



**The Phoenix
Summary Budget
2013-14**



City of Phoenix





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300

June 2013



City of Phoenix Council Members and District Boundaries



Mayor Greg Stanton
602-262-7111
mayor.stanton@phoenix.gov



Thelda Williams
602-262-7444
council.district.1@phoenix.gov



Bill Gates
602-262-7441
council.district.3@phoenix.gov



Tom Simplot
602-262-7447
council.district.4@phoenix.gov



Daniel Valenzuela
602-262-7446
council.district.5@phoenix.gov



Michael Nowakowski
602-262-7492
council.district.7@phoenix.gov



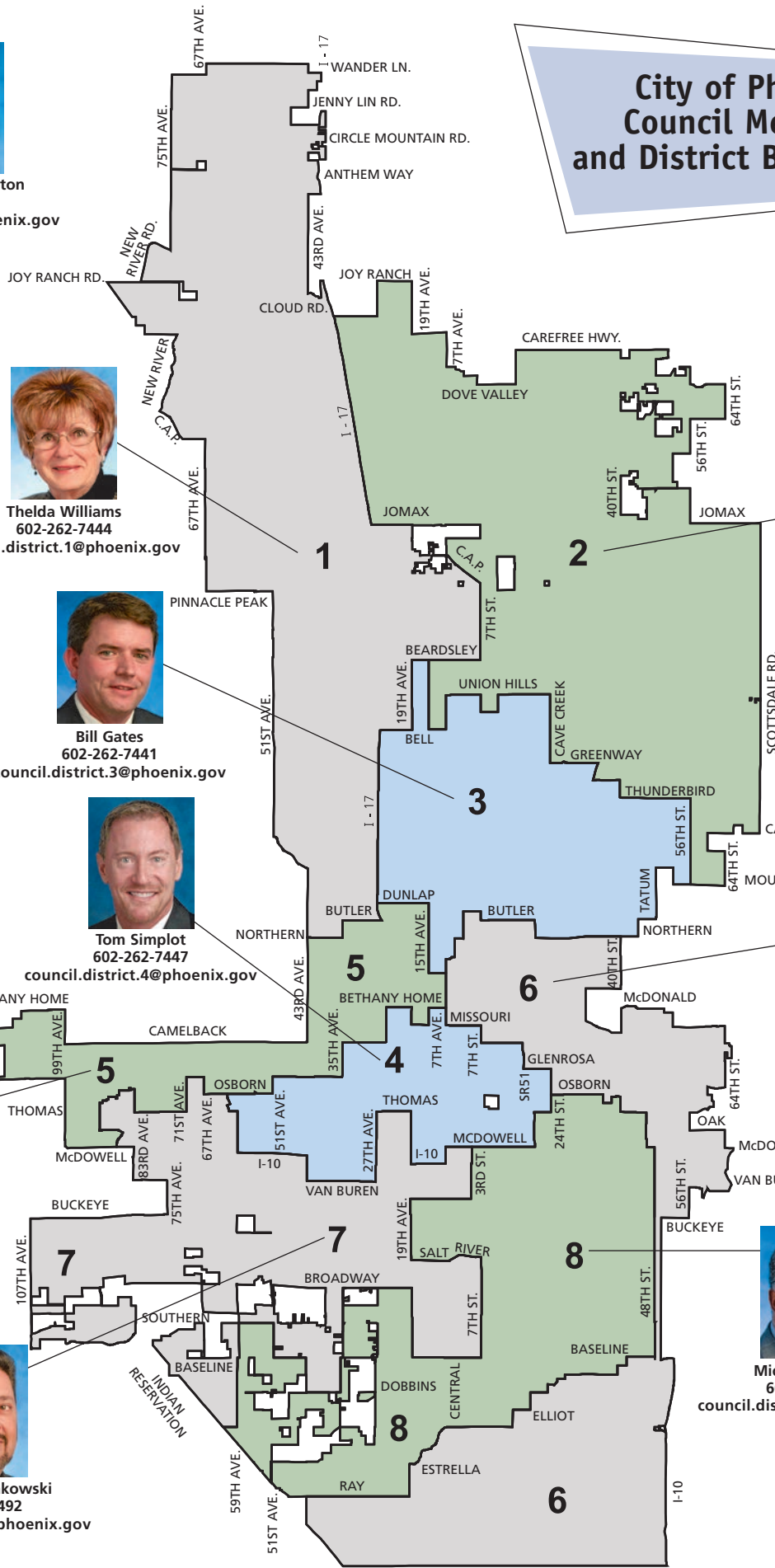
Jim Waring
602-262-7445
council.district.2
@phoenix.gov



Sal DiCiccio
602-262-7491
council.district.6
@phoenix.gov



Michael Johnson
602-262-7493
council.district.8@phoenix.gov





City of Phoenix

Mayor and City Council

Greg Stanton
Mayor

Bill Gates
Vice Mayor
District 3

Thelda Williams
District 1

Jim Waring
District 2

Tom Simplot
District 4

Daniel Valenzuela
District 5

Sal DiCiccio
District 6

Michael Nowakowski
District 7

Michael Johnson
District 8

Mayor's Office

Karen Peters
Chief of Staff

City Council Office

Penny Parrella
Council Chief of Staff

Management Staff

David Cavazos
City Manager

Ed Zuercher
Assistant City Manager

Rick Naimark
Deputy City Manager

Lisa Takata
Deputy City Manager

Paul Blue
Senior Executive Assistant
to the City Manager

Neal Young
Temporary Senior Executive Assistant
to the City Manager

Ginger Spencer
Temporary Special Assistant
to the City Manager

Dennis Murphy
Assistant to the City Manager

Department Heads

Wylie Bearup
Street Transportation Director

James Burke
Acting Parks and Recreation Director

John Chan
Community and Economic Development Director

Debbie Cotton
Acting Phoenix Convention Center Director

Jeff DeWitt
Chief Financial Officer

Daniel V. Garcia
Police Chief

Bill Greene
City Auditor

Chris Hallett
Neighborhood Services Director

Rita Hamilton
City Librarian

Derek Horn
Acting Planning and Development Director

Maria Hyatt
Acting Public Transit Director

Deanna Jonovich
Human Services Director

Robert Khan
Fire Chief

Lionel Lyons
Equal Opportunity Director and
Acting Human Resources Director

Toni Maccarone
Public Information Director

Neil Mann
Acting Water Services Director

Karl Matzinger
Acting Housing Director

Cris Meyer
City Clerk

Danny Murphy
Aviation Director

Mario Paniagua
Budget and Research Director

Rob Sweeney
Acting Chief Information Officer

John Trujillo
Acting Public Works Director

Gary Verburg
City Attorney

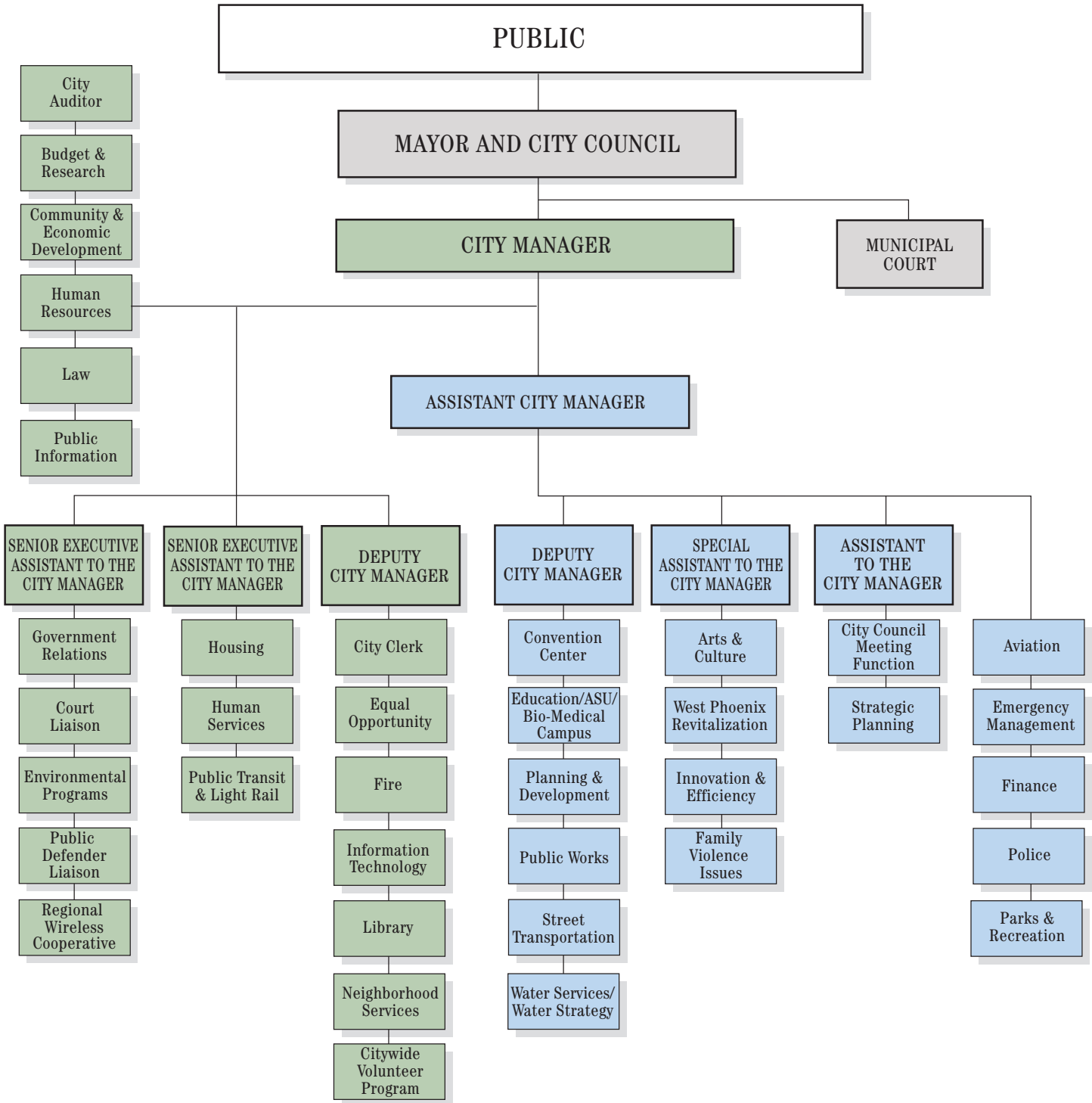
Chief Presiding Judge

Roxanne K. Song Ong





City of Phoenix Organizational Chart



Note: Interim organization chart pending national recruitment for Deputy City Manager position.







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Phoenix City Hall





Budget Document Overview

This overview outlines the 2013-14 Annual Budget—view the document at phoenix.gov. Copies of the document are available by contacting the city of Phoenix Budget and Research Department at 602-262-4800. Also, this document can be made available in alternate formats (large print, Braille, audio cassette or compact disc) upon request. For information, contact the Budget and Research Department or city TTY relay at 602-534-5500.

The Summary Budget contains a narrative description of Phoenix programs and services planned for the upcoming fiscal year. 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 2013-18 Capital Improvement Program provides Phoenix’s planned construction program by project and detailed sources of funds.

A more detailed description of the 2013-14 Phoenix Summary Budget follows.

CITY MANAGER’S BUDGET MESSAGE

The City Manager’s Budget Message provides an in-depth look at 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, 2013 Strategic Plan goals, and 2012 Strategic Plan major accomplishments.

OUR COMMITMENT TO EXCELLENCE

This section provides an overview of the city’s various programs that contribute to our overall pursuit of excellence. Included is a description of a few of the awards and recognitions received by employees this year, results of the employee suggestion program and winners of Employee Excellence Awards.

COMMUNITY PROFILE AND TRENDS

This section includes key demographic, financial and infrastructure profile measures. Estimates or projections are provided for 2012-13 and 2013-14 as well as actual results for recent and historical periods.

2013-14 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 2013-14 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.

2013-14 REVENUE OVERVIEW

This section provides an extensive narrative describing the city’s revenue estimates. The section is divided into three categories: general funds, special revenue funds and enterprise funds.

DEPARTMENT PROGRAM SUMMARIES

The Department Program Summaries section provides total funding and positions, program goals, major performance measures and service trends, and any changes in service for each city department. Also included in this section is a discussion of the city’s debt management policies and the contingency fund.

CAPITAL IMPROVEMENT PROGRAM

This section provides a description of the capital improvement program process and an overview of the 2013-18 Capital Improvement Program.

SCHEDULES

The schedules provide a general statistical overview of the budget. Schedule 1 provides estimated beginning and ending balances for each major fund group. The remaining schedules summarize staffing complements and estimated resources and expenditures.

GLOSSARY

Definitions of the terms used throughout the budget document are presented in the glossary.

If you have questions, need further clarification of a concept or term, or desire more detailed information about this document, please contact the Budget and Research Department at 602-262-4800.







Distinguished Budget Presentation Award



GOVERNMENT FINANCE OFFICERS ASSOCIATION

Distinguished Budget Presentation Award

PRESENTED TO

**City of Phoenix
Arizona**

For the Fiscal Year Beginning

July 1, 2012

Christopher P. Morill *Jeffrey R. Egan*

President

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, 2012.

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



David Cavazos
Phoenix City Manager

TO THE HONORABLE MAYOR AND CITY COUNCIL:

This letter transmits the balanced fiscal year 2013-14 City of Phoenix Budget required by the City Charter.

The 2013-14 Budget demonstrates the city's commitment to the continued restoration and enhancement of important services at the lowest possible cost. For the third consecutive year, no cuts to services were needed to balance the budget and the city is able to provide restored and added services to the community. Innovation and efficiency and successful cost management continue to be the foundation of the city's ability to maintain financial health while restoring important services. Additionally, in the city's 2012 Community Opinion Survey, more residents than ever said they believe Phoenix is a good place to live, and overall customer satisfaction rates increased from two years ago.

The important foundations outlined below are all critical to the city achieving its budget goals.

STRONG CITY LEADERSHIP

- The strong leadership of the Mayor and City Council has kept the city on course to provide the best service possible while successfully managing costs.

OUTSTANDING CITY EMPLOYEES AND SERVICE DELIVERY

- Restored services will be provided with even fewer positions overall. Now down to 10.1 employees per 1,000 residents, from a high of 11.9 in 1980, the city continues to operate at its lowest staffing efficiency levels in over 40 years. Also, in the most recent Community Opinion Survey, 93 percent of residents believe the city is a good place to live, the highest in the 27-year-history of the biennial survey.

INNOVATION AND EFFICIENCY

- In 2013-14, the city will reach savings of more than \$81 million through innovation and efficiency since 2010.

TRANSPARENCY AND COMMUNITY ENGAGEMENT

- An enhanced budget process using a zero-based approach provides the Council and community with transparent budget documents that facilitate public vetting during the budget process.
- A total of 20 Community Budget Hearings took place this year (three more than last year), including an online hearing hosted by the Mayor and City Manager and a citywide bilingual hearing. The public also has online access to video recordings of budget hearings.
- One hour prior to each budget hearing, staff provided detailed briefings and received comments from the community regarding the emergency sales tax on food.

FINANCIAL MANAGEMENT

- The city has maintained its AAA Bond rating and is on course with the plan to increase the contingency ("rainy day")

fund. The 2013-14 budget includes an increase of \$3 million to the contingency fund. This brings the contingency to nearly \$44 million, or 3.9 percent of General Fund operating expenditures. Once again, the contingency amount will reach a historic high.

NO INCREASED GENERAL FUND USER FEES OR TAXES

- As with the last two years, the balanced budget includes no increase to existing General Fund user fees.

MODERATE ECONOMIC GROWTH

- The budget is based on a projection of moderate economic and revenue growth, as economists have continued to project a full recovery from the economic recession in 2015 or 2016.

ZERO-BASED INVENTORY OF PROGRAMS

On Feb. 12, 2013, a full six weeks prior to the publication of the City Manager's Trial Budget, staff presented and made available the Improved Budget Process, Transparency, and Zero-Based Inventory of Programs Budget. This document, one of the most comprehensive budgets available in the country, details by department a list of all of the programs and services provided by the city. The document also reflects the current and base (next) year costs to provide these services. The estimated base budget is provided in the following formats:

- By major cost category for every department in a single table
- By program for every department, organized by major service category, in a single table
- Each department has its own budget summary page
- Each program (more than 400) has its own budget summary page

In addition, the online document has an interactive table of contents, bookmarks and is fully searchable.





FIVE-YEAR GENERAL FUND FORECAST

On Feb. 26, 2013, Budget and Research staff provided a five-year General Fund forecast. The long-range forecast is a financial management best practice providing policy makers with a framework for strategic decision-making. The report explained that under the economic, revenue and expenditure assumptions in the forecast, it is possible for the city to remain balanced over the next five years. The five-year forecast enables the City Council, city management and the community to evaluate resources along with projected expenditures over multiple years, which improves the city's ability to conduct long-term budget planning. The multi-year forecast was prepared well in advance of community budget hearings so that it could also be discussed and considered during the budget setting process involving residents.

CITY MANAGER'S TRIAL BUDGET

Presented March 26, 2013, the 2013-14 City Manager's Trial Budget recommended more than \$6.2 million in restored and added General Fund services to the community. Additionally, \$5 million from the Arizona Highway User Revenue Fund Reserve was proposed in the Capital Improvement Program for improved streets infrastructure and maintenance. As outlined in the Strategic Plan, these additions will move the city forward in the areas of Public Safety, Education, Social Service Delivery, Neighborhoods and Livability, Economic Development, Technology, Innovation and Efficiency, Financial Excellence, and Infrastructure.

The City Manager's Trial Budget included the following restored and added services shown under corresponding Strategic Plan areas. Unless otherwise noted, these additions are paid from the General Fund:

Public Safety

- Add 15 civilian positions to Central Booking allowing 15 police officers to be assigned to direct community police service.
- Add six officers and two sergeants to meet minimum police staffing requirements at the airport at zero net cost; the increased staffing allows police overtime costs to be reduced by an amount equal to the cost of the new positions. Because of security requirements at the airport, these positions will be filled by veteran officers, opening eight General Fund vacancies to be filled with new officers. (AVIATION FUND)
- Fund the hiring of three additional police officer positions for patrol and community police work. At zero net cost using the General Fund savings realized by replacing veteran officers with new officers at entry-level pay. In total due to these changes, the city will be able to hire 11 new police officers at no additional cost. The 11 new officers can be hired from the existing Police Reserve force, utilizing officers who have already been through the Police Academy and have some experience with the Phoenix Police Department in a reserve capacity.
- Add seven new firefighter/paramedic positions to ensure sustained emergency ambulance response times in all areas of the city.
- Add staff to assist the Prosecutor's Office with cases involving non-permitted construction activity and unlicensed contractors. (DEVELOPMENT FUND)
- Convert Public Safety and municipal wireless radio communication equipment to comply with federally mandated frequency and interoperability requirements. The cost of this equipment totaling at least \$66 million over five years will be paid using Council-authorized lease-purchase financing. (GENERAL, SPECIAL REVENUE AND ENTERPRISE FUNDS)

Education

- Add more than 13,000 "e-books," provide the capability for online library card registration, and enable online meeting room reservations to enhance the Library's 24X7 accessibility.
- Continue the existing College Depot program due to expiring private funding.
- Restore an additional three Phoenix Afterschool Center (PAC) sites (after restoring nine last year) based on assessment of highest need as determined by the Parks and Recreation Department.
- Restore some funding for the Job Training Program.

Social Services Delivery

- Enhance Senior Center technology use and training for seniors.
- Provide additional Family and Child Victim Services through expanded funding for lease costs and services provided by the public safety partners at the Childhelp facility to serve abused children.
- Allocate funding for an administrative position and projects to facilitate the city's involvement in the public/private implementation of the Domestic Violence Roadmap to Excellence.
- Restore additional homeless shelter support.
- Increase existing water utility assistance program for low-income households. (WATER FUND)

Neighborhoods & Livability

- Increase funding for arts grants to improve opportunities for arts and cultural development.
- Increase funding for maintaining completed public art projects, including mitigating graffiti and other vandalism.
- Increase funding for operational support of performing arts organizations at city-owned venues.





- Operate new and expanded facilities for the Sonoran Preserve, Tres Rios recreational facilities, the dog park at Margaret T. Hance Park, Echo Canyon trailhead expansion, Cortez pool renovation, Hermoso Park recreation center expansion, Winship House renovation and Rio Salado Peace Path. (PHOENIX PARKS AND PRESERVES INITIATIVE FUND)
- Support historic preservation efforts by hiring a consultant to complete the National Register Landmark nomination for the David and Gladys Wright House, fund an existing position to make additional historic preservation bonds available and decrease design review turnaround times by insourcing currently contracted services.
- Align the city's Golf Program with other recreation programs and balance the Golf Fund by:
 - Implementing efficiency actions, such as rightsourcing, to reduce the annual operating deficit
 - Removing the Golf Fund's designation as an enterprise fund
 - Allocating \$1.1 million from the General Fund in 2013-14 intended to offset the annual operating deficit
 - Planning to pay off the existing Golf Fund cumulative deficit by fiscal year 2014-15.
- Provide support to recently established Downtown Phoenix, Inc., an organization that will work with existing downtown community groups to market and further develop downtown Phoenix. (DOWNTOWN COMMUNITY REINVESTMENT FUND)

Technology, Innovation and Efficiency, and Financial Excellence

- Implement E-procurement, Transparency, and Integrated Budget System to streamline purchasing operations, decrease costs, and enhance efficiency, transparency, compatibility, and fiscal reporting. (GENERAL, SPECIAL REVENUE AND ENTERPRISE FUNDS)
- Replace Planning and Development Services Permit Tracking System, or KIVA, which will enable streamlining and customer improvements to the city's development process, including online permit applications, mobile technology alternatives, and enhanced transparency and tracking. (DEVELOPMENT FUND)

Infrastructure

- Restructure the city's Arizona Highway User Revenue Fund (AHUR) to implement street improvement and safety enhancement projects, conduct North Mountain Redevelopment Area/Metrocenter multimodal study, downtown transportation study, second phase of downtown parking meter installations and create a temporary projects administrator to manage the additional projects. (AHUR FUND RESERVE)
- Fund freeway landscape maintenance for an additional nine miles along Interstate 17.
- Maintain new landscaping along the PHX Sky Train. (AVIATION FUND)

COMMUNITY INVOLVEMENT

The city of Phoenix strives to continuously improve financial transparency, engage residents in the annual budget adoption process, and provide opportunities for the community to provide input. A total of 20 formal budget hearings were held

throughout April 2013, in addition to budget presentations at community meetings. This is three more hearings than last year and five more than two years ago. As a result, the community is very involved in developing the city's budget. The community has provided input at budget hearings, by email, letters and through social media during Phoenix's online budget hearing with the Mayor and City Manager.

ADDITIONAL SERVICE CHANGES IN 2013-14 BUDGET BASED ON COMMUNITY INPUT

Public input provided during the budget process often results in changes to the city's budget. This year is no exception, as the final 2013-14 Budget includes changes reflecting the service priorities communicated by residents. Described below are restored and additional services beyond what was presented in the City Manager's Trial Budget. This once again demonstrates that the city is committed to responding to the community's input on the priorities, services, and programs important to our residents.

The additions were made possible as a result of further efficiency measures proposed by the city's Public Information Office, Parks and Recreation Department and by the Public Transit Department. These actions were in addition to the administrative efficiencies proposed in the Trial Budget. The Public Information Office is reducing three positions through the implementation of enhanced technology and additional outsourcing. Further savings will result from a pilot project for the rightsourcing of mowing services in a division of the Parks and Recreation Department. These actions result in annual ongoing General Fund cost savings of nearly \$300,000. Additionally, the Public Transit Department expects to achieve significant General Fund savings through contracting Reserve-A-Ride senior transportation services by implementing a taxi voucher based program. The change will result in an annual savings between \$100,000 and \$600,000, depending on utilization. The actions in the Public Information Office,





Parks and Recreation Department and Public Transit Department demonstrate the spirit of innovation and efficiency to find new ways of doing business that lower costs without reducing service to the community. These measures free up funding to provide the services below, including the possible need to help offset federal grant matching funds to advance the hiring of police officers in 2013-14.

Also, as a result of additional analysis of the Arizona Highway User Revenue (AHUR) Fund Reserve, another \$1.5 million is available to provide additional streets-related enhancements and fund bicycle infrastructure.

Based on feedback and input from the community on service priorities, as well as the savings and available reserve funds described above, the 2013-14 City Budget includes the additional services described below. Unless otherwise noted, these additions are paid for from the General Fund.

Education and Economic Development

- Restore five more Phoenix Afterschool Center (PAC) sites in addition to the three that were already proposed for restoration in the Trial Budget.
- Restore an additional \$100,000 in funding for the Job Training Program beyond the \$150,000 proposed for restoration in the Trial Budget.
- Restore \$50,000 for youth recreation programming.

Neighborhoods and Livability

- Restore additional park ranger positions to enhance safety, security and protection of mountain parks.

Infrastructure

- Use an additional \$1.5 million of the AHUR reserve to fund bicycle infrastructure and street maintenance throughout the city, reflecting an extensive community interest in increasing safe bicycle riding in Phoenix. (ARIZONA HIGHWAY USER REVENUE FUND RESERVE)

Public Safety

- Apply for Community Oriented Policing Services (COPS) grants from the U.S. Department of Justice. If awarded, the grants would offset funding required to hire as many as 25 additional police officers beginning in 2013-14. The grants cover up to \$125,000 over three years (or about \$42,000 per year) for each officer. Also, the grants will not cover costs for training or for necessary equipment. The costs to provide the necessary grant matching funds and to pay for the cost of new equipment will be covered by additional efficiencies, including those mentioned above. (FEDERAL GRANT FUNDING)

Neighborhoods and Livability

- Use \$900,000 in capital impact fee funding in addition to \$100,000 of existing federal funding to pay for site selection and conceptual design of the Cesar Chavez Community/Recreation Center near 35th Avenue and Baseline Road to address a need for recreational facilities in the Laveen area. (CAPITAL IMPROVEMENT-IMPACT FEES)

In all, the General Fund costs of the restored and added services to the community total approximately \$6.7 million. Also, the use of AHUR reserve funds for street improvement and maintenance projects, bicycle infrastructure and other streets related enhancements totals \$6.5 million. Other non-General Fund service enhancements total approximately \$3.6 million.

ADMINISTRATIVE EFFICIENCIES

As part of continuing efforts to reduce costs, specific administrative efficiency reductions in several departments totaling about \$11 million in ongoing savings are included in this budget. Also, the budget includes approximately \$5 million in savings from expected additional innovation and efficiency measures in 2013-14. With these actions, the city will achieve more than \$81 million in

innovation and efficiency savings since 2010, which is well on the way toward reaching the \$100 million savings goal by 2015. These reductions lower costs but do not negatively impact delivery of direct services to the public and are the result of outstanding work by city departments to enhance efficiency.

OVERVIEW OF 2013-14 BUDGET

The 2013-14 General Fund Budget is \$1,127,815,000. This is a 1.1 percent increase from the adopted 2012-13 General Fund budget, and the amount is \$71.5 million below the General Fund peak year in 2007-08. The 2013-14 budget amount for all funds, which includes General, Enterprise and Special Revenue Funds such as grants, and includes all debt service and pay-as-you-go capital costs, is \$3,502,506,000. This is a 2.0 percent decrease from the adopted 2012-13 budget for all funds, and \$233 million, or 6.2 percent, below the peak year in 2008-09 for all funds.

NON-GENERAL FUND CHANGES

Arizona Highway User Revenue Fund (AHUR) – A restructuring of AHUR Fund reserves totaling \$6.5 million will be used to add new bicycle infrastructure, implement street improvement, repair and safety enhancement projects, conduct a North Mountain Redevelopment Area/Metrocenter multimodal study, conduct a downtown transportation study, implement the second phase of downtown parking meter installation and create a temporary projects administrator to manage the additional projects.





Aviation Fund – Aviation will add six officers and two sergeants while reducing existing police overtime by an equivalent amount at zero net cost. Additionally, the Aviation Department will work with the Community and Economic Development Department to enhance international air service development and cover 50 percent of costs of a position dedicated to international economic development. Finally, Aviation will fund maintenance of new landscaping along the new PHX Sky Train facility.

Development Fund – This fund will add staff and funding to replace the aging permit tracking system (KIVA). This will streamline and improve the city’s development process, including online permit applications, provide mobile technology alternatives and enhance transparency. Also, this fund will add staff to assist the City Prosecutor’s Office in addressing non-permitted construction and unlicensed contractors.

Downtown Community Reinvestment Fund (DCRF) – Equivalent to this fund’s increase in 2011 when the Arizona Center property was sold, \$3 million will be used to increase the city’s Contingency fund. Additionally, \$1 million from this fund will be used to cover costs associated with ongoing downtown development, and \$100,000 will be allocated to support the newly formed Downtown Phoenix, Inc. organization.

Impact Fee Capital Improvement Fund – A reprogramming of projects in this fund will allow \$900,000 to be used for site selection and conceptual design of the Cesar Chavez Community/Recreation Center in the Laveen area.

Phoenix Parks and Preserves Initiative Fund (PPPI) – This fund is being used to reduce the cumulative Golf Fund deficit. Additionally, PPPI will cover costs to operate new and expanded facilities for the Sonoran Preserve, Tres Rios recreational facilities, the dog park at Margaret T. Hance Park, Echo Canyon trailhead expansion, Cortez pool renovation, Hermoso Park recreation center expansion, Winship House renovation and Rio Salado Peace Path.

Sports Facilities Capital Fund – The Sports Facilities Capital Fund includes necessary pay-as-you-go capital maintenance for the city’s downtown parking garages.

Water Fund – The Water Fund includes an increase to the existing program providing water related utility assistance for low-income Phoenix households in crisis.

Lastly, both General and non-General Funds capital and operating budgets will fund implementation of E-procurement, Transparency and Integrated Budget System and conversion of Public Safety and municipal wireless radio communications equipment to comply with a federal mandate.

CONCLUSION

The 2013-14 Budget demonstrates the city’s commitment to the continued restoration and enhancement of important services at the lowest possible cost. It includes enhanced and restored services to the community, further strides with innovation and efficiency, and greater budgetary and financial transparency. Best of all, the city received outstanding feedback from more residents than ever, 93 percent, who believe Phoenix is a good place to live. On behalf of all our outstanding city employees, I want to express our gratitude to the Mayor and City Council for strong leadership and dedication to the community. And to the dedicated city employees, thank you for the devotion to providing outstanding service and for continuing to reach new heights with implementing innovations and efficiencies in city operations.

David Cavazos
City Manager

May 7, 2013







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 Fiscal Year 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. Each committee consisted of two city Champions, two Champions from the public and one staff assistant. During the planning process, team members met with other city staff, researched existing public documents, and sought input from external partners. Each team's draft study-area goals were reviewed and revised through Work Study sessions of the Phoenix City Council. During the month of April 2011, the City Manager's Office held 15 Strategic Plan outreach meetings as a part of the community budget hearing process. During these sessions, staff presented an overview of the draft plan and received public comment that was incorporated into the final Plan.

The new 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

During the fall of 2011, the strategic area committees reconvened and started developing a strategic action plan with specific strategies and measurable outcomes, for each study area, through fiscal year 2013. The City Manager selected 25 goals from the citywide strategic action plan that staff will achieve by the end of calendar year 2012.

In December 2011, city staff reported on the 2011 Strategic Plan Accomplishments: 33 key accomplishments over the 10 study areas.

In the fall of 2012, city staff transitioned the Strategic Plan to SharePoint – a web-based intranet application that streamlines the management of and access to the strategic plan goals and accomplishments – thereby enabling city staff to put the most up to date information about the Strategic Plan online at phoenix.gov.

The Phoenix Strategic Plan continues to be updated annually as part of the normal budget process. For the first time, the city's Zero-Base Inventory of Programs Budget was organized and presented by the 10 Strategic Plan study areas.

Documents included in this section:

- Revised Phoenix Strategic Plan (April 2013)
- Strategic Plan Accomplishments 2012







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. Throughout the budget cycle, a strategic plan proves beneficial in communicating and setting budget priorities. The priorities in the Phoenix Strategic Plan will assist in allocating limited resources. The plan will be updated annually as part of the budget cycle. The Phoenix Strategic Plan was coordinated by a team in the City Manager’s Office. For more information about the Strategic Plan, visit phoenix.gov/strategicplan or send an email to strategicplan@phoenix.gov.

ECONOMIC DEVELOPMENT AND EDUCATION

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

Priorities

1. Create and retain high-quality jobs focusing on key domestic and international business sectors.

To a great extent, the quality of life for Phoenix residents will be dependent on the number and quality of jobs created and retained that are convenient and appropriate for residents of the city of Phoenix.

Strategies

- a. Support the attraction of wealth-generating, emerging technology, manufacturing, producer service, renewable energy and bioscience employers to the city of Phoenix.
- b. Support the retention and expansion of key wealth-generating employers.
- c. Attract foreign direct investment from around the world.
- d. Further develop the creation of a film production industry as a key business sector.

2. Foster an environment for entrepreneurial growth.

Entrepreneurs make critical contributions to the economy, including the generation of new jobs. Energized, educated entrepreneurs create economic opportunity for others and enhance a culture of innovation.

Strategies

- a. Facilitate the retention and expansion of small- and medium-sized wealth-generating businesses, particularly businesses focused on innovation, technology, finance/business services and biosciences.

- b. Participate in regional collaboration to enhance entrepreneurial opportunities.
- c. Support and grow diversity in Phoenix business ownership.
- d. Support initiatives that create and expand venture capital funds.

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.

Strategies

- a. Support development of the downtown research and educational campuses.
- b. Promote residential and commercial infill compatible with neighborhoods.
- c. Promote adaptive reuse of existing structures.
- d. Enhance the city by redeveloping brownfields.
- e. Comprehensively revitalize targeted neighborhoods.
- f. Engage and collaborate in Discovery Triangle.

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.

Strategies

- a. Continue efforts to preserve and expand the city’s retail sales tax revenue base.
- b. Attract new auto and other vehicle dealerships and retain existing auto centers/corridors.
- c. Market the Phoenix Convention Center.
- d. Promote and market the region to the business and leisure traveler.
- e. Support professional/amateur/youth sports, film, entertainment and special events, which generate tourism revenue.
- f. Encourage the revitalization of existing retail centers and neighborhood retail businesses.





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.

Strategies

- a. Provide assistance to job seekers and employers by focusing on high skill, technology and other key occupation areas.
- b. Collaborate regionally with community colleges, universities and other providers to develop school and training curriculum to develop skill sets for targeted key business sectors.
- c. Strengthen the relationship between the public-sector workforce programs and the business community.
- d. Coordinate and enhance economic development efforts with the education community by promoting quality STEM models within the K-12 system, including math and science career pathway programs that provide real world context.
- e. Focus resources on enrichment and education programs through community centers and libraries.
- f. Promote access to information technology and provide Phoenix residents with instruction and access to available resources.

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.

Strategies

- a. Promote the increased funding of early childhood development, health and social service programs.
- b. Collaborate with community resources to ensure all children have access to preventative and continuous health care, including physical, oral, mental and nutritional health.
- c. Support families with the information and services they need to help their children achieve academic success.
- d. Partner with institutions of higher education to train well-qualified early childhood teachers and care providers.

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.

Strategies

- a. Partner with schools, after-school providers, neighborhood organizations, businesses and other stakeholders to maximize educational opportunities for Phoenix residents.
- b. Leverage educational resources at Phoenix public libraries, including access to information technology.
- c. Promote sports, experiential learning, arts and other recreation programming known to improve learning outcomes.
- d. Focus resources on quality youth engagement, enrichment and education programs through community centers, libraries and school-based, after-school programs during out-of-school hours, when children are most at risk.
- e. Increase access to, and success in, higher education through College Depot.





FINANCIAL EXCELLENCE

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

Priorities

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

Strategies

- a. Implement a plan to achieve a general fund budgetary fund balance of at least 5 percent of total expenditures within the next five years to provide the necessary liquidity to address revenue volatility and unexpected expenses.
- b. Develop a multi-year financial plan for the general fund that maintains long-term bond ratings.
- c. Develop and maintain financial policies that achieve high bond ratings.
- d. Maximize current revenues by taking steps to ensure collection of established taxes, rates, fees and fines.

2. Prioritize capital and funding plans for critical infrastructure.

With the significant downturn in the state, local and national economy and the associated impact on revenues, the financial capacity to fund and finance additional capital projects has been significantly reduced. As a result, a focus on maintaining existing infrastructure must be balanced with the need for new infrastructure. This includes prioritizing the use of the remaining 2006 General Obligation (GO) bond capacity and other resources and investigating alternative methods to finance priority capital needs.

Strategies

- a. Establish a five-year capital planning process that prioritizes the evaluation of existing facilities and infrastructure and considers repair and/or replacement for use of available funds.
- b. Identify and evaluate alternative approaches to finance capital investments as part of the capital decision-making process.
- c. Prioritize the use of existing resources, for example remaining GO bond funds and pay-as-you-go (cash) funding, to address the highest priority needs.

3. Provide accurate and reliable revenue and expenditure forecasting.

To ensure available resources are allocated to the highest priority needs, accurate and reliable forecasts of both revenues and expenditures are needed. This requires access to the necessary resources and expertise to ensure all critical factors are considered in revenue forecasts and all factors that impact expenditures are considered and modeled. Accuracy of expenditure forecasts also requires discipline of all city departments to ensure expenditures are monitored and managed. Without accurate forecasts and management of expenditures, reserve levels may be tapped below critical levels and services may be unnecessarily reduced.

Strategies

- a. Maintain a fiscally responsible revenue forecast based on external and internal inputs and consistent with best practices to efficiently allocate resources.
- b. Establish an expenditure forecast that aligns with the city's strategic priorities.
- c. Develop multi-year performance measures and benchmarks to monitor the effectiveness of financial operations.
- d. Develop multi-year forecasts that contemplate various economic scenarios that assist in the development of alternative planning strategies.
- e. Develop structures and incentives to encourage and reward managers and employees for maintaining discipline in managing expenditures.

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.

Strategies

- a. Maintain comprehensive and continuous auditing of high-risk areas.
- b. Implement strong citywide policies and practices that promote ethical behavior.
- c. Provide accurate financial information on at least a quarterly basis that is easily accessible and understandable to internal and external audiences.
- d. Continue to ensure all steps are taken to receive financial excellence awards for budgeting and financial reporting from the Governmental and Financial Officers Association (GFOA) each year.
- e. Highlight financial successes and educate residents on the importance of high-quality credit ratings, e.g. AAA ratings.





INFRASTRUCTURE

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

Priorities

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

Strategies

- a. Plan, design, construct and operate new streets, pedestrian friendly sidewalks, bicycle lanes, hiking trails, bridges and drainage ways for new residential and commercial development to reduce congestion, improve air quality, reuse materials, leverage new technology, encourage infill development, create livable neighborhoods, and promote growth. Consider using modern street car and light rail as surface transportation modes to support and encourage new development.
- b. Maintain existing streets and associated assets in a state of good repair so they are clean, safe, and aesthetically pleasing for all users. Invest resources and technology to extend the service life of existing infrastructure, protect the city's investment, and support a high quality-of-life standard.
- c. Develop and maintain passenger and operating facilities for a multi-modal regional transit system. Utilize sound methodology and principles to locate facilities to meet ridership demands and bus operations. Implement a maintenance and improvement plan that adequately addresses the needs of federally funded assets. Continue to design and construct facilities that use sustainable design standards, are attractive, and provide an enhanced sense of security to encourage increased use of public transit.

- d. Procure and maintain assets required to operate the transit system. Coordinate with local agencies to ensure transit infrastructure will support transit operations. Analyze routes to ensure they will support ridership needs.
- e. Coordinate, permit and document private utilities within city right-of-way and easement areas to minimize initial roadway disruptions, reduce future roadway cuts, maintain reasonable utility corridors for future growth, encourage future development and minimize visual impact for residents and businesses. Improve reliability and accuracy of as-built documentation through new technology to increase safety and reduce utility locating and relocation costs.
- f. Plan, design, develop and maintain a green infrastructure, such as interconnected trail systems that increase shade canopy coverage and promote pedestrian mobility, parks, preserves, tree and shade master plans and habitat restoration.

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.

Strategies

- a. Participate in, or lead, planning efforts to maximize the effectiveness of future freeway construction alignments or expansions to the existing freeway system. Coordinate with partners on sustainable funding mechanisms to support present and future infrastructure improvements to the freeway system.
- b. Maintain local access to city owned and operated aviation facilities and expand the national and international destinations its airlines serve. Continue to improve and enhance or expand internal airport transportation systems.
- c. Coordinate with the appropriate agencies on expansion plans for increased freight corridors and participate in planning efforts to expand the heavy rail system to provide additional links to out-of-state destinations.

- d. Plan, design, develop and maintain a regional multi-use trail system to connect Phoenix with adjacent cities or preserve areas to accommodate walkers, hikers, joggers, bicyclists and equestrians. Consider jointly-funded regional projects to enhance existing connections and to evaluate inter-city connections and future infrastructure needs.

3. Develop and operate public utilities.

Protect the public health and environment by providing reliable, efficient and affordable water, wastewater, storm water and garbage and diversion (recycling, reducing, reusing) services.

Strategies

- a. Manage, develop, operate and maintain infrastructure that is integrated, well-maintained, reliable, aesthetically pleasing and continuously improves the high-quality service delivery standards.
- b. Develop a financing plan for long-term sustainable infrastructure growth and replacement that implements an equitable fee structure and incentives for conservation.
- c. Use public/private partnerships for growth and economic development. Optimize regional partnerships to cooperatively utilize new and existing infrastructure to maximize collection efficiencies, implement new diversion and resource recovery technologies, minimize the need for future capital investment, reduce transportation demands and provide sustainable land reuse.
- d. Develop an asset management plan that identifies improvements needed to ensure reliability, regulatory compliance, operational efficiencies and resource recovery, while creating an integrated system that improves information access by sharing citywide and across departments.





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.

Strategies

- a. Apply benchmarking and other industry comparison techniques in order to manage costs and maintain industry-leading service levels.
- b. Communicate the value of Capital Asset Management and establish a dedicated funding source for city infrastructure repair and capital improvements.
- c. Plan, construct and maintain park buildings, trails systems, open spaces, picnic areas and ramadas, pools, playgrounds, lighted basketball, volleyball, soccer and softball facilities, restrooms, and golf courses that meet the diverse recreational and cultural needs of the city’s residents and visitors. Continue investment to maintain appearance and safety of existing facilities which could result in greater use.

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 recent economic climate challenges the city to do more with less, while maintaining high-quality public services. The city must also remain dedicated to developing and seeking continuous improvements in business processes, and maintaining a culture of innovation and efficiency. The recent efforts of the City Manager in creating the Innovation and Efficiency Task Force have helped set the stage as the city formalizes its approach.

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 be integrated into the way every day 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.

Strategies

- a. Develop a communication plan for executive and middle managers to create an innovation and efficiency movement through all levels of staff.
- b. Empower supervisory staff to encourage and reward the creation of innovative ideas as a dominant model within the organization.
- c. Build innovation and efficiency core values and skills sets into staff management practices, including recruitment, selection, orientation, development, mentorship, performance measurement and compensation systems.
- d. Cultivate and reward a philosophy of innovation through exploratory thinking among all employees.

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.

Strategies

- a. Assign an executive sponsor from the City Manager’s Office with the authority, responsibility and resources to provide strategic direction, guidance and support for innovation and efficiency objectives.
- b. Utilize technology and a standard business process evaluation approach to achieve optimal efficiency and streamlined systems in providing top quality services.
- c. Invest resources necessary to carry out innovation and efficiency strategies and objectives.
- d. Continue to evaluate and rightsource services to maximize efficiency while maintaining the highest quality public service.

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.

Strategies

- a. To lessen the “business silo” effect, provide incentives for department directors, managers and staff to collaborate, consolidate, streamline and adapt processes or functions that overlap or cross formal organizational structures.
- b. Identify unneeded requirements or obsolete expectations that unnecessarily slow down business processes and work to eliminate 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.

Strategies

- a. Celebrate innovation and efficiency efforts and accomplishments on a citywide scale.
- b. Actively inform customers of innovation and efficiency efforts through available public communication methods and media.
- c. Improve the use of social media and expand the city's communication vehicles and processes with the use of technology.
- d. Continue to reach out to the community through the Mayor and City Council, Boards and Commissions, neighborhood associations and other stakeholders to engage the community and invite participation and input.

NEIGHBORHOODS AND LIVABILITY

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

Priorities

- 1. Support neighborhood vitality through strong partnerships, collaborations and by leveraging resources.** In order to preserve healthy, vibrant, diverse and safe neighborhoods, the city must support neighborhood self-reliance and enhance the quality of life for all residents through community-based problem solving, neighborhood-oriented services and public/private cooperation.

Strategies

- a. Encourage and continue to enforce compliance with city ordinances to prevent blight, address graffiti, illegal activities (dumping, signage and businesses) and deterioration in order to ensure a quality community.
- b. Strengthen the capacity of neighborhood organizations, volunteers, businesses, nonprofit and faith based organizations to assist in addressing neighborhood issues effectively in partnership with the city to make Phoenix an attractive place to live and work.
- c. Focus revitalization efforts in a manner that maximizes private and public resources to the greatest extent possible.
- d. Enhance the physical and economic environment of principally low- to moderate-income neighborhoods including continued strategic revitalization through the various programs and services supported and funded through federal, local and private resources.
- e. Ensure that new development in or adjacent to neighborhoods is compatible and promotes adaptive reuse of vacant and underutilized buildings and structures.

- f. Promote aggressive and appropriate neighborhood infill development to improve Phoenix neighborhoods, reduce decay and take advantage of opportunities to maintain healthy communities.

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.

Strategies

- a. Support strong housing development by designing all housing units, subdivisions and site plans in a quality manner to promote health, safety, functionality, attractiveness and sustainability.
- b. Increase homeownership opportunities to help stabilize neighborhoods.
- c. Promote and increase the availability of decent, safe and affordable housing and expand the supply of assisted housing choices.
- d. Encourage the development of special needs housing and supportive services for persons with disabilities, seniors, homeless and those with special needs. Work with for-profit and nonprofit organizations to promote and participate in a regional continuum of care system that will effectively transition persons who are homeless to appropriate permanent housing.
- e. Provide quality, affordable rental housing opportunities through the acquisition and rehabilitation of existing properties and construction of new rental units that focus on undergoing revitalization, receiving rehabilitation (federal and/or grant funding) benefiting low- and moderate-income households in collaboration with external partners.
- f. Support and ensure equal opportunity and fair housing by prohibiting unlawful discrimination in housing by addressing and reducing impediments.





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.

Strategies

- a. Support healthy communities by providing clean, safe and accessible parks and recreational facilities that meet the needs of Phoenix neighborhoods and incorporate sustainable design standards with available resources.
- b. Support diverse and accessible educational and life enrichment activities that embrace art, dance, music, culture, fitness, nutrition, sports and out-of-school time as a foundation for recreational activities offered at parks and park facilities.
- c. Create a network of shared-use trails and pathways that are safe, convenient and connected within and between preserves and parks.
- d. Protect natural and open spaces, such as mountain and desert preserves, in order to preserve the environment and provide recreational opportunities for Phoenix residents and visitors.

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.

Strategies

- a. Enrich and infuse arts and culture into all aspects of Phoenix's life by integrating arts and culture into neighborhoods citywide and public art into planning and development of Phoenix's infrastructure.
- b. Generate public and private support and resources to strengthen, expand and stabilize funding for the arts.

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.

Strategies

- a. Develop and maintain a system of public libraries with sufficient technology, materials, hours and staff to meet each community's needs.
- b. Design, build and maintain signature facilities that are accessible to all residents.
- c. Continue an aggressive plan of library development, expanding and/or renovating existing facilities and building new ones to meet residents' needs.
- d. Enhance library technology to provide greater access to the internet and electronic resources for library users.





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.

Strategies

- Conduct a study of current industry and professional pay levels and compensation practices by benchmarking other organizations.
- Explore alternate pay and benefit options.
- Actively seek out a diverse and talented pool of candidates who possess the values and skills consistent with organizational goals.

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.

Strategies

- Analyze and evaluate employee and retiree health care benefit options.
- Create citywide programs focusing on increasing employees' capacity to manage their own wellness and health care.
- Recommend technology uses for greater access to current credible data to make informed decisions and improve work responsiveness.
- Engage policy makers and senior executives in a unified, on-going cultural shift toward improving wellness productivity initiatives citywide.

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.

Strategies

- Develop and implement comprehensive internal communications to increase understanding and connection to city of Phoenix goals and values among employees at all levels of the organization.
- Promote more interdepartmental communication to increase consistency of messages, ensure faster decision making, empowerment, effectiveness and accountability.
- Create an alliance of understanding between employees and the public, through a variety of media formats, to accurately demonstrate and communicate the city's efforts in running a world-class operation.
- Use new technologies, such as Facebook, Twitter and other social media, to reach employees and the public.
- Develop opportunities to "showcase" improvements, accomplishments, and quality programs provided by employees that benefit the community.

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.

Strategies

- Analyze and develop a reward and recognition program that supports the organization's goal to attract and retain top talent.
- Establish methods for capturing organizational knowledge and expertise through workforce planning efforts.
- Recommend professional development and training opportunities that reflect the key values of the organization.





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.

Strategies

- a. Coordinate a citywide program that increases exposure to volunteer opportunities throughout the city of Phoenix.
- b. Use new technology to recruit, schedule, recognize and report on volunteers and their impact.
- c. Identify and engage with community and corporate partners to develop quality programs and services that can address the community's greatest needs.
- d. Explore and capitalize on opportunities to work with outside agencies to pool resources, share information and manage an increased number of volunteer projects.
- e. Work with city departments to identify new ways to engage volunteers in support of city services.
- f. Identify and implement a volunteer recognition program.

PUBLIC SAFETY

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

Priorities

- 1. Prevent crimes and accidents by enhancing community awareness of public safety systems and partnering with other crime prevention programs.** The city provides the community with information about a variety of public safety issues including crime and accident prevention, information on the operation of the judicial system, and education on police and fire department services.

Strategies

- a. Provide information and education to Phoenix residents and visitors about actions that can be taken to keep themselves and their families safe.
- b. Provide residents and visitors with information about how public safety agencies deliver service to the community and the operation of the judicial system.
- c. Educate communities in traffic safety and the prevention of crime and accidents in the home and workplace.

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.

Strategies

- a. Provide appropriate training, continuing education, professional development, programs and procedures to be able to better serve their customers, and support their safety and well-being.
- b. Provide appropriate management and planning support for public safety service providers.
- c. Provide necessary resources including personnel, equipment, vehicles, and facilities for public safety service providers.

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.

Strategies

- a. Deploy public safety resources to respond to emergencies within acceptable timeframes.
- b. Support emergency response with appropriate investigation and prosecution activities.
- c. Provide equal access to justice, professional and impartial treatment, and the fair and timely resolution of all court matters.
- d. Provide sufficient resources to manage incidents of regional significance.
- e. Work in concert with other public safety, governmental and non-governmental agencies to eliminate duplication and provide quality service and seek opportunities to work cooperatively to improve customer service and efficiency.
- f. Ensure that after an incident, recovery of public and private resources occurs in the affected area(s).





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.

Strategies

- a. Embrace diversity and treat every customer with respect, compassion, equality, and fairness and work in a way that engenders community trust and support.
- b. Build relationships with communities and the public that encourage collaboration, communication, trust, and understanding.
- c. Provide customers with a venue to openly discuss issues of concern.
- d. Seek opportunities to work cooperatively with other jurisdictions and groups to improve the efficiency and effectiveness of customer service.
- e. Maintain relationships with other city of Phoenix departments to ensure that public safety is incorporated into the plans and goals of non public safety departments.
- f. Provide volunteer opportunities for community members

5. Ensure fiscal responsibility in all public safety efforts. Public safety managers and public safety workers must be responsible stewards of the funds provided by the customers to support public safety efforts.

Strategies

- a. Encourage, support, and value innovation, efficiency, and continuous improvement.
- b. Be open to discuss and implement change in service provision methods and change in the needs of the communities that we serve.
- c. Constantly seek ways to reduce the cost of public safety services while preserving or improving the quality of the service provided.
- d. Utilize resources and technology carefully and effectively.
- e. Pursue grant funding from all sources, as appropriate, to provide public safety services.

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.

Strategies

- a. Enhance the support and delivery systems of core services including shelter, utility assistance, housing, and food to vulnerable populations.
- b. Expand access to city and nonprofit programs providing essential services.
- c. Enhance the coordination of emergency programs to streamline client access to services.
- d. Increase the effectiveness of existing and new programs through the implementation of innovative service delivery models with increased emphasis on accountability and performance-based assessments.

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.

Strategies

- a. Promote linkages to job training and other employment and educational resources empowering low-income households to realize a livable wage.
- b. Enhance the community's capacity to provide at-risk populations, including the disabled, elderly and chronically homeless, with access to supportive services leading to greater self-sufficiency.
- c. Develop performance-based measures, such as a "Return on Investment" (ROI) to promote effective program management and responsible fiduciary stewardship of fiscal resources.
- d. Create safe and affordable housing opportunities for all Phoenix residents by strengthening programs and services that enhance opportunities for households to gain and/or retain housing meeting their economic, social and cultural needs.





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.

Strategies

- a. Engage faith and community-based organizations by promoting awareness of social services issues and developing their ability to actively respond to these needs.
- b. Maximize the impact of faith and community-based organizations' participation on the health and capacity of social services networks by leveraging their increased support through coordinated planning and strategic partnerships.
- c. Enhance and expand the formal and informal networks connecting the social services sector (non-profits, faith community, etc.) to individuals and families in high need neighborhoods.
- d. Develop new and innovative mechanisms to improve the alignment and efficiency of local and citywide social services resources to meet neighborhood needs.
- e. Strengthen communities by promoting a broad and diverse continuum of programs and services.

SUSTAINABILITY

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

Priorities

1. Accelerate renewable energy development. The city has a long-standing commitment to resource conservation and continues to be an active participant in energy conservation, efficiency and environmental preservation. Pursuing renewable energy development guides the city towards energy independence.

Strategies

- a. Pursue utility scale solar development through emerging technology on the SR 85 Landfill property.
- b. Implement small or distributed scale solar projects on city-owned buildings and property.
- c. Proceed with gas-to-energy projects at landfills and treatment plants.
- d. Develop effective public-private partnerships to secure timely power purchase and solar service agreements.

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.

Strategies

- a. Actively participate with the Maricopa Association of Governments (MAG) to attain and exceed federal air quality standards for the region.
- b. Create sound water management policy and ensure choices are available to engage residents in conservation efforts including water, solid waste, natural habitat and open space.
- c. Seek, evaluate and integrate emerging technologies and products including green building elements, environmental purchasing, energy management, alternative fuels, alternative surfacing materials and heat island reduction.
- d. Develop new methods to further reduce the tonnage of solid waste being hauled to landfills and increase recycling participation and diversion rates by residents.
- e. Continue attaining federal funds to pursue sustainability initiatives.
- f. Facilitate the development and expansion of local green businesses to achieve a stronger economy and job creation in the city.





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.

Strategies

- a. Develop and implement voluntary programs and incentives for the community to participate in residential sustainability initiatives.
- b. Implement recommendations from the Tree and Shade Master Plan and develop integrated pedestrian, bicycle and transit plans.
- c. Utilize the Capital Improvement Program to achieve sustainability priorities.
- d. Promote mixed land use to achieve complete communities and encourage infill development.

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.

Strategies

- a. Strengthen and support the city's Sustainability Task Force efforts through a renewed organizational commitment and public/private partnership networking.
- b. Provide a mechanism to formally coordinate public information and education programs offered by the city and its partners regarding sustainability.
- c. Develop media campaigns, utilizing multiple channels to increase internal and external messaging on organization sustainability programs and accomplishments.
- d. Engage city of Phoenix employees by fostering a culture of sustainability.

TECHNOLOGY

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

Priorities

1. Provide seamless customer service.

A seamless customer experience is achieved when a customer interacts with both internal and external city service providers without experiencing service interruptions during the service delivery process.

Strategies

- a. Use technology to provide a consistent customer experience, based on standardized service processes applied to all forms of customer interaction.
- b. Enhance phoenix.gov as a single "front door" for residents and businesses by offering Web-based government services.
- c. Adopt and expand the concept of technology service catalogs and hardware/software services that assist internal and external customers with finding technical solutions to business problems.
- d. Support the concept of a single "3-1-1" contact center through which telephone and web inquiries can be funneled to provide efficient and timely customer support and case management tracking.

2. Increase operational efficiency through constant innovation.

Constant product and service innovation nurtures ideas and focuses on customer satisfaction, combines process and technology to enhance productivity and value, drives down operational costs and supports other city strategies.

Strategies

- a. Support and drive innovations that leverage technology and business solutions citywide.
- b. Focus on organization-wide applications, using right-sourcing and managed services where appropriate.
- c. Partner with city departments to conserve and redeploy resources while providing services supporting multiple city lines of business.
- d. Encourage development and use of computer-based business analysis processes and tools to more efficiently manage business data as well as help identify trends and innovations that impact customer service delivery.

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 them the opportunity to conduct their business online versus waiting in line.

Strategies

- a. Investigate strategies to assist internal and external customers with access to data and web-based services at outlying city facilities.
- b. Identify common transactions and customer services within departmental business processes that can reasonably be developed into web-enabled services.
- c. Modify and implement online systems that utilize reengineered business processes for departments and the community.
- d. Create a technology foundation to support web-enabled government services.





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.

Strategies

- a. Establish citywide business standards and measurement criteria that support consistency in IT project management, project completion and realized benefits.
- b. Enhance IT standards and requirements that will govern information system design, development and operation across all city departments.
- c. Consolidate technologies where practical to take advantage of savings achieved through economies of scale.
- d. Secure software and hardware savings through volume purchasing and installation, and reduced maintenance costs.

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.

Strategies

- a. Establish the organizational framework to develop and implement a comprehensive security and privacy program.
- b. Educate employees and residents about the importance of information security and about safeguards to protect confidential data.
- c. Collaborate with city security authorities to ensure a unified security and privacy framework.
- d. Investigate strategies to insulate the city's technology infrastructure from threats to information security and privacy by adopting and implementing industry-standard continuity of operations concepts.







Strategic Plan 2012-13 Major Accomplishments

ECONOMIC DEVELOPMENT AND EDUCATION

1. Significantly increased visitations to existing businesses to increase pipe line leads by implementing a strategy to visit the Top 100 employers in Phoenix. The strategy focused on contacting each of the Top 100 employers at least once to schedule a visit.
2. Fostered neighborhood stability for communities hit hard by foreclosures through the Neighborhood Stabilization Program by monitoring the number of low and moderate income families assisted to reoccupy vacant foreclosed residential units.
3. Partnered with nonprofits or private organizations seeking funding for youth services and child care through the citywide Public Service Request For Proposals, with 37,681 low/moderate income youth served.

