

PHOENIX

SUMMARY BUDGET

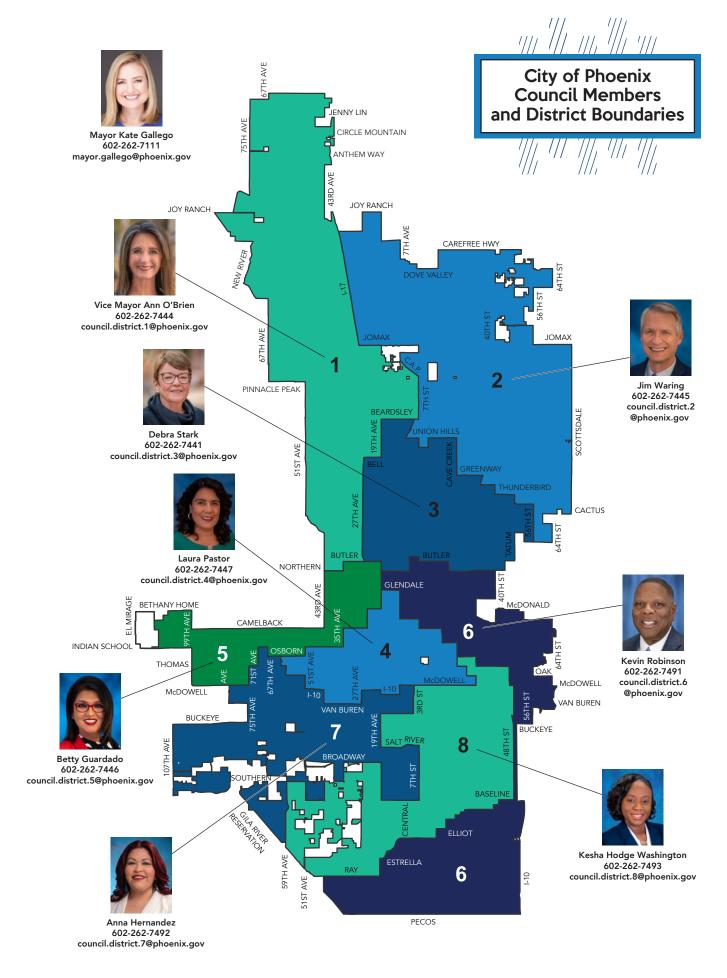
2025-2026







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CITY OF PHOENIX

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Ann O'Brien Vice Mayor District 1

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Debra Stark District 3

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Aaron Cook City Auditor

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Phoenix Convention Center Director

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Julie Kriegh City Attorney

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Erin MacFarlane Library Services Director

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Chad Makovsky Director of Aviation Services

Titus Mathew Housing Director

Frank McCune Government Relations Director

Felipe Moreno Public Works Director

Dennis Orender Acting Police Chief

Jason Perkiser Interim Human Resources Director

Jesús Sapien Public Transit Director

Spencer Self Neighborhood Services Director

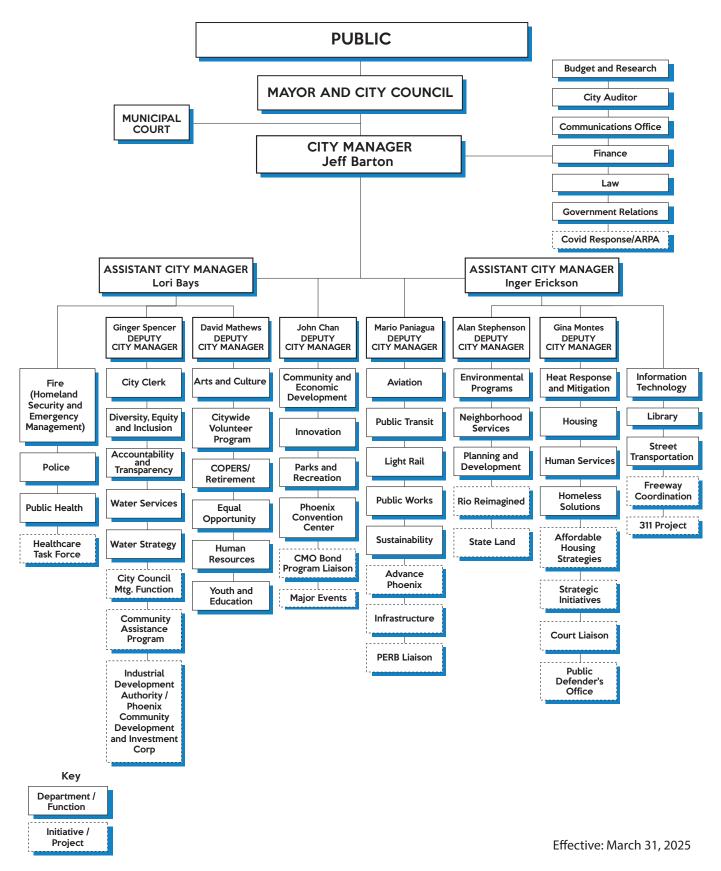
Amber Williamson Budget and Research Director

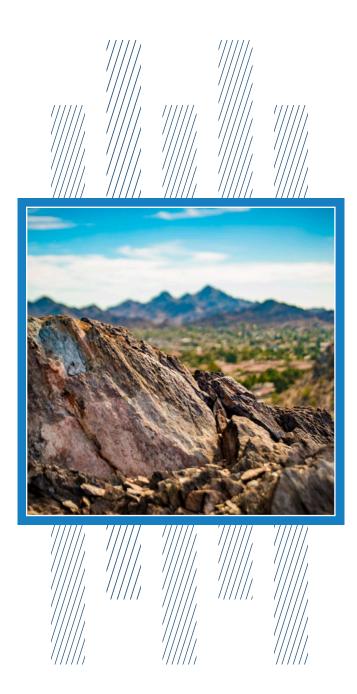
Dan Wilson Communications Office Director

Chief Presiding Judge

B. Don Taylor III

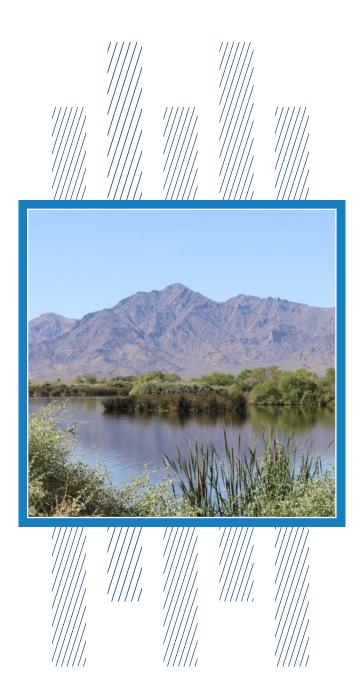
CITY OF PHOENIX ORGANIZATIONAL CHART





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BUDGET DOCUMENT OVERVIEW

This overview outlines the 2025-26 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 2025-26. 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 2025-30 Capital Improvement Program provides Phoenix's planned construction program by project and detailed sources of funds.

A more detailed description of the 2025-26 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 2024-25 and 2025-26 as well as actual results for recent and historical periods.

2025-26 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 2025-26 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.

2025-26 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.

2025-30 CAPITAL IMPROVEMENT PROGRAM

This section provides a description of the Capital Improvement Program process and an overview of the 2025-30 Capital Improvement Program.

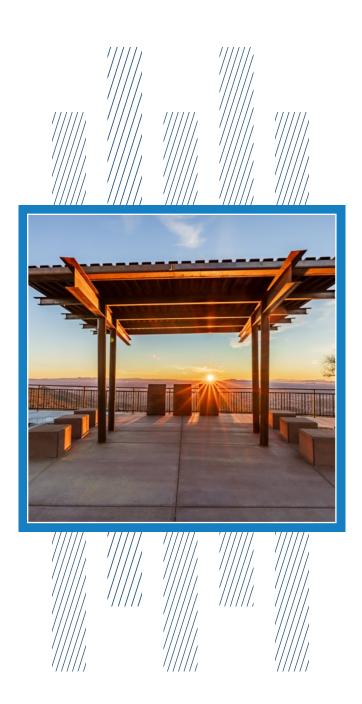
SCHEDULES

The schedule section provides 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, 2024

Christopher P. Morrill
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, 2024.

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

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



CITY MANAGER'S BUDGET MESSAGE



TO THE HONORABLE MAYOR AND CITY COUNCIL:

This letter transmits the balanced 2025-26 City of Phoenix Budget required by City Charter.

The 2025-26 City of Phoenix Budget is balanced and preserves existing programs and services for the community. The budget also includes additional resources for the Phoenix Fire Department to reduce emergency response times, funding for homelessness and resources to reopen the Cave Creek Water Reclamation Plant to expand capacity for wastewater treatment and water purification. Additionally, \$2 million in available one-time American Rescue Plan Act (ARPA) interest earnings will be allocated to the Housing Trust Fund with all available ARPA interest earnings dedicated to the trust to advance efforts toward affordable housing initiatives.

I want to thank Phoenix residents for engaging in this year's budget process and providing feedback on spending priorities and to the City Council for their demonstrated leadership and commitment to ensure the budget remains balanced. Phoenix continues to be an economic leader in the country due to diverse business and development opportunities, a strong job market, and population growth. Unfortunately, as presented at the February 25, 2025 Council meeting, the General Fund (GF) budget outlook reflected structural deficits over the next three fiscal years requiring difficult and strategic decisions to balance the budget. The preliminary GF Status for 2025-26 reflected a baseline deficit of \$(36) million and the forecast reflected projected shortfalls in 2026-27

of \$(83 million and in 2027-28 of \$(6 million primarily due to the State's actions to eliminate residential rental sales tax in 2023 via Senate Bill (SB) 1131 and to lower the individual income tax rate in 2021 to the flat tax of 2.5 percent (SB 1828). These actions by the State limit local control and will reduce ongoing City revenues going forward. The revised 2025-26 GF Status presented to City Council on March 18, 2025 in the Trial Budget reflected a revised projected deficit of \$(39) million after considering final revenue estimates.

The City is required to adopt a balanced budget and the City Council demonstrated strong leadership on March 18, 2025, to resolve the projected GF deficit by approving proposed budget balancing strategies including an increase to the Transaction Privilege Tax (TPT) and Use Tax rate from 2.3 percent to 2.8 percent effective July 1, 2025. The strategies to balance the budget were necessary to preserve existing GF programs and services, offset the revenue losses caused by state legislative action, and provide additional resources for critical priorities. The strategies result in a one-time projected 2025-26 GF surplus of \$17 million to be set-aside and available in the fund balance if necessary to balance the 2026-27 budget.

More information on the 2025-26 budget including details on the additions to the budget and the strategies used to balance is available at phoenix.gov/budget.

Community Engagement

Engaging residents in the annual budget process is a top priority for the City Council. To facilitate feedback, a total of twelve budget hearings were held across the city from April 1, 2025, to April 16, 2025. The proposed budget was also made available on the City's website and residents also communicated priorities via social media, 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
- Increase resources to address homelessness and affordable housing
- · Additional resources to address heat relief
- · Additional funding for the Fire Department
- Requests for legal counsel for residents facing eviction
- Support for the Gated Alley Program
- Support for arts and culture, parks and libraries

Public participation demonstrated a variety of opinions and priorities of residents. While expanding and adding programs and services could not be accommodated in the 2025-26 budget, resident feedback was shared with the City Council and is extremely important to set budget and policy discussions for the future.

Overview of 2025-26 Budget

The balanced 2025-26 GF budget is \$2,193.6 million. This is a \$61.8 million increase or 2.9 percent from the adopted 2024-25 GF budget of \$2,131.8 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 the cost to replace vehicles and to maintain facilities and equipment.

Projected 2025-26 GF resources are estimated at \$2,193.6 million and includes the estimated beginning balance of \$210.1 million, estimated revenue of \$1,936.9 million and net interfund transfers and recoveries of \$46.6 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. GF revenues of \$1,936.9 million represent annual growth of 6.5 percent over 2024-25 and includes the estimated revenue to be collected from the TPT and Use Tax rate increase to 2.8 percent effective July 1, 2025, approved by City Council on March 18, 2025. Revenue projections assume no further impact from the current legislative session and are based on the most recent data available to formulate projections.

Additional details on the 2025-26 GF budget are provided in the Resource and Expenditure section of this document.

Other Funds: Important and critical services to the community are also provided through non-GF 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 total 2025-26 City budget is \$7,860.9 million.

This budget reflects the City Council's dedication to the Phoenix community, includes critical additions to expand programs and services, and responsibly saves resources to balance the 2026-27 budget.

Jeff Barton

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.

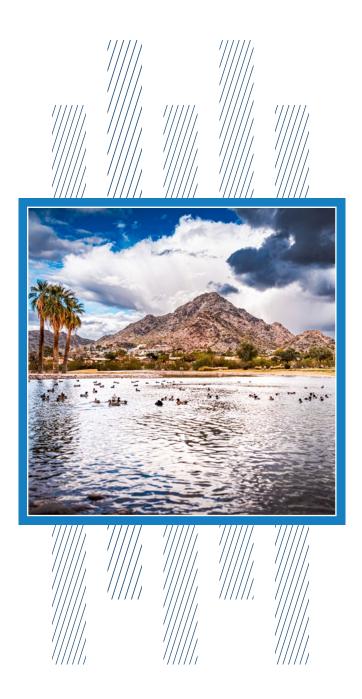
The Phoenix Strategic Plan guides decision-making within the organization and focuses the City's efforts to deliver core services that meet the City's mission: "To improve the quality of life in Phoenix through efficient delivery of outstanding public services." The plan includes 10 study areas:

- 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 2024-25 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.

STRATEGIC PLAN UPDATE -

Staff continue to conduct research regarding strategic planning initiatives undertaken by peer cities in an effort to update the City of Phoenix's Strategic Plan. A working group has been established and has begun to create a roadmap to develop the citywide strategic plan and aims to implement the plan starting in early 2026. Staff will continue their data-driven approach and incorporate key performance indicators for existing Council-approved action plans, department specific strategic plans, and hold stakeholder meetings to create a balanced citywide strategic plan.

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.

- 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.
- Foster an environment for entrepreneurial growth. Entrepreneurs make critical contributions to the economy, including
 the generation of new jobs. Energized, educated entrepreneurs create economic opportunities 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 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 (G0) 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 from 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.

- 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.

- 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.

- 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.
- 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.

- 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.

- 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.
- 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 2024-25 MAJOR ACCOMPLISHMENTS

ECONOMIC DEVELOPMENT AND EDUCATION

- 1. <u>Taiwan Semiconductor Manufacturing Company (TSMC) Investment</u> In April 2025, TSMC was awarded \$6.6 Billion from the Department of Commerce and approximately \$5 Billion in Ioans. This came with the announcement of a third fab that will produce the most advanced leading-edge semiconductors in the United States, bringing investment in Phoenix to over \$65 Billion.
- 2. NCAA Men's Final Four Major Events In April 2024, Margaret T. Hance Park, Heritage Square, and Science Park hosted events related to the NCAA Men's Final Four. Margaret T. Hance Park welcomed 67,451 attendees to the March Madness Music Festival, which showcased both local and national acts, including the Grammy-nominated Jonas Brothers. Additionally, the Men's Final Four Dribble at Heritage Square and Science Park saw 3,000 fans participate in a one-mile course through downtown Phoenix.

Also, in April 2024, the Public Works Department and the Arizona NCAA Men's Final Four Host Committee collaborated to make the Final Four Fan Fest a zero-waste event. About 94 percent of all waste collected by the Public Works Department was diverted from landfills during the four days of Final Four events in downtown Phoenix, helping to achieve the events' zero waste goals.

The Phoenix Convention Center hosted the Men's Final Four Fan Fest presented by Capital One, which drew over 52,000 fans, and the WNBA Live presented by U.S. Bank, which attracted more than 8,500 attendees.

3. <u>Metrocenter Redevelopment</u> – The redevelopment of Metrocenter achieved a milestone with the commencement of demolition work. Demolition will take about 12 months and will clear the way for future development. The \$850 Million project features 1,100 condominium townhomes, and a 100,000-square-foot retail village with a public plaza adjacent to the Metro Parkway Light Rail Station at the Thelda Williams Transit Center.

FINANCIAL EXCELLENCE -

- 1. Balanced and Responsive 2024-25 Budget In June 2024, the proposed FY 2024-25 budget was unanimously approved by the City Council and included the City Manager's recommendation of setting aside an \$80 million surplus to address future deficits. The Budget and Research Department forecasted deficits of \$(92) million and \$(31) million in FY 2025-26 and FY 2026-27 respectively. These projected shortfalls were due to actions from the State to eliminate residential rental sales tax (SB 1131) effective January 2025 and to lower the individual income tax rate to the current "flat tax" of 2.5 percent (SB 1828), which negatively impacted state shared revenues. The recommendation and decision to set aside the \$80 million surplus demonstrated strong fiscal leadership and responsibility in addressing the impact on the City's budget caused by the State.
- 2. <u>Issuance of 2023 General Obligation Bonds</u> In August 2024, Finance staff completed the issuance of \$233 million of General Obligation (GO) bonds. The GO bond program was supported by the Mayor and Council and approved by voters in November 2023. The issuance of the \$233 million bonds consisted of \$127.8 million Tax-Exempt Series 2024A and \$105.2 million Taxable Series 2024B, with an all-in true interest cost of 3.61 percent tax-exempt and 4.67 percent taxable bonds.
- 3. Strategic Use of Federal Support ARPA and BIL In 2021, the federal government allocated \$396 million to the City of Phoenix as part of the American Rescue Plan Act (ARPA). Since then, the City Council has approved the ARPA Strategic Plan and four reallocations of funds, which helped support various City programs, including additional homelessness programs. As of September 2024, there were over 70 ARPA-related programs across 19 City departments, with nearly \$280 million, or about 70 percent, of ARPA dollars expended. By the end of this year, all programs will be obligated to meet grant requirements, and all programs will end by June 30, 2026. The final recovery plan will be submitted in April 2027.
 - Through the end of Fiscal Year 2024-25, the City of Phoenix has been awarded over \$737 million in grant funding as part of the passage of the Federal Bipartisan Infrastructure Law (BIL), Infrastructure Investments and Jobs Act (IIJA), and the Inflation Reduction Act (IRA). This includes \$569.8 million as part of the BIL and IIJA, and \$167.1 million awarded as part of IRA. Over \$156 million was awarded to the state of Arizona, in collaboration with the City, as part of IRA for the Solar for All, Greenhouse Gas Reduction Fund. This fund focuses on bringing the benefits of the state's solar resources to low-income communities. The region was also awarded \$1 million for the Climate Pollution Reduction Grants Program, and the City was awarded \$10 million for the Urban and Community Forestry Assistance Program, which funds community-prioritized tree programs in underserved areas. Over \$146.6 million was awarded to the City of Phoenix and regional partners through BIL and IIJA as part of the Multimodal Project Discretionary Grant, which will work to elevate the 35th Avenue and Indian School Road intersection. Additional investments from BIL and IIJA include \$19 million for the Accelerating Vehicle to Everything Deployment technology Project, \$13 million for the Congestion Relief Program,

and over \$1 million for the Safe Streets and Roads for All, which focuses on identifying road safety countermeasures. The City was also awarded \$384.6 million for projects improving taxiways at Phoenix Sky Harbor and Phoenix Deer Valley airports and \$71 million awarded as part of the Airport Terminal Program which aims to modernize the Central Utility Plant at Phoenix Sky Harbor airport to better support airport growth and improve efficiency while reducing emissions to better help Phoenix reach its carbon neutrality goals by 2050.

INFRASTRUCTURE -

- 1. <u>Fire Station 74 Groundbreaking</u> The Fire Department hosted a groundbreaking event for Fire Station 74. Government Relations staff helped secure an additional \$1 million in congressional earmark funds to help expedite this project.
- 2. 100 West Washington 911 Call Center The first phase of construction was completed in May 2025, at which time the Communications Bureau (911 and police dispatch) began operations. The Communications Bureau will be located on the top three floors of the tower and include state-of-the-art workstations to support employees providing vital citywide 911 and police dispatch services. Substantial completion for all remaining construction at 100 West Washington is scheduled for November 2025. Public services are expected to commence in the first guarter of CY 2026.

INNOVATION AND EFFICIENCY

- 1. Applicant Tracking System The Human Resources Department previously implemented the Job Applicant Tracking System, which showed the citywide average time to fill a position exceeded 180 days. Since the implementation of the tracking system, a City audit confirmed the average time to fill a position was reduced to just 77 days in Fiscal Year 2022-23, and in 2023-24 the average continued to improve to just 67 days to fill a position.
- 2. Planning and Development Department Process Improvements and General Plan 2025 Update The Planning and Development Department created a 99-page process improvement report that was presented to the Mayor and City Council in June 2024. The document included critical feedback from the 2023 listening sessions, which resulted in 36 action items for the department. Work on these action items has already begun to enhance the services provided to Planning and Development Department customers.

Department staff worked across departments to complete the General Plan 2025 Update. With unanimous approval from the Mayor and City Council in April 2024, the updated plan was referred to and ratified by voters in the November 2024 election.

3. <u>Citywide Accessibility Improvements</u> – Several departments demonstrated a commitment to improving accessibility throughout the city by updating physical infrastructure, improving the digital environment, and raising social awareness and participation.

In August 2024, the City Manager's Office, in coordination with the Mayor's Office, created the Strategic Work Group on Accessibility. The group was charged with creating a strategic framework that promoted awareness and participation regarding accessibility issues and would provide City departments with recommendations that advance the social, physical, and digital embeddedness of accessibility.

The Americans with Disabilities Act (ADA) Compliance Program team collaborated with the Mayor's Commission on Disability Issues to update the City of Phoenix Building Standards to achieve an above minimum on ADA construction.

This year, several Aviation Services employees worked to form an employee resource group for employees with disabilities. The Disabled Employees, Allies, and Leader's resource group (DEAL) highlights staff's commitment to being a welcoming and accessible department.

In May 2024, the Parks and Recreation Department opened a fully inclusive, accessible playground at Encanto Park with a wheelchair-accessible glider, a communications board for non-verbal users, and other accessible features. In addition, sidewalks in 47 parks and 30 parking lots across the city were repaired to enhance accessibility, ensuring more inclusive access for all visitors.

In 2024, for the first time in over 30 years, the Phoenix Public Library provided library services and resources throughout Phoenix with a Bookmobile. The Bookmobile is retrofitted with incredible technology and includes an accessible lift for ADA access and a 20-foot retractable awning to provide shade and shelter for outdoor access and activities.

In August 2024, Information Technology Services staff finished the City Council Chambers upgrades, including installation of a new, accessible lectern for members of the public that includes a built-in monitor and timer.

This year, City Clerk staff prepared and mailed a publicity pamphlet in English and Spanish to over 440,000 households with a registered voter and provided alternate formats of the pamphlet to voters, including Braille, audio, and large print to meet ADA requirements.

During 2023-24, the Equal Opportunity Department's ADA Compliance Program held 11 training seminars for more than 1,000 City employees on how to provide customer service consistent with Title II of the ADA. The team responded to 107 ADA related inquiries, which encompassed 14 technical inquiries, 15 complaints, five reasonable accommodation requests, 49 referrals to internal departments, and 24 non-jurisdictional inquiries.

NEIGHBORHOODS AND LIVABILITY -

- 1. Phoenix Trails and Heat Safety Program The Phoenix Fire Department, Parks and Recreation Department, Office of Heat Response and Mitigation, and Communications Office worked collaboratively through the summer to reduce emergency incidents at Phoenix Mountain Parks and Preserves. Mountain rescues are challenging and amplified by extreme temperatures. Through the implementation of trail restrictions on extreme heat days and enhanced public education efforts, the City has seen a steady decrease in mountain rescues at the trails with the highest volume of hikers in the hot summer months. In 2024, there were 35 mountain rescues. This represented a nearly 40 percent decrease from 57 rescues in 2021, when the Parks and Recreation Board adopted the Trails and Heat Safety policy.
- 2. Parks and Recreation 24/7 Code of Conduct Answering Service In September 2024, the Parks and Recreation Department launched a 24/7 Code of Conduct Answering Service, allowing residents to report park code violations at any time by calling 602-534-9919. Reports are logged and forwarded to Park Rangers to review and respond, enhancing park safety.

PHOENIX TEAM

- 1. <u>Streamline the City's Travel Process</u> The Finance Department revised Administrative Regulation (A.R.) 3.41 Travel Administrative Regulation to streamline the travel process. The City processed over 1,500 travel requests in 2023-2024.
- 2. **Heat Illness and Injury Prevention Program** The Human Resources Department created the new Administrative Regulation 2.31(B) Heat Illness and Injury Prevention Program to identify requirements for department heat programs, establishing the essential framework for regulatory compliance and necessary prevention and mitigation measures.
- 3. Management Academy The Human Resources Department reestablished the Management Academy program. The Management Academy is intended to support Department Directors, Assistant Directors, and middle managers throughout the organization to be more effective and collaborative in their work. The multi-week program includes sessions on City processes, strengthening relationships with the Mayor and Council, communication strategies, and more. All Department Directors completed the academy in 2024, with Assistant Directors and middle managers participating throughout 2025 and beyond.
- 4. Inaugural 602 Day Celebration The Human Resources Department (HR) played a key role in coordinating the newly created 602 Day in June 2024, a local holiday celebrating Phoenix as a great place to live, work, and enjoy life. HR staff led the employee engagement initiatives, providing an opportunity to recognize the incredible contributions City of Phoenix employees make to the community. This included pop-up celebrations at City Hall, 602 Day shout-outs, and 602 Day swag. Over 800 employees participated, and 654 kudos were sent citywide.
 - The Communications Office led the Communications and Marketing Work Group for the City's inaugural 602 Day in June 2024. Efforts resulted in more than 60 minutes of earned media coverage across multiple outlets and platforms with a reach of 1.3 million in television or broadcast and 360,000 in radio, for a total local market publicity value of \$107,000. The online news publications had a total reach of 34.2 million. The Communications Office published 170 official social media posts, earning 665,000 impressions, 21,000 engagements, and 37,000 website views.

PUBLIC SAFETY -

- 1. Real-Time Operations Center Opening As part of the Community Safety Plans, two Real-time Operations Centers (RTOC) were opened within the Cactus Park and Desert Horizon Precincts. RTOCs support the Community Safety Plans, focused on providing situational awareness for officers and investigative follow-up for detectives. Staff were selected by the National Real Time Crime Center Association to receive the Team of the Year Award for their collaborative efforts with valley-wide agencies.
- 2. Community Assistance Program In 2024, the Community Assistance Program (CAP) continued to build out the Behavioral Health (BHU) and Crisis Response (CRU) units. BHU teams increased from four to five units and CRU increased from five to six units. Both unit types increased calls for service compared to the previous year. BHU call volume increased 164 percent in the first nine months of 2024 in comparison to 2023. CRUs experienced an 18 percent increase in call volume compared to the same timeframe in 2023.
- 3. <u>Emergency Calls Transferred to Behavioral Health Dispatchers</u> In July 2024, to support Police Communications and identify calls to be transferred, the CAP assigned a CAP supervisor to the Police Communications Bureau three times a week. The goal of the collaboration is to answer questions from Police Communications staff in real time regarding calls which BHU teams can respond to without Police or Fire personnel. In 2024, calls transferred from Police Communications to Behavioral Health dispatchers increased by 227 percent compared to the previous year.
- 4. Fire Department Cooling Bags The Fire Department partnered with multiple hospitals throughout the City to implement a new treatment protocol for hyperthermia patients. Members developed this treatment to rapidly cool patients experiencing heat emergencies, especially among the most vulnerable populations. This new treatment effectively decreased mortality and long-term health deficits in patients across 311 incidents from May 1, 2024, to October 15, 2024.

SOCIAL SERVICE DELIVERY -

- 1. Point in Time Count and New Shelter Beds In 2024, the Office of Homeless Solutions (OHS) continued its efforts to create temporary and permanent shelters, as the City aims to decrease the number of unsheltered people in the community. According to the Phoenix-specific data in the 2024 Point-in-Time Count, there was a 15 percent increase in the number of sheltered individuals and a 19 percent decrease in the number of unsheltered individuals compared to 2023. This positive change is a result of the City of Phoenix's ongoing investment in creating new shelter beds and connecting individuals with services in Phoenix.
 - The City's investments in homeless solutions include the creation of 592 indoor shelter beds in 2022, 482 temporary shelter beds in 2023, and an additional 380 indoor shelter beds in 2024. There are an additional 440 beds in process and expected to be completed during 2024-25.
- 2. Summer Heat Relief Effort The Office of Homeless Solutions (OHS), Fire Department, Heat Relief and Mitigation, Public Health, Emergency Management, and many other supporting City departments and functions worked together to enhance heat response efforts. Enhancements included using data from summer 2023 to target the 2024 response, extending hours at three library locations until 10 p.m. seven nights per week, opening an overnight cooling center seven nights per week, and opening a 24/7 cooling center. OHS and its partners provided navigation services and shelter placement at the extended hours, overnight, and 24/7 centers to ensure services were in place for people experiencing homelessness. These efforts contributed to a 23 percent decrease in heat-related calls for service to the Fire Department compared to the prior year.
 - OHS Homeless liaisons were stationed at the 24/7 Burton Barr Cooling Center to provide additional support due to it being a high-volume site. For the 2024 heat season, 35,838 visits were made to cooling centers, with approximately 92 percent of visitors reporting they were experiencing homelessness. Preliminary data shows that 765 individuals were connected with services such as shelter, treatment, or housing from the Burton Barr Library alone.
- 3. Safe Outdoor Space Through October 2024, 1,135 clients had been served at the Safe Outdoor Space, which serves as the City's first structured campground, opened in November 2023. This space became fully operational in summer 2024 after construction and renovations were completed. The Safe Outdoor Space provides a voluntary shaded camping area and non-congregate shelter spaces (XWings) with onsite hygienic support, indoor respite, as well as behavioral health support, case management, and medical services. It has successfully operated as a closed campus with minimal impact to the surrounding community and is having greater successful outcomes than originally anticipated.
- 4. <u>Housing Phoenix Plan Update</u> As of June 2024, the Housing Phoenix Plan (HPP) had met 89 percent of its goal of creating or preserving 50,000 housing units by 2030; 44,677 units had been created and preserved, with 23 percent being affordable housing units.

SUSTAINABILITY

- 1. Sustainable Desert Development Policy In February 2025, the City Council adopted the Sustainable Desert Development Policy. This policy was created to ensure sustainable continuing growth in Phoenix in the face of diminishing available water resources caused by climate change. The policy includes standard stipulations that will be applied to new residential development, a revised approach to limit or pause annexations, and a large water user ordinance. The Large Water User Ordinance addresses the needs of increasing the City's industrial base while carefully evaluating and optimizing available water resources.
- 2. <u>Drought Incentive Programs</u> The City's first grass removal incentive program was launched in 2025. Water Services staff have issued a Notice to Proceed to Desert Shores Homeowner's Association for their grass removal to xeriscape landscape conversion project. Desert Shores has submitted to remove 47,824 square feet of grass and staff has allocated an incentive amount of \$95,648 for project completion.

The Water Services Department worked with the Finance Department to establish a drought incentive program this year and develop, test, and implement a customer request form within myPHX311, allowing customers to submit requests for drought incentives to increase water conservation.

TECHNOLOGY -

- 1. <u>City Manager's Performance Dashboard 2.0 Enhancement</u> The Office of Innovation led the City Manager's Performance Dashboard 2.0 enhancement process. The enhancement features 42 new performance metrics created through community and internal surveying and feedback from the Mayor and City Council. More than 165 metrics are active across 32 departments. Since 2022, the dashboard has had more than 67,000 page views.
- 2. <u>Citywide Strategic Plan</u> City staff continues to conduct research regarding strategic planning initiatives undertaken by peer cities. A working group has been established and has begun to create a roadmap to develop the citywide strategic plan and aims to implement the plan starting in early 2026. Staff will continue their data-driven approach and incorporate key performance indicators for existing Council-approved action plans, department specific strategic plans, and hold stakeholder meetings to create a balanced 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 high-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 that 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 involving residents on decisions impacting them.

The City provides one of the most open and accessible budget input and adoption processes in the country. We engage residents in developing our annual budget, providing accessible and easy-to-understand information about how tax dollars are spent, and giving residents a view and a voice in the annual budget development process, including the following:

- We maintain information online at phoenix.gov/budget, including the Summary Budget Book, Detail Budget Book, the
 Capital Improvement Program and an Inventory of Programs document including program level detail of all City
 programs and services. The 2024-25 annual budget earned Phoenix the Government Finance Officers Association
 Distinguished Budget Presentation Award. This is the 39th consecutive award for Phoenix.
- We host budget hearings around the City, providing residents with the opportunity to provide input directly to decision makers. In April 2025, we hosted 12 budget hearings, all featuring simulcast Spanish-language interpretation, two hearings being conducted primarily in Spanish, and two presented in an in-person and online hybrid format enabling remote participation.
- Information on how residents can participate and provide feedback on the budget is also provided via several social
 media platforms, the City's website, and community members can also provide input by submitting a comment form,
 sending emails or calling the Budget and Research department directly. All input received from residents is
 documented and provided to the City Council ahead of final budget decisions.
- On March 18, 2025, Phoenix City Council increased the transaction privilege and use tax rates by 0.5% for various business activities. Prior to taking this action, Phoenix City Council and the Budget and Research Department hosted five community information sessions across Phoenix, presenting information about the impacts of not adopting the increase and providing the public with an opportunity to express their views.
- 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 did so without an increase to the City's secondary
 property tax rate. This was accomplished 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. GO Bond information and project updates are available at
 phoenix.gov/bond.

We provide opportunities for residents, businesses of all sizes, educators and youth to help decide what Phoenix should look like in the future by eliciting their input into the Planning and Development Department-coordinated General Plan and the Parks and Recreation Department-led *Parks Master Plan*.

The Neighborhood Services Department (NSD) participated in over 1,300 community meetings to present information on new programs and services offered by the City, including the *Consolidated Plan*, a comprehensive plan submitted to the Department of Housing and Urban Development assessing community needs and market conditions for affordable housing and community development. NSD meetings also provided information about community grants and, with the Public Works Department, community cleanups.

As new commercial developments, changes to streets and transit, new or improved parks, and measures to address homelessness and climate change are proposed, the City encourages residents to participate through their village planning committees and other neighborhood organizations, in area meetings, and in City Council meetings, to share ideas and concerns about projects in their location. Residents can use the NSD website to find or form a neighborhood organization. City Council formal, policy and subcommittee meetings are video recorded and are available for viewing from the City's YouTube page.

Volunteers play a significant role in making Phoenix a great city, with 19,681 members of our community providing 345,604 volunteer hours during 2023-24.

The City publishes a monthly *PHX At Your Service Newsletter*, informing subscribers and visitors about upcoming events and opportunities. The City also hosts a newsroom web page (phoenix.gov/newsroom), reporting on new City programs and events, achievements, resources, and opportunities, and allowing webpage visitors to filter articles by City department.

We Continue to Make City Services More Transparent

The City firmly believes transparency in government encourages operational efficiency and accountability to residents. 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:

- Version 2.0 of the City Manager's Performance Dashboard, enabling the public to explore program metrics on more than 165 key performance indicators to see how well departments are meeting the needs and expectations of residents and businesses.
- Access to over 130 datasets showcasing information the public identified as being important.
- Mapping Phoenix, a portal containing a variety of tools showing locations of police and fire stations, hospitals, libraries, public transit, parks and recreation facilities, and other City amenities, as well as other information about the economy, land use and property characteristics.

The Center for Digital Government (CDG), named the City of Phoenix a **2024 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.

We Are Adding and Improving Services and Amenities for Residents

In August 2024, the Public Works Department Solid Waste Division launched its new bulk-trash scheduling system. Rather than bulk-trash retrieval occurring on City-established dates, our new approach gives residents the choice of when they want to have their bulk trash picked up while allowing the Solid Waste Division to limit travel time and cost to only those locations with trash needing to be picked up.

The Phoenix Public Library (Library) added new amenities, increasing accessibility:

- Library launched its first 24/7 outdoor book locker in April 2024 at Acacia Library. The locker allows customers to retrieve library materials placed on hold when it is convenient for them. Library plans to install lockers at 15 more libraries.
- Library added a new "Early Literacy Book Depository," providing an average of 250 books per month to provide children and teens living at the Native American Connections facilities a book-rich environment.
- Library relaunched bookmobile services and resources throughout Phoenix, providing 2,500 items for check out
 featuring a diverse range of authors, genres and age levels, and a large-print collection. Bookmobile also provides
 access to storytime programs, and activities promoting knowledge of science, technology, engineering and
 mathematics (STEM), and other services.

The Youth and Education Office continued work at Families First Resource Center locations, providing safe community hubs, referral services, free parent-child activities and parenting education for pregnant mothers and families with children from birth to age five.

The Housing Department collaborated with Cox Communications to design a free-to-the-tenant Internet program for residents living at 30 affordable and senior housing sites overseen by the Housing Department. The program connects over 3,300 households for three years using American Rescue Plan Act funding.

The Public Transit Department and Valley Metro Rail will soon expand into south Phoenix with the opening of the South Central Extension/Downtown Hub. The 5.5-mile extension will operate between downtown Phoenix along Central and 1st Avenues, continuing south to Baseline Road. The extension connects historically underserved communities to regional destinations, including Downtown Phoenix, the airport area, educational institutions and key employment centers. The new extension is expected to add more than 8,000 daily riders to the light rail system, which currently serves approximately 35,000 boardings per day.

The U.S. Department of Transportation Federal Highway Administration has awarded the Public Transit Department a \$12.9 million grant to fund Project EASE (Effective Access Solutions for Easing Congestion). This project will implement microtransit service (a flexible, on-demand transit option) and evaluate its effectiveness with the City's RAPID commuter bus program. The project also aims to discover new ways to decrease congestion within specific zones.

Phoenix Sky Harbor International Airport continues to elevate passenger experience and receive additional honors.

• The airport opened more than 10 new art exhibitions throughout its facilities and brought onboard 35 new navigator volunteers and 15 therapy dog teams.

- The Culture Corner in Terminal 3 will be a place where guests can quickly learn, observe, and participate in various
 cultural activities, performances and more. It will be home to free monthly activities like live art demonstrations,
 crafts, displays, readings, and more. Guests can take a break as they navigate the airport and learn something new
 while they are on the go.
- The Aviation Department collaborated with Waymo to launch the first-in-the-world fully autonomous ground transportation operations.
- Sky Harbor had another record-breaking year, with 52,325,266 passengers coming through terminals in 2024, a 7.5 percent increase from 2023's record-breaking numbers. A new north-south taxiway is currently under construction, and construction will soon begin on a new six-gate north concourse at Terminal 3. The airport also has plans for a post-security walkway between Terminals 3 and 4, and last Spring, announced a new West Terminal would be coming to the airport in the coming years.

The Youth and Education Office organized and managed the 26th annual *Partner with a Principal* program, connecting City services, community resources and Phoenix schools to ensure K-12 students receive the support they need to succeed. From September through October, local business executives and community leaders were paired with Phoenix public, charter and private school principals to actively participate in the school's administration for one day. After shadowing principals for the day, the schools and business leaders met on how to create and nurture partnerships to improve the quality of education citywide. This innovative program generated 65 school-partner matches this year with organizations across the city such as Amazon Inc, Valley of the Sun United Way and Southwest Behavioral & Health Services.

The City launched ParkPHX, a web-based application designed to provide easy access to information on all public parking facilities in one convenient location, helping users find parking based on what matters most to them, from cost to electric vehicle charging stations.

We Are Working to Reduce Homelessness and its Impacts

Throughout the past year, the City made important progress to enhance community safety and the health of residents. The Phoenix Police Department (PPD):

- Implemented Real-Time Operations Centers (RTOC) within the Cactus Park and Desert Horizon precincts. RTOC uses technology providing patrol officers with real-time information used to gather evidence and help solve crimes. Gunshot detectors allow officers to collect shell casings as evidence and can help triangulate where a weapon was fired. Cameras monitor crimes in progress, can provide a view of activity officers would otherwise be unable to see, and can accelerate getting help and possibly medical attention to crime victims. License plate readers identify vehicles fleeing the area of a potential crime and identify stolen vehicles, with cameras showing the direction the vehicle is heading.
- Implemented the Enhanced Light Rail Security Program, arresting 628 individuals trespassing on the light rail system who had outstanding warrants.
- Partnered with federal, state and various local law enforcement agencies to complete two investigations targeting transnational criminal organizations responsible for importing and distributing enormous quantities of illicit drugs and laundering money.
 - Between April and November of 2024, PPD worked with the U.S. Drug Enforcement Administration's (DEA)
 Financial Investigations Group along with state and local law enforcement agencies on *Operation Double Down*.
 Investigators secured arrest warrants for 25 individuals, and seized approximately 1.7 million fentanyl pills,
 over 26 kilograms of fentanyl powder, over 24 kilograms of cocaine, over 370 pounds of methamphetamine, 13
 pounds of heroin, 28 firearms,14 vehicles and almost \$210,000.
 - For almost a year, the PPD Drug Enforcement Bureau worked with detectives from the DEA and the Maricopa County Attorney's Office on *Operation Night Owl*, targeting the heads of several drug trafficking organizations operating in Arizona and Mexico, breaking up drug trafficking activities of foreign and U.S.-based suppliers and couriers, and dismantling stash houses and distribution hubs in the Metro Phoenix area. Investigators seized over 2 million fentanyl pills, 21 kilograms of fentanyl powder, 8.5 kilograms of cocaine, over 133 pounds of methamphetamine, 12.6 pounds of heroin, 15 firearms, 12 vehicles and approximately \$75,000. The investigation resulted in 17 indictments of drug-trafficking organization members.
- Partnered with the Federal Bureau of Investigations to conclude a year-long investigation into the Royal Inn Hotel, where hotel management, owners and maintenance staff were complicit in human and drug trafficking occurring at the property.
- During the summer of 2024, began using a new agile mobile robot, named "Spot," adding to the collection of tools the Special Assignments Unit has available to assist them during tactical situations. The robot provides new abilities that other technology does not, such as the ability to open doors, traverse uneven or loose terrain and climb stairs. The robot is equipped with multiple cameras, providing officers with real-time viewing from a remote location, improving service to the community and improving officer safety during high-risk incidents.

- Enhanced its online crime reporting tool to allow reporting of theft from a business and graffiti. The online system walks the reporting party through a series of questions to place the correct violation code with the online report and allows pictures and videos to be uploaded.
- Created a Compliance Analyst Team with four new civilian positions to collect and analyze data evaluating PPD
 compliance with new policies and procedures, with data being shared with the community to show performance.
- Added sexual assault kit (SAK) tracking to its CommunityConnect Victim Information Portal, making it easy for sexual
 assault survivors to see where their SAK is in the testing and investigative process at any time without having to
 contact a detective. The Victim Information Portal launched in August 2024 to provide 24/7 access to information
 to survivors about their cases, along with automatic alerts and updates regarding arrests sent via text or email. In
 September 2023, the Mayor and City Council increased the ability to outsource SAK testing, enabling PPD to test
 hundreds of SAKs and clear out a significant number of the 800 SAKs that were pending while receiving an average of
 approximately 50 new SAKs each month.
- Implemented new policies and training programs to improve the quality of interactions with and assistance to the public, including:
 - A new Use of Force Policy and training (and developed the Force Evaluation and Review Unit comprised of use-of-force experts to objectively review PPD use-of-force incidents).
 - · A new First Amendment Policy.
 - Training for 9-1-1 dispatchers responding to behavioral health-related calls.
 - Training in communications, assessment and tactics to de-escalate situations with people armed with something other than a firearm.
 - Training in cultural competency in partnership with tribal nation police departments.
 - · Training for interactions with youth.

In partnership with Arizona State University, the City launched a new *Crime Prevention Through Environmental Design* webpage to help local business owners better protect their properties from would-be criminals. The webpage enables users to select their business type and review applicable crime-prevention recommendations.

The Phoenix Fire Department:

- As part of the 2023 General Obligation Bond approval, Fire is working with the City Engineer and Finance Department to secure land, design and build four new fire stations, further improving capacity and emergency response times.
- The Community Assistance Program assigned a supervisor to work with Police Communications to better identify situations when Behavioral Health Unit and Crisis Response Unit staff should respond without involving police officers or firefighters.

The Law Department Civil Division helped revise Phoenix City Code Ch. 23: Camping for adoption by City Council. The Code prohibits camping within buffer areas around schools, daycares, parks and shelters.

The Parks and Recreation Department (PRD):

- Improved safety, visibility and efficiency by retrofitting 36 parks with LED lighting, reducing energy consumption while
 providing brighter, longer-lasting illumination. Additionally, PRD deployed mobile security cameras at certain parks,
 monitored during nighttime hours to deter criminal activity. The pilot project was successful and is expanding to
 include additional cameras at parks throughout the year.
- Launched a 24/7 Parks Code of Conduct Answering Service, allowing residents to report park code violations at any time. When calling the answering service, residents speak to an operator who logs their concerns and forwards them to the park ranger team. Rangers review the details of the call and respond as available, balancing other priority calls.

The Human Services Department (HSD):

- Reconstituted a Phoenix Domestic Violence Fatality Review Team, which evaluated and reported on system gaps and areas of improvement for governmental agencies and non-profits engaged with victims of domestic violence.
- Hosted eight health screening events throughout the summer of 2024, providing 100 percent of Head Start children with mandatory vision and hearing screenings within 45 days of program enrollment, and provided children with fluoride treatments, blood lead tests and physical examinations through community partnerships.
- Operates a Memory Café Program, providing training with information on how to best support community members living with dementia and other related conditions. The program is expanding to all Phoenix senior centers.

The Neighborhood Services Division (NSD) helped respond to hazards arising from homelessness.

- Helped deliver roll-off dumpsters to residents impacted by trash and debris and completed enhanced biohazard cleanups.
- Assisted with the I-17 Under and Overpass Project, a large-scale cleanup effort involving several City departments and partner organizations to address trash, debris and unsafe encampment issues along the freeway corridor.

Worked with other City departments to coordinate a cleanup of a large, undeveloped vacant residential property,
obtaining a court order to abate over 27 tons of litter, debris, and vegetation, and to eliminate graffiti, while enabling
the Office of Homeless Solutions to provide two weeks of outreach services to support individuals experiencing
homelessness. NSD specialists engaged and provided education to the property manager of the adjacent multi-family
buildings and surrounding local businesses about the status of the property, the coordinated cleanup efforts and
security measures.

The Phoenix Street Transportation Department (PSTD):

- Activated 10 new high intensity activated crosswalk (HAWK) signals citywide to enhance safety at pedestrian crossings. PSTD is in the process of having 24 additional HAWK signals installed.
- During 2023-24, PSTD added 34.2 miles of new bike lanes, of which 12.7 miles included buffers and 1.5 miles included vertical protection. Additionally, PSTD added buffers to 17.1 miles and vertical protection to 4.8 miles of existing bike lanes. The Transportation 2050 initiative established a goal to add 1,080 new bike lane miles from 2015 through 2050.
- Addressed a long-standing storm drain issue in Laveen, directing flood flows from Olney and 27th Avenues to the newly constructed regional basin at 27th Avenue and South Mountain Road.
- Is adding fixed red-light-running cameras to ten intersections in Phoenix as part of the City's Automated Enforcement Safety Program approved by City Council in October 2024. The program will also include four mobile vehicles and four portable tower speed enforcement cameras. Fixed devices will be located at intersections with a high number of serious and fatal injuries and those involving pedestrians. The eight mobile devices can be rotated to meet the City's needs and will be placed in corridors with high instances of speed-related crashes, known high-speeding areas, or within school zones. The City will conduct an awareness campaign to educate the public on roadway safety in an effort to change driver behavior and meet the program goals to reduce speeding, reduce red light running, and reduce the number of collisions and their severity.

The Office of Public Health (OPH):

- Launched the Phoenix Substance Use and Overdose Dashboard, providing the public with data concerning suspected
 overdoses, fatal overdoses and information about naloxone use and distribution. The database provides local
 substance use prevention coalitions and other key stakeholders' data needed to apply for grants and to inform
 prevention strategies.
- Led the distribution of over 10,000 free naloxone kits citywide between August 2023 and August 2024, provided online training for City staff and in-person training to community partners.
- Worked with HSD's Phoenix Head Start during 2024 to form the Health Advisory Committee to provide decisionmakers with advice concerning the city's public health needs and to support the Phoenix Head Start program.
- Co-facilitated the City Manager's Community Mental Health Wellness, Public Health and Safety Taskforce to bring
 together community representatives with diverse expertise, experience and knowledge related to mental health and
 wellness, public safety and public health to provide advice to the City Manager's Office.

We Are Combating the Dangers of Heat

The City continues to set the standard for heat relief efforts, leading the state and region in providing extensive resources aimed at reducing and preventing heat-related deaths. Recognizing that even one heat-related death is too many, the City is committed to evolving its approach every year to address the changing needs of the community and protect the health and well-being of all residents. In summer 2024, the City's strategic efforts resulted in a 20 percent decline in heat-related 9-1-1 calls and the first decrease in heat-related deaths countywide in a decade.

For the second year in a row, the City is the only city in Arizona to offer a 24/7 heat respite location during summer months. The overnight site is located at 20 W. Jackson St., highly accessible to people walking, riding bicycles, or using public transportation. The facility provides water and a safe, cool indoor space for anyone who needs relief from the heat overnight. The site also provides resources for people experiencing homelessness, including navigation and transportation to help people access a wide range of other City services, like shelter, to help end their homelessness.

This year, the City will also extend operating hours until 10 p.m. at three cooling center locations: Cholla, Harmon, and Yucca Libraries. Extending the hours helps address gaps in heat relief availability during late afternoons, evenings and weekends, which are outside of normal business hours for many heat relief network providers. The three libraries are open Monday-Saturdays until 10 p.m. and Noon to 10 p.m. on Sundays and holidays. New in 2025, full library services are offered at these locations during the extended operating hours, increasing services provided to the entire community from what was offered in 2024. All other Phoenix Public Libraries now serve as cooling centers during regular business hours. Last summer, more than 30,000 visits were recorded at extended-hour and overnight locations.

The 2025 Heat Response Plan also includes a partnership with the American Red Cross to perform outreach in mobile home communities ahead of the summer to provide safety information and resources. Additionally, the Parks and Recreation Department and Community Emergency Response Team will conduct outreach at select trailheads throughout the summer. Volunteers will be stationed at Camelback Mountain, Piestewa Peak, and South Mountain every Saturday from May 1 to Sept. 30 2025, between 7 and 10 a.m., providing heat safety education and cold water to trail users.

