly wastewater bill for Phoenix is anticipated to be \$26.71 in 2024-25.

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

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 tenth consecutive year, the Budget and Research Department (BRD) 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 2022-23, total General Fund resources were originally estimated to end the fiscal year at \$1,831.9 million. Actual total resources were \$1,846.7 million, a difference of \$14.8 million or 0.8 percent. Total 2022-23 General Fund revenues (collections) ended the fiscal year at \$1,692.9 million, representing a variance to the revised revenue estimate of \$32.5 million.
- Staff engages in the financial best practice of providing a Multi-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 and the community. The data provides an overall picture of recent economic activity trends within Phoenix.
- Preliminary Capital Improvement Programs (CIP) are presented by departments to City Council subcommittees to provide earlier and additional opportunities for input.
- For the fifth consecutive year, the City continues to use the FundPHX tool (available at phoenix.gov/FundPHX). FundPHX is an online budget tool designed to educate and engage the public in the City's annual budget process. The tool is available in both English and Spanish, and it gives residents an opportunity to try their hand at balancing the City's General Fund operating budget, provide feedback on current funding levels, and share community priorities with staff.

Each fall, departments 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 the addition of a new program. Base reductions and supplemental budget requests include all operating and maintenance costs associated with a given program or service. For example, costs for a swimming pool would include personnel costs for lifeguards 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 2024-25 BUDGET PROCESS

Initial Budget Status

On September 26, 2023, staff provided an overview of the 2022-23 General Fund budget results, information on future budget challenges including actions by the State that will negatively impact revenues, and a request to adopt the 2024-25 budget calendar.

The General Fund ending balance of \$222.9 million exceeded the estimate of \$204.1 million by \$18.8 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 2024-25 General Fund Budget Status.

Two components make up the General Fund ending balance: resources and expenditures. General Fund 2022-23 actual resources were \$1,846.7 million and exceeded the estimate of \$1,831.9 million by \$14.8 million, or a variance of 0.8 percent. Higher than anticipated revenue collections contributed to the General Fund ending balance. General Fund Revenues were \$1,692.9 million, representing a variance to the revised revenue estimate of \$32.5 million or 2.0 percent. The increased revenue collections were partially offset by increased net transfers, primarily to the City's Debt Service Reserve Fund to ensure resources are available for future expected debt service payments. General Fund expenditures ended the fiscal year at \$1,623.8 million, or \$4.0 million less than the revised estimate of \$1,627.8 million. The General Fund expenditure variance is primarily due to less than estimated expenditures for capital pay-as-you-go projects.

Staff identified revenue concerns arising from the state's actions to diminish the tax base for City sales tax and state shared income taxes. These actions included the elimination of the residential rental sales tax and lower than anticipated state shared income tax revenues due to tax rate changes in 2022. Staff noted they would be working to study data trends, gather updated economic information, and complete necessary budget development steps to construct the 2024-25 General Fund Budget Status and Multi-Year Forecast for presentation to the City Council in February 2024. Lastly, the City Council adopted the 2024-25 budget calendar.

Zero-Based Budget Inventory of Programs

On November 2, 2023, for the thirteenth consecutive year, BRD provided detailed budget information 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.

This year, the City made the document available even earlier in the budget development process to provide more opportunity to review the current year budget and consider recommended changes for next year's budget. This year's Inventory provided budget information from both the current year and the prior year budgets to provide helpful context for budget trends and performance measures. Moving up the release date of the Inventory supported the City's ongoing efforts to increase community engagement and budget transparency.

2024-25 General Fund Preliminary Budget Status and Multi-Year General Fund Forecast

On February 27, 2024, staff provided the preliminary status for the 2024-25 General Fund budget and a multi-year General Fund forecast through 2026-27. The forecast was presented to the Mayor and City Council for the fourteenth consecutive year, providing an essential tool in long-term budget discussions and decision making.

The General Fund budget outlook for 2024-25 reflected a projected one-time surplus of \$80 million, a reflection of strong growth over the past three fiscal years with continued resource increases. However, staff stated projected deficits in 2025-26 and 2026-27 will require strategic decision making to ensure the General Fund budget remains balanced. Staff indicated they planned to update revenue and expenditure estimates and present the 2024-25 Trial Budget to the City Council on March 19, 2024, with recommendations on how to responsibly allocate the one-time surplus.

The Multi-Year Forecast report included estimates of future General Fund resources and expenditures for 2024-25 through 2026-27 based on several economic and budgetary assumptions. The forecast projected a range of ending balances, with deficits in 2025-26 of \$(103) million to \$(66) million and for 2026-27 of \$(53) million to a potential surplus of \$19 million. The deficits are due to the State's actions to eliminate residential rental sales tax and reduce individual income tax rates. 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 planning to ensure a balanced budget going forward.

2024-25 City Manager's Trial Budget

The City Manager's Trial Budget is an important step in the City's 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 19, 2024, staff presented a 2024-25 City Manager's Trial Budget for City Council and community discussion along with the Preliminary Five-Year CIP, a multi-year plan for capital expenditures needed to replace, expand, and improve infrastructure and systems.

This year's Trial Budget included a one-time projected surplus of \$80 million. Staff stated, however, that due to projected future deficits discussed at the February 27, 2024 Policy meeting, the City Manager recommended to set aside the surplus and carry it forward to be available next fiscal year to help balance the 2025-26 budget.

Staff reported the 2024-25 Trial Budget was focused on preserving City programs and services delivered to the community. Over the last three years, the city benefited from strong economic growth, and the City Council made strategic decisions to responsibly allocate available resources to community priorities and invest in employee salaries.

Over this time, significant investments have been made totaling \$365 million to enhance and add a variety of programs and services for residents, and to ensure the city can be a market leader in pay to attract and retain a high-quality workforce. Staff reported that due to actions by the State to diminish the tax base, revenues are expected to decline resulting in forecasted baseline deficits in 2025-26 of \$(92) million and in 2026-27 of \$(31) million.

Additionally, the proposed 2024-25 Trial Budget included 30.0 ongoing full-time equivalent (FTE) positions needed in the General Fund (28.0 FTE) and Non-General Funds (2.0 FTE) and represented conversion of existing budgeted resources for critical position needs. Funding for these positions was identified and accounted for in department operating budgets. The 2024-25 budget also included increasing the contingency fund from \$81 million to \$89 million, to reflect 4.75 percent of operating expenditures.

The proposed 2024-25 Trial Budget did not account for additional costs that may be needed to continue efforts helping individuals experiencing homelessness upon expiration of American Rescue Plan Act (ARPA) funding, or from the ongoing Department of Justice (DOJ) investigation of the Phoenix Police Department. Preliminary estimates from the Office of Homeless Solutions (OHS) for the ongoing General Fund need to address homelessness were \$6.5 million in 2024-25 and \$22 million in 2025-26. Staff did not have projected costs at the time, or a reliable method to estimate, any potential budgetary impacts from the DOJ inquiry. Staff also noted that employee contracts expire at the end of the current fiscal year and management was negotiating with each bargaining unit.

Community Feedback

Resident input was solicited at 11 community budget hearings held between April 2 and April 16, 2024. Residents also provided feedback online using the FundPHX tool, and comments were sent directly to BRD via email and voicemail. In total, between March 1 through April 22, 2024, the city received 359 comments from 172 individuals on the proposed Trial Budget. Several residents commented multiple times on the same topic. The feedback from residents overall indicated support for the Proposed Budget and requests for more City services in a variety of areas.

City Manager's Proposed Budget and Council Action

On May 7, 2024, staff presented a balanced 2024-25 City Manager's Proposed Budget to the Mayor and City Council for community review and comment. No Council action was required at the time. The City Manager's Proposed Budget continued the recommendation made in the Trial Budget to set aside the \$80 million one-time surplus and carry it forward to be available next fiscal year to help balance the 2025-26 budget.

Council Action

The 2024-25 City Council Budget Decision was presented to the City Council for action on May 21, 2024. The City Council approved the proposed 2024-25 budget as presented.

The 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 2024-25 General Fund budget is \$2,131.8 million. This is a \$103.1 million increase or 5.1 percent from the adopted 2023-24 General Fund budget of \$2,028.7 million. The final General Fund budget reflects adjustments from what was presented on May 7, 2024, to account for carryovers totaling \$32 million for capital pay-as-you-go projects made during the final capital budget review process. The carryovers are for capital projects previously anticipated to occur in 2023-24 that will now occur in 2024-25. The increase from the 2023-24 General Fund Budget also accounts for higher costs associated with employee salaries and fringe benefits, including health insurance and pension, and a higher contingency amount to achieve 4.75 percent of operating costs. Inflation continues to impact several expenditure categories, including commodities and contractals such as electricity, motor vehicle parts, custodial services, machinery and equipment repair, and facility maintenance costs.

Projected General Fund resources are estimated at \$2,131.8 million and include the estimated beginning balance of \$276.6 million, estimated revenue of \$1,843.6 million, and net interfund transfers and recoveries of \$11.6 million, which include interfund transfers for central services, in-lieu property taxes, debt service, infrastructure repayment agreements, and resources to support the Public Safety Specialty Funds and Pension Reserve Fund. General Fund revenues of \$1,843.6 million represent annual growth of (3.1) percent over 2023-24 and is largely due to a decrease in state shared income tax based on collections from two years prior and reflects the impact of Senate Bill (SB) 1828, which lowered the individual income tax rate to the current "flat tax" of 2.5 percent. Negative growth also accounts for the elimination of residential rental sales tax due to SB 1131 effective January 2025. The combined negative impact to City revenues from the state's actions is estimated at \$(54) million in 2024-25 and \$(86) million in 2025-26. Revenue projections assume no further impact from the current legislative session and include increases in local and state sales taxes and certain non-tax categories.

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 2024-25 budget was \$7,243.8 million. The final proposed budget reflects adjustments from what was presented on May 7, 2024, to account for changes in operating costs due to carryovers for capital pay-as-you-go projects previously anticipated to occur in 2023-24 that will now occur in 2024-25.

Following the Council's budget action on May 21, both the City Charter and State law required subsequent public notification, advertising, and City Council actions.

Tentative Budget Adoption

A public hearing and adoption of the tentative budget ordinances were completed on May 29, 2024, in compliance with the City Charter requirement that the budget be adopted no later than June 30, 2024.

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 12, 2024. Adoption of the property tax levy ordinance was completed on July 1, 2024, no sooner than 14 days following final budget adoption, in accordance with State law.

On July 1, 2024, City Council adopted the property tax as the last step in the legally required budget adoption process. Primary property tax revenues support operating costs for General Fund programs and services, while secondary property taxes pay debt service for capital projects for General Obligation (GO) Bond Programs. Phoenix voters approved the 2023 GO Bond Program on November 7, 2023. The program includes 47 projects and will provide the resources needed for new parks and libraries, police and fire stations, regional pools and splash pads, community centers, arts facility improvements, and street and storm drain projects.

The following chart is an overview of the 2024-25 community budget process calendar.

DATE	BUDGET ITEMS
November 2023	FundPHX (available to the public)
November 2, 2023	2023-24 Inventory of Programs
February 27, 2024	2024-25 Preliminary Budget Status and Multi-Year General Fund Forecast
March 19, 2024	2024-25 City Manager's Trial Budget and Preliminary Five-Year Capital Improvement Program
April 2024	Community Budget Hearings
May 7, 2024	2024-25 City Manager's Proposed Budget
May 21, 2024	Council Budget Decision
May 29, 2024	2024-25 Tentative Budget Ordinance Adoption
June 12, 2024	2024-25 Funding Plan and Final Budget Ordinance Adoption
July 1, 2024	2024-25 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, sets tax levy, and assessed valuation limits, provides annual expenditure limits, and sets total bonded debt limits. The City Charter and Code also provide restrictions on property tax.

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 2024-25 budget development process are as follows:

Action Required	City Charter Prescribed Deadline	Arizona State Statute Prescribed Deadline	2024-25 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 19, 2024
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 2, 2024
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 7, 2024
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 15, 2024

Action Required	City Charter Prescribed Deadline	Arizona State Statute Prescribed Deadline	2024-25 Budget Dates
Public hearing immediately followed by adoption of tentative budget ordinances with or without amendment.	On or before the last day of June.	On or before the third Monday of July.	May 29, 2024
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 24, 2024, and June 3, 2024
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 3, 2024 and June 10, 2024
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 7, 2024
Public hearing on budget plus property tax levy or truth-in-taxation hearing (when required) immediately followed by adoption of final budget ordinances.	No requirement.	On or before the 14 th day before the tax levy is adopted and no later than first Monday in August.	June 12, 2024
Post notice of intent on the official City website and distribute notice through the City's social media accounts if there will be an increase in either the primary or secondary property tax rate.	No requirement.	At least 15 days prior to Tax Levy Adoption.	June 16, 2024
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 21, 2024
Public hearing and property tax levy adoption.	No later than the last regularly scheduled Council meeting in July.	No sooner than 14 days following final budget adoption and no later than the third Monday in August.	July 1, 2024

Amendments to the Budget After Final Adoption

Generally, by Arizona state statute, no expenditure may be made, nor liability incurred for a purpose not included in the budget even if additional funds become available. Phoenix's level of legal budgetary control is by fund except for the General Fund and Capital Funds for which control is by program.

In certain instances, however, the budget may be amended after adoption. All budget amendments require City Council approval. These are 1) transfers from any contingency appropriation and 2) reallocations of amounts included in the original budget. An amount for contingencies is included in the General Fund and in many other restricted funds. Informal reservations of contingencies may be made throughout the fiscal year as approved by the City Council. Actual expenditures are recorded in the appropriate departmental budget. At the end of the fiscal year, the City Council through formal action adopts amendments to the budget ordinances to reflect transfers of contingency amounts and reallocations as needed.

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

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

PROPERTY TAXES AND BONDED DEBT LIMIT

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

Primary Property Tax Restrictions

Primary property tax levies are restricted to an annual two percent increase plus an allowance for growth attributable to previously unassessed properties (primarily new construction). The City Charter requires that eight cents of the primary property tax levy be allocated to the Parks and Recreation Fund. In addition, the City Charter limits the primary property tax rate to \$1.00 plus an amount that provides for the establishment and support of free public libraries and reading rooms. The primary levy may additionally increase by an amount equal to annual tort liability claims. Assessment ratios and the primary tax rate are applied to a property's limited property value, less exclusions, to determine the property's primary tax levy. Beginning in 2015-16 due to state Proposition 117 passed by Arizona voters in 2012, the limited property value used in this calculation for most properties was the lesser of the property's full cash value, or an amount five percent greater than the property's prior-year limited property value.

Secondary Property Tax Restrictions

Secondary property tax levies are restricted in their use to the payment of annual debt service on long-term debt obligations. Any over-collection of the secondary levy or any interest earned by invested secondary property tax funds must be used to reduce the following year's levy, except up to ten percent of annual principal and interest can be maintained as a debt service reserve. Beginning in 2015-16 due to state Proposition 117 passed by Arizona voters in 2012, assessment ratios and the secondary tax rate were applied to a property's limited property value, less exclusions, to determine the property's secondary tax levy. The limited property value used in this calculation for most properties was the lesser of the property's full cash value, or an amount five percent greater than the property's prior-year limited property value. Prior to 2015-16, full cash value rather than limited property value applied.

Generally, Arizona counties assess property and collect all property taxes. Proceeds are distributed monthly to the appropriate jurisdictions.

Bonded Debt Limit

Arizona cities can issue general obligation bonds for purposes of water, sewer, lighting, open space preserves, parks, playgrounds, recreational facilities, public safety, law enforcement, fire emergency and street and transportation up to an amount not exceeding 20 percent of the secondary assessed valuation. General obligation bonds can be issued for all purposes other than those previously listed up to an amount not exceeding six percent of the secondary assessed valuation. An analysis of bonded debt limits is provided in the Debt Service chapter.

ANNUAL EXPENDITURE LIMITATION

Since FY 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, will expire at the end of 2024-25. As recommended by the 2024 Expenditure Limit Task Force, a home rule option will be presented to voters on the November 5, 2024, ballot that would once again set 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. If approved, the limit will be in effect for four fiscal years from 2025-26 to 2028-29 and will allow Phoenix residents to continue to control local expenditures.

BUDGET BASIS OF ACCOUNTING

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

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

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

GENERAL FINANCIAL POLICIES

In addition to the legal constraints outlined in the previous section, several 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 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 2017-18 and 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 2020-21, the city started receiving tax revenues from sales of recreational marijuana. The City Council adopted a policy in 2021-22 to annually direct the General Fund portion of the City sales tax from recreational sales and the state-shared 16 percent excise tax on recreational marijuana sales for Police and Fire personnel costs to pay down the 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, 39 percent of General Fund revenue comes from the local sales tax. This reliance on sales tax collections results in a highly cyclical revenue base. Significant decreases in total General Fund revenue and sales taxes led to the City Council's February 2010 approval of a temporary sales tax on food for home consumption effective April 1, 2010. The temporary food tax was reduced in half by the City Council effective Jan. 1, 2014, and the remaining tax expired by ordinance on March 31, 2015.

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

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

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

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

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 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.

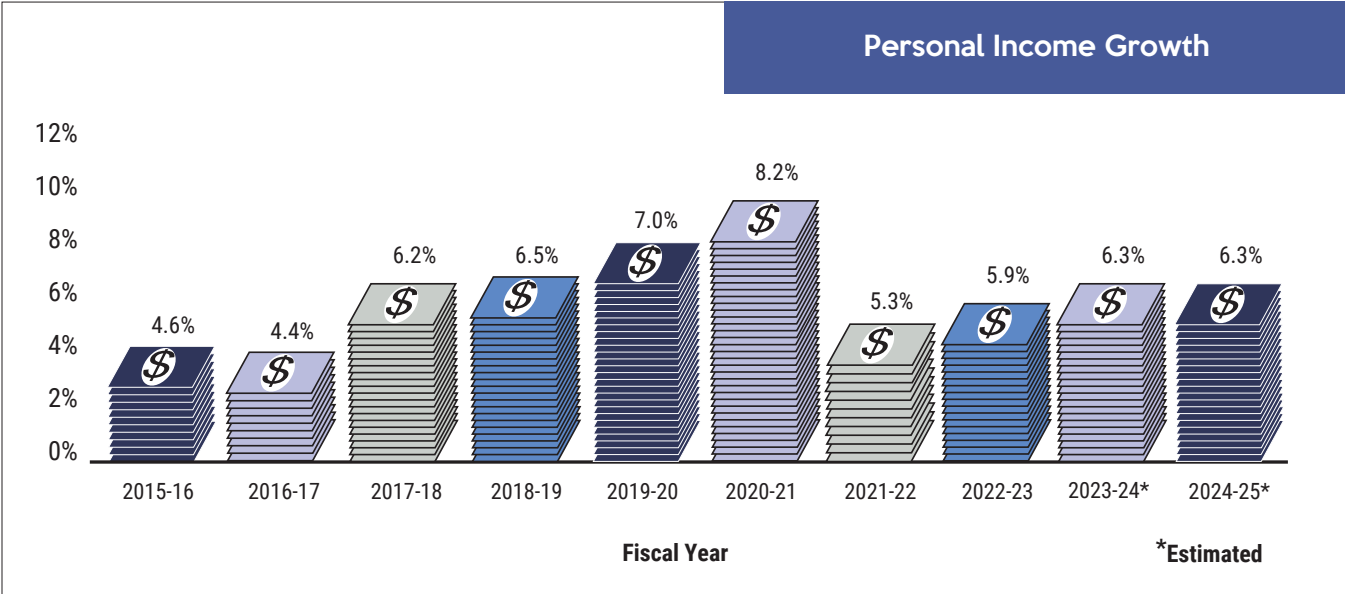
REVENUE ESTIMATES

Revenue estimates for fiscal year (FY) 2024-25 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 2024-25 combined property tax rate of \$2.0799 reflects a slight decrease from the 2023-24 rate of \$2.0992.

It has been over four years since the emergence of COVID-19 in December 2019, and Arizona has recovered from the pandemic downturn ahead of most states. Arizona was also one of the fastest states to recover its lost jobs during the pandemic. After the pandemic, Arizona's economy has been in solid shape, with a strong labor market and historically low unemployment rates. Phoenix inflation has moderated and is now below the national rate, and real income growth has accelerated. However, retail sales, including remote sales, have lost momentum, and housing affordability has become a concern due to rising home prices and elevated interest rates.

City revenue growth in the previous fiscal year was strong despite the onset of geopolitical conflicts, high inflation, actions by the Federal Reserve to increase interest rates, tighter monetary policy, and volatile markets. However, significant economic uncertainty and volatility in sales tax revenue collections in the first eight months of 2023-24 require a cautious approach to forecasting.

Personal income is one of many indicators used for estimating state and local sales taxes. Consistent with projections by local economists, the chart below shows that personal income is expected to grow by 6.3 percent for 2023-24 and 2024-25.



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 (GF) 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 significant revenue reductions caused by enacted Senate Bill 1131, which eliminates residential rental sales taxes for cities and towns effective January 2025. The estimated five-month impact (January's business activities are reflected in February's tax collections) for 2024-25 is approximately \$(18.4) million for GF and \$(16.9) million for other non-GF excise tax funds. Furthermore, the forecast 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 2023-24.

CITY OF PHOENIX, ARIZONA FIVE YEAR EXCISE TAX REVENUE FORECAST (In Thousands of Dollars)

	2022-23 Actual	2023-24 Estimate	% Change	2024-25 Estimate	% Change	2025-26 Forecast	% Change	2026-27 Forecast	% Change	2027-28 Forecast	% Change	2028-29 Forecast	% Change
Privilege License Tax													
Privilege License Tax ^{1/}	585,726	613,563	4.8%	617,981	0.7%	624,698	1.1%	656,179	5.0%	689,859	5.1%	723,771	4.9%
Police Neighborhood Protection ^{1/}	37,202	38,826	4.4%	39,202	1.0%	39,696	1.3%	41,733	5.1%	43,897	5.2%	46,062	4.9%
Police Block Watch ^{1/}	2,657	2,774	4.4%	2,800	0.9%	2,836	1.3%	2,981	5.1%	3,136	5.2%	3,290	4.9%
Fire Neighborhood Protection ^{1/}	13,286	13,868	4.4%	14,000	1.0%	14,176	1.3%	14,905	5.1%	15,677	5.2%	16,450	4.9%
Police - 2007 Public Safety Expansion ^{1/}	85,036	88,746	4.4%	89,606	1.0%	90,734	1.3%	95,391	5.1%	100,335	5.2%	105,287	4.9%
Fire - 2007 Public Safety Expansion ^{1/}	21,258	22,186	4.4%	22,402	1.0%	22,684	1.3%	23,848	5.1%	25,084	5.2%	26,322	4.9%
Parks and Preserves ^{1/}	53,148	55,465	4.4%	56,005	1.0%	56,709	1.3%	59,618	5.1%	62,710	5.2%	65,804	4.9%
Transportation 2050 ^{1/}	362,472	378,645	4.5%	381,629	0.8%	386,142	1.2%	405,865	5.1%	426,829	5.2%	447,797	4.9%
Convention Center Excise Tax	92,515	91,940	-0.6%	95,516	3.9%	99,115	3.8%	104,278	5.2%	109,424	4.9%	114,096	4.3%
Sports Facilities Excise Tax	32,000	30,827	-3.7%	32,668	6.0%	34,404	5.3%	36,141	5.0%	37,803	4.6%	39,379	4.2%
Jet Fuel Other Restricted Fund	912	957	4.9%	964	0.7%	979	1.6%	994	1.5%	1,007	1.3%	1,018	1.1%
Privilege License Fees (Annual)	3,383	3,502	3.5%	3,501	0.0%	3,623	3.5%	3,751	3.5%	3,882	3.5%	4,019	3.5%
Treasury Collection Service Fee ^{2/}	2	3	32.5%	2	-24.5%	-	-	-	-	-	-	-	-
Government Lease Property Excise Tax	640	640	0.0%	656	2.5%	670	2.2%	685	2.2%	701	2.3%	716	2.3%
Subtotal (PLT)	1,290,237	1,341,942	4.0%	1,356,932	1.1%	1,376,467	1.4%	1,446,369	5.1%	1,520,344	5.1%	1,594,011	4.8%
Utility & Franchise													
Utility & Franchise Tax	88,802	93,737	5.6%	95,797	2.2%	98,042	2.3%	100,111	2.1%	102,101	2.0%	104,111	2.0%
Jail Tax	7,525	7,590	0.9%	7,658	0.9%	7,754	1.3%	7,851	1.3%	7,949	1.3%	8,048	1.3%
General Excise Tax	11,287	11,383	0.9%	11,486	0.9%	11,629	1.3%	11,775	1.3%	11,922	1.3%	12,071	1.3%
Storm Water Management	5,140	6,556	27.6%	6,622	1.0%	6,688	1.0%	6,755	1.0%	6,822	1.0%	6,891	1.0%
Capital Construction	6,292	7,458	18.5%	7,502	0.6%	7,446	-0.7%	7,390	-0.8%	7,367	-0.3%	7,347	-0.3%
Police Public Safety Enhancement	18,660	19,739	5.8%	20,541	4.1%	20,848	1.5%	21,135	1.4%	21,391	1.2%	21,671	1.3%
Fire Public Safety Enhancement	11,437	12,098	5.8%	12,590	4.1%	12,777	1.5%	12,954	1.4%	13,111	1.2%	13,282	1.3%
Subtotal (Utility & Franchise)	149,143	158,561	6.3%	162,196	2.3%	165,184	1.8%	167,971	1.7%	170,663	1.6%	173,421	1.6%
Licenses & Permits													
Licenses & Permits	3,019	3,064	1.5%	3,064	0.0%	3,133	2.3%	3,202	2.2%	3,274	2.2%	3,348	2.3%
State Sales Tax ^{3/}	241,813	249,557	3.2%	259,787	4.1%	272,282	4.8%	285,610	4.9%	300,002	5.0%	316,229	5.4%
State Income Tax ^{3/ 4/}	308,183	435,754	41.4%	353,170	-19.0%	317,898	-10.0%	332,537	4.6%	349,688	5.2%	368,482	5.4%
Marijuana Sales Tax Earmarked for PSPRS ^{5/}	15,175	12,311	-18.9%	12,865	4.5%	13,508	5.0%	14,197	5.1%	14,921	5.1%	15,772	5.7%
TOTAL	2,007,570	2,201,189	9.6%	2,148,013	-2.4%	2,148,472	0.0%	2,249,885	4.7%	2,358,892	4.8%	2,471,263	4.8%

^{1/} The forecast includes residential rental property tax reduction: Senate Bill 1131 prohibits municipalities from taxing residential rental property starting January 1, 2025.

^{2/} 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.

^{3/} Relative population share used in calculating state shared revenues in 2024-25 was based on the 2022 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.

^{4/} The forecast includes tax rate reduction: Laws 2021, Chapter 412 (Tax Omnibus) reduced the number of individual income tax brackets from four in Tax Year (TY) 2021 to two brackets in TY 2022. Starting from TY 2023, the individual income tax has been reduced to 2.5%.

^{5/} 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. Starting from 2023-24, the General Fund portion of the City Sales tax from Recreational MJ retail sales has been transferred from the General Fund sales tax to the MJ sales tax fund instead of a direct revenue posting to the MJ sales tax fund.

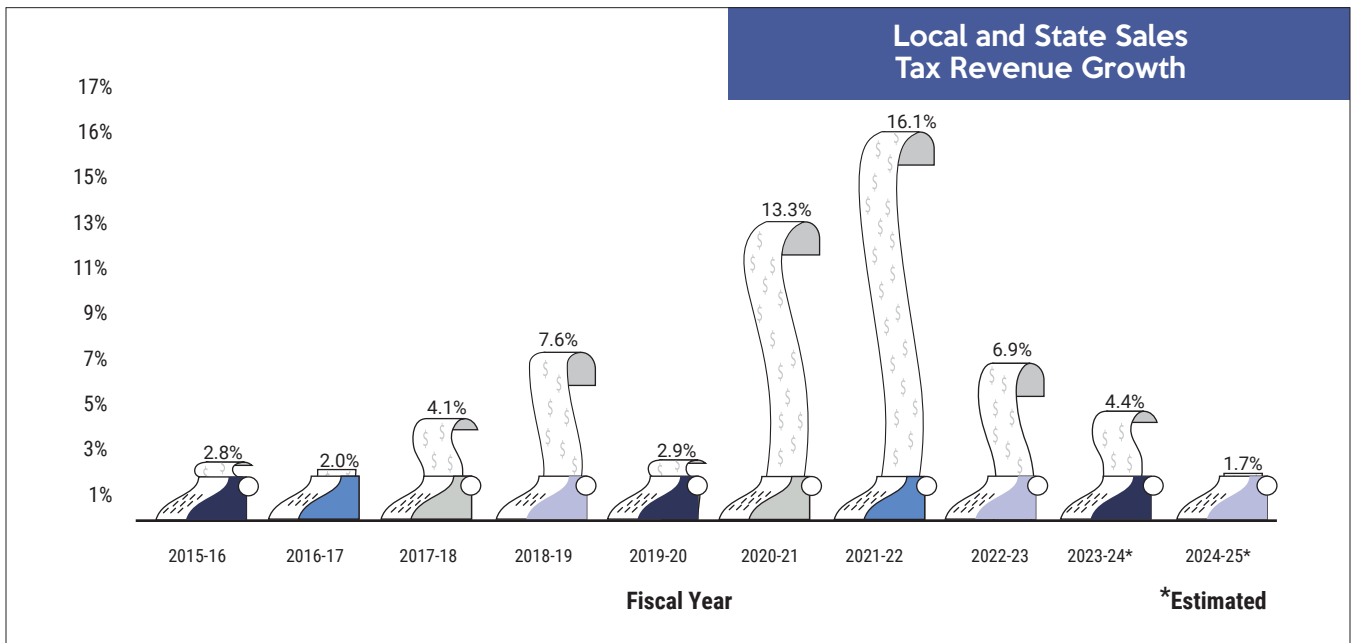
GENERAL FUNDS

Total 2024-25 General Fund revenues are estimated to be \$1,843.6 million or 3.1 percent less than 2023-24 estimates of \$1,903.5 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 2024-25 revenue estimates.

Local and state sales tax collections represent approximately 52.8 percent of General Fund revenues. Local sales taxes for 2024-25 are expected to grow by 0.9 percent over 2023-24 estimates. Phoenix's share of state sales taxes for 2024-25 is expected to grow by 4.1 percent over 2023-24 estimates.

Combined local and state sales tax revenues for 2024-25 are expected to grow by 1.7 percent over 2023-24 estimates. Combined rates of growth since 2015-16 are provided in the chart below.

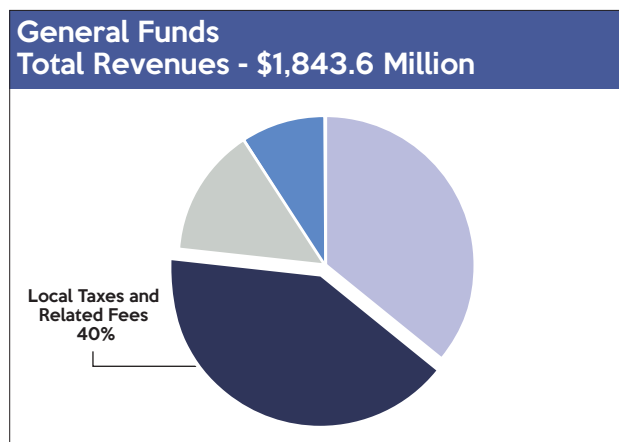
The table on the next page details estimated General Fund revenue by major source.



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

Revenue Source	2022-23 Actual	% of Total	2023-24 Estimate	% of Total	2024-25 Budget	% of Total	Increase/(Decrease) From 2023-24 Estimate	
							Amount	Percent
Local Taxes and Related Fees								
Local Sales Tax	674,528	39.8%	707,300	37.1%	713,778	38.7%	6,478	0.9%
Privilege License Fees	3,385	0.2%	3,505	0.2%	3,503	0.2%	(2)	-0.1%
Other General Fund Excise Taxes	19,452	1.1%	19,613	1.0%	19,800	1.1%	187	1.0%
Subtotal	697,365	41.2%	730,418	38.4%	737,081	40.0%	6,663	0.9%
State-Shared Revenue								
Sales Tax	241,813	14.3%	249,557	13.1%	259,787	14.1%	10,230	4.1%
State Income Tax	308,183	18.2%	435,754	22.9%	353,170	19.2%	(82,584)	-19.0%
Vehicle License Tax	80,593	4.8%	82,227	4.3%	86,148	4.7%	3,921	4.8%
Subtotal	630,589	37.2%	767,538	40.3%	699,105	37.9%	(68,433)	-8.9%
Primary Property Tax	201,050	11.9%	207,980	10.9%	215,419	11.7%	7,439	3.6%
User Fees/Other Revenue								
Licenses & Permits	3,019	0.2%	3,064	0.2%	3,064	0.2%	-	0.0%
Cable Communications	7,979	0.5%	7,175	0.4%	6,580	0.4%	(595)	-8.3%
Fines and Forfeitures	7,954	0.5%	8,271	0.4%	8,271	0.4%	-	0.0%
Court Default Fee	885	0.1%	846	0.0%	846	0.0%	-	0.0%
Fire	73,274	4.3%	91,445	4.8%	94,662	5.1%	3,217	3.5%
Hazardous Materials Inspection Fee	1,584	0.1%	1,450	0.1%	1,500	0.1%	50	3.4%
Library Fees	454	0.0%	497	0.0%	462	0.0%	(35)	-7.0%
Parks and Recreation	6,259	0.4%	6,922	0.4%	6,614	0.4%	(308)	-4.4%
Planning	1,690	0.1%	1,852	0.1%	2,142	0.1%	290	15.7%
Police	13,843	0.8%	14,998	0.8%	15,105	0.8%	107	0.7%
Street Transportation	5,375	0.3%	8,178	0.4%	8,028	0.4%	(150)	-1.8%
Other Service Charges	37,848	2.2%	47,686	2.5%	40,468	2.2%	(7,218)	-15.1%
Other	3,735	0.2%	5,144	0.3%	4,261	0.2%	(883)	-17.2%
Subtotal	163,899	9.7%	197,528	10.4%	192,003	10.4%	(5,525)	-2.8%
TOTAL GENERAL FUND	1,692,903	100.0%	1,903,464	100.0%	1,843,608	100.0%	(59,856)	-3.1%

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 2024-25 estimate is \$737,081,000, which is \$6,663,000 or 0.9 percent greater than the 2023-24 estimate of \$730,418,000. 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.

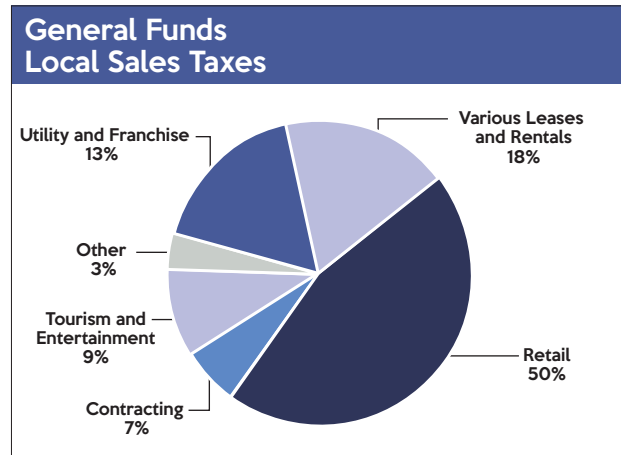
Beginning in May 2005, 2 percent of utilities sales tax collections paid by those utilities with a franchise agreement were directed to the Public Safety Enhancement Fund. Finally, an additional 2 percent tax on the telecommunications category provides resources for the Capital Construction Fund. The table below provides a listing of the local sales tax by category, indicating the specific tax rates for each fund and the total tax rate for each category.

CURRENT LOCAL SALES TAX RATES BY CATEGORY										
	General Fund	Neighborhood Protection	2007 Public Safety Expansion	Public Safety Enhancement	Parks & Pres.	Transportation 2050 ⁽¹⁾	Convention Center	Sports Facilities	Capital Const.	Total
Advertising	–	–	–	–	–	–	0.5%	–	–	0.5%
Contracting	0.7%	0.1%	0.2%	–	0.1%	0.7%	0.5%	–	–	2.3%
Job Printing	0.7%	0.1%	0.2%	–	0.1%	0.7%	0.5%	–	–	2.3%
Publishing	0.7%	0.1%	0.2%	–	0.1%	0.7%	0.5%	–	–	2.3%
Transportation/ Towing	0.7%	0.1%	0.2%	–	0.1%	0.7%	0.5%	–	–	2.3%
Restaurants/Bars	0.7%	0.1%	0.2%	–	0.1%	0.7%	0.5%	–	–	2.3%
Leases/Rentals/ Personal Property	1.2%	0.1%	0.2%	–	0.1%	0.7%	–	–	–	2.3%
Short-Term Motor Vehicle Rental	1.2%	0.1%	0.2%	–	0.1%	0.7%	–	2.0%	–	4.3%
Commercial Rentals	1.3%	0.1%	0.2%	–	0.1%	0.7%	–	–	–	2.4%
Lodging Rentals Under 30 Days	1.2%	0.1%	0.2%	–	0.1%	0.7%	2.0%	1.0%	–	5.3%
Lodging Rentals 30 Days and Over	1.2%	0.1%	0.2%	–	0.1%	0.7%	–	–	–	2.3%
Retail Tier 1 ^{1,2}	1.2%	0.1%	0.2%	–	0.1%	0.7%	–	–	–	2.3%
Retail Tier 2 ^{1,2}	1.2%	0.1%	0.2%	–	0.1%	0.4%	–	–	–	2.0%
Amusements	1.2%	0.1%	0.2%	–	0.1%	0.7%	–	–	–	2.3%
Utilities	2.7%*	–	–	2.0%**	–	–	–	–	–	4.7%
Telecommunications	2.7%	–	–	–	–	–	–	–	2.0%	4.7%

*The General Fund portion of the utilities category includes the 2.0 percent franchise fee paid by utilities with a franchise agreement.
**The Public Safety Enhancement designated 2.0 percent sales tax applies only to those utilities with a franchise agreement.
¹ The Transportation 2050 sales tax (Proposition 104) was established by the voters effective January 1, 2016 and increased the Transit 2000 sales tax (Proposition 2000) to fund a comprehensive transportation plan with a 35-year sunset date. The Proposition increased the transaction privilege (sales) tax rates by 0.3% for various business activities and established a two-tier tax rate structure applicable to retail sales of single items in excess of \$10,000, to be adjusted biennially for inflation beginning on January 1, 2018. Effective January 1, 2024, the first \$13,886 (Tier 1) is subject to the 2.3% tax rate, while transactions over \$13,886 (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, 2026.
² Arizona adopted Wayfair economic nexus for internet sales. Effective October 1, 2019, Arizona law requires most remote sellers and marketplace facilitators to file and pay transaction privilege (sales) tax in Arizona.