FINANCIAL EXCELLENCE

1. Updated and maintained financial policies that achieve high bond ratings by monitoring Bond Ratings and Outlooks received from rating agencies.
2. Established an expenditure forecast that aligns with the city's strategic priorities by incorporating reconciliation process between forecast and city priorities into annual budget cycle.
3. Provided accurate financial information on at least a quarterly basis that is easily accessible and understandable to internal and external audiences by developing and posting online summarized financial report for public.

INFRASTRUCTURE

1. Procured and maintained assets required to operate the transit system, coordinated with local agencies to ensure transit infrastructure will support transit operations, and analyzed routes to ensure they will support ridership needs. This was accomplished by expanding analyses of ridership data and existing/planned operational service levels.
2. Worked with Arizona Department of Transportation, Maricopa Association of Governments and other city departments to incorporate transit-friendly amenities and features into regional freeway system projects.

INNOVATION AND EFFICIENCY

1. Improved use of social media and expanded the city's communication vehicles and processes with the use of technology by reaching 5,000 views on the city of Phoenix YouTube site.
2. Continued to evaluate and right-source services to maximize efficiency while maintaining the highest quality public service. Recommended examples include outsourcing the Senior Meal Program and insourcing risk management litigation services.
3. Continued to reach out to the community through the Mayor and City Council, Boards and Commissions, neighborhood associations, and other contacts to engage the community and invite participation and input. This was achieved by developing a mailing list to inform boards and commissions of Innovation and Efficiency Efforts.
4. Piloted the use of tablet devices used by Street Transportation field staff to eliminate redundant data entry processes.

NEIGHBORHOODS AND LIVABILITY

1. Promoted and increased the availability of decent, safe and affordable housing and expand the supply of assisted housing choices by working with the Phoenix Residential Investment Development Efforts (PRIDE) board to update their strategic vision to maximize their financial strengths.
2. Encouraged and continued to enforce compliance with city ordinances to prevent blight, address graffiti, illegal activities and deterioration in order to ensure a quality community. Changed the City Code to allow for better prosecution of illegal dumping, increased staff dedication to the investigation, education and enforcement of illegal dumping.

PHOENIX TEAM

1. Established methods for capturing organizational knowledge and expertise through workforce planning efforts. The Human Resources Department completed the Knowledge Transfer Toolkit, which is used as a guide to provide departments an effective and efficient way to identify, capture and transfer essential knowledge to ensure the continuity of the processes and services our customers expect from the city of Phoenix.
2. Conducted a study of current industry and professional industry levels and compensation practices by benchmarking other organizations by developing a consultant report.
3. Coordinated a citywide program that increases exposure to volunteer opportunities throughout the city of Phoenix by developing and implementing a citywide volunteer website.





PUBLIC SAFETY

1. Deployed public safety resources to respond to emergencies within acceptable timeframes by maintaining initial arriving emergency response time below the average for the past three years and maintaining ambulance response times below the state-mandated standard.
2. Provided appropriate training, continuing education, professional development and programs and procedures to be able to better serve customers and support their safety and well-being. Developed a case management training program for all sworn personnel within the Investigations Division and delivered the training.

SOCIAL SERVICE DELIVERY

1. Provided emergency assistance, including utility rental and emergency food services within a case management service delivery model to stabilize crisis situations. More than 12,000 Phoenix households were provided emergency assistance and case management services annually.
2. Completed a Return on Investment (ROI) pilot initiative on Open Table program for social services to improve program outcome and impact assessments.

SUSTAINABILITY

1. Developed effective public-private partnerships to secure timely power purchase and solar service agreements by executing the request for qualifications (Request for Qualifications) process for power purchase agreements at the downtown parking garages.
2. Developed new methods to further reduce the tonnage of solid waste being hauled to landfills by reducing green waste tonnage and by adding one site for debris chipping and reuse as mulch.

TECHNOLOGY

1. Encouraged development and use of computer-based business analysis processes and tools to more efficiently manage business data as well as help identify trends and innovations that impact customer service delivery. This was achieved by implementing GIS Map Routing Inspection Requests.
2. Focused on organization-wide applications using right-sourcing and managed services by replacing the Automated Vehicle Identification System in order to meet full ground transportation business requirements.







Sunshine Review, a non-profit organization dedicated to state and local government transparency, recognized Phoenix with a 2013 Sunny Award for the content phoenix.gov provides to residents.





Our Commitment To Excellence

Phoenix continues the pursuit of excellence throughout the organization. Delivering quality, efficient, cost-effective services to Phoenix residents is the cornerstone of the organization's commitment to public service.

One of our most remarkable achievements is the recent Community Opinion Survey regarding the quality of life in Phoenix. More than nine out of 10 residents, or 93 percent, said Phoenix is a good place to live; this is the highest rating level in the history of the survey. This is a result of outstanding leadership of the Mayor and City Council and the city's excellent employees.

This year, satisfaction rates for top city services were analyzed, comparing survey results from 2002 to 2012. Satisfaction rates increased over the last 10 years for 20 out of 26 services such as police protection, enforcing traffic laws, emergency medical services, garbage and recycling, preserving mountains and deserts, and property maintenance standards. Overall satisfaction with providing services also increased from 83 percent in 2010 to 87 percent in 2012.

City Manager David Cavazos created the Innovation and Efficiency Task Force in 2010 to develop and implement innovative processes that would result in more efficient delivery of services to the community, while at the same time maximizing the use of limited taxpayer dollars. The task force is made up of private-sector members and city management and was charged with examining alternative service delivery methods; identifying organizational structure efficiencies, evaluating rightsourcing opportunities, implementing process improvements, and ensuring the city's continued focus on customer service. To accomplish its goals, the task force established work groups to collaborate

with every city department to identify specific improvements and cost-saving initiatives. More than 1,100 ideas were proposed by employees through a website suggestion program.

Thus far, the city has achieved more than \$65 million in ongoing savings. The 2013-14 City Manager's Trial Budget proposes an additional \$16 million in efficiency savings, advancing the city closer to its goal of \$100 million by 2015.

The City Manager also initiated an organizational review process that has led to a leaner work force and more efficient delivery of services. As part of the organizational review, the city eliminated layers of supervision, streamlined services, identified efficiencies and reduced management staffing at twice the rate of overall staff reductions.

In recognition of these processes, the city of Phoenix received an Award of Excellence from The Alliance for Innovation, a nonprofit group that promotes excellence and innovation in local government.

Other 2012-13 accomplishments include:

- Implementing Public Transit route efficiency changes, saving about \$3 million annually.
- Making improvements to various Public Works Department processes that reduce costs by about \$2.7 million annually.
- Reducing maintenance costs in the Water Services Department by about \$3.1 million annually from the sale of a property in McMullen Valley, Arizona.

The city of Phoenix is committed to helping residents understand how their tax dollars are being spent and to making all our processes, accessible, and easy to understand. This commitment was recognized by Sunshine Review, a

nonprofit organization dedicated to state and local government transparency, with a 2012 Sunny Award for exceeding transparency standards for the content it provides to residents at phoenix.gov. This is the third year in a row Phoenix has received the award, and is one of only 214 jurisdictions out of 6,000 reviewed, or the top 3.5 percent, to be recognized.

As part of efforts to advance transparency and to further engage citizens in helping shape the city's budget, the city provides one of the most open and accessible budget input and adoption processes in the country. The Zero-Based Inventory of Programs Budget document was transmitted to the Council and community six weeks prior to the City Manager's Trial Budget and subsequent Community Budget Hearings. This provides important context for evaluating the Trial Budget that is released at the end of March. The document is online, searchable, and has links to allow for easy navigation. The Inventory of Programs document answers many questions for residents, including the following:

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





- What sources of funding are used to pay for these programs?
- What services are provided by these programs and how are they being measured?

Additionally, in February, staff provided the preliminary status for the 2013-14 budget, a Five-Year General Fund Forecast, and updated Public Safety Funds Forecast to City Council. These presentations provided a strategic and long-term view of the city budget and provided necessary context and considerations for well-informed budget discussions and decisions.

A new fiscal transparency project was implemented over the past year and another is planned for the future that includes:

- A redesigned Budget and Research Department website, which now features a more graphics driven interface with information presented in smaller pieces and multiple formats to make learning about the budget more accessible to residents. Included on the website is a short video on the city's budget development and adoption process, a FAQ section to address commonly asked questions, a glossary of budget and fiscal terminology, and an online calendar that allows residents to see when budget related reports go to Council with links to the reports, and a map link for community budget hearings with links to video recordings of the hearings.
- The Finance Department is currently implementing technology enhancements that make vendor payment information available online. Initially there will be a simplified version that will allow the public to view payment information by department. The Finance Department is also moving forward with a more extensive version of the online financial database for payment and contract information.

In addition to fiscal transparency, here are a few non-fiscal examples of how Phoenix currently makes our city accessible:

- An online searchable history of all actions taken at council and subcommittee meetings including meeting agendas, staff reports, meeting minutes, contracts and payment ordinances. The "Search of Public Records" function is linked to the phoenix.gov homepage under "eServices."
- The "eServices" area of the phoenix.gov homepage provides easy online access to many city services including; a search tool for campaign finance documents, Pay My City Service Bill feature, building permits/inspections information, filing a police report, paying a court fine, fee or restitution and registering to receive notices of city bids.
- All Phoenix City Council meetings, including subcommittee meetings, are televised live on PHX11, phoenix.gov, and the city's Facebook page. Meetings are archived on phoenix.gov and on the city's YouTube - youtube.com/cityofphoenixaz.

The city's philosophy and commitment of maintaining a highly trained and well educated workforce is imperative to achieve the maximum contribution a workforce can provide to the customers they serve. In addition to the community's recognition of a job well done, the city and its employees have also been recognized by a variety of professional organizations for its continuous pursuit of excellence. The following is a list of just a few awards and recognitions received by the city during the course of this fiscal year.

- Hundreds of city parks, recreation facilities and other spaces to play earned the city of Phoenix Playful City USA recognition for 2012 from KaBOOM!, a national nonprofit organization dedicated to encouraging communities to increase play opportunities for children. This is the sixth year that Phoenix has received this acknowledgement. To earn the award each Playful City USA community must demonstrate creative efforts to increase play opportunities for children.

- The Phoenix Business Journal has selected the city of Phoenix as one of the Valley's healthiest employers for the second year in a row. The city constantly strives to improve employee health and wellness programs and this year added on-site health coaching at selected city work locations offering employees advice on nutrition, exercise and stress management.
- The city of Phoenix and its partners were among the top winners in the Valley Forward's 32nd Annual Environmental Excellence Awards. Valley Forward is committed to honoring communities participating in sustainability initiatives that create a foundation for a better future. The city of Phoenix and four project partners received the highest honor, a President's Award, for the Maricopa County Master Watershed Stewards Program. The program graduates volunteers that spend hours learning about water quality, riparian areas, groundwater and surface water management to educate others on improving watersheds and their communities. The city also received awards or recognition for the following projects: South Mountain Community Library, Tres Rios Restoration Project, Central Station, Ocotillo Library and Workforce Literacy Center, and the 27th Avenue and Baseline Road Park-and-Ride.
- The Phoenix Office of Arts and Culture in partnership with Arizona State University Art Museum and the Roosevelt Row Community Development Corporation received a \$100,000 National Endowment for the Arts (NEA) "Our Town" grant. The grants are awarded annually to fund innovative efforts to stimulate local economies through the arts. Phoenix is one of 80 communities in 44 states to be awarded a grant. NEA awards grants to organizations with creative place making projects to help transform communities into lively, beautiful and sustainable places with the arts at the core.





- The Finance Department received a Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association (GFOA) for its 2011-12 comprehensive annual financial report (CAFR). The city has earned the award continuously since 1976.
- The Budget and Research Department received a Distinguished Budget Presentation Award from the Government Finance Officers Association (GFOA). The GFOA is committed to enhancing and promoting the professional management of governments for the public benefit by identifying and developing financial policies and best practices. The city has earned this award continuously since 1985.
- Sky Harbor International Airport's mobile website placed first in the Airports Council International – North America (ACI-NA) 2012 Excellence in Marketing and Communications contest. Websites were judged on design, ease of navigation and overall effectiveness. Soon after its November launch, the mobile website was receiving 14,000 visits per week. The site provides travelers with the information they need on-the-go and is easy to read on smartphones and tablets. To access it, visit skyharbor.com from a mobile device.
- The city of Phoenix received the International City/County Management Association (ICMA) Certificate of Excellence for Performance Measurement for its commitment to continuous learning and improvement based on a criterion of effective, results-orientated management practices.

We are Committed to Making Phoenix Better

The city of Phoenix has been named an All-American City five times by the National Civic League. This honor is based largely on our partnership with Phoenix residents who are inspired to be a part of our great city through volunteering. Many residents serve as volunteers with city programs, boards, commissions, task forces and committees and are an integral component to the delivery of city services. Last fiscal year, nearly 30,000 people volunteered their time, generating an estimated value of \$12.7 million for the city of Phoenix.

This year the city will launch a new enhanced volunteer website which will make the process of volunteering more seamless for our residents and will allow staff to more efficiently manage thousands of volunteers. In addition, the first ever citywide volunteer recognition ceremony, Impact Volunteer Awards, was hosted. This ceremony is dedicated to recognizing volunteers known for their extraordinary contribution to our community. A listing of volunteer opportunities is available on the city of Phoenix website at phoenix.gov.

Vision and Values

This year the city updated its Vision and Values statements, which continue to serve as a common source of motivation for city of Phoenix employees to do all that they can to make Phoenix better. The updated Vision and Values statements are shown below:

CITY OF PHOENIX VISION STATEMENT 2013

We will make Phoenix a great place to live, work and visit by fostering a dynamic and sustainable environment with exceptional public services.

CITY OF PHOENIX VALUES STATEMENTS 2013

We are committed to excellence through:

1. Exceptional Customer Service
 - We exist to provide responsive and consistent customer service to the community and to city employees. We exhibit empathy by listening to each other and to the public in our efforts to deliver services that improve people's lives.
2. Integrity and Transparency
 - We safeguard the public trust through honest business practices and open communication. Our credibility with the public depends on our strong ethical stewardship of all resources.



Hundreds of city parks, recreation facilities and other spaces to play earned the city of Phoenix Playful City USA recognition for 2012 from KaBoom!





3. Respect for Diversity

- We recognize and respect the differences that make us unique. We embrace diversity in everything we do to create a healthy and productive community and workplace.

4. Personal Empowerment

- We trust our employees to always own the problem and solution in addressing business challenges. We value and invest in the growth and development of our employees.

5. Engaged Teamwork

- We engage employees and the public in productive and respectful dialogue. Our success hinges on dynamic and interdependent partnerships. We achieve our highest performance by working together.

6. Consistent Professionalism

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

7. Creativity and Innovation for Excellent Results

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

Not only do city of Phoenix employees follow these guiding principles in their workplace, they show they care about the community they serve by contributing financially to the Valley of the Sun United Way through the city of Phoenix Community Service Fund Drive. This year, The Valley of the Sun United Way presented three awards to the city, including a “Million Dollar Club” award for raising more than \$1 million during the city “Giddy-Up and Give” campaign.

City of Phoenix employee organizations and departments coordinate various fund raising events to assist communities in need both locally and globally. In addition, city employees volunteer in the community with many organizations serving youth, homeless, disadvantaged, marginalized and other areas of need.

The following are more examples of how city employees, have demonstrated their commitment to our Vision and Values statements by going above and beyond to improve the quality of life for Phoenix residents.

- Phoenix Police Sgt. Natalie Simonick was patrolling in her squad area and stopped what appeared to be a juvenile for a possible curfew violation. After finding no violation or police record she offered him a courtesy transport home because he was on foot and still a long way from his house. In the conversation that ensued, Sgt. Simonick learned that he worked at a fast food restaurant and often had to walk that distance (more than six miles from his home) because no buses ran during his work hours. She also learned that he did not have a bike nor had he ever learned how to ride one. In the weeks to follow, Sergeant Simonick took it upon herself to seize an opportunity to make a difference in this young man’s life. At her own

expense, she donated a mountain bike, safety lights, helmet, and bike lock. She was further determined to see to it that he learned to ride the bike safely. Sergeant Simonick arranged with three of her fellow officers, Brian Dennis, Stuart Babcock and Jakob Burke, to meet the young man at Paseo Highlands Park where they outfitted him with his bike equipment and taught him the basics of bicycle safety.

- Alan Cottrell and Ron Ponce, Water Services employees along with a resident saved the lives of two men whose helicopter crashed in a central Phoenix neighborhood. The employees used a pry bar to break down a locked gate to get to the crash site and help the injured pilot and passenger out of the helicopter.
- Aimee Conroy and Mark Henslee from Water Services were both honored at the 2012 Arizona Water Association Annual Conference. Aimee Conroy was named “Engineer of the Year” and Mark Henslee was named “Operations Supervisor of the Year.” Water Services distributes tap water to 1.5 million customers over approximately 540 square miles, and provides water and sewer rates that are among the lowest in comparable-sized cities nationwide.



Alan Cottrell and Ron Ponce, Water Services employees, along with a resident saved the lives of two men whose helicopter crashed in a central Phoenix neighborhood.





- Gail LaTour, from the Public Works Department was presented with the Green Guru Award of 2013. Gail's passion for promoting healthy living led to the implementation of the Green Gardening Group (G3), the Downtown Demonstration Garden, and the city's first Food Day Event. Food Day is a nationwide movement toward healthy, affordable and sustainable food. Gail led a group of employees and 25 local businesses to host the first Food Day in Phoenix. More than 1,000 attendees enjoyed cooking demonstrations, menu sampling from local restaurants and education/information on eating and growing healthy foods.

City of Phoenix Excellence Awards

Each year, the city honors city employees and employee teams for excellence. Their efforts help to make Phoenix a more livable city.

- Ilene Klein with the Information Technology Services championed, designed, authored and implemented a new website that is devoted to information security and privacy. The website, phoenix.gov/infosec, contains information for city employees, the public and anyone else who wants to know how to protect their family, identity, privacy and devices. The website is a terrific resource for businesses, too. Visitors to the site will find a wealth of videos, presentations and articles created by Ilene's Information Security and Privacy Office. The content is presented in plain English . . . no tech-speak here.

The website was named the winner of the "Best of the Web" contest, conducted by The Multi-State Information Sharing and Analysis Center (MS-ISAC), whose mission is to improve cyber security of state, local, territorial and tribal governments. Ilene is a nationally recognized expert on cyber security who regularly conducts presentations for employees and the public.

- Will Gonzalez, an assistant trial bureau chief with the Law Department, is at home in two courts. There's Phoenix Municipal Court, where he prosecutes offenders, and the basketball court, where he conducts a youth program called "All Rise, Court's in Session." The after-school initiative combines basketball with "The Wisdom of Wooden," a book by legendary basketball coach John Wooden. Open to boys ages 7 to 12; the program starts with the boys doing basketball drills for a couple of hours with Will and other volunteer coaches. They don't have to go home hungry, thanks to Will, who arranged for the nonprofit Kitchen on the Street to provide dinner. After they eat, the coaches and boys meet in small groups to discuss the "7 Things to Do" from Wooden's book. The list includes "Be True to Yourself," "Help Others" and "Make Each Day Your Masterpiece." Three Boys and Girls Clubs have adopted the program, and more are sure to follow. Will runs another successful youth program, "Preventing Teen-Dating Violence through Education." Concerned about families living lives of violence, Will researched the problem and found that teens are at higher risk of partner-abuse than any other age group. In response, he



Gail LaTour implemented the Green Gardening Group, the Downtown Demonstration Garden and the city's first Food Day event.





created a program called, “Healthy Relationships,” which dispels a youthful myth that suggests dating violence is somehow acceptable. Will has spent a decade teaching “Healthy Relationships” at conferences and schools, and even inspired a group of high school students to start a club to prevent dating violence. Other prosecution agencies have adopted Will’s “Healthy Relationships” initiative, and a school district is considering adding a class on preventing dating violence to its curriculum.

- The city collects about 78,000 gallons of used oil annually through city operations and services such as the Household Hazardous Waste (HHW) events. The city recycled the oil, but received no payment for this valuable commodity from the contracted recycler. A multi-department team came up with the idea of selling the used oil. They researched the industry, the current local market and other municipal oil-sales programs. Knowing the price of oil fluctuates, the team built into the contract a public crude oil-price index as opposed to a set fee. The contract also included the recycling of crushed and uncrushed oil filters, another item frequently collected at HHW events. Under the contract that was executed in February 2012, pricing for used oil has ranged from \$0.9834 per gallon to a high of \$1.2932 per gallon, based on a percentage of the market value. Now, the city is being paid between \$76,500 and \$100,600 annually for a commodity that was previously given away.

Employee Suggestion Awards

The Employee Suggestion Program (ESP), which began in the mid-1950s, has saved millions of dollars through direct cost savings and other productivity and cost-avoidance improvements. Employees can make improvement suggestions for any city operation, not just for their own department. Below are some examples of this year’s ESP awards:

- The Water Services Department has been actively pursuing multiple strategies to cost-effectively achieve compliance with regulatory requirements. Andrew Avila, Olie Carvajal, Darlene Helm, Bertin Morales, Lorenzo Ortega, Erin Pysel and Andy Terry, a group of Water Services employees, came up with an idea to reconfigure a series of reservoirs that would improve the quality of water and meet the requirements. Initially, to meet the requirements a new diffused bubble aeration system would need to be installed in one of the existing reservoirs at an estimated cost of \$3.4 million. Water operations staff suggested the flow of water through the reservoirs be reversed. The suggestion was implemented by the Water Services Department at a cost of \$15,000, subsequently generating a cost savings over millions of dollars.

- Don O’Dell with the Public Works Department suggested taking current refuse trucks and refurbishing them to extend overall life of the equipment and avoiding the expense of having to purchase new trucks. The project was given the go ahead to rebuild ten of the best 2002 and 2003 Peterbilt side loader refuse trucks. The rebuild of the selected trucks included replacing the engines, refuse body, hydraulic system, exhaust systems, drivelines, and A/C systems. The total savings for each rebuilt truck was \$87,000, saving the city close to \$870,000 for all 10 rebuilt trucks.

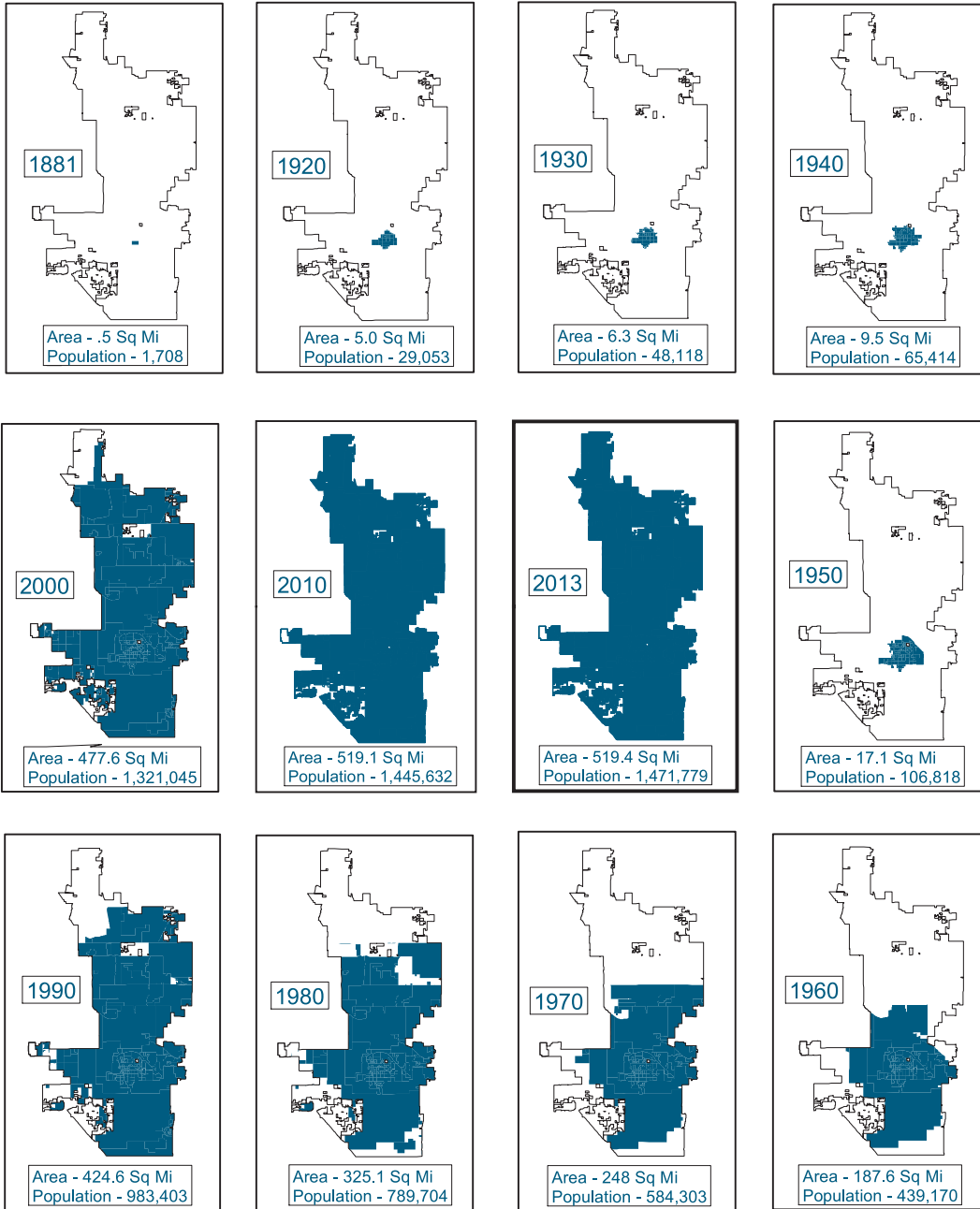
As you can see we work very hard to earn our reputation as a well-run city. We strive to be leaders in our professions. Each day the values of our organization – what we call our “Vision and Values” – are at the core of everything we do.







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 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 recent 2010 Census recorded Phoenix population at 1,445,632. The city currently encompasses 519.4 square miles.

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

The Phoenix metropolitan area employment mix is well diversified and fairly similar to that of the United States as a whole. An exception is construction and financial employment, which comprise more of Phoenix's employment mix than the United States average due to historical rapid population and employment growth. Additionally, the Phoenix area's manufacturing mix is much more concentrated in high technology than the United States. The high technology manufacturing sectors are cyclical in nature and may be more impacted during periods of economic slowing than other manufacturing sectors. The primary employment sectors and their share of total employment in the Phoenix metropolitan area consist of service industry (45%); trade (17%); government (13%); construction (5%); financial activities (8%); and manufacturing (7%). Major employers of the Phoenix metropolitan area include the state of Arizona, Wal-Mart Stores, Inc., Banner

Health Systems, city of Phoenix, Wells Fargo and Co., Maricopa County, Bank of America, Arizona State University, Raytheon Co., and JPMorgan Chase & Co. The top 10 property taxpayers, based on secondary assessed valuation, are Arizona Public Service Company, QWest Communications (CenturyLink), Southwest Gas, Host Kierland LP, AT&T Corporation, Metropolitan Life Insurance Company, Hub Property Trust, Verizon Wireless, Phoenix Plaza PT LLC, and Starwood Hotels and Resorts. These taxpayers make up just over six percent of total assessed valuation.

Demographics and Economic Statistics

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





	1980-81	1990-91	2000-01	2010-11	Actual 2011-12	Estimated 2012-13	Projected 2013-14
Demographic Profile							
Population ¹	789,704	995,896	1,350,435	1,445,632	1,464,405	1,472,000	1,479,000
Percent of Population by Age							
Under 5	7.8	8.5	8.5	8.3			
5-19	25.0	21.6	21.5	23.0			
20-44	39.3	42.9	42.8	37.2			
45-64	18.6	17.3	17.3	23.1			
65+	9.3	9.7	9.8	8.4			
Percent of Population by Race ¹							
Caucasian	78.1	71.9	55.8	65.9			
Black/African American	4.7	4.9	4.8	6.5			
American Indian/Alaska Native	1.1	1.6	1.6	2.2			
Asian	0.9	1.5	1.9	3.2			
Native Hawaiian/ Other Pacific Islander ²	N/A	N/A	0.1	.2			
Other	15.2	20.1	35.8	22.0			
Hispanic/Latino (of Any Race) ³	14.8	20.0	34.1	40.8			
Not Hispanic or Latino (of Any Race) ³	85.2	80.0	65.9	59.2			
City Economic Profile							
Median Household Income ⁴	\$29,706	\$30,797	\$40,856	\$42,260	\$43,960	\$45,200	\$46,500
Personal Income Growth							
(Metro Phoenix) ⁵	14.8%	4.6%	6.7%	3.0%	4.8%	4.5%	5.5%
Assessed Valuation ('000s) ⁶	N/A	\$5,700,825	\$7,573,211	\$16,092,308	\$12,343,774	\$10,849,744	\$10,023,416
Employment Growth Rate ⁷	N/A	(3.0)%	3.7%	(2.1)%	1.4%	2.6%	2.8%
Unemployment Rate ⁸	N/A	4.9%	2.7%	9.1%	7.9%	7.1%	7.1%
Value of Residential Construction ⁹							
(Billions)	N/A	\$0.42	\$1.16	\$0.28	\$0.42	\$0.48	\$0.49
Value of Commercial Construction ⁹							
(Billions)	N/A	\$0.46	\$1.33	\$2.60	\$2.40	\$2.50	\$2.80





	1980-81	1990-91	2000-01	2010-11	Actual 2011-12	Estimated 2012-13	Projected 2013-14
City Financial Profile							
Total Budget ('000s)	\$392,780	\$1,026,545	\$1,946,013	\$3,020,690	\$2,966,657	\$3,210,455	\$3,502,506
Total GF Budget ('000s) ¹⁰	\$221,106	\$591,021	\$953,324	\$954,795	\$995,771	\$1,052,051	\$1,127,815
Total Employees	9,435	11,388	14,352.0	15,002.8	14,893.8	14,897.0	14,875.6
Total Employees per 1,000 population ¹¹	11.9	11.4	10.6	10.4	10.2	10.1	10.1
Non-Enterprise Employees per 1,000 population	N/A	N/A	8.6	8.1	7.9	7.9	7.9
Enterprise Employees per 1,000 population ¹²	N/A	N/A	2.0	2.3	2.2	2.2	2.2
Property Tax Rate	1.75	1.79	1.82	1.82	1.82	1.82	1.82
G.O. Bond Rating (Moody's/Standard and Poor's)	Aa/AA	Aa/AA+	Aa1/AA+	Aa1/AAA	Aa1/AAA	Aa1/AAA	Aa1/AAA
Number of PLT Licenses	37,943	43,756	51,000	56,460	53,302	53,300	53,300
City Retail Sales Tax Rate ¹³	1%	1.2%	1.8%	2.0%	2.0%	2.0%	2.0%
Infrastructure Profile							
Area (Square Miles)	329.1	427.1	483.5	519.1	519.1	519.4	519.4
Police							
Major Crimes	86,287	110,961	97,666	70,108	72,040	72,000	72,000
Dispatched Calls for Service	452,350	895,117	862,769	620,969	600,102	611,000	616,000
Authorized Sworn Police Officers	1,694	2,047	2,810	3,281	3,273	3,272	3,272
Fire							
Fire Stations	35	45	45	57	58	58	58
Fires and All Other Calls	25,162	26,281	28,369	19,335	19,164	20,000	20,000
Emergency Medical Calls	46,122	75,112	101,396	136,163	144,899	151,000	151,000
Authorized Sworn Firefighters	838	1,042	1,315	1,661	1,661	1,668	1,668
Building Inspections							
Total Number of Inspections ¹⁴	196,356	176,909	261,184	131,600	141,640	156,403	164,500
Streets							
Total Miles	3,084	3,800	4,299	4,825	4,832	4,845	4,855
Miles Resurfaced and Sealed	216	250	220	127	192	171	152
Total Miles of Bikeway ¹⁵	N/A	250	472	615	627	640	650
Traffic Control and Lighting							
Signalized Intersections	555	761	906	1,092	1,096	1,102	1,110
Street Lights	39,097	50,825	70,750	89,826	90,145	90,613	90,998
Traffic Accidents ¹⁶	28,129	28,414	36,500	22,742	22,234	22,000	22,000
Aviation							
Passengers Arriving and Departing	6,500,000	22,175,000	35,900,000	40,500,000	40,600,000	40,600,000	41,000,000
Solid Waste Collection							
Residences Served	281,900	281,392	327,953	392,825	395,785	397,000	400,000
Tons Disposed at City Landfills ¹⁷	379,000	513,643	1,051,935	1,002,346	893,766	754,000	769,000





	1980-81	1990-91	2000-01	2010-11	Actual 2011-12	Estimated 2012-13	Projected 2013-14
Municipal Parks							
Number of Municipal Parks ¹⁸	137	181	199	225	225	226	226
Developed Park Acres ¹⁹	1,303	2,206	3,332	5,071	5,646	5,679	5,679
Number of municipally operated golf courses	5	5	7	6	6	6	6
Libraries							
Book Circulation ²⁰	3,691,745	5,962,411	9,151,000	13,839,543	14,464,958	11,066,000	11,295,000
Total Book Stock	1,182,606	1,732,410	2,016,000	1,643,977	1,759,428	1,748,000	1,750,000
Number of library branches	9	11	13	16	17	17	17
Equipment Management							
Number of Equipment Units in Fleet ²¹	4,497	4,776	6,080	7,612	7,397	7,289	7,289
Water							
Connections	282,048	321,996	350,967	397,390	407,902	412,300	417,400
Production (billions of gallons) ²²	88.5	84.7	109.4	98.6	98.5	97.7	97.9
Wastewater							
Connections	250,199	311,980	327,051	389,978	394,495	397,900	402,500
Miles of Line	3,040	3,661	4,174	4,980	4,810	4,816	4,822

¹Population by age and race is only available in census years. Also, racial categories were modified by the Census Bureau in the 2000 Census.

²Prior 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.

³Hispanic/Latino of any race is included in the Census' "Other" race category for fiscal year 1980-81, fiscal year 1990-91, fiscal year 2000-01 and fiscal year 2010-11.

⁴Median Household Income is based on United States Census Bureau data for city of Phoenix geographic area. For the estimate and projection years, the Calendar Year 2012 greater Phoenix Consumer Price Index (CPI) (+2.8%) was applied to the 2010 census figure to forecast Median Household Income growth. This reflects a change from the method used in previous budget documents, which calculated median household income using personal income growth rates from the U.S. Bureau of Economic Analysis.

⁵Personal income growth percentage is from University of Arizona's "Economic Outlook" quarterly publication (University of Arizona Economic and Business Research Center).

⁶The formula for assessing valuation was changed significantly in 1980 making comparisons to prior years not meaningful.

⁷Employment growth rate figures (total non-farm employment) are calendar year and not fiscal year. Calendar 2011 is shown under fiscal year 2011-12, and calendar 2012 is shown under fiscal year 2012-13, and projected calendar 2013 is shown under fiscal year 2013-14. Estimates are for the Phoenix metro area and are obtained from the Arizona Workforce Informer-Arizona Department of Economic Security.

⁸Unemployment rate is reported monthly on by the Arizona Department of Commerce Research Administration's website: workforce.az.gov and converted to fiscal year by the city of Phoenix Budget and Research Department. Seasonally adjusted unemployment data from 2001-12 is currently unavailable for the Phoenix-Glendale-Mesa MSA due to data revisions. Revisions for the MSA, counties and cities are currently in process, however no released due has been announced.

⁹Beginning with fiscal year 2006-07, multi-family projects are included in the commercial valuation total. Prior to fiscal year 2006-07, multi-family projects were included in the residential valuation total. These measures represent the annual estimated value of projects permitted by the city of Phoenix (new construction).

¹⁰As of fiscal year 1998-99, Arizona Highway User Revenue funds are no longer included in the General Fund total.

¹¹A correction was made to the calculation of city employees per 1,000 population for fiscal year 1980-81 and fiscal year 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.

¹²Enterprise departments include Water, Wastewater, Aviation, Phoenix Convention Center and Solid Waste Management.

¹³Voters approved a 0.1 percent increase in most city sales tax categories effective Dec. 1, 1993, for increased fire and police protection services. Voters approved a 0.1 percent increase in most city sales tax categories effective Nov. 1, 1999, for 10 years and reapproved it on May 30, 2008, for 30 years to provide funds for parks enhancements and improvements, and to acquire land for a Sonoran preserve. Voters approved a 0.4 percent increase in most city sales tax categories effective June 1, 2000, for 20 years to provide funding for public transit improvements and light rail. Voters approved a 0.2 percent increase in most city sales tax categories to provide funds for additional police officers and firefighters effective Dec. 1, 2007.

¹⁴Includes building, electrical, mechanical, plumbing and general inspections. The lower numbers for recent years, as compared to 1970-71, are the result of the implementation of the general inspection program that combined several residential inspections, performed by one inspector, into a single permit.

¹⁵The bikeway program was approved by the City Council in 1987. Figures include on-street bike lanes, bike routes and paved and unpaved paths.

¹⁶Due to the implementation of a new Arizona Department of Transportation (ADOT) collision system in 2009 and associated delays in data entry and processing, full collision data for Phoenix for the years 2009-11 is not yet available. The figures presented are projections based on historical trending. Traffic accident data comes from the city of Phoenix Police Department's TADS database and estimates are based on an average over the previous three years.

¹⁷Residential tonnage has reduced from 2011-12 actuals due to department's efforts to increase recycling.

¹⁸This number includes all parks and areas maintained by the Parks and Recreation Department. For example, retention basins, canal projects, developed and undeveloped parks.

¹⁹Increase in developed parks acres in fiscal year 2011-12 is due to improved methods of measurement.

²⁰The projected decrease is due to a change in lending policy that increases the loan period from one to three weeks, thereby decreasing the number of items circulated.

²¹Reduction in vehicles is due to programmed reductions and turn in of underutilized vehicles.

²²Includes water produced for city of Phoenix only.





2013-14 Resource and Expenditure Summary

This section provides a broad overview of the resources and expenditures included in the 2013-14 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 particular importance to our residents as they provide for most basic services, such as police, fire, parks and streets. Enterprise funds are supported by fees charged for the services provided with the exception of the Convention Center which has earmarked sales taxes as its primary funding source. Special Revenue funds are restricted to statutory and/or voter-approved uses.

The 2013-14 budget, financed by operating funds, totals \$3,502,506,000. As shown in the accompanying pie chart, the General Fund portion of \$1,127,815,000 is approximately 32 percent of the total. The Enterprise funds, which include Aviation, Water, Wastewater, Solid Waste and Convention Center, make up another 38 percent of the total. Special Revenue funds such as Arizona Highway User Revenues, grant funds such as Community Development Block Grants, Human Services grants and Housing grants represent the remaining 30 percent of the total budget. In April 2013, the Mayor and Council approved no longer classifying Golf

as an Enterprise Fund starting in FY 2013-14. The Golf Fund is reflected as a Special Revenue Fund.

In addition to presenting the budget by funding source, the budget also is 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 following pie chart 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 2013-14 General Fund budget includes ongoing operating and maintenance and pay-as-you-go capital expenses. No debt service is paid from the General Fund. Instead, debt service associated with General-funded activities is paid for with earmarked property taxes or with the City Improvement Fund. Due to the restrictions on using these funds both are appropriately included in the Special Revenue funds portion of the budget.

Finally, budgeted expenditures are most easily understood on a departmental basis. Detailed explanations of each department's

budget are provided in the Department Program Summary section of this document. The following bar chart presents the General Fund budget on a department-by-department basis.

The table below provides a comparison of the 2013-14 budget to the 2012-13 adopted budget. Actual expenditures for the 2011-12 fiscal year also are included.

Citywide operating and maintenance expenditures are expected to decrease overall; however, General Fund expenditures are expected to increase as a result of increases in pension costs, an increase in the General Fund contingency, and some restored services to the community. These increases will be offset by reduced Transit 2000 expenditures due to an increase in Federal Preventative Maintenance funding and Local Transportation Assistance (LTAF) from the state which will offset costs. Also, various one time ARRA grants have expired.

Pay-as-you-go capital is expected to increase slightly due to construction of new projects such as the Southwest Zone 1 Transmission Mains and the Large Transmission Main Rehabilitation in Water, replacement of booster pump station at 64th Street and Thomas Road and at the 24th Street Water Reservoir. Also, new street improvement projects will be constructed using AHUR funding such as the Greenway Parkway at Cave Creek and

2013-14 Budget Compared to 2012-13 Adopted Budget (In Millions of Dollars)

	2011-12 Actual Expenditures	2012-13 Adopted Budget	2013-14		
			Budget	Amount Change	Percent Change
Operating and Maintenance Expenditures	\$2,206.6	\$2,507.6	\$2,506.9	\$ (0.7)	(0)%
Capital Expenditures	280.2	526.3	530.7	(4.4)	(0.8)%
Debt Service	479.9	538.7	464.9	73.8	(13.7)%
Total	\$2,966.7	\$3,572.6	\$3,502.5	\$(70.1)	(2.0)%





Pinnacle Peak Road and 43rd to 35th avenues. Federal Transit funds will be used to purchase 30 and 40 foot standard replacement buses.

These increases are offset by decreases in Aviation contingencies; the Terminal 4 Solar Energy System Study and the Broadway Road Parallel Sewer projects nearing completion; a change in funding source from operating funds to capital funds for the Alkali-Silica Reaction Pavement Rehabilitation for Terminal 4 and the Regional Wireless Cooperative projects; and completion of the renovations of the Ballet Arizona building and the Phoenix Theatre expansion. Grant funded capital projects are also expected to decrease. In addition, the Parks and Preserves Initiative funding is expected to decline due to lower than expected revenues and because PPPI funding is helping to offset the Golf negative fund balance.

2013-14 GENERAL FUND BUDGET OVERVIEW

The 2013-14 General Fund budget of \$1,127,815,000 provides for ongoing operating and maintenance and a small amount of pay-as-you-go capital expenditures. The table below compares the 2013-14 General Fund budget with the adopted 2012-13 budget.

The operating and maintenance expenditures for 2013-14 are expected to increase 1.5 percent compared to the 2012-13 adopted budget. This increase is primarily the result of expected increases in pension costs, an increase in general fund contingencies, and some restored services to the community. The pay-as-you-go capital expenditures are expected

to decrease due to pay-as-you-go funded projects nearing completion in 2012-13 such as the replacement of the HVAC metal shed that houses the Metro Facilities HVAC Fabrication Shop and various upgrades to the Heritage and Regency garages.

The following pie charts show the 2013-14 General Fund budget summarized by major programs and major resources.

RESOURCES

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

2013-14 Estimated Beginning Fund Balances

As explained in a later section, a General Fund balance may not be budgeted. However, a contingency fund, also known as a "rainy day fund," may be planned to provide a means to address unexpected revenue decreases or expenditure increases that may occur throughout the year. Each year, all or almost all of the contingency allocation remains unused and, therefore, falls to the ending fund balance along with any changes in estimated revenues and expenditures.

The estimated 2013-14 beginning fund balances of \$1,042.7 million include \$56.8 million in General funds, \$370.9 million in Special Revenue funds and \$615.0 million in Enterprise funds. The estimated beginning fund balance for Special Revenue and Enterprise funds include: Transit 2000 - \$248.3 million; Aviation - \$292.0 million; Wastewater - \$86.4 million; Water - \$167.0 million; Convention Center - \$32.0 million; Solid Waste - \$37.5 million; Parks and Preserves - \$21.7 million; Sports Facilities - \$30.7 million; Grant funds - \$14.6 million; Arizona Highway User Revenue - \$24.7 million and \$31.0 million in various other restricted funds.

2012-13 General Fund Estimated Ending Balance

As shown in the following table, the estimated 2012-13 ending General Fund balance is \$56.8 million. The balance results from a \$8.3 million higher beginning balance, a \$60.8 million decrease in operating expenditures, a \$2.2 million decrease in pay-as-you-go capital expenditures, a \$3.4 million increase in transfers, and a \$17.9 million decrease in operating revenues. The variance in estimated 2012-13 General Fund expenditures from the 2012-13 budget is largely due to unused contingency funds. Reallocating vehicle replacement costs from an operating fund to a capital lease purchase fund also reduced expenditures in 2012-13. The reduction in pay-as-you-go capital expenditures is primarily due to the use of Sports Facilities funds to pay for downtown parking garage maintenance costs. The decrease in estimated 2012-13 General Fund revenues is largely due to a reduction in estimated city sales taxes.

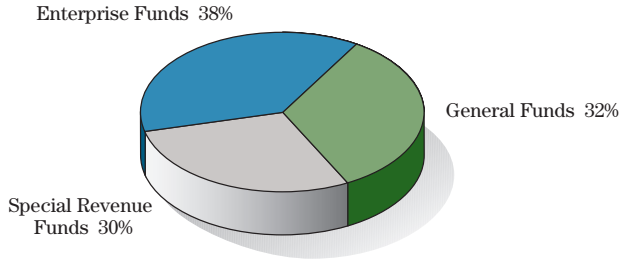
2013-14 General Fund Budget Compared to 2012-13 Adopted Budget (In Millions of Dollars)

	2011-12 Actual Expenditures	2012-13 Adopted Budget	2013-14		
			Budget	Amount Change	Percent Change
Operating and Maintenance Expenditures	\$993.5	\$1,109.3	\$1,125.4	\$16.1	1.5%
Capital Expenditures	2.3	5.7	2.4	(3.3)	(57.9)%
Total	\$995.8	\$1,115.0	\$1,127.8	\$12.8	1.1%

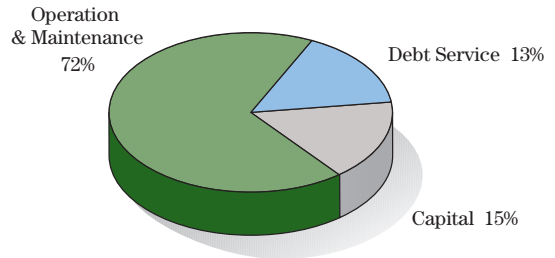




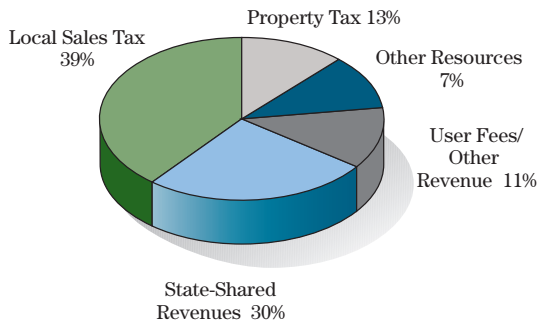
ALL SOURCES OF FUNDS
Total Resources – \$3.50 Billion



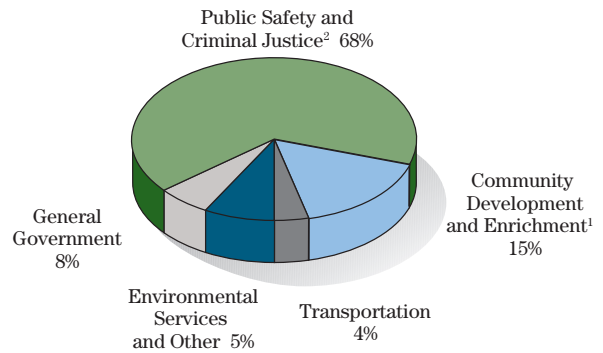
ALL SOURCES OF FUNDS
Total Expenditures – \$3.50 Billion



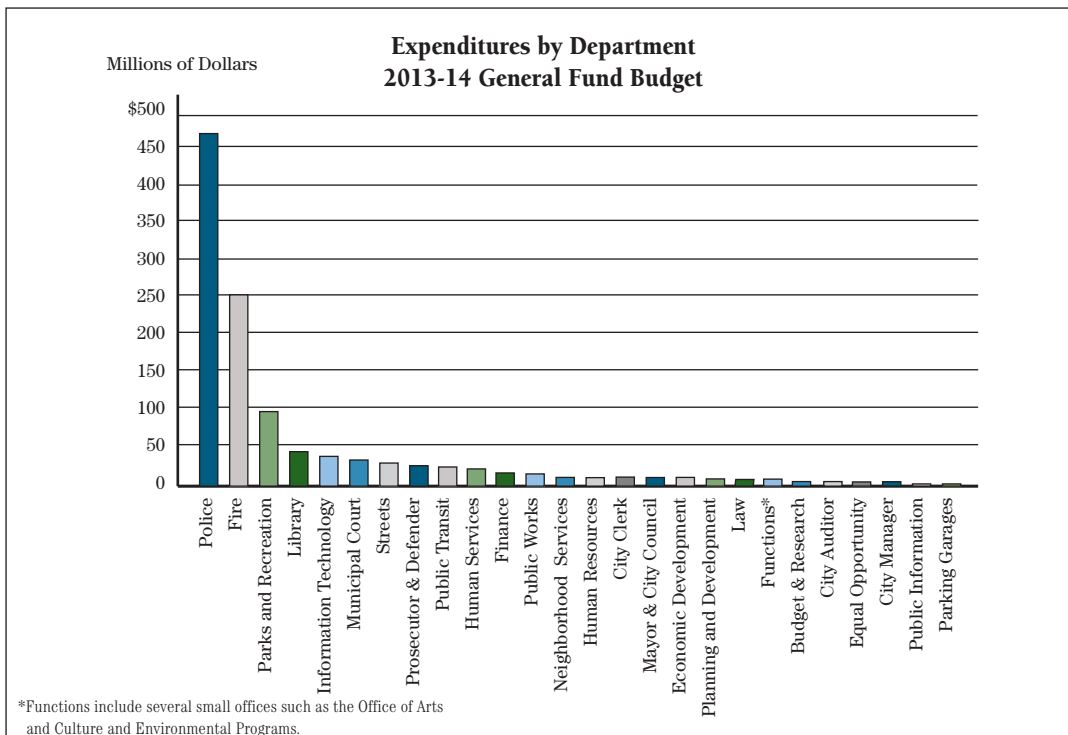
GENERAL FUNDS
Total Resources – \$1.13 Billion



GENERAL FUNDS
Total Expenditures – \$1.13 Billion



¹Includes Parks, Library, Human Services, Neighborhood Services, Planning and Economic Development
²When contingency is excluded, the percentage of Public Safety and Criminal Justice exceeds 70% of budgeted General Fund expenditures.





2013-14 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 2013-14 are estimated at \$3,104,578,000. This is \$2,136,000, or 0.1 percent less than the 2012-13 estimate of \$3,106,714,000. General Fund revenues are estimated at \$1,051,790,000 which is \$63,265,000 or 6.4 percent more than the 2012-13 estimates. The increase is due to anticipated increases in city and state sales taxes, the inclusion of some tort liability judgment in primary property taxes and state shared income tax revenues as the economy continues to recover.

The following table provides a comparison of the 2013-14 estimated revenues to 2012-13 estimates and 2011-12 actual collections. Detailed explanations by category are provided in the 2013-14 Revenue Estimates section of this document.

State and local economic growth increased in 2011-12 as the economy slowly continued to recover from the recession. The main factors which hindered a robust recovery include slow job creation and low levels of net migration. The state and local economy continues to recover, however the same factors continue to prevent strong growth rates in 2012-13. Local and state sales tax collections are expected to grow modestly in 2013-14, and state shared income tax collections are expected to increase by 8.9 percent from 2012-13.

The 2013-14 estimate for Special Revenue funds includes a \$7.6 million increase in Transit 2000 funds, a \$5.4 million increase in Court Awards revenue and a \$3.8 million increase in 2007 Public Safety Expansion funds. Special Revenue funds also include a \$27.6 million decrease for secondary property taxes and a \$20.4 million decrease for other grant revenues. The decrease in other grant revenues is due to reductions in Workforce Investment Act funds and ARRA grants for the Neighborhood Stabilization Program.

2013-14 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 2013-14 total \$62.1 million. This amount reflects \$56.2 million from Enterprise and other funds to recoup central service costs and/or payments for in lieu property taxes from the Aviation, Water and Wastewater, Solid Waste, Convention Center and Development Services funds. Central service provides a repayment to the General Fund for services provided by departments such as Human Resources, Information Technology, Finance, Law and other administrative support areas that are General funded. This transfer is calculated by the Finance Department in accordance with generally accepted full-cost accounting principles and is in accordance with long-established City Council-approved policy.

The Special Revenue transfers include \$201,000 from the Golf Course Fund to recoup Parks, Recreation and Golf department direct administrative support costs. The Golf Fund does not pay citywide central service costs or in lieu property taxes.

Approximately \$5.9 million in miscellaneous transfers from other funds also is included. As a result, total transfers to the General Fund exclusive of excise tax-related items are \$62.1 million. A transfer of \$735.8 million from the Excise Tax Fund represents the General Fund share of local and state-shared sales taxes and fees and state-shared income taxes. However, this amount is reflected in revenues, rather than a transfer, throughout this section.

2013-14 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 or "rainy day fund" each year. For 2013-14, \$43.7 million is included for the General Fund contingency and is discussed in more detail in the Contingency section of this document. As a result, budgeted General Fund resources equal expenditures. However, any unused contingency amounts at year-end fall to a General Fund ending balance. Generally, at least 95 percent of the General Fund contingency remains unused each year and in the last four

years, the contingency fund has remained 100 percent unused.

Year-end balances are planned in the Enterprise funds and other self-supporting funds primarily to provide for adequate funds at the beginning of the following fiscal year. Such funds are used to stabilize rate increases associated with fluctuations in service demand, insure bondholders of future debt service payments and to accumulate funds for annual pay-as-you-go capital improvements. In addition, Enterprise Fund balances are intentionally permitted to grow over time in order to fund large capital projects.

The estimated 2013-14 ending balance of \$635.4 million includes: Transit 2000 - \$209.8 million; Aviation - \$237.6 million; Wastewater - \$55.8 million; Water - \$64.5 million; Convention Center - \$19.6 million; Parks and Preserves - \$15.6 million; Solid Waste - \$7.1 million; Arizona Highway User Revenue - \$7.0 million and a combined \$18.4 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.

In 2013-14, the Enterprise funds ending balances in the aggregate are programmed to decline from \$615.0 million at the beginning of 2013-14 to \$384.6 million at year end. The Aviation balance is declining due to reduced resources available to offset increased operating expenditures for a full year of costs to operate the Sky Train. The decrease in resources is due to reclassifying several Rental Car Facility funds from operating to capital, which will allow for proper accounting of revenues to service debt associated with the facility. Solid Waste funds are decreasing due to reduced resources available to offset increased operating expenditures for vehicle replacement costs, solid waste containers and employee-related costs. Water funds are decreasing primarily due to increased pay-as-you-go capital expenditures for rehabilitation of large water main transmission lines, increased costs for debt service on bond funded projects and increased employee-related costs. Wastewater funds are decreasing due to reduced resources available to offset increases in expenditures for employee-related costs.

Special Revenue Fund balances in the aggregate are expected to decrease from





\$370.9 million to \$250.8 million. The Transit 2000 balance is decreasing due to operating expenditure increases caused by increases in the price of fuel and a contractual increase in the cost per mile of bus and rail services. As expected, the Public Safety Expansion and Enhancement Funds are decreasing due to increases in operating expenditures for employee-related costs. The Community Reinvestment fund balance is decreasing due to a transfer to the General Fund and the Arizona Highway User Revenue Fund is decreasing due to an increase in pay-as-you-go expenditures for construction of a bridge and bike paths at the Greenway Parkway and reimbursement to Transit for street construction costs relating to the Light Rail project.

Negative Fund Balances

The Mayor and Council adopted a plan in March 2013 to balance the negative balance in the Golf Fund, which will include paying off the cumulative deficit over three years and making operational improvements to reduce or eliminate the annual operating deficit. A transfer of \$5.7 million from the Phoenix Parks and Preserve Initiative Fund was made in 2012-13 as the first payment toward bringing the deficit into balance.

The three dedicated public safety funds, Neighborhood Protection, Public Safety Enhancement, and 2007 Public Safety Expansion, have been severely impacted by declines in sales tax revenues and increased costs of Public Safety

personnel. In November 2010, the Mayor and City Council adopted a Public Safety Specialty Funds Balancing plan to balance these funds as soon as possible using an attrition approach. This plan was modified in February 2013 to account for changes in attrition and revised revenue forecasts. Currently, it is expected that these funds will be brought into balance by 2015-16.

