



**The Phoenix  
Summary Budget  
2014-15**



**City of Phoenix**





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200

June 2014





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

# City of Phoenix Council Members and District Boundaries



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



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



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



**Laura Pastor**  
602-262-7447  
council.district.4@phoenix.gov



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



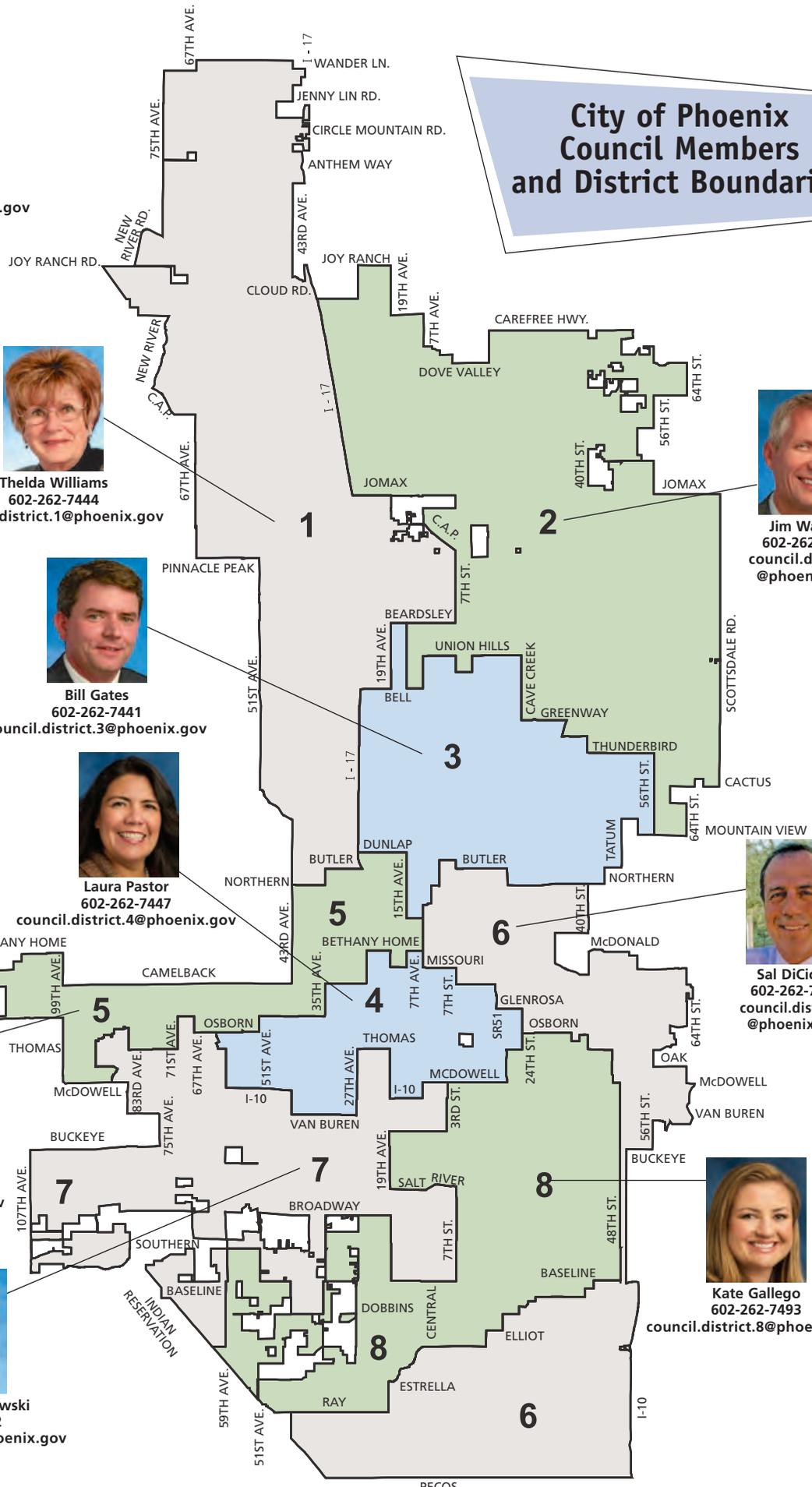
**Daniel Valenzuela**  
602-262-7446  
council.district.5@phoenix.gov



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



**Kate Gallego**  
602-262-7493  
council.district.8@phoenix.gov





# City of Phoenix

## Mayor and City Council

Greg Stanton  
Mayor

Jim Waring  
Vice Mayor  
District 2

Thelda Williams  
District 1

Bill Gates  
District 3

Laura Pastor  
District 4

Daniel Valenzuela  
District 5

Sal DiCiccio  
District 6

Michael Nowakowski  
District 7

Kate Gallego  
District 8

## Mayor's Office

Karen Peters  
Chief of Staff

## City Council Office

Penny Parrella  
Council Chief of Staff

## Management Staff

Ed Zuercher  
City Manager

Milton Dohoney  
Assistant City Manager

Rick Naimark  
Deputy City Manager

Lisa Takata  
Deputy City Manager

Paul Blue  
Deputy City Manager

Deanna Jonovich  
Deputy City Manager

Lionel Lyons  
Senior Executive Assistant to the City Manager  
Equal Opportunity Director  
Human Resources Director

Ginger Spencer  
Special Assistant to the City Manager

Tom Remes  
Government Relations Director

## Department Heads

Daniel L. Brown  
Acting City Attorney

James Burke  
Parks and Recreation  
Director

John Chan  
Phoenix Convention Center Director

Debbie Cotton  
Chief Information Officer

Ray Dovalina  
Acting Street Transportation Director

Moises Gallegos  
Acting Human Services Director

Daniel V. Garcia  
Police Chief

Bill Greene  
City Auditor

Chris Hallett  
Neighborhood Services Director

Rita Hamilton  
City Librarian

Maria Hyatt  
Acting Public Transit Director

Kara Kalkbrenner  
Acting Fire Chief

Toni Maccarone  
Public Information Director

Hank Marshall  
Acting Community and Economic  
Development Director

Karl Matzinger  
Housing Director

Cris Meyer  
City Clerk

Danny Murphy  
Aviation Director

Mario Paniagua  
Budget and Research Director

Kathryn Sorensen  
Water Services Director

Alan J. Stephenson  
Planning and Development Director

John Trujillo  
Public Works Director

Neal Young  
Chief Financial Officer

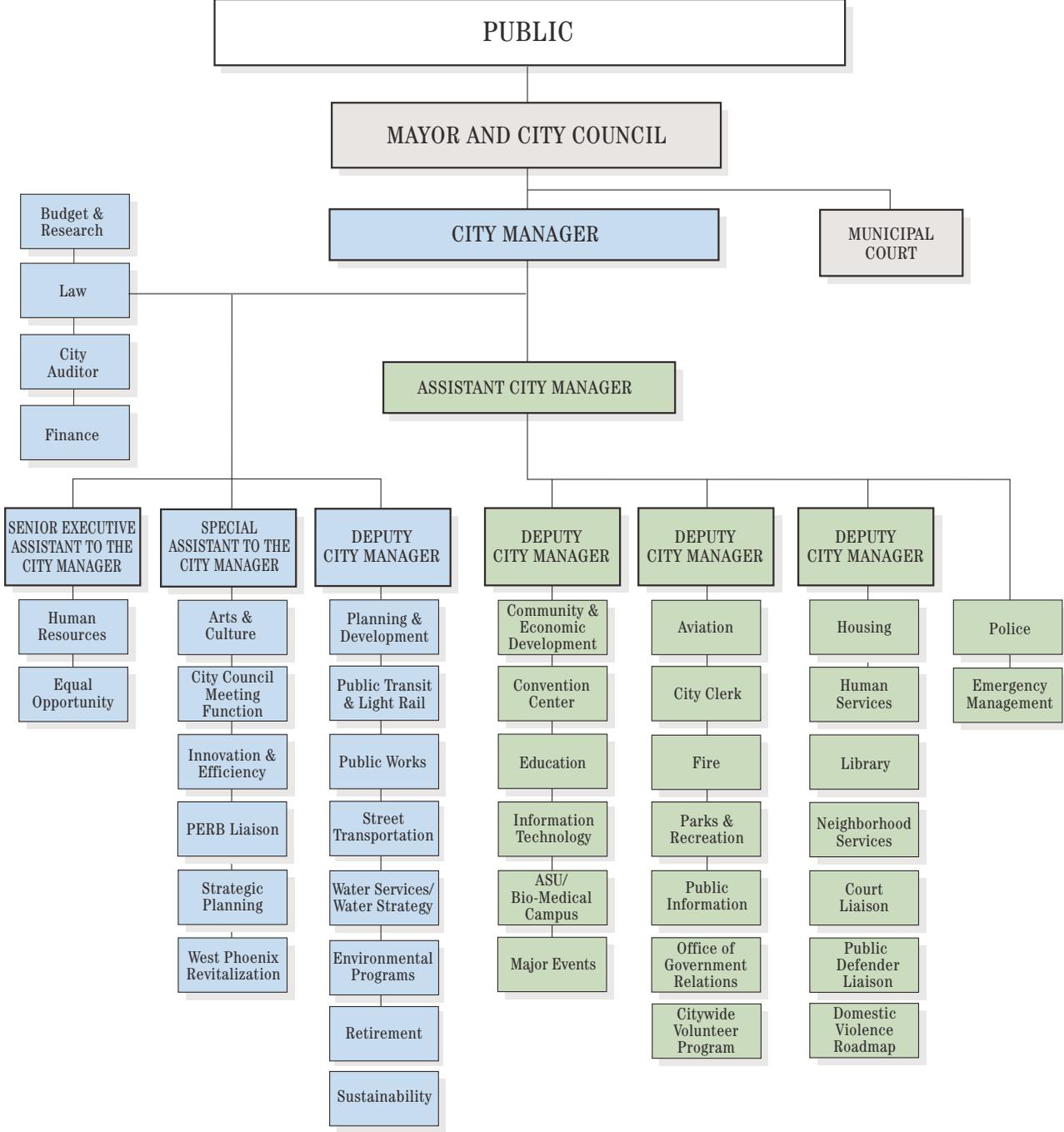
## Chief Presiding Judge

Roxanne K. Song Ong





# City of Phoenix Organizational Chart







# 2014-15 Summary Budget Table of Contents

<b>BUDGET DOCUMENT OVERVIEW</b> .....	1	Retirement Systems.....	94
<b>DISTINGUISHED BUDGET PRESENTATION AWARD</b> .....	3	Law .....	95
<b>CITY MANAGER'S BUDGET MESSAGE</b> .....	5	Information Technology.....	96
<b>STRATEGIC PLANNING AND COMMUNITY INVOLVEMENT</b> ...9		City Clerk and Elections.....	97
<b>PHOENIX STRATEGIC PLAN</b> .....	10.a-10.n	Finance .....	98
<b>STRATEGIC PLAN 2013-14 MAJOR ACCOMPLISHMENTS</b> .....11		Budget and Research .....	99
<b>OUR COMMITMENT TO EXCELLENCE</b> .....	15	<b>Public Safety</b>	
<b>COMMUNITY PROFILE AND TRENDS</b> .....	23	Police.....	101
<b>BUDGET OVERVIEW</b>		Fire .....	103
Resource and Expenditure Summary.....	27	Homeland and Security Emergency Management.....	104
Financial Organization Chart – Operating Budget.....	32	<b>Criminal Justice</b>	
Services to the Community.....	35	Municipal Court.....	107
Budget Process, Council Review and Input, Public Hearings and Budget Adoption.....	53	Public Defender .....	108
General Budget and Financial Policies.....	59	<b>Transportation</b>	
<b>REVENUE OVERVIEW</b>		Street Transportation.....	111
Revenue Estimates.....	67	Aviation .....	113
General Funds.....	69	Public Transit.....	114
Special Revenue Funds.....	79	<b>Community Development</b>	
Enterprise Funds.....	83	Planning and Development .....	117
<b>DEPARTMENT PROGRAM SUMMARIES</b>		Housing.....	119
<b>General Government</b>		Community and Economic Development.....	120
Mayor.....	87	Neighborhood Services.....	121
City Council.....	88	<b>Community Enrichment</b>	
City Manager .....	89	Parks and Recreation.....	125
Regional Wireless Cooperative (RWC) .....	89	Library.....	127
Government Relations.....	90	Phoenix Convention Center.....	128
Public Information.....	90	Human Services.....	129
City Auditor .....	91	Phoenix Office of Arts and Culture.....	130
Equal Opportunity .....	92	<b>Environmental Services</b>	
Human Resources.....	93	Water Services.....	133
Phoenix Employment Relations Board.....	94	Solid Waste Management.....	135
		Public Works.....	136
		Environmental Programs.....	137





<b>Contingencies</b> .....	139
<b>Debt Service</b> .....	141
<b>CAPITAL IMPROVEMENT PROGRAM</b>	
Overview of Capital Improvement Program Process.....	145
2014-19 Capital Improvement Program Highlights .....	151
Financial Organization Chart –	
2014-15 Capital Improvement Program .....	161
Operating Costs for New Capital Facilities.....	163

**SUMMARY SCHEDULES**

1. Resources and Expenditures by Fund	
2012-13 Actual.....	169
2013-14 Estimate .....	170
2014-15 Budget.....	171
2. Revenues by Major Source.....	172
3. Expenditures by Department .....	174
4. Expenditures by Department by Source of Funds.....	176
5. Debt Service Expenditures by Program, Source of Funds and Type of Expenditure.....	178
6. Capital Improvement Program Financed From Operating Funds.....	180
7. Net Interfund Transfers to the General Fund.....	181
8. Positions by Department .....	183
<b>GLOSSARY</b> .....	185







Phoenix City Hall





## Budget Document Overview

This overview outlines the 2014-15 Annual Budget. This budget document can be accessed at [phoenix.gov/budget](http://phoenix.gov/budget) or 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 fiscal year 2014-15. 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 2014-19 Capital Improvement Program provides Phoenix's planned construction program by project and detailed sources of funds.

A more detailed description of the 2014-15 Phoenix Summary Budget follows.

### CITY MANAGER'S BUDGET MESSAGE

The City Manager's Budget Message provides an executive summary of the city manager's priorities and outlook for the upcoming fiscal year. These priorities reflect many months of working with the mayor and City Council, the community and city staff.

### PHOENIX STRATEGIC PLAN

This section provides the city's mission statement, complete Phoenix Strategic Plan, Strategic Plan goals and Strategic Plan major accomplishments.

### OUR COMMITMENT TO EXCELLENCE

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

### COMMUNITY PROFILE AND TRENDS

This section includes key demographic, financial and infrastructure profile measures. Estimates or projections are provided for 2013-14 and 2014-15 as well as actual results for recent and historical periods.

### 2014-15 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 2014-15 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.

### 2014-15 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 2014-19 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, 2013**

Executive Director

**T**he 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, 2013.

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



Ed Zuercher  
City Manager

### TO THE HONORABLE MAYOR AND CITY COUNCIL:

This letter transmits the balanced fiscal year 2014-15 City of Phoenix Budget required by City Charter.

The 2014-15 Budget protects important community services while improving the city's long-term fiscal stability. Facing a \$37.7 million deficit in the General Fund, Phoenix community members made it very clear that they place the highest value on preserving services and that cuts to services were not acceptable to balance the budget. The balanced 2014-15 Budget is based on:

- Strong Mayor and Council leadership in light of difficult fiscal challenges to make tough decisions that strengthen the financial position of the city.
- Shared solutions that save city services and allow the city to hire more police officers and firefighters in 2015.
- Committed city employees who are taking additional pay concessions totaling -2.5 percent over two years, on

top of existing -1.6 percent concessions from 2010 to ensure community services continue.

- Continued efficiency improvements; with the additional \$6.5 million in efficiency actions in this budget, the city will reach approximately \$97 million in efficiency savings since 2010.
- An increase of about 1 percent to General Fund revenue reflecting community comments and a willingness to pay a little more in taxes or fees rather than reduce services.
- Important investment in technology and capital needs that help keep the city running efficiently.
- Transparency and community involvement with more than 20 budget hearings.

### Community Budget Process

The 2014-15 City Manager's Trial Budget was presented in March 2014 and provided a draft balanced budget that addressed a \$37.7 million General Fund deficit with \$6.5 million in additional efficiencies, \$1.9 million in deferral of vehicles, and \$29.3 million in service reductions. Throughout the month of April, the city held more than 20 budget hearings in all areas of the city and a hearing online with the mayor. More than 1,700 comments were received from members of the community with a very clear message that city services are too valuable to lose. From the community's perspective, cutting services to balance the budget was not acceptable. As a result, the revised City Manager's Proposed Budget presented in May reflected the following changes that avoid any service cuts to the community:

- City Council approved compensation reductions for all city employees of -1.6

percent in 2014-15 and an additional -0.9 percent in 2015-16. The reductions result in total General Fund savings of approximately \$16.5 million in 2014-15 and an additional \$9.3 million in 2015-16.

- On June 18, 2014, the City Council approved additional revenue as one part of the plan to address the deficit. The 2014-15 Budget includes the addition of \$11 million in net new ongoing revenue in 2014-15, which is an increase of about 1 percent.
- A donation of \$125,000 by Grand Canyon University helped restore the Drowning Prevention and Graffiti Busters programs.
- Availability of one-time funds in the Fire Proposition 301 Fund will be used for the purchase of one replacement Fire ladder truck reducing 2014-15 General Fund expenditures by about \$1.1 million. The purchase will not affect the timing of hiring of new firefighters.
- Slowing the increase in the Contingency fund by \$400,000. This brings the Contingency to \$45.3 million, or 3.95 percent of General Fund operating costs, representing the highest ever amount and keeping the City on track to reach the 5 percent goal.
- The final phase to civilianize the Police Central Booking function will commence in September 2014 instead of July 2014, which saves \$187,000 in 2014-15.

The above actions total approximately \$29.3 million and allow the city to maintain General Fund services to the community. Services enhanced or maintained as a result of the above actions include:





Public Safety

- Hiring 15 new police officers as soon as April 2015. Due to savings in the Police Public Safety Funds from pay concessions, the timeline to begin hiring new officers to replace attrition is advanced.
- Hiring seven new firefighters in 2014-15. Due to savings in Fire Public Safety Funds from concessions, the timeline to begin hiring firefighters to replace attrition is advanced.
- Maintaining the civilian Fire Prevention, Crisis Intervention and Special Operations of the Fire Department.
- Keeping Police Central Booking open and finalizing the civilianization of this function, which will return 15 officers to patrol and investigations in 2014-15.
- Continuing current Police Air Support helicopter flight hours.

Criminal Justice

- Keeping current courtrooms open and judicial and administrative staffing levels in place for Municipal Court.
- Maintaining current Community Prosecution, victims services and legal support staff in the Prosecutor’s Office.
- Maintaining current funding levels in the Public Defender’s Office to ensure sufficient court-appointed attorneys are available.

Neighborhoods & Livability

- Keeping all Community, Neighborhood, Recreation and Youth Centers open at current hours.
- Keeping all swimming pools operating including the accessible facility at Telephone Pioneer Park and swim and dive teams continuing.
- Maintaining all current recreational activities.

- Maintaining Graffiti Busters and Neighborhood Code Enforcement Programs at current service levels.

Social Services Delivery

- Keeping all Senior Centers open at current hours and program levels.
- Maintaining current funding for homeless programs.
- Continuing closed captioning services for Channel 11.

Economic Development

- Maintaining current funding for Community and Economic Development to continue business retention and attraction efforts and enhance city’s long-term economic vitality.
- Continuing funding in Planning and Development to ensure the city is able to plan for and respond to city zoning and development activities.
- Maintaining current funding levels for the public art program and for arts and culture grants to the community.
- Continuing current funding for Small and Disadvantaged Business Enterprise programs.

Infrastructure

- Continuing current levels of maintenance and repair for city streets and traffic safety programs.
- Maintaining current funding of maintenance of city facilities through Public Works.

Technology, Innovation & Efficiency, and Financial Excellence

- Maintaining current funding to facilitate efficiency through technology, ensure important budgetary process

and fiscal controls continue, coordinate the services of city volunteers, audit programs and ensure prevention of fraud, waste, and abuse, ensure efficient management of human resources, and ensure taxes owed to the city are identified and collected.

**Five-Year General Fund Forecast**

In January 2014, 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, the General Fund faces a potential deficit for fiscal year 2015-16. This is why it was important for the city to take the unprecedented step of negotiating a second year reduction to employee compensation costs. Also, it is critical for the city to continue to find ways to reduce costs on an ongoing basis. This will be done through an internal management process called the Comprehensive Organization Review Exercise (CORE) which is underway in June 2014. The five-year forecast enabled 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 presented well in advance of the community budget process and hearings so that it could also be considered during the budget-setting process involving residents.

**Overview of 2014-15 Budget**

The 2014-15 General Fund Budget is \$1,148,840,000. This is a 1.9 percent increase from the adopted 2013-14 General Fund Budget, but is under the General Fund peak fiscal year of 2007-08 by \$50.5 million, or 4.2 percent. The fiscal year 2014-15 Budget for all funds, which includes General, Enterprise and Special Revenue Funds such as grants, and all





debt service and pay-as-you-go capital costs, is \$3,532,061,000. This is a 0.8 percent increase from the adopted 2013-14 Budget for all funds, but is under the peak fiscal year of 2008-09 for all funds by \$203.7 million, or 5.5 percent.

**Non-General Funds**

Development Services Fund: In order to meet needs for expected further increases in development activity, the Development Services fund includes the addition of 12 full-time positions to conduct civil, residential, and commercial plan reviews, inspections, and site planning. Additionally, increased contractual services are included to enhance permitting technology and online services.

Phoenix Parks and Preserves Initiative Fund (PPPI): The PPPI fund includes the addition of 4.0 part-time FTE to operate the new Cesar Chavez Dog Park, Deems Hills Dog Park, Paradise Valley Dog Park, and Carver Mountain Trailhead expansion.

Wastewater Fund: The Wastewater fund includes additional costs related to the enhanced multi-phase digestion process for wastewater treatment and for costs related to the newly converted centrifuge for wastewater treatment.

**State-Shared Revenues**

It is important to recognize that the Arizona Legislature took no action to negatively impact General Fund state-shared revenue formulas to cities and towns. In fact, a slight increase in Arizona Highway User Revenue funds will supplement our street maintenance and capital budgets.

**Conclusion**

The 2014-15 Budget is built on shared solutions to save city services. About 1 percent in added revenue combined with service efficiencies and across-the-board sacrifices of -1.6 percent by city employees mean that all services are preserved.

Although we face some short-term budget challenges, Phoenix continues to be a diverse, dynamic and desirable city. Fiscal year 2014-15 will bring some exciting events to Phoenix, such as the WNBA All-Star Game and Super Bowl XLIX featuring downtown Phoenix and our resorts as centers of activity. Companies continue to find Phoenix an inviting place to do business and residents rate Phoenix as a desirable place to live. Notably this year, Phoenix received a perfect score in the Municipal Equality Index published by the Human Rights Campaign Foundation. The services provided by city employees play an important role in maintaining a high quality of life in Phoenix.

I want to thank the mayor and City Council for their leadership during the entire process, ensuring community input. I want to thank the public for supporting the services provided by the city and being willing to participate in the shared solutions to balance the budget. I also want to recognize the outstanding work of city staff to be more efficient and the contribution of city employees and labor units to take compensation sacrifices in order to continue the focus on our budget priority: providing outstanding services to the residents of Phoenix.

Ed Zuercher  
City Manager







## Strategic Planning and Community Involvement

The Phoenix Strategic Plan was adopted in the spring of 2011 and was included in the Summary Budget Book for 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.

For the first time for fiscal year 2013-14, the city's Zero-based 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 2013







# 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](http://phoenix.gov/strategicplan) or send an email to [strategicplan@phoenix.gov](mailto: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. Hire a consultant to assist with the development of a strategic plan.
- b. Analyze current environment.
- c. Assess competitive position.
- d. Assess competitor best practices.
- e. Assess current targeted sectors.
- f. Identify potential target sectors.
- g. Create a strategy fit to Phoenix.
- h. Focus on industry sectors with greatest potential for wealth generation.
- i. Work with consultant to identify business targets for which the department will focus its retention and attraction efforts.

**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. Significantly increase visitations to existing businesses to increase pipe line leads by implementing a strategy to visit the Top 100 employers in Phoenix.

- b. Collaborate with outside organizations to increase the city's capacity/quality of services.
- c. Partner with nonprofit or private organizations to provide technical assistance to micro-enterprises and small businesses through the Economic Development Open Application.
- d. Facilitate the retention and expansion of wealth generating business.

### 3. Targeted Neighborhood Revitalization.

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. Assist property owners of multi-family housing units through the rental rehabilitation program to stabilize and physically improve affordable housing stock in target areas.
- b. Assist eligible homeowners with health and safety or blighting property conditions that pose an immediate threat to the homeowner or neighborhood through owner occupied rehab programs. Total properties brought into Neighborhood Preservation Code Compliance.
- c. Enforce the city's Neighborhood Preservation Ordinance in targeted areas (Strategic Code Enforcement) by working with residents to enforce property maintenance, zoning and other ordinances affecting building, lot appearance and safety citywide.
- d. Foster neighborhood stability for communities hit hard by foreclosures through the Neighborhood Stabilization Program.
- e. Provide funds to nonprofit organizations for housing rehabilitation, blight elimination, infill and acquisition/rehab/resale through the Neighborhood Revitalization Open Application.
- f. Provide homeownership counseling and assistance through the Housing Counseling Open Application to help low income families purchase housing, and for intervention/delinquency prevention.





- g. Support and develop single family housing through Neighborhood Services Department's Infill Housing Program.
- h. Commercial Rehab (Storefront)

**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. Attract new companies in high growth sectors.

**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. Leverage our existing assets to increase economic development opportunities in Phoenix.
- b. Integrate Workforce Development staff into economic development teams in order to connect employers and job applicants.
- c. Refocus Community and Economic Development (CED) staff by investing in a training program for CED staff to develop them as economic development practitioners.
- d. Between August and May of each year, conduct 50, 1 to 1 1/2 hour workshops at College Depot, on up to 10 popular topics related to educational options, preparation and financing (of which 12 workshops are Spanish-only), to more than 800 participants.

**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. Provide comprehensive child development and social services to pregnant women and families with children age birth to five years.

- b. Connect families with community resources to provide preventative and continuous health care.
- c. Develop and implement a comprehensive Parent, Family and Community Engagement Program.
- d. Assist staff to develop and implement an individualized professional development plan to increase skills and knowledge.
- e. Partner with nonprofits or private organizations seeking funding for youth services and child care through the citywide Public Service Request for Proposals (RFP).

**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. Ensure that at least 75 percent of College Depot workshops are delivered at defined capacity and that they are marketed broadly to Phoenix youth and their families through dissemination of monthly workshop announcements to a list-serve of more than 3,000 entries, as well as monthly press releases, social media and presence at large scale community events.
- b. Accept up to 10 invitations in defined recruitment areas, annually, to conduct select "signature Depot workshops" at schools, community organizations or events serving low-income, first-generation Phoenix youth.
- c. Achieve an overall participant rating on the workshop evaluation questionnaire of at least a 4 (on a scale of 1.00 to 5.00) to the question: This workshop provided me with the knowledge needed to take the next step on my journey toward enrollment in postsecondary education.
- d. Prepare and disseminate two digital newsletters, one each fall and spring, to counselors and/or identified contacts at each high school (16) in the Phoenix Union High School District (PUHSD), ensuring the inclusion of age-appropriate college preparation information. In fiscal year 2012, build in contacts for each of the PUHSD feeder district middle schools (79).

- e. Between June and July of each year, conduct four college planning summer camps (four days each) geared toward 10th-12th graders and three programs geared toward 7th-9th graders (1/2 day each) at College Depot, to a least 110 participants.
- f. Provide the dedicated space, computer technology, equipment and information materials for at least 4,500 people to visit College Depot at the Burton Barr Central Library, annually. Serve as a college resource center, open to the public 48 hours per week, including evenings and weekends. Students have access to 10 computers, printer, scanner, fax machine and copier for college planning purposes. The center maintains access to up-to-date college planning materials and information. The center will serve more than 4,500 visitors per year.
- g. Expand capacity of College Depot to meet individuals' needs for college planning resources, especially resources to pay for college, by maintaining a website that attracts more than 6,000 unique visitors annually, and includes a rotating list of more than 250 scholarships.
- h. Provide targeted schools and community organizations the opportunity to bring their students on a field trip to College Depot by hosting 15 college planning workshops for groups of up to 35 middle or high school students throughout the school year.
- i. Provide expertise in English and Spanish (through college access trained staff) for at least 1,000 people visiting College Depot annually, to obtain the information, professional support and hands-on-assistance needed to further their postsecondary educational interests and goals.
- j. Provide mentorship and in-depth college planning support through summer camp, workshops and individual assistance to 18 underserved high school seniors in the Journey to College Success cohort, annually, with an 85 percent college entrance rate.
- k. Provide in-depth college planning support to 25 high school students enrolled in the College Depot/Student Expedition Program (STEP) cohort, through nine workshops, annually.





- l. Expand the Tomorrow's Involved Leaders Today (TILT) student leadership program to empower youth through community service to become the next generation of leaders.
- m. Develop a comprehensive marketing and outreach plan for the city's Outstanding Young Man/Young Woman of the Year program.
- n. Advise city leadership and increase public awareness on important youth and education related issues through the Phoenix Youth and Education Commission.
- o. Partner with nonprofits or private organizations seeking funding for enrichment programs for youth through the citywide Public Service RFP.

## 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 contingency fund balance of at least five 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. Update 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. Enhance the five-year capital planning process that prioritizes the evaluation of existing facilities and infrastructure, for use of available funds, and considers repair and/or replacement
- b. Identify and evaluate alternative approaches to Finance Department 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 (Distinguished Budget Presentation Award) and financial reporting (Certificate of Achievement for Excellence in Financial Report) 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 existing neighborhoods and new residential and commercial development, including retrofitting existing areas with healthy streetscapes, to reduce congestion, improve air quality, reuse materials, leverage new technology, encourage infill development, create livable neighborhoods, and promote growth.
- b. Maintain existing streets and associated assets in a state of good repair so they are clean, safe and aesthetically pleasing for all users.
- c. Invest resources and technology to extend the service life of existing infrastructure, protect the city's investment and support a quality-of-life standard.
- d. 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





- e. sense of security to encourage increased use of public transit.
- e. 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.
- f. 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.
- g. Improve reliability and accuracy of as-built documentation through new technology to increase safety and reduce utility locating and relocation costs.
- h. 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. Create and maintain 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.
- b. Coordinate with partners on sustainable funding mechanisms to support present and future infrastructure improvements to the freeway system.
- c. Maintain local access to city owned and operated aviation facilities and expand the national and international destinations its airlines serve.
- d. Continue to improve and enhance or expand internal airport transportation systems.

- e. 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.
- f. 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.
- g. 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.
- e. Create 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.
- d. Right-size the fleet to ensure proper utilization and replacement standards, thereby providing efficient citywide services.





## INNOVATION AND EFFICIENCY

The city of Phoenix must further enhance its commitment to developing new and creative service delivery methods to provide services to residents. The recent economic climate challenges the city to do more with less, while maintaining high-quality public services. The city also must 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.
- 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 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. Recruit, select and assign a creative and diverse Innovation Team of multi-departmental staff with wide-ranging skills and experience that explores creative solutions, evaluates business processes, identifies improvements, and investigates right sourcing opportunities.
- c. Utilize technology and a standard business process evaluation approach to achieve optimal efficiency and streamlined systems in providing top quality services.
- d. Invest resources necessary to carry out innovation and efficiency strategies and objectives.
- e. Continue to evaluate and right source 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; develop opportunities, implement changes and provide incentives for department directors, managers, and staff to collaborate to 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. Utilize new technologies and social media to reach employees and the public.

**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**

- a. Conduct a study of current industry and professional pay levels and compensation practices by benchmarking other organizations.
- b. Explore alternate pay and benefit options.
- c. 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**

- a. Analyze and evaluate employee and retiree health care benefit options.
- b. Create citywide programs focusing on increasing employees' capacity to manage their own wellness and health care.
- c. Recommend technology uses for greater access to current credible data to make informed decisions and improve work responsiveness.
- d. 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**

- a. 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.
- b. Promote more interdepartmental communication to increase consistency of messages, ensure faster decision making, empowerment, effectiveness and accountability.
- c. 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.
- d. Use new technologies, such as Facebook, Twitter and other social media, to reach employees and the public.
- e. 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**

- a. Analyze and develop a reward and recognition program that supports the organization's goal to attract and retain top talent.
- b. Establish methods for capturing organizational knowledge and expertise through workforce planning efforts.
- c. 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.
- 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. Provide emergency assistance; including utility rental and emergency food services within a case management service delivery model to stabilize crisis situations.
- b. Provide comprehensive advocacy; case management and counseling services to victims of domestic and sexual violence; homicide and other violent crimes.
- c. Provide funding for transitional and emergency shelter services to community agencies serving women; children; elderly persons and runaway youth.
- d. Provide funding for emergency shelter services to Central Arizona Shelter Services (CASS) serving homeless men and women.
- e. Provide emergency shelter services to homeless single women and families with minor children at the Watkins Emergency Shelter

- f. Provide funding for shelter and supportive services persons who are intoxicated in public.
- g. To mitigate the impact of the recent approval of the two percent food tax; on March 2, 2010; the Phoenix City Council approved a budget plan that would provide \$250,000 of General Funds to establish partnerships with local food banks serving Phoenix residents.
- h. Assist persons facing homelessness forced to evacuate unsafe and unsanitary housing units resulting from code enforcement or other city action
- i. Develop a system that allows Head Start Delegate Agencies and city of Phoenix to share real time data to improve communication and service delivery.
- j. The Family Advocacy Center (FAC) will partner with the ASU Ruth V. McGregor Family Protection Clinic to provide wrap around services to victims of domestic violence and sexual assault.
- k. Request proposals from nonprofit organizations seeking funding for youth services; child care; support services to elderly; disabled and neighborhood revitalization.
- l. Redesign and automate the Service Delivery Model utilized by the Senior Centers to streamline and enhance operations.
- m. The Human Services Department will receive and review Homeless Emergency Assistance and Rapid Transition to Housing (HEARTH) guidelines to determine revised scope of work and implementation standards for HEARTH funded housing programs.
- b. Nonprofit/private organizations providing technical assistance to microenterprise and small business through the Economic Development Open Application.
- c. Provide congregate meals; social services; recreational and social opportunities to seniors and eligible disabled persons in city Senior Centers
- d. Provide a nutritionally balanced meal; welfare check and referral linkages to services to help maintain independence for homebound seniors.
- e. Develop and implement a plan to engage community resources in preparing Head Start and Early Head Start children and families for school.
- f. 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.
- g. Develop and implement a Return on Investment (ROI) methodology for social services to improve program outcome and impact assessments.
- h. Develop and implement a plan to engage community resources in preparing children and families for school.
- i. Develop and implement plan to improve a child's readiness for school
- j. Develop a HSD homelessness prevention program that reflects HEARTH guidelines.
- k. Develop a comprehensive parenting and child care center as part of the HOPE VI Frank Luke Addition redevelopment project.

#### 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. Develop an employment initiatives consisting of formalized partnerships with various employment service providers creating job opportunities for families including programs mandated by HEARTH.
- l. Maximize the resources attached to Special Needs voucher programs (HOPWA; Mainstream; Bridge Subsidy and SRO) by placing eligible persons into housing.
- m. Assist eligible homeowners with health and safety or blighting property conditions that pose an immediate threat to the homeowner or neighborhood through owner occupied rehab programs.
- n. Foster neighborhood stability for communities hit hard by foreclosures.
- o. Provide grant assistance to weatherize homes and reduce energy consumption.
- p. Provide grant assistance to weatherize homes and reduce energy consumption.





- q. Assist property owners of multi-family housing units through the rental rehabilitation program to stabilize and physically improve affordable housing stock in target areas.
- r. Provide funds to nonprofit organizations for housing rehabilitation; blight elimination; infill and acquisition/rehab/resale.
- s. Provide homeownership counseling and assistance through the Housing Counseling Open Application to help low income families purchase housing; and for intervention/delinquency prevention.
- t. Provide grant assistance to control lead and health hazards in residential housing.

**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. Assist Open Table in developing a return on investment (ROI) marketing plan to promote Open Tables and encourage continued congregation participation.
- b. Facilitate partnerships with and between internal and external organizations which provide quality of life services to community residents.
- c. Continue to evaluate and right source services to maximize efficiency while maintaining the highest quality public services.
- d. Implement a system to meet Head Start classroom assessments and remediation plans related to the ECERS using a tablet-based system including a Web-based database and a standalone mode.
- e. Rollout department case management system (CMS) to Head Start delegate agencies to reduce duplicate systems and ensure staff and partners have access to up to date child information.
- f. Implement CMS at Senior Centers to track meals and activities. The scope includes self-service kiosk for the center participants.

- g. Expand Head Start database to support Performance Standards Monitoring for the following areas: Early childhood development and health services; Program design and management; and Family and community partnerships.
- h. Create and implement a recognition program to regularly acknowledge excellent customer service by employees and volunteers.
- i. The Human Services will develop a comprehensive and coordinated strategic plan and budget aligning all programs and services with the citywide strategic plan and budget policies to maximize the impact within the community's social services sector.
- j. Coordinate community education programs, capacity building activities, and neighborhood organization support.

**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 State Route 85 Landfill property.
- b. Implement small or distributed scale solar projects on city-owned buildings and property.
- c. Implement 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. Employees 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. Focus on organization-wide applications, using right-sourcing and managed services where appropriate.
- b. 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.
- c. Partner with city departments to conserve and redeploy resources while providing services supporting multiple city lines of business.

**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. Create a technology foundation to support web- enabled government services.
- b. Identify common transactions and customer services within departmental business processes that can reasonably be developed into web-enabled services.
- c. Investigate strategies to assist internal and external customers with access to data and web-based services at outlying city facilities.





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

**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. Collaborate with city security authorities to ensure a unified security and privacy framework.
- c. 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 2013-14 Major Accomplishments

## Mission Statement

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

### ECONOMIC DEVELOPMENT AND EDUCATION

1. Co-located the county permitting functions at City Hall to streamline the development process. By placing a Maricopa County Service Counter within Phoenix City Hall, this one-stop-shop allows business owners to obtain their permitting in one central location providing seamless and more efficient service.
2. Launched the Electronic Plan Review, an online building plan submittal, review and payment program, to streamline the building plan review process. The streamlined process allows for several cost and time-saving efficiencies including eliminating large and costly paper versions of building plans; allowing designers to submit plans 24 hours a day, seven days a week from the convenience of their office; allowing online payment for plan review and permits; allowing simultaneous review of plans by all city professional and trade disciplines; and providing the customer a complete list of corrections with electronic links to the page location.
3. Reduced the turnaround time for 90 percent of all site plan reviews to five days or less. The scope of work may include projects with minimal neighborhood impact, building additions, exterior remodels, adaptive reuse, site improvements, and wireless communication facilities. The remaining 10 percent are not eligible because they are too complex and require more time, such as high rises, large subdivisions, hillside and historic preservation projects.
4. Officially opened the Phoenix Business and Workforce Development Center. The new business center, conveniently located downtown, serves as a critical resource to facilitate recruitment and training for Phoenix employers. Most services offered at the center are at no-cost to businesses and include: talent acquisition strategies, training and development and business solutions

including employer seminars and space for business and workforce development events. The 12,500-square-foot center with classroom style training rooms and a computer lab will be a primary resource for businesses to locate, expand and grow in the city of Phoenix.

5. Modified procedures, forms and informational materials to enhance the transparency and efficiency of several regulated business license application and review processes. In addition, License Services initiated changes to city licensing regulations and operations, including reduced fees for certain license types, in response to community and industry feedback.

### FINANCIAL EXCELLENCE

1. Provided an enhanced Zero-Based Budgeting (ZBB) Inventory of Programs adding a department overview, revenue information, and tied each program to the Strategic Plan as well as presented the second straight five-year General Fund forecast, a financial best practice allowing Council, management and the community to conduct long-term budget planning.
2. Identified and obtained numerous water efficiency savings this past year, enabling a net-zero water and sewer rate increase for the past two years. To date, the Water Services Department continues to take every opportunity to find and implement efficiencies to maintain some of the lowest water and sewer rates in the country.

### INFRASTRUCTURE

1. Restarted the Northwest Extension Rail project, a 3.2 mile project to extend light rail on 19th Avenue from Bethany Home Road to Dunlap. Community outreach has been critical and weekly construction updates, specialized notifications for road closures and utility interruptions, and business assistance programs were conducted. The project is on schedule with an expected operational start date of 2016.

2. Opened the PHX Sky Train®, providing a faster and more efficient way for customers to travel between the 44th St. Light Rail Station, East Economy Lot, and Terminal 4. Trains arrive at the stations approximately every three minutes, and passengers are delivered to their destinations within five minutes of boarding. More than two million passengers and airport employees used the PHX Sky Train® in 2013.
3. Added a number of new customer amenities to the Phoenix Sky Harbor International Airport at the 44th Street Sky Train Station, the East Economy lot, and in the terminal facilities, including boarding pass kiosks; early bag check; cell phone waiting lot, drop off and pick-up curbs, and four-hour parking meters at 44th Street Station; family friendly and Americans with Disabilities Act (ADA) parking at East Economy lot; pet parks and charging stations.

### INNOVATION AND EFFICIENCY

1. Implemented a cost savings and customer service efficiency to outsource the Reserve-A-Ride Program, a transportation service that supports the 15 city of Phoenix senior centers. Participants using the Senior Center Shuttle Program are able to schedule trips to and from the senior center directly with a participating taxi company or group trips between a senior center and the service provider.
2. Conducted a procurement process to select parking meter vendors to provide new parking meter technologies that included a credit card payment option for Phase I of the city's on-street parking meter upgrade. Phase I completed the installation of approximately 600 parking spaces in the downtown core, uptown (north of McDowell Road) and Phoenix College areas.
3. Completed project to place the City's checkbook online for public access to increase transparency of city spending.





4. Transformed the City Hall assembly rooms into the new City Council subcommittee rooms, where more than 60 City Council subcommittee meetings are now carried live on PHX11 and streamed live on phoenix.gov and Facebook.
5. Implemented an online campaign finance database system allowing political committees to enter contribution and expenditure data online and file campaign finance reports electronically. The system also improves transparency by permitting the public to search for contribution and expenditure information within the reports.

### NEIGHBORHOODS AND LIVABILITY

1. Launched the Neighborhood College program that includes two civic engagement tracts for residents: Navigate Phoenix which 250 residents have taken advantage of the educational classes offered; and Neighborhoodology, a more in-depth, hands-on training for the more established neighborhood organizations, in which four neighborhood associations participated in the Spring semester.
2. Implemented the GRID Bike Share pilot program. Bike Share is self-service automated system of bike rental that encourages bicycle use as an environmentally-friendly and congestion-reducing transportation option. Street Transportation initiated the program by inviting a vendor through the Request for Proposal process to provide these services at no cost to the city.
3. Received \$385,000 in U.S. Department of Housing and Urban Development (HUD) and Community Development Block Grant (CDBG) funding to educate the public on and enforce federal fair housing laws. Staff conducted 25 educational fair housing workshops, including five with the nonprofit Southwest Fair Housing Council, reaching more than 25,600 residents as well as held 20 training seminars on supervisory practices, equal employment, and the ADA for more than 300 city employees.

### PHOENIX TEAM

1. Implemented the Visual Eating and Exercise Program (VEEP) as part of the city's comprehensive wellness program to assist employees with eating healthy and losing weight. VEEP is a unique online program that helps users understand, visually, how foods work together to provide energy and nutrition, and how to judge portion sizes. More than 700 employees and dependents used VEEP to improve their nutrition, and, as a group, lost more than 4,300 pounds. This accomplishment supports the following top three employee health risks: weight, hypertension and high cholesterol.
2. Introduced the concept of Onsite Health Coaching program. Health coaches, provided by the Wellness Council of Arizona, work with employees at the worksite on specific health improvement goals, such as nutrition, fitness, weight loss, stress management, and coping with health risks such as diabetes, high blood pressure, and high cholesterol.

### PUBLIC SAFETY

1. Total Uniform Crime Reporting (UCR) Part One Crime in 2013 was 8 percent lower than the average of the previous five years, and 22 percent lower than the average of the previous 10 years. UCR Total Part One Crime includes both violent and property crime (homicide, rape, robbery, aggravated assault, burglary, theft/larceny, motor vehicle theft and arson). In 2013, the number of motor vehicle thefts reported in Phoenix was the lowest since 1987 (26 years). In addition, in 2013, property crime in Phoenix was the lowest reported since 1982 (30+ years), based on total UCR Part One Property crimes, which include burglary, theft/larceny, motor vehicle theft and arson.
2. The Fire Department received \$8,019,000 in Staffing for Adequate Fire and Emergency Response (SAFER) grant funding that will be used to pay salary and benefit costs for 42 firefighters for two years and helps sustain 2010 SAFER grant funding. The SAFER grant program was created by

Congress to help address significant staffing levels and is funded by the Federal Emergency Management Agency (FEMA). Currently, 98 firefighters have been hired through SAFER grant funding to serve the emergency needs of the residents of Phoenix.

3. Adopted a plan to add \$200,000 for domestic violence assistance and developed a citywide initiative to address domestic violence. A taskforce of more than 50 community leaders drafted the two-tiered plan consisting of: (1) a community campaign, which demonstrates the city's leadership in ending domestic violence and reaches out to the private sector and the community at large to join this effort; and (2) a series of short, medium and long term actions outlined in a strategic work plan entitled "A Roadmap to Excellence - Making the City of Phoenix a National Leader in Preventing and Addressing Domestic Violence."
4. Implemented a Veterans Court, which focuses on evidence-based best practices to provide long-term solutions to issues facing veterans in the criminal justice system. The target population consists of defendants who served in the United States Armed Forces who are experiencing treatable behavioral issues such as post-traumatic stress (PTS), traumatic brain injury (TBI), anger management, domestic violence, or substance and alcohol abuse. Approximately 250 veterans participated in the Veterans Court; several of them in in-patient treatment that has helped them address issues that they had not been able to address before.
5. Implemented dockets dedicated to handling cases involving mental competency issues. The consolidation of mental health competency cases into specialized dockets has resulted in demonstrable efficiencies. With an emphasis on early detection of cases involving competency issues, many defendants are able to begin the process at an earlier point in time and some court appearances are no longer necessary.





## SOCIAL SERVICE DELIVERY

1. Implemented innovative programs and realignment of services to effectively address homelessness targeting chronically homeless families and individuals, homeless veterans, and homeless youth. The departments issued a joint Request For Proposals (RFP) which included housing subsidy vouchers and funding for outreach and wrap-around services. In providing vouchers through an RFP, the Housing Department sought to match vouchers with providers of housing to chronically or underserved homeless populations. Seven non-profit organizations were awarded a total of 120 housing vouchers.
2. Opened a new 60-unit development, Aeroterra Senior Village public housing site to serve low income seniors and people with disabilities and consists of a single three-story building with a variety of amenities for residents. The non-smoking multifamily community incorporates sustainable design concepts and encourages health and wellness strategies.

## SUSTAINABILITY

1. Implemented a Compressed Natural Gas (CNG) infrastructure and equipment replacement project, in an effort to reduce rising fuel costs and reduce its carbon footprint. Natural gas has a lower carbon content and lower fuel cost when compared to diesel fuel. In fiscal year 2012-13, 27 CNG garbage/recycling collection vehicles replaced existing diesel fueled vehicles. Additionally, three service centers installed CNG filling stations for current and future CNG fleet. The goal is to replace the department's entire fleet of diesel fueled collection vehicles with CNG vehicles. Estimated fuel cost savings are \$700 a month per CNG truck.
2. Conducted analysis to identify the most cost-effective and efficient alternative fuel options for the bus fleet and to assist with developing a long-term fuel strategy. The conclusions of the analysis indicated that modern natural gas buses had the absolute lowest total cost over

the life of the vehicle and are environmentally preferred, as compared to other alternative fueled and advanced technology vehicles. In response, the city purchased 120 new compressed natural gas buses providing a clean, domestic, highly cost-effective alternative to its diesel counterparts.

3. Implemented the Green Organics pilot program, a green waste curbside collection service in strategic areas throughout the city. The voluntary service offers residents a tan colored collection bin to dispose of green organic items, such as vegetation and lawn clippings, as part of their regularly scheduled solid waste collection service. The diversion of green waste not only yields the environmental benefit of saving landfill space but also reduces operational costs. Staff projects to collect 10,000 tons of green organics with a \$120,000 savings in landfill transportation fees by the end of 2013. The projections for 2014 estimate the city will achieve \$180,000 savings in landfill transportation fees by diverting 15,000 tons.
4. Installed a 7.5-megawatt high efficiency solar power system at the city of Phoenix's Lake Pleasant Water Treatment Plant, which generates 70 percent of the plant's electrical power needs. A total of 22,936 solar panels are being used to save approximately 15 million kilowatt-hours (kWh) each year. This solar project is the largest such installation on city property.

