



**The Phoenix
Summary Budget
2015-16**



City of Phoenix





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175

June 2015





City of Phoenix Council Members and District Boundaries



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



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



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



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



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



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



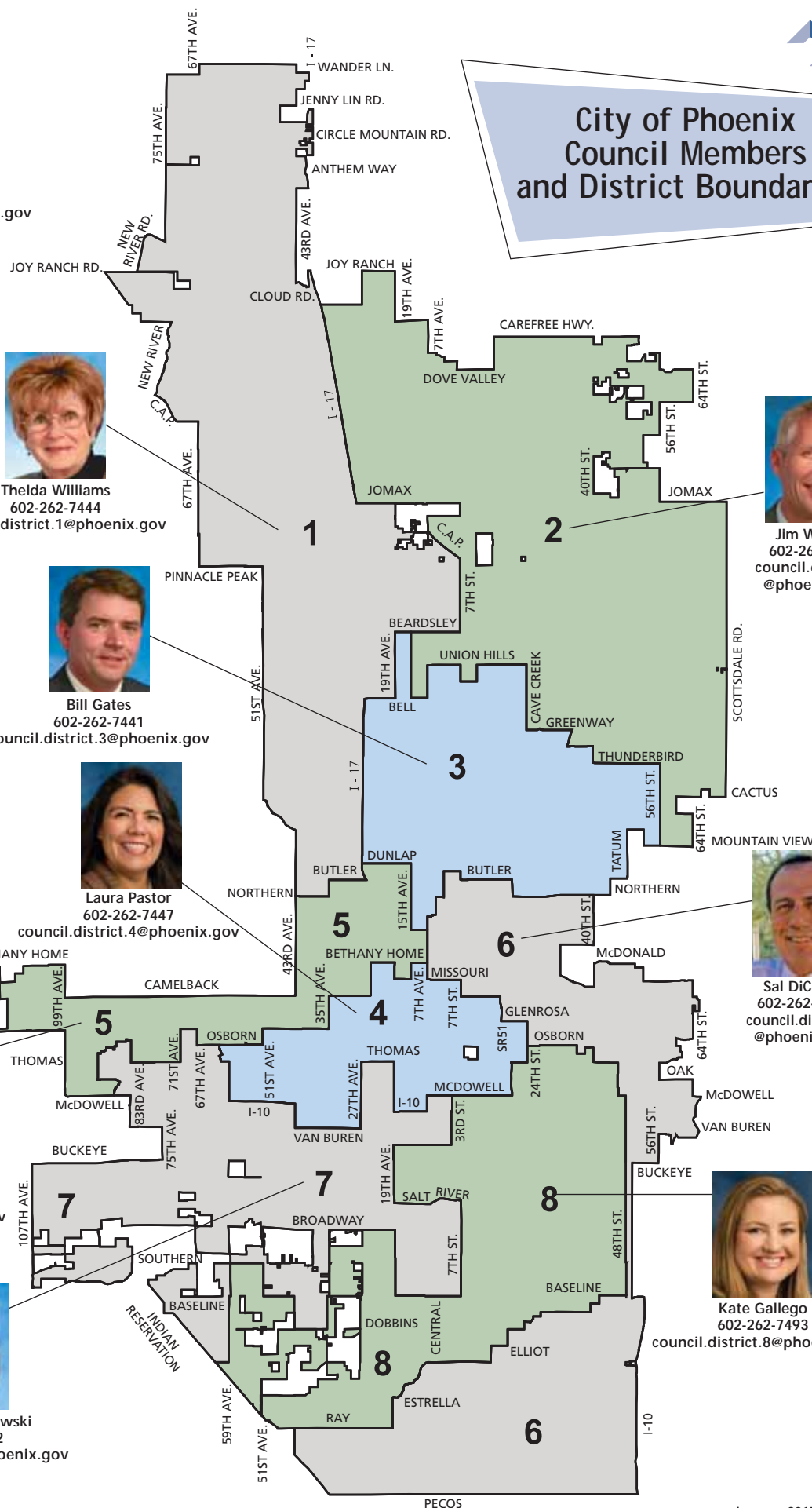
Jim Waring
602-262-7445
council.district.2
@phoenix.gov



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



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





City of Phoenix

Mayor and City Council

Greg Stanton
Mayor

Daniel Valenzuela
Vice Mayor
District 5

Thelda Williams
District 1

Jim Waring
District 2

Bill Gates
District 3

Laura Pastor
District 4

Sal DiCiccio
District 6

Michael Nowakowski
District 7

Kate Gallego
District 8

Mayor's Office

Ruben Alonzo
Co-Chief of Staff

Seth Scott
Co-Chief of Staff

Tracee Crockett
Deputy Chief of Staff

City Council Office

Penny Parrella
Council Chief of Staff

Management Staff

Ed Zuercher
City Manager

Milton Dohoney
Assistant City Manager

Paul Blue
Deputy City Manager
Acting Aviation Director

Deanna Jonovich
Deputy City Manager

Mario Paniagua
Deputy City Manager

Karen Peters
Deputy City Manager

Toni Maccarone
Special Assistant to the City Manager

Department Heads

Jeff Barton
Acting Budget and Research Director

Cindy Bezaury
Acting Human Resources Director

Paul Blue
Deputy City Manager
Acting Aviation Director

Daniel L. Brown
Acting City Attorney

John Chan
Phoenix Convention Center Director

Debbie Cotton
Chief Information Officer

Ray Dovalina
Street Transportation Director

Inger Erickson
Acting Parks and Recreation Director\

Moises Gallegos
Human Services Director

Bill Greene
City Auditor

Chris Hallett
Neighborhood Services Director

Rita Hamilton
City Librarian

Maria Hyatt
Public Transit Director

Kara Kalkbrenner
Fire Chief

Donald Logan
Equal Opportunity Director

Christine Mackay
Community and Economic Development
Director

Cris Meyer
City Clerk

Denise Olson
Acting Chief Financial Officer

Tom Remes
Government Relations Director

Kathryn Sorensen
Water Services Director

Alan J. Stephenson
Planning and Development Director

Cindy Stotler
Acting Housing Director

John Trujillo
Public Works Director

Julie Watters
Communications Director

Joe Yahner
Police Chief

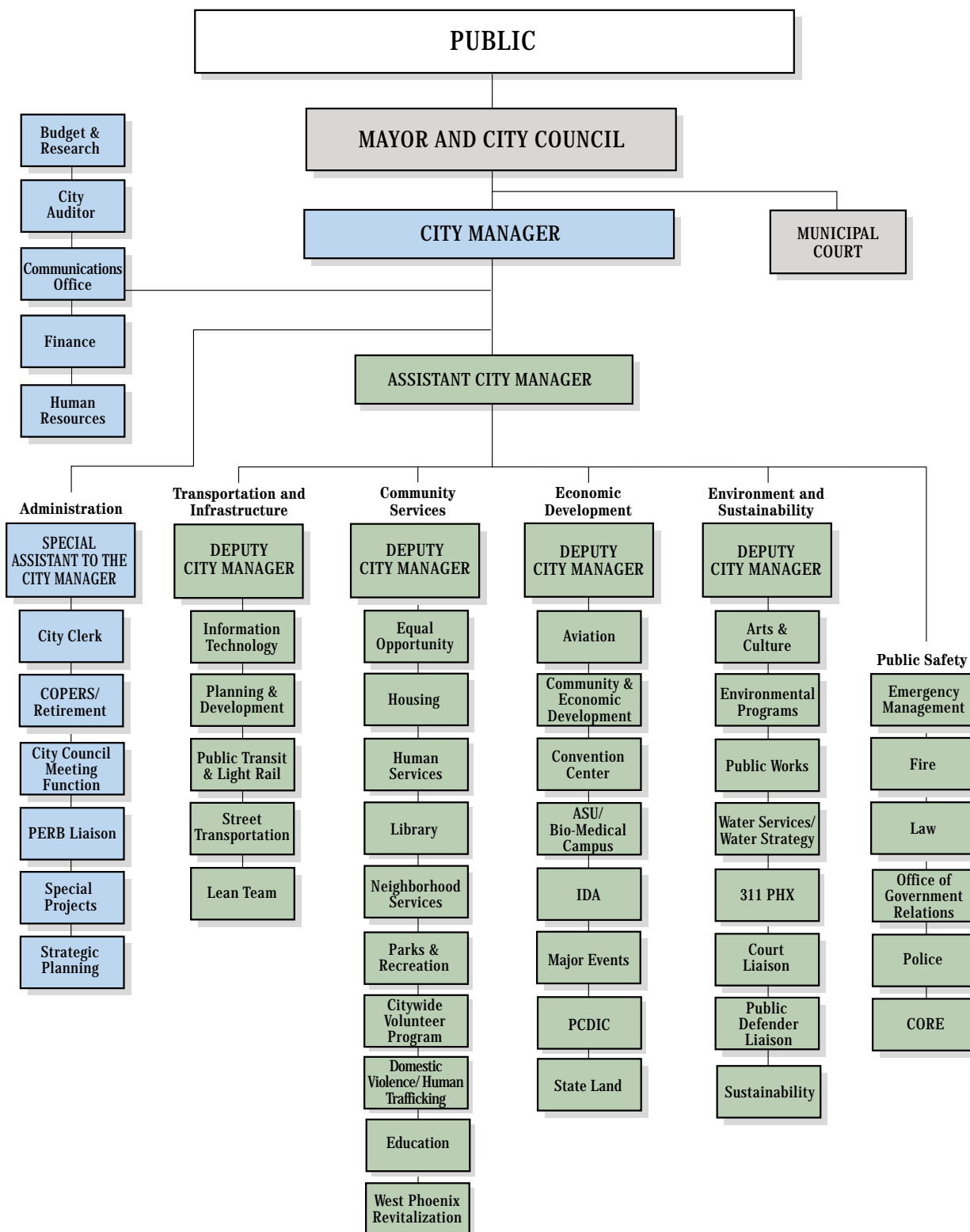
Chief Presiding Judge

B. Don Taylor





City of Phoenix Organizational Chart







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Phoenix City Hall





Budget Document Overview

This overview outlines the 2015-16 Annual Budget. This budget document can be accessed at phoenix.gov/BUDGET, or copies of the document are available by contacting the city of Phoenix Budget and Research Department at 602 262-4800. 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 2015-16. 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 2015-20 Capital Improvement Program provides Phoenix's planned construction program by project and detailed sources of funds.

A more detailed description of the 2015-16 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 2014-15 and 2015-16 as well as actual results for recent and historical periods.

2015-16 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 2015-16 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.

2015-16 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 2015-20 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, 2014

Executive Director

The Government Finance Officers Association of the United States and Canada (GFOA) presented a Distinguished Budget Presentation Award to the city of Phoenix, Arizona for its annual budget for the fiscal year beginning July 1, 2014.

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 2015-16 City of Phoenix Budget required by City Charter.

This year's accomplishment of a balanced budget with no service reductions or increases to taxes or fees, demonstrates the strategic efforts by the Mayor, Council and city staff in advance planning, implementing shared solutions and making early, tough decisions. This year's budget preserves existing city services, which strongly reflect the needs and desires of the community. As expressed at this year's community budget hearings, Phoenix residents not only appreciate the services provided by Phoenix, they continue to request that city services be expanded. Phoenix residents would like to see libraries open every day, more police officers and firefighters hired, more transportation options, improved streets, additional arts grants, more park rangers, expanded recreation

programming, enhanced economic development, added education support, new bike lanes and other important needs. These requests validate the leadership of the Mayor and City Council and the hard work Phoenix employees do every day to provide the services that matter to our residents.

The financial realities of growing public safety pension costs and the sunset of the emergency sales tax on food limit the city's ability to expand services broadly. In fact, with the sunset of the sales tax on food, taxes have been reduced. Further, the state's budget balancing actions to shift costs and decrease revenues to cities, towns and counties have added considerably to Phoenix's financial challenges.

Despite these obstacles, the 2015-16 budget is balanced without any community service reductions or increases to taxes or fees. In fact, the Council's actions to cut vacancies early and include a second year of employee concessions in labor contracts, coupled with staff's continued zero-based budget reviews and aggressive savings efforts, allow increases to a few key services in the General Fund and in special revenue and enterprise funds, including:

- Hiring police officers and firefighters
- Operating the northwest extension of light rail transit
- Improving customer service in development services
- Opening new desert preserve trailheads
- Operating a new composting facility
- Beefing up Phoenix Sky Harbor International Airport noise programs

Overview of 2015-16 Budget

General Fund:

The General Fund is balanced, with some service additions in spite of shifts in state costs, state revenue reductions and the sunset of the emergency sales tax on food.

As part of the City's ongoing cost management practices, the City will achieve savings totaling \$1.2 million resulting from the annual zero-based budget program reviews. Examples of those savings come from closing two courtrooms to match activity levels and other departmental operational efficiencies.

The proposed balanced 2015-16 General Fund budget is \$1,156,540,000. This is a 0.7 percent increase from the adopted 2014-15 General Fund budget of \$1,148,840,000. It is \$42.8 million, or 3.6 percent, below the 2007-08 peak amount of \$1,199,298,000 for the General Fund.

General Fund Additions:

The 2015-16 budget includes the following necessary General Fund changes that help improve critical community services, including:

- POLICE TRAINING: Additional funding of \$2.2 million for a new 40-hour officer training module, including community and cultural consciousness, situational/tactical analysis, mental health response, and other important topics that help improve public trust and enhance safety.
- INNOVATION: Investment in new innovation projects like a centralized City Information Center (311 PHX) with the potential to bring long-term savings, along with enhanced services, through a business analyst position at a cost of about \$150,000.





- RECREATION: Additional recreation programming at a new multipurpose facility built by the Maricopa County Housing Authority for the Coffelt-Lamoreaux Community Recreation Program, located near 19th Avenue and Pima Street (April 2016).

Contingency Growth:

In continuance of the long-term goal to reach 5 percent of operating costs, the Contingency fund will increase slightly from \$45.3 million to \$46.4 million. This takes the Contingency fund's operating cost percentage from 3.95 percent to 4.0 percent.

Revenue and Resources:

Projected General Fund (GF) revenue in 2015-16 is estimated to be \$1.061 billion, an annual increase of 1 percent over the revised current year estimate. This accounts for the state's \$2 million reduction to Phoenix revenue due to decreased reimbursement rates for emergency transport of patients covered by the Arizona Health Care Cost Containment System (AHCCCS), and the sunset of the sales tax on food.

Including revenue along with the estimated beginning fund balance of approximately \$75 million, recoveries, and necessary net fund transfers estimated at \$21 million, total 2015-16 General Fund resources are estimated to be \$1.157 billion, just slightly more than General Fund expenses. The excess of \$314,000 is recommended to be placed in reserve to address known public safety pension increases in the 2016-17 budget.

Other Funds:

Significant services to the community are provided through non-General Fund resources. There are Special Revenue funds like voter-approved Public Safety and Transit taxes, and Enterprise Funds like Aviation and Solid Waste.

For all funds, which include General, Enterprise and Special Revenue funds such as grants, and all debt service and pay-as-you-go capital costs, the proposed 2015-16 budget amount is \$3,702,298,000. This is a 4.8 percent increase from the adopted 2014-15 budget of \$3,532,061,000 for all funds. The 2015-16 All Funds budget is below the 2008-09 budget of \$3,735,754,000 for all funds by \$33.5 million, or -0.9 percent.

Non-General Fund Additions:

The 2015-16 Budget also includes the following critical non-General Fund service additions, including:

- AVIATION: Adding a team at Sky Harbor to review airspace evaluations and potential impacts, respond to noise complaints and provide community outreach.
- PLANNING AND DEVELOPMENT SERVICES: Enhancing the customer service experience in Planning and Development through additional oversight, technology improvements, training and enhanced opportunities for customer feedback.
- PHOENIX PARKS AND PRESERVES: Maintaining three new preserve trailheads at Apache Wash, Desert Vista, and Desert Hills.
- TRANSIT 2000: Operating expanded light rail service to 19th Avenue and Dunlap.
- SOLID WASTE: Operating a new composting facility at the 27th Avenue Transfer Station.

State-Shared Revenues

As part of state 2015-16 budget balancing actions, the Arizona Legislature added new costs to cities and towns for state revenue collections. Phoenix costs will increase by \$4.2 million. Additionally, beginning in 2015-16, the state reduced the reimbursement rate for emergency ambulance transports of patients who rely on the state's health care system, which will decrease Phoenix revenue by an estimated \$2 million annually. So, although the state did not directly change state-shared revenue formulas to cities and towns, the state's recent fiscal actions have affected Phoenix negatively.

Five-Year Forecast

Known expenses for fiscal year 2016-17, particularly increased public safety pension costs, cast a long shadow as demonstrated in the five-year forecast presented in February 2015. As in recent years, the five-year forecast 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. As shown in the forecast, dramatically increasing costs in the state-run Public Safety Personnel Retirement System (PSPRS) for sworn officers and firefighters are a difficult challenge. The 2015-16 budget reflects a three-year phase-in option allowed by the state to smooth our





transition to these extraordinary costs. However, costs are scheduled to increase by over \$25 million in the General Fund in 2016-17. Also, fiscal year 2016-17 will be the first year of new, two-year labor agreements that will be negotiated beginning in late 2015. This is why the additional \$314,000 in additional General Fund resources was set aside to begin an accumulation of savings that will help offset costs in 2016-17. In order to be able to withstand the pressures ahead, the city will continue accumulating further cash reserves, assessing additional efficiency actions, and reviewing significant cost drivers like health care and pharmacy benefits costs.

Conclusion

I want to thank the Mayor and City Council for their leadership in making difficult decisions and taking early action that led to a balanced budget this year without cutting services or raising fees or taxes. I also want to recognize the outstanding work of city staff to carefully contain costs while providing high quality services desired by Phoenix residents. Finally, I commend City employees for their continued sacrifices and dedication in providing outstanding services at an affordable cost to Phoenix residents.

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.

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

Starting in fiscal year 2013-14, the city's Zero-based Inventory of Programs Budget has been organized and presented by the 10 Strategic Plan study areas. The Strategic Plan continues to evolve and the study areas consistently develop new priorities and strategies to fulfill their own study objectives. One example of an evolving plan, for Sustainability, can be seen in the Commitment to Excellence section of this budget document.

Documents included in this section:

- Revised Phoenix Strategic Plan (April 2015)
- Strategic Plan 2014 Accomplishments







Phoenix Strategic Plan

Mission Statement

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

About the Strategic Plan

The city of Phoenix developed a strategic plan to help guide decision-making at all levels of the organization and focus the city's efforts on its core businesses. 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.

ECONOMIC DEVELOPMENT AND EDUCATION

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

Priorities

- 1. Create and retain high-quality jobs focusing on key domestic and international business sectors.** To a great extent, the quality of life for Phoenix residents will be dependent on the number and quality of jobs created and retained that are convenient and appropriate for residents of the city of Phoenix.
- 2. Foster an environment for entrepreneurial growth.** Entrepreneurs make critical contributions to the economy, including the generation of new jobs. Energized, educated entrepreneurs create economic opportunity for others and enhance a culture of innovation.
- 3. 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.

- 4. Expand the city's revenue base.** Sales taxes provide the largest source of local government funding. Phoenix needs to attract and retain a fair share of retail activity to sustain quality public services for residents.
- 5. Develop and retain qualified talent to meet the needs of business and the community.** A skilled workforce is essential for an economy to sustain and enhance its competitiveness. A workforce development strategy that allows employers to grow and residents to enhance their income is critical to maintaining a high quality of life for Phoenix residents.

- 6. Promote early literacy and prepare young children for academic success.** Early childhood development is critical in preparing youth for success in school and developing a foundation of knowledge, skills and life-long learning in families and the community.
- 7. Commit to achieving educational excellence for all Phoenix residents through sponsored facilities and programs.** The future success of the region depends on ensuring that residents are prepared to meet the challenges of the 21st Century as educated, productive and engaged residents.





FINANCIAL EXCELLENCE

Financial excellence ensures the effective and efficient allocation of city resources for the delivery of quality services to residents. It creates trust and confidence that city resources are used appropriately. At the core of financial excellence is integrity and innovation. The city 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.
- 2. Prioritize capital and funding plans for critical infrastructure.** With continuing challenges in the recovery of the state, local and national economy and the associated impact on revenues, the financial capacity to fund and finance additional capital projects remains significantly reduced. As a result, a focus on maintaining existing infrastructure must be balanced with the need for new infrastructure. This includes prioritizing the use of the remaining 2006 general obligation (GO) bond capacity and other resources and investigating alternative methods to finance priority capital needs.

3. Provide accurate and reliable revenue and expenditure forecasting.

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

4. Maintain a transparent financial environment, free of fraud, waste and abuse.

One of the most important aspects of financial excellence is the ability to assure the public, business community, investors and the rating agencies that systems and processes are in place to prevent fraud, waste and abuse of public funds. An important element of preventing fraud, waste and abuse, is regular financial reports that are easy to access, accurate and understandable. Financial excellence requires the implementation of quality financial systems, staff training, internal controls and regular internal and external audits to prevent fraud, waste and abuse.

INFRASTRUCTURE

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

Priorities

- 1. Create and maintain intra-city transportation.** Provide safe, clean, efficient, sustainable, multi-modal surface transportation systems consistent with Complete Streets policies to support mobility needs of present and future residents, businesses, and visitors within the city of Phoenix.
- 2. 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.
- 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.
- 4. Construct and manage public facilities.** Provide safe, efficient, sustainable, cost-effective, well-maintained and aesthetically pleasing public facilities for delivery of municipal services to residents and visitors; build, maintain, and manage capital assets to preserve long-term investment and ensure uninterrupted support services.





INNOVATION AND EFFICIENCY

The city of Phoenix must further enhance its commitment to developing new and creative service delivery methods to provide services to residents. The 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 continuing work of the Innovation and Efficiency Task Force has helped the city formalize 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 has become a much more prevalent part of the organization’s core value system and continues to integrate 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.
- 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 permeate all levels, be results oriented, and demonstrate investment of available means. A proven approach involves assignment of resources dedicated to producing substantial innovative changes that enhance customer service, increase productivity, reduce costs and engage employees.

- 3. Work continually toward elimination of barriers to innovation and efficiency.** Several obstacles can stand in the way of creating an environment of innovation and pathways to efficiency. The organization must continue to identify these real or perceived hindrances and, when appropriate, actively remove or facilitate working through them.
- 4. Engage the Phoenix community in the city’s innovation and efficiency methodologies to facilitate citizen involvement, input and awareness.** Involvement by Phoenix residents in the accomplishment of the city’s innovation and efficiency goals will boost the meaningfulness and connectedness of the achievements to the community. It is important for the city to enhance public awareness about innovation and efficiency achievements and make strong efforts to request relevant input.

NEIGHBORHOODS AND LIVABILITY

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

- 2. Provide a diverse range of housing opportunities and choices to Phoenix residents.** Promoting diversified housing opportunities enriches the quality of life for all Phoenix residents, including low- to moderate-income families, seniors, persons with disabilities and the homeless. Providing a range of housing opportunities allows the city to continue to preserve healthy, vibrant, diverse and safe neighborhoods.
- 3. Ensure Phoenix residents have quality parks and open space.** Partner with the community to provide a parks and recreation system that meets the needs of Phoenix residents and visitors that is convenient, accessible and diverse in programs, locations, and facilities.
- 4. Promote a strong arts and culture infrastructure.** Continue to partner with the community to provide strong arts and culture facilities and programs to create a more beautiful and vibrant city which contributes to a better quality of life.
- 5. Provide accessible and quality library services to Phoenix residents.** Partner with the community to provide a Library system that meets the needs of residents and visitors and is accessible, convenient and diverse in locations, programs and facilities.

PHOENIX TEAM

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





Priorities

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

- 5. Mobilize and leverage community partnerships and volunteer programs to enhance programs and services.** The city continues to make difficult choices regarding programs and services to our customers in light of revenue stream uncertainty. Additionally, the community has expressed interest in assisting the city in continuing to provide quality services to residents in a variety of areas.

PUBLIC SAFETY

The city of Phoenix is committed to a high level of public safety and working in partnership with the community to maintain a safe and secure city. The Police Department, Fire Department, Municipal Court, Prosecutor's Office and Office of Emergency Management work together to provide Phoenix with an environment of safety and security.

Priorities

- 1. Prevent crimes and accidents by enhancing community awareness of public safety systems and partnering with other crime prevention programs.** The city provides the community with information about a variety of public safety issues including crime and accident prevention, information on the operation of the judicial system, and education on police and fire department services.
- 2. Provide public safety workers with the tools necessary to professionally meet city and regional public safety needs.** Ensure that public safety workers have the training, education, equipment, facilities and other resources needed to provide a high level of service to the community.
- 3. Ensure timely and appropriate response.** The city of Phoenix deploys public safety workers in a manner that provides a timely and appropriate response to emergencies. Response resources include those needed for routine incidents as well as the capacity to respond to and manage natural and human-caused incidents of regional significance.

- 4. Provide strong customer service internally and externally.** Every member of the community and every organization working in Phoenix is a public safety customer. Firefighters, police officers and officers of the court swear an oath to protect the people they serve. Every public safety worker should serve their customers with dignity and honor to develop mutual trust and respect.

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

SOCIAL SERVICES DELIVERY

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

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

Priorities

- 1. Strengthen the safety net of social services available to protect those who are most vulnerable or in crisis.** The city of Phoenix will assure those most in need have access to basic needs such as shelter and food. The city will connect the homeless, working poor, elderly, disabled and victims of violent crimes to core services needed to stabilize their lives.





2. Enhance the quality of life for low-income or at-risk individuals and families. The city of Phoenix will empower all residents to live in safe, affordable housing and achieve economic self-sufficiency through access to social, employment and other economic resources needed to maximize their quality of life.

3. Build healthy, caring communities. The city of Phoenix will promote rich, diverse, and innovative networks of public, community, and faith-based programs, services, and facilities to maximize the potential of every community. The city will serve as a resource and a catalyst in strengthening neighborhoods and building community capacity.

SUSTAINABILITY

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

Priorities

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

2. Enable opportunities for environmental stewardship. Environmental sustainability is best achieved by encouraging shared responsibilities, protecting natural systems, and promoting the efficient use of natural resources. It is also important to implement policies, programs and practices that have a far-reaching effect on the environment.

3. Enhance sustainable land use and mobility practices. The success in sustainable land use and mobility lies in adopting policies that encourage the use of green infrastructure and buildings, brownfield redevelopment, creating connectivity within road networks and ensuring connectivity between pedestrian, bike, transit and road facilities.

4. Foster collaboration and communication. Empowering employees at all levels through collaborative workgroups will galvanize them to realize the city's sustainability goals. 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.

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. This plan leverages technology to drive key actions that fundamentally enhance the way Phoenix connects to information.

Priorities

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

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

3. Turn data into information through a web-enabled city. When business data is stored in easily accessible, organization-wide repositories, the City can create opportunities to use this data to make better decisions. Internet-based information delivery and collection efforts empower the community to interact with and receive City services 24 hours a day, giving them the opportunity to conduct their business online versus waiting in line.

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.

5. Enhance information security and privacy. In today's business environment, information security and privacy form the foundation of technology projects. The city continues to develop a comprehensive program to protect data and technology infrastructures, secure systems and assets, mitigate threats and provide a mechanism for business continuity in emergencies.







Strategic Plan 2014-15 Major Accomplishments

Mission Statement

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

ECONOMIC DEVELOPMENT AND EDUCATION

- 1. Assistance for Entrepreneurs:** In January of 2014, the Library Department partnered with Community and Economic Development Department and Arizona State University and opened a business services center called hive @ central, located at Burton Barr Central Library. This service helps entrepreneurs and small business owners and has served more than 6,500 visitors with more than 1,000 individuals attending one of the 337 business-related programs or mentoring sessions. Staff has also worked with local business groups such as SCORE and local business leaders to provide programming for aspiring business owners. Twenty individuals have self-reported that they started their own business as a result of services hive @ central provided. In addition, the library secured a \$40,000 Library Services and Technology Act grant to hire a consultant to offer business development services in both English and Spanish.
- 2. ReEngage Phoenix:** In August of 2014, the Library Department created a new program, ReEngage Phoenix, connecting adults and youth who have not completed high school with special educational opportunities. It's operated through College Depot and provides information and referrals to alternative high school and GED preparation programs. ReEngage Phoenix has connected almost 1,000 people with GED preparation programs and alternative high schools since its launch. It is now providing adults 21 and older with the opportunity to earn an accredited high school diploma and a career certificate through Career Online High School.
- 3. Literacy Tutoring:** Experience Corps Phoenix is an award-winning literacy tutoring program in five school districts and ten elementary schools. Ninety volunteers were recruited and trained to deliver one-on-one sustained tutoring to

300 students from October 2014 through April 2015. Ninety percent of the students showed an improvement in reading fluency, an increase of 43 percent. Using grant funds, Experience Corps Phoenix purchased more than 6,000 new books and distributed them to 2,000 students in the Fowler, Phoenix Elementary, Riverside, Tolleson, and Wilson school districts.

- 4. Reinvent PHX:** This project creates plans for five districts along the light rail system which establish a new, transit-oriented model for urban planning and development along the city's light rail system. Partnering with the U.S. Department of Housing and Urban Development, Arizona State University, St. Luke's Health Initiatives and other organizations, each plan establishes a community-based vision for the future, articulating the community's long-range vision. The plans includes creating the policy basis for rezoning property along the light rail system, identifies business, infrastructure and other investment opportunities to advance the vision in each district. It also recommends associated implementation strategies, policies, action tools, and partners to achieve the vision.
- 5. General Plan Update (PlanPHX) and Leadership Committee:** The Phoenix General Plan was last adopted by the Phoenix City Council and approved by voters in 2002. In August 2013, under the leadership of the Phoenix City Council, staff initiated an effort to update the General Plan. PlanPHX was a concerted effort to collaborate with Phoenix residents about the future of the city. The Planning and Development Department used the results of this collaboration to update the Phoenix General Plan – the policy document that provides comprehensive direction for the growth, redevelopment, conservation and infrastructure investment of all physical aspects of the city. The project's launch included the appointment of a Leadership Committee by the City Council. A major emphasis

of the project was to solicit as much feedback from the community as possible regarding their ideas for the future of Phoenix. Staff conducted more than 200 presentations on the General Plan at a variety of community organizations, events and committee meetings throughout the city. In addition, more than 2,000 residents registered on myplanphx.com and provided thousands of ideas and comments. Staff used all of the feedback received during the course of the project to develop the 2015 General Plan. The General Plan Update developed as result of the PlanPHX process was resoundingly supported by all of the village planning committees and the Phoenix Planning Commission. In March of 2015 the Phoenix City Council adopted the General Plan and placed it on the August 2015 citywide ballot for ratification by the voters.

- 6. Phoenix Afterschool Center:** The Phoenix Afterschool Center (PAC), under the auspices of Mayor Stanton's "Read On Phoenix Initiative," partnered with the Youth and Education Office, the Library Department and Diamondback Charities to implement Baxter's Clubhouse. This after school tutoring program is operated at four Phoenix schools; Griffith Elementary, Osborn Elementary, Cartwright Elementary and Riverside Elementary. With \$50,000 in support from the Diamondbacks, the program provided students with free books, incentives, and weekly small group tutoring sessions by trained city staff. Fluency scores improved from 23 to 93 percent, and nearly half of the students originally targeted for the tutoring program have improved enough that they are no longer considered at-risk in reading.
- 7. Early Head Start:** The city of Phoenix Human Services Department was awarded federal grant monies through the U.S. Department of Health and Human Services (DHHS) for Early Head Start expansion in 2009. This grant was part of the American Recovery and Reinvestment Act, and only guaranteed





for two years. In 2011, Early Head Start became a regularly grant funded program.

8. **Continued Downtown Investment:** The city's work to continue to promote downtown development and mixed-use infill and redevelopment projects resulted in more than \$500 million in actual/proposed capital investment. Some of these projects include Portland Place (Phase II/III), Central Station, Barrister Building, The Oscar, Union @ Roosevelt, Broadstone Arts District, Ballpark Lofts, Hotel Monroe, Arizona State University Center for Law and Society and new buildings on the Phoenix Biomedical Campus. These projects will add thousands of jobs, thousands of units of new housing downtown, continue to revitalize historic buildings, vacant lots and other underutilized properties.
9. **Convention Center:** The Phoenix Convention Center and Venues hosted several high-profile Super Bowl XLIX events including NFL Experience, Super Bowl Media Center, nationally broadcast productions of NFL Honors, Feherty Live and The Tonight Show. Over nine days of Super Bowl activities, the Convention Center, Symphony Hall and Orpheum Theater hosted more than 177,000 guests – the most ever for any event in the department's history. Overall, downtown Phoenix hosted over one million visitors in that same time frame. In 2014, the Phoenix Convention Center was rated as the number two destination in the United States to hold trade shows and events by Expo Magazine. Destinations were rated on ease of access, numbers of flights in and out of the city, venue size, cost and reasonable hotel accommodations for attendees.

FINANCIAL EXCELLENCE

1. **Financial Ratings:** In the past fiscal year, seven bond ratings have been affirmed, two bond ratings were affirmed with a positive outlook and two ratings were upgraded. The bonds rated in the past fiscal year represent a wide range of city functions, from airport and hotel bonds to water and excise tax bonds. Of the nation's six largest cities, Phoenix has the highest general obligation bond rating.

2. **Pension Reform:** In late 2014, Mayor Greg Stanton appointed members to the Civilian Retirement Security Ad Hoc Committee, including City Council members Thelda Williams and Daniel Valenzuela, who served as co-chairs, along with five community and business leaders. After reviewing extensive actuarial analyses and receiving advice from consultants and outside legal counsel, the Committee made a unanimous recommendation for additional pension reform. The plan creates additional savings of \$38.8 million over 20 years, improves the recruitment and retention of employees and implements best practices in pension administration for future hires. The plan is expected to avoid costly litigation because benefits are reduced only for future new hires and current employees' retirement benefits are not impacted by these changes.
3. **Key Phoenix Economic Indicators Report:** In 2015 the Budget and Research Department began issuing a report on 19 key Phoenix economic indicators that reveals an overall picture of recent economic activity trends specifically within Phoenix. The measures include Sky Harbor airport passenger totals, development permits issued, household income levels, employment data and other important economic measures.
4. **Monthly Financial Report:** In May 2014, the city launched a revised monthly financial report with navigation tools to make it easier for online users to view information that is important to them. It also provides more historical data, additional charts and more analysis than the old version. The changes were designed to provide, not only more transparency, but more context, and therefore a greater understanding of the financial position of the city. The reports are available on phoenix.gov.
5. **eProcurement:** In May 2015, the Finance Department, in coordination with Information Technology Services, launched eProcurement, which automated purchasing citywide. The new system will result in process efficiencies, transparency, better decision-making, strategic buying, enhanced controls, reduced purchasing costs and consistency in doing business with the city.

6. **Enhanced Econometric Forecasting Model:** In the fall of 2014, Budget and Research consulted with University of Arizona Economic Business Research Center to enhance the City's sales tax revenue forecasting process. The partnership resulted in development of an enhanced econometric forecasting model for sales tax. The city and state sales tax projections are based on estimates developed using the enhanced econometric forecasting model.

INFRASTRUCTURE

1. **Volaris and Spirit Airlines:** Two new air carriers launched service from Phoenix Sky Harbor International Airport in the fall of 2013. Volaris, the largest low-cost carrier in Mexico, and Spirit Airlines, a growing low-cost domestic carrier, added daily flights to destinations in Mexico and the United States. On October 19, 2013, elected officials joined business and tourism leaders to welcome the inaugural Volaris flight from Guadalajara. Volaris started service with three weekly flights between the airport and Guadalajara. The airport currently serves 20 international cities with nonstop service on five airlines. Spirit airlines began service from the airport on October 25, 2013 with a nonstop daily flight to Dallas/Fort Worth. On November 7, 2013, Spirit added seasonal non-stop daily service from the airport to Chicago O'Hare, Denver International Airport and Minneapolis-St. Paul.
2. **Comprehensive Transportation Plan:** The Phoenix City Council approved a proposed 35-year, \$33 billion transportation plan to go to voters in August 2015. Recommended by a diverse citizen committee and an extensive public participation process, the plan calls for extending the current 0.4-cent transportation sales tax through 2050 and increasing it by 0.3 cents for a total of 0.7 cents. The 0.7 cent sales tax will fund the citywide transportation plan, including roads, street infrastructure, bus service, and light rail.
3. **Complete Streets:** The Phoenix City Council amended the City Code to establish a Complete Streets Advisory Board and adopted an ordinance that outlines the guiding principles to





support a strong multi-modal transportation system, making the city of Phoenix more walkable, bikeable, and livable. Staff collaborated with the Phoenix Complete Streets Working Group and other stakeholders to formulate the contents of the ordinances. The guiding principles underwent refinement through public input and were reviewed and endorsed by each Village Planning Committee, the West Phoenix Revitalization Community Advisory Board, the Planning Commission, and the Development Advisory Board. Future phases of the initiative will include the creation of a policy and a set of guidelines and standards that direct infrastructure projects in addressing Complete Streets concepts for projects initiated by both the city and private developers.

4. **Bike Master Plan:** Developed from data from public meetings, social media, and in-person interviews, the Bicycle Master Plan is a blueprint for extending bicycle facilities throughout the city. The Mayor's Pedestrian and Biking Ad Hoc Task Force and a Technical Advisory Committee, including representatives from each council district and four at-large members, assisted staff in the development of the plan, which includes a total of 385 potential projects to complete gaps along 37 corridors throughout the city. The projects range in complexity from simple, inexpensive lane striping adjustments to bike bridge construction. Total estimated costs of the improvements recommended in the 20-year plan are approximately \$52.6 million. Funding for all the improvements has not yet been identified, but the city will continue to build new bike infrastructure and make other enhancements as funding allows.
5. **Colorado River Storage, Recovery and Exchange:** The City Council approved intergovernmental agreements (IGAs) with the city of Tucson and the Metropolitan Domestic Water Improvement District (Metro Water) to implement a pilot program for the storage, recovery and exchange of Colorado River water. Under the program, the city of Phoenix will store a portion of its unused Colorado River water in Tucson-area aquifers. In the

future, Tucson and Metro Water will recover the stored water and use it in exchange for ordering an equivalent amount of their Colorado River water for delivery through the Central Arizona Project to Phoenix's water treatment plants. The partnerships optimize the use of resources and infrastructure, resulting in benefits to all three entities. A successful pilot program would lead to a large-scale program that increases the resiliency of Phoenix's Colorado River supplies in a cost-effective manner.

6. **Terminal 4's Food and Beverage Program:** The upgrade of Terminal 4's Food and Beverage Program was completed in November 2014 with the opening of the final restaurants. A wide variety of local and regional restaurants and national chains are included in the program. The new restaurants have been very well received by the traveling public and have been mentioned in both the local and national media.
7. **PHX Sky Train Stage 1A:** The PHX Sky Train Stage 1A, which connects Terminal 4 to Terminal 3, was completed and opened in time to accommodate the Super Bowl, NFL Pro Bowl, college bowl games and the holiday travel season. In addition, the project achieved LEED (Leadership in Energy and Environmental Design) Silver Accreditation.

INNOVATION AND EFFICIENCY

1. **Innovative and Efficient Organizational Culture:** By stimulating new ideas, spurring a more innovative and efficient organizational culture, and seeking ways to achieve savings while maintaining or enhancing services, the Innovation & Efficiency Task Force has reached \$102 million in total savings. In May 2015, the Task Force surpassed its savings goal of \$100 million more than six months ahead of schedule. The City has implemented innovation and efficiency savings of \$51.0 million for the General Fund and \$51.0 million for non-General funds. The Task Force was established in December 2009 with the charge to develop and implement innovative solutions that would result in the most effective delivery of services at the most efficient cost. The changes have reduced costs

substantially while maintaining or enhancing the City's delivery of services.

2. **Comprehensive Organizational Review Evaluation (CORE):** City Manager Ed Zuercher initiated the CORE in 2014 to identify and implement process and operational improvements, enhance efficiency and aggressively pursue savings. Following detailed reviews by City departments to identify several proposed changes, an implementation team was formed to advance high impact ideas. Improvements included identifying 181 vacant positions for elimination to align authorized positions with currently-provided service levels, optimizing space usage to reduce building maintenance costs and dispose of excess facilities, proposing a City Charter change to voters that would allow electronic payments to vendors, developing a pilot to test the "P-Card" to achieve vendor discounts and speed payment processing, establishing a citywide standard for digital signatures to streamline approval processes, and pursuing other enhancements that eliminate unnecessary administrative burdens.
3. **Innovation and Efficiency Task Force:** Phoenix's Innovation and Efficiency Task Force consists of several private sectors members that have helped save more than \$102 million by implementing nearly 150 creative ideas. Through this unique and highly effective approach, the private sector, policy makers and city employees worked together to come up with innovations and efficiencies that changed the way Phoenix delivers services to our customers. The city of Phoenix also received a national Innovation Award from the Alliance for Innovation for its outstanding success engaging the community and delivering results through the efforts of the task force.

NEIGHBORHOODS AND LIVABILITY

1. **Blight Lien Ad Hoc Committee:** The Mayor appointed an ad hoc committee to recommend strategies to improve the city's procedure for collecting blight liens. The committee, chaired by Councilwoman Kate Gallego and co-chaired by Mark Manoil, recommended the following:





- Modify the Neighborhood Preservation Ordinance board-up standards to reduce the temporary board-up time frame from 180 to 90 days, require polycarbonate material after 90 days and require the use of polycarbonate on all openings visible from the street, creating a more attractive option than plywood.
 - Post abatement notification on properties before and during abatement, and remove notifications after abatement.
 - The Neighborhood Services Department created a pilot program to foreclose on unpaid blight liens. The goal is to reduce the time it takes to put blighted properties back into productive uses.
2. **Maryvale Golf Course:** The Parks and Recreation Department successfully negotiated an operating agreement with Grand Canyon University for the renovation and operation of the Maryvale Golf Course. The 30-year agreement calls for GCU to completely renovate the 52 year-old golf course. When the golf course re-opens, it will be operated as a municipal golf course with resident rates and tee time availability. GCU will not pay rent to the city until the university recoups its initial capital investment, estimated to be \$8 million.
 3. **FitPHX:** WalkPHX raised \$45,000 to support a new citywide walking program, aimed at attracting residents to walk at their neighborhood parks. WalkPHX includes signage that maps a park's walking path and lets walkers know the distance around the loop, along with mileage markers, so participants can track their movement. In 2014, FitPHX established 15 WalkPHX park sites throughout the city. Business partners fund the sites, including Coca-Cola of Arizona, Phoenix Children's Hospital/Kohl's Fit, the University of Arizona College of Medicine-Phoenix, the Phoenix Parks Foundation, World Fit/United Healthcare, Knight Transportation, Berry Realty and the Desert Ridge Community Association. Additional grant funds have been awarded for additional WalkPHX sites in early 2015.
 4. **New Disability Icon:** In April 2015, the Equal Opportunity Department presented a new disability icon to the

Phoenix City Council. The Phoenix City Council adopted the new logo for use in lieu of the traditional accessibility icon. The new icon was created by the Accessibility Icon Project and represents the disabled person as a more active image that appears to be engaged and in motion. Phoenix has become one of only a handful of cities nationwide to adopt this new icon. The city will be engaging in significant outreach activities related to this icon with other city departments, governmental entities and private builders.

5. **Maricopa County Food Systems**

Coalition: The Office of Environmental Programs staff led the effort with St. Luke's Health Initiatives to create the Maricopa County Food Systems Coalition. The purpose of the coalition is to create an equitable, healthy, sustainable and resilient food system through facilitation, partnership building, and the completion of specific, tangible projects. The coalition is made up of approximately 60 members from all areas of the food system in Maricopa County. Issues the coalition may address include obesity and diet-related illnesses, food insecurity and hunger, limited access to healthy and affordable food, the local food economy, agriculture and the natural resources necessary to produce food.

PHOENIX TEAM

1. **Healthiest Employer Recognition:** The city of Phoenix has been recognized as one of the healthiest large employers in the Valley of the Sun in 2012, 2013, 2014 and again in 2015.
2. **City Manager's Future Leaders Forum:** The City Manager's Future Leaders Forums were presented as a Brown Bag series for current and next generation city leaders. Employees from all levels of the organization attended these series to learn from top managers in the city about their careers, experiences, and lessons learned. Leaders shared their advice on how to navigate and thrive in change, focus on innovation and develop various approaches to organization challenges. The topics included City Manager/Council Government, Power of Recommendation, Breaking Through

Silos, Reality of Supervising, Working with Community Organizations and Activists, Interacting with Elected Officials, Professionalism and Policy making and Labor Management/Relations.

3. **Doing What Matters:** The City Manager created a new television segment on PHXTV, "Doing What Matters," that provides a weekly view into the wide range of jobs that city employees do, from Emergency Dispatch Operator to Park Rangers to Solid Waste Equipment Operators. This show is taped on location and demonstrates what city employees do each day really matters. Approximately 50 videos were produced in FY 2014-15, and another 50 are expected to be produced in FY 2015-16.
4. **Walk4You:** After one year, the "Walk4You" employee walking incentive program has more than 2,600 participants who have recorded more than 1.45 billion steps. Three remote access points were added in in the last year, including Burton Barr Central Library, Aviation Terminal 3, Aviation Operations, and the 23rd Ave. Wastewater Treatment Plant.

PUBLIC SAFETY

1. **Precinct Efficiency:** The Police Department successfully transitioned from an eight precinct configuration to a more efficient seven precinct design on October 20, 2014. Planning for this effort began a year prior after an internal assessment revealed the eight-precinct model would be difficult to support going forward given the impact attrition has had on staffing levels. Development of the new configuration involved redrawing all of the precinct, squad, and beat boundaries, reprogramming the new boundaries in police computer systems, re-bidding nearly 1,500 sworn positions within the Patrol Division, and hosting numerous meetings with internal and external stakeholders. The new configuration is expected to support a more efficient delivery of police services by improving the alignment of precinct boundaries with natural boundaries, eliminating the half precinct model (which had inadvertently created supervisory challenges), reducing the





number of patrol squads and redistributing those officers within patrol, which will result in larger squad sizes.

2. **Phoenix Fire Department Intervention in Commercial Location Fires:** The L. William Seidman Research Institute, in collaboration with the W.P. Carey School of Business at Arizona State University, reviewed 42 fires affecting commercial businesses and organizations from June 2012 through May 2013. The findings were that approximately 6,951 jobs were saved in Arizona (3,023 in Maricopa County) that would have been lost had there not been successful intervention by the Phoenix Fire Department. Gross state product of \$650 million and real disposable income of \$295.6 million were saved, as well as \$35 million in state tax revenues. The study was funded by Underwriter Laboratories at no cost to the city.
3. **Recovery Information Center (RIC):** The United States Small Business Administration (SBA) declared a SBA Physical Disaster Declaration for Maricopa County and the respective contiguous counties as a result of flooding that occurred August 12-19, 2014. Laveen received 3.97 inches of rain and New River received 6.85 inches of rain during this time period. A first-of-its-kind Recovery Information Center (RIC) was established to provide a one-stop shop for information to residents impacted by storm and flood damage. The location of the Recovery Information Center was at Phoenix Fire Station 57 and it received 138 households seeking assistance. Heavy rain and flooding occurred again September 8, 2014, and Mayor Stanton and Governor Brewer declared a state of emergency for areas affected with damage. Following this newly established protocol for the RIC, three RICs were established to assist as a result of September storm. The three RICs were established to connect residents with city staff, city resources, volunteers and community organizations. Two "walk-in" centers operated for four days at Travis L. Williams Family Services Center and Pecos Community Center and assisted approximately 156 households. Also, a

"phone-in and email" virtual center operated for 11 days and staff answered 366 calls and 54 emails.