General Fund Balance Analysis (In Thousands of Dollars)

	2011-12	2012-13		Estimate Over (Under) Budget	
	Actuals	Budget	Estimate	Amount	Percent
Resources					
Beginning Balances	\$ 92,908	\$ 84,485	\$ 92,810	\$ 8,325	9.9%
Revenue	948,246	1,006,418	988,525	(17,893)	(1.8)%
Recoveries	776	1,000	1,000	---	0%
Transfers	46,651	23,117	26,479	3,362	14.5%
Total Resources	\$1,088,581	\$1,115,020	\$1,108,814	\$ (6,206)	(0.6)%
Expenditures					
Operating Expenditures	993,471	1,109,322	1,048,511	(60,811)	(5.5)%
Capital	2,300	5,698	3,540	(2,158)	(37.9)%
Total Expenditures	\$ 995,771	\$1,115,020	\$1,052,051	\$ (62,969)	(5.6)%
Ending Fund Balance	\$ 92,810	\$ —	\$ 56,763	\$ 56,763	100.0+%

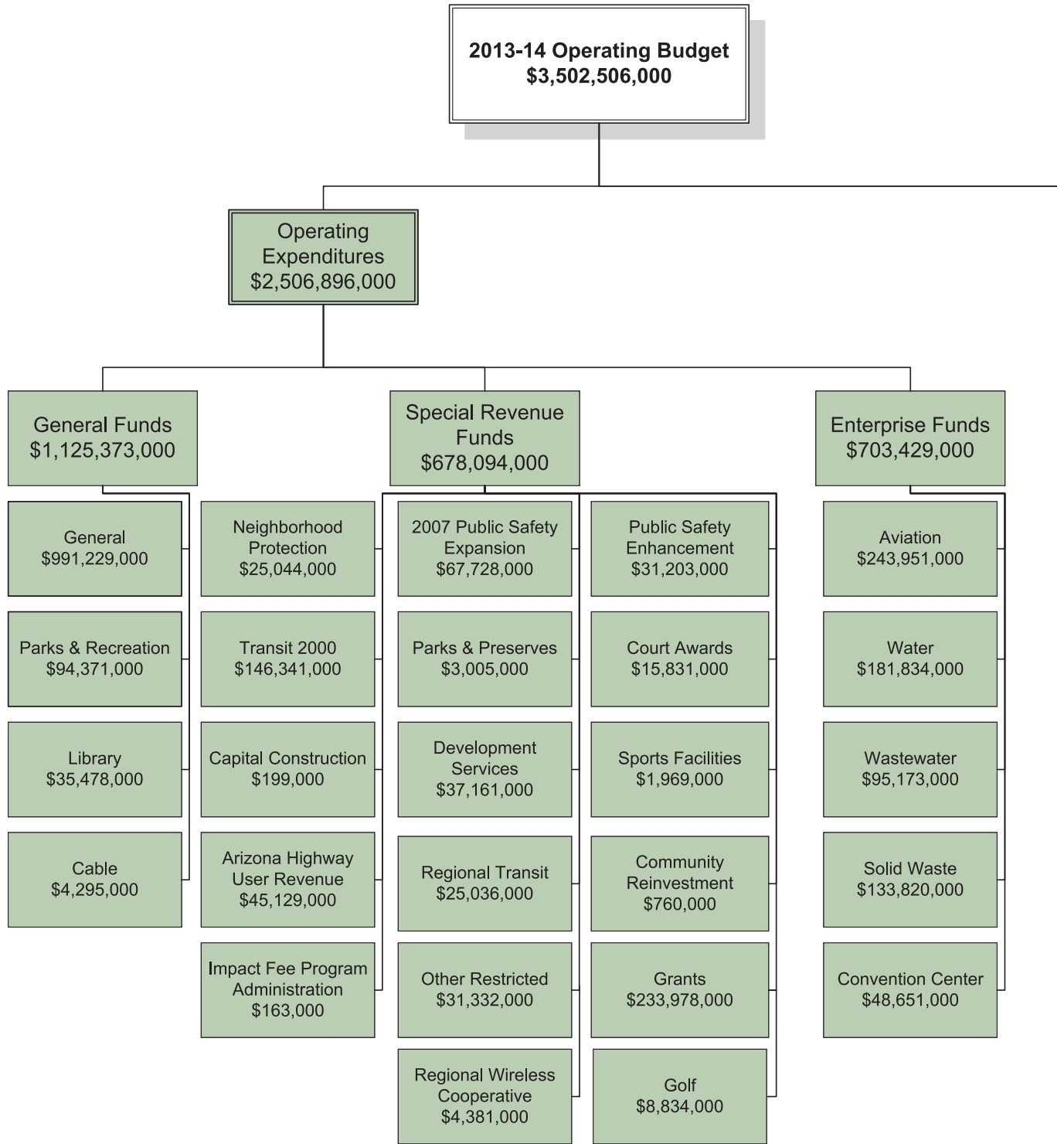
2013-14 Estimated Revenues Compared to 2012-13 Estimates (In Thousands of Dollars)

Fund Types	2011-12 Actuals	2012-13 Estimate	2013-14 Estimate	2013-14	
				Amount Change	Percent Change
General	\$ 948,246	\$ 988,525	\$1,051,790	\$63,265	6.4%
Special Revenue Funds	879,372	930,961	918,081	(12,880)	(1.4)%
Enterprise Funds	1,161,752	1,187,228	1,134,707	(52,521)	(4.4)%
Total	\$2,989,370	\$3,106,714	\$3,104,578	\$(2,136)	(0.1)%



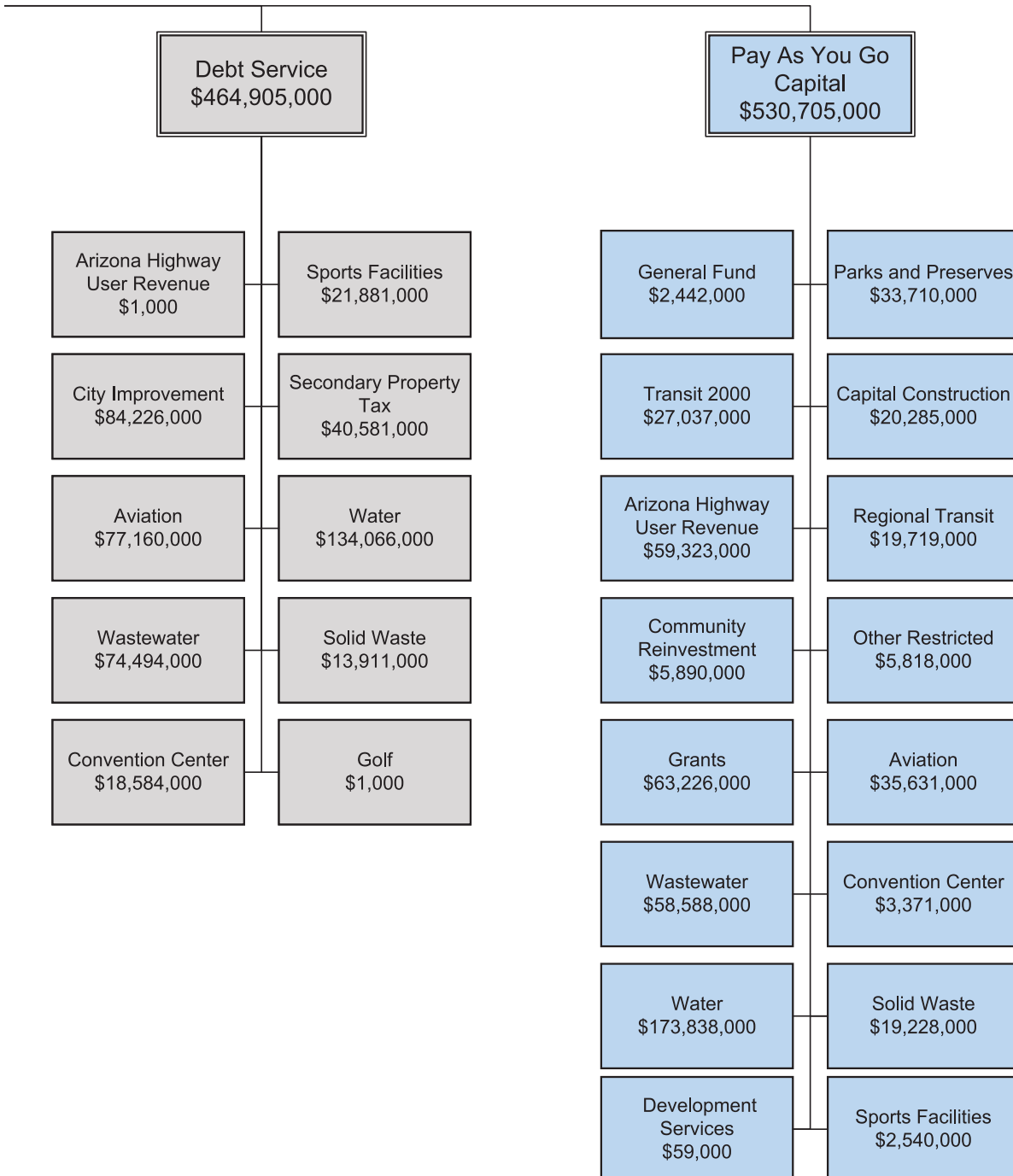


City of Phoenix Financial Organizational Chart





City of Phoenix Financial Organizational Chart







Services to the Community

Phoenix is the core of Maricopa County and the state's population and economic center. With its attractive climate, recreational opportunities, and affordable costs of living and doing business, the city has experienced sustained growth. The Phoenix area is slowly recovering from the national economic recession and growth has slowed in terms of population, employment and personal income. The city's area, just under 520 square miles, increases periodically with annexations.

Population in Phoenix has consistently outpaced the U.S. growth over the last 18 years, and according to the 2010 census, is more than 1.4 million making Phoenix the nation's sixth-largest city. The city's employment base is the foundation of a deep and diverse metropolitan area economy. The primary employment sectors in the Phoenix area consist of professional and business services, trade, government, education and health services, financial activities, leisure and hospitality, and construction. While the unemployment rate in greater Phoenix suffered during the economic downturn, jobs recovery is predicted to continue to improve over the next several years.

The balanced budget for 2013-14 includes some critical community service enhancements and ongoing innovation and efficiency improvements. The General Fund budget includes \$6.7 million in critical service needs and some restored General Fund services delivered to the community including Phoenix's strong commitment to Public Safety.

The General Fund budget includes the addition of 18 officers to patrol and investigative units by hiring 15 civilians at Central Booking which allows the shifting of 15 officers as well as the funding of three new officers; new firefighters for improved ambulance response; additional funding to assist businesses through adaptive reuse of existing buildings; increased access to library e-books, the restoration of additional Phoenix After-School sites and funding for arts programs and homeless shelters; investments in technology to create additional efficiencies and improve reporting and transparency. These service enhancements to the General Fund in the 2013-14 budget are possible because of innovation and efficiency savings totaling nearly \$16 million.

Non-General Fund changes in the budget include the restructuring of Street Transportation's Arizona User Highway Revenue (AHUR) funded Capital Improvement Program (CIP) to provide the ability to fund additional street improvements, safety enhancements and bicycle infrastructure along streets; Aviation will add six officers and two sergeants to meet minimum police staffing requirements at the airport at zero net cost; the replacement of Planning and Development Services Permit Tracking System, or KIVA, will enable streamlining and customer improvements to the city's development process.

The City Council approved Golf Fund balancing plan includes the implementation of efficiency actions, such as rightsourcing, to reduce the annual operating deficit and remove the Golf Fund's designation as an enterprise fund, which allows the General Fund to offset annual operating deficits.

The chart that follows indicates how major services provided to Phoenix residents have been adjusted in response to local economic and financial conditions. Because benchmarking is an important measure of the efficiency and effectiveness of services provided, we have also included multi-city comparisons of performance in several areas. Much of the data for these comparisons is taken from the 2011 International City/County Management Association's Center for Performance Measurement report.





**PROGRAM SERVICE LEVEL
IN 2002-03**

**SERVICE CHANGES
THROUGH 2012-13**

**SERVICE CHANGES
FOR 2013-14**

PUBLIC SAFETY

POLICE

Personnel Resources:

In 2002-03, the Police Department had 2,836 sworn officers and 925 civilian employees.

The 2012-13 budget included \$1.1 million in General Fund Police additions. The majority of the additional resources went to the Centralized Booking Unit to civilianize the function and allow sworn personnel to return to patrol related duties. The other additions added civilian positions that allowed sworn personnel to return to critical crime fighting and investigative duties. The total additions were 23.7 civilian positions.

The budget additions listed above were offset with budget reductions totaling (\$737,000) and included the elimination of (14.0) vacant civilian positions from various bureaus throughout the department.

At the end of 2012-13, 264 of the 400 sworn positions funded by Proposition 1 will be filled.

Response Time Average:

Response time for 2002-03 Priority 1 emergency calls was an average of five minutes.

With slower population growth and a continued decrease in overall crime rates, budgeted response times for Priority 1 emergency calls have been consistently maintained. During this same time period, the department has maintained the percentage of 911 calls answered within 10 seconds at 93 percent.

Reliable response time data is currently unavailable due the conversion of the Computer-Aided Dispatch (CAD) system. These issues are being addressed and a complete replacement of the Police Records Management System (RMS) is also underway.

City of Phoenix actual response times were unavailable for the 2011 ICMA data. Below are average response times for other benchmark cities.

Other Cities Average Response Times to Top Priority Calls:

- Dallas – 6 min 11 sec
- Austin – 6 min 28 sec
- Oklahoma City – 7 min 51 sec
- San Antonio – 8 min 13 sec
- Portland – Unavailable

The 2013-14 budget includes \$590,000 in General Fund additions. The additional resources are allocated to the Centralized Booking Unit to finalize the civilization of the function and allow sworn personnel to return to more critical patrol related duties. The total additions include 15.0 civilian positions.

In addition, eleven existing Police Reserves will be hired on as police officers for patrol and community policing work at zero net cost to the General Fund. The General Fund savings is achieved by moving eight senior-level Police Officers to the Airport Bureau which allows a corresponding reduction to Aviation Police overtime, and hiring the new Police Officers at entry-level pay for a net increase of three officers in patrol.

The budget additions listed above are offset with budget reductions totaling (\$2,911,000) and includes the right sourcing of the polygraph function and includes the elimination of four civilian support positions.

In the 2013-14 budget, it is anticipated that the department will have 3,273 authorized sworn positions or 2.2 for every 1,000 residents, and 1,195.4 civilian employees.

The 2013-14 budget provides for an estimated five minute and 48 second average response time for Priority 1 calls.





**PROGRAM SERVICE LEVEL
IN 2002-03**

**SERVICE CHANGES
THROUGH 2012-13**

**SERVICE CHANGES
FOR 2013-14**

PUBLIC SAFETY

FIRE

Response Time Average:

In 2002-03, the Fire Department maintained an average response time of 4 minutes 50 seconds for all fire and medical emergency calls.

Since 2001-02, response times have decreased four percent to 4 minutes 37 seconds for all fire and medical emergency calls. This 13 second decrease is at least partly attributed to staffing and deployment changes for paramedic engine companies and ambulances. The overall incident activity level increased 10 percent from 2001-02 to 2011-12.

The 2013-14 budget recommends retaining current emergency response staffing levels to preserve less than five minute average response time for all fire and medical emergency calls.

The 2010-11 budget included a \$9.0 million reduction. The budget cuts resulted in the elimination of 21.3 General-Funded civilian positions, including the fire marshal whose duties were reassigned. The budget reductions also included the elimination of two deputy chiefs, six battalion chiefs, seven fire captains and 13 firefighters for a total of 28 sworn positions.

The 2013-14 budget includes savings in contractual and commodity expenditures and moving the Ambulance Billing office from leased space to city-owned space.

The department reorganized operations in response to staff reductions and significant cuts were made in overtime. In addition, program reductions were made in contractual services, commodities and capital outlay.

The department eliminated three positions and re-classed two positions down in pay class as part of the City Manager's Reorganization.

In addition, four positions from the New Construction section were eliminated and one position from this section as well as the Site Planning section (three positions) was moved to the Planning and Development Department.

The fiscal year 2011-12 budget included a \$678,000 reduction and reflects the elimination of 4.7 General Funded civilian positions as well as the reduction of sworn and civilian overtime. In addition, program reductions were in contractual services, commodities and capital outlay.

The 2012-13 budget included additions for staff coverage in the Alarm Room (four civilian positions) and Operating costs for the new Dispatch and Emergency Operations Center. Reductions reflected in the 2012-13 budget included the elimination of 8.3 General Funded civilian positions as well as a reduction of the Banner contract for the Health Center.

In addition, seven positions from the New Construction section were moved to the Planning and Development Services Department.

2011 ICMA response times were unavailable for comparison purposes.





**PROGRAM SERVICE LEVEL
IN 2002-03**

**SERVICE CHANGES
THROUGH 2012-13**

**SERVICE CHANGES
FOR 2013-14**

PUBLIC SAFETY

FIRE

Emergency Transportation:

In 2002-03, the city of Phoenix had a total of 20 full-time and 11 part-time ambulances in service.

The city initiated the Emergency Transportation System in 1985-86 with 10 full-time and six part-time ambulances. In 1987-88, the Emergency Transportation System was increased to 12 full-time and six part-time ambulances. The addition of four ambulances funded with revenue from Proposition 301 and the conversion of the department's last medic units to ambulances resulted in 19 full-time and nine part-time ambulances in service during 1997-98.

The 2000-01 budget included funding to add a full-time ambulance at Station 38 in Ahwatukee Foothills. Two part-time ambulances were added in mid-fiscal year 2002-03 to improve response times in fast growing, outlying areas of the city.

The 2004-05 budget included funding for two additional full-time ambulances. These additions increased the Emergency Transportation System to 22 full-time and 11 part-time ambulances.

The 2006-07 budget included funding one additional ambulance.

The 2008-09 budget added two part-time ambulances funded by Proposition 1.

The 2009-10 budget included the elimination of two part-time ambulances.

The 2010-11 budget included the elimination of two full-time ambulances and the reduction of part-time ambulance operational times. In-service hours for part-time ambulances were reduced from 12 hours to 10.8 hours per day. These changes decrease the Emergency Transportation System to 21 full-time and 11 part-time ambulances.

The 2012-13 budget included adding staff for an additional One and One Rescue (seven sworn positions) to meet state-mandated response times

The 2013-14 budget includes adding staff for an additional One and One Rescue (seven sworn positions) to meet state -mandated response times.





PROGRAM SERVICE LEVEL IN 2002-03	SERVICE CHANGES THROUGH 2012-13	SERVICE CHANGES FOR 2013-14
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TRANSPORTATION

PUBLIC TRANSIT

Service Miles/Hours:

In 2002-03, 16,550,000 annual bus service miles were provided on weekdays and weekends in the city of Phoenix.

Annual 2012-13 bus miles are estimated at 15,832,775 and Dial-a-Ride service hours are estimated at 264,540.

The following service changes were effective on July 23, 2012: extend Route 50 on Camelback Road, from 67th to 107th avenues, with a 30 minute frequency.

Annual 2013-14 bus miles are estimated at 16,103,173 and Dial-a-Ride service hours are estimated at 264,540.

**Average Weekday Bus
Ridership:**

In 2002-03 the average weekday bus ridership was 125,171.

In the 2012-13 budget, average weekday ridership is estimated at 136,857.

In the 2013-14 budget, average weekday ridership is estimated at 138,910.





PROGRAM SERVICE LEVEL IN 2002-03	SERVICE CHANGES THROUGH 2012-13	SERVICE CHANGES FOR 2013-14
TRANSPORTATION		
STREET TRANSPORTATION		
Major and Collector Street Sweeping and Maintenance:	<p>In 2003 04, budget constraints reduced funding for making quick concrete repairs to infrastructure throughout the city. Funding for paving dirt alleys also was reduced as was funding for retrofitting sidewalk ramps. An asphalt crew responsible for repairing asphalt pavement on major, collector and local streets was eliminated.</p> <p>Continued budget constraints in 2004-05 reduced funding for retrofitting sidewalk ramps and neighborhood concrete repairs.</p> <p>Dust proofing of dirt alleys continued to see reduced funding in both 2004-05 and 2005-06.</p> <p>The 2007-08 budget added funding to improve the general maintenance of streets.</p> <p>The 2009-2010 budget reduced funding for coordination of maintenance projects, eliminated all heater panel crews responsible for repairing failed street cuts and shifted this work to asphalt crews. It reduced by 25 percent the downtown hand crews that pick up trash, sweep sidewalks, and hand sweep portions of the street that cannot be reached by motor broom equipment within the boundaries of Third Avenue to Seventh Street and Van Buren to Jefferson streets. In addition, the budget eliminated one of three equipment operator positions responsible for operating equipment used on large paving repairs, resulting in a 33 percent reduction in repairs.</p> <p>The 2010-11 budget eliminated one of six equipment operators who were responsible for supporting the Street Cleaning Section. This reduced the section's ability to provide special street sweeping requests and event support. Reductions did not impact routine street sweeping which continued to be scheduled every 14 days. The budget also reduced the number of employees responsible for repairs of small maintenance equipment, eliminated two of four miscellaneous crews responsible for installation and maintenance of 1,000 permanent barricades throughout the city, eliminated a position responsible for placing sand on spills in the street, and reduced the downtown hand crew by an additional 50 percent.</p> <p>Reductions to 2011-12 Arizona Highway User Revenue Fund, used in part for street maintenance, were brought about by the impact of the 2010 Census and cuts of nearly \$12 million made by the State of Arizona.</p> <p>Reductions to the 2012-13 Arizona Highway user Revenue was brought about by the additional cuts of nearly \$12 million made by the State of Arizona.</p>	<p>The 2013-14 budget includes no changes in service for major and collector sweeping and maintenance.</p>
<p>Residential Street Sweeping: In 2002-03, the city of Phoenix provided an estimated 100 miles of sealcoat.</p>	<p>No changes were included in the 2012-13 budget.</p>	<p>No changes are included in the 2013-14 budget for residential street sweeping.</p>





PROGRAM SERVICE LEVEL IN 2002-03	SERVICE CHANGES THROUGH 2012-13	SERVICE CHANGES FOR 2013-14
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TRANSPORTATION

STREET TRANSPORTATION

Sealcoat:

In 2002-03, the city of Phoenix provided an estimated 100 miles of sealcoat.

In 2004-05, due to budget constraints and increased cost of materials, the number of sealcoat miles was reduced to 81 miles annually.

Increased material costs and continued budget reductions in fiscal year 2005-06 further reduced the number of annual miles to be sealcoated to 49.

In 2006-07, 35 miles of city streets were sealcoated. This decrease was due to continued increases in material costs.

In 2009-10, funding was diverted to pilot the Fractured Aggregate Surface Treatment (FAST) program. The FAST application was used to sealcoat 12 miles of city streets.

The 2010-11 budget included funding for 41 miles of city streets to be sealcoated. The Fractured Aggregate Surface Treatment (FAST) pilot program was put on hold until 2011-12.

The 2011-12 budget included funding for 39 miles of city streets to be sealcoated.

The 2012-13 budget included 45 miles of streets to be sealcoated. It also included 20 miles of the FAST program.

Based on 2011 ICMA data, city of Phoenix paved road rehabilitation expenditures per capita compare favorably to those of other benchmark cities as noted below:

Paved Road Rehabilitation

Expenditures per Capita:

Oklahoma City – \$20.46

Portland – \$20.89

PHOENIX – \$21.70

San Antonio – \$38.78

Dallas – unavailable

The 2013-14 budget includes 37 miles of streets to be sealcoated. It also includes 15 miles of the FAST program.

Asphalt Overlay:

In 2002-03, 128 miles of overlay were performed.

In 2004-05, 105 miles were overlaid. This decrease in miles was due to increased cost of materials and bad weather.

In 2005-06, 89 miles were overlaid and in 2006-07, 76 miles overlaid. These decreases were primarily due to continued increases in cost of materials.

In 2007-08, due to continued increases in cost, 62 miles of asphalt overlay were completed.

For 2008-09, due to continued cost increases and budget reductions impacting the installation of ADA sidewalk ramps, which also impact street overlay projects, 60 miles of asphalt overlay were completed.

In 2009-10, 97 miles of city streets were overlaid with rubberized asphalt. This increase was due to a diversion of \$1 million in Capital Improvement Project (CIP) funds from other CIP projects to the overlay and sidewalk ramp contracts.

The 2010-11 budget provided for 85 miles of overlay, including 65 miles that were funded by the American Recovery and Reinvestment Act (ARRA).

The 2011-12 budget provided 153 miles of overlay. The increase in the number of miles of overlay is due to a carry over of Arizona Highway User Revenue Funds from the prior year.

The 2012-13 budget provided for 106 miles of overlay. The projected amount is the result of a decrease in the elimination of the American Recovery and Reinvestment Act (ARRA) funding and the addition of \$5 million in AHUR.

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





PROGRAM SERVICE LEVEL IN 2002-03	SERVICE CHANGES THROUGH 2012-13	SERVICE CHANGES FOR 2013-14
COMMUNITY DEVELOPMENT		
HOUSING		
Scattered Sites Housing Program: In 2002-03, the Housing Department had 440 units.	This homeownership program allows eligible tenants the opportunity to purchase their home. Between 1998-99 and 2007-08, the program's total inventory expanded to 480 units. At the end of 2012-13, the inventory of 418 units reflects the sale of 58 homes to eligible tenants over the past decade and the transfer of four units to a local nonprofit agency.	In the 2013-14 budget, the program is expected to reduce its inventory by 10 Scattered Sites homes.
Affordable Housing Program: In 2002-03, this program had 1,034 units for families and individuals.	By the end of 2011-12, the Affordable Housing Program was expanded to a total of 3,115 city-owned units for families and individuals with the addition of the 483 units from the newly renovated units at Park Lee and the Symphony. The 2012-2013 units remained at 3,115.	In the 2013-14 budget, the program is expected to maintain its current inventory of 3,115 affordable housing units for families and individuals.
Conventional Housing Program: This program has been in effect since 1951-52. In 2002-03, there were 2,176 Conventional Public Housing units.	In 2003-04, the program's beginning inventory before the Matthew Henson HOPE VI project was initiated was 2,176 units. Due to the reconstruction activities funded by the HOPE VI grant, 280 units became unavailable at the Matthew Henson housing site. One (1) additional unit was transferred to the St. Vincent de Paul organization. The conventional housing inventory at the end of 2004-05 was 1,895 units. At the conclusion of the Matthew Henson HOPE VI project in 2008-09, the department had 2,113 public housing units. During this period, 14 original units at Matthew Henson were removed from the inventory and are being maintained for historical preservation Also in 2008-09, the Krohn West HOPE VI project was awarded and the McCarty on Monroe project was initiated. The removal of 76 units from the Krohn West HOPE VI project and 24 units from McCarty on Monroe resulted in a reduction of 100 units, bringing the total conventional housing inventory to 2,013 at year end of 2008-09. The McCarty on Monroe project was completed in 2009-10, adding back 34 units. The 2009-10 year-end inventory of conventional housing units was 2,047. In 2010-11, the department demolished 134 units and preserved four (4) units located within in the East AMP to make way for the new Frank Luke Addition HOPE VI Development. This brought the year-end inventory of conventional housing units to 1,913. In 2011-12, 93 units at Marcos de Niza were converted to project-based Section 8 vouchers. Also in 2011-12, a total of 92 units were added at The Summit (50) and The Symphony (42). The year-end inventory of conventional housing units was 1,912 units. During 2012-13, 60 units were added back as part of the HOPE VI redevelopment at Aeroterra (formerly Frank Luke Addition) bringing the year-end total to 1,972.	In the 2013-14 budget, the program is expected to maintain its inventory at 1,972 conventional housing units.





**PROGRAM SERVICE LEVEL
IN 2002-03**

**SERVICE CHANGES
THROUGH 2012-13**

**SERVICE CHANGES
FOR 2013-14**

COMMUNITY DEVELOPMENT

NEIGHBORHOOD SERVICES

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

In 2002-03, cases were resolved in an average of 72 days.

Over time, ongoing process improvements, streamlining and automation resulted in case cycle time improvements despite an increasing caseload. Overall average case cycle time improved from 72 days in 2002-03 to 45 days in 2012-13.

In 2013-14, it is anticipated the case cycle time will remain at 45 days.

Case cycle times decreased to 61 days in 2005-06 as added staff were fully trained and gained expertise in performing their duties. Cycle times further reduced to 51 days at the close of 2007-08 with the continued application of technology, training and quality control.

Significant staffing and resource reductions in March 2009 occurred. The impact was minimized by the implementation of an enhanced quality control program, supplemented by supervisory access to more detailed performance indicator reports. Average cycle time for 2009-10 was 51 days.

The overall average case cycle time increased to 52 days in fiscal year 2010-11. The increase was due in part to the ongoing complexity of resolving violations at properties in the foreclosure process which caused delays in both administrative (abatement) and adjudication (court) cases.

In fiscal year 2011-12, additional performance standard and quality control measures were initiated along with ongoing process improvements and some division reorganization.

These measures assisted in reducing overall average case cycle time back down to 45 days in 2012-13.

Based on 2011 ICMA data, city of Phoenix code enforcement expenditures per capita compares favorably to those of other benchmark cities as noted below:

**Code Enforcement Expenditures
per Capita:**

Dallas - \$13.40

Kansas City – \$11.22

PHOENIX – \$6.15

San Antonio – \$5.94

Oklahoma City - \$4.27

Portland - \$2.04





**PROGRAM SERVICE LEVEL
IN 2002-03**

**SERVICE CHANGES
THROUGH 2012-13**

**SERVICE CHANGES
FOR 2013-14**

COMMUNITY DEVELOPMENT

ECONOMIC DEVELOPMENT

**Employment Growth Rate
Compared to Other Cities**

In 2002, Phoenix's employment growth rate was better than most of the following benchmark cities:

- San Diego – 1.4%
- San Antonio – 0.7%
- Austin/San Marcos – 0.2%
- PHOENIX – (0.1)%**
- Dallas – (0.3)%
- Los Angeles/Long Beach – (0.4)%
- Kansas City – (0.6)%
- Fort Worth/Arlington – (0.7)%
- San Jose – (3.5)%

The current issues inhibiting more robust growth in the economy are expected to continue through 2013. These include high levels of unemployment, large consumer debt loads, reduced income and wealth, weak housing and commercial real estate markets, rising health care costs and budget deficits.

Based on data from the Bureau of Labor Statistics, Phoenix ranked sixth in the Employment Growth Rate compared to the following benchmark cities:

- Ft. Worth-Arlington – 4.2%
- Austin – 4.0%
- Dallas – 3.5%
- San Jose – 3.2%
- San Diego – 2.5%
- PHOENIX – 2.4%**
- Los Angeles/Long Beach – 2.3%
- San Antonio – 2.0%
- Kansas City – .5%

It is anticipated employment will continue to grow slightly in 2013-14.

COMMUNITY ENRICHMENT

HUMAN SERVICES

Head Start Program:

In 2002-03, the Human Services Department served 3,195 children.

The program is expected to serve 3,390 children during 2012-13, of which, 300 are included in the Early Head Start Program.

The program is expected to serve 3,390 children in 2013-14.

Senior Nutrition Program:

In 2002-03, the Human Services Department served 571,900 meals.

For 2012-13, the program is expected to serve 655,000 meals.

In the 2013-14 budget, it is anticipated that the number of meals will be 744,140.





PROGRAM SERVICE LEVEL IN 2002-03	SERVICE CHANGES THROUGH 2012-13	SERVICE CHANGES FOR 2013-14
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COMMUNITY ENRICHMENT

PARKS AND RECREATION

Swimming Pools:

In 2002-03, the city of Phoenix had 28 public swimming pools.

In 2003-04, Pecos Pool was opened, increasing the number of pools to 29.

In the 2009-10 budget eight pools were closed for infrastructure repairs on a rotating basis for three years beginning in May 2009.

In the 2010-11 budget, Cortez Pool was closed indefinitely due to the need for significant structural repairs.

In the 2011-12 budget, eight pools previously closed for infrastructure repairs were re-opened. This increased the number of open pools to 28 out of 29.

The number of open pools included in the 2013-14 budget is 29 as Cortez Pool is expected to reopen in May 2014.

Swimming Pool Season:

In 2002-03, swimming pools were open daily for 12 weeks from the week of memorial day through mid-August.

In 2003-04, budget considerations forced the city to reduce the swim season to 10 weeks. All pools closed in mid-August to coincide with the beginning of the school year.

The 2005-06 budget reduced the swim season by closing pools one week earlier, resulting in a nine-week season.

Changes included in the 2007-08 budget added funding to increase the pool season at all 29 pools. These funds added weekend hours beginning in August and continuing through Labor Day.

The 2008-09 budget eliminated weekend pool hours in May and August except for the Memorial Day weekend.

The 2009-10 budget reduced the swimming season by eliminating open swim hours during the last week in July. The 2009-10 budget also reduced daily open swim hours, and closed all city pools on Friday. Pool hours open to the public were changed from 1 to 7 p.m. instead of noon to 8 p.m. Also, fees were increased for general swim lessons and recreational teams.

The 2012-13 budget added open swim hours at nine pools, representing all Council Districts and city regions, from 1 to 7 p.m. each day in August through the Labor Day holiday.

No changes are included in the fiscal year 2013-14 budget.

Children's Summer Recreation Programs:

In 2002-03, the city of Phoenix provided recreation programs at 127 program sites.

In 2007, the Parks and Recreation Department conducted a comprehensive evaluation of Phoenix After-school Center (PAC) programming. Changes were implemented including re-defining what constituted an after-school program versus an after-school site. Based on this new definition, the 2007-08 summer program had 32 sites and 50 program units (some sites have more than one program).

No changes were included in the 2008-09 budget.

The 2009-10 budget reduced summer PAC to 16 sites and increased fees.

Beginning June 2010, all summer PAC sites were eliminated.

No changes are included in the 2013-14 budget for children's summer recreation programs.





PROGRAM SERVICE LEVEL IN 2002-03	SERVICE CHANGES THROUGH 2012-13	SERVICE CHANGES FOR 2013-14
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COMMUNITY ENRICHMENT

PARKS AND RECREATION

**School Recreation Program
During School Year:**

In 2002-03, funding was provided for school recreation programs at a total of 166 sites.

In 2007-08, additional funding was provided to improve after-school programming.

In 2007, the Parks and Recreation Department conducted a comprehensive evaluation of Phoenix Afterschool Center (PAC) programming. Changes were implemented including re-defining what constituted an after-school program versus an after-school site. Based on this new definition, the 2007-08 school year had 83 sites and 166 program units (some sites have more than one program).

Budget reductions in 2008-09 reduced the number of after-school program units to 104, which included reducing the number of sites to 81.

The 2009-10 budget reduced the number of after school program sites to 42 (the department no longer uses program units in their definition of program sites). After the budget was approved, fees were increased and an additional 13 sites were added. Total sites operated were 55.

The 2010-11 budget further reduced after-school sites to 25 General Fund-supported sites and five full cost recovery sites effective June 2010.

In 2012-13 nine Phoenix Afterschool Program sites (PAC) sites were restored.

In the 2013-14 budget, eight Phoenix Afterschool Centers (PAC) sites are restored, which brings the total number of sites to 47.





**PROGRAM SERVICE LEVEL
IN 2002-03**

**SERVICE CHANGES
THROUGH 2012-13**

**SERVICE CHANGES
FOR 2013-14**

COMMUNITY ENRICHMENT

LIBRARY

Central Library:

The new Burton Barr Central Library opened in May 1995. In 2002-03, Burton Barr Central Library provided 75 hours of service per week.

In April 2003, Central Library hours were reduced to 66 hours per week as a result of citywide budget reductions.

The 2007-08 budget included opening the Central Library at 9 a.m. Monday through Saturday, increasing hours of service from 66 to 72 hours per week.

In 2008-09, the budget for books and other circulating materials for Central Library was reduced and the printed version of the calendar of events was eliminated.

In March 2009, the hours of operation were reduced from 72 hours per week to 52 hours per week at Central Library. Programming for children, teens and adults was also reduced; and facilities maintenance projects were delayed.

In April 2010, customer service and Accessibility Center services at the Central Library were reduced.

In December 2010, the hours at Central Library were expanded by six hours per week, from 52 to 58 hours per week.

In July 2012, Burton Barr Central Library expanded morning hours by six hours, from 58 to 64 hours per week, opening at 9 a.m. instead of 11 a.m. on Tuesdays, Wednesdays and Thursdays.

The 2013-14 budget increases funding for over 13,000 e-books, online library card registration, and online meeting room reservations. Burton Barr Central Library hours remain at 64 hours per week.

The budget also includes transitioning the library inventory to be in alignment with customer demand, elimination of redundant databases and optimizing efficiencies in cataloging services and facility maintenance operations.

Branch Libraries:

In the 2002-03 budget (effective in April) branch library hours were reduced to 66 hours per week, decreasing total branch library service hours to 792 per week.

The new 15,000-square-foot Desert Broom Library serving the Desert View Village area opened in February 2005 for 66 hours per week, increasing total branch library service hours to 858 per week.

The new Palo Verde Library opened in January 2006, replacing the existing 10,000-square-foot library with a new 16,000 square-foot facility.

The new 25,000-square-foot Cesar Chavez Library, serving the western South Mountain Village, opened in January 2007 for 66 hours per week, increasing total branch library service hours to 924 per week.

The 2007-08 budget included opening all branch libraries at 9 a.m. Monday through Saturday, increasing total branch library service hours to 1,008 per week.

The renovation of Saguaro Library was completed during spring 2008 and opened to the public on June 6, 2008.

Due to budget reductions in 2008-09, staffing was reorganized to create regional managers and reduce a supervisory layer at the branches; facilities maintenance projects were deferred; the opening of the new Agave library was delayed; the printed calendar of events was eliminated, and the budget for books and other circulating material was reduced by 18.9 percent.

In March 2009, the hours of operation were reduced from 72 hours per week to 52 hours per week at seven locations and to 48 hours per week at eight locations. The budget for circulating materials and programming for children, teens and adults was also reduced; facilities maintenance projects were delayed.

The new Agave Library, located at 33rd Avenue and Pinnacle Peak Road, opened in June 2009.

The new 12,300-square-foot replacement for Harmon Library opened to the public in September 2009.

In April 2010, the hours of operation per week were reduced from 52 to 44 at seven branches and 48 to 40 at the remaining branches.

The 2013-14 provides general funds to continue the existing College Depot program.

Branch Libraries will also be impacted by the increase in funding for on-line services as well inventory adjustments, as described above under Central Library.





PROGRAM SERVICE LEVEL IN 2002-03	SERVICE CHANGES THROUGH 2012-13	SERVICE CHANGES FOR 2013-14
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COMMUNITY ENRICHMENT

LIBRARY

Branch Libraries: *(continued)*

Additionally in April 2010, the staff and library materials at Century, Acacia, and Ocotillo branch libraries were reduced resulting in decreased direct customer service and increased time to access library materials. Administrative and support staff were also reduced resulting in slower processing and re-shelving of materials system-wide and less timely maintenance of facilities.

In December 2010, the hours at Mesquite Library were increased by six hours per week.

A new South Mountain Community Library, jointly operated by Maricopa County Community College District and the city of Phoenix, opened August 2011 on the campus of South Mountain Community College – open 72 hours per week.

In July 2012, evening hours were expanded at eight branches: Ironwood, Cholla, Cesar Chavez, Palo Verde, Juniper, Agave, Yucca and Saguaro. They opened an additional 6 hours per week, from 7 to 9 p.m. on Tuesdays, Wednesdays and Thursdays, bringing total branch service hours to 759 per week. College Depot also expanded its programming to four branch libraries: Cesar Chavez, Cholla, Palo Verde, and South Mountain Community College.

Based on 2011 ICMA data, the Phoenix library system compared very favorably to other benchmark cities as noted below:

Cost per Item Circulated:

Austin – \$4.39

San Antonio – \$4.38

PHOENIX – \$1.91

Dallas – \$1.74

Long Beach – Unavailable





**PROGRAM SERVICE LEVEL
IN 2002-03**

**SERVICE CHANGES
THROUGH 2012-13**

**SERVICE CHANGES
FOR 2013-14**

ENVIRONMENTAL SERVICES

WATER SERVICES

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

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

- San Jose – \$33.44
- Kansas City – \$31.37
- Austin – \$28.56
- Tucson – \$25.75
- Dallas – \$24.83
- Albuquerque – \$23.96
- PHOENIX – \$19.64**
- San Antonio – \$15.62

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

- San Diego – \$77.89
- Tucson – \$60.62
- San Jose – \$55.08
- Austin – \$51.17
- Dallas – \$48.53
- PHOENIX – \$37.75**
- Albuquerque – \$31.81
- San Antonio – \$21.33

It is anticipated Phoenix water rates will continue this trend during 2013-14. The combined water and wastewater rate for 2013-14 will remain unchanged from the prior year.

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

In a March 2003 survey, Phoenix's average monthly wastewater bill compared favorably to the following benchmark cities:

- Austin – \$38.15
- Dallas – \$26.57
- Kansas City – \$19.81
- San Jose – \$18.96
- Albuquerque – \$18.45
- San Antonio – \$16.84
- Tucson – \$14.06
- PHOENIX – \$13.60**

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

- Austin – \$60.79
- San Diego – \$47.69
- Tucson – \$40.90
- Dallas – \$36.30
- San Jose – \$33.83
- San Antonio – \$23.97
- PHOENIX – \$20.71**
- Albuquerque – \$18.16

It is anticipated Phoenix wastewater rates will continue this trend during 2013-14. The combined water and wastewater rate for 2013-14 will remain unchanged from the prior year.







Budget Process, Council Review and Input, Public Hearings and Budget Adoption

Each year, the city of Phoenix budget is developed in conjunction with the Mayor and City Council, residents, city employees, the City Manager's Office and all city departments.

Zero Base Budgeting Process

Enhancements were made to the city's budget presentation and community process to strengthen public engagement and demonstrate the city's commitment to transparency. The Budget and Research Department expanded the Citywide Budget Information Packet and Inventory of Programs developed last year as part of its zero-based budget. Additional information was added, including citywide and department revenue, a department status overview, and a designation of the primary strategic plan area supported by each program. This provided more detailed information on every city program, allowed City Council to review cost estimates for the following year at an earlier stage in the budget process, and created a more useful format for Phoenix residents to understand the city's budget. A five-year General Fund forecast also is provided to the City Council giving them a tool for long-term planning and strategic decision making. Additional outreach and opportunities for residents to participate in the budget process are again provided this year, including an interactive online hearing hosted by the Mayor.

Each fall, departments start from zero and submit an estimate of the costs associated with providing their current levels of service for the following year (called the "base budget"). Budget and Research staff review these base budget estimates to ensure that only the funding needed to continue current service levels is included in the department's base budget for the following year. A department's base budget funding may differ from its current year funding for a

variety of reasons. For example, an increase or decrease in electricity or postage rates would be reflected in the base budget.

After these base budget requests are reviewed, departments typically are asked to identify 5 to 10 percent of their budget for potential elimination. These proposals are potential base reductions and represent the department's lowest-priority activities. Departments also are asked to provide any requests for new or expanded programs. These are called supplemental budget requests. Departments can propose reducing or eliminating an existing program in order to fund the expansion of an existing program or adding a new program. Base reductions and supplemental requests include all operating and maintenance costs associated with a specific program or service. For example, costs for a swimming pool would include personnel costs for a lifeguard and other staff, chemicals for the pool, building maintenance and utilities.

When base reductions and supplemental requests are proposed, they are ranked together according to the department's priorities. These rankings are used by city management to assist in the creation of the proposed trial budget.

The City Council then provides input to the City Manager for the preparation of the trial budget, which is reviewed with the City Council early each spring. The purpose of the trial budget is to enable the community and the City Council to comment on a balanced budget proposal well before the City Manager is required to submit a recommended budget in May. Public hearings are conducted throughout the community during day and evening hours, at which residents are encouraged to provide their feedback. The proposed trial budget is also available online and residents can send comments by email. The City Manager recommended budget reflects the input received from the community and City Council. The City

Council makes final budget recommendations after the City Manager's recommended budget is reviewed.

2013-14 BUDGET PROCESS

Initial Budget Status

In September 2012, Budget and Research staff presented an early review and discussion of the 2013-14 budget to the City Council. At that time staff focused on the General Fund, providing financial results for the previous fiscal year. Staff reported that the 2011-12 fiscal year ended with higher than estimated resources and less than expected expenditures, resulting in a stronger starting position for fiscal year 2012-13. The 2011-12 ending balance was \$92.8 million, which was \$8.3 million higher than estimated due to expenditure savings in city departments. These savings put the city in a stronger position to withstand revenue shortfalls or unanticipated expenditures in 2012-13.

Budget Status Update

For the second consecutive year, Budget and Research provided a Citywide Budget Information Packet and Inventory of Programs as part of a Zero-Based Budget approach. The information was presented to provide the Council and community with an earlier view of the upcoming fiscal year's estimated expenditures. The document provides a broader, more practical context to the budget, facilitating a more informed discussion.

In February 2013, Budget and Research provided a 2013-14 preliminary General Fund estimate report and five-year forecast. The preliminary 2013-14 budget estimate showed a balanced budget for fiscal year 2013-14.





The five-year forecast was developed to provide the Mayor, City Council, city management and the community a tool to enhance budgetary planning over multiple years. This financial best management practice provides policy-makers with a framework for strategic decision-making. In order to model potential future budgetary scenarios under varying economic conditions, a range was provided for each year with the baseline forecast represented by the middle of the range. The baseline forecast showed that the General Fund can generally be balanced in most years if the revenue and cost assumptions are achieved.

Trial Budget

On March 26, 2013, the Mayor and Council were presented with the 2013-14 City Manager’s Trial Budget. The proposed balanced 2013-14 General Fund budget totaled \$1.128 billion, which was approximately \$13 million, or 1.2 percent, more than the 2012-13 General Fund budget.

Demonstrating the city’s commitment to the continued restoration and enhancement of important services at the lowest possible cost, the Trial Budget included about \$6.2 million in expanded and restored General Fund services to the community. This is the third consecutive year in which the city was able to provide enhanced or restored services. The service enhancements are possible because of proposed General Fund (GF) efficiency savings totaling nearly \$16 million. These actions include process improvements, realignment of resources based on community needs, organizational streamlining, rightsourcing, and other operational measures that lower costs and staffing levels without reducing direct services to the community.

The proposed service enhancements summarized by Strategic Plan area included:

Public Safety

- Add 15 civilian positions to Central Booking allowing 15 police officers to be assigned to direct community police service.

- Add six officers and two sergeants to meet minimum police staffing requirements at the airport at zero net cost; the increased staffing allows police overtime costs to be reduced by an amount equal to the cost of the new positions. Because of security requirements at the airport, these positions will be filled by veteran officers, opening eight General Fund vacancies to be filled with new officers.
- At zero net cost using the General Fund savings realized by replacing veteran officers with new officers at entry-level pay, fund three police officer positions for patrol and community police work. In total due to these changes, the city will be able to hire 11 new police officers at no additional cost. The 11 new police officers can be hired from the existing Police Reserve force, utilizing officers who have already been through the Police Academy and have some experience with the Phoenix Police Department in a reserve capacity.
- Add seven new firefighter/paramedic positions to ensure sustained emergency ambulance response times in all areas of the city.
- Convert Public Safety and municipal wireless radio communication equipment to comply with federally-mandated frequency and interoperability requirements. It is proposed that the cost of this equipment totaling at least \$66 million over five years be paid using lease-purchase financing, which must be authorized by the City Council.

Education

- Increase number of “e-books,” provide the capability for online library card registration, and enable online meeting room reservations enhance the library’s 24X7 accessibility.
- Continue existing College Depot program due to expiring private funding.
- Restore an additional three Phoenix Afterschool Center (PAC) sites (after restoring nine last year) based on assessment of highest need as

determined by the Parks and Recreation Department.

- Restore some funding for the Job Training Program.

Social Services Delivery

- Enhance Senior Center access and use of technology by seniors.
- Provide additional Family and Child Victim Services through expanded funding for lease costs and services provided by the public safety partners at the Childhelp facility to serve abused children.
- Allocate funding for an administrative position and projects to facilitate the city’s involvement in the public/private implementation of the Domestic Violence Roadmap to Excellence.
- Restore additional homeless shelter support.
- Increase existing water utility assistance program for low-income households.

Neighborhoods and Livability

- Increase funding for arts grants to improve opportunities for arts and cultural development.
- Increase funding for maintaining completed public art projects, including mitigating graffiti and other vandalism.
- Increase funding for operational support of performing arts organizations at city-owned venues.
- Operate new and expanded facilities for the Sonoran Preserve, Tres Rios recreational facilities, the dog park at Margaret T. Hance Park, Echo Canyon trailhead expansion, Cortez pool renovation, Hermoso Park recreation center expansion, Winship House renovation and Rio Salado Peace Path.
- Support historic preservation efforts by hiring a consultant to complete the National Register for the David and Gladys Wright House, fund an existing position to make additional historic





preservation bonds available, and decrease design review turnaround times by insourcing currently contracted services.

Economic Development

- Expand the Adaptive Reuse Program to provide regulatory relief and plan review/permit fee waivers to assist small business in renovating existing buildings for new uses and help get new businesses open sooner.
- Expand international economic development program including international air service at Sky Harbor International Airport.
- Provide support to recently established Downtown Phoenix, Inc., an organization that will work with existing downtown community groups to market and further develop downtown Phoenix.

Technology

- Implement E-procurement, Transparency, & Integrated Budget System to streamline purchasing operations, decrease costs, and enhance efficiency, transparency, compatibility and fiscal reporting.
- Replacement of Planning and Development Services Permit Tracking System, or KIVA, which will enable streamlining and customer improvements to the city's development process, including online permit applications, mobile technology alternatives and enhanced transparency and tracking.

Infrastructure

- By restructuring the city's Arizona Highway User Revenue Fund (AHUR), implement street improvement and safety enhancement projects, conduct North Mountain Redevelopment Area/Metro Center multimodal study, downtown transportation study, second phase of downtown parking meter installations and create a temporary projects administrator to manage the additional projects.

- Fund freeway landscape maintenance for an additional nine miles along Interstate 17.

Phoenix Golf Program

The City Council approved a Golf Fund balancing plan on March 6, 2013, which includes the following budget-related elements:

- Implement efficiency actions, such as rightsourcing, to reduce the annual operating deficit.
- Remove the Golf Fund's designation as an Enterprise Fund, which allows the General Fund to offset costs of annual operating deficits. The 2013-14 Trial Budget includes a General Fund allocation of \$1.1 million intended to offset next year's annual operating deficit.
- Pay off the cumulative deficit over a three year period, or by fiscal year 2014-15. The initial installment to begin paying off the Golf Fund's existing cumulative deficit used \$5.7 million in Phoenix Parks and Preserve Initiative Funds (PPPI).

The City Manager's Trial Budget also included recommended changes to non-General Funds, as explained below.

Arizona Highway User Revenue Fund

(AHUR) - a restructuring of AHUR reserves will be used to implement street improvement and safety enhancement projects, conduct a North Mountain Redevelopment Area/Metro Center multimodal study, conduct a downtown transportation study, implement second phase of downtown parking meter installations, and create a temporary projects administrator to manage the additional projects.

Aviation Fund - Aviation will add six officers and two sergeants while reducing existing police overtime by an equivalent amount at zero net cost. Additionally, the Aviation Department will work with the Community and Economic Development Department to enhance international air service development and cover 50 percent

of costs of a position dedicated to international economic development. Finally, Aviation will fund maintenance of new landscaping along the new Phoenix Sky Train facility.

Development Fund - this fund will add staff and funding to replace the aging permit tracking system (KIVA), which will streamline and improve the city's development process, including online permit applications, provide mobile technology alternatives, and enhanced transparency.

Downtown Community Reinvestment Fund

(DCRF) - \$3 million equating to the increase of the DCRF in 2011 when the Arizona Center property was sold will be used to increase the city's Contingency Fund. Additionally, \$1 million from this fund will be used to cover costs associated with ongoing downtown development, and \$100,000 will be allocated to support the newly formed Downtown Phoenix, Inc. organization.

Phoenix Parks and Preserves Initiative

Fund (PPPI) - PPPI funds are being used to help pay down the cumulative Golf Fund deficit. Additionally, PPPI will cover costs to operate new and expanded facilities for the Sonoran Preserve, Tres Rios recreational facilities, the dog park at Margaret T. Hance Park, Echo Canyon trailhead expansion, Cortez pool renovation, Hermoso Park recreation center expansion, Winship House renovation and Rio Salado Peace Path.

Sports Facilities Capital Fund - the Sports Facilities Capital Fund includes necessary pay-as-you-go capital maintenance for the city's downtown parking garages.

Water Fund - the Water Fund includes a proposed increase to the existing program providing water related utility assistance for low-income Phoenix households in crisis.

Lastly, as discussed in the "Enhanced Services- Technology" section, General and non-General Funds capital and operating budgets will fund implementation of E-procurement, Transparency, and Integrated Budget System.





Community Input

The proposed budget was presented at 20 budget hearings conducted throughout the community from April 3 to 25. Following a presentation describing the proposed budget, residents were invited to comment. This included an interactive online hearing hosted by the Mayor, allowing residents to submit comments or questions live from a home computer or mobile device. In addition to the budget hearings, the budget was shared with the community on the city's website and through a tabloid entitled "Phoenix Budget for Community Review" that outlined the proposed service changes as well as a calendar of budget hearing dates. This information was made available electronically in addition to hard copies provided at senior centers, libraries, community centers and at budget hearings. The city also published where to find the electronic version in "The Arizona Republic," "Arizona Informant," "Asian American Times" and "La Voz." Residents also were invited to send comments and questions through the city's website. The publicity of the trial budget allows the City Council and the community to comment on proposed measures for balancing the budget.

More than 312 comments were received from the community at 20 budget hearings and by email, letters and through social media during Phoenix's online budget hearing. Most citizens voiced support for the proposals already included, as well as identifying additional community needs including increasing street maintenance, expanding afterschool programs, adding job training programs, increasing bicycle infrastructure, addressing graffiti, adding a community center and enhancing public safety. Based on the further funding resources described in the City Manager's Budget Message, the City Manager was able to recommend service additions to the Mayor and City Council beyond what was presented in the Trial Budget that closely corresponded to the resident input.

City Manager's Budget and Council Action

On May 7, a revised budget package that reflects feedback from the community was presented to the Mayor and City Council for information and discussion only. In addition to the efficiencies proposed in the Trial Budget, additional efficiency actions are proposed by Parks and Recreation and Public Transit departments and the Public Information Office. The Parks and Recreation Department is moving forward with a pilot project to outsource mowing services in their Northwest Division. Public Information proposes the elimination of three positions through the use of enhanced technology and additional outsourcing. The Public Transit Department will implement a taxicab voucher service that outsources the current Reserve-a-Ride program.

Using savings made available through the new efficiencies, and available capital funds in the Arizona Highway User Revenue Reserve and Impact Fee Program, the proposed budget includes the following additions reflecting feedback from the community during the budget hearing process:

GENERAL FUND:

- Restoration of two more Phoenix Afterschool Center (PAC) sites in addition to the three that were already proposed for restoration in the Trial Budget.
- Restoration of an additional \$100,000 in funding for the Job Training Program beyond the \$150,000 proposed for restoration in the Trial Budget.
- Restoration of an additional 2.0 full time employee park ranger positions to enhance safety, security and protection of mountain parks.
- Addition of power-washing equipment for use by residents to enhance the city's graffiti response and clean-up. This addition will be covered using savings identified in the 2012-13 Neighborhood Services Department budget.

FEDERAL GRANT FUNDING:

- The city will apply for Community Oriented Policing Services (COPS) grants from the U.S. Department of Justice. The grants would offset funding required to hire as many as 25 additional police officers beginning in 2013-14. The grants cover up to \$125,000 over three years (or about \$42,000 per year) for each officer. The city's costs to cover necessary grant matching funds, training, and new equipment will come from additional efficiency savings, including those described above.

CAPITAL IMPROVEMENT- ARIZONA HIGHWAY USER REVENUE RESERVE:

- An additional \$1.5 million of the AHUR capital reserve to address community interest in increasing safe bicycle riding in Phoenix and make further progress toward more Complete Streets. In addition to the development of a comprehensive citywide bicycle infrastructure plan, the funding will be used to add bicycle lanes/paths, bike-share infrastructure and increased bicycle safety on Phoenix streets.

CAPITAL IMPROVEMENT - IMPACT FEES:

- Use of \$900,000 in capital impact fee funding in addition to \$100,000 of existing federal funding to cover the cost for site selection and conceptual design of the Cesar Chavez community/recreation center near 35th Avenue and Baseline Road to address a need for recreational facilities in the Laveen area.





The revised City Manager’s Proposed Budget included an additional five Phoenix Afterschool Center (PAC) sites in 2013-14, taking the total new PAC sites to eight. It also included additional funding to enhance youth programs in the Parks and Recreation Department. On May 21, 2013, the City Council approved the 2013-14 budget, which provided the Council direction necessary to prepare legal postings and advertised publications for the final legally required budget actions in June and July.

Adoption of Tentative Budget Ordinances

A public hearing and adoption of the tentative budget ordinances was completed on June 5, 2013, in compliance with the City Charter requirement that the budget be adopted no later than June 30. 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.

Adoption of Final Budget Ordinances

A public hearing and adoption of the final budget ordinances was completed on June 19, 2013. Adoption of the property tax levy ordinance was completed no less than 14 days later on July 3, 2013, in accordance with state law.

The following chart is an overview of the 2013-14 budget calendar.

2013-14 Budget Calendar

Feb. 12, 2013	2013-14 Inventory of Programs (Zero-Based Budget)
Feb. 26, 2013	Preliminary 2013-14 Budget Status; Five-Year General Fund Forecast; and Updated Public Safety Funds Forecast
March 26, 2013	City Manager’s 2013-14 Trial Budget
April 3 – April 25	Community Budget Hearings
April 9, 2013	Preliminary Five-Year Capital Improvement Program
May 7, 2013	City Manager’s Proposed Budget
May 21, 2013	Council Budget Decision
June 5, 2013	2013-14 Tentative Budget Ordinance Adoption
June 19, 2013	2013-14 Final Budget Ordinance Adoption
July 3, 2013	2013-14 Property Tax Levy Ordinance Adoption





Input from residents at the Community Budget Hearings is an important step in developing the city's budget.





General Budget and Financial Policies

City of Phoenix budget and financial policies are governed by Arizona state law, the City Charter and Code and generally accepted accounting standards. These laws and standards set budget calendar dates, provide for budget control, describe ways to amend the budget after adoption, and identify appropriate methods for budgeting, accounting and reporting. The Arizona Constitution establishes the property tax system and sets tax levy and assessed valuation limits. The City Charter and Code also provide restrictions on property tax. The constitution also provides annual expenditure limits and sets total bonded debt limits.

The city's budget policies are extensions of these basic laws and follow generally accepted governmental budgeting and accounting practices and standards.

A BALANCED BUDGET IS REQUIRED

Arizona law (Title 42 Arizona Revised Statutes) requires the City Council to annually adopt a balanced budget by purpose of public expense. State law defines this balanced budget as "the primary property tax levy, when added together with all other available resources, must equal these expenditures." Therefore, no General Fund balances can be budgeted in reserve for subsequent fiscal years. Instead, an amount for contingencies (also commonly referred to as a "rainy day fund") can be included in the budget each year.

The City Charter also requires an annual balanced budget. The Charter further requires that "the total of proposed expenditures shall not exceed the total of estimated income and fund balances."

Annual Budget Adoption Requirements

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 2013-14 budget development process are as follows:

Action Required	City Charter Prescribed Deadline	Arizona State Statute Prescribed Deadline	2013-14 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.	April 9, 2013
Post notice on the official city website if there will be an increase in either the primary or the secondary property levy, even if the combined levy is a decrease.	No requirement.	60 days prior to Tax Levy Adoption.	May 3, 2013
City Manager's proposed budget for ensuing year presented to the Mayor and City Council.	On or before the first Tuesday in June or a date designated by the City Council.	City Manager budget not required.	May 7, 2013
Post City Manager's proposed budget on the city's website and provide copies to libraries and City Clerk.	No requirement.	No later than seven business days after the estimates of Revenue and Expenses are initially presented before the City Council.	May 16, 2013
Publish general summary of budget and notice of public hearing that must be held prior to adoption of tentative budget ordinances.	Publish in newspaper of general circulation at least two weeks prior to first public hearing.	No requirement.	Publish Week of May 20, 2013
Publish notice of public hearing which must be held prior to adoption of five-year Capital Improvement Program by resolution.	Publish in newspaper of general circulation at least two weeks prior to first public hearing.	No requirement.	Publish week of May 20, 2013





Action Required	City Charter Prescribed Deadline	Arizona State Statute Prescribed Deadline	2013-14 Budget Dates
Public hearing immediately followed by adoption of tentative budget ordinances with or without amendment.	On or before the last day of June.	On or before the third Monday of July.	June 5, 2013
Publish truth-in-taxation notice twice in a newspaper of general circulation (when required).	No requirement.	First, at least 14 but not more than 20 days before required public hearing; then at least seven days but not more than 10 days before required hearing.	Publish weeks of June 3, 2013 and June 10, 2013
Publish summary of adopted tentative budget ordinances and notice of public hearing which must precede final adoption.	No requirement.	Once a week for two consecutive weeks following tentative adoption.	Publish weeks of June 10, 2013 and June 17, 2013
Public hearing plus truth-in-taxation hearing (when required) immediately followed by adoption of final budget ordinances.	No requirement.	No later than second Monday in August.	June 19, 2013
Post a complete copy of the adopted final budget on the city's website.	No requirement.	No later than seven days after adoption.	June 28, 2013
Property Tax Levy Adoption.	No later than the last regularly scheduled Council meeting in July.	No sooner than 14 days following final budget adoption and no later than the third Monday in August.	July 3, 2013

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 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, (2) increases in funds exempt from the Arizona State Constitution expenditure limit and (3) 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. Then, at the end of the fiscal year, contingency amounts actually needed are transferred by City Council formal action to the appropriate departmental budget.

