

2019-20

PHOENIX SUMMARY BUDGET

Investing in People & Programs for a Stronger Phoenix





PHOENIX 2019-2020

SUMMARY
 **BUDGET**



City of Phoenix



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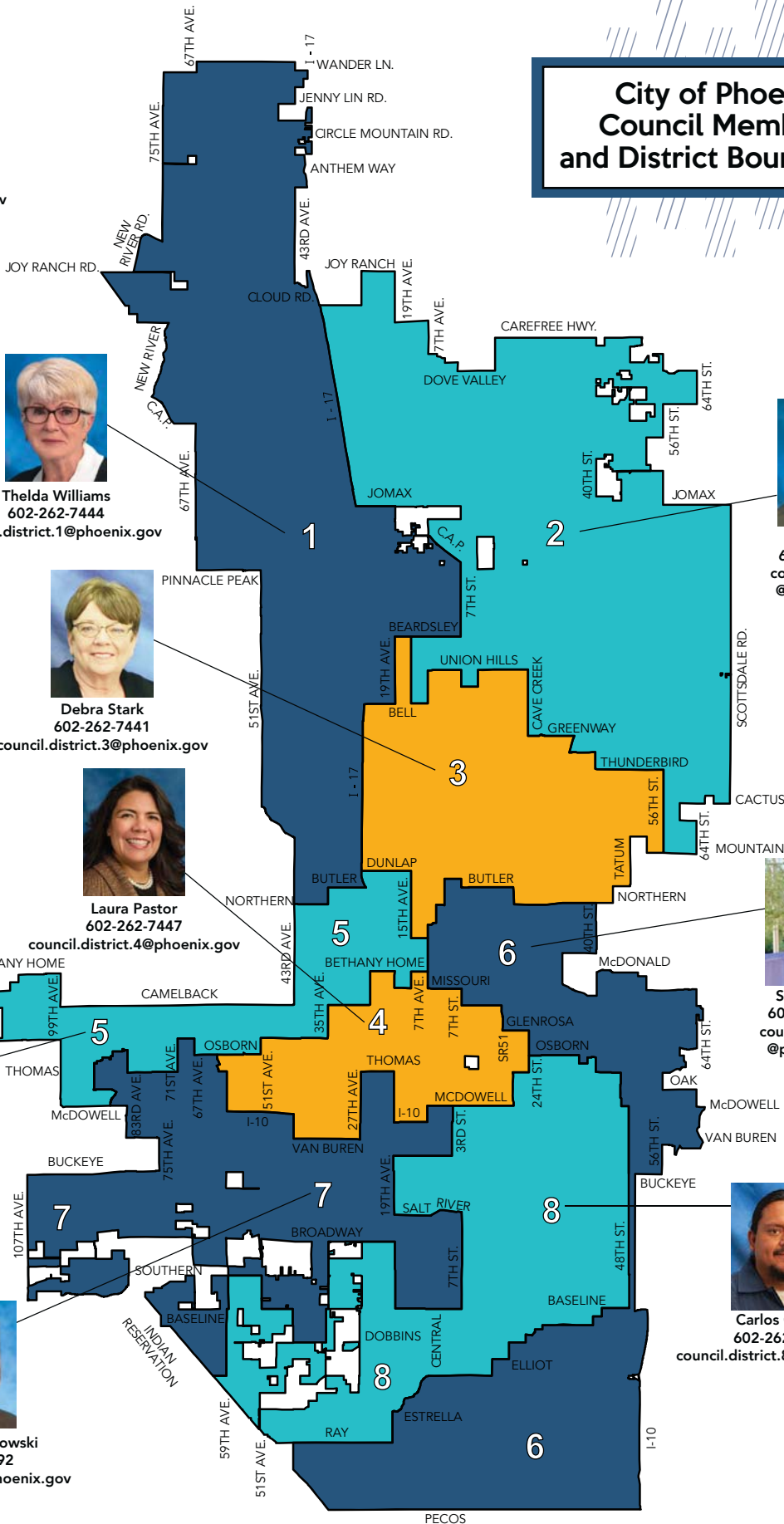
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Marchelle F. Franklin
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Kini Knudson
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Public Works Director

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Planning and Development Director

Cindy Stotler
Housing Director

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City Auditor

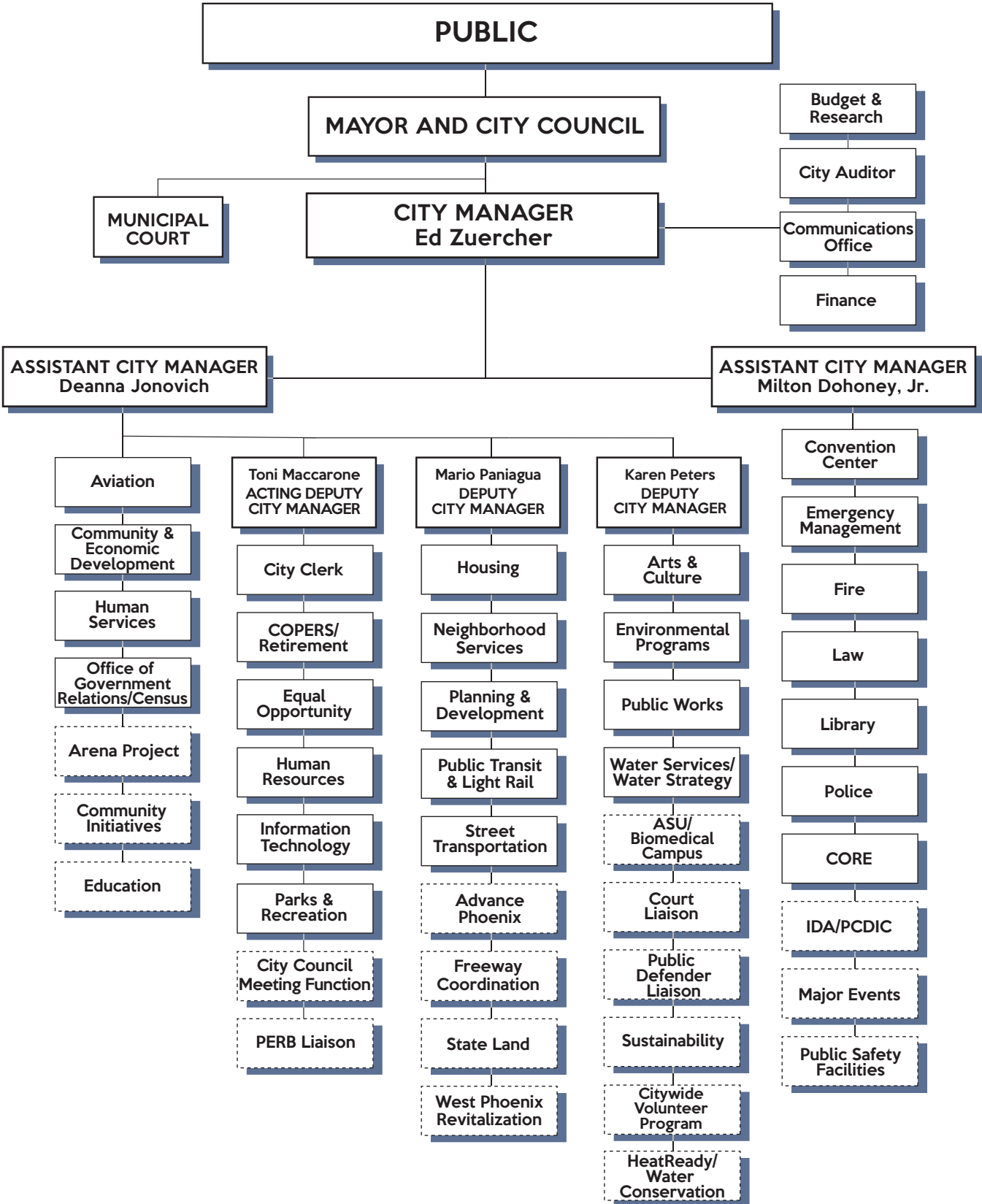
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Communications Director

Jeri L. Williams
Police Chief

Chief Presiding Judge

B. Don Taylor III

CITY OF PHOENIX ORGANIZATIONAL CHART





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BUDGET DOCUMENT OVERVIEW

This overview outlines the 2019-20 Annual Budget. This budget document can be accessed at phoenix.gov/budget, or copies of the document are available by contacting the City of Phoenix Budget and Research Department at 602-262-4800, TTY: use 7-1-1. To request this in alternate formats (large print, braille, audio cassette or compact disc), please contact the Budget and Research Department.

The summary budget contains a narrative description of Phoenix programs and services planned for 2019-20. 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 2019-24 Capital Improvement Program provides Phoenix's planned construction program by project and detailed sources of funds.

A more detailed description of the 2019-20 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 2018-19 and 2019-20 as well as actual results for recent and historical periods.

2019-20 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 2019-20 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.

2019-20 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 2019-24 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.



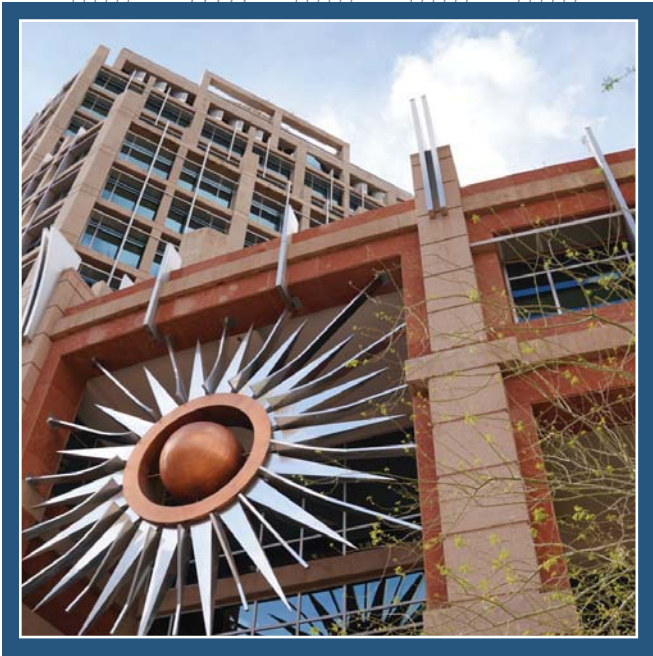
DISTINGUISHED BUDGET PRESENTATION AWARD



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, 2018.

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 2019-20 City of Phoenix Budget required by City Charter.

The City of Phoenix budget is notable for its openness and transparency. Over a three-week period in April, we held 20 hearings on the budget 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 400 residents contributed time, thought and energy to attend or comment on the Trial Budget. The largest number of comments were about parks, libraries, arts, youth, police, streets and homelessness.

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;
- Increased funding to address the impacts of homelessness and a lack of affordable housing;

- Increased funding for arts and the inclusion of historic preservation in any upcoming bond program;
- Increased library access and expanded hours (every library open every day);
- Increased funding for street maintenance and repair, especially 13th Street (Moreland to Van Buren Street) and 3rd to 5th Avenues in Central Phoenix;
- Increased funding for parks, youth programs, and other community services;
- Improved oversight over police operations/ community relations and officer- involved shootings and concern for the amount spent on the police budget;
- Support for public safety, park rangers and library security;
- Requests to put money allocated to park and library security into other community programs.

Based on the comments heard at budget hearings, it is clear residents desire more of the services we provide rather than less. The budget hearings showed that residents have clear opinions (sometimes conflicting) about the programs that Phoenix employees provide every day. It was important to spend the time to listen, learn and share thoughts on the City's priorities and residents' specific neighborhood issues.

Many committed community members showed up to each hearing to talk about capital needs in their neighborhoods. The CIP budget will address concerns raised about pedestrian safety citywide by doubling the amount allocated each year in the CIP and focuses on specific strategies like more street lighting, HAWK signals and traffic medians; finishing design on 13th Street in the Garfield neighborhood; and moving forward on design for 3rd and 5th Avenues from McDowell Road to Indian School Road as well as 3rd Avenue from Camelback Road to Missouri Avenue. The budget also includes the resources needed to carry out the City Council's accelerated pavement maintenance program, which triples the miles of new pavement on major streets each year for the next several years.

While not all input could be directly accommodated into the budget, the dialogue is extremely important to set budget and policy discussions for the future. Staff will continue to work with the community and the City Council on longer term issues raised, including opening

every library every day; arts maintenance; historic preservation project funding; continued strategies for homelessness, transient issues and affordable housing; police and fire staffing levels and continued community involvement in policing; youth services that link with community programs like Fulfillment in Training; adaptive recreation services for those with different needs; building and staffing undeveloped parks in southwest Phoenix such as Laveen Commons; budget process improvements; and many local, neighborhood issues.

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

Most of all I want to thank the engaged residents who commented on our budget, employees and City services - both this year and in past budget processes - to shape this year's budget.

All the City's budget information - including complete program information and the Trial Budget details - is available at Phoenix.gov/budget.

OVERVIEW OF 2019-20 BUDGET

General Fund: The 2019-20 General Fund budget is \$1,393,926,000. This is an \$84 million or 6.4 percent increase from the adopted 2018-19 General Fund budget of \$1,310,119,000. Increased revenues reflect a strong and diversifying economy. Increased expenses reflect negotiated employee compensation increases; budget additions; increased funding for public safety vehicles, technology and facilities maintenance; the police body worn camera program; and a \$3 million increase in the Contingency Fund.

Revenue and Resources: Projected General Fund (GF) revenue in 2019-20 is \$1.273 billion, an increase of 5.3 percent over the revised current year estimate. This reflects continued City and State sales tax growth based on projections from the University of Arizona and continued growth in other key tax categories. Additionally, the City's proposed 2019-20 combined property tax rate of \$2.13 represents a one-cent (or 0.5%) reduction from the 2018-19 combined property tax rate of \$2.14. The proposed secondary property tax rate of \$0.82 will remain constant while the proposed primary property tax rate drops from \$1.32 to \$1.31. Including revenue along with the estimated beginning fund balance of approximately \$114 million, and fund transfers and recoveries estimated at \$7 million, total 2019-20 General Fund resources are estimated to be \$1.394 billion.

General Fund Additions: The 2019-20 budget preserves existing city services and makes significant investments in public safety; neighborhood preservation and revitalization; community services; infrastructure maintenance; Census 2020; and employee compensation by strategically using a General Fund surplus of \$55.6 million.

Contingency Grows: While the overall percentage remains at 4.0 percent, the Contingency Fund will increase from \$52.4 million to \$55.4 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. Last fiscal year City Council adopted a 25-year amortization period for the Public Safety Personnel Retirement System (PSPRS). Extending the amortization period generated approximately \$25 million in savings in 2017-18. Those savings were used to establish a PSPRS stabilization fund. At the beginning of the current fiscal year, City Council directed staff to transfer approximately 50 percent of the 2017-18 year-end savings into the PSPRS stabilization fund. The fund now has a balance of \$35 million which can only be used to address unexpected cost increases in public safety pension.

Other Funds: Significant services to the community are provided through non-General Fund resources. This includes 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 includes General, Enterprise and Special Revenue funds such as grants, and all debt service and pay-as-you-go capital costs, the 2019-20 budget amount is \$4,554,985,000.

Non-General Fund Additions: The 2019-20 budget includes \$6.3 million in critical non-General Fund service additions in eight city departments including Planning and Development, Street Transportation and Water Services that are needed to address growth and infrastructure maintenance.

LOOKING AHEAD

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 of future

challenge 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 the General Fund budget could be 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, spending wisely 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 our open, public budget process.

A handwritten signature in black ink, reading "Ed Zuercher". The signature is fluid and cursive, with a long horizontal line extending to the right.

Ed Zuercher
City Manager



STRATEGIC PLANNING AND COMMUNITY INVOLVEMENT

The Phoenix Strategic Plan was adopted in the spring of 2011 and was included in the Summary Budget Book for fiscal year 2011-12. The plan was developed by a team of 50 people working in 10 study-area committees. The team consisted of city staff and members of the private sector.

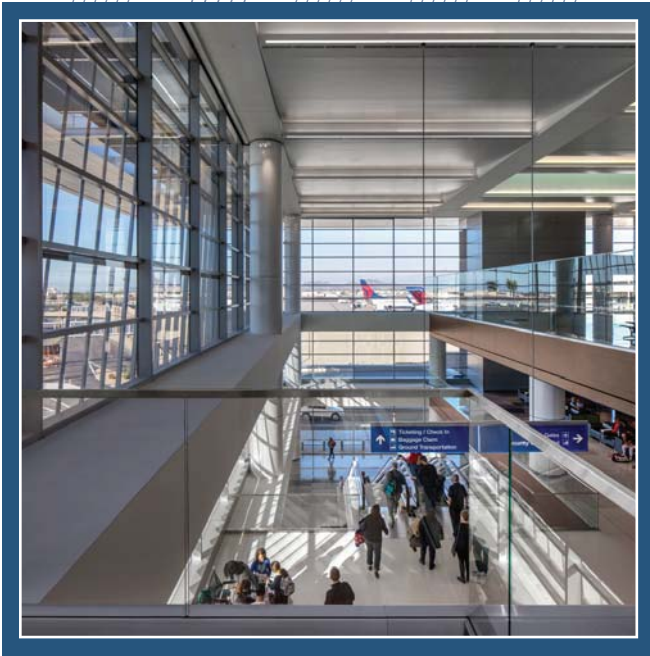
The new Phoenix Strategic Plan guides decision-making within the organization and focuses the City's efforts to deliver core services that meet the City's mission: "**To improve the quality of life in Phoenix through efficient delivery of outstanding public services.**" The plan includes 10 study areas:

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

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

Documents included in this section:

- Revised Phoenix Strategic Plan
- Strategic Plan 2018-19 Major Accomplishments



PHOENIX STRATEGIC PLAN

MISSION STATEMENT

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

ABOUT THE STRATEGIC PLAN

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

ECONOMIC DEVELOPMENT AND EDUCATION

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

Priorities

1. ***Create and retain high-quality jobs focusing on key domestic and international business sectors.*** To a great extent, the quality of life for Phoenix residents will be dependent on the number and quality of jobs created and retained that are convenient and appropriate for residents of the City of Phoenix.
2. ***Foster an environment for entrepreneurial growth.*** Entrepreneurs make critical contributions to the economy, including the generation of new jobs. Energized, educated entrepreneurs create economic opportunity for others and enhance a culture of innovation.
3. ***Targeted Neighborhood Revitalization.*** Thriving urban cores are critical to the economic health and well-being of the entire metropolitan area. Strong urban centers enhance Phoenix's image and should be reflective of the City's collective social and economic aspirations as a region.
4. ***Expand the City's revenue base.*** Sales taxes provide the largest source of local government funding. Phoenix needs to attract and retain a fair share of retail activity to sustain quality public services for residents.
5. ***Develop and retain qualified talent to meet the needs of business and the community.*** A skilled workforce is essential for an economy to sustain and enhance its competitiveness. A workforce development strategy that allows employers to grow and residents to enhance their income is critical to maintaining a high quality of life for Phoenix residents.
6. ***Promote early literacy and prepare young children for academic success.*** Early childhood development is critical in preparing youth for success in school and developing a foundation of knowledge, skills and life-long learning in families and the community.
7. ***Commit to achieving educational excellence for all Phoenix residents through sponsored facilities and programs.***
The future success of the region depends on ensuring that residents are prepared to meet the challenges of the 21st Century as educated, productive and engaged residents.

FINANCIAL EXCELLENCE

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

Priorities

1. **Maintain high bond ratings.** A bond rating is a measure of the credit quality of the City. Factors considered in a rating are the health of the local economy, stability and volatility of revenues, level of reserves for liquidity during unexpected financial conditions, as well as sound financial practices, policies and structures or systems that allow flexibility to address challenges. An entity with a long-term outlook and plans to address unexpected changes is positively considered. In essence, a bond rating reflects an independent view of financial excellence. A higher bond rating will usually result in lower borrowing costs.
2. **Prioritize capital and funding plans for critical infrastructure.** With continuing challenges in the recovery of the state, local and national economy and the associated impact on revenues, the financial capacity to fund and finance additional capital projects remains significantly reduced. As a result, a focus on maintaining existing infrastructure must be balanced with the need for new infrastructure. This includes prioritizing the use of the remaining 2006 General Obligation (GO) bond capacity and other resources and investigating alternative methods to finance priority capital needs.
3. **Provide accurate and reliable revenue and expenditure forecasting.** To ensure available resources are allocated to the highest priority needs, accurate and reliable forecasts of both revenues and expenditures are needed. This requires access to the necessary resources and expertise to ensure all critical factors are considered in revenue forecasts and all factors that impact expenditures are considered and modeled. Accuracy of expenditure forecasts also requires discipline of all City departments to ensure expenditures are monitored and managed. Without accurate forecasts and management of expenditures, reserve levels may be tapped below critical levels and services may be unnecessarily reduced.
4. **Maintain a transparent financial environment, free of fraud, waste and abuse.** One of the most important aspects of financial excellence is the ability to assure the public, business community, investors and the rating agencies that systems and processes are in place to prevent fraud, waste and abuse of public funds. An important element of preventing fraud, waste and abuse, is regular financial reports that are easy to access, accurate and understandable. Financial excellence requires the implementation of quality financial systems, staff training, internal controls and regular internal and external audits to prevent fraud, waste and abuse.

INFRASTRUCTURE

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

Priorities

1. **Create and maintain intra-City transportation.** Provide safe, clean, efficient, sustainable, multi-modal surface transportation systems consistent with Complete Streets policies to support mobility needs of present and future residents, businesses, and visitors within the City of Phoenix.
2. **Create and maintain inter-City transportation.** Provide safe, efficient, sustainable, cost-effective multi-modal transportation systems to support economic growth, population growth, and competitiveness through connectivity to regional, national, and global destinations.
3. **Develop and operate public utilities.** Protect the public health and environment by providing reliable, efficient and affordable water, wastewater, stormwater, and garbage and diversion (recycling, reducing, reusing) services.
4. **Construct and manage public facilities.** Provide safe, efficient, sustainable, cost-effective, well-maintained and aesthetically pleasing public facilities for delivery of municipal services to residents and visitors; build, maintain, and manage capital assets to preserve long-term investment and ensure uninterrupted support services.

INNOVATION AND EFFICIENCY

The City of Phoenix must further enhance its commitment to developing new and creative service delivery methods to provide services to residents. The City must remain dedicated to developing and seeking continuous improvements in business processes and maintaining a culture of innovation and efficiency. The continuing work of CORE 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

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

Priorities

1. **Support neighborhood vitality through strong partnerships, collaborations and by leveraging resources.** In order to preserve healthy, vibrant, diverse and safe neighborhoods, the City must support neighborhood self-reliance and enhance the quality of life for all residents through community-based problem solving, neighborhood-oriented services and public/private cooperation.
2. **Provide a diverse range of housing opportunities and choices to Phoenix residents.** Promoting diversified housing opportunities enriches the quality of life for all Phoenix residents, including low- to moderate-income families, seniors, persons with disabilities and the homeless. Providing a range of housing opportunities allows the City to continue to preserve healthy, vibrant, diverse and safe neighborhoods.
3. **Ensure Phoenix residents have quality parks and open space.** Partner with the community to provide a parks and recreation system that meets the needs of Phoenix residents and visitors that is convenient, accessible and diverse in programs, locations, and facilities.
4. **Promote a strong arts and culture infrastructure.** Continue to partner with the community to provide strong arts and culture facilities and programs to create a more beautiful and vibrant City which contributes to a better quality of life.
5. **Provide accessible and quality library services to Phoenix residents.** Partner with the community to provide a library system that meets the needs of residents and visitors and is accessible, convenient and diverse in locations, programs and facilities.

PHOENIX TEAM

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

Priorities

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

PUBLIC SAFETY

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

Priorities

1. **Prevent crimes and accidents by enhancing community awareness of public safety systems and partnering with other crime prevention programs.** The City provides the community with information about a variety of public safety issues including crime and accident prevention, information on the operation of the judicial system, and education on police and fire department services.
2. **Provide public safety workers with the tools necessary to professionally meet City and regional public safety needs.** Ensure that public safety workers have the training, education, equipment, facilities and other resources needed to provide a high level of service to the community.
3. **Ensure timely and appropriate response.** The City of Phoenix deploys public safety workers in a manner that provides a timely and appropriate response to emergencies. Response resources include those needed for routine incidents as well as the capacity to respond to and manage natural and human-caused incidents of regional significance.
4. **Provide strong customer service internally and externally.** Every member of the community and every organization working in Phoenix is a public safety customer. Firefighters, police officers and officers of the court swear an oath to protect the people they serve. Every public safety worker should serve their customers with dignity and honor to develop mutual trust and respect.
5. **Ensure fiscal responsibility in all public safety efforts.** Public safety managers and public safety workers must be responsible stewards of the funds provided by the customers to support public safety efforts.

SOCIAL SERVICES DELIVERY

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

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

Priorities

1. **Strengthen the safety net of social services available to protect those who are most vulnerable or in crisis.** The City of Phoenix will assure those most in need have access to basic needs such as shelter and food. The City will connect the homeless, working poor, elderly, disabled and victims of violent crimes to core services needed to stabilize their lives.
2. **Enhance the quality of life for low-income or at-risk individuals and families.** The City of Phoenix will empower all residents to live in safe, affordable housing and achieve economic self-sufficiency through access to social, employment and other economic resources needed to maximize their quality of life.
3. **Build healthy, caring communities.** The City of Phoenix will promote rich, diverse, and innovative networks of public, community, and faith-based programs, services, and facilities to maximize the potential of every community. The City will serve as a resource and a catalyst in strengthening neighborhoods and building community capacity.

SUSTAINABILITY

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

Priorities

1. **Accelerate renewable energy development.** The City has a long-standing commitment to resource conservation and continues to be an active participant in energy conservation, efficiency and environmental preservation. Pursuing renewable energy development guides the City towards energy independence.
2. **Enable opportunities for environmental stewardship.** Environmental sustainability is best achieved by encouraging shared responsibilities, protecting natural systems, and promoting the efficient use of natural resources. It is also important to implement policies, programs and practices that have a far-reaching effect on the environment.
3. **Enhance sustainable land use and mobility practices.** The success in sustainable land use and mobility lies in adopting policies that encourage the use of green infrastructure and buildings, brownfield redevelopment, creating connectivity within road networks, and ensuring connectivity between pedestrian, bike, transit and road facilities.
4. **Foster collaboration and communication.** Empowering employees at all levels through collaborative workgroups will galvanize them to realize the City's sustainability goals. Employees become an example of the City's efforts and progress to the community they serve. Communicating and celebrating the City's accomplishments is essential to motivating employees, customers, stakeholders and the public in achieving sustainability goals.

TECHNOLOGY

Information technology is a vital part of a vibrant City government. Information technology, utilized appropriately, enables enhanced services to the community, increases efficiency of operations, delivers useful information, and supports innovation. This plan leverages technology to drive key actions that fundamentally enhance the way Phoenix connects to information.

Priorities

1. **Provide seamless customer service.** A seamless customer experience is achieved when a customer interacts with both internal and external City service providers without experiencing service interruptions during the service delivery process.
2. **Increase operational efficiency through constant innovation.** Constant product and service innovation nurtures ideas and focuses on customer satisfaction, combines process and technology to enhance productivity and value, drives down operational costs, and supports other City strategies.
3. **Turn data into information through a web-enabled City.** When business data is stored in easily accessible, organization-wide repositories, the City can create opportunities to use this data to make better decisions. Internet-based information delivery and collection efforts empower the community to interact with and receive City services 24 hours a day, giving 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 2018-19 MAJOR ACCOMPLISHMENTS

ECONOMIC DEVELOPMENT AND EDUCATION

- Sheraton Grand Hotel** In June 2018, the City closed on the \$255 million sale of the Sheraton Grand Phoenix hotel. The transaction eliminated the need for the City to fund a required major hotel renovation, reduced financial risk to the City of another national economic downturn or softening of the local hotel market, and expanded the City's financial capacity for future priority investments. The critical hotel infrastructure will continue to support convention and tourism activities, and the new owners are planning more than \$40 million in renovations in 2019. Also, without further risk of liability to the City, the hotel will continue to pay millions of dollars annually in excise taxes. An independent economic analysis estimated the sale will provide \$391 million in direct fiscal benefit to the public.
- Talking Stick Resort Arena Renovation** For nearly 30 years, the City-owned arena has been a cornerstone of downtown revitalization, having hosted more than 40 million visitors from around the world. Anchored by the Phoenix Suns, the arena delivers a direct economic impact of \$182 million annually and creates 1,140 jobs. After a series of citywide community meetings, in January 2019 City Council authorized a \$230 million renovation of Talking Stick Resort Arena. The deal requires the Suns to:
 - Contribute no less than \$80 million to renovating the City facility;
 - Donate \$10 million to a community benefits program in 2019, which includes \$2.6 million for Head Start;
 - Remain in Phoenix through at least 2037, with an option to 2042;
 - Build a \$25 to \$50 million practice facility in the city limits;
 - Pay for all arena renovation cost overruns as well as all operations and maintenance expenses, plus millions of dollars in rent annually to the City.
 - City funds will only pay for public infrastructure expenses, which are paid from tourism taxes, about 90 percent of which are paid by non-Arizona residents.
- Maryvale Baseball Park** The Milwaukee Brewers invested over \$60 million into an 80,000-square-foot expansion and renovation of Maryvale Baseball Park. The project is complete and opened for Spring Training 2019. The improvements contributed to a 31 percent increase in Spring Training attendance this year. The renovation comes as part of a 25-year agreement between the team and the City that keeps the Brewers in Maryvale through at least the year 2042. For the term of the agreement, the Brewers will annually provide \$50,000+ to the City's Kool Kids Program for free admission to City pools. Additionally, the Brewers partnered with Grand Canyon University on a "Learning Lounge" at Maryvale Baseball Park, through which local students will have access to free tutoring. Further, the City's public-private partnership with the Brewers to renovate the stadium earned the Alliance for Innovation's 2019 Outstanding Achievement in Local Government Innovation Award; and the City was honored at the Transforming Local Government (TLG) Conference in April 2019.
- New and Expanded International Flights** New and expanded service to Europe, Canada and Mexico.
 - Condor Airlines resumed nonstop service to Frankfurt, Germany on May 1, 2019, extending the seasonal service through October 2019, following an overwhelmingly successful 2018 inaugural season.
 - Air Canada is increasing their Montreal service levels for the upcoming winter season, going from four weekly flights to six. In addition, Air Canada continues to transition Calgary and Vancouver service to mainline aircraft from their leisure product, Rouge, further increasing premium capacity to Canada.
 - American Airlines announced daily, year-round service to Chihuahua, Mexico beginning December 18, 2019, increasing the number of Mexico nonstop destinations from Phoenix Sky Harbor Airport to 11.
 - Volaris announced year-round service to Puerto Vallarta, Mexico beginning June 16, 2019.
- Phoenix Economy** The City continues to show growth in high wage technical sector jobs. The types of jobs and employers across the city continue to demonstrate the diversity of industries and employment available. This year the City saw significant growth in the healthcare sector, including assistance in adding nearly 2,700 new healthcare sector jobs and a new medical school in Creighton University, as well the expansion of the Banner healthcare campus and commitment to build a new Veterans healthcare center.
- Business Attraction** A projected 5,400 new jobs will be created with Community and Economic Development Department (CEDD) assistance locating nearly 20 companies in Phoenix. Capital investment from these projects totals more than \$200 million. Advanced Business Service companies invested 257 percent more than last year. Highlighted locates included: Creighton University, WeWork, Honeywell, Wayfair, ValorIT, PillPack, SurchX, Synchronoss and Nikola Motor Company.

In 2018, the Phoenix Film Office (part of the Business Attraction Division), saw over \$16 million in spending in Greater Phoenix. Projects include movies, television shows, still photography, commercials, documentaries, corporate/ industrials, reality and other forms of multimedia which employed a workforce of 4,450 skilled technicians and actors spanning a total of 2,530 projects, 1,646 shooting days and 1,315 hotel nights. Major multimedia projects included Carvana, Cable One, Ford, Geico, Waymo, Marriott, Dodge Ram and New Balance.

7. **Business Retention and Expansion** CEDD met with 786 local companies between July 2018 and April 2019.
- During the first 10 months of 2018-19, 47 expansions contributed to 3,918 net new jobs with an average wage of \$72,631 and \$988,325,000 in capital investment. Approximately 4,938 additional jobs were retained.
 - Banner Health and The University of Texas MD Anderson Cancer Center will open its \$33 million Phoenix campus in June 2019. MD Anderson is internationally renowned for its cancer treatment and research. This is a three story, 84,000-square-foot cancer center coming to Phoenix to join the globally-acclaimed cancer centers at Mayo Clinic and Dignity St. Joseph Medical Center.
 - Mayo's \$648 million expansion on the Arizona Biomedical Corridor in North Phoenix, named Arizona Forward, will nearly double the size of its Phoenix campus over the next five years. The expansion will add over 1.4 million square feet. The expansion will add over 2,000 jobs including over 200 physicians by 2029. New patient areas will open first as early as June 2020, culminating with the final phase opening in April 2023.
8. **Community Development** Development of a vibrant and sustainable urban core, in addition to supporting community-based revitalization initiatives, enhances the economic vitality of Phoenix. CEDD projects created 360 permanent jobs during the reporting period and contributed \$138 million to the Phoenix economy. A few examples include:
- Block 23/Fry's Food Stores – Downtown Phoenix will have its first grocery store open in October 2019 when Fry's Food Stores opens in the fourth and final phase of CityScape, Block 23. The two-year construction cycle is anticipating a Fall 2019 completion with the grocery store opening in October and the office and residential units opening soon thereafter.
 - Higher Education – Arizona State University (ASU) relocated the world-renowned, prestigious Thunderbird School of Global Management to its temporary location in the Arizona Center in 2018. ASU is currently working on plans for a new downtown Phoenix building as their permanent home, offering both graduate and executive programs.
 - Bioscience/Medical Research - Arizona State University broke ground on two projects in Spring 2019 to continue the creation of new educational and research projects in Phoenix. On the Phoenix Biomedical Campus (PBC) in downtown, ASU partnered with Wexford Science & Technology to construct their first building on the PBC which is a \$75 million research and anchor building expected to be completed by 2021. On state land within the Arizona Biomedical Corridor in North Phoenix, ASU broke ground in May 2019, on the Arizona Health Future Campus next to Mayo Clinic. The 180,000-square-foot building, with \$8.8 million in public infrastructure assistance from the City, will be completed in 2021.
 - Park Central Mall – The transformation of Park Central Mall is an astounding redevelopment and adaptive use. Park Central Mall will be the location for the new Creighton University School of Medicine, offices, retail, and hospitality development. In May of 2019, public infrastructure improvements, including a \$2 Million reimbursement to Park Central Mall, was completed which connects a pedestrian corridor between 3rd Avenue and Central Avenue through the heart of the mall. Also approved by City Council in 2019, a Community Facilities District was established to create a parking garage which will facilitate the ongoing redevelopment efforts and meet parking needs in the area.
 - Downtown Housing – The Downtown housing market demonstrates continued growth in planned projects in addition to projects currently under construction including three high-rise towers and three additional high-rise towers set to break ground this year. Currently, there are 5,800 housing units planned, under construction or completed in downtown.
 - Transit-Oriented Development – In April 2019, the City disposed of a remnant City-owned parcel to facilitate development of approximately 330 residential units, commercial areas, and 417 parking spaces at 17th Avenue and Camelback Road. The mixed-use transit-oriented development was approved by City Council in 2019. The proposed eight story building has a projected value of \$66.3 million.
 - Adaptive Re-Use – In April 2019, the City disposed of a surplus City-owned building at 2nd Avenue and Monroe Street to facilitate the re-development of a six story office building with ground floor activation. The mixed-use development will have a project value of \$10 million.
 - Historic Preservation – In September 2018, the City disposed of the historic Knipe House to a private developer who accepted a perpetual conservation easement to protect the structure long-term. In addition, the developer will adaptively re-use the Knipe House as a restaurant with green space open to the public.
9. **Reach and Invest in Summer Employment (RISE)** JPMorgan Chase Bank donated \$150,000 to the City of Phoenix Reach and Invest in Summer Employment (RISE) program, providing employment opportunities for youth, ages 16 to 24. This funding allowed the City to serve 59 additional youth. A portion of this funding covered the cost for 50 program participants to participate in an optional one-college credit coursework on Leadership offered in collaboration with Phoenix Community College through an online platform.