4. **Phoenix Veterans Court:** Veterans Court received a City Livability Award for Outstanding Achievement from the U.S. Conference of Mayors in 2014. Veterans Court also received the 2014 Strategic Agenda Award for Improving Court Processes to Better Serve the Public from the Arizona Supreme Court and was presented as a case study "Finding Redemption and Hope - Creating a Veterans Court" at the national Transforming Local Government Conference. As of January 31, 2014, more than 600 veterans sought treatment through the Phoenix Veterans Court. During that same time frame, more than 200 veterans successfully completed their assigned programs. Approximately 30 veterans went through in-patient treatment, more than 120 have addressed post-traumatic stress, 230 have participated in substance abuse treatment, and 100 have engaged in mental health treatment. More than 700 veterans have participated in the program since August 2012 and recidivism rates are currently only two percent.

SOCIAL SERVICE DELIVERY

1. **Human Trafficking:** On December 6, 2013, Mayor Greg Stanton established the City of Phoenix Human Trafficking Task Force. Co-chaired by Sarah Suggs of O'Connor House, the seventeen-member Task Force developed a five-year strategic plan to establish Phoenix as a leader in combating human trafficking for the 2015 Super Bowl and beyond. Human Services Department staff coordinates and supports the four areas of the plan: community awareness and outreach, training, law enforcement, and victim services.
2. **Ending Chronic Homelessness Among Veterans:** City of Phoenix, Maricopa Association of Government's Continuum of Care, Valley of the Sun United Way, and a variety of other community-based organizations provided and leveraged resources as part of a coordinated regional response, enabling the City to lead the way in ending chronic

homelessness for all veterans in Phoenix.

3. **Earned Income Tax Credit (EITC) and Volunteer Income Tax Assistance (VITA):** Since 2003, the City of Phoenix Human Services Department (HSD) has partnered with numerous community and faith based organizations, educational and financial institutions and the Internal Revenue Service (IRS) on the EITC campaign. There are approximately 250 VITA volunteers each tax season who prepare free tax returns for low to moderate income taxpayers. For the 2014-15 tax season, the City of Phoenix had 16 VITA sites and 258 volunteers who prepared 4,493 tax returns which generated over 6.2 million in federal refunds. Since 2003, 557,668 households have received more than \$74,750,461 in federal tax refunds.

SUSTAINABILITY

1. **Waste Characterization Study:** The City recently concluded the first phase of a study of single-family residential contained garbage and recycling streams to identify opportunities to increase diversion and for business development. Findings from the study showed nearly two-thirds or 65 percent of the garbage sampled could be diverted from the landfill, including 118,000 tons of compostable yard waste, 57,500 tons of curbside recyclable materials, and 56,500 tons of food waste. The 57,500 tons of curbside recyclable materials translates to more than \$5 million in potential revenue, if properly recycled.
2. **Reimagine Phoenix:** The City has implemented several measures to increase diversion of the waste stream from the landfill, including the launch of two new programs and increased community outreach: the Curbside Green Organics Program and the "Save-As-You Reduce and Recycle" (SAY R&R) Program for single-family customers. Green Organics offers residents a weekly curbside collection of containerized compostable yard waste on a voluntary, subscription basis for a monthly fee of \$5. The SAY R&R Program encourages curbside-service residents to downsize from a large trash container to a medium-sized trash container with the





incentive of a \$3 fee savings per month. Since launch, 3,605 residents are participating in the Green Organics Program and 5,916 residents are participating in the SAY R&R program. Of all compostable yard waste currently collected, 10 percent is being diverted through the new Green Organics program.

3. **27th Avenue Composting Facility:** The City is designing and constructing a composting facility with the capacity to process 110,000 tons of organic material per year. It is expected to be operational by July 2016 to process green organics from transfer station customers and residents as well as food waste from businesses, non-profits, special events and City facilities. The facility promotes higher diversion rates, future cost savings and economic benefits, reduces greenhouse gas emissions of methane and leachate produced at the landfill, and extends the municipal landfill life by diverting organic materials from the landfill.
4. **Resource Innovation Campus (RIC):** The City is fostering public and private partnerships centered on transforming trash into resources through the development of the Resource Innovation Campus that encompasses the area of 27th Avenue to 35th Avenue, Lower Buckeye Road south to the Rio Salado. The vision of RIC is to be a world-leading, vibrant, physical manifestation of the values of Reimagine Phoenix, and a circular economy in action. A circular economy is an alternative to a traditional linear economy (make, use, dispose) in which we keep resources in use for as long as possible, extract the maximum value from them while in use, then recover and regenerate products and materials at the end.
5. **Resource Innovation and Solutions Network (RISN):** Through a partnership with Arizona State University's Walton Sustainability Solutions Initiatives, the city is creating RISN as part of the City's Reimagine Phoenix initiative. RISN is a global network of public and private partners to create economic value and drive a sustainable circular economy, cultivating cutting-edge research opportunities to advance the diversion of waste and

create economic value through the development of new technologies. RISN headquarters will be housed at the Resource Innovation Campus and RISN will manage the on-site Technology Solutions Incubator space for innovators, developing emerging products and technologies from the City's waste resources. Current RISN projects include the waste diversion program with Paradise Valley School District, working with students and teachers on waste reduction at nine valley schools, Food Scraps Conversion Program with Sprouts Markets, Resource Valuation Assessment Tool to identify processing costs, Waste Reduction in Multi-Family Housing, Living Building Challenge for Design of RISN Headquarters, and a Regional Green Organics System Design.

6. **Call for Innovators (CFI) and Transforming Trash into Resources Request for Proposals (RFP):** The City recently issued a Reimagine Phoenix CFI to request information from private sector innovators with technologies and manufacturing processes that transform trash into energy and new products. Through this CFI, the City seeks to identify specific business opportunities for future competitive processes. Categories include market-ready manufacturing processes, market-ready waste-to-energy technologies, start-up emerging technologies and manufacturing processes, and a special category for "everything else." The City also issued a Transforming Trash into Resources RFP for innovators willing to recycle or repurpose some of the most challenging trash the City currently collects in transfer stations, including non-rechargeable dry cell batteries, carpeting, furniture, latex paint, mattresses, palm fronds, and residential food waste.
7. **General Plan Update (PlanPHX):** PlanPHX was a concerted effort to collaborate with Phoenix residents about the future of the city. The Planning and Development Department used the results of this collaboration to update the Phoenix General Plan – the policy document that provides comprehensive direction for the growth, redevelopment, conservation and infrastructure

investment of all physical aspects of the city. PlanPHX began in August of 2013 and included more than 200 presentations on the General Plan at a variety of community organizations, events and committee meetings. In addition, more than 2,000 residents registered on the project's interactive website, www.myplanphx.com, and provided thousands of ideas and comments. The General Plan Update was developed as a result of the PlanPHX process and was resoundingly supported by all of the village planning committees and the Phoenix Planning Commission. In March of 2015 the Phoenix City Council adopted the General Plan and placed it on the August 2015 citywide ballot for ratification by the voters.

TECHNOLOGY

1. **Technology Summit:** The Task Force on Technology Advancement led the planning and follow-up of the Technology Summit, which was held on November 12, 2014. Over 125 individuals attended, representing local businesses, technology companies, other public sector organizations, and members of the public. The implementation of recommendations from the Summit is on-going.
2. **phoenix.gov:** In 2014, staff across the City revamped the City's website, phoenix.gov. Input on the design was gathered from departments, the Mayor and City Council, and the community. The website now provides mobile responsive design, allowing optimal viewing on any mobile device.







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

STRONG CREDIT RATING
AA+
STABLE OUTLOOK

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 important achievements is the efficiency improvements achieved through the guidance of the City's Innovation and Efficiency Task Force. The Innovation and Efficiency Task Force was developed in December 2009 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; and 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 May 2015, the city had achieved approximately \$102 million in savings, exceeding its goal of \$100 million by the end of 2015 which was well ahead of schedule. Highlights of recent savings include:

- Achieving approximately \$4 million in savings by refurbishing existing ambulance units onto existing chassis. The new and innovative best practice extends the functional life cycle of an ambulance by about 15 years.

- Savings resulting from the rebidding of the city's life insurance provider, recommended by the Finance, Efficiency, Economy, and Sustainability (FEES) Subcommittee and approved by the City Council. The new contract will save the city approximately \$355,000 annually.
- Administrative efficiency actions by the Police and Fire Departments implemented in July 2014 that achieve savings totaling about \$1.7 million.
- A collaborative effort by the Municipal Court, the Prosecutor's Office, and the Police Department to develop a process enhancement that assists in prosecuting domestic violence cases while also reducing Police overtime costs for an estimated net savings of \$500,000 annually.
- Enhanced water irrigation technology in the Parks and Recreation Department which reduces water usage and saves approximately \$500,000 annually.
- A multidepartment effort including the City Manager's Office and the Public Works, Finance and Budget and Research departments, resulted in the sale of underutilized vehicles in various departments and a savings of approximately \$400,000 annually.
- Operating savings from the sale of the 22nd Avenue and Greenway Road property, reducing costs for security services totaling approximately \$116,000 annually. This savings adds to the more than \$1.6 million in one-time revenue from the property sale.

The city of Phoenix is committed to helping residents understand how their tax dollars are being spent and making processes accessible and easy to understand. As part of efforts to advance transparency and 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, implemented in 2012 in response to the Mayor and City Council's request for a more transparent, relevant, and detailed presentation of the city's budget, provides important context for evaluating the costs of city programs. 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?
- What amount 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?

In February, staff provided the preliminary budget status for the 2015-16 budget, and a Five-Year General Fund Forecast. Also 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.

In April, the Trial Budget was presented at twelve community budget hearings where city staff was present to answer the public's questions and record public commentary for review by the City Council.

Environmental Excellence: The city of Phoenix recognizes that to endure, the city must focus on the well-being of residents, a strong economy and a healthy environment, while embracing the full approach to sustainability. It is the city's responsibility to provide leadership and demonstrate strong commitment through innovative and efficient policies that result in clean land, air and water, and improve working and living environments.

The city's leadership in providing a healthy environment has been recognized through the following recent awards:

Valley Forward Crescordia Award – Arizona Forward:

The city of Phoenix won four first-place Crescordias and six Awards of Merit at the 34th annual Arizona Forward Environmental Excellence Awards. The following city projects each received a Crescordia, a Greek term that means "to grow in harmony":

- Faye Gray Recreation Center (Holly Street Studio Architects/Parks and Recreation Department) – The center's environmental features include passive solar design, local construction materials, catchment areas for rainwater runoff and roof overhangs for shade.
- Complete Streets Ordinances (Street Transportation Department) – The City Council-approved policy encourages people to walk, bike or use mass transit whenever possible. Complete Streets principles are integrated into all community planning.

- Transit 2000: The Phoenix Transit Plan (Public Transit Department) – The plan has moved Phoenix from the 34th largest transit system in the nation to 28th, and has paved the way for an influx of sustainable public and private transit-oriented development.
- Ground Cover Public Art Project (Phoenix Office of Arts and Culture) – The project involved hundreds of craftspeople and artists who donated their time and talent to produce 300 individual handmade blankets that were assembled into a monumental art installation. The individual blankets were later distributed to the homeless.

Arizona Forward, Award of Merit: The Energize Phoenix Program was recognized at the Arizona Forward 34th Annual Environmental Excellence Awards Event. The Program, along with partners Arizona Public Service (APS) and Arizona State University (ASU), received the Award of Merit for their contributions to energy conservation, reduction of greenhouse gas emissions, creation of green employment and over \$31 million of economic impact to the local economy.

National Association of Clean Water Agencies Platinum Peak Performance Award: The National Association of Clean Water Agencies (NACWA) recently recognized the city of Phoenix for continued environmental excellence at its 23rd Avenue Wastewater Treatment Plant. The plant earned NACWA's Platinum Peak Performance Award for five consecutive years of perfect National Pollutant Discharge Elimination System (NPDES) permit compliance. Phoenix treats 250 million gallons of wastewater each day after receiving it through 5,000 miles of sewer lines. The city treats wastewater from 2.5 million people in Phoenix, Glendale, Mesa, Scottsdale, and Tempe.

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 residents 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. The city's sustainability priorities are:

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

2. Enable opportunities for environmental stewardship: Environmental sustainability is best achieved by encouraging shared responsibilities, protecting natural systems, and promoting the efficient use of natural resources. It is also important to implement policies, programs and practices that have a far-reaching effect on the environment.

3. Enhance sustainable land use and mobility practices: The success in sustainable land use and mobility lies in adopting policies that encourage the use of green infrastructure and buildings, brownfield redevelopment, creating connectivity within road networks and ensuring connectivity between pedestrian, bike, transit and road facilities.

4. Foster collaboration and communication: Empowering employees at all levels through collaborative workgroups will galvanize them to realize the city's sustainability goals. They, in turn, become an example of the city's efforts and progress to the community they serve. Communicating and celebrating the city's accomplishments is essential to motivating employees, customers, stakeholders and the public in achieving sustainability goals.

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





- In February 2015, Cities of Service selected Phoenix as one of seven U.S. cities to receive a \$30,000 grant and two dedicated full-time AmeriCorps VISTA members to launch Love Your Block, a neighborhood revitalization initiative. Led by Mayor Greg Stanton, the initiative is a collaboration between the City Manager's Office Citywide Volunteer Program and the Neighborhood Services Department. The initiative engages citizen volunteers in co-creating solutions to urban blight. Support for Love Your Block is provided by Cities of Service and the Corporation for National and Community Service, with generous support from St. Luke's Health Initiatives.
- Beginning in July 2015, the Green Organics Curbside Collection Program provides a new large, tan container for yard waste, such as grass clippings, twigs, branches and shrubs. This program is perfect for households that have weekly landscaping maintenance and/or own large properties. The additional monthly fee for the Green Organics Collection program is \$5 a month per tan container requested.
- Beginning in July 2015, the Save-As-You-Reduce-and-Recycle (SAY R&R) program offers residents that currently have curbside trash pick-up service the option to downsize their current large trash container to a medium trash container for a monthly savings of \$3 on their solid waste services bill. A medium trash container has the capacity to hold four full, 13-gallon kitchen trash bags, versus a large trash container that can hold five full kitchen trash bags.
- Meet Me Downtown Phoenix (MMDT) is a fun, free, social, weekly walk/run launched in November 2014. Through the first 25 weeks, more than 5,000 walkers and runners had participated with over 100 participants walking/running ten or more times. A program of Parks and Recreation's

FitPHX healthy-living initiative, MMDT aims to bring people of all ages to downtown Phoenix, engaging individuals and businesses, while showcasing downtown Phoenix as a prime location for healthy activities. Title Sponsor is Blue Cross Blue Shield of Arizona; operating partners are Downtown Phoenix Inc., Phoenix Parks Foundation, CityScape Phoenix, the Corner Restaurant, and Sole Sports Running Zone.

- Night @ Verde Park was launched through a partnership between Parks and Recreation's FitPHX program and the University of Arizona College of Medicine-Phoenix in fall 2014, with 229 youth participating in six sessions. Medical students visited the park, just two blocks from campus, to teach topics related to health and nutrition. Youth from Verde Park walked to the campus on two occasions for tours of the Medical School's "Simulation Center." Additionally, medical students are visiting Verde Park every week to play soccer and teach health topics like chest compression only CPR.

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 been recognized by a variety of professional organizations for their 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.

- Mayor Greg Stanton was honored by the Greater Phoenix Economic Council in October 2014 with the Outstanding Regional Contribution award for his continuing efforts to promote regional economic development. Mayor Stanton's key regional efforts include: Opening a New Trade Office in Mexico, the Arizona Mayors Education Roundtable, and the Phoenix-Tucson Water Agreements.
- Valerie Churchwell, Small Business Outreach Manager in the Aviation Department, received the Advocate of the Year award from the Associated Minority Contractors of America in recognition of her work developing and implementing education programs and services to increase competitiveness, awareness, and procurement opportunities at the city's three airports. The annual award is presented to an individual whose



In December 2014, Phoenix Sky Harbor opened the newest stage of the PHX Sky Train® with a station at Terminal 3. Serving more than 10,000 passengers per day, the PHX Sky Train® provides a seamless connection to airport terminals, East Economy Parking, and Valley Metro Rail which provides quick access to downtown Phoenix, Tempe and Mesa.





outreach to minority subcontractors have made a direct impact on the minority, women and disadvantaged business community.

- The Honorable Roxanne Song Ong, past presiding judge of the Phoenix Municipal Court (1991-2014), earned the 2014 Judge Bob Jones Memorial award from the American Judges Association for significant contributions to judicial education.
- Denise Archibald, City Clerk Department, was awarded a 2014 40 Hispanic Leaders Under 40 Award from Univision Radio and Valle del Sol. Recipients were chosen based on their impact on community, their strong commitment to the issues they champion, their hardworking nature, and their excellent leadership skills.

The city's mission and vision statements continue to serve as common sources of motivation for city of Phoenix employees to do all that they can to make Phoenix better.

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.

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.



The city of Phoenix was recognized by the Valley of the Sun Clean Cities Coalition and the U.S. Department of Energy for its leadership and contribution to the region in achieving this number one ranking and helping the region displace more than 60 million gallons of petroleum fuel.





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. In 2014, the city raised more than \$860,000 during the swashbuckling themed campaign, "Arrr you ready to give?"

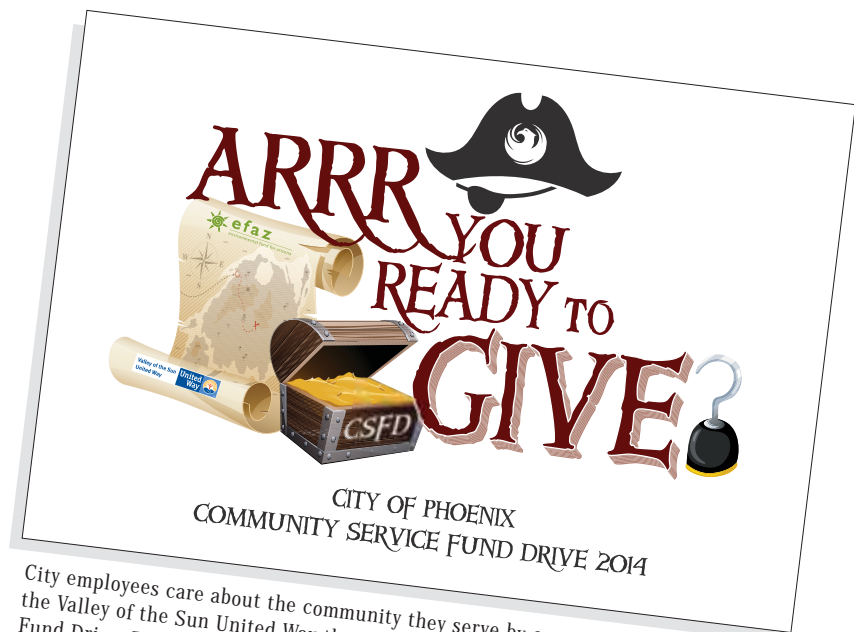
City of Phoenix employee organizations and departments coordinate various fund raising events to assist communities in need both locally and globally. In addition, city employees volunteer in the community with many organizations serving youth, homeless, disadvantaged, marginalized and other areas of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

The following are more examples of how city employees have demonstrated their commitment to the city's mission and vision statements by going above and beyond to improve the quality of life for Phoenix residents.

- Johnmark Bradley, Building Maintenance Foreman in the Housing Department, won Employee of the Year in the Housing Modernization Division from the National Association of Housing and Redevelopment Officials for his leadership in renovating and improving the public housing stock owned by the city.
- Dawn Marsolais, Housing Program Representative in the Housing Department, won Employee of the Year in the Section 8 Housing Category from the National Association of Housing and Redevelopment Officials for serving homeless veterans in the Veterans Affairs Supportive Housing (VASH) program with excellence and customer service.
- For the second straight year, the city of Phoenix earned a perfect score of 100 on the Human Rights Campaign's municipal equality index (MEI) in

2014, which measures how supportive U.S. communities are of the gay and lesbian community. Last year, Phoenix was one of the most improved cities in the nation and became the first Arizona city to earn a perfect score. This year, Phoenix was joined by both Tucson and Tempe. Phoenix doubled housing grants awarded to the non-profit organization one-n-ten to provide housing for LGBT youth, and the City Council called on Governor Jan Brewer to veto S.B. 1062, the so-called "right to discriminate" bill, with an 8-to-1 vote.

- The Center for Digital Government (CDG), a national research and advisory institute on information technology policies and best practices in state and local government, ranked Phoenix as a top ten digital city in its 2014 Digital Cities Survey for its technology initiatives and projects. The CDG asked participants to submit the ten technology initiatives of which they are most proud across four categories: citizen engagement, policy, operations, and technology and data. Phoenix was awarded the top ten ranking based on the following: Mobile-Responsive Web Design, Online Government Transparency, Economic Development and Education/Youth Engagement and Entrepreneurial Support through the Phoenix Public Library, and Streamline Development Process / Online Development Tools.



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 \$860,000 during the "Arrr You Ready to Give" campaign.





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.

- The Cyber Security Incident Response Team (CSIRT), comprised of 19 employees representing 13 City departments, was formed by Information Technology Services (ITS) department to combat Internet service hackers, reduce the impact of cyber attacks to city services, and protect private information. The city of Phoenix has been under cyber attack since mid-October as part of a large attack against governments nationwide by hacktivist groups. The hacktivists' goals are to take internet services down and breach information services to steal data, impact public safety, and degrade public trust. Several other cities have been breached and information was stolen, websites were defaced, and citizen-facing services were impacted. To combat this threat, ITS formed a multi-departmental Cyber Security Incident Response Team (CSIRT) led by Vauda Jordan. The individuals nominated went above and beyond their normal job duties. Most team members did not have any previous experience with cyber defense technologies and methods and had to quickly learn new skills, and those team members with experience served as mentors. Staff willingly cancelled or postponed vacations and gave up nights, weekends, and Thanksgiving and Christmas holidays with their families to work 24x7 shifts. Team members worked an average of 60 to 80 hours a week actively combating the hackers and strengthening the city's security posture to reduce risk before Super Bowl XLIX activities were held in Phoenix on a national stage. The CSIRT coordinated with the state, county, other cities, as well as the FBI and Department of Homeland Security to share valuable intelligence. The FBI credited the city for helping to increase

cyber security defense capabilities valleywide. The CSIRT set Phoenix apart from other cities that had been compromised. By rapidly forming the 24x7 team, working with law enforcement and addressing vulnerabilities, the effort was highly successful.

- Zona Pacheco, a Casework Services Coordinator with the Housing Department, established an internship program with Arizona State University (ASU) School of Social Work over 10 years ago. Each semester, 10-15 bachelor and master level student interns report to Zona to provide case management to over 450 HOPEVI public housing residents; conduct life skills, health, nutrition, and social workshops; and perform community engagement activities. Following a structured work plan, the students are mentored by Zona, and provide free social services to low income residents in need of assistance that would otherwise not be available due to limited government resources. Zona does this while juggling the duties and responsibilities of her regular job. The students benefit from real world experience, and Zona has hired former interns into positions. An advocate for vulnerable people, Zona built a coalition of non-profit service providers from 30 to 55 organizations to enrich service levels, free of charge, to residents living in HOPE VI communities and surrounding neighborhoods. This includes providing programming at the HOPE VI Community Center at Henson Village, serving over 6,000 residents per year. Examples include: Goodwill Industries providing job readiness programs; Phoenix Revitalization Corporation providing leadership and community engagement academies; and Friendly House providing GED and ESL classes. Each year, 4-5 new partners join the coalition. Zona actively engages existing and new providers to promote and improve services. These valuable

resources are the result of Zona's strengths in building and sustaining partnerships and relationships, her compassion and tenacity in helping our vulnerable population, and her desire to leverage resources for the city. As a result of Pacheco's excellent relationship and reputation with ASU and the non-profit community, Pacheco fostered these long-term sustainable models of providing needed social services during difficult budget times which will continue to be utilized by the Housing Department in the future.

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:

- Elizabeth Hendel with the Fire Department suggested a major change to the Mandatory Live Fire Training required by the Federal Aviation Administration (FAA). All Aircraft Rescue Fire Fighters (ARFF) are required to attend this live fire training annually in order to maintain their certification. Over the years, city ARFF staff have traveled out of state to attend this live training, as Arizona does not have a certified ARFF training facility. Hendel suggested that the city save money by bringing a mobile ARFF prop airplane to the city. Implementation of this suggestion resulted in a significant cost savings in reduced overtime and travel related expenses. The estimated savings resulting from this suggestion is approximately \$244,000 annually. In addition to the cost savings, having the on-site mobile ARFF prop airplane added significant value to the training by allowing firefighters to train using their own gear and fire apparatus equipment.





- Heather Finden with the Water Services Department identified an innovative approach to collecting samples as required by Arizona Department of Environmental Quality (ADEQ) permits. One of the permits required staff to collect samples from the middle of a canal 500 meters downstream from a discharge point. In order to meet the permit requirements, staff needed to launch a boat down a very steep bank into the canal. The collection presented an ongoing safety risk. Finden located an alternative point for collection which removed the risk to personnel in collecting a sample and proposed the change to ADEQ. The changes were accepted by the state and are now in effect.

- Robert Swanson with the Public Works Department suggested changes that reduced the likelihood and incidences of vault and light pole vandalism and copper theft. Swanson's suggestions included installing re-bar reinforced concrete vaults with a footer that prevents the complete vault from being lifted out of the ground; installing heavy duty steel vault lid with a propriety security fastener; and replacing current light pole hand hole cover screws with security fastener and pole lock assemblies over the hand holes. The suggestions were initially implemented at the request of the Human Services Department at the Helen Drake Senior Center and are now a part of devices and services that can be requested from the Facilities Management Division.

Remaining Committed to Excellence, city staff works very hard to earn Phoenix's reputation as a well-run city. Phoenix employees strive to be leaders in their professions, recognizing and living the city's mission and value statements each day.

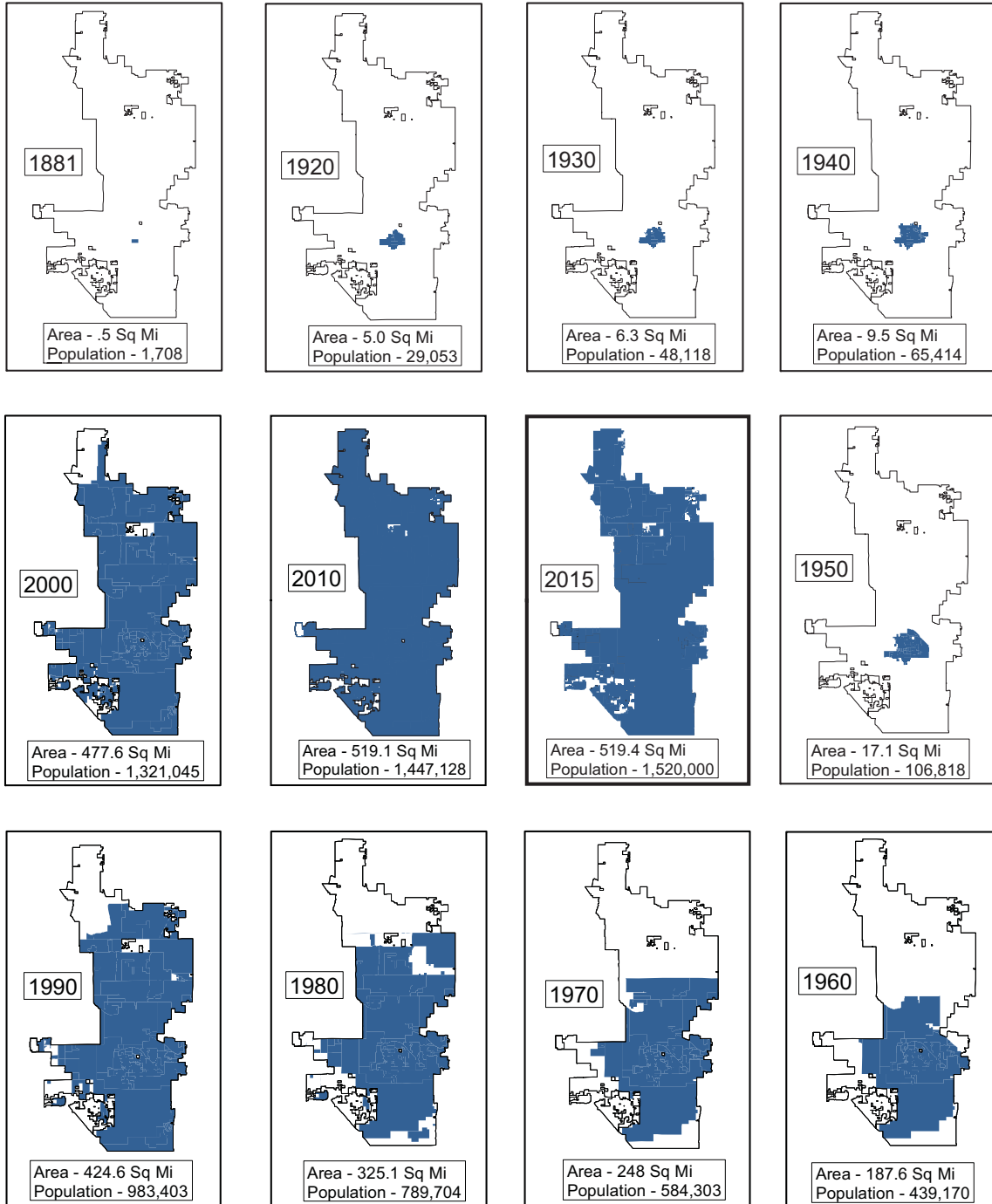


The Phoenix Police Department has a volunteer Police Explorer program designed to educate and involve young men and women between the ages of 14-21 in police work. Also, for those interested in joining the Department as an officer, visit phoenix.gov/police.





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, is the state capital of Arizona and the 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. It also receives an average rainfall of seven inches per year.

Employment within the Phoenix metropolitan area is diverse and fairly similar to that of the United States as a whole. Construction and financial industries are an exception, and 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 compared with the United States. The high technology manufacturing sectors are cyclical in nature and may be more impacted during periods of economic slowing than other manufacturing sectors. The primary employment sectors and their share of total employment in the Phoenix metropolitan area consist of service industry (46%); trade (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., Scottsdale Lincoln Health Network, and Honeywell.

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, Target Corporation, Hub Properties Trust, Cole of Phoenix AZ II LLC and Phoenix Plaza PT LLC. 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 2013-14	Estimated 2014-15	Projected 2015-16
Demographic Profile							
Population ¹	789,704	995,896	1,350,435	1,453,462	1,506,439	1,520,000	1,533,000
Percent of Population by Age							
Under 5	7.8	8.5	8.5	8.3			
5-19	25.0	21.6	21.5	23.0			
20-44	39.3	42.9	42.8	37.2			
45-64	18.6	17.3	17.3	23.1			
65+	9.3	9.7	9.8	8.4			
Percent of Population by Race ¹							
Caucasian	78.1	71.9	55.8	65.9			
Black/African American	4.7	4.9	4.8	6.5			
American Indian/Alaska Native	1.1	1.6	1.6	2.2			
Asian	0.9	1.5	1.9	3.2			
Native Hawaiian/ Other Pacific Islander ²	N/A	N/A	0.1	.2			
Other	15.2	20.1	35.8	22.0			
Hispanic/Latino (of Any Race) ³	14.8	20.0	34.1	40.8			
Not Hispanic or Latino (of Any Race) ³	85.2	80.0	65.9	59.2			
City Economic Profile							
Median Household Income ⁴	\$29,706	\$30,797	\$40,856	\$42,260	\$46,601	\$47,300	\$48,000
Personal Income Growth							
(Metro Phoenix) ⁵	14.8%	4.6%	6.7%	3.0%	3.1%	4.1%	4.8%
Secondary Net Assessed							
Valuation ('000s) ⁶	N/A	\$5,700,825	\$7,573,211	\$16,092,308	\$9,974,713	\$10,818,634	\$12,783,575
Full Cash Value (Millions) ⁷	N/A	N/A	N/A	\$144.772	\$98.193	\$106.487	\$127.280
Employment Growth Rate ⁸	N/A	(3.0)%	3.7%	(2.1)%	2.4%	2.5%	2.6%
Unemployment Rate ⁹	N/A	4.9%	2.7%	9.1%	6.4%	5.9%	5.9%
Value of Residential ¹⁰							
Construction (Billions)	N/A	\$0.42	\$1.16	\$0.28	\$0.50	\$0.42	\$0.45
Value of Commercial ¹⁰							
Construction (Billions)	N/A	\$0.46	\$1.33	\$2.60	\$2.30	\$2.30	\$2.50





	1980-81	1990-91	2000-01	2010-11	Actual 2013-14	Estimated 2014-15	Projected 2015-16
City Financial Profile							
Total Budget ('000s)	\$392,780	\$1,026,545	\$1,946,013	\$3,020,690	\$3,009,043	\$3,134,889	\$3,702,298
Total GF Budget ('000s) ¹¹	\$221,106	\$591,021	\$953,324	\$954,795	\$1,042,102	\$1,074,247	\$1,156,540
Total Employees	9,435	11,388	14,352.0	15,002.8	14,664.1	14,397.6	14,421.2
Total Employees per 1,000 population ¹²	11.9	11.4	10.6	10.3	9.7	9.5	9.4
Non-Enterprise Employees per 1,000 population	N/A	N/A	8.6	8.0	7.6	7.4	7.4
Enterprise Employees per 1,000 population ¹³	N/A	N/A	2.0	2.3	2.1	2.1	2.0
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 ¹⁴	37,943	43,756	51,000	56,460	55,459	56,000	56,000
City Retail Sales Tax Rate ¹⁵	1%	1.2%	1.8%	2.0%	2.0%	2.0%	2.0%
Infrastructure Profile							
Area (Square Miles)	329.1	427.1	483.5	519.1	519.4	519.4	519.4
Police							
Major Crimes	86,287	110,961	97,666	70,108	67,623	66,500	65,200
Dispatched Calls for Service	452,350	895,117	862,769	620,969	609,446	619,000	619,000
Authorized Sworn Police Officers	1,694	2,047	2,810	3,281	3,266	3,268	3,268
Fire							
Fire Stations	35	45	45	57	58	58	58
Fires and All Other Calls	25,162	26,281	28,369	19,335	20,611	21,000	21,000
Emergency Medical Calls	46,122	75,112	101,396	136,163	152,454	156,000	156,000
Authorized Sworn Firefighters	838	1,042	1,315	1,661	1,668	1,667	1,667
Building Inspections							
Total Number of Inspections ¹⁶	196,356	176,909	261,184	131,600	164,904	163,000	165,000
Streets							
Total Miles	3,084	3,800	4,299	4,825	4,855	4,865	4,876
Miles Resurfaced and Sealed	216	250	220	127	123	150	150
Total Miles of Bikeway ¹⁷	N/A	250	472	615	685	700	755
Traffic Control and Lighting							
Signalized Intersections	555	761	906	1,092	1,105	1,110	1,116
Street Lights	39,097	50,825	70,750	89,826	90,635	91,100	93,000
Traffic Accidents ¹⁸	28,129	28,414	36,500	22,742	23,883	25,200	26,500
Aviation							
Passengers Arriving and Departing	6,500,000	22,175,000	35,900,000	40,500,000	41,100,000	41,400,000	42,200,000
Solid Waste Collection							
Residences Served	281,900	281,392	327,953	392,825	399,456	401,600	404,000
Tons Disposed at City Landfills ¹⁹	379,000	513,643	1,051,935	1,002,346	805,453	820,000	840,000





	1980-81	1990-91	2000-01	2010-11	Actual 2013-14	Estimated 2014-15	Projected 2015-16
Municipal Parks							
Number of Municipal Parks ²⁰	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	5
Libraries							
Material Circulation ²¹	3,691,745	5,962,411	9,151,000	13,839,543	10,428,000	10,400,000	10,400,000
Total Material Stock	1,182,606	1,732,410	2,016,000	1,643,977	1,647,868	1,650,000	1,650,000
Number of library branches	9	11	13	16	17	17	17
Equipment Management							
Number of Equipment Units in Fleet ²²	4,497	4,776	6,080	7,612	7,374	7,325	7,252
Water							
Connections	282,048	321,996	350,967	397,390	416,623	421,000	426,000
Production (billions of gallons) ²³	88.5	84.7	109.4	98.6	97.6	99.1	101.1
Wastewater							
Connections	250,199	311,980	327,051	389,978	402,624	407,000	412,000
Miles of Line	3,040	3,661	4,174	4,980	4,829	4,841	4,853

¹ 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.

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

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

⁴ 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 2014 greater Phoenix Consumer Price Index (CPI) (+1.5%) was applied to the U.S. Census Bureau's (FactFinder) 2013 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.

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

⁶ Following the 2012 voter approval of the Arizona Property Tax Assessed Valuation Amendment (Proposition 117), and A.Z. Const. art. IX, § 18(3), Secondary Net Assessed Valuation is no longer used for purposes of calculating Secondary Property Taxes. The City continues to report Secondary Net Assessed Valuation here for continuity with previous reports.

⁷ Full Cash Value represents market value of properties as determined by the Maricopa County Assessor's Office, prior to the application of Limited Property Value formulas, assessment ratios and exemptions. Prior to 2015-16, trends in Full Cash Value correlated to trends in the City's Secondary Property Tax Base; however, this correlation no longer applies. Reported values lag market conditions by approximately 18 to 24 months.

⁸ Employment growth rate figures (total non-farm employment) are calendar year and not fiscal year. Calendar 2013 is shown under fiscal year 2013-14, and calendar 2014 is shown under fiscal year 2014-15, and projected calendar 2015 is shown under fiscal year 2015-16. Estimates are for the Phoenix metro area and are obtained from the Arizona Workforce Informer-Arizona Department of Economic Security.

⁹ 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 2001-14 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.

¹⁰ 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).

¹¹ As of fiscal year 1998-99, Arizona Highway User Revenue funds are no longer included in the General Fund total.

¹² A correction was made to the calculation of city employees per 1,000 population for 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.

¹³ Enterprise departments include Water, Wastewater, Aviation, Phoenix Convention Center and Solid Waste Management.

¹⁴ 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 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.

¹⁵ 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.

¹⁶ Includes building, electrical, mechanical, plumbing and general inspections.

¹⁷ The bikeway program was approved by the City Council in 1987. Figures include on-street bike lanes, bike routes and paved and unpaved paths.

¹⁸ 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 2009-14 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.

¹⁹ Residential tonnage has reduced from 2010-11 actuals due to department's efforts to increase recycling and tonnage sent to private contractors. The projected increase in 2015-16 reflects an upward trend in the number of residents served and an increase in consumption.

²⁰ This number includes all parks and areas maintained by the Parks and Recreation Department. For example, retention basins, canal projects, developed and undeveloped parks.

²¹ Measure has changed from Book Circulation to cover all media including: audio books, ebooks, CDs, DVDs, databases, soft and hardcover books. The projected decrease reflects a downward trend that libraries across the country are also experiencing.

²² Reduction in vehicles is due to programmed reductions and turn in of underutilized vehicles.

²³ Includes water produced for city of Phoenix only.





2015-16 Resource and Expenditure Summary

This section provides a broad overview of the resources and expenditures included in the 2015-16 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 2015-16 budget, financed by operating funds, totals \$3,702,298,000. As shown in the accompanying pie chart, the General Fund portion of \$1,156,540,000 is approximately 31 percent of the total. The Enterprise funds, which include Aviation, Water, Wastewater, Solid Waste and Convention Center, make up another 36 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 33 percent of the total budget.

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 2015-16 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 provided on a departmental basis. Detailed explanations of each department's budget are provided in the Department Program Summary section of this document. The following bar chart presents the General Fund budget on a department-by-department basis.

Citywide operating and maintenance expenditures are expected to increase primarily due to increased contractual costs and contingency funds. Contractual

cost increases are primarily attributable to state imposed payments to the Arizona Department of Revenue and expanding light rail operations. The contingency in the Transit 2000 fund includes an additional \$45 million in 2015-16 due to a potential increase in the transportation tax that will be presented to voters on August 25, 2015. These citywide expenditure increases will be partially offset by reduced personal services costs and commodities purchases. While costs for pension and healthcare are increasing, those costs will be more than offset by other reductions from employee concessions as well as savings from elimination of civilian positions. Commodities are expected to decrease due to reductions in the cost of fuel and one-time project expenses associated with the replacement of the citywide email system budgeted in 2014-15, which will not occur in 2015-16.

Pay-as-you-go capital is expected to increase due primarily to an increase in pay-as-you-go funding in the Aviation Capital Improvement Program, which is largely attributable to the Terminal 3 Modernization Project. Additional new projects in other program areas include: Information Technology Plan projects transitioning from the Operating Budget to the Capital Improvement Program, Sonoran Preserve land acquisition; and Compressed Natural Gas fleet servicing upgrades to the Union Hills Service Center.

Increases are partially offset by decreases to pay-as-you-go funding in

2015-16 Budget Compared to 2014-15 Adopted Budget (In Millions of Dollars)

	2013-14 Actual Expenditures	2014-15 Adopted Budget	2015-16		
			Budget	Amount Change	Percent Change
Operating and Maintenance Expenditures	\$2,255.3	\$2,518.0	\$2,571.4	\$ 53.4	2.1%
Capital Expenditures	339.4	574.4	605.0	30.6	5.3%
Debt Service	414.3	439.7	525.9	86.2	19.6%
Total	\$3,009.0	\$3,532.1	\$3,702.3	\$170.2	4.8%





programs such as Public Transit, Solid Waste, Street Transportation and Wastewater as projects including the South Transit Facility Upgrade Project approach completion.

2015-16 GENERAL FUND BUDGET OVERVIEW

The operating and maintenance expenditures for 2015-16 are expected to increase by 0.3 percent overall compared to the 2014-15 adopted budget. This increase is primarily the result of state imposed payments to the Arizona Department of Revenue. The increase is also attributable to additional funding for necessary police training and a planned increase in contingency funds. Projected increases in pension and healthcare costs in the 2015-16 are more than offset by other savings and reductions in personnel related costs including additional employee compensation concessions.

Pay-as-you-go capital expenditure increases from 2014-15 to 2015-16 primarily correspond to the transition of Information Technology Plan projects from the Operating Budget to the Capital Improvement Program. Information Technology projects for 2015-16 funded by the General Fund include cybersecurity access management enhancements, Customer Relationship Management system replacement, business intelligence upgrades and implementation of business continuity enhancements. General Fund expenditures are additionally expected to increase for the Phoenix Convention Center to support Heritage Garage upgrades including interior painting, switch gear replacement, fire sprinkler system upgrades and landscaping, partially

offset by completion of garage caulking replacement.

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.

2015-16 Estimated Beginning Fund Balances

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

The estimated 2015-16 beginning fund balances totaling \$1,150.2 million include \$75.4 million in General funds, \$450.6 million in Special Revenue funds and \$624.2 million in Enterprise funds. The estimated beginning fund balance for Special Revenue and Enterprise funds include: Transit 2000 - \$260.9 million; Aviation - \$341.1 million; Wastewater -

\$104.0 million; Water - \$110.6 million; Convention Center - \$29.8 million; Solid Waste - \$38.7 million; Parks and Preserves - \$37.0 million; Sports Facilities - \$15.2 million; Grant funds - \$7.6 million; Arizona Highway User Revenue - \$36.0 million; Development Services - \$27.7 million; Community Reinvestment - \$12.8 million; Regional Transit - \$4.2 million and \$49.2 million in various other restricted funds. other restricted funds.

2014-15 General Fund Estimated Ending Balance

As shown in the following table, the 2014-15 ending General Fund balance is estimated to be \$75.4 million. The estimated balance results from a \$18.3 million higher beginning balance, a \$74.6 million decrease in operating expenditures including unspent contingency, a small increase in pay-as-you-go capital expenditures, a \$19.6 million decrease in operating revenues, a small increase of \$1.1 million in transfers, and a \$1.0 million increase in recoveries. The variance in estimated 2014-15 General Fund expenditures from the 2014-15 budget is largely due to unused contingency funds. Costs for personal services are also expected to be lower due to the elimination of vacant civilian positions. General Fund pay-as-you-go capital expenditures are anticipated to exceed the original appropriation due to Burton Barr Library Elevator Renovation project cost increases. The increase was largely offset by reduced costs for the Heritage Garage Caulking Replacement project. The decrease in 2014-15 projected General Fund revenues is largely due to reductions in estimated city and state sales tax collections. revenues.