If funds are available, appropriations may be increased for certain funds specifically excluded from the limitations in the Arizona Constitution. These funds are bond proceeds, Arizona Highway User Revenue, debt service and grants. At the end of each fiscal year, the City Council adopts an amendment to the budget ordinance for any necessary increases in these funds. These increases are largely caused by federal grants that become available throughout the fiscal year and by timing changes in capital projects funded by bond proceeds.

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





PROPERTY TAXES AND BONDED DEBT LIMIT

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

Primary Property Tax Restrictions

Primary property tax levies are restricted to an annual two percent increase plus an allowance for growth attributable to previously unassessed properties (primarily new construction). In addition, the City Charter limits the primary property tax rate to \$1.00 plus an amount that provides for the establishment and support of free public libraries and reading rooms. The primary levy may also additionally increase by an amount equal to annual tort liability claims. Growth in primary assessed valuation is restricted annually to the greatest of 10 percent, or 25 percent of the difference between primary values in the preceding valuation year and secondary values in the current valuation year, plus an allowance for previously unassessed properties. The City Charter requires that eight cents of the primary property tax levy be allocated to the Parks and Playground Fund.

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. No restrictions limit the annual growth in secondary assessed valuations. Secondary assessed valuations are intended, therefore, to follow general market conditions.

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

Bonded Debt Limit

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

ANNUAL EXPENDITURE LIMITATION

Since fiscal year 1982-83, the city of Phoenix has been subject to an annual expenditure limitation imposed by the Arizona Constitution. This limitation is based upon the city's actual 1979-80 expenditures adjusted for interim growth in population and inflation as measured by the gross domestic product implicit price deflator. The constitution exempts certain expenditures from the limitation. Constitutional exemptions generally don't 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. All require voter approval.

City of Phoenix voters have approved eight local home rule options in 1981, 1985, 1991, 1995, 1999, 2003, 2007 and 2011. 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. The home rule option approved by voters Aug. 30, 2011, will be in effect for four fiscal years

from 2012-13 through 2015-16 and will allow Phoenix residents to continue to control local expenditures. Finally, in 1981, the voters approved the permanent annual exclusion 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.

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 comprehensive annual financial report. The major differences between the modified accrual basis and the GAAP basis are listed below. A reconciliation of budgetary and GAAP fund balances is provided each year in the comprehensive annual financial report.

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

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





GENERAL FINANCIAL POLICIES

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

Form of Budget Adoption

- 1. Allocation of Appropriations** - Funds appropriated by the City Council are allocated to programs, offices, departments, divisions, sections, projects and type of expenditure by the city manager or as delegated to the Budget and Research director to provide managerial control and reporting of budgetary operations.
- 2. Budget Controls** - At the department level, control of expenditures is governed by Administrative Regulation. City departments prepare revised expenditure estimates twice a year. The Budget and Research Department keeps the city manager and the City Council advised on the status of the budget through periodic budget status reports. Mid-year revenue shortfalls can result in the adoption of mid-year expenditure reductions.
- 3. Contingency Amounts** - A contingency allowance (also known as a "rainy day fund") is appropriated to provide for emergencies, mid-year community service requests, and unanticipated expenditures and revenue shortfalls. Expenditures may be made from contingencies only upon approval by the City Council with recommendation by the city manager. Over the last 10 years, the city's contingency fund has been as low as 2.6 percent of General Fund expenditures, and will be at the highest level in 2013-14 at 3.9 percent. Best practices recommend a contingency fund of five percent of total expenditures. In order to better withstand future economic downturns the City Council has adopted a policy to gradually increase the contingency to five percent over multiple years.

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 unexpended amounts, including those encumbered, lapse 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 funds. These allocated costs are recouped from the Enterprise 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 comprehensive annual financial report at year's end.

- 4. Enterprise Cost Recovery** - Aviation, Water, Wastewater and Solid Waste are fully self-supporting from rates, fees and charges and, as such, are budgeted and accounted for as Enterprise funds. Cost recovery includes direct operation and maintenance expenses, capital expenditures, debt service, indirect cost allocation, and in-lieu property taxes, where allowable. The Convention Center, while accounted for using enterprise accounting principles, is partially financed from rental and parking fees with the remainder coming from earmarked sales taxes. Finally, federal regulations preclude the Aviation Fund from paying in-lieu property taxes. By City Council policy, the Convention Center Fund does not pay in-lieu property taxes.

- 5. Internal Cost Accounting Allocation** - Interdepartmental services performed by one department for another are credited to the performing department and charged to the receiving department to reflect the accurate costs of programs. The rates used are intended to reflect full costs including appropriate overhead.
- 6. Maintenance and Replacement of Rolling Stock and Major Facilities** - A multiyear plan is used to project the need for, and costs of, significant street pavement, facility and equipment repair and replacement. The planning horizon for each asset category is matched to the life of the asset. Annually, that plan, combined with periodic physical inspections of streets, facilities, vehicles and other equipment, is used to develop funding levels for inclusion in the budget. During economic downturns, these amounts are debt-financed with a repayment schedule shorter than the expected life of the asset.





7. Pension Funding - In addition to other employee compensation amounts, pension amounts are allocated to each department. The required employer contribution is 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 a 20-year period.

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, 43 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 in particular led to the City Council's February 2010 approval of a temporary sales tax on food for home consumption effective April 1, 2010, which is set by ordinance to expire on March 31, 2015.

Given our reliance on sales taxes, developing personal income is an important step in managing our revenue base. In recent years, considerable effort

has been devoted to attracting employers that will provide our residents with quality jobs and to developing a local workforce that will support the needs of quality employers. We also have worked to develop an employment base that is not as heavily concentrated in the highly cyclical construction industry. However, the recent unprecedented declines in construction activity and unemployment in all sectors had a significant negative impact on revenue.

Also important to managing our revenue base is the continued growth expected in catalog and Internet sales. Our use tax is an important tool in reducing the impact of this shift from sales in "Bricks and Mortar" stores. The development of our tourism-related sales tax base (hotels, restaurants and short-term car rentals) is another important hedge against future revenue loss due to growth in Internet and catalog sales. Tourism is another industry that suffered significant declines in the recent recession.

Finally, utility taxes levied against the sales of electricity, natural gas, telecommunications, water and sewer make up about 21 percent of our local sales tax base. Generally, utility taxes are not responsive to economic conditions and provide us with a fairly significant revenue source that remains stable during periods of economic downturn. In addition, several detailed revenue policies are listed below.

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 2.0 percent. The Model City tax code exemption on food for home consumption was removed by City Council action in February 2010. It was last imposed in June 1980. The rate varies for certain other specialized taxing categories as outlined in the Operating Fund Revenues section of this document.

2. Property Taxes - By City Council policy, the combined city property tax rate is \$1.82 per \$100 of assessed valuation. In accordance with the Council-adopted policy, the primary property tax levy is annually set at the previous year's levy amount plus two percent and an amount associated with new property. The secondary levy is then set at an amount necessary to achieve a total \$1.82 tax rate.

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 Review - The city auditor conducts a comprehensive user fee review to project cost recovery rates, and then compares the projections to the established cost recovery policy. The rates are based upon generally accepted full-cost accounting standards. The City Manager recommends expenditure reductions or fee adjustments to the City Council to maintain the established cost recovery policy.

5. Fines and Forfeitures - The Municipal Court has jurisdiction over establishing many of the fine and forfeiture fee schedules.

6. Parks and Recreation Fees and Charges - The Parks and Recreation Board has jurisdiction over establishing charges for miscellaneous recreational facilities and advising the City Council on fees to be set for golf courses, tennis centers and swimming pools.

7. Interest Earnings - Interest earnings from the investment of temporarily idle funds are credited to the fund generating the earnings.





FUND STRUCTURE

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

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

General Funds

General – These revenues come from four major sources: local sales (privilege license) taxes, local primary property taxes, state-shared revenues, and user fees and other revenues. State-shared taxes include state-shared sales, vehicle license and income taxes. User fees and other revenues include cable and ambulance fees as well as interest earnings and fines. General funds are used to provide the most basic of city services including police, fire, parks, library, municipal court and neighborhood services.

Parks – The City Charter requires that a portion of the primary property tax levy be used to support parks programs. To demonstrate compliance with this requirement, all parks revenues and expenditures are segregated in a separate fund.

Library – State law requires that funds received for library purposes are segregated in a separate Library Fund. Revenues include library fines and fees, which are used to help offset library expenditures.

Cable Communications – Included in this fund are the revenues and expenditures associated with administering cable television licensing and programming the government and education access channels.

Special Revenue Funds

Arizona Highway User Revenue (AHUR) – AHUR funds are made up of state-collected gas taxes and a portion of other state-collected fees and charges such as registration fees, driver's licenses and motor carrier taxes. These funds can only be used for street maintenance and construction, and street-related debt service.

Capital Construction – This fund is used to account for the two percent utility taxes on telecommunication services that are used for pay-as-you-go capital projects in the city's right-of-way.

City Improvement – This fund is used to account for debt payments incurred as a result of facilities built 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 and Development Department are maintained in this fund.

Excise Tax – The Excise Tax Fund is used to account for tax revenues ultimately pledged to pay principal and interest on various debt obligations.

Golf – The Golf Fund is used to account for revenue and expenditures associated with the rental, sales, development and maintenance of the city's golf courses.

Grant Funds – Grant funds include federal, state and local agency awards. These are Community Development Block Grant funds, Public Housing funds, Human Services funds and various other smaller grant allocations. Grant funds can be applied only to grant-eligible expenditures.

Neighborhood Protection – These funds are used to account for the revenues and expenditures associated with a voter-approved 0.1 percent increase in the sales tax in 1993. Revenue from the tax increase is earmarked for police and fire neighborhood protection programs, and police Block Watch programs. The Police Department is allocated 70 percent, Fire Department 25 percent and Block Watch Programs 5 percent of revenues.

Other Restricted Funds – This is a combination of funds used to segregate restricted revenues and related expenses. Included are Court Technology Enhancement Fees, Parks revenues such as Heritage Square and Tennis Center, and various other receipts and contributions received in small amounts and earmarked for restricted purposes.

Parks and Preserves – This fund is used to account for the funds generated by the 0.1 percent increase in the sales tax approved by voters in 1999 for a 10-year period. In 2008, voters approved a 30-year extension to July 1, 2038. The funds are used to purchase state trust lands for the Sonoran Desert Preserve open space, and the development and improvement of regional and neighborhood parks to enhance community recreation.





Public Safety Enhancement – These funds are used to account for the revenues and expenditures associated with a voter-approved 2.0 percent increment of the 2.7 percent sales tax on utilities with franchise agreements in March 2005. The Police Department, including the Office of Emergency Management, is allocated 62 percent and the Fire Department 38 percent of revenues.

2007 Public Safety Expansion – These funds are used to account for the 0.2 percent increase in the sales tax approved by voters in 2007. The funds are designated for hiring additional police personnel and firefighters; hiring crime scene investigator teams to improve evidence collection; improving fire protection services, to improve response times; and increasing paramedic and other emergency medical services. The Police Department is allocated 80 percent of this fund and the Fire Department is allocated 20 percent.

Regional Transit – This fund is used to account for transit services that are paid by and provided for other cities or funded by the Regional Public Transportation Authority.

Regional Wireless Cooperative (RWC) – This fund accounts for revenues and expenditures associated with the Regional Wireless Cooperative (RWC), which is an independent, multi-jurisdictional organization that manages and operates a regional radio communications network built to seamlessly serve the interoperable communication needs of first responders and other municipal radio users in and around Central Arizona's Valley of the Sun. Phoenix operates and maintains the network and is also responsible for accounting, budgeting, procurement and contracting for the RWC. Costs are shared among the RWC member organizations.

Secondary Property Tax – In Arizona, property taxes are divided into two separate levies: primary and secondary. The primary levy can be used for general operating and maintenance expense. The secondary levy can only be used for payment of general obligation bond interest and redemption. Because of this restriction, secondary property tax funds are segregated in a Special Revenue Fund.

Sports Facilities – This fund accounts for revenues generated from a 1.0 percent hotel/motel tax and a 2.0 percent tax on short-term vehicle rentals. These funds are designated for payment of debt service and other expenditures related to the downtown sports arena.

Transit 2000 – This fund is used to account for the 20-year, 0.4 percent sales tax dedicated to transit improvements approved by voters on March 14, 2000. Fare box collections are also included in this fund.

Enterprise Funds

Enterprise funds include Water, Wastewater, Aviation, Solid Waste and Convention Center funds. With the exception of 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, 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.

Fiduciary Funds

Fiduciary funds, including trust and agency funds, represent funds held for others. As such, these funds are not included in the annual budget. Also, reserves and expenditures for fiduciary funds are not presented in the comprehensive annual financial report (CAFR). However, the year-end balances held in fiduciary funds are provided in the CAFR.





Inspired by the hues of the Sonoran Desert and the cool tones of the Arizona sky, the Phoenix Convention Center welcomes visitors with natural light streaming in from dramatic architecture reminiscent of the Grand Canyon.





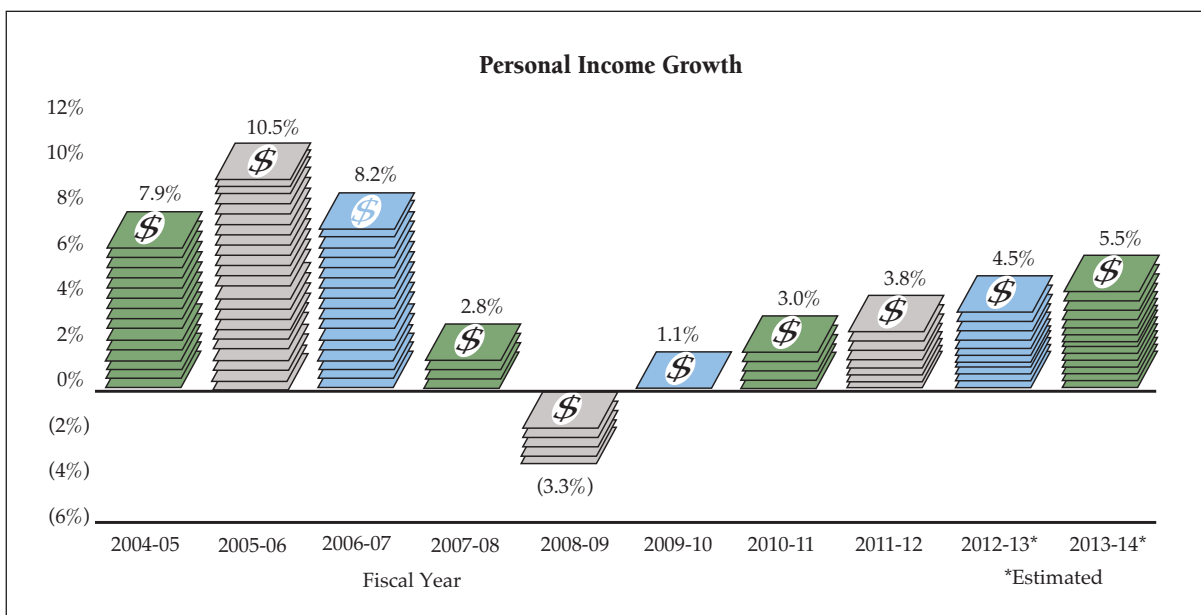
Revenue Estimates

Revenue estimates for 2013-14 are based on assumptions about the local economy, population changes, activity levels, underlying estimates for cost-recovery rates and fees, and on the continuation of current state revenue collection and sharing practices. In addition, other revenue estimates are developed using the most current information from outside entities that establish such fees. Examples of revenues derived from fees set by outside entities include portions of court fines and fees, and ambulance fees. Finally, consistent with the property tax policy adopted by Council in December 2011, the primary property tax levy remains at the maximum allowable amount and includes some of the costs associated with tort liability judgments. The current combined primary and secondary property tax rate remains the same at \$1.82 in accordance with Council policy through 2013-14.

State and local economic growth began to stabilize in the latter part of 2009-10 after the recession, and the economy continues to recover, however at a slower pace than prior economic recoveries. Economists are predicting the current economic recovery to continue, with a full recovery not anticipated until 2015 or 2016. There are several factors preventing a more typical pace of recovery. The rates of net migration and job increases are slower than in prior years. The housing market is improving; however it is not fully recovered. Consumers are remaining cautious as a result of the recent expiration of the payroll tax cut and the federal sequestration. City sales tax revenues are increasing which is a positive sign, but they remain below the peak levels reached in fiscal year 2006-07. Personal income is one of many indicators used for estimating state and local sales taxes, and state-shared income taxes. Consistent with

projections by local economists, the chart below shows that personal income is expected to grow by 5.5 percent in 2013-14, which is up slightly from the 4.5 percent estimated for 2012-13.

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. A forecasting software program is used to create several statistical models using data from the University of Arizona's Forecasting Project. These models assist with the estimation process and serve as a reasonableness test for projections. The estimation process also includes information gathered throughout the year from national and local publications, as well as opinions from professionals in economics and finance from state government, state universities and the private sector.





FIVE YEAR EXCISE TAX FORECAST

Excise taxes include local sales taxes, state-shared sales and income taxes, and sales tax license fees and permits. Excise taxes represent a significant portion of General Fund revenues. In addition to providing General Fund resources, local sales taxes also provide non-General Fund resources to programs such as Transit, Parks and Preserves, Convention Center and public safety.

The following table details the five year excise tax revenue forecast. Included in the forecast are several economic assumptions including moderate growth for city and state sales tax rates; growth in population, but at a smaller rate than prior years; increases in personal income and job growth; decreased unemployment; marginal increases in consumer spending and continued improvement of the housing

market. Although increases in personal income, jobs and population are expected, the pace of growth is expected to be slow and will prevent a robust recovery. The forecast also includes no further periods of recession, no change to state shared revenue formulas, continuation of the current revenue base, and a two percent food for home consumption tax effective April 1, 2010, through March 31, 2015.

FIVE YEAR EXCISE TAX REVENUE FORECAST (In Thousands of Dollars)

	2011-12	2012-13	%	2013-14	%	2014-15	%	2015-16	%	2016-17	%	2017-18	%
	Actual	Estimate	Change	Estimate	Change	Forecast	Change	Forecast	Change	Forecast	Change	Forecast	Change
Privilege License Tax													
Privilege License Tax ¹	\$306,085	\$320,142	4.6%	\$341,947	6.8%	\$359,554	5.1%	\$356,856	-0.8%	\$381,307	6.9%	\$405,969	6.5%
Police Neighborhood Protection ¹	18,583	19,719	6.1%	21,066	6.8%	22,163	5.2%	22,082	-0.4%	23,609	6.9%	25,139	6.5%
Police Block Watch ¹	1,320	1,409	6.7%	1,505	6.8%	1,583	5.2%	1,576	-0.4%	1,684	6.9%	1,796	6.6%
Fire Neighborhood Protection ¹	6,600	7,043	6.7%	7,523	6.8%	7,915	5.2%	7,886	-0.4%	8,432	6.9%	8,978	6.5%
Police - 2007 Public Safety Expansion ¹	42,467	45,072	6.1%	48,152	6.8%	50,658	5.2%	50,474	-0.4%	53,961	6.9%	57,461	6.5%
Fire - 2007 Public Safety Expansion ¹	10,617	11,269	6.1%	12,037	6.8%	12,664	5.2%	12,619	-0.4%	13,490	6.9%	14,365	6.5%
Parks and Preserves ¹	26,545	28,171	6.1%	30,094	6.8%	31,662	5.2%	31,546	-0.4%	33,726	6.9%	35,913	6.5%
Transit 2000 ¹	106,185	112,683	6.1%	120,380	6.8%	126,646	5.2%	126,185	-0.4%	134,904	6.9%	143,652	6.5%
Convention Center Excise Tax	40,030	41,246	3.0%	43,924	6.5%	47,144	7.3%	50,269	6.6%	53,900	7.2%	57,414	6.5%
Sports Facilities Excise Tax	14,670	14,867	1.3%	15,564	4.7%	16,478	5.9%	17,662	7.2%	18,711	5.9%	19,805	5.8%
Privilege License Fees (Annual)	2,147	2,150	0.1%	2,150	0.0%	2,187	1.7%	2,224	1.7%	2,262	1.7%	2,300	1.7%
PLT Application Fees	169	150	-11.2%	200	33.3%	200	0.0%	225	12.5%	250	11.1%	275	10.0%
Treasury Collection Service Fee	19	13	-31.6%	13	0.0%	15	15.4%	17	13.3%	19	11.8%	21	10.5%
Government Lease Property Excise Tax	306	475	55.2%	475	0.0%	500	5.3%	525	5.1%	550	4.7%	575	4.5%
Subtotal (PLT)	\$575,743	\$604,409	5.0%	\$645,030	6.7%	\$679,369	5.3%	\$680,146	0.1%	\$726,805	6.9%	\$773,663	6.4%
Utility & Franchise													
Utility & Franchise Tax	\$86,836	\$88,847	2.3%	\$92,887	4.5%	\$97,433	4.9%	\$101,331	4.0%	\$106,152	4.8%	\$110,398	4.0%
Jail Tax ²	13,521	6,875	-49.2%	7,000	1.8%	7,180	2.6%	7,365	2.6%	7,554	2.6%	7,749	2.6%
Storm Water Management	4,605	4,651	1.0%	4,674	0.5%	4,721	1.0%	4,792	1.5%	4,863	1.5%	4,936	1.5%
Capital Construction	16,560	16,675	0.7%	17,051	2.3%	17,591	3.2%	18,294	4.0%	19,030	4.0%	19,786	4.0%
Police Public Safety Enhancement	14,675	15,259	4.0%	15,566	2.0%	16,210	4.1%	17,021	5.0%	17,857	4.9%	18,571	4.0%
Fire Public Safety Enhancement	8,995	9,352	4.0%	9,541	2.0%	9,936	4.1%	10,433	5.0%	10,945	4.9%	11,384	4.0%
Subtotal (Utility & Franchise)	\$145,192	\$141,659	-2.4%	\$146,719	3.6%	\$153,071	4.3%	\$159,236	4.0%	\$166,401	4.5%	\$172,824	3.9%
Licenses & Permits													
State Sales Tax ^{3,4}	114,018	119,646	4.9%	127,448	6.5%	135,640	6.4%	144,393	6.5%	153,108	6.0%	161,473	5.5%
State Income Tax ^{3,4}	122,012	147,668	21.0%	160,852	8.9%	170,000	5.7%	180,000	5.9%	190,000	5.6%	201,000	5.8%
TOTAL	\$959,911	\$1,016,177	5.9%	\$1,082,879	6.6%	\$1,140,978	5.4%	\$1,166,744	2.3%	\$1,239,357	6.2%	\$1,312,081	5.9%

^{1/} 4/1/2015 sunset of emergency sales tax on food for home consumption.

^{2/} Effective July 2012 the City Council voted to reduce the jail tax by 50%.

^{3/} Assumes 2010 Census population for state shared revenues.

^{4/} Assumes no change to State shared revenue formulas or legislation that could impact state income or sales tax collections.

Note:

* Assumes no further period of recession and modest revenue growth for the forecast period.

* Assumes no change to current revenue base as provided in applicable state statutes and city ordinances.

* Assumes no future fee increases/decreases or new sources of revenue.





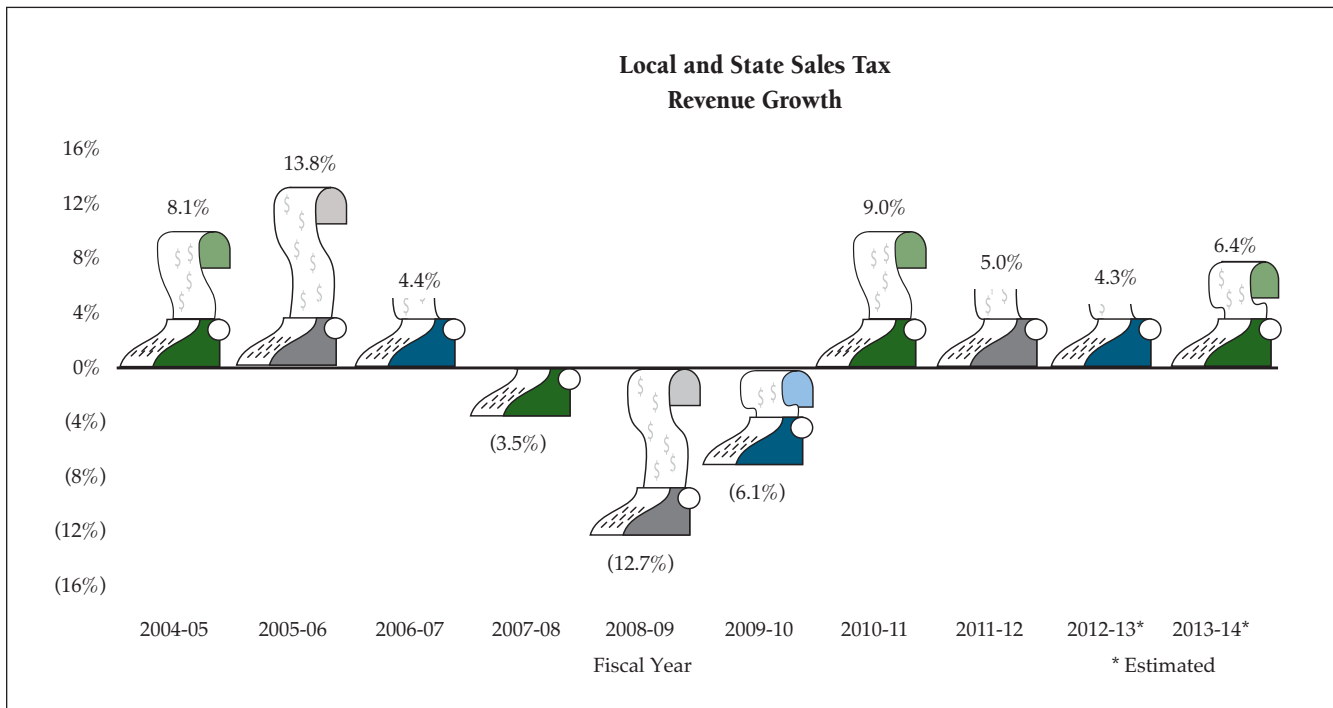
GENERAL FUNDS

Total 2013-14 General Fund revenues are estimated to be \$1,051.8 million or 6.4 percent more than 2012-13 estimates of \$988.5 million. General Fund revenues consist of four major categories: local taxes, state-shared revenues, primary property taxes and user fees. Following are descriptions of the revenue sources within these four categories and explanations of 2013-14 revenue estimates.

Local and state sales tax collections represent approximately 53 percent of General Fund revenues. Local sales taxes for 2013-14 are expected to grow by 6.3 percent over 2012-13 estimates. This is an increase from the 4.1 percent growth rate in local sales taxes estimated in 2012-13. Phoenix's share of state sales taxes for 2013-14 is expected to grow by 6.5 percent over 2012-13 estimates. This is increased from the 4.9 percent growth in Phoenix's share anticipated in 2012-13.

Combined local and state sales tax revenues for 2013-14 are expected to grow by 6.4 percent over 2012-13 estimates. Combined rates of growth since 2004-05 are provided in the chart below.

The table on the next page details estimated General Fund revenues by major category.





GENERAL FUND REVENUE BY MAJOR SOURCE

(In Thousands of Dollars)

Revenue Source	2011-12 Actual	% of Total	2012-13 Estimate	% of Total	2013-14 Budget	% of Total	Increase/(Decrease) From 2012-13 Estimate	
							Amount	Percent
Local Taxes								
Sales Tax	\$ 392,922	41.4%	\$ 408,989	41.4%	\$ 434,834	41.3%	\$ 25,845	6.3%
Privilege License Fees	2,335	0.2%	2,313	0.2%	2,363	0.2%	50	2.2%
Other General Fund Excise Taxes ^{1/}	13,826	1.5%	7,350	0.8%	7,475	0.7%	125	1.7%
Subtotal	\$ 409,083	43.1%	\$ 418,652	42.4%	\$ 444,672	42.2%	\$ 26,020	6.2%
State-Shared Revenue								
Sales Tax	114,018	12.0%	119,646	12.1%	127,448	12.1%	7,802	6.5%
State Income Tax	122,012	12.9%	147,668	14.9%	160,852	15.3%	13,184	8.9%
Vehicle License Tax	46,400	4.9%	48,700	4.9%	51,150	4.9%	2,450	5.0%
Subtotal	\$ 282,430	29.8%	\$ 316,014	31.9%	\$ 339,450	32.3%	\$ 23,436	7.4%
Primary Property Tax	128,054	13.5%	131,920	13.4%	142,849	13.6%	10,929	8.3%
User Fees/Other Revenue								
Licenses & Permits	2,946	0.3%	2,795	0.3%	2,830	0.3%	35	1.3%
Cable Communications	9,381	1.0%	9,530	1.0%	9,525	0.9%	(5)	-0.1%
Fines and Forfeitures	21,375	2.3%	19,757	2.0%	19,312	1.8%	(445)	-2.3%
Court Default Fee	1,217	0.1%	1,210	0.1%	1,210	0.1%	-	0.0%
Fire	46,592	4.9%	47,000	4.7%	49,201	4.7%	2,201	4.7%
Hazardous Materials Inspection Fee	1,335	0.1%	1,150	0.1%	1,150	0.1%	-	0.0%
Library Fees	1,371	0.1%	1,162	0.1%	1,362	0.1%	200	17.2%
Parks and Recreation	6,685	0.7%	7,818	0.8%	7,912	0.8%	94	1.2%
Planning	1,059	0.1%	966	0.1%	1,058	0.1%	92	9.5%
Police	15,644	1.7%	13,128	1.3%	13,266	1.2%	138	1.1%
Street Transportation	5,262	0.6%	4,098	0.4%	3,975	0.4%	(123)	-3.0%
Other Service Charges	12,448	1.3%	10,754	1.1%	11,050	1.1%	296	2.8%
Other	3,364	0.4%	2,571	0.3%	2,968	0.3%	397	15.4%
Subtotal	\$ 128,679	13.6%	\$ 121,939	12.3%	\$ 124,819	11.9%	\$ 2,880	2.4%
TOTAL GENERAL FUND	\$ 948,246	100.0%	\$ 988,525	100.0%	\$ 1,051,790	100.0%	\$ 63,265	6.4%

^{1/} Effective July 2012 the City Council voted to reduce the Jail Tax by 50%.





LOCAL SALES TAXES AND FEES

This major revenue category consists of various local sales taxes, privilege license fees, use tax, and franchise taxes and fees. The 2013-14 estimate is \$444.7 million, which is \$26.0 million or 6.2 percent greater than the 2012-13 estimate of \$418.7 million. The assumptions used to estimate local sales taxes follow.

Local Sales Tax

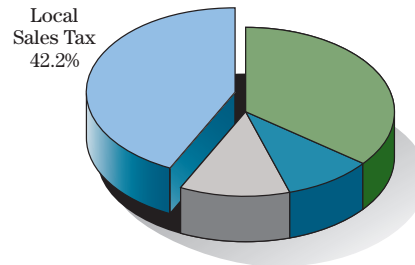
The city of Phoenix’s local sales tax consists of 15 general categories that are collected based on a percentage of business income accruing in each category. To protect local businesses, Phoenix also levies a use tax on purchases where no sales taxes were paid.

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 transit programs. Portions of several categories and the entire advertising category are restricted to the Convention Center Fund and/or the Sports Facilities Fund. Effective April 1, 2010, the temporary Phoenix Emergency Privilege

Sales Tax on Food provides for the taxation of the sale of food for home consumption under the retail classification at a rate of 2 percent. The tax will sunset on March 31, 2015, and provides resources to the General Fund and the voter-approved Neighborhood Protection, 2007 Public Safety Expansion, Parks and Preserves and Transit 2000 Funds. Beginning in May 2005, 2 percent of utilities sales tax collections paid by those utilities with a

franchise agreement were directed to the newly established Public Safety Enhancement Fund. Finally, an additional 2 percent tax on the telecommunications category provides resources for the Capital Construction Fund. The table on the following page provides a listing of the local sales tax categories, indicating the specific tax rates for each fund and the total tax rate for each category.

GENERAL FUNDS
Total Revenues – \$1,051.8 Million



CURRENT LOCAL SALES TAX RATES BY CATEGORY										
	2007									
	General Fund	Neighborhood Protection	Public Safety Expansion	Public Safety Enhancement	Parks & Preserves	Transit 2000	Convention Center	Sports Facilities	Capital Construction	Total
Advertising	–	–	–	–	–	–	0.5%	–	–	0.5%
Contracting	0.7%	0.1%	0.2%	–	0.1%	0.4%	0.5%	–	–	2.0%
Job Printing	0.7%	0.1%	0.2%	–	0.1%	0.4%	0.5%	–	–	2.0%
Publishing	0.7%	0.1%	0.2%	–	0.1%	0.4%	0.5%	–	–	2.0%
Transportation/Towing	0.7%	0.1%	0.2%	–	0.1%	0.4%	0.5%	–	–	2.0%
Restaurants/Bars	0.7%	0.1%	0.2%	–	0.1%	0.4%	0.5%	–	–	2.0%
Leases/Rentals/ Personal Property Short-Term Motor	1.2%	0.1%	0.2%	–	0.1%	0.4%	–	–	–	2.0%
Vehicle Rental	1.2%	0.1%	0.2%	–	0.1%	0.4%	–	2.0%	–	4.0%
Commercial Rentals	1.3%	0.1%	0.2%	–	0.1%	0.4%	–	–	–	2.1%
Lodging Rentals Under 30 Days	1.2%	0.1%	0.2%	–	0.1%	0.4%	2.0%	1.0%	–	5.0%
Lodging Rentals 30 Days and Over	1.2%	0.1%	0.2%	–	0.1%	0.4%	–	–	–	2.0%
Retail	1.2%	0.1%	0.2%	–	0.1%	0.4%	–	–	–	2.0%
Amusements	1.2%	0.1%	0.2%	–	0.1%	0.4%	–	–	–	2.0%
Utilities	2.7%*	–	–	2.0%**	–	–	–	–	–	4.7%
Telecommunications	2.7%	–	–	–	–	–	–	–	2.0%	4.7%

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

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





The General Fund portion of the local sales tax estimate is \$434,834,000 for 2013-14. This is an increase of \$25,845,000 or 6.3 percent from the 2012-13 estimate of \$408,989,000. The increase in local sales tax revenue is based on the assumption the economy will continue to improve at a modest pace. Estimated growth of 5.3 percent is projected in the retail sales category. Projected increases in other categories include 4.5 percent for utility and franchise; 8.0 percent for restaurants and bars; and 6.0 percent for hotel/motel room rentals.

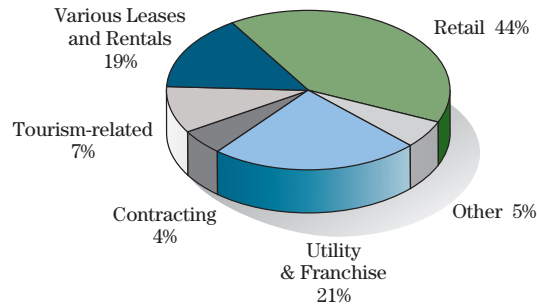
As shown in the pie chart to the right, the retail category represents approximately 44 percent of the local General Fund sales tax. Personal income growth, which is used as a trend indicator for retail sales activity, is projected at 5.5 percent for 2013-14.

The tax on food for home consumption, which was effective April 1, 2010, is projected to generate approximately \$30.8 million in General Fund revenue in 2012-13 and \$32.7 million in 2013-14. On May 1, 2013, the City Council approved a motion to direct staff to prepare a plan by Oct. 1, 2013, that would allow the potential reduction of the sales tax on food for home consumption to 1 percent effective January 1, 2014. The reduction would decrease 2013-14 revenue by an estimated \$12.1 million and requires adoption of an ordinance by the City Council.

General Fund sales tax revenue is collected on three rental categories: leases and rentals of personal property, commercial real property rentals and apartment rentals. For 2013-14, these categories are expected to increase 20.0 percent, 7.0 percent and 12.0 percent respectively. These three categories combined are approximately 19 percent of local General Fund sales tax revenue.

The contracting category is expected to grow by 4.0 percent in 2013-14. Construction activity in the commercial and retail markets continues to be sluggish and contracting sales tax is expected to remain unchanged in 2012-13. For 2013-14, economic indicators such as job and business expansion coupled with anticipated population growth indicate construction activity should improve from 2012-13. This category represents approximately 4 percent of the local General Fund sales tax revenue.

**GENERAL FUNDS
Local Sales Taxes**



The restaurants and bars category is expected to increase 8.0 percent and the hotel/motel category is expected to increase 6.0 percent in 2013-14. These two categories, combined with revenue from short-term motor vehicle rentals, are closely related to tourism activity. The expected growth rates for these categories for 2012-13 are 6.5 percent and 4.0 percent respectively. Revenues from these tourism-related activities represent approximately 7 percent of local General Fund sales tax revenue.

The utility tax category is approximately 21 percent of local General Fund sales tax revenue. The category includes electricity, natural and artificial gas, water consumption, sewer service and communications activities. The 2013-14 estimate for utility sales and franchise tax revenue is \$92,569,000, which is an increase of 3.9 percent over the 2012-13 estimate. The increase is due to expected modest increases in account growth and utility consumption as the economy continues to improve.

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 2013-14 estimate of \$15,288,000 is unchanged from the 2012-13 estimate. This category is subject to

fluctuations in purchasing practices, as well as economic drivers. The use tax category is approximately 3.5 percent of local General Fund sales tax revenue.

The following table shows General Fund sales tax collections since 2009-10. The amounts shown exclude the two additional utility tax items that are collected based on water service accounts.

**GENERAL FUND SALES TAXES
(In Thousands of Dollars)**

Fiscal Year	Revenues	% Change From Previous Year
2009-10	\$338,533	(5.5)%
2010-11	373,767	10.4
2011-12	392,922	5.1
2012-13 (Est.)	408,989	4.1
2013-14 (Est.)	434,834	6.3





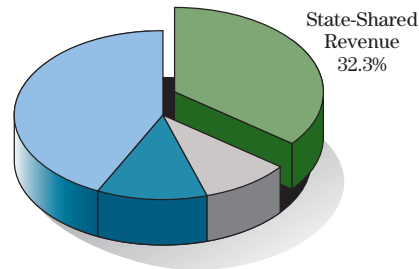
Privilege License Fees

The city charges a \$20 fee to process an application for a privilege tax license and assesses a \$50 annual fee for existing licenses. These fees are intended to recover the costs associated with administering a fair and efficient sales tax system. This category also includes a \$2 per unit (\$50 maximum) annual fee on each apartment complex for non-transient lodging. The recommended 2013-14 estimate for privilege license fee revenue of \$2,363,000 represents a 2.2 percent increase from the 2012-13 estimate of \$2,313,000. The increase is based on the assumption that as the economy continues to improve the number of applications will increase.

Other General Fund Excise Taxes

The jail tax collected on water service accounts was implemented on Oct. 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 2013-14 estimate of \$7,000,000 represents a 1.8 percent increase from the 2012-13 estimate of \$6,875,000.

GENERAL FUNDS
Total Revenues – \$1,051.8 Million



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 2013-14 estimate for this category is \$339.5 million, which is \$23.4 million or 7.4 percent more than the 2012-13 estimate of \$316.0 million. The increase is due to an estimated increase of 8.9 percent in state-shared income taxes and moderate growth of 6.5 percent in state sales taxes. State-shared vehicle license tax revenue for 2013-14 is estimated to increase at 5.0 percent over the 2012-13 estimate.

State Sales Tax

The state sales tax rate on most taxable activities is 6.6 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. In June 2010, the voters of Arizona approved Proposition 100 which increased the tax rate by 1.0 percent for 36 months and is

STATE SALES TAXES (In Thousands of Dollars)

Fiscal Year	Cities' Share of State Collections		Phoenix's Share		
	Total	% Change	Percent	Amount	% Change
2009-10	\$356,998	(7.8)%	30.3%	\$106,916	(8.0)%
2010-11	373,259	4.6	30.0 ¹	111,787	4.6
2011-12	392,476	5.1	28.8	114,018	2.0
2012-13 (Est.)	414,300	5.6	28.8	119,646	4.9
2013-14 (Est.)	440,535	6.3	28.8	127,448	6.5

¹Impact of 2010 Census population changes became effective in June 2011.





not included in the distribution base. Under the current formula, incorporated cities receive 25 percent of the distribution base. These funds are distributed to individual cities on the basis of relative population percentages. Phoenix's share of the distribution to cities for 2013-14 is estimated at 28.78 percent.

The city's share of the state sales tax for 2013-14 is expected to be \$127,448,000, which is \$7,802,000 or 6.5 percent more than the 2012-13 estimate of \$119,646,000. This estimate is based on the assumption that, similar to the local economy, the state economy will continue to improve in 2013-14. The table on the previous page shows the cities' share of state sales taxes, Phoenix's allocation and annual increase/decrease since 2009-10. The population factor changes with decade or mid-decade census counts and periodic adjustments made throughout the year.

State Income Tax

Since 1973, cities in Arizona have shared 15 percent of the actual state personal and corporate income tax collected two years earlier. Individual cities receive their portion based on the cities' share of the state population.

The 15 percent portion of the state income tax, which will be distributed to Arizona cities and towns in 2013-14, is expected to be \$559.5 million. The distribution represents actual individual and corporate income tax collections by the state in the 2011-12 fiscal year. The anticipated \$559.5 million is an 8.9 percent

increase from the previous fiscal year. The increase is attributable to higher than estimated individual and corporate income tax collections. Phoenix's total distribution for 2013-14 is estimated at \$160,852,000 and is an increase of \$13,184,000 or 8.9 percent from the 2012-13 estimate of \$147,668,000.

The following table shows the total cities' share of state income tax, Phoenix's share, percentage allocation and annual increase/decrease since 2009-10. Similar to sales tax sharing, population is changed only on the basis of a census count with periodic corrections made throughout the year.

STATE INCOME TAX (In Thousands of Dollars)

Fiscal Year	% Shared w/Cities	Cities' Share of State Collections		Phoenix's Share		
		Total	% Change	Percent	Amount	% Change
2009-10	15.0%	\$628,656	13.6%	30.3%	\$190,546	(13.7)%
2010-11	15.0	473,927	(24.6)	30.3	143,647	(24.6)
2011-12	15.0	424,573	(10.4)	28.8 ^v	122,012	(15.1)
2012-13 (Est.)	15.0	513,584	21.0	28.8	147,668	21.0
2013-14 (Est.)	15.0	559,486	8.9	28.8	160,852	8.9

^vImpact of 2010 Census population changes.





Vehicle License Tax

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

Currently, 37.61 percent of collections are allocated to the Arizona Highway User Revenue Fund. The remainder is allocated by percentage to various state funds as well as to the counties and cities. The state is responsible for distributing funds to cities according to their relative population within the county. Based on the 2010 Census, Phoenix's percentage of population within Maricopa County is approximately 40.9 percent, down from 42.6 percent based on the 2005 Census.

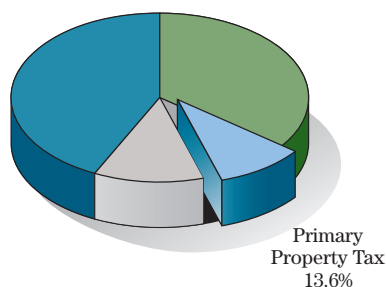
Phoenix's share of the vehicle license tax for 2013-14 is anticipated to be \$51,150,000 which is \$2,450,000 or 5.0 percent more than the 2012-13 estimate of \$48,700,000.

The following table shows the cities' share of the vehicle license tax, Phoenix's share, allocation percentage and annual percentage change since 2009-10.

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.

GENERAL FUNDS
Total Revenues – \$1,051.8 Million



PRIMARY PROPERTY TAX

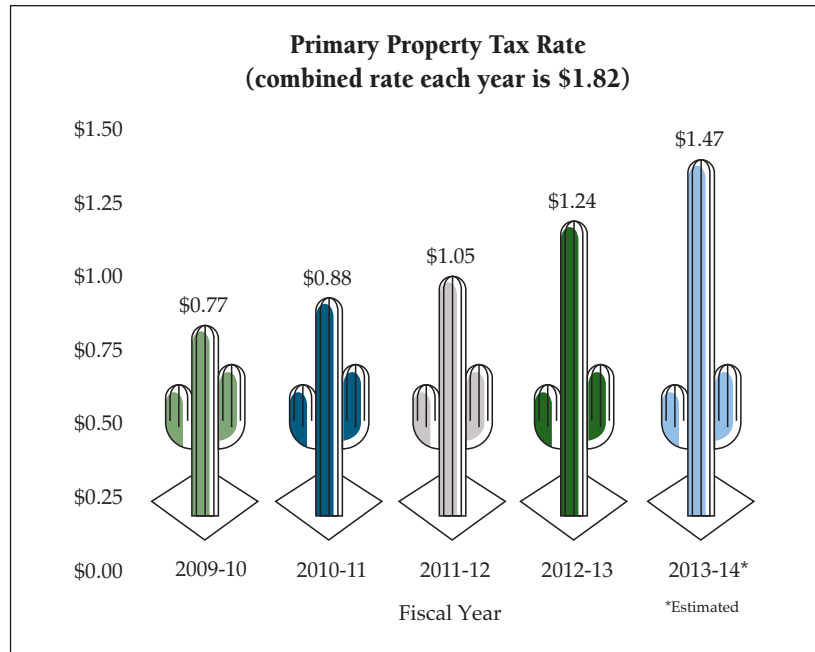
Fiscal Year	Primary Assessed Valuation (in Millions)	% Change	Primary Levy (in Thousands)	% Change	Rate per \$100 Assessed Valuation
2009-10	\$16,062	9.5%	\$123,095	10.3%	\$7664
2010-11	15,103	(6.0)	133,390	8.4	.8832
2011-12	12,232	(19.0)	128,955	(3.3)	1.0542
2012-13	10,803	(11.7)	133,929	3.9	1.2397
2013-14 (Est.)	9,890	(8.5)	145,024	8.3	1.4664

VEHICLE LICENSE TAX (In Thousands of Dollars)

Fiscal Year	Amount Distributed by Maricopa County	Phoenix's Share		Increase/(Decrease)	
		Percent	Amount	Amount	Percent
2009-10	\$116,197	42.6%	\$49,500	\$(4,129)	(7.7)%
2010-11	113,519	42.6	48,298	(1,202)	(2.4)
2011-12	113,392	40.9 ^v	46,400	(1,898)	(3.9)
2012-13 (Est.)	119,013	40.9	48,700	2,300	5.0
2013-14 (Est.)	125,000	40.9	51,150	2,450	5.0

^vImpact of 2010 Census population changes.





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 unassessed property (primarily new construction), and allowable tort liability judgments.

Before 1996-97, the maximum levy allowed by the Arizona Constitution had been levied each year. Leading up to 1996-97, due to a number of years of declining assessed valuations, deferral of the property tax-supported Capital Improvement Program was necessary. A new revenue policy also was established. This policy called for a maximum and minimum allowable combined primary and secondary property tax rate.

By 1996-97, the application of this revenue policy had driven the combined rate down to the adopted minimum of \$1.82. By Council policy, the \$1.82 rate remains in effect today. The 2006 Bond Committee recommended that maximum allowable primary property taxes be levied in order to help support operating and maintenance costs resulting from 2006 bond-funded capital projects.

The above chart shows the changes in the primary property tax rate since 2009-10.

In accordance with the Council adopted policy, the estimated 2013-14 primary property tax levy is \$145,024,000, which includes some allowable tort liability judgments totaling \$10,008,000. The levy is a 8.3 percent increase over the 2012-13 levy of \$133,929,000. The primary assessed valuation of \$9.89 billion is approximately 8.5 percent below the 2012-13 primary assessed valuation of \$10.80 billion.

Historically, actual property tax collections are slightly lower than the amount levied. For 2013-14, actual collections for primary property tax are estimated to be \$142,849,000 or 98.5 percent of the levy amount.

The 2013-14 levy results in an estimated primary property tax rate of \$1.4664 per \$100 of assessed valuation and a secondary property tax rate of \$0.3536, which maintains a total property tax rate of \$1.82 per \$100 of assessed valuation.

The table on the previous page shows primary assessed valuation, primary property tax revenues and primary rates since 2009-10.





USER FEES/OTHER REVENUES

This major revenue category consists of licenses and permits, fines and forfeitures, cable television fees, 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 2013-14 estimate for this category is \$124.8 million, which is \$2.9 million or 2.4 percent more than the 2012-13 estimate of \$121.9 million. Following are descriptions of the various categories and explanations of the revenue estimates.

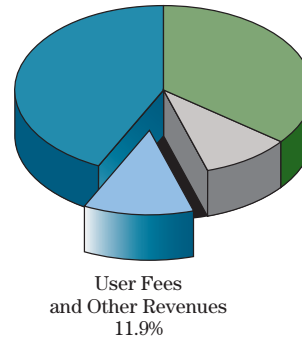
Licenses and Permits

This category consists of various business permit application and annual fees including liquor license applications, amusement machines, annual liquor licenses and other business license applications and fees. The 2013-14 estimate of \$2,830,000 is slightly higher than the 2012-13 estimate of \$2,795,000. It is assumed that as the economy continues to expand, growth in this category will increase.

Cable Communications

The city imposes up to a 5 percent fee on the gross receipts of cable television licensees in return for the use of streets and public rights of way by cable companies in the provision of cable television service. The 2013-14 estimate of \$9,525,000 is slightly lower than the 2012-13 estimate of \$9,530,000 due to an increased deduction for educational support. The projection assumes no change in the customer base for the current cable provider. Cable providers also make annual payments to the Educational Access Account, which are adjusted annually by the consumer price index.

GENERAL FUNDS
Total Revenues – \$1,051.8 Million



Fines and Forfeitures

This category is comprised of various sanctions including traffic moving violations, criminal offense fines, parking violations, driving under the influence and defensive driving program revenues. The 2013-14 estimate is \$19,312,000, which is 2.3 percent lower than the 2012-13 estimate of \$19,757,000. The decrease is attributable to outsourcing the Substance Abuse Screening Services provided by the Municipal Court.

Court Default Fee

A \$25 default fee was implemented in 1993-94 in order to recover court costs associated with defendants who fail to appear for court appearances or fail to pay previously imposed sanctions on civil traffic violations. The 2013-14 estimate for this revenue category is \$1,210,000, which is unchanged from the 2012-13 estimate. Activity related to the court default fee is not expected to increase.





Fire

The Fire Department receives fees from various services. The majority of the revenue comes from emergency transportation service (ETS). This user fee includes basic life support and advanced life support services and related charges for mileage and supplies for the provision of ambulance service. The 2013-14 estimate for ETS is \$37,900,000, which is \$2,100,000 or 5.9 percent greater than the 2012-13 estimate of \$35,800,000. The projected increase is due to anticipated growth in the number of transports and an assumed inflationary rate increase based on information from the Arizona Department of Health Services.

Other Fire revenue sources include fire prevention inspection fees, computer-aided dispatch (CAD) and various other services provided to the community. The 2013-14 estimate for other fire services is \$11,301,000 which is \$101,000 or 0.9 percent more than the 2012-13 estimate of \$11,200,000. The increase is based on historical growth rates and assumes modest growth in 2013-14.

Hazardous Materials Permit and Inspection Fee

Because incidents involving hazardous materials have increased over the years, a hazardous materials permit and inspection fee was established in October 2001. Revenues from this category are used to recover direct costs incurred for inspecting businesses that use hazardous materials. Upon review in 2003-04, the annual permit fee amount was raised. This annual permit now varies from \$400 to \$1,650 and depends on the volume of hazardous materials stored on site. The 2013-14 estimate is \$1,150,000, which is unchanged from the 2012-13 estimate. Since the recession the number of inspections has stabilized and is not expected to increase in 2013-14.

Library Fees

Library fee and fine revenue for 2013-14 is \$1,362,000 which is \$200,000 or 17.2 percent more than the 2012-13 estimate of \$1,162,000. Library revenues are expected to increase due to a policy change that will improve collections for overdue accounts and allow for increased revenue from loaning library materials.

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 and cell towers, activities at Municipal Stadium, Maryvale Stadium and the Papago Baseball Facility, and other miscellaneous park fees. The 2013-14 estimate of \$7,912,000 is \$94,000 or 1.2 percent above the 2012-13 estimate of \$7,818,000. The increase in 2013-14 is primarily due to an expected contractual increase in cell tower revenue at South Mountain Park.

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 2013-14 estimate of \$1,058,000 is \$92,000 or 9.5 percent above the 2012-13 estimate of \$966,000. Activity levels for rezoning and zoning cases have increased in the past year and are anticipated to continue through 2013-14.

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. For 2013-14, the estimate of \$13,266,000 is \$138,000 or 1.1 percent more than the 2012-13 estimate of \$13,128,000. The increase is due to expected increases in false alarm assessments.

Street Transportation

This user fee category includes permit fees for utility construction in the public rights of way as well as utility ordinance inspections. The 2013-14 estimate of \$3,975,000 is \$123,000 or 3.0 percent less than the 2012-13 estimate of \$4,098,000. The decrease is due to an anticipated reduction in the number of utility ordinance inspections conducted by the department.

Other Service Charges

Revenue in this category is composed of several non-tax sources including interest income, parking meter revenue, in lieu property taxes, sales of surplus and abandoned property, and various rental, parking and concession categories. The 2013-14 estimate of \$11,050,000 is \$296,000 or 2.8 percent more than the 2012-13 estimate of \$10,754,000. The increase is due to anticipated growth in parking meter, interest and in lieu property tax revenues.

All Other Fees

This fee category consists of miscellaneous service charges in the Finance, Housing, Human Services and Neighborhood Services departments and miscellaneous categories. The 2013-14 estimate of \$2,968,000 is \$397,000 or 15.4 percent more than the 2012-13 estimate of \$2,571,000. The increase is primarily due to increased revenue expected from the marketing partnership program. The program includes revenues from the Service Line Protection Program with Utility Service Partners and is an optional warranty program for residential sewer and/or water lines and the Prescription Drug Discount Program.





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 2013-14 revenue estimates. The table on the next page provides the 2012-13 and 2013-14 estimates and 2011-12 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, Parks and Preserves, Transit 2000, Public Safety Enhancement, and 2007 Public Safety Expansion. 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, Golf Courses, grant funds and other revenues.

Neighborhood Protection Sales Tax

This 0.1 percent sales tax rate was approved by the voters in October 1993 and implemented in December 1993. As presented to the voters, the 0.1 percent increase is specifically earmarked for Police neighborhood protection programs (70 percent), Police Block Watch programs (5 percent) and Fire neighborhood protection programs (25 percent). The 2013-14 estimate of \$30,094,000 is \$1,923,000 or 6.8 percent greater than the 2012-13 estimate of \$28,171,000. These estimates are consistent with those for the same categories in the local sales tax discussion. Also, \$146,000 is estimated for combined net interest earnings in 2013-14.

2007 Public Safety Expansion Tax

The 2007 Public Safety Expansion sales tax is a 0.2 percent sales tax approved by voters in September 2007 and implemented in December 2007. Revenues are allocated 80 percent to Police and 20 percent to Fire. The funds are to be used for hiring additional police personnel and firefighters; to hire crime scene investigation teams to improve evidence collection; and to improve fire protection services, improve response times, and increase paramedic and other emergency medical services. The 2013-14 estimate is \$60,189,000 or 6.8 percent more than the 2012-13 estimate of \$56,341,000. These estimates are consistent with those for the same categories in the local sales tax discussion. Also, (\$65,000) is estimated for interest earnings in 2013-14 due to the negative ending fund balance in this fund.

Public Safety Enhancement Sales Tax

The Public Safety Enhancement sales tax was implemented on May 1, 2005, and is made up of the 2.0 percent increment of the 2.7 percent sales tax on utilities with franchise agreements. The fund is allocated between Police and Fire needs. 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 2013-14 estimate of \$25,107,000 is \$496,000 or 2.0 percent greater than the 2012-13 estimate of \$24,611,000.

Parks and Preserves Sales Tax

The Parks and Preserves sales tax is a 0.1 percent sales tax rate increase approved by voters in September 1999 and implemented in November 1999. Revenues from the 0.1 percent tax are allocated to park improvements and acquisition of desert preserves. This tax was renewed by voters for a 30-year period in May 2008. Sixty percent of the revenues are to be used for parks and recreation and forty percent for desert preserves. The 2013-14 estimate of \$30,094,000 is \$1,923,000 or 6.8 percent more than the 2012-13 estimate of \$28,171,000. These estimates are consistent with the estimates for the same categories in the local sales tax discussion. Also, \$305,000 is estimated for interest earnings in 2013-14.

Transit 2000 Funds

The Transit 2000 tax is a 0.4 percent sales tax approved by the voters in March 2000 and implemented in June 2000. The 0.4 percent tax is specifically earmarked for transit programs and improvements. The 2013-14 estimate of \$120,380,000 is \$7,697,000 or 6.8 percent greater than the 2012-13 estimate of \$112,683,000. These estimates are consistent with the estimates for the same categories in the local sales tax discussion.

Also included in this fund are fare box and other miscellaneous transit system revenues. Fare box revenues are the revenues collected by the transit service for bus ridership. The 2013-14 fare box revenue estimate of \$49,126,000 is 1.9 percent greater than the 2012-13 estimate of \$48,216,000. The increase is primarily attributable to anticipated increases in ridership. The 2013-14 estimate also includes interest earnings and other miscellaneous revenue of \$1,665,000 which is a 38.5 percent decrease from 2012-13 estimate of \$2,708,000. The decrease is primarily attributable to decreased interest earnings.