The General Fund portion of the local sales tax estimate is \$713,778,000 for 2024-25. This is an increase of \$6,478,000 or 0.9 percent from the 2023-24 estimate of \$707,300,000. 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. 2024-25 estimate also accounts for the negative impact of the elimination of residential rental sales tax. As indicated previously, the estimated 5-month impact to the GF for 2024-25 is approximately \$(18.4) million.

As shown in the pie chart below, the retail category represents approximately 50 percent of the local General Fund sales tax. The retail sales category is expected to increase by 5.8 percent in 2024-25. Personal income growth, which is used as a trend indicator for retail sales activity, is projected at 6.3 percent for 2024-25.



General Fund sales tax revenue is collected on three rental categories: leases and rentals of tangible personal property, commercial and residential real property rentals. These three categories combined are approximately 18 percent of local General Fund sales tax revenue. For 2024-25, tangible personal property and commercial property rentals are projected to increase by 1.5 percent and 2.4 percent, respectively. The growth projected in these categories is mainly due to expected continuous growth in the overall economy and a growing population. Residential property rental is projected to decline by 43.6 percent due to the elimination of residential rental sales tax starting on January 1, 2025.

The contracting category represents approximately 7 percent of the local General Fund sales tax revenue. The revenue collections from contracting are highly correlated with housing permit activity. The contracting category is expected to increase by 3 percent in 2024-25 based on the 6-month actual collections in 2023-24. The growth rate of housing permits in the current fiscal year is expected to grow at a slower pace than 2022-23.

The restaurants and bars category is expected to increase by 4.8 percent and the hotel/motel category is expected to grow by 5.1 percent in 2024-25. 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 2024-25 assumes continuous growth over 2023-24 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 2024-25 estimate for utility sales, franchise and communication tax revenue is \$95,797,000, which represents an increase of 2.2 percent compared to the 2023-24 forecast. The increase is due to expected utility account and price growth.

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 \$22,537,000 in 2024-25, represents an increase of 10 percent compared to the 2023-24 forecast, based on the actual collections in 2023-24 and continued economic growth. 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 3 percent of local General Fund sales tax revenue.

The following table shows General Fund sales tax collections since 2020-21. 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
2020-21	536,889	11.9
2021-22	627,072	16.8
2022-23	674,528	7.6
2023-24 (Est.)	707,300	4.9
2024-25 (Est.)	713,778	0.9

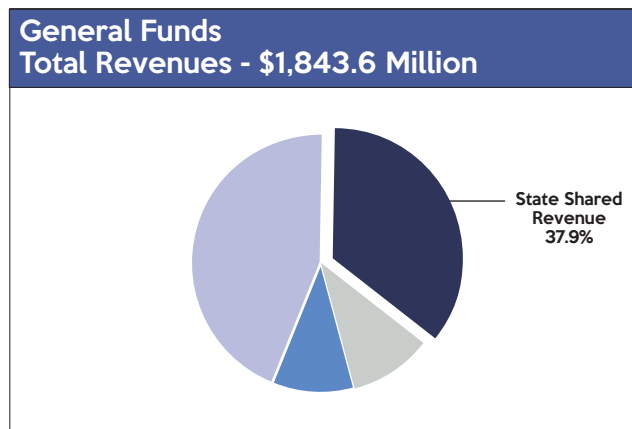
Privilege License Fees

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 2024-25 estimate for privilege license fee revenue of \$3,503,000 is slightly lower than the 2023-24 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 2024-25 estimate of \$7,658,000 is \$68,000 or 0.9 percent more than the 2023-24 estimate of \$7,590,000. This category also includes a general city services excise tax on municipal services bills based on water meter size implemented in July 2014. The 2024-25 estimate for the general city services excise tax of \$11,486,000 is \$103,000 or 0.9 percent more than the FY 2023-24 estimate of \$11,383,000. 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 2024-25 estimate for the GPLET of \$656,000 is \$16,000 or 2.5 percent more than the 2023-24 estimate of \$640,000.

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 2024-25 estimate for this category is \$699,105,000, which is \$68,433,000 or 8.9 percent less than the 2023-24 estimate of \$767,538,000. The decrease is due to an estimated decrease of 19 percent in state-shared income tax caused by the State’s actions to reduce the individual income tax rate to the current rate of 2.5 percent that will result in less revenue to the City, this is partially offset by an estimated increase of 4.8 percent in vehicle license tax, and 4.1 percent in state sales tax. Prior to 2016-17 state-shared revenues were distributed to cities and towns based on mid-decade and decennial census counts and thus, except for minor adjustments primarily due to annexations, each city or town’s relative share only changed every five years. However, due to a change in State law that occurred in 2016, state-shared revenue distributions began to be updated annually based on Census Bureau population estimates starting in 2016-17. The decennial census will continue to be used, but only for the year it is completed.

State Sales Tax

The state sales tax rate on most taxable activities is 5.6 percent. The revenues are split between a “distribution base,” of which Phoenix receives a share, and a “combined non-shared” category, which is allocated entirely to the state. With exceptions for some categories, the distribution base consists of either 20 or 40 percent of collections depending on the tax classification. The 0.6 percent education tax included in the total tax rate is not included in the distribution base. Under the current formula, incorporated cities receive 25 percent of the distribution base. As indicated previously, these funds are distributed to individual cities on the basis of relative population percentages. However, the Census Bureau population estimates to be used for 2024-25 were not available in time for developing the budget projections. Since no significant changes were anticipated, Phoenix’s share of 27.88 percent for 2023-24 was used for 2024-25.

The City’s share of the state sales tax for 2024-25 is expected to be \$259,787,000, which is \$10,230,000 or 4.1 percent more than the 2023-24 estimate of \$249,557,000. The increase in state-shared sales tax revenue is based on actual collections in 2023-24 and anticipated modest growth in 2024-25. The table below shows the cities’ share of state sales tax, Phoenix’s allocation and annual increase since 2020-21.

STATE SALES TAXES (In Thousands of Dollars)					
Fiscal Year	Cities’ Share of State Collections		Phoenix’s Share		
	Total	% Change	Percent	Amount	% Change
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	861,626	6.4	27.9	241,813	5.2
2023-24 (Est.)	891,340	3.4	27.9	249,557	3.2
2024-25 (Est.)	928,352	4.2	27.9*	259,787	4.1

*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 2023-24, the state-shared income tax distribution percentage is increased from 15 percent to 18 percent 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 2023-24 was used for 2024-25.

The anticipated distribution for state income tax to cities and towns is \$1.268 billion in 2024-25, approximately 19.0 percent less than last year’s distribution of \$1.565 billion. The distribution represents actual individual and corporate income tax collections by the State in the 2022-23 fiscal year. Phoenix’s total distribution for 2024-25 is estimated at \$353,170,000, a decrease of \$82,584,000 or 19.0 percent from the 2023-24 estimate of \$435,754,000. The double-digit decrease in 2024-25 is primarily due to significantly lower state shared income tax collections caused by the state’s actions to lower the individual income tax rate to a 2.5 percent flat rate.

The following table shows the total cities’ share of state income tax, Phoenix’s share, percentage allocation and annual increase/decrease since 2020-21.

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
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	15.0	1,106,959	46.4	27.9	308,183	44.5
2023-24 (Est.)	18.0	1,564,820	41.4	27.9	435,754	41.4
2024-25 (Est.)	18.0	1,268,256	(19.0)	27.9*	353,170	(19.0)

*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 (ADOT) collects and distributes the tax.

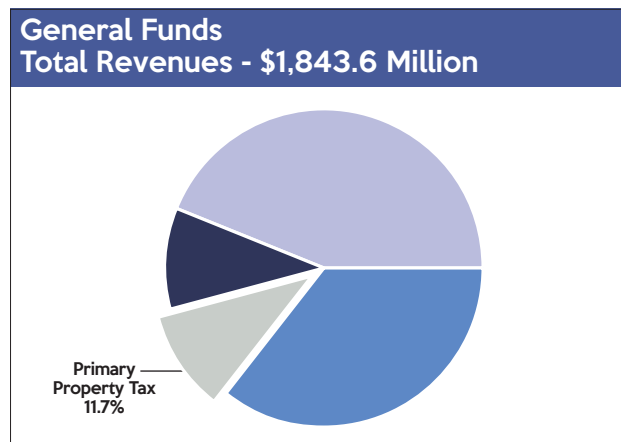
A portion of vehicle license tax collections is allocated to the Arizona Highway User Revenue Fund, with the remainder being allocated by percentage to various state funds as well as to the counties and cities. The state is responsible for distributing funds to cities according to their relative population 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 Maricopa County for 2023-24 was used for 2024-25. Phoenix's share of the vehicle license tax for 2024-25 is anticipated to be \$86,148,000, which is \$3,921,000 or 4.8 percent more than the 2023-24 estimate of \$82,227,000. The projected growth rate of 4.8 percent is based on the ADOT forecast for 2023-24 to 2032-33.

The following table shows the cities' share of the vehicle license tax, Phoenix's share, allocation percentage and annual percentage change since 2020-21.

VEHICLE LICENSE TAX (In Thousands of Dollars)						
Fiscal Year	Amount Distributed by Maricopa County	Phoenix's Share		Increase/(Decrease)		
		Percent	Amount	Amount	Percent	
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	207,047	38.9	80,593	1,898	2.4	
2023-24 (Est.)	213,854	38.5	82,227	1,634	2.0	
2024-25 (Est.)	224,052	38.5*	86,148	3,921	4.8	

*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.

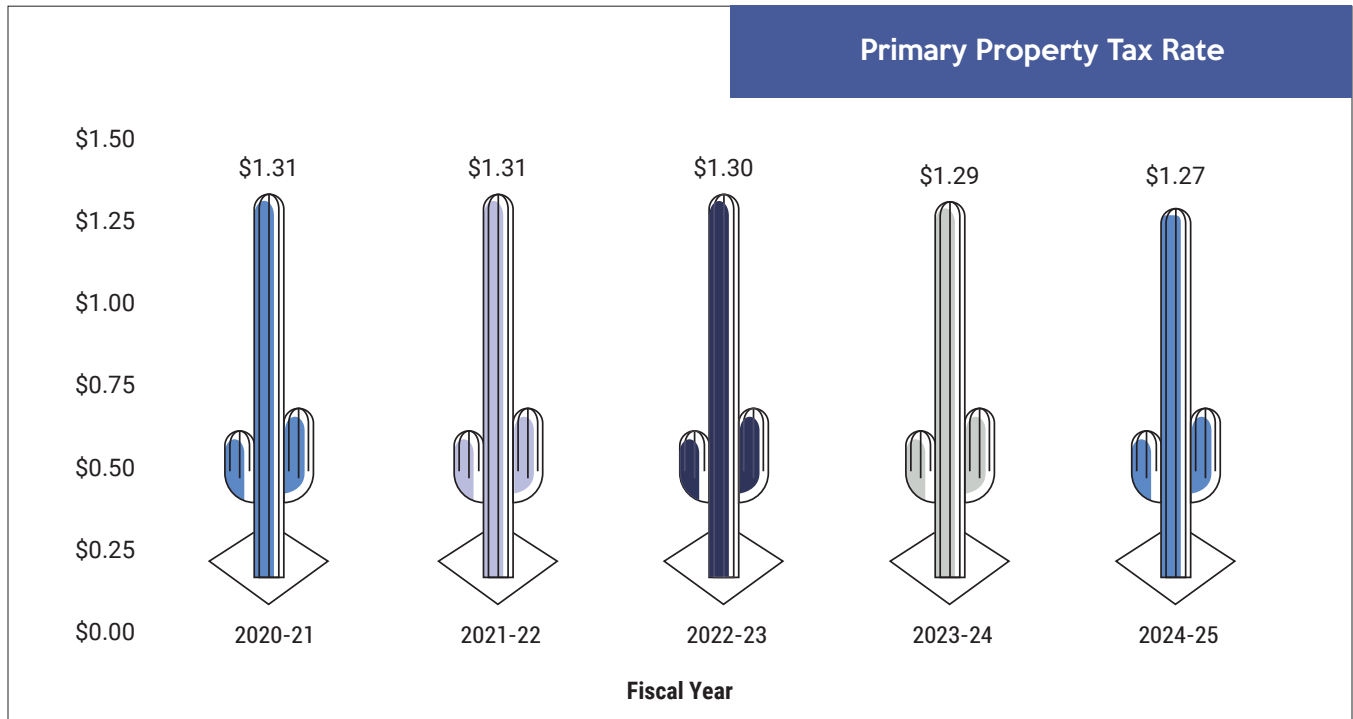
The annual increase in the primary property tax levy is limited by the Arizona Constitution to a 2 percent increase over the prior levy plus an estimated levy for previously untaxed property (primarily new construction), and allowable tort liability judgments. The Phoenix City Charter also limits the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

The chart below shows the primary property tax rate since 2020-21.

The estimated 2024-25 primary property tax levy is \$217,597,000. The levy is a 4.1 percent increase over the 2023-24 levy of \$209,026,000. The primary net assessed valuation of \$17.19 billion is 5.7 percent above the 2023-24 primary net assessed valuation of \$16.27 billion.

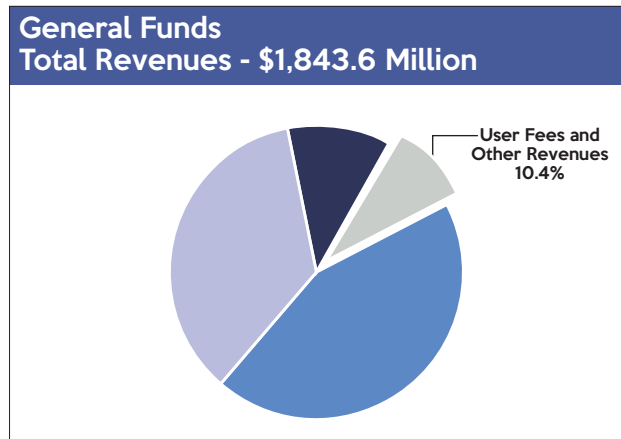
Historically, actual property tax collections have been slightly lower than the amount levied. For 2024-25, collections for primary property tax are estimated to be \$215,419,000, or 99 percent of the levy amount.



The 2024-25 levy results in a primary property tax rate of \$1.2658 per \$100 of assessed value and a secondary property tax rate of \$0.8141, for a total property tax rate of \$2.0799 per \$100 of assessed value. The table below shows primary assessed valuation, primary property tax revenues and primary rates since 2020-21.

PRIMARY PROPERTY TAX					
Fiscal Year	Primary Net Assessed Valuation (in Millions)	% Change	Primary Levy (in Thousands)	% Change	Rate per \$100 Net Assessed Valuation
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
2024-25	17,190	5.7	217,597	4.1	1.2658

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 2024-25 estimate for this category is \$192,003,000, which is \$5,525,000 or 12.8 percent lower than the 2023-24 estimate of \$197,528,000. The decrease is primarily due to the estimated revenue decline in fees/charges from cable communications, Parks and Recreation, Street Transportation departments, and interest earnings. The decrease is partially offset by projected higher collections from emergency transportation services. 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 2024-25 estimate of \$3,064,000 is projected to remain flat from the 2023-24 estimate.

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 2024-25 estimate of \$6,580,000 is \$595,000 or 8.3 percent less than 2023-24 estimate of \$7,175,000. 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 2024-25 estimate of \$8,271,000 is projected to remain flat from the 2023-24 estimate.

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 2009-10, the fee was increased from \$25 to \$40. The 2024-25 estimate of \$846,000 is projected to remain flat from the 2023-24 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 2024-25 estimate for ETS is \$75,990,000, which is \$2,920,000 or 4.0 percent more than the 2023-24 estimate of \$73,070,000. 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 2024-25 estimate for other fire services is \$18,672,000, which is \$297,000 or 1.6 percent more than the 2023-24 estimate of \$18,375,000. 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. The annual permit fee was raised upon review in 2003-04. It has not changed since then and varies from \$400 to \$1,650 depending on the volume of hazardous materials stored on site. The 2024-25 estimate of \$1,500,000 is projected to increase by \$50,000 from the 2023-24 estimate of \$1,450,000 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. Phoenix is the first of the five largest U.S. cities to adopt a fine-free program. 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 2024-25 estimate of \$462,000 is \$35,000 less than the 2023-24 estimate of \$497,000. The decrease is due to a one-time rebate received in 2023-24 from SRP for the electric vehicle charging program, which will be discontinued in 2024-25.

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 2024-25 estimate of \$6,614,000 is \$308,000 or 4.4 percent less than the 2023-24 estimate of \$6,922,000. The decrease in 2024-25 is primarily attributable to expected revenue decreases in various miscellaneous fees, and interest earnings.

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 2024-25 estimate of \$2,142,000 is \$290,000 or 15.7 percent more than the 2023-24 estimate of \$1,852,000. The increase is primarily driven by the implementation of the Short-Term Rental permit/license per the Arizona Revised Statute/City Council authorization and the increase in residential and civil inspection activities.

Police

The Police Department receives revenues for various services and programs. Police services are provided on a fee-per-hour basis for school and athletic events as well as other activities where a law enforcement presence is desired. In addition, a false alarm program includes both permit fees and assessments for false alarm responses. The estimate of \$15,105,000 in 2024-25 is projected to increase by \$107,000 or 0.7 percent from the 2023-24 forecast of \$14,998,000. The increase is primarily attributable to anticipated higher revenues from police personal services billings, and records and information fees, which are offset by an estimated decline in fees from false alarm assessments and other miscellaneous.

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 2024-25 estimate of \$8,028,000 is \$150,000 or 1.8 percent less than the 2023-24 estimate of \$8,178,000. The decrease is mainly due to an anticipated decrease in revenues from rights-of-way fees and is partially offset by anticipated higher collections from utility ordinance inspection and 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 2024-25 estimate of \$40,468,000 is \$7,218,000 or 15.1 percent less than the 2023-24 estimate of \$47,686,000. The decrease is primarily due to less anticipated revenues from interest earnings.

All Other Fees

This fee category consists of miscellaneous service charges in the Finance, Human Services and Neighborhood Services departments and miscellaneous categories. The 2024-25 estimate of \$4,261,000 is \$883,000 or 17.2 percent less than the 2023-24 estimate of \$5,144,000. The decrease is mainly due to a one-time restitution payment to the Human Services Department in 2023-24 and lower anticipated revenues from lot cleaning and other miscellaneous fees.

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 2024-25 revenue estimates. The table on the next page provides 2023-24 and 2024-25 estimates as well as 2022-23 actual revenue amounts for revenues within these two categories.

SPECIAL REVENUE FUNDS

This category consists of several revenue sources that are earmarked for specific purposes. Included in this category are voter-approved sales taxes for Neighborhood Protection, 2007 Public Safety Expansion, Public Safety Enhancement, Parks and Preserves, and Transportation 2050. Also included in this category are revenue from Court Awards, Development Services, Capital Construction, Sports Facilities, Arizona Highway User Revenue funds, Public Transit, Community Reinvestment, Secondary Property Tax, Regional Wireless Cooperative, Golf Courses, grant funds and other revenues.

Neighborhood Protection Sales Tax

This 0.1 percent sales tax rate was approved by the voters in October 1993 and implemented in December 1993. As presented to the voters, the 0.1 percent increase is specifically earmarked for Police neighborhood protection programs (70 percent), Police Block Watch programs (5 percent) and Fire neighborhood protection programs (25 percent). The 2024-25 estimate of \$56,002,000 is \$534,000 or 1.0 percent more than the 2023-24 estimate of \$55,468,000. These estimates are consistent with those for the same categories in the local sales tax discussion. In addition, \$847,000 is estimated for combined net interest earnings in 2024-25.

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 2024-25 estimate of \$112,008,000 is \$1,076,000 or 1.0 percent more than the 2023-24 estimate of \$110,932,000. These estimates are consistent with those for the same categories in the local sales tax discussion. In addition, \$969,000 is estimated for interest earnings in 2024-25.

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 2024-25 estimate of \$33,131,000 is \$1,294,000 or 4.1 percent more than the 2023-24 estimate of \$31,837,000.

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 2024-25 estimate of \$56,005,000 is \$540,000 or 1.0 percent more than the 2023-24 estimate of \$55,465,000. These estimates are consistent with the estimates for the same categories in the local sales tax discussion. In addition, \$2,627,000 is estimated for land rentals, lease revenue and interest earnings in 2024-25.

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

Revenue Source	2022-23 Actual	2023-24 Estimate	2024-25 Budget	Increase/(Decrease) From 2023-24 Estimate	
				Amount	Percent
SPECIAL REVENUE FUNDS					
Neighborhood Protection	54,116	56,510	56,849	340	0.6%
2007 Public Safety Expansion	106,790	112,223	112,977	754	0.7%
Public Safety Enhancement	30,097	31,837	33,131	1,294	4.1%
Parks and Preserves	57,741	58,967	58,632	(335)	-0.6%
Transportation 2050	404,689	427,680	422,748	(4,932)	-1.2%
Court Awards	4,655	4,337	5,011	674	15.5%
Development Services	90,813	80,578	82,133	1,555	1.9%
Capital Construction	6,935	8,613	8,368	(245)	-2.8%
Sports Facilities	37,267	37,636	39,023	1,387	3.7%
Arizona Highway User Revenue	156,041	162,201	165,421	3,220	2.0%
Regional Transit Revenues	41,168	77,263	85,226	7,963	10.3%
Community Reinvestment	9,644	6,726	11,092	4,366	64.9%
Secondary Property Tax	131,258	135,600	142,101	6,501	4.8%
Regional Wireless Cooperative	5,656	7,675	6,610	(1,065)	-13.9%
Golf Courses	11,212	12,146	12,279	133	1.1%
City Improvement	8	-	-	-	NA
Impact Fee Program Administration	540	759	684	(75)	-9.9%
Court Special Fees	888	859	826	(33)	-3.8%
Monopole Rental	159	163	168	5	3.1%
Tennis Center	52	53	52	(1)	-1.9%
Vehicle Impound Program	2,263	1,987	1,966	(21)	-1.1%
Heritage Square	23	16	35	19	+100.0%
Affordable Housing Program	5,156	11,342	43,874	32,532	+100.0%
Jet Fuel Other Restricted Fund	912	957	964	7	0.8%
Recreational Marijuana Special Revenue Fund	15,175	12,311	12,865	554	4.5%
Other Restricted	28,876	48,694	29,931	(18,763)	-38.5%
Grants					
Public Housing Grants	125,829	211,265	242,290	31,025	14.7%
Human Services Grants	104,750	82,893	79,071	(3,822)	-4.6%
Community Development	32,581	32,429	42,000	9,571	29.5%
Criminal Justice	28,609	12,383	12,547	165	1.3%
Public Transit Grants	41,920	68,461	121,894	53,433	78.0%
Other Grants	125,920	173,701	373,790	200,089	+100.0%
Subtotal - Grants	459,610	581,131	871,592	290,460	50.0%
Total Special Revenue Funds	1,661,747	1,878,263	2,204,558	326,295	17.4%
ENTERPRISE FUNDS					
Aviation	573,802	583,342	595,697	12,355	2.1%
Water System	498,457	619,359	715,025	95,666	15.4%
Wastewater System	269,242	294,045	310,694	16,649	5.7%
Solid Waste	203,588	207,563	208,591	1,028	0.5%
Convention Center	123,311	127,262	131,090	3,828	3.0%
Total Enterprise Funds	1,668,401	1,831,571	1,961,097	129,526	7.1%
TOTAL NON-GENERAL FUND	3,330,148	3,709,835	4,165,655	455,820	12.3%

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 2024-25 sales tax estimate for Transportation 2050 is \$381,630,000, which is \$2,985,000 or 0.8 percent more than the 2023-24 estimate of \$378,645,000. These estimates are consistent with the estimates for the same categories in the local sales tax discussion.

This fund also includes farebox, bus shelter advertising, interest earnings, and other miscellaneous transit system revenues. The estimate for 2024-25 is \$41,118,000, which is \$7,917,000 or 16.1 percent less than the 2023-24 of \$49,035,000. The decrease is primarily due to less anticipated revenues from interest earnings and farebox collection.

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 2024-25 is \$5,011,000, which is \$674,000 or 15.5 percent more than the 2023-24 estimate of \$4,337,000. The increase reflects more anticipated cases in 2024-25.

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 2024-25 estimate is \$82,133,000, which is \$1,555,000 or 1.9 percent more than the 2023-24 estimate of \$80,578,000. This increase is primarily due to estimated revenue growth in building permit fees, building plan review fees, site plan fees, other miscellaneous fees, fire prevention inspection fees, and engineering permits, which is partially offset by less estimated revenue from other building fees.

Capital Construction

This category includes revenue from a 2 percent increase in the sales tax on telecommunications implemented in February 1998 and is intended to reimburse Phoenix residents for the use of their public rights of way by the telecommunications industry. These funds are used primarily for right-of-way improvements in the Street Transportation Capital Improvement Program. The 2024-25 estimate is \$7,502,000, which is \$44,000 or 0.6 percent more than the 2023-24 estimate of \$7,458,000. The 2024-25 estimate also includes interest earnings of \$866,000.

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 2024-25 estimate is \$32,668,000, which is \$1,841,000 or 6.0 percent more than the 2023-24 estimate of \$30,827,000. The revenue estimates are consistent with the estimates for the same categories in the local sales tax discussion. The 2024-25 estimate also includes \$6,355,000 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 2024-25, Phoenix is projected to receive \$127.0 million from the allocation to all cities and towns and \$33.1 million from the allocation to cities and towns over 300,000 population.

The total 2024-25 HURF distribution estimate of \$160,147,000 is \$4,612,000 more than the 2023-24 estimate of \$155,535,000. The increased 2024-25 estimate is primarily attributed to projected increases in collections of gas and use fuel tax (2.3 percent) and vehicle license tax (4.8 percent).

The estimate for 2024-25 interest revenue is \$4,230,000, reduced from the 2023-24 estimate of \$5,640,000 due to projected lower fund balance. Other revenues are estimated at \$1,044,000, substantially unchanged from 2023-24.

The table below shows the state-shared HURF allocations to the City of Phoenix since 2020-21.

ARIZONA HIGHWAY USER REVENUES (In Thousands of Dollars)			
Fiscal Year	AHUR Distribution	Increase/(Decrease)	
		Amount	Percent
2020-21	146,188	10,204	7.5
2021-22	155,465	9,277	6.3
2022-23	152,752	(2,713)	(1.7)
2023-24 (Est.)	155,535	2,783	1.8
2024-25 (Est.)	160,147	4,612	3.0

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 2024-25 estimate of \$85,226,000 is \$7,963,000 or 10.3 percent higher than the 2023-24 estimate of \$77,263,000. The increase is due to anticipated growth in service costs to be paid by other jurisdictions and the RPTA.

Community Reinvestment

The 2024-25 estimate of \$11,092,000 is \$4,366,000 or 64.9 percent higher than the 2023-24 estimate of \$6,726,000 and represents estimated revenues to be received through various economic redevelopment agreements in the downtown area. The increase is primarily due to council authorization to extend performance deadline for High Street Fillmore Phase II land sales project; sale proceeds is expected to receive in 2024-25 instead of 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 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 2024-25 primary property tax rate is \$1.2658 per \$100 of assessed valuation, reduced from the 2023-24 primary property tax rate of \$1.2851 per \$100 of assessed valuation. The 2024-25 secondary rate is \$0.8141 per \$100 of assessed value and is unchanged from the 2023-24 secondary rate. The combined tax rate is \$2.0799.

The 2024-25 secondary property tax levy of \$139,948,000 is based on this \$0.8141 rate and the primary net assessed valuation of \$17.19 billion. This resulting levy increases the 2023-24 secondary property tax levy of \$132,416,000 by \$7,532,000 to satisfy debt service requirements.

Also included in the 2024-25 estimate is \$3,552,000 in bond interest subsidies. Revenues are partially offset by an estimated \$1,399,000 in uncollected taxes. In total, secondary property tax and bond interest subsidy revenue is estimated to be \$142,101,000.

The table below shows secondary assessed valuation, secondary property tax levies and secondary property tax rates since 2020-21.

SECONDARY PROPERTY TAX					
Fiscal Year	Net Assessed Valuation (in Millions)	% Change	Secondary Levy (in Thousands)	% Change	Rate per \$100 Net Assessed Valuation
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
2024-25	17,190	5.7	139,948	5.7	0.8141

Regional Wireless Cooperative

The Regional Wireless Cooperative (RWC) is an independent, multi-jurisdictional organization that manages and operates a regional radio communications network built to seamlessly serve the interoperable communication needs of first responders and other municipal radio users. It currently includes twenty-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 2024-25 revenue estimate of \$6,610,000 is \$1,065,000 or 13.9 percent less than the 2023-24 estimate of \$7,675,000. The decrease is primarily due to the completion of the Ethernet Upgrade project in 2023-24, eliminating project fees collected from members in 2024-25. The decrease is also attributed to anticipated lower interest earnings.

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 2024-25 estimate of \$12,279,000 is \$133,000 or 1.1 percent more than the 2023-24 estimate of \$12,146,000. The increase is due to expected increases in golf course fees, golf cart rentals, and merchandise sales, but is partially offset by anticipated lower interest revenue, and building/facility rental.

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 2024-25 revenue is estimated at \$684,000, which is \$75,000 or 9.9 percent less than the 2023-24 revenue estimate of \$759,000. The decrease is due to a higher-than-expected impact fees collected in 2023-24, and this trend is projected to discontinue in 2024-25. The decrease is also attributed to anticipated lower interest earnings.

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. Starting from 2023-24, the General Fund portion of the City sales tax from recreational MJ retail sales has been transferred from the General Fund to the MJ sales tax fund instead of a direct revenue posting to the MJ sales tax fund. Also included is revenue from restricted fees for recreation and other programs, and donations specified for various City programs.

The 2024-25 estimate of \$90,681,000 is \$14,300,000 or 18.7 percent more than the 2023-24 estimate of \$76,381,000. The increase is primarily due to the anticipated increases in Affordable Housing Program and recreational MJ retail sales tax, offset by estimated reduced revenue in other restricted revenues.

Public Housing Grants

Public Housing grants include funding from the Housing Assistance Payment Contract, HOME Investment Partnerships Program (HOME), housing rentals and subsidies, and interest income. The 2024-25 Public Housing grants revenue included in the annual operating budget is \$242,290,000, which is \$31,025,000 or 14.7 percent more than the 2023-24 estimate of \$211,265,000. The increase is primarily due to more housing assistance payments and housing rentals, which is offset by less revenue from housing subsidies, HOME, interest income, and other miscellaneous revenue.

Human Services Grants

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. The 2024-25 revenue estimate of \$79,071,000 is \$3,822,000 or 4.6 percent less than the 2023-24 estimate of \$82,893,000. The decrease is primarily due to the reduction in the Emergency Rental Assistance Program, CARES Act Federal Grants, Maricopa County Heat Relief Grants, and Arizona Department of Housing grants, and partially offset by higher anticipated Head Start funds and Phoenix Homelessness Support Initiative.

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 2024-25 CDBG entitlement is \$42,000,000, which is \$9,571,000 or 29.5 percent more than the 2023-24 estimate of \$32,429,000. The increase is primarily due to carryovers from 2023-24 to 2024-25.

Criminal Justice Grants

Criminal Justice 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. The 2024-25 Criminal Justice Grants revenue is estimated to be \$12,547,000, which is \$165,000 or 1.3 percent more than the 2023-24 estimate of \$12,383,000. The increase is due to estimated increases in Police operating grant funding, and partially offset by lower anticipated Police Homeland Security and Police Operating Interest Bearing grants.

Public Transit Grants

This category includes grants from the Federal Transit Administration (FTA) and the Arizona State Local Transportation Assistance Fund. The 2024-25 Federal Transit Administration Grant estimate is \$121,894,000, an increase of 53,433,000 or 78.0 percent more than the 2023-24 estimate of \$68,461,000. The significant increase is mainly due to the additional funding from the FTA for several capital projects.

Other Grants

Other grants contain funding from federal, state, and other granters for various purposes, including Environmental programs, Fire operations, Neighborhood services and other programs. The 2024-25 budget of \$373,790,000 is \$200,089,000 or 115.2 percent more than the 2023-24 estimate of \$173,701,000. The increase includes the carryover of funding from 2023-24 to 2024-25. The increase is also attributable to a newly awarded \$150,000,000 Climate Pollution Reduction Grant, and additional grant funding for Neighborhood Stabilization Program in 2024-25.

ENTERPRISE FUNDS

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

Aviation

Aviation revenue estimates primarily include airline operation fees, concession revenues and interest income at Sky Harbor International, Deer Valley and Goodyear airports. In December 2019, the City Council approved the imposition of new rideshare fees at Sky Harbor International Airport to help reduce the number of vehicles at the terminals and encourage 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 2024-25 is anticipated to be \$595,697,000, which is \$12,355,000 or 2.1 percent more than the 2023-24 estimate of \$583,342,000. The increase is primarily due to the continued growth in airline operation fees, concession and rental revenues, and is offset by the lower interest earnings.

The following table shows Aviation revenue by major category and annual percent change since 2020-21.

SUMMARY OF AVIATION REVENUES (In Thousands of Dollars)					
	2020-21	2021-22	2022-23	2023-24 (Est.)	2024-25 (Est.)
Airline Operation	127,020	144,864	170,389	206,609	215,521
Concessions and Rentals	146,676	267,607	311,057	338,976	351,488
Interest	3,407	2,312	14,390	26,150	16,800
Other/Federal Grants	107,758	152,312	70,554	4,899	4,990
Goodyear	3,045	3,053	3,466	2,976	3,064
Deer Valley	3,290	3,491	3,946	3,732	3,834
Total Aviation Revenue	391,196	573,639	573,802	583,342	595,697
Change from Prior Year	8.0%	46.6%	0.0%	1.7%	2.1%

Water System

Water system revenues include water sales, environmental charge for complying with environmental standards, 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 2024-25 is projected to be \$715,025,000, which is \$95,666,000 or 15.4 percent more than the 2023-24 estimate of \$619,359,000. The double-digit increase accounts for the proposed Water rate increase to cover rising costs and includes anticipated small increase in the number of water accounts.

The following table shows Water system revenues by major category since 2020-21.

SUMMARY OF WATER SYSTEM REVENUES (In Thousands of Dollars)					
	2020-21	2021-22	2022-23	2023-24 (Est.)	2024-25 (Est.)
Water Sales	352,111	347,231	341,742	403,091	472,019
Environmental Consumption Charge	78,589	73,910	69,912	75,658	81,110
Raw Water Charge	39,560	36,652	34,073	53,312	90,361
Interest	1,573	2,253	13,512	12,358	16,904
Development Fees	5,896	6,365	6,910	7,261	7,624
Combined Service Fees	1,955	1,987	1,668	2,900	2,930
Val Vista	9,390	8,416	10,832	13,042	13,069
All Other	3,088	15,461	19,808	51,737	31,008
Total Water Revenue	492,162	492,275	498,457	619,359	715,025
Change from Prior Year	8.4%	0.0%	1.3%	24.3%	15.4%

Wastewater System

Wastewater system revenues include monthly sewer service charge revenues, which are based on water consumption rates, environmental charge for complying with environmental standards, 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 \$310,694,000 in 2024-25, which is \$16,649,000 or 5.7 percent more than the 2023-24 estimate of \$294,045,000. The increase is mainly due to the proposed rate increase to cover rising costs, the anticipated higher revenue from the multi-city sewer system and is partially offset by lower interest revenue.

The following table shows Wastewater system revenues by major category and annual percent change since 2020-21.