## TECHNOLOGY

1. Implemented a strategy of virtualization and consolidation of servers, storage, and data centers. These efforts resulted in over \$2.2 million dollars in cost avoidance to date. Using 2006 Bond funds, leased data center space was out-fitted with a virtualized server and storage environment, providing redundancy and eliminating duplicate technologies in the city. In addition to the consolidation of data center space, new virtualization technologies allow multiple physical servers to be consolidated onto one virtual server. Information Technology Services

currently hosts between 17 to 28 business applications on one physical server, saving the cost of individual servers, as well as expensive data center space and utilities. There are currently 377 applications virtualized in the new environment, which have saved the city \$1.85 million on servers, \$250,000 on server cabinets, \$100,000 per year on electricity, and \$60,000 in cooling.

2. Replaced the switchboard with an Interactive Voice Response (IVR) system to accept and route calls. The top call types were programmed as the first selection in the IVR. Callers who opt out of the system during normal work hours are still able to speak to city staff trained to receive calls. So far, only 9 percent of callers have chosen to speak to an individual rather than route their call through the system. Replacing the switchboard with the new system will result in approximately \$250,000 in savings per year.
3. Improved the interface and search functionality of the Public Records Search webpage. The improvements provide users more flexibility and control in searching for specific types of documents. Also, even with significant staffing shortages, staff completed a project to ensure that posting of contracts to the internet is current.





**Highest S&P  
Credit Rating  
of 6 Largest  
U.S. Cities**

**STRONG CREDIT RATING**  
**AA+**  
**STABLE OUTLOOK**

In 2014, Standard & Poor's and Moody's affirmed the city's strong credit rating at AA+ (S&P) and Aa1 (Moody's), with a stable outlook. Phoenix's credit rating remains the highest of the six largest U.S. cities.





## Our Commitment To Excellence

Phoenix continues the pursuit of excellence throughout the organization. Delivering quality, efficient, and 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 most 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.

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.

The City Innovation and Efficiency Task Force was developed in 2010 to 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; it was charged with examining alternative service delivery methods, identifying organizational structure efficiencies, evaluating right sourcing 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 have been proposed by employees through a website suggestion program.

By fiscal year 2013-14, the city had achieved more than \$90.7 million in savings. The 2014-15 budget reflects an additional \$6.5 million in efficiency savings, taking the savings to approximately \$97 million and advancing the city closer to its goal of \$100 million by 2015. In its fourth year, the task force refocused its work groups and continued to work closely with city departments and staff to research and explore solutions to continue to improve efficiency which included:

- The sale of excess city-owned property
- Phoenix.gov refresh project
- Municipal Court efficiencies
- Consolidated citywide IT helpdesk project
- E-Banking services (allows customers to make payments or access account information anytime from any computer)
- 24/7 Initiative (providing services 24 hours per day, 7 days a week)
- Parks and Recreation Department water efficiencies

The city continues to enhance access to services through the 24/7 Initiative. Phoenix is committed to becoming a city that offers even more key services, day and night. The Phoenix 24/7 project team is continuously identifying what services could be offered at any time of day to better serve businesses and residents. Services provided today and proposed enhancements to 24/7 include:

- Online construction permitting

- Interactive upgrades to online Parks and Recreation information
- Interactive voice recognition for licensing information via phone

New proposed 24/7 services include:

- Online submission of regulated business licenses applications
- Lobbyist online registration and database
- Online site/civil/building plan submittal (electronic plan review)
- Development fee online payments
- Video conferencing for long distance development teams
- Online posting of Street Transportation design standards
- Utility permit application, payment, and plan submittal webpage
- Online revocable permit application, payment, and associated submittals
- Dynamic online information on street transportation projects
- Online submittal of design and construction procurement documents
- Emergency building Inspections

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 non-profit organization dedicated to state and local government transparency, with a 2013 Sunny Award for exceeding transparency standards for the content it provides to residents at phoenix.gov. Phoenix has won this award four years in a row, and is one of only 247 jurisdictions to





be recognized out of 1,000 qualifying websites reviewed.

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 is related to wages and benefits?
- What programs and services are provided by the city?
- How much do these programs cost?
- How many city staff are involved in delivering these programs?
- What sources of funding are used to pay for these programs?
- What services are provided by these programs and how are they being measured?

Also, in January, staff provided the preliminary budget status for the 2014-15 budget, and a Five-Year General Fund Forecast. In February, staff presented an 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. Other transparency improvements include:

- Reforming our ethics policy by creating an independent board to modernize ethics rules which required council members to report gifts valued more than \$50, including meals and transportation, creating a separate commission to enforce new standards, and tougher penalties for violators.
- Diversifying our boards and commissions by nominating citizens that historically haven't been involved in decision-making process and are not a paid lobbyist or work for a lobbying firm. Improving public access by broadcasting City Council and subcommittee meetings live on Phoenix Channel 11 at phoenix.gov, providing online access to meetings, and videos are also posted on Phoenix's YouTube channel.
- For the third-year in a row, the Mayor hosted "Online with Mayor Stanton," where questions about the proposed city budget from Phoenix residents on Twitter, Facebook, email and live feed and answered them live on Phoenix Channel 11 and at phoenix.gov.
- Created the online City Checkbook which provides residents with information about the City's purchases. The database is searchable by department or by vendor. Payments can be viewed online with drill down capability to view additional detail.

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

Reimagine Phoenix is a comprehensive program to educate, inspire, and empower city residents to create a healthy, vibrant, connected community with equitable resources and a prosperous economy. Sustainability is about more than

protecting and preserving our environment. It's about building strong partnerships with neighborhoods, other government agencies, nonprofit organizations, and businesses to work together to ensure current and future generations have the resources needed to achieve the highest quality of life.

The goals of the Reimagine Phoenix program will create and advance several key components that will have a positive impact on the local economy and elevate the protection of our natural environment. These goals will be accomplished through;

### 1. Education, Choice and Opportunity

- Education: Provide greater education and awareness as to the choices available on how to dispose of, recycle or compost material through partnerships with private industry and academia.
- Choice: Develop a program that rewards residents and businesses who embrace practices that minimize waste production and maximizes collection of recyclables.
- Opportunity: Champion expanded service for multifamily, commercial, and industrial entities that want to participate in recycling and diversion programs.

### 2. Changing the Conversation

- Innovation: Create a collaborative "Center of Excellence" with industry and academic partners that will identify new and emerging solutions to solid waste.
- New business opportunities: By viewing solid waste in a new light and working with industry partners and academia, new business opportunities will be created around materials resource and recovery.





### 3. Protecting our Assets

- **Natural Assets:** By increasing the amount of recycling and waste diversion, the city will further protect the natural environment surrounding Phoenix.
- **Cost Savings:** By increasing recycling, the city will extend the life span of its existing landfill assets, there by delaying future new investments funded by customers.

Some examples of sustainability programs already implemented or planned for the future include:

- Community gardens were planted and are now growing at four senior centers and at four community centers. Youth and seniors work together to grow and harvest food.
- Development of grant funded “Let’s Grow Phoenix Gardens” sites in which courtyards and land in three public housing facilities was renovated by volunteers into vibrant garden spaces which will provide a healthy source of food for many low-income residents.
- Implemented the Cool Roof’s Project that utilized volunteers to help coat 70,000 square feet of city roof tops with a reflective surface to help mitigate rising temperatures and air pollution.
- Composting and Green Organics program: a green waste curbside collection program for residents. Residents can dispose of their yard waste by using a composter or mulcher. City of Phoenix composters (constructed from old garbage cans) can be obtained at a city disposal facility for \$5.
- Use of advanced methane capture systems at city-owned landfills and use of biodiesel and ethanol alternative fuels for vehicles and equipment.
- Implementation of energy-efficient streetlights, traffic signals, solar power, water and wastewater upgrades, and efficiency measures in more than 45 city buildings.

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.

- The city of Phoenix Public Information Office won an Emmy Award at the 36th Annual National Academy of Television Arts and Sciences Rocky Mountain Southwest ceremony in the interactive category for an online budget program featuring Mayor Stanton that aired on PHX11. The award-winning team used Twitter, Facebook and email to engage the community in a live, interactive budget discussion with the Mayor.
- The city of Phoenix Human Resources Department was honored by the International Public Management Association for Human Resources, Western Region, with the 2013 Award for Excellence, which recognizes the overall quality, accomplishments and

contributions of a human resources program. In order to receive the award, the recipient must exceed the normal operations of a good government HR program. The awards are based on program initiatives, accomplishments and contributions within a three-year period immediately preceding the nomination.

- The city of Phoenix won two Crescordia Awards at this year’s Valley Forward’s 33rd Annual Environmental Excellence Awards for the Neighborhood Stabilization Program and the Phoenix Sky Harbor Airport’s Sky Train. The city’s Neighborhood Stabilization Program incorporates innovative technologies, building methods and environmentally conscious practices to create green affordable homes and Phoenix Sky Harbor Airport’s Sky Train is the only public transportation campus in the world to receive LEED Gold certification by the U.S. Green Building Council. Valley Forward brings business and civic leaders together to convene thoughtful public dialogue on quality of life issues and to improve the sustainability of local communities.
- The Arizona Coalition Against Domestic Violence, a nonprofit organization dedicated to helping



Phoenix Sky Harbor International Airport's Sky Train is the only public transportation campus in world to receive LEED Gold certification by the U.S. Green Building Council.





victims of domestic violence, recognized the city of Phoenix with a 2014 Desert Sunflower Award for efforts to end domestic violence. The Desert Sunflower Award recognizes a group's non-traditional involvement in the movement to end domestic violence. The city of Phoenix has helped further local and/or statewide efforts to end domestic violence and assist the domestic violence service community, victims, and their children.

- The Finance Department received a Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association (GFOA) for its 2012-13 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.
- SkyTrax's World Airport Awards, a global benchmark of airport excellence, recently named Phoenix Sky Harbor International Airport as one of the World's Best Airports serving 40-50 million passengers in 2014. Phoenix Sky Harbor ranked seventh in the world and joins the ranks of other international airports such as Incheon International Airport in South Korea and Kuala Lumpur International

Airport in Malaysia. These awards were presented at the Passenger Terminal Expo 2014 in Barcelona, Spain. The annual World Airport Awards are one of the most respected honors in the industry. Honorees are selected by customers in the largest, annual independent global airport customer satisfaction survey. The survey asks customers from more than 160 countries to rank 410 airports based on 39 key indicators such as ease of check-in, terminal comfort and cleanliness, choice of shopping and dining options, and friendliness of airport staff.

- 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.
- National Geographic named Phoenix as one of the best hiking cities in an online article, specifically focusing on the 17,000 acre South Mountain Park. According to the article, South Mountain Park is the largest municipal park in the world, with 58 miles of

well-mapped trails, a variety of wildlife, awesome views, and colorful desert plants and flowers.

**City of Phoenix Mission Statement**

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

**City of Phoenix Vision Statement**

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

**City of Phoenix Values Statements**

We are committed to excellence through:

**1. Exceptional Customer Service**

We exist to provide responsive and consistent customer service to the community and to city employees. We exhibit empathy by listening to each other and to the public in our efforts to deliver services that improve people's lives.

**2. Integrity and Transparency**

We safeguard the public trust through honest business practices and open communication. Our credibility with the public depends on our strong ethical stewardship of all resources.



National Geographic names Phoenix one of the best hiking cities.





### 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 "Take Action! Care. Give. Hope." 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 Mission and Vision statements by going above and beyond to improve the quality of life for Phoenix residents.

- The Arizona Nursery Association recently recognized Water Services' Mary Lu Nunley with its Person of the Year award for her continuing support of the Southwest Horticulture Annual Day of Education and for helping area nurseries promote water-efficient landscaping and irrigation.
- City of Phoenix Police School Resource Officer John Harpster is one of two "2013 Arizona School Resource Officer of the Year" recognized by the Arizona Association of School Resource Officers. He was nominated by Central High School Principal Chris Jones for teaching and counseling students to bridge the gap that exists between police and the youth of today and to deepen their understanding of civic responsibility, and to develop their respect for the justice system.
- The American Public Works Association (APWA) named Street Transportation Director and City Engineer Wylie Bearup, PE, Ph.D., a national Top 10 Leader of 2013. Dr. Bearup played a vital role in Phoenix's most notable construction projects, including downtown centerpieces like the Phoenix Convention Center, ASU's Walter Cronkite School of Journalism and Mass Communication and the Sheraton



City employees 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. Employees raised more than \$1 million during the "Take Action! Care. Give. Hope." Campaign.





Downtown Phoenix Hotel. APWA annually recognizes 10 of the most outstanding public works professionals from across the U.S. and Canada for their career-long dedication and service, professionalism and expertise in public works infrastructure.

- Max Enterline, a planner II, and Christopher DePerro a principal planner in the Planning & Development Department discovered a calculation oversight in the total population count administered by the U.S. Census. There were 1,496 Phoenix residents that were incorrectly classified and once the oversight was resolved, the city of Phoenix received an additional \$771,000 in funding from the Federal Government.

### 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.

- Jennifer Moore, a police officer with the Phoenix Police Department, developed a basketball camp called “Hoops 4 Hope; a free basketball camp designed to reach out to underprivileged girls in the community who have been involved in gangs, using drugs, are about to be expelled from school, or are chronic run-a-ways. During the camp, the girls learn how to work in a group setting and develop positive team building skills. Officer Moore recruited other officers to volunteer and expanded the camp to include mentoring activities, such as group discussions on sensitive lifestyle issues facing young women, guest speakers that included professional women sharing their success stories and representatives from colleges and the armed forces. In addition to mentoring these young women, Officer Moore conducts home visits and has arranged field trips to Grand Canyon University and Arizona State University

to show these young women that seeking higher education is an achievable and realistic goal. Officer Moore has garnered support from the Phoenix Mercury, Grand Canyon women’s basketball team, Arizona State University women’s basketball, and area high school coaches who have been a part of the program. Other supporters include U.S. Armor Corporation, Dick’s Sporting Goods, the Arizona Cardinals, and Gatorade. The mentorship aspect of the program is open to any young woman that may need guidance in any avenue of their life. The philosophy is to empower these girls to become successful, professional, and respectable women as they grow and mature into adulthood.

- Huyen Nguyen, an information technology analyst programmer III in the Planning and Development Department, developed an interactive mobile application that allowed field personnel to enter inspection results directly from their mobile device thus increasing the speed in which customer and residential requests can be processed. The Planning & Development Department (P&D) guides the physical development of the city by preserving our historic sites, planning what can be built where, and ensuring the safe construction of buildings and infrastructure. Inspectors are responsible for ensuring that all construction meets Phoenix Building Construction Code and approved regulations. Construction is typically checked several times during various phases of construction for conformance with approved plans as well as compliance with the City Code and Zoning Ordinance, Building, Electrical, Plumbing, Mechanical, Signs, Energy Conservation and Green codes. The mobile application developed by Huyen allows field personnel to enter the results of their inspections while on the construction site and gives staff the ability to secure a clearance from utility companies at the press of a

button. The feature allows staff to use voice-to-text for entering notes and integrated GPS navigation to guide them to the next job site. Huyen’s development has saved the department over \$200,000 annually in productivity enhancements and has significantly increased customer service.

### 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 Phoenix Police Department completes preventative maintenance on portable radios every 24 months. Preventative maintenance is conducted at different intervals to ensure all portable radios are not out of service at the same time. While the officer’s assigned radio is temporarily out of service for preventative maintenance, the officer is issued a loaner portable radio. Officers usually have these loaner radios for approximately three weeks until their original radio is returned to them. These loaner radios incur continuous monthly charges as it is reassigned every three weeks to another officer whose existing radio needs to have preventative maintenance completed. Jennifer Hagen, Police communications supervisor, determined there are 395 spare portable radios and 474 new unassigned/ unused portable radios. Jennifer recommended that when an officer’s radio is scheduled for preventative maintenance, a new radio would be issued instead of a loaner radio and the loaner radios could be eliminated. The officer’s old radio, once maintenance is completed, is returned to stock and reissued to another officer when their existing portable radio needs





preventative maintenance completed. This suggestion was implemented and the elimination of loaner radios saved over \$100,000 annually in operations and maintenance costs, resulted in less time officers and employees at the radio shop are tied up with radio exchanges, and increased officer safety as a loaner portable radio does not display the officer's personal identifying serial number so if an emergency alert was pressed, the officer needing assistance could not be identified as the personal serial number is not displayed.

- David Torres with the Water Services Department developed a device to lift water meter and valve box lids while reducing the possibility of injury. Field crews are exposed to possible injury when removing a meter or valve box lid to gain access to the underground infrastructure. Manual removal of these lids can expose the employee to back, finger and knee problems if the lid has been in place for some time or is covered with silt, debris, and even asphalt. In addition, the employee can also be exposed to dangerous insects, snakes, and other harmful elements while using their hands to remove the lids. There are products on the market that make it easier to access these meter and valve boxes but the challenge is the cost of these items. David designed and assembled a device using a heavy duty magnet that penetrates textured surfaces of lids and scrap metal allowing the operator to ergonomically lift the cover out of the way at the cost of approximately \$30 per unit. A similar tool can be purchased for \$300 per unit. Thanks to David's solution, in-house employees are making these devices for about \$30 a unit. The device significantly increases productivity and reduces the possibility of work related accidents thus avoiding costs incurred due to injury.

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.

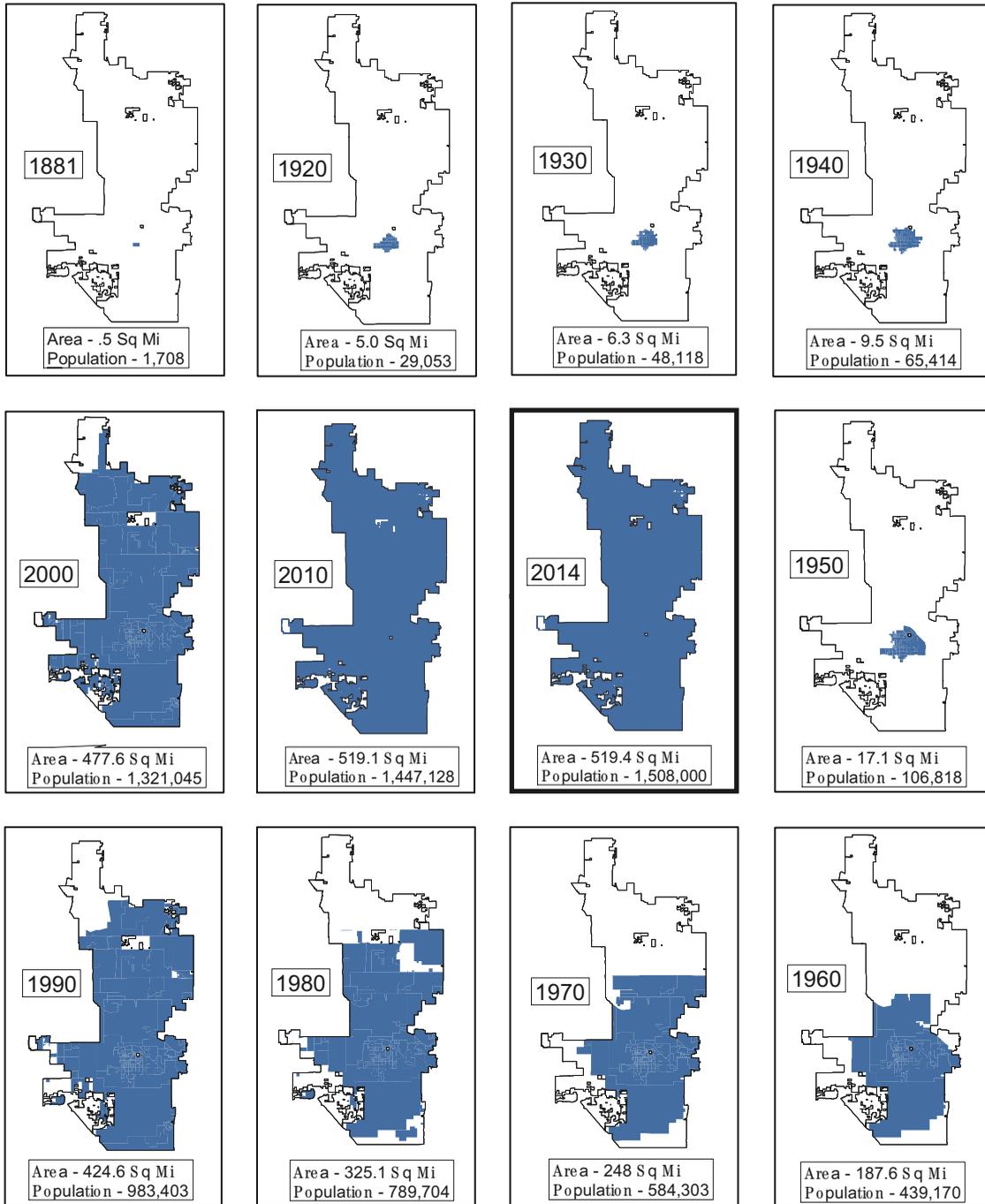


*Officer Jen Moore, Phoenix Police, Jerome Miller Award recipient, developed Hoops 4 Hope, a free basketball camp and mentorship program for teen girls.*





# 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 1,447,128. 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 (16%); government (13%); financial activities (9%); manufacturing (6%); and construction (5%). 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, Arizona State University, Intel Corp., JPMorgan Chase & Co. and Bank of America. The top ten property taxpayers, based on secondary

assessed valuation, are Arizona Public Service Company, Southwest Gas Corporation, CenturyLink (QWest Communications), AT&T Corporation, Host Kierland LP, Metropolitan Life Insurance Company, Starwood Hotels and Resorts, Verizon Wireless, Phoenix Plaza PT LLC, and Target Corporation. These taxpayers make up just over seven 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 2012-13	Estimated 2013-14	Projected 2014-15
<b>Demographic Profile</b>							
Population <sup>1</sup>	789,704	995,896	1,350,435	1,453,462	1,485,751	1,508,000	1,521,000
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 <sup>1</sup>							
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 <sup>2</sup>	N/A	N/A	0.1	.2			
Other	15.2	20.1	35.8	22.0			
Hispanic/Latino (of Any Race) <sup>3</sup>	14.8	20.0	34.1	40.8			
Not Hispanic or Latino (of Any Race) <sup>3</sup>	85.2	80.0	65.9	59.2			
<b>City Economic Profile</b>							
Median Household Income <sup>4</sup>	\$29,706	\$30,797	\$40,856	\$42,260	\$44,153	\$44,700	\$45,200
Personal Income Growth							
(Metro Phoenix) <sup>5</sup>	14.8%	4.6%	6.7%	3.0%	3.7%	4.7%	6.2%
Assessed Valuation ('000s) <sup>6</sup>	N/A	\$5,700,825	\$7,573,211	\$16,092,308	\$10,849,744	\$9,974,713	\$10,818,634
Employment Growth Rate <sup>7</sup>	N/A	(3.0)%	3.7%	(2.1)%	2.4%	2.2%	2.6%
Unemployment Rate <sup>8</sup>	N/A	4.9%	2.7%	9.1%	7.0%	6.7%	6.7%
Value of Residential Construction <sup>9</sup>							
(Billions)	N/A	\$0.42	\$1.16	\$0.28	\$0.50	\$0.42	\$0.50
Value of Commercial Construction <sup>9</sup>							
(Billions)	N/A	\$0.46	\$1.33	\$2.60	\$2.50	\$2.10	\$2.80





	1980-81	1990-91	2000-01	2010-11	Actual 2012-13	Estimated 2013-14	Projected 2014-15
<b>City Financial Profile</b>							
Total Budget ('000s)	\$392,780	\$1,026,545	\$1,946,013	\$3,020,690	\$3,092,638	\$3,129,898	\$3,532,061
Total GF Budget ('000s) <sup>10</sup>	\$221,106	\$591,021	\$953,324	\$954,795	\$1,038,092	\$1,060,923	\$1,148,840
Total Employees	9,435	11,388	14,352.0	15,002.8	14,897.0	14,664.1	14,585.1
Total Employees per 1,000 population <sup>11</sup>	11.9	11.4	10.6	10.3	10.0	9.7	9.6
Non-Enterprise Employees per 1,000 population	N/A	N/A	8.6	8.0	7.8	7.6	7.5
Enterprise Employees per 1,000 population <sup>12</sup>	N/A	N/A	2.0	2.3	2.2	2.1	2.1
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/AA+	Aa1/AA+	Aa1/AA+
Number of PLT Licenses <sup>13</sup>	37,943	43,756	51,000	56,460	54,360	53,000	53,000
City Retail Sales Tax Rate <sup>14</sup>	1%	1.2%	1.8%	2.0%	2.0%	2.0%	2.0%
<b>Infrastructure Profile</b>							
Area (Square Miles)	329.1	427.1	483.5	519.1	519.4	519.4	519.4
<b>Police</b>							
Major Crimes	86,287	110,961	97,666	70,108	71,412	69,510	70,400
Dispatched Calls for Service	452,350	895,117	862,769	620,969	613,849	611,000	611,000
Authorized Sworn Police Officers	1,694	2,047	2,810	3,281	3,266	3,266	3,266
<b>Fire</b>							
Fire Stations	35	45	45	57	58	58	58
Fires and All Other Calls	25,162	26,281	28,369	19,335	19,869	20,000	20,000
Emergency Medical Calls	46,122	75,112	101,396	136,163	151,739	153,000	155,000
Authorized Sworn Firefighters	838	1,042	1,315	1,661	1,661	1,668	1,668
<b>Building Inspections</b>							
Total Number of Inspections <sup>15</sup>	196,356	176,909	261,184	131,600	158,094	167,900	192,000
<b>Streets</b>							
Total Miles	3,084	3,800	4,299	4,825	4,846	4,855	4,865
Miles Resurfaced and Sealed	216	250	220	127	86	123	152
Total Miles of Bikeway <sup>16</sup>	N/A	250	472	615	641	685	700
<b>Traffic Control and Lighting</b>							
Signalized Intersections	555	761	906	1,092	1,096	1,105	1,110
Street Lights	39,097	50,825	70,750	89,826	90,176	90,635	91,100
Traffic Accidents <sup>17</sup>	28,129	28,414	36,500	22,742	22,537	22,400	22,400
<b>Aviation</b>							
Passengers Arriving and Departing	6,500,000	22,175,000	35,900,000	40,500,000	40,600,000	40,400,000	40,900,000
<b>Solid Waste Collection</b>							
Residences Served	281,900	281,392	327,953	392,825	397,624	399,000	402,000
Tons Disposed at City Landfills <sup>18</sup>	379,000	513,643	1,051,935	1,002,346	870,379	805,000	807,000





	1980-81	1990-91	2000-01	2010-11	Actual 2012-13	Estimated 2013-14	Projected 2014-15
<b>Municipal Parks</b>							
Number of Municipal Parks <sup>19</sup>	137	181	199	225	226	226	226
Developed Park Acres	1,303	2,206	3,332	5,071	5,679	5,679	5,679
Number of municipally operated golf courses	5	5	7	6	6	6	6
<b>Libraries</b>							
Material Circulation <sup>20</sup>	3,691,745	5,962,411	9,151,000	13,839,543	11,158,684	10,400,000	10,000,000
Total Material Stock <sup>21</sup>	1,182,606	1,732,410	2,016,000	1,643,977	1,735,433	1,650,000	1,500,000
Number of library branches	9	11	13	16	17	17	17
<b>Equipment Management</b>							
Number of Equipment Units in Fleet <sup>22</sup>	4,497	4,776	6,080	7,612	7,455	7,374	7,374
<b>Water</b>							
Connections	282,048	321,996	350,967	397,390	414,188	418,000	422,000
Production (billions of gallons) <sup>23</sup>	88.5	84.7	109.4	98.6	98.1	98.7	99.1
<b>Wastewater</b>							
Connections	250,199	311,980	327,051	389,978	397,672	398,000	402,000
Miles of Line	3,040	3,661	4,174	4,980	4,815	4,826	4,836

<sup>19</sup>Population by age and race is only available in census years. Also, racial categories were modified by the Census Bureau in the 2000 Census. The Census 2010 number was increased from the original total due to the city appealing the result through the official Count Question Resolution (CQR). There was an area in far west Phoenix which was not attributed to the city, when in fact it was inside the city's boundaries. Thus, the U.S. Census Bureau officially changed the city's 2010 census population count which in turn affected the preceding years' population estimates. The preceding years also include additional population estimate adjustments approved by Maricopa Association of Governments.

<sup>20</sup>Prior to the 2000 Census, Native Hawaiian/Other Pacific Islander data was combined under the same category. In pre-2000 Census counts this race category was included in the Asian category.

<sup>21</sup>Hispanic/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.

<sup>22</sup>Median Household Income is based on U.S. Census Bureau data for city of Phoenix geographic area. For the estimate and projection years, the Calendar Year 2013 greater Phoenix Consumer Price Index (CPI) (+1.2%) was applied to the U.S. Census Bureau's (FactFinder) 2012 American Community Survey 1-year Estimates for city of Phoenix for Median Household income. 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.

<sup>23</sup>Personal income growth percentage is from University of Arizona's "Economic Outlook" quarterly publication (University of Arizona Economic and Business Research Center).

<sup>24</sup>The fiscal year 2013-14 assessed valuation amount represents the low point of a multi-year recession in the Real Estate Market.

<sup>25</sup>Employment growth rate figures (total non-farm employment) are calendar year and not fiscal year. Calendar 2012 is shown under fiscal year 2012-13, and calendar 2013 is shown under fiscal year 2013-14, and projected calendar 2014 is shown under fiscal year 2014-15. Estimates are for the Phoenix metro area and are obtained from the Arizona Workforce Informer-Arizona Department of Economic Security.

<sup>26</sup>Unemployment rate is reported on monthly 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 2001-13 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.

<sup>27</sup>Beginning 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).

<sup>28</sup>As of fiscal year 1998-99, Arizona Highway User Revenue funds are no longer included in the General Fund total.

<sup>29</sup>A 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.

<sup>30</sup>Enterprise departments include Water, Wastewater, Aviation, Phoenix Convention Center and Solid Waste Management.

<sup>31</sup>The city of Phoenix will no longer have administrative and collection duties over the management of PLT accounts in fiscal year 2014-15. Although the Arizona Department of Revenue will assume these duties sometime in October of 2014, it is expected that the State will remit the same approximate amount of annual license fee revenues for the same approximate number of PLT accounts that have privilege tax liability within the city of Phoenix limits.

<sup>32</sup>Voters 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.

<sup>33</sup>Includes building, electrical, mechanical, plumbing and general inspections.

<sup>34</sup>The bikeway program was approved by the City Council in 1987. Figures include on-street bike lanes, bike routes and paved and unpaved paths.

<sup>35</sup>Due 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 2009-13 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.

<sup>36</sup>Residential tonnage has reduced from 2012-13 actuals due to department's efforts to increase recycling and tonnage sent to private contractors.

<sup>37</sup>This number includes all parks and areas maintained by the Parks and Recreation Department. For example, retention basins, canal projects, developed and undeveloped parks.

<sup>38</sup>Measure has changed from Book Circulation Book Circulation to cover all media including: audio books, ebooks, CDs, DVDs, databases, soft and hardcover books. The projected decrease in 2014-15 reflects a downward trend that libraries across the country are also experiencing.

<sup>39</sup>The projected decrease in 2014-15 is because the city is not buying and replacing materials at the same rate as in years past due to prior years' budget reductions

<sup>40</sup>Reduction in vehicles is due to programmed reductions and turn in of underutilized vehicles.

<sup>41</sup>Includes water produced for city of Phoenix only.





## 2014-15 Resource and Expenditure Summary

This section provides a broad overview of the resources and expenditures included in the 2014-15 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 2014-15 budget, financed by operating funds, totals \$3,532,061,000. As shown in the accompanying pie chart, the General Fund portion of \$1,148,840,000 is approximately 33 percent of the total. The Enterprise funds, which include Aviation, Water, Wastewater, Solid Waste and Convention Center, make up another 37 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 fiscal

year 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 2014-15 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 2014-15 budget to the 2013-14 adopted budget. Actual expenditures for the 2012-13 fiscal year also are included.

Citywide operating and maintenance expenditures are expected to increase partially due to increased capital outlay for vehicle replacements which were lease purchased last fiscal year. These increases will be offset by reduced personal services due to employee concessions as well as turnover due to retirements. Contractual services are expected to increase due to increased H.U.D. funding for public housing assistance payments to landlords as well as an increase in landscape maintenance due to the Parks and Recreation Department choosing to outsource their golf course maintenance. Commodities are expected to decrease due to the transfer of Records Management System (RMS) project costs from the operating budget to the capital budget.

Pay-as-you-go capital is expected to increase due to new projects such as the construction of the 27th Avenue Composting Facility, construction of the 24th Street Water Treatment Plant Rehabilitation; construction of the Union Hills Water Treatment Plant Solids Handling Facility Improvement; software

### 2014-15 Budget Compared to 2013-14 Adopted Budget (In Millions of Dollars)

	2012-13 Actual Expenditures	2013-14 Adopted Budget	2014-15		
			Budget	Amount Change	Percent Change
Operating and Maintenance Expenditures	\$2,263.4	\$2,506.9	\$2,518.0	\$ 11.1	0.4%
Capital Expenditures	360.0	530.7	574.4	43.7	8.2%
Debt Service	469.2	464.9	439.7	(25.2)	(5.4)%
<b>Total</b>	<b>\$3,092.6</b>	<b>\$3,502.5</b>	<b>\$3,532.1</b>	<b>\$29.6</b>	<b>0.8%</b>





and equipment purchases for the City of Phoenix Fire Department and partnering cities CAD system; and Federal Transit funds will be used to purchase 40 foot standard replacement buses.

These increases are offset by decreases such as the Southwest Zone 1 Transmission Mains and the Deer Valley Water Treatment Plant Reservoir No. 1 Replacement which were completed in 2013-14.

**2014-15 GENERAL FUND BUDGET OVERVIEW**

The 2014-15 General Fund budget of \$1,148,840,000 provides for ongoing operating and maintenance and a small amount of pay-as-you-go capital expenditures. The table below compares the 2014-15 General Fund budget with the adopted 2013-14 budget.

The operating and maintenance expenditures for 2014-15 are expected to increase by 1.8 percent overall compared to the 2013-14 adopted budget. This increase is primarily the result of expected increases in pension costs, general fund contingencies, and vehicle replacements now returning to the operating budget from lease purchase in the prior year. The pay-as-you-go capital expenditures are expected to increase slightly due to new pay-as-you-go funded projects such as the Heritage Garage Caulking Replacement and the Communications Aided Dispatch (CAD) Replacement projects. This is offset by projects that have been completed in 2013-14 such as the Microwave Replacement and the Replacement of the Fire Control Panel at Municipal Court projects.

The following pie charts show the 2014-15 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.

**2014-15 Estimated Beginning Fund Balances**

As explained in a later section, a General Fund balance may not be budgeted. However, a contingency fund may be planned to provide a means to address any emergencies and unanticipated one-time costs that may occur after the budget is adopted. Each year, all or almost all of the contingency allocation remains unused and, therefore, falls to the ending fund balance along with any changes in estimated revenues and expenditures.

The estimated 2014-15 beginning fund balances of \$1,069.9 million include \$60.2 million in General funds, \$412.0 million in Special Revenue funds and \$597.7 million in Enterprise funds. The estimated beginning fund balance for Special Revenue and Enterprise funds include:

Transit 2000 - \$274.1 million; Aviation - \$283.9 million; Wastewater - \$102.8 million; Water - \$137.4 million; Convention Center - \$28.0 million; Solid Waste - \$45.6 million; Parks and Preserves - \$22.2 million; Sports Facilities -\$20.7 million; Grant funds - \$16.2 million; Arizona Highway User Revenue - \$13.6 million; Development Services - \$27.5 million; Regional Transit - \$11.9 million and \$25.8 million in various other restricted funds.

**2013-14 General Fund Estimated Ending Balance**

As shown in the following table, the 2013-14 ending General Fund balance is estimated to be \$60.2 million. The estimated balance results from a \$6.0 million higher beginning balance, a \$66.8 million decrease in operating expenditures including unspent contingency, a small decrease in pay-as-you-go capital expenditures, a \$11.9 million increase in transfers, and a \$24.5 million decrease in operating revenues. The variance in estimated 2013-14 General Fund expenditures from the 2013-14 budget is largely due to unused contingency funds. Personal services cost was also lower than expected due to holding positions vacant. The slight reduction in pay-as-you-go capital expenditures is due to less than expected costs for emergency repairs to city of Phoenix facilities. The decrease in 2013-14 General Fund revenues is largely due to reductions in estimated city sales tax, which is primarily due to the impact of reducing the food for home consumption tax rate from 2 percent to 1 percent effective January 2014, and less than estimated emergency transportation revenues.

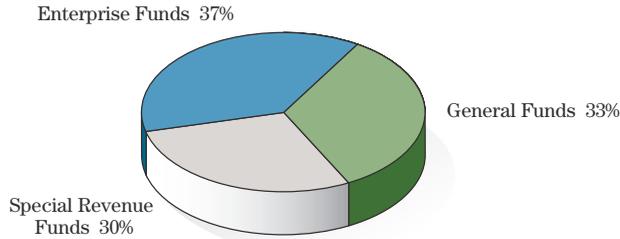
**2014-15 General Fund Budget Compared to 2013-14 Adopted Budget (In Millions of Dollars)**

	2012-13 Actual Expenditures	2013-14 Adopted Budget	2014-15		
			Proposed Budget	Amount Change	Percent Change
Operating and Maintenance Expenditures	\$1,034.9	\$1,125.4	\$1,146.0	\$20.6	1.8%
Capital Expenditures	3.2	2.4	2.8	0.4	0.2%
<b>Total</b>	<b>\$1,038.1</b>	<b>\$1,127.8</b>	<b>\$1,148.8</b>	<b>\$21.0</b>	<b>1.9%</b>

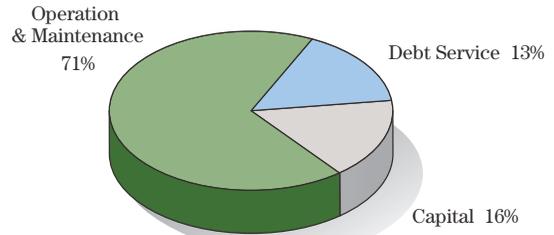




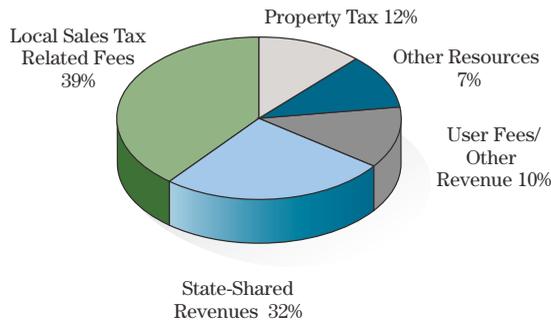
**ALL SOURCES OF FUNDS**  
Total Resources – \$3.52 Billion



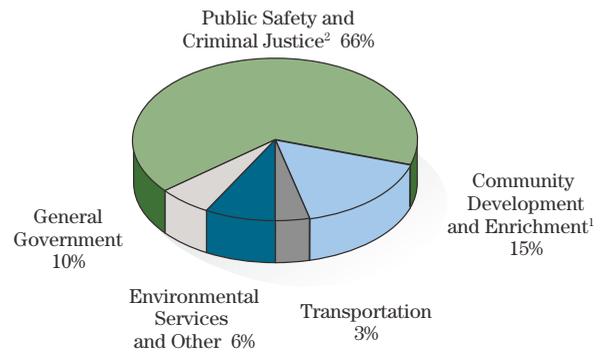
**ALL SOURCES OF FUNDS**  
Total Expenditures – \$3.52 Billion



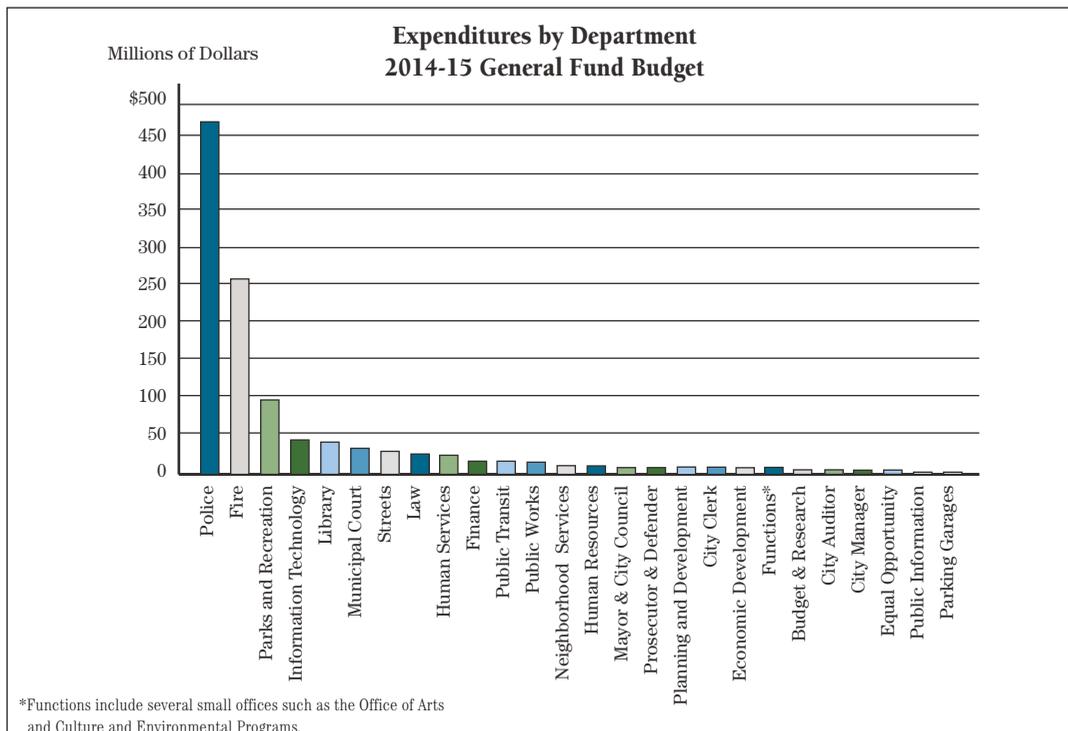
**GENERAL FUNDS**  
Total Resources – \$1.15 Billion



**GENERAL FUNDS**  
Total Expenditures – \$1.15 Billion



<sup>1</sup>Includes Parks, Library, Human Services, Neighborhood Services, Planning and Economic Development  
<sup>2</sup>When contingency is excluded, Public Safety and Criminal Justice is approximately 70% of budgeted General Fund expenditures.





## 2014-15 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 2014-15 are estimated at \$3,171,264,000. This is \$116,352,000, or 3.8 percent more than the 2013-14 estimate of \$3,054,912,000. General Fund revenues are estimated at \$1,069,776,000 which is \$42,527,000 or 4.1 percent more than the 2013-14 estimates. The increase is due to anticipated increases in city and state sales taxes, state shared income tax revenues and proceeds from the sale of property.

The following table provides a comparison of the 2014-15 estimated revenues to 2013-14 estimates and 2012-13 actual collections. Detailed explanations by category are provided in the 2014-15 Revenue Estimates section of this document.

State and local economic growth increased in 2012-13 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 2013-14. Local and state sales tax collections are expected to grow modestly in 2014-15, and state shared income tax collections are expected to increase by 8.4 percent from 2013-14.

The 2014-15 estimate for Special Revenue funds includes a \$15.3 million increase in second property taxes, a \$5.5 million increase in Arizona Highway User Revenue funds, a \$3.2 million increase in 2007 Public Safety Expansion funds, a \$2.1 million increase in Transit 2000 funds, and a \$36.6 million increase in various grant funds including public transit grants, community development grants and other grant revenues. Special Revenue funds also include an \$11.9 million decrease for court awards and a \$10.8 million decrease for regional transit revenues.

## 2014-15 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 2014-15 total \$59.1 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.

Approximately \$2.9 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 \$59.1 million. A transfer of \$756.8 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.

## 2014-15 ESTIMATED ENDING BALANCES

Arizona budget law requires a balanced General Fund budget. No General Fund balances may be accumulated in reserve for subsequent fiscal years. Arizona law does, however, provide for a contingency each year. For 2014-15, \$45.3 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 five 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 2014-15 ending balance of \$704.6 million includes: Transit 2000 - \$233.3 million; Aviation - \$265.2 million; Wastewater - \$73.5 million; Water - \$40.8 million; Convention Center - \$18.8 million; Development Services - \$22.6 million; Solid Waste - \$0.5 million; Arizona Highway User Revenue - \$6.7 million and a combined \$43.2 million in various other Special Revenue funds. Beginning and ending fund balances are provided in more detail in Schedule 1 located in the Summary Schedules section.

In 2014-15, the Enterprise funds ending balances in the aggregate are programmed to decline from \$597.7 million at the beginning of 2014-15 to \$398.8 million at year end. The Aviation balance is declining due to increasing operating expenditures to operate the Sky Train. Solid Waste funds are decreasing due to an increase in expenditures for the construction of the 27th Avenue Composting Facility planned for 2014-15 as well as additional cost for the replacement of chip and grind equipment and tractor loaders due to high usage and maintenance costs, with no expected additional resources. Water funds are decreasing primarily due to increased pay-as-you-go capital expenditures for the construction phase of the Union Hills Water Treatment Plant Solids Handling Facility and the 24th Street Water Treatment Plant Rehabilitation, increasing debt service costs, and additional expenses for chemicals and raw water. Wastewater funds are decreasing due to increases in various pay-as-you-go capital projects such as the 23rd Avenue Wastewater Treatment Plant Operational Improvements project, Large Diameter Sewer Condition Assessment and the 91st Avenue Solar Drying Beds Improvement and Expansion project. Convention Center fund balance is decreasing due to increased pay-as-you-go capital projects such as the West Garage Variable Frequency Drive and the West and North Fire Alarm System projects as well as increased personal services costs.





Special Revenue Fund balances in the aggregate are expected to decrease from \$412.0 million to \$305.7 million. The Transit 2000 balance is decreasing due to increased operating costs of bus and rail services. The Sports Facility Fund balance is decreasing due to transfers to make debt service payments on Subordinate Hotel Revenue Bonds. The City pledged Sports Facilities Taxes to the payment of debt service on these bonds in the event hotel revenues were not sufficient to make the payments. The Parks and Preserves Funds are decreasing primarily due to programming the funds in the pay-as-you-go capital program for future land purchases. Other Special Revenue Fund balances are beginning to increase, such as the Public Safety Expansion and Enhancement Funds and the Golf Fund.

The Public Safety Expansion and Enhancement Funds are increasing (although still negative) due to decreasing operating expenditures for employee-related costs. The Golf fund balance is increasing primarily due to reduced personal services and commodity costs due to the outsourcing of the golf course maintenance services.

balance these funds as soon as possible using an attrition based approach to prevent layoffs to sworn police and fire personnel. 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.