NON-GENERAL FUND REVENUE BY MAJOR SOURCE

(In Thousands of Dollars)

Revenue Source	2011-12 Actual	2012-13 Estimate	2013-14 Budget	Increase/(Decrease) From 2012-13 Estimate	
				Amount	Percent
SPECIAL REVENUE FUNDS					
Neighborhood Protection	\$ 26,560	\$ 28,286	\$ 30,240	\$ 1,954	6.9%
2007 Public Safety Expansion	53,028	56,276	60,124	3,848	6.8%
Public Safety Enhancement	23,670	24,611	25,107	496	2.0%
Parks and Preserves	26,927	28,476	30,399	1,923	6.8%
Transit 2000	158,080	163,607	171,171	7,564	4.6%
Court Awards	9,250	9,942	15,377	5,435	54.7%
Development Services	32,696	35,213	36,720	1,507	4.3%
Capital Construction	16,694	16,850	17,226	376	2.2%
Sports Facilities	15,220	15,132	15,829	697	4.6%
Arizona Highway User Revenue	90,839	99,788	100,600	812	0.8%
Regional Transit Revenues	25,186	42,855	41,867	(988)	-2.3%
Community Reinvestment	3,209	4,860	4,862	2	0.0%
Secondary Property Tax	100,179	68,149	40,581	(27,568)	-40.5%
Regional Wireless Cooperative	2,880	4,670	4,682	12	0.3%
Golf Courses ^{1/}	6,062	8,056	8,056	-	0.0%
Impact Fee Program Administration	264	304	305	1	0.3%
Court Special Fees	2,283	2,117	2,080	(37)	-1.7%
Monopole Rental	119	124	124	-	0.0%
Tennis Center	26	23	23	-	0.0%
Vehicle Impound Program	2,611	2,402	3,229	827	34.4%
Heritage Square	25	25	25	-	0.0%
Affordable Housing Program	3,815	2,653	2,514	(139)	-5.2%
Other Restricted (gifts/trusts)	25,297	21,019	20,900	(119)	-0.6%
<u>Grants</u>					
Public Housing Grants	77,767	78,763	79,224	461	0.6%
Human Services Grants	47,873	43,206	42,441	(765)	-1.8%
Community Development	17,470	18,829	33,270	14,441	76.7%
Criminal Justice	10,359	12,054	5,319	(6,735)	-55.9%
Public Transit Grants	22,917	56,451	59,919	3,468	6.1%
Other Grants	78,066	86,220	65,867	(20,353)	-23.6%
Subtotal - Grants	\$ 254,452	\$ 295,523	\$ 286,040	\$ (9,483)	-3.2%
Total Special Revenue Funds	\$ 879,372	\$ 930,961	\$ 918,081	\$ (12,880)	-1.4%
ENTERPRISE FUNDS					
Aviation	339,308	344,431	309,343	(35,088)	-10.2%
Water System	388,815	428,242	407,753	(20,489)	-4.8%
Wastewater System	232,844	214,686	211,312	(3,374)	-1.6%
Solid Waste	144,443	141,924	145,756	3,832	2.7%
Convention Center	56,342	57,945	60,543	2,598	4.5%
Total Enterprise Funds	\$ 1,161,752	\$ 1,187,228	\$ 1,134,707	\$ (52,521)	-4.4%
TOTAL NON-GENERAL FUND	\$ 2,041,124	\$ 2,118,189	\$ 2,052,788	\$ (65,401)	-3.1%

^{1/} In April 2013, the Mayor and Council approved no longer classifying Golf as an Enterprise Fund starting in FY 2013-14. For comparison purposes only, all Golf revenue is included in the Special Revenue Funds section of this schedule.





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 2013-14 is \$15,377,000, which is \$5,435,000 or 54.7 percent greater than the 2012-13 estimate of \$9,942,000. The increase is due to available funds in the account that are programmed to be spent in 2013-14.

Development Services

Revenues in this user fee category include building permits and plans review, subdivision and site plan fees, sign permit fees and engineering permits and plan review fees. These fees are used to fully support the activities of Development Services. The 2013-14 estimate is \$36,720,000, which is \$1,507,000 or 4.3 percent more than the 2012-13 estimate of \$35,213,000. This increase assumes a continued increase in permit and review activity as the economy continues to expand.

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. The 2013-14 estimate is \$17,051,000, or a 2.3 percent increase over the 2012-13 estimate of \$16,675,000. These funds are used primarily for right-of-way improvements in the Street Transportation Capital Improvement Program. The 2013-14 estimate also includes interest earnings of \$175,000.

ARIZONA HIGHWAY USER REVENUES (In Thousands of Dollars)

Fiscal Year	AHUR Distribution	Increase/(Decrease)	
		Amount	Percent
2009-10	\$103,979	(\$5,641)	(5.1)%
2010-11	104,908	929	0.9
2011-12	90,368	(14,540)	(13.9)
2012-13 (Est.)	99,338	8,970	9.9
2013-14 (Est.)	100,150	812	0.8

Sports Facilities

Sports facilities revenues consist of a 1 percent portion of the 5.0 percent hotel/motel tax category, a 2 percent tax on short-term motor vehicle rentals, and interest revenue generated by the fund. The 2013-14 estimate is \$15,564,000, which is \$697,000 or 4.7 percent more than the 2012-13 estimate of \$14,867,000. The revenue estimates are consistent with the General Fund sales tax estimates in the hotel/motel and short-term vehicle rental categories. The 2013-14 estimate includes \$6.7 million for the hotel/motel portion and \$8.8 million for the short-term car rental portion. Also, \$265,000 is estimated in 2013-14 for interest revenue.

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.

A new distribution formula for Arizona Highway User Revenue (AHUR) 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). As a result of the 2010 Census, Phoenix's share was adjusted. For 2013-14, it is anticipated that Phoenix will receive \$80.2 million from the 27.5 percent share and \$19.9 million from the 3 percent share.

The total 2013-14 AHUR estimate of \$100,600,000 is \$812,000 or 0.8 percent above the 2012-13 estimate of \$99,788,000. Included in the estimate are interest earnings and other income of \$450,000 in 2013-14 and in 2012-13. Changes estimated at the state level include gasoline tax collections increasing by 0.5 percent, motor carrier tax collections (trucking) increasing by 3.0 percent, and vehicle registrations including commercial carriers increasing by 1.5 percent. The table above shows the state-shared Arizona Highway Users allocations to the city of Phoenix since 2009-10.





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 2013-14 estimate of \$41,867,000 is \$988,000 or 2.3 percent lower than the 2012-13 estimate of \$42,855,000. The decrease is due to a reduction in reimbursements from RPTA for regional transportation plan funded projects.

Community Reinvestment

The 2013-14 estimate of \$4,862,000 is \$2,000 higher than the 2012-13 estimate of \$4,860,000 and represents estimated revenues to be received through various economic redevelopment agreements in the downtown area.

SECONDARY PROPERTY TAX

Fiscal Year	Secondary Assessed Valuation		Secondary Levy		Rate per \$100 Assessed Valuation
	(in Millions)	% Change	(in Thousands)	% Change	
2009-10	\$18,861	0.0%	\$198,722	(0.5)%	\$1.0536
2010-11	16,092	(14.7)	150,753	(24.1)	0.9368
2011-12	12,344	(23.3)	94,529	(37.3)	0.7658
2012-13	10,850	(12.1)	62,961	(33.4)	0.5803
2013-14 (Est.)	10,023	(7.6)	35,443	(44.0)	0.3536

Secondary Property Tax

By law, the secondary property tax is earmarked for debt service on voter-approved general obligation bonds. There is no statutory limitation on the property taxes levied for debt service purposes.

As discussed in the General Fund revenue section, the estimated 2013-14 primary property tax rate is \$1.4664. In maintaining our current \$1.82 total rate, the secondary rate is \$0.3536 per \$100 of assessed value for 2013-14. The 2013-14 secondary property tax levy of \$35,443,000 is based on this rate and secondary assessed valuation of \$10.02 billion. This resulting levy is a decrease of \$27,518,000, or 44.0 percent less than the 2012-13 levy of \$62,961,000. This decrease is primarily due to a decrease in assessed values.

Also included in the 2013-14 estimate is \$50,000 in interest earnings and \$5,088,000 in bond interest subsidies.

The table above shows secondary assessed valuation, secondary property tax levies and secondary property tax rates since 2009-10. The total property tax rate of \$1.82 for 2013-14 has remained unchanged since 1995-96.

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.

Beginning in 2004-05, the revenue from the administrative fee and the related costs were significant enough to require separate accounting. The 2012-13 and 2013-14 revenue estimates are \$304,000 and \$305,000 respectively.

Golf Courses

Revenue sources in the Golf Course category include greens fees, golf cart rentals and pro shop sales at city-run golf courses which include Aguila, Cave Creek, Encanto, Maryvale and Palo Verde. The 2013-14 estimate of \$8,056,000 is unchanged from the 2012-13 estimate. In April 2013, the Mayor and Council approved no longer classifying Golf as an Enterprise Fund starting in fiscal year 2013-14.





Other Restricted Fees

Included in this category are revenues associated with the Court Technology Enhancement fee and the Judicial Collection Enhancement Fund, Heritage Square, the Tennis Center at Washington Park, Vehicle Impound fees, Affordable Housing Program revenues, storm water management fees, and monopole rentals from several city parks. Also included is revenue from restricted fees for recreation and other programs, and donations specified for various city programs.

The 2013-14 estimate of \$28,895,000 is \$532,000 or 1.9 percent more than the 2012-13 estimate of \$28,363,000. The increase is primarily due to projected growth in vehicle impound revenues caused by new towing contracts that provide for additional revenues from the sale, auction and disposal proceeds of abandoned vehicles.

Public Housing Grants

The 2013-14 Public Housing grants revenue included in the annual operating budget is \$79,224,000 which is a 0.6 percent increase from 2012-13 of \$78,763,000. This increase is due to additional HOME program funds from the federal government. The HOME program is aimed at increasing the availability of affordable rental housing and expanding home ownership opportunities for first-time homebuyers. Other items in this category include housing subsidies, interest income and housing assistance payments.

Human Services Grants

The 2013-14 revenue estimate of \$42,441,000 is \$765,000 or 1.8 percent less than the 2012-13 estimate of \$43,206,000. The decrease is due to a reduced amount of grant revenue from the Federal Head Start Program and the Arizona Department of Economic Security. This category includes funds from the Department of Health and Human Services, Workforce Investment Act, Aging Program Grants and Head Start funds.

Community Development Block Grant

Each year since 1974, the city has received Community Development Block Grant (CDBG) funds from the U.S. Department of Housing and Urban Development. These funds are used to support a variety of projects and programs that must meet the following national objectives: benefit low- and moderate-income persons; aid in the prevention or elimination of slums and blight; or meet other urgent community development needs. The 2013-14 CDBG entitlement is \$33,270,000 which is \$14,441,000 or 76.7 percent more than the 2012-13 estimate of \$18,829,000. The increase is due to a carryover from 2012-13 of CDBG grants from the federal government.

Criminal Justice Grants

The 2013-14 grant revenue for criminal justice programs is estimated to be \$5,319,000 which is \$6,735,000 or 55.9 percent less than the 2012-13 estimate of \$12,054,000. The decrease is due to a reduction in federal grant funding. This category includes Police, Court and Law department grants. Grants include funding for the Police Department training academy, drug trafficking prevention and other crime related prevention programs.

Public Transit Grants

The 2013-14 Federal Transit Administration Grant estimate is \$59,919,000 reflecting an increase of \$3,468,000 or 6.1 percent above the 2012-13 estimate of \$56,451,000. The increase is due to a carryover of grant funds from 2012-13 primarily to support capital budget projects.

Other Grants

The 2013-14 budget also includes \$65,867,000 for federal, state and other grants which is \$20,353,000 or 23.6 percent less than the 2012-13 estimate of \$86,220,000. The decrease is due to a decrease in Workforce Investment Act funds and ARRA grants for the Neighborhood Stabilization Program. This

category includes funding for the neighborhood stabilization program, various parks and recreation and library activities as well as programs such as workforce development.

ENTERPRISE FUNDS

This category includes revenues from the city's five Enterprise funds including Aviation, Water, Wastewater, Solid Waste and Convention Center. 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. In April 2013, the Mayor and Council approved no longer classifying Golf as an Enterprise Fund starting in 2013-14. Golf revenue information is included under Special Revenue Funds.

Aviation

Aviation revenue estimates include landing fees, concession revenues and interest income at Sky Harbor International, Deer Valley and Goodyear airports. Total Aviation revenue for 2013-14 is anticipated to be \$309,343,000, which is \$35,088,000 or 10.2 percent less than the 2012-13 estimate of \$344,431,000. The decrease is due to reclassifying several Rental Car Facility funds from operating to capital, which will allow for proper accounting of revenues to service debt associated with the facility. The 2013-14 estimate also includes conservative growth in airline, landing and parking fees and passenger activity.

The table on the next page shows Aviation revenue by major category and annual percent change since 2009-10.





SUMMARY OF AVIATION REVENUES
(In Thousands of Dollars)

	2009-10	2010-11	2011-12	2012-13 (Est.)	2013-14 (Est.)
Airline Operation	\$ 101,188	\$ 109,943	\$115,526	\$ 118,760	\$ 123,050
Concessions and Rentals	159,358	169,162	169,125	174,074	177,384
ReRental Car Facility ^{1/}	36,135	39,229	41,158	40,000	–
Interest	3,263	1,463	928	500	450
Other/Federal Grants	3,426	7,938	7,937	6,595	3,820
Goodyear	1,703	1,632	1,674	1,662	1,679
Deer Valley	3,015	3,226	2,960	2,840	2,960
Total Aviation Revenue	\$308,088	\$332,593	\$339,308	\$344,431	\$309,343
Change From Prior Year	(2.8)%	8.0%	2.0%	1.5%	(10.2)%

^{1/}Rental Car Facility revenues will be reclassified in 2013-14 from operating to capital to properly account for revenue earmarked to service debt associated with the facility.

SUMMARY OF WATER SYSTEM REVENUES
(In Thousands of Dollars)

	2009-10	2010-11	2011-12	2012-13 (Est.)	2013-14 (Est.)
Water Sales	\$254,732	\$261,634	\$288,711	\$304,076	\$311,379
Environmental Consumption Charge	45,852	47,293	50,585	45,365	46,344
Raw Water Charge	19,066	22,026	26,183	25,811	26,451
Interest	6,243	3,410	1,862	3,048	2,858
Development Fees	1,606	1,218	1,820	2,200	2,600
Combined Service Fees	3,126	3,102	3,008	6,000	6,000
Val Vista	8,314	6,585	6,424	6,665	6,733
All Other	6,648	8,055	10,222	35,077	5,388
Total Water Revenue	\$345,587	\$353,323	\$388,815	\$428,242	\$407,753
Change From Prior Year	5.3%	2.2%	10.0%	10.1%	(4.8)%





Water System

Water system revenues include water sales, development fees, various water service fees, resource acquisition fees, fees paid by other jurisdictions for the operation of the Val Vista Water Treatment Plant and other miscellaneous fees. Total water system revenue for 2013-14 is projected to be \$407,753,000, which is \$20,489,000 or 4.8 percent less than the \$428,242,000 estimate for 2012-13. The decrease is due to one-time revenue from the sale of McMullen Valley in 2012-13. The 2013-14 estimate includes anticipated small increases in the number of accounts.

The table on the previous page shows water system revenues by major category since 2009-10.

Wastewater System

Wastewater system revenues include monthly sewer service charge revenues, which are based on water consumption rates, development fees, the sale of wastewater treatment services to other jurisdictions, the sale of effluent and other miscellaneous fees. The wastewater system is expected to generate revenue of \$211,312,000 in 2013-14, which is \$3,374,000 or 1.6 percent less than the 2012-13 estimate of \$214,686,000. The decrease is due to an expected decline in sales of effluent and interest earnings.

The table below shows Wastewater revenue by major category and annual percent change since 2009-10.

Solid Waste

This category includes revenues from the monthly residential collection and landfill tipping fees. The 2013-14 estimate of \$145,756,000 is an increase of \$3,832,000 or 2.7 percent greater than the 2012-13 estimate of \$141,924,000. The increase is due to one-time reductions in recycling revenue in 2012-13 from the contractor who operates two of the recycling facilities. The contractual agreement permitted purchasing conveyor equipment and the cost was offset against revenues. The purchases will not occur in 2013-14.

SUMMARY OF WASTEWATER SYSTEM REVENUES (In Thousands of Dollars)

	2009-10	2010-11	2011-12	2012-13 (Est.)	2013-14 (Est.)
Sewer Service Charge	\$150,955	\$161,054	\$158,511	\$144,902	\$146,195
Environmental Charges	34,655	36,598	35,868	33,177	33,481
Development Fees	1,485	1,059	1,670	2,100	2,500
Interest	4,132	2,956	2,166	2,176	1,198
Multi-City	17,452	17,460	15,804	16,806	16,211
Other	14,400	6,662	18,825	15,525	11,727
Total Wastewater Revenue	\$223,079	\$225,789	\$232,844	\$214,686	\$211,312
Change From Prior Year	6.1%	1.2%	3.1%	(7.8)%	(1.6)%





Convention Center

The majority of Convention Center revenues are from earmarked sales taxes including a 0.5 percent tax on advertising, a 0.5 percent portion of the 2.0 percent tax on restaurant and bar sales, construction, publishing, printing, and transportation and towing, plus a 2 percent portion of the 5.0 percent hotel/motel tax on rooms rented for 30 days or less.

Earmarked sales taxes are expected to produce \$43,924,000 in 2013-14, an increase of 6.5 percent above the 2012-13 estimate of \$41,246,000. Convention Center operating revenues are expected to be \$13,748,000, parking revenue is expected to be \$2,532,000, and interest revenue is expected to be \$339,000, for total revenue estimates of \$60,543,000. This is \$2,598,000 or 4.5 percent more than the 2012-13 total estimated revenue of \$57,945,000. The increase is due to anticipated increases in sales tax and parking revenues. Tax estimates are consistent with General Fund sales tax estimates for the categories included in Convention Center.

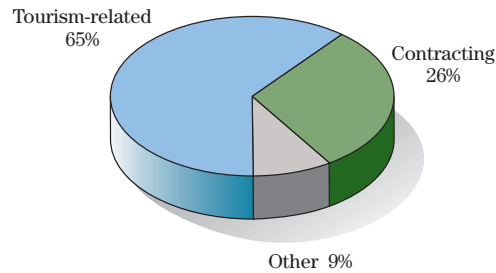
The table above shows the Convention Center excise tax collections since 2009-10.

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 91 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, but are expected to continue to improve in 2013-14. In the General Fund, however, contracting and tourism represent only 11 percent of the sales tax revenue. Because of this, any changes to these more volatile industries have a greater impact in this fund's sales tax revenue than in the General Fund's sales tax revenue.

**CONVENTION CENTER SALES TAXES
(In Thousands of Dollars)**

Fiscal Year	Amount Collected	Increase/(Decrease)	
		Amount	Percent
2009-10	\$34,801	\$(10,579)	(23.3)%
2010-11	37,835	3,034	8.7
2011-12	40,030	2,195	5.8
2012-13 (Est.)	41,246	1,216	3.0
2013-14 (Est.)	43,924	2,678	6.5

**2013-14 CONVENTION CENTER
Earmarked Sales Taxes**



The growth rate anticipated for 2012-13 reflects the assumption the current economic recovery will continue, however at a slow pace and will gain momentum in 2013-14.





General Government

MAYOR

Program Goal

The Mayor is elected on a nonpartisan ballot to represent the entire city for a four-year term that expires in January 2016. 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 policy direction for the city and chairs all City Council meetings that are offset with a reduction in contractual services totaling \$15,000.

Budget Allowance Explanation

The Mayor's 2013-14 operating budget allowance of \$1,755,000 is \$68,000 or 4.0 percent more than the 2012-13 estimated expenditures and reflects normal inflationary increases that are partially offset with a reduction in contractual services totaling \$15,000.

Mayor Major Performance Measures and Service Levels

The following significant performance measures and service level trends will be achieved with the 2013-14 budget allowance:

	2011-12	2012-13	2013-14
Community Opinion Survey			
Percent of residents regarding the quality of life in Phoenix as positive or fair. ¹	90%	95%	95%

¹Based on 2012 Community Opinion Survey which is administered in even-numbered years.

Expenditure and Position Summary

	2011-12	2012-13	2013-14
Operating Expense	\$1,443,000	\$1,687,000	\$1,755,000
Total Positions	11.5	12.5	12.5
Source of Funds:			
General	\$1,443,000	\$1,687,000	\$1,755,000





CITY COUNCIL

Program Goal

The City Council is composed of eight council members elected by districts on a nonpartisan ballot. Four-year terms for council members from even-numbered districts expire in January 2014. Terms for council members from odd-numbered districts expire in January 2016. The City Council serves as the legislative and policy-making body of the municipal government and has responsibilities for enacting city ordinances, appropriating funds to conduct city business and providing policy direction to the administrative staff. Under the provisions of the City Charter, the City Council appoints a City Manager, who is responsible for carrying out its established policies and administering operations.

Budget Allowance Explanation

The 2013-14 City Council operating budget allowance of \$3,589,000 is \$151,000 or 4.4 percent more than 2012-13 estimated expenditures and reflects normal inflationary increases that are partially offset with the reclassification of a position.

City Council Performance Measures and Service Levels

The following significant performance measures and service level trends will be achieved with the 2013-14 budget allowance:

	2011-12	2012-13	2013-14
Community Opinion Survey			
Percent of residents who regard the city of Phoenix as a good place to live. ¹	91%	93%	93%

¹Based on 2012 Community Opinion Survey which is administered in even-numbered years.

Expenditure and Position Summary

	2011-12	2012-13	2013-14
Operating Expense	\$3,157,000	\$3,438,000	\$3,589,000
Total Positions	30.0	31.0	31.0
Source of Funds:			
General	\$3,157,000	\$3,438,000	\$3,589,000



Phoenix City Council





CITY MANAGER

Program Goal

The City Manager provides professional administration of the policies and objectives established by the Mayor and City Council, develops alternative solutions to community problems for Mayor and City Council consideration and plans programs that meet the future public needs of the city. Deputy city managers oversee and provide assistance to city departments to ensure achievement of their departmental objectives and the objectives of the city government as a whole.

Budget Allowance Explanation

The City Manager's Office 2013-14 operating budget allowance of \$2,663,000 is \$288,000 or 12.1 percent more than 2012-13 estimated expenditures. The increase is due to receiving two new City of Services grants, full-year funding for the innovation executive and education manager positions, and normal inflationary factors. The increase is partially offset by efficiency savings of reducing an administrative secretary position.

City Manager's Office Major Performance Measures and Service Levels

The following significant performance measures and service level trends will be achieved with the 2013-14 budget allowance:

	2011-12	2012-13 ¹	2013-14
Public satisfaction with city services ²	83%	87%	87%
Percent of employees agreeing that the city is a good place to work ³	93%	93%	93%
Number of citywide operational improvements worked on during the year	5	5	5

¹Based on 10 months actual experience.

²Based on 2012 Community Attitude Survey which is administered in even-numbered years.

³Based on 2011 Employee Attitude Survey which is administered in odd-numbered years.

Expenditure and Position Summary

	2011-12	2012-13	2013-14
Operating Expense	\$1,972,000	\$2,375,000	\$2,663,000
Total Positions	18.0	19.0	18.0
Source of Funds:			
General	\$1,830,000	\$2,131,000	\$2,339,000
State and Federal Grants	—	12,000	88,000
Water	142,000	232,000	236,000

REGIONAL WIRELESS COOPERATIVE (RWC)

Program Goal

The Regional Wireless Cooperative (RWC) is an independent, multi-jurisdictional organization which manages and operates a regional radio communications network built to seamlessly serve the interoperable communication needs of first responders and other municipal radio users in and around Central Arizona's Valley of the Sun. Formerly known as the Phoenix Regional Wireless Network, the RWC has expanded to service a still growing list of cities, towns, and fire districts, along with many other area entities who serve public safety needs. The RWC was formed through a governance structure founded on the principle of cooperation for the mutual benefit of all members.

Budget Allowance Explanation

The RWC 2013-14 operating budget allowance of \$4,381,000 is \$347,000 or 7.3 percent less than 2012-13 estimated expenditures. The decrease in 2013-14 is due to the one-time cost of a major system upgrade that occurred in 2012-13.

Expenditure and Position Summary

	2011-12	2012-13	2013-14
Operating Expense	\$4,330,000	\$4,728,000	\$4,381,000
Total Positions	4.0	4.0	4.0
Source of Funds:			
RWC	\$4,330,000	\$4,728,000	\$4,381,000





GOVERNMENT RELATIONS

Program Goal

The Office of Government Relations represents the city, as appropriate, in contacts with federal, state, regional, county and other city governments. Government Relations also is charged with citywide grants coordination.

Budget Allowance Explanation

The Government Relations 2013-14 operating budget allowance of \$1,305,000 is \$55,000 or 4.4 percent more than 2012-13 estimated expenditures and reflects an increase in the annual dues to the Maricopa Association of Governments (MAG).

PUBLIC INFORMATION

Program Goal

The Public Information Office disseminates information on city governmental services to residents, and assists them in using and understanding the information. The office also encourages participation in city government and develops programming for the government access cable television channel.

Budget Allowance Explanation

The Public Information 2013-14 operating budget allowance of \$2,660,000 is \$88,000 or 3.2 percent less than 2012-13 estimated expenditures. The decrease is due to efficiency savings resulting from the implementation of robotic cameras for City Council chambers, additional outsourcing, and converting a full-time position to part-time. These savings are partially offset by an expected decline in the number of vacant positions.

Government Relations Major Performance Measures and Service Levels

The following significant performance measures and service level trends will be achieved with the 2013-14 budget allowance:

	2011-12	2012-13 ¹	2013-14
Number of governments, communities, regional and private sector agencies, neighborhood associations, commissions and organizations communicated with during the year.	500	500	500
Number of Arizona state legislative bill versions and amendments evaluated and prepared to support or oppose.	3,998	3,200	3,500

¹Based on 10 months actual experience.

Expenditure and Position Summary

	2011-12	2012-13	2013-14
Operating Expense	\$1,512,000	\$1,250,000	\$1,305,000
Total Positions	6.0	6.0	6.0
Source of Funds:			
General	\$1,314,000	\$1,250,000	\$1,305,000
Other Restricted	198,000	—	—

Public Information Major Performance Measures and Service Levels

The following significant performance measures and service level trends will be achieved with the 2013-14 budget allowance:

	2011-12	2012-13 ¹	2013-14
Percent of news releases that generate media coverage	85%	85%	85%
New PHX 11 programs produced per year	324	362	360
Percent of news distributed to stakeholders by 5 p.m. daily	90%	92%	92%
Percent of email responses to public inquiries within one day	100%	100%	100%
Average response time to public records requests (days)	3.5	3.5	3.5
Phoenix.gov page visits (monthly average)	1,116,200	1,120,000	1,120,000

¹Based on 10 months actual experience.

Expenditure and Position Summary

	2011-12	2012-13	2013-14
Operating Expense	\$2,630,000	\$2,748,000	\$2,660,000
Total Positions	22.8	22.8	19.6
Source of Funds:			
General	\$2,325,000	\$2,430,000	\$2,319,000
Other Restricted	305,000	318,000	341,000





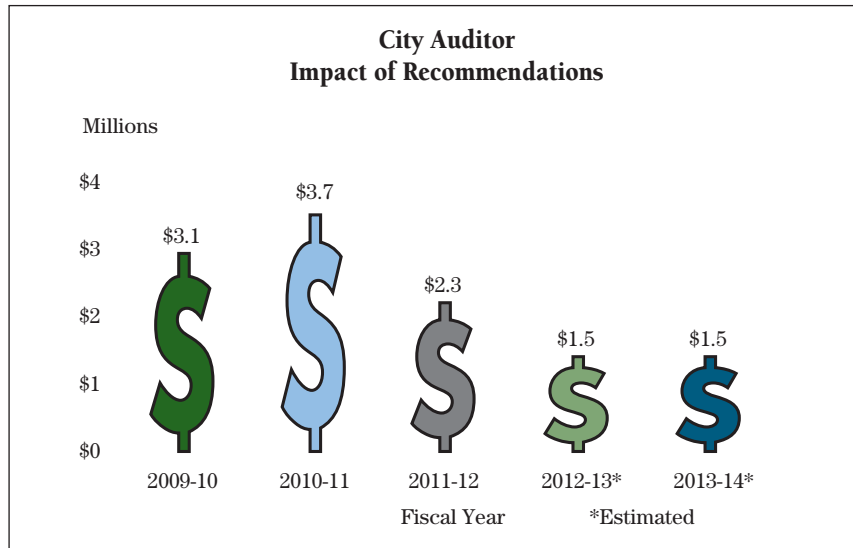
CITY AUDITOR

Program Goal

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

Budget Allowance Explanation

The City Auditor 2013-14 operating budget allowance of \$2,389,000 is \$105,000 or 4.6 percent more than 2012-13 estimated expenditures. The increase is primarily due to an expected decrease in the number of vacant positions and continued efforts to audit information technology systems. This is partially offset by the elimination of an internal auditor position.



City Auditor Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2013-14 budget allowance:

	2011-12	2012-13 ¹	2013-14
Percent of audit plan completed	78%	80%	80%
Performance audit and management reports issued ²	135	120	120
Average audit cycle time (calendar days) ²	173	180	180
Economic impact of audits as a result of identified improvements or cost savings (millions)	\$2.3	\$1.5	\$1.5
Hearing rulings issued timely according to time frames listed in the City Code	100%	100%	100%

¹Based on 10 months actual experience.

²Number of audit reports issued and average cycle time can vary due to the size and complexity of audits conducted.

Expenditure and Position Summary

	2011-12	2012-13	2013-14
Operating Expense	\$1,992,000	\$2,284,000	\$2,389,000
Total Positions	26.5	26.5	25.5
Source of Funds:			
General	\$1,992,000	\$2,284,000	\$2,389,000





EQUAL OPPORTUNITY

Program Goal

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

Budget Allowance Explanation

The Equal Opportunity 2013-14 operating budget allowance of \$2,797,000 is \$95,000 or 3.5 percent more than 2012-13 estimated expenditures. The increase is primarily due to an expected decline in the number of vacant positions, partially offset by the elimination of one position.

Equal Opportunity Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2013-14 budget allowance:

	2011-12	2012-13 ¹	2013-14
Discrimination complaints in employment, public accommodations, housing and Americans with Disabilities Act (ADA) accessibility, investigated and closed ²	203	166	166
Percentage of discrimination complaints investigated timely ³	77%	74%	74%
Outreach presentations to small and disadvantaged small business advocacy organizations	15	14	14
Number of disadvantaged business enterprises (DBEs) certified ⁴	80	77	77
Number of small business enterprises (SBEs) certified ⁵	720	640	640
Construction subcontracts monitored for participation of DBE subcontractors and non-DBE-certified construction subcontractors ⁶	900	1,200	1,200

¹Based on 10 months actual experience.

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

³Timelines may be dictated by state and federal enforcement agencies and not by city timelines.

⁴The number of available DBE-certified firms declined due to business closures and other firms choosing not to recertify, which is partly due to a decrease in federally-funded construction projects.

⁵Interest in the SBE Certification Program has decreased.

⁶In 2010-11, federal requirements mandated monitoring of DBE-certified and non-certified subcontractors on certain federally-funded construction projects. Monitored subcontracts are expected to increase due to new contract compliance software.

Expenditure and Position Summary

	2011-12	2012-13	2013-14
Operating Expense	\$2,580,000	\$2,702,000	\$2,797,000
Total Positions	26.0	27.0	26.0
Source of Funds:			
General	\$2,166,000	\$2,285,000	\$2,367,000
Community Development			
Block Grant	250,000	250,000	253,000
Federal and State			
Grants	147,000	153,000	161,000
Other Restricted	17,000	14,000	16,000





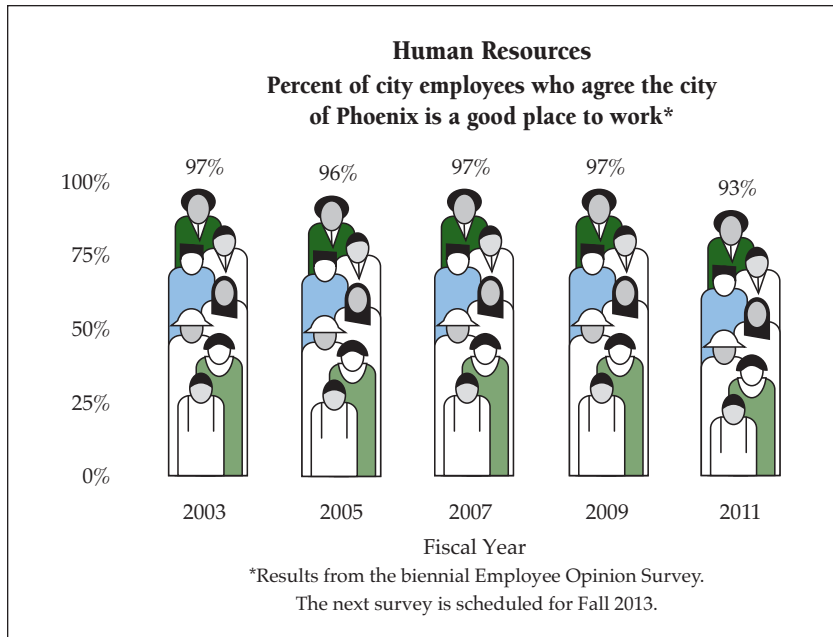
HUMAN RESOURCES

Program Goal

The Human Resources Department partners with departments and employees to hire, compensate, support and develop a diverse workforce that is dedicated to delivering high-quality services to the community.

Budget Allowance Explanation

The Human Resources Department 2013-14 operating budget allowance of \$11,410,000 is \$333,000 or 2.8 percent less than 2012-13 estimated expenditures. The decrease is mainly due to reduced lease purchase payments for vehicles, the transfer of funding for illegal dumping responses on city properties to the Office of Environmental Programs, and the elimination of two positions.



Human Resources Department Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2013-14 budget allowance:

	2011-12	2012-13 ¹	2013-14
Percentage of hiring managers satisfied with applicants placed on hiring eligible list	88%	82%	82%
Annualized employee turnover rate	4.8%	6.0%	6.0%
Employee performance evaluations completed on time	86%	90%	90%
The number of employee suggestions received	108	118	120

¹Based on 10 months actual experience.

Expenditure and Position Summary

	2011-12	2012-13	2013-14
Operating Expense	\$10,624,000	\$11,743,000	\$11,410,000
Total Positions	95.1	95.1	93.1
Source of Funds:			
General	\$10,192,000	\$10,285,000	\$10,225,000
City Improvement	85,000	1,058,000	783,000
Other Restricted	347,000	400,000	402,000





PHOENIX EMPLOYMENT RELATIONS BOARD

Program Goal

The Phoenix Employment Relations Board oversees administration of the city's meet and confer ordinance. Primary responsibilities of the board include conducting representation elections, and selecting mediators and fact finders to resolve impasses. The board consists of five members appointed by the City Council and has one staff member.

Budget Allowance Explanation

The Phoenix Employment Relations Board 2013-14 operating budget allowance of \$99,000 is \$11,000 or 12.5 percent more than 2012-13 estimated expenditures. The increase is primarily due to increases in contracted hearing officers for hearings, reduced work order credits and increased personal services costs.

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 2013-14 gross operating budget allowance of \$1,945,000 is \$117,000 or 6.4 percent more than 2012-13 estimated expenditures. The increase is primarily due to increased costs for audit and legal services.

Phoenix Employment Relations Board Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2013-14 budget allowance:

	2011-12	2012-13 ¹	2013-14
Number of cases filed annually ²	2	4	9

¹Based on 10 months actual experience.

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

Expenditure and Position Summary

	2011-12	2012-13	2013-14
Operating Expense	\$95,000	\$88,000	\$99,000
Total Positions	1.0	1.0	1.0
Source of Funds:			
General	\$95,000	\$88,000	\$99,000

Retirement Systems Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2013-14 budget allowance:

	2011-12	2012-13 ¹	2013-14
General city retirements	426	380	275
Public safety retirements	192	175	150
General city and public safety member contacts			
Appointments	866	780	775
Walk-in service	2,648	2,740	2,450
Telephone calls	7,326	7,400	7,500
Overall member satisfaction survey as rated on a scale of 1 to 4, with 4 being the best	3.95	3.90	3.90
Success of educational classes as rated on a scale of 1 to 4, with 4 being the best	3.69	3.67	3.70

¹Based on 10 months actual experience.

Expenditure and Position Summary

	2011-12	2012-13	2013-14
Operating Expense (Gross ¹)	\$1,677,000	\$1,828,000	\$1,945,000
Total Positions	14.0	14.0	14.0
Source of Funds:			
General (Gross ¹)	\$1,677,000	\$1,828,000	\$1,945,000

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





LAW

Program Goal

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

Budget Allowance Explanation

The Law Department 2013-14 operating budget allowance of \$20,550,000 is \$92,000 or 0.4 percent less than 2012-13 estimated expenditures. The decrease reflects the elimination of an assistant attorney IV.

Law Department Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2013-14 budget allowance:

	2011-12	2012-13 ¹	2013-14
Criminal cases sent to diversion	4,007	4,121	4,100
Pre-trial disposition conferences set	59,480	72,940	65,000
New civil cases opened in the fields of condemnation, collection, taxes and civil litigation, excluding liability and other cases assigned to outside counsel	823	884	850
Number of defendants submitted for charging review	40,979	43,904	42,000
Number of civil cases closed, including those assigned to outside counsel and handled through the alternative dispute resolution process	756	504	625
Ordinances and resolutions for City Council adoption drafted and reviewed	1,139	1,043	1,100
Number of jury trials prosecuted	219	165	175

¹Based on 10 months actual experience.

Expenditure and Position Summary

	2011-12	2012-13	2013-14
Operating Expense	\$20,118,000	\$20,642,000	\$20,550,000
Total Positions	206.0	208.0	207.0
Source of Funds:			
General	\$18,287,000	\$19,186,000	\$19,541,000
Court Awards	286,000	320,000	320,000
Federal and State Grants	1,492,000	1,082,000	635,000
Other Restricted	53,000	54,000	54,000





INFORMATION TECHNOLOGY

Program Goal

Information Technology Services (ITS) 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 2013-14 operating budget allowance of \$35,060,000 is \$238,000 or 0.7 percent less than 2012-13 estimated expenditures. The decrease reflects a variety of administrative efficiency savings, including telecommunications savings and the elimination of 12 full-time employees. The decrease is partially offset by normal inflationary adjustments.

Information Technology Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2013-14 budget allowance:

	2011-12	2012-13 ¹	2013-14
Percentage of on-time operations center services	99.0%	99.0%	99.0%
Number of ITS-supported network devices	17,160	18,440	18,440
Critical systems availability percentage:			
Enterprise network	99.9%	99.9%	99.9%
Business systems	99.0%	99.0%	99.0%
Internet services	99.0%	99.0%	99.0%
Telephone network	99.9%	99.9%	98.0%
Microwave network	100.0%	100.0%	99.99%
Number of visits to phoenix.gov ²	12,735,417	13,660,000	14,650,000
Average cycle time of telephone service requests	< 13 days	< 13 days	< 21.21 days
Average cycle time of wireless communication repairs	0.89 hours	0.90 hours	1.00 hours
Units of portable and mobile radio equipment ³	18,500	18,500	18,500

¹Based on 10 months actual experience.

²Current increase due to offering live streaming video for council meetings and an anticipated increase due to the redesign of phoenix.gov.

³Includes all portable and mobile radios support on behalf of all RWC members as well as support of portable and mobile radios for Fire's VHF system.

Expenditure and Position Summary

	2011-12	2012-13	2013-14
Operating Expense	\$30,304,000	\$35,298,000	\$35,060,000
Total Positions	182.0	179.0	167.0
Source of Funds:			
General	\$29,319,000	\$33,049,000	\$32,305,000
Cable Communications	409,000	441,000	476,000
City Improvement	190,000	1,256,000	1,684,000
Other Restricted	34,000	250,000	250,000
Aviation	164,000	169,000	172,000
Water	188,000	133,000	173,000





CITY CLERK AND ELECTIONS

Program Goal

The City Clerk Department maintains orderly and accessible records of all city activities and transactions including posting all public meeting notifications; preparing agendas and minutes for City Council formal meetings; providing for effective administration of city elections and annexations; administering liquor, bingo and regulatory license services; and providing printing, typesetting, document imaging and mail delivery services to all city departments.

Budget Allowance Explanation

The City Clerk 2013-14 operating budget allowance of \$6,769,000 is \$392,000 or 6.1 percent more than 2012-13 estimated expenditures. The increase is due to a carryover of funds for the new Agenda Management System and an increase in funding for the implementation of the Electronic Document Management System. The increase is partially offset by administrative efficiency savings that includes eliminating two vacant positions.

City Clerk Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2013-14 budget allowance:

	2011-12	2012-13 ¹	2013-14
Number of Council formal and special meeting agenda items	1,977	1,900	1,900
Open meeting law notices posted	2,771	2,800	2,800
Percent of open meeting law notices posted in accordance with state law ²	100%	100%	100%
Total printing and copy impressions (millions) ³	36.7	36.0	24.5
City Council regular and special elections held	2	1	1
License services applications and contacts	18,815	19,200	19,000
Records imaged and available for public access online	123,171	112,000	120,000

¹Based on 10 months actual experience.

²Includes meeting notices and meeting result postings as required by state law.

³Assumes the outsourcing of water bill printing in July 2013.

Expenditure and Position Summary

	2011-12	2012-13	2013-14
Operating Expense	\$6,517,000	\$6,377,000	\$6,769,000
Total Positions	66.0	66.0	64.0

Source of Funds:

General	\$6,502,000	\$6,201,000	\$6,606,000
City Improvement	15,000	176,000	163,000





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 2013-14 Finance Department operating budget allowance of \$21,962,000 is \$1,495,000 or 7.3 percent more than 2012-13 estimated expenditures. This is primarily due to lease purchase payments for citywide vehicle purchases, additional functionality in the city's financial system and an expected decline in the number of vacant positions. The increase is partially offset with efficiency savings from a new tax analytical system and the outsourcing of services related to surplus property.

Finance Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2013-14 budget allowance:

	2011-12	2012-13 ¹	2013-14
Sales tax and franchise fees collected (millions)	\$707	\$710	\$710
Average real estate acquisition cycle time (months)	11.0	17.0	17.0
Average property damage claims cycle time (days)	47	50	50
Average invitation for bid (IFB) cycle time (days)	95	95	95

¹Based on 10 months actual experience.

Expenditure and Position Summary

	2011-12	2012-13	2013-14
Operating Expense	\$19,326,000	\$20,467,000	\$21,962,000
Total Positions	236.2	234.0	232.0
Source of Funds:			
Aviation	308,000	313,000	317,000
City Improvement	135,000	184,000	1,095,000
General	\$16,631,000	\$17,487,000	\$18,061,000
Other Restricted	446,000	513,000	388,000
Public Housing	8,000	(2,000)	(1,000)
Sports Facilities	109,000	129,000	129,000
Wastewater	659,000	738,000	738,000
Water	1,030,000	1,105,000	1,235,000





BUDGET AND RESEARCH

Program Goal

The Budget and Research Department ensures effective, efficient allocation of city resources to enable the City Council, City Manager and city departments to provide quality services to our residents.

Budget Allowance Explanation

The Budget and Research Department's 2013-14 operating budget allowance of \$3,054,000 is \$85,000 or 2.9 percent more than 2012-13 estimated expenditures and reflects an increase in software maintenance costs and normal inflationary increases. These increases are partially offset by the elimination of one administrative support position.

Budget and Research Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2013-14 budget allowance:

	2011-12	2012-13 ¹	2013-14
Percent variance of actual versus estimated expenditures for each major fund (data for the General Fund is shown)	-1.1%	0 -± 1%	0 -± 1%
Percent variance of actual versus estimated revenues for each major fund (data for the General Fund is shown)	-0.2%	0 -± 1%	0 -± 1%
Percent of Requests for Council Action processed within 24 hours	86%	75%	75%
Capital Improvement Program expenditures as a percentage of estimate	57.3%	65%	65%

¹Based on 10 months actual experience.

Expenditure and Position Summary

	2011-12	2012-13	2013-14
Operating Expense	\$2,888,000	\$2,969,000	\$3,054,000
Total Positions	25.0	25.0	24.0
Source of Funds:			
General	\$2,888,000	\$2,969,000	\$3,054,000





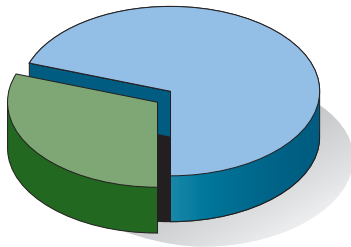
The Phoenix Police Department protects a population of more than 1.4 million and patrols 519 square miles of the sixth largest city in the United States.





Public Safety

The Public Safety Program Represents 34.1% of the Total Budget.



The Public Safety program budget includes the Police Department, Fire Department and Emergency Management.

POLICE

Program Goal

The Police Department provides the community with a law enforcement system that integrates and uses all departmental, civic and community resources for police services and protection of the lives and property of our residents.

Budget Allowance Explanation

The Police Department 2013-14 operating budget allowance of \$585,913,000 is \$19,772,000 or 3.5 percent more than 2012-13 estimated expenditures and reflects increased Court Awards funding, the replacement of the Nice Communications

Police Major Performance Measures and Service Trends

The following significant performance measures and service trends will be achieved with the 2013-14 budget allowance:

	2011-12	2012-13 ¹	2013-14
Average Response Time (Minutes) ²			
Priority 1 – Emergency	N/A	N/A	N/A
Priority 2 – Non-Emergency	N/A	N/A	N/A
Priority 3 – All Others	N/A	N/A	N/A
Telephone Callbacks ³	N/A	N/A	N/A
Percentage of phone calls to 9-1-1 and Crime Stop answered within 10 seconds	94%	94%	94%
Cases accepted by the county attorney for issuance of complaint	25,484	21,000	21,000
Moving violation citations issued	217,144	180,000	172,000
Traffic accidents	22,234	22,000	22,000
Percentage of cases cleared:			
Murder	84%	76%	76%
Rape	27%	26%	25%
Robbery	24%	24%	23%
Aggravated Assault	44%	43%	44%
Burglary	5%	6%	5%
Theft	21%	22%	22%
Auto Theft	6%	6%	6%
Arson	10%	14%	14%

¹Based on 10 months actual experience.

²Due to changes with the new CAD system implemented March 2010, call response time data has demonstrated inconsistencies that are currently being resolved.

³The number of calls and response times for incidents handled by callback are impacted by the working hours and vacancy levels of this unit. The department began transitioning away from using Callback officers and instead to using an online reporting system on Jan. 16, 2012.





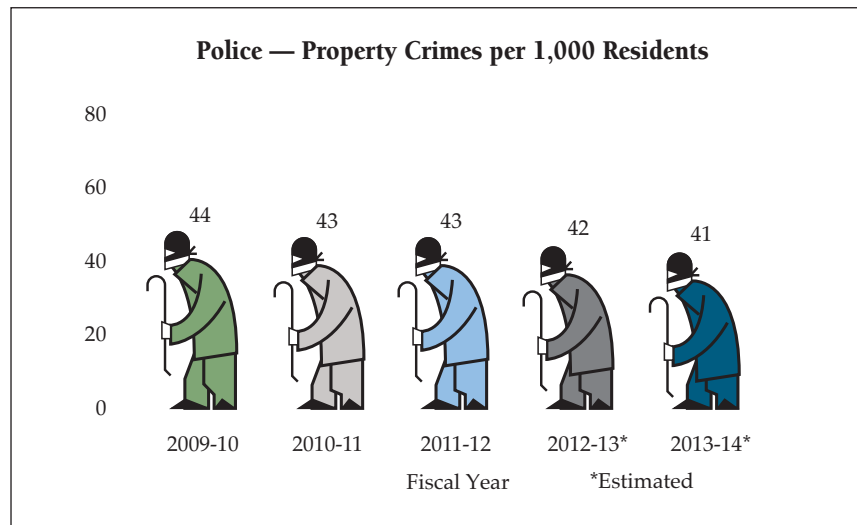
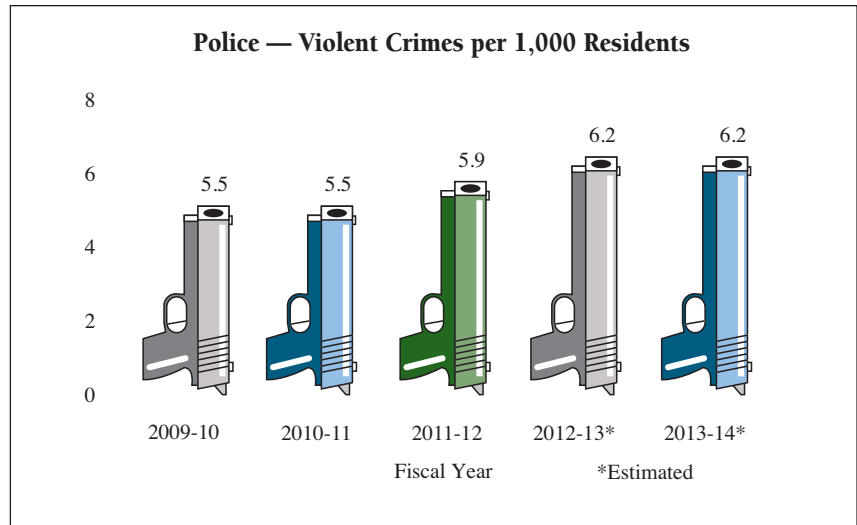
System, and fiscal year 2013-14 budget additions.

The budget additions include 15.0 civilian positions for the Central Booking Unit. This completes the civilization of the unit and allows sworn staff to return to critical crime response duties as recommended in the Police Department's efficiency study. In addition, 11 existing police reserves will be hired on as police officers for patrol and community policing work at zero net cost to the General Fund. The General Fund savings is achieved by moving eight senior-level Police Officers to the Airport Bureau which allows a corresponding reduction to Aviation Police overtime, and hiring the new officers at entry-level pay.

These additions are partially offset with budget reductions totaling \$2,911,000 which includes the outsourcing of the polygraph function and the elimination of four civilian support positions.

Expenditure and Position Summary

	2011-12	2012-13	2013-14
Operating Expense	\$541,075,000	\$566,141,000	\$585,913,000
Total Positions	4,440.7	4,452.4	4,463.4
Source of Funds:			
General	\$424,996,000	\$445,606,000	\$462,408,000
Public Safety			
Expansion	50,815,000	50,957,000	52,706,000
Neighborhood			
Protection	20,720,000	20,312,000	21,060,000
Public Safety			
Enhancement	19,021,000	18,896,000	19,697,000
Court Awards	8,821,000	9,169,000	15,511,000
City Improvement	2,658,000	5,550,000	4,865,000
Federal and State			
Grants	8,574,000	10,972,000	4,684,000
Other Restricted	3,681,000	3,530,000	3,786,000
Sports Facilities	1,106,000	1,149,000	1,196,000
Convention Center	683,000	—	—





FIRE

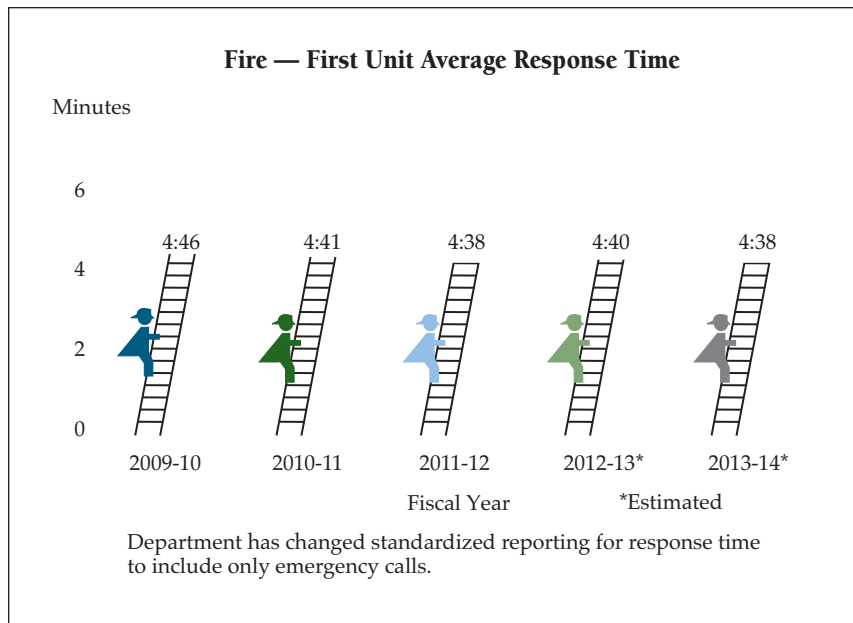
Program Goal

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 2013-14 operating budget allowance of \$297,953,000 is \$11,296,000 or 3.9 percent more than 2012-13 estimated expenditures. This increase reflects the hiring of seven sworn positions needed to maintain state-mandated ambulance response times, increases in personal services costs, and other normal inflationary increases.

These increases are partially offset by reductions in contractual and commodity expenditures and savings from moving the Ambulance Billing office from leased space to city-owned space. The department also eliminated one civilian position and downgraded two positions through the organizational review process. In addition, seven positions from the New Construction section were moved to the Planning & Development Department.



Fire Department Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2013-14 budget allowance:

	2011-12	2012-13 ¹	2013-14
Percent of fire and emergency medical call responses within four minutes	37.8%	37.0%	38.0%
Patient transports to Valley hospitals via emergency medical vehicles	71,408	72,000	73,000
Percentage of time Advanced Life Support (ALS) medical calls are responded to with paramedic units within five minutes	63.4%	63.0%	64.0%
Number of fire investigations to determine cause only	805	845	887
Number of calls by type:			
Emergency Medical	144,899	151,000	151,000
Fire	13,761	14,000	14,000
Other (mountain/swift water/trench/tree rescues/other)	5,403	6,000	6,000

¹Based on 10 months actual experience.

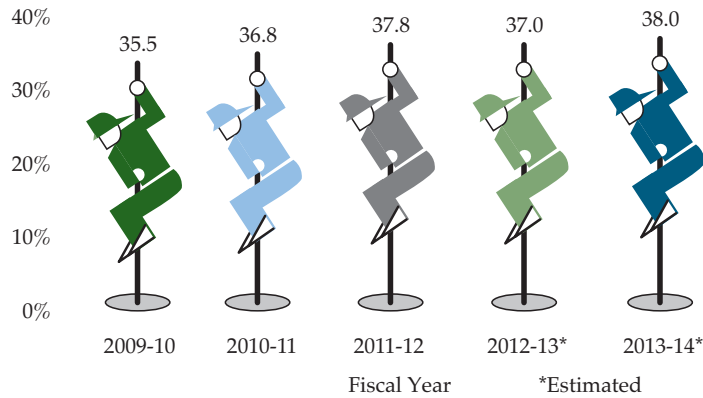




Expenditure and Position Summary

	2011-12	2012-13	2013-14
Operating Expense	\$261,904,000	\$286,657,000	\$297,953,000
Total Positions	2,003.7	1,997.4	1,997.4
Source of Funds:			
General	\$220,052,000	\$240,700,000	\$250,694,000
Public Safety Enhancement	10,392,000	10,435,000	11,051,000
Neighborhood Protection	2,656,000	3,189,000	3,984,000
Public Safety Expansion	10,799,000	13,273,000	15,022,000
Development Services	935,000	513,000	—
Federal and State Grants	10,239,000	11,502,000	9,186,000
Federal Transit Authority	3,000	43,000	—
Other Restricted	3,802,000	4,483,000	4,662,000
City Improvement	1,026,000	2,519,000	3,354,000

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



EMERGENCY MANAGEMENT

Program Goal

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

Budget Allowance Explanation

The Emergency Management 2013-14 operating budget allowance of \$476,000 is \$57,000 or 10.7 percent less than 2012-13 estimated expenditures. This reflects reduced federal funding, as fiscal year 2013-14 emergency preparedness grants have not been awarded at this time.

Expenditure and Position Summary

	2011-12	2012-13	2013-14
Operating Expense	\$424,000	\$533,000	\$476,000
Total Positions	4.0	4.0	4.0
Source of Funds:			
General	\$1,000	\$16,000	\$21,000
Public Safety Enhancement	369,000	337,000	455,000
Federal & State Grants	54,000	180,000	—



The Phoenix Fire Department's Certified Car Seat Technicians assist residents to properly install car seats and perform car seat checks. During previous car seat inspections, the Phoenix Fire Department found that four out of every five child car safety seats were installed incorrectly and one-third of children were found to be riding in the wrong restraints for their age and size.







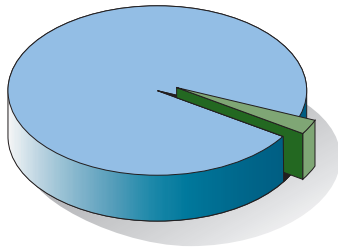
The Phoenix Municipal Courthouse was opened to the public on Dec. 27, 1999. It was designed and constructed to provide attractive, comfortable, efficient space with the flexibility to meet the city's future criminal justice needs.





Criminal Justice

The Criminal Justice Program Represents 2.4% of the Total Budget.



The Criminal Justice program budget includes the Municipal Court, Public Defender and City Prosecutor.

MUNICIPAL COURT

Program Goal

The Municipal Court provides, with integrity, to all individuals who come before this court: equal access, professional and impartial treatment, and just resolution of all court matters.

Budget Allowance Explanation

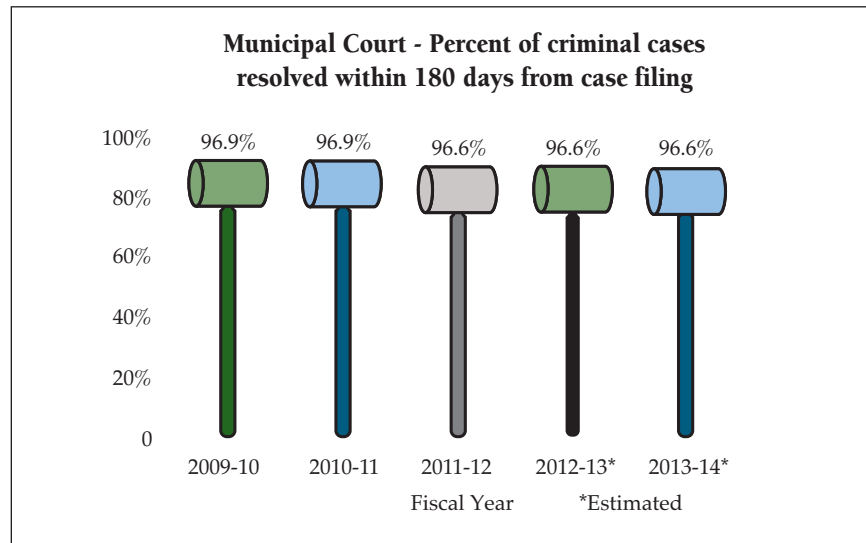
The Municipal Court's 2013-14 operating budget allowance of \$41,969,000 is \$485,000 or 1.1 percent less than 2012-13 estimated expenditures. The decrease reflects the elimination of 13 positions. Nine positions were eliminated by outsourcing the Substance Abuse Screening Services provided by the Municipal Court. Additional administrative efficiencies include the elimination of a bailiff, court/legal clerk II, information technology analyst/programmer I and a pro-tem judge.