The Office of Innovation's Chilled Drinking Water initiative was named a winner in International Data Corporation's 2025 Smart Cities North America Awards and was featured on National Public Radio's Morning Edition. Five custom-designed, chilled bottle filling stations are located near Phoenix City Hall in Marvin A. Andrews Plaza, near Phoenix City Council Chambers in Cesar Chavez Plaza, along the Phoenix Sonoran Bikeway at Roosevelt Street and Third Avenue, at Desert West Park and Community Center, and near the Herberger Theater. The systems include remote monitoring and leak detection as well as heat mitigating technologies and have delivered the equivalent of more than 130,000 average-size bottles of water. Five additional systems are planned for activation in 2025.

The Parks and Recreation Department organized multiple tree-planting events during 2024, leading to the addition of 1,500 new trees across City parks, helping increase the shade canopy and creating more comfortable outdoor spaces for residents.

The Office of Arts and Culture, in April 2025, kicked off *¡Sombra! Experiments in Shade*, an innovative public art project showcasing shade-providing sculptures and other solutions developed by artists partnered with civic leaders to address extreme urban heat in Phoenix.

The Office of Heat Response and Mitigation (OHRM) helped administer several programs, including:

- The Community Canopy and Canopy for Kids Grant programs, supporting neighborhood and school-based planting in communities with low tree equity scores, resulting in over 3,000 trees being planted.
- The Shade for Students Grant Program supported construction of 47 shade structures at schools and youth-focused institutions in lower-income locations.
- Coordinating more than two dozen City departments, an array of local and regional collaborators, and input from
 over 2,000 community members to create the Shade Phoenix Plan, showcasing more than \$60 million to be allocated
 toward completing 36 specific action items during the next five years. The plan calls for planting more than 27,000
 new trees and installing 550 new shade structures; maintaining existing trees and shade structures; strengthening
 program coordination, capacity, regulations, design standards and guidelines; expanding career opportunities in urban
 forestry; and educating and energizing the community on sustainable and equitable shade practices.
- Partnering with the Nature Conservancy's Health Cities Program with a \$300,000 Building Resilient Infrastructure and Communities Grant from the Federal Emergency Management Agency to train community members to advance heatresilience initiatives and to build networks of community heat leaders.

OHRM was recognized with several awards in 2024, notably including the Champion of the Year Award from the Arizona Chapter of the American Society for Landscape Architects, and top 20 recognition by the Budget Equity Project for American Rescue Plan Act tree and shade projects.

We Are Working to Reduce Homelessness and Increase Affordable Housing

The City has a notable homeless population in need of assistance. Private businesses and residents are also impacted by homeless encampments that result in incidents of trespassing, blight, litter, and hazardous waste.

The Office of Homeless Solutions (OHS):

- Continued its effort to create temporary and permanent shelters, with more than 1,500 shelter beds added during the past three years.
- Applied for and was awarded \$8.3 million in grants including \$3 million to rehabilitate a former hotel into affordable housing, \$3.1 million for Phoenix Navigation Center operations, \$500,000 for extreme weather programming and \$1.6 million for enhanced heat relief programs. The Phoenix Navigation Center opened in July 2024, providing 280 shelter beds, job-support services, healthcare and personalized support for homeless individuals.
- Helped secure \$2.5 million in philanthropic funding, which helped 287 people transition from temporary lodging shelters to housing.
- Helped relocate 300 individuals displaced by the closure of the St. Vincent de Paul dining hall in the Sunnyslope area.
- Continued operating Safe Outdoor Space, Phoenix's first structured campground, providing a voluntary shaded camping area and non-congregate shelter spaces (XWings) with onsite hygienic support and indoor respite, and with behavioral health support, case management and medical services helping individuals move toward ending their homelessness.
- Added homeless liaisons to serve as direct points of contact to help address homelessness and encampment concerns in two Council districts.

NSD worked with UMOM New Day Centers to redesign and expand their family emergency shelter to annually serve nearly 100 additional families experiencing homelessness.

Multiple City departments, including the Municipal Court, the Prosecutor's Office, the Public Defender's Office, and the Office of Homeless Solutions, created the Phoenix Community Court, providing a holistic and compassionate approach to assist unsheltered persons who have been cited or arrested. The Community Court empowers, assists and provides unsheltered individuals with the tools and resources necessary to establish stable housing, receive services to assist with any addiction issues, connect with mental health professionals, and reduce repetitive criminal behavior.

La Esperanza Terrace is a landmark affordable housing development made possible through an innovative, first-of-its-kind agreement between the Isaac Elementary School District, the Phoenix IDA, UMOM and the City of Phoenix. This 96-unit development, with one, two, and three-bedroom units, a community room, computer lab, fitness center, playground and outdoor gathering areas, will provide affordable housing for low-income families for decades to come. Computer training, financial literacy resources and job-seeking opportunities will also be available to residents. The City is working with partners to purchase property from the Alhambra Elementary School District for an additional affordable housing development.

The Phoenix Housing Department has been hosting "Owner Open House," to familiarize property owners with the Housing Choice Voucher (HCV) program and its benefits, providing tools and support to navigate the program. The HCV, funded by the U.S. Department of Housing and Urban Development, is available for low-income individuals and families to provide safe and decent affordable housing. The HCV provides landlords with a monthly subsidy from the City, renter stability, access to a landlord liaison and housing specialists to guide owners through the process.

The Neighborhood Services Department invested nearly \$3 million in housing rehabilitation grants to complete critical repairs in approximately 100 low- and moderate-income households. Projects improved the interior and exterior health and safety of each property and created more energy-efficient homes, resulting in families being able to safely remain in their affordable homes while protecting the character and spirit of the surrounding communities.

We Are Creating More Opportunities for Success -

Phoenix is a flourishing community with a skilled and educated workforce ready to take on innovative jobs, and with a thriving economy fueled by innovation. 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. The City is committed toward expanding its success, promoting ways for all residents to have opportunities for employment, and safe and affordable housing.

In February, the City premiered its new Mobile Career Unit (MCU), a state-of-the-art, 38-foot-long converted recreational vehicle fully equipped with technology providing hands-on resources to support job seekers in their career search. The MCU can host up to three companies during one hiring event, providing a diverse range of opportunities for job seekers in one convenient location in their neighborhood. The MCU is supported by the Bloomberg Philanthropies Mayors Challenge, a competition to spur government innovation that improves lives in cities worldwide. In 2022, Phoenix was among the 15 winning cities from across the globe awarded \$1 million and operational assistance to bring the MCU program to life.

The Community and Economic Development Department (CED):

- Brought 23 companies to Phoenix, creating 6,124 new jobs, 1.7 million square feet of new commercial space and \$1.3 billion in capital investment, including new headquarters for Republic Services and Fender Guitars.
- Coordinated 240 virtual and in-person recruitment events at ARIZONA@WORK job centers, involving 18 companies featuring 1,148 job openings.
- Implemented 16 work-based learning program contracts, including incumbent worker training and on-the-job training, increasing the skills of 215 individuals.
- Facilitated the Taiwan Semiconductor Manufacturing Company (TSMC) Semiconductor Registered Apprenticeship program, providing greater access for local workers to apprenticeship opportunities aligned with market demands. The City and the Phoenix Business and Workforce Development Board were honored with an award from the National Institute for Innovation and Technology and the Semiconductor Industry Association for being the first city in the nation to serve as a Registered Apprenticeship Program sponsor for the semiconductor industry. The program is expanding to include equipment technician apprenticeships, process technician apprenticeships, facilities technician apprenticeships and a manufacturing technical specialist intensive program, with learning opportunities delivered through Northern Arizona University, Grand Canyon University, Rio Salado College, Estrella Mountain Community College, and Western Maricopa Education Center.

Facilitated by intense efforts of the Planning and Development Department and other departments to review plans, inspect construction and facilitate development, the U.S. Department of Commerce awarded up to \$6.6 billion in CHIPS Act funds to TSMC in April 2024. TSMC simultaneously announced plans to build a third semiconductor fabrication facility at their Phoenix location, bringing TSMC's total investment in Phoenix to over \$65 billion and advancing semiconductor fabrication technology and production in Phoenix and the United States.

The Planning and Development Department has implemented new phases of its new ShapePHX system and is implementing action items from the comprehensive Process Improvement Report presented to Phoenix City Council in June 2024, to make residential and commercial development and construction faster, easier and less costly.

The Housing Department, in partnership with the Institute for Digital Inclusion Acceleration, opened two digital equity centers offering community residents at The Hive at Aeroterra and The Hive at the Emmett McLoughlin Community Training Education Center free technical support through digital navigators, digital devices and digital literacy programs. Community members can learn computer skills and connect with friends, family and healthcare providers, and can use video translation services available in 42 languages.

The National Telecommunications and Information Administration (NTIA) recently recommended awarding the City an \$11.8 million Digital Equity Competitive Grant to help bring internet access to low-income families. If awarded, the funding will enhance access to essential services and digital opportunities for residents by expanding high-speed internet to more than 5,400 households, including affordable and senior housing, and will fund initiatives like digital literacy training, broadband career training, and a community Wi-Fi network in the Edison-Eastlake Choice Neighborhoods Community providing connectivity and device distribution for 1,165 households. The funding will help bridge the digital divide and equip our community with the skills and resources needed to thrive in the digital age.

The Office of Arts and Culture is nurturing LABOR, a Maryvale art collective focused on uplifting the local art scene and fostering a sense of community pride. This project aims to showcase the artistic talent of Maryvale, a neighborhood often stereotyped and underrepresented, by highlighting the cultural significance of the community.

The City made its first appearance as an exhibitor at the 2025 Consumer Electronics Show (CES 2025) in Las Vegas during the first week of January, leading to hundreds of business meetings and connections. As the only U.S. city to exhibit at CES 2025, Phoenix showcased its commitment to advanced technology and innovation that create jobs, support educational institutions, and strengthen the local economy.

Film production in the Greater Phoenix area generated an impressive \$29.1 million in economic output during the 2024 calendar year, as highlighted in the City of Phoenix Film Office's Economic Impact Report.

We Are Making Our City More Fun and Beautiful

The Valley hosted large sporting events, putting Phoenix, once again, in the national spotlight. In April 2024, we hosted the NCAA Men's Basketball Final Four tournament along with the Final Four Fan Fest, Men's Final Four Dribble and the March Madness Music Festival all held in Phoenix. Over the summer of 2024, Phoenix hosted the WNBA All-Star Game, bringing fans into the downtown area for three days of events.

Grand Canalscape Phase III, along the Grand Canal between 47th and 75th Avenues, was completed in March 2025, featuring high-intensity activated crosswalks, seating areas, trash and pet-waste receptacles and unique public art for the community to enjoy. Grand Canalscape Phases I and II from 56th St to I-17 provide a 12-mile continuous path and will eventually connect to the Phase III section.

The Parks and Recreation Department:

- Launched a master plan process to guide the future development and management of Phoenix parks and recreation
 facilities. The process will encourage residents, stakeholders and park users to provide meaningful feedback and input in
 survey responses, public meetings and interactive workshops, and will consider important issues, such as water use and
 public safety. Master plan information is available online from a new parksmasterplanphx.com website.
- Opened a fully ADA-inclusive playground at Encanto Park in May 2024, featuring specialized equipment promoting wheelchair accessibility, a communications board for non-verbal users and other accommodations.
- Installed adaptive playground equipment at Cortez, Mountain View, Mariposa, Sueño, El Reposo and Harmon Parks, and at the Mountain View Community Center.
- Was honored at the annual Disability Awareness and Recognition event for the Gila Valley Lookout, featuring two
 accessible steel shade structures and a barrier-free concrete pathway along the perimeter of the lookout.
- Opened Harvest Park in March 2024, offering bankshot-basketball, pickleball and volleyball courts, a playground, and exercise stations.
- Refurbished Eastlake Park Community Center indoor and outdoor basketball courts, adding new hoops, a scoreboard
 with a shot clock, upgrades to the weight room, and indoor renovations with fresh paint, new flooring, updated audiovisual equipment. furniture and doors.
- Renovated basketball courts at the Rose Mofford Sports Complex, refurbishing and painting courts featuring murals honoring the Phoenix Mercury and former State Governor Mofford.
- Renovated the Grant Park outdoor basketball court, selected for the Historically Black Colleges and Universities All-Star Legacy Court Project.
- With the Neighborhood Services Department, provided a new playground, basketball court, site furniture, hardscape and ramadas at Momo Mini Park, and provided a new playground, picnic ramadas, walking pathways, basketball courts, restrooms, fitness area, landscaping and other amenities at Falcon Park.
- Constructed Phoenix's first synthetic cricket pitches at Turtle Rock and Grovers Basin Parks, providing facilities for over 100 youth and adult cricket teams.
- With General Obligation Bond funding, the Neighborhood Parks Enhancement Program allocates \$1.5 million for minor capital improvements across neighborhood parks, with \$182,000 designated for neighborhoods in each City Council district, and selected projects set to be completed between 2024 and 2029.

The Office of Arts and Culture arranged for the "Desert Pipes" art installation at Solano Park, referencing a late 1970s skate spot, created by artists in collaboration with the Parks and Recreation Department, the local skate community and area residents.

The Neighborhood Services Department Volunteer Program completed 21 Compliance Assistance Program (CAP) cleanups in 2024, up 90 percent from 2023. CAP cleanups help struggling residents bring their properties into compliance with the City Code and combat urban blight.

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 promoting clean land, air and water, improving working and living environments.

The Public Transit Department:

- Is implementing its Zero-Emission Fleet Transition Plan, integrating hybrid and electric buses into the fleet over the next five years, with a goal of achieving a 100-percent zero-emission heavy-duty bus fleet by 2040.
- Is now using cleaner-burning renewable liquified natural gas (RLNG) in two-thirds of the heavy-duty transit fleet. RLNG is
 generated from decomposition of organic waste streams, or "biomass," from landfills, livestock operations, dairy farms
 and wastewater treatment facilities. Public Transit used over 7.8 million gallows of RLNG during 2023-24 at an average
 price of \$1.05 per gallon.

The Water Services Department launched the Residential Grass Removal Program, offering financial assistance (\$2 per square foot) to homeowners who replace their lawns with water-efficient, desert-adapted landscapes. This effort not only conserves water but could also help residents save money on their water bills.

The City's Circular Plastics Micro-factory was presented with the Award of Distinction at the 2025 Environmental Excellence Awards. The facility currently takes sorted plastic waste from Goodwill of Central and Northern Arizona and the City and processes it into pellets or flakes which are then molded to create new products, ranging from furniture, to skateboards, to plastic lumber. From February 2024 through March 2025, the facility has kept more than 550 tons of plastic out of the landfill.

The Phoenix Convention Center and Arizona Public Service Co. (APS) partnered to power the *Men's Final Four Fan Fest* and *WNBA Live* events with 100 percent renewable energy through the APS Green Choice program, which provides renewable energy from wind and solar resources.

The Office of Environmental Programs (OEP):

- Helped activate a contract with Homer Farms to develop the first container vertical farm with photovoltaics on Cityowned property at the northeast corner of 27th and Belmont Avenues. The project will grow leafy greens in solar-powered containers, and will conduct workshops on indoor vertical farming, donating 20 percent of crops to the community in cooperation with the City and various nonprofit organizations.
- Administered the Phoenix Backyard Garden Program installing 294 gardens primarily in South and West Phoenix serving 730 individuals with over a ton of produce. The program offers hands-on training for residents, as well as operation and maintenance for one year in one of three garden systems – traditional raised bed, specialized raised bed and aquaponics.
- Designed Project REDUCE (Restaurants Eliminating and Diverting Uneaten food through Composting and Education)
 which was recognized with a Copper Anvil Award from the Phoenix Chapter of the Public Relations Society of America
 for the "Most Effective Environmental Social and Governance Campaign." OEP team members work with local
 restaurants to identify ways to prevent food waste, rescue food and reduce landfill usage. The project is the subject of a
 film documentary accessible from the City's YouTube channel.

The City released its new *Green Stormwater Infrastructure Handbook*, designed to help educate the public on how to upgrade their yards for water conservation and ecosystem benefit while also beautifying their properties, assisting biodiversity, achieving greater stormwater management and shade cover, and reducing the heat island effect.

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

The City of Phoenix is honored to be recognized on the Forbes list of America's Best-In-State Employers 2024 from results of an independent survey of over 160,000 employees working for companies from all industry sectors employing at least 500 people within the U.S. Around 4.4 million employer evaluations were considered, and 1,294 organizations made the list. The consideration of data from three years allowed a robust differentiation between organizations that consistently perform well from those that may only have had a single good year.

We Have a Strong Financial Outlook

The City of Phoenix's credit ratings for general obligation, excise tax and other revenue bonds reflect high credit quality due to the City's stable financial outlook, presenting low to minimal risk levels to investors. Fitch Ratings are AA+ to AAA, S&P Global Ratings are A to AAA, and Moody's Ratings are Aa1 to A3.

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 2022 (awarded in 2024), which recognizes governments earning the 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 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 the 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.

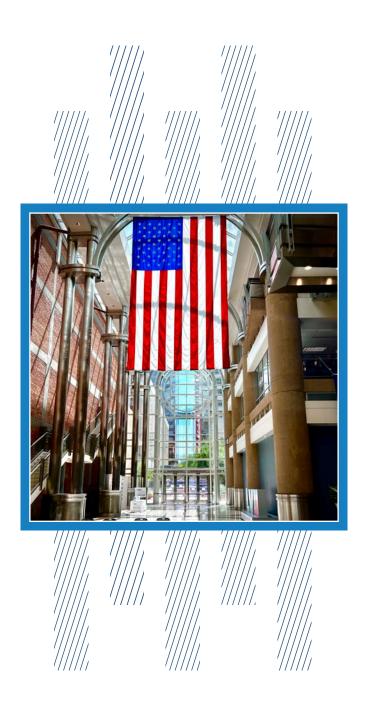
· Creativity and Innovation for Excellent Results

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.

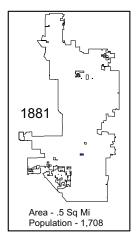
City of Phoenix employees not only follow these guiding principles in their workplace, they also demonstrate care for their community by contributing their time and money.

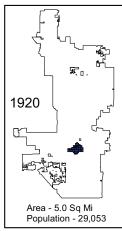
- In 2024, employees raised \$736,440 for the Valley of the Sun United Way Mighty Change Campaign.
- City of Phoenix employee organizations and departments coordinate various fund-raising events to assist communities
 in need both locally and globally. In addition, City employees volunteer in the community with many organizations serving
 youth, homeless, disadvantaged, marginalized and other areas of need.
- City employees also support each other with contributions to the City's Helping Other Phoenix Employees (HOPE) Fund, designed to offer eligible employees financial assistance for basic household or unanticipated expenses.

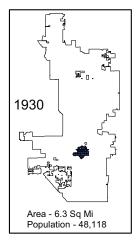
We work very hard to earn our reputation as a well-run city. We aspire to be the leaders in our respective professions, setting new standards of excellence. Each day, our mission and vision, which centers around the needs and expectations of our residents, are at the core of everything we do.

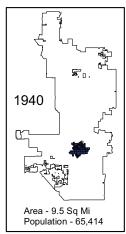


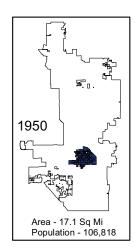
PHOENIX GROWTH

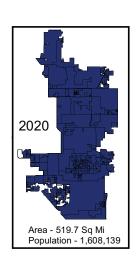


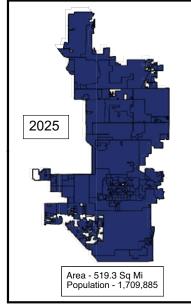


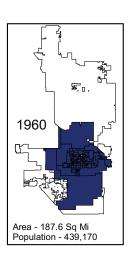


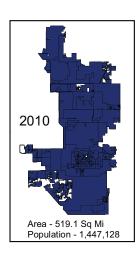


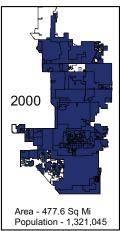


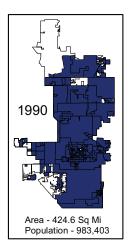


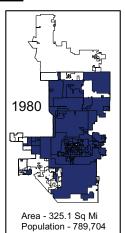


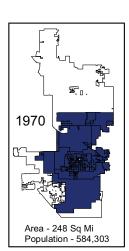












COMMUNITY PROFILE AND TRENDS

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 1,673,164 as of July 1, 2024. 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, Buckeye and the Town of Gilbert. 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 6.79 inches annually.

The Phoenix metropolitan area's employment mix is well diversified and fairly similar to that of the United States as a whole. An exception is construction and financial employment, which comprise more of Phoenix's employment mix than the United States average due to historical rapid population and employment growth. Additionally, the Phoenix area's manufacturing mix is much more concentrated in high technology than the United States. The high technology manufacturing sectors are cyclical in nature and may be more impacted during periods of economic slowing than other manufacturing sectors. The primary employment sectors and their share of total employment in the Phoenix metropolitan area consist of service industry (46%); trade (15%); government (10%); financial activities (9%); construction (7%); and manufacturing (6%). Major employers of the Phoenix metropolitan area include State of Arizona, Banner Health, Amazon, Walmart, Fry's Food Stores, Maricopa County, Wells Fargo, Maricopa County Community College District, Arizona State University, City of Phoenix, and HonorHealth. The top ten property taxpayers, based on secondary assessed valuation, are Arizona Public Service Company, Southwest Gas Corporation, Salt River Project (T&D), Esplanade Owner LLC, Qwest Corporation, Host Kierland LP, Phoenix Plaza PT LLC, Target Corporation, United Services Automobile Association and CRP LDF 55th Ave. These taxpayers make up 5.9 percent of total assessed valuation.

DEMOGRAPHICS AND ECONOMIC STATISTICS -

The following statistics are presented to provide an overview of Phoenix residents, the City's financial condition and infrastructure.

imaci dotale.	1990-91	2000-01	2010-11	2020-21	Actual 2023-24	Estimated 2024-25	Projected 2025-26
DEMOGRAPHIC PROFILE							
Population ¹	995,896	1,350,435	1,453,462	1,608,139	1,650,070	1,673,164	1,709,885
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	\$79,664	\$81,337	\$83,045
Personal Income Growth	4.6%	6.7%	3.0%	8.2%	6.8%	6.3%	6.3%
(Metro Phoenix)⁵							
Secondary Net Assessed Valuation ('000s) ⁶	\$5,700,825	\$7,573,211	\$16,092,308	\$19,889,714	\$28,939,043	\$35,253,420	\$34,544,910
Full Cash Value (Millions) ⁷	N/A	N/A	\$144.772	\$198.012	\$292,924	\$362,082	\$357,601
Employment Growth Rate ⁸	(3.0)%	3.7%	(2.1)%	2.4%	3.7%	3.5%	(0.4%)
Unemployment Rate ⁹	4.9%	2.7%	9.1%	6.1%	3.1%	3.5%	3.5%
Value of Residential Construction (Billions) ¹⁰	\$0.42	\$1.16	\$0.28	\$1.00	\$1.10	\$0.87	\$0.87
Value of Commercial	\$0.46	\$1.33	\$2.60	\$5.00	\$5.80	\$5.70	\$5.70
Construction (Billions) ¹⁰	Q 0.10	Ų1.00	Ų2.00	ψο.σσ	ψο.σσ	ψο., σ	ψο., σ
CITY FINANCIAL PROFILE							
Total Budget ('000s)	\$1,026,545	\$1,946,013	\$3,020,690	\$4,163,128	\$5,258,576	\$5,721,201	\$7,860,889
Total GF Budget ('000s) ¹¹	\$591,021	\$953,324	\$954,795	\$1,371,152	\$1,844,878	\$1,932,488	\$2,193,555
Total Employees	11,388	14,352.0	15,002.8	14,980.9	16,115.7	16,147.2	16,254.8
Total Employees per 1,000 population ¹²	11.4	10.6	10.3	9.2	9.8	9.7	9.5
Non-Enterprise Employees per 1,000 population	N/A	8.6	8.0	7.2	7.8	7.7	7.6
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	2.10	2.08	2.08
GO 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	239,890	240,000	166,493
City Retail Sales Tax Rate ¹⁶	1.2%	1.8%	2.0%	2.3%	2.3%	2.3%	2.8%

	1990-91	2000-01	2010-11	2020-21	Actual 2023-24	Estimated 2024-25	Projected 2025-26
INFRASTRUCTURE PROFILE							
Area (Square Miles) Police	427.1	483.5	519.1	519.8	519.3	519.3	519.3
Major Crimes ¹⁷	110,961	97,666	70,108	63,710	53,622	51,050	52,780
Dispatched Calls for Service ¹⁸	895,117	862,769	666,116	655,459	597,321	600,130	601,1500
Authorized Sworn Police Officer	s ¹⁹ 2,047	2,810	3,281	3,271	3,271	3,271	3,270
Fire							
Fire Stations ²⁰	45	45	57	59	60	60	61
Fires and All Other Calls	26,281	28,369	19,335	27,323	33,729	35,277	36,195
Emergency Medical Calls ²¹	75,112	101,396	136,163	190,669	197,306	201,724	202,437
Authorized Sworn Firefighters ¹⁹	1,042	1,315	1,661	1,723	1,869	1,869	2,027
Building Inspections							
Building Inspections Conducted by City Employees and Contract		261,184	131,600	271,758	286,294	277,000	277,000
Streets							
Total Miles	3,800	4,299	4,825	4,858	4,871	4,890	4,895
Miles Resurfaced and Sealed ²²	250	220	127	582	314	376	270
Total Miles of Bikeway ²³	250	472	615	1,528	1,315	1,350	1,381
Traffic Control and Lighting							
Signalized Intersections	761	906	1,092	1,163	1,191	1,203	1,215
Street Lights ²⁴	50,825	70,750	89,826	96,828	97,444	98,593	99,343
Traffic Crashes ²⁵	28,414	36,500	22,742	27,540	23,594	23,741	23,889
Aviation							
Passengers Arriving and Departing	22,175,000	35,900,000	40,500,000	26,779,940	50,698,015	51,678,000	53,744,000
Solid Waste Collection							
Residences Served ²⁶	281,392	327,953	392,825	413,010	423,539	427,692	430,258
Tons Disposed at City Landfills ²⁷	513,643	1,051,935	1,002,346	986,352	970,583	933,394	938,994
Municipal Parks							
Number of Municipal Parks ²⁸	181	199	225	200	201	203	203
Developed Park Acres ²⁹	2,206	3,332	5,071	8,860	8,871	8,896	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	10,266,321	10,500,000	10,600,000
Total Material Stock ³¹	1,732,410	2,016,000	1,643,977	4,050,722	4,401,829	4,681,114	4,500,000
Number of Library Branches ³²	11	13	16	17	17	18	18
Equipment Management							
Number of Equipment Units in Fleet ³³	4,776	6,080	7,612	7,711	8,010	8,038	8,064
Water							
Connections ³⁴	321,996	350,967	397,390	434,743	449,002	449,468	452,639
Production (billions of gallons) ³	84.7	109.4	98.6	106.0	103.9	106.0	102.4
Miles of Line	4,246	5,007	6,270	7,035	7,157	7,185	7,205
Wastewater							
Connections	311,980	327,051	389,978	421,854	433,216	441,895	452,596
Miles of Line	3,661	4,174	4,980	4,952	5,054	5,070	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 population counts reported for 2023-24 and 2024-25 are based upon Census Bureau Population Estimate, and the population count for 2025-26 is a projection provided by the Maricopa Association of Governments.

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

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

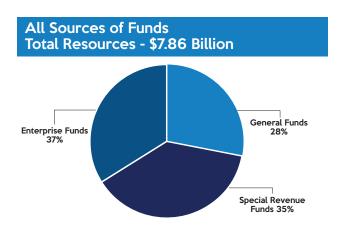
⁴Median Household Income is based on U.S. Census Bureau data for the City of Phoenix geographic area. For the estimate and projection years, the Calendar Year (CY) 2024 greater Phoenix Consumer Price Index (CPI) of 2.1% was applied to the U.S. Census Bureau's (FactFinder) 2023 American Community Survey 1-year estimates for City of Phoenix Median Household income. The reported data is from April 2025.

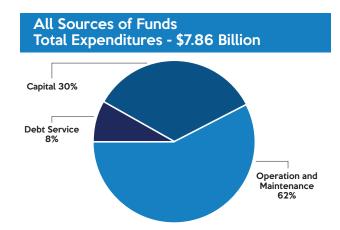
- ⁵ Personal income growth percentage is from University of Arizona's "Economic Outlook" quarterly publication (University of Arizona Economic and Business Research Center).
- ⁶ Following the 2012 voter approval of the Arizona Property Tax Assessed Valuation Amendment (Proposition 117), and A.Z. Const. 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 2025.
- ⁹ Unemployment rate is reported monthly by the US Bureau of Labor Statistics website: www.bls.gov (LAU Local Area Unemployment searchable databases) converted to fiscal year by the City of Phoenix Budget and Research Department. Data is based on the Phoenix-Mesa-Scottsdale Statistical Area (MSA). The reported data is from March 2025.
- ¹⁰ These measures represent the annual estimated value of projects permitted by the City of Phoenix. The value of residential and commercial construction and the number of building inspections are estimated to be lower in 2024-25 due to lower permits.
- 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 2024-25 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 accord 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). Effective January 1, 2025, residential rental property owners are no longer required to collect and remit any city transaction privilege tax on the income derived from long-term lodging stays of 30 days or more. The reduction in 2025-26 reflects this change.
- ¹⁶ On March 18, 2025, the City Council approved an increase in the Transaction Privilege Tax and Use Tax rates by 0.5% for various business activities, effective July 1, 2025.
- 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 2025 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, 2025, 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 2,023 based on projected available resources. Supplementals for 2025-26 include an additional 134 sworn firefighters to reduce response times, and 24 sworn firefighters to staff General Obligation Bond-funded Fire Station 15.
- ²⁰ Fire Station 74 is scheduled to be complete and open in 2025-26.
- 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 2023-24 annual street resurfacing mileage reflects project delays, utility/developer conflicts, and contractor issues. Street resurfacing mileage in 2024-25 includes delayed projects from previous years, GO Bond-funded projects allocated to this fiscal year and Cool Pavement Program projects. Street resurfacing mileage in 2025-26 shows a decreasing trend due to normalizing funding levels and continuously rising costs. Mileage also includes GO Bond-funded projects allocated to the fiscal year.
- ²³ City of Phoenix bicycle network consists of bicycle lanes, routes, and paths. The measurement methodology of paths and bike routes records the centerline length while the methodology for bike lanes is to record the lane miles to better capture asymmetrical roadway designs. This approach was updated in 2023-24, resulting in lower total miles reported but not an actual decrease in miles. During 2024-25, the total bike lane network was expanded by 34.2 lane miles, and further expansion is anticipated in 2025-26.
- ²⁴ Increases in the number of streetlights expected in 2025-26 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. 2023-24 represents a pre-final number based on current Arizona Department of Transportation (ADOT) data. 2024-25 and 2025-26 figures are projections based on previous years. The methodology for 2024-25 and 2025-26 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 10 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 10 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. Two additional parks opened 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 the Library bookmobile has positively impacted 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. Anticipated reduction in the number of purchases in 2025-26 is due to increased costs of materials.
- 32 Increase is due to the addition of the Bookmobile.
- 33 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.
- ³⁴ Water connections have increased due to an increase in customer accounts.
- 35 Includes water produced for City of Phoenix only. 2024-25 production reflects increased system demand and impact of summer 2024 weather conditions.

RESOURCE AND EXPENDITURE SUMMARY

This section provides a broad overview of the resources and expenditures included in the fiscal year 2025-26 budget. Information is presented for General, Special Revenue and Enterprise funds. General funds, which receive special attention by the community, are highlighted throughout this section. General funds are of importance to our residents as they provide for the most basic services, such as police, fire, parks and libraries. 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 2025-26 budget, financed by operating funds, totals \$7,860,889,000. As shown in the pie chart below, the General Fund portion of \$2,193,555,000 is approximately 28 percent of the total. Special Revenue funds such as Arizona Highway User Revenues (AHUR), grant funds such as Community Development Block Grants, Human Services grants, and Housing grants represent another 35 percent of the total budget. The Enterprise funds, which include Aviation, Water, Wastewater, Solid Waste and Convention Center, make up the remaining 37 percent of the total.

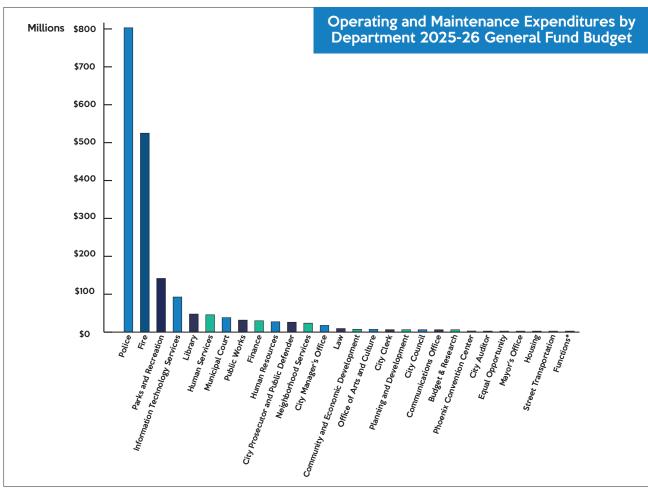




In addition to presenting the budget by funding source, the budget is also described in terms of the major types of activities or expenditures funded. Included in the operating budget are operating and maintenance expenses that provide for ongoing costs of delivering City services; capital expenditures 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 2025-26 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 2025-26 budget to the 2024-25 adopted budget. Actual expenditures for the 2023-24 fiscal year are also included.

2025-26 Budget Compared to 2024-25 Adopted Budget (In Millions of Dollars)								
	2023-24 Actual Expenditures	2024-25 Adopted Budget			Percent Change			
Operating and Maintenance Expenditures Capital Expenditures Debt Service	3,914.3 766.5 577.8	4,788.5 1,886.2 569.1	4,895.1 2,333.7 632.1	106.6 447.5 63.0	2.2% 23.7% 11.1%			
Total	5,258.6	7,243.8	7,860.9	617.1	8.5%			

Overall, citywide operating and maintenance expenditures are expected to rise by \$106.6 million. Most of the increase can be attributed to higher costs associated with employee salaries and fringe benefits, including health insurance and pension, associated with the City Council approved Class and Compensation study, and a higher contingency amount to achieve 4.75 percent of the operating costs. Inflation continues to plague prices such as for vehicle replacements, raw water purchases and water treatment chemicals, motor vehicle parts, and facilities maintenance supplies.

Pay-as-you-go capital expenditure increases are primarily to support infrastructure and facilities costs in the Aviation, Wastewater and Water programs. The Capital Improvement Program Budget book provides project-level detail.

Debt service expenditures are anticipated to grow due to increased debt service payments as well as for the future issuance of excise tax and water revenue bonds.

2025-26 GENERAL FUND BUDGET OVERVIEW

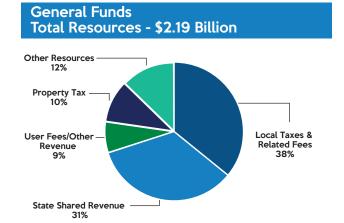
The 2025-26 General Fund budget of \$2,193,555,000 provides for ongoing operating and maintenance and some pay-as-you-go capital expenditures. The table below compares the 2025-26 General Fund budget with the adopted 2024-25 budget.

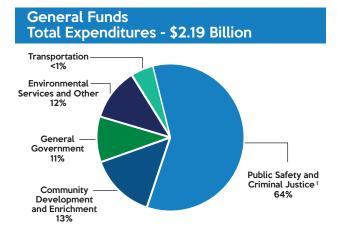
2025-26 General Fund Budget Compared to 2024-25 Adopted Budget (In Millions of Dollars)								
	2023-24 Actual Expenditures	2024-25 Adopted Budget	2025-26 Amount Perce Budget Change Change					
Operating and Maintenance Expenditures Capital Expenditures	1,810.8 34.1	2,039.9 91.8	2,119.4 74.2	79.5 (17.6)	3.9% (19.2)%			
Total	1,844.9	2,131.7	2,193.6	61.9	2.9%			

The operating and maintenance expenditures for 2025-26 are anticipated to grow by 3.9 percent overall compared to the 2024-25 adopted budget, primarily due to higher costs associated with employee salaries and benefits, including health insurance and pension, and a contingency increase to achieve 4.75 percent of operating expenditures. Commodity expenses are also rising for police equipment; computer components; police lab supplies; motor vehicle parts; electrical supplies; and Fire Department provisions such as clothing, tools and equipment, office furniture, and fire chemicals. Furthermore, contractual services are greater mostly due to general building, security, and HVAC services; motor vehicle repairs; minor building renovations; animal control services; computer software maintenance; and consulting.

Pay-as-you-go capital expenditure decreases are due to the shifting of Information Technology funds from its Capital Improvement Program to its operating budget and due to a reduction in funding set aside as local match contributions for potential federal grant projects.

The following pie charts show the 2025-26 General Fund budget summarized by major programs and major resources.





When contingency is excluded, Public Safety and Criminal Justice account for approximately 70% of budgeted General Fund expenditures.

RESOURCES

Resources include beginning fund balances, revenues, recoveries and fund transfers. In 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.

2025-26 ESTIMATED BEGINNING FUND BALANCES

The estimated 2025-26 beginning fund balances totaling \$2,836.0 million include \$210.1 million in General funds, \$1,167.7 million in Special Revenue funds and \$1,458.2 million in Enterprise funds.

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. This amount also serves as the beginning fund balance for the next fiscal year. A detailed discussion of the General Fund beginning fund balance will follow in the next section.

The estimated beginning fund balance for Special Revenue and Enterprise funds include: Transportation 2050 - \$444.5 million; Other Restricted - \$271.1 million; Sports Facilities - \$100.1 million; Arizona Highway User Revenue - \$79.0 million; Parks and Preserves - \$74.5 million; Grant funds - \$48.2 million; 2007 Public Safety Expansion - \$28.4 million; Capital Construction - \$25.6 million; Development Services - \$23.8 million; Neighborhood Protection - \$23.4 million; Community Reinvestment - \$17.8 million; Public Safety Enhancement - \$14.0 million; Aviation - \$765.5 million; Wastewater - \$261.2 million; Convention Center - \$184.8 million; Water - \$183.9 million; Solid Waste - \$62.8 million; and \$17.3 million in various other special revenue funds.

2025-26 GENERAL FUND ESTIMATED BEGINNING FUND BALANCE (AKA 2024-25 GENERAL FUND ESTIMATED ENDING BALANCE)

The 2025-26 GF beginning balance mentioned in the previous section is estimated to be \$210.1 million, which is also the 2024-25 General Fund ending balance, as shown in the following table. This results from a \$10.9 million increase in net resources, combined with a \$199.2 million reduction in net expenditures estimated in 2024-25 compared to the original General Fund budget.

General Fund Balance Analysis (In	Thousands of Dollars)					
	2023-24	2024	2024-25		Estimate Over (Under) Budget	
	Actuals	Budget	Estimate	Amount	Percent	
Resources						
Beginning Balances	222,931	276,590	293,513	16,923	6.1%	
Revenue	1,905,401	1,843,608	1,819,349	(24,259)	(1.3)%	
Recoveries	8,400	2,000	10,600	8,600	+100.0%	
Transfers	1,658	9,561	19,170	9,609	+100.0%	
Total Resources	2,138,390	2,131,759	2,142,632	10,873	0.5%	
Expenditures						
Operating Expenditures	1,810,817	2,039,935	1,881,950	(157,985)	(7.7)%	
Capital	34,061	91,824	50,538	(41,286)	(45.0)%	
Total Expenditures	1,844,878	2,131,759	1,932,488	(199,271)	(9.3)%	
Ending Fund Balance	293,513		210,144	210,144	100.0%	

The increase in net resources includes a \$16.9 million higher beginning balance, an \$8.6 million increase in recoveries, and a \$9.6 million increase in net transfers. This growth is partially offset by a projected \$24.3 million decline in operating revenues, primarily due to anticipated decreases in city sales tax, state-shared sales tax, and emergency transportation services revenues.

The increase in recoveries is because more encumbered expenditures are expected to be released in 2024-25. The increase in net transfers is primarily attributed to higher central service costs contributing to 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 \$158.0 million decrease in operating expenditures and a \$41.3 million decline in pay-as-you-go capital expenditures. The decrease in 2024-25 estimated General Fund operating expenditures from the 2024-25 budget is due primarily to unused contingency funds, increased work order credits, and vacancy savings. The reduction of pay-as-you-go capital expenditures compared with the 2024-25 budget is primarily due to carryover of funds from 2024-25 to 2025-26.

2025-26 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 2025-26 are estimated at \$6,199,357,000. This is \$500,931,000 or 8.8 percent higher than the 2024-25 estimate of \$5,698,426,000.

The following table provides a comparison of the 2025-26 estimated revenues to 2024-25 estimates and 2023-24 actual collections. Detailed explanations by category are provided in the 2025-26 Revenue Estimates section of this document.

2025-26 Estimated Revenues Con	npared to 2024-25 Estimat	tes (In Thousand	s of Dollars)		
			2025-26		
Fund Types	2023-24 Actuals	2024-25 Estimate	Estimate	Amount Change	Percent Change
General Special Revenue Funds Enterprise Funds	1,905,401 1,677,718 1,870,958	1,819,349 1,842,094 2,036,983	1,936,860 2,117,540 2,144,957	117,511 275,446 107,974	6.5% 15.0% 5.3%
Total	5,454,077	5,698,426	6,199,357	500,931	8.8%

General Fund revenues are estimated at \$1,936,860,000, which is \$117,511,000 or 6.5 percent higher than the 2024-25 estimate of \$1,819,349,000. The growth is primarily due to the anticipated increase in City sales tax, state-shared sales and vehicle license taxes, and is partially offset by an anticipated decrease in state-shared income tax. The growth in City sales tax reflects a City Council-approved 0.5 percent increase in the City Transaction Privilege Tax (TPT) and Use Tax rates, effective July 1, 2025.

Special Revenue funds are projected at \$2,117,540,000, representing an increase of \$275,446,000 or 15.0 percent, over the 2024-25 estimate of \$1,842,094,000. The double-digit growth is primarily attributable to the Council-approved 0.5 percent increase in the City TPT and Use Tax rates, effective July 1, 2025, and the carryover of grants from 2024-25 to 2025-26.

The 2025-26 Enterprise funds are projected to be \$2,144,957,000, reflecting an increase of \$107,974,000, or 5.3 percent over the 2024-25 estimate of \$2,036,983,000. This growth is primarily driven by Council-authorized rate increases for the Water and Wastewater funds, and additional revenues from the Convention Center, Aviation, and Solid Waste funds. The increase in the Convention Center fund also reflects the Council-approved 0.5 percent increase in the City TPT and Use Tax rates, effective July 1, 2025.

2025-26 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 2025-26 total \$125.1 million. This amount reflects \$99.7 million to recoup central service costs and/or payments of in-lieu property taxes, the majority of which is from 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 \$25.4 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 \$125.1 million. A transfer of \$1,434.9 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.

2025-26 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 2025-26, \$91.1 million is included for the General Fund contingency, with an additional \$109.4 million set aside to balance the 2026-27 budget. The set-aside could also be used to add or expand programs and services or increase employee compensation. 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, ensure 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 2025-26 ending balance of \$1,227.5 million includes: Other Restricted - \$181.2 million; Transportation 2050 - \$157.6 million; Sports Facilities - \$102.2 million; Grant Funds - \$36.2 million; Parks and Preserves - \$32.8 million; 2007 Police Public Safety Expansion - \$29.8 million; Arizona Highway User Revenue - \$20.9 million; Community Reinvestment - \$19.1 million; Neighborhood Protection - \$14.6 million; Public Safety Enhancement - \$12.4 million; Golf - \$8.7 million; Capital Construction - \$7.5 million; Regional Wireless Cooperative - \$3.3 million; Regional Transit - \$2.3 million; Aviation - \$241.3 million; Convention Center - \$202.2 million; Wastewater - \$63.7 million; Water - \$45.7 million; Solid Waste - \$43.7 million; and a combined \$2.3 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 \$1,167.7 million to \$630.9 million.

- Transportation 2050 fund balances are primarily decreasing due to planned pay-as-you-go capital spending for light rail
 extensions; bus rapid transit; major streets and railroad improvement projects; and traffic signal improvements. Operating
 expenditures are also increasing due to higher contingency reserves and expenditure transfers; increased work order
 charges; greater personal service costs for employee salaries and fringe benefits; and increases to vehicle replacements.
 Contractual services and commodities are also rising due to inflationary adjustments for transportation, construction, and
 security services; diesel and bio-diesel fuel and liquid petroleum gas; computer software maintenance; liability insurance
 and self-insurance charges; general building and special contractual services; and maintenance and repairs.
- Other Restricted fund balances are decreasing due to increases in planned capital spending for citywide construction of affordable housing properties; implementation of a centralized time and labor data system; SAP system upgrades; and software and equipment for the Computer-Aided Dispatch (CAD) system. Operating costs are rising mostly due to increased contractual services and expenditure transfers. Contractual services increases are due to the carryover of funds from 2024-25 into 2025-26 for Housing Opportunity Through Modernization Act (HOTMA) programs; additional appropriation for Office of Homeless Solutions (OHS) shelter operations due to expiring American Rescue Plan Act (ARPA) resources; funding from the opioid settlement to address substance abuse and the impacts of the opioid crisis; financial assistance for residents experiencing a current eviction emergency; increased appropriation in the Parks Gifts and Donations Fund to utilize the fund balance; and implementation of a new asset management system for Marcos de Niza public housing rehabilitation planning services. Growing expenditure transfers will help maintain adequate PSSF fund balances; provide resources for supportive services to residents at Housing Department sites; keep the Housing Central Office Cost Center fund at adequate levels; and increase contributions to the Community Facilities District (CFD) trust. Rising personal service costs are due to employee salaries and fringe benefits, while commodities are also slightly increasing. Lastly, a transfer from the Debt Service Reserve Fund to the City Improvement Fund is furthering the balance decrease.

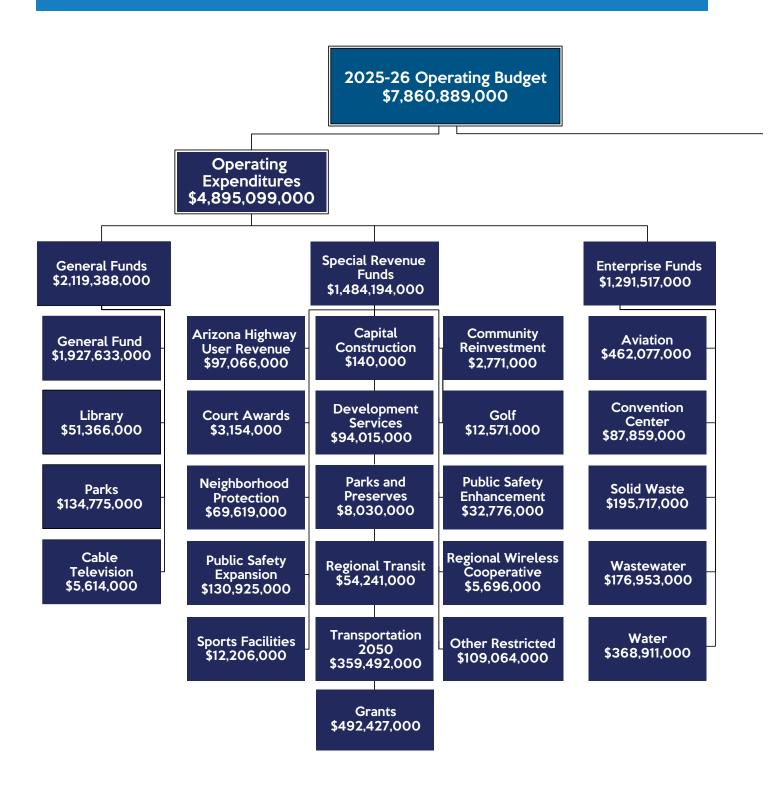
- The Arizona Highway User Revenue fund balance is diminishing due to intended capital spending for the annual Residential Street Overlay program; pedestrian and bike lane improvements for 56th Street between Indian School Road and Camelback Road; and undetermined major street projects. Operating expenses will also rise for landscape maintenance; consultants; increased work order charges; employee salaries and fringe benefits; maintenance and repairs; and utilities. In addition, a transfer to City Improvement Funds for the LED streetlight project is also contributing to the reduction.
- The Phoenix Parks and Preserves fund balance is declining mainly due to planned capital expenditures for preserve land acquisitions and completion of Phoenix Mountain Preserve improvements to restrooms, picnic areas, parking lots, and trailheads. In addition, a decrease in revenue from smaller collections in interest earnings and lease revenues are contributing to the reduced fund balance.
- Development Services funds are reducing due to greater operating costs for higher contingency funds; consultants; computer components; and employee salaries and fringe benefits associated with the impacts of the Class and Compensation study. Capital expenses are also expected to rise slightly due to the Data Center Modernization project.
- Capital Construction fund balances are decreasing mainly due to planned capital expenditures for undetermined major street projects and citywide drainage improvements. Revenue from interest earnings is expected to slightly decline due to the decrease in the beginning fund balance and the estimated interest rate reduction.
- Grant fund balances are declining mainly due to planned pay-as-you go capital spending on Housing projects for park and residential expansions in the Edison-Eastlake community; a non-congregate shelter at Salvation Army Phoenix Emergency Family Shelter; new multifamily rental housing, and provisions for rental housing to seniors exiting homelessness.
- The Public Safety Specialty funds, including Neighborhood Protection, 2007 Public Safety Expansion and Public Safety
 Enhancement, are decreasing as a result of increased operating costs for inflationary adjustments and increases to
 employee salaries and fringe benefits associated with the impacts of the Class and Compensation study.
- Regional Transit fund balances are decreasing mainly due to planned capital expenditures for the purchase of standard buses.
- A few Special Revenue fund balances are expected to increase primarily due to decreases in total expenditures or increases in revenue.

In 2025-26, the Enterprise funds ending balances in the aggregate are programmed to decline from \$1,458.2 million at the beginning of 2025-26 to \$596.6 million at year end.