### Negative Fund Balances

The Public Safety Enhancement and 2007 Public Safety Expansion funds, 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

### General Fund Balance Analysis (In Thousands of Dollars)

	2012-13	2013-14		Estimate Over (Under) Budget	
	Actuals	Budget	Estimate	Amount	Percent
<b>Resources</b>					
Beginning Balances	\$ 92,810	\$ 56,763	\$ 62,741	\$ 5,978	10.5%
Revenue	980,622	1,051,790	1,027,249	(24,541)	(2.3)%
Recoveries	1,108	1,000	1,000	---	0%
Transfers	26,293	18,262	30,171	11,909	65.2%
<b>Total Resources</b>	<b>\$1,100,833</b>	<b>\$1,127,815</b>	<b>\$1,121,161</b>	<b>\$ (6,654)</b>	<b>(0.6)%</b>
<b>Expenditures</b>					
Operating Expenditures	1,034,923	1,125,373	1,058,541	(66,832)	(5.9)%
Capital	3,169	2,442	2,382	(60)	(2.5)%
<b>Total Expenditures</b>	<b>\$ 1,038,092</b>	<b>\$1,127,815</b>	<b>\$1,060,923</b>	<b>\$ (66,892)</b>	<b>(5.9)%</b>
<b>Ending Fund Balance</b>	<b>\$ 62,741</b>	<b>\$ ---</b>	<b>\$ 60,238</b>	<b>\$ 60,238</b>	<b>100.0+%</b>

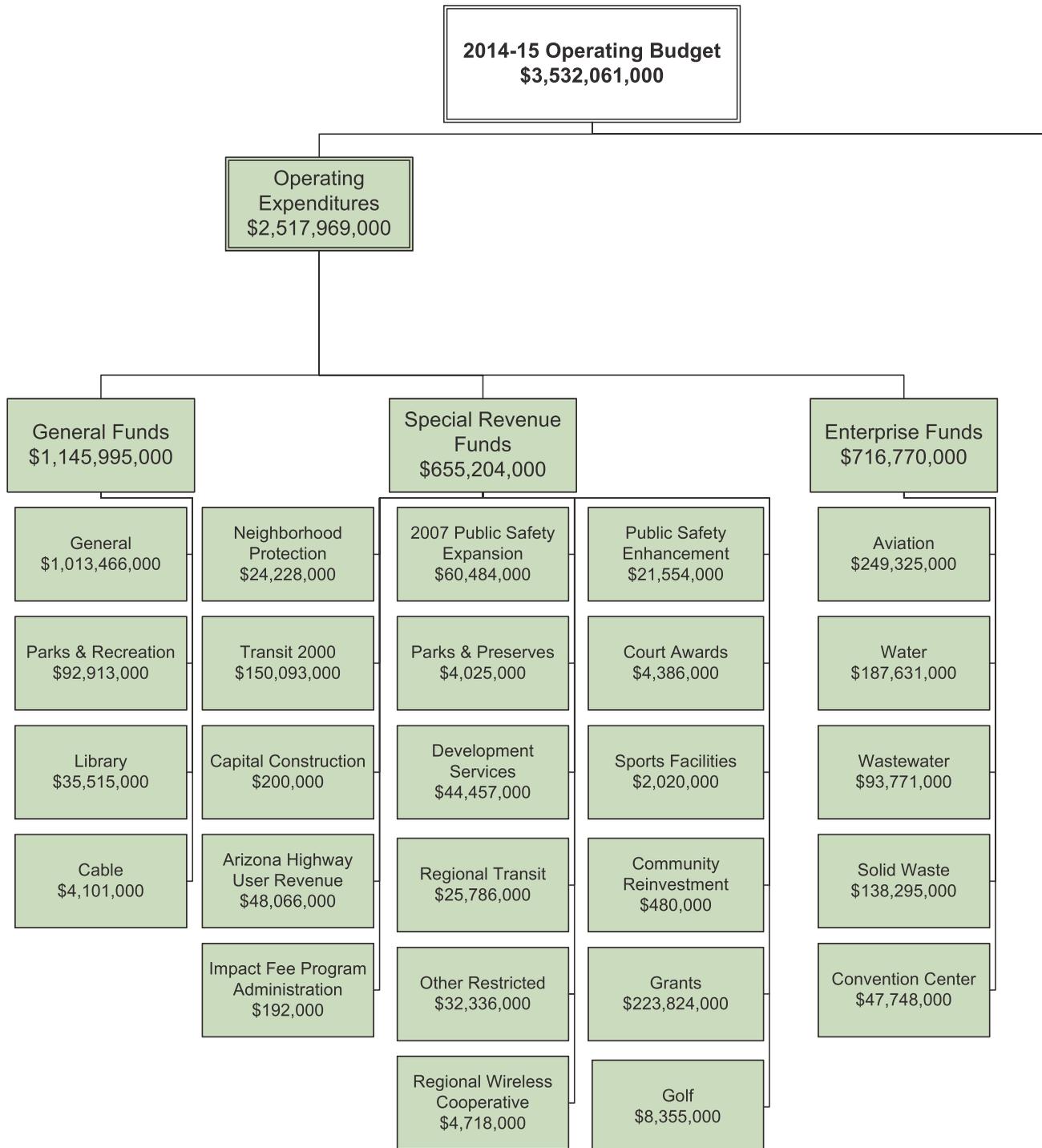
### 2014-15 Estimated Revenues Compared to 2013-14 Estimates (In Thousands of Dollars)

Fund Types	2012-13 Actuals	2013-14 Estimate	2014-15 Estimate	2014-15	
				Amount Change	Percent Change
General	\$980,622	\$1,027,249	\$1,069,776	\$42,527	4.1%
Special Revenue Funds	914,869	885,225	935,336	50,111	5.7%
Enterprise Funds	1,190,954	1,142,438	1,166,152	23,714	2.1%
<b>Total</b>	<b>\$3,086,445</b>	<b>\$3,054,912</b>	<b>\$3,171,264</b>	<b>\$116,352</b>	<b>3.8%</b>



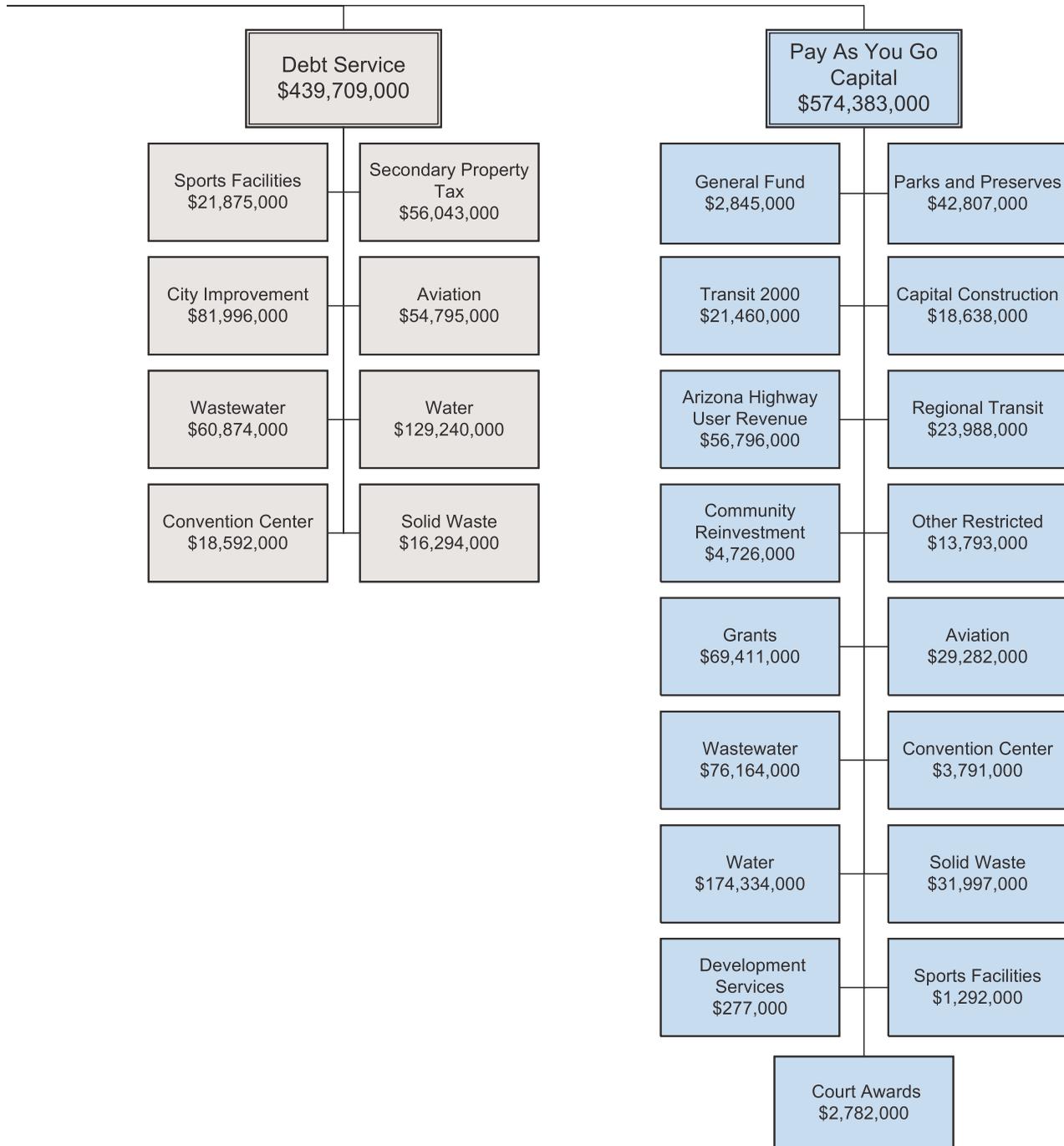


# City of Phoenix Financial Organizational Chart





# 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 city's area, just under 520 square miles, increases periodically with annexations. The local economy continues to make slow progress out of the severe recession and city revenue collections reflect modest growth from the downturn in the economy a few years ago.

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 economists expect further increases in the number of jobs, the improvement in the economy is still expected to be slower than historic recoveries.

The 2014-15 budget provides a balanced General Fund with no reductions to services, reflecting the feedback received from the community and the mayor and City Council regarding the importance of maintaining current city services and a strong City organization. A multifaceted approach with shared solutions was used to close the projected deficit of \$37.7 million. The budget includes some departmental efficiencies, the deferral of capital equipment

replacement and the use of alternative funding sources, employee concessions, and an increase in ongoing revenue. Under the direction of the city manager, over the last few months city departments conducted an early annual Organizational Review in conjunction with the Zero-Based Program Review process. As a result, \$6.5 million in General Fund savings from new efficiencies and cost realignment actions are part of the balanced 2014-15 Budget. For example, due to the efforts of the City Manager's Office and the Public Works, Finance, and Budget and Research Departments, a recent analysis and planned sale of underutilized vehicles in various departments will result in proceeds expected to bring in nearly \$400,000 to the General Fund in fiscal year 2014-15. Additionally, Municipal Court, Prosecutor's Office and Police collaborated to develop a proposed procedural change that may assist in prosecuting Domestic Violence cases while also reducing Police overtime costs, for a net savings of an estimated \$500,000 annually.

Non-General Fund changes in the budget include the addition of 12 full-time positions in Planning and Development Services due to increases in development activity. The Phoenix Parks and Preserves Initiative Fund (PPPI) proposes to add 4 full-time positions to operate the new city dog parks and the Carver Mountain Trailhead expansion. The Wastewater Fund proposes the use of funds for costs related to the enhanced multi-phase digestion process and for the newly converted centrifuge for wastewater treatment.

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 2012 International City/County Management Association's Center for Performance Measurement report.





<b>PROGRAM SERVICE LEVEL IN 2003-04</b>	<b>SERVICE CHANGES THROUGH 2013-14</b>	<b>SERVICE CHANGES FOR 2014-15</b>
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**PUBLIC SAFETY**

**POLICE**

**Personnel Resources:**

In 2003-04, the Police Department had 2,917 sworn officers and 932 civilian employees.

In October 2010, the City Council adopted a multi-year plan to balance the Public Safety Dedicated Funds without any layoffs to sworn personnel. The balancing plan was necessary because without corrective action the Public Safety funds were projected to reach a negative (\$47 million) by the end of fiscal year 2010-11. Without the corrective action plan, that deficit would have grown by approximately (\$28 million) each year and would reached approximately negative (\$132 million) by the end of the current fiscal year. As a result of the balancing plan, hiring of sworn staff has been limited.

The 2013-14 budget included \$590,000 in General Fund additions. The additional resources were 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 included 15.0 civilian positions. Due to budget constraints, this phase was delayed to fiscal year 2014-15.

In addition, eleven existing Police Reserves were hired on as police officers for patrol and community policing work at zero net cost to the General Fund. The General Fund savings were achieved by moving eight senior-level police officers to the Airport Bureau which allowed 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 were offset with budget reductions totaling (\$2,911,000) and included the right sourcing of the polygraph function and the elimination of four civilian support positions.

Also in 2013-14, the department was awarded a COPS Hiring grant for 15 School Resource Officers. These sworn positions were hired in June 2014 for the 2014-15 school year.

At the end of 2013-14, 213 of the 400 sworn positions funded by Proposition 1 will be filled.

The 2014-15 budget includes employee concessions, organizational efficiencies and the elimination of unfunded vacant positions. These organizational efficiencies included the elimination of 24.9 vacant civilian support positions, a change to the department's vehicle take-home policy and reduced vehicle maintenance costs. In addition, the budget reflects the elimination of 35 unfunded General Fund, and 35 Proposition 1, vacant civilian positions.

The 2014-15 budget also includes three new Police Assistant positions and vehicles for enhanced parking meter enforcement. These costs are anticipated to be offset by increased parking meter revenue and fines. Additionally, the budget reflects the impact of a process improvement between Police, Municipal Court and Law. This improvement allows Police to reduce overtime by \$670,000 and a portion of the savings will be used to add two new positions in Law to assist victims of domestic violence.

Due to the fiscal year 2014-15 employee concessions, it is anticipated that limited police officer hiring will begin in the Spring 2015.

In the 2014-15 budget, it is anticipated that the department will have 3,266 authorized sworn positions or 2.2 for every 1,000 residents, and 1,166.5 civilian employees.





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<b>PROGRAM SERVICE LEVEL IN 2003-04</b>	<b>SERVICE CHANGES THROUGH 2013-14</b>	<b>SERVICE CHANGES FOR 2014-15</b>
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**PUBLIC SAFETY**

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**POLICE**

**Response Time Average:**  
Response time for 2003-04  
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 96 percent.

The 2014-15 budget provides for an estimated five minute and 36 second average response time for Priority 1 calls.

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 2012 ICMA data. Below are average response times for other benchmark cities.

**Other Cities Average Response Times to Top Priority Calls:**

- Dallas – 7 min 1 sec
- Austin – 7 min 28 sec
- Portland – 7 min 41 sec
- Oklahoma City – 7 min 42 sec
- San Antonio – 8 min 13 sec





PROGRAM SERVICE LEVEL IN 2003-04	SERVICE CHANGES THROUGH 2013-14	SERVICE CHANGES FOR 2014-15
<b>PUBLIC SAFETY</b>		
<b>FIRE</b>		
<p><b>Response Time Average:</b> In 2003-04, the Fire Department maintained an average response time of 4 minutes 53 seconds for all fire and medical emergency calls.</p>	<p>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.</p> <p>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.</p> <p>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.</p> <p>The department eliminated three positions and re-classed two positions down in pay class as part of the City Manager's Reorganization.</p> <p>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 Services Department.</p> <p>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.</p> <p>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 2013-14 budget included the elimination of 8.3 General Funded civilian positions as well as a reduction of the Banner contract for the Health Center.</p> <p>In addition, seven positions from the New Construction section were moved to the Planning and Development Services Department.</p> <p>The 2013-14 budget included savings in contractual and commodity expenditures and moving the Ambulance Billing office from leased space to city-owned space.</p> <p>2011 ICMA response times were unavailable for comparison purposes.</p>	<p>The 2014-15 budget recommends retaining current emergency response staffing levels to preserve less than five minute average response time for all fire and medical emergency calls.</p> <p>The 2014-15 budget includes normal inflationary increases in personnel costs and other operational necessities such as fuel, vehicle maintenance and facility maintenance. This increase reflects increases in personal services costs and other normal inflationary increases. The budget also includes administrative efficiencies that include a reduction in the inventory of MCTs, reduced administrative support for the Department and employee concessions.</p>





PROGRAM SERVICE LEVEL IN 2003-04	SERVICE CHANGES THROUGH 2013-14	SERVICE CHANGES FOR 2014-15
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**PUBLIC SAFETY**

**FIRE**

**Emergency Transportation:**

In 2003-04, 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 2003-04 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 included adding staff for an additional One and One Rescue (seven sworn positions) to meet state-mandated response times.

The 2014-15 budget includes no changes in service for Emergency Transportation.





PROGRAM SERVICE LEVEL IN 2003-04	SERVICE CHANGES THROUGH 2013-14	SERVICE CHANGES FOR 2014-15
<b>TRANSPORTATION</b>		
<b>PUBLIC TRANSIT</b>		
<p><b>Service Miles/Hours:</b> In 2003-04, 17,021,000 annual bus service miles were provided on weekdays and weekends in the city of Phoenix.</p>	<p>Annual 2013-14 bus miles are estimated at 16,248,381 and Dial-a-Ride service hours are estimated at 260,085.</p> <p>Effective July 1, 2013: implementation of the Senior Center Shuttle program which provides registered members of city of Phoenix Senior Centers with flexible transportation between their personal residence and the nearest senior center during Senior Center operating hours. The shuttle service is provided through the use of taxi service, including Senior Center Group Trips which allow senior center members to attend activities that are scheduled away from the centers.</p> <p>The following service change was effective on Jan. 28, 2013: new Route – 19th Avenue Connector running between 19th Avenue and Montebello Transit Center and Metro Center Transit Center.</p>	<p>Annual 2014-15 bus miles are estimated at 16,337,889 and Dial-a-Ride service hours are estimated at 260,085.</p>
<p><b>Average Weekday Bus Ridership:</b> In 2003-04 the average weekday bus ridership was 136,289.</p>	<p>In the 2013-14 budget, average weekday ridership is estimated at 135,050.</p>	<p>In the 2014-15 budget, average weekday ridership is estimated at 137,076.</p>





<b>PROGRAM SERVICE LEVEL IN 2003-04</b>	<b>SERVICE CHANGES THROUGH 2013-14</b>	<b>SERVICE CHANGES FOR 2014-15</b>
<b>TRANSPORTATION</b>		
<b>STREET TRANSPORTATION</b>		
<b>Major and Collector Street Sweeping and Maintenance:</b> 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>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>There were no changes in service for major and collector sweeping and maintenance from fiscal year 2011-12 through 2013-14.</p>	The 2014-15 budget includes no changes in service for major and collector sweeping and maintenance.
<b>Residential Street Sweeping:</b> In 2003-04, the city of Phoenix provided street sweeping service four times a year.	No changes were included in the 2013-14 budget.	No changes are included in the 2014-15 budget for residential street sweeping.





PROGRAM SERVICE LEVEL IN 2003-04	SERVICE CHANGES THROUGH 2013-14	SERVICE CHANGES FOR 2014-15
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**TRANSPORTATION**

**STREET TRANSPORTATION**

**Sealcoat:**

In 2003-04, 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.

No changes were included in the 2013-14 budget.

Based on 2012 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:**

Dallas – \$11.44  
 Portland – \$20.96  
**PHOENIX – \$21.78**  
 Oklahoma City – \$23.69  
 San Antonio – \$38.12

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

**Asphalt Overlay:**

In 2003-04, 131 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 2013-14 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 2014-15 budget provides for 100 miles of overlay.





<b>PROGRAM SERVICE LEVEL IN 2003-04</b>	<b>SERVICE CHANGES THROUGH 2013-14</b>	<b>SERVICE CHANGES FOR 2014-15</b>
<b>COMMUNITY DEVELOPMENT</b>		
<b>HOUSING</b>		
<b>Scattered Sites Housing Program:</b> In 2003-04, the Housing Department had 433 units.	<p>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.</p> <p>At the end of 2013-14, the inventory of 409 units reflects the sale of 67 homes to eligible tenants over the past decade and the transfer of 4 units to a local nonprofit agency.</p>	<p>In the 2014-15 budget, the program is expected to reduce its inventory by 10 Scattered Sites homes.</p>
<b>Affordable Housing Program:</b> In 2003-04, this program had 1,359 units for families and individuals.	<p>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.</p> <p>At the end of 2013-14, the Affordable Housing Program consists of 2,716 units for families.</p>	<p>In the 2014-15 budget, the program is expected to maintain at the level of 2,716 units.</p>
<b>Conventional Housing Program:</b> This program has been in effect since 1951-52. 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.	<p>At the end of 2013-14, the Conventional Public Housing Program consists of 2,204 units for families and individuals.</p>	<p>In the 2014-15 budget, the program is expected to maintain at the level of 2,204 units.</p>
<b>Housing Payment Assistance Program:</b> In the 2003-04 budget, the rental assistance program provided 5,313 units of vouchers for the low income residents in the private housing market.	<p>At the end of 2014, the rental assistance program will provide 6,582 units of vouchers for the low income residents in the private housing market.</p>	<p>In the 2014-15 budget, the program is expected to maintain 6,582 units of vouchers for the low income resident in the private housing market.</p>





<b>PROGRAM SERVICE LEVEL IN 2003-04</b>	<b>SERVICE CHANGES THROUGH 2013-14</b>	<b>SERVICE CHANGES FOR 2014-15</b>
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**COMMUNITY DEVELOPMENT**

**NEIGHBORHOOD SERVICES**

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

In 2003-04, cases were resolved in an average of 64 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 2013-14.

In 2014-15, 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 2013-14.

Based on 2012 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 - \$13.63

Kansas City – \$10.90

**PHOENIX – \$6.80**

Oklahoma City - \$6.29

San Antonio – \$5.94

Portland - \$3.09





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**PROGRAM SERVICE LEVEL  
IN 2003-04****SERVICE CHANGES  
THROUGH 2013-14****SERVICE CHANGES  
FOR 2014-15**

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**COMMUNITY DEVELOPMENT**

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**ECONOMIC DEVELOPMENT****Employment Growth Rate  
Compared to Other Cities**

In 2003, Phoenix's employment growth rate was better than all of the following benchmark cities:

**PHOENIX – 2.1%**

- Austin/San Marcos – 1.1%
- San Antonio – 1.1%
- San Diego – 0.1%
- Dallas – (0.3)%
- Los Angeles/Long Beach – (0.5)%
- Fort Worth/Arlington – (0.6)%
- Kansas City – (1.1)%
- San Jose – (3.5)%

The current issues inhibiting more robust growth in the economy are expected to continue through 2014. 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 fifth in the Employment Growth Rate compared to the following benchmark cities:

- Austin – 4.5%
- San Jose – 4.4%
- Dallas – 3.3%
- Ft. Worth-Arlington – 2.8%

**PHOENIX – 2.7%**

- Los Angeles/Long Beach – 2.3%
- San Antonio – 2.3%
- San Diego – 2.2%
- Kansas City – .6%

Phoenix's employment growth rate was up slightly by .03 percent from 2013 and moved up from sixth to fifth ranked cities. The aggregate change of employment growth of all benchmark cities was .5 percent from 2013-14. It is anticipated employment will continue to grow slightly in 2014-15.

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**COMMUNITY ENRICHMENT**

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**HUMAN SERVICES****Head Start Program:**

In 2003-04, the Human Services Department served 3,194 children.

The program is expected to serve 3,204 children during 2013-14, of which, 300 are included in the Early Head Start Program.

The program is expected to serve 3,390 children in 2014-15. The increase from 2013-14 is a result of the restoration of funding reduced through the Federal Sequestration process.

**Senior Nutrition Program:**

In 2003-04, the Human Services Department served 584,000 meals.

For 2013-14, the program is expected to serve 564,300 meals.

In the 2014-15 budget, it is anticipated that the number of meals served will be 576,200.





PROGRAM SERVICE LEVEL IN 2003-04	SERVICE CHANGES THROUGH 2013-14	SERVICE CHANGES FOR 2014-15
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**COMMUNITY ENRICHMENT**

**PARKS AND RECREATION**

**Swimming Pools:**

In 2003-04, Pecos pool was opened, increasing the number of public swimming 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 2014-15 budget is 29 as Cortez Pool is expected to reopen in May 2014.

**Swimming Pool Season:**

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 2014-15 budget for swimming pool season.

**Children's Summer Recreation Programs:**

In 2003-04, 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 2014-15 budget for children's summer recreation programs.





<b>PROGRAM SERVICE LEVEL IN 2003-04</b>	<b>SERVICE CHANGES THROUGH 2013-14</b>	<b>SERVICE CHANGES FOR 2014-15</b>
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**COMMUNITY ENRICHMENT**

**PARKS AND RECREATION**

**School Recreation Program  
During School Year:**

In 2003-04, 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 were restored, which brings the total number of sites to 47.

No changes are included in the 2014-15 budget for during school year recreation programs.





**PROGRAM SERVICE LEVEL  
IN 2003-04**

**SERVICE CHANGES  
THROUGH 2013-14**

**SERVICE CHANGES  
FOR 2014-15**

**COMMUNITY ENRICHMENT**

**LIBRARY**

**Central Library:**

Burton Barr Central Library opened in May 1995.

In 2003-04, library hours were reduced by nine hours per week at Central Library and all branches. The hours of operation were:

Monday-Thursday:  
10 a.m. to 9 p.m.

Friday and Saturday:  
10 a.m. to 6 p.m.

Sunday:  
Noon to 6 p.m.

Public calls for reference information at the branches were centralized at the Central Library. Patrons were allowed to place three items on hold (reduced from five). Adult and children's programming were reduced.

The purchase of library materials was reduced, with 24,000 fewer books and 6,000 fewer audio/visual items purchased.

**Branch Libraries:**

In the 2003-04 budget, branch library hours were 66 hours per week.

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.

In 2013-14, the number of e-materials was increased by over 13,000 items.

In September 2013, a new public website, which includes E-commerce capabilities, was launched.

In January 2014, hive @ central opened. The hive @ central is a collaborative space designed to bring together inventors, problem-solvers, entrepreneurs, and small businesses.

In July 2013, MACH1 opened. MACH1 is a space for coding classes, robotics, science cafes, and STEM programming for all ages. It is only open for scheduled classes and programs.

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

Community Resource Pages: The Library website will make space for a select group of non-profit organizations and feature them in library catalog results. Anyone looking in the catalog for information about various services will automatically be linked to the organizations in our community offering those services.

A software upgrade to Polaris Integrated Library System planned for August 2014 will provide library customers the ability to download ebooks from within their Library accounts. This integration of the library catalog with two of our most popular ebook services - the Greater Phoenix Digital Library (Overdrive) and Axis 360 - will simplify the checkout process for customers and allow staff to easily capture valuable statistics about ebook usage.

The 2014-15 services changes at Central Library will apply at all Branch Libraries.





PROGRAM SERVICE LEVEL IN 2003-04	SERVICE CHANGES THROUGH 2013-14	SERVICE CHANGES FOR 2014-15
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**COMMUNITY ENRICHMENT**

**LIBRARY**

**Branch Libraries:** *(continued)*

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.

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 six hours per week, from 7 to 9 p.m. on Tuesdays, Wednesdays and Thursdays, bringing total branch service hours to 759 per week. College Depot also expanded its programming to four branch libraries: Cesar Chavez, Cholla, Palo Verde and South Mountain Community College

Based on 2012 ICMA data, the Phoenix library system compared very favorably to other benchmark cities as noted below:

**Cost per Item Circulated:**

- San Antonio – \$4.46
- PHOENIX – \$1.89**
- Dallas – \$1.41
- Austin – Unavailable
- Long Beach – Unavailable





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**PROGRAM SERVICE LEVEL  
IN 2003-04**

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**SERVICE CHANGES  
THROUGH 2013-14**

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**SERVICE CHANGES  
FOR 2014-15**

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**ENVIRONMENTAL SERVICES**

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**WATER SERVICES**

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

In a March 2004 survey, Phoenix's average monthly water bill compared favorably to the following benchmark cities:

San Jose – \$37.15  
Kansas City – \$31.37  
Austin – \$29.73  
Dallas – \$27.17  
Tucson – \$25.75  
Albuquerque – \$23.96  
**PHOENIX – \$20.44**  
San Antonio – \$16.39

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

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

It is anticipated Phoenix water rates will continue this trend during 2014-15.

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

In a March 2004 survey, Phoenix's average monthly wastewater bill compared favorably to the following benchmark cities:

Austin – \$36.52  
Dallas – \$26.39  
Kansas City – \$20.85  
San Jose – \$18.96  
San Antonio – \$17.97  
Albuquerque – \$17.82  
**PHOENIX – \$14.56**  
Tucson – \$13.66

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

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

It is anticipated Phoenix wastewater rates will continue this trend during 2014-15.









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

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

### Budgeting Process

Improvements continue to be made to this year's award-winning budget presentation and community process to strengthen public engagement and demonstrate the city's commitment to fiscal transparency.

The Budget and Research Department expanded the citywide budget information packet and Inventory of Programs developed two years ago as part of a zero based approach. Last year, 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. This year, additional information was added regarding employee costs that provides detail on each type of cost for all employees and General Fund employees. A five-year General Fund forecast was also provided for the third consecutive year to the City Council giving them a tool for long-term planning and strategic decision making. 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, letters, phone, and through the city's website and social media. 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.

### 2014-15 BUDGET PROCESS

#### Initial Budget Status

In September 2013, 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 the 2012-13 fiscal year ended with higher than estimated resources and less than expected expenditures, resulting in a stronger starting position for fiscal year 2013-14. The 2012-13 ending balance was \$62.7 million, which was \$6.0 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 2013-14.

#### Reduction of the Emergency Sales Tax on Food

Under the direction of the City Council, a plan enabling the reduction of the emergency sales tax on food with no impact to city services was presented to the City Council at its Sept. 24, 2013 Policy meeting. The proposal, which included debt refinancing savings, alternative revenue, and additional efficiencies that completely offset the tax reduction estimated at \$33.4 million during fiscal years 2013-14 and 2014-15, was also taken to the community for public input at 11 community hearings. On Oct. 16, 2013, the City Council adopted an ordinance





reducing the emergency sales tax on food from 2 percent to 1 percent effective Jan. 1, 2014, with full expiration of the tax on March 31, 2015 as provided for in the original ordinance.

### **Budget Status Update**

In January 2014, Budget and Research provided a current 2013-14 fiscal year General Fund update, the preliminary 2014-15 General Fund budget status for 2014-15, and the five-year General Fund forecast. In 2013-14, General Fund revenue growth was projected to be lower than expected by approximately \$25 million. Staff had already been working to reduce expenditures and with continued efforts expected to maintain a balanced budget in the current fiscal year.

The preliminary status for 2014-15 showed the city faced a General Fund deficit of between \$26 and \$52 million. Weaker than expected economic recovery led to less than expected revenues. In addition, higher staff costs, necessary maintenance, vehicle replacements, and technology replacements led to the projected 2014-15 deficit. The status report stated the City Manager's Trial Budget presented in March would include more definitive estimates and a proposal to provide a balanced 2014-15 budget.

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 a projected General Fund deficit for 2015-16 and then a return to the ability to generally be balanced in most years if the revenue and cost assumptions were achieved.

For the third consecutive year, Budget and Research provided a citywide budget information packet and Inventory of Programs as part of a Zero Based Budget approach in February. 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 more detailed and transparent review of costs for city programs, facilitating a more informed discussion.

In February, the City Council received its fourth update since October 2010 on the Council-adopted balancing plan for the Public Safety Dedicated Funds. The City Council adopted a multi-year plan to balance the Public Safety Dedicated Funds without any layoffs to sworn personnel in October 2010. Staff reported it remains on track, and will allow the city to balance the deficit in the funds and resume hiring for new police officer and firefighter vacancies in 2015-16. This report also provided information requested by the Council at the Feb. 11 Policy Session regarding current and historical staffing levels in the Police Department

### **City Manager's 2014-15 Trial Budget**

On March 25, 2014, the Mayor and Council were presented with the 2014-15 City Manager's Trial Budget. The total proposed 2014-15 General Fund budget totaled \$1.137 billion, an increase of 0.9 percent over the 2013-14 General Fund budget of \$1.128 billion. The proposed balanced budget addressed a deficit of approximately \$37.7 million. This deficit was a result of the projected resources amount of \$1.137 billion, along with projected costs of \$1.175 billion.

The Trial Budget included the following:

- Efficiency actions totaling \$6.5 million in savings
- Deferral of \$1.9 million in capital fleet equipment replacement
- Reduction of internal and external service levels to the community totaling \$29.3 million
- Assumed continuance of existing employee contracts and compensation structure since labor contract negotiations were in progress
- Addition of \$2 million to the contingency fund, which remained underfunded to maintain an adequate fund balance per

the higher levels recommended by bond rating agencies

- Inclusion of \$10 million for the necessary replacement of large equipment and vehicles
- Inclusion of about \$6 million to address critical information technology needs
- Necessary additional funding of \$103,000 for contracted street landscape maintenance for seven additional miles of new surface streets on Sonoran Desert Drive from Interstate 17 to Dove Valley Road and Dove Valley Road from 23rd Avenue to Poloma Parkway, and for contracted maintenance of block walls and gates on 1st Avenue from McDowell Road to Thomas Road

The Trial Budget allows the mayor, City Council and community to review, discuss and recommend revisions to the balanced budget proposal months in advance of final budget decisions. The Trial Budget did not assume any new revenue, taxes or fees. Revenue estimates were based on the best economic information available. The Trial Budget assumed the April 1, 2015 sunset of the remaining 1 percent food tax as set forth in city ordinance. It also assumed the continuation of existing employee contracts as labor negotiations were still underway.

The proposed service reductions included:

- Closure of the Police Central Booking Unit in the Police Department. This cut would reduce efficiencies in the processing of prisoners and not allow officers to spend as much time with crime response and investigation
- Elimination of highly important fire prevention and victim response services in the Fire Department
- Closure of three senior centers
- Elimination of two community prosecutors
- Closure of two courtrooms
- Reduction of the Graffiti Busters program
- Closure of the Barrios Unidos and Holiday summer neighborhood centers





- Elimination of supervised activities at the Rose Mofford and Encanto Sports Complexes
- Closure of three city pools
- Elimination of 11 swim teams and six dive teams
- Closure of most community and recreation centers
- Reduced street repair and maintenance
- Reduced maintenance of traffic signals
- Elimination of citywide Volunteer Program coordination
- Reduction of internal auditors that reduce the city's financial and legal compliance risks
- Reduction of tax enforcement inspectors that increase revenue by identifying taxes owed to the city
- Other cuts to important internal and external services

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

**Development Services Fund:**

In order to meet needs for expected further increases in development activity, Planning and Development proposed to add 12 full-time positions to conduct civil, residential and commercial plan reviews, inspections, and site planning. Additionally, increased contractual services were included to enhance permitting technology and online services.

**Phoenix Parks and Preserves Initiative Fund (PPPI):**

The PPPI fund includes the addition of 4.0 full time equivalent (FTE) of part-time positions to operate the new Chavez Dog Park, Deems Hills Dog Park, Paradise Valley Dog Park, and Carver Mountain Trailhead expansion.

**Wastewater Fund:**

The Budget includes the use of Wastewater

funds for operating costs related to the enhanced multi-phase digestion process for wastewater treatment and for costs related to the newly converted centrifuge for wastewater treatment.

Improvements were made to the budget presentation to strengthen engagement and transparency. Based on requests from Mayor Greg Stanton and Councilman Bill Gates, the Trial Budget included a detailed report explaining the basis and assumptions of General Fund revenue projections. The Trial Budget also included an updated Zero Based Inventory of Programs document as part of the Zero Based Budget approach and included program changes proposed in the Trial Budget.

**Community Input**

The proposed budget was presented at more than 20 budget hearings conducted throughout the community from April 1 to 22. 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 "Prensa Hispana." 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.

About 1,700 comments were received from the community at more than 20 budget hearings as well as by email, letters, phone, through the city's website

and social media during Phoenix's online budget hearing. Comments overwhelmingly supported the continuance of existing service levels, with many indicating a willingness to pay additional fees or taxes as a means to balance the budget without cutting city programs.

**City Manager's Proposed Budget and Council Action**

On May 6, a revised budget package that reflected feedback from the community was presented to the Mayor and City Council for information and discussion. The 2014-15 City Manager's Proposed Budget provided a multifaceted approach with shared solutions used to close the General Fund deficit of \$37.7 million. It reflected reduced employee costs based on progress with negotiating new labor contracts, and inclusion of a proposed increase of about 1 percent to General Fund revenue. These changes along with other adjustments allowed the 2014-15 General Fund to be balanced with no reductions to services. This proposed budget reflected feedback received regarding the importance of maintaining current city services and a strong city organization.

The proposed 2014-15 General Fund budget was \$1.149 billion, a 1.9 percent increase from the adopted 2013-14 General Fund budget, but was below the General Fund peak year of 2007-08 by \$50.5 million, or 4.2 percent.

The 2014-15 City Manager's Proposed Budget was built on shared sacrifice to save city services. About 1 percent in additional revenue combined with service efficiencies and across the board sacrifices of -1.6 percent in compensation reductions by city employees meant that all services were preserved and hiring of new police officers and firefighters could resume earlier in 2014-15.

The balanced City Manager's Proposed Budget was based on:

- Strong mayor and Council leadership in light of difficult fiscal challenges to make tough decisions that strengthen the financial position of the city





- Shared sacrifices that saved city services and allowed the city to hire more police officers and firefighters in 2015
- Committed city employees who were asked to take pay concessions to ensure community services continue
- Continued efficiency improvements enabling the city to reach approximately \$97 million in efficiency savings since 2010 with the additional \$6.5 million in efficiency actions in this budget
- About 1 percent increase to General Fund revenue reflecting community comments and a willingness to pay a little more in taxes or fees rather than reduce services
- Important investment in technology and capital needs that will help keep the city running efficiently
- Transparency and community involvement with more than 20 budget hearings.

Significant changes occurred since the Trial Budget was presented in March 2014:

- Progress was made in labor negotiations, with most units agreeing on compensation concessions of -1.6 percent in 2014-15 and an additional -0.9 percent in 2015-16. Applying the same level of concessions across all employees will result in total General Fund savings of approximately \$16.5 million in 2014-15 and an additional \$9.3 million in 2015-16.
- On April 16, 2014, the City Council authorized the legally-required posting of several potential new revenue sources to consider for addressing the General Fund deficit. The city manager's budget proposed the addition of \$11 million in net, new ongoing revenue in 2014-15, which was an increase of about 1 percent above currently projected General Fund resources.
- A commitment of \$125,000 by Grand Canyon University to restore the Drowning Prevention and Graffiti Busters programs

- Availability of one-time funds in the Fire Proposition 301 Fund proposed to be used for the purchase of one replacement Fire ladder truck reducing General Fund expenditures by about \$1.1 million. The purchase will not affect the timing of hiring of new firefighters.
- Slowing the increase in the Contingency Fund by about \$400,000. This brings the Contingency amount to \$45.3 million, or 3.95 percent of General Fund operating costs, representing the highest ever amount and keeping the city on track to reach the 5 percent goal.
- Commencing the final phase to civilianize the Police Central Booking function in September 2014 instead of July 2014, which saves \$187,000 in 2014-15.

The above changes totaled \$29.3 million and allowed the city to maintain all General Fund services to the community.

The City Manager's Proposed Budget also included recommended changes to non-General Funds as described earlier and in addition included the following:

The state of Arizona's budget for 2014-15 includes an increase in resources allocated to the Highway User Revenue Fund (AHUR). The proceeds in this fund are shared with Arizona cities and towns, and Phoenix is expected to receive an additional \$2.7 million in AHUR funds for 2014-15. AHUR funds can be used solely for highway and street purposes including costs related to construction, maintenance, repair, roadside development, streets, bridges, right-of-way acquisition and payment of principal and interest on highway and street bonds.

On May 20, the City Council approved the 2014-15 City Manager's Proposed Budget, which preserved city services and advanced the hiring of police officers and firefighters. By law, the City Council must adopt a balanced budget. The May 20 action provided the time needed to meet legal deadlines and comply with City Code, Charter and state law. Requirements include advance public notification, publication of detailed budget information, advertising, hearings and final legal

adoption actions.

Additionally, staff provided responses to several City Council requests and follow-up information including:

- Discussion regarding public information and government relations staff and the cost for travel, conferences and city memberships
- Sale of excess property
- GF vacant civilian positions
- Additional revenue ideas and cost recovery
- Updates on other information requested by the City Council regarding: costs for hosting large special events, circulator bus routes and operational costs for bond-funded facilities
- City management next steps regarding: organizational review and identifying new efficiencies; improvements to city revenue collections; and reducing health care and worker's compensation costs
- Review of the meet and confer ordinance to better align with the budget process
- Budget process review

### **Tentative Budget Adoption**

A public hearing and adoption of the tentative budget ordinances was completed on June 4, 2014, 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.

### **Additional General Fund Revenue**

On June 18, 2014, the City Council approved recommended additional revenue





totaling \$11 million as part of the shared solutions, which includes an added excise tax collected through municipal services, bills based on water meter size, implementation of demand based parking meter pricing and expanded enforcement hours, increased fees for annual senior center passes, annual adult recreation passes, and increased fees for reserved athletic fields by sports teams.

### **Final Budget Adoption**

A public hearing and adoption of the final budget ordinances was completed on June 18, 2014. Adoption of the property tax levy ordinance was completed no less than 14 days later on July 2, 2014, in accordance with state law.

The following chart is an overview of the 2014-15 budget calendar.

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### **2014-15 Budget Calendar**

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Jan. 28 2014	Preliminary 2014-15 Budget Status; Five-Year General Fund Forecast
Feb. 11, 2014	2014-15 Inventory of Programs ( Zero Based Budget)
Feb. 25, 2014	Updated Public Safety Funds Forecast
March 25, 2014	City Manager's 2014-15 Trial Budget
April 1—22, 2014	Community Budget Hearings
April 15, 2014	Preliminary Five-Year Capital Improvement Program
May 6, 2014	City Manager's Proposed Budget
May 20, 2014	Council Budget Decision
June 4, 2014	2014-15 Tentative Budget Ordinance Adoption
June 18, 2014	2014-15 Final Budget Ordinance Adoption
July 2, 2014	2014-15 Property Tax Levy Ordinance Adoption

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In April, the city held more than 20 budget hearings throughout the city. More than 1,700 comments were received from the community at budget hearings as well as by email, letter, phone, website and social media.





# General Budget and Financial Policies

**C**ity 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 2014-15 budget development process are as follows:

Action Required	City Charter Prescribed Deadline	Arizona State Statute Prescribed Deadline	2014-15 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 15, 2014
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 2, 2014
City manager's proposed budget for ensuing year presented to the mayor and City Council.	On or before the first Tuesday in June or a date designated by the City Council.	City Manager budget not required.	May 6, 2014
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 21, 2014
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 21, 2014
Public hearing immediately followed by adoption of tentative budget ordinances with or without amendment.	On or before the last day of June.	On or before the third Monday of July.	June 4, 2014





Action Required	City Charter Prescribed Deadline	Arizona State Statute Prescribed Deadline	2014-15 Budget Dates
Publish truth-in-taxation notice twice in a newspaper of general circulation (when required).	No requirement.	First, at least 14 but not more than 20 days before required public hearing; then at least seven days but not more than 10 days before required hearing.	Publish weeks of June 2, 2014 and June 9, 2014
Publish summary of tentatively adopted budget and notice of public hearing which must precede final adoption.	No requirement.	Once a week for two consecutive weeks following tentative adoption.	Publish weeks of June 9, 2014 and June 16, 2014
Post a complete copy of the tentatively adopted budget on the city's website and provide copies to libraries and City Clerk.	No requirement.	No later than seven business days after the estimates of revenue and expenses are initially presented before the City Council.	June 13, 2014
Public hearing on budget plus property tax levy or truth-in-taxation hearing (when required) immediately followed by adoption of final budget ordinances.	No requirement.	On or before the 14th day before the tax levy is adopted and no later than first Monday in August.	June 18, 2014
Post a complete copy of the adopted final budget on the city's website.	No requirement.	No later than seven days after adoption.	June 27, 2014
Public hearing and property tax levy adoption.	No later than the last regularly scheduled Council meeting in July.	No sooner than 14 days following final budget adoption and no later than the third Monday in August.	July 2, 2014

**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 do not apply to cities adopting a home rule option unless specifically approved by voters. The principal constitutional exemptions that could apply to the city of Phoenix are debt-service payments, expenditures of federal funds, certain state-shared revenues and other long-term debt obligations. Exemptions associated with revenues not expended in the year of receipt may be carried forward and used in later years. The 1979-80 expenditure base may be adjusted for the transfer of functions between governmental jurisdictions.

The constitution provides for four processes to exceed the expenditure limitation: (1) a local four-year home rule option, (2) a permanent adjustment to the 1979-80 base, (3) a one-time override for the following fiscal year, and (4) an accumulation for pay-as-you-go capital. 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 is appropriated to provide for emergencies and unanticipated expenditures. The use of contingency funds is intended for one-time expenses since it represents limited one-time resources in the fund balances. Expenditures may be made from contingencies only upon approval by the City Council with recommendation by the city manager. 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 2014-15 at 3.95 percent. Best practices recommend a contingency fund of five percent of total expenditures. In order to ensure an adequate fund balance is maintained, 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 the appropriation authority for unexpended amounts, including those encumbered, lapses at the end of the fiscal year. Since all expended amounts must be included in the budget adoption ordinance, the city re-budgets all encumbrances outstanding at year's end.

### Cost Allocation and Expenditure Policies

**1. Administrative Cost Recovery** - The Finance Department prepares an indirect cost allocation plan that conforms to federal guidelines for grant reimbursement of appropriate administrative costs. The allocated costs are charged to eligible federal grant funds through a fund transfer to the General Fund.

**2. Central Services Cost Allocation** - The Finance Department annually calculates the full cost of central services provided to Enterprise 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 25-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, 40 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. The temporary food tax was reduced in half by the City Council effective Jan. 1, 2014, and the remaining tax is set by ordinance to expire on March 31, 2015.

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

Also important to managing the revenue base is the continued growth expected in Internet sales. The use tax is an important tool in reducing the impact of this shift from sales in "Bricks and Mortar" stores. The development of 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 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 temporarily removed by City Council action in February 2010. By ordinance, the exemption will be restored in April 2015. 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 Tax** - 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 or to the limit imposed by the city charter, whichever is higher. 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 & 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.







# Revenue Estimates

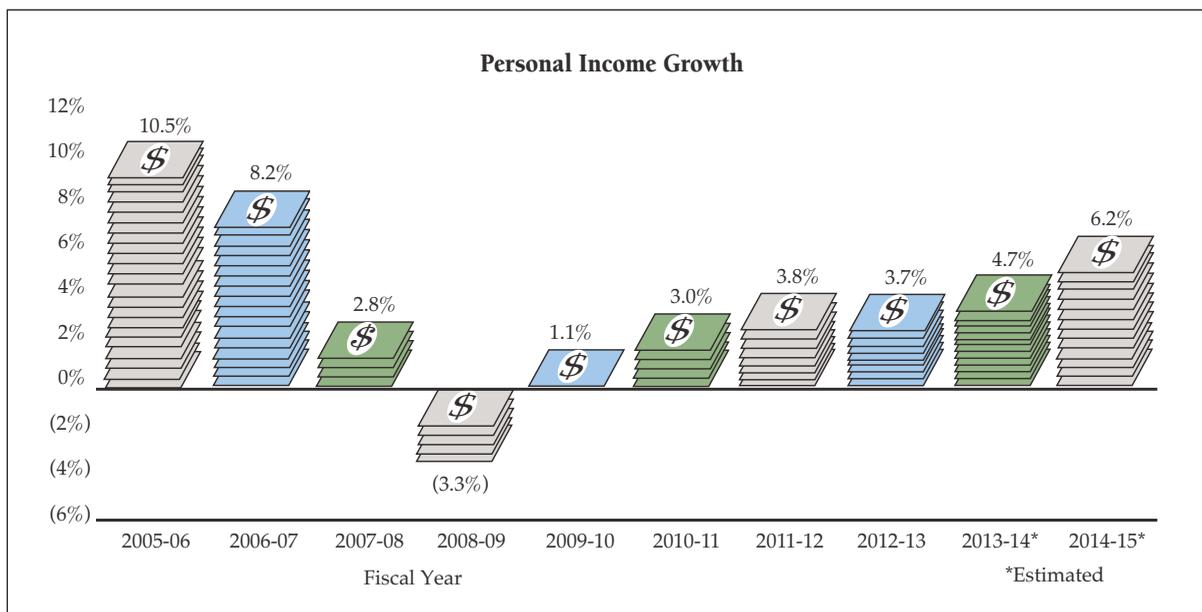
Revenue estimates for 2014-15 are based on assumptions about the local economy, population changes, activity levels, underlying estimates for cost-recovery rates and fees, and on the continuation of current state revenue collection and sharing practices. In addition, other revenue estimates are developed 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. Also, 2014-15 General Fund revenue estimates include changes adopted by the council in June 2014. The changes total more than \$11 million and include: a new excise tax placed in Phoenix Municipal Services bills based on water meter size, expanded hours of enforcement and increased rates for parking meters, and increased senior center and recreational annual user 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. The current combined primary and secondary property tax rate remains the same at \$1.82 in accordance with Council policy through 2014-15.

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. City sales tax revenues are increasing; however, consumers and businesses have remained cautious about spending. 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 6.2 percent in 2014-15, which is up slightly from the 4.7 percent estimated for 2013-14.

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. Regression analysis is performed using data from the University of Arizona's Forecasting Project to 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 and no change to state shared revenue formulas. The forecast includes a new general excise tax on municipal services bills based on water meter size and accounts for the reduction of the food for home consumption tax from two percent to one percent effective Jan. 1, 2014, and complete elimination on April 1, 2015.