Municipal Court Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2013-14 budget allowance:

	2011-12	2012-13 ¹	2013-14
Criminal filings	73,500	70,000	75,000
Civil filings	205,737	180,000	200,000
Average number of days from arraignment to hearing for minor traffic cases	29.0	30.0	30.0
Number of criminal cases with a pending trial date at year end	2,160	2,200	2,200
Percent of trials/hearings appealed	2.7%	2.8%	2.8%
Average cycle time for sending out restitution and bail refund checks	1.7 days	2.5 days	2.5 days
Average hold time for incoming information calls to the Customer Call Center	7.2 minutes	7.2 minutes	7.5 minutes

¹Based on 10 months actual experience.



Expenditure and Position Summary

	2011-12	2012-13	2013-14
Operating Expense	\$31,565,000	\$42,454,000	\$41,969,000
Total Positions	314.0	310.0	297.0
Source of Funds:			
General	\$28,786,000	\$29,984,000	\$29,395,000
Other Restricted	2,303,000	6,244,000	6,342,000
City Improvement	476,000	6,226,000	6,232,000





PUBLIC DEFENDER

Program Goal

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

Budget Allowance Explanation

The Public Defender Program’s 2013-14 operating budget allowance of \$4,902,000 is \$127,000 or 2.7 percent more than the 2012-13 estimated expenditures and reflects normal inflationary increases.

Public Defender Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2013-14 budget allowance:

	2011-12	2012-13 ¹	2013-14
Defendants charged with misdemeanor crimes represented in Phoenix Municipal Court	13,177	13,924	14,000
Defendants represented at Jail Court (first appearance after arrest), and K-Court (second appearance after arrest for those not bonding out after their first appearance)	26,845	28,000	29,000

¹Based on 10 months actual experience.

Expenditure and Position Summary

	2011-12	2012-13	2013-14
Operating Expense	\$4,756,000	\$4,775,000	\$4,902,000
Total Positions	9.0	9.0	9.0
Source of Funds:			
General	\$4,756,000	\$4,775,000	\$4,902,000







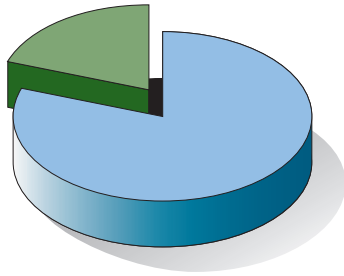
The city's traffic signal system consists of 1,097 traffic signals, 94 intersection video cameras and 828 intersections connected by either fiber or wireless radios.





Transportation

The Transportation Program Represents 21.6% of the Total Budget.



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

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.

Street Transportation Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2013-14 budget allowance:

	2011-12	2012-13 ¹	2013-14
Routine street maintenance requests for service completed within 21 days ²	87%	88%	82%
Percent of all traffic signal control cabinets inspected annually ³	91%	95%	100%
Routine traffic operation requests for service completed within 30 days	95%	95%	93%
Construction project complaints or inquiries addressed within five working days	95%	95%	95%
Number of days to review and respond to street light requests	2.8	1.4	1.4
Number of days to review private development plans ⁴	1.1	7.5	6.0
Utility plan review turnaround time within 10 working days	96%	97%	97%
Complete requests for sign and crosswalk work within 45 days ⁵	83%	85%	80%

¹Based on 10 months actual experience.

²Decrease in 2013-14 is a result of field staff shifting from routine maintenance to preventive maintenance activities.

³Increase in 2013-14 is a result of an audit finding that requires all signal cabinets to be inspected annually.

⁴Increase in 2012-13 is due to vacant positions. Some of these vacancies are in the process of being filled, therefore a decrease in 2013-14 is anticipated.

⁵Decrease in 2013-14 is due to the shifting of street maintenance activities to focus on preventive maintenance.



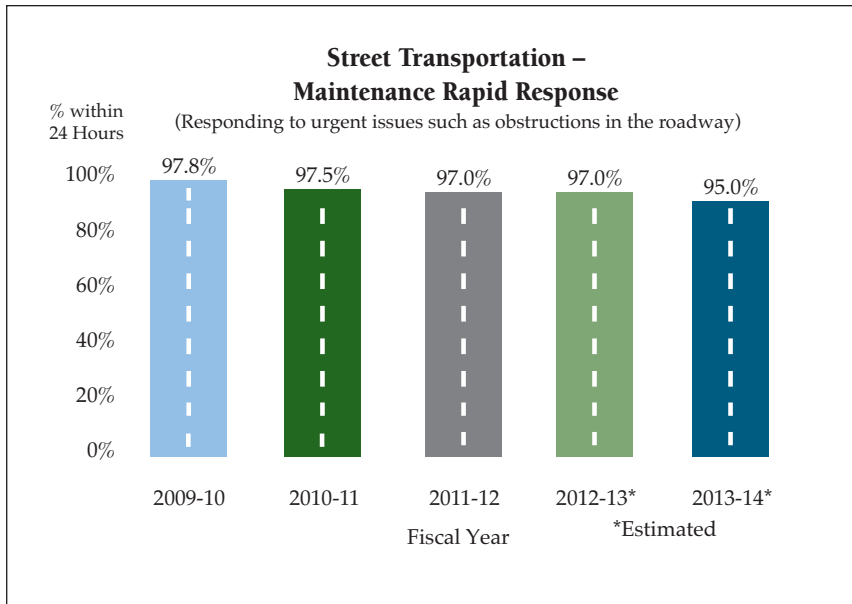


Budget Allowance Explanation

The Street Transportation 2013-14 operating budget allowance of \$70,676,000 is \$2,361,000 or 3.5 percent more than 2012-13 estimated expenditures. This increase is primarily due to an expected decline in the number of vacant positions and funding for new contracted freeway landscape maintenance. The proposed budget also includes additional storm water funding for contracted maintenance of natural washes and replacement vehicles. The increase is partially offset by proposed administrative efficiency savings that include a reduction in overtime hours, a change to leased communication lines for traffic signals, and the elimination of two vacant positions.

Expenditure and Position Summary

	2011-12	2012-13	2013-14
Operating Expense	\$68,052,000	\$68,315,000	\$70,676,000
Total Positions	673.0	667.0	666.0
Source of Funds:			
General	\$20,456,000	\$20,071,000	\$22,097,000
Arizona Highway User Revenue	45,181,000	45,504,000	45,129,000
City Improvement	113,000	501,000	735,000
Capital Construction	129,000	129,000	129,000
Federal and State Grants	42,000	38,000	53,000
Other Restricted	2,131,000	2,072,000	2,533,000





AVIATION

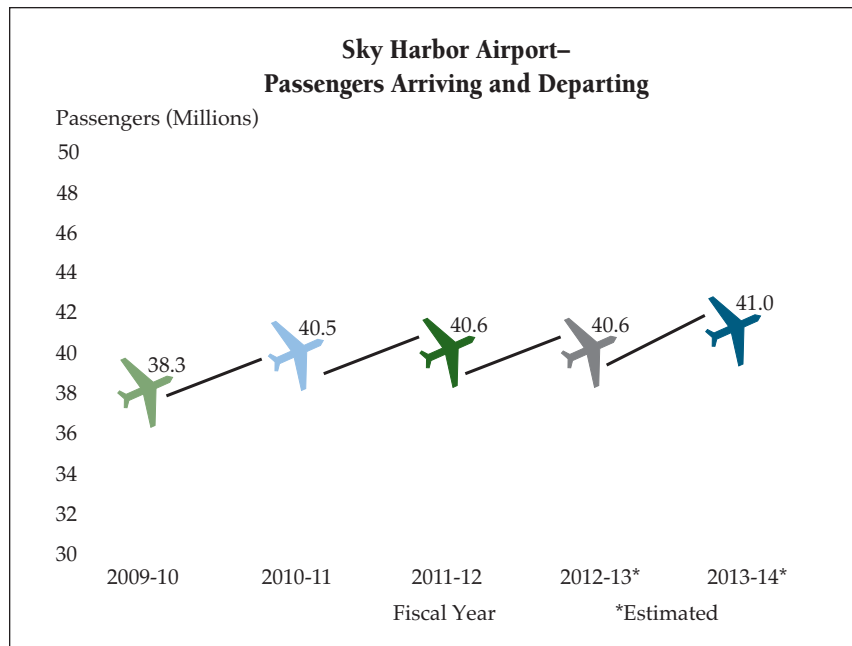
Program Goal

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's 2013-14 operating budget allowance of \$229,332,000 is \$11,233,000 or 5.2 percent more than 2012-13 estimated expenditures. This increase reflects the full year operating costs for the new PHX Sky Train™ and other normal inflationary increases.

The budget also reflects the addition of partial funding for an Economic Development Executive Officer within the Community and Economic Development Department dedicated to international economic development to enhance international air service.



Aviation Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2013-14 budget allowance:

	2011-12	2012-13 ¹	2013-14
Airline rental rates (cost per square foot):			
Terminal 2	\$78.84/106.68	\$110.88/117.12	\$115.80
Terminal 3	\$90.12/106.68	\$110.88/117.12	\$115.80
Terminal 4	\$97.32/106.68	\$110.88/117.12	\$115.80
Gross sales per departing passenger:			
Terminal 2	\$7.49	\$7.50	\$7.55
Terminal 3	\$8.72	\$8.87	\$8.90
Terminal 4	\$8.11	\$8.64	\$8.65
Aircraft takeoffs and landings	962,795	914,000	915,000
Total international passengers	2,219,590	2,180,000	2,200,000
Air cargo processed (in tons)	297,659	301,000	305,000

¹Based on 10 months actual experience. Terminal rates effective July 2012 and January 2013.

Expenditure and Position Summary

	2011-12	2012-13	2013-14
Operating Expense	\$202,167,000	\$218,099,000	\$229,332,000
Total Positions	851.0	858.0	858.0
Source of Funds:			
Aviation	\$202,167,000	\$218,099,000	\$229,332,000





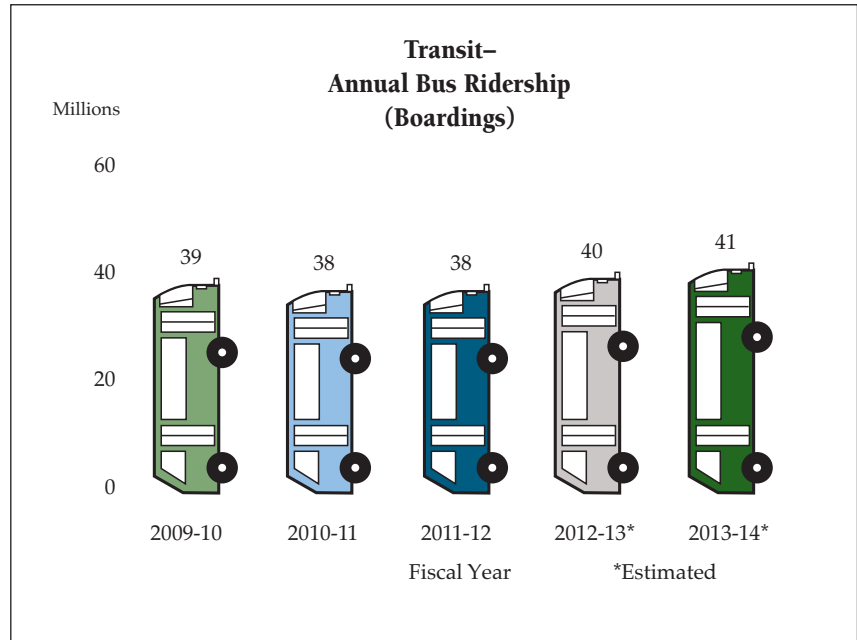
PUBLIC TRANSIT

Program Goal

The Public Transit Department provides improved public transit services and increased ridership in the Phoenix urbanized area through the operation of a coordinated regional fixed-route and paratransit bus transportation system.

Budget Allowance Explanation

The Public Transit 2013-14 operating budget allowance of \$260,425,000 is \$11,946,000 or 4.8 percent more than 2012-13 estimated expenditures. This increase is primarily due to increases in the price of fuel, a contractual increase in the cost per mile of bus and rail services, and an increase in debt service payments for light rail. The increase is partially offset by a decrease in federal transportation funding.



Expenditure and Position Summary

	2011-12	2012-13	2013-14
Operating Expense	\$233,500,000	\$248,479,000	\$260,425,000
Total Positions	136.5	137.5	137.5
Source of Funds:			
General	\$18,704,000	\$19,566,000	\$19,521,000
Transit 2000	131,040,000	123,984,000	136,341,000
Regional Transit	21,797,000	23,385,000	25,036,000
Federal Transit Authority	13,564,000	30,652,000	26,161,000
City Improvement	48,395,000	50,892,000	53,366,000

Public Transit Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2013-14 budget allowance:

	2011-12	2012-13 ¹	2013-14
On-time performance for bus service	94.2%	92.8%	95.0%
On-time performance for Dial-a-Ride prescheduled service	91.1%	90.2%	90.0%
Cost recovery from bus fares	24.7%	25.0%	24.8%
Bus boardings per revenue mile	2.33	2.51	2.54
Average weekday ridership - light rail (Phoenix only) ²	26,134	29,002	29,582
Number of Reserve-A-Ride Trips	124,341	120,595	123,007

¹Based on 10 months actual experience.

²The 2011-12 figure represents Jan. 1, 2011-June 30, 2011 ridership.







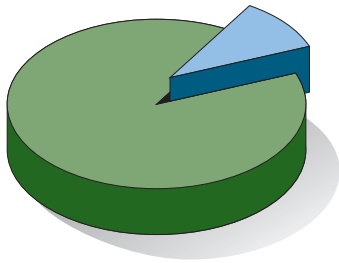
Encanto Pointe, opened February 2013, is located at 4175 N. Ninth St. The 54-unit apartment housing complex serving homeless individuals through a "Housing First" model.





Community Development

The Community Development Program Represents 8.4% of the Total Budget.



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

Budget Allowance Explanation

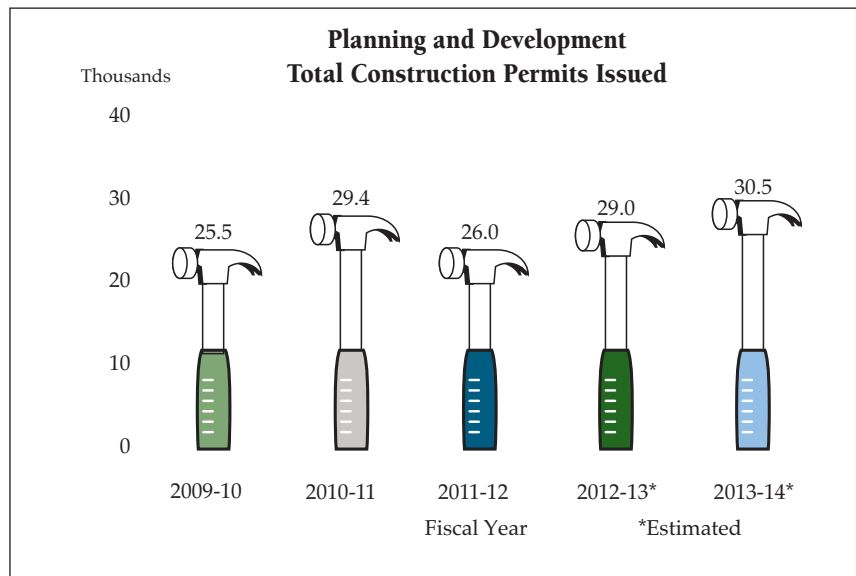
The Planning and Development Department 2013-14 operating budget allowance of \$41,537,000 is \$3,772,000 or 10.0 percent more than 2012-13 estimated expenditures. This is primarily a result of increased Development Services funding for contractual inspection and plan review services to meet anticipated demand, and adding three positions and equipment to begin implementing a new permitting system. Additionally, General Funds were added to fund an existing position to make

additional historic preservation bond funds available, hire a consultant to complete the National Register Landmark Nomination for the David and Gladys Wright House, decrease design review turnaround times by insourcing currently contracted services, and provide adaptive reuse fee waiver assistance to small businesses renovating existing buildings for new uses. These increases include a carryover of unspent HUD grant funds for transit oriented 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.





Expenditure and Position Summary

	2011-12	2012-13	2013-14
Operating Expense	\$31,468,000	\$37,765,000	\$41,537,000
Total Positions	246.0	261.5	266.5
Source of Funds:			
Development			
Services	\$26,683,000	\$32,157,000	\$34,161,000
General	4,345,000	4,560,000	5,026,000
Federal and State Grant	149,000	819,000	2,121,000
Community Development			
Block Grant	66,000	66,000	66,000
Other Restricted	227,000	163,000	163,000
Water Fund	(2,000)	—	—

Planning and Development Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2013-14 budget allowance:

	2011-12	2012-13 ¹	2013-14
Total construction permits issued	27,652	29,000	30,500
Turnaround time for major commercial building plans (days)	37	37	40
Turnaround time for medium commercial building plans (days)	26	23	30
Turnaround time for minor commercial building plans (days)	17	18	25
Turnaround time for residential building plans (days)	24	22	30
Percent of commercial inspections completed on time	95%	96%	95%
Percent of residential inspections completed on time	94%	96%	95%
Percent of costs recovered through fees	114%	100%	100%
Average number of days to schedule pre-application meeting prior to rezoning application	11	9	15
Average number of days to complete Zoning Verification letters	10	11	15
Board, Commission and Committee packets available seven days prior to meeting	100%	99%	90%
Number of design reviews performed on building permits in historic districts ²	426	400	410
Number of city grants awarded for historic rehabilitation projects	15	13	12
Number of regulatory compliance reviews for federally funded city capital projects	1,424	1,100	1,200

¹Based on 10 months actual experience.

²This projection includes the cumulative number of Certificates of Appropriateness, Certificates of No Effect, Demolition Reviews and Demolition Appeal Hearings.





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 Department's 2013-14 operating budget allowance of \$82,013,000 is \$3,363,000 or 4.3 percent more than 2012-13 estimated expenditures. The increase is primarily due to the carry-over of unspent federal funds.

Housing Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2013-14 budget allowance:

	2011-12	2012-13 ¹	2013-14
Affordable housing units for families and individuals ²	2,689	2,679	2,679
Affordable housing units created or preserved for families and individuals owned and operated by private sector developers ³	502	359	359
Rental assistance provided for low-income residents in the private housing market ⁴	6,452	6,452	6,452
City-owned and operated public housing units for families and seniors	2,667	2,667	2,667
Occupancy rate for Section 8 units ⁵	95.1%	93.9%	95.0%
Occupancy rate for public housing units	96.3%	96.3%	96.3%

¹Based on 10 months actual experience.

²During fiscal year 2012-13, the Columbus apartments will be demolished resulting in the loss of 10 affordable units.

³During fiscal year 2011-12, 502 affordable housing units were created through the Affordable Loan Program. It is estimated that 359 units will be created in fiscal year 2012-13 and 2013-14, respectively.

⁴The Housing Department received an additional 100 Veterans Affairs Supportive Housing (VASH) voucher in April 2012. As of December 2012, total vouchers for HCV 5,601, VASH 595, SRO 101, Mainstream 75, and HOPWA 80.

⁵The drop in occupancy rate for fiscal year 2012-13 is resulting from the increase in VASH vouchers and new vouchers for Marcos de Niza rehab project, which have not yet been fully utilized.

Expenditure and Position Summary

	2011-12	2012-13	2013-14
Operating Expense	\$77,299,000	\$78,650,000	\$82,013,000
Total Positions	190.0	188.0	188.0
Source of Funds:			
Public Housing	\$71,518,000	\$73,441,000	\$74,561,000
Other Restricted	2,385,000	2,318,000	2,860,000
Community Development			
Block Grant	1,819,000	1,589,000	2,786,000
Federal and			
State Grants	710,000	797,000	713,000
HOPE VI	746,000	380,000	969,000
City Improvement	72,000	71,000	70,000
General	49,000	54,000	54,000





COMMUNITY AND ECONOMIC DEVELOPMENT

Program Goal

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

Budget Allowance Explanation

The Community and Economic Development Department's 2013-14 operating budget allowance of \$23,010,000 is \$6,271,000 or 21.4 percent less than 2012-13 estimated expenditures and is primarily the result of the transfer of the American Recovery and Reinvestment Act (ARRA) funds for the Energize Phoenix grant to the Public Works Department and the transfer of a portion of funding for the Greater Phoenix Economic Council (GPEC) contract to the Water Department. Also, funding for the EXPAND Loan program was reduced. Administrative reductions of \$132,000 are included which allocate a portion of salaries for two executive level positions from the general fund to aviation and grant funds.

These decreases are partially offset by additional funding to expand and enhance the summer youth employment and job training programs, support for the new Downtown Phoenix Inc. community agency that will further develop the downtown area, and the carry forward of unspent grant allocations budgeted in 2012-13.

Community and Economic Development Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2013-14 budget allowance:

	2011-12	2012-13 ¹	2013-14
Projected jobs created/retained within the city of Phoenix as a result of department efforts ²	5,761	5,400	6,000
Projected average annual salary for new jobs with companies newly located in Phoenix	\$42,812	\$35,000	\$35,000
Individuals serviced in employment and training programs ³			
Adult	1,188	1,135	N/A
Youth	347	860	N/A
Number of Job seekers assisted through the Workforce Development Initiatives ⁴	N/A	N/A	27,000

¹Based on 10 months actual experience.

²Fiscal year 2011-12 is higher than fiscal year 2012-13 projection due to the relocation of Aetna during 2011-12. Fiscal year 2013-14 has been increased due to the University of Arizona Cancer Center and CityScape Apartments.

³Measurement will be discontinued in fiscal year 2013-14

⁴New measurement in fiscal year 2013-14

Expenditure and Position Summary

	2011-12	2012-13	2013-14
Operating Expense	\$24,215,000	\$29,281,000	\$23,010,000
Total Positions	103.0	101.0	101.0
Source of Funds:			
General	4,305,000	4,699,000	5,134,000
Aviation	67,000	126,000	130,000
City Improvement	2,208,000	4,656,000	4,517,000
Community Reinvestment	345,000	498,000	760,000
Convention Center	454,000	415,000	433,000
Other Restricted	3,014,000	3,165,000	3,246,000
Sports Facilities	135,000	138,000	144,000
Water	565,000	567,000	30,000
Federal and State Grants	12,635,000	14,422,000	8,075,000
Community Development Block Grant	487,000	595,000	541,000





NEIGHBORHOOD SERVICES

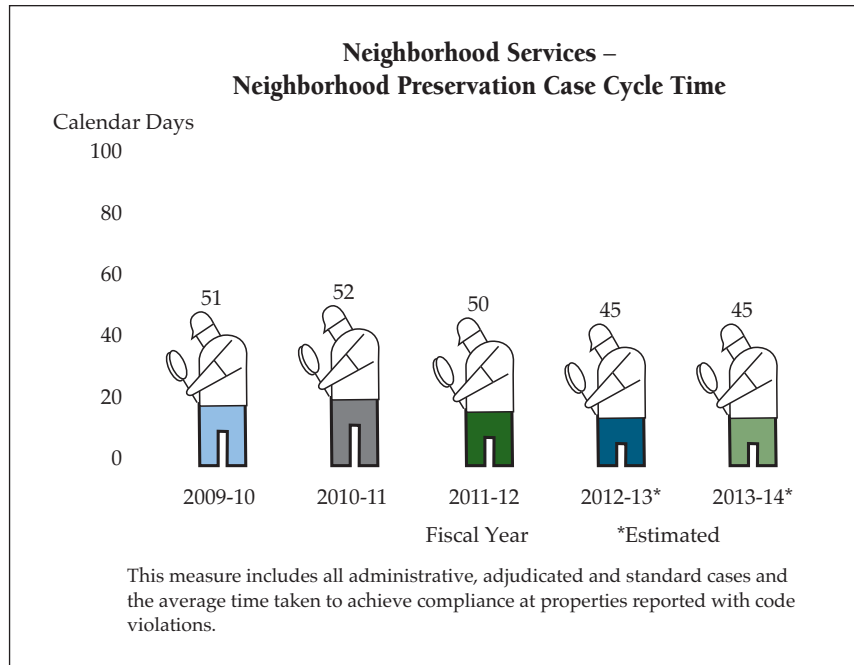
Program Goal

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

Budget Allowance Explanation

The Neighborhood Services 2013-14 operating budget allowance of \$71,116,000 is \$4,472,000 or 6.7 percent more than 2012-13 estimated expenditures. This increase is due to unspent Community Development Block Grant, HOME and other federal and state grant funding that was carried forward and included in the 2013-14 budget.

The General Fund budget of \$12,337,000 is \$733,000 or 6.3 percent more than the 2012-13 estimated expenditures. This is primarily due to an expected decline in the number of vacant positions and normal inflationary factors. The increase is partially offset by proposed administrative efficiency savings that include eliminating two positions.





Expenditure and Position Summary

	2011-12	2012-13	2013-14
Operating Expense	\$57,657,000	\$66,644,000	\$71,116,000
Total Positions	212.5	214.5	212.5
Source of Funds:			
General	\$10,695,000	\$11,604,000	\$12,337,000
Other Restricted	95,000	287,000	227,000
Public Housing	2,186,000	1,521,000	855,000
Federal and State Grants	30,600,000	37,519,000	30,904,000
Community Development Block Grant	14,081,000	15,713,000	26,793,000

Neighborhood Services Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2013-14 budget allowance:

	2011-12	2012-13 ¹	2013-14
Residents who receive landlord/tenant counseling	6,003	6,000	6,000
Number of residents provided technical assistance and education on available city services, programs, tools and other community resources	3,280	1,000	1,000
Sites where graffiti was removed through the Graffiti Busters Program	80,559	80,000	86,000
Projects completed through housing rehabilitation programs ²	1,137	1,500	500
Neighborhood Preservation cases opened annually	62,882	65,000	65,000
Neighborhood Preservation average case cycle time ³	49 days	45 days or below	45 days or below
Percent of Neighborhood Preservation cases resolved voluntarily ⁴	92%	91% or above	91% or above

¹Based on 10 months actual experience.

²Includes units remediated through the lead hazard control and weatherization programs as well as owner occupied units and rental rehabilitation projects completed. The Neighborhood Services Department received additional funding through federal stimulus.

³This measure includes all administrative, adjudicated and standard cases and the average time taken to achieve compliance at properties reported with code violations.

⁴This measures the volume of cases that were voluntarily brought into compliance with the appropriate city ordinances without court or abatement action.







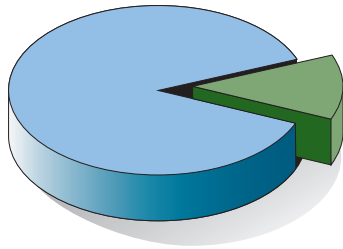
In the fiscal year ending June 30, 2012, more than 4.6 million people visited Burton Barr Central Library and 16 branch locations and they checked out more than 14.4 million books, DVDs and CDs.





Community Enrichment

The Community Enrichment Program Represents 10.0% of the Total Budget.



The Community Enrichment program budget includes Parks and Recreation, Library, Phoenix Convention Center, Human Services and the Phoenix Office of Arts and Culture.

Budget Allowance Explanation

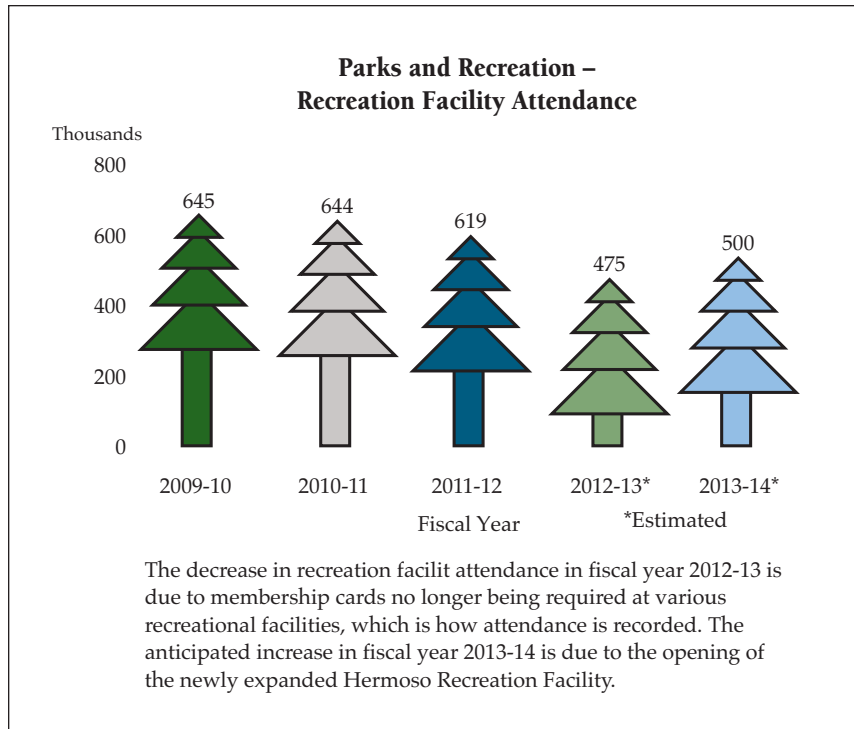
The Parks and Recreation Department 2013-14 budget allowance of \$111,344,000 is \$5,202,000 or 4.9 percent more than 2012-13 estimated expenditures. The increase is primarily due to greater costs for general and automotive liability insurance, facility and equipment maintenance due to aging vehicles and infrastructure, and additions in the 2013-14 budget. The additions to the General Fund include the restoration of eight Phoenix Afterschool Center (PAC) sites, restoration of funding for youth recreation programs, additional Park Rangers for enforcement and security at mountain parks, and annual operating costs, net of revenue, for the Phoenix Golf Program as part of reclassifying the Golf Fund as a non-enterprise fund. Landscape maintenance for the new PHX Sky Train

facility funded by the Aviation Department was also added. The 2013-14 budget increases the Phoenix Parks and Preserves Initiative (PPPI) funding to provide staff and supplies to protect and maintain 1,546 acres of Sonoran preserves, new Tres Rios Wetlands recreational amenities, the first mile of the Rio Salado Habitat Restoration Peace Path, and the Echo Canyon trailhead expansion. Also included in the PPPI proposed 2013-14 budget is funding for staff and supplies to operate a new dog park at Margaret T. Hance Park, re-opening of the Hermoso Recreation Center and restored Winship House, and the newly renovated Cortez Pool. The increase is partially offset by administrative efficiency savings that include the outsourcing of janitorial services at the remaining seven community centers and eliminating various vacant positions.

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 permits outlets that cultivate a wholesome sense of civic pride and social responsibility.





Expenditure and Position Summary

	2011-12	2012-13	2013-14
Operating Expense	\$103,829,000	\$106,142,000	\$111,344,000
Total Positions	1,118.3	1,134.2	1,141.0
Source of Funds:			
General	\$89,564,000	\$89,289,000	\$94,371,000
Other Restricted	2,947,000	2,452,000	2,396,000
City Improvement	170,000	1,860,000	1,900,000
Federal and State Grants	717,000	891,000	888,000
Convention Center	115,000	39,000	—
Parks and Preserves	2,056,000	1,888,000	3,005,000
Golf ^F	8,260,000	9,723,000	8,784,000

^FIn 2011-12, Papago Golf Course was still contracted out to a private vendor and was not included in the Parks and Recreation Department budget. The decrease in 2013-14 reflects the portion of the Phoenix Golf program expenditures being paid by the General Fund.

Parks and Recreation Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2013-14 budget allowance:

	2011-12	2012-13 ¹	2013-14
Construction projects completed	79%	75%	75%
Percentage of safe and clean park facilities	81%	80%	80%
Fill 80% or more of all non-team sport registration openings.	73%	75%	75%
Recreation Facility Attendance ²	618,759	475,000	500,000
Usage of athletic field's available programmable time	50%	50%	52%
Community usage of facility's available programmable time	38%	40%	40%
Number of Golf Rounds	253,288	254,000	260,000

¹Based on 10 months actual experience.

²The decrease in recreation facility attendance in fiscal year 2012-13 is due to membership cards no longer being required at various recreation facilities, which is how attendance is recorded.





LIBRARY

Program Goal

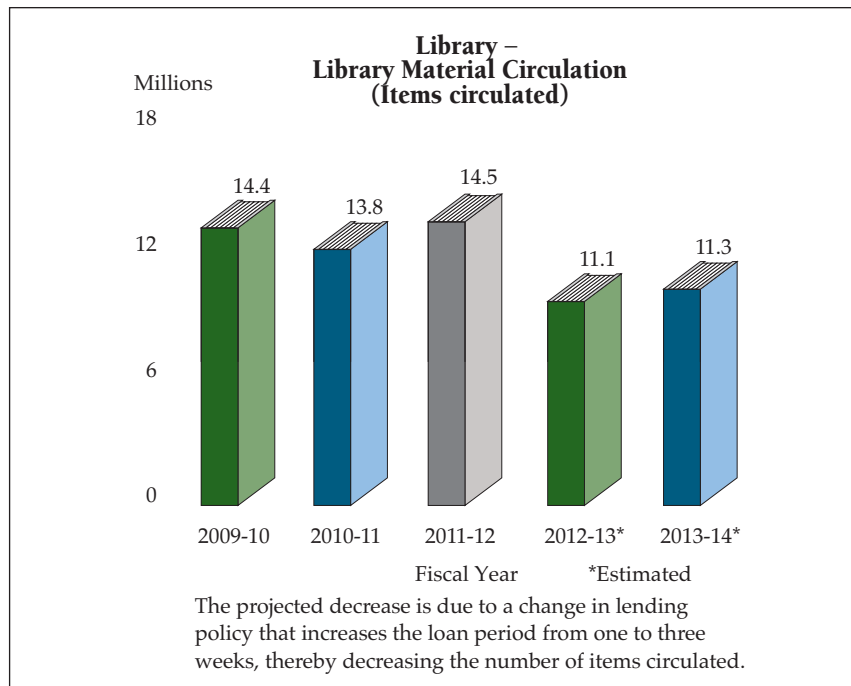
The Library provides information and resources that are relevant, accessible and responsive to the intellectual needs and interests of the community.

Budget Allowance Explanation

The 2013-14 Library operating budget allowance of \$35,798,000 is \$394,000 or 1.1 percent less than 2012-13 estimated expenditures. The decrease is primarily due to a reduction in projected grant funding and is offset by normal inflationary increases. The 2013-14 budget also includes a General Fund efficiency savings from transitioning library inventory to be in alignment with customer demand, eliminating redundant databases, and realizing efficiencies in cataloging services and facility maintenance operations. Also included are additions for increased funding for e-books and providing the capability for online library card registration and online meeting room reservations, and to continue the existing College Depot program as a result of anticipated expiration of private funding.

Expenditure and Position Summary

	2011-12	2012-13	2013-14
Operating Expense	\$33,488,000	\$36,192,000	\$35,798,000
Total Positions	357.6	374.8	374.8
Source of Funds:			
General	\$32,578,000	\$35,228,000	\$35,478,000
Federal and State Grants	748,000	757,000	138,000
Other Restricted	162,000	207,000	182,000



Library Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2013-14 budget allowance:

	2011-12	2012-13 ¹	2013-14
Early literacy program attendance ²	102,482	139,000	142,000
Customer satisfaction with workforce readiness	96%	90%	90%
Library's home-page "hits"	27,576,224	27,500,000	27,500,000
Library material circulation ³	14,464,958	11,066,000	11,295,000

¹Based on 10 months actual experience.

²Beginning in fiscal year 2012-13, First Things First outreach program participation was included in early literacy program statistics.

³The projected decrease is due to a change in lending policy that increases the loan period from one to three weeks, thereby decreasing the number of items circulated.





PHOENIX CONVENTION CENTER

Program Goal

The Phoenix Convention Center and Venues hosts a diverse range of conventions, trade shows, meetings and entertainment events in one of the premier convention facilities in the United States. The department is committed to delivering the highest levels of customer service and guest experience in the industry. The Phoenix Convention Center and Venues enhances the economic vitality of the downtown area, the city of Phoenix and the state of Arizona by supporting tourism-related industries, businesses and cultural organizations.

Budget Allowance Explanation

The Phoenix Convention Center 2013-14 operating budget allowance of \$47,194,000 is \$2,893,000 or 6.5 percent more than 2012-13 estimated expenditures. The increase is primarily due to an expected decline in the number of vacant positions, increased costs for the Greater Phoenix Convention and Visitors Bureau services, increased capital outlay funding for parking garage maintenance and normal inflationary factors.

Phoenix Convention Center Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2013-14 budget allowance:

	2011-12	2012-13 ¹	2013-14
Estimated direct spending impact from conventions (millions) ²	\$370.0	\$277.8	\$283.0
Number of convention delegates	261,701	191,500	195,000
Number of conventions	58	58	53
Number of local public shows	40	29	32
Percent square feet occupancy (average of all event types)	35%	31%	42%
Number of theatrical performances	260	241	240
Total theater attendance	275,000	260,000	265,000
Total parking revenue (millions)	\$4.86	\$4.36	\$4.35
Revenue per parking space	\$1,078	\$969	\$993
Operating expense per parking space	\$741	\$747	\$766

¹Based on 10 months actual experience.

²Estimated direct spending impact is reported by the Greater Phoenix Convention and Visitors Bureau.

Expenditure and Position Summary

	2011-12	2012-13	2013-14
Operating Expense	\$41,852,000	\$44,301,000	\$47,194,000
Total Positions	262.6	252.0	252.0
Source of Funds:			
Convention Center	\$40,181,000	\$42,407,000	\$45,218,000
General	1,126,000	1,318,000	1,375,000
Other Restricted	75,000	76,000	101,000
Sports Facilities	470,000	500,000	500,000





HUMAN SERVICES

Program Goal

The Human Services Department promotes self-sufficiency by providing a wide array of services that foster the economic, physical and social well-being of residents.

Budget Allowance Explanation

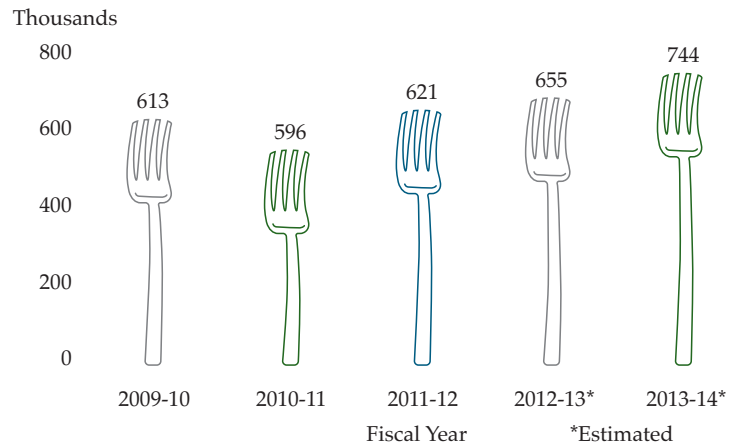
The Human Services 2013-14 operating budget allowance of \$62,724,000 is \$151,000 or 0.2 percent less than 2012-13 estimated expenditures. The decrease is primarily due to a reduction in federal and state grant funding for the Watkins Homeless Shelter, case management services at Family Service Centers, and the Low Income Home Energy Assistance Program (LIHEAP). The 2013-14 budget also includes a General Fund efficiency savings resulting from the elimination of a Human Resources Clerk and a Lead User Technology position.

The decrease is partially offset by proposed General Fund increases for enhanced Senior Center access to technology and increased programming through technology based services, support to the Domestic Violence Workgroup to implement the "Roadmap to Excellence" project, restoration of funding to the Central Arizona Shelter Services (CASS) contract, and funding for Childhelp, Inc. to provide services for neglected and abused children. Additional Water funds are also included to increase the Low Income Water Assistance funding provided for households in crisis.

Expenditure and Position Summary

	2011-12	2012-13	2013-14
Operating Expense	\$65,298,000	\$62,875,000	\$62,724,000
Total Positions	399.2	366.2	365.2
Source of Funds:			
General	\$16,141,000	\$18,147,000	\$18,711,000
Human Services			
Grants	47,883,000	43,206,000	42,441,000
Community Development			
Block Grant	615,000	578,000	556,000
Federal and State Grant	12,000	11,000	10,000
Water	250,000	250,000	210,000
Wastewater	—	—	140,000
Other Restricted	341,000	404,000	358,000
City Improvement	56,000	279,000	298,000

Human Services – Meals Served by Senior Nutrition Program



During fiscal year 2012-13, the meal program transitioned to an outside provider. The provider contract now includes healthy breakfast and snacks in addition to congregate and home-delivered meals. This increase is reflected partially in fiscal year 2012-13 and fully in fiscal year 2013-14.

Human Services Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2013-14 budget allowance:

	2011-12	2012-13 ¹	2013-14
Percentage of families served at the Watkins Overflow Shelter moved into permanent housing	79%	75%	75%
Number of households served at family service centers	24,883	24,937	24,937
Percentage of school attendance for Head Start	89%	89%	85%
Medical and dental exams completed for Head Start	6,859	6,800	6,800
Number of meals served to seniors ²	620,951	655,000	744,140
Number of victim services provided	7,372	9,000	9,000

¹Based on 10 months actual experience.

²During fiscal year 2012-13, the meal program transitioned to an outside provider. The outside provider contract now includes healthy breakfasts and snacks in addition to congregate and home delivered meals. This increase is reflected partially in fiscal year 2012-13 and fully in fiscal year 2013-14.





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 2013-14 operating budget allowance of \$1,630,000 is \$408,000 or 33.4 percent more than 2012-13 estimated expenditures. The increase is mainly due to partial funding restoration of community arts grants, rental support for nonprofit arts and cultural organizations that perform at three city-owned venues, and funds to maintain aging public art. Reduced work order credits from capital projects and an expected decline in the number of vacant positions also contribute to the increase.

Expenditure and Position Summary

	2011-12	2012-13	2013-14
Operating Expense	\$639,000	\$1,222,000	\$1,630,000
Total Positions	11.0	11.0	11.0
Source of Funds:			
General	\$617,000	\$1,111,000	\$1,567,000
Federal and State			
Grants	12,000	86,000	38,000
Other Restricted	10,000	25,000	25,000

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

The following significant performance measures and service trends will be achieved with the 2013-14 budget allowance.

	2011-12	2012-13 ¹	2013-14
Grant applications processed to support arts activities through schools and nonprofit organizations ²	18	55	60
Grant awards administered to support arts activities through schools and nonprofit organizations ²	18	46	55
Completed Percent-for-Art projects to enhance city capital improvement projects with artwork ³	7	12	6
Local artists/arts organizations training workshops ⁴	14	7	10
Percent of projects in Art Plan being implemented ³	72%	75%	65%
Community presentations	49	49	49

¹Based on 10 months actual experience.

²Projected increases due to increased grants funding in 2012-13 and 2013-14.

³Increase in 2012-13 is mainly due to the opening of PHX Skytrain. 2013-14 decreases are expected due to deferred capital projects.

⁴Numbers reflect presentations and workshops to local artists as well as the annual grant workshop training for arts organizations. The number of workshops is expected to decline in 2012-13 due to the delayed award of state grants which fund workshop speakers.







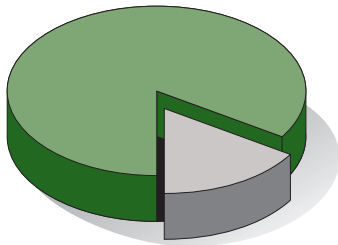
The Same Day Collection project was the largest rerouting project ever undertaken. The change in residential garbage and recycling collection days impacted 395,000 Phoenix households. The more efficient routing of collections corresponds to estimated annual savings of \$2.3 million to the Solid Waste Fund.





Environmental Services

The Environmental Services Program Represents 16.1% of the Total Budget.



The Environmental Services program budget includes Water Services, Solid Waste Management, Public Works and Environmental Programs.

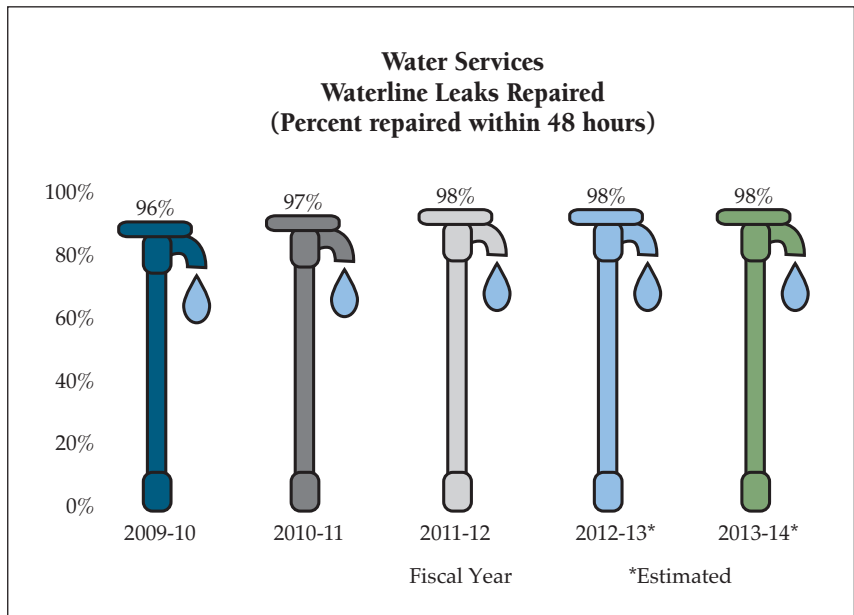
WATER SERVICES

Program Goal

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

Budget Allowance Explanation

The Water Services 2013-14 operating budget allowance of \$262,815,000 is \$5,998,000 or 2.3 percent more than 2012-13 estimated expenditures. The increase is primarily due to increases in the cost of chemicals and normal inflationary increases and is partially offset by decreases in consultants and professional services, computer services and sewer services.





Water Services Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2013-14 budget allowance:

	2011-12	2012-13 ¹	2013-14
Water main break/leaks per year	180.0	216.0	204.0
Waterline leaks repaired within 48 hours	98%	98%	98%
Percent of miles of sewer cleaned per year	32.0%	27.0%	27.0%
Sanitary sewer overflows per 100 miles	0.90	0.90	0.90
Gallons of water produced system wide (billions)	110.3	110.1	110.6
Gallons of wastewater treated (billions)	62.5	61.8	61.0
Telephone Calls-Received	1,295,026	1,424,167	1,424,167
Telephone Calls-Percent Answered ²	88.8%	97.0%	97.0%

¹Based on 10 months actual experience.

²Percent 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.” Additional resources were allocated as a result of a consultant’s operational study of the department, thereby increasing the telephone calls answered.

Expenditure and Position Summary

	2011-12	2012-13	2013-14
Operating Expense	\$247,667,000	\$256,817,000	\$262,815,000
Total Positions	1,463.1	1,474.1	1,474.1
Source of Funds:			
Water	\$160,824,000	\$168,038,000	\$170,674,000
Wastewater	85,107,000	\$87,091,000	89,795,000
Federal and State Grants	59,000	30,000	—
Other Restricted	1,677,000	1,658,000	2,346,000





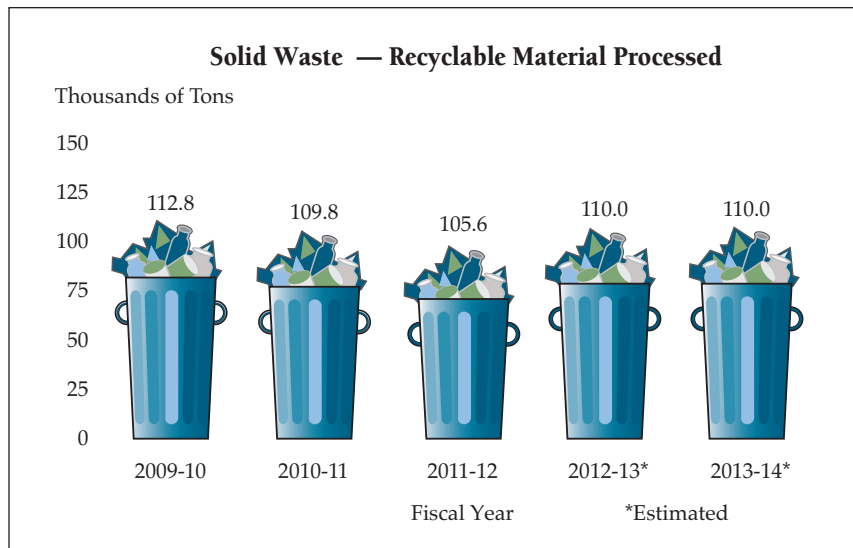
SOLID WASTE MANAGEMENT

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 Management 2013-14 operating budget allowance of \$129,639,000 is \$9,330,000 or 7.8 percent more than 2012-13 estimated expenditures. This increase reflects increased equipment replacement costs, increased personal services costs, and other normal inflationary increases.



Solid Waste Management Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2013-14 budget allowance:

	2011-12	2012-13 ¹	2012-14
Residential households served with twice-per-week contained solid waste and recyclable material collections	395,785	397,000	400,000
Tons of residential recyclable materials collected	105,695	110,000	110,000
Tons of total solid waste disposed at city landfills ²	896,766	754,000	769,000
Tons of solid waste from city residences disposed	563,529	465,000	476,000

¹Based on 10 months actual experience.

²Tonnage is down from prior year due to the department's efforts to increase recycling programs.

Expenditure and Position Summary

	2011-12	2012-13	2013-14
Operating Expense	\$109,101,000	\$120,309,000	\$129,639,000
Total Positions	610.5	596.5	596.5
Source of Funds:			
Solid Waste	\$109,101,000	\$120,309,000	\$129,639,000





PUBLIC WORKS

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 2013-14 operating budget allowance of \$22,864,000 is \$251,000 or 1.1 percent more than 2012-13 estimated expenditures and is due to normal inflationary increases.

This increase is partially offset by administrative efficiencies totaling \$323,000, which includes the elimination of an auto technician position and the elimination of vehicle accident replacement funding in the Fleet Services Division. Also reflected are reduced costs for landscaping and operating costs for several city facilities, the reallocation of two electricians to apprentice positions, and a reduction in funding for the department's project management information system.

Public Works Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2013-14 budget allowance:

	2011-12	2012-13 ¹	2013-14
Square footage of buildings maintained	9,885,000	10,618,000	10,618,000
Facility service requests completed ²	19,412	18,000	18,000
Fleet vehicles per mechanic	39.6	39.8	39.8
Units of equipment for which fleet management is provided ³	7,397	7,300	7,300
Annual miles of fleet vehicle utilization (in millions) ³	48.6	47.6	47.6

¹Based on 10 months actual experience.

²Fiscal year 2012-13 and 2013-14 are lower due to implementation of new PM Program, which will consolidate similar equipment under one work order.

³Units of equipment and utilization are lower in 2012-13 due to citywide turn in of underutilized vehicles.

Expenditure and Position Summary

	2011-12	2012-13	2013-14
Operating Expense	\$16,292,000	\$22,613,000	\$22,864,000
Total Positions	506.0	505.0	504.0
Source of Funds:			
General	\$14,968,000	\$15,701,000	\$16,555,000
City Improvement	855,000	5,668,000	5,164,000
Other Restricted	78,000	606,000	661,000
Solid Waste	—	147,000	181,000
Federal and State Grants	391,000	491,000	303,000





ENVIRONMENTAL PROGRAMS

Program Goal

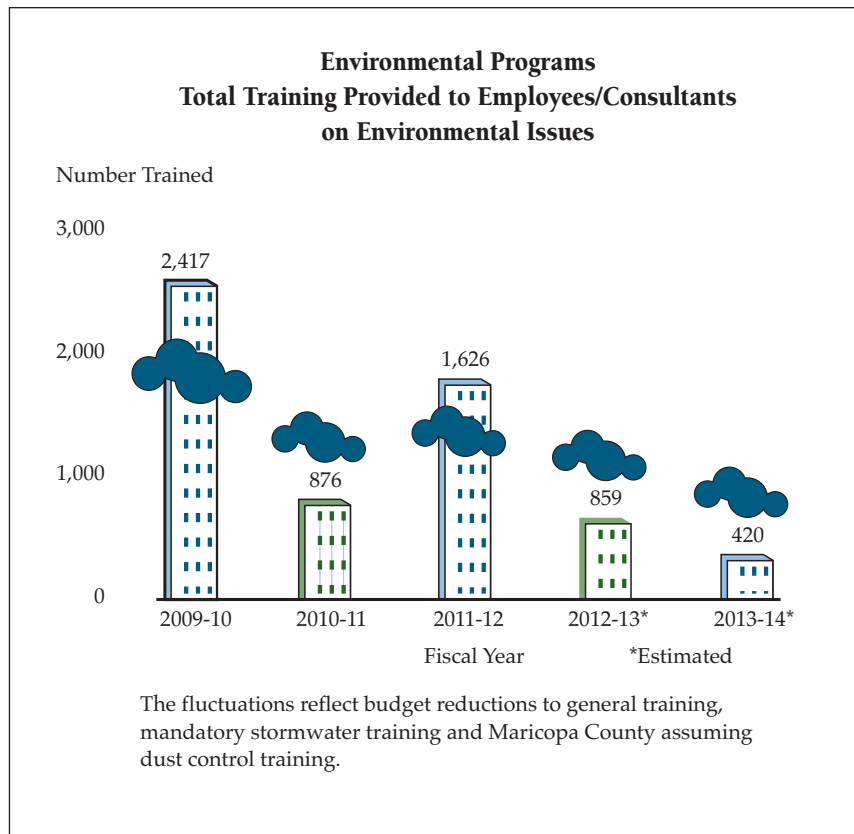
The Office of Environmental Programs provides coordination and monitoring for the city's environmental programs and activities, and develops and implements regulatory policies and programs.

Budget Allowance Explanation

The Office of Environmental Programs 2013-14 operating budget allowance of \$1,486,000 is \$89,000 or 6.4 percent more than the 2012-13 estimated expenditures and reflects the addition of the citywide illegal hazardous waste dumping program. This increase is partially offset by sharing secretarial staffing with the Budget and Research Department.

Expenditure and Position Summary

	2011-12	2012-13	2013-14
Operating Expense	\$1,263,000	\$1,397,000	\$1,486,000
Total Positions	12.0	12.0	12.0
Source of Funds:			
General	\$755,000	\$871,000	\$984,000
Federal and State Grants	110,000	28,000	—
Water Fund	230,000	274,000	276,000
Capital Construction	64,000	70,000	70,000
Other Restricted Funds	104,000	154,000	156,000



Environmental Programs Major Performance Measures and Service Levels

The following significant performance measures and service level trends will be achieved with the 2013-14 budget allowance:

	2011-12	2012-13 ¹	2013-14
Number of facility assessments and technical assistance visits conducted ²	102	70	90
Number of Brownfields projects implemented	0	0	0
Pollution prevention and hazardous materials/hazardous waste compliance assistance provided ³	110	78	50

¹Based on 10 months actual experience.

²Departments are assessed on a cyclical basis. The annual variance reflects different departments which have a varying number of facilities.

³Projection based on historical data and available funding.







Contingencies

The Contingency Fund (also commonly referred to as a “rainy day fund”) provides for possible revenue shortfalls 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. Use of these contingency funds requires the recommendation of the City Manager and City Council approval.

each year for the next several years, with the goal of achieving a fund that equals 5.0 percent of General Fund operating expenditures. This higher contingency percentage will improve the city’s ability to withstand future economic cycles. In the 2013-14 budget, \$3,000,000 was added above the 2012-13 amount. This increases the contingency percentage to 3.9 percent for 2013-14.

The following table shows contingency funding and set-aside amounts over the past 10 years. Set-asides have been used in the past to prepare for known future costs such as declining grant funding and new capital project operating costs.

GENERAL FUND CONTINGENCY

The budget reflects an increase in the General Fund contingency from the 2012-13 budgeted level of \$40,658,000 plus \$2,000,000 in set asides. The General Fund contingency in 2013-14 will be \$43,658,000 and 3.9 percent of General Fund operating expenditures. The 2012-13 contingency of \$40,658,000 was equal to 3.7 percent of General Fund operating expenditures. Over the last 10 years, the General Fund contingency has been as low as 2.6 percent and will be at its highest level in 2013-14 at 3.9 percent.

The 2013-14 Budget continues the planned gradual increase of the contingency percentage of operating expenditures. In March 2010, the Council agreed to increase the Contingency Fund

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
2004-05	925,603	23,800	2.6%
2005-06	968,051	—	2.6
2006-07	1,083,304	24,740	2.7
2007-08	1,184,192	28,860	2.9
2008-09	1,177,763	34,230	2.9
2009-10	1,110,780	31,900	2.7
2010-11	1,012,414	29,800	2.7
2011-12	1,059,115	31,000	3.1
2012-13	1,109,322	35,840	3.4
2013-14	1,125,373	43,658	3.9





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.

2013-14 Other Fund Operating Expenditure and Contingency Amount (000's)

Fund	Operating Expenditures	Contingency Amount	Percent of Operating Expenditures
Transit 2000	\$146,341	\$10,000	6.8%
Planning and Development	37,161	3,000	8.1
Aviation	243,951	14,000	5.7
Water	181,834	9,000	5.0
Wastewater	95,173	4,500	4.7
Solid Waste	133,820	4,000	3.0
Convention Center	48,651	3,000	6.2
Golf	8,834	50	0.6





Debt Service

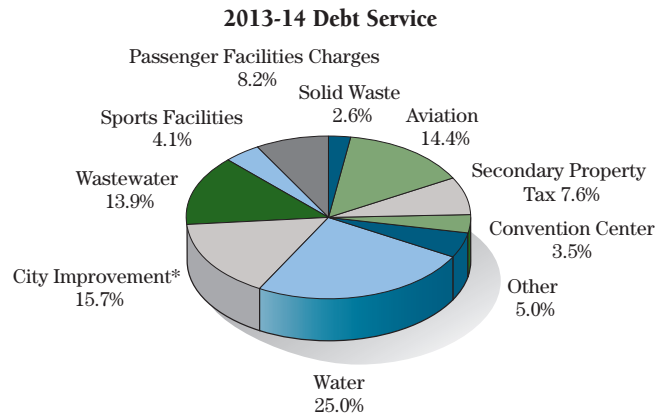
Debt service expenditures include payments of principal, interest, sinking fund transfers, costs of issuance and bond reserve requirements for bonds issued. The debt service allowance in 2013-14 for existing debt and future bond sales is \$535,785,000. As shown in the following pie chart, the \$535.8 million is funded by Water, Wastewater, City Improvement, Aviation, Secondary Property Tax, Passenger Facility Charges, Convention Center, Sports Facilities, Solid Waste and other various funds. City Improvement includes \$84.2 million in general government nonprofit corporation bonds debt service payments funded by General Fund (\$30.5 million), Transit 2000 (\$53.4 million), Housing (\$0.1 million) and capital funds (\$0.2 million).

