



# 2017-18 PHOENIX SUMMARY BUDGET

PRESERVING KEY SERVICES,  
FOCUSING ON SAFETY



2017-18 PHOENIX  
**SUMMARY**  
 **BUDGET**



City of Phoenix



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150  
August 2017



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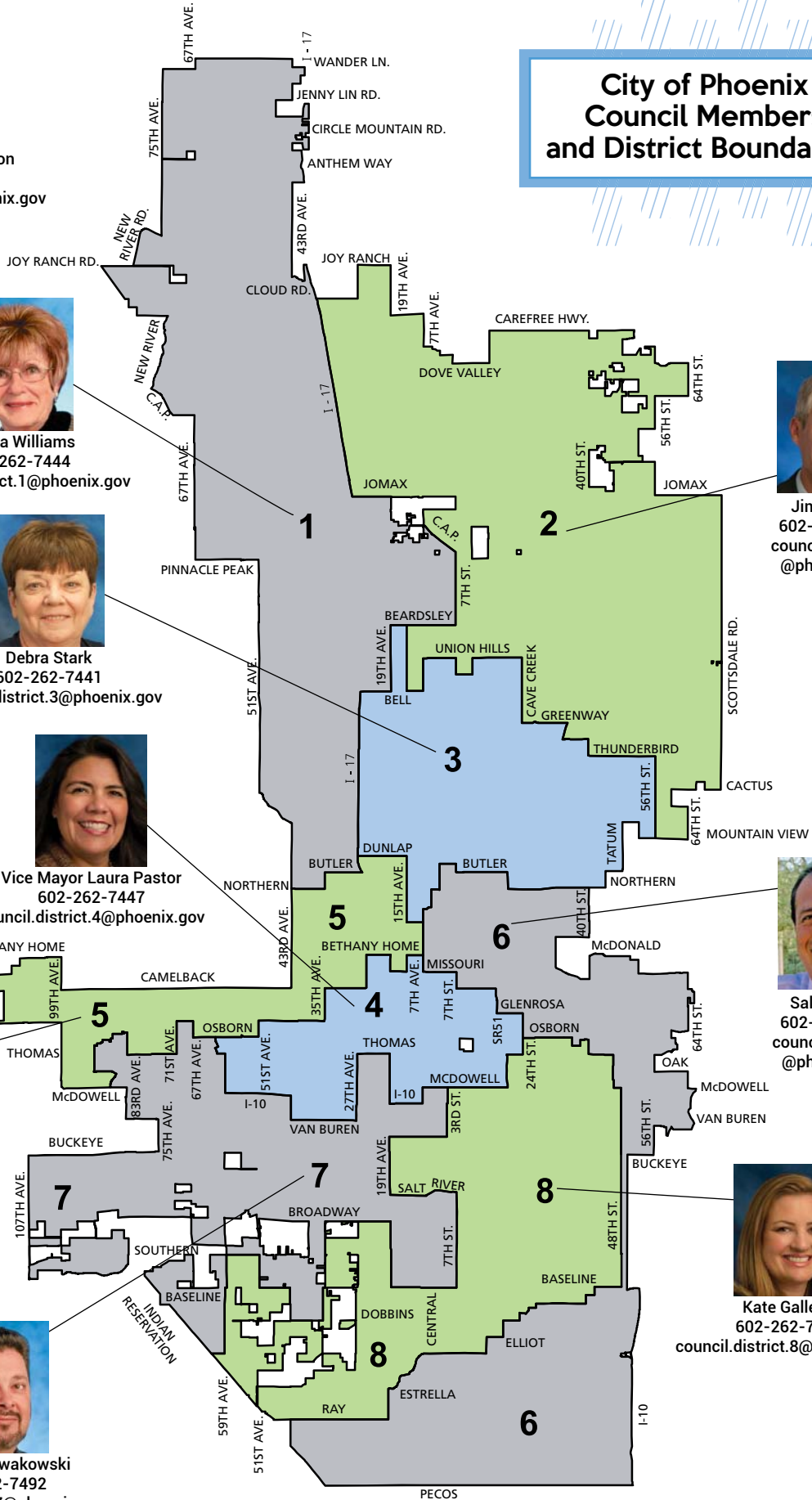
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# CITY OF PHOENIX

## Mayor and City Council

Greg Stanton  
Mayor

Laura Pastor  
Vice Mayor  
District 4

Thelda Williams  
District 1

Jim Waring  
District 2

Debra Stark  
District 3

Daniel Valenzuela  
District 5

Sal DiCiccio  
District 6

Michael Nowakowski  
District 7

Kate Gallego  
District 8

## Mayor's Office

Seth Scott  
Chief of Staff

Kweilin Waller  
Deputy Chief of Staff

## City Council Office

Penny Parrella  
Executive Assistant to City Council

## Management Staff

Ed Zuercher  
City Manager

Milton Dohoney  
Assistant City Manager

Mario Paniagua  
Deputy City Manager

Karen Peters  
Deputy City Manager

Deanna Jonovich  
Deputy City Manager

Toni Maccarone  
Acting Deputy City Manager

Frank McCune  
Government Relations Director

## Department Heads

Matthew Arvay  
Chief Information Officer

Jeff Barton  
Budget and Research Director

James Bennett  
Aviation Director

John Chan  
Phoenix Convention Center Director

Ray Dovalina  
Street Transportation Director

Inger Erickson  
Parks and Recreation Director

Moises Gallegos  
Human Services Director

Chris Hallett  
Neighborhood Services Director

Rita Hamilton  
City Librarian

Brad Holm  
City Attorney

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  
Chief Financial Officer

Kathryn Sorensen  
Water Services Director

Ginger Spencer  
Public Works Director

Alan J. Stephenson  
Planning and Development Director

Cindy Stotler  
Housing Director

Ross Tate  
City Auditor

Julie Watters  
Communications Director

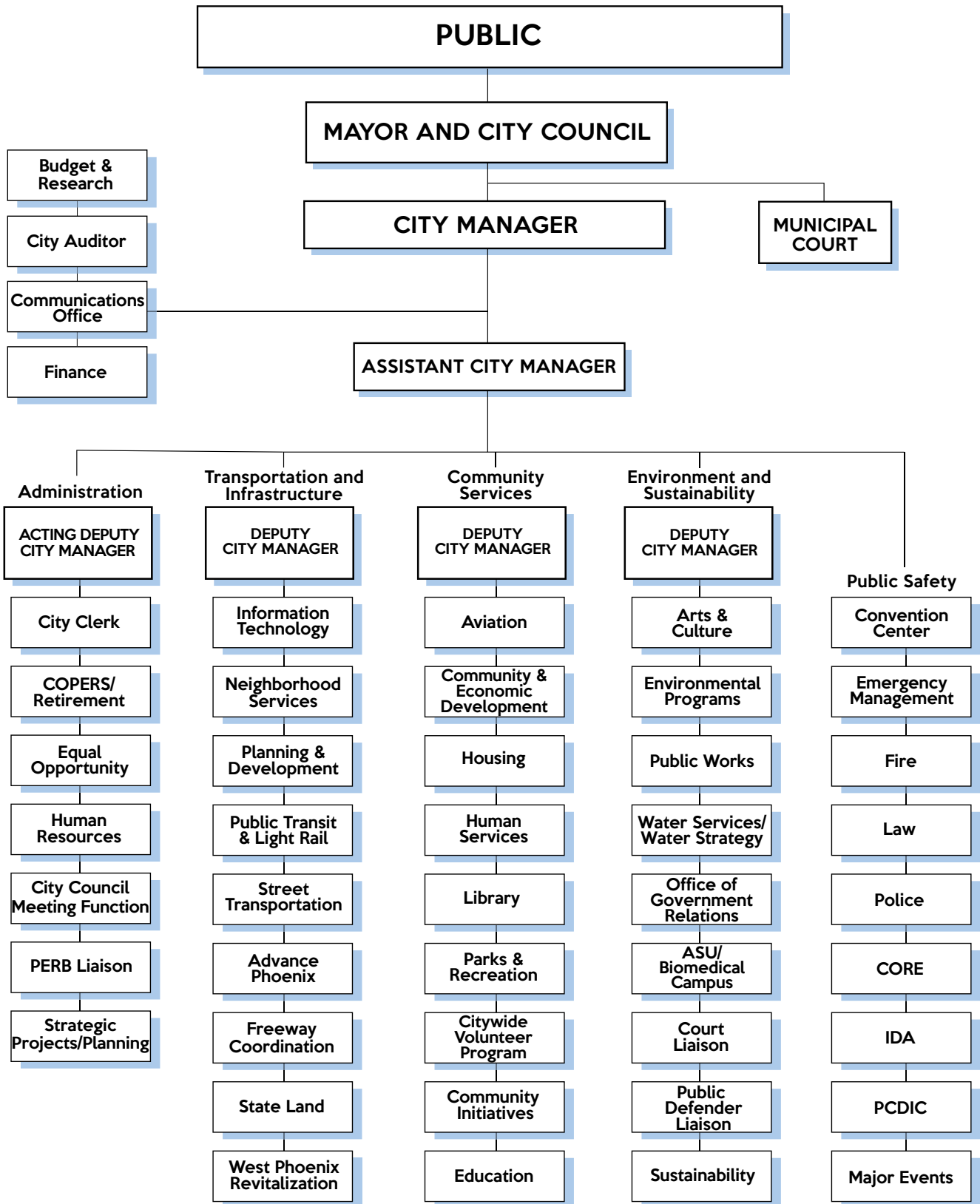
Jeri Williams  
Police Chief

James Wine  
Interim Human Resources Director

## Chief Presiding Judge

B. Don Taylor III

# CITY OF PHOENIX ORGANIZATIONAL CHART





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# BUDGET DOCUMENT OVERVIEW

This overview outlines the 2017-18 Annual Budget. This budget document can be accessed at [phoenix.gov/budget](http://phoenix.gov/budget), or copies of the document are available by contacting the city of Phoenix Budget and Research Department at 602-262-4800, TTY: use 7-1-1. To request this in alternate formats (large print, braille, audio cassette or compact disc), please contact the Budget and Research Department.

The summary budget contains a narrative description of Phoenix programs and services planned for the fiscal year 2017-18. 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 2017-22 Capital Improvement Program provides Phoenix's planned construction program by project and detailed sources of funds.

A more detailed description of the 2017-18 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 the Employee Excellence Awards.

## **COMMUNITY PROFILE AND TRENDS**

This section includes key demographic, financial and infrastructure profile measures. Estimates or projections are provided for 2016-17 and 2017-18 as well as actual results for recent and historical periods.

## **2017-18 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 2017-18 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.

## **2017-18 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 2017-22 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, 2016

A handwritten signature in black ink, appearing to read 'Jeffrey R. Emswiler'.

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, 2016.

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 2017-18 City of Phoenix Budget required by City Charter.

The City of Phoenix budget is notable among governments in its openness and transparency. Over a three-week period, we held 17 hearings throughout the City. In addition, presentations were made to various other citizen groups, organizations and advisory panels. I want to thank each of you for hosting and attending hearings throughout the City. Over 300 residents contributed time, thought and energy to attend or comment on the Trial Budget. All the City's budget information - including complete program information and the Trial Budget details - is available at [Phoenix.gov](http://Phoenix.gov).

Consistent themes of the input included:

- A deep desire to preserve existing services provided by the City and an appreciation that there are no reductions to those services;
- Advocacy to increase hours at library facilities so that every branch library building is open every day of the week;
- Concern about hiring police officers at the City to keep up with population growth;
- The impact of increasing numbers of homeless individuals on neighborhoods, concern for the well-being of the homeless population and discussion of a funding deficit at Central Arizona Shelter Services for caseworkers to manage homeless individuals;

- Support for art grants, particularly for youth;
- Support for public art maintenance;
- Support for job opportunities for youth;
- Concern for maintenance of our streets, including bike lanes;
- Desire for improved pedestrian and parks environment, including shade; and
- Desire for more community and senior centers.

I want to thank the City staff who attended all the hearings to listen and engage with our residents, and the facilities staff who provided a place for the meetings. I especially commend the Budget and Research and Communications Office employees who staffed and prepared each budget hearing.

Based on the comments heard at budget hearings, it is clear residents desire more of the services we provide rather than less. The budget preserves existing City services and adds some critical community, youth and public safety needs such as hiring over 250 police officers raising our filled total to 3,125 in 2017-18.

## OVERVIEW OF 2017-18 BUDGET

**General Funds:** The 2017-18 General Fund budget is \$1,277,740,000. This is a 4.5 percent increase from the adopted 2016-17 General Fund budget of \$1,222,208,000. Increased revenues reflect a strong diverse economy. Increased expenses reflect higher pension costs and the second year of the three-year labor contracts.

**Revenue and Resources:** Projected General Fund (GF) revenue in 2017-18 is estimated to be \$1.140 billion, an annual increase of 2.9 percent over the revised current year estimate. This reflects continued City and State sales tax growth based on projections from the University of Arizona, increased income tax collections and continued growth in vehicle license tax revenue. Including revenue along with the estimated beginning fund balance of approximately \$130 million, and fund transfers and recoveries estimated at \$7.4 million, total 2017-18 General Fund resources are estimated to be \$1.278 billion.

**General Fund Additions:** The 2017-18 budget reflects the preservation of existing city services. Beyond rising pension obligation payments, particularly in public safety, and an increase in compensation of 1.0 percent it provides for modest investments in public safety and homelessness by strategically using a General Fund surplus of approximately \$2.0 million. The General Fund additions include the following:

- **Police Department Civilianization:** The budget includes the addition of 16 new police assistant positions to relieve police officers from performing administrative tasks and allowing them to focus on

higher priority calls for service. The police assistants will be responsible for responding to civil traffic collisions, traffic control and other misdemeanor crimes. Utilizing the police assistants on these types of calls is expected to improve the Police Department's ability to respond to emergency calls for service. It is believed that this addition will have a positive impact on response times and provide an enhanced level of customer service to the community. Based on the success of this initial step, this program could be expanded to other areas in the future, if funding becomes available. The cost of this addition in 2017-18 is approximately \$1.3 million, assuming a September 1, 2017 start date.

- **Homeless Outreach:** Additional contractual services for homeless outreach and engagement. This is a no-cost addition to the General Fund as existing costs are being reallocated to fund this request. This addition is expected to improve the City's ability to efficiently and effectively respond to community concerns regarding growing street homeless issues.
- **Library Security and Youth Programming:** Converting temporary security guard positions to permanent status and adding part-time staff to implement and manage programs to further engage youth in computer coding and other Science, Technology, Engineering, Arts and Math (STEAM) educational activities and job-readiness training. This was also a no-cost addition to the General Fund as existing costs were reallocated to provide funding for these activities.
- **Central Arizona Shelter Services (CASS):** \$37,000 additional for the CASS contract to assist with caseworker support and related expenses associated with providing emergency shelter.
- **Arts Grants and Arts Maintenance:** \$20,000 for Arts grants with a focus on youth arts programming and \$10,000 for Arts maintenance.
- **On-Line Library Materials:** \$15,000 for additional on-line materials for the Library, allowing the Library to add to its current inventory. This will make several hundred more items available on-line. While we currently are not funded to physically open every library building every day, library materials are available on-line 24 hours a day, 7 days a week.
- **Enhanced Voter Outreach:** \$125,000 to enhance City Clerk voter outreach efforts. The purpose of this addition is to increase voter turnout in city elections. A postcard will be mailed to all voters who are not currently on the Permanent Early Voting List (PEVL) (about 230,000), explaining the purpose of the list and giving them the opportunity to return a response postcard to be added to the list.

**Contingency Grows:** While the overall percentage remains at 4.0 percent, the Contingency Fund will increase from \$48.4 million to \$50.4 million. Management and the City Council are keeping a watchful eye on the Contingency Fund and are fully committed to the long-term goal to reach 5 percent of operating costs.

**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, Solid Waste, Water and Wastewater.

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 2017-18 budget amount is \$4,063,313,000. This is a 2.7 percent increase from the adopted 2016-17 budget of \$3,956,983,000 for all funds and largely reflects pension increases and the carryover of unspent Capital Improvement Program (CIP) funds.

**Non-General Fund Additions:** The 2017-18 budget includes the following critical non-General Fund service additions:

- **Aviation Funds:** Aviation is adding staff and equipment for a new Airport Command Center which will serve as a multi-purpose facility consisting of an Operations Communication Center, an Emergency Operations Center and a combined maintenance and technology center. Aviation is also adding funding for a dedicated ambulance to improve response times at Phoenix Sky Harbor International Airport.
- **Development Services Funds:** Planning and Development is adding several new positions to meet the needs of current workload demands and expected increases in development activity. The additions will enhance customer service and ensure a more streamlined experience for the development process. The department had 669 total staff at the height of the last economic cycle (2006-07) and decreased to a staff of 253 in 2010-11. Today the department has a staff of 329 employees. In 2006-07 the department served almost 120,000 customers. That dropped to a little over 70,000 customers in 2010-11. In 2016-17 the department is projected to serve approximately 112,000 customers. In addition, increased complexity of infill development and the need to work with surrounding property owners and residents on a more frequent basis than in 2006-07, places a greater demand on staff time.
- **Phoenix Parks and Preserve Initiative (PPPI) Funds:** The budget includes 22 new Park Rangers and five other positions intended to address a number of key Parks priorities. These priorities include expanding trailhead hours and additional enforcement and customer service at flatland parks. Thirteen of the new park ranger positions will be assigned to North

Mountain, Piestewa Peak, South Mountain and other major trailheads including Echo Canyon, Cholla and Lookout Mountain. The budget also includes nine new park ranger positions to assist with monitoring and enforcing park rules at flatland parks. Overall, park rangers will increase from 55 to 77. Currently, there are no park rangers assigned to flatland parks. The budget also includes new facility operating costs associated with two new dog parks located at Reach 11 and Deer Valley Park.

- **Solid Waste Funds:** The budget includes eight positions and equipment needed to support the Reimagine Phoenix Campaign (40% diversion by 2020 initiative), a Solid Waste Apprenticeship Program to build the future workforce, and enhanced Safety Programs.
- **Transportation 2050 Funds:** As a result of funding from the Phoenix Transportation 2050 Plan and strong ridership demand, the budget includes funding to expand services for routes serving 19th Avenue (19), 32nd Street (32), 51st Avenue (51), Bethany Home Road (60), Van Buren Street (3), McDowell Road (17), Thomas Road (29) and Indian School Road (41). The budget also reflects an increase to mid-day frequency on routes serving Thomas Road (29) and Camelback Road (50) during weekdays.

#### Looking Ahead

Rising pension costs are expected to be the most significant challenge to maintaining a balanced General Fund budget going forward. The growth in both the City of Phoenix Employee Retirement System (COPERS), which is for civilian employees, and the Public Safety Personnel Retirement System (PSPRS), which is for sworn Police and Fire personnel, is mainly due to recent actuarial changes, plan earnings and payroll growth. The growth in PSPRS cost is also due to repealed pension reform measures resulting from State Supreme Court decisions. Pension reforms approved by voters for both pension systems are also contributing to increased costs in the short-term, but are expected to reduce contribution rates and save billions of dollars over the next two decades.

Due in large part to rising pension costs, the five-year forecast presented in February 2017 reflected a potential General Fund deficit for 2018-19. Also, 2018-19 will include the costs associated with the third year of negotiated labor contracts. The 2017-18 General Fund budget includes \$500,000 in set-aside reserve as a head start on the potential deficit for 2018-19. In addition, staff has already started the process of identifying solutions to address the next budget cycle. One change we will work on involves expanding resident input with the goal of providing a deeper understanding of the City's budget and budget process. We will work this summer to develop in-depth budget workshops for residents this fall.

As a result of the significant pressure placed on local governments due to the increases to required PSPRS pension contributions, the State Legislature enacted a law which allowed employers to make a one-time request to the PSPRS Board to increase the amortization period from 20 years to 30 years. The City recently elected this option with a commitment to try to pay off the balance in 25 years and to create a pension reserve fund based on the one-time savings created in 2017-18 to be used to pay future required contributions. This will allow for additional budget flexibility in lean years, while still allowing a more aggressive payoff schedule to save added costs.

As indicated in the five-year forecast, as we look ahead to the forecast period and beyond, additional areas of concern are service costs, service levels and revenue. Service costs include employee compensation levels, use of technology and other ways to do existing work more efficiently. Service levels involve the amount of services, hours and number of facilities we keep open to serve the public. Revenues consider taxes, fees and the impact of economic growth. Other areas that may present future challenges include capital repair and replacement of vehicle fleet, facilities and technology. In order to meet these challenges, the City will continue to focus on accumulating reserves, increasing efficiency and reducing ongoing costs. On a positive note, the five-year forecast demonstrated that solving the possible deficit in 2018-19 has the potential to set the General Fund budget on firmer ground going forward, assuming there are no unexpected shocks to the economy, cost increases or unanticipated actions by the State.

#### Thank You for Your Commitment to Phoenix

I want to thank the Mayor and City Council for their leadership and guidance in balancing the City budget. I also want to thank all City departments and staff for their dedication to the Phoenix community. We value working smart, saving money and being kind to our customers and residents. Most of all, thanks to the residents who care intensely about the City they live in and give their time and attention during this open, public budget process.



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

- Economic Development and Education
- Financial Excellence
- Infrastructure
- Innovation and Efficiency
- Neighborhoods and Livability
- Phoenix Team
- Public Safety
- Social Services Delivery
- Sustainability
- Technology

The Phoenix Strategic Plan continues to evolve and the study-areas consistently develop new priorities and strategies to fulfill their own study objectives.

Document included in this section:

- Phoenix Strategic Plan
- Strategic Plan 2016-17 Major Accomplishments



# PHOENIX STRATEGIC PLAN

## MISSION STATEMENT

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

## ABOUT THE STRATEGIC PLAN

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The City of Phoenix developed a strategic plan to help guide decision-making at all levels of the organization and focus the City's efforts on its core businesses. Throughout the budget cycle, a strategic plan proves beneficial in communicating and setting budget priorities. The priorities in the Phoenix Strategic Plan will assist in allocating limited resources. The plan will be updated annually as part of the budget cycle. The Phoenix Strategic Plan was coordinated by a team in the City Manager's Office. For more information about the Strategic Plan, visit [phoenix.gov/strategicplan](http://phoenix.gov/strategicplan).

## ECONOMIC DEVELOPMENT AND EDUCATION

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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

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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

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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

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The City of Phoenix must further enhance its commitment to developing new and creative service delivery methods to provide services to residents. The City must 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 and AdvancePHX 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 be integrated into the way everyday business is conducted. Executives, managers, supervisors and frontline staff must embrace an attitude that questions existing business processes and practices throughout the organization, with the goal of fostering innovation through the creation and implementation of new ideas.
2. **Establish and support City programs and mechanisms focused on developing and implementing tangible innovations throughout the organization.** The City’s innovation and efficiency efforts must 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

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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.** 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

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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

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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

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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

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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

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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 the opportunity to conduct business on-line versus waiting in line.
4. **Create a shared common infrastructure.** Consolidating technological infrastructure around common Information Technology 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 2016-17 MAJOR ACCOMPLISHMENTS

## ECONOMIC DEVELOPMENT AND EDUCATION

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1. **NCAA Final Four:** Downtown Phoenix hosted the NCAA Final Four in April 2017, attracting thousands of people and providing a major economic impact. On April 2, the City saw more than 80,000 impressions on its Twitter feed due to popular posts on the Downtown Dribble and Fan Fest. Also, Public Transit provided a special bus shuttle service between light rail and the University of Phoenix Stadium in Glendale. There were more than 3,200 boardings on the shuttle over the three days of service.
2. **ReEngage Phoenix:** The Library Department's ReEngage Phoenix program connects adults and youth who have not completed high school to educational opportunities: 1,110 people have been connected with GED preparation programs and alternative high schools this year. ReEngage Phoenix also provides adults 21 and older with the opportunity to earn an accredited high school diploma and a career certificate through Career Online High School: 50 students are now enrolled and 22 students have graduated.
3. **PHXAchieves:** The Youth and Education Office unveiled a new brand, PHXAchieves, to promote City programs along the educational pipeline. With a focus on increasing early literacy, math proficiency, high school completion, and college and career readiness, PHXAchieves will ensure students have access to quality programs that prepare students and families for success. PHXAchieves will promote effective practices, educational programs and initiatives occurring in Phoenix through social media by providing meaningful information to the public.
4. **Assistance for Entrepreneurs:** hive@central, the Library department's entrepreneurial resource center located on the 2nd floor of the Burton Barr Central Library, served a total of 1,799 individuals, offered 102 programs, hosted 2,515 co-working meetings, and mentored 210 community members through its services and partnerships. The Business Roadmap Program, an eight-workshop cohort series offered in English and Spanish, served 918 individual aspiring entrepreneurs through the 32 workshops offered. The third annual hive@central Business Expo is scheduled to be held August 12, 2017.

## FINANCIAL EXCELLENCE

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1. **Revenue Protection:** The Tax Division actively assisted our existing licensed taxpayer population with transitioning their licensing, filing, and reporting of Transaction Privilege Tax (TPT) for the City of Phoenix over to the Arizona Department of Revenue (ADOR). The Finance Tax Division began promoting an early transition in August and expanded taxpayer services to include hands-on assistance through personal appointments for Phoenix licensed taxpayers with State procedures, forms, and system registration processes. The administrative services transition was effective in January 2017. The Tax Division and the Information Technology Services (ITS) department developed the Business Intelligence (BI) system to ensure the City is able to track sales tax revenues. Phoenix will also host the multi-jurisdictional Tax BI platform which will display the data provided by ADOR that can be utilized by other Arizona jurisdictions. At least 30 other Arizona cities and towns will be utilizing the Tax BI platform by June 30, 2017. A geographic information system (GIS) component of the Tax BI platform also went live allowing for enhanced compliance and auditing research efforts.
2. **Saving Money:** The Finance Department completed three refundings of existing debt saving the City over \$100 million in debt service for the following:
  - a. \$276.1 million in General Obligation (GO) Bonds saving \$27.3 million.
  - b. \$262.4 million in Wastewater Revenue Bonds saving \$78.3 million.
  - c. \$375.8 million in Water Revenue Bonds saving \$29.1 million.

Additionally, Moody's raised the financial strength rating on the Airport's Rental Car Facility Bonds from A3 to A2 with a stable outlook (March 2017) and raised the City's rating on excise tax debt from Aa3 to Aa2 (May 2017).

## INFRASTRUCTURE

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1. **South Central Light Rail Extension:** On September 2, 2016, the New Starts Justification and Finance Package was submitted to the Federal Transit Administration (FTA) to be considered into the FY2018 President's Budget. The South Central Light Rail Extension will extend light rail approximately five miles south from the existing light rail in downtown Phoenix to Baseline Road. Seven station locations have been identified and a single traffic lane in each direction has been recommended. The South Central Light Rail Extension will provide enhanced transit service to a community with high transit ridership and support neighborhood revitalization and connectivity between downtown and south Phoenix. The South Central Light Rail Extension is one of seven projects nationally to be selected by the US Department of Transportation (USDOT) as a LadderStep pilot project. This designation recognizes transit projects for their ability to enhance quality of life for communities that they serve.

Total investment for the South Central Light Rail Extension is anticipated to be \$704 million. On January 6, 2017, following several months of review, the FTA granted the project environmental clearance with a Finding of No Significant Impact (FONSI) ruling. On April 19, 2017, City Council approved the release of a \$50 million funding agreement with Valley Metro to initiate the project's final design and preconstruction activities. The final design process is scheduled to be completed by summer 2019.

2. **50th Street Station:** On September 28, 2016, officials from the City of Phoenix and Valley Metro, alongside community representatives, gathered to announce the first light rail project slated under Phoenix Transportation 2050 (T2050). The new station will provide access to local small businesses, jobs, and critical services such as Ability360 – the statewide headquarters serving individuals with disabilities. Additionally, the City of Phoenix Mayor's Office held a contest, PHX Innovation Games, to find a design concept for the station and surrounding streetscape. The winning design is by architects at Dig Studio. Their vision focuses on access and inclusion, and included a "table-top" style platform that would turn the station into a pedestrian plaza. The 50th Street Station is scheduled to break ground in summer 2017 and open in summer 2019. Total investment for this project is \$22.94 million.
3. **Ameresco Agreement:** A ceremonial groundbreaking was held on February 2, 2017 for the multimillion dollar project and included then Vice Mayor Gallego, Glendale Mayor Jerry Weiers, Water Services Department Staff, representatives from the Sub-Regional Operation Group (SROG), and representatives from Ameresco. Construction is progressing on the project which is expected to be the largest biogas-to-renewable natural gas facility of its kind in the nation. Ameresco plans to complete testing and begin full-scale operation during the first quarter of calendar year 2018.
4. **Gila River Indian Community Cooperative Water Conservation Partnership:** A new partnership between the City of Phoenix and the Gila River Indian Community (GRIC) will allow the City to store up to 3,800 acre-feet of its Colorado River water at the GRIC Olberg Dam Underground Storage Facility near Sacaton to use during times of shortage and restore flows to the Gila River. Approximately 1.24 billion gallons of water will be stored during the first phase with enough water for 16,000 Phoenix residents annually.
5. **New Terminal 3 Opens:** In December 2016, the Mayor and members of the Phoenix City Council officially opened the first phase of the newly modernized Terminal 3. In addition to an abundance of natural lighting, the enhancements included a new ticketing area – 31 common use ticket counters to allow for flexibility among the airlines; a consolidated security checkpoint; a new west plaza with an outdoor area; an abundance of power outlets; and several museum exhibition spaces throughout the terminal.

## INNOVATION AND EFFICIENCY

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1. **Innovative and Efficient Organizational Culture:** AdvancePHX is a team-driven initiative led by the City Manager's Office in collaboration with City departments to review business processes and recommend improvements that enhance productivity and service. AdvancePHX initially focused on four Citywide, high-impact projects to be reviewed in weeklong Kaizen events. In these Kaizens, teams of subject matter experts reviewed current processes and made recommendations utilizing the Lean strategy of reducing waste while maintaining a strong customer-centered focus. The four projects included:
  - Strategic sourcing to review the process of procuring goods over \$50,000.
  - Public safety public records request process, which encompasses more than 70,000 requests annually.
  - Collection, documentation, processing and resolution of public concerns submitted to the Mayor, Council, City Manager's Office, and other City departments.
  - Capital construction project procurement services.

2. **LED Energy Projects:** Public Works Department staff replaced 10,200 interior and exterior lighting fixtures and lamps throughout 18 City locations with LED fixtures and lamps. These conversions have resulted in 1,309,566 kWh in annual energy savings and an approximate \$127,000 reduction in utility costs per year. In addition, each energy efficiency project qualified for APS or Salt River Project (SRP) rebate incentives and significantly reduced the amount of future maintenance of each facility's lighting system. Rebate incentives total \$244,300 to-date in 2016.
3. **Resource Innovation Campus:** The City of Phoenix Resource Innovation Campus (RIC) is a circular economy hub that drives economic growth and job creation through education, collaboration and innovation. In April 2017, the City opened the 27th Avenue Compost Facility at the RIC. The 27-acre facility earned an Envision Silver Award from the Institute for Sustainable Infrastructure; making it the first solid waste infrastructure project, in the U.S. and Arizona, to earn Envision recognition. The facility earned high marks in the climate and risk, leadership and natural world categories. Also in April 2017, the City executed lease and operating agreements with Palm Silage Arizona – the first manufacturer to lease space at the RIC. Palm Silage Arizona will divert palm fronds from the City's waste stream and manufacture them into livestock feed and generate \$10 million in annual taxable sales.

## NEIGHBORHOODS AND LIVABILITY

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1. **Demolition Permit for Historic Properties 30-Day Hold:** An expanded review process for demolition permits for properties that may have historic significance was approved by council. The intent of the expanded process is to provide advance notice to the public and encourage opportunities to discuss (with the applicant) all development alternatives to preserve the building prior to demolition being granted. The new process will allow time for the applicant to post a sign on the property and City to post notice on its website and send an email to preservation related organizations informing them of the request.
2. **South Phoenix Village (SPV) Groundbreaking Ceremony:** The SPV Infill Redevelopment Project Groundbreaking ceremony was held on September 27, 2016 and was attended by over 100 neighborhood residents, community stakeholders from the private and non-profit sector. The ceremony captured the excitement of the upcoming construction of 121 energy-efficient single-family homes for homeownership in the SPV Neighborhood Initiative Area.
3. **PHXteens and Mobile Recreation:** The first Mobile Recreation Unit was unveiled at Coronado Park on November 16, 2016. The Mobile Recreation team will provide recreational opportunities in selected Parks that do not have Community Centers.
4. **Muriel Smith Recreation Center at Lindo Park:** The Muriel Smith Recreation Center at Lindo Park opened in October 2016. This 3,200-square foot facility has been a desire of the neighborhood for decades. The \$2.3 million project is equipped with a state-of-the art sound system, floor-to-ceiling windows, kitchen, and an interactive projection system in the main room.

## PHOENIX TEAM

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1. **Sky Harbor Best Airport in 2016:** PointsGuy named Phoenix Sky Harbor International Airport the best airport in the United States; USA Today, Fortune, The Today Show, Forbes, and Time Magazine reported the mention.
2. **Women in Leadership Program:** In March 2016, staff introduced the City's first Women in Leadership Program. Program participants are afforded development workshops and networking opportunities. Over 520 participants attended the four workshops offered in 2016-17. In January 2017, staff hosted the first Wellness event with 300 plus attendees. There is an intranet page for online resources and communication. Development plans are being finalized to pilot a citywide mentoring program supported by Women In Leadership.
3. **Good Work Matters:** The City Manager issued 14 "Good Work Matters" – a bi-weekly email to employees that highlights the excellent work performed everyday by City of Phoenix employees.

## PUBLIC SAFETY

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- 1. Phoenix Police Department Sworn Hiring Efforts:** The hiring of sworn personnel has been a top priority for the Phoenix Police Department in 2016-17. The department's recruitment efforts are guided by a comprehensive plan that strives to ensure recruit candidates are qualified, capable, and diverse so the organization can continue to maintain the high service standards residents expect while also being reflective of the community served. Police has hired 208 individuals this fiscal year, which includes 186 recruits and 22 lateral police officers. With additional Law Enforcement Academy classes remaining, it is anticipated the department will hire approximately 300 new recruits and lateral police officers for the year.
- 2. Phoenix Fire Department Recruitment Efforts:** The Fire Department continues to develop relationships with mentorship and affinity groups to assist with identifying potential Firefighter recruits within the community. The Fire Training Academy is now 14 weeks long. To date in 2016-17, 27 Firefighter Recruits have successfully graduated. An additional 32 recruits are currently in the Academy and scheduled to graduate in June 2017; and another 25 will begin another recruit class in late June 2017. The total number of Firefighter Recruits for 2016-17 is anticipated to be 84 – this includes the class beginning late June 2017 that will graduate in October 2017.
- 3. Monsoon Call Center:** In the summer of 2016, the Office of Homeland Security and Emergency Management created the first comprehensive Call Center Activation and Operational Guide, which can be used for all emergency events that require the activation of the call center. This guide serves as a step-by-step guide for setting up an emergency call center as well as a reference tool for the Office of Homeland Security and Emergency Management and City departments. The Call Center Operational Guide was created with extensive input from City departments, and over 100 City employees were trained during August and September 2016.
- 4. City Hall Complex Security Team:** In response to significant increases in Citywide, regional, national and international security incidents and threats over the past few years, a multi-departmental committee comprised of City department representatives and external stakeholders was established and worked together through implementation of security improvements in September 2016. Security improvements include: installation of x-ray machines, metal detectors, security surveillance equipment, an emergency notification system, and additional security staffing. In the first week of implementation, 182 weapons were intercepted through the new procedures.

## SOCIAL SERVICE DELIVERY

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- 1. Earned Income Tax Credit Campaign:** As of April 2017, the City of Phoenix hosted 16 Volunteer Income Tax Assistance (VITA) sites. The preliminary reports indicate the City prepared 4,338 returns, generating more than \$6.8 million in federal refunds. The Myfreetaxes self-assisted tax preparation software assisted 925 households, generating an estimated \$1.5 million in federal refunds.
- 2. Youth and Education Domestic Violence Programming:** In 2016, the Youth and Education Workgroup coordinated 14 resource fairs in high schools in the Phoenix, Glendale, and Tolleson Union High School districts. Two charter schools in Phoenix also participated, impacting over 19,000 students. "In Their Shoes" presentations were expanded to 50 classrooms in 12 different high school impacting over 1,500 students. In Their Shoes is an interactive empathy activity designed to give students the opportunity to better understand the circumstances of dating violence and the choices they make about their relationships.
- 3. Section 8 Housing Choice Voucher Waitlist:** The Housing Department's Section 8 Housing Choice Voucher waitlist successfully opened after 11 years. The waitlist was open for two weeks, and more than 27,000 applications were received. The online process was provided in both English and Spanish. A computerized lottery was conducted to establish 10,000 placements on the waitlist for elderly, disabled and low-income residents of Phoenix. The Housing Department worked with various community partners such as Ability 360, Chicano's Por La Causa, Native American Connections, Arizona Department of Economic Security, Phoenix Public Library, and the Human Services Department.
- 4. Choice Neighborhoods Planning and Action Grant:** The Housing Department received a HUD Choice Neighborhoods (CN) Planning and Action grant of \$1.5 million in June 2016. This grant provides funding to create a comprehensive Neighborhood Transformation Plan for the Edison-Eastlake Community (EEC) which includes 577 units of aged, obsolete public housing in three sites. Since receiving the grant, the Housing Department has accomplished the following:
  - Two Resident Leadership Academies (RLA) were held and facilitated by the Phoenix Revitalization Corporation. A total of 21 public housing residents successfully graduated.

- Housing staff completed 341 public housing resident needs assessment surveys: representing approximately 59% of all units and exceeding the HUD goal of 50%.
- Two large community planning meetings were held where over 140 public housing and community stakeholders were in attendance.
- A Parks charrette was held in Edison Park with over 75 attendees to gather community input on potential improvements to the park.
- Housing received an Affordable Green Neighborhoods grant from the US Green Building Council that will allow the City to save \$24,750 in costs associated with achieving Leadership in Energy and Environmental Design designation for Neighborhood Development.

## SUSTAINABILITY

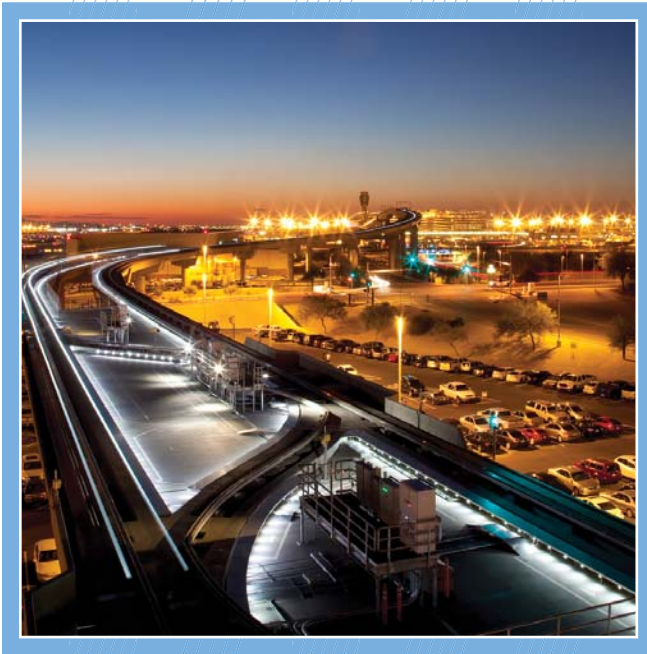
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1. **Greenhouse Gas Reduction Goal:** A progress report completed by the City of Phoenix and Arizona State University confirms that the City met its goal by achieving a 15.6 percent reduction in greenhouse gas (GHG) emissions from 2005 to 2015. In 2008, the City sought to reduce its greenhouse gas footprint by five percent below 2005 levels by 2015. By 2012, the City had already achieved a 7.2 percent decrease. A more ambitious goal of a 15 percent reduction by 2015 was established by City Council. In February 2017, the City Council unanimously approved an ambitious new goal of reducing greenhouse gas emissions for City operations by 40 percent by 2025.
2. **Solid Waste Diversion – Palm Fronds Repurposing Program:** On June 22, 2016, the Public Works Department received City Council approval to execute a contract with Palm Silage Arizona to divert palm fronds from the City's waste stream. Under this contract, Palm Silage will process an estimated 34,000 tons of palm fronds into livestock feed each year that would otherwise be landfilled. Palm Silage will be the first tenant to lease space at the City's Resource Innovation Campus.
3. **Sustainable Food System:** The City of Phoenix was awarded a \$151,200 Gila River Indian Community grant for the Maricopa County Food System Coalition to prepare a regional Community Food Assessment (CFA). The CFA is a critical evaluation tool that will measure the County's food system assets and needs, including economic contribution, and will serve to guide the Coalition's work to address those needs.

## TECHNOLOGY

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1. **Unified Print Project Update:** The Information Technology Services department transitioned the City's copier contract to a new vendor: saving the City \$738,917 annually and reducing the number of printers deployed throughout the City. So far, the project has removed 78% of the standard printers. Additionally, toner usage was reduced by 68%, resulting in an additional \$348,404 in savings. Also, the City's purchasing system now requires that the Unified Print Program Coordinator approve all toner purchases. Additionally, project staff worked with the Finance Department to limit the number of purchase options for standard office paper and control the amount spent on paper. The project has also implemented business process improvements like the "find-me-print" feature on the Law Department's copiers: staff and attorneys can print to a print queue and retrieve their print job from any copier on the floor.
2. **Digital Cities Survey:** The City of Phoenix was awarded 3rd place among cities with a population over 500,000 in the 2016 Digital Cities Survey organized by e.Republic's Center for Digital Government.



## 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 Innovation and Efficiency Task Force. The City 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 1,200 ideas have been proposed by employees through a website suggestion program.

By 2017-18, the City will have achieved more than \$123.6 million in savings. Highlights of savings include:

- Implementing citywide administrative efficiencies generated \$11.1 million in savings.
- Phoenix will join cities across the country, including New York, Los Angeles, Seattle and Boston in retrofitting its street lights by replacing all 90,000 of the city's street lights with energy-efficient LEDs. To date \$343,000 has been saved.
- The Public Works CNG Fuel Site Rightsizing project replaced older slow-fill components with newer components that increased the speed of fueling CNG vehicles, which allowed increased usage of the city's alternative fuel fleet vehicles, savings the city \$12,000.
- Through contract renegotiations and administrative efficiencies, the Public Works Department generated a \$548,000 savings.
- The Finance Department and Human Resources Department identified \$686,000 of savings in administrative efficiencies.
- The Planning and Development Department renegotiated existing and future contracts and generated a savings of \$22,000.
- Library print circulation streamlining saved the city \$20,000.

The City of Phoenix is committed to helping residents understand how their tax dollars are being spent and making all our 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?
- How much of staffing costs is related to wages and benefits?
- What programs and services are provided by the City?
- How much do these programs cost?
- How many City staff are involved in delivering these programs?
- What sources of funding are used to pay for these programs?
- What services are provided by these programs and how are they being measured?

In February 2017, staff provided the preliminary budget status for the 2017-18 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 March and April 2017, the Trial Budget was presented at 17 community budget hearings where City staff was present to answer the public's questions and record public commentary for review by the City Council.

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

After an extensive community consultation process, the Phoenix City Council adopted seven 2050 Environmental Sustainability goals that articulate the community's desired long-term environmental outcomes that would fulfill the General Plan aspirations of a Sustainable Desert City. With these long-term desired outcomes defined, planning is underway to identify additional short and mid-term goals and metrics to be included in the next update to the General Plan for the community's and Council's consideration. Along with environmental metrics, additional social and economic goals are being considered that would best articulate the community's desired outcomes to become a socially, economically and environmentally Resilient City. Specific goal areas include:

1. **Transportation**-Our goal by 2050 is to make walking, cycling, and transit commonly used and enjoyed in every Phoenix neighborhood.
2. **Waste**-In 2050, Phoenix will create ZERO WASTE through participation in the "Circular Economy."
3. **Water Stewardship**-The 2050 goal, essentially a perpetual one, is to provide a clean and reliable 100-year supply of water.
4. **Building and Land Use**-All new buildings will be "net-positive" in terms of energy and materials, meaning they will produce more energy than they consume. This can be accomplished through employing passive design principles, such as highly insulated wall assemblies and on-site renewable energy. This goal will apply to all new construction after 2050.
5. **Parks, Preserves, and Open Spaces**-By 2050, all residents will live within a five-minute walk to a park or open space.
6. **Clean Air**-By 2050, Phoenix will achieve a level of air quality that is healthy for humans and the natural environment. This includes out performing all federal standards and achieving a visibility index of good or excellent on 90% of days or more.
7. **Local Food Systems**-By 2050, we want to establish a sustainable, healthy, equitable, local food system by eliminating food deserts, increasing urban agriculture, establishing farmers markets in each of the city's urban villages, and significantly reducing the rates of hunger, obesity and diet-related disease.

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. 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.

Strategies:

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

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

Strategies:

- Actively participate with the Maricopa Association of Governments (MAG) to attain and exceed federal air quality standards for the region.
- Create sound water management policy and ensure choices are available to engage residents in conservation efforts including water, solid waste, natural habitat and open space.
- Seek, evaluate, and integrate emerging technologies and products including green building elements, environmental purchasing, energy management, alternative fuels, alternative surfacing materials, and heat island reduction.
- Develop new methods to further reduce the tonnage of solid waste being hauled to landfills and increase recycling participation and diversion rates by residents.

- Continue attaining federal funds to pursue sustainability initiatives.
- Facilitate the development and expansion of local green businesses to achieve a stronger economy and job creation in the city.

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

Strategies:

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

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

Strategies:

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

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

- The Green Business Program recognizes and promotes businesses that volunteer to operate in a more environmentally responsible or sustainable manner. The goal for this program is for the participants to agree to a three-year commitment to offer recycling services, and to properly separate out their recyclables and trash. The Zero Waste Team will be available to provide presentations, training and audits to ensure program participants are comfortable and successful in the program. The Zero Waste Team will also provide a recycling tip sheet to businesses. The purpose of this recognition program is three-fold:

1. To promote resource efficiency within businesses in Phoenix.
2. To give recognition to businesses that are making strides in establishing policies and practices that reduce, reuse and recycle waste.
3. To provide free tools and expertise on waste diversion and conservation to our members.

The overall goal of the program is to bring sustainability, waste diversion and resource efficiency awareness to the forefront of businesses, as well as to encourage their employees and customers to lead a more sustainable lifestyle.

- The Green Organics Curbside Collection Program was introduced in portions of all city council districts. The program provides new large, tan containers for yard waste, such as grass clippings, twigs, branches and shrubs. This program assists residents with disposal of landscape trimmings.
- Save-As-You-Reduce-and-Recycle (SAY R&R) was introduced to all residents that currently have curbside trash pick-up service. It provides an option for residents to downsize their larger trash container to a medium trash container for a monthly savings of \$3 on their solid waste services bill.
- The Phoenix City Council approved the development of the Resource Innovation Campus (RIC) to be located at 27th Avenue and Lower Buckeye Road next to the city-owned transfer station. The RIC is dedicated to the creation and growth of a circular economy that will fulfill the city's goal of diverting from the landfill 40 percent of trash generated in Phoenix. The RIC will help Phoenix reap the economic development benefits of attracting manufacturing processes and conversion technologies that transform trash into resources. The RIC will have five main components:

1. The 27th Avenue Transfer Station - As it attracts new innovators with manufacturing processes and conversion technologies that use trash as resources, the transfer station will divert more volume away from the landfill and into the city's circular economy.
  2. Materials Recovery Facility (MRF) - As innovators identify new ways to transform trash into resources, the role of the MRF could expand to allow Phoenix residents to recycle additional items in their blue recycling containers.
  3. Composting Facility - The City is in the final stages of completion of the composting facility that is expected to divert some of the 400 million pounds of compostable materials currently sent to the landfill each year.
  4. Land Leases - Approximately 40 acres of property at and around the RIC will be used to develop a resource cluster focusing on a circular economy and by-product synergies. Land leases will be made available for innovators and manufacturers with market-ready technologies and manufacturing processes that use trash to create new products. A competitive process will determine how the land will be developed.
  5. RISN Headquarters and Technology Solutions Incubator - The RIC will house a business incubator for start-up/emerging technologies and manufacturing processes. Conceptually, the business incubator will provide office, workshop, support services, technical assistance and possible funding resources to innovators.
- In a move aimed at enhancing Phoenix's multi-modal public transportation system, the Phoenix City Council approved a major expansion for the Grid Bike Share program. The expansion compliments the program's growing demand and popularity with Phoenix residents and visitors; and the city's on-going commitment to make Phoenix more bicycle-friendly through investments in bicycle infrastructure. The expansion is slated to take place in late fall and will add 200 bicycles, 20 stations and 10 payment kiosks to the existing system, which currently includes 500 bicycles, 49 stations and one payment kiosk. The expansion will fill gaps in the existing service area and expand the service area further into those neighborhoods that surround the downtown core. It also will create shorter walkable distances between bike share stations to make the system more convenient to use. The initial locations for the new stations were selected based on crowd-sourced suggestions, technical assessments on system usage patterns, connectivity to transit and proximity to high density activity centers. As part of the expansion, additional bike racks will be added to some of the existing system's most popular stations to accommodate demand.



- The City of Phoenix launched its ECO Stations program, making recycling a little easier for many Phoenix residents. ECO stations are huge roll-off bins, strategically placed in city-owned parks and near clusters of multi-family housing complexes. Phoenix residents and businesses are encouraged to use the ECO Stations to place their recyclables at any time. The Phoenix Public Works Department will be delivering eight ECO Stations, one for each district, in the next few months. The ECO Stations are wrapped to indicate that only recyclable materials are accepted in these blue roll-off bins. The bins display the top 10 materials that are accepted in Phoenix's recycling program – cardboard materials, papers, food boxes, mail and junk mail, beverage cans, food cans, glass beverage bottles, food jars in glass and plastic, plastic jugs and beverage cartons, and plastic bottles with caps on. Recyclable materials collected from these stations will be counted toward the city's Reimagine Phoenix goal of a 40 percent waste diversion rate by 2020. The ECO Station program was implemented to provide a viable and free recycling option for multi-family housing dwellers, who may not have recycling services available to them. Per Phoenix's City Code, the city does not provide solid waste collection services to multi-family or apartments complexes. ECO Stations will be installed in the following locations throughout the city:

Deer Valley Park - 19602 North 19th Avenue  
 Paradise Valley Park - 17642 North 40th Street  
 Sweetwater Park - 13230 North 44th Place  
 Steele Park - 300 East Indian School Road  
 Washington Park - 6655 North 23rd Avenue  
 Pecos Park - 17010 South 48th Street  
 Desert West Park - 6602 West Encanto Boulevard  
 Esteban Park - 3345 East Roeser Road

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

- The City of Phoenix Planning and Development Department received two top awards for its Urban Code and 2015 General Plan (PlanPHX) from the Arizona Chapter of the American Planning Association. The PlanPHX received the award for Regional or General or Comprehensive Plan and represented a strong citizen-led plan drafting process and public outreach campaign assisted by staff and elected officials. The plan establishes five core values for the future of Phoenix, provides measures for success for all goal areas and outlines an implementation schedule that is already underway. The Walkable Urban Code has been honored under the Ordinance/Regulation/Legislation/Adopted Policy category. The code was developed as a roadmap to guide future development along the light rail line to foster walkable and transit-oriented development that facilitates multi-modal transportation options.
- The Southwest Alliance for Excellence (SWAE) recognized the Phoenix Convention Center (PCC) as one of six recipients of SWAE's 2016 Performance Excellence Program. The program honors organizations in different industries for excellence in quality, performance and results, and is modeled after the Malcolm Baldrige National Quality Award Program. PCC completed a comprehensive organizational profile and mid-level application, answering questions assessing seven different criteria: Leadership, Strategy, Customers, Measurement, Workforce, Operations and Results. A team of expert SWAE examiners met with Convention Center staff for a multi-day site visit to verify and clarify information in the application. The SWAE process is the latest step in PCC's organizational evolution, which includes a "Guest Service Promise" to enhance customer experience and "Pillars of Excellence" setting high standards for employees.
- Members of the Phoenix Police Department were recognized by then U.S. Attorney General Loretta Lynch during the Missing Children's Day ceremony in Washington D.C. The staff members are part of the Arizona Internet Crimes Against Children (ICAC) Taskforce. They received a "Special Commendation Award" for significant investigative work with internet crimes against children, especially with locating, prosecuting and imprisoning people who intentionally exploit children. The following members were acknowledged; Detective Frank Angel, Sergeant Jerry Barker, Detective Michael Bosworth, Detective Patricia Fimbres, Detective Michael Fiore, Detective David Haddad, Detective Kellie McGhee and Detective Eric Oldenburg.
- The City of Phoenix Water Services Department earned a Platinum Peak Performance Award for the 23rd Avenue Multi-Cities Wastewater Treatment Plant's seven years of consecutive 100% National Pollutant Discharge Elimination System (NPDES) permit compliance. The NPDES Permit Program controls water pollution by regulating point sources that discharge pollutants into waters of the United States. This city facility and team that works there were recognized for this award at a national water conference in Denver.

- For the second year in a row, Phoenix’s fleet is named one of the top 10 recipients of the Government Green Fleet Awards for 2016. Phoenix’s use of alternative fuels; processes to reduce petroleum fuel consumption and toxic emissions; as well as its policy for purchasing fuel-efficient vehicles are just some of the characteristics that make the city a recognized leader in the acquisition and management of a sustainable and environmental-friendly fleet. The Government Green Fleet Award is open to all federal, state and local government fleets. Fleets are evaluated using a set of criteria that focus on several categories, including policies and planning strategies, as well as executive and employee involvement in setting yearly goals for fuel efficiency and emissions standards. Additionally, the Phoenix Public Works Department has implemented a long-range plan to fuel 97.5 percent of its 239 solid waste trucks with compressed natural gas (CNG) by 2024. Currently, 73 diesel solid waste trucks have been replaced with CNG units, four CNG slow-fill stations are now in operation, four maintenance shops have been upgraded to meet fire codes for CNG vehicles, and two additional service bays at two different service centers are under construction.
- The City of Phoenix Water Services Department was honored for utility excellence by the Association of Metropolitan Water Agencies (AMWA) at its 2016 Executive Management Conference. Phoenix Water was one of ten water utilities in the country to receive the Platinum Award for Utility Excellence. The Sustainable Water Utility Management Award recognizes water utilities that have made a commitment to management that achieves a balance of innovative and successful efforts in areas of economic, social and environmental endeavors. The Platinum and Gold Awards recognize outstanding achievement in implementing the nationally recognized Attributes of Effective Utility Management.

The City’s Mission and Vision statements continue to serve as a common source 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.

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 (CSFD). The Community Service Fund Drive has provided city employees with the ability to pool their charitable giving dollars together resulting in the donation of millions of dollars to worthwhile health and human service, environmental, and conservation organizations.

Our workplace partners - Valley of the Sun United Way (VSUW) and the Environment Fund of Arizona (EFAZ) - help us offer employees plenty of choices for employee giving. Since the campaign began in 1980, employees have raised more than \$26 million in charitable giving to donate to worthwhile causes. These donations help fund more than 370 local, non-profit organizations in Arizona, with the majority of those providing services in Maricopa County. This year, employees raised more than \$793,000 during the City's "Giving is an Adventure" campaign.