CITY OF PHOENIX, ARIZONA FIVE YEAR EXCISE TAX REVENUE FORECAST (In Thousands of Dollars)													
	2012-13	2013-14	%	2014-15	%	2015-16	%	2016-17	%	2017-18	%	2018-19	%
	Actual	Estimate	Change	Estimate	Change	Forecast	Change	Forecast	Change	Forecast	Change	Forecast	Change
<b>Privilege License Tax</b>													
Privilege License Tax <sup>1,3</sup>	\$316,100	\$325,050	2.8%	\$333,248	2.5%	\$341,260	2.4%	\$365,644	7.1%	\$386,972	5.8%	\$407,581	5.3%
Police Neighborhood Protection <sup>1,3</sup>	19,260	20,677	7.4%	21,791	5.4%	21,420	-1.7%	23,027	7.5%	24,454	6.2%	25,818	5.6%
Police Block Watch <sup>1,3</sup>	1,376	1,477	7.3%	1,556	5.3%	1,530	-1.7%	1,644	7.5%	1,745	6.1%	1,844	5.7%
Fire Neighborhood Protection <sup>1,3</sup>	6,879	7,384	7.3%	7,783	5.4%	7,651	-1.7%	8,223	7.5%	8,734	6.2%	9,220	5.6%
Police - 2007 Public Safety Expansion <sup>1,3</sup>	44,023	47,262	7.4%	49,805	5.4%	48,960	-1.7%	52,633	7.5%	55,896	6.2%	59,013	5.6%
Fire - 2007 Public Safety Expansion <sup>1,3</sup>	11,006	11,822	7.4%	12,450	5.3%	12,240	-1.7%	13,158	7.5%	13,975	6.2%	14,753	5.6%
Parks and Preserves <sup>1,3</sup>	27,515	29,454	7.0%	31,137	5.7%	30,600	-1.7%	32,896	7.5%	34,935	6.2%	36,883	5.6%
Transit 2000 <sup>1,2,3</sup>	110,059	112,344	2.1%	115,177	2.5%	122,400	6.3%	131,583	7.5%	139,742	6.2%	147,532	5.6%
Convention Center Excise Tax <sup>3</sup>	40,828	43,855	7.4%	47,993	9.4%	51,070	6.4%	55,320	8.3%	59,375	7.3%	63,013	6.1%
Sports Facilities Excise Tax <sup>3</sup>	14,893	15,454	3.8%	16,451	6.5%	16,757	1.9%	17,822	6.4%	18,485	3.7%	19,201	3.9%
Privilege License Fees (Annual)	2,175	2,185	0.5%	2,285	4.6%	2,399	5.0%	2,519	5.0%	2,645	5.0%	2,777	5.0%
PLT Application Fees	151	230	52.3%	230	0.0%	250	8.7%	275	10.0%	300	9.1%	325	8.3%
Treasury Collection Service Fee	26	26	0.0%	26	0.0%	30	15.4%	35	16.7%	40	14.3%	45	12.5%
Government Lease Property Excise Tax	298	350	17.4%	375	7.1%	400	6.7%	405	1.3%	410	1.2%	415	1.2%
<b>Subtotal (PLT)</b>	<b>\$594,589</b>	<b>\$617,570</b>	<b>3.9%</b>	<b>\$640,307</b>	<b>3.7%</b>	<b>\$656,967</b>	<b>2.6%</b>	<b>\$705,184</b>	<b>7.3%</b>	<b>\$747,708</b>	<b>6.0%</b>	<b>\$788,420</b>	<b>5.4%</b>
<b>Utility &amp; Franchise</b>													
Utility & Franchise Tax	\$87,546	\$88,859	1.5%	\$90,696	2.1%	\$92,688	2.2%	\$96,695	4.3%	\$100,890	4.3%	\$104,490	3.6%
Jail Tax	6,832	6,900	1.0%	7,000	1.4%	7,105	1.5%	7,212	1.5%	7,320	1.5%	7,430	1.5%
General Excise Tax <sup>6</sup>	-	-	-	9,488	-	10,506	10.7%	10,663	1.5%	10,823	1.5%	10,986	1.5%
Storm Water Management	4,649	4,701	1.1%	4,718	0.4%	4,808	1.9%	4,909	2.1%	5,001	1.9%	5,087	1.7%
Capital Construction	16,382	15,277	-6.7%	15,410	0.9%	15,514	0.7%	15,825	2.0%	16,142	2.0%	16,464	2.0%
Police Public Safety Enhancement	15,282	15,615	2.2%	16,227	3.9%	16,867	3.9%	17,542	4.0%	18,229	3.9%	18,776	3.0%
Fire Public Safety Enhancement	9,366	9,557	2.0%	9,931	3.9%	10,323	3.9%	10,735	4.0%	11,156	3.9%	11,491	3.0%
<b>Subtotal (Utility &amp; Franchise)</b>	<b>\$140,057</b>	<b>\$140,909</b>	<b>0.6%</b>	<b>\$153,470</b>	<b>8.9%</b>	<b>\$157,811</b>	<b>2.8%</b>	<b>\$163,581</b>	<b>3.7%</b>	<b>\$169,561</b>	<b>3.7%</b>	<b>\$174,724</b>	<b>3.0%</b>
<b>Licenses &amp; Permits</b>													
Licenses & Permits	2,702	2,801	3.7%	2,833	1.1%	2,903	2.5%	2,976	2.5%	3,053	2.6%	3,133	2.6%
State Sales Tax <sup>3,4,5</sup>	118,730	127,861	7.7%	135,474	6.0%	145,216	7.2%	156,044	7.5%	166,174	6.5%	175,257	5.5%
State Income Tax <sup>4,5</sup>	147,668	161,580	9.4%	175,174	8.4%	181,000	3.3%	190,000	5.0%	200,000	5.3%	211,000	5.5%
<b>TOTAL</b>	<b>\$1,003,746</b>	<b>\$1,050,721</b>	<b>4.7%</b>	<b>\$1,107,258</b>	<b>5.4%</b>	<b>\$1,143,897</b>	<b>3.3%</b>	<b>\$1,217,785</b>	<b>6.5%</b>	<b>\$1,286,496</b>	<b>5.6%</b>	<b>\$1,352,534</b>	<b>5.1%</b>

<sup>1</sup> Sales tax on food for home consumption reduced to 1% effective 1/1/2014. Effective 1/1/2014, the remaining sales tax on food revenue is allocated to the General Fund, Neighborhood Protection, Public Safety Expansion, and Phoenix Parks and Preserves funds. Complete elimination of the sales tax on food effective 4/1/2015 in General Fund, Neighborhood Protection, Public Safety Expansion, and Phoenix Parks and Preserves funds.

<sup>2</sup> Effective with the reduction on 1/1/2014, the Transit 2000 fund no longer receives any portion of the sales tax on food revenue, which was offset by reduced expenses that resulted from refinancing of Transit 2000 debt.

<sup>3</sup> FY 14/15 includes one-time revenue from Superbowl 2015 to city and state sales tax projections in the hotel/motel, restaurants and bars, leases and rentals, and retail sales tax categories.

<sup>4</sup> Assumes 2010 Census population for state shared revenues.

<sup>5</sup> Assumes no change to State shared revenue formulas or legislation that could impact state income or sales tax collections.

<sup>6</sup> City Council approved a General Excise Tax on Water accounts. FY 14/15 represents 11 months and the growth rate in FY 15/16 accounts for a full year of collections.

**Note:**

\* Assumes no further period of recession and modest revenue growth for the forecast period. Revenue is assumed to gain momentum during the first three years of the forecast then slowing down for the last two years to account for increased uncertainty of projections.

\* 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 2014-15 General Fund revenues are estimated to be \$1,069.8 million or 4.1 percent more than 2013-14 estimates of \$1,027.2 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 2014-15 revenue estimates.

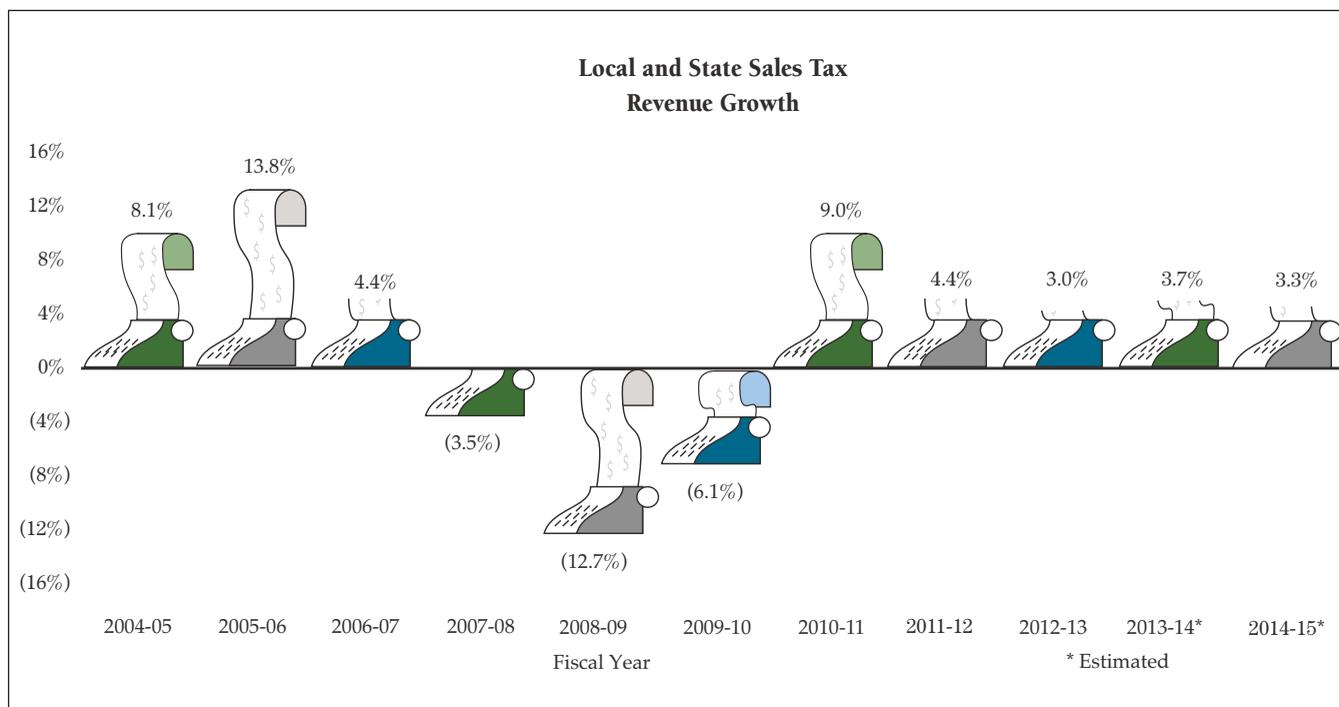
Local and state sales tax collections represent approximately 52 percent of General Fund revenues. Local sales taxes

for 2014-15 are expected to grow by 2.4 percent over 2013-14 estimates. This is a slight decrease from the 2.5 percent growth rate in local sales taxes estimated in 2013-14 and accounts for the reduction of the food for home consumption tax to one percent effective Jan. 1, 2014, and complete elimination on April 1, 2015. Phoenix's share of state sales taxes for 2014-15 is expected to grow by 6.0 percent over 2013-14 estimates. This is decreased from the 7.7 percent growth in Phoenix's share anticipated in 2013-14 and is due to

a one-time adjustment by the Arizona Department of Revenue to the retail sales tax category in 2013-14 which artificially increased collections.

Combined local and state sales tax revenues for 2014-15 are expected to grow by 3.3 percent over 2013-14 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	2012-13 Actual	% of Total	2013-14 Estimate	% of Total	2014-15 Budget	% of Total	Increase/(Decrease) From 2013-14 Estimate	
							Amount	Percent
<b>Local Taxes and Related Fees</b>								
Local Sales Tax	\$ 403,646	41.2%	\$ 413,909	40.3%	\$ 423,944	39.6%	\$ 10,035	2.4%
Privilege License Fees	2,352	0.2%	2,441	0.2%	2,541	0.2%	100	4.1%
Other General Fund Excise Taxes	7,130	0.7%	7,250	0.7%	16,863	1.6%	9,613	132.6%
Subtotal	\$ 413,128	42.1%	\$ 423,600	41.2%	\$ 443,348	41.4%	\$ 19,748	4.7%
<b>State-Shared Revenue</b>								
Sales Tax	118,730	12.1%	127,861	12.4%	135,474	12.7%	7,613	6.0%
State Income Tax	147,668	15.1%	161,580	15.7%	175,174	16.4%	13,594	8.4%
Vehicle License Tax	48,370	4.9%	52,200	5.1%	54,300	5.1%	2,100	4.0%
Subtotal	\$ 314,768	32.1%	\$ 341,641	33.3%	\$ 364,948	34.1%	\$ 23,307	6.8%
<b>Primary Property Tax</b>	132,101	13.5%	142,849	13.9%	137,956	12.9%	(4,893)	-3.4%
<b>User Fees/Other Revenue</b>								
Licenses & Permits	2,702	0.3%	2,801	0.3%	2,833	0.3%	32	1.1%
Cable Communications	9,505	1.0%	9,500	0.9%	9,495	0.9%	(5)	-0.1%
Fines and Forfeitures	18,927	1.9%	17,442	1.7%	17,722	1.7%	280	1.6%
Court Default Fee	1,086	0.1%	1,015	0.1%	1,015	0.1%	-	0.0%
Fire	44,855	4.6%	43,447	4.2%	44,454	4.2%	1,007	2.3%
Hazardous Materials Inspection Fee	1,233	0.1%	1,350	0.1%	1,400	0.1%	50	3.7%
Library Fees	1,006	0.1%	1,000	0.1%	1,025	0.1%	25	2.5%
Parks and Recreation	8,240	0.8%	7,773	0.8%	7,361	0.7%	(412)	-5.3%
Planning	1,250	0.1%	1,344	0.1%	1,431	0.1%	87	6.5%
Police	12,681	1.3%	13,237	1.3%	13,487	1.3%	250	1.9%
Street Transportation	4,194	0.4%	3,885	0.4%	3,928	0.4%	43	1.1%
Other Service Charges	11,890	1.2%	11,990	1.2%	14,893	1.4%	2,903	24.2%
Other	3,056	0.3%	4,375	0.4%	4,480	0.4%	105	2.4%
Subtotal	\$ 120,625	12.3%	\$ 119,159	11.6%	\$ 123,524	11.6%	\$ 4,365	3.7%
<b>TOTAL GENERAL FUND</b>	\$ 980,622	100.0%	\$ 1,027,249	100.0%	\$ 1,069,776	100.0%	\$ 42,527	4.1%





## LOCAL SALES TAXES AND FEES

This major revenue category consists of local sales tax, privilege license fees, use tax, franchise taxes and fees, and other general excise taxes. The 2014-15 estimate is \$443.3 million, which is \$19.7 million or 4.7 percent greater than the 2013-14 estimate of \$423.6 million. The assumptions used to estimate local taxes and related fees follow.

### Local Sales Tax

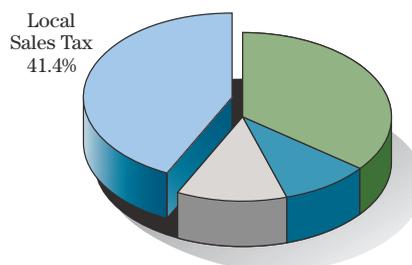
The city of Phoenix's local sales tax consists of 15 general categories that are collected based on a percentage of business income accruing in each category. To protect local businesses, Phoenix also levies a use tax on purchases where no sales taxes were paid.

Of the 15 categories collected, all except advertising provide General Fund resources and contribute to voter-approved resources for police and fire, parks and preserves, and 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. Effective Jan. 1, 2014, the rate was reduced from two percent to one percent and the tax will sunset on March 31, 2015. The tax provides resources to the General Fund and the voter-approved Neighborhood Protection, 2007 Public Safety Expansion and Parks and Preserves 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 – \$1,069.8 Million



### CURRENT LOCAL SALES TAX RATES BY CATEGORY

	General Fund	Neighborhood Protection	2007 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	1.2%	0.1%	0.2%	–	0.1%	0.4%	–	–	–	2.0%
Short-Term Motor 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%
Retail Food Sales (1)	0.6%	0.1%	0.2%	–	0.1%	–	–	–	–	1.0%
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.

(1) Effective 04/01/10, the City of Phoenix re-instated the Retail Food Sales tax under the Retail Category at 2.0% for 5 years. However, the City of Phoenix decreased this rate to 1% effective 01/01/14, with full expiration on 03/31/15. Prior to the reduction in the rate to 1% on 01/01/14, the sales tax on food was allocated the same as other Retail Sales tax.





The General Fund portion of the local sales tax estimate is \$423,944,000 for 2014-15. This is an increase of \$10,035,000 or 2.4 percent from the 2013-14 estimate of \$413,909,000. The increase in local sales tax revenue is based on the assumption the economy will continue to improve at a modest pace. The estimate also accounts for the reduction of the food tax to one percent effective Jan. 1, 2014, expiration of the food tax effective April 1, 2015, one-time revenue from the 2015 Super Bowl and anticipated audit adjustments. Estimated growth of 7.3 percent is projected in the retail sales category. Projected increases in other categories include 3.0 percent for utility and franchise; 6.0 percent for restaurants and bars; and 4.0 percent for hotel/motel room rentals.

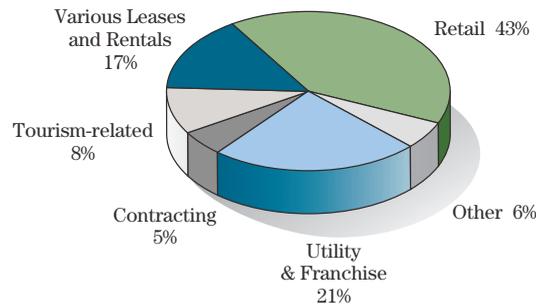
As shown in the pie chart to the right, the retail category represents approximately 43 percent of the local General Fund sales tax. Personal income growth, which is used as a trend indicator for retail sales activity, is projected at 6.2 percent for 2014-15.

The tax on food for home consumption, which was effective April 1, 2010, is projected to generate approximately \$26.2 million in General Fund revenue in 2013-14 and \$14.5 million in 2014-15. As mentioned earlier, the tax was reduced to one percent effective January 1, 2014 and will expire April 1, 2015.

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 2014-15, the leases and rentals of personal property and commercial real property categories are expected to remain flat and apartment rentals is projected to grow by 11.0 percent. These three categories combined are approximately 17 percent of local General Fund sales tax revenue.

The contracting category is expected to grow by 17.0 percent in 2014-15. Construction activity in the commercial, retail and residential markets has improved since the recession as evidenced by positive growth in 2013-14. For 2014-15, economic indicators such as job and business expansion coupled with anticipated population growth indicate construction activity should continue to improve from 2013-14. This category represents approximately 5 percent of the local General Fund sales tax revenue.

**GENERAL FUNDS  
Local Sales Taxes**



The restaurants and bars category is expected to increase 6.0 percent and the hotel/motel category is expected to increase 4.0 percent in 2014-15. These two categories, combined with revenue from short-term motor vehicle rentals, are closely related to tourism activity. The expected growth rate for these categories for 2013-14 are 6.0 percent and 3.0 percent respectively. Revenues from these tourism-related activities represent approximately 8 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 2014-15 estimate for utility sales and franchise tax revenue is \$90,493,000, which is an increase of 2.3 percent over the 2013-14 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 2014-15 estimate of \$23,379,000, is an increase of 10.0 percent over the 2013-14 estimate. This category is

subject to fluctuations in purchasing practices, as well as economic drivers. The use tax category is approximately 5.5 percent of local General Fund sales tax revenue.

The following table shows General Fund sales tax collections since 2010-11. The amounts shown exclude the additional tax items that are collected based on water service accounts (jail tax and general excise tax).

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

Fiscal Year	Revenues	% Change From Previous Year
2010-11	\$373,767	10.4%
2011-12	392,922	5.1
2012-13	403,646	2.7
2013-14 (Est.)	413,909	2.5
2014-15 (Est.)	423,944	2.4





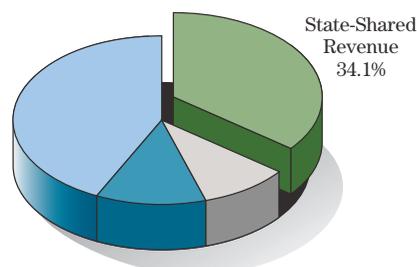
### Privilege License Fees

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 2014-15 estimate for privilege license fee revenue of \$2,541,000 represents a 4.1 percent increase from the 2013-14 estimate of \$2,441,000. 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 2014-15 estimate of \$7,000,000 represents a 1.4 percent increase from the 2013-14 estimate of \$6,900,000. In addition to the jail tax, a new general excise tax on municipal services bills based on water meter size is included with a 2014-15 estimate of \$9,488,000.

**GENERAL FUNDS**  
Total Revenues – \$1,069.8 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 2014-15 estimate for this category is \$364.9 million, which is \$23.3 million or 6.8 percent more than the 2013-14 estimate of \$341.6 million. The increase is due to an estimated increase of 8.4 percent in state-shared income taxes and moderate growth of 6.0 percent in state sales taxes. State-shared vehicle license tax revenue for 2014-15 is estimated to increase at 4.0 percent over the 2013-14 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. Under the current formula, incorporated cities receive 25 percent of the distribution base. These funds are distributed to

### STATE SALES TAXES (In Thousands of Dollars)

Fiscal Year	Cities' Share of State Collections		Phoenix's Share		
	Total	% Change	Percent	Amount	% Change
2010-11	\$373,259	4.6%	30.0% <sup>1</sup>	\$111,787	4.6%
2011-12	392,476	5.1	28.8	114,018	2.0
2012-13	411,118	4.7	28.8	118,730	4.10
2013-14 (Est.)	440,484	7.1	28.8	127,861	7.7
2014-15 (Est.)	467,959	6.2	28.8	135,474	6.0

<sup>1</sup>Impact of 2010 Census population changes became effective in June 2011.





individual cities on the basis of relative population percentages. Phoenix's share of the distribution to cities for 2014-15 is estimated at 28.80 percent.

The city's share of the state sales tax for 2014-15 is expected to be \$135,474,000, which is \$7,613,000 or 6.0 percent more than the 2013-14 estimate of \$127,861,000. This estimate is based on the assumption that, similar to the local economy, the state economy will continue to improve in 2014-15. The table below shows the cities' share of state sales taxes, Phoenix's allocation and annual increase/decrease since 2010-11. 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 2014-15, is expected to be \$608.9 million. The distribution represents actual individual and corporate income tax collections by the state in the 2012-13 fiscal year. The anticipated \$608.9 million is an 8.5 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 2014-15 is estimated at \$175,174,000 and is an increase of \$13,594,000 or 8.4 percent from the 2013-14 estimate of \$161,580,000.

The following table shows the total cities' share of state income tax, Phoenix's share, percentage allocation and annual

increase/decrease since 2010-11. 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
2010-11	15.0%	\$473,927	(24.6)%	30.3%	\$143,647	(24.6)%
2011-12	15.0	424,573	(10.4)	28.8 <sup>v</sup>	122,012	(15.1)
2012-13	15.0	513,628	21.0	28.8	147,668	21.0
2013-14 (Est.)	15.0	561,001	9.2	28.8	161,580	9.4
2014-15 (Est.)	15.0	608,900	8.5	28.8	175,174	8.4

<sup>v</sup>Impact of 2010 Census population changes became effective in July 2011.





### 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 2014-15 is anticipated to be \$54,300,000 which is \$2,100,000 or 4.0 percent more than the 2013-14 estimate of \$52,200,000.

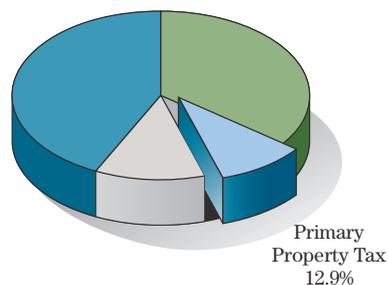
The following table shows the cities' share of the vehicle license tax, Phoenix's share, allocation percentage and annual percentage change since 2010-11.

### PRIMARY PROPERTY TAX

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

The annual increase in the primary property tax levy is limited by the Arizona Constitution to a 2 percent increase over the prior levy plus an estimated levy for previously unassessed property (primarily new construction), and allowable tort liability judgments.

**GENERAL FUNDS**  
Total Revenues – \$1,069.8 Million



### PRIMARY PROPERTY TAX

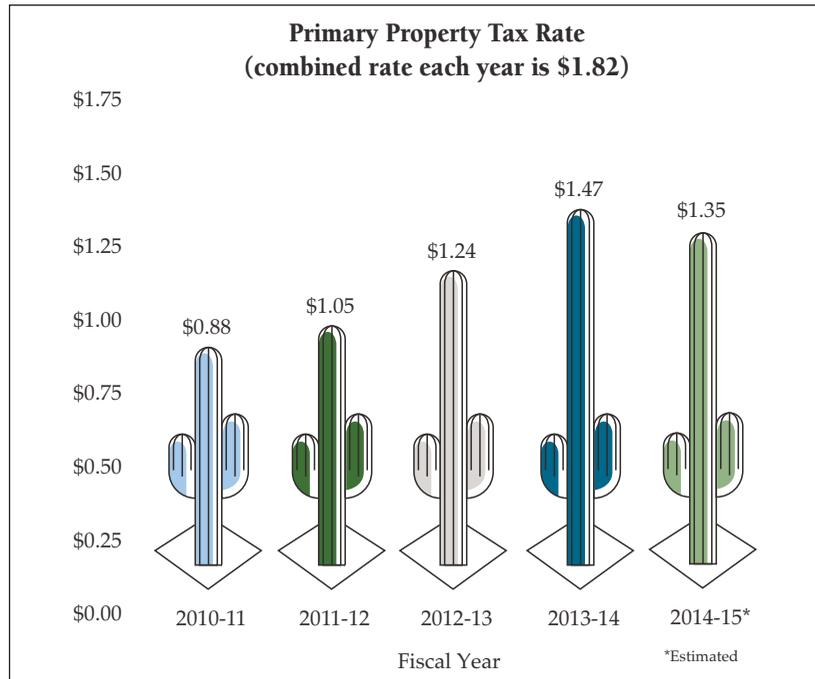
Fiscal Year	Primary Assessed Valuation (in Millions)	% Change	Primary Levy (in Thousands)	% Change	Rate per \$100 Assessed Valuation
2010-11	\$15,103	(6.0)%	\$133,390	8.4%	\$ .8832
2011-12	12,232	(19.0)	128,955	(3.3)	1.0542
2012-13	10,803	(11.7)	133,929	3.9	1.2397
2013-14	9,890	(8.5)	145,024	8.3	1.4664
2014-15 (Est.)	10,298	4.1	139,448	(3.8)	1.3541

### VEHICLE LICENSE TAX (In Thousands of Dollars)

Fiscal Year	Amount Distributed by Maricopa County	Phoenix's Share		Increase/(Decrease)	
		Percent	Amount	Amount	Percent
2010-11	\$113,519	42.6%	\$48,298	\$(1,202)	(2.4)%
2011-12	113,392	40.9 <sup>v</sup>	46,400	(1,898)	(3.9)
2012-13	118,206	40.9	48,370	1,970	4.2
2013-14 (Est.)	127,566	40.9	52,200	3,830	7.9
2014-15 (Est.)	132,617	40.9	54,300	2,100	4.0

<sup>v</sup>Impact of 2010 Census population changes.





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 2010-11.

In accordance with the Council adopted policy, the estimated 2014-15 primary property tax levy is \$139,448,000. The levy is a 3.8 percent decrease over the 2013-14 levy of \$145,024,000. The primary assessed valuation of \$10.30 billion is approximately 4.1 percent above the 2013-14 primary assessed valuation of \$9.89 billion.

Historically, actual property tax collections are slightly lower than the amount levied. For 2014-15, actual collections for primary property tax are estimated to be \$137,956,000 or 98.9 percent of the levy amount.

The 2014-15 levy results in an estimated primary property tax rate of \$1.3541 per \$100 of assessed valuation and a secondary property tax rate of \$0.4659, 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 2010-11.





## 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 2014-15 estimate for this category is \$123.5 million, which is \$4.4 million or 3.7 percent more than the 2013-14 estimate of \$119.2 million. Following are descriptions of the various categories and explanations of the revenue estimates.

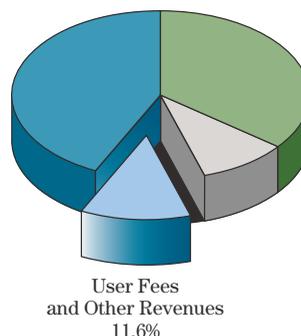
### Licenses and Permits

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 2014-15 estimate of \$2,833,000 is slightly higher than the 2013-14 estimate of \$2,801,000. 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 2014-15 estimate of \$9,495,000 is slightly lower than the 2013-14 estimate of \$9,500,000 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 – \$1,069.8 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 2014-15 estimate is \$17,722,000, which is 1.6 percent higher than the 2013-14 estimate of \$17,442,000. The increase is attributable to anticipated increases in revenue for the Defensive Driving Program.

### 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 2014-15 estimate for this revenue category is \$1,015,000, which is unchanged from the 2013-14 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 2014-15 estimate for ETS is \$32,500,000, which is \$800,000 or 2.5 percent greater than the 2013-14 estimate of \$31,700,000. The projected increase is due 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 2014-15 estimate for other fire services is \$11,954,000 which is \$207,000 or 1.8 percent more than the 2013-14 estimate of \$11,747,000. The increase is based on historical growth rates and assumes modest growth in 2014-15.

## 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 2014-15 estimate is \$1,400,000, which is \$50,000 or 3.7 percent more than the 2013-14 estimate of \$1,350,000 and assumes modest growth in 2014-15.

## Library Fees

Library fee and fine revenue for 2014-15 is \$1,025,000 which is \$25,000 or 2.5 percent more than the 2013-14 estimate of \$1,000,000. Library revenues are expected to grow modestly as usage of E-materials increases, which are automatically returned when due and therefore do not incur late fees.

## 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 2014-15 estimate of \$7,361,000 is \$412,000 or 5.3 percent below the 2013-14 estimate of \$7,773,000. The decrease in 2014-15 is primarily due to a contractual decrease in rent revenue from Live Nation and reduced revenue for Phoenix Municipal Stadium as a result of the Oakland A's baseball team no longer utilizing the facility. Increases to the annual adult recreation pass, athletic field usage fee, charges for recreation pass replacement cards and a new lighting fee for athletic fields totaling \$609,000 is included in the 2014-15 estimate and offsets reduced revenues from Live Nation and Phoenix Municipal Stadium.

## 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 2014-15 estimate of \$1,431,000 is \$87,000 or 6.5 percent above the 2013-14 estimate of \$1,344,000. Activity levels for rezoning and zoning cases have increased in the past year and are anticipated to continue through 2014-15.

## 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 2014-15, the estimate of \$13,487,000 is \$250,000 or 1.9 percent more than the 2013-14 estimate of \$13,237,000. The increase is due to expected increases in personal service billings and pawnshop regulatory fees.

## 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 2014-15 estimate of \$3,928,000 is \$43,000 or 1.1 percent more than the 2013-14 estimate of \$3,885,000. The increase is due to an anticipated increase 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 2014-15 estimate of \$14,893,000 is \$2,903,000 or 24.2 percent more than the 2013-14 estimate of \$11,990,000. The increase is primarily due to anticipated sales of city owned land and buildings and an increase to parking meter rates and expansion of parking meter enforcement hours. The estimated revenue from the increase to parking meters is \$1,345,000 in 2014-15.





### **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 2014-15 estimate of \$4,480,000 is \$105,000 or 2.4 percent more than the 2013-14 estimate of \$4,375,000 and is due to expected revenue from the sale of fleet vehicles and an increase to the senior center annual recreation pass. The additional revenue from the senior center annual recreation pass is estimated at \$65,000 in 2014-15. The 2014-15 increase is offset by a projected decline in recoveries from damage claims.

### **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 2014-15 revenue estimates. The table on the next page provides the 2013-14 and 2014-15 estimates and 2012-13 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 2014-15 estimate of \$31,130,000 is \$1,592,000 or 5.4 percent greater than the 2013-14 estimate of \$29,538,000. These estimates are consistent with those for the same categories in the local sales tax discussion. Also, \$176,000 is estimated for combined net interest earnings in 2014-15.

### **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 2014-15 estimate is \$62,255,000 or 5.4 percent more than the 2013-14 estimate of \$59,084,000. These estimates are consistent with those for the same categories in the local sales tax discussion. Also, (\$67,000) is estimated for interest earnings in 2014-15 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 2014-15 estimate of \$26,158,000 is \$986,000 or 3.9 percent greater than the 2013-14 estimate of \$25,172,000.





## NON-GENERAL FUND REVENUE BY MAJOR SOURCE

(In Thousands of Dollars)

Revenue Source	2012-13 Actual	2013-14 Estimate	2014-15 Budget	Increase/(Decrease) From 2013-14 Estimate	
				Amount	Percent
<b>SPECIAL REVENUE FUNDS</b>					
Neighborhood Protection	\$ 27,668	\$ 29,709	\$ 31,306	\$ 1,597	5.4%
2007 Public Safety Expansion	54,951	59,007	62,188	3,181	5.4%
Public Safety Enhancement	24,649	25,172	26,158	986	3.9%
Parks and Preserves	27,727	29,654	31,337	1,683	5.7%
Transit 2000	163,201	165,131	167,198	2,067	1.3%
Court Awards	9,828	16,329	4,386	(11,943)	-73.1%
Development Services	40,433	41,682	42,783	1,101	2.6%
Capital Construction	16,452	15,337	15,470	133	0.9%
Sports Facilities	15,260	15,704	16,701	997	6.3%
Arizona Highway User Revenue	99,032	101,270	106,783	5,513	5.4%
Regional Transit Revenues	23,767	57,429	46,597	(10,832)	-18.9%
Community Reinvestment	4,845	2,971	2,609	(362)	-12.2%
Secondary Property Tax	66,906	40,009	55,333	15,324	38.3%
Regional Wireless Cooperative	4,422	4,804	4,971	167	3.5%
Golf Courses <sup>1/</sup>	8,338	8,531	8,550	19	0.2%
Impact Fee Program Administration	376	329	329	-	0.0%
Court Special Fees	1,920	1,736	1,719	(17)	-1.0%
Monopole Rental	144	150	150	-	0.0%
Tennis Center	26	27	27	-	0.0%
Vehicle Impound Program	2,328	3,119	3,019	(100)	-3.2%
Heritage Square	30	36	36	-	0.0%
Affordable Housing Program	2,531	2,841	2,712	(129)	-4.5%
Other Restricted (gifts/trusts)	28,022	20,784	24,940	4,156	20.0%
<u>Grants</u>					
Public Housing Grants	75,984	91,257	81,250	(10,007)	-11.0%
Human Services Grants	42,338	39,143	40,079	936	2.4%
Community Development	15,407	17,128	31,945	14,817	86.5%
Criminal Justice	9,986	7,237	6,380	(857)	-11.8%
Public Transit Grants	60,070	31,591	72,254	40,663	128.7%
Other Grants	88,228	57,108	48,126	(8,982)	-15.7%
Subtotal - Grants	\$ 292,013	\$ 243,464	\$ 280,034	\$ 36,570	15.0%
<b>Total Special Revenue Funds</b>	\$ 914,869	\$ 885,225	\$ 935,336	\$ 50,111	5.7%
<b>ENTERPRISE FUNDS</b>					
Aviation	348,769	319,314	322,352	3,038	1.0%
Water System	424,132	404,727	415,361	10,634	2.6%
Wastewater System	215,089	211,406	214,792	3,386	1.6%
Solid Waste	143,341	148,319	150,150	1,831	1.2%
Convention Center	59,623	58,672	63,497	4,825	8.2%
<b>Total Enterprise Funds</b>	\$ 1,190,954	\$ 1,142,438	\$ 1,166,152	\$ 23,714	2.1%
<b>TOTAL NON-GENERAL FUND</b>	\$ 2,105,823	\$ 2,027,663	\$ 2,101,488	\$ 73,825	3.6%

<sup>1/</sup>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.





### **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 2014-15 estimate of \$31,137,000 is \$1,683,000 or 5.7 percent more than the 2013-14 estimate of \$29,454,000. These estimates are consistent with the estimates for the same categories in the local sales tax discussion. Also, \$200,000 is estimated for interest earnings in 2014-15.

### **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 2014-15 estimate of \$115,177,000 is \$2,833,000 or 2.5 percent greater than the 2013-14 estimate of \$112,344,000. These estimates are consistent with the estimates for the same categories in the local sales tax discussion. Effective with the food tax reduction on Jan. 1, 2014, the Transit 2000 fund no longer receives any portion of the sales tax on food revenue, which was offset by reduced expenses that resulted from refinancing of Transit 2000 debt.

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 2014-15 fare box revenue estimate of \$47,746,000 is 1.6 percent greater than the 2013-14 estimate of \$47,006,000. The increase is primarily attributable to anticipated increases in ridership. The 2014-15 estimate also includes interest earnings and other

miscellaneous revenue of \$4,275,000 which is a 26.1 percent decrease from 2013-14 estimate of \$5,781,000. The decrease is primarily attributable to decreased interest earnings.

### **Court Awards Funds**

The city of Phoenix receives funds as a result of participation in the arrest and/or prosecution of certain criminal cases. These funds, referred to as Court Awards funds, represent court-ordered forfeitures of seized assets. Their use is limited to police and prosecutor functions. Revenue estimates are based on cases in progress. The estimate for 2014-15 is \$4,386,000, which is \$11,943,000 or 73.1 percent less than the 2013-14 estimate of \$16,329,000. The decrease is due to available funds in the account that are programmed to be spent in 2013-14; resulting in fewer funds available for spending in 2014-15.

### **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 2014-15 estimate is \$42,783,000, which is \$1,101,000 or 2.6 percent more than the 2013-14 estimate of \$41,682,000. 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 2014-15 estimate is \$15,410,000, or 0.9 percent increase over the 2013-14 estimate of \$15,277,000. These funds are used

primarily for right-of-way improvements in the Street Transportation Capital Improvement Program. The 2014-15 estimate also includes interest earnings of \$60,000.

### **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 2014-15 estimate is \$16,451,000, which is \$997,000 or 6.5 percent more than the 2013-14 estimate of \$15,454,000. The revenue estimates are consistent with the General Fund sales tax estimates in the hotel/motel and short-term vehicle rental categories. The 2014-15 estimate includes \$7.0 million for the hotel/motel portion and \$9.4 million for the short-term car rental portion. Also, \$250,000 is estimated in 2014-15 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 2014-15, it is anticipated that Phoenix will receive \$86.0 million from the 27.5 percent share and \$20.4 million from the 3 percent share.

The total 2014-15 AHUR estimate of \$106,783,000 is \$5,513,000 or 5.4 percent above the 2013-14 estimate of \$101,270,000. Included in the estimate are interest earnings and other income of \$400,000 in 2014-15 and in 2013-14. Changes estimated at the state level include gasoline tax collections increasing by 0.3 percent, vehicle registrations including commercial carriers increasing by 4.5 percent, and registration increasing by 1.7 percent. Percentages are not inclusive of an additional \$4.0 million HURF distribution to the city of Phoenix reflected in 2014-15.

The table above shows the state-shared Arizona Highway Users allocations to the city of Phoenix since 2010-11.

### 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 2014-15 estimate of \$46,597,000 is \$10,832,000 or 18.9 percent lower than the 2013-14 estimate of \$57,429,000. The decrease is due to a reduction in reimbursements from RPTA for regional transportation plan funded projects.

### Community Reinvestment

The 2014-15 estimate of \$2,609,000 is \$362,000 lower than the 2013-14 estimate of \$2,971,000 and represents estimated revenues to be received through various economic redevelopment agreements in the downtown area.

### ARIZONA HIGHWAY USER REVENUES (In Thousands of Dollars)

Fiscal Year	AHUR Distribution	Increase/(Decrease)	
		Amount	Percent
2010-11	\$104,908	\$929	0.9%
2011-12	90,368	(14,540)	(13.9)
2012-13	98,804	8,436	9.3
2013-14 (Est.)	100,870	2,066	2.1
2014-15 (Est.)	106,383	5,513	5.5

### SECONDARY PROPERTY TAX

Fiscal Year	Secondary Assessed Valuation		Secondary Levy (in Thousands)	% Change	Rate per \$100 Assessed Valuation
	(in Millions)	% Change			
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	9,975	(8.1)	35,271	(44.0)	0.3536
2014-15 (Est.)	10,819	8.5	50,404	42.9	0.4659

### 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 2014-15 primary property tax rate is \$1.3541. In maintaining our current \$1.82 total rate, the secondary rate is \$0.4659 per \$100 of assessed value for 2014-15. The 2014-15 secondary property tax levy of \$50,404,000 is based on this rate and secondary assessed valuation of \$10.82 billion. This resulting levy is an increase of \$15,133,000, or 42.9 percent more than the 2013-14 levy of \$35,271,000.

Also included in the 2014-15 estimate is \$24,000 in interest earnings and \$4,905,000 in bond interest subsidies.

The above table shows secondary assessed valuation, secondary property tax levies and secondary property tax rates since 2010-11. The total property tax rate of \$1.82 for 2014-15 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 2014-15 revenue is estimated at \$329,000, which is unchanged from 2013-14.





### **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 2014-15 estimate of \$8,550,000 is slightly higher than the 2013-14 estimate of \$8,531,000. 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 Regional Wireless Cooperative, 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 2014-15 estimate of \$37,574,000 is \$4,077,000 or 12.2 percent more than the 2013-14 estimate of \$33,497,000. The increase is primarily due to the inclusion of \$3,100,000 for the estimated sale of excess city-owned real property. It is also due to projected growth in building and facility rental revenue for the Translational Genomics Research Institute.

### **Public Housing Grants**

The 2014-15 Public Housing grants revenue included in the annual operating budget is \$81,250,000 which is a 11.0 percent decrease from 2013-14 of \$91,257,000. This decrease is due to reduced 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 2014-15 revenue estimate of \$40,079,000 is \$936,000 or 2.4 percent more than the 2013-14 estimate of \$39,143,000. The increase is due to a carryover of grant funds from 2013-14. 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 2014-15 CDBG entitlement is \$31,945,000 which is \$14,817,000 or 86.5 percent more than the 2013-14 estimate of \$17,128,000. The increase is due to a carryover from 2013-14 of grant revenues from the federal government.

### **Criminal Justice Grants**

The 2014-15 grant revenue for criminal justice programs is estimated to be \$6,380,000 which is \$857,000 or 11.8 percent less than the 2013-14 estimate of \$7,237,000. 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 2014-15 Federal Transit Administration Grant estimate is \$72,254,000 reflecting an increase of \$40,663,000 or 128.7 percent above the 2013-14 estimate of \$31,591,000. The increase is due to a carryover of grant funds from 2013-14 to support capital budget projects.

### **Other Grants**

The 2014-15 budget also includes \$48,126,000 for federal, state and other grants which is \$8,982,000 or 15.7 percent less than the 2013-14 estimate of \$57,108,000. The decrease is due to a reduction 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.





**SUMMARY OF AVIATION REVENUES**  
(In Thousands of Dollars)

	2010-11	2011-12	2012-13	2013-14 (Est.)	2014-15 (Est.)
Airline Operation	\$ 109,943	\$ 115,526	\$124,314	\$ 129,000	\$ 131,840
Concessions and Rentals	169,162	169,125	175,192	180,161	181,823
ReRental Car Facility <sup>v/</sup>	39,229	41,158	41,390	—	—
Interest	1,463	928	528	800	800
Other/Federal Grants	7,938	7,937	2,433	4,475	3,012
Goodyear	1,632	1,674	1,850	1,896	1,895
Deer Valley	3,226	2,960	3,062	2,982	2,982
<b>Total Aviation Revenue</b>	<b>\$332,593</b>	<b>\$339,308</b>	<b>\$348,769</b>	<b>\$319,314</b>	<b>\$322,352</b>
Change From Prior Year	8.0%	2.0%	2.8%	(8.4)%	1.0%

<sup>v/</sup>Rental Car Facility revenues were 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)

	2010-11	2011-12	2012-13	2013-14 (Est.)	2014-15 (Est.)
Water Sales	\$261,634	\$288,711	\$301,238	\$309,044	\$317,464
Environmental Consumption Charge	47,293	50,585	45,091	45,983	47,135
Raw Water Charge	22,026	26,183	25,439	26,130	26,868
Interest	3,410	1,862	1,815	2,321	2,295
Development Fees	1,218	1,820	2,333	2,400	2,600
Combined Service Fees	3,102	3,008	2,804	6,000	6,000
Val Vista	6,585	6,424	5,461	6,820	6,873
All Other	8,055	10,222	39,951	6,029	6,126
<b>Total Water Revenue</b>	<b>\$353,323</b>	<b>\$388,815</b>	<b>\$424,132</b>	<b>\$404,727</b>	<b>\$415,361</b>
Change From Prior Year	2.2%	10.0%	9.1%	(4.6)%	2.6%





### 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 2014-15 is anticipated to be \$322,352,000, which is \$3,038,000 or 1.0 percent more than the 2013-14 estimate of \$319,314,000. The increase is due to expected increases in airline landing fees and concession revenues.

The table on the previous page shows Aviation revenue by major category and annual percent change since 2010-11.

### 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 2014-15 is projected to be

\$415,361,000, which is \$10,634,000 or 2.6 percent more than the \$404,727,000 estimate for 2013-14. The increase is due to estimated increases in water sales and environmental consumption charges. The 2014-15 estimate includes anticipated small increases in the number of accounts.

The table on the previous page shows water system revenues by major category since 2010-11.

### 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 \$214,792,000 in 2014-15, which is \$3,386,000 or 1.6 percent more than the 2013-14 estimate of \$211,406,000. The

increase is due to expected increases in sewer service charges, sales of effluent and revenue from the multi-city sewer system.

The table below shows Wastewater revenue by major category and annual percent change since 2010-11.

### Solid Waste

This category includes revenues from the monthly residential collection and landfill tipping fees. The 2014-15 estimate of \$150,150,000 is an increase of \$1,831,000 or 1.2 percent greater than the 2013-14 estimate of \$148,319,000. The increase is due to expected increases in solid waste service fees, city landfill fees and interest earnings.

## SUMMARY OF WASTEWATER SYSTEM REVENUES (In Thousands of Dollars)

	2010-11	2011-12	2012-13	2013-14 (Est.)	2014-15 (Est.)
Sewer Service Charge	\$161,054	\$158,511	\$146,592	\$146,465	\$148,048
Environmental Charges	36,598	35,868	33,747	33,609	33,971
Development Fees	1,059	1,670	2,282	2,200	2,400
Interest	2,956	2,166	1,285	1,306	1,306
Multi-City	17,460	15,804	15,832	15,714	16,276
Other	6,662	18,825	15,351	12,112	12,791
<b>Total Wastewater Revenue</b>	<b>\$225,789</b>	<b>\$232,844</b>	<b>\$215,089</b>	<b>\$211,406</b>	<b>\$214,792</b>
Change From Prior Year	1.2%	3.1%	(7.6)%	(1.7)%	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 \$47,993,000 in 2014-15, an increase of 9.4 percent above the 2013-14 estimate of \$43,855,000. Convention Center operating revenues are expected to be \$12,370,000, parking revenue is expected to be \$2,958,000, and interest revenue is expected to be \$176,000, for total revenue estimates of \$63,497,000. This is \$4,825,000 or 8.2 percent more than the 2013-14 total estimated revenue of \$58,672,000. The increase is due to anticipated increases in sales tax, operating and parking revenues. Tax estimates are consistent with General Fund sales tax estimates for the categories included in Convention Center.

The above table shows the Convention Center excise tax collections since 2010-11.

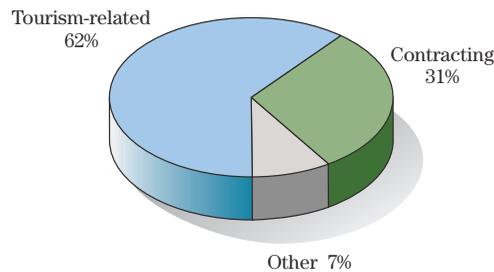
Overall growth rates differ from General Fund sales taxes due to the smaller number of categories, differing proportions of the total and their more volatile nature. As shown in the following pie chart, contracting and tourism represent 93 percent of the sales tax revenue to this fund. Both industries are considered volatile; and both have experienced dramatic changes in the last several years, but are expected to continue to improve in 2014-15. In the General Fund, however, contracting and tourism represent only 13 percent of the sales tax revenue. Because of this, any changes to these more volatile industries have a greater impact in this fund's sales tax revenue than in the General Fund's sales tax revenue.

The growth rate anticipated for 2013-14 reflects the assumption the current economic recovery will continue, and will gain momentum in 2014-15.

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

Fiscal Year	Amount Collected	Increase/(Decrease)	
		Amount	Percent
2010-11	\$37,835	\$3,034	8.7%
2011-12	40,030	2,195	5.8
2012-13	40,828	798	2.0
2013-14 (Est.)	43,855	3,027	7.4
2014-15 (Est.)	47,993	4,138	9.4

**2014-15 CONVENTION CENTER  
Earmarked Sales Taxes**





# 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 and votes on policy direction for the city and chairs all City Council meetings.

### Budget Allowance Explanation

The Mayor's Office 2014-15 operating budget allowance of \$1,831,000 is \$26,000 or 1.4 percent more than the 2013-14 estimated expenditures and reflects normal inflationary increases that are partially offset with employee concessions.