Secondary Property Tax shown in the pie chart represents the annual tax levy for debt service, federal subsidy and related interest earnings.

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



*Funded by General, Transit 2000 taxes, various operating and capital funds.

by state-shared gas taxes and other highway user fees and charges and also are not general obligations of the city.

Debt Management

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

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

Since the 1950s, the city has used a community review process to develop and acquire voter approval for general obligation bond programs. At a bond election held on March 14, 2006, voters approved all of the \$878.5 million of the 2006 Citizens' Bond Committee

recommended bond authorizations. These authorizations provided funding to construct capital improvements in the following areas:

- Police and Fire Protection
- Police, Fire and Computer Technology
- Parks, Recreation and Mountain Preserves
- Education Facilities
- Library Facilities
- Street Improvements
- Storm Sewers
- Senior Facilities
- Cultural Facilities
- Affordable Housing Neighborhood Revitalization

In December 2011, the City Council adopted a policy to delay lower priority bond projects subject to an annual review of property values and financial conditions. In addition, General Obligation debt has been restructured and refinanced to take advantage of favorable market rates. The property tax reserve fund is utilized strategically to pay down debt service to the staff recommended balance while preserving the AAA bond rating.





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 and Standard and Poor's. The city's general obligation bonds are rated Aa1 and AAA, respectively. Standard and Poor's also has assigned a Financial Management Assessment (FMA) score of "strong."

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.

Debt Limitation

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 net secondary assessed valuation, nor may outstanding general obligation bonded debt for all other purposes exceed 6 percent of a city's net secondary assessed valuation. Unused borrowing capacity as of Dec. 1, 2012, is shown below, based upon 2012-13 assessed valuation.

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 Dec. 1, 2012.

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.

City of Phoenix Bond Ratings

	Rating ⁽¹⁾	
	Moody's	Standard & Poor's
General Obligation	Aa1	AAA
Senior Lien Water Revenue ⁽⁴⁾	Aa2	AAA
Junior Lien Water Revenue ⁽²⁾	Aa2	AAA
Senior Lien Airport Revenue ⁽²⁾	Aa3	AA-
Junior Lien Airport Revenue ⁽²⁾	A1	A+
Senior Lien Street and Highway User Revenue	Aa3	AAA
Junior Lien Street and Highway User Revenue	Aa3	AA
Senior Lien Tax Excise Tax Revenue ⁽²⁾	Aa2	AAA
Junior Lien Tax Excise Tax Revenue ⁽³⁾	Aa3	AA
Subordinated Excise Tax Revenue ⁽²⁾	Aa3	AA
Senior Lien Wastewater System Revenue ⁽²⁾	Aa2	AAA
Junior Lien Wastewater System Revenue ⁽²⁾	Aa2	AA+
Rental Car Facility Charge Revenue Bonds ⁽²⁾	A3	A-
Transit Excise Tax Revenue Bonds (Light Rail) ⁽²⁾	Aa2	AA
State of AZ Distribution Revenue Bonds ⁽²⁾	Aa3	AA
Senior Hotel Revenue Bonds ⁽⁵⁾	Ba1	BB+
Subordinate Hotel Revenue Bonds ⁽⁵⁾	A2	BBB+

⁽¹⁾ Represents underlying rating, if insured.

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

⁽³⁾ There are currently no outstanding junior lien non-sports facilities backed bonds.

⁽⁴⁾ No bonds are currently outstanding.

⁽⁵⁾ Issued by the Downtown Phoenix Hotel Corporation.





Statement of Bonded Indebtedness

General Obligation Bonds (In Thousands of Dollars)⁽¹⁾

Purpose	Non-Enterprise General Obligation Bonds	Revenue Supported General Obligation Bonds	Total General Obligation Bonds	Revenue Bonds	Total Bonds
Various	\$1,505,350	\$ —	\$1,505,350	\$ —	\$1,505,350
Airport	—	9,615	9,615	—	9,615
Sanitary Sewer	—	19,638	19,638	—	19,638
Solid Waste	—	10,385	10,385	—	10,385
Water	—	43,287	43,287	—	43,287
Public Housing	—	—	—	—	—
Street and Highway	—	—	—	5,875	5,875
Subtotal	\$1,505,350	\$ 82,925	\$1,588,275	\$ 5,875	\$1,594,150
Less: Restricted Funds	(321,573)	—	(321,573)	—	(321,573)
Direct Debt	\$1,183,777	\$ 82,925	\$1,266,702	\$ 5,875	\$1,272,577
Less: Revenue Supported	—	(82,925)	(82,925)	(5,875)	(88,800)
Net Debt	\$1,183,777	\$ —	\$1,183,777	\$ —	\$1,183,777

⁽¹⁾Represents general obligation bonds outstanding as of Dec. 1, 2012. Such figures do not include the outstanding principal amounts of certain general obligation bonds and street and highway user revenue bonds which 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.

Water, Sewer, Light, Parks, Open Spaces, Playgrounds, Recreational Facilities, Public Safety, Law Enforcement, Fire Emergency, Streets and Transportation Purpose Bonds

20% Constitutional Limitation	\$2,169,948,731
Direct General Obligation Bonds Outstanding ⁽¹⁾	(1,218,080,205)
Unused 20% Limitation Borrowing Capacity	\$ 951,868,526

All Other General Obligation Bonds

6% Constitutional Limitation	\$ 650,984,619
Direct General Obligation Bonds Outstanding	370,195,000 ⁽¹⁾
Less: Principal Redemption Funds held in Restricted Fund as of December 1, 2011	(321,572,601)
Direct General Obligation Bonds Outstanding	(48,622,399)
Unused 6% Limitation Borrowing Capacity	\$602,362,220

⁽¹⁾Represents general obligation bonds outstanding as of December 1, 2012.





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: e.g., police precinct stations. Similar to bonded debt, these financings are rated by bond rating agencies.

Net Direct General Obligation Bonded Debt Ratios

	Per Capita Debt Pop. Est. (1,464,405) ¹	Secondary Assessed Valuation (\$10,849,743,656)	Full Cash Valuation (\$103,538,836,913)
Direct General Obligation Bonded Debt Outstanding as of December 1, 2011	\$864.99	11.67%	1.22%
Net Direct General Obligation Bonded Debt Outstanding as of December 1, 2011	\$808.37	10.91%	1.14%

¹Population estimate obtained from the city of Phoenix Planning and Development Department as of July 1, 2011.

Debt Service by Source of Funds and Type of Expenditure (In Thousands of Dollars)

Fund	2011-12 Actual	2012-13 Estimate	2013-14 Budget
Secondary Property Tax	\$ 99,861	\$ 68,149	\$ 40,581
Aviation	82,025	76,712	77,160
Arizona Highway User Revenue	22,000	22,001	1
Convention Center	19,360	18,591	18,584
General	6,151	29,354	30,540
Golf	1	1	1
Housing	72	71	70
Passenger Facility Charges	32,384	44,095	44,092
Solid Waste	14,630	13,387	13,911
Sports Facilities	9,514	22,803	21,881
Transit 2000	48,394	50,892	53,366
Wastewater	70,714	71,683	74,494
Water	105,287	121,492	134,066
Other Funds - Various Sources	30,216	98,169	27,038
Total	\$540,609	\$637,400	\$535,785

Type of Expenditure	2011-12 Actual	2012-13 Estimate	2013-14 Budget
Principal	\$208,719	\$313,151	\$226,617
Interest	324,478	318,498	300,825
Other	7,412	5,751	8,343
Total	\$540,609	\$637,400	\$535,785





Overview of Capital Improvement Program Process

The Capital Improvement Program 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 April 9, 2013, the City Council reviewed the Preliminary 2013-18 Capital Improvement Program. The Capital Improvement Program reflected here includes the preliminary plan presented to Council, with a \$1.5 million adjustment from the Arizona Highway User Capital Reserve Fund for street bicycle infrastructure and street repair. The preliminary plan, as adjusted, has been updated to reflect cost or timing changes identified since the preliminary program was developed.

2013-18 Capital Improvement Program Development

The annual citywide Capital Improvement Program update process began in January when departments prepared revised 2012-13 estimates and updated their five-year capital improvement programs. The 2012-13 estimates reflect updated construction cost estimates, project delays, awarded contract amounts, project carry-overs and other program changes. The 2013-18 program includes projects planned for authorized bond funding and the latest estimates for pay-as-you-go projects funded with operating funds, federal funds, impact fees and other sources. Also included are net new operating costs and/or savings. Budget and Research staff reviewed the departments' programs for funding availability, reasonableness and technical accuracy.

Presented in this citywide program are projects reviewed and adopted through several planning processes. These include capital projects funded through the most recently adopted multi-year rate plans for Enterprise funds such as Water, Wastewater and Solid Waste, and from other planning processes including infrastructure financing plans for impact fees and various multi-year facility maintenance plans. Also reflected are capital projects from sales tax and voter-approved bond programs including the 2006 Bond Program approved by Phoenix voters in March 2006.

In conjunction with the CIP process, city engineering staff work with departments to level design and construction bid award dates evenly throughout the fiscal year. By avoiding bidding capital projects during the last quarter of the fiscal year, the city has controlled construction costs and increased project quality by making better use of locally available construction resources.

As projects to construct building facilities are designed, they are reviewed by a Facilities Review Team made up of representatives from the Public Works, Information Technology, Planning and Development, Parks and Recreation, and Budget and Research departments. This team reviews project designs for compliance with city standards for sustainability, maintainability and compatibility with enterprise-wide systems and to determine that the project is being designed within funding limitations. Information on the capital and operating costs and timelines are closely monitored and linked to the citywide annual operating budget through these reviews.





2006 Citizens' Bond Committee Program

Voter-approved bond authorizations are the major funding source for the general government portion of the Capital Improvement Program. The city generally seeks new voter-approved programs on five-year cycles. Consistent with that planning cycle, a Citizens' Bond Committee process was initiated by the City Council in June 2005. More than 700 community volunteers were appointed by the City Council to serve on 17 bond subcommittees to help shape the program.

Two of the committees evaluated the city's capacity to service new debt and to fund the operating costs of new capital facilities. These committees reviewed multi-year forecasts for assessed valuation and property tax levies, and for General Fund revenues and expenses. They recommended annual bond and operating cost capacities before 14 service-related committees began their work to evaluate five-year capital facility needs identified by city departments as well as capital project funding requests by community nonprofit organizations.

The City Council formed the \$878.5 million in projects into seven propositions all of which were approved by voters in March 2006. The decline in the local real estate market from the recent recession resulted in a decline in property tax revenue, which placed a strain on the property tax supported GO Bond Program. As a result, a portion of this program is indefinitely deferred until the city has the bond capacity to move forward with these projects.

Enterprise Funds

Fees for the Water, Wastewater and Solid Waste enterprise funds are billed to customers on a single billing. As a result, all three of these enterprise funds complete annual updates to their multi-year rate plans on a similar timeline. These plans are first reviewed by the City Council Transportation and Infrastructure Subcommittee prior to action on the plans by the full City Council. Bond and pay-as-you-go funded capital projects, debt service, and operating and maintenance costs of existing services and planned capital projects are all provided for in these multi-year rate plans. If necessary, user fee rate changes are typically implemented in March of each year to support the updated plans. The Phoenix Convention Center enterprise fund receives most of its resources from earmarked sales taxes. To support a significant expansion and renovation of the Phoenix Convention Center which was completed in 2008, an extensive multi-year forecast was developed to establish pay-as-you-go, bond and related debt service, and operations and maintenance cost capacities without a tax rate increase. The capital and financial plan was critical to securing \$600 million in bond funding split equally between the city and state of Arizona to expand and modernize the facility.

Capital Construction Funds

The Capital Construction fund was established in 1998-99 and provides about \$20 million each year for critical infrastructure improvements in the right-of-way. Citizen input from a series of public meetings supported using these funds for neighborhood street rehabilitation, sidewalks and wheelchair ramps, traffic safety and traffic calming projects, and neighborhood traffic mitigation projects. Funds are programmed in these project categories for each year of the Capital Improvement Program. Individual projects will be determined during the first year of the program based on traffic engineering data and neighborhood input.

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 2013-18 Capital Improvement Program includes \$37.8 million of these funds, which are programmed for regional, community and neighborhood parks, and Sonoran Preserve land acquisition. Land acquisitions are planned and timed to take advantage of state grant funding opportunities.





Transit 2000 Funds

The voters approved Proposition 2000 on March 14, 2000. This initiative authorized a four-tenths of one percent sales tax for a period of 20 years to implement the Transit 2000 plan. The plan provides funding for light rail, buses, right of way improvements, passenger facilities and related operating costs. The 2013-18 Capital Improvement Program includes \$42.3 million of these funds, which are programmed for:

- Additional vehicles and upgrades to existing vehicles (\$1.3 million)
- New and expanded passenger, maintenance and administrative facilities (\$24.3 million)
- Bus pullouts (\$5.2 million)
- Technology upgrades (\$9.7 million)
- Light rail, bus rapid transit and related support services (\$1.3 million)
- Contingencies (\$0.5 million)

Five-Year Arterial Streets Plan

Each year the Street Transportation Department updates its five-year plan and funding for major street and storm drain construction. This program is primarily funded through Arizona Highway User Revenue (AHUR) including state-shared revenue from gas taxes and vehicle license taxes. The update begins with the Budget and Research Department providing an updated current year and five-year forecast of AHUR revenue, and requirements for AHUR to support operating expenditures and debt service to determine the amounts available for pay-as-you-go capital projects. Also included in the plan are any needed updates to voter-approved bond projects as well as funding sources from other government agencies in projects such as flood control.

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 planned 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 \$112.6 million in available impact fees in the 2013-18 Preliminary Capital Improvement Program. Additional impact fees will be programmed in future capital improvement programs as these fees are collected.





SUMMARY OF 2013-18 CAPITAL IMPROVEMENT PROGRAM

By Program
(In Thousands of Dollars)

Program	2013-14	2014-15	2015-16	2016-17	2017-18	5-Year Total
Arts and Cultural Facilities	\$ 329	\$ 1,074	\$ -	\$ -	\$ 376	\$ 1,779
Aviation	320,349	70,278	51,283	37,189	17,945	497,044
Economic Development	9,488	12,900	5,400	5,400	20,452	53,640
Energy Conservation	4,500	1,000	1,000	1,000	1,000	8,500
Facilities Management	10,021	1,290	1,501	1,075	7,761	21,648
Finance	2,793	3,569	2,040	231	67	8,700
Fire Protection	7,548	-	-	-	15,628	23,176
Historic Preservation	1,618	100	-	-	1,449	3,167
Housing	47,238	5,960	7,243	6,455	7,675	74,571
Human Services	972	-	-	30	12,632	13,634
Information Technology	11,575	13,422	11,534	9,277	14,417	60,225
Libraries	2,034	200	200	200	13,122	15,756
Neighborhood Services	7,602	30	25	-	6,898	14,555
Parks, Recreation and Mountain Preserves	59,085	3,025	1,383	154	19,027	82,674
Phoenix Convention Center	26,370	3,467	5,165	3,805	4,266	43,073
Police Protection	9,167	-	-	-	22,754	31,921
Public Transit	107,344	48,203	32,884	47,108	30,634	266,173
Regional Wireless Cooperative	11,146	10,970	10,970	6,000	6,000	45,086
Solid Waste Disposal	26,143	13,976	16,861	16,290	15,460	88,730
Street Transportation and Drainage	218,019	83,738	82,728	86,375	111,071	581,931
Wastewater	121,033	51,764	109,120	120,191	95,473	497,581
Water	200,878	137,212	146,099	102,865	139,662	726,716
Total	\$ 1,205,252	\$ 462,178	\$ 485,436	\$ 443,645	\$ 563,769	\$ 3,160,280





SUMMARY OF 2013-18 CAPITAL IMPROVEMENT PROGRAM

By Source of Funds
(In Thousands of Dollars)

Funds	2013-14	2014-15	2015-16	2016-17	2017-18	5-Year Total
Operating Funds:						
General Funds	\$ 2,442	\$ 3,325	\$ 4,631	\$ 4,195	\$ 3,040	\$ 17,633
Parks and Preserves	33,710	3,000	1,100	-	-	37,810
Transit 2000	27,037	3,223	4,468	3,349	4,227	42,304
Development Services	59	261	-	-	-	320
Capital Construction	20,285	19,305	19,872	20,279	21,679	101,420
Arizona Highway Users	59,323	67,110	57,972	60,248	59,363	304,016
Public Transit	19,719	10,022	6,350	8,037	4,527	48,655
Sports Facilities	2,540	-	-	-	-	2,540
Community Reinvestment	5,890	10,000	2,500	2,500	2,500	23,390
Other Restricted	5,818	3,900	3,650	3,150	1,250	17,768
Grant Funds	63,226	22,652	24,258	36,569	25,591	172,296
Enterprise Funds:						
Aviation	35,631	18,689	21,680	28,404	16,159	120,563
Convention Center	3,371	2,082	2,935	1,585	3,166	13,139
Solid Waste	19,228	8,462	16,877	16,287	4,163	65,017
Wastewater	58,588	43,247	80,289	88,397	67,028	337,549
Water	173,838	116,494	112,923	87,483	135,207	625,945
Total Operating Funds	\$ 530,705	\$ 331,772	\$ 359,505	\$ 360,483	\$ 347,900	\$ 1,930,365
Bond Funds:						
Property Tax Supported:						
1988 Various Purpose	\$ -	\$ -	\$ -	\$ -	\$ 2,221	\$ 2,221
2001 Various Purpose	1,294	1,074	-	-	16,386	18,754
2006 Various Purpose	40,589	1,777	105	-	120,450	162,921
Nonprofit Corporation Bonds:						
Aviation	158,680	17,536	8,272	30	-	184,518
Phoenix Convention Center	20,449	-	-	-	-	20,449
Solid Waste	685	5,746	106	15	11,300	17,852
Wastewater	1,302	161	571	223	-	2,257
Water	3,545	20,017	26,834	14,451	3,559	68,406
Other	21,905	17,330	16,304	9,077	9,077	73,693
Total Bond Funds	\$ 248,449	\$ 63,641	\$ 52,192	\$ 23,796	\$ 162,993	\$ 551,071
Other Capital Sources:						
Impact Fees	\$ 95,623	\$ 40	\$ 870	\$ 7,140	\$ 8,975	\$ 112,648
Passenger Facility Charge	56,779	12,305	5,494	-	-	74,578
Other Cities' Share -						
SROG and Val Vista	9,195	11,046	35,426	26,715	29,765	112,147
Solid Waste Remediation	4,050	-	-	-	-	4,050
Capital Grants	116,522	25,511	20,797	14,408	4,456	181,694
Federal, State and						
Other Participation	78,185	10,257	4,234	4,999	3,650	101,325
Capital Reserves	54,307	1,606	918	104	30	56,965
Parks Capital Gifts	60	-	-	-	-	60
Other Capital	11,377	6,000	6,000	6,000	6,000	35,377
Total Other Capital Sources	\$ 426,098	\$ 66,765	\$ 73,739	\$ 59,366	\$ 52,876	\$ 678,844
TOTAL	\$ 1,205,252	\$ 462,178	\$ 485,436	\$ 443,645	\$ 563,769	\$ 3,160,280





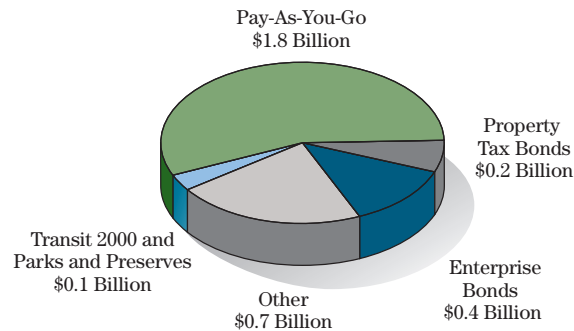


2013-18 Capital Improvement Program Highlights

The Capital Improvement Program (CIP) totals \$3.2 billion over the next five years. As shown in the pie chart below, funding for the 2013-18 program comes from five main sources: \$0.2 billion in 1988, 2001 and 2006 voter-approved bond funds, \$1.9 billion in pay-as-you-go operating funds, \$0.4 billion in various enterprise bonds, \$0.2 billion in Transit 2000 and Parks and Preserve Initiative funds, and \$0.7 billion in other funds. The \$0.7 billion in other funds includes \$112.2 million in payments by other cities and agencies for participating in projects in programs such as Water and Wastewater, \$181.7 million in capital grants, \$112.6 million in development impact fees, \$74.6 million in passenger facility charges, \$101.3 million in government and other participation, \$57.0 million in capital reserves, \$4.1 million in Solid Waste remediation funding and \$35.4 million from miscellaneous capital sources.

Projects in the first year total \$1.2 billion and are funded from pay-as-you-go operating funds (\$530.7 million), bond funds (\$248.4 million) and other capital financing (\$426.0 million). A financial organization chart at the end of this section presents a visual overview of the first year by source of funds and additional schedules summarize the 2013-14 Capital Budget by source of funds and the 2013-14 Capital Improvement Program by fund group and program. A brief overview of the five-year plan for each program follows.

2013-18 Capital Improvement Program Sources of Funds



Arts and Cultural Facilities

The \$1.8 million Arts and Cultural Facilities program is funded with 2001 and 2006 bonds of which \$0.4 million is being delayed indefinitely due to reductions in property tax revenue.

Bond funded projects scheduled to move forward include:

- Construct or renovate a facility for a Hispanic cultural center
- Complete remodel and expansion of Phoenix Theater

Bond funded projects that were delayed indefinitely include:

- Additional construction and improvements to the Hispanic cultural center
- Study to renovate Santa Rita Hall, Chicanos por la Causa

Aviation

The Aviation program totals \$497.0 million and includes projects for Phoenix Sky Harbor International Airport and satellite airports including Phoenix Deer Valley, Phoenix Goodyear and Phoenix Mesa Gateway. The Aviation program is funded with Aviation operating revenue, capital grant funds, Aviation nonprofit corporation bonds and Passenger Facility Charge funds.

Major improvements for Sky Harbor International Airport include the following:

- Complete phase I construction of the PHX Sky Train™ system and construct segment from Terminal 4 to Terminal 3 at Phoenix Sky Harbor International Airport
- Restore roadway, hold bays, aprons and airfield pavement areas
- Acquire and maintain properties for the Community Noise Reduction Program
- Conduct various studies and provide services
- Construct various improvements at Terminal 3 and 4 including restroom remodels, terrazzo floor installation, garage lighting and international space improvements





- Construct security improvements including an emergency operations center expansion and explosive detection system equipment enhancement
- Provide soundproofing to non-residential qualified establishments within airport proximity
- Design terminal redevelopment concepts
- Provide for contingency project funding

The Aviation program also includes runway, taxiway and structure improvements at the Phoenix Goodyear and Phoenix Deer Valley airports and support for development projects at Phoenix-Mesa Gateway Airport.

Economic Development

The \$53.6 million Economic Development program is funded with 2006 bonds, other restricted funds and Downtown Community Reinvestment funds. Projects include:

- Arizona State University Center for Law and Society
- Repair and maintenance of the Phoenix Biomedical Campus
- West Phoenix Revitalization activity
- Improving connectivity between the National Institute of Diabetes and Digestive and Kidney Diseases (NIDDK) and the TGen Facilities.
- Knipe House Rehabilitation
- Maryvale Streetscape Improvements

All projects utilizing 2006 bond funding in the amount of \$17.0 million are delayed indefinitely due to reductions in property tax revenue.

Bond funded projects that continue to be delayed indefinitely include:

- Revitalize public infrastructure
- State Fair Redevelopment
- West Phoenix Revitalization
- Downtown land acquisition
- ASU Post Office Improvements
- HOPE VI/Rio Salado Downtown Connectors
- Life Science Research Park
- Future improvements to the Phoenix Biomedical Campus
- Construct downtown infrastructure improvements to sidewalks, landscaping and lighting

Energy Conservation

The \$8.5 million Energy Conservation Program is funded with General, Water and Wastewater operating funds and federal grant funds. This program includes capital projects to continue the city's energy conservation efforts and also includes energy efficient retrofit cost reduction efforts at various city facilities.

The city's Energy Conservation Program has been in place for more than 20 years. Through the program's efforts in addressing energy efficient retrofits, energy efficient design and management, metering for efficient operations and implementation of new technology.

Energy saving retrofits have been completed for lighting, heating, ventilation, air conditioning and control systems.

Facilities Management

The Facilities Management program totals \$21.6 million and is funded with 2001 and, 2006 bonds, General Funds, nonprofit corporation bonds and other restricted funds. Bond funded projects total approximately \$7.9 million, of which over \$6.7 million is being delayed indefinitely due to reductions in property tax revenue.

General Fund projects include:

- Phoenix City Hall - Life and Safety System
- Emergency Repairs to City of Phoenix Facilities
- Adam Street Garage – Replace Chillers
- Replace fire control panel at Municipal Court Building

Bond funded projects that continue to be delayed indefinitely include:

- Phoenix City Hall – System Modernization
- Reconfigure Phoenix City Hall to increase work space efficiency
- Brownfields Redevelopment for environmentally-impaired properties

Also included in the program is funding for remediation of contaminated soil from leaking underground storage tanks, major facility repairs and maintenance for service centers maintenance shops and office buildings according to the facility management plan.





Fire Protection

The \$23.2 million Fire Protection program is funded with 2001 and 2006 bonds, impact fees and nonprofit corporation bonds. Bond funded projects total approximately \$13.9 million, which is being delayed indefinitely due to reductions in property tax revenue.

Major Projects scheduled to move forward include:

- Fire communications system enhancements
- Purchase Fire protection vehicles
- Complete construction of Dispatch and Emergency Operations and Emergency Management Center
- Install traffic signal preemption equipment

Bond funded projects that continue to be delayed indefinitely include:

- New Station 55 near the borders of the Deer Valley and North Gateway villages along the I-17 corridor
- New Station 59 in Estrella Village
- New Station 74 in West Ahwatukee Foothills
- Station 62 in Southwest Phoenix – additional equipment for station

Historic Preservation

The Historic Preservation program totals \$3.2 million and is funded 2001 and 2006 bonds of which \$1.5 million is being delayed indefinitely due to reductions in property tax revenue.

The following projects are scheduled to move forward:

- Provide grants for low income homeowners to complete exterior rehabilitation work on their homes
- Provide matching grants for residential and commercial historic property owners to rehabilitate historic properties in exchange for conservation easements
- Provide funds to rehabilitate city-owned historic buildings and facilities

Bond funded projects that continue to be delayed indefinitely include:

- Rehabilitate historic buildings at South Mountain Park
- Rehabilitate historic buildings at the Matthew Henson HOPE VI project

Housing

The Housing program totals \$74.6 million and is funded with 2006 bonds and public housing federal grant funds. Bond funded projects total \$1.2 million which delayed indefinitely due to reductions in property tax revenue.

Housing projects using 2006 bond funds delayed indefinitely relate to the United Methodist Outreach Ministries New Day Center homeless shelter for families.

Projects funded with grant funding include:

- Frank Luke Addition
- Fillmore Gardens Apartments
- Sunnyslope Manor Apartments
- Victory Place Acquisition Assistance
- North Mountain Village Apartments Acquisition Assistance
- Affordable Housing Development
- HOME Community Housing Development Organization
- HOME Multifamily and Special Project Loan Program

Projects funded using Capital Project Funds include:

- Foothills Village Family Apartments
- Maryvale Terrace Senior Apartments
- Single family public housing units
- Various family apartment complexes
- Washington Manor Senior Apartments
- Pine Tower Senior Apartments

Modernization projects for public housing units are proposed based on the availability of grant funds. Modernization projects for public housing units are proposed based on the availability of grant funds.





Human Services

The \$13.6 million Human Services program is funded with 2001 and 2006 bonds of which \$12.6 is being delayed indefinitely due to reductions in property tax revenue.

Major projects for 2006 bond funding scheduled to move forward include:

- Design 51st Avenue Senior Center

Bond funded projects that continue to be delayed indefinitely include:

- Begin construction of 51st Avenue Senior Center
- Design North Family Services Center
- Design and construct South Family Services Center
- Remodel Family Advocacy Center
- Purchase land for 16th Street Senior Center
- Assist with acquiring property for Native American Cultural Center

Information Technology

The \$60.2 million Information Technology program is funded with 2001 and 2006 bonds, Water, Wastewater, Solid Waste Disposal and Aviation revenues, Nonprofit Corporation Bonds, general funds and other restricted funds. All Information Technology projects funded with 2001 and 2006 bonds are being delayed indefinitely due to reductions of property tax revenue.

Projects planned utilizing funds other than 2001 and 2006 bond funds include the following:

- FCC mandate to use 700 MHz radios and consoles
- Acquire electronic equipment to provide improved customer service
- Establish and equip an alternate information technology operations center to ensure business continuity

Projects utilizing 2001 and 2006 bond funding, are delayed indefinitely due to reductions of property tax revenue, include the following:

- Integrate E-government telephone and online services
- Deploy voice/data convergence-ready equipment to upgrade and enhance staff connectivity
- Improve the city's Geographic Information System
- Accessible voting improvements

Libraries

The Libraries program totals \$15.8 million and is funded with 2001 and 2006 bonds, impact fees and general funds. Bond funded projects total approximately \$7.5 million, of which more than \$5.7 million is being delayed indefinitely due to reductions in property tax revenue.

Impact fees are to design and/or construct new libraries in West Ahwatukee, North Gateway area, Desert View and Estrella area. General funds are used to maintain current standards at city libraries.

Bond Funded projects scheduled include:

- Complete construction on South Mountain Regional Branch Library
- Library Technology Improvements
- Install Automated Material Handling System at Mesquite Branch Library

Bond funded projects that continue to be delayed indefinitely include:

- New city libraries
- Improvements to Ironwood Branch Library
- Replace the central heating and cooling system at Burton Barr Library
- Library technology improvements





Neighborhood Services

The Neighborhood Services program totals \$14.6 million and is funded with Community Development Block Grants, various operating grants, other agency participation funds 2001 bonds and 2006 bond funds, \$6.9 million of bond funded projects is delayed indefinitely due to property tax revenue reductions.

Projects include:

- Acquire properties to revitalize neighborhoods and reduce blight
- Purchase and develop foreclosed properties to improve neighborhood stabilization
- Participate with infrastructure enhancements including sidewalks, lighting, landscapes and other capital improvements

Bond funded projects that are delayed indefinitely include:

- Infrastructure development on the Roberta Henry Plat
- Various neighborhood projects to enhance neighborhoods
- Property acquisition to reduce blight and revitalize neighborhoods
- Sidewalks, lighting and landscaping improvements to enhance neighborhoods
- Small Phoenix high schools program development focused on high-demand career fields

Parks, Recreation and Mountain Preserves

The Parks, Recreation and Mountain Preserves program totals \$82.7 million and is funded with 2001 and 2006 bonds, impact fees, grants, Nonprofit Corporation Bonds, Parks and Preserves Initiative and other restricted funds. Bond funded projects total \$25.3 million, of which \$19.0 is being delayed indefinitely due to reductions in property tax revenue.

The program provides for acquisition and development of new park sites, preserves, specialty areas and improvements to existing parks.

Major Parks projects funded with 2006 and/or 2001 bonds that are being delayed indefinitely include:

- HOPE VI Park Development
- Coronado Park
- Park at 32nd Avenue and McDowell Road
- Papago Park
- Heritage Square
- Sports field lighting
- La Pradera Community Center
- Phoenix Center for the Community Arts
- Park acquisition funds

Projects funded using Parks and Preserves Initiative funding include:

- Cielito Park improvements
- Coronado Park improvements
- Cortez Pool renovations
- Del Rio Park improvements
- Encanto Park improvements
- Hance Park improvements
- Moon Valley Park improvements
- Roadrunner Park improvements
- Verde Park
- Construct, improve and renovate parks citywide
- Acquire land for the Sonoran Preserve
- Assist in the design and construction of a multi-use environmental and education facility
- Phoenix Tennis Center

Projects funded using Impact Fees include:

- Cesar Chavez Community Center
- REACH 11 Soccer Fields
- Sonoran Foothills acquisition
- South Mountain Park entry

Projects funded using Bond Funds include:

- ADA modifications
- Cielito Park improvements
- Rio Salade Oeste





Phoenix Convention Center

The \$43.0 million Phoenix Convention Center program is funded with Convention Center operating revenue, 2001 and 2006 bonds, and general funds. In addition to the Convention Center, this program includes projects and improvements for the Herberger and Orpheum Theaters, Symphony Hall plus the Regency, Heritage and Convention Center parking garages.

Police Protection

The Police Protection program totals \$31.9 million and is funded with 2001 and 2006 bonds, of which \$22.8 million are being delayed indefinitely due to reductions of property tax revenue. Upgrading or replacing the Police Automated Computer Entry (PACE) System project for \$6.0 million is scheduled to move forward. The program is also funded with nonprofit corporation bonds.

Major Police Protection program projects delayed indefinitely include the following:

- Design and construct aircraft hangar facilities at the Deer Valley Airport
- Acquire land for a new northwest precinct
- Renovate buildings for use as the Cactus Park Precinct

Public Transit

The \$266.2 million Public Transit program is funded with Transit 2000 revenue, regional transportation revenue including the half-cent countywide sales tax, Arizona Highway User Revenue and grants from various sources.

Phoenix voters approved Transit 2000, a 0.4 percent sales tax, on March 14, 2000, to fund extensive improvements to the city's public transit system. Projects in the Public Transit program include the following:

- Acquire buses and purchase Dial-A-Ride replacement vans
- Improve and maintain bus stops, bus pullouts, Park-And-Ride locations and transit centers
- Construct and equip various facility upgrades including renovations to the South Transit Maintenance Facility, Public Transit headquarters building and North Transit Facility expansion
- Implement technology enhancements including wireless communications and fare collection systems for the regional bus system
- Acquire and maintain land and construct Light Rail northwest extension
- Develop Desert Sky, Laveen/59th Avenue and East Baseline Park-And-Ride facilities

Regional Wireless Cooperative (RWC)

The RWC program totals \$45.1 million and is funded with nonprofit corporation bonds, other restricted funds, and grants.

Major RWC program projects include the following:

- FCC mandated 700 MHz Narrow-Banding hardware upgrade
- Transition other cities onto the RWC system

Solid Waste Disposal

The \$88.7 million Solid Waste Disposal program includes projects at the city's open landfill, closed landfills and transfer stations, and is funded with Solid Waste revenue, Solid Waste Remediation funds impact fees and nonprofit corporation bond funds.

Projects planned in the Solid Waste Disposal program include:

- Construct drainage and methane gas extraction system at State Route 85 Landfill
- Replace aging recycling equipment at 27th Avenue and North Gateway Transfer Station Material Recovery Facilities (MRF)
- Refurbish the North Gateway Transfer Station EMD repair shop
- Monitor and maintain methane gas collection systems at landfills throughout the City
- Perform various maintenance at landfill sites
- Erosion repair/maintenance at 27th Avenue and Skunk Creek landfills
- Relocate utilities at State Route 85 Landfill
- Cap cells at 19th Avenue Skunk Creek and State Route 85 landfills





Street Transportation and Drainage

The Street Transportation and Drainage program totals \$581.9 million and is funded with Arizona Highway User Revenues, and 1988, 2001, and 2006 bonds, Capital Construction funds and participation from other agencies. Included in the program are major street, storm drainage, traffic improvement and other street maintenance and improvement projects. Projects in the combined amount of \$26.1 million funded with 1988, 2001 and 2006 bonds are delayed indefinitely due to the reductions of property tax revenue.

Major street and storm drainage projects for 2006 bond funding scheduled to move forward include:

- Expand city of Phoenix wireless network for connections to on-street devices for traffic signal coordination
- Construct a downtown storm drain relief system
- Storm drain rehabilitation
- Construction local drainage improvements

Major street projects for AHUR funding include the following projects:

- Design, acquire right-of-way and construct major street at Camelback Road from 44th to 56th street
- Construct major street at Pinnacle Peak Road from 43rd to 35th avenues
- Construct major street at Seventh Avenue from Southern Avenue to the Salt River
- Design and acquire right-of-way for major street at Happy Valley Road from 55th to 43rd avenues
- Design, acquire right-of-way and construct major street at 91st Avenue from Indian School to Camelback roads
- Design, acquire right-of-way and construct major street at Cave Creek Road from Union Hills Drive to Pima Freeway

- Construct major street at 32nd Street from Southern Avenue to Broadway Road
- Construct major street at 75th Avenue from Lower Buckeye to Buckeye roads
- Acquire right-of-way and construct major street at Buckeye Road from 67th to 59th avenues
- Complete the design, acquire land and construct Avenida Rio Salado Parkway
- Design, acquire right-of-way and construct major street at 27th Avenue from Pima Freeway to Deer Valley Road
- Design, acquire right-of-way and construct major street at 32nd Street from Vineyard Road to Southern Avenue
- Design, acquire right-of-way and construct major street at 83rd Avenue from Lower Buckeye to Buckeye roads
- Acquire right-of-way and construct major street at Baseline Road from 59th to 51st avenues
- Design, acquire right-of-way and construct major street at Happy Valley Road from 67th to 55th avenues
- Design, acquire right-of-way and construct major street at 35th Avenue from Olney Drive to Dobbins Road
- Construct major street at 56th Street from Deer Valley to Pinnacle Peak roads
- Design, acquire right-of-way and construct major street at 35th Avenue from Dobbins to Baseline roads
- Acquire right-of-way on 64th Street from Utopia Road to Loop 101
- Design, acquire right-of-way and construct major street at 27th Avenue from Lower Buckeye to Buckeye roads
- Design, acquire right-of-way and construct major street at Buckeye Road from Seventh to 16th streets

- Design, acquire right-of-way and construct major street at Buckeye Road from Central Avenue to Seventh Street
- Design, acquire right-of-way and construct major street at 51st and Southern avenues Intersection Improvements
- Retrofit landscaping on existing major streets
- Major street overlay
- Major street slurry seal and crack seal
- Expand bike lane capacity and infrastructure

Capital Construction funding is planned for the following types of projects:

- Local paving and drainage projects
- Residential street resurfacing
- Landscaping along freeways
- Sidewalks
- Sidewalk ramps
- Dust control
- Traffic calming





Wastewater

The Wastewater program totals \$497.6 million and is funded with Wastewater operating revenue, impact fees, Wastewater non-profit corporation bonds and other cities' share in joint ventures funds.

Major Wastewater projects include the following:

- Implement improvements at wastewater treatment plants including operational and solid stream improvements at the 91st Avenue Wastewater Treatment Plant
- Design and construct SROG Interceptor Capacity improvements
- Construct relief sewers citywide
- Expand, improve and replace sewer lift stations
- Assess, rehabilitate and/or relocate sewers of various sizes and materials throughout the city
- Improve technology including automatic meter reading and billing system upgrade
- Construct pump station
- Conduct various Wastewater management studies, improve security at remote facilities and provide for staff charges and consultant fees
- Complete the Tres Rios Flood Control and Ecosystem Restoration
- Improve various odor control facilities
- Construct growth-related wastewater infrastructure in impact fee areas

Water

The \$726.7 million Water program is funded with Water operating revenue, nonprofit corporation bonds, impact fees and city of Mesa participation in the Val Vista Water Treatment Plant joint venture.

Major projects include the following:

- Acquire and construct new wells and rehabilitate existing wells
- Construct new reservoirs and rehabilitate existing reservoirs and basins
- Rehabilitate existing booster stations
- Replace and rehabilitate portions of the Val Vista Transmission Main from the Val Vista Water Treatment Plant to 48th Street
- Rehabilitate the Val Vista, Deer Valley, Union Hills Water Treatment and Cave Creek Water Reclamation Plants
- Design and construct improvements for solids handling facility for Union Hills Water Treatment Plant
- Construct improvement in the energy efficiency and optimization of electrical demand as recommended in the Innovation and Efficiency Study for Water Services Department
- Construct production improvements to water treatment and reclamation plants, reservoirs, wells and booster stations such as treatment processes, chemical facilities, equipment and facility improvements
- Install new service meters and construct plumbing connections for alley service relocations
- Repair and replace leaking water services
- Construct water main improvements recommended in the integrity study and rehabilitate existing mains citywide
- Construct new mains in growth areas
- Relocate water lines for light rail northwest extension
- Replace or rehabilitate high-priority water transmission mains
- Design and construct new water mains and install new fire hydrants in the Garfield Neighborhood (Seventh to 16th streets and Van Buren Street to McDowell Road)
- Complete installation of software and hardware to automate meter reading
- Conduct various water system studies
- Construct security upgrades at remote facilities





2013-14 CAPITAL IMPROVEMENT PROGRAM
BY PROGRAM AND SOURCE OF FUNDS
(In Thousands of Dollars)

Program	Total Program	Pay-As-You-Go Operating	Misc. Bonds*	2006 Bonds	Nonprofit Corporation Bonds	Other Capital Sources
Arts and Cultural Facilities	\$ 329	\$ 10	\$ 39	\$ 280	\$ -	\$ -
Aviation	320,349	34,835	-	-	158,680	126,834
Economic Development	9,488	9,225	-	250	13	-
Energy Conservation	4,500	4,500	-	-	-	-
Facilities Management	10,021	2,222	-	-	1,205	6,594
Finance	2,793	1,536	-	-	-	1,257
Fire Protection	7,548	87	739	5,178	1,544	-
Historic Preservation	1,618	5	122	1,491	-	-
Housing	47,238	24,852	-	3,158	10	19,218
Human Services	972	-	-	972	-	-
Information Technology	11,575	920	-	-	10,655	-
Libraries	2,034	200	20	1,814	-	-
Neighborhood Services	7,602	3,726	68	3,263	30	515
Parks, Recreation and Mountain Preserves	59,085	33,985	-	5,785	66	19,249
Phoenix Convention Center	26,370	5,921	-	-	20,449	-
Police Protection	9,167	-	162	6,424	2,353	228
Public Transit	107,344	79,482	-	-	14	27,848
Regional Wireless Cooperative	11,146	-	-	-	4,970	6,176
Solid Waste Disposal	26,143	18,480	-	42	666	6,955
Street Transportation and Drainage	218,019	79,334	144	11,926	1,347	125,268
Wastewater	121,033	58,074	-	-	1,214	61,745
Water	200,878	173,311	-	6	3,350	24,211
Total	\$ 1,205,252	\$ 530,705	\$ 1,294	\$ 40,589	\$ 206,566	\$ 426,098

*1998 and 2001 Bond Funds.





RESOURCES AND EXPENDITURES BY CAPITAL FUND
2013-14 CAPITAL IMPROVEMENT PROGRAM
(In Thousands of Dollars)

Capital Fund	RESOURCES			EXPENDITURES	FUND BALANCES		
	Beginning Balance	Projected Revenue ¹	Total	Estimated Expenditures	Ending Fund Balance	Projected Resources Beyond 13/14 ²	Funds Available Beyond 13/14
BONDS AND RELATED FUNDS							
2006 Bonds							
Libraries, Senior & Cultural Centers	\$ (855)	\$ -	\$ (855)	\$ 3,035	\$ (3,890)	\$ 27,190	\$ 23,300
Education	(4,571)	-	(4,571)	8	(4,579)	8,090	3,511
Affordable Housing & Neighborhoods	9,841	-	9,841	8,397	1,444	17,795	19,239
Parks and Open Spaces	6,921	-	6,921	5,684	1,237	13,685	14,922
Police, Fire & Homeland Security	9,035	-	9,035	10,367	(1,332)	36,700	35,368
Police, Fire & City Technology	1,202	-	1,202	1,235	(33)	4,790	4,757
Street and Storm Sewer Improvement	14,895	-	14,895	11,863	3,032	27,495	30,527
2001 Bonds							
Affordable Housing & Homeless Shelter	1,053	-	1,053	-	1,053	-	1,053
Educational, Youth & Cultural Facilities	(161)	-	(161)	39	(200)	1,700	1,500
Environmental Improvement & Cleanup	225	-	225	-	225	630	855
Fire Protection Facilities & Equipment	72	-	72	67	5	800	805
Neighborhood Protection & Senior Centers	4,917	-	4,917	115	4,802	2,355	7,157
New & Improved Libraries	3,455	-	3,455	20	3,435	900	4,335
Parks, Open Space & Recreation	(381)	-	(381)	-	(381)	4,425	4,044
Police Protection Facilities & Equipment	(384)	-	(384)	146	(530)	1,115	585
Police, Fire & Computer Technology	598	-	598	688	(90)	615	525
Preserving Phoenix Heritage	(108)	-	(108)	75	(183)	795	612
Storm Sewers	(29)	-	(29)	-	(29)	50	21
Street Improvements	(508)	-	(508)	144	(652)	2,225	1,573
1989 Historic Preservation	2	-	2	-	2	-	2
1988 Bonds							
Freeway Mitigation, Neighborhood							
Stabilization, Slum & Blight Elimination	845	-	845	-	845	1,000	1,845
Parks, Recreation & Mountain Preserves	413	-	413	-	413	-	413
Police Protection	27	-	27	-	27	-	27
Nonprofit Corporation Bonds							
Aviation	(97,838)	16	(97,822)	158,680	(256,502)	638,020	381,518
Phoenix Convention Center	23,981	20,449	44,430	20,449	23,981	-	23,981
Golf	67	-	67	-	67	-	67
Solid Waste	1,061	-	1,061	685	376	75,000	75,376
Transit 2000	20,265	-	20,265	-	20,265	-	20,265
Wastewater	(1,910)	-	(1,910)	1,302	(3,212)	405,000	401,788
Water	(14,062)	-	(14,062)	3,545	(17,607)	525,000	507,393
Other	33,690	219	33,909	21,905	12,004	109,345	121,349
OTHER FINANCING							
Impact Fees	114,329	-	114,329	95,623	18,706	-	18,706
Passenger/Customer Facility Charge	140,030	46,494	186,524	56,779	129,745	-	129,745
Other Cities' Participation in Joint Ventures	1,902	9,195	11,097	9,195	1,902	-	1,902
Solid Waste Remediation	7,662	-	7,662	4,050	3,612	-	3,612
Capital Grants	(18,103)	116,522	98,419	116,522	(18,103)	18,103	-
Federal, State & Other Participation	219	78,185	78,404	78,185	219	-	219
Capital Gifts	314	-	314	60	254	-	254
Capital Reserves	254,582	600	255,182	54,307	200,875	-	200,875
Other Capital	13,560	600	14,160	11,377	2,783	-	2,783
TOTAL	\$ 526,253	\$ 272,280	\$ 798,533	\$ 674,547	\$ 123,986	\$ 1,922,823	\$ 2,046,809

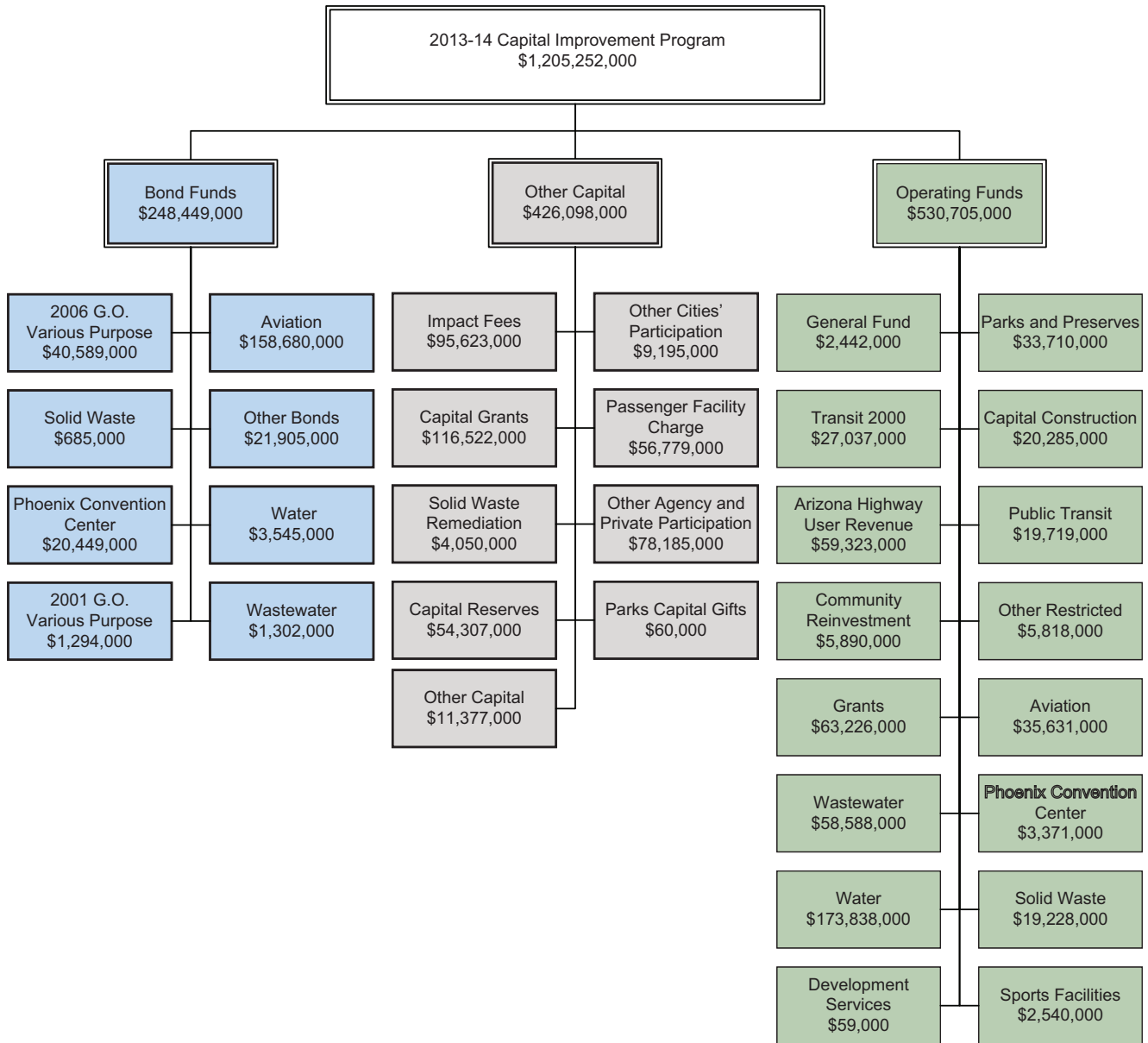
¹ Includes bond proceeds and funds which "pass through" bond funds such as grants, land sales and other agency and private participation.

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





2013-14 Capital Improvement Program Organizational Chart







Operating Costs for New Capital Facilities

Capital facilities include the police and fire stations, senior centers, parks, swimming pools, libraries, cultural facilities and customer service centers needed to deliver services to our residents. Capital improvements also include investment in infrastructure, commercial and neighborhood development, redevelopment and revitalization. Since these types of capital projects are assets with a multi-year life, issuing bonded debt is an appropriate way to pay for these expenses. It will allow the initial costs to be repaid over the years the investment is used. The service delivery costs and day-to-day operating expenses such as staff salaries or supplies are not capital assets. These costs are not funded with bonded debt and must be paid from the city's annual operating funds.

New Facilities Funding and Their Operating Costs

In accordance with Bond Committee recommendations and property tax policy adopted by the City Council in December 2011, the primary property tax levy is maximized to ensure its stability as a source of General Fund revenue and to help pay for operation and maintenance of capital facilities. On March 14, 2006, Phoenix voters approved an \$878.5 million bond program. Estimated General Fund expenditures to operate bond funded projects are updated annually. For enterprise fund operations, multi-year rate planning processes are used to provide the City Council with the effects new capital facilities will have on future rate-payers. Each year, the City Council considers the impact of future capital facilities as it sets annual utility rates. Finally, for more than 20 years, the energy conservation program has generated annual cost savings in excess of the funds invested. This program provides for energy efficient retrofits, energy efficient design and metering for efficient operations.

Identifying Operating Costs

Each fall, departments are asked to review all capital projects, their estimated completion dates, any costs associated with operating new facilities and systems, and the funding source(s) for these costs. These costs are reviewed jointly by the Budget and Research and Public Works departments. The 2013-14 budget includes \$1,278,000 in new operating and maintenance costs for new facilities and systems. The funding sources for 2013-14 operating costs include General, Aviation and Phoenix Parks and Preserve Initiative funds. The schedule on the next page provides project operating and maintenance costs for 2013-14, the full-year operating and maintenance costs for 2014-15, and the source of funds that will be used for these costs.

OPERATING COSTS FOR NEW CAPITAL FACILITIES

Project Name and Operating Fund Source	# of FTEs		2013-14 Costs	2014-15 Costs
Aviation / Parks and Recreation				
PHX Sky Train Facility (Aviation Fund)	2.0	Add staff and materials for the Parks and Recreation Department to provide landscape maintenance at the new PHX Sky Train facility that includes more than 11 acres of desert xeriscape with over 500 trees and 2,000 plants.	\$115,000	\$89,000





OPERATING COSTS FOR NEW CAPITAL FACILITIES (continued)

Project Name and Operating Fund Source	# of FTEs		2013-14 Costs	2014-15 Costs
Parks and Recreation				
New Sonoran Preserve Acreage (Phoenix Parks and Preserve Initiative (PPPI) Fund)	2.0	Add staff to protect and maintain 1,546 acres of new preserve property.	\$194,000	\$164,000
Tres Rios Wetlands (PPPI)	3.0	Add staff and materials to operate and maintain the recreational area around the wetlands beginning in October 2013.	\$220,000	\$208,000
Dog Park at Margaret T. Hance Park (PPPI)	0.5	Add staff and materials to operate and maintain the new dog park opening in the summer of 2013.	\$35,000	\$23,000
Echo Canyon Trailhead (PPPI)	0.5	Add staff and materials to operate and maintain the trailhead expansion opening in September 2013.	\$46,000	\$46,000
Cortez Pool (PPPI)	4.6	Add staff and materials to reopen the renovated and expanded pool opening in May 2014.	\$88,000	\$190,000
Hermoso Recreation Facility (PPPI)	2.9	Add staff and materials to operate and maintain the renovated and expanded facility offering youth programs, classes for seniors, a computer lab and other recreation activities. The facility is scheduled to open in September 2013.	\$162,000	\$187,000
Winship House (PPPI)	1.0	Add funding to operate and maintain the renovated Winship House that will house Parks-affiliated nonprofit organizations including Japanese Friendship Garden Inc., Phoenix Parks Foundation, the Camp Colley Foundation, and Parks and Recreation Department staff.	\$102,000	\$82,000
Rio Salado Peace Path (PPPI)	—	Add funding for contracted landscape maintenance for the first mile of the new three-mile long Rio Salado Peace Path. The path will provide a link between Rio Salado at 24th Street and the city of Tempe at 48th Street. The path will complete a link to the regional pathway system that will ultimately connect the West Valley Recreation Corridor at the Agua Fria River on the west to the Indian Bend Wash Recreation Corridor to the east.	\$28,000	\$28,000





OPERATING COSTS FOR NEW CAPITAL FACILITIES (continued)

Project Name and Operating Fund Source	# of FTEs		2013-14 Costs	2014-15 Costs
Street Transportation				
Freeway Landscape Contract Management (General Fund)	—	Add funding for contracted landscape maintenance for an additional nine miles of freeway landscape on I-17 in Phoenix. Maintenance activities include: trash pick-up, watering, vegetation replacement, irrigation repair and graffiti removal.	\$288,000	\$288,000
Net Total Costs			\$1,278,000	\$1,305,000
Source of Funds				
Aviation			\$115,000	\$89,000
General			\$288,000	\$288,000
Phoenix Parks and Preserve Initiative (PPPI)			\$875,000	\$928,000
Total Source of Funds			\$1,278,000	\$1,305,000







Summary Schedules







**2011-12 SCHEDULE 1
RESOURCES AND EXPENDITURES BY FUND
ACTUAL
(In Thousands of Dollars)**

	Resources					Expenditures					Ending Fund Balances
	Beginning Fund Balances	Revenue ^{1/}	Recovery	Fund Transfer To	Fund Transfer From	Total	Operating	Capital	Debt Service	Total	
General Funds:											
General	\$ 92,908	\$ 255,504	\$ 772	\$ 708,044	\$ 94,738	\$ 962,490	\$ 867,381	\$ 2,299	\$ -	\$ 869,680	\$ 92,810
Parks and Recreation	-	16,594	4	72,966	-	89,564	89,564	-	-	89,564	-
Library	-	18,708	-	13,871	-	32,579	32,578	1	-	32,579	-
Cable Communications	-	9,381	-	-	5,433	3,948	3,948	-	-	3,948	-
Total General	\$ 92,908	\$ 300,187	\$ 776	\$ 794,881	\$ 100,171	\$ 1,088,581	\$ 993,471	\$ 2,300	\$ -	\$ 995,771	\$ 92,810
Special Revenue Funds:											
Excise Tax	\$ -	\$ 959,911	\$ -	\$ -	\$ 959,911	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Nghbrhd Protection-Police	(9,327)	(87)	-	18,583	125	9,044	19,532	-	-	19,532	(10,488) ^{2/}
Nghbrhd Protection-Fire	(1,957)	(5)	-	6,600	5	4,633	2,656	-	-	2,656	1,977
Nghbrhd Protection-Block Watch	1,535	149	-	1,320	1	3,003	1,188	-	-	1,188	1,815
2007 Public Safety Exp-Police	(2,765)	(66)	-	42,467	264	39,372	50,814	-	-	50,814	(11,442) ^{2/}
2007 Public Safety Exp-Fire	1,761	10	-	10,617	46	12,342	10,800	-	-	10,800	1,542
Public Safety Enhance-Police	(4,242)	-	2	14,675	55	10,380	19,391	-	-	19,391	(9,011) ^{2/}
Public Safety Enhance-Fire	(4,845)	-	-	8,995	-	4,150	10,391	-	-	10,391	(6,241) ^{2/}
Parks and Preserves	38,473	382	9	26,545	21	65,388	2,056	25,159	-	27,215	38,173
Transit 2000	234,259	51,895	3,168	114,230	1,252	402,300	131,040	3,100	-	134,140	268,160
Court Awards	216	9,250	-	-	-	9,466	9,107	-	-	9,107	359
Development Services	14,650	32,696	2	-	2,930	44,418	27,618	64	-	27,682	16,736
Capital Construction	8,991	134	82	16,583	670	25,120	193	17,626	-	17,819	7,301
Sports Facilities	37,477	550	-	14,670	192	52,505	1,820	-	9,514	11,334	41,171
AZ Highway User Revenue	21,911	90,839	530	439	538	113,181	45,181	29,722	22,000	96,903	16,278
Regional Transit	2,554	25,186	-	-	3,535	24,205	21,797	375	-	22,172	2,033
Community Reinvestment	13,751	3,209	5	-	1,395	15,570	345	279	-	624	14,946
Secondary Property Tax	100	100,179	-	196,900	192,628	104,551	-	-	99,861	99,861	4,690
Impact Fee Program Admin	281	264	37	-	-	582	227	-	-	227	355
Regional Wireless Cooperative	2,886	2,880	60	118	-	5,944	4,330	-	-	4,330	1,614
City Improvement	40	-	-	127,685	70,993	56,732	-	-	56,454	56,454	278
Other Restricted Funds	44,677	29,571	16	4,858	729	78,393	24,205	11,659	-	35,864	42,529
Grant Funds	22,401	254,452	6,807	1,982	4,099	281,543	219,917	37,145	-	257,062	24,481
Total Special Revenue	\$ 422,827	\$ 1,561,399	\$ 10,718	\$ 607,267	\$ 1,239,389	\$ 1,362,822	\$ 602,608	\$ 125,129	\$ 187,829	\$ 915,566	\$ 447,256
Enterprise Funds:											
Aviation	\$ 197,081	\$ 339,308	\$ 1,577	\$ 2,585	\$ 29,129	\$ 511,422	\$ 202,706	\$ 40,470	\$ 82,025	\$ 325,201	\$ 186,221
Water	119,574	388,815	2,838	4,000	20,234	494,993	163,227	65,796	105,287	334,310	160,683
Wastewater	168,311	232,844	1,123	53	13,263	389,068	85,766	33,305	70,714	189,785	199,283
Solid Waste	51,406	144,443	375	-	7,241	188,983	109,101	11,655	14,630	135,386	53,597
Convention Center	46,444	16,312	9	40,829	2,030	101,564	41,433	1,584	19,360	62,377	39,187
Golf Course	(12,418)	6,062	-	-	200	(6,556)	8,260	-	1	8,261	(14,817) ^{3/}
Total Enterprise	\$ 570,398	\$ 1,127,784	\$ 5,922	\$ 47,467	\$ 72,097	\$ 1,679,474	\$ 610,493	\$ 152,810	\$ 292,017	\$ 1,055,320	\$ 624,154
GRAND TOTAL	\$ 1,086,133	\$ 2,989,370	\$ 17,416	\$ 1,449,615	\$ 1,411,657	\$ 4,130,877	\$ 2,206,572	\$ 280,239	\$ 479,846	\$ 2,966,657	\$ 1,164,220

^{1/} General fund sales tax revenue is reflected as a transfer from the excise tax fund. Total transfer equates to \$648.1 million, and is included in the General Funds revenue total of \$948.2 million shown on Schedule 2.