SUMMARY OF WASTEWATER SYSTEM REVENUES (In Thousands of Dollars)					
	2020-21	2021-22	2022-23	2023-24 (Est.)	2024-25 (Est.)
Sewer Service Charge	172,712	177,045	170,391	193,370	207,386
Environmental Charges	35,775	36,864	35,796	38,555	41,598
Development Fees	5,723	6,086	6,612	7,088	7,159
Interest	2,674	2,044	9,109	9,964	6,947
Multi-City	14,017	13,610	15,938	18,626	21,400
Other	23,843	31,209	31,396	26,442	26,204
Total Wastewater Revenue	254,744	266,858	269,242	294,045	310,694
Change From Prior Year	0.8%	4.8%	0.9%	9.2%	5.7%

Solid Waste

This category includes revenues from the monthly residential collection and landfill tipping fees. The 2024-25 estimate of \$208,591,000 is an increase of \$1,028,000, or 0.5 percent more than the 2023-24 estimate of \$207,563,000. The revenue increase is primarily due to more anticipated revenue from solid waste service fees, and offset by anticipated less interest earnings 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

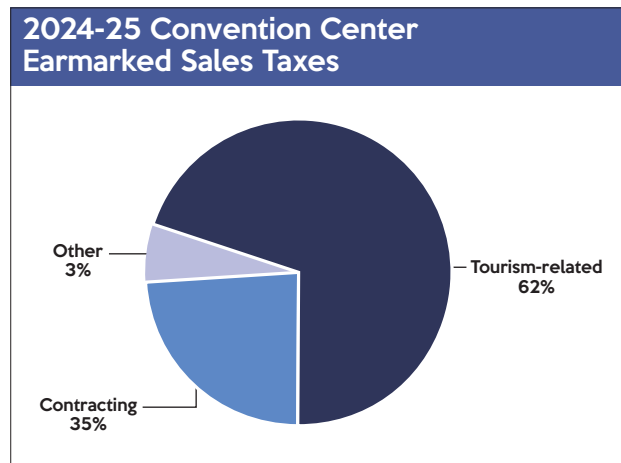
The majority of Convention Center revenues are from earmarked sales taxes including a 0.5 percent tax on advertising, a 0.5 percent portion of the 2.3 percent tax on construction, printing, publishing, transportation/towing and restaurant/bar sales, plus a 2.0 percent portion of the 5.3 percent hotel/motel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

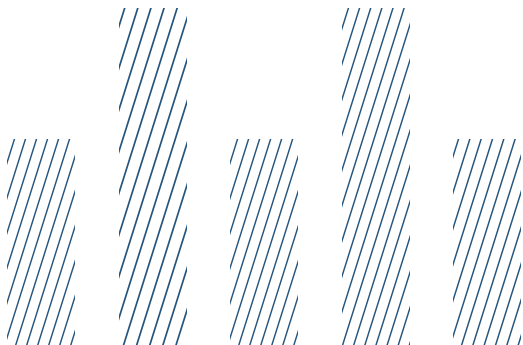
Earmarked sales taxes are expected to produce \$95,516,000 in 2024-25, which is an increase of \$3,576,000 or 3.9 percent above the 2023-24 estimate of \$91,940,000. Convention Center operating revenues are expected to be \$24,068,000, parking revenue is expected to be \$7,805,000, and interest revenue is expected to be \$3,701,000, for a total revenue estimate of \$131,090,000. This is \$3,828,000 or 3.0 percent more than the 2023-24 total estimated revenue of \$127,262,000. 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 2020-21.

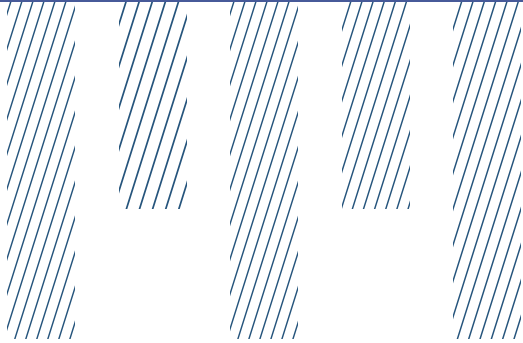
CONVENTION CENTER SALES TAXES (In Thousands of Dollars)			
Fiscal Year	Amount Collected	Increase/(Decrease)	
		Amount	Percent
2020-21	54,331	(935)	(1.7)
2021-22	77,786	23,455	43.2
2022-23	92,515	14,729	18.9
2023-24 (Est.)	91,940	(575)	(0.6)
2024-25 (Est.)	95,516	3,576	3.9

Overall growth rates differ from General Fund sales taxes due to the smaller number of categories, differing proportions of the total and their more volatile nature. As shown in the following pie chart, contracting and tourism represent 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 16 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 2024-25 operating budget allowance of \$2,744,000 is \$44,000 or 1.6 percent more than 2023-24 estimated expenditures. The budget reflects normal inflationary adjustments and increases to employee compensation for continuation of the Classification and Compensation study implementation.

Expenditure and Position Summary			
	2022-23 Actual	2023-24 Estimate	2024-25 Budget
Operating Expense	\$2,425,000	\$2,700,000	\$2,744,000
Total Positions	15.0	15.0	15.0
<i>Source of Funds:</i>			
General Fund	\$2,425,000	\$2,700,000	\$2,744,000

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 2024-25 City Council operating budget allowance of \$7,029,000 is \$175,000 or 2.6 percent more than 2023-24 estimated expenditures. The budget reflects normal inflationary adjustments and increases to employee compensation for continuation of the Classification and Compensation study implementation.

Expenditure and Position Summary			
	2022-23 Actual	2023-24 Estimate	2024-25 Budget
Operating Expense	\$5,589,000	\$6,854,000	\$7,029,000
Total Positions	46.5	41.0	41.0
<i>Source of Funds:</i>			
General Fund	\$5,589,000	\$6,854,000	\$7,029,000

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 meeting the future public needs of the City. Deputy City Managers oversee and assist City departments to ensure achievement of their departmental objectives and the objectives of the city government.

Budget Allowance Explanation

The City Manager’s Office 2024-25 operating budget allowance of \$18,853,000 is \$5,644,000 or 42.7 percent more than 2023-24 estimated expenditures. This is primarily due to timing of American Rescue Plan Act (ARPA) grant expenditures and the award of a forestry grant from the U.S. Department of Agriculture.

The General Fund 2024-25 budget allowance of \$11,993,000 is \$1,511,000 or 14.4 percent more than 2023-24 estimated expenditures. The increase is primarily due to normal inflationary adjustments, increases to employee compensation for continuation of the Classification and Compensation study implementation, and a reduction to estimated expenditures for contractual services in 2023-24 to reflect anticipated actual expenditures more accurately.

The Grants 2024-25 budget allowance of \$6,550,000 is \$4,123,000 or 169.9 percent more than 2023-24 estimated expenditures. This is primarily due to changes in the timing of ARPA grant funding and a U.S. Department of Agriculture Urban and Community Forestry grant for the Office of Heat Response and Mitigation.

The Water Fund 2024-25 budget allowance of \$296,000 is \$11,000 or 3.9 percent more than 2023-24 estimated expenditures. The budget reflects normal inflationary adjustments and increases to employee compensation for continuation of the Classification and Compensation study implementation.

Expenditure and Position Summary			
	2022-23 Actual	2023-24 Estimate	2024-25 Budget
Operating Expense	\$8,275,000	\$13,209,000	\$18,853,000
Total Positions	66.0	62.5	61.0
<i>Source of Funds:</i>			
General Fund	\$7,363,000	\$10,482,000	\$11,993,000
Other Restricted	2,000	15,000	15,000
Grants	633,000	2,427,000	6,550,000
Water	277,000	285,000	296,000

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 Regional Wireless Cooperative 2024-25 operating budget allowance of \$6,223,000 is \$1,315,000 or 17.4 percent less than 2023-24 estimated expenditures. The decrease is primarily due to one-time communications replacement and upgrade projects occurring in 2023-24.

Expenditure and Position Summary			
	2022-23 Actual	2023-24 Estimate	2024-25 Budget
Operating Expense	\$5,770,000	\$7,538,000	\$6,223,000
Total Positions	4.0	5.0	5.0
<i>Source of Funds:</i>			
RWC	\$5,770,000	\$7,538,000	\$6,223,000

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 2024-25 operating budget allowance of \$1,761,000 is \$98,000 or 5.9 percent more than 2023-24 estimated expenditures. The budget reflects normal inflationary adjustments and increases to employee compensation for continuation of the Classification and Compensation study implementation.

Government Relations Major Performance Measures and Service Levels

The following significant performance measures and service level trends will be achieved with the 2024-25 budget allowance:

	2022-23 Actual	2023-24 Estimate ¹	2024-25 Budget
Percentage of Arizona state legislative bills opposed by the City which were not enacted	85%	85%	85%
Number of strategic federal meetings brokered for elected officials or government executives	70	70	70
Number of strategic state and local meetings brokered for elected officials or government executives	65	70	70
Success rate of federal and state competitive grants and private foundation grants that Government Relations assisted departments securing	76%	74%	75%
Number of tribal gaming grants processed by Government Relations	95	95	96

¹ Based on 10 months actual experience.

Expenditure and Position Summary			
	2022-23 Actual	2023-24 Estimate	2024-25 Budget
Operating Expense	\$1,342,000	\$1,663,000	\$1,761,000
Total Positions	6.0	6.0	6.0
<i>Source of Funds:</i>			
General Fund	\$1,342,000	\$1,663,000	\$1,761,000

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 2024-25 operating budget allowance of \$5,081,000 is \$327,000 or 6.9 percent more than 2023-24 estimated expenditures. The increase is primarily due to normal inflationary adjustments and increases to employee compensation for continuation of the Classification and Compensation study implementation.

Communications Office Major Performance Measures and Service Levels

The following significant performance measures and service level trends will be achieved with the 2024-25 budget allowance:

	2022-23 Actual	2023-24 Estimate ¹	2024-25 Budget
New PHXTV content produced per year	650	700	750
Annual number of PIO interactions with media	885	1,331	1,500
Average response time to public records requests (days)	1.5	1.5	1.5
Phoenix.gov pageviews (monthly average) ²	1,845,000	1,855,000	1,800,000
Social media impressions per year ³	35,910,926	44,199,791	48,600,000
Email messages sent to residents via GreenRope ⁴	9,078,259	4,000,000	4,400,000
Annual number of strategic paid media campaigns	5	5	5

¹ Based on 10 months actual experience.

² The Communications Office will be launching the City’s new website later in 2024-25, and it is expected website users will be able to more effectively find what they need on the site with fewer clicks, resulting in a decrease in pageviews from the prior year.

³ Significant changes were made to the City’s social media strategy in 2023-24, which resulted in over a 20 percent growth in social media activity from the prior year. Continued growth is anticipated in 2024-25.

⁴ Lower email communication figures in 2023-24 figures reflect the Library Department sunsetting usage of GreenRope in June 2023. Absent this change, the organic growth rate of GreenRope subscribers and messages sent has been trending at about 10 percent per year since 2021.

Expenditure and Position Summary

	2022-23 Actual	2023-24 Estimate	2024-25 Budget
Operating Expense	\$3,843,000	\$4,754,000	\$5,081,000
Total Positions	24.0	23.0	23.0
<i>Source of Funds:</i>			
General Fund	\$3,565,000	\$4,723,000	\$5,058,000
Other Restricted	127,000	31,000	23,000
Grants	152,000	-	-

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.

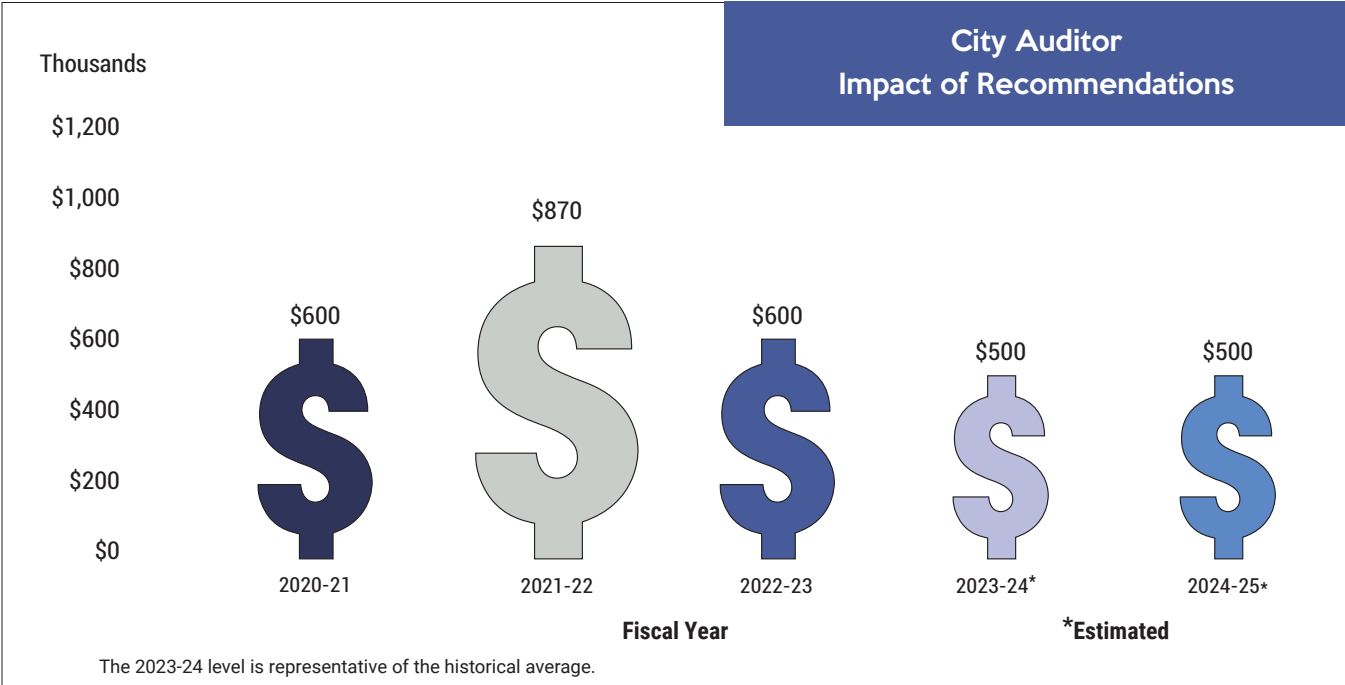
Budget Allowance Explanation

The City Auditor 2024-25 operating budget allowance of \$3,892,000 is \$298,000 or 8.3 percent more than 2023-24 estimated expenditures. The increase reflects normal inflationary adjustments and increases to employee compensation for continuation of the Classification and Compensation study implementation, 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 2024-25 budget allowance:			
	2022-23 Actual	2023-24 Estimate ¹	2024-25 Budget ²
Percent of audit plan completed	89%	80%	80%
Performance audit and management reports issued	89	80	75
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)	\$0.60	\$0.50	\$0.50
Hearing rulings issued timely according to time frames listed in the city code	100%	100%	100%

¹ Based on 10 months actual experience.
² 2024-25 budget level is representative of the historical average.

Expenditure and Position Summary			
	2022-23 Actual	2023-24 Estimate	2024-25 Budget
Operating Expense	\$3,358,000	\$3,594,000	\$3,892,000
Total Positions	25.4	25.4	25.4
<i>Source of Funds:</i>			
General Fund	\$3,358,000	\$3,594,000	\$3,892,000



EQUAL OPPORTUNITY

Program Goal

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

Budget Allowance Explanation

The Equal Opportunity Department 2024-25 operating budget allowance of \$4,322,000 is \$313,000 or 7.8 percent more than 2023-24 estimated expenditures. The increase is primarily due to fewer anticipated staff vacancies in the General Fund, as well as normal inflationary adjustments and increases to employee compensation for continuation of the Classification and Compensation study implementation.

Equal Opportunity Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2024-25 budget allowance:

	2022-23 Actual	2023-24 Estimate ¹	2024-25 Budget
Discrimination complaints in employment, public accommodations, housing, and ADA accessibility investigated and closed ²	403	260	350
Outreach presentations to small and disadvantaged businesses and small business advocacy organizations	12	14	20
Number of disadvantaged business enterprises (DBEs) certified ³	550	558	585
Number of small business enterprises (SBEs) certified ³	557	562	600
Number of SBE and DBE prime contracts monitored ⁴	461	450	500

¹ Based on 10 months actual experience.

² Discrimination complaints investigated and closed are based on the number of cases filed. Increases in 2024-25 are expected due to the conversion of investigations staff from temporary to regular status. 2022-23 figures reflect a backlog of cases that were closed, and more ADA cases received.

³ An increase is expected in 2024-25 due to changes in federal rules affecting the certification process.

⁴ 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. Increases are expected in 2024-25 due to increased staffing levels and projected increases in federally funded projects.

Expenditure and Position Summary

	2022-23 Actual	2023-24 Estimate	2024-25 Budget
Operating Expense	\$2,989,000	\$4,009,000	\$4,322,000
Total Positions	30.0	30.0	30.0
<i>Source of Funds:</i>			
General Fund	\$2,544,000	\$3,400,000	\$3,687,000
Grants	444,000	590,000	614,000
Other Restricted	1,000	18,000	21,000

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 2024-25 operating budget allowance of \$30,440,000 is \$597,000 or 1.9 percent less than 2023-24 estimated expenditures. The decrease is primarily due to the conclusion of Council-approved American Rescue Plan Act (ARPA) funding to reimburse City healthcare costs incurred due to COVID-19. In addition, three Human Resources Department positions and their associated costs were transferred to the Finance Department to assist with Human Resource-related procurement processes.

The General Fund 2024-25 budget allowance of \$30,440,000 is \$874,000 or 3.0 percent more than 2023-24 estimated expenditures. The increase reflects normal inflationary adjustments and increases to employee compensation for continuation of the Classification and Compensation study implementation. The increase also reflects anticipated increases in required contributions to the Industrial Commission for the Firefighters' Cancer Fund and continued costs for the City's Learning Management System project. These increases are partially offset by decreases for one-time legal services required in 2023-24.

Human Resources Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2024-25 budget allowance:

	2022-23 Actual	2023-24 Estimate ¹	2024-25 Budget
Percentage of hiring managers satisfied with applicants placed on hiring eligible list	75.6%	81.7%	80.0%
Annualized employee turnover rate	8.4%	6.5%	7.5%
Employee performance evaluations completed on time	71.6%	73.7%	75.0%
The number of employee suggestions received	10	6	8

¹ Based on 10 months actual experience.

Expenditure and Position Summary

	2022-23 Actual	2023-24 Estimate	2024-25 Budget
Operating Expense	\$47,191,000	\$31,037,000	\$30,440,000
Total Positions	141.7	138.7	138.7
<i>Source of Funds:</i>			
General Fund	\$26,466,000	\$29,566,000	\$30,440,000
Grants	20,725,000	1,470,000	-

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 2024-25 operating budget allowance of \$133,000 is \$8,000 or 6.4 percent more than 2023-24 estimated expenditures. The budget reflects normal inflationary adjustments and increases to employee compensation for continuation of the Classification and Compensation study implementation, as well as resumed in-person conference costs.

Phoenix Employment Relations Board Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2024-25 budget allowance:

	2022-23 Actual	2023-24 Estimate ¹	2024-25 Budget
Number of cases filed annually ²	0	4	4

¹ Based on 10 months actual experience.

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

Expenditure and Position Summary

	2022-23 Actual	2023-24 Estimate	2024-25 Budget
Operating Expense	\$112,000	\$125,000	\$133,000
Total Positions	1.0	1.0	1.0
<i>Source of Funds:</i>			
General Fund	\$112,000	\$125,000	\$133,000

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 2024-25 gross operating budget allowance of \$3,797,000 is \$185,000 or 5.1 percent more than 2023-24 estimated expenditures. The budget reflects normal inflationary adjustments and increases to employee compensation for continuation of the Classification and Compensation study implementation for both the General Fund and Other Restricted Funds. It also reflects additional fiduciary insurance costs in the General Fund.

Retirement Systems Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2024-25 budget allowance:

	2022-23 Actual	2023-24 Estimate ¹	2024-25 Budget
General City retirements ²	419	310	364
Public safety retirements ²	258	186	222
General City and public safety member contacts ³			
Appointments	805	473	639
Walk-in service	569	718	643
Telephone calls	8,865	11,800	10,332
General City and Public Safety Benefit estimates provided (excluding self-service) ³	1,722	1,200	1,571

¹ Based on 10 months actual experience.

² Fewer retirements are attributed to negotiated increases in employee compensation in 2023-24.

³ The increase in walk-in service is attributed to the return of staff back into the office after teleworking during COVID-19. Increased calls in 2023-24 are attributed to questions regarding retirement eligibility, changes in the tax withholding tables, and healthcare deduction changes. In 2022-23, the state Public Safety Personnel Retirement System (PSPRS) took over most public safety retirement appointments and transactions.

Expenditure and Position Summary

	2022-23 Actual	2023-24 Estimate	2024-25 Budget
Operating Expense (Gross ¹)	\$3,221,000	\$3,612,000	\$3,797,000
Total Positions	18.0	18.0	18.0
<i>Source of Funds:</i>			
General Fund (Gross ¹)	\$2,851,000	\$3,029,000	\$3,197,000
Other Restricted	370,000	583,000	600,000

¹ Gross costs are recovered through citywide assessments to all city departments.

LAW

Program Goal

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

Budget Allowance Explanation

The Law Department 2024-25 operating budget allowance of \$36,351,000 is \$1,842,000 or 5.3 percent more than 2023-24 estimated expenditures. The increase to the General Fund and Other Restricted Fund is primarily due to normal inflationary adjustments and increases to employee compensation for continuation of the Classification and Compensation study implementation. The General Fund increase is also attributed to contractual obligations for case management software.

Law Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2024-25 budget allowance:

	2022-23 Actual	2023-24 Estimate ¹	2024-25 Budget
Number of cases submitted for charging review	26,979	26,953	27,000
Pre-trial disposition conferences set	57,685	60,338	60,000
Criminal cases sent to diversion (estimate)	1,414	1,448	1,400
Number of jury trials set	751	689	675
Number of non-jury trials set	0	2,308	2,300
Number of first Pre-trial Disposition Conferences (PDC) with body-worn camera (BWC) evidence	11,634	12,900	13,000
Number of hours of body worn camera footage requested for review ²	18,110	17,327	18,000
Number of hours of BWC footage reviewed by Legal Assistant Unit staff	13,000	18,023	18,000
New civil cases opened in the fields of condemnation, collection, taxes, and civil litigation, excluding liability and other cases assigned to outside counsel	531	581	575
Number of civil cases closed, including those assigned to outside counsel and handled through the alternative dispute resolution process ³	811	235	225
Ordinances and resolutions for City Council adoption drafted and reviewed	1,415	1,117	1,125

¹ Based on 10 months actual experience.

² The numbers are not fixed, and increase based on date of violation requests.

³ 2022-23 higher than normal due to a record retention project.

Expenditure and Position Summary

	2022-23 Actual	2023-24 Estimate	2024-25 Budget
Operating Expense	\$30,550,000	\$34,509,000	\$36,351,000
Total Positions	247.0	252.0	251.0
<i>Source of Funds:</i>			
General Fund	\$28,811,000	\$32,664,000	\$34,422,000
Court Awards	42,000	52,000	52,000
Other Restricted	22,000	298,000	437,000
Grants	1,675,000	1,495,000	1,440,000

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) 2024-25 operating budget allowance of \$105,485,000 is \$14,084,000 or 15.4 percent more than 2023-24 estimated expenditures. The increase is primarily due to the transfer of approximately \$14 million from the ITS Capital Improvement Program (CIP) 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 2024-25 budget also reflects normal inflationary adjustments and increases to employee compensation for continuation of the Classification and Compensation study implementation.

Information Technology Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2024-25 budget allowance:

	2022-23 Actual	2023-24 Estimate ¹	2024-25 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	19,853,150	22,007,999	24,100,100
Average cycle time of telephone service requests	< 21 days	< 21 days	< 21 days
Units of portable and mobile radio equipment ²	20,039	20,400	21,199

¹ Based on 10 months actual experience.

² Includes all portable and mobile radios supported on behalf of all Regional Wireless Cooperative (RWC) members, as well as support of portable and mobile radios for Fire's VHF system. Increase in radio count is due to new members to RWC.

Expenditure and Position Summary

	2022-23 Actual	2023-24 Estimate	2024-25 Budget
Operating Expense	\$77,315,000	\$91,401,000	\$105,485,000
Total Positions	225.0	224.0	216.0
<i>Source of Funds:</i>			
General Fund	\$76,513,000	\$90,525,000	\$104,585,000
Aviation	272,000	291,000	304,000
Solid Waste	215,000	229,000	233,000
Water	312,000	342,000	348,000
Cable Television	2,000	16,000	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 2024-25 operating budget allowance of \$9,019,000 is \$115,000 or 1.3 percent less than 2023-24 estimated expenditures. The decrease is primarily due to lower elections-related costs for the November 2024 election versus costs for the November 2023 General Obligation (GO) Bond election. This decrease is partially offset by normal inflationary adjustments and increases to employee compensation for continuation of the Classification and Compensation study implementation. The 2024-25 budget also reflects the carryover of funding for the records management system and licensing system replacement.

City Clerk Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2024-25 budget allowance:

	2022-23 Actual	2023-24 Estimate ¹	2024-25 Budget
Number of council formal and special meeting agenda items	2,354	2,250	2,250
Open meeting law notices posted	3,915	4,000	4,000
Percent of open meeting law notices posted in accordance with state law	100%	100%	100%
Total printing and copy impressions	16,692,000	15,600,000	17,600,000
City Council regular and special elections held	2	1	3
License services applications and contacts ²	19,250	19,500	19,500
Records (in pages) provided for public access online ²	164,085	155,000	160,000

¹ Based on 10 months actual experience.

Expenditure and Position Summary

	2022-23 Actual	2023-24 Estimate	2024-25 Budget
Operating Expense	\$5,616,000	\$9,134,000	\$9,019,000
Total Positions	52.5	52.5	51.5
<i>Source of Funds:</i>			
General Fund	\$5,616,000	\$9,134,000	\$9,019,000

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 2024-25 operating budget allowance of \$39,166,000 is \$6,318,000 or 19.2 percent more than 2023-24 estimated expenditures. The increase is primarily in General Fund and Other Restricted funds.

The General Fund 2024-25 budget allowance of \$34,834,000 is \$4,171,000 or 13.6 percent more than 2023-24 estimated expenditures. The increase is primarily due to an increase in software agreements for financial, procurement, and travel system upgrades; an increase in the City's portion of the state tax system; fewer anticipated vacancies; and increases to employee compensation for continuation of the Classification and Compensation study implementation. This is partially offset by the transferring of the personal protective equipment warehouse management and budget to the Fire Department.

The Other Restricted Fund 2024-25 budget allowance of \$2,530,000 is \$1,960,000 or 343.9 percent more than 2023-24 estimated expenditures. This is attributed to an estimated increase in 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.

Finance Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2024-25 budget allowance:

	2022-23 Actual	2023-24 Estimate ¹	2024-25 Budget
Sales tax and franchise fees collected (millions)	\$1,419	\$1,466	\$1,466
Average real estate acquisition cycle time (months) ²	8	9	14
Average property damage claims cycle time (days) ³	34	45	60
Average invitation for bid cycle time (days) ⁴	105	148	145

¹ Based on 10 months actual experience.

² Cycle time varies with changes in the volume of acquisitions from year to year. In 2024-25, a large Street Transportation project will close affecting cycle time.

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

⁴ Factors such as new staff in training, protests, and appeals along with an increase in complexity of procurements have impacted the bid cycle time. The performance goal is 145 days.

Expenditure and Position Summary

	2022-23 Actual	2023-24 Estimate	2024-25 Budget
Operating Expense	\$24,661,000	\$32,848,000	\$39,166,000
Total Positions	221.0	240.0	237.0
<i>Source of Funds:</i>			
General Fund	\$22,877,000	\$30,663,000	\$34,834,000
Sports Facilities	109,000	134,000	134,000
Other Restricted	184,000	570,000	2,530,000
Grants	232,000	-	-
Aviation	211,000	226,000	233,000
Wastewater	372,000	506,000	506,000
Water	676,000	749,000	929,000

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.

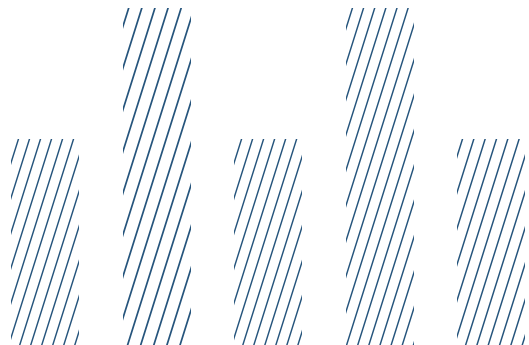
Budget Allowance Explanation

The Budget and Research 2024-25 operating budget allowance of \$4,587,000 is \$251,000 or 5.8 percent higher than 2023-24 estimated expenditures. The budget reflects normal inflationary adjustments and increases to employee compensation for continuation of the Classification and Compensation study implementation.

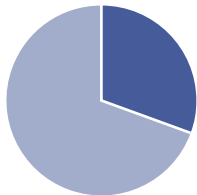
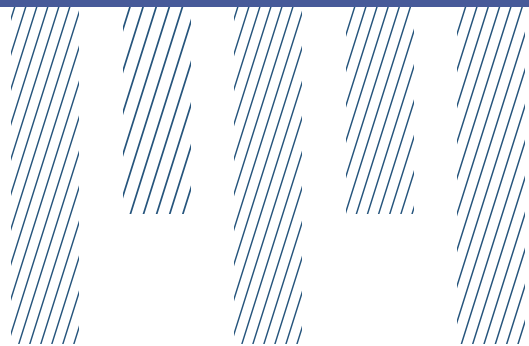
Budget and Research Major Performance Measures and Service Levels			
The following significant performance measures and service trends will be achieved with the 2024-25 budget allowance:			
	2022-23 Actual	2023-24 Estimate ¹	2024-25 Budget
Percent variance of actual versus estimated expenditures for each major fund (data for the General Fund is shown)	-0.2%	0 ± 3%	0 ± 3%
Percent variance of actual versus estimated resources for each major fund (data for the General Fund is shown)	0.8%	0 ± 3%	0 ± 3%
Capital Improvement Program percent variance of actual versus estimated expenditures	-2.4%	0 ± 10%	0 ± 10%

¹ Based on 10 months actual experience.

Expenditure and Position Summary			
	2022-23 Actual	2023-24 Estimate	2024-25 Budget
Operating Expense	\$4,287,000	\$4,336,000	\$4,587,000
Total Positions	24.0	24.0	24.0
<i>Source of Funds:</i>			
General Fund	\$4,287,000	\$4,336,000	\$4,587,000



PUBLIC SAFETY



The Public Safety Program Represents 32.2% of the Total Budget.

The Public Safety program budget includes Fire and Police.

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 2024-25 operating budget allowance of \$981,055,000 is \$42,789,000 or 4.6 percent more than 2023-24 estimated expenditures. The increase is primarily due to normal inflationary adjustments and increases to employee compensation for continuation of the Classification and Compensation study implementation, which impacts all funds. The 2024-25 budget also reflects continued sworn hiring efforts.

The General Fund 2024-25 budget allowance of \$768,115,000 is \$27,120,000 or 3.7 percent more than 2023-24 estimated expenditures. The increase is primarily due to normal inflationary adjustments and increases to employee compensation. Other increases in the 2024-25 budget include increased costs for jail services from Maricopa County, continued costs for the records management system implementation, and additional vehicle replacement funding. These increases are partially offset by reduced equipment purchases.

The Court Awards 2024-25 budget allowance of \$4,956,000 is \$676,000 or 15.8 percent more than 2023-24 estimated expenditures and reflects anticipated available funding from court forfeitures and seizures.

Police Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2024-25 budget allowance:

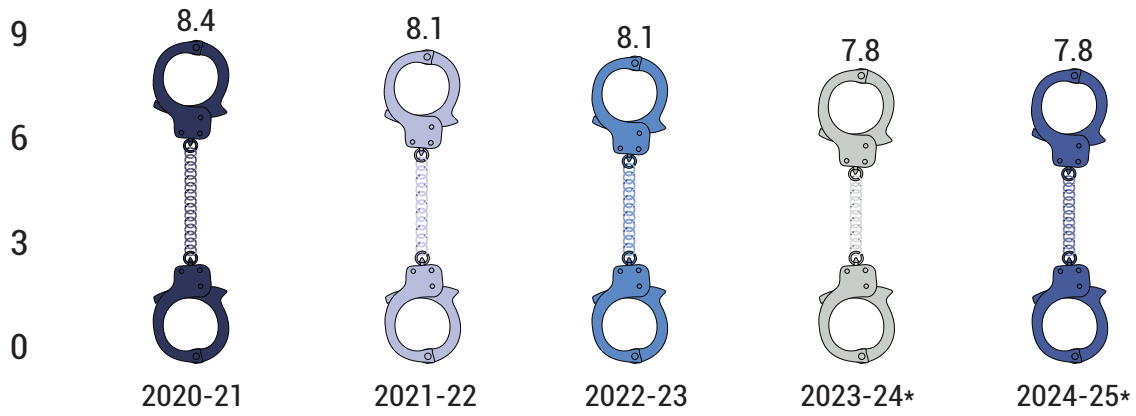
	2022-23 Actual	2023-24 Estimate ¹	2024-25 Budget
Average Response Time (Minutes)			
Priority 1 – Emergency	7.4	7.3	7.3
Priority 2 – Non-Emergency	25.5	26.9	27.9
Priority 3 – All Others	47.9	53.4	57.1
Percentage of phone calls to 9-1-1 and Crime Stop answered within 15 seconds	80%	74%	76%
Moving violation citations issued	49,931	56,810	54,520
Traffic accidents	27,268	27,600	27,490
Percentage of cases cleared:			
Murder	90%	78%	79%
Rape	10%	9%	9%
Robbery	27%	27%	28%
Aggravated Assault	29%	30%	30%
Burglary	10%	10%	10%
Theft	12%	13%	12%
Auto Theft	5%	5%	6%
Arson	30%	26%	28%

¹ Based on 10 months actual experience.

Expenditure and Position Summary

	2022-23 Actual	2023-24 Estimate	2024-25 Budget
Operating Expense	\$867,851,000	\$938,266,000	\$981,055,000
Total Positions	4,547.9	4,598.4	4,591.9
Source of Funds:			
General Fund	\$665,384,000	\$740,995,000	\$768,115,000
Court Awards	4,686,000	4,280,000	4,956,000
Neighborhood Protection	41,978,000	44,495,000	44,424,000
Public Safety Enhancement	16,271,000	17,951,000	18,077,000
Public Safety Expansion	96,139,000	91,368,000	104,909,000
Sports Facilities	1,769,000	1,857,000	1,950,000
Other Restricted	33,704,000	26,669,000	28,165,000
Grants	7,920,000	10,653,000	10,459,000

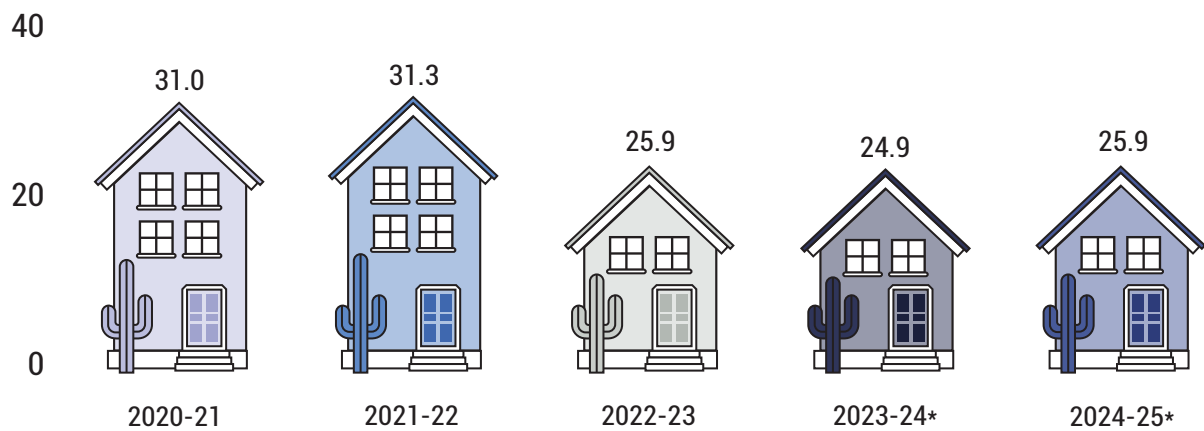
Police
Violent Crimes per 1,000 Residents



Fiscal Year

*Estimated

Police
Property Crimes per 1,000 Residents



Fiscal Year

*Estimated

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 2024-25 operating budget allowance of \$561,651,000 is \$4,831,000 or 0.9 percent more than 2023-24 estimated expenditures.

The General Fund 2024-25 budget allowance of \$479,934,000 is \$367,000 or 0.1 percent more than 2023-24 estimated expenditures. The budget reflects normal inflationary adjustments and increases to employee compensation for continuation of the Classification and Compensation study implementation. In addition, the 2024-25 budget includes funding for the remaining conversion of 10 part-time to six full-time ambulances which began implementation in 2023-24. There is also an increase to lease agreements for the transfer of the personal protective equipment warehouse management from Finance. These increases are partially offset by a decrease in the vehicle replacement budget for critical Fire apparatus that will instead be purchased in 2024-25 using excise tax bond proceeds.

The Other Restricted 2024-25 budget allowance of \$12,446,000 is \$75,000 or 0.6 percent higher than 2023-24 estimated expenditures. This is due to a decrease in capital improvement program reimbursements for the computer automated dispatch and records management system projects.

The Grants Fund 2024-25 budget allowance of \$16,646,000 is \$2,815,000 or 14.5 percent lower than 2023-24 estimated expenditures. This is due to the FEMA SAFER 2019 grant expiring and the associated positions moving to the General Fund.