## Mayor Major Performance Measures and Service Levels

The following significant performance measures and service level trends will be achieved with the 2014-15 budget allowance:

	2012-13	2013-14	2014-15
<b>Community Opinion Survey</b>			
Percent of residents regarding the quality of life in Phoenix as positive or fair. <sup>1</sup>	90%	95%	95%

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

## Expenditure and Position Summary

	2012-13	2013-14 <sup>1</sup>	2014-15
Operating Expense	\$1,669,000	\$1,805,000	\$1,831,000
Total Positions	12.5	13.5	13.5
Source of Funds:			
General	\$1,669,000	\$1,805,000	\$1,831,000

<sup>1</sup>Based on 2012 Community Opinion Survey which is administered in the fall of even-numbered years.





**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 2018. 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 2014-15 City Council operating budget allowance of \$3,536,000 is \$25,000 or 0.7 percent more than 2013-14 estimated expenditures and reflects normal inflationary increases that are partially offset with employee concessions.

**City Council Performance Measures and Service Levels**

The following significant performance measures and service level trends will be achieved with the 2014-15 budget allowance:

	2012-13	2013-14	2014-15
<b>Community Opinion Survey</b>			
Percent of residents who regard the city of Phoenix as a good place to live. <sup>1</sup>	91%	93%	93%

<sup>1</sup>Based on 2012 Community Opinion Survey which is administered in the fall of even-numbered years.

**Expenditure and Position Summary**

	2012-13	2013-14	2014-15
Operating Expense	\$3,227,000	\$3,511,000	\$3,536,000
Total Positions	31.0	31.0	31.0
Source of Funds:			
General	\$3,227,000	\$3,511,000	\$3,536,000



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 2014-15 operating budget allowance of \$2,599,000 is \$105,000 or 3.9 percent less than 2013-14 estimated expenditures. The decrease is due to the completion of two City of Services grants; and efficiency savings from the elimination of the chief innovation executive position, which was partially offset by additional contractual funding for innovation and efficiency initiatives.

## City Manager's Office Major Performance Measures and Service Levels

The following significant performance measures and service level trends will be achieved with the 2014-15 budget allowance:

	2012-13	2013-14 <sup>1</sup>	2014-15
Public satisfaction with city services <sup>2</sup>	83%	87%	87%
Percent of employees agreeing that the city is a good place to work <sup>3</sup>	93%	93%	93%
Number of citywide operational improvements worked on during the year	5	5	5

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

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

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

### Expenditure and Position Summary

	2012-13	2013-14	2014-15
Operating Expense	\$2,160,000	\$2,704,000	\$2,599,000
Total Positions	19.0	19.0	19.0
Source of Funds:			
General	\$1,924,000	\$2,381,000	\$2,366,000
State and Federal Grants	12,000	88,000	—
Water	224,000	235,000	233,000

## 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 2014-15 operating budget allowance of \$4,718,000 is \$898,000 or 16.0 percent less than 2013-14 estimated expenditures. The decrease reflects a reduction in city of Phoenix radio counts and lower than anticipated system costs.

### Expenditure and Position Summary

	2012-13	2013-14	2014-15
Operating Expense	\$3,565,000	\$5,616,000	\$4,718,000
Total Positions	4.0	4.0	4.0
Source of Funds:			
RWC	\$3,565,000	\$5,616,000	\$4,718,000





**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 2014-15 operating budget allowance of \$1,296,000 is \$7,000 or 0.5 percent more than 2012-13 estimated expenditures and reflects normal inflationary increases which are partially offset with employee concessions.

**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 television channel.

**Budget Allowance Explanation**

The Public Information 2014-15 operating budget allowance of \$2,410,000 is \$(249,000) or 9.4 percent less than 2013-14 estimated expenditures. The decrease is primarily due to a reduction in the replacement of capital equipment and reduced personal services costs from a full year of organizational review savings.

**Government Relations Major Performance Measures and Service Levels**

The following significant performance measures and service level trends will be achieved with the 2014-15 budget allowance:

	2012-13	2013-14 <sup>1</sup>	2014-15
Percentage of Arizona State legislative bills supported by the city which were enacted.	33%	75%	60%
Percentage of Arizona State legislative bills opposed by the city which were not enacted.	75%	100%	75%
Success rate of federal and state competitive grants and private foundation grants that Government Relations assisted departments with.	82%	74%	75%
Number of tribal gaming grants processed by Government Relations.	12	38	25

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

**Expenditure and Position Summary**

	2012-13	2013-14	2014-15
Operating Expense	\$1,304,000	\$1,289,000	\$1,296,000
Total Positions	6.0	6.0	6.0
Source of Funds:			
General	\$1,239,000	\$1,289,000	\$1,296,000
Other Restricted	65,000	—	—

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

The following significant performance measures and service level trends will be achieved with the 2014-15 budget allowance:

	2012-13	2013-14 <sup>1</sup>	2014-15
Percent of news releases that generate media coverage	85%	85%	85%
New PHX 11 programs produced per year	360	360	360
Percent of news distributed to stakeholders by 5 p.m. daily	92%	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)	1,120,000	1,120,000	1,500,000
Annual marketing partnership program revenue	\$500,000	\$500,000	\$600,000

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

**Expenditure and Position Summary**

	2012-13	2013-14	2014-15
Operating Expense	\$2,760,000	\$2,659,000	\$2,410,000
Total Positions	22.8	18.6	18.6
Source of Funds:			
General	\$2,440,000	\$2,316,000	\$2,072,000
Other Restricted	320,000	343,000	338,000





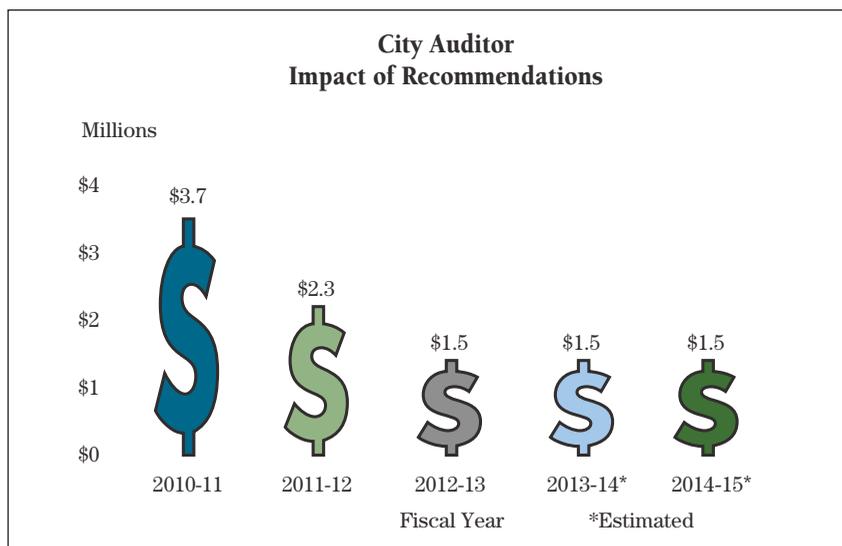
## CITY AUDITOR

### 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 2014-15 operating budget allowance of \$2,410,000 is \$49,000 or 2.1 percent more than 2013-14 estimated expenditures. The increase is due to normal inflationary costs.



### City Auditor Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the proposed 2014-15 budget allowance:

	2012-13	2013-14 <sup>1</sup>	2014-15
Percent of audit plan completed	83%	80%	80%
Performance audit and management reports issued <sup>2</sup>	115	105	110
Average audit cycle time (calendar days) <sup>2</sup>	161	180	180
Economic impact of audits as a result of identified improvements or cost savings (millions)	\$1.85	\$1.50	\$1.50
Hearing rulings issued timely according to time frames listed in the City Code	100%	100%	100%

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

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

### Expenditure and Position Summary

	2012-13	2013-14	2014-15
Operating Expense	\$1,950,000	\$2,361,000	\$2,410,000
Total Positions	26.5	25.5	25.5
Source of Funds:			
General	\$1,950,000	\$2,361,000	\$2,410,000





## 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 2014-15 Equal Opportunity operating budget allowance of \$2,926,000 is \$249,000 or 9.3 percent more than 2013-14 estimated expenditures. The increase is primarily due to a new fair housing education and outreach grant from the U.S. Department of Housing and Urban Development and an expected decline in the number of vacant positions.

### Equal Opportunity Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the proposed 2014-15 budget allowance:

	2012-13	2013-14 <sup>1</sup>	2014-15
Discrimination complaints in employment, public accommodations, housing and Americans with Disabilities Act (ADA) accessibility, investigated and closed <sup>2</sup>	157	170	170
Percentage of discrimination complaints investigated timely <sup>3</sup>	77%	74%	74%
Outreach presentations to small and disadvantaged businesses and small business advocacy organizations <sup>4</sup>	8	15	15
Number of disadvantaged business enterprises (DBEs) certified <sup>5</sup>	81	70	70
Number of small business enterprises (SBEs) certified <sup>6</sup>	631	630	645
Construction subcontracts monitored for participation of DBE subcontractors and non-DBE-certified construction subcontractors	1,450	1,450	1,450

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

<sup>2</sup>Discrimination complaints investigated and closed are based on the number of cases filed.

<sup>3</sup>Timelines may be dictated by state and federal enforcement agencies and not by city timelines.

<sup>4</sup>The projected increases reflects a 2014-15 EOD Strategic Plan goal to conduct new outreach to local chambers of commerce and business advocacy organizations. This outreach is in addition to ongoing certification workshops for small businesses.

<sup>5</sup>The number of firms is estimated to decrease as certification files are transferred to the Arizona Department of Transportation (ADOT) for DBE firms located outside of Maricopa County.

<sup>6</sup>The number of certified firms is projected to increase partly due to the use of the new online certification software.

### Expenditure and Position Summary

	2012-13	2013-14	2014-15
Operating Expense	\$2,640,000	\$2,677,000	\$2,926,000
Total Positions	27.0	26.0	26.0
Source of Funds:			
General	\$2,262,000	\$2,282,000	\$2,336,000
Federal and State			
Grants	122,000	128,000	319,000
Community Development			
Block Grant	247,000	255,000	260,000
Other Restricted	9,000	12,000	11,000





## 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 2014-15 operating budget allowance of \$11,446,000 is \$480,000 or 4.4 percent more than 2013-14 estimated expenditures. The increase is primarily due to repayment of facility renovation costs in the City Improvement Fund. The General Fund increase is mainly due to increased staff costs and is partially offset by reductions in consulting services from the completion of one-time projects such as recruitment processes, pension reform, and the Leave Automation Management Program.

The Human Resources General Fund operating budget also realized savings through the appropriate alignment of costs for staff support to the Medical Expense Reimbursement Program Trust Fund. department's budget.

### Human Resources Department Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the proposed 2014-15 budget allowance:

	2012-13	2013-14 <sup>1</sup>	2014-15
Percentage of hiring managers satisfied with applicants placed on hiring eligible list	87%	82%	82%
Annualized employee turnover rate	5.3%	6.0%	6.0%
Employee performance evaluations completed on time	84%	84%	84%
The number of employee suggestions received	112	60	60

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

### Expenditure and Position Summary

	2012-13	2013-14	2014-15
Operating Expense	\$11,121,000	\$10,966,000	\$11,446,000
Total Positions	95.1	95.1	95.1
Source of Funds:			
General	\$9,732,000	\$9,707,000	\$9,871,000
City Improvement	1,058,000	783,000	1,149,000
Other Restricted	331,000	476,000	426,000





**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 proposed 2014-15 operating budget allowance of \$93,000 is \$5,000 or 5.1 percent less than 2013-14 estimated expenditures. The decrease is primarily due to reduced contractual expenses.

**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 proposed 2014-15 gross operating budget allowance of \$1,919,000 is \$6,000 or 0.3 percent less than 2013-14 estimated expenditures. The decrease is primarily due to personal service savings due to vacant positions, offset mainly by increased costs for legal services.

**Expenditure and Position Summary**

	2012-13	2013-14	2014-15
Operating Expense (Gross <sup>1</sup> )	\$1,675,000	\$1,925,000	\$1,919,000
Total Positions	14.0	14.0	14.0
Source of Funds:			
General (Gross <sup>2</sup> )	\$1,675,000	\$1,925,000	\$1,919,000

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

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

The following significant performance measures and service trends will be achieved with the proposed 2014-15 budget allowance:

	2012-13	2013-14 <sup>1</sup>	2014-15
Number of cases filed annually <sup>2</sup>	9	8	6

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

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

**Expenditure and Position Summary**

	2012-13	2013-14	2014-15
Operating Expense	\$66,000	\$98,000	\$93,000
Total Positions	1.0	1.0	1.0
Source of Funds:			
General	\$66,000	\$98,000	\$93,000

**Retirement Systems Major Performance Measures and Service Levels**

The following significant performance measures and service trends will be achieved with the proposed 2014-15 budget allowance:

	2012-13	2013-14 <sup>1</sup>	2014-15
General city retirements <sup>2</sup>	376	630	430
Public safety retirements <sup>3</sup>	182	200	230
General city and public safety member contacts			
Appointments <sup>4</sup>	743	900	950
Walk-in service <sup>4</sup>	2,710	2,800	2,500
Telephone calls <sup>4</sup>	7,431	8,000	8,100
Overall member satisfaction survey as rated on a scale of 1 to 4, with 4 being the best	3.89	3.90	3.90
Success of educational classes as rated on a scale of 1 to 4, with 4 being the best	3.67	3.70	3.70

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

<sup>2</sup>Increases are expected due to the results of the 2013-14 labor negotiations and pension reform actions taken by the city.

<sup>3</sup>Increases are expected due to the results of the 2013-14 labor negotiations and the removal of pension spiking.

<sup>4</sup>Increases are expected due to increased retirements and questions related to the impact of pension reform actions.





**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 2014-15 operating budget allowance of \$20,973,000 is \$290,000 or 0.4 percent more than 2013-14 estimated expenditures. The increase reflects the addition of two positions to assist victims of domestic violence. The addition was offset by a procedural change that reduced police overtime by \$670,000.

**Law Department Major Performance Measures and Service Levels**

The following significant performance measures and service trends will be achieved with the 2014-15 budget allowance:

	2012-13	2013-14 <sup>1</sup>	2014-15
Criminal cases sent to diversion	4,120	4,056	4,100
Pre-trial disposition conferences set	74,041	80,234	75,000
New civil cases opened in the fields of condemnation, collection, taxes and civil litigation, excluding liability and other cases assigned to outside counsel	876	1,006	900
Number of defendants submitted for charging review	43,299	42,485	42,000
Number of civil cases closed, including those assigned to outside counsel and handled through the alternative dispute resolution process	577	818	650
Ordinances and resolutions for City Council adoption drafted and reviewed	1,214	979	1,000
Number of jury trials prosecuted	168	134	165

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

**Expenditure and Position Summary**

	2012-13	2013-14	2014-15
Operating Expense	\$21,007,000	\$20,683,000	\$20,973,000
Total Positions	208.0	204.0	203.0
Source of Funds:			
General	\$19,770,000	\$19,608,000	\$19,960,000
Court Awards	303,000	340,000	328,000
Federal and State Grants	890,000	655,000	631,000
Other Restricted	44,000	80,000	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 2014-15 operating budget allowance of \$39,622,060,000 is \$4,777,000 or 13.7 percent more than 2013-14 estimated expenditures. The increase reflects additional technology infrastructure investments, increased personnel costs, and normal inflationary adjustments. These increases are slightly offset by organizational review and departmental efficiencies totaling \$279,000 and employee concessions.

**Information Technology Major Performance Measures and Service Levels**

The following significant performance measures and service trends will be achieved with the 2014-15 budget allowance:

	2012-13	2013-14 <sup>1</sup>	2014-15
Percentage of on-time operations center services	99.0%	99.0%	99.0%
Number of ITS-supported network devices	21,250	21,250	22,500
Critical systems availability percentage:			
Enterprise network	99.9%	99.9%	99.9%
Business systems	99.0%	99.0%	99.0%
Internet services	99.0%	99.9%	99.0%
Telephone network	98.0%	98.0%	98.0%
Microwave network	99.99%	99.99%	99.99%
Number of visits to phoenix.gov	14,650,000	14,650,000	14,650,000
Average cycle time of telephone service requests	< 21 days	< 21 days	< 21 days
Average cycle time of wireless communication repairs	0.89 hours	0.89 hours	0.89 hours
Units of portable and mobile radio equipment <sup>2</sup>	18,500	18,500	18,500

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

<sup>2</sup>Includes 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**

	2012-13	2013-14	2014-15
Operating Expense	\$34,440,000	\$34,845,000	\$39,622,000
Total Positions	179.0	171.0	177.0
Source of Funds:			
General	\$32,373,000	\$31,859,000	\$36,683,000
Cable Communications	402,000	480,000	485,000
City Improvement	1,256,000	1,684,000	1,584,000
Other Restricted	145,000	250,000	250,000
Aviation	167,000	170,000	169,000
Solid Waste	-	224,000	274,000
Water	97,000	178,000	177,000





## 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 2014-15 operating budget allowance of \$4,875,000 is \$1,101,000 or 18.4 percent less than 2013-14 estimated expenditures. The decrease is primarily due to the transfer of the Technical Support section over to the Information and Technology Services Department, which included the elimination of a deputy city clerk position. Also, no scheduled election was budgeted for 2014-15, but in 2013-14 a scheduled election took place for Council Districts 2, 4, 6 and 8.

## City Clerk Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2014-15 budget allowance:

	2012-13	2013-14 <sup>1</sup>	2014-15
Number of Council formal and special meeting agenda items	1,759	1,900	1,800
Open meeting law notices posted	2,998	2,800	2,600
Percent of open meeting law notices posted in accordance with state law <sup>2</sup>	100%	100%	100%
Total printing and copy impressions (millions)	40.9	36.0	36.5
City Council regular and special elections held	1	2	0
License services applications and contacts	17,633	19,000	19,000
Records imaged and available for public access online	156,578	130,000	130,000

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

<sup>2</sup>Includes meeting notices and meeting result postings as required by state law.

## Expenditure and Position Summary

	2012-13	2013-14	2014-15
Operating Expense	\$6,050,000	\$5,976,000	\$4,875,000
Total Positions	66.0	63.5	56.5
Source of Funds:			
General	\$5,874,000	\$5,813,000	\$4,860,000
City Improvement	176,000	163,000	15,000





**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 2014-15 Finance Department operating budget allowance of \$21,200,000 is \$479,000 or 2.2 percent less than 2013-14 estimated expenditures. This decrease is primarily due to reduced City Improvement funding for lease purchase expenditures. The General Fund increase is due to staff costs and banking services fees, which are partially offset by payroll processing efficiency actions.

**Finance Major Performance Measures and Service Levels**

The following significant performance measures and service trends will be achieved with the 2014-15 budget allowance:

	2012-13	2013-14 <sup>1</sup>	2014-15
Sales tax and franchise fees collected (millions)	\$733	\$751	\$760
Average real estate acquisition cycle time (months)	4.1	0.75	0.75
Average property damage claims cycle time (days)	30	60	60
Average invitation for bid (IFB) cycle time (days)	73.25	90	90

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

**Expenditure and Position Summary**

	2012-13	2013-14	2014-15
Operating Expense	\$19,188,000	\$21,679,000	\$21,200,000
Total Positions	234.0	229.0	229.0
Source of Funds:			
Aviation	315,000	319,000	318,000
City Improvement	184,000	1,095,000	161,000
General	\$16,364,000	\$17,873,000	\$18,277,000
Other Restricted	521,000	394,000	393,000
Public Housing	—	(4,000)	(7,000)
Sports Facilities	109,000	129,000	129,000
Wastewater	686,000	738,000	739,000
Water	1,009,000	1,135,000	1,190,000





## 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 2014-15 operating budget allowance of \$2,956,000 is \$98,000 or 3.2 percent less than 2013-14 estimated expenditures. The decrease reflects normal inflationary increases offset by employee concessions, the reduction of printed budget books, and an efficiency which eliminated software maintenance without impacting the ability to produce timely budget information.

### Budget and Research Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2014-15 budget allowance:

	2012-13	2013-14 <sup>1</sup>	2014-15
Percent variance of actual versus estimated expenditures for each major fund (data for the General Fund is shown)	-1.3%	0 ± 1%	0 ± 1%
Percent variance of actual versus estimated revenues for each major fund (data for the General Fund is shown)	-0.8%	0 ± 1%	0 ± 1%
Percent of Requests for Council Action processed within 24 hours	93%	75%	75%
Capital Improvement Program expenditures as a percentage of estimate	62%	65%	65%

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

### Expenditure and Position Summary

	2012-13	2013-14	2014-15
Operating Expense	\$2,920,000	\$3,054,000	\$2,956,000
Total Positions	25.0	24.0	24.0
Source of Funds:			
General	\$2,920,000	\$3,054,000	\$2,956,000





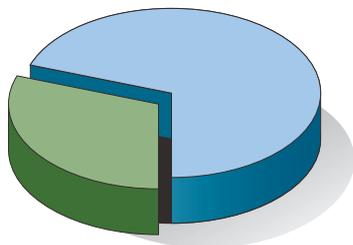
The Phoenix Police Department has nearly 2,900 sworn officers and more than 900 support personnel, who protect a population of about 1.5 million and patrol over 500 square miles.





# Public Safety

**The Public Safety Program Represents 33.7% 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 2014-15 operating budget allowance of \$570,434,000 is \$7,380,000 or 1.3 percent more than 2013-14 estimated expenditures and reflects normal inflationary increases that are partially offset by employee concessions,

### Police Major Performance Measures and Service Trends

The following significant performance measures and service trends will be achieved with the 2014-15 budget allowance:

	2012-13	2013-14 <sup>1</sup>	2014-15
Average Response Time (Minutes) <sup>2</sup>			
Priority 1 – Emergency	5.5	5.6	5.6
Priority 2 – Non-Emergency	13.3	14.1	14.1
Priority 3 – All Others	33.1	37.0	37.0
Telephone Callbacks <sup>3</sup>	N/A	N/A	N/A
Percentage of phone calls to 9-1-1 and Crime Stop answered within 10 seconds	95%	96%	96%
Cases accepted by the county attorney for issuance of complaint	27,898	24,300	24,300
Moving violation citations issued	178,806	171,800	165,100
Traffic accidents	22,537	22,400	22,400
Percentage of cases cleared:			
Murder	93%	85%	88%
Rape	22%	21%	22%
Robbery	25%	25%	25%
Aggravated Assault	42%	43%	43%
Burglary	6%	6%	6%
Theft	22%	23%	23%
Auto Theft	7%	8%	7%
Arson	12%	16%	14%

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

<sup>2</sup>The 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.



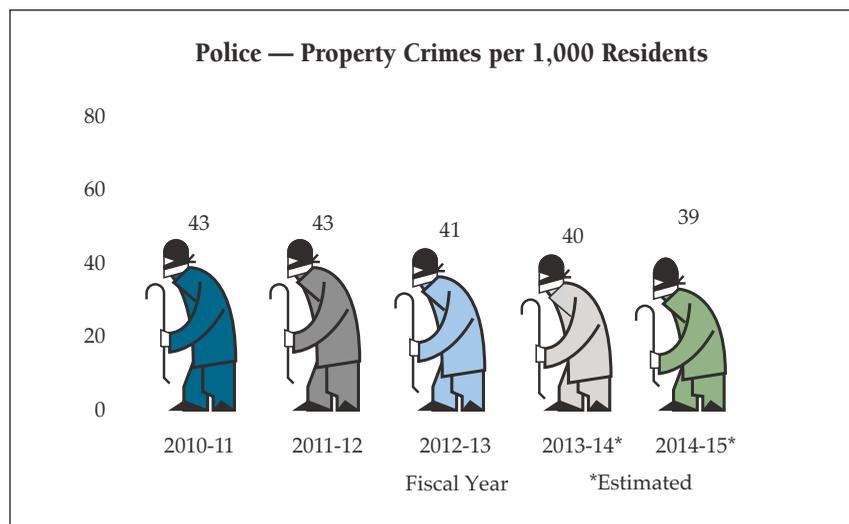
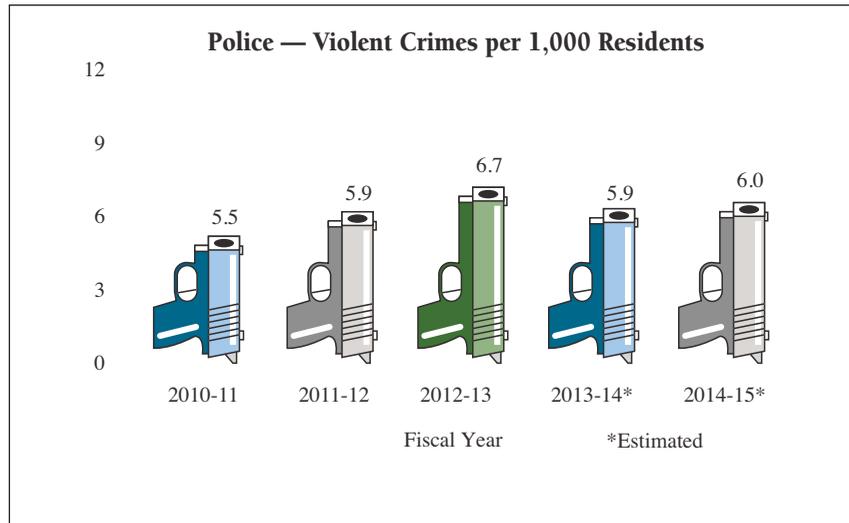


organizational efficiencies and the elimination of unfunded vacant positions. These organizational efficiencies included the elimination of 24.9 vacant civilian support positions, a change to the department's vehicle take-home policy and reduced vehicle maintenance costs. In addition, the budget reflects the elimination of 35 unfunded vacant civilian positions in the General Fund and 35 in Proposition 1.

The 2014-15 budget also includes three new Police Assistant positions and vehicles for enhanced parking meter enforcement. These costs are anticipated to be offset by increased parking meter revenue and fines. Additionally, the budget reflects the impact of a process improvement between Police, Municipal Court and Law departments. This improvement allows Police to reduce overtime by \$670,000, and a portion of the savings will be used to add two new positions in Law to assist victims of Domestic Violence.

**Expenditure and Position Summary**

	2012-13	2013-14	2014-15
Operating Expense	\$559,768,000	\$563,054,000	\$570,434,000
Total Positions	4,452.4	4,429.5	4,362.5
Source of Funds:			
General	\$424,822,000	\$458,913,000	\$471,387,000
Public Safety			
Expansion	49,631,000	47,914,000	45,850,000
Neighborhood			
Protection	19,135,000	17,485,000	16,803,000
Public Safety			
Enhancement	17,483,000	15,165,000	14,958,000
Court Awards	9,175,000	7,221,000	4,058,000
City Improvement	5,550,000	4,865,000	6,937,000
Federal and State			
Grants	9,546,000	6,582,000	5,748,000
Other Restricted	3,276,000	3,714,000	3,449,000
Sports Facilities	1,150,000	1,195,000	1,244,000





**FIRE**

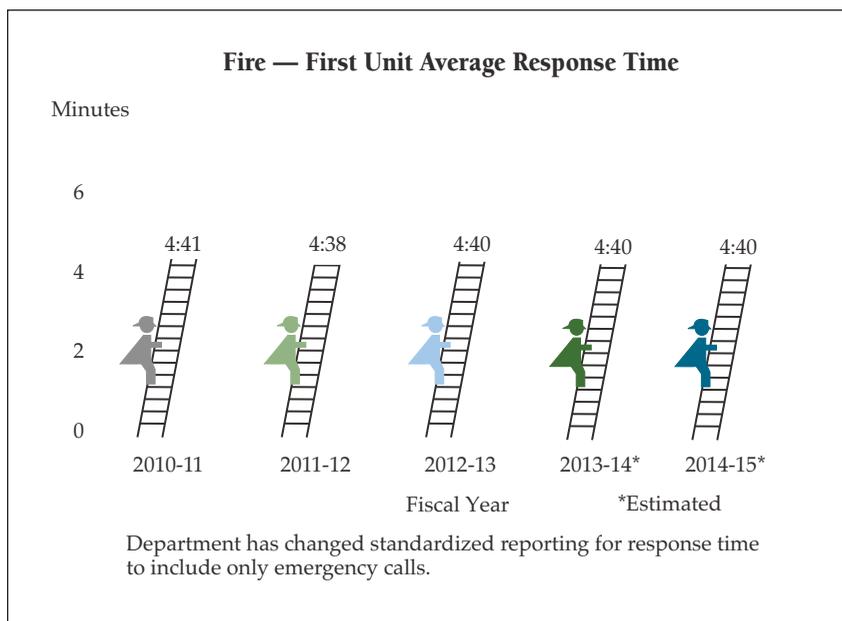
**Program Goal**

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 2014-15 operating budget allowance of \$304,088,000 is \$12,205,000 or 4.2 percent more than 2013-14 estimated expenditures and is the result of normal inflationary increases in personnel costs and other operational necessities such as fuel, vehicle maintenance and facility maintenance.

These increases are partially offset by administrative efficiencies that include a reduction in the inventory of MCTs, reduced administrative support for the department, and employee concessions.



**Fire Major Performance Measures and Service Levels**

The following significant performance measures and service trends will be achieved with the 2014-15 budget allowance:

	2012-13	2013-14 <sup>1</sup>	2014-15
Percent of fire and emergency medical call responses within four minutes	37.0%	37.0%	38.0%
Patient transports to Valley hospitals via emergency medical vehicles	69,757	70,000	71,000
Percentage of time Advanced Life Support (ALS) medical calls are responded to with paramedic units within five minutes	67%	67%	67%
Number of fire investigations to determine cause only	757	780	803
Number of calls by type:			
Emergency Medical	151,739	153,000	155,000
Fire	14,101	14,000	14,000
Other (mountain/swift water/trench/tree rescues/other)	5,768	6,000	6,000

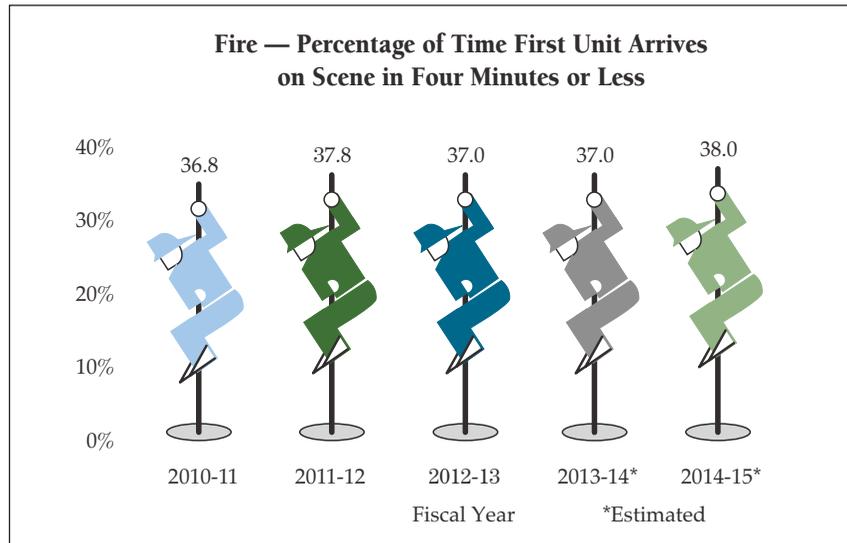
<sup>1</sup>Based on 10 months actual experience.





### Expenditure and Position Summary

	2012-13	2013-14	2014-15
Operating Expense	\$282,140,000	\$291,883,000	\$304,088,000
Total Positions	1,997.4	1,994.6	1,994.6
Source of Funds:			
General	\$239,771,000	\$245,668,000	\$255,564,000
Public Safety Enhancement	8,288,000	6,234,000	6,138,000
Neighborhood Protection	2,804,000	3,778,000	7,425,000
Public Safety Expansion	11,512,000	14,337,000	14,634,000
Development Services	481,000	—	—
Federal and State Grants	13,581,000	13,923,000	12,097,000
Federal Transit Authority	40,000	5,000	—
Other Restricted	3,161,000	4,582,000	4,626,000
City Improvement	2,502,000	3,356,000	3,604,000



## HOMELAND SECURITY AND 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 2014-15 operating budget allowance of \$472,000 is \$6,000 or 1.3 percent less than 2013-14 estimated expenditures and reflects normal inflationary increases that are partially offset with reductions in commodity spending and employee concessions.

### Expenditure and Position Summary

	2012-13	2013-14	2014-15
Operating Expense	\$538,000	\$478,000	\$472,000
Total Positions	4.0	6.0	6.0
Source of Funds:			
General	\$16,000	\$21,000	\$14,000
Public Safety Enhancement	282,000	434,000	458,000
Federal and State Grants	240,000	23,000	—





The Phoenix Fire Department responded to 173,065 calls, including 13,876 fire calls and 152,454 medical assistance calls in fiscal year 2013-14.





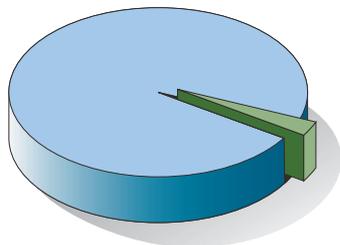
The Phoenix Municipal Court tries criminal and civil traffic violations, as well as non-traffic criminal misdemeanor cases.





# 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 2014-15 operating budget allowance of \$41,837,000 is \$304,000 or 0.7 percent more than 2013-14 estimated expenditures. The increase reflects normal inflationary increases which are partially offset by employee concessions and administrative efficiencies, such as reducing the number of days jury trials are held by combing the Friday docket into the rest of the week without significantly impacting daily operations.

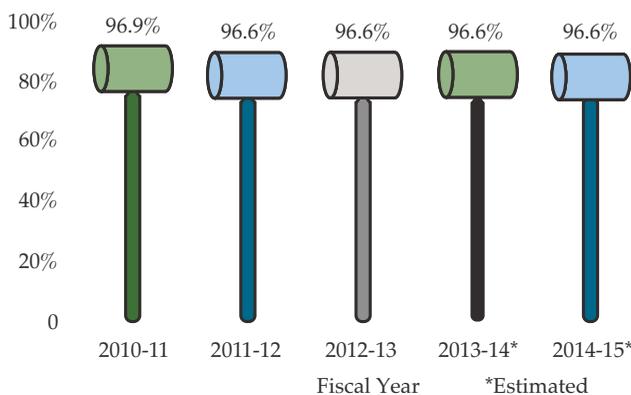
### Municipal Court Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2014-15 budget allowance:

	2012-13	2013-14 <sup>1</sup>	2014-15
Criminal filings	73,500	70,000	75,000
Civil filings	175,008	180,000	200,000
Average number of days from arraignment to hearing for minor traffic cases	37.0	35.0	40.0
Number of criminal cases with a pending trial date at year end	2,160	2,200	2,340
Percent of trials/hearings appealed	3.7%	3.5%	3.5%
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	3.4 minutes	2.5 minutes	5.0 minutes

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

### Municipal Court - Percent of criminal cases resolved within 180 days from case filing



### Expenditure and Position Summary

	2012-13	2013-14	2014-15
Operating Expense	\$36,525,000	\$41,533,000	\$41,837,000
Total Positions	310.0	295.0	295.0
Source of Funds:			
General	\$28,687,000	\$28,972,000	\$29,049,000
Other Restricted	1,612,000	6,329,000	6,291,000
City Improvement	6,226,000	6,232,000	6,497,000





**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 2014-15 operating budget allowance of \$4,982,000 is \$129,000 or 2.7 percent more than 2013-14 estimated expenditures. The increase reflects normal inflationary increases which are partially offset with employee concessions.

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

The following significant performance measures and service trends will be achieved with the proposed 2014-15 budget allowance:

	2012-13	2013-14 <sup>1</sup>	2014-15
Defendants charged with misdemeanor crimes represented in Phoenix Municipal Court	13,905	13,948	14,000

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

**Expenditure and Position Summary**

	2012-13	2013-14	2014-15
Operating Expense	\$4,765,000	\$4,853,000	\$4,982,000
Total Positions	9.0	9.0	9.0
Source of Funds:			
General	\$4,765,000	\$4,853,000	\$4,982,000







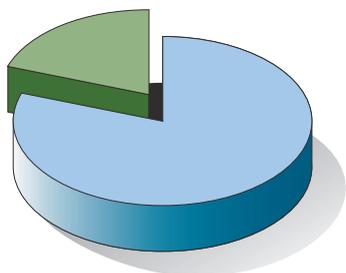
The Street Transportation Department is dedicated to providing safe movement of vehicles, bicycles, and pedestrians throughout the city, and educates residents on a variety of traffic safety issues.





# Transportation

## The Transportation Program Represents 21.5% 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. The Street Transportation Department also provides for the economical, safe and aesthetic design and construction of facilities on city property.

### Street Transportation Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the proposed 2014-15 budget allowance:

	2012-13	2013-14 <sup>1</sup>	2014-15
Routine street maintenance requests for service completed within 21 days <sup>2</sup>	88%	82%	80%
Percent of all traffic signal control cabinets inspected annually <sup>3</sup>	95%	95%	95%
Routine traffic operation requests for service completed within 30 days	95%	93%	93%
Construction project complaints or inquiries addressed within five working days	95%	98%	97%
Number of days to review and respond to street light requests <sup>3</sup>	1.4	1.4	2.5
Number of days to review private development plans <sup>3</sup>	7.5	6.0	9.0
Utility plan review turnaround time within 10 working days	97%	97%	97%
Complete requests for sign and crosswalk work within 45 days <sup>4</sup>	85%	80%	80%

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

<sup>2</sup>Decrease in 2013-14 is a result of field staff shifting from routine maintenance to preventive maintenance activities.

<sup>3</sup>Decrease in 2014-15 is due to anticipated vacancies.

<sup>4</sup>Decrease in 2013-14 is due to the shifting of street maintenance activities to focus on preventive maintenance.





### Budget Allowance Explanation

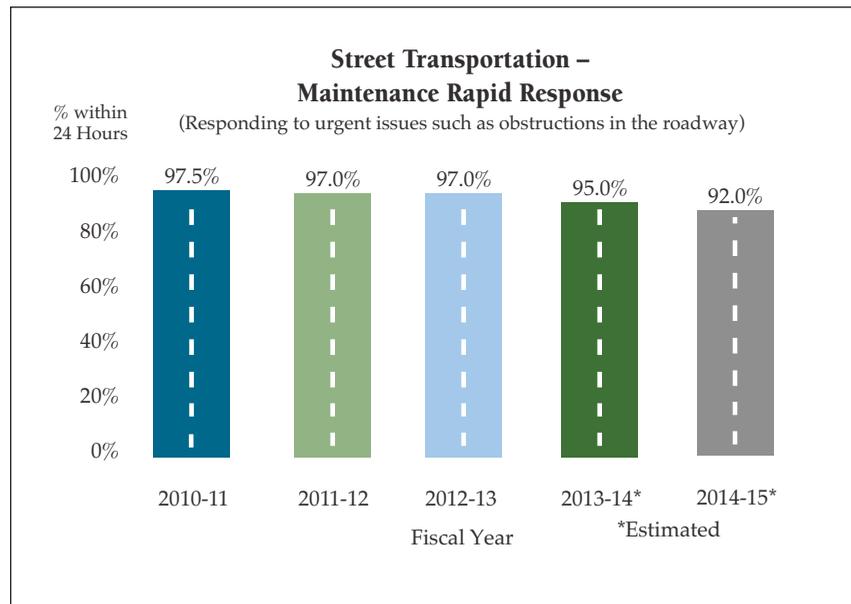
The Street Transportation 2014-15 operating budget allowance of \$72,010,000 is \$2,483,000 or 3.6 percent more than 2013-14 estimated expenditures. The increase in the General Fund is primarily due to the replacement of aging fleet and equipment, staff costs and various contractual service costs due to normal inflationary increases. The budget includes added funding for contractual landscape maintenance for seven miles of new surface streets on Sonoran Desert Drive from I-17 to Dove Valley Road and Dove Valley Road from 23rd Avenue to Poloma Parkway, contractual maintenance of wrought iron gates and block walls on First Avenue from McDowell to Thomas roads, and funding for the implementation of demand-based pricing for the parking meter system. The budget includes utilizing a larger percentage of Arizona Highway User Fund for operating costs and is partially off-set by savings in Other Restricted Revenue resulting from reduced capital equipment needs for managing the stormwater program.

Most department budgets include “salary savings,” a credit that represents expected savings from position vacancies that occur throughout the year. Four vacant positions were eliminated beginning in 2014-15 in order to reduce the amount of savings the department will need to achieve through holding positions vacant. Because the cost of the eliminated positions is offset by a reduction to the salary savings credit, the change results in a net \$0 impact to the department’s budget.

Also reflected in the 2014-15 operating budget is the transfer of the Design and Construction Management Division from the Public Works Department to the Street Transportation Department to provide more efficient delivery of services to the community.

### Expenditure and Position Summary

	2012-13	2013-14	2014-15
Operating Expense	\$66,211,000	\$69,527,000	\$72,010,000
Total Positions	667.0	664.0	685.0
Source of Funds:			
General	\$18,747,000	\$19,562,000	\$21,554,000
Arizona Highway User Revenue	44,960,000	46,529,000	48,066,000
City Improvement	501,000	735,000	104,000
Capital Construction	129,000	129,000	130,000
Federal and State Grants	39,000	53,000	50,000
Other Restricted	1,835,000	2,519,000	2,106,000





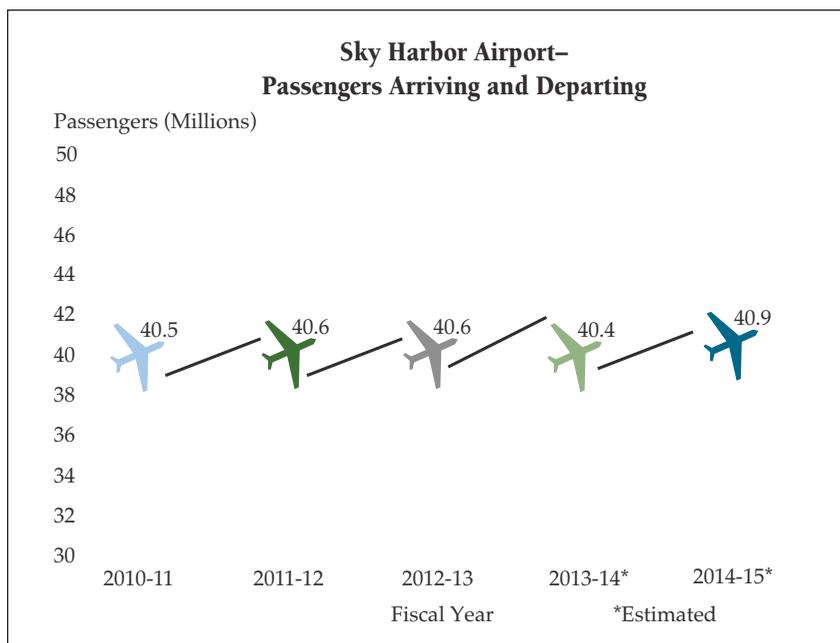
## AVIATION

### 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 2014-15 operating budget allowance of \$234,708,000 is \$6,432,000 or 2.8 percent more than 2013-14 estimated expenditures. This increase reflects the full year operating cost for the PHX Sky Train™ and normal inflationary increases. These increases are slightly offset with department-wide operational savings and other administrative efficiencies, such as the reclassification of five existing positions to implement the PHX Sky Train™ expansion instead of adding new positions.



### Aviation Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2014-15 budget allowance:

	2012-13	2013-14 <sup>1</sup>	2014-15
Airline rental rates (cost per square foot):			
Terminal 2	\$117.12	\$115.80	\$116.28
Terminal 3	\$117.12	\$115.80	\$116.28
Terminal 4	\$117.12	\$115.80	\$116.28
Gross sales per departing passenger:			
Terminal 2	\$7.63	\$7.65	\$7.67
Terminal 3	\$9.10	\$9.13	\$9.18
Terminal 4	\$8.91	\$9.00	\$9.10
Aircraft takeoffs and landings	934,013	933,000	935,500
Total international passengers	2,278,591	2,300,000	2,310,000
Air cargo processed (in tons)	303,780	304,000	305,000

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

### Expenditure and Position Summary

	2012-13	2013-14	2014-15
Operating Expense	\$213,899,000	\$228,276,000	\$234,708,000
Total Positions	858.0	853.0	853.0
Source of Funds:			
Aviation	\$213,899,000	\$228,276,000	\$234,708,000





## 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

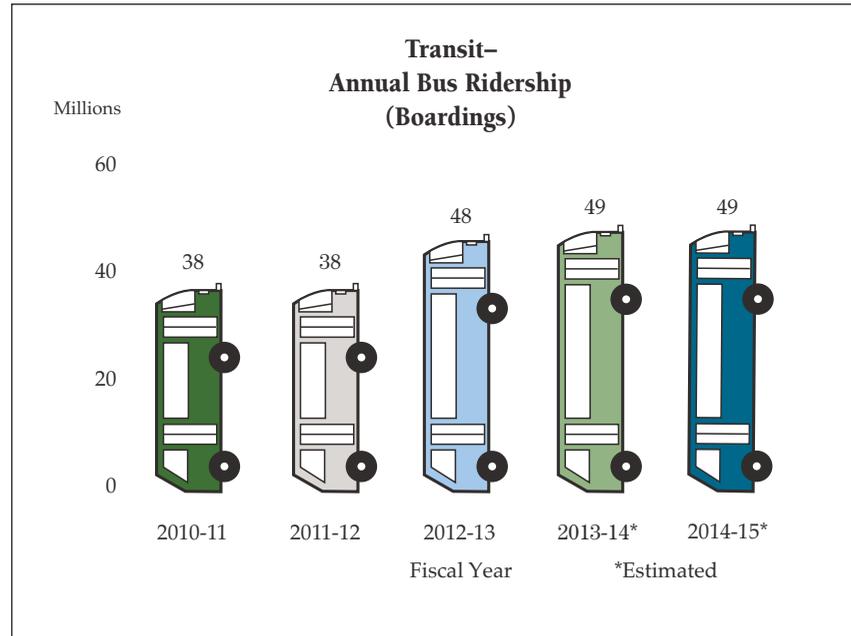
The Public Transit 2014-15 operating budget allowance of \$252,959,000 is \$11,488,000 or 4.8 percent more than 2013-14 estimated expenditures. The increase is due to increases in the General, Transit 2000 and City Improvement funds. These increases are partially offset by a decrease in Federal Transit Authority funding.

The increase in the General Fund is due to the one-time savings in 2013-14 related to the phased reduction of the emergency sales tax on food. The 2013-14 reduction in General Funds was offset by savings from the refinancing of Transit 2000 Fund debt.

The Transit 2000 Fund increase is due to a contractual increase in the cost per mile of bus and rail services, and increases in the price of fuel. The increase is partially offset by a decrease in computer software purchases. The City Improvement Fund increased due to additional debt service payments for light rail.

### Expenditure and Position Summary

	2012-13	2013-14	2014-15
Operating Expense	\$242,245,000	\$241,471,000	\$252,959,000
Total Positions	137.5	104.5	104.5
Source of Funds:			
General	\$19,414,000	\$11,911,000	\$18,202,000
Transit 2000	119,091,000	135,952,000	140,093,000
Regional Transit	23,385,000	25,036,000	25,786,000
Federal Transit Authority	29,439,000	27,081,000	21,356,000
City Improvement	50,916,000	41,491,000	47,522,000



### 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:

	2012-13	2013-14 <sup>1</sup>	2014-15
On-time performance for bus service	92.8%	95.0%	95.0%
On-time performance for Dial-a-Ride prescheduled service	90.7%	95.0%	95.0%
Cost recovery from bus fares	22.5%	21.2%	23.1%
Bus boardings per revenue mile	2.44	2.44	2.47
Average weekday ridership - light rail (Phoenix only)	27,741	28,449	29,018
Number of Senior Center Shuttle Trips	118,390	138,135	142,279

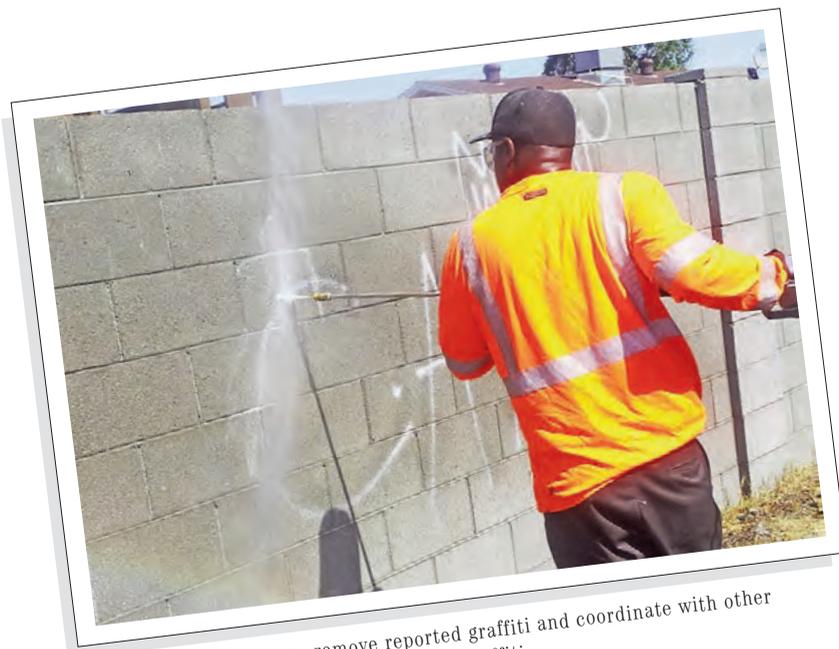
<sup>1</sup>Based on 10 months actual experience.