FINANCIAL EXCELLENCE

1. **Wastewater Bonds** The Water Services Department partnered with the Finance Department to successfully issue Wastewater bonds at a very low rate, saving \$11,845,279 for our rate-payers. The bonds will maintain our wastewater collection system and treatment plants and lower the pension obligation associated with wastewater employees.
2. **Pension Strategy** Completed a preliminary financial strategy that was approved by City Council related to increasing pension systems annual required contribution which included:
 - Establishing a Pension Stabilization Fund.
 - Extending the amortization period five years ensuring budget flexibility and providing funds for an amount of \$35 million for Pension Stabilization Fund.
 - Paying down \$70 million in pension liability for the City of Phoenix Employees' Retirement System (COPERS) with cash from the Wastewater Enterprise Fund made available by the issuance of bonds. The plan liability funded ratio for COPERS increased to 60.45 percent for FY ending 2018, up from 57 percent for FY ending 2017.
3. **Property Disposition** The Real Estate Section worked with the City Manager's Office and departments to develop a criteria and processes for disposing of excess properties. During 2018 city-owned properties sold for \$7.8 million bringing the total land sales to \$41.6 million since June 2014.
4. **Bond Issuance** The Finance Department issued \$226 million in Bonds for the Aviation Department to finance the Terminal 3 modernization project and saved about \$11 million in debt service payments as compared to the forecast. A comparison of airports is shown below:
 - Phoenix Airport true interest cost 4.22 percent
 - Tampa true interest cost 4.33 percent
 - Salt Lake City Airport 4.32 percent
5. **Tax Audits** Completed 103 tax audits assessing over \$4 million and collected over \$600,000 in past due accounts.
6. **Grant Program** Office of Government Relations works with City department liaisons, and the City's Washington, D.C. team, to identify grant opportunities. This calendar year, City departments have received \$143,830,931 in grant funds from federal, state, private and tribal grant sources.
7. **Abatement Lien Program (ALP)** The Abatement Lien Program team continues to produce outstanding results. Between July 1, 2018 and April 30, 2019, the team produced the following outcomes:
 - Recovered \$436,435 in delinquent abatement liens.
 - Foreclosed on and auctioned 13 properties.Additionally, the ALP team's activities continue to support reductions in total blight abatement cases and associated costs. Compared to 2017-18
 - Total abatement costs have been reduced by \$108,680.
 - Total abatement cases have been reduced by 56.
8. **Lubrication Service Brought In-house** In 2017, the new Packer Body and Articulating Loader contract was solicited and the bid evaluation concluded that this service would cost the City \$420,000 per year or \$2.1 million over a five-year contract. In July 2018, staff began providing this service in-house for various refuse vehicles, for an anticipated cost savings of \$180,000 per year.
9. **Renewable Identification Number (RIN) Sales** Public Works sold 1,149,219 RINs during 2018 generating a net income of \$398,969. RINs are generated when staff blends ethanol and biodiesel with the fuel it supplies the City. RINs are administered by the U.S. Environmental Protection Agency (EPA) to increase the use and production of renewable fuels. Revenue generated through the sale of RINs is used to replace aged fuel infrastructure.

INFRASTRUCTURE

1. **Terminal 3 Modernization** In late 2018, construction was completed and operational readiness activities began on the new South Concourse and the east end of the processor in Terminal 3. The newest portion of the terminal opened to the public in January 2019, with more than a dozen new shops and restaurants, most of which are popular local, regional and national brands. In early 2020, the renovated North Concourse with additional shops and restaurants will open with the airlines currently located in Terminal 2.

2. **Transportation 2050 Progress (July 1, 2017 to June 30, 2018)**

- 45 miles of new asphalt on major streets
- 51.5 miles of other treatments (fog seal, crack seal, etc.) on major streets
- 59 miles of local streets paved
- 166 miles of other treatments (fog seal, crack seal, etc.) on local streets
- Installed 40 miles of new bicycle lanes
- Installed 430 new street lights
- Constructed 7.5 miles of sidewalks
- Initiated 11 T2050 Mobility Area Studies, and conducted planning activities for 28 others.
- Replaced 1,361 illuminated street name signs
- Repainted 149 signal poles at major intersections
- Installed 27 left-turn arrows

3. **50th Street Station Platform Construction Completed** This is the first new station to be constructed along the existing Valley Metro Rail system, as well as the first capital project initiated from the voter-approved Transportation 2050 (T2050) plan. Due to its proximity to Ability360, a community resource center for the disabled community, the station features enhanced accessibility features, such as lowered sidewalks around the station, level crosswalks and driveways, enhanced lighting and state-of-the-art cameras to detect pedestrians at designated crosswalks.

4. **Establishment of Facility Assessment Program** As part of a comprehensive approach to active management of City facilities, 24 assessments at 76 City buildings encompassing 2.6 million-square-feet of managed space are in process. These assessments by a certified engineer, architect, or other building professional will provide quantitative data useful in identifying critical building deficiencies with respect to site and grounds, structural systems, building envelopes, ADA access, regulatory compliance, interior building systems, and mechanical systems. The resulting reports contain information useful in ensuring building safety and program continuity for our residents. This data source will also allow the City to identify and assess facility asset maintenance needs early and make smarter investments.

INNOVATION AND EFFICIENCY

1. **EPR Customer Service Enhancement** Planning and Development Department (PDD) staff made major upgrades to the Electronic Plan Review (EPR) system in 2018 to improve the process for customers. EPR allows design professionals to submit construction plans electronically, saving valuable travel time and reducing plan printing costs, which can be significant. Staff created a series of closed-captioned "How To" videos online to walk new customers step-by-step through the account creation and submission process and held a series of free two-hour EPR workshops to familiarize customers with the process for submitting plans electronically. In March 2019, PDD unveiled a new EPR webpage with more defined navigation and a more user-friendly interface. Currently 12 percent of all plans are submitted electronically; staff has set a goal of increasing this by five percent over the next two years.
2. **Invoice Efficiency** The Finance Department completed the implementation of electronic invoices which will reduce the time to pay invoices. This project was completed on time and the City is processing about 1,000 invoices daily up from about 700 invoices daily a year ago. Further efficiencies will be gained during the upcoming year.
3. **Data Analytics** This year, the City Auditor Department expanded our data analytics program to include data visualization techniques. The Auditor partnered with students from the ASU W.P. Carey School of Business – Department of Information Systems Masters in Business Analytics program. As part of their cap-stone course, students worked with our staff to apply data visualization techniques to scrubbed sets of payroll data from our Human Resources system. The result was a set of 19 ongoing visualization routines that we will use, and build upon, in the current fiscal year. We will apply these routines to bi-weekly payroll files on a continuous basis, to create a dashboard that our auditors will monitor to quickly identify and investigate potential payroll errors or fraud.
4. **Economic Impact** City Auditor Department recommendations resulted in over \$12.25 million in revenue recovery and cost savings over the past five years, including \$550,000 in revenue recoveries and cost savings in 2017-18. Most of the economic impact within the past year resulted in savings to the Aviation department.

NEIGHBORHOODS AND LIVABILITY

1. **Choice Neighborhoods Implementation Grant** In July 2018, the Housing Department was awarded a \$30 million Choice Neighborhoods Implementation Grant from the U.S. Department of Housing and Urban Development (HUD) to improve a community with the largest concentration of public housing in the state. With the award of a Choice Neighborhoods Implementation Grant and over \$190 million in leverage, the Housing Department will implement the vision to transform the Edison-Eastlake Community into a vibrant mixed-income neighborhood. This transformation includes demolition and redevelopment of Frank Luke, A.L. Krohn and Sidney P. Osborn Homes into new mixed-income communities as well as significant neighborhood improvements and supportive services.

2. **First Things First Grant** The Library Department was successful in expanding its First Things First Parent Outreach and Awareness grant from \$375,000 a year to \$550,000 a year for the next four years. The expanded grant allows the Library Department to provide early literacy education in South Phoenix as well as North Phoenix. The additional funding supports one new full-time supervisor and two additional part-time specialists.

PUBLIC TEAM

1. **Census 2020** The Census Team has worked closely with the Mayor's Office in forming the Census Ad Hoc and Census 2020 Complete Count Committees. Additionally, the team is collaborating with regional partners and the U.S. Census Bureau. The Census 2020 team completed the following major tasks:
 - Worked closely with the Law Department to understand the impact of adding a citizenship question to the Census 2020 Survey. Staff identified the importance of Phoenix joining the litigation opposing the added question and worked with the legal team to conduct 12 interviews as part of the discovery phase of the lawsuit. The U.S. Supreme Court heard arguments to the case in April 2019.
 - Worked with the Planning and Development and Neighborhood Services Departments to identify low to moderate income level census tracts as these areas have been traditionally harder to get accurate population counts. Staff then overlaid all neighborhood groups/associations, which helped to identify 437 grass-root organizations in these areas.
 - Worked with private-and public-sector partners to develop a robust outreach campaign supporting community participation.
2. **PHXRespect** The Human Resources (HR) Department partnered with the Equal Opportunity Department and the Communications Office to develop a citywide initiative to promote a more respectful and inclusive culture at the city of Phoenix. This initiative includes a communication plan, training and resources leaders will be able to utilize to engage employees in the discussion of respect and inclusion. HR held focus groups consisting of City employees to define respect and inclusion. The Communications Office led the effort to create a video to kick off PHXRespect citywide, along with a message from our City Manager. A logo was also created to assist in the branding of this initiative.

PUBLIC SAFETY

1. **Phoenix Police Department Hiring** As of April 2019, the Phoenix Police Department (PDD) hired 253 police recruits during 2018-19. The following are the measures taken to produce the aforementioned results in what has proven to be a very challenging market for the recruitment of police officers:

The Employment Services Bureau (ESB) increased the number of written exams for interested recruit applicants. The frequency of exams was increased from once per month, to three times per month. Exams are now held on different days of the week versus Fridays only as was the case with the previous schedule. This enhanced approach allows applicants who work nonconventional work schedules, and those from out-of-town better flexibility to attend.

The out-of-state application process has been streamlined. ESB background investigators now work with out-of-state applicants to coordinate all aspects of the hiring process, to minimize travel and expedite the time needed in making hiring decisions. These efforts increase efficiencies for ESB personnel and the applicant in their transition to the Phoenix community.

The pre-employment physical agility testing has been moved to the fourth step in our eight step process versus its previous position of second step. This has enabled ESB to receive more background packets (100 percent increase from previous three-year averages) for review following the written exam, and has created efficiencies in scheduling applicants for physical agility testing. These efficiencies translate into cost savings of approximately 75 percent in overtime expenditures from our previous testing model.

The Phoenix Police Department's recruitment website has been updated to contain all applications for Police Recruit, Lateral Police Officers, Veterans and Out-of-State Applicants. This enables applicants to foresee what documentation is required to be successful in the background process, and background packets are now available on the website for applicants to have prepared upon successful completion of the police written exam. This increases efficiencies in the amount of time needed to process police recruit applicants.

ESB staff created the recruitment slogan #FindTheBLUEinYOU and worked with our Legal Bureau to have the slogan trademarked.

The ESB Recruitment Unit has worked with our Public Affairs Bureau (PAB) in creating a series of high quality videos which highlight various functions of the PDD. The videos are being used as recruitment tools to expose potential applicants to the wide variety of law enforcement disciplines available within PPD, so they can #FindTheBLUEinYou. Finally, in addition to listed internal efforts to increase hiring, the PDD has contracted the services of a professional advertising agency for outreach efforts both within the City of Phoenix and nationally.

2. **Text To 9-1-1** On April 2, 2018, Text To 9-1-1 service capability became available for the first time in the greater Phoenix region. This enhanced service empowers hard-of-hearing, deaf, speech-impaired persons and anyone who is in a situation where voice calling could endanger the caller. Phoenix Fire and Police Department dispatchers were trained on how to communicate via text in American Sign Language. Additionally, refresher training was provided on TTY (teletypewriter), which has been in use for more than 20 years and continues to be in use.
3. **Wireless Emergency Alert** Office of Homeland Security & Emergency Management has partnered with Maricopa County Department of Emergency Management to create a procedure to produce and execute Wireless Emergency Alert messages through Federal Emergency Management Agency's Integrated Public Alert and Warning System. Alerts are customized to ensure citizens receive event-specific instructions on how to respond. Geo-targeting offers means to easily deliver targeted Integrated Public Alerts and Warning System alerts to specific geographic areas without the need to store contact information in a database. Templates and procedures are currently in the testing phase and will be available for training to regional emergency management in 2019.
4. **Disaster Recovery Plan** In June 2018, Information Technology Services Department (ITS) completed testing of the disaster recovery plan of the City's human resources system, eCHRIS. Critical elements of the recovery plan include an immediate failover and backup system for the on premise production system. In the event of a disaster that would render city data centers inoperable for an extended period, the City could run critical eCHRIS operations in the Oracle cloud for a limited number of critical users. The City's human resources data is replicated to the Oracle Cloud on a continual basis. The testing showed an average of 60-90 minutes failover time with zero data loss, which is considered a success. The City's eCHRIS system is considered disaster-ready.

SOCIAL SERVICE DELIVERY

1. **89 New Section 8 Mainstream Vouchers** In September 2018, the U.S. Department of Housing and Urban Development (HUD) awarded the City of Phoenix Housing Department 89 Mainstream Vouchers totaling \$681,075 annually. The housing vouchers are intended to provide permanent affordable housing assistance to "non-elderly persons with disabilities" who are transitioning out of institutional or other separated settings, at risk of institutionalization, or who are homeless or at risk of being homeless.
2. **Successful Transition of Section 8 Program** Effective July 2018, the Housing Department successfully transitioned full operations and management of the Section 8 Housing Choice Voucher Program to Quadel Consulting and Training, LLC (Quadel). Since the transition, Quadel has fully performed all areas of the voucher program including managing the waitlist, providing Housing Quality Standards inspections, evaluating rents, providing outreach to landlords, managing landlord processing, and ensuring quality services. On November 3, 2018, Quadel sponsored its first Owner Open House, attracting over 40 landlords to learn more about the Section 8 program. This transition is expected to save the Housing Department up to \$700,000 per year.
3. **Human Trafficking Task Force** On June 6, 2018, the City Council unanimously approved an ordinance that imposes new fees for offenders soliciting prostitution who have been convicted more than once. There is often a link between prostitution and human trafficking; resources collected from the fines will be used to benefit victims. Under the amended city code, a \$2,000 fee will now be imposed for a second conviction, \$2,250 for a third conviction, and \$2,500 for each subsequent conviction. The fees imposed on convicted offenders will be directed toward the newly established City of Phoenix Anti-Human Trafficking Fund that will benefit Starfish Place, the nation's first long-term housing project for victims of human trafficking.

SUSTAINABILITY

1. **Trees and Shade** There were 3,500 trees planted through the City's Tree Replacement Program this year, including over 1,500 new trees in parks, 1,500 in the street right-of-way and 133 in neighborhoods. The City continues to expand tree planting and shade plan efforts under advisement of the Council established Urban Heat subcommittee.
2. **Bloomberg Mayors Challenge** Phoenix was selected as one of 35 Champion Cities (out of more than 320 applicant cities) to progress to the Test and Learn phase of the Bloomberg Philanthropies Mayors Challenge. The Mayors Challenge asked city leaders across the country to identify their most pressing issue and an innovative solution to tackle the issue. Phoenix focused on the threat of rising urban temperatures and their impact on public health and the economy. As a Champion City, Phoenix received \$100,000 to develop HeatReady Phoenix, a way to evaluate the City in key areas related to urban heat and implement interventions to move the needle in a positive direction in each of these areas. HeatReady engaged 287 residents during 15 testing activities. Phoenix received more national media attention than any other city, including coverage on NPR, the Washington Post, HBO's VICE News Tonight and the Associated Press. This led to partnership opportunities in other cities and greater awareness of HeatReady here at home. We completed the pilot phase with a framework that includes four focus areas: Education, Emergency Preparedness, Housing and Infrastructure. We continue to move forward on the projects identified during this phase, including reducing regulations related to manufactured shade. On April 9, Mayor and Council unanimously approved the continued development and implementation of HeatReady Phoenix. We are currently working on regulatory relief related to manufactured shade structures that impede the right-of-way.

3. **91st Ave Biogas Project** In February 2019, the City of Phoenix opened a facility at the 91st Avenue Wastewater Treatment Plant that cleans bio-gas recovered from the wastewater treatment process. The facility was developed and will operate through a public/private partnership with Ameresco. Bio-gas is cleaned at the facility, compressed, and delivered to the regional El Paso natural gas line, and will be sold on the California green energy market. This project is expected to reduce carbon emissions by nearly 385,000 tons per year, the equivalent of taking more than 70,000 cars off the road. The sale of the bio-gas is expected to generate approximately \$1 million per year.
4. **27th Ave Compost Facility** Built for just under \$15 million, it sits on approximately 27 acres of the Resource Innovation Campus (RIC), a campus that aims to be a hub for innovators to develop Phoenix's circular economy and find sustainability solutions. Since opening, the compost facility has ramped up operations to now process approximately 55,000 tons of compost per year. The facility has the future capability to expand and the potential to ultimately process up to 220,000 tons of compost. The facility features a state-of-the-art Turned Aerated Pile (TAP) composting system that makes large amounts of compost in nearly half the time as traditional composting methods.
5. **LED Streetlight Project** The City completed the \$30 million conversion of over 90,000 streetlights to LED. The City estimates it will achieve a total net savings of approximately \$22 million through 2030 due to substantial savings in energy and maintenance costs. The project was fully financed by the energy savings.
6. **Renewable Energy** The City added to its already 32 million kWh of solar generated electricity on City property by signed a 15-year contract with Salt River Project (SRP) to purchase approximately 28 million kWh of renewable energy annually from SRPs newly contracted solar plant in southern Arizona. This project is anticipating acquiring renewable energy at below market prices, resulting in a monthly credit on the City's utility bills.

TECHNOLOGY

1. **Online Lobbyist Registration Database** City Clerk staff implemented the new lobbyist registration and reporting database for the 2018 registration year, transitioning the former paper-based process to a fully electronic one. More than 350 lobbyists have registered in the system so far for calendar year 2019 and their registration and quarterly reports are available and searchable by the public at: lobbyist.phoenix.gov.
2. **Video Relay Service Tablet Project** Working with the Phoenix Mayor's Commission on Disability Issues, the Aviation Department introduced a new customer service feature for deaf and hard of hearing travelers at the Airport. Newly-installed video relay service tablets allow travelers who use American Sign Language (ASL) to communicate via video call with an interpreter service. The 10 tablets available at the Airport's information desks throughout the terminals are newer technology more commonly used today by users rather than traditional TTY keyboard-based machines.
3. **Cybersecurity Training** Information Technology Services Department (ITS) began a focused effort to mature the existing approach to cybersecurity awareness training of city employees. With rampant cyber threats to the city, ITS provided next-level cybersecurity education and phishing training for city employees, called KnowBe4. The ITS security team measured the "phishprone" click-thru activities by city staff. The results of the employee training showed a continuous decrease in the number of "phishprone" click-thrus from 22 percent in mid-2017 to eight percent by mid-2018. Additionally, ITS's new intranet website provides the latest news, resources and tips on how to protect the city's data from cyberattacks.



OUR COMMITMENT TO EXCELLENCE

The City of Phoenix pursues excellence throughout the organization. Delivering quality, efficient, and cost-effective services to Phoenix residents is the cornerstone of our commitment to public service.

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 early March, staff provided the preliminary budget status for the 2019-20 budget, and a Five-Year General Fund Forecast. The presentation 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, the Trial Budget was presented at 20 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 we must focus on the well-being of residents, a strong economy and a healthy environment, and embrace the full approach to sustainability. It is our responsibility to provide leadership and demonstrate our commitment through innovative and efficient policies that assure clean land, air and water, and improve working and living environments.

After an extensive community consultation process, the Phoenix City Council adopted seven 2050 Environmental Sustainability goals in April 2016 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. This goal will result in 90 percent of the population living within one-half mile of public transportation and 40 percent of the population choosing to commute by walking, biking, or using public transportation. This will be accomplished through two key actions:

- a. Implementing the Transportation 2050 Plan which includes:
 - Tripling the amount of light rail miles to 60.
 - Allowing 90% of the population to be a 10-minute walk from transit through the expansion of routes and service frequency (and shaded bus stops).
 - Creating 300 miles of walkable bike paths, greenways and vibrant urban canal paths.
 - Encouraging walking and biking, and expanding the bike share system.

- b. Lowering the carbon intensity of the current transportation system by 80% by:
 - Developing 15 vibrant compact complete centers throughout the city to provide the majority of services residents need within their local community.
 - Encouraging environmentally friendly transportation modes and providing infrastructure for electric vehicles and low carbon fuel vehicles.

2. Waste

In 2050, Phoenix will create ZERO WASTE through participation in the "Circular Economy." In the short term, we will proceed on the target to divert 40 percent of waste by 2020. To move toward Zero Waste by 2050, three key actions are needed:

- a. Increasing the number of products recyclable by incubating local businesses to capture new products from the waste stream. The city of Phoenix has established the Resource Innovation Campus at the 27th Avenue Transfer Station to support new businesses, and constructed a new Compost Facility for the processing of green waste and organics which opened in June 2017.
- b. Supporting the transition to a Circular Economy and encouraging the retail industry to provide products that are either 100 percent recyclable or able to be repurposed at end of life.
- c. Expanding the current recycling program to remove commonly recycled products from the waste stream (and reducing the number of non-recyclable products from the recycle bins) through public education and awareness campaigns and new programs that increase access to recycling services for residents and businesses.

3. Water Stewardship

The 2050 goal, essentially a perpetual one, is to provide a clean and reliable 100-year supply of water. The city of Phoenix has been proactive over the last century building the necessary infrastructure and systems to provide a clean and reliable supply of water for the foreseeable future. Phoenix's water management is exemplified through its water conservation programs. The three action areas of which it has been a long-established national leader are:

- a. Groundwater Management: Supported by the nation-leading Groundwater Act of 1983, Phoenix is a net-positive contributor to groundwater using only 2/3 of its allocation from the Colorado River and diverting the other 1/3 toward groundwater recharge.
- b. Wastewater Management: Phoenix recycles an amazing 89 percent of its wastewater for uses such as irrigation and cooling for the Palo Verde Nuclear Plant. Phoenix also captures methane emissions from wastewater treatment and partnered with Ninety-First Avenue Renewable Biogas, LLC to build a facility to generate renewable natural gas from the wastewater treatment for use in vehicles. The bio-gas facility opened in February 2019.
- c. Water and Wastewater Innovation: Phoenix is an established leader in water innovation and was recognized for three innovative projects; the \$6 million annual Colorado Water Resiliency Fund, the "Tucson-Exchange" where Phoenix stores water resources underground in Tucson to be used during low water years, and the Tres Rios Wetlands, where treated wastewater undergoes a final polishing through constructed wetlands creating a vibrant ecosystem.

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. Buildings exist today that already meet this standard, like those that meet the Living Building Challenge 3.0. At the community scale, the goal will be to establish 15 vibrant compact complete centers where the majority of services needed by each community are provided locally; residents will be able to live, work, and play all within walking distance.

5. Parks, Preserves, and Open Spaces

More than many cities, Phoenix residents have a strong connection to the natural eco-system around them; most identify strongly with living in a desert. The 2050 goal of having all residents within a five-minute walk of a park or open space is enhanced through two complementary actions:

- a. Adding 150 miles of paths, greenways, and bikeways throughout the city, and transforming an additional 150 miles of canals into vibrant public space. Phoenix has more canals than Venice, but significant upgrades are needed to make them widely used and enjoyed.
- b. Reducing urban heat-island through green-infrastructure (such as "cool roofs", permeable pavement, and stormwater capture) as well as doubling the current tree and shade canopy to 25 percent by 2030. Structured shade and trees facilitate increased walking and biking, increase property values, and, most importantly, can be used to create great public gathering spaces in communities.

6. Clean Air

By 2050, Phoenix will achieve a level of air quality that is healthy for humans and the natural environment. This includes outperforming all federal standards and achieving a visibility index of good or excellent on 90 percent of days or more. (Depending on the year, Phoenix currently achieves this good or excellent visibility rating on 70-80 percent of days.)

7. Local Food Systems

Increase community access to fresh and healthy food by creating a vibrant food system. Many residents live in "food deserts" where they are more than one mile from fresh and healthy food. In Phoenix, there are 43 food deserts which are more than 75 percent of the total number of food deserts in Maricopa County. Increasing neighborhood access to fresh and healthy food will improve community health and reduce diet-related disease. 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

Other examples of environmental stewardship include:

- Plastic Waste Conversion Partnership- The City of Phoenix Public Works Department established a venture partnership with Phoenix based Generated Materials Recovery and Renewlogy, a plastic-to-fuel tech firm founded at MIT aims to turn plastics destined for the landfill into fuel. The innovative repurposing of what's known as "Plastics 3-7", uses low-value plastics stamped with a resin code, which is a number between one and seven inside the small triangle made of arrows, to produce refined fuels for home heating, ingredients for diesel, gasoline, or kerosene. Once in full production, the project is expected to divert ten tons per day of mixed plastic waste, which equates to 60 barrels of liquid fuel.
- Citizen Forester Program- Volunteers from the American Meteorological Society (AMS) and Citizen Forester Program worked with staff from the Phoenix Parks and Recreation Department to plant 30 trees. Financial support was provided by the AMS and Verizon Wireless. The trees were planted in the "Circle of Life" area which is located in the middle of Steele Indian School Park. The addition of these trees helps support the city's Tree and Shade Master Plan goal of creating 25 percent citywide shade canopy by 2030.
- Phoenix Brownfields to Healthfields Project- The City of Phoenix was awarded a \$400,000 community-wide brownfields assessment grant from the U.S. Environmental Protection Agency (EPA) for the Phoenix Brownfields to Healthfields Project (PHXB2H). The overall goal of the project is to remove hazardous substances and pollutants from identified brownfield properties and to redevelop these properties for uses that improve public health. The EPA grant will fund development of a city-wide brownfields inventory, environmental site assessments, health monitoring, and cleanup planning activities. Proposed reuses include, healthcare facilities, clinics (permanent and mobile), healthy food outlets; supermarkets, temporary food retailers, mobile markets, urban agriculture, food hubs, community/school gardens, and farmer's markets. The impact of this project results in improved community health due to the elimination of exposure to hazardous substances and creation of opportunities for improved access to healthcare and healthy foods, which positively impacts environmental and health equity.
- Soft Plastic Recycling Program- A collaboration between the City of Phoenix and the Arizona Food Marketing Alliance, Bag Central Station was implemented to divert plastic bags and soft plastics from the landfill as well as from the Phoenix recycling facilities. Soft plastics are thin and flexible, which includes plastic bags, plastic wrappings, or flexible packaging material. Drop-off locations include AJ's, Albertson's, Basha's, Best Buy, Fry's Food Stores, Food City, IGA Family of Stores, Kohl's, Los Altos Ranch Markets, Safeway, Sprouts Farmer's Market, Target and Wal-Mart. Soft plastics are then collected and sent to a recycler which turns the material into new bags, composite lumber, park benches, and other useful items.
- Complete Streets Policy- The Complete Streets Policy establishes guiding principles and practices so that transportation improvements are planned, designed, constructed, operated and maintained to develop an accessible, safe, reliable, efficient, integrated, convenient and connected multimodal transportation system that promotes active transportation and public health, and accommodates people of all ages and abilities, including pedestrians, bicyclists, users of mass transit, motorists, emergency responders, freight providers and adjacent land users. The Complete Streets Policy further advances its goal to create a more sustainable transportation system that is safe and accessible for everyone. Complete Streets provides infrastructure that encourages active transportation such as walking, bicycling, transportation choices and increased connectivity. Through this policy, the primary focus of street design will no longer be solely on the speed and efficiency of the automobile travel, but on the safety and comfort of all users of the public right-of-way.

- Tree and Shade Master Plan- The City of Phoenix is poised to become the next great American City. The Tree and Shade Master Plan presents Phoenix's leaders and residents a roadmap to creating a 21st Century desert city. The urban forest is a keystone to creating a sustainable city because it solves many problems with one single solution. By investing in trees and the urban forest, the city can reduce its carbon footprint, decrease energy costs, reduce storm water runoff, increase biodiversity, address the urban heat island effect, clean the air, and increase property values. In addition, trees can help to create walkable streets and vibrant pedestrian places. More trees will not solve all the problems, but it is known that for every dollar invested in the urban forest results in an impressive return of \$2.23 in benefits. Goals of the Tree and Shade Master Plan include:

1. Raise Awareness by;

- Establishing partnerships
- Educate the public and staff through programs, publicity and media
- Lead by example-In 2018-19 City Council approved funding of \$450,000 annually to improve tree replacement in the right-of-way

2. Preserve, Protect, and Increase by;

- Creating an Urban Forest Infrastructure Team
- Conducting a tree inventory for city-owned facilities and right-of-ways
- Developing and adopting best management practices
- Researching and developing dedicated revenue streams to purchase trees

3. Sustain Maintainable Infrastructure by;

- Review city ordinances to possibly include:
 - Engineered shade standards
 - Streamlined permitting for engineered shade
 - Tree permitting
 - Tree protection on construction sites
 - Incentives and alternatives
 - Planting and irrigation standards
 - Landscaping standards based on the concepts of right tree, right place



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.

- Milton Dohoney, Jr., Assistant City Manager for the City of Phoenix, received the Catherine F. Connolly Outstanding Assistant/County Manager Award, which recognizes outstanding assistant city or county managers that have demonstrated exemplary service to their organization, the community, and local governments. Among his many accomplishments, Dohoney's leadership was key in the selection of the Phoenix-area for the NCAA Final Four in 2017 and the Super Bowl in 2023. Dohoney also spearheaded an innovative public process for hiring the city's Police Chief, and continues to lead an organization-wide effort to reimagine service delivery with a focus on efficiency and better outcomes for residents.
- The City of Phoenix was recently honored with a Distinguished Budget Presentation Award by the Government Finance Officers Association (GFOA) for its current budget. This is the 28th consecutive award for the city, which is bestowed through a peer-review process. The GFOA gives the Distinguished Budget Presentation Award to government organizations that most effectively present their budget information according to nationally recognized guidelines. This ensures that the budget documents produced can serve as a policy guide, a financial plan, an operations overview, and a communications tool, and are clear to understand and encourage budget transparency.
- The City of Phoenix earned a perfect score from the Human Rights Campaign for the fifth year in a row for its ongoing efforts to ensure equal treatment of members of the lesbian, gay, bisexual and transgender community. Phoenix was one of a record 78 cities to earn a perfect score out of the 506 cities evaluated in the 2018 Municipal Equality Index. Phoenix has maintained a perfect score since the passage of the City's anti-discrimination ordinance in 2012. The ordinance makes it unlawful to discriminate against someone based on sexual orientation, gender, identity or disability for the purpose of employment, public accommodations, housing, and government contracts.
- The Alliance for Innovation presented city staff with an Outstanding Achievement in Local Government Award for its public-private partnership with the Milwaukee Brewers to renovate Maryvale Baseball Park. The deal requires the Brewers to spend \$60 million on renovations to the park and take over operations of the facility. In return, the city will spend \$10 million over the next five years to assist with renovations and pay the team about \$1.4 million annually per year for 25 years to operate the park, which is about what it spends now on operations. The key component of the deal is a major overhaul of the 19-year-old facility, financed by the Milwaukee Brewers.
- Phoenix Sky Harbor International Airport has been named the Best Airport for Shopping in USA Today's 10 Best Travel Contest. Earlier this year, Airport Experience News nominated 15 airports with stand-out retail programs that provided travelers with a variety of shopping items both before and after security. Phoenix Sky Harbor International Airport came in first among airports across the U.S., Phoenix Sky Harbor International Airport has a strong retail program with a variety of nationally recognized brands as well as local products. In 2018, the airport brought 35 new retail locations to its busiest terminal, Terminal 4, as well as two new post-security spa locations, and US Careways Urgent Care, an airport medical clinic with a doctor on staff and a drug store.