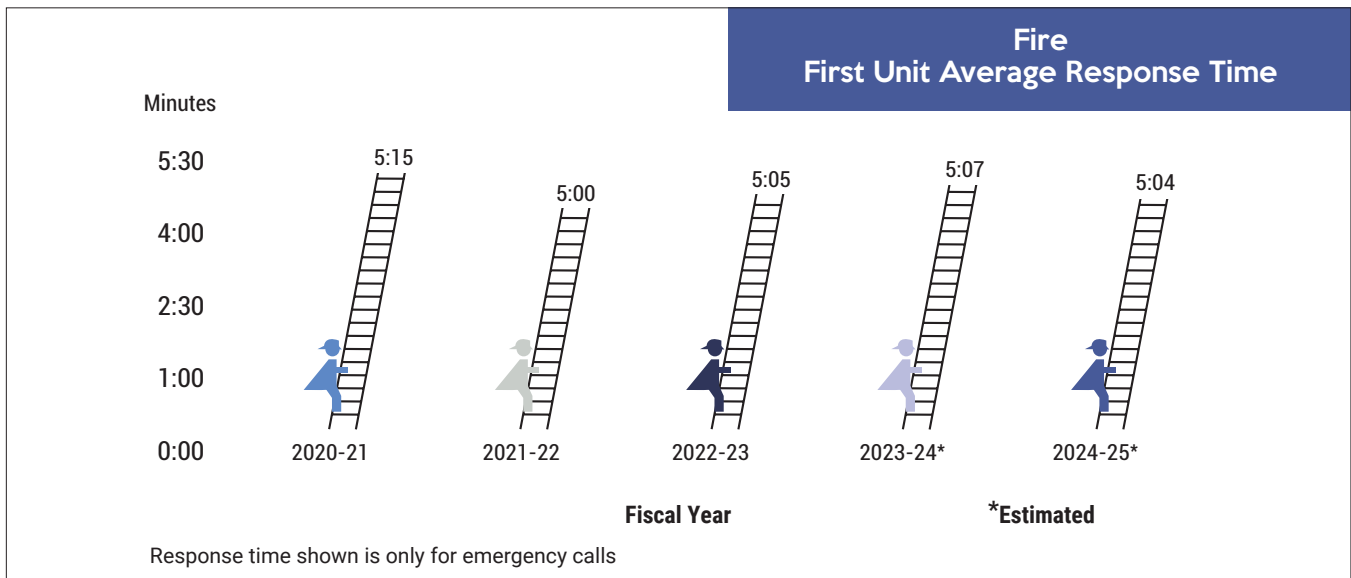
The public safety specialty funds include the Neighborhood Protection, Public Safety Enhancement, and Public Safety Expansion Funds. The combined budget allowance of \$52,625,000 is \$7,203,000 or 15.9 percent higher than 2023-24 estimated expenditures. The budgets reflect normal inflationary adjustments and increases to employee compensation for continuation of the Classification and Compensation study implementation.

Fire Major Performance Measures and Service Levels

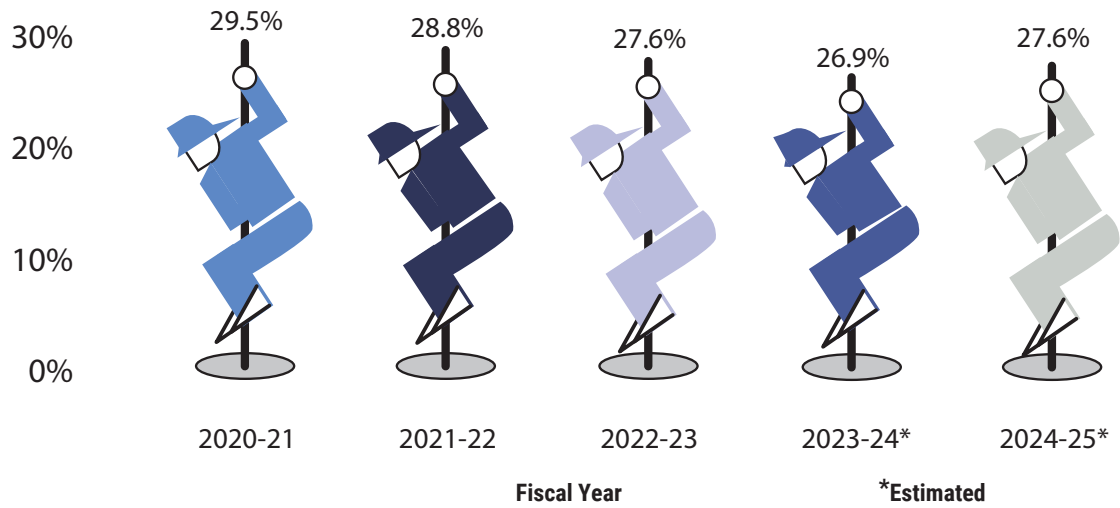
The following significant performance measures and service trends will be achieved with the 2024-25 budget allowance:

	2022-23 Actual	2023-24 Estimate ¹	2024-25 Budget
Percent of fire and emergency medical call responses within four minutes	28.1%	26.9%	28.0%
Patient transports to Valley hospitals via emergency medical vehicles	91,411	101,018	106,069
Percentage of time Advanced Life Support (ALS) medical calls are responded to with paramedic units within five minutes	47.4%	47.4%	47.9%
Number of fire investigations to determine cause only	849	900	975
Number of calls by type:			
Emergency Medical	203,547	212,754	217,301
Fire	25,032	26,286	27,432
Other (mountain/swift water/trench/tree rescues/other)	8,598	8,741	8,939

¹ Based on 10 months actual experience.



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



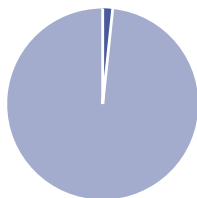
Expenditure and Position Summary

	2022-23 Actual	2023-24 Estimate	2024-25 Budget
Operating Expense	\$483,721,000	\$556,820,000	\$561,651,000
Total Positions	2,367.7	2,429.7	2,419.7
<i>Source of Funds:</i>			
General Fund	\$417,178,000	\$479,567,000	\$479,934,000
Neighborhood Protection	13,425,000	12,993,000	14,487,000
Public Safety Enhancement	10,342,000	13,060,000	14,169,000
Public Safety Expansion	15,999,000	19,369,000	23,969,000
Other Restricted	11,560,000	12,371,000	12,446,000
Grants	15,216,000	19,461,000	16,646,000





CRIMINAL JUSTICE



The Criminal Justice Program Represents 1.5% 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 2024-25 operating budget allowance of \$41,010,000 is \$590,000 or 1.5 percent more than 2023-24 estimated expenditures. The increase is primarily in the General Fund, which is partially offset by a decrease in the Other Restricted Fund.

The General Fund 2024-25 budget allowance of \$40,479,000 is \$2,204,000 or 5.8 percent more than 2023-24 estimated expenditures. The budget reflects normal inflationary adjustments and increases to employee compensation for continuation of the Classification and Compensation Study implementation. In addition, the 2024-25 budget includes the transfer of seven positions from the Other Restricted Fund into the General Fund.

The Other Restricted Fund 2024-25 budget allowance of \$530,000 is \$1,615,000 or 75.3 percent less than 2023-24 estimated expenditures. This is due to moving seven positions out of the Court Technology Enhancement Fee Fund (CTEF) and into the General Fund, as the revenues in CTEF are no longer able to sustain the cost of the positions.

Municipal Court Major Performance Measures and Service Levels

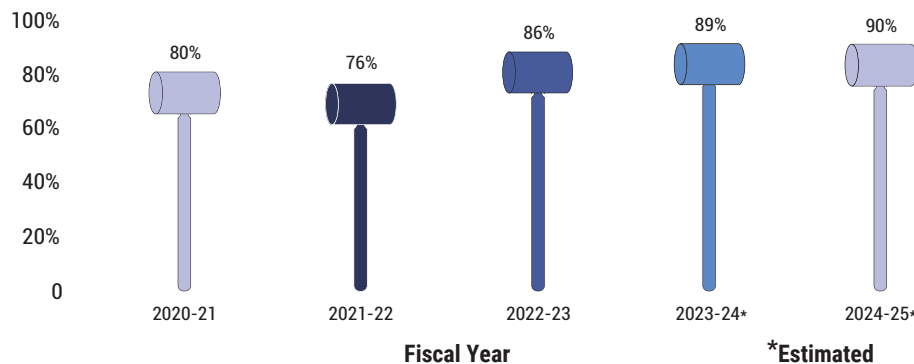
The following significant performance measures and service trends will be achieved with the 2024-25 budget allowance:

	2022-23 Actual	2023-24 Estimate ¹	2024-25 Budget
Criminal filings	35,000	36,000	37,000
Civil filings ²	82,000	99,000	100,000
Average number of days from arraignment to hearing for minor traffic cases	38	39	39
Number of criminal cases with a pending trial date at year end	3,300	3,100	3,100
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	0.31 minutes	0.33 minutes	0.35 minutes

¹ Based on 10 months actual experience.

² Filings in Civil Traffic and Civil Non-Traffic charges have both seen a significant increase from the previous fiscal year due to increased enforcement from Police and Neighborhood Services.

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



In 2020-21 and 2021-22, continuances were requested from all parties due to COVID-19 which resulted in a lower percentage of resolved cases.

Expenditure and Position Summary

	2022-23 Actual	2023-24 Estimate	2024-25 Budget
Operating Expense	\$38,766,000	\$40,420,000	\$41,010,000
Total Positions	281.0	282.0	281.0
<i>Source of Funds:</i>			
General Fund	\$36,776,000	\$38,275,000	\$40,479,000
Other Restricted	1,990,000	2,145,000	530,000

PUBLIC DEFENDER

Program Goal

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

Budget Allowance Explanation

The Public Defender 2024-25 operating budget allowance of \$6,902,000 is \$371,000 or 5.7 percent more than the 2023-24 estimated expenditures. The budget reflects normal inflationary adjustments and increases to employee compensation for continuation of the Classification and Compensation study implementation.

Public Defender Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2024-25 budget allowance:

	2022-23 Actual	2023-24 Estimate ¹	2024-25 Budget
Defendants charged with misdemeanor crimes represented at the Phoenix Municipal Court	15,000	16,200	16,500

¹ Based on 10 months actual experience.

Expenditure and Position Summary

	2022-23 Actual	2023-24 Estimate	2024-25 Budget
Operating Expense	\$5,585,000	\$6,531,000	\$6,902,000
Total Positions	13.0	16.0	16.0
<i>Source of Funds:</i>			
General Fund	\$5,585,000	\$6,531,000	\$6,902,000





TRANSPORTATION



The Transportation Program Represents 18.4% of the Total Budget.

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

STREET TRANSPORTATION

Program Goal

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

Budget Allowance Explanation

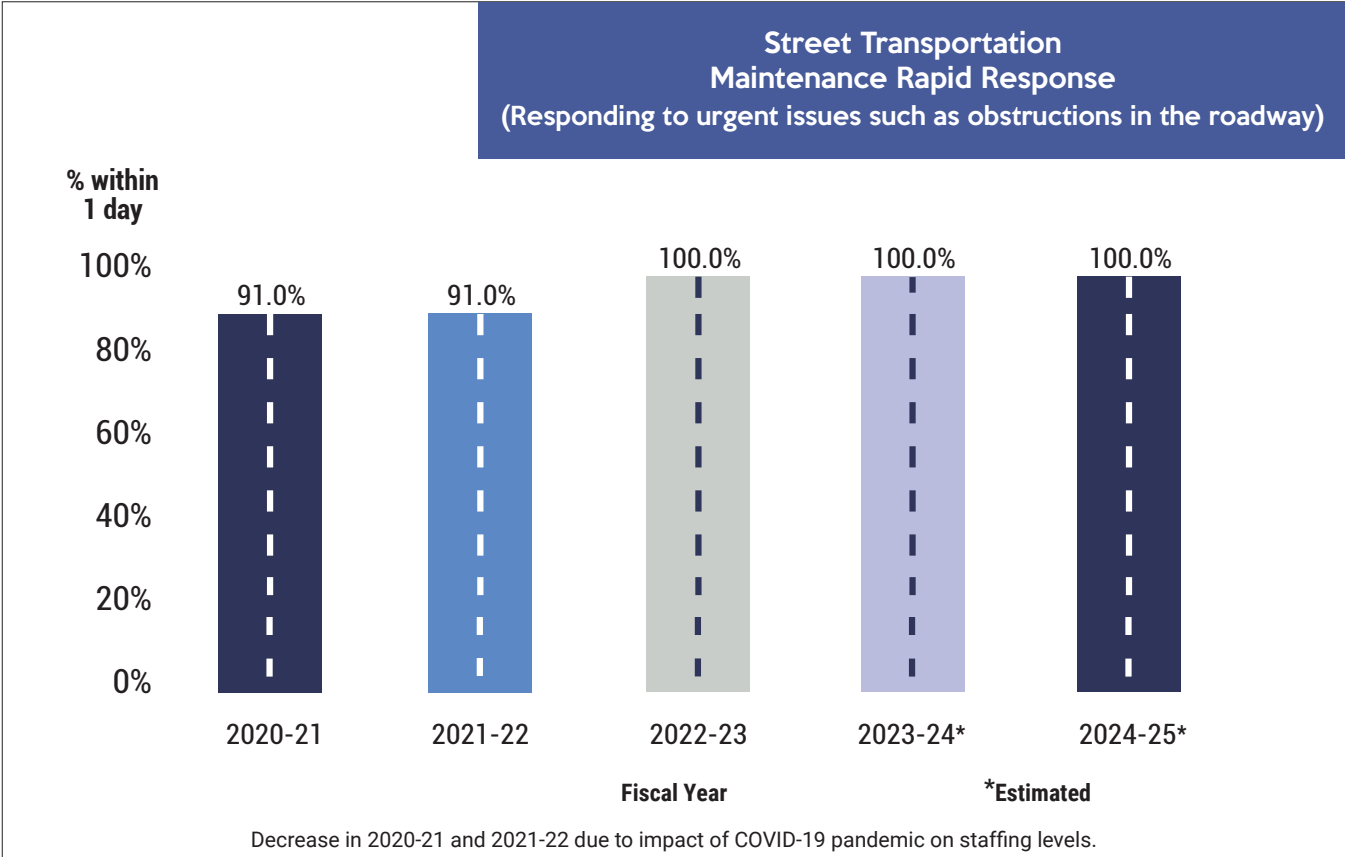
The Street Transportation 2024-25 operating budget allowance of \$121,044,000 is \$2,525,000 or 2.1 percent more than 2023-24 estimated expenditures. The increase is primarily reflected in Arizona Highway User Revenue (AHUR) funds.

The General Fund 2024-25 budget allowance of \$25,252,000 is \$107,000 or 0.4 percent less than 2023-24 estimated expenditures. The decrease is primarily due to the one-time purchase of a dedicated bike lane street sweeper in 2023-24. The 2024-25 General Fund budget also reflects 14 new positions approved during 2023-24 by Council to support the voter-approved General Obligation (GO) Bond Program. These positions will be fully charged out to GO Bond and other CIP projects, resulting in no net impact to the 2024-25 General Fund budget allowance.

The Arizona Highway User Revenue fund 2024-25 budget allowance of \$90,387,000 is \$2,525,000 or 2.9 percent more than 2023-24 estimated expenditures. The increase is primarily due to normal inflationary adjustments and increases to employee compensation for continuation of the Classification and Compensation study implementation, as well as expected increases in costs for electricity. These increases are partially offset by reduced vehicle replacements and decreases in insurance costs.

The Neighborhood Protection 2024-25 budget allowance of \$950,000 is \$0 or 0.0 percent more than 2023-24 estimated expenditures. In November 2023, Council approved Neighborhood Block Watch funding to gate culverts in City-managed washes. The first half this funding is anticipated to be spent in 2023-24, with the remainder included in the 2024-25 budget allowance.

The Other Restricted 2024-25 budget allowance of \$3,847,000 is \$112,000 or 3.0 percent more than 2023-24 estimated expenditures. The increase is primarily due to normal inflationary adjustments and increases to employee compensation for continuation of the Classification and Compensation study implementation, as well as expected increases in costs for stormwater management services. These increases are partially offset by decreases in insurance costs.



Street Transportation Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2024-25 budget allowance:

	2022-23 Actual	2023-24 Estimate ¹	2024-25 Budget
Routine street maintenance requests for service completed within 21 days ²	70%	73%	85%
Percent of all traffic signal control cabinets inspected annually ²	36%	45%	95%
Respond to high priority traffic signal trouble calls within 2 hours (knockdowns, signal on flash and signal malfunction)	80%	85%	95%
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)	86	94	110

¹ Based on 10 months actual experience.

² Expected increases in 2024-25 are due to filling staffing vacancies and hiring additional staff to support the GO Bond Program.

Expenditure and Position Summary

	2022-23 Actual	2023-24 Estimate	2024-25 Budget
Operating Expense	\$109,445,000	\$118,519,000	\$121,044,000
Total Positions	753.0	759.0	772.0
<i>Source of Funds:</i>			
General Fund	\$23,699,000	\$25,359,000	\$25,252,000
Arizona Highway User Revenue	81,588,000	87,862,000	90,387,000
Capital Construction	69,000	70,000	70,000
Neighborhood Protection	-	\$950,000	\$950,000
Transportation 2050	\$330,000	\$399,000	\$398,000
Other Restricted	\$3,647,000	\$3,735,000	\$3,847,000
Grants	\$112,000	\$144,000	\$140,000

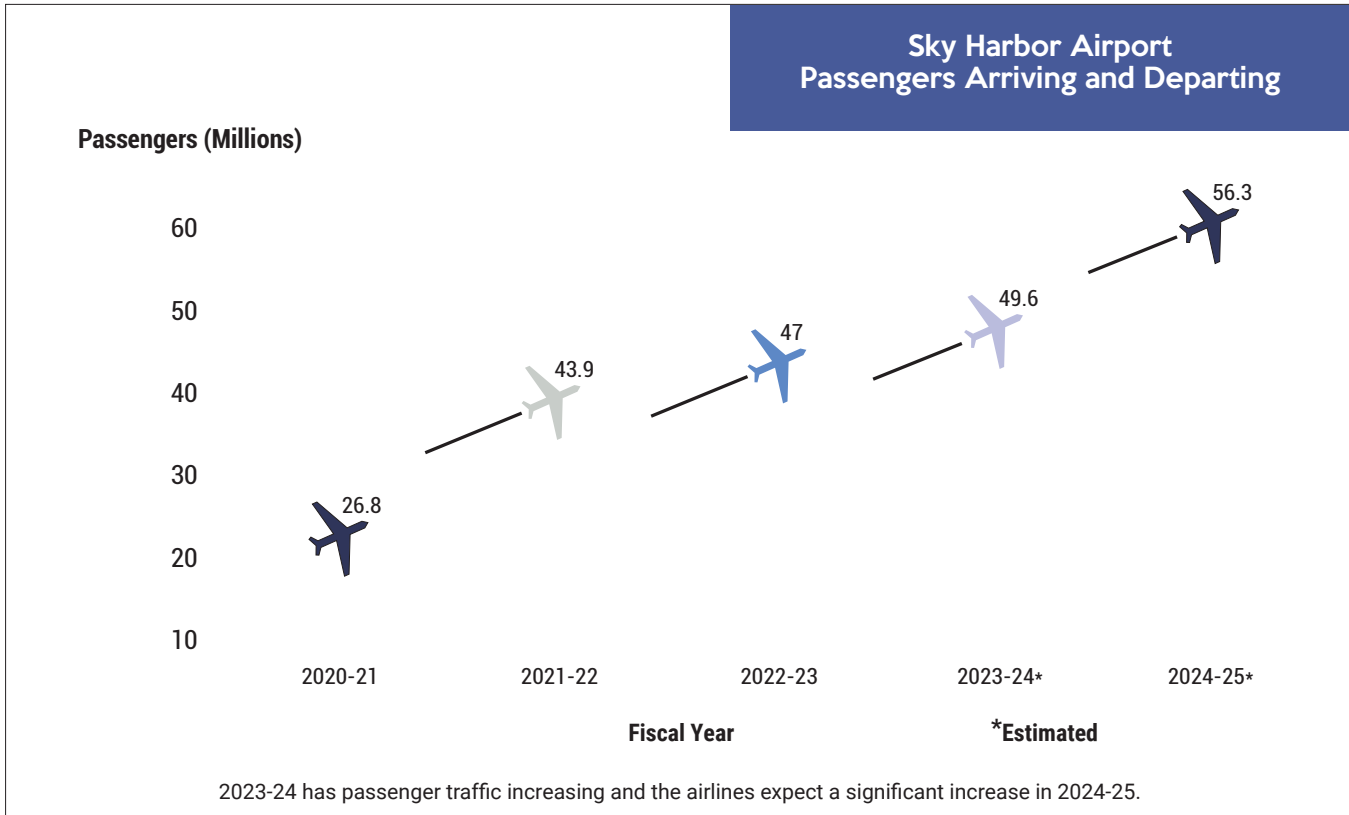
AVIATION

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 2024-25 operating budget allowance of \$410,809,000 is \$73,072,000 or 21.6 percent more than 2023-24 estimated expenditures. The Aviation Fund increase is primarily attributed to \$56 million in increased contractual services costs. These costs include various items such as ground transportation system maintenance and repair, contractual transportation services, custodial services, and higher electricity rates. Additional increases are due to normal inflationary adjustments and increases to employee compensation for continuation of the Classification and Compensation study implementation.



Aviation Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2024-25 budget allowance:

	2022-23 Actual	2023-24 Estimate ¹	2024-25 Budget
Airline rental rates (cost per square foot)²:			
Terminal 3	\$124.32	\$169.32	\$187.08
Terminal 4	\$124.32	\$169.32	\$187.08
Gross sales per departing passenger:			
Terminal 3	\$8.58	\$8.49	\$9.00
Terminal 4	\$12.31	\$11.46	\$12.00
Aircraft takeoffs and landings	874,048	931,483	978,000
Total international passengers ³	2,448,548	2,664,616	2,738,000
Air cargo processed (in tons)	390,754	345,909	400,000

¹ Based on 10 months actual experience.

² Airline rental rates increase is contributed to increases in staff costs (including Police & Fire), utilities and custodial costs.

³ International traffic continues to increase at a moderate level due to new air service agreements offered by the airport.

Expenditure and Position Summary

	2022-23 Actual	2023-24 Estimate	2024-25 Budget
Operating Expense	\$305,025,000	\$337,737,000	\$410,809,000
Total Positions	923.0	922.0	922.0
Source of Funds:			
Aviation	\$301,225,000	\$337,737,000	\$410,809,000
Grants	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.

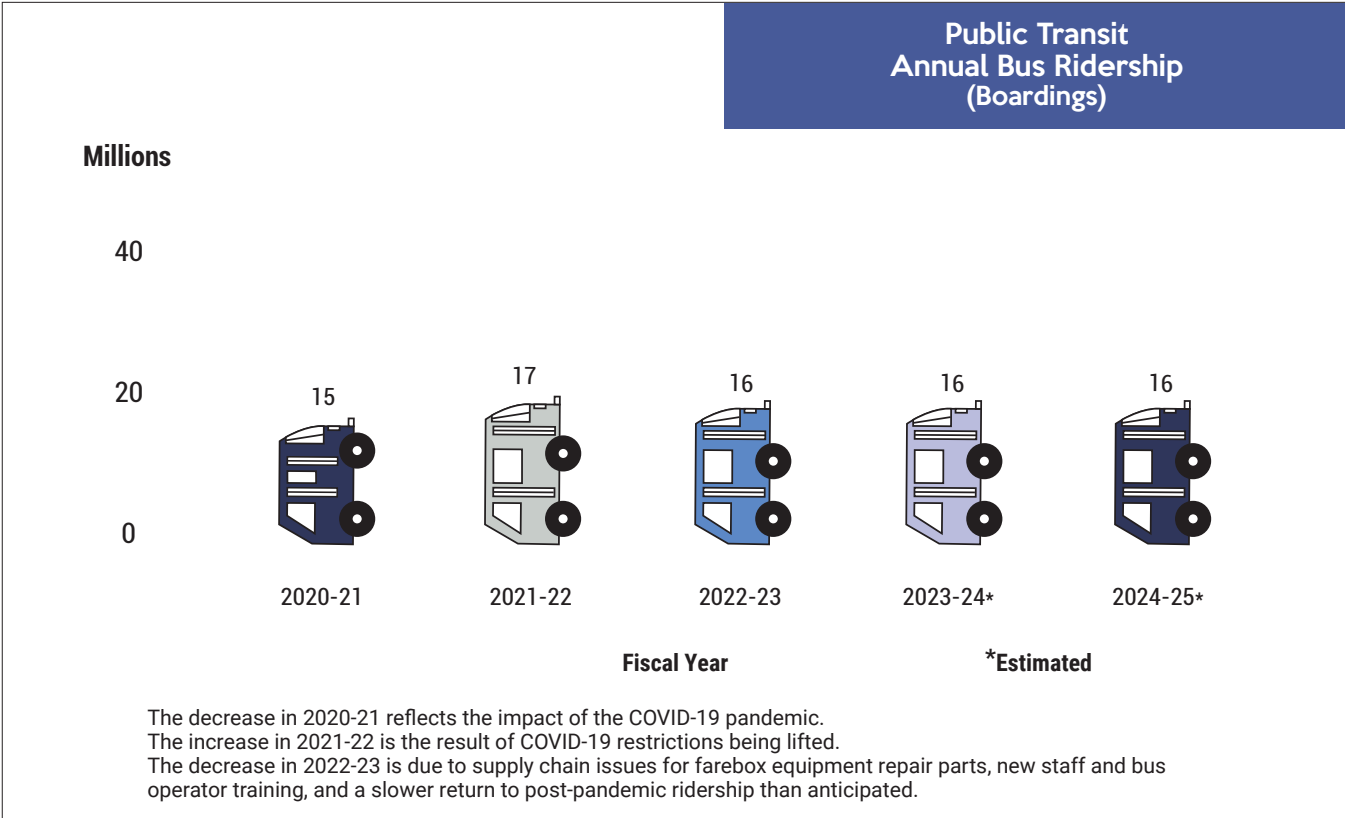
Budget Allowance Explanation

The 2024-25 Public Transit Department operating budget allowance of \$350,032,000 is \$9,663,000 or 2.8 percent more than 2023-24 estimated expenditures. The increase is primarily due to the T2050 fund and Regional Transit fund and is partially offset by reductions in Grants funds.

The Transportation 2050 fund 2024-25 budget allowance of \$268,213,000 is \$29,106,000 or 12.2 percent more than 2023-24 estimated expenditures. This is primarily due to an increase in the cost per mile for fixed bus route services and hosting and support costs for the fare collection system maintenance project.

The Regional Transit fund 2024-25 budget allowance of \$67,282,000 is \$1,575,000 or 2.4 percent more than 2023-24 estimated expenditures. The is primarily due to an increase in the cost per mile for fixed bus route services.

The Grants fund 2024-25 budget allowance of \$13,057,000 is \$21,064,000 or 61.7 percent less than 2023-24 estimated expenditures. The decrease is primarily due to the conclusion of funding from the American Rescue Plan Act (ARPA) and Federal Transit Authority for Congestion Mitigation and Air Quality and Surface Transportation Program awards.



Public Transit Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2024-25 budget allowance:

	2022-23 Actual	2023-24 Estimate ¹	2024-25 Budget
On-time performance for bus service	80.8%	82.0%	85.0%
On-time performance for Dial-a-Ride prescheduled service	92.6%	90.7%	92.0%
Cost recovery from bus fares ²	8.1%	5.8%	3.8%
Bus boardings per revenue mile	0.811	0.795	0.795
Average weekday ridership - light rail (Phoenix only)	16,784	17,661	17,661

¹ Based on 10 months actual experience.

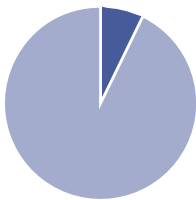
² The decrease in 2023-24 is explained by reductions in bus fare collections in the following categories: Local All Day, Local 31-Day Rolling, Local 7-Day, and Reduced Fare All Day. There was an increase in revenue from mobile app fares.

Expenditure and Position Summary

	2022-23 Actual	2023-24 Estimate	2024-25 Budget
Operating Expense	\$269,290,000	\$340,369,000	\$350,032,000
Total Positions	127.0	129.0	129.0
<i>Source of Funds:</i>			
General Fund	\$1,128,000	-	-
Regional Transit	39,221,000	65,707,000	67,282,000
Transportation 2050	198,163,000	239,107,000	268,213,000
Other Restricted	1,260,000	1,434,000	1,481,000
Grants	29,519,000	34,121,000	13,057,000



COMMUNITY DEVELOPMENT



The Community Development Program Represents 9.5% 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.

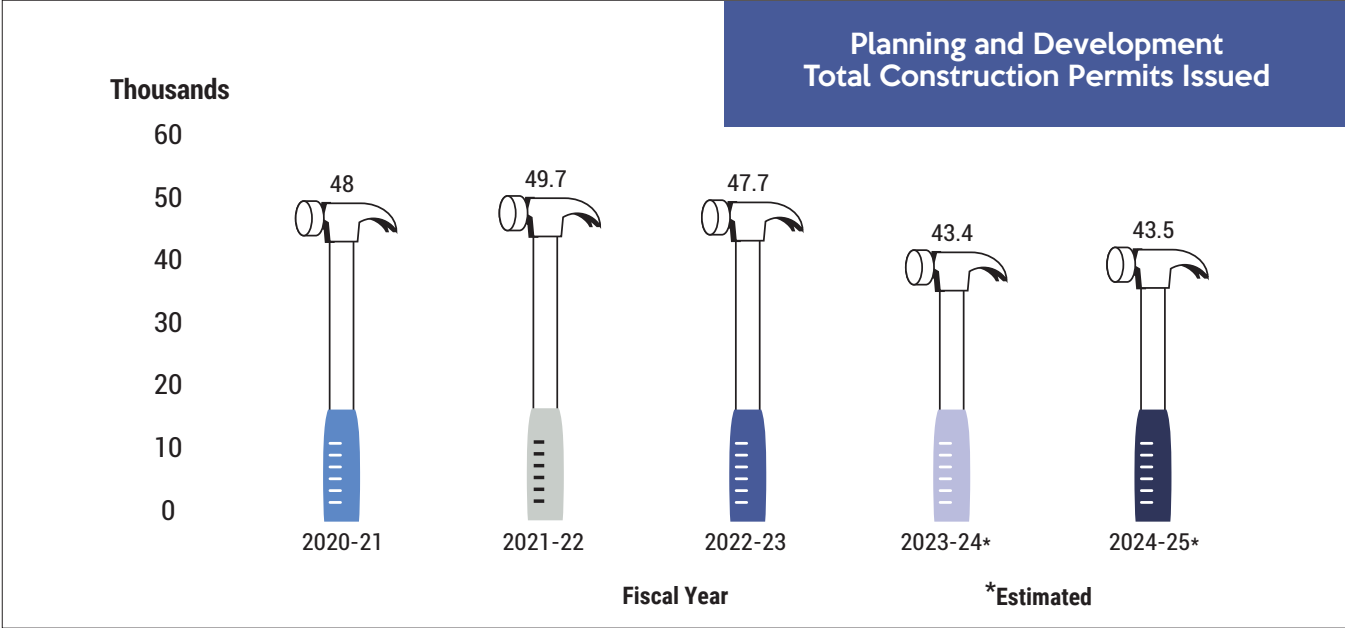
Budget Allowance Explanation

The Planning and Development Department 2024-25 operating budget allowance of \$101,520,000 is \$5,559,000 or 5.8 percent more than 2023-24 estimated expenditures reflecting increased costs across most funds, with the exception of Grants. The overall increase is primarily due to normal inflationary adjustments and increases to employee compensation for continuation of the Classification and Compensation study implementation for the General Fund, Development Fund, and Other Restricted Funds.

The General Fund 2024-25 budget allowance of \$7,112,000 is \$162,000 or 2.3 percent more than 2023-24 estimated expenditures. This increase is primarily due to normal inflationary adjustments and increases to employee compensation for continuation of the Classification and Compensation study implementation. It also reflects the partial carryover of Historic Preservation Threatened Building Grant Program funds.

The Development Services Fund 2024-25 budget allowance of \$91,977,000 is \$4,527,000 or 5.2 percent more than 2023-24 estimated expenditures. This increase is primarily due to normal inflationary adjustments and increases to employee compensation for continuation of the Classification and Compensation study implementation. It also reflects fewer anticipated vacancies, additional technology costs to support SHAPE PHX, additional consultant costs, and increased staff training. These increases are partially offset by reduced usage of temporary agency services and on-call contractual plan review services and lower costs for facility repairs and improvements.

The Other Restricted Fund 2024-25 budget allowance of \$1,865,000 is \$870,000 or 87.4 percent more than 2023-24 estimated expenditures. Increases reflect 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 2024-25 budget allowance:

	2022-23 Actual	2023-24 Estimate ¹	2024-25 Budget
Total construction permits issued	47,737	43,442	43,500
Turnaround time for major commercial building plans (days)	43	39	45
Turnaround time for medium commercial building plans (days)	32	29	35
Turnaround time for minor commercial building plans (days)	24	22	25
Turnaround time for residential building plans (days)	35	29	30
Percent of commercial inspections completed on time	97%	98%	98%
Percent of residential inspections completed on time	97%	98%	97%
Percent of costs recovered through fees	109%	100%	81%
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	650	700
Number of city grants awarded for historic rehabilitation projects	12	17	18
Number of regulatory compliance reviews for federally funded city capital projects ²	240	200	250

¹ Based on 10 months actual experience.

² Section 106 reviews are submitted to Historic Preservation staff when other departments have federal projects.

Expenditure and Position Summary

	2022-23 Actual	2023-24 Estimate	2024-25 Budget
Operating Expense	\$82,730,000	\$95,961,000	\$101,520,000
Total Positions	536.8	545.8	545.8
<i>Source of Funds:</i>			
Development Services	\$77,415,000	\$87,450,000	\$91,977,000
Grants	4,631,000	6,950,000	7,112,000
General Fund	619,000	995,000	1,865,000
Other Restricted	66,000	566,000	566,000

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 2024-25 operating budget allowance of \$259,604,000 is \$64,006,000 or 32.7 percent more than 2023-24 estimated expenditures. There are increases in all funds, with the largest increase in Grants.

The Grants 2024-25 operating budget allowance of \$237,464,000 is \$54,125,000 or 29.5 percent more than 2023-24 estimated expenditures. This increase primarily reflects anticipated additional funding for Section 8 Housing Assistance Payments (HAP) from the U.S. Department of Housing and Urban Development, as well as increased funding for public housing, the creation of affordable housing, and for housing supportive services. The increase in the 2024-25 budget allowance is partially offset by the conclusion in 2023-24 of Council-approved American Rescue Plan Act funding to incentivize landlords to accept Section 8 vouchers.

The Other Restricted Funds 2024-25 operating budget allowance of \$20,082,000 is \$9,824,000 or 95.8 percent more than 2023-24 estimated expenditures. The increase is due to additional funding for Marcos de Niza public housing rehabilitation planning efforts and to support Choice Neighborhoods affordable housing development.

The General Fund 2024-25 operating budget allowance of \$2,058,000 is \$57,000 or 2.8 percent more than 2023-24 estimated expenditures. The increase is primarily due to normal inflationary adjustments and increases to employee compensation for continuation of the Classification and Compensation study implementation, as well as increased costs to provide housing to victims of domestic violence.

Housing Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2024-25 budget allowance:

	2022-23 Actual	2023-24 Estimate ¹	2024-25 Budget
Affordable housing units for families and individuals	2,684	2,711	2,711
Affordable housing units created or preserved for families and individuals owned and operated by private sector developers ²	330	334	721
Rental assistance provided for low-income residents in the private housing market ^{3,5}	7,367	7,951	8,040
Federally assisted housing units for families and seniors ⁴	1,388	1,024	981
Utilization rate for Section 8 vouchers	93%	91%	91%
Occupancy rate for public housing units	90%	98%	98%

¹ Based on 10 months actual experience.

² Development of affordable housing units is expected to increase in 2024-25 as the result of increased HUD HOME Investment Partnerships Program funding awards.

³ Through the Rental Assistance Demonstration (RAD) program, approximately 680 public housing units have been or will be 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.

⁴ In addition to the impact of RAD conversions, decreasing federally assisted housing unit figures reflect the ongoing sale of homes under the HUD Section 32 and Section 18 programs.

⁵ Figures include 390 Emergency Housing Vouchers each year to support individuals and families who are homeless or at risk of homelessness.

Expenditure and Position Summary

	2022-23 Actual	2023-24 Estimate	2024-25 Budget
Operating Expense	\$ 126,259,000	\$ 195,598,000	\$ 259,604,000
Total Positions	131.0	135.0	132.0
<i>Source of Funds:</i>			
General Fund	\$ 2,065,000	\$ 2,001,000	\$ 2,058,000
Other Restricted	4,762,000	10,258,000	20,082,000
Grants	119,432,000	183,339,000	237,464,000

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 2024-25 operating budget allowance of \$20,578,000 is \$7,342,000 or 26.3 percent less than 2023-24 estimated expenditures. This is primarily due to reduced grant funding and reduced event sponsorships.

The General Fund 2024-25 budget allowance of \$10,079,000 is \$573,000 or 6.0 percent greater than 2023-24 estimated expenditures. The increase is primarily due to assumption of the majority of Sister Cities contractual obligations and increases in employee compensation and other normal inflationary adjustments partially offset by reductions from the completion of the Elevate EdAZ Program Project.

The Community Reinvestment 2024-25 budget allowance of \$2,317,000 is \$974,000 or 29.6 percent less than 2023-24 estimated expenditures due to the transfer of the majority of contractual obligations incurred for a Sister Cities agreement to the General Fund, and 2023-24 costs associated with sponsoring the Final Four Championship.

The Sports Facilities 2024-25 budget allowance of \$194,000 is \$4,000 or 2.1 percent greater than 2023-24 estimated expenditures due to increased costs for services in the Enhanced Municipal Services District.

The Other Restricted 2024-25 budget allowance of \$4,554,000 is \$133,000 or 3.0 percent greater than 2023-24 estimated expenditures due to an increase in Strategic Economic Development Fund and Genomics Facilities Operations and Maintenance projects, and increased costs for services in the Enhanced Municipal Services District.

The Grants 2024-25 budget allowance of \$2,688,000 is \$7,093,000 or 72.5 percent less than 2023-24 estimated expenditures due to the completions of pass-through grants to the Phoenix Symphony and the Translational Genomics Research Institute, the AZ Quest funding for Maricopa Community College tuition assistance, and several American Rescue Plan Act grant-funded initiatives.