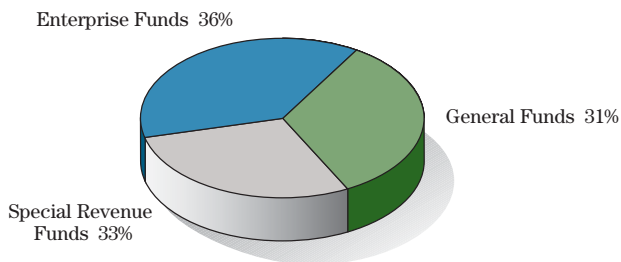
2015-16 General Fund Budget Compared to 2014-15 Adopted Budget (In Millions of Dollars)

	2013-14 Actual Expenditures	2014-15 Adopted Budget	2015-16		
			Proposed Budget	Amount Change	Percent Change
Operating and Maintenance Expenditures	\$1,040.2	\$1,146.0	\$1,149.7	\$3.7	0.3%
Capital Expenditures	1.9	2.8	6.8	4.0	142.9%
Total	\$1,042.1	\$1,148.8	\$1,156.5	\$7.7	0.7%

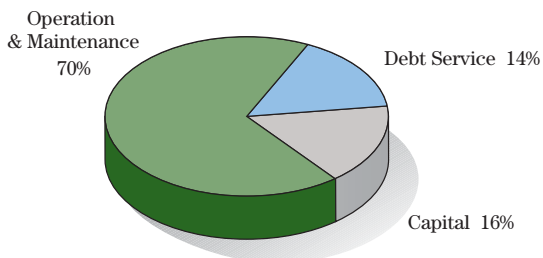




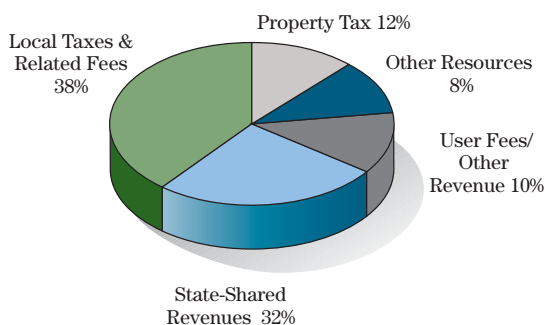
ALL SOURCES OF FUNDS
Total Resources – \$3.70 Billion



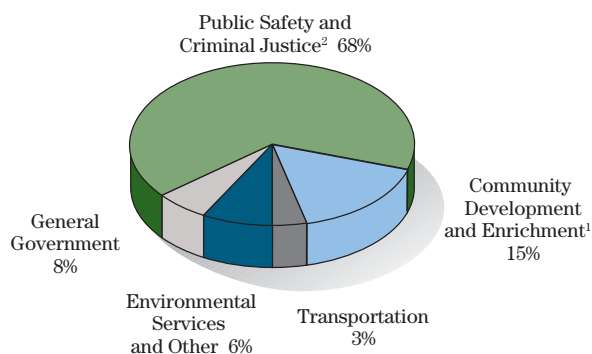
ALL SOURCES OF FUNDS
Total Expenditures – \$3.70 Billion



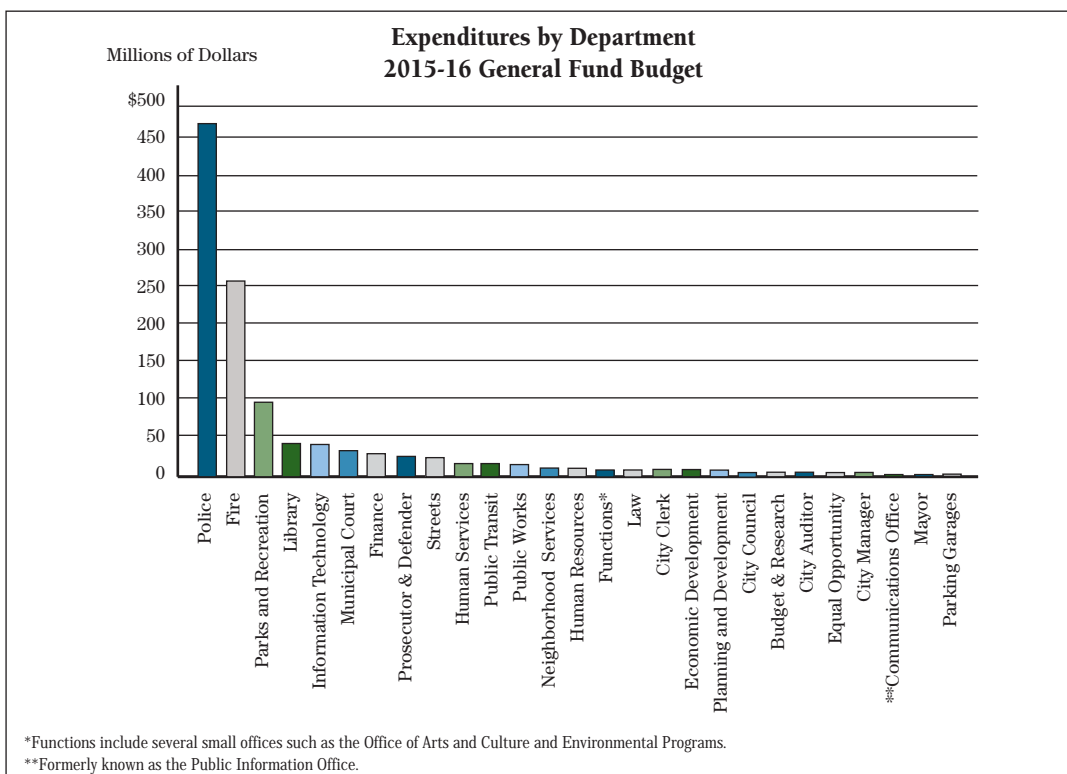
GENERAL FUNDS
Total Resources – \$1.16 Billion



GENERAL FUNDS
Total Expenditures – \$1.16 Billion



¹Includes Parks, Library, Human Services, Neighborhood Services, Planning and Economic Development
²When contingency is excluded, Public Safety and Criminal Justice account for approximately 71% of budgeted General Fund expenditures.





2015-16 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 2015-16 are estimated at \$3,161,889,000. This is \$50,923,000, or 1.6 percent more than the 2014-15 estimate of \$3,110,966,000. General Fund revenues are estimated at \$1,060,521,000 which is \$10,392,000 or 1.0 percent more than the 2014-15 estimates. The increase is due to anticipated increases in city and state sales taxes, state shared vehicle license tax revenues and primary property tax revenues.

The following table provides a comparison of the 2015-16 estimated revenues to 2014-15 estimates and 2013-14 actual collections. Detailed explanations by category are provided in the 2015-16 Revenue Estimates section of this document.

State and local economic growth increased in 2013-14 as the economy slowly continued to recover from the recession. However, growth was hindered by a lack of strong growth in the construction and real estate markets, which historically has fueled Arizona's economy. Other economic factors which prevented a robust recovery include slow job creation and low levels of net migration. Many of the jobs lost in Phoenix during the great recession still have not been replaced, and population is growing but at a slower than historical pace. Economists do predict the state and local economy to continue to improve, however the same factors will continue to depress strong growth rates into 2015-16. Local and state sales tax collections are expected to grow modestly in 2015-16, and state shared vehicle license tax collections are expected to increase by 2.5 percent from 2014-15.

The 2015-16 estimate for Special Revenue funds includes a \$5.8 million increase in Transit 2000 funds, a \$1.4 million increase in Development Services funds, and a \$26.9 million increase in various grant funds including public transit grants, community development grants and other grant revenues. Special Revenue funds also include a \$7.8 million decrease for regional transit revenues and a \$2.6 million decrease for court award revenues.

2015-16 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 2015-16 total \$61.2 million. This amount reflects \$55.4 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 \$5.8 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 \$61.2 million. A transfer of \$749.1 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.

2015-16 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 2015-16, \$46.4 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 2015-16 ending balance of \$674.5 million includes: Transit 2000 - \$169.9 million; Aviation - \$273.8 million; Wastewater - \$63.4 million; Water - \$27.3 million; Convention Center - \$21.8 million; Development Services - \$22.3 million; Solid Waste - \$10.0 million; Arizona Highway User Revenue - \$34.1 million and a combined \$51.9 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 2015-16, the Enterprise funds ending balances in the aggregate are programmed to decline from \$624.2 million at the beginning of 2015-16 to \$396.3 million at year end. The Aviation balance is declining due to increasing operating expenditures to operate the Sky Train and one-time capital technology enhancements as well as increases in pay-as-you-go capital expenditures for the Terminal 3 Modernization project. Solid Waste funds are decreasing due to an increase in operating expenditures for the 27th Avenue Composting Facility and replacement of several side loader garbage vehicles. Water funds are decreasing primarily due to increased pay-as-you-go capital expenditures for demolition and restoration of the Verde Water Treatment Plant area, the rehabilitation project at the Val Vista Water Treatment Plant, additional operating expenses for chemicals, raw water and vehicle replacements. Wastewater funds are decreasing due to increases in various pay-as-you-go capital projects such as the Small Diameter Sewer Rehabilitation project, various odor control studies and facility improvements. The Convention Center fund balance is decreasing due to increased pay-as-you-go capital projects such as replacement of the





climate control system at the Orpheum Theatre and carpet replacement for several event spaces.

Special Revenue Fund balances in the aggregate are expected to decrease from \$450.6 million to \$278.3 million. The Transit 2000 balance is decreasing due to increased operating costs of transit 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 fund balance is decreasing primarily due to pay-as-you-go capital expenditures for the purchase and development of land for the Sonoran Preserve and needed

improvements at various City parks. Development Services Funds are decreasing due to increased personal services costs. Other Special Revenue Fund balances are beginning to increase, such as the Public Safety Neighborhood Protection and Enhancement Funds. These funds are increasing (although the Police Enhancement Fund is still negative) due to anticipated increases in total resources, including higher beginning fund balances.

Negative Fund Balances

The Public Safety Police 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 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 2015 to account for changes in attrition and revised revenue forecasts. The negative fund balance in the Regional Transit Fund will be resolved in 2016-17 upon receipt of a \$60 million reimbursement from Valley Metro Rail for the North West Light Rail Extension project.

General Fund Balance Analysis (In Thousands of Dollars)

	2013-14	2014-15		Estimate Over (Under) Budget	
	Actuals	Budget	Estimate	Amount	Percent
Resources					
Beginning Balances	\$ 62,741	\$ 60,238	\$ 78,579	\$ 18,341	30.4%
Revenue	1,026,197	1,069,776	1,050,129	(19,647)	(1.8)%
Recoveries	2,981	1,000	2,000	1,000	100%
Transfers	28,762	17,826	18,960	1,134	6.4%
Total Resources	\$1,120,681	\$1,148,840	\$1,149,668	\$ 828	0.07%
Expenditures					
Operating Expenditures	1,040,191	1,145,995	1,071,388	(74,607)	(6.5)%
Capital	1,911	2,845	2,859	14	0.5%
Total Expenditures	\$ 1,042,102	\$1,148,840	\$1,074,247	\$ (74,593)	(6.5)%
Ending Fund Balance	\$ 78,579	\$ ---	\$ 75,421	\$ 75,421	100.0+%

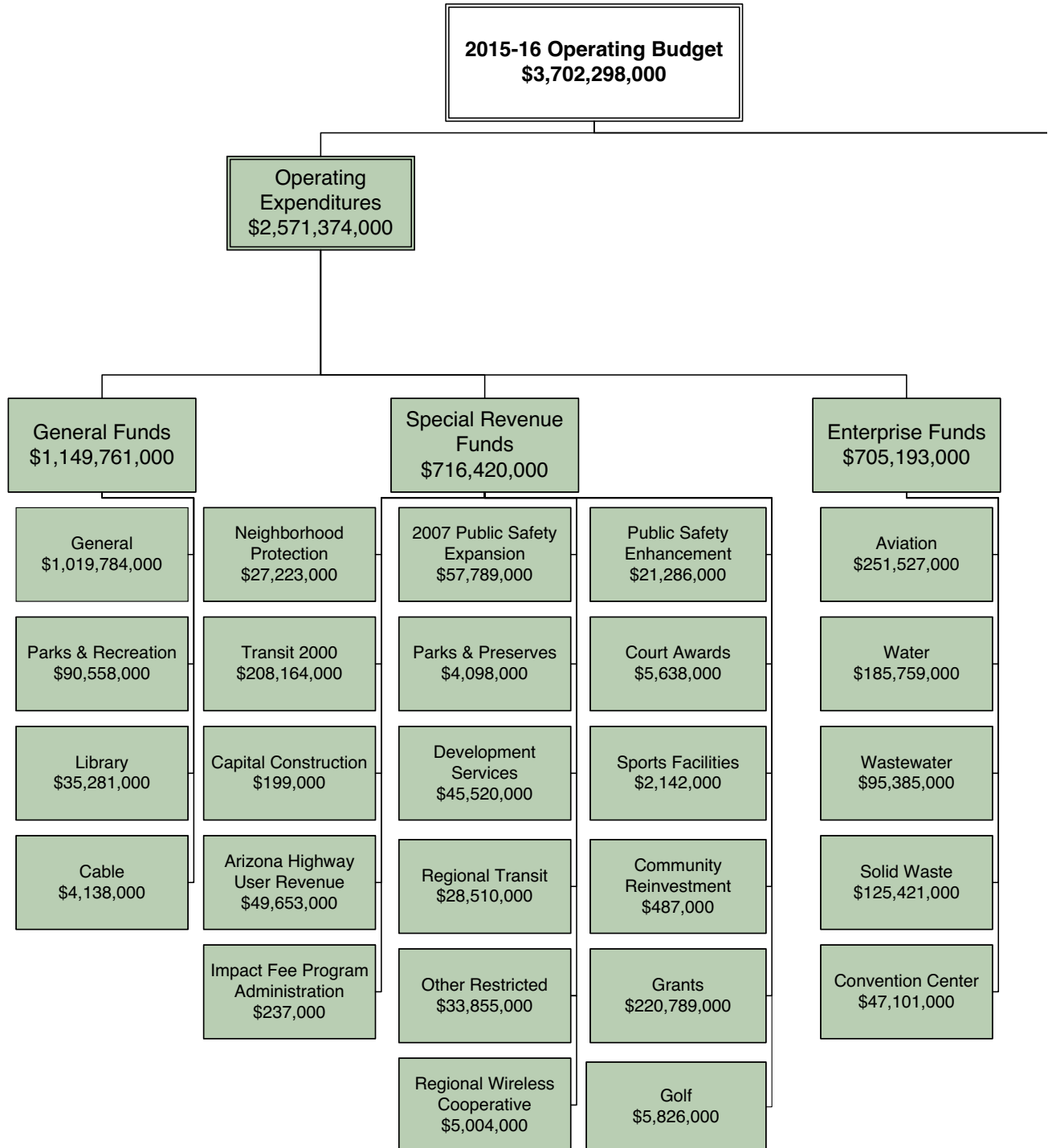
2015-16 Estimated Revenues Compared to 2014-15 Estimates (In Thousands of Dollars)

Fund Types	2013-14 Actuals	2014-15 Estimate	2015-16 Estimate	2015-16	
				Amount Change	Percent Change
General	\$1,026,197	\$1,050,129	\$1,060,521	\$10,392	1.0%
Special Revenue Funds	858,274	905,541	927,021	21,480	2.4%
Enterprise Funds	1,147,781	1,155,296	1,174,347	19,051	1.6%
Total	\$3,032,252	\$3,110,966	\$3,161,889	\$50,923	1.6%



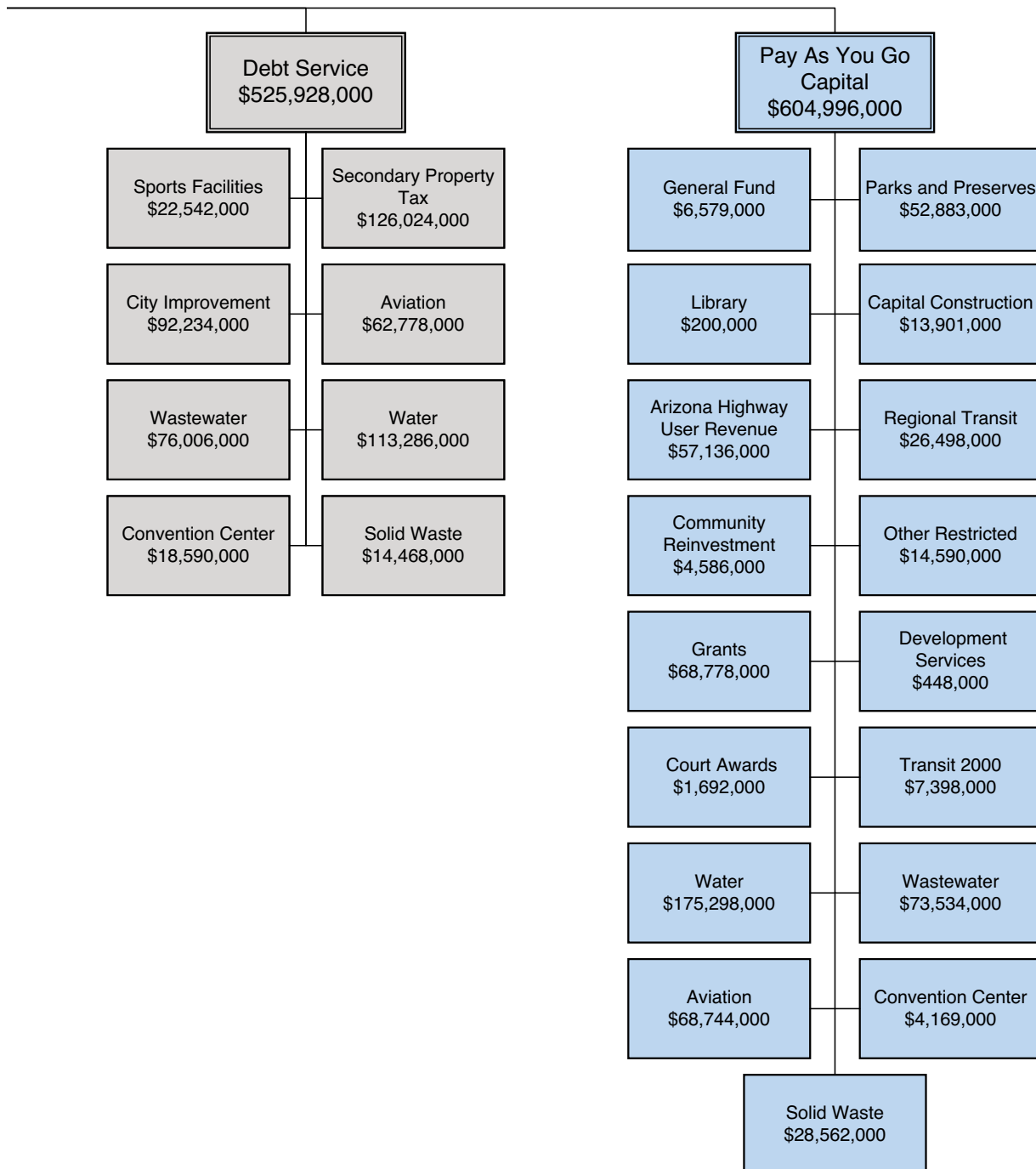


City of Phoenix Financial Organizational Chart





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 education and health services, professional and business services, retail trade, leisure and hospitality services, financial activities, construction and manufacturing, and government. 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 2015-16 budget provides a balanced General Fund with several key service additions reflecting the feedback received from the community, the mayor and City Council regarding the importance of maintaining current city services and a strong City organization. These additions reflect enhancements to several critical areas such as Public Safety, Innovation, Training, Recreation, Planning,

Sustainability, and Transportation.

The budget reflects Phoenix's commitment to keeping Public Safety its highest priority with the hiring of 110 new police officers and more than 90 new firefighters planned in 2015-16. Other significant General Fund changes that help improve critical community services include: added funding for police training of \$2.2 million for a new 40-hour police officer training module, including community and cultural consciousness, situational/tactical analysis, mental health response, and other important topics that help improve public trust and enhance safety; investment in new innovation projects like a centralized City Information Center (311 PHX) with the potential to bring long-term savings along with enhanced services; and additional recreation programming at a new multipurpose facility built by the Maricopa County Housing Authority for the Coffelt-Lamoreaux Community Recreation Program.

Important Non-General Fund changes include the following service additions: adding a team at Sky Harbor to review airspace evaluations and potential impacts, responding to noise complaints and providing community outreach; enhancing the customer service experience in Planning and Development through additional oversight, technology improvements, training and enhanced opportunities for customer feedback; maintaining three new preserve trailheads at Apache Wash, Desert Vista, and Desert Hills; operating expanded light rail service to 19th Avenue and Dunlap; and operating a new composting facility at 27th Avenue Transfer Station.

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 2013 International City/County Management Association's Center for Performance Measurement report.





**PROGRAM SERVICE LEVEL
IN 2004-05**

**SERVICE CHANGES
THROUGH 2014-15**

**SERVICE CHANGES
FOR 2015-16**

PUBLIC SAFETY

POLICE

Personnel Resources:

In 2004-05, the Police Department had 2,952 sworn officers and 1,002 civilian employees.

The 2014-15 budget included 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 reflected the elimination of 35 unfunded General Fund, and 35 Proposition 1, vacant civilian positions.

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

Due to the fiscal year 2014-15 employee concessions, limited police officer hiring began in the Spring 2015.

The 2015-16 budget includes funds to implement a new 40 hour training module for all law enforcement personnel. This course is designed to enhance knowledge regarding mental health, cultural awareness, and situational and tactical analysis.

The 2015-16 budget also reflects the full year savings of 34 vacant civilian positions that were eliminated in December 2014.

With the anticipated balancing of the Police Public Safety Specialty Funds at the end of the budget year 2015-16, continued limited police officer hiring will occur throughout the year.

In the 2015-16 budget, it is anticipated that the department will have 3,268 authorized sworn positions or 2.1 for every 1,000 residents, and 1,061.5 civilian employees.





**PROGRAM SERVICE LEVEL
IN 2004-05****SERVICE CHANGES
THROUGH 2014-15****SERVICE CHANGES
FOR 2015-16**

PUBLIC SAFETY

POLICE**Response Time Average:**

Response time for 2004-05 Priority 1 emergency calls was an average of five minutes and 30 seconds.

With slower population growth and a continued decrease in overall crime rates, budgeted response times for Priority 1 emergency calls have been consistently maintained and currently 5 minutes and 54 seconds. During this same time period, the department has attempted to maintain the percentage of 911 calls answered within 10 seconds in the high 90th percentile; however hiring and staffing challenges have reduced the percentage to 91% for the budget year 2014-15.

The 2015-16 budget provides for an estimated 5 minute and 54 seconds average response time for Priority 1 calls.

Based on 2013 ICMA data, city of Phoenix actual response times compare favorably to those of the benchmark cities as noted below:

Other Cities Average Response Times to Top Priority Calls:**PHOENIX – 5 min 42 sec**

Oklahoma City – 6 min 14 sec

San Antonio – 7 min 10 sec

Austin – 7 min 29 sec

Dallas – 7 min 41 sec

Portland – 7 min 48 sec





**PROGRAM SERVICE LEVEL
IN 2004-05**

**SERVICE CHANGES
THROUGH 2014-15**

**SERVICE CHANGES
FOR 2015-16**

PUBLIC SAFETY

FIRE

Response Time Average:

In 2004-05, the Fire Department maintained an average response time of 4 minutes and 59 seconds for all fire and medical emergency calls.

Since 2004-05, response times have decreased four percent to 4 minutes 48 seconds for all fire and medical emergency calls. This 11 second decrease is at least partly attributed to staffing and deployment changes for paramedic engine companies and ambulances. The overall incident activity level has increased 26 percent between 2004-05 and 2014-15.

The 2015-16 budget recommends retaining current emergency response staffing levels to preserve less than five minute average response time for all fire and medical emergency calls.

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

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

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

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

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

The 2012-13 budget included additions for staff coverage in the Alarm Room (four civilian positions) and Operating costs for the new Dispatch and Emergency Operations Center. Reductions reflected in the 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.

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

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

The 2014-15 budget includes normal inflationary increases in personnel costs and other operational necessities such as fuel, vehicle maintenance and facility maintenance and administrative efficiencies that include a reduction in the inventory of MCTs, reduced administrative support for the Department and employee concessions.





**PROGRAM SERVICE LEVEL
IN 2004-05**

**SERVICE CHANGES
THROUGH 2014-15**

**SERVICE CHANGES
FOR 2015-16**

PUBLIC SAFETY

FIRE

Emergency Transportation:

In 2004-05, the city of Phoenix had a total of 22 full-time and 11 part-time ambulances in service.

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 decreased 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.

The 2015-16 budget includes no changes in service for Emergency Transportation.





PROGRAM SERVICE LEVEL IN 2004-05	SERVICE CHANGES THROUGH 2014-15	SERVICE CHANGES FOR 2015-16
TRANSPORTATION		
PUBLIC TRANSIT		
<p>Service Miles/Hours: In 2004-05, 17,240,000 annual bus service miles were provided on weekdays and weekends in the city of Phoenix.</p>	<p>Annual 2014-15 bus miles are estimated at 16,458,353 and Dial-a-Ride service hours are estimated at 322,760.</p> <p>City Council approved bus service modifications implemented on October 27, 2014. Public Transit implemented several new bus routes and increased route frequency on some existing routes in order to meet increased ridership demand. The costs of these improvements were offset by eliminating inefficient or duplicative bus service in some areas. The service changes have a total net annual savings of \$90,500.</p> <p>The City of Phoenix Aviation Department is expanding the Sky Train from its current terminus at Terminal 4 to between Terminal 2 and Terminal 3. Route 13, which currently serves Terminals 3 and 4, now ends at Terminal 2 and the new Sky Train connection.</p>	<p>Annual 2015-16 bus miles are estimated at 16,500,000 and Dial-a-Ride service hours are estimated at 322,760.</p> <p>Proposed changes are due to the ahead-of-schedule progress on the construction of the Northwest Extension light rail project on 19th Avenue between Montebello and Dunlap. Routes 19 Connector, 19 (19th Avenue), and 60 (Bethany Home Road) will be changed due to progress on the Northwest Extension of light rail.</p>
<p>Average Weekday Bus Ridership: In 2004-05 the average weekday bus ridership was 143,262.</p>	<p>In the 2014-15 budget, average weekday ridership is estimated at 129,790.</p>	<p>In the 2015-16 budget, average weekday ridership is estimated at 131,737.</p>





PROGRAM SERVICE LEVEL IN 2004-05	SERVICE CHANGES THROUGH 2014-15	SERVICE CHANGES FOR 2015-16
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TRANSPORTATION

STREET TRANSPORTATION

Major and Collector Street Sweeping and Maintenance:

In 2004-05, continued budget constraints reduced funding for paving dirt alleys and retrofitting sidewalk ramps. In addition, funding for neighborhood concrete repair was reduced.

Dust proofing of dirt alleys continued to see reduced funding in 2005-06.

The 2007-08 budget added funding to improve the general maintenance of streets.

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.

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.

There were no changes in service for major and collector sweeping and maintenance from fiscal year 2011-12 through 2014-15.

The 2015-16 budget includes no changes in service for major and collector sweeping and maintenance.

Residential Street Sweeping:

In 2004-05, the city of Phoenix provided street sweeping service four times a year.

No changes were included in the 2014-15 budget.

No changes are included in the 2015-16 budget for residential street sweeping.





PROGRAM SERVICE LEVEL IN 2004-05	SERVICE CHANGES THROUGH 2014-15	SERVICE CHANGES FOR 2015-16
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TRANSPORTATION

STREET TRANSPORTATION

Sealcoat:

In 2004-05, the city of Phoenix provided an estimated 76 miles of sealcoat.

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 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.

The 2014-15 budget provided no changes to service levels. However, the two September 2014 storms diverted attention from sealcoat to repairs.

City of Phoenix paved road rehabilitation expenditures per capita were unavailable for the 2013 ICMA data. Below are average response times for other benchmark cities.

Paved Road Rehabilitation Expenditures per Capita:

- Dallas – \$10.91
- Portland – \$20.57
- San Antonio – \$29.16
- Oklahoma City – \$34.43

The 2015-16 budget includes 37 miles of streets to be sealcoated. It also includes 15 miles of the FAST program.

Asphalt Overlay:

In 2004-05, 124 miles of overlay were performed.

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 carryover 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 ARRA funding and the addition of \$5 million in AHUR.

The 2014-15 budget provided no changes to service levels. However, the two September 2014 storms diverted attention from overlay to repairs.

The 2015-16 budget provides for 100 miles of overlay.





PROGRAM SERVICE LEVEL IN 2004-05	SERVICE CHANGES THROUGH 2014-15	SERVICE CHANGES FOR 2015-16
COMMUNITY DEVELOPMENT		
HOUSING		
Scattered Sites Housing Program: In 2004-05, the Housing Department had 430 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 2014-15, the inventory of 405 units reflects the sale of 71 homes to eligible tenants over the past decade and the transfer of 4 units to a local nonprofit agency.</p>	<p>In the 2015-16 budget, the program is expected to reduce its inventory by 12 Scattered Sites homes.</p>
Affordable Housing Program: In 2004-05, 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 2014-2015, the Affordable Housing Program consists of 2,716 units for families.</p>	<p>In the 2015-16 budget, the program is expected to maintain at the level of 2,716 units.</p>
Conventional Housing Program: In 2004-05, this program had 1,495 units. The program's beginning inventory before the Matthew Henson HOPE VI project was initiated was 1,776 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 2014-15, the Conventional Public Housing Program consists of 2,204 units for families and individuals.</p>	<p>In the 2015-16 budget, the program is expected to maintain at the level of 2,204 units.</p>
Housing Payment Assistance Program: In the 2004-05 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 2015, the rental assistance program will provide 6,740 units of vouchers for the low income residents in the private housing market.</p>	<p>In the 2015-16 budget, the program is expected to maintain 6,740 units of vouchers for the low income resident in the private housing market.</p>





**PROGRAM SERVICE LEVEL
IN 2004-05**

**SERVICE CHANGES
THROUGH 2014-15**

**SERVICE CHANGES
FOR 2015-16**

COMMUNITY DEVELOPMENT

NEIGHBORHOOD SERVICES

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

In 2004-05, cases were resolved in an average of 53 days.

Case cycle times increased to 61 days in 2005-06 due to the complexity of dealing with different multi-unit properties and funding reductions. Cycle times 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.

In 2014-15, it is anticipated the case cycle time will remain at 45 days.

Based on 2013 ICMA data, city of Phoenix code enforcement expenditures per capita are lower than those of other benchmark cities as noted below:

Code Enforcement Expenditures per Capita:

Dallas - \$13.26

San Antonio – \$5.27

Portland - \$3.58

PHOENIX – \$8.81

Neighborhood Preservation continues to achieve excellent results in many areas for maximum efficiency to save time, reduce costs and/or increase productivity. In 2015-16, Preservation will continue its commitment to the code enforcement case cycle time to be less than 45 days.





**PROGRAM SERVICE LEVEL
IN 2004-05****SERVICE CHANGES
THROUGH 2014-15****SERVICE CHANGES
FOR 2015-16**

COMMUNITY DEVELOPMENT

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

In 2004, Phoenix's employment growth rate was better than all of the following benchmark cities:

PHOENIX – 4.0%

- Fort Worth/Arlington – 3.7%
- Denver – 3.7%
- Austin/San Marcos – 3.6%
- Dallas – 2.4%
- San Antonio – 2.3%
- San Diego – 2.3%
- Los Angeles/Long Beach – 2.2%
- San Jose – 0.9%
- Kansas City – (0.1)%

The current issues inhibiting more robust growth in the economy are expected to continue slightly through 2015. 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 4th in the Employment Growth Rate in 2014 compared to the following benchmark cities:

- Kansas City – 4.5%
- Dallas – 4.4%
- San Jose – 4.2%
- PHOENIX – 4.0%**
- Ft. Worth-Arlington – 3.7%
- San Diego – 3.6%
- Denver – 3.4%
- San Antonio – 3.0%
- Los Angeles/Long Beach – 2.9%
- Austin – 2.6%

Based on data from the Bureau of Labor Statistics, the Phoenix Metro employment level is expected to increase by 45,500 jobs in 2015. Phoenix's employment growth rate was higher by 1.1% in 2014 than in 2013 and moved up from 5th to 4th ranked cities. It is anticipated employment will continue to grow in 2015-16.

COMMUNITY ENRICHMENT

HUMAN SERVICES**Head Start Program:**

In 2004-05, the Human Services Department served 3,194 children.

The program is expected to serve 3,390 children during 2014-15, of which, 300 are included in the Early Head Start Program.

The program is expected to serve 3,595 children in 2015-16. The increase from 2014-15 is a result of the Early Head Start Child Care funding.

Senior Nutrition Program:

In 2004-05, the Human Services Department served 598,000 meals.

For 2014-15, the program is expected to serve 581,462 meals.

In the 2015-16 budget, it is anticipated that the number of meals served will be 581,462.





PROGRAM SERVICE LEVEL IN 2004-05	SERVICE CHANGES THROUGH 2014-15	SERVICE CHANGES FOR 2015-16
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COMMUNITY ENRICHMENT

PARKS AND RECREATION

Swimming Pools:

In 2004-05, there were 29 public swimming pools.

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

The 2015-16 budget includes no changes in service.

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.

In 2014-15 the number of open pools increased to 29 with the re-opening of Cortez Pool.

Swimming Pool Season:

In 2004-05, swimming pools were open for 10 weeks during the summer months.

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

No changes are included in the fiscal year 2015-16 budget for swimming pool 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 2004-05, 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 are included in the 2015-16 budget for children's summer recreation PAC programs.

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.





PROGRAM SERVICE LEVEL IN 2004-05	SERVICE CHANGES THROUGH 2014-15	SERVICE CHANGES FOR 2015-16
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COMMUNITY ENRICHMENT

PARKS AND RECREATION

**School Recreation Program
During School Year:**

In 2004-05, 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 2015-16 budget for during school year recreation programs.





**PROGRAM SERVICE LEVEL
IN 2004-05**

**SERVICE CHANGES
THROUGH 2014-15**

**SERVICE CHANGES
FOR 2015-16**

COMMUNITY ENRICHMENT

LIBRARY

Central Library:

The new Burton Barr Central Library opened in May 1995.

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

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

In January 2015, we partnered with St. Mary's Food Bank to provide Kids Café, a meal service program designed to provide a free, healthy meal along with educational programs.

In January 2015, College Depot launched the Career Online High School, which allows adults living in Phoenix to earn an accredited high school diploma online.

Beginning March 2015, materials that do not have holds placed are automatically renewed, enhancing the customer experience.

The 2015-16 budget includes no changes in service.

Branch Libraries:

In the 2004-05 budget, the new 15,000-square-foot Desert Broom Library serving the Desert View Village area opened in February 2005 for 66 hours per week, increasing total branch library service hours to 858 per week.

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

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

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

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

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

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

The 2015-16 budget includes no changes in service.





PROGRAM SERVICE LEVEL IN 2004-05	SERVICE CHANGES THROUGH 2014-15	SERVICE CHANGES FOR 2015-16
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COMMUNITY ENRICHMENT

LIBRARY

Branch Libraries: *(continued)*

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

The new 12,300 square foot replacement for Harmon Library opened 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.

In January and October 2014, we began partnering with St. Mary's Food Bank at six branches to provide Kids Café, a meal service program designed to provide a free, healthy meal along with a learning component.

Based on 2013 ICMA data, the Phoenix library system compared to other benchmark cities as noted below:

Cost per Item Circulated:

San Antonio – \$4.81

Austin – \$4.77

PHOENIX – \$2.65

Dallas – \$2.35





**PROGRAM SERVICE LEVEL
IN 2004-05**

**SERVICE CHANGES
THROUGH 2014-15**

**SERVICE CHANGES
FOR 2015-16**

ENVIRONMENTAL SERVICES

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 – \$42.18
- Austin – \$32.05
- Kansas City – \$31.96
- Dallas – \$28.42
- Tucson – \$26.12
- Albuquerque – \$24.32
- PHOENIX – \$21.88**
- San Antonio – \$17.85

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

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

It is anticipated Phoenix water rates will continue this trend during 2015-16.

**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 – \$43.14
- Dallas – \$28.38
- Kansas City – \$22.46
- San Antonio – \$20.36
- San Jose – \$19.81
- Albuquerque – \$16.24
- PHOENIX – \$15.97**
- Tucson – \$14.47

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

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

It is anticipated Phoenix wastewater rates will continue this trend during 2015-16.









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

Enhancements made over the last several years demonstrate the city's commitment to continuously improve transparency, better communicate detailed budget information, and further engage the community in the budget process.

At the direction of the City Council, several new steps were added to the city's budget process, making it a year-round, flexible process.

- In September 2014, staff presented a very early budget status resulting in the adjustment of estimated revenue and expenditures based on early budget results. Also, for the first time, detailed economic analysis was provided.
- In the fall of 2014, Budget and Research consulted with the University of Arizona Economic Business Research Center to enhance the city's sales tax revenue forecasting process. The partnership resulted in development of an enhanced econometric forecasting model of sales tax. The city and state sales tax projections are based on estimates that are developed using the enhanced econometric forecasting model.
- Staff continued to conduct the financial best practice of providing a Five-Year General Fund Forecast to facilitate long-term fiscal planning and strategic decision making by policymakers.

Each fall, city 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 development of the City Manager's Trial Budget.

The Trial Budget 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 proposed 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 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's Proposed Budget provided in May reflects the input received from the community and City Council. The City Council makes final budget decisions after the city manager's recommended budget is reviewed.

2015-16 BUDGET PROCESS

Initial Budget Status

In September 2014, staff presented an in-depth budget review to allow an early assessment of revenue conditions and take early action to adjust estimates. Also provided, for the first time, was a published report detailing analysis of economic forecasting conditions in the fall of 2014.

The fiscal year 2013-14 General Fund ending fund balance was estimated to be \$60.2 million. However, as a result of the reduced expenditures that came in below the revised estimate primarily due to keeping vacant positions unfilled, the actual ending balance was \$78.6 million. This means that the 2014-15 resources began the year with \$18.4 million more than budgeted.

In September 2014, staff revised the fiscal year 2014-15 General Fund revenue estimate downward by \$15.5 million based on a trend since May 2014 of slower growth in sales tax and other revenue. No service cuts were required in 2014-15 to keep the budget in balance because of the additional \$18.4 million in the beginning year fund balance which more than offsets the reduction to the 2014-15 revenue estimate. The remaining \$3 million was held in the fund balance as resources for the General Fund Budget for fiscal year 2015-16.

On December 9, 2014, the City Council approved an early expenditure reduction that would save about \$12.3 million





annually, \$11.3 million of which is General Fund savings. As part of efforts to address the 2015-16 General Fund deficit projected in the January 2014 five-year forecast, the City Council asked staff to conduct a thorough review of vacant civilian positions to reduce costs while minimizing the impact to services. No sworn police or fire positions were included. The action included the elimination of 181 vacant civilian positions, 162 of which are in the General Fund. The positions were identified as part of the CORE process.

For the fourth consecutive year, Budget and Research provided detailed preliminary estimates with multiple year-to-year comparisons in the Zero-Based Budget Inventory of Programs document, which was presented to the City Council on February 10, 2015. The city's budget is presented by program, the key component of a Zero-Based budget approach. The document was put in place in response to the City Council's request for a more transparent, relevant and detailed presentation of the city's budget. The Inventory of Programs outlines costs, revenue, staffing levels, funding source, and other key budget detail for the more than 400 programs citywide. Last year, additional information was added regarding employee costs that provides detail on each type of cost for all employees.

Preliminary Status of 2015-16 General Fund Budget and Five-Year Forecast

On February 24, 2015, Budget and Research provided the preliminary General Fund budget status for 2015-16, and the five-year General Fund forecast. Based on strong fiscal planning and early actions taken by the Mayor and Council throughout fiscal year 2014-15, staff explained a balanced 2015-16 City Manager's Trial Budget would be presented in March 2015 without any proposed reductions to services.

Staff noted at the time that a balanced 2015-16 budget was based on existing

state-shared revenue models and statutory obligations. The Governor's Proposed 2015-16 State Budget would decrease Phoenix revenue and increase city costs, resulting in a net deficit of about -\$4 million the city would need to solve, if adopted by the State.

Five-Year Forecast

Development and presentation of the five-year forecast is an important step in the city's budget process. Evaluating projected available resources and identifying potential ongoing budget surpluses or funding gaps allow city management and Council to develop strategic plans to ensure the continuation of city operations and optimize services to the community. An updated five-year forecast showed that significant continued increases to Public Safety pension costs, along with lower State projections for state-shared income tax and other revenue decreases, would result in further General Fund pressure in fiscal year 2016-17.

Public Safety Funds Forecast and Hiring Plan

On February 24, 2015, the City Council received its fifth update since October 2010 on the Council-adopted balancing plan for the Public Safety Dedicated Funds without sworn position layoffs, which include Proposition 1 and 301 (0.3% sales tax increment) and the utility tax from 2005. The City Council-adopted balancing plan is working as projected and there have been no layoffs of sworn personnel. Hiring of new Police Officers was scheduled to resume in 2014-15 and hiring of new Firefighters had begun in 2014-15. Careful monitoring of the funds will allow for accelerated hiring of 50 Police Officers in late 2015-16 and early 2016-17, above the 90 Officers already planned for fiscal year 2015-16. Also, approximately 90 Firefighters are planned to be hired in fiscal year 2015-16 after hiring approximately 75 in fiscal year 2014-15.

City Manager's 2015-16 Trial Budget

On March 24, 2015, the Mayor and Council were presented with the 2015-16 City Manager's Trial Budget that included a balanced General Fund budget with no service reductions. The total proposed 2015-16 General Fund budget totaled \$1.156 billion, an increase of 0.7 percent over the 2014-15 General Fund budget of \$1.149 billion.

The Trial Budget's proposed changes included \$2 million in less ambulance transport revenue and \$4.3 million in new state-imposed payments to the Arizona Department of Revenue as part of the state's budget balancing action, \$2.2 million for additional police training, approximately \$2.9 million in General Fund pay-as-you-go capital to address critical information technology needs; replacement of high priority vehicles and heavy equipment, such as Fire pumper and ladder trucks and Police vehicles; and a proposed \$1 million increase to the Contingency Fund. Increases to pension, health insurance and other costs were more than offset by decreases to compensation and reduced positions.

Additionally, reductions identified in the city's annual Zero-Based Budget Program Review process will decrease 2015-16 costs by \$1.2 million.

Although a \$4.3 million surplus would have been available to address high priority community needs, the 2015-16 state budget negatively impacted the city by \$6.3 million. The state's action created a \$2 million General Fund deficit, which was proposed to be closed by reducing replacement of aging vehicles and decreasing the proposed Contingency Fund growth.

Several high priority needs were identified as remaining:

- Hiring of additional police officers and firefighters above the increased hiring levels adopted by the Council in February 2015





- Police body cameras
- Homeless emergency shelter and rehousing programs
- Stormwater drainage infrastructure
- Street maintenance
- Additional branch library hours
- Phoenix Afterschool Center sites
- Arts grants and support
- Park maintenance
- Street landscaping maintenance; and,
- Recreation programming

The Trial Budget included important program improvements in areas funded by non-General Fund sources, such as the following:

- Aviation Fund- Adding a dedicated team at Sky Harbor to review airspace evaluations and potential impacts, respond to noise complaints, and provide community outreach
- Development Fund- Enhancing the customer service experience in Planning and Development through additional oversight, technology improvements, training and enhanced opportunities for customer feedback
- Phoenix Parks and Preserves Initiative Fund- Maintaining three new preserve trailheads at Apache Wash, Desert Vista, and Desert Hills
- Transit 2000 Fund- Providing funds to operate expanded light rail service to 19th Avenue & Dunlap; and
- Solid Waste Fund- Operating a new composting facility at the 27th Avenue Transfer Station

Community Input

The proposed budget was presented at 12 budget hearings conducted throughout the community in April. Following a presentation describing the proposed budget, residents were invited to comment. In addition to the budget hearings, the budget was shared with the community on the city's website and through a summary

entitled "Phoenix Budget for Community Review" that outlined the proposed budget as well as a calendar of budget hearing dates. This information was made available electronically in addition to hard copies provided at senior centers, libraries, community centers and at budget hearings. The city also published where to find the electronic version in "The Arizona Republic," "Arizona Informant," "Asian American Times" and "La Voz." Residents also were invited to send comments and questions through the city's website. The publicity of the Trial Budget allows the City Council and the community to comment on proposed measures for balancing the budget.

Approximately 350 comments were received from the community. Public comments focused primarily on the following topics:

- Daily library access
- Hiring of Police Officers and Firefighters
- Increasing youth recreation services
- Funding for arts and culture programs
- Expanding bicycle infrastructure
- Unified City Services Card
- Restoring park rangers at desert preserves and flatland parks
- Covering expenses for Police/Fire responses involving animal abuse or neglect
- Continuing the use of city funds for portable 15 MPH school zone signs
- Addressing potential future year budget challenges.

Comments overwhelmingly supported existing city services, with most indicating a desire to increase service levels in many areas as resources become available.

City Manager's Proposed Budget and Council Action

On May 5, 2015, a revised budget package that reflected feedback from the community was presented to the Mayor and City Council for information and discussion. The balanced 2015-16 City

Manager's Proposed Budget included:

1. No service reductions and some General Fund additions for critical Police training, recreation and innovation investment, as well as non-General Fund additions for important community services in Transit, Parks, Sanitation, Aviation and Development Services.
2. Hiring of 110 police officers and 93 firefighters, increasing the city's sworn Police and Fire forces, even while balancing the Public Safety Funds in 2015-16 as called for in the Council-adopted multi-year plan.
3. Strategies to begin addressing the known significant public safety pension cost increases for fiscal year 2016-17.

The proposed balanced 2015-16 General Fund budget is \$1,156,540,000. This is a 0.7 percent increase from the adopted 2014-15 General Fund budget of \$1,148,840,000. It is \$42.8 million, or 3.6 percent, below the 2007-08 peak amount of \$1,199,298,000 for the General Fund.

For all funds, which include General, Enterprise and Special Revenue Funds such as grants, all debt service, and pay-as-you-go capital costs, the proposed 2015-16 budget amount is \$3,702,298,000. This is a 4.8 percent increase from the adopted 2014-15 budget of \$3,532,061,000 for all funds. The 2015-16 All Funds budget is below the 2008-09 budget of \$3,735,754,000 for all funds by \$33.5 million, or -0.9 percent.

The 2015-16 City Manager's Proposed Budget reflected many of the community's priorities expressed at budget hearings. The budget includes significant Police and Fire hiring, additional programming for youth recreation at the Coffelt-Lamoreaux Recreation Center, multiple capital bicycle infrastructure projects, and the continued General Fund allocation for arts grants and rental support grants for performing arts organizations. In response to community and Council input, the city will continue to purchase and maintain 15 MPH school zone signs for Phoenix schools





using recently identified Street Transportation budget savings related to a delayed project.

An additional \$314,000 in savings was identified since the Trial Budget in March. The city manager recommended these funds be applied toward the known increases to public safety pension costs in the 2016-17 budget. As presented in late February, 2016-17 budgeting will be strained by substantial increases in public safety pension costs and by state revenue reductions. Although other community needs were not able to be addressed due to lack of available funding, the city will continue to examine how these requests from residents may be addressed in future budgets.

On May 19, the City Council approved the 2015-16 City Manager's Proposed Budget, which provides a balanced budget as required by City Charter, improves city services, and brings the Public Safety Funds into balance allowing hiring of police officers and firefighters. The 2015-16 budget did not increase taxes or fees for service.

The May 19 City Council action provided the time needed to meet legal deadlines and comply with City Code, Charter and State Law. Requirements include advance public notification, publication of detailed budget information, advertising, hearings and final legal adoption actions.

Additionally, staff provided responses to several City Council requests for follow-up information arising at the May 5, 2015 budget presentation on the following topics:

1. Arizona Humane Society Funding
2. Public Safety Pension Phase-In of Fields Case Impact
3. Further Library Service Options
4. Sheraton Hotel Debt Refunding
5. Air Quality Position
6. Percent for Arts in Proposed Comprehensive Transportation Plan
7. Park Ranger Staffing and Police Response at Parks

Tentative Budget Adoption

A public hearing and adoption of the tentative budget ordinances was completed on June 3, 2015, 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.





Final Budget Adoption

A public hearing and adoption of the final budget ordinances was completed on June 17, 2015. Adoption of the property tax levy ordinance was completed no less than 14 days later on July 1, 2015, in accordance with state law.

The following chart is an overview of the 2015-16 budget calendar.

2015-16 Budget Calendar	
Date	Budget Item
February 10, 2015	Zero-Based Budget Inventory of Programs
February 24, 2015	Preliminary Status of fiscal year 2015-16 General Fund Budget and Five-Year Forecast Public Safety Funds Balancing Plan Update
March 24, 2015	City Manager's Trial Budget
April 7, 2015	Preliminary Five-Year Capital Improvement Program
April 2015	Community Budget Hearings
May 5, 2015	City Manager's Proposed Budget
May 19, 2015	Council Action on 2015-16 Budget
June 3, 2015	Adopt Tentative Budget Ordinance
June 17, 2015	Adopt Final Budget Ordinance
July 1, 2015	Adopt Property Tax Levy Ordinance





In April, the city held 12 budget hearings throughout the city. More than 350 comments were received from the community, and residents also shared their input through emails, letters, phone calls and social media.