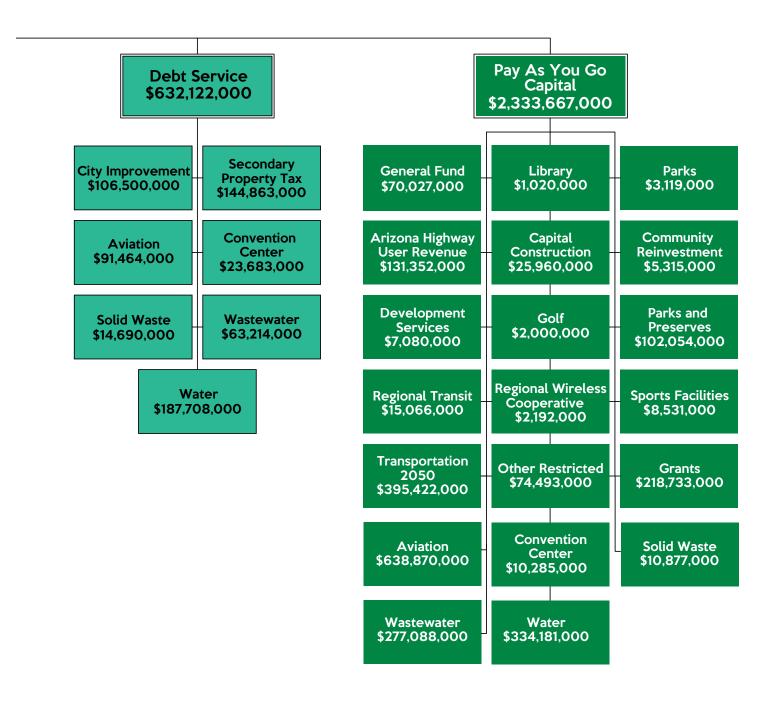
- The Aviation balance is declining due to capital spending on increased project contingency funds; land acquisitions and redevelopment; purchases of additional Sky Train cars; technology upgrades and infrastructure improvements; and fire equipment replacements. Operating costs are increasing due to higher contingency reserves and elevated contractual service costs for ground transportation system maintenance and repair, advertising, and equipment.
- Wastewater funds are diminishing mostly due to additional capital expenditures for a new North Gateway Advanced
 Water Reclamation Plant, rehabilitations for the 91st Avenue and 23rd Avenue Wastewater Treatment Plants (WWTP), and
 improvements to sewers and lift stations. Operating expenditures are also increasing for higher contingency reserves;
 chemicals; machinery and equipment repairs; pollution control contracted services; software and components; pumps and
 accessories; utilities; electrical services and supplies; consultants; maintenance and repairs; vehicle replacements and
 other equipment; employee salaries and fringe benefits; and higher work order charges.
- Water funds are declining due to additional capital expenditures to acquire other water resources resulting from Colorado River share reductions; increased water resilience and storage efforts; the Booster Pump Station Replacement program; improvements to the Val Vista Water Treatment Plant and other citywide treatment facilities; security enhancements to improve process controls and increase security levels at all facilities; water main and meter rehabilitations; and water engineering and construction labor.
- Solid Waste funds are decreasing due to a rise in operating costs for employee salaries and fringe benefit increases; increased work order charges; the annualization of recycling operations at the 27th Avenue Material Recovery Facility (MRF); annualization of the automated vehicle locator system maintenance costs; and landfill operations and disposal services. Capital expenditures for CNG infrastructure replacements, repairs to the landfills and transfer stations, and State Route 85 landfill major maintenance also contribute to the reduced fund balance.
- The Convention Center fund balance is increasing primarily due to a higher beginning balance and growth in sales tax, primarily driven by the City Council-approved increases in Transaction Privilege Tax and Use Tax rates. The surplus is partially offset by increased operating expenditures mainly due to higher contractual costs and commodities for the annual tourism and marketing contract; custodial services; machinery, equipment, and maintenance repairs; temporary production staff; utilities; computer components; security; carpet cleaning; safety, environmental, and plumbing supplies; and marketing and special services. Also included are higher contingency reserves and expenditure transfers; greater personal service costs for employee salaries and fringe benefits; inflationary adjustments to vehicle replacements and other equipment; and greater work order charges. Increased pay-as-you-go capital expenditures will also slightly offset the fund balance for North and West buildings security system and HVAC replacements; Symphony Hall elevator upgrades; and installation of access control card readers to enhance security measures.

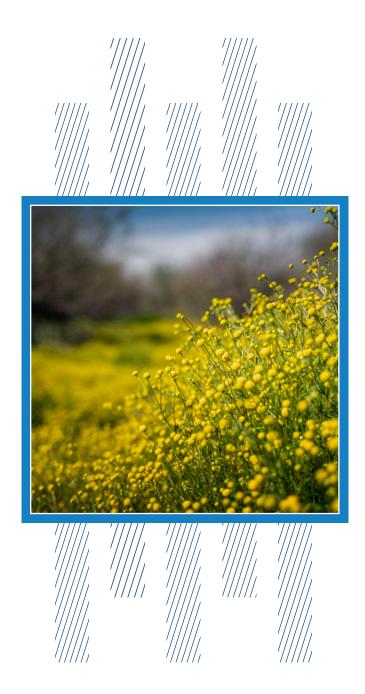


CITY OF PHOENIX FINANCIAL ORGANIZATIONAL CHART



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, but city revenue collections reflect decreasing growth primarily due to the State's actions.

By implementing several strategies to offset the revenue losses, the 2025-26 General Fund includes \$34 million allocated to critically needed service expansion, and a projected surplus of \$17 million which will be set-aside in reserve, to help balance the 2026-27 budget if needed. The \$34 million increase addresses critical community priorities set by the City Council and primarily impact public safety and community development. A summary of the major programs receiving funding follows below.

The Phoenix Fire Department (PFD) provides lifesavings services to all Phoenix residents and visitors and includes emergency medical and transportation services, all-hazards incident management, property protection through fire suppression, and community risk reduction efforts. The 2025-26 budget includes \$29.5 million in additional funding for the PFD, primarily intended to help improve fire and emergency medical response times across the city by increasing Fire's sworn staffing levels. Currently, PFD's response times exceed the National Fire Protection Association established standards. Increases in the number of fire stations and facilities, personnel, and equipment are needed to reduce response times and keep pace with the significant growth in the geographic area and population the PFD must serve. Included in the \$29.5 million is: \$2.5 million to move 32 grant-funded sworn positions to the General Fund, \$2.0 million for 24 sworn positions to staff the new General Obligation (GO) Bond funded Fire Station 15 at 45th Avenue and Camelback Road, and \$25 million to add 134 sworn and 19 civilian positions to reduce emergency response times citywide. The 134 additional sworn personnel will staff new apparatus to be placed in service around the city, and new Fire stations including Station 71 located at 60th Street and Mayo Boulevard, and Station 93 at Metrocenter.

The Office of Homeless Solutions (OHS) has made tremendous progress in addressing homelessness over the last two years with significant investments in the infrastructure of the region's homeless services system. As pandemic-era funding is expiring, the 2025-26 budget includes \$4.5 million for OHS to continue its momentum and ensure the transformational projects and services implemented in the last two years can continue. Included in the \$4.5 million is a portion of OHS operational costs, operational costs at an affordable housing site for very low-income older adults, operational costs at three emergency shelters (Rio Fresco, North Mountain Healing Center, and the temporary Washington Shelter), and heat relief efforts.

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 2025-26 non-General Funds include \$5.6 million in new funding for the Water Services Department. The ongoing addition of staff and vehicles allows for the reopening of the Cave Creek Water Reclamation Plant. This will expand the City's capacity for wastewater treatment and water purification, maintain environmental and safety standards, and uphold technological process control and security standards.

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 2014-15

In 2014-15, the Police Department had 3,268 sworn and 1,060.5 civilian employees.

Service Changes Through 2024-25

The 2024-25 budget included several service enhancements:

- An administrative position was added to support the Airport Bureau. The position is responsible for the 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.
- The sworn hiring plan continued in 2024-25, with the planned hiring of 210 police officers. Overall, the 2024-25 budget includes 3,125.0 sworn positions, or approximately 1.84 officers for every 1,000 residents, as well as 1,338.4 civilian employees.

Service Changes for 2025-26

The 2025-26 budget includes several service enhancements:

- A temporary Senior Public Information Officer was converted to permanent full-time status. This position is
 responsible for strategic communications planning related to the Department of Justice (DOJ) report, including
 collaboration with outside legal counsel. The position also serves as the technical advisor and support for publicfacing communication and associated efforts, including support of Police and other City executive staff in public
 interviews and communications.
- A temporary Contracts Specialist I position was converted to permanent full-time status. This position satisfies
 the Internet Crimes Against Children (ICAC) grant program objectives by ensuring the grant awards are used
 appropriately. The position is also responsible for writing, negotiating, awarding and administering professional
 services contracts.
- A temporary Criminal Intelligence Analyst position was converted to permanent full-time status. This position
 performs various analytical techniques, such as chemical and photographic processes in the field and/or laboratory to
 analyze, develop, and preserve physical and/or biological evidence and present evidence in court.
- A temporary Police Research Analyst position was converted to permanent full-time status. This position performs
 detailed research and analysis of all crimes to produce intelligence to support homeland security stakeholders.

POLICE - Response Time Average

Program Service Level in 2014-15

Response time for 2014-15 Priority 1 emergency calls was 5 minutes and 42 seconds.

Service Changes Through 2024-25

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 29 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 resulted in 77 percent of Priority 1 911 calls answered within 15 seconds.

Service Changes for 2025-26

The Priority 1 average response time for 2025-26 is estimated to slightly decrease to 7 minutes and 27 seconds. Due to continued hiring challenges, the department estimates the percentage of Priority 1 911 calls answered within 15 seconds to decrease slightly to 76 percent.

PUBLIC SAFETY

FIRE - Response Time Average

Program Service Level in 2014-15

Response times reflect the time when an emergency apparatus is dispatched to the time of arrival on the scene of the incident. In 2014-15, the Fire Department maintained a 90th percentile response time of:

- six minutes and forty-five seconds for critical emergency medical service incidents,
- · five minutes and thirty-two seconds for engines on fire incidents and
- · nine minutes and twenty-seven seconds for ladders on fire incidents.

Service Changes Through 2024-25

Since 2014-15, response time for:

- · critical emergency medical service incidents increased to seven minutes and twenty-one seconds,
- · engines on fire incidents increased to five minutes and forty-eight seconds and
- · ladders on fire incidents increased to ten minutes and twenty-five seconds.

The increase in response times is directly related to the significant increase in demand for service. The overall incident activity level increased 25 percent from 2014-15 to 2024-25.

To address the increase in response times, the Fire Department added 15 sworn positions for the permanent staffing of Station 72 located at 33027 N. Cave Creek Rd. This permanent staff 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 19th 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 2025-26

The 2025-26 budget increases emergency response staffing levels to achieve National Fire Protection Association 90th percentile compliant response times for all fire and medical emergency calls.

The Fire Department added 24 sworn personnel to staff the new General Obligation Bond funded Fire Station 15 at 45th Avenue and Camelback Road. Further, the Fire Department added 134 sworn and 19 civilian personnel to reduce emergency response times, which are funded by the transaction privilege and use tax rate increase.

The full implementation of adding additional personnel will take two to three years to fully realize. Once fully implemented, the estimated impact will be an improvement in localized and citywide fire response times.

PUBLIC SAFETY

FIRE - Emergency Transportation

Program Service Level in 2014-15

In 2014-15, the City had a total of 23 full-time and 11 part-time ambulances in service.

Service Changes Through 2024-25

- 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 ensure 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 funding for two additional full-time ambulances. The first ambulance will be for the new Fire Station 62 to be located at 99th 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 included funding for two new full-time ambulances. The first ambulance is dedicated to the new Fire Station 74 located at 19th Avenue and Chandler Blvd. The second ambulance provides the necessary resources to cover deficiencies and improve overall service delivery for the City. In March 2024, the City Council approved the conversion of ten part-time to six full-time ambulances. This conversion included the creation of 34 new 56-hour firefighter positions and new funding for 14 existing 56-hour firefighter positions which were previously un-funded. All positions were added in 2023-24 but start dates were staggered into 2024-25. This brings the total to 37 full-time and six part-time ambulances.
- The 2024-25 budget includes filling the remaining positions that were part of the March 2024 conversion of ten parttime to six full-time ambulances.

Service Changes for 2025-26

The 2025-26 budget includes funding for five additional full-time ambulances, bringing the total to 42 full-time and six part-time ambulances. The first ambulance will be stationed at Fire Station 15 located at 45th Avenue and Camelback Road. The remaining four ambulances will be strategically placed throughout the city to cover deficiencies and improve overall service delivery for the City. Full implementation and the estimated impact of additional full-time ambulances will take two to three years to fully realize. Once fully implemented, the estimated impact will be an improvement in localized and citywide medical emergency response times.

TRANSPORTATION

PUBLIC TRANSIT - Service Miles/Hours

Program Service Level in 2014-15

In 2014-15, an estimated 16,458,353 bus miles and 322,760 hours of Dial-a-Ride services were provided on weekdays and weekends in the City of Phoenix.

Service Changes Through 2024-25

- 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 Route 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). Modified routes were Route 3, 7, 16, 19, 35, and 70. In addition, a 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.
- Annual 2024-25 local bus revenue miles are estimated at 22,351,900. Notable changes include Route 13 routing
 modification at Phoenix Sky Harbor Airport in October 2024 and Route 27 Durango Street deviation in January 2025.
 Express/RAPID revenue miles were originally estimated at 761,700. The revised Express/RAPID estimate is 762,900 after
 reflecting minor routing adjustments at Thelda Williams Transit Center. Dial-a-Ride service hours are estimated at 329,763.

Service Changes for 2025-26

Annual 2025-26 local bus revenue miles are estimated at 22,351,900. Express / RAPID revenue miles are estimated at 762,900 and Dial-a-Ride services hours are estimated at 331,412.

TRANSPORTATION

PUBLIC TRANSIT - Average Weekday Bus Ridership

Program Service Level in 2014-15

In 2014-15, the average weekday bus ridership was estimated to be 129,790.

Service Changes Through 2024-25

- 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.
- In the 2024-25 budget, average weekday ridership is estimated at 54,000.

Service Changes for 2025-26

In the 2025-26 budget, average weekday ridership is estimated at 58,000.

STREET TRANSPORTATION - Major And Collector Street Sweeping And Maintenance

Program Service Level in 2014-15

In 2014-15, street sweeping and maintenance were scheduled to occur every 14 days.

Service Changes Through 2024-25

There were no changes in service from 2014-15 through 2024-25. Frequency of service remained at every two weeks.

Service Changes for 2025-26

The 2025-26 budget includes no changes in service for major and collector sweeping.

STREET TRANSPORTATION - Residential Street Sweeping

Program Service Level in 2014-15

In 2014-15, the City provided street sweeping services four times per year.

Service Changes Through 2024-25

There were no changes from 2014-15 through 2024-25. Frequency of service remained at four times per year.

Service Changes for 2025-26

The 2025-26 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 2014-15

The 2014-15 budget provided no changes to service levels.

Service Changes Through 2024-25

- The 2015-16 budget included 68 miles of streets to be sealcoated. It also included ten 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.
- The 2024-25 budget included 119 miles of streets to be sealcoated.

Service Changes for 2025-26

The 2025-26 budget includes 157 miles of streets to be sealcoated. The number of miles sealcoated may vary year over year based on the selected streets 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 2014-15

The 2014-15 budget provided for 106 miles of overlay.

Service Changes Through 2024-25

- 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.
- The 2024-25 budget provided for 93 miles of overlay.

Service Changes for 2025-26

The 2025-26 budget provides for 113 miles of overlay. The mileage also includes GO Bond-funded projects allocated to this fiscal year. The number of miles resurfaced can vary year over year based on the selected streets and the distribution of wide versus narrow streets being treated.

COMMUNITY DEVELOPMENT

HOUSING - Scattered Sites Housing Program

Program Service Level in 2014-15

In 2014-15, the Housing Department had 405 units.

Service Changes Through 2024-25

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

At the end of 2024-25, the Scattered Sites Homeownership Program is expected to have an inventory of 106 units, which reflects the anticipated sale of 35 units in 2024-25 through the Section 18 and Section 32 programs.

Service Changes for 2025-26

In the 2025-26 budget, the Scattered Sites Homeownership Program is expected to sell 45 units, which will reduce its inventory to 61 units.

HOUSING – Affordable Housing Program

Program Service Level in 2014-15

In 2014-15, the Affordable Housing Program consisted of 2,716 units for families and individuals.

Service Changes Through 2024-25

At the end of 2024-25, the Affordable Housing Program is expected to consist of 2,711 units for families and individuals.

Service Changes for 2025-26

In the 2025-26 budget, the Affordable Housing Program is expected to consist of 2,740 units for families and individuals, which reflects a planned addition of 29 units.

HOUSING – Federal Assisted Housing Program

Program Service Level in 2014-15

In 2014-15, the total inventory of assisted housing units was 2,204.

Service Changes Through 2024-25

At the end of 2024-25, the Federal Assisted Housing Program is expected to consist of 1,011 units for families and individuals, which reflects a decrease from 2014-15 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 2025-26

In the 2025-26 budget, the total number of assisted housing units is expected to decrease to 966, 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 2014-15

In the 2014-15 budget, the Rental Assistance Program provided 6,740 units of vouchers for low-income residents in the private housing market.

Service Changes Through 2024-25

At the end of 2024-25, the Rental Assistance Program is expected to have provided 7,561 vouchers for low-income residents in the private housing market and 321 emergency housing vouchers.

Service Changes for 2025-26

In the 2025-26 budget, the Rental Assistance Program is expected to provide 7,561 vouchers for low-income residents in the private housing market and continue to provide 321 emergency housing vouchers.

COMMUNITY DEVELOPMENT

NEIGHBORHOOD SERVICES - Neighborhood Preservation Case Cycle Time (Days)

Program Service Level in 2014-15

In 2014-15, the average case cycle time was 45 days.

Service Changes Through 2024-25

- 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 increased to 38 days due to staff vacancies.
- The average case cycle time in 2024-25 increased to 39 days due to staff vacancies.

Service Changes for 2025-26

In 2025-26, there are no anticipated changes to the average case cycle time.

ECONOMIC DEVELOPMENT – Employment Growth Rate Compared to Other Cities

Program Service Level in 2014-15

In 2014, Phoenix's employment growth rate was as follows:

- Austin 3.7%
- Denver 3.4%
- Dallas 2.9%
- Ft. Worth-Arlington 2.8%
- San Antonio 2.5%
- · Los Angeles/Long Beach 2.4%
- Kansas City 2.3%
- PHOENIX 2.3%
- San Diego 1.7%

Service Changes Through 2024-25

The average unemployment rate for the Phoenix Metropolitan Area in 2024 was 3.2%. This is a 0.3% decrease from 2023 and a 9.9% 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 3.6% for March 2025.

Based on data from the BLS, the Phoenix Metropolitan Area 2024 employment growth rate of 1.8% is a 1% decrease from 2023. The growth rate compares favorably with benchmark metropolitan areas:

- Austin 3.1%
- Dallas 2.3%
- Las Vegas 2.1%
- PHOENIX 1.8%
- Salt Lake City 1.2%
- Albuquerque 1.0%
- Los Angeles 0.3%
- Denver 0.1.%
- San Diego 0.1%
- · San Francisco (1.1%)

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

Service Changes for 2025-26

Based on data from the Arizona Office of Economic Opportunity, the City of Phoenix employment level is expected to increase by 20,473 from 2024 to 2026.

Despite economic conditions and the decline in employment in 2020, the City's employment is expected to grow by 1.8 percent between 2024 and 2026.

HUMAN SERVICES - Head Start Program

Program Service Level in 2014-15

In 2014-15, the program served 3,390 children.

Service Changes Through 2024-25

- 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 was funded through the American
 Rescue Plan Act (ARPA) and ended in June 2024. The decrease in numbers for 2022-23 was due to staffing
 shortages.
- In 2023-24, the Head Start program served 2,274 children, of which 2,274 were full school day Head Start students. The Early Head Start Program served 402 children. In addition, the ECEE program served 261 children. The decrease in numbers for 2023-24 was due to continued staffing shortages.
- In 2024-25, the Head Start program served 2,290 children. All 2,290 children were full school day Head Start students.
 The Early Head Start Program served 377 children. The decrease in numbers for 2024-2025 reflected a funding
 decrease at the end of November 2024 and the end of the ECEE program. Head Start has been focusing on achieving
 100 percent full-time enrollment, which was successfully accomplished this past year. They will continue to offer only
 full-day Head Start enrollment in the coming years, as this aligns with Head Start performance standards. There will
 no longer be half-day or part-time students.

Service Changes for 2025-26

In 2025-26, the Head Start program is budgeted to serve up to 2,209 children, representing fully funded enrollment. All slots are for full school day Head Start students. The Early Head Start Program will serve up to 124 children, representing fully funded enrollment.

HUMAN SERVICES - Senior Nutrition Program

Program Service Level in 2014-15

In 2014-15, the program served 581,462 congregate and home-delivered meals.

Service Changes Through 2024-25

- 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 served 329,120 meals. The decrease was due to less Senior Center participants returning to the centers for meals since reopening from closure during the COVID-19 pandemic.
- In 2024-25, the program is expected to serve approximately 320,000 meals. The Area Agency on Aging provides funding for up to 300,000 home delivered meals and senior center congregate meal participation increased by approximately 5,000 meals from the previous fiscal year.

Service Changes for 2025-26

In 2025-26, the program is expected to serve 395,000 meals. This includes projected funding to serve up to 300,000 home delivered meals and reflects an increase in Senior Center members participating in meals.

PARKS AND RECREATION - Swimming Pools

Program Service Level in 2014-15

In 2014-15, all 29 pools were open with the re-opening of Cortez Pool.

Service Changes Through 2024-25

- · Between summer 2015 and 2019, no changes were included in the budget.
- In summer 2020, all pools were closed in response to the COVID-19 pandemic.
- Following the previous summer's closures, the City Council directed 12 of 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.
- In 2024, 16 pools opened all summer, while two pools were open for one month, June or July, providing access to 17
 pools for public use at one time.

Service Changes for 2025-26

In summer 2025, a total of 20 pools will open, which includes 15 pools during the entire aquatic season, four pools for one month each, and one pool operated by a non-profit partner.

PARKS AND RECREATION - Swimming Pool Season

Program Service Level in 2014-15

In 2014-15, the budget allowed for a nine-week season at 29 pools.

Service Changes Through 2024-25

- · No changes were included in the budget for swim seasons through 2015-16.
- 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 swim seasons in 2017-18 and 2018-19.
- 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.
- In summer 2024, 16 pools were open all summer season and two pools were open one month each in June and July.
 Additionally, six recreation swim teams were added at select sites.

Service Changes for 2025-26

In 2025-26, a total of 20 pools will open, which includes 15 pools during the entire aquatic season, four pools for one month each, and one pool operated by a non-profit partner. The aquatic season starts Memorial Day weekend and runs through the end of July, with select pools open through Labor Day. Additionally, five recreation swim teams will be added at select sites.

PARKS AND RECREATION - School Recreation Program During School Year

Program Service Level in 2014-15

The 2014-15 budget included 47 Phoenix Afterschool Centers (PAC) sites.

Service Changes Through 2024-25

- In 2015-16, the number of PAC sites was 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.
- In 2024-25, 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. One site operated with maximum enrollment of 80 students due to high enrollment demand at that location.

Service Changes for 2025-26

In 2025-26, PAC is anticipating operation of 32 sites.

LIBRARY - Central Library

Program Service Level in 2014-15

The 2014-15 budget included a partnership with St. Mary's Food Bank to provide Kids Café, the launch of College Depot's ReEngage Phoenix program, and implementation of a change that library materials without holds placed are automatically renewed.

Service Changes Through 2024-25

- 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, the 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 stateof-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.
- 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.

LIBRARY - Central Library (continued)

- 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, StartUpPHX (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@Central) 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 served as a heat relief cooling center 24/7.
- Exterior book lockers with access to library materials are available 24/7.
- · College Depot orchestrated an Educational Resources Expo to coincide with back-to-school season in the fall.
- College Depot created an online intake form for ReEngage Phoenix to help more adults earn their GED or high school diploma.

Service Changes for 2025-26

The 2025-26 budget includes several service enhancements:

- Expansions of both the StartUpPHX and PHX Works spaces will be completed.
- College Depot on the 2nd floor of the Burton Barr Central Library will be expanded to include additional meeting room spaces and site improvements.
- Relocating public access computers and accessibility center for ease of use and accessibility to maximize customer experience.
- · Addition of on-site access to social work resources to assist customers with complex needs.
- · Addition of a chilled water fountain on library property to provide 24/7 access to chilled drinking water.
- Refurbishment of the existing life safety fire suppression system and replacement of fire pump, including addition of specialized fire suppression to protect rare book room collection and artifacts.

LIBRARY - Branch Libraries

Program Service Level in 2014-15

The 2014-15 total branch library service hours were 711 per week.

Service Changes Through 2024-25

- In October 2015, Harmon, Palo Verde, and Yucca libraries, through a Super Bowl grant, installed active computer workstations so customers can walk on a treadmill while using library public computers.
- A temporary branch at Park Central Mall opened in January 2018 due to the 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.
- 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.

LIBRARY - Branch Libraries (continued)

- 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 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.
- The 2024-2025 total branch library service hours were 831 per week.
- Exterior book lockers with access to library materials are available 24/7.
- · A new patio was added to Century Branch to increase functionality of library space.
- Three library branches assisted with city-wide heat relief efforts through extended hours for cooling centers.
- · Enhanced library catalog became available to improve user experience.

Service Changes for 2025-26

The 2025-26 budget includes several service enhancements:

- · Outdoor digital signs will begin being installed at all library locations.
- · All public printers will have the ability to accept credit card payments.
- Three library branches will assist with citywide heat relief efforts through expanded services and extended hours as cooling centers.
- · A pilot program will begin to utilize translation devices to better assist customers who do not speak English.
- · Automated chat services to the library website will be available for enhanced customer experience.
- · Updated and well-defined free speech zones at each branch library.

ENVIRONMENTAL SERVICES

WATER SERVICES - Water Bill Comparison for Single-Family Homes

Program Service Level in 2014-15

In a March 2015 survey, Phoenix's average monthly water bill compared favorably to the following benchmark cities:

- San Diego \$88.21
- Austin \$76.88
- San Jose \$69.69
- Tucson \$58.52
- Dallas \$53.04
- PHOENIX \$37.75
- Albuquerque \$34.06
- San Antonio \$22.63

Service Changes Through 2024-25

In an April 2025 survey, Phoenix's average monthly water bill compared favorably to the following benchmark cities:

- San Jose \$179.79
- San Diego \$151.10
- Austin \$125.75
- Tucson \$96.04
- PHOENIX \$66.65
- Dallas \$53.84
- Albuquerque \$43.79
- San Antonio \$22.76

Service Changes for 2025-26

The average monthly water bill for Phoenix is anticipated to be \$66.65 in 2025-26.

ENVIRONMENTAL SERVICES

WATER SERVICES - Wastewater Bill Comparison for Single-Family Homes

Program Service Level in 2014-15

In a March 2015 survey, Phoenix's average monthly wastewater bill compared favorably to the following benchmark cities:

- Austin \$63.42
- San Diego \$48.19
- Tucson \$45.06
- Dallas \$38.05
- San Jose \$33.83
- San Antonio \$31.20
- PHOENIX \$22.01
- Albuquerque \$19.95

Service Changes Through 2024-25

In an April 2025 survey, Phoenix's average monthly wastewater bill compared favorably to the following benchmark cities:

- Austin \$70.02
- San Diego \$59.07
- Tucson \$50.50
- San Jose \$49.59
- Dallas \$40.77
- San Antonio \$31.14
- PHOENIX \$26.65
- Albuquerque \$19.36

Service Changes for 2025-26

The average monthly wastewater bill for Phoenix is anticipated to be \$26.65 in 2025-26.



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 continue to be carried out to enhance the City's budget process, making it a year-round, data-driven, interactive process.

- Staff presents an early and detailed budget status to facilitate enhanced strategic resource and expense discussions.
- For the eleventh 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 2023-24, total General Fund resources were originally estimated to end the fiscal year at \$2,132.1 million. Actual total resources were \$2,138.4 million, a difference of \$6.3 million or only 0.3 percent. Total 2023-24 General Fund revenues (collections) ended the fiscal year at \$1,905.4 million, representing a variance to the revised revenue estimate of \$1.9 million or only 0.1 percent.
- 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.

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 each 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.), or 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 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.

The City Manager's Proposed Budget presented 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.

2025-26 BUDGET PROCESS

Initial Budget Status

On November 12, 2024, staff provided an overview of the 2023-24 General Fund budget results, presented information on future budget challenges including actions by the State that negatively impacted revenues, and requested Council adopt the proposed 2025-26 budget calendar.

The General Fund ending balance of \$293.5 million exceeded the estimate of \$276.6 million by \$16.9 million, primarily due to lower than anticipated expenditures. The fund balance was carried forward to the current fiscal year and factored into the development of the 2025-26 General Fund Budget status.

Two components make up the General Fund ending balance: resources and expenditures. General Fund 2023-24 actual resources were \$2,138.4 million and exceeded the estimate of \$2,132.1 million by \$6.3 million, or a variance of 0.3 percent. General Fund revenues were \$1,905.4 million, representing a variance to the revised revenue estimate of \$1.9 million or 0.1 percent. General Fund expenditures were estimated at \$1,855.5 million, and actual expenditures were \$1,844.9 million, or \$10.6 million (0.6 percent) less than estimated. The variance was primarily due to less than estimated costs for contractuals, commodities, and additional vacancy savings across several City departments. While expenditures were lower than estimated, the City continues to experience higher operating costs for employee wages and benefits.

Staff reviewed the previously raised revenue-related 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 continued lower state-shared income tax revenues following tax rate changes in 2022. Staff also reviewed other pressures on the City budget, including the ongoing impact of the Classification and Compensation study and employee compensation, rising public safety pension costs, additional service demands related to homelessness, new operating costs needed due to the 2023 General Obligation (GO) Bond program, and other challenges. Staff continued to study data trends, gather updated economic information, and completed necessary budget development steps to construct the 2025-26 General Fund Budget Status and prepare the Multi-Year Forecast for presentation to the City Council in February 2025. Lastly, the City Council adopted the 2025-26 budget calendar.

Zero-Based Budget Inventory of Programs

On November 7, 2024, for the fourteenth consecutive year, BRD provided detailed, programmatic 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 outlined costs, revenue, staffing levels, funding source, performance measures, and other key budget details for the more than 365 programs and services citywide. The Inventory of Programs also included information from both the current and prior year budgets, which provides helpful context for budget data and performance measures.

The City makes the Inventory of Programs document available early in the annual budget development process, providing the City Council and community the opportunity to review the current year's budget and to begin considering what changes they might recommend for next year's budget. An early release date of the document also supports the City's ongoing efforts to increase community engagement and budget transparency.

2025-26 General Fund Preliminary Budget Status and Multi-Year General Fund Forecast

On February 25, 2025, staff provided the preliminary status for the 2025-26 General Fund budget and a multi-year General Fund forecast through 2027-28. The forecast was presented to the Mayor and City Council for the fifteenth consecutive year, providing an essential tool in long-term budget discussions and decision making.

The General Fund budget outlook for 2025-26 reflected a baseline deficit of \$(36) million and projected shortfalls in 2026-27 of \$(83)M and in 2027-28 of \$(6)M, primarily due to the State's actions to eliminate residential rental sales tax (SB 1311) and to lower the individual income tax rate to a flat tax of 2.5 percent (SB 1828). Staff indicated the projected structural deficits in 2025-26 through 2027-28 required strategic and difficult decision making to ensure the General Fund budget remained balanced. Staff indicated they planned to update revenue and expenditure estimates and present the 2025-26 Trial Budget to the City Council on March 18, 2025.

The Multi-Year Forecast report included estimates of future General Fund resources and expenditures for 2025-26 through 2027-28 based on several economic and budgetary assumptions. The forecast projected a range of ending balances, with deficits in 2026-27 of \$(102) million to \$(64) million, and for 2027-28 of \$(41) million to a potential surplus of \$29 million. The deficits were due to the State's actions referenced above, as well as significant inflationary increases in the cost of providing programs and services and slowing General Fund revenues that required lowering estimated collections in the current fiscal year. The Multi-Year Forecast is not intended to precisely predict 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.

Staff provided preliminary solutions for City Council consideration to balance the projected budget shortfalls, provide capacity to continue programs and services, and add resources for critical needs. The proposed strategies were 1) to increase the City's

Transaction Privilege Tax (TPT) and Use Tax rate, from 2.3 percent to 2.8 percent effective July 1, 2025, 2) to reprioritize spending and reduce ongoing costs by \$24 million with no direct service delivery impacts, 3) to use excise tax bond proceeds to pay for large public safety capital purchases during the forecast years, 4) to set aside one-time amounts in 2025-26 and 2026-27 of \$92 million and \$34 million, respectively, to be available if needed to balance the budget, and 5) to use non-General Fund budgets to reduce General Fund costs for major maintenance and citywide street transportation and construction services.

2025-26 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 18, 2025, staff presented the 2025-26 City Manager's Trial Budget for City Council and community discussion, along with the Preliminary Five-Year Capital Improvement Program (CIP), a multi-year plan for capital expenditures needed to replace, expand, and improve infrastructure and systems.

Staff explained this year's balanced Trial Budget reflected the strategies proposed to the City Council on February 25, 2025 to resolve the projected 2025-26 deficit, include necessary resources going forward to offset the State's action to reduce City revenues, and provide future capacity for necessary additions to the budget.

The Trial Budget included proposed General Fund and Non-General Fund supplementals for the Fire Department to reduce emergency response times, for the Office of Homeless Solutions to continue efforts to help the unsheltered population and to address impacts of homelessness on neighborhoods, and to add resources to the Water Services Department to reopen the Cave Creek Water Reclamation Plant. It also included administrative position additions and conversions of temporary full-time equivalent positions to ongoing positions.

The proposed 2025-26 Trial Budget incorporated carefully considered General Fund reductions totaling \$24 million with no direct service delivery impacts. These proposed reductions did not include any filled City positions, but would eliminate 18.2 vacant positions, and would reduce funding for non-personnel related line items including various contractuals, commodities, and minor capital outlay purchases.

Staff reported the 2025-26 Trial Budget was focused on preserving City programs and services delivered to the community. Staff indicated the Trial Budget, including the proposed strategies to resolve the projected shortfalls, would result in a potential one-time surplus of \$17 million. To ensure the budget remained balanced in the future, and considering economic uncertainty and legislative risks, the City Manager recommended the \$17 million one-time surplus be set aside and carried forward to be available for next fiscal year to help balance the 2026-27 budget and/or provide for future labor increases or other City Council and community priorities, if needed.

Community Feedback

Resident input was first solicited at five community budget information sessions held between January 27 and February 6, 2025. These sessions were unique to this year's budget process and provided residents with an early look at key issues facing the City's budget, including State actions that reduced City revenues and Council's consideration of a TPT and Use Tax rate increase from 2.3 percent to 2.8 percent, which would be effective July 1, 2025 after approval by Council on March 18, 2025.

Resident input was also solicited at 12 community budget hearings held between April 1 and April 16, 2025, and via email and voicemail sent directly to the Budget and Research Department (BRD). In total, from January 18 through April 23, 2025, the City received 457 comments from 419 individuals. Community engagement was also promoted through information sharing on multiple social media platforms including Facebook, X (Twitter), Nextdoor, Flowpage, and YouTube. Feedback from residents overall indicated support for increasing the TPT and Use Tax rate, support for the Proposed Trial Budget, and requests for more City services in a variety of areas.

City Manager's Proposed Budget and Council Action

On May 6, 2025, staff presented a balanced 2025-26 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 \$17 million one-time surplus and carry it forward to be available next fiscal year to help balance the 2026-27 budget.

Council Action

The 2025-26 Proposed Budget was presented to the City Council for action on May 21, 2025. The City Council approved the proposed 2025-26 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 2025-26 General Fund budget was \$2,193.6 million. This is a \$61.8 million or 2.9 percent increase from the adopted 2024-25 General Fund budget of \$2,131.8 million. The final General Fund budget reflects adjustments from

what was presented on May 6, 2025, to account for annual carryovers totaling \$21.9 million for capital pay-as-you-go projects made during the final capital review process. The carryovers are from projects previously anticipated to occur in 2024-25 that will now occur in 2025-26. The increase also accounts primarily 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 certain expenditure categories, including the cost to replace vehicles and to maintain facilities.

Projected General Fund resources were estimated at \$2,193.6 million and included the estimated beginning balance of \$210.1 million, estimated revenue of \$1,936.9 million, and net interfund transfers and recoveries of \$46.6 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. General Fund revenues of \$1,936.9 million represent annual growth of 6.5 percent over 2024-25 and include the estimated revenue to be collected from the TPT and Use Tax rate increase to 2.8 percent effective July 1, 2025 approved by City Council on March 18, 2025. Revenue projections assumed no further impact from the current legislative session and reflect the most recent data available at the time of the projection.

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 2025-26 budget is \$7,860.9 million.

Following the Council's budget action on May 21, 2025 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 June 4, 2025, in compliance with the City Charter requirement that the budget be adopted no later than June 30, 2025.

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 18, 2025. Adoption of the property tax levy ordinance was completed on July 2, 2025, no sooner than 14 days following final budget adoption, in accordance with State law.

On July 2, 2025, 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 that 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 2025-26 community budget process calendar.

DATE	BUDGET ITEMS
November 2024	FundPHX and Inventory of Programs
January 2025 – February 2025	Community Budget Information Sessions
February 25, 2025	Preliminary 2025-26 Budget Status and Multi-Year General Fund Forecast
March 18, 2025	City Manager's 2025-26 Trial Budget and Preliminary Five-Year Capital Improvement Program
April 2025	Community Budget Hearings
May 6, 2025	2025-26 City Manager's Proposed Budget
May 21, 2025	Council Budget Decision
June 4, 2025	2025-26 Tentative Budget Ordinance Adoption
June 18, 2025	2025-26 Funding Plan and Final Budget Ordinance Adoption
July 2, 2025	2025-26 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 (A.R.S. 42-17151. A.1) requires the City Council to annually adopt a balanced budget by purpose of public expense. State law defines this balanced budget as the primary and secondary property tax levy, when added together with all other available resources, must equal these expenditures. Therefore, no General Fund balance 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.

City Charter Chapter XVIII Section 6 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 2025-26 budget development process are as follows:

Action Required	City Charter Prescribed Deadline	Arizona State Statute Prescribed Deadline	2025-26 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 18, 2025
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 3, 2025
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 6, 2025
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 19, 2025

Action Required	City Charter Prescribed Deadline	Arizona State Statute Prescribed Deadline	2025-26 Budget Dates
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 30, 2025, and June 9, 2025
Public hearing immediately followed by adoption of tentative budget ordinances with or without amendment.	On or before the last day of June.	On or before the third Monday of July.	June 4, 2025
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 9, 2025 and June 16, 2025
Post a complete copy of the tentatively adopted budget on the City's website and provide copies to libraries and City Clerk.		No later than seven business days after the estimates of revenue and expenses are initially presented before the City Council.	June 13, 2025
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 17, 2025
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 18, 2025
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 27, 2025
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 2, 2025

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

Arizona State Constitution, Article 9, Section 19 restricts the primary property tax levies to an annual two percent increase plus an allowance for growth attributable to previously unassessed properties (primarily new construction). The City Charter (Chapter XXIII Section 2 Subsection 2) requires that eight cents of the primary property tax levy be allocated to the Parks and Recreation Fund. In addition, the City Charter (Chapter XVIII Sections 8 and 11) 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 1982-83, the City of Phoenix has been subject to an annual expenditure limitation imposed by the Arizona Constitution. This limitation is based upon the City's actual 1979-80 expenditures adjusted for interim growth in population and inflation as measured by the gross domestic product (GDP) implicit price deflator. The constitution exempts certain expenditures from the limitation. Constitutional exemptions generally do not apply to cities adopting a home rule option unless specifically approved by voters. The principal constitutional exemptions that could apply to the City of Phoenix are debt-service payments, expenditures of federal funds, certain state-shared revenues, and other long-term debt obligations. Exemptions associated with revenues not expended in the year of receipt may be carried forward and used in later years. The 1979-80 expenditure base may be adjusted for the transfer of functions between governmental jurisdictions.

The constitution provides for four processes to exceed the expenditure limitation: (1) a local four-year home rule option, (2) a permanent adjustment to the 1979-80 base, (3) a one-time override for the following fiscal year, and (4) an accumulation for pay-as-you-go capital. They all require voter approval.

City of Phoenix voters have approved 11 local home rule options in 1981, 1985, 1991, 1995, 1999, 2003, 2007, 2011, 2015, 2020, and 2024. 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 5, 2024, sets the limit at the City's annual budget after obtaining community input by the residents of the City of Phoenix on the proposed spending plan. This home rule option is in effect for four fiscal years from 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** The Capital Improvement Program development process is used to identify the anticipated costs of capital projects and non-recurring major maintenance projects (e.g., pavement maintenance), taking into account available resources. Projects are evaluated for pay-as-you-go funding or debt financing. Bonds are issued with a maturity date based on 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, 42 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. The State of Arizona eliminated residential rental sales tax (S.B. 1131) and reduced the individual income tax rate to the current "flat tax" of 2.5 percent (S.B. 1828). These actions by the State significantly reduced the City's resources, and led the City Council on March 18, 2025, to approve a 0.5 percent sales tax rate increase effective July 1, 2025 to resolve projected revenue shortfalls.

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 has also worked to develop an employment base that is not as heavily concentrated in the highly cyclical construction industry. However, the State's action of lowering the individual income tax rate has adversely impacted the City's revenue from income tax collections.

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 2.8 percent effective July 1, 2025. A two-tier rate structure was established January 1, 2016 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 (Chapter XVIII Sections 8 and 11) 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 on 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 (Chapter XXIII Section 2 Subsection 2) 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 (A.R.S. 9-413) 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, the Fire Department 25 percent and Block Watch Programs 5 percent of the 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 for payment of debt service and other expenditures related to the downtown sports arena, biosciences and tourism.

Transportation 2050 – These funds are used to account for the revenues generated by the 0.7 percent sales tax approved by voters in August 2015, with an effective date of January 1, 2016, to fund a comprehensive transportation plan with a 35-year sunset date. This tax supersedes the 0.4 percent sales tax approved by voters in March 2000, which was accounted for in the Transit 2000 Fund. The Public Transit Department is allocated 86.2 percent of the sales tax, with the remaining 13.8 percent being allocated to the Streets Department. Fare box collections are also included in the Transportation 2050 Transit Fund. This fund replaced the Transit 2000 Fund.

Enterprise Funds

Enterprise funds include Water, Wastewater, Aviation, Solid Waste and Convention Center funds. Except for Convention Center funds, these funds come entirely from the fees and rents paid by those who use the services and facilities provided. Enterprise funds are "self-contained" and can only be used to pay for the costs associated with Enterprise Fund-related services and programs. Therefore, fees are set to recover all costs associated with providing these services. These costs include day-to-day operations and maintenance, in-lieu property taxes (as appropriate), pay-as-you-go capital improvements and debt service.

Convention Center funds come from a combination of rental and parking income and earmarked sales taxes. These earmarked taxes include a portion of the hotel, restaurant and bar, construction contracting, and advertising taxes levied by the City. This tax stream has been earmarked to repay the debt issued for the Convention Center facility and to provide for operations and maintenance costs.

Capital Funds

Capital Funds include bond issuance proceeds, and other funds such as development impact fees and airport passenger facility charges that are restricted in use to the acquisition of capital assets. The City appropriates Capital Funds separately, and all Capital Fund expenditures are budgeted in the Capital Improvement Program.

Fiduciary Funds

Fiduciary funds, including trust and custodial funds, represent funds held for others. As such, these funds are not included in the annual budget. Any contributions made to these funds using City funds are included in the budget for the appropriate fiscal year. Also, reserves and expenditures for fiduciary funds are not presented in the Annual Comprehensive Financial Report (ACFR). However, the year-end balances held in fiduciary funds are provided in the ACFR.

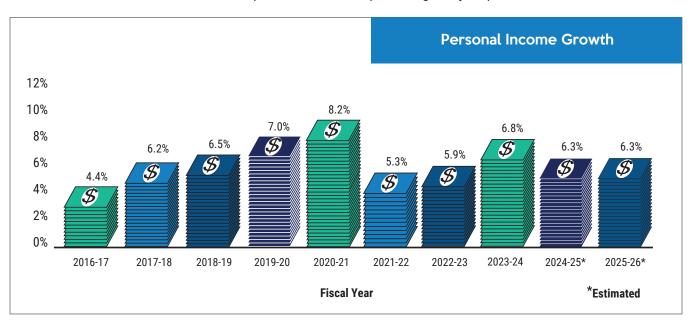
REVENUE ESTIMATES

Revenue estimates for 2025-26 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 total combined primary and secondary property tax rate for 2025-26 of \$2.0799 is unchanged from the 2024-25 combined rate.

It has been over five years since the emergence of COVID-19 in December 2019, and Arizona has recovered from the pandemic downturn ahead of most states. The state's economy has remained resilient, supported by a robust labor market and low unemployment rates. Arizona's job growth reached 2.1 percent for the twelve months ending in December 2024, outpacing the national average of 1.6 percent. Furthermore, according to the Arizona Governor's Office of Strategic Planning and Budgeting, the state's economy grew by 19.9 percent over the five-year period ending in the third quarter of 2024, ranking Arizona as the fourth fastest growing state during that time. The Arizona economy experienced a solid year in 2024, but faced several challenges such as slowing growth, housing affordability issues, and uncertainty regarding federal government policies.

The City of Phoenix continues to be an economic leader in the country due to diverse business and economic opportunities, a strong job market and population growth. City revenue growth in the previous fiscal year was strong despite the onset of geopolitical conflicts, high inflation, elevated interest rates and volatile markets. In 2023-24, GF revenues were 12.6 percent higher than 2022-23, primarily due to the increase in state-shared income tax collections (based on actual collections from 2021-22), and strong city and state sales tax revenues. The City benefited from inflationary pressures and a growing economy, resulting in higher tax revenue from increased prices of taxable goods, population growth, and rising wages. However, significant economic uncertainty and a slowdown in sales tax revenue collections in 2024-25 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 2024-25 and 2025-26.



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 Public Transit, Street, 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 (SB) 1131, which eliminates residential rental sales taxes for cities and towns effective January 1, 2025. SB 1131 has a significant impact on GF and non-GFs including Public Safety, Parks & Preserves and Transportation 2050. The estimated five-month loss to all funds in 2024-25 is \$(37.0) million and the ongoing annual impact in 2025-26 is \$(90.7) million. Furthermore, the forecast reflects the negative impact of SB 1828, which reduced individual income tax rates from a progressive four-tax-bracket system to the current "flat tax" of 2.5 percent in 2022. This negative impact is demonstrated in the significant decline in 2024-25 and 2025-26 for state-shared income tax revenue of \$(84.7) million and \$(22.7) million, respectively. To ensure the City can continue delivering exceptional services to the community and maintain a statutorily required balanced budget, on March 18, 2025, the City Council approved to increase the Transaction Privilege Tax (TPT) and Use Tax rates from 2.3% to 2.8% for various business activities, effective July 1, 2025. The five-year excise tax forecast also reflects this policy change.

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

				- (-,					
	2023-24	2024-25	%	2025-26	%	2026-27	%	2027-28	%	2028-29	%	2029-30	%
Database Harris Torr	Actuals	Estimate	Change	Estimate	Change	Forecast	Change	Forecast	Change	Forecast	Change	Forecast	Change
Privilege License Tax													
Privilege License Tax 1/2/	609,524	584,552	-4.1%	706,294	20.8%	740,633	4.9%	778,108	5.1%	816,719	5.0%	855,660	4.8%
Police Neighborhood Protection 1/2/	38,506	36,820	-4.4%	44,803	21.7%	47,065	5.0%	49,445	5.1%	51,893	5.0%	54,360	4.8%
Police Block Watch 1/2/	2,751	2,630	-4.4%	3,201	21.7%	3,361	5.0%	3,532	5.1%	3,708	5.0%	3,885	4.8%
Fire Neighborhood Protection 1/2/	13,753	13,148	-4.4%	15,998	21.7%	16,808	5.1%	17,658	5.1%	18,533	5.0%	19,415	4.8%
Police - 2007 Public Safety Expansion 1/2/	88,013	84,160	-4.4%	102,403	21.7%	107,576	5.1%	113,017	5.1%	118,616	5.0%	124,254	4.8%
Fire - 2007 Public Safety Expansion 1/2/	22,003	21,043	-4.4%	25,603	21.7%	26,893	5.0%	28,254	5.1%	29,652	4.9%	31,062	4.8%
Parks and Preserves 1/2/	55,007	52,602	-4.4%	64,003	21.7%	67,235	5.0%	70,636	5.1%	74,133	5.0%	77,657	4.8%
Transportation 2050 1/2/	376,180	359,178	-4.5%	439,090	22.2%	460,414	4.9%	483,599	5.0%	507,458	4.9%	531,494	4.7%
Convention Center Excise Tax 2/	89,192	85,637	-4.0%	103,475	20.8%	109,004	5.3%	113,995	4.6%	118,955	4.4%	123,770	4.0%
Sports Facilities Excise Tax	29,932	30,835	3.0%	32,810	6.4%	34,771	6.0%	36,426	4.8%	37,955	4.2%	39,605	4.3%
Jet Fuel Other Restricted Fund	883	852	-3.5%	886	4.0%	909	2.6%	924	1.7%	934	1.1%	945	1.2%
Privilege License Fees (Annual)	3,468	3,367	-2.9%	1,837	-45.4%	1,837	0.0%	1,837	0.0%	1,837	0.0%	1,837	0.0%
Treasury Collection Service Fee 3/	1	1	0.0%	1	0.0%	-	-100.0%	-	NA	-	NA	-	NA
Government Lease Property Excise Tax	615	686	11.5%	703	2.6%	722	2.7%	738	2.2%	755	2.3%	772	2.3%
Subtotal (PLT)	1,329,828	1,275,511	-4.1%	1,541,107	20.8%	1,617,228	4.9%	1,698,169	5.0%	1,781,148	4.9%	1,864,716	4.7%
Utility & Franchise													
Utility & Franchise Tax	97,786	110,691	13.2%	112,863	2.0%	116,964	3.6%	119,514	2.2%	121,983	2.1%	125,270	2.7%
Utility Tax (Jail Tax)	7,584	7,629	0.6%	7,675	0.6%	7,760	1.1%	7,847	1.1%	7,934	1.1%	8,022	1.1%
General Excise Tax	11,376	11,444	0.6%	11,513	0.6%	11,641	1.1%	11,770	1.1%	11,901	1.1%	12,033	1.1%
Storm Water Management	6,574	7,061	7.4%	7,131	1.0%	7,203	1.0%	7,275	1.0%	7,347	1.0%	7,421	1.0%
Capital Construction	7,328	6,766	-7.7%	6,920	2.3%	6,873	-0.7%	6,890	0.2%	6,888	0.0%	6,876	-0.2%
Police Public Safety Enhancement	19,380	21,865	12.8%	21,892	0.1%	22,176	1.3%	22,467	1.3%	22,785	1.4%	23,148	1.6%
Fire Public Safety Enhancement	11,878	13,401	12.8%	13,418	0.1%	13,592	1.3%	13,770	1.3%	13,965	1.4%	14,187	1.6%
Subtotal (Utility & Franchise)	161,906	178,857	10.5%	181,412	1.4%	186,209	2.6%	189,533	1.8%	192,804	1.7%	196,958	2.2%
Licenses & Permits	2,882	2,887	0.2%	2,937	1.7%	3,015	2.7%	3,081	2.2%	3,150	2.2%	3,223	2.3%
State Sales Tax 4/	249,504	252,575	1.2%	262,745	4.0%	274,228	4.4%	286,424	4.4%	299,189	4.5%	312,643	4.5%
State Income Tax 4/5/	435,754	351,016	-19.4%	328,334	-6.5%	351,965	7.2%	369,437	5.0%	389,146	5.3%	409,335	5.2%
Marijuana Sales Tax Earmarked for PSPRS 6/	12,006	12,368	3.0%	12,875	4.1%	13,455	4.5%	14,074	4.6%	14,721	4.6%	15,398	4.6%
TOTAL	2,191,880	2,073,214	-5.4%	2,329,410	12.4%	2,446,100	5.0%	2,560,717	4.7%	2,680,157	4.7%	2,802,273	4.6%

¹¹ The forecast includes residential rental property tax reduction: Senate Bill 1131 prohibits municipalities from taxing residential rental property starting January 1, 2025.