The Convention Center budget allowance of \$642,000 is \$15,000 or 2.4 percent greater than 2023-24 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 2024-25 budget allowance:

	2022-23 Actual	2023-24 Estimate ¹	2024-25 Budget
Projected new jobs created within the City of Phoenix due to department efforts ²	8,557	8,136	7,425
Projected new jobs retained within the City of Phoenix due to department efforts ²	550	733	473
Projected new capital investment created within the City of Phoenix due to department efforts ^{2,3}	\$3.5 billion	\$29 billion	\$510 million
Projected number of recruiting events assisted, promoted, or hosted by the Business and Workforce Development Team ⁴	88	175	75

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

² 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 and 2023-24. Reduction anticipated in 2024-25 assumes interest rates and lending activities will lead executive decision makers to reevaluate corporate investments, job creation and job retention.

³ Based on 10 months of actual experience.

⁴ Recruiting events increased in 2023-24 due to additional staffing resources and policy directives.

Expenditure and Position Summary

	2022-23 Actual	2023-24 Estimate	2024-25 Budget
Operating Expense	\$17,897,000	\$27,920,000	\$20,578,000
Total Positions	63.0	70.0	69.0
<i>Source of Funds:</i>			
General Fund	\$7,372,000	\$9,506,000	\$10,079,000
Community Reinvestment	2,026,000	3,291,000	2,317,000
Sports Facilities	185,000	190,000	194,000
Other Restricted	3,411,000	4,421,000	4,554,000
Grants	4,269,000	9,781,000	2,688,000
Aviation	-	74,000	74,000
Convention Center	605,000	627,000	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 2024-25 operating budget allowance of \$73,092,000 is \$22,993,000 or 45.9 percent more than 2023-24 estimated expenditures. Increases are reflected in the General Fund and Grants and are partially offset by reduced expenditures in Neighborhood Protection funds.

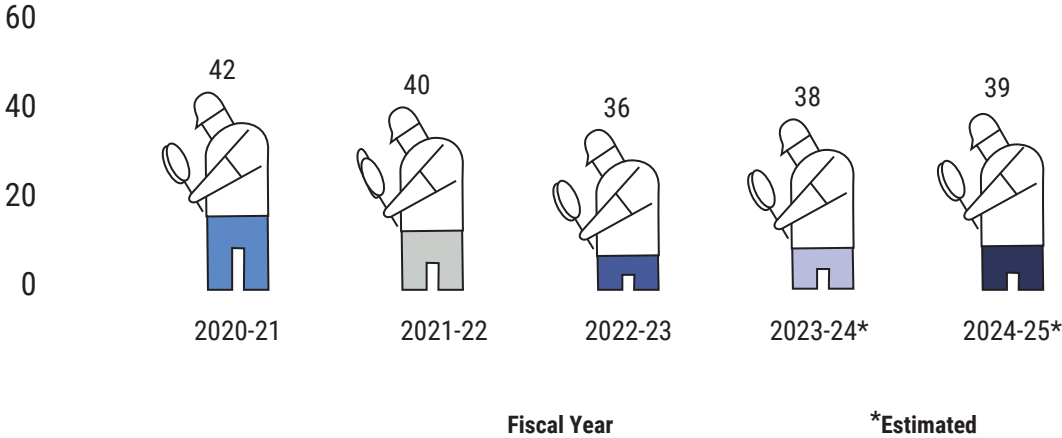
The General Fund 2024-25 budget allowance of \$21,863,000 is \$1,384,000 or 6.8 percent more than 2023-24 estimated expenditures. The increase is primarily due to normal inflationary adjustments and increases to employee compensation for continuation of the Classification and Compensation study implementation.

The Grants Fund 2024-25 budget allowance of \$51,117,000 is \$22,357,000 or 77.7 percent more than 2023-24 estimated expenditures. The increase is primarily due to unspent funding carried forward and included in the 2024-25 budget. Also contributing to the increase are normal inflationary adjustments and increases to employee compensation for continuation of the Classification and Compensation study implementation.

The Neighborhood Protection Funds 2024-25 budget allowance of \$100,000 is \$750,000 or 88.2 percent less than 2023-24 estimated expenditures. This reflects the completion of the majority of additional gated alley segments approved by Council in November 2023.

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.

Neighborhood Services Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2024-25 budget allowance:

	2022-23 Actual	2023-24 Estimate ¹	2024-25 Budget
Sites where graffiti was removed through the Graffiti Busters program	51,038	50,000	50,000
Number of household units rehabbed or assisted through housing rehabilitation programs ²	157	120	120
Neighborhood Preservation cases opened annually	41,746	42,000	42,000
Neighborhood Preservation average standard case cycle time (days) ³	36	38	39
Percent of Neighborhood Preservation cases resolved voluntarily (goal is 93% or above) ⁴	92%	94%	92%

¹ Based on 10 months actual experience.

² Some multi-family projects expected to be completed in the fourth quarter of 2021-22 were completed in the first quarter of 2022-23, increasing year-end total project completions.

³ The average case cycle time in 2023-24 increased to 38 days and is anticipated to increase slightly to 39 days in 2024-25 due to staff vacancies.

⁴ Voluntary compliance is achieved through a prenote, Notice of Ordinance Violation, or personal contract process. If the violations are not corrected, the next action is the issuance of a civil citation to resolve the violations. Staff are required to take the next enforcement action (i.e. civil citation) if voluntary compliance is not achieved.

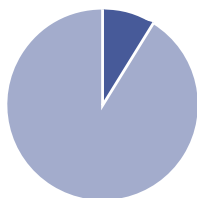
Expenditure and Position Summary

	2022-23 Actual	2023-24 Estimate	2024-25 Budget
Operating Expense	\$37,991,000	\$50,099,000	\$73,092,000
Total Positions	202.0	201.0	201.0
<i>Source of Funds:</i>			
General Fund	\$18,353,000	\$20,479,000	\$21,863,000
Grants	19,269,000	28,760,000	51,117,000
Neighborhood Protection	369,000	850,000	100,000
Other Restricted	-	11,000	11,000





COMMUNITY ENRICHMENT



The Community Enrichment Program Represents 9.8% 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 2024-25 operating budget allowance of \$156,535,000 is \$6,281,000 or 4.2 percent more than 2023-24 estimated expenditures. The increase is reflected in the General Fund, the Golf Fund, and the Phoenix Parks and Preserves Initiative Fund, with decreases in the Grants Fund and Other Restricted Funds.

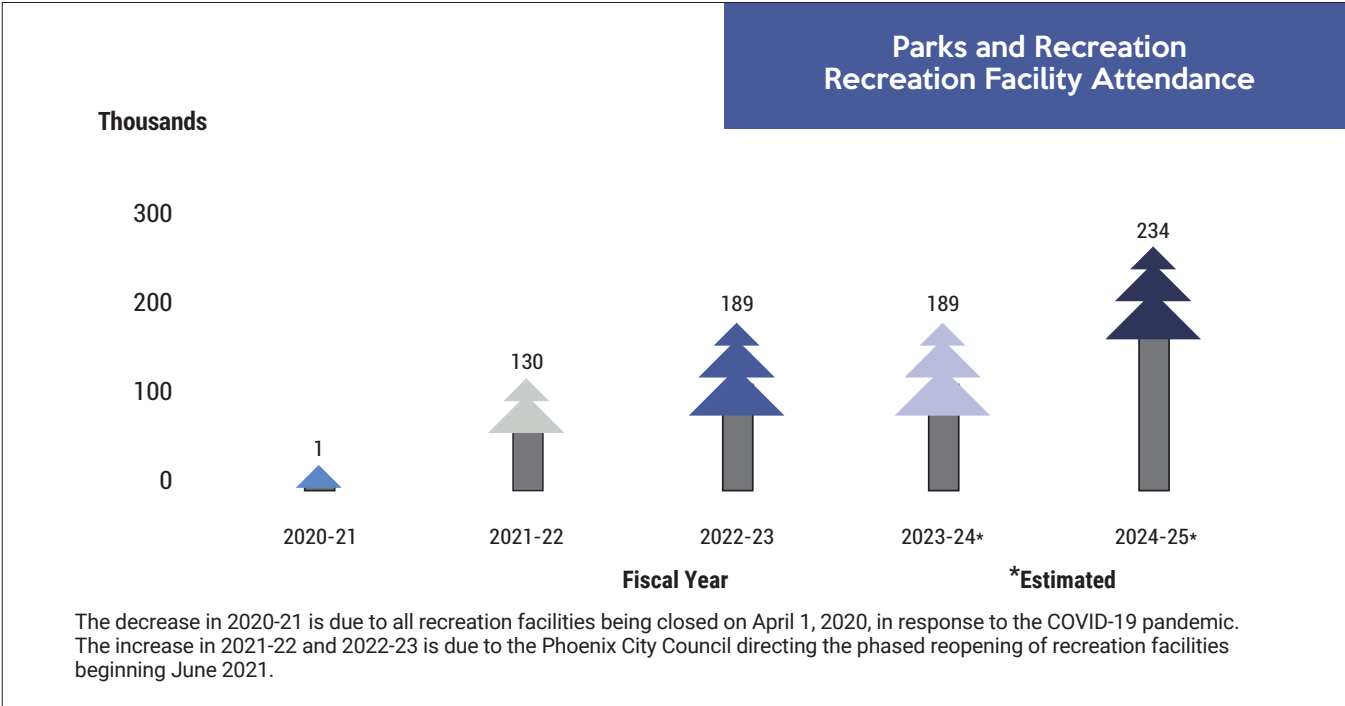
The General Fund 2024-25 budget allowance of \$134,037,000 is \$6,120,000 or 4.8 percent more than 2023-24 estimated expenditures. The increase is primarily due to normal inflationary adjustments and increases to employee compensation for continuation of the Classification and Compensation study implementation. It also reflects increased costs for utilities, security services, facilities maintenance, and vehicle replacements.

The Grants Fund 2024-25 budget allowance of \$729,000 is \$563,000 or 43.6 percent less than 2023-24 estimated expenditures. This decrease is primarily due to the conclusion of several grant-funded projects, including American Rescue Plan Act funds for parks activation efforts and a grant from the Gila River Indian Community to purchase new playground equipment and amenities at Homestead Park.

The Golf Fund 2024-25 budget allowance of \$10,803,000 is \$826,000 or 8.3 percent more than 2023-24 estimated expenditures. The increase is primarily due to continued growth in the use of City golf courses. The budget also reflects normal inflationary adjustments and increases to employee compensation for continuation of the Classification and Compensation study implementation.

The Phoenix Parks and Preserves Initiative Fund 2024-25 budget allowance of \$8,121,000 is \$322,000 or 4.1 percent more than 2023-24 estimated expenditures. The increase reflects normal inflationary adjustments and increases to employee compensation for continuation of the Classification and Compensation study implementation.

The Other Restricted Funds 2024-25 budget allowance of \$2,845,000 is \$424,000 or 13.0 percent less than 2023-24 estimated expenditures. This decrease is due to lower planned expenditures for 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 2024-25 budget allowance:

	2022-23 Actual	2023-24 Estimate ¹	2024-25 Budget
Construction projects completed	50%	50%	50%
Fill 80% or more of all non-team sport registration openings	59%	58%	58%
Usage of athletic field's available programmable time	54%	54%	54%
Community usage of recreation and community center available programmable time	42%	35%	35%
Recreation facility attendance	197,921	234,000	234,000
Number of golf rounds	296,135	305,019	314,170

¹ Based on 10 months actual experience.

Expenditure and Position Summary

	2022-23 Actual	2023-24 Estimate	2024-25 Budget
Operating Expense	\$129,368,000	\$150,254,000	\$156,535,000
Total Positions	1,063.6	1,084.6	1,069.4
<i>Source of Funds:</i>			
General Fund	\$111,733,000	\$127,917,000	\$134,037,000
Other Restricted	1,866,000	3,269,000	2,845,000
Grants	566,000	1,292,000	729,000
Parks and Preserves	6,342,000	7,799,000	8,121,000
Golf	8,861,000	9,977,000	10,803,000

LIBRARY

Program Goal

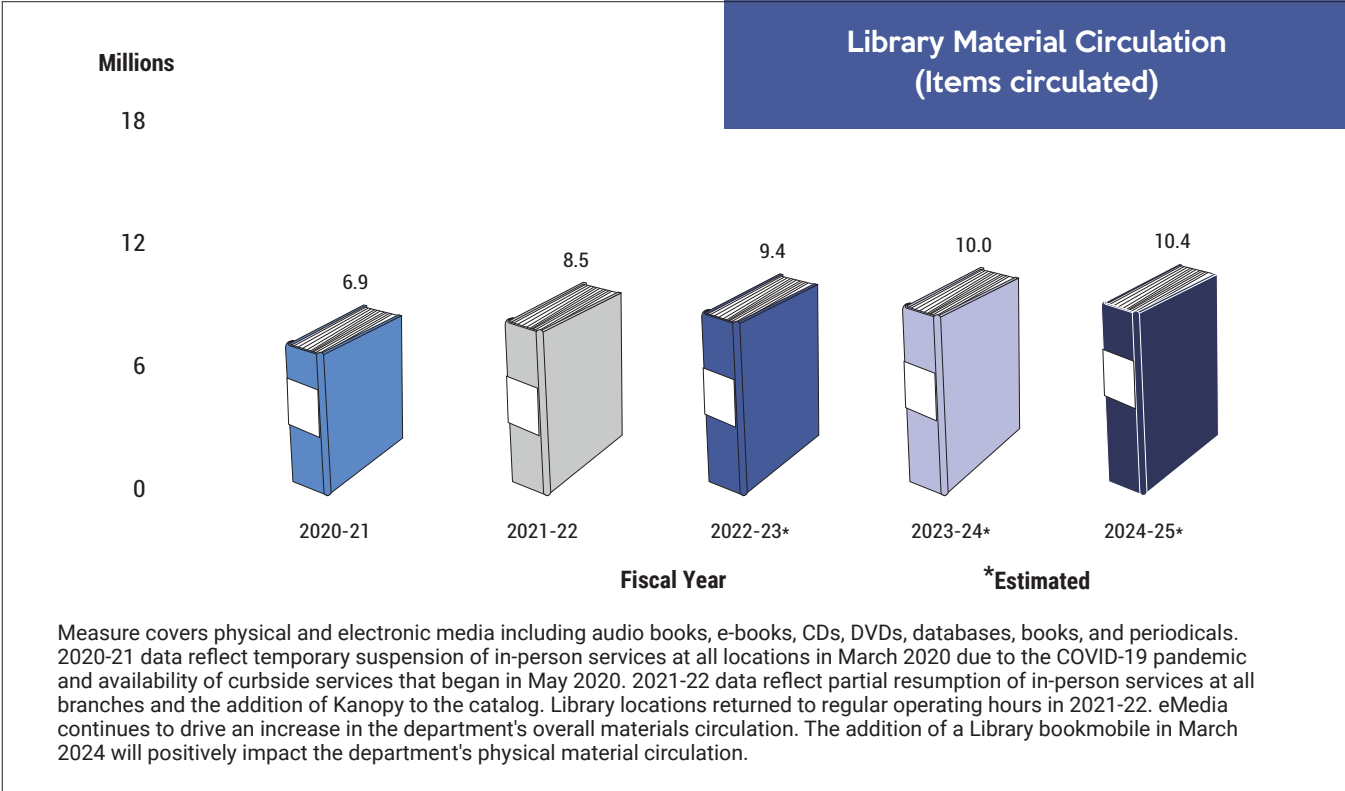
The Library provides information and resources that are relevant, accessible, and responsive to the intellectual needs and interests of the community.

Budget Allowance Explanation

The Library 2024-25 operating budget allowance of \$52,776,000 is \$905,000 or 1.7 percent more than 2023-24 estimated expenditures, reflecting increased costs mainly in the General Fund.

The General Fund 2024-25 budget allowance of \$51,120,000 is \$1,520,000 or 3.1 percent more than 2023-24 estimated expenditures. The budget reflects normal inflationary adjustments and increases to employee compensation for continuation of the Classification and Compensation study implementation.

The Grants 2024-25 budget allowance of \$1,419,000 is \$637,000 or 31.0 percent less than 2023-24 estimated expenditures. This decrease is due to the conclusion of American Rescue Plan Act (ARPA) projects, including the PHXWorks program, the hotspot lending program, and College Depot staffing.



Library Major Performance Measures and Service Levels
The following significant performance measures and service trends will be achieved with the 2024-25 budget allowance:

	2022-23 Actual	2023-24 Estimate ¹	2024-25 Budget
Early literacy program attendance ²	80,083	90,000	95,000
Library visitors	2,014,015	2,100,000	2,200,000
Library's website visits	16,418,349	18,500,000	19,000,000
Library material circulation ³	9,364,763	10,000,000	10,400,000

Expenditure and Position Summary

	2022-23 Actual	2023-24 Estimate	2024-25 Budget
Operating Expense	\$47,496,000	\$51,871,000	\$52,776,000
Total Positions	412.4	411.4	402.7
<i>Source of Funds:</i>			
General Fund	\$45,957,000	\$49,600,000	\$51,120,000
Grants	1,457,000	2,056,000	1,419,000
Other Restricted	83,000	216,000	237,000

¹ Based on 10 months actual experience.
² Despite reduced grant funding for outreach, additional Storytime sessions resulted in strong community response with higher than anticipated attendance.
³ Circulation reflects customer checkouts for all materials. eMedia continues to drive an increase in the department's overall materials circulation. The addition of a Library bookmobile in March 2024 will positively impact the department's physical material circulation.

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 2024-25 operating budget allowance of \$81,480,000 is \$16,043,000 or 24.5 percent more than 2023-24 estimated expenditures. The increase is primarily in the Convention Center and General Fund and offset by a decrease in American Rescue Plan Act (ARPA) grant funds.

The General Fund 2024-25 budget allowance of \$4,165,000 is \$631,000 or 17.9 percent more than 2023-24 estimated expenditures. The increase is primarily due to a renegotiated contract for parking management services.

The Convention Center 2024-25 budget allowance of \$76,632,000 is \$15,497,000 or 25.3 percent more than 2023-24 estimated expenditures. The increase is primarily due to higher costs for the tourism and marketing contract with Visit Phoenix and higher operating costs including auditing services, production temporary staff, property insurance, utilities, and custodial services. Increases to the budget also include capital furniture and equipment replacement, a renegotiated contract for parking management services, and increases to employee compensation for continuation of the Classification and Compensation study implementation.

The Grants fund 2024-25 budget allowance of \$0 is \$175,000 or 100 percent less than 2023-24 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 2023-24 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 2024-25 budget allowance:

	2022-23 Actual	2023-24 Estimate ¹	2024-25 Budget
Estimated direct spending impact from conventions (millions) ²	\$442	\$484	\$373
Number of convention delegates	296,497	324,884	254,500
Number of conventions	64	66	62
Number of local public shows	17	18	17
Percent square feet occupancy (average of all event types)	47.10%	46.00%	40.04%
Number of theatrical performances ³	211	188	190
Total theater attendance ³	202,022	170,717	175,000
Total parking revenue (millions) ⁴	\$7.96	\$9.34	\$10.63
Revenue per parking space ⁴	\$1,812	\$2,126	\$2,419
Operating expense per parking space	\$961	\$1,044	\$1,441

¹ Based on 10 months actual experience.

² Estimated direct spending impact is reported by Visit Phoenix.

³ The decrease in 2023-24 and 2024-25 is due to facility renovations. The theaters will be shut down from the end of May through August to facilitate renovations. Theaters are also closed when major events, such as Super Bowl, Final Four, or the All-Star Games occur.

⁴ Effective January 1, 2024, parking rates for events increased from \$15.00 to \$20.00 and daily rates increased from \$3.00/hour with a max of \$15.00 to \$4.00/hour with a max of \$20.00.

Expenditure and Position Summary

	2022-23 Actual	2023-24 Estimate	2024-25 Budget
Operating Expense	\$57,173,000	\$65,437,000	\$81,480,000
Total Positions	220.0	221.0	221.0
<i>Source of Funds:</i>			
General Fund	\$3,264,000	\$3,534,000	\$4,165,000
Sports Facilities	682,000	593,000	683,000
Grants	5,328,000	175,000	-
Convention Center	47,899,000	61,135,000	76,632,000

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.

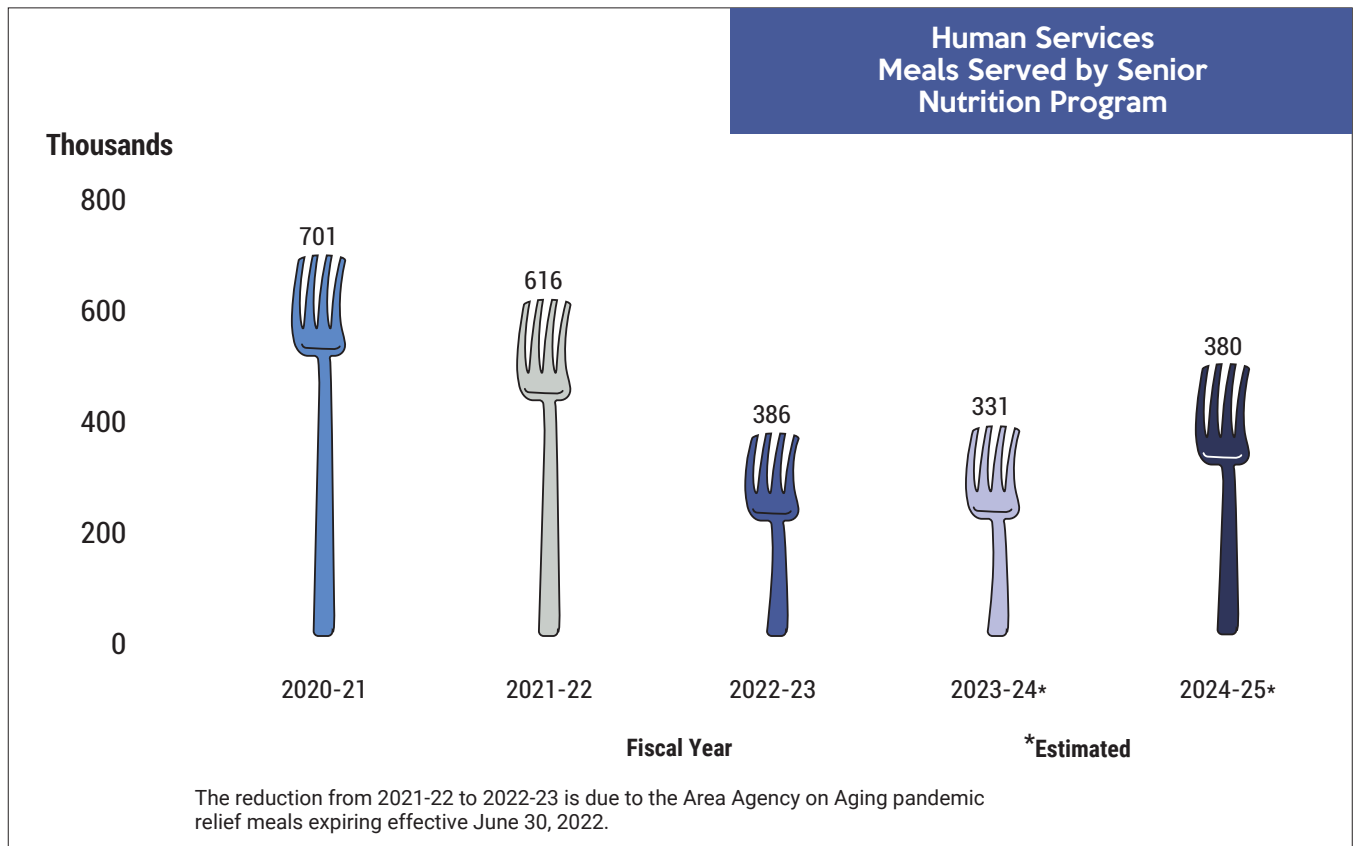
Budget Allowance Explanation

The Human Services Department 2024-25 operating budget allowance of \$168,029,000 is \$30,210,000 or 15.2 percent less than 2023-24 estimated expenditures. The overall decrease is primarily due to the conclusion of federal grants awarded to respond to the COVID-19 pandemic and is partially offset by increases in the General Fund, Grants, and Other Restricted Funds.

The General Fund 2024-25 budget allowance of \$38,743,000 is \$473,000 or 1.2 percent more than 2023-24 estimated expenditures. This is primarily due to normal inflationary adjustments and increases to employee compensation for continuation of the Classification and Compensation study implementation. It also reflects funding for the homeless storage program, which was able to be covered by one-time grant funds in 2023-24. These increases are partially offset by the expiration of several temporary positions.

The Grants 2024-25 budget allowance of \$121,992,000 is \$33,774,000 or 21.7 percent less than 2023-24 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 normal inflationary adjustments and increases to employee compensation for continuation of the Classification and Compensation study implementation, as well as the reallocation in funding and carryover of Council-approved American Rescue Plan Act (ARPA) projects.

The Other Restricted 2024-25 budget allowance of \$6,514,000 is \$3,090,000 or 90.2 percent more than 2023-24 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. The increase also reflects normal inflationary adjustments and increases to employee compensation for continuation of the Classification and Compensation study implementation.



Human Services Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2024-25 budget allowance:

	2022-23 Actual	2023-24 Estimate ¹	2024-25 Budget
Number of homeless households (individuals and families) assisted through emergency shelter	7,988	7,884	8,110
Number of households served at family service centers ²	6,449	5,102	4,485
Percentage of school attendance for Head Start ³	59%	55%	85%
Medical and dental exams completed for Head Start ³	4,367	4,000	3,147
Medical and dental exams completed for Early Head Start ⁴	850	700	403
Number of meals served to seniors ⁵	386,269	331,369	380,000
Number of victim services provided ⁶	32,569	20,000	20,000
Number of job seekers assisted through the Workforce Development initiatives ⁷	24,054	35,270	20,289
Number of Senior Center Shuttle Trips ⁸	27,630	39,856	45,000

¹ Based on 10 months actuals.

² The significant decrease beginning in 2022-23 and continuing forward reflects ending of Federal Emergency Rental Assistance Program and other COVID-19 funding, and loss of LIHEAP direct services effective October 2022.

³ The decrease in projected numbers for 2023-24 and 2024-25 is due to staffing shortages and a pending slot reduction request.

⁴ The decrease in projected numbers for 2023-24 and 2024-25 is due to staffing shortages and a pending slot reduction request.

⁵ Increases in meals served in 2024-25 are due to projected increases in membership.

⁶ Declining service numbers are the result of changes made in 2022-23 which eliminated redundant service categories. The number of clients served remains consistent across fiscal years.

⁷ In 2022-2023, the West Job Center closed for a remodel, which impacted walk-in jobseeker clients. In 2024-2025, there is a planned remodel for the North Job Center, which will close that location similarly. Numbers do not reflect the Workforce Innovation and Opportunity Act Youth Program, which transitioned to the Community and Economic Development Department in July 2023.

⁸ Services prior to 2023-24 were administered by the Public Transit Department. The increase in trips for 2022-23 reflects the reopening of Senior Centers back to normal operating hours post pandemic, and 2023-24 and 2024-25 reflect continued anticipated growth.

Expenditure and Position Summary

	2022-23 Actual	2023-24 Estimate	2024-25 Budget
Operating Expense	\$179,156,000	\$198,239,000	\$168,029,000
Total Positions	461.0	440.5	401.0
<i>Source of Funds:</i>			
General Fund	\$24,776,000	\$38,270,000	\$38,743,000
Other Restricted	1,060,000	3,424,000	6,514,000
Grants	153,095,000	155,766,000	121,992,000
Wastewater	16,000	318,000	318,000
Water	209,000	462,000	462,000

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 2024-25 operating budget allowance of \$10,043,000 is \$2,869,000 or 40.0 percent more than 2023-24 estimated expenditures due to increases in the General Fund.

The General Fund 2024-25 budget allowance of \$8,889,000 is \$2,842,000 or 47.0 percent more than 2023-24 estimated expenditures. This increase reflects the transfer of arts and cultural facilities funds from the Parks and Recreation Department and the transfer of the Youth and Education Office to the Phoenix Office of Arts and Culture. The General Fund budget also reflects normal inflationary adjustments and increases to employee compensation for continuation of the Classification and Compensation study implementation for the General Fund.

The Grants 2024-25 budget allowance of \$1,102,000 is \$6,000 or 0.5 percent less than 2023-24 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. These reductions are partially offset by increased federal and state grants to assist artists and cultural organizations and a grant for the S'edav Va'aki Museum.

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 2024-25 budget allowance.

	2022-23 Actual	2023-24 Estimate ¹	2024-25 Budget
Grant applications processed to support arts activities through schools and nonprofit organizations ²	95	258	139
Grant awards administered to support arts activities through schools and nonprofit organizations ²	88	164	133
Completed Percent-for-Art projects to enhance capital improvement projects with artwork	6	6	10
Local artists/arts organizations training workshops ³	26	30	35
Percent of projects in Art Plan being implemented ⁴	57%	69%	72%
Community presentations	70	70	90

¹ Based on 10 months actual experience.

² Increases in 2023-24 were due to a grant that will be on hiatus in 2024-25.

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

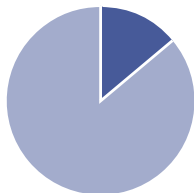
⁴ Includes projects that were in design, under construction, or were completed. 2022-23 data reflected the carryover of some Public Art Plan projects to future years and the impact of staff vacancies which have now been filled.

Expenditure and Position Summary

	2022-23 Actual	2023-24 Estimate	2024-25 Budget
Operating Expense	\$5,885,000	\$7,174,000	\$10,043,000
Total Positions	11.0	16.1	28.7
<i>Source of Funds:</i>			
General Fund	\$5,050,000	\$6,047,000	\$8,889,000
Grants	833,000	1,108,000	1,102,000
Other Restricted	2,000	20,000	52,000



ENVIRONMENTAL SERVICES



The Environmental Services Program Represents 18.1% 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

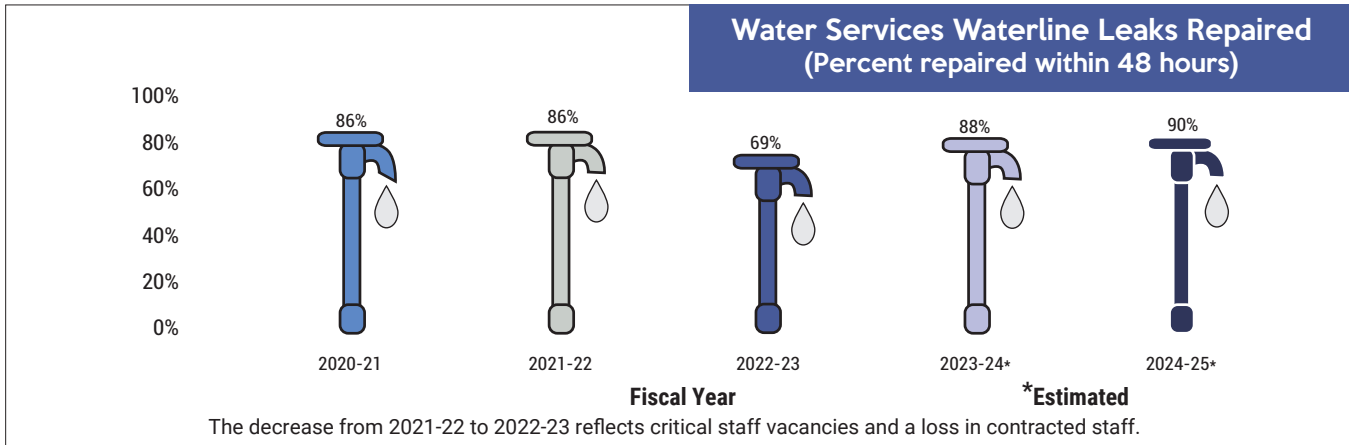
The Water Services Department 2024-25 operating budget allowance of \$484,794,000 is \$37,286,000 or 8.3 percent higher than 2023-24 estimated expenditures. There are increases in all funds, except for grant funds.

The Water Fund 2024-25 budget allowance of \$330,526,000 is \$23,606,000 or 7.7 percent higher than 2023-24 estimated expenditures. The increase is primarily due to normal inflationary adjustments and increases to employee compensation for continuation of the Classification and Compensation study implementation, as well as expected increases in costs for chemicals and water conservation rebates. These increases are partially offset by lower raw water costs and reduced reimbursements from the Bureau of Reclamation and Central Arizona Water Conservation District for reduced Colorado River water usage.

The Wastewater Fund 2024-25 budget allowance of \$150,802,000 is \$12,953,000 or 9.4 percent higher than 2023-24 estimated expenditures. The increase is primarily due to normal inflationary adjustments and increases to employee compensation for continuation of the Classification and Compensation study implementation, as well as expected increases in costs for odor control services, electricity, and chemicals.

The Grants Fund 2024-25 budget allowance of \$0 is \$100,000 or 100.0 percent less than 2023-24 estimated expenditures. This is due to the conclusion of American Rescue Plan Act (ARPA) funding for customer utility assistance.

The Other Restricted Funds 2024-25 budget allowance of \$3,467,000 supports the stormwater program and is \$829,000 or 31.4 percent higher than 2023-24 estimated expenditures. The increase reflects normal inflationary adjustments and increases to employee compensation for continuation of the Classification and Compensation study implementation, plus additional funding for stormwater database enhancements, a vehicle purchase, and the replacement of storm drain inspection equipment.



Water Services Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2024-25 budget allowance:

	2022-23 Actual	2023-24 Estimate ¹	2024-25 Budget
Water main break/leaks per 100 miles	13.4	13.2	15.0
Waterline leaks repaired within 48 hours ²	69%	88%	90%
Percent of miles of sewer cleaned per year	17.3%	24.7%	25.0%
Sanitary sewer overflows per 100 miles	0.62	0.76	0.80
Gallons of water produced system wide (billions) ³	108.0	117.8	116.9
Gallons of wastewater treated (billions)	66.4	67.2	67.7
Telephone calls-received	439,922	392,671	420,208
Telephone calls-percent answered ⁴	96.6%	91.8%	93.9%

¹ Based on 10 months actual experience.

² Lower percentage in 2022-23 reflects critical staff vacancies and a loss in contracted staff.

³ More water produced in 2023-24 due to system demand and unusually hot summer.

⁴ Percent answered is calculated based on total calls logged into the queue and calls answered. Callers can elect to end their call before receiving assistance and would not be counted as "answered".

Expenditure and Position Summary

	2022-23 Actual	2023-24 Estimate	2024-25 Budget
Operating Expense	\$387,759,000	\$447,508,000	\$484,794,000
Total Positions	1,544.8	1,546.8	1,539.3
Source of Funds:			
Other Restricted	\$1,984,000	\$2,638,000	\$3,467,000
Grants	240,000	100,000	-
Wastewater	123,835,000	137,849,000	150,802,000
Water	261,701,000	306,920,000	330,526,000

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 2024-25 operating budget allowance of \$188,516,000 is \$14,923,000 or 8.6 percent greater than 2023-24 estimated expenditures. The increase is primarily due to costs associated with repair and replacement of vehicles and equipment, the resumption of recycling operation at the 27th Avenue Material Recovery Facility, long-haul waste transportation services, replacement of the outdated automated vehicle locator system, and reflects normal inflationary adjustments and increases to employee compensation for continuation of the Classification and Compensation study implementation.



Solid Waste Management Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2024-25 budget allowance:

	2022-23 Actual	2023-24 Estimate ¹	2024-25 Budget ²
Residential households served with same-day contained solid-waste and recyclable-material collections ³	419,898	422,975	426,074
Tons of total solid waste collected and landfilled ⁴	974,563	961,684	967,454
Tons of solid waste from City residences disposed ⁵	613,149	605,367	608,999

Expenditure and Position Summary

	2022-23 Actual	2023-24 Estimate	2024-25 Budget
Operating Expense	\$159,184,000	\$173,593,000	\$188,516,000
Total Positions	6639.5	628.5	628.5
<i>Source of Funds:</i>			
Solid Waste	\$159,184,000	\$173,593,000	\$188,516,000

¹ Based on 9 months of actual experience.
² Assumes 0.6 percent growth in residential dwelling units as defined in Phoenix City Code §27-21.
³ Excludes quarterly bulk-trash retrieval, annual hazardous waste retrieval, and organic waste retrieval from residential dwelling units.
⁴ Includes waste collected at City transfer stations and landfills as well as Solid Waste Field Services tonnage sent to contracted private transfer stations and landfills.
⁵ Includes Solid Waste Field Services tonnage, transfer station residential loads, non-profit free loads, and recycling rejections.

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 2024-25 operating budget allowance of \$36,054,000 is \$4,810,000 or 15.4 percent more than 2023-24 estimated expenditures. The increase is almost entirely in the General Fund.

The General Fund 2024-25 budget allowance of \$35,413,000 is \$4,809,000 or 15.7 percent more than 2023-24 estimated expenditures. This is primarily due to increases in motor vehicle repair and parts costs, funding for operating and maintaining the 100 West Washington building and reflects normal inflationary adjustments and increases to employee compensation for continuation of the Classification and Compensation study implementation.

Public Works Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2024-25 budget allowance:

	2022-23 Actual	2023-24 Estimate ¹	2024-25 Budget
Building space square footage serviced and maintained	10,758,119	10,758,119	10,758,119
Facility service requests completed	20,864	22,374	23,000
Fleet vehicles per mechanic ²	42.2	42.5	42.6
Units of equipment for which fleet management is provided ³	7,764	7,876	7,907
Annual miles of fleet vehicle utilization (in millions)	46.6	48.2	48.4

¹ Based on 10 months actual experience.

² Excludes vehicles serviced by the Aviation and Public Transit departments.

³ Equipment includes vehicles, trailers, tractors, generators, off-road equipment, and other kinds of heavy-equipment items. Includes equipment maintained and serviced by the Aviation and Transit departments.