General Budget and Financial Policies

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

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

A BALANCED BUDGET IS REQUIRED

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

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

Annual Budget Adoption Requirements

The City Charter and Code and state statutes contain legal deadlines and actions that must be followed in adopting the budget. In cases where the deadlines conflict, the city meets the earlier of the two dates. The deadlines and formal actions prescribed by both, as well as the actual or planned dates for the 2015-16 budget development process are as follows:

Action Required	City Charter Prescribed Deadline	Arizona State Statute Prescribed Deadline	2015-16 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 7, 2015
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 1, 2015
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 5, 2015
Publish general summary of budget and notice of public hearing that must be held prior to adoption of tentative budget ordinances.	Publish in newspaper of general circulation at least two weeks prior to first public hearing.	No requirement.	Publish Week of May 20, 2015
Publish notice of public hearing which must be held prior to adoption of five-year Capital Improvement Program by resolution.	Publish in newspaper of general circulation at least two weeks prior to first public hearing.	No requirement.	Publish week of May 20, 2015
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 3, 2015





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.	Not required for 2015-16 property tax levy
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 8, 2015 and June 12, 2015
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 12, 2015
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 17, 2015
Post a complete copy of the adopted final budget on the city's website.	No requirement.	No later than seven business days after adoption.	June 26, 2015
Public hearing and property tax levy adoption.	No later than the last regularly scheduled Council meeting in July.	No sooner than 14 days following final budget adoption and no later than the third Monday in August.	July 1, 2015

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. Assessment ratios and the primary tax rate are applied to a property's limited property value, less exclusions, to determine the property's primary tax levy. Beginning in 2015-16, due to state Proposition 117 passed by Arizona voters in 2012, the limited property value used in this calculation for most properties is the lesser of the property's full cash value, or an amount 5 percent greater than the property's prior-year limited property value. 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. Beginning in 2015-16, due to state Proposition 117 passed by Arizona voters in 2012, assessment ratios and the secondary tax rate are applied to a property's limited property value, less exclusions, to

determine the property's secondary tax levy. The limited property value used in this calculation for most properties is the lesser of the property's full cash value, or an amount 5 percent greater than the property's prior-year limited property value. Prior to 2015-16, full cash value rather than limited property value applied.

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

Bonded Debt Limit

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

ANNUAL EXPENDITURE LIMITATION

Since 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. Voters approved the permanent annual exclusion in 1981 of the following amounts for pay-as-you-go capital: \$5 million for Aviation, \$6 million for Water, \$6 million for Wastewater and \$2 million for General Fund street improvements.

The current home rule option, which was approved in 2011, will expire at the end of fiscal year 2015-16. As recommended by the 2015 Expenditure Limit Task Force, a home rule option will be presented to voters on the August 25, 2015 ballot that would once again set the limit at the city's annual budget after public hearings in all Council districts. If approved, that limit will be in effect for four fiscal years from 2016-17 through 2019-20 and will allow Phoenix residents to continue to control local expenditures.

BUDGET BASIS OF ACCOUNTING

The city's budget basis of accounting is based on the modified accrual basis plus encumbrances. This method recognizes revenues in the period that they become available and measurable, and expenditures are recognized in the period the associated liability is incurred. This method differs from generally accepted accounting principles (GAAP) used for preparing the city's 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 2.7 percent of General Fund expenditures, and will be at the highest level in 2015-16 at 4.0 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. Due to a potential increase in the sales tax for transportation from 0.4% to 0.7%, which will be presented to voters on the August 25, 2015 ballot, an additional \$45 million has been included in the 2015-16 contingency for the Transit 2000 fund.

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 rates are determined actuarially to fund full benefits for active members and to amortize any unfunded actuarial liability as a level percent of projected member payroll over the amortization period determined by the appropriate pension board.

8. Self-Insurance Costs - With a few exceptions, the city is fully self-insured for general and automotive liability exposures. The major exceptions to self-insurance include airport operations, police aircraft operations and excess general and automotive liability for losses in excess of \$7.5 million. An

independent actuary determines the self-insurance costs, which are combined with purchased policy costs and allocated to department budgets based on the previous five years' loss experience of each department.

Revenue Management

All local governments struggle to generate the funds necessary to provide, maintain and enhance the service demands of their community. Due to the legal limitations on property taxes in Arizona, and due to the pre-emption of city-imposed income, luxury and gas taxes, Arizona cities and towns largely rely on local sales taxes and state-shared sales, income and vehicle license taxes. In Phoenix, 39 percent of General Fund revenue comes from the local sales tax. This reliance on sales tax collections results in a highly cyclical revenue base. Significant decreases in total General Fund revenue and sales taxes 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 expired by ordinance on March 31, 2015.

Given the city's reliance on sales taxes, developing personal income is an important step in managing the revenue base. In recent years, considerable effort has been devoted to attracting employers that will provide quality jobs and to developing a local workforce that will support the needs of quality employers. The city also has worked to develop an employment base that is not as heavily concentrated in the highly cyclical construction industry. However, the tenuous recovery in construction activity and slow job growth had a significant negative impact on revenue. Additionally, state legislative changes related to the "simplification" of Transaction Privilege Tax are expected to further reduce the city's construction sales tax.

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 sales.

Finally, utility taxes levied against the sales of electricity, natural gas, telecommunications, water and sewer make up about 21 percent of our General Fund 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 was restored in April 2015. The food tax was previously 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 less. 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 capital projects by the Civic Improvement Corporation.

Community Reinvestment – Revenues and expenditures associated with economic redevelopment agreements are maintained in this fund.

Court Awards – This fund includes revenue resulting from court awards of confiscated property under both the federal and state Organized Crime Acts. Expenditures are restricted to additional law enforcement programs in the Police and Law departments.

Development Services – Fee revenues and expenditures associated with permitting and inspection services provided by the Planning & Development Department are maintained in this fund.

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

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





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

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

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

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

Public Safety Enhancement – These funds are used to account for the revenues and expenditures associated with a voter-approved 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. On the August 25, 2015 ballot, voters will be presented with an option to replace the Transit 2000 tax with a comprehensive transportation tax of 0.7 percent. If the item passes, the new tax will be in effect for a period of 35 years beginning on January 1, 2016. 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 (as appropriate), pay-as-you-go capital improvements and debt service.

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

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. Any contributions made to these funds using city funds are included in the budget for the appropriate fiscal year. Also, reserves and expenditures for fiduciary funds are not presented in the comprehensive annual financial report (CAFR). However, the year-end balances held in fiduciary funds are provided in the CAFR.







Revenue Estimates

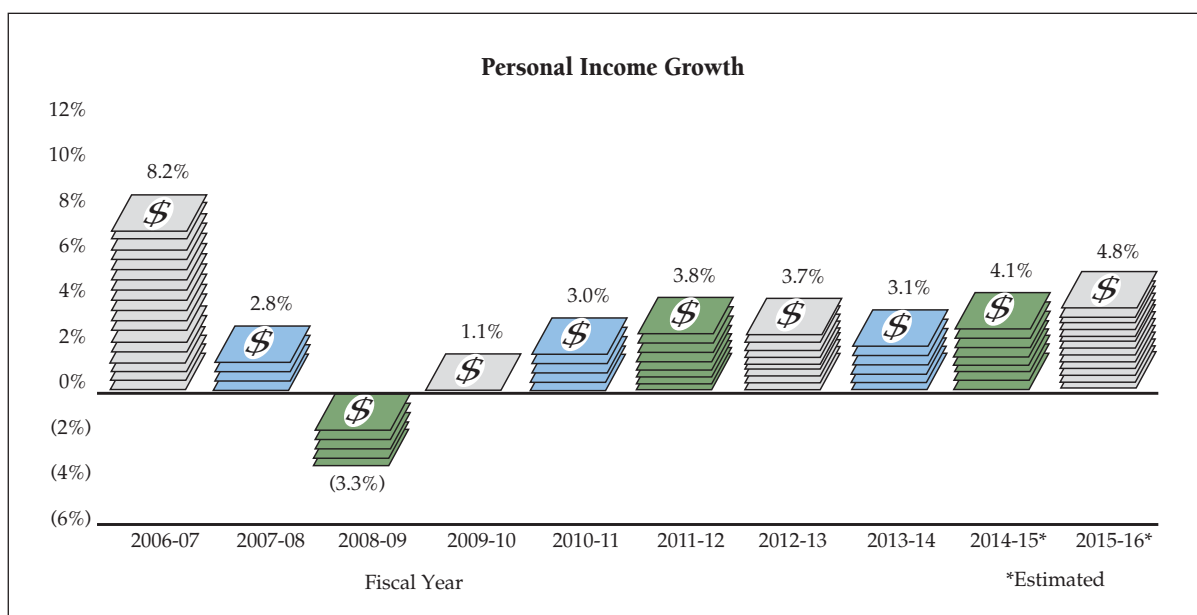
Revenue estimates for 2015-16 are based on assumptions about the local economy, population changes, activity levels, underlying estimates for cost-recovery rates and fees, and on the continuation of current state revenue collection and sharing practices. In addition, other revenue estimates are developed using the most current information from outside entities that establish such fees. Examples of revenues derived from fees set by outside entities include portions of court fines and fees, and ambulance fees. Finally, consistent with the property tax policy adopted by Council in December 2011, the primary property tax levy remains at the maximum allowable amount. The current combined primary and secondary property tax rate remains the same at \$1.82 in accordance with Council policy through 2015-16.

State and local economic growth has improved over the past few years and is expected to continue, however at a slower

pace compared to previous recoveries from economic recessions. Economists are predicting economic expansion in Arizona and the Phoenix metro area to continue at a moderate pace; gaining momentum in 2015 with no recession on the forecast horizon barring any unexpected economic shocks. There are several factors which continue to prevent a stronger pace of recovery, including slow rates of net migration and job increases. Additionally, the real estate and construction markets have not provided the same level of economic stimulus as experienced in years prior to the recession. City sales tax revenues are increasing; however, Phoenix is experiencing a diminished sales tax base due to population shifts to other cities and growth of businesses in other areas that provide taxable activities. Personal income is one of many indicators used for estimating state and local sales taxes and is expected to increase. Consistent with projections by local economists, the chart

below shows that personal income is expected to grow by 4.8 percent in 2015-16, which is up slightly from the 4.1 percent estimated for 2014-15.

Several other economic indicators are used to develop revenue forecasts including the consumer price index, unemployment, population, gasoline sales, housing unit data, wage and salary related information, retail sales and disposable income. Projections of these economic variables are provided by The University of Arizona (UofA) and are used to develop sales tax forecasts using a statistical forecasting model developed specifically for the City of Phoenix. 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; 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 accounts for elimination of the food for home consumption tax on April 1, 2015.

CITY OF PHOENIX, ARIZONA FIVE YEAR EXCISE TAX REVENUE FORECAST (In Thousands of Dollars)													
	2013-14	2014-15	%	2015-16	%	2016-17	%	2017-18	%	2018-19	%	2019-20	%
	Actual	Estimate	Change	Estimate	Change	Forecast	Change	Forecast	Change	Forecast	Change	Forecast	Change
Privilege License Tax													
Privilege License Tax ^{1,3}	\$323,673	\$323,103	-0.2%	\$326,222	1.0%	\$340,992	4.5%	\$357,223	4.8%	\$376,194	5.3%	\$397,131	5.6%
Police Neighborhood Protection ^{1,3}	20,408	20,945	2.6%	20,189	-3.6%	21,110	4.6%	22,180	5.1%	23,457	5.8%	24,850	5.9%
Police Block Watch ^{1,3}	1,457	1,496	2.7%	1,442	-3.6%	1,508	4.6%	1,584	5.0%	1,674	5.7%	1,775	6.0%
Fire Neighborhood Protection ^{1,3}	7,288	7,480	2.6%	7,210	-3.6%	7,538	4.5%	7,922	5.1%	8,377	5.7%	8,876	6.0%
Police - 2007 Public Safety Expansion ^{1,3}	46,647	47,875	2.6%	46,146	-3.6%	48,250	4.6%	50,693	5.1%	53,614	5.8%	56,799	5.9%
Fire - 2007 Public Safety Expansion ^{1,3}	11,661	11,968	2.6%	11,535	-3.6%	12,062	4.6%	12,674	5.1%	13,404	5.8%	14,200	5.9%
Parks and Preserves ^{1,3}	29,153	29,923	2.6%	28,841	-3.6%	30,157	4.6%	31,684	5.1%	33,510	5.8%	35,501	5.9%
Transit 2000 ^{1,2,3}	111,068	110,737	-0.3%	115,364	4.2%	120,628	4.6%	126,738	5.1%	134,041	5.8%	142,003	5.9%
Convention Center Excise Tax ³	44,311	47,706	7.7%	48,129	0.9%	49,830	3.5%	52,640	5.6%	56,369	7.1%	60,126	6.7%
Sports Facilities Excise Tax ³	15,988	16,486	3.1%	16,342	-0.9%	16,421	0.5%	16,602	1.1%	16,831	1.4%	17,063	1.4%
Privilege License Fees (Annual)	2,301	2,230	-3.1%	2,230	0.0%	2,284	2.4%	2,338	2.4%	2,394	2.4%	2,452	2.4%
PLT Application Fees ⁴	149	110	-26.2%	-	-100.0%	-	-	-	-	-	-	-	-
Treasury Collection Service Fee ⁴	33	33	0.0%	9	-72.7%	-	-100.0%	-	-	-	-	-	-
Government Lease Property Excise Tax	302	300	-0.7%	325	8.3%	350	7.7%	375	7.1%	400	6.7%	425	6.3%
Subtotal (PLT)	\$614,439	\$620,392	1.0%	\$623,984	0.6%	\$651,130	4.4%	\$682,653	4.8%	\$720,265	5.5%	\$761,201	5.7%
Utility & Franchise													
Utility & Franchise Tax	\$87,297	\$86,433	-1.0%	\$88,466	2.4%	\$90,846	2.7%	\$93,788	3.2%	\$96,808	3.2%	\$99,666	3.0%
Jail Tax	6,885	6,924	0.6%	7,011	1.3%	7,116	1.5%	7,222	1.5%	7,331	1.5%	7,441	1.5%
General Excise Tax ⁷	-	10,135	-	10,262	1.3%	10,416	1.5%	10,572	1.5%	10,731	1.5%	10,892	1.5%
Storm Water Management	4,688	4,694	0.1%	4,709	0.3%	4,780	1.5%	4,851	1.5%	4,924	1.5%	4,998	1.5%
Capital Construction	15,086	14,212	-5.8%	13,927	-2.0%	13,857	-0.5%	13,903	0.3%	14,026	0.9%	14,126	0.7%
Police Public Safety Enhancement	15,406	15,517	0.7%	16,167	4.2%	16,787	3.8%	17,388	3.6%	17,956	3.3%	18,495	3.0%
Fire Public Safety Enhancement	9,443	9,509	0.7%	9,907	4.2%	10,286	3.8%	10,655	3.6%	11,003	3.3%	11,334	3.0%
Subtotal (Utility & Franchise)	\$138,805	\$147,424	6.2%	\$150,449	2.1%	\$154,088	2.4%	\$158,379	2.8%	\$162,779	2.8%	\$166,952	2.6%
Licenses & Permits													
Licenses & Permits	2,775	2,807	1.2%	2,797	-0.4%	2,867	2.5%	2,940	2.5%	3,016	2.6%	3,096	2.7%
State Sales Tax ^{3,5,6}	127,005	131,672	3.7%	137,502	4.4%	144,241	4.9%	152,271	5.6%	161,376	6.0%	171,373	6.2%
State Income Tax ^{5,6}	161,580	175,184	8.4%	174,234	-0.5%	178,000	2.2%	179,000	0.6%	183,000	2.2%	189,000	3.3%
TOTAL	\$1,044,604	\$1,077,479	3.1%	\$1,088,966	1.1%	\$1,130,326	3.8%	\$1,175,243	4.0%	\$1,230,436	4.7%	\$1,291,622	5.0%

¹ Sales tax on food for home consumption reduced to 1% effective 1/1/2014, with complete elimination effective 4/1/2015. The reduction on 1/1/2014 only impacted the General Fund and Transit 2000 fund (see note 2). The Neighborhood Protection, Public Safety Expansion and Parks and Preserves funds were not impacted until the complete elimination of the tax on 4/1/2015.

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

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

⁴ Effective 1/1/2015, the City no longer charges a privilege license application fee and revenue is not expected to continue from treasury collection service activity due to legislation requiring the State of Arizona to collect taxes on behalf of all cities and towns.

⁵ Assumes 2010 Census population for state shared revenues.

⁶ Assumes no change to State shared revenue formulas or legislation that could impact state income or sales tax collections.

⁷ City Council adopted a General Excise Tax on Water accounts in June 2014.

Note:

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

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

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





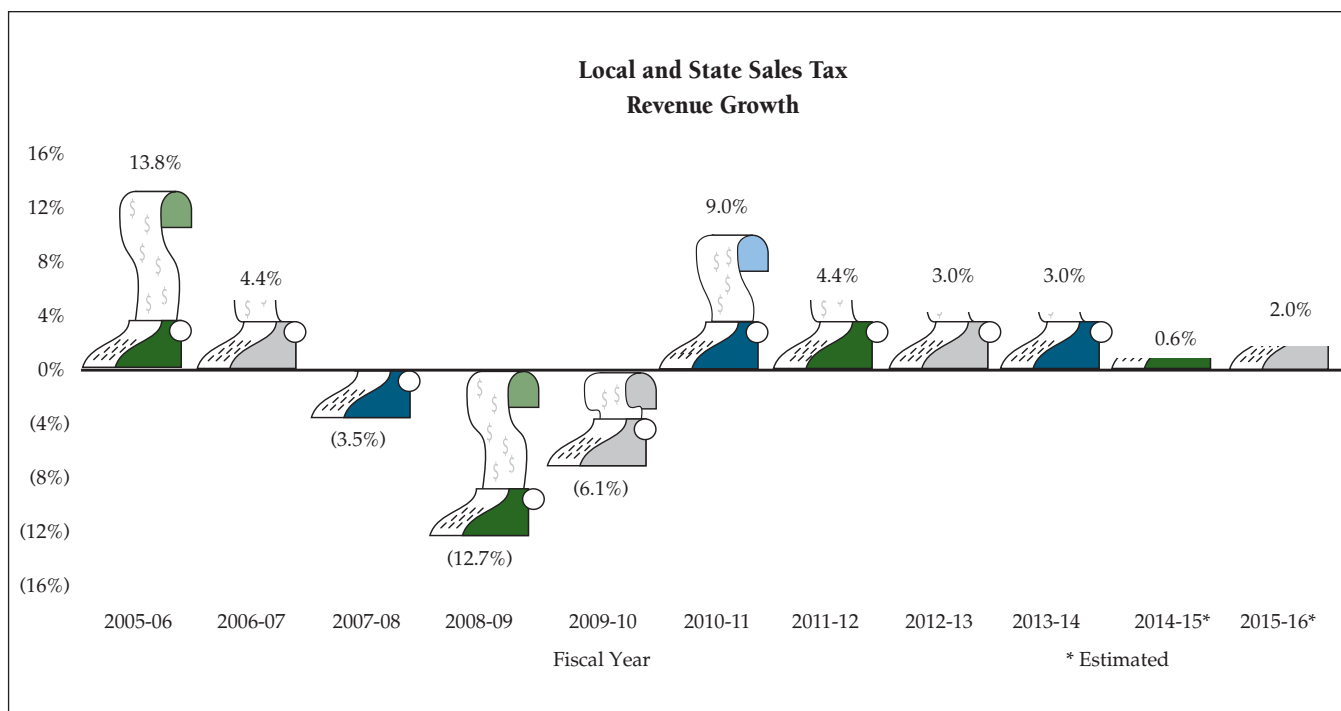
GENERAL FUNDS

Total 2015-16 General Fund revenues are estimated to be \$1,060.5 million or 1.0 percent more than 2014-15 estimates of \$1,050.1 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 2015-16 revenue estimates.

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

for 2015-16 are expected to grow by 1.3 percent over 2014-15 estimates. This is an increase from the (0.3) percent growth rate in local sales taxes estimated in 2014-15, which includes a one-time audit adjustment of \$(3.1) million and accounts for the complete elimination of the food for home consumption tax on April 1, 2015. Phoenix's share of state sales taxes for 2015-16 is expected to grow by 4.4 percent over 2014-15 estimates. This is increased from the 3.7 percent growth in Phoenix's share anticipated in 2014-15.

Combined local and state sales tax revenues for 2015-16 are expected to grow by 2.0 percent over 2014-15 estimates. Combined rates of growth since 2005-06 are provided in the chart below.





GENERAL FUND REVENUE BY MAJOR SOURCE

(In Thousands of Dollars)

Revenue Source	2013-14 Actual	% of Total	2014-15 Estimate	% of Total	2015-16 Budget	% of Total	Increase/(Decrease)	
							From 2014-15 Estimate Amount	Percent
Local Taxes and Related Fees								
Local Sales Tax	\$ 410,970	40.0%	\$ 409,536	39.0%	\$ 414,688	39.1%	\$ 5,152	1.3%
Privilege License Fees	2,483	0.3%	2,373	0.2%	2,239	0.2%	(134)	-5.6%
Other General Fund Excise Taxes	7,187	0.7%	17,359	1.7%	17,598	1.7%	239	1.4%
Subtotal	\$ 420,640	41.0%	\$ 429,268	40.9%	\$ 434,525	41.0%	\$ 5,257	1.2%
State-Shared Revenue								
Sales Tax	127,005	12.5%	131,672	12.5%	137,502	13.0%	5,830	4.4%
State Income Tax	161,580	15.7%	175,184	16.7%	174,234	16.4%	(950)	-0.5%
Vehicle License Tax	51,689	5.0%	54,457	5.2%	55,807	5.3%	1,350	2.5%
Subtotal	\$ 340,274	33.2%	\$ 361,313	34.4%	\$ 367,543	34.7%	\$ 6,230	1.7%
Primary Property Tax	143,930	14.0%	137,956	13.1%	140,363	13.2%	2,407	1.7%
User Fees/Other Revenue								
Licenses & Permits	2,775	0.3%	2,807	0.4%	2,797	0.3%	(10)	-0.4%
Cable Communications	9,720	0.9%	9,500	0.9%	9,500	0.9%	-	0.0%
Fines and Forfeitures	17,540	1.7%	16,148	1.5%	16,225	1.5%	77	0.5%
Court Default Fee	1,013	0.1%	920	0.1%	920	0.1%	-	0.0%
Fire	42,430	4.1%	43,322	4.1%	42,935	4.0%	(387)	-0.9%
Hazardous Materials Inspection Fee	1,239	0.1%	1,250	0.1%	1,250	0.1%	-	0.0%
Library Fees	1,080	0.1%	1,011	0.1%	1,018	0.1%	7	0.7%
Parks and Recreation	8,127	0.8%	7,532	0.7%	7,304	0.7%	(228)	-3.0%
Planning	1,251	0.1%	1,254	0.1%	1,314	0.1%	60	4.8%
Police	13,111	1.3%	15,252	1.5%	14,041	1.3%	(1,211)	-7.9%
Street Transportation	4,426	0.4%	4,711	0.4%	4,432	0.4%	(279)	-5.9%
Other Service Charges	13,935	1.4%	14,719	1.4%	13,379	1.3%	(1,340)	-9.1%
Other	4,706	0.5%	3,166	0.3%	2,975	0.3%	(191)	-6.0%
Subtotal	\$ 121,353	11.8%	\$ 121,592	11.6%	\$ 118,090	11.1%	\$ (3,502)	-2.9%
TOTAL GENERAL FUND	\$ 1,026,197	100.0%	\$ 1,050,129	100.0%	\$ 1,060,521	100.0%	\$ 10,392	1.0%





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 2015-16 estimate is \$434.5 million, which is \$5.3 million or 1.2 percent greater than the 2014-15 estimate of \$429.3 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.

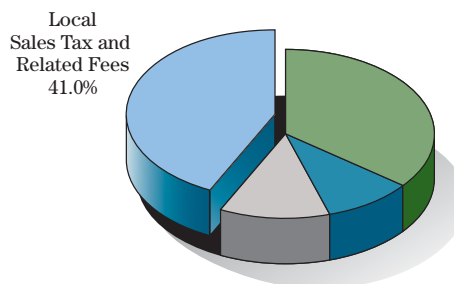
Of the 15 categories collected, all except advertising provide General Fund resources and contribute to voter-approved resources for police and fire, parks and preserves, and transit programs. Portions of several categories and the entire advertising category are restricted to the Convention Center Fund and/or the Sports Facilities Fund. Effective April 1, 2010, the

temporary Phoenix Emergency Privilege Sales Tax on Food provided for the taxation of the sale of food for home consumption under the retail classification. The rate for the sales tax on food was reduced from two percent to one percent effective January 1, 2014 and the tax expired as planned on March 31, 2015. Only the General Fund and Transit 2000 funds were impacted by the rate reduction. While the Transit 2000 fund no longer received any portion of the sales tax on food after the rate was reduced, the revenue impact was offset by reduced expenses from refinancing of Transit 2000 debt. The voter-approved Neighborhood

Protection, 2007 Public Safety Expansion and Parks and Preserves Funds were not impacted until the complete elimination of the tax on April 1, 2015.

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

GENERAL FUNDS
Total Revenues – \$1,060.5 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.





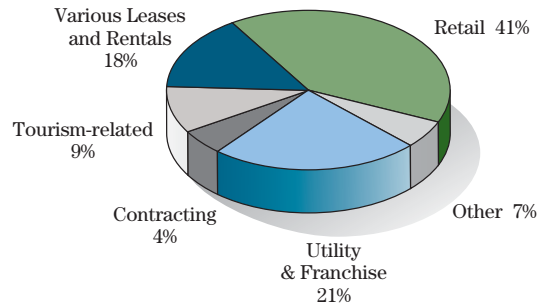
General Fund sales tax revenue is collected on three rental categories: leases and rentals of personal property, commercial real property rentals and apartment rentals. For 2015-16, the leases and rentals of personal property and commercial real property categories are expected to grow 1.7 and 4.7 percent respectively and apartment rentals is projected to grow by 4.0 percent. These three categories combined are approximately 18 percent of local General Fund sales tax revenue.

The contracting category is expected to decline by 1.3 percent in 2015-16 based on projections from the UofA. Activity in Phoenix for the commercial, retail and residential markets has not fully recovered since the recession and the growth trend in the current fiscal year continues to be negative. Additionally, state legislative changes to contracting sales tax are expected to decrease annual collections in this category. This category represents approximately 4 percent of the local General Fund sales tax revenue.

The restaurants and bars category is expected to increase 4.6 percent and the hotel/motel category is expected to increase 1.1 percent in 2015-16. 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 in 2015-16 is lower than expected economic activity as 2014-15 collections included one-time increases to sales tax revenue related to the Super Bowl. Revenues from these activities represent approximately 9 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 2015-16 estimate for utility sales and franchise tax revenue is \$88,318,000, which is an increase of 1.7 percent over the 2014-15 estimate. The increase is due to expected modest increases in account growth and utility consumption as the economy continues to improve.

**GENERAL FUNDS
Local Sales Taxes**



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 2015-16 estimate of \$22,183,000, is an increase of 7.5 percent over the 2014-15 estimate. This category is subject to fluctuations in purchasing practices, as well as economic drivers. The use tax category is approximately 5.3 percent of local General Fund sales tax revenue.

The following table shows General Fund sales tax collections since 2011-12. 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
2011-12	\$392,922	5.1%
2012-13	403,646	2.7
2013-14	410,970	1.8
2014-15 (Est.) ¹	409,536	(0.3)
2015-16 (Est.)	414,688	1.3

¹Accounts for the expiration of the food for home consumption sales tax effective April 2015 and one-time revenue from the Super Bowl.





Privilege License Fees

The city charges a \$50 annual license fee to businesses that engage in activity where a transaction privilege tax is imposed. This category also includes a \$2 per unit (\$50 maximum) annual fee on each apartment complex for non-transient lodging. The 2015-16 estimate for privilege license fee revenue of \$2,239,000 represents a 5.6 percent decrease from the 2014-15 estimate of \$2,373,000. The decrease is attributable to the elimination of a \$20 privilege license tax application fee that will no longer be required due to legislation directing the State of Arizona to collect taxes on behalf of all cities and towns.

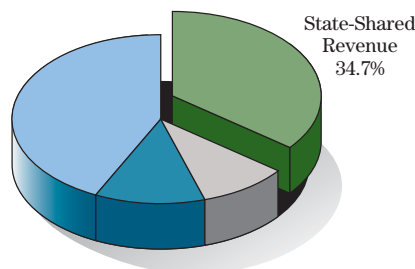
Other General Fund Excise Taxes

The jail tax collected on water service accounts was implemented on October 1, 1990, and provides resources to help offset jail costs paid to Maricopa County for misdemeanor defendants. The City Council voted to reduce the jail tax 50 percent effective July 2012. The 2015-16 estimate of \$7,011,000 represents a 1.3 percent increase from the 2014-15 estimate of \$6,924,000. This category also includes a general city services excise tax on municipal services bills based on water meter size implemented in July 2014. The 2015-16 estimate for the general city services excise tax is \$10,262,000 and represents a 1.3 percent increase from the 2014-15 estimate of \$10,135,000.

STATE-SHARED REVENUES

This major revenue category consists of the city's share of the state sales tax, the state income tax and vehicle license tax. The 2015-16 estimate for this category is \$367.5 million, which is \$6.2 million or 1.7 percent more than the 2014-15 estimate of \$361.3 million. The increase is due to an estimated increase of 4.4 percent in state-shared sales taxes and moderate growth of 2.5 percent in state vehicle license taxes. State-shared income tax revenue for 2015-16 is estimated to decrease 0.5 percent from the 2014-15 estimate. State-shared

GENERAL FUNDS
Total Revenues – \$1,060.5 Million



income taxes are based on actual collections received two years prior. The 2015-16 projected state-shared income tax revenue estimate of \$174,234,000 is based on actual collections received in 2013-14 and is slightly less than the 2014-15 projected revenue of \$175,184,000.

State Sales Tax

The state sales tax rate on most taxable activities is 5.6 percent. The revenues are split between a "distribution base," of which Phoenix receives a share, and a "combined non-shared" category, which is allocated entirely to the state. With exceptions for some categories, the

distribution base consists of either 20 or 40 percent of collections depending on the tax classification. The 0.6 percent education tax included in the total tax rate is not included in the distribution base. Under the current formula, incorporated cities receive 25 percent of the distribution base. These funds are distributed to individual cities on the basis of relative population percentages. Phoenix's share of the distribution to cities for 2015-16 is estimated at 28.80 percent.

The city's share of the state sales tax for 2015-16 is expected to be \$137,502,000, which is \$5,830,000 or 4.4 percent more than the 2014-15 estimate of \$131,672,000. This estimate is based on the assumption

STATE SALES TAXES
(In Thousands of Dollars)

Fiscal Year	Cities' Share of State Collections		Phoenix's Share		
	Total	% Change	Percent	Amount	% Change
2011-12	\$392,476	5.1%	28.8%	\$114,018	2.0%
2012-13	411,118	4.7	28.8	118,730	4.1
2013-14	437,629	6.4	28.8	127,005	7.0
2014-15 (Est.)	457,283	4.5	28.8	131,672	3.7
2015-16 (Est.)	475,335	3.9	28.8	137,502	4.4





that, similar to the local economy, the state economy will continue to improve in 2015-16. The table on the previous page shows the cities' share of state sales taxes, Phoenix's allocation and annual increase/decrease since 2011-12. 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 2015-16, is expected to be \$605.6 million. The distribution represents actual individual and corporate income tax collections by the state in the 2013-14 fiscal year. The anticipated \$605.6 million is a 0.5 percent decrease from the previous fiscal year. The decrease is attributable to lower than estimated individual and corporate income tax collections. Phoenix's total distribution for 2015-16 is estimated at \$174,234,000 and is a decrease of \$950,000 or 0.5 percent from the 2014-15 estimate of \$175,184,000.

The following table shows the total cities' share of state income tax, Phoenix's share, percentage allocation and annual increase/decrease since 2011-12. 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
2011-12	15.0%	\$424,573	(10.4)%	28.8%	\$122,012	(15.1)%
2012-13	15.0	513,628	21.0	28.8	147,668	21.0
2013-14	15.0	561,001	9.2	28.8	161,580	9.4
2014-15 (Est.)	15.0	608,936	8.5	28.8	175,184	8.4
2015-16 (Est.)	15.0	605,634	(0.5)	28.8	174,234	(0.5)





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 2015-16 is anticipated to be \$55,807,000 which is \$1,350,000 or 2.5 percent more than the 2014-15 estimate of \$54,457,000.

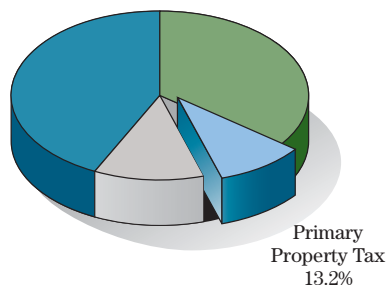
The following table shows the cities' share of the vehicle license tax, Phoenix's share, allocation percentage and annual percentage change since 2011-12.

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. The Phoenix City Charter also limits the primary property

GENERAL FUNDS
Total Revenues – \$1,060.5 Million



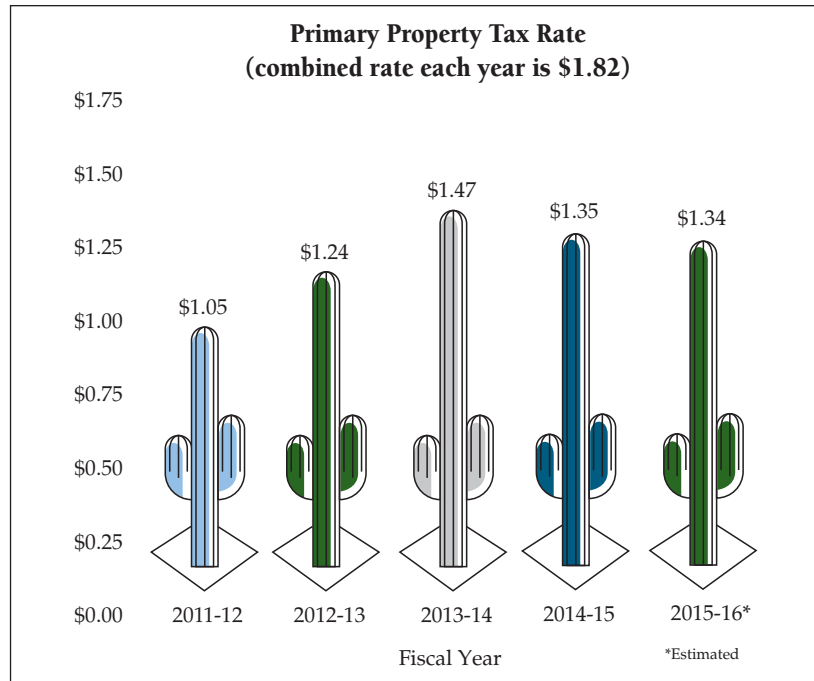
PRIMARY PROPERTY TAX

Fiscal Year	Primary Assessed Valuation (in Millions)	% Change	Primary Levy (in Thousands)	% Change	Rate per \$100 Net Assessed Valuation
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	10,298	4.1	139,448	(3.8)	1.3541
2015-16 (Est.)	10,577	2.7	141,880	1.7	1.3414

VEHICLE LICENSE TAX (In Thousands of Dollars)

Fiscal Year	Amount Distributed by Maricopa County	Phoenix's Share Percent	Phoenix's Share Amount	Increase/(Decrease) Amount	Increase/(Decrease) Percent
2011-12	\$113,392	40.9%	\$46,400	\$(1,898)	(3.9)%
2012-13	118,206	40.9	48,370	1,970	4.2
2013-14	126,240	40.9	51,689	3,319	6.9
2014-15 (Est.)	133,000	40.9	54,457	2,768	5.4
2015-16 (Est.)	136,297	40.9	55,807	1,350	2.5





tax rate to no more than \$1.00 plus the amount to cover the costs of libraries.

Before 1995-96, the maximum levy allowed by the Arizona Constitution had been levied each year. Leading up to 1995-96, a number of years of declining assessed valuations, necessitated deferral of the property tax-supported Capital Improvement Program. A new revenue policy also was established. This policy called for a maximum and minimum allowable combined primary and secondary property tax rate.

By 1995-96, 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 combined 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.

In 2012, voters approved Proposition 117, amending the Arizona Constitution by capping the annual increase in limited property values used to calculate primary net assessed value. Beginning in fiscal year 2015-16, the amendment caps the limited property value at no greater than 5 percent above the previous year, plus new construction.

The above chart shows the changes in the primary property tax since 2011-12.

In accordance with the Council adopted policy, the estimated 2015-16 primary property tax levy is \$141,880,000. The levy is a 1.7 percent increase over the 2014-15 levy of \$139,448,000. The primary

net assessed valuation of \$10.58 billion is 2.7 percent above the 2014-15 primary net assessed valuation of \$10.30 billion.

Historically, actual property tax collections have been slightly lower than the amount levied. For 2015-16, collections for primary property tax are estimated to be \$140,363,000 or 98.9 percent of the levy amount.

The 2015-16 levy results in a primary property tax rate of \$1.3414 per \$100 of assessed value and a secondary property tax rate of \$0.4786, which maintains a total property tax rate of \$1.82 per \$100 of assessed value.

The table on the previous page shows primary assessed valuation, primary property tax revenues and primary rates since 2011-12.





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 2015-16 estimate for this category is \$118.1 million, which is \$3.5 million or 2.9 percent less than the 2014-15 estimate of \$121.6 million. Following are descriptions of the various categories and explanations of the revenue estimates.

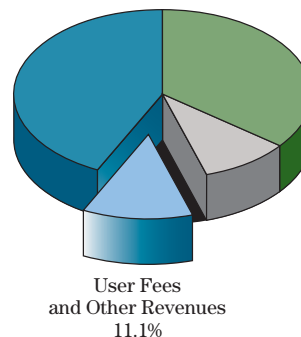
Licenses and Permits

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 2015-16 estimate of \$2,797,000 is slightly less than the 2014-15 estimate of \$2,807,000. The 2014-15 estimate accounts for a one time increase in business license application fees as a result of the Super Bowl, which explains the slight decline in revenue for 2015-16.

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 2015-16 estimate of \$9,500,000 is unchanged from the 2014-15 estimate. The projection assumes no change in the customer base for the current cable providers. Cable providers also make annual payments to the Educational Access Account, which are adjusted annually by the consumer price index.

GENERAL FUNDS
Total Revenues – \$1,060.5 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 2015-16 estimate is \$16,225,000, which is 0.5 percent higher than the 2014-15 estimate of \$16,148,000. The increase is attributable to anticipated increases in revenue from parking violations.

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 2015-16 estimate for this revenue category is \$920,000, which is unchanged from the 2014-15 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 2015-16 estimate for ETS is \$30,800,000, which is \$755,000 or 2.4 percent less than the 2014-15 estimate of \$31,555,000. The projected decrease is due to state legislative action that will reduce the reimbursement rate for emergency transportation services from the Arizona Health Care Cost Containment System from 80.0% to 68.6% in 2015-16.

Other Fire revenue sources include fire prevention inspection fees, computer-aided dispatch (CAD) and various other services provided to the community. The 2015-16 estimate for other fire services is \$12,135,000 which is \$368,000 or 3.1 percent more than the 2014-15 estimate of \$11,767,000. The increase is based on historical growth rates and assumes modest growth in 2015-16.

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 2015-16 estimate is \$1,250,000, which is unchanged from the 2014-15 estimate.

Library Fees

Library fee and fine revenue for 2015-16 is \$1,018,000 which is \$7,000 or 0.7 percent more than the 2014-15 estimate of \$1,011,000. Library revenues are expected to grow modestly due to an increase in fees for room rentals at City libraries effective January, 2015.

Parks and Recreation Fees

This category includes parks concession revenues, swimming pool revenues, fees for the use of various park facilities such as ball fields, recreation programs, cell towers and swimming pools, activities at Maryvale Stadium and the Papago Baseball Facility, and other miscellaneous park fees. The 2015-16 estimate of \$7,304,000 is \$228,000 or 3.0 percent below the 2014-15 estimate of \$7,532,000. The decrease in 2015-16 is due to an expected contractual decrease in rent revenue from Live Nation.

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 2015-16 estimate of \$1,314,000 is \$60,000 or 4.8 percent above the 2014-15 estimate of \$1,254,000. Activity levels for rezoning and zoning cases are anticipated to increase in 2015-16.

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 2015-16, the estimate of \$14,041,000 is \$1,211,000 or 7.9 percent less than the 2014-15 estimate of \$15,252,000. The decrease is due to one-time revenue received in 2014-15 for police personal services billings that will not occur in 2015-16.

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 2015-16 estimate of \$4,432,000 is \$279,000 or 5.9 percent less than the 2014-15 estimate of \$4,711,000. The decrease is due to an anticipated reduction in recoveries from damage claims.

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 2015-16 estimate of \$13,379,000 is \$1,340,000 or 9.1 percent less than the 2014-15 estimate of \$14,719,000. The decrease is primarily due to fewer sales of city owned land and buildings anticipated in 2015-16 compared to 2014-15. The decrease is offset by anticipated increases in parking meter revenues and interest earnings.





All Other Fees

This fee category consists of miscellaneous service charges in the Finance, Human Services and Neighborhood Services departments and miscellaneous categories. The 2015-16 estimate of \$2,975,000 is \$191,000 or 6.0 percent less than the 2014-15 estimate of \$3,166,000 and is due to one-time recoveries from the State in 2014-15, which is not anticipated to occur in 2015-16.

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 2015-16 revenue estimates. The table on the next page provides the 2014-15 and 2015-16 estimates and 2013-14 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 2015-16 estimate of \$28,841,000 is \$1,080,000 or 3.6 percent less than the 2014-15 estimate of \$29,921,000. These estimates are consistent with those for the same categories in the local sales tax discussion and reflect the expiration of the food tax effective April 1, 2015. Also, \$218,000 is estimated for combined net interest earnings in 2015-16.

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 2015-16 estimate is \$57,681,000 or 3.6 percent less than the 2014-15 estimate of \$59,843,000. These estimates are consistent with those for the same categories in the local sales tax discussion and reflect the expiration of the food tax effective April 1, 2015. Also, (\$104,000) is estimated for interest earnings in 2015-16 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 2015-16 estimate of \$26,074,000 is \$1,048,000 or 4.2 percent greater than the 2014-15 estimate of \$25,026,000.

Parks and Preserves Sales Tax

The Parks and Preserves sales tax is a 0.1 percent sales tax rate increase approved by voters in September 1999 and implemented in November 1999. Revenues from the 0.1 percent tax are allocated to park improvements and acquisition of desert preserves. This tax was renewed by voters for a 30-year period in May 2008. Sixty percent of the revenues are to be used for parks and recreation and forty percent for desert preserves. The 2015-16 estimate of \$28,841,000 is \$1,082,000 or 3.6 percent less than the 2014-15 estimate of \$29,923,000. These estimates are consistent with the estimates for the same categories in the local sales tax discussion and reflect the expiration of the food tax effective April 1, 2015. Also, \$206,000 is estimated for interest earnings in 2015-16.





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

Revenue Source	2013-14 Actual	2014-15 Estimate	2015-16 Budget	Increase/(Decrease) From 2014-15 Estimate	
				Amount	Percent
SPECIAL REVENUE FUNDS					
Neighborhood Protection	\$ 29,339	\$ 30,123	\$ 29,059	\$ (1,064)	-3.5%
2007 Public Safety Expansion	58,192	59,719	57,577	(2,142)	-3.6%
Public Safety Enhancement	24,849	25,026	26,074	1,048	4.2%
Parks and Preserves	29,401	30,125	29,047	(1,078)	-3.6%
Transit 2000	179,684	162,840	168,629	5,789	3.6%
Court Awards	12,848	7,824	5,263	(2,561)	-32.7%
Development Services	40,550	42,051	43,496	1,445	3.4%
Capital Construction	15,158	14,297	14,012	(285)	-2.0%
Sports Facilities	16,269	16,766	16,622	(144)	-0.9%
Arizona Highway User Revenue	102,461	108,578	108,487	(91)	-0.1%
Regional Transit Revenues	40,931	50,323	42,547	(7,776)	-15.5%
Community Reinvestment	5,219	4,958	4,592	(366)	-7.4%
Secondary Property Tax	39,887	55,121	54,796	(325)	-0.6%
Regional Wireless Cooperative	4,085	5,277	5,127	(150)	-2.8%
Golf Courses	8,927	6,362	5,970	(392)	-6.2%
Impact Fee Program Administration	371	293	305	12	4.1%
Court Special Fees	1,879	1,675	1,647	(28)	-1.7%
Monopole Rental	128	132	136	4	3.0%
Tennis Center	25	26	26	-	0.0%
Vehicle Impound Program	3,362	3,256	3,256	-	0.0%
Heritage Square	41	36	36	-	0.0%
Affordable Housing Program	2,041	2,408	2,405	(3)	-0.1%
Other Restricted (gifts/trusts)	22,236	22,734	25,407	2,673	11.8%
<u>Grants</u>					
Public Housing Grants	76,821	82,740	87,022	4,282	5.2%
Human Services Grants	38,884	43,215	42,424	(791)	-1.8%
Community Development	16,905	17,237	32,392	15,155	87.9%
Criminal Justice	5,634	9,779	5,180	(4,599)	-47.0%
Public Transit Grants	25,405	62,133	65,916	3,783	6.1%
Other Grants	56,742	40,487	49,571	9,084	22.4%
Subtotal - Grants	\$ 220,391	\$ 255,591	\$ 282,505	\$ 26,914	10.5%
Total Special Revenue Funds	\$ 858,274	\$ 905,541	\$ 927,021	\$ 21,480	2.4%
ENTERPRISE FUNDS					
Aviation	329,924	330,369	332,191	1,822	0.6%
Water System	398,248	399,606	411,108	11,502	2.9%
Wastewater System	212,131	213,548	217,162	3,614	1.7%
Solid Waste	146,449	147,824	149,326	1,502	1.0%
Convention Center	61,029	63,949	64,560	611	1.0%
Total Enterprise Funds	\$ 1,147,781	\$ 1,155,296	\$ 1,174,347	\$ 19,051	1.6%
TOTAL NON-GENERAL FUND	\$ 2,006,055	\$ 2,060,837	\$ 2,101,368	\$ 40,531	2.0%





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 2015-16 estimate of \$115,364,000 is \$4,627,000 or 4.2 percent greater than the 2014-15 estimate of \$110,737,000. These estimates are consistent with the estimates for the same categories in the local sales tax discussion. Effective with the food tax reduction on January 1, 2014, the Transit 2000 fund no longer received 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 2015-16 fare box revenue estimate of \$45,612,000 is 2.1 percent greater than the 2014-15 estimate of \$44,657,000. The increase is primarily attributable to anticipated increases in ridership. The 2015-16 estimate also includes interest earnings and other miscellaneous revenue of \$7,653,000 which is a 2.8 percent increase from 2014-15 estimate of \$7,446,000. The increase is primarily attributable to increased revenue from bus shelter advertising and 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 2015-16 is \$5,263,000, which is \$2,561,000 or 32.7 percent less than the 2014-15 estimate of \$7,824,000. The decrease is due to reimbursements for

the Police Department RMS system replacement that are included in 2014-15, but not in 2015-16.

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 2015-16 estimate is \$43,496,000, which is \$1,445,000 or 3.4 percent more than the 2014-15 estimate of \$42,051,000. 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. These funds are used primarily for right-of-way improvements in the Street Transportation Capital Improvement Program. The 2015-16 estimate is \$13,927,000, or 2.0 percent less than the 2014-15 estimate of \$14,212,000. The telecommunications tax category has experienced a declining trend; thought to be caused by transition of wireless plans from direct voice to non-taxable data/Internet-based communications. This declining trend is not expected to improve in 2015-16. The 2015-16 estimate also includes interest earnings of \$85,000.