^{2/} The forecast includes an increase of 0.5% to the City Transaction Privilege Tax and Use Tax rates starting July 1, 2025.

^{3/} Effective January 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.

^{4/} Relative population share used in calculating state shared revenues in 2025-26 was based on the 2023 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.

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%.

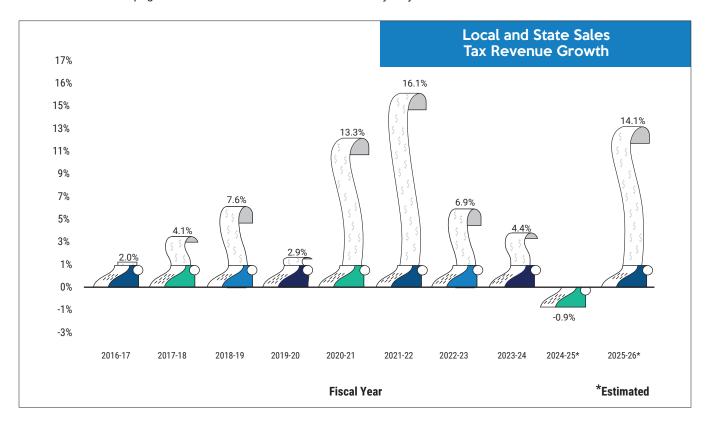
GENERAL FUNDS -

Total 2025-26 General Fund revenues are estimated to be \$1,936.9 million or 6.5 percent more than 2024-25 estimates of \$1,819.3 million. General Fund revenues consist of four major categories: local taxes and related fees, state-shared revenues, primary property taxes and user fees. The following are descriptions of the revenue sources within these four categories and explanations of 2025-26 revenue estimates.

Local and state sales tax collections represent approximately 55.9 percent of General Fund revenues. Local sales taxes for 2025-26 are expected to grow by 17.8 percent over 2024-25 estimates. This double-digit growth is largely due to the 0.5 percent increase in the City TPT and Use Tax rates, effective July 1, 2025. Phoenix's share of state sales tax for 2025-26 is expected to grow by 4.0 percent over 2024-25 estimates.

Combined local and state sales tax revenues for 2025-26 are expected to grow by 14.1 percent over 2024-25 estimates. Combined rates of growth since 2016-17 are provided in the chart below.

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

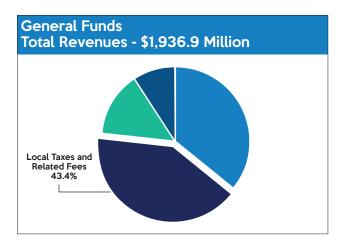


GENERAL FUND REVENUE BY MAJOR SOURCE (In Thousands of Dollars)

	2023-24	% of	2024-25	% of	2025-26	% of	Increase/(E From 2024-2	,
Revenue Source	Actual	Total	Estimate	Total	Budget	Total	Amount	Percent
	7101001						7 1110 0111	. 0.00
Local Taxes and Related Fees								
Local Sales Tax 1/	707,310	37.1%	695,243	38.1%	819,157	42.3%	123,914	17.8%
Privilege License Fees	3,469	0.2%	3,367	0.2%	1,838	0.1%	(1,529)	-45.4%
Other General Fund Excise Taxes	19,575	1.0%	19,759	1.1%	19,891	1.0%	132	0.7%
Subtotal	730,354	38.3%	718,369	39.5%	840,886	43.4%	122,517	17.1%
State-Shared Revenue								
Sales Tax	249,504	13.1%	252,575	13.9%	262,745	13.6%	10,170	4.0%
State Income Tax	435,754	22.9%	351,016	19.3%	328,334	17.0%	(22,682)	-6.5%
Vehicle License Tax	83,823	4.4%	88,000	4.8%	90,871	4.7%	2,871	3.3%
Subtotal	769,082	40.4%	691,591	38.0%	681,950	35.2%	(9,641)	-1.4%
Primary Property Tax	206,394	10.8%	215,419	11.8%	222,719	11.5%	7,300	3.4%
User Fees/Other Revenue								
Licenses & Permits	2,882	0.2%	2,887	0.2%	2,937	0.2%	50	1.7%
Cable Communications	7,058	0.4%	6,176	0.3%	5,472	0.3%	(704)	-11.4%
Fines and Forfeitures	8,800	0.5%	8,515	0.5%	8,525	0.4%	10	0.1%
Court Default Fee	892	0.0%	1,000	0.1%	1,005	0.1%	5	0.5%
Fire	80,113	4.2%	82,959	4.6%	87,502	4.5%	4,543	5.5%
Hazardous Materials Inspection Fee	1,524	0.1%	1,200	0.1%	1,500	0.1%	300	25.0%
Library Fees	481	0.0%	424	0.0%	425	0.0%	1	0.2%
Parks and Recreation	8,343	0.4%	8,699	0.5%	8,653	0.4%	(46)	-0.5%
Planning	1,865	0.1%	1,836	0.1%	1,836	0.1%	` _	0.0%
Police	17,277	0.9%	17,859	1.0%	17,177	0.9%	(682)	-3.8%
Street Transportation	12,375	0.6%	8,331	0.5%	8,343	0.4%	` 12 [´]	0.1%
Other Service Charges	52,491	2.8%	50,248	2.8%	44,229	2.3%	(6,019)	-12.0%
Other	5,470	0.3%	3,836	0.2%	3,702	0.2%	(134)	-3.5%
Subtotal	199,571	10.5%	193,969	10.7%	191,304	9.9%	(2,665)	-1.4%
TOTAL GENERAL FUND	1,905,401	100.0%	1,819,349	100.0%	1,936,860	100.0%	117,511	6.5%

 $^{^{1/}}$ 2025-26 Budget includes an increase of 0.5% to the City Transaction Privilege Tax (TPT) and Use Tax rates starting July 1, 2025.

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 2025-26 estimate is \$840,886,000, which is \$122,517,000 or 17.1 percent greater than the 2024-25 estimate of \$718,369,000. 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. Furthermore, an additional 2 percent tax on the telecommunications category provides resources for the Capital Construction Fund.

Effective January 1, 2025, Arizona law prohibits municipalities from collecting TPT on residential rental property. This negatively impacts the General Fund, Public Safety Specialty Funds (PSSF), Parks and Preserves, and Transportation 2050 Funds.

On March 18, 2025, the Phoenix City Council approved Ordinance G-7369 to amend the City of Phoenix Tax Code to increase the TPT and Use Tax rates by 0.5 percent for various business activities, effective July 1, 2025. 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 LOC	CAL SA	LES TAX R	ATES BY	CATEGO	RY					
	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 *	0.9%	0.1%	0.2%	-	0.1%	0.9%	0.6%	-	-	2.8%
Job Printing *	0.9%	0.1%	0.2%	-	0.1%	0.9%	0.6%	_	-	2.8%
Publishing *	0.9%	0.1%	0.2%	-	0.1%	0.9%	0.6%	_	-	2.8%
Transportation/ Towing *	0.9%	0.1%	0.2%	-	0.1%	0.9%	0.6%	_	-	2.8%
Restaurants/Bars *	0.9%	0.1%	0.2%	-	0.1%	0.9%	0.6%	-	-	2.8%
Leases/Rentals/ Personal Property *	1.5%	0.1%	0.2%	-	0.1%	0.9%	_	_	-	2.8%
Short-Term Motor Vehicle Rental *	1.5%	0.1%	0.2%	-	0.1%	0.9%	-	2.0%	-	4.8%
Commercial Rentals *	1.6%	0.1%	0.2%	-	0.1%	0.9%	-	_	-	2.9%
Lodging Rentals Under 30 Days *	1.5%	0.1%	0.2%	-	0.1%	0.9%	2.0%	1.0%	-	5.8%
Lodging Rentals 30 Days and Over **	-	-	-	-	-	-	-	-	-	-
Retail Tier 1 (1)(2) *	1.5%	0.1%	0.2%	-	0.1%	0.9%	-	-	-	2.8%
Retail Tier 2 (1)(2)	1.2%	0.1%	0.2%	-	0.1%	0.4%	-	-	-	2.0%
Amusements *	1.5%	0.1%	0.2%	-	0.1%	0.9%	-	-	-	2.8%
Utilities	2.7%***	-	-	2.0%****	-	-	-	_	-	4.7%
Telecommunications	2.7%	-	_	-	-	-	-	-	2.0%	4.7%

^{*} The tax rates reflect a 0.5% increase, from 2.3% to 2.8%, effective July 1, 2025. The rounded tax rates for each fund are provided for demonstration purposes, with the specific percentages used in the actual allocation.

^{**}SB 1131 prohibits municipalities from taxing residential rental property starting January 1, 2025.

^{***} The General Fund portion of the utilities category includes the 2.0 percent franchise fee paid by utilities with a franchise agreement.

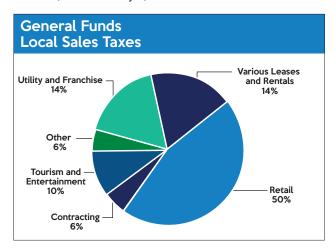
^{****}The Public Safety Enhancement designated 2.0 percent sales tax applies only to those utilities with a franchise agreement.

⁽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 \$819,157,000 for 2025-26. This is an increase of \$123,914,000 or 17.8 percent from the 2024-25 estimate of \$695,243,000. This growth in local sales tax revenue is driven by actual collection trends, projected growth rates provided by the University of Arizona city sales tax model, and the assumption of moderate economic growth. Additionally, the growth reflects the impact of a 0.5 percent increase in the City TPT and Use Tax rates, effective July 1, 2025. The 2025-26 estimate also incorporates an estimated \$(47.4) million loss resulting from the elimination of the residential rental sales tax under State Bill 1131.

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 23.5 percent in 2025-26. Personal income growth, which is used as a trend indicator for retail sales activity, is projected to be 6.3 percent for 2025-26. The double-digit growth also reflects a 0.5 percent increase in the City TPT and Use Tax rates, effective July 1, 2025.



General Fund sales tax revenue is collected on two rental categories: leases and rentals of tangible personal property, and commercial property rentals. These two categories combined are approximately 14 percent of local General Fund sales tax revenue. For 2025-26, tangible personal property and commercial property rentals are projected to increase by 23.7 percent and 18.6 percent, respectively. The growth projected in these categories is due to expected modest growth in the overall economy, a growing population, and a 0.5 percent increase in City TPT sales tax rates effective July 1, 2025.

The contracting category represents approximately 6 percent of the local General Fund sales tax revenue. The revenue collections from contracting are highly correlated with housing permit activity. Modest growth in housing permit activity is anticipated in 2025-26. The overall contracting category is expected to increase by 26.5 percent in 2025-26, mainly due to a 0.5 percent increase in City TPT sales tax rate effective July 1, 2025.

The restaurants and bars category is expected to increase by 25.3 percent and the hotel/motel category is expected to grow by 26.5 percent in 2025-26. Both categories, combined with revenue from amusements, are closely related to tourism and entertainment activities. The growth estimated in 2025-26 assumes modest growth over 2024-25 and accounts for a 0.5 percent increase in City TPT sales tax rates effective July 1, 2025. Revenues from these activities represent approximately 10 percent of the local General Fund sales tax revenue.

The utility and franchise tax category is approximately 14 percent of the local General Fund sales tax revenue. The category includes electricity, natural and artificial gas, water consumption, sewer service, and communications activities. The 2025-26 estimate for utility sales, franchise and communication tax revenue is \$112,675,000, which represents an increase of 3.1 percent compared to the 2024-25 forecast. The increase is due to anticipated utility accounts 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 \$34,849,000 in 2025-26, an increase of 35.1 percent compared to the 2024-25 forecast, assumes modest economic growth, and accounts for a 0.5 percent increase in City Use tax rate effective July 1, 2025. 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 6 percent of local General Fund sales tax revenue.

The following table shows General Fund sales tax collections since 2021-22. 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				
2021-22	627,072	16.8				
2022-23	674,528	7.6				
2023-24	707,310	4.9				
2024-25 (Est.)	695,243	(1.7)				
2025-26 (Est.)	819,157	17.8				

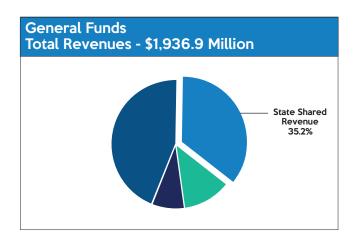
Privilege License Fees

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 2025-26 estimate for privilege license fee revenue is \$1,838,000, which is \$1,529,000 or 45.4 percent lower than the 2024-25 estimate. This decline is primarily due to a significant decrease in license fees, as income from residential rental properties for lodging stays of 30 days or more is no longer subject to City TPT and the privilege license fees.

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 2025-26 estimate of \$7,675,000 is \$46,000 or 0.6 percent more than the 2024-25 estimate of \$7,629,000. This category also includes a general city services excise tax on municipal services bills based on water meter size implemented in July 2014. The 2025-26 estimate for the general city services excise tax of \$11,513,000 is \$69,000 or 0.6 percent more than the 2024-25 estimate of \$11,444,000. 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 2025-26 estimate for the GPLET of \$703,000 is \$17,000 or 2.5 percent more than the 2024-25 estimate of \$686,000.

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 2025-26 estimate for this category is \$681,950,000, which is \$9,641,000 or 1.4 percent less than the 2024-25 estimate of \$691,591,000. The decrease is due to an estimated decrease of 6.5 percent in state-shared income tax, which is partially offset by increases of 3.3 percent in vehicle license tax and 4.0 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 2025-26 were not available in time for developing the budget projections. Since no significant changes were anticipated, Phoenix's share of 27.71 percent for 2024-25 was used for 2025-26.

The City's share of the state sales tax for 2025-26 is expected to be \$262,745,000, which is \$10,170,000 or 4.0 percent more than the 2024-25 estimate of \$252,575,000. The increase in state-shared sales tax revenue is based on actual collection trends in 2024-25 and anticipated modest growth in 2025-26. The table below shows the cities' share of state sales tax, Phoenix's allocation and annual increase since 2021-22.

		Cities' Share of State Collections			9
Fiscal Year	Total	% Change	Percent	Amount	% Change
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	891,606	3.5	27.9	249,504	3.2
2024-25 (Est.)	909,468	2.0	27.7	252,575	1.2
2025-26 (Est.)	944,964	3.9	27.7*	262,745	4.0

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 2024-25 was used for 2025-26.

The anticipated distribution for state income tax to cities and towns is \$1.186 billion in 2025-26, approximately 6.5 percent less than 2024-25 distribution of \$1.268 billion. The distribution represents actual individual and corporate income tax collections by the State in the 2023-24 fiscal year. Phoenix's total distribution for 2025-26 is estimated at \$328,334,000, a decrease of \$22,682,000 or 6.5 percent from the 2024-25 estimate of \$351,016,000.

The following table shows the total cities' share of state income tax, Phoenix's share, percentage allocation and annual increase/decrease since 2021-22.

		Cities' S State Co			Phoenix's Share		
Fiscal Year	% Shared w/Cities	Total	% Change	Percent	Amount	% Change	
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	18.0	1,564,820	41.4	27.8	435,754	41.4	
2024-25 (Est.)	18.0	1,268,258	(19.4)	27.7	351,016	(19.4)	
2025-26 (Est.)	18.0	1,186,306	(6.5)	27.7*	328,334	(6.5)	

Vehicle License Tax

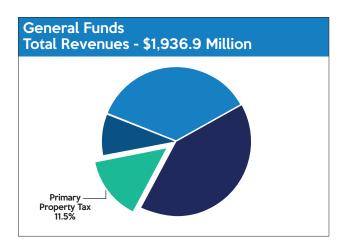
Vehicle license tax has been shared with Arizona cities and towns since 1941. The tax is assessed on the basis of an ad valorem rate on each \$100 in value. The value is equal to a percent of the manufacturer's base retail price at the time of initial registration. During each succeeding year, this value 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 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 39.2 percent of Maricopa County for 2024-25 was used for 2025-26. Phoenix's share of the vehicle license tax for 2025-26 is anticipated to be \$90,871,000, which is \$2,871,000 or 3.3 percent more than the 2024-25 estimate of \$88,000,000. The projected growth rate of 3.3 percent is based on the ADOT forecast for 2024-25 to 2033-34.

The following table shows the cities' share of the vehicle license tax, Phoenix's share, allocation percentage and annual percentage change since 2021-22.

	Amount Distributed by	Phoenix	's Share	Increase/(Decrease)		
Fiscal Year	Maricopa County	Percent	Amount	Amount	Percent	
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	213,834	39.2	83,823	3,230	4.0	
2024-25 (Est.)	224,490	39.2	88,000	4,177	5.0	
2025-26 (Est.)	231,814	39.2*	90,871	2,871	3.3	

PRIMARY PROPERTY TAX



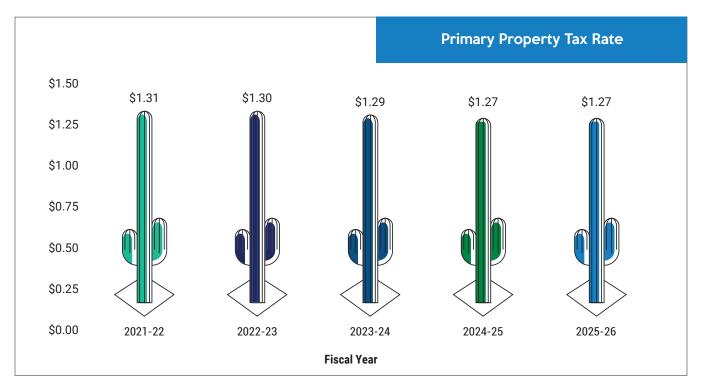
Arizona property taxes are divided into two levies. The primary levy is used for general operation and maintenance expense. The secondary levy can only be used for voter-approved general obligation bond debt service.

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 estimated 2025-26 primary property tax levy is \$224,968,000. The levy is a 3.4 percent increase over the 2024-25 levy of \$217,597,000. The primary net assessed valuation of \$17.77 billion is 3.4 percent above the 2024-25 primary net assessed valuation of \$17.19 billion.

Historically, actual property tax collections have been slightly lower than the amount levied. For 2025-26, collections for primary property tax are estimated to be \$222,719,000, or 99 percent of the levy amount.

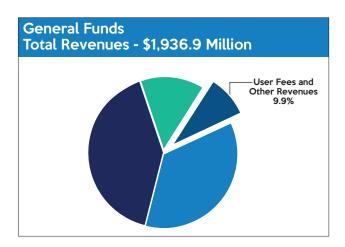


The 2025-26 levy results in a primary property tax rate of \$1.2658 per \$100 of assessed value and a secondary property tax rate of \$0.8141, for a total property tax rate of \$2.0799 per \$100 of assessed value.

The table below shows primary assessed valuation, primary property tax revenues and primary rates since 2021-22.

PRIMARY PROPERTY TAX							
Fiscal Year	Primary Net Assessed Valuation (in Millions)	% Change	Primary Levy (in Thousands)	% Change	Rate per \$100 Net Assessed Valuation		
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		
2025-26	17,773	3.4	224,968	3.4	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 2025-26 estimate for this category is \$191,304,000, which is \$2,665,000 or 1.4 percent lower than the 2024-25 estimate of \$193,969,000. The decrease is primarily due to the estimated revenue decline in fees/charges from cable communications, Parks and Recreation, Police, and interest earnings. The decrease is partially offset by projected higher collections from emergency transportation services, hazardous material inspections, lease, and sale of real estate. Following are descriptions of the various categories and explanations of the revenue estimates.

Licenses and Permits

This category consists of various business permit applications and annual fees, including liquor license applications, amusement machines, annual liquor licenses and other business license applications and fees. The 2025-26 estimate of \$2,937,000 is \$50,000, or 1.7 percent more than the 2024-25 estimate of \$2,887,000, due to an estimated increase in revenue from liquor beverage license fees.

Cable Communications

The City imposes up to a 5 percent fee on the gross receipts of cable television licenses in return for the use of streets and public rights-of-way by cable companies in the provision of cable television service. The 2025-26 estimate of \$5,472,000 is \$704,000 or 11.4 percent less than the 2024-25 estimate of \$6,176,000. 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 2025-26 estimate of \$8,525,000 is \$10,000 or 0.1 percent more than the 2024-25 estimate of \$8,515,000, primarily due to an anticipated slight increase in fines collected from Driving Under the Influence and Reckless Driving.

Court Default Fee

A default fee was implemented in 1993-94 in order to recover court costs associated with defendants who fail to appear in court or fail to pay previously imposed sanctions on civil traffic violations. In 2009-10, the fee increased from \$25 to \$40. The 2025-26 estimate of \$1,005,000 is \$5,000 or 0.5 percent more than the 2024-25 estimate of \$1,000,000, due to the activity related to the court default fee being expected to increase slightly.

Fire

The Fire Department receives fees from various services. The majority of the revenue comes from the 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 2025-26 estimate for ETS is \$66,974,000, which is \$3,504,000 or 5.5 percent more than the 2024-25 estimate of \$63,470,000. The increase mainly reflects the inflationary rate adjustment and an anticipated rise in the number of transports. 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 2025-26 estimate for other fire services is \$20,528,000, which is \$1,039,000 or 5.3 percent more than the 2024-25 estimate of \$19,489,000. This growth is primarily driven by the projected increase in CAD collections and fire prevention inspection fees, partially offset by an anticipated decrease in revenue due to the discontinuation of the Regional 911 services contract with the Maricopa Association of Governments (MAG).

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 2025-26 estimate of \$1,500,000 is projected to increase by \$300,000 from the 2024-25 estimate of \$1,200,000 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 2025-26 estimate of \$425,000 is \$1,000 more than the 2024-25 estimate of \$424,000. The increase is due to an anticipated slight increase from the Library's wireless communication license fee.

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 2025-26 estimate of \$8,653,000 is \$46,000 or 0.5 percent less than the 2024-25 estimate of \$8,699,000. The decrease in 2025-26 is primarily attributable to an anticipated decrease in 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 2025-26 estimate of \$1,836,000 is projected to remain flat from the 2024-25 estimate.

Police

The Police Department receives revenues for various services and programs. Police services are provided on a fee-per-hour basis for school and athletic events as well as other activities where a law enforcement presence is desired. In addition, a false alarm program includes both permit fees and assessments for false alarm responses. The estimate of \$17,177,000 in 2025-26 is projected to decrease by \$682,000 or 3.8 percent from the 2024-25 forecast of \$17,859,000. The decrease is primarily attributable to anticipated lower revenues from police personal services billings, land rentals, and a one-time recycling revenue in 2024-25, but not in 2025-26.

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 2025-26 estimate of \$8,343,000 is \$12,000 or 0.1 percent more than the 2024-25 estimate of \$8,331,000. The increase is mainly due to an anticipated increase in revenues from fiber optics rights-of-way fees and is partially offset by anticipated lower collections from miscellaneous fees.

Other Service Charges

Revenue in this category is composed of several non-tax sources, including interest income, parking meter revenue, payments in-lieu of property taxes, sales of surplus and abandoned property, and various rental, parking and concessions. The 2025-26 estimate of \$44,229,000 is \$6,019,000 or 12.0 percent less than the 2024-25 estimate of \$50,248,000. 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 2025-26 estimate of \$3,702,000 is \$134,000 or 3.5 percent less than the 2024-25 estimate of \$3,836,000. The decrease is mainly due to lower anticipated revenues from leases and the sale of real estate.

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 the 2025-26 revenue estimates. The table on the next page provides 2024-25 and 2025-26 estimates as well as 2023-24 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). In March 2025, the City Council approved a 0.5 percent increase in the City TPT and Use Tax rates. The additional revenue generated from this sales tax increase is to be allocated to the Neighborhood Protection Sales Tax funds based on the current allocation proportions for all affected sales tax funds. The 2025-26 estimate of \$64,003,000 is \$11,403,000 or 21.7 percent more than the 2024-25 estimate of \$52,600,000. These estimates are consistent with those of the same categories in the local sales tax discussion and account for the sales tax rate increase effective July 1, 2025. In addition, \$714,000 is estimated for interest earnings in 2025-26.

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. In March 2025, the City Council approved a 0.5 percent increase in the City TPT and Use Tax rates. The additional revenue generated from this sales tax increase is to be allocated to the 2007 Public Safety Expansion Tax funds based on the current allocation proportions for all affected sales tax funds. 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 2025-26 estimate of \$128,006,000 is \$22,803,000 or 21.7 percent more than the 2024-25 estimate of \$105,203,000. These estimates are consistent with those of the same categories in the local sales tax discussion and account for the sales tax rate increase effective July 1, 2025. In addition, \$800,000 is estimated for interest earnings in 2025-26.

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 2025-26 estimate of \$35,310,000 is \$44,000 or 0.1 percent more than the 2024-25 estimate of \$35,266,000.

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. In March 2025, the City Council approved a 0.5 percent increase in the City TPT and Use Tax rates. The additional revenue generated from this sales tax increase is to be allocated to the Parks and Preserves Sales Tax funds based on the current allocation proportions for all affected sales tax funds. The 2025-26 estimate of \$64,003,000 is \$11,400,000 or 21.7 percent more than the 2024-25 estimate of \$52,603,000. These estimates are consistent with the estimates for the same categories in the local sales tax discussion and account for the sales tax rate increase effective July 1, 2025. In addition, \$4,414,000 is estimated for land rentals, lease revenue and interest earnings in 2025-26.

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

	2023-24	2024-25	2025-26	Increase/(D From 2024-2	
Revenue Source	Actual	Estimate	Budget	Amount	Percent
SPECIAL REVENUE FUNDS					
Neighborhood Protection 1/	55,897	53,674	64,717	11,043	20.6%
<u> </u>					
2007 Public Safety Expansion 1/	110,884	106,410	128,806	22,396	21.0%
Public Safety Enhancement	31,258	35,266	35,310	44	0.1%
Parks and Preserves 1/	60,594	58,218	68,417	10,199	17.5%
Transit 2000 ^{2/}	(1)	-	-	-	NA
Transportation 2050 1/	430,073	408,510	492,611	84,101	20.6%
Court Awards	1,981	5,122	5,075	(47)	-0.9%
Development Services	82,099	80,603	84,032	3,429	4.3%
Capital Construction	8,474	7,882	7,814	(68)	-0.9%
Sports Facilities	37,059	38,160	39,466	1,306	3.4%
Arizona Highway User Revenue	164,415	169,661	173,276	3,615	2.1%
Regional Transit Revenues	74,312	80,339	67,217	(13,122)	-16.3%
Community Reinvestment	7,068	6,493	11,504	5,011	77.2%
Secondary Property Tax	134,481	138,549	143,241	4,692	3.4%
Regional Wireless Cooperative	7,186	6,778	7,494	716	10.6%
Golf Courses	13,249	13,905	14,070	165	1.2%
City Improvement	26	-	-	-	NA
Impact Fee Program Administration	901	801	790	(11)	-1.3%
Court Special Fees	1,032	966	867	(99)	-10.2%
Monopole Rental	172	166	142	(24)	-14.2%
Tennis Center	54	54	53	(1)	-1.9%
Vehicle Impound Program	1,927	1,895	1,895	1	0.0%
Heritage Square	6	22	7	(15)	-67.1%
Affordable Housing Program	8,872	22,182	22,718	537	2.4%
Jet Fuel Other Restricted Fund	883	852	886	34	4.0%
Recreational Marijuana Special Revenue Fund	12,006	12,368	12,875	507	4.1%
Other Restricted Revenues	31,068	51,044	35,114	(15,930)	-31.2%
Grants					
Public Housing Grants	154,559	200,035	239,048	39,013	19.5%
Human Services Grants	74,660	75,804	101,901	26,097	34.4%
Community Development	23,364	21,299	37,897	16,598	77.9%
Criminal Justice	10,880	11,720	10,553	(1,167)	-10.0%
Public Transit Grants	45,674	79,025	122,688	43,663	55.3%
Other Grants	92,604	154,292	187,059	32,767	21.2%
Subtotal - Grants	401,741	542,177	699,146	156,969	29.0%
Total Special Revenue Funds	1,677,717	1,842,094	2,117,543	275,449	15.0%
ENTERRISE ELINIDO					
ENTERPRISE FUNDS Aviation	607,505	659,994	663,361	3,367	0.5%
Water System	617,254	709,573	782,974	73,401	10.3%
Wastewater System	306,280	326,815	338,782	11,967	3.7%
Solid Waste	211,935	215,908	216,352	11,967	0.2%
Convention Center 1/	127,984	124,691	143,488	18,797	15.1%
Total Enterprise Funds	1,870,958	2,036,982	2,144,957	107,975	5.3%
TOTAL NON-GENERAL FUND	3,548,675	3,879,076	4,262,500	383,424	9.9%

²⁰²⁵⁻²⁶ Budget includes an increase of 0.5% to the City Transaction Privilege Tax (TPT) and Use Tax rates starting July 1, 2025.

^{2/} The negative revenue in Transit 2000 is due to a bad debt write-off from an aging account.

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. In March 2025, the City Council approved a 0.5 percent increase in the City TPT and Use Tax rates. The additional revenue generated from this sales tax increase is to be allocated to the Transportation 2050 funds based on the current allocation proportions for all affected sales tax funds. The 2025-26 sales tax estimate for Transportation 2050 is \$439,091,000, which is \$79,913,000 or 22.2 percent more than the 2024-25 estimate of \$359,178,000. These estimates are consistent with the estimates for the same categories in the local sales tax discussion and account for the sales tax rate increase effective July 1, 2025.

This fund also includes farebox, bus shelter advertising, interest earnings, and other miscellaneous transit system revenues. The estimate for 2025-26 is \$53,520,000, an increase of \$4,188,000 or 8.5 percent more than the 2024-25 estimate of \$49,332,000. The growth is primarily due to more anticipated revenues from farebox collection and partially offset by less anticipated interest earnings.

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 2025-26 is \$5,075,000, a decrease of \$47,000 or 0.9 percent lower than the 2024-25 estimate of \$5,122,000. The decline reflects fewer anticipated cases in 2025-26.

Development Services

Revenues in this user fee category include building permits and plans review, subdivision and site plan fees, sign permit fees, engineering permits and plan review fees. These fees are used to fully support the activities of Development Services. The 2025-26 estimate is \$84,032,000, which is \$3,429,000 or 4.3 percent more than the 2024-25 estimate of \$80,603,000. This increase is primarily due to estimated revenue growth in building permit fees and building plan review fees.

Capital Construction

This category includes revenue from a 2 percent increase in the sales tax on telecommunications implemented in February 1998 and is intended to reimburse Phoenix residents for the use of their public rights-of-way by the telecommunications industry. These funds are used primarily for right-of-way improvements in the Street Transportation Capital Improvement Program. The sales tax revenue for 2025-26 is estimated at \$6,920,000, an increase of \$155,000 or 2.3 percent, over the 2024-25 estimate of \$6,765,000. The 2025-26 estimate also includes \$894,000 in interest earnings.

Sports Facilities

Sports facilities revenues consist of a 1 percent portion of the 5.8 percent hotel/motel tax category, a 2 percent portion of the 4.8 percent short-term motor vehicle rentals tax category, and interest revenue generated by the fund. The 2025-26 estimate is \$32,810,000, which is \$1,975,000 or 6.4 percent more than the 2024-25 estimate of \$30,835,000. The revenue estimates are consistent with the estimates for the same categories in the local sales tax discussion. The 2025-26 estimate also includes \$6,656,000 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 2025-26, Phoenix is projected to receive \$133.2 million from the allocation to all cities and towns and \$34.5 million from the allocation to cities and towns over 300,000 population.

The total 2025-26 HURF distribution estimate of \$167,733,000 is \$5,585,000 (3.4 percent) more than the 2024-25 estimate of \$162,148,000. The increased 2025-26 estimate is primarily attributed to projected increases in collections of gas and use fuel tax (3.3 percent) and vehicle license tax (5.3 percent).

The estimate for 2025-26 interest revenue is \$4,817,000, reduced from the 2024-25 estimate of \$6,021,000 due to projected lower fund balance. Other revenues are estimated at \$726,000, reduced from the 2024-25 estimate of \$1,492,000 due to late payments for 2023-24 that were made in 2024-25.

The table below shows the state-shared HURF allocations to the City of Phoenix since 2021-22.

ARIZONA HIGHWAY USER REVENUES (In Thousands of Dollars)					
		Increase/(Decrease)			
Fiscal Year	AHUR Distribution	Amount	Percent		
2021-22	155,465	9,277	6.3		
2022-23	152,748	(2,717)	(1.7)		
2023-24	157,357	4,609	3.0		
2024-25 (Est.)	162,148	4,791	3.0		
2025-26 (Est.)	167,733	5,585	3.4		

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 2025-26 estimate of \$67,217,000 is \$13,122,000 or 16.3 percent lower than the 2024-25 estimate of \$80,339,000. The decline is primarily due to expected reductions in service costs to be paid by other jurisdictions and the RPTA, as well as lower interest earnings.

Community Reinvestment

The 2025-26 estimate of \$11,504,000 is \$5,011,000 or 77.2 percent higher than the 2024-25 estimate of \$6,493,000 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 the performance deadline for the High Street Fillmore Phase II land sales project, with sale proceeds now expected in 2025-26. The growth is also attributed to higher land rental and lease revenues.

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 2025-26 primary property tax rate is \$1.2658 per \$100 of assessed valuation, equal to the 2024-25 primary property tax rate of \$1.2658 per \$100 of assessed valuation. The 2025-26 secondary rate is \$0.8141 per \$100 of assessed value and is unchanged from the 2024-25 secondary rate. The combined tax rate is \$2.0799.

The 2025-26 secondary property tax levy of \$144,688,000 is based on this \$0.8141 rate and the primary net assessed valuation of \$17.77 billion. This resulting levy increases the 2024-25 secondary property tax levy of \$139,948,000 by \$4,740,000 to satisfy debt service requirements.

Revenues are partially offset by an estimated \$1,447,000 in uncollected taxes. In total, secondary property tax and bond interest subsidy revenue is estimated to be \$143,241,000.

The table below shows secondary assessed valuation, secondary property tax levies and secondary property tax rates since 2021-22.

SECONDARY PROPERTY TAX					
Fiscal Year	Net Assessed Valuation (in Millions)	% Change	Secondary Levy (in Thousands)	% Change	Rate per \$100 Net Assessed Valuation
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
2025-26	17,773	3.4	144,688	3.4	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 other participating jurisdictions/agencies for their share of the cost to operate and maintain the network. The 2025-26 revenue estimate of \$7,494,000 is \$716,000 or 10.6 percent more than the 2024-25 estimate of \$6,778,000. The growth is primarily due to anticipated project fees for three new projects in 2025-26, the Ethernet Router Acquisition, Microwave Radio Lifecycle Replacement, and Communications Site Video Monitoring and Site Access.

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 2025-26 estimate of \$14,070,000 is \$165,000 or 1.2 percent more than the 2024-25 estimate of \$13,905,000. The growth is due to anticipated increases in golf course fees, golf range balls, golf cart rentals, and merchandise sales, but is partially offset by anticipated lower interest earnings.

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 2025-26 revenue is estimated at \$790,000, which is \$11,000 or 1.3 percent less than the 2024-25 revenue estimate of \$801,000. The decrease is attributed to anticipated lower interest income.

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 2025-26 estimate of \$74,557,000 is \$14,990,000 or 16.7 percent lower than the 2024-25 estimate of \$89,547,000. The decrease is primarily due to the anticipated decrease in other restricted revenues from the one-time interest income allocations from the State and Local State and Local Fiscal Recovery Funds in 2024-25 and partially offset by estimated increases in the Affordable Housing Program and recreational MJ retail sales tax. The increase in recreational MJ retail sales tax accounts for the 0.5 percent increase in City TPT and Use Tax rates effective July 1, 2025.

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 2025-26 Public Housing grants revenue included in the annual operating budget is \$239,048,000, which is \$39,013,000 or 19.5 percent more than the 2024-25 estimate of \$200,035,000. The increase is primarily due to more housing assistance payments, HOME fundings, and other miscellaneous revenue, which is partially offset by less revenue from housing rentals, housing subsidies, and interest income.

Human Services Grants

This category includes funds from the Department of Health and Human Services (DHHS), Department of Housing and Urban Development (HUD), Workforce Investment Act, Arizona Department of Housing (ADOH), and Aging Program Grants. The 2025-26 revenue estimate of \$101,901,000 is \$26,097,000 or 34.4 percent more than the 2024-25 estimate of \$75,804,000. The increase is primarily due to higher anticipated Head Start funds, the Emergency Rental Assistance Program, the Emergency Solutions Grants (ESG) Program, and the Maricopa County ARPA grant fund. The growth is partially offset by lower revenues from Arizona Department of Housing grants, and Maricopa County Heat Relief Grants.

Community Development Block Grant

Each year since 1974, the City has received Community Development Block Grant (CDBG) funds from the U.S. Department of Housing and Urban Development. These funds are used to support a variety of projects and programs that must meet the following national objectives: benefit low-and moderate-income persons; aid in the prevention or elimination of slums and blight; or meet other urgent community development needs. The 2025-26 CDBG entitlement is \$37,897,000, which is \$16,598,000 or 77.9 percent more than the 2024-25 estimate of \$21,299,000. The increase is primarily due to carryovers from 2024-25 to 2025-26.

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 2025-26 Criminal Justice Grants revenue is estimated to be \$10,553,000, which is \$1,167,000 or 10.0 percent less than the 2024-25 estimate of \$11,720,000. The decrease is due to estimated decreases in Police Homeland Security grants, Police Operating Interest Bearing grants, and partially offset by an increase in Police Operating grants.

Public Transit Grants

This category includes grants from the Federal Transit Administration (FTA) and the Arizona State Local Transportation Assistance Fund. The 2025-26 Federal Transit Administration Grant estimate is \$122,688,000, an increase of \$43,663,000 or 55.3 percent more than the 2024-25 estimate of \$79,025,000. The significant increase is mainly due to carryover from 2024-25 to 2025-26 and federal funding 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 2025-26 budget of \$187,059,000 is \$32,767,000 or 21.2 percent more than the 2024-25 estimate of \$154,292,000. The increase includes the carryover of funding from 2024-25 to 2025-26. The increase is also attributable to additional grant funding from the Arizona Department of Housing (ADOH), and Maricopa County.

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 2025-26 is anticipated to be \$663,361,000, which is \$3,367,000 or 0.5 percent more than the 2024-25 estimate of \$659,994,000. 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, sale of real estate, TSA federal grants, and Goodyear airport building and facility rentals.

The following table shows Aviation revenue by major category and annual percent change since 2021-22.

SUMMARY OF AVIATION REVENUES (In Thousands of Dollars)					
	2021-22	2022-23	2023-24	2024-25 (Est.)	2025-26 (Est.)
Airline Operation	144,864	170,389	219,709	244,924	254,701
Concessions and Rentals	267,607	311,057	335,529	356,780	366,688
Interest	2,312	14,390	39,053	45,034	29,208
Other/Federal Grants	152,312	70,554	4,832	4,209	3,951
Goodyear	3,053	3,466	4,011	4,590	4,288
Deer Valley	3,491	3,946	4,371	4,457	4,525
Total Aviation Revenue	573,639	573,802	607,505	659,994	663,361
Change from Prior Year	46.6%	0.0%	5.9%	8.6%	0.5%

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. In 2024-25, the miscellaneous fees category includes \$20 million in funding from the Bureau of Reclamation to support efforts to maintain water levels in Lake Mead. Total water system revenue for 2025-26 is projected to be \$782,974,000, which is \$73,401,000 or 10.3 percent more than the 2024-25 estimate of \$709,573,000. The growth accounts for the rate increases in water and raw water charge costs, anticipated increase in the number of water accounts, and consumption growth in Taiwan Semiconductor Manufacturing Company. The growth is partially offset by expected lower interest earnings and the discontinuation of Bureau of Reclamation funding related to regional drought mitigation.

The following table shows Water system revenues by major category since 2021-22.

	2021-22	2022-23	2023-24	2024-25 (Est.)	2025-26 (Est.)
Water Sales	347,231	341,742	398,346	468,906	534,982
Environmental Consumption Charge	73,910	69,912	74,487	80,631	84,650
Raw Water Charge	36,652	34,073	54,680	91,032	116,414
Interest	2,253	13,512	17,783	17,476	15,497
Development Fees	6,365	6,910	5,816	3,900	3,900
Combined Service Fees	1,987	1,668	1,553	2,930	2,930
Val Vista	8,416	10,832	12,376	14,401	14,428
All Other	15,461	19,808	52,213	30,297	10,173
Total Water Revenue	492,275	498,457	617,254	709,573	782,974
Change from Prior Year	0.0%	1.3%	23.8%	15.0%	10.3%

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 \$338,782,000 in 2025-26, which is \$11,967,000 or 3.7 percent more than the 2024-25 estimate of \$326,815,000. The increase is mainly due to the 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 2021-22.

				2024-25	2025-26
	2021-22	2022-23	2023-24	(Est.)	(Est.)
Sewer Service Charge	177,045	170,391	187,337	202,818	211,521
Environmental Charges	36,864	35,796	46,465	46,709	49,264
Development Fees	6,086	6,612	5,546	3,500	3,500
Interest	2,044	9,109	14,288	20,644	17,675
Multi-City	13,610	15,938	21,461	20,603	24,707
Other	31,209	31,396	31,163	32,541	32,115
Total Wastewater Revenue	266,858	269,242	306,280	326,815	338,782
Change From Prior Year	4.8%	0.9%	13.8%	6.7%	3.7%

Solid Waste

This category includes revenues from the monthly residential collection and landfill tipping fees. The estimated revenue for 2025-26 is \$216,352,000, an increase of \$444,000, or 0.2 percent more than the 2024-25 estimate of \$215,908,000. The revenue increase is primarily attributed to higher anticipated revenue from solid waste service fees and city landfill fees. The growth is partially offset by an expected decline in interest earnings. 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

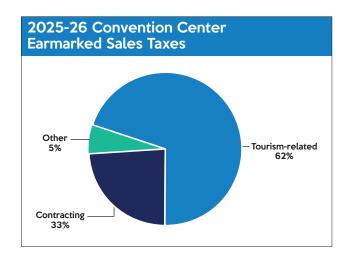
The majority of Convention Center revenues are from earmarked sales taxes including a 0.5 percent tax on advertising, an approximate 0.6 percent portion of the 2.8 percent tax on construction, printing, publishing, transportation/towing and restaurant/bar sales, plus a 2.0 percent portion of the 5.8 percent hotel/motel tax on rooms rented for 30 days or less.

Earmarked sales taxes are expected to generate \$103,475,000 in 2025-26, an increase of \$17,838,000 or 20.8 percent above the 2024-25 estimate of \$85,637,000. Convention Center operating revenues are expected to be \$27,216,000, parking revenue is expected to be \$7,870,000, and interest revenue is expected to be \$4,927,000, for a total revenue estimate of \$143,488,000. This is \$18,797,000 or 15.1 percent more than the 2024-25 total estimated revenue of \$124,691,000. The increase is due to the expected growth in sales tax and the activity levels at the Convention Center and is partially offset by anticipated lower interest earnings. The tax estimates for Convention Center are also consistent with General Fund sales tax estimates for the categories included in Convention Center. The growth in 2025-26 sales tax accounts for the 0.5 percent increase in City TPT and Use Tax rates effective July 1, 2025.

The following table shows the Convention Center excise tax collections since 2021-22.

CONVENTION CENTER SALES TAXES (In Thousands of Dollars)					
		Increase/(Decrease)		
Fiscal Year	Amount Collected	Amount	Percent		
2021-22	77,786	23,455	43.2		
2022-23	92,515	14,729	18.9		
2023-24	89,192	(3,323)	(3.6)		
2024-25 (Est.)	85,637	(3,555)	(4.0)		
2025-26 (Est.)	103,475	17,838	20.8		

Overall growth rates differ from General Fund sales taxes due to the smaller number of categories, differing proportions of the total and their more volatile nature. As shown in the following pie chart, contracting and tourism represent 95 percent of the sales tax revenue to this fund. Both industries are considered volatile; and both have experienced dramatic changes in the last several years. The tourism industry has been hit especially hard by the novel coronavirus. In the General Fund, however, contracting and tourism represent only 16 percent of the sales tax revenue. Because of this, any changes to these more volatile industries have a greater impact on this fund's sales tax revenue than on the General Fund's sales tax revenue. The increased estimates assume City sales tax will continue to grow, albeit at a slower pace. As addressed earlier, the increased estimates also account for the 0.5 percent tax rate increases.





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.

Expenditure and Position Summary					
	2023-24	2024-25	2025-26		
	Actual	Estimate	Budget		
Operating Expense Total Positions	\$2,484,000	\$2,749,000	\$2,759,000		
	15.0	16.0	16.0		
Source of Funds: General Fund	\$2,484,000	\$2,749,000	\$2,759,000		

Budget Allowance Explanation

The Mayor's Office 2025-26 operating budget allowance of \$2,759,000 is \$10,000 or 0.4 percent more than 2024-25 estimated expenditures. The budget reflects the voter approved Proposition 489 increasing the Mayor's annual salary from \$88,000 to \$103,840 beginning April 21, 2025. The budget also reflects increases in employee compensation costs for the Mayor's staff.

CITY COUNCIL

Program Goal

The City Council is composed of eight council members elected by districts on a nonpartisan ballot. Four-year terms for council members from even-numbered districts expire in April 2027. Four-year terms for council members from odd-numbered districts expire in April 2029. 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.

Expenditure and Position Summary					
	2023-24	2024-25	2025-26		
	Actual	Estimate	Budget		
Operating Expense Total Positions	\$6,389,000	\$7,038,000	\$7,152,000		
	41.0	42.8	41.8		
Source of Funds: General	\$6,389,000	\$7,038,000	\$7,152,000		

Budget Allowance Explanation

The 2025-26 City Council operating budget allowance of \$7,152,000 is \$114,000 or 1.6 percent more than 2024-25 estimated expenditures. The budget reflects the voter approved Proposition 489, increasing Councilmember's annual salary from \$61,600 to \$77,000 beginning April 21, 2025. The budget also reflects increases to employee compensation costs for Councilmember's staff.

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 City government objectives.

Budget Allowance Explanation

The City Manager's Office 2025-26 operating budget allowance of \$23,257,000 is \$6,357,000 or 39.1 percent more than 2024-25 estimated expenditures. This is primarily due to expenditures from a U.S. Department of Agriculture (USDA) forestry grant, partially offset by reduced expenditures from the expiration of American Rescue Plan Act (ARPA) grants.

The General Fund 2025-26 budget allowance of \$12,638,000 is \$1,377,000 or 12.2 percent more than 2024-25 estimated expenditures. The increase is primarily due to normal inflationary adjustments, increases to employee compensation costs, and funding for heat-relief grants allowing community partners to extend operating hours and expand services.

The Grants 2025-26 budget allowance of \$10,237,000 is \$5,153,000 or 101.4 percent more than 2024-25 estimated expenditures. This is primarily due to a USDA Urban and Community Forestry Grant for the Office of Heat Response and Mitigation, partially offset by the impact of ARPA grant expirations.

The Water Fund 2025-26 budget allowance of \$305,000 is \$7,000 or 2.3 percent more than 2024-25 estimated expenditures. The budget reflects normal inflationary adjustments.

Expenditure and Position Summary						
	2023-24 Actual	2024-25 Estimate	2025-26 Budget			
Operating Expense	\$11,870,000	\$16,720,000	\$23,257,000			
Total Positions	62.5	64.5	63.5			
Source of Funds:						
General Fund	\$9,996,000	\$11,261,000	\$12,638,000			
Other Restricted	7,000	77,000	77,000			
Grants	1,584,000	5,084,000	10,237,000			
Water	284,000	298,000	305,000			

REGIONAL WIRELESS COOPERATIVE

Program Goal

The Regional Wireless Cooperative (RWC) is an independent, multijurisdictional 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.

Expenditure and Position Summary				
	2023-24	2024-25	2025-26	
	Actual	Estimate	Budget	
Operating Expense Total Positions	\$5,856,000	\$4,888,000	\$5,696,000	
	5.0	5.0	5.0	
Source of Funds: RWC	\$5,856,000	\$4,888,000	\$5,696,000	

Budget Allowance Explanation

The Regional Wireless Cooperative 2025-26 operating budget allowance of \$5,696,000 is \$808,000 or 16.5 percent more than 2024-25 estimated expenditures. The increase is primarily due to moving capital outlay and project funding to the capital improvement program budget which underinflated the 2024-25 estimate. The increase is also attributed to reinstating the contingency budget for 2025-26.

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 2025-26 operating budget allowance of \$1,760,000 is \$15,000 or 0.8 percent less than 2024-25 estimated expenditures. The budget reflects reductions to contracted lobbying consultants and business travel. These reductions are offset by normal inflationary adjustments and increases in employee compensation costs.

Government Relations Major Performance Measures and Service Levels

	2023-24 Actual	2024-25 Estimate ¹	2025-26 Budget
Percentage of Arizona state legislative bills opposed by the City which were not enacted ²	85%	90%	90%
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	80	80	80
Success rate of federal and state competitive grants and private foundation grants that Government Relations assisted departments securing ³	75%	74%	74%
Number of tribal gaming grants processed by Government Relations	129	139	130

¹ Based on 10 months actual experience.

³ In 2023-24, City departments sought out additional funding from various sources, increasing the awarded grant portfolio. For 2024-25, not many federal grant notices have been released and the impact to grant funding is uncertain.