^{2/} The dedicated public safety funds have been severely impacted by declines in sales tax revenues. In November 2010, the Mayor and City Council adopted a plan to balance these funds as soon as possible using an attrition approach. This plan was modified in February 2013 to account for changes in attrition and revised revenue forecasts.

^{3/} The Mayor and Council adopted a plan in March 2013 to balance the Golf Fund, which will include paying off the cumulative deficit over three years and making operational improvements to reduce or eliminate the annual operating deficit. In April 2013, the Mayor and Council approved no longer classifying Golf as an Enterprise Fund starting in FY 2013-14. For comparison purposes only, all Golf revenue is included in the Special Revenue Funds section of Schedule 2.





**2012-13 SCHEDULE 1
RESOURCES AND EXPENDITURES BY FUND
ESTIMATE
(In Thousands of Dollars)**

	Resources						Expenditures				Ending Fund Balances
	Beginning Fund Balances	Revenue ^{1/}	Recovery	Fund Transfer To	Fund Transfer From	Total	Operating	Capital	Debt Service	Total	
General Funds:											
General	\$ 92,810	\$ 246,138	\$ 1,000	\$ 751,380	\$ 111,593	\$ 979,735	\$ 919,632	\$ 3,340	\$ -	\$ 922,972	\$ 56,763
Parks and Recreation	-	16,331	-	72,958	-	89,289	89,289	-	-	89,289	-
Library	-	27,765	-	7,663	-	35,428	35,228	200	-	35,428	-
Cable Communications	-	9,530	-	-	5,168	4,362	4,362	-	-	4,362	-
Total General	\$ 92,810	\$ 299,764	\$ 1,000	\$ 832,001	\$ 116,761	\$ 1,108,814	\$ 1,048,511	\$ 3,540	\$ -	\$ 1,052,051	\$ 56,763
Special Revenue Funds:											
Excise Tax	\$ -	\$ 1,016,177	\$ -	\$ -	\$ 1,016,177	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Nghbrhd Protection-Police	(10,488)	(60)	-	19,719	185	8,986	19,062	-	-	19,062	(10,076) ^{2/}
Nghbrhd Protection-Fire	1,977	10	-	7,043	7	9,023	3,189	-	-	3,189	5,834
Nghbrhd Protection-Block Watch	1,815	165	-	1,409	2	3,387	1,250	-	-	1,250	2,137
2007 Public Safety Exp-Police	(11,442)	(70)	-	45,072	502	33,058	50,957	-	-	50,957	(17,899) ^{2/}
2007 Public Safety Exp-Fire	1,542	5	-	11,269	89	12,727	13,273	-	-	13,273	(546) ^{2/}
Public Safety Enhance-Police	(9,011)	-	-	15,259	265	5,983	19,233	-	-	19,233	(13,250) ^{2/}
Public Safety Enhance-Fire	(6,241)	-	-	9,352	-	3,111	10,435	-	-	10,435	(7,324) ^{2/}
Parks and Preserves	38,173	305	200	28,171	5,730	61,119	1,888	37,496	-	39,384	21,735
Transit 2000	268,160	50,924	3,000	112,683	51,761	383,006	123,984	10,717	-	134,701	248,305
Court Awards	359	9,942	-	-	-	10,301	9,489	-	-	9,489	812
Development Services	16,736	35,213	-	-	2,682	49,267	32,670	58	-	32,728	16,539
Capital Construction	7,301	175	450	16,675	-	24,601	199	17,188	-	17,387	7,214
Sports Facilities	41,171	265	-	14,867	194	56,109	1,916	656	22,803	25,375	30,734
AZ Highway User Revenue	16,278	99,788	800	306	-	117,172	45,504	24,997	22,001	92,502	24,670
Regional Transit	2,033	42,855	-	-	-	44,888	23,385	16,557	-	39,942	4,946
Community Reinvestment	14,946	4,860	-	-	1,308	18,498	498	3,483	-	3,981	14,517
Secondary Property Tax	4,690	68,149	-	-	-	72,839	-	-	68,149	68,149	4,690
Impact Fee Program Admin	355	304	-	-	-	659	163	-	-	163	496
Regional Wireless Cooperative	1,614	4,670	-	-	-	6,284	4,728	-	-	4,728	1,556
City Improvement	278	-	-	81,920	1,024	81,174	-	-	80,896	80,896	278
Other Restricted Funds	42,529	23,712	-	4,651	706	70,186	29,230	9,021	-	38,251	31,935
Grant Funds	24,481	295,523	-	-	373	319,631	247,822	57,222	-	305,044	14,587
Total Special Revenue	\$ 447,256	\$ 1,652,912	\$ 4,450	\$ 368,396	\$ 1,081,005	\$ 1,392,009	\$ 638,875	\$ 177,395	\$ 193,849	\$ 1,010,119	\$ 381,890
Enterprise Funds:											
Aviation	\$ 186,221	\$ 344,431	\$ -	\$ 150,000	\$ 56,501	\$ 624,151	\$ 218,707	\$ 36,720	\$ 76,712	\$ 332,139	\$ 292,012
Water	160,683	428,242	-	-	41,532	547,393	170,599	88,274	121,492	380,365	167,028
Wastewater	199,283	214,686	-	-	113,191	300,778	87,829	54,819	71,683	214,331	86,447
Solid Waste	53,597	141,924	-	-	9,119	186,402	120,456	15,040	13,387	148,883	37,519
Convention Center	39,187	16,699	-	41,246	2,262	94,870	42,861	1,391	18,591	62,843	32,027
Golf Course	(14,817)	8,056	-	5,700	201	(1,262)	9,723	-	1	9,724	(10,986) ^{3/}
Total Enterprise	\$ 624,154	\$ 1,154,038	\$ -	\$ 196,946	\$ 222,806	\$ 1,752,332	\$ 650,175	\$ 196,244	\$ 301,866	\$ 1,148,285	\$ 604,047
GRAND TOTAL	\$ 1,164,220	\$ 3,106,714	\$ 5,450	\$ 1,397,343	\$ 1,420,572	\$ 4,253,155	\$ 2,337,561	\$ 377,179	\$ 495,715	\$ 3,210,455	\$ 1,042,700

^{1/} General fund sales tax revenue is reflected as a transfer from the excise tax fund. Total transfer equates to \$688.8 million, and is included in the General Funds revenue total of \$988.5 million shown on Schedule 2.

^{2/} The dedicated public safety funds have been severely impacted by declines in sales tax revenues. In November 2010, the Mayor and City Council adopted a plan to balance these funds as soon as possible using an attrition approach. This plan was modified in February 2013 to account for changes in attrition and revised revenue forecasts.

^{3/} The Mayor and Council adopted a plan in March 2013 to balance the Golf Fund, which will include paying off the cumulative deficit over three years and making operational improvements to reduce or eliminate the annual operating deficit. In April 2013, the Mayor and Council approved no longer classifying Golf as an Enterprise Fund starting in FY 2013-14. For comparison purposes only, all Golf revenue is included in the Special Revenue Funds section of Schedule 2.





**2013-14 SCHEDULE 1
RESOURCES AND EXPENDITURES BY FUND
BUDGET
(In Thousands of Dollars)**

	Resources					Expenditures					Ending Fund Balances
	Beginning Fund Balances	Revenue ^{1/}	Recovery	Fund Transfer To	Fund Transfer From	Total	Operating	Capital	Debt Service	Total	
General Funds:											
General	\$ 56,763	\$ 253,820	\$ 1,000	\$ 804,432	\$ 122,544	\$ 993,471	\$ 991,229	\$ 2,242	\$ -	\$ 993,471	\$ -
Parks and Recreation	-	15,705	-	78,666	-	94,371	94,371	-	-	94,371	-
Library	-	36,938	-	1	1,261	35,678	35,478	200	-	35,678	-
Cable Communications	-	9,525	-	-	5,230	4,295	4,295	-	-	4,295	-
Total General	\$ 56,763	\$ 315,988	\$ 1,000	\$ 883,099	\$ 129,035	\$ 1,127,815	\$ 1,125,373	\$ 2,442	\$ -	\$ 1,127,815	\$ -
Special Revenue Funds:											
Excise Tax	\$ -	\$ 1,082,879	\$ -	\$ -	\$ 1,082,879	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Nghbrhd Protection-Police	(10,076)	(35)	-	21,066	188	10,767	19,810	-	-	19,810	(9,043) ^{2/}
Nghbrhd Protection-Fire	5,834	10	-	7,523	8	13,359	3,984	-	-	3,984	9,375
Nghbrhd Protection-Block Watch	2,137	171	-	1,505	2	3,811	1,250	-	-	1,250	2,561
2007 Public Safety Exp-Police	(17,899)	(70)	-	48,152	508	29,675	52,706	-	-	52,706	(23,031) ^{2/}
2007 Public Safety Exp-Fire	(546)	5	-	12,037	90	11,406	15,022	-	-	15,022	(3,616) ^{2/}
Public Safety Enhance-Police	(13,250)	-	-	15,566	265	2,051	20,152	-	-	20,152	(18,101) ^{2/}
Public Safety Enhance-Fire	(7,324)	-	-	9,541	-	2,217	11,051	-	-	11,051	(8,834) ^{2/}
Parks and Preserves	21,735	305	200	30,094	34	52,300	3,005	33,710	-	36,715	15,585
Transit 2000	248,305	50,791	3,000	135,380	54,252	383,224	146,341	27,037	-	173,378	209,846
Court Awards	812	15,377	-	-	-	16,189	15,831	-	-	15,831	358
Development Services	16,539	36,720	-	-	2,682	50,577	37,161	59	-	37,220	13,357
Capital Construction	7,214	175	450	17,051	-	24,890	199	20,285	-	20,484	4,406
Sports Facilities	30,734	265	-	15,564	194	46,369	1,969	2,540	21,881	26,390	19,979
AZ Highway User Revenue	24,670	100,600	800	381	15,000	111,451	45,129	59,323	1	104,453	6,998
Regional Transit	4,946	41,867	-	-	-	46,813	25,036	19,719	-	44,755	2,058
Community Reinvestment	14,517	4,862	-	-	5,308	14,071	760	5,890	-	6,650	7,421
Secondary Property Tax	4,690	40,581	-	-	-	45,271	-	-	40,581	40,581	4,690
Impact Fee Program Admin	496	305	-	-	-	801	163	-	-	163	638
Regional Wireless Cooperative	1,556	4,682	-	-	-	6,238	4,381	-	-	4,381	1,857
Golf Course	(10,986)	8,056	-	-	201	(3,131)	8,834	-	1	8,835	(11,966) ^{3/}
City Improvement	278	-	-	85,254	1,028	84,504	-	-	84,226	84,226	278
Other Restricted Funds	31,935	24,221	-	4,674	706	60,124	31,332	5,818	-	37,150	22,974
Grant Funds	14,587	286,040	-	-	372	300,255	233,978	63,226	-	297,204	3,051
Total Special Revenue	\$ 370,904	\$ 1,697,807	\$ 4,450	\$ 403,788	\$ 1,163,717	\$ 1,313,232	\$ 678,094	\$ 237,607	\$ 146,690	\$ 1,062,391	\$ 250,841
Enterprise Funds:											
Aviation	\$ 292,012	\$ 309,343	\$ -	\$ -	\$ 7,035	\$ 594,320	\$ 243,951	\$ 35,631	\$ 77,160	\$ 356,742	\$ 237,578
Water	167,028	407,753	-	-	20,556	554,225	181,834	173,838	134,066	489,738	64,487
Wastewater	86,447	211,312	-	-	13,685	284,074	95,173	58,588	74,494	228,255	55,819
Solid Waste	37,519	145,756	-	-	9,228	174,047	133,820	19,228	13,911	166,959	7,088
Convention Center	32,027	16,619	-	43,924	2,356	90,214	48,651	3,371	18,584	70,606	19,608
Total Enterprise	\$ 615,033	\$ 1,090,783	\$ -	\$ 43,924	\$ 52,860	\$ 1,696,880	\$ 703,429	\$ 290,656	\$ 318,215	\$ 1,312,300	\$ 384,580
GRAND TOTAL	\$ 1,042,700	\$ 3,104,578	\$ 5,450	\$ 1,330,811	\$ 1,345,612	\$ 4,137,927	\$ 2,506,896	\$ 530,705	\$ 464,905	\$ 3,502,506	\$ 635,421

^{1/} General fund sales tax revenue is reflected as a transfer from the excise tax fund. Total transfer equates to \$735.8 million, and is included in the General Funds revenue total of \$1,051.8 million shown on Schedule 2.

^{2/} The dedicated public safety funds have been severely impacted by declines in sales tax revenues. In November 2010, the Mayor and City Council adopted a plan to balance these funds as soon as possible using an attrition approach. This plan was modified in February 2013 to account for changes in attrition and revised revenue forecasts.

^{3/} The Mayor and Council adopted a plan in March 2013 to balance the Golf Fund, which will include paying off the cumulative deficit over three years and making operational improvements to reduce or eliminate the annual operating deficit. In April 2013, the Mayor and Council approved no longer classifying Golf as an Enterprise Fund starting in FY 2013-14. For comparison purposes only, all Golf revenue is included in the Special Revenue Funds section of Schedule 2.





SCHEDULE 2: REVENUES BY MAJOR SOURCE

(In Thousands of Dollars)

Revenue Source	2011-12 Actual	2012-13 Estimate	Increase/(Decrease) From 2011-12 Actual		2013-14 Budget	Increase/(Decrease) From 2012-13 Estimate		
			Amount	Percent		Amount	Percent	
GENERAL FUND								
Local Sales Taxes and Related Fees^{1/}	\$ 409,083	\$ 418,652	\$ 9,569	2.3%	\$ 444,672	\$ 26,020	6.2%	
State-Shared Revenues								
Sales Tax	114,018	119,646	5,628	4.9%	127,448	7,802	6.5%	
State Income Tax	122,012	147,668	25,656	21.0%	160,852	13,184	8.9%	
Vehicle License Tax	46,400	48,700	2,300	5.0%	51,150	2,450	5.0%	
Subtotal	\$ 282,430	\$ 316,014	\$ 33,584	11.9%	\$ 339,450	\$ 23,436	7.4%	
Primary Property Tax	\$ 128,054	\$ 131,920	\$ 3,866	3.0%	\$ 142,849	\$ 10,929	8.3%	
User Fees/Other Revenue								
Licenses & Permits	2,946	2,795	(151)	-5.1%	2,830	35	1.3%	
Cable Communications	9,381	9,530	149	1.6%	9,525	(5)	-0.1%	
Fines and Forfeitures	21,375	19,757	(1,618)	-7.6%	19,312	(445)	-2.3%	
Court Default Fee	1,217	1,210	(7)	-0.6%	1,210	-	0.0%	
Fire	46,592	47,000	408	0.9%	49,201	2,201	4.7%	
Hazardous Materials Inspection Fee	1,335	1,150	(185)	-13.9%	1,150	-	0.0%	
Library Fees	1,371	1,162	(209)	-15.2%	1,362	200	17.2%	
Parks and Recreation	6,685	7,818	1,133	16.9%	7,912	94	1.2%	
Planning	1,059	966	(93)	-8.8%	1,058	92	9.5%	
Police	15,644	13,128	(2,516)	-16.1%	13,266	138	1.1%	
Street Transportation	5,262	4,098	(1,164)	-22.1%	3,975	(123)	-3.0%	
Other Service Charges	12,448	10,754	(1,694)	-13.6%	11,050	296	2.8%	
Other	3,364	2,571	(793)	-23.6%	2,968	397	15.4%	
Subtotal	\$ 128,679	\$ 121,939	\$ (6,740)	-5.2%	\$ 124,819	\$ 2,880	2.4%	
Total General Funds	\$ 948,246	\$ 988,525	\$ 40,279	4.2%	\$ 1,051,790	\$ 63,265	6.4%	

^{1/} Effective July 2012 the City Council voted to reduce the Jail Tax by 50%.





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

Revenue Source	2011-12 Actual	2012-13 Estimate	Increase/(Decrease) From 2011-12 Actual		2013-14 Budget	Increase/(Decrease) From 2012-13 Estimate		
			Amount	Percent		Amount	Percent	
SPECIAL REVENUE FUNDS								
Neighborhood Protection	\$ 26,560	\$ 28,286	\$ 1,726	6.5%	\$ 30,240	\$ 1,954	6.9%	
2007 Public Safety Expansion	53,028	56,276	3,248	6.1%	60,124	3,848	6.8%	
Public Safety Enhancement	23,670	24,611	941	4.0%	25,107	496	2.0%	
Parks and Preserves	26,927	28,476	1,549	5.8%	30,399	1,923	6.8%	
Transit 2000	158,080	163,607	5,527	3.5%	171,171	7,564	4.6%	
Court Awards	9,250	9,942	692	7.5%	15,377	5,435	54.7%	
Development Services	32,696	35,213	2,517	7.7%	36,720	1,507	4.3%	
Capital Construction	16,694	16,850	156	0.9%	17,226	376	2.2%	
Sports Facilities	15,220	15,132	(88)	-0.6%	15,829	697	4.6%	
Arizona Highway User Revenue	90,839	99,788	8,949	9.9%	100,600	812	0.8%	
Regional Transit Revenues	25,186	42,855	17,669	70.2%	41,867	(988)	-2.3%	
Community Reinvestment	3,209	4,860	1,651	51.4%	4,862	2	0.0%	
Secondary Property Tax	100,179	68,149	(32,030)	-32.0%	40,581	(27,568)	-40.5%	
Regional Wireless Cooperative	2,880	4,670	1,790	62.2%	4,682	12	0.3%	
Golf Courses ^{2/}	6,062	8,056	1,994	32.9%	8,056	-	0.0%	
Impact Fee Program Administration	264	304	40	15.2%	305	1	0.3%	
Other Restricted Revenues	34,176	28,363	(5,813)	-17.0%	28,895	532	1.9%	
<u>Grants</u>								
Public Housing Grants	77,767	78,763	996	1.3%	79,224	461	0.6%	
Human Services Grants	47,873	43,206	(4,667)	-9.7%	42,441	(765)	-1.8%	
Community Development	17,470	18,829	1,359	7.8%	33,270	14,441	76.7%	
Criminal Justice	10,359	12,054	1,695	16.4%	5,319	(6,735)	-55.9%	
Public Transit Grants	22,917	56,451	33,534	146.3%	59,919	3,468	6.1%	
Other Grants	78,066	86,220	8,154	10.4%	65,867	(20,353)	-23.6%	
Subtotal - Grants	\$ 254,452	\$ 295,523	\$ 41,071	16.1%	\$ 286,040	\$ (9,483)	-3.2%	
Subtotal Special Revenue Funds	\$ 879,372	\$ 930,961	\$ 51,589	5.9%	\$ 918,081	\$ (12,880)	-1.4%	
ENTERPRISE FUNDS								
Aviation	339,308	344,431	5,123	1.5%	309,343	(35,088)	-10.2%	
Water System	388,815	428,242	39,427	10.1%	407,753	(20,489)	-4.8%	
Wastewater System	232,844	214,686	(18,158)	-7.8%	211,312	(3,374)	-1.6%	
Solid Waste	144,443	141,924	(2,519)	-1.7%	145,756	3,832	2.7%	
Convention Center	56,342	57,945	1,603	2.8%	60,543	2,598	4.5%	
Subtotal Enterprise Funds	\$ 1,161,752	\$ 1,187,228	\$ 25,476	2.2%	\$ 1,134,707	\$ (52,521)	-4.4%	
GRAND TOTAL	\$ 2,989,370	\$ 3,106,714	\$ 117,344	3.9%	\$ 3,104,578	\$ (2,136)	-0.1%	

^{2/} In April 2013, the Mayor and Council approved no longer classifying Golf as an Enterprise Fund starting in FY 2013-14. For comparison purposes only, all Golf revenue is included in the Special Revenue Funds section of this schedule.





SCHEDULE 3
EXPENDITURES BY DEPARTMENT ¹
(In Thousands of Dollars)

Program	2011-12	2012-13		2013-14	Percent Change from 2012-13		
	Actual	Budget	Estimate	Budget	Budget	Estimate	
General Government							
Mayor	\$ 1,443	\$ 1,692	\$ 1,687	\$ 1,755	3.7%	4.0%	
City Council	3,157	3,646	3,438	3,589	(1.6%)	4.4%	
City Manager	1,972	2,587	2,375	2,663	2.9%	12.1%	
Government Relations	1,512	1,265	1,250	1,305	3.1%	4.4%	
Public Information	2,630	2,749	2,748	2,660	(3.2%)	(3.2%)	
City Auditor	1,992	2,367	2,284	2,389	0.9%	4.6%	
Equal Opportunity	2,580	2,868	2,702	2,797	(2.5%)	3.5%	
Human Resources	10,624	11,971	11,743	11,410	(4.7%)	(2.8%)	
Phoenix Employment Relations Board	95	113	88	99	(12.1%)	12.5%	
Regional Wireless Cooperative	4,330	4,463	4,728	4,381	(1.8%)	(7.3%)	
Retirement Systems	27	-	-	-	-	-	
Law	4,453	4,843	4,899	4,735	(2.2%)	(3.3%)	
Information Technology	30,304	37,159	35,298	35,060	(5.6%)	(0.7%)	
City Clerk and Elections	6,517	5,969	6,377	6,769	13.4%	6.1%	
Finance	19,326	20,558	20,467	21,962	6.8%	7.3%	
Budget and Research	2,888	3,007	2,969	3,054	1.6%	2.9%	
Total General Government	\$ 93,850	\$ 105,257	\$ 103,053	\$ 104,628	(0.6%)	1.5%	
Public Safety							
Police	\$ 541,075	\$ 576,656	\$ 566,141	\$ 585,913	1.6%	3.5%	
Fire	261,904	291,668	286,657	297,953	2.2%	3.9%	
Emergency Management	424	1,402	533	476	(66.1%)	(10.7%)	
Total Public Safety	\$ 803,403	\$ 869,726	\$ 853,331	\$ 884,342	1.7%	3.6%	
Criminal Justice							
Municipal Court	\$ 31,565	\$ 43,438	\$ 42,454	\$ 41,969	(3.4%)	(1.1%)	
City Prosecutor	15,665	15,937	15,743	15,815	(0.8%)	0.5%	
Public Defender	4,756	4,780	4,775	4,902	2.6%	2.7%	
Total Criminal Justice	\$ 51,986	\$ 64,155	\$ 62,972	\$ 62,686	(2.3%)	(0.5%)	
Transportation							
Street Transportation	\$ 68,052	\$ 72,762	\$ 68,315	\$ 70,676	(2.9%)	3.5%	
Aviation	202,167	220,543	218,099	229,332	4.0%	5.2%	
Public Transit	233,500	257,471	248,479	260,425	1.1%	4.8%	
Total Transportation	\$ 503,719	\$ 550,776	\$ 534,893	\$ 560,433	1.8%	4.8%	





SCHEDULE 3 (continued)
EXPENDITURES BY DEPARTMENT ¹
(In Thousands of Dollars)

Program	2011-12	2012-13		2013-14	Percent Change from 2012-13		
	Actual	Budget	Estimate	Budget	Budget	Estimate	
Community Development							
Planning and Development	\$ 31,468	\$ 39,700	\$ 37,765	\$ 41,537	4.6%	10.0%	
Housing	77,299	82,942	78,650	82,013	(1.1%)	4.3%	
Community and Economic Development	24,215	32,531	29,281	23,010	(29.3%)	(21.4%)	
Neighborhood Services	57,657	80,023	66,644	71,116	(11.1%)	6.7%	
Total Community Development	\$ 190,639	\$ 235,196	\$ 212,340	\$ 217,676	(7.4%)	2.5%	
Community Enrichment							
² Parks and Recreation	\$ 103,829	\$ 106,326	\$ 106,142	\$ 111,344	4.7%	4.9%	
Library	33,488	36,551	36,192	35,798	(2.1%)	(1.1%)	
Phoenix Convention Center	41,852	46,077	44,301	47,194	2.4%	6.5%	
Human Services	65,298	62,618	62,875	62,724	0.2%	(0.2%)	
Office of Arts and Culture	639	1,229	1,222	1,630	32.7%	33.4%	
Total Community Enrichment	\$ 245,106	\$ 252,801	\$ 250,732	\$ 258,690	2.3%	3.2%	
Environmental Services							
Water	\$ 247,667	\$ 269,739	\$ 256,817	\$ 262,815	(2.6%)	2.3%	
Solid Waste Management	109,101	126,377	120,309	129,639	2.6%	7.8%	
Public Works	16,292	22,491	22,613	22,864	1.7%	1.1%	
Environmental Programs	1,263	1,468	1,397	1,486	1.2%	6.4%	
Total Environmental Services	\$ 374,323	\$ 420,075	\$ 401,136	\$ 416,804	(0.8%)	3.9%	
Contingencies	\$ -	\$ 90,208	\$ -	\$ 91,208	-	-	
³ Innovation and Efficiency Savings	\$ -	\$ -	\$ -	\$ (5,345)			
GRAND TOTAL	\$ 2,263,026	\$ 2,588,194	\$ 2,418,457	\$ 2,591,122	0.1%	7.1%	

¹ For purposes of this schedule, department budget allocations include Grants and City Improvement debt service payments.

² Golf is included with Parks and Recreation. In prior years, Golf was classified as an Enterprise Fund and was shown as a separate department.

³ The Innovation and Efficiency savings will be identified during the fiscal year and will help to achieve the citywide goal of \$100 million in cumulative savings by 2015.





SCHEDULE 4
2013-2014 EXPENDITURES BY DEPARTMENT
BY SOURCE OF FUNDS
(In Thousands of Dollars)

Program	Total	General Funds	Enterprise Funds	Special Revenue Funds ¹
General Government				
Mayor	\$ 1,755	\$ 1,755	\$ -	\$ -
City Council	3,589	3,589	-	-
City Manager	2,663	2,339	236	88
Government Relations	1,305	1,305	-	-
Public Information	2,660	2,319	-	341
City Auditor	2,389	2,389	-	-
Equal Opportunity	2,797	2,367	-	430
Human Resources	11,410	10,225	-	1,185
Phoenix Employment Relations Board	99	99	-	-
Regional Wireless Cooperative	4,381	-	-	4,381
Retirement Systems	-	-	-	-
Law	4,735	4,735	-	-
Information Technology	35,060	32,781	345	1,934
City Clerk and Elections	6,769	6,606	-	163
Finance	21,962	18,061	2,290	1,611
Budget and Research	3,054	3,054	-	-
Total General Government	\$ 104,628	\$ 91,624	\$ 2,871	\$ 10,133
Public Safety				
Police	\$ 585,913	\$ 462,408	\$ -	\$ 123,505
Fire	297,953	250,694	-	47,259
Emergency Management	476	21	-	455
Total Public Safety	\$ 884,342	\$ 713,123	\$ -	\$ 171,219
Criminal Justice				
Municipal Court	\$ 41,969	\$ 29,395	\$ -	\$ 12,574
City Prosecutor	15,815	14,806	-	1,009
Public Defender	4,902	4,902	-	-
Total Criminal Justice	\$ 62,686	\$ 49,103	\$ -	\$ 13,583
Transportation				
Street Transportation	\$ 70,676	\$ 22,097	\$ -	\$ 48,579
Aviation	229,332	-	229,332	-
Public Transit	260,425	19,521	-	240,904
Total Transportation	\$ 560,433	\$ 41,618	\$ 229,332	\$ 289,483





SCHEDULE 4 (continued)
2013-2014 EXPENDITURES BY DEPARTMENT
BY SOURCE OF FUNDS
(In Thousands of Dollars)

Program	Total	General Funds	Enterprise Funds	Special Revenue Funds ¹
Community Development				
Planning and Development Services	\$ 41,537	\$ 5,026	\$ -	\$ 36,511
Housing	82,013	54	-	81,959
Community and Economic Development	23,010	5,134	593	17,283
Neighborhood Services	71,116	12,337	-	58,779
Total Community Development	\$ 217,676	\$ 22,551	\$ 593	\$ 194,532
Community Enrichment				
² Parks and Recreation	\$ 111,344	\$ 94,371	\$ -	\$ 16,973
Library	35,798	35,478	-	320
Phoenix Convention Center	47,194	1,375	45,218	601
Human Services	62,724	18,711	350	43,663
Office of Arts and Culture	1,630	1,567	-	63
Total Community Enrichment	\$ 258,690	\$ 151,502	\$ 45,568	\$ 61,620
Environmental Services				
Water	\$ 262,815	\$ -	\$ 260,469	\$ 2,346
Solid Waste Management	129,639	-	129,639	-
Public Works	22,864	16,555	181	6,128
Environmental Programs	1,486	984	276	226
Total Environmental Services	\$ 416,804	\$ 17,539	\$ 390,565	\$ 8,700
Contingencies	\$ 91,208	\$ 43,658	\$ 34,500	\$ 13,050
³ Innovation and Efficiency Savings	\$ (5,345)	\$ (5,345)	\$ -	\$ -
GRAND TOTAL	\$ 2,591,122	\$ 1,125,373	\$ 703,429	\$ 762,320

¹ For purposes of this schedule, department budget allocations include Grants and City Improvement debt service payments.

² Golf is included with Parks and Recreation. In prior years, Golf was classified as an Enterprise Fund and was shown as a separate department.

³ The Innovation and Efficiency savings will be identified during the fiscal year and will help to achieve the citywide goal of \$100 million in cumulative savings by 2015.





SCHEDULE 5: DEBT SERVICE EXPENDITURES
BY PROGRAM, SOURCE OF FUNDS AND TYPE OF EXPENDITURE ²
(In Thousands of Dollars)

Program	2011-12 Actual	2012-13 Estimate	2013-14 Budget
Aviation	\$ 115,975	\$ 122,751	\$ 124,590
Cultural Facilities	12,203	11,637	9,111
Economic Development	28,892	36,411	30,645
Environmental Programs	673	483 ¹	735
Fire Protection	3,748 ¹	4,679 ¹	4,614 ¹
Freeway Mitigation	666	386 ¹	691
Golf	1	1	1
Historic Preservation	453	463 ¹	471
Human Services	663	630 ¹	629 ¹
Information Systems	3,088	704 ¹	3,123
Libraries	6,963	6,791	7,785
Local Streets/Street Improvements/Lighting	5,521	5,408 ¹	5,480
Maintenance Service Centers	903	506 ¹	1,173
Major Streets and Freeways	22,000	22,001	1
Municipal Administration Building	50 ¹	50 ¹	50 ¹
Neighborhood Preservation & Senior Services Centers	3,183	2,694 ¹	4,412
Parks & Recreation/Open Space	23,884	14,241	13,762
Phoenix Convention Center	19,360	38,591	39,033
Police, Fire and Computer Tech	5,270	3,851 ¹	4,080
Police Protection	7,769	6,193 ¹	7,264
Public Housing	1,503	1,362	1,349
Public Transit	48,394	50,892	53,366
Solid Waste Disposal	14,630	13,386	13,911
Storm Sewer	22,517	26,398	15,486
Street Light Refinancing	306	225	7 ¹
Wastewater	95,714	146,684	74,494
Water	105,287	121,492	134,067
Early Redemption	(19,076)	(32,200)	(48,435)
General Government Nonprofit Corporation Bonds	7,806	29,654	30,790
Bond Issuance Costs	2,263	1,036	3,100
Total Program	\$ 540,609	\$ 637,400	\$ 535,785
Type of Expenditure			
Principal	\$ 208,719	\$ 313,151	\$ 226,617
Interest	324,478	318,498	300,825
Other	7,412	5,751	8,343
Total Debt Service Expenditures	\$ 540,609	\$ 637,400	\$ 535,785





SCHEDULE 5: DEBT SERVICE EXPENDITURES
BY PROGRAM, SOURCE OF FUNDS AND TYPE OF EXPENDITURE (continued)
(In Thousands of Dollars)

Source of Funds	2011-12 Actual	2012-13 Estimate	2013-14 Budget
Operating Funds			
Secondary Property Tax	\$ 99,861	\$ 68,149	\$ 40,581
Sports Facilities	9,514	22,803	21,881
Arizona Highway User Revenue	22,000	22,001	1
City Improvement			
General	6,151	29,354	30,540
Housing	72	71	70
Transit 2000	48,394	50,892	53,366
Other Operating	181	279	-
Capital Funds ³	1,656	300	250
Aviation	82,025	76,712	77,160
Convention Center	19,360	18,591	18,584
Golf	1	1	1
Solid Waste	14,630	13,387	13,911
Wastewater	70,714	71,683	74,494
Water	105,287	121,492	134,066
Subtotal Operating Funds	\$ 479,846	\$ 495,715	\$ 464,905
Capital Funds			
Nonprofit Corporation Bonds			
Aviation	\$ 1,092	\$ 1,574	\$ 3,064
Convention Center	-	20,000	20,449
Other	34	-	-
Solid Waste	9	-	-
Wastewater	441	-	1,000
Water	850	171	1,500
Passenger Facility Charges	32,384	44,095	44,092
Capital Reserve	25,953	75,845	775
Subtotal Capital Funds	\$ 60,763	\$ 141,685	\$ 70,880
Total Source of Funds	\$ 540,609	\$ 637,400	\$ 535,785

¹ Interest only.

² Program costs are a combination of principal, interest and other debt related costs unless otherwise noted.

³ Reflects transfer of capital funds to City Improvement.





SCHEDULE 6
CAPITAL IMPROVEMENT PROGRAM
FINANCED FROM OPERATING FUNDS
(In Thousands of Dollars)

Program	2011-12 Actual	2012-13 Estimate	2013-14 Budget
Arts and Cultural Facilities	\$ 4,622	\$ 6,302	\$ 10
Aviation	39,393	36,499	34,835
Economic Development	4,038	7,113	9,225
Energy Conservation	10,920	7,077	4,500
Facilities Management	557	8,514	2,222
Finance	-	-	1,536
Fire Protection	-	863	87
Historic Preservation	-	-	5
Housing	26,478	20,084	24,852
Information Technology	4,395	732	920
Libraries	1,345	200	200
Neighborhood Services	789	1,827	3,726
Parks, Recreation and Mountain Preserves	25,616	37,772	33,985
Phoenix Convention Center	1,622	2,062	5,921
Public Transit	4,009	54,127	79,482
Solid Waste Disposal	11,328	9,326	18,480
Street Transportation and Drainage	47,478	42,291	79,334
Wastewater	32,555	54,408	58,074
Water	65,094	87,982	173,311
Total	\$ 280,239	\$ 377,179	\$ 530,705

SOURCE OF FUNDS

General Funds:

General Funds	\$ 2,300	\$ 3,340	\$ 2,242
Library	-	200	200
Total General Funds	\$ 2,300	\$ 3,540	\$ 2,442

Special Revenue Funds:

Parks and Preserves	\$ 25,159	\$ 37,496	\$ 33,710
Transit 2000	3,100	10,717	27,037
Development Services	64	58	59
Capital Construction	17,626	17,188	20,285
Arizona Highway Users	29,722	24,997	59,323
Public Transit	375	16,557	19,719
Sports Facilities	279	656	2,540
Community Reinvestment	244	3,483	5,890
Other Restricted	11,659	9,021	5,818
Grant Funds	36,901	57,222	63,226
Total Special Revenue Funds	\$ 125,129	\$ 177,395	\$ 237,607

Enterprise Funds:

Aviation	\$ 40,470	\$ 36,720	\$ 35,631
Convention Center	1,584	1,391	3,371
Solid Waste	65,796	15,040	19,228
Wastewater	33,305	54,819	58,588
Water	11,655	88,274	173,838
Total Enterprise Funds	\$ 152,810	\$ 196,244	\$ 290,656

Total Operating Funds	\$ 280,239	\$ 377,179	\$ 530,705
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SCHEDULE 7
INTERFUND TRANSFERS TO THE GENERAL FUND
(In Thousands of Dollars)

	2011-12 Actuals	2012-13 Estimate	2013-14	
			Budget	Increase/ (Decrease)
Transfers to the General Fund				
<u>Enterprise Funds</u>				
Aviation				
Central Service Cost Allocation	\$ 5,889	\$ 6,869	\$ 6,869	\$ -
Water Funds				
Central Service Cost Allocation	8,504	8,081	8,081	-
In-Lieu Property Taxes	11,730	12,095	12,362	267
Total	20,234	20,176	20,443	267
Wastewater Funds				
Central Service Cost Allocation	5,670	5,387	5,387	-
In-Lieu Property Taxes	7,593	7,804	8,223	419
Total	13,263	13,191	13,610	419
Solid Waste				
Central Service Cost Allocation	5,443	6,709	6,709	-
In-Lieu Property Taxes	1,166	1,210	1,212	2
Total	6,609	7,919	7,921	2
Convention Center				
Central Service Cost Allocation	1,990	2,193	2,193	-
Total From Enterprise Funds	\$ 47,985	\$ 50,348	\$ 51,036	\$ 688





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

	2011-12 Actuals	2012-13 Estimate	2013-14	
			Budget	Increase/ (Decrease)
Special Revenue Funds				
Excise				
Transfer to General Fund	\$ 648,059	\$ 688,761	\$ 735,802	\$ 47,041
Development Services				
Central Service Cost Allocation	2,930	2,682	2,682	-
Sports Facilities				
Central Service Cost Allocation	113	115	115	-
Phoenix Union Parking Maintenance	79	79	79	-
Total	192	194	194	-
Golf Course ^{1/}				
Parks Administration	200	201	201	-
Public Housing In-Lieu Property Taxes	289	302	302	-
ASU Facilities Operations Fund	527	494	494	-
Downtown Community Reinvestment Fund	1,395	1,308	5,308	4,000
T2000 Central Service Costs	390	750	750	-
Neighborhood Protection Central Service Costs	109	164	164	-
Public Safety Enhancement Central Service Costs	55	265	265	-
Public Safety Expansion Central Service Costs	278	531	531	-
Housing Central Office Central Service Costs	202	212	212	-
Total From Special Revenue Funds	\$ 654,626	\$ 695,864	\$ 746,905	\$ 51,041
Total Transfers to the General Fund	\$ 702,611	\$ 746,212	\$ 797,941	\$ 51,729
Transfers from the General Fund				
Arizona Highway User Revenue Reimbursement	\$ 439	\$ 306	\$ 381	\$ 75
Police Crime Lab Assessment Fund	36	-	-	-
Court Technology Enhancement Fund	29	-	-	-
Regional Wireless Cooperative L/P Fund	-	-	1,674	1,674
Retiree Rate Stabilization Fund	1,029	1,024	1,028	4
Lease Purchase Capital Reserve	-	-	10,008	10,008
Infrastructure Repayment Agreements	218	288	246	(42)
City Improvement	6,150	29,354	30,540	1,186
Total Transfers from the General Fund	\$ 7,901	\$ 30,972	\$ 43,877	\$ 12,905
Net Transfers to the General Fund	\$ 694,710	\$ 715,240	\$ 754,064	\$ 38,824

^{1/} In April 2013, the Mayor and Council approved no longer classifying Golf as an Enterprise Fund starting in FY 2013-14. For comparison purposes only, the transfer from Golf to the General Fund is included in the Special Revenue Funds section of this schedule for all years shown.





**SCHEDULE 8
POSITIONS BY DEPARTMENT
Number of Full Time Equivalent Positions**

Program	2011-12 Actual	2012-13 Estimate	^{1/} Additions/Reductions		2013-14
			2012-13	2013-14	Allowances Ending June 30, 2014 Authorized
General Government					
Mayor	11.5	12.5	-	-	12.5
City Council	30.0	31.0	-	-	31.0
City Manager	18.0	19.0	-	(1.0)	18.0
Government Relations	6.0	6.0	-	-	6.0
Public Information	22.8	22.8	-	(3.2)	19.6
City Auditor	26.5	26.5	-	(1.0)	25.5
Equal Opportunity	26.0	27.0	-	(1.0)	26.0
Human Resources	95.1	95.1	-	(2.0)	93.1
Phoenix Employment Relations Board	1.0	1.0	-	-	1.0
Retirement Systems	14.0	14.0	-	-	14.0
Law	206.0	208.0	-	(1.0)	207.0
Information Technology	182.0	179.0	-	(12.0)	167.0
City Clerk and Elections	66.0	66.0	-	(2.0)	64.0
Finance	236.2	236.2	(2.2)	(2.0)	232.0
Budget and Research	25.0	25.0	-	(1.0)	24.0
Regional Wireless Cooperative	4.0	4.0	-	-	4.0
Total General Government	970.1	973.1	(2.2)	(26.2)	944.7
Public Safety					
Police	4,440.7	4,450.4	2.0	11.0	4,463.4
Fire	2,003.7	2,006.4	(9.0)	-	1,997.4
Emergency Management	4.0	4.0	-	-	4.0
Total Public Safety	6,448.4	6,460.8	(7.0)	11.0	6,464.8
Criminal Justice					
Municipal Court	314.0	310.0	-	(13.0)	297.0
Public Defender	9.0	9.0	-	-	9.0
Total Criminal Justice	323.0	319.0	0.0	(13.0)	306.0





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

Program	2011-12 Actual	2012-13 Estimate	^{1/} Additions/Reductions		2013-14
			2012-13	2013-14	Allowances Ending June 30, 2014 Authorized
Transportation					
Street Transportation	673.0	674.0	(7.0)	(1.0)	666.0
Aviation	851.0	869.0	(11.0)	-	858.0
Public Transit	136.5	136.5	1.0	-	137.5
Total Transportation	1,660.5	1,679.5	(17.0)	(1.0)	1,661.5
Community Development					
Planning and Development	246.0	251.0	10.5	5.0	266.5
Housing	190.0	190.0	(2.0)	-	188.0
Community and Economic Development	103.0	102.0	(1.0)	-	101.0
Neighborhood Services	212.5	218.5	(4.0)	(2.0)	212.5
Total Community Development	751.5	761.5	3.5	3.0	768.0
Community Enrichment					
Parks and Recreation ²	1,118.3	1,149.7	(15.5)	6.8	1,141.0
Library	357.6	375.8	(1.0)	-	374.8
Phoenix Convention Center	262.6	262.6	(10.6)	-	252.0
Human Services	399.2	399.2	(33.0)	(1.0)	365.2
Office of Arts and Culture	11.0	11.0	-	-	11.0
Total Community Enrichment	2,148.7	2,198.3	(60.1)	5.8	2,144.0
Environmental Services					
Water Services	1,463.1	1,463.1	11.0	-	1,474.1
Solid Waste Management	610.5	612.5	(16.0)	-	596.5
Public Works	506.0	504.0	1.0	(1.0)	504.0
Environmental Programs	12.0	12.0	-	-	12.0
Total Environmental Services	2,591.6	2,591.6	(4.0)	(1.0)	2,586.6
TOTAL	14,893.8	14,983.8	(86.8)	(21.4)	14,875.6

1. Additions/Reductions reflect the combined total of proposed and year-to-date budget reductions, budget additions and new positions associated with opening new facilities.

2. Golf is now included with Parks and Recreation. In prior years, Golf was an Enterprise Fund and was shown as a separate department.





Glossary

Accrual Basis Accounting – The most commonly used accounting method, which reports income when earned and expenses when incurred, as opposed to cash basis accounting, which reports income when received and expenses when paid. For the city's Comprehensive Annual Financial Report (CAFR), Phoenix recognizes grant revenues on a modified cash basis. Generally Accepted Accounting Principles (GAAP) recognizes grant revenues on an accrual basis.

Airside – Aircraft movement areas that include ramps, aprons, taxiways and runways.

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 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.

Balanced Budget – Arizona law (Title 42 Arizona Revised Statutes) requires the City Council to annually adopt a balanced budget by purpose of public expense. State law defines this balanced budget as “the primary property tax levy, when added together with all other available resources, must equal these expenditures.” Therefore, no General Fund balances can be budgeted in reserve for subsequent fiscal years. Instead, an amount for contingencies (also commonly referred to as a “rainy day fund”) is included in the budget each year. The City Charter also requires an annual balanced budget. The charter further requires that “the total of proposed expenditures shall not exceed the total of estimated income and fund balances.”

Base Budget Allowances – 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. The city of Phoenix process for developing the base budget is “Zero Base Budgeting.”

Block Watch Fund – This fund is the Block Watch portion of the Neighborhood Protection Fund. This fund is a portion of a voter-approved 0.1 percent sales tax increase approved in October 1993. Grant funds are awarded to communities for innovative methods to deter crime-related problems in their neighborhoods. The city disburses these funds through an annual application process.

Bonds – Debt instruments that require repayment of a specified principal amount on a certain date (maturity date), along with interest at a stated rate or according to a formula for determining the interest rate.

Bond Rating – An evaluation of a bond issuer's credit quality and perceived ability to pay the principal and interest on time and in full. Two agencies regularly review city bonds and generate bond ratings - Moody's Investors Service 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 Budget – See Capital Improvement Program.

Capital Funds – Resources derived from issuance of bonds for specific purposes, related federal project grants and participation from other agencies used to finance capital expenditures.

Capital Improvement Program (CIP) – A plan for capital expenditures needed to maintain and expand the public infrastructure (for example, roads, sewers, water lines or parks). It projects these infrastructure needs for a set number of years and is updated annually to reflect the latest priorities, cost estimates or changing financial strategies. The first year of the adopted Capital Improvement Program becomes the Annual Capital Budget.

Capital Outlay – Items that cost more than \$5,000 and have a useful life of more than two years.

Capital Project – New facility, technology system, land acquisition or equipment acquisition, or improvements to existing facilities beyond routine maintenance. Capital projects are included in the Capital Improvement Program and become fixed assets.

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 Connection – Weekly employee newsletter containing information about the organization, news about employees, and personnel and benefits updates.

City Manager's Budget – See Preliminary Budget.

City of Phoenix Employees' Retirement Systems (COPERS) – A pension plan for full-time employees who retire from service with the city of Phoenix.





Civic Improvement Corporation

(CIC) – Non-profit corporation established in 1973 as the main financing arm of the city of Phoenix to issue debt obligations secured by enterprise fund revenues or excise tax pledges.

Commodities – Consumable goods such as office supplies, repair and replacement parts, small tools and fuel, which are not of a capital nature.

Community Development Block Grant

(CDBG) – Grant funds allocated by the federal government to the city of Phoenix to use for the prevention and removal of slum and blight, and to benefit low- and moderate-income persons. The city disburses these funds through an annual application process open to all nonprofit organizations and city departments.

Comprehensive Annual Financial

Report (CAFR) – Official annual report of the city of Phoenix which includes statements of revenue, expenditures and changes in fund balances.

Contingency – An appropriation of funds available to cover unforeseen events that may occur during the fiscal year, such as flood emergencies, federal mandates shortfalls in revenue and similar eventualities.

Contractual Services – Expenditures for services performed by firms, individuals or other city departments.

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 expenditure.

Enterprise Funds – Funds that are accounted for in a manner similar to a private business. Enterprise funds usually recover their costs (including depreciation) through user fees. The city has four such self-supporting funds: Aviation, Water, Wastewater and Solid Waste. In addition, the Phoenix Convention Center Fund, which is primarily supported by earmarked excise taxes, uses enterprise fund accounting to provide for the periodic determination of net income.

Estimate – The most recent prediction of current year revenue and expenditures. Estimates are based upon several months of actual expenditure and revenue information and are prepared to consider the impact of unanticipated costs or other economic changes.

Excise Tax Fund – This fund is used to account for tax revenues ultimately pledged to pay principal and interest on various debt obligations. This fund includes local sales taxes, state-shared sales taxes, state-shared income taxes and sales tax license fees.

Expenditures – Refers to current cash operating expenses and encumbrances.

Expenditure Limit – See State Expenditure Limit.

Fiduciary Funds – Funds used to account for assets held by the city of Phoenix as a trustee or agent. These funds cannot be used to support the city's own programs.

Fiscal Year – The city's charter designates July 1 to June 30 as the fiscal year.

FTE – See Full-Time Equivalent Position.

Full-Time Equivalent Position (FTE) – A position converted to the decimal equivalent of a full-time position based on 2,080 hours per year. For example, a part-time clerk working for 20 hours per week would be equivalent to one half of a full-time position or 0.5 FTE.

Fund – An independent governmental accounting entity with a self-balancing group of accounts including assets, liabilities and fund balance, which record all financial transactions for specific activities of government functions.

Fund Balance – As used in the budget, the excess of resources over expenditures. The beginning fund balance is the residual funds brought forward from the previous fiscal year.

GAAP – See Generally Accepted Accounting Principles.

General Obligation Bonds (G.O. Bonds) – Bonds that require voter approval and finance a variety of public capital projects such as streets, buildings, parks and improvements. The bonds are backed by the "full faith and credit" of the issuing government.

General Funds – Resources derived from taxes and fees that have unrestricted use, meaning they are not earmarked for specific purposes.

Generally Accepted Accounting Principles (GAAP) – Uniform minimum standards of financial accounting and reporting that govern the form and content of basic financial statements. The city's Comprehensive Annual Financial Report (CAFR) outlines adjustments needed to convert Phoenix's budget basis of accounting to a GAAP basis.

GFOA – Government Finance Officers Association

Goal – A statement of broad direction, purpose or intent based on the needs of the community. A goal is general and timeless; that is, it is not concerned with a specific achievement in a given time period.

G. O. Bonds – See General Obligation Bonds.





Grant – A contribution by one government unit or funding source to another. The contribution is usually made to aid in the support of a specified function (e.g., library materials or drug enforcement, but it is sometimes for general purposes).

HUD – U.S. Department of Housing and Urban Development.

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.

Infrastructure – Facilities that support the daily life and growth of the city, for example, roads, water lines, sewers, public buildings, parks and airports.

Interceptor Capacity – The amount of flow per unit of time that the interceptor sewers can carry under gravity flow conditions.

Interceptor Sewers – Interceptor Sewers are the largest size sanitary sewer mains in the wastewater collection system which collect the flow from main and trunk sewer lines and carry flow to the wastewater treatment plants.

In Lieu Property Taxes (or In Lieu Taxes) – An amount charged to certain city enterprise and federally funded operations that equal the city property taxes that would be due on plant and equipment if these operations were for-profit companies. This includes the Water, Wastewater, Solid Waste and Public Housing funds.

Levy – See Tax Levy.

Mandate – Legislation passed by the state or federal government requiring action or provision of services and/or programs. Examples include the Americans with Disabilities Act, which requires actions such as physical facility improvements and provision of specialized transportation services.

M/W/SBE – Minority, Women and Small Business Enterprise.

Modified Accrual Basis – Method under which revenues are recognized in the period they become available and measurable, and expenditures are recognized in the period the associated liability is incurred. Most government accounting follows this method.

Neighborhood Protection Fund – This fund, also referred to as Proposition 301, is used to account for the funds generated by the 0.1 percent increase in the sales tax approved by voters in October 1993. The funds are to be used for the expansion of police, fire, and block watch programs. The breakdown of funding is as follows: Police 70 percent, Fire 25 percent and Block Watch 5 percent.

Net Direct Debt Ratio – The ratio between property tax-supported debt service and secondary-assessed valuation. The Net Direct Debt Ratio is one way to gauge the ability of a local property tax base to support general obligation debt service.

Objective – Desired output-oriented accomplishments that can be measured and achieved within a given time frame, and advance the activity and organization toward a corresponding goal.

Operating Funds – Resources derived from continuing revenue sources used to finance ongoing operating expenditures and "pay-as-you-go" capital projects.

Ordinance – A formal legislative enactment by the City Council. If it is not in conflict with any higher form of law, such as a state statute or constitutional provision, it has the full force and effect of law within the boundaries of the city.

Outstanding Bonds – Bonds not yet retired through principal and interest payments.

Parks and Preserves Fund – This fund is used to account for the funds generated by the 0.1 percent increase in the sales tax approved by voters in 1999 and reauthorized in 2008. The funds are to be used for the purchase of state trust lands for the Sonoran Desert Preserve Open Space, and the development of regional and neighborhood parks to enhance community safety and recreation.

Pay-As-You-Go Capital Projects – Capital projects whose funding comes from day-to-day city operating revenue sources.

Percent-for-Art – An ordinance that allocates up to 1 percent of the city's capital improvement budget to fund public art projects.

Personal Services – All costs related to compensating city employees including employee benefits costs such as contributions for retirement, social security, and health and industrial insurance. It also includes fees paid to elected officials, jurors, and election judges and clerks. It does not include fees for professional or other services.

Plan Six Agreements – Agreements to provide funding to accelerate the construction of the Waddell and Cliff dams, and modification of the Roosevelt and Stewart dams, for the benefit of the city of Phoenix. These benefits include the use of additional unappropriated water, controlling floods, improving the safety of existing dams, and providing new and improved recreational facilities.

PLT – See Privilege License Tax.

Preliminary Budget – A balanced budget presented to the City Council by the city manager (sometimes referred to as the City Manager's Proposed Budget) based upon an earlier Trial Budget, City Council and community feedback and/or changing economic forecasts. Any City Council changes to the Preliminary Budget are incorporated into the final adopted budget.

Primary Property Tax – A property tax levy restricted by state law and city charter that can be used to support any public expense.

Privilege License Tax (PLT) – The city of Phoenix's local sales tax, made up of more than 14 general categories.

Privilege License Tax Fees – Includes fees charged for Privilege License Tax (PLT) licenses and the annual fee per apartment unit on the rental of non-transient lodging. Fees recover the costs associated with administering an efficient and equitable system. A PLT license allows the licensee the privilege to conduct taxable business activities and to collect and remit those taxes.





Program – A group of related activities performed by one or more organizational units.

Property Tax – A levy upon each \$100 of assessed valuation of property within the city of Phoenix. Arizona has two types of property taxes. Primary property taxes support the city's General Fund and secondary property taxes pay general obligation debt.

Proposition 1 – See Public Safety Expansion Fund.

Proposition 301 – See Neighborhood Protection Fund.

Public Safety Enhancement Funds – The Public Safety Enhancement funds are used to account for a 2.0 percent increment of the 2.7 percent sales tax on utilities with franchise agreements. The Police Public Safety Enhancement Fund is dedicated to Police and Emergency Management needs and receives 62 percent of the revenues generated. The Fire Public Safety Enhancement Fund is dedicated to Fire needs and receives 38 percent of the revenues generated.

Public Safety Expansion Funds – This fund is used to account for the 0.2 percent increase in sales tax approved by Phoenix voters in 2007. The funds will be used to add 500 police personnel and 100 firefighters to the city of Phoenix. The Police Department receives 80 percent of revenues and the Fire Department receives 20 percent.

Reappropriated Funds – Funds for contracts entered in a previous fiscal year but which are still in progress.

Recoveries – Canceled prior year encumbrances.

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 property tax levy restricted by state law and city charter to the payment of debt service on bonded debt.

Self-Insurance – Self-funding of insurance losses. With the exception of airport operations, police aircraft operations, and excess general and automobile liability for losses in excess of \$7.5 million, the city is self-insured for general and automobile liability exposures.

Special Revenue Fund – A fund used to account for receipts from revenue sources that have been earmarked for specific activities and related expenditures. Examples include Arizona Highway User Revenue (AHUR) funds, which must be used for street and highway purposes, and secondary property tax, which is restricted to general-bonded debt obligations.

Sports Facilities Fund – A special revenue fund established to account for revenue raised from a designated portion of the hotel/motel tax and tax on short-term motor vehicle rentals. These funds pay the city's portion of the debt service and other expenditures related to the downtown sports arena.

State Expenditure Limit – A limitation on annual expenditures imposed by the Arizona Constitution as approved by the voters in 1980. The limitation is based upon a city's actual 1979-80 expenditures adjusted for interim growth in population and inflation. Certain expenditures may be exempt by the State Constitution or by voter action.

State-Shared Revenues – Revenues levied and collected by the state but shared with local governments each year as determined by state law. 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.

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 Property 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 is used to account for the 0.4 percent sales tax dedicated to transit approved by voters on March 14, 2000. Also included in this fund are fare box collections.

Trial Budget – Also known as the City Manager's 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 his or her Preliminary, or City Manager's 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 Base Budgeting – A process whereby a budget is developed at the program level, and starting from zero the next year's budget is estimated assuming only those costs necessary to provide the currently approved level of service. This initial estimate is referred to as the "base budget." The estimated cost for providing each program is reviewed and justified on an annual basis. The process includes the identification of potential reductions and additions, which are ranked in priority order. Presentation of the budget also is provided on a program basis.