- Architectural Digest deemed Phoenix's historic Orpheum Theatre "Arizona's Most Beautiful Theater" on its 2018 list of most beautifully designed theaters in each state. Opening in 1929 amid much fanfare, the Orpheum's Spanish-baroque architecture, ornate features and atmospheric setting attracted visitors from near and far. In 1929, the theater offered 1,800 seats and an early form of air conditioning, which made it a place for entertainment and refuge from the desert heat.
- The City of Phoenix Parks and Recreation Department and Arizona Public Service (APS) received the Arizona Parks and Recreation Association's 2018 Partnership Award for their work producing the APS Electrical Light Parade. The Partnership award recognizes the collaborations of public/private groups or agencies that have made a significant contribution to the field of parks, recreations, and/or cultural services. For 31 years, the parade has taken to the streets of central Phoenix on the first Saturday of December. It is a free event where families, neighborhood groups, and businesses from around the city come together to celebrate the joy of the holiday season.
- The Information Security and Privacy Office team accepted the CSO50 2019 award which honors the top 50 organizations' Computer Security Offices in the country for their security project or initiative that demonstrates outstanding business values and thought leadership. The award recognized the team's project to implement a Vulnerability Management Program. The program focused on consolidating and centralizing citywide network vulnerability management and incorporated cloud-based technology, specialized software and workflow to help eliminate detected risks and incorporate new standards, as well as new business and legal contract practices.

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. The Community Service Fund Drive (CSFD) 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, and 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 \$25 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 \$699,000 during the City's Valley of the Sun United Way 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 a few public service successes, large and small, that improved the quality of life for residents, businesses and visitors.

- Phoenix Sky Harbor International Airport added video relay service to assist deaf, hard of hearing, and speech challenged travelers. The newly installed tablets with video relay service allow deaf and hard of hearing as well as speech challenged travelers who use American Sign Language to communicate via video call with an interpreter service. Video relay service is the video equivalent to the traditional telecommunications relay service in which users type on a TeleType (TTY) keyboard and the relay operator speaks the message to the recipient. Five tablets were installed in Terminal 4, and an additional five tablets will be installed throughout the airport and rental car center by the end of 2019. Individuals with subscriptions can log into their accounts and video call an interpreter to receive assistance with their travel or communication needs.
- In March of 2019 a new, highly-anticipated temporary dog park opened in Downtown Phoenix, just west of the Phoenix City Council Chambers. Downtown Phoenix has seen tremendous residential growth in recent years and with the area's first grocery store completing construction later this year, it is important we continue to provide other residential amenities to our residents who live, work and play downtown. This project serves as a perfect example of my Team Phoenix approach where the City, community and private partners come together to provide first.
- The Phoenix City Council took action in December 2018 to accelerate the city's pavement maintenance program, unanimously approving the first steps to implement a plan that advances \$200 million in pavement maintenance projects on arterial and major streets. The Council's approval follows action taken in October to advance pavement maintenance efforts through the financing of Transportation 2050 street program revenue. The budget boost will significantly improve both the condition of the city's arterial and major collector streets, and the city's local and minor collector streets beginning this fiscal year and over the next five years.
- Project EverGreen, a national non-profit devoted to creating a greener, healthier, cooler Earth; the Sports Turf Managers Association, the Phoenix Parks and Recreation Department, local businesses and community members teamed up to renovate the ballfield at Lindo Park, located at 2230 W. Roeser Road. More than 80 volunteers joined forces to complete the project, one of several community events held citywide as part of Martin Luther King Jr. (MLK) Day of Service. Volunteers who assisted with the renovation project included sports field managers, lawn care professionals, landscape contractors, groundskeepers, and residents and youth from the surrounding neighborhood. The project included: surveying the field to determine existing and proposed elevations for the playing field; laying out new grass edges along 1st and 3rd base lines; inspecting and adjusting the irrigation system to ensure proper coverage in the outfield; fertilizing and silting seed for the outfield turf; laying out and rebuilding the pitcher's mound, batter's boxes, catcher's box and installing a new pitching rubber; installing a new home plate; grading the infield surface to cut high areas and fill low areas; and installing sod to repair areas of damaged turf. The new ballpark will enhance recreation in the community surrounding Lindo Park for decades to come.
- Starfish place became the first long-term housing facility for human trafficking victims and their families in the United States.
- Pet therapy dogs provided 4,806 hours of tail-wagging comfort to visitors at Phoenix Sky Harbor International Airport.
- Forty-five Police and Fire staff were deployed as part of a FEMA Urban Search and Rescue Incident support team in response to Hurricane Florence in North Carolina. Team members provided 82 rescues by air and ground, and 16 animal rescues.

- Phoenix Convention Center events and venues served 864,383 guests in 2018.
- 66,108 attendees participated in Phoenix senior center exercise classes (including aerobics, ballroom dancing, line dancing, Pilates, ping-pong, Tai Chi and yoga).
- College Depot, the free, full-service college access center located at the Burton Barr Phoenix Public Library, served 14,879 youth and adults (staff helped with 1,335 applications for federal student aid).

CITY OF PHOENIX EXCELLENCE AWARDS

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

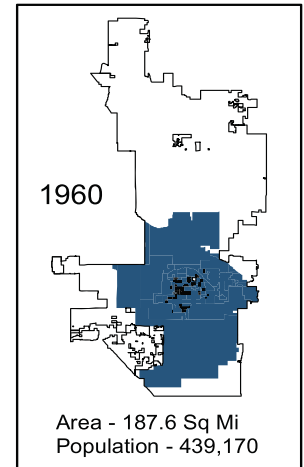
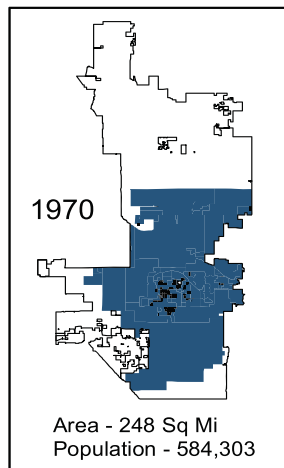
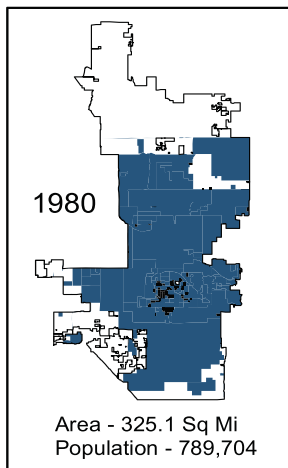
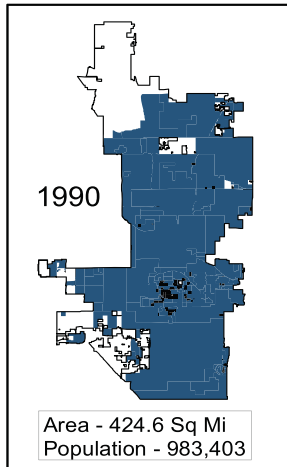
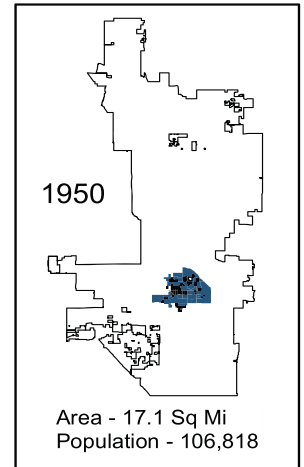
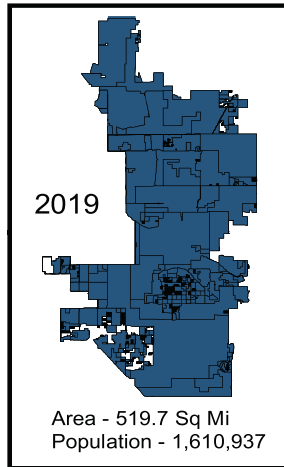
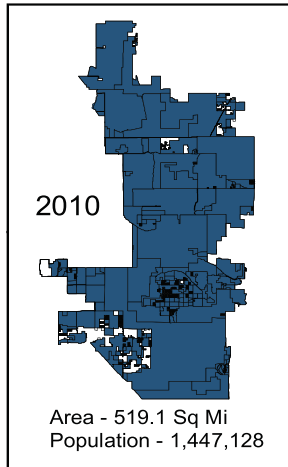
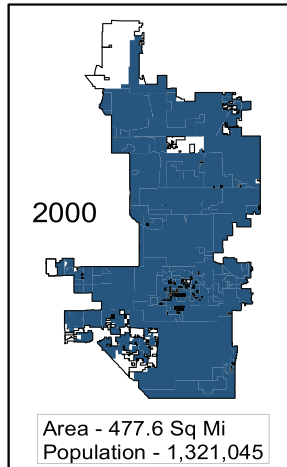
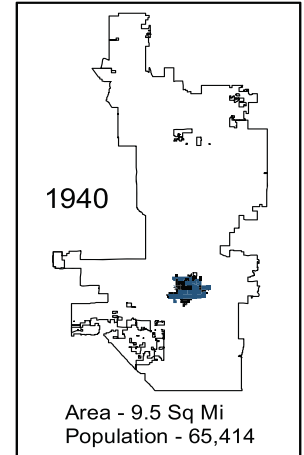
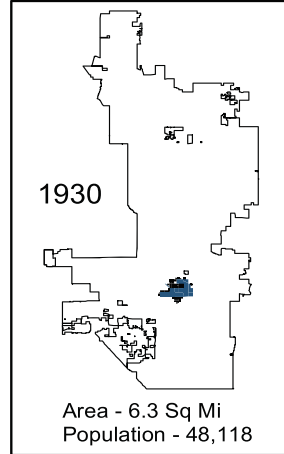
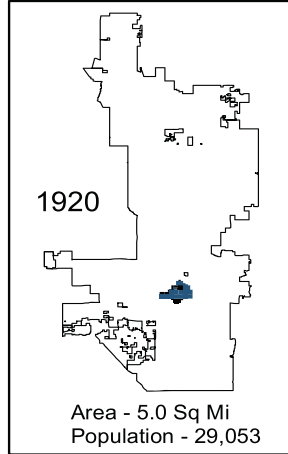
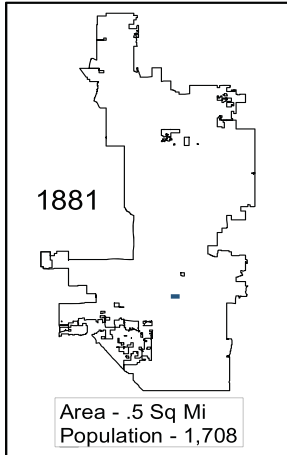
- Lisa Valdivia, Banking and Cashier Administrator, is a volunteer for many causes and shared her desire to help those living on the street in downtown Phoenix. Lisa was able to secure donations to put together “care packages” for the homeless. The packages included water, fruit, hygiene products, sunscreen, chapstick, socks, bandages, and dental products. Lisa paid for and bought items that were needed to complete the packages. The care packages were assembled and passed out during the lunch hour. In addition, Lisa noticed boxes left in front of the 305 W. Washington Street city services pay station. She was told by staff they belonged to a young lady, a victim of domestic violence. This young lady had left her abuser, did not have any family or friends she could stay with, and was downtown to attend crisis court because her children had been removed from the home she was living in. Lisa made a few phone calls and shared the resource information with the young lady. Before leaving for home, Lisa checked on the young woman. Scared and with no where to go she was planning on sleeping outside in front of the city services pay station. She was not dressed for the nighttime temperature. Lisa called around and was able to secure and pay for a hotel for a couple of nights and drove the young woman to check her into the hotel. The following morning Lisa was contacted by a friend that had found the young woman a domestic violence program that included a place to stay, this new living arrangement also allowed her to be reunited with her children.
- Alma Hernandez, a Consumer Advocate for the Water Services Department works in the city services call center where they manage customer calls from over 437,000 water, sewer, and solid waste residential and business accounts. When customers escalate concerns to Council representatives or to the City Manager’s Office, Alma advocates on behalf of the consumer, researches concerns, and provides kind and patient guidance towards problem resolution. Each year Alma reviews, resolves, or responds to over 850 escalated issues and concerns, ensuring the best possible service to each caller. Resolutions are reported back to the referring office or agency, the Mayor’s Office, City Council Office, and city management staff. Although customers are at times surprised, frustrated, confused, angry or panicked over billing for their water, wastewater, and solid waste city services, Alma listens to their concerns, reviews account information, ensures compliance with city code and policies, and explains it to the customer all in everyday language. Alma works with the customer to avoid service disruption by identifying bill payment options and collaborates with sister agencies to provide customers with housing and utility assistance. A thank you note sent to the City Manager sums it up best: “Thank you for forwarding me to Alma Hernandez who is literally a saint. Though I was distraught and caught off guard about our water bill, she checked previous years bills, helped me identify the sprinkler system issue, and followed up daily to reduce worry about past and future bills. She was patient though I was sometimes not during our conversation. I thank you so much that the city of Phoenix has a great Consumer Advocacy representative such as her”.
- The City of Phoenix Housing Department opened the iWORKS program to help public housing residents at Marcos De Niza secure employment or higher paying jobs. As staff worked to recruit residents for the program, many families were unable to participate due to the lack of affordable childcare options in the community. To meet the needs of the residents, the Housing, Human Services, Planning and Development, and Law Departments identified an underutilized church owned by the city that could be repurposed to serve as an onsite preschool for residents and the community. The Human Service Department determined that with some improvements, the building would be a suitable location for a Head Start program that could serve 20 children and identified the Greater Phoenix Urban League (GPUL) as an ideal partner to operate the program. The GPUL connected city staff with an architect who produced the commercial plans needed to repurpose the Church, obtained city approvals and got a state license to operate the building. The Housing and Planning and Development Departments worked together to identify funding to improve the structural integrity of the building, renovate interior finishes, install new playground equipment and a fence around the outdoor play area. After thirteen months of planning and preparation, the Marcos De Niza Head Start program opened to provide vital early childhood learning opportunities for low-income families, and give households a safe and affordable childcare option as they work to gain employment.
- In May of 2018, El Prado Pool was the site of a devastating arson fire. The fire occurred one week before it was scheduled to be open for the annual pool season. As the only public aquatics facility in the southwest valley and a “Kool Kids” subsidized facility (provides free open swim for youth), it was determined that the restoration and re-opening of the

pool as quick as possible was a priority. In a perfect example of teamwork and cooperation, staff from the Parks and Recreation, Public Works, Street Transportation, Information Technology Services, Planning and Development, and Fire Departments came together to develop a plan to meet minimum occupancy requirements to re-open the pool for public use as soon as possible. Working around the clock, improvising, and problem solving issues as they developed, the team exceeded expectations and opened the facility for a full schedule of swimming lessons, swim and dive team practices, public open swim hours, and other aquatics programs and activities on June 4th. The facility had been closed for only five days of the pool season, and the focused work of the team had vastly limited the impact of the closure of this important summertime facility.

- Julian Sanchez III, a Traffic Maintenance Foreman II with the Street Transportation Department, came up with a design to improve operations, increase safety, and save money. His design mounted a paint spray machine and generator to a vehicle by making slight modifications to the machine and vehicle. The new design enabled crews to paint stencils, Parking T's, and any other marking painted with a hand-held paint sprayer using only a work truck. This design eliminated the purchase of an expensive line lazer pushing machine and a trailer. The change enabled crews to park in smaller spaces, block less traffic, perform U-turns, reduce pre-trip and prep times, and no longer having to purchase and maintain a trailer. This design allowed the crew to be more productive by not having to work around a set-up that included a truck, trailer, and push style paint machine. The design saved over \$25,000.
- On July 23, 2018, Public Works Department staff received an urgent request to assist the Central Arizona Shelter Services Campus (CASS) with portable cooling as one of the site's 200-ton air cooled chillers was out of service and the second unit was running at 25 percent, leaving the site with minimal cooling capacity during one of the hottest days of the year. This was critical as there was a heat warning in effect from the National Weather Service with the temperature expected to set a record of 115F that afternoon. CASS provides shelter and supportive services to men, women, and children experiencing homelessness. Due to the record high temperatures, the failing cooling system could have prevented CASS from delivering critical services which could have resulted in life-threatening conditions. Even though CASS is not owned or operated by the City, the Public Works team responded immediately with a very creative and effective solution. The team placed three portable generators and 25-tons of portable cooling on site to cool the sleeping quarters that house 470 individuals. Additionally, staff installed fans throughout the space to ensure cooling for all occupants and remained on site to lend assistance throughout the day and into the evening. Thanks to their hard work and the leadership of then Public Works Facilities Superintendent Mark Binelli, in extreme heat, much needed heat relief was in place and no one in need of shelter was turned away. The Public Works' temporary solution remained in place throughout the week even after a large temporary chiller was delivered to the site.
- Martin Whitfield, the Library Department's Deputy Library Director for Management Services, worked tirelessly to restore and reopen Burton Barr Central Library while building an effective facilities team to address ongoing maintenance and repair of library facilities. After the unexpected closure of Burton Barr Central Library in July 2017, Martin Whitfield was assigned by the City Manager's Office to assist the Library Department with the restoration of Burton Barr. Martin jumped in immediately and began working with a large team of city staff including Public Works, Street Transportation, Fire, Finance, and Law, as well as several design and engineering firms, and multiple contractors to restore Burton Barr Central Library and add additional amenities for the community. This team, with Martin as the Library's lead, managed a \$9.4M insurance claim that included replacing the roof, 5th floor fire suppression system, flooring, drywall, paint, cabling, electric, computers, and along the way also addressed other facilities maintenance related items. During the closure, the Children's Area was expanded to 14,000 square feet to be more functional with new children friendly furniture and a larger story time space. Additional improvements included adding a state of the art auditorium in the College Depot space and a computer lab using a Virginia G. Piper Charitable Trust Grant, as well as upgrading the MACH1 makerspace on the 4th floor. Throughout this process Martin convened the needed conversations and made sure the right stakeholders were present, streamlined decision making and kept everyone in the communication loop. His dedication and determination kept the project moving along quickly. No issue was too small or too big, he brought the same professionalism to them all working to get the best outcome. His ability to work with a diverse group kept the stakeholders engaged and motivated. Martin was also instrumental in facilitating a lease agreement to open a temporary library location at Park Central Mall which was open from January through June 2018. He handled arrangements with the owner's contractors who got the space ready for the library and he participated in the lease negotiation. Working directly with library staff, Martin managed the many details of moving library furniture, collections and staff into the temporary library location which afforded our community the access to regular library services and programs. Over 103,000 residents visited and checked out over 111,000 items from the collection. On June 16, 2018 Burton Barr Central Library reopened on time with city management, elected officials, and Library staff greeting customers as they entered.

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

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 519.7 square miles.

Today, Phoenix is the fifth most populous city in the United States, state capital of Arizona and center of the metropolitan area encompassed by Maricopa County. This metropolitan area also includes the Cities of Mesa, Glendale, Tempe, Scottsdale, Chandler, Peoria, Surprise, Goodyear, Avondale, El Mirage, Tolleson 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 (15%); government (11%); financial activities (9%); manufacturing (6%); and construction (6%). Major employers of the Phoenix metropolitan area include State of Arizona, Banner Health, Wal-Mart, Fry's Food Stores, Wells Fargo & Company, Maricopa County, City of Phoenix, Intel, Arizona State University, and Bank of America. The top ten property taxpayers, based on secondary assessed valuation, are Arizona Public Service Company, Southwest Gas Corporation, CenturyLink Inc., Host Kierland L.P., AT&T Corporation, Host Camelback I L.L.C., Esplanade Owner L.P., United Services Automobile Association, Grand Canyon University and Phoenix Plaza P.T. L.L.C. These taxpayers make up 6.4 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 2017-18	Estimated 2018-19	Projected 2019-20
DEMOGRAPHIC PROFILE							
Population ¹	789,704	995,896	1,350,435	1,453,462	1,592,922	1,611,000	1,629,000
Percent of Population by Age							
Under 5	7.8	8.5	8.5	8.3			
5-19	25.0	21.6	21.5	23.0			
20-44	39.3	42.9	42.8	37.2			
45-64	18.6	17.3	17.3	23.1			
65+	9.3	9.7	9.8	8.4			
Percent of Population by Race ¹							
Caucasian	78.1	71.9	55.8	65.9			
Black/African American	4.7	4.9	4.8	6.5			
American Indian/Alaska Native	1.1	1.6	1.6	2.2			
Asian	0.9	1.5	1.9	3.2			
Native Hawaiian/ Other Pacific Islander ²	N/A	N/A	0.1	0.2			
Other	15.2	20.1	35.8	22.0			
Hispanic/Latino (of Any Race) ³	14.8	20.0	34.1	40.8			
Not Hispanic or Latino (of Any Race) ³	85.2	80.0	65.9	59.2			
CITY ECONOMIC PROFILE							
Median Household Income ⁴	\$29,706	\$30,797	\$40,856	\$42,260	\$56,696	\$58,907	\$61,205
Personal Income Growth (Metro Phoenix) ⁵	14.8%	4.6%	6.7%	3.0%	6.2%	6.5%	6.5%
Secondary Net Assessed Valuation ('000s) ⁶	N/A	\$5,700,825	\$7,573,211	\$16,092,308	\$15,366,354	\$16,665,875	\$18,193,681
Full Cash Value (Millions) ⁷	N/A	N/A	N/A	\$144.772	\$152,048	\$164,275	\$179,418
Employment Growth Rate ⁸	N/A	(3.0)%	3.7%	(2.1)%	2.8%	3.6%	2.8%
Unemployment Rate ⁹	N/A	4.9%	2.7%	9.1%	4.1%	4.3%	4.3%
Value of Residential Construction (Billions) ¹⁰	N/A	\$0.42	\$1.16	\$0.28	\$0.93	\$0.94	\$0.94
Value of Commercial Construction (Billions) ¹⁰	N/A	\$0.46	\$1.33	\$2.60	\$3.20	\$3.60	\$3.60
CITY FINANCIAL PROFILE							
Total Budget ('000s)	\$392,780	\$1,026,545	\$1,946,013	\$3,020,690	\$3,547,074	\$3,918,854	\$4,554,985
Total GF Budget ('000s) ¹¹	\$221,106	\$591,021	\$953,324	\$954,795	\$1,177,279	\$1,228,747	\$1,393,926
Total Employees	9,435	11,388	14,352.0	15,002.8	14,442.4	14,615.6	14,821.5
Total Employees per 1,000 population ¹²	11.9	11.4	10.6	10.3	9.0	9.0	9.2
Non-Enterprise Employees per 1,000 population	N/A	N/A	8.6	8.0	7.0	7.1	7.2
Enterprise Employees per 1,000 population ¹³	N/A	N/A	2.0	2.3	2.0	2.0	2.0
Property Tax Rate	1.75	1.79	1.82	1.82	2.16	2.14	2.13
G.O. Bond Rating (Moody's/Standard and Poor's/Fitch) ¹⁴	Aa/AA	Aa/AA+	Aa1/AA+	Aa1/AAA	Aa1/AA+/ AAA	Aa1/AA+/ AAA	N/A
Number of PLT Licenses ¹⁵	37,943	43,756	51,000	56,460	171,080	160,000	160,000
City Retail Sales Tax Rate ¹⁶	1%	1.2%	1.8%	2.0%	2.3%	2.3%	2.3%

	1980-81	1990-91	2000-01	2010-11	Actual 2017-18	Estimated 2018-19	Projected 2019-20
INFRASTRUCTURE PROFILE							
Area (Square Miles)	329.1	427.1	483.5	519.1	519.4	519.7	519.7
Police							
Major Crimes ¹⁷	86,287	110,961	97,666	70,108	72,972	69,100	69,100
Dispatched Calls for Service ¹⁸	452,350	895,117	862,769	666,116	685,935	679,000	680,000
Authorized Sworn Police Officers ¹⁹	1,694	2,047	2,810	3,281	3,275	3,274	3,274
Fire							
Fire Stations	35	45	45	57	58	58	59
Fires and All Other Calls	25,162	26,281	28,369	19,335	25,241	24,500	24,400
Emergency Medical Calls	46,122	75,112	101,396	136,163	181,483	180,400	181,000
Authorized Sworn Firefighters ¹⁹	838	1,042	1,315	1,661	1,669	1,686	1,694
Building Inspections							
Total Number of Inspections ²⁰	196,356	176,909	261,184	131,600	226,125	238,000	241,000
Streets							
Total Miles	3,084	3,800	4,299	4,825	4,863	4,863	4,863
Miles Resurfaced and Sealed ²¹	216	250	220	127	230	427	470
Total Miles of Bikeway ²²	N/A	250	472	615	716	1,420	1,455
Traffic Control and Lighting							
Signalized Intersections	555	761	906	1,092	1,147	1,152	1,164
Street Lights ²³	39,097	50,825	70,750	89,826	92,325	92,675	92,725
Traffic Accidents ²⁴	28,129	28,414	36,500	22,742	30,782	32,800	34,800
Aviation							
Passengers Arriving and Departing	6,500,000	22,175,000	35,900,000	40,500,000	44,340,395	45,600,000	46,100,000
Solid Waste Collection							
Residences Served	281,900	281,392	327,953	392,825	405,009	408,300	410,700
Tons Disposed at City Landfills ²⁵	379,000	513,643	1,051,935	1,002,346	861,177	925,500	931,000
Municipal Parks							
Number of Municipal Parks	137	181	199	225	228	228	228
Developed Park Acres ²⁶	1,303	2,206	3,332	5,071	4,573	4,573	4,573
Number of Municipally Operated Golf Courses	5	5	7	6	5	5	5
Libraries							
Material Circulation ²⁷	3,691,745	5,962,411	9,151,000	13,839,543	11,303,621	11,500,000	11,500,000
Total Material Stock ²⁸	1,182,606	1,732,410	2,016,000	1,643,977	3,138,484	3,500,000	3,600,000
Number of Library Branches	9	11	13	16	17	17	17
Equipment Management							
Number of Equipment Units in Fleet ²⁹	4,497	4,776	6,080	7,612	7,340	7,340	7,429
Water							
Connections ³⁰	282,048	321,996	350,967	397,390	426,558	430,000	434,000
Production (billions of gallons) ³⁰	88.5	84.7	109.4	98.6	102.7	96.2	99.1
Miles of Line	3,083	4,246	5,007	6,270	6,954	6,980	7,006
Wastewater							
Connections	250,199	311,980	327,051	389,978	414,907	418,000	422,000
Miles of Line	3,040	3,661	4,174	4,980	4,884	4,906	4,924

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

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

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

⁴ Median Household Income is based on U.S. Census Bureau data for the city of Phoenix geographic area. For the estimate and projection years, the Calendar Year (CY) 2018 greater Phoenix Consumer Price Index (CPI) of 3.9% was applied to the U.S. Census Bureau's (FactFinder) 2017 American Community Survey

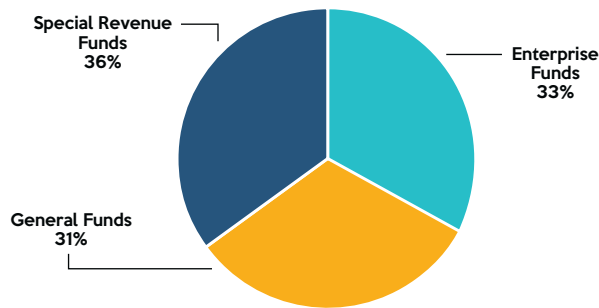
- 1-year estimates for city of Phoenix Median Household income. This reflects a change from the method used in previous budget documents, which calculated median household income using personal income growth rates from the U.S. Bureau of Economic Analysis.
- ⁵ Personal income growth percentage is from University of Arizona's "Economic Outlook" quarterly publication (University of Arizona Economic and Business Research Center).
 - ⁶ Following the 2012 voter approval of the Arizona Property Tax Assessed Valuation Amendment (Proposition 117), and A.Z. Const. art. IX, § 18(3), Secondary (Full Cash) Net Assessed Valuation is no longer used for purposes of calculating Secondary Property Taxes. The City continues to report Secondary Net Assessed Valuation here for continuity with previous reports.
 - ⁷ Full Cash Value represents market value of properties as determined by the Maricopa County Assessor's Office, prior to the application of Limited Property Value formulas, assessment ratios and exemptions. Prior to 2015-16, trends in Full Cash Value correlated to trends in the City's Secondary Property Tax Base; however, this correlation no longer applies. Reported values lag market conditions by approximately 18 to 24 months.
 - ⁸ Employment growth rate figures for 2017-18 are based on CY2017, while 2017-18 and 2018-19 (total non-farm employment) are based on a 12-month change (Q2) in employment rate. Data is based on the Phoenix-Mesa-Scottsdale Statistical Area (MSA) and is obtained from the United States Department of Labor – Bureau of Labor and Statistics website: bls.gov
 - ⁹ 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. Data is based on the Phoenix-Mesa-Scottsdale Statistical Area (MSA).
 - ¹⁰ Beginning with 2006-07, multi-family projects are included in the commercial valuation total. Prior to 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 and remodels).
 - ¹¹ As of 1998-99, Arizona Highway User Revenue funds are no longer included in the General Fund total.
 - ¹² A correction was made to the calculation of City employees per 1,000 population for 1980-81 and 1990-91. Previous budget books did not adjust for Census data that was published at least a year after the statistic was recorded in budget documents.
 - ¹³ Enterprise departments include Water, Wastewater, Aviation, Phoenix Convention Center and Solid Waste Management.
 - ¹⁴ The ratings listed in the estimated 2018-19 are the City's rating at the time of publication. No attempt has been made to project the City's ratings.
 - ¹⁵ As of January 1, 2017, the City of Phoenix no longer has administrative and collection duties over the management of Transaction Privilege (Sales) and Use Tax Licenses (TPT) accounts. This process is 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 assumed these duties in 2017, it is expected that the State remits 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.
 - ¹⁶ 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.
 - ¹⁷ Total violent and property crimes are based on Uniform Crime Reporting (UCR) standards, not based on Arizona Revised Statutes. Counts are based on finalized data through March 2019 and projected data for subsequent months for all crime types, which has finalized data through April 2018. 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 2014-15 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 2015-16 forward.
 - ¹⁸ The formula that groups calls into dispatched vs. non dispatched was updated in March 2017. Counts for 2015-16 and forward were updated on the improved formula. Dispatched calls with invalid priority information are excluded from the information above but may be included in counts reported elsewhere. Callback (telephone response unit) calls and self-initiated officer on view (OV) calls are excluded from the counts of dispatched calls.
 - ¹⁹ The numbers shown represent the Council authorized sworn position count in Police and Fire. The sworn hiring targets based on projected available resources for Police and Fire is 3,125 and 1,683 respectively, including the current Fire SAFER grant.
 - ²⁰ Includes building, electrical, mechanical, plumbing and general inspections.
 - ²¹ 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.
 - ²² City of Phoenix bicycle network consists of bicycle lanes, bicycle routes, paved shared use paths and unpaved multi-use paths. In 2018-19, the Streets Department changed the measurement methodology of bikeway miles from centerline miles (method used for total miles of streets measurement) to bi-directional miles to be consistent and accurate with bikeway miles regardless of street type. 2018-19 is the earliest year the measurement change can be recorded.
 - ²³ FY 19-20 anticipated growth of eight to 12 signalized intersections is due to Canal Scape projects Phase-1 and Phase-2 and in fill projects throughout the City.
 - ²⁴ Traffic accidents include injury, non-injury and fatal collisions. Due to the implementation of a new Arizona Department of Transportation (ADOT) collision form in 2009, and due to delays in data entry and processing, there can be delays in data becoming available to the City of Phoenix Street Transportation and Police Departments via ADOT. 2018-19 and 2019-20 figures are projections from previous years and currently available data.
 - ²⁵ Residential tonnage has reduced from 2017-18 actuals due to department's efforts to increase recycling and tonnage sent to private contractors. The projected increase in 2019-20 reflects an upward trend in the number of residents served and an increase in consumption.
 - ²⁶ Amount reported prior to 2010-11 include both developed and un-developed park acres.
 - ²⁷ Measure covers all media including: audio books, e-books, CDs, DVDs, databases, books, and periodicals. 2017-18 data reflects the temporary closure of Burton Barr Central Library.
 - ²⁸ Total material stock includes digital material available to patrons. 2017-18 was the first year digital materials were included in this measure.
 - ²⁹ Includes vehicle replacements.
 - ³⁰ Water connections have increased due to an increase in customer accounts, but overall water use has decreased due to wetter weather and conservation efforts. Includes water produced for City of Phoenix only.

RESOURCE AND EXPENDITURE SUMMARY

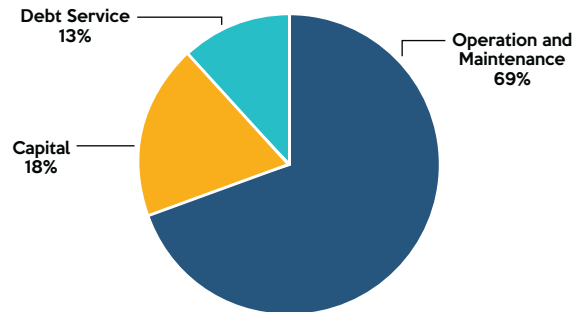
This section provides a broad overview of the resources and expenditures included in the 2019-20 budget. Information is presented for General, Special Revenue and Enterprise funds. General funds, which receive special attention by the community, are highlighted throughout this section. General funds 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 2019-20 budget, financed by operating funds, totals \$4,554,985,000. As shown in the pie chart below, the General Fund portion of \$1,393,926,000 is approximately 31 percent of the total. The Enterprise funds, which include Aviation, Water, Wastewater, Solid Waste and Convention Center, make up another 33 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 36 percent of the total budget.