Expenditure and Position Summary				
	2023-24 Actual	2024-25 Estimate	2025-26 Budget	
Operating Expense	\$1,675,000	\$1,775,000	\$1,760,000	
Total Positions	6.0	6.0	6.0	
Source of Funds:				
General Fund	\$1,675,000	\$1,775,000	\$1,760,000	

² More bills introduced this session than anticipated.

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 employees, 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 programing. In addition, the office oversees the management of public records requests citywide and provides translation and interpretation support.

Budget Allowance Explanation

The Communications Office 2025-26 operating budget allowance of \$5,614,000 is \$208,000 or 3.8 percent more than 2024-25 estimated expenditures. The increase reflects the addition of the Zencity Blockwise software module, which will provide recurring surveys of residents' sense of safety and trust in law enforcement. The increase also reflects normal inflationary adjustments and increases to employee compensation costs. These increases are partially offset by reduced funding for City marketing and outreach efforts.

Communications Office Major Performance Measures and Service Levels

	2023-24 Actual	2024-25 Estimate ¹	2025-26 Budget
New PHXTV content produced per year	483	410	500
Annual number of PIO interactions with media	1,659	1,191	1,200
Average response time to public records requests (days)	1.5	1.5	1.5
Phoenix.gov pageviews (monthly average) ²	1,856,000	1,550,000	1,700,000
Social media impressions per year ³	51,529,847	47,450,257	50,000,000
Email messages sent to residents via GreenRope	4,052,742	3,897,683	3,900,000
Annual number of strategic paid media campaigns	5	5	5

¹ Based on 10 months actual experience.

³The Communications Office continues to tailor its social media and digital communications strategy. During 2024-25, staff published fewer social media posts, focusing on quality, engaging content rather than repetitive posts that prompt algorithm issues and/or users to unfollow. Additionally, the City of Phoenix Instagram account, which provides the largest quantity of impressions, was inactive for four weeks due to a technology issue.

Expenditure and Position Summary				
	2023-24 Actual	2024-25 Estimate	2025-26 Budget	
Operating Expense	\$4,629,000	\$5,406,000	\$5,614,000	
Total Positions	24.0	24.0	24.0	
Source of Funds:				
General Fund	\$4,608,000	\$5,401,000	\$5,609,000	
Other Restricted	34,000	5,000	5,000	
Solid Waste	(\$12,000)	-	-	

²The Communications Office launched the City's new website in 2024-25. Website users are now able to find what they need on the site with fewer clicks, resulting in a decrease in pageviews from the prior year.

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, a review of the City of Phoenix Employees' Retirement System, external audits of specific activities, and a review of business systems for possible improvements.

Budget Allowance Explanation

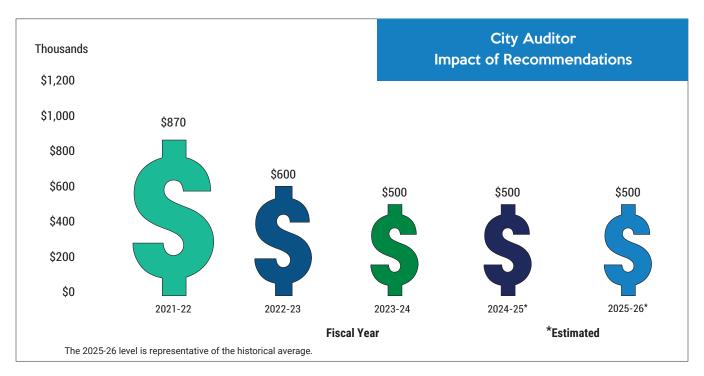
The City Auditor 2025-26 operating budget allowance of \$3,735,000 is \$102,000 or 2.8 percent more than 2024-25 estimated expenditures. The increase reflects normal inflationary adjustments and increases to employee compensation costs, as well as increased costs for external auditing services. These increases are partially offset by reductions for contracted specialized audits.

City Auditor Major Performance Measures and Service Levels

	2023-24 Actual	2024-25 Estimate ¹	2025-26 Budget ²		
Percent of audit plan completed	80%	80%	80%		
Performance audit and management reports issued	80	75	75		
Percent of audit recommendations implemented within two years	90%	90%	90%		
Economic value of improvements or cost savings identified from audits (millions)	\$0.50	\$0.50	\$0.50		
Hearing rulings issued timely according to time frames listed in the city code	100%	100%	100%		

Expenditure and Position Summary				
	2023-24	2024-25	2025-26	
	Actual	Estimate	Budget	
Operating Expense Total Positions	\$3,335,000	\$3,633,000	\$3,735,000	
	25.4	25.4	25.4	
Source of Funds: General Fund	\$3,335,000	\$3,633,000	\$3,735,000	

² 2025-26 budget level is representative of the historical average.



¹Based on 10 months actual experience.

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 2025-26 operating budget allowance of \$4,355,000 is \$90,000 or 2.1 percent more than 2024-25 estimated expenditures. The increase is primarily due to normal inflationary adjustments and increases to employee compensation costs. The increase is partially offset by increased Small and Disadvantaged Business Enterprise Program allocations to the Aviation and Street Transportation Departments, generating savings to the General Fund. These allocations are based on additional work Equal Opportunity Department staff will provide to support the economic growth of local businesses through administration of the Small Business Enterprise (SBE), Disadvantaged Business Enterprise (DBE), and Airport Concessions Disadvantaged Business Enterprise (ACDBE) programs.

Equal Opportunity Major Performance Measures and Service Levels

	2023-24 Actual	2024-25 Estimate ¹	2025-26 Budget
Employment complaints closed ²	144	200	200
Total ADA contacts	109	100	100
Public accommodation complaints closed ²	10	12	15
Fair housing complaints closed ²	25	40	45
Disadvantaged business enterprise (DBE)/airport certified disadvantaged business enterprise (ACDBE)/small business enterprise (SBE) certification files processed ³	1,365	1,375	1,375
DBE/ACDBE/SBE contracts monitored ³	442	470	470
SBE firms certified ⁴	N/A	575	575
Commission meetings staffed	56	56	56

¹ Based on 10 months actual experience.

⁴ Tracking of the specific number of SBE firms began in 2024-25.

Expenditure and Position Summar	у		
	2023-24	2024-25	2025-26
	Actual	Estimate	Budget
Operating Expense	\$3,598,000	\$4,265,000	\$4,355,000
Total Positions	30.0	30.0	30.0
Source of Funds:			
General Fund	\$3,102,000	\$3,677,000	\$3,718,000
Grants	491,000	567,000	616,000
Other Restricted	5,000	21,000	21,000

² Discrimination complaints investigated and closed are based on the number of cases filed. Employment cases are expected to increase due to the conversion of investigations staff from temporary to regular status in 2024-25. Fair housing cases are expected to increase due to full staffing.

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

HUMAN RESOURCES

Program Goal

The Human Resources Department partners with the City's numerous departments and functions to attract, develop, support, and retain a talented workforce that delivers exceptional services to our community.

Budget Allowance Explanation

The Human Resources Department 2025-26 operating budget allowance of \$30,177,000 is \$35,000 or 0.1 percent more than 2024-25 estimated expenditures. This increase reflects increased funding for preventative cancer screenings, increases in legally required contributions to the Industrial Commission of Arizona for the Municipal Firefighter Cancer Reimbursement Fund, and normal inflationary adjustments and increases to employee compensation.

These increases are partially offset by budget reductions in several areas, including: a previously proposed emergency back-up family care program that was never implemented, staff training for labor negotiations, and advertising services for applicant recruitments. The department is also eliminating two vacant positions: a part-time Senior Human Resources Clerk and a Human Resources Supervisor. Finally, a Program Manager position in the Safety Division is able to be charged to the Workers' Compensation Trust Fund beginning in 2025-26, reducing costs to the General Fund.

Human Resources Major Performance Measures and Service Levels

	2023-24 Actual	2024-25 Estimate ¹	2025-26 Budget
Percentage of hiring managers satisfied with applicants placed on hiring eligible list	82%	82%	84%
Annualized employee turnover rate	6.4%	6.6%	7.0%
Employee performance evaluations completed on time	74.9%	75.0%	75.0%
The number of employee suggestions received	6	5	6

¹ Based on 10 months actual experience.

Expenditure and Position Summary			
	2023-24 Actual	2024-25 Estimate	2025-26 Budget
Operating Expense	\$28,413,000	\$30,142,000	\$30,177,000
Total Positions	139.7	141.7	139.0
Source of Funds:			
General Fund Grants	\$26,943,000 1,470,000	\$30,142,000 -	\$30,177,000 -

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.

Phoenix Employment Relations Board Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2025-26 budget allowance:

		2024-25 Estimate ¹	
Number of cases filed annually 2	3	1	3

¹ Based on 10 months actual experience.

Budget Allowance Explanation

The Phoenix Employment Relations Board 2025-26 operating budget allowance of \$135,000 is \$6,000 or 4.7 percent more than 2024-25 estimated expenditures. The increase reflects normal inflationary adjustments and increases to employee compensation costs, contracted hearing officer services, and training.

Expenditure and Position Summary				
2023-24 2024-25 2025-20 Actual Estimate Budget				
Operating Expense	\$114,000	\$129,000	\$135,000	
Total Positions Source of Funds:	1.0	1.0	1.0	
General Fund	\$114,000	\$129,000	\$135,000	

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 2025-26 gross operating budget allowance of \$4,060,000 is \$322,000 or 8.6 percent more than 2024-25 estimated expenditures. The budget includes normal inflationary adjustments and increases to employee compensation for both the General Fund and Other Restricted Funds. It also reflects the addition of three positions to handle increasing workload and continuing legal complexity of managing a large retirement system. The positions are paid for by the City of Phoenix Employees' Retirement System (COPERS) trust.

Retirement Systems Major Performance Measures and Service Levels

	2023-24 Actual	2024-25 Estimate ¹	2025-26 Budget
General City retirements ²	349	398	374
Public safety retirements ²	212	218	215
General City and public safety member contacts ³			
Appointments	574	432	503
Walk-in service	823	1,612	1,217
Telephone calls	13,247	19,098	16,173
General City and Public Safety Benefit estimates provided (excluding self-service) ³	1,564	1,513	1,539

¹ Based on 10 months actual experience.

³ The increase in walk-in service is attributed to more staff returning to the office. Increased calls are attributed to questions regarding retirement eligibility, changes in the tax withholding tables, and healthcare deduction changes

Expenditure and Position Summa	ary		
	2023-24 Actual	2024-25 Estimate	2025-26 Budget
Operating Expense (Gross ¹)	\$3,210,000	\$3,738,000	\$4,060,000
Total Positions	18.0	18.0	21.0
Source of Funds:			
General Fund (Gross¹)	\$2,666,000	\$3,053,000	\$3,111,000
Other Restricted	544,000	684,000	949,000

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

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

² Retirements have stabilized after negotiated increases in employee compensation in FY 2023-24.

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 2025-26 operating budget allowance of \$36,974,000 is \$1,842,000 or 5.2 percent more than 2024-25 estimated expenditures.

The General Fund 2025-26 budget allowance of \$35,272,000 is \$1,905,000 or 5.7 percent more than 2024-25 estimated expenditures. The increase is primarily attributed to \$1,500,000 in personal services for normal inflationary adjustments and increases to employee compensation costs, and \$300,000 associated with legal services for the Department of Justice investigation. These increases are offset by budget reductions with the elimination of one Legal Secretary Lead and two Court/Legal Clerk II positions.

Law Major Performance Measures and Service Levels

	9		
	2023-24 Actual	2024-25 Estimate ¹	2025-26 Budget
Number of cases submitted for charging review	27,939	27,818	28,000
Pre-trial disposition conferences set	63,808	69,954	65,550
Criminal cases sent to diversion (estimate)	1,414	1,592	1,550
Number of jury trials set	684	528	500
Number of non-jury trials set	2,262	2,370	2,300
Number of cases with body-worn camera (BWC) evidence ordered from Phoenix Police	13,216	14,382	14,000
Number of hours of BWC footage requested for review	21,002	21,439	21,000
Number of hours of BWC footage reviewed by Legal Assistant Unit staff	13,216	15,028	15,000
New civil cases opened in the fields of condemnation, collection, taxes, and civil litigation, excluding liability and other cases assigned to outside counsel	576	647	600
Number of civil cases closed, including those assigned to outside counsel and handled through the alternative dispute resolution process 2	234	1,074	300
Ordinances and resolutions for City Council adoption drafted and reviewed	1,357	1,160	1,125

¹ Based on 10 months actual experience.

² Fiscal year 2024-25 is higher than normal due to open files that were archived as part of a record retention project.

Expenditure and Position Summary			
	2023-24 Actual	2024-25 Estimate	2025-26 Budget
Operating Expense	\$32,262,000	\$35,132,000	\$36,974,000
Total Positions	252.0	251.0	248.0
Source of Funds:			
General Fund	\$31,071,000	\$33,367,000	\$35,272,000
Court Awards	49,000	52,000	54,000
Other Restricted	92,000	431,000	462,000
Grants	1,050,000	1,283,000	1,186,000

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) 2025-26 operating budget allowance of \$99,121,000 is \$5,296,000 or 5.1 percent less than 2024-25 estimated expenditures. The decrease is primarily due to the reduction of various non-personal service line items, including staff augmentation that supports technology modernization efforts, server and storage environments, SharePoint migration, technical writing, service delivery, projects and other initiatives for small departments, telecommunications network power supply and fiber management, and software and licensing for management of mobile performance and software integration enhancement or automation efforts. The decrease also reflects the expiration of several temporary positions. The decrease is partially offset by normal inflationary adjustments and increases to employee compensation costs.

Information Technology Major Performance Measures and Service Levels

		3	
	2023-24 Actual	2024-25 Estimate ¹	2025-26 Budget
Percentage of on-time operations center services	99.0%	99.0%	99.0%
Critical systems availability percentage: Enterprise network Telephone network Phoenix.gov ePay TALIS RWC	99.9% 99.9% 99.9% 99.9% 99.9% 100.0%	99.9% 99.9% 99.9% 99.9% 99.9% 100.0%	99.9% 99.9% 99.9% 99.9% 99.9% 100.0%
Number of pages accessed in Phoenix.gov	22,007,999	24,100,000	24,100,100
Average cycle time of telephone service requests Units of portable and mobile radio equipment ²	< 21 days 20.400	< 21 days 23.056	< 21 days 23,056
Units of portable and mobile radio equipment ²	20,400	23,056	23,056

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. The increase in radio count is due to new members to RWC.

Expenditure and Po	sition Summary		
	2023-24 Actual	2024-25 Estimate	2025-26 Budget
Operating Expense	\$85,803,000	\$104,417,000	\$99,121,000
Total Positions	227.0	230.0	221.0
Source of Funds:			
General Fund	\$84,948,000	\$103,528,000	\$98,224,000
Aviation	282,000	299,000	307,000
Solid Waste	229,000	232,000	230,000
Water	339,000	353,000	355,000
Cable Television	4,000	6,000	6,000

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 2025-26 operating budget allowance of \$8,532,000 is \$2,314,000 or 37.2 percent more than 2024-25 estimated expenditures. The increase is primarily due to the carryover of funding for the licensing system replacement, increased capital asset replacement and facility improvement costs, and normal inflationary adjustments and increases to employee compensation. This increase is partially offset by a decrease in funding related to costs for the November 2024 election, as well as the elimination of the records management system replacement project.

City Clerk Major Performance Measures and Service Levels

The following digitillocate performance measured and derived trends will be define			2025.26
	2023-24 Actual	2024-25 Estimate ¹	2025-26 Budget
Number of council formal and special meeting agenda items	2,142	1,950	1,950
Open meeting law notices posted	3,173	3,100	3,100
Percent of open meeting law notices posted in accordance with state law	100%	100%	100%
Total printing and copy impressions	15,372,000	17,500,000	17,500,000
City Council regular and special elections held	1	2	0
License services applications and contacts	15,500	16,500	16,500
Records (in pages) provided for public access online	161,112	211,000	186,000

¹ Based on 10 months actual experience.

Expenditure and Position Summary				
	2023-24	2024-25	2025-26	
	Actual	Estimate	Budget	
Operating Expense Total Positions	\$7,510,000	\$6,218,000	\$8,532,000	
	52.5	51.5	51.5	
Source of Funds: General Fund	\$7,510,000	\$6,218,000	\$8,532,000	

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 2025-26 operating budget allowance of \$42,145,000 is \$543,000 or 1.3 percent less than 2024-25 estimated expenditures. The decrease is primarily in the General Fund offset with increases in the Sports Facilities, Other Restricted, and Water funds.

The General Fund 2025-26 budget allowance of \$32,460,000 is \$7,852,000 or 19.5 percent less than 2024-25 estimated expenditures. The decrease is primality due to a reduction in legal settlements and claims and temporary employment services. The budget also includes a reduction of seven positions in the Debt and Investment Management, Sales Tax Licensing and Accounting, Goods & General Services Procurement and Contract Management, Banking and Cashiering, Acquisition, Relocation and Title, Financial Accounting and Reporting, and Risk Management divisions. These reductions are partially offset by an increase in software agreements, and normal inflationary adjustments and increases to employee compensation.

The Sports Facilities Fund 2025-26 budget allowance of \$6,698,000 is \$6,564,000 or 4,898.5 percent more than 2024-25 estimated expenditures. The increase is due to the expected reimbursement for Downtown Stadium District improvements.

The Other Restricted Fund 2025-26 budget allowance of \$1,145,000 is \$520,000 or 83.2 percent more than 2024-25 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 in the City's contribution to the CFD trust.

The Water Fund 2025-26 budget allowance of \$1,110,000 is \$233,000 or 26.6 percent more than 2024-25 estimated expenditures. The increase is due to normal inflationary adjustments and increases to employee compensation.

Finance Major Performance Measures and Service Levels

	2023-24 Actual	2024-25 Estimate ¹	2025-26 Budget
Sales tax and franchise fees collected (millions) ²	\$1,467	\$1,459	\$1,459
Average real estate acquisition cycle time (months) ³	12	14	14
Average property damage claims cycle time (days) 4	81	60	60
Average invitation for bid cycle time (days) ⁵	273	190	160

¹ Based on 10 months actual experience.

⁵ 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				
	2023-24 Actual	2024-25 Estimate	2025-26 Budget	
Operating Expense	\$31,303,000	\$42,688,000	\$42,145,000	
Total Positions	240.0	238.0	231.0	
Source of Funds:				
General Fund	\$29,314,000	\$40,312,000	\$32,460,000	
Sports Facilities	109,000	134,000	6,698,000	
Other Restricted	496,000	625,000	1,145,000	
Grants	9,000	2,000	(10,000)	
Aviation	226,000	233,000	236,000	
Wastewater	413,000	506,000	506,000	
Water	737,000	877,000	1,110,000	

² Effective January 2025, residential rental property owners are no longer required to collect and remit any city transaction privilege tax on the income derived from long-term lodging stays of 30 days or more.

³ Cycle time varies with changes in the volume of acquisitions from year to year.

⁴ A 60-day cycle time is the performance goal. Factors such as volume and complexity have an impact on the processing of claims.

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 2025-26 operating budget allowance of \$4,498,000 is \$8,000 or 0.2 percent higher than 2024-25 estimated expenditures. The increase reflects the elimination of one Budget and Research Analyst position, normal inflationary adjustments, and increases to employee compensation costs.

Budget and Research Major Performance Measures and Service Levels

		•	
	2023-24 Actual	2024-25 Estimate ¹	2025-26 Budget
Percent variance of actual versus estimated expenditures for each major fund (data for the General Fund is shown)	-0.6%	0 -± 3%	0 -± 3%
Percent variance of actual versus estimated resources for each major fund (data for the General Fund is shown)	0.3%	0 -± 3%	0 -± 3%
Capital Improvement Program percent variance of actual versus estimated expenditures	-3.0%	0 -± 10%	0 -± 10%

¹ Based on 10 months actual experience.

Expenditure and Position Summary					
	2023-24 Actual	2024-25 Estimate	2025-26 Budget		
Operating Expense	\$4,288,000	\$4,490,000	\$4,498,000		
Total Positions	24.0	24.0	23.0		
Source of Funds: General Fund	\$4,288,000	\$4,490,000	\$4,498,000		



PUBLIC SAFETY





The Public Safety Program Represents 33.3% 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 2025-26 operating budget allowance of \$1,027,528,000 is \$48,290,000 or 4.9 percent more than 2024-25 estimated expenditures. The increase is primarily due to normal inflationary adjustments and increases to employee compensation costs, which impacts all funds.

The General Fund 2025-26 budget allowance of \$799,844,000 is \$31,749,000 or 4.1 percent more than 2024-25 estimated expenditures. In addition to normal inflationary adjustments and increases to employee compensation costs, the budget also reflects: additional costs for jail services from Maricopa County; continued costs associated with the implementation and rollout of a new records management system (RMS); increased liability insurance, vehicle replacement, facility maintenance, and equipment management costs; costs related to the Communications Bureau move to the 100 West Washington building; and costs for an early intervention system and a new taser contract. These increases were partially offset by budget reductions, which include savings from exiting the old RMS system, and reductions to various equipment, supplies, and training.

The Court Awards 2025-26 budget allowance of \$3,100,000 is \$1,360,000 or 30.5 percent less than 2024-25 estimated expenditures and reflects anticipated available funding from court forfeitures and seizures.

The public safety specialty funds include Neighborhood Protection, Public Safety Enhancement, Public Safety Expansion, and Proposition 104 Funds. The increases in these funds reflect normal inflationary adjustments and increases to employee compensation costs, as well as reduced subsidies from the General Fund due to additional revenue generated by the 0.5 percent transaction privilege tax increase approved by City Council in March 2025.

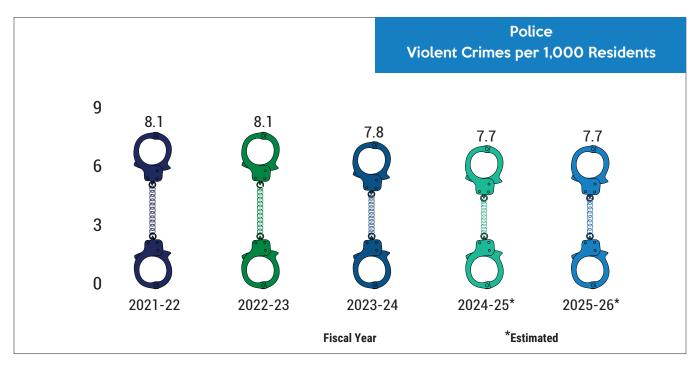
The Grants 2025-26 budget allowance of \$9,617,000 is \$1,639,000 or 14.6 percent less than 2024-25 estimated expenditures and reflects anticipated available funding from grant awards.

Police Major Performance Measures and Service Levels

	2023-24 Actual	2024-25 Estimate ¹	2025-26 Budget
Average Response Time (Minutes)			
Priority 1 – Emergency	7.3	7.5	7.4
Priority 2 – Non-Emergency	26.8	28.8	28.2
Priority 3 – All Others	54.0	62.9	59.9
Percentage of phone calls to 9-1-1 and Crime Stop answered within 15 seconds	74%	77%	76%
Moving violation citations issued	58,049	58,670	58,460
Fraffic accidents	27,879	27,100	27,360
Percentage of cases cleared:			
Murder	78%	74%	79%
Rape	9%	9%	9%
Robbery	27%	29%	28%
Aggravated Assault	30%	32%	31%
Burglary	11%	13%	12%
Theft	14%	14%	14%
Auto Theft	5%	7%	6%
Arson	25%	29%	28%

¹ Based on 10 months actual experience.

Expenditure and Position Summary					
	2023-24 Actual	2024-25 Estimate	2025-26 Budget		
Operating Expense	\$930,032,000	\$979,238,000	\$1,027,528,000		
Total Positions	4,595.4	4,609.4	4,606.9		
Source of Funds:					
General Fund	\$742,456,000	\$768,095,000	\$799,844,000		
Court Awards	2,703,000	4,460,000	3,100,000		
Neighborhood Protection	41,019,000	42,899,000	51,471,000		
Public Safety Enhancement	17,530,000	18,470,000	18,870,000		
Public Safety Expansion	85,766,000	104,125,000	106,162,000		
Sports Facilities	1,857,000	1,950,000	2,048,000		
Other Restricted	27,372,000	27,983,000	36,417,000		
Grants	11,327,000	11,256,000	9,617,000		





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 2025-26 operating budget allowance of \$603,410,000 is \$47,701,000 or 8.6 percent more than 2024-25 estimated expenditures. The increase is primarily in the General Fund, with other increases in the Other Restricted and public safety specialty funds.

The General Fund 2025-26 budget allowance of \$521,286,000 is \$46,002,000 or 9.7 percent more than 2024-25 estimated expenditures. The increase is primarily due to funding allocated for new positions in the 2025-26 budget, as follows: one hundred and thirty-four sworn and nineteen civilian positions to reduce emergency response times citywide; twenty-four sworn positions to provide dedicated staffing for the new Fire Station 15 located at 45th Avenue and Camelback Road; and funding to move thirty-two previously grant-funded sworn positions to the General Fund. In addition, the increase is caused by normal inflationary adjustments and increases to employee compensation costs. The increase is offset by a \$5,000,000 decrease to various non-personal services items including contractual services, commodities, and capital outlay items.

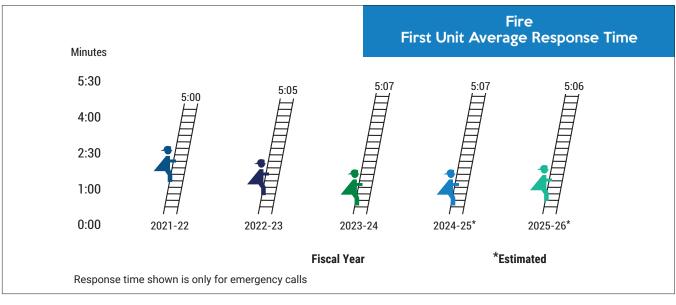
The Other Restricted 2025-26 budget allowance of \$13,029,000 is \$758,000 or 6.2 percent higher than 2024-25 estimated expenditures. This is due to an increase in the expenditure transfer from the Computer-Aided Dispatch (CAD) replacement project to fund temporary positions, an increase in the portion of the marijuana sales tax revenue earmarked for the public safety pension system, and increased computer services for CAD maintenance.

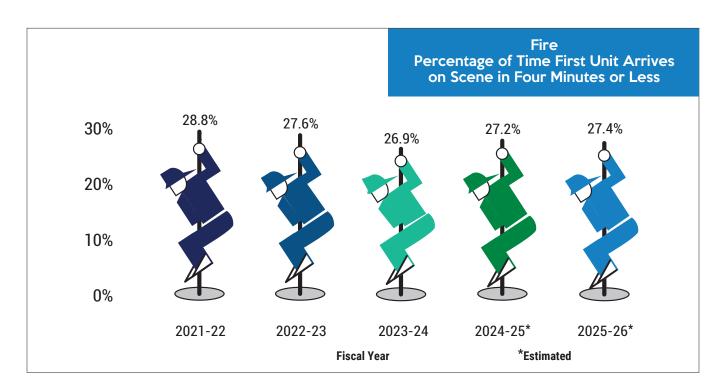
The public safety specialty funds include Neighborhood Protection, Public Safety Enhancement, and Public Safety Expansion Funds. The combined 2025-26 operating budget allowance of \$53,782,000 is \$907,000 or 1.7 percent higher than 2024-25 estimated expenditures. The budgets reflect normal inflationary adjustments and increases to employee compensation costs.

Fire Major Performance Measures and Service Levels

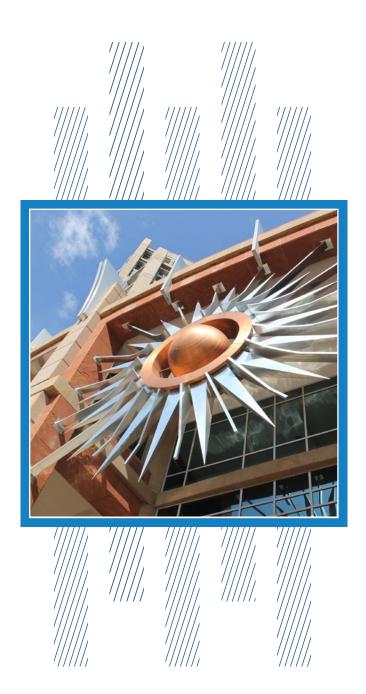
	2023-24 Actual	2024-25 Estimate ¹	2025-26 Budget
Percent of fire and emergency medical call responses within four minutes	26.7%	27.0%	27.4%
Patient transports to Valley hospitals via emergency medical vehicles	98,854	104,170	109,379
Percentage of time Advanced Life Support (ALS) medical calls are responded to with paramedic units within five minutes	47.3%	48.0%	47.9%
Number of fire investigations to determine cause only	796	750	900
Number of calls by type: Emergency Medical Fire Other (mountain/swift water/trench/tree rescues/other)	197,306 23,598 10.131	201,724 24,941 10.336	202,437 25,231 10.964

¹ Based on 10 months actual experience.





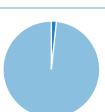
Expenditure and Position Summary					
	2023-24 Actual	2024-25 Estimate	2025-26 Budget		
Operating Expense	\$543,385,000	\$555,709,000	\$603,410,000		
Total Positions	2,429.7	2,412.9	2,575.9		
Source of Funds:					
General Fund	\$477,403,000	\$475,284,000	\$521,286,000		
Neighborhood Protection	13,597,000	14,917,000	15,113,000		
Public Safety Enhancement	12,301,000	14,030,000	13,906,000		
Public Safety Expansion	17,971,000	23,928,000	24,763,000		
Other Restricted	10,752,000	12,271,000	13,029,000		
Grants	11,362,000	15,279,000	15,314,000		





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 2025-26 operating budget allowance of \$43,050,000 is \$1,470,000 or 3.5 percent more than 2024-25 estimated expenditures. The increase is primarily in the Other Restricted Fund, which is partially offset by a decrease in the General Fund.

The General Fund 2025-26 budget allowance of \$39,759,000 is \$202,000 or 0.5 percent less than 2024-25 estimated expenditures. This is primarily due to the removal of the expenditure transfer from the Court Technology Enhancement Fee Fund (CTEF) as part of a multi-year strategy to fund the Court Management System (CMS) replacement project. Budget reductions to eliminate training, communications equipment, and a part-time City Judge position further reduced the 2025-26 budget allowance. The decrease is partially offset by increases in personal services that are a result of normal inflationary adjustments and increases to employee compensation costs.

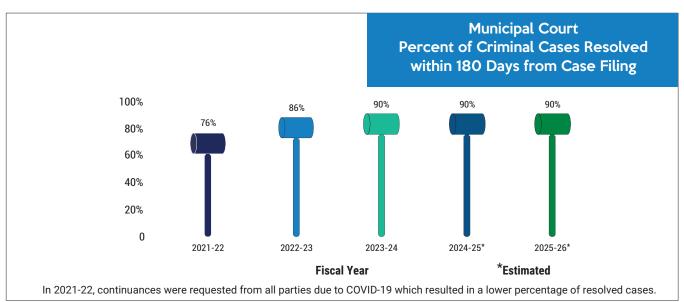
The Other Restricted Fund 2025-26 budget allowance of \$3,290,000 is \$1,671,000 or 103.2 percent more than 2024-25 estimated expenditures. This is due to the start of consultant and equipment expenses for the CMS replacement project, as well as the removal of the expenditure transfer to the General Fund.

Municipal Court Major Performance Measures and Service Levels

		•	
	2023-24 Actual	2024-25 Estimate ¹	2025-26 Budget
Criminal filings	35,500	34,500	35,000
Civil filings ²	99,100	96,072	116,000
Average number of days from arraignment to hearing for minor traffic cases	41	41	40
Number of criminal cases with a pending trial date at year end	3,300	2,900	2,900
Average cycle time for sending out restitution and bail refund checks	2.5 days	2.0 days	2.5 days
Average hold time for incoming information calls to the Customer Call Center	0.32 minutes	0.32 minutes	0.35 minutes

¹ Based on 10 months actual experience.

² Fiscal year 2025-26 numbers are based on anticipated reinstatement of the photo enforcement program.



Expenditure and Position Summary					
	2023-24 Actual	2024-25 Estimate	2025-26 Budget		
Operating Expense	\$38,670,000	\$41,580,000	\$43,050,000		
Total Positions	282.0	283.0	282.50		
Source of Funds:					
General Fund	\$37,170,000	\$39,961,000	\$39,759,000		
Other Restricted	1,500,000	1,619,000	3,290,000		

PUBLIC DEFENDER

Program Goal

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

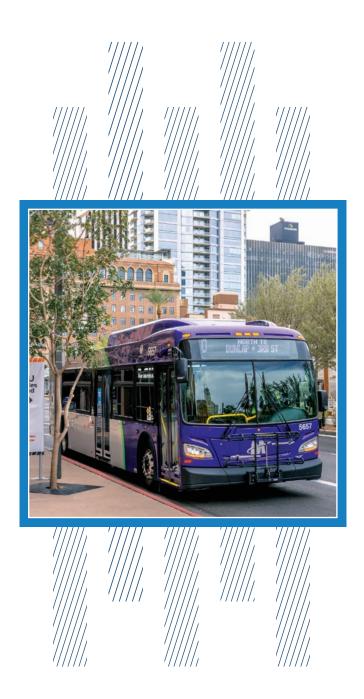
Budget Allowance Explanation

The Public Defender 2025-26 operating budget allowance of \$7,087,000 is \$191,000 or 2.8 percent more than the 2024-25 estimated expenditures. The budget reflects normal inflationary adjustments and increases to employee compensation costs.

Public Defender Major Performance Measures and Service Levels				
The following significant performance measures and service trends will be achieved with the 2025-26 budget allowance:				
	2023-24 Actual	2024-25 Estimate ¹	2025-26 Budget	
Defendants charged with misdemeanor crimes represented at the Phoenix Municipal Court	17,500	17,512	17,000	

¹ Based on 10 months actual experience.

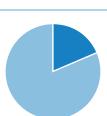
Expenditure and Position Summary				
	2023-24 Actual	2024-25 Estimate	2025-26 Budget	
Operating Expense Total Positions	\$6,491,000 16.0	\$6,896,000 16.0	\$7,087,000 16.0	
Source of Funds:				
General Fund	\$6,491,000	\$6,896,000	\$7,087,000	











The Transportation Program Represents 19.5% 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 economical, safe, and
aesthetic design and construction of
facilities on City property.

Budget Allowance Explanation

The Street Transportation 2025-26 operating budget allowance of \$104,196,000 is \$16,304,000 or 13.5 percent less than 2024-25 estimated expenditures. The decrease is due to a reduction in the General Fund and is partially offset by increases in other funds, primarily Arizona Highway User Revenue (AHUR) funds.

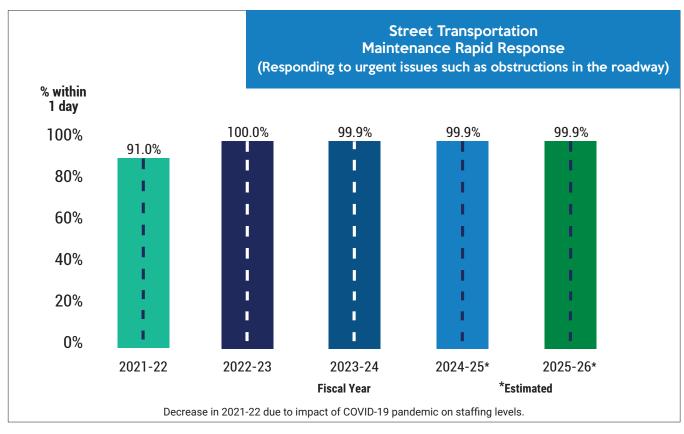
The General Fund 2025-26 budget allowance of \$1,902,000 is \$23,346,000 or 92.5 percent less than 2024-25 estimated expenditures. The decrease is primarily due to a shift in expenditures for street maintenance and construction engineering expenses from the General Fund to Public Transit T2050 funds. The budget also reflects the elimination of one long-term vacant Parking Meter Repair Supervisor position, which will result in minimal impact to operations. These reductions are slightly offset by normal inflationary adjustments and increases to employee compensation costs.

The Arizona Highway User Revenue fund 2025-26 budget allowance of \$97,066,000 is \$6,708,000 or 7.4 percent more than 2024-25 estimated expenditures. The increase reflects normal inflationary adjustments and increases to employee compensation costs, as well as increased costs for consultants, landscape maintenance, water, and electricity. These increases are partially offset by anticipated decreases in insurance costs.

The Neighborhood Protection 2025-26 budget allowance of \$785,000 is \$189,000 or 31.7 percent more than 2024-25 estimated expenditures. The increase reflects the carryover of unspent Council-approved Neighborhood Block Watch funding to install gated culverts in washes and to complete wash maintenance.

The Transportation 2050 2025-26 budget allowance of \$403,000 is \$24,000 or 6.3 percent more than 2024-25 estimated expenditures. The increase primarily reflects additional funds for construction-related legal services.

The Other Restricted 2025-26 budget allowance of \$3,947,000 is \$118,000 or 3.1 percent more than 2024-25 estimated expenditures. The increase includes normal inflationary adjustments and increases to employee compensation costs, as well as expected increases in costs for stormwater management services. These increases are partially offset by decreased insurance costs.



Street Transportation Major Performance Measures and Service Levels

	2023-24 Actual	2024-25 Estimate ¹	2025-26 Budget
Routine street maintenance requests for service completed within 21 days ²	76%	85%	85%
Percent of all traffic signal control cabinets inspected annually ²	22%	85%	95%
Respond to high priority traffic signal trouble calls within 2 hours (knockdowns, signal on flash and signal malfunction) ²	75%	85%	95%
Number of days to review and respond to street light requests ²	30	20	15
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)	93	113	128

¹ Based on 10 months actual experience. ² Expected changes in 2024-25 are due to filling staffing vacancies and hiring additional staff to support the GO Bond Program.

Expenditure and Position Summary					
	2023-24 Actual	2024-25 Estimate	2025-26 Budget		
Operating Expense	\$112,695,000	\$120,500,000	\$104,196,000		
Total Positions	770.0	790.0	789.0		
Source of Funds:					
General Fund	\$25,006,000	\$25,248,000	\$1,902,000		
Arizona Highway User Revenue	83,253,000	90,358,000	97,066,000		
Capital Construction	69,000	70,000	70,000		
Neighborhood Protection	519,000	596,000	785,000		
Transportation 2050	296,000	379,000	403,000		
Other Restricted	3,416,000	3,829,000	3,947,000		
Grants	137,000	19,000	22,000		

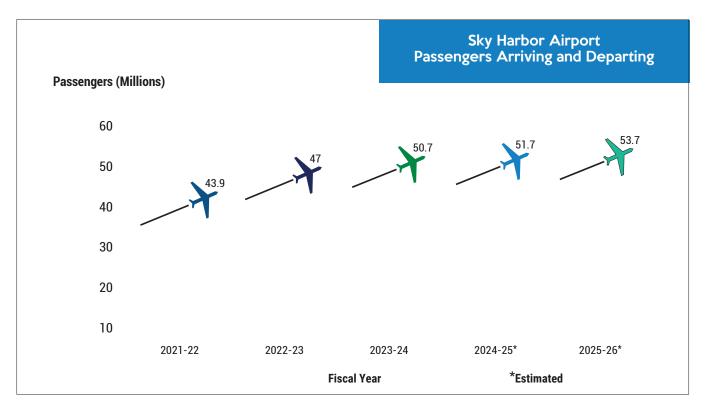
AVIATION

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 2025-26 operating budget allowance of \$431,460,000 is \$20,768,000 or 5.1 percent more than 2024-25 estimated expenditures. The increase is primarily attributed to \$10,000,000 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 in employee compensation costs.



Aviation Major Performance Measures and Service Levels

trends will be achieved with the 2023-20 budget allowance.					
	2023-24	2024-25	2025-26		
	Actual	Estimate ¹	Budget		
Airline rental rates (cost per square foot) ² : Terminal 3 Terminal 4	\$159.12 \$159.12	\$187.08 \$187.08	\$197.88 \$197.88		
Gross sales per departing passe	enger:				
Terminal 3	\$8.68	\$9.00	\$9.00		
Terminal 4	\$12.19	\$12.15	\$12.00		
Aircraft takeoffs and landings	942,222	985,000	995,000		
Total international passengers	2,746,797	2,920,000	2,802,000		
Air cargo processed (in tons)	341,979	347,000	350,000		

¹ Based on 10 months actual experience.

Expenditure and Position Summary				
	2023-24	2024-25	2025-26	
	Actual	Estimate	Budget	
Operating Expense	\$321,144,000	\$410,692,000	\$431,460,000	
Total Positions	922.0	923.0	923.0	
Source of Funds: Aviation	\$321,144,000	\$410,692,000	\$431,460,000	

² Airline rental rates increase is a result of increases in staff costs (including Police & Fire), replacing/upgrading vertical transportation assets, and a new remote bag check-in program.

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.

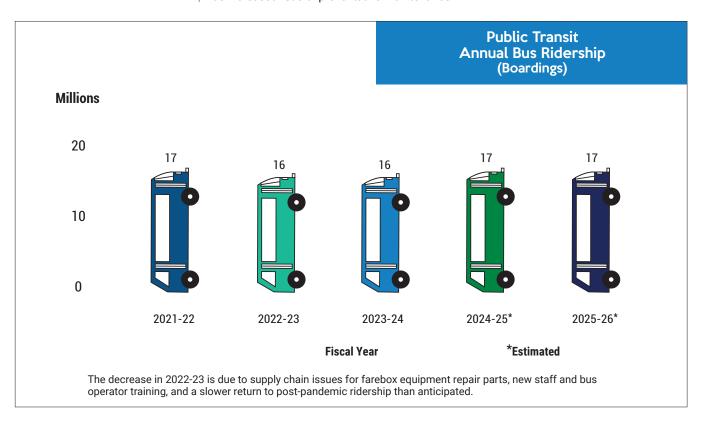
Budget Allowance Explanation

The 2025-26 Public Transit Department operating budget allowance of \$420,213,000 is \$71,917,000 or 20.6 percent more than 2024-25 estimated expenditures. The increase is primarily in the T2050 fund and Grants fund and is partially offset by reductions in the Regional Transit fund.

The Transportation 2050 fund 2025-26 budget allowance of \$338,089,000 is \$73,551,000 or 27.8 percent more than 2024-25 estimated expenditures. This is due to increased contractual costs for transit system operations and maintenance, primarily for the South Central Light Rail extension that will increase service to pre-pandemic levels. Additionally, there is a new expenditure transfer to the Street Transportation Department Arizona Highway User Revenue fund for street maintenance and construction engineering expenses previously programmed in the General Fund.

The Grants fund 2025-26 budget allowance of \$25,843,000 is \$10,577,000 or 69.3 percent more than 2024-25 estimated expenditures. The increase is due to a higher budgeted contingency for transit grants that are pending award, and future grants the department plans to receive.

The Regional Transit fund 2025-26 budget allowance of \$54,241,000 is \$12,525,000 or 18.8 percent less than 2024-25 estimated expenditures. The decrease is due to reduced regional partner costs based on lower fuel cost estimates and fare collection services costs, as well as increased federal preventative maintenance.



Public Transit Major Performance Measures and Service Levels

	2023-24 Actual	2024-25 Estimate ¹	2025-26 Budget
On-time performance for bus service	82.0%	82.0%	85.0%
On-time performance for Dial-a-Ride prescheduled service	90.7%	92.4%	92.0%
Cost recovery from bus fares	7.5%	7.2%	7.8%
Bus boardings per revenue mile	0.817	0.858	0.858
Average weekday ridership - light rail (Phoenix only)	18,095	18,244	18,244

¹ Based on 10 months actual experience.

Expenditure and Position Summary					
	2023-24 Actual	2024-25 Estimate	2025-26 Budget		
Operating Expense	\$309,807,000	\$348,296,000	\$420,213,000		
Total Positions	130.0	129.0	130.0		
Source of Funds:					
Regional Transit	\$65,636,000	\$66,766,000	\$54,241,000		
Transportation 2050	209,335,000	264,538,000	338,089,000		
Other Restricted	1,157,000	1,726,000	2,041,000		
Grants	33,679,000	15,266,000	25,843,000		



COMMUNITY DEVELOPMENT





The Community Development Program Represents 8.8% 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.

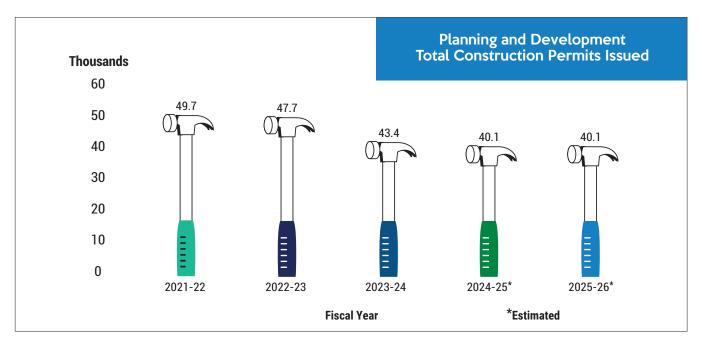
Budget Allowance Explanation

The Planning and Development Department 2025-26 operating budget allowance of \$102,661,000 is \$3,240,000 or 3.3 percent more than 2024-25 estimated expenditures, reflecting increased costs across most funds.

The General Fund 2025-26 budget allowance of \$7,311,000 is \$228,000 or 3.2 percent more than 2024-25 estimated expenditures. This increase is primarily due to normal inflationary adjustments and increases to employee compensation costs. It also reflects increased use of adaptive reuse incentives and increased hearing officer costs. The increase is partially offset by reduced carryover of historic preservation grant funding versus the prior year.

The Development Services Fund 2025-26 budget allowance of \$93,015,000 is \$2,067,000 or 2.3 percent more than 2024-25 estimated expenditures. This increase is primarily due to normal inflationary adjustments and increases to employee compensation costs. It also reflects additional technology costs to support SHAPE PHX, increased consultant costs and credit card processing fees, as well as partial carryover of funds for architectural services. These increases are partially offset by reduced usage of temporary agency services and on-call contractual plan review services, as well as lower costs for training, insurance, office furniture, and reference and education materials.

The Other Restricted Fund 2025-26 budget allowance of \$2,269,000 is \$965,000 or 74.0 percent more than 2024-25 estimated expenditures. Increases reflect additional costs for Impact Fee studies and the Stormwater Post Construction program.



Planning and Development Major Performance Measures and Service Levels

	2023-24 Actual	2024-25 Estimate ¹	2025-26 Budget
Total construction permits issued	43,386	40,153	40,153
Turnaround time for major commercial building plans (days)	19	28	28
Turnaround time for medium commercial building plans (days)	29	30	30
Turnaround time for minor commercial building plans (days)	22	24	24
Turnaround time for residential building plans (days)	30	32	32
Percent of commercial inspections completed on time	98%	97%	97%
Percent of residential inspections completed on time	99%	99%	99%
Percent of costs recovered through fees	91%	98%	83%
Average number of days to schedule pre-application meeting prior to rezoning application	30	32	32
Average number of days to complete Zoning Verification letters	24	23	15
Board, commission and committee packets available seven days prior to meeting ²	N/A	92%	100%
Number of design reviews performed on building permits in historic districts	541	570	550
Number of City grants awarded for historic rehabilitation projects	18	27	25
Number of regulatory compliance reviews for federally funded City capital projects ³	197	230	200

¹ Based on 10 months actual experience.

³ Section 106 reviews are submitted to Historic Preservation staff when other departments have projects that use federal funds or require federal permits.

Expenditure and Position Summary				
	2023-24 Actual	2024-25 Estimate	2025-26 Budget	
Operating Expense	\$91,172,000	\$99,421,000	\$102,661,000	
Total Positions	545.8	545.8	545.8	
Source of Funds:				
Development Services	\$83,462,000	\$90,948,000	\$93,015,000	
General Fund	6,780,000	7,083,000	7,311,000	
Other Restricted	565,000	1,304,000	2,269,000	
Grants	365,000	86,000	66,000	

² Data was not tracked in 2023-24. Tracking resumed in 2024-25.

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 2025-26 operating budget allowance of \$246,222,000 is \$45,132,000 or 22.4 percent more than 2024-25 estimated expenditures. There are increases in all funds, with the largest increase in Grants.

The Grants 2025-26 operating budget allowance of \$227,197,000 is \$37,958,000, or 20.1 percent more than 2024-25 estimated expenditures. This increase 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 2025-26 budget also reflects the carryover of unspent grant funds from 2024-25 and normal inflationary adjustments and increases to employee compensation costs. These increases are partially offset by reductions due to the conclusion of American Rescue Plan Act-funded Wi-Fi connectivity and community land trust programs.

The Other Restricted Funds 2025-26 operating budget allowance of \$16,351,000 is \$6,549,000 or 66.8 percent more than 2024-25 estimated expenditures. The increase reflects the carryover of funding for Housing Opportunity Through Modernization Act (HOTMA) programs, as well as additional funding for Marcos de Niza public housing rehabilitation planning services, a new asset management system, and normal inflationary adjustments and increases to employee compensation costs.

The General Fund 2025-26 operating budget allowance of \$2,674,000 is \$626,000 or 30.6 percent more than 2024-25 estimated expenditures. The increase is primarily due to one-time funding for vehicle replacements. It also reflects normal inflationary adjustments and increases to employee compensation costs.

Housing Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2025-26 budget allowance:

	2023-24 Actual	2024-25 Estimate ¹	2025-26 Budget
Affordable housing units for families and individuals	2,711	2,711	2,711
Affordable housing units created or preserved for families and individuals owned and operated by private sector developers ²	208	972	741
Rental assistance provided for low-income residents in the private housing market 3,5	7,789	7,925	8,126
Federally assisted housing units for families and seniors ⁴	1,046	1,011	966
Utilization rate for Section 8 vouchers	94%	91%	91%
Occupancy rate for public housing units	98%	98%	98%

¹ Based on 10 months actual experience.

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

⁵ Figures include 321 Emergency Housing Vouchers each year to support individuals and families who are homeless or at risk of homelessness.

Expenditure and Position Summary					
	2023-24 Actual	2024-25 Estimate	2025-26 Budget		
Operating Expense	\$ 164,603,000	\$ 201,090,000	\$ 246,222,000		
Total Positions	135.0	136.0	135.0		
Source of Funds:					
General Fund	\$ 1,932,000	\$ 2,048,000	\$ 2,674,000		
Other Restricted	5,364,000	9,802,000	16,351,000		
Grants	157,307,000	189,239,000	227,197,000		

³ Through the Rental Assistance Demonstration (RAD) program, approximately 640 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.