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

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

- The Prosecutor's Office set up a partnership with HOPE Animal-Assisted Crisis Response to provide the use of therapy dogs for victims who need extra emotional support when coming to court for a trial. Prosecutor Amy Offenberg coordinated with the Victim Services Unit, the Municipal Court and the Public Defender's Office. Recently, HOPE was used for the first time in a trial. Prosecutor Lori Van Haren recognized that the victim in one of her cases was scared and reluctant to come to court. Lori arranged for HOPE volunteer Pam Reinke to bring her dog (appropriately named Hope) to assist the victim. Pam and Hope sat with the victim during the pre-trial interview and were with the victim during the change of plea. It was obvious that the victim was much calmer and more comfortable when Hope was with her.
- Phoenix Police Officers Jason Harris, Brian Peters and Ben Carro responded to a call where they met a mother in need: Learning the mother had lost her job and daycare for her four-year-old son, as well as other recent financial hardships, the officers contacted Officer Manuel Reyes who works as an off-duty officer at Home Depot. They were able to work with the manager to have a tree donated to the thankful family.
- Right before the holidays staff from the City Clerk Department worked with an outside agency to surprise a senior resident in need. This resident has meals delivered to his home on a regular basis. City Clerk employees surprised the resident by delivering several gifts including clothes, blankets, an electric knife and a small free-standing freezer. That freezer has made a huge impact for the resident as he can now easily access the frozen food from his wheelchair.
- Neighborhood Preservation Officer Mike Simmons was starting his daily assignments in the field when he saw an apartment on fire. Before the city's first responders arrived, Mike alerted all the residents in the apartment units. Residents were completely unaware of the fire, and consequently his actions possibly saved lives. In addition, Solid Waste Foreman Andy Carrillo saw a plume of smoke while in the field responding to service calls. He drove in the direction of the smoke and called 911. He honked his car horn at the front of the burning home to alert anyone inside. A woman came out, and although there was a language barrier, he was able to alert her about the fire. She told Andy that more people were inside. Two children and an adult came rushing outside just before firefighters arrived to contain the blaze.
- Park Manager Emmett Boyd received the Living the Dream Award for his lifelong commitment to creating a compassionate and socially just community. Emmett, a 25-year employee, has served on numerous community committees, such as the Chicanos Por La Causa Community Christmas Event Committee and Arizona Special Olympics. He recently received special recognition from the National Juvenile Justice Association for his work with young people.
- Aviation Project Manager Valerie Churchwell received the 2017 Calvin C. Goode, Sr. Lifetime Achievement Award for her dedication to promoting social and economic justice, defending civil rights, and enhancing the dignity of all people. Valerie is the president and founder of the Arizona Dream Builder Foundation, a nonprofit organization designed to recognize future leaders of Arizona. She is involved in numerous community organizations, having been named to the City of Phoenix Parks and Recreation Board, the Board of the Maricopa Community Colleges District Foundation and the Governor's African American Advisory Council.



## CITY OF PHOENIX EXCELLENCE AWARDS

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

- The Compliance Assistance Program (CAP) is an innovative idea designed and developed by the Phoenix Municipal Court to help individuals resolve past due fines owed to the Court that may be preventing the reinstatement of their Arizona driver's license. CAP allows defendants to enter a payment plan for all civil, civil traffic and parking charges without having to see a judge. By making the required down payment and agreeing to make affordable monthly payments, a significant portion of collection costs are waived by the Court. Since going live in January 2016, over 11,300 individuals have enrolled through the program and over \$5.7 million has been paid. Over 3,800 (31%) of the pay plans have already been paid in full and over \$4.5 million are scheduled to be paid over the next few years. The success of CAP was also discussed at a Justice conference in Washington D.C., in the fall of 2016. At the invitation of the Justice Department, our Chief Presiding Judge, B. Don Taylor III, shared the innovative program among justice system advocates to rave reviews. Though the CAP program has received numerous awards and positive media and public attention, including the recent Arizona Supreme Court Task Force on Justice for All, recommending that other State courts implement the Phoenix Municipal Court's program; the true success stories are found in the testimonials of CAP participants. (<https://www.phoenix.gov/court/video/39>). Due to the overwhelming success of CAP, it is anticipated that its model will be duplicated in other courts in Arizona and beyond.
- Last summer, an eight-year-old boy started spending a lot of time at Juniper Library. He was well-behaved, but was usually alone, often till closing. His mom would come check on him, but didn't stay. David Rothenbusch, Municipal Security Guard, Rita Chard, Librarian I, and Keith Feldt, Librarian II became invested in helping with their family situation. They encouraged the child to participate in Kids' Café to ensure he had food, then provided additional snacks. When the child desperately needed a change of clothes, Keith went to a nearby thrift store and purchased clothes. Both the child and his mother had additional hygiene issues that caused customer complaints and bullying during programs. Rita worked with contacts at the Mountain View Community Center making arrangements for the family to have regular showers, at no cost. The situation was not improving, so Dave contacted Audrey Boyle, Library Assistant, who provided additional resources to aid the family. Keith reached out to the Human Services Department to provide a social worker. When the mother and son were next in the library, Keith called the caseworker, who came immediately to speak to the family about resources and options for shelter and housing. The mother and son were very receptive and appreciative of all of the aid and left with the caseworker to head for a shelter. In one of the busiest libraries in our city, this team not only helped this child and his family participate in library programs; but went the extra mile to provide food and clothing, find a place to get clean and connect them with caseworkers to offer long term solutions. They built a strong relationship with the mother, which put her at ease so she could explain her situation and ultimately accept help. By working with staff in other City departments, this team was able to make a significant difference in a family's life.
- Housing and Human Services Department staff developed and implemented a program to provide quality supportive housing to chronically-homeless individuals and families with children. Using the Housing First model, staff is addressing the needs of the most vulnerable homeless by providing housing at the Aeroterra HOPE VI Community, then helping them progress towards independence and self-sufficiency through individualized casework and supportive services. On November 29, the Housing Department completed construction on the Aeroterra Phase III development, a 74-unit mixed-income community that entailed the redevelopment of 138 dilapidated barracks-style, public housing units at the former Frank Luke Addition site. Thirty-three one-to four-bedroom units are set aside to serve homeless individuals and families with a preference for veterans. Once housed, Human Services provides wrap-around case management services that are team-based and collaborative. This holistic approach was implemented at the onset of homeless participants being approved for housing. This helps residents remain in their homes while receiving services including: counseling, support and skills training to improve health and well-being, maximize self-sufficiency, achieve housing stability and eventually give back to the community. A streamlined referral and efficient application process led to a smooth transition for formerly-homeless families: 26 households were approved for move-in by December 31; resulting in 79 percent of approved applicants within 32 days of project completion, a process that was expected to take six months. Units are furnished with beds, dressers, tables, and chairs to provide residents with an immediate sense of home. Collaborations with service providers, faith-based groups, and businesses were created, including partnering with Church for the Nations to provide home essentials and Tuft and Needle who donated mattresses. This unique housing program fills a great need in our community, and is an excellent example of how collaboration and breaking down department silos can improve the lives of Phoenix residents.
- Detective Sean Reavie is a Crimes Against Children Detective for the Phoenix Police Department. As such, on a daily basis, he helps abused children. These children are typically brought to the Family Advocacy Center to be treated and interviewed. Detectives and child advocates work together to heal these children from devastating physical and emotional injuries. Detective Reavie is a superhero fan. He recognizes that the mythology of superheroes is usually a story of a character overcoming terrible loss or tragedy to become something greater. Detective Reavie knows that children love these tales and embrace them as potent tools in dealing with issues and problems in their own lives. Superhero stories provide hope to child victims that everything will be all right again. Seeing the empowering effect

superhero stories can have on children, Detective Reavie created Superhero September. The idea was simple: every child who came to the Child Advocacy Center would receive some sort of superhero memorabilia, such as a t-shirt, action figure, or backpack. This souvenir would remind the child that they were a superhero, too, and would survive the trauma they experienced. For Superhero September, Detective Reavie organized a series of high-profile donation events. This included a media day at the Family Advocacy Center, with participation from over a dozen volunteers dressed as superheroes; and a shopping spree at two local stores where superhero-themed toys and clothes were purchased with donated money. He utilized social media to spread the word about these events and made appearances on local news stations, reaching an estimated half a million people. Much of this was done on Detective Reavie's own time. These efforts helped raise \$6500 in cash donations and \$2500 in donations of toys, comic books, and other superhero items. This directly translated into hundreds of children receiving superhero inspiration as they begin their road to recovery.

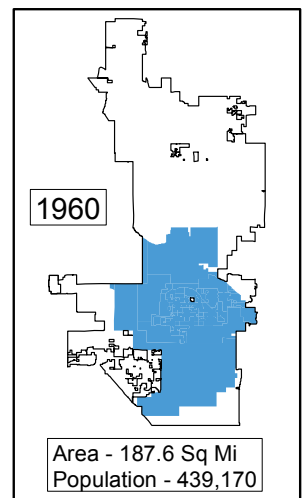
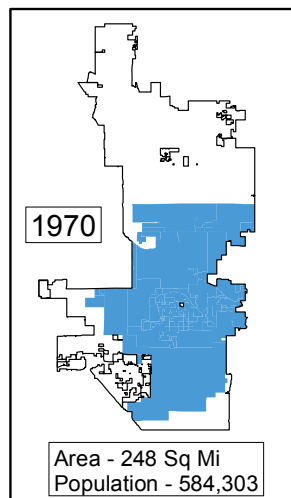
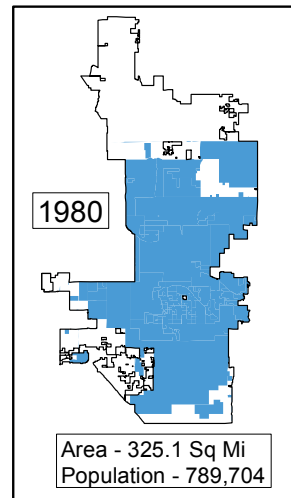
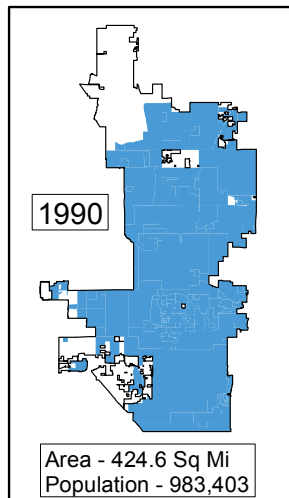
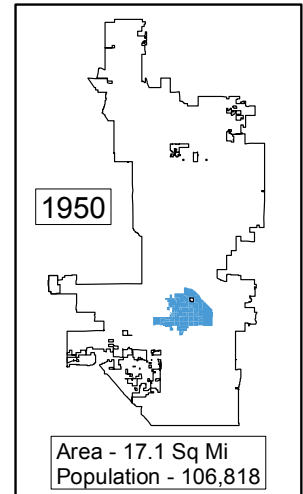
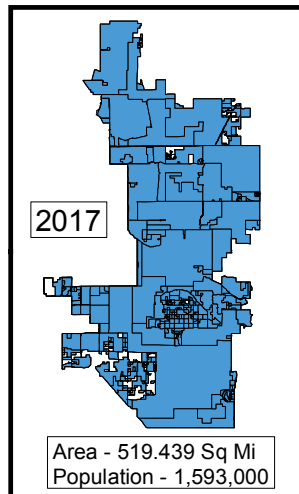
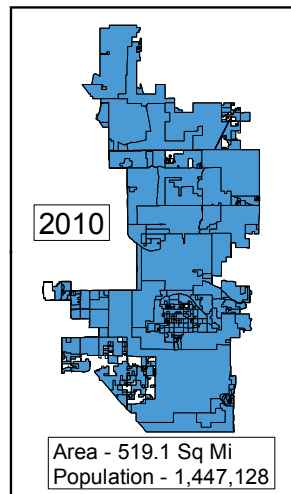
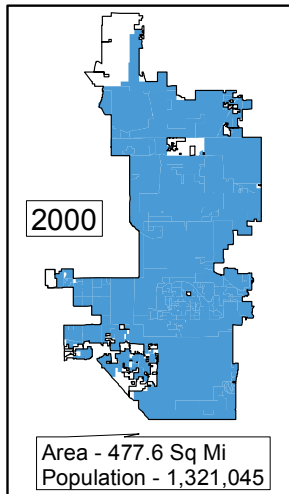
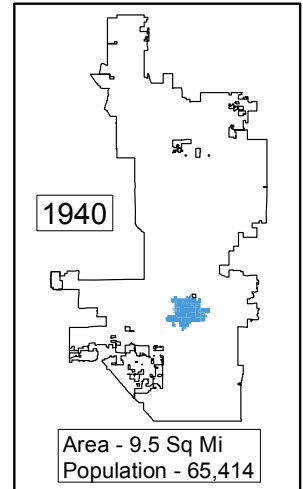
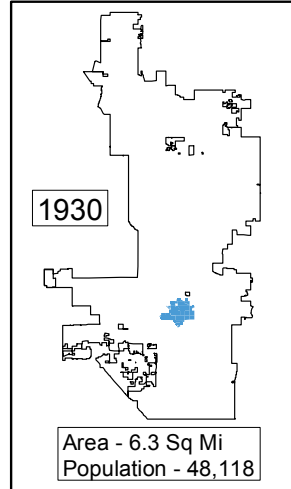
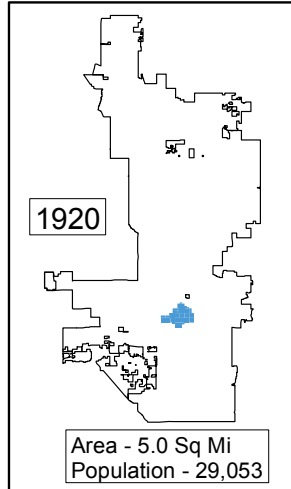
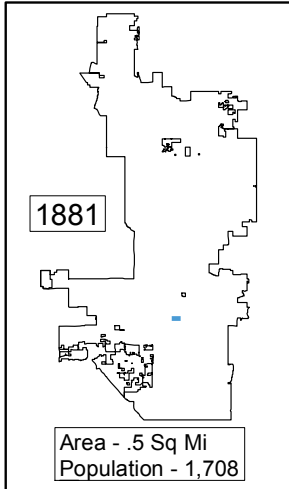
- Municipal Security Guard Stefan Slater went above and beyond to provide superior customer service and leadership. Stefan displayed enormous compassion and calm during an emergency situation. When a seriously injured man stumbled into the library calling for help, Stefan immediately responded to his aid. The man collapsed in the lobby, but Stefan remained calm and collected and, without hesitation, put pressure on the gentleman's stab wounds. Stefan directed other staff to call 911, while staying with the injured man, applying first aid and keeping him calm until paramedics arrived. He ensured that blood borne pathogen clean-up was performed by staff and custodians. After closing, he stayed over two hours to help with the police crime scene investigation, answering the detectives' questions and showing them video footage of the area where the attack took place outside. Stefan did not stop there. He took initiative to create a prototype Trauma kit, which may be used in incidents that require more effective medical items than our basic First Aid kits. This kit was submitted to the Library Department Emergency Action Plan Committee and will be incorporated into the Department Emergency Plan. Stefan recently volunteered to create a taskforce composed of members of the security team and public service staff to focus on identifying members of a gang who had been harassing and attacking members of the public entering the library. His work with police and library staff members resulted in a large number of previously unknown gang members being identified and suspended from the library. Several gang members were arrested for additional criminal activity. Staff have responded favorably to his leadership and communication about issues that affect multiple work units in Burton Barr Central Library.
- James Ritter provided graphic design support to multiple departments during 2016, helping to develop logos and artwork to drive important citywide initiatives and messages. Much of that work was done in addition to his duties as Public Information Specialist in the Parks and Recreation Department. During 2016, James helped expand the reach of the city's "Take a Hike. Do it Right." hiking safety campaign with creation of a brochure designed to guide the Park Ranger Concierge Education Program. That program works to keep tourists safe on city hiking trails. He also developed the logo for the new PHXNext employee newsletter and communications portal, in addition to designing logos for AdvancePHX and PHX Lean Team. He also provided graphic design assistance to city staff who direct the My Brother's Keeper and Paint Phoenix Purple initiatives, and created a schematic of the new security check points in the lobby of City Hall. His technical design expertise was called upon by Tye Farrell and Tammy Vo in the city's Communications Office when they needed someone to design a template for animated signage at Talking Stick Resort Arena and Chase Field. The city uses that space to push important initiatives such as domestic violence and human trafficking awareness, and graffiti prevention. Additionally, James led the re-branding of the Human Resources Department's Service Center and re-branded the Parks and Recreation Department with the new PHXPlays logo. James embraces a team mentality and is an excellent example of someone who wants all departments in the city to succeed. He's a testament to what can be accomplished when departments embrace a shared services model and remain conscious of the city's "silo busting" mentality. An initiative's chances of succeeding are greatly increased when a multi-department approach is taken and James is always willing to assist.

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





# PHOENIX GROWTH



# COMMUNITY PROFILE AND TRENDS

Phoenix was founded in 1870 as an agricultural community and was incorporated as a city in 1881. The original city charter was adopted in 1913 and has been amended by Phoenix voters from time to time since then. The charter allows Phoenix to determine its governmental structure and levy revenue and privilege license taxes. A council-manager form of government was also adopted in 1913. Under this organizational structure, the Mayor and Council appoint a city manager to act as the chief operating officer. The City Council sets policy direction, and the city manager is responsible for implementing those policies in an efficient and effective manner. In 1982, a group of residents initiated an effort to move to a district system for electing council members. These residents were concerned that at-large elections resulted in an organization that was less responsive to neighborhoods. The initiative was passed by the voters of Phoenix, and the number of council seats was increased from six to eight. The mayor continued to be elected at-large.

## ECONOMIC DIVERSITY

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Phoenix has grown steadily, especially since 1950. The 1900 Census recorded Phoenix's population at 5,544. In 1950, the city occupied 17 square miles with a population of almost 107,000, ranking it 99th among American cities. The 2010 Census recorded Phoenix population at 1,447,128. The City currently encompasses 519.4 square miles.

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

The Phoenix metropolitan area employment mix is well diversified and fairly similar to that of the United States as a whole. An exception is construction and financial employment, which comprise more of Phoenix's employment mix than the United States, average due to historical rapid population and employment growth. Additionally, the Phoenix area's manufacturing mix is much more concentrated in high technology than the United States. The high technology manufacturing sectors are cyclical in nature and may be more impacted during periods of economic slowing than other manufacturing sectors. The primary employment sectors and their share of total employment in the Phoenix metropolitan area consist of service industry (46%); trade (16%); government (12%); financial activities (9%); manufacturing (6%); and construction (5%). Major employers of the Phoenix metropolitan area include Banner Health Systems, State of Arizona, Wal-Mart Stores, Inc., Maricopa County, Fry's Food & Drug Stores, Inc., Wells Fargo & Company, Arizona State University, Intel Corp., City of Phoenix and Honeywell. The top ten property taxpayers, based on secondary assessed valuation, are Arizona Public Service Company, Southwest Gas Corporation, CenturyLink Inc., AT&T Inc., Grand Canyon Education Inc., Host Kierland L.P., Espanada Owner L.P., Starwood Hotels and Resorts, United Services Automobile Association and Target Corporation. These taxpayers make up 6.6 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 2015-16	Estimated 2016-17	Projected 2017-18
<b>DEMOGRAPHIC PROFILE</b>							
Population <sup>1</sup>	789,704	995,896	1,350,435	1,453,462	1,560,020	1,593,000	1,618,000
Percent of Population by Age							
Under 5	7.8	8.5	8.5	8.3			
5-19	25.0	21.6	21.5	23.0			
20-44	39.3	42.9	42.8	37.2			
45-64	18.6	17.3	17.3	23.1			
65+	9.3	9.7	9.8	8.4			
Percent of Population by Race <sup>1</sup>							
Caucasian	78.1	71.9	55.8	65.9			
Black/African American	4.7	4.9	4.8	6.5			
American Indian/Alaska Native	1.1	1.6	1.6	2.2			
Asian	0.9	1.5	1.9	3.2			
Native Hawaiian/ Other Pacific Islander <sup>2</sup>	N/A	N/A	0.1	.2			
Other	15.2	20.1	35.8	22.0			
Hispanic/Latino (of Any Race) <sup>3</sup>	14.8	20.0	34.1	40.8			
Not Hispanic or Latino (of Any Race) <sup>3</sup>	85.2	80.0	65.9	59.2			
<b>CITY ECONOMIC PROFILE</b>							
Median Household Income <sup>4</sup>	\$29,706	\$30,797	\$40,856	\$42,260	\$48,452	\$49,100	\$49,800
Personal Income Growth							
(Metro Phoenix) <sup>5</sup>	14.8%	4.6%	6.7%	3.0%	4.6%	5.1%	6.4%
Secondary Net Assessed							
Valuation ('000s) <sup>6</sup>	N/A	\$5,700,825	\$7,573,211	\$16,092,308	\$12,783,575	\$14,008,919	\$15,366,354
Full Cash Value (Millions) <sup>7</sup>	N/A	N/A	N/A	\$144,772	\$127,280	\$140,141	\$152,048
Employment Growth Rate <sup>8</sup>	N/A	(3.0)%	3.7%	(2.1)%	2.9%	2.8%	2.8%
Unemployment Rate <sup>9</sup>	N/A	4.9%	2.7%	9.1%	3.8%	4.4%	4.4%
Value of Residential <sup>10</sup>							
Construction (Billions)	N/A	\$0.42	\$1.16	\$0.28	\$0.71	\$0.65	\$0.68
Value of Commercial <sup>10</sup>							
Construction (Billions)	N/A	\$0.46	\$1.33	\$2.60	\$3.20	\$3.00	\$3.20
<b>CITY FINANCIAL PROFILE</b>							
Total Budget ('000s)	\$392,780	\$1,026,545	\$1,946,013	\$3,020,690	\$3,149,263	\$3,567,174	\$4,063,313
Total GF Budget ('000s) <sup>11</sup>	\$221,106	\$591,021	\$953,324	\$954,795	\$1,066,522	\$1,119,347	\$1,277,740
Total Employees	9,435	11,388	14,352.0	15,002.8	14,433.6	14,368.5	14,439.9
Total Employees per 1,000 population <sup>12</sup>	11.9	11.4	10.6	10.3	9.3	9.0	8.9
Non-Enterprise Employees per 1,000 population	N/A	N/A	8.6	8.0	7.2	7.0	7.0
Enterprise Employees per 1,000 population <sup>13</sup>	N/A	N/A	2.0	2.3	2.0	2.0	1.9
Property Tax Rate	1.75	1.79	1.82	1.82	1.82	2.17	2.16
G.O. Bond Rating (Moody's/Standard and Poor's/Fitch)							
	Aa/AA	Aa/AA+	Aa1/AA+	Aa1/AAA	Aa1/AA+	Aa1/AA+	Aa1/AA+/AA+
Number of PLT Licenses <sup>14</sup>	37,943	43,756	51,000	56,460	56,167	97,800	97,800
City Retail Sales Tax Rate <sup>15</sup>	1%	1.2%	1.8%	2.0%	2.3%	2.3%	2.3%

	1980-81	1990-91	2000-01	2010-11	Actual 2015-16	Estimated 2016-17	Projected 2017-18
<b>INFRASTRUCTURE PROFILE</b>							
<b>Area (Square Miles)</b>	329.1	427.1	483.5	519.1	519.4	519.4	519.4
<b>Police</b>							
Major Crimes <sup>16</sup>	86,287	110,961	97,666	70,108	65,756	69,600	70,000
Dispatched Calls for Service <sup>17</sup>	452,350	895,117	862,769	666,116	621,225	689,000	714,000
Authorized Sworn Police Officers	1,694	2,047	2,810	3,281	3,268	3,273	3,273
<b>Fire</b>							
Fire Stations	35	45	45	57	58	58	58
Fires and All Other Calls	25,162	26,281	28,369	19,335	23,996	24,300	24,500
Emergency Medical Calls	46,122	75,112	101,396	136,163	174,149	183,000	183,000
Authorized Sworn Firefighters	838	1,042	1,315	1,661	1,667	1,668	1,668
<b>Building Inspections</b>							
Total Number of Inspections <sup>18</sup>	196,356	176,909	261,184	131,600	201,105	223,000	234,000
<b>Streets</b>							
Total Miles	3,084	3,800	4,299	4,825	4,851	4,863	4,863
Miles Resurfaced and Sealed <sup>19</sup>	216	250	220	127	199	473	288
Total Miles of Bikeway <sup>20</sup>	N/A	250	472	615	674	692	729
<b>Traffic Control and Lighting</b>							
Signalized Intersections	555	761	906	1,092	1,124	1,126	1,129
Street Lights	39,097	50,825	70,750	89,826	91,410	92,097	92,492
Traffic Accidents <sup>21</sup>	28,129	28,414	36,500	22,742	29,002	30,000	31,000
<b>Aviation</b>							
Passengers Arriving and Departing	6,500,000	22,175,000	35,900,000	40,500,000	44,200,000	42,200,000	44,800,000
<b>Solid Waste Collection</b>							
Residences Served	281,900	281,392	327,953	392,825	400,549	404,000	405,000
Tons Disposed at City Landfills <sup>22</sup>	379,000	513,643	1,051,935	1,002,346	896,255	900,000	920,000
<b>Municipal Parks</b>							
Number of Municipal Parks	137	181	199	225	226	226	226
Developed Park Acres <sup>23</sup>	1,303	2,206	3,332	5,071	4,572	4,572	4,572
Number of Municipally Operated Golf Courses	5	5	7	6	5	5	5
<b>Libraries</b>							
Material Circulation <sup>24</sup>	3,691,745	5,962,411	9,151,000	13,839,543	12,901,465	12,200,000	12,200,000
Total Material Stock <sup>25</sup>	1,182,606	1,732,410	2,016,000	1,643,977	1,908,493	1,974,000	2,039,000
Number of Library Branches	9	11	13	16	17	17	17
<b>Equipment Management</b>							
Number of Equipment Units in Fleet <sup>26</sup>	4,497	4,776	6,080	7,612	7,385	7,385	7,386
<b>Water</b>							
Connections	282,048	321,996	350,967	397,390	415,427	421,000	425,000
Production (billions of gallons) <sup>27</sup>	88.5	84.7	109.4	98.6	99.1	100.8	102.8
<b>Wastewater</b>							
Connections	250,199	311,980	327,051	389,978	406,976	411,000	415,000
Miles of Line	3,040	3,661	4,174	4,980	4,847	4,859	4,869

<sup>1</sup> Population by age and race is only available in census years. Also, racial categories were modified by the Census Bureau in the 2000 Census. The 2010 Census number was increased from the original total due to the City appealing the result through the official Count Question Resolution (CQR). There was an area in far west Phoenix which was not attributed to the city, when in fact it was inside the city's boundaries. Thus, the U.S. Census Bureau officially changed the city's 2010 Census population count which in turn affected the preceding years' population estimates. The preceding years also include additional population estimate adjustments approved by Maricopa Association of Governments.

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

<sup>3</sup> Hispanic/Latino of any race is included in the Census' "Other" race category for Fiscal Year (FY) 1980-81, FY 1990-91, FY 2000-01 and FY 2010-11.

<sup>4</sup> Median Household Income is based on U.S. Census Bureau data for city of Phoenix geographic area. For the estimate and projection years, the Calendar Year (CY) 2016 greater Phoenix Consumer Price Index (CPI) 1.4% was applied to the U.S. Census Bureau's (FactFinder) 2015 American Community Survey 1-year estimates for City of Phoenix for Median Household income. This reflects a change from the method used in previous budget documents, which calculated median household income using personal income growth rates from the U.S. Bureau of Economic Analysis.

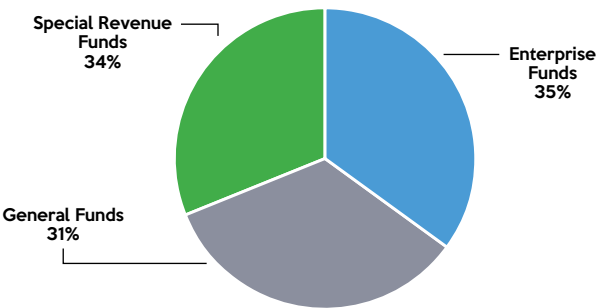
- <sup>5</sup> Personal income growth percentage is from University of Arizona's "Economic Outlook" quarterly publication (University of Arizona Economic and Business Research Center).
- <sup>6</sup> Following the 2012 voter approval of the Arizona Property Tax Assessed Valuation Amendment (Proposition 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.
- <sup>7</sup> 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 FY 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.
- <sup>8</sup> Employment growth rate figures (total non-farm employment) are calendar year and not fiscal year. CY 2015 is shown under FY 2015-16, and CY 2016 is shown under FY 2016-17, and projected calendar year 2017 is shown under FY 2017-18. Estimates are for the Phoenix metro area and are obtained from the Arizona Department of Administration Office of Employment and Population Statistics.
- <sup>9</sup> Unemployment rate is reported monthly by the Arizona Department of Administration Office of Employment and Population Statistics' website: azstats.gov and converted to fiscal year by the City of Phoenix Budget and Research Department. Seasonally adjusted unemployment data from 2001-16 is currently unavailable for the Phoenix-Glendale-Mesa Metropolitan Statistical Area (MSA) due to data revisions. Revisions for the MSA, counties and cities are currently in process, however no released date has been announced.
- <sup>10</sup> Beginning with FY 2006-07, multi-family projects are included in the commercial valuation total. Prior to FY 2006-07, multi-family projects were included in the residential valuation total. These measures represent the annual estimated value of projects permitted by the City of Phoenix (new construction).
- <sup>11</sup> As of FY 1998-99, Arizona Highway User Revenue funds are no longer included in the General Fund total.
- <sup>12</sup> A correction was made to the calculation of City employees per 1,000 population for FY 1980-81 and FY 1990-91. Previous budget books did not adjust for Census data that was published at least a year after the statistic was recorded in budget documents.
- <sup>13</sup> Enterprise departments include Water, Wastewater, Aviation, Phoenix Convention Center and Solid Waste Management.
- <sup>14</sup> As of January 1, 2017, the City of Phoenix will no longer have administrative and collection duties over the management of Transaction Privilege (Sales) and Use Tax Licenses (TPT) accounts. This process is now administrated by the State of Arizona. Previously, the City allowed businesses to report multiple locations or entities under one license; that is no longer the policy under the State. Although the Arizona Department of Revenue will assume these duties in 2017, it is expected that the State will remit the same approximate amount of annual license fee revenues for the same approximate number of (TPT) accounts that have privilege tax liability within the City of Phoenix limits.
- <sup>15</sup> Voters approved a 0.3 percent increase in most city sales tax categories effective January 1, 2016 to fund a comprehensive transportation plan. This was an increase to and an extension of the 0.4 percent tax that was effective June 1, 2000, resulting in a total tax of 0.7 percent for transportation with a 35-year sunset date.
- <sup>16</sup> Total violent and property crimes are based on Uniform Crime Reporting (UCR) standards, not based on Arizona Revised Statutes. Counts are based on finalized data through December 2016, and projected data for subsequent months. Beginning in January 2014, the rape counts (which are one of the crime types included in the violent crime counts) include incidents that met the updated FBI rape definition. This change is reflected in counts from FY2014/15 forward. Similarly, beginning in January 2016, the aggravated assault counts include incidents that met the updated FBI aggravated assault definition. This report reflects that change from FY2015/16 forward.
- <sup>17</sup> The formula that categorizes calls as dispatched was revised in 2017. Counts for FY 2015/16 and forward have been updated. The number of calls and response times for incidents handled by callback are impacted by the working hours and vacancy levels of this unit. The Callback unit was replaced by an online reporting system in May 2012, and then was re-opened in February 2017, but with only partial hour coverage and varying staffing levels. Callback response times are not yet provided for 2016-17 because the amount of calls is low due to the unit being implemented partway through February and only minimally staffed.
- <sup>18</sup> Includes building, electrical, mechanical, plumbing and general inspections.
- <sup>19</sup> Miles of streets resurfaced or sealed varies year over year and is dependent on actual streets selected and distribution of wide versus narrow. It also varies based on the method of seal coat used.
- <sup>20</sup> The bikeway program was approved by the City Council in 1987. Figures include on-street bike lanes, bike routes and paved and unpaved paths.
- <sup>21</sup> Due to the implementation of a new Arizona Department of Transportation (ADOT) collision system in 2009 and associated delays in data entry and processing, full collision data for Phoenix is only available through June 2016. The figures presented for FY 2016-17 and FY 2017-18 are projections based on historical trending. Traffic accident data comes from the City of Phoenix Street Transportation Department.
- <sup>22</sup> Residential tonnage has reduced from FY 2010-11 actuals due to department's efforts to increase recycling and tonnage sent to private contractors. The projected increase in FY 2017-18 reflects an upward trend in the number of residents served and an increase in consumption.
- <sup>23</sup> Amount reported prior to FY 2010-11 include both developed and un-developed park acres.
- <sup>24</sup> Measure covers all media including: audio books, e-books, CDs, DVDs, databases, soft and hardcover books. The projected decrease in FY 2016-17 reflects a downward trend that libraries across the country are also experiencing.
- <sup>25</sup> Total material stock includes digital material available to patrons. Digital stock will increase due to additional funding in FY 2017-18.
- <sup>26</sup> Includes vehicle replacements.
- <sup>27</sup> Includes water produced for City of Phoenix only.

# RESOURCE AND EXPENDITURE SUMMARY

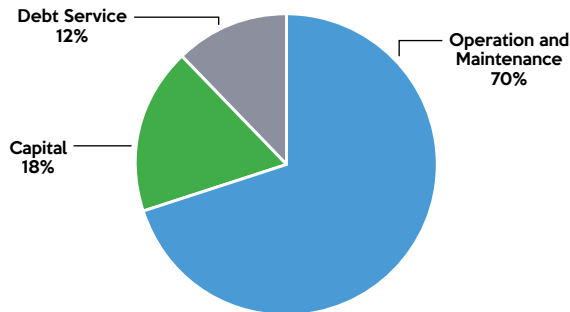
This section provides a broad overview of the resources and expenditures included in the 2017-18 budget. Information is presented for General, Special Revenue and Enterprise funds. General funds, which receive special attention by the community, are highlighted throughout this section. General funds 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 2017-18 budget, financed by operating funds, totals \$4,063,313,000. As shown in the pie chart below, the General Fund portion of \$1,277,740,000 is approximately 31 percent of the total. The Enterprise funds, which include Aviation, Water, Wastewater, Solid Waste and Convention Center, make up another 35 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 34 percent of the total budget.

**All Sources of Funds  
Total Resources - \$4.06 Billion**



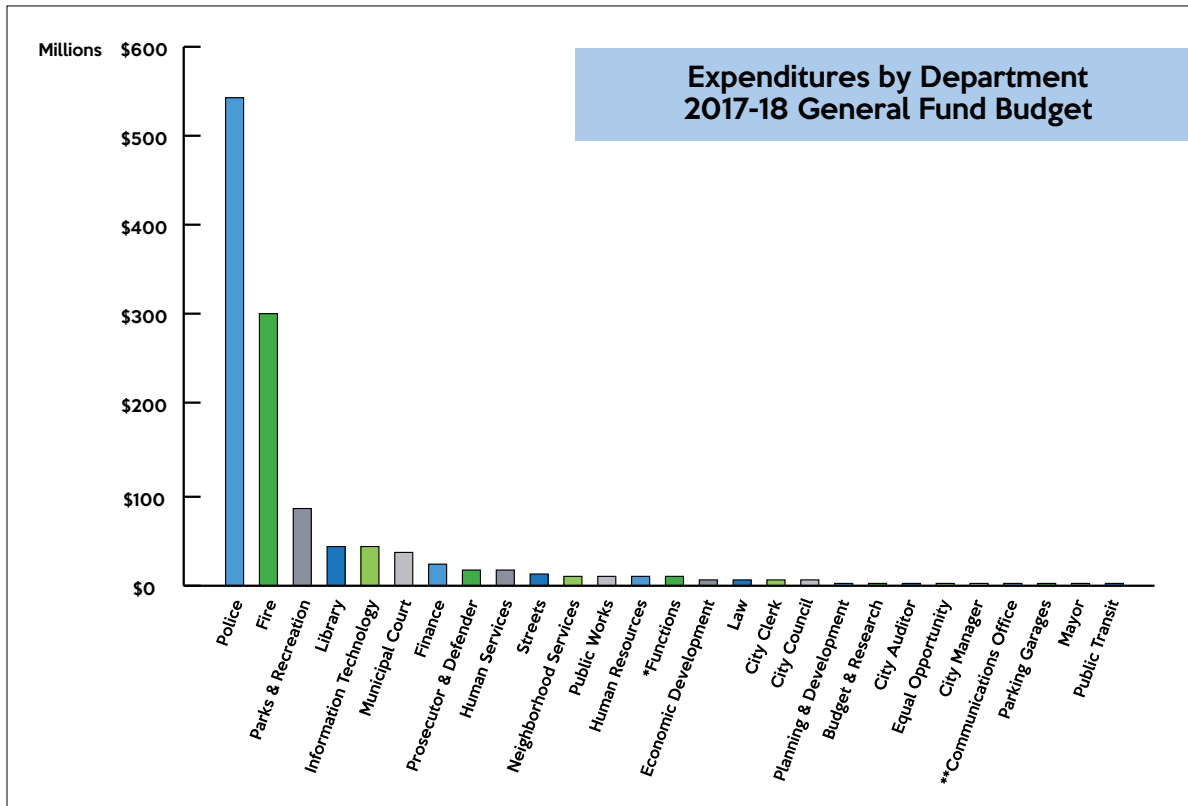
**All Sources of Funds  
Expenditures - \$4.06 Billion**



In addition to presenting the budget by funding source, the budget is also described in terms of the major types of activities or expenditures funded. Included in the operating budget are operating and maintenance expenses that provide for ongoing costs of delivering city services; capital expenditures for pay-as-you-go projects for major additions, improvements or renovations to city facilities; and debt service payments to retire outstanding debt. The pie chart above shows the distribution of the total operating budget into these three types of expenditures. Bonds and other capital funds used for capital improvement projects are included in a separate capital improvement program.

The 2017-18 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.



\*Functions include several small offices such as the Office of Arts and Culture and Environmental Programs.  
 \*\*Formerly known as the Public Information Office.

The table below provides a comparison of the 2017-18 budget to the 2016-17 adopted budget. Actual expenditures for the 2015-16 fiscal year also are included.

	2015-16 Actual Expenditures	2016-17 Adopted Budget	2017-18 Budget	2017-18 Amount Change	Percent Change
Operating and Maintenance Expenditures	\$2,287.5	\$2,700.6	\$2,826.8	\$126.2	4.7%
Capital Expenditures	355.4	736.0	736.3	0.3	0.0%
Debt Service	506.4	520.4	500.2	(20.2)	(3.9)%
<b>Total</b>	<b>\$3,149.3</b>	<b>\$3,957.0</b>	<b>\$4,063.3</b>	<b>\$106.3</b>	<b>2.7%</b>

Citywide operating and maintenance expenditures are expected to increase primarily due to increases in personal service costs from factors such as rising pension costs for sworn police and fire personnel and from second-year labor contracts that restored employee concessions. Contractual expenditures are expected to increase primarily due to additional spending associated with voter-approved Transportation 2050 funds for increased bus services, Dial-a-Ride operations, and facilities maintenance; and support for Water Services Department's Pinnacle Data System for services such as bill printing and mailing, web portal, and email as well as for the Customer Care and Billing system. Commodity expenses are expected to rise primarily due to fee increases on raw water purchases for both Union Hills and Lake Pleasant Water Treatment Plants and police grant awards for body cameras and computer components.

Pay-as-you-go capital expenditures are expected to mostly remain consistent with 2016-17 budget levels, while debt service payments are expected to decrease as a result of savings achieved through refinancing of bonds.

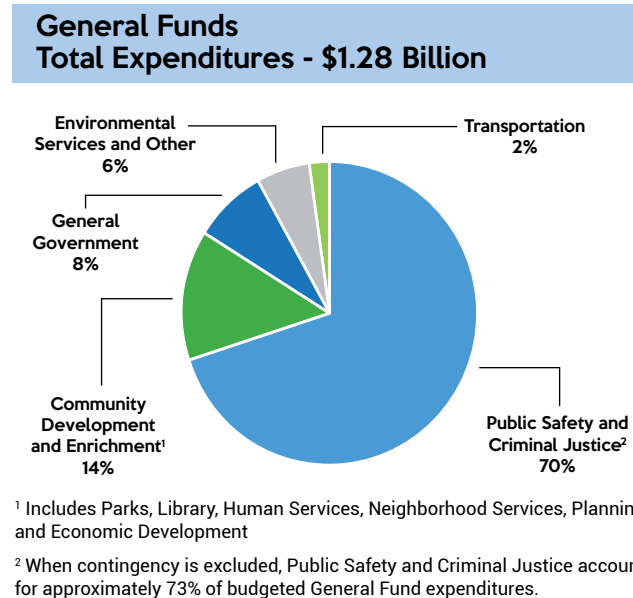
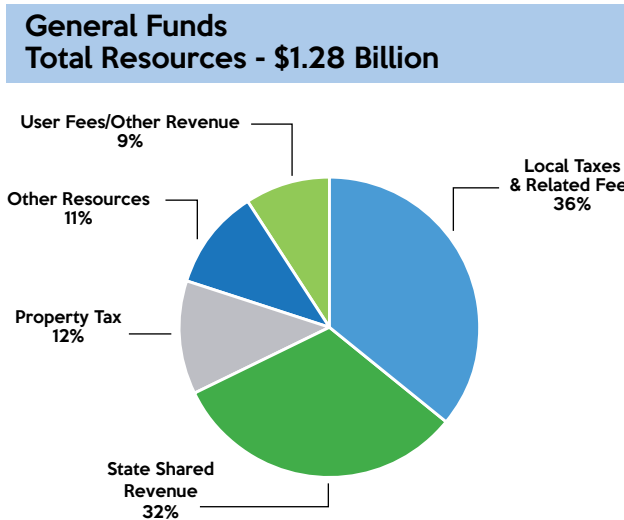
## 2017-18 GENERAL FUND BUDGET OVERVIEW

The 2017-18 General Fund budget of \$1,277,740,000 provides for ongoing operating and maintenance and some pay-as-you-go capital expenditures. The table below compares the 2017-18 General Fund budget with the 2016-17 adopted budget.

	2015-16 Actual Expenditures	2016-17 Adopted Budget	2017-18		
			Budget	Amount Change	Percent Change
Operating and Maintenance Expenditures	\$1,062.7	\$1,212.3	\$1,268.1	\$55.8	4.6%
Capital Expenditures	3.8	9.9	9.6	(0.3)	(0.3%)
<b>Total</b>	<b>\$1,066.5</b>	<b>\$1,222.2</b>	<b>\$1,277.7</b>	<b>\$55.5</b>	<b>4.5%</b>

The operating and maintenance expenditures for 2017-18 are expected to increase by 4.6 percent overall compared to the 2016-17 adopted budget primarily due to increased pension costs for sworn police and fire positions. Pay-as-you-go capital expenditures are expected to mostly remain consistent with 2016-17 budget levels.

The following pie charts show the 2017-18 General Fund budget summarized by major programs and major resources.



## RESOURCES

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

## 2017-18 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 2017-18 beginning fund balances totaling \$1,239.5 million include \$130.1 million in General funds, \$563.6 million in Special Revenue funds and \$545.8 million in Enterprise funds. The estimated beginning fund balance for Special Revenue and Enterprise funds include: Transportation 2050 - \$238.0 million; Other Restricted - \$73.3 million; Development Services - \$52.0 million; Arizona Highway User Revenue - \$50.8 million; Parks and Preserves - \$42.9 million; Sports Facilities - \$33.1 million; Grant funds - \$13.2 million; Aviation - \$327.9 million; Wastewater - \$81.6 million; Water - \$55.4 million; Convention Center - \$43.5 million; Solid Waste - \$37.4 million and \$60.3 million in various other special revenue funds.



## 2016-17 GENERAL FUND ESTIMATED ENDING BALANCE

As shown in the following table, the 2016-17 ending General Fund balance is estimated to be \$130.1 million. The estimated balance results from a \$10.5 million higher beginning balance, a \$98.8 million decrease in operating expenditures, a decrease of \$4.1 million in pay-as-you-go capital expenditures, an increase of \$10.8 million in transfers, and a \$5.9 million increase in operating revenues. The decrease in estimated 2016-17 General Fund expenditures from the 2016-17 budget is mainly due to unused contingency funds and continued salary savings from vacant positions. General Fund pay-as-you-go capital expenditures are anticipated to decline due to the use of General Obligation Bond funds instead of General Funds for the Fire Computer Aided Dispatch System and due to the carryover of costs for the Cybersecurity Access Management Enhancement project and other capital improvement projects. The decrease was slightly offset by new costs for a pre-implementation study of the Access and Badging Control System project.

The increase to net transfers is primarily due to higher central service cost and in-lieu property tax transfers to the General Fund from Special Revenue and Enterprise funds. It is also due to reduced transfers out of the General Fund to the City Improvement fund for debt service payments as a result of a deferral in the planned issuance of bonds for the Regional Wireless Cooperative and Telephone System/Data Network projects. The increase in 2016-17 projected General Fund revenues is due to anticipated increases in state-shared sales, income and vehicle license taxes.

General Fund Balance Analysis (In Thousands of Dollars)					
	2015-16 Actuals	2016-17		Estimate Over (Under) Budget	
		Budget	Estimate	Amount	Percent
<b>Resources</b>					
Beginning Balances	\$ 100,435	\$ 102,046	\$ 112,544	\$ 10,498	10.3%
Revenue	1,074,720	1,101,874	1,107,839	5,965	0.5%
Recoveries	1,717	1,000	1,000	---	0.0%
Transfers	2,194	17,288	28,073	10,785	62.4%
<b>Total Resources</b>	<b>\$1,179,066</b>	<b>\$1,222,208</b>	<b>\$1,249,456</b>	<b>\$ 27,248</b>	<b>2.2%</b>
<b>Expenditures</b>					
Operating Expenditures	1,062,738	1,212,282	1,113,505	(98,777)	(8.1)%
Capital	3,784	9,926	5,842	(4,084)	(41.1)%
<b>Total Expenditures</b>	<b>\$ 1,066,522</b>	<b>\$1,222,208</b>	<b>\$ 1,119,347</b>	<b>\$(102,861)</b>	<b>(8.4)%</b>
<b>Ending Fund Balance</b>	<b>\$ 112,544</b>	<b>\$ ---</b>	<b>\$ 130,109</b>	<b>\$ 130,109</b>	<b>100.0%+</b>

## 2017-18 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 2017-18 are estimated at \$3,461,669,000. This is \$49,108,000, or 1.4 percent more than the 2016-17 estimate of \$3,412,561,000. General Fund revenues are estimated at \$1,140,252,000 which is \$32,413,000 or 2.9 percent more than the 2016-17 estimate of \$1,107,839,000. The increase is primarily due to anticipated increases in city sales taxes; state-shared sales, income and vehicle license taxes; and primary property taxes.

The following table provides a comparison of the 2017-18 estimated revenues to 2016-17 estimates and 2015-16 actual collections. Detailed explanations by category are provided in the 2017-18 Revenue Estimates section of this document.

2017-18 Estimated Revenues Compared to 2016-17 Estimates (In Thousands of Dollars)					
Fund Types	2015-16 Actuals	2016-17 Estimate	2017-18		
			Estimate	Amount Change	Percent Change
General	\$1,074,720	\$1,107,839	\$1,140,252	\$32,413	2.9%
Special Revenue Funds	942,545	1,099,585	1,104,494	4,909	0.4%
Enterprise Funds	1,180,358	1,205,137	1,216,923	11,786	1.0%
<b>Total</b>	<b>\$3,197,623</b>	<b>\$3,412,561</b>	<b>\$3,461,669</b>	<b>\$49,108</b>	<b>1.4%</b>

The state and local economy continued to grow moderately in 2016-17 and economists predict this moderate growth will continue through 2017-18, barring any unanticipated economic shocks. While the growth is expected to be slower than prior post-recessions periods, Arizona and the Phoenix metro area are projected to continue to outperform the nation in terms of job, population and income growth. City sales tax, as well as state-shared sales, income and vehicle license taxes are all expected to grow modestly in 2017-18, with growth rates ranging from 2.4 percent to 3.8 percent.

The 2017-18 estimate for Special Revenue funds includes a \$9.1 million increase in Transportation 2050 funds, a \$4.0 million increase in secondary property tax revenues, a \$2.6 million increase in 2007 Public Safety Expansion funds, a \$2.6 million increase in Arizona Highway User Revenue funds, and a \$11.5 million increase in various grant funds including community development and other grants. Special Revenue funds also include a \$22.3 million decrease in regional transit revenues, a \$2.8 million decrease in other restricted funds and a \$2.5 million decrease for court award revenues.

## **2017-18 TRANSFERS TO THE GENERAL FUND**

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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 2017-18 total \$69.4 million. This amount reflects \$63.0 million to recoup central service costs and/or payments of in lieu property taxes, the majority of which is from the Aviation, Water and Wastewater, Solid Waste, Convention Center and Development Services funds. Central service provides a repayment to the General Fund for services provided by departments such as Human Resources, Information Technology, Finance, Law and other administrative support areas that are General funded. This transfer is calculated by the Finance Department in accordance with generally accepted full-cost accounting principles and is in accordance with long-established City Council-approved policy.

Approximately \$6.4 million in miscellaneous transfers from other funds is also included. As a result, total transfers to the General Fund exclusive of excise tax-related items are \$69.4 million. A transfer of \$806.6 million from the Excise Tax fund represents the General Fund share of local and state-shared sales taxes, fees and state-shared income taxes. However, this amount is reflected in revenues, rather than a transfer, throughout this section.

## **2017-18 ESTIMATED ENDING BALANCES**

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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 2017-18, \$50.4 million is included for the General Fund contingency, with an additional \$5.5 million set aside for police body cameras and for dealing with a potential shortfall in 2018-19, as 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 2017-18 ending balance of \$679.0 million includes: Transportation 2050 - \$153.9 million; Other Restricted - \$56.0 million; Sports Facilities - \$41.7 million; Development Services - \$39.4 million; Parks and Preserves - \$14.8 million; Arizona Highway User Revenue - \$13.0 million; Police Neighborhood Protection - \$11.3 million; Aviation - \$242.4 million; Wastewater - \$39.3 million; Convention Center - \$35.7 million; Solid Waste - \$4.6 million and a combined \$26.9 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 2017-18, the Enterprise funds ending balances in the aggregate are programmed to decline from \$545.8 million at the beginning of 2017-18 to \$322.0 million at year end.

- The Aviation balance is declining due to an increase in personnel costs as well as increased expenditures for the Terminal 4 South Concourse and for the design and reconstruction of existing airport landscape and irrigation systems.
- Water and Wastewater funds are decreasing as planned primarily due to investment in rehabilitation and replacement of aging infrastructure.
- Solid Waste funds are decreasing due to an increase in personnel costs, additional expenses for equipment and support for the Reimagine Phoenix Campaign, and carryover costs for vehicle replacements.

- The Convention Center fund balance is decreasing due to restored employee concessions; higher operating costs for the tourism and marketing contract with the Greater Phoenix Convention and Visitor Bureau (GPCVB); increased costs for security, electricity, chilled water services and elevator maintenance; and pay-as-you-go capital spending for projects such as audiovisual infrastructure improvements and exterior display board replacements.

Special Revenue fund balances in the aggregate are expected to decrease from \$563.6 million to \$357.0 million.

- The Transportation 2050 fund, which includes public transit and street improvements, is expected to decrease due to various transit projects such as additional bus services and routes, Dial-a-Ride operations and the South Central Light Rail extension and numerous street projects such as improvements to existing infrastructure and construction of new roadways and pedestrian and bicycle paths.
- The Arizona Highway User Revenue fund balance is decreasing primarily due to vehicle and equipment replacements, as well as pay-as-you-go capital spending for street improvements and for construction of new roads.
- The Phoenix Parks and Preserves fund balance is decreasing due to pay-as-you-go capital spending for the acquisition of land and improvements to restrooms, picnic areas and repair of parking lots and trailheads for the Phoenix Mountain Preserve. In addition, operating expenditures are expected to increase in order to extend trailhead hours and increase security and customer service at major trailheads and flatland parks and to increase funding for new dog parks at Deer Valley Park and Reach 11.
- Other Restricted fund balances are decreasing primarily due to planned spending on a variety of pay-as-you-go capital projects.
- Development Services funds are decreasing due to increased personal services costs and spending on technology development, as well as increased spending for pay-as-you-go capital projects.
- The Capital Construction fund balance is decreasing as a result of programming available resources to address critical capital needs such as flood control and local drainage infrastructure.
- Grant fund balances are decreasing due to the planned spending of HOME Program funds for pay-as-you-go capital projects.
- A few Special Revenue fund balances are expected to increase including the Police Neighborhood Protection and Police Public Safety Enhancement funds and the Sports Facilities fund. These funds are increasing primarily due to anticipated increases in total resources.

## **NEGATIVE FUND BALANCES**

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The dedicated public safety funds were severely impacted by declines in sales tax revenues during the Great Recession and increased costs of public safety personnel. In November 2010, the Mayor and City Council adopted a plan to balance these funds as soon as possible using an attrition based approach to prevent layoffs of sworn police and fire personnel. This plan is modified annually to account for changes in attrition, hiring and revised revenue forecasts. All of the dedicated public safety funds are projected to have positive fund balances on a budgetary basis at the end of fiscal year 2017-18, with the exception of the Fire Public Safety Expansion fund. The negative balance in this fund reflects worst case scenario projections if the full budgetary appropriation were to be expended. However, as a result of the actively managed balancing plan, staff expects the Fire Public Safety Expansion fund to end with a positive balance at the end of fiscal year 2017-18.