Expenditure and Position Summary

	2022-23 Actual	2023-24 Estimate	2024-25 Budget
Operating Expense	\$27,581,000	\$31,244,000	\$36,054,000
Total Positions	462.0	466.0	479.0
<i>Source of Funds:</i>			
General Fund	\$26,243,000	\$30,604,000	\$35,413,000
Other Restricted	20,000	640,000	641,000
Grants	1,318,000	-	-

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

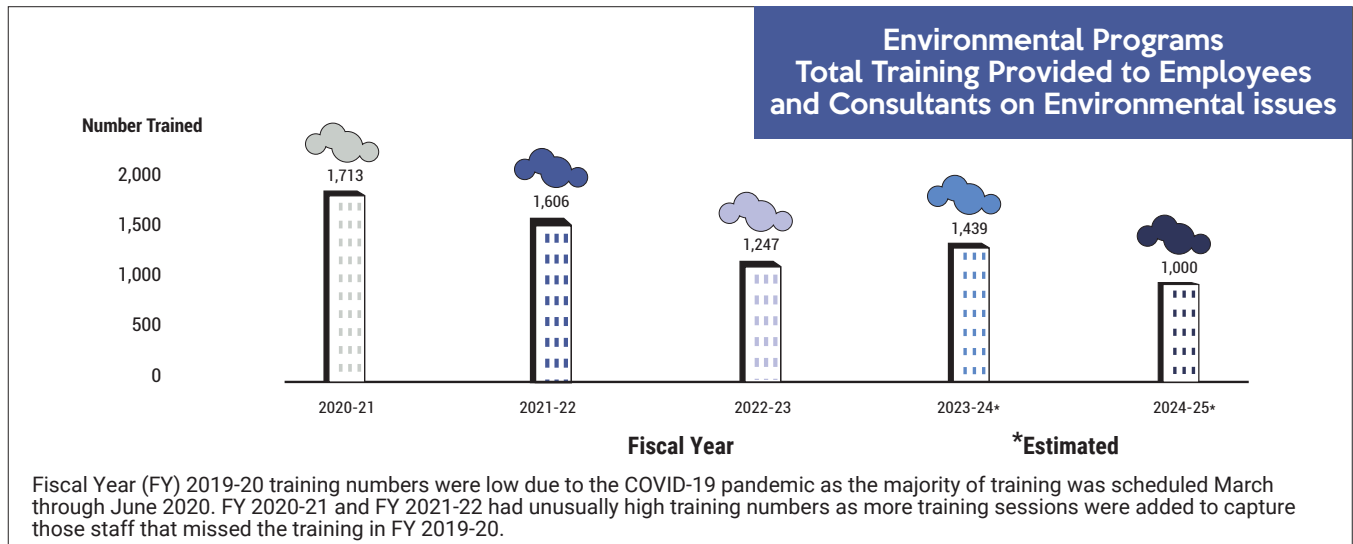
The Office of Environmental Programs (OEP) 2024-25 operating budget allowance of \$154,940,000 is \$148,774,000 or 2,412.8 percent greater than 2023-24 estimated expenditures. The increase is primarily due to the addition of a Climate Pollution Reduction Grant from the U.S. Environmental Protection Agency.

The General Fund 2024-25 budget allowance of \$1,928,000 is \$195,000 or 11.3 percent greater than 2023-24 estimated expenditures to update and implement Climate Action Plan elements, and to provide matching funds for a Federal Transit Authority Transit-oriented Development Planning grant.

The Other Restricted 2024-25 budget allowance of \$254,000 is \$38,000 or 17.6 percent greater than 2023-24 estimated expenditures to pay for a Phoenix Food Day community event and reflects normal inflationary adjustments and increases to employee compensation for continuation of the Classification and Compensation study implementation.

The Grants 2024-25 budget allowance of \$151,950,000 is \$148,503,000 or 4,308.2 percent greater than 2023-24 estimated expenditures primarily due to the anticipated use of a Climate Pollution Reduction Grant from the U.S. Environmental Protection Agency, and to provide low-interest loans for cleaning up vacant, contaminated brownfields.

The Water 2024-25 budget allowance of \$737,000 is \$37,000 or 5.3 percent greater than 2023-24 estimated expenditures to pay to transition in-person training to online training through a learning management system and reflects normal inflationary adjustments and increases to employee compensation for continuation of the Classification and Compensation study implementation.



Environmental Programs Major Performance Measures and Service Levels

The following significant performance measures and service level trends will be achieved with the 2024-25 budget allowance:

	2022-23 Actual	2023-24 Estimate ¹	2024-25 Budget
Site assessments conducted ²	285	200	200
Brownfields projects implemented ³	6	5	10
Percentage of OEP Environmental Facility Assessment findings City departments resolve within 90 days with OEP assistance	100%	95%	90%
Number of food system projects receiving OEP assistance to create or enhance healthy food assets ⁴	0	28	20

¹ Based on 10 months actual experience.

² "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.

³ Increase in 2024-25 due to funding added by the City's General Obligation Bond program.

⁴ New performance measure beginning 2023-24. Includes projects for food waste reduction, assistance to healthy food-related businesses and assets, assistance for backyard and community gardens, and public education.

Expenditure and Position Summary

	2022-23 Actual	2023-24 Estimate	2024-25 Budget
Operating Expense	\$4,893,000	\$6,166,000	\$154,940,000
Total Positions	16.0	16.0	14.0
Source of Funds:			
General Fund	\$1,450,000	\$1,733,000	\$1,928,000
Capital Construction	65,000	70,000	70,000
Other Restricted	193,000	216,000	254,000
Grants	2,581,000	3,447,000	151,950,000
Water	604,000	700,000	737,000

OFFICE OF SUSTAINABILITY

Program Goal

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

Budget Allowance Explanation

The Office of Sustainability 2024-25 operating budget allowance of \$890,000 is \$99,000 or 10.0 percent less than 2023-24 estimated expenditures. The decrease is primarily in the Grants Fund.

The General Fund 2024-25 budget allowance of \$710,000 is \$21,000 or 3.0 percent more than the 2023-24 estimated expenditures. The budget reflects an increase to employee compensation for continuation of the Classification and Compensation study implementation.

The Grants Fund 2024-25 budget allowance of \$130,000 is \$118,000 or 47.6 percent less than 2023-24 estimated expenditures. The Catena Foundation grant to support the city's effort to develop an electric vehicle education and awareness campaign ends December 2024. Also contributing to the decrease, the Vitalyst grant for electric vehicle outreach was a one-time grant award spent in 2023-24.

Expenditure and Position Summary

	2022-23 Actual	2023-24 Estimate	2024-25 Budget
Operating Expense	\$732,000	\$989,000	\$890,000
Total Positions	6.0	6.0	5.0
<i>Source of Funds:</i>			
General Fund	\$635,000	\$689,000	\$710,000
Other Restricted	40,000	52,000	50,000
Grants	57,000	248,000	130,000

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 2024-25 will be \$88,875,350, plus \$80,000,000 to be set-aside to offset a potential deficit that is projected for 2025-26. 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 2024-25 contingency reflects an increase of \$7,628,350 over the 2023-24 contingency of \$81,247,000 and increases the contingency percentage by 0.25 percent to 4.75 percent.

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

Comparison of Annual Budget for General Fund Contingency Amount to Operating Expenditures (000's)			
Fiscal Year	General Fund Operating Expenditures	Contingency and Set-Aside Amounts	Percent of Operating Expenditures
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	81,247 20,000	4.50%
2024-25	1,871,060 ¹	88,875 80,000	4.75%

¹ Total General Fund operating expenditures in 2024-25 are \$2,039,935,000 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.

2024-25 OTHER FUND OPERATING EXPENDITURE AND CONTINGENCY AMOUNT (000s)															
Fund	Operating Expenditures ²	Contingency Amount	Percent of Operating Expenditures												
Aviation	\$411,420	\$25,000	6%												
Convention Center	77,274	3,000	4%												
Development Services	91,977	-	0%												
Solid Waste	188,749	1,000	1%												
Sports Facilities	2,960	2,500	84%	Transportation 2050	268,611	4,000	1%	Wastewater	151,626	10,000	7%	Water	333,326	22,000	7%
Transportation 2050	268,611	4,000	1%												
Wastewater	151,626	10,000	7%												
Water	333,326	22,000	7%												

² 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

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 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, the City Council adopted the Coronavirus Relief Fund Strategic Plan. Based on input from 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 Fund 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 Department

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 Department

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 Department

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 fiscal year 2023-2024, NSD funded two significant projects supporting the creation of beds intended to serve individuals experiencing homelessness. Most the remaining funding going into fiscal year 2024-25 will continue to support homelessness services.

Human Services Department

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-eligible 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. All funds for the emergency rental assistance program, and \$38 million of COVID-related funding, were spent by the end of fiscal year 2022-2023. The remaining \$2 million was spent by December 30, 2023.

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 (SLFRF) 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

As of March 31, 2024, \$252 million had 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 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. Usage of these funds is ongoing, and they are included in the fiscal year 2024-25 budget.

Human Services Department

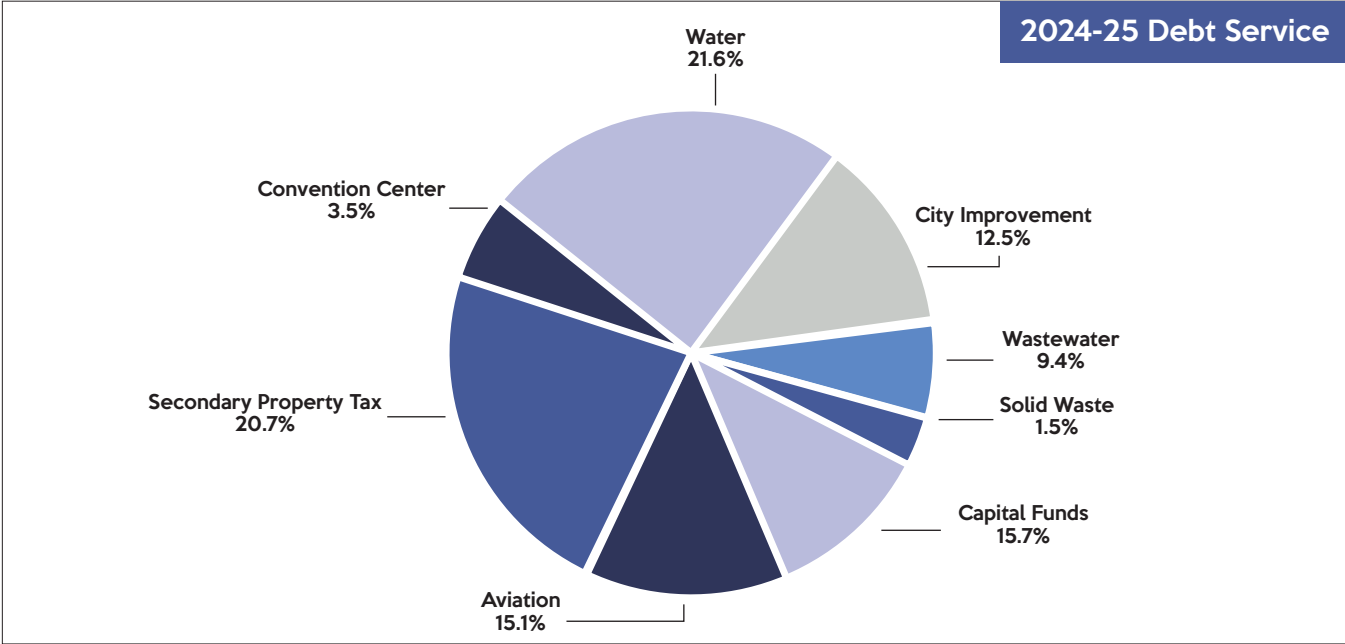
The Human Services Department (HSD) was awarded \$55.3 million in fiscal year 2021-22 to administer the Emergency Rental Assistance program, which provides rent and utility assistance to qualifying residents impacted by COVID-19. In fiscal year 2022-23, HSD received \$7.0 million in reallocated Emergency Rental Assistance 2.0 funding to provide additional services to Phoenix residents facing housing instability. The department also has received a total of \$1.5 million in ARPA funding from Maricopa County for expanded heat relief efforts. A separate \$4.1 million grant was awarded to support services for Head Start-eligible children and families. The majority of these funds were spent by the end of fiscal year 2022-23, with remaining amounts anticipated to be spent by the end of fiscal year 2023-24.

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, the final \$10.1 million was on track to be spent by the end of fiscal year 2023-24.

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 2024-25 for existing debt and anticipated future bond sales is \$675,420,000. 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 are not general obligations of the City.

Debt Management

Typically, 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. Most recently, on November 7, 2023, Phoenix voters passed the City Council approved \$500 million of the 2023 General Obligation Bond Program.

Funds are budgeted through 2028-29. Program areas include:

- Arts & Culture
- Economic Development & Education
- Environment & Sustainability
- Housing, Human Services & Homelessness
- Neighborhoods & City Services
- Parks & Recreation
- Public Safety
- Streets & Storm Drainage

In December 2011, the City Council deferred the issuance of remaining voter-authorized debt from prior 2001 and 2006 bond programs. 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 utilized strategically to pay down General Obligation debt service while preserving the high bond ratings.

Bond Ratings

As shown in the chart below, the City's bonds are rated favorably by the major bond rating agencies, Moody's Investors Service, S&P and Fitch. The City's general obligation bonds are rated Aa1, AA+ and AAA respectively.

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

⁽¹⁾ Represents underlying rating, if insured.

⁽²⁾ Issued by the City of Phoenix Civic Improvement Corporation.

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

Statement of Bonded Indebtedness ⁽¹⁾ (In Thousands of Dollars)		
General Obligation Bonds		
Purpose	Non-Enterprise General Obligation Bonds	Total General Obligation Bonds
Various	\$647,900,000	\$647,900,000
Airport	—	—
Sanitary Sewer	—	—
Solid Waste	—	—
Water	—	—
Direct Debt	\$647,900,000	\$647,900,000
Less: Revenue Supported	—	—
Net Debt	\$647,900,000	\$647,900,000

⁽¹⁾ Represents general obligation bonds outstanding as of January 1, 2024. 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 2023-24 was \$28,939,043,353. 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, 2024, is shown below, based upon 2023-24 assessed valuation.

Water, Sewer, Light, Parks, Open Spaces, Playgrounds, Recreational Facilities, Public Safety, Law Enforcement, Fire Emergency, Streets and Transportation Purpose Bonds	
20% Constitutional Limitation	\$ 5,787,808,671
Less: Direct General Obligation Bonds Outstanding ⁽¹⁾	(593,935,000)
Less: Debt Limit Reduction from Refunding ⁽²⁾	(46,983,016)
Unused 20% Limitation Borrowing Capacity	\$ 5,146,890,655

All Other General Obligation Bonds	
6% Constitutional Limitation	\$ 1,736,342,601
Less: Direct General Obligation Bonds Outstanding ⁽¹⁾	(53,965,000)
Less: Debt Limit Reduction from Refunding ⁽²⁾	(11,911,135)
Unused 6% Limitation Borrowing Capacity	\$ 1,670,466,466

⁽¹⁾ Represents general obligation bonds outstanding as of January 1, 2024.

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

Debt Burden

Debt burden is a measurement of the relationship between the debt of the City supported by its property tax base (net direct debt) to the broadest and most generally available measure of wealth in the community: the assessed valuation of all taxable property and the assessed valuation adjusted to reflect market value. In addition, net debt can be compared to population to determine net debt per capita. The City makes these comparisons each time it offers bonds for sale. They are included in the official statements (bond prospectuses) that are distributed to prospective investors. The following table provides debt burden ratios as of January 1, 2024.

Net Direct General Obligation Bonded Debt Ratios			
	Per Capita Debt Pop. Est. (1,644,409) ⁽¹⁾	Limited Net Assessed Valuation (\$16,265,332,852)	Full Cash Valuation (\$292,923,548,766)
Direct General Obligation Bonded Debt Outstanding as of January 1, 2024	\$394.00	3.98%	0.22%

⁽¹⁾ Population estimate obtained from the U.S. Census Bureau as of July 1, 2022.

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)

	2022-23 Actual	2023-24 Estimate	2024-25 Budget
<u>Source of Funds</u>			
Operating Funds			
City Improvement	72,229	80,472	84,178
Secondary Property Tax	205,845	134,894	139,845
Aviation	98,917	96,730	101,722
Convention Center	17,464	17,480	23,690
Solid Waste	15,174	9,581	10,148
Wastewater	76,756	89,549	63,330
Water	147,890	154,771	146,213
Total Operating Funds	634,275	583,476	569,125
Bond Funds			
Aviation	452	174	650
Wastewater	-	900	-
Water	-	-	900
Other	654	380	1,420
Total Bond Funds	1,106	1,454	2,970
Other Capital Funds			
Customer Facility Charges	20,559	20,558	20,562
Federal, State and Other Participation	24,999	25,499	25,999
Passenger Facility Charges	56,761	56,761	56,764
Total Other Capital Funds	102,320	102,818	103,325
Total	737,700	687,748	675,420
<u>Type of Expenditure</u>			
Principal	422,232	366,701	337,608
Interest and Other	315,469	321,049	337,812
Total	737,700	687,748	675,420

OUTSTANDING DEBT AND DEBT SERVICE COVERAGE
2022-23 YEAR-END ACTUAL
(In Thousands of Dollars)

Issue Date	Series	Purpose	Maturity Dates	Effective Interest Rate	Average Life (Years)	Original Amount	Principal Outstanding	Interest Outstanding	Coverage (2)
General Obligation Bonds (1)									
03/01/04	2004	Various Improvements	7/1/10-28	4.22	16.3	200,000	14,720	2,208	N/A
10/27/09	2009A	Various Improvements Taxable Series 2009A	7/1/20-34	3.42	18.4	280,955	221,160	73,832	N/A
06/24/14	2014	Refunding	7/1/19-27	2.71	9.5	278,015	73,825	4,242	N/A
09/13/16	2016	Refunding	7/1/18-27	1.74	9.0	226,215	194,415	28,231	N/A
06/21/17	2017	Refunding	7/1/18-27	1.52	3.4	68,305	10,545	970	N/A
05/25/22	2022	Refunding	7/1/23-34	2.93	5.9	146,400	133,235	35,244	N/A
Total General Obligation Bonds						1,199,890	647,900	144,727	
Loans from Direct Borrowings									
08/03/10	Loan	Wastewater WIFA	7/1/18-26	2.97	12.0	6,287	1,943	91	1.96
04/11/11	Loan	Water WIFA	7/1/16-24	2.97	9.4	2,093	239	7	1.65
06/01/11	Loan	Wastewater WIFA	7/1/26-29	2.97	16.6	3,909	3,909	528	1.96
09/14/11	Loan	Water WIFA	7/1/24-29	2.97	15.8	1,497	1,497	177	1.65
04/11/19	Loan	Closed Loop Fund, LP	10/15/19-24	0.00	5.0	3,000	750	-	1.96
Total Loans from Direct Borrowings						16,786	8,338	803	
Municipal Corporation Obligations									
08/01/01	2001	Water System Rev Refunding	7/1/02-24	4.68	14.1	99,980	7,090	390	1.65
10/06/05	2005B	State Distribution Rev 2005B (3)	7/1/12-44	4.72	28.9	275,362	244,263	363,181	N/A
09/01/10	2010B	Airport Rev 2010B (Taxable)	7/1/2040	3.67	29.8	21,345	21,345	23,949	31.76
12/22/11	2011	Wastewater System Rev Refunding	7/1/14-24	2.58	8.4	118,290	11,230	549	1.96
06/21/12	2012A	Excise Tax Rev Refunding 2012A	7/1/14-25	2.30	6.7	17,510	220	13	14.60
04/15/14	2014	Wastewater System Rev Refunding	7/1/15-29	3.00	9.4	127,810	64,170	11,686	1.96
12/17/14	2014A	Water System Rev 2014A	7/1/19-44	3.76	19.7	152,830	3,820	191	1.65
12/17/14	2014B	Water System Rev Refunding 2014B	7/1/16-29	2.64	9.7	445,085	259,475	41,666	1.65
05/12/15	2015A	Excise Tax Rev Refunding 2015A	7/1/17-41	3.56	16.2	319,305	266,480	136,095	14.60
05/12/15	2015B	Excise Tax Rev Refunding 2015B (Taxable)	7/1/16-35	3.35	10.2	60,895	32,045	7,786	14.60
12/15/15	2015A	Airport Rev 2015A (Non-AMT)	7/1/16-45	3.99	18.6	95,785	82,455	53,619	31.76
12/15/15	2015B	Airport Rev Refunding 2015B (Non-AMT)	7/1/2034	4.08	18.5	18,655	18,655	10,260	31.76
11/16/16	2016	Wastewater System Rev Refunding	7/1/17-35	2.89	11.3	225,325	168,750	60,197	1.96
01/10/17	2016	Water System Rev Refunding 2016	7/1/17-39	3.59	15.1	375,780	341,170	164,381	1.65
06/01/17	2017A	Excise Tax Rev 2017A	7/1/18-32	2.16	6.8	116,835	54,110	8,233	14.60
06/01/17	2017B	Excise Tax Rev Refunding 2017B	7/1/19-29	2.02	6.3	101,895	43,265	6,199	14.60
11/21/17	2017A	Airport Rev 2017A (AMT)	7/1/18-47	3.84	18.7	190,930	172,355	127,426	31.76
11/21/17	2017B	Airport Rev Refunding 2017B (Non-AMT)	7/1/21-38	3.23	13.5	173,440	155,480	69,209	31.76
12/21/17	2017D	Airport Rev Refunding 2017D (Non-AMT)	7/1/21-40	3.36	14.2	474,725	425,310	191,023	31.76
06/19/18	2018A	Wastewater System Rev 2018A	7/1/25-43	3.66	17.4	133,270	133,270	76,048	1.96
06/19/18	2018B	Wastewater System Rev Refunding 2018B	7/1/19-24	2.26	4.0	84,295	19,845	992	1.96
11/28/18	2018	Airport Rev 2018 (AMT)	7/1/19-48	4.22	19.3	226,180	209,570	163,273	31.76
12/05/19	2019A	Rental Car Facility (Taxable) 2019A	7/1/28-45	3.33	18.4	244,245	244,245	170,143	2.34
12/05/19	2019B	Rental Car Facility Ref (Taxable) 2019B	7/1/20-28	2.60	4.6	60,485	35,095	2,449	2.34
12/11/19	2019A	Airport Rev 2019A (Non-AMT)	7/1/41-49	3.61	25.9	341,095	341,095	341,275	31.76
12/11/19	2019B	Airport Rev 2019B (AMT)	7/1/20-49	3.44	19.1	392,005	381,615	282,659	31.76
12/11/19	2019C	Airport Rev Refunding (Taxable) 2019C	7/1/23-25	2.38	4.6	29,435	19,840	696	31.76
04/09/20	2020A	Water System Rev 2020A	7/1/30-44	3.14	20.0	165,115	165,115	138,553	1.65

OUTSTANDING DEBT AND DEBT SERVICE COVERAGE
2022-23 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)				
04/09/20	2020B	Water System Rev 2020B	7/1/30-44	3.14	20.0	228,015	228,015	191,334	1.65
08/25/20	2020A	Excise Tax Rev 2020A	7/1/21-45	1.90	12.0	131,595	123,670	55,794	14.60
08/25/20	2020B	Excise Tax Rev (Taxable) 2020B	7/1/21-45	2.39	13.9	150,000	135,595	40,798	14.60
08/25/20	2020C	Excise Tax Rev Refunding (Taxable) 2020C	7/1/23-36	1.58	7.1	116,685	103,050	8,119	14.60
06/09/21	2021A	Water System Rev 2021A	7/1/26-45	2.45	16.1	250,000	250,000	167,071	1.65
06/09/21	2021B	Water System Rev Refunding 2021B	7/1/22-26	0.52	3.5	67,345	48,680	4,947	1.65
06/09/21	2021C	Water System Rev Refunding (Taxable) 2021C	7/1/26-44	2.61	15.0	151,280	151,280	51,361	1.65
08/03/22	2022	Excise Tax Rev 2022	7/1/25-47	3.79	16.0	131,650	131,650	99,412	14.60
06/07/23	2023	Airport Rev Refunding 2023 (AMT)	7/1/24-32	3.50	5.4	96,540	96,540	26,087	31.76
Total Municipal Corporation Obligations						6,411,017	5,189,858	3,097,064	
Community Facilities Districts									
06/27/19	2019	Park Central CFD Special Assessment Rev	7/1/21-44	5.73	16.0	30,000	27,915	19,314	1.37
Total Community Facilities Districts Bonds						30,000	27,915	19,314	
Total Outstanding Debt						7,657,693	5,874,011	3,261,908	

(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 19, 2024, 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.

2024-25 Capital Improvement Program Development

The annual citywide Capital Improvement Program update process began in December 2023 when departments prepared revised 2023-24 estimates and updated their five-year capital improvement programs. The 2023-24 estimates reflect updated construction cost estimates, schedules adjustments, awarded contract amounts and other program changes. The 2024-29 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 2023 Bond Program approved by Phoenix voters in November 2023.

2023 Citizens' Bond Program

In June 2022, a Fiscal Capacity Committee appointed by the City Council reported its findings that the City could support a new \$500 million General Obligation Bond program without increasing the secondary property tax rate above its 2022-23 level. The City Council appointed a citizen's 2023 General Obligation Bond Committee to identify the highest priority unfunded capital needs for this program, while balancing the City's limited ability to absorb new ongoing operating costs. The Executive Committee and eight subcommittees held 34 public meetings, reviewed capital needs identified by staff, and heard proposals and input from the public. The Executive Committee's final recommendations were presented to and approved by the City Council in December 2022. On November 7, 2023, Phoenix Voters passed all four proposed bond measures.

The program will result in the construction of new facilities and infrastructure, as well as improvements to existing facilities and infrastructure. Additional information is available online at phoenix.gov/bond.

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 crucial 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 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 2024-29 Capital Improvement Program includes \$318.1 million of these funds, which are programmed for regional, community and neighborhood parks, and Sonoran Preserve land acquisition.

Transportation 2050 Funds

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 2024-29 Capital Improvement Program includes \$1,162.4 million in Transportation 2050 pay-as-you-go funds, as well as \$134.2 million in Transportation 2050 bond funds.

Five-Year Streets Plan

Each year the Street Transportation Department updates its five-year plan and funding program for street, bicycle, pedestrian and stormwater construction and major maintenance projects. This program is primarily funded through the Arizona Highway User Revenue (AHUR) fund, including state-shared revenue from gas taxes and vehicle license taxes, but also includes funding through the Transportation 2050 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 \$249.5 million in available impact fees in the 2024-29 Capital Improvement Program. Additional impact fees will be programmed in future capital improvement programs as these fees are collected.

**SUMMARY OF 2024-29 CAPITAL IMPROVEMENT PROGRAM
BY PROGRAM**
(In Thousands of Dollars)

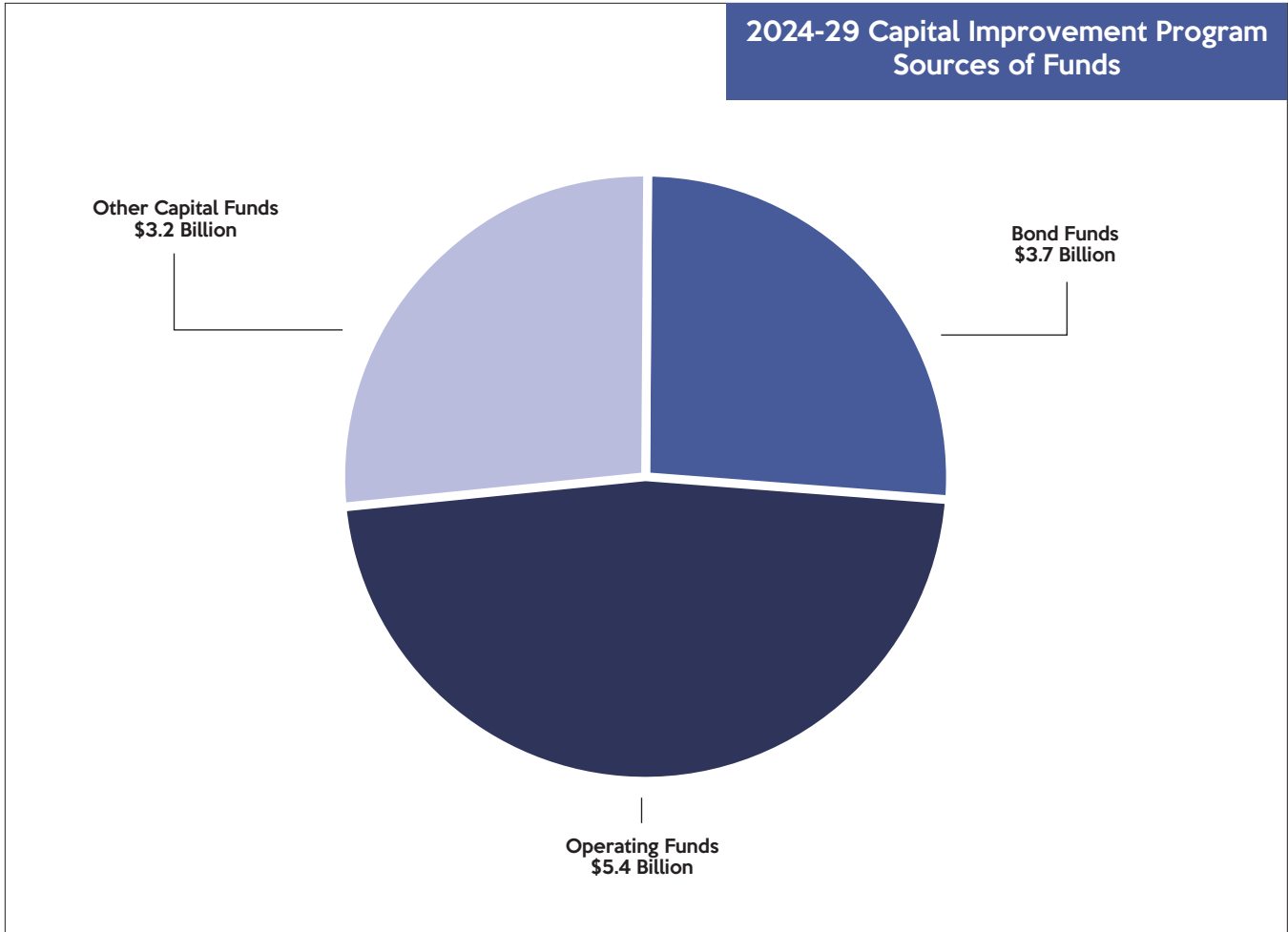
	2024-25	2025-26	2026-27	2027-28	2028-29	Total
Arts and Cultural Facilities	18,716	10,940	21,187	-	-	50,843
Aviation	1,168,888	561,506	438,064	319,040	255,168	2,742,666
Economic Development	17,380	13,025	24,665	12,200	11,950	79,220
Environmental Programs	1,250	1,250	1,250	250	250	4,250
Facilities Management	89,762	32,292	22,205	20,525	20,275	185,059
Fire Protection	81,820	22,317	19,486	17,171	20,118	160,912
Historic Preservation & Planning	8,500	1,000	1,000	1,000	1,000	12,500
Housing	160,530	36,448	25,690	14,566	5,000	242,235
Human Services	14,799	4,191	6,933	-	-	25,923
Information Technology	58,493	28,804	32,944	17,359	17,359	154,959
Libraries	7,487	5,990	16,081	11,273	124	40,955
Municipal Court	9,000	-	-	-	-	9,000
Neighborhood Services	6,904	-	-	-	-	6,904
Non-Departmental Capital	229,345	105,624	106,120	113,529	115,455	670,074
Parks, Recreation & Mountain Preserves	156,723	75,023	66,896	62,797	63,721	425,160
Phoenix Convention Center	68,470	15,759	8,185	8,907	2,599	103,918
Police Protection	40,233	6,563	33,301	1,658	1,020	82,775
Public Art Program	8,775	7,100	8,799	500	-	25,174
Public Transit	488,961	120,778	473,293	132,280	277,762	1,493,075
Regional Wireless Cooperative	6,000	6,000	6,000	6,000	6,000	30,000
Solid Waste Disposal	41,281	79,641	8,874	13,017	28,343	171,156
Street Transportation & Drainage	609,358	229,606	216,570	186,279	156,584	1,398,398
Wastewater	680,467	180,807	266,995	257,958	302,482	1,688,708
Water	594,726	277,395	539,935	539,780	540,183	2,492,020
Total	4,567,868	1,822,059	2,344,472	1,736,090	1,825,394	12,295,882

SUMMARY OF 2024-29 CAPITAL IMPROVEMENT PROGRAM
BY SOURCE OF FUNDS
(In Thousands of Dollars)

	2024-25	2025-26	2026-27	2027-28	2028-29	Total
Operating Funds						
General Funds						
General Fund	86,768	37,518	37,664	37,786	37,528	237,264
Library	1,456	310	-	-	-	1,766
Parks	3,600	-	-	-	-	3,600
Special Revenue Funds						
Arizona Highway User Revenue	130,609	90,238	75,331	83,071	76,003	455,254
Capital Construction	31,415	7,061	7,044	7,044	7,044	59,608
Community Reinvestment	6,479	4,156	3,915	3,665	3,665	21,880
Development Services	8,635	140	140	140	140	9,197
Grants	241,329	58,797	99,893	63,204	90,238	553,460
Other Restricted	44,764	5,799	4,102	2,438	1,985	59,088
Parks and Preserves	117,390	45,951	47,994	50,600	56,150	318,085
Regional Transit	14,810	8,561	15,350	8,329	8,749	55,797
Sports Facilities	5,685	5,650	4,000	2,100	2,100	19,535
Transportation 2050	463,621	71,539	376,436	72,086	178,729	1,162,411
Enterprise Funds						
Aviation	362,305	118,687	94,017	132,739	58,873	766,622
Convention Center	11,071	12,280	6,209	8,710	2,660	40,929
Solid Waste	34,836	19	-	-	-	34,855
Wastewater	106,600	89,237	97,496	89,716	94,027	477,076
Water	214,871	145,838	260,086	242,782	229,770	1,093,348
Total Operating Funds	1,886,245	701,781	1,129,678	804,410	847,661	5,369,776
Bond Funds						
General Obligation Bond Funds						
2001 General Obligation Bonds	902	-	-	-	-	902
2006 General Obligation Bonds	172	428	-	-	-	600
2023 General Obligation Bonds	120,487	109,524	167,528	65,082	35,979	498,601
Nonprofit Corporation Bond Funds						
Aviation Bonds	199,110	224,899	65,746	59,650	53,750	603,154
Other Bonds	169,640	39,367	15,585	-	-	224,591
Solid Waste Bonds	7,997	80,385	10,177	15,431	28,987	142,978
Transportation 2050 Bonds	-	36,684	26,018	33,978	37,500	134,179
Wastewater Bonds	460,007	69,091	132,437	135,462	155,187	952,184
Water Bonds	219,922	116,534	275,568	283,074	279,714	1,174,813
Total Bond Funds	1,178,238	676,912	693,059	592,677	591,118	3,732,004
Other Capital Funds						
Other Capital Funds						
Capital Gifts	500	-	-	-	-	500
Capital Grants	700,925	203,117	266,420	109,590	128,334	1,408,385
Capital Reserves	10,487	20	12,520	-	-	23,027
Customer Facility Charges	54,562	20,560	20,562	27,468	29,794	152,946
Federal, State and Other Participation	262,891	90,790	90,234	71,283	60,819	576,016
Impact Fees	218,031	5,976	9,061	12,890	3,530	249,488
Other Capital	8,035	-	-	-	-	8,035
Other Cities' Share in Joint Ventures	62,335	45,695	45,731	40,555	86,921	281,237
Passenger Facility Charges	183,788	76,767	76,761	76,766	76,763	490,845
Solid Waste Remediation	1,832	441	446	451	455	3,625
Total Other Capital Funds	1,503,385	443,365	521,735	339,003	386,615	3,194,103
Total	4,567,868	1,822,059	2,344,472	1,736,090	1,825,394	12,295,882

2024-29 CAPITAL IMPROVEMENT PROGRAM HIGHLIGHTS

The Capital Improvement Program (CIP) totals \$12.3 billion over the next five years. As shown in the pie chart below, funding for the 2024-29 program comes from \$5.4 billion in pay-as-you-go operating funds, \$3.7 billion in bond funds, and \$3.2 billion in other capital funds.



Projects in the first year total \$4.6 billion and are funded from pay-as-you-go operating funds (\$1.9 billion), bond funds (\$1.2 billion) and other capital financing (\$1.5 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 2024-29 Capital Improvement Program by source of funds and the 2024-25 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 \$50.8 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 funding for construction, renovation and expansion of arts and cultural facilities operated primarily by non-profit partner entities.

Aviation

The Aviation program totals \$2,742.7 million and is funded by Aviation, Aviation Bond, Capital Grant, Customer Facility Charge, and Passenger Facility Charge funds.

The Aviation program includes improvements at Phoenix Sky Harbor International, Phoenix Deer Valley and Phoenix Goodyear Airports.

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:

- Design and construction of a new Crossfield Taxiway U
- Design and construction of Terminal 3 North 2 New Apron
- West Air Cargo Building C Modifications
- Relocations of C-Point and Access Gate
- Terminal 4 Infrastructure Modernization – Central Plant

Economic Development

The \$79.2 million Economic Development program is funded by Downtown Community Reinvestment, Grant, Other Restricted, Sports Facilities and 2023 General Obligation Bond 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.

Projects funded by the 2023 General Obligation Bond Program were reviewed and prioritized by a citizens' General Obligation Bond Committee prior to approval by the City Council.