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 2015-16 estimate is \$16,342,000, which

is \$144,000 or 0.9 percent less than the 2014-15 estimate of \$16,486,000. The revenue estimates are consistent with the General Fund sales tax estimates in the hotel/motel and short-term vehicle rental categories, and account for one-time revenue from Super Bowl in 2014-15. The 2015-16 estimate includes \$7.6 million for the hotel/motel portion and \$8.7 million for the short-term car rental portion. Also, \$280,000 is estimated in 2015-16 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). In 2014, the Arizona State Legislature directed a special distribution of a portion of AHUR revenues to cities and counties during fiscal years 2014-15 through 2016-17. Forty-eight percent of this funding is distributed to incorporated cities and towns and an additional 5 percent to cities over 300,000 population (Phoenix, Tucson and Mesa).

For 2015-16, it is anticipated that Phoenix will receive \$86.7 million from the allocation to all cities and towns and \$21.5





million from the allocation to cities and towns over 300,000 population.

The total 2015-16 AHUR estimate of \$108,137,000 is \$41,000 less than the 2014-15 estimate of \$108,178,000. Additionally, the 2015-16 interest earnings and other income estimate of \$350,000 is \$50,000 less than the 2014-15 estimate of \$400,000. The reduced 2015-16 estimate is primarily attributable to a prior-year State special distribution reversion in 2014-15 that is not projected for 2015-16. This is partially offset by slight increases estimated for the motor carrier tax (0.3 percent), vehicle license tax (0.3 percent), vehicle registration (0.4 percent) and other (0.1 percent) categories.

The table above shows the state-shared Arizona Highway Users allocations to the city of Phoenix since 2011-12.

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 2015-16 estimate of \$42,547,000 is \$7,776,000 or 15.5 percent lower than the 2014-15 estimate of \$50,323,000. The decrease is due to a reduction in reimbursements from RPTA for regional transportation plan funded projects.

Community Reinvestment

The 2015-16 estimate of \$4,592,000 is \$366,000 lower than the 2014-15 estimate of \$4,958,000 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
2011-12	\$90,368	(\$14,540)	(13.9)%
2012-13	98,804	8,436	9.3
2013-14	102,008	3,204	3.2
2014-15 (Est.)	108,178	6,170	6.0
2015-16 (Est.)	108,137	(41)	0.0

SECONDARY PROPERTY TAX

Fiscal Year	Net Assessed Valuation		Secondary Levy		Rate per \$100 Assessed Valuation
	(in Millions) ¹	% Change	(in Thousands)	% Change	
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	10,819	8.5	50,404	42.9	0.4659
2015-16 (Est.)	10,577	(2.2)	50,622	0.4	0.4786

¹ Secondary Net Assessed Valuation prior to 2015-16; Primary thereafter.

Secondary Property Tax

By law, secondary property taxes are used to pay debt service on voter-approved general obligation bonds.

In 2012, voters approved Proposition 117, amending the Arizona Constitution by capping the annual increase in limited property values used to calculate primary net assessed value. Proposition 117 additionally replaced secondary net assessed value with primary net assessed value as the base for secondary property taxes beginning in 2015-16. The amendment caps the limited property value at no greater than 5 percent above the previous year, plus new construction.

As discussed in the General Fund revenue section, the estimated 2015-16 primary property tax rate is \$1.3414 per \$100 of assessed valuation. The 2015-16 secondary rate of \$0.4786 per \$100 of assessed value maintains a combined property tax rate of \$1.82, a rate the City has held constant since 1995-96.

The 2015-16 secondary property tax levy of \$50,622,000 is based on this \$0.4786 rate and the primary net assessed valuation of \$10.58 billion. This resulting levy increases the 2014-15 secondary property tax levy of \$50,404,000 by \$218,000, or 0.4 percent.

Also included in the 2015-16 estimate is \$4,716,000 in bond interest subsidies. Revenues are partially offset by an estimated \$542,000 in uncollected taxes. In total, secondary property tax revenue is estimated to be \$54,796,000.

The table above shows secondary assessed valuation, secondary property tax levies and secondary property tax rates since 2011-12.

Regional Wireless Cooperative

The Regional Wireless Cooperative (RWC) is an independent, multi-jurisdictional organization that manages and operates a regional radio communications network built to seamlessly serve the interoperable





communication needs of first responders and other municipal radio users. It is comprised of eighteen cities and districts. As the managing network and administrative member, Phoenix is responsible for operating and maintaining the network and for the accounting, budgeting, procurement and contracting functions.

The revenue in this fund primarily consists of reimbursements from the other participating jurisdictions for their share of the cost to operate and maintain the network. The 2015-16 revenue estimate of \$5,127,000 is slightly less than the 2014-15 estimate of \$5,277,000.

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 and Palo Verde. The 2015-16 estimate of \$5,970,000 is slightly lower than the 2014-15 estimate of \$6,362,000. The reduction is due to less revenue expected for the Maryvale Golf Course, which Grand Canyon University began operating in January 2015. Arizona State University began operating Papago Golf Course in May 2014.

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 2015-16 revenue is estimated at \$305,000, which is 4.1 percent above the 2014-15 estimate of \$293,000.

Other Restricted Fees

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

The 2015-16 estimate of \$32,913,000 is \$2,646,000 or 8.7 percent more than the 2014-15 estimate of \$30,267,000. The increase is primarily due to anticipated increases in the sale of excess city-owned real property and in technical assistance revenues received from other jurisdictions for computer aided dispatch services.

Public Housing Grants

The 2015-16 Public Housing grants revenue included in the annual operating budget is \$87,022,000 which is a 5.2 percent increase from 2014-15 of \$82,740,000. This increase is due to increased 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 2015-16 revenue estimate of \$42,424,000 is \$791,000 or 1.8 percent less than the 2014-15 estimate of \$43,215,000. The decrease is due to fewer federal grant funds available for Head Start and Housing and Urban Development. 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 2015-16 CDBG entitlement is \$32,392,000 which is \$15,155,000 or 87.9 percent more than the 2014-15 estimate of \$17,237,000. The increase is due to a carryover from 2014-15 of grant revenues from the federal government.

Criminal Justice Grants

The 2015-16 grant revenue for criminal justice programs is estimated to be \$5,180,000 which is \$4,599,000 or 47.0 percent less than the 2014-15 estimate of \$9,779,000. 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 2015-16 Federal Transit Administration Grant estimate is \$65,916,000 reflecting an increase of \$3,783,000 or 6.1 percent above the 2014-15 estimate of \$62,133,000. The increase is due to a carryover of grant funds from 2014-15 to support capital budget projects.

Other Grants

The 2015-16 budget also includes \$49,571,000 for federal, state and other grants which is \$9,084,000 or 22.4 percent more than the 2014-15 estimate of \$40,487,000. The increase is due to





additional grant funds expected for HOPE VI and ARRA grants for the Neighborhood Stabilization Program. This category includes funding for various parks and recreation and library activities, workforce development programs, housing development grants and the Neighborhood Stabilization Program.

ENTERPRISE FUNDS

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

Aviation

Aviation revenue estimates include landing fees, concession revenues and interest income at Sky Harbor International, Deer Valley and Goodyear airports. Total Aviation revenue for 2015-16 is anticipated to be \$332,191,000, which is \$1,822,000 or 0.6 percent more than the 2014-15 estimate of \$330,369,000. The increase is due to expected increases in airline landing fees.

The table below shows Aviation revenue by major category and annual percent change since 2011-12.

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 2015-16 is projected to be

\$411,108,000, which is \$11,502,000 or 2.9 percent more than the \$399,606,000 estimate for 2014-15. The increase is due to estimated increases in water sales and environmental consumption charges. The 2015-16 estimate includes anticipated small increases in the number of accounts.

The table on the following page shows water system revenues by major category since 2011-12.

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

SUMMARY OF AVIATION REVENUES (In Thousands of Dollars)

	2011-12	2012-13	2013-14	2014-15 (Est.)	2015-16 (Est.)
Airline Operation	\$ 115,526	\$ 124,314	\$132,739	\$ 133,460	\$ 135,770
Concessions and Rentals	169,125	175,192	185,178	187,052	186,553
Rental Car Facility ^{1/}	41,158	41,390	-	-	-
Interest	928	528	1,807	800	800
Other/Federal Grants	7,937	2,433	5,071	3,879	3,895
Goodyear	1,674	1,850	2,116	2,133	2,138
Deer Valley	2,960	3,062	3,013	3,045	3,035
Total Aviation Revenue	\$339,308	\$348,769	\$329,924	\$330,369	\$332,191
Change From Prior Year	2.0%	2.8%	(5.4)%	0.1%	0.6%

^{1/}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)

	2011-12	2012-13	2013-14	2014-15 (Est.)	2015-16 (Est.)
Water Sales	\$288,711	\$301,238	\$303,593	\$304,692	\$314,045
Environmental Consumption Charge	50,585	45,091	45,494	45,495	46,809
Raw Water Charge	26,183	25,439	25,679	25,802	26,651
Interest	1,862	1,815	2,247	2,619	2,191
Development Fees	1,820	2,333	2,478	2,500	2,700
Combined Service Fees	3,008	2,804	2,579	6,000	6,000
Val Vista	6,424	5,461	5,494	5,830	5,813
All Other	10,222	39,951	10,684	6,668	6,899
Total Water Revenue	\$388,815	\$424,132	\$398,248	\$399,606	\$411,108
Change From Prior Year	10.0%	9.1%	(6.1)%	0.3%	2.9%

SUMMARY OF WASTEWATER SYSTEM REVENUES
(In Thousands of Dollars)

	2011-12	2012-13	2013-14	2014-15 (Est.)	2015-16 (Est.)
Sewer Service Charge	\$158,511	\$146,592	\$147,309	\$148,777	\$150,639
Environmental Charges	35,868	33,747	33,831	34,067	34,490
Development Fees	1,670	2,282	2,371	2,400	2,600
Interest	2,166	1,285	1,297	1,480	1,465
Multi-City	15,804	15,832	16,502	16,453	17,610
Other	18,825	15,351	10,821	10,371	10,358
Total Wastewater Revenue	\$232,844	\$215,089	\$212,131	\$213,548	\$217,162
Change From Prior Year	3.1%	(7.6)%	(1.4)%	0.7%	1.7%





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

The table on the previous page shows Wastewater revenue by major category and annual percent change since 2011-12.

Solid Waste

This category includes revenues from the monthly residential collection and landfill tipping fees. The 2015-16 estimate of \$149,326,000 is an increase of \$1,502,000 or 1.0 percent greater than the 2014-15 estimate of \$147,824,000. The increase is due to expected increases in solid waste service fees, city landfill fees and interest earnings.

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 2.0 percent portion of the 5.0 percent hotel/motel tax on rooms rented for 30 days or less.

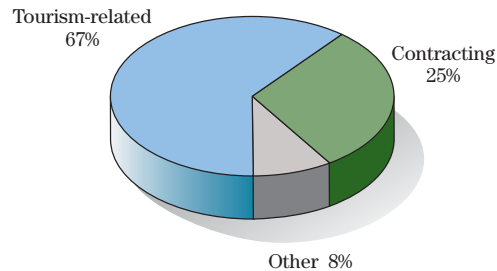
Earmarked sales taxes are expected to produce \$48,129,000 in 2015-16, an increase of 0.9 percent above the 2014-15 estimate of \$47,706,000. Convention Center operating revenues are expected to be \$13,322,000, parking revenue is expected to be \$2,886,000, and interest revenue is expected to be \$223,000, for total revenue estimates of \$64,560,000. This is \$611,000 or 1.0 percent more than the 2014-15 total estimated revenue of \$63,949,000. The increase is due to anticipated increases in sales tax and operating revenues. Tax estimates are consistent with General Fund sales tax estimates for the categories included in Convention Center.

The following table shows the Convention Center excise tax collections since 2011-12.

CONVENTION CENTER SALES TAXES (In Thousands of Dollars)

Fiscal Year	Amount Collected	Increase/(Decrease)	
		Amount	Percent
2011-12	\$40,030	\$2,195	5.8%
2012-13	40,828	798	2.0
2013-14	44,311	3,483	8.5
2014-15 (Est.)	47,706	3,395	7.7
2015-16 (Est.)	48,129	423	0.9

2015-16 CONVENTION CENTER Earmarked Sales Taxes



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 pie chart above, contracting and tourism represent 92 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. 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 for 2014-15 accounts for one-time revenue from the Super Bowl. The 2015-16 estimates assume continued economic growth.





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 2015-16 operating budget allowance of \$1,831,000 is the same as the 2014-15 estimated expenditures and reflects the equalization and stabilization of the elected officials' budgets.

Expenditure and Position Summary

	2013-14 Actual	2014-15 Estimate	2015-16 Budget
Operating Expense	\$1,628,000	\$1,831,000	\$1,831,000
Total Positions	13.5	12.5	12.5
Source of Funds:			
General	\$1,628,000	\$1,831,000	\$1,831,000





CITY COUNCIL

Program Goal

The City Council is composed of eight council members elected by districts on a nonpartisan ballot. Four-year terms for council members from even-numbered districts expire in January 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 2015-16 City Council operating budget allowance of \$3,536,000 is the same as the 2014-15 estimated expenditures and reflects the equalization and stabilization of the elected officials' budgets.

Expenditure and Position Summary

	2013-14 Actual	2014-15 Estimate	2015-16 Budget
Operating Expense	\$3,345,000	\$3,536,000	\$3,536,000
Total Positions	31.0	33.0	33.0
Source of Funds:			
General	\$3,345,000	\$3,536,000	\$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 2015-16 operating budget allowance of \$2,536,000 is \$1,000 more than 2014-15 estimated expenditures. The decrease in the General fund is primarily due to aligning a position with staff needs by downgrading a position in the Youth and Education Coordination program, as part of the Zero Based Budget review. Additionally, the Chief Sustainability Officer was moved out of the City Manager's Office in order to create the Office of Sustainability. These General Fund savings were offset by the acceptance of a new City Services grant and the carryover of unspent Youth and Education grant funds.

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. This network was 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 serve a 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.

City Manager's Office Major Performance Measures and Service Levels

The following significant performance measures and service level trends will be achieved with the 2015-16 budget allowance:

	2013-14 Actual	2014-15 ¹ Estimate	2015-16 Budget
Progress towards meeting and exceeding Innovation and Efficiency goal	\$90.8 million	\$102 million	\$110 million
Number of citywide operational improvements as identified through the Comprehensive Organizational Review Exercise worked on during the year	5	5	5

¹Based on 10 months actual.

Expenditure and Position Summary

	2013-14 Actual	2014-15 Estimate	2015-16 Budget
Operating Expense	\$2,481,000	\$2,535,000	\$2,536,000
Total Positions	19.0	18.0	17.0
Source of Funds:			
General	\$2,170,000	\$2,349,000	\$2,235,000
Other Restricted	—	84,000	218,000
State and Federal Grants	87,000	—	30,000
Water	224,000	102,000	53,000

Budget Allowance Explanation

The RWC 2015-16 operating budget allowance of \$5,004,000 is \$312,000 or 5.9 percent less than 2014-15 estimated expenditures. The decrease reflects lower than anticipated system costs.

Expenditure and Position Summary

	2013-14 Actual	2014-15 Estimate	2015-16 Budget
Operating Expense	\$4,428,000	\$5,316,000	\$5,004,000
Total Positions	4.0	4.0	4.0
Source of Funds:			
RWC	\$4,428,000	\$5,316,000	\$5,004,000





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 2015-16 operating budget allowance of \$1,064,000 is \$55,000 or 5.5 percent more than 2014-15 estimated expenditures and reflects normal inflationary increases. These increases are partially offset by the elimination of 1 vacant position.

COMMUNICATIONS OFFICE

Program Goal

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

Budget Allowance Explanation

The Communications Office 2015-16 operating budget allowance of \$2,293,000 is \$42,000 or 1.8 percent less than 2014-15 estimated expenditures. The decrease is primarily due to elimination of funding for the biennial Community Opinion Survey and the Employee Opinion Survey per previous Council action as part of the annual zero-based budget review, and reduced funding for replacement of capital equipment.

Government Relations Major Performance Measures and Service Levels

The following significant performance measures and service level trends will be achieved with the 2015-16 budget allowance:

	2013-14 Actual	2014-15 ¹ Estimate	2015-16 Budget
Percentage of Arizona State legislative bills supported by the city which were enacted.	75%	57%	60%
Percentage of Arizona State legislative bills opposed by the city which were not enacted.	100%	62%	60%
Success rate of federal and state competitive grants and private foundation grants that Government Relations assisted departments with.	74%	70%	75%
Number of tribal gaming grants processed by Government Relations.	38	35	30

¹Based on 10 months actual experience.

Expenditure and Position Summary

	2013-14 Actual	2014-15 Estimate	2015-16 Budget
Operating Expense	\$1,094,000	\$1,009,000	\$1,064,000
Total Positions	6.0	5.0	5.0
Source of Funds:			
General	\$1,084,000	\$990,000	\$1,064,000
Other Restricted	10,000	19,000	—

Communications Office Major Performance Measures and Service Levels

The following significant performance measures and service level trends will be achieved with the 2015-16 budget allowance:

	2013-14 Actual	2014-15 ¹ Estimate	2015-16 Budget
Percent of news releases that generate media coverage	85%	88%	86%
New PHX 11 programs produced per year ²	298	432	324
Percent of news distributed to stakeholders by 5 p.m. daily	91%	90%	92%
Percent of email responses to public inquiries within one day	100%	100%	100%
Average response time to public records requests (days)	3.5	3.0	3.5
Phoenix.gov page visits (monthly average)	1,441,000	1,200,000	1,200,000

¹Based on 10 months actual experience.

²2014-15 includes 100 "Top Things to Do in Phoenix" social media videos that promoted Phoenix prior to the 2015 NFL Super Bowl.

Expenditure and Position Summary

	2013-14 Actual	2014-15 Estimate	2015-16 Budget
Operating Expense	\$2,525,000	\$2,335,000	\$2,293,000
Total Positions	18.6	18.6	18.6
Source of Funds:			
General	\$2,185,000	\$1,993,000	\$1,948,000
Other Restricted	340,000	342,000	345,000





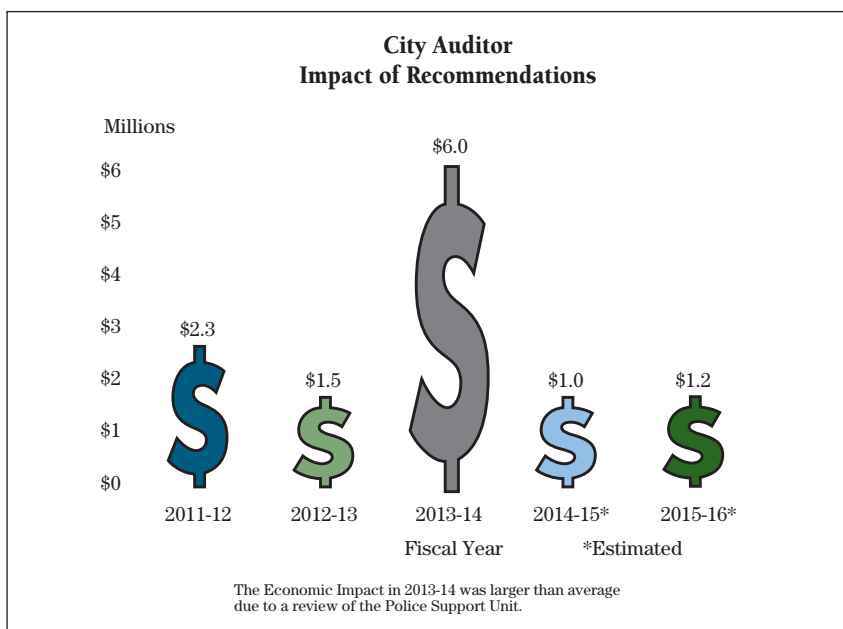
CITY AUDITOR

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 2015-16 operating budget allowance of \$2,440,000 is \$70,000 or 3.0 percent more than 2014-15 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 2015-16 budget allowance:

	2013-14 Actual	2014-15 ¹ Estimate	2015-16 Budget
Percent of audit plan completed	84%	70%	80%
Performance audit and management reports issued ²	103	95	100
Average audit cycle time (calendar days) ²	171	180	180
Economic impact of audits as a result of identified improvements or cost savings (millions) ³	\$6.0	\$1.0	\$1.2
Hearing rulings issued timely according to time frames listed in the City Code	100%	100%	100%

¹Based on 10 months actual experience.

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

³Economic Impact in 2013-14 was larger than average due to a review of the Police Air Support Unit that identified over \$3 million in potential revenue and cost savings to the city. The majority of these savings will come from a reduction in fleet of three helicopters and associated parts inventory and identified underpayments by Aviation contractors and business partners.

Expenditure and Position Summary

	2013-14 Actual	2014-15 Estimate	2015-16 Budget
Operating Expense	\$2,294,000	\$2,370,000	\$2,440,000
Total Positions	25.5	26.5	26.5
Source of Funds:			
General	\$2,294,000	\$2,370,000	\$2,440,000





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 2015-16 Equal Opportunity operating budget allowance of \$2,811,000 is \$11,000 or 0.4 percent less than 2014-15 estimated expenditures. The decrease is primarily due to reduced staff costs resulting from one-time employee retirement costs in 2014-15.

Expenditure and Position Summary

	2013-14 Actual	2014-15 Estimate	2015-16 Budget
Operating Expense	\$2,586,000	\$2,822,000	\$2,811,000
Total Positions	26.0	25.0	25.0
Source of Funds:			
General	\$2,197,000	\$2,334,000	\$2,322,000
Community Development			
Block Grant	252,000	252,000	257,000
Federal and State			
Grants	131,000	230,000	229,000
Other Restricted	6,000	6,000	3,000

Equal Opportunity Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the proposed 2015-16 budget allowance:

	2013-14 Actual	2014-15 ¹ Estimate	2015-16 Budget
Discrimination complaints in employment, public accommodations, housing and Americans with Disabilities Act (ADA) accessibility, investigated and closed ²	185	200	200
Percentage of discrimination complaints investigated timely ³	73%	80%	80%
Outreach presentations to small and disadvantaged businesses and small business advocacy organizations ⁴	8	12	15
Number of disadvantaged business enterprises (DBEs) certified ⁵	81	91	90
Number of small business enterprises (SBEs) certified	631	645	645
Construction subcontracts monitored for participation of DBE subcontractors and non-DBE-certified construction subcontractors	1,450	1,844	1,800

¹Based on 10 months actual experience.

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

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

⁴The projected increases reflect 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.

⁵The 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. However, in 2014-15, ADOT continued to process applications. When files were transferred to the correct agencies, Phoenix received more firms than we transferred to ADOT.





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 2015-16 operating budget allowance of \$11,018,000 is \$295,000 or 2.6 percent less than 2014-15 estimated expenditures. The decrease is primarily due to reduced debt service costs related to the Personnel Building. The General Fund increase is mainly due to fewer anticipated vacant positions and is partially offset by reductions in consulting services from the completion of the pension reform process.

Human Resources Department Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the proposed 2015-16 budget allowance:

	2013-14 Actual	2014-15 ¹ Estimate	2015-16 Budget
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

¹Based on 10 months actual experience.

Expenditure and Position Summary

	2013-14 Actual	2014-15 Estimate	2015-16 Budget
Operating Expense	\$10,406,000	\$11,313,000	\$11,018,000
Total Positions	95.1	99.1	99.1
Source of Funds:			
General	\$9,188,000	\$9,653,000	\$9,742,000
City Improvement	784,000	1,149,000	773,000
Other Restricted	434,000	511,000	503,000





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 2015-16 operating budget allowance of \$84,000 is \$8,000 or 10.5 percent more than 2014-15 estimated expenditures. The increase is primarily due to increased funding for contracted hearing officers and transcription services for expected increased activity in 2015-16 that is separate from the number of cases filed, and normal inflationary increases.

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 2015-16 gross operating budget allowance of \$1,989,000 is \$64,000 or 3.1 percent less than 2014-15 estimated expenditures. The decrease is primarily due to reduced funding for temporary agency services and one-time audit services.

Expenditure and Position Summary

	2013-14 Actual	2014-15 Estimate	2015-16 Budget
Operating Expense (Gross ¹)	\$1,800,000	\$2,053,000	\$1,989,000
Total Positions	14.0	14.0	14.0
Source of Funds:			
General (Gross ²)	\$1,800,000	\$2,053,000	\$1,989,000

¹Gross 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 2015-16 budget allowance:

	2013-14 Actual	2014-15 ¹ Estimate	2015-16 Budget
Number of cases filed annually ²	9	8	6

¹Based on 10 months actual experience.

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

Expenditure and Position Summary

	2013-14 Actual	2014-15 Estimate	2015-16 Budget
Operating Expense	\$58,000	\$76,000	\$84,000
Total Positions	1.0	1.0	1.0
Source of Funds:			
General	\$58,000	\$76,000	\$84,000

Retirement Systems Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the proposed 2015-16 budget allowance:

	2013-14 Actual	2014-15 ¹ Estimate	2015-16 Budget
General city retirements ²	641	771	350
Public safety retirements ²	308	368	100
General city and public safety member contacts			
Appointments	998	690	750
Walk-in service	2,396	1,900	1,700
Telephone calls	9,111	9,000	8,200
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

¹Based on 10 months actual experience.

²Increases in 2014-15 were likely due to the pension reform initiative referred to the voters in November 2014, which ultimately did not pass. Decreases in 2015-16 are based on an expected return to historical averages prior to 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 2015-16 operating budget allowance of \$20,973,000 is \$290,000 or 0.4 percent more than 2014-15 estimated expenditures. The increase reflects increased personnel costs and was partially offset by the elimination of 10 vacant positions.

Law Department Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2015-16 budget allowance:

	2013-14 Actual	2014-15 ¹ Estimate	2015-16 Budget
Criminal cases sent to diversion	4,056	3,325	3,900
Pre-trial disposition conferences set	80,234	72,039	74,000
New civil cases opened in the fields of condemnation, collection, taxes and civil litigation, excluding liability and other cases assigned to outside counsel	1,006	1,044	900
Number of defendants submitted for charging review	42,485	37,928	40,000
Number of civil cases closed, including those assigned to outside counsel and handled through the alternative dispute resolution process	818	913	700
Ordinances and resolutions for City Council adoption drafted and reviewed	979	1,129	1,000
Number of jury trials prosecuted	134	95	150

¹Based on 10 months actual experience.

Expenditure and Position Summary

	2013-14 Actual	2014-15 Estimate	2015-16 Budget
Operating Expense	\$19,831,000	\$19,634,000	\$20,039,000
Total Positions	204.0	194.0	194.0
Source of Funds:			
General	\$18,745,000	\$18,598,000	\$19,066,000
Court Awards	290,000	353,000	323,000
Federal and State Grants	636,000	650,000	617,000
Other Restricted	160,000	33,000	33,000





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 2015-16 operating budget allowance of \$37,509,000 is \$123,000 or 0.3 percent more than 2014-15 estimated expenditures. The slight increase reflects strategic technology infrastructure investments, increased personnel costs, and normal inflationary adjustments. These increases are offset by the elimination of 10 vacant positions.

Information Technology Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2015-16 budget allowance:

	2013-14 Actual	2014-15 ¹ Estimate	2015-16 Budget
Percentage of on-time operations center services	99.0%	99.0%	99.0%
Number of ITS-supported network devices	18,500	18,500	18,242
Critical systems availability percentage:			
Enterprise network	99.9%	99.9%	99.9%
Telephone network	98.0%	98.0%	98.0%
Phoenix.gov	n/a ²	96.7%	98.0%
ePay	n/a ²	98.2%	98.0%
CC&B	n/a ²	97.5%	98.0%
TALIS	n/a ²	96.0%	97.0%
RWC	99.9%	99.9%	98.5%
Number of visits to phoenix.gov	n/a ²	13,262,004	13,300,000
Average cycle time of telephone service requests	< 21 days	< 21 days	< 21 days
Units of portable and mobile radio equipment ³	18,500	18,500	18,500

¹Based on 10 months actual experience.

²ITS has implemented a new system to track system availability. Data from the system for 2013-14 is not available.

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

Expenditure and Position Summary

	2013-14 Actual	2014-15 Estimate	2015-16 Budget
Operating Expense	\$34,037,000	\$37,386,000	\$37,509,000
Total Positions	171.0	168.0	170.0
Source of Funds:			
General	\$31,288,000	\$34,291,000	\$34,404,000
Cable Communications	437,000	436,000	419,000
City Improvement	1,684,000	1,584,000	1,576,000
Other Restricted	-	250,000	250,000
Aviation	250,000	271,000	277,000
Solid Waste	203,000	378,000	408,000
Water	175,000	176,000	175,000





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 2015-16 operating budget allowance of \$5,070,000 is \$578,000 or 12.9 percent more than 2014-15 estimated expenditures. The increase is primarily due to the carryover of funding for the implementation in 2015-16 of a citywide record management system and normal inflationary increase. This increase is partially offset by the elimination of one vacant position.

City Clerk Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2015-16 budget allowance:

	2013-14 Actual	2014-15 ¹ Estimate	2015-16 Budget
Number of Council Formal and special meeting agenda items	2,089	2,100	2,000
Open meeting law notices posted	3,065	3,100	2,900
Percent of open meeting law notices posted in accordance with state law ²	100%	100%	100%
Total printing and copy impressions (millions)	33.6	37.7	36.2
City Council regular and special elections held	2	1	1
License services applications and contacts	17,398	17,900	18,000
Records imaged and available for public access online	142,000	115,000	110,000

¹Based on 10 months actual experience.

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

Expenditure and Position Summary

	2013-14 Actual	2014-15 Estimate	2015-16 Budget
Operating Expense	\$5,236,000	\$4,492,000	\$5,070,000
Total Positions	63.5	56.0	56.0
Source of Funds:			
General	\$5,073,000	\$4,477,000	\$5,054,000
City Improvement	163,000	15,000	16,000





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 2015-16 Finance Department operating budget allowance of \$33,347,000 is \$13,025,000 or 64.1 percent more than 2014-15 estimated expenditures. The primary variances are in the General Fund and City Improvement Fund. The City Improvement Fund budget allowance for 2015-16 is \$8,060,000 more than 2014-15. This is primarily due to an expected increase in debt service payments for the planned telephone system and network upgrade, and the 700 MHz radio conversion project.

The General Fund budget allowance for 2015-16 of \$22,795,000 is \$5,223,000 or 29.7% more than 2014-15. This increase reflects additional funding to pay Phoenix's portion of the newly implemented Arizona Department of Revenue Transaction Privilege (Sales) Tax Simplification effort, an expected decrease in vacant positions and normal inflationary increases. These increases are partially offset by savings through increased usage of electronic banking services, reduced postage for monthly tax statements which will be handled by the Arizona Department of Revenue and the elimination of an administrative support position. The increase is also partially offset by the elimination of five vacant positions.

Finance Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2015-16 budget allowance:

	2013-14 Actual	2014-15 ¹ Estimate	2015-16 Budget
Sales tax and franchise fees collected (millions)	\$752	\$750	\$730
Average real estate acquisition cycle time (months)	5.51	0.75	0.75
Average property damage claims cycle time (days)	37	60	60
Average invitation for bid (IFB) cycle time (days)	86	85	85

¹Based on 10 months actual experience.

Expenditure and Position Summary

	2013-14	2014-15	2015-16
Operating Expense	\$21,452,000	\$20,322,000	\$33,347,000
Total Positions	229.0	219.0	218.0
Source of Funds:			
Aviation	320,000	322,000	319,000
City Improvement	1,095,000	161,000	8,060,000
General	\$17,711,000	\$17,572,000	\$22,795,000
Other Restricted	388,000	260,000	125,000
Public Housing	—	(1,000)	(6,000)
Sports Facilities	109,000	129,000	129,000
Wastewater	761,000	739,000	739,000
Water	1,068,000	1,140,000	1,186,000





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 2015-16 operating budget allowance of \$3,057,000 is \$160,000 or 5.5 percent higher than 2014-15 estimated expenditures. In 2014-15 two positions were vacant for more than half the year resulting in personal services savings. Both positions will be filled in 2015-16 and the budget increase reflects the expected costs.

Budget and Research Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2015-16 budget allowance:

	2013-14 Actual	2014-15 ¹ Estimate	2015-16 Budget
Percent variance of actual versus estimated expenditures for each major fund (data for the General Fund is shown)	-1.7%	0 ± 1%	0 ± 1%
Percent variance of actual versus estimated revenues for each major fund (data for the General Fund is shown)	-0.1%	0 ± 1%	0 ± 1%
Percent of Requests for Council Action processed within 24 hours	89%	75%	75%
Capital Improvement Program expenditures as a percentage of budget	54.1%	61.5%	65%

¹Based on 10 months actual experience.

Expenditure and Position Summary

	2013-14 Actual	2014-15 Estimate	2015-16 Budget
Operating Expense	\$2,996,000	\$2,897,000	\$3,057,000
Total Positions	24.0	24.0	24.0
Source of Funds:			
General	\$2,996,000	\$2,897,000	\$3,057,000





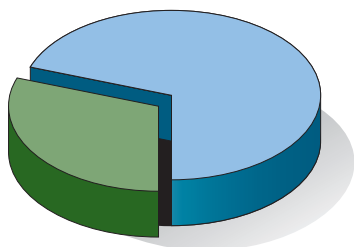
The Phoenix Police Department has more than 3,200 sworn officers and more than 1,000 civilian personnel.





Public Safety

The Public Safety Program Represents 33.3% of the Total Budget.



The Public Safety program budget includes the Police Department, Fire Department and the Office of Homeland Security and Emergency Management.

POLICE

Program Goal

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

Budget Allowance Explanation

The Police Department 2015-16 operating budget allowance of \$572,949,000 is \$13,661,000 or 2.4 percent more than 2014-15 estimated expenditures and reflects public safety retirement contribution increases that are partially offset by the

Police Major Performance Measures and Service Trends

The following significant performance measures and service trends will be achieved with the 2015-16 budget allowance:

	2013-14 Actual	2014-15 ¹ Estimate	2015-16 Budget
Average Response Time (Minutes)			
Priority 1 – Emergency	5.7	5.9	5.9
Priority 2 – Non-Emergency	14.4	15.5	15.8
Priority 3 – All Others	38.9	43.8	45.7
Percentage of phone calls to 9-1-1 and Crime Stop answered within 10 seconds			
	96%	91%	93%
Cases accepted by the county attorney for issuance of complaint			
	27,425	27,400	27,400
Moving violation citations issued			
	182,146	179,000	175,000
Traffic accidents			
	23,883	25,200	26,500
Percentage of cases cleared:			
Murder	81%	74%	80%
Rape	22%	22%	22%
Robbery	25%	24%	25%
Aggravated Assault	43%	41%	42%
Burglary	6%	6%	6%
Theft	23%	22%	23%
Auto Theft	8%	8%	8%
Arson	15%	15%	15%

¹Based on 10 months actual experience.





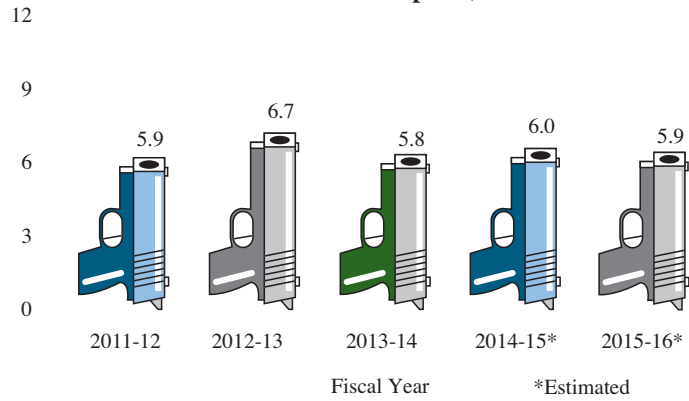
elimination of 34 vacant civilian positions.

The 2015-16 budget also includes funds to implement a new 40 hour training module for all law enforcement personnel. This course is designed to enhance knowledge regarding mental health, cultural awareness and situational and tactical analysis.

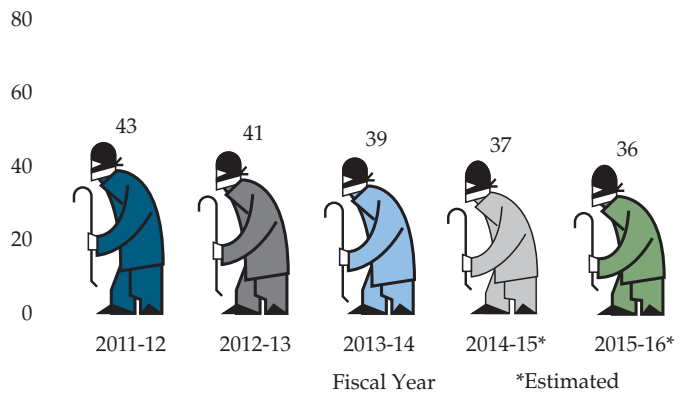
Expenditure and Position Summary

	2013-14 Actual	2014-15 Estimate	2015-16 Budget
Operating Expense	\$555,422,000	\$559,288,000	\$572,949,000
Total Positions	4,429.5	4,328.5	4,329.5
Source of Funds:			
General	\$454,377,000	\$464,014,000	\$477,616,000
Public Safety Expansion	47,185,000	42,525,000	42,700,000
Neighborhood Protection	17,005,000	15,685,000	19,107,000
Public Safety Enhancement	13,652,000	11,423,000	11,700,000
City Improvement	4,865,000	6,936,000	7,037,000
Court Awards	7,301,000	4,772,000	5,315,000
Federal and State Grants	6,036,000	9,128,000	4,563,000
Other Restricted	3,805,000	3,562,000	3,617,000
Sports Facilities	1,196,000	1,243,000	1,294,000

Police — Violent Crimes per 1,000 Residents



Police — Property Crimes per 1,000 Residents





FIRE

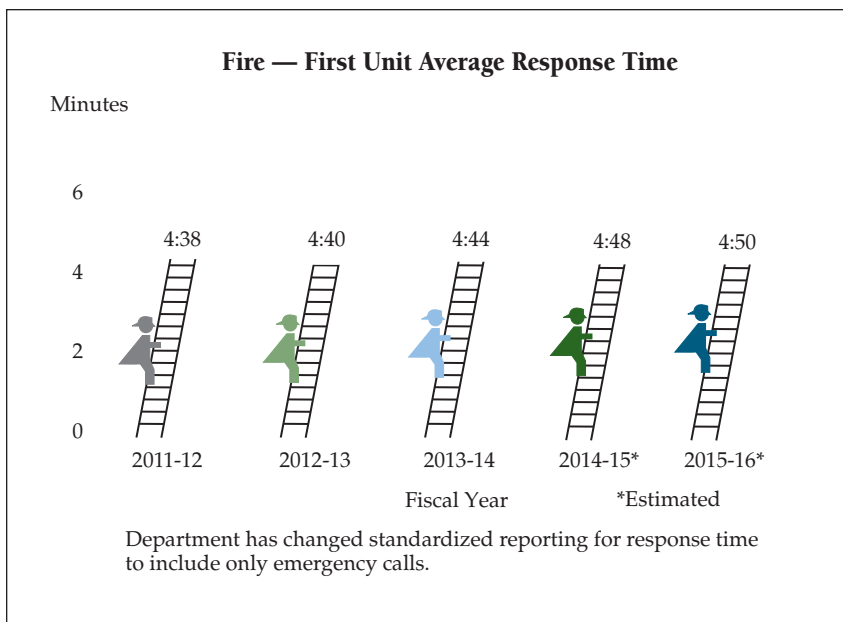
Program Goal

The Fire Department provides the highest level of life and property safety through fire prevention, fire control and emergency medical and public education services.

Budget Allowance Explanation

The Fire Department 2015-16 operating budget allowance of \$312,745,000 is \$8,218,000 or 2.7 percent more than 2014-15 estimated expenditures and is the result of increases in personnel costs for public safety retirement contributions and other operational necessities such as liability insurance, vehicle maintenance and facility maintenance.

These increases are partially offset by the elimination of three non-sworn vacant positions.



Fire Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2015-16 budget allowance:

	2013-14 Actual	2014-15 ¹ Estimate	2015-16 Budget
Percent of fire and emergency medical call responses within four minutes	34.6%	38.0%	38.0%
Patient transports to Valley hospitals via emergency medical vehicles	66,555	67,220	67,220
Percentage of time Advanced Life Support (ALS) medical calls are responded to with paramedic units within five minutes	61.6%	67.0%	67.0%
Number of fire investigations to determine cause only	787	800	800
Number of calls by type:			
Emergency Medical	152,454	156,000	156,000
Fire	13,876	14,100	14,100
Other (mountain/swift water/trench/tree rescues/other)	6,735	6,900	6,900

¹Based on 10 months actual experience.

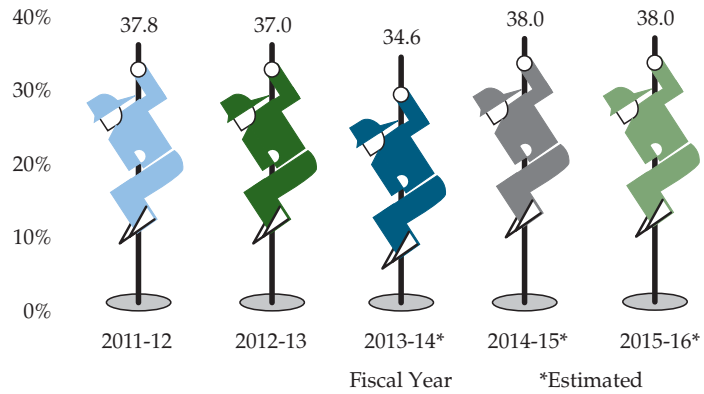




Expenditure and Position Summary

	2013-14 Actual	2014-15 Estimate	2015-16 Budget
Operating Expense	\$286,383,000	\$304,527,000	\$312,745,000
Total Positions	1,994.6	1,990.6	2,000.3
Source of Funds:			
General	\$245,404,000	\$253,865,000	\$259,566,000
Public Safety Enhancement	5,506,000	7,318,000	9,163,000
Neighborhood Protection	4,862,000	5,837,000	8,116,000
Public Safety Expansion	11,187,000	14,045,000	15,089,000
Federal and State Grants	12,954,000	15,254,000	12,413,000
Federal Transit Authority	4,000	6,000	—
Other Restricted	3,110,000	4,598,000	4,818,000
City Improvement	3,356,000	3,604,000	3,580,000

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



HOMELAND SECURITY AND EMERGENCY MANAGEMENT

Program Goal

The Office of Homeland Security and Emergency Management provides the city with the capability to plan for, mitigate, respond to and recover from large-scale community emergencies and disasters as a result of human-caused, technological or natural hazards.

Budget Allowance Explanation

The Office of Homeland Security and Emergency Management 2015-16 operating budget allowance of \$649,000 is \$154,000 or 19.2 percent less than 2014-15 estimated expenditures. The 2014-15 estimated expenditures included funding for one-time expenditures related the NFL's SuperBowl XLIX and ProBowl public safety preparedness.

Expenditure and Position Summary

	2013-14 Actual	2014-15 Estimate	2015-16 Budget
Operating Expense	\$464,000	\$803,000	\$649,000
Total Positions	6.0	6.0	6.0
Source of Funds:			
General	\$14,000	\$189,000	\$14,000
Public Safety Enhancement	427,000	448,000	423,000
Federal and State Grants	23,000	166,000	212,000





The Phoenix Fire Department responded to more than 180,000 calls, including nearly 160,00 medical assistance calls and more than 14,000 fire calls in fiscal year 2014-15.





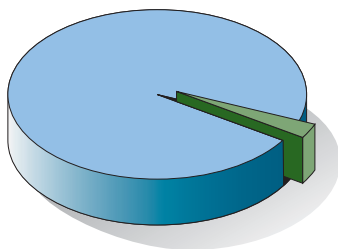
The Phoenix Municipal Court tries criminal and civil traffic violations, as well as non-traffic criminal misdemeanor cases.





Criminal Justice

The Criminal Justice Program Represents 2.3% 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 2015-16 operating budget allowance of \$40,705,000 is \$454,000 or 1.1 percent more than 2014-15 estimated expenditures. The increase reflects normal inflationary increases which are partially offset by the elimination of ten vacant positions.

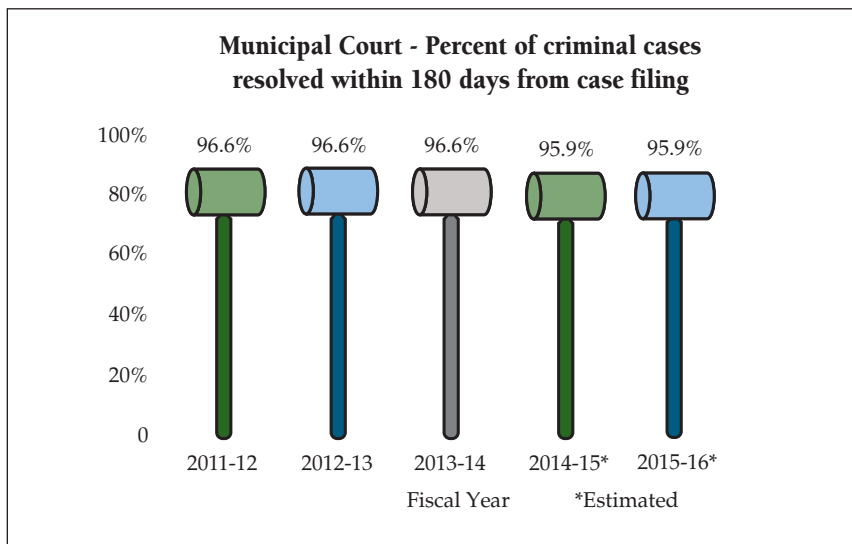
In addition to the elimination of vacant positions, the department closed two courtrooms as part of an efficiency review due to a continued decrease in the number of criminal and civil filings over the last few years. Six vacant positions which staffed those courtrooms were eliminated.

Municipal Court Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2015-16 budget allowance:

	2013-14 Actual	2014-15 ¹ Estimate	2015-16 Budget
Criminal filings	63,000	58,000	60,000
Civil filings	180,000	160,000	165,000
Average number of days from arraignment to hearing for minor traffic cases	35	33	33
Number of criminal cases with a pending trial date at year end	3,232	3,000	3,000
Percent of trials/hearings appealed	3.5%	3.5%	3.5%
Average cycle time for sending out restitution and bail refund checks	2.5 days	2.5 days	2.5 days
Average hold time for incoming information calls to the Customer Call Center	2.5 minutes	2.5 minutes	5.0 minutes

¹Based on 10 months actual experience.



Expenditure and Position Summary

	2013-14 Actual	2014-15 Estimate	2015-16 Budget
Operating Expense	\$35,909,000	\$40,251,000	\$40,705,000
Total Positions	295.0	285.0	279.0
Source of Funds:			
General	\$27,871,000	\$27,462,000	\$27,542,000
Other Restricted	1,806,000	6,292,000	6,347,000
City Improvement	6,232,000	6,497,000	6,816,000





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 \$4,967,000 is \$114,000 or 2.3 percent more than 2014-15 estimated expenditures. The increase reflects normal inflationary increases.

The 2015-16 budget adds two full time positions to enhance the Veterans Court and Mental Health Specialist programs. The cost of these positions is offset by a reduction in contracted services previously used to provide these services.