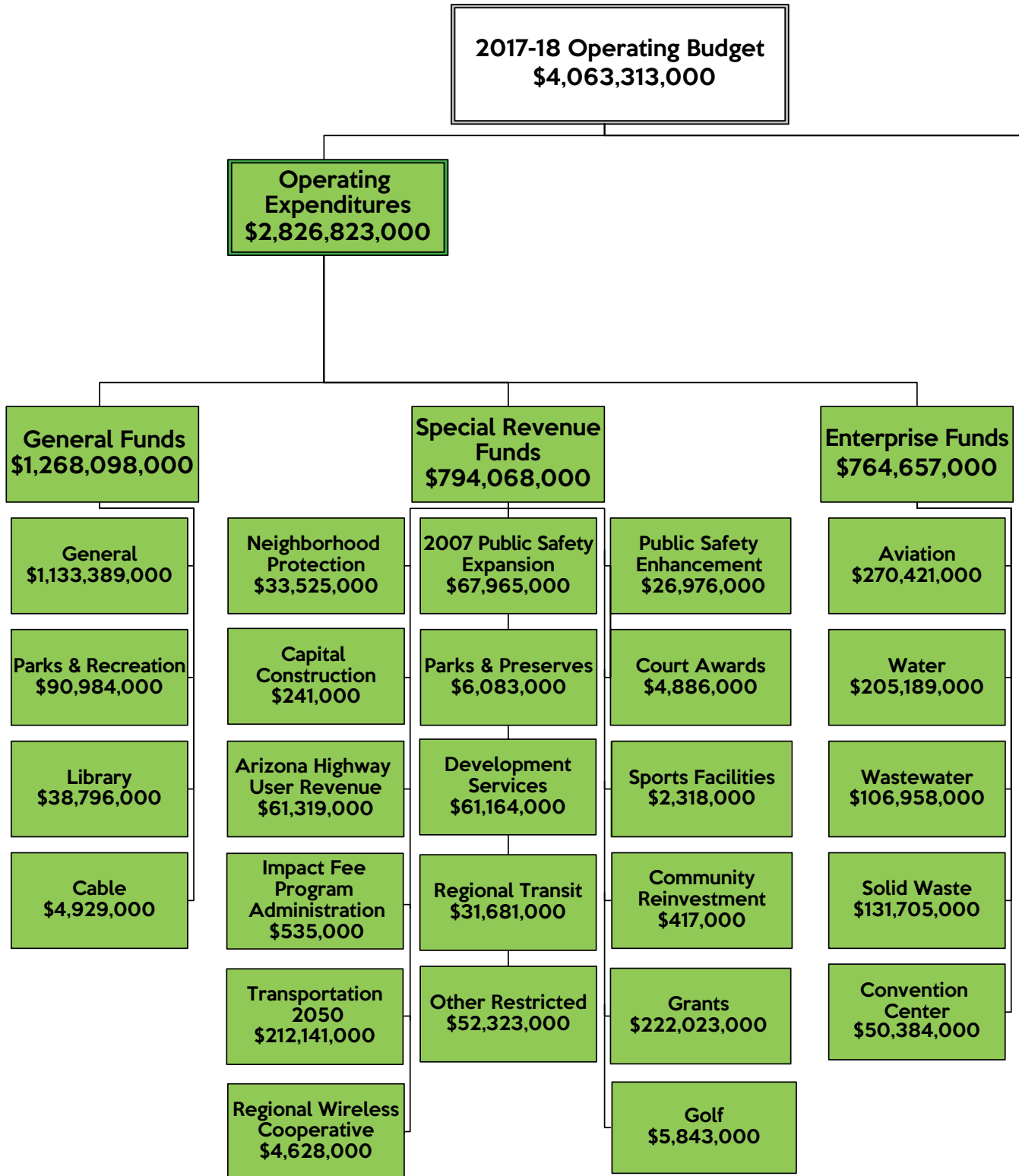
The Highest S&P  
Credit Rating of the  
5 Largest U.S. Cities

**STRONG CREDIT RATING**

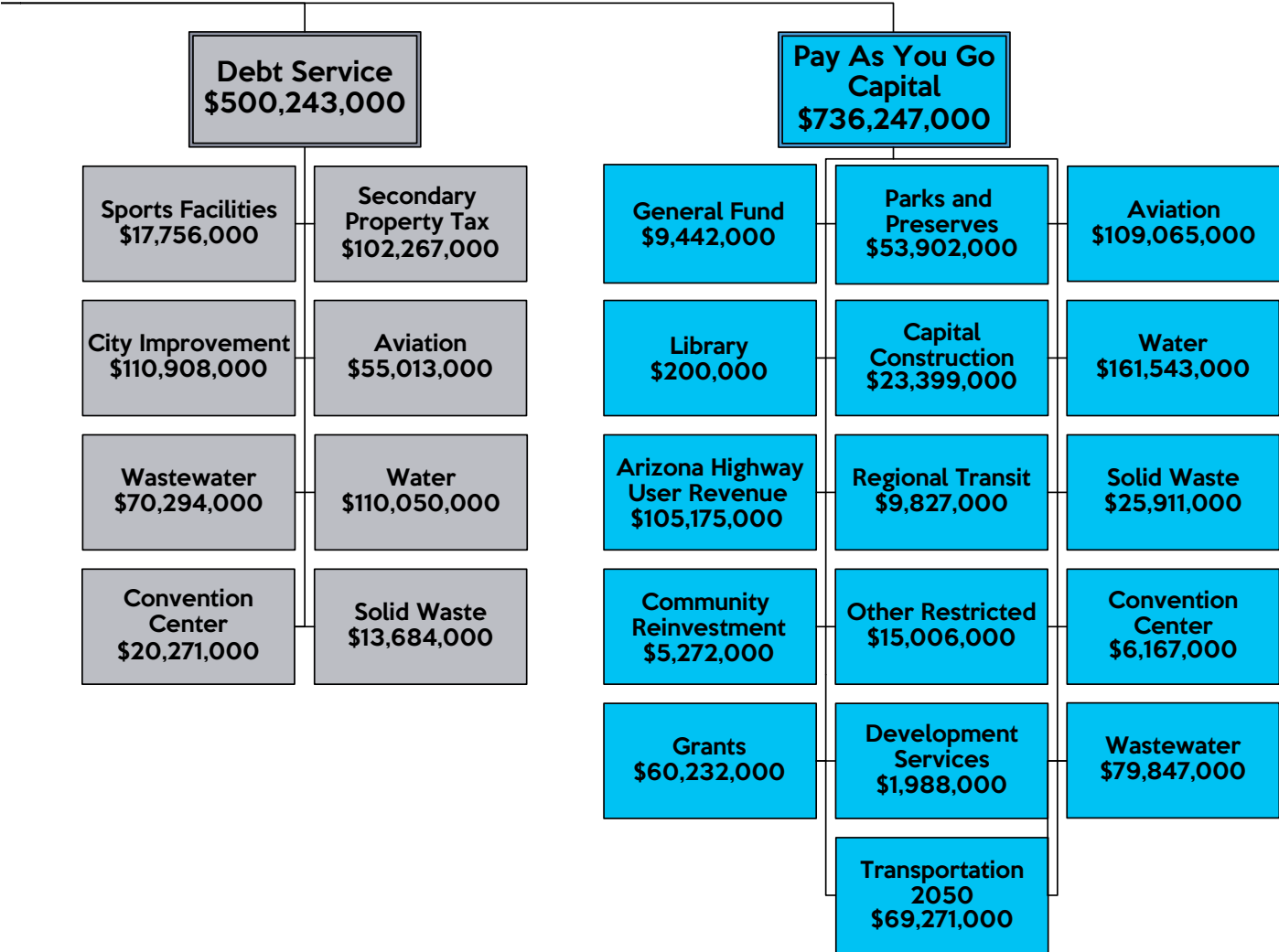
**AA+**

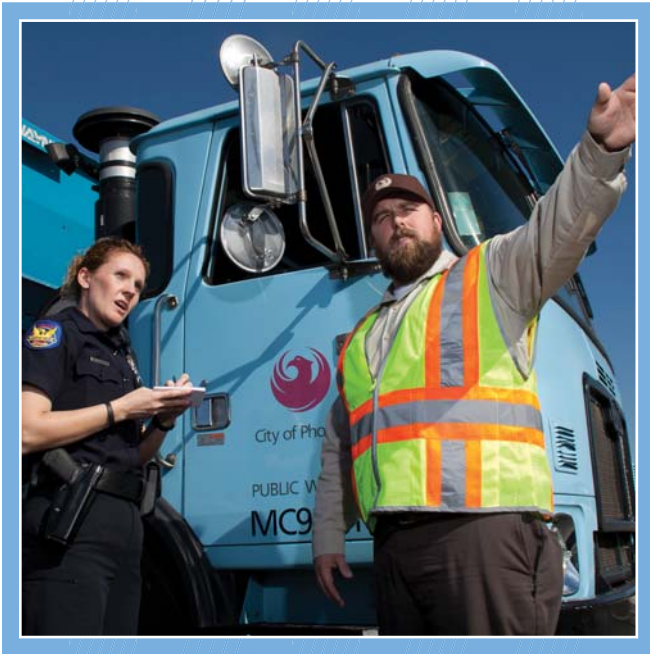
**STABLE OUTLOOK**

# CITY OF PHOENIX FINANCIAL ORGANIZATIONAL CHART



# CITY OF PHOENIX FINANCIAL ORGANIZATIONAL CHART





## SERVICES TO THE COMMUNITY

Phoenix is the core of Maricopa County and the state's population and economic center. With its attractive climate, 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 progress out of the severe recession from a few years ago, and city revenue collections reflect modest growth.

Population in Phoenix has consistently outpaced the U.S. growth over the last several years, and according to the most recent census estimates, is more than 1.6 million making Phoenix the nation's fifth-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, technology, retail trade, leisure and hospitality services, financial activities, construction and manufacturing. While economists expect further increases in the number of jobs, the improvement in the economy is still expected to be slower than historic recoveries.

The 2017-18 budget provides a balanced General Fund with service additions reflecting the comments received from the community, the Mayor and City Council regarding the importance of maintaining current city services and a strong city organization. The feedback received this year focused on public safety, homelessness, youth and senior programming, library services, street maintenance and repair, parks, community centers and arts funding. These additions reflect enhancements to several critical areas such as public safety, community enrichment, transportation and community development.

The budget reflects Phoenix's continued commitment to keeping public safety its highest priority and includes: the addition of 16 new police assistant positions to allow police officers to focus on higher priority calls for service; increased homeless outreach to allow the City to efficiently and effectively address community concerns regarding growing street homeless issues; and the conversion of temporary security guard positions at the Library to permanent positions.

The General Fund also includes increased funding for: grants with a focus on youth arts programs; on-line library materials to expand the inventory; public art maintenance; and voter outreach to increase voter turnout at City elections.

Significant services to the City 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. Important non-General Fund changes include the following service additions: a dedicated ambulance at Phoenix Sky Harbor International Airport to improve response time; 27 new positions in the Planning and Development department to meet the needs of current workload and expected increases in the development process; 22 new park rangers needed to expand trailhead hours and to enforce rules at flatland parks; funding to establish a Solid Waste Apprenticeship program to build the future workforce; and as a result of funding from the Phoenix Transportation 2050 Plan, bus service to several routes is expanded and multiple street transportation programs are enhanced.

The chart that follows indicates how major services provided to Phoenix residents have been adjusted in response to local economic and financial conditions.



**PROGRAM SERVICE  
LEVEL IN 2006-07**

**SERVICE CHANGES  
THROUGH 2016-17**

**SERVICE CHANGES  
FOR 2017-18**

**PUBLIC SAFETY**

**POLICE**

**Personnel Resources:**

In 2006-07, the Police Department had 3,230 sworn officers or 2.1 for every 1,000 residents, and 1,083 civilian employees.

The 2016-17 budget included funds to implement the first phase of a four to five-year Body-worn Camera program. In addition, funding was provided to hire a Police Psychologist to provide counseling, crisis intervention and psychology consultation services for department staff. In addition, the budget reflected the elimination of 27 vacant civilian positions.

Significant hiring efforts continued in 2016-17 with the goal to reach 3,125 filled sworn positions by the end of FY2017-18. The hiring plan for 2016-17 included the hiring of 218 police officers.

The 2017-18 budget includes funds to hire 16 Police Assistants and associated equipment aimed at improving response times by allowing officers to focus on higher priority calls for service.

With the balancing of the Police Public Safety Specialty Funds in the prior fiscal year, the hiring plan continues with the hiring of 259 police officers during 2017-18.

In the 2017-18 budget, it is anticipated that the department will have 3,273 authorized sworn positions or 2.1 for every 1,000 residents, and 1,044.6 civilian employees.

**Response Time Average:**

Response time for 2006-07 Priority 1 emergency calls was an average of 5 minutes 48 seconds.

With the large number of sworn vacancies throughout the Police Department, overtime usage has increased greatly to maintain minimum staffing levels within patrol. This has negatively impacted response times for Priority 1 emergency calls which are currently 6 minutes and 24 seconds. During this same time period, the department has attempted to maintain the percentage of 911 calls answered within 10 seconds in the mid-90th percentile; however, hiring and staffing challenges have reduced the percentage to 88% for the budget year 2016-17.

The 2017-18 budget provides for an estimated 6 minute and 30 seconds average response time for Priority 1 calls.

**PUBLIC SAFETY**

**FIRE**

**Response Time Average:**

In 2006-07, the Fire Department maintained an average response time of 5 minutes 4 seconds for all fire and medical emergency calls.

Since 2006-07, response times have increased to 5 minutes 29 seconds for all fire and medical emergency calls. This increase is at least partly attributed to staffing and deployment changes for paramedic engine companies and ambulances. The overall incident activity level increased 39 percent from 2006-07 to 2016-17.

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.

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

The 2016-17 budget for the Department eliminated three civilian positions as part of the city-wide vacancy elimination and one additional civilian position was moved out of the Department to support City Human Resources. The Department closed the Fire Uniform Store.

The 2017-18 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 Department added one alternative response vehicle (LA18) at Fire Station 18 to meet increasing peak demands for medical treatment.

**PROGRAM SERVICE  
LEVEL IN 2006-07**

**SERVICE CHANGES  
THROUGH 2016-17**

**SERVICE CHANGES  
FOR 2017-18**

**PUBLIC SAFETY**

**FIRE**

**Emergency  
Transportation:**

In 2006-07, the City of Phoenix had a total of 23 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 included no changes in service for Emergency Transportation.

The 2016-17 budget included no changes in service for Emergency Transportation, which includes a total of 23 full-time and 14 part-time ambulances in service.

The 2017-18 budget includes the addition of one dedicated part-time ambulance for emergency response at Sky Harbor Airport. This unit will assure compliance with timely ambulance transportation response. This addition will give the Department a total of 23 full-time and 15 part-time ambulances in service.

**PROGRAM SERVICE  
LEVEL IN 2006-07**

**SERVICE CHANGES  
THROUGH 2016-17**

**SERVICE CHANGES  
FOR 2017-18**

**TRANSPORTATION**

**PUBLIC TRANSIT**

**Service Miles/Hours:**

In 2006-07, because of continued enhancements as well as a full year of service improvements, 17,886,000 miles of annual bus service and 336,650 hours of Dial-a-Ride services were provided on weekdays and weekends in the City of Phoenix.

Annual 2015-16 bus revenue miles are estimated at 17,202,500, Express/RAPID revenue miles are estimated at 920,700, and Dial-a-Ride service hours are estimated at 323,810.

City Council approved bus service modifications implemented in October 2015 and April 2016. Public Transit modified several bus routes, increased route frequency on some existing routes, and added one new bus route to meet ridership demand and improve route efficiency.

Annual 2016-17 local bus revenue miles are estimated at 17,206,500, Express/RAPID revenue miles are estimated at 920,700 and Dial-a-Ride service hours are estimated at 323,286.

City Council approved expanding bus service and increasing service frequency in Phoenix to at least every 30 minutes on all routes in October 2016 and April 2017. Public Transit also extended Route 39 to Dreamy Draw Park and Ride and extended Route 122 to service both Arizona State University West and 19th Avenue & Dunlap light rail station.

Annual 2017-18 local bus revenue miles are estimated at 19,836,900, Express/RAPID revenue miles are estimated at 920,700 and Dial-a-Ride service hours are estimated at 322,760.

In October 2017, Phoenix Public Transit is extending Route 19 to service Happy Valley Towne Center, Route 60 to service 24th Street & Camelback area, and improving frequency on Routes 29 and 50. In April 2018, Public Transit is extending Route 32 and Route 51 to Baseline Road.

**Average Weekday Bus  
Ridership:**

In 2006-08 the average weekday bus ridership increased to 157,000.

In the 2015-16 budget, average weekday ridership is estimated at 125,097.

In the 2016-17 budget, average weekday ridership is estimated at 125,097.

In the 2017-18 budget, average weekday ridership is estimated at 127,600.

**PROGRAM SERVICE  
LEVEL IN 2006-07**

**SERVICE CHANGES  
THROUGH 2016-17**

**SERVICE CHANGES  
FOR 2017-18**

**TRANSPORTATION**

**STREET  
TRANSPORTATION**

**Major and Collector  
Street Sweeping and  
Maintenance:**

In 2006-07 there were no changes from the prior year and frequency of service remained at every two weeks.

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 2015-16.

The 2016-17 budget included no changes in service for major and collector sweeping and maintenance.

The 2017-18 budget includes no changes in service for major and collector sweeping and maintenance.

**Residential Street  
Sweeping:**

In 2006-07, the City of Phoenix provided street sweeping service four times a year.

There were no changes in residential street sweeping from fiscal year 2007-08 through 2015-16.

The 2016-17 budget included no changes in service for residential street sweeping.

The 2017-18 budget included no changes in service for residential street sweeping.

**PROGRAM SERVICE  
LEVEL IN 2006-07**

**SERVICE CHANGES  
THROUGH 2016-17**

**SERVICE CHANGES  
FOR 2017-18**

**TRANSPORTATION**

**STREET  
TRANSPORTATION**

**Sealcoat:**

The 2006-07 budget provided sealcoating to 40 miles of city streets. This was a reduction from the prior year due to an increase in the cost of materials.

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

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

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

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

No changes were included in the 2013-14 budget.

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

The 2015-16 budget included 68 miles of streets to be sealcoated. It also included 10 miles of the FAST, and 26 miles of preservative arterial street crack sealing programs. T2050 funds from passage of Proposition 104 improved the budget, coupled with the availability of improved technology allowed for revamping of the sealcoat program to increase the level of service.

The 2016-17 budget provided funding for 297 miles of streets to be sealcoated. New resurfacing treatments were added that include Tire Rubber Modified Surface Seal (TRMSS) and Polymer Modified Masterseal (PMM). The addition of these treatments, and additional Arizona Highway User Revenue (AHUR) funding, allowed the number of miles treated to increase to a total of 360 miles.

The 2017-18 budget includes 306 miles of streets to be sealcoated. The number of miles sealcoated may vary year over year based on the streets selected and the distribution of wide versus narrow streets treated. It can also vary based on the method of sealcoat used.

**PROGRAM SERVICE  
LEVEL IN 2006-07**

**SERVICE CHANGES  
THROUGH 2016-17**

**SERVICE CHANGES  
FOR 2017-18**

**TRANSPORTATION**

**STREET  
TRANSPORTATION**

**Asphalt Overlay:**

In 2006-07, 73 miles were overlaid. This decrease is 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 (AHUR) Funds from the prior year.

The 2013-14 budget provided for 106 miles of overlay. The projected amount is the result of a decrease in the elimination of the American Recovery and Reinvestment Act (ARRA) funding and the addition of \$5 million in AHUR.

The 2014-15 budget 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.

The 2016-17 budget allowed for 90 miles of streets to be overlaid. Additional AHUR funding was added to increase the total amount to 121 miles.

The 2017-18 budget provides for 91 miles of overlay. The number of miles resurfaced can vary year over year based on the streets selected and the distribution of wide versus narrow streets being treated.

**PROGRAM SERVICE  
LEVEL IN 2006-07**

**SERVICE CHANGES  
THROUGH 2016-17**

**SERVICE CHANGES  
FOR 2017-18**

**COMMUNITY DEVELOPMENT**

**HOUSING**

**Scattered Sites Housing  
Program:**

In 2006-07, the Housing Department had 433 units.

This homeownership program allows eligible tenants the opportunity to purchase a home. Between 1998-99 and 2007-08, the program's total inventory expanded to 480 units.

In the 2017-18 budget, the program is expected to sell 45 units, reducing its inventory to 286 units.

At the end of 2016-17, the inventory of 334 units reflects the sale of 147 homes to eligible residents over the past decade and the transfer of 4 units to a local nonprofit agency.

**Affordable Housing  
Program:**

In 2006-07, this program had 1,382 units for families and individuals.

By the end of 2011-12, the Affordable Housing Program was expanded to a total of 3,115 city-owned units for families and individuals, with the addition of 483 units from the newly renovated units at Park Lee and The Symphony.

In the 2017-18 budget, the program is expected to increase to approximately 2,778 units, which results from the acquisition of 15 units at Phoenix Starfish Place.

At the end of 2016-17, the Affordable Housing Program consists of 2,763 units for families.

**Federal Assisted Housing  
Program:**

In 2006-07, Phase II of the HOPE VI project was completed which added 100 units to the conventional housing inventory. Also during this period, 14 original units at Matthew Henson were removed from the inventory and were maintained for historical preservation. The total at the end of the 2006-07 was 1,602.

At the end of 2016-17, the Federal Assisted Housing Program consists of 2,608 units for families and individuals.

In the 2017-18 budget, the program is expected to decrease the number of units for a total of 2,563.

**Housing Payment  
Assistance Program:**

This is a new measure.

At the end of 2016-17, the rental assistance program will provide 6,700 units of vouchers for low income residents in the private housing market.

In the 2017-18 budget, the program is expected to maintain 6,700 units of vouchers for low income residents in the private housing market.



**COMMUNITY DEVELOPMENT**

**NEIGHBORHOOD  
SERVICES**

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

In 2006-07, case cycle times reduced slightly to 60 days.

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, the overall average case cycle time was 33 days.

In 2015-16, the overall average case cycle time was 34 days.

In 2016-17 the overall average case cycle time is estimated at 34 days or less.

The 2017-18 budget includes no changes in service for Neighborhood Preservation case cycle time.

**COMMUNITY DEVELOPMENT**

**ECONOMIC  
DEVELOPMENT**

**Employment Growth Rate  
Compared to Other Cities:**

In 2006, Phoenix's employment growth rate was better than all of the following benchmark cities:

**PHOENIX – 4.07%**

- Austin – 3.32%
- San Antonio – 2.95%
- Dallas – 2.76%
- Fort Worth/Arlington – 2.35%
- San Diego – 1.3%
- Kansas City – 1.14%
- San Jose – 1.14%
- Los Angeles/Long Beach – 0.29%

As the below figures show, employment growth in 2016 has increased for most cities. The Phoenix unemployment rate dropped approximately 0.7% by the end of 2016 as compared to the same time in 2015.

Based on data from the Bureau of Labor Statistics, Phoenix ranked 2nd in the Employment Growth Rate in 2016 compared to the following benchmark cities:

- Dallas – 3.8%
- PHOENIX – 3.4%**
- Austin – 3.0%
- Ft. Worth – 2.7%
- San Francisco – 2.64%
- Denver – 2.60%
- San Antonio – 2.5%
- Los Angeles – 2.2%
- San Jose – 2.1%
- San Diego – 1.6%
- Kansas City – 0.5%

Based on data from the Bureau of Labor Statistics and Arizona Department of Administration, the Phoenix Metro employment level is expected to increase by 115,000 jobs from 2016 to 2018.

Phoenix's employment growth rate increased by 0.6% in 2016 from 2015, and Phoenix moved up from 5th to 2nd ranked city (compared to the previously listed cities). It is anticipated employment will continue to grow significantly in 2017-18.

**PROGRAM SERVICE  
LEVEL IN 2006-07**

**SERVICE CHANGES  
THROUGH 2016-17**

**SERVICE CHANGES  
FOR 2017-18**

**COMMUNITY ENRICHMENT**

**HUMAN SERVICES**

**Head Start Program:**

In 2006-07, the program served 3,765 children.

The program served 3,667 children during 2015-16, of which, 845 were included in the Early Head Start Program.

The 2017-18 budget includes no changes in service.

The program is expected to serve 3,451 children during 2016-17, of which, 488 are included in the Early Head Start Program. Children served will decrease because of an approved slot reduction to accommodate increased administrative costs.

**Senior Nutrition Program:**

In 2006-07 the program expanded to serve more than 600,000 congregate and home-delivered meals having expanded space at the Devonshire Senior Center.

For 2015-16, the program served 538,133 meals.

The 2017-18 budget includes no changes in service.

For 2016-17, the program is expected to serve 505,323 meals. The meals served are expected to decrease because of decreased program referrals from the State of Arizona.

**PARKS AND  
RECREATION**

**Swimming Pools:**

In 2006-07, 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.

No changes are included in the 2017-18 budget for swimming pools.

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.

No changes were included in the 2015-16 budget.

No changes were included in the 2016-17 budget.

**PROGRAM SERVICE  
LEVEL IN 2006-07**

**SERVICE CHANGES  
THROUGH 2016-17**

**SERVICE CHANGES  
FOR 2017-18**

**COMMUNITY ENRICHMENT**

**PARKS AND  
RECREATION**

**Swimming Pool Season:**

The 2006-07 budget allowed for a nine-week season.

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

No changes are included in the 2017-18 budget for swimming pool season.

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. Pools 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 were included in the 2014-15 budget.

No changes were included in the 2015-16 budget.

In 2016-17, 18 pools were open on Memorial Day weekend through the last weekend in July; 11 pools were open in August through the Labor Day Holiday.

**Children's Summer  
Recreation Programs:**

In 2006-07, 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 36 sites and 50 program units (some sites have more than one program).

No changes are included in the 2017-18 budget for children's summer recreation PAC programs.

The 2008-09 budget reduced summer PAC to 20 sites.

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

Beginning June 2010, all summer PAC sites were eliminated.

No changes were included in the 2016-17 budget.

**PROGRAM SERVICE  
LEVEL IN 2006-07**

**SERVICE CHANGES  
THROUGH 2016-17**

**SERVICE CHANGES  
FOR 2017-18**

**COMMUNITY ENRICHMENT**

**PARKS AND  
RECREATION**

**School Recreation  
Program During School  
Year.**

In 2006-07, 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 84 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 (PAC) sites were restored, which brought the total number of sites to 39.

The 2013-14 budget increased after-school sites to 44.

In 2014-15, the number of after-school sites started with 44. Two sites were cancelled in mid-year due to low enrollment.

The 2015-16 budget had 42 after-school sites.

In 2016-17, eight smaller sites were combined into four "super" sites, which reduced the number of sites to 38.

No changes are included in the 2017-18 budget for during school year recreation programs.

**PROGRAM SERVICE  
LEVEL IN 2006-07**

**SERVICE CHANGES  
THROUGH 2016-17**

**SERVICE CHANGES  
FOR 2017-18**

**COMMUNITY ENRICHMENT**

**LIBRARY**

**Central Library:**

The Burton Barr Central Library opened in May 1995. The 2006-07 budget included 66 hours of operation per week.

The 2007-08 budget included opening the Burton Barr 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 Burton Barr Central Library was reduced and the printed version of the calendar of events was eliminated.

In March 2009, the hours of operation at the Burton Barr Central Library were reduced from 72 to 52 hours per week. 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 Burton Barr Central Library were reduced.

In December 2010, the hours at Burton Barr 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 electronic-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 ReEngage Phoenix program to provide adults 21 and older, and youth who have not completed high school with the opportunity to earn an accredited high school diploma and a career certificate through Career Online High School.

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

The 2016-17 budget restored \$100,000 for electronic materials, representing a 22% increase. Funding provided an alternative method of delivering services following reductions to branch hours in 2009-10 and 2010-11.

In January 2017, we entered into a contract with Southwest Autism Research & Resource Center to operate a café at Burton Barr Library.

The 2017-18 budget converted one full-time and 1.2 FTE of part-time temporary municipal security guard positions to permanent status to improve safety and customer service at the Burton Barr Central Library.

It also eliminated funding for contractual services to add 0.6 FTE of a part-time library assistant position to implement and manage programs to engage youth in computer coding and other Science, Technology, Engineering, Arts and Math (STEAM) educational activities.

The 2017-18 budget adds \$15,000 for electronic-materials. E-materials are available on-line 24 hours a day, 7 days a week.

**COMMUNITY ENRICHMENT**

**LIBRARY**

**Branch Libraries:**

In the 2006-07 the new Cesar Chavez Library opened, 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 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 reshelving 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 2013, an automated materials handling system was installed at Mesquite Library, generating efficiencies and enabling customers to return materials 24/7 and get immediate acknowledgement of the return.

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.

In 2013, the FitPHX Energy Zones program, an after-school health education program for Phoenix youth ages 10-14, was established in three Phoenix Public Library locations: Harmon, Palo Verde and Yucca. In October 2015, through a Super Bowl grant, these three locations installed active computer workstations so customers can walk at a leisurely pace on a treadmill while using one of the library's public computers. In April 2016, the FitPHX Kids, Energy Zones and Active Workstations Program received the President's Medal for Social Embeddedness from Arizona State University.

The 2017-18 budget includes no changes in service for branch libraries.

**PROGRAM SERVICE  
LEVEL IN 2006-07**

**SERVICE CHANGES  
THROUGH 2016-17**

**SERVICE CHANGES  
FOR 2017-18**

**ENVIRONMENTAL SERVICES**

**WATER SERVICES**

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

In a March 2007 survey, Phoenix's average monthly water bill compared favorably to the following benchmark cities:

San Jose – \$45.73  
Kansas City – \$34.21  
Austin – \$34.03  
Dallas – \$33.35  
Albuquerque – \$28.84  
Tucson – \$28.53  
**PHOENIX – \$25.35**  
San Antonio – \$19.16

In an April 2017 survey, Phoenix's average monthly water bill compared favorably to the following benchmark cities:

Austin – \$101.95  
San Diego – \$102.41  
San Jose – \$89.04  
Philadelphia – \$68.67  
Dallas – \$57.52  
Albuquerque – \$40.38  
**PHOENIX – \$39.56**  
San Antonio – \$20.82

It is anticipated Phoenix water rates will continue this trend during 2017-18.

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

In a March 2007 survey, Phoenix's average monthly wastewater bill compared favorably to the following benchmark cities:

Austin – \$50.87  
Dallas – \$33.40  
Kansas City – \$25.53  
San Jose – \$21.63  
San Antonio – \$20.78  
Tucson – \$20.30  
**PHOENIX – \$19.06**  
Albuquerque – \$15.96

In an April 2017 survey, Phoenix's average monthly wastewater bill compared favorably to the following benchmark cities:

Austin – \$68.63  
San Diego – \$47.13  
Philadelphia – \$47.12  
Dallas – \$39.59  
San Jose – \$35.60  
San Antonio – \$27.62  
**PHOENIX – \$22.27**  
Albuquerque – \$13.77

It is anticipated Phoenix wastewater rates will continue this trend during 2017-18.





# 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

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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 steps continued to be carried out to enhance the City's budget process, making it a year-round, flexible process.

- Staff presents an early and detailed budget status to facilitate enhanced strategic resource and expense discussions. This resulted in the adjustment of estimated revenue and expenditures based on early budget results. Also, detailed economic analysis was provided.
- For the third consecutive year, Budget and Research consulted with the University of Arizona Economic Business Research Center to enhance the City's sales tax revenue forecasting model. The partnership resulted in improved revenue projections as we now have access to independent expert economists who understand the impact that local and global economic changes have on the Phoenix economy. For fiscal year 2015-16, our revenue forecast (excluding year-end adjustments) came within 0.1% of actuals.
- Staff engages in the financial best practice of providing a Five-Year General Fund Forecast to facilitate long-term fiscal planning and strategic decision making by policymakers.
- Staff compiles 19 key Phoenix economic indicators in a quarterly report. The indicators are provided to the city council subcommittee and are posted online. The data can reveal an overall picture of recent economic activity trends specifically within Phoenix.
- Budget and Research coordinates pre-submittal Capital Improvement Program budget briefings to council subcommittees to provide earlier and additional opportunities for input.

Each fall, departments start from zero and submit an estimate of the costs associated with providing their current levels of service for the following year (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 five 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 Budget is reviewed.

## 2017-18 BUDGET PROCESS

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### Initial Budget Status

On September 27, 2016, staff provided an early review of the 2015-16 General Fund budget results. Resources exceeded estimates by 0.7%, and spending came in lower by 0.2%. As a result, the General Fund balance was \$10.5 million over expected results. Staff cautioned that this additional \$10.5 million was one-time, not ongoing, and was largely the result of year-end accounting adjustments. Actual revenue, absent year-end adjustments, was in line with projections, so current year revenue adjustments were not required at the time.

### Early Budget Status Update

On January 10, 2017, staff provided the early status update on the 2017-18 budget development process and began discussing items that would have a significant impact on the overall budget status for the upcoming fiscal year.

Staff provided the projected General Fund budget balance range for 2017-18 that had been refined over the past 10 months as follows:

- February 2016 Five-Year forecast: (\$9 million) to (\$30 million).
- September 2016 fiscal year-end update: +\$1.5 million to (\$19.5 million).
- January 2017 early budget status report: \$0 to (\$5 million).

Staff identified five main areas to evaluate in developing the Five-Year General Fund Forecast and the Trial Budget:

- Contingency fund level.
- General Fund revenue outlook.
- Infrastructure and capital needs.
- Service levels.
- Employee compensation and increasing pension costs.

### Zero-Based Budget Inventory of Programs

On February 7, 2017, for the sixth consecutive year, Budget and Research provided detailed preliminary estimates with multiple year-to-year comparisons in the zero-based budget inventory of programs document. The City's budget was 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, performance measures and other key budget detail for the more than 400 programs and services citywide.

The Zero-Based Inventory of Programs document was provided a full six weeks prior to the City Manager's Trial Budget and subsequent community budget hearings. By detailing the more than 400 City programs and services and providing a complete view of the City's current year budget along with a preliminary look at next year's estimates, the Mayor, Council and public could begin reviewing this important information very early in the process.

### Preliminary Status of 2017-18 General Fund Budget and Five-Year Forecast

On February 21, 2017, for the sixth consecutive year, Budget and Research provided the five-year General Fund forecast. The multi-year forecast is a financial management best practice that provides the City Council with a tool for long-term planning and strategic decision-making. The forecast showed a balanced budget for 2017-18.

The February 2016 Five-Year Forecast projected that without any action, the City would have a General Fund budget deficit of (\$9M) to (\$30M) for 2017-18. With sustained effort, several steps have led to a projected balanced budget for fiscal year 2017-18 (this assumed no actions by the State to change revenue from existing projections). These include accumulating one-time savings of \$10.5 million in fiscal year 2015-16 and proactive steps in 2016-17 to reduce ongoing costs and to defer and reduce spending wherever possible.

Over the last few years, the Council has also taken necessary actions to protect City services while facing very challenging financial conditions. The Council has led important fiscal reform measures, including:

- \$125 million in innovation and efficiency savings to date since 2010.
- Elimination of approximately 2,700 positions since fiscal year 2007-08 resulting in the smallest government per capita since 1970-71.
- Consistently raising the contingency fund to its highest level in our history.
- Balancing the deficit in the Public Safety funds without sworn layoffs and the planned hiring of more than 490 police officers and 180 firefighters between now and the end of fiscal year 2019-20.

With this strong fiscal planning and early action, the projected funding gap for 2017-18 was eliminated.

In combination with the preliminary budget status, the Five Year General Fund Forecast presented a strategic and long-term view of the City budget, providing necessary context and considerations for well-informed budget discussions and decisions.

### **Public Safety Funds Forecast and Hiring Plan**

On February 21, the City Council received its seventh 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.

Staff reported the Council's adopted plan was successful in preventing sworn layoffs and balancing a deficit in the sales tax funds, and that hiring was underway to reach the sustainable level of 3,125 police officers and 1,615 firefighters.

Budget and Research emphasized the significant rise in pension costs was a challenge and that staff would continue to monitor the Public Safety Funds and update Council on any recommended changes as needed.

### **City Manager's 2017-18 Trial Budget**

On March 21, 2017, the Mayor and Council were presented with the 2017-18 City Manager's Trial Budget. It is an important step in the City's zero-based budget development process. It also provides the Mayor and City Council, the community and City employee groups an opportunity to review a proposed balanced budget well in advance of the deadlines for making final budget decisions.

Throughout the year, the City Council and city management made careful preparations. As a result, staff reported the General Fund portion of the 2017-18 Trial Budget included a small surplus of approximately \$1.9 million in ongoing savings that could be used to address critical public safety needs, requests from the community for new or expanded services, and/or be set aside to address future budget needs or revenue shortfalls. Highlights from General Fund resource recommendations were:

1. Add police assistants to help shift some administrative duties from sworn officers to civilians, freeing up officer time for more proactive community work.
2. Add additional homelessness outreach teams citywide.
3. Make safety, security, and education staffing permanent at the Central Library.
4. Set aside funds as a head start on a projected 2018-19 budget deficit.

Highlights from other funding sources included:

1. Add 22 new park ranger positions for flatland parks and mountain preserves.
2. Add funding for Aviation safety and security, including an ambulance dedicated to Phoenix Sky Harbor Airport.
3. Add Planning and Development positions needed to accommodate growth in workload.
4. Increase frequency and extend bus routes.
5. Add funding to create an apprenticeship program, enhance the Reimagine Phoenix campaign and improve employee safety.

Staff further reported that due to higher than anticipated assessed property values and successful refinancing using the City's high credit rating, the overall property tax rate of \$2.17 could be reduced to \$2.16 next fiscal year.

## **Community Input**

The Trial Budget was presented at 17 budget hearings conducted throughout the community in all council districts 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, Prensa Hispana, La Voz and Asian American Times. 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.

Two new locations were used this year: First Institutional Baptist Church in a citywide forum hosted by Mayor Stanton and North Mountain Visitor Center hosted by Councilwoman Debra Stark. Additionally, citywide hearings were held for Spanish language speakers, seniors and youth. Daytime hearings were held in addition to evening hours to respond to last year's concern about opportunities for senior participation.

About 230 comments were heard at the hearings and approximately 115 comments were received via email and social media. Public comments mostly focused on the following topics:

1. Preserving existing services.
2. Increased library access and expanded hours.
3. Hiring of police officers.
4. Increased funding for homelessness.
5. Increased funding for arts and public art maintenance.
6. Increased funding for youth programs.
7. Increased funding for street maintenance and repair.
8. Increased funding for parks, pedestrians, and shade.
9. Increased funding for community centers and senior programs.

Of the 115 comments received via email, 75 or approximately 65% were to express increased support for expanded library hours. The remaining comments expressed support for parks and dog parks (22); hiring police officers (4); additional support of homeless services (3); and increased funding for neighborhood services and streets (6). The rest of the email and social media comments (5) expressed support for arts and human services.

The public could access the written summary minutes and video recordings of completed budget hearings at [phoenix.gov/budget](http://phoenix.gov/budget), Phoenix 11 and the City of Phoenix YouTube channel.

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

On May 9, a revised budget package that reflected feedback from the community was presented to the Mayor and City Council for information and discussion.

The proposed changes represent the City Manager's best effort to follow City Council and community priorities in allocating scarce resources to keep Phoenix a safe, dynamic and desirable community. In response to public comment and input, both on-line and in-person, the following revisions to the Trial Budget were proposed for City Council consideration:

Maintain existing service levels, police and fire hiring plans, and proposed Trial Budget additions explained earlier, except the following:

- A. Retain one Human Services caseworker position, originally intended to be eliminated, and assign it to the Misdemeanor Repeat Offender Program (MROP). This change would add an additional caseworker to the MROP program and provide for better case management.

B. With further refinement of the vehicle replacement program, staff identified an additional \$66,000 in General Funds, growing the unallocated carry forward for 2018-19 from \$641,000 to \$707,000. The revised proposed budget would have \$637,000 available to carry-forward to 2018-19. The additional \$70,000 in resources would be used in items 1-4 below. However, if there is a budget deficit next year (2018-19) requiring service reductions, the following additions would be the first cuts proposed:

1. \$25,000 additional to Central Arizona Shelter Services (CASS) contract to assist with caseworker support and related expenses associated with providing emergency shelter, bringing Phoenix's contract with CASS to \$791,038 its highest level since 2007-08.
2. \$20,000 additional to arts grants, with a focus on youth arts programming, which would restore General Fund support for the arts grant program to \$660,000, its highest level since 2001-02.
3. \$15,000 for additional on-line materials for the Library, allowing the Library to add to its current inventory. This would make several hundred more items available on-line.
4. \$10,000 additional to public art maintenance, raising the annual level by 13% to \$84,000. This would provide 84% of the annual funding requested, up from 50% two years ago.

### **Other Highlights from the 2017-18 Proposed Budget**

#### Police Hiring

The Proposed Budget funds the hiring of over 250 police officers, raising staffing total to 3,125 sworn officers in 2018.

#### Street Maintenance, Bikes and Pedestrian Improvements

Under the policy guidance of the Citizens Transportation Commission, Transportation and Infrastructure Subcommittee and the City Council, staff is using Transportation 2050 funding, adopted by voters in 2015, for a variety of improvements and capital and maintenance needs throughout Phoenix

#### Tree and Shade Canopy

Concerns were raised during the budget hearing process regarding maintenance of the City's tree canopy. Beginning in the 2017-18 budget, staff proposed using approximately \$392,000 in Arizona Highway User Revenue funds and about \$100,000 in Phoenix Parks and Preserves Initiative funds to protect the current City-owned tree inventory and begin replacement of any City-maintained trees damaged beyond repair.

#### Summer Youth Jobs

Utilizing federal Workforce Innovation Opportunity Act funding, the Community and Economic Development Department dedicates significant resources to support at-risk youth. In 2017, youth workforce development services will support eligible youth with the attainment of high school diploma or equivalent, enrollment in postsecondary education, skills development through classroom occupational training and work experience opportunities, job and career readiness for unsubsidized employment and effective connections to employers across industry sectors. The department will also issue a Request for Proposal in 2017 for a new Career Pathways and Youth Employment program, a two-year program, with the first year focused on work readiness, customer service training, work experience and employment.

On May 23, 2017, the City Council approved the 2017-18 City Manager's Proposed Budget, which provides a balanced budget as required by City Charter. The budget for action was the same as presented on May 9 with the following proposed changes:

Reduce General Fund set-aside from \$637,000 to \$500,000, with the \$137,000 for two enhanced programs:

- A. \$125,000 to City Clerk Department to enhance the early voting process to encourage greater participation; and
- B. \$12,000 more to the CASS contract to enhance case management at Central Arizona Shelter Services.

The proposed balanced 2017-18 General Fund budget is \$1,277,740,000. This is a \$55.5 million or 4.5 percent increase from the adopted 2016-17 General Fund budget of \$1,222,208,000. The increase reflects increased pension costs of approximately \$58 million (\$57 million in the Public Safety Personnel Retirement System and \$1 million in the City of Phoenix Employees' Retirement System) and the second year of negotiated employee compensation restorations of 1.0% or \$10 million.

Projected General Fund revenue in 2017-18 is estimated to be \$1.140 billion, an increase of 2.9% over the revised current year estimate. This reflects continued City and State sales tax growth based on projections from the University of Arizona, increased income tax collections and continued growth in other key sales tax categories.

Including revenue along with the estimated beginning fund balance of approximately \$130 million, and fund transfers and recoveries estimated at \$7.4 million, total 2017-18 General Fund resources are estimated to be \$1.278 billion.

For all funds, which includes general, enterprise and special revenue funds such as grants, and all debt service and pay-as-you-go capital costs, the proposed 2017-18 budget amount is \$4,063,313,000.

The May 23 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.

**Tentative Budget Adoption**

A public hearing and adoption of the tentative budget ordinances was completed on June 7, 2017, in compliance with the City Charter requirement that the budget be adopted no later than June 30, 2017. 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 21, 2017. Adoption of the property tax levy ordinance was completed no less than 14 days later on July 6, 2017, in accordance with State law.

The following chart is an overview of the 2017-18 community budget process calendar.

DATE	BUDGET ITEMS
February 7, 2017	2017-18 Inventory of Programs (zero-based budget)
February 21, 2017	Preliminary 2017-18 Budget Status, Five-Year General Fund Forecast, and Updated Public Safety Funds Forecast
March 21, 2017	City Manager's Trial Budget and Preliminary Capital Improvement Program
April 3, 2017	Publish "Phoenix Budget for Community Review" budget summary
April 2017	Community Budget Hearings
May 9, 2017	City Manager's Proposed 2017-18 Budget
May 23, 2017	Council Budget Decision
June 7, 2017	2017-18 Tentative Budget Ordinance Adoption
June 21, 2017	2017-18 Funding Plan and Final Budget Ordinance Adoption
July 6, 2017	2017-18 Property Tax Levy Ordinance Adoption

# GENERAL BUDGET AND FINANCIAL POLICIES

City of Phoenix budget and financial policies are governed by Arizona state law, the City Charter and Code and generally accepted accounting standards. These laws and standards set budget calendar dates, provide for budget control, describe ways to amend the budget after adoption, and identify appropriate methods for budgeting, accounting and reporting. The Arizona Constitution establishes the property tax system 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 Instruments

The City Charter and Code and state statutes contain legal deadlines and actions that must be followed in adopting the budget. In cases where the deadlines conflict, the City meets the earlier of the two dates. The deadlines and formal actions prescribed by both, as well as the actual or planned dates for the 2017-18 budget development process are as follows:

Action Required	City Charter Prescribed Deadline	Arizona State Statute Prescribed Deadline	2017-18 Budget Dates
City Manager's recommended five-year Capital Improvement Program submitted to the City Council.	At least three months prior to final date for submitting the budget or a date designated by the City Council.	Capital Improvement Program not required.	March 21, 2017
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 5, 2017
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 9, 2017
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 24, 2017



<b>Action Required</b>	<b>City Charter Prescribed Deadline</b>	<b>Arizona State Statute Prescribed Deadline</b>	<b>2017-18 Budget Dates</b>
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 24, 2017
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 7, 2017
Publish truth-in-taxation notice twice in a newspaper of general circulation (when required).	No requirement.	First, at least 14 but not more than 20 days before required public hearing; then at least seven days but not more than 10 days before required hearing.	Publish weeks of June 5, 2017 and June 12, 2017
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 12, 2017 and June 19, 2017
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 16, 2017
Post notice of intent on the official City website and distribute notice through the City's social media accounts if there will be an increase in either the primary or secondary property tax levy.	No requirement.	At least 15 days prior to Tax Levy Adoption.	June 20, 2017
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 21, 2017
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 30, 2017
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 6, 2017

## **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**

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

### **Primary Property Tax Restrictions**

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

### **Secondary Property Tax Restrictions**

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

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

### **Bonded Debt Limit**

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

## ANNUAL EXPENDITURE LIMITATION

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

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

City of Phoenix voters have approved nine local home rule options in 1981, 1985, 1991, 1995, 1999, 2003, 2007, 2011 and 2015. Before 1999, the home rule options generally excluded enterprise operations such as Aviation, Water, Wastewater and Solid Waste from the expenditure limitation. Beginning in 1999, the voters approved establishing the City's annual budget as the spending limit. Voters approved the permanent annual exclusion in 1981 of the following amounts for pay-as-you-go capital: \$5 million for Aviation, \$6 million for Water, \$6 million for Wastewater and \$2 million for General Fund street improvements.

The current home rule option, approved by the voters on August 25, 2015, sets the limit at the City's annual budget after public hearings in all Council districts. This home rule option is effective through 2019-20 and allows Phoenix residents to continue to control local expenditures.

## BUDGET BASIS OF ACCOUNTING

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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

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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. In March 2010, the City Council agreed to gradually increase the contingency with a goal of achieving five percent of General Fund operating expenditures. Achieving this goal will improve the City's ability to withstand future economic cycles. Enterprise and Special Revenue funds have varying levels of contingency funding consistent with the variability in revenues and expenditures associated with the services provided.
4. **Ordinances** - Three budget ordinances are adopted each fiscal year: (1) the operating funds ordinance, (2) the capital funds ordinance and (3) the re-appropriated funds ordinance. The last ordinance is required because the appropriation authority for unexpended amounts, including those encumbered, lapses at the end of the fiscal year. Since all expended amounts must be included in the budget adoption ordinance, the City re-budgets all encumbrances outstanding at year's end.

#### **Cost Allocation and Expenditure Policies**

1. **Administrative Cost Recovery** - The Finance Department prepares an indirect cost allocation plan that conforms to federal guidelines for grant reimbursement of appropriate administrative costs. The allocated costs are charged to eligible federal grant funds through a fund transfer to the General Fund.
2. **Central Services Cost Allocation** - The Finance Department annually calculates the full cost of central services provided to Enterprise 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 (CAFR) 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, 38 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 further reduced 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 20 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 follow.

- 1. Privilege License and Use Taxes (Sales Tax)** – The City Council may set the city sales tax rate by ordinance. The city sales tax rate on retail sales and most other categories is 2.3 percent effective January 1, 2016. However, a two-tier rate structure is applicable to retail sales of single items in excess of \$10,000; the first \$10,000 is subject to the 2.3 percent rate, while the amount over \$10,000 is subject to a 2.0 percent rate. Effective January 1, 2017 the Arizona Department of Revenue (ADOR) began collecting all city sales tax. 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** – The City Charter limits city property tax rates to \$1.00 per \$100 of net assessed valuation, plus the amount necessary to pay for debt service and to maintain public libraries. Except as otherwise limited by state law, the City's primary property tax rate is set based on the \$1.00 limitation plus an amount needed for library operations. The secondary property tax rate is set to support debt service requirements.
- 3. In-Lieu Property Taxes** – In-lieu property taxes are charged to the Water, Wastewater and Solid Waste funds based upon acquisition or construction cost with the appropriate assessment ratio and current property tax rate applied. These amounts are calculated annually by the Finance Department.
- 4. Annual User Fee Reviews** – The City Auditor conducts a comprehensive user fee review to project cost recovery rates, and then compares the projections to the established cost recovery policy. The rates are based upon generally accepted full-cost accounting standards. The City Manager recommends expenditure reductions or fee adjustments to the City Council to maintain the established cost recovery policy.
- 5. Fines and Forfeitures** – The Municipal Court has jurisdiction over establishing many of the fine and forfeiture fee schedules.
- 6. Parks and Recreation Fees and Charges** – The Parks and Recreation Board has jurisdiction over establishing charges for miscellaneous recreational facilities and advising the City Council on fees to be set for golf courses, tennis centers and swimming pools.
- 7. Interest Earnings** – Interest earnings from the investment of temporarily idle funds are credited to the fund generating the earnings.

## FUND STRUCTURE

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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 two percent increment of the 2.7 percent sales tax on utilities with franchise agreements in March 2005. The Police Department, including the Office of Homeland Security and Emergency Management, is allocated 62 percent and the Fire Department 38 percent of revenues.

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

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

**Regional Wireless Cooperative (RWC)** – This fund accounts for revenues and expenditures associated with the 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 one percent hotel/motel tax and a two percent tax on short-term vehicle rentals. These funds are designated for payment of debt service and other expenditures related to the downtown sports arena.

**Transit 2000** – This fund was used to account for the 20-year, 0.4 percent sales tax dedicated to transit improvements approved by voters on March 14, 2000. Fare box collections were also included in this fund. This fund has been replaced by the Transportation 2050 Fund.

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

### **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.

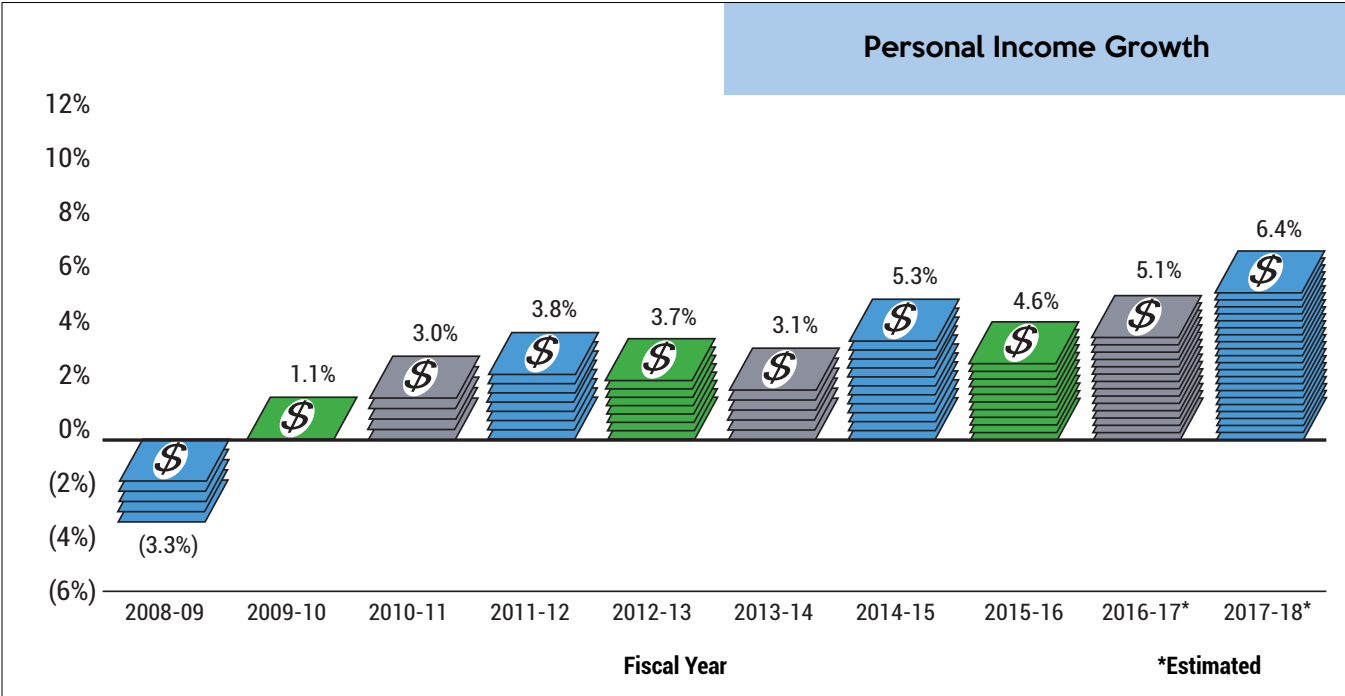
# REVENUE ESTIMATES

Revenue estimates for 2017-18 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. Revenue estimates also include property taxes; with a reduction in the secondary property tax rate, the overall 2017-18 property tax rate of \$2.16 is \$0.01 below the 2016-17 combined rate of \$2.17.

Although overall revenue has recovered from the Great Recession, the pace of growth has been slower than prior post-recession periods. Economists are predicting that this more moderate pace of growth will continue; with no recession on the forecast horizon barring any unexpected economic shocks. Arizona and the Phoenix metro area are expected to continue to outperform the nation in terms of job, population and income growth despite those increases being low by historical standards. Risks to continued economic improvement at the national level include the high degree of uncertainty surrounding federal tax, trade, immigration and regulatory policy. At the state-level, there is uncertainty about the impact of Arizona's recent minimum wage increase.

City sales tax revenues are increasing moderately which is a positive sign, but there is concern about a diminished sales tax base as the economy becomes more service-oriented and consumers change shopping behavior. 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 6.4 percent in 2017-18, which is up from the 5.1 percent estimated for 2016-17.

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 with 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; increases in personal income and job growth; decreased unemployment; marginal increases in consumer spending and continued improvement of the housing market. As indicated previously, while personal income, jobs and population are expected to increase, the pace of growth is expected to be slow by historical standards. The forecast also includes no further periods of recession and no change to state-shared revenue formulas. The forecast accounts for Proposition 104 established by the voters effective January 1, 2016, which raised the transaction privilege tax rates by 0.3% for various business activities to fund a comprehensive transportation plan. In addition, the forecast reflects the transition of jet fuel sales and use tax from the General Fund to a special revenue fund restricted for aviation purposes (Jet Fuel Other Restricted Fund) due to a potential Federal Aviation Administration (FAA) policy requirement, which has subsequently been incorporated into State law with an effective date of December 2017.

CITY OF PHOENIX, ARIZONA FIVE YEAR EXCISE TAX REVENUE FORECAST (In Thousands of Dollars)													
	2015-16	2016-17	%	2017-18	%	2018-19	%	2019-20	%	2020-21	%	2021-22	%
	Actual	Estimate	Change	Estimate	Change	Forecast	Change	Forecast	Change	Forecast	Change	Forecast	Change
Privilege License Tax													
Privilege License Tax	\$330,349	\$340,551	3.1%	\$352,376	3.5%	\$368,513	4.6%	\$386,669	4.9%	\$403,698	4.4%	\$423,686	5.0%
Police Neighborhood Protection	20,073	21,026	4.7%	21,930	4.3%	23,052	5.1%	24,235	5.1%	25,334	4.5%	26,598	5.0%
Police Block Watch	1,434	1,502	4.7%	1,567	4.3%	1,647	5.1%	1,731	5.1%	1,808	4.4%	1,900	5.1%
Fire Neighborhood Protection	7,169	7,510	4.8%	7,832	4.3%	8,233	5.1%	8,655	5.1%	9,048	4.5%	9,499	5.0%
Police - 2007 Public Safety Expansion	45,880	48,061	4.8%	50,126	4.3%	52,688	5.1%	55,391	5.1%	57,904	4.5%	60,793	5.0%
Fire - 2007 Public Safety Expansion	11,470	12,015	4.8%	12,531	4.3%	13,171	5.1%	13,848	5.1%	14,476	4.5%	15,198	5.0%
Parks and Preserves	28,675	30,037	4.7%	31,328	4.3%	32,931	5.1%	34,621	5.1%	36,191	4.5%	37,997	5.0%
Transit 2000 <sup>1</sup>	55,915	-	-100.0%	-	-	-	-	-	-	-	-	-	-
Transportation 2050 <sup>1</sup>	98,593	201,474	104.3%	210,700	4.6%	221,264	5.0%	232,607	5.1%	243,535	4.7%	255,189	4.8%
Convention Center Excise Tax	46,501	49,607	6.7%	51,897	4.6%	54,987	6.0%	57,801	5.1%	60,328	4.4%	62,716	4.0%
Sports Facilities Excise Tax	17,874	18,991	6.2%	19,235	1.3%	19,370	0.7%	19,527	0.8%	19,773	1.3%	20,066	1.5%
Jet Fuel Other Restricted Fund <sup>2</sup>	-	-	-	1,841	-	3,125	69.7%	3,100	-0.8%	3,082	-0.6%	3,066	-0.5%
Privilege License Fees (Annual)	2,453	2,300	-6.2%	2,280	-0.9%	2,325	2.0%	2,371	2.0%	2,418	2.0%	2,466	2.0%
PLT Application Fees <sup>3</sup>	2	-	-100.0%	-	-	-	-	-	-	-	-	-	-
Treasury Collection Service Fee <sup>3</sup>	21	10	-52.4%	10	0.0%	-	-100.0%	-	-	-	-	-	-
Government Lease Property Excise Tax	324	330	1.9%	330	0.0%	333	0.9%	336	0.9%	339	0.9%	342	0.9%
<b>Subtotal (PLT)</b>	<b>\$666,733</b>	<b>\$733,414</b>	<b>10.0%</b>	<b>\$763,983</b>	<b>4.2%</b>	<b>\$801,639</b>	<b>4.9%</b>	<b>\$840,892</b>	<b>4.9%</b>	<b>\$877,934</b>	<b>4.4%</b>	<b>\$919,516</b>	<b>4.7%</b>
Utility & Franchise													
Utility & Franchise Tax	\$86,173	\$85,020	-1.3%	\$85,705	0.8%	\$87,566	2.2%	\$89,749	2.5%	\$92,313	2.9%	\$95,174	3.1%
Jail Tax	7,004	7,050	0.7%	7,100	0.7%	7,189	1.3%	7,279	1.3%	7,370	1.3%	7,462	1.2%
General Excise Tax	10,504	10,560	0.5%	10,630	0.7%	10,763	1.3%	10,898	1.3%	11,034	1.2%	11,172	1.3%
Storm Water Management	4,774	4,732	-0.9%	4,734	0.0%	4,793	1.2%	4,853	1.3%	4,914	1.3%	4,975	1.2%
Capital Construction	12,875	11,622	-9.7%	11,006	-5.3%	10,667	-3.1%	10,514	-1.4%	10,582	0.6%	10,791	2.0%
Police Public Safety Enhancement	15,706	15,968	1.7%	16,297	2.1%	16,879	3.6%	17,436	3.3%	18,011	3.3%	18,605	3.3%
Fire Public Safety Enhancement	9,625	9,787	1.7%	9,987	2.0%	10,345	3.6%	10,685	3.3%	11,039	3.3%	11,403	3.3%
<b>Subtotal (Utility &amp; Franchise)</b>	<b>\$146,661</b>	<b>\$144,739</b>	<b>-1.3%</b>	<b>\$145,459</b>	<b>0.5%</b>	<b>\$148,202</b>	<b>1.9%</b>	<b>\$151,414</b>	<b>2.2%</b>	<b>\$155,263</b>	<b>2.5%</b>	<b>\$159,582</b>	<b>2.8%</b>
Licenses & Permits	2,754	2,901	5.3%	2,896	-0.2%	2,968	2.5%	3,046	2.6%	3,122	2.5%	3,196	2.4%
State Sales Tax <sup>4,5</sup>	137,544	143,460	4.3%	148,964	3.8%	157,427	5.7%	166,688	5.9%	175,306	5.2%	183,925	4.9%
State Income Tax <sup>4,5</sup>	174,234	191,347	9.8%	196,303	2.6%	196,000	-0.2%	202,000	3.1%	207,000	2.5%	218,000	5.3%
<b>TOTAL</b>	<b>\$1,127,926</b>	<b>\$1,215,861</b>	<b>7.8%</b>	<b>\$1,257,605</b>	<b>3.4%</b>	<b>\$1,306,236</b>	<b>3.9%</b>	<b>\$1,364,040</b>	<b>4.4%</b>	<b>\$1,418,625</b>	<b>4.0%</b>	<b>\$1,484,219</b>	<b>4.6%</b>

<sup>1/</sup> The Transportation 2050 sales tax (Proposition 104) was established by the voters effective January 1, 2016 and increased the Transit 2000 sales tax (Proposition 2000) to fund a comprehensive transportation plan with a 35 year sunset date. The Proposition increased the transaction privilege (sales) tax rates by 0.3% for various business activities.