This was the first CNG bus to be delivered of the 120 CNG buses now in service on Phoenix roads.





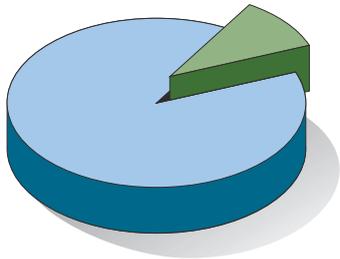
Graffiti Busters crews remove reported graffiti and coordinate with other public and private agencies to remove graffiti.





# 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.

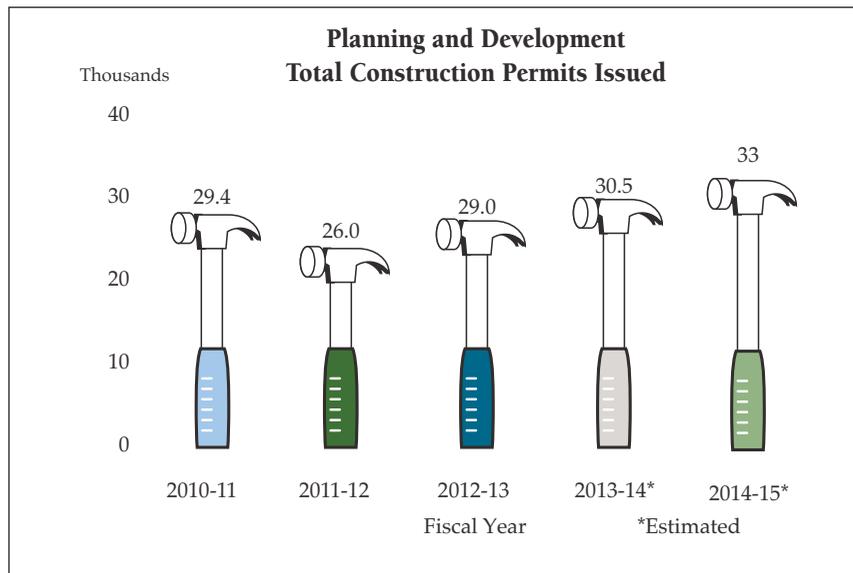
## PLANNING AND DEVELOPMENT

### Program Goal

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

### Budget Allowance Explanation

The Planning and Development Department 2014-15 operating budget allowance of \$46,762,000 is \$6,240,000 or 15.4 percent more than 2013-14 estimated expenditures. This is primarily a result of increased Development Services funding for contractual inspection and plan review services to meet anticipated demand, and consultant funding for developing electronic plan review system and implementing a new permitting system.





### Expenditure and Position Summary

	2012-13	2013-14	2014-15
Operating Expense	\$35,913,000	\$40,522,000	\$46,762,000
Total Positions	261.5	283.0	295.0
Source of Funds:			
Development Services	\$31,025,000	\$34,118,000	\$40,457,000
General	4,309,000	4,656,000	4,909,000
Federal and State Grant	372,000	1,503,000	1,058,000
Community Development Block Grant	66,000	66,000	66,000
Other Restricted	142,000	179,000	272,000
Water Fund	(1,000)	—	—

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

The following significant performance measures and service trends will be achieved with the 2014-15 budget allowance:

	2012-13	2013-14 <sup>1</sup>	2014-15
Total construction permits issued	30,295	33,000	37,000
Turnaround time for major commercial building plans (days)	35	34	34
Turnaround time for medium commercial building plans (days)	24	26	26
Turnaround time for minor commercial building plans (days)	18	17	17
Turnaround time for residential building plans (days)	21	26	26
Percent of commercial inspections completed on time	97%	95%	95%
Percent of residential inspections completed on time	95%	96%	95%
Percent of costs recovered through fees	117%	100%	100%
Average number of days to schedule pre-application meeting prior to rezoning application	18	12	12
Average number of days to complete Zoning Verification letters	10	10	10
Board, Commission and Committee packets available seven days prior to meeting	99%	98%	98%
Number of design reviews performed on building permits in historic districts <sup>2</sup>	377	293	410
Number of city grants awarded for historic rehabilitation projects	11	10	10
Number of regulatory compliance reviews for federally funded city capital projects	1,085	763	600

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

<sup>2</sup>This 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 2014-15 operating budget allowance of \$88,591,000 is \$6,328,000 or 7.7 percent more than 2013-14 estimated expenditures. The increase is primarily due to the carry-over of unspent federal funds, increased facility maintenance costs, and additional federal grant funding. These costs are slightly reduced by employee concessions.

### Housing Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2014-15 budget allowance:

	2012-13	2013-14 <sup>1</sup>	2014-15
Affordable housing units for families and individuals	2,679	2,679	2,679
Affordable housing units created or preserved for families and individuals owned and operated by private sector developers	359	792	400
Rental assistance provided for low-income residents in the private housing market	6,482	6,582	6,582
City-owned and operated public housing units for families and seniors	2,614	2,614	2,683
Occupancy rate for Section 8 units	90%	93%	93%
Occupancy rate for public housing units	96.6%	97%	97%

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

### Expenditure and Position Summary

	2012-13	2013-14	2014-15
Operating Expense	\$74,729,000	\$82,263,000	\$88,591,000
Total Positions	188.0	186.0	186.0
Source of Funds:			
Public Housing	\$71,547,000	\$76,063,000	\$80,437,000
Other Restricted	1,492,000	2,860,000	4,222,000
Community Development			
Block Grant	803,000	1,618,000	3,004,000
Federal and			
State Grants	830,000	1,022,000	333,000
HOPE VI	(63,000)	576,000	467,000
City Improvement	71,000	70,000	74,000
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 2014-15 operating budget allowance of \$24,678,000 is \$3,152,000 or 11.3 percent less than 2013-14 estimated expenditures and reflects unknown federal Workforce Investment Act grant allocations for 2014-15. These allocations will be reflected later and programmed accordingly. The budget also reflects temporarily charging a project manager position to the Solid Waste Fund to manage a landfill project.

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

The following significant performance measures and service trends will be achieved with the 2014-15 budget allowance:

	2012-13	2013-14 <sup>1</sup>	2014-15
Projected jobs created/retained within the city of Phoenix as a result of department efforts	7,013	6,000	6,000
Projected average annual salary for new jobs with companies newly located in Phoenix	\$35,737	\$35,000	\$41,000
Number of job seekers assisted through the Workforce Development Initiatives	28,549	27,000	30,000

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

**Expenditure and Position Summary**

	2012-13	2013-14	2014-15
Operating Expense	\$26,320,000	\$27,830,000	\$24,678,000
Total Positions	101.0	97.0	97.0
Source of Funds:			
General	4,195,000	4,807,000	4,796,000
Aviation	73,000	130,000	130,000
City Improvement	4,618,000	4,517,000	5,740,000
Community Reinvestment	478,000	457,000	480,000
Convention Center	415,000	429,000	446,000
Other Restricted	3,322,000	3,398,000	3,398,000
Sports Facilities	138,000	143,000	147,000
Water	567,000	31,000	31,000
Federal and State Grants	12,316,000	13,242,000	8,834,000
Community Development Block Grant	198,000	676,000	676,000





## NEIGHBORHOOD SERVICES

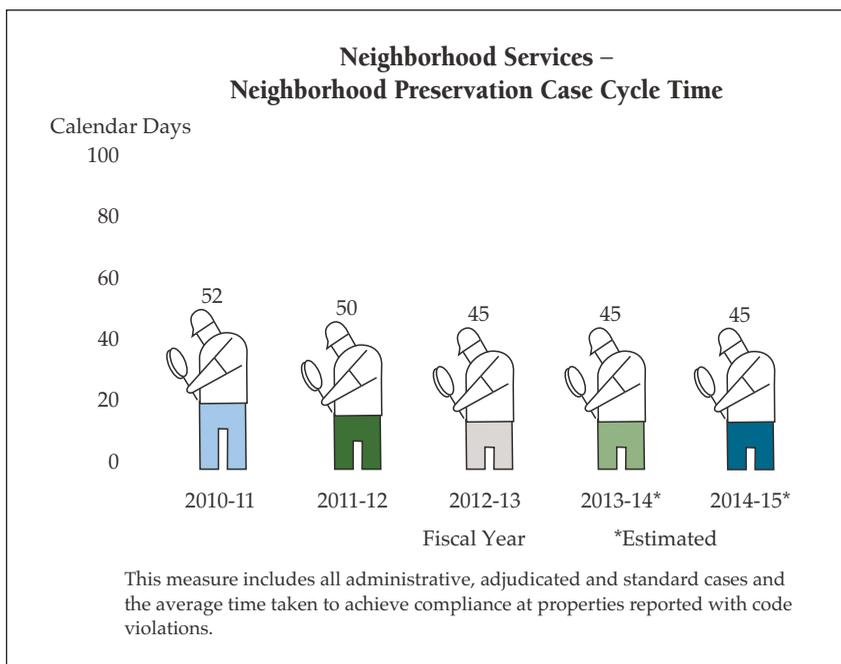
### Program Goal

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 2014-15 operating budget allowance of \$59,206,000 is \$15,889,000 or 36.7 percent more than 2013-14 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 2014-15 budget.

The General Fund budget of \$12,481,000 is \$557,000 or 4.7 percent more than the 2013-14 estimated expenditures. This is primarily due to increased staff costs, the inclusion of funding for vehicle replacement, and normal inflationary increases. Most department budgets include "salary savings," a credit that represents expected savings from position vacancies that occur throughout the year. A vacant position was eliminated beginning in 2014-15 in order to reduce the amount of savings the department will need to achieve through holding positions vacant. Because the cost of the eliminated positions is offset by a reduction to the salary savings credit, the change results in a net \$0 impact to the department's budget.





### Expenditure and Position Summary

	2012-13	2013-14	2014-15
Operating Expense	\$65,375,000	\$43,317,000	\$59,206,000
Total Positions	214.5	205.5	204.5
Source of Funds:			
General	\$11,374,000	\$11,924,000	\$12,481,000
Other Restricted	82,000	155,000	191,000
Public Housing	1,710,000	1,503,000	835,000
Federal and State Grants	38,731,000	16,286,000	20,277,000
Community Development Block Grant	13,478,000	13,499,000	25,422,000

### Neighborhood Services Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2014-15 budget allowance:

	2012-13	2013-14 <sup>1</sup>	2014-15
Residents who receive landlord/tenant counseling	5,403	5,400	5,400
Sites where graffiti was removed through the Graffiti Busters Program	69,634	80,000	85,000
Projects completed through housing rehabilitation programs <sup>2</sup>	961	1,500	600
Neighborhood Preservation cases opened annually	69,086	63,000	65,000
Neighborhood Preservation average case cycle time <sup>3</sup>	45 days	45 days or below	45 days or below
Percent of Neighborhood Preservation cases resolved voluntarily <sup>4</sup>	93%	91% or above	91% or above
The number of new neighborhood groups <sup>5</sup>	104	80	95

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

<sup>2</sup>Projections for the coming fiscal year have been reduced due to the close out of the Energize Phoenix Program, the end of the current Lead Hazard Control grant funding in December 2014, and a continued trend of reductions in other grant funding (HOME, CDBG, DOE Weatherization, etc).

<sup>3</sup>This measure includes all administrative, adjudicated and standard cases and the average time taken to achieve compliance at properties reported with code violations.

<sup>4</sup>This measures the volume of cases that were voluntarily brought into compliance with the appropriate city ordinances without court or abatement action.

<sup>5</sup>Includes all neighborhood organizations listed through Neighborhood Notification.







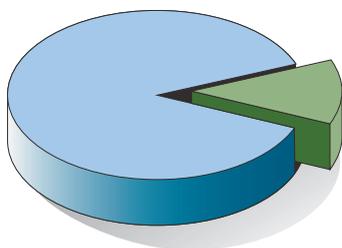
The city of Phoenix Head Start Program is administered by the Human Services Department, Education Division. Since its inception in 1965, this program has provided comprehensive child and family development services to more than 59,000 families.





# Community Enrichment

## The Community Enrichment Program Represents 9.8% 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 2014-15 budget allowance of \$111,181,000 is \$1,485,000 or 1.4 percent more than 2013-14 estimated expenditures. The increase in the General Fund is primarily due to increases in staff costs, and the maintenance and replacement of aging vehicles and equipment. The increase is partially offset by efficiency savings that include the implementation of irrigation control technology to adjust water usage based on weather conditions and the leasing of Municipal Stadium to Arizona State University. The increase in the 2014-15 budget for the Phoenix Parks and Preserves Initiative (PPPI) fund is to provide staff and supplies to open and maintain dog parks in Ceaser Chavez Park, Paradise Valley Park and Deem Hills Park,

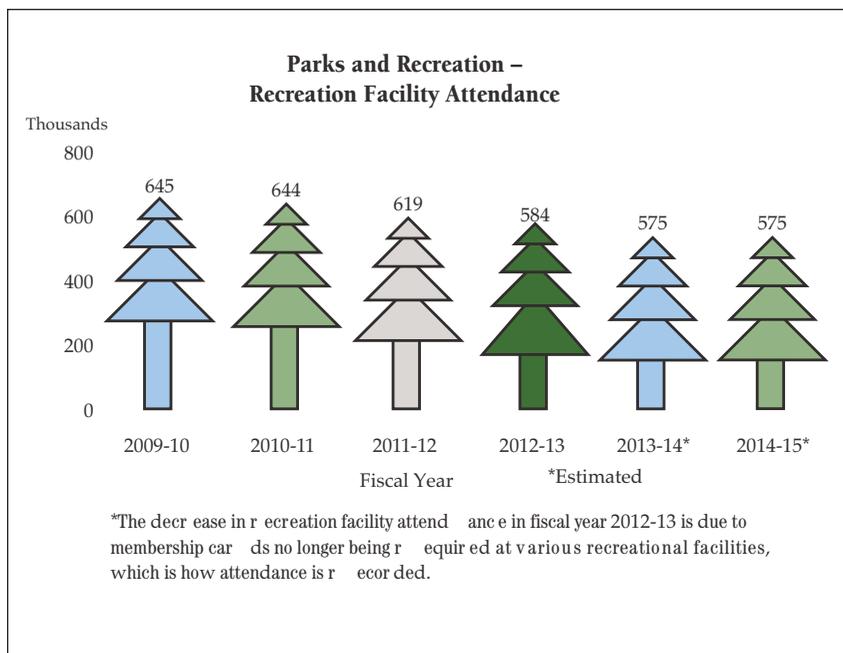
and it also provides maintenance costs for the new Carver Mountain trailhead.

Most department budgets include "salary savings," a credit that represents expected savings from position vacancies that occur throughout the year. Thirteen vacant positions were eliminated beginning in 2014-15 in order to reduce the amount of savings the department will need to achieve through holding positions vacant. Because the cost of the eliminated positions is offset by a reduction to the salary savings credit, the change results in a net \$0 impact to the department's budget.

## 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

	2012-13	2013-14	2014-15
Operating Expense	\$103,159,000	\$109,696,000	\$111,181,000
Total Positions	1,134.2	1,078.6	1,072.6
Source of Funds:			
General	\$87,540,000	\$91,047,000	\$92,913,000
Other Restricted	2,528,000	3,823,000	3,140,000
City Improvement	1,860,000	1,900,000	1,919,000
Federal and State Grants	721,000	753,000	829,000
Parks and Preserves	1,863,000	3,470,000	4,025,000
Golf	8,647,000	8,703,000	8,355,000

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

The following significant performance measures and service trends will be achieved with the 2014-15 budget allowance:

	2012-13	2013-14 <sup>1</sup>	2014-15
Construction projects completed	72%	75%	75%
Fill 80% or more of all non-team sport registration openings.	75%	75%	75%
Usage of athletic field's available programmable time	59%	52%	52%
Community usage of Recreation and Community Center available programmable time	35%	40%	40%
Recreation Facility Attendance	583,860	575,000	575,000
Number of Golf Rounds	248,630	251,000	254,900

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





## LIBRARY

### Program Goal

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

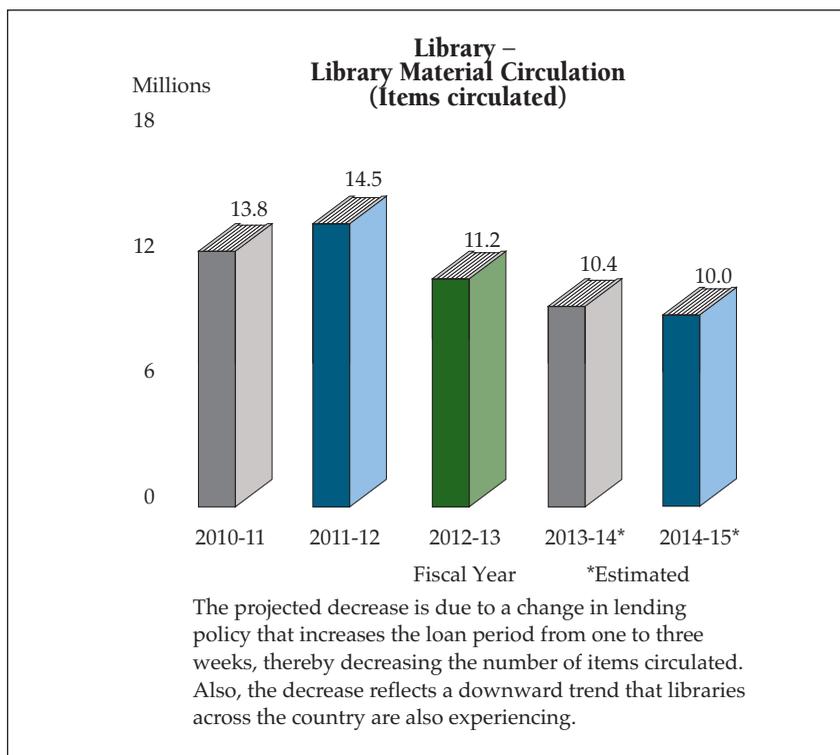
### Budget Allowance Explanation

The 2014-15 Library operating budget allowance of \$36,063,000 is \$834,000 or 2.4 percent more than 2013-14 estimated expenditures. The increase is primarily due to staff costs, an expected decline in the number of vacant positions, increased cost of library materials, and increased funding for the planned facilities preventive maintenance program. The increase is offset by a reduction in grant funding for College Depot and the Teen Technology Intern Pilot Program, and reduced costs for information technology and consulting services funded by the Library gift fund.

Additionally, most departments include “salary savings,” a credit that represents expected savings from position vacancies that occur throughout the year. One vacant position was eliminated beginning in 2014-15 in order to reduce the amount of savings the department will need to achieve through holding positions vacant. Because the cost of the eliminated positions is offset by a reduction to the salary savings credit, the change results in a net \$0 impact to the department’s budget.

### Expenditure and Position Summary

	2012-13	2013-14	2014-15
Operating Expense	\$34,266,000	\$35,229,000	\$36,063,000
Total Positions	374.8	375.6	374.6
Source of Funds:			
General	\$33,564,000	\$34,205,000	\$35,515,000
Federal and State Grants	643,000	561,000	446,000
Other Restricted	59,000	463,000	102,000



### Library Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2014-15 budget allowance:

	2012-13	2013-14 <sup>1</sup>	2014-15
Early literacy program attendance <sup>2</sup>	147,755	158,000	160,000
Library visitors	4,829,056	4,700,000	4,700,000
Library’s website “visits” <sup>3</sup>	27,716,143	32,000,000	32,000,000
Library material circulation <sup>4</sup>	11,158,684	10,400,000	10,000,000

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

<sup>2</sup>Beginning in fiscal year 2012-13, First Things First outreach program participation was included in early literacy program statistics.

<sup>3</sup>The new library website was launched in September 2013 and provides enhanced reporting of website “visits.”

<sup>4</sup>The projected decrease is due to a change in lending policy that increase the loan period from one to three weeks, thereby decreasing the number of items circulated. Also, the decrease reflects a downward trend that libraries across the country are also experiencing.





## 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 2014-15 operating budget allowance of \$46,169,000 is \$1,146,000 or 2.5 percent more than 2013-14 estimated expenditures. The increase is primarily due to increased operating costs for the tourism and marketing contract with the Greater Phoenix Convention and Visitor Bureau (GPCVB), staff costs, utilities, information technology upgrades and normal inflationary increases.

## Phoenix Convention Center Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2014-15 budget allowance:

	2012-13	2013-14 <sup>1</sup>	2014-15
Estimated direct spending impact from conventions (millions) <sup>2</sup>	\$274.0	\$253	\$308.0
Number of convention delegates	188,669	173,000	212,000
Number of conventions	55	52	49
Number of local public shows	55	80	85
Percent square feet occupancy (average of all event types)	31%	31%	35%
Number of theatrical performances	247	260	265
Total theater attendance	256,940	280,430	280,000
Total parking revenue (millions)	\$4.75	\$4.83	\$4.94
Revenue per parking space	\$1,099	\$1,117	\$1,143
Operating expense per parking space	\$806	\$907	\$927

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

<sup>2</sup>Estimated direct spending impact is reported by the Greater Phoenix Convention and Visitors Bureau.

## Expenditure and Position Summary

	2012-13	2013-14	2014-15
Operating Expense	\$42,402,000	\$45,023,000	\$46,169,000
Total Positions	252.0	237.0	237.0
Source of Funds:			
Convention Center	\$40,686,000	\$43,190,000	\$44,302,000
General	1,202,000	1,333,000	1,367,000
Other Restricted	14,000	—	—
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

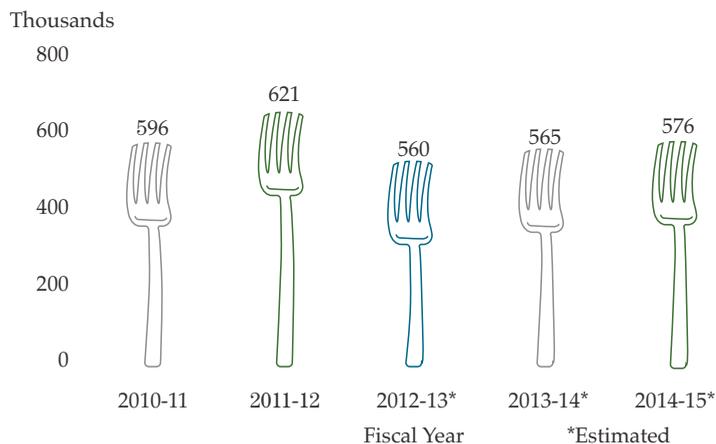
The Human Services 2014-15 operating budget allowance of \$60,440,000 is \$1,659,000 or 2.8 percent more than 2013-14 estimated expenditures. The increase is due to restoration of federal sequestration funding for the Head Start Program, and General Fund increases in staff costs, facility repair funding and senior meal services.

Most department budgets include “salary savings,” a credit that represents expected savings from position vacancies that occur throughout the year. One vacant position was eliminated beginning in 2014-15 in order to reduce the amount of savings the department will need to achieve through holding positions vacant. Because the cost of the eliminated position is offset by a reduction to the salary savings credit, the change results in a net \$0 impact to the department’s budget.

### Expenditure and Position Summary

	2012-13	2013-14	2014-15
Operating Expense	\$61,673,000	\$58,781,000	\$60,440,000
Total Positions	366.2	320.0	319.0
Source of Funds:			
General	\$17,809,000	\$18,014,000	\$18,895,000
Human Services Grants	42,437,000	39,143,000	40,078,000
Community Development Block Grant	562,000	672,000	556,000
Federal and State Grant	10,000	35,000	—
Water	250,000	210,000	210,000
Wastewater	—	140,000	140,000
Other Restricted	326,000	269,000	267,000
City Improvement	279,000	298,000	294,000

**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. The change 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 2014-15 budget allowance:

	2012-13	2013-14 <sup>1</sup>	2014-15
Percentage of families served at the Watkins Overflow Shelter moved into permanent housing	79%	75%	75%
Number of households served at family service centers	20,700	17,502	16,541
Percentage of school attendance for Head Start	89%	89%	89%
Medical and dental exams completed for Head Start	6,754	6,330	6,700
Number of meals served to seniors <sup>2</sup>	560,000	564,300	576,200
Number of victim services provided	9,000	11,000	11,000

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

<sup>2</sup>During 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 2014-15 operating budget allowance of \$1,542,000 is \$35,000 or 2.3 percent more than 2013-14 estimated expenditures. The increase is due to staff costs and an expected decline in the number of vacant positions, partially offset by reduced grant funding.

**Expenditure and Position Summary**

	2012-13	2013-14	2014-15
Operating Expense	\$1,121,000	\$1,507,000	\$1,542,000
Total Positions	11.0	10.0	10.0
Source of Funds:			
General	\$1,094,000	\$1,362,000	\$1,505,000
Federal and State Grants	20,000	115,000	12,000
Other Restricted	7,000	30,000	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 proposed 2014-15 budget allowance.

	2012-13	2013-14 <sup>1</sup>	2014-15
Grant applications processed to support arts activities through schools and nonprofit organizations <sup>2</sup>	72	62	66
Grant awards administered to support arts activities through schools and nonprofit organizations	46	54	55
Completed Percent-for-Art projects to enhance city capital improvement projects with artwork <sup>3</sup>	12	7	5
Local artists/arts organizations training workshops <sup>4</sup>	12	10	16
Percent of projects in Art Plan being implemented <sup>3</sup>	82%	72%	70%
Community Presentations	63	64	63

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

<sup>2</sup>Increased grants funding resulted in additional applications processed through a second round process in 2012-13.

<sup>3</sup>Increase in 2012-13 is mainly due to the opening of PHX Skytrain. Decreases are expected due to deferred capital projects. Measures reflect projects that were in design, under construction, or completed.

<sup>4</sup>Numbers reflect presentations and workshops to local artists as well as the annual grant workshop training for arts organizations.







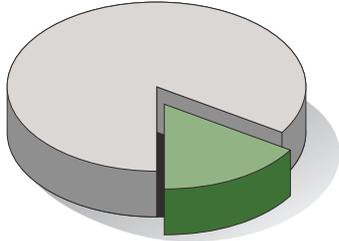
The Water Services Department performs flow tests to ensure adequate water pressure for fire protection throughout the nearly 7,000 mile water distribution system.





# Environmental Services

The Environmental Services Program Represents 16.4% of the Total Budget.



The Environmental Services program budget includes Water Services, Solid Waste Management, Public Works and Environmental Programs.

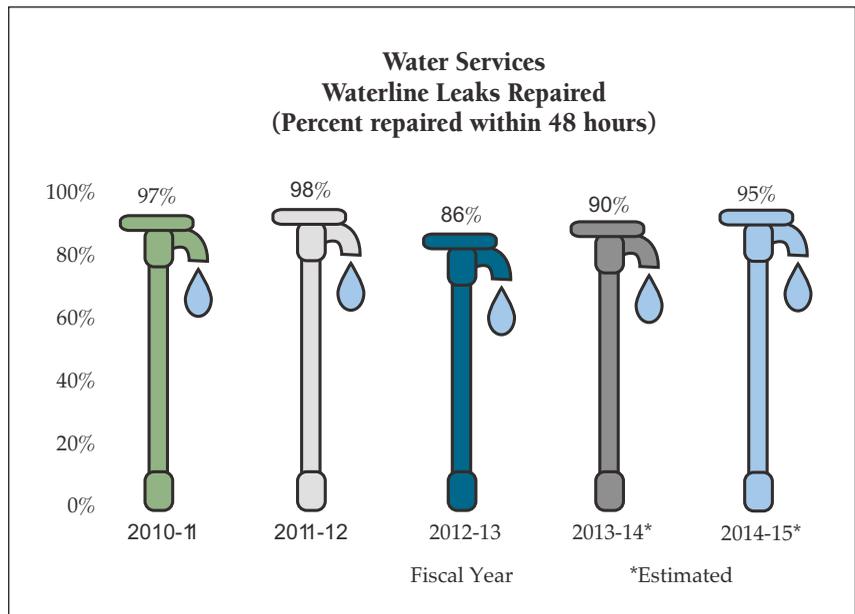
## WATER SERVICES

### 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 2014-15 operating budget allowance of \$267,018,000 is \$8,437,000 or 3.3 percent more than 2013-14 estimated expenditures. The increase is primarily due to increased raw water purchases, and increases in the cost of staff and chemicals. The 2014-15 operating budget includes additional funding for new wastewater treatment processes.





### Water Services Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2014-15 budget allowance:

	2012-13	2013-14 <sup>1</sup>	2014-15
Water main break/leaks per year	204.0	132.0	180.00
Waterline leaks repaired within 48 hours	86.0%	90.0%	95.0%
Percent of miles of sewer cleaned per year	27.0%	24.0%	25.0%
Sanitary sewer overflows per 100 miles	0.90	1.00	1.00
Gallons of water produced system wide (billions)	108.6	110.7	110.9
Gallons of wastewater treated (billions)	61.6	65.1	65.1
Telephone Calls-Received	1,428,106	1,465,214	1,460,000
Telephone Calls-Percent Answered <sup>2</sup>	97.0%	97.0%	98.0%

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

<sup>2</sup>Percent answered is calculated based on total calls logged into the queue and calls answered. Callers can elect to end their call before receiving assistance and would not be counted as “answered.”

### Expenditure and Position Summary

	2012-13	2013-14	2014-15
Operating Expense	\$248,387,000	\$258,581,000	\$267,018,000
Total Positions	1,474.1	1,475.1	1,475.1
Source of Funds:			
Water	\$162,506,000	\$169,208,000	\$176,513,000
Wastewater	84,174,000	\$87,252,000	88,392,000
Federal and State Grants	60,000	—	—
Other Restricted	1,647,000	2,121,000	2,113,000





## 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 2014-15 operating budget allowance of \$133,802,000 is \$11,053,000 or 9.0 percent more than 2013-14 estimated expenditures. This increase reflects increased equipment replacement costs, increased personal services costs and other normal inflationary increases.

The department also reclassified and eliminated various part-time and full-time positions resulting in a net increase of two full time equivalent positions for the mayor's 40 by 2020 Solid Waste Diversion and Green Organics Programs. The additional staffing will allow the Public Works Department to meet the program goals and deadlines initiated by the Mayor's Office.



### Solid Waste Management Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2014-15 budget allowance:

	2012-13	2013-14 <sup>1</sup>	2014-15
Residential households served with twice-per-week contained solid waste and recyclable material collections	397,624	399,000	402,000
Tons of residential recyclable materials collected	107,237	108,000	112,000
Tons of total solid waste disposed at city landfills <sup>2</sup>	870,379	805,000	807,000
Tons of solid waste from city residences disposed <sup>3</sup>	566,509	536,000	526,000

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

<sup>2</sup>Tonnage is down from prior year due to the department's efforts to increase recycling programs.

<sup>3</sup>Tonnage includes Solid Waste Field Services tonnage, transfer station residential loads, non-profit free loads and recycling rejects.

### Expenditure and Position Summary

	2012-13	2013-14	2014-15
Operating Expense	\$108,787,000	\$122,749,000	\$133,802,000
Total Positions	596.5	593.5	595.5
Source of Funds:			
Solid Waste	\$108,787,000	\$122,749,000	\$133,802,000





**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 2014-15 operating budget allowance of \$25,034,000 is \$2,873,000 or 13 percent more than 2013-14 estimated expenditures. This increase reflects the transfer of the Design and Construction Management Division to the Street Transportation Department which resulted in reduced work order credits to Public Works.

This increase is partially offset by administrative efficiencies that eliminated 18 vacant positions, additional General Fund revenue from the sale of underutilized vehicles, and employee concessions.

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

The following significant performance measures and service trends will be achieved with the 2014-15 budget allowance:

	2012-13	2013-14 <sup>1</sup>	2014-15
Square footage of buildings maintained	10,618,306	10,618,000	10,618,000
Facility service requests completed	19,131	21,000	21,000
Fleet vehicles per mechanic	42.6	38.8	38.8
Units of equipment for which fleet management is provided <sup>2</sup>	7,455	7,400	7,400
Annual miles of fleet vehicle utilization (in millions)	48.1	51.5	51.5

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

<sup>2</sup>Units of equipment and utilization are lower in 2013-14 and 2014-15 due to citywide turn in of underutilized vehicles.

**Expenditure and Position Summary**

	2012-13	2013-14	2014-15
Operating Expense	\$20,772,000	\$22,161,000	\$25,034,000
Total Positions	505.0	491.0	455.0
Source of Funds:			
General	\$14,557,000	\$15,953,000	\$17,663,000
City Improvement	5,650,000	5,162,000	6,396,000
Other Restricted	91,000	661,000	716,000
Solid Waste	146,000	208,000	219,000
Federal and State Grants	328,000	177,000	40,000





## 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.

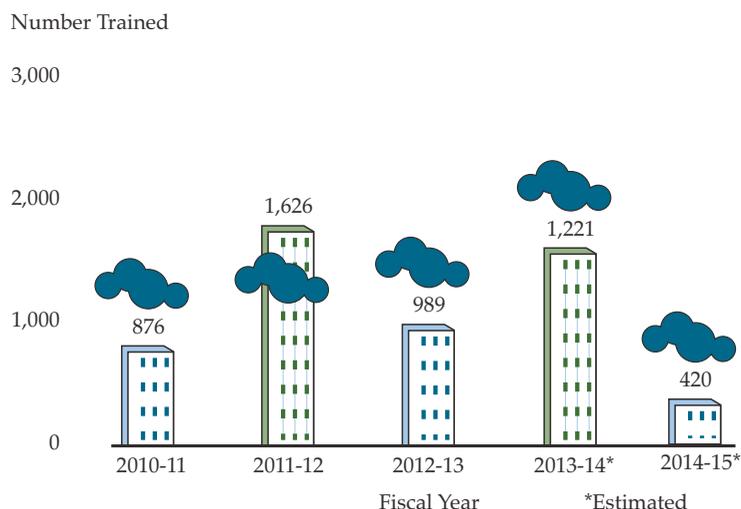
### Budget Allowance Explanation

The Office of Environmental Programs 2014-15 operating budget allowance of \$1,330,000 is \$1,000 or 0.1 percent more than the 2013-14 estimated expenditures and reflects normal inflationary increases which are partially offset by downgrading a vacant environmental programs coordinator to an environmental quality specialist and employee concessions.

### Expenditure and Position Summary

	2012-13	2013-14	2014-15
Operating Expense	\$1,212,000	\$1,329,000	\$1,330,000
Total Positions	12.0	11.0	11.0
Source of Funds:			
General	\$796,000	\$849,000	\$845,000
Federal and State Grants	21,000	—	—
Water Fund	219,000	271,000	277,000
Capital Construction	44,000	70,000	70,000
Other Restricted Funds	132,000	139,000	138,000

### Environmental Programs Total Training Provided to Employees/Consultants on Environmental Issues



The fluctuations reflect budget reductions to general training, mandatory stormwater training, and Maricopa County assuming dust control training.

### Environmental Programs Major Performance Measures and Service Levels

The following significant performance measures and service level trends will be achieved with the 2014-15 budget allowance:

	2012-13	2013-14 <sup>1</sup>	2014-15
Number of facility assessments and technical assistance visits conducted <sup>2</sup>	120	66	90
Number of Brownfields projects implemented	0	0	0
Pollution prevention and hazardous materials/hazardous waste compliance assistance provided <sup>3</sup>	85	57	50

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

<sup>2</sup>Departments are assessed on a cyclical basis. The annual variance reflects different departments which have a varying number of facilities.

<sup>3</sup>Projection based on historical data and available funding.







# Contingencies

The Contingency Fund provides for possible emergencies and unanticipated costs that may occur after the budget is adopted. The possibility of natural disasters, public or employee safety emergencies or up-front costs for productivity opportunities necessitates the need for adequate contingency funds. The use of contingency is intended for unanticipated one-time expenses, since it represents limited one-time resources in the fund balance. Use of these contingency funds requires the recommendation of the city manager and City Council approval.

### GENERAL FUND CONTINGENCY

The budget reflects an increase in the General Fund contingency from the 2013-14 budgeted level of \$43,658,000. The General Fund contingency in 2014-15 will be \$45,268,000. The 2013-14 contingency of \$43,658,000 was equal to 3.9 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 2014-15 at 3.95 percent.

The 2014-15 budget continues the planned gradual increase of the contingency percentage of operating expenditures. In March 2010, the Council

agreed to increase the Contingency Fund 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 2014-15 budget, \$1,610,000 was added above the 2013-14 amount. This increases the contingency percentage to 3.95 percent for 2014-15.

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.

**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
2005-06	968,051	24,740	2.6
2006-07	1,083,304	28,860	2.7
2007-08	1,184,192	34,230	2.9
2008-09	1,177,763	31,900	2.7
2009-10	1,110,780	29,800	2.7
2010-11	1,012,414	31,000	3.1
2011-12	1,059,115	35,840	3.4
2012-13	1,109,322	40,658	3.7
2013-14	1,125,373	43,658	3.9
2014-15	1,145,995	45,268	3.95





### 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.

### 2014-15 Other Fund Operating Expenditure and Contingency Amount (000's)

Fund	Operating Expenditures	Contingency Amount	Percent of Operating Expenditures
Transit 2000	\$150,093	\$10,000	6.7%
Planning and Development	44,457	4,000	9.0
Aviation	249,325	14,000	5.6
Water	187,631	9,000	4.8
Wastewater	93,771	4,500	4.8
Solid Waste	138,295	4,000	2.9
Convention Center	47,748	3,000	6.3





# Debt Service

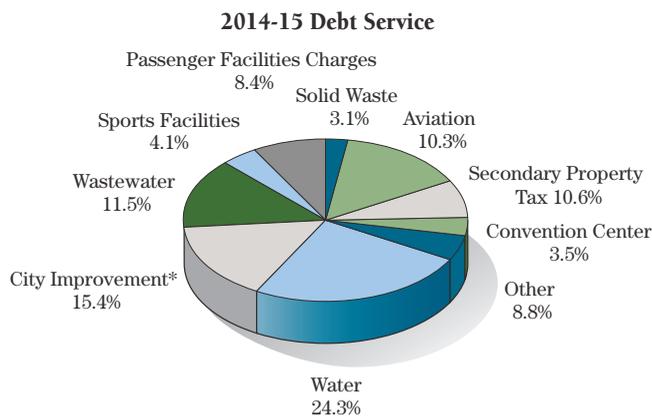
Debt service expenditures include payments of principal and interest net of the general obligation reserve fund transfers plus costs of issuance. The debt service allowance in 2014-15 for existing debt and future bond sales is \$531,369,000. As shown in the following pie chart, the \$531.4 million is 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 \$82.0 million in general government nonprofit corporation bonds debt service payments funded by General Fund (\$34.4 million), Transit 2000 (\$47.5 million) and Housing (\$0.1 million).

Secondary Property Tax shown in the pie chart represents the annual tax levy for general obligation bonded debt service, general obligation reserve fund transfers, 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.



\*Funded by General, Transit 2000 taxes and Housing funds.

Highway user revenue bonds are secured by state-shared gas taxes and other highway user fees and charges and also are not general obligations of the city.

## Debt Management

In general, the city has used general obligation bonds to finance capital programs of general government (non-enterprise) departments. These include programs such as fire protection, police protection, libraries, parks and recreation, service centers and storm sewers. The debt service on these bonds is paid from the secondary property tax levy. By state law, the city can only use its secondary property tax levy to pay principal and interest on long-term debt.

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 high bond ratings.





### Bond Ratings

As shown in the chart below, the city's bonds are rated favorably by the major bond rating agencies, Moody's Investors Service and Standard and Poor's. The city's general obligation bonds are rated Aa1 and AA+, 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 April 1, 2014, is shown below, based upon 2013-14 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 April 1, 2014.

The city's debt burden remains in the low-to-moderate range. This means the amount of net debt supported by the city's property tax base is moderate relative to the value of that tax base.

The city has considerable bonded debt outstanding. However, the use of revenue bonds for enterprise activities and enterprise-supported general obligation bonds, in combination with a well-managed, property tax-supported bond program, has permitted the maintenance of a low-to-moderate debt burden.

### General Government Nonprofit Corporation Bonds

In addition to bonded debt, the city uses nonprofit corporation bonds as a financing tool. This form of financing involves the issuance of bonds by a nonprofit corporation for city-approved projects. The city makes annual payments equal to the bond debt service requirements to the corporation.

The city's payments to the corporation are guaranteed by a pledge of excise taxes or utility revenues generated by the city's airport, water system or wastewater system. Pledged excise taxes may include city sales, use, utility and franchise taxes; license and permit fees; and state-shared sales and income taxes.

The city has used nonprofit corporation financing selectively. In general, it has financed only those projects that will generate revenues adequate to support the annual debt service requirements or that generate economic benefits that more than offset the cost of financing. The city also has used nonprofit corporation financing for projects essential to health and safety: e.g., police precinct stations. Similar to bonded debt, these financings are rated by bond rating agencies.

### City of Phoenix Bond Ratings

	Rating <sup>(1)</sup>	
	Moody's	Standard & Poor's
General Obligation	Aa1	AA+
Senior Lien Water Revenue <sup>(4)</sup>	Aa2	AAA
Junior Lien Water Revenue <sup>(2)</sup>	Aa2	AAA
Senior Lien Airport Revenue <sup>(2)</sup>	Aa3	AA-
Junior Lien Airport Revenue <sup>(2)</sup>	A1	A+
Senior Lien Street and Highway User Revenue <sup>(4)</sup>	Aa3	AAA
Junior Lien Street and Highway User Revenue <sup>(4)</sup>	Aa3	AA
Senior Lien Tax Excise Tax Revenue <sup>(2)</sup>	Aa2	AAA
Junior Lien Tax Excise Tax Revenue <sup>(3)</sup>	Aa3	AA
Subordinated Excise Tax Revenue <sup>(2)</sup>	Aa3	AA
Senior Lien Wastewater System Revenue <sup>(2)</sup>	Aa2	AAA
Junior Lien Wastewater System Revenue <sup>(2)</sup>	Aa2	AA+
Rental Car Facility Charge Revenue Bonds <sup>(2)</sup>	A3	A-
Transit Excise Tax Revenue Bonds (Light Rail) <sup>(2)</sup>	Aa2	AA
State of AZ Distribution Revenue Bonds <sup>(2)</sup>	Aa3	AA
Senior Hotel Revenue Bonds <sup>(5)</sup>	Ba1	BB+
Subordinate Hotel Revenue Bonds <sup>(5)</sup>	A2	BBB+

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

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

<sup>(3)</sup> There are currently no outstanding junior lien non-sports facilities backed bonds.

<sup>(4)</sup> No bonds are currently outstanding.

<sup>(5)</sup> Issued by the Downtown Phoenix Hotel Corporation.






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**Statement of Bonded Indebtedness**
**General Obligation Bonds (In Thousands of Dollars)<sup>(1)</sup>**

Purpose	Non-Enterprise General Obligation Bonds	Revenue Supported General Obligation Bonds	Total General Obligation Bonds
Various	\$1,472,180	\$ —	\$1,472,180
Airport	—	8,905	8,905
Sanitary Sewer	—	15,383	15,383
Solid Waste	—	10,385	10,385
Water	—	37,977	37,977
Subtotal	\$1,472,180	\$ 72,650	\$1,544,830
Less: Restricted Funds	(291,940)	—	(291,940)
Direct Debt	\$1,180,240	\$ 72,650	\$1,252,890
Less: Revenue Supported	—	(72,650)	(72,650)
Net Debt	\$1,180,240	\$ —	\$1,180,240

<sup>(1)</sup>Represents general obligation bonds outstanding as of April 1, 2014. 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.

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**Water, Sewer, Light, Parks, Open Spaces, Playgrounds, Recreational Facilities, Public Safety, Law Enforcement, Fire  
Emergency, Streets and Transportation Purpose Bonds**

20% Constitutional Limitation	\$1,994,942,634
Direct General Obligation Bonds Outstanding <sup>(1)</sup>	(1,174,635,112)
Unused 20% Limitation Borrowing Capacity	\$ 820,307,522

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**All Other General Obligation Bonds**

6% Constitutional Limitation	\$ 598,482,790
Direct General Obligation Bonds Outstanding	370,195,000 <sup>(1)</sup>
Less: Principal Redemption Funds held in Restricted Fund as of April 1, 2014	(291,939,851)
Direct General Obligation Bonds Outstanding	(78,255,149)
Unused 6% Limitation Borrowing Capacity	\$520,227,641

<sup>(1)</sup>Represents general obligation bonds outstanding as of April 1, 2014.






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**Net Direct General Obligation Bonded Debt Ratios**

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	Per Capita Debt Pop. Est. (1,485,719) <sup>1</sup>	Secondary Assessed Valuation (\$9,974,713,171)	Full Cash Valuation (\$98,192,505,929)
Direct General Obligation Bonded Debt Outstanding as of April 1, 2014	\$843.29	12.56%	1.28%
Net Direct General Obligation Bonded Debt Outstanding as of April 1, 2014	\$794.39	11.83%	1.20%

<sup>1</sup>Population estimate obtained from the city of Phoenix Planning and Development Department as of July 1, 2013.

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**Debt Service by Source of Funds and Type of Expenditure  
(In Thousands of Dollars)**

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Fund	2012-13 Actual	2013-14 Estimate	2014-15 Budget
Secondary Property Tax	\$ 68,849	\$ 42,804	\$ 56,043
Aviation	61,078	52,517	54,795
Arizona Highway User Revenue	22,000	1	-
Convention Center	18,592	18,584	18,592
General	29,242	30,540	34,400
Housing	71	70	74
Passenger Facility Charges	44,482	44,866	44,867
Solid Waste	13,386	13,911	16,294
Sports Facilities	19,015	21,880	21,875
Transit 2000	50,917	41,491	47,522
Wastewater	68,385	73,510	60,874
Water	117,039	124,913	129,240
Other Funds - Various Sources	87,333	69,839	46,793
<b>Total</b>	<b>\$600,389</b>	<b>\$534,926</b>	<b>\$531,369</b>

Type of Expenditure	2012-13 Actual	2013-14 Estimate	2014-15 Budget
Principal	\$284,896	\$238,117	\$271,609
Interest and Other	315,493	296,809	259,760
<b>Total</b>	<b>\$600,389</b>	<b>\$534,926</b>	<b>\$531,369</b>





## 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 15, 2014, the City Council reviewed the Preliminary 2014-19 Capital Improvement Program (CIP). The Capital Improvement Program reflected here includes the preliminary plan presented to Council, the addition of a citywide critical infrastructure improvement and a project originally funded as an operating expenditure but then was determined to be appropriately classified as a capital project. The preliminary plan, as adjusted, has been updated to reflect cost or timing changes identified since the preliminary program was developed.

### 2014-19 Capital Improvement Program Development

The annual citywide Capital Improvement Program update process began in January when departments prepared revised 2013-14 estimates and updated their five-year capital improvement programs. The 2013-14 estimates reflect updated construction cost estimates, project delays, awarded contract amounts, project carry-overs and other program changes. The 2014-19 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 Services, Planning & 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 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**

A Citizens' Bond Committee process was initiated by the City Council in June 2005. More than 700 community volunteers were appointed by the City Council to serve on 17 bond subcommittees to help shape the 2006 Citizens' Bond program.

Two of the committees evaluated the city's capacity to service new debt and to fund the operating costs of new capital facilities. These committees reviewed multi-year forecasts for assessed valuation and property tax levies, and for General Fund revenues and expenses. They recommended annual bond and operating cost capacities before 14 service-related committees began their work to evaluate five-year capital facility needs identified by city departments as well as capital project funding requests by community nonprofit organizations.

The City Council 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 reduction 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. These projects continue to be reflected in the final year of the five-year CIP, however the projects are not funded.

### **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, 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 \$16 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 2014-19 Capital Improvement Program includes \$91.9 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 2014-19 Capital Improvement Program includes \$37.9 million of these funds, which are programmed for:

- Bus and vehicle acquisitions (\$1.8 million)
- Passenger and other transit facilities (\$20.8 million)
- Bus pullouts (\$3.2 million)
- Technology upgrades (\$10.5 million)
- Light rail, bus rapid transit and related support services (\$1.1 million)
- Contingencies (\$0.5 million)

### **Five-Year 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 \$113.7 million in available impact fees in the 2014-19 Preliminary Capital Improvement Program. Additional impact fees will be programmed in future capital improvement programs as these fees are collected.