Public Defender Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the proposed 2015-16 budget allowance:

	2013-14 Actual	2014-15 ¹ Estimate	2015-16 Budget
Defendants charged with misdemeanor crimes represented in Phoenix Municipal Court	13,896	12,750	13,000

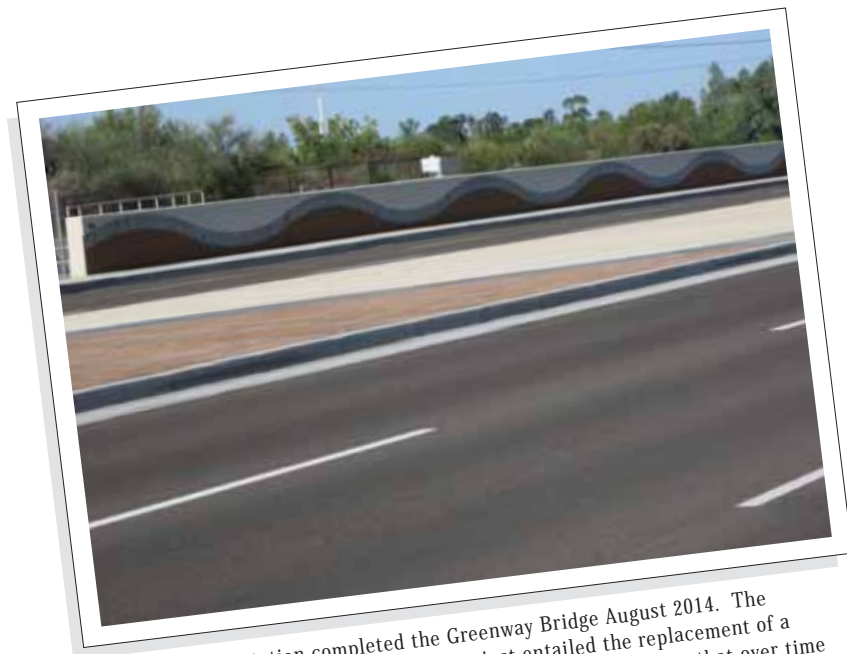
¹Based on 10 months actual experience.

Expenditure and Position Summary

	2013-14 Actual	2014-15 Estimate	2015-16 Budget
Operating Expense	\$4,788,000	\$4,967,000	\$5,081,000
Total Positions	9.0	9.0	11.0
Source of Funds:			
General	\$4,788,000	\$4,967,000	\$5,081,000







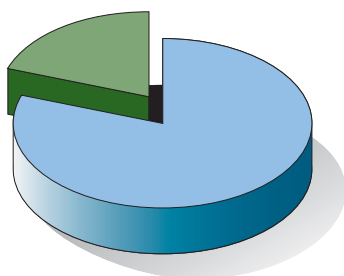
Street Transportation completed the Greenway Bridge August 2014. The construction-industry award winning project entailed the replacement of a structure that exhibited serious signs of structural deficiencies that over time became expensive to repair and maintain. The new bridge, which is situated on the Greenway Parkway over Cave Creek Wash, features a unique triple box culvert structure that resists the expansion cracking, settlement and degradation that plagued the previous bridge.





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 provides for the safe, efficient, and convenient movement of people and goods on city streets, and also supports citywide construction projects through the office of the City Engineer. 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 2015-16 budget allowance:

	2013-14 Actual	2014-15 ¹ Estimate	2015-16 Budget
Routine street maintenance requests for service completed within 21 days	82%	80%	80%
Percent of all traffic signal control cabinets inspected annually	95%	95%	90%
Routine traffic operation requests for service completed within 30 days	93%	93%	93%
Construction project complaints or inquiries addressed within two working days	98%	97%	97%
Number of days to review and respond to street light requests ²	1.4	2.5	2.5
Number of days to review private development plans ²	6	9	10
Utility plan review turnaround time within 10 working days	97%	97%	95%
Complete requests for sign and crosswalk work within 45 days	80%	80%	80%

¹Based on 10 months actual experience.

²Decrease in 2014-15 is due to anticipated vacancies.



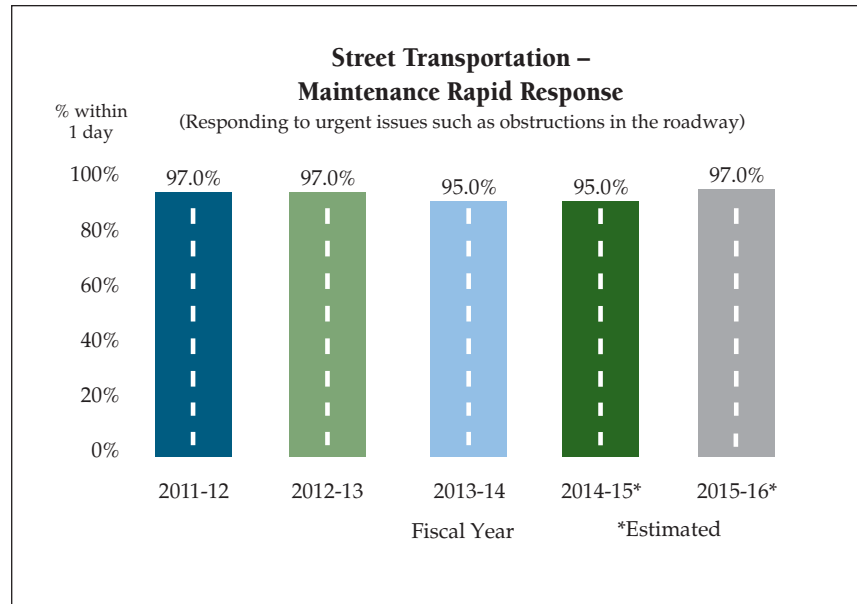


Budget Allowance Explanation

The Street Transportation 2015-16 operating budget allowance of \$71,444,000 is \$2,502,000 or 3.6 percent more than 2014-15 estimated expenditures. This is primarily due to an increase in expenditures in the Arizona Highway User Revenue (AHUR) fund. The increase in the General Fund is primarily due to an expected decrease in vacant positions and normal inflationary increases. The increase is partially offset by the elimination of 31 vacant positions, transferring oversight of the bridge inspection program to the Arizona department of Transportation, reducing the installation and maintenance of "No Parking" signs along major arterial streets, developing in-house training programs and reducing temporary agency staffing costs due to the postponement of a planned project.

Expenditure and Position Summary

	2013-14 Actual	2014-15 Estimate	2015-16 Budget
Operating Expense	\$68,085,000	\$68,942,000	\$71,444,000
Total Positions	664.0	653.0	652.0
Source of Funds:			
General	\$18,034,000	\$18,530,000	\$19,222,000
Arizona Highway User Revenue	46,710,000	48,066,000	49,653,000
City Improvement	735,000	104,000	106,000
Capital Construction	130,000	129,000	129,000
Federal and State Grants	53,000	50,000	105,000
Other Restricted	2,423,000	2,063,000	2,229,000





AVIATION

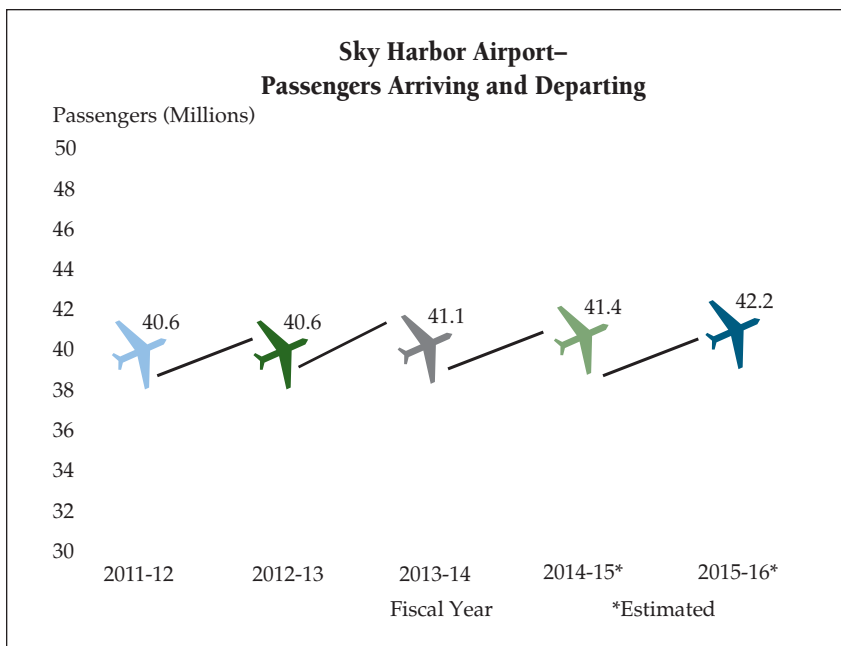
Program Goal

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 2015-16 operating budget allowance of \$236,851,000 is \$2,618,000 or 1.1 percent more than 2014-15 estimated expenditures. The increase reflects the full year operating cost of the PHX Sky Train® Stage 1a expansion to Terminal 3. The increase also includes one-time capital technology enhancements and replacements as well as normal inflationary increases.

The 2015-16 budget also includes three positions for the new Airspace Noise Planning Services program to address issues relating to changes in airspace routes.



Aviation Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2015-16 budget allowance:

	2013-14 Actual	2014-15 ¹ Estimate	2015-16 Budget
Airline rental rates (cost per square foot):			
Terminal 2	\$115.80	\$116.28	Not available ²
Terminal 3	\$115.80	\$116.28	Not available ²
Terminal 4	\$115.80	\$116.28	Not available ²
Gross sales per departing passenger:			
Terminal 2	\$7.24	\$7.27	\$7.28
Terminal 3	\$9.24	\$9.15	\$9.17
Terminal 4	\$9.21	\$9.25	\$9.27
Aircraft takeoffs and landings	866,513	867,000	868,000
Total international passengers	2,244,147	2,300,000	2,310,000
Air cargo processed (in tons)	309,763	310,000	312,000

¹Based on 10 months actual experience.

²At the time of publication, rental rates had not yet been finalized.

Expenditure and Position Summary

	2013-14 Actual	2014-15 Estimate	2015-16 Budget
Operating Expense	\$223,936,000	\$234,233,000	\$236,851,000
Total Positions	853.0	853.0	856.0
Source of Funds:			
Aviation	\$223,936,000	\$234,233,000	\$236,851,000





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

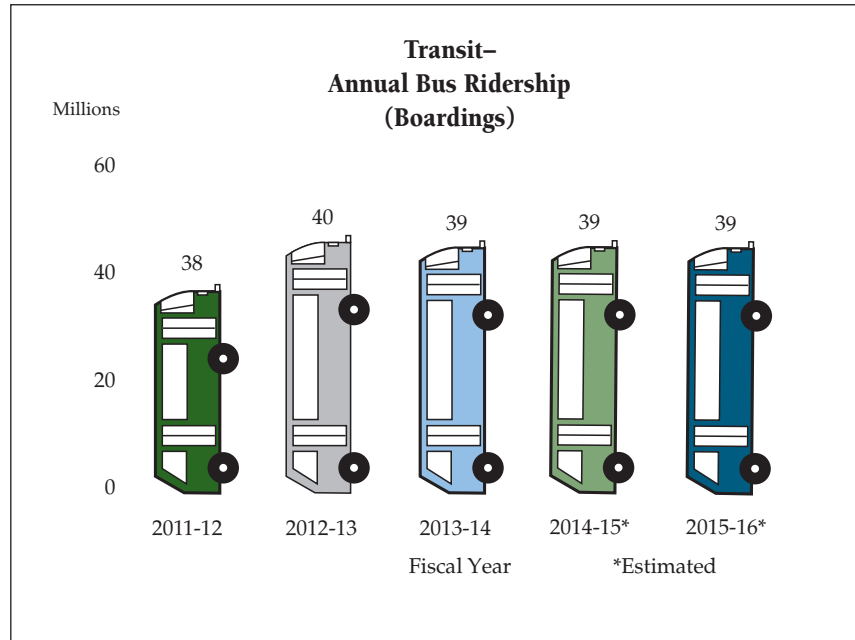
The Public Transit 2015-16 operating budget allowance of \$263,299,000 is \$15,429,000 or 6.2 percent more than 2014-15 estimated expenditures. The increase is primarily due to increases in the Transit 2000 and City Improvement funds. These increases are partially offset by a decrease in Federal Transit Authority funding.

The Transit 2000 Fund increase is due to decreased federal funding available for preventative maintenance credits to offset expenses in FY15-16; the final settlement payment related to the conversion of transit service contracts to a cost-per-mile model in 2010; additional funding for the Northwest Light Rail extension; and contractual increases in the cost per mile of bus and rail services.

The City Improvement Fund increase is due to additional debt service payments for light rail.

Expenditure and Position Summary

	2013-14 Actual	2014-15 Estimate	2015-16 Budget
Operating Expense	\$229,716,000	\$247,870,000	\$263,299,000
Total Positions	104.5	104.5	104.5
Source of Funds:			
General	\$11,679,000	\$17,946,000	\$17,940,000
Transit 2000	130,064,000	133,628,000	153,164,000
Regional Transit	25,036,000	27,414,000	28,510,000
Federal Transit Authority	21,449,000	21,360,000	13,658,000
City Improvement	41,488,000	47,522,000	50,027,000



Public Transit Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2015-16 budget allowance:

	2013-14 Actual	2014-15 ¹ Estimate	2015-16 Budget
On-time performance for bus service	92.8%	95.0%	95.0%
On-time performance for Dial-a-Ride prescheduled service	91.9%	95.0%	95.0%
Cost recovery from bus fares	24.5%	25.0%	25.0%
Bus boardings per revenue mile	2.40	2.36	2.40
Average weekday ridership - light rail (Phoenix only)	28,008	27,225	27,770
Number of Senior Center Shuttle Trips	98,721	98,750	98,750

¹Based on 10 months actual experience.





Phoenix transit service saw its highest ridership day ever during Super Bowl week. On Saturday, January 31, light rail ridership nearly doubled compared to its former highest ridership day previously set on Saturday, December 7, 2013. On that day, there were 65,800 riders who traveled to events including an ASU football game, arts festival in Tempe and a concert in Phoenix. On an average Saturday, ridership is at 35,000 boardings.

Photo: Courtesy Valley Metro





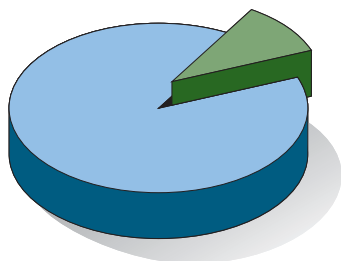
With support from a grant from the Phoenix Suns and Arizona Public Service, the Rebound Project revitalized the basketball court at the Sidney P. Osborn public housing community. The investment will have a profound effect on the lives of residents and the surrounding community.





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, Neighborhood Services and the Phoenix Community Development Investment Corporation.

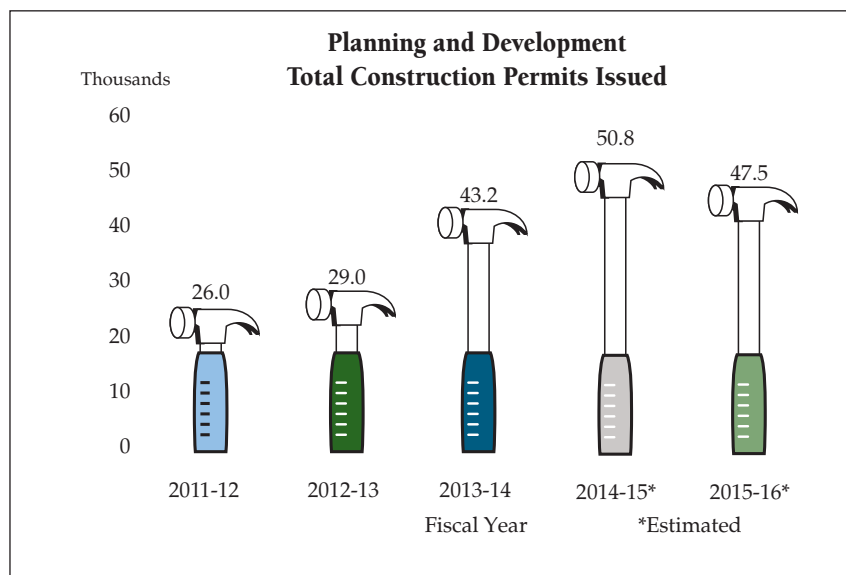
PLANNING AND DEVELOPMENT

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 2015-16 operating budget allowance of \$46,258,000 is \$1,095,000 or 2.4 percent more than 2014-15 estimated expenditures. This is primarily a result of increased Development Services funding for elevator inspections, hillside plan review services, additional staff for an Electronic Plan Review Self Certification Team, increased customer service in the Communication section, addressing complex civil infrastructure and traffic issues in subdivision development, increased filled positions and normal inflationary factors. The General Fund increased by \$56,000 or 1.3 percent due to normal inflationary factors. This increase is partially offset by the elimination of two vacant positions.





Expenditure and Position Summary

	2013-14 Actual	2014-15 Estimate	2015-16 Budget
Operating Expense	\$37,950,000	\$45,163,000	\$46,258,000
Total Positions	283.0	295.8	304.8
Source of Funds:			
Development Services	\$32,174,000	\$39,533,000	\$41,520,000
General	4,185,000	4,274,000	4,330,000
Federal and State Grant	1,398,000	1,073,000	—
Community Development Block Grant	66,000	66,000	66,000
Other Restricted	127,000	217,000	342,000

Planning and Development Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2015-16 budget allowance:

	2013-14 Actual	2014-15 ¹ Estimate	2015-16 Budget
Total construction permits issued	43,255	50,800	47,500
Turnaround time for major commercial building plans (days)	33	34	35
Turnaround time for medium commercial building plans (days)	26	35	35
Turnaround time for minor commercial building plans (days)	18	25	25
Turnaround time for residential building plans (days)	26	26	23
Percent of commercial inspections completed on time	95%	97%	97%
Percent of residential inspections completed on time	96%	95%	96%
Percent of costs recovered through fees	116%	100%	100%
Average number of days to schedule pre-application meeting prior to rezoning application	12	12	14
Average number of days to complete Zoning Verification letters	9	10	15
Board, Commission and Committee packets available seven days prior to meeting	100%	100%	100%
Number of design reviews performed on building permits in historic districts ²	399	410	450
Number of city grants awarded for historic rehabilitation projects	17	12	10
Number of regulatory compliance reviews for federally funded city capital projects	614	500	500

¹Based on 10 months actual experience.

²This projection includes the cumulative number of Certificates of Appropriateness, Certificates of No Effect, demolition reviews and demolition appeal hearings.





HOUSING

Program Goal

The Housing Department provides and promotes diversified living environments for low-income families, seniors and persons with disabilities through the operation and leasing of assisted and affordable housing.

Budget Allowance Explanation

The Housing Department's 2015-16 operating budget allowance of \$89,697,000 is \$3,243,000 or 3.8 percent more than 2014-15 estimated expenditures. The increase is primarily due to the carry-over of unspent federal funds, as well as additional federal grant funding and public housing assistance payments.

Housing Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2015-16 budget allowance:

	2013-14 Actual	2014-15 ¹ Estimate	2015-16 Budget
Affordable housing units for families and individuals	2,679	2,240	2,240
Affordable housing units created or preserved for families and individuals owned and operated by private sector developers	797	377	210
Rental assistance provided for low-income residents in the private housing market	6,602	6,740	6,740
City-provided public housing units for families and seniors	2,614	2,608	2,596
Utilization rate for Section 8 vouchers	90%	93%	95%
Occupancy rate for City-owned and operated public housing units	96.6%	96%	97%

¹Based on 10 months actual experience.

Expenditure and Position Summary

	2013-14 Actual	2014-15 Estimate	2015-16 Budget
Operating Expense	\$75,913,000	\$86,454,000	\$89,697,000
Total Positions	186.0	181.0	181.0
Source of Funds:			
Public Housing	\$70,672,000	\$79,802,000	\$81,037,000
Other Restricted	2,614,000	4,290,000	5,061,000
Community Development			
Block Grant	1,151,000	1,530,000	3,146,000
Federal and State Grants	939,000	335,000	93,000
HOPE VI	418,000	369,000	233,000
City Improvement	70,000	74,000	73,000
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 2015-16 operating budget allowance of \$29,497,000 is \$341,000 or 1.2 percent more than 2014-15 estimated expenditures and reflects federal Workforce Investment Act grant allocations for 2015-16. These increases are partially offset by the elimination of 2 vacant positions and the transfer of 6 positions to a newly created department called The Phoenix Community Development and Investment Corporation (PCDIC), which had previously been managed by CED.

Also reflected is the transfer of a position from the Finance Department responsible for overseeing the Phoenix IDA. This change was identified in the CORE Review as a potential enhancement to economic development activities.

Community and Economic Development Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2015-16 budget allowance:

	2013-14 Actual	2014-15 ¹ Estimate	2015-16 Budget
Projected jobs created/retained within the city of Phoenix as a result of department efforts	6,000	6,000	7,500
Projected average annual salary for new jobs with companies newly located in Phoenix	\$35,000	\$44,000	\$48,000
Number of job seekers assisted through the Workforce Development Initiatives	27,000	30,000	32,000

¹Based on 10 months actual experience.

Expenditure and Position Summary

	2013-14 Actual	2014-15 Estimate	2015-16 Budget
Operating Expense	\$25,209,000	\$29,156,000	\$29,497,000
Total Positions	97.0	96.0	90.0
Source of Funds:			
General	4,478,000	4,584,000	4,629,000
Aviation	42,000	80,000	80,000
City Improvement	4,516,000	5,740,000	5,705,000
Community Reinvestment	414,000	609,000	487,000
Convention Center	429,000	441,000	457,000
Other Restricted	2,806,000	3,554,000	3,072,000
Sports Facilities	141,000	144,000	148,000
Water	31,000	31,000	31,000
Federal and State Grants	11,947,000	13,328,000	14,242,000
Community Development Block Grant	405,000	645,000	646,000





NEIGHBORHOOD SERVICES

Program Goal

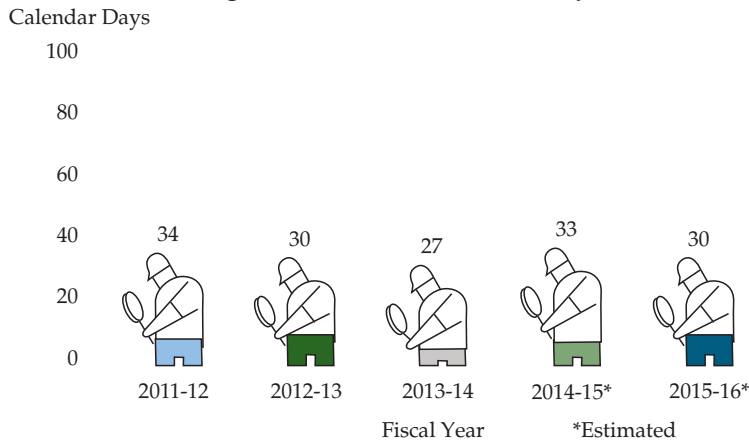
To preserve and improve the physical, social and economic health of Phoenix neighborhoods, support neighborhood self-reliance and enhance the quality of life of residents through community-based problem solving, neighborhood-oriented services and public/private cooperation.

Budget Allowance Explanation

The Neighborhood Services 2015-16 operating budget allowance of \$56,192,000 is \$21,487,000 or 61.9 percent more than 2014-15 estimated expenditures. This increase is due to unspent Community Development Block Grant (CDBG), HOME and other federal and state grant funding that was carried forward and included in the 2015-16 budget.

The General Fund budget of \$12,362,000 is \$671,000 or 5.7 percent more than the 2014-15 estimated expenditures. This is primarily due to an expected increase in the number of filled positions, one time CDBG funding in 2014-15 that offset General Fund expenditures and normal inflationary increases. This increase is partially offset by the elimination of four vacant positions.

Neighborhood Services – Neighborhood Preservation Case Cycle Time



Standard case cycle time is the number of calendar days it takes to open and close cases in which a violation is resolved before a citation is issued or cases in which the inspector was not able to confirm a reported violation.



Liz Ricario serves as a member of the Anti-Graffiti Task Force and also is a neighborhood organizer for the Center for Neighborhood Leadership. She supported the city's Graffiti Free Phoenix initiative by planning several graffiti removal events in her community.





Expenditure and Position Summary

	2013-14 Actual	2014-15 Estimate	2015-16 Budget
Operating Expense	\$44,516,000	\$34,705,000	\$56,192,000
Total Positions	205.5	194.0	194.0
Source of Funds:			
General	\$11,499,000	\$11,691,000	\$12,362,000
Other Restricted	85,000	31,000	164,000
HOME	1,161,000	384,000	1,566,000
Human Services Grant	346,000	—	—
Federal and State Grants	17,475,000	8,443,000	16,245,000
Community Development Block Grant	13,950,000	14,156,000	25,855,000

Neighborhood Services Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2015-16 budget allowance:

	2013-14 Actual	2014-15 ¹ Estimate	2015-16 Budget
Residents who receive landlord/tenant counseling ²	5,159	4,250	5,000
Sites where graffiti was removed through the Graffiti Busters Program ³	80,287	60,000	70,000
Number of household units rehabbed or assisted through housing rehabilitation programs ⁴	1,625	300	450
Neighborhood Preservation cases opened annually	67,949	65,000	67,000
Neighborhood Preservation average standard case cycle time ⁵	27	33	30
Percent of Neighborhood Preservation cases resolved voluntarily	92%	91% or above	91% or above
The number of new neighborhood groups ⁶	69	50	40

¹Based on 10 months actual experience.

²Variance in 2014-15 is due to temporary staff vacancies.

³The variance in 2014-15 is due to unexpected staff vacancies and staff time dedicated to the implementation of a web-based graffiti case management system.

⁴This count includes both owner occupied and rental units and each housing unit may include one type or multiple types of improvements/rehab work in addition to standard rehab, and may be funded by multiple sources of funding.

⁵Standard case cycle time refers to the number of calendar days it takes to open and close cases in which a violation is resolved before a citation is issued (closed compliance) and cases in which the inspector was not able to confirm a reported violation (closed no violation).

⁶Includes all neighborhood organizations listed through Neighborhood Notification.





**PHOENIX COMMUNITY
DEVELOPMENT & INVESTMENT
CORPORATION (PCDIC)**

Program Goal

The Phoenix Community Development and Investment Corporation (PCDIC) attracts and provides funds for projects that will improve the quality of life of those individuals who live and work in underserved areas of the community. To accomplish this mission, PCDIC seeks to do the following:

- Provide commercial real estate gap financing to attract employers actively creating jobs.
- Provide gap financing for commercial real estate for small businesses and non-profits having difficulty securing loans at favorable rates.
- Remove blight, particularly within the city's most distressed NMTC Census Tracts.
- Help non-profits expand services to the disadvantaged communities they serve.

Budget Allowance Explanation

The PCDIC Department's 2015-16 operating budget allowance is \$776,000. The PCDIC program was previously part of the Community and Economic Development Department (CED), however, PCDIC was established as a stand-alone department to enhance the program's effectiveness.

Expenditure and Position Summary

	2013-14 Actual	2014-15 Estimate	2015-16 Budget
Operating Expense	–	–	\$776,000
Total Positions	–	–	6.0
Source of Funds:			
Other Restricted	–	–	776,000





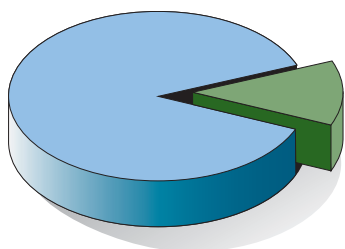
The city of Phoenix Human Services Department celebrated the 50th anniversary of the Head Start Program. City officials recognized former Head Start students and parents for their accomplishments and contributions to the community. Since 1965, Head Start has been the premier model for providing children an opportunity for success. More than 31 million children have benefited from its comprehensive services.





Community Enrichment

The Community Enrichment Program Represents 9.6% 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

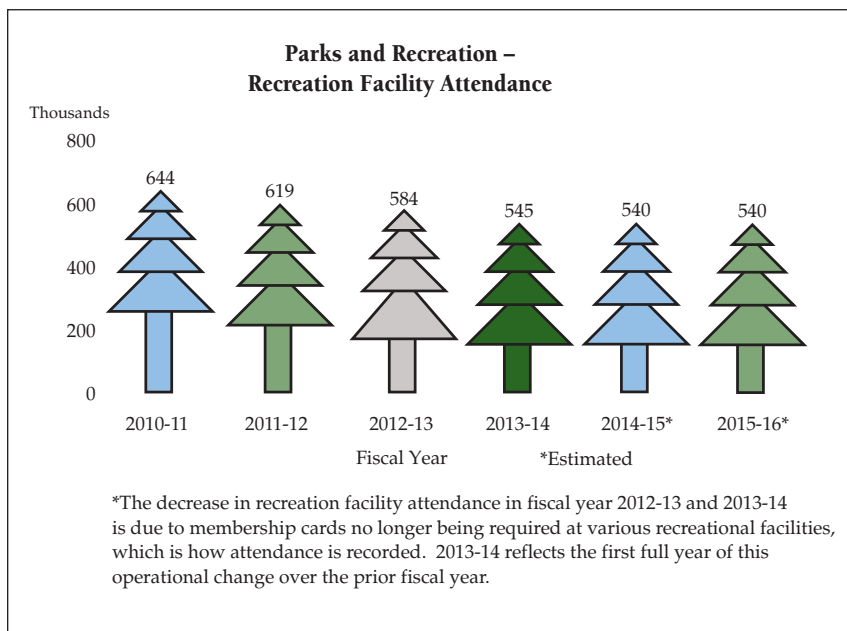
The Parks and Recreation Department 2015-16 budget allowance of \$107,016,000 is \$2,377,000 or 2.3 percent more than 2014-15 estimated expenditures. The increase in the General Fund is primarily due to fewer anticipated vacant positions, increased utility costs, and increased costs for liability insurance. Also included in the 2015-16 budget is funding for staff to provide recreation services at the newly expanded Coffelt-Lamoreaux Recreation Center. In addition, staff is being added to provide sports activities at the Papago Baseball Complex, the cost of which is offset by new revenue. These increases are partially offset by the elimination of 25 vacant positions, and reduced funding for Phoenix Golf and various commodities.

The decrease in the 2015-16 budget for the Phoenix Parks and Preserves Initiative (PPPI) fund is primarily due to reduced costs for staff and equipment replacement. This is partially offset by the addition of contractual funds for janitorial services at three new major trailheads: Apache Wash, Desert Vista, and Desert Hills.

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

	2013-14 Actual	2014-15 Estimate	2015-16 Budget
Operating Expense	\$106,770,000	\$104,639,000	\$107,016,000
Total Positions	1,078.6	1,048.6	1,056.0
Source of Funds:			
General	\$90,607,000	\$88,181,000	\$90,558,000
Other Restricted	2,260,000	3,206,000	4,034,000
City Improvement	1,900,000	1,919,000	1,795,000
Federal and State Grants	702,000	713,000	705,000
Parks and Preserves	2,603,000	4,268,000	4,098,000
Golf	8,698,000	6,352,000	5,826,000

Parks and Recreation Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2015-16 budget allowance:

	2013-14 Actual	2014-15 ¹ Estimate	2015-16 Budget
Construction projects completed	80%	80%	85%
Fill 80% or more of all non-team sport registration openings.	78%	75%	75%
Usage of athletic field's available programmable time	48%	40%	40%
Community usage of Recreation and Community Center available programmable time	42%	42%	40%
Recreation Facility Attendance	545,490	545,000	545,000
Number of Golf Rounds	212,161	219,000	225,000

¹Based 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.

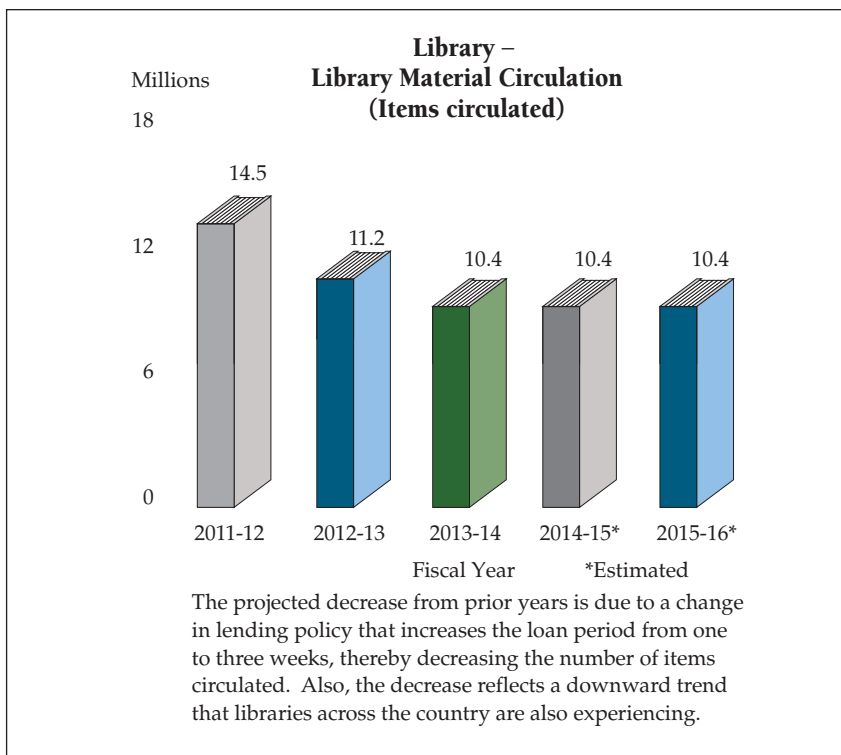
Budget Allowance Explanation

The 2015-16 Library operating budget allowance of \$35,778,000 is \$33,000 or 0.1 percent more than 2014-15 estimated expenditures. The increase in the General Fund is due mainly to an expected increase in the number of filled positions and the transfer of one full-time position from the Public Works Department.

Increases are also due to normal inflationary increases primarily for library materials and electricity. These increases are partially offset by reduced expenses for contract custodial services. Reductions in federal and state grants represent reduced grant funding for College Depot.

Expenditure and Position Summary

	2013-14 Actual	2014-15 Estimate	2015-16 Budget
Operating Expense	\$34,080,000	\$35,745,000	\$35,778,000
Total Positions	375.6	377.3	378.3
Source of Funds:			
General	\$33,326,000	\$34,843,000	\$35,281,000
Federal and State Grants	427,000	789,000	451,000
Other Restricted	327,000	113,000	46,000



Library Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2015-16 budget allowance:

	2013-14 Actual	2014-15 ¹ Estimate	2015-16 Budget
Early literacy program attendance	162,000	160,000	160,000
Library visitors	4,764,000	4,700,000	4,700,000
Library's website "visits" ²	32,975,000	32,000,000	32,000,000
Library material circulation ³	10,428,000	10,000,000	10,000,000

¹Based on 10 months actual experience.

²The new library website was launched in September 2013 and provides enhanced reporting of website "visits."

³The 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 2015-16 operating budget allowance of \$45,667,000 is \$1,795,000 or 4.1 percent more than 2014-15 estimated expenditures. The increase is primarily due to higher operating costs for the tourism and marketing contract with the Greater Phoenix Convention and Visitor Bureau (GPCVB), an expected decrease in vacant positions, information technology upgrades, vehicle replacements 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 2015-16 budget allowance:

	2013-14	2014-15 ¹	2015-16
Estimated direct spending impact from conventions (millions) ²	\$237	\$305	\$305
Number of convention delegates	163,000	210,000	212,000
Number of conventions	50	49	59
Number of local public shows	80	85	84
Percent square feet occupancy (average of all event types)	31%	35%	35%
Number of theatrical performances	270	265	250
Total theater attendance	280,000	280,000	267,000
Total parking revenue (millions)	\$4.83	\$5.12	\$5.14
Revenue per parking space	\$1,117	\$1,170	\$1,121
Operating expense per parking space	\$907	\$833	\$939

¹Based on 10 months actual experience.

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

Expenditure and Position Summary

	2013-14 Actual	2014-15 Estimate	2015-16 Budget
Operating Expense	\$43,179,000	\$43,872,000	\$45,667,000
Total Positions	237.0	229.0	229.0
Source of Funds:			
Convention Center	\$41,419,000	\$42,015,000	\$43,644,000
General	1,260,000	1,275,000	1,383,000
Other Restricted	—	40,000	69,000
Sports Facilities	500,000	542,000	571,000





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

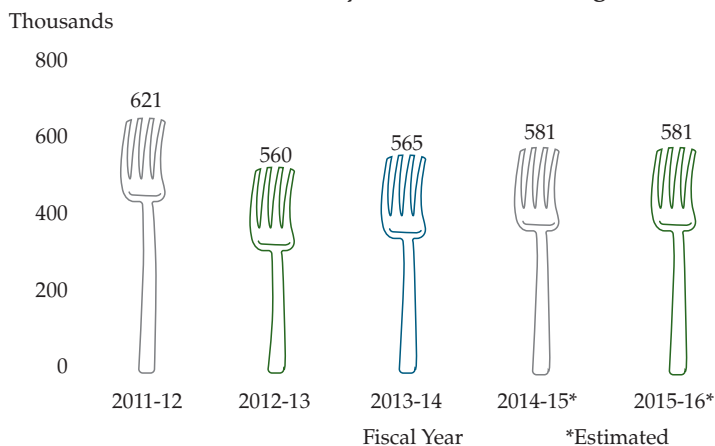
The Human Services 2015-16 operating budget allowance of \$62,030,000 is \$669,000 or 1.1 percent less than 2014-15 estimated expenditures. The overall decrease is primarily due to decreased Human Services grant funding. The overall increase in the General Fund is attributable to an expected increase in the number of filled positions and normal inflationary costs and is partially offset by the elimination of five vacant positions.

The decrease in Human Services grant funding is due to a FY15-16 level funding award for the Early Head Start Child Care Partnership grant that did not include FY14-15 start-up costs and level funding award for Housing and Urban Development (HUD) Emergency Solutions Grant that did not include prior year costs.

Expenditure and Position Summary

	2013-14 Actual	2014-15 Estimate	2015-16 Budget
Operating Expense	\$57,387,000	\$62,699,000	\$62,030,000
Total Positions	320.0	327.0	327.0
Source of Funds:			
General	\$17,195,000	\$17,989,000	\$18,171,000
Human Services Grants	38,612,000	43,213,000	42,424,000
Community Development Block Grant	660,000	554,000	546,000
Federal and State Grant	21,000	15,000	—
Water	210,000	210,000	210,000
Wastewater	140,000	140,000	140,000
Other Restricted	251,000	285,000	285,000
City Improvement	298,000	293,000	254,000

Human Services – Meals Served by Senior Nutrition Program



Beginning in fiscal year 2012-13, meals served declined due to decreased congregate meal participation and grant funding for the Home Delivered Meal program.

Human Services Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2015-16 budget allowance:

	2013-14 Actual	2014-15 ¹ Estimate	2015-16 Budget
Number of homeless households (individuals and families) assisted through emergency shelter	6,598	6,480	6,500
Number of households served at family service centers ²	20,304	19,826	15,182
Percentage of school attendance for Head Start	89%	89%	89%
Medical and dental exams completed for Head Start	6,401	6,700	6,700
Number of meals served to seniors	565,172	581,462	581,462
Number of victim services provided	11,938	12,000	12,000

¹Based on 10 months actual experience.

²Decreased households served is projected for FY 15-16 as a result of decreased grant funding.





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 2015-16 operating budget allowance of \$3,968,000 is \$2,398,000 or 152.7 percent more than 2014-15 estimated expenditures. The increase is primarily due to the transfer of funds from the Public Works Department for tenant relations, maintenance, and utilities for city-owned cultural facilities.

Expenditure and Position Summary

	2013-14 Actual	2014-15 ¹ Estimate	2015-16 Budget
Operating Expense	\$1,397,000	\$1,570,000	\$3,968,000
Total Positions	10.0	10.0	10.5
Source of Funds:			
General	\$1,278,000	\$1,473,000	\$3,830,000
Federal and State Grants	115,000	72,000	113,000
Other Restricted	4,000	25,000	25,000

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

The following significant performance measures and service trends will be achieved with the proposed 2015-16 budget allowance.

	2013-14 Actual	2014-15 ¹ Estimate	2015-16 Budget
Grant applications processed to support arts activities through schools and nonprofit organizations ²	52	61	69
Grant awards administered to support arts activities through schools and nonprofit organizations	47	54	56
Completed Percent-for-Art projects to enhance city capital improvement projects with artwork	4	4	7
Local artists/arts organizations training workshops ³	11	13	13
Percent of projects in Art Plan being implemented ⁴	82%	71%	70%
Community Presentations	67	64	64

¹Based on 10 months actual experience.

²Anticipate an increase in grant applications based on changes to eligibility rules and increased outreach that would encourage more organizations to apply. The overall amount of grant funds available will remain unchanged in 2015-16.

³Numbers reflect presentations and workshops to local artists, the annual grant workshop training for arts organizations, as well as the arts learning workshops.

⁴Measures reflect projects that were in design, under construction, or completed.





Created through the Phoenix Office of Arts & Culture's Public Art Program, Mary Lucking's sculptural artwork, "Nothing But Flowers," at the 24th Street and Baseline Park-and-Ride, doubles as a shade structure with seating to enhance the comfort of passengers waiting to ride. The images of gardens in the shade structures were inspired by conversations with South Mountain area residents and the history of Japanese flower gardens that once lined Baseline Road.





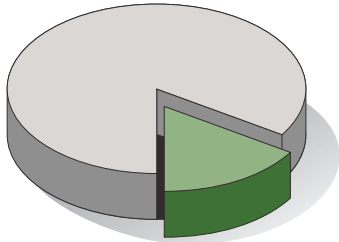
Phoenix Mayor Greg Stanton and Tucson Mayor Jonathan Rothschild announce an innovative water agreement between the two cities. Under the agreement, Phoenix will store some of its unused Colorado River water in Tucson aquifers - water that Phoenix would otherwise lose. During future times of shortage on the Colorado River, the City of Tucson and Metro Water will pump the stored water out of their aquifers and deliver it to their customers. In exchange, Tucson water providers will order a part of their Colorado River water for delivery to Phoenix water treatment plants, and ultimately, Phoenix customers.





Environmental Services

The Environmental Services Program Represents 15.4% of the Total Budget.



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

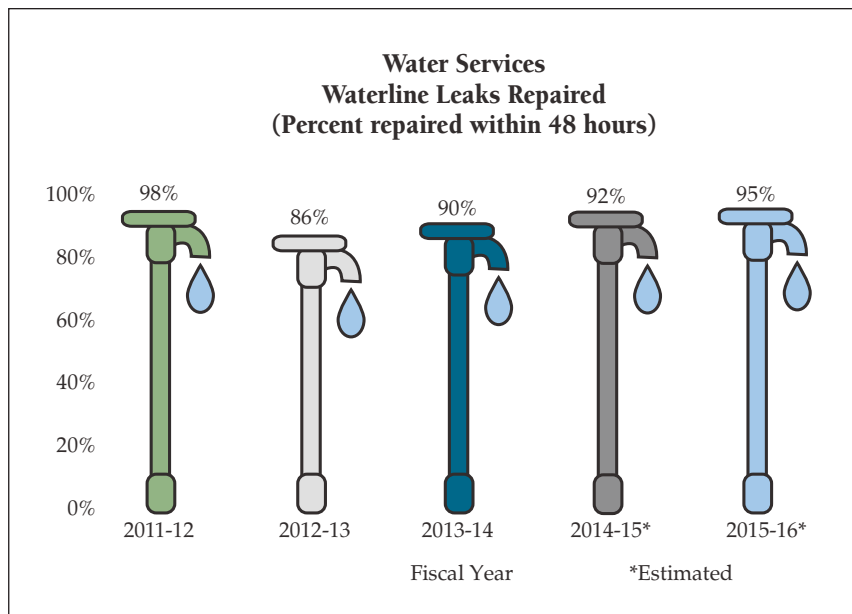
WATER SERVICES

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 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 2015-16 operating budget allowance of \$266,725,000 is \$9,355,000 or 3.6 percent more than 2014-15 estimated expenditures. The increase is primarily due to a contractual price increase in chemicals and sewer services; an expected increase in the number of filled positions; increases in odor services costs as a result of operating a new odor control station; increases in preventative maintenance to restore previous maintenance schedule not met due to vacancies; increase in raw water purchases; additional consulting expenses for studies such as the warehouse logistics study and scheduled motor vehicle replacement.





Water Services Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2015-16 budget allowance:

	2013-14 Actual	2014-15 ¹ Estimate	2015-16 Budget
Water main break/leaks per year	156	144	168
Waterline leaks repaired within 48 hours	90%	92%	95%
Percent of miles of sewer cleaned per year	28%	25%	25%
Sanitary sewer overflows per 100 miles	0.67	1.00	1.00
Gallons of water produced system wide (billions)	109.4	110.9	112.9
Gallons of wastewater treated system wide (billions)	61.7	61.9	62.1
Telephone Calls-Received	1,465,241	1,395,000	1,331,200
Telephone Calls-Percent Answered ²	97.0%	89.0%	90.0%

¹Based on 10 months actual experience.

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

Expenditure and Position Summary

	2013-14 Actual	2014-15 Estimate	2015-16 Budget
Operating Expense	\$251,419,000	\$257,370,000	\$266,725,000
Total Positions	1,475.1	1,463.1	1,463.1
Source of Funds:			
Water	\$164,317,000	\$170,229,000	\$174,862,000
Wastewater	85,155,000	\$85,042,000	90,006,000
Other Restricted	1,947,000	2,099,000	1,857,000





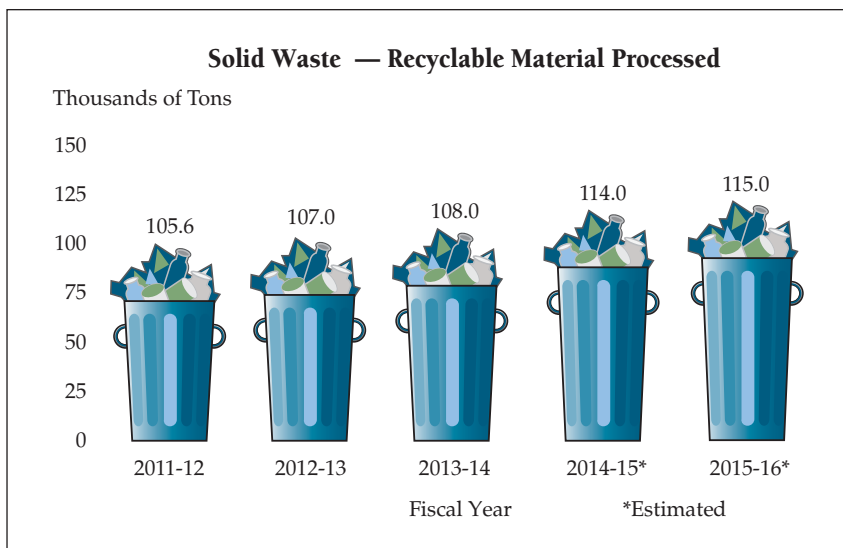
SOLID WASTE MANAGEMENT

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, construction of facilities on city property.