<sup>2/</sup> Effective in December 2017, jet fuel sales and use tax revenues are being shown in Jet Fuel Other Restricted Fund due to a Federal Aviation Administration (FAA) policy requirement. Prior to that time, jet fuel sales and use tax revenues were included with General Fund privilege license tax revenues.

<sup>3/</sup> 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.

<sup>4/</sup> Relative population share used in calculating state shared revenues in 2016-17 was based on the 2015 Census Bureau Population Estimate. It was projected to remain flat throughout the forecast period. The actual share will change annually based on Census Bureau Population Estimates and the 2021-22 share will be impacted by the 2020 Decennial Census.

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

Note:

- Assumes no further period of recession and modest revenue growth for the forecast period.
- Assumes no change to current revenue base as provided in applicable state statutes and city ordinances.
- Assumes no future fee increases/decreases or new sources of revenue.

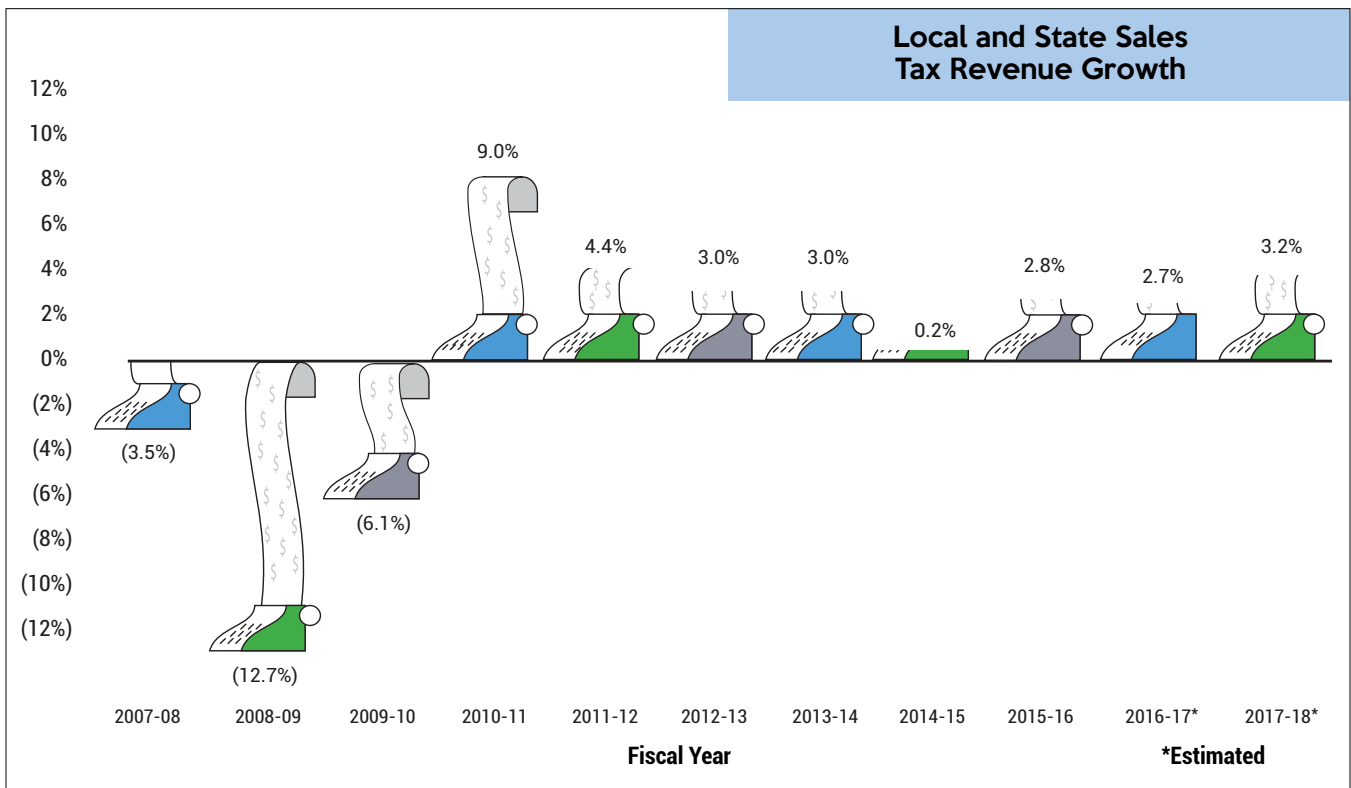
## GENERAL FUNDS

Total 2017-18 General Fund revenues are estimated to be \$1,140.3 million or 2.9 percent more than 2016-17 estimates of \$1,107.8 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 2017-18 revenue estimates.

Local and state sales tax collections represent approximately 51 percent of General Fund revenues. Local sales taxes for 2017-18 are expected to grow by 2.9 percent over 2016-17 estimates, which includes the impact of the revenue transition of jet fuel sales and use tax from the General Fund to the Jet Fuel Other Restricted Fund in December 2017. This is an increase from the 2.2 percent growth rate in local sales taxes estimated in 2016-17. Phoenix's share of state sales taxes for 2017-18 is expected to grow by 3.8 percent, which is a decrease from the 4.3 percent growth in Phoenix's share anticipated in 2016-17.

Combined local and state sales tax revenues for 2017-18 are expected to grow by 3.2 percent over 2016-17 estimates. Combined rates of growth since 2007-08 are provided in the chart below.

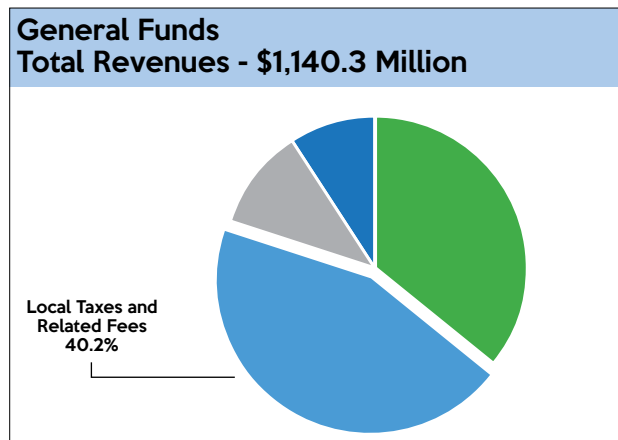
The table on the next page details estimated General Fund revenue by major source.



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

Revenue Source	2015-16 Actual	% of Total	2016-17 Estimate	% of Total	2017-18 Budget	% of Total	Increase/(Decrease) From 2016-17 Estimate	
							Amount	Percent
<b>Local Taxes and Related Fees</b>								
Local Sales Tax	\$ 416,522	38.8%	\$ 425,571	38.4%	\$ 438,081	38.4%	\$ 12,510	2.9%
Privilege License Fees	2,476	0.2%	2,310	0.2%	2,290	0.2%	(20)	-0.9%
Other General Fund Excise Taxes	17,832	1.7%	17,940	1.6%	18,060	1.6%	120	0.7%
Subtotal	\$ 436,830	40.7%	\$ 445,821	40.2%	\$ 458,431	40.2%	\$ 12,610	2.8%
<b>State-Shared Revenue</b>								
Sales Tax	137,544	12.8%	143,460	12.9%	148,964	13.1%	5,504	3.8%
State Income Tax	174,234	16.2%	191,347	17.3%	196,303	17.2%	4,956	2.6%
Vehicle License Tax	59,801	5.6%	61,236	5.5%	62,706	5.5%	1,470	2.4%
Subtotal	\$ 371,579	34.6%	\$ 396,043	35.7%	\$ 407,973	35.8%	\$ 11,930	3.0%
<b>Primary Property Tax</b>	141,309	13.1%	145,141	13.1%	153,454	13.5%	8,313	5.7%
<b>User Fees/Other Revenue</b>								
Licenses & Permits	2,754	0.2%	2,901	0.3%	2,896	0.2%	(5)	-0.2%
Cable Communications	10,028	0.9%	10,249	0.9%	10,090	0.9%	(159)	-1.6%
Fines and Forfeitures	13,460	1.3%	10,613	1.0%	10,365	0.9%	(248)	-2.3%
Court Default Fee	1,047	0.1%	1,164	0.1%	1,164	0.1%	-	0.0%
Fire	48,718	4.5%	46,261	4.2%	46,613	4.1%	352	0.8%
Hazardous Materials Inspection Fee	1,358	0.1%	1,350	0.1%	1,400	0.1%	50	3.7%
Library Fees	697	0.1%	740	0.1%	740	0.1%	-	0.0%
Parks and Recreation	7,611	0.7%	7,812	0.7%	7,658	0.7%	(154)	-2.0%
Planning	1,647	0.2%	1,906	0.2%	2,106	0.2%	200	10.5%
Police	13,729	1.3%	13,645	1.2%	13,645	1.2%	-	0.0%
Street Transportation	4,369	0.4%	4,822	0.4%	4,345	0.4%	(477)	-9.9%
Other Service Charges	17,245	1.6%	16,598	1.5%	16,761	1.4%	163	1.0%
Other	2,339	0.2%	2,773	0.3%	2,611	0.2%	(162)	-5.8%
Subtotal	\$ 125,002	11.6%	\$ 120,834	11.0%	\$ 120,394	10.5%	\$ (440)	-0.4%
<b>TOTAL GENERAL FUND</b>	<b>\$ 1,074,720</b>	<b>100.0%</b>	<b>\$ 1,107,839</b>	<b>100.0%</b>	<b>\$ 1,140,252</b>	<b>100.0%</b>	<b>\$ 32,413</b>	<b>2.9%</b>

### LOCAL TAXES AND RELATED FEES



This major revenue category consists of local sales tax, privilege license fees, use tax, franchise taxes and fees, and other general excise taxes. The 2017-18 estimate is \$458.4 million, which is \$12.6 million or 2.8 percent greater than the 2016-17 estimate of \$445.8 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 transportation programs. Portions of several categories and the entire advertising category are restricted to the Convention Center Fund and/or the Sports Facilities Fund. Effective January 1, 2016, Proposition 104 established the Transportation 2050 sales tax and increased the Transit 2000 sales tax previously passed by Proposition 2000 to fund a comprehensive transportation plan with a new 35-year sunset date. The Proposition increased the transaction privilege (sales) tax by 0.3 percent for various business activities.

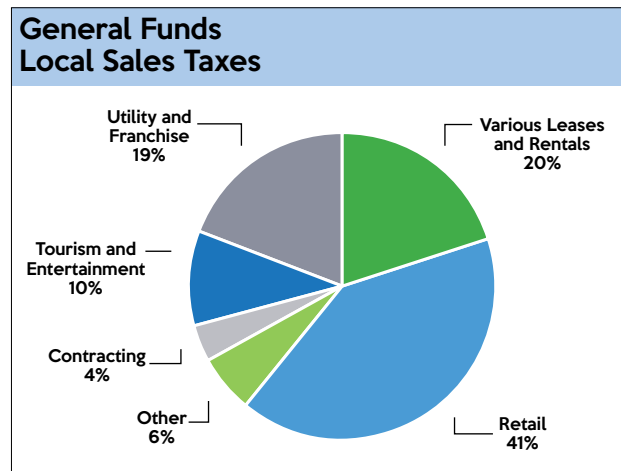
Beginning in May 2005, 2 percent of utilities sales tax collections paid by those utilities with a franchise agreement were directed to the newly established Public Safety Enhancement Fund. Finally, an additional 2 percent tax on the telecommunications category provides resources for the Capital Construction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

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

\*The General Fund portion of the utilities category includes the 2.0 percent franchise fee paid by utilities with a franchise agreement.  
 \*\*The Public Safety Enhancement designated 2.0 percent sales tax applies only to those utilities with a franchise agreement.  
 (1) The Transportation 2050 sales tax (Proposition 104) was established by the voters effective January 1, 2016 and increased the Transit 2000 sales tax (Proposition 2000) to fund a comprehensive transportation plan with a 35-year sunset date. The Proposition increased the transaction privilege (sales) tax rates by 0.3% for various business activities and established a two-tier tax rate structure applicable to retail sales of single items in excess of \$10,000; the first \$10,000 (Tier 1) is subject to the 2.3% tax rate, while transactions over \$10,000 (Tier 2) are subject to the 2.0% tax rate.

The General Fund portion of the local sales tax estimate is \$438,081,000 for 2017-18. This is an increase of \$12,510,000 or 2.9 percent from the 2016-17 estimate of \$425,571,000. The increase in local sales tax revenue is based on growth rates provided by the UofA city sales tax model and the assumption the economy will continue to improve and reflects growth in most tax categories. Estimated growth of 2.5 percent is projected for the retail sales category after accounting for the transition of jet fuel sales tax to the Jet Fuel Other Restricted Fund in December 2017. The retail growth rate projected prior to that adjustment was 3.0 percent. Projected increases in other categories include 1.7 percent for utility and franchise; 4.7 percent for restaurants and bars; and 2.0 percent for hotel/motel room rentals.

As shown in the pie chart below, the retail category represents approximately 41 percent of the local General Fund sales tax. Personal income growth, which is used as a trend indicator for retail sales activity, is projected at 6.4 percent for 2017-18.



General Fund sales tax revenue is collected on three rental categories: leases and rentals of personal property, commercial real property rentals and residential real property rentals. For 2017-18, the leases and rentals of personal property and commercial real property categories are expected to grow by 9.0 and 7.0 percent respectively and residential real property rentals is projected to grow by 4.0 percent. The growth projected in these categories is mainly due to expected improvements in the overall economy and the business environment. These three categories combined are approximately 20 percent of local General Fund sales tax revenue.

The contracting category is expected to increase by 10.0 percent in 2017-18 based on projections from the UofA. Activity in Phoenix for the commercial, retail and residential markets has not fully recovered since the recession; however, the growth rate in the current fiscal year has improved significantly and that improvement is expected to continue. The contracting category represents approximately 4 percent of the local General Fund sales tax revenue.

The restaurants and bars category is expected to increase 4.7 percent and the hotel/motel category is expected to increase 2.0 percent in 2017-18. These two categories, combined with revenue from amusements, are closely related to tourism and entertainment activities. Revenues from these activities represent approximately 10 percent of local General Fund sales tax revenue.

The utility and franchise tax category is approximately 19 percent of local General Fund sales tax revenue. The category includes electricity, natural and artificial gas, water consumption, sewer service and communications activities. The 2017-18 estimate for utility sales and franchise tax revenue is \$85,501,000, which is an increase of 0.3 percent over the 2016-17 estimate. The increase is due to expected modest account growth and consumption in the utilities category as the economy continues to grow, which is offset by the predicted continued decrease in communications activities.

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 2017-18 estimate of \$18,710,000, is a decrease of 4.0 percent from the 2016-17 estimate. This decrease is caused by the transition of jet fuel use tax from the General Fund to the Jet Fuel Other Restricted Fund beginning in December 2017. Before accounting for that transition, the use tax was projected to increase by 1.0 percent in 2017-18. The use tax category is subject to fluctuations in purchasing practices, as well as economic drivers, and is approximately 4.3 percent of local General Fund sales tax revenue.

The following table shows General Fund sales tax collections since 2013-14. 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
2013-14	\$410,970	1.8%
2014-15 <sup>1/</sup>	407,014	(1.0)
2015-16	416,522	2.3
2016-17 (Est.)	425,571	2.2
2017-18 (Est.)	438,081	2.9

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

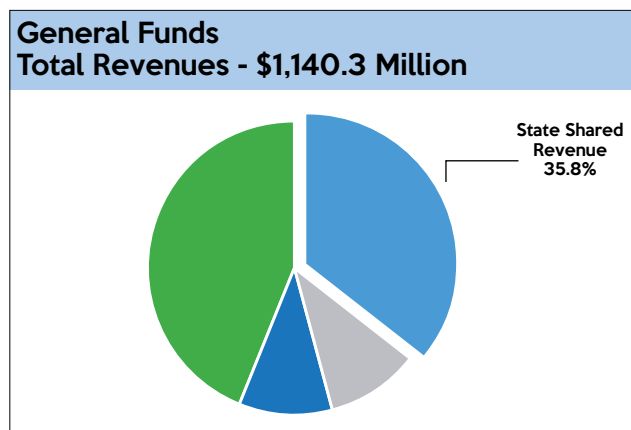
### Privilege License Fees

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 2017-18 estimate for privilege license fee revenue of \$2,290,000 represents a 0.9 percent decrease from the 2016-17 estimate of \$2,310,000. The decrease is attributable to the State of Arizona taking over collection of annual license fees and taxes.

### 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 2017-18 estimate of \$7,100,000 represents a 0.7 percent increase from the 2016-17 estimate of \$7,050,000. This category also includes a general city services excise tax on municipal services bills based on water meter size implemented in July 2014. The 2017-18 estimate for the general city services excise tax is \$10,630,000 and represents a 0.7 percent increase from the 2016-17 estimate of \$10,560,000.

## 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 2017-18 estimate for this category is \$408.0 million, which is \$12.0 million or 3.0 percent more than the 2016-17 estimate of \$396.0 million. The increase is due to an estimated increase of 3.8 percent in state sales taxes, estimated growth of 2.6 percent in state-shared income taxes and estimated growth of 2.4 percent in vehicle license taxes.

Prior to 2016-17 state-shared revenues were distributed to cities and towns based on mid-decade and decennial census counts and thus, except for minor adjustments primarily due to annexations, each city or town's relative share only changed every five years. However due to a change in State law that occurred in 2016, state-shared revenue distributions began to be updated annually based on Census Bureau population estimates beginning in 2016-17. The decennial census will continue to be used, but only for the year it is completed.

## State Sales Tax

The state sales tax rate on most taxable activities is 5.6 percent. The revenues are split between a "distribution base," of which Phoenix receives a share, and a "combined non-shared" category, which is allocated entirely to the state. With exceptions for some categories, the distribution base consists of either 20 or 40 percent of collections depending on the tax classification. The 0.6 percent education tax included in the total tax rate is not included in the distribution base. Under the current formula, incorporated cities receive 25 percent of the distribution base. As indicated previously, these funds are distributed to individual cities on the basis of relative population percentages. However, the Census Bureau population estimates to be used for 2017-18 were not available in time for developing the budget projections. Since no significant changes were anticipated, Phoenix's share of 28.87 percent for 2016-17 was used for 2017-18.

The City's share of the state sales tax for 2017-18 is expected to be \$148,964,000, which is \$5,504,000 or 3.8 percent more than the 2016-17 estimate of \$143,460,000. This estimate is based on growth rates provided by the UofA state sales tax model and the assumption that, similar to the local economy, the state economy will continue to improve in 2017-18. The table below shows the cities' share of state sales taxes, Phoenix's allocation and annual increase/decrease since 2013-14.

STATE SALES TAXES (In Thousands of Dollars)						
Fiscal Year	Cities' Share of State Collections		Phoenix's Share			
	Total	% Change	Percent	Amount	% Change	
2013-14	\$437,629	6.4%	28.8%	\$127,005	7.0%	
2014-15	459,177	4.9	28.8	132,218	4.1	
2015-16	476,773	3.8	28.8	137,544	4.0	
2016-17 (Est.)	495,246	3.9	28.9	143,460	4.3	
2017-18 (Est.)	513,745	3.7	28.9*	148,964	3.8	

\*Estimated - Final U.S. Census Bureau estimates were not available during budget development.

## State Income Tax

Since 1973, cities in Arizona have shared 15 percent of the actual state personal and corporate income tax collected two years earlier. Individual cities receive their portion based on the cities' share of the state population. Similar to state-shared sales tax, since Census Bureau population estimates were not available in time for developing the budget projections and no significant changes were anticipated, Phoenix's share for 2016-17 was used for 2017-18.

The 15 percent portion of the state income tax, which will be distributed to Arizona cities and towns in 2017-18, is expected to be \$680.8 million. The distribution represents actual individual and corporate income tax collections by the state in the 2015-16 fiscal year. The anticipated \$680.8 million is a 2.6 percent increase from the previous fiscal year. The increase is attributable to higher individual income tax collections. Phoenix's total distribution for 2017-18 is estimated at \$196,303,000 and is an increase of \$4,956,000 or 2.6 percent from the 2016-17 estimate of \$191,347,000.

The following table shows the total cities' share of state income tax, Phoenix's share, percentage allocation and annual increase/decrease since 2013-14.

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
2013-14	15.0%	\$561,001	9.2%	28.8%	\$161,580	9.4%
2014-15	15.0	608,936	8.5	28.8	175,184	8.4
2015-16	15.0	605,634	(0.5)	28.8	174,234	(0.5)
2016-17 (Est.)	15.0	663,582	9.6	28.8	191,347	9.8
2017-18 (Est.)	15.0	680,770	2.6	28.8*	196,303	2.6

\*Estimated - Final U.S. Census Bureau estimates were not available during budget development.

## Vehicle License Tax

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

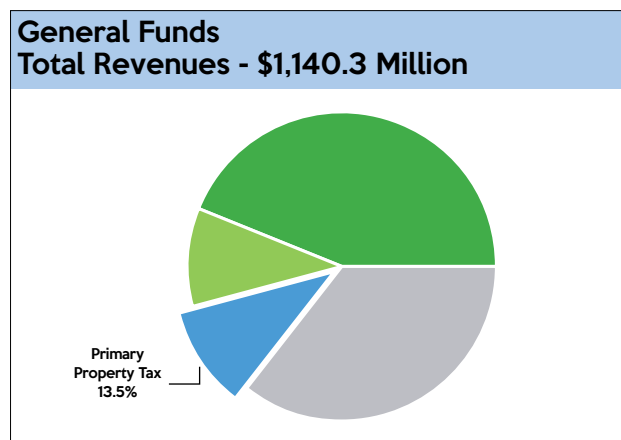
A portion of vehicle license tax collections is allocated to the Arizona Highway User Revenue Fund, with the remainder being allocated by percentage to various state funds as well as to the counties and cities. The state is responsible for distributing funds to cities according to their relative population within the county. As with the other state-shared revenues since Census Bureau population estimates were not available in time for developing the budget projections and no significant changes were anticipated, Phoenix's share of 40.4 percent of Maricopa County for 2016-17 was used for 2017-18. Phoenix's share of the vehicle license tax for 2017-18 is anticipated to be \$62,706,000 which is \$1,470,000 or 2.4 percent more than the 2016-17 estimate of \$61,236,000.

The following table shows the cities' share of the vehicle license tax, Phoenix's share, allocation percentage and annual percentage change since 2013-14.

VEHICLE LICENSE TAX (In Thousands of Dollars)					
Fiscal Year	Amount Distributed by Maricopa County	Phoenix's Share		Increase/(Decrease)	
		Percent	Amount	Amount	Percent
2013-14	\$126,240	40.9%	\$51,689	\$3,319	6.9%
2014-15	135,043	40.9	55,293	3,604	7.0
2015-16	146,051	40.9	59,801	4,508	8.2
2016-17 (Est.)	151,518	40.4	61,236	1,435	2.4
2017-18 (Est.)	155,154	40.4*	62,706	1,470	2.4

\*Estimated - Final U.S. Census Bureau estimates were not available during budget development.

## PRIMARY PROPERTY TAX



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

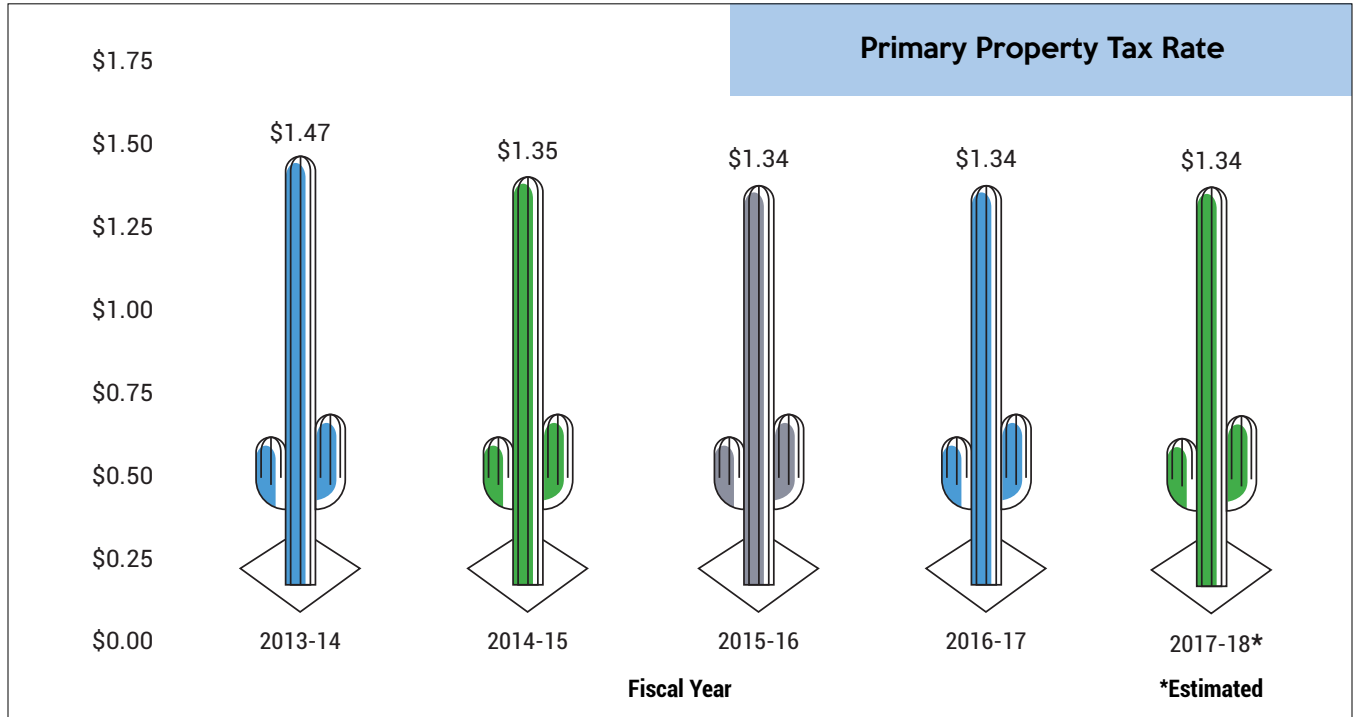
The annual increase in the primary property tax levy is limited by the Arizona Constitution to a 2 percent increase over the prior levy plus an estimated levy for previously untaxed property (primarily new construction), and allowable tort liability judgments. The Phoenix City Charter also limits the primary property tax rate to no more than \$1.00 plus the amount to cover the costs of libraries.

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



The chart below shows the primary property tax rate since 2013-14. The estimated 2017-18 primary property tax levy is \$156,586,000. The levy is a 6.7 percent increase over the 2016-17 levy of \$146,711,000. The primary net assessed valuation of \$11.72 billion is 6.7 percent above the 2016-17 primary net assessed valuation of \$10.98 billion.

Historically, actual property tax collections have been slightly lower than the amount levied. For 2017-18, collections for primary property tax are estimated to be \$153,454,000, or 98 percent of the levy amount.

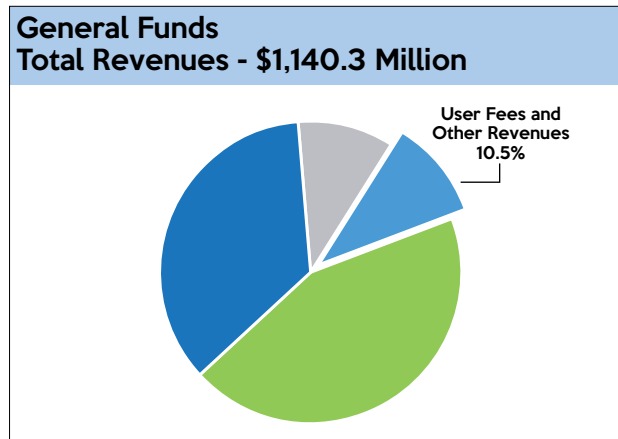


The 2017-18 levy results in a primary property tax rate of \$1.3359 per \$100 of assessed value and a secondary property tax rate of \$0.8241, for a total property tax rate of \$2.16 per \$100 of assessed value.

The table below shows primary assessed valuation, primary property tax revenues and primary rates since 2013-14.

PRIMARY PROPERTY TAX					
Fiscal Year	Primary Net Assessed Valuation (in Millions)	% Change	Primary Levy (in Thousands)	% Change	Rate per \$100 Net Assessed Valuation
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	10,577	2.7	141,880	1.7	1.3414
2016-17	10,982	3.8	146,711	3.4	1.3359
2017-18 (Est.)	11,721	6.7	156,586	6.7	1.3359

## USER FEES/OTHER REVENUES



This major revenue category consists of licenses and permits, cable television fees, fines and forfeitures, parks and libraries fees, various user fees designed to recover the costs of providing specific city services, and other miscellaneous General Fund revenue sources. The 2017-18 estimate for this category is \$120.4 million, which is \$0.4 million or 0.4 percent less than the 2016-17 estimate of \$120.8 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 2017-18 estimate of \$2,896,000 is slightly less than the 2016-17 estimate of \$2,901,000. The projection assumes a slight decrease in liquor license penalty fees and for other activity to remain unchanged from 2016-17.

### 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 2017-18 estimate of \$10,090,000, is 1.6 percent lower than the 2016-17 estimate of \$10,249,000. This decrease is caused by a one-time additional payment made by a cable company in 2016-17. Cable providers also make annual payments to the Educational Access Account, which are adjusted annually by the consumer price index.

### Fines and Forfeitures

This category is comprised of various sanctions including traffic moving violations, criminal offense fines, parking violations, driving under the influence, defensive driving program and substance abuse screening service. The 2017-18 estimate of \$10,365,000 is slightly less than the 2016-17 estimate of \$10,613,000. The projection assumes a decrease in revenue from criminal offense fines and substance abuse screening fees, while revenue in other areas remains unchanged from 2016-17.

### Court Default Fee

A default fee was implemented in 1993-94 in order to recover court costs associated with defendants who fail to appear for court or fail to pay previously imposed sanctions on civil traffic violations. In 2009-10, the fee was increased from \$25 to \$40. The 2017-18 estimate for this revenue category is \$1,164,000, which is unchanged from the 2016-17 estimate as activity is expected to remain flat.

## **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 2017-18 estimate for ETS is \$35,000,000, which is \$300,000 or 0.9 percent more than the 2016-17 estimate of \$34,700,000. The slight increase accounts for the inflationary rate adjustment. Other Fire revenue sources include fire prevention inspection fees, computer-aided dispatch (CAD) and various other services provided to the community. The 2017-18 estimate for other fire services is \$11,613,000 which is \$52,000 or 0.4 percent more than the 2016-17 estimate of \$11,561,000. This increase is due to an estimated increase in fire prevention inspection fees since more businesses are expected to open.

## **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 2017-18 estimate is \$1,400,000, which is slightly more than the 2016-17 estimate of \$1,350,000, and accounts for an expected increase in the number of inspections.

## **Library Fees**

Library fine and fee revenues are generated from overdue or damaged library materials and room rentals at city libraries. The 2017-18 estimate is \$740,000, which is unchanged from 2016-17 estimate.

## **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 2017-18 estimate of \$7,658,000 is \$154,000 or 2.0 percent less than the 2016-17 estimate of \$7,812,000. The decrease in 2017-18 is due to anticipated lower revenue from parks property rentals.

## **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 2017-18 estimate of \$2,106,000 is \$200,000 or 10.5 percent above the 2016-17 estimate of \$1,906,000. Activity levels for rezoning and zoning cases are expected to increase in 2017-18.

## **Police**

The Police Department receives revenues for various services and programs. Police services are provided on a fee-per-hour basis for school and athletic events as well as other activities where a law enforcement presence is desired. In addition, a false alarm program includes both permit fees and assessments for false alarm responses. The estimate of \$13,645,000 for 2017-18 is unchanged from the 2016-17 estimate.

## **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 2017-18 estimate of \$4,345,000 is \$477,000 or 9.9 percent less than the 2016-17 estimate of \$4,822,000. The decrease is due to the receipt of one-time revenue for recovery of damage claims in 2016-17.

## **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 2017-18 estimate of \$16,761,000 is \$163,000 or 1.0 percent more than the 2016-17 estimate of \$16,598,000. The increase is primarily due to estimated revenue growth in parking garages and other city owned property rentals and concessions.

## **All Other Fees**

This fee category consists of miscellaneous service charges in the Finance, Human Services and Neighborhood Services departments and miscellaneous categories. The 2017-18 estimate of \$2,611,000 is \$162,000 or 5.8 percent less than the 2016-17 estimate of \$2,773,000 and is due to anticipated decreases in recoveries for damage claims and other miscellaneous revenue.

## **NON-GENERAL FUNDS**

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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 2017-18 revenue estimates. The table on the next page provides the 2016-17 and 2017-18 estimates and 2015-16 actual revenue amounts for revenues within these two categories.

### **SPECIAL REVENUE FUNDS**

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

#### **Neighborhood Protection Sales Tax**

This 0.1 percent sales tax rate was approved by the voters in October 1993 and implemented in December 1993. As presented to the voters, the 0.1 percent increase is specifically earmarked for Police neighborhood protection programs (70 percent), Police Block Watch programs (5 percent) and Fire neighborhood protection programs (25 percent). The 2017-18 estimate of \$31,329,000 is \$1,291,000 or 4.3 percent more than the 2016-17 estimate of \$30,038,000. These estimates are consistent with those for the same categories in the local sales tax discussion. Also, \$365,000 is estimated for combined net interest earnings in 2017-18.

#### **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 2017-18 estimate is \$62,657,000 or 4.3 percent more than the 2016-17 estimate of \$60,076,000. These estimates are consistent with those for the same categories in the local sales tax discussion. Also, \$54,000 is estimated for interest earnings in 2017-18.

#### **Public Safety Enhancement Sales Tax**

The Public Safety Enhancement sales tax was implemented on May 1, 2005, and is made up of the 2.0 percent increment of the 2.7 percent sales tax on utilities with franchise agreements. The fund is allocated between Police and Fire. The Police Public Safety Enhancement Fund is allocated 62 percent of revenues and is dedicated to Police and Emergency Management needs. The Fire Public Safety Enhancement Fund is allocated 38 percent of the revenues collected and is dedicated to Fire needs. The 2017-18 estimate of \$26,284,000 is \$529,000 or 2.1 percent greater than the 2016-17 estimate of \$25,755,000.

#### **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 2017-18 estimate of \$31,328,000 is \$1,291,000 or 4.3 percent more than the 2016-17 estimate of \$30,037,000. These estimates are consistent with the estimates for the same categories in the local sales tax discussion. Also, \$525,000 is estimated for interest earnings in 2017-18.

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

Revenue Source	2015-16 Actual	2016-17 Estimate	2017-18 Budget	Increase/(Decrease) From 2016-17 Estimate	
				Amount	Percent
<b>SPECIAL REVENUE FUNDS</b>					
Neighborhood Protection	\$ 29,027	\$ 30,403	\$ 31,694	\$ 1,291	4.2%
2007 Public Safety Expansion	57,295	60,118	62,711	2,593	4.3%
Public Safety Enhancement	25,331	25,755	26,284	529	2.1%
Parks and Preserves	29,086	30,930	31,853	923	3.0%
Transit 2000 <sup>1/</sup>	108,921	532	-	(532)	-100.0%
Transportation 2050 <sup>1/</sup>	98,713	252,938	262,077	9,139	3.6%
Court Awards	3,173	7,367	4,847	(2,520)	-34.2%
Development Services	51,196	54,177	53,949	(228)	-0.4%
Capital Construction	12,967	11,722	11,076	(646)	-5.5%
Sports Facilities	25,714	27,914	28,087	173	0.6%
Arizona Highway User Revenue	117,604	125,606	128,181	2,575	2.1%
Regional Transit Revenues	41,158	60,496	38,215	(22,281)	-36.8%
Community Reinvestment	5,456	5,482	5,092	(390)	-7.1%
Secondary Property Tax	55,226	95,359	99,401	4,042	4.2%
Regional Wireless Cooperative	4,298	3,981	4,459	478	12.0%
Golf Courses	6,008	6,028	5,942	(86)	-1.4%
Impact Fee Program Administration	297	288	288	-	0.0%
Court Special Fees	1,419	1,066	1,045	(21)	-2.0%
Monopole Rental	139	156	160	4	2.6%
Tennis Center	37	38	39	1	2.6%
Vehicle Impound Program	2,033	1,851	1,851	-	0.0%
Heritage Square	40	39	39	-	0.0%
Affordable Housing Program	2,898	3,644	2,989	(655)	-18.0%
Jet Fuel Other Restricted Fund	-	-	1,841	1,841	+100%
Other Restricted (gifts/trusts)	24,916	30,600	27,821	(2,779)	-9.1%
<u>Grants</u>					
Public Housing Grants	80,226	94,456	92,641	(1,815)	-1.9%
Human Services Grants	50,371	49,131	46,032	(3,099)	-6.3%
Community Development	15,261	26,667	30,138	3,471	13.0%
Criminal Justice	7,766	10,851	10,461	(390)	-3.6%
Public Transit Grants	57,277	57,633	53,696	(3,937)	-6.8%
Other Grants	28,692	24,357	41,585	17,228	70.7%
Subtotal - Grants	\$ 239,593	\$ 263,095	\$ 274,553	\$ 11,458	4.4%
<b>Total Special Revenue Funds</b>	\$ 942,545	\$ 1,099,585	\$ 1,104,494	\$ 4,909	0.4%
<b>ENTERPRISE FUNDS</b>					
Aviation	345,326	345,765	344,542	(1,223)	-0.4%
Water System	396,592	415,176	420,570	5,394	1.3%
Wastewater System	221,658	225,321	229,962	4,641	2.1%
Solid Waste	147,227	147,540	148,669	1,129	0.8%
Convention Center	69,555	71,335	73,180	1,845	2.6%
<b>Total Enterprise Funds</b>	\$ 1,180,358	\$ 1,205,137	\$ 1,216,923	\$ 11,786	1.0%
<b>TOTAL NON-GENERAL FUND</b>	\$ 2,122,903	\$ 2,304,722	\$ 2,321,417	\$ 16,695	0.7%

<sup>1/</sup> The Transportation 2050 sales tax (Proposition 104) was established by the voters effective January 1, 2016 and increased the Transit 2000 sales tax (Proposition 2000) to fund a comprehensive transportation plan with a 35 year sunset date. The Proposition increased the transaction privilege (sales) tax rates by 0.3% for various business activities.

### **Transit 2000 and Transportation 2050 Funds**

Effective January 1, 2016, Proposition 104 established the Transportation 2050 sales tax, which increased the 0.4 percent Transit 2000 sales tax previously passed by Proposition 2000 to fund a comprehensive transportation plan with a new 35-year sunset date. The Proposition increased the transaction privilege (sales) tax by 0.3 percent for various business activities. Since January 2016, sales tax collections from Proposition 104 have been budgeted and accounted for in the Transportation 2050 fund, while sales tax collections prior to that time from Proposition 2000 were included the Transit 2000 fund. The 2017-18 sales tax estimate for Transportation 2050 is \$210,700,000, which is \$9,226,000 or 4.6 percent more than the 2016-17 estimate of \$201,474,000. These estimates are consistent with the estimates for the same categories in the local sales tax discussion.

Also included in this fund are fare box and other miscellaneous transit system revenues. Fare box revenues are the revenues collected by the transit service for bus ridership. The 2017-18 fare box revenue estimate of \$39,548,000 is 0.4 percent greater than the 2016-17 estimate of \$39,401,000. The slight increase is primarily attributable to upcoming service level increases, which are anticipated to be offset by a continued decline in bus ridership. The 2017-18 estimate also includes interest earnings and other miscellaneous revenue of \$11,829,000 which is a 6.1 percent decrease from 2016-17 estimate of \$12,595,000. This decrease is primarily due to a one-time additional cost reimbursement and sale of personal property revenues in 2016-17.

### **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 2017-18 is \$4,847,000, which is \$2,520,000 or 34.2 percent less than the 2016-17 estimate of \$7,367,000. The decrease is due to reimbursements for the Police Department Records Management System (RMS) replacement that are included in 2016-17, but not in 2017-18.

### **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 2017-18 estimate is \$53,949,000, which is \$228,000 or 0.4 percent less than the 2016-17 estimate of \$54,177,000. While overall revenue activity is projected to remain flat, the slight decrease is due to a one-time development fee collection that occurred in 2016-17.

### **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 2017-18 estimate is \$11,006,000, or 5.3 percent less than the 2016-17 estimate of \$11,622,000. 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. The 2017-18 estimate also includes interest earnings of \$70,000.

### **Sports Facilities**

Sports facilities revenues consist of a 1 percent portion of the 5.3 percent hotel/motel tax category, a 2 percent tax on short-term motor vehicle rentals, and interest revenue generated by the fund. The 2017-18 estimate is \$19,235,000, which is \$244,000 more than the 2016-17 estimate of \$18,991,000. The revenue estimates are consistent with the General Fund sales tax estimates in the hotel/motel and short-term vehicle rental categories. The 2017-18 estimate includes \$8.9 million for the hotel/motel portion and \$10.3 million for the short-term car rental portion. The 2017-18 estimate also includes revenue of \$8,852,000 from the Downtown Phoenix Hotel Fund for debt service payments and 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 2016-17, to partially offset the impact of supplementing the Department of Public Safety with AHUR, the Arizona State Budget included a special distribution of \$30 million from the State General Fund to Arizona counties, cities and towns, which has continued into 2017-18. The revenue to the City of Phoenix from this special distribution is approximately \$4.8 million per year.

For 2017-18, it is anticipated that Phoenix will receive \$101.9 million from the allocation to all cities and towns and \$25.6 million from the allocation to cities and towns over 300,000 population.

The total 2017-18 AHUR estimate of \$127,531,000 is \$2,725,000 more than the 2016-17 estimate of \$124,806,000. The increased 2017-18 estimate is primarily attributable to projected increases in gas and use fuel tax (3.8 percent) and vehicle license tax (5.5 percent). The 2017-18 interest earnings and other income estimate of \$650,000 is \$150,000 less than the 2016-17 estimate of \$800,000.

The table below shows the state-shared AHUR allocations to the City of Phoenix since 2013-14.

ARIZONA HIGHWAY USER REVENUES (In Thousands of Dollars)			
Fiscal Year	AHUR Distribution	Increase/(Decrease)	
		Amount	Percent
2013-14	102,008	3,204	3.2
2014-15	111,748	9,740	9.5
2015-16	116,682	4,934	4.4
2016-17 (Est.)	124,806	8,124	7.0
2017-18 (Est.)	127,531	2,725	2.2

### 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 2017-18 estimate of \$38,215,000 is \$22,281,000 or 36.8 percent lower than the 2016-17 estimate of \$60,496,000. The decrease is due to a reduction in reimbursements from RPTA for regional transportation plan funded projects.

### Community Reinvestment

The 2017-18 estimate of \$5,092,000 is \$390,000 less than the 2016-17 estimate of \$5,482,000 and represents estimated revenues to be received through various economic redevelopment agreements in the downtown area.

### Secondary Property Tax

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

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

As discussed in the General Fund revenue section, the 2017-18 primary property tax rate is \$1.3359 per \$100 of assessed valuation. The 2017-18 secondary rate is \$0.8241 per \$100 of assessed value, for a combined property tax rate of \$2.16.

The 2017-18 secondary property tax levy of \$96,596,000 is based on this \$0.8241 rate and the primary net assessed valuation of \$11.72 billion. This resulting levy increases the 2016-17 secondary property tax levy of \$91,602,000 by \$4,994,000 to satisfy debt service requirements.

Also included in the 2017-18 estimate is \$4,737,000 in bond interest subsidies. Revenues are partially offset by an estimated \$1,932,000 in uncollected taxes. In total, secondary property tax revenue is estimated to be \$99,401,000.

The table below shows secondary assessed valuation, secondary property tax levies and secondary property tax rates since 2013-14.

SECONDARY PROPERTY TAX					
Fiscal Year	Net Assessed Valuation (in Millions) <sup>1</sup>	% Change	Secondary Levy (in Thousands)	% Change	Rate per \$100 Net Assessed Valuation
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	10,577	(2.2)	50,622	0.4	0.4786
2016-17	10,982	3.8	91,602	81.0	0.8341
2017-18 (Est.)	11,721	6.7	96,596	5.5	0.8241

<sup>1</sup> Secondary Net Assessed Valuation prior to 2015-16; Primary thereafter.

### **Regional Wireless Cooperative**

The Regional Wireless Cooperative (RWC) is an independent, multi-jurisdictional organization that manages and operates a regional radio communications network built to seamlessly serve the interoperable communication needs of first responders and other municipal radio users. It currently includes twenty cities, towns and fire districts located in the Phoenix metropolitan region. 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 2017-18 revenue estimate of \$4,459,000 is 12 percent or \$478,000 more than the 2016-17 estimate of \$3,981,000. This increase is due to an estimated decrease in settlements paid to other jurisdictions.

### **Golf Courses**

Revenue sources in the golf course category include greens fees, golf range balls, golf identification cards, golf cart rentals and pro shop sales at city-run golf courses which include Aguila, Cave Creek, Encanto, and Palo Verde. The 2017-18 estimate of \$5,942,000 is slightly lower than the 2016-17 estimate of \$6,028,000. The reduction is due to less revenue expected for building and facility rentals at Papago Golf Course as a result of contract changes with Arizona State University.

### **Impact Fee Program Administration**

In 1987, the City Council established an Impact Fee Program. Impact fees are charged to new development in the City's peripheral planning areas. Impact fees assess new development for its proportionate costs of public infrastructure that will be required due to the development. Impact fees may only be used to pay for the identified public infrastructure. In conjunction with the Impact Fee Program, an administrative fee collected as a percentage of the gross impact fee is also charged. This administrative fee pays for the costs of administering the overall Impact Fee Program.

The 2017-18 revenue is estimated at \$288,000, which is unchanged from the 2016-17 estimate.

### **Other Restricted Fees**

Included in this category are revenues associated with the Court Technology Enhancement fee and the Judicial Collection Enhancement Fund, monopole rentals from several city parks, Tennis Center at Washington Park, Vehicle Impound fees, Heritage Square, Affordable Housing Program, and Jet Fuel Other Restricted Fund. The Jet Fuel Other Restricted Fund was established to account for jet fuel sales and use tax as a result of the potential impact of an FAA policy requiring that those funds be used only for aviation-related purposes, which has subsequently been included in State law with an effective date of December 2017. Also included is revenue from restricted fees for recreation and other programs, and donations specified for various city programs.

The 2017-18 estimate of \$35,785,000 is \$1,609,000 or 4.3 percent less than the 2016-17 estimate of \$37,394,000. The decrease is primarily due to lower revenues anticipated from sales of real estate and Federal Transit Administration asset disposals.

### **Public Housing Grants**

The 2017-18 Public Housing grants revenue included in the annual operating budget is \$92,641,000 which is a 1.9 percent decrease from 2016-17 of \$94,456,000. This decrease is primarily due to less HOME Investment Partnerships Program (HOME) funds from the federal government and housing assistance payments. 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 and interest income.

### **Human Services Grants**

The 2017-18 revenue estimate of \$46,032,000 is \$3,099,000 or 6.3 percent less than the 2016-17 estimate of \$49,131,000. The decrease is due to fewer federal grant funds available for the Head Start program. This category includes funds from the Department of Health and Human Services, Department of Housing and Urban Development, 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 2017-18 CDBG entitlement is \$30,138,000 which is \$3,471,000 or 13.0 percent more than the 2016-17 estimate of \$26,667,000. The increase is due to a carryover from 2016-17 of grant revenues from the federal government.



### Criminal Justice Grants

The 2017-18 grant revenue for criminal justice programs is estimated to be \$10,461,000 which is \$390,000 or 3.6 percent less than the 2016-17 estimate of \$10,851,000. The decrease is due to a reduction in police grant funding. This category includes Police, Court and Law department grants. Grants include funding for the Police Department training academy, drug trafficking prevention, law enforcement community engagement training and other crime related prevention programs.

### Public Transit Grants

The 2017-18 Federal Transit Administration Grant estimate is \$53,696,000 reflecting a decrease of \$3,937,000 or 6.8 percent below the 2016-17 estimate of \$57,633,000. The decrease is due to a reduction in reimbursements for capital budget projects.

### Other Grants

The 2017-18 budget also includes \$41,585,000 for federal, state and other grants which is \$17,228,000 or 70.7 percent more than the 2016-17 estimate of \$24,357,000. The increase is due to the carryover of grant funding for the Neighborhood Stabilization Program and Fire operations. This category includes funding for various parks and recreation and library activities, workforce development programs, housing development grants, fire department and victim assistance 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 2017-18 is anticipated to be \$344,542,000, which is \$1,223,000 or 0.4 percent less than the 2016-17 estimate of \$345,765,000. The decrease is primarily due to expected decreases in concession sales and interest income.

The following table shows Aviation revenue by major category and annual percent change since 2013-14.

<b>SUMMARY OF AVIATION REVENUES (In Thousands of Dollars)</b>					
	<b>2013-14</b>	<b>2014-15</b>	<b>2015-16</b>	<b>2016-17 (Est.)</b>	<b>2017-18 (Est.)</b>
Airline Operation	\$132,739	\$136,686	\$137,358	\$137,700	\$137,700
Concessions and Rentals	185,178	192,615	195,889	196,277	195,332
Interest	1,807	1,842	3,092	1,750	1,500
Other/Federal Grants	5,071	3,591	3,769	4,828	4,828
Goodyear	2,116	2,272	2,292	2,167	2,172
Deer Valley	3,013	2,727	2,926	3,043	3,010
<b>Total Aviation Revenue</b>	<b>\$329,924</b>	<b>\$339,733</b>	<b>\$345,326</b>	<b>\$345,765</b>	<b>\$344,542</b>
<b>Change From Prior Year</b>	<b>(5.4)%</b>	<b>3.0%</b>	<b>1.6%</b>	<b>0.1%</b>	<b>(0.4)%</b>

### 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 2017-18 is projected to be \$420,570,000, which is \$5,394,000 or 1.3 percent more than the \$415,176,000 estimate for 2016-17. The increase is due to estimated increases in water sales, environmental consumption charges, raw water charges, development fees, combined services fees, and other fees including water service connection and water resource acquisition fees. The 2017-18 estimate includes anticipated small increases in the number of accounts. Water rate increases of 3 percent and 2 percent were effective in March 2016 and March 2017 respectively.

The following table shows water system revenues by major category since 2013-14.

<b>SUMMARY OF WATER SYSTEM REVENUES (In Thousands of Dollars)</b>					
	<b>2013-14</b>	<b>2014-15</b>	<b>2015-16</b>	<b>2016-17 (Est.)</b>	<b>2017-18 (Est.)</b>
Water Sales	\$303,593	\$280,321	\$305,168	\$330,900	\$335,405
Environmental Consumption Charge	45,494	42,613	40,105	33,616	33,861
Raw Water Charge	25,679	23,582	24,979	25,712	25,804
Interest	2,247	2,691	2,467	2,243	2,243
Development Fees	2,478	2,416	3,514	3,400	3,600
Combined Service Fees	2,579	2,429	2,386	5,700	5,800
Val Vista	5,494	5,875	5,753	6,223	6,204
All Other	10,684	10,959	12,220	7,382	7,653
<b>Total Water Revenue</b>	<b>\$398,248</b>	<b>\$370,886</b>	<b>\$396,592</b>	<b>\$415,176</b>	<b>\$420,570</b>
Change From Prior Year	(6.1)%	(6.9)%	6.9%	4.7%	1.3%

### **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 \$229,962,000 in 2017-18, which is \$4,641,000 or 2.1 percent more than the 2016-17 estimate of \$225,321,000. The increase is due to expected increases in sewer service charges, environmental user fees, development fees, and multi-city sewer system fees. Wastewater rate increases of 2 percent were effective in March 2016 and March 2017.

The following table shows Wastewater revenue by major category and annual percent change since 2013-14.

<b>SUMMARY OF WASTEWATER SYSTEM REVENUES (In Thousands of Dollars)</b>					
	<b>2013-14</b>	<b>2014-15</b>	<b>2015-16</b>	<b>2016-17 (Est.)</b>	<b>2017-18 (Est.)</b>
Sewer Service Charge	\$147,309	\$148,295	\$154,277	\$158,770	\$161,697
Environmental Charges	33,831	33,784	33,640	32,806	33,711
Development Fees	2,371	2,256	3,340	3,400	3,600
Interest	1,297	1,561	1,756	1,613	1,613
Multi-City	16,502	13,506	15,493	16,713	17,345
Other	10,821	11,987	13,152	12,019	11,996
<b>Total Wastewater Revenue</b>	<b>\$212,131</b>	<b>\$211,389</b>	<b>\$221,658</b>	<b>\$225,321</b>	<b>\$229,962</b>
Change From Prior Year	(1.4)%	(0.3)%	4.9%	1.7%	2.1%

### **Solid Waste**

This category includes revenues from the monthly residential collection and landfill tipping fees. The 2017-18 estimate of \$148,669,000 is an increase of \$1,129,000 or 0.8 percent greater than the 2016-17 estimate of \$147,540,000. The growth is due to slight increases in expected collections from solid waste service fees and interest earnings.

### **Convention Center**

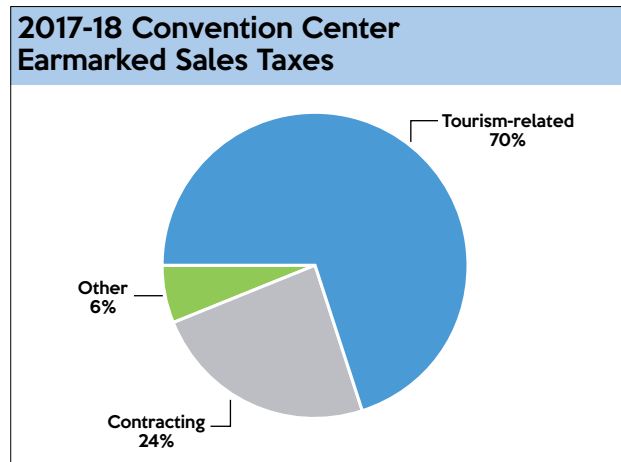
The majority of Convention Center revenues are from earmarked sales taxes including a 0.5 percent tax on advertising, a 0.5 percent portion of the 2.3 percent tax on construction, printing, publishing, transportation/towing and restaurant/ bar sales, plus a 2.0 percent portion of the 5.3 percent hotel/motel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

Earmarked sales taxes are expected to produce \$51,897,000 in 2017-18, an increase of 4.6 percent above the 2016-17 estimate of \$49,607,000. Convention Center operating revenues are expected to be \$17,519,000, parking revenue is expected to be \$3,440,000, and interest revenue is expected to be \$324,000, for total revenue estimates of \$73,180,000. This is \$1,845,000 or 2.6 percent more than the 2016-17 total estimated revenue of \$71,335,000. The increase is due to anticipated increases in sales tax and parking revenues. Tax estimates are consistent with General Fund sales tax estimates for the categories included in Convention Center.