COMMUNITY AND ECONOMIC DEVELOPMENT

Program Goal

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

Budget Allowance Explanation

The Community and Economic Development 2025-26 operating budget allowance of \$19,466,000 is \$3,272,000 or 14.4 percent less than 2024-25 estimated expenditures. This is primarily due to reduced grant funding.

The General Fund 2025-26 budget allowance of \$10,221,000 is \$40,000 or 0.4 percent greater than 2024-25 estimated expenditures. The increase is primarily for funding downtown special events which is offset with the reduction of a Protocol Program Administrator and a Deputy Economic Development Director position.

The Community Reinvestment 2025-26 budget allowance of \$2,771,000 is \$456,000 or 19.7 percent greater than 2024-25 estimated expenditures due to a new economic development and community investment project sponsorships and associated legal costs.

The Sports Facilities 2025-26 budget allowance of \$195,000 is \$4,000 or 2.1 percent greater than 2024-25 estimated expenditures due to the allocation of increased Enhanced Municipal Services District costs.

The Other Restricted 2025-26 budget allowance of \$5,396,000 is \$1,970,000 or 26.7 percent less than 2024-25 estimated expenditures due to completion of replacement equipment funding to the Phoenix Union High School District for the Phoenix Digital Education Connection Canopy community wireless network, providing internet access to students. The reduction is partially offset by the allocation of increased Enhanced Municipal Services District costs.

The Grants 2025-26 budget allowance of \$130,000 is \$1,822,000 or 93.3 percent less than 2024-25 estimated expenditures due to the expiration of the American Rescue Plan Act pass-through grants for Maricopa County Community College tuition assistance, and expiration of Mobile Career Unit grants.

The Convention Center budget allowance of \$648,000 is \$18,000 or 2.9 percent greater than 2024-25 estimated expenditures due to the allocation of increased Enhanced Municipal Services District costs.

Community and Economic Development Major Performance Measures and Service Levels

	2023-24 Actual	2024-25 Estimate ¹	2025-26 Budget
Projected new jobs created within the City of Phoenix due to department efforts ²	8,196	11,642	6,000
Projected new jobs retained within the City of Phoenix due to department efforts ³	750	700	350
Projected new capital investment created within the City of Phoenix due to department efforts ²	\$28.7 billion	\$25.5 billion	\$500 million
Projected number of recruiting events assisted, promoted, or hosted by the Business and Workforce Development Team ⁴	275	242	175

¹ Based on 10 months of actual experience.

⁴ Recruiting events peaked in 2023-24 with the implementation of the Mobile Career Unit, subsidized by grant funding during 2023-24 and 2024-25.

Expenditure and Position Summary				
	2023-24 Actual	2024-25 Estimate	2025-26 Budget	
Operating Expense	\$22,329,000	\$22,738,000	\$19,466,000	
Total Positions	72.0	69.0	66.0	
Source of Funds:				
General Fund	\$8,746,000	\$10,181,000	\$10,221,000	
Community Reinvestment	2,934,000	2,315,000	2,771,000	
Sports Facilities	190,000	191,000	195,000	
Other Restricted	3,564,000	7,366,000	5,396,000	
Grants	6,221,000	1,952,000	130,000	
Aviation	17,000	74,000	74,000	
Convention Center	627,000	630,000	648,000	
Water	30,000	30,000	30,000	

² Increase in 2024-25 is due to TSMC and Mayo Clinic developments. Reductions in 2025-26 are anticipated due to economic challenges causing decision makers to reevaluate projected investments.

³ Reduction in 2025-26 for new jobs retained is due to economic challenges causing decision makers to reevaluate projected investments.

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 for residents through community-based problem solving, neighborhood-oriented services, and public/private cooperation.

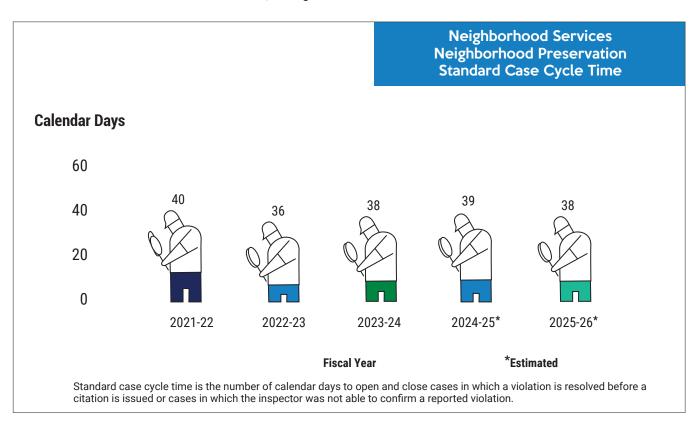
Budget Allowance Explanation

The Neighborhood Services 2025-26 operating budget allowance of \$64,121,000 is \$17,789,000 or 38.4 percent more than 2024-25 estimated expenditures. Increases are primarily reflected in Grants and are partially offset by reduced expenditures in the General Fund and Neighborhood Protection Fund.

The General Fund 2025-26 budget allowance of \$19,743,000 is \$1,543,000 or 7.2 percent less than 2025-25 estimated expenditures. The decrease is primarily due to a shift in funding from the General Fund to the Neighborhood Protection Fund for the Gated Alley Program and reductions for the Private Property Cleanup Program and landscape maintenance. These decreases are not expected to have a material impact on service levels. The decreases are partially offset by normal inflationary adjustments and increases to employee compensation costs.

The Grants 2025-26 budget allowance of \$42,118,000 is \$20,177,000 or 92.0 percent more than 2024-25 estimated expenditures. The increase is primarily due to unspent grant funding carried forward to the 2025-26 budget. Normal inflationary adjustments and increases to employee compensation costs also contribute to the increase.

The Neighborhood Protection 2025-26 budget allowance of \$2,250,000 is \$850,000 or 27.4 percent less than 2024-25 estimated expenditures. The decrease reflects the one-time award by Council in December 2024 of \$3.0 million in Neighborhood Block Watch funds for the Gated Alley Program (GAP), which are expected to be mostly spent in 2024-25. The decrease is partially offset by the shift of General Fund GAP funding to Neighborhood Block Watch funds.



Neighborhood Services Major Performance Measures and Service Levels

	2023-24 Actual	2024-25 Estimate ¹	2025-26 Budget
Sites where graffiti was removed through the Graffiti Busters program	50,837	50,000	50,000
Number of household units rehabbed or assisted through housing rehabilitation programs	95	120	120
Neighborhood Preservation cases opened annually	39,684	42,000	42,000
Neighborhood Preservation average standard case cycle time (days) ¹	38	39	38
Percent of Neighborhood Preservation cases resolved voluntarily (goal is 93% or above) ²	92%	92%	92%

¹ The average case cycle time in 2024-25 increased slightly to 39 days. The average case cycle time is anticipated to decrease to 38 days in 2025-26. ² Voluntary compliance is achieved through a prenote, Notice of Ordinance Violation, or personal contract process. If the violations are not corrected, a civil citation is issued to resolve the violation. Staff are required to take the next enforcement action (i.e. civil citation) if voluntary compliance is not achieved.

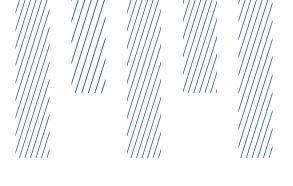
Expenditure and Position Summary				
	2023-24 Actual	2024-25 Estimate	2025-26 Budget	
Operating Expense	\$42,755,000	\$46,332,000	\$64,121,000	
Total Positions	201.0	203.0	203.0	
Source of Funds:				
General Fund	\$20,026,000	\$21,286,000	\$19,743,000	
Grants	21,867,000	21,941,000	42,118,000	
Neighborhood Protection	850,000	3,100,000	2,250,000	
Other Restricted	12,000	6,000	10,000	





COMMUNITY ENRICHMENT







The Community Enrichment Program Represents 9.4% 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 2025-26 budget allowance of \$159,868,000 is \$3,131,000 or 2.0 percent more than 2024-25 estimated expenditures. The increase is reflected in the General Fund, Golf Fund, Other Restricted Funds, and the Phoenix Parks and Preserves Initiative Fund, with decreases in the Grants Fund.

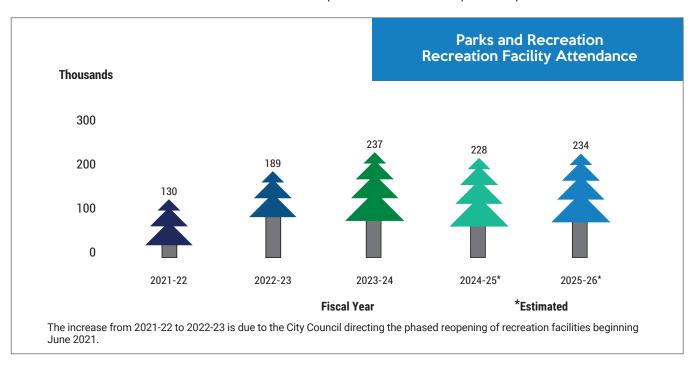
The General Fund 2025-26 budget allowance of \$134,775,000 is \$1,473,000 or 1.1 percent more than 2024-25 estimated expenditures. The increase is primarily due to normal inflationary adjustments and increases to employee costs and is partially offset by decreases in various non-personal services items, primarily park maintenance and capital equipment replacement funding.

The Grants 2025-26 budget allowance of \$437,000 is \$150,000 or 25.6 percent less than 2024-25 estimated expenditures. This decrease is primarily due to the conclusion of several American Rescue Plan Act-funded projects, including Wi-Fi connectivity and parks activation efforts.

The Golf 2025-26 budget allowance of \$12,571,000 is \$640,000 or 5.4 percent more than 2024-25 estimated expenditures. The increase is primarily due to continued growth in the use of City golf courses, resulting in additional contractual and commodity costs.

The Phoenix Parks and Preserves Initiative 2025-26 budget allowance of \$8,030,000 is \$50,000 or 0.6 percent more than 2024-25 estimated expenditures. The increase reflects normal inflationary adjustments and increases to employee compensation costs.

The Other Restricted 2025-26 budget allowance of \$4,055,000 is \$1,118,000 or 38.1 percent more than 2024-25 estimated expenditures. The increase reflects additional Parks Gifts Fund donations and increased expenses at the Reach 11 sports complex.



Parks and Recreation Major Performance Measures and Service Levels

	2023-24 Actual	2024-25 Estimate ¹	2025-26 Budget
Construction projects completed	50%	60%	70%
Fill 80% or more of all non-team sport registration openings	68%	55%	58%
Usage of athletic fields' available programmable time	46%	54%	54%
Community usage of recreation and community center available programmable time	47%	20%	35%
Recreation facility attendance	236,748	227,708	234,000
Number of golf rounds	306,912	310,805	316,748

 $^{^{\}scriptscriptstyle 1}$ Based on 10 months actual experience.

Expenditure and Position Sur	mmary		
	2023-24 Actual	2024-25 Estimate	2025-26 Budget
Operating Expense	\$146,022,000	\$156,737,000	\$159,868,0000
Total Positions	1,083.6	1,065.6	1,064.6
Source of Funds:			
General Fund	\$125,227,000	\$133,302,000	\$134,775,000
Other Restricted	2,877,000	2,937,000	4,055,000
Grants	1,223,000	587,000	437,000
Parks and Preserves	6,638,000	7,980,000	8,030,000
Golf	10,057,000	11,931,000	12,571,000

LIBRARY

Program Goal

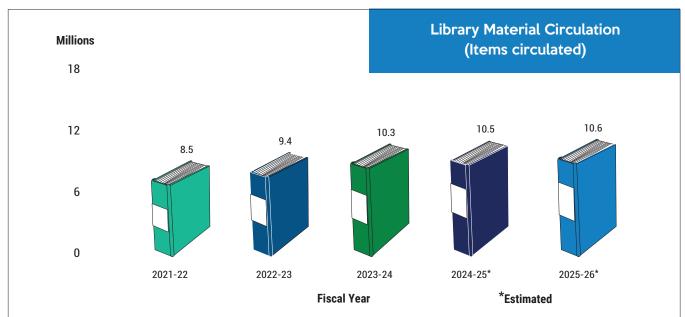
The Library provides information and resources that are relevant, accessible, and responsive to the intellectual needs and interests of the community.

Budget Allowance Explanation

The Library 2025-26 operating budget allowance of \$52,484,000 is \$434,000 or 0.8 percent less than 2024-25 estimated expenditures, reflecting decreased Grants funding.

The General Fund 2025-26 budget allowance of \$51,366,000 is \$726,000 or 1.4 percent more than 2024-25 estimated expenditures. The budget reflects normal inflationary adjustments and increases to employee compensation costs. The increase is partially offset by minor reductions for library materials and information technology needs.

The Grants 2025-26 budget allowance of \$881,000 is \$1,161,000 or 56.9 percent less than 2024-25 estimated expenditures. This decrease reflects the conclusion of American Rescue Plan Act-funded programs, including PHXWorks at Burton Barr, the hotspot lending program, College Depot assistance, and overnight heat respite.



Measure covers physical and electronic media including audio books, e-books, CDs, DVDs, databases, books, and periodicals. 2021-22 data reflect partial resumption of in-person services at all branches and the addition of Kanopy to the catalog. Library locations returned to regular operating hours in 2021-22. eMedia continues to drive an increase in the department's overall materials circulation. The addition of a Library bookmobile in March 2024 positively impacted the department's physical material circulation.

Library Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2025-26 budget allowance:

	3		
	2023-24 Actual	2024-25 Estimate ¹	2025-26 Budget
Early literacy program attendance ²	94,589	110,000	110,000
Library visitors	2,124,498	2,150,000	2,150,000
Library's website visits 3	19,722,667	23,000,000	24,000,000
Library material circulation ⁴	10,266,321	10,500,000	10,600,000

- ¹ Based on 10 months actual experience.
- ² More early literacy programs were offered in 2023-24 and 2024-25 and with larger class sizes than anticipated.
- ³ The release of the Library's mobile application in 2023-24 resulted in increased virtual traffic.
- ⁴ 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 positively impacted the department's physical material circulation.

Expenditure and Position Summary 2023-24 2024-25 2025-26 Actual **Estimate Budget** Operating Expense \$51,499,000 \$52,918,000 \$52,484,000 **Total Positions** 418.2 435.0 396.8 Source of Funds: General Fund \$49,893,000 \$50,640,000 \$51,366,000 Grants 1,551,000 2,042,000 881,000

55,000

237,000

237,000

Other Restricted

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 tourismrelated industries, businesses, and cultural organizations.

Budget Allowance Explanation

The Phoenix Convention Center 2025-26 operating budget allowance of \$87,510,000 is \$7,738,000 or 9.7 percent more than 2024-25 estimated expenditures. The increase is primarily in the Convention Center fund.

The General Fund 2025-26 budget allowance of \$4,035,000 is \$115,000 or 2.8 percent less than 2024-25 estimated expenditures. The decrease is primarily a result of budget reductions in parking management services for re-stripping of parking stalls in multiple garages.

The Sports Facilities Fund 2025-26 budget allowance of \$765,000 is \$82,000 or 12.0 percent more than 2024-25 estimated expenditures. The increase is for the Tourism and Hospitality Advisory Board funds.

The Convention Center Fund 2025-26 budget allowance of \$82,711,000 is \$7,772,000 or 10.4 percent more than 2024-25 estimated expenditures. The increase is primarily due to higher cost for the tourism and marketing contract with Visit Phoenix and higher operating costs including security services, temporary production staff, utilities, custodial and carpet cleaning, and equipment repairs. The budget also includes increases for capital furniture, equipment replacement, vehicle purchases, and employee compensation.

Phoenix Convention Center Major Performance Measures and Service Levels

	2023-24 Actual	2024-25 Estimate ¹	2025-26 Budget
Estimated direct spending impact from conventions (millions) ²	\$503	\$383	\$470
Number of convention delegates	324,884	247,496	303,645
Number of conventions	66	62	67
Number of local public shows	18	18	17
Percent square feet occupancy (average of all event types)	46.00%	46.30%	44.70%
Number of theatrical performances ³	306	260	230
Total theater attendance ³	256,920	188,000	170,000
Total parking revenue (millions) ⁴	\$9.83	\$9.75	\$10.82
Revenue per parking space ⁴	\$2,237	\$2,218	\$2,462
Operating expense per parking space	\$960	\$1,264	\$1,535

¹ Based on 10 months actual experience.

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			
	2023-24 Actual	2024-25 Estimate	2025-26 Budget
Operating Expense	\$62,684,000	\$79,772,000	\$87,510,000
Total Positions	221.0	221.0	221.0
Source of Funds:			
General Fund	\$3,296,000	\$4,150,000	\$4,035,000
Sports Facilities	593,000	683,000	765,000
Grants	207,000	-	-
Convention Center	58,588,000	74,939,000	82,711,000

² Estimated direct spending impact is reported by Visit Phoenix.

³ The decrease in 2024-25 and 2025-26 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 occur, such as Superbowl, Final Four, or the All Star Games.

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.

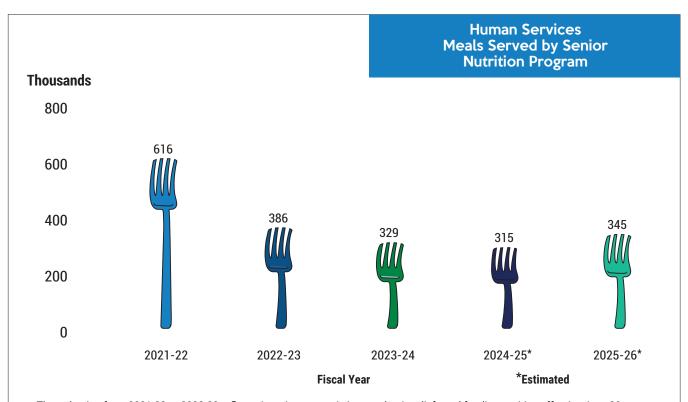
Budget Allowance Explanation

The Human Services Department 2025-26 operating budget allowance of \$152,994,000 is \$12,111,000 or 7.3 percent less than 2024-25 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 2025-26 budget allowance of \$43,098,000 is \$4,303,000 or 11.1 percent more than 2024-25 estimated expenditures. This is primarily due to additional funding for shelter operations, which in 2025-26 is planned to support the North Mountain Healing Center and Rio Fresco and Washington shelters. The budget also includes a one-time operating reserve for the City-owned low-income senior housing project being constructed along the Black Canyon Freeway and additional funding to support Office of Homeless Solutions operating costs. The General Fund budget includes costs for the homeless storage program, which was able to be covered by one-time grant funds in 2024-25. It also reflects normal inflationary adjustments and increases to employee compensation costs.

The Grants 2025-26 budget allowance of \$92,922,000 is \$28,852,000 or 23.7 percent less than 2024-25 estimated expenditures. The decrease is primarily due to the conclusion of grants related to emergency rental and utility assistance, emergency and temporary shelter contracts in response to the COVID-19 pandemic, the AZ Quest business and workforce development grant, and Community Development Block Grants. These decreases are partially offset by normal inflationary adjustments and increases to employee compensation costs. They are also partially offset by reallocated and carried forward American Rescue Plan Act (ARPA) projects, American Rescue Plan HOME Investment Partnerships Program funds targeting homelessness assistance and supportive services, and additional funds for Early Head Start Early Childhood Education services.

The Other Restricted 2025-26 budget allowance of \$16,194,000 is \$12,437,000 or 331.0 percent more than 2024-25 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, as well as heat relief and the prevention of overdose directly associated with exposure. Additionally, the increase reflects allocations for Office of Homeless Solutions projects funded by ARPA interest funds.



The reduction from 2021-22 to 2022-23 reflects Area Agency on Aging pandemic relief meal funding expiring effective June 30, 2022. The 2024-25 decrease is due to less Home Delivered Meals requested than what was anticipated. 2025-26 projections reflect higher projected Congregate Meals based on increased senior center attendance and programming.

Human Services Major Performance Measures and Service Levels

	2023-24 Actual	2024-25 Estimate ¹	2025-26 Budget
Number of homeless households (individuals and families) assisted through emergency shelter ²	9,172	5,702	8,500
Number of households served at family service centers ³	4,042	4,458	4,077
Percentage of school attendance for Head Start	55%	76%	85%
Medical and dental exams completed for Head Start ⁴	4,019	4,197	3,914
Medical and dental exams completed for Early Head Start ⁴	693	507	252
Number of meals served to seniors ⁵	329,120	315,406	345,000
Number of victim services provided ⁶	19,439	15,000	18,000
Number of job seekers assisted through the Workforce Development initiatives 7	33,351	35,384	24,954
Number of Senior Center shuttle trips ⁸	39,776	46,530	50,000

¹ Based on 10 months actuals.

⁸ 2024-25 projections reflect a 20 percent increase in ridership to the centers.

Expenditure and Position Summary					
	2023-24 Actual	2024-25 Estimate	2025-26 Budget		
Operating Expense	\$176,447,000	\$165,105,000	\$152,994,000		
Total Positions	442.5	427.5	423.5		
Source of Funds:					
General Fund	\$36,361,000	\$38,795,000	\$43,098,000		
Other Restricted	459,000	3,757,000	16,194,000		
Grants	138,846,000	121,774,000	92,922,000		
Wastewater	318,000	318,000	318,000		
Water	462,000	462,000	462,000		

² In 2023-24, multiple permanent and temporary shelters assisting with large encampments provided services to individuals and families. 2024-25 reflects the conclusion of these temporary shelters. In 2025-26, additional shelter capacity is anticipated.

³ The decrease in the number of households served is due to the increase in average payment per household, caused by market rate and utility rate increases, as well as the sunset of ARPA funds.

⁴ Decreases in numbers are due to slot reduction.

⁵ The 2024-25 decrease is due to less requested Home Delivered Meals than anticipated. 2025-26 projections are higher due to higher projected Congregate Meals due to increased senior center attendance and programming.

⁶ The decrease in 2024-25 reflects partial-year staff vacancies.

⁷The projected decrease between 2024-25 and 2025-26 reflects the planned closure of the North Job Center effective June 30, 2025. This estimate accounts for a reduction in the number of individuals served in person due to the closure, though many of these individuals may still be supported virtually.

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 2025-26 operating budget allowance of \$9,104,000 is \$1,289,000 or 12.4 percent less than 2024-25 estimated expenditures due to decreases in the General Fund and Grants.

The General Fund 2025-26 budget allowance of \$8,596,000 is \$213,000 or 2.4 percent less than 2024-25 estimated expenditures. This decrease is primarily due to budget reductions for maintenance of the City's Municipal Arts Collection and facility maintenance for the Children's Museum of Phoenix, Phoenix Art Museum, and Phoenix Theatre. The budget also reflects reduced vehicle replacement costs. The decreases are partially offset by normal inflationary adjustments and increases to employee compensation costs.

The Grants 2025-26 budget allowance of \$448,000 is \$1,067,000 or 70.4 percent less than 2024-25 estimated expenditures. The decrease is primarily due to the completion of American Rescue Plan Act-funded arts and culture internship program, artist to work grants, and artist technical assistance grants. Several other grant programs concluded in 2024-25, including the Bloomberg Public Art Challenge grant, the Project C.A.L.L. literacy grant, and a S'edav Va'aki Museum exhibit installation grant.

Phoenix Office of Arts and Culture Major Performance Measures and Service Levels

	2023-24 Actual	2024-25 Estimate ¹	2025-26 Budget
Grant applications processed to support arts activities through schools and nonprofit organizations ²	95	140	166
Grant awards administered to support arts activities through schools and nonprofit organizations ²	88	113	133
Completed Percent-for-Art projects, including permanent, temporary, and refurbishment projects	6	7	16
Local artists/arts organizations training workshops ³	26	30	35
Percent of projects in Public Art Plan being implemented ⁴	57%	69%	75%
Community presentations	70	70	90

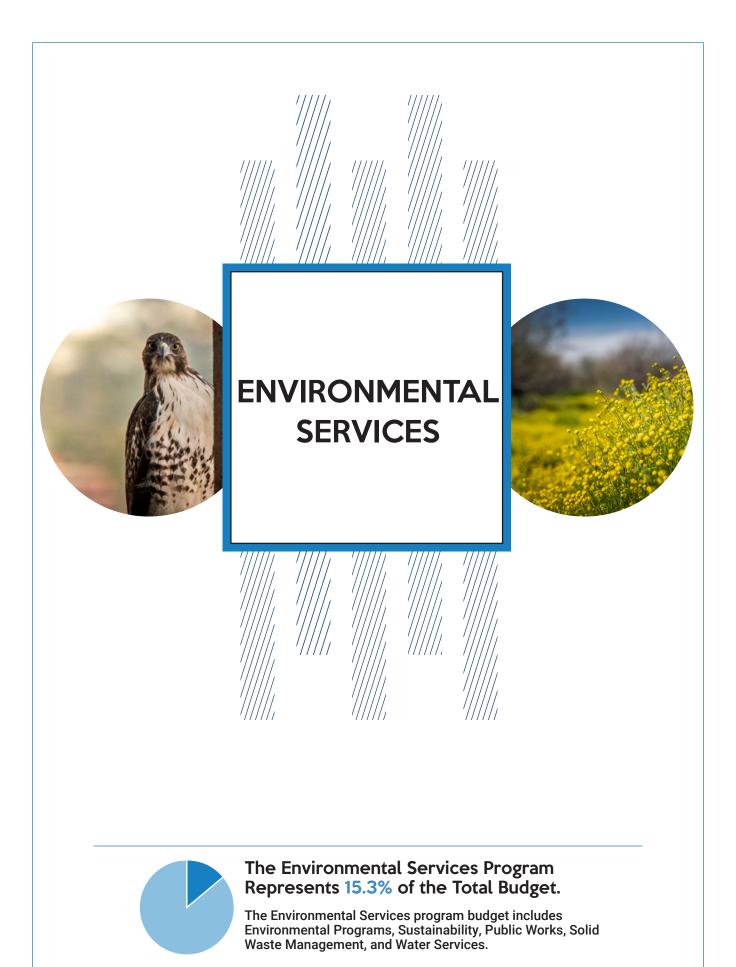
¹ Based on 10 months actual experience.

⁴ Includes projects that were in design, under construction, or were completed. 2025-26 increases reflect filled staff vacancies.

Expenditure and Position Sumn	nary		
	2023-24 Actual	2024-25 Estimate	2025-26 Budget
Operating Expense	\$7,055,000	\$10,393,000	\$9,104,000
Total Positions	16.1	29.8	29.3
Source of Funds:			
General Fund	\$5,686,000	\$8,809,000	\$8,596,000
Grants	1,364,000	1,515,000	448,000
Other Restricted	5,000	68,000	61,000

² Increases in applicants are expected in 2025-26.

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



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 waste generated within the Phoenix drainage area.

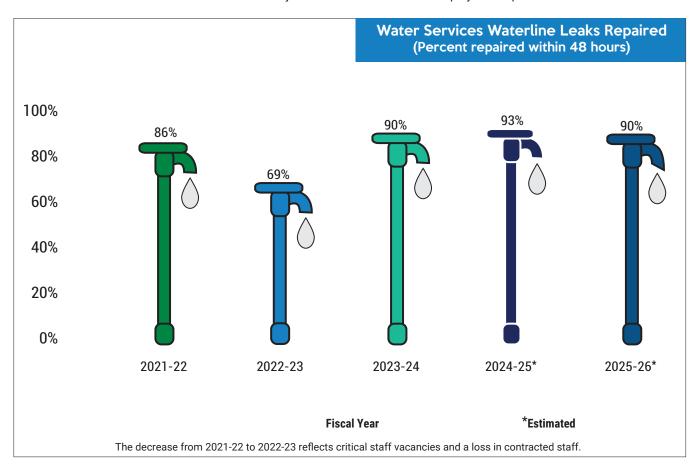
Budget Allowance Explanation

The Water Services Department 2025-26 operating budget allowance of \$511,948,000 is \$34,189,000 or 7.2 percent higher than 2024-25 estimated expenditures. There are increases in Water and Wastewater funds and a decrease in Other Restricted funds.

The Water Fund 2025-26 budget allowance of \$343,570,000 is \$19,415,000 or 6.0 percent higher than 2024-25 estimated expenditures. The increase includes normal inflationary adjustments and increases to employee compensation costs, as well as increases in costs for chemicals, electricity, raw water purchases, and water conservation rebates.

The Wastewater Fund 2025-26 budget allowance of \$165,629,000 is \$15,173,000 or 10.1 percent higher than 2024-25 estimated expenditures. The increase reflects the addition of staff, vehicles, and related equipment to re-open and expand services at the Cave Creek Water Reclamation Plant. The budget also includes increased costs for chemicals and wastewater monitoring services, additional costs for planned LED replacements, a power meter replacement, and electric vehicle charger installations, as well as normal inflationary adjustments and increases to employee compensation costs.

The Other Restricted Fund 2025-26 budget allowance of \$2,749,000 supports the stormwater program and is \$399,000 or 12.7 percent lower than 2024-25 estimated expenditures. The decrease is primarily due to decreased vehicle replacement costs. The decrease is partially offset by normal inflationary adjustments and increases to employee compensation costs.



Water Services Major Performance Measures and Service Levels

	2023-24 Actual	2024-25 Estimate ¹	2025-26 Budget
Water main break/leaks per 100 miles	12.5	12.0	12.0
Waterline leaks repaired within 48 hours ²	90%	93%	90%
Percent of miles of sewer cleaned per year	25.7%	27.9%	26.0%
Sanitary sewer overflows per 100 miles	0.72	0.84	0.80
Gallons of water produced system wide (billions) ³	115.0	120.7	115.8
Gallons of wastewater treated (billions)	68.2	69.5	70.0
Telephone calls-received ⁴	420,156	424,365	365,000
Telephone calls-percent answered 5	94.0%	98.0%	99.0%

¹ Based on 10 months actual experience.

⁵ 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 Sumi	mary		
	2023-24 Actual	2024-25 Estimate	2025-26 Budget
Operating Expense	\$435,544,000	\$477,759,000	\$511,948,000
Total Positions	1,547.8	1,540.8	1,565.8
Source of Funds:			
Other Restricted	\$2,341,000	\$3,148,000	\$2,749,000
Grants	98,000	0	0
Wastewater	137,540,000	150,456,000	165,629,000
Water	295,565,000	324,155,000	343,570,000

² Service line repairs/replacements account for 76.4% of all water line repairs, with 56% of services lines being repaired by contractors. It is predicted that 90% of all waterline repairs will be accomplished within 48 hours of utility location activities being completed, due to the length of time it takes to transfer repair locations to contractors. The percentage of repairs completed is higher in 2024-25 due to less leaks reported.

³ More water produced in 2024-25 due to an unusually hot summer in 2024.

⁴ The Customer Care and Billing system was upgraded in 2024-25 and a new e-portal was launched for City Services Bill information/inquiries, which resulted in additional calls from customers as they encountered the new system. It is anticipated that the number of calls in 2025-26 will decrease as customers become familiar with the new system and utilize applications for their account information in lieu of calling.

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 2025-26 operating budget allowance of \$194,487,000 is \$10,291,000 or 5.6 percent greater than 2024-25 estimated expenditures. The increase is primarily due to costs associated with repair and replacement of vehicles and equipment, annualization of recycling operation at the 27th Avenue Material Recovery Facility, annualization of automated vehicle locator system maintenance costs, and reflects normal inflationary adjustments.



Solid Waste Management Major Performance Measures and Service Levels

	2023-24 Actual	2024-25 Estimate ¹	2025-26 Budget ²
Residential households served with same-day contained solid-waste and recyclable-material collections ³	423,539	427,692	430,258
Tons of total solid waste collected and landfilled ⁴	970,583	933,394	938,994
Tons of solid waste from City residences disposed 5	605,281	572,888	576,325

- ¹ Based on 10 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.
- 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.

Expenditure and Position Summary			
	2023-24 Actual	2024-25 Estimate	2025-26 Budget
Operating Expense	\$170,358,000	\$184,196,000	\$194,487,000
Total Positions	628.5	628.5	626.5
Source of Funds:			
Solid Waste	\$170,358,000	\$184,196,000	\$194,487,000

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 2025-26 operating budget allowance of \$37,464,000 is \$2,954,000 or 8.6 percent more than 2024-25 estimated expenditures. The increase is mainly in the General Fund, partially offset by a decrease in the Other Restricted fund.

The General Fund 2025-26 budget allowance of \$37,367,000 is \$3,166,000 or 9.3 percent more than 2024-25 estimated expenditures. This is primarily due to increased costs for security services, animal control, electricity, and software to monitor energy efficiency, partially offset by a reduction in building minor maintenance projects.

The Other Restricted Funds 2025-26 budget allowance of \$97,000 is \$213,000 or 68.7% less than 2024-25 estimated expenditures, due to reductions in building renovation and underground fuel storage tank soil remediation costs.

Public Works Major Performance Measures and Service Levels

	2023-24 Actual	2024-25 Estimate ¹	2025-26 Budget
Building space square footage serviced and maintained ²	10,758,119	10,604,610	10,617,620
Facility service requests completed	22,842	27,028	27,000
Fleet vehicles per mechanic 3	42.6	43.4	43.6
Units of equipment for which fleet management is provided ⁴	8,010	8,038	8,064
Annual miles of fleet vehicle utilization (in millions)	47.6	47.1	47.3

¹ Based on 10 months of actual experience.

⁴ 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			
	2023-24 Actual	2024-25 Estimate	2025-26 Budget
Operating Expense	\$26,848,000	\$34,510,000	\$37,464,000
Total Positions	472.0	491.0	485.0
Source of Funds:			
General Fund	\$26,819,000	\$34,200,000	\$37,367,000
Other Restricted	29,000	310,000	97,000

² Fiscal year 2024-25 reported building space reflects updated information from facility condition assessments and updates. The increase for 2025-26 reflects the completion of Fire Station 62 and South Mountain Park facilities.

³ Excludes vehicles serviced by the Aviation and Public Transit departments.

ENVIRONMENTAL PROGRAMS

Program Goal

The Office of Environmental Programs coordinates and monitors the City's environmental programs and activities, and develops and implements regulatory policies and programs.

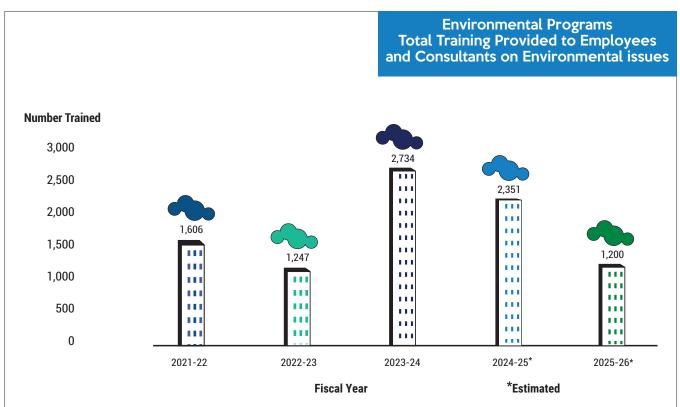
Budget Allowance Explanation

The Office of Environmental Programs (OEP) 2025-26 operating budget allowance of \$3,406,000 is \$2,699,000 or 44.2 percent less than 2024-25 estimated expenditures. The decrease is primarily due to the expiration of American Rescue Plan Act (ARPA) grants and a U.S. Environmental Protection Agency Brownfields Revolving Loan Fund grant, partially offset by an additional General Fund allocation.

The General Fund 2025-26 budget allowance of \$2,402,000 is \$626,000 or 35.2 percent greater than 2024-25 estimated expenditures to replace expired ARPA-grant funding for the Food System Transformation Grant Program and the Backyard Garden Program.

The Grants 2025-26 budget allowance of \$123,000 is \$3,390,000 or 96.5 percent less than 2024-25 estimated expenditures primarily due to the expiration of ARPA grants and a U.S. Environmental Protection Agency Brownfields Revolving Loan Fund grant.

The Water 2025-26 budget allowance of \$580,000 is \$62,000 or 12.0 percent greater than 2024-25 estimated expenditures due to increased employee compensation costs.



Training for 2023-24 reflects improved online tracking of required stormwater training. Training for 2024-25 reflects a greater than usual number of employees completing dust control training.

Environmental Programs Major Performance Measures and Service Levels

	2023-24 Actual	2024-25 Estimate ¹	2025-26 Budget
Site assessments conducted ²	208	200	200
Brownfields projects implemented ³	5	15	15
Percentage of OEP Environmental Facility Assessment findings City departments resolve within 90 days with OEP assistance	91%	94%	90%
Number of food system projects receiving OEP assistance to create OEP assistance to create or enhance healthy food assets ⁴	102	25	60
Number of external food system partnerships and collaborations developed ⁵	NA	NA	20

¹ Based on 10 months actual experience.

⁴ Includes projects for food waste reduction, assistance to healthy food-related businesses and assets, assistance for backyard and community gardens, and public education. Actuals in 2024-25 decreased due to the expiration of ARPA grants and increases in 2025-26 with an additional General Fund allocation.

	•			
5	New	measure	heginning	2025-26

Expenditure and Position Summary			
	2023-24 Actual	2024-25 Estimate	2025-26 Budget
Operating Expense	\$4,146,000	\$6,105,000	\$3,406,000
Total Positions	17.0	16.0	16.0
Source of Funds:			
General Fund	\$1,579,000	\$1,776,000	\$2,402,000
Capital Construction	55,000	70,000	70,000
Other Restricted	200,000	228,000	231,000
Grants	1,836,000	3,513,000	123,000
Water	475,000	518,000	580,000

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 and 2025-26 due to funding added by the City's General Obligation Bond program.

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 2025-26 operating budget allowance of \$979,000 is \$105,000 or 9.7 percent less than 2024-25 estimated expenditures. The decrease is primarily in the Grants Fund.

The General Fund 2025-26 budget allowance of \$666,000 is \$4,000 or 0.6 percent more than the 2024-25 estimated expenditures. The budget reflects normal inflationary adjustments and increases to employee compensation costs.

The Grants Fund 2025-26 budget allowance of \$282,000 is \$102,000 or 26.6 percent less than 2024-25 estimated expenditures. The Catena Foundation grant to support efforts to develop an electric vehicle education and awareness campaign ended January 2025. Also contributing to the decrease, the Gila River Indian Community grant for the student council Sustainability Officer initiative was a one-time grant award spent in 2024-25.

Expenditure and Position Summary			
	2023-24 Actual	2024-25 Estimate	2025-26 Budget
Operating Expense	\$1,030,000	\$1,084,000	\$979,000
Total Positions	7.0	6.0	6.0
Source of Funds:			
General Fund	\$686,000	\$662,000	\$666,000
Other Restricted	95,000	38,000	30,000
Grants	249,000	384,000	282,000

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 2025-26 will be \$91,144,222, plus \$109,417,000 to be set-aside and used if needed to balance the 2026-27 budget. The set-aside could also be used to add or expand programs and services or increase employee compensation. 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 2025-26 contingency reflects an increase of \$2,268,872 over the 2024-25 contingency of \$88,875,350 and maintains the contingency percentage of 4.75 percent.

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

Comparison of Annu	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	
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	88,875 80,000	4.75%	
2025-26	1,918,8271	91,144 109,417	4.75%	

¹ Total General Fund operating expenditures in 2025-26 are \$2,119,388,000, including 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.

Fund	Operating Expenditures ²	Contingency Amount	Percent of Operating Expenditures
Aviation	\$432,077	\$30,000	7%
Convention Center	83,359	4,500	5%
Development Services	93,015	1,000	1%
Solid Waste	194,717	1,000	1%
Sports Facilities	9,706	2,500	26%
Transportation 2050	338,492	21,000	6%
Wastewater	166,453	10,500	6%
Water	346,411	22,500	6%

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 Wi-Fi 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 U.S. 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 of the remaining funding supports homelessness services and is reflected in both the 2024-25 and 2025-26 fiscal years.

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 harm 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 APRA 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, 2025, \$315 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 obligated all remaining funds via Memorandums of Understanding before December 31, 2024, and the remaining funds will be fully expended by June 30, 2026.

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 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-related 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 in HOME Investment Partnerships American Rescue Plan Program (HOME-ARP) funds for the ongoing 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 through Maricopa County to support implementation of the Choice Neighborhoods grant program. Usage of these funds is ongoing. They are included in the fiscal year 2025-26 budget and must be spent by September 2030. The department also received \$6 million in ARPA funding from the Maricopa County Department of Health to support the Senior Bridge Project, which is included in the fiscal year 2025-26 budget.

Human Services Department

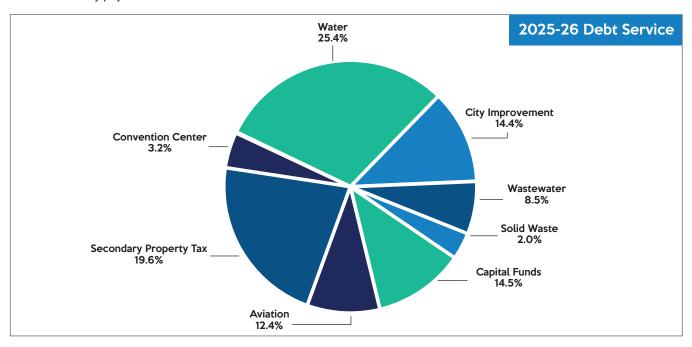
The Human Services Department (HSD) was awarded \$55.3 million in fiscal year 2021-22 to administer the Emergency Rental Assistance program, which provides rent and utility assistance to qualifying residents impacted by COVID-19. In fiscal year 2022-23, HSD received \$7.0 million in reallocated Emergency 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. Finally, Maricopa County and the U.S. Department of Housing and Urban Development awarded a combined \$3.8 million to help Phoenix residents experiencing housing instability, homelessness, and to provide other emergency services, such as heat relief. All funds from HUD are expected to be fully expended by the end of fiscal year 2024-25, while the Maricopa County funds will be expended by the end of fiscal year 2025-26.

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. These funds were fully expended 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 2025-26 for existing debt and anticipated future bond sales is \$739,056,000. 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 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 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.

	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 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	Α	-
Fransit Excise Tax Revenue Bonds (Light Rail) (2)	Aa2	AA	-
State of AZ Distribution Revenue Bonds (2)	Aa1	AA	-

⁽¹⁾ Represents underlying rating, if insured.

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 Indebted General Obligation Bonds	dness ⁽¹⁾ (In Thousands of Dollars)	
Purpose	Non-Enterprise General Obligation Bonds	Total General Obligation Bonds
Various Airport	\$ 778,640,000 —	\$ 778,640,000 —
Sanitary Sewer	_	_
Solid Waste	_	_
Water	-	_
Direct Debt	\$ 778,640,000	\$ 778,640,000
Less: Revenue Supported	-	-
Net Debt	\$ 778,640,000	\$ 778,640,000

⁽¹⁾ Represents general obligation bonds outstanding as of January 1, 2025. 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 2024-25 was \$35,253,419,918. 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, 2025, is shown below, based upon 2024-25 assessed valuation.

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

Water, Sewer, Light, Parks, Open Spaces, Playgrounds, Recreational Facilities, Public Safety, Law Enforcement, Fire Emergency, Streets and Transportation Purpose Bonds		
20% Constitutional Limitation	\$7,050,683,984	
Less: Direct General Obligation Bonds Outstanding(1)	(627,350,000)	
Less: Allocable Bond Premium ⁽²⁾ (15,305,000)		
Less: Debt Limit Reduction from Refunding ⁽³⁾ (44,848,438)		
Unused 20% Limitation Borrowing Capacity \$6,363,180,546		

All Other General Obligation Bonds	
6% Constitutional Limitation	\$2,115,205,195
Less: Direct General Obligation Bonds Outstanding(1)	(151,290,000)
Less: Allocable Bond Premium(2)	(1,675,000)
Less: Debt Limit Reduction from Refunding(3)	(6,834,582)
Unused 6% Limitation Borrowing Capacity	\$1,955,405.613

⁽¹⁾ Represents general obligation bonds outstanding as of January 1, 2025.

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, 2025.

Net Direct General Obligation Bonded Debt Ratios						
	Per Capita Debt Pop. Est. (1,650,070) (1)	Limited Net Assessed Valuation (\$17,190,475,853)	Full Cash Valuation (\$362,082,341,677)			
Direct General Obligation Bonded Debt Outstanding as of January 1, 2025	\$ 471.88	4.53%	0.22%			

⁽¹⁾ Population estimate obtained from the U.S. Census Bureau as of July 1, 2023.

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.

⁽²⁾ This amount represents premium on the bonds which will be used to pay project costs and certain costs of issuance which under State law reduce in equal amount the borrowing capacity of the City and the principal amount of bonds authorized under the 2023 Authorization. Such capacity (but not authorization) will be recaptured as premium is amortized.

⁽³⁾ 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 SERVICE BY SOURCE OF FUNDS AND TYPE OF EXPENDITURE (In Thousands of Dollars)

	2023-24 Actual	2024-25 Estimate	2025-26 Budget
Source of Funds			
Operating Funds			
City Improvement	79,391	82,937	106,500
Secondary Property Tax	133,992	136,341	144,863
Aviation	96,730	96,727	91,464
Convention Center	17,480	23,690	23,683
Solid Waste	9,580	10,147	14,690
Wastewater	88,906	62,987	63,214
Water	151,725	146,153	187,708
Total Operating Funds	577,804	558,983	632,122
Bond Funds			
Aviation	174	900	-
Convention Center	-	-	810
Transportation 2050	-	-	900
Wastewater	809	-	_
Water	-	-	900
Other	187	685	500
Total Bond Funds	1,171	1,585	3,110
Other Capital Funds			
Capital Reserves	195	748	-
Customer Facility Charges	20,555	20,563	20,560
Federal, State and Other Participation	25,499	25,999	26,497
Passenger Facility Charges	56,761	56,764	56,767
Total Other Capital Funds	103,010	104,074	103,824
Total	681,985	664,643	739,056
	201,000	00 1,0 10	. 00,000
Type of Expenditure			
Principal	365,412	341,491	366,566
Interest and Other	316,573	323,152	372,490
Total	681,985	664,643	739,056

OUTSTANDING DEBT AND DEBT SERVICE COVERAGE 2023-24 YEAR-END ACTUAL

(In Thousands of Dollars)

Part					Effective	Average				
Common	Issue			Maturity		_	Original	Principal	Interest	
	Date	Series	Purpose	Dates	Rate	(Years)	Amount	Outstanding	Outstanding	Coverage (2)
1007910 2009A			3onds (1)							
			· ·							
1941 1941 1942 1942 1942 1943 1944 1945 1945 1944 1945			•							
			· ·							
			-							
			•							
December December	05/25/22	2022	·	7/1/23-34	2.93	5.9				N/A
			Total General Obligation Bonds				1,199,890	545,620	113,014	
	Loans from	m Direct B	orrowings							
				7/1/18-26	2.97	12.0	6,287	1,029	33	1.98
			Wastewater WIFA							
Municipal Corporation Obligations Closed Loop Fund, LP 10/15/19-24 0.00 5.0 3.000 150 5.0 5.5 5.5										
Multicipal Corporation Distinction	04/11/19	Loan	Closed Loop Fund, LP	10/15/19-24	0.00	5.0			-	3.57
100606 2005			Total Loans from Direct Borrowings				14,693	6,554	578	
100606 2005										
0901/10 2010B Airport Rev 2010B (Taxable) 71/12/40 3.87 29.8 21,345 21,345 22,540 3.11 06/21/12 2012A Exisies Tax Rev Refunding 2012A 71/114-25 2.30 6.7 17,510 20 7 16,38 04/15/14 2014 Wasteward System Rev Refunding 71/15-29 2.04 9.7 445,085 221,205 29,727 2.44 06/12/15 2015B Excise Tax Rev Refunding 2015A 71/17-41 3.56 16.2 319,305 257,120 122,822 16.38 06/12/15 2015B Excise Tax Rev Refunding 2015B (Taxable) 71/16-45 3.99 18.6 99,785 20,905 49,997 3.11 12/15/15 2015B Airport Rev 2015A (Non-AMT) 71/16-35 3.99 18.6 99,786 80,295 49,997 3.11 11/16/16 2015B Airport Rev 2015A (Non-AMT) 71/16-35 3.99 11.3 25,325 158,60 51,760 1.98 12/15/15 2015B Airport Rev 2015A				7////	4.70	00.0	075 000	000.040	040 407	A1/2
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04/15/14 2014 Wastewater System Rev Refunding 7/1/15-29 3.00 9.4 127,810 54,735 8,477 1.98 12/17/14 2018 Water System Rev Refunding 2014B 7/1/16-29 2.64 9.7 446,085 221,205 29,727 2.34 05/12/15 2015B Excise Tax Rev Refunding 2015B (Taxable) 7/1/16-35 3.35 10.2 60,895 27,040 6,637 16.38 12/15/15 2015B Airport Rev 2015A (Non-AMT) 7/1/16-35 3.99 18.6 95,785 80,295 49,597 3.11 12/15/15 2015B Airport Rev Perfunding 2015B (Non-AMT) 7/1/16-35 2.89 11.3 225,325 158,460 51,760 1.98 01/10/17 2016 Wastewater System Rev Refunding 2016 7/1/17-35 2.89 11.3 225,325 158,460 51,760 1.98 01/10/17 2016 Water System Rev Refunding 2017B 7/1/18-32 2.0 6.8 16.38 16.38 16.38 16.38 16.38 16.38 16.38 </td <td></td>										
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OUTSTANDING DEBT AND DEBT SERVICE COVERAGE (Continued) 2023-24 YEAR-END ACTUAL

(In Thousands of Dollars)

				Effective	Average				
Issue			Maturity	Interest	Life	Original	Principal	Interest	
Date	Series	Purpose	Dates	Rate	(Years)	Amount	Outstanding	Outstanding	Coverage (2)
Communi	ty Facilitie	s Districts							
06/27/19	2019	Park Central CFD Special Assessment Rev	7/1/21-44	5.73	16.0	30,000	27,160	17,819	1.09
		Total Community Facilities Districts Bonds				30,000	27,160	17,819	
Total Outs	standing D	ebt				7,581,825	5,889,463	3,274,519	

(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.

1.10

(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

(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 18, 2025, 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.

2025-26 Capital Improvement Program Development

The annual citywide Capital Improvement Program update process began in December 2024 when departments prepared revised 2024-25 estimates and updated their five-year capital improvement programs. The 2024-25 estimates reflect updated construction cost estimates, schedules adjustments, awarded contract amounts and other program changes. The 2025-30 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 General Obligation 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 2023 General Obligation Bond program includes 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 2025-30 Capital Improvement Program includes \$315.2 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 2025-30 Capital Improvement Program includes \$1,110.8 million in Transportation 2050 pay-as-you-go 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 Budget and Research Department develops 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 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 \$283.6 million in available impact fees in the 2025-30 Capital Improvement Program. Additional impact fees will be programmed in future capital improvement programs as these fees are collected.