Budget Allowance Explanation

The Solid Waste Management 2015-16 operating budget allowance of \$121,013,000 is \$6,473,000 or 5.7 percent more than 2014-15 estimated expenditures. The Solid Waste operating and maintenance expenditures are expected to increase due to the opening of the new 27th Avenue Composting Facility, increases in equipment replacement costs, increases in personal services costs and other normal inflationary increases



Solid Waste Management Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2015-16 budget allowance:

	2013-14 Actual	2014-15 ¹ Estimate	2015-16 Budget
Residential households served with same day contained solid waste and recyclable material collections	399,456	401,639	404,000
Tons of residential recyclable materials collected	108,230	114,000	115,000
Tons of total solid waste disposed at city landfills ²	805,453	820,000	840,000
Tons of solid waste from city residences disposed ³	535,892	570,000	580,000

¹Based on 10 months actual experience.

²Tonnage is down from prior year due to the department's efforts to increase recycling programs. FY15-16 increase is due to anticipated increase in consumer consumption.

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

Expenditure and Position Summary

	2013-14 Actual	2014-15 Estimate	2015-16 Budget
Operating Expense	\$111,041,000	\$114,540,000	\$121,013,000
Total Positions	593.5	585.5	585.5
Source of Funds:			
Solid Waste	\$111,041,000	\$114,540,000	\$121,013,000





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 2015-16 operating budget allowance of \$22,323,000 is \$790,000 or 3.4 percent less than 2014-15 estimated expenditures. The decrease reflects the elimination of 22 vacant positions and the transfer of some facilities maintenance costs to the Office of Arts and Culture as recommended in the Citywide CORE Review.

Public Works Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2015-16 budget allowance:

	2013-14 Actual	2014-15 ¹ Estimate	2015-16 Budget
Square footage of buildings maintained	10,618,306	10,618,306	10,573,285
Facility service requests completed	20,535	20,535	20,535
Fleet vehicles per mechanic	38.8	41.1	40.7
Units of equipment for which fleet management is provided ²	7,374	7,325	7,252
Annual miles of fleet vehicle utilization (in millions)	45.5	43.4	43.1

¹Based on 10 months actual experience.

²Units of equipment and utilization are lower in 2014-15 and 2015-16 due to citywide turn in of underutilized vehicles.

Expenditure and Position Summary

	2013-14 Actual	2014-15 Estimate	2015-16 Budget
Operating Expense	\$18,679,000	\$23,113,000	\$22,323,000
Total Positions	491.0	433.0	427.0
Source of Funds:			
General	\$13,042,000	\$15,967,000	\$14,834,000
City Improvement	5,162,000	6,396,000	6,416,000
Other Restricted	84,000	716,000	719,000
Solid Waste	213,000	(5,000)	—
Federal and State Grants	178,000	39,000	354,000





ENVIRONMENTAL PROGRAMS

Program Goal

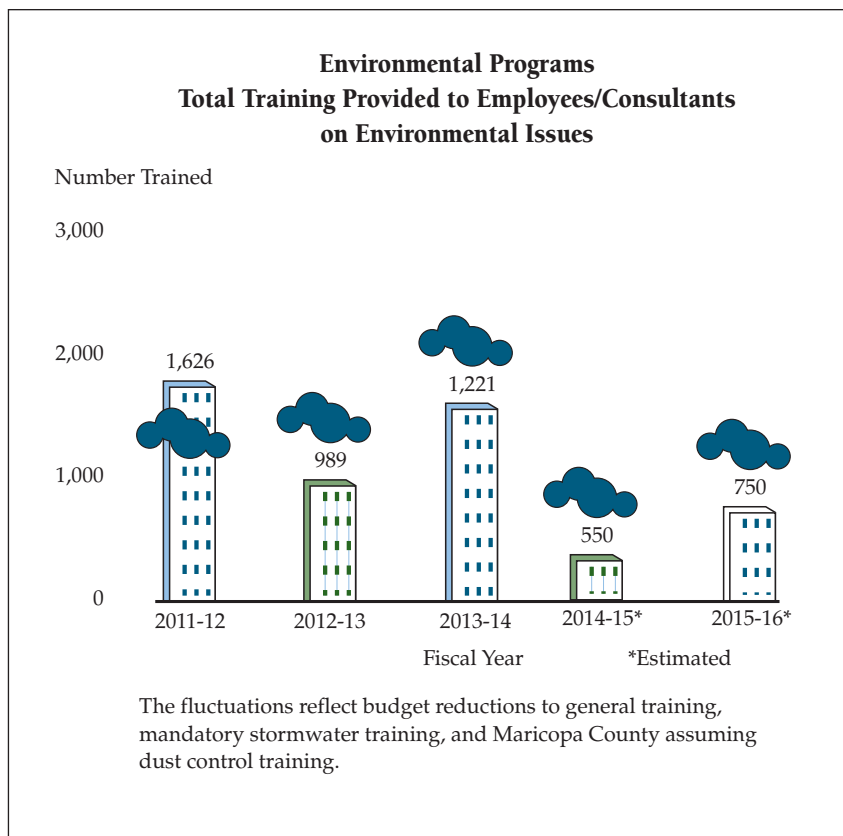
The Office of Environmental Programs provides coordination and monitoring for the city's environmental programs and activities, and develops and implements regulatory policies and programs.

Budget Allowance Explanation

The Office of Environmental Programs 2015-16 operating budget allowance of \$1,113,000 is \$19,000 or 1.7 percent more than the 2014-15 estimated expenditures and reflects normal inflationary increases. These increases are partially offset by the elimination of 1 vacant position.

Expenditure and Position Summary

	2012-13 Actual	2013-14 Estimate	2014-15 Budget
Operating Expense	\$1,045,000	\$1,094,000	\$1,113,000
Total Positions	11.0	10.0	10.0
Source of Funds:			
General	\$706,000	\$681,000	\$660,000
Federal and State Grants	—	—	—
Water Fund	161,000	208,000	242,000
Capital Construction	58,000	70,000	70,000
Other Restricted Funds	120,000	135,000	141,000



Environmental Programs Major Performance Measures and Service Levels

The following significant performance measures and service level trends will be achieved with the 2015-16 budget allowance:

	2013-14 Actual	2014-15 ¹ Estimate	2015-16 Budget
Total employees/consultants receiving training on environmental issues	1,221	550	750
Number of facility assessments and technical assistance visits conducted ²	66	95	90
Number of Brownfields projects implemented	0	0	1
Pollution prevention and hazardous materials/hazardous waste compliance assistance provided ³	57	55	50

¹Based on 10 months actual experience.

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

³Projection based on historical data and available funding.







Contingencies

The Contingency Fund 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 2014-15 budgeted level of \$45,268,000. The General Fund contingency in 2015-16 will be \$46,400,000. The 2014-15 contingency of \$45,268,000 was equal to 3.95 percent of General Fund operating expenditures. Over the last 10 years, the General Fund contingency has been as low as 2.7 percent and will be at its highest level in 2015-16 at 4.0 percent.

The 2015-16 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 2015-16 budget, \$1,132,000 was added above the 2014-15 amount. This increases the contingency percentage to 4.0 percent for 2015-16.

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
2006-07	1,083,304	28,860	2.7
2007-08	1,184,192	—	2.9
2008-09	1,177,763	31,900	2.7
2009-10	1,110,780	—	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
2015-16	1,149,761	46,400	4.0





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. Due to a potential increase in the sales tax for transportation from 0.4% to 0.7%, which will be presented to voters on the August 25, 2015 ballot, an additional \$45 million has been included in the 2015-16 contingency for the Transit 2000 fund. Use of these amounts requires City Council approval. The following table shows the contingency amount for each of the other funds.

2015-16 Other Fund Operating Expenditure and Contingency Amount (000's)

Fund	Operating Expenditures	Contingency Amount	Percent of Operating Expenditures
Transit 2000	\$208,164	\$55,000	26.4%
Planning and Development	45,520	4,000	8.8
Aviation	251,527	14,000	5.6
Water	185,759	9,000	4.8
Wastewater	95,385	4,500	4.7
Solid Waste	125,421	4,000	3.2
Convention Center	47,101	3,000	6.4





Debt Service

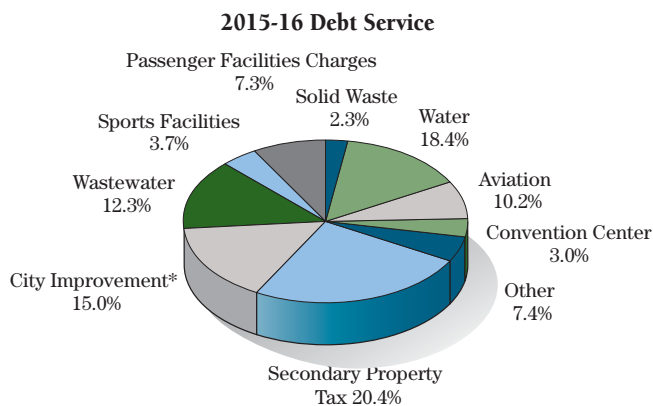
Debt service expenditures include payments of principal and interest plus costs of issuance. The debt service allowance in 2015-16 for existing debt and future bond sales is \$616,635,000. As shown in the following pie chart, debt service expenditures are funded by Water, Wastewater, City Improvement, Aviation, Secondary Property Tax, Passenger Facility Charge, Convention Center, Sports Facilities, Solid Waste and other funds. City Improvement debt service includes \$92.2 million in general government nonprofit corporation bond debt service payments funded by the General Fund (\$39.8 million), Transit 2000 (\$50.1 million) and other operating funds (\$2.3 million).

Secondary Property Tax shown in the pie chart represents the annual tax levy for general obligation bonded debt service, federal subsidy and related interest earnings.

Types of Bonds Issued and Security

Under Arizona law, cities are authorized to issue voter-approved general obligation, highway user revenue and utility revenue bonds. For the city of Phoenix, this includes property tax-supported bonds and revenue bonds (such as water revenue and airport revenue bonds).

The city's general obligation bonds are "full faith and credit" bonds. This means they are secured by a legally binding pledge to levy property taxes without limit to make annual bond principal and interest payments. Revenue bonds (such as water revenue and airport revenue bonds) are secured by a pledge of these enterprises' net revenues (revenues net of operation and maintenance expenses) and do not constitute a general obligation of the city backed by general taxing power. Highway user revenue bonds are secured



*Funded by General, Transit 2000, Housing, Library and other funds.

by state-shared gas taxes, 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 in the areas of 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 General Obligation 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 taxable property, nor may outstanding general obligation bonded debt for all other purposes exceed 6 percent of a city's taxable property. Unused borrowing capacity as of March 1, 2015, is shown below, based upon 2014-15 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 March 1, 2015.

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

⁽¹⁾ Represents underlying rating, if insured.

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

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

⁽⁴⁾ No bonds are currently outstanding.

⁽⁵⁾ Issued by the Downtown Phoenix Hotel Corporation.





Statement of Bonded Indebtedness**General Obligation Bonds (In Thousands of Dollars)**⁽¹⁾

Purpose	Non-Enterprise General Obligation Bonds	Revenue Supported General Obligation Bonds	Total General Obligation Bonds
Various	\$1,430,205	\$ —	\$1,430,205
Airport	—	7,870	7,870
Sanitary Sewer	—	14,141	14,141
Solid Waste	—	9,875	9,875
Water	—	33,685	33,685
Subtotal	\$1,430,205	\$ 65,571	\$1,495,776
Less: Restricted Funds	(248,260)	—	(248,260)
Direct Debt	\$1,181,945	\$ 65,571	\$1,247,516
Less: Revenue Supported	—	(65,571)	(65,571)
Net Debt	\$1,181,945	\$ —	\$1,181,945

⁽¹⁾Represents general obligation bonds outstanding as of March 1, 2015. Such figures do not include the outstanding principal amounts of certain general obligation bonds and street and highway user revenue bonds which have been refunded or the payment of which has been provided for in advance of maturity. The payment of the refunded debt service requirements is secured by obligations issued or fully guaranteed by the United States of America which were purchased with proceeds of the refunding issues and other available moneys and are held in irrevocable trusts and are scheduled to mature at such times and in sufficient amounts to pay when due all principal, interest and redemption premiums where applicable, on the refunded bonds.

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

20% Constitutional Limitation	\$2,163,726,837
Direct General Obligation Bonds Outstanding ⁽¹⁾	(1,132,676,176)
Unused 20% Limitation Borrowing Capacity	\$ 1,031,050,661

All Other General Obligation Bonds

6% Constitutional Limitation	\$ 649,118,051
Direct General Obligation Bonds Outstanding ¹	363,100,000 ⁽¹⁾
Less: Principal Redemption Funds held in Restricted Fund as of April 1, 2014	(248,260,125)
Direct General Obligation Bonds Outstanding	(114,839,875)
Unused 6% Limitation Borrowing Capacity	\$534,278,176

⁽¹⁾Represents general obligation bonds outstanding as of March 1, 2015.



**Net Direct General Obligation Bonded Debt Ratios**

	Per Capita Debt Pop. Est. (1,505,070) ¹	Secondary Assessed Valuation (\$10,818,634,186)	Full Cash Valuation (\$106,487,248,298)
Direct General Obligation Bonded Debt Outstanding as of March 1, 2015	\$828.88	11.53%	1.17%
Net Direct General Obligation Bonded Debt Outstanding as of March 1, 2015	\$785.31	10.93%	1.11%

¹Population estimate obtained from the city of Phoenix Planning and Development Department as of July 1, 2014.

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

Fund	2013-14 Actual	2014-15 Estimate	2015-16 Budget
Secondary Property Tax	\$ 43,096	\$ 55,299	\$ 126,024
Aviation	74,945	73,719	87,169
Capital Reserve	25,000	-	800
Convention Center	39,033	39,641	39,239
General	30,540	33,303	39,815
Housing	70	74	73
Passenger Facility Charges	44,867	44,867	44,867
Solid Waste	13,908	15,772	14,468
Sports Facilities	21,881	21,877	22,542
Transit 2000	41,486	47,520	50,069
Wastewater	71,232	58,064	76,006
Water	121,395	115,030	113,286
Other Funds - Various Sources	252	1,097	2,277
Total	\$527,705	\$506,263	\$616,635
Type of Expenditure			
Principal	\$238,117	\$258,474	\$281,949
Interest and Other	289,588	247,789	334,686
Total	\$527,705	\$506,263	\$616,635





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 7, 2015, the City Council reviewed the Preliminary 2015-20 Capital Improvement Program. The Capital Improvement Program reflected here includes the preliminary plan presented to Council, including the Terminal 3 modernization project, street overlay and park renovation, and LED streetlight conversion project. The preliminary plan, as adjusted, has been updated to reflect cost or timing changes identified since the preliminary program was developed.

2015-20 Capital Improvement Program Development

The annual citywide Capital Improvement Program update process began in January when departments prepared revised 2014-15 estimates and updated their five-year capital improvement programs. The 2014-15 estimates reflect updated construction cost estimates, project delays, awarded contract amounts, project carry-overs and other program changes. The 2015-20 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 works with departments to level design and construction bid award dates evenly throughout the fiscal year. By avoiding bidding capital projects during the last quarter of the fiscal year, the city has controlled construction costs and increased project quality by making better use of locally available construction resources.

As projects to construct building facilities are designed, they are reviewed by a Facilities Review Team made up of representatives from the Public Works, Information Technology, Planning and Development, Parks and Recreation, and Budget and Research departments. This team reviews project designs for compliance with city standards for sustainability, maintainability and compatibility with enterprise-wide systems and to determine 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.

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 \$12 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 2015-20 Capital Improvement Program includes \$97.1 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 2015-20 Capital Improvement Program includes \$21.1 million of these funds, which are programmed for:

- Bus and vehicle acquisitions (\$1.2 million)
- Passenger and other transit facilities (\$11.6 million)
- Bus pullouts (\$2.4 million)
- Technology and communications upgrades (\$4.5 million)
- Light rail, bus rapid transit, planning and related support services (\$0.9 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 projects funded through intergovernmental partnerships.

Programming of Impact Fees

In 1987, the City Council adopted an ordinance requiring new development in the city's peripheral planning areas to pay its proportionate share of the costs associated with providing public infrastructure. The impact fee program is also regulated by state law. The impact fee program was developed to address projected infrastructure requirements within several planning areas. Impact fees collected for a specific planning area must be expended for capital infrastructure in the plan for that area and may not be used for any other purpose. In addition, impact fee-funded projects must directly benefit the parties that paid the fees.

Only impact fee revenues that have been collected are budgeted in the Capital Improvement Program.

Operating costs for impact fee-funded projects are included in the rate planning process for Water, Wastewater and Solid Waste. Operating costs for the other impact fee programs are identified in the Capital Improvement Program and are funded through the annual operating budget as costs for operating and maintaining new capital projects. Budget and Research staff has worked with the Planning and Development Department as well as operating department staff to appropriately program \$117.0 million in available impact fees in the 2015-20 Preliminary Capital Improvement Program. Additional impact fees will be programmed in future capital improvement programs as these fees are collected.





SUMMARY OF 2015-20 CAPITAL IMPROVEMENT PROGRAM

By Program
(In Thousands of Dollars)

Program	2015-16	2016-17	2017-18	2018-19	2019-20	Total
Arts and Cultural Facilities	1,118 \$	- \$	- \$	- \$	376 \$	1,494
Aviation	581,133	67,493	51,669	53,341	34,092	787,728
Economic Development	9,414	7,901	5,301	4,601	20,653	47,870
Energy Conservation	1,235	1,200	1,200	1,200	1,200	6,035
Facilities Management	7,180	6,056	1,040	1,000	7,721	22,997
Finance	207	-	-	-	-	207
Fire Protection	9,395	7,738	-	-	15,724	32,857
Historic Preservation	1,261	-	-	-	1,453	2,714
Housing	33,094	6,175	5,758	6,608	8,020	59,655
Human Services	630	-	30	-	12,632	13,292
Information Technology	57,859	12,950	12,860	8,830	6,239	98,738
Libraries	1,143	200	200	200	13,470	15,213
Neighborhood Services	4,708	25	25	25	6,898	11,681
Parks, Recreation and Mountain Preserves	86,637	23,250	7,154	7,000	26,028	150,069
Phoenix Convention Center	26,248	3,330	4,266	8,159	10,871	52,874
Police Protection	3,211	-	-	-	22,755	25,966
Public Transit	104,957	47,391	50,286	34,051	29,776	266,461
Regional Wireless Cooperative	22,218	6,000	6,000	6,000	6,000	46,218
Solid Waste Disposal	28,406	7,531	3,405	18,635	22,825	80,802
Street Transportation and Drainage	176,371	89,888	83,345	71,827	86,776	508,207
Wastewater	115,072	85,712	96,304	79,364	124,662	501,114
Water	209,033	125,152	135,771	154,801	157,393	782,150
Total	\$ 1,480,530	\$ 497,992	\$ 464,614	\$ 455,642	\$ 615,563	\$ 3,514,342





SUMMARY OF 2015-20 CAPITAL IMPROVEMENT PROGRAM

By Source of Funds
(In Thousands of Dollars)

Funds	2015-16	2016-17	2017-18	2018-19	2019-20	Total
Operating Funds:						
General	\$ 6,779	\$ 8,849	\$ 3,825	\$ 8,885	\$ 2,340	\$ 30,677
Neighborhood Protection - Fire	-	1,290	-	-	-	1,290
Public Safety Enhancement - Fire	-	1,290	-	-	-	1,290
Public Safety Expansion - Fire	-	1,290	-	-	-	1,290
Parks and Preserves	52,883	23,200	7,000	7,000	7,000	97,083
Transit 2000	7,398	4,164	3,122	3,415	3,000	21,099
Court Awards	1,692	-	-	-	-	1,692
Development Services	448	119	119	119	-	805
Capital Construction	13,901	11,460	12,234	12,120	12,052	61,768
Arizona Highway User Revenue	57,136	63,561	57,164	44,432	31,935	254,228
Regional Transit	26,498	5,910	7,067	3,838	4,001	47,313
Community Reinvestment	4,586	3,501	3,501	3,501	2,001	17,090
Other Restricted Funds	14,590	4,750	2,049	1,350	1,950	24,689
Grant Funds	68,778	33,633	39,166	25,868	26,577	194,022
Enterprise Funds:						
Aviation	68,744	31,052	27,984	40,090	26,186	194,057
Water	175,298	104,353	116,503	134,655	130,371	661,179
Wastewater	73,534	62,478	68,564	58,612	84,440	347,629
Solid Waste	28,562	13,910	3,509	7,729	6,025	59,735
Convention Center	4,169	1,110	3,166	6,959	10,231	25,635
Total Operating Funds	\$ 604,996	\$ 375,920	\$ 354,973	\$ 358,573	\$ 348,109	\$ 2,042,571
Bond Funds:						
Property Tax Supported:						
1988 Various Purpose	\$ -	\$ -	\$ -	\$ -	\$ 2,221	\$ 2,221
2001 Various Purpose	1,401	-	-	-	16,385	17,786
2006 Various Purpose	16,836	30	25	25	120,454	137,370
Nonprofit Corporation Bonds:						
Aviation	323,390	230	30	-	-	323,650
Water	2,215	16,061	17,056	10,674	12,143	58,150
Wastewater	2,675	96	9,381	8,028	-	20,179
Solid Waste	441	86	40	9,000	17,000	26,567
Convention Center	20,449	-	-	-	-	20,449
Other	78,963	10,204	10,113	1,084	1,100	101,465
Total Bond Funds	\$ 446,370	\$ 26,707	\$ 36,645	\$ 28,811	\$ 169,303	\$ 707,837
Other Capital Sources:						
Impact Fees	\$ 73,965	\$ 12,918	\$ 1,225	\$ 4,824	\$ 24,025	\$ 116,957
Passenger Facility Charge	146,431	19,335	8,117	11,351	950	186,184
Other Cities' Share in Joint Ventures	44,518	22,558	26,651	22,942	46,899	163,568
Solid Waste Remediation	1,450	-	700	-	-	2,150
Capital Grants	80,866	22,013	17,606	4,818	9,865	135,168
Federal, State and Other Participation	52,921	18,441	18,597	19,923	16,212	126,094
Capital Reserves	9,470	100	100	4,400	200	14,270
Parks Capital Gifts	808	-	-	-	-	808
Other Capital	18,735	-	-	-	-	18,735
Total Other Capital Sources	\$ 429,164	\$ 95,365	\$ 72,996	\$ 68,258	\$ 98,151	\$ 763,934
TOTAL	\$ 1,480,530	\$ 497,992	\$ 464,614	\$ 455,642	\$ 615,563	\$ 3,514,342





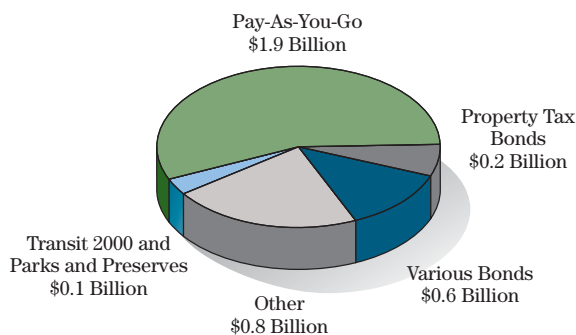


2015-20 Capital Improvement Program Highlights

The Capital Improvement Program (CIP) totals \$3.5 billion over the next five years. As shown in the pie chart below, funding for the 2015-20 program comes from five main sources: \$0.2 billion in 1988, 2001 and 2006 voter-approved bond funds, \$1.9 billion in pay-as-you-go operating funds, \$0.1 billion in Transit 2000 and Parks and Preserve Initiative funds, \$0.6 billion in various enterprise bonds, and \$0.8 billion in other capital funds. The \$0.8 billion in other capital funds includes \$163.6 million in payments by other cities and agencies for participating in joint ventures, \$135.2 million in capital grants, \$117.0 million in development impact fees, \$186.2 million in Passenger Facility Charges, \$126.1 million in government and other participation, \$14.3 million in capital reserves, \$2.2 million in Solid Waste Remediation funding, \$0.8 million in Parks Capital Gifts and \$18.7 million from miscellaneous capital sources.

Projects in the first year total \$1.5 billion and are funded from pay-as-you-go operating funds (\$605.0 million), bond funds (\$446.4 million) and other capital financing (\$429.2 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 2015-20 Capital Improvement Program by source of funds and the 2015-16 Capital Improvement Program by fund group and program. A brief overview of the five-year plan for each program follows.

2015-20 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. 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. 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

Aviation

The Aviation program totals \$787.7 million and is funded with Aviation operating revenue, capital grants, Aviation 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:

- Modernize Terminal 3 with updated infrastructure
- Restore, modify or expand ramps, roadways, aprons, pavement areas, taxiways 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 infrastructure improvements including restroom remodels, terrazzo floor installation and international space modernization





- Expand the communications and emergency operations center
- Improve and expand air cargo infrastructure
- Provide for contingency project funding and debt service payments

The Aviation program also includes ramp, runway and infrastructure improvements and land acquisition to enhance the protection of people and property within runway protection zones at the Phoenix Goodyear and Phoenix Deer Valley airports and support for development projects at Phoenix-Mesa Gateway Airport.

Economic Development

The \$47.9 million Economic Development program is funded with Downtown Community Reinvestment funds, 2006 General Obligation Bond funds, Arizona Highway User Revenues, Water revenues and other restricted funds. Major projects include:

- Downtown Redevelopment Area project facilitation and assistance
- Arizona State University Center for Law and Society development assistance
- Phoenix Biomedical Campus maintenance, improvements and repair

\$17.0 million in projects utilizing 2006 General Obligation Bond funding are delayed indefinitely due to reductions in property tax revenue. These projects include:

- West Phoenix Revitalization
- HOPE VI/Rio Salado Downtown Connectors
- State Fair Redevelopment
- Downtown Land Acquisition
- Life Science Research Park
- Phoenix Biomedical Campus Improvements
- ASU Post Office Improvements

- Downtown infrastructure improvements to sidewalks, landscaping and lighting
- Artist Storefront Program
- Public infrastructure improvements for retail development

Energy Conservation

The \$6.0 million Energy Conservation Program is funded with General, Solid Waste, Water and Wastewater operating 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 \$23.0 million and is funded with 2001 and 2006 General Obligation Bond funds, nonprofit corporation bonds, other capital funds, general and other restricted funds and Solid Waste operating funds. The Facilities Management program includes various projects to remediate contaminated soil from leaking underground storage tanks, make major facility repairs and maintain service centers and city facilities citywide, upgrade CNG fueling sites, and maintain and repair the Phoenix Biomedical Campus. General Obligation Bond funded projects total approximately \$6.7 million, which are delayed indefinitely due to reductions in property tax revenue.

General Obligation Bond funded projects that are delayed indefinitely include:

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

Finance

The Finance program totals \$0.2 million and is funded with capital reserves and various enterprise operating funds. The program consists of the e-Procurement Transparency project for implementation of an e-Procurement system and budget system replacement.





Fire Protection

The \$32.9 million Fire Protection program is funded with 2001 and 2006 General Obligation Bond funds, development impact fees, Neighborhood Protection - Fire, Public Safety Enhancement - Fire, Public Safety Expansion - Fire, other restricted and general funds. The Fire Protection program includes replacement of the Communications Aided Dispatch (CAD) system. General Obligation Bond funded projects total approximately \$13.9 million, all of which is being delayed indefinitely due to reductions in property tax revenue.

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

Historic Preservation

The Historic Preservation program includes four grant programs that provide matching funds to property owners to rehabilitate their historic properties. The Historic Preservation program totals \$2.7 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 Bond funded projects that are delayed indefinitely include:

- Rehabilitation of historic buildings at South Mountain Park
- Matthew Henson HOPE VI project

Housing

The Housing program totals \$59.7 million and is funded primarily by federal grants and program income, as well as 2006 General Obligation Bond, Water and other restricted funds.

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

The program includes repair and renovation work for the East public housing properties, Foothills Village, Fillmore Gardens, Sunnyslope Manor, Maryvale Terrace, Washington Manor, Pine Tower, Santa Fe Springs, Victory Place, and Virginia housing sites. The Housing program also administers the Frank Luke Addition, Affordable Housing Development, HOME Community Housing Development Organization, HOME Multifamily and Special Project Loan programs and provides for single family public housing units. General Obligation Bond funds provide \$1.2 million in funding for one project, United Methodist Outreach Ministries New Day Center homeless shelter for families, which is delayed indefinitely due to reductions in property tax revenue.





Human Services

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

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

Information Technology

The \$98.7 million Information Technology program is funded with General Obligation 2001 and 2006 bonds, Water, Wastewater, Solid Waste Disposal, Development Services and Aviation revenues, Transit 2000 revenues, capital reserves, nonprofit corporation bonds and general funds. The Information Technology program includes replacing the dated telephone system and data network, enhancement of the City's business intelligence and business analysis capabilities, and replacing FCC mandated equipment with 700 MHz radios and consoles. General Obligation Bond funded projects total approximately \$5.1 million, all of which are being delayed indefinitely due to reductions of property tax revenue.

General Obligation Bond funded projects that are delayed indefinitely due to reductions of property tax revenue 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

Libraries

The Library's program totals \$15.2 million and is funded with 2001 and 2006 General Obligation Bond funds, development impact fees and general funds. The Library's program includes improvements to libraries to maintain current standards, including Burton Barr Central Library elevator renovation, expanding the Desert Broom library and a new library branch in Estrella. General Obligation Bond funded projects total approximately \$6.6 million, of which \$5.7 million is being 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
- Various technology improvements including library patron self-service capabilities





Neighborhood Services

The Neighborhood Services program totals \$11.7 million and is funded with 2001 and 2006 General Obligation bond funds, grants, other agency participation and nonprofit corporation bond funds. 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. General obligation bond funded projects total approximately \$9.6 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

Parks, Recreation and Mountain Preserves

The Parks, Recreation and Mountain Preserves program totals \$150.1 million and is funded with General Obligation Bond funds, development impact fees, capital reserves, other capital, Parks capital gifts, other restricted funds, nonprofit corporation bond funds, Parks and Preserves Initiative funds, and Wastewater and Wastewater revenue funds. The Parks, Recreation and Mountain Preserves program includes constructing, improving and renovating city parks, trails and pools, installing LED security and sports 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. General Obligation Bond funded projects total approximately \$22.4 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
- HOPE VI Park Development for public recreation use
- 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, Coronado, and Papago parks

Phoenix Convention Center

The \$52.9 million Phoenix Convention Center program is funded with Convention Center operating revenue, general funds, and State contributions for Convention Center Expansion bond debt service payments. In addition to the Convention Center, this program includes projects and improvements for the Herberger and Orpheum Theaters, Symphony Hall plus the Regency, Heritage and Convention Center parking garages.

Major projects include:

- Convention Center Audiovisual Infrastructure Improvements
- East Garage Elevator Refurbishment
- North and West Building Lighting Replacement
- Regency Garage Fire Sprinkler System Replacement





Police Protection

The Police Protection program totals \$26.0 million and is funded with other restricted funds and 2001 and 2006 General Obligation Bonds, \$22.8 million of which is being delayed indefinitely due to reductions of property tax revenue.

Projects delayed indefinitely include:

- Aircraft hangar facilities at the Phoenix Deer Valley Airport
- Land acquisition for future expansion
- Various police facilities renovations

Public Transit

The Public Transit program totals \$266.5 million and is funded with Arizona Highway User revenue, Transit 2000 revenue, 2006 General Obligation Bonds, operating and capital grants and Regional Transportation revenue including the half-cent countywide sales tax.

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.

Major projects in the Public Transit program include:

- Purchases of 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 develop Laveen/59th Avenue passenger facility and various facility upgrades including the South Transit Facility renovation and infrastructure improvements at the Public Transit headquarters building
- Implement technology enhancements including bus fleet wireless communication and fare collection systems, fiber optic connectivity 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

General Obligation Bond funded projects total approximately \$0.1 million, all is being delayed indefinitely due to property tax revenue reductions.

Regional Wireless Cooperative (RWC)

The Regional Wireless Cooperative (RWC) program totals \$46.2 million and is funded through the contributions of RWC member cities, other capital funds and a grant. The City of Phoenix's contribution is funded through excise tax-supported city improvement debt.

The Regional Wireless Cooperative program objective is to develop and assist subscriber cities with a FCC mandate requiring 700 MHz infrastructure upgrades for narrow-banding capabilities.

Solid Waste Disposal

The \$80.8 million Solid Waste Disposal program is funded with Solid Waste operating revenue, Solid Waste Remediation funds, 2006 General Obligation Bond funds, capital reserves and nonprofit corporation bond funds.

The Solid Waste Disposal program includes various projects at the city's landfills and transfer stations. Major projects include a 27th Avenue Transfer Station Composting Facility, improvements at the North Gateway Transfer Station, 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 \$508.2 million and is funded with Arizona Highway User Revenues and Reserve, General Obligation Bond funds, Capital Construction funds, impact fees, nonprofit corporation bond funds, Water revenues, other restricted funds, and participation from other agencies. 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, bikeway system improvements, street resurfacing and replacement of high-pressure sodium streetlight light bulbs with energy efficient light-emitting diodes (LED). Major projects planned include improvements to the following locations: 7th Avenue: Southern Avenue to the Salt River, Cave Creek Road: Union Hills to Pima Freeway, 32nd Street: Southern Avenue to Broadway Road, 27th Avenue: Lower Buckeye Road to Buckeye Road, Van Buren Street: 24th Street to 40th Street, Broadway Road: 7th Street to 51st Avenue (Avenida Rio Salado), 35th Avenue: Baseline Road to Southern Avenue, 56th Street: Deer Valley Road to Pinnacle Peak Road, Chandler Blvd: 27th Avenue to 19th Avenue, and a Detention Basin at 27th Avenue and South Mountain Avenue. General Obligation Bond funded projects total approximately \$31.0 million, of which \$26.1 million is being delayed indefinitely due to reductions in property tax revenue. The general obligation funded bond projects which are delayed indefinitely include:

- Construct a bridge at Riverview Drive between 18th and 22nd streets
- Construct Camelback Corridor improvements
- Construct historic districts streetscape improvements

- Design and construct traffic calming infrastructure
- Construct phase II of the Intelligent Transportation System (ITS) fiber optic backbone

Wastewater

The Wastewater program totals \$501.1 million and is funded with Wastewater revenue, development impact fees, Wastewater nonprofit corporation bonds, 2006 General Obligation Bonds, Arizona Highway User Revenues, and other cities' share in joint ventures 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, asset management system and billing system upgrade
- Conduct various wastewater management studies, energy management services, provide for staff charges and consultant fees and project contingency funding
- Improve various odor control facilities throughout the city including the Salt River Outfall and Southern Avenue Interceptor
- Construct growth-related wastewater infrastructure in impact fee areas

Water

The Water program totals \$782.2 million and is funded with Water, Wastewater and Solid Waste revenue, nonprofit corporation bonds, development impact fees, and other cities' share in joint ventures.

The Water program includes replacement, rehabilitation and/or production improvements to Val Vista, Deer Valley, Lake Pleasant, Union Hills and 24th Street Water Treatment Plants and Cave Creek Water Reclamation Plant, reservoirs, wells, tanks and booster stations including treatment processes, chemical facilities, equipment and facility improvements.

Additional major projects include:

- Implement water resiliency program
- Construct, improve and relocate various water mains
- Rehabilitate transmission mains
- Upgrade Customer Care and Billing system
- Rehabilitate Val Vista Water Treatment Plant equipment
- Demolish Verde Water Treatment Plant facilities and restore site to original condition







2015-16 CAPITAL IMPROVEMENT PROGRAM
BY PROGRAM AND SOURCE OF FUNDS
(In Thousands of Dollars)

	Total Program	Pay-As- You-Go Operating	2001 Misc. Bonds	2006 Bonds	Nonprofit Corporation Bonds	Other Capital Sources
Arts and Cultural Facilities	\$ 1,118	\$ 44	\$ 1,074	\$ -	\$ -	\$ -
Aviation	581,133	67,169	-	-	323,390	190,575
Economic Development	9,414	9,098	-	315	-	-
Energy Conservation	1,235	1,235	-	-	-	-
Facilities Management	7,180	3,954	-	-	76	3,150
Finance	207	114	-	-	-	93
Fire Protection	9,395	7,708	73	1,613	-	-
Historic Preservation	1,261	-	46	1,215	-	-
Housing	33,094	15,473	-	2	-	17,619
Human Services	630	30	-	600	-	-
Information Technology	57,859	8,191	-	-	48,868	800
Libraries	1,143	200	17	926	-	-
Neighborhood Services	4,708	1,904	47	2,561	20	176
Parks, Recreation and Mountain Preserves	86,637	53,365	-	3,368	32	29,873
Phoenix Convention Center	26,248	5,799	-	-	20,449	-
Police Protection	3,211	1,692	-	1,519	-	-
Public Transit	104,957	85,975	-	-	-	18,982
Regional Wireless Cooperative	22,218	-	-	-	-	22,218
Solid Waste Disposal	28,406	23,565	-	19	421	4,402
Street Transportation and Drainage	176,371	71,438	144	4,698	30,351	69,741
Wastewater	115,072	69,311	-	-	2,400	43,361
Water	209,033	178,731	-	-	2,127	28,174
Total	\$ 1,480,530	\$ 604,996	\$ 1,401	\$ 16,836	\$ 428,133	\$ 429,164





RESOURCES AND EXPENDITURES BY CAPITAL FUND
2015-16 CAPITAL IMPROVEMENT PROGRAM
(In Thousands of Dollars)

	RESOURCES			EXPENDITURES	FUND BALANCES		
	Beginning Balance	Projected Revenue ¹	Total	Estimated Expenditures	Ending Fund Balance	Projected Resources Beyond 15/16 ²	Funds Available Beyond 15/16
Capital Fund							
BONDS AND RELATED FUNDS							
2006 Bonds							
Libraries, Senior & Cultural Centers	\$ (2,277)	\$ -	\$ (2,277)	\$ 1,526	\$ (3,803)	\$ 27,190	\$ 23,387
Education	(4,556)	-	(4,556)	2	(4,558)	8,090	3,532
Affordable Housing & Neighborhoods	6,752	-	6,752	4,122	2,630	17,795	20,425
Parks and Open Spaces	5,089	-	5,089	3,368	1,721	13,685	15,406
Police, Fire & Homeland Security	2,506	-	2,506	2,502	4	36,700	36,704
Police, Fire & City Technology	707	-	707	631	76	4,790	4,866
Street and Storm Sewer Improvement	6,798	-	6,798	4,685	2,113	27,495	29,608
2001 Bonds							
Affordable Housing & Homeless Shelter	1,053	-	1,053	-	1,053	-	1,053
Educational, Youth & Cultural Facilities	(108)	-	(108)	1,074	(1,182)	1,700	518
Environmental Improvement & Cleanup	261	-	261	-	261	630	891
Fire Protection Facilities & Equipment	73	-	73	73	-	800	800
Neighborhood Protection & Senior Centers	4,896	-	4,896	93	4,803	2,355	7,158
New & Improved Libraries	3,461	-	3,461	17	3,444	900	4,344
Parks, Open Space & Recreation	(334)	-	(334)	-	(334)	4,425	4,091
Police Protection Facilities & Equipment	(523)	-	(523)	-	(523)	1,115	592
Police, Fire & Computer Technology	(51)	-	(51)	-	(51)	615	564
Preserving Phoenix Heritage	(177)	-	(177)	-	(177)	795	618
Storm Sewers	(26)	-	(26)	-	(26)	50	24
Street Improvements	(457)	-	(457)	144	(601)	2,225	1,624
1989 Historic Preservation	2	-	2	-	2	-	2
1988 Bonds							
Freeway Mitigation, Neighborhood Stabilization, Slum & Blight Elimination	845	-	845	-	845	1,000	1,845
Parks, Recreation & Mountain Preserves	413	-	413	-	413	-	413
Police Protection	27	-	27	-	27	-	27
Nonprofit Corporation Bonds							
Aviation	(23,012)	7,600	(15,412)	323,390	(338,802)	538,020	199,218
Phoenix Convention Center	9,643	20,449	30,092	20,449	9,643	-	9,643
Solid Waste	1,845	-	1,845	441	1,404	75,000	76,404
Wastewater	547	-	547	2,675	(2,128)	405,000	402,872
Water	625	-	625	2,215	(1,590)	525,000	523,410
Other	(26,868)	-	(26,868)	78,963	(105,831)	182,345	76,514
OTHER FINANCING							
Impact Fees	120,092	-	120,092	73,965	46,127	-	46,127
Passenger/Customer Facility Charge	97,062	97,500	194,562	146,431	48,131	-	48,131
Other Cities' Participation in Joint Ventures	1,651	40,780	42,431	44,518	(2,087)	2,087	-
Solid Waste Remediation	5,695	-	5,695	1,450	4,245	-	4,245
Capital Grants	(27,718)	80,866	53,148	80,866	(27,718)	27,718	-
Federal, State & Other Participation	(58,040)	52,921	(5,119)	52,921	(58,040)	58,040	-
Capital Gifts	308	250	558	808	(250)	250	-
Capital Reserves	323,655	1,514	325,169	9,470	315,699	-	315,699
Other Capital	29,197	12,299	41,496	18,735	22,761	-	22,761
TOTAL	\$ 479,056	\$ 314,179	\$ 793,235	\$ 875,534	\$ (82,299)	\$ 1,965,815	\$ 1,883,516

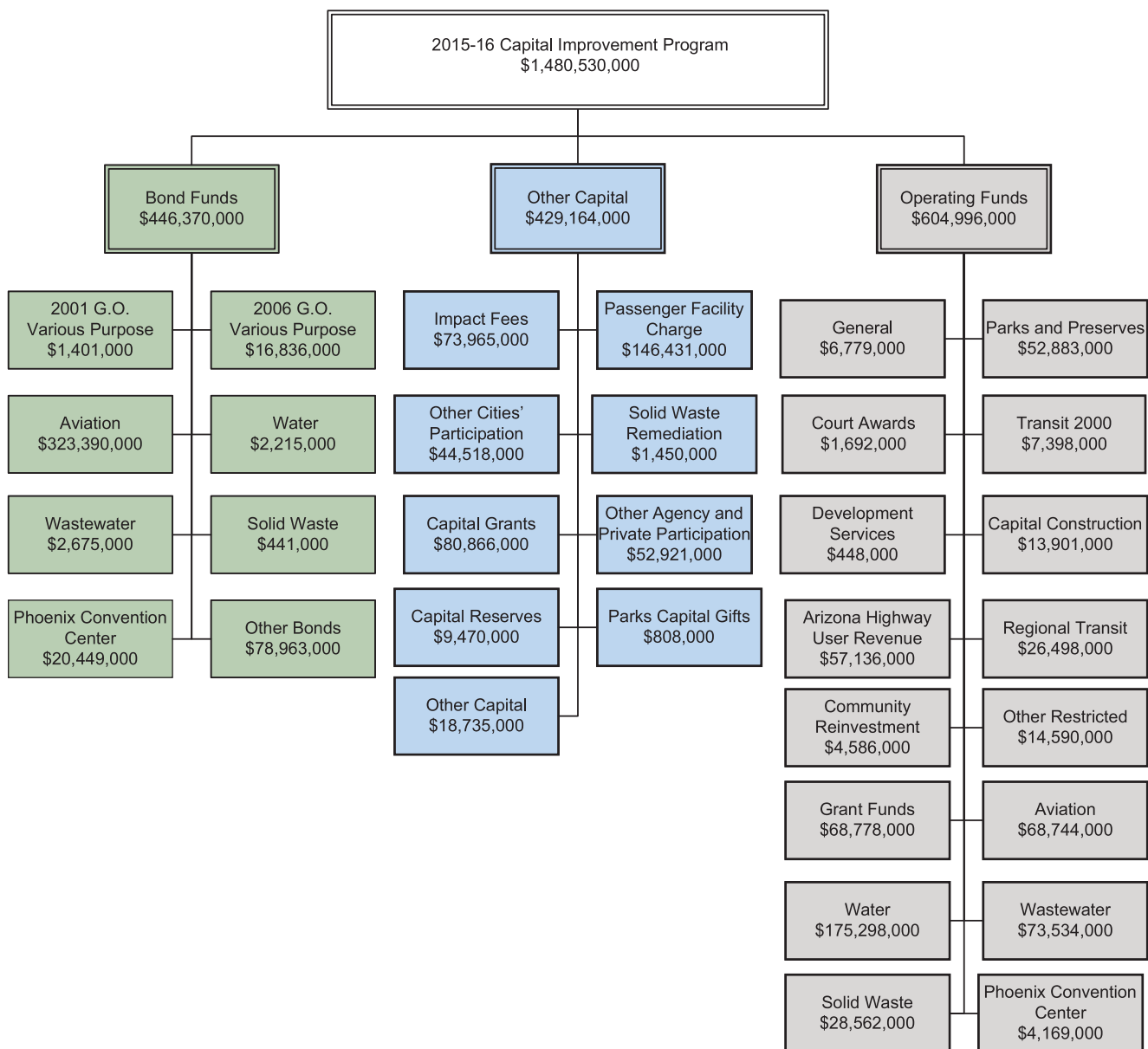
¹ Includes bond proceeds, excluding anticipated but unrealized proceeds, and funds which "pass through" bond funds such as grants, land sales and other agency and private participation.

² Includes bonds authorized and available for sale, pledged resources and cost recovery for projects billed and/or reimbursed on a cash flow basis.





2015-16 Capital Improvement Program Organizational Chart







Operating Costs for New Capital Facilities

Capital facilities include the police and fire stations, senior centers, parks, swimming pools, libraries, cultural facilities and customer service centers needed to deliver services to our residents. Capital improvements also include investment in infrastructure, commercial and neighborhood development, redevelopment and revitalization. Since these types of capital projects are assets with a multi-year life, issuing bonded debt is an appropriate way to pay for these expenses. It allows the initial costs to be repaid over the years the investment is used. The service delivery costs and day-to-day operating expenses such as staff salaries or supplies are not capital assets. These costs are not funded with bonded debt and must be paid from the city's annual operating funds.