The following table shows the Convention Center excise tax collections since 2013-14.

CONVENTION CENTER SALES TAXES (In Thousands of Dollars)			
Fiscal Year	Amount Collected	Increase/(Decrease)	
		Amount	Percent
2013-14	\$44,311	\$3,483	8.5%
2014-15	46,402	2,091	4.7
2015-16	46,501	99	0.2
2016-17 (Est.)	49,607	3,106	6.7
2017-18 (Est.)	51,897	2,290	4.6

Overall growth rates differ from General Fund sales taxes due to the smaller number of categories, differing proportions of the total and their more volatile nature. As shown in the following pie chart, contracting and tourism represent 94 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 14 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 2017-18 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 2020. 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 2017-18 operating budget allowance of \$1,962,000 is \$32,000 or 1.7 percent more than 2016-17 estimated expenditures. The increase is due to personal service adjustments associated with temporary staff within 2016-17 and reflects the full annualized cost.

Expenditure and Position Summary			
	2015-16 Actual	2016-17 Estimate	2017-18 Budget
Operating Expense	\$1,418,000	\$1,930,000	\$1,962,000
Total Positions	12.5	12.5	12.5
<i>Source of Funds:</i>			
General	\$1,418,000	\$1,930,000	\$1,962,000

## 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 2020. 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 2017-18 City Council operating budget allowance of \$4,206,000 is \$258,000 or 6.5 percent more than 2016-17 estimated expenditures. The increase is due to personal service adjustments associated with temporary staff within 2016-17 and reflects the full annualized cost of equalization and stabilization of the elected officials' budgets.

Expenditure and Position Summary			
	2015-16 Actual	2016-17 Estimate	2017-18 Budget
Operating Expense	\$3,177,000	\$3,948,000	\$4,206,000
Total Positions	32.0	31.0	31.0
<i>Source of Funds:</i>			
General	\$3,177,000	\$3,948,000	\$4,206,000



Thelda Williams  
District 1



Daniel Valenzuela  
District 5



Jim Waring  
District 2



Sal DiCiccio  
District 6



Mayor Greg Stanton



Debra Stark  
District 3



Michael Nowakowski  
District 7



Vice Mayor Laura Pastor  
District 4



Kate Gallego  
District 8

## CITY MANAGER

### Program Goal

The City Manager's Office provides professional administration of the policies and objectives established by the Mayor and City Council, develops alternative solutions to community problems for Mayor and City Council consideration and plans programs 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 2017-18 operating budget allowance of \$2,649,000 is \$68,000 or 2.6 percent more than 2016-17 estimated expenditures. The increase is primarily due to fewer anticipated vacant positions, and increased employee benefit and pension costs.

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

The following significant performance measures and service level trends will be achieved with the 2017-18 budget allowance:

	2015-16 Actual	2016-17 Estimate <sup>1</sup>	2017-18 Budget
Departments implementing performance metrics as follow up to organizational review <sup>2</sup>	NA	10	10
Streamline internal processes to create efficiencies through AdvancePHX <sup>2</sup>	NA	4	3

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

<sup>2</sup> New goals for 2016-17

#### Expenditure and Position Summary

	2015-16 Actual	2016-17 Estimate	2017-18 Budget
Operating Expense	\$2,262,000	\$2,581,000	\$2,649,000
Total Positions	17.0	19.5	19.5
<i>Source of Funds:</i>			
General	\$2,079,000	\$2,355,000	\$2,403,000
Other Restricted	87,000	106,000	130,000
State and Federal Grants	30,000	52,000	49,000
Water	66,000	68,000	67,000

## REGIONAL WIRELESS COOPERATIVE (RWC)

### Program Goal

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

### Budget Allowance Explanation

The RWC 2017-18 operating budget allowance of \$4,628,000 is \$144,000 or 3.0 percent less than 2016-17 estimated expenditures. The decrease reflects slightly lower staff and system maintenance costs.

#### Expenditure and Position Summary

	2015-16 Actual	2016-17 Estimate	2017-18 Budget
Operating Expense	\$4,854,000	\$4,772,000	\$4,628,000
Total Positions	4.0	4.0	4.0
<i>Source of Funds:</i>			
RWC	\$4,854,000	\$4,772,000	\$4,628,000

## GOVERNMENT RELATIONS

### Program Goal

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

### Budget Allowance Explanation

The Government Relations 2017-18 operating budget allowance of \$1,091,000 is \$44,000 or 4.2 percent more than 2016-17 estimated expenditures and reflects the restoration of employee compensation and other normal inflationary adjustments.

### Government Relations Major Performance Measures and Service Levels

The following significant performance measures and service level trends will be achieved with the 2017-18 budget allowance:

	2015-16 Actual	2016-17 Estimate <sup>1</sup>	2017-18 Budget
Percentage of Arizona state legislative bills supported by the City which were enacted	50%	50%	60%
Percentage of Arizona state legislative bills opposed by the City which were not enacted	50%	50%	60%
Number of strategic federal meetings brokered for elected officials or government executives <sup>2</sup>	N/A	N/A	60
Success rate of federal and state competitive grants and private foundation grants that Government Relations assisted departments securing	75%	76%	75%
Number of tribal gaming grants processed by Government Relations	28	44	40

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

<sup>2</sup> 2017-18 new performance measure added.

### Expenditure and Position Summary

	2015-16 Actual	2016-17 Estimate	2017-18 Budget
Operating Expense	\$1,051,000	\$1,047,000	\$1,091,000
Total Positions	5.0	5.0	5.0
<i>Source of Funds:</i>			
General	\$1,041,000	\$1,040,000	\$1,091,000
Other Restricted	10,000	7,000	-

## COMMUNICATIONS OFFICE

### Program Goal

The Communications Office provides information on city services and events to residents, businesses, visitors and the media. The office assists the City Manager's Office and departments citywide in promoting their programs and messages. In addition, the Communications Office manages the city's two cable channels, PHXTV and KNOW99, and daily content for both the city website and the city's main social media platforms.

### Budget Allowance Explanation

The Communications Office 2017-18 operating budget allowance of \$2,489,000 is \$99,000 or 4.1 percent more than 2016-17 estimated expenditures. The increase is primarily due to moving the management of public records from the City Clerk and Elections Department to the Communications Office.

### Communications Office Major Performance Measures and Service Levels

The following significant performance measures and service level trends will be achieved with the 2017-18 budget allowance:

	2015-16 Actual	2016-17 Estimate <sup>1</sup>	2017-18 Budget
Percent of news releases that generate media coverage	85%	85%	85%
New PHX 11 programs produced per year	340	357	357
Percent of news distributed to stakeholders by 5 p.m. daily	95%	95%	95%
Percent of email responses to public inquiries within one day	95%	96%	98%
Average response time to public records requests (days) <sup>2</sup>	3.7	2.0	1.5
Phoenix.gov page visits (monthly average) <sup>3</sup>	1,235,107	1,045,000	1,050,000

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

<sup>2</sup> Reduction in 2016-17 and 2017-18 resulted from the transfer of the public records function from the City Clerk department to the Communications Office.

<sup>3</sup> The number of Phoenix.gov page visit fluctuates year to year depending on the number of events hosted by the City of Phoenix. In fiscal year 2014-15 the increase was a result of social media videos promoting 2015 NFL Super Bowl activities.

### Expenditure and Position Summary

	2015-16 Actual	2016-17 Estimate	2017-18 Budget
Operating Expense	\$2,071,000	\$2,390,000	\$2,489,000
Total Positions	18.6	19.1	19.1
<i>Source of Funds:</i>			
General	\$1,749,000	\$1,976,000	\$2,130,000
Other Restricted	322,000	414,000	359,000

# 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 2017-18 operating budget allowance of \$2,853,000 is \$229,000 or 8.7 percent more than 2016-17 estimated expenditures. The increase is primarily due to fewer anticipated vacant positions.

### City Auditor Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2017-18 budget allowance:

	2015-16 Actual	2016-17 Estimate <sup>1</sup>	2017-18 Budget
Percent of audit plan completed	72%	80%	80%
Performance audit and management reports issued <sup>2</sup>	97	88	90
Average audit cycle time (calendar days) <sup>2</sup>	197	180	180
Economic impact of audits as a result of identified improvements or cost savings (millions)	\$1.2	\$2.9	\$1.2
Hearing rulings issued timely according to time frames listed in the city code	100%	100%	100%

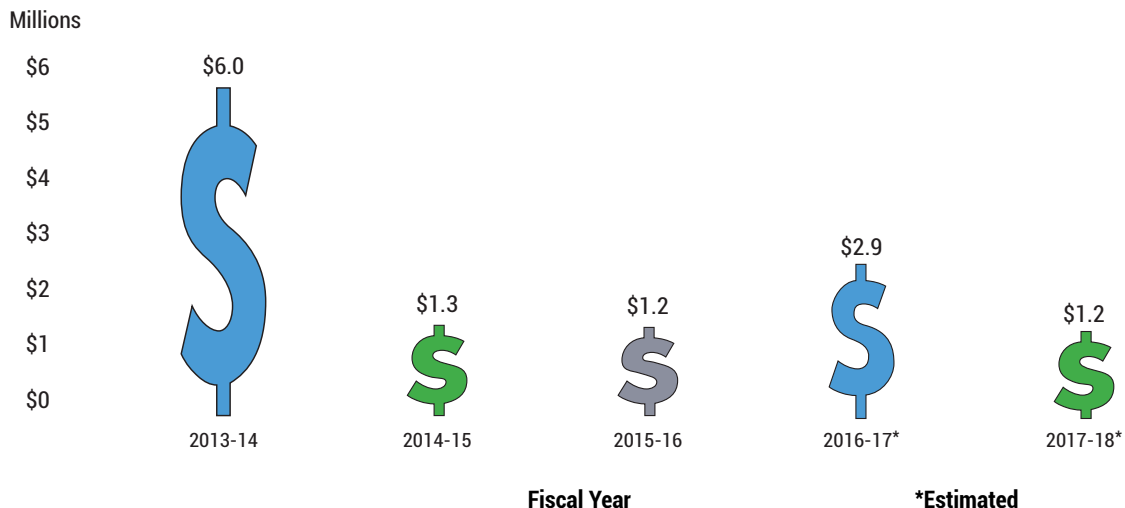
<sup>1</sup>Based on 10 months actual experience.

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

### Expenditure and Position Summary

	2015-16 Actual	2016-17 Estimate	2017-18 Budget
Operating Expense	\$2,095,000	\$2,624,000	\$2,853,000
Total Positions	25.5	25.5	25.5
<i>Source of Funds:</i>			
General	\$2,095,000	\$2,624,000	\$2,853,000

## City Auditor Impact of Recommendations



The projected economic impact in 2016-17 is larger than average due to a review of the Police Academy fees.



## 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 2017-18 Equal Opportunity operating budget allowance of \$2,970,000 is \$234,000 or 8.6 percent more than 2016-17 estimated expenditures. This is primarily due to increasing pension costs, fewer anticipated vacant positions, employee compensation restoration, and the carry-over of unspent federal fair housing funds into 2017-18. The increase is partially offset by the transfer of one position to the Human Services Department and reduced funding for temporary agency services.

### Equal Opportunity Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2017-18 budget allowance:

	2015-16 Actual	2016-17 Estimate <sup>1</sup>	2017-18 Budget
Discrimination complaints in employment, public accommodations, housing and Americans with Disabilities Act (ADA) accessibility, investigated and closed <sup>2</sup>	331	249	235
Percentage of discrimination complaints investigated timely <sup>3</sup>	20%	25%	85%
Outreach presentations to small and disadvantaged businesses and small business advocacy organizations	12	14	14
Number of disadvantaged business enterprises (DBEs) certified	162	180	180
Number of small business enterprises (SBEs) certified	677	725	725
Construction subcontracts monitored for participation of DBE subcontractors and non-DBE-certified construction subcontractors	2,000	1,600	1,800

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

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

<sup>3</sup> Timelines may be dictated by state and federal enforcement agencies and not by city timelines. The 2015-16 and 2016-17 data reflects the decrease in complaints investigated timely due to vacancies in the department. Increases are anticipated in 2017-18 due to fewer anticipated vacancies.

### Expenditure and Position Summary

	2015-16 Actual	2016-17 Estimate	2017-18 Budget
Operating Expense	\$2,672,000	\$2,736,000	\$2,970,000
Total Positions	26.0	25.0	25.0
<i>Source of Funds:</i>			
General	\$2,222,000	\$2,338,000	\$2,461,000
Community Development Block Grant	254,000	226,000	267,000
Federal and State Grants	191,000	162,000	232,000
Other Restricted	5,000	10,000	10,000

# HUMAN RESOURCES

## Program Goal

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

## Budget Allowance Explanation

The Human Resources Department 2017-18 operating budget allowance of \$11,692,000 is \$459,000 or 3.8 percent less than 2016-17 estimated expenditures.

The General Fund decrease of \$424,000 or 3.9% in 2017-18 is primarily due to the elimination of several temporary positions and the transfer of medical consulting services for on the job injuries to the worker's compensation trust account.

The Other Restricted fund decrease of \$11,000 or 2.1% in 2017-18 is primarily due to decreases in contractual services, which is partially offset by increases in staff costs.

## Human Resources Department Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2017-18 budget allowance:

	2015-16 Actual	2016-17 Estimate <sup>1</sup>	2017-18 Budget
Percentage of hiring managers satisfied with applicants placed on hiring eligible list	80%	82%	80%
Annualized employee turnover rate	8.2%	8.3%	8.0%
Employee performance evaluations completed on time	76%	75%	75%
The number of employee suggestions received	48	50	60

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

## Expenditure and Position Summary

	2015-16 Actual	2016-17 Estimate	2017-18 Budget
Operating Expense	\$11,941,000	\$12,151,000	\$11,692,000
Total Positions	103.1	105.0	101.0
<i>Source of Funds:</i>			
General	\$10,834,000	\$10,769,000	\$10,345,000
City Improvement	773,000	855,000	831,000
Other Restricted	334,000	527,000	516,000

## 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 2017-18 operating budget allowance of \$96,000 is \$2,000 or 2.1 percent more than 2016-17 estimated expenditures. The increase is primarily due to increasing pension costs and employee compensation restoration.

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

The following significant performance measures and service trends will be achieved with the 2017-18 budget allowance:

	2015-16 Actual	2016-17 Estimate <sup>1</sup>	2017-18 Budget
Number of cases filed annually <sup>2</sup>	4	4	5

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

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

#### Expenditure and Position Summary

	2015-16 Actual	2016-17 Estimate	2017-18 Budget
Operating Expense	\$60,000	\$94,000	\$96,000
Total Positions	1.0	1.0	1.0
<i>Source of Funds:</i>			
General	\$60,000	\$94,000	\$96,000

## RETIREMENT SYSTEMS

### Program Goal

Retirement Systems provides staff support to the general, police and fire retirement boards and administers retirement programs for all city employees.

### Budget Allowance Explanation

The Retirement Systems 2017-18 gross operating budget allowance of \$2,408,000 is \$149,000 or 6.6 percent more than 2016-17 estimated expenditures. This is primarily due to fewer anticipated vacant positions in 2017-18, increasing pension costs, and employee compensation restoration.

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

The following significant performance measures and service trends will be achieved with the 2017-18 budget allowance:

	2015-16 Actual	2016-17 Estimate <sup>1</sup>	2017-18 Budget
General city retirements <sup>2</sup>	383	355	350
Public safety retirements <sup>2</sup>	427	272	200
General city and public safety member contacts			
Appointments <sup>2</sup>	1,055	955	750
Walk-in service <sup>2</sup>	3,613	1,650	1,700
Telephone calls	9,521	9,596	9,000
General City and Public Safety Benefit estimates provided (excluding self-service) <sup>3</sup>	1,607	1,591	1,550

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

<sup>2</sup> Decreases are expected in 2016-17 which are more aligned with historical levels.

<sup>3</sup> Anticipated decreases reflect technology improvements that allow for self-service benefit estimates.

#### Expenditure and Position Summary

	2015-16 Actual	2016-17 Estimate	2017-18 Budget
Operating Expense (Gross <sup>1</sup> )	\$1,903,000	\$2,259,000	\$2,408,000
Total Positions	13.0	15.0	15.0
<i>Source of Funds:</i>			
General (Gross <sup>1</sup> )	\$1,903,000	\$2,259,000	\$2,408,000

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

# LAW

## Program Goal

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

## Budget Allowance Explanation

The Law Department 2017-18 operating budget allowance of \$21,747,000 is \$997,000 or 4.8 percent more than 2016-17 estimated expenditures. The increase reflects the restoration of employee compensation, lower anticipated vacant positions, and normal inflationary increases. The increases are slightly offset by reduced technology-related expenditures.

### Law Department Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2017-18 budget allowance:

	2015-16 Actual	2016-17 Estimate <sup>1</sup>	2017-18 Budget
Criminal cases sent to diversion	2,738	3,200	3,000
Pre-trial disposition conferences set	70,560	74,000	72,000
New civil cases opened in the fields of condemnation, collection, taxes and civil litigation, excluding liability and other cases assigned to outside counsel	693	800	800
Number of defendants submitted for charging review	28,065	35,000	30,000
Number of civil cases closed, including those assigned to outside counsel and handled through the alternative dispute resolution process	435	600	500
Ordinances and resolutions for City Council adoption drafted and reviewed	1,170	1,000	1,000
Number of jury trials prosecuted	128	150	150

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

### Expenditure and Position Summary

	2015-16 Actual	2016-17 Estimate	2017-18 Budget
Operating Expense	\$18,586,000	\$20,750,000	\$21,747,000
Total Positions	196.0	197.0	197.0
<i>Source of Funds:</i>			
General	\$17,807,000	\$19,375,000	\$20,354,000
Federal and State Grants	659,000	1,160,000	1,178,000
Court Awards	119,000	183,000	183,000
Other Restricted	1,000	32,000	32,000

## 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 2017-18 operating budget allowance of \$40,660,000 is \$2,635,000 or 6.9 percent more than 2016-17 estimated expenditures. The increase reflects the restoration of employee compensation, lower anticipated vacant positions, and normal inflationary adjustments. Increased costs for software licensing and ongoing technology maintenance requirements also contributed to the increase.

### Information Technology Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2017-18 budget allowance:

	2015-16 Actual	2016-17 Estimate <sup>1</sup>	2017-18 Budget
Percentage of on-time operations center services	99.0%	99.0%	99.0%
Critical systems availability percentage:			
Enterprise network	99.9%	99.9%	99.9%
Telephone network	98.0%	98.0%	98.0%
Phoenix.gov	99.7%	99.0%	99.0%
ePay	98.2%	99.0%	99.0%
CC&B	97.5%	97.5%	97.5%
TALIS	96.0%	96.5%	96.0%
RWC	99.9%	99.9%	99.9%
Number of pages accessed in Phoenix.gov	13,721,679	13,300,000	13,300,000
Average cycle time of telephone service requests	< 21 days	< 21 days	< 21 days
Units of portable and mobile radio equipment <sup>2</sup>	18,500	18,610	18,610

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

<sup>2</sup> Includes all portable and mobile radios support on behalf of all RWC members, as well as support of portable and mobile radios for Fire's VHF system.

### Expenditure and Position Summary

	2015-16 Actual	2016-17 Estimate	2017-18 Budget
Operating Expense	\$36,866,000	\$38,025,000	\$40,660,000
Total Positions	193.0	195.0	195.0
<i>Source of Funds:</i>			
General	\$34,099,000	\$34,917,000	\$37,589,000
City Improvement	1,576,000	1,813,000	1,819,000
Cable Communications	384,000	436,000	418,000
Aviation	223,000	260,000	264,000
Solid Waste	195,000	251,000	263,000
Water	181,000	211,000	210,000
Other Restricted	208,000	137,000	97,000

# CITY CLERK AND ELECTIONS

## Program Goal

The City Clerk Department exists to uphold public trust and protect local democracy by providing access to services and information on matters of public interest to residents, elected officials, city departments, and other customers. The department manages elections and annexations; prepares council agendas, minutes and meeting notices; maintains public records; processes liquor and regulated business licenses; and supports all city department operations through provision of internal printing, graphic design, and mail services.

## Budget Allowance Explanation

The City Clerk 2017-18 operating budget allowance of \$4,946,000 is \$160,000 or 3.3 percent more than 2016-17 estimated expenditures. The increase reflects additional funding for mailing postcards to voters not currently on the Permanent Early Voting List, fewer anticipated vacant positions and the purchase of a software agreement for the new City Council agenda management system. The increase was partially offset by savings in photocopy equipment and duplicating supplies which resulted from outsourcing the printing of the City Services bill and the monthly newsletter to a third party provider, and the transfer of privilege license tax billing and collection activities to the State of Arizona.

## City Clerk Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2017-18 budget allowance:

	2015-16 Actual	2016-17 Estimate <sup>1</sup>	2017-18 Budget
Number of council formal and special meeting agenda items	1,900	2,100	2,100
Open meeting law notices posted	3,100	3,100	3,100
Percent of open meeting law notices posted in accordance with state law <sup>2</sup>	100%	100%	100%
Total printing and copy impressions (millions) <sup>3</sup>	42.2	37.0	27.6
City Council regular and special elections held	1	2	1
License services applications and contacts	17,300	17,800	17,800
Records (in pages) provided for public access online	101,967	105,000	125,000

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

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

<sup>3</sup> Reduction in 2016-17 resulted from the outsourcing of City Services billings and monthly newsletter printing and the projected reduction in 2017-18 is due to the collection of privilege tax collections transitioning to the State of Arizona.

## Expenditure and Position Summary

	2015-16 Actual	2016-17 Estimate	2017-18 Budget
Operating Expense	\$4,267,000	\$4,786,000	\$4,946,000
Total Positions	57.0	53.0	53.0
<i>Source of Funds:</i>			
General	\$4,251,000	\$4,762,000	\$4,927,000
City Improvement	16,000	24,000	19,000

# 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 2017-18 Finance Department operating budget allowance of \$40,841,000 is \$14,369,000 or 54.3 percent more than 2016-17 estimated expenditures. The primary variances are in the General Fund and City Improvement Fund. The City Improvement Fund budget allowance for 2017-18 is \$14,884,000 more than 2016-17. This is primarily due to an increase in debt service payments for citywide projects including the Regional Wireless Cooperative, LED Streetlight program and implementing a new phone system.

The General Fund budget allowance for 2017-18 of \$23,628,000 is \$1,027,000 or 4.5 percent more than 2016-17. This increase is primarily due to the completion of the Cashier for Windows implementation, fewer anticipated vacant positions and increasing employee costs. These increases are partially offset by lower technology costs and reduced postage as a result of tax collection by the Arizona Department of Revenue.

## Finance Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2017-18 budget allowance:

	2015-16 Actual	2016-17 Estimate <sup>1</sup>	2017-18 Budget
Sales tax and franchise fees collected (millions)	\$791	\$800	\$800
Average real estate acquisition cycle time (months)	8.0	9.0	9.0
Average property damage claims cycle time (days) <sup>2</sup>	38	36	60
Average invitation for bid (IFB) cycle time (days) <sup>3</sup>	75	68	60

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

<sup>2</sup> The 60 day cycle time is the budgeted goal. The goal was exceeded last year and is projected to do so again this year. Factors such as volume and complexity has an impact on the processing of claims.

<sup>3</sup> The cycle time has decreased with the approval of new procurement thresholds.

## Expenditure and Position Summary

	2015-16 Actual	2016-17 Estimate	2017-18 Budget
Operating Expense	\$23,645,000	\$26,472,000	\$40,841,000
Total Positions	216.0	214.0	214.0
<i>Source of Funds:</i>			
Aviation	307,000	332,000	342,000
City Improvement	328,000	1,590,000	14,884,000
General	\$21,033,000	\$22,601,000	\$23,628,000
Other Restricted	123,000	120,000	120,000
Public Housing	-	5,000	(3,000)
Sports Facilities	109,000	129,000	129,000
Wastewater	625,000	636,000	636,000
Water	1,120,000	1,059,000	1,105,000

## 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 2017-18 operating budget allowance of \$3,501,000 is \$285,000 or 8.9 percent higher than 2016-17 estimated expenditures. This is primarily due to continuation of employee compensation restoration and normal inflationary increases.

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

The following significant performance measures and service trends will be achieved with the 2017-18 budget allowance:

	2015-16 Actual	2016-17 Estimate <sup>1</sup>	2017-18 Budget
Percent variance of actual versus estimated expenditures for each major fund (data for the General Fund is shown)	-0.2%	0 ± 1%	0 ± 1%
Percent variance of actual versus estimated revenues for each major fund (data for the General Fund is shown)	0.6%	0 ± 1%	0 ± 1%
Percent of Requests for Council Action processed within 24 hours	92%	75%	75%
Capital Improvement Program expenditures as a percentage of budget	64.2%	60%	65%

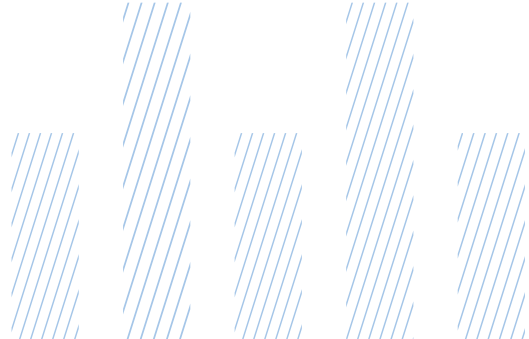
<sup>1</sup> Based on 10 months actual experience.

### Expenditure and Position Summary

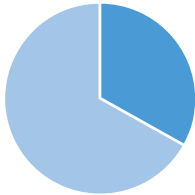
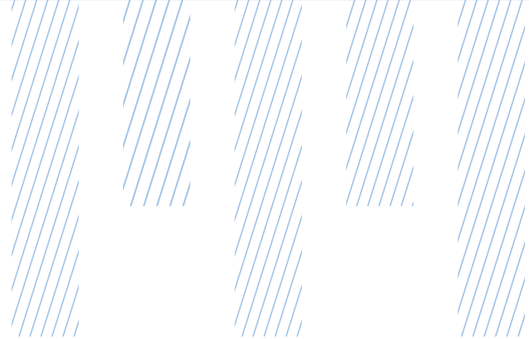
	2015-16 Actual	2016-17 Estimate	2017-18 Budget
Operating Expense	\$2,628,000	\$3,216,000	\$3,501,000
Total Positions	25.0	25.0	25.0
<i>Source of Funds:</i>			
General	\$2,628,000	\$3,216,000	\$3,501,000







# PUBLIC SAFETY



**The Public Safety Program Represents 35.1% of the Total Budget.**

The Public Safety program budget includes Police, Fire 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 2017-18 operating budget allowance of \$677,593,000 is \$61,571,000 or 10.0 percent more than 2016-17 estimated expenditures and reflects the restoration of employee compensation, hiring of 259 police officers to complete the three-year hiring plan, public safety retirement contribution increases and other normal inflationary increases.

The 2017-18 budget also includes funds to hire 16 Police Assistants and associated equipment aimed at improving response times by allowing officers to focus on higher priority calls for service.

## Budget Allowance Explanation

The following significant performance measures and service trends will be achieved with the 2017-18 budget allowance:

	2015-16 Actual	2016-17 Estimate <sup>1</sup>	2017-18 Budget
Average Response Time (Minutes)			
Priority 1 – Emergency	6.2	6.4	6.5
Priority 2 – Non-Emergency	16.4	17.9	18.2
Priority 3 – All Others	43.1	46.8	46.8
Percentage of phone calls to 9-1-1 and Crime Stop answered within 10 seconds	89%	88%	88%
Cases accepted by the county attorney for issuance of complaint <sup>2</sup>	N/A	N/A	N/A
Moving violation citations issued	91,256	82,200	85,600
Traffic accidents	29,007	31,400	33,400
Percentage of cases cleared:			
Murder	58%	58%	58%
Rape	13%	13%	13%
Robbery	20%	25%	25%
Aggravated Assault	28%	36%	36%
Burglary	5%	6%	6%
Theft	20%	18%	18%
Auto Theft	6%	7%	7%
Arson	15%	22%	16%

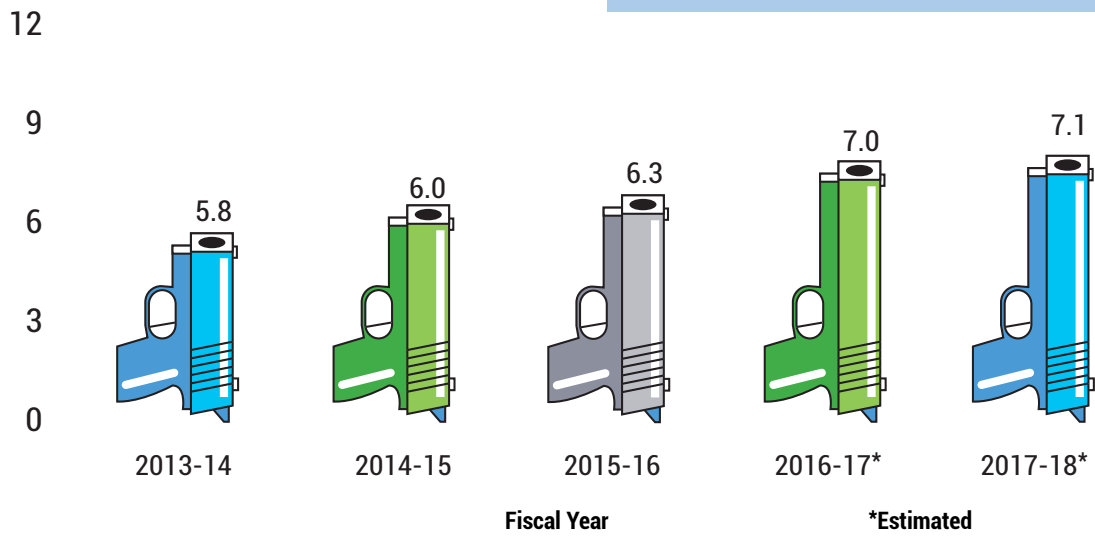
<sup>1</sup> Based on 10 months actual experience.

<sup>2</sup> The data captured for cases submitted changed when a new records management system (RMS) was implemented in October 2015. Both the business process and the data fields utilized in the new RMS for tracking cases submitted are still being researched by report development staff to determine the best way to pull from the available data to quantify the number of cases submitted to the County Attorney. An update will be provided in next fiscal year's report.

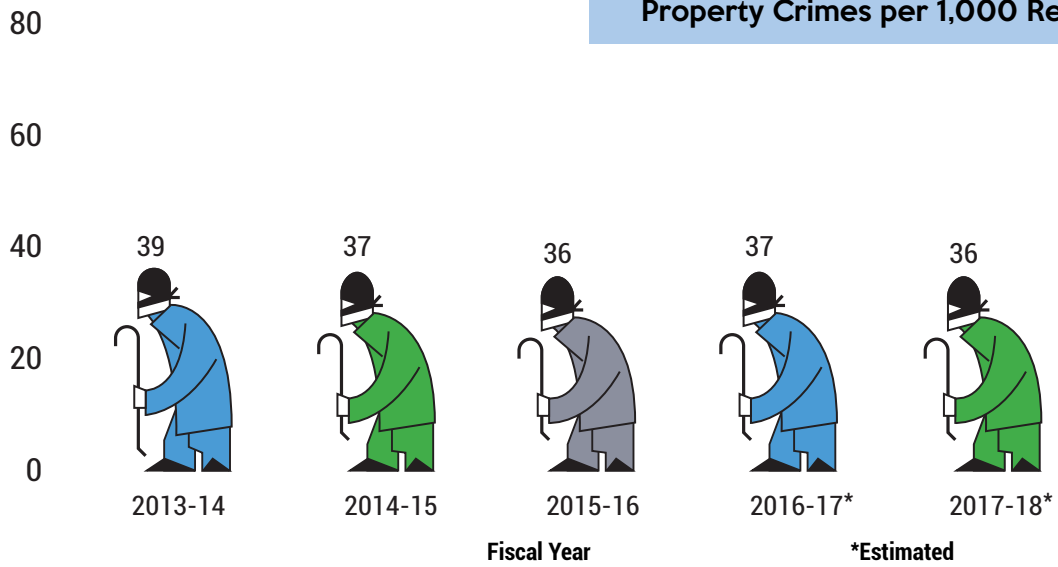
## Expenditure and Position Summary

	2015-16 Actual	2016-17 Estimate	2017-18 Budget
Operating Expense	\$573,601,000	\$616,022,000	\$677,593,000
Total Positions	4,318.5	4,301.6	4,317.6
<i>Source of Funds:</i>			
General	\$484,595,000	\$498,274,000	\$548,803,000
Public Safety Expansion	34,142,000	44,563,000	52,324,000
Neighborhood Protection	15,993,000	19,302,000	22,748,000
Other Restricted	10,831,000	17,637,000	20,407,000
Public Safety Enhancement	8,692,000	13,260,000	15,346,000
Federal and State Grants	7,119,000	9,691,000	9,283,000
Court Awards	4,522,000	6,731,000	4,703,000
City Improvement	6,413,000	5,219,000	2,580,000
Sports Facilities	1,294,000	1,345,000	1,399,000

**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

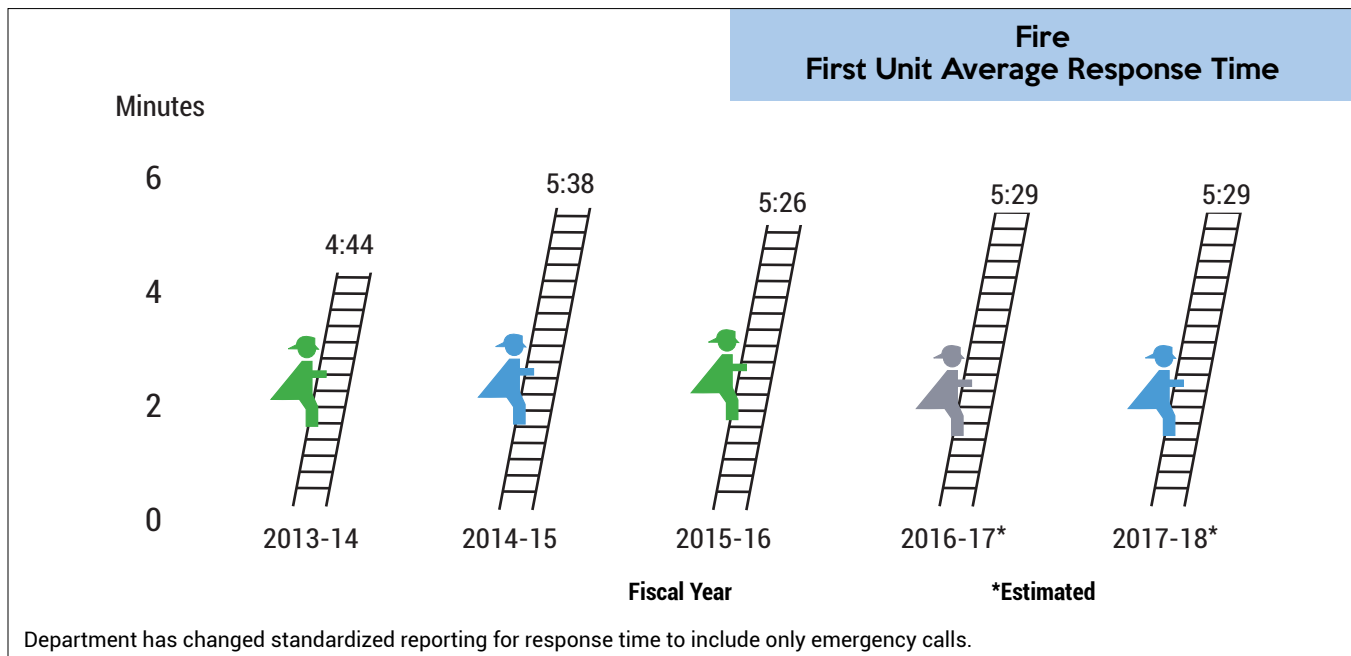
The Fire Department 2017-18 operating budget allowance of \$353,985,000 is \$40,922,000 or 13.1 percent more than 2016-17 estimated expenditures and is the result of continued restoration of employee compensation, public safety retirement contribution increases, and other normal inflationary factors. Additionally, there is funding to replace the obsolete Emergency Transportation (ETS) billing system with an electronic billing and records system (ePCR) and an increase for the purchase of replacement vehicles.

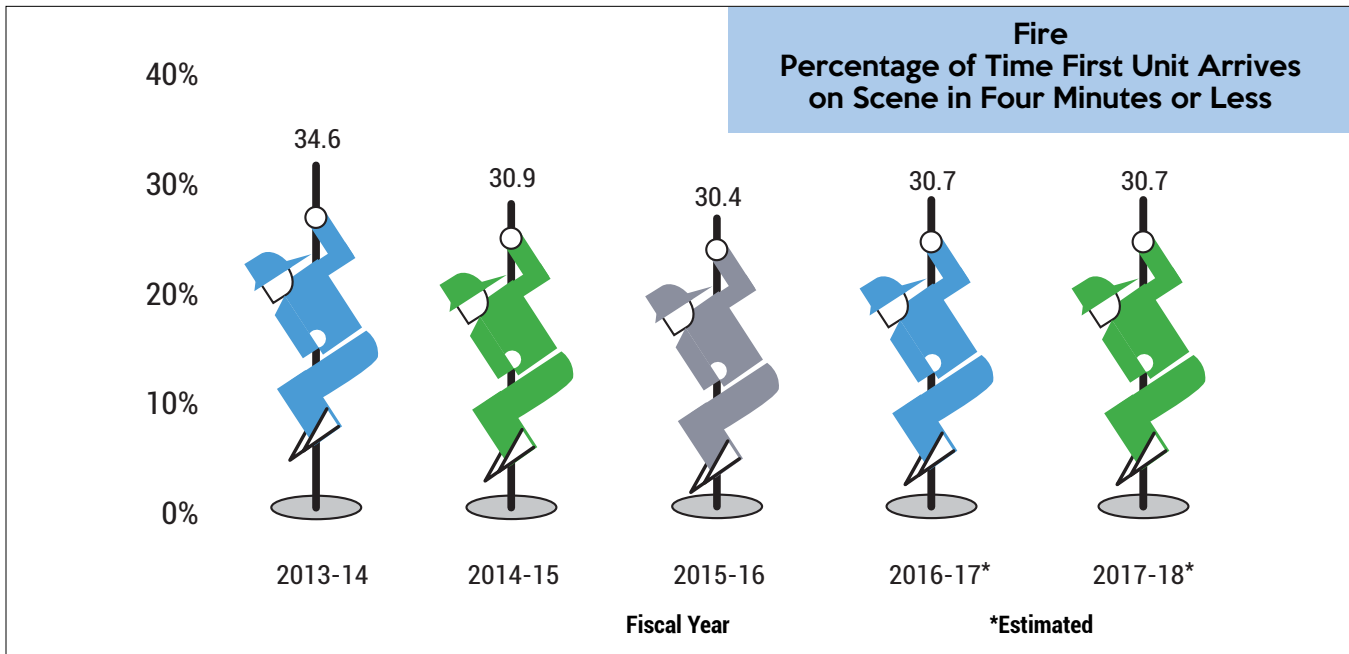
### Fire Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2017-18 budget allowance:

	2015-16 Actual	2016-17 Estimate <sup>1</sup>	2017-18 Budget
Percent of fire and emergency medical call responses within four minutes	32.6%	32.3%	32.3%
Patient transports to Valley hospitals via emergency medical vehicles	68,329	65,700	67,700
Percentage of time Advanced Life Support (ALS) medical calls are responded to with paramedic units within five minutes	55.2%	55.1%	55.1%
Number of fire investigations to determine cause only	760	750	770
Number of calls by type:			
Emergency Medical	174,149	183,000	183,000
Fire	16,902	17,000	17,500
Other (mountain/swift water/trench/tree rescues/other)	7,094	7,000	7,000

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





Expenditure and Position Summary			
	2015-16 Actual	2016-17 Estimate	2017-18 Budget
Operating Expense	\$300,295,000	\$313,063,000	\$353,985,000
Total Positions	2,010.9	2,011.9	2,011.9
<i>Source of Funds:</i>			
General	\$252,519,000	\$266,303,000	\$298,471,000
Public Safety Expansion	11,517,000	13,598,000	15,641,000
Public Safety Enhancement	8,877,000	10,589,000	11,172,000
Neighborhood Protection	11,786,000	8,785,000	10,777,000
Federal and State Grants	8,542,000	6,592,000	8,630,000
Other Restricted	3,474,000	4,894,000	5,015,000
City Improvement	3,580,000	2,302,000	4,279,000

## OFFICE OF HOMELAND SECURITY AND EMERGENCY MANAGEMENT

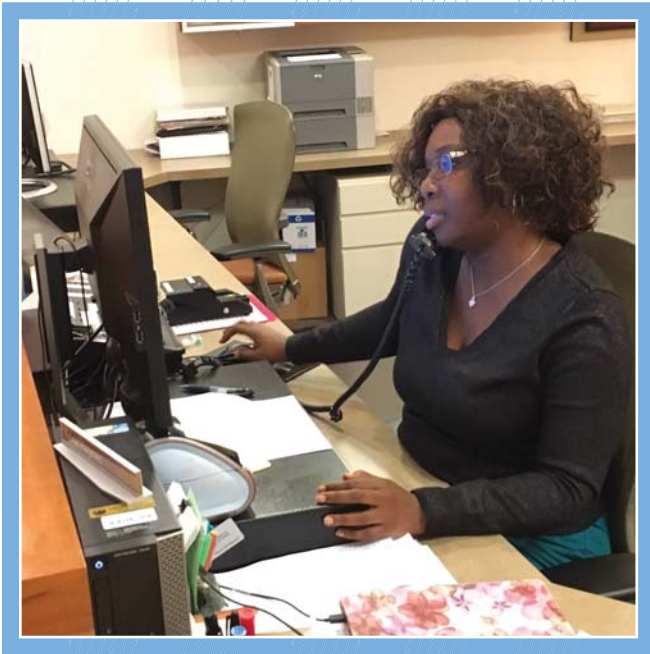
### Program Goal

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

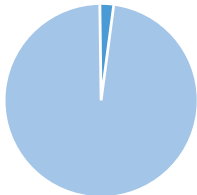
The Office of Homeland Security and Emergency Management 2017-18 operating budget allowance of \$1,031,000 is \$39,000 or 3.6 percent less than 2016-17 estimated expenditures primarily due to fewer grant funds expected for the Urban Areas Security Initiative. The 2017-18 budget includes the full-year funding for the addition of a Deputy Information Technology Services Director position in 2016-17 to coordinate citywide cybersecurity efforts.

Expenditure and Position Summary			
	2015-16 Actual	2016-17 Estimate	2017-18 Budget
Operating Expense	\$664,000	\$1,070,000	\$1,031,000
Total Positions	7.0	8.0	8.0
<i>Source of Funds:</i>			
General	\$15,000	\$95,000	\$83,000
Public Safety Enhancement	277,000	321,000	458,000
Federal and State Grants	372,000	654,000	490,000





# CRIMINAL JUSTICE



**The Criminal Justice Program Represents 2.2% 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 2017-18 operating budget allowance of \$41,513,000 is \$1,301,000 or 3.2 percent more than 2016-17 estimated expenditures. This is primarily due to continuation of employee compensation restoration, fewer anticipated vacant positions, and normal inflationary increases.

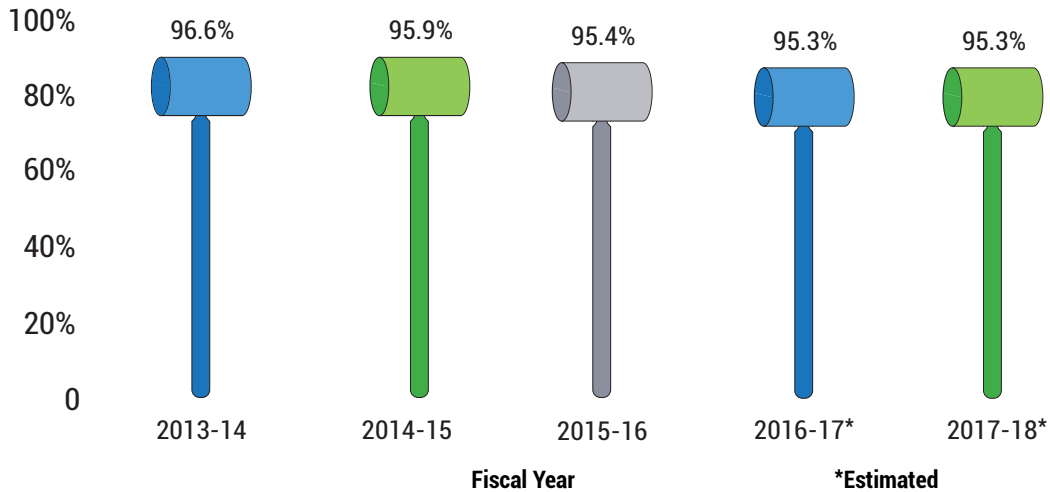
## Municipal Court Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2017-18 budget allowance:

	2015-16 Actual	2016-17 Estimate <sup>1</sup>	2017-18 Budget
Criminal filings	50,000	50,000	50,000
Civil filings	130,000	115,000	115,000
Average number of days from arraignment to hearing for minor traffic cases	35	35	35
Number of criminal cases with a pending trial date at year end	2,600	2,600	2,600
Percent of trials/hearings appealed	2.7%	2.0%	2.0%
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	1.5 minutes	1.5 minutes	1.5 minutes

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

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



## Expenditure and Position Summary

	2015-16 Actual	2016-17 Estimate	2017-18 Budget
Operating Expense	\$34,427,000	\$40,212,000	\$41,513,000
Total Positions	279.0	273.0	273.0
<i>Source of Funds:</i>			
General	\$25,661,000	\$27,731,000	\$29,241,000
City Improvement	6,816,000	7,386,000	7,522,000
Other Restricted	1,950,000	5,095,000	4,750,000

# 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 2017-18 operating budget allowance of \$5,081,000 is \$110,000 or 2.2 percent more than 2016-17 estimated expenditures. There were significant savings in 2016-17 due to positions which remained vacant most of the year. The increase in 2017-18 reflects those positions being filled and normal inflationary increases.

### Public Defender Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2017-18 budget allowance:

	2015-16 Actual	2016-17 Estimate <sup>1</sup>	2017-18 Budget
Defendants charged with misdemeanor crimes represented in Phoenix Municipal Court	12,119	13,300	13,300

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

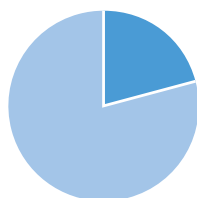
### Expenditure and Position Summary

	2015-16 Actual	2016-17 Estimate	2017-18 Budget
Operating Expense	\$5,036,000	\$4,971,000	\$5,081,000
Total Positions	11.0	11.0	11.0
<i>Source of Funds:</i>			
General	\$5,036,000	\$4,971,000	\$5,081,000





# TRANSPORTATION



**The Transportation Program Represents 21.1% of the Total Budget.**

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

# STREET TRANSPORTATION

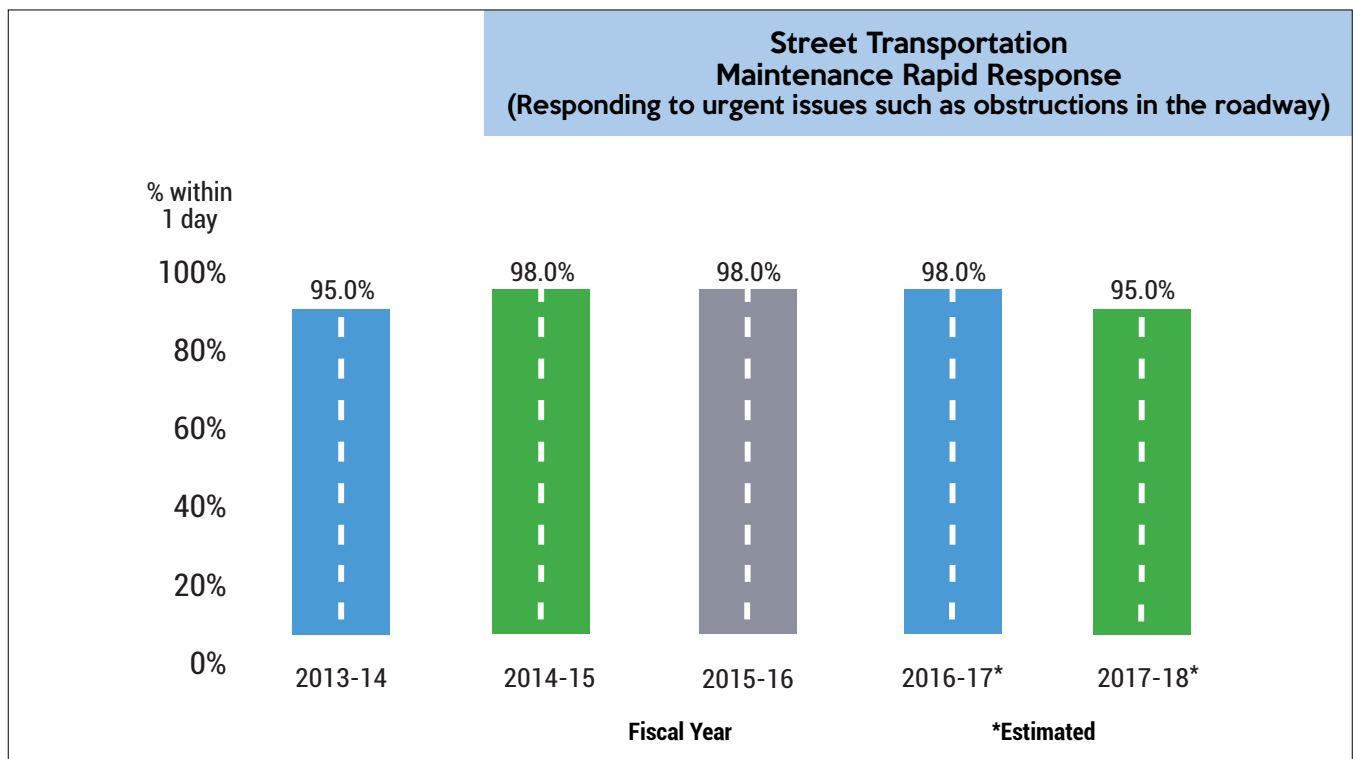
## Program Goal

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

## Budget Allowance Explanation

The Street Transportation 2017-18 operating budget allowance of \$83,749,000 is \$10,543,000 or 14.4 percent more than 2016-17 estimated expenditures. The increase is primarily in the Arizona Highway User Revenue (AHUR) for vehicle and equipment replacement costs and offsetting a portion of the General Funded street maintenance operational costs. The department's Storm Water fund also increased to provide landscape maintenance in washes and purchase capital equipment.

The General Fund operating budget for 2017-18 of \$18,836,000 is \$242,000 or 1.3% more than 2016-17 estimated expenditures. This is primarily due to fewer anticipated vacant positions, a full year's cost for the transfer of street landscape maintenance from the Parks and Recreation Department, and increased costs for liability insurance. These costs are partially offset with the transfer of replacement equipment to the AHUR fund.



**Street Transportation Major Performance Measures and Service Levels**

The following significant performance measures and service trends will be achieved with the 2017-18 budget allowance:

	2015-16 Actual	2016-17 Estimate <sup>1</sup>	2017-18 Budget
Routine street maintenance requests for service completed within 21 days	80%	75%	75%
Percent of all traffic signal control cabinets inspected annually	93%	100%	100%
Routine traffic operation requests for service completed within 30 days	85%	90%	90%
Construction project complaints or inquiries addressed within two working days	97%	97%	97%
Number of days to review and respond to street light requests <sup>2</sup>	2.5	10	12
Number of days to review private development plans	9	9	9
Utility plan review turnaround time within 10 working days	95%	94%	92%
Complete requests for sign and crosswalk work within 45 days	81%	80%	80%

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

<sup>2</sup>The department reduced staff responsible for responding to street light requests.

**Expenditure and Position Summary**

	2015-16 Actual	2016-17 Estimate	2017-18 Budget
Operating Expense	\$67,069,000	\$73,206,000	\$83,749,000
Total Positions	650.0	646.0	646.0
<i>Source of Funds:</i>			
General	\$15,958,000	\$18,594,000	\$18,836,000
Arizona Highway User Revenue	48,879,000	51,415,000	61,319,000
City Improvement	106,000	383,000	382,000
Capital Construction	136,000	130,000	171,000
Federal and State Grants	41,000	40,000	45,000
Other Restricted	1,949,000	2,644,000	2,996,000

# AVIATION

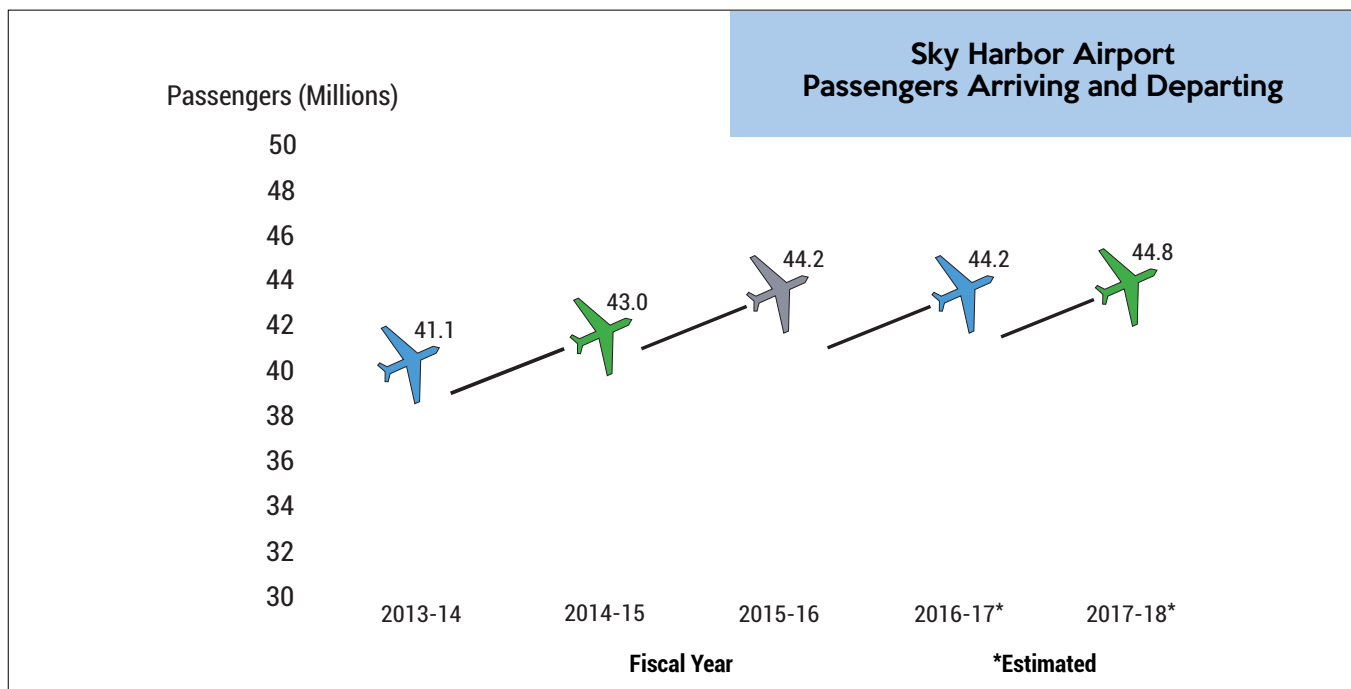
## Program Goal

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 2017-18 operating budget allowance of \$255,739,000 is \$10,863,000 or 4.4 percent more than 2016-17 estimated expenditures. The increase reflects new funding of \$1.8 million dedicated to safety and security which includes: an Airport Command Center which will be a multi-purpose facility to ensure the safe, efficient and secure operation of the entire Phoenix Sky Harbor complex; the creation of a new division to support FAA mandated risk management and emergency preparedness; and a new ambulance dedicated to Phoenix Sky Harbor to reduce response time and provide priority services to incidents occurring at the airport.

In addition to the normal inflationary increases and continued restoration of employee compensation, the increase also reflects \$3.5 million for several maintenance projects such as pavement restoration and monitoring services, which were previously funded in the capital improvement program.