SUMMARY OF 2025-30 CAPITAL IMPROVEMENT PROGRAM BY PROGRAM

(In Thousands of Dollars)

	2025-26	2026-27	2027-28	2028-29	2029-30	Total
Arts and Cultural Facilities	29,617	1,718	19,716	-	-	51,051
Aviation	1,530,907	450,824	423,634	354,990	370,180	3,130,535
Economic Development	38,183	19,915	9,284	7,400	8,150	82,932
Environmental Programs	1,331	1,250	250	250	250	3,331
Facilities Management	80,500	24,791	22,965	22,694	16,775	167,725
Finance	10,270	-	-	-	-	10,270
Fire Protection	59,335	50,767	68,820	20,118	-	199,040
Historic Preservation & Planning	16,422	1,000	1,000	1,000	-	19,422
Housing	176,699	22,248	12,318	9,615	2,870	223,749
Human Services	17,173	6,933	-	-	-	24,106
Information Technology	62,565	37,682	26,597	19,097	12,597	158,538
Libraries	8,584	19,734	9,405	-	-	37,723
Municipal Court	4,944	2,910	-	-	-	7,854
Neighborhood Services	2,180	-	-	-	-	2,180
Non-Departmental Capital	231,281	106,120	105,719	107,120	105,822	656,063
Parks, Recreation & Mountain Preserves	154,594	65,383	62,797	64,221	58,750	405,745
Phoenix Convention Center	28,083	12,155	7,940	7,455	6,352	61,984
Police Protection	19,079	35,001	1,658	1,020	-	56,758
Public Art Program	15,996	6,262	2,149	-	-	24,407
Public Transit	411,627	164,876	474,246	189,629	168,580	1,408,958
Regional Wireless Cooperative	8,192	8,924	8,654	8,654	6,666	41,092
Solid Waste Disposal	63,121	37,388	13,017	28,343	14,284	156,153
Street Transportation & Drainage	490,781	273,882	193,408	187,070	162,666	1,307,807
Sustainability	1,000	-	-	-	-	1,000
Wastewater	461,477	642,633	296,283	243,304	202,067	1,845,764
Water	679,185	868,664	604,425	563,756	547,601	3,263,632
Total	4,603,127	2,861,058	2,364,286	1,835,737	1,683,609	13,347,817

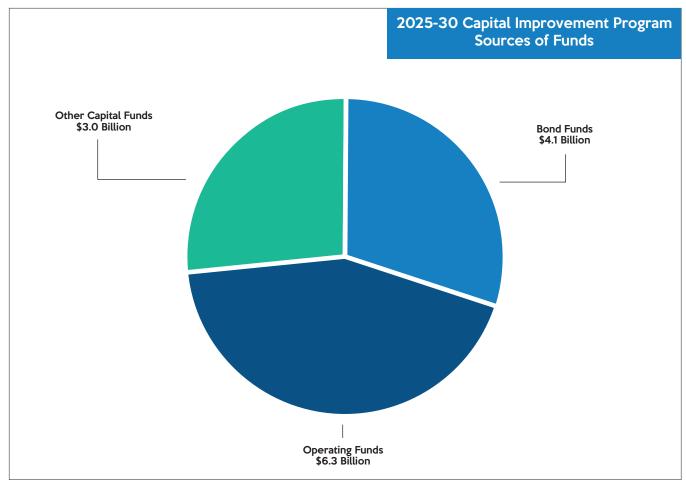
SUMMARY OF 2025-30 CAPITAL IMPROVEMENT PROGRAM BY SOURCE OF FUNDS

(In Thousands of Dollars)

	2025-26	2026-27	2027-28	2028-29	2029-30	Total
General Funds						
General Fund	70,027	33,648	32,238	30,738	30,738	197,389
Library	1,020	-	-	-	-	1,020
Parks	3,119	-	-	-	-	3,119
Special Revenue Funds						
Arizona Highway User Revenue	131,352	75,655	76,096	75,528	84,988	443,618
Capital Construction	25,960	7,143	8,544	8,794	7,044	57,485
Community Reinvestment	5,315	3,915	3,665	3,665	5,065	21,625
Development Services	7,080	292	292	292	292	8,247
Golf	2,000	-	-	500	500	3,000
Grants	218,733	79,718	105,420	109,443	105,112	618,427
Other Restricted	74,493	4,802	3,572	1,535	1,235	85,637
Parks and Preserves	102,054	48,160	50,600	56,150	58,250	315,214
Regional Transit	15,066	5,708	16,942	17,829	18,196	73,741
Regional Wireless Cooperative	2,192	2,924	2,654	2,654	666	11,092
Sports Facilities	8,531	4,000	2,100	2,100	2,100	18,831
Transportation 2050	395,422	123,884	404,777	105,985	80,685	1,110,754
Enterprise Funds						
Aviation	638,870	146,686	194,422	137,158	55,645	1,172,781
Convention Center	10,285	10,418	8,103	7,618	6,515	42,939
Solid Waste	10,877	1,208	1,256	1,306	1,359	16,006
Wastewater	277,088	106,143	110,447	102,280	82,436	678,394
Water	334,181	232,145	230,431	302,228	326,512	1,425,497
Total Operating Funds	2,333,667	886,450	1,251,559	965,803	867,338	6,304,817
General Obligation Bond Funds						
2001 General Obligation Bonds	902	_	_	_	_	902
2006 General Obligation Bonds	428	_	_	_	_	428
2023 General Obligation Bonds	150,233	148,573	79,295	33,114	_	411,215
Nonprofit Corporation Bond Funds	.00,200		. 0,200	33,		,
Aviation Bonds	389,601	184,058	83,750	78,750	_	736,159
Convention Center Bonds	810	104,030	-	70,750	_	810
Other Bonds	150,270	57,698	66,840	8,919	_	283,727
Solid Waste Bonds	52,925	38,601	14,393	27,899	12,874	146,693
Transportation 2050 Bonds	900	50,001	14,000	21,000	12,014	900
Wastewater Bonds	102,097	432,419	120,686	79,318	82,562	817,082
Water Bonds	239,810	625,116	356,062	239,442	209,487	1,669,918
Total Bond Funds	1,087,977	1,486,465	721,027	467,442	304,924	4,067,835
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Other Capital Funds	454					4=4
Capital Gifts	451	-	-	-	-	451
Capital Grants	484,338	71,295	96,857	100,477	265,600	1,018,566
Capital Reserves	2,487	14,220	-	-	-	16,707
Customer Facility Charges	121,948	38,062	50,558	45,559	20,562	276,688
Federal, State and Other Participation	175,871	140,632	71,283	60,839	61,054	509,678
Impact Fees	207,797	21,366	17,861	36,560	-	283,584
Other Capital	835	-	-	-	-	835
Other Cities' Share in Joint Ventures	85,632	110,615	77,364	81,279	56,344	411,234
Passenger Facility Charges	100,007	91,508	77,326	77,323	107,320	453,484
Solid Waste Remediation	2,118	446	451	455	468	3,938
Total Other Capital Funds	1,181,482	488,144	391,700	402,491	511,347	2,975,165
Total	4,603,127	2,861,058	2,364,286	1,835,737	1,683,609	13,347,817

2025-30 CAPITAL IMPROVEMENT PROGRAM HIGHLIGHTS

The Capital Improvement Program (CIP) totals \$13.3 billion over the next five years. As shown in the pie chart below, funding for the 2025-30 program comes from \$6.3 billion in pay-as-you-go operating funds, \$4.1 billion in bond funds, and \$3.0 billion in other capital funds.



Projects in the first year total \$4.6 billion and are funded from pay-as-you-go operating funds (\$2.3 billion), bond funds (\$1.1 billion) and other capital financing (\$1.2 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 2025-30 Capital Improvement Program by source of funds and the 2025-26 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 \$51.1 million and is funded by General Obligation Bond and Other Restricted 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 \$3,130.5 million and is funded by Aviation, Operating Grant, 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 for identifying and requesting new CIP projects as they are needed for airport expansion and replacement of existing infrastructure. They work with stakeholders to determine the impact of a project and, where necessary, 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; impact on the airport's sustainability goals; 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 awaits available funding and incorporation into the Aviation CIP.

Major projects include:

- · Construction of new Terminal 3 North 2 apron
- · Construction of new Crossfield Taxiway U
- Strengthening and reconstruction of Taxiway A (A3-A4)
- · Reconstruction of Terminal 3 N1 outer apron
- · Construction of Terminal 3 North 2 Concourse and processor improvements
- · Repair and replacement of Terminal 3 Parking Garage expansion joints and bearing pads
- · Replacement of Rental Car Center fire alarm system and vertical transportation modernization
- · Repair of Terminal 4 Parking Garage joint seals and expansion joints
- Reconstruction and strengthening of Deer Valley Airport Runway 7R/25L

Economic Development

The \$82.9 million Economic Development program is funded by General, Downtown Community Reinvestment, Operating Grant, Other Restricted, Sports Facilities, 2023 General Obligation Bond, and Other 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
- · Workforce Training Facility
- ASU Health Technology Center development assistance
- ASU Thunderbird School of Global Management development assistance
- · Historic Preservation and Conservation facilitation and assistance
- · Arizona Biomedical Corridor project facilitation and assistance

Environmental Programs

The \$3.3 million Environmental Programs CIP is funded by Other Restricted and 2023 General Obligation Bond funds. The program facilitates eligible citywide general stormwater compliance and Brownfields redevelopment projects.

Stormwater capital improvement projects are being 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, include 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, asbestos/lead-based paint surveys and abatement, and remediation. Project selection is 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 \$167.7 million and is funded by General, Other Restricted, Aviation, 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, energy efficient retrofits, fire and life safety systems, HVAC systems, roofs, parking lots, fuel/oil tanks, plumbing, 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.

Finance

The Finance program totals \$10.3 million, funded by Other Restricted funds, supporting an application upgrade and enhancements to the citywide financial system.

Fire Protection

The \$199.0 million Fire Protection program is funded by 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 near 51st Avenue and SR 303
- Construction of new Fire Station 71 located near 60th Street and Mayo Boulevard
- · Construction of new Fire Station 74 located at 19th Avenue and Chandler Boulevard
- · Construction of new Fire Station 93 located near I-17 and Peoria Avenue
- · 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 \$19.4 million and is funded by Development Services, 2023 General Obligation Bond, and Other 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 \$223.7 million and is funded by Operating Grant, Other Restricted, 2023 General Obligation Bond, and Capital Grant 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 Human Services program totals \$24.1 million and is funded by General, Operating Grant, Other Restricted, and General Obligation Bond funds.

The Human Services program includes acquisition, design, and renovation/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
- · Renovation of the McDowell Senior Center
- Office of Homeless Solutions facility at I-17 and Northern Avenue

Information Technology

The \$158.5 million Information Technology program is funded by General, Arizona Highway User Revenue, Development Services, Other Restricted, Transportation 2050, Aviation, Phoenix 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 technological 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
- · Data network infrastructure modernization

Libraries

The Libraries program totals \$37.7 million and is funded by General, Operating Grant, Development 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:

- · Expansion of the Yucca Branch Library
- · Construction of a new Estrella Civic Space Library at 99th Avenue and Lower Buckeye Road
- · Construction of a new Desert View Civic Space Library at Deer Valley Drive and Tatum Boulevard

Municipal Court

The Municipal Court program totals \$7.9 million and is funded by General funds.

The program includes the Court Case 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, reduce existing technical debt, and enable the Court's ability to move to real-time paperless processing.

Neighborhood Services

The Neighborhood Services program totals \$2.2 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 Neighborhood Enhancement and Infrastructure 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 \$656.1 million and is funded by General, Convention Center 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 program additionally includes a contingency budget for future capital grant awards and reserves to provide local matching funds for potential federal capital grants.

Parks, Recreation & Mountain Preserves

The Parks, Recreation and Mountain Preserves program totals \$405.7 million and is funded by Parks, Parks and Preserves Initiative, Golf, Other Restricted, 2023 General Obligation Bond, Capital Gift, Capital Reserve, and Development Impact Fee funds.

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

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 and passed by voters on the November 2023 ballot.

Major projects with various funding sources include development, improvements and/or repairs to Encanto Park Lake, Estrella Civic Space, North Mountain Park, Paradise Valley Park, Telephone Pioneer Park, Sun Ray Park, Maryvale Park Regional Pool and Two Splash Pad Sites.

Phoenix Convention Center

The Phoenix Convention Center program totals \$62.0 million and 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
- · Roof repairs for the South Building
- · Replacement of the Digital Audio Distribution System at South Building
- · North & West Buildings heating, ventilation, and air conditioning and fire alarm system replacement
- · North & West Buildings security systems replacement
- Orpheum Theatre improvements
- Pit lift replacements at the Herberger Theater, Orpheum Theatre, and Symphony Hall

Police Protection

The \$56.8 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:

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

Public Art Program

The Public Art Program totals \$24.4 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 \$1,409.0 million and is funded by Operating Grant, Other Restricted, Regional Transit, and Transportation 2050 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 include:

- Purchase of new and replacement buses, Dial-A-Ride vehicles and commuter vans
- · Bus Rapid Transit program development
- Design and construction of the Capitol Light Rail extension
- · Construction of bus stop improvements, lighting and shade structures
- · Design and construction of the I-10 West Light Rail extension

Regional Wireless Cooperative

The Regional Wireless Cooperative (RWC) program totals \$41.1 million and is funded through the contributions of RWC member agencies.

The RWC capital program's objective is to develop and assist member agencies with projects necessary to procure, install and upgrade major components of the radio systems over which the RWC has responsibility – for example, major system expansions to enhance capabilities, functions, or redundancy, or to incorporate technologies or functions required through legal mandates or vendor-driven changes.

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 the number of radios in use by each agency, or by special assessments, and are then presented by the RWC Executive Director to the RWC Board of Directors for action. Specific RWC Working Groups may also be asked to consider and draft large-scale CIP projects as needed.

Solid Waste Disposal

The \$156.2 million Solid Waste Disposal program is funded by Solid Waste, Solid Waste Bond, Capital Grant, Capital Reserve, and Solid Waste Remediation funds.

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

New 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
- · SR 85 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 & Drainage

The Street Transportation and Drainage program totals \$1,307.8 million and is funded by General, Arizona Highway User Revenue, Capital Construction, Operating Grant, Transportation 2050, Wastewater, 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 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:

- · Indian School Road: 39th Avenue to 91st Avenue
- · Rio Salado River Bicycle/Pedestrian Bridge at 3rd Street
- · Southern Avenue: 51st Avenue to 37th Drive
- · Lower Buckeye Road: 27th Avenue to 19th Avenue
- · 43rd Avenue: Dove Valley Road to Carefree Highway

Sustainability

The \$1.0 million Sustainability program is funded by General funds.

The Sustainability program provides funding for various citywide energy and water efficiency projects that reduce energy and water usage, while also decreasing ongoing operational costs. Cost savings realized from implementation of these projects may be used to replenish this fund for additional future projects.

Wastewater

The Wastewater program totals \$1,845.8 million and is funded by Wastewater, Wastewater Bond, Capital Grant, Development Impact Fee, and Other Cities' Share in Joint Venture funds.

The Wastewater program includes infrastructure, safety, maintenance, technology and efficiency enhancements for the 91st Avenue and 23rd Avenue wastewater treatment plants, Cave Creek Water Reclamation Plant, North Gateway Advanced 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 \$3,263.6 million and is funded by Water, Wastewater, Solid Waste, Water Bond, Solid Waste Bond, Capital Grant, Development Impact Fee, and Other Cities' Share in Joint Venture funds.

The Water program includes a new North Gateway Advanced Water Purification Plant, 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 2025-26 CAPITAL IMPROVEMENT PROGRAM BY PROGRAM AND SOURCE OF FUNDS

Program	2025-26 Total Program	Operating Funds	General Obligation Bond Funds	Nonprofit Corporation Bond Funds	Other Capital Funds
Arts and Cultural Facilities	29,617	3,950	25,667	-	-
Aviation	1,530,907	635,924	-	384,416	510,566
Economic Development	38,183	12,683	500	25,000	-
Environmental Programs	1,331	250	1,081	-	-
Facilities Management	80,500	35,119	8,404	35,449	1,528
Finance	10,270	10,270	-	-	-
Fire Protection	59,335	5,587	10,379	39,339	4,029
Historic Preservation & Planning	16,422	5,000	2,422	9,000	-
Housing	176,699	128,514	40,629	-	7,557
Human Services	17,173	15,198	1,975	-	-
Information Technology	62,565	50,901	-	11,665	-
Libraries	8,584	1,917	2,259	-	4,408
Municipal Court	4,944	4,944	-	-	-
Neighborhood Services	2,180	2,180	-	-	-
Non-Departmental Capital	231,281	6,720	-	20,737	203,824
Parks, Recreation & Mountain Preserves	154,594	107,071	32,276	-	15,248
Phoenix Convention Center	28,083	16,102	-	11,981	-
Police Protection	19,079	-	8,164	-	10,916
Public Art Program	15,996	9,676	926	5,394	-
Public Transit	411,627	411,627	-	-	-
Regional Wireless Cooperative	8,192	2,192	-	-	6,000
Solid Waste Disposal	63,121	8,098	-	52,426	2,597
Street Transportation & Drainage	490,781	259,189	16,882	-	214,710
Sustainability	1,000	1,000	-	-	-
Wastewater	461,477	271,070	-	102,097	88,310
Water	679,185	328,486	-	238,910	111,790
Total	4,603,127	2,333,667	151,564	936,414	1,181,482

RESOURCES AND EXPENDITURES BY CAPITAL FUND 2025-26 CAPITAL IMPROVEMENT PROGRAM

	Budgeted Beginning Fund Balance	Revenues and Other Sources/ (Uses) (1)	Expenditures	Ending Balance	Projected Resources Beyond 2025-26 (2)	Funds Available Beyond 2025-26
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	(1,417)	-	428	(1,845)	27,190	25,345
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	(7,023)	=	=	(7,023)	36,700	29,677
2006 Street and Storm Sewer Improvements Bonds	5,939	-	-	5,939	27,495	33,434
	(759)	-	428	(1,187)	135,745	134,558
2023 General Obligation Bonds						
2023 Affordable Housing & Senior Center Bonds	-	43,158	43,158	-	-	-
2023 Economic Development, Environment & Culture Bonds	=	35,756	35,756	-	=	-
2023 Fire, Police & Streets Bonds	-	35,087	35,087	-	-	-
2023 General Obligation Bond Proceeds Clearing	162,831	(150,233)	-	12,598	266,980	279,578
2023 Library, Parks and Historic Preservation Bonds	-	36,232	36,232	-	-	
	162,831	-	150,233	12,598	266,980	279,578
Nonprofit Corporation Bond Funds						
Aviation Bonds	(182,872)	300,000	389,601	(272,473)	421,210	148,737
Convention Center Bonds	13	810	810	13	-	13
Other Bonds	132,937	166,500	150,270	149,167	92,445	241,612
Parks and Preserves Bonds	-	-	-	-	66,000	66,000
Solid Waste Bonds	6,483	26,500	52,925	(19,942)	118,500	98,558
Transportation 2050 Bonds	-	900	900	-	1,099,100	1,099,100
Wastewater Bonds	(385,967)	9,170	102,097	(478,894)	700,770	221,876
Water Bonds	(162,172)	439,900	239,810	37,918	655,652	693,570
	(591,578)	943,780	936,414	(584,211)	3,153,677	2,569,466
Total Bond Funds	(425,303)	943,780	1,087,977	(569,500)	3,573,012	3,003,512

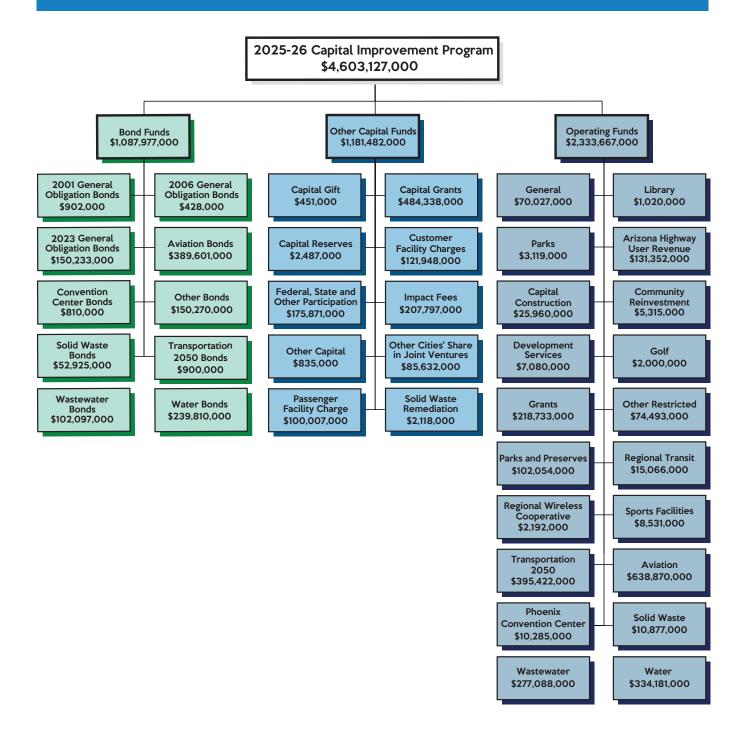
RESOURCES AND EXPENDITURES BY CAPITAL FUND (Continued) 2025-26 CAPITAL IMPROVEMENT PROGRAM

	Budgeted Beginning Fund Balance	Revenues and Other Sources/ (Uses) (1)	Expenditures	Ending Balance	Projected Resources Beyond 2025-26 (2)	Funds Available Beyond 2025-26
Other Capital Funds						
Capital Gifts	487	-	451	36	-	36
Capital Grants	-	484,338	484,338	-	534,228	534,228
Capital Reserves	234,351	(12,796)	2,487	219,068	-	219,068
Customer Facility Charges	88,073	43,501	121,948	9,626	255,307	264,933
Federal, State and Other Participation	-	175,871	175,871	-	333,807	333,807
Impact Fees	291,081	-	207,797	83,284	-	83,284
Other Capital	32,276	-	835	31,441	-	31,441
Other Cities' Share in Joint Ventures	-	85,632	85,632	-	325,602	325,602
Passenger Facility Charges	79,473	105,717	100,007	85,183	434,628	519,811
Solid Waste Remediation	5,507	-	2,118	3,389	-	3,389
Total Other Capital Funds	731,248	882,263	1,181,482	432,029	1,883,572	2,315,601
Total	305,945	1,826,043	2,269,460	(137,472)	5,456,584	5,319,112

⁽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.

2025-26 CAPITAL IMPROVEMENT PROGRAM ORGANIZATIONAL CHART



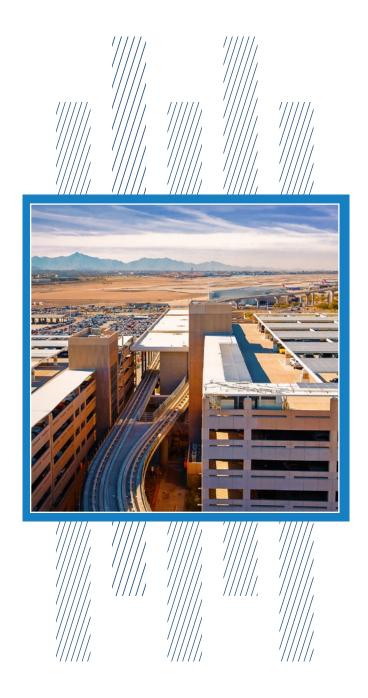
OPERATING COSTS FOR NEW CAPITAL FACILITIES

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 2025-26, the full year operating and maintenance costs for 2026-27, and the operating funds to be used for these costs.

Project Name and Operating Fund Source	# of FTEs		2025-26 Costs	2026-27 Costs
Fire				
Fire Station 15 (General Fund)	24.0	Add staff (4 Fire Captains, 4 Fire Engineers, and 16 Firefighters) for Fire Station 15 located at 45th Avenue and Camelback Road. Staff costs are expected to begin January 2026.	\$2,039,000	\$4,187,000
Water Services	28.0	Add staff, related vehicles, equipment,	\$5,578,000	\$5,578,000
Cave Creek Water		contractual services, and commodities needed to re-open and expand the Cave Creek Water Reclamation Plant for wastewater treatment.		
Reclamation Plant (Water and Wastewater		Additional resources will be requested in the		
Funds)		future to advance water purification at the plant.		
Net Total Costs	52.0		\$7,617,000	\$9,765,000
Source of Funds:				
General Fund			\$2,039,000	\$4,187,000
Water Fund			\$1,067,000	\$1,067,000
Wastewater Fund			\$4,511,000	\$4,511,000
Source of Funds Total			\$7,617,000	\$9,765,000





2023-24 SCHEDULE 1 RESOURCES AND EXPENDITURES BY FUND ACTUAL

			Resou	rces				Expendi	tures		
	Beginning		Recovery and		Interfund						Ending Fund
	Fund Balance	Revenue ^{1/}	Proceeds	Transfers-In	Transfers-Out	Total	Operating	Capital	Debt Service	Total	Balance
General Funds								•			
General Fund	222,931	412,862	7,321	1,480,237	(167,664)	1,955,688	1,631,085	31,090	-	1,662,175	293,513
Library	-	45,868	61	9,023	(4,082)	50,869	49,893	975	-	50,869	
Parks	-	21,119	1,010	114,407	(9,314)	127,222	125,227	1,995	-	127,222	-
Cable Television	-	7,058	8	752	(3,206)	4,611	4,611		-	4,611	-
Total General Funds	222,931	486,906	8,400	1,604,419	(184,266)	2,138,390	1,810,817	34,061	-	1,844,878	293,513
Special Revenue Funds											
Excise Tax	-	2,191,877	-	-	(2,191,877)	-	-	-	-	-	-
Arizona Highway User Revenue	76,491	164,415	2,190	32,976	(30,144)	245,928	83,253	75,594	-	158,847	87,081
Capital Construction	27,988	1,146	231	7,328	-	36,693	124	10,669	-	10,793	25,900
City Improvement	-	26	-	80,387	(1,022)	79,391	-	-	79,391	79,391	-
Community Reinvestment	22,296	7,068	109	-	(2,064)	27,410	2,934	3,120	-	6,055	21,356
Court Awards 2/	(104)	1,981	100	-	-	1,977	2,752	-	-	2,752	(775)
Development Services	68,650	82,099	156	86	(6,528)	144,463	83,462	25,148	-	108,609	35,854
Golf	4,945	13,249	34	-	-	18,229	10,057	936	-	10,993	7,235
Neighborhood Protection - Block Watch	10,691	509	-	2,753	(7)	13,945	3,093	-	-	3,093	10,852
Neighborhood Protection - Fire	5,126	147	-	13,762	(37)	18,999	13,597	_	-	13,597	5,402
Neighborhood Protection - Police	9,611	233	6	38,530	(851)	47,529	39,295	_	_	39,295	8,234
Parks and Preserves	116,985	5,588	379	55,051	(147)	177,856	6,638	79,255	_	85,893	91,963
Public Safety Enhancement - Fire	12,192	-	1	11.878	-	24,072	11,905	-	_	11,905	12,167
Public Safety Enhancement - Police	13,732	_	_	19,380	(514)	32,598	17,926	_	_	17,926	14,671
Public Safety Expansion - Fire	20,475	803	_	22,019	(296)	43,001	17,971	_	_	17,971	25,030
Public Safety Expansion - Police	25,860	65	8	88,070	(4,859)	109,144	85,766	_	_	85,766	23,378
Regional Transit 3/	(4,892)	74,312	5	-	(1,000)	69,425	65,636	6,036	_	71,671	(2,247)
Regional Wireless Cooperative	2,394	7,186	-		_	9,580	5.856	0,000	_	5.856	3,723
Secondary Property Tax	100	134,481			(489)	134,092	5,050		133,992	133,992	100
Sports Facilities	86,799	7,127	-	30,955		109,100	2,748	2,084	100,992	4,833	104,267
Transit 2000 4/	00,733	(1)	-	30,333	(13,701)		2,740	2,004	_	4,000	
Transportation 2050	433,887	53,894	7,302	376,406	(126,379)	(1) 745,110	209,631	83,661	-	293,292	(1) 451,818
Other Restricted	207,720	37,458	766	56,174	(126,379)	289,474	60,944	5,437	-	66,381	223,093
Grants 5/	,	•	8,648	2,832	(2,956)	458,082	392,242	77,438	-	469,680	(11,598)
Total Special Revenue Funds	47,815 1,188,762	401,742 3,185,405	19,933	838,589	(2,396,595)	2,836,095	1,115,830	369,377	213,383	1,698,590	
Total Special Revenue Funds	1,100,702	3,103,403	19,933	030,309	(2,390,393)	2,030,093	1,115,630	309,311	213,303	1,090,090	1,137,505
Enterprise Funds											
Aviation	654,306	607,505	7,606	17,571	(21,131)	1,265,857	321,670	93,327	96,730	511,727	754,130
Convention Center	128,949	38,792	860	144,647	(59,446)	253,803	59,215	7,402	17,480	84,097	169,706
Solid Waste	41,206	211,935	2,937	144,047	(14,563)	241,514	170,574	7,402	9,580	187,344	54,170
	,	•	,	120.040							
Wastewater	242,631	306,280	3,357	130,010	(124,083)	558,196	138,272	88,645	88,906	315,822	242,373
Water Total Enterprise Funds	124,765	617,254	5,993	246,575	(258,445)	736,142	297,892	166,502	151,725	616,119	120,023
Total Enterprise Funds	1,191,857	1,781,766	20,754	538,803	(477,668)	3,055,512	987,623	363,065	364,422	1,715,109	1,340,403
Total Operating Funds	2,603,551	5,454,077	49,088	2,981,811	(3,058,529)	8,029,997	3,914,269	766,503	577,804	5,258,576	2,771,421
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^{1/} General fund sales tax revenue is reflected as a transfer-in from the excise tax fund. Total transfer equates to \$1,418.5 million, and is included in the General Funds revenue total of \$1,905.4 million shown on Schedule 2.

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

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

The negative revenue in Transit 2000 is due to a bad debt write-off from an aging account.

^{5/} The negative balance in Grants is due to the timing of posting revenues and expenditures.

2024-25 SCHEDULE 1 RESOURCES AND EXPENDITURES BY FUND ESTIMATE

	-		Resource	es				Expend	litures		
	Beginning		Recovery and	Interfund	Interfund						Ending Fund
	Fund Balance	Revenue 1/	Proceeds		Transfers-Out	Total	Operating	Capital	Debt Service	Total	Balance
General Funds											
General Fund	293,513	420,354	10,600	1,378,707	(151,115)	1,952,057	1,692,602	49,311	-	1,741,914	210,144
Library	-	45,659	-	9,699	(3,973)	51,385	50,640	746	-	51,385	-
Parks	-	22,313	-	111,470	-	133,783	133,302	481	-	133,783	-
Cable Television	-	6,176	-	-	(770)	5,406	5,406	-	-	5,406	-
Total General Funds	293,513	494,502	10,600	1,499,875	(155,858)	2,142,632	1,881,950	50,538		1,932,488	210,144
Special Revenue Funds											
Excise Tax	-	2,073,213	-	-	(2,073,213)	-	-	-	-	-	-
Arizona Highway User Revenue	87,081	169,661	1,306	306	(3,531)	254,823	90,358	85,448	-	175,806	79,017
Capital Construction	25,900	1,117	139	8,332	(768)	34,721	140	8,958	-	9,098	25,622
City Improvement	-	-	-	82,937	-	82,937	-	-	82,937	82,937	-
Community Reinvestment	21,356	6,493	89	_	(2,067)	25,870	2,315	5,764	-	8,079	17,791
Court Awards	(775)	5,122	165	-	-	4,512	4,512	_	-	4,512	-
Development Services	35,854	80,603	11,708	-	(6,683)	121,482	90,948	6,748	-	97,696	23,786
Golf	7,235	13,905	7	_	-	21,148	11,931	-	-	11,931	9,217
Neighborhood Protection - Block Watch	10,852	733	102	2,631	(7)	14,311	5,594	-	-	5,594	8,717
Neighborhood Protection - Fire	5,402	120	-	13,148	(38)	18,632	14,917	-	-	14,917	3,715
Neighborhood Protection - Police	8,234	222	47	44,321	(873)	51,950	41,001	-	-	41,001	10,948
Parks and Preserves	91,963	5,615	2,894	52,603	(149)	152,926	7,980	70,415	-	78,396	74,530
Public Safety Enhancement - Fire	12,167	-	· -	13,401	-	25,568	13,345	-	-	13,345	12,223
Public Safety Enhancement - Police	14,671	_	13	21,865	(15,612)	20,937	19,155	-	-	19,155	1,782
Public Safety Expansion - Fire	25,030	969	_	21,043	(308)	46,735	23,928	_	_	23,928	22,807
Public Safety Expansion - Police	23,378	238	5	87,910	(1,783)	109,747	104,125	-	-	104,125	5,622
Regional Transit	(2,247)	80,339	15	374	(373)	78,108	66,766	7,006	-	73,771	4,336
Regional Wireless Cooperative	3,723	6,778	-	_	-	10,501	4,888	1,925	-	6,813	3,688
Secondary Property Tax	100	138,549	_	_	(2,307)	136,341	-	-	136,341	136,341	-
Sports Facilities	104,267	7,325	87	30,835	(36,647)	105,868	2,958	2,810	-	5,768	100,100
Transit 2000	(1)	· -	_	1	-	· -	· -	_	-	-	· -
Transportation 2050	451,818	49,333	8,355	361,141	(12,694)	857,953	264,917	148,589	-	413,506	444,446
Other Restricted	223,093	70,067	209	81,023	(2,122)	372,270	78,473	22,664	-	101,137	271,133
Grants	(11,598)	542,176	16,509	690	(1,023)	546,754	391,788	106,769	-	498,557	48,197
Total Special Revenue Funds	1,137,505	3,252,578	41,650	822,559	(2,160,199)	3,094,094	1,240,039	467,096	219,279	1,926,414	1,167,680
Enterprise Funds											
Aviation	754,130	659,994	4,135	16,135	(18,084)	1,416,311	411,297	142,740	96,727	650,764	765,546
Convention Center	169,706	39,054	679	85,637	(4,871)	290,206	75,568	6.112	23,690	105,371	184,835
Solid Waste	54,170	215,908	1,019	6,987	(14,525)	263,560	184,428	6.145	10.147	200,721	62,840
Wastewater	242,373	326,815	8,093	- 0,307	(19,959)	557,323	151,281	81,893	62,987	296,161	261,162
Water	120,023	709,573	4,870	_	(41,339)	793,127	326,692	136,438	146,153	609,282	183,844
Total Enterprise Funds	1,340,403	1,951,346	18,796	108,759	(98,778)	3,320,526	1,149,267	373,328	339,704	1,862,300	1,458,227
Total Operating Funds	2,771,421	5,698,426	71,047	2,431,193	(2,414,835)	8,557,252	4,271,256	890,962	558,983	5,721,201	2,836,050

^{1/} General fund sales tax revenue is reflected as a transfer-in from the excise tax fund. Total transfer equates to \$1,324.8 million, and is included in the General Funds revenue total of \$1,819.3 million shown on Schedule 2.

2025-26 SCHEDULE 1 RESOURCES AND EXPENDITURES BY FUND BUDGET

			Resourc	ces				Expend	itures		
	Beginning		Recovery and	Interfund	Interfund						Ending Fund
	Fund Balance	Revenue ^{1/}	Proceeds	Transfers-In	Transfers-Out	Total	Operating	Capital	Debt Service	Total	Balance
General Funds											
General Fund	210,144	426,563	5,359	1,511,379	(155,785)	1,997,660	1,927,633	70,027	-	1,997,660	-
Library	-	47,193	-	9,167	(3,973)	52,387	51,366	1,020	-	52,387	-
Parks	-	22,729	-	115,165	-	137,894	134,775	3,119	-	137,894	-
Cable Television	-	5,472	-	142	-	5,614	5,614	-	-	5,614	-
Total General Funds	210,144	501,957	5,359	1,635,854	(159,759)	2,193,555	2,119,388	74,167		2,193,555	
Special Revenue Funds											
Excise Tax	_	2,329,412	_		(2,329,412)			_			
Arizona Highway User Revenue	79.017	173.276	1,306		(4,241)	249,358	97,066	131.352	-	228.418	20,940
Capital Construction	25,622	894	139	6,920	(4,241)	33,575	140	25,960	_	26,100	7,475
City Improvement	20,022	-	100	106,400	_	106,500	140	20,300	106,500	106,500	1,410
Community Reinvestment	17,791	11,504	6	100,400	(2,067)	27,233	2,771	5,315	100,000	8,086	19,147
Court Awards	-	5,075	19		(2,007)	5,094	3,154		_	3,154	1,939
Development Services	23.786	84.032	156		(6,683)	101,292	94,015	7.080	_	101.095	197
Golf	9,217	14,070	5		(0,000)	23,292	12,571	2.000	_	14,571	8.721
Neighborhood Protection - Block Watch	8.717	437	-	3.202	(5)	12,350	5.689	2,000	_	5,689	6,661
Neighborhood Protection - Fire	3,715	100	_	15.998	(24)	19,789	15,113		_	15,113	4,676
Neighborhood Protection - Police	10,948	177	_	44,803	(3,838)	52,091	48,817	_	_	48,817	3,274
Parks and Preserves	74,530	4,414	_	64,003	(98)	142,849	8,030	102,054	_	110,084	32,764
Public Safety Enhancement - Fire	12,223	.,	_	13,418	(00)	25,641	13,245	.02,00.	_	13,245	12,396
Public Safety Enhancement - Police	1,782	_	_	21,892	(4,112)	19,562	19,531	_	_	19,531	31
Public Safety Expansion - Fire	22.807	775	_	25.603	(287)	48,897	24,763	_	_	24,763	24,134
Public Safety Expansion - Police	5.622	25	-	107,903	(1,700)	111,850	106,162	_	-	106,162	5,688
Regional Transit	4,336	67,217	5	-	(.,. 00)	71,558	54,241	15,066	_	69,307	2,251
Regional Wireless Cooperative	3.688	7,494	-	_	_	11.182	5.696	2.192	-	7.888	3,294
Secondary Property Tax	-	143,241	-	1,622	_	144,863	-	-,	144.863	144,863	-
Sports Facilities	100,100	6,655	-	32,810	(16,656)	122,909	12,206	8.531	-	20,737	102,172
Transportation 2050	444,446	53,520	1,530	439,091	(26,057)	912,530	359,492	395,422	_	754,914	157,616
Other Restricted	271,133	54,456	69	48,941	(9,812)	364,787	109,064	74,493	-	183,557	181,230
Grants	48,197	699,146	180	-	(120)	747,403	492,427	218,733	-	711,160	36,243
Total Special Revenue Funds	1,167,680	3,655,917	3,515	932,606	(2,405,113)	3,354,606	1,484,194	988,199	251,363	2,723,755	630,851
Estando Emilio											
Enterprise Funds	705 540	000 004	0.700	40.400	(47,000)	4 400 740	400.077	000 070	04.464	4 400 440	044 200
Aviation	765,546	663,361	2,768	19,139	(17,096)	1,433,718	462,077	638,870	91,464	1,192,412	241,306
Convention Center	184,835	40,013	669	103,475	(4,989)	324,002	87,859	10,285	23,683	121,828	202,174
Solid Waste	62,840	216,352	322	-	(14,508)	265,006	195,717	10,877	14,690	221,283	43,722
Wastewater	261,162	338,782	2,035	-	(21,025)	580,953	176,953	277,088	63,214	517,256	63,698
Water Total Fatarraica Funda	183,844	782,974	2,556	400.044	(32,844)	936,531	368,911	334,181	187,708	890,800	45,731
Total Enterprise Funds	1,458,227	2,041,482	8,350	122,614	(90,463)	3,540,210	1,291,517	1,271,302	380,760	2,943,579	596,631
Total Operating Funds	2,836,050	6,199,357	17,224	2,691,074	(2,655,335)	9,088,371	4,895,099	2,333,667	632,122	7,860,889	1,227,482

^{1/} General fund sales tax revenue is reflected as a transfer-in from the excise tax fund. Total transfer equates to \$1,434.9 million, and is included in the General Funds revenue total of \$1,936.9 million shown on Schedule 2.

SCHEDULE 2 REVENUES BY MAJOR SOURCE

			Increase/(Decrease)			Increase/(D	,
	2023-24	2024-25	From 2023-		2025-26	From 2024-2	5 Estimate
Revenue Source	Actual	Estimate	Amount	Percent	Budget	Amount	Percent
GENERAL FUND							
Local Taxes and Related Fees 1/	730,354	718,369	(11,985)	-1.6%	840,886	122,517	17.1%
State-Shared Revenues							
Sales Tax	249,504	252,575	3,071	1.2%	262,745	10,170	4.0%
State Income Tax	435,754	351,016	(84,738)	-19.4%	328,334	(22,682)	-6.5%
Vehicle License Tax	83,823	88,000	4,177	5.0%	90,871	2,871	3.3%
Subtotal	769,082	691,591	(77,491)	-10.1%	681,950	(9,641)	-1.4%
Primary Property Tax	206,394	215,419	9,025	4.4%	222,719	7,300	3.4%
User Fees/Other Revenue							
Licenses & Permits	2,882	2,887	5	0.2%	2,937	50	1.7%
Cable Communications	7,058	6,176	(882)	-12.5%	5,472	(704)	-11.4%
Fines and Forfeitures	8,800	8,515	(285)	-3.2%	8,525	9	0.1%
Court Default Fee	892	1,000	108	12.1%	1,005	5	0.5%
Fire	80,113	82,959	2,846	3.6%	87,502	4,543	5.5%
Hazardous Materials Inspection Fee	1,524	1,200	(324)	-21.3%	1,500	300	25.0%
Library Fees	481	424	(57)	-11.8%	425	1	0.1%
Parks and Recreation	8,343	8,699	356	4.3%	8,653	(46)	-0.5%
Planning	1,865	1,836	(29)	-1.6%	1,836	-	0.0%
Police	17,277	17,859	582	3.4%	17,177	(682)	-3.8%
Street Transportation	12,375	8,331	(4,044)	-32.7%	8,343	12	0.1%
Other Service Charges	52,491	50,248	(2,243)	-4.3%	44,229	(6,019)	-12.0%
Other	5,470	3,836	(1,634)	-29.9%	3,702	(133)	-3.5%
Subtotal	199,571	193,969	(5,602)	-2.8%	191,304	(2,665)	-1.4%
Total General Funds	1,905,401	1,819,349	(86,052)	-4.5%	1,936,860	117,511	6.5%

SCHEDULE 2 (Continued) REVENUES BY MAJOR SOURCE

			Increase/(Decrease)			Increase/(E	ecrease)
	2023-24	2024-25	From 2023	-24 Actual	2025-26	From 2024-2	5 Estimate
Revenue Source	Actual	Estimate	Amount	Percent	Budget	Amount	Percent
SPECIAL REVENUE FUNDS							
Neighborhood Protection 1/	55,897	53,674	(2,223)	-4.0%	64,717	11,042	20.6%
2007 Public Safety Expansion 1/	110,884	106,410	(4,474)	-4.0%	128,806	22,395	21.0%
Public Safety Enhancement	31,258	35,266	4,008	12.8%	35,310	44	0.1%
Parks and Preserves 1/	60,594	58,218	(2,376)	-3.9%	68,417	10,199	17.5%
Transit 2000 ^{2/}	(1)	-	1	+100.0%	-	-	NA
Transporation 2050 1/	430,073	408,510	(21,563)	-5.0%	492,611	84,100	20.6%
Court Awards	1,981	5,122	3,141	+100.0%	5,075	(47)	-0.9%
Development Services	82,099	80,603	(1,495)	-1.8%	84,032	3,429	4.3%
Capital Construction	8,474	7,882	(592)	-7.0%	7,814	(68)	-0.9%
Sports Facilities	37,059	38,160	1,101	3.0%	39,466	1,305	3.4%
Arizona Highway User Revenue	164,415	169,661	5,246	3.2%	173,276	3,615	2.1%
Regional Transit Revenues	74,312	80,339	6,027	8.1%	67,217	(13,122)	-16.3%
Community Reinvestment	7,068	6,493	(575)	-8.1%	11,504	5,011	77.2%
City Improvement	26	-	(26)	-100.0%	-	-	NA
Secondary Property Tax	134,481	138,549	4,068	3.0%	143,241	4,693	3.4%
Regional Wireless Cooperative	7,186	6,778	(408)	-5.7%	7,494	716	10.6%
Golf Courses	13,249	13,905	656	5.0%	14,070	165	1.2%
Impact Fee Program Administration	901	801	(100)	-11.1%	790	(10)	-1.3%
Other Restricted Revenues	56,020	89,547	33,527	59.8%	74,557	(14,990)	-16.7%
<u>Grants</u>							
Public Housing Grants	154,559	200,035	45,476	29.4%	239,048	39,013	19.5%
Human Services Grants	74,660	75,804	1,144	1.5%	101,901	26,097	34.4%
Community Development	23,364	21,299	(2,065)	-8.8%	37,897	16,598	77.9%
Criminal Justice	10,880	11,720	840	7.7%	10,553	(1,168)	-10.0%
Public Transit Grants	45,674	79,025	33,351	73.0%	122,688	43,662	55.3%
Other Grants	92,604	154,292	61,688	66.6%	187,059	32,767	21.2%
Subtotal - Grants	401,742	542,177	140,435	35.0%	699,145	156,968	29.0%
Subtotal Special Revenue Funds	1,677,718	1,842,094	164,377	9.8%	2,117,540	275,445	15.0%
ENTERPRISE FUNDS							
Aviation	607,505	659,994	52,489	8.6%	663,361	3,367	0.5%
Water System	617,254	709,573	92,320	15.0%	782,974	73,401	10.3%
Wastewater System	306,280	326,815	20,535	6.7%	338,782	11,967	3.7%
Solid Waste	211,935	215,908	3,973	1.9%	216,352	444	0.2%
Convention Center 1/	127,984	124,691	(3,293)	-2.6%	143,488	18,797	15.1%
Controllion Conton	121,004	12-7,001	(0,200)	2.070	1-10,700	10,707	13.170
Subtotal Enterprise Funds	1,870,958	2,036,983	166,025	8.9%	2,144,957	107,975	5.3%
GRAND TOTAL	5,454,077	5,698,426	244,349	4.5%	6,199,357	500,931	8.8%

^{1/} 2025-26 Budget includes an increase of 0.5% to the City Transaction Privilege Tax (TPT) and Use Tax rates starting July 1, 2025.

^{2/} The negative revenue in Transit 2000 is due to a bad debt write-off from an aging account.

SCHEDULE 3 OPERATING EXPENDITURES BY DEPARTMENT^{1/}

	2023-24	2024-25		2025-26	Percent Ch 2024	
	Actuals	Budget	Estimate	Budget	Budget	Estimate
General Government						
Mayor's Office	2,484	2,744	2,749	2,759	0.6%	0.4%
City Council	6,389	7,029	7,038	7,152	1.7%	1.6%
City Manager's Office	11,870	18,853	16,720	23,257	23.4%	39.1%
City Auditor	3,335	3,892	3,633	3,735	-4.0%	2.8%
Information Technology Services	85,803	105,485	104,417	99,121	-6.0%	-5.1%
Equal Opportunity Department	3,598	4,322	4,265	4,355	0.8%	2.1%
City Clerk	7,510	9,019	6,219	8,533	-5.4%	37.2%
Human Resources	28,413	30,440	30,142	30,177	-0.9%	0.1%
Retirement	573	660	685	969	46.8%	41.5%
Phoenix Employment Relations Board	114	133	129	135	1.1%	4.8%
Law	10,238	11,173	12,034	12,889	15.4%	7.1%
Budget and Research	4,288	4,587	4,490	4,498	-1.9%	0.2%
Regional Wireless Cooperative	5,856	6,223	4,888	5,696	-8.5%	16.5%
Finance	31,303	39,166	42,688	42,145	7.6%	-1.3%
Communications Office	4,629	5,081	5,406	5,614	10.5%	3.8%
Government Relations	1,675	1,761	1,775	1,760	-0.1%	-0.9%
Total General Government	208,078	250,567	247,276	252,795	0.9%	2.2%
Public Safety						
Police	930,032	981,055	979,238	1,027,528	4.7%	4.9%
Fire	543,385	561,651	555,709	603,410	7.4%	8.6%
Total Public Safety	1,473,417	1,542,706	1,534,947	1,630,938	5.7%	6.3%
Criminal Justice						
City Prosecutor	22,024	25,178	23,098	24,085	-4.3%	4.3%
Municipal Court	38,670	41,010	41,580	43,050	5.0%	3.5%
Public Defender	6,491	6,902	6,896	7,087	2.7%	2.8%
Total Criminal Justice	67,185	73,089	71,574	74,222	1.5%	3.7%
Transportation						
Street Transportation	112,695	121,044	120,500	104,196	-13.9%	-13.5%
Aviation	321,144	410,809	410,692	431,460	5.0%	5.1%
Public Transit	309,807	350,032	348,296	420,213	20.0%	20.6%
Total Transportation	743,646	881,886	879,488	955,870	8.4%	8.7%

SCHEDULE 3 (Continued) OPERATING EXPENDITURES BY DEPARTMENT^{1/}

	2023-24	2024-25		2025-26	Percent Change from 2024-25	
	Actuals	Budget	Estimate	Budget	Budget	Estimate
Community Development						
Planning and Development	91,172	101,520	99,421	102,661	1.1%	3.3%
Housing	164,603	259,604	201,090	246,222	-5.2%	22.4%
Community and Economic Development	22,329	20,578	22,738	19,466	-5.4%	-14.4%
Neighborhood Services	42,755	73,092	46,332	64,121	-12.3%	38.4%
Total Community Development	320,859	454,794	369,581	432,470	-4.9%	17.0%
Community Enrichment						
Office of Arts and Culture	7,055	10,043	10,393	9,104	-9.3%	-12.4%
Parks and Recreation	146,022	156,535	156,737	159,868	2.1%	2.0%
Library	51,499	52,776	52,918	52,484	-0.6%	-0.8%
Phoenix Convention Center	62,684	81,480	79,772	87,510	7.4%	9.7%
Human Services	176,447	168,029	165,105	152,994	-8.9%	-7.3%
Total Community Enrichment	443,707	468,863	464,925	461,960	-1.5%	-0.6%
Environmental Services						
Office of Sustainability	1,030	890	1,084	979	9.9%	-9.8%
Environmental Programs	4,146	154,940	6,105	3,406	-97.8%	-44.2%
Public Works	26,848	36,054	34,510	37,464	3.9%	8.6%
Solid Waste Disposal	170,358	188,516	184,196	194,487	3.2%	5.6%
Water Services	435,544	484,794	477,759	511,948	5.6%	7.2%
Total Environmental Services	637,926	865,195	703,655	748,283	-13.5%	6.3%
Non-Departmental Operating						
Contingencies	-	236,375	-	293,561	24.2%	+100.0%
Other Non-Departmental ^{2/}	19,451	15,000	(191)	45,000	+100.0%	+100.0%
Total Non-Departmental Operating	19,451	251,375	(191)	338,561	34.7%	+100.0%
Total	3,914,269	4,788,475	4,271,256	4,895,099	2.2%	14.6%

^{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 grant appropriation.