**All Sources of Funds
Total Resources - \$4.55 Billion**



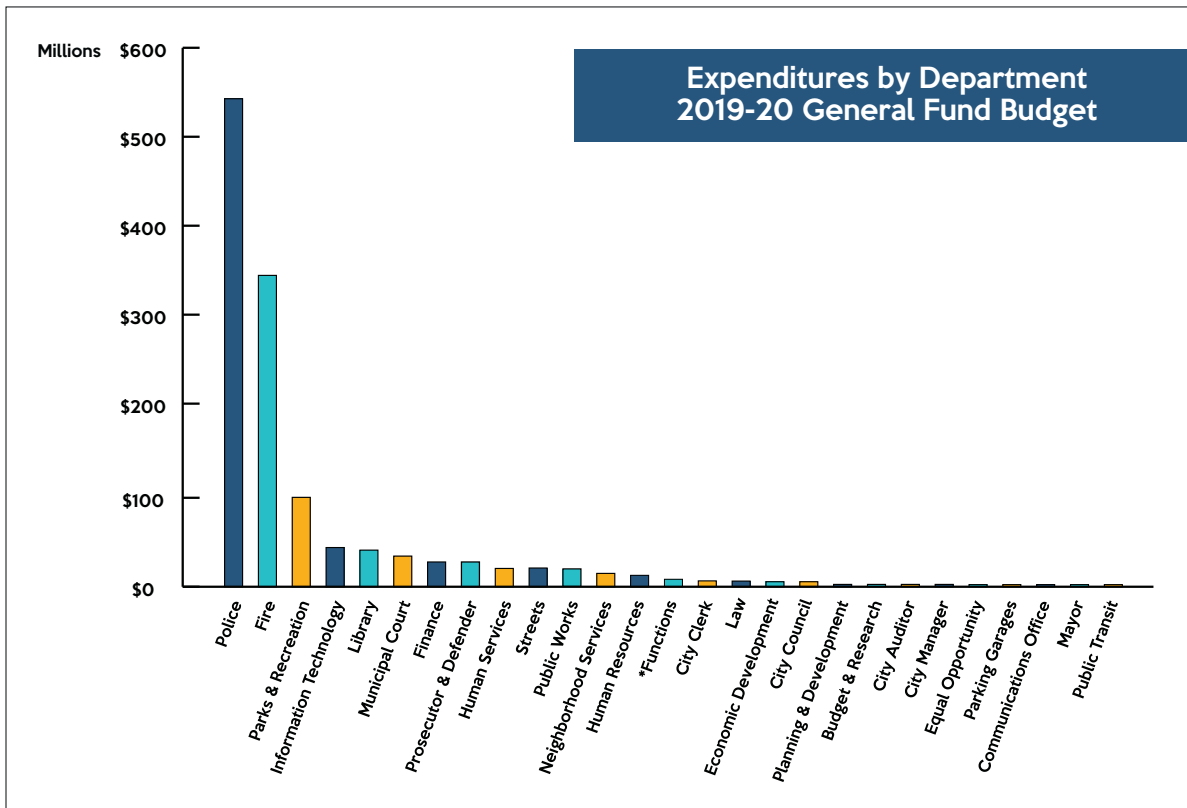
**All Sources of Funds
Expenditures - \$4.55 Billion**



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 2019-20 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.

The table below provides a comparison of the 2019-20 budget to the 2018-19 adopted budget. Actual expenditures for the 2017-18 fiscal year also are included.

	2017-18 Actual Expenditures	2018-19 Adopted Budget	2019-20		
			Budget	Amount Change	Percent Change
Operating and Maintenance Expenditures	\$2,658.3	\$2,929.4	\$3,131.8	\$ 202.4	6.9%
Capital Expenditures	381.4	919.2	827.3	(91.9)	-10.0%
Debt Service	507.4	573.3	595.9	22.6	3.9%
Total	\$3,547.1	\$4,421.9	\$4,555.0	\$133.1	3.0%

Overall, citywide operating and maintenance expenditures are expected to rise by \$202.4 million. Contractual expenditures are expected to increase due to the carryover of various unspent federal grant funds; additional spending associated with voter-approved Transportation 2050 funds for increased bus services, preventive and existing maintenance, and light rail operations; rising street repair costs for utilities; and additional costs associated with aging infrastructure, other critical equipment and technology needs. Personal service costs are expected to climb primarily due to increases in employee compensation from first-year negotiated labor contracts and higher pension costs for both civilian and sworn employees driven by reduced plan earnings and payroll growth. Capital outlay expenses are anticipated to rise due to vehicle and large equipment replacements as the City continues to address its aging fleet. Commodity expenses are projected to increase primarily due to associated fleet costs such as parts and fuel, additional spending for CAD system communication equipment, and space reconfiguration in City Hall and the 438 Inspections Building.

Pay-as-you-go capital expenditures are expected to decrease primarily due to less planned spending from operating funds for Aviation projects at Phoenix Sky Harbor International Airport, including the PHX Sky Train and Terminals 3 and 4.

Debt service expenditures are expected to increase as a result of higher payments for existing General Obligation Bond, Aviation and Water debt required per the amortization schedules.

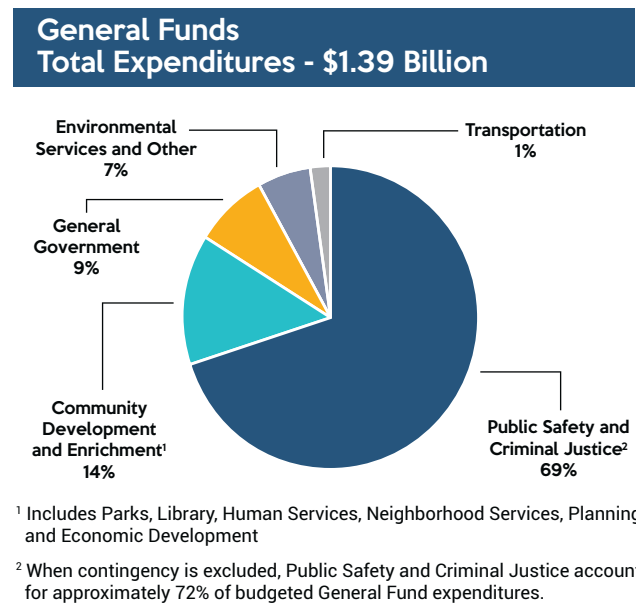
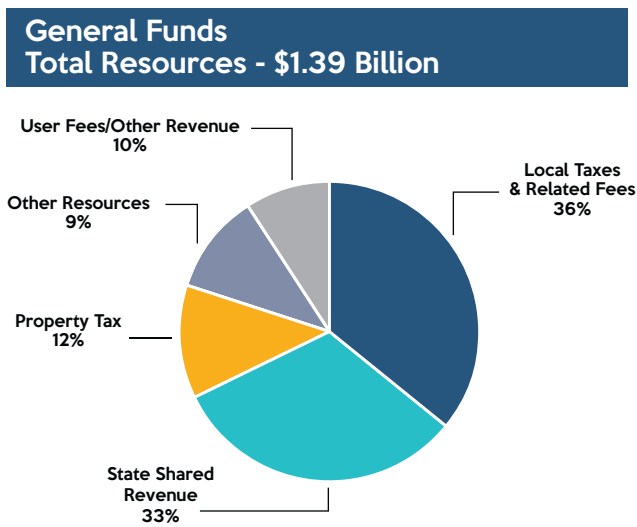
2019-20 GENERAL FUND BUDGET OVERVIEW

The 2019-20 General Fund budget of \$1,393,926,000 provides for ongoing operating and maintenance and some pay-as-you-go capital expenditures. The table below compares the 2019-20 General Fund budget with the adopted 2018-19 budget.

	2017-18 Actual Expenditures	2018-19 Adopted Budget	2019-20 Budget	2019-20 Amount Change	2019-20 Percent Change
Operating and Maintenance Expenditures	\$1,166.2	\$1,296.7	\$1,374.4	\$77.7	6.0%
Capital Expenditures	11.1	13.4	19.5	6.1	45.5%
Total	\$1,177.3	\$1,310.1	\$1,393.9	\$83.8	6.4%

The operating and maintenance expenditures for 2019-20 are expected to increase by 6.0 percent overall compared to the 2018-19 adopted budget primarily due to negotiated employee compensation increases, technology replacements and facility maintenance, additional funding for vehicles, higher jail per diem rates, and costs to implement recommendations of the Traumatic Incident Intervention Resources Ad Hoc Committee. Pay-as-you-go capital expenditure increases are mainly due to increased funding to address aging City facilities, equipment, and other technology needs.

The following pie charts show the 2019-20 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.

2019-20 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 2019-20 beginning fund balances totaling \$1,143.5 million include \$114.1 million in General funds, \$559.6 million in Special Revenue funds and \$469.8 million in Enterprise funds. The estimated beginning fund balance for Special Revenue and Enterprise funds include: Transportation 2050 - \$143.9 million; Other Restricted - \$80.7 million; Parks and Preserves - \$62.8 million; Development Services - \$62.5 million; Sports Facilities - \$53.7 million; Arizona Highway User Revenue - \$31.1 million; 2007 Public Safety Expansion - \$27.8 million; Grant funds - \$26.4 million; Public Safety Enhancement - \$20.1 million; Neighborhood Protection - \$17.3 million; Community Reinvestment - \$13.5 million; Capital Construction - \$13.3 million; Aviation - \$244.5 million; Wastewater - \$82.3 million; Water - \$62.7 million; Convention Center - \$48.4 million; Solid Waste - \$31.9 million and \$6.5 million in various other special revenue funds.

2018-19 GENERAL FUND ESTIMATED ENDING BALANCE

As shown in the following table, the 2018-19 General Fund ending balance, which is also the 2019-20 beginning balance mentioned in the previous section, is estimated to be \$114.1 million. This results from a \$32.7 million increase in net resources, combined with an \$81.4 million reduction in net expenditures estimated in 2018-19 compared to the original General Fund budget.

General Fund Balance Analysis (In Thousands of Dollars)					
	2017-18 Actuals	2018-19		Estimate Over (Under) Budget	
		Budget	Estimate	Amount	Percent
Resources					
Beginning Balances	\$ 144,494	\$ 115,123	\$ 134,620	\$ 19,497	16.9%
Revenue	1,172,696	1,183,681	1,208,235	24,554	2.1%
Recoveries	1,800	1,000	1,000	---	0.0%
Transfers	(7,091)	10,315	(1,025)	(11,340)	(100.0)%+
Total Resources	\$1,311,899	\$1,310,119	\$1,342,830	\$ 32,711	2.5%
Expenditures					
Operating Expenditures	1,166,157	1,296,723	1,215,867	(80,856)	(6.2)%
Capital	11,122	13,396	12,880	(516)	(3.9)%
Total Expenditures	\$ 1,177,279	\$1,310,119	\$ 1,228,747	\$(81,372)	(6.2)%
Ending Fund Balance	\$ 134,620	\$ ---	\$ 114,083	\$ 114,083	100.0%+

The increase to net resources includes a \$19.5 million higher beginning balance and a \$24.5 million increase in operating revenues, offset by an \$11.3 million decrease in net transfers. The increase to 2018-19 projected General Fund revenues is primarily due to anticipated increases in city and state-shared sales taxes, and interest earnings. The decrease in net transfers is mainly due to an additional transfer from the General Fund to the Public Safety Personnel Retirement System (PSPRS) Pension Reserve fund.

The decrease in net expenditures includes an \$80.9 million decrease in operating expenditures and a slight decrease of \$0.5 million in pay-as-you-go capital expenditures. The decrease in 2018-19 estimated General Fund operating expenditures from the 2018-19 budget is mainly due to unused contingency funds, continued salary savings from vacant positions, and an increase in internal work order credits for the City Hall Elevator and Fire Systems Panel projects. The decrease in pay-as-you-go capital expenditures is due to a carryover of funds in the Facility Rehabilitation project.

2019-20 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 2019-20 are estimated at \$3,892,435,000. This is \$223,761,000 or 6.1 percent more than the 2018-19 estimate of \$3,668,674,000. General Fund revenues are estimated at \$1,272,829,000 which is \$64,594,000 or 5.3 percent more than the 2018-19 estimate of \$1,208,235,000. The increase is primarily due to anticipated increases in city sales tax; state-shared sales, income and vehicle license taxes; and primary property tax.

The following table provides a comparison of the 2019-20 estimated revenues to 2018-19 estimates and 2017-18 actual collections. Detailed explanations by category are provided in the 2019-20 Revenue Estimates section of this document.

Fund Types	2017-18 Actuals	2018-19 Estimate	2019-20		
			Estimate	Amount Change	Percent Change
General	\$1,172,696	\$1,208,235	\$1,272,829	\$64,594	5.3%
Special Revenue Funds	1,067,666	1,176,228	1,283,287	107,059	9.1%
Enterprise Funds	1,285,114	1,284,211	1,336,319	52,108	4.1%
Total	\$3,525,476	\$3,668,674	\$3,892,435	\$223,761	6.1%

The state and local economy has shown solid growth in 2018-19 and economists predict the state will continue to grow but at a slower pace assuming the national economy avoids recession. 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, primary property tax, state-shared sales, income and vehicle license taxes are all expected to grow in 2019-20, with growth rates ranging from 5.0 percent to 9.3 percent.

The 2019-20 estimate for Special Revenue funds includes a \$12.0 million increase in Transportation 2050 funds, a \$6.7 million increase in Secondary Property Tax revenues, a \$5.1 million increase in Arizona Highway User Revenue funds, a \$4.4 million increase in 2007 Public Safety Expansion funds, a \$4.1 million increase in Development Services funds, a \$3.3 million increase in Other Restricted revenues, a \$2.2 million increase in Neighborhood Protection funds, a \$2.2 million increase in Parks and Preserves funds, and a combined \$2.1 million increase in several other special revenue funds including Public Safety Enhancement, Sports Facilities, Community Reinvestment, Regional Wireless Cooperative, Golf Courses and Impact Fee Program Administration. Furthermore, there is a \$92.3 million increase in various grant funds including Community Development, Public Transit and Other grants. Special Revenue funds also include a \$12.2 million decrease in Regional Transit revenues, a \$7.4 million decrease in Criminal Justice grants, a \$4.6 million decrease in Public Housing grants, a \$2.7 million decrease in Human Services grants, and a combined decrease of \$0.5 million in Court Awards and Capital Construction revenues.

The 2019-20 estimates for Enterprise Funds include the full-year impact of rate increases for Water services effective in March 2019.

2019-20 TRANSFERS TO THE GENERAL FUND

Transfers are used to allocate resources between funds for purposes of matching costs with benefits received through a central service cost allocation or to assess in lieu property taxes.

Central service cost allocation and other transfers to the General Fund for 2019-20 total \$74.1 million. This amount reflects \$68.8 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 \$5.3 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 \$74.1 million. A transfer of \$896.2 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.

2019-20 ESTIMATED ENDING BALANCES

Arizona budget law requires a balanced General Fund budget. No General Fund balances may be accumulated in reserve for subsequent fiscal years. Arizona law does, however, provide for a contingency each year. For 2019-20, \$55.4 million is included for the General Fund contingency, with an additional \$2.5 million set aside for a Fire SAFER grant match, labor costs, and the implementation of recommendations from the National Police Foundation's officer-involved shooting study, 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 the contingency fund has remained 100 percent unused in over five years.

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 2019-20 ending balance of \$499.2 million includes: Other Restricted - \$54.7 million; Sports Facilities - \$50.1 million; Development Services - \$32.3 million; Transportation 2050 - \$23.2 million; Parks and Preserves - \$22.1 million; 2007 Police Public Safety Expansion - \$13.4 million; Grant Funds - \$12.6 million; Community Reinvestment - \$11.2 million; Aviation - \$154.6 million; Wastewater - \$46.6 million; Convention Center - \$34.7 million; Solid Waste - \$5.9 million; Water - \$2.4 million and a combined \$35.4 million in various other Special Revenue funds. Beginning and ending fund balances are provided in more detail in Schedule 1 located in the Summary Schedules section.

Special Revenue fund balances in the aggregate are expected to decrease from \$559.6 million to \$255.0 million.

- The Transportation 2050 fund, which includes public transit and street improvements, is expected to decrease due to Light Rail operations, schedule modifications to Fixed Route bus service, increased costs for liquid petroleum gas (LPG), and increases to pay-as-you-go capital expenditures for land acquisitions and administrative costs for Light Rail extensions as well as street improvements.
- The Phoenix Parks and Preserves fund balance is decreasing primarily due to personnel costs for the operation and maintenance of Pinnacle Park Phase II, fewer anticipated vacancies, and negotiated increases to employee compensation as well as for greater pay-as-you-go capital spending for renovations to Margaret T. Hance Park, improvements to the Phoenix Zoo parking lot, and other general park development needs.
- Development Services funds are decreasing due to higher personnel costs for new positions associated with increased construction activity, fewer vacancies, and an increase in contractual plan reviews, negotiated increases to employee compensation; work space expansions for employees and contractors; and increased spending on pay-as-you-go capital funds for the KIVA Replacement project.
- Other Restricted fund balances are decreasing due to planned spending in a variety of operating funds, including pay-as-you-go capital expenditures for citywide fuel infrastructure improvements and 302 Building lobby renovations.
- The Arizona Highway User Revenue fund balance is decreasing primarily due to the addition of positions for service level increases related to street maintenance activity and construction activity in the right-of-way, fewer anticipated vacant positions, and negotiated increases to employee compensation.
- Regional Transit fund balances are decreasing primarily due to the timing of reimbursements from the Regional Public Transit Authority and also due to increases in pay-as-you-go capital expenditures primarily for the replacement of the fare collection system and the completion of the wireless communication system for regional buses.
- Grant fund balances are decreasing primarily due to the carryover of unspent federal grants and due to pay-as-you-go capital spending for the construction of new public housing units for Edison-Eastlake.
- A few Special Revenue fund balances are expected to increase slightly primarily due to anticipated increases in total resources.

In 2019-20, the Enterprise funds ending balances in the aggregate are programmed to decline from \$469.8 million at the beginning of 2019-20 to \$244.1 million at year end.

- The Aviation balance is declining due to contractual increases for consulting services, banking fees and parking management; a rise in contingency funds; and negotiated increases to employee compensation.
- Water funds are decreasing primarily due to negotiated employee compensation increases, higher debt service payments; an increase in street repair costs for utilities; and pay-as-you-go capital spending for water main installations and replacements as well as for the Union Hills Reservoir Rehabilitation project.
- Wastewater funds are decreasing due to increased contingencies, higher department work order charges, and rising pay-as-you-go expenses for assessing and rehabilitating collection system force mains, consolidating field service yards, and rehabilitating small diameter sewers citywide.
- Solid Waste funds are declining due to negotiated employee compensation increases and higher maintenance costs.
- The Convention Center fund balance is decreasing due to higher operating costs for the tourism and marketing contract with the Greater Phoenix Convention and Visitor Bureau (GPCVB); higher debt service payments; increased spending for vehicles to replace an aging fleet; and increased pay-as-you-go expenditures for LED replacements throughout the facility.

NEGATIVE FUND BALANCES

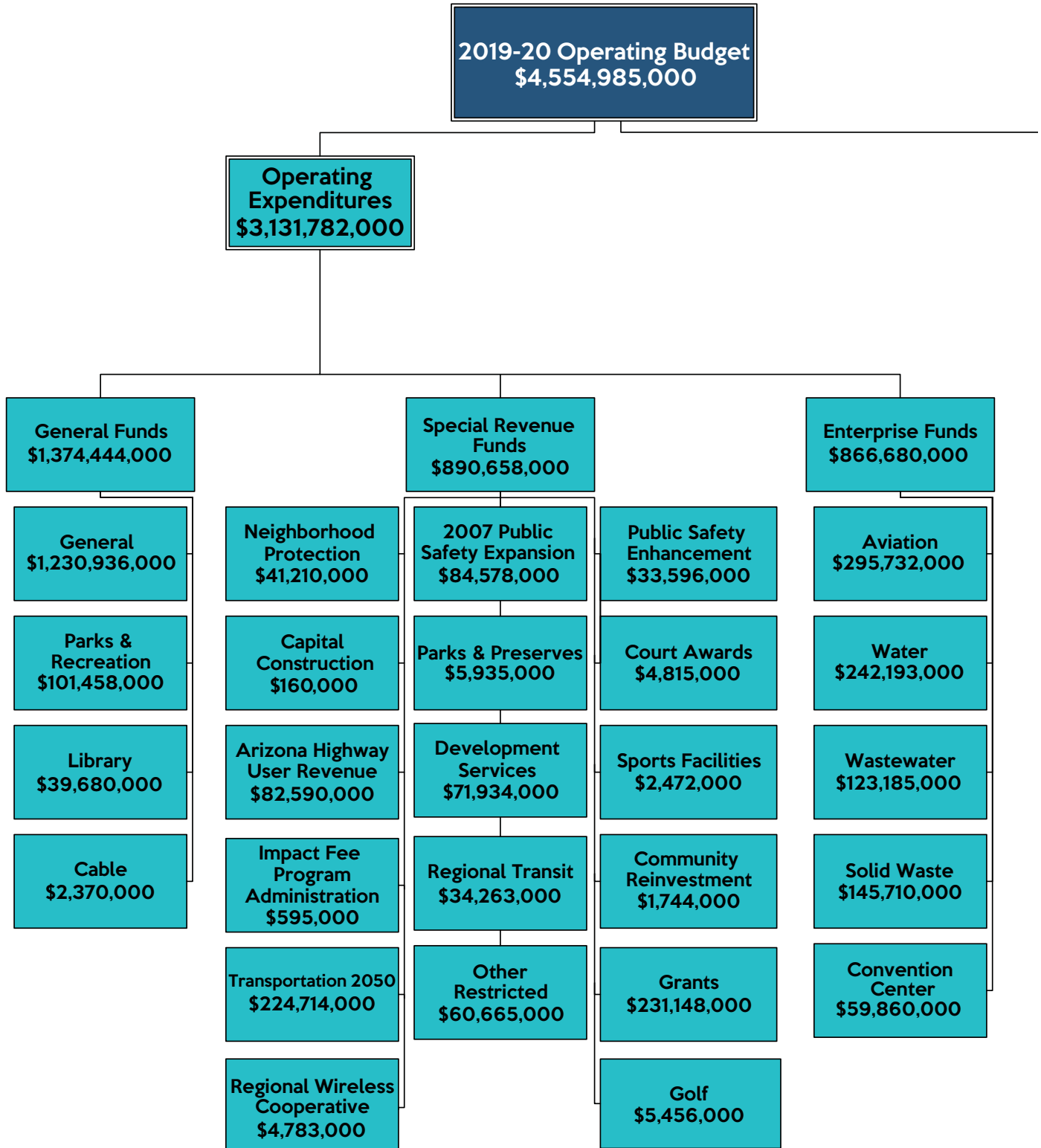
The negative fund balance in Regional Transit is due to the timing of reimbursements for project costs from the regional transportation plan. In response to the question of how to accommodate the Valley's skyrocketing growth, voters cast their ballots in November 2004 in support of Proposition 400, a half-cent sales tax that helps fund projects in the regional transportation plan. This performance-based regional transportation plan provides a broad vision for the regional transportation system for the next two decades, addressing freeways and other highways, streets, transit, airports, bicycle and pedestrian facilities, freight, demand management, system management including intelligent transportation systems (ITS), and safety. The City receives reimbursements from the Regional Public Transportation Authority (RPTA) for the projects in the plan.



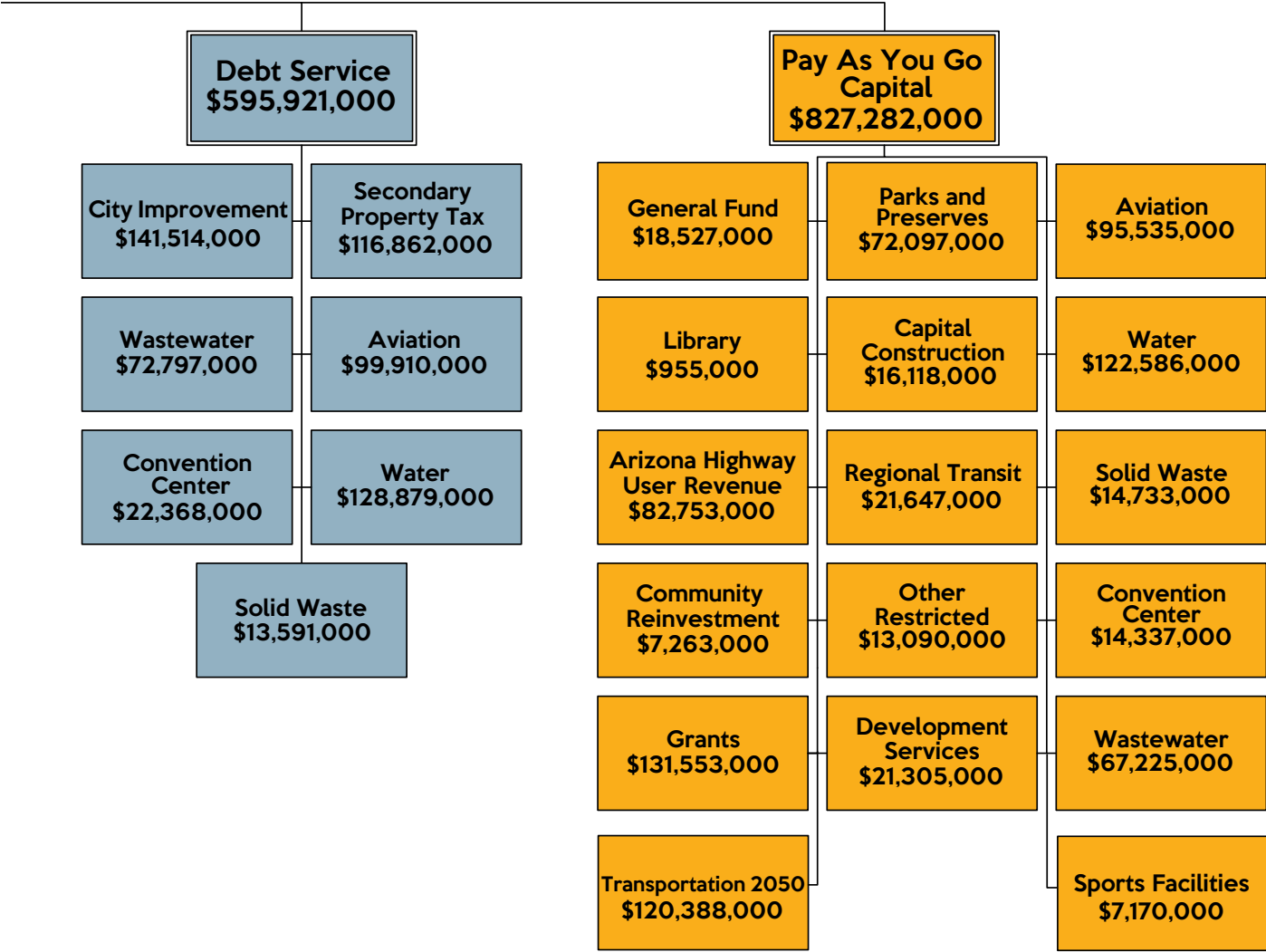
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Credit Rating of the
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STRONG CREDIT RATING
AA+
STABLE OUTLOOK

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 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 construction, health care services, finance, insurance and real estate, high tech manufacturing and development, retail, leisure and hospitality services. Job growth in Phoenix has remained strong and continues to yield a low unemployment rate.

The 2019-20 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 additions from feedback received this year focused on homelessness prevention, affordable housing, youth services, public safety, neighborhood preservation and revitalization, community services, infrastructure maintenance and preparation for Census 2020.

The budget reflects Phoenix's continued commitment to keeping public safety its highest priority and includes the following additions: eight new sworn positions to provide 24 hour operations at Fire Station 55; funding for an additional rescue unit at Fire Station 55; one full-time Crisis Response Unit; five new positions to enhance the Fire Prevention Program; 10 positions to support required Federal Bureau of Investigations (FBI) crime case reporting; 13 positions to support central booking; seven positions to decrease the Police Lab Services backlog; funding to provide facilitated community response and debriefing sessions for cases of officer-involved shootings, as well as translation services and additional de-escalation and behavioral health training for the Police Department; one position to provide mobile victim advocacy and support services; two positions and increased funding for court appointed attorneys to assist veterans and individuals with mental health issues; seven municipal security guards for library facilities; and six positions to enhance the cyber security program.

The General Fund includes increased funding for neighborhood preservation and revitalization and includes the following additions: two positions to support the approximately 1,000 registered neighborhood groups across the city; funding for eight positions previously funded by grants which will provide services city-wide rather than to grant specified areas; eight new park rangers; funding to address the impacts of encampments in neighborhoods and public areas; and enhancements to the historic preservation program.

The General Fund includes increased funding for community services including: funding to restore library hours to pre-recession levels; additional staff and equipment for the PHXteens program which provides services at 10 sites across the city; caseworker positions to assist homeless elderly clients achieve housing stability; increased funding for youth arts programs; and new funding for participatory budgeting to facilitate enhanced community engagement activities.

The General Fund addresses critical infrastructure maintenance and includes the following additions: street landscape maintenance; two positions to improve response times for maintenance at parks, sports, and cultural facilities; 23.5 full-time positions and vehicles for facilities deferred maintenance projects, asset management and site assessment support.

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: customer service positions in the Planning and Development Department to meet the needs of expected increases in the development process; several new positions to address current workload demands associated with Right of Way Management and Utility Coordination; additional staff to meet the needs of current workload and facilitate in the coordination of the Street Transportation Department's Capital Improvement Program (CIP) which includes both Arizona Highway User Revenue (AHUR) and Transportation 2050 funded projects; adding staff and vehicles for the 91st Avenue Wastewater Treatment Facility maintenance; and new technology funding to allow for more accurate and efficient water meter readings.

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

PUBLIC SAFETY

POLICE

Personnel Resources:

In 2008-09, the Police Department had 3,640 sworn positions and 1,325 civilian employees.

The 2018-19 budget includes additional staff support for the Criminal Gun Intelligence Center (CGIC), a regional resource that uses advanced technologies and investigative techniques to help law enforcement identify, locate, and apprehend violent criminals possessing firearms. The 2018-19 budget also reallocates funding to more effectively staff the Public Records Unit, which has experienced a significant increase in public records requests over the last five years.

Significant hiring efforts continue in 2018-19, with the planned hiring of 307 police officers. These efforts support the department's goal of reaching 3,125 filled sworn positions. As of March 2019, there were 3,024 filled sworn positions.

The 2019-20 budget increases staff support to help the department transition to the Uniform Crime Reporting National Incident-Based Reporting System (UCR NIBRS), as required by the FBI. The budget also adds staff support to expand a successful pilot program in the Centralized Booking detail, which will get officers back on the streets faster after arrests. Additional staffing is also added in the Lab Services Bureau, which will help eliminate lab analysis backlog and ensure readily available crime scene support services.

The sworn hiring plan continues in 2019-20, with the planned hiring of 300 police officers. Overall, the 2019-20 budget includes 3,274 authorized sworn positions, or approximately 2.04 for every 1,000 residents, as well as 1,093.6 civilian employees.

Response Time Average:

Response time for 2008-09 Priority 1 emergency calls was an average of 5 minutes 18 seconds.

Due to sworn vacancies in the Police Department, overtime usage has increased in order to maintain minimum staffing levels within patrol. This has negatively impacted Priority 1 emergency call response times, which are currently 6 minutes and 24 seconds. The department has strived 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 91 percent for 2018-19.

The 2019-20 budget provides for an estimated 6 minute and 24 second average response time for Priority 1 calls.

PUBLIC SAFETY

FIRE

Response Time Average:

In 2008-09, the Fire Department maintained an average response time of 5 minutes 13 seconds for all fire and medical emergency calls.

Since 2008-09, response times have decreased to 5 minutes 5 seconds for all fire and medical emergency calls. This decrease is at least partly attributed to staffing and deployment changes for paramedic engine companies and ambulances. The overall incident activity level increased 45 percent from 2008-09 to 2018-19.

For 2017-18, the department added one alternative response vehicle (LA18) at Fire Station 18 to meet increasing peak demands for medical treatment. The department added temporary Engine 55 to greatly enhance response times in the I-17 and Jomax area.

For 2018-19, the department reclassified six sworn positions to firefighters to increase field staffing levels. Construction of Fire Station 55 located at I-17 and Jomax Road is scheduled to be completed in 2019-20. A temporary station is operational and funding was added for 14 full-time sworn positions to allow for 24-hour operations at the temporary location until the new station is built.

The 2019-20 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 Fire Department added funding for eight new sworn positions that will be used to complete the staffing needs for new Fire Station 55 located at I-17 and Jomax Road, which is scheduled to open in 2019-20.

**Emergency
Transportation:**

In 2008-09, the City had a total of 23 full-time and 13 part-time ambulances in service.

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 and 2013-14 budget's each included adding staff for an additional One and One Ambulance (seven sworn positions) to meet state -mandated response times. This brought the total to 23 full-time and 11 part-time ambulances.

The 2016-17 budget included a total of 23 full-time and 14 part-time ambulances in service.

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

In 2018-19 an additional full-time ambulance was placed into service bringing the total to 24 full-time rescues and 15 part-time rescues.

The 2019-20 budget includes funding for two additional full-time ambulances.

The first ambulance is for new Fire Station 55 located at I-17 and Jomax Road scheduled to open in 2019-20.

The second ambulance will be assigned to Fire Station 58 to improve ambulance response time in the southwest region of the City of Phoenix and will be staffed by approved sworn positions previously unbudgeted.

**PROGRAM SERVICE
LEVEL IN 2008-09**

**SERVICE CHANGES
THROUGH 2018-19**

**SERVICE CHANGES
FOR 2019-20**

TRANSPORTATION

PUBLIC TRANSIT

Service Miles/Hours:

In 2008-09, an estimated 19,755,962 bus miles and 357,050 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 Department also extended Route 39 to Dreamy Draw Park and Ride and extended Route 122 to service both Arizona State University (ASU) West and 19th Avenue and Dunlap light rail station.

Annual 2017-2018 local bus revenue miles are estimated at 19,836,900, Express/RAPID revenue miles are estimated at 920,700 and Dial-a-Ride services hours are estimated at 322,760.

In October 2017, Public Transit Department extended Route 19 to service Happy Valley Towne Center, Route 60 to service 24th Street and Camelback area, and improved frequency on Routes 29 and 50. In April 2018, Public Transit Department extended Route 32 to Arizona Mills Mall in Tempe via 48th Street, University, 40th Street, and Baseline Road. Route 51 has been extended on 51st Avenue from Lower Buckeye Road to Baseline Road. In addition, the extended 51 consolidated with Route 251 to form a single bus route on 51st Avenue from ASU West to Pecos Road. Frequency improvements were made on Routes 3 and 19 in April 2018.

Annual 2018-2019 local bus revenue miles are estimated at 20,372,200, Express/RAPID revenue miles are estimated at 850,500 and Dial-a-Ride services hours are estimated at 324,864.

In October 2018, Public Transit Department and all jurisdictions under the Valley Metro system restored weekday service levels on Martin Luther King Jr. Day, Presidents' Day, Veterans' Day, Day after Thanksgiving, and Christmas Eve. Public Transit Department also made a minor routing change on Route 8 in Downtown Phoenix and Route 106 in Metrocenter Mall. Frequency improvements were completed for Route 41 on Indian School Road.

In April 2019, Public Transit Department made several schedule modifications to the SR51, I-17, I-10 East and I-10 West RAPID by adding or shifting several trips to better serve our riders. In addition, a minor routing modification on the South Mountain East RAPID was made to improve route reliability.

Annual 2019-2020 local bus revenue miles are estimated at 20,301,800, Express/RAPID revenue miles are estimated at 947,000 and Dial-a-Ride services hours are estimated at 326,966.