**SUMMARY OF 2014-19 CAPITAL IMPROVEMENT PROGRAM**  
**By Program**  
(In Thousands of Dollars)

<b>Program</b>	<b>2014-15</b>	<b>2015-16</b>	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19</b>	<b>Total</b>
Arts and Cultural Facilities	\$ 1,126	\$ -	\$ -	\$ -	\$ 376	\$ 1,501
Aviation	319,309	48,013	49,046	32,179	73,957	522,505
Economic Development	8,546	10,401	5,401	3,925	20,702	48,975
Energy Conservation	1,200	1,200	1,200	1,200	1,200	6,000
Facilities Management	8,785	1,550	1,075	1,040	7,721	20,171
Finance	2,437	225	-	-	-	2,662
Fire Protection	11,745	7,738	-	-	15,345	34,828
Historic Preservation	1,406	98	-	-	1,453	2,957
Housing	36,572	7,110	7,079	6,410	7,631	64,804
Human Services	609	-	30	-	12,632	13,271
Information Technology	49,848	11,334	9,277	9,277	10,339	90,076
Libraries	1,476	200	200	200	13,329	15,405
Neighborhood Services	6,350	25	25	25	6,898	13,323
Parks, Recreation and Mountain Preserves	73,248	28,158	7,387	7,000	26,028	141,821
Phoenix Convention Center	26,317	4,470	3,805	4,266	8,244	47,102
Police Protection	3,250	-	-	-	22,755	26,005
Public Transit	123,637	43,264	40,711	44,005	28,678	280,295
Regional Wireless Cooperative	17,958	14,621	6,000	6,000	6,000	50,579
Solid Waste Disposal	36,567	22,190	3,815	7,100	33,725	103,398
Street Transportation and Drainage	159,821	77,967	95,714	81,536	96,429	511,467
Wastewater	131,222	147,424	108,765	44,002	64,654	496,065
Water	203,162	145,631	115,432	129,415	148,599	742,237
<b>Total</b>	<b>\$ 1,224,592</b>	<b>\$ 571,620</b>	<b>\$ 454,962</b>	<b>\$ 377,581</b>	<b>\$ 606,694</b>	<b>\$ 3,235,447</b>





## SUMMARY OF 2014-19 CAPITAL IMPROVEMENT PROGRAM

By Source of Funds  
(In Thousands of Dollars)

Funds	2014-15	2015-16	2016-17	2017-18	2018-19	Total
<b>Operating Funds:</b>						
General	\$ 2,845	\$ 7,899	\$ 4,195	\$ 3,040	\$ 8,100	\$ 26,079
Neighborhood Protection - Fire	-	1,290	-	-	-	1,290
Public Safety Expansion - Fire	-	1,290	-	-	-	1,290
Public Safety Enhancement - Fire	-	1,290	-	-	-	1,290
Parks and Preserves	42,807	28,083	7,000	7,000	7,000	91,889
Transit 2000	21,460	5,703	4,316	3,173	3,264	37,917
Court Awards	2,782	-	-	-	-	2,782
Development Services	277	-	-	-	-	277
Capital Construction	18,638	15,596	15,725	16,643	16,843	83,445
Sports Facilities	1,292	-	-	-	-	1,292
Arizona Highway User Revenue	56,796	38,068	61,472	50,019	38,584	244,939
Regional Transit	23,988	7,168	5,615	6,846	3,770	47,387
Community Reinvestment	4,726	7,501	2,501	2,925	2,750	20,403
Other Restricted Funds	13,793	3,500	3,450	1,550	1,550	23,843
Grant Funds	69,411	32,500	32,035	37,525	25,094	196,565
<b>Enterprise Funds:</b>						
Aviation	29,282	18,195	15,485	13,913	34,536	111,411
Water	174,334	135,816	108,731	125,824	138,233	682,939
Wastewater	76,164	114,575	83,074	39,051	58,535	371,400
Solid Waste	31,997	21,480	3,950	4,300	11,575	73,302
Convention Center	3,791	2,840	1,585	3,166	7,044	18,426
<b>Total Operating Funds</b>	<b>\$ 574,383</b>	<b>\$ 442,793</b>	<b>\$ 349,134</b>	<b>\$ 314,976</b>	<b>\$ 356,880</b>	<b>\$ 2,038,166</b>
<b>Bond Funds:</b>						
<b>Property Tax Supported:</b>						
1988 Various Purpose	\$ -	\$ -	\$ -	\$ -	\$ 2,221	\$ 2,221
2001 Various Purpose	1,486	-	-	-	16,385	17,871
2006 Various Purpose	18,951	2,857	30	25	120,454	142,318
<b>Nonprofit Corporation Bonds:</b>						
Aviation	155,874	8,240	30	30	-	164,174
Water	2,570	517	4,275	2,000	4,000	13,362
Wastewater	1,419	257	447	-	-	2,123
Solid Waste	1,094	130	85	3,000	18,050	22,360
Convention Center	20,449	-	-	-	-	20,449
Other	49,483	11,359	9,077	9,077	-	78,996
<b>Total Bond Funds</b>	<b>\$ 251,325</b>	<b>\$ 23,362</b>	<b>\$ 13,944</b>	<b>\$ 14,132</b>	<b>\$ 161,110</b>	<b>\$ 463,873</b>
<b>Other Capital Sources:</b>						
Impact Fees	\$ 92,848	\$ 4,603	\$ 1,534	\$ 778	\$ 13,974	\$ 113,737
Passenger Facility Charge	102,444	6,830	11,320	6,260	10,401	137,255
<b>Other Cities' Share -</b>						
SROG and Val Vista	41,439	52,647	33,613	12,263	13,813	153,774
Solid Waste Remediation	741	800	-	-	-	1,541
Capital Grants	80,215	19,451	27,735	14,548	31,592	173,541
<b>Federal, State and</b>						
Other Participation	53,289	21,034	17,582	14,524	14,524	120,951
Capital Reserves	20,691	100	100	100	4,400	25,391
Parks Capital Gifts	162	-	-	-	-	162
Other Capital	7,055	-	-	-	-	7,055
<b>Total Other Capital Sources</b>	<b>\$ 398,884</b>	<b>\$ 105,465</b>	<b>\$ 91,884</b>	<b>\$ 48,472</b>	<b>\$ 88,704</b>	<b>\$ 733,408</b>
<b>TOTAL</b>	<b>\$ 1,224,592</b>	<b>\$ 571,620</b>	<b>\$ 454,962</b>	<b>\$ 377,581</b>	<b>\$ 606,694</b>	<b>\$ 3,235,447</b>





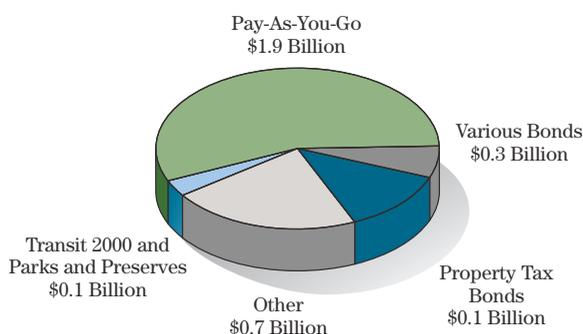


## 2014-19 Capital Improvement Program Highlights

The Capital Improvement Program (CIP) totals \$3.2 billion over the next five years. As shown in the pie chart below, funding for the 2014-19 program comes from five main sources: \$0.1 billion in 1988, 2001 and 2006 voter-approved bond funds, \$1.9 billion in pay-as-you-go operating funds, \$0.3 billion in various enterprise bonds, \$0.1 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 \$153.8 million in payments by other cities and agencies for participating in projects in programs such as Water and Wastewater, \$173.5 million in capital grants, \$113.7 million in development impact fees, \$137.3 million in Passenger Facility Charges, \$121 million in government and other participation, \$25.4 million in capital reserves, \$1.5 million in Solid Waste Remediation funding and \$7.1 million from miscellaneous capital sources.

Projects in the first year total \$1.2 billion and are funded from pay-as-you-go operating funds (\$574.4 million), bond funds (\$251.3 million) and other capital financing (\$398.9 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 2014-15 Capital Improvement Program by source of funds and the 2014-15 Capital Improvement Program by fund group and program. A brief overview of the five-year plan for each program follows.

**2014-19 Capital Improvement Program Sources of Funds**



### Arts and Cultural Facilities

The Arts and Cultural Facilities program totals \$1.5 million and is funded with 2001 and 2006 General Obligation Bond and other restricted funds. General Obligation bond funded projects total approximately \$1.45 million, of which \$0.4 million is being delayed indefinitely due to property tax revenue reductions.

General Obligation Bond funded projects that are delayed indefinitely include:

- Hispanic cultural center (a portion of the project budget)
- Study to renovate Santa Rita Hall for use as a cultural center

The Arts and Cultural Facilities program through various projects seeks to preserve and expand the enjoyment of the arts and culture within the City of Phoenix.

### Aviation

The Aviation program totals \$522.5 million is funded with Aviation revenue, capital grants, nonprofit corporation bonds and Passenger Facility Charge funds. The program includes projects for Phoenix Sky Harbor International Airport and satellite airports including Phoenix Deer Valley, Phoenix Goodyear and Phoenix Mesa Gateway.

Major improvements for Sky Harbor International Airport include:

- Construct PHX Sky Train™ segment from Terminal 4 to Terminal 3
- Restore and modify ramps, roadways, aprons, pavement areas and utility access points
- Acquire and maintain properties for the Community Noise Reduction Program
- Conduct various studies and provide assessment, monitoring and remediation services
- Design and construct various Terminal 4 improvements including restroom remodels, terrazzo floor installation, walkway refurbishment and international space expansion
- Expand the emergency operations center





- Improve and expand air cargo infrastructure
- Repair and rehabilitate city-owned jet bridges
- Design and construct Terminal 3 redevelopment
- Provide for contingency project funding

The Aviation program also includes runway rehabilitation, connectors and run up area improvements at the Phoenix Goodyear and Phoenix Deer Valley airports and support for development projects at Phoenix-Mesa Gateway Airport.

### **Economic Development**

The \$49.0 million Economic Development program is funded with 2006 General Obligation Bonds, other restricted, operating grants, Arizona Highway User Revenue, nonprofit corporation bonds and Downtown Community Reinvestment funds. General Obligation Bond funded projects total approximately \$17.1 million, of which \$16.9 million is being delayed indefinitely due to property tax revenue reductions.

General Obligation Bond funded projects that are delayed indefinitely include:

- Infrastructure revitalization
- State Fair Redevelopment
- Downtown Land Acquisition
- ASU Post Office Improvements
- HOPE VI/Rio Salado Downtown Connectors
- Life Science Research Park
- Future improvements to the Phoenix Biomedical Campus
- Downtown infrastructure improvements to sidewalks, landscaping and lighting
- Artist Storefront Program

The Economic Development program includes various projects to facilitate and assist with citywide development, rehabilitation and infrastructure projects, including the Arizona State University Center for Law and Society, Genomics Facility, Phoenix Biomedical Campus and west Phoenix revitalization projects.

### **Energy Conservation**

The \$6.0 million Energy Conservation Program is funded with General, Solid Waste, Water and Wastewater revenue funds.

The Energy Conservation Program continues the City of Phoenix efforts at energy conservation that have been in place for more than 20 years. The program is designed to focus efforts on energy efficient retrofits, energy efficient design and management, metering for efficient operations and implementation of new technology.

### **Facilities Management**

The Facilities Management program totals \$20.1 million and is funded with 2001 and 2006 General Obligation Bonds, development impact fees, nonprofit corporation bonds, other capital, General, other restricted and Solid Waste revenue funds. Bond funded projects total approximately \$6.7 million, which are delayed indefinitely due to property tax revenue reductions.

General Obligation Bond funded projects that are delayed indefinitely include:

- Phoenix City Hall System Modernization
- Reconfigure Phoenix City Hall to increase work space efficiency
- Brownfields Redevelopment for environmentally-impaired properties
- Estrella Service Center Unleaded Fuel Site

The Facilities Management program includes various projects remediating contaminated soil from leaking underground storage tanks, replacing and maintaining service centers and city facilities, including constructing CNG fueling sites, Phoenix Biomedical Campus, ASU and other city-owned facilities and properties.

### **Finance**

The \$2.7 million Finance program is funded with capital reserves, nonprofit corporation bonds and various enterprise operating funds. The finance program includes Real Estate Brokerage Services and E-Procurement Transparency projects. The projects provide services to facilitate the liquidation of City of Phoenix vacant properties and consulting services for implementation of E-Procurement and a new budget system.





### Fire Protection

The \$34.8 million Fire Protection program is funded with 2001 and 2006 General Obligation Bonds, development impact fees, grants, Neighborhood Protection - Fire, Public Safety Enhancement - Fire, Public Safety Expansion - Fire, other restricted and General funds. General Obligation bond funded projects total approximately \$16.7 million, of which \$13.9 million is being delayed indefinitely due to property tax revenue reductions.

General Obligation Bond funded projects that are 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 – right-of-way improvements
- Training technology and driver education facility improvements

The Fire Protection program includes replacement of the Communications Aided Dispatch (CAD) system, construction of New Station 58 in Estrella Laveen, completion of the Dispatch and Emergency Operations and Emergency Management Center, installation of traffic signal preemption equipment and communication system enhancements.

### Historic Preservation

The Historic Preservation program totals \$2.9 million and is funded with 2001 and 2006 General Obligation Bond funds, of which \$1.5 million is being delayed indefinitely due to property tax revenue reductions.

General Obligation funded projects that are delayed indefinitely include rehabilitation of historic buildings at South Mountain Park and the Matthew Henson HOPE VI project.

The Historic Preservation program includes various projects to provide matching grants to property owners to acquire and rehabilitate threatened historic buildings and to low- to moderate-income property owners to rehabilitate historic homes. The program also includes completing rehabilitation of a historic city-owned house adjacent to Margaret T. Hance Park for offices and public use.

### Housing

The Housing program totals \$64.8 million and is funded with 2006 General Obligation Bonds, nonprofit corporation bonds, other restricted and grant funds. General Obligation Bond funded UMOM New Day Center project totals \$1.2 million and is delayed indefinitely due to property tax revenue reductions.

The Housing program provides for the purchase and modernization of housing units for low-income families. Grant-funded modernization projects are planned based on the availability of funds.

Apartment projects include senior complexes Fillmore Gardens, Sunnyslope Manor, Maryvale Terrace, Washington Manor and Pine Tower. Family complexes include Foothills Village, Village Inn and various others.

The Housing program also administers the Frank Luke Addition, Victory Place Acquisition Assistance, Affordable Housing Development, HOME Community Housing Development Organization, HOME Multifamily and Special Project Loan Program and provides for single family public housing units.





### Human Services

The \$13.3 million Human Services program is funded with 2001 and 2006 General Obligation Bonds, other capital and nonprofit corporation bond funds. General Obligation Bond funded projects total approximately \$13.2 million, of which \$12.6 million is delayed indefinitely due to property tax revenue reductions.

General Obligation Bond funded projects that are delayed indefinitely include:

- Construction of 51st Avenue Senior Center
- Design and construction of Southwest Family Services Center
- Land acquisition for 16th Street Senior Center
- Assistance to co-locate Native American Connections, Phoenix Indian Center and Native Health to provide human services in one central location
- Renovate an existing space for a family services presence in the north valley
- Renovate a portion of the Family Advocacy Center

The Human Services program includes various projects to improve senior and family service centers citywide, as well as renovate a portion of the Family Advocacy Center to enhance services provided to the community.

### Information Technology

The \$90.1 million Information Technology program is funded with 2001 and 2006 General Obligation Bonds, Water, Wastewater, Solid Waste, Development Services and Aviation revenue, nonprofit corporation bonds and General funds. Information Technology projects funded with 2001 and 2006 General Obligation Bond funds are delayed indefinitely due to property tax revenue reductions.

General Obligation Bond funded projects that are delayed indefinitely include:

- Integrate E-government telephone and online services
- Improve the city's Geographic Information System
- Improve accessible voting
- Wireless system security
- Future enhancements to business continuity and data center operations

The Information Technology program includes replacing the dated telephone system and data network, replacing FCC mandated equipment with 700 MHz radios and consoles, implementing system security improvements and completing final stages of an alternate information technology operations center to ensure business continuity.

### Libraries

The Library's program totals \$15.4 million and is funded with 2001 and 2006 General Obligation Bonds, development impact fees and General funds. General Obligation funded projects total approximately \$6.9 million, of which \$5.7 million is delayed indefinitely due to property tax revenue reductions.

General Obligation Bond funded projects that are delayed indefinitely include new libraries in the North Gateway and West Ahwatukee areas, constructing improvements to Ironwood and Burton Barr libraries and various technology improvements including library patron self-service capabilities.

The Library's program includes improvements to maintain libraries to current standards including Burton Barr Central Library elevator renovation, technology enhancements and security improvements.





### Neighborhood Services

The Neighborhood Services program totals \$13.3 million and is funded with 2001 and 2006 General Obligation Bonds, grants, other agency participation and nonprofit corporation bond funds. General Obligation Bond funded projects total approximately \$9.7 million, of which \$6.9 million is being delayed indefinitely due to property tax revenue reductions.

General Obligation Bond funded projects that are delayed indefinitely include:

- Roberta Henry Plat infrastructure development
- Property acquisitions and partnerships with other city departments to reduce blight, enhance and revitalize neighborhood infrastructure
- Small Phoenix high schools program development focused on high-demand career fields

The Neighborhood Services program includes various projects to reduce blight and improve neighborhood infrastructure by acquiring property for revitalization and partnering with city departments to improve neighborhoods with park development, traffic mitigation, sidewalk, landscaping and lighting enhancements.

### Parks, Recreation and Mountain Preserves

The Parks, Recreation and Mountain Preserves program totals \$141.8 million and is funded with 1988, 2001 and 2006 General Obligation Bonds, development impact fees, nonprofit corporation bonds, capital reserves, other restricted, Parks and Preserves Initiative, capital gifts and other capital funds. General Obligation Bond funded projects total approximately \$22.8 million, of which \$19.0 million is being delayed indefinitely due to property tax revenue reductions.

General Obligation Bond funded projects that are delayed indefinitely include:

- New parks and trails development including a park at 32nd Avenue and McDowell Road and HOPE VI Park
- Sports fields lighting
- La Pradera Community Center construction
- Heritage Square and Phoenix Center for the Community Arts renovations
- Land Acquisition for future parks development
- Various parks renovations including Maryvale, Ladmo, Coronado and Papago

The Parks, Recreation and Mountain Preserves program includes constructing, improving and renovating city parks, trails and pools, installing security, sports and LED lighting, improving roads and parking lots, constructing ADA accessible amenities, acquiring land for the Sonoran Preserve and future parks, contingency funding and various other citywide parks and related infrastructure improvements.

### Phoenix Convention Center

The \$47.1 million Phoenix Convention Center program is funded with Convention Center revenue, Sports Facilities, General and nonprofit corporation bond funds. The program includes improvements to the Phoenix Convention Center, Herberger and Orpheum Theaters, Symphony Hall, parking garages and debt service for the State of Arizona portion of Phoenix Convention Center expansion.

### Police Protection

The Police Protection program totals \$26.0 million and is funded with 2001 and 2006 General Obligation Bonds, Aviation revenue and Court Award funds. General Obligation bond funded projects total approximately \$22.8 million, of which \$22.7 million is being delayed indefinitely due to property tax revenue reductions.

General Obligation Bond funded projects that are delayed indefinitely include:

- Aircraft hangar facilities at the Phoenix Deer Valley Airport
- Land acquisition for future expansion
- Various police facilities renovations

The Police program includes completion of the upgrading and replacement of the Police Automated Computer Entry System (PACE).





### Public Transit

The Public Transit program totals \$280.3 million and is funded with Transit 2000 revenue, 2006 General Obligation Bonds, grants, Regional Transportation revenue including the half-cent countywide sales tax and nonprofit corporation bond funds. General Obligation Bond funded projects total approximately \$0.1 million, of which \$0.1 million is being delayed indefinitely due to property tax revenue reductions.

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:

- Purchase buses, Dial-A-Ride and neighborhood circulator vehicles
- Improve and maintain bus stops, bus pullouts, Park-And-Ride locations and transit centers
- Construct, equip and install various facility upgrades including the South Transit Facility upgrade and infrastructure improvements at Public Transit headquarters building
- Implement technology enhancements including fiber optic connectivity, bus fleet systems and various network hardware improvements
- Acquire and maintain land, provide for staff charges related to coordination of Light Rail northwest extension and support services for businesses along the rail route
- Develop passenger facilities including Laveen/59th Avenue and East Baseline Road Park-And-Ride areas and construct the Desert Sky Transit Center

### Regional Wireless Cooperative (RWC)

The Regional Wireless Cooperative (RWC) program totals \$50.6 million and is funded with other cities' share in joint venture fund.

The Regional Wireless Cooperative program objective is to develop and assist subscriber cities with a FCC mandate requiring 700 MHz infrastructure upgrades for narrowbanding capabilities.

### Solid Waste Disposal

The \$103.4 million Solid Waste Disposal program is funded with Solid Waste revenue, Solid Waste Remediation, 2006 General Obligation Bonds, development impact fees, capital reserve and nonprofit corporation bond funds.

The Solid Waste Disposal program includes various projects at the city's landfills and transfer stations. Major projects include 27th Avenue composting facility improvements, various cell excavations and lining, methane gas extraction system and monitoring and State Route 85 landfill drainage construction.

### Street Transportation and Drainage

The Street Transportation and Drainage program totals \$511.5 million and is funded with 1988, 2001 and 2006 General Obligation Bonds, Arizona Highway User Revenue and Reserve, Capital Construction, development impact fees, nonprofit corporation bonds, other restricted, other agency participation and Downtown Community Reinvestment funds. General Obligation Bond funded projects total approximately \$35.3 million, of which \$26.1 million is being delayed indefinitely due to property tax revenue reductions.

General Obligation Bond funded projects that are delayed indefinitely include:

- Construct a bridge at Riverview Drive between 18th and 22nd streets
- Construct Camelback Corridor improvements
- Construct a pedestrian bridge between the Children's Museum and Science Center over 7th Street
- Construct historic districts streetscape improvements
- Design and construct traffic calming infrastructure
- Construct phase II of the Intelligent Transportation System (ITS) fiber optic backbone

The Street Transportation and Drainage program includes major streets and bridge construction, storm drainage, traffic improvement and other street improvement projects such as sidewalks, ramps, dust control, traffic calming and street resurfacing. Major projects planned include improvements to the following locations: 7th Avenue: Southern Avenue to the Salt River, 91st Avenue: Indian School to Camelback, Cave Creek Road: Union Hills to Pima Freeway, 32nd Street: Southern Avenue to Broadway Road, Buckeye Road: 67th Avenue to 59th





Avenue, 27th Avenue: Pima Freeway to Deer Valley Road, 35th Avenue: Olney Drive to Dobbins Road, 27th Avenue: Lower Buckeye Road to Buckeye Road, Buckeye Road: Central to 16th Street and 51st Avenue and Broadway Road: Seventh Street to 51st Avenue (Avenida Rio Salado).

### **Wastewater**

The Wastewater program totals \$496.1 million and is funded with Wastewater revenue, development impact fees, nonprofit corporation bonds, 2006 General Obligation Bonds, Arizona Highway Users Revenue and other cities' share in joint venture funds.

Major Wastewater projects include:

- Implement improvements at wastewater treatment plants
- Design and construct SROG Interceptor Capacity improvements
- Expand, improve and replace sewer lift stations
- Assess, rehabilitate, relocate and/or construct sewers of various sizes and materials throughout the city
- Improve technology including automatic meter reading and billing system upgrade
- Conduct various Wastewater management studies, provide for staff charges and consultant fees and project contingency funding
- 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 Water program totals \$742.2 million and is funded with Water, Wastewater and Solid Waste revenue, nonprofit corporation bonds, development impact fees, City of Mesa participation in the Val Vista Water Treatment Plant joint venture, Downtown Community Reinvestment and 2006 General Obligation Bond funds.

The Water program includes replacement, rehabilitation and/or production improvements to Val Vista, Deer Valley, Lake Pleasant, Union Hills Water Treatment Plants and Cave Creek Water Reclamation Plant, reservoirs, wells and booster stations including treatment processes, chemical facilities, equipment and facility improvements.

Additional major projects include:

- Construct new wells and reservoirs
- Design and construct improvements for solids handling facility for Union Hills Water Treatment Plant
- Construct, improve, relocate various water mains
- Relocate water lines for light rail northwest extension
- Complete installation of software and hardware to automate meter reading
- Customer Care and Billing system upgrade
- Provide for contingency project funding







**2014-15 CAPITAL IMPROVEMENT PROGRAM**  
**BY PROGRAM AND SOURCE OF FUNDS**  
(In Thousands of Dollars)

<b>Program</b>	<b>Total Program</b>	<b>Pay-As- You-Go Operating</b>	<b>Misc. Bonds*</b>	<b>2006 Bonds</b>	<b>Nonprofit Corporation Bonds</b>	<b>Other Capital Sources</b>
Arts and Cultural Facilities	\$ 1,126	\$ 52	\$ 1,074	\$ -	\$ -	\$ -
Aviation	319,309	28,118	-	-	155,874	135,318
Economic Development	8,546	8,381	-	151	14	-
Energy Conservation	1,200	1,200	-	-	-	-
Facilities Management	8,785	1,635	-	-	490	6,660
Finance	2,437	1,161	-	-	325	950
Fire Protection	11,745	7,944	73	2,770	-	958
Historic Preservation	1,406	-	122	1,285	-	-
Housing	36,572	17,300	-	2	12	19,258
Human Services	609	-	-	600	-	9
Information Technology	49,848	1,200	-	-	48,648	-
Libraries	1,476	200	17	1,259	-	-
Neighborhood Services	6,350	3,201	56	2,698	20	375
Parks, Recreation and Mountain Preserves	73,248	42,932	-	3,788	54	26,474
Phoenix Convention Center	26,317	5,868	-	-	20,449	-
Police Protection	3,250	3,182	-	66	-	3
Public Transit	123,637	95,546	-	-	8	28,083
Regional Wireless Cooperative	17,958	-	-	-	-	17,958
Solid Waste Disposal	36,567	29,219	-	42	1,073	6,233
Street Transportation and Drainage	159,821	75,678	144	6,291	326	77,382
Wastewater	131,222	73,266	-	-	1,135	56,821
Water	203,162	178,300	-	-	2,459	22,402
<b>Total</b>	<b>\$ 1,224,592</b>	<b>\$ 574,383</b>	<b>\$ 1,486</b>	<b>\$ 18,951</b>	<b>\$ 230,888</b>	<b>\$ 398,884</b>

\*1988 and 2001 General Obligation Bond Funds.





**RESOURCES AND EXPENDITURES BY CAPITAL FUND**  
**2014-15 CAPITAL IMPROVEMENT PROGRAM**  
(In Thousands of Dollars)

Capital Fund	RESOURCES			EXPENDITURES	FUND BALANCES		
	Beginning Balance	Projected Revenue <sup>1</sup>	Total	Estimated Expenditures	Ending Fund Balance	Projected Resources Beyond 14/15 <sup>2</sup>	Funds Available Beyond 14/15
<b>BONDS AND RELATED FUNDS</b>							
<b>2006 Bonds</b>							
Libraries, Senior & Cultural Centers	\$ (2,050)	\$ -	\$ (2,050)	\$ 1,859	\$ (3,909)	\$ 27,190	\$ 23,281
Education	(4,566)	-	(4,566)	2	(4,568)	8,090	3,522
Affordable Housing & Neighborhoods	6,276	-	6,276	4,214	2,062	17,795	19,857
Parks and Open Spaces	5,395	-	5,395	3,788	1,607	13,685	15,292
Police, Fire & Homeland Security	1,544	-	1,544	1,835	(291)	36,700	36,409
Police, Fire & City Technology	1,073	-	1,073	1,000	73	4,790	4,863
Street and Storm Sewer Improvement	9,462	-	9,462	6,253	3,209	27,495	30,704
<b>2001 Bonds</b>							
Affordable Housing & Homeless Shelter	1,053	-	1,053	-	1,053	-	1,053
Educational, Youth & Cultural Facilities	(76)	-	(76)	1,074	(1,150)	1,700	550
Environmental Improvement & Cleanup	261	-	261	-	261	630	891
Fire Protection Facilities & Equipment	73	-	73	73	-	800	800
Neighborhood Protection & Senior Centers	4,904	-	4,904	102	4,802	2,355	7,157
New & Improved Libraries	3,455	-	3,455	17	3,438	900	4,338
Parks, Open Space & Recreation	(334)	-	(334)	-	(334)	4,425	4,091
Police Protection Facilities & Equipment	(526)	-	(526)	-	(526)	1,115	589
Police, Fire & Computer Technology	(75)	-	(75)	-	(75)	615	540
Preserving Phoenix Heritage	(115)	-	(115)	75	(190)	795	605
Storm Sewers	(26)	-	(26)	-	(26)	50	24
Street Improvements	(457)	-	(457)	144	(601)	2,225	1,624
<b>1989 Historic Preservation</b>	<b>3</b>	<b>-</b>	<b>3</b>	<b>-</b>	<b>3</b>	<b>-</b>	<b>3</b>
<b>1988 Bonds</b>							
Freeway Mitigation, Neighborhood Stabilization, Slum & Blight Elimination	844	-	844	-	844	1,000	1,844
Parks, Recreation & Mountain Preserves	413	-	413	-	413	-	413
Police Protection	27	-	27	-	27	-	27
<b>Nonprofit Corporation Bonds</b>							
Aviation	(68,720)	14	(68,706)	155,874	(224,580)	538,020	313,440
Phoenix Convention Center	9,606	20,449	30,055	20,449	9,606	-	9,606
Solid Waste	1,374	-	1,374	1,094	280	75,000	75,280
Wastewater	(1,039)	-	(1,039)	1,419	(2,458)	405,000	402,542
Water	(12,073)	-	(12,073)	2,570	(14,643)	525,000	510,357
Other	(8,747)	4,714	(4,033)	49,483	(53,516)	182,345	128,829
<b>OTHER FINANCING</b>							
Impact Fees	117,513	-	117,513	92,848	24,665	-	24,665
Passenger/Customer Facility Charge	53,395	83,250	136,645	102,444	34,201	-	34,201
Other Cities' Participation in Joint Ventures	(661)	41,439	40,778	41,439	(661)	661	-
Solid Waste Remediation	5,790	-	5,790	741	5,049	-	5,049
Capital Grants	4,322	80,215	84,537	80,215	4,322	-	4,322
Federal, State & Other Participation	1,810	53,289	55,099	53,289	1,810	-	1,810
Capital Gifts	(3)	162	159	162	(3)	3	-
Capital Reserves	303,942	3,021	306,963	20,691	286,272	-	286,272
Other Capital	22,210	-	22,210	7,055	15,155	-	15,155
<b>TOTAL</b>	<b>\$ 455,277</b>	<b>\$ 286,553</b>	<b>\$ 741,830</b>	<b>\$ 650,209</b>	<b>\$ 91,621</b>	<b>\$ 1,878,384</b>	<b>\$ 1,970,005</b>

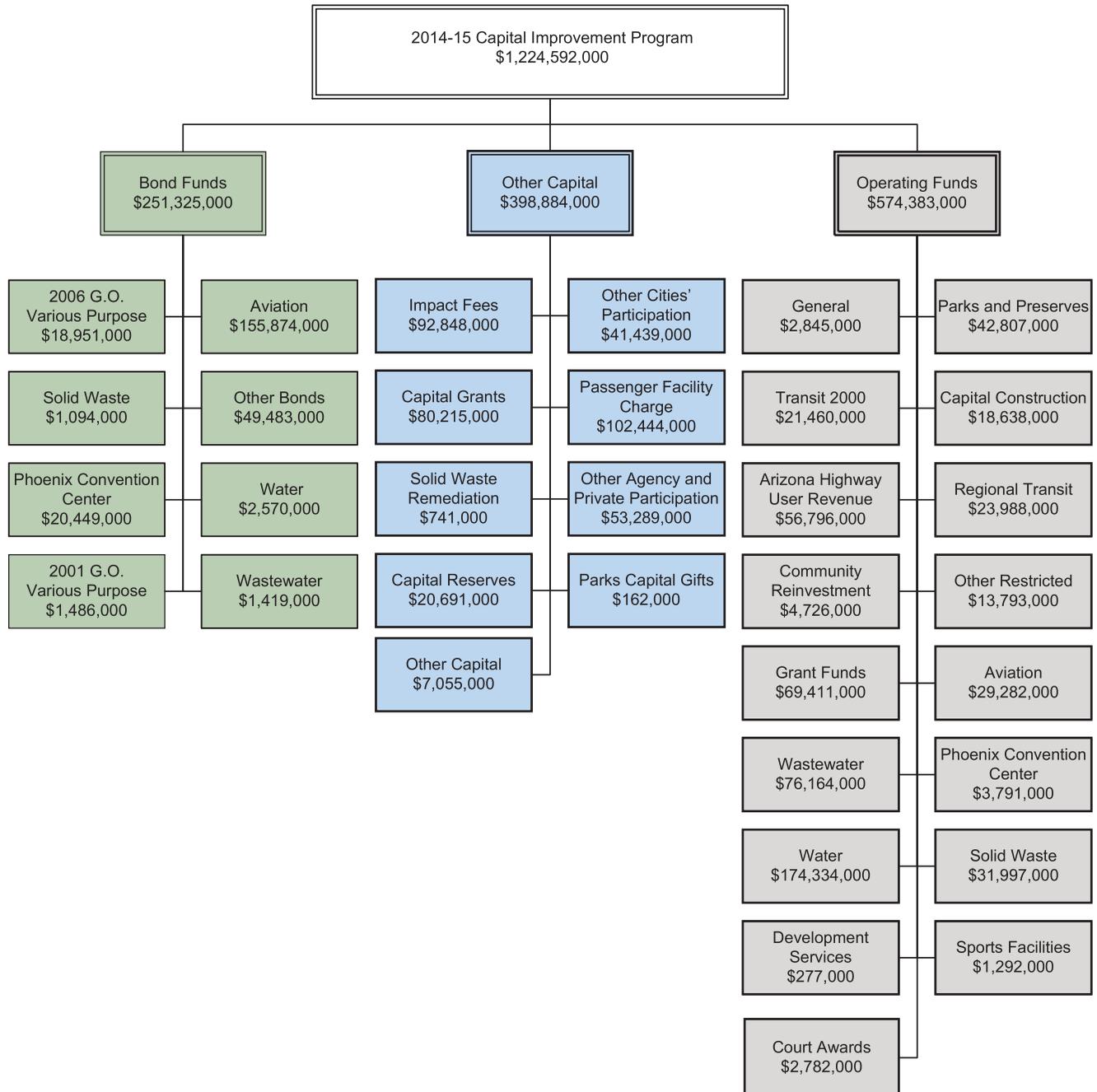
<sup>1</sup> Includes bond proceeds and funds which "pass through" bond funds such as grants, land sales and other agency and private participation.

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





## 2014-15 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 by the Budget and Research Department. The 2014-15 budget includes \$611,000 in new operating and maintenance costs for new facilities and systems. The funding sources for 2014-15 operating costs are the General Fund, Phoenix Parks and Preserve Initiative Fund and Wastewater Fund. The schedule on the next page provides project operating and maintenance costs for 2014-15, the full-year operating and maintenance costs for 2015-16, 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	2014-15 Costs	2015-16 Costs
<b>Aviation</b> PHX Sky Train Facility (Aviation Fund)	—	\$—	\$—
		At no additional cost, Aviation proposes to fund additional needs for the PHX Sky Train facility expansion through operational savings and the reallocation of six existing positions.	





**OPERATING COSTS FOR NEW CAPITAL FACILITIES (continued)**

<b>Project Name and Operating Fund Source</b>	<b># of FTEs</b>		<b>2014-15 Costs</b>	<b>2015-16 Costs</b>
<b>Parks and Recreation</b>				
Dog Park at Paradise Valley Park (Phoenix Parks and Preserve Initiative Fund [PPPI])	1.0	Add staff and materials to operate and maintain the new dog park at Paradise Valley Park opening in the summer of 2014.	\$55,000	\$35,000
Dog Park at Chavez Park (PPPI)	1.0	Add staff and materials to operate and maintain the new dog park at Chavez Park opening in the spring of 2015.	\$54,000	\$35,000
Dog Park at Deem Hills Park (PPPI)	1.0	Add staff and materials to operate and maintain the new dog park at Deem Hills Park opening in early 2015.	\$72,000	\$35,000
Carver Mountain Trailhead (PPPI)	1.0	Add staff and materials to operate and maintain the Carver Mountain trailhead opening in December 2014.	\$89,000	\$108,000
<b>Street Transportation</b>				
Landscape Maintenance (General Fund)	---	Add funding for contractual landscape maintenance for seven additional miles of new surface streets on Sonoran Desert Drive from I-17 to Dove Valley Road and Dove Valley Road from 23rd Avenue to Poloma Parkway.	\$93,000	\$93,000
Wrought Iron Gate Maintenance (General Fund)	—	Add funding for contractual maintenance of wrought iron gates and block walls on First Avenue from McDowell to Thomas roads.	\$10,000	\$10,000
<b>Water</b>				
Acid Transfer Pump System (Wastewater Fund)	—	Add funding to maintain the acid transfer pump system for the shorter multi-phase digestion process.	\$131,000	\$131,000
Centrifuge Maintenance (Wastewater Fund)	—	Add funding to maintain the newly converted centrifuge, from thickener to dewatering	\$107,000	\$107,000





<b>Net Total Costs</b>	<b>\$611,000</b>	<b>\$554,000</b>
<b>Source of Funds</b>		
Aviation	\$—	\$—
General Fund	\$103,000	\$103,000
Phoenix Parks and Preserve Initiative (PPPI)	\$270,000	\$213,000
Wastewater	\$238,000	\$238,000
<b>Total Source of Funds</b>	<b>\$611,000</b>	<b>\$554,000</b>







## Summary Schedules







**2012-13 SCHEDULE 1  
RESOURCES AND EXPENDITURES BY FUND  
ACTUAL  
(In Thousands of Dollars)**

	Resources					Expenditures					Ending Fund Balances
	Beginning Fund Balances	Revenue <sup>1/</sup>	Recovery	Fund Transfer To From		Total	Operating	Capital	Debt Service	Total	
<b>General Funds:</b>											
General	\$ 92,810	\$ 245,017	\$ 1,072	\$ 744,759	\$ 108,358	\$ 975,300	\$ 909,446	\$ 3,113	\$ -	\$ 912,559	\$ 62,741
Parks and Recreation	-	16,630	33	70,877	-	87,540	87,540	-	-	87,540	-
Library	-	27,242	3	6,375	-	33,620	33,564	56	-	33,620	-
Cable Communications	-	9,505	-	-	5,132	4,373	4,373	-	-	4,373	-
<b>Total General</b>	<b>\$ 92,810</b>	<b>\$ 298,394</b>	<b>\$ 1,108</b>	<b>\$ 822,011</b>	<b>\$ 113,490</b>	<b>\$ 1,100,833</b>	<b>\$ 1,034,923</b>	<b>\$ 3,169</b>	<b>\$ -</b>	<b>\$ 1,038,092</b>	<b>\$ 62,741</b>
<b>Special Revenue Funds:</b>											
Excise Tax	\$ -	\$ 1,003,747	\$ -	\$ -	\$ 1,003,747	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Nghbrhd Protection-Police	(10,488)	(55)	-	19,260	185	8,532	17,884	-	-	17,884	(9,352) <sup>2/</sup>
Nghbrhd Protection-Fire	1,977	19	-	6,879	7	8,868	2,805	-	-	2,805	6,063
Nghbrhd Protection-Block Watch	1,815	189	-	1,376	2	3,378	1,250	-	-	1,250	2,128
2007 Public Safety Exp-Police	(11,442)	(83)	-	44,023	506	31,992	49,630	-	-	49,630	(17,638) <sup>2/</sup>
2007 Public Safety Exp-Fire	1,542	5	-	11,006	85	12,468	11,513	-	-	11,513	955
Public Safety Enhance-Police	(9,011)	-	-	15,282	265	6,006	17,765	-	-	17,765	(11,759) <sup>2/</sup>
Public Safety Enhance-Fire	(6,241)	-	-	9,367	-	3,126	8,288	-	-	8,288	(5,162) <sup>2/</sup>
Parks and Preserves	38,173	212	32	27,590	5,730	60,277	1,863	36,551	-	38,414	21,863
Transit 2000	268,160	53,142	1,047	111,592	21,739	412,202	119,091	10,312	-	129,403	282,799
Court Awards	359	9,828	23	-	-	10,210	9,478	-	-	9,478	732
Development Services	16,736	40,433	2	-	2,682	54,489	31,506	58	-	31,564	22,925
Capital Construction	7,301	70	204	16,486	2	24,059	173	14,447	-	14,620	9,439
Sports Facilities	41,171	367	-	14,931	3,346	53,123	1,897	496	19,015	21,408	31,715
AZ Highway User Revenue	16,278	99,032	463	447	-	116,220	44,960	23,426	22,000	90,386	25,834
Regional Transit	2,033	23,767	65	-	-	25,865	23,385	15,218	-	38,603	(12,738) <sup>3/</sup>
Community Reinvestment	14,946	4,845	8	-	1,308	18,491	478	699	-	1,177	17,314
Secondary Property Tax	4,690	66,906	-	50	32	71,614	-	-	68,849	68,849	2,765
Impact Fee Program Admin	355	376	-	-	-	731	142	-	-	142	589
Regional Wireless Cooperative	1,614	4,422	-	-	-	6,036	3,565	-	-	3,565	2,471
City Improvement	278	-	-	81,631	1,062	80,847	-	-	80,847	80,847	-
Other Restricted Funds	42,529	30,352	223	4,665	706	77,063	21,019	8,118	-	29,137	47,926
Grant Funds	24,481	292,013	887	259	1,828	315,812	238,946	60,774	-	299,720	16,092
<b>Total Special Revenue</b>	<b>\$ 447,256</b>	<b>\$ 1,629,587</b>	<b>\$ 2,954</b>	<b>\$ 364,844</b>	<b>\$ 1,043,232</b>	<b>\$ 1,401,409</b>	<b>\$ 605,638</b>	<b>\$ 170,099</b>	<b>\$ 190,711</b>	<b>\$ 966,448</b>	<b>\$ 434,961</b>
<b>Enterprise Funds:</b>											
Aviation	\$ 186,221	\$ 348,769	\$ 2,545	\$ 461,250	\$ 375,918	\$ 622,867	\$ 214,454	\$ 37,481	\$ 61,078	\$ 313,013	\$ 309,854
Water	160,683	424,132	1,805	105	41,496	545,229	164,871	81,922	117,039	363,832	181,397
Wastewater	199,283	215,089	829	-	108,191	307,010	84,860	51,489	68,385	204,734	102,276
Solid Waste	53,597	143,341	181	6,504	13,898	189,725	108,933	14,663	13,386	136,982	52,743
Convention Center	39,187	18,795	134	40,829	2,262	96,683	41,101	1,196	18,592	60,889	35,794
Golf Course	(14,817)	8,338	1	5,767	201	(912)	8,647	-	1	8,648	(9,560) <sup>4/</sup>
<b>Total Enterprise</b>	<b>\$ 624,154</b>	<b>\$ 1,158,464</b>	<b>\$ 5,495</b>	<b>\$ 514,455</b>	<b>\$ 541,966</b>	<b>\$ 1,760,602</b>	<b>\$ 622,866</b>	<b>\$ 186,751</b>	<b>\$ 278,481</b>	<b>\$ 1,088,098</b>	<b>\$ 672,504</b>
<b>GRAND TOTAL</b>	<b>\$ 1,164,220</b>	<b>\$ 3,086,445</b>	<b>\$ 9,557</b>	<b>\$ 1,701,310</b>	<b>\$ 1,698,688</b>	<b>\$ 4,262,844</b>	<b>\$ 2,263,427</b>	<b>\$ 360,019</b>	<b>\$ 469,192</b>	<b>\$ 3,092,638</b>	<b>\$ 1,170,206</b>

<sup>1/</sup> General fund sales tax revenue is reflected as a transfer from the excise tax fund. Total transfer equates to \$682.2 million, and is included in the General Funds revenue total of \$980.6 million shown on Schedule 2.

<sup>2/</sup> 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.

<sup>3/</sup> The negative fund balance in Regional Transit is due to less than anticipated revenues caused by timing delays in reimbursements for project costs from the regional transportation plan (Proposition 400). The reimbursements are expected to be received in FY 2013-14 and will resolve the negative ending fund balance.

<sup>4/</sup> 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  
ESTIMATE  
(In Thousands of Dollars)**

	Resources					Expenditures					Ending Fund Balances
	Beginning Fund Balances	Revenue <sup>1/</sup>	Recovery	Fund Transfer To	Fund Transfer From	Total	Operating	Capital	Debt Service	Total	
<b>General Funds:</b>											
General	\$ 62,741	\$ 249,765	\$ 1,000	\$ 787,683	\$ 109,777	\$ 991,412	\$ 928,992	\$ 2,182	\$ -	\$ 931,174	\$ 60,238
Parks and Recreation	-	15,566	-	75,481	-	91,047	91,047	-	-	91,047	-
Library	-	36,576	-	-	2,171	34,405	34,205	200	-	34,405	-
Cable Communications	-	9,500	-	-	5,203	4,297	4,297	-	-	4,297	-
<b>Total General</b>	<b>\$ 62,741</b>	<b>\$ 311,407</b>	<b>\$ 1,000</b>	<b>\$ 862,557</b>	<b>\$ 116,544</b>	<b>\$ 1,121,161</b>	<b>\$ 1,058,541</b>	<b>\$ 2,382</b>	<b>\$ -</b>	<b>\$ 1,060,923</b>	<b>\$ 60,238</b>
<b>Special Revenue Funds:</b>											
Excise Tax	\$ -	\$ 1,050,721	\$ -	\$ -	\$ 1,050,721	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Nghbrhd Protection-Police	(9,352)	(42)	-	20,677	187	11,096	16,235	-	-	16,235	(5,139) <sup>2/</sup>
Nghbrhd Protection-Fire	6,063	30	-	7,384	13	13,464	3,778	-	-	3,778	9,686
Nghbrhd Protection-Block Watch	2,128	183	-	1,477	3	3,785	1,250	-	-	1,250	2,535
2007 Public Safety Exp-Police	(17,638)	(80)	-	47,262	528	29,016	47,914	-	-	47,914	(18,898) <sup>2/</sup>
2007 Public Safety Exp-Fire	955	3	-	11,822	93	12,687	14,337	-	-	14,337	(1,650) <sup>2/</sup>
Public Safety Enhance-Police	(11,759)	-	-	15,615	201	3,655	15,599	-	-	15,599	(11,944) <sup>2/</sup>
Public Safety Enhance-Fire	(5,162)	-	-	9,557	-	4,395	6,234	-	-	6,234	(1,839) <sup>2/</sup>
Parks and Preserves	21,863	200	50	29,454	4,838	46,729	3,470	21,043	-	24,513	22,216
Transit 2000	282,799	52,787	2,000	122,344	42,391	417,539	135,952	7,487	-	143,439	274,100
Court Awards	732	16,329	-	-	-	17,061	7,561	6,718	-	14,279	2,782
Development Services	22,925	41,682	-	-	2,936	61,671	34,118	43	-	34,161	27,510
Capital Construction	9,439	60	450	15,277	-	25,226	199	20,292	-	20,491	4,735
Sports Facilities	31,715	250	-	15,454	1,614	45,805	1,967	1,248	21,880	25,095	20,710
AZ Highway User Revenue	25,834	101,270	500	671	10,000	118,275	46,529	58,142	1	104,672	13,603
Regional Transit	(12,738)	57,429	-	-	-	44,691	25,036	7,734	-	32,770	11,921
Community Reinvestment	17,314	2,971	-	-	5,308	14,977	457	6,729	-	7,186	7,791
Secondary Property Tax	2,765	40,009	-	840	-	43,614	-	-	42,804	42,804	810 <sup>3/</sup>
Impact Fee Program Admin	589	329	-	-	-	918	179	-	-	179	739
Regional Wireless Cooperative	2,471	4,804	-	469	-	7,744	5,616	-	-	5,616	2,128
Golf Course	(9,560)	8,531	-	4,785	-	3,756	8,703	-	-	8,703	(4,947) <sup>4/</sup>
City Improvement	-	-	-	73,379	1,028	72,351	-	-	72,351	72,351	-
Other Restricted Funds	47,926	23,992	-	5,308	748	76,478	32,618	4,952	-	37,570	38,908
Grant Funds	16,092	243,465	-	-	372	259,185	216,249	26,721	-	242,970	16,215
<b>Total Special Revenue</b>	<b>\$ 425,401</b>	<b>\$ 1,644,923</b>	<b>\$ 3,000</b>	<b>\$ 381,775</b>	<b>\$ 1,120,981</b>	<b>\$ 1,334,118</b>	<b>\$ 624,001</b>	<b>\$ 161,109</b>	<b>\$ 137,036</b>	<b>\$ 922,146</b>	<b>\$ 411,972</b>
<b>Enterprise Funds:</b>											
Aviation	\$ 309,854	\$ 319,314	\$ -	\$ 7,863	\$ 43,434	\$ 593,597	\$ 228,895	\$ 28,311	\$ 52,517	\$ 309,723	\$ 283,874
Water	181,397	404,727	-	-	20,219	565,905	171,268	132,322	124,913	428,503	137,402
Wastewater	102,276	211,406	-	-	13,075	300,607	88,130	36,118	73,510	197,758	102,849
Solid Waste	52,743	148,319	-	-	8,549	192,513	123,181	9,793	13,911	146,885	45,628
Convention Center	35,794	14,817	-	43,855	2,517	91,949	43,619	1,757	18,584	63,960	27,989
<b>Total Enterprise</b>	<b>\$ 682,064</b>	<b>\$ 1,098,583</b>	<b>\$ -</b>	<b>\$ 51,718</b>	<b>\$ 87,794</b>	<b>\$ 1,744,571</b>	<b>\$ 655,093</b>	<b>\$ 208,301</b>	<b>\$ 283,435</b>	<b>\$ 1,146,829</b>	<b>\$ 597,742</b>
<b>GRAND TOTAL</b>	<b>\$ 1,170,206</b>	<b>\$ 3,054,913</b>	<b>\$ 4,000</b>	<b>\$ 1,296,050</b>	<b>\$ 1,325,319</b>	<b>\$ 4,199,850</b>	<b>\$ 2,337,635</b>	<b>\$ 371,792</b>	<b>\$ 420,471</b>	<b>\$ 3,129,898</b>	<b>\$ 1,069,952</b>

<sup>1/</sup> General fund sales tax revenue is reflected as a transfer from the excise tax fund. Total transfer equates to \$715.8 million, and is included in the General Funds revenue total of \$1,027.2 million shown on Schedule 2.