SCHEDULE 4 2025-26 OPERATING EXPENDITURES BY DEPARTMENT^{1/} BY SOURCE OF FUNDS

	Total	General Funds	Special Revenue Funds	Enterprise Funds
General Government				
Mayor's Office	2,759	2,759	-	-
City Council	7,152	7,152	-	-
City Manager's Office	23,257	12,638	10,314	305
City Auditor	3,735	3,735	-	-
Information Technology Services	99,121	98,229	-	892
Equal Opportunity Department	4,355	3,718	637	-
City Clerk	8,533	8,532	-	-
Human Resources	30,177	30,177	-	=
Retirement	969	20	949	=
Phoenix Employment Relations Board	135	135	-	-
Law	12,889	12,627	262	=
Budget and Research	4,498	4,498	=	=
Regional Wireless Cooperative	5,696	-	5,696	=
Finance	42,145	32,460	7,833	1,852
Communications Office	5,614	5,609	5	=
Government Relations	1,760	1,760	-	-
Total General Government	252,795	224,050	25,697	3,049
Public Safety				
Police	1,027,528	799,844	227,684	-
Fire	603,410	521,286	82,124	-
Total Public Safety	1,630,938	1,321,130	309,808	-
Criminal Justice				
City Prosecutor	24,085	22,645	1,440	-
Municipal Court	43,050	39,759	3,290	-
Public Defender	7,087	7,087	-	-
Total Criminal Justice	74,222	69,491	4,731	-
Transportation				
Street Transportation	104,196	1,902	102,294	=
Aviation	431,460	-	-	431,460
Public Transit	420,213	-	420,213	-
Total Transportation	955,870	1,902	522,507	431,460

SCHEDULE 4 (Continued) 2025-26 OPERATING EXPENDITURES BY DEPARTMENT^{1/} BY SOURCE OF FUNDS

	Total	General Funds	Special Revenue Funds	Enterprise Funds
Community Development				
Planning and Development	102,661	7,311	95,350	-
Housing	246,222	2,674	243,548	-
Community and Economic Development	19,466	10,221	8,493	752
Neighborhood Services	64,121	19,743	44,378	-
Total Community Development	432,470	39,949	391,769	752
Community Enrichment				
Office of Arts and Culture	9,104	8,596	508	-
Parks and Recreation	159,868	134,775	25,093	-
Library	52,484	51,366	1,117	-
Phoenix Convention Center	87,510	4,035	765	82,711
Human Services	152,994	43,098	109,116	780
Total Community Enrichment	461,960	241,870	136,600	83,491
Environmental Services				
Office of Sustainability	979	666	312	-
Environmental Programs	3,406	2,402	424	580
Public Works	37,464	37,367	97	-
Solid Waste Disposal	194,487	-	-	194,487
Water Services	511,948	-	2,749	509,198
Total Environmental Services	748,283	40,435	3,582	704,265
Non-Departmental Operating				
Contingencies	293,561	200,561	24,500	68,500
Other Non-Departmental ^{2/}	45,000	(20,000)	65,000	-
Total Non-Departmental Operating	338,561	180,561	89,500	68,500
Total	4,895,099	2,119,388	1,484,194	1,291,517

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

^{2/} Other Non-Departmental consists of unassigned vacancy savings and additional grant appropriation.

SCHEDULE 5 DEBT SERVICE EXPENDITURES BY SOURCE AND USE OF FUNDS AND TYPE OF EXPENDITURE

	2023-24 Actual	2024-25 Estimate	2025-26 Budget
Operating Funds			
City Improvement			
Economic Development	5,851	2,700	2,703
Finance and General Government	11,789	17,088	24,980
Fire	2,033	3,862	4,783
Housing	571	-,	-,,
Human Resources	642	182	185
Human Services	124	73	67
Information Technology	12,567	10,558	10,676
Issuance Costs		-	100
Municipal Court	6,313	6,449	6,428
Parks and Recreation	636	395	402
Police	2,033	2,857	2,651
Public Works	10,913	12,073	12,140
Sports Facilities	12,760	13,560	13,547
Street Transportation	13,159	13,142	27,837
Sub-Total City Improvement	79,391	82,937	106,500
Secondary Property Tax		450	470
ADA Improvements	40.070	156	173
Cultural Facilities	12,670	6,565	10,957
Education & Economic Development	23,256	29,646	2,906
Environmental Improvement	541	1,001	1,045
Fire Protection	14,830	8,619	16,021
Freeway Mitigation	626	668	2,942
Historic Preservation	1,765	1,525	815
Housing	-	1,702	1,891
Human Services & Senior Centers	559	786	86
Information Systems	123	158	-
Library	6,768	6,177	8,218
Maintenance Service Centers	377	473	522
Neighborhood Services	1,264	1,594	330
Other Debt Service	-	-	3,500
Parks & Mountain Preserves	16,644	25,518	17,589
Police	12,574	13,914	21,667
Police, Fire & Technology	12,769	16,239	2,338
Storm Sewers	17,779	8,876	32,479
Street Improvements	11,445	12,726	21,385
Sub-Total Secondary Property Tax	133,992	136,341	144,863
Aviation	96,730	96,727	91,464
Convention Center	17,480	23,690	23,683
Solid Waste	9,580	10,147	14,690
Wastewater	88,906	62,987	63,214
Water	151,725	146,153	187,708
Total Operating Funds	577,804	558,983	632,122

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

	2023-24 Actual	2024-25 Estimate	2025-26 Budget
Bond Funds			
Aviation	174	900	-
Convention Center	-	-	810
Transportation 2050	-	-	900
Wastewater	809	-	-
Water	-	-	900
Other	187	685	500
Total Bond Funds	1,171	1,585	3,110
Other Capital Funds			
Capital Reserves	195	748	-
Customer Facility Charges	20,555	20,563	20,560
Federal, State and Other Participation	25,499	25,999	26,497
Passenger Facility Charges	56,761	56,764	56,767
Total Other Capital Funds	103,010	104,074	103,824
Total Debt Service	681,985	664,643	739,056
Type of Expenditure			<u> </u>
<u>.,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,</u>			
Principal	365,412	341,491	366,566
Interest and Other	316,573	323,152	372,490
Total Debt Service Expenditures	681,985	664,643	739,056

SCHEDULE 6 SUMMARY OF 2025-26 CAPITAL IMPROVEMENT PROGRAM FINANCED BY OPERATING FUNDS

	(iii iiiidadailad di Edilaid)			
		2023-24 Actuals	2024-25 Estimate	2025-26 Budget
Arts and Cultural Facilities		-	-	3,950
Aviation		92,612	142,232	635,924
Economic Development		5,854	10,442	12,683
Environmental Programs		240	2	250
Facilities Management		20,526	26,581	35,119
Finance		-	1,000	10,270
Fire Protection		1,953	4,076	5,587
Historic Preservation & Planning		24,540	6,500	5,000
Housing		30,544	47,281	128,514
Human Services		12,935	21,328	15,198
Information Technology		10,820	9,556	50,901
Libraries		1,722	3,061	1,917
Municipal Court		-	4,684	4,944
Neighborhood Services		495	399	2,180
Non-Departmental Capital		-	-	6,720
Parks, Recreation & Mountain Preserves		84,009	71,623	107,071
Phoenix Convention Center		7,259	6,741	16,102
Public Art Program		1,765	3,420	9,676
Public Transit		86,068	139,372	411,627
Regional Wireless Cooperative		-	1,925	2,192
Solid Waste Disposal		5,376	5,371	8,098
Street Transportation & Drainage		125,322	169,921	259,189
Sustainability		_	-	1,000
Wastewater		84,972	80,016	271,070
Water		169,491	135,432	328,486
Total Operating Funds		766,503	890,962	2,333,667
Source of Funds				
General Fund		31,090	49,311	70,027
Library		975	746	1,020
Parks		1,995	481	3,119
Total General Funds		34,061	50,538	74,167
Arizona Highway User Revenue		75,594	85,448	131,352
Capital Construction		10,669	8,958	25,960
Community Reinvestment		3,120	5,764	5,315
Development Services		25,148	6,748	7,080
Golf		936	-	2,000
Grants		77,438	106,769	218,733
Other Restricted		5,437	22,664	74,493
Parks and Preserves		79,255	70,415	102,054
Regional Transit		6,036	7,006	15,066
Regional Wireless Cooperative		· -	1,925	2,192
Sports Facilities		2,084	2,810	8,531
Transportation 2050		83,661	148,589	395,422
Total Special Revenue Funds		369,377	467,096	988,199
Aviation		93,327	142,740	638,870
Convention Center		7,402	6,112	10,285
Solid Waste		7,189	6,145	10,877
Wastewater		88,645	81,893	277,088
Water		166,502	136,438	334,181
Total Enterprise Funds		363,065	373,328	1,271,302
Total Operating Funds		766,503	890,962	2,333,667
-		_		

SCHEDULE 7 GENERAL FUND INTERFUND TRANSFERS

			2025-	26
	2023-24 Actuals	2024-25 Estimate	Budget	Increase/ (Decrease)
Transfers to the General Fund		<u> </u>		
Enterprise Funds				
Aviation				
Central Service Cost Allocation	15,052	16,637	16,637	-
Convention Center				
Central Service Cost Allocation	3,524	4,250	4,250	-
Solid Waste				
Central Service Cost Allocation	11,166	11,620	11,620	-
In-Lieu Property Taxes	1,205	1,225	1,207	(18)
Total	12,371	12,845	12,827	(18)
Wastewater Funds	0.040	0.400	0.400	
Central Service Cost Allocation	9,643	9,463	9,463	4 007
In-Lieu Property Taxes	10,365	10,354	11,421	1,067
Total	20,008	19,817	20,884	1,067
Water Funds				
Central Service Cost Allocation	14,464	14,194	14,194	-
In-Lieu Property Taxes	17,638	17,574	18,448	874
Total	32,102	31,768	32,642	874
Total From Enterprise Funds	83,057	85,317	87,240	1,923
Special Revenue Funds				
Excise				
Transfer to General Fund	1,418,494	1,324,847	1,434,902	110,055
Development Services				
Central Service Cost Allocation	6,528	6,683	6,683	-
Sports Facilities				
Central Service Cost Allocation	89	115	115	-
ASU Facilities Operations Fund	-	1,446	740	(706)
Downtown Community Reinvestment Fund	2,064	2,067	2,067	-
Housing Central Office Central Service Costs	522	676	676	-
Neighborhood Protection Central Service Costs	748	769	769	-
Wastewater Fund	133	-	-	-
Public Housing In-Lieu Property Taxes	121	120	120	-
Public Safety Enhancement Central Service Costs	514	612	612	-
Public Safety Expansion Central Service Costs	1,709	1,791	1,791	-
T2050 Central Service Costs	1,551	1,703	1,703	
Sports Facilities Capital Reserve Fund		-	22,546	22,546
Total From Special Revenue Funds	1,432,473	1,340,829	1,472,724	131,895
Total Transfers to the General Fund	1,515,530	1,426,146	1,559,964	133,818

SCHEDULE 7 (Continued) GENERAL FUND INTERFUND TRANSFERS

			2025-	26
	2023-24	2024-25		Increase/
	Actuals	Estimate	Budget	(Decrease)
Transfers from the General Fund				
Aerial Fleet Capital Reserve Fund	(7,000)	-	-	-
Aviation - Emergency Transportation Services	(372)	(707)	(540)	167
City Improvement - Library	(129)	(129)	(129)	-
Library Reserve Fund	(608)	-	-	-
City Improvement	(47,717)	(52,052)	(52,428)	(376)
Community Facilities Districts-Restricted Fund	(174)	(213)	(381)	(169)
Fire Sinking Fund	(2,200)	-	-	-
Housing Central Office Cost Center	(2,500)	(2,500)	(2,500)	-
Infrastructure Repayment Agreements	(2,132)	(3,885)	(4,543)	(658)
Development Services	(86)	-	-	-
Workforce Cost Pool Account	(626)	-	-	-
Public Safety Other Restricted Fund	(18,000)	(18,000)	(18,000)	-
Public Safety Pension Reserve Fund	(1,000)	-	-	-
Retiree Rate Stabilization Fund	(1,022)	-	-	-
Strategic Economic Development Fund	(1,500)	(1,650)	(1,650)	-
Marijuana Sales Tax to PSPRS	(3,153)	(2,992)	(3,696)	(704)
Street Capital Project	(7,158)	-	-	-
Total Transfers from the General Fund	(95,377)	(82,128)	(83,868)	(1,740)
Net Transfers to the General Fund	1,420,153	1,344,018	1,476,096	132,079

SCHEDULE 8 POSITIONS BY DEPARTMENT

Number of Full Time Equivalent Positions

Finance 240.0 237.0 238.0 1.0 231 Communications Office 24.0 23.0 24.0 1.0 24	.8 (1.0) .5 (1.0) .4 0.0 .0 (9.0) .0 0.0 .5 0.0 .0 (2.7) .0 3.0 .0 0.0	
City Council 41.0 41.0 42.8 1.8 41 City Manager's Office 62.5 61.0 64.5 3.5 63 City Auditor 25.4 25.4 25.4 25.4 0.0 25 Information Technology Services 227.0 216.0 230.0 14.0 221 Equal Opportunity Department 30.0 30.0 30.0 0.0 30 City Clerk 52.5 51.5 51.5 0.0 51 Human Resources 139.7 138.7 141.7 3.0 139 Retirement 18.0 18.0 18.0 0.0 21 Phoenix Employment Relations Board 1.0 1.0 1.0 0.0 1 Law 86.0 85.0 86.0 1.0 86 Budget and Research 24.0 24.0 24.0 0.0 23 Regional Wireless Cooperative 5.0 5.0 5.0 5.0 0.0 5 Finance 24.0 23.0 24.0 1.0 24 Communications Office	.8 (1.0) .5 (1.0) .4 0.0 .0 (9.0) .0 0.0 .5 0.0 .0 (2.7) .0 3.0 .0 0.0 .0 0.0	
City Manager's Office 62.5 61.0 64.5 3.5 63 City Auditor 25.4 25.4 25.4 25.4 0.0 25 Information Technology Services 227.0 216.0 230.0 14.0 221 Equal Opportunity Department 30.0 30.0 30.0 0.0 30 City Clerk 52.5 51.5 51.5 0.0 51 Human Resources 139.7 138.7 141.7 3.0 139 Retirement 18.0 18.0 18.0 0.0 21 Phoenix Employment Relations Board 1.0 1.0 1.0 0.0 1 Law 86.0 85.0 86.0 1.0 86 Budget and Research 24.0 24.0 24.0 0.0 23 Regional Wireless Cooperative 5.0 5.0 5.0 0.0 5 Finance 240.0 237.0 238.0 1.0 24 Communications Office 24.0 23.0 24.0 1.0 24 Government Relations <td< td=""><td>.5 (1.0) .4 0.0 .0 (9.0) .0 0.0 .5 0.0 .0 (2.7) .0 3.0 .0 0.0 .0 0.0</td></td<>	.5 (1.0) .4 0.0 .0 (9.0) .0 0.0 .5 0.0 .0 (2.7) .0 3.0 .0 0.0 .0 0.0	
City Auditor 25.4 25.4 25.4 25.4 0.0 25 Information Technology Services 227.0 216.0 230.0 14.0 221 Equal Opportunity Department 30.0 30.0 30.0 0.0 0.0 30 City Clerk 52.5 51.5 51.5 0.0 51 Human Resources 139.7 138.7 141.7 3.0 139 Retirement 18.0 18.0 18.0 0.0 21 Phoenix Employment Relations Board 1.0 1.0 1.0 0.0 1 Law 86.0 85.0 86.0 1.0 86 Budget and Research 24.0 24.0 24.0 0.0 23 Regional Wireless Cooperative 5.0 5.0 5.0 0.0 5 Finance 240.0 237.0 238.0 1.0 231 Communications Office 24.0 23.0 24.0 1.0 24 Government Relations 6.0 6.0 6.0 6.0 0.0 6 <td c<="" td=""><td>.4 0.0 .0 (9.0) .0 0.0 .5 0.0 .0 (2.7) .0 3.0 .0 0.0 .0 0.0</td></td>	<td>.4 0.0 .0 (9.0) .0 0.0 .5 0.0 .0 (2.7) .0 3.0 .0 0.0 .0 0.0</td>	.4 0.0 .0 (9.0) .0 0.0 .5 0.0 .0 (2.7) .0 3.0 .0 0.0 .0 0.0
Information Technology Services 227.0 216.0 230.0 14.0 221	.0 (9.0) .0 0.0 .5 0.0 .0 (2.7) .0 3.0 .0 0.0 .0 0.0	
Equal Opportunity Department 30.0 30.0 30.0 0.0 30 City Clerk 52.5 51.5 51.5 0.0 51 Human Resources 139.7 138.7 141.7 3.0 139 Retirement 18.0 18.0 18.0 0.0 21 Phoenix Employment Relations Board 1.0 1.0 1.0 0.0 1 Law 86.0 85.0 86.0 1.0 86 Budget and Research 24.0 24.0 24.0 0.0 23 Regional Wireless Cooperative 5.0 5.0 5.0 5.0 0.0 5 Finance 240.0 237.0 238.0 1.0 231 Communications Office 24.0 23.0 24.0 1.0 24 Government Relations 6.0 6.0 6.0 6.0 0.0 6 Communications Office 24.0 25.0 25.0 985 Total General Government 997.1 977.6 1,003.9 26.3 985 Public Safety Police 4,595.4 4,591.9 4,609.4 17.5 4,606	.0 0.0 .5 0.0 .0 (2.7) .0 3.0 .0 0.0 .0 0.0	
City Clerk 52.5 51.5 51.5 0.0 51 Human Resources 139.7 138.7 141.7 3.0 139 Retirement 18.0 18.0 18.0 0.0 21 Phoenix Employment Relations Board 1.0 1.0 1.0 0.0 1 Law 86.0 85.0 86.0 1.0 86 Budget and Research 24.0 24.0 24.0 0.0 23 Regional Wireless Cooperative 5.0 5.0 5.0 0.0 5 Finance 240.0 237.0 238.0 1.0 231 Communications Office 24.0 23.0 24.0 1.0 24 Government Relations 6.0 6.0 6.0 0.0 0.0 6 Total General Government 997.1 977.6 1,003.9 26.3 985 Public Safety Police 4,595.4 4,591.9 4,609.4 17.5 4,606	.5 0.0 .0 (2.7) .0 3.0 .0 0.0 .0 0.0	
Human Resources 139.7 138.7 141.7 3.0 139 Retirement 18.0 18.0 18.0 0.0 21 Phoenix Employment Relations Board 1.0 1.0 1.0 0.0 1 Law 86.0 85.0 86.0 1.0 86 Budget and Research 24.0 24.0 24.0 0.0 23 Regional Wireless Cooperative 5.0 5.0 5.0 0.0 5 Finance 240.0 237.0 238.0 1.0 231 Communications Office 24.0 24.0 23.0 24.0 1.0 24 Government Relations 6.0 6.0 6.0 6.0 0.0 6 Total General Government 997.1 977.6 1,003.9 26.3 985 Public Safety Police 4,595.4 4,591.9 4,609.4 17.5 4,606	.0 (2.7) .0 3.0 .0 0.0 .0 0.0 .0 (1.0)	
Retirement 18.0 18.0 18.0 18.0 0.0 21 Phoenix Employment Relations Board 1.0 1.0 1.0 0.0 1 Law 86.0 85.0 86.0 1.0 86 Budget and Research 24.0 24.0 24.0 0.0 23 Regional Wireless Cooperative 5.0 5.0 5.0 0.0 5 Finance 240.0 237.0 238.0 1.0 231 Communications Office 24.0 23.0 24.0 1.0 24 Government Relations 6.0 6.0 6.0 0.0 6 Total General Government 997.1 977.6 1,003.9 26.3 985 Public Safety Police 4,595.4 4,591.9 4,609.4 17.5 4,606	.0 3.0 .0 0.0 .0 0.0 .0 (1.0)	
Phoenix Employment Relations Board 1.0 1.0 1.0 0.0 1 Law 86.0 85.0 86.0 1.0 86 Budget and Research 24.0 24.0 24.0 0.0 23 Regional Wireless Cooperative 5.0 5.0 5.0 0.0 5 Finance 240.0 237.0 238.0 1.0 231 Communications Office 24.0 23.0 24.0 1.0 24 Government Relations 6.0 6.0 6.0 6.0 0 0 6 Total General Government 997.1 977.6 1,003.9 26.3 985 Public Safety Police 4,595.4 4,591.9 4,609.4 17.5 4,606	0.0 0.0 0.0 0 (1.0)	
Law 86.0 85.0 86.0 1.0 86 Budget and Research 24.0 24.0 24.0 0.0 23 Regional Wireless Cooperative 5.0 5.0 5.0 0.0 5 Finance 240.0 237.0 238.0 1.0 231 Communications Office 24.0 23.0 24.0 1.0 24 Government Relations 6.0 6.0 6.0 0.0 0.0 6 Total General Government 997.1 977.6 1,003.9 26.3 985 Public Safety Police 4,595.4 4,591.9 4,609.4 17.5 4,606	.0 0.0 .0 (1.0)	
Budget and Research 24.0 24.0 24.0 24.0 0.0 23 Regional Wireless Cooperative 5.0 5.0 5.0 0.0 5 Finance 240.0 237.0 238.0 1.0 231 Communications Office 24.0 23.0 24.0 1.0 24 Government Relations 6.0 6.0 6.0 0.0 0.0 6 Total General Government 997.1 977.6 1,003.9 26.3 985 Public Safety Police 4,595.4 4,591.9 4,609.4 17.5 4,606	.0 (1.0)	
Regional Wireless Cooperative 5.0 5.0 5.0 0.0 5 Finance 240.0 237.0 238.0 1.0 231 Communications Office 24.0 23.0 24.0 1.0 24 Government Relations 6.0 6.0 6.0 0.0 6 Total General Government 997.1 977.6 1,003.9 26.3 985 Public Safety Police 4,595.4 4,591.9 4,609.4 17.5 4,606	,	
Finance 240.0 237.0 238.0 1.0 231 Communications Office 24.0 23.0 24.0 1.0 24 Government Relations 6.0 6.0 6.0 0.0 6 Total General Government 997.1 977.6 1,003.9 26.3 985 Public Safety Police 4,595.4 4,591.9 4,609.4 17.5 4,606	0.0	
Communications Office 24.0 23.0 24.0 1.0 24 Government Relations 6.0 6.0 6.0 0.0 6 Total General Government 997.1 977.6 1,003.9 26.3 985 Public Safety Police 4,595.4 4,591.9 4,609.4 17.5 4,606		
Government Relations 6.0 6.0 6.0 0.0 6 Total General Government 997.1 977.6 1,003.9 26.3 985 Public Safety Police 4,595.4 4,591.9 4,609.4 17.5 4,606	.0 (7.0)	
Total General Government 997.1 977.6 1,003.9 26.3 985 Public Safety Police 4,595.4 4,591.9 4,609.4 17.5 4,606	0.0	
Public Safety Police 4,595.4 4,591.9 4,609.4 17.5 4,606	0.0	
Police 4,595.4 4,591.9 4,609.4 17.5 4,606	.2 (18.7)	
Fire 2,429.7 2,419.7 2,412.9 (6.8) 2,575	.9 (2.5)	
	.9 163.0	
Total Public Safety 7,025.1 7,011.6 7,022.3 10.7 7,182	.8 160.5	
Criminal Justice		
City Prosecutor 166.0 166.0 (1.0) 162	.0 (3.0)	
Municipal Court 282.0 281.0 283.0 2.0 282	.5 (0.5)	
Public Defender 16.0 16.0 0.0 16	0.0	
Total Criminal Justice 464.0 463.0 464.0 1.0 460	.5 (3.5)	
Transportation		
Street Transportation 770.0 772.0 790.0 18.0 789	.0 (1.0)	
Aviation 922.0 922.0 923.0 1.0 923	0.0	
Public Transit 130.0 129.0 129.0 0.0 130	.0 1.0	
Total Transportation 1,822.0 1,823.0 1,842.0 19.0 1,842	.0 0.0	

SCHEDULE 8 (Continued) POSITIONS BY DEPARTMENT

Number of Full Time Equivalent Positions

	2023-24 Actual	2024-25 Adopted	2024-25 Estimate	Estimate less Adopted	2025-26 Budget	Budget less Estimate
Community Development						
Planning and Development	545.8	545.8	545.8	0.0	545.8	0.0
Housing	135.0	132.0	136.0	4.0	135.0	(1.0)
Community and Economic Development	72.0	69.0	69.0	0.0	66.0	(3.0)
Neighborhood Services	201.0	201.0	203.0	2.0	203.0	0.0
Total Community Development	953.8	947.8	953.8	6.0	949.8	(4.0)
Community Enrichment						
Office of Arts and Culture	16.1	28.7	29.8	1.1	29.3	(0.5)
Parks and Recreation	1,083.6	1,069.4	1,065.6	(3.8)	1,064.6	(1.0)
Library	418.2	402.7	435.0	32.3	396.8	(38.2)
Phoenix Convention Center	221.0	221.0	221.0	0.0	221.0	0.0
Human Services	442.5	401.0	427.5	26.5	423.5	(4.0)
Total Community Enrichment	2,181.4	2,122.8	2,178.9	56.1	2,135.2	(43.7)
Environmental Services						
Office of Sustainability	7.0	5.0	6.0	1.0	6.0	0.0
Environmental Programs	17.0	14.0	16.0	2.0	16.0	0.0
Public Works	472.0	479.0	491.0	12.0	485.0	(6.0)
Solid Waste Disposal	628.5	628.5	628.5	0.0	626.5	(2.0)
Water Services	1,547.8	1,539.3	1,540.8	1.5	1,565.8	25.0
Total Environmental Services	2,672.3	2,665.8	2,682.3	16.5	2,699.3	17.0
Total	16,115.7	16,011.6	16,147.2	135.6	16,254.8	107.6

2023-24 SCHEDULE 9 OPERATING AND CAPITAL RESOURCES AND EXPENDITURES BY FUND CATEGORY ACTUAL

City Taxes and Related Fees 1,494,697 - 1,494,697 - 337,407		O General ¹	perating Fund Special Revenue	ds Enterprise	Capital Bonds ^{4/}	Funds Other Capital	All Budgeted Funds
City Taxes and Related Fees	Beginning Fund Balance	222,931	1,188,762	1,191,857	232,263	403,359	3,239,172
Property Taxes	Revenues						
State Shared Revenues	City Taxes and Related Fees	-	1,494,697	-	-	-	1,494,697
Pederal and State Grants 2	Property Taxes	206,394	131,014	-	-	-	337,407
Licenses and Permits 2	State Shared Revenues 2/	83,823	854,622	-	-	-	938,445
Charges for Services 103,542 125,413 879,458 - 199,171 1,307,584 Sales of Goods and Assets 1,496 7,825 547,944 - - 557,265 Rentals 6,723 19,425 30,658 - - 206,952 Concessions 9,317 951 196,684 - - 206,952 Fines and Forfeitures ²⁷ 8,758 51 - - - 8,809 Interest Revenues 34,249 45,530 85,442 5,959 61,474 232,654 SRP In-Lieu Taxes 2,248 32,2873 40,861 - 4,151 91,456 Other Revenues 486,906 3,185,405 1,781,766 5,959 396,041 5,856,077 Other Sources and Uses - - - 200,865 - 200,865 Expense Recoveries 8,400 19,934 20,754 43,905 83,10 101,294 Total Other Sources and Uses 1,428,553 1,538,073 31	Federal and State Grants 2/	2,090	464,275	720	-	131,245	598,330
Sales of Goods and Assets 1,496 7,825 547,944 - - 557,265 Rentals 6,723 19,425 30,658 - - 56,806 Concessions 9,317 951 196,684 - - 206,952 Fines and Forfeitures 8,758 51 - - - 8,809 Interest Revenues 34,249 45,530 85,442 5,959 61,474 232,654 SRP In-Lieu Taxes 2,248 - - - - 2,248 Other Revenues 13,571 32,873 40,861 - 4,151 91,456 Total Revenues 486,906 3,185,405 1,781,766 5,959 396,041 5,856,077 Other Sources and Uses - - - 200,865 - 200,865 Expense Recoveries 8,400 19,934 20,754 43,905 8,301 101,294 Total Other Sources and Uses 1,428,553 (1,538,073) 31,889 239,630	Licenses and Permits 2/	14,696	8,729	-	-	-	23,425
Rentals	Charges for Services	103,542	125,413	879,458	-	199,171	1,307,584
Concessions	Sales of Goods and Assets	1,496	7,825	547,944	-	-	557,265
Fines and Forfeitures 2	Rentals	6,723	19,425	30,658	-	-	56,806
Interest Revenues	Concessions	9,317	951	196,684	-	_	206,952
Interest Revenues	Fines and Forfeitures 2/	8,758	51	-	-	-	8,809
SRP In-Lieu Taxes 2,248 - - - 2,248 Other Revenues 13,571 32,873 40,861 - 4,151 91,456 Total Revenues 486,906 3,185,405 1,781,766 5,959 396,041 5,856,077 Other Sources and Uses - - - 200,865 - 200,865 Expense Recoveries 8,400 1,934 20,754 43,905 8,301 101,294 Total Other Sources and Uses 1,428,553 (1,538,073) 81,889 239,630 85,266 297,265 Total Sources 2,138,390 2,836,094 3,055,512 477,852 884,666 9,392,514 Expenditures 3 3 3,055,512 477,852 884,666 9,392,514 Expenditures 3 3 2,2499 - - 208,078 Public Safety 1,219,859 253,558 - - - 67,185 Transportation 25,006 397,496 321,144 -		34,249	45,530	85,442	5,959	61,474	232,654
Other Revenues 13,571 32,873 40,861 - 4,151 91,456 Total Revenues 486,906 3,185,405 1,781,766 5,959 396,041 5,856,077 Other Sources and Uses Net Interfund Transfers In (Out) 1,420,153 (1,558,007) 61,135 (5,139) 76,965 (4,893) Bond Proceeds - - - - 200,865 - 200,865 Expense Recoveries 8,400 19,934 20,754 43,905 8,301 101,294 Total Other Sources and Uses 1,428,553 (1,538,073) 81,889 239,630 85,266 297,265 Total Sources 2,138,390 2,836,094 3,055,512 477,852 884,666 9,392,514 Expenditures	SRP In-Lieu Taxes	2,248	-	-	-	-	
Total Revenues 486,906 3,185,405 1,781,766 5,959 396,041 5,856,077 Other Sources and Uses Net Interfund Transfers In (Out) 1,420,153 (1,558,007) 61,135 (5,139) 76,965 (4,893) Bond Proceeds - - - - 200,865 - 200,865 Expense Recoveries 8,400 19,934 20,754 43,905 8,301 101,294 Total Other Sources and Uses 1,428,553 (1,538,073) 81,889 239,630 85,266 297,265 Total Sources 2,138,390 2,836,094 3,055,512 477,852 884,666 9,392,514 Expenditures General Government 194,907 10,672 2,499 - - 208,078 Public Safety 1,219,859 253,558 - - - 1,473,417 Criminal Justice 64,561 2,624 - - - 67,185 Transportation 25,006 397,496 321,144 - - 743,	Other Revenues		32,873	40,861	-	4,151	
Net Interfund Transfers In (Out) 1,420,153 (1,558,007) 61,135 (5,139) 76,965 (4,893) Bond Proceeds - - - - 200,865 - 200,865 Expense Recoveries 8,400 19,934 20,754 43,905 8,301 101,294 Total Other Sources and Uses 1,428,553 (1,538,073) 81,889 239,630 85,266 297,265 Total Sources 2,138,390 2,836,094 3,055,512 477,852 884,666 9,392,514 Expenditures 6eneral Government 194,907 10,672 2,499 - - 208,078 Public Safety 1,219,859 253,558 - - - 1,473,417 Criminal Justice 64,561 2,624 - - - 67,185 Transportation 25,006 397,496 321,144 - - 743,646 Community Development 37,484 282,701 674 - - 320,859 Community Enri					5,959		5,856,077
Net Interfund Transfers In (Out) 1,420,153 (1,558,007) 61,135 (5,139) 76,965 (4,893) Bond Proceeds - - - - 200,865 - 200,865 Expense Recoveries 8,400 19,934 20,754 43,905 8,301 101,294 Total Other Sources and Uses 1,428,553 (1,538,073) 81,889 239,630 85,266 297,265 Total Sources 2,138,390 2,836,094 3,055,512 477,852 884,666 9,392,514 Expenditures 6eneral Government 194,907 10,672 2,499 - - 208,078 Public Safety 1,219,859 253,558 - - - 1,473,417 Criminal Justice 64,561 2,624 - - - 67,185 Transportation 25,006 397,496 321,144 - - 743,646 Community Development 37,484 282,701 674 - - 320,859 Community Enri	Other Sources and Uses						
Bond Proceeds - - - - 200,865 - 200,865 Expense Recoveries 8,400 19,934 20,754 43,905 8,301 101,294 Total Other Sources and Uses 1,428,553 (1,538,073) 81,889 239,630 85,266 297,265 Total Sources 2,138,390 2,836,094 3,055,512 477,852 884,666 9,392,514 Expenditures 2 2,138,390 2,836,094 3,055,512 477,852 884,666 9,392,514 Expenditures 3 3 3,055,512 477,852 884,666 9,392,514 Expenditures 3 4,907 10,672 2,499 - - 208,078 Public Safety 1,219,859 253,558 - - - - 1,473,417 Criminal Justice 64,561 2,624 - - - - 67,185 Transportation 25,006 397,496 321,144 - - - - <t< td=""><td>Net Interfund Transfers In (Out)</td><td>1,420,153</td><td>(1,558,007)</td><td>61,135</td><td>(5,139)</td><td>76,965</td><td>(4,893)</td></t<>	Net Interfund Transfers In (Out)	1,420,153	(1,558,007)	61,135	(5,139)	76,965	(4,893)
Expense Recoveries 8,400 19,934 20,754 43,905 8,301 101,294 Total Other Sources and Uses 1,428,553 (1,538,073) 81,889 239,630 85,266 297,265 Total Sources 2,138,390 2,836,094 3,055,512 477,852 884,666 9,392,514 Expenditures Expenditures General Government 194,907 10,672 2,499 - - 208,078 Public Safety 1,219,859 253,558 - - - - 67,185 Transportation 25,006 397,496 321,144 - - 67,185 Community Development 37,484 282,701 674 - - 443,707 Environmental Services 29,084 4,904 603,938 - - 637,926 Operating Debt Service - 213,383 364,422 - - 577,804 Non-Departmental Operating 34,061 369,377 363,065 682,214 466,351 </td <td>• ,</td> <td>-</td> <td>-</td> <td>-</td> <td></td> <td></td> <td></td>	• ,	-	-	-			
Total Other Sources and Uses 1,428,553 (1,538,073) 81,889 239,630 85,266 297,265 Total Sources 2,138,390 2,836,094 3,055,512 477,852 884,666 9,392,514 Expenditures General Government 194,907 10,672 2,499 - - 208,078 Public Safety 1,219,859 253,558 - - - 1,473,417 Criminal Justice 64,561 2,624 - - 67,185 Transportation 25,006 397,496 321,144 - - 743,646 Community Development 37,484 282,701 674 - - 320,859 Community Enrichment 220,464 163,874 59,368 - - 443,707 Environmental Services 29,084 4,904 603,938 - - 637,926 Operating Debt Service - 213,383 364,422 - - 577,804 Non-Departmental Operating 34,061		8.400	19.934	20.754		8.301	
Expenditures General Government 194,907 10,672 2,499 - - 208,078 Public Safety 1,219,859 253,558 - - - 1,473,417 Criminal Justice 64,561 2,624 - - - 67,185 Transportation 25,006 397,496 321,144 - - 743,646 Community Development 37,484 282,701 674 - - 320,859 Community Enrichment 220,464 163,874 59,368 - - 443,707 Environmental Services 29,084 4,904 603,938 - - 637,926 Operating Debt Service - 213,383 364,422 - - 577,804 Non-Departmental Operating 3/ 19,451 - - - 19,451 Capital Improvement Program 34,061 369,377 363,065 682,214 466,351 1,915,068 Total Expenditures 1,844,878 1,698,590 1,							297,265
Expenditures General Government 194,907 10,672 2,499 - - 208,078 Public Safety 1,219,859 253,558 - - - 1,473,417 Criminal Justice 64,561 2,624 - - - 67,185 Transportation 25,006 397,496 321,144 - - 743,646 Community Development 37,484 282,701 674 - - 320,859 Community Enrichment 220,464 163,874 59,368 - - 443,707 Environmental Services 29,084 4,904 603,938 - - 637,926 Operating Debt Service - 213,383 364,422 - - 577,804 Non-Departmental Operating 3/ 19,451 - - - 19,451 Capital Improvement Program 34,061 369,377 363,065 682,214 466,351 1,915,068 Total Expenditures 1,844,878 1,698,590 1,	Total Sources	2,138,390	2,836,094	3,055,512	477,852	884,666	9,392,514
General Government 194,907 10,672 2,499 - - 208,078 Public Safety 1,219,859 253,558 - - - 1,473,417 Criminal Justice 64,561 2,624 - - - 67,185 Transportation 25,006 397,496 321,144 - - 743,646 Community Development 37,484 282,701 674 - - 320,859 Community Enrichment 220,464 163,874 59,368 - - - 443,707 Environmental Services 29,084 4,904 603,938 - - 637,926 Operating Debt Service - 213,383 364,422 - - 577,804 Non-Departmental Operating ^{3/} 19,451 - - - 19,451 Capital Improvement Program 34,061 369,377 363,065 682,214 466,351 1,915,068 Total Expenditures 1,844,878 1,698,590 1,715,109 </td <td>Evnandituras</td> <td></td> <td></td> <td></td> <td></td> <td>· · · · · · · · · · · · · · · · · · ·</td> <td></td>	Evnandituras					· · · · · · · · · · · · · · · · · · ·	
Public Safety 1,219,859 253,558 - - - 1,473,417 Criminal Justice 64,561 2,624 - - - 67,185 Transportation 25,006 397,496 321,144 - - 743,646 Community Development 37,484 282,701 674 - - 320,859 Community Enrichment 220,464 163,874 59,368 - - 443,707 Environmental Services 29,084 4,904 603,938 - - 637,926 Operating Debt Service - 213,383 364,422 - - 577,804 Non-Departmental Operating 3/ 19,451 - - - 19,451 Capital Improvement Program 34,061 369,377 363,065 682,214 466,351 1,915,068 Total Expenditures 1,844,878 1,698,590 1,715,109 682,214 466,351 6,407,141	-	194.907	10.672	2.499	_	_	208.078
Criminal Justice 64,561 2,624 - - - 67,185 Transportation 25,006 397,496 321,144 - - 743,646 Community Development 37,484 282,701 674 - - 320,859 Community Enrichment 220,464 163,874 59,368 - - 443,707 Environmental Services 29,084 4,904 603,938 - - 637,926 Operating Debt Service - 213,383 364,422 - - 577,804 Non-Departmental Operating 3/ 19,451 - - - 19,451 Capital Improvement Program 34,061 369,377 363,065 682,214 466,351 1,915,068 Total Expenditures 1,844,878 1,698,590 1,715,109 682,214 466,351 6,407,141				_,	_	_	
Transportation 25,006 397,496 321,144 - - 743,646 Community Development 37,484 282,701 674 - - 320,859 Community Enrichment 220,464 163,874 59,368 - - 443,707 Environmental Services 29,084 4,904 603,938 - - 637,926 Operating Debt Service - 213,383 364,422 - - 577,804 Non-Departmental Operating ^{3/} 19,451 - - - 19,451 Capital Improvement Program 34,061 369,377 363,065 682,214 466,351 1,915,068 Total Expenditures 1,844,878 1,698,590 1,715,109 682,214 466,351 6,407,141	•			_	_	_	
Community Development 37,484 282,701 674 - - 320,859 Community Enrichment 220,464 163,874 59,368 - - 443,707 Environmental Services 29,084 4,904 603,938 - - 637,926 Operating Debt Service - 213,383 364,422 - - 577,804 Non-Departmental Operating ^{3/} 19,451 - - - - 19,451 Capital Improvement Program 34,061 369,377 363,065 682,214 466,351 1,915,068 Total Expenditures 1,844,878 1,698,590 1,715,109 682,214 466,351 6,407,141				321.144	_	_	
Community Enrichment 220,464 163,874 59,368 - - 443,707 Environmental Services 29,084 4,904 603,938 - - 637,926 Operating Debt Service - 213,383 364,422 - - 577,804 Non-Departmental Operating ^{3/} 19,451 - - - - 19,451 Capital Improvement Program 34,061 369,377 363,065 682,214 466,351 1,915,068 Total Expenditures 1,844,878 1,698,590 1,715,109 682,214 466,351 6,407,141					_	_	
Environmental Services 29,084 4,904 603,938 - - 637,926 Operating Debt Service - 213,383 364,422 - - 577,804 Non-Departmental Operating ^{3/} Capital Improvement Program 19,451 - - - - - 19,451 Capital Improvement Program 34,061 369,377 363,065 682,214 466,351 1,915,068 Total Expenditures 1,844,878 1,698,590 1,715,109 682,214 466,351 6,407,141					_	_	
Operating Debt Service - 213,383 364,422 - - 577,804 Non-Departmental Operating ^{3/} Capital Improvement Program 19,451 - - - - - 19,451 Capital Improvement Program 34,061 369,377 363,065 682,214 466,351 1,915,068 Total Expenditures 1,844,878 1,698,590 1,715,109 682,214 466,351 6,407,141	-				_	_	
Non-Departmental Operating 3/ 19,451 - - - - - 19,451 Capital Improvement Program 34,061 369,377 363,065 682,214 466,351 1,915,068 Total Expenditures 1,844,878 1,698,590 1,715,109 682,214 466,351 6,407,141					_	_	
Capital Improvement Program 34,061 369,377 363,065 682,214 466,351 1,915,068 Total Expenditures 1,844,878 1,698,590 1,715,109 682,214 466,351 6,407,141		19 451	0,000	-	_	_	
Total Expenditures 1,844,878 1,698,590 1,715,109 682,214 466,351 6,407,141			369 377	363 065	682 214	466 351	
Ending Fund Balance 293,513 1,137,505 1,340,403 (204,361) 418,314 2,985,374							
	Ending Fund Balance	293,513	1,137,505	1,340,403	(204,361)	418,314	2,985,374

General fund sales tax revenue is reflected as a transfer-in from the excise tax fund. Total transfer equates to \$1,418.5 million, and is included in the General Funds revenue total of \$1,905.4 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 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 ESTIMATE

	Operating Funds		3	Capital Funds		All
	General ^{1/}	Special Revenue	Enterprise	Bonds ^{4/}	Other Capital	Budgeted Funds
Beginning Fund Balance	293,513	1,137,505	1,340,403	(204,361)	418,314	2,985,374
Revenues						
City Taxes and Related Fees	-	1,457,781	-	-	-	1,457,781
Property Taxes	215,419	138,549	-	-	-	353,968
State Shared Revenues 2/	88,000	778,107	-	-	-	866,107
Federal and State Grants 2/	1,850	612,034	254	-	780,880	1,395,017
Licenses and Permits ^{2/}	13,370	10,112	_	-	-	23,482
Charges for Services	106,811	124,884	927,949	-	-	1,159,644
Sales of Goods and Assets	1,786	6,978	666,950	-	-	675,714
Rentals	7,294	19,691	30,442	-	-	57,427
Concessions	8,351	2,430	216,211	-	-	226,992
Fines and Forfeitures ^{2/}	8,529	48	-	-	-	8,576
Interest Revenues	32,665	63,537	91,987	-	-	188,190
SRP In-Lieu Taxes	1,892	-	-	-	-	1,892
Other Revenues	8,536	38,428	17,552	19,518	215,891	299,925
Total Revenues	494,502	3,252,578	1,951,346	19,518	996,771	6,714,716
Other Sources and Uses						
Net Interfund Transfers In (Out)	1,344,017	(1,337,639)	9,980	(6,823)	(6,310)	3,225
Bond Proceeds	-	-	=	453,817	=	453,817
Expense Recoveries	10,600	41,650	18,797	31,542	3,925	106,513
Total Other Sources and Uses	1,354,617	(1,295,989)	28,777	478,535	(2,385)	563,555
Total Sources	2,142,632	3,094,094	3,320,526	293,692	1,412,700	10,263,645
Expenditures						
General Government	232,141	12,338	2,797	-	-	247,276
Public Safety	1,243,379	291,568	=	-	-	1,534,947
Criminal Justice	68,440	3,134	-	-	-	71,574
Transportation	25,248	443,548	410,692	-	-	879,488
Community Development	40,598	328,249	733	-	-	369,581
Community Enrichment	235,696	153,510	75,719	_	-	464,925
Environmental Services	36,639	7,691	659,326	-	-	703,655
Operating Debt Service	, -	219,279	339,704	_	-	558,983
Non-Departmental Operating 3/	(191)	_	-	-	-	(191)
Capital Improvement Program	50,538	467,096	373,328	718,995	681,452	2,291,410
Total Expenditures	1,932,488	1,926,414	1,862,300	718,995	681,452	7,121,649
Ending Fund Balance	210,144	1,167,680	1,458,227	(425,303)	731,248	3,141,995

¹⁾ General fund sales tax revenue is reflected as a transfer-in from the excise tax fund. Total transfer equates to \$1,324.8 million, and is included in the General Funds revenue total of \$1,819.3 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.

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.

2025-26 SCHEDULE 9 OPERATING AND CAPITAL RESOURCES AND EXPENDITURES BY FUND CATEGORY BUDGET

	Operating Funds			Capital I	unds	All
	General ^{1/}	Special Revenue	Enterprise	Bonds ^{4/}	Other Capital	Budgeted Funds
Beginning Fund Balance	210,144	1,167,680	1,458,227	(425,303)	731,248	3,141,995
Revenues						
City Taxes and Related Fees	-	1,726,065	-	-	-	1,726,065
Property Taxes	222,719	143,241	-	-	-	365,960
State Shared Revenues 2/	90,871	771,687	-	-	-	862,558
Federal and State Grants 2/	1,600	735,751	13	-	745,841	1,483,205
Licenses and Permits ^{2/}	12,589	9,404	-	-	-	21,993
Charges for Services	111,351	137,018	958,281	-	-	1,206,650
Sales of Goods and Assets	1,672	12,443	762,479	-	-	776,593
Rentals	7,436	19,597	31,594	-	-	58,627
Concessions	8,596	2,509	223,277	-	-	234,381
Fines and Forfeitures 2/	8,538	48	-	-	-	8,585
Interest Revenues	26,132	32,372	69,601	-	-	128,105
SRP In-Lieu Taxes	1,892	-	-	-	-	1,892
Other Revenues	8,562	65,783	(3,762)	_	167,817	238,400
Total Revenues	501,957	3,655,917	2,041,482	-	913,658	7,113,015
Other Sources and Uses						
Net Interfund Transfers In (Out)	1,476,095	(1,472,506)	32,151	(8,500)	(31,395)	(4,156)
Bond Proceeds	-	100	-	952,280	-	952,380
Expense Recoveries	5,359	3,415	8,350	-	_	17,124
Total Other Sources and Uses	1,481,454	(1,468,991)	40,501	943,780	(31,395)	965,349
Total Sources	2,193,555	3,354,606	3,540,210	518,477	1,613,511	11,220,359
Expenditures						
General Government	224,050	25,697	3,049	_	_	252,795
Public Safety	1,321,130	309,808	-	_	-	1,630,938
Criminal Justice	69,491	4,731	-	_	-	74,222
Transportation	1,902	522,507	431,460	_	_	955,870
Community Development	39,949	391,769	752	_	-	432,470
Community Enrichment	241,870	136,600	83,491	_	-	461,960
Environmental Services	40,435	3,582	704,265	_	-	748,283
Operating Debt Service	=	251,363	380,760	_	_	632,122
Non-Departmental Operating 3/	180,561	89,500	68,500	_	-	338,561
Capital Improvement Program	74,167	988,199	1,271,302	1,087,977	1,181,482	4,603,127
Total Expenditures	2,193,555	2,723,755	2,943,579	1,087,977	1,181,482	10,130,349
Ending Fund Balance	_	630,851	596,631	(569,500)	432,029	1,090,010

¹⁾ General fund sales tax revenue is reflected as a transfer-in from the excise tax fund. Total transfer equates to \$1,434.9 million, and is included in the General Funds revenue total of \$1,936.9 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.

^{3/} Non-Departmental Operating consists of contingencies 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.



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. In March 2025, the City Council approved a 0.5 percent increase in the City Transaction Privilege Tax and Use Tax rates. The additional revenue generated from this sales tax increase is to be allocated to the Block Watch Fund based on the current allocation proportions for all affected sales tax funds. 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.

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 (GO 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.

GO 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. In March 2025, the City Council approved a 0.5 percent increase in the City Transaction Privilege Tax and Use Tax rates. The additional revenue generated from this sales tax increase is to be allocated to the Neighborhood Protection Fund based on the current allocation proportions for all affected sales tax funds. 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. In March 2025, the City Council approved a 0.5 percent increase in the City Transaction Privilege Tax and Use Tax rates. The additional revenue generated from this sales tax increase is to be allocated to the Parks and Preserves Fund based on the current allocation proportions for all affected sales tax funds. 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. Privilege License Tax Fees no longer apply to rental properties as a result of the passage of Senate Bill 1131 during the 2024 legislative session. 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. In March 2025, the City Council approved a 0.5 percent increase in the City Transaction Privilege Tax and Use Tax rates. The additional revenue generated from this sales tax increase is to be allocated to the Public Safety Expansion Funds based on the current allocation proportions for all affected sales tax funds. The funds are used for hiring additional police personnel and firefighters, hiring crime scene investigator teams to improve evidence collection, improving fire protection service and response times, and increasing other emergency services. 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, biosciences and tourism.

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 quide 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. In March 2025, the City Council approved a 0.5 percent increase in the City Transaction Privilege Tax and Use Tax rates. The additional revenue generated from this sales tax increase is to be allocated to the Transportation 2050 Fund based on the current allocation proportions for all affected sales tax funds. 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 Street Transportation 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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