**Average Weekday Bus
Ridership:**

In 2008-09, the average weekday bus ridership was estimated to be 161,000.

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 117,000.

In the 2018-19 budget, average weekday ridership is estimated at 115,000.

In the 2019-20 budget, average weekday ridership is estimated at 115,000.

TRANSPORTATION

**STREET
TRANSPORTATION**

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

In 2008-09, street sweeping and maintenance was scheduled to occur every 14 days.

The 2009-10 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 3rd Avenue to 7th Street and Van Buren to Jefferson Street. 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 from 2011-12 through 2018-19. Frequency of service remains at every two weeks.

The 2019-20 budget includes no changes in service for major and collector sweeping and maintenance.

**Residential Street
Sweeping:**

In 2008-09, the city provided street sweeping service four times a year.

There were no changes from 2009-10 through 2018-19. Frequency of service remains at four times per year.

The 2019-20 budget includes no changes in service for residential street sweeping.

TRANSPORTATION

**STREET
TRANSPORTATION**

Sealcoat:

The 2008-09 budget provided sealcoating for 33 miles of city streets.

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.

The 2013-14 budget provided no changes to service levels.

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. Transportation 2050 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 provided funding for 212 miles of streets to be sealcoated.

The 2018-19 budget provided funding for 200 miles of streets to be sealcoated.

The 2019-20 budget includes 110 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. This includes operational and Capital Improvement Program (CIP) funding.

TRANSPORTATION

**STREET
TRANSPORTATION**

Asphalt Overlay:

In 2008-09, 60 miles of asphalt overlay were estimated to be completed.

In 2009-10 budget provided for 97 miles of overlay. The increase in miles of overlay was due to a diversion of \$1 million in Capital Improvement Program (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 miles of overlay was due to a carryover of AHUR Funds from the prior year.

The 2013-14 budget provided for 106 miles of overlay. The change in overlay is due to the elimination of the ARRA funding and the addition of \$5 million in AHUR.

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

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

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

The 2017-18 budget allowed for 76 miles of overlay.

The 2018-19 budget provided for 187 miles of overlay. This included overlays as part of the Accelerated Pavement Maintenance Program, which started in 2018-19.

The 2019-20 budget provides for 260 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. This includes overlays as part of the Accelerated Pavement Maintenance Program.

**PROGRAM SERVICE
LEVEL IN 2008-09**

**SERVICE CHANGES
THROUGH 2018-19**

**SERVICE CHANGES
FOR 2019-20**

COMMUNITY DEVELOPMENT

HOUSING

Scattered Sites Housing Program:

In 2008-09, the Housing Department had 433 units.

This homeownership program allows eligible tenants the opportunity to purchase a home. Between 1998-99 and 2008-09, the program's total inventory expanded to 480 units.

In the 2019-20 budget, the program is expected to sell 40 units, reducing its inventory to 220 units.

At the end of 2018-19, the inventory of 260 units reflects the sale of 216 homes to eligible residents over the past decade and the transfer of four units to a local nonprofit agency.

Affordable Housing Program:

In 2008-09, this program had 1,409 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 2019-20 budget, the program is expected to increase to approximately 2,677 units, which results from demolishing part of AMP 3 public housing and adding 40 new units to the affordable housing units.

At the end of 2018-19, the Affordable Housing Program consists of 2,637 units for families.

Federal Assisted Housing Program:

In 2008-09, the total inventory of assisted housing units was 2,013.

At the end of 2018-19, the Federal Assisted Housing Program consists of 2,184 units for families and individuals.

In the 2019-20 budget, the program is expected to decrease the number of units for a total of 2,144 due to continuing sales of Section 32 property.

Housing Payment Assistance Program:

In the 2008-09 budget, the rental assistance program provided 5,313 units of vouchers for low income residents in the private housing market.

At the end of 2018-19, the rental assistance program will provide 6,579 units of vouchers for low income residents in the private housing market.

In the 2019-20 budget, the program is expected to maintain 6,757 units of vouchers for low income residents in the private housing market.

COMMUNITY DEVELOPMENT

**NEIGHBORHOOD
SERVICES**

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

In 2008-09, the average case cycle time was 60 days.

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 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 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.

Since 2015-16 through 2018-19, the overall average case cycle time is 34 days or less.

The 2019-20 budget includes no changes in service for Neighborhood Preservation Case Cycle Time.

COMMUNITY DEVELOPMENT

**ECONOMIC
DEVELOPMENT**

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

In 2008, Phoenix's employment growth rate ranked 10th among the following benchmark cities:

- Fort Worth/Arlington – 1.8%
- San Antonio – 1.8%
- Austin – 1.2%
- Dallas – 1.3%
- Kansas City – (1.2)%
- San Jose – (1.3)%
- San Diego – (1.4)%
- Los Angeles/Long Beach – (1.5)%

PHOENIX – (4.5)%

As the below data show, employment growth in 2017-2018 remained strong for all benchmark cities.

The Phoenix unemployment rate remained stable throughout 2017-2018 around 4.4 percent.

Based on data from the Bureau of Labor Statistics, Phoenix ranked 2nd in the Employment Growth Rate in 2017-2018 compared to the following benchmark cities:

- San Francisco: 4.8%
- PHOENIX: 4.4%**
- Ft. Worth: 3.3%
- San Jose: 3.3%
- Dallas: 3.2%
- Denver: 2.7%
- Austin: 2.6%
- San Diego: 2.5%
- San Antonio: 2.4%
- Los Angeles: 1.8%
- Kansas City: 1.8%

Based on data from the Arizona Department of Administration Office of Economic Opportunity, **Phoenix's** employment level is expected to increase by 41,000 from 2018-2020. Phoenix was projected to see its employment level increase by 156,840 between 2016 and 2026.

Phoenix's employment growth rate increased by nearly 1 percent in 2017-2018 with a rate of 4.4 percent versus 3.5 percent in 2016-2017.

Phoenix moved back into 2nd from being the 3rd ranked city (compared to the previously listed cities). It is anticipated employment will continue to grow significantly in 2019-2020, especially given that Maricopa County continues to be the fastest growing county in the United States.

**PROGRAM SERVICE
LEVEL IN 2008-09**

**SERVICE CHANGES
THROUGH 2018-19**

**SERVICE CHANGES
FOR 2019-20**

COMMUNITY ENRICHMENT

HUMAN SERVICES

Head Start Program:

In 2008-09, the program served 2,990 children.

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

The program served 4,321 children during 2016-17, of which, 831 were included in the Early Head Start Program.

The program served 4,377 children during 2017-18, of which, 868 are included in the Early Head Start Program.

The program is expected to serve 3,881 children in 2018-19, of which, 732 are included in the Early Head Start Program.

In 2019-20 the Head Start program is expected to serve more than 3,451 children. 442 of those will be in full day Head Start classes the rest will continue to attend half day classes. The Early Head Start Program will serve more than 488 children.

Senior Nutrition Program:

In 2008-09, the program served 660,000 congregate and home-delivered meals.

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

For 2016-17, the program served 494,230 meals.

For 2017-18, the program serve 448,799 meals. The meals served decreased due to the demographics shifting towards attendees who are joining the center for activities and classes, while not partaking in meal services.

The 2018-19 the program is expected to serve 445,000 meals. The meals served are expected to decrease slightly due to the continued demographics shifting towards attendees who are joining the center for activities and classes, while not partaking in meal services.

The 2019-20 budget includes no changes in service.

**PARKS AND
RECREATION**

Swimming Pools:

In 2008-09, there were 29 public swimming pools.

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

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

In 2011-12, 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.

Between 2015-16 and 2018-19, no changes were included in the budget.

No changes are included in the 2019-20 budget for swimming pools.

**PROGRAM SERVICE
LEVEL IN 2008-09**

**SERVICE CHANGES
THROUGH 2018-19**

**SERVICE CHANGES
FOR 2019-20**

COMMUNITY ENRICHMENT

**PARKS AND
RECREATION**

Swimming Pool Season:

In 2008-09, the budget allowed for a nine-week season.

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.

No changes are included in the 2019-20 budget for swimming pool season.

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 2014-15.

No changes were included in 2015-16.

In 2016-17, 29 pools were open on Memorial Day weekend through the last weekend in July; due to additional "Kool Kids" funding from Cigna, 11 pools remained open in August through the Labor Day Holiday.

No changes were included in 2017-18 or 2018-19.

**School Recreation
Program During School
Year:**

In 2008-09, funding was provided for school recreation programs at 81 sites and 104 program units.

The 2009-10 budget reduced the number of Phoenix Afterschool Center (PAC) 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.

No changes are included in the 2019-20 budget for Phoenix Afterschool Center sites.

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

In 2012-13, nine PAC sites were restored, which brought the total number of sites to 39.

The 2013-14 budget increased PAC sites to 44.

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

The 2015-16 budget had 42 PAC sites.

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

No changes were included in 2017-18.

The 2018-19 budget decreased PAC sites to 37 due to the Kyrene School District discontinuing services.

COMMUNITY ENRICHMENT

LIBRARY

Central Library:

The Burton Barr Central Library opened in May 1995. The 2008-09 budget included 72 hours of operation per week.

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, 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 percent increase. Funding provided an alternative method of delivering services following reductions to branch hours in 2009-10 and 2010-11.

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

Burton Barr Central Library was closed the summer of 2017 due to storm damage and reopened in June 2018.

The renovation of Burton Barr Central Library expanded the College Depot, MACH1 and Children's areas within the library.

No service changes are included in the 2019-20 budget, with hours of operation at 64 hours per week.

The 2019-20 budget adds two full-time Municipal Security Guard positions to provide continuous security coverage for patrons and staff at the Burton Barr Central Library during all hours of operation.

COMMUNITY ENRICHMENT

LIBRARY

Central Library Continue:

The College Depot area expanded from 4,000 to 12,000 square feet which will enable an increase in the number of workshops. In addition to doubling the number of "applying for college" workshops, each workshop will accommodate double the number of attendees. Specialty programming will be added to include: more summer camps; additional break-out sessions with expertise; additional GED sessions; "Youth Work Readiness" sessions, and additional capacity for in service and workshop sessions.

The MACH1 space added two designated computer labs. The space will double the capacity for computer-related classes and programs. The designated classroom space will allow break-out sessions which provides different age groups and level of expertise access to resources. A designated space for the sewing machine program was added, enhancing focused learning. A 3D printer room was added which allows for an increase in the number of 3D printers. Designated computers will be available for customers to book time. The open making space is upgraded to include state-of-the-art flooring, tables and outlets to allow the addition of another full summer camp series.

The Children's Space expanded from 5,000 square feet to 14,000 square feet. Design was updated to include a larger capacity Storytime area. Expansion also included a tripling of the children's materials collection with an increase to the "Great Children's Book" specialty collection. A designated children's makers' programming space, "MACH.5," for ages birth to 12 was added. Specially-designed early literacy interactive furniture and "Little Sprouts" (children's seed library) were incorporated.

COMMUNITY ENRICHMENT

LIBRARY

Branch Libraries:

The 2008-09 total branch library service hours were 1,008 per week.

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 hours at seven branches and 48 to 40 hours at the remaining branches.

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

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

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

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

In 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, 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 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.

Opened a temporary branch at Park Central Mall in January 2018 due to the temporary closure of Burton Barr Central Library in the summer of 2017.

The additional four hours of service on Sundays were continued at four branch libraries that were temporarily added because of the Burton Barr Library closure for most of 2017-18: Yucca, Century, Harmon and Ocotillo. The additional Sunday hours have resulted in an average 10 percent increase in usage at the four branches, serving over 21,000 people in 24 weeks. This change brings total branch hours to 775 hours per week.

The 2019-20 budget adds Municipal Security Guard positions to various library branches to provide continuous security coverage for patrons and staff during all hours of operation.

Staff and supplies were added to expand Kindergarten Bootcamp programming citywide to help parents and children learn together the skills needed for school success. This will provide an additional 25 series of classes per year, serving between 350 to 450 families.

Sunday hours at the remaining four branches (Acacia, Agave, Desert Broom, and Desert Sage) without Sunday hours were restored. This addition will restore branch hours to approximately 49 hours per branch or 68 percent of pre-recession level hours.

ENVIRONMENTAL SERVICES

WATER SERVICES

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

In a March 2009 survey, Phoenix's average monthly water bill compared favorably to the following benchmark cities:

San Jose – \$47.72
Kansas City – \$41.64
Austin – \$39.82
Dallas – \$39.21
Tucson – \$32.52

PHOENIX – \$28.29

Albuquerque – \$28.84
San Antonio – \$19.77

In an April 2019 survey, Phoenix's monthly water bill compared favorably to the following benchmark cities:

San Diego - \$106.00
San Jose - \$102.00
Austin - \$99.21
Tucson - \$67.26
Fort Worth - \$48.65
Dallas - \$41.55
Albuquerque - \$38.02
Phoenix - \$34.03
San Antonio - \$25.34

It is anticipated Phoenix water rates will continue this trend during 2019-20.

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

In a March 2009 survey, Phoenix's average monthly wastewater bill compared favorably to the following benchmark cities:

Austin – \$53.50
Dallas – \$31.74
Kansas City – \$28.42
San Jose – \$27.09
Tucson – \$23.18

PHOENIX – \$21.52

San Antonio – \$19.92
Albuquerque – \$14.99

In an April 2019 survey, Phoenix's monthly wastewater bill compared favorably to the following benchmark cities:

Austin - \$78.24
San Diego - \$51.76
Tucson - \$51.58
Dallas - \$46.31
San Antonio - \$42.58
San Jose - \$38.90
Phoenix - \$25.56
Albuquerque - \$19.54

It is anticipated Phoenix wastewater rates will continue this trend during 2019-20.

BUDGET PROCESS, COUNCIL REVIEW AND INPUT, PUBLIC HEARINGS AND BUDGET ADOPTION

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

BUDGETING PROCESS

Enhancements made over the last several years demonstrate the City's commitment to continuously improve transparency, better communicate detailed budget information and further engage the community in the budget process. At the direction of the City Council, several 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.
- For the fifth consecutive year, the Budget and Research Department 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, national and global economic changes have on the Phoenix economy. In 2017-18, total General Fund resources were estimated to end the fiscal year at \$1,304.5 million. Actual total resources were \$1,311.9 million; a positive difference of \$7.4 million or 0.6 percent. Total 2017-18 General Fund revenues (collections) ended the fiscal year at \$1,172.7 million, compared to the estimate of \$1,164.4 million for a variance of \$8.3 million or 0.7 percent.
- 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 budget 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, maintenance and utilities.

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

The Trial Budget is reviewed with the City Council early each spring. The 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. Budget 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.

2019-20 BUDGET PROCESS

Initial Budget Status

On October 2, 2018, staff provided an early review of the 2017-18 General Fund budget results. Resources exceeded estimates by \$7.4 million or 0.6 percent and spending came in lower by \$12.1 million or 1.0 percent. As a result, the General Fund ending balance was \$19.5 million higher than anticipated. Staff cautioned the additional \$19.5 million was one-time, not ongoing, and was largely the result of annual vacancy savings that was higher than expected.

Staff requested City Council approval to transfer \$10 million of the excess fund balance into the Public Safety Personnel Retirement System (PSPRS) Reserve Fund and set aside the remaining \$9.5 million until the budget status for 2019-20 was known. Staff also requested adoption of the 2019-20 budget calendar. The City Council adopted staff's recommendation.

Zero-Based Budget Inventory of Programs

On January 31, 2019, for the eighth 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 360 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 360 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, City Council and public could begin reviewing this important information very early in the process.

Preliminary Status of 2019-20 General Fund Budget and Five-Year General Fund Forecast

On March 5, 2019, staff provided the preliminary status update for the General Fund 2019-20 budget. The five-year General Fund forecast through 2023-24 was also presented to the Mayor and City Council for the eighth consecutive year, providing an essential tool in long-term budget discussions and decision making. The report explained economic, resource, and expenditure assumptions, providing the basis for potential ending balance ranges over the next five fiscal years.

After accounting for the estimated General Fund revenues and estimated General Fund expenditures, staff estimated that \$55.6 million would be available to address critical issues previously discussed with the City Council over the last few months during budget discussions. The surplus includes \$35 million in ongoing funding and \$20 million in one-time funding. The forecast also illustrated a structurally-balanced budget, where ongoing revenues are available to support existing programs.

Staff reported that in addition to strong revenue collections, several factors led to a potential surplus of \$55.6 million for 2019-20 (assuming no actions by the State to change revenue from existing projections and no economic downturn in the next 12-15 months). These include accumulating one-time savings of \$19.5 million in 2017-18 and proactive steps in 2018-19 to reduce ongoing costs and to defer and reduce spending wherever possible.

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

- \$134 million in innovation and efficiency savings to date since 2010.
- Elimination of approximately 2,700 positions since 2007-08, resulting in the smallest government per capita since 1970-71.
- Consistently raising the Contingency Fund to its highest level in Phoenix history.
- Balancing the deficit in the public safety funds without sworn layoffs and the planned hiring of more than 442 Police Officers and 110 Firefighters between now and the end of 2019-20.
- Establishing a \$25 million Pension Reserve Fund to stabilize annual public safety pension payments; and transferring an additional \$10 million into the fund using 2017-18 year-end savings.

Staff stated the preliminary 2019-20 General Fund expenditures to continue existing levels of service are projected to be \$1.342 billion. The increase from the 2018-19 budget accounts for City Council priorities and previous commitments including the following:

- An increase in public safety and general vehicle replacement to more normal levels (approximately \$7 million);
- Increased civilian (\$4 million) and sworn (\$11 million) pension costs;
- Increased contingency to maintain a four percent reserve (approximately \$3 million); and
- Implementation of the Police Body Worn Camera Program (approximately \$2 million).

Staff reported this year's forecast shows considerable improvement over last year's forecast. The baseline (midpoint) forecast for each year from 2020-21 through the end of the forecast period reflects a balanced budget. As we look ahead, the areas of concern for the General Fund budget are service costs, service levels, capital needs, and revenue.

The current forecast assumed no changes to existing labor contracts or service levels. It assumed any surplus is incorporated into the subsequent years' expenditures, whether in labor costs, added services, set-asides, or other uses of the funds.

City Manager's 2019-20 Trial Budget

On March 19, 2019, the Mayor and City Council were presented with a balanced 2019-20 City Manager's Trial Budget. It was an important step in the City's zero-based budget development process. It provided 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.

General Fund resources for 2019-20 were projected to be \$1.397 billion. This represented an increase of \$87 million from 2018-19 resources of \$1.310 billion. The growth in General Fund resources was a result of a healthy economy and assumed no fee increases and no new sources of revenue.

The Trial Budget preserved existing City services and included several recommendations that continue to move the City forward in addressing critical community priorities. These priorities include the following:

- Public Safety
- Neighborhood Preservation and Revitalization
- Community Services
- Infrastructure Maintenance
- Census 2020
- Employee Compensation

The Trial Budget also included several critical non-General Fund service additions in eight city departments including Planning and Development, Street Transportation and Water Services Department.

The City negotiated with labor units on the development of labor contracts for 2019-20 and 2020-21. Current labor contracts expired June 30, 2019. Based on available resources, service needs, and the Five-Year General Fund Forecast presented on March 5, 2019, the City determined that it could allocate about 70 percent of the \$55.6 million General Fund surplus to address employee compensation (\$22.6 million of the ongoing surplus and no more than \$17.0 million of the one-time surplus).

The report also stated that all of the City's efforts for efficiencies and cost reductions, as well as revenue from a recovering economy, have gone to paying 100 percent of the City's actuarially-required pension contribution every year. The City Council has taken steps to address long-term pension health through City of Phoenix Employee Retirement System reforms that will save over \$1 billion over the next 20 years; establishing and funding a \$35 million Public Safety Personnel Retirement System Stabilization Fund, and authorizing the use of Wastewater Funds to pay down the City of Phoenix Employee Retirement System unfunded liability. State voters recently approved some reform to the Public Safety Personnel Retirement System. However, the City still has a total unfunded pension liability of \$4.6 billion that will require continued diligence and further resource strategies in the coming years.

Community Input

The Trial Budget was presented at 20 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 booklet entitled "Phoenix Budget for Community Review" that outlined the proposed budget as well as a calendar of budget hearing dates in English and Spanish. This information was made available electronically in addition to hard copies provided at budget hearings. The City also published where to find the electronic version in The Arizona Republic, Arizona Informant, and in Spanish-language newspapers. Residents were invited to send comments and questions through the City's website. The publicity of the Trial Budget allowed the City Council and the community to comment on proposed measures for balancing the budget.

The City received 422 comments on the Trial Budget, with over 381 of those comments heard at the community budget hearings across the City. Public comments mostly focused on the following topics:

- A deep desire to preserve existing services provided by the City and an appreciation that there are no reductions to those services;
- Increased funding to address the impacts of homelessness and a lack of affordable housing;
- Increased funding for arts and the inclusion of historic preservation in any upcoming bond program;
- Increased library access and expanded hours (every library open every day);
- Increased funding for street maintenance and repair, especially 13th Street (Moreland to Van Buren Streets) and 3rd to 5th Avenues in Central Phoenix;
- Increased funding for parks, youth programs, and other community services;
- Improved oversight over police operations/community relations and officer-involved shootings and concern for the amount spent on the police budget;
- Support for public safety, park rangers and library security;
- Requests to put money allocated to park and library security into other community programs.

The public were able to access the written summary minutes and video recordings of completed budget hearings at phoenix.gov/budget, Phoenix 11 and the City of Phoenix YouTube channel.

City Manager's Proposed Budget and Council Action

On May 7, 2019, 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 additions to the Trial Budget were proposed for City Council consideration:

- Additional Investment in Youth Services
- Addressing Root Causes of Homelessness
- Officer Involved Shooting Study Response

The Capital Improvement Plan (CIP) budget will be used to address concerns raised about pedestrian safety citywide by doubling the amount allocated each year in the CIP and focusing on specific strategies like High Intensity Activated CrossWalk (HAWK) signals and traffic medians; finishing design on 13th Street in the Garfield neighborhood; and moving forward on design for Third and Fifth Avenues from McDowell Road to Indian School Road as well as Third Avenue from Camelback Road to Missouri Avenue. Additionally, the Planning and Development Department proposed adding two additional positions to assist small business owners through the development process and to develop a marketing program to better advertise the services provided by the Office of Customer Advocacy.

Although other expressed community needs were not able to be addressed in this budget due to lack of available resources, the City will continue to examine how the other requests from residents may be addressed in the future.

The proposed balanced 2019-20 General Fund budget is \$1,393,926,000. This is an \$84 million or 6.4 percent increase from the adopted 2018-19 General Fund budget of \$1,310,119,000. The increase is largely driven by the additions discussed above; increased funding for public safety vehicles; body worn cameras; and a \$3 million increase in the Contingency Fund.

Projected General Fund revenue in 2019-20 is estimated to be \$1.273 billion, an increase of 5.3 percent over the revised current year estimate. This reflects continued City and State sales tax growth based on projections from the University of Arizona and continued growth in other key tax categories.

Additionally, the City's proposed 2019-20 combined property tax rate of \$2.13 represents a one-cent (or 0.5%) reduction from the 2018-19 combined property tax rate of \$2.14. The proposed secondary property tax rate of \$0.82 will remain constant while the proposed primary property tax rate drops from \$1.32 to \$1.31. While the primary property tax rate declines, the primary property tax levy increases from \$163.218 million to \$172.626 million due to increasing property values and new construction. The budget assumes that 99% of levied taxes are collected. Including revenue along with the estimated beginning fund balance of \$114 million, and fund transfers and recoveries estimated at \$7.0 million, total 2019-20 General Fund resources are estimated to be \$1.394 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 2019-20 budget amount is \$4,554,985,000.

Council Action

The 2019-20 City Council Budget Decision was presented to the City Council for action on May 22, 2019. The General Fund budget for action was the same as presented on May 7, 2019. The City Council approved the proposed budget as presented.

The May 22, 2019 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 5, 2019, in compliance with the City Charter requirement that the budget be adopted no later than June 30, 2019. 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 19, 2019. Adoption of the property tax levy ordinance was completed no less than 14 days later on July 3, 2019, in accordance with State law.

The following chart is an overview of the 2019-20 community budget process calendar.

DATE	BUDGET ITEMS
January 31, 2019	2019-20 Zero-Based Inventory of Programs Report
March 5, 2019	Preliminary 2019-20 General Fund Budget Status and Five-Year General Fund Forecast
March 19, 2019	2019-20 City Manager's Trial Budget and Preliminary Five-Year Capital Improvement Program for 2019-24
April 2019	Community Budget Hearings
May 7, 2019	City Manager's Proposed 2019-20 Budget
May 22, 2019	Council Budget Decision
June 5, 2019	2019-20 Tentative Budget Ordinance Adoption
June 19, 2019	2019-20 Funding Plan and Final Budget Ordinance Adoption
July 3, 2019	2019-20 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 2019-20 budget development process are as follows:

Action Required	City Charter Prescribed Deadline	Arizona State Statute Prescribed Deadline	2019-20 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 19, 2019
Post notice on the official City website if there will be an increase in either the primary or the secondary property tax rate, even if the combined tax rate is a decrease.	No requirement.	60 days prior to Tax Levy Adoption.	May 3, 2019
City Manager's proposed budget for ensuing year presented to the Mayor and City Council.	On or before the first Tuesday in June or a date designated by the City Council.	City manager budget not required.	May 7, 2019
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 22, 2019

Action Required	City Charter Prescribed Deadline	Arizona State Statute Prescribed Deadline	2019-20 Budget Dates
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 22, 2019
Public hearing immediately followed by adoption of tentative budget ordinances with or without amendment	On or before the last day of June.	On or before the third Monday of July.	June 5, 2019
Publish truth-in-taxation notice twice in a newspaper of general circulation (when required).	No requirement.	First, at least 14 but not more than 20 days before required public hearing; then at least seven days but not more than 10 days before required hearing.	Publish weeks of June 3, 2019 and June 10, 2019
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 10, 2019 and June 17, 2019
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 14, 2019
Post notice of intent on the official City website and distribute notice through the City's social media accounts if there will be an increase in either the primary or secondary property tax rate.	No requirement.	At least 15 days prior to Tax Levy Adoption.	June 18, 2019
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 19, 2019
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 28, 2019
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 3, 2019

Amendments to the Budget After Final Adoption

Generally, by Arizona state statute, no expenditure may be made nor liability incurred for a purpose not included in the budget even if additional funds become available. Phoenix's level of legal budgetary control is by fund except for the General Fund and Capital Funds for which control is by program.

In certain instances, however, the budget may be amended after adoption. All budget amendments require City Council approval. These are (1) transfers from any contingency appropriation, (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 needed are transferred by City Council formal action to the appropriate departmental budget.

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

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

PROPERTY TAXES AND BONDED DEBT LIMIT

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

Primary Property Tax Restrictions

Primary property tax levies are restricted to an annual two percent increase plus an allowance for growth attributable to previously unassessed properties (primarily new construction). The City Charter requires that eight cents of the primary property tax levy be allocated to the Parks and Recreation 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

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. They 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 was scheduled to expire at the end of 2019-20, but was extended through 2020-21 as a result of legislative changes made in House Bill 2604. This allows Phoenix residents to continue to control local expenditures.

BUDGET BASIS OF ACCOUNTING

The City's budget basis of accounting is based on the modified accrual basis plus encumbrances. This method recognizes revenues in the period that they become available and measurable, and expenditures are recognized in the period the associated liability is incurred. This method differs from Generally Accepted Accounting Principles (GAAP) used for preparing the City's comprehensive annual financial report. The major differences between the modified accrual basis and the GAAP basis are listed below. A reconciliation of budgetary and GAAP fund balances is provided each year in the comprehensive annual financial report.

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

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

GENERAL FINANCIAL POLICIES

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

Form of Budget Adoption

1. **Allocation of Appropriations** - Funds appropriated by the City Council are allocated to programs, offices, departments, divisions, sections, projects and type of expenditure by the City Manager or as delegated to the Budget and Research Director to provide managerial control and reporting of budgetary operations.
2. **Budget Controls** - At the department level, control of expenditures is governed by Administrative Regulation. City departments prepare revised expenditure estimates twice a year. The Budget and Research Department keeps the City Manager and the City Council advised on the status of the budget through periodic budget status reports. Mid-year revenue shortfalls can result in the adoption of mid-year expenditure reductions.

3. **Contingency Amounts** - A contingency allowance is appropriated to provide for emergencies and unanticipated expenditures. The use of contingency funds is intended for one-time expenses since it represents limited one-time resources in the fund balances. Expenditures may be made from contingencies only upon approval by the City Council with recommendation by the City Manager. In March 2010, the City Council agreed to gradually increase the contingency with a goal of achieving five percent of General Fund operating expenditures. Achieving this goal will improve the City's ability to withstand future economic cycles. Enterprise and Special Revenue funds have varying levels of contingency funding consistent with the variability in revenues and expenditures associated with the services provided.
4. **Ordinances** - Three budget ordinances are adopted each fiscal year: (1) the operating funds ordinance, (2) the capital funds ordinance and (3) the re-appropriated funds ordinance. The last ordinance is required because the appropriation authority for unexpended amounts, including those encumbered, lapses at the end of the fiscal year. Since all expended amounts must be included in the budget adoption ordinance, the City re-budgets all encumbrances outstanding at year's end.

Cost Allocation and Expenditure Policies

1. **Administrative Cost Recovery** - The Finance Department prepares an indirect cost allocation plan that conforms to federal guidelines for grant reimbursement of appropriate administrative costs. The allocated costs are charged to eligible federal grant funds through a fund transfer to the General Fund.
2. **Central Services Cost Allocation** - The Finance Department annually calculates the full cost of central services provided to Enterprise and certain Special Revenue funds. These allocated costs are recouped from the Enterprise and certain Special Revenue funds through fund transfers to the General Fund.
3. **Employee Compensation Costs** - Costs for employee compensation including all wages, social security, industrial, health, life, unemployment, dental insurance and other personal allowances are allocated to each department. Annual amounts for cash conversion of vacation, compensatory time and sick leave are included in the budget. However, future values of compensated absences are not included in the budget but are disclosed in the notes to the 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.

Due to rising pension costs and reforms made to both the general city employee retirement system (COPERS) and the public safety retirement system (PSPRS), these systems have become increasingly complex. In 2017, the State legislature passed a law that offered employers some relief from the escalating PSPRS contribution rates. This law allowed cities to increase the amortization period for the unfunded actuarial liability from a closed 20-year period to a closed 30-year period. The City requested and was approved for the change to a closed 30-year amortization period effective July 1, 2017. However, the Council adopted a plan to use a 25-year amortization period and to establish a Public Safety Pension Reserve Fund with the savings based on the difference from the original 20-year amortization in 2017-18. The reserve fund may be used to make extra contributions to pay off the unfunded liability quicker or to help offset future cost increases. The Personal Services section of the Detail Budget document contains additional information regarding the pension systems.

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.

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 17 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 was established for retail sales of single items in excess of \$10,000; with the requirement that the threshold be adjusted biennially for inflation. Additional information on the current threshold and the rates on other specialized tax categories are included in the Current Local Sales Tax Rates chart within the Revenue Estimates section of this document. The Model City Tax Code exemption on food for home consumption was temporarily removed by City Council action in February 2010. By ordinance, the exemption was restored in April 2015. The food tax was previously last imposed in June 1980. Effective January 1, 2017 the Arizona Department of Revenue (ADOR) began collecting all city sales tax.
- 2. Property Tax** – The City Charter 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

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 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. This fund replaced the Transit 2000 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.

Capital Funds

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

Fiduciary Funds

Fiduciary funds, including trust and 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.

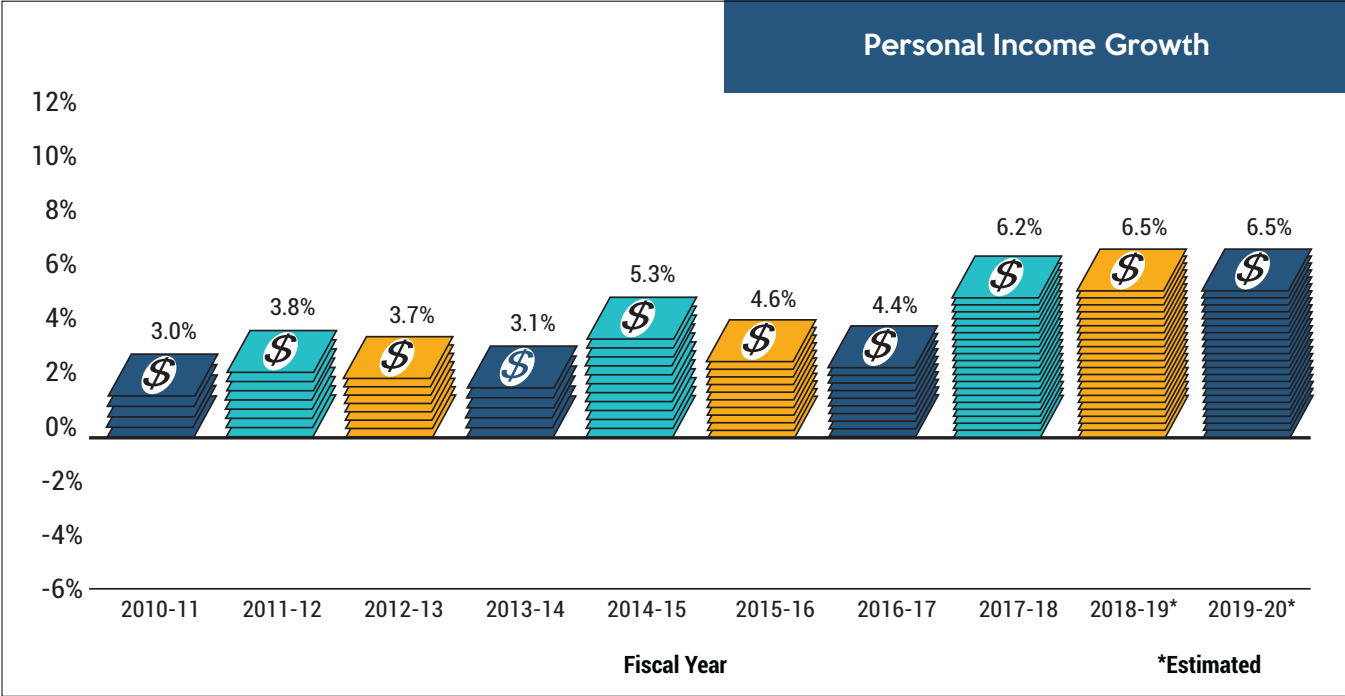
REVENUE ESTIMATES

Revenue estimates for 2019-20 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 primary property tax rate, the overall 2019-20 property tax rate of \$2.1296 is \$0.0108 below the 2018-19 combined rate of \$2.1404.