<sup>2/</sup> 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.

<sup>3/</sup> Proceeds from Refunding Bonds in the amount of \$840,000 are reflected as a transfer and will be used to pay expenditures for cost of issuance on the General Obligation Refunding Bonds, Series 2014.

<sup>4/</sup> 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.





**2014-15 SCHEDULE 1  
RESOURCES AND EXPENDITURES BY FUND  
BUDGET  
(In Thousands of Dollars)**

	Resources					Expenditures					Ending Fund Balances
	Beginning Fund Balances	Revenue <sup>1/</sup>	Recovery	Fund Transfer To	Fund Transfer From	Total	Operating	Capital	Debt Service	Total	
<b>General Funds:</b>											
General	\$ 60,238	\$ 250,839	\$ 1,000	\$ 822,923	\$ 118,889	\$ 1,016,111	\$ 1,013,466	\$ 2,645	\$ -	\$ 1,016,111	\$ -
Parks and Recreation	-	15,512	-	77,401	-	92,913	92,913	-	-	92,913	-
Library	-	37,101	-	178	1,564	35,715	35,515	200	-	35,715	-
Cable Communications	-	9,495	-	-	5,394	4,101	4,101	-	-	4,101	-
<b>Total General</b>	<b>\$ 60,238</b>	<b>\$ 312,947</b>	<b>\$ 1,000</b>	<b>\$ 900,502</b>	<b>\$ 125,847</b>	<b>\$ 1,148,840</b>	<b>\$ 1,145,995</b>	<b>\$ 2,845</b>	<b>\$ -</b>	<b>\$ 1,148,840</b>	<b>\$ -</b>
<b>Special Revenue Funds:</b>											
Excise Tax	\$ -	\$ 1,107,258	\$ -	\$ -	\$ 1,107,258	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Nghbrhd Protection-Police	(5,139)	(37)	-	21,791	187	16,428	15,553	-	-	15,553	875
Nghbrhd Protection-Fire	9,686	30	-	7,783	13	17,486	7,425	-	-	7,425	10,061
Nghbrhd Protection-Block Watch	2,535	183	-	1,556	3	4,271	1,250	-	-	1,250	3,021
2007 Public Safety Exp-Police	(18,898)	(70)	-	49,805	527	30,310	45,850	-	-	45,850	(15,540) <sup>2/</sup>
2007 Public Safety Exp-Fire	(1,650)	3	-	12,450	93	10,710	14,634	-	-	14,634	(3,924) <sup>2/</sup>
Public Safety Enhance-Police	(11,944)	-	-	16,227	201	4,082	15,416	-	-	15,416	(11,334) <sup>2/</sup>
Public Safety Enhance-Fire	(1,839)	-	-	9,931	-	8,092	6,138	-	-	6,138	1,954
Parks and Preserves	22,216	200	50	31,437	5,100	48,803	4,025	42,807	-	46,832	1,971
Transit 2000	274,100	52,021	2,000	125,177	48,424	404,874	150,093	21,460	-	171,553	233,321
Court Awards	2,782	4,386	-	-	-	7,168	4,386	2,782	-	7,168	-
Development Services	27,510	42,783	-	-	2,936	67,357	44,457	277	-	44,734	22,623
Capital Construction	4,735	60	450	15,410	-	20,655	200	18,638	-	18,838	1,817
Sports Facilities	20,710	250	-	16,451	1,617	35,794	2,020	1,292	21,875	25,187	10,607
AZ Highway User Revenue	13,603	106,783	500	723	10,000	111,609	48,066	56,796	-	104,862	6,747
Regional Transit	11,921	46,597	-	-	-	58,518	25,786	23,988	-	49,774	8,744
Community Reinvestment	7,791	2,609	-	-	2,068	8,332	480	4,726	-	5,206	3,126
Secondary Property Tax	810	55,333	-	-	-	56,143	-	-	56,043	56,043	100
Impact Fee Program Admin	739	329	-	-	-	1,068	192	-	-	192	876
Regional Wireless Cooperative	2,128	4,971	-	1,030	-	8,129	4,718	-	-	4,718	3,411
Golf Course	(4,947)	8,550	-	4,785	-	8,388	8,355	-	-	8,355	33
City Improvement	-	-	-	83,020	1,024	81,996	-	-	81,996	81,996	-
Other Restricted Funds	38,908	27,885	-	4,980	1,033	70,740	32,336	13,793	-	46,129	24,611
Grant Funds	16,215	280,034	-	-	376	295,873	223,824	69,411	-	293,235	2,638
<b>Total Special Revenue</b>	<b>\$ 411,972</b>	<b>\$ 1,740,158</b>	<b>\$ 3,000</b>	<b>\$ 402,556</b>	<b>\$ 1,180,860</b>	<b>\$ 1,376,826</b>	<b>\$ 655,204</b>	<b>\$ 255,970</b>	<b>\$ 159,914</b>	<b>\$ 1,071,088</b>	<b>\$ 305,738</b>
<b>Enterprise Funds:</b>											
Aviation	\$ 283,874	\$ 322,352	\$ -	\$ -	\$ 7,627	\$ 598,599	\$ 249,325	\$ 29,282	\$ 54,795	\$ 333,402	\$ 265,197
Water	137,402	415,361	-	-	20,730	532,033	187,631	174,334	129,240	491,205	40,828
Wastewater	102,849	214,792	-	-	13,361	304,280	93,771	76,164	60,874	230,809	73,471
Solid Waste	45,628	150,150	-	-	8,686	187,092	138,295	31,997	16,294	186,586	506
Convention Center	27,989	15,504	-	47,993	2,523	88,963	47,748	3,791	18,592	70,131	18,832
<b>Total Enterprise</b>	<b>\$ 597,742</b>	<b>\$ 1,118,159</b>	<b>\$ -</b>	<b>\$ 47,993</b>	<b>\$ 52,927</b>	<b>\$ 1,710,967</b>	<b>\$ 716,770</b>	<b>\$ 315,568</b>	<b>\$ 279,795</b>	<b>\$ 1,312,133</b>	<b>\$ 398,834</b>
<b>GRAND TOTAL</b>	<b>\$ 1,069,952</b>	<b>\$ 3,171,264</b>	<b>\$ 4,000</b>	<b>\$ 1,351,051</b>	<b>\$ 1,359,634</b>	<b>\$ 4,236,633</b>	<b>\$ 2,517,969</b>	<b>\$ 574,383</b>	<b>\$ 439,709</b>	<b>\$ 3,532,061</b>	<b>\$ 704,572</b>

<sup>1/</sup> General fund sales tax revenue is reflected as a transfer from the excise tax fund. Total transfer equates to \$756.8 million, and is included in the General Funds revenue total of \$1,069.8 million shown on Schedule 2.

<sup>2/</sup> 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.





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

Revenue Source	2012-13 Actual	2013-14 Estimate	Increase/(Decrease) From 2012-13 Actual		2014-15 Budget	Increase/(Decrease) From 2013-14 Estimate		
			Amount	Percent		Amount	Percent	
<b>GENERAL FUND</b>								
<b>Local Taxes and Related Fees</b>	\$ 413,128	\$ 423,600	\$ 10,472	2.5%	\$ 443,348	\$ 19,748	4.7%	
<b>State-Shared Revenues</b>								
Sales Tax	118,730	127,861	9,131	7.7%	135,474	7,613	6.0%	
State Income Tax	147,668	161,580	13,912	9.4%	175,174	13,594	8.4%	
Vehicle License Tax	48,370	52,200	3,830	7.9%	54,300	2,100	4.0%	
Subtotal	\$ 314,768	\$ 341,641	\$ 26,873	8.5%	\$ 364,948	\$ 23,307	6.8%	
<b>Primary Property Tax</b>	\$ 132,101	\$ 142,849	\$ 10,748	8.1%	\$ 137,956	\$ (4,893)	-3.4%	
<b>User Fees/Other Revenue</b>								
Licenses & Permits	2,702	2,801	99	3.7%	2,833	32	1.1%	
Cable Communications	9,505	9,500	(5)	-0.1%	9,495	(5)	-0.1%	
Fines and Forfeitures	18,927	17,442	(1,485)	-7.8%	17,722	280	1.6%	
Court Default Fee	1,086	1,015	(71)	-6.5%	1,015	-	0.0%	
Fire	44,855	43,447	(1,408)	-3.1%	44,454	1,007	2.3%	
Hazardous Materials Inspection Fee	1,233	1,350	117	9.5%	1,400	50	3.7%	
Library Fees	1,006	1,000	(6)	-0.6%	1,025	25	2.5%	
Parks and Recreation	8,240	7,773	(467)	-5.7%	7,361	(412)	-5.3%	
Planning	1,250	1,344	94	7.5%	1,431	87	6.5%	
Police	12,681	13,237	556	4.4%	13,487	250	1.9%	
Street Transportation	4,194	3,885	(309)	-7.4%	3,928	43	1.1%	
Other Service Charges	11,890	11,990	100	0.8%	14,893	2,903	24.2%	
Other	3,056	4,375	1,319	43.2%	4,480	105	2.4%	
Subtotal	\$ 120,625	\$ 119,159	\$ (1,466)	-1.2%	\$ 123,524	\$ 4,365	3.7%	
<b>Total General Funds</b>	\$ 980,622	\$ 1,027,249	\$ 46,627	4.8%	\$ 1,069,776	\$ 42,527	4.1%	





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

Revenue Source	2012-13 Actual	2013-14 Estimate	Increase/(Decrease) From 2012-13 Actual		2014-15 Budget	Increase/(Decrease) From 2013-14 Estimate		
			Amount	Percent		Amount	Percent	
<b>SPECIAL REVENUE FUNDS</b>								
Neighborhood Protection	\$ 27,668	\$ 29,709	\$ 2,041	7.4%	\$ 31,306	\$ 1,597	5.4%	
2007 Public Safety Expansion	54,951	59,007	4,056	7.4%	62,188	3,181	5.4%	
Public Safety Enhancement	24,649	25,172	523	2.1%	26,158	986	3.9%	
Parks and Preserves	27,727	29,654	1,927	6.9%	31,337	1,683	5.7%	
Transit 2000	163,201	165,131	1,930	1.2%	167,198	2,067	1.3%	
Court Awards	9,828	16,329	6,501	66.1%	4,386	(11,943)	-73.1%	
Development Services	40,433	41,682	1,249	3.1%	42,783	1,101	2.6%	
Capital Construction	16,452	15,337	(1,115)	-6.8%	15,470	133	0.9%	
Sports Facilities	15,260	15,704	444	2.9%	16,701	997	6.3%	
Arizona Highway User Revenue	99,032	101,270	2,238	2.3%	106,783	5,513	5.4%	
Regional Transit Revenues	23,767	57,429	33,662	141.6%	46,597	(10,832)	-18.9%	
Community Reinvestment	4,845	2,971	(1,874)	-38.7%	2,609	(362)	-12.2%	
Secondary Property Tax	66,906	40,009	(26,897)	-40.2%	55,333	15,324	38.3%	
Regional Wireless Cooperative	4,422	4,804	382	8.6%	4,971	167	3.5%	
Golf Courses <sup>1/</sup>	8,338	8,531	193	2.3%	8,550	19	0.2%	
Impact Fee Program Administration	376	329	(47)	-12.5%	329	0	0.0%	
Other Restricted Revenues	35,001	28,693	(6,308)	-18.0%	32,603	3,910	13.6%	
<b>Grants</b>								
Public Housing Grants	75,984	91,257	15,273	20.1%	81,250	(10,007)	-11.0%	
Human Services Grants	42,338	39,143	(3,195)	-7.5%	40,079	936	2.4%	
Community Development	15,407	17,128	1,721	11.2%	31,945	14,817	86.5%	
Criminal Justice	9,986	7,237	(2,749)	-27.5%	6,380	(857)	-11.8%	
Public Transit Grants	60,070	31,591	(28,479)	-47.4%	72,254	40,663	128.7%	
Other Grants	88,228	57,108	(31,120)	-35.3%	48,126	(8,982)	-15.7%	
Subtotal - Grants	\$ 292,013	\$ 243,464	\$ (48,549)	-16.6%	\$ 280,034	\$ 36,570	15.0%	
<b>Subtotal Special Revenue Funds</b>	<b>\$ 914,869</b>	<b>\$ 885,225</b>	<b>\$ (29,644)</b>	<b>-3.2%</b>	<b>\$ 935,336</b>	<b>\$ 50,111</b>	<b>5.7%</b>	
<b>ENTERPRISE FUNDS</b>								
Aviation	348,769	319,314	(29,455)	-8.4%	322,352	3,038	1.0%	
Water System	424,132	404,727	(19,405)	-4.6%	415,361	10,634	2.6%	
Wastewater System	215,089	211,406	(3,683)	-1.7%	214,792	3,386	1.6%	
Solid Waste	143,341	148,319	4,978	3.5%	150,150	1,831	1.2%	
Convention Center	59,623	58,672	(951)	-1.6%	63,497	4,825	8.2%	
<b>Subtotal Enterprise Funds</b>	<b>\$ 1,190,954</b>	<b>\$ 1,142,438</b>	<b>\$ (48,516)</b>	<b>-4.1%</b>	<b>\$ 1,166,152</b>	<b>\$ 23,714</b>	<b>2.1%</b>	
<b>GRAND TOTAL</b>	<b>\$ 3,086,445</b>	<b>\$ 3,054,912</b>	<b>\$ (31,533)</b>	<b>-1.0%</b>	<b>\$ 3,171,264</b>	<b>\$ 116,352</b>	<b>3.8%</b>	

<sup>1/</sup> 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 <sup>1</sup>**  
(In Thousands of Dollars)

Program	2012-13 Actual	2013-14		2014-15 Budget	Percent Change from 2013-14		
		Budget	Estimate		Budget	Estimate	
<b>General Government</b>							
Mayor	\$ 1,669	\$ 1,755	\$ 1,805	\$ 1,831	4.3%	1.4%	
City Council	3,227	3,589	3,511	3,536	(1.5%)	0.7%	
City Manager	2,160	2,663	2,704	2,599	(2.4%)	(3.9%)	
Government Relations	1,304	1,305	1,289	1,296	(0.7%)	0.5%	
Public Information	2,760	2,660	2,659	2,410	(9.4%)	(9.4%)	
City Auditor	1,950	2,389	2,361	2,410	0.9%	2.1%	
Equal Opportunity	2,640	2,797	2,677	2,926	4.6%	9.3%	
Human Resources	11,121	11,410	10,966	11,446	0.3%	4.4%	
Phoenix Employment Relations Board	66	99	98	93	(6.1%)	(5.1%)	
Regional Wireless Cooperative	3,565	4,381	5,616	4,718	7.7%	(16.0%)	
Retirement Systems	-	-	-	-	-	-	
Law	5,207	4,735	4,960	4,783	1.0%	(3.6%)	
Information Technology	34,440	35,060	34,845	39,622	13.0%	13.7%	
City Clerk and Elections	6,050	6,769	5,976	4,875	(28.0%)	(18.4%)	
Finance	19,188	21,962	21,679	21,200	(3.5%)	(2.2%)	
Budget and Research	2,920	3,054	3,054	2,956	(3.2%)	(3.2%)	
<b>Total General Government</b>	<b>\$ 98,267</b>	<b>\$ 104,628</b>	<b>\$ 104,200</b>	<b>\$ 106,701</b>	<b>2.0%</b>	<b>2.4%</b>	
<b>Public Safety</b>							
Police	\$ 559,768	\$ 585,913	\$ 563,054	\$ 570,434	(2.6%)	1.3%	
Fire	282,140	297,953	291,883	304,088	2.1%	4.2%	
Emergency Management	538	476	478	472	(0.8%)	(1.2%)	
<b>Total Public Safety</b>	<b>\$ 842,446</b>	<b>\$ 884,342</b>	<b>\$ 855,415</b>	<b>\$ 874,994</b>	<b>(1.1%)</b>	<b>2.3%</b>	
<b>Criminal Justice</b>							
Municipal Court	\$ 36,525	\$ 41,969	\$ 41,533	\$ 41,837	(0.3%)	0.7%	
City Prosecutor	15,800	15,815	15,723	16,190	2.4%	3.0%	
Public Defender	4,765	4,902	4,853	4,982	1.6%	2.7%	
<b>Total Criminal Justice</b>	<b>\$ 57,090</b>	<b>\$ 62,686</b>	<b>\$ 62,109</b>	<b>\$ 63,009</b>	<b>0.5%</b>	<b>1.4%</b>	
<b>Transportation</b>							
Street Transportation	\$ 66,211	\$ 70,676	\$ 69,527	\$ 72,010	1.9%	3.6%	
Aviation	213,899	229,332	228,276	234,708	2.3%	2.8%	
Public Transit	242,245	260,425	241,471	252,959	(2.9%)	4.8%	
<b>Total Transportation</b>	<b>\$ 522,355</b>	<b>\$ 560,433</b>	<b>\$ 539,274</b>	<b>\$ 559,677</b>	<b>(0.1%)</b>	<b>3.8%</b>	





**SCHEDULE 3 (continued)**  
**EXPENDITURES BY DEPARTMENT <sup>1</sup>**  
(In Thousands of Dollars)

Program	2012-13 Actual	2013-14		2014-15 Budget	Percent Change from 2013-14		
		Budget	Estimate		Budget	Estimate	
<b>Community Development</b>							
Planning and Development	\$ 35,913	\$ 41,537	\$ 40,522	\$ 46,762	12.6%	15.4%	
Housing	74,729	82,013	82,263	88,591	8.0%	7.7%	
Community and Economic Development	26,320	23,010	27,830	24,678	7.2%	(11.3%)	
Neighborhood Services	65,375	71,116	43,317	59,206	(16.7%)	36.7%	
<b>Total Community Development</b>	<b>\$ 202,337</b>	<b>\$ 217,676</b>	<b>\$ 193,932</b>	<b>\$ 219,237</b>	<b>0.7%</b>	<b>13.0%</b>	
<b>Community Enrichment</b>							
<sup>2</sup> Parks and Recreation	\$ 103,159	\$ 111,344	\$ 109,696	\$ 111,181	(0.1%)	1.4%	
Library	34,266	35,798	35,229	36,063	0.7%	2.4%	
Phoenix Convention Center	42,402	47,194	45,023	46,169	(2.2%)	2.5%	
Human Services	61,673	62,724	58,781	60,440	(3.6%)	2.8%	
Office of Arts and Culture	1,121	1,630	1,507	1,542	(5.4%)	2.3%	
<b>Total Community Enrichment</b>	<b>\$ 242,621</b>	<b>\$ 258,690</b>	<b>\$ 250,236</b>	<b>\$ 255,395</b>	<b>(1.3%)</b>	<b>2.1%</b>	
<b>Environmental Services</b>							
Water	\$ 248,387	\$ 262,815	\$ 258,581	\$ 267,018	1.6%	3.3%	
Solid Waste Management	108,787	129,639	122,749	133,802	3.2%	9.0%	
Public Works	20,772	22,864	22,161	25,034	9.5%	13.0%	
Environmental Programs	1,212	1,486	1,329	1,330	(10.5%)	0.1%	
<b>Total Environmental Services</b>	<b>\$ 379,158</b>	<b>\$ 416,804</b>	<b>\$ 404,820</b>	<b>\$ 427,184</b>	<b>2.5%</b>	<b>5.5%</b>	
<b>Contingencies</b>	<b>\$ -</b>	<b>\$ 91,208</b>	<b>\$ -</b>	<b>\$ 93,768</b>	<b>2.8%</b>	<b>-</b>	
<sup>3</sup> <b>Innovation and Efficiency Savings</b>	<b>\$ -</b>	<b>\$ (5,345)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>-</b>	<b>-</b>	
<b>GRAND TOTAL</b>	<b>\$ 2,344,274</b>	<b>\$ 2,591,122</b>	<b>\$ 2,409,986</b>	<b>\$ 2,599,965</b>	<b>0.3%</b>	<b>7.9%</b>	

<sup>1</sup> For purposes of this schedule, department budget allocations include Grants and City Improvement debt service payments.

<sup>2</sup> Golf is included with Parks and Recreation. In prior years, Golf was classified as an Enterprise Fund and was shown as a separate department.

<sup>3</sup> Innovation and Efficiency actions that resulted in more than the budgeted savings were identified and implemented during the fiscal year and will help to achieve the citywide goal of \$100 million in cumulative savings.





**SCHEDULE 4**  
**2014-2015 EXPENDITURES BY DEPARTMENT**  
**BY SOURCE OF FUNDS**  
(In Thousands of Dollars)

Program	Total	General Funds	Enterprise Funds	Special Revenue Funds <sup>1</sup>
<b>General Government</b>				
Mayor	\$ 1,831	\$ 1,831	\$ -	\$ -
City Council	3,536	3,536	-	-
City Manager	2,599	2,366	233	-
Government Relations	1,296	1,296	-	-
Public Information	2,410	2,072	-	338
City Auditor	2,410	2,410	-	-
Equal Opportunity	2,926	2,336	-	590
Human Resources	11,446	9,871	-	1,575
Phoenix Employment Relations Board	93	93	-	-
Regional Wireless Cooperative	4,718	-	-	4,718
Retirement Systems	-	-	-	-
Law	4,783	4,783	-	-
Information Technology	39,622	37,168	620	1,834
City Clerk and Elections	4,875	4,860	-	15
Finance	21,200	18,277	2,247	676
Budget and Research	2,956	2,956	-	-
<b>Total General Government</b>	<b>\$ 106,701</b>	<b>\$ 93,855</b>	<b>\$ 3,100</b>	<b>\$ 9,746</b>
<b>Public Safety</b>				
Police	\$ 570,434	\$ 471,387	\$ -	\$ 99,047
Fire	304,088	255,564	-	48,524
Emergency Management	472	14	-	458
<b>Total Public Safety</b>	<b>\$ 874,994</b>	<b>\$ 726,965</b>	<b>\$ -</b>	<b>\$ 148,029</b>
<b>Criminal Justice</b>				
Municipal Court	\$ 41,837	\$ 29,049	\$ -	\$ 12,788
City Prosecutor	16,190	15,177	-	1,013
Public Defender	4,982	4,982	-	-
<b>Total Criminal Justice</b>	<b>\$ 63,009</b>	<b>\$ 49,208</b>	<b>\$ -</b>	<b>\$ 13,801</b>
<b>Transportation</b>				
Street Transportation	\$ 72,010	\$ 21,554	\$ -	\$ 50,456
Aviation	234,708	-	234,708	-
Public Transit	252,959	18,202	-	234,757
<b>Total Transportation</b>	<b>\$ 559,677</b>	<b>\$ 39,756</b>	<b>\$ 234,708</b>	<b>\$ 285,213</b>





**SCHEDULE 4 (continued)**  
**2014-2015 EXPENDITURES BY DEPARTMENT**  
**BY SOURCE OF FUNDS**  
(In Thousands of Dollars)

Program	Total	General Funds	Enterprise Funds	Special Revenue Funds <sup>1</sup>
<b>Community Development</b>				
Planning and Development Services	\$ 46,762	\$ 4,909	\$ -	\$ 41,853
Housing	88,591	54	-	88,537
Community and Economic Development	24,678	4,796	607	19,275
Neighborhood Services	59,206	12,481	-	46,725
<b>Total Community Development</b>	<b>\$ 219,237</b>	<b>\$ 22,240</b>	<b>\$ 607</b>	<b>\$ 196,390</b>
<b>Community Enrichment</b>				
<sup>2</sup> Parks and Recreation	\$ 111,181	92,913	\$ -	\$ 18,268
Library	36,063	35,515	-	548
Phoenix Convention Center	46,169	1,367	44,302	500
Human Services	60,440	18,895	350	41,195
Office of Arts and Culture	1,542	1,505	-	37
<b>Total Community Enrichment</b>	<b>\$ 255,395</b>	<b>\$ 150,195</b>	<b>\$ 44,652</b>	<b>\$ 60,548</b>
<b>Environmental Services</b>				
Water	\$ 267,018	\$ -	\$ 264,905	\$ 2,113
Solid Waste Management	133,802	-	133,802	-
Public Works	25,034	17,663	219	7,152
Environmental Programs	1,330	845	277	208
<b>Total Environmental Services</b>	<b>\$ 427,184</b>	<b>\$ 18,508</b>	<b>\$ 399,203</b>	<b>\$ 9,473</b>
<b>Contingencies</b>	<b>\$ 93,768</b>	<b>\$ 45,268</b>	<b>\$ 34,500</b>	<b>\$ 14,000</b>
<b>GRAND TOTAL</b>	<b>\$ 2,599,965</b>	<b>\$ 1,145,995</b>	<b>\$ 716,770</b>	<b>\$ 737,200</b>

<sup>1</sup> For purposes of this schedule, department budget allocations include Grants and City Improvement debt service payments.

<sup>2</sup> Golf is included with Parks and Recreation. In prior years, Golf was classified as an Enterprise Fund and was shown as a separate department.





**SCHEDULE 5: DEBT SERVICE EXPENDITURES**  
**BY PROGRAM, SOURCE OF FUNDS AND TYPE OF EXPENDITURE <sup>2</sup>**  
(In Thousands of Dollars)

Program	2012-13 Actual	2013-14 Estimate	2014-15 Budget
Aviation	\$ 121,539	\$ 120,684	\$ 123,066
Cultural Facilities	11,637	9,111	12,232
Economic Development	32,622	30,645	48,886
Environmental Programs	483 <sup>1</sup>	735	1,375
Fire Protection	4,679 <sup>1</sup>	4,614 <sup>1</sup>	6,199
Freeway Mitigation	386 <sup>1</sup>	691	699
Golf	1	-	-
Historic Preservation	463 <sup>1</sup>	471	606
Human Services	630 <sup>1</sup>	628 <sup>1</sup>	2,023
Information Systems	704 <sup>1</sup>	3,123	938
Libraries	6,791	7,785	8,069
Local Streets/Street Improvements/Lighting	5,408 <sup>1</sup>	5,480	8,976
Maintenance Service Centers	506 <sup>1</sup>	1,173	1,274
Major Streets and Freeways	22,000	1	-
Municipal Administration Building	50 <sup>1</sup>	50 <sup>1</sup>	50 <sup>1</sup>
Neighborhood Preservation & Senior Services Centers	2,694 <sup>1</sup>	4,412	11,504
Parks & Recreation/Open Space	14,236	13,757	12,902
Phoenix Convention Center	38,592	39,033	39,041
Police, Fire and Computer Tech	3,852 <sup>1</sup>	4,080	6,564
Police Protection	6,193 <sup>1</sup>	7,264	10,019
Public Housing	1,362	1,349	3,758
Public Transit	50,791	40,962	47,522
Solid Waste Disposal	13,386	13,911	16,294
Storm Sewer	26,397	15,486	16,211
Street Light Refinancing	225	7 <sup>1</sup>	87
Wastewater	118,385	98,510	60,874
Water	117,039	124,913	129,240
Early Redemption <sup>3</sup>	(31,463)	(46,237)	(75,090)
General Government Nonprofit Corporation Bonds	29,653	30,789	34,400
Bond Issuance Costs	1,148	1,499	3,650
<b>Total Program</b>	<b>\$ 600,389</b>	<b>\$ 534,926</b>	<b>\$ 531,369</b>
<b>Type of Expenditure</b>			
Principal	\$ 284,896	\$ 238,117	\$ 271,609
Interest and Other	315,493	296,809	259,760
<b>Total Debt Service Expenditures</b>	<b>\$ 600,389</b>	<b>\$ 534,926</b>	<b>\$ 531,369</b>





**SCHEDULE 5: DEBT SERVICE EXPENDITURES**  
**BY PROGRAM, SOURCE OF FUNDS AND TYPE OF EXPENDITURE (continued)**  
(In Thousands of Dollars)

<b>Source of Funds</b>	<b>2012-13 Actual</b>	<b>2013-14 Estimate</b>	<b>2014-15 Budget</b>
<b>Operating Funds</b>			
Secondary Property Tax <sup>4</sup>	\$ 68,849	42,804	56,043
Sports Facilities	19,015	21,880	21,875
Arizona Highway User Revenue	22,000	1	-
City Improvement			
General	29,242	30,540	34,400
Housing	71	70	74
Transit 2000	50,917	41,491	47,522
Other Operating	317	-	-
Capital Funds <sup>5</sup>	300	250	-
Aviation	61,078	52,517	54,795
Convention Center	18,592	18,584	18,592
Golf	1	-	-
Solid Waste	13,386	13,911	16,294
Wastewater	68,385	73,510	60,874
Water	117,039	124,913	129,240
Subtotal Operating Funds	\$ 469,192	\$ 420,471	\$ 439,709
<b>Capital Funds</b>			
<b>Nonprofit Corporation Bonds</b>			
Aviation	\$ 16,275	23,300	24,504
Convention Center	20,000	20,449	20,449
Wastewater	-	840	500
Water	-	-	1,340
Passenger Facility Charges	44,482	44,866	44,867
Capital Reserve	50,440	25,000	-
Subtotal Capital Funds	\$ 131,197	\$ 114,455	\$ 91,660
<b>Total Source of Funds</b>	<b>\$ 600,389</b>	<b>\$ 534,926</b>	<b>\$ 531,369</b>

<sup>1</sup> Interest only.

<sup>2</sup> Program costs are a combination of principal, interest and other debt related costs unless otherwise noted.

<sup>3</sup> Reflects transfer from Early Redemption Fund to Secondary Property Tax Fund for General Obligation Bond debt.

<sup>4</sup> Source of fund amount shown is net of transfer from Early Redemption Fund and reflects the corresponding Secondary Property Tax levy.

<sup>5</sup> Reflects transfer of capital funds to City Improvement.





**SCHEDULE 6**  
**CAPITAL IMPROVEMENT PROGRAM**  
**FINANCED FROM OPERATING FUNDS**  
(In Thousands of Dollars)

<b>Program</b>	<b>2012-13 Actual</b>	<b>2013-14 Estimate</b>	<b>2014-15 Budget</b>
Arts and Cultural Facilities	\$ 6,476	\$ 204	\$ 52
Aviation	37,259	26,274	28,118
Economic Development	2,778	9,490	8,381
Energy Conservation	7,087	4,765	1,200
Facilities Management	11,355	4,355	1,635
Finance	-	4,009	1,161
Fire Protection	859	1	7,944
Housing	20,659	19,443	17,300
Human Services	-	582	-
Information Technology	706	781	1,200
Libraries	55	200	200
Neighborhood Services	1,879	616	3,201
Parks, Recreation and Mountain Preserves	37,028	21,143	42,932
Phoenix Convention Center	1,698	3,005	5,868
Police Protection	-	7,242	3,182
Public Transit	55,688	18,870	95,546
Solid Waste Disposal	5,888	5,735	29,219
Street Transportation and Drainage	37,904	78,275	75,678
Wastewater	51,082	34,356	73,266
Water	81,618	132,446	178,300
<b>Total</b>	<b>\$ 360,019</b>	<b>\$ 371,792</b>	<b>\$ 574,383</b>

**Source of Funds**

**General Funds:**

General	\$ 3,113	\$ 2,182	\$ 2,645
Library	56	200	200
<b>Total General Funds</b>	<b>\$ 3,169</b>	<b>\$ 2,382</b>	<b>\$ 2,845</b>

**Special Revenue Funds:**

Parks and Preserves	\$ 36,551	\$ 21,043	\$ 42,807
Transit 2000	10,312	7,487	21,460
Court Awards	-	6,718	2,782
Development Services	58	43	277
Capital Construction	14,447	20,292	18,638
Sports Facilities	496	1,248	1,292
Arizona Highway Users Revenue	23,426	58,142	56,796
Regional Transit	15,218	7,734	23,988
Community Reinvestment	699	6,729	4,726
Other Restricted Funds	8,118	4,952	13,793
Grant Funds	60,774	26,721	69,411
<b>Total Special Revenue Funds</b>	<b>\$ 170,099</b>	<b>\$ 161,109</b>	<b>\$ 255,970</b>

**Enterprise Funds:**

Aviation	\$ 37,481	\$ 28,311	\$ 29,282
Convention Center	1,196	1,757	3,791
Solid Waste	14,663	9,793	31,997
Wastewater	51,489	36,118	76,164
Water	81,922	132,322	174,334
<b>Total Enterprise Funds</b>	<b>\$ 186,751</b>	<b>\$ 208,301</b>	<b>\$ 315,568</b>

<b>Total Operating Funds</b>	<b>\$ 360,019</b>	<b>\$ 371,792</b>	<b>\$ 574,383</b>
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**SCHEDULE 7**  
**INTERFUND TRANSFERS TO THE GENERAL FUND**  
(In Thousands of Dollars)

	2012-13 Actuals	2013-14 Estimate	2014-15	
			Budget	Increase/ (Decrease)
<b>Transfers to the General Fund</b>				
<b><u>Enterprise Funds</u></b>				
Aviation				
Central Service Cost Allocation	\$ 6,869	\$ 7,262	\$ 7,262	\$ -
Water Funds				
Central Service Cost Allocation	8,081	8,039	8,039	-
In-Lieu Property Taxes	12,095	12,067	12,443	376
Total	20,176	20,106	20,482	376
Wastewater Funds				
Central Service Cost Allocation	5,387	5,359	5,359	-
In-Lieu Property Taxes	7,804	7,641	7,837	196
Total	13,191	13,000	13,196	196
Solid Waste				
Central Service Cost Allocation	6,709	6,607	6,607	-
In-Lieu Property Taxes	1,210	1,235	1,244	9
Total	7,919	7,842	7,851	9
Convention Center				
Central Service Cost Allocation	2,193	2,258	2,258	-
<b>Total From Enterprise Funds</b>	<b>\$ 50,348</b>	<b>\$ 50,468</b>	<b>\$ 51,049</b>	<b>\$ 581</b>





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

	2012-13 Actuals	2013-14 Estimate	2014-15	
			Budget	Increase/ (Decrease)
<b>Special Revenue Funds</b>				
Excise				
Transfer to General Fund	\$ 682,228	\$ 715,842	\$ 756,829	\$ 40,987
Development Services				
Central Service Cost Allocation	2,682	2,936	2,936	-
Sports Facilities				
Central Service Cost Allocation	115	117	117	-
Phoenix Union Parking Maintenance	79	79	79	-
Total	194	196	196	-
Golf Course <sup>1/</sup>				
Parks Administration	201	-	-	-
Public Housing In-Lieu Property Taxes	227	302	302	-
ASU Facilities Operations Fund	494	494	779	285
Downtown Community Reinvestment Fund	1,308	5,308	2,068	(3,240)
T2000 Central Service Costs	750	686	686	-
Neighborhood Protection Central Service Costs	164	150	150	-
Public Safety Enhancement Central Service Costs	265	201	201	-
Public Safety Expansion Central Service Costs	531	515	515	-
Housing Central Office Central Service Costs	212	254	254	-
Access to Care Tax Program Trust Fund	23	-	-	-
Capital Fund - Hail Storm	-	3,564	-	(3,564)
<b>Total From Special Revenue Funds</b>	<b>\$ 689,279</b>	<b>\$ 730,448</b>	<b>\$ 764,916</b>	<b>\$ 34,468</b>
<b>Total Transfers to the General Fund</b>	<b>\$ 739,627</b>	<b>\$ 780,916</b>	<b>\$ 815,965</b>	<b>\$ 35,049</b>
<b>Transfers from the General Fund</b>				
Arizona Highway User Revenue Reimbursement	\$ 359	\$ 671	\$ 723	\$ 52
Regional Wireless Cooperative L/P Fund	-	1,674	3,684	2,010
Library Reserve Fund	-	607	-	(607)
Capital Reserve Fund	-	-	1,100	1,100
Change for Phoenix Fund	85	-	-	-
Public Works L/P Capital Fund	108	-	-	-
Retiree Rate Stabilization Fund	1,024	1,028	1,024	(4)
Infrastructure Repayment Agreements	288	383	379	(4)
City Improvement	29,242	30,540	34,400	3,860
<b>Total Transfers from the General Fund</b>	<b>\$ 31,106</b>	<b>\$ 34,903</b>	<b>\$ 41,310</b>	<b>\$ 6,407</b>
<b>Net Transfers to the General Fund</b>	<b>\$ 708,521</b>	<b>\$ 746,013</b>	<b>\$ 774,655</b>	<b>\$ 28,642</b>

<sup>1/</sup> 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.





**SCHEDULE 8  
POSITIONS BY DEPARTMENT  
Number of Full Time Equivalent Positions**

Program	2012-13	2013-14	<sup>1/</sup> Additions/Reductions		2014-15
	Actual	Estimate	2013-14	2014-15	2014-15 Allowances Ending June 30,2015 Authorized
<b>General Government</b>					
Mayor	12.5	12.5	1.0	-	13.5
City Council	31.0	31.0	-	-	31.0
City Manager	19.0	18.0	1.0	-	19.0
Government Relations	6.0	6.0	-	-	6.0
Public Information	22.8	19.6	(1.0)	-	18.6
City Auditor	26.5	25.5	-	-	25.5
Equal Opportunity	27.0	26.0	-	-	26.0
Human Resources	95.1	93.1	2.0	-	95.1
Phoenix Employment Relations Board	1.0	1.0	-	-	1.0
Retirement Systems	14.0	14.0	-	-	14.0
Law	208.0	207.0	(3.0)	(1.0)	203.0
Information Technology	179.0	167.0	4.0	6.0	177.0
City Clerk and Elections	66.0	64.0	(0.5)	(7.0)	56.5
Finance	234.0	232.0	(3.0)	-	229.0
Budget and Research	25.0	24.0	-	-	24.0
Regional Wireless Cooperative	4.0	4.0	-	-	4.0
<b>Total General Government</b>	<b>970.9</b>	<b>944.7</b>	<b>0.5</b>	<b>(2.0)</b>	<b>943.2</b>
<b>Public Safety</b>					
Police	4,452.4	4,463.4	(33.9)	(67.0)	4,362.5
Fire	1,997.4	1,997.4	(2.8)	-	1,994.6
Emergency Management	4.0	4.0	2.0	-	6.0
<b>Total Public Safety</b>	<b>6,453.8</b>	<b>6,464.8</b>	<b>(34.7)</b>	<b>(67.0)</b>	<b>6,363.1</b>
<b>Criminal Justice</b>					
Municipal Court	310.0	297.0	(2.0)	-	295.0
Public Defender	9.0	9.0	-	-	9.0
<b>Total Criminal Justice</b>	<b>319.0</b>	<b>306.0</b>	<b>(2.0)</b>	<b>0.0</b>	<b>304.0</b>





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

Program	2012-13	2013-14	<sup>1/</sup> Additions/Reductions		2014-15
	Actual	Estimate	2013-14	2014-15	2014-15 Allowances Ending June 30, 2015 Authorized
<b>Transportation</b>					
Street Transportation	667.0	666.0	(2.0)	21.0	685.0
Aviation	858.0	858.0	(5.0)	-	853.0
Public Transit	137.5	137.5	(33.0)	-	104.5
<b>Total Transportation</b>	<b>1,662.5</b>	<b>1,661.5</b>	<b>(40.0)</b>	<b>21.0</b>	<b>1,642.5</b>
<b>Community Development</b>					
Planning and Development	261.5	266.5	16.5	12.0	295.0
Housing	188.0	188.0	(2.0)	-	186.0
Community and Economic Development	101.0	101.0	(4.0)	-	97.0
Neighborhood Services	214.5	212.5	(7.0)	(1.0)	204.5
<b>Total Community Development</b>	<b>765.0</b>	<b>768.0</b>	<b>3.5</b>	<b>11.0</b>	<b>782.5</b>
<b>Community Enrichment</b>					
Parks and Recreation	1,134.2	1,141.0	(62.4)	(6.0)	1,072.6
Library	374.8	374.8	0.8	(1.0)	374.6
Phoenix Convention Center	252.0	252.0	(15.0)	-	237.0
Human Services	366.2	365.2	(45.2)	(1.0)	319.0
Office of Arts and Culture	11.0	11.0	(1.0)	-	10.0
<b>Total Community Enrichment</b>	<b>2,138.2</b>	<b>2,144.0</b>	<b>(122.8)</b>	<b>(8.0)</b>	<b>2,013.2</b>
<b>Environmental Services</b>					
Water Services	1,474.1	1,474.1	1.0	0.0	1,475.1
Solid Waste Management	596.5	596.5	(3.0)	2.0	595.5
Public Works	505.0	504.0	(13.0)	(36.0)	455.0
Environmental Programs	12.0	12.0	(1.0)	-	11.0
<b>Total Environmental Services</b>	<b>2,587.6</b>	<b>2,586.6</b>	<b>(16.0)</b>	<b>(34.0)</b>	<b>2,536.6</b>
<b>TOTAL</b>	<b>14,897.0</b>	<b>14,875.6</b>	<b>(211.5)</b>	<b>(79.0)</b>	<b>14,585.1</b>

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.





## 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.

**Appropriation** – An authorization granted by the City Council to make expenditures and to incur obligations for purposes specified in the appropriation ordinances. Three appropriation ordinances are adopted each year: 1) the operating funds ordinance, 2) the capital funds ordinance, and 3) the re-appropriated funds ordinance.

**Arizona Highway User Revenue (AHUR)** – Various gas tax and vehicle licensing fees imposed and collected by the state and shared with cities and towns. This revenue must be used for street or highway purposes.

**Balanced Budget** – Arizona law (Title 42 Arizona Revised Statutes) and the City of Phoenix Charter (chapter XVIII) require the City Council to annually adopt a balanced budget by purpose of public expense. State law defines this balanced budget as “the primary property tax levy, when added together with all other available resources, must equal these expenditures.” Therefore, no General Fund balances can be budgeted in reserve for subsequent fiscal years. Instead, an amount for contingencies is included in the budget each year. The charter further requires that “the total of proposed expenditures shall not exceed the total of estimated income and fund balances.”

**Base Budget** – Funding for ongoing expenditures for personnel, commodities, contractual services and replacement of existing equipment previously authorized. The base budget provides funding to continue previously authorized services and programs.

**Block Watch Fund** – This fund is the Block Watch portion of the Neighborhood Protection Fund. This fund is a portion of a voter-approved 0.1 percent sales tax increase approved in October 1993. Grant funds are awarded to communities for innovative methods to deter crime-related problems in their neighborhoods. The city disburses these funds through an annual application process.

**Bonds** – Debt instruments that require repayment of a specified principal amount on a certain date (maturity date), along with interest at a stated rate or according to a formula for determining the interest rate.

**Bond Rating** – An evaluation of a bond issuer's credit quality and perceived ability to pay the principal and interest on time and in full. Two agencies regularly review city bonds and generate bond ratings - Moody's Investors Service and Standard and 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 Annual Capital Budget is included in the first year of the five-year Capital Improvement Program.

**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 to cover unforeseen events that occur during the fiscal year, such as flood emergencies, federal mandates, unanticipated one time expenses and similar eventualities.

**Contractual Services** – Expenditures for services performed by firms, individuals or other city departments.

**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.

**Infrastructure** – Facilities that support the daily life and growth of the city, for example, roads, water lines, sewers, public buildings, parks and airports.

**Impact Fees** – Fees adopted by the City Council in 1987 requiring new development in the city's outlying planning areas to pay its proportional share of the costs associated with providing necessary public infrastructure.

**Improvement Districts** – Special assessment districts formed by property owners who desire and are willing to pay for mutually enjoyed improvements such as streets, sidewalks, sewers and lighting.

**In Lieu Property Taxes (or In Lieu Taxes)** – An amount charged to certain city enterprise and federally funded operations that equal the city property taxes that would be due on plant and equipment if these operations were for-profit companies. This includes the Water, Wastewater, Solid Waste and Public Housing funds.

**Levy** – See Tax Levy.

**Mandate** – Legislation passed by the state or federal government requiring action or provision of services and/or programs. Examples include the Americans with Disabilities Act, which requires actions such as physical facility improvements and provision of specialized transportation services.

**M/W/SBE** – Minority, Women and Small Business Enterprise.

**Modified Accrual Basis** – Method under which revenues are recognized in the period they become available and measurable, and expenditures are recognized in the period the associated liability is incurred. Most government accounting follows this method.

**Neighborhood Protection Fund** – This fund, also referred to as Proposition 301, is used to account for the funds generated by the 0.1 percent increase in the sales tax approved by voters in October 1993. The funds are to be used for the expansion of police, fire, and block watch programs. The breakdown of funding is as follows: Police 70 percent, Fire 25 percent and Block Watch 5 percent.

**Net Direct Debt Ratio** – The ratio between property tax-supported debt service and secondary-assessed valuation. The Net Direct Debt Ratio is one way to gauge the ability of a local property tax base to support general obligation debt service.

**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 Budget) based upon an earlier Trial Budget, City Council and community feedback and/or changing economic forecasts. Any City Council changes to the Preliminary Budget are incorporated into the final adopted budget.

**Primary Property Tax** – A tax levy that can be used to support any public expense.

**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 tax levy restricted to the payment of debt service on bonded debt.

**Self-Insurance** – Self-funding of insurance losses. With the exception of airport operations, police aircraft operations, and excess general and automobile liability for losses in excess of \$7.5 million, the city is self-insured for general and automobile liability exposures.

**Special Revenue Fund** – A fund used to account for receipts from revenue sources that have been earmarked for specific activities and related expenditures. Examples include Arizona Highway User Revenue (AHUR) funds, which must be used for street and highway purposes, and secondary property tax, which is restricted to general-bonded debt obligations.

**Sports Facilities Fund** – A special revenue fund established to account for revenue raised from a designated portion of the hotel/motel tax and tax on short-term motor vehicle rentals. These funds pay the city's portion of the debt service and other expenditures related to the downtown sports arena.

**State Expenditure Limit** – A limitation on annual expenditures imposed by the Arizona Constitution as approved by the voters in 1980. The limitation is based upon a city's actual 1979-80 expenditures adjusted for interim growth in population and inflation. Certain expenditures may be exempt by the State Constitution or by voter action.

**State-Shared Revenues** – Revenues levied and collected by the state but shared with local governments as determined by state government each year. In Arizona, a portion of the state's sales, income and vehicle license tax revenues are distributed on the basis of a city's relative population percentage.

**Supplemental** – Resources to provide new or enhanced programs or services over the base budget allocation.

**Tax Levy** – The total amount to be raised by general property taxes for purposes specified in the Tax Levy Ordinance.

**Technical Review** – A detailed line-item review of each city department's budget conducted by the Budget and Research Department.

**Transit 2000 Fund** – This fund 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** – A budget developed in early spring that presents a proposed balanced budget for discussion by the City Council and the community before the city manager submits the Preliminary Budget in late spring.

**User Fees or User Charges** – A fee paid for a public service or use of a public facility by the individual or organization benefiting from the service.

**Zero Base Budgeting** – A process whereby a budget is developed at the program level, and starting from zero the next year's budget is estimated assuming only those costs necessary to provide the currently approved level of service. This initial estimate is referred to as the "base budget." The estimated cost for providing each program is reviewed and justified on an annual basis. The process includes the identification of potential reductions and additions, which are ranked in priority order. Presentation of the budget also is provided on a program basis.