## Aviation Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2017-18 budget allowance:

	2015-16 Actual	2016-17 Estimate <sup>1</sup>	2017-18 Budget
<b>Airline rental rates (cost per square foot):</b>			
Terminal 2	\$106.68	\$109.80	\$120.00
Terminal 3	\$106.68	\$109.80	\$120.00
Terminal 4	\$106.68	\$109.80	\$120.00
<b>Gross sales per departing passenger:</b>			
Terminal 2	\$5.38	\$5.43	\$5.45
Terminal 3	\$9.65	\$10.83	\$10.90
Terminal 4	\$10.52	\$9.63	\$10.54
Aircraft takeoffs and landings	926,602	923,000	924,000
Total international passengers	2,169,423	2,000,000	2,050,000
Air cargo processed (in tons)	302,435	310,000	312,000

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

## Expenditure and Position Summary

	2015-16 Actual	2016-17 Estimate	2017-18 Budget
Operating Expense	\$229,649,000	\$244,876,000	\$255,739,000
Total Positions	857.0	853.0	857.0
<i>Source of Funds:</i>			
Aviation	\$229,649,000	\$244,876,000	\$255,739,000

# PUBLIC TRANSIT

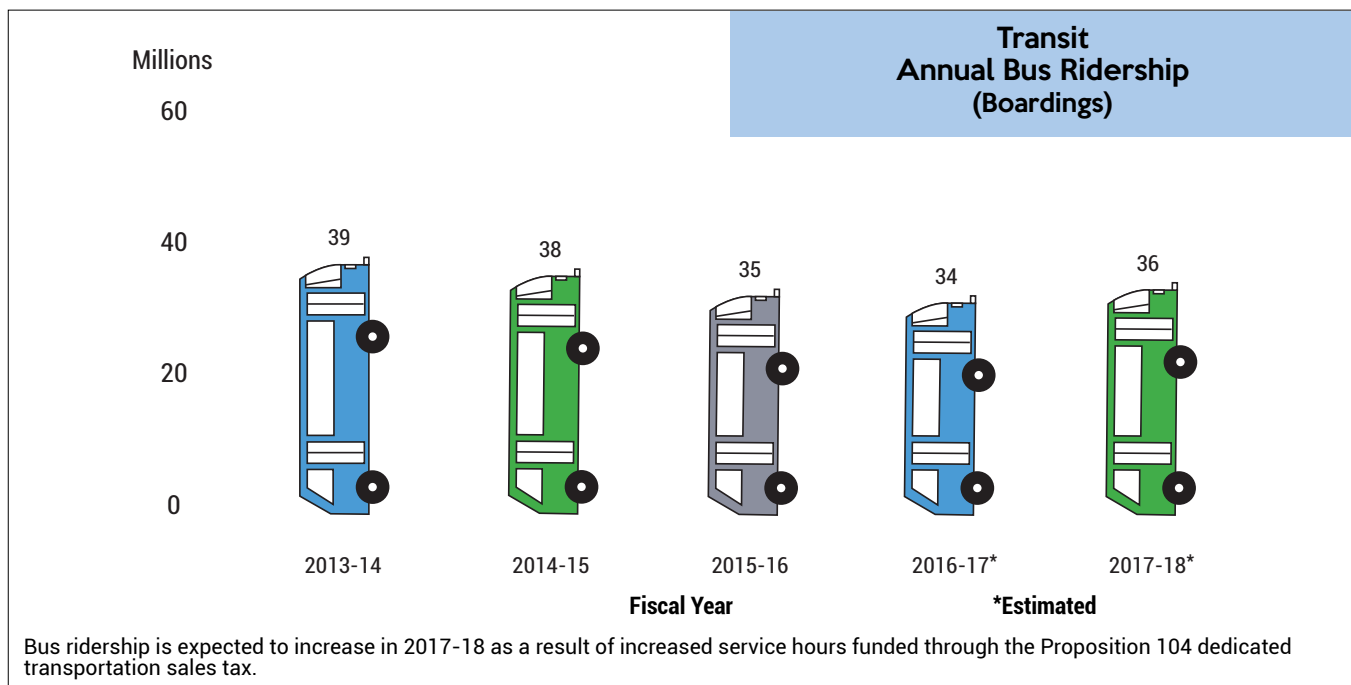
## Program Goal

The Public Transit Department mission is to provide Phoenix with reliable and innovative bus, light rail and para-transit services, and to improve the city's transit system through the transparent administration of the Transportation 2050 (T2050) plan.

## Budget Allowance Explanation

The Public Transit 2017-18 operating budget allowance of \$310,951,000 is \$23,612,000 or 8.2 percent more than 2016-17 estimated expenditures. The increase is primarily due to a full year of costs for the expansion of fixed route bus service hours until midnight on weekdays, 2:00 a.m. on Fridays and Saturdays, and 11:00 p.m. on Sundays, which was implemented mid-year in 2016-17. The 2017-18 budget allowance includes support for upcoming technology improvements under the Phoenix Transportation 2050 Plan; the extension of Routes 3, 17, 19, 29, 32, 41, 51, and 60; and increased frequency mid-day during weekdays on Routes 29 and 50.

The Federal Transit Administration (FTA) decreased funding for preventive maintenance. Transit 2000 funding is decreasing due to the sunset of the Transit 2000 program. The City Improvement Fund increase is due to additional debt service payments for light rail.



Public Transit Major Performance Measures and Service Levels			
The following significant performance measures and service trends will be achieved with the in 2017-18 budget allowance:			
	2015-16 Actual	2016-17 Estimate <sup>1</sup>	2017-18 Budget
On-time performance for bus service	95.0%	95.0%	95.0%
On-time performance for Dial-a-Ride prescheduled service	95.0%	95.0%	95.0%
Cost recovery from bus fares <sup>2</sup>	20.9%	22.9%	20.4%
Bus boardings per revenue mile	2.12	2.06	1.86
Average weekday ridership - light rail (Phoenix only)	30,059	33,500	33,800
Number of Senior Center Shuttle Trips <sup>3</sup>	82,766	73,796	74,682

Expenditure and Position Summary			
	2015-16 Actual	2016-17 Estimate	2017-18 Budget
Operating Expense	\$245,233,000	\$287,339,000	\$310,951,000
Total Positions	103.5	103.5	106.5
<i>Source of Funds:</i>			
General	\$1,515,000	\$1,652,000	\$1,713,000
Transit 2000	149,771,000	130,740,000	-
Transportation 2050	-	51,819,000	202,141,000
Regional Transit	28,504,000	30,758,000	31,681,000
Federal Transit Authority	15,417,000	11,362,000	9,980,000
City Improvement	50,026,000	61,008,000	64,050,000
Other Restricted	-	-	1,386,000

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

<sup>2</sup>The decrease in 2017-18 is due to the extension of late night bus service which has less ridership than daytime bus service.

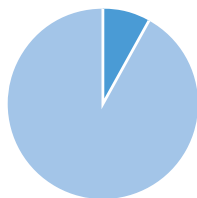
<sup>3</sup>The reduction in 2016-17 is due to a decrease in demand. An increase of 1.2% is anticipated in 2017-18.







# COMMUNITY DEVELOPMENT



**The Community Development Program Represents 8.2% 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 and Investment Corporation.

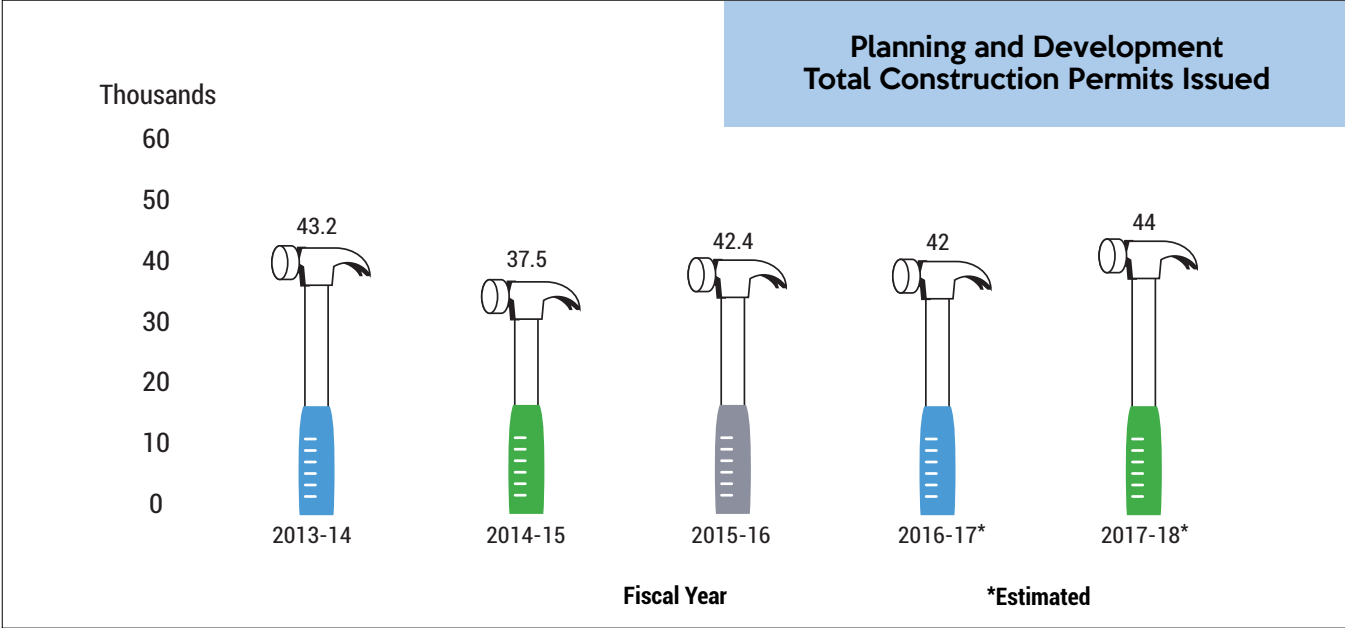
# PLANNING AND DEVELOPMENT DEPARTMENT

**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 2017-18 operating budget allowance of \$60,934,000 is \$11,354,000 or 22.9 percent more than 2016-17 estimated expenditures. This is a result of converting 4.8 temporary positions to regular status, adding 27 new positions, and increasing contract plan review funding to address workloads associated with increased construction activity. It also includes additional and carried over 2016-17 unspent funding for replacement of the online permitting system. Funding increases are partially offset by decreased temporary agency staff funding.



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

The following significant performance measures and service trends will be achieved with the 2017-18 budget allowance:

	2015-16 Actual	2016-17 Estimate <sup>1</sup>	2017-18 Budget
Total construction permits issued	42,384	42,035	44,000
Turnaround time for major commercial building plans (days)	35	41	40
Turnaround time for medium commercial building plans (days)	31	30	30
Turnaround time for minor commercial building plans (days)	20	18	20
Turnaround time for residential building plans (days)	23	24	25
Percent of commercial inspections completed on time	97%	98%	97%
Percent of residential inspections completed on time	96%	95%	95%
Percent of costs recovered through fees	140%	132%	100%
Average number of days to schedule pre-application meeting prior to rezoning application	14	14	14
Average number of days to complete Zoning Verification letters	15	15	15
Board, commission and committee packets available seven days prior to meeting	100%	100%	100%
Number of design reviews performed on building permits in historic districts <sup>2</sup>	450	487	450
Number of city grants awarded for historic rehabilitation projects	10	3	3
Number of regulatory compliance reviews for federally funded city capital projects	450	460	420

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

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

**Expenditure and Position Summary**

	2015-16 Actual	2016-17 Estimate	2017-18 Budget
Operating Expense	\$39,541,000	\$49,580,000	\$60,934,000
Total Positions	326.0	336.8	363.8
<i>Source of Funds:</i>			
Development Services	\$35,302,000	\$44,822,000	\$56,164,000
General	3,880,000	4,156,000	4,157,000
Federal and State Grant	10,000	---	---
Community Development Block Grant	65,000	66,000	66,000
Other Restricted	284,000	536,000	547,000

# HOUSING

## Program Goal

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

## Budget Allowance Explanation

The Housing Department's 2017-18 operating budget allowance of \$95,455,000 is \$5,491,000 or 6.1 percent more than 2016-17 estimated expenditures. The increase is primarily due to the carry-over of unspent federal funds and the restoration of employee compensation.

### Housing Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2017-18 budget allowance:

	2015-16 Actual	2016-17 Estimate <sup>1</sup>	2017-18 Budget
Affordable housing units for families and individuals	2,857	2,763	2,778
Affordable housing units created or preserved for families and individuals owned and operated by private sector developers	216	145	170
Rental assistance provided for low-income residents in the private housing market	6,740	6,700	6,700
Federally-Assisted housing units for families and seniors	2,599	2,608	2,563
Utilization rate for Section 8 vouchers	93%	93%	95%
Occupancy rate for public housing units	96%	97%	97%

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

### Expenditure and Position Summary

	2015-16 Actual	2016-17 Estimate	2017-18 Budget
Operating Expense	\$81,386,000	\$89,964,000	\$95,455,000
Total Positions	179.0	182.0	182.0
<i>Source of Funds:</i>			
Public Housing	\$77,060,000	\$83,795,000	\$84,147,000
Other Restricted	2,646,000	4,125,000	6,304,000
Community Development Block Grant	1,306,000	921,000	2,936,000
HOPE VI	182,000	941,000	1,916,000
City Improvement	72,000	73,000	73,000
General	49,000	54,000	54,000
Federal and State Grants	71,000	55,000	25,000

## 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 2017-18 operating budget allowance of \$32,058,000 is \$1,120,000 or 3.6 percent more than 2016-17 estimated expenditures. The increase reflects the restoration of employee compensation and normal inflationary adjustments.

The budget also includes an increase in Federal Grant funds for the Workforce Innovation and Opportunity Act (WIOA) and a new Strengthening Workforce Families Initiative (SWFI) which are designed to strengthen the workforce system and help the public gain access to high-quality training and jobs. In addition, the 2017-18 budget includes an increase in Federal funding for the Housing Jobs Plus Grant. The increase is partially offset by the transition of the Community Development Block Grant to the Neighborhood Services Department.

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

The following significant performance measures and service trends will be achieved with the 2017-18 budget allowance:

	2015-16 Actual	2016-17 Estimate <sup>1</sup>	2017-18 Budget
Projected jobs created/retained within the City of Phoenix as a result of department efforts	10,507	10,000	10,000
Projected average annual salary for new jobs with companies newly located in Phoenix	\$46,437	\$38,000	\$40,000
Number of job seekers assisted through the workforce development initiatives	21,327	32,000	30,000

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

### Expenditure and Position Summary

	2015-16 Actual	2016-17 Estimate	2017-18 Budget
Operating Expense	\$25,850,000	\$30,938,000	\$32,058,000
Total Positions	89.0	97.5	97.5
<i>Source of Funds:</i>			
Federal and State Grants	\$11,112,000	\$14,548,000	\$15,536,000
City Improvement	6,033,000	6,037,000	6,128,000
General	4,280,000	4,983,000	5,091,000
Other Restricted Funds	2,993,000	4,127,000	4,015,000
Convention Center	471,000	502,000	521,000
Community Reinvestment	322,000	353,000	417,000
Sports Facilities	152,000	159,000	164,000
Public Housing	-	25,000	77,000
Aviation	39,000	76,000	76,000
Water	30,000	31,000	31,000
Community Development Block Grants	418,000	97,000	2,000

# NEIGHBORHOOD SERVICES

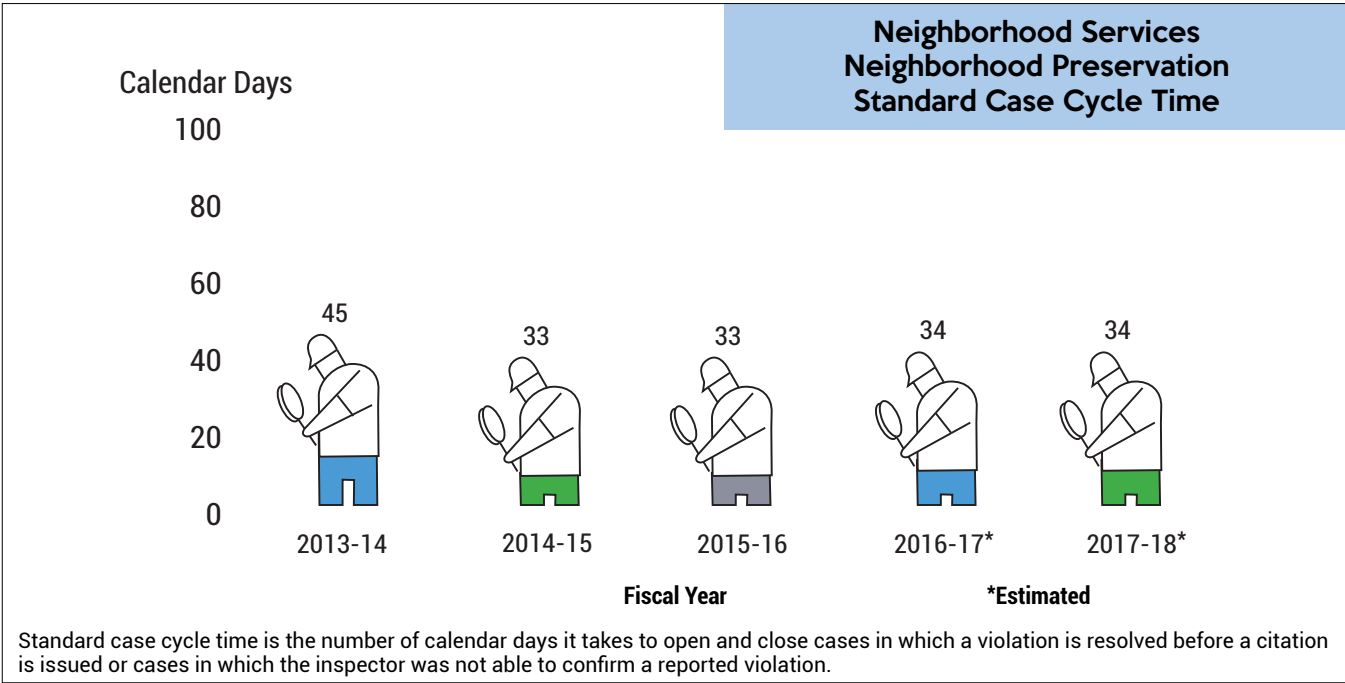
**Program Goal**

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 2017-18 operating budget allowance of \$50,070,000 is \$14,191,000 or 39.6 percent more than 2016-17 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 2017-18 budget.

The General Fund budget of \$13,281,000 is \$1,813,000 or 15.8 percent more than the 2016-17 estimated expenditures. This is primarily due to an increase in funding for replacement vehicles, and an expected increase in the number of filled positions.



### Neighborhood Services Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2017-18 budget allowance:

	2015-16 Actual	2016-17 Estimate <sup>1</sup>	2017-18 Budget
Residents who receive landlord/tenant counseling <sup>2</sup>	4,808	3,600	4,000
Sites where graffiti was removed through the Graffiti Busters program	62,078	58,000	58,000
Number of household units rehabbed or assisted through housing rehabilitation programs <sup>3</sup>	236	231	350
Neighborhood Preservation cases opened annually	47,104	52,000	53,000
Neighborhood Preservation average standard case cycle time (days)	33	34	34
Percent of Neighborhood Preservation cases resolved voluntarily	93%	92% or above	92% or above
The number of new neighborhood groups	65	65	65

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

<sup>2</sup> The decrease between 2015-16 and 2016-17 is a result of new and more comprehensive federal requirements and reporting standards for counselors providing services.

<sup>3</sup> The increase in 2017-18 is due to fewer anticipated vacancies.

### Expenditure and Position Summary

	2015-16 Actual	2016-17 Estimate	2017-18 Budget
Operating Expense	\$28,981,000	\$35,879,000	\$50,070,000
Total Positions	189.0	186.0	186.0
<i>Source of Funds:</i>			
General	\$10,363,000	\$11,468,000	\$13,281,000
Other Restricted	51,000	10,000	126,000
HOME	447,000	1,082,000	773,000
Federal and State Grants	4,364,000	5,420,000	11,973,000
Community Development Block Grant	13,756,000	17,899,000	23,917,000



# 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: provide commercial real estate gap financing to attract employers 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 New Market Tax Credit (NMTC) Census Tracts and help non-profits expand services to the disadvantaged communities they serve.

**Budget Allowance Explanation**

The PCDIC 2017-18 operating budget allowance of \$911,000 is \$35,000 or 4.0 percent more than 2016-17 estimated expenditures. The increase reflects the restoration of employee compensation and normal inflationary adjustments.

<b>Expenditure and Position Summary</b>			
	<b>2015-16 Actual</b>	<b>2016-17 Estimate</b>	<b>2017-18 Budget</b>
Operating Expense	\$560,000	\$876,000	\$911,000
Total Positions	6.0	8.0	8.0
<i>Source of Funds:</i>			
Other Restricted	\$560,000	\$876,000	\$911,000



# COMMUNITY ENRICHMENT



**The Community Enrichment Program Represents 9.1% 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.

# PARKS AND RECREATION

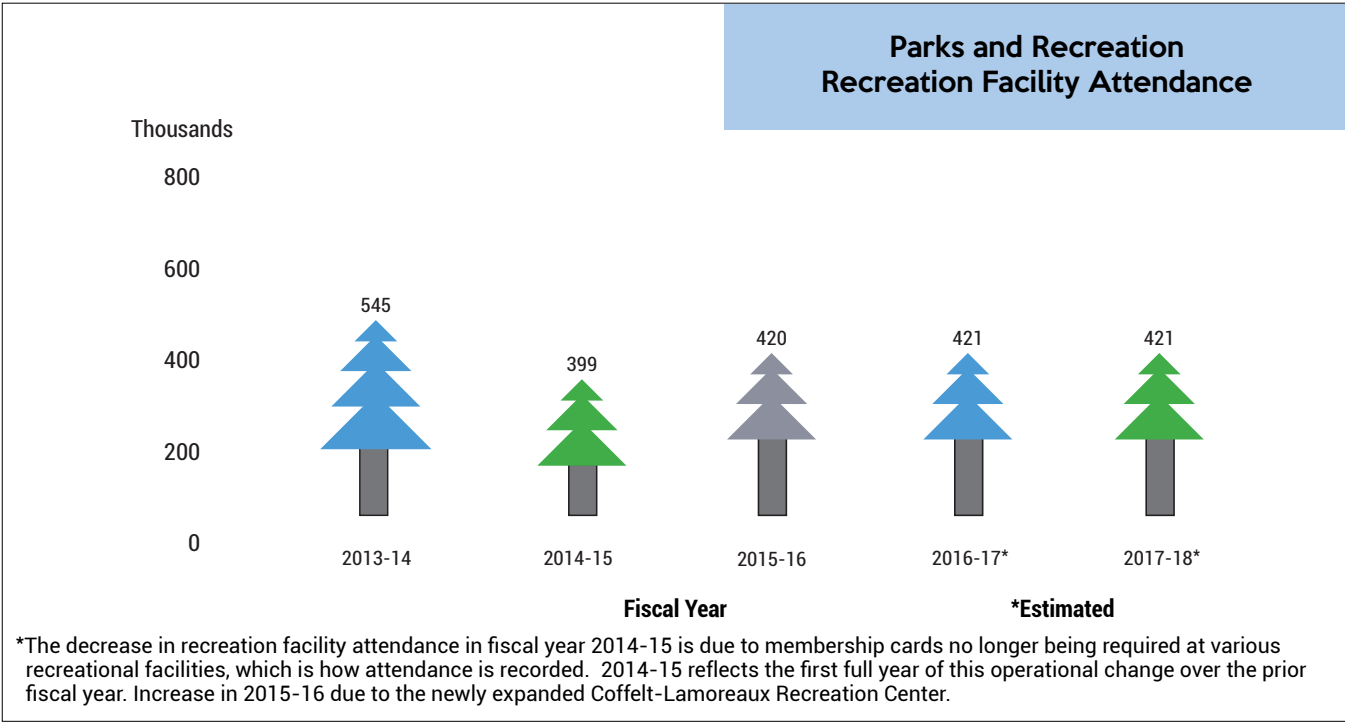
**Program Goal**

The Parks and Recreation Department provides and maintains a diverse parks and recreation system available and accessible to all, which contributes to the physical, mental, social and cultural needs of the community and provides outlets that cultivate a wholesome sense of civic pride and social responsibility.

**Budget Allowance Explanation**

The Parks and Recreation Department 2017-18 budget allowance of \$107,295,000 is \$3,078,000 or 3.0 percent more than 2016-17 estimated expenditures. The increase in the General Fund is primarily due to fewer anticipated vacant positions, the purchase of replacement vehicles, and increased costs for automotive and general liability insurance. The increase is partially offset by savings in water usage resulting from the installation of water conservation equipment, a reduction in temporary staffing usage, and a delay in repairing a sewer line at Cielito Park.

The increase in the 2017-18 budget for the Phoenix Parks and Preserves Initiative (PPPI) fund is primarily due to additional funding for staff and materials to extend trailhead hours from 7:00 p.m. to 9:00 p.m. from June through September and increased security and customer service at all major trailheads and flatland parks. The 2017-18 PPPI budget also includes funding for the opening of a new dog park at Deer Valley Park and Reach 11, both scheduled to open in the Fall of 2017.



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

The following significant performance measures and service trends will be achieved with the 2017-18 budget allowance:

	2015-16 Actual	2016-17 Estimate <sup>1</sup>	2017-18 Budget
Construction projects completed	90%	90%	95%
Fill 80% or more of all non-team sport registration openings	64%	62%	62%
Usage of athletic field's available programmable time	51%	55%	55%
Community usage of recreation and community center available programmable time	40%	42%	42%
Recreation facility attendance	420,434	420,860	420,860
Number of Golf Rounds <sup>2</sup>	223,306	206,577	222,000

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

<sup>2</sup> Reduction in 2016-17 is due to an increase in the number of rain days.

**Expenditure and Position Summary**

	2015-16 Actual	2016-17 Estimate	2017-18 Budget
Operating Expense	\$99,719,000	\$104,217,000	\$107,295,000
Total Positions	1,055.0	1,009.9	1,034.9
<i>Source of Funds:</i>			
General	\$86,107,000	\$89,507,000	\$90,984,000
Other Restricted	2,216,000	3,388,000	3,269,000
City Improvement	1,795,000	410,000	392,000
Federal and State Grants	674,000	756,000	724,000
Parks and Preserves	3,225,000	4,049,000	6,083,000
Golf	5,702,000	6,107,000	5,843,000

# LIBRARY

## Program Goal

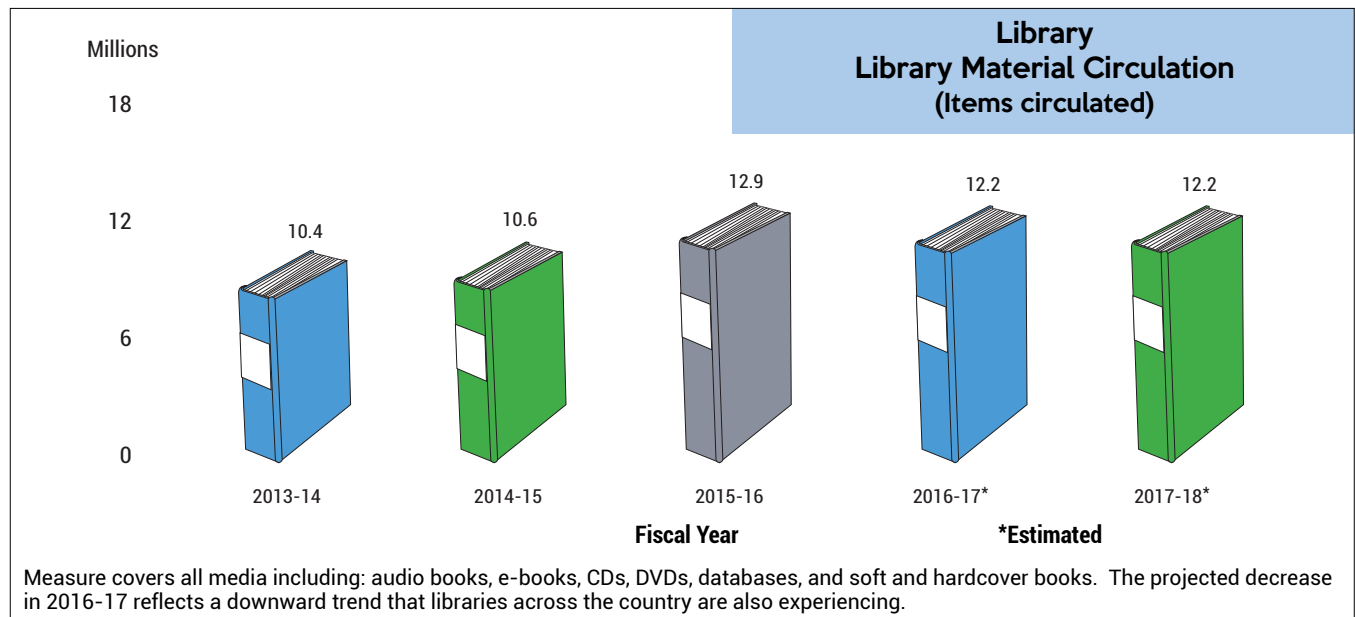
The Library provides information and resources that are relevant, accessible and responsive to the intellectual needs and interests of the community.

## Budget Allowance Explanation

The 2017-18 Library operating budget allowance of \$39,692,000 is \$3,860,000 or 10.8 percent more than 2016-17 estimated expenditures. This is primarily due to fewer anticipated vacant positions, increasing pension costs, funding for an automated materials handling system, various facilities maintenance needs, and vehicle replacements. In addition, the 2017-18 General Fund budget adds \$15,000 for on-line materials to add to its current inventory.

The budget also converts temporary security guard positions to permanent status and adds part-time staff to implement and manage programs to further engage youth in computer coding and other Science, Technology, Engineering, Arts and Math (STEAM) educational activities and job-readiness training. These are no-cost additions to the General Fund as existing costs were reallocated.

Grant funding increased due to the addition of part-time staff to expand the computer coding program to several library branches, the expansion of the Kindergarten Bootcamp program, and the launch of the Educational Navigators program to assist youth with post-secondary education goals at public housing sites.



Library Major Performance Measures and Service Levels			
The following significant performance measures and service trends will be achieved with the 2017-18 budget allowance:			
	2015-16 Actual	2016-17 Estimate <sup>1</sup>	2017-18 Budget
Early literacy program attendance <sup>2</sup>	148,110	157,000	157,500
Library visitors	4,208,095	4,100,000	4,100,000
Library's website "visits"	31,772,455	28,300,000	28,000,000
Library material circulation <sup>3</sup>	12,901,465	12,200,000	12,200,000

<sup>1</sup> Based on 10 months actual experience.  
<sup>2</sup> Attendance is expected to increase due to the filling of vacant positions.  
<sup>3</sup> Measure covers all media including: audio books, e-books, CDs, DVDs, databases, and soft and hardcover books. The projected decrease in 2016-17 reflects a downward trend that libraries across the country are also experiencing.

Expenditure and Position Summary			
	2015-16 Actual	2016-17 Estimate	2017-18 Budget
Operating Expense	\$34,263,000	\$35,832,000	\$39,692,000
Total Positions	377.0	373.1	371.5
<i>Source of Funds:</i>			
General	\$33,724,000	\$35,233,000	38,796,000
Federal and State Grants	473,000	468,000	543,000
Other Restricted	66,000	80,000	148,000
Public Housing	-	51,000	205,000

# 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 2017-18 operating budget allowance of \$49,600,000 is \$2,662,000 or 5.7 percent more than 2016-17 estimated expenditures. The increase is primarily due to an expected decrease in vacant positions, employee compensation costs, higher operating costs for the tourism and marketing contract with the Greater Phoenix Convention and Visitor Bureau (GPCVB) and higher operating costs for security, electricity, chilled water services and elevator maintenance.

The General Fund 2017-18 operating budget allowance of \$2,034,000 is \$271,000 or 15.4 percent more than 2016-17 estimated expenditures. This is due to increased parking management service costs and replacement of interior signage.

## Phoenix Convention Center Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2017-18 budget allowance:

	2015-16 Actual	2016-17 Estimate <sup>1</sup>	2017-18 Budget
Estimated direct spending impact from conventions (millions) <sup>2</sup>	\$337.3	\$375	\$339
Number of convention delegates	235,388	261,000	236,000
Number of conventions	67	62	79
Number of local public shows	132	150	117
Percent square feet occupancy (average of all event types)	34.9%	35.2%	38.5%
Number of theatrical performances	294	329	445
Total theater attendance	294,000	290,000	270,000
Total parking revenue (millions) <sup>3</sup>	\$5.80	\$5.50	\$6.01
Revenue per parking space <sup>3</sup>	\$1,321	\$1,252	\$1,369
Operating expense per parking space <sup>3</sup>	\$1,091	\$1,023	\$1,030

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

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

<sup>3</sup> 2016-17 reflects the transfer of parking operations for the 305 Garage from the Public Works Department to the Convention Center. Amounts shown do not include Adams Street Garage and various lots, which are primarily for employee parking.

## Expenditure and Position Summary

	2015-16 Actual	2016-17 Estimate	2017-18 Budget
Operating Expense	\$42,909,000	\$46,938,000	\$49,600,000
Total Positions	228.0	221.0	221.0
<i>Source of Funds:</i>			
Convention Center	\$40,425,000	\$44,470,000	\$46,863,000
General	1,373,000	1,763,000	2,034,000
Other Restricted	67,000	79,000	77,000
Sports Facilities	1,044,000	626,000	626,000

# HUMAN SERVICES

## Program Goal

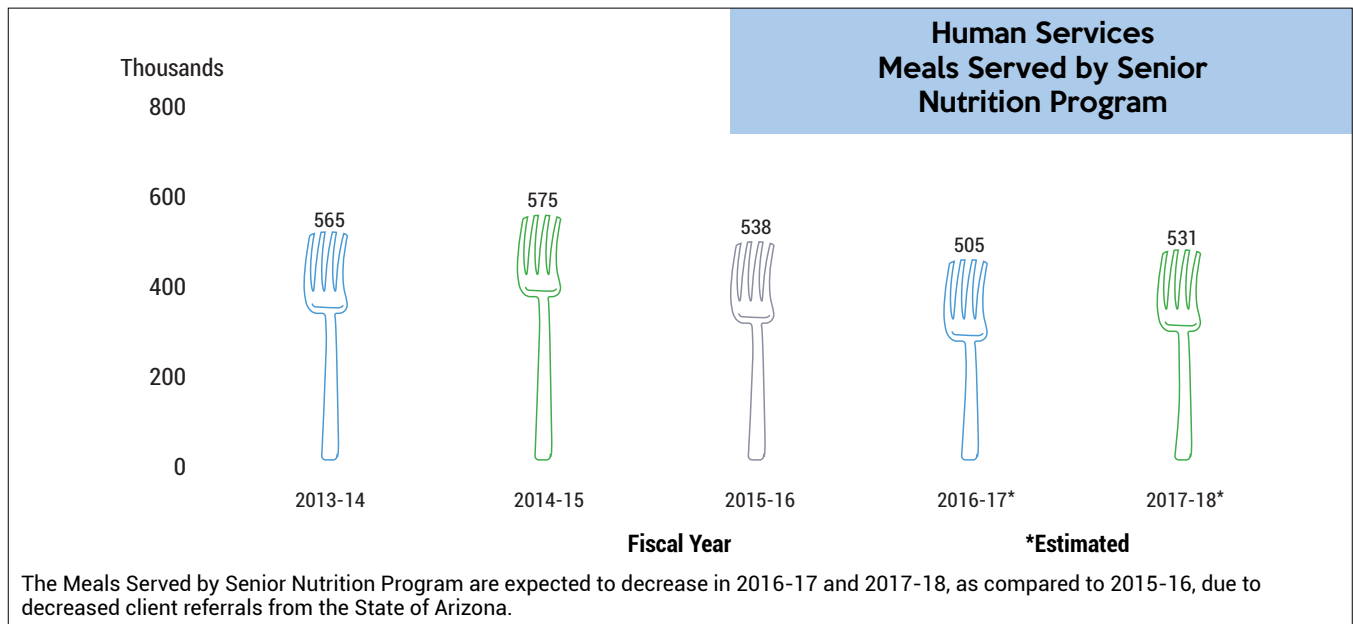
The Human Services Department promotes self-sufficiency by providing a wide array of services that foster the economic, physical and social well-being of residents.

## Budget Allowance Explanation

The Human Services 2017-18 operating budget allowance of \$67,057,000 is \$1,732,000 or 2.5 percent less than 2016-17 estimated expenditures. The overall decrease is primarily due to decreased Human Services grant funding, which is partially offset by increased costs in the General Fund.

The overall increase in the General Fund of \$1,035,000 or 5.7% is attributable to fewer anticipated vacant positions and an additional \$37,000 for the Central Arizona Shelter Services (CASS) contract. Additional contractual services for homeless outreach and engagement were added during the budget process at no additional cost by reallocating existing costs to fund this request.

The decrease in Human Services grant funding of \$3,099,000 or 6.3% is primarily due to 2016-2017 funding that included Head Start grant trailing costs from the previous year.



Human Services Major Performance Measures and Service Levels			
The following significant performance measures and service trends will be achieved with the 2017-18 budget allowance:			
	2015-16 Actual	2016-17 Estimate <sup>1</sup>	2017-18 Budget
Number of homeless households (individuals and families) assisted through emergency shelter	11,588	11,500	11,500
Number of households served at family service centers <sup>2</sup>	16,256	16,118	16,118
Percentage of school attendance for Head Start	88%	88%	88%
Medical and dental exams completed for Head Start	6,881	6,400	6,400
Medical and dental exams completed for Early Head Start	1,017	1,020	1,020
Number of meals served to seniors <sup>3</sup>	538,133	505,323	530,799
Number of victim services provided <sup>4</sup>	14,083	14,000	14,500

Expenditure and Position Summary			
	2015-16 Actual	2016-17 Estimate	2017-18 Budget
Operating Expense	\$62,280,000	\$68,789,000	\$67,057,000
Total Positions	324.0	322.0	316.0
<i>Source of Funds:</i>			
General	\$16,519,000	\$18,106,000	\$19,141,000
Human Services			
Grants	44,313,000	49,131,000	46,032,000
Community Development			
Block Grant	546,000	546,000	546,000
Water	210,000	210,000	210,000
Wastewater	140,000	140,000	140,000
Other Restricted	298,000	364,000	361,000
City Improvement	254,000	292,000	627,000

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

<sup>2</sup> Decreased households served is projected for 2016-17 and 2017-18 because of decreased Department of Economic Security grant funding.

<sup>3</sup> Decreased number of meals served to seniors is projected for 2016-17 and FY2017-18 because of decreased program referrals from the State of Arizona.

<sup>4</sup> Increase in Victim Services provided in 2017-18 is a result of increased Victims of Crime Act (VOCA) 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 2017-18 operating budget allowance of \$4,428,000 is \$311,000 or 7.6 percent more than 2016-17 estimated expenditures. The increase is primarily due to increases for electricity, property insurance, and facilities maintenance needs for city-owned cultural facilities as well as fewer anticipated vacant positions in 2017-18. The budget also restores funding for arts grants by \$20,000 and adds \$10,000 for public art maintenance.

## 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 2017-18 budget allowance.

	2015-16 Actual	2016-17 Estimate <sup>1</sup>	2017-18 Budget
Grant applications processed to support arts activities through schools and nonprofit organizations <sup>2</sup>	69	71	79
Grant awards administered to support arts activities through schools and nonprofit organizations <sup>2</sup>	56	61	63
Completed Percent-for-Art projects to enhance city capital improvement projects with artwork	4	2	6
Local artists/arts organizations training workshops <sup>3</sup>	10	10	13
Percent of projects in Art Plan being implemented <sup>4</sup>	82%	67%	65%
Community presentations	67	66	61

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

<sup>2</sup> Anticipate an increase in grant applications and grant awards due to increased funding in 2017-18.

<sup>3</sup> Numbers reflect presentations and workshops to local artists, the annual grant workshop training for arts organizations, and arts learning workshops.

<sup>4</sup> Measure reflects projects that were in design, under construction, or were completed.

## Expenditure and Position Summary

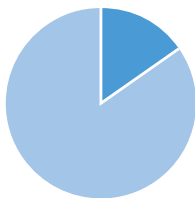
	2015-16 Actual	2016-17 Estimate	2017-18 Budget
Operating Expense	\$3,858,000	\$4,117,000	\$4,428,000
Total Positions	10.5	10.5	10.5
<i>Source of Funds:</i>			
General	\$3,761,000	\$3,926,000	\$4,304,000
Federal and State Grants	93,000	166,000	99,000
Other Restricted	4,000	25,000	25,000







# ENVIRONMENTAL SERVICES



**The Environmental Services Program Represents 15.3% of the Total Budget.**

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

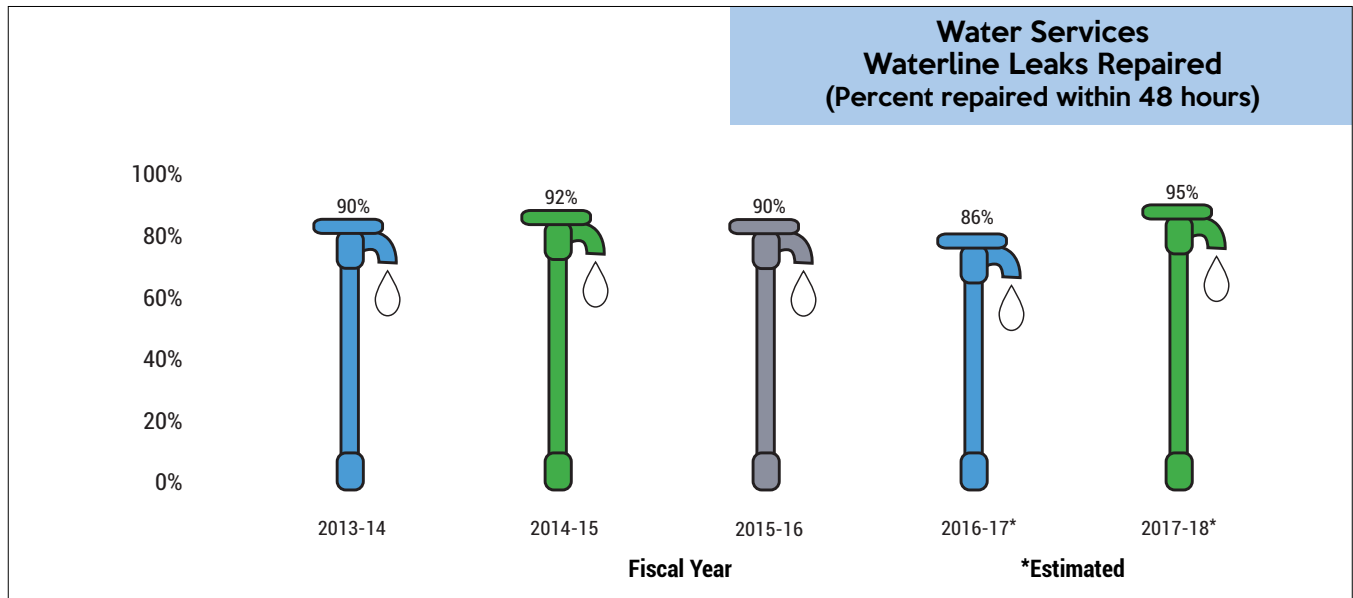
# WATER SERVICES

## 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 water service area. The Wastewater program assists in providing a clean, healthy environment through the effective management of all waterborne wastes generated within the Phoenix drainage area.

## Budget Allowance Explanation

The Water Services Department 2017-18 operating budget allowance of \$298,067,000 is \$23,362,000 or 8.5 percent more than 2016-17 estimated expenditures. The increase is primarily due to fewer anticipated vacant positions, McMullen Valley Basin remediation, contracted managed services support for the Customer Care and Billing system (CC&B), an increase in raw water and electricity purchases related to increased water production, odor management costs for the Val Vista and Union Hills Water Treatment plants, and materials to maintain current infrastructure.



## Water Services Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2017-18 budget allowance:

	2015-16 Actual	2016-17 Estimate <sup>1</sup>	2017-18 Budget
Water main break/leaks per year	156	144	144
Waterline leaks repaired within 48 hours	90%	86%	95%
Percent of miles of sewer cleaned per year	25%	25%	25%
Sanitary sewer overflows per 100 miles	0.53	1.00	0.50
Gallons of water produced system wide (billions)	109.0	110.4	112.6
Gallons of wastewater treated (billions)	72.0	61.9	64.0
Telephone calls-received	1,405,637	1,412,123	1,423,123
Telephone calls-percent answered <sup>2</sup>	97.0%	97.6%	97.0%

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

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

## Expenditure and Position Summary

	2015-16 Actual	2016-17 Estimate	2017-18 Budget
Operating Expense	\$254,587,000	\$274,705,000	\$298,067,000
Total Positions	1,454.0	1,469.6	1,469.6
<i>Source of Funds:</i>			
Water	\$168,699,000	\$177,349,000	\$194,204,000
Wastewater	84,243,000	\$95,513,000	101,682,000
Other Restricted	1,702,000	1,843,000	2,181,000
Federal and State Grants	(57,000)	-	-

# PUBLIC WORKS – SOLID WASTE MANAGEMENT

**Program Goal**

The Solid Waste Management Program assists in providing a safe and aesthetically acceptable environment through effective, integrated management of the solid waste stream, including collection, disposal, source reduction and recycling activities.

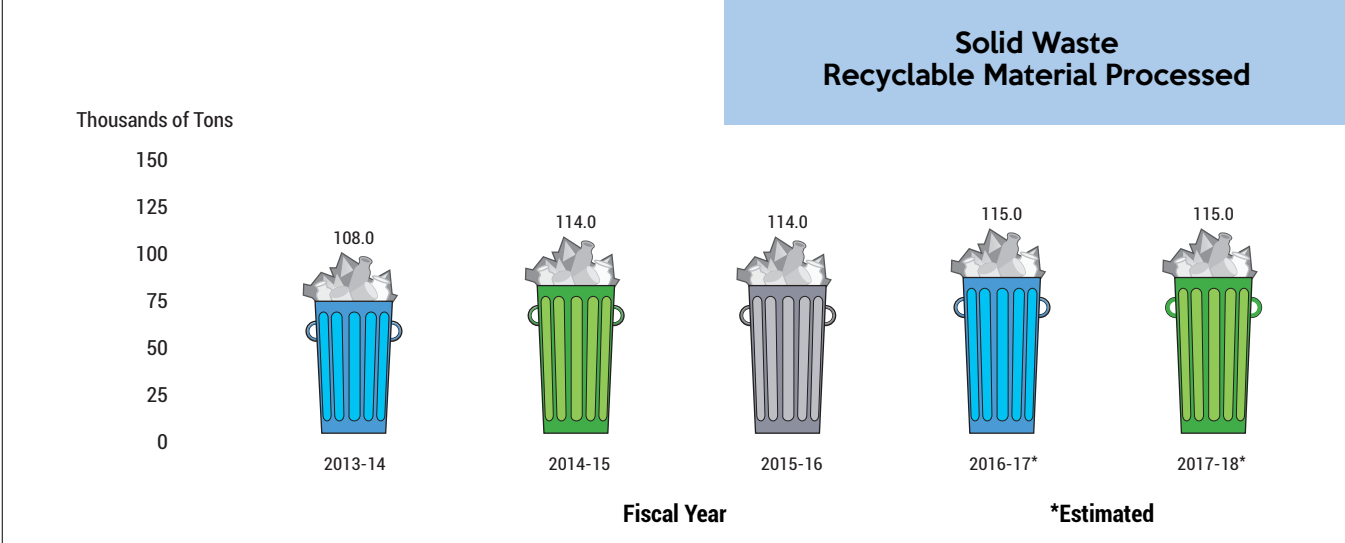
**Budget Allowance Explanation**

The Solid Waste Management 2017-18 operating budget allowance of \$129,442,000 is \$1,977,000 or 1.5 percent less than 2016-17 estimated expenditures. The decrease is primarily due to the transfer of 11 call center positions to the Water Services Department to support the consolidation of the two call centers.

The 2017-18 budget includes funds to add two Solid Waste Supervisors and one Project Manager to establish the Solid Waste Apprenticeship Program as required in the 2016-19 Memorandum of Understanding between LIUNA Local 777 (Unit 1) and the City of Phoenix. This will help build a pipeline of skilled labor for the future workforce. The funding includes adding two light duty trucks, three refurbished automated side loaders, two refurbished rear loaders, two trailers and two articulated loaders.

The 2017-18 budget includes adding funding to expand the Solid Waste Safety Program by adding dedicated resources which support effective and consistent training without impacting daily operations. The funding includes adding two Solid Waste Supervisors, two Foreman, one refurbished automated side loader, one refurbished rear loader, one trailer, one articulated loader, three standard bed trucks and one light-duty vehicle.

The 2017-18 budget also includes adding funding for one Solid Waste worker to support the anticipated increase in collection services and provide additional support for the diversion programs associated with the Reimagine Phoenix Campaign and the 40% diversion by 2020 initiative.



**Solid Waste Management Major Performance Measures and Service Levels**  
The following significant performance measures and service trends will be achieved with the 2017-18 budget allowance:

	2015-16 Actual	2016-17 Estimate <sup>1</sup>	2017-18 Budget
Residential households served with same day contained solid waste and recyclable material collections	400,549	404,000	405,000
Tons of recyclable materials collected	114,319	115,000	115,000
Tons of total solid waste collected and landfills <sup>2</sup>	896,255	900,000	920,000
Tons of solid waste from City residences disposed <sup>3</sup>	589,033	610,000	610,000

**Expenditure and Position Summary**

	2015-16 Actual	2016-17 Estimate	2017-18 Budget
Operating Expense	\$104,682,000	\$131,419,000	\$129,442,000
Total Positions	579.5	589.0	597.0
<i>Source of Funds:</i>			
Solid Waste	\$104,682,000	\$131,419,000	\$129,442,000

<sup>1</sup> Based on 10 months actual experience.  
<sup>2</sup> Tonnage includes disposal tonnage collected at City transfer stations and landfills as well as Solid Waste Field Services tonnage sent to contracted private transfer station landfills.  
<sup>3</sup> Tonnage includes Solid Waste Field Services tonnage, transfer station residential loads, non-profit free loads and recycling rejects.

## PUBLIC WORKS – SUPPORT SERVICES

### Program Goal

The Public Works Department provides mechanical and electrical maintenance and energy conservation services for city facilities; procures, manages and maintains the City's fleet of vehicular equipment; and provides for the economical, safe and aesthetic design and construction of facilities on city property.

### Budget Allowance Explanation

The Public Works 2017-18 operating budget allowance of \$21,559,000 is \$537,000 or 2.4 percent less than 2016-17 estimated expenditures. The decrease is due to operational efficiencies. The Fleet Services Division implemented an end-of-life and totaled vehicle parts utilization project to salvage hard to find reusable parts. In addition, the Facilities Division identified energy cost savings in several City buildings by implementing a plan to replace the current light bulbs with energy efficient light emitting diode (LED) bulbs.

### Public Works Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2017-18 budget allowance:

	2015-16 Actual	2016-17 Estimate <sup>1</sup>	2017-18 Budget
Square footage of buildings maintained	10,573,285	10,573,285	10,573,285
Facility service requests completed	19,775	20,000	20,000
Fleet vehicles per mechanic	37.9	40.0	40.0
Units of equipment for which fleet management is provided	7,385	7,386	7,386
Annual miles of fleet vehicle utilization (in millions)	42.4	42.0	42.0

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

### Expenditure and Position Summary

	2015-16 Actual	2016-17 Estimate	2017-18 Budget
Operating Expense	\$18,274,000	\$22,096,000	\$21,559,000
Total Positions	422.0	394.5	394.5
<i>Source of Funds:</i>			
General	\$11,747,000	\$13,304,000	\$13,113,000
City Improvement	6,416,000	7,383,000	7,322,000
Other Restricted	102,000	1,224,000	814,000
Federal and State Grants	9,000	185,000	310,000

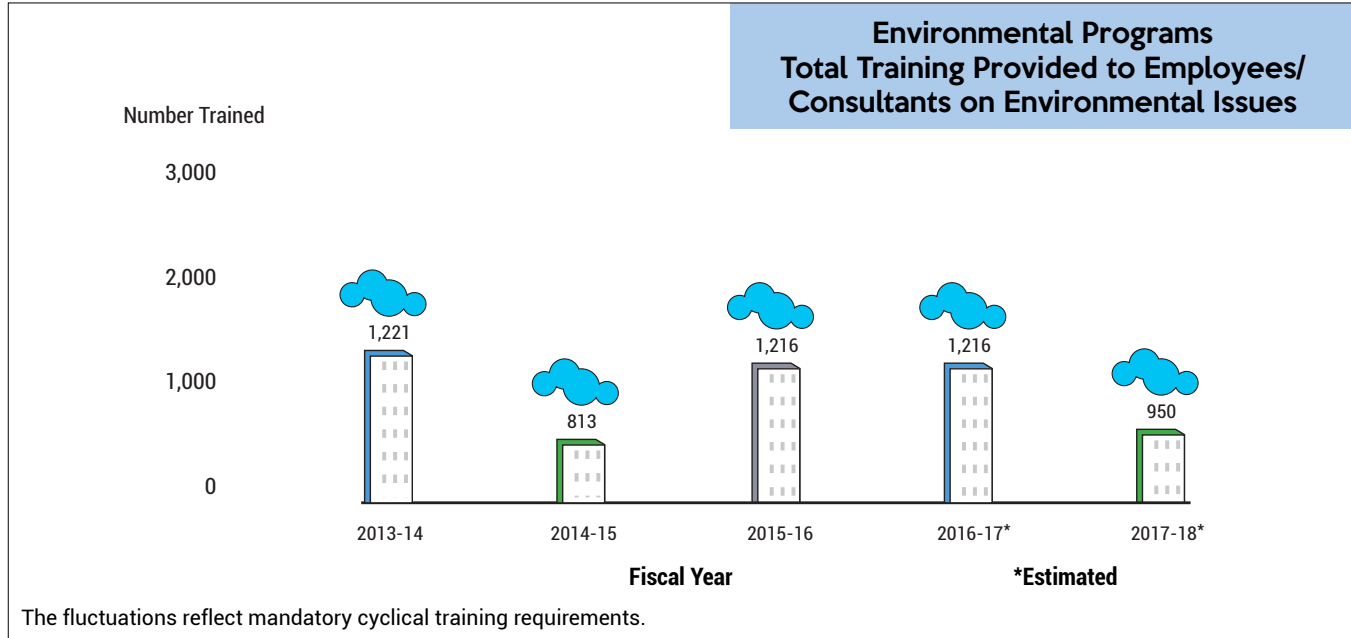
# ENVIRONMENTAL PROGRAMS

## 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 2017-18 operating budget allowance of \$1,358,000 is \$48,000 or 3.7 percent more than the 2016-17 estimated expenditures and reflects the restoration of employee compensation and normal inflationary adjustments. The budget also includes the continuation of the Federal Brownfields Grant which provides funding for environmental assessments and cleanup activities.



## Environmental Programs Major Performance Measures and Service Levels

The following significant performance measures and service level trends will be achieved with the 2017-18 budget allowance:

	2015-16 Actual	2016-17 Estimate <sup>1</sup>	2017-18 Budget
Total employees/consultants receiving training on environmental issues <sup>2</sup>	1,216	1,216	950
Number of site assessments conducted <sup>3</sup>	106	106	115
Number of brownfields projects implemented <sup>4</sup>	1	1	2
Percentage of time an emergency response team will arrive on-scene within 2 hours of a call for service	90%	90%	90%

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

<sup>2</sup> Training is conducted on a cyclical basis and fluctuates annually.

<sup>3</sup> Departments are assessed on a cyclical basis and include environmental facility, 404 and air quality inspections.

<sup>4</sup> Projection based on historical data and available funding. 2017-18 increase reflects the continuation of the Federal Brownfields grant.

## Expenditure and Position Summary

	2015-16 Actual	2016-17 Estimate	2017-18 Budget
Operating Expense	\$911,000	\$1,310,000	\$1,358,000
Total Positions	9.0	10.0	10.0
<i>Source of Funds:</i>			
General	\$396,000	\$574,000	\$619,000
Water Fund	255,000	342,000	362,000
Federal and State Grants	54,000	188,000	158,000
Other Restricted Funds	139,000	136,000	149,000
Capital Construction	67,000	70,000	70,000

## OFFICE OF SUSTAINABILITY

### Program Goal

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

### Budget Allowance Explanation

The Office of Sustainability 2017-18 operating budget allowance of \$432,000 is \$2,000 or 0.5 percent more than 2016-17 estimated expenditures. The increase is primarily due to compensation restorations and increased pension costs.