The Arizona economy continues its long winning streak represented by solid growth in jobs, population and personal income, which outperformed the national averages. Economists predict the state will continue to grow but at a slower pace assuming the national economy avoids recession. Risks to continued economic improvement at the national level include volatility in the stock market, uncertainty in trade policy issues, weakening growth abroad, and an ambivalent "data dependent" stance for monetary policy.

City sales tax revenues have shown solid growth which is good news, but there is ongoing 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 6.5 percent for both 2018-19 and 2019-20.

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 solid 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. 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 percent 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 Federal Aviation Administration (FAA) policy requirement, which was subsequently 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)													
	2017-18	2018-19	%	2019-20	%	2020-21	%	2021-22	%	2022-23	%	2023-24	%
	Actual	Estimate	Change	Estimate	Change	Forecast	Change	Forecast	Change	Forecast	Change	Forecast	Change
Privilege License Tax													
Privilege License Tax	\$348,093	\$378,045	8.6%	\$400,817	6.0%	\$423,892	5.8%	\$444,089	4.8%	\$464,013	4.5%	\$483,887	4.3%
Police Neighborhood Protection	22,116	24,084	8.9%	25,633	6.4%	27,137	5.9%	28,472	4.9%	29,639	4.1%	30,959	4.5%
Police Block Watch	1,579	1,720	8.9%	1,831	6.5%	1,939	5.9%	2,034	4.9%	2,117	4.1%	2,212	4.5%
Fire Neighborhood Protection	7,898	8,602	8.9%	9,155	6.4%	9,692	5.9%	10,169	4.9%	10,586	4.1%	11,056	4.4%
Police - 2007 Public Safety Expansion	50,550	55,056	8.9%	58,589	6.4%	62,028	5.9%	65,080	4.9%	67,747	4.1%	70,761	4.4%
Fire - 2007 Public Safety Expansion	12,638	13,763	8.9%	14,648	6.4%	15,507	5.9%	16,270	4.9%	16,937	4.1%	17,690	4.4%
Parks and Preserves	31,594	34,407	8.9%	36,619	6.4%	38,767	5.9%	40,675	4.9%	42,342	4.1%	44,225	4.4%
Transportation 2050	215,806	234,946	8.9%	249,936	6.4%	264,729	5.9%	277,734	4.9%	289,559	4.3%	302,027	4.3%
Convention Center Excise Tax	52,730	61,611	16.8%	66,626	8.1%	70,792	6.3%	74,429	5.1%	77,850	4.6%	81,383	4.5%
Sports Facilities Excise Tax	19,979	22,141	10.8%	23,063	4.2%	24,037	4.2%	24,917	3.7%	25,663	3.0%	26,372	2.8%
Jet Fuel Other Restricted Fund ¹	658	780	-	779	-0.1%	782	0.4%	780	-0.3%	776	-0.5%	771	-0.6%
Privilege License Fees (Annual)	2,883	2,768	-4.0%	2,768	0.0%	2,300	-16.9%	2,346	2.0%	2,393	2.0%	2,441	2.0%
PLT Application Fees ²	-	1	NA	-	-	-	-	-	-	-	-	-	-
Treasury Collection Service Fee ²	10	11	10.0%	11	0.0%	-	-	-	-	-	-	-	-
Government Lease Property Excise Tax	328	530	61.6%	546	3.0%	557	2.0%	568	2.0%	579	1.9%	590	1.9%
Subtotal (PLT)	\$766,862	\$838,465	9.3%	\$891,021	6.3%	\$942,159	5.7%	\$987,563	4.8%	\$1,030,201	4.3%	\$1,074,374	4.3%
Utility & Franchise													
Utility & Franchise Tax	\$84,265	\$82,918	-1.6%	\$83,057	0.2%	\$85,407	2.8%	\$87,666	2.6%	\$89,412	2.0%	\$91,051	1.8%
Jail Tax	7,124	7,220	1.3%	7,290	1.0%	7,381	1.2%	7,473	1.2%	7,566	1.2%	7,661	1.3%
General Excise Tax	10,686	10,830	1.3%	10,940	1.0%	11,077	1.3%	11,215	1.2%	11,355	1.2%	11,497	1.3%
Storm Water Management	4,860	4,896	0.7%	4,945	1.0%	5,007	1.3%	5,070	1.3%	5,133	1.2%	5,197	1.2%
Capital Construction	9,574	8,734	-8.8%	8,743	0.1%	8,946	2.3%	9,086	1.6%	9,086	0.0%	8,985	-1.1%
Police Public Safety Enhancement	15,994	17,269	8.0%	17,409	0.8%	17,943	3.1%	18,444	2.8%	18,943	2.7%	19,474	2.8%
Fire Public Safety Enhancement	9,803	10,584	8.0%	10,668	0.8%	10,995	3.1%	11,303	2.8%	11,608	2.7%	11,934	2.8%
Subtotal (Utility & Franchise)	\$142,306	\$142,451	0.1%	\$143,052	0.4%	\$146,756	2.6%	\$150,257	2.4%	\$153,103	1.9%	\$155,799	1.8%
Licenses & Permits ³	2,872	3,003	4.6%	2,998	-0.2%	3,070	2.4%	3,141	2.3%	3,213	2.3%	3,283	2.2%
State Sales Tax ^{4,5}	155,998	164,226	5.3%	172,557	5.1%	181,342	5.1%	189,582	4.5%	198,626	4.8%	209,161	5.3%
State Income Tax ^{4,5}	200,036	196,918	-1.6%	215,228	9.3%	231,000	7.3%	241,000	4.3%	250,000	3.7%	260,000	4.0%
TOTAL	\$1,268,074	\$1,345,063	6.1%	\$1,424,856	5.9%	\$1,504,327	5.6%	\$1,571,543	4.5%	\$1,635,143	4.0%	\$1,702,617	4.1%

^{1/} Effective in December 2017, jet fuel sales and use tax revenues are included in Jet Fuel Other Restricted Fund due to a Federal Aviation Administration (FAA) policy requirement and a change in State law. Prior to that time, jet fuel sales and use tax revenues were included with General Fund privilege license tax revenues.

^{2/} 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.

^{3/} Effective 7/1/2018, revenues from a new City Council approved licensing program for structured sober living homes are included.

^{4/} Relative population share used in calculating state shared revenues in 2018-19 was based on the 2017 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.

^{5/} 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 except the item 3 stated above.

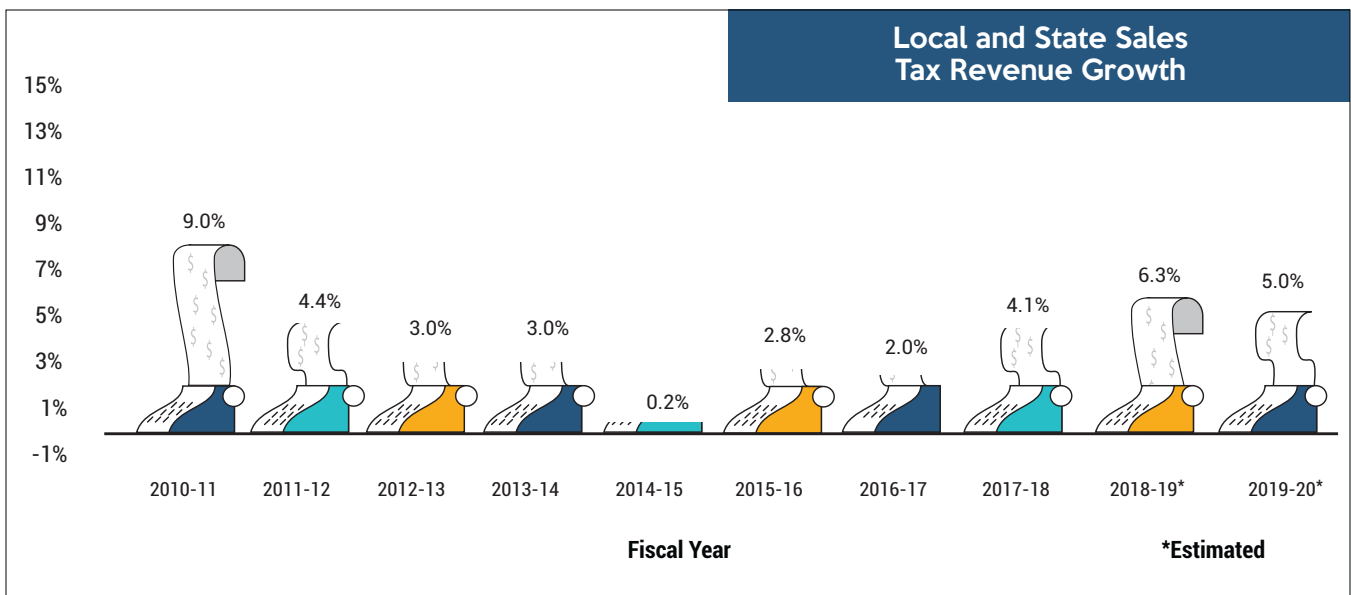
GENERAL FUNDS

Total 2019-20 General Fund revenues are estimated to be \$1,272.8 million or 5.3 percent more than 2018-19 estimates of \$1,208.2 million. General Fund revenues consist of four major categories: local taxes and related fees, state-shared revenues, primary property taxes and user fees. Following are descriptions of the revenue sources within these four categories and explanations of 2019-20 revenue estimates.

Local and state sales tax collections represent approximately 51.6 percent of General Fund revenues. Local sales taxes for 2019-20 are expected to grow by 5.0 percent over 2018-19 estimates. This is a decrease from the 6.6 percent growth rate in local sales taxes estimated in 2018-19. Phoenix's share of state sales taxes for 2019-20 is expected to grow by 5.1 percent, which is a slight decrease from the 5.3 percent growth in Phoenix's share anticipated in 2018-19.

Combined local and state sales tax revenues for 2019-20 are expected to grow by 5.0 percent over 2018-19 estimates. Combined rates of growth since 2010-11 are provided in the chart below.

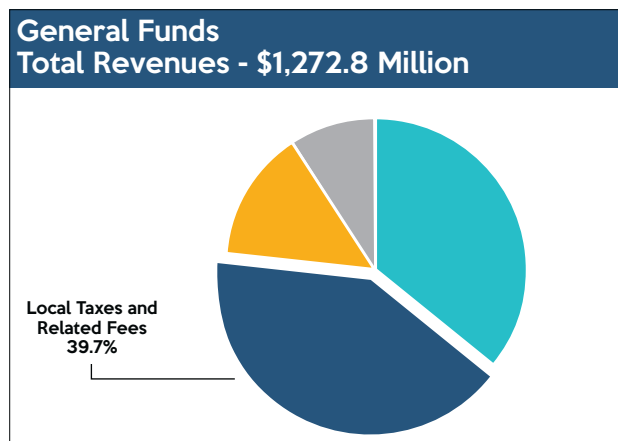
The table on the next page details estimated General Fund revenue by major source.



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

Revenue Source	2017-18 Actual	% of Total	2018-19 Estimate	% of Total	2019-20 Budget	% of Total	Increase/(Decrease) From 2018-19 Estimate	
							Amount	Percent
Local Taxes and Related Fees								
Local Sales Tax	\$ 432,358	36.9%	\$ 460,963	38.2%	\$ 483,874	38.0%	\$ 22,911	5.0%
Privilege License Fees	2,893	0.2%	2,780	0.2%	2,779	0.2%	(1)	0.0%
Other General Fund Excise Taxes	18,138	1.5%	18,580	1.5%	18,776	1.5%	196	1.1%
Subtotal	\$ 453,389	38.6%	\$ 482,323	39.9%	\$ 505,429	39.7%	\$ 23,106	4.8%
State-Shared Revenue								
Sales Tax	155,998	13.3%	164,226	13.6%	172,557	13.6%	8,331	5.1%
State Income Tax	200,036	17.1%	196,918	16.3%	215,228	16.9%	18,310	9.3%
Vehicle License Tax	66,784	5.7%	71,040	5.9%	75,597	5.9%	4,557	6.4%
Subtotal	\$ 422,818	36.1%	\$ 432,184	35.8%	\$ 463,382	36.4%	\$ 31,198	7.2%
Primary Property Tax	154,560	13.2%	161,586	13.4%	170,899	13.4%	9,313	5.8%
User Fees/Other Revenue								
Licenses & Permits	2,872	0.2%	3,003	0.3%	2,998	0.2%	(5)	-0.2%
Cable Communications	10,884	0.9%	11,042	0.9%	11,152	0.9%	110	1.0%
Fines and Forfeitures	12,711	1.1%	12,665	1.0%	12,663	1.0%	(2)	0.0%
Court Default Fee	1,273	0.1%	1,409	0.1%	1,409	0.1%	-	0.0%
Fire	48,155	4.1%	48,566	4.0%	49,605	3.9%	1,039	2.1%
Hazardous Materials Inspection Fee	1,364	0.1%	1,400	0.1%	1,400	0.1%	-	0.0%
Library Fees	10,632	0.9%	574	0.1%	570	0.1%	(4)	-0.7%
Parks and Recreation	7,589	0.7%	7,205	0.6%	7,163	0.6%	(42)	-0.6%
Planning	1,752	0.2%	1,654	0.1%	1,755	0.1%	101	6.1%
Police	14,347	1.2%	14,396	1.2%	14,230	1.1%	(166)	-1.2%
Street Transportation	5,863	0.5%	4,897	0.4%	4,786	0.4%	(111)	-2.3%
Other Service Charges	20,302	1.7%	22,152	1.8%	22,530	1.8%	378	1.7%
Other	4,185	0.4%	3,179	0.3%	2,858	0.2%	(321)	-10.1%
Subtotal	\$ 141,929	12.1%	\$ 132,142	10.9%	\$ 133,119	10.5%	\$ 977	0.7%
TOTAL GENERAL FUND	\$ 1,172,696	100.0%	\$ 1,208,235	100.0%	\$ 1,272,829	100.0%	\$ 64,594	5.3%

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 2019-20 estimate is \$505.4 million, which is \$23.1 million or 4.8 percent greater than the 2018-19 estimate of \$482.3 million. The assumptions used to estimate local taxes and related fees follow.

Local Sales Tax

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

Of the 15 categories collected, all except advertising provide General Fund resources and contribute to voter-approved resources for police and fire, parks and preserves, and 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.

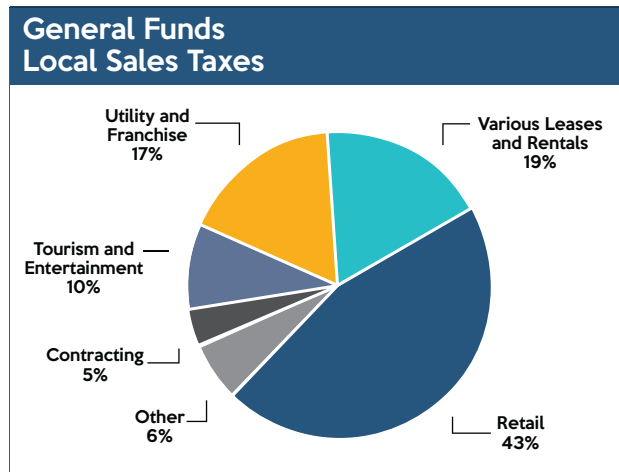
Beginning in May 2005, 2 percent of utilities sales tax collections paid by those utilities with a franchise agreement were directed to the newly established Public Safety Enhancement Fund. Finally, an additional 2 percent tax on the telecommunications category provides resources for the Capital Construction 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.

CURRENT LOCAL SALES TAX RATES BY CATEGORY										
	General Fund	Neighborhood Protection	2007 Public Safety Expansion	Public Safety Enhancement	Parks & Pres.	Transportation 2050 ⁽¹⁾	Convention Center	Sports Facilities	Capital Const.	Total
Advertising	–	–	–	–	–	–	0.5%	–	–	0.5%
Contracting	0.7%	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	1.3%	0.1%	0.2%	–	0.1%	0.7%	–	–	–	2.4%
Commercial Rentals	1.2%	0.1%	0.2%	–	0.1%	0.7%	–	2.0%	–	4.3%
Lodging 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%	–	–	–	2.3%
Lodging Rentals 30 Days and Over	1.2%	0.1%	0.2%	–	0.1%	0.7%	2.0%	1.0%	–	5.3%
Retail Tier 1 (1)	1.2%	0.1%	0.2%	–	0.1%	0.7%	–	–	–	2.3%
Retail Tier 2 (1)	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%
Telecommunica- tions	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, to be adjusted biennially for inflation. Effective January 1, 2018, the first \$10,303 (Tier 1) is subject to the 2.3% tax rate, while transactions over \$10,303 (Tier 2) are subject to the 2.0% tax rate. The criteria for Tier 1 and Tier 2 will be adjusted again on January 1, 2020.

The General Fund portion of the local sales tax estimate is \$483,874,000 for 2019-20. This is an increase of \$22,911,000 or 5.0 percent from the 2018-19 estimate of \$460,963,000. 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 expand and reflects growth in most tax categories.

As shown in the pie chart below, the retail category represents approximately 43 percent of the local General Fund sales tax. The retail sales category is expected to increase by 5.2 percent in 2019-20. Personal income growth, which is used as a trend indicator for retail sales activity, is projected at 6.5 percent for 2019-20.



General Fund sales tax revenue is collected on three rental categories: leases and rentals of tangible personal property, commercial and residential real property rentals. For 2019-20, leases and rentals of tangible personal property, commercial and residential real property rentals are expected to grow by 6.0, 4.9 and 5.8 percent respectively. The projected increase in rentals is mainly due to expected improvements in the overall economy and a growing population. These three categories combined are approximately 19 percent of local General Fund sales tax revenue.

The contracting category is expected to increase by 18.0 percent in 2019-20 based on the actual collections in 2018-19. The revenue collections from contracting are highly correlated with housing permit activity. The growth rate of housing permits in the current fiscal year has increased and is expected to continue to grow in 2019-20. The contracting category represents approximately 5 percent of the local General Fund sales tax revenue.

The restaurants and bars category is expected to increase 7.7 percent and the hotel/motel category is expected to grow by 5.4 percent in 2019-20. 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 17 percent of local General Fund sales tax revenue. The category includes electricity, natural and artificial gas, water consumption, sewer service and communications activities. The 2019-20 estimate for utility sales and franchise tax revenue is \$83,057,000, which is an increase of 0.2 percent over the 2018-19 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 2019-20 estimate of \$25,500,000 is an increase of 10.0 percent from the 2018-19 estimate based on the actual collections in 2018-19. The use tax category is subject to fluctuations in purchasing practices, as well as economic drivers, and is approximately 5.3 percent of local General Fund sales tax revenue.

The following table shows General Fund sales tax collections since 2015-16. 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
2015-16	\$416,522	2.3%
2016-17	421,239	1.1
2017-18	432,358	2.6
2018-19 (Est.)	460,963	6.6
2019-20 (Est.)	483,874	5.0

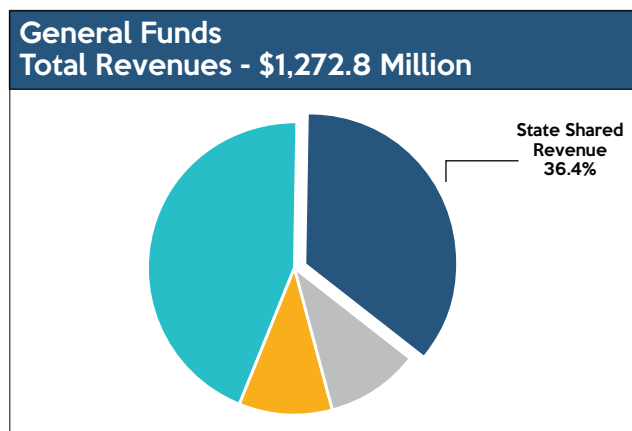
Privilege License Fees

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 2019-20 estimate for privilege license fee revenue of \$2,779,000 is project to remain flat from the 2018-19 estimate.

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 2019-20 estimate of \$7,290,000 represents a 1.0 percent increase from the 2018-19 estimate of \$7,220,000. This category also includes a general city services excise tax on municipal services bills based on water meter size implemented in July 2014. The 2019-20 estimate for the general city services excise tax is \$10,940,000 and represents a 1.0 percent increase from the 2018-19 estimate of \$10,830,000. The Government Property Lease Excise Tax (GPLET) is also included in this category, which is a tax incentive agreement negotiated between a private party and a local government. It was established by the State of Arizona in 1996 as a way to stimulate development in commercial districts by temporarily replacing a building's property tax with an excise tax. The 2019-20 estimate for the GPLET is \$546,000 and represents a 3.0 percent increase from the 2018-19 estimate of \$530,000.

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 2019-20 estimate for this category is \$463.4 million, which is \$31.2 million or 7.2 percent more than the 2018-19 estimate of \$432.2 million. The increase is due to an estimated increase of 5.1 percent in state sales taxes, estimated growth of 9.3 percent in state-shared income taxes, and estimated growth of 6.4 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 2019-20 were not available in time for developing the budget projections. Since no significant changes were anticipated, Phoenix’s share of 29.21 percent for 2018-19 was used for 2019-20.

The City’s share of the state sales tax for 2019-20 is expected to be \$172,557,000, which is \$8,331,000 or 5.1 percent more than the 2018-19 estimate of \$164,226,000. 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 grow in 2019-20. The table below shows the cities’ share of state sales taxes, Phoenix’s allocation and annual increase since 2015-16.

STATE SALES TAXES (In Thousands of Dollars)					
Fiscal Year	Cities' Share of State Collections		Phoenix's Share		
	Total	% Change	Percent	Amount	% Change
2015-16	\$476,773	3.8%	28.8%	\$137,544	4.0%
2016-17	496,532	4.1	28.8	143,976	4.7
2017-18	528,095	6.4	29.4	155,998	8.4
2018-19 (Est.)	558,055	5.7	29.2	164,226	5.3
2019-20 (Est.)	588,285	5.4	29.2*	172,557	5.1

*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 2018-19 was used for 2019-20.

The 15 percent portion of the state income tax, which will be distributed to Arizona cities and towns in 2019-20, is expected to be \$737.6 million. The distribution represents actual individual and corporate income tax collections by the state in the 2017-18 fiscal year. The anticipated \$737.6 million is a 9.3 percent increase from the previous fiscal year. The increase is attributable to higher corporate income tax collections. Phoenix’s total distribution for 2019-20 is estimated at \$215,228,000 and is an increase of \$18,310,000 or 9.3 percent from the 2018-19 estimate of \$196,918,000.

The following table shows the total cities’ share of state income tax, Phoenix’s share, percentage allocation and annual increase/decrease since 2015-16.

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
2015-16	15.0%	\$605,634	(0.5)%	28.8%	\$174,234	(0.5)%
2016-17	15.0	663,582	9.6	28.8	191,225	9.8
2017-18	15.0	680,770	2.6	29.4	200,036	4.6
2018-19 (Est.)	15.0	674,804	(0.9)	29.2	196,918	(1.6)
2019-20 (Est.)	15.0	737,574	9.3	29.2*	215,228	9.3

*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.

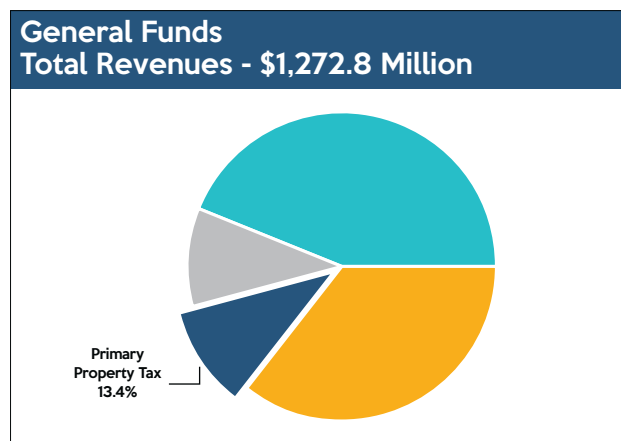
A portion of vehicle license tax collections is allocated to the Arizona Highway User Revenue Fund, with the remainder being allocated by percentage to various state funds as well as to the counties and cities. The state is responsible for distributing funds to cities according to their relative population 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 40.7 percent of Maricopa County for 2018-19 was used for 2019-20. Phoenix's share of the vehicle license tax for 2019-20 is anticipated to be \$75,597,000 which is \$4,557,000 or 6.4 percent more than the 2018-19 estimate of \$71,040,000.

The following table shows the cities' share of the vehicle license tax, Phoenix's share, allocation percentage and annual percentage change since 2015-16.

VEHICLE LICENSE TAX (In Thousands of Dollars)						
Fiscal Year	Amount Distributed by Maricopa County	Phoenix's Share		Increase/(Decrease)		
		Percent	Amount	Amount	Percent	
2015-16	\$146,051	40.9%	\$59,801	\$4,508	8.2%	
2016-17	152,384	40.4	61,586	1,785	3.0	
2017-18	162,702	41.0	66,784	5,198	8.4	
2018-19 (Est.)	173,070	40.7	71,040	4,256	6.4	
2019-20 (Est.)	184,172	40.7*	75,597	4,557	6.4	

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

PRIMARY PROPERTY TAX



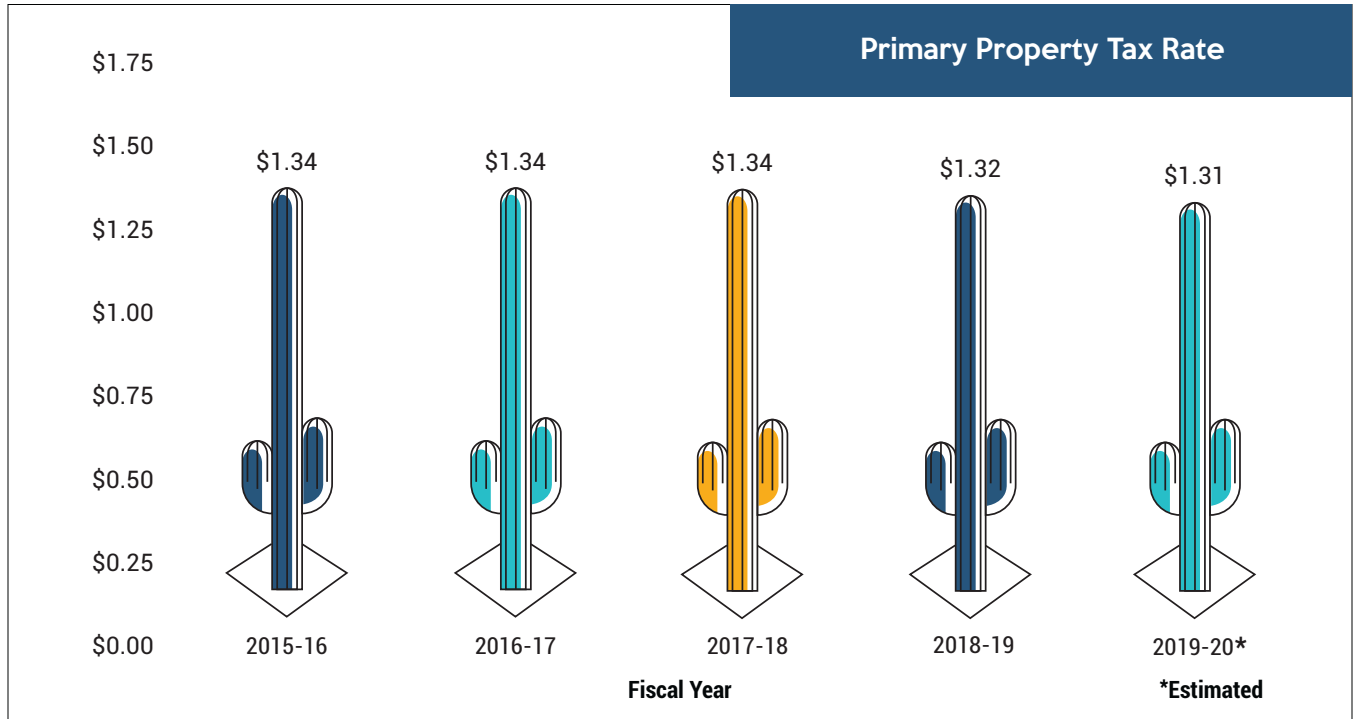
Arizona property taxes are divided into two levies. The primary levy is used for general operation and maintenance expense. The secondary levy can only be used for voter-approved general obligation bond debt service.

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 2015-16. The estimated 2019-20 primary property tax levy is \$172,626,000. The levy is a 5.8 percent increase over the 2018-19 levy of \$163,218,000. The primary net assessed valuation of \$13.22 billion is 6.6 percent above the 2018-19 primary net assessed valuation of \$12.40 billion.

Historically, actual property tax collections have been slightly lower than the amount levied. For 2019-20, collections for primary property tax are estimated to be \$170,899,000, or 99 percent of the levy amount.

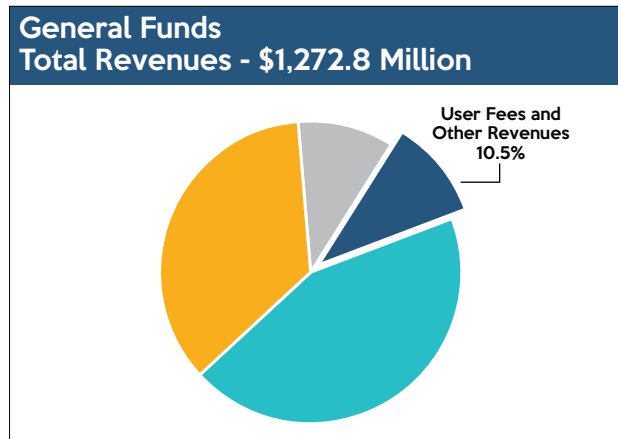


The 2019-20 levy results in a primary property tax rate of \$1.3055 per \$100 of assessed value and a secondary property tax rate of \$0.8241, for a total property tax rate of \$2.1296 per \$100 of assessed value.

The table below shows primary assessed valuation, primary property tax revenues and primary rates since 2015-16

PRIMARY PROPERTY TAX					
Fiscal Year	Primary Net Assessed Valuation (in Millions)	% Change	Primary Levy (in Thousands)	% Change	Rate per \$100 Net Assessed Valuation
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	11,721	6.7	156,586	6.7	1.3359
2018-19	12,400	5.8	163,218	4.2	1.3163
2019-20 (est.)	13,223	6.6	172,626	5.8	1.3055

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 2019-20 estimate for this category is \$133.1 million, which is \$977,000 or 0.7 percent more than the 2018-19 estimate of \$132.1 million. The slight increase is primarily due to the estimated revenue growth in emergency transportation service. 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 2019-20 estimate of \$2,998,000 is \$5,000 less than the 2018-19 estimate of \$3,003,000. The projection assumes a slight decrease in amusement machines license fees and for other activity to remain unchanged from 2018-19.

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 2019-20 estimate of \$11,152,000 is projected to increase by 1 percent from the 2018-19 estimate. The increase accounts for a slight customer base increase. 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 2019-20 estimate of \$12,663,000 is \$2,000 less than the 2018-19 estimate of \$12,665,000. The slight decrease is due to less estimated revenues from substance abuse screening service.

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 2019-20 estimate for this revenue category is \$1,409,000, which is unchanged from the 2018-19 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 2019-20 estimate for ETS is \$36,964,000, which is \$706,000 or 1.9 percent more than the 2018-19 estimate of \$36,258,000. The increase accounts for the inflationary rate adjustment. Other Fire revenue sources include fire prevention inspection fees, computer-aided dispatch (CAD) and various other charges for the services provided to the community. The 2019-20 estimate for other fire services is \$12,641,000 which is \$333,000 or 2.7 percent more than the 2018-19 estimate of \$12,308,000. This increase is primarily due to an estimated increase in computer aided dispatch fees.

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 2019-20 estimate is \$1,400,000, which is unchanged from the 2018-19 estimate.

Library Fees

Library fine and fee revenues are generated from overdue or damaged library materials and room rentals at city libraries. The 2019-20 estimate of \$570,000 is \$4,000 less than the 2018-19 estimate of \$574,000. The projection assumes a slight decrease in interest income.

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 2019-20 estimate of \$7,163,000 is \$42,000 or 0.6 percent less than the 2018-19 estimate of \$7,205,000. The decrease in 2019-20 is due to anticipated lower revenue from other miscellaneous park fees.

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 2019-20 estimate of \$1,755,000 is \$101,000 or 6.1 percent above the 2018-19 estimate of \$1,654,000. The projection accounts for increased revenue from zoning adjustment fees.

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 \$14,230,000 for 2019-20 is 1.2 percent lower than the 2018-19 estimate of \$14,396,000. The decrease is primarily due to less anticipated revenues from police personal services billings and miscellaneous fees.

Street Transportation

This user fee category includes permit fees for utility construction in the public rights-of-way as well as utility ordinance inspections. The 2019-20 estimate of \$4,786,000 is \$111,000 or 2.3 percent less than the 2018-19 estimate of \$4,897,000. The decrease is mainly due to an anticipated reduction in revenues from revocable permits and other miscellaneous fees.

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 concessions. The 2019-20 estimate of \$22,530,000 is \$378,000 or 1.7 percent more than the 2018-19 estimate of \$22,152,000. The increase is primarily due to more estimated revenues from parking garages and interest earnings.

All Other Fees

This fee category consists of miscellaneous service charges in the Finance, Human Services and Neighborhood Services departments and miscellaneous categories. The 2019-20 estimate of \$2,858,000 is \$321,000 or 10.1 percent less than the 2018-19 estimate of \$3,179,000. The decrease is due to less anticipated other miscellaneous revenue.

NON-GENERAL FUNDS

Non-General Fund revenues consist of two major categories: Special Revenue and Enterprise funds. The following sections provide descriptions of the various revenue sources in each category and explanations of 2019-20 revenue estimates. The table on the next page provides the 2018-19 and 2019-20 estimates and 2017-18 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 2019-20 estimate of \$36,619,000 is \$2,213,000 or 6.4 percent more than the 2018-19 estimate of \$34,406,000. These estimates are consistent with those for the same categories in the local sales tax discussion. Also, \$639,000 is estimated for combined net interest earnings in 2019-20.