Major projects include:

- Downtown Redevelopment Area project facilitation and assistance
- Rio Reimagined Land Acquisition
- ASU Health Technology Center
- ASU Thunderbird School of Global Management development assistance
- Historic Preservation and Conservation facilitation and assistance
- Arizona Biomedical Corridor project facilitation and assistance

Environmental Programs

The \$4.3 million Environmental Programs CIP is funded by Other Restricted and 2023 General Obligation Bond funds.

Environmental Programs facilitates eligible citywide general stormwater compliance and Brownfields redevelopment 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.

Redevelopment of brownfields property results in the elimination of environmental exposures and reuse that can eliminate blight, increase community benefits, jobs, and often serves as a catalyst for revitalization of the area. City brownfields project funding will assist City departments with predevelopment costs associated with environmentally contaminated properties, such as, environmental assessments, and asbestos/lead-based paint surveys and abatement, and remediation. Project selection will be based on several factors including location, benefit to community and job creation. Additionally, brownfields funding for the Rio Reimagined Land Acquisition program may include environmental assessments and cleanup to prepare economically attractive sites along the Rio Salado.

Projects funded by the 2023 General Obligation Bond Program were reviewed and prioritized by a citizens' General Obligation Bond Committee prior to approval by the City Council.

Facilities Management

The Facilities Management program totals \$185.1 million and is funded by General, Other Restricted, Aviation, Convention Center, Solid Waste, 2023 General Obligation Bond, 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, fuel/oil tanks, generators, and electrical 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.

Projects funded by the 2023 General Obligation Bond Program were reviewed and prioritized by a citizens' General Obligation Bond Committee prior to approval by the City Council.

Fire Protection

The \$160.9 million Fire Protection program is funded by General, Other Restricted, 2023 General Obligation Bond, Other Bond, Capital Grant, and Development Impact Fee funds.

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.

Projects funded by the 2023 General Obligation Bond Program were reviewed and prioritized by a citizens' General Obligation Bond Committee prior to approval by the City Council.

Major projects include:

- Implementation of a new Computer Aided Dispatch System and Records Management System
- Acquisition of fire apparatus
- Construction of new Fire Station 51 located at 51st Avenue and the SR 303
- Construction of new Fire Station 62 located at 99th Avenue and Lower Buckeye Road
- Construction of new Fire Station 74 located at 19th Avenue and Chandler Boulevard
- Replacement of Fire Station 7
- Replacement of Fire Station 13
- Replacement of Fire Station 15

Historic Preservation & Planning

The Historic Preservation and Planning program totals \$12.5 million and is funded by the Development Services fund and 2023 General Obligation Bond funds.

The program includes the SHAPE PHX project, Historic Preservation Program, and an Innovation in Affordable Housing program.

SHAPE PHX 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.

Projects funded by the 2023 General Obligation Bond Program were reviewed and prioritized by a citizens' General Obligation Bond Committee prior to approval by the City Council.

Housing

The Housing program totals \$242.2 million and is funded by Operating Grant, Capital Grant, Other Restricted, and 2023 General Obligation Bond funds.

The program provides funding for the creation and preservation of public and affordable housing units for low-income families, individuals, seniors, and special populations throughout the city. Grant-funded projects are planned based on the availability of these funds.

2023 General Obligation Bond projects will fund the preservation of City-owned affordable housing units and creation of affordable units in the Edison-Eastlake community. Grant funds include the U.S. Department of Housing and Urban Development's (HUD) Choice Neighborhoods development projects, HUD HOME Investment Partnership Program multifamily loan and redevelopment, HUD HOME American Rescue Plan to serve qualifying populations, and the conversion or modernization of existing public housing units through the HUD Capital Fund Program.

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.

Projects funded by the 2023 General Obligation Bond Program were reviewed and prioritized by a citizens' General Obligation Bond Committee prior to approval by the City Council.

Human Services

The \$25.9 million Human Services program is funded by General, Grant, Other Restricted, and 2006 and 2023 General Obligation Bond funds.

The Human Services program includes acquisition, design and construction of shelters and senior centers.

Projects funded by the 2023 General Obligation Bond Program were reviewed and prioritized by a citizens' General Obligation Bond Committee prior to approval by the City Council.

Major projects include:

- Cesar Chavez Senior Center
- McDowell Senior Center Renovation
- Office of Homeless Solutions facilities at 15th Avenue and Jackson Street, 71st Avenue and Van Buren Street, and I-17 and Northern Avenue

Information Technology

The \$155.0 million Information Technology program is funded by General, Arizona Highway User Revenue, Development Services, Transportation 2050, Aviation, Convention Center, Solid Waste, Wastewater, Water, Other Bond, and Solid Waste Bond funds.

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

Major projects include:

- Implementation of an enterprise time and labor system
- Replacement of public safety radios that are at end-of-life
- Development of a citywide case management system
- Data center and network infrastructure modernization

Libraries

The Libraries program totals \$41.0 million and is funded by General, Operating Grant, Impact Fee and 2023 General Obligation Bond funds.

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.

Projects funded by the 2023 General Obligation Bond Program were reviewed and prioritized by a citizens' General Obligation Bond Committee prior to approval by the City Council.

Major projects include:

- Branch library improvements and renovations to maintain current standards
- Expansion of the Yucca Branch Library
- New Estrella Civic Space Library at 99th Avenue and Lower Buckeye Road
- New Desert View Civic Space Library at Deer Valley Drive and Tatum Boulevard
- New outdoor digital LED signage at 16 library locations

Municipal Court

The Municipal Court program totals \$9.0 million and is funded by General and Other Restricted funds.

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 \$6.9 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 \$670.1 million and is funded by General, Aviation Bond, Other Bond, Solid Waste Bond, Transportation 2050 Bond, Wastewater Bond, Water Bond, Capital Grant, Customer Facility Charge, Federal, State and Other Participation, and Passenger Facility Charge funds.

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

The non-departmental capital program additionally includes a contingency budget for future capital grant awards, an excise tax bond fund reserve to support future capital projects, and General Fund reserves to provide local matching funds for potential federal capital grants.

Parks, Recreation and Mountain Preserves

The Parks, Recreation and Mountain Preserves program totals \$425.2 million and is funded by Parks and Preserves, General, 2023 General Obligation Bond, Capital Gift, Capital Grant, Capital Reserve, Other Capital, and Development Impact Fee funds.

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

Projects in the Parks and Recreation Department's CIP are prioritized within the five-year planning window based primarily on park needs and priority criteria. This process includes a three-tiered rating system that takes into account the life span of amenities. The rating identifies amenities that are new, at half-life or ready for replacement. Ratings are updated annually. Further, when a need is identified at a park facility, a holistic look is used to evaluate if other needs can also be addressed at the same time. This approach results in cost effectiveness, efficiencies and reduces redundancy of services to the same site and minimizes impact to the community. Also, a consideration for new park projects and preserve land acquisitions is population growth, creating 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 and ultimate adoption by the City Council.

Projects funded by the 2023 General Obligation Bond Program were reviewed and prioritized by a citizens' General Obligation Bond Committee prior to approval by the City Council.

Major projects with various funding sources include improvements and/or repairs to Cortez Park, Encanto Park Lake, G.R. Herberger Park, North Mountain Park, Paradise Valley Park, Trailside Point Park, South Mountain Activity Complex, and Maryvale Park Regional Pool and Two Splash Pad Sites; development of the new Lone Mountain Park; and Sonoran Preserve Land Acquisition and Protection.

Phoenix Convention Center

The \$103.9 million Phoenix Convention Center program is funded by General, Sports Facilities, Convention Center, and Other 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
- 100 West Washington Renovations
- South Building Roof Repairs
- South Building Digital Audio Distribution System Replacement
- North and West Buildings HVAC and Lighting Control Automated Systems Replacement
- North and West Buildings Security Systems Replacement
- North and West Buildings Exterior Repainting
- East Garage Expansion Joint Replacement

Police Protection

The \$82.8 million Police Protection program is funded by Capital Reserve, Development Impact Fee, and 2023 General Obligation Bond funds.

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.

Projects funded by the 2023 General Obligation Bond Program were reviewed and prioritized by a citizens' General Obligation Bond Committee prior to approval by the City Council.

Major projects include:

- Cactus Park Precinct Replacement
- Police Property Management Warehouse Renovation
- Maryvale Police Precinct Renovation
- Replacement of aerial fleet assets

Public Art Program

The Public Art Program totals \$25.2 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 \$1,493.1 million and is funded by Operating Grant, Other Restricted, Regional Transit, Transportation 2050, 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
- 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 agencies.

The RWC program's objective is to develop and assist member agencies with capital projects necessary to procure, install and upgrade major components of the radio system(s) over which the RWC has responsibility. For example, complying with an FCC mandate requiring 700 MHz infrastructure upgrades for narrow-banding capabilities, or major system expansions to enhance capabilities, functions, or redundancy.

The RWC identifies capital improvement projects via a governance and policy process. Projects and inventory are tracked, prioritized, and scheduled by the RWC Network Manager, the City of Phoenix Information Technology Services Department, which presents the projects' explanations and expected budgetary needs to RWC Administration. The costs are then distributed based on number of radios in use by each member agencies, or by special assessments, and are then presented by the RWC Executive Director to the RWC Board for action. Specific RWC Working Groups may also be asked to consider and draft large-scale CIP projects as needed.

Solid Waste Disposal

The \$171.2 million Solid Waste Disposal program is funded by Solid Waste, Solid Waste Bonds, Capital Grants, Capital Reserve, and Solid Waste Remediation funds.

The Solid Waste Disposal program includes various projects at the City's landfills and transfer stations.

New Solid Waste Disposal CIP projects 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 the 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:

- Maintenance and monitoring of open and closed landfill gas systems
- SR85 Landfill cell development, including excavation, lining, critical systems, and capping of completed cells
- Major maintenance, repair, and equipment replacement to support transfer station and Material Recovery Facility operations
- Vehicle replacement

Street Transportation and Drainage

The Street Transportation and Drainage program totals \$1,398.4 million and is funded by General, Arizona Highway User Revenue, Capital Construction, Operating Grant, Transportation 2050, 2023 General Obligation Bond, Capital Reserve, Development 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.

Projects funded by the 2023 General Obligation Bond Program were reviewed and prioritized by a citizens' General Obligation Bond Committee prior to approval by the City Council. They include the Hohokam Drainage and Laveen Flood Mitigation Programs, Residential Overlay, and Vision Zero Program Implementation.

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
- Lower Buckeye Road: 27th Avenue to 19th Avenue
- Rio Salado River Bicycle/Pedestrian Bridge at 3rd Street

Wastewater

The Wastewater program totals \$1,688.7 million and is funded by Wastewater, Wastewater Bond, Development 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 Planning 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.

Water

The Water program totals \$2,492.0 million and is funded by Water, Wastewater, Solid Waste, Water Bond, Solid Waste Bond, Development Impact Fee, Capital Grant, and Other Cities' Share in Joint Venture funds.

The Water program includes infrastructure improvements, technology and efficiency enhancements for 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 Planning 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 2024-25 CAPITAL IMPROVEMENT PROGRAM
BY PROGRAM AND SOURCE OF FUNDS**
(In Thousands of Dollars)

Program	2024-25 Total Program	Operating Funds	General Obligation Bond Funds	Nonprofit Corporation Bond Funds	Other Capital Funds
Arts and Cultural Facilities	18,716	-	18,716	-	-
Aviation	1,168,888	359,150	-	198,160	611,578
Economic Development	17,380	12,130	5,250	-	-
Environmental Programs	1,250	250	1,000	-	-
Facilities Management	89,762	42,757	7,010	35,709	4,286
Fire Protection	81,820	5,689	29,930	37,580	8,620
Historic Preservation & Planning	8,500	6,500	2,000	-	-
Housing	160,530	128,157	18,684	-	13,689
Human Services	14,799	14,482	317	-	-
Information Technology	58,493	33,123	-	25,370	-
Libraries	7,487	5,396	483	-	1,608
Municipal Court	9,000	9,000	-	-	-
Neighborhood Services	6,904	6,904	-	-	-
Non-Departmental Capital	229,345	9,850	-	16,170	203,325
Parks, Recreation & Mountain Preserves	156,723	120,576	5,656	-	30,490
Phoenix Convention Center	68,470	13,110	-	55,360	-
Police Protection	40,233	-	18,988	-	21,245
Public Art Program	8,775	5,026	569	3,181	-
Public Transit	488,961	488,961	-	-	-
Regional Wireless Cooperative	6,000	-	-	-	6,000
Solid Waste Disposal	41,281	31,017	-	7,887	2,376
Street Transportation & Drainage	609,358	278,910	12,958	-	317,491
Wastewater	680,467	102,284	-	460,007	118,176
Water	594,726	212,974	-	217,252	164,501
Total	4,567,868	1,886,245	121,562	1,056,676	1,503,385

RESOURCES AND EXPENDITURES BY CAPITAL FUND
2024-25 CAPITAL IMPROVEMENT PROGRAM
(In Thousands of Dollars)

	Budgeted Beginning Fund Balance	Revenues and Other Sources/ (Uses) (1)	Expenditures	Ending Balance	Projected Resources Beyond 2024-25 (2)	Funds Available Beyond 2024-25
1988 General Obligation Bonds						
1988 Freeway Mitigation Bonds	849	-	-	849	1,000	1,849
1988 Parks Bonds	419	-	-	419	-	419
1988 Police Bonds	27	-	-	27	-	27
	1,295	-	-	1,295	1,000	2,295
1989 General Obligation Bonds						
1989 Historic Preservation Bonds	2	-	-	2	-	2
	2	-	-	2	-	2
2001 General Obligation Bonds						
2001 Affordable Housing and Homeless Shelter Bonds	1,011	-	-	1,011	-	1,011
2001 Education, Youth and Cultural Facilities Bonds	(362)	-	902	(1,264)	1,700	436
2001 Environmental Improvement and Cleanup Bonds	244	-	-	244	630	874
2001 Fire Protection Bonds	-	-	-	-	800	800
2001 Neighborhood Protection and Senior Centers Bonds	505	-	-	505	2,355	2,860
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
	2,905	-	902	2,003	15,610	17,613
2006 General Obligation Bonds						
2006 Affordable Housing and Neighborhoods Bonds	3,621	-	-	3,621	17,795	21,416
2006 Education Bonds	(4,549)	-	-	(4,549)	8,090	3,541
2006 Libraries, Senior and Cultural Centers Bonds	(1,247)	-	172	(1,419)	27,190	25,771
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
	(609)	-	172	(781)	135,745	134,964
2023 General Obligation Bonds						
2023 Affordable Housing & Senior Center Bonds	(150)	43,800	19,920	23,730	19,200	42,930
2023 Economic Development, Environment & Culture Bonds	(5)	73,800	29,709	44,087	40,585	84,672
2023 Fire, Police & Streets Bonds	(525)	88,900	62,123	26,252	125,100	151,352
2023 Library, Parks and Historic Preservation Bonds	(719)	43,500	8,737	34,044	65,115	99,159
	(1,399)	250,000	120,487	128,114	250,000	378,114
Nonprofit Corporation Bond Funds						
Aviation Bonds	(122,342)	200,000	199,110	(121,452)	346,210	224,758
Convention Center Bonds	13	-	-	13	-	13
Other Bonds	66,859	166,000	169,640	63,219	92,445	155,664
Parks and Preserves Bonds	-	-	-	-	66,000	66,000
Solid Waste Bonds	9,174	-	7,997	1,177	145,000	146,177
Transit 2000 Bonds	67	-	-	67	-	67
Transportation 2050 Bonds	-	-	-	-	1,100,000	1,100,000
Wastewater Bonds	3,305	-	460,007	(456,702)	709,940	253,238
Water Bonds	(112,821)	-	219,922	(332,743)	1,095,553	762,810
	(155,745)	366,000	1,056,676	(846,421)	3,555,147	2,708,726
Total Bond Funds	(153,551)	616,000	1,178,238	(715,789)	3,957,502	3,241,713

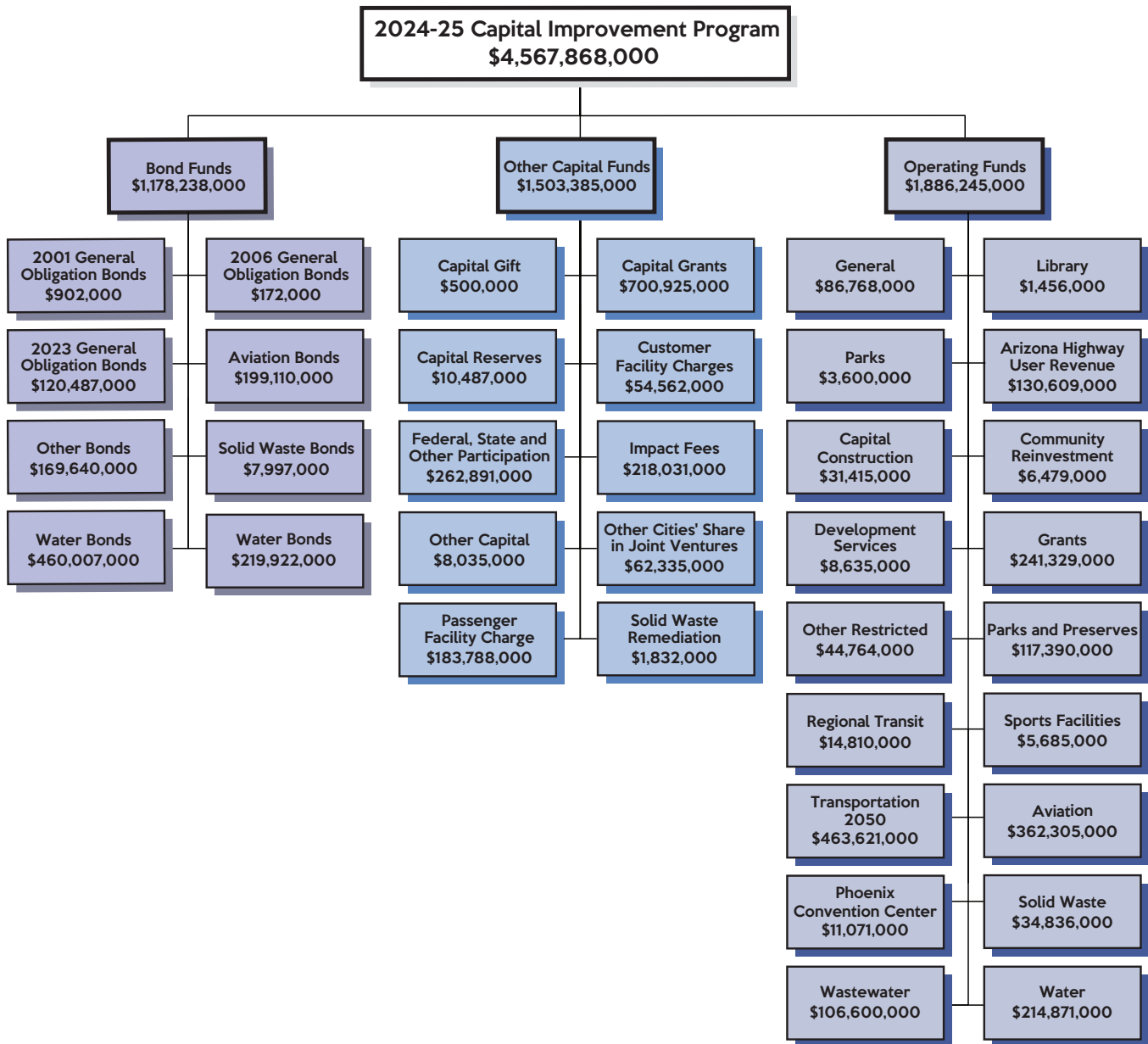
RESOURCES AND EXPENDITURES BY CAPITAL FUND (Continued)
2024-25 CAPITAL IMPROVEMENT PROGRAM
(In Thousands of Dollars)

	Budgeted Beginning Fund Balance	Revenues and Other Sources/ (Uses) (1)	Expenditures	Ending Balance	Projected Resources Beyond 2024-25 (2)	Funds Available Beyond 2024-25
Other Capital Funds						
Capital Gifts	35	500	500	35	-	35
Capital Grants	-	700,925	700,925	-	707,460	707,460
Capital Reserves	218,432	15,250	10,487	223,195	-	223,195
Customer Facility Charges	86,466	40,386	54,562	72,289	246,921	319,210
Federal, State and Other Participation	-	262,891	262,891	-	313,125	313,125
Impact Fees	255,249	-	218,031	37,218	-	37,218
Other Capital	32,010	(13,800)	8,035	10,175	-	10,175
Other Cities' Share in Joint Ventures	-	62,335	62,335	-	218,902	218,902
Passenger Facility Charges	148,830	98,071	183,788	63,113	403,194	466,307
Solid Waste Remediation	5,430	-	1,832	3,598	-	3,598
Total Other Capital Funds	746,453	1,166,557	1,503,385	409,625	1,889,603	2,299,228
Total	592,902	1,782,557	2,681,622	(306,164)	5,847,105	5,540,941

(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.

2024-25 CAPITAL IMPROVEMENT PROGRAM ORGANIZATIONAL CHART





OPERATING COSTS FOR NEW CAPITAL FACILITIES

Costs to construct and renovate facilities, infrastructure, and enterprise technology projects are budgeted in the Capital Improvement Program using pay-as-you-go or bond funds. Upon completion of the capital project, ongoing costs such as staff salaries, contractual services, and supplies are budgeted in the Operating Budget.

Annually, departments are asked to review all capital projects, their estimated completion dates, any costs associated with operating new facilities, and the funding sources for these costs. The costs are reviewed by the Budget and Research Department. Estimated expenditures to operate capital projects are reflected in the multi-year General Fund forecast and multi-year forecasts for enterprise and special revenue funds. The forecasts are used in long-term financial planning.

The schedule on the next page provides projected new operating and maintenance costs for 2024-25, the full year operating and maintenance costs for 2025-26, and the operating funds to be used for these costs. The 2024-25 Operating Budget does not include any additional funding to operate newly constructed capital projects. Positions and contractual services will be added to operate and maintain the 100 West Washington Complex, these costs will be offset by terminating third party contractual services that were retained and budgeted to maintain the facility during project implementation.

OPERATING COSTS FOR NEW CAPITAL FACILITIES

Project Name and Operating Fund Source	# of FTEs		2024-25 Costs	2025-26 Costs
Fire				
100 West Washington Complex (General Fund)	20.0	Reallocate current budget allocated for third party contractual services to assume ongoing building maintenance, property management, and custodial services for the 100 West Washington Complex. The budget will be used for 20 positions, contractual services, supplies, tools, equipment, and vehicles.	\$0	\$0
Net Total Costs			\$0	\$0
Source of Funds:				
General Fund			\$0	\$0
Total Source of Funds			\$0	\$0

A decorative graphic consisting of a central white square with a blue border. Above and below the square are five vertical bars of varying heights, each filled with blue diagonal lines. The bars are arranged in a slightly irregular pattern, with the second bar from the left being the tallest and the fourth bar from the left being the shortest.

SUMMARY SCHEDULES

2022-23 SCHEDULE 1
RESOURCES AND EXPENDITURES BY FUND
ACTUAL
(In Thousands of Dollars)

	Resources					Expenditures				Ending Fund Balance	
	Beginning Fund Balance	Revenue ^{1/}	Recovery and Proceeds	Interfund Transfers-In	Interfund Transfers-Out	Total	Operating	Capital	Debt Service		Total
General Funds											
General Fund	224,446	370,007	3,740	1,313,685	(226,637)	1,685,240	1,430,966	31,343	-	1,462,309	222,931
Library	-	46,069	83	-	10	46,162	45,957	205	-	46,162	-
Parks	-	18,469	411	99,272	(6,382)	111,769	111,733	36	-	111,769	-
Cable Television	-	7,979	26	1,142	(5,580)	3,567	3,567	-	-	3,567	-
Total General Funds	224,446	442,524	4,259	1,414,099	(238,589)	1,846,738	1,592,223	31,584	-	1,623,807	222,931
Special Revenue Funds											
Excise Tax	-	2,007,574	-	-	(2,007,574)	-	-	-	-	-	-
Arizona Highway User Revenue	69,581	156,042	2,010	43,493	(39,245)	231,880	81,588	73,801	-	155,389	76,491
Capital Construction	25,176	643	567	6,294	(2)	32,679	134	4,557	-	4,691	27,988
City Improvement	-	8	-	73,247	(1,026)	72,229	-	-	72,229	72,229	-
Community Reinvestment	20,134	9,644	21	-	(2,222)	27,576	2,026	3,254	-	5,280	22,296
Court Awards	(66)	4,655	34	-	-	4,623	4,727	-	-	4,727	(104) ^{2/}
Development Services	64,623	90,813	507	-	(6,528)	149,415	77,415	3,350	-	80,765	68,650
Golf	3,025	11,211	5	-	-	14,241	8,861	435	-	9,296	4,945
Neighborhood Protection - Block Watch	7,803	612	-	2,657	(7)	11,066	375	-	-	375	10,691
Neighborhood Protection - Fire	5,211	88	-	13,286	(34)	18,551	13,425	-	-	13,425	5,126
Neighborhood Protection - Police	14,907	271	21	37,203	(820)	51,582	41,972	-	-	41,972	9,611
Parks and Preserves	99,459	4,593	(1)	53,304	(134)	157,220	6,342	33,894	-	40,236	116,985
Public Safety Enhancement - Fire	9,080	-	-	13,263	-	22,342	10,150	-	-	10,150	12,192
Public Safety Enhancement - Police	12,068	-	2	18,660	(535)	30,195	16,463	-	-	16,463	13,732
Public Safety Expansion - Fire	15,131	365	-	21,258	(281)	36,474	15,999	-	-	15,999	20,475
Public Safety Expansion - Police	28,390	131	8	95,097	(1,627)	121,999	96,139	-	-	96,139	25,860
Regional Transit	(12,338)	41,169	100	7,595	-	36,526	39,221	2,197	-	41,418	(4,892) ^{3/}
Regional Wireless Cooperative	2,501	5,656	7	-	-	8,164	5,770	-	-	5,770	2,394
Secondary Property Tax	100	131,258	-	75,903	(1,316)	205,945	-	-	205,845	205,845	100
Sports Facilities	68,708	5,267	192	33,026	(15,629)	91,564	2,744	2,020	-	4,764	86,799
Transportation 2050	328,239	42,217	1,530	362,473	(16,348)	718,112	198,492	85,732	-	284,225	433,887
Other Restricted	139,116	32,816	452	108,482	(2,253)	278,613	66,908	3,984	-	70,893	207,720
Grants	46,750	459,609	6,370	3,249	(2,966)	513,012	388,938	76,259	-	465,197	47,815
Total Special Revenue Funds	947,598	3,004,642	11,824	968,490	(2,098,546)	2,834,009	1,077,691	289,482	278,074	1,645,247	1,188,762
Enterprise Funds											
Aviation	509,729	573,801	2,788	24,211	(16,769)	1,093,760	301,707	38,830	98,917	439,454	654,306
Convention Center	75,795	30,796	669	142,574	(53,855)	195,979	48,504	1,061	17,464	67,029	128,949
Solid Waste	39,713	203,589	1,327	-	(14,031)	230,599	159,400	14,819	15,174	189,393	41,206
Wastewater	213,040	269,241	9,794	104,546	(108,639)	487,983	124,223	44,373	76,756	245,352	242,631
Water	167,395	498,457	6,050	191,219	(210,876)	652,245	263,809	115,781	147,890	527,480	124,765
Total Enterprise Funds	1,005,673	1,575,885	20,629	462,550	(404,170)	2,660,566	897,643	214,865	356,201	1,468,709	1,191,857
Total Operating Funds	2,177,717	5,023,051	36,712	2,845,138	(2,741,304)	7,341,313	3,567,556	535,931	634,275	4,737,762	2,603,551

^{1/} General fund sales tax revenue is reflected as a transfer-in from the excise tax fund. Total transfer equates to \$1,250.4 million, and is included in the General Funds revenue total of \$1,692.9 million shown on Schedule 2.

^{2/} The negative balance in Court Awards is due to the timing of reimbursements for approved Court Awards-eligible expenditures.

^{3/} 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
ESTIMATE
(In Thousands of Dollars)

	Resources					Expenditures				Ending Fund Balance	
	Beginning Fund Balance	Revenue ^{1/}	Recovery and Proceeds	Interfund Transfers-In	Interfund Transfers-Out	Total	Operating	Capital	Debt Service		Total
General Funds											
General Fund	222,931	410,991	4,124	1,471,173	(162,358)	1,946,862	1,639,245	31,028	-	1,670,272	276,590
Library	-	46,637	-	7,997	(4,082)	50,552	49,600	952	-	50,552	-
Parks	-	19,869	-	110,047	-	129,917	127,917	2,000	-	129,917	-
Cable Television	-	7,175	-	-	(2,437)	4,738	4,738	-	-	4,738	-
Total General Funds	222,931	484,672	4,124	1,589,217	(168,876)	2,132,068	1,821,499	33,979	-	1,855,479	276,590
Special Revenue Funds											
Excise Tax	-	2,201,187	-	-	(2,201,187)	-	-	-	-	-	-
Arizona Highway User Revenue	76,491	162,201	2,089	7,074	(4,475)	243,379	87,862	76,082	-	163,944	79,435
Capital Construction	27,988	1,155	350	7,458	-	36,950	140	10,302	-	10,442	26,508
City Improvement	-	-	-	81,494	(1,022)	80,472	-	-	80,472	80,472	-
Community Reinvestment	22,296	6,726	109	-	(2,064)	27,068	3,291	3,195	-	6,486	20,581
Court Awards	(104)	4,337	100	-	-	4,333	4,331	-	-	4,331	1
Development Services	68,650	80,578	278	-	(6,528)	142,978	87,450	28,107	-	115,557	27,422
Golf	4,945	12,146	33	-	-	17,124	9,977	1,440	-	11,417	5,707
Neighborhood Protection - Block Watch	10,691	584	-	2,776	(9)	14,041	4,068	-	-	4,068	9,972
Neighborhood Protection - Fire	5,126	154	-	13,877	(47)	19,110	12,993	-	-	12,993	6,117
Neighborhood Protection - Police	9,611	304	5	38,852	(880)	47,892	42,226	-	-	42,226	5,666
Parks and Preserves	116,985	3,502	331	55,510	(188)	176,139	7,799	71,202	-	79,000	97,139
Public Safety Enhancement - Fire	12,192	-	1	12,098	-	24,292	12,539	-	-	12,539	11,753
Public Safety Enhancement - Police	13,732	-	-	19,739	(514)	32,957	18,472	-	-	18,472	14,485
Public Safety Expansion - Fire	20,475	709	-	22,202	(312)	43,074	19,369	-	-	19,369	23,705
Public Safety Expansion - Police	25,860	582	8	88,803	(1,775)	113,478	91,368	-	-	91,368	22,110
Regional Transit	(4,892)	77,263	3	-	-	72,374	65,707	6,075	-	71,782	593
Regional Wireless Cooperative	2,394	7,675	6	-	-	10,075	7,538	-	-	7,538	2,537
Secondary Property Tax	100	135,600	-	-	(707)	134,994	-	-	134,894	134,894	100
Sports Facilities	86,799	6,809	-	31,850	(15,780)	109,678	2,773	2,109	-	4,882	104,796
Transportation 2050	433,887	49,035	1,450	378,871	(12,581)	850,662	239,506	89,316	-	328,821	521,841
Other Restricted	207,720	57,317	551	51,845	(11,788)	305,645	74,028	8,455	-	82,484	223,162
Grants	47,815	581,131	8,328	-	(721)	636,552	456,998	123,063	-	580,061	56,491
Total Special Revenue Funds	1,188,762	3,388,995	13,642	812,448	(2,260,579)	3,143,268	1,248,435	419,345	215,365	1,883,146	1,260,122
Enterprise Funds											
Aviation	654,306	583,342	7,274	17,378	(20,179)	1,242,123	338,327	97,342	96,730	532,400	709,723
Convention Center	128,949	35,322	560	92,001	(4,265)	252,567	61,762	7,775	17,480	87,017	165,550
Solid Waste	41,206	207,563	2,718	-	(14,460)	237,027	173,822	7,411	9,581	190,814	46,213
Wastewater	242,631	294,045	3,140	33,430	(22,165)	551,081	138,674	105,115	89,549	333,338	217,743
Water	124,765	619,359	4,929	23,939	(33,351)	739,640	309,488	140,953	154,771	605,212	134,428
Total Enterprise Funds	1,191,857	1,739,631	18,622	166,749	(94,421)	3,022,438	1,022,073	358,596	368,111	1,748,781	1,273,658
Total Operating Funds	2,603,551	5,613,298	36,388	2,568,414	(2,523,877)	8,297,774	4,092,007	811,921	583,476	5,487,405	2,810,370

^{1/} General fund sales tax revenue is reflected as a transfer-in from the excise tax fund. Total transfer equates to \$1,418.8 million, and is included in the General Funds revenue total of \$1,903.5 million shown on Schedule 2.

**2024-25 SCHEDULE 1
RESOURCES AND EXPENDITURES BY FUND
BUDGET
(In Thousands of Dollars)**

	Resources					Expenditures				Ending Fund Balance	
	Beginning Fund Balance	Revenue ^{1/}	Recovery and Proceeds	Interfund Transfers-In	Interfund Transfers-Out	Total	Operating	Capital	Debt Service		Total
General Funds											
General Fund	276,590	418,001	2,000	1,402,032	(162,151)	1,936,472	1,849,704	86,768	-	1,936,472	-
Library	-	45,697	-	10,961	(4,082)	52,576	51,120	1,456	-	52,576	-
Parks	-	20,228	-	117,410	-	137,638	134,037	3,600	-	137,638	-
Cable Television	-	6,580	-	-	(1,507)	5,073	5,073	-	-	5,073	-
Total General Funds	276,590	490,506	2,000	1,530,403	(167,740)	2,131,759	2,039,935	91,824	-	2,131,759	-
Special Revenue Funds											
Excise Tax	-	2,148,015	-	-	(2,148,015)	-	-	-	-	-	-
Arizona Highway User Revenue	79,435	165,421	901	-	(4,475)	241,282	90,387	130,609	-	220,996	20,286
Capital Construction	26,508	866	143	7,502	-	35,020	140	31,415	-	31,555	3,465
City Improvement	-	-	-	84,178	-	84,178	-	-	84,178	84,178	-
Community Reinvestment	20,581	11,092	6	-	(2,067)	29,612	2,317	6,479	-	8,796	20,816
Court Awards	1	5,011	19	-	-	5,031	5,008	-	-	5,008	23
Development Services	27,422	82,133	145	-	(6,528)	103,171	91,977	8,635	-	100,612	2,559
Golf	5,707	12,279	1	-	-	17,988	10,803	-	-	10,803	7,184
Neighborhood Protection - Block Watch	9,972	503	-	2,800	(12)	13,264	3,312	-	-	3,312	9,952
Neighborhood Protection - Fire	6,117	116	-	14,000	(60)	20,174	14,487	-	-	14,487	5,686
Neighborhood Protection - Police	5,666	228	-	46,702	(915)	51,681	42,162	-	-	42,162	9,519
Parks and Preserves	97,139	2,627	-	56,005	(239)	155,532	8,121	117,390	-	125,511	30,021
Public Safety Enhancement - Fire	11,753	-	-	12,590	-	24,343	13,536	-	-	13,536	10,807
Public Safety Enhancement - Police	14,485	-	-	20,541	(15,514)	19,512	18,709	-	-	18,709	803
Public Safety Expansion - Fire	23,705	532	-	22,402	(332)	46,306	23,969	-	-	23,969	22,337
Public Safety Expansion - Police	22,110	437	-	93,356	(1,855)	114,049	104,909	-	-	104,909	9,140
Regional Transit	593	85,226	3	-	-	85,822	67,282	14,810	-	82,091	3,730
Regional Wireless Cooperative	2,537	6,610	-	-	-	9,147	6,223	-	-	6,223	2,924
Secondary Property Tax	100	142,101	-	-	(2,256)	139,945	-	-	139,845	139,845	100
Sports Facilities	104,796	6,355	-	32,668	(16,582)	127,237	5,460	5,685	-	11,146	116,091
Transportation 2050	521,841	41,118	1,350	381,630	(11,923)	934,016	272,611	463,621	-	736,232	197,784
Other Restricted	223,162	70,914	45	51,948	(1,262)	344,807	90,667	44,764	-	135,431	209,376
Grants	56,491	871,591	209	-	(150)	928,142	653,064	241,329	-	894,393	33,748
Total Special Revenue Funds	1,260,122	3,653,176	2,822	826,323	(2,212,186)	3,530,257	1,525,145	1,064,738	224,023	2,813,906	716,351
Enterprise Funds											
Aviation	709,723	595,697	2,767	19,924	(15,510)	1,312,602	436,420	362,305	101,722	900,446	412,156
Convention Center	165,550	35,574	324	95,516	(4,566)	292,398	80,274	11,071	23,690	115,035	177,364
Solid Waste	46,213	208,591	325	-	(14,088)	241,041	189,749	34,836	10,148	234,734	6,308
Wastewater	217,743	310,694	1,475	16,000	(20,800)	525,111	161,626	106,600	63,330	331,556	193,555
Water	134,428	715,025	2,411	5,000	(33,732)	823,132	355,326	214,871	146,213	716,410	106,721
Total Enterprise Funds	1,273,658	1,865,581	7,302	136,440	(88,697)	3,194,284	1,223,395	729,683	345,103	2,298,181	896,103
Total Operating Funds	2,810,370	6,009,263	12,124	2,493,166	(2,468,622)	8,856,300	4,788,475	1,886,245	569,125	7,243,845	1,612,454

^{1/} General fund sales tax revenue is reflected as a transfer-in from the excise tax fund. Total transfer equates to \$1,353.1 million, and is included in the General Funds revenue total of \$1,843.6 million shown on Schedule 2.