<b>Expenditure and Position Summary</b>			
	<b>2015-16 Actual</b>	<b>2016-17 Estimate</b>	<b>2017-18 Budget</b>
Operating Expense	\$373,000	\$430,000	\$432,000
Total Positions	4.0	4.0	4.0
<i>Source of Funds:</i>			
General	\$373,000	\$430,000	\$432,000

# CONTINGENCIES

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

## GENERAL FUND CONTINGENCY

The General Fund contingency in 2017-18 will be \$50,400,000, plus \$5,500,000 in set-asides. The set-asides include \$5,000,000 for Police body cameras and \$500,000 for dealing with a possible shortfall in the 2018-19 budget. In March 2010, the Council agreed to gradually increase the contingency with a goal of achieving 5.0 percent of General Fund operating expenditures. Achieving this goal will improve the City's ability to withstand future economic cycles. The 2017-18 contingency reflects an increase of \$2,000,000 over the 2016-17 contingency of \$48,400,000 and maintains the contingency percentage at 4.0 percent.

The following table shows contingency funding and set-aside amounts over the past 10 years. As with the set-asides in 2017-18 for Police body cameras and dealing with a possible shortfall, 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
2008-09	1,177,763	31,900 —	2.7
2009-10	1,110,780	29,800 —	2.7
2010-11	1,012,414	31,000 3,000	3.1
2011-12	1,059,115	35,840 2,050	3.4
2012-13	1,109,322	40,658 2,000	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
2016-17	1,212,282	48,400 34,746	4.0
2017-18	1,268,098	50,400 5,500	4.0



## OTHER FUND CONTINGENCIES

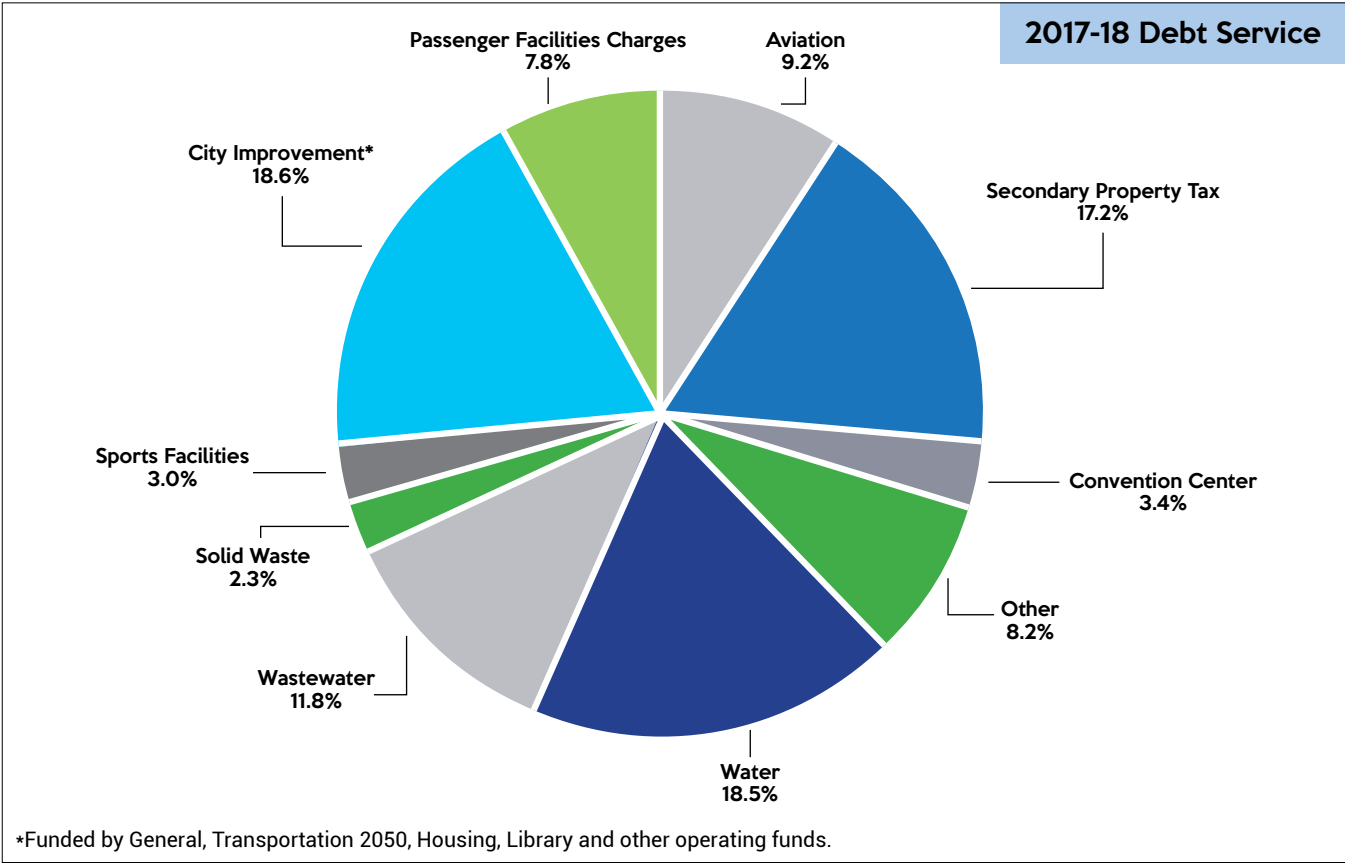
Similar to the General Fund, other funds also include contingency amounts. The contingency amounts and percentages of total operating expenditures vary to accommodate differences in the volatility of operations and revenues. Use of these amounts requires City Council approval. The following table shows the contingency amount for each of the other funds.

2017-18 Other Fund Operating Expenditure and Contingency Amount (000's)			
Fund	Operating Expenditures	Contingency Amount	Percent of Operating Expenditures
Transportation 2050	\$212,141	\$10,000	4.7%
Planning and Development	61,164	5,000	8.2
Aviation	270,421	14,000	5.2
Water	205,189	9,000	4.4
Wastewater	106,958	4,500	4.2
Solid Waste	131,705	2,000	1.5
Convention Center	50,384	3,000	6.0

# DEBT SERVICE

Debt service expenditures include payments of principal, interest, costs of issuance and related costs such as trustee fees and reserve requirements for bonds issued. The debt service allowance in 2017-18 for existing debt and anticipated future bond sales is \$595,748,000. 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 capital funding sources. City Improvement debt service includes \$110.9 million in general government nonprofit corporation bond debt service payments funded by General Fund (\$43.8 million), Transportation 2050 (\$64.1 million), Housing (\$0.1 million), Library (\$0.1 million) and other operating funds (\$2.8 million).

Secondary Property Tax shown in the pie chart represents the annual tax levy for general obligation bonded debt service and a federal subsidy payment.



### Types of Bonds Issued and Security

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

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

## Debt Management

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

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, Standard and Poor's and Fitch. The City's general obligation bonds are rated Aa1 and AA+. Standard and Poor's also has assigned a Financial Management Assessment (FMA) score of "strong."

City of Phoenix Bond Ratings			
	Rating <sup>(1)</sup>		
	Moody's	S&P	Fitch
General Obligation	Aa1	AA+	AA+
Junior Lien Water Revenue <sup>(2)</sup>	Aa2	AAA	-
Senior Lien Airport Revenue <sup>(2)</sup>	Aa3	AA-	-
Junior Lien Airport Revenue <sup>(2)</sup>	A1	A+	-
Senior Lien Tax Excise Tax Revenue <sup>(2)</sup>	Aa2	AAA	-
Subordinated Excise Tax Revenue <sup>(2)</sup>	Aa2	AA+	AA+
Senior Lien Wastewater System Revenue <sup>(2)</sup>	Aa2	AAA	-
Junior Lien Wastewater System Revenue <sup>(2)</sup>	Aa2	AA+	-
Rental Car Facility Charge Revenue Bonds <sup>(2)</sup>	A2	A	-
Transit Excise Tax Revenue Bonds (Light Rail) <sup>(2)</sup>	Aa2	AA	-
State of AZ Distribution Revenue Bonds <sup>(2)</sup>	Aa2	AA	-

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

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

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

<b>Statement of Bonded Indebtedness<sup>(1)</sup> General Obligation Bonds (In Thousands of Dollars)</b>			
<b>Purpose</b>	<b>Non-Enterprise General Obligation Bonds</b>	<b>Revenue-Supported General Obligation Bonds</b>	<b>Total General Obligation Bonds</b>
Various	\$1,255,400	\$ —	\$1,255,400
Airport	—	7,865	7,865
Sanitary Sewer	—	4,525	4,525
Solid Waste	—	6,515	6,515
Water	—	12,490	12,490
<b>Direct Debt</b>	<b>\$1,255,400</b>	<b>\$31,395</b>	<b>\$1,286,795</b>
<b>Less: Revenue Supported</b>	<b>—</b>	<b>(31,395)</b>	<b>(31,395)</b>
<b>Net Debt</b>	<b>\$1,255,400</b>	<b>\$ —</b>	<b>\$1,255,400</b>

<sup>(1)</sup> Represents general obligation bonds outstanding as of March 1, 2017. Such figures do not include the outstanding principal amounts of certain general obligation bonds that have been refunded or the payment of which has been provided for in advance of maturity. The payment of the refunded debt service requirements is secured by obligations issued or fully guaranteed by the United States of America which were purchased with proceeds of the refunding issues and other available moneys and are held in irrevocable trusts and are scheduled to mature at such times and in sufficient amounts to pay when due all principal, interest and redemption premiums where applicable, on the refunded bonds.

Schedule does not include an estimated \$70,255,000 of general obligation refunding bonds expected to be sold in June 2017, but does include the bonds expected to be refinanced by such bonds.

### Debt Limitation

Pursuant to Chapter 177, Laws of Arizona 2016, which became effective August 6, 2016, the City's debt limitation is based on the full cash net assessed valuation. Full cash net assessed valuation for 2016-17 is \$14,008,918,676. Under the provisions of the Arizona Constitution, outstanding general obligation bonded debt for combined water, sewer, light, parks, open space preserves, playgrounds, recreational facilities, public safety, law enforcement, fire emergency, streets and transportation may not exceed 20 percent of a city's full cash net assessed valuation, nor may outstanding general obligation bonded debt for all other purposes exceed six percent of a city's full cash net assessed valuation. Unused borrowing capacity as of March 1, 2017, is shown below, based upon 2016-17 assessed valuation.

<b>Water, Sewer, Light, Parks, Open Spaces, Playgrounds, Recreational Facilities, Public Safety, Law Enforcement, Fire Emergency, Streets and Transportation Purpose Bonds</b>	
20% Constitutional Limitation	\$2,801,783,735
Direct General Obligation Bonds Outstanding <sup>(1)</sup>	(1,030,890,000)
Less: Debt Limit Reduction from Refunding <sup>(2)</sup>	(30,990,000)
<b>Unused 20% Limitation Borrowing Capacity</b>	<b>\$ 1,739,903,735</b>

<b>All Other General Obligation Bonds</b>	
6% Constitutional Limitation	\$ 840,535,121
Direct General Obligation Bonds Outstanding <sup>(1)</sup>	(255,905,000)
Less: Debt Limit Reduction from Refunding <sup>(2)</sup>	(18,930,000)
<b>Unused 6% Limitation Borrowing Capacity</b>	<b>\$ 565,700,121</b>

<sup>(1)</sup> Represents general obligation bonds outstanding as of March 1, 2017.

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

## Debt Burden

Debt burden is a measurement of the relationship between the debt of the City supported by its property tax base (net direct debt) to the broadest and most generally available measure of wealth in the community: the assessed valuation of all taxable property and the assessed valuation adjusted to reflect market value. In addition, net debt can be compared to population to determine net debt per capita. The City makes these comparisons each time it offers bonds for sale. They are included in the official statements (bond prospectuses) that are distributed to prospective investors. The following table provides debt burden ratios as of July 1, 2016.

Net Direct General Obligation Bonded Debt Ratios			
	Per Capita Debt Pop. Est. (1,565,896) <sup>(1)</sup>	Secondary Assessed Valuation (\$10,982,150,871)	Full Cash Valuation (\$140,141,257,980)
Direct General Obligation Bonded Debt Outstanding as of July 1, 2016	\$821.76	11.72%	0.92%
Net Direct General Obligation Bonded Debt Outstanding as of July 1, 2016	\$801.71	11.43%	0.90%

<sup>(1)</sup> Population estimate obtained from the City of Phoenix Planning and Development Department as of July 1, 2016.

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.

<b>Debt Service by Source of Funds and Type of Expenditure (In Thousands of Dollars)</b>			
<b>Fund</b>	<b>2015-16 Actual</b>	<b>2016-17 Estimate</b>	<b>2017-18 Budget</b>
Secondary Property Tax	\$126,023	\$126,962	\$ 102,267
Aviation	52,952	54,956	55,013
Convention Center	19,013	19,767	20,271
City Improvement <sup>(1)</sup>	84,204	94,775	110,908
Passenger Facility Charges	45,843	46,657	46,659
Solid Waste	14,432	13,083	13,684
Sports Facilities	18,401	19,342	17,756
Wastewater	78,028	70,284	70,294
Water	113,285	113,354	110,050
Other Capital Funds	43,527	46,332	48,846
<b>Total</b>	<b>\$595,708</b>	<b>\$605,512</b>	<b>\$595,748</b>
<b>Type of Expenditure</b>			
Principal	\$285,113	\$306,169	\$305,729
Interest and Other	310,595	299,343	290,019
<b>Total</b>	<b>\$595,708</b>	<b>\$605,512</b>	<b>\$595,748</b>

<sup>(1)</sup> Reflects City Improvement nonprofit corporation bond debt service funded by General Fund, Transit 2000/Transportation 2050, Housing, Library or other miscellaneous funds.



# 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 March 21, 2017, the preliminary five-year Capital Improvement Program was submitted to the City Council. The Capital Improvement Program submitted to the City Council and reflected here includes a new concourse at Terminal Four of Sky Harbor Airport, stage two of the Sky Harbor Airport Sky Train, major street and bridge rehabilitation and new construction, replacement of water mains, local and regional flood control efforts, completion of the Resource Innovation Campus at the 27th Avenue Transfer Station, multimodal transportation improvements, and water resiliency efforts. The preliminary plan, as adjusted, has been updated to reflect cost or timing changes identified since the preliminary program was developed.

## **2017-22 Capital Improvement Program Development**

The annual citywide Capital Improvement Program update process began in December 2016 when departments prepared revised 2016-17 estimates and updated their five-year capital improvement programs. The 2016-17 estimates reflect updated construction cost estimates, project delays, awarded contract amounts, project carry-overs and other program changes. The 2017-22 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.

## **2006 Citizens' Bond 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 grouped 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**

In addition to supporting related operations and maintenance costs, enterprise funds support pay-as-you-go funded capital projects and debt service for enterprise bond-funded capital projects.

Water, Wastewater and Solid Waste enterprise funds complete annual updates to their multi-year rate plans. These plans are first reviewed by the City Council Transportation and Infrastructure Subcommittee prior to action on the plans by the full City Council. If necessary, user fee changes are implemented to support the updated plans.

Aviation funds include airport revenues, Passenger Facility Charges collected from enplaned passengers at the time of booking, Customer Facility Charges assessed to rental car customers, and federal and state grants. The City Council adopts ordinances establishing fee structures for use of the airport facilities, including airline rates and charges, at the beginning of each fiscal year.



The Phoenix Convention Center enterprise fund receives most of its resources from designated sales taxes. To support a significant expansion and renovation of the Phoenix Convention Center, completed in 2008, an extensive multi-year forecast was developed to establish pay-as-you-go, bond and related debt service, and operations and maintenance cost capacities without a tax rate increase. The capital and financial plan was 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 funding critical street transportation and drainage infrastructure improvements, including projects focused on street pavement maintenance, and bicycle, pedestrian, stormwater and drainage facilities. Capital Construction funds are programmed into project categories for each year of the Capital Improvement Program, with individual projects identified and budgeted in the earlier years of the Capital Improvement Program.

### **Parks and Preserves Funds**

In September 1999, the voters approved a 10-year, one-tenth of one percent sales tax to purchase state trust lands for the Sonoran Desert Preserve, and for the development and improvement of regional and neighborhood parks. This tax was renewed by voters in May 2008 for 30 years. The 2017-22 Capital Improvement Program includes \$150.9 million of these funds, which are programmed for regional, community and neighborhood parks, and Sonoran Preserve land acquisition.

### **Transportation 2050 Funds**

The voters approved Proposition 104 (Transportation 2050) on August 25, 2015. This initiative authorized a three-tenths of one percent increase in the transaction privilege and use tax rate to fund the City's Comprehensive Transportation Plan including new light rail lines, bus expansion and street improvements. Collection of Transportation 2050 sales tax began on January 1, 2016. The 2017-22 Capital Improvement Program includes \$264.4 million of these funds in the Street Transportation (\$171.7 million), Public Transit (\$92.3 million) and Information Technology (\$0.4 million) programs.

### **Five-Year Streets Plan**

Each year the Street Transportation Department updates its five-year plan and funding program for street, bicycle, pedestrian and stormwater construction and major maintenance projects. This program is primarily funded through the Arizona Highway User Revenue (AHUR) fund, including state-shared revenue from gas taxes and vehicle license taxes, but also includes funding through the Transportation 2050 (Proposition 104) voter-approved initiative. The update begins with the Budget and Research Department providing an updated current year and five-year forecast of AHUR and other revenue streams, and requirements for AHUR and other revenue resources to support operating expenditures and debt service to determine the amounts available for pay-as-you-go capital projects. Also included in the program are any needed updates to voter-approved bond projects as well as projects funded through intergovernmental partnerships.

### **Programming of Impact Fees**

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

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

Operating costs for impact fee-funded projects are included in the rate planning process for Water, Wastewater and Solid Waste. Operating costs for the other impact fee programs are identified in the Capital Improvement Program and are funded through the annual operating budget as costs for operating and maintaining new capital projects. Budget and Research staff has worked with the Planning and Development Department as well as operating department staff to appropriately program \$133.9 million in available impact fees in the 2017-22 Capital Improvement Program. Additional impact fees will be programmed in future capital improvement programs as these fees are collected.

**SUMMARY OF 2017-22 CAPITAL IMPROVEMENT PROGRAM**

**By Program**

(In Thousands of Dollars)

<b>Program</b>	<b>2017-18</b>	<b>2018-19</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>	<b>Total</b>
Arts and Cultural Facilities	\$ 1,058	\$ -	\$ -	\$ -	\$ -	\$ 1,058
Aviation	681,775	412,067	148,291	67,921	19,636	1,329,690
Economic Development	9,653	4,500	4,500	3,000	3,000	24,653
Energy Conservation	1,200	1,200	1,200	1,200	1,200	6,000
Facilities Management	21,182	2,270	1,000	1,000	1,000	26,452
Finance	1,648	-	-	-	-	1,648
Fire Protection	17,362	-	-	-	-	17,362
Historic Preservation	925	-	-	-	-	925
Housing	23,626	7,521	7,321	7,320	7,320	53,108
Human Services	600	-	-	-	-	600
Information Technology	57,679	6,900	5,069	3,969	3,969	77,586
Libraries	1,779	200	200	200	7,188	9,567
Neighborhood Services	4,409	-	-	-	-	4,409
Parks, Recreation and Mountain Preserves	75,883	27,100	28,390	21,350	20,199	172,922
Phoenix Convention Center	29,416	7,184	7,442	8,752	7,013	59,807
Public Transit	91,975	70,291	43,347	62,549	40,807	308,969
Regional Wireless Cooperative	7,608	9,909	9,203	7,325	6,000	40,045
Solid Waste Disposal	29,952	24,135	17,532	12,500	28,305	112,424
Street Transportation and Drainage	269,778	122,217	125,905	119,008	120,574	757,482
Wastewater	190,407	98,697	173,517	63,371	51,042	577,034
Water	296,040	245,481	246,044	299,456	216,937	1,303,958
<b>Total</b>	<b>\$ 1,813,955</b>	<b>\$ 1,039,672</b>	<b>\$ 818,961</b>	<b>\$ 678,921</b>	<b>\$ 534,190</b>	<b>\$ 4,885,699</b>

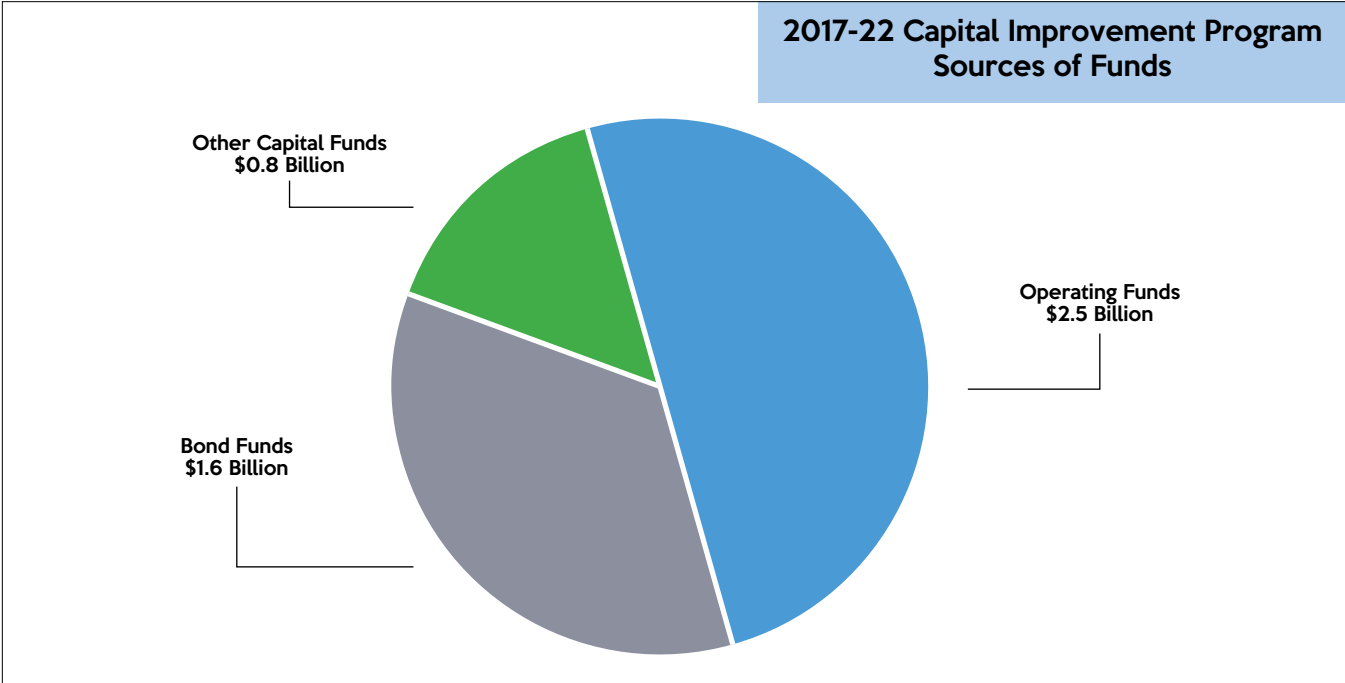
**SUMMARY OF 2017-22 CAPITAL IMPROVEMENT PROGRAM**

**By Source of Funds**  
(In Thousands of Dollars)

<b>Funds</b>	<b>2017-18</b>	<b>2018-19</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>	<b>Total</b>
<b>Operating Funds:</b>						
General	\$ 9,642	\$ 7,073	\$ 7,305	\$ 5,968	\$ 5,626	\$ 35,614
Parks and Preserves	53,902	27,100	28,390	21,350	20,150	150,892
Transportation 2050	69,271	69,020	42,467	41,153	42,443	264,354
Development Services	1,988	131	39	39	39	2,236
Capital Construction	23,399	11,090	10,466	10,066	9,521	64,542
Arizona Highway User Revenue	105,175	57,216	57,846	58,781	59,836	338,854
Regional Transit	9,827	4,651	5,035	9,786	4,977	34,276
Community Reinvestment	5,272	3,500	3,500	2,000	2,000	16,272
Other Restricted Funds	15,006	2,230	1,590	1,550	1,565	21,941
Operating Grants	60,232	31,789	32,925	49,849	32,593	207,388
<b>Enterprise Funds:</b>						
Aviation	109,065	142,039	27,572	3,543	2,944	285,163
Water	161,543	153,345	136,000	120,244	141,460	712,592
Wastewater	79,847	62,278	72,068	54,068	41,884	310,145
Solid Waste	25,911	8,465	10,438	783	7,888	53,485
Convention Center	6,167	5,916	5,369	8,016	6,618	32,086
<b>Total Operating Funds</b>	<b>\$ 736,247</b>	<b>\$ 585,843</b>	<b>\$ 441,010</b>	<b>\$ 387,196</b>	<b>\$ 379,544</b>	<b>\$ 2,529,840</b>
<b>Bond Funds:</b>						
<b>Property Tax Supported:</b>						
2001 General Obligation	\$ 6,949	\$ -	\$ -	\$ -	\$ -	\$ 6,949
2006 General Obligation	15,833	-	-	-	-	15,833
<b>Nonprofit Corporation Bonds:</b>						
Aviation	405,124	229,100	90,000	19,900	-	744,124
Water	108,762	84,402	92,413	178,809	75,037	539,423
Wastewater	57,272	26,930	57,826	2,678	5,150	149,856
Solid Waste	721	13,115	5,500	12,000	20,700	52,036
Other	77,162	1,084	1,100	-	-	79,346
<b>Total Bond Funds</b>	<b>\$ 671,823</b>	<b>\$ 354,631</b>	<b>\$ 246,839</b>	<b>\$ 213,387</b>	<b>\$ 100,887</b>	<b>\$ 1,587,567</b>
<b>Other Capital Sources:</b>						
Impact Fees	\$ 104,608	\$ 8,570	\$ 11,787	\$ 500	\$ 8,403	\$ 133,868
Passenger Facility Charge	132,842	7,969	5,385	13,525	3,431	163,152
Customer Facility Charges	3	-	-	-	-	3
Other Cities' Share in Joint Ventures	23,886	19,928	58,310	14,550	9,781	126,455
Solid Waste Remediation	1,295	270	475	-	-	2,040
Capital Grants	52,937	35,725	27,952	33,571	15,879	166,064
<b>Federal, State and</b>						
Other Participation	74,405	21,830	23,695	15,692	15,765	151,387
Capital Reserves	11,408	4,906	3,508	500	500	20,822
Other Capital	4,501	-	-	-	-	4,501
<b>Total Other Capital Sources</b>	<b>\$ 405,885</b>	<b>\$ 99,198</b>	<b>\$ 131,112</b>	<b>\$ 78,338</b>	<b>\$ 53,759</b>	<b>\$ 768,292</b>
<b>Total</b>	<b>\$ 1,813,955</b>	<b>\$ 1,039,672</b>	<b>\$ 818,961</b>	<b>\$ 678,921</b>	<b>\$ 534,190</b>	<b>\$ 4,885,699</b>

# 2017-22 CAPITAL IMPROVEMENT PROGRAM HIGHLIGHTS

The Capital Improvement Program (CIP) totals \$4.9 billion over the next five years. As shown in the pie chart below, funding for the 2017-22 program comes from three main sources: \$1.6 billion in bond funds, \$2.5 billion in pay-as-you-go operating funds and \$0.8 billion in other capital funds. The \$0.8 billion in other capital funds includes: \$166.1 million in Capital Grant funds, \$20.8 million in Capital Reserve funds, \$151.4 million in Federal, State and Other Participation funds, \$133.9 million in Impact Fee funds, \$126.4 million in Other Cities' Share in Joint Venture funds, \$163.2 million in Passenger Facility Charge funds, \$2.0 million in Solid Waste Remediation funds and \$4.5 million from miscellaneous capital sources.



Projects in the first year total \$1.8 billion and are funded from pay-as-you-go operating funds (\$736.2 million), bond funds (\$671.8 million) and other capital financing (\$405.9 million). A financial organization chart at the end of this section presents a visual overview of the first year by source of funds, and additional schedules summarize the 2017-22 Capital Improvement Program by source of funds and the 2017-18 Capital Improvement Program by fund group and program. A brief overview of the five-year plan for each program follows.

**Arts and Cultural Facilities**

The Arts and Cultural Facilities program totals \$1.1 million and is funded by Other Restricted and General Obligation Bond funds.

The program provides partial funding to develop a Hispanic Cultural Center and for renovations to the Carver Museum within the City of Phoenix.

## **Aviation**

The Aviation program totals \$1,329.7 million and is funded by Aviation, Aviation Bond, Customer Facility Charge, Capital Grant 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 support for Phoenix-Mesa Gateway Airport.

Major improvements for Sky Harbor International Airport include:

- Modernize Terminal 3 with updated infrastructure.
- Construct improvements to Rental Car Center building.
- Reconstruct or upgrade aprons, runways and utility vaults.
- Improve airport infrastructure including expansion of the PHX Sky Train by connecting the Rental Car Center to all terminals, ground transportation, parking and the Valley Metro Light Rail.
- Enhance Terminal 4 infrastructure including the addition of S-1 concourse, lighting improvements, international arrival and customs facilities modernization.
- Construct a communications and emergency operations center.
- Provide for contingency project funding, debt service payments and integration of artwork into airport modernization projects.

The Aviation program also includes aprons, ramps, run-up areas, connectors, 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.

## **Economic Development**

The \$24.7 million Economic Development program is funded by Downtown Community Reinvestment 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.

## **Energy Conservation**

The \$6.0 million Energy Conservation Program is funded by General, Solid Waste, Wastewater and Water 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 \$26.5 million and is funded by General, Other Restricted, Solid Waste, Solid Waste Bond and General Obligation Bond funds.

The Facilities Management program includes various projects to make major facility repairs, maintain service centers and City facilities citywide, upgrade CNG fueling sites, and rehabilitate the elevators in the Phoenix City Hall building.

## **Finance**

The Finance program totals \$1.6 million and is funded by General, Aviation, Solid Waste, Wastewater, Water and Capital Reserve funds. The program includes e-Procurement and budget technology projects.

## **Fire Protection**

The \$17.4 million Fire Protection program is funded by Other Restricted, General Obligation Bond and Impact Fee funds.

Major projects include replacement of the Computer Aided Dispatch (CAD) system and land acquisition for modernization of Fire Station 20.

**Historic Preservation**

The Historic Preservation program totals \$0.9 million and is funded by General Obligation Bond funds. The Historic Preservation program provides matching funds to property owners to rehabilitate historic properties.

**Housing**

The Housing program totals \$53.1 million and is funded by Operating Grant, Other Restricted and Capital Grant funds.

The 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. Projects include HOME loan programs, affordable housing development, housing remodeling, and senior housing modernization.

**Human Services**

The \$0.6 million Human Services program is funded by General Obligation Bond funds.

The Human Services program plans for design and construction of a multi-purpose senior center adjacent to the Southwest Family Services Center on 51st Avenue.

**Information Technology**

The \$77.6 million Information Technology program is funded by General, Aviation, Development Services, Solid Waste, Transportation 2050, Wastewater, Water, Other Bond and Capital Reserve funds.

The Information Technology program includes replacing the outdated telephone system and data network, enhancement of the City's business intelligence and business analysis capabilities, replacing FCC-mandated equipment with 700 MHz radios and consoles, and the replacement of the North Mountain Tower to comply with industry standards.

**Libraries**

The Libraries program totals \$9.6 million and is funded by General, Other Restricted, Impact Fee and General Obligation Bond funds.

The program includes branch library improvements to maintain current standards. Expansions are planned for the College Depot at Burton Barr Central Library as well as design and construction of a branch library in Estrella and an expansion of the Desert Broom Library pending the availability of sufficient funds for construction and operations.

**Neighborhood Services**

The Neighborhood Services program totals \$4.4 million and is funded by General Obligation Bond and Operating Grant funds.

The Neighborhood Services program seeks to reduce neighborhood blight and improve infrastructure by acquiring properties for stabilization and revitalization. By partnering with City departments, projects such as park improvements, traffic calming, streetscaping, sidewalks and lighting provide enhancements to City of Phoenix neighborhoods.

### **Parks, Recreation and Mountain Preserves**

The Parks, Recreation and Mountain Preserves program totals \$172.9 million and is funded by Parks and Preserves, Operating Grant, Other Restricted, Wastewater, Water, General Obligation Bond, Capital Reserve, Impact Fee and Other Capital funds.

The Parks, Recreation and Mountain Preserves program includes constructing, improving and rehabilitating City parks, trails, sports fields and pools, upgrading irrigation, installing security and sports field lighting, improving parking lots, constructing ADA accessible amenities and other citywide park infrastructure improvements.

Major projects include:

- Margaret T. Hance Park Renovation.
- Cesar Chavez Community Center.
- Phoenix Mountain Preserve Improvements.
- Preserve Land Acquisition.
- South Mountain Park Improvements.

### **Phoenix Convention Center**

The \$59.8 million Phoenix Convention Center program is funded by General and Convention Center 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 Theater Center and Orpheum Theatre, Symphony Hall, and the Regency, Heritage and Convention Center parking garages.

Major projects include:

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

### **Public Transit**

The Public Transit program totals \$309.0 million and is funded by Transportation 2050, Operating Grant, Other Restricted, Capital Grant and Regional Transportation funds.

Phoenix voters approved Transportation 2050, an additional 0.4 percent sales tax, effective January 1, 2016, to fund the city's Comprehensive Transportation Plan including new light rail lines, bus expansion and street improvements.

Major projects in the Public Transit program include:

- Purchase buses and Dial-A-Ride vehicles.
- Improve and maintain bus stops, bus pullouts, Park-And-Ride locations, transit centers and public transit facilities.
- Implement technology enhancements including a fare collection system replacement and a regional wireless bus communication system.
- Design South Central Light Rail expansion.
- Construct a passenger facility in Laveen.
- Provide assistance to businesses along Light Rail zones, maintain vacant properties and provide for staff charges related to coordination of Light Rail expansion.
- Provide for contingency project funding.

### **Regional Wireless Cooperative (RWC)**

The Regional Wireless Cooperative (RWC) program totals \$40.0 million and is funded through the contributions of RWC member cities. The City of Phoenix's contribution is funded through excise tax-supported city improvement debt.

The RWC program's objective is to develop and assist subscriber cities with a FCC mandate requiring 700 MHz infrastructure upgrades for narrowbanding capabilities.

### **Solid Waste Disposal**

The \$112.4 million Solid Waste Disposal program is funded by Solid Waste, Solid Waste Bond, Capital Reserve and Solid Waste Remediation funds.

The Solid Waste Disposal program includes various projects at the City's landfills and transfer stations. Major projects include constructing a methane gas extraction and drainage system for the State Route 85 landfill, maintaining the methane gas collection systems for several locations, various cell excavations and lining, replacing or upgrading aging equipment at the 27th Avenue and North Gateway Transfer Stations Material Recovery Facilities, constructing the 27th Avenue Resource Innovation Campus and Technology Solutions Incubator, and completing the composting facility located at the 27th Avenue Transfer Station.

### **Street Transportation and Drainage**

The Street Transportation and Drainage program totals \$757.5 million and is funded by Arizona Highway User Revenue, Capital Construction, Other Restricted, Transportation 2050, Wastewater, Water, General Obligation Bond, Other Bond, Solid Waste Bond, Water Bond, Capital Reserve and Impact Fee funds, and contributions from partner 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, and street resurfacing.

Major projects planned include improvements to the following locations:

- Citywide LED Streetlight Conversion.
- Pinnacle Peak Road: 35th Avenue to 45th Avenue.
- 27th Avenue: Lower Buckeye Road to Buckeye Road.
- Avenida Rio Salado Phase II.
- 107th Avenue: Camelback Road to Indian School Road.
- Grand Canalscape Multiuse Path Improvements.
- Durango Regional Conveyance Channel.

### **Wastewater**

The Wastewater program totals \$577.0 million and is funded by Wastewater, Wastewater Bond, Impact Fee and Other Cities' Share in Joint Venture funds.

The Wastewater program includes rehabilitation, replacement, and improvements to lift stations, sewer lines, wastewater treatment plants, odor control stations, large sewer interceptors, and other wastewater infrastructure. The program also includes power redundancy improvements, energy efficiency improvements, automation and technological improvements, light rail sewer relocation, security efforts, process improvements, and other initiatives.

### **Water**

The Water program totals \$1,304.0 million and is funded by Water, Water Bond, Arizona Highway User Revenue, Solid Waste, Wastewater, Impact Fee and Other Cities' Share in Joint Venture funds.

The Water program includes replacement, rehabilitation, and improvements to reservoirs, wells, steel tanks, booster stations, pipelines, transmission mains, water treatment plants, and other water infrastructure. The program also includes water resource acquisition, power redundancy improvements, energy efficiency improvements, light rail water relocations, automation and technological improvements, security efforts, process improvements, and other initiatives.





**2017-18 CAPITAL IMPROVEMENT PROGRAM**  
**BY PROGRAM AND SOURCE OF FUNDS**  
(In Thousands of Dollars)

<b>Program</b>	<b>Total Program</b>	<b>Pay-As- You-Go Operating</b>	<b>2001 Bonds</b>	<b>2006 Bonds</b>	<b>Nonprofit Corporation Bonds</b>	<b>Other Capital Sources</b>
Arts and Cultural Facilities	\$ 1,058	\$ 44	\$ 1,014	\$ -	\$ -	\$ -
Aviation	681,775	108,133	-	-	405,124	168,518
Economic Development	9,653	9,653	-	-	-	-
Energy Conservation	1,200	1,200	-	-	-	-
Facilities Management	21,182	9,392	5,000	150	4,080	2,560
Finance	1,648	1,126	-	-	-	521
Fire Protection	17,362	6,100	800	8,311	-	2,151
Historic Preservation	925	-	97	828	-	-
Housing	23,626	13,639	-	-	-	9,988
Human Services	600	-	-	600	-	-
Information Technology	57,679	12,591	-	-	44,288	800
Libraries	1,779	700	-	180	-	899
Neighborhood Services	4,409	2,175	38	2,195	-	-
Parks, Recreation and Mountain Preserves	75,883	54,944	-	3,294	-	17,645
Phoenix Convention Center	29,416	6,917	-	-	-	22,499
Public Transit	91,975	84,700	-	-	-	7,276
Regional Wireless Cooperative	7,608	-	-	-	-	7,608
Solid Waste Disposal	29,952	22,491	-	-	673	6,788
Street Transportation and Drainage	269,778	168,934	-	275	28,850	71,718
Wastewater	190,407	75,549	-	-	57,272	57,586
Water	296,040	157,959	-	-	108,754	29,328
<b>Total</b>	<b>\$ 1,813,955</b>	<b>\$ 736,247</b>	<b>\$ 6,949</b>	<b>\$ 15,833</b>	<b>\$ 649,041</b>	<b>\$ 405,885</b>

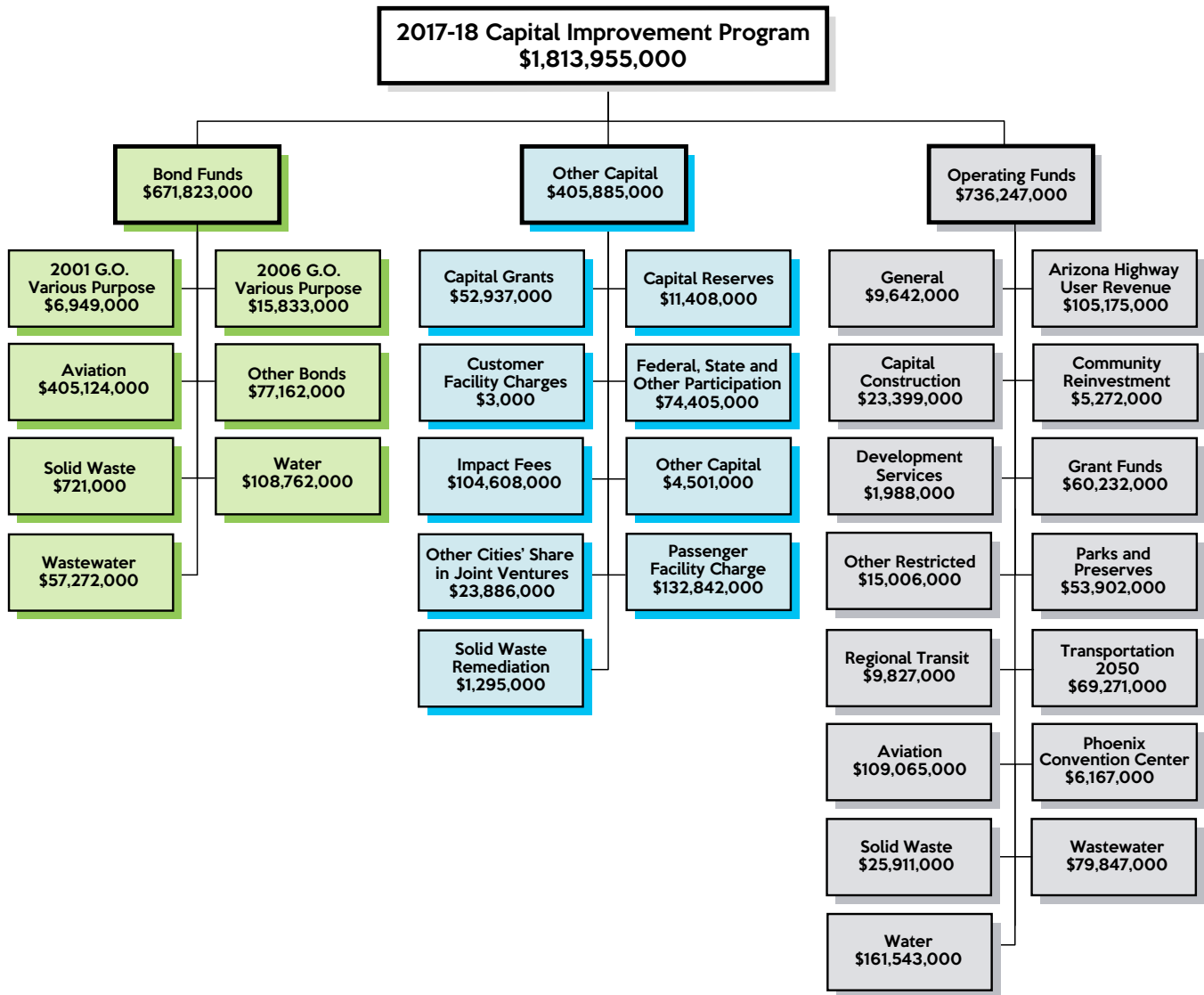
**RESOURCES AND EXPENDITURES BY CAPITAL FUND**  
**2017-18 CAPITAL IMPROVEMENT PROGRAM**  
(In Thousands of Dollars)

Capital Fund	RESOURCES			EXPENDITURES	FUND BALANCES		
	Beginning Balance	Projected Revenue <sup>1</sup>	Total	Estimated Expenditures	Ending Fund Balance	Projected Resources Beyond 17/18 <sup>2</sup>	Funds Available Beyond 17/18
<b>BONDS AND RELATED FUNDS</b>							
<b>2006 Bonds</b>							
Libraries, Senior & Cultural Centers	\$ (2,932)	\$ -	\$ (2,932)	\$ 780	\$ (3,712)	\$ 27,190	\$ 23,478
Education	(4,564)	-	(4,564)	-	(4,564)	8,090	3,526
Affordable Housing & Neighborhoods	6,268	-	6,268	3,177	3,091	17,795	20,886
Parks and Open Spaces	5,191	-	5,191	3,294	1,897	13,685	15,582
Police, Fire & Homeland Security	(8)	-	(8)	8,000	(8,008)	36,700	28,692
Police, Fire & City Technology	386	-	386	311	75	4,790	4,865
Street and Storm Sewer Improvement	5,724	-	5,724	271	5,453	27,495	32,948
<b>2001 Bonds</b>							
Affordable Housing & Homeless Shelter	1,053	-	1,053	-	1,053	-	1,053
Educational, Youth & Cultural Facilities	(168)	-	(168)	1,014	(1,182)	1,700	518
Environmental Improvement & Cleanup	261	-	261	-	261	630	891
Fire Protection Facilities & Equipment	-	-	-	800	(800)	800	-
Neighborhood Protection & Senior Centers	4,967	-	4,967	5,059	(92)	2,355	2,263
New & Improved Libraries	3,444	-	3,444	-	3,444	900	4,344
Parks, Open Space & Recreation	(332)	-	(332)	-	(332)	4,425	4,093
Police Protection Facilities & Equipment	(524)	-	(524)	-	(524)	1,115	591
Police, Fire & Computer Technology	(50)	-	(50)	-	(50)	615	565
Preserving Phoenix Heritage	(123)	-	(123)	76	(199)	795	596
Storm Sewers	-	-	-	-	-	50	50
Street Improvements	(457)	-	(457)	-	(457)	2,225	1,768
<b>1989 Historic Preservation</b>	12	-	12	-	12	-	12
<b>1988 Bonds</b>							
Freeway Mitigation, Neighborhood Stabilization, Slum & Blight Elimination	845	-	845	-	845	1,000	1,845
Parks, Recreation & Mountain Preserves	419	-	419	-	419	-	419
Police Protection	27	-	27	-	27	-	27
<b>Nonprofit Corporation Bonds</b>							
Aviation	(131,891)	744	(131,147)	405,124	(536,271)	1,403,020	866,749
Convention Center	4	-	4	-	4	-	4
Solid Waste	612	-	612	721	(109)	75,000	74,891
Wastewater	256,196	-	256,196	57,272	198,924	405,000	603,924
Water	(34,180)	-	(34,180)	108,762	(142,942)	525,000	382,058
Other	(42,049)	-	(42,049)	77,162	(119,211)	135,455	16,244
<b>OTHER FINANCING</b>							
Impact Fees	152,194	-	152,194	104,608	47,586	-	47,586
Passenger Facility Charge	46,095	80,000	126,095	132,842	(6,747)	320,000	313,253
Customer Facility Charge	12,155	33,341	45,496	3	45,493	-	45,493
Other Cities' Participation in Joint Ventures	(2,418)	23,886	21,468	23,886	(2,418)	2,418	-
Solid Waste Remediation	4,424	-	4,424	1,295	3,129	-	3,129
Capital Grants	(30,447)	52,937	22,490	52,937	(30,447)	30,447	-
Federal, State & Other Participation	(14,409)	74,405	59,996	74,405	(14,409)	14,409	-
Capital Gifts	27	-	27	-	27	-	27
Capital Reserves	319,535	(22,990)	296,545	11,408	285,137	-	285,137
Other Capital	9,447	-	9,447	4,501	4,946	-	4,946
<b>TOTAL</b>	<b>\$ 564,734</b>	<b>\$ 242,323</b>	<b>\$ 807,057</b>	<b>\$ 1,077,708</b>	<b>\$ (270,651)</b>	<b>\$ 3,063,104</b>	<b>\$ 2,792,453</b>

<sup>1</sup> Includes bond proceeds and funds which "pass through" bond funds such as grants, land sales and other agency and private participation.

<sup>2</sup> Includes bonds authorized and available for sale, pledged resources and cost recovery for projects billed and/or reimbursed on a cash flow basis.

# 2017-18 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 2017-18 budget includes \$405,000 in new operating and maintenance costs for new facilities and systems. The funding sources for 2017-18 operating costs are the Aviation Operating Fund and the Phoenix Parks and Preserve Initiative Fund. The schedule on the next page provides project operating and maintenance costs for 2017-18, the full-year operating and maintenance costs for 2018-19, and the source of funds that will be used for these costs.

<b>OPERATING COSTS FOR NEW CAPITAL FACILITIES</b>				
<b>Project Name and Operating Fund Source</b>	<b># of FTEs</b>		<b>2017-18 Costs</b>	<b>2018-19 Costs</b>
<b>Parks and Recreation</b>				
Dog park at Reach 11 (Phoenix Parks and Preserves Initiative Fund [PPPI])	0.5	Add staff and materials to operate and maintain the new dog park at Reach 11.	\$49,000	\$58,000
Dog park at Deer Valley Park (PPPI)	0.5	Add staff and materials to operate and maintain the new dog park at Deer Valley Park.	40,000	35,000
<b>Aviation</b>				
New airport command center (Aviation Operating Fund)	2.0	Add staff, equipment, and materials to open a new airport command center at Phoenix Sky Harbor airport scheduled to open in the Spring 2018.	316,000	82,000
<b>Net Total Costs</b>	<b>3.0</b>		<b>\$405,000</b>	<b>\$175,000</b>
<b>Source of Funds:</b>				
Aviation Operating Fund			316,000	82,000
Phoenix Parks and Preserves Initiative (PPPI)			89,000	93,000
<b>Total Source of Funds</b>			<b>\$405,000</b>	<b>\$175,000</b>



**SUMMARY  
SCHEDULES**





**2015-16 SCHEDULE 1  
RESOURCES AND EXPENDITURES BY FUND  
ACTUAL  
(In Thousands of Dollars)**

	Resources						Expenditures				Ending Fund Balances
	Beginning Fund Balances	Revenue <sup>1/</sup>	Recovery	Fund Transfer		Total	Operating	Capital	Debt Service	Total	
				To	From						
<b>General Funds:</b>											
General	\$ 100,435	\$ 261,166	\$ 1,653	\$ 817,964	\$ 126,361	\$ 1,054,857	\$ 938,729	\$ 3,584	\$ -	\$ 942,313	\$ 112,544
Parks and Recreation	-	15,937	30	70,140	-	86,107	86,107	-	-	86,107	-
Library	-	36,227	34	(725)	1,612	33,924	33,724	200	-	33,924	-
Cable Communications	-	10,028	-	-	5,850	4,178	4,178	-	-	4,178	-
<b>Total General</b>	<b>\$ 100,435</b>	<b>\$ 323,358</b>	<b>\$ 1,717</b>	<b>\$ 887,379</b>	<b>\$ 133,823</b>	<b>\$ 1,179,066</b>	<b>\$ 1,062,738</b>	<b>\$ 3,784</b>	<b>\$ -</b>	<b>\$ 1,066,522</b>	<b>\$ 112,544</b>
<b>Special Revenue Funds:</b>											
Excise Tax	\$ -	\$ 1,127,926	\$ -	\$ -	\$ 1,127,926	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Nghbrhd Protection-Police	2,680	37	-	20,094	212	22,599	14,556	-	-	14,556	8,043
Nghbrhd Protection-Fire	11,580	100	-	7,176	6	18,850	11,786	-	-	11,786	7,064
Nghbrhd Protection-Block Watch	2,802	214	-	1,436	1	4,451	1,437	-	-	1,437	3,014
2007 Public Safety Exp-Police	(10,742)	(82)	-	45,928	443	34,661	34,142	-	-	34,142	519
2007 Public Safety Exp-Fire	3,804	27	-	11,482	75	15,238	11,517	-	-	11,517	3,721
Public Safety Enhance-Police	(5,093)	-	-	15,706	206	10,407	8,969	-	-	8,969	1,438
Public Safety Enhance-Fire	2,196	-	-	9,625	-	11,821	8,877	-	-	8,877	2,944
Parks and Preserves	39,287	411	79	28,705	22	68,460	3,225	17,917	-	21,142	47,318
Transit 2000 <sup>2/</sup>	272,795	53,006	265	56,478	50,843	331,701	149,771	6,744	-	156,515	175,186
Transportation 2050 <sup>2/</sup>	-	120	-	118,712	-	118,832	-	11,975	-	11,975	106,857
Court Awards	3,456	3,173	3	-	-	6,632	4,641	2,080	-	6,721	(89) <sup>3/</sup>
Development Services	33,631	51,196	39	-	2,974	81,892	35,302	350	-	35,652	46,240
Capital Construction	3,165	92	230	12,875	-	16,362	203	10,122	-	10,325	6,037
Sports Facilities	18,261	7,840	421	21,456	275	47,703	2,599	250	18,401	21,250	26,453
AZ Highway User Revenue	41,208	117,604	775	99	20,000	139,686	48,879	38,885	-	87,764	51,922
Regional Transit	(13,910)	41,158	1	-	-	27,249	28,504	12,746	-	41,250	(14,001) <sup>4/</sup>
Community Reinvestment	13,111	5,456	36	-	2,065	16,538	322	4,055	-	4,377	12,161
Secondary Property Tax	100	55,226	-	70,797	-	126,123	-	-	126,023	126,023	100
Impact Fee Program Admin	950	297	-	-	-	1,247	275	-	-	275	972
Regional Wireless Cooperative	2,881	4,298	1	-	-	7,180	4,854	-	-	4,854	2,326
Golf Course	-	6,008	10	1	-	6,019	5,702	-	-	5,702	317
City Improvement	6	-	-	85,227	1,029	84,204	-	-	84,204	84,204	-
Other Restricted Funds	60,748	26,708	114	21,500	2,451	106,619	29,277	4,405	-	33,682	72,937
Grant Funds	12,079	239,593	303	-	243	251,732	188,391	48,171	-	236,562	15,170
<b>Total Special Revenue</b>	<b>\$ 494,995</b>	<b>\$ 1,740,408</b>	<b>\$ 2,277</b>	<b>\$ 527,297</b>	<b>\$ 1,208,771</b>	<b>\$ 1,556,206</b>	<b>\$ 593,229</b>	<b>\$ 157,700</b>	<b>\$ 228,628</b>	<b>\$ 979,557</b>	<b>\$ 576,649</b>
<b>Enterprise Funds:</b>											
Aviation	\$ 327,287	\$ 345,326	\$ 1,192	\$ 44,840	\$ 54,949	\$ 663,696	\$ 230,218	\$ 54,493	\$ 52,952	\$ 337,663	\$ 326,033
Water	97,689	396,592	3,142	6	19,398	478,031	170,561	88,712	113,285	372,558	105,473
Wastewater	110,509	221,658	1,014	-	12,321	320,860	85,008	37,157	78,028	200,193	120,667
Solid Waste	47,794	147,227	814	-	12,150	183,685	104,877	9,697	14,432	129,006	54,679
Convention Center	38,499	23,054	170	46,542	2,622	105,643	40,896	3,855	19,013	63,764	41,879
<b>Total Enterprise</b>	<b>\$ 621,778</b>	<b>\$ 1,133,857</b>	<b>\$ 6,332</b>	<b>\$ 91,388</b>	<b>\$ 101,440</b>	<b>\$ 1,751,915</b>	<b>\$ 631,560</b>	<b>\$ 193,914</b>	<b>\$ 277,710</b>	<b>\$ 1,103,184</b>	<b>\$ 648,731</b>
<b>GRAND TOTAL</b>	<b>\$ 1,217,208</b>	<b>\$ 3,197,623</b>	<b>\$ 10,326</b>	<b>\$ 1,506,064</b>	<b>\$ 1,444,034</b>	<b>\$ 4,487,187</b>	<b>\$ 2,287,527</b>	<b>\$ 355,398</b>	<b>\$ 506,338</b>	<b>\$ 3,149,263</b>	<b>\$ 1,337,924</b>

<sup>1/</sup> General fund sales tax revenue is reflected as a transfer from the excise tax fund. Total transfer equates to \$751.4 million, and is included in the General Funds revenue total of \$1,074.7 million shown on Schedule 2.

<sup>2/</sup> The Transportation 2050 sales tax (Proposition 104) was established by the voters effective January 1, 2016 and increased the Transit 2000 sales tax (Proposition 2000) to fund a comprehensive transportation plan with a 35 year sunset date. The Proposition increased the transaction privilege (sales) tax rates by 0.3% for various business activities.

<sup>3/</sup> The negative fund balance in Court Awards is due to less than anticipated revenues. It is caused by the delayed payments for the Records Management System (RMS). The reimbursements are expected to be received in FY 2016-17 and will resolve the negative ending balance.

<sup>4/</sup> The negative fund balance in Regional Transit is due to prior year negative ending balance and less than anticipated revenues in FY 2015-16 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 2016-17 and will resolve the negative ending balance.