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 2019-20 estimate is \$73,237,000 or 6.4 percent more than the 2018-19 estimate of \$68,819,000. These estimates are consistent with those for the same categories in the local sales tax discussion. Also, \$444,000 is estimated for interest earnings in 2019-20.

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 2019-20 estimate of \$28,077,000 is \$224,000 or 0.8 percent greater than the 2018-19 estimate of \$27,853,000.

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 2019-20 estimate of \$36,619,000 is \$2,212,000 or 6.4 percent more than the 2018-19 estimate of \$34,407,000. These estimates are consistent with the estimates for the same categories in the local sales tax discussion. Also, \$847,000 is estimated for interest earnings in 2019-20.

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

Revenue Source	2017-18 Actual	2018-19 Estimate	2019-20 Budget	Increase/(Decrease) From 2018-19 Estimate	
				Amount	Percent
SPECIAL REVENUE FUNDS					
Neighborhood Protection	\$ 32,228	\$ 35,045	\$ 37,258	\$ 2,213	6.3%
2007 Public Safety Expansion	63,371	69,263	73,681	4,418	6.4%
Public Safety Enhancement	25,797	27,853	28,077	224	0.8%
Parks and Preserves	32,839	35,254	37,466	2,212	6.3%
Transit 2000 ^{1/}	(29)	-	-	-	
Transportation 2050 ^{1/}	264,411	285,691	297,675	11,984	4.2%
Court Awards	4,213	5,249	4,913	(336)	-6.4%
Development Services	59,844	62,490	66,542	4,052	6.5%
Capital Construction	9,833	9,072	8,837	(235)	-2.6%
Sports Facilities	32,322	26,642	27,571	929	3.5%
Arizona Highway User Revenue	132,738	140,774	145,919	5,145	3.7%
Regional Transit Revenues	38,695	52,763	40,580	(12,183)	-23.1%
Community Reinvestment	7,567	5,569	6,251	682	12.2%
Secondary Property Tax	100,187	105,937	112,653	6,716	6.3%
Regional Wireless Cooperative	4,239	4,489	4,764	275	6.1%
Golf Courses	5,722	5,504	5,514	10	0.2%
Impact Fee Program Administration	443	470	475	5	1.1%
Court Special Fees	1,419	1,501	1,435	(66)	-4.4%
Monopole Rental	105	156	160	4	2.6%
Tennis Center	47	47	47	-	0.0%
Vehicle Impound Program	2,429	2,339	2,339	-	0.0%
Heritage Square	46	47	47	-	0.0%
Affordable Housing Program	4,575	3,613	3,620	7	0.2%
Jet Fuel Other Restricted Fund	658	780	779	(1)	-0.1%
Other Restricted (gifts/trusts)	29,976	24,235	27,600	3,365	13.9%
<u>Grants</u>					
Public Housing Grants	88,759	98,275	93,637	(4,638)	-4.7%
Human Services Grants	45,809	58,973	56,270	(2,703)	-4.6%
Community Development	14,292	9,855	30,989	21,134	+100%
Criminal Justice	7,224	12,769	5,408	(7,361)	-57.6%
Public Transit Grants	14,490	55,563	111,362	55,799	+100%
Other Grants	43,417	36,010	51,418	15,408	42.8%
Subtotal - Grants	\$ 213,991	\$ 271,445	\$ 349,084	\$ 77,639	28.6%
Total Special Revenue Funds	\$ 1,067,666	\$ 1,176,228	\$ 1,283,287	\$ 107,059	9.1%
ENTERPRISE FUNDS					
Aviation	385,888	385,474	394,790	9,316	2.4%
Water System	434,232	417,782	456,571	38,789	9.3%
Wastewater System	239,245	242,580	242,954	374	0.2%
Solid Waste	149,947	151,929	150,957	(972)	-0.6%
Convention Center	75,802	86,446	91,047	4,601	5.3%
Total Enterprise Funds	\$ 1,285,114	\$ 1,284,211	\$ 1,336,319	\$ 52,108	4.1%
TOTAL NON-GENERAL FUND	\$ 2,352,780	\$ 2,460,439	\$ 2,619,606	\$ 159,167	6.5%

^{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.

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 in the Transit 2000 fund. The 2019-20 sales tax estimate for Transportation 2050 is \$249,936,000, which is \$14,990,000 or 6.4 percent more than the 2018-19 estimate of \$234,946,000. 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 2019-20 fare box revenue estimate of \$38,314,000 is 0.2 percent greater than the 2018-19 estimate of \$38,248,000. The slight increase is primarily attributable to upcoming service level increases. The 2019-20 estimate also includes interest earnings and other miscellaneous revenue of \$9,425,000, which is a 24.6 percent decrease from 2018-19 estimate of \$12,497,000. This decrease is primarily due to the discontinuation of the fuel credit program and less anticipated interest income.

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 2019-20 is \$4,913,000, which is \$336,000 or 6.4 percent less than the 2018-19 estimate of \$5,249,000. The decrease reflects less anticipated cases in 2019-20.

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 2019-20 estimate is \$66,542,000, which is \$4,052,000 or 6.5 percent more than the 2018-19 estimate of \$62,490,000. This increase is primarily due to estimated revenue growth in building and engineering permit fees, building plans review fees, and site plan and engineering plan review fees.

Capital Construction

This category includes revenue from a 2 percent increase in the sales tax on telecommunications implemented in February 1998 and is intended to reimburse Phoenix residents for the use of their public rights of way by the telecommunications industry. These funds are used primarily for right-of-way improvements in the Street Transportation Capital Improvement Program. The 2019-20 estimate is \$8,743,000, or 0.1 percent more than the 2018-19 estimate of \$8,734,000. The slight increase accounts for year-end adjustments. The 2019-20 estimate also includes interest earnings of \$94,000.

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 2019-20 estimate is \$23,063,000, which is \$922,000 more than the 2018-19 estimate of \$22,141,000. The revenue estimates are consistent with the estimates for the same categories in the local sales tax discussion. The 2019-20 estimate also includes \$4,508,000 in other revenues, including lease payments from TGen and interest earnings.

Arizona Highway User Revenue

The State Transportation Financing Plan adopted by the Legislature in 1981 and amended in 1982 and 1985 included a 13 cent per gallon gas tax plus other user fees and charges such as registrations, driver's licenses, motor carrier taxes, other miscellaneous fees and an increased share of the motor vehicle license taxes. Additional gasoline taxes were added in 1986 (3 cents per gallon), in 1988 (1 cent per gallon), and in 1990 (1 cent per gallon) for a total state gas tax rate of 18 cents per gallon. These statewide funds are deposited in the state's Highway User Revenue Fund (HURF) for allocation, including an allocation to cities and towns. Phoenix's HURF distribution is recorded in the city's Arizona Highway User Revenue (AHUR) fund.

A new distribution formula for HURF was passed by the Legislature and signed by the governor in May 1996 (effective July 1, 1996). It was intended to be revenue neutral to cities. This distribution formula provides 27.5 percent to incorporated cities and towns (distributed one-half on the relative population of the cities and towns and one-half on the county origin of sales/relative population of the counties) and 3 percent to cities over 300,000 population (Phoenix, Tucson and Mesa). In 2016-17 and 2017-18, to partially offset the impact of supplementing the Department of Public Safety with HURF, the Arizona State Budget included a special distribution of \$30 million from the State General Fund to Arizona counties, cities and towns, equating to \$4.8 million per year for the City of Phoenix. This distribution was discontinued in 2018-19; however the State Legislature substantially reduced the Department of Public Safety's HURF allocation as an offset. At the time of budget development, the Department of Public Safety's HURF distribution was assumed to be eliminated beginning in 2019-20.

For 2019-20, it is anticipated that Phoenix will receive \$116.5 million from the allocation to all cities and towns and \$29.1 million from the allocation to cities and towns over 300,000 population.

The total 2019-20 HURF distribution estimate of \$145,617,000 is \$6,551,000 more than the 2018-19 estimate of \$139,066,000. The increased 2019-20 estimate is primarily attributable to projected increases in gas and use fuel tax (2.9 percent) and vehicle license tax (6.1 percent). The 2019-20 interest earnings and other income estimate of \$302,000 is \$1,406,000 less than the 2018-19 estimate of \$1,708,000 due to an anticipated lower fund balance.

The table below shows the state-shared HURF allocations to the city of Phoenix since 2015-16.

ARIZONA HIGHWAY USER REVENUES (In Thousands of Dollars)			
Fiscal Year	AHUR Distribution	Increase/(Decrease)	
		Amount	Percent
2015-16	\$116,682	\$4,934	4.4%
2016-17	126,052	9,370	8.0
2017-18	131,355	5,303	4.2
2018-19 (Est.)	139,066	7,711	5.9
2019-20 (Est.)	145,617	6,551	4.7

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 2019-20 estimate of \$40,580,000 is \$12,183,000 or 23.1 percent lower than the 2018-19 estimate of \$52,763,000. The decrease is due to the timing of reimbursements for project costs from the regional transportation plan.

Community Reinvestment

The 2019-20 estimate of \$6,251,000 is \$682,000 more than the 2018-19 estimate of \$5,569,000 and represents estimated revenues to be received through various economic redevelopment agreements in the downtown area. The increase is mainly due to estimated lease revenue growth in 2019-20.

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 2019-20 primary property tax rate is \$1.3055 per \$100 of assessed valuation. The 2019-20 secondary rate is \$0.8241 per \$100 of assessed value, for a combined property tax rate of \$2.1296.

The 2019-20 secondary property tax levy of \$108,971,000 is based on this \$0.8241 rate and the primary net assessed valuation of \$13.22 billion. This resulting levy increases the 2018-19 secondary property tax levy of \$102,187,000 by \$6,784,000 to satisfy debt service requirements.

Also included in the 2019-20 estimate is \$4,772,000 in bond interest subsidies. Revenues are partially offset by an estimated \$1,090,000 in uncollected taxes. In total, secondary property tax and bond interest subsidy revenue is estimated to be \$112,653,000.

The table below shows secondary assessed valuation, secondary property tax levies and secondary property tax rates since 2015-16.

SECONDARY PROPERTY TAX					
Fiscal Year	Net Assessed Valuation (in Millions)	% Change	Secondary Levy (in Thousands)	% Change	Rate per \$100 Net Assessed Valuation
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	11,721	6.7	96,596	5.5	0.8241
2018-19	12,400	5.8	102,187	5.8	0.8241
2019-20 (Est.)	13,223	6.6	108,971	6.6	0.8241

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 2019-20 revenue estimate of \$4,764,000 is 6.1 percent or \$275,000 more than the 2018-19 estimate of \$4,489,000. The increase is due to anticipated radio rate and count increases in 2019-20.

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 2019-20 estimate of \$5,514,000 is slightly higher than the 2018-19 estimate of \$5,504,000. This is due to expected growth in greens fees and golf cart rentals, which is offset by the decreases in merchandise sales and facility rentals at several golf courses.

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 2019-20 revenue is estimated at \$475,000, which is 1.1% greater than the 2018-19 revenue estimate of \$470,000.

Other Restricted Fees

Included in this category are revenues associated with the Court Technology Enhancement fee and the Judicial Collection Enhancement Fund, monopoly 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 an FAA policy requiring that those funds be used only for aviation-related purposes, which was subsequently included in State law with an effective date of December 2017. Also included is revenue from restricted fees for recreation and other programs, and donations specified for various city programs.

The 2019-20 estimate of \$36,027,000 is \$3,309,000 or 10.1 percent more than the 2018-19 estimate of \$32,718,000. The increase is primarily due to higher revenues anticipated from sales of real estate and funding for the Census 2020 Campaign.

Public Housing Grants

The 2019-20 Public Housing grants revenue included in the annual operating budget is \$93,637,000, which is a 4.7 percent decrease from 2018-19 estimate of \$98,275,000. This decrease is primarily due to less HOME Investment Partnerships Program (HOME) funds from the federal government. The HOME program is aimed at increasing the availability of affordable rental housing and expanding home ownership opportunities for first-time homebuyers. Other items in this category include housing subsidies, housing assistance payments, rentals and interest income.

Human Services Grants

The 2019-20 revenue estimate of \$56,270,000 is \$2,703,000 or 4.6 percent less than the 2018-19 estimate of \$58,973,000. The decrease is primarily due to fewer anticipated Human Services Operating Grants. 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 2019-20 CDBG entitlement is \$30,989,000 which is \$21,134,000 or 214.4 percent more than the 2018-19 estimate of \$9,855,000. The substantial increase is due to a carryover from 2018-19 of grant revenues from the federal government.

Criminal Justice Grants

The 2019-20 grant revenue for criminal justice programs is estimated to be \$5,408,000, which is \$7,361,000 or 57.6 percent less than the 2018-19 estimate of \$12,769,000. The decrease is due to reductions 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 2019-20 Federal Transit Administration Grant estimate is \$111,362,000 reflecting an increase of \$55,799,000 or 100.4 percent higher than the 2018-19 estimate of \$55,563,000. The significant increase is due to a carryover of grant funds from 2018-19 to support capital budget projects.

Other Grants

The 2019-20 budget also includes \$51,418,000 for federal, state and other grants which is \$15,408,000 or 42.8 percent more than the 2018-19 estimate of \$36,010,000. The increase is primarily due to an anticipated increase in Choice Neighborhood Grant funds, offset by an estimated decrease in fire operating grants. 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 primarily include airline operation fees, concession revenues and interest income at Sky Harbor International, Deer Valley and Goodyear airports. Total Aviation revenue for 2019-20 is anticipated to be \$394,790,000, which is \$9,316,000 or 2.4 percent more than the 2018-19 estimate of \$385,474,000. The increase is mainly due to expected increases in airline operation fees and concession revenues.

The following table shows Aviation revenue by major category and annual percent change since 2015-16.

SUMMARY OF AVIATION REVENUES (In Thousands of Dollars)					
	2015-16	2016-17	2017-18	2018-19 (Est.)	2019-20 (Est.)
Airline Operation	\$137,358	\$140,972	\$151,326	\$151,500	\$160,590
Concessions and Rentals	195,889	202,804	215,631	217,706	217,932
Interest	3,092	4,177	7,019	5,500	5,500
Other/Federal Grants	3,769	1,191	6,093	5,096	5,096
Goodyear	2,292	2,395	2,647	2,590	2,590
Deer Valley	2,926	3,112	3,172	3,082	3,082
Total Aviation Revenue	\$345,326	\$354,651	\$385,888	\$385,474	\$394,790
Change From Prior Year	1.6%	2.7%	8.8%	(0.1)%	2.4%

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 2019-20 is projected to be \$456,571,000, which is \$38,789,000 or 9.3 percent more than the \$417,782,000 estimate for 2018-19. The increase is due to estimated increases in water sales, environmental consumption charges, raw water charges, and Val Vista revenues. The 2019-20 estimate includes anticipated small increases in the number of accounts. Additionally, the City Council on January 9, 2019 adopted water rate increases effective in March 2019 and February 2020, which will generate 6 percent annual revenue growth.

The following table shows water system revenues by major category since 2015-16.

SUMMARY OF WATER SYSTEM REVENUES (In Thousands of Dollars)					
	2015-16	2016-17	2017-18	2018-19 (Est.)	2019-20 (Est.)
Water Sales	\$305,168	\$329,021	\$342,094	\$318,506	\$324,153
Environmental Consumption Charge	40,105	33,358	34,427	43,393	69,793
Raw Water Charge	24,979	25,425	26,451	27,463	35,445
Interest	2,467	2,792	3,613	3,845	2,738
Development Fees	3,514	3,755	3,916	3,800	3,800
Combined Service Fees	2,386	2,348	2,326	5,500	5,500
Val Vista	5,753	5,827	6,461	6,388	6,495
All Other	12,220	15,176	14,944	8,887	8,647
Total Water Revenue	\$396,592	\$417,702	\$434,232	\$417,782	\$456,571
Change From Prior Year	6.9%	5.3%	4.0%	(3.8)%	9.3%

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 \$242,954,000 in 2019-20, which is \$374,000 or 0.2 percent more than the 2018-19 estimate of \$242,580,000. The slight increase is due to expected revenue growth in sewer service charges and environmental charges, which is offset by an anticipated decrease in interest earnings.

The following table shows Wastewater revenue by major category and annual percent change since 2015-16.

SUMMARY OF WASTEWATER SYSTEM REVENUES (In Thousands of Dollars)					
	2015-16	2016-17	2017-18	2018-19 (Est.)	2019-20 (Est.)
Sewer Service Charge	\$154,277	\$161,127	\$166,711	\$166,782	\$168,380
Environmental Charges	33,640	33,212	34,474	36,416	36,853
Development Fees	3,340	3,578	3,751	3,700	3,700
Interest	1,756	2,149	3,481	3,434	1,806
Multi-City	15,493	15,843	14,884	18,295	18,275
Other	13,152	12,810	15,944	13,953	13,940
Total Wastewater Revenue	\$221,658	\$228,719	\$239,245	\$242,580	\$242,954
Change From Prior Year	4.9%	3.2%	4.6%	1.4%	0.2%

Solid Waste

This category includes revenues from the monthly residential collection and landfill tipping fees. The 2019-20 estimate of \$150,957,000 is a decrease of \$972,000 or 0.6 percent less than the 2018-19 estimate of \$151,929,000. The revenue decrease is due to less anticipated revenue from solid waste service fees and interest income.

Convention Center

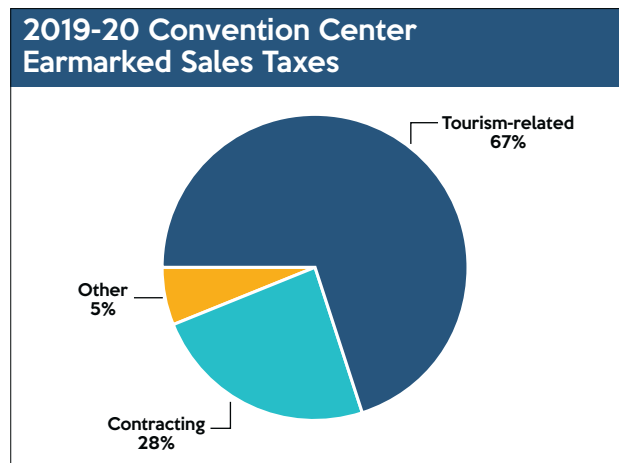
The majority of Convention Center revenues are from earmarked sales taxes including a 0.5 percent tax on advertising, a 0.5 percent portion of the 2.3 percent tax on construction, printing, publishing, transportation/towing and restaurant/ bar sales, plus a 2.0 percent portion of the 5.3 percent hotel/motel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

Earmarked sales taxes are expected to produce \$66,626,000 in 2019-20, an increase of 8.1 percent above the 2018-19 estimate of \$61,611,000. Convention Center operating revenues are expected to be \$18,809,000, parking revenue is expected to be \$4,612,000, and interest revenue is expected to be \$1,000,000, for total revenue estimates of \$91,047,000. This is \$4,601,000 or 5.3 percent more than the 2018-19 total estimated revenue of \$86,446,000. The increase is due to anticipated increases in sales tax and parking revenues, which are offset by less anticipated operating revenues. Tax estimates are consistent with General Fund sales tax estimates for the categories included in Convention Center.

The following table shows the Convention Center excise tax collections since 2015-16.

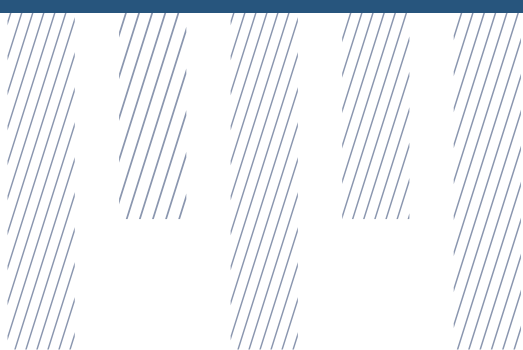
CONVENTION CENTER SALES TAXES (In Thousands of Dollars)			
Fiscal Year	Amount Collected	Increase/(Decrease)	
		Amount	Percent
2015-16	\$46,501	\$99	0.2%
2016-17	49,051	2,550	5.5
2017-18	52,730	3,679	7.5
2018-19 (Est.)	61,611	8,881	16.8
2019-20 (Est.)	66,626	5,015	8.1

Overall growth rates differ from General Fund sales taxes due to the smaller number of categories, differing proportions of the total and their more volatile nature. As shown in the following pie chart, contracting and tourism represent 95 percent of the sales tax revenue to this fund. Both industries are considered volatile; and both have experienced dramatic changes in the last several years. In the General Fund, however, contracting and tourism represent only 15 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 2019-20 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. 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 2019-20 operating budget allowance of \$2,094,000 is \$99,000 or 5.0 percent more than 2018-19 estimated expenditures. The increase is due to new funding for participatory budgeting activities and negotiated increases in employee compensation.

Expenditure and Position Summary			
	2017-18 Actual	2018-19 Estimate	2019-20 Budget
Operating Expense	\$1,560,000	\$1,995,000	\$2,094,000
Total Positions	15.0	17.0	17.0
<i>Source of Funds:</i>			
General	\$1,560,000	\$1,995,000	\$2,094,000

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 April 2023. Terms for council members from odd-numbered districts expire in April 2021. 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 2019-20 City Council operating budget allowance of \$4,750,000 is \$318,000 or 7.2 percent more than 2018-19 estimated expenditures. The increase is due to negotiated increases in employee compensation, normal inflationary increases within the central City Council Office and the addition of \$200,000 to implement participatory budgeting at the district level.

Expenditure and Position Summary			
	2017-18 Actual	2018-19 Estimate	2019-20 Budget
Operating Expense	\$3,429,000	\$4,432,000	\$4,750,000
Total Positions	31.0	30.0	30.0
<i>Source of Funds:</i>			
General	\$3,429,000	\$4,432,000	\$4,750,000

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 2019-20 operating budget allowance of \$3,191,000 is \$752,000 or 30.8 percent more than 2018-19 estimated expenditures. The increase is in the General Fund and Federal and State Grants.

The General Fund 2019-20 operating budget of \$2,873,000 is \$615,000 or 27.2 percent more than 2018-19 estimated expenditures. The increase is due to fewer anticipated vacancies and negotiated increases in employee compensation.

The Federal and State Grants 2019-20 operating budget of \$318,000 is \$163,000 or 105.2 percent more than 2018-19 estimated expenditures. The City was awarded grants for the Read On Phoenix's AARP Experience Corps tutoring program.

City Manager's Office Major Performance Measures and Service Levels

The following significant performance measures and service level trends will be achieved with the 2019-20 budget allowance:

	2017-18 Actual	2018-19 Estimate ¹	2019-20 Budget
Departments implementing performance metrics as follow up to organizational review	10	10	10
Streamline internal processes to create efficiencies through AdvancePHX	4	3	3

¹ Based on 10 months actual experience.

Expenditure and Position Summary

	2017-18 Actual	2018-19 Estimate	2019-20 Budget
Operating Expense	\$2,434,000	\$2,439,000	\$3,191,000
Total Positions	19.5	19.5	19.5
<i>Source of Funds:</i>			
Federal and State Grants	53,000	155,000	318,000
General	\$2,227,000	\$2,258,000	\$2,873,000
Other Restricted	153,000	26,000	-
Water	1,000	-	-

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 2019-20 operating budget allowance of \$12,905,000 is \$10,000 or 0.1 percent more than 2018-19 estimated expenditures. The increase reflects negotiated increases in employee compensation, normal inflationary increases and the absorption of the metro-Phoenix's regional Very High Frequency (VHF) emergency radio system that will now be managed and governed by the RWC Board.

Expenditure and Position Summary

	2017-18 Actual	2018-19 Estimate	2019-20 Budget
Operating Expense	\$12,329,000	\$12,895,000	\$12,905,000
Total Positions	4.0	4.0	4.0
<i>Source of Funds:</i>			
City Improvement	\$8,120,000	\$8,118,000	\$8,122,000
RWC	4,209,000	4,777,000	4,783,000

GOVERNMENT RELATIONS

Program Goal

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

Budget Allowance Explanation

Government Relations 2019-20 operating budget allowance of \$5,168,000 is \$3,576,000 or 224.6 percent more than 2018-19 estimated expenditures and reflects additional resources for Census 2020 marketing and public engagement efforts, as well as funding from the Maricopa Association of Governments (MAG) to help fund regional Census 2020 efforts. The budget also reflects negotiated increases in 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 2019-20 budget allowance:

	2017-18 Actual	2018-19 Estimate ¹	2019-20 Budget
Percentage of Arizona state legislative bills opposed by the City which were not enacted	80%	94%	75%
Number of strategic federal meetings brokered for elected officials or government executives	88	91	80
Number of strategic state and local meetings brokered for elected officials or government executives ²	N/A	50	60
Success rate of federal and state competitive grants and private foundation grants that Government Relations assisted departments securing	76%	76%	75%
Number of tribal gaming grants processed by Government Relations	81	80	80

¹ Based on 10 months actual experience.

² New performance measure for 2018-19.

Expenditure and Position Summary

	2017-18 Actual	2018-19 Estimate	2019-20 Budget
Operating Expense	\$1,044,000	\$1,592,000	\$5,168,000
Total Positions	6.0	7.0	7.0
<i>Source of Funds:</i>			
General	\$1,044,000	\$1,447,000	\$2,813,000
Other Restricted	-	145,000	2,355,000

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 2019-20 operating budget allowance of \$2,735,000 is \$164,000 or 6.4 percent more than 2018-19 estimated expenditures. The increase is primarily due to negotiated increases in employee compensation and the replacement of a vehicle.

Communications Office Major Performance Measures and Service Levels

The following significant performance measures and service level trends will be achieved with the 2019-20 budget allowance:

	2017-18 Actual	2018-19 Estimate ¹	2019-20 Budget
Percent of news releases that generate media coverage	69%	70%	72%
New PHX 11 programs produced per year ²	421	350	350
Percent of news distributed to stakeholders by 5 p.m. daily	95%	95%	95%
Percent of email responses to public inquiries within one day	96%	97%	96%
Average response time to public records requests (days)	1.5	1.5	1.5
Phoenix.gov pageviews (monthly average)	1,223,035	1,120,000	1,176,000

¹ Based on 10 months actual experience.

² The anticipated decrease in 2018-19 and 2019-20 is due to not having any major event coverage and programming related to the NCAA tournaments. Also, in 2017-18 video content was produced for monsoon related information to use in future years.

Expenditure and Position Summary

	2017-18 Actual	2018-19 Estimate	2019-20 Budget
Operating Expense	\$2,438,000	\$2,571,000	\$2,735,000
Total Positions	19.1	19.1	19.1
<i>Source of Funds:</i>			
General	\$2,063,000	\$2,183,000	\$2,357,000
Other Restricted	375,000	388,000	378,000

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 2019-20 operating budget allowance of \$3,345,000 is \$343,000 or 11.4 percent more than 2018-19 estimated expenditures. The increase is primarily due to negotiated employee compensation increases, fewer anticipated vacant positions and increased costs for software maintenance.

City Auditor Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2019-20 budget allowance:

	2017-18 Actual	2018-19 Estimate ¹	2019-20 Budget
Percent of audit plan completed	81%	80%	80%
Performance audit and management reports issued ²	91	80	75
Average audit cycle time (calendar days) ²	193	180	180
Economic impact of audits as a result of identified improvements or cost savings (millions) ³	\$.6	\$.5	\$ 1.0
Hearing rulings issued timely according to time frames listed in the city code	100%	100%	100%

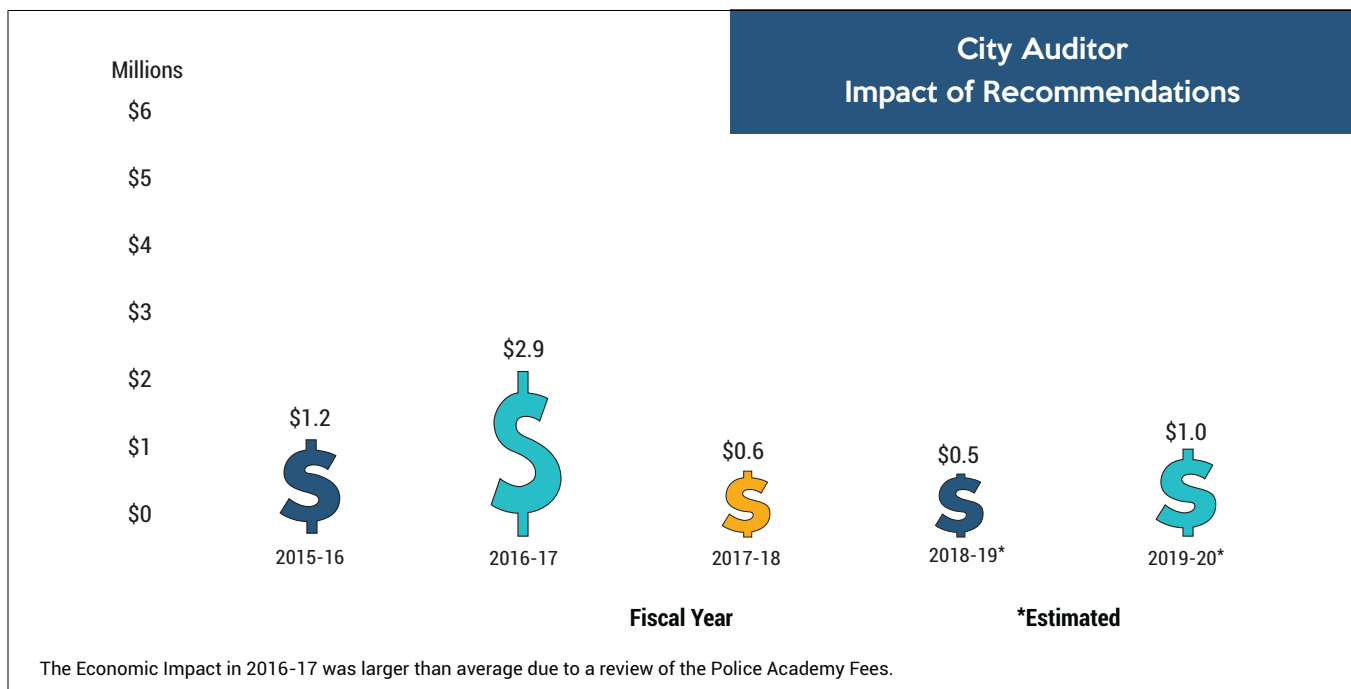
¹Based on 10 months actual experience.

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

³1.0 million is more representative of the historical average than the 2017-18 actuals of \$.6 million which was an usually low year.

Expenditure and Position Summary

	2017-18 Actual	2018-19 Estimate	2019-20 Budget
Operating Expense	\$2,575,000	\$3,002,000	\$3,345,000
Total Positions	25.4	25.4	25.4
<i>Source of Funds:</i>			
General	\$2,575,000	\$3,002,000	\$3,345,000



EQUAL OPPORTUNITY

Program Goal

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

Budget Allowance Explanation

The 2019-20 Equal Opportunity operating budget allowance of \$3,230,000 is \$376,000 or 13.2 percent more than 2018-19 estimated expenditures. This is primarily due to position reallocations, negotiated increases in employee compensation, and fewer anticipated vacant positions.

Equal Opportunity Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2019-20 budget allowance:

	2017-18 Actual	2018-19 Estimate ¹	2019-20 Budget
Discrimination complaints in employment, public accommodations, housing and ADA accessibility, investigated and closed ²	269	250	250
Percentage of discrimination complaints investigated timely ³	81%	86%	80%
Outreach presentations to small and disadvantaged businesses and small business advocacy organizations	15	12	12
Number of disadvantaged business enterprises (DBEs) certified	615	700	700
Number of small business enterprises (SBEs) certified	653	750	800
Construction subcontracts monitored for participation of DBE subcontractors and non-DBE-certified construction subcontractors	1,785	2,000	2,300

¹ Based on 10 months actual experience.

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

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

Expenditure and Position Summary

	2017-18 Actual	2018-19 Estimate	2019-20 Budget
Operating Expense	\$2,761,000	\$2,854,000	\$3,230,000
Total Positions	25.0	27.0	27.0
<i>Source of Funds:</i>			
General	\$2,329,000	\$2,374,000	\$2,702,000
Community Development Block Grant	263,000	262,000	269,000
Federal and State Grants	166,000	208,000	249,000
Other Restricted	3,000	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 2019-20 operating budget allowance of \$12,898,000 is \$549,000 or 4.4 percent higher than 2018-19 estimated expenditures. This is primarily due to increased costs in the General Fund which is partially offset by decreased costs in the City Improvement Fund.

The General Fund 2019-20 budget allowance of \$11,530,000 is \$591,000 or 5.4 percent more than 2018-19 estimated expenditures. The increase is primarily due to negotiated employee compensation increases and fewer anticipated vacancies. This is partially offset by decreases in agency staffing and computer services.

The City Improvement Fund 2019-20 budget allowance of \$816,000 is \$68,000 or 7.7 percent less than 2018-19 estimated expenditures. The decrease is due to less Personnel building debt service payments.

Human Resources Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2019-20 budget allowance:

	2017-18 Actual	2018-19 Estimate ¹	2019-20 Budget
Percentage of hiring managers satisfied with applicants placed on hiring eligible list	80%	80%	80%
Annualized employee turnover rate	7.2%	7.1%	7.1%
Employee performance evaluations completed on time	77%	73%	73%
The number of employee suggestions received	38	32	35

¹ Based on 10 months actual experience.

Expenditure and Position Summary

	2017-18 Actual	2018-19 Estimate	2019-20 Budget
Operating Expense	\$11,239,000	\$12,349,000	\$12,898,000
Total Positions	99.2	103.7	103.7
<i>Source of Funds:</i>			
General	\$10,202,000	\$10,939,000	\$11,530,000
City Improvement	700,000	884,000	816,000
Other Restricted	337,000	526,000	552,000

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 2019-20 operating budget allowance of \$105,000 is \$9,000 or 9.4 percent more than 2018-19 estimated expenditures. The increase is primarily due to an increase for various contractual expenses such as contracted hearing officers and temporary agency services, and negotiated increases in employee compensation.

Phoenix Employment Relations Board Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2019-20 budget allowance:

	2017-18 Actual	2018-19 Estimate ¹	2019-20 Budget
Number of cases filed annually ²	2	5	5

¹ Based on 10 months actual experience.