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

Revenue Source	2022-23 Actual	2023-24 Estimate	Increase/(Decrease) From 2022-23 Actual		2024-25 Budget	Increase/(Decrease) From 2023-24 Estimate	
			Amount	Percent		Amount	Percent
GENERAL FUND							
Local Taxes and Related Fees	697,365	730,418	33,053	4.7%	737,081	6,663	0.9%
State-Shared Revenues							
Sales Tax	241,813	249,557	7,744	3.2%	259,787	10,230	4.1%
State Income Tax	308,183	435,754	127,571	41.4%	353,170	(82,584)	-19.0%
Vehicle License Tax	80,593	82,227	1,634	2.0%	86,148	3,921	4.8%
Subtotal	630,589	767,538	136,949	21.7%	699,105	(68,433)	-8.9%
Primary Property Tax	201,050	207,980	6,930	3.4%	215,419	7,439	3.6%
User Fees/Other Revenue							
Licenses & Permits	3,019	3,064	45	1.5%	3,064	-	0.0%
Cable Communications	7,979	7,175	(804)	-10.1%	6,580	(595)	-8.3%
Fines and Forfeitures	7,954	8,271	317	4.0%	8,271	0	0.0%
Court Default Fee	885	846	(39)	-4.4%	846	-	0.0%
Fire	73,274	91,445	18,171	24.8%	94,662	3,217	3.5%
Hazardous Materials Inspection Fee	1,584	1,450	(134)	-8.5%	1,500	50	3.4%
Library Fees	454	497	43	9.5%	462	(35)	-7.0%
Parks and Recreation	6,259	6,922	663	10.6%	6,614	(308)	-4.4%
Planning	1,690	1,852	162	9.6%	2,142	290	15.7%
Police	13,843	14,998	1,155	8.3%	15,105	107	0.7%
Street Transportation	5,375	8,178	2,803	52.1%	8,028	(150)	-1.8%
Other Service Charges	37,848	47,686	9,838	26.0%	40,468	(7,218)	-15.1%
Other	3,735	5,144	1,410	37.7%	4,261	(883)	-17.2%
Subtotal	163,899	197,528	33,629	20.5%	192,003	(5,525)	-2.8%
Total General Funds	1,692,903	1,903,464	210,561	12.4%	1,843,608	(59,856)	-3.1%

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

Revenue Source	2022-23 Actual	2023-24 Estimate	Increase/(Decrease) From 2022-23 Actual		2024-25 Budget	Increase/(Decrease) From 2023-24 Estimate	
			Amount	Percent		Amount	Percent
SPECIAL REVENUE FUNDS							
Neighborhood Protection	54,116	56,510	2,394	4.4%	56,849	339	0.6%
2007 Public Safety Expansion	106,790	112,223	5,433	5.1%	112,977	754	0.7%
Public Safety Enhancement	30,097	31,837	1,740	5.8%	33,131	1,294	4.1%
Parks and Preserves	57,741	58,967	1,226	2.1%	58,632	(335)	-0.6%
Transportation 2050	404,689	427,680	22,991	5.7%	422,748	(4,932)	-1.2%
Court Awards	4,655	4,337	(318)	-6.8%	5,011	674	15.5%
Development Services	90,813	80,578	(10,235)	-11.3%	82,133	1,555	1.9%
Capital Construction	6,935	8,613	1,677	24.2%	8,368	(245)	-2.8%
Sports Facilities	37,267	37,636	369	1.0%	39,023	1,387	3.7%
Arizona Highway User Revenue	156,041	162,201	6,160	3.9%	165,421	3,220	2.0%
Regional Transit Revenues	41,168	77,263	36,095	87.7%	85,226	7,963	10.3%
Community Reinvestment	9,644	6,726	(2,918)	-30.3%	11,092	4,366	64.9%
City Improvement	8	-	(8)	-100.0%	-	-	NA
Secondary Property Tax	131,258	135,600	4,342	3.3%	142,101	6,501	4.8%
Regional Wireless Cooperative	5,656	7,675	2,019	35.7%	6,610	(1,065)	-13.9%
Golf Courses	11,212	12,146	934	8.3%	12,279	133	1.1%
Impact Fee Program Administration	540	759	219	40.6%	684	(75)	-9.9%
Other Restricted Revenues	53,504	76,381	22,877	42.8%	90,681	14,300	18.7%
<u>Grants</u>							
Public Housing Grants	125,829	211,265	85,436	67.9%	242,290	31,025	14.7%
Human Services Grants	104,750	82,893	(21,858)	-20.9%	79,071	(3,821)	-4.6%
Community Development	32,581	32,429	(152)	-0.5%	42,000	9,571	29.5%
Criminal Justice	28,609	12,383	(16,227)	-56.7%	12,547	165	1.3%
Public Transit Grants	41,920	68,461	26,541	63.3%	121,894	53,434	78.0%
Other Grants	125,920	173,701	47,780	37.9%	373,790	200,089	+100.0%
Subtotal - Grants	459,610	581,131	121,521	26.4%	871,593	290,461	50.0%
Subtotal Special Revenue Funds	1,661,747	1,878,263	216,516	13.0%	2,204,558	326,296	17.4%
ENTERPRISE FUNDS							
Aviation	573,802	583,342	9,540	1.7%	595,697	12,355	2.1%
Water System	498,457	619,359	120,902	24.3%	715,025	95,666	15.4%
Wastewater System	269,242	294,045	24,803	9.2%	310,694	16,649	5.7%
Solid Waste	203,588	207,563	3,975	2.0%	208,591	1,028	0.5%
Convention Center	123,311	127,262	3,950	3.2%	131,090	3,828	3.0%
Subtotal Enterprise Funds	1,668,401	1,831,571	163,171	9.8%	1,961,097	129,525	7.1%
GRAND TOTAL	5,023,051	5,613,298	590,248	11.8%	6,009,263	395,965	7.1%

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

	2022-23	2023-24		2024-25	Percent Change from 2023-24	
	Actuals	Budget	Estimate	Budget	Budget	Estimate
General Government						
Mayor's Office	2,425	2,700	2,700	2,744	1.6%	1.6%
City Council	5,589	6,854	6,854	7,029	2.5%	2.5%
City Manager's Office	8,275	20,128	13,209	18,853	-6.3%	42.7%
City Auditor	3,358	3,682	3,594	3,892	5.7%	8.3%
Information Technology Services	77,315	92,904	91,401	105,485	13.5%	15.4%
Equal Opportunity	2,989	4,067	4,009	4,322	6.3%	7.8%
City Clerk	5,616	9,744	9,134	9,019	-7.4%	-1.3%
Human Resources	47,191	37,626	31,037	30,440	-19.1%	-1.9%
Retirement Systems	446	852	583	660	-22.5%	13.2%
Phoenix Employment Relations Board	112	129	125	133	3.2%	6.5%
Law	10,098	12,085	10,284	11,173	-7.6%	8.6%
Budget and Research	4,287	4,563	4,336	4,587	0.5%	5.8%
Regional Wireless Cooperative	5,770	6,881	7,538	6,223	-9.6%	-17.5%
Finance	24,661	33,213	32,848	39,166	17.9%	19.2%
Communications Office	3,843	4,803	4,754	5,081	5.8%	6.9%
Government Relations	1,342	1,581	1,663	1,761	11.4%	5.9%
Total General Government	203,315	241,813	224,069	250,567	3.6%	11.8%
Public Safety						
Police	867,851	978,646	938,266	981,055	0.2%	4.6%
Fire	483,721	565,019	556,820	561,651	-0.6%	0.9%
Total Public Safety	1,351,572	1,543,666	1,495,086	1,542,706	-0.1%	3.2%
Criminal Justice						
City Prosecutor	20,452	23,747	24,225	25,178	6.0%	3.9%
Municipal Court	38,766	41,673	40,420	41,010	-1.6%	1.5%
Public Defender	5,585	6,295	6,531	6,902	9.6%	5.7%
Total Criminal Justice	64,803	71,715	71,175	73,089	1.9%	2.7%
Transportation						
Street Transportation	109,445	124,336	118,519	121,044	-2.6%	2.1%
Aviation	305,025	338,174	337,737	410,809	21.5%	21.6%
Public Transit	269,290	334,840	340,369	350,032	4.5%	2.8%
Total Transportation	683,760	797,350	796,624	881,886	10.6%	10.7%

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

	2022-23	2023-24		2024-25	Percent Change from 2023-24	
	Actuals	Budget	Estimate	Budget	Budget	Estimate
Community Development						
Planning and Development	82,730	96,602	95,961	101,520	5.1%	5.8%
Housing	126,259	198,920	195,598	259,604	30.5%	32.7%
Community and Economic Development	17,897	21,815	27,920	20,578	-5.7%	-26.3%
Neighborhood Services	37,991	91,079	50,099	73,092	-19.7%	45.9%
Total Community Development	264,878	408,416	369,578	454,794	11.4%	23.1%
Community Enrichment						
Office of Arts and Culture	5,885	6,618	7,174	10,043	51.7%	40.0%
Parks and Recreation	129,368	150,286	150,254	156,535	4.2%	4.2%
Library	47,496	52,313	51,871	52,776	0.9%	1.7%
Phoenix Convention Center	57,173	65,382	65,437	81,480	24.6%	24.5%
Human Services	179,156	172,854	198,239	168,029	-2.8%	-15.2%
Total Community Enrichment	419,078	447,454	472,975	468,863	4.8%	-0.9%
Environmental Services						
Office of Sustainability	732	1,100	989	890	-19.1%	-9.9%
Environmental Programs	4,893	5,070	6,166	154,940	+100.0%	+100.0%
Public Works	27,581	36,678	31,244	36,054	-1.7%	15.4%
Solid Waste Disposal	159,184	173,599	173,593	188,516	8.6%	8.6%
Water Services	387,759	469,997	447,508	484,794	3.1%	8.3%
Total Environmental Services	580,150	686,445	659,500	865,195	26.0%	31.2%
Non-Departmental Operating						
Contingencies	-	176,747	-	236,375	33.7%	100.0%
Other Non-Departmental ^{2/}	-	48,000	3,000	15,000	-68.8%	+100.0%
Total Non-Departmental Operating	-	224,747	3,000	251,375	11.8%	+100.0%
Total	3,567,556	4,421,605	4,092,007	4,788,475	8.3%	17.0%

^{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, additional pension contribution, and additional appropriation for American Rescue Plan Act (ARPA) funds.

SCHEDULE 4
2024-25 OPERATING EXPENDITURES BY DEPARTMENT^{1/}
BY SOURCE OF FUNDS
(In Thousands of Dollars)

	Total	General Funds	Special Revenue Funds	Enterprise Funds
General Government				
Mayor's Office	2,744	2,744	-	-
City Council	7,029	7,029	-	-
City Manager's Office	18,853	11,993	6,565	296
City Auditor	3,892	3,892	-	-
Information Technology Services	105,485	104,600	-	884
Equal Opportunity	4,322	3,687	635	-
City Clerk	9,019	9,019	-	-
Human Resources	30,440	30,440	-	-
Retirement Systems	660	60	600	-
Phoenix Employment Relations Board	133	133	-	-
Law	11,173	10,936	237	-
Budget and Research	4,587	4,587	-	-
Regional Wireless Cooperative	6,223	-	6,223	-
Finance	39,166	34,834	2,664	1,668
Communications Office	5,081	5,058	23	-
Government Relations	1,761	1,761	-	-
Total General Government	250,567	230,773	16,947	2,847
Public Safety				
Police	981,055	768,115	212,940	-
Fire	561,651	479,934	81,717	-
Total Public Safety	1,542,706	1,248,049	294,657	-
Criminal Justice				
City Prosecutor	25,178	23,486	1,692	-
Municipal Court	41,010	40,479	530	-
Public Defender	6,902	6,902	-	-
Total Criminal Justice	73,089	70,868	2,222	-
Transportation				
Street Transportation	121,044	25,252	95,792	-
Aviation	410,809	-	-	410,809
Public Transit	350,032	-	350,032	-
Total Transportation	881,886	25,252	445,825	410,809

SCHEDULE 4 (Continued)
2024-25 OPERATING EXPENDITURES BY DEPARTMENT^{1/}
BY SOURCE OF FUNDS
(In Thousands of Dollars)

	Total	General Funds	Special Revenue Funds	Enterprise Funds
Community Development				
Planning and Development	101,520	7,112	94,408	-
Housing	259,604	2,058	257,546	-
Community and Economic Development	20,578	10,079	9,753	746
Neighborhood Services	73,092	21,863	51,228	-
Total Community Development	454,794	41,112	412,935	746
Community Enrichment				
Office of Arts and Culture	10,043	8,889	1,154	-
Parks and Recreation	156,535	134,037	22,497	-
Library	52,776	51,120	1,656	-
Phoenix Convention Center	81,480	4,165	683	76,632
Human Services	168,029	38,743	128,507	780
Total Community Enrichment	468,863	236,955	154,497	77,412
Environmental Services				
Office of Sustainability	890	710	180	-
Environmental Programs	154,940	1,928	152,275	737
Public Works	36,054	35,413	641	-
Solid Waste Disposal	188,516	-	-	188,516
Water Services	484,794	-	3,467	481,328
Total Environmental Services	865,195	38,051	156,563	670,581
Non-Departmental Operating				
Contingencies	236,375	168,875	6,500	61,000
Other Non-Departmental ^{2/}	15,000	(20,000)	35,000	-
Total Non-Departmental Operating	251,375	148,875	41,500	61,000
Total	4,788,475	2,039,935	1,525,145	1,223,395

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

^{2/} Other Non-Departmental consists of unassigned vacancy savings and additional appropriation for American Rescue Plan Act (ARPA) funds.

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

	2022-23 Actual	2023-24 Estimate	2024-25 Budget
Operating Funds			
City Improvement			
Economic Development	5,528	5,851	2,700
Finance and General Government	11,082	11,789	30,004
Fire	1,286	2,033	1,586
Housing	73	571	-
Human Resources	581	642	182
Human Services	94	124	73
Information Technology	10,965	12,567	4,946
Municipal Court	5,071	6,313	6,449
Parks and Recreation	454	636	395
Police	1,564	2,033	1,231
Public Works	12,140	10,913	9,911
Sports Facilities	13,128	12,760	13,560
Street Transportation	10,264	14,240	13,142
Sub-Total City Improvement	72,229	80,472	84,178
Secondary Property Tax			
Cultural Facilities	52,304	12,670	4,536
Education & Economic Development	19,186	23,256	29,241
Environmental Improvement	547	541	534
Fire Protection	8,738	14,830	7,374
Freeway Mitigation	819	626	668
Historic Preservation	2,130	1,765	1,444
Human Services & Senior Centers	332	559	709
Information Systems	71	123	158
Issuance Costs	404	900	900
Library	10,448	6,768	6,021
Maintenance Service Centers	245	377	473
Neighborhood Services	763	1,264	1,594
Other Debt Service	1,368	2	12,502
Parks & Mountain Preserves	28,197	16,644	24,114
Police	16,571	12,574	12,941
Police, Fire & Technology	10,213	12,769	16,239
Storm Sewers	37,884	17,779	8,876
Street Improvements	15,623	11,445	11,522
Sub-Total Secondary Property Tax	205,845	134,894	139,845
Aviation	98,917	96,730	101,722
Convention Center	17,464	17,480	23,690
Solid Waste	15,174	9,581	10,148
Wastewater	76,756	89,549	63,330
Water	147,890	154,771	146,213
Total Operating Funds	634,275	583,476	569,125

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

	2022-23 Actual	2023-24 Estimate	2024-25 Budget
Bond Funds			
Aviation	452	174	650
Wastewater	-	900	-
Water	-	-	900
Other	654	380	1,420
Total Bond Funds	1,106	1,454	2,970
Other Capital Funds			
Customer Facility Charges	20,559	20,558	20,562
Federal, State and Other Participation	24,999	25,499	25,999
Passenger Facility Charges	56,761	56,761	56,764
Total Other Capital Funds	102,320	102,818	103,325
Total Debt Service	737,700	687,748	675,420
<u>Type of Expenditure</u>			
Principal	422,232	366,701	337,608
Interest and Other	315,469	321,049	337,812
Total Debt Service Expenditures	737,700	687,748	675,420

SCHEDULE 6
SUMMARY OF 2024-25 CAPITAL IMPROVEMENT PROGRAM
FINANCED BY OPERATING FUNDS
(In Thousands of Dollars)

	2022-23 Actuals	2023-24 Estimate	2024-25 Budget
<u>Use of Funds</u>			
Arts and Cultural Facilities	-	49	-
Aviation	38,825	96,587	359,150
Economic Development	25,095	10,716	12,130
Environmental Programs	217	275	250
Facilities Management	20,938	21,324	42,757
Fire Protection	1,951	1,797	5,689
Historic Preservation & Planning	3,166	27,500	6,500
Housing	19,304	67,082	128,157
Human Services	14,654	17,480	14,482
Information Technology	8,752	10,925	33,123
Libraries	1,521	1,579	5,396
Municipal Court	-	-	9,000
Neighborhood Services	3,613	956	6,904
Non-Departmental Capital	-	-	9,850
Parks, Recreation & Mountain Preserves	36,781	77,299	120,576
Phoenix Convention Center	4,126	7,633	13,110
Public Art Program	517	1,955	5,026
Public Transit	48,162	92,162	488,961
Solid Waste Disposal	14,258	5,570	31,017
Street Transportation & Drainage	133,911	125,851	278,910
Wastewater	43,765	101,408	102,284
Water	116,375	143,773	212,974
Total Operating Funds	535,931	811,921	1,886,245
<u>Source of Funds</u>			
General Funds			
General Fund	31,343	31,028	86,768
Library	205	952	1,456
Parks	36	2,000	3,600
Total General Funds	31,584	33,979	91,824
Special Revenue Funds			
Arizona Highway User Revenue	73,801	76,082	130,609
Capital Construction	4,557	10,302	31,415
Community Reinvestment	3,254	3,195	6,479
Development Services	3,350	28,107	8,635
Golf	435	1,440	-
Grants	76,259	123,063	241,329
Other Restricted	3,984	8,455	44,764
Parks and Preserves	33,894	71,202	117,390
Regional Transit	2,197	6,075	14,810
Sports Facilities	2,020	2,109	5,685
Transportation 2050	85,732	89,316	463,621
Total Special Revenue Funds	289,482	419,345	1,064,738
Enterprise Funds			
Aviation	38,830	97,342	362,305
Convention Center	1,061	7,775	11,071
Solid Waste	14,819	7,411	34,836
Wastewater	44,373	105,115	106,600
Water	115,781	140,953	214,871
Total Enterprise Funds	214,865	358,596	729,683
Total Operating Funds	535,931	811,921	1,886,245

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

	2022-23 Actuals	2023-24 Estimate	2024-25	
			Budget	Increase/ (Decrease)
Transfers to the General Fund				
<u>Enterprise Funds</u>				
Aviation				
Central Service Cost Allocation	13,634	15,052	15,052	-
Convention Center				
Central Service Cost Allocation	3,144	3,524	3,524	-
Solid Waste				
Central Service Cost Allocation	10,778	11,166	11,166	-
In-Lieu Property Taxes	1,153	1,205	1,241	36
Total	11,931	12,371	12,407	36
Wastewater Funds				
Central Service Cost Allocation	8,539	9,643	9,643	-
In-Lieu Property Taxes	10,268	10,365	11,016	651
Total	18,807	20,008	20,659	651
Water Funds				
Central Service Cost Allocation	12,808	14,464	14,464	-
In-Lieu Property Taxes	17,185	17,638	19,066	1,428
Total	29,993	32,102	33,530	1,428
Total From Enterprise Funds	77,509	83,057	85,172	2,115
<u>Special Revenue Funds</u>				
Excise				
Transfer to General Fund	1,250,380	1,418,793	1,353,102	(65,691)
Development Services				
Central Service Cost Allocation	6,528	6,528	6,528	-
Sports Facilities				
Central Service Cost Allocation	63	89	89	-
ASU Facilities Operations Fund	871	705	740	35
Downtown Community Reinvestment Fund	2,066	2,064	2,067	3
Housing Central Office Central Service Costs	382	522	522	-
Library Reserve Fund	3,675	-	-	-
Neighborhood Protection Central Service Costs	726	748	748	-
Parks Gifts and Donations	1,000	-	-	-
Public Housing In-Lieu Property Taxes	145	150	150	-
Public Safety Enhancement Central Service Costs	535	514	514	-
Public Safety Expansion Central Service Costs	1,639	1,709	1,709	-
T2050 Central Service Costs	1,228	1,551	1,551	-
Total From Special Revenue Funds	1,269,238	1,433,373	1,367,720	(65,653)
Total Transfers to the General Fund	1,346,747	1,516,430	1,452,892	(63,538)

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

	2022-23 Actuals	2023-24 Estimate	2024-25	
			Budget	Increase/ (Decrease)
Transfers from the General Fund				
Aerial Fleet Capital Reserve Fund	(7,000)	(7,000)	-	7,000
Arizona Highway User Revenue	(3,000)	-	-	-
Aviation-Emergency Transportation Services	(209)	(220)	(250)	(30)
Capital Reserve Fund	(5,000)	-	-	-
City Improvement - Library	(118)	(129)	(129)	-
Library Reserve Fund	-	(608)	-	608
City Improvement	(44,203)	(47,515)	(53,062)	(5,547)
Community Facilities Districts-Restricted Fund	(64)	(244)	(824)	(580)
Fire Public Safety Enhancement	(1,826)	-	-	-
Fire Sinking Fund	(8,000)	(2,200)	-	2,200
Housing Central Office Cost Center	(2,500)	(2,500)	(2,500)	-
Infrastructure Repayment Agreements	(972)	(3,883)	(9,705)	(5,822)
Police-2007 Public Safety Expansion	(10,061)	-	-	-
Public Safety Other Restricted Fund	(17,000)	(18,000)	(18,000)	-
Public Safety Pension Reserve Fund	(1,000)	(1,000)	(1,000)	-
Restructured Savings Debt Service Reserve	(61,750)	-	-	-
Retiree Rate Stabilization Fund	(1,026)	(1,022)	-	1,022
Strategic Economic Development Fund	(1,500)	(1,500)	(1,500)	-
Marijuana Sales Tax to PSPRS	-	(3,109)	(3,258)	(149)
Street Capital Project	(6,009)	(7,158)	-	7,158
Total Transfers from the General Fund	(171,238)	(96,088)	(90,228)	5,860
Net Transfers to the General Fund	1,175,509	1,420,342	1,362,664	(57,678)

SCHEDULE 8
POSITIONS BY DEPARTMENT
Number of Full Time Equivalent Positions

	2022-23 Actual	2023-24 Adopted	2023-24 Estimate	Estimate less Adopted	2024-25 Budget	Budget less Estimate
General Government						
Mayor's Office	15.0	15.0	15.0	0.0	15.0	0.0
City Council	46.5	45.5	41.0	(4.5)	41.0	0.0
City Manager's Office	66.0	65.0	62.5	(2.5)	61.0	(1.5)
City Auditor	25.4	25.4	25.4	0.0	25.4	0.0
Information Technology Services	225.0	225.0	224.0	(1.0)	216.0	(8.0)
Equal Opportunity	30.0	30.0	30.0	0.0	30.0	0.0
City Clerk	52.5	51.5	52.5	1.0	51.5	(1.0)
Human Resources	141.7	141.7	138.7	(3.0)	138.7	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	82.0	86.0	86.0	0.0	85.0	(1.0)
Budget and Research	24.0	24.0	24.0	0.0	24.0	0.0
Regional Wireless Cooperative	4.0	5.0	5.0	0.0	5.0	0.0
Finance	221.0	220.0	240.0	20.0	237.0	(3.0)
Communications Office	24.0	23.0	23.0	0.0	23.0	0.0
Government Relations	6.0	6.0	6.0	0.0	6.0	0.0
Total General Government	982.1	982.1	992.1	10.0	977.6	(14.5)
Public Safety						
Police	4,547.9	4,587.9	4,598.4	10.5	4,591.9	(6.5)
Fire	2,367.7	2,386.7	2,429.7	43.0	2,419.7	(10.0)
Total Public Safety	6,915.6	6,974.6	7,028.1	53.5	7,011.6	(16.5)
Criminal Justice						
City Prosecutor	165.0	164.0	166.0	2.0	166.0	0.0
Municipal Court	281.0	281.0	282.0	1.0	281.0	(1.0)
Public Defender	13.0	13.0	16.0	3.0	16.0	0.0
Total Criminal Justice	459.0	458.0	464.0	6.0	463.0	(1.0)
Transportation						
Street Transportation	753.0	752.0	759.0	7.0	772.0	13.0
Aviation	923.0	922.0	922.0	0.0	922.0	0.0
Public Transit	127.0	127.0	129.0	2.0	129.0	0.0
Total Transportation	1,803.0	1,801.0	1,810.0	9.0	1,823.0	13.0

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

	2022-23 Actual	2023-24 Adopted	2023-24 Estimate	Estimate less Adopted	2024-25 Budget	Budget less Estimate
Community Development						
Planning and Development	536.8	536.8	545.8	9.0	545.8	0.0
Housing	131.0	129.0	135.0	6.0	132.0	(3.0)
Community and Economic Development	63.0	61.0	70.0	9.0	69.0	(1.0)
Neighborhood Services	202.0	202.0	201.0	(1.0)	201.0	0.0
Total Community Development	932.8	928.8	951.8	23.0	947.8	(4.0)
Community Enrichment						
Office of Arts and Culture	11.0	12.0	16.1	4.1	28.7	12.6
Parks and Recreation	1,063.6	1,082.6	1,084.6	2.0	1,069.4	(15.2)
Library	412.4	411.5	411.4	(0.1)	402.7	(8.7)
Phoenix Convention Center	220.0	220.0	221.0	1.0	221.0	0.0
Human Services	461.0	430.0	440.5	10.5	401.0	(39.5)
Total Community Enrichment	2,168.0	2,156.1	2,173.6	17.5	2,122.8	(50.8)
Environmental Services						
Office of Sustainability	6.0	6.0	6.0	0.0	5.0	(1.0)
Environmental Programs	16.0	15.0	16.0	1.0	14.0	(2.0)
Public Works	462.0	462.0	466.0	4.0	479.0	13.0
Solid Waste Disposal	639.5	627.5	628.5	1.0	628.5	0.0
Water Services	1,544.8	1,535.8	1,546.8	11.0	1,539.3	(7.5)
Total Environmental Services	2,668.3	2,646.3	2,663.3	17.0	2,665.8	2.5
Total	15,928.8	15,946.9	16,082.9	136.0	16,011.6	(71.3)

2022-23 SCHEDULE 9
OPERATING AND CAPITAL RESOURCES AND EXPENDITURES BY FUND CATEGORY
ACTUAL
(In Thousands of Dollars)

	Operating Funds			Capital Funds		All Budgeted Funds
	General ^{1/}	Special Revenue	Enterprise	Bonds	Other Capital	
Beginning Fund Balance	224,446	947,598	1,005,673	400,106	259,927	2,837,750
Revenues						
City Taxes and Related Fees	-	1,445,508	-	-	-	1,445,508
Property Taxes	201,050	126,148	-	-	-	327,198
State Shared Revenues ^{2/}	80,593	714,938	-	-	-	795,531
Federal and State Grants ^{2/}	1,885	492,219	92,935	-	166,642	753,681
Licenses and Permits ^{2/}	12,622	7,628	-	-	-	20,250
Charges for Services	91,957	134,789	760,852	(10)	152,210	1,139,797
Sales of Goods and Assets	1,760	11,819	481,956	-	146	495,680
Rentals	6,930	18,256	28,585	384	-	54,155
Concessions	7,905	827	181,992	-	-	190,723
Fines and Forfeitures ^{2/}	7,927	42	-	-	-	7,969
Interest Revenues	19,982	22,931	41,033	17,340	50,491	151,777
SRP In-Lieu Taxes	2,126	-	-	-	-	2,126
Other Revenues	7,788	29,537	(11,468)	1	1,076	26,935
Total Revenues	442,524	3,004,642	1,575,885	17,715	370,565	5,411,331
Other Sources and Uses						
Net Interfund Transfers In (Out)	1,175,510	(1,130,056)	58,380	(3,095)	(32,082)	68,657
Bond Proceeds	-	-	-	138,909	-	138,909
Expense Recoveries	4,259	11,824	20,629	4,007	8,352	49,071
Total Other Sources and Uses	1,179,769	(1,118,232)	79,009	139,822	(23,730)	256,638
Total Sources	1,846,739	2,834,008	2,660,567	557,643	606,762	8,505,719
Expenditures						
General Government	172,231	28,749	2,335	-	-	203,315
Public Safety	1,082,562	269,010	-	-	-	1,351,572
Criminal Justice	61,075	3,728	-	-	-	64,803
Transportation	24,827	357,708	301,225	-	-	683,760
Community Development	32,420	231,823	635	-	-	264,878
Community Enrichment	190,780	180,174	48,124	-	-	419,078
Environmental Services	28,328	6,498	545,324	-	-	580,150
Operating Debt Service	-	278,074	356,201	-	-	634,275
Capital Improvement Program	31,584	289,482	214,865	325,380	203,403	1,064,714
Total Expenditures	1,623,807	1,645,247	1,468,709	325,380	203,403	5,266,545
Ending Fund Balance	222,931	1,188,762	1,191,857	232,263	403,359	3,239,172

^{1/} General fund sales tax revenue is reflected as a transfer-in from the excise tax fund. Total transfer equates to \$1,250.4 million, and is included in the General Funds revenue total of \$1,692.9 million shown on Schedule 2.

^{2/} The amounts reported here do not align with Schedule 2, as there are differences in how revenues have been grouped between the reports.

2023-24 SCHEDULE 9
OPERATING AND CAPITAL RESOURCES AND EXPENDITURES BY FUND CATEGORY
ESTIMATE
(In Thousands of Dollars)

	Operating Funds			Capital Funds		All Budgeted Funds
	General ^{1/}	Special Revenue	Enterprise	Bonds ^{4/}	Other Capital	
Beginning Fund Balance	222,931	1,188,762	1,191,857	232,263	403,359	3,239,172
Revenues						
City Taxes and Related Fees	-	1,503,847	-	-	-	1,503,847
Property Taxes	207,980	131,754	-	-	-	339,734
State Shared Revenues ^{2/}	82,227	853,157	-	-	-	935,384
Federal and State Grants ^{2/}	1,907	625,574	809	-	630,457	1,258,748
Licenses and Permits ^{2/}	13,911	8,767	-	-	-	22,679
Charges for Services	112,175	125,574	862,865	-	-	1,100,614
Sales of Goods and Assets	1,854	31,676	553,006	-	-	586,536
Rentals	6,753	18,951	30,327	-	-	56,032
Concessions	8,698	847	196,689	-	-	206,233
Fines and Forfeitures ^{2/}	8,250	45	-	-	-	8,295
Interest Revenues	28,838	39,426	56,494	-	-	124,758
SRP In-Lieu Taxes	2,248	-	-	-	-	2,248
Other Revenues	9,830	49,376	39,441	24,495	218,996	342,138
Total Revenues	484,672	3,388,995	1,739,631	24,495	849,452	6,487,246
Other Sources and Uses						
Net Interfund Transfers In (Out)	1,420,341	(1,448,131)	72,328	(7,775)	(44,248)	(7,486)
Bond Proceeds	-	-	-	261,602	-	261,602
Expense Recoveries	4,124	13,642	18,622	35,115	8,176	79,679
Total Other Sources and Uses	1,424,465	(1,434,489)	90,950	288,942	(36,072)	333,795
Total Sources	2,132,068	3,143,268	3,022,438	545,700	1,216,739	10,060,213
Expenditures						
General Government	207,967	13,474	2,628	-	-	224,069
Public Safety	1,220,562	274,524	-	-	-	1,495,086
Criminal Justice	67,283	3,893	-	-	-	71,175
Transportation	25,359	433,528	337,737	-	-	796,624
Community Development	38,935	329,912	730	-	-	369,578
Community Enrichment	225,367	185,693	61,915	-	-	472,975
Environmental Services	33,026	7,411	619,063	-	-	659,500
Operating Debt Service	-	215,365	368,111	-	-	583,476
Non-Departmental Operating ^{3/}	3,000	-	-	-	-	3,000
Capital Improvement Program	33,979	419,345	358,596	699,251	470,286	1,981,458
Total Expenditures	1,855,479	1,883,146	1,748,781	699,251	470,286	6,656,942
Ending Fund Balance	276,590	1,260,122	1,273,658	(153,551)	746,453	3,403,272

^{1/} General fund sales tax revenue is reflected as a transfer-in from the excise tax fund. Total transfer equates to \$1,418.8 million, and is included in the General Funds revenue total of \$1,903.5 million shown on Schedule 2.

^{2/} The amounts reported here do not align with Schedule 2, as there are differences in how revenues have been grouped between the reports.

^{3/} Non-Departmental Operating consists of unassigned vacancy savings and additional pension contribution.

^{4/} Bond fund negative balance is due to bonds authorized for sale but not yet sold. Bond sales are based on cash flow needs rather than budgetary fund balance

2024-25 SCHEDULE 9
OPERATING AND CAPITAL RESOURCES AND EXPENDITURES BY FUND CATEGORY
BUDGET
(In Thousands of Dollars)

	Operating Funds			Capital Funds		All Budgeted Funds
	General ^{1/}	Special Revenue	Enterprise	Bonds ^{4/}	Other Capital	
Beginning Fund Balance	276,590	1,260,122	1,273,658	(153,551)	746,453	3,403,272
Revenues						
City Taxes and Related Fees	-	1,522,551	-	-	-	1,522,551
Property Taxes	215,419	138,549	-	-	-	353,968
State Shared Revenues ^{2/}	86,148	785,969	-	-	-	872,117
Federal and State Grants ^{2/}	1,969	940,548	736	-	1,026,150	1,969,404
Licenses and Permits ^{2/}	12,562	8,869	-	-	-	21,431
Charges for Services	115,969	123,851	899,721	-	-	1,139,540
Sales of Goods and Assets	1,853	20,430	664,320	-	-	686,603
Rentals	5,947	19,456	30,814	-	-	56,216
Concessions	9,410	863	204,974	-	-	215,246
Fines and Forfeitures ^{2/}	8,256	45	-	-	-	8,301
Interest Revenues	21,628	29,479	46,703	-	-	97,810
SRP In-Lieu Taxes	2,248	-	-	-	-	2,248
Other Revenues	9,098	62,568	18,313	-	165,831	255,810
Total Revenues	490,506	3,653,176	1,865,581	-	1,191,981	7,201,244
Other Sources and Uses						
Net Interfund Transfers In (Out)	1,362,663	(1,385,863)	47,744	(14,000)	(25,424)	(14,881)
Bond Proceeds	-	-	-	630,000	-	630,000
Expense Recoveries	2,000	2,822	7,302	-	-	12,124
Total Other Sources and Uses	1,364,663	(1,383,041)	55,046	616,000	(25,424)	627,243
Total Sources	2,131,759	3,530,257	3,194,285	462,449	1,913,010	11,231,759
Expenditures						
General Government	230,773	16,947	2,847	-	-	250,567
Public Safety	1,248,049	294,657	-	-	-	1,542,706
Criminal Justice	70,868	2,222	-	-	-	73,089
Transportation	25,252	445,825	410,809	-	-	881,886
Community Development	41,112	412,935	746	-	-	454,794
Community Enrichment	236,955	154,497	77,412	-	-	468,863
Environmental Services	38,051	156,563	670,581	-	-	865,195
Operating Debt Service	-	224,023	345,103	-	-	569,125
Non-Departmental Operating ^{3/}	148,875	41,500	61,000	-	-	251,375
Capital Improvement Program	91,824	1,064,738	729,683	1,178,238	1,503,385	4,567,868
Total Expenditures	2,131,759	2,813,906	2,298,181	1,178,238	1,503,385	9,925,468
Ending Fund Balance	-	716,351	896,104	(715,789)	409,625	1,306,291

^{1/} General fund sales tax revenue is reflected as a transfer-in from the excise tax fund. Total transfer equates to \$1,353.1 million, and is included in the General Funds revenue total of \$1,843.6 million shown on Schedule 2.

^{2/} The amounts reported here do not align with Schedule 2, as there are differences in how revenues have been grouped between the reports.

^{3/} Non-Departmental Operating consists of contingencies, Coronavirus State and Local Fiscal Recovery Funds (SLFRF), and unassigned vacancy savings.

^{4/} Bond fund negative balance is due to bonds authorized for sale but not yet sold. Bond sales are based on cash flow needs rather than budgetary fund balance.



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.

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.

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.

A.R.S.

Arizona Revised Statutes.

ARPA

See American Rescue Plan Act.

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.

Bipartisan Infrastructure Law (BIL)

The Infrastructure Investment and Jobs Act (Public Law 117-58), also known as the Bipartisan Infrastructure Law, was signed into law on November 15, 2021. The act provided \$550 billion of new Federal infrastructure funding nationwide, in addition to regularly planned infrastructure spending.

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.

Coronavirus State and Local Fiscal Recovery Funds (SLFRF)

The Coronavirus State and Local Fiscal Recovery Funds (SLFRF) program authorized by the American Rescue Plan Act, delivers \$350 billion to state, territorial, local, and Tribal governments across the country to support their response to and recovery from the COVID-19 public health emergency.

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.

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.

Government Property Lease Excise Tax (GLPET)

The Government Property Lease Excise Tax has been established by the State of Arizona. It is a tax incentive agreement negotiated between a private party and a local government to stimulate development in commercial districts by temporarily replacing a building's property tax with an excise tax.

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.

Inflation Reduction Act of 2022 (IRA)

The Inflation Reduction Act (Public Law 117-169) was signed into law on August 16, 2022. Per the Congressional Budget Office, the act is projected to generate \$738 billion in savings through federal fiscal year 2031, and funds \$499 billion in spending on energy, climate, and health care.

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

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

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. Except for 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 (T2050)

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 T2050 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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