**2016-17 SCHEDULE 1  
RESOURCES AND EXPENDITURES BY FUND  
ESTIMATE  
(In Thousands of Dollars)**

	Resources					Expenditures					Ending Fund Balances
	Beginning Fund Balances	Revenue <sup>1/</sup>	Recovery	Fund Transfer		Total	Operating	Capital	Debt		
				To	From				Service	Total	
<b>General Funds:</b>											
General	\$ 112,544	\$ 260,323	\$ 1,000	\$ 875,216	\$ 129,194	\$ 1,119,889	\$ 984,138	\$ 5,642	\$ -	\$ 989,780	\$ 130,109
Parks and Recreation	-	16,504	-	73,003	-	89,507	89,507	-	-	89,507	-
Library	-	37,234	-	70	1,871	35,433	35,233	200	-	35,433	-
Cable Communications	-	10,249	-	-	5,622	4,627	4,627	-	-	4,627	-
<b>Total General</b>	<b>112,544</b>	<b>324,310</b>	<b>1,000</b>	<b>948,289</b>	<b>136,687</b>	<b>1,249,456</b>	<b>1,113,505</b>	<b>5,842</b>	<b>-</b>	<b>1,119,347</b>	<b>130,109</b>
<b>Special Revenue Funds:</b>											
Excise Tax	\$ -	\$ 1,215,861	\$ -	\$ -	\$ 1,215,861	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Nghbrhd Protection-Police	8,043	75	-	21,089	173	29,034	18,052	-	-	18,052	10,982
Nghbrhd Protection-Fire	7,064	80	-	7,532	-	14,676	8,785	-	-	8,785	5,891
Nghbrhd Protection-Block Watch	3,014	210	-	1,506	-	4,730	1,250	-	-	1,250	3,480
2007 Public Safety Exp-Police	519	15	-	48,204	349	48,389	44,563	-	-	44,563	3,826
2007 Public Safety Exp-Fire	3,721	27	-	12,051	57	15,742	13,598	-	-	13,598	2,144
Public Safety Enhance-Police	1,438	-	-	15,968	290	17,116	13,581	-	-	13,581	3,535
Public Safety Enhance-Fire	2,944	-	-	9,787	-	12,731	10,589	-	-	10,589	2,142
Parks and Preserves	47,318	893	50	30,127	124	78,264	4,049	31,278	-	35,327	42,937
Transit 2000 <sup>2/</sup>	175,186	532	1,000	-	41,358	135,360	130,740	4,620	-	135,360	-
Transportation 2050 <sup>2/</sup>	106,857	51,464	-	201,832	21,251	338,902	51,819	49,129	-	100,948	237,954
Court Awards	(89)	7,367	-	-	-	7,278	6,914	325	-	7,239	39
Development Services	46,240	54,177	-	-	3,289	97,128	44,822	326	-	45,148	51,980
Capital Construction	6,037	100	200	11,622	-	17,959	200	5,486	-	5,686	12,273
Sports Facilities	26,453	8,923	-	20,017	418	54,975	2,259	250	19,342	21,851	33,124
AZ Highway User Revenue	51,922	125,606	1,050	-	-	178,578	51,415	76,390	-	127,805	50,773
Regional Transit	(14,001)	60,496	-	-	-	46,495	30,758	12,421	-	43,179	3,316
Community Reinvestment	12,161	5,482	-	-	2,064	15,579	353	5,072	-	5,425	10,154
Secondary Property Tax	100	95,359	-	31,603	-	127,062	-	-	126,962	126,962	100
Impact Fee Program Admin	972	288	-	-	-	1,260	521	-	-	521	739
Regional Wireless Cooperative	2,326	3,981	-	-	-	6,307	4,772	-	-	4,772	1,535
Golf Course	317	6,028	-	-	-	6,345	6,107	-	-	6,107	238
City Improvement	-	-	-	95,801	1,026	94,775	-	-	94,775	94,775	-
Other Restricted Funds	72,937	32,662	-	23,026	1,950	126,675	46,982	6,439	-	53,421	73,254
Grant Funds	15,170	263,095	-	-	273	277,992	207,217	57,614	-	264,831	13,161
<b>Total Special Revenue</b>	<b>\$ 576,649</b>	<b>\$ 1,932,721</b>	<b>\$ 2,300</b>	<b>\$ 530,165</b>	<b>\$ 1,288,483</b>	<b>\$ 1,753,352</b>	<b>\$ 699,346</b>	<b>\$ 249,350</b>	<b>\$ 241,079</b>	<b>\$ 1,189,775</b>	<b>\$ 563,577</b>
<b>Enterprise Funds:</b>											
Aviation	\$ 326,033	\$ 345,765	\$ -	\$ 15,000	\$ 14,449	\$ 672,349	\$ 245,544	\$ 43,968	\$ 54,956	\$ 344,468	\$ 327,881
Water	105,473	415,176	-	-	22,839	497,810	179,270	149,771	113,354	442,395	55,415
Wastewater	120,667	225,321	-	-	14,356	331,632	96,289	83,470	70,284	250,043	81,589
Solid Waste	54,679	147,540	-	-	9,631	192,588	131,670	10,421	13,083	155,174	37,414
Convention Center	41,879	21,728	-	49,607	3,747	109,467	44,972	1,233	19,767	65,972	43,495
<b>Total Enterprise</b>	<b>\$ 648,731</b>	<b>\$ 1,155,530</b>	<b>\$ -</b>	<b>\$ 64,607</b>	<b>\$ 65,022</b>	<b>\$ 1,803,846</b>	<b>\$ 697,745</b>	<b>\$ 288,863</b>	<b>\$ 271,444</b>	<b>\$ 1,258,052</b>	<b>\$ 545,794</b>
<b>GRAND TOTAL</b>	<b>\$ 1,337,924</b>	<b>\$ 3,412,561</b>	<b>\$ 3,300</b>	<b>\$ 1,543,061</b>	<b>\$ 1,490,192</b>	<b>\$ 4,806,654</b>	<b>\$ 2,510,596</b>	<b>\$ 544,055</b>	<b>\$ 512,523</b>	<b>\$ 3,567,174</b>	<b>\$ 1,239,480</b>

<sup>1/</sup> General fund sales tax revenue is reflected as a transfer from the excise tax fund. Total transfer equates to \$783.5 million, and is included in the General Funds revenue total of \$1,107.8 million shown on Schedule 2.

<sup>2/</sup> The Transportation 2050 sales tax (Proposition 104) was established by the voters effective January 1, 2016 and increased the Transit 2000 sales tax (Proposition 2000) to fund a comprehensive transportation plan with a 35 year sunset date. The Proposition increased the transaction privilege (sales) tax rates by 0.3% for various business activities.

**2017-18 SCHEDULE 1  
RESOURCES AND EXPENDITURES BY FUND  
BUDGET  
(In Thousands of Dollars)**

	Resources					Expenditures					Ending Fund Balances
	Beginning Fund Balances	Revenue <sup>1/</sup>	Recovery	Fund Transfer		Total	Operating	Capital	Debt Service		
				To	From					Total	
<b>General Funds:</b>											
General	\$ 130,109	\$ 267,396	\$ 1,000	\$ 883,043	\$ 138,717	\$ 1,142,831	\$ 1,133,389	\$ 9,442	\$ -	\$ 1,142,831	\$ -
Parks and Recreation	-	16,847	-	74,137	-	90,984	90,984	-	-	90,984	-
Library	-	39,325	-	1,666	1,995	38,996	38,796	200	-	38,996	-
Cable Communications	-	10,090	-	-	5,161	4,929	4,929	-	-	4,929	-
<b>Total General</b>	<b>\$ 130,109</b>	<b>\$ 333,658</b>	<b>\$ 1,000</b>	<b>\$ 958,846</b>	<b>\$ 145,873</b>	<b>\$ 1,277,740</b>	<b>\$ 1,268,098</b>	<b>\$ 9,642</b>	<b>\$ -</b>	<b>\$ 1,277,740</b>	<b>\$ -</b>
<b>Special Revenue Funds:</b>											
Excise Tax	\$ -	\$ 1,257,605	\$ -	\$ -	\$ 1,257,605	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Nghbrhd Protection-Police	10,982	75	-	21,993	299	32,751	21,498	-	-	21,498	11,253
Nghbrhd Protection-Fire	5,891	80	-	7,854	45	13,780	10,777	-	-	10,777	3,003
Nghbrhd Protection-Block Watch	3,480	210	-	1,571	8	5,253	1,250	-	-	1,250	4,003
2007 Public Safety Exp-Police	3,826	25	-	50,269	640	53,480	52,324	-	-	52,324	1,156
2007 Public Safety Exp-Fire	2,144	29	-	12,567	129	14,611	15,641	-	-	15,641	(1,030) <sup>2/</sup>
Public Safety Enhance-Police	3,535	-	-	16,297	290	19,542	15,804	-	-	15,804	3,738
Public Safety Enhance-Fire	2,142	-	-	9,987	-	12,129	11,172	-	-	11,172	957
Parks and Preserves	42,937	525	50	31,418	181	74,749	6,083	53,902	-	59,985	14,764
Transportation 2050	237,954	51,377	1,000	211,058	66,095	435,294	212,141	69,271	-	281,412	153,882
Court Awards	39	4,847	-	-	-	4,886	4,886	-	-	4,886	-
Development Services	51,980	53,949	-	-	3,368	102,561	61,164	1,988	-	63,152	39,409
Capital Construction	12,273	70	450	11,006	-	23,799	241	23,399	-	23,640	159
Sports Facilities	33,124	8,852	-	20,261	423	61,814	2,318	-	17,756	20,074	41,740
AZ Highway User Revenue	50,773	128,181	500	-	-	179,454	61,319	105,175	-	166,494	12,960
Regional Transit	3,316	38,215	-	-	-	41,531	31,681	9,827	-	41,508	23
Community Reinvestment	10,154	5,092	-	-	2,068	13,178	417	5,272	-	5,689	7,489
Secondary Property Tax	100	99,401	-	2,866	-	102,367	-	-	102,267	102,267	100
Impact Fee Program Admin	739	288	-	-	-	1,027	535	-	-	535	492
Regional Wireless Cooperative	1,535	4,459	-	-	-	5,994	4,628	-	-	4,628	1,366
Golf Course	238	5,942	-	-	-	6,180	5,843	-	-	5,843	337
City Improvement	-	-	-	111,934	1,026	110,908	-	-	110,908	110,908	-
Other Restricted Funds	73,254	29,210	-	24,221	3,312	123,373	52,323	15,006	-	67,329	56,044
Grant Funds	13,161	274,553	-	-	273	287,441	222,023	60,232	-	282,255	5,186
<b>Total Special Revenue</b>	<b>\$ 563,577</b>	<b>\$ 1,962,985</b>	<b>\$ 2,000</b>	<b>\$ 533,302</b>	<b>\$ 1,335,762</b>	<b>\$ 1,726,102</b>	<b>\$ 794,068</b>	<b>\$ 344,072</b>	<b>\$ 230,931</b>	<b>\$ 1,369,071</b>	<b>\$ 357,031</b>
<b>Enterprise Funds:</b>											
Aviation	\$ 327,881	\$ 344,542	\$ -	\$ 16,438	\$ 12,012	\$ 676,849	\$ 270,421	\$ 109,065	\$ 55,013	\$ 434,499	\$ 242,350
Water	55,415	420,570	-	24,722	23,925	476,782	205,189	161,543	110,050	476,782	-
Wastewater	81,589	229,962	-	-	15,136	296,415	106,958	79,847	70,294	257,099	39,316
Solid Waste	37,414	148,669	-	-	10,146	175,937	131,705	25,911	13,684	171,300	4,637
Convention Center	43,495	21,283	-	51,897	4,142	112,533	50,384	6,167	20,271	76,822	35,711
<b>Total Enterprise</b>	<b>\$ 545,794</b>	<b>\$ 1,165,026</b>	<b>\$ -</b>	<b>\$ 93,057</b>	<b>\$ 65,361</b>	<b>\$ 1,738,516</b>	<b>\$ 764,657</b>	<b>\$ 382,533</b>	<b>\$ 269,312</b>	<b>\$ 1,416,502</b>	<b>\$ 322,014</b>
<b>GRAND TOTAL</b>	<b>\$ 1,239,480</b>	<b>\$ 3,461,669</b>	<b>\$ 3,000</b>	<b>\$ 1,585,205</b>	<b>\$ 1,546,996</b>	<b>\$ 4,742,358</b>	<b>\$ 2,826,823</b>	<b>\$ 736,247</b>	<b>\$ 500,243</b>	<b>\$ 4,063,313</b>	<b>\$ 679,045</b>

<sup>1/</sup> General fund sales tax revenue is reflected as a transfer from the excise tax fund. Total transfer equates to \$806.6 million, and is included in the General Funds revenue total of \$1,140.3 million shown on Schedule 2.

<sup>2/</sup> The dedicated public safety funds have been severely impacted by declines in sales tax revenues. In November 2010, the Mayor and City Council adopted a plan to balance these funds as soon as possible using an attrition based approach. This plan is modified annually to account for changes in attrition and revised revenue forecasts. In FY 2017-18 staff plans to rebalance each fund to ensure a positive fund balance by year-end.

**SCHEDULE 2: REVENUES BY MAJOR SOURCE**

(In Thousands of Dollars)

Revenue Source	2015-16 Actual	2016-17 Estimate	Increase/(Decrease) From 2015-16 Actual		2017-18 Budget	Increase/(Decrease) From 2016-17 Estimate		
			Amount	Percent		Amount	Percent	
<b>GENERAL FUND</b>								
<b>Local Taxes and Related Fees</b>	\$ 436,830	\$ 445,821	\$ 8,991	2.1%	\$ 458,431	\$ 12,610	2.8%	
<b>State-Shared Revenues</b>								
Sales Tax	137,544	143,460	5,916	4.3%	148,964	5,504	3.8%	
State Income Tax	174,234	191,347	17,113	9.8%	196,303	4,956	2.6%	
Vehicle License Tax	59,801	61,236	1,435	2.4%	62,706	1,470	2.4%	
Subtotal	\$ 371,579	\$ 396,043	\$ 24,464	6.6%	\$ 407,973	\$ 11,930	3.0%	
<b>Primary Property Tax</b>	\$ 141,309	\$ 145,141	\$ 3,832	2.7%	\$ 153,454	\$ 8,313	5.7%	
<b>User Fees/Other Revenue</b>								
Licenses & Permits	2,754	2,901	147	5.3%	2,896	(5)	-0.2%	
Cable Communications	10,028	10,249	221	2.2%	10,090	(159)	-1.6%	
Fines and Forfeitures	13,460	10,613	(2,847)	-21.2%	10,365	(248)	-2.3%	
Court Default Fee	1,047	1,164	117	11.2%	1,164	-	0.0%	
Fire	48,718	46,261	(2,457)	-5.0%	46,613	352	0.8%	
Hazardous Materials Inspection Fee	1,358	1,350	(8)	-0.6%	1,400	50	3.7%	
Library Fees	697	740	43	6.2%	740	-	0.0%	
Parks and Recreation	7,611	7,812	201	2.6%	7,658	(154)	-2.0%	
Planning	1,647	1,906	259	15.7%	2,106	200	10.5%	
Police	13,729	13,645	(84)	-0.6%	13,645	-	0.0%	
Street Transportation	4,369	4,822	453	10.4%	4,345	(477)	-9.9%	
Other Service Charges	17,245	16,598	(647)	-3.8%	16,761	163	1.0%	
Other	2,339	2,773	434	18.6%	2,611	(162)	-5.8%	
Subtotal	\$ 125,002	\$ 120,834	\$ (4,168)	-3.3%	\$ 120,394	\$ (440)	-0.4%	
<b>Total General Funds</b>	\$ 1,074,720	\$ 1,107,839	\$ 33,119	3.1%	\$ 1,140,252	\$ 32,413	2.9%	

**SCHEDULE 2: REVENUES BY MAJOR SOURCE (Continued)**

(In Thousands of Dollars)

Revenue Source	2015-16 Actual	2016-17 Estimate	Increase/(Decrease) From 2015-16 Actual		2017-18 Budget	Increase/(Decrease) From 2016-17 Estimate		
			Amount	Percent		Amount	Percent	
<b>SPECIAL REVENUE FUNDS</b>								
Neighborhood Protection	\$ 29,027	\$ 30,403	\$ 1,376	4.7%	\$ 31,694	\$ 1,291	4.2%	
2007 Public Safety Expansion	57,295	60,118	2,823	4.9%	62,711	2,593	4.3%	
Public Safety Enhancement	25,331	25,755	424	1.7%	26,284	529	2.1%	
Parks and Preserves	29,086	30,930	1,844	6.3%	31,853	923	3.0%	
Transit 2000 <sup>1/</sup>	108,921	532	(108,389)	-99.5%	-	(532)	-100.0%	
Transporation 2050 <sup>1/</sup>	98,713	252,938	154,225	156.2%	262,077	9,139	3.6%	
Court Awards	3,173	7,367	4,194	132.2%	4,847	(2,520)	-34.2%	
Development Services	51,196	54,177	2,981	5.8%	53,949	(228)	-0.4%	
Capital Construction	12,967	11,722	(1,245)	-9.6%	11,076	(646)	-5.5%	
Sports Facilities	25,714	27,914	2,200	8.6%	28,087	173	0.6%	
Arizona Highway User Revenue	117,604	125,606	8,002	6.8%	128,181	2,575	2.1%	
Regional Transit Revenues	41,158	60,496	19,338	47.0%	38,215	(22,281)	-36.8%	
Community Reinvestment	5,456	5,482	26	0.5%	5,092	(390)	-7.1%	
Secondary Property Tax	55,226	95,359	40,133	72.7%	99,401	4,042	4.2%	
Regional Wireless Cooperative	4,298	3,981	(317)	-7.4%	4,459	478	12.0%	
Golf Courses	6,008	6,028	20	0.3%	5,942	(86)	-1.4%	
Impact Fee Program Administration	297	288	(9)	-3.0%	288	-	0.0%	
Other Restricted Revenues	31,482	37,394	5,912	18.8%	35,785	(1,609)	-4.3%	
<u>Grants</u>								
Public Housing Grants	80,226	94,456	14,230	17.7%	92,641	(1,815)	-1.9%	
Human Services Grants	50,371	49,131	(1,240)	-2.5%	46,032	(3,099)	-6.3%	
Community Development	15,261	26,667	11,406	74.7%	30,138	3,471	13.0%	
Criminal Justice	7,766	10,851	3,085	39.7%	10,461	(390)	-3.6%	
Public Transit Grants	57,277	57,633	356	0.6%	53,696	(3,937)	-6.8%	
Other Grants	28,692	24,357	(4,335)	-15.1%	41,585	17,228	70.7%	
Subtotal - Grants	\$ 239,593	\$ 263,095	\$ 23,502	9.8%	\$ 274,553	\$ 11,458	4.4%	
<b>Subtotal Special Revenue Funds</b>	<b>\$ 942,545</b>	<b>\$ 1,099,585</b>	<b>\$ 157,040</b>	<b>16.7%</b>	<b>\$ 1,104,494</b>	<b>\$ 4,909</b>	<b>0.4%</b>	
<b>ENTERPRISE FUNDS</b>								
Aviation	345,326	345,765	439	0.1%	344,542	(1,223)	-0.4%	
Water System	396,592	415,176	18,584	4.7%	420,570	5,394	1.3%	
Wastewater System	221,658	225,321	3,663	1.7%	229,962	4,641	2.1%	
Solid Waste	147,227	147,540	313	0.2%	148,669	1,129	0.8%	
Convention Center	69,555	71,335	1,780	2.6%	73,180	1,845	2.6%	
<b>Subtotal Enterprise Funds</b>	<b>\$ 1,180,358</b>	<b>\$ 1,205,137</b>	<b>\$ 24,779</b>	<b>2.1%</b>	<b>\$ 1,216,923</b>	<b>\$ 11,786</b>	<b>1.0%</b>	
<b>GRAND TOTAL</b>	<b>\$ 3,197,623</b>	<b>\$ 3,412,561</b>	<b>\$ 214,938</b>	<b>6.7%</b>	<b>\$ 3,461,669</b>	<b>\$ 49,108</b>	<b>1.4%</b>	

<sup>1/</sup> The Transporation 2050 sales tax (Proposition 104) was established by the voters effective January 1, 2016 and increased the Transit 2000 sales tax (Proposition 2000) to fund a comprehensive tranportation plan with a 35 year sunset date. The proposition increased the transaction privilege (sales) tax rates by 0.3% for various business activities.

**SCHEDULE 3**  
**EXPENDITURES BY DEPARTMENT <sup>1</sup>**  
(In Thousands of Dollars)

Program	2015-16 Actual	2016-17		2017-18 Budget	Percent Change from 2016-17		
		Budget	Estimate		Budget	Estimate	
<b>General Government</b>							
Mayor	\$ 1,418	\$ 1,831	\$ 1,930	1,962	7.2%	1.7%	
City Council	3,177	3,537	3,948	4,206	18.9%	6.5%	
City Manager	2,262	2,434	2,581	2,649	8.8%	2.6%	
Government Relations	1,051	1,106	1,047	1,091	(1.4%)	4.2%	
Communications Office	2,071	2,313	2,390	2,489	7.6%	4.1%	
City Auditor	2,095	2,777	2,624	2,853	2.7%	8.7%	
Equal Opportunity	2,672	2,993	2,736	2,970	(0.8%)	8.6%	
Human Resources	11,941	12,094	12,151	11,692	(3.3%)	(3.8%)	
Phoenix Employment Relations Board	60	91	94	96	5.5%	2.1%	
Regional Wireless Cooperative	4,854	5,085	4,772	4,628	(9.0%)	(3.0%)	
Retirement Systems	(10)	-	-	-	-	-	
Law	4,682	5,823	4,829	5,069	(12.9%)	5.0%	
Information Technology	36,866	39,032	38,025	40,660	4.2%	6.9%	
City Clerk and Elections	4,267	4,732	4,786	4,946	4.5%	3.3%	
Finance	23,645	35,267	26,472	40,841	15.8%	54.3%	
Budget and Research	2,628	3,281	3,216	3,501	6.7%	8.9%	
<b>Total General Government</b>	<b>\$ 103,679</b>	<b>\$ 122,396</b>	<b>\$ 111,601</b>	<b>\$ 129,653</b>	<b>5.9%</b>	<b>16.2%</b>	
<b>Public Safety</b>							
Police	\$ 573,601	\$ 613,942	\$ 616,022	\$ 677,593	10.4%	10.0%	
Fire	300,295	319,414	313,063	353,985	10.8%	13.1%	
Emergency Management	664	818	1,070	1,031	26.0%	(3.6%)	
<b>Total Public Safety</b>	<b>\$ 874,560</b>	<b>\$ 934,174</b>	<b>\$ 930,155</b>	<b>\$ 1,032,609</b>	<b>10.5%</b>	<b>11.0%</b>	
<b>Criminal Justice</b>							
Municipal Court	\$ 34,427	\$ 43,023	\$ 40,212	\$ 41,513	(3.5%)	3.2%	
City Prosecutor	13,904	15,351	15,921	16,678	8.6%	4.8%	
Public Defender	5,036	5,094	4,971	5,081	(0.3%)	2.2%	
<b>Total Criminal Justice</b>	<b>\$ 53,367</b>	<b>\$ 63,468</b>	<b>\$ 61,104</b>	<b>\$ 63,272</b>	<b>(0.3%)</b>	<b>3.5%</b>	
<b>Transportation</b>							
Street Transportation	\$ 67,069	\$ 74,836	\$ 73,206	\$ 83,749	11.9%	14.4%	
Aviation	229,649	246,108	244,876	255,739	3.9%	4.4%	
Public Transit	245,233	296,267	287,339	310,951	5.0%	8.2%	
<b>Total Transportation</b>	<b>\$ 541,951</b>	<b>\$ 617,211</b>	<b>\$ 605,421</b>	<b>\$ 650,439</b>	<b>5.4%</b>	<b>7.4%</b>	

**SCHEDULE 3 (continued)**  
**EXPENDITURES BY DEPARTMENT <sup>1</sup>**  
(In Thousands of Dollars)

Program	2015-16 Actual	2016-17		2017-18 Budget	Percent Change from 2016-17		
		Budget	Estimate		Budget	Estimate	
<b>Community Development</b>							
Planning and Development	\$ 39,541	\$ 53,383	\$ 49,580	\$ 60,934	14.1%	22.9%	
Housing	81,386	91,470	89,964	95,455	4.4%	6.1%	
Community and Economic Development	25,850	30,488	30,938	32,058	5.1%	3.6%	
Neighborhood Services	28,981	56,636	35,879	50,070	(11.6%)	39.6%	
PCDIC	560	965	876	911	(5.6%)	4.0%	
<b>Total Community Development</b>	<b>\$ 176,318</b>	<b>\$ 232,942</b>	<b>\$ 207,237</b>	<b>\$ 239,428</b>	<b>2.8%</b>	<b>15.5%</b>	
<b>Community Enrichment</b>							
Parks and Recreation	\$ 99,719	\$ 106,581	\$ 104,217	\$ 107,295	0.7%	3.0%	
Library	34,263	35,787	35,832	39,692	10.9%	10.8%	
Phoenix Convention Center	42,909	48,164	46,938	49,600	3.0%	5.7%	
Human Services	62,280	63,046	68,789	67,057	6.4%	(2.5%)	
Office of Arts and Culture	3,858	4,126	4,117	4,428	7.3%	7.6%	
<b>Total Community Enrichment</b>	<b>\$ 243,029</b>	<b>\$ 257,704</b>	<b>\$ 259,893</b>	<b>\$ 268,072</b>	<b>4.0%</b>	<b>3.1%</b>	
<b>Environmental Services</b>							
Water	\$ 254,587	\$ 285,526	\$ 274,705	\$ 298,067	4.4%	8.5%	
Solid Waste Management	104,682	131,350	131,419	129,442	(1.5%)	(1.5%)	
Public Works	18,274	21,872	22,096	21,559	(1.4%)	(2.4%)	
Environmental Programs	911	1,417	1,310	1,358	(4.2%)	3.7%	
Office of Sustainability	373	424	430	432	1.9%	0.5%	
<b>Total Environmental Services</b>	<b>\$ 378,827</b>	<b>\$ 440,589</b>	<b>\$ 429,960</b>	<b>\$ 450,858</b>	<b>2.3%</b>	<b>4.9%</b>	
<b>Contingencies</b>	<b>\$ -</b>	<b>\$ 134,646</b>	<b>\$ -</b>	<b>\$ 103,400</b>	<b>(23.2%)</b>	<b>-</b>	
<b>GRAND TOTAL</b>	<b>\$ 2,371,731</b>	<b>\$ 2,803,130</b>	<b>\$ 2,605,371</b>	<b>\$ 2,937,731</b>	<b>4.8%</b>	<b>12.8%</b>	

<sup>1</sup> For purposes of this schedule, department budget allocations include Grants and City Improvement debt service payments.



**SCHEDULE 4**  
**2017-2018 EXPENDITURES BY DEPARTMENT <sup>1</sup>**  
**BY SOURCE OF FUNDS**  
(In Thousands of Dollars)

Program	Total	General Funds	Enterprise Funds	Special Revenue Funds <sup>1</sup>
<b>General Government</b>				
Mayor	\$ 1,962	\$ 1,962	\$ -	\$ -
City Council	4,206	4,206	-	-
City Manager	2,649	2,403	67	179
Government Relations	1,091	1,091	-	-
Communications Office	2,489	2,130	-	359
City Auditor	2,853	2,853	-	-
Equal Opportunity	2,970	2,461	-	509
Human Resources	11,692	10,345	-	1,347
Phoenix Employment Relations Board	96	96	-	-
Regional Wireless Cooperative	4,628	-	-	4,628
Retirement Systems	-	-	-	-
Law	5,069	5,069	-	-
Information Technology	40,660	38,007	737	1,916
City Clerk and Elections	4,946	4,927	-	19
Finance	40,841	23,628	2,083	15,130
Budget and Research	3,501	3,501	-	-
<b>Total General Government</b>	<b>\$ 129,653</b>	<b>\$ 102,679</b>	<b>\$ 2,887</b>	<b>\$ 24,087</b>
<b>Public Safety</b>				
Police	\$ 677,593	\$ 548,803	\$ -	\$ 128,790
Fire	353,985	298,471	-	55,514
Emergency Management	1,031	83	-	948
<b>Total Public Safety</b>	<b>\$ 1,032,609</b>	<b>\$ 847,357</b>	<b>\$ -</b>	<b>\$ 185,252</b>
<b>Criminal Justice</b>				
Municipal Court	\$ 41,513	\$ 29,241	\$ -	\$ 12,272
City Prosecutor	16,678	15,285	-	1,393
Public Defender	5,081	5,081	-	-
<b>Total Criminal Justice</b>	<b>\$ 63,272</b>	<b>\$ 49,607</b>	<b>\$ -</b>	<b>\$ 13,665</b>
<b>Transportation</b>				
Street Transportation	\$ 83,749	\$ 18,836	\$ -	\$ 64,913
Aviation	255,739	-	255,739	-
Public Transit	310,951	1,713	-	309,238
<b>Total Transportation</b>	<b>\$ 650,439</b>	<b>\$ 20,549</b>	<b>\$ 255,739</b>	<b>\$ 374,151</b>

**SCHEDULE 4 (continued)**  
**2017-2018 EXPENDITURES BY DEPARTMENT <sup>1</sup>**  
**BY SOURCE OF FUNDS**  
(In Thousands of Dollars)

Program	Total	General Funds	Enterprise Funds	Special Revenue Funds <sup>1</sup>
<b>Community Development</b>				
Planning and Development Services	\$ 60,934	\$ 4,157	\$ -	\$ 56,777
Housing	95,455	54	-	95,401
Community and Economic Development	32,058	5,091	628	26,339
Neighborhood Services	50,070	13,281	-	36,789
PCDIC	911	-	-	911
<b>Total Community Development</b>	<b>\$ 239,428</b>	<b>\$ 22,583</b>	<b>\$ 628</b>	<b>\$ 216,217</b>
<b>Community Enrichment</b>				
Parks and Recreation	\$ 107,295	\$ 90,984	\$ -	\$ 16,311
Library	39,692	38,796	-	896
Phoenix Convention Center	49,600	2,034	46,863	703
Human Services	67,057	19,141	350	47,566
Office of Arts and Culture	4,428	4,304	-	124
<b>Total Community Enrichment</b>	<b>\$ 268,072</b>	<b>\$ 155,259</b>	<b>\$ 47,213</b>	<b>\$ 65,600</b>
<b>Environmental Services</b>				
Water	\$ 298,067	\$ -	\$ 295,886	\$ 2,181
Solid Waste Management	129,442	-	129,442	-
Public Works	21,559	13,113	-	8,446
Environmental Programs	1,358	619	362	377
Office of Sustainability	432	432	-	-
<b>Total Environmental Services</b>	<b>\$ 450,858</b>	<b>\$ 14,164</b>	<b>\$ 425,690</b>	<b>\$ 11,004</b>
<b>Contingencies</b>	<b>\$ 103,400</b>	<b>\$ 55,900</b>	<b>\$ 32,500</b>	<b>\$ 15,000</b>
<b>GRAND TOTAL</b>	<b>\$ 2,937,731</b>	<b>\$ 1,268,098</b>	<b>\$ 764,657</b>	<b>\$ 904,976</b>

<sup>1</sup> For purposes of this schedule, department budget allocations include Grants and City Improvement debt service payments.

**SCHEDULE 5: DEBT SERVICE EXPENDITURES**  
**BY PROGRAM, SOURCE OF FUNDS AND TYPE OF EXPENDITURE <sup>2</sup>**  
(In Thousands of Dollars)

<b>Program</b>	<b>2015-16 Actual</b>	<b>2016-17 Estimate</b>	<b>2017-18 Budget</b>
Aviation	\$ 120,975	\$ 125,444	\$ 125,989
Cultural Facilities	14,578	15,498	11,190
Economic Development	47,636	47,795	33,861
Environmental Programs	1,136	1,140	1,136
Fire Protection	4,859	4,510	4,420 <sup>1</sup>
Freeway Mitigation	400	336 <sup>1</sup>	335 <sup>1</sup>
Historic Preservation	974	711	498
Human Services	2,082	2,059	1,754
Information Systems	1,913	1,650	1,126
Libraries	7,536	6,424	6,361
Local Streets/Street Improvements/Lighting	5,103	5,067	5,026 <sup>1</sup>
Maintenance Service Centers	1,408	1,268	616
Municipal Administration Building	895	390	-
Neighborhood Preservation & Senior Services Centers	12,641	12,606	11,796
Parks & Recreation/Open Space	11,410	12,533	13,073
Phoenix Convention Center	39,462	40,216	42,770
Police, Fire and Computer Tech	3,499 <sup>1</sup>	5,390	5,395
Police Protection	6,992	6,846	5,936
Public Housing	6,325	5,400	4,157
Public Transit	50,026	61,008	64,050
Solid Waste Disposal	14,432	13,083	13,684
Storm Sewer	15,103	15,842	12,759
Street Light Refinancing	6 <sup>1</sup>	6 <sup>1</sup>	6 <sup>1</sup>
Wastewater	78,028	70,284	70,294
Water	113,285	113,354	110,050
General Government Nonprofit Corporation Bonds	33,608	33,694	46,785
Bond Issuance Costs	1,396	2,958	2,681
<b>Total Program</b>	<b>\$ 595,708</b>	<b>\$ 605,512</b>	<b>\$ 595,748</b>
<b>Type of Expenditure</b>			
Principal	\$ 285,113	\$ 306,169	\$ 305,729
Interest and Other	310,595	299,343	290,019
<b>Total Debt Service Expenditures</b>	<b>\$ 595,708</b>	<b>\$ 605,512</b>	<b>\$ 595,748</b>

**SCHEDULE 5: DEBT SERVICE EXPENDITURES**  
**BY PROGRAM, SOURCE OF FUNDS AND TYPE OF EXPENDITURE** (continued)  
(In Thousands of Dollars)

<b>Source of Funds</b>	<b>2015-16 Actual</b>	<b>2016-17 Estimate</b>	<b>2017-18 Budget</b>
<u>Operating Funds</u>			
Secondary Property Tax	\$ 126,023	\$ 126,962	\$ 102,267
Sports Facilities	18,401	19,342	17,756
City Improvement			
General	33,608	33,694	43,835
Housing	72	73	73
Transit 2000	50,026	40,600	-
Transportation 2050	-	20,408	64,098
Library	-	-	124
Other Operating	498	-	2,778
Aviation	52,952	54,956	55,013
Convention Center	19,013	19,767	20,271
Solid Waste	14,432	13,083	13,684
Wastewater	78,028	70,284	70,294
Water	113,285	113,354	110,050
Subtotal Operating Funds	\$ 506,338	\$ 512,523	\$ 500,243
<u>Capital Funds</u>			
Nonprofit Corporation Bonds			
Aviation	\$ 23,075	\$ 23,827	\$ 25,314
Convention Center	20,449	-	-
Wastewater	-	714	-
Water	-	764	-
Other	-	575	230
Customer Facility Charges	3	3	3
Federal, State & Other Participation	-	20,449	22,499
Passenger Facility Charges	45,843	46,657	46,659
Capital Reserve	-	-	800
Subtotal Capital Funds	\$ 89,370	\$ 92,989	\$ 95,505
<b>Total Source of Funds</b>	<b>\$ 595,708</b>	<b>\$ 605,512</b>	<b>\$ 595,748</b>

<sup>1</sup> Interest only.

<sup>2</sup> Program costs are a combination of principal, interest and other debt related costs unless otherwise noted.

**SCHEDULE 6**  
**CAPITAL IMPROVEMENT PROGRAM**  
**FINANCED FROM OPERATING FUNDS**  
(In Thousands of Dollars)

<b>Program</b>	<b>2015-16 Actual</b>	<b>2016-17 Estimate</b>	<b>2017-18 Budget</b>
Arts and Cultural Facilities	\$ -	\$ -	\$ 44
Aviation	53,688	43,107	108,133
Economic Development	6,555	8,372	9,653
Energy Conservation	1,454	1,200	1,200
Facilities Management	1,645	2,929	9,392
Finance	222	-	1,126
Fire Protection	1,159	500	6,100
Housing	5,153	5,211	13,639
Information Technology	5,336	8,217	12,591
Libraries	200	200	700
Neighborhood Services	1,014	639	2,175
Parks, Recreation and Mountain Preserves	18,474	37,097	54,944
Phoenix Convention Center	4,105	1,483	6,917
Police Protection	2,080	325	-
Public Transit	61,361	96,074	84,700
Solid Waste Disposal	6,373	6,203	22,491
Street Transportation and Drainage	60,932	100,171	168,934
Wastewater	34,641	80,628	75,549
Water	91,006	151,699	157,959
<b>Total</b>	<b>\$ 355,398</b>	<b>\$ 544,055</b>	<b>\$ 736,247</b>

**Source of Funds**

**General Funds:**

General	\$ 3,584	\$ 5,642	\$ 9,442
Library	200	200	200
<b>Total General Funds</b>	<b>\$ 3,784</b>	<b>\$ 5,842</b>	<b>\$ 9,642</b>

**Special Revenue Funds:**

Parks and Preserves	17,917	31,278	53,902
Transit 2000	6,744	4,620	-
Transportation 2050	11,975	49,129	69,271
Court Awards	2,080	325	-
Development Services	350	326	1,988
Capital Construction	10,122	5,486	23,399
Sports Facilities	250	250	-
Arizona Highway Users Revenue	38,885	76,390	105,175
Regional Transit	12,746	12,421	9,827
Community Reinvestment	4,055	5,072	5,272
Other Restricted Funds	4,405	6,439	15,006
Operating Grants	48,171	57,614	60,232
<b>Total Special Revenue Funds</b>	<b>\$ 157,700</b>	<b>\$ 249,350</b>	<b>\$ 344,072</b>

**Enterprise Funds:**

Aviation	\$ 54,493	\$ 43,968	\$ 109,065
Water	88,712	149,771	161,543
Wastewater	37,157	83,470	79,847
Solid Waste	9,697	10,421	25,911
Convention Center	3,855	1,233	6,167
<b>Total Enterprise Funds</b>	<b>\$ 193,914</b>	<b>\$ 288,863</b>	<b>\$ 382,533</b>

<b>Total Operating Funds</b>	<b>\$ 355,398</b>	<b>\$ 544,055</b>	<b>\$ 736,247</b>
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**SCHEDULE 7**  
**INTERFUND TRANSFERS TO THE GENERAL FUND**  
(In Thousands of Dollars)

	2015-16	2016-17	2017-18	
			Budget	Increase/ (Decrease)
	Actuals	Estimate		
<b>Transfers to the General Fund</b>				
<b>Enterprise Funds</b>				
Aviation				
Central Service Cost Allocation	\$ 7,716	\$ 8,373	\$ 8,373	\$ -
Monthly MOU Installment	388	1,165	1,165	
Total	8,104	9,538	9,538	-
Water Funds				
Central Service Cost Allocation	7,051	8,103	8,103	-
In-Lieu Property Taxes	12,123	14,485	15,284	799
Total	19,174	22,588	23,387	799
Wastewater Funds				
Central Service Cost Allocation	4,702	5,402	5,402	-
In-Lieu Property Taxes	7,470	8,787	9,375	588
Total	12,172	14,189	14,777	588
Solid Waste				
Central Service Cost Allocation	6,411	6,901	6,901	-
In-Lieu Property Taxes	1,248	1,292	1,362	70
Total	7,659	8,193	8,263	70
Convention Center				
Central Service Cost Allocation	2,501	2,663	2,663	-
<b>Total From Enterprise Funds</b>	<b>\$ 49,610</b>	<b>\$ 57,171</b>	<b>\$ 58,628</b>	<b>\$ 1,457</b>

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

	2015-16 Actuals	2016-17 Estimate	2017-18	
			Budget	Increase/ (Decrease)
<b><u>Special Revenue Funds</u></b>				
Excise				
Transfer to General Fund	\$ 751,362	\$ 783,529	\$ 806,594	\$ 23,065
Development Services				
Central Service Cost Allocation	2,974	3,289	3,289	-
Sports Facilities				
Central Service Cost Allocation	196	220	220	-
Phoenix Union Parking Maintenance	79	79	79	-
Total	275	299	299	-
Public Housing In-Lieu Property Taxes	163	200	200	-
ASU Facilities Operations Fund	782	779	780	1
Downtown Community Reinvestment Fund	2,065	2,064	2,068	4
T2000 Central Service Costs <sup>1/</sup>	725	752	0	(752)
T2050 Central Service Costs <sup>1/</sup>	-	-	752	752
Neighborhood Protection Central Service Costs	197	173	173	-
Public Safety Enhancement Central Service Costs	614	639	639	-
Public Safety Expansion Central Service Costs	66	57	57	-
Housing Central Office Central Service Costs	222	197	197	-
Other Restricted - Sale of Land	1,447	904	669	(235)
Library Reserve Fund	-	70	1,666	1,596
AHUR Capital Reserve Fund	-	2,600	-	(2,600)
Workers Compensation Fund	-	15,000	-	(15,000)
<b>Total From Special Revenue Funds</b>	<b>\$ 760,892</b>	<b>\$ 810,552</b>	<b>\$ 817,383</b>	<b>\$ 6,831</b>
<b>Total Transfers to the General Fund</b>	<b>\$ 810,502</b>	<b>\$ 867,723</b>	<b>\$ 876,011</b>	<b>\$ 8,288</b>
<b>Transfers from the General Fund</b>				
Arizona Highway User Revenue Reimbursement	\$ 99	\$ -	\$ -	\$ -
Strategic Economic Development Fund	-	1,000	1,000	-
Public Safety Other Restricted Fund	16,000	16,000	16,000	-
Other Restricted	-	673	-	(673)
Aviation-Emergency Transportation Services	-	-	438	438
Regional Wireless Cooperative L/P Fund	3,332	3,728	-	(3,728)
Library Reserve Fund	726	-	-	-
Change for Phoenix Fund	8	-	-	-
Retiree Rate Stabilization Fund	1,024	1,026	1,026	-
Infrastructure Repayment Agreements	2,155	-	615	615
City Improvement - Library	-	-	124	124
City Improvement	33,602	33,694	43,835	10,141
<b>Total Transfers from the General Fund</b>	<b>\$ 56,946</b>	<b>\$ 56,121</b>	<b>\$ 63,038</b>	<b>\$ 6,917</b>
<b>Net Transfers to the General Fund</b>	<b>\$ 753,556</b>	<b>\$ 811,602</b>	<b>\$ 812,973</b>	<b>\$ 1,371</b>

**SCHEDULE 8  
POSITIONS BY DEPARTMENT  
Number of Full Time Equivalent Positions**

Program	2015-16 Actual	2016-17 Estimate	<sup>1/</sup> Additions/Reductions		2017-18 Allowances
			2016-17	2017-18	June 30, 2018 Authorized
<b>General Government</b>					
Mayor	12.5	12.5	-	-	12.5
City Council	32.0	32.0	(1.0)	-	31.0
City Manager	17.0	17.0	2.5	-	19.5
Government Relations	5.0	5.0	-	-	5.0
Communications Office	18.6	18.6	0.5	-	19.1
City Auditor	25.5	25.5	-	-	25.5
Equal Opportunity	26.0	26.0	(1.0)	-	25.0
Human Resources	103.1	103.1	1.9	(4.0)	101.0
Phoenix Employment Relations Board	1.0	1.0	-	-	1.0
Retirement Systems	13.0	13.0	2.0	-	15.0
Law	196.0	196.0	1.0	-	197.0
Information Technology	193.0	188.0	7.0	-	195.0
City Clerk and Elections	57.0	55.0	(2.0)	-	53.0
Finance	216.0	214.0	-	-	214.0
Budget and Research	25.0	25.0	-	-	25.0
Regional Wireless Cooperative	4.0	4.0	-	-	4.0
<b>Total General Government</b>	<b>944.7</b>	<b>935.7</b>	<b>10.9</b>	<b>(4.0)</b>	<b>942.6</b>
<b>Public Safety</b>					
Police	4,318.5	4,296.5	5.1	16.0	4,317.6
Fire	2,010.9	2,007.9	4.0	-	2,011.9
Emergency Management	7.0	8.0	-	-	8.0
<b>Total Public Safety</b>	<b>6,336.4</b>	<b>6,312.4</b>	<b>9.1</b>	<b>16.0</b>	<b>6,337.5</b>
<b>Criminal Justice</b>					
Municipal Court	279.0	273.0	-	-	273.0
Public Defender	11.0	11.0	-	-	11.0
<b>Total Criminal Justice</b>	<b>290.0</b>	<b>284.0</b>	<b>0.0</b>	<b>0.0</b>	<b>284.0</b>



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

Program	2015-16	2016-17	<sup>1/</sup> Additions/Reductions		2017-18
	Actual	Estimate	2016-17	2017-18	June 30, 2018 Authorized
<b>Transportation</b>					
Street Transportation	650.0	637.0	9.0	-	646.0
Aviation	857.0	856.0	(3.0)	4.0	857.0
Public Transit	103.5	103.5	-	3.0	106.5
<b>Total Transportation</b>	<b>1,610.5</b>	<b>1,596.5</b>	<b>6.0</b>	<b>7.0</b>	<b>1,609.5</b>
<b>Community Development</b>					
Planning and Development	326.0	329.0	7.8	27.0	363.8
Housing	179.0	179.0	3.0	-	182.0
Community and Economic Development	89.0	91.0	6.5	-	97.5
Neighborhood Services	189.0	187.0	(1.0)	-	186.0
PCDIC	6.0	8.0	-	-	8.0
<b>Total Community Development</b>	<b>789.0</b>	<b>794.0</b>	<b>16.3</b>	<b>27.0</b>	<b>837.3</b>
<b>Community Enrichment</b>					
Parks and Recreation	1,055.0	1,036.4	(26.5)	25.0	1,034.9
Library	377.0	369.0	4.1	(1.6)	371.5
Phoenix Convention Center	228.0	229.0	(8.0)	-	221.0
Human Services	324.0	321.0	1.0	(6.0)	316.0
Office of Arts and Culture	10.5	10.5	-	-	10.5
<b>Total Community Enrichment</b>	<b>1,994.5</b>	<b>1,965.9</b>	<b>(29.4)</b>	<b>17.4</b>	<b>1,953.9</b>
<b>Environmental Services</b>					
Water Services	1,454.0	1,453.0	16.6	-	1,469.6
Solid Waste Management	579.5	600.5	(11.5)	8.0	597.0
Public Works	422.0	398.0	(3.5)	-	394.5
Environmental Programs	9.0	10.0	-	-	10.0
Office of Sustainability	4.0	4.0	-	-	4.0
<b>Total Environmental Services</b>	<b>2,468.5</b>	<b>2,465.5</b>	<b>1.6</b>	<b>8.0</b>	<b>2,475.1</b>
<b>TOTAL</b>	<b>14,433.6</b>	<b>14,354.0</b>	<b>14.5</b>	<b>71.4</b>	<b>14,439.9</b>

1. Additions/Reductions reflect the combined total of proposed and year-to-date budget reductions, budget additions and new positions associated with opening new facilities.



# **GLOSSARY**



**Accrual Basis Accounting**

The most commonly used accounting method, which reports income when earned and expenses when incurred, as opposed to cash basis accounting, which reports income when received and expenses when paid. For the city's Comprehensive Annual Financial Report (CAFR), Phoenix recognizes grant revenues on a modified cash basis. Generally Accepted Accounting Principles (GAAP) recognizes grant revenues on an accrual basis.

**Appropriation**

An authorization granted by the City Council to make expenditures and to incur obligations for purposes specified in the appropriation ordinances. Three appropriation ordinances are adopted each year: 1) the operating funds ordinance, 2) the capital funds ordinance, and 3) the re-appropriated funds ordinance.

**Arizona Highway User Revenue (AHUR)**

Various gas tax and vehicle licensing fees imposed and collected by the state and shared with cities and towns. This revenue must be used for street or highway purposes.

**Asset Betterment**

An addition or change to a Capital Asset intended to prolong the life of the asset beyond its original design life, or to increase the functionality, efficiency or capacity of the asset beyond that of its original design, over and above the results of prescribed or routine maintenance.

**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. Three agencies regularly review city bonds and generate bond ratings - Moody's Investors Service, Fitch Ratings 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 Asset (Outlay)**

An asset meeting the capitalization threshold specified in the City's Comprehensive Annual Financial Report.

**Capital Expenditures**

Expenditures in the Capital Improvement Program.

**Capital Funds**

Resources such as bond issuance proceeds that are restricted to expenditures for Capital Assets.

**Capital Funds Budget**

The component of the first year of the Capital Improvement Program that is financed from Bond Funds and other Capital Funds.

**Capital Improvement Program (CIP)**

The City's five-year plan for investment in infrastructure and similar assets, which is updated annually. Direct costs of Capital Projects, and any expenditures of capital funds, are budgeted and recorded in the Capital Improvement Program. Additionally, direct costs of multi-year comprehensive infrastructure studies that are intended to expansively identify or prioritize Capital Projects, and non-recurring major maintenance projects such as re-roofing, may be budgeted and recorded in the Capital Improvement Program.

**Capital Project**

A project that is fixed-term but typically spans multiple years, that is expected to result in a Capital Asset or Asset Betterment for the City or its partner agency with a useful life of at least 5 years, and that involves acquisition, construction or improvement of land rights, buildings, infrastructure (including IT infrastructure) or major enterprise technology.

**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.

**Cost**

The amount of funding required to pay for a given program or service.

**Council-Manager Form of Government**

An organizational structure in which the Mayor and City Council appoint an independent city manager to be the chief operating officer of a local government. In practice, a City Council sets policies and the city manager is responsible for implementing those policies effectively and efficiently.

**Court Awards Fund**

Revenues provided by court awards of confiscated property under both the federal and state organized crime acts. These funds are used for additional law enforcement activities in the Police and Law departments.

**Cycle Time**

The amount of time, from the customer's perspective, it takes to complete a defined task, process or service.

**Debt Service**

Payment of principal and interest on an obligation resulting from the issuance of bonds.

**Depreciation**

The decline in the value of an asset due to general wear and tear or obsolescence.

**DBE**

Disadvantaged Business Enterprise

**Encumbrance**

A reservation of funds to cover purchase orders, contracts or other funding commitments that are yet to be fulfilled. The budget basis of accounting considers an encumbrance to be the equivalent of an expenditure.

**Enterprise Funds**

Funds that are accounted for in a manner similar to a private business. Enterprise funds usually recover their costs (including depreciation) through user fees. The city has four such self-supporting funds: Aviation, Water, Wastewater, and Solid Waste. In addition, the Phoenix Convention Center Fund, which is primarily supported by earmarked excise taxes, uses enterprise fund accounting to provide for the periodic determination of net income.

**Estimate**

The most recent prediction of current year revenue and expenditures. Estimates are based upon several months of actual expenditure and revenue information and are prepared to consider the impact of unanticipated costs or other economic changes.

**Excise Tax Fund**

This fund is used to account for tax revenues ultimately pledged to pay principal and interest on various debt obligations. This fund includes local sales taxes, state-shared sales taxes, state-shared income taxes and sales tax license fees.

**Expenditures**

Refers to current cash operating expenses and encumbrances.

**Expenditure Limit**

See State Expenditure Limit.

**Fiduciary Funds**

Funds used to account for assets held by the City of Phoenix as a trustee or agent. These funds cannot be used to support the City's own programs.

**Fiscal Year**

The City's charter designates July 1 to June 30 as the fiscal year.

**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**

A grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. For budgetary purposes, funds are categorized as General, Special Revenue, Enterprise, or Capital.

**Fund Balance**

As used in the budget, the excess of resources over expenditures. The beginning fund balance is the residual funds brought forward from the previous fiscal year.

**GAAP**

See Generally Accepted Accounting Principles.

**General Obligation Bonds (G.O. Bonds)**

Bonds that require voter approval and finance a variety of public capital projects such as streets, buildings, parks and improvements. The bonds are backed by the "full faith and credit" of the issuing government.

**General Funds**

Resources derived from taxes and fees that have unrestricted use, meaning they are not earmarked for specific purposes.

**Generally Accepted Accounting Principles (GAAP)**

Uniform minimum standards of financial accounting and reporting that govern the form and content of basic financial statements. The City's 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.

**Non-Recurring Cost**

A one-time cost, which is not expected to be required on an ongoing basis.

**Objective**

Desired output-oriented accomplishments that can be measured and achieved within a given time frame, and advance the activity and organization toward a corresponding goal.

**Operating Funds**

Resources derived from 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 one percent of the city's capital improvement budget to fund public art projects.

**Performance Measure**

A metric that quantifies a program's level of service and helps determine the extent to which a program is achieving its goals.

**Personal Services**

All costs related to compensating city employees including employee benefits costs such as contributions for retirement, social security, and health and industrial insurance. It also includes fees paid to elected officials, jurors, and election judges and clerks. It does not include fees for professional or other services.

**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.

**Policy**

A set of plans, directions, or guidelines, which dictate City business. Policies may be directly approved and set by City Council, or they may refer to internal City policies set by the City Manager.



**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.

**Priority**

In relation to City projects, goals, or services, something that takes precedence or suggests particular importance.

**Privilege License Tax (PLT)**

The City of Phoenix's local sales tax, made up of more than 14 general categories.

**Privilege License Tax Fees**

Includes fees charged for Privilege License Tax (PLT) licenses and the annual fee per apartment unit on the rental of non-transient lodging. Fees recover the costs associated with administering an efficient and equitable system. A PLT license allows the licensee the privilege to conduct taxable business activities and to collect and remit those taxes.

**Program**

A group of related activities performed by one or more organizational units.

**Property Tax**

A levy upon each \$100 of assessed valuation of property within the City of Phoenix. Arizona has two types of property taxes. Primary property taxes support the City's General Fund and secondary property taxes pay general obligation debt.

**Proposition 1**

See Public Safety Expansion Fund.

**Proposition 301**

See Neighborhood Protection Fund.

**Public Safety Enhancement Funds**

The Public Safety Enhancement funds are used to account for a 2.0 percent increment of the 2.7 percent sales tax on utilities with franchise agreements. The Police Public Safety Enhancement Fund is dedicated to Police and Emergency Management needs and receives 62 percent of the revenues generated. The Fire Public Safety Enhancement Fund is dedicated to Fire needs and receives 38 percent of the revenues generated.

**Public Safety Expansion Funds**

This fund is used to account for the 0.2 percent increase in sales tax approved by Phoenix voters in 2007. The funds will be used to add 500 police personnel and 100 firefighters to the City of Phoenix. The Police Department receives 80 percent of revenues and the Fire Department receives 20 percent.

**Reappropriated Funds**

Funds for contracts entered in a previous fiscal year but which are still in progress.

**Recoveries**

Canceled prior year encumbrances.

**Recurring Cost**

A cost incurred on an ongoing basis.

**Regional Wireless Cooperative (RWC)**

An independent, multi-jurisdictional organization that manages and operates a regional radio communications network built to seamlessly serve the interoperable communication needs of first responders and other municipal radio users in and around Central Arizona's Valley of the Sun.

**RPTA**

Regional Public Transportation Authority

**Resources**

Total amounts available for appropriation including estimated revenues, recoveries, fund transfers and beginning fund balances.

**Restricted Funds**

See Special Revenue Fund.

**Salary Savings**

Budget savings realized through employee turnover or vacant positions.

**Secondary Property Tax**

A tax levy restricted to the payment of debt service on bonded debt.

**Self-Insurance**

Self-funding of insurance losses. 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.

**Service**

A public good provided to residents.

**Service Level**

The amount or scope of a given service.

**Special Revenue Fund**

A fund used to account for receipts from revenue sources that have been earmarked for specific activities and related expenditures. Examples include Arizona Highway User Revenue (AHUR) funds, which must be used for street and highway purposes, and secondary property tax, which is restricted to general-bonded debt obligations.

**Sports Facilities Fund**

A special revenue fund established to account for revenue raised from a designated portion of the hotel/motel tax and tax on short-term motor vehicle rentals. These funds pay the city's portion of the debt service and other expenditures related to the downtown sports arena.

**State Expenditure Limit**

A limitation on annual expenditures imposed by the Arizona Constitution as approved by the voters in 1980. The limitation is based upon a city's actual 1979-80 expenditures adjusted for interim growth in population and inflation. Certain expenditures may be exempt by the State Constitution or by voter action.

**State-Shared Revenues**

Revenues levied and collected by the state but shared with local governments as determined by state government each year. In Arizona, a portion of the state's sales, income and vehicle license tax revenues are distributed on the basis of a city's relative population percentage.

**Strategic Plan**

A set of steps and strategies which help to achieve goals and realize an overarching vision. The City's Strategic Plan helps guide budgetary and programmatic decision-making to achieve efficient and effective delivery of City services.

**Strategy**

An informed and carefully constructed plan for meeting a goal.

**Structurally Balanced Budget**

A budget in which proposed ongoing expenditures are matched by available ongoing resources. By State law and City Charter, the City must propose a structurally balanced budget each year.

**Supplemental**

Resources to provide new or enhanced programs or services over the base budget allocation.

**Tax Levy**

The total amount to be raised by general property taxes for purposes specified in the Tax Levy Ordinance.

**Technical Review**

A detailed line-item review of each city department's budget conducted by the Budget and Research Department.

**Transit 2000 Fund**

This fund was used to account for the 0.4 percent sales tax dedicated to transit that was approved by voters on March 14, 2000. Fare box collections were also included in this fund. This fund is being replaced by the Transportation 2050 Fund.

**Transportation 2050 Fund**

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

**Trial Budget**

A budget developed in early spring that presents a proposed balanced budget for discussion by the City Council and the community before the city manager submits the 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.

PRESERVING KEY SERVICES,  
FOCUSING ON SAFETY