New Facilities Funding and Their Operating Costs

In accordance with Bond Committee recommendations and property tax policy adopted by the City Council in December 2011, the primary property tax levy is maximized to ensure its stability as a source of General Fund revenue and to help pay for operation and maintenance of capital facilities. On March 14, 2006, Phoenix voters approved an \$878.5 million bond program. Estimated General Fund expenditures to operate bond funded projects are updated annually. For enterprise fund operations, multi-year rate planning processes are used to provide the City Council with the effects new capital facilities will have on future rate-payers. Each year, the City Council considers the impact of future capital facilities as it sets annual utility rates. 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 2015-16 budget includes \$1,938,000 in new operating and maintenance costs for new facilities and systems. The funding sources for 2015-16 operating costs are the General Fund, Phoenix Parks and Preserve Initiative Fund, Transit 2000 Fund, and Solid Waste Fund. The schedule on the next page provides project operating and maintenance costs for 2015-16, the full-year operating and maintenance costs for 2016-17, 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		2015-16 Costs	2016-17 Costs
Parks and Recreation				
Coffelt-Lamoreaux Public Housing Complex (General Fund)	1.9	Add part-time staff to provide recreation services at the newly renovated Coffelt-Lamoreaux Recreation Center opening April 2016.	14,000	54,000



**OPERATING COSTS FOR NEW CAPITAL FACILITIES (continued)**

Project Name and Operating Fund Source	# of FTEs	2015-16 Costs	2016-17 Costs
Parks and Recreation			
Trailhead Services (Phoenix Parks and Preserve Initiative Fund [PPPI])	—	Add contract costs for janitorial services at three new major trailheads: Apache Wash, Desert Vista and Desert Hills.	100,000 126,000
Public Transit			
Light Rail Expansion (Transit 2000 Fund)	—	Add funding to operate the expansion of light rail services from the current end-of-line at 19th Avenue and Montebello to 19th Avenue and Dunlap Avenue.	1,200,000 2,500,000
Public Works			
Composting Facility (Solid Waste Fund)	—	Add funds necessary to operate and maintain the new composting facility scheduled to open in July 2016. Funding may be used to hire contract staff to operate the facility or used to hire City staff depending on the results of a competitive bidding process.	624,000 2,285,000
Net Total Costs		\$1,938,000	\$4,965,000
Source of Funds			
General Fund		14,000	54,000
Phoenix Parks and Preserve Initiative (PPPI)		100,000	126,000
Transit 2000 Fund		1,200,000	2,500,000
Solid Waste Fund		624,000	2,285,000
Total Source of Funds		\$1,938,000	\$4,965,000









Summary Schedules





**2013-14 SCHEDULE 1
RESOURCES AND EXPENDITURES BY FUND
ACTUAL
(In Thousands of Dollars)**



	Resources					Expenditures					Ending Fund Balances
	Beginning Fund Balances	Revenue ^{1/}	Recovery	Fund Transfer		Total	Operating	Capital	Debt Service	Total	
				To	From						
General Funds:											
General	\$ 62,741	\$ 252,237	\$ 2,897	\$ 784,326	\$ 109,506	\$ 992,695	\$ 912,319	\$ 1,797	\$ -	\$ 914,116	\$ 78,579
Parks and Recreation	-	15,860	47	74,700	-	90,607	90,607	-	-	90,607	-
Library	-	36,380	35	-	2,975	33,440	33,326	114	-	33,440	-
Cable Communications	-	9,720	2	-	5,783	3,939	3,939	-	-	3,939	-
Total General	\$ 62,741	\$ 314,197	\$ 2,981	\$ 859,026	\$ 118,264	\$ 1,120,681	\$ 1,040,191	\$ 1,911	\$ -	\$ 1,042,102	\$ 78,579
Special Revenue Funds:											
Excise Tax	\$ -	\$ 1,044,605	\$ -	\$ -	\$ 1,044,605	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Nghbrhd Protection-Police	(9,352)	(46)	-	20,408	187	10,823	15,801	-	-	15,801	(4,978) ^{2/}
Nghbrhd Protection-Fire	6,063	46	-	7,288	13	13,384	4,861	-	-	4,861	8,523
Nghbrhd Protection-Block Watch	2,128	186	1	1,457	3	3,769	1,205	-	-	1,205	2,564
2007 Public Safety Exp-Police	(17,638)	(120)	20	46,647	528	28,381	47,185	-	-	47,185	(18,804) ^{2/}
2007 Public Safety Exp-Fire	955	4	-	11,661	93	12,527	11,187	-	-	11,187	1,340
Public Safety Enhance-Police	(11,759)	-	108	15,406	201	3,554	14,079	-	-	14,079	(10,525) ^{2/}
Public Safety Enhance-Fire	(5,162)	-	1	9,443	-	4,282	5,506	-	-	5,506	(1,224) ^{2/}
Parks and Preserves	21,863	248	1,574	29,453	5,115	48,023	2,603	15,150	-	17,753	30,270
Transit 2000	282,799	68,616	2,199	121,068	41,749	432,933	130,064	6,940	-	137,004	295,929
Court Awards	732	12,848	77	-	-	13,657	7,591	5,305	-	12,896	761
Development Services	22,925	40,550	115	-	2,936	60,654	32,174	43	-	32,217	28,437
Capital Construction	9,439	72	209	15,086	-	24,806	188	18,959	-	19,147	5,659
Sports Facilities	31,715	281	-	17,145	196	48,945	1,946	1,207	21,881	25,034	23,911
AZ Highway User Revenue	25,834	102,461	605	786	10,104	119,582	46,710	54,215	-	100,925	18,657
Regional Transit	(12,738)	40,931	42	18	-	28,253	25,036	7,789	-	32,825	(4,572) ^{3/}
Community Reinvestment	17,314	5,219	-	-	5,308	17,225	414	1,097	-	1,511	15,714
Secondary Property Tax	2,765	39,887	-	723	-	43,375	-	-	43,096	43,096	279
Impact Fee Program Admin	589	371	-	-	-	960	127	40	-	167	793
Regional Wireless Cooperative	2,471	4,085	4	-	-	6,560	4,428	-	-	4,428	2,132
Golf Course	(9,561)	8,927	-	4,800	-	4,166	8,698	-	-	8,698	(4,532) ^{4/}
City Improvement	-	-	-	440,488	368,140	72,348	-	-	72,348	72,348	-
Other Restricted Funds	47,926	25,023	472	6,363	899	78,885	22,370	3,416	-	25,786	53,099
Grant Funds	16,092	220,391	1,040	-	264	237,259	202,879	19,749	-	222,628	14,631
Total Special Revenue	\$ 425,400	\$ 1,614,585	\$ 6,467	\$ 748,240	\$ 1,480,341	\$ 1,314,351	\$ 585,052	\$ 133,910	\$ 137,325	\$ 856,287	\$ 458,064
Enterprise Funds:											
Aviation	\$ 309,854	\$ 329,924	\$ 2,334	\$ 15,788	\$ 38,071	\$ 619,829	\$ 224,547	\$ 23,614	\$ 52,509	\$ 300,670	\$ 319,159
Water	181,397	398,248	2,260	4	20,219	561,690	166,186	137,529	121,352	425,067	136,623
Wastewater	102,276	212,131	3,071	275	38,075	279,678	86,056	33,714	70,667	190,437	89,241
Solid Waste	52,743	146,449	292	-	9,206	190,278	111,457	7,150	13,908	132,515	57,763
Convention Center	35,794	16,718	145	44,311	2,516	94,452	41,848	1,533	18,584	61,965	32,487
Total Enterprise	\$ 682,064	\$ 1,103,470	\$ 8,102	\$ 60,378	\$ 108,087	\$ 1,745,927	\$ 630,094	\$ 203,540	\$ 277,020	\$ 1,110,654	\$ 635,273
GRAND TOTAL	\$ 1,170,205	\$ 3,032,252	\$ 17,550	\$ 1,667,644	\$ 1,706,692	\$ 4,180,959	\$ 2,255,337	\$ 339,361	\$ 414,345	\$ 3,009,043	\$ 1,171,916

^{1/} General fund sales tax revenue is reflected as a transfer from the excise tax fund. Total transfer equates to \$712.0 million, and is included in the General Funds revenue total of \$1,026.2 million shown on Schedule 2.

^{2/} The dedicated public safety funds have been severely impacted by declines in sales tax revenues. In November 2010, the Mayor and City Council adopted a plan to balance these funds as soon as possible using an attrition approach. This plan was modified in February 2015 to account for changes in attrition and revised revenue forecasts.

^{3/} 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 2014-15 and will resolve the negative ending balance.

^{4/} The Mayor and Council adopted a plan in March 2013 to balance the Golf Fund, which included paying off the cumulative deficit over three years and making operational improvements to reduce or eliminate the annual operating deficit.





**2014-15 SCHEDULE 1
RESOURCES AND EXPENDITURES BY FUND
ESTIMATE
(In Thousands of Dollars)**

	Resources					Expenditures					Ending Fund Balances
	Beginning Fund Balances	Revenue ^{1/}	Recovery	Fund Transfer		Total	Operating	Capital	Debt Service	Total	
				To	From						
General Funds:											
General	\$ 78,579	\$ 248,928	\$ 2,000	\$ 804,568	\$ 111,918	\$ 1,022,157	\$ 944,391	\$ 2,345	\$ -	\$ 946,736	\$ 75,421
Parks and Recreation	-	15,683	-	72,498	-	88,181	88,181	-	-	88,181	-
Library	-	37,087	-	87	1,817	35,357	34,843	514	-	35,357	-
Cable Communications	-	9,500	-	-	5,527	3,973	3,973	-	-	3,973	-
Total General	78,579	311,198	2,000	877,153	119,262	1,149,668	1,071,388	2,859	-	1,074,247	75,421
Special Revenue Funds:											
Excise Tax	\$ -	\$ 1,077,479	\$ -	\$ -	\$ 1,077,479	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Nghbrhd Protection-Police	(4,978)	(31)	-	20,945	233	15,703	14,435	-	-	14,435	1,268
Nghbrhd Protection-Fire	8,523	45	-	7,480	13	16,035	5,837	-	-	5,837	10,198
Nghbrhd Protection-Block Watch	2,564	188	-	1,496	3	4,245	1,250	-	-	1,250	2,995
2007 Public Safety Exp-Police	(18,804)	(130)	-	47,875	546	28,395	42,525	-	-	42,525	(14,130) ^{2/}
2007 Public Safety Exp-Fire	1,340	6	-	11,968	96	13,218	14,045	-	-	14,045	(827) ^{2/}
Public Safety Enhance-Police	(10,525)	-	-	15,517	204	4,788	11,871	-	-	11,871	(7,083) ^{2/}
Public Safety Enhance-Fire	(1,224)	-	-	9,509	-	8,285	7,318	-	-	7,318	967
Parks and Preserves	30,270	202	50	29,923	4,585	55,860	4,268	14,637	-	18,905	36,955
Transit 2000	295,929	52,103	2,000	110,737	48,503	412,266	133,628	17,763	-	151,391	260,875
Court Awards	761	7,824	-	-	-	8,585	5,125	1,090	-	6,215	2,370
Development Services	28,437	42,051	-	-	2,782	67,706	39,533	500	-	40,033	27,673
Capital Construction	5,659	85	200	14,212	-	20,156	199	16,854	-	17,053	3,103
Sports Facilities	23,911	280	-	16,486	195	40,482	2,058	1,292	21,877	25,227	15,255
AZ Highway User Revenue	18,657	108,578	500	938	-	128,673	48,066	44,626	-	92,692	35,981
Regional Transit	(4,572)	50,323	-	-	-	45,751	27,414	14,179	-	41,593	4,158
Community Reinvestment	15,714	4,958	-	-	2,068	18,604	609	5,179	-	5,788	12,816
Secondary Property Tax	279	55,121	-	-	-	55,400	-	-	55,299	55,299	101
Impact Fee Program Admin	793	293	-	-	-	1,086	137	-	-	137	949
Regional Wireless Cooperative	2,132	5,277	-	-	-	7,409	5,316	-	-	5,316	2,093
Golf Course	(4,532)	6,362	-	4,532	-	6,362	6,352	-	-	6,352	10
City Improvement	-	-	-	83,018	1,024	81,994	-	-	81,994	81,994	-
Other Restricted Funds	53,099	25,573	-	4,694	1,482	81,884	31,479	3,191	-	34,670	47,214
Grant Funds	14,631	255,591	-	-	376	269,846	213,736	48,476	-	262,212	7,634
Total Special Revenue	\$ 458,064	\$ 1,692,178	\$ 2,750	\$ 379,330	\$ 1,139,589	\$ 1,392,733	\$ 615,201	\$ 167,787	\$ 159,170	\$ 942,158	\$ 450,575
Enterprise Funds:											
Aviation	\$ 319,159	\$ 330,369	\$ -	\$ 9,365	\$ 13,312	\$ 645,581	\$ 234,906	\$ 19,001	\$ 50,557	\$ 304,464	\$ 341,117
Water	136,623	399,606	-	-	19,478	516,751	172,096	120,039	113,976	406,111	110,640
Wastewater	89,241	213,548	-	-	12,489	290,300	85,921	42,329	58,064	186,314	103,986
Solid Waste	57,763	147,824	-	-	9,344	196,243	114,913	26,900	15,772	157,585	38,658
Convention Center	32,487	16,243	-	47,706	2,595	93,841	42,456	2,962	18,592	64,010	29,831
Total Enterprise	\$ 635,273	\$ 1,107,590	\$ -	\$ 57,071	\$ 57,218	\$ 1,742,716	\$ 650,292	\$ 211,231	\$ 256,961	\$ 1,118,484	\$ 624,232
GRAND TOTAL	\$ 1,171,916	\$ 3,110,966	\$ 4,750	\$ 1,313,554	\$ 1,316,069	\$ 4,285,117	\$ 2,336,881	\$ 381,877	\$ 416,131	\$ 3,134,889	\$ 1,150,228

^{1/} General fund sales tax revenue is reflected as a transfer from the excise tax fund. Total transfer equates to \$738.9 million, and is included in the General Funds revenue total of \$1,050.1 million shown on Schedule 2.

^{2/} The dedicated public safety funds have been severely impacted by declines in sales tax revenues. In November 2010, the Mayor and City Council adopted a plan to balance these funds as soon as possible using an attrition approach. This plan was modified in February 2015 to account for changes in attrition and revised revenue forecasts.





**2015-16 SCHEDULE 1
RESOURCES AND EXPENDITURES BY FUND
BUDGET
(In Thousands of Dollars)**

	Resources					Expenditures					Ending Fund Balances
	Beginning Fund Balances	Revenue ^{1/}	Recovery	Fund Transfer		Total	Operating	Capital	Debt		
				To	From				Service	Total	
General Funds:											
General	\$ 75,421	\$ 249,546	\$ 2,000	\$ 817,479	\$ 118,083	\$ 1,026,363	\$ 1,019,784	\$ 6,579	\$ -	\$ 1,026,363	\$ -
Parks and Recreation	-	15,675	-	74,883	-	90,558	90,558	-	-	90,558	-
Library	-	36,742	-	691	1,952	35,481	35,281	200	-	35,481	-
Cable Communications	-	9,500	-	-	5,362	4,138	4,138	-	-	4,138	-
Total General	\$ 75,421	\$ 311,463	\$ 2,000	\$ 893,053	\$ 125,397	\$ 1,156,540	\$ 1,149,761	\$ 6,779	\$ -	\$ 1,156,540	\$ -
Special Revenue Funds:											
Excise Tax	\$ -	\$ 1,088,966	\$ -	\$ -	\$ 1,088,966	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Nghbrhd Protection-Police	1,268	(20)	-	20,189	233	21,204	17,857	-	-	17,857	3,347
Nghbrhd Protection-Fire	10,198	50	-	7,210	13	17,445	8,116	-	-	8,116	9,329
Nghbrhd Protection-Block Watch	2,995	188	-	1,442	3	4,622	1,250	-	-	1,250	3,372
2007 Public Safety Exp-Police	(14,130)	(110)	-	46,146	546	31,360	42,700	-	-	42,700	(11,340) ^{2/}
2007 Public Safety Exp-Fire	(827)	6	-	11,535	96	10,618	15,089	-	-	15,089	(4,471) ^{2/}
Public Safety Enhance-Police	(7,083)	-	-	16,167	204	8,880	12,123	-	-	12,123	(3,243) ^{2/}
Public Safety Enhance-Fire	967	-	-	9,907	-	10,874	9,163	-	-	9,163	1,711
Parks and Preserves	36,955	206	50	28,841	53	65,999	4,098	52,883	-	56,981	9,018
Transit 2000	260,875	53,265	2,000	120,364	51,047	385,457	208,164	7,398	-	215,562	169,895
Court Awards	2,370	5,263	-	-	-	7,633	5,638	1,692	-	7,330	303
Development Services	27,673	43,496	-	-	2,872	68,297	45,520	448	-	45,968	22,329
Capital Construction	3,103	85	450	13,927	-	17,565	199	13,901	-	14,100	3,465
Sports Facilities	15,255	280	-	16,342	195	31,682	2,142	-	22,542	24,684	6,998
AZ Highway User Revenue	35,981	108,487	500	972	5,000	140,940	49,653	57,136	-	106,789	34,151
Regional Transit	4,158	42,547	-	-	-	46,705	28,510	26,498	-	55,008	(8,303) ^{3/}
Community Reinvestment	12,816	4,592	-	-	2,065	15,343	487	4,586	-	5,073	10,270
Secondary Property Tax	101	54,796	-	71,228	-	126,125	-	-	126,024	126,024	101
Impact Fee Program Admin	949	305	-	-	-	1,254	237	-	-	237	1,017
Regional Wireless Cooperative	2,093	5,127	-	-	-	7,220	5,004	-	-	5,004	2,216
Golf Course	10	5,970	-	-	-	5,980	5,826	-	-	5,826	154
City Improvement	-	-	-	93,258	1,024	92,234	-	-	92,234	92,234	-
Other Restricted Funds	47,214	28,204	-	4,709	3,913	76,214	33,855	14,590	-	48,445	27,769
Grant Funds	7,634	282,505	-	-	375	289,764	220,789	68,778	-	289,567	197
Total Special Revenue	\$ 450,575	\$ 1,724,208	\$ 3,000	\$ 462,237	\$ 1,156,605	\$ 1,483,415	\$ 716,420	\$ 247,910	\$ 240,800	\$ 1,205,130	\$ 278,285
Enterprise Funds:											
Aviation	\$ 341,117	\$ 332,191	\$ -	\$ -	\$ 16,505	\$ 656,803	\$ 251,527	\$ 68,744	\$ 62,778	\$ 383,049	\$ 273,754
Water	110,640	411,108	-	-	20,087	501,661	185,759	175,298	113,286	474,343	27,318
Wastewater	103,986	217,162	-	-	12,853	308,295	95,385	73,534	76,006	244,925	63,370
Solid Waste	38,658	149,326	-	-	9,565	178,419	125,421	28,562	14,468	168,451	9,968
Convention Center	29,831	16,431	-	48,129	2,678	91,713	47,101	4,169	18,590	69,860	21,853
Total Enterprise	\$ 624,232	\$ 1,126,218	\$ -	\$ 48,129	\$ 61,688	\$ 1,736,891	\$ 705,193	\$ 350,307	\$ 285,128	\$ 1,340,628	\$ 396,263
GRAND TOTAL	\$ 1,150,228	\$ 3,161,889	\$ 5,000	\$ 1,403,419	\$ 1,343,690	\$ 4,376,846	\$ 2,571,374	\$ 604,996	\$ 525,928	\$ 3,702,298	\$ 674,548

^{1/} General fund sales tax revenue is reflected as a transfer from the excise tax fund. Total transfer equates to \$749.1 million, and is included in the General Funds revenue total of \$1,060.5 million shown on Schedule 2.

^{2/} The dedicated public safety funds have been severely impacted by declines in sales tax revenues. In November 2010, the Mayor and City Council adopted a plan to balance these funds as soon as possible using an attrition approach. This plan was modified in February 2015 to account for changes in attrition and revised revenue forecasts.

^{3/} The City Council approved an agreement between the City of Phoenix and Valley Metro Rail to advance \$60 million for the North West Light Rail Extension project. Valley Metro Rail is scheduled to repay the advancement including interest in FY 2016-17, which will resolve the negative ending fund balance.





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

Revenue Source	2013-14 Actual	2014-15 Estimate	Increase/(Decrease) From 2013-14 Actual		2015-16 Budget	Increase/(Decrease) From 2014-15 Estimate		
			Amount	Percent		Amount	Percent	
GENERAL FUND								
Local Taxes and Related Fees	\$ 420,640	\$ 429,268	\$ 8,628	2.1%	\$ 434,525	\$ 5,257	1.2%	
State-Shared Revenues								
Sales Tax	127,005	131,672	4,667	3.7%	137,502	5,830	4.4%	
State Income Tax	161,580	175,184	13,604	8.4%	174,234	(950)	-0.5%	
Vehicle License Tax	51,689	54,457	2,768	5.4%	55,807	1,350	2.5%	
Subtotal	\$ 340,274	\$ 361,313	\$ 21,039	6.2%	\$ 367,543	\$ 6,230	1.7%	
Primary Property Tax	\$ 143,930	\$ 137,956	\$ (5,974)	-4.2%	\$ 140,363	\$ 2,407	1.7%	
User Fees/Other Revenue								
Licenses & Permits	2,775	2,807	32	1.2%	2,797	(10)	-0.4%	
Cable Communications	9,720	9,500	(220)	-2.3%	9,500	-	0.0%	
Fines and Forfeitures	17,540	16,148	(1,392)	-7.9%	16,225	77	0.5%	
Court Default Fee	1,013	920	(93)	-9.2%	920	-	0.0%	
Fire	42,430	43,322	892	2.1%	42,935	(387)	-0.9%	
Hazardous Materials Inspection Fee	1,239	1,250	11	0.9%	1,250	-	0.0%	
Library Fees	1,080	1,011	(69)	-6.4%	1,018	7	0.7%	
Parks and Recreation	8,127	7,532	(595)	-7.3%	7,304	(228)	-3.0%	
Planning	1,251	1,254	3	0.2%	1,314	60	4.8%	
Police	13,111	15,252	2,141	16.3%	14,041	(1,211)	-7.9%	
Street Transportation	4,426	4,711	285	6.4%	4,432	(279)	-5.9%	
Other Service Charges	13,935	14,719	784	5.6%	13,379	(1,340)	-9.1%	
Other	4,706	3,166	(1,540)	-32.7%	2,975	(191)	-6.0%	
Subtotal	\$ 121,353	\$ 121,592	\$ 239	0.2%	\$ 118,090	\$ (3,502)	-2.9%	
Total General Funds	\$ 1,026,197	\$ 1,050,129	\$ 23,932	2.3%	\$ 1,060,521	\$ 10,392	1.0%	



**SCHEDULE 2: REVENUES BY MAJOR SOURCE (Continued)**

(In Thousands of Dollars)

Revenue Source	2013-14 Actual	2014-15 Estimate	Increase/(Decrease) From 2013-14 Actual		2015-16 Budget	Increase/(Decrease) From 2014-15 Estimate		
			Amount	Percent		Amount	Percent	
SPECIAL REVENUE FUNDS								
Neighborhood Protection	\$ 29,339	\$ 30,123	\$ 784	2.7%	\$ 29,059	\$ (1,064)	-3.5%	
2007 Public Safety Expansion	58,192	59,719	1,527	2.6%	57,577	(2,142)	-3.6%	
Public Safety Enhancement	24,849	25,026	177	0.7%	26,074	1,048	4.2%	
Parks and Preserves	29,401	30,125	724	2.5%	29,047	(1,078)	-3.6%	
Transit 2000	179,684	162,840	(16,844)	-9.4%	168,629	5,789	3.6%	
Court Awards	12,848	7,824	(5,024)	-39.1%	5,263	(2,561)	-32.7%	
Development Services	40,550	42,051	1,501	3.7%	43,496	1,445	3.4%	
Capital Construction	15,158	14,297	(861)	-5.7%	14,012	(285)	-2.0%	
Sports Facilities	16,269	16,766	497	3.1%	16,622	(144)	-0.9%	
Arizona Highway User Revenue	102,461	108,578	6,117	6.0%	108,487	(91)	-0.1%	
Regional Transit Revenues	40,931	50,323	9,392	22.9%	42,547	(7,776)	-15.5%	
Community Reinvestment	5,219	4,958	(261)	-5.0%	4,592	(366)	-7.4%	
Secondary Property Tax	39,887	55,121	15,234	38.2%	54,796	(325)	-0.6%	
Regional Wireless Cooperative	4,085	5,277	1,192	29.2%	5,127	(150)	-2.8%	
Golf Courses	8,927	6,362	(2,565)	-28.7%	5,970	(392)	-6.2%	
Impact Fee Program Administration	371	293	(78)	-21.0%	305	12	4.1%	
Other Restricted Revenues	29,712	30,267	555	1.9%	32,913	2,646	8.7%	
Grants								
Public Housing Grants	76,821	82,740	5,919	7.7%	87,022	4,282	5.2%	
Human Services Grants	38,884	43,215	4,331	11.1%	42,424	(791)	-1.8%	
Community Development	16,905	17,237	332	2.0%	32,392	15,155	87.9%	
Criminal Justice	5,634	9,779	4,145	73.6%	5,180	(4,599)	-47.0%	
Public Transit Grants	25,405	62,133	36,728	144.6%	65,916	3,783	6.1%	
Other Grants	56,742	40,487	(16,255)	-28.6%	49,571	9,084	22.4%	
Subtotal - Grants	\$ 220,391	\$ 255,591	\$ 35,200	16.0%	\$ 282,505	\$ 26,914	10.5%	
Subtotal Special Revenue Funds	\$ 858,274	\$ 905,541	\$ 47,267	5.5%	\$ 927,021	\$ 21,480	2.4%	
ENTERPRISE FUNDS								
Aviation	329,924	330,369	445	0.1%	332,191	1,822	0.6%	
Water System	398,248	399,606	1,358	0.3%	411,108	11,502	2.9%	
Wastewater System	212,131	213,548	1,417	0.7%	217,162	3,614	1.7%	
Solid Waste	146,449	147,824	1,375	0.9%	149,326	1,502	1.0%	
Convention Center	61,029	63,949	2,920	4.8%	64,560	611	1.0%	
Subtotal Enterprise Funds	\$ 1,147,781	\$ 1,155,296	\$ 7,515	0.7%	\$ 1,174,347	\$ 19,051	1.6%	
GRAND TOTAL	\$ 3,032,252	\$ 3,110,966	\$ 78,714	2.6%	\$ 3,161,889	\$ 50,923	1.6%	





SCHEDULE 3
EXPENDITURES BY DEPARTMENT ¹
(In Thousands of Dollars)

Program	2013-14 Actual	2014-15		2015-16 Budget	Percent Change from 2014-15		
		Budget	Estimate		Budget	Estimate	
General Government							
Mayor	\$ 1,628	\$ 1,831	\$ 1,831	\$ 1,831	-	-	
City Council	3,345	3,536	3,536	3,536	-	-	
City Manager	2,481	2,599	2,535	2,536	(2.4%)	-	
Government Relations	1,094	1,296	1,009	1,064	(17.9%)	5.5%	
² Communications Office	2,525	2,410	2,335	2,293	(4.9%)	(1.8%)	
City Auditor	2,294	2,410	2,370	2,440	1.2%	3.0%	
Equal Opportunity	2,586	2,926	2,822	2,811	(3.9%)	(0.4%)	
Human Resources	10,406	11,446	11,313	11,018	(3.7%)	(2.6%)	
Phoenix Employment Relations Board	58	93	76	84	(9.7%)	10.5%	
Regional Wireless Cooperative	4,428	4,718	5,316	5,004	6.1%	(5.9%)	
Retirement Systems	-	-	-	-	-	-	
Law	4,696	4,783	4,888	4,843	1.3%	(0.9%)	
Information Technology	34,037	39,622	37,386	37,509	(5.3%)	0.3%	
City Clerk and Elections	5,236	4,875	4,492	5,070	4.0%	12.9%	
Finance	21,452	21,200	20,322	33,347	57.3%	64.1%	
Budget and Research	2,996	2,956	2,897	3,057	3.4%	5.5%	
Total General Government	\$ 99,262	\$ 106,701	\$ 103,128	\$ 116,443	9.1%	12.9%	
Public Safety							
Police	\$ 555,422	\$ 570,434	\$ 559,288	\$ 572,949	0.4%	2.4%	
Fire	286,383	304,088	304,527	312,745	2.8%	2.7%	
Emergency Management	464	472	803	649	37.5%	(19.2%)	
Total Public Safety	\$ 842,269	\$ 874,994	\$ 864,618	\$ 886,343	1.3%	2.5%	
Criminal Justice							
Municipal Court	\$ 35,909	\$ 41,837	\$ 40,251	\$ 40,705	(2.7%)	1.1%	
City Prosecutor	15,135	16,190	14,746	15,196	(6.1%)	3.1%	
Public Defender	4,788	4,982	4,967	5,081	2.0%	2.3%	
Total Criminal Justice	\$ 55,832	\$ 63,009	\$ 59,964	\$ 60,982	(3.2%)	1.7%	
Transportation							
Street Transportation	\$ 68,085	\$ 72,010	\$ 68,942	\$ 71,444	(0.8%)	3.6%	
Aviation	223,936	234,708	234,233	236,851	0.9%	1.1%	
Public Transit	229,716	252,959	247,870	263,299	4.1%	6.2%	
Total Transportation	\$ 521,737	\$ 559,677	\$ 551,045	\$ 571,594	2.1%	3.7%	





SCHEDULE 3 (continued)
EXPENDITURES BY DEPARTMENT ¹
(In Thousands of Dollars)

Program	2013-14 Actual	2014-15		2015-16 Budget	Percent Change from 2014-15		
		Budget	Estimate		Budget	Estimate	
Community Development							
Planning and Development	\$ 37,950	\$ 46,762	\$ 45,163	\$ 46,258	(1.1%)	2.4%	
Housing	75,913	88,591	86,454	89,697	1.2%	3.8%	
Community and Economic Development	25,209	24,678	29,156	29,497	19.5%	1.2%	
Neighborhood Services	44,516	59,206	34,705	56,192	(5.1%)	61.9%	
PCDIC	-	-	-	776	-	-	
Total Community Development	\$ 183,588	\$ 219,237	\$ 195,478	\$ 222,420	1.5%	13.8%	
Community Enrichment							
³ Parks and Recreation	\$ 106,770	\$ 111,181	\$ 104,639	\$ 107,016	(3.7%)	2.3%	
Library	34,080	36,063	35,745	35,778	(0.8%)	0.1%	
Phoenix Convention Center	43,179	46,169	43,872	45,667	(1.1%)	4.1%	
Human Services	57,387	60,440	62,699	62,030	2.6%	(1.1%)	
Office of Arts and Culture	1,397	1,542	1,570	3,968	157.3%	152.7%	
Total Community Enrichment	\$ 242,813	\$ 255,395	\$ 248,525	\$ 254,459	(0.4%)	2.4%	
Environmental Services							
Water	\$ 251,419	\$ 267,018	\$ 257,370	\$ 266,725	(0.1%)	3.6%	
Solid Waste Management	111,041	133,802	114,540	121,013	(9.6%)	5.7%	
Public Works	18,679	25,034	23,113	22,323	(10.8%)	(3.4%)	
Environmental Programs	1,045	1,330	1,094	1,113	(16.3%)	1.7%	
Office of Sustainability	-	-	-	293	-	-	
Total Environmental Services	\$ 382,184	\$ 427,184	\$ 396,117	\$ 411,467	(3.7%)	3.9%	
Contingencies	\$ -	\$ 93,768	\$ -	\$ 139,900	49.2%	-	
GRAND TOTAL	\$ 2,327,685	\$ 2,599,965	\$ 2,418,875	\$ 2,663,608	2.4%	10.1%	

¹ For purposes of this schedule, department budget allocations include Grants and City Improvement debt service payments.

² Formerly known as the Public Information Office.

³ 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 4
2015-2016 EXPENDITURES BY DEPARTMENT ¹
BY SOURCE OF FUNDS
(In Thousands of Dollars)

Program	Total	General Funds	Enterprise Funds	Special Revenue Funds ¹
General Government				
Mayor	\$ 1,831	\$ 1,831	\$ -	\$ -
City Council	3,536	3,536	-	-
City Manager	2,536	2,235	53	248
Government Relations	1,064	1,064	-	-
² Communications Office	2,293	1,947	-	346
City Auditor	2,440	2,440	-	-
Equal Opportunity	2,811	2,322	-	489
Human Resources	11,018	9,742	-	1,276
Phoenix Employment Relations Board	84	84	-	-
Regional Wireless Cooperative	5,004	-	-	5,004
Retirement Systems	-	-	-	-
Law	4,843	4,843	-	-
Information Technology	37,509	34,822	861	1,826
City Clerk and Elections	5,070	5,054	-	16
Finance	33,347	22,795	2,244	8,308
Budget and Research	3,057	3,057	-	-
Total General Government	\$ 116,443	\$ 95,772	\$ 3,158	\$ 17,513
Public Safety				
Police	\$ 572,949	\$ 477,616	\$ -	\$ 95,333
Fire	312,745	259,566	-	53,179
Emergency Management	649	14	-	635
Total Public Safety	\$ 886,343	\$ 737,196	\$ -	\$ 149,147
Criminal Justice				
Municipal Court	\$ 40,705	\$ 27,542	\$ -	\$ 13,163
City Prosecutor	15,196	14,223	-	973
Public Defender	5,081	5,081	-	-
Total Criminal Justice	\$ 60,982	\$ 46,846	\$ -	\$ 14,136
Transportation				
Street Transportation	\$ 71,444	\$ 19,221	\$ -	\$ 52,223
Aviation	236,851	-	236,851	-
Public Transit	263,299	17,940	-	245,359
Total Transportation	\$ 571,594	\$ 37,161	\$ 236,851	\$ 297,582





SCHEDULE 4 (continued)
2015-2016 EXPENDITURES BY DEPARTMENT ¹
BY SOURCE OF FUNDS
(In Thousands of Dollars)

Program	Total	General Funds	Enterprise Funds	Special Revenue Funds ¹
Community Development				
Planning and Development Services	\$ 46,258	\$ 4,330	\$ -	\$ 41,928
Housing	89,697	54	-	89,643
Community and Economic Development	29,497	4,629	568	24,300
Neighborhood Services	56,192	12,362	-	43,830
PCDIC	776	-	-	776
Total Community Development	\$ 222,420	\$ 21,375	\$ 568	\$ 200,477
Community Enrichment				
³ Parks and Recreation	\$ 107,016	90,559	\$ -	\$ 16,457
Library	35,778	35,280	-	498
Phoenix Convention Center	45,667	1,384	43,643	640
Human Services	62,030	18,171	350	43,509
Office of Arts and Culture	3,968	3,830	-	138
Total Community Enrichment	\$ 254,459	\$ 149,224	\$ 43,993	\$ 61,242
Environmental Services				
Water	\$ 266,725	\$ -	\$ 264,868	\$ 1,857
Solid Waste Management	121,013	-	121,013	-
Public Works	22,323	14,834	-	7,489
Environmental Programs	1,113	660	242	211
Office of Sustainability	293	293	-	-
Total Environmental Services	\$ 411,467	\$ 15,787	\$ 386,123	\$ 9,557
Contingencies	\$ 139,900	\$ 46,400	\$ 34,500	\$ 59,000
GRAND TOTAL	\$ 2,663,608	\$ 1,149,761	\$ 705,193	\$ 808,654

¹ For purposes of this schedule, department budget allocations include Grants and City Improvement debt service payments.

² Formerly known as the Public Information Office.

³ 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 ²
(In Thousands of Dollars)

Program	2013-14 Actual	2014-15 Estimate	2015-16 Proposed Budget
Aviation	\$ 119,812	\$ 118,586	\$ 131,036
Cultural Facilities	9,058	11,355	14,577
Economic Development	30,645	48,887	51,777
Environmental Programs	733	1,363	1,136
Fire Protection	4,605 ¹	6,125	4,859
Freeway Mitigation	689	684	400
Historic Preservation	465	554	974
Human Services	628 ¹	2,023	2,082
Information Systems	3,123	938	1,913
Libraries	7,769	7,696	7,536
Local Streets/Street Improvements/Lighting	5,461	8,813	5,103
Maintenance Service Centers	1,171	1,254	1,408
Municipal Administration Building	50 ¹	50 ¹	895
Neighborhood Preservation & Senior Services Centers	4,407	11,459	12,641
Parks & Recreation/Open Space	13,706	9,509	11,410
Phoenix Convention Center	39,034	39,041	39,039
Police, Fire and Computer Tech	4,063	6,420	3,499 ¹
Police Protection	7,246	9,869	6,992
Public Housing	1,349	3,757	6,326
Public Transit	40,959	47,520	50,027
Solid Waste Disposal	13,908	15,772	14,468
Storm Sewer	15,442	11,996	15,103
Street Light Refinancing	7 ¹	6 ¹	6 ¹
Wastewater	95,667	58,064	76,006
Water	121,352	113,975	113,287
Early Redemption ³	(46,114)	(65,687)	-
General Government Nonprofit Corporation Bonds	30,790	34,400	42,134
Bond Issuance Costs	1,680	1,834	2,001
Total Program	\$ 527,705	\$ 506,263	\$ 616,635
Type of Expenditure			
Principal	\$ 238,117	\$ 258,474	\$ 281,949
Interest and Other	289,588	247,789	334,686
Total Debt Service Expenditures	\$ 527,705	\$ 506,263	\$ 616,635





SCHEDULE 5: DEBT SERVICE EXPENDITURES
BY PROGRAM, SOURCE OF FUNDS AND TYPE OF EXPENDITURE (continued)
(In Thousands of Dollars)

Source of Funds	2013-14 Actual	2014-15 Estimate	2015-16 Proposed Budget
<u>Operating Funds</u>			
Secondary Property Tax ⁴	\$ 43,096	\$ 55,299	126,024
Sports Facilities	21,881	21,877	22,542
City Improvement			
General	30,540	33,303	39,815
Housing	70	74	73
Transit 2000	41,486	47,520	50,069
Library	-	-	135
Other Operating	-	-	2,142
Capital Funds ⁵	252	1,097	-
Aviation	52,509	50,557	62,778
Convention Center	18,584	18,592	18,590
Solid Waste	13,908	15,772	14,468
Wastewater	70,667	58,064	76,006
Water	121,352	113,976	113,286
Subtotal Operating Funds	\$ 414,345	\$ 416,131	\$ 525,928
<u>Capital Funds</u>			
Nonprofit Corporation Bonds			
Aviation	\$ 22,436	23,162	24,391
Convention Center	20,449	21,049	20,649
Wastewater	565	-	-
Water	43	1,054	-
Passenger Facility Charges	44,867	44,867	44,867
Capital Reserve	25,000	-	800
Subtotal Capital Funds	\$ 113,360	\$ 90,132	\$ 90,707
Total Source of Funds	\$ 527,705	\$ 506,263	\$ 616,635

¹ Interest only.

² Program costs are a combination of principal, interest and other debt related costs unless otherwise noted.

³ Reflects transfer from Early Redemption Fund to Secondary Property Tax for General Obligation Bond debt, net of debt related cost.

⁴ Source of fund amount shown is net of transfer from Early Redemption Fund and reflects the corresponding Secondary Property Tax Levy.

⁵ Reflects transfer of capital funds to City Improvement.





SCHEDULE 6
CAPITAL IMPROVEMENT PROGRAM
FINANCED FROM OPERATING FUNDS
(In Thousands of Dollars)

Program	2013-14 Actual	2014-15 Estimate	2015-16 Budget
Arts and Cultural Facilities	\$ 208	\$ 8	\$ 44
Aviation	21,577	18,020	67,169
Economic Development	3,222	7,566	9,098
Energy Conservation	4,759	1,320	1,235
Facilities Management	4,314	3,334	3,954
Finance	4,009	1,047	114
Fire Protection	0	150	7,708
Housing	11,402	7,282	15,473
Human Services	82	20	30
Information Technology	764	4,572	8,191
Libraries	114	513	200
Neighborhood Services	983	1,344	1,904
Parks, Recreation and Mountain Preserves	15,230	15,467	53,365
Phoenix Convention Center	2,740	4,740	5,799
Police Protection	6,330	1,490	1,692
Public Transit	18,236	71,159	85,975
Solid Waste Disposal	2,990	22,964	23,565
Street Transportation and Drainage	72,904	61,644	71,438
Wastewater	31,951	40,840	69,311
Water	137,546	118,397	178,731
Total	\$ 339,361	\$ 381,877	\$ 604,996

Source of Funds

General Funds:

General	\$ 1,797	\$ 2,345	\$ 6,579
Library	114	514	200
Total General Funds	\$ 1,911	\$ 2,859	\$ 6,779

Special Revenue Funds:

Parks and Preserves	\$ 15,150	\$ 14,637	\$ 52,883
Transit 2000	6,940	17,763	7,398
Court Awards	5,305	1,090	1,692
Development Services	43	500	448
Capital Construction	18,959	16,854	13,901
Sports Facilities	1,207	1,292	-
Arizona Highway User Revenue	54,215	44,626	57,136
Regional Transit	7,789	14,179	26,498
Community Reinvestment	1,097	5,179	4,586
Other Restricted Funds	3,456	3,191	14,590
Grant Funds	19,750	48,476	68,778
Total Special Revenue Funds	\$ 133,911	\$ 167,787	\$ 247,910

Enterprise Funds:

Aviation	\$ 23,614	\$ 19,001	\$ 68,744
Water	137,529	120,039	175,298
Wastewater	33,713	42,329	73,534
Solid Waste	7,150	26,900	28,562
Convention Center	1,533	2,962	4,169
Total Enterprise Funds	\$ 203,539	\$ 211,231	\$ 350,307

Total Operating Funds	\$ 339,361	\$ 381,877	\$ 604,996
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SCHEDULE 7
INTERFUND TRANSFERS TO THE GENERAL FUND
(In Thousands of Dollars)

	2013-14 Actuals	2014-15 Estimate	2015-16	
			Budget	Increase/ (Decrease)
Transfers to the General Fund				
<u>Enterprise Funds</u>				
Aviation				
Central Service Cost Allocation	\$ 7,262	\$ 7,969	\$ 7,969	\$ -
Water Funds				
Central Service Cost Allocation	8,039	7,556	7,556	-
In-Lieu Property Taxes	12,067	11,674	11,993	319
Total	20,106	19,230	19,549	319
Wastewater Funds				
Central Service Cost Allocation	5,359	5,037	5,037	-
In-Lieu Property Taxes	7,641	7,287	7,457	170
Total	13,000	12,324	12,494	170
Solid Waste				
Central Service Cost Allocation	6,607	6,701	6,701	-
In-Lieu Property Taxes	1,235	1,208	1,240	32
Total	7,842	7,909	7,941	32
Convention Center				
Central Service Cost Allocation	2,258	2,330	2,330	-
Total From Enterprise Funds	\$ 50,468	\$ 49,762	\$ 50,283	\$ 521





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

	2013-14 Actuals	2014-15 Estimate	2015-16	
			Budget	Increase/ (Decrease)
Special Revenue Funds				
Excise				
Transfer to General Fund	\$ 712,000	\$ 738,931	\$ 749,058	\$ 10,127
Development Services				
Central Service Cost Allocation	2,936	2,782	2,782	-
Sports Facilities				
Central Service Cost Allocation	117	116	116	-
Phoenix Union Parking Maintenance	79	79	79	-
Total	196	195	195	-
Public Housing In-Lieu Property Taxes	192	302	302	-
ASU Facilities Operations Fund	494	779	783	4
Downtown Community Reinvestment Fund	5,308	2,068	2,065	(3)
T2000 Central Service Costs	686	766	766	-
Neighborhood Protection Central Service Costs	150	196	196	-
Public Safety Enhancement Central Service Costs	201	204	204	-
Public Safety Expansion Central Service Costs	515	536	536	-
Housing Central Office Central Service Costs	254	270	270	-
Other Restricted - Sale of Land	-	346	2,169	1,823
Library Reserve Fund	-	87	691	604
Access To Care Program	16	-	-	-
Capital Fund - Hail Storm	3,564	-	-	-
Total From Special Revenue Funds	\$ 726,512	\$ 747,462	\$ 760,017	\$ 12,555
Total Transfers to the General Fund	\$ 776,980	\$ 797,224	\$ 810,300	\$ 13,076
Transfers from the General Fund				
Arizona Highway User Revenue Reimbursement	\$ 786	\$ 938	\$ 972	\$ 34
Regional Wireless Cooperative L/P Fund	1,674	3,684	-	(3,684)
Library Reserve Fund	1,412	-	-	-
Capital Reserve Fund - Fire L/P	391	-	-	-
Change for Phoenix Fund	4	-	-	-
Retiree Rate Stabilization Fund	1,028	1,024	1,024	-
Infrastructure Repayment Agreements	383	384	384	-
Capital Lease Purchase Reserve Fund	-	-	314	314
City Improvement - Library	-	-	135	135
City Improvement	30,540	33,303	39,815	6,512
Total Transfers from the General Fund	\$ 36,218	\$ 39,333	\$ 42,644	\$ 3,311
Net Transfers to the General Fund	\$ 740,762	\$ 757,891	\$ 767,656	\$ 9,765





**SCHEDULE 8
POSITIONS BY DEPARTMENT
Number of Full Time Equivalent Positions**

Program	2013-14 Actual	2014-15 Estimate	^{1/} Additions/Reductions		2015-16 Allowances Ending
			2014-15	2015-16	June 30,2016 Authorized
General Government					
Mayor	13.5	13.5	(1.0)	-	12.5
City Council	31.0	31.0	2.0	-	33.0
City Manager	19.0	19.0	(1.0)	(1.0)	17.0
Government Relations	6.0	6.0	(1.0)	-	5.0
Communications Office ²	18.6	18.6	-	-	18.6
City Auditor	25.5	25.5	1.0	-	26.5
Equal Opportunity	26.0	26.0	(1.0)	-	25.0
Human Resources	95.1	95.1	4.0	-	99.1
Phoenix Employment Relations Board	1.0	1.0	-	-	1.0
Retirement Systems	14.0	14.0	-	-	14.0
Law	204.0	203.0	(9.0)	-	194.0
Information Technology	171.0	177.0	(9.0)	2.0	170.0
City Clerk and Elections	63.5	56.5	(0.5)	-	56.0
Finance	229.0	229.0	(10.0)	(1.0)	218.0
Budget and Research	24.0	24.0	-	-	24.0
Regional Wireless Cooperative	4.0	4.0	-	-	4.0
Total General Government	945.2	943.2	(25.5)	0.0	917.7
Public Safety					
Police	4,429.5	4,362.5	(34.0)	1.0	4,329.5
Fire	1,994.6	1,994.6	(4.0)	9.7	2,000.3
Emergency Management	6.0	6.0	-	-	6.0
Total Public Safety	6,430.1	6,363.1	(38.0)	10.7	6,335.8
Criminal Justice					
Municipal Court	295.0	295.0	(10.0)	(6.0)	279.0
Public Defender	9.0	9.0	-	2.0	11.0
Total Criminal Justice	304.0	304.0	(10.0)	(4.0)	290.0
Transportation					
Street Transportation	664.0	685.0	(32.0)	(1.0)	652.0
Aviation	853.0	853.0	-	3.0	856.0
Public Transit	104.5	104.5	-	-	104.5
Total Transportation	1,621.5	1,642.5	(32.0)	2.0	1,612.5





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

Program	2013-14 Actual	2014-15 Estimate	^{1/} Additions/Reductions		2015-16 2015-16	2015-16 Allowances Ending June 30, 2016 Authorized
Community Development						
Planning and Development	283.0	295.0	0.8	9.0		304.8
Housing	186.0	186.0	(5.0)	-		181.0
Community and Economic Development	97.0	97.0	(1.0)	(6.0)		90.0
Neighborhood Services	205.5	204.5	(10.5)	-		194.0
PCDIC	-	-	-	6.0		6.0
Total Community Development	771.5	782.5	(15.7)	9.0		775.8
Community Enrichment						
Parks and Recreation	1,078.6	1,072.6	(24.0)	7.4		1,056.0
Library	375.6	374.6	2.7	1.0		378.3
Phoenix Convention Center	237.0	237.0	(8.0)	-		229.0
Human Services	320.0	319.0	8.0	-		327.0
Office of Arts and Culture	10.0	10.0	-	0.5		10.5
Total Community Enrichment	2,021.2	2,013.2	(21.3)	8.9		2,000.8
Environmental Services						
Water Services	1,475.1	1,475.1	(12.0)	-		1,463.1
Solid Waste Management	593.5	595.5	(10.0)	-		585.5
Public Works	491.0	455.0	(22.0)	(6.0)		427.0
Environmental Programs	11.0	11.0	(1.0)	-		10.0
Office of Sustainability	-	-	-	3.0		3.0
Total Environmental Services	2,570.6	2,536.6	(45.0)	(3.0)		2,488.6
TOTAL	14,664.1	14,585.1	(187.5)	23.6		14,421.2

1. Additions/Reductions reflect the combined total of proposed and year-to-date budget reductions, budget additions and new positions associated with opening new facilities.
2. The Communications Office was formerly named the Public Information Office.





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 – 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.