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

Expenditure and Position Summary

	2017-18 Actual	2018-19 Estimate	2019-20 Budget
Operating Expense	\$74,000	\$96,000	\$105,000
Total Positions	1.0	1.0	1.0
<i>Source of Funds:</i>			
General	\$74,000	\$96,000	\$105,000

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 2019-20 gross operating budget allowance of \$2,753,000 is \$287,000 or 11.6 percent more than 2018-19 estimated expenditures. This is primarily due to increased funding for audit services, and the addition of a position dedicated to handling public safety retirement and disability issues and supporting the City of Phoenix Police and Fire Pension Boards.

Retirement Systems Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2019-20 budget allowance:

	2017-18 Actual	2018-19 Estimate ¹	2019-20 Budget
General city retirements	365	458	456
Public safety retirements ²	305	282	330
General city and public safety member contacts			
Appointments ²	1,042	1,258	1,040
Walk-in service ²	1,634	1,320	1,600
Telephone calls	10,051	9,108	9,700
General City and Public Safety Benefit estimates provided (excluding self-service)	2,138	2,568	2,270

¹ Based on 10 months actual experience.

² Recent increases in public safety retirements are expected to realign with historical levels in 2019-20.

Expenditure and Position Summary

	2017-18 Actual	2018-19 Estimate	2019-20 Budget
Operating Expense (Gross ¹)	\$2,261,000	\$2,466,000	\$2,753,000
Total Positions	15.0	15.0	16.0
<i>Source of Funds:</i>			
General (Gross ¹)	\$2,261,000	\$2,466,000	\$2,753,000

¹ 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 2019-20 operating budget allowance of \$27,693,000 is \$4,699,000 or 20.4 percent more than 2018-19 estimated expenditures. The increase is primarily due to negotiated increases in employee compensation and the full year cost of 10 support positions related to the implementation of the Police Department's body-worn camera program. Also included in the budget allocation are two positions to implement and provide on-going support for a new modernized Case Management System (CMS). Funding for these positions is provided from existing resources within the department's budget.

Law Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2019-20 budget allowance:

	2017-18 Actual	2018-19 Estimate ¹	2019-20 Budget
Criminal cases sent to diversion	2,562	2,600	2,600
Pre-trial disposition conferences set	72,223	75,000	75,000
New civil cases opened in the fields of condemnation, collection, taxes and civil litigation, excluding liability and other cases assigned to outside counsel	590	600	600
Number of defendants submitted for charging review	32,968	50,000	50,000
Number of civil cases closed, including those assigned to outside counsel and handled through the alternative dispute resolution process	1,167	500	500
Ordinances and resolutions for City Council adoption drafted and reviewed	1,320	1,000	1,000
Number of jury trials prosecuted	88	70	70

¹ Based on 10 months actual experience.

Expenditure and Position Summary

	2017-18 Actual	2018-19 Estimate	2019-20 Budget
Operating Expense	\$20,828,000	\$22,994,000	\$27,693,000
Total Positions	199.0	209.0	211.0
<i>Source of Funds:</i>			
General	\$19,502,000	\$21,193,000	\$25,841,000
Federal and State Grants	1,199,000	1,404,000	1,464,000
Other Restricted	1,000	223,000	223,000
Court Awards	126,000	174,000	165,000

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 2019-20 operating budget allowance of \$50,427,000 is \$8,116,000 or 19.2 percent more than 2018-19 estimated expenditures. This reflects negotiated increases in employee compensation, additional funding for information security and privacy services and includes six positions to enhance the City's cyber security program. 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 2019-20 budget allowance:

	2017-18 Actual	2018-19 Estimate ¹	2019-20 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%	99.0%
Phoenix.gov	99.7%	99.9%	99.8%
ePay	98.2%	98.9%	99.6%
TALIS	96.0%	95.5%	95.5%
RWC	99.9%	99.9%	99.9%
Number of pages accessed in Phoenix.gov	14,676,428	15,300,000	15,300,000
Average cycle time of telephone service requests	< 21 days	< 21 days	< 14 days
Units of portable and mobile radio equipment ²	18,500	18,860	18,860

¹ Based on 10 months actual experience.

² 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

	2017-18 Actual	2018-19 Estimate	2019-20 Budget
Operating Expense	\$39,432,000	\$42,311,000	\$50,427,000
Total Positions	197.0	195.0	201.0
<i>Source of Funds:</i>			
General	\$35,426,000	\$37,429,000	\$45,511,000
City Improvement	3,289,000	4,070,000	4,028,000
Aviation	273,000	341,000	364,000
Water	121,000	170,000	225,000
Solid Waste	112,000	187,000	195,000
Other Restricted	1,000	97,000	87,000
Cable Communications	210,000	17,000	17,000

CITY CLERK

Program Goal

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

Budget Allowance Explanation

The City Clerk 2019-20 operating budget allowance of \$7,277,000 is \$664,000 or 8.4 percent less than 2018-19 estimated expenditures. The decrease is primarily due to fewer scheduled elections for 2019-20, partially offset by the carryover of funding for the new business licensing system and the records management system.

City Clerk Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2019-20 budget allowance:

	2017-18 Actual	2018-19 Estimate ¹	2019-20 Budget
Number of council formal and special meeting agenda items	2,600	2,500	2,600
Open meeting law notices posted	3,100	3,000	3,100
Percent of open meeting law notices posted in accordance with state law	100%	100%	100%
Total printing and copy impressions (millions) ²	20,000,000	22,000,000	20,000,000
City Council regular and special elections held	1	4	1
License services applications and contacts ³	17,700	18,500	18,500
Records (in pages) provided for public access online	153,000	160,000	165,000

¹ Based on 10 months actual experience.

² The number of printing impressions increased in 2018-19 due to the number of City elections.

³ Projected increase in license services applications and contacts in 2018-19 is the result of the new sober living home licensing requirements.

Expenditure and Position Summary

	2017-18 Actual	2018-19 Estimate	2019-20 Budget
Operating Expense	\$4,593,000	\$7,941,000	\$7,277,000
Total Positions	52.5	54.5	54.5
<i>Source of Funds:</i>			
General	\$4,574,000	\$7,922,000	\$7,258,000
City Improvement	19,000	19,000	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 2019-20 Finance Department operating budget allowance of \$28,102,000 is \$2,122,000 or 8.2 percent more than 2018-19 estimated expenditures. The increase is primarily due to the increased expenditures in the General Fund and in the Water Fund.

The General Fund 2019-20 budget allowance of \$24,975,000 is \$1,984,000 or 8.6 percent more than 2018-19 estimated expenditures. The increase is due to a financial database performance upgrade, an increase from the State of Arizona for sales tax collection services, negotiated increases in employee compensation and fewer anticipated vacancies.

The Water Fund 2019-20 budget allowance of \$1,051,000 is \$124,000 or 13.4 percent more than 2018-19 estimated expenditures. This is due to fewer anticipated vacancies and negotiated increases in employee compensation.

Finance Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2019-209 budget allowance:

	2017-18 Actual	2018-19 Estimate ¹	2019-20 Budget
Sales tax and franchise fees collected (millions)	\$907	\$983	\$983
Average real estate acquisition cycle time (months) ²	4.7	3.1	9.0
Average property damage claims cycle time (days) ³	41	46	60
Average invitation for bid (IFB) cycle time (days) ⁴	67	60	60

¹ Based on 10 months actual experience.

² The variance in acquisition cycle time between 2018-19 and 2019-20 is due to an anticipated increase in parcel acquisitions associated with two light rail extensions and an increase in Street Transportation projects.

³ The 60 day cycle time is the budgeted goal. The goal was exceeded last year and is projected to be exceeded in 2019-20. Factors such as volume and complexity have an impact on the processing of claims.

⁴ The cycle time has decreased with the approval of new procurement thresholds.

Expenditure and Position Summary

	2017-18 Actual	2018-19 Estimate	2019-20 Budget
Operating Expense	\$25,556,000	\$25,980,000	\$28,102,000
Total Positions	215.0	211.0	211.0
<i>Source of Funds:</i>			
Aviation	\$345,000	\$385,000	\$399,000
City Improvement	1,687,000	911,000	912,000
General	21,712,000	22,991,000	24,975,000
Other Restricted	126,000	-	-
Public Housing	-	1,000	-
Sports Facilities	113,000	129,000	129,000
Wastewater	597,000	636,000	636,000
Water	976,000	927,000	1,051,000

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 2019-20 operating budget allowance of \$3,659,000 is \$286,000 or 8.5 percent higher than 2018-19 estimated expenditures. This is primarily due to negotiated increases in employee compensation.

Budget and Research Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2019-20 budget allowance:

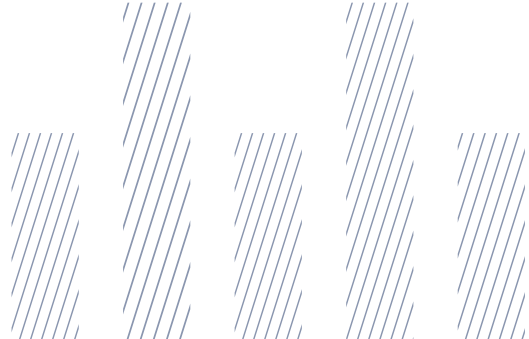
	2017-18 Actual	2018-19 Estimate ¹	2019-20 Budget
Percent variance of actual versus estimated expenditures for each major fund (data for the General Fund is shown)	-1.0%	0 ± 1%	0 ± 1%
Percent variance of actual versus estimated revenues for each major fund (data for the General Fund is shown)	0.7%	0 ± 1%	0 ± 1%
Percent of Requests for Council Action processed within 24 hours	90%	85%	85%
Capital Improvement Program expenditures as a percentage of original budget	69%	65%	65%

¹ Based on 10 months actual experience.

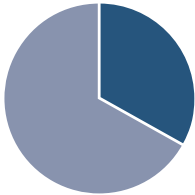
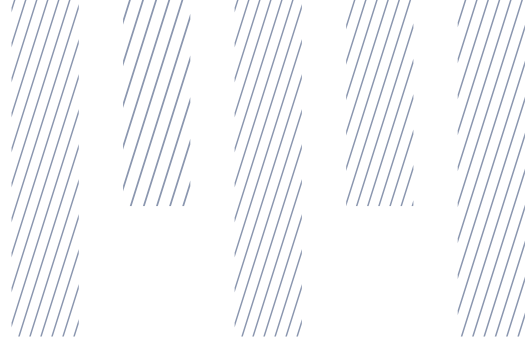
Expenditure and Position Summary

	2017-18 Actual	2018-19 Estimate	2019-20 Budget
Operating Expense	\$2,957,000	\$3,373,000	\$3,659,000
Total Positions	24.0	24.0	24.0
<i>Source of Funds:</i>			
General	\$2,957,000	\$3,373,000	\$3,659,000





PUBLIC SAFETY



The Public Safety Program Represents 34.3% of the Total Budget.

The Public Safety program budget includes Fire, Police, 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 2019-20 operating budget allowance of \$721,210,000 is \$33,138,000 or 4.8 percent more than 2018-19 estimated expenditures, primarily due to the continued hiring of police officers to reach the targeted goal of 3,125 filled sworn positions. The increase also reflects additional funding for critical vehicle replacements, negotiated increases in employee compensation, and other normal inflationary increases.

The 2019-20 budget provides new funding in several key areas, including additional staff to transition the department to the FBI-mandated Uniform Crime Reporting National Incident-Based Reporting System (UCR NIBRS); additional staff to expand a pilot program in the Centralized Booking detail that substantially reduces booking times; and additional staff in the Lab Services Bureau to reduce an evidence analysis backlog and to ensure adequate crime scene support. The budget also provides funding to implement the recommendations of the Traumatic Incident Intervention Resources (TIIR) Ad Hoc Committee, which include facilitated community response and debriefing sessions after officer-involved shootings, as well as translation services and additional behavioral health and de-escalation training for officers. Additionally, the budget includes a set-aside to begin implementing recommendations from the National Police Foundation's study on officer-involved shootings.

Police Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2019-20 budget allowance:

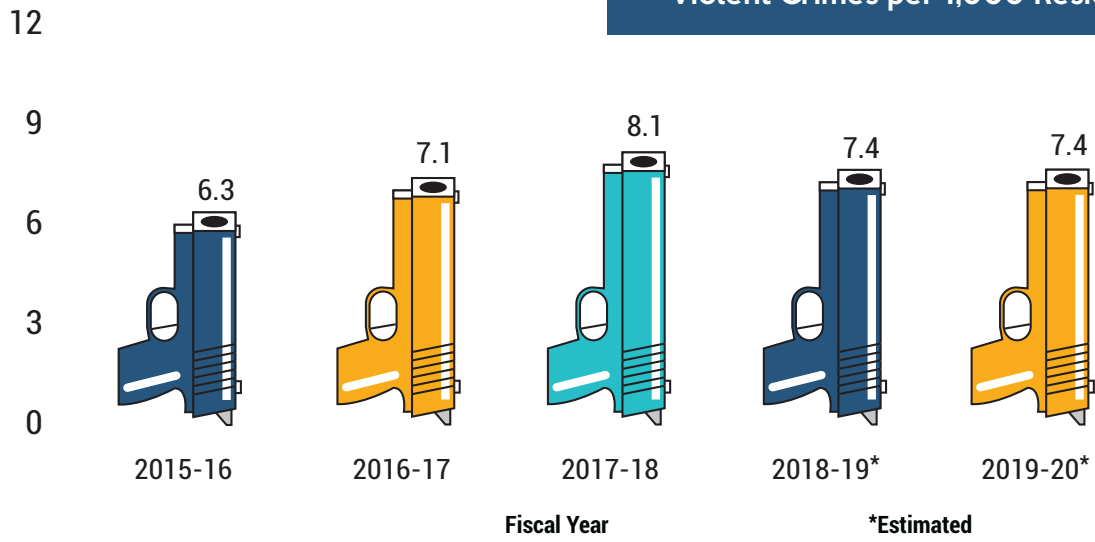
	2017-18 Actual	2018-19 Estimate ¹	2019-20 Budget
Average Response Time (Minutes)			
Priority 1 – Emergency	6.5	6.4	6.4
Priority 2 – Non-Emergency	19.3	19.5	19.5
Priority 3 – All Others	46.1	46.0	46.0
Percentage of phone calls to 9-1-1 and Crime Stop answered within 10 seconds	89%	91%	91%
Moving violation citations issued	101,345	104,900	104,900
Traffic accidents	30,950	31,310	31,610
Percentage of cases cleared:			
Murder	57%	66%	66%
Rape	7%	10%	10%
Robbery	21%	28%	25%
Aggravated Assault	33%	37%	37%
Burglary	5%	7%	7%
Theft	15%	16%	16%
Auto Theft	5%	7%	7%
Arson	11%	19%	19%

¹ Based on 10 months actual experience.

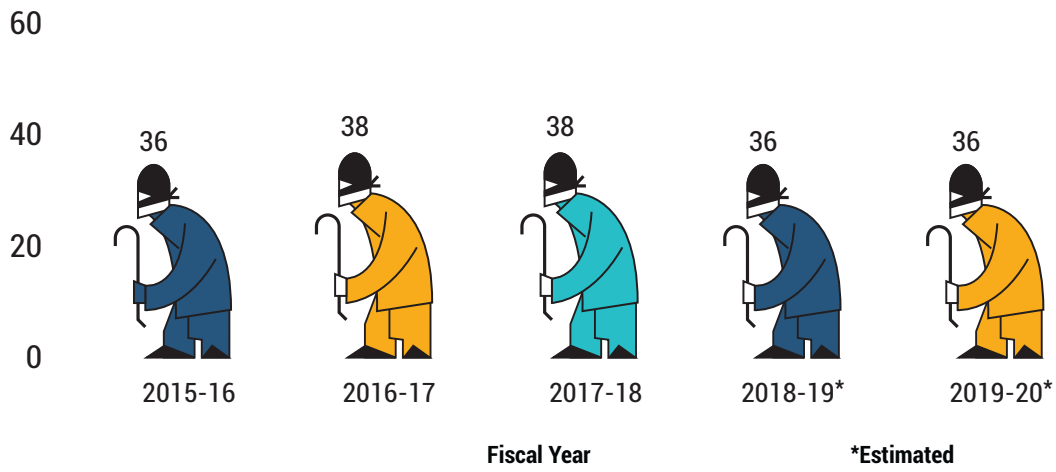
Expenditure and Position Summary

	2017-18 Actual	2018-19 Estimate	2019-20 Budget
Operating Expense	\$630,879,000	\$688,072,000	\$721,210,000
Total Positions	4,310.6	4,337.6	4,367.6
<i>Source of Funds:</i>			
General	\$527,742,000	\$540,534,000	\$566,452,000
Public Safety Expansion	34,284,000	58,973,000	68,777,000
Neighborhood Protection	23,700,000	29,601,000	30,789,000
Other Restricted	19,266,000	21,732,000	21,021,000
Public Safety Enhancement	10,744,000	15,344,000	19,937,000
Federal and State Grants	6,832,000	12,619,000	5,455,000
Court Awards	4,333,000	5,130,000	4,650,000
City Improvement	2,579,000	2,684,000	2,601,000
Sports Facilities	1,399,000	1,455,000	1,528,000

**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 2019-20 operating budget allowance of \$401,999,000 is \$39,920,000 or 11.0 percent more than 2018-19 estimated expenditures. The increase is primarily in the General Fund and is partially offset by a decrease in Federal and State Grant funding.

The 2019-20 General Fund budget allowance of \$345,429,000 is \$43,036,000 or 14.2 percent more than 2018-19 estimated expenditures. The increase is primarily due to 19 new positions, negotiated increases in employee compensation, public safety retirement contribution increases, and funding for a new ambulance and seven sworn positions to place an additional rescue company in service at Fire Station 58. The 19 new positions include eight additional sworn positions for Fire Station 55; five position restorations from previous position cuts for the Fire Prevention Program; and six positions for the addition of one crisis response unit to enhance the Community Assistance Program as recommended by the Traumatic Incident Intervention Resources Ad Hoc Committee.

The 2019-20 Federal and State Grants budget allowance of \$5,626,000 is \$7,001,000 or 55.4 percent less than 2018-19 estimated expenditures primarily due to the conclusion of the Federal Emergency Management Agency's 2015 SAFER grant, which provided funding for 32 Firefighters. Those positions are now funded in the General Fund.

The 2019-20 Other Restricted budget allowance of \$7,281,000 is \$1,868,000 or 34.5 percent more than the 2018-19 estimated expenditures. The increase includes funding for computer-aided dispatch (CAD) system communication equipment and two new positions for CAD administration and system maintenance. These increases will be funded by the Regional Automatic Aid Consortium partners.

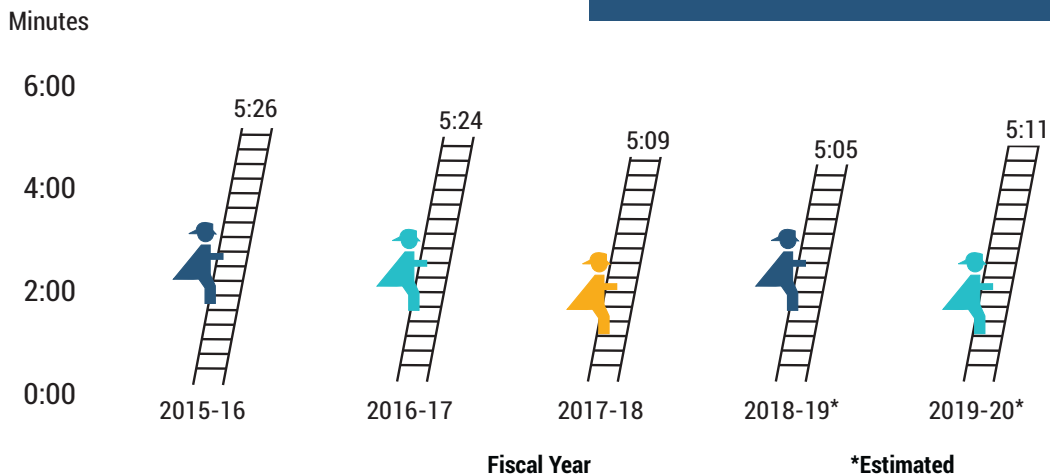
Fire Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2019-20 budget allowance:

	2017-18 Actual	2018-19 Estimate ¹	2019-20 Budget
Percent of fire and emergency medical call responses within four minutes	31.6%	31.9%	32.7%
Patient transports to Valley hospitals via emergency medical vehicles	65,344	65,063	65,500
Percentage of time Advanced Life Support (ALS) medical calls are responded to with paramedic units within five minutes	54.0%	54.1%	55.5%
Number of fire investigations to determine cause only	976	800	800
Number of calls by type:			
Emergency Medical	181,483	180,380	181,000
Fire	17,904	16,951	17,000
Other (mountain/swift water/trench/tree rescues/other)	7,337	7,514	7,400

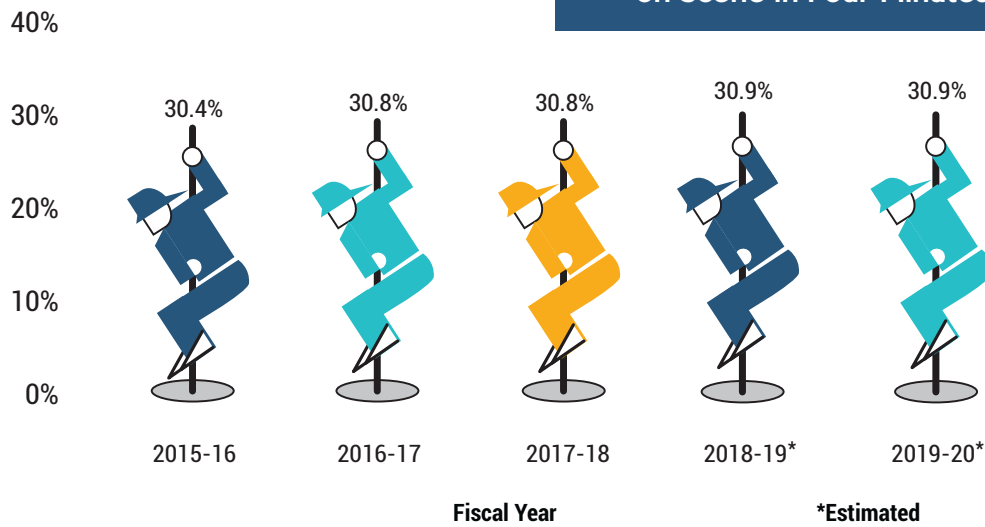
¹ Based on 10 months actual experience.

Fire First Unit Average Response Time



Department has changed standardized reporting for response time to include only emergency calls.

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



Expenditure and Position Summary			
	2017-18 Actual	2018-19 Estimate	2019-20 Budget
Operating Expense	\$339,052,000	\$362,079,000	\$401,999,000
Total Positions	2,014.8	2,041.8	2,062.8
<i>Source of Funds:</i>			
General	\$290,119,000	\$302,393,000	\$345,429,000
Public Safety Expansion	11,133,000	14,886,000	15,801,000
Public Safety Enhancement	4,630,000	11,378,000	13,210,000
Neighborhood Protection	9,448,000	10,218,000	10,421,000
Other Restricted	4,825,000	5,413,000	7,281,000
Federal and State Grants	14,618,000	12,627,000	5,626,000
City Improvement	4,279,000	5,164,000	4,231,000

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

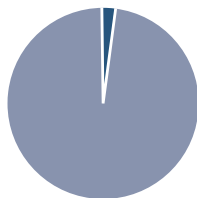
The Office of Homeland Security and Emergency Management 2019-20 operating budget allowance of \$976,000 is \$330,000 or 25.3 percent less than 2018-19 estimated expenditures, primarily due to the completion of several projects funded from one-time storm recovery grants, the completion of the June 2019 National Homeland Security Conference hosted in Phoenix, as well as fewer grant funds expected for the Urban Areas Security Initiative (UASI).

Expenditure and Position Summary			
	2017-18 Actual	2018-19 Estimate	2019-20 Budget
Operating Expense	\$840,000	\$1,306,000	\$976,000
Total Positions	8.0	8.0	8.0
<i>Source of Funds:</i>			
General	\$99,000	\$57,000	\$63,000
Public Safety Enhancement	340,000	409,000	449,000
Federal and State Grants	401,000	670,000	402,000
Other Restricted	-	170,000	62,000





CRIMINAL JUSTICE



The Criminal Justice Program Represents 2.1% of the Total Budget.

The Criminal Justice program budget includes the City Prosecutor, Municipal Court, and Public Defender.

MUNICIPAL COURT

Program Goal

The Municipal Court provides, with integrity, to all individuals who come before this court: equal access, professional and impartial treatment, and just resolution of all court matters.

Budget Allowance Explanation

The Municipal Court's 2019-20 operating budget allowance of \$43,517,000 is \$3,226,000 or 8.0 percent more than 2018-19 estimated expenditures. The increase is primarily due to negotiated increases in employee compensation and normal inflationary increases.

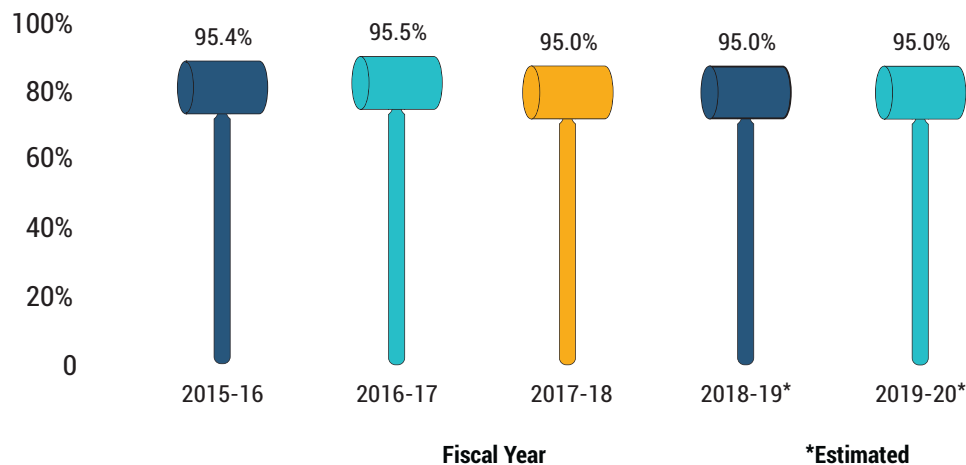
Municipal Court Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2019-20 budget allowance:

	2017-18 Actual	2018-19 Estimate ¹	2019-20 Budget
Criminal filings	48,594	49,000	50,000
Civil filings	134,647	170,000	170,000
Average number of days from arraignment to hearing for minor traffic cases	38	43	43
Number of criminal cases with a pending trial date at year end	2,828	2,975	2,800
Average cycle time for sending out restitution and bail refund checks	2.5 days	2.5 days	2.5 days
Average hold time for incoming information calls to the Customer Call Center	2.5 minutes	2.0 minutes	1.5 minutes

¹ Based on 10 months actual experience.

Municipal Court Percent of Criminal Cases Resolved within 180 Days from Case Filing



Expenditure and Position Summary

	2017-18 Actual	2018-19 Estimate	2019-20 Budget
Operating Expense	\$33,581,000	\$40,291,000	\$43,517,000
Total Positions	273.0	274.0	274.0
<i>Source of Funds:</i>			
General	\$27,298,000	\$29,662,000	\$31,376,000
City Improvement	4,100,000	7,247,000	6,764,000
Other Restricted	2,183,000	3,382,000	5,377,000

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 2019-20 operating budget allowance of \$5,289,000 is \$257,000 or 5.1 percent more than 2018-19 estimated expenditures. The 2019-20 increase is due to additional funding for two legal services positions and Court Appointed Attorney (CAA) support for veterans, individuals with mental health issues and the suspended license specialty court.

Public Defender Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2019-20 budget allowance:

	2017-18 Actual	2018-19 Estimate ¹	2019-20 Budget
Defendants charged with misdemeanor crimes represented in Phoenix Municipal Court	15,770	15,910	15,910

¹ Based on 9 months actual experience.

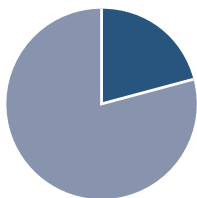
Expenditure and Position Summary

	2017-18 Actual	2018-19 Estimate	2019-20 Budget
Operating Expense	\$4,934,000	\$5,032,000	\$5,289,000
Total Positions	9.0	9.0	11.0
<i>Source of Funds:</i>			
General	\$4,934,000	\$5,032,000	\$5,289,000





TRANSPORTATION



The Transportation Program Represents 22.2% of the Total Budget.

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

STREET TRANSPORTATION

Program Goal

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

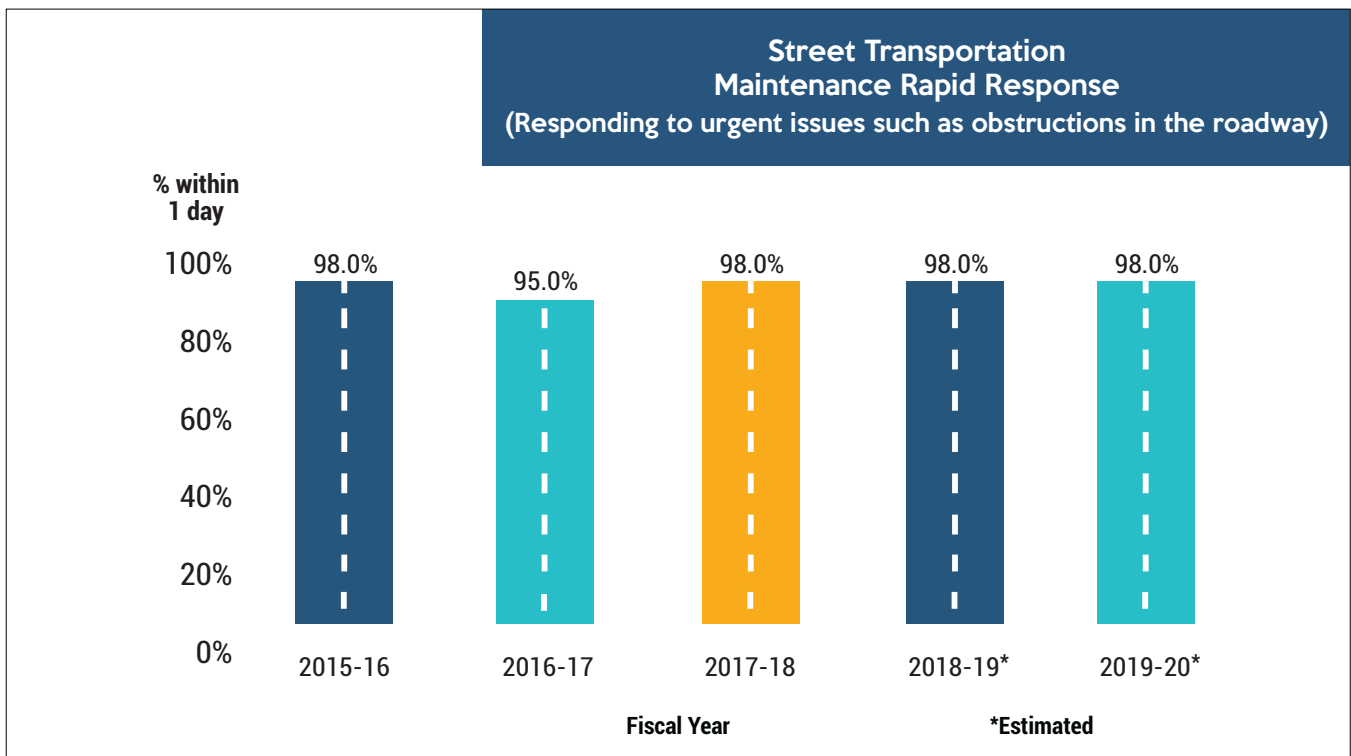
Budget Allowance Explanation

The Street Transportation 2019-20 operating budget allowance of \$109,809,000 is \$21,301,000 or 24.1 percent more than 2018-19 estimated expenditures. The increase is primarily due to increased costs in the General Fund, Arizona Highway User Revenue fund and the City Improvement fund.

The General Fund 2019-20 operating budget of \$18,947,000 is \$1,944,000 or 11.4 percent more than 2018-19 estimated expenditures. The budget includes added funding to increase the frequency of contractual landscape maintenance from three to four times a year, provide monthly irrigation system monitoring, and add two Senior Construction Inspector positions to monitor contractor performance. It also includes an increase in contractual landscape maintenance for newly developed and renovated streetscapes, and funding for homeless encampment clean up that was previously funded by the Solid Waste fund as part of the 2018-19 pilot program. The 2019-20 budget also reflects negotiated increases in employee compensation.

The Arizona Highway User Revenue fund 2019-20 operating budget of \$82,590,000 is \$15,670,000 or 23.4 percent more than 2018-19 estimated expenditures. The increase is primarily due to additional positions related to street maintenance activity, including an accelerated pavement maintenance program, and greater workload demands from construction activity in the right-of-way. The 2019-20 budget also reflects fewer anticipated vacant positions and negotiated increases in employee compensation. Additionally, increased costs for liability insurance, water for street landscaping, and software agreements are included.

The City Improvement fund 2019-20 operating budget of \$4,283,000 is \$2,637,000 or 160.2 percent more than the 2018-19 estimated expenditures. The increase is due to debt service costs for the streetlight LED conversion project.



Street Transportation Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2019-20 budget allowance:

	2017-18 Actual	2018-19 Estimate ¹	2019-20 Budget
Routine street maintenance requests for service completed within 21 days	75%	75%	75%
Percent of all traffic signal control cabinets inspected annually	95%	95%	95%
Routine traffic operation requests for service completed within 30 days	90%	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	5	5	5
Number of days to review private development plans	9	9	9
Utility plan review turnaround time within 10 working days	92%	92%	92%
Complete requests for sign and crosswalk work within 45 days	82%	82%	82%
Total number of High Intensity Activated Pedestrian Crosswalk System (HAWKS)	42	55	68

¹Based on 10 months actual experience.

Expenditure and Position Summary

	2017-18 Actual	2018-19 Estimate	2019-20 Budget
Operating Expense	\$82,241,000	\$88,508,000	\$109,809,000
Total Positions	644.0	709.0	723.0
<i>Source of Funds:</i>			
Arizona Highway User Revenue	62,379,000	66,920,000	82,590,000
Cable Communications	2,003,000	-	-
Capital Construction	130,000	97,000	90,000
City Improvement	1,746,000	1,646,000	4,283,000
Federal and State Grants	17,000	27,000	27,000
General	\$12,740,000	\$17,003,000	\$18,947,000
Other Restricted	3,226,000	2,542,000	3,445,000
Transportation 2050	-	273,000	427,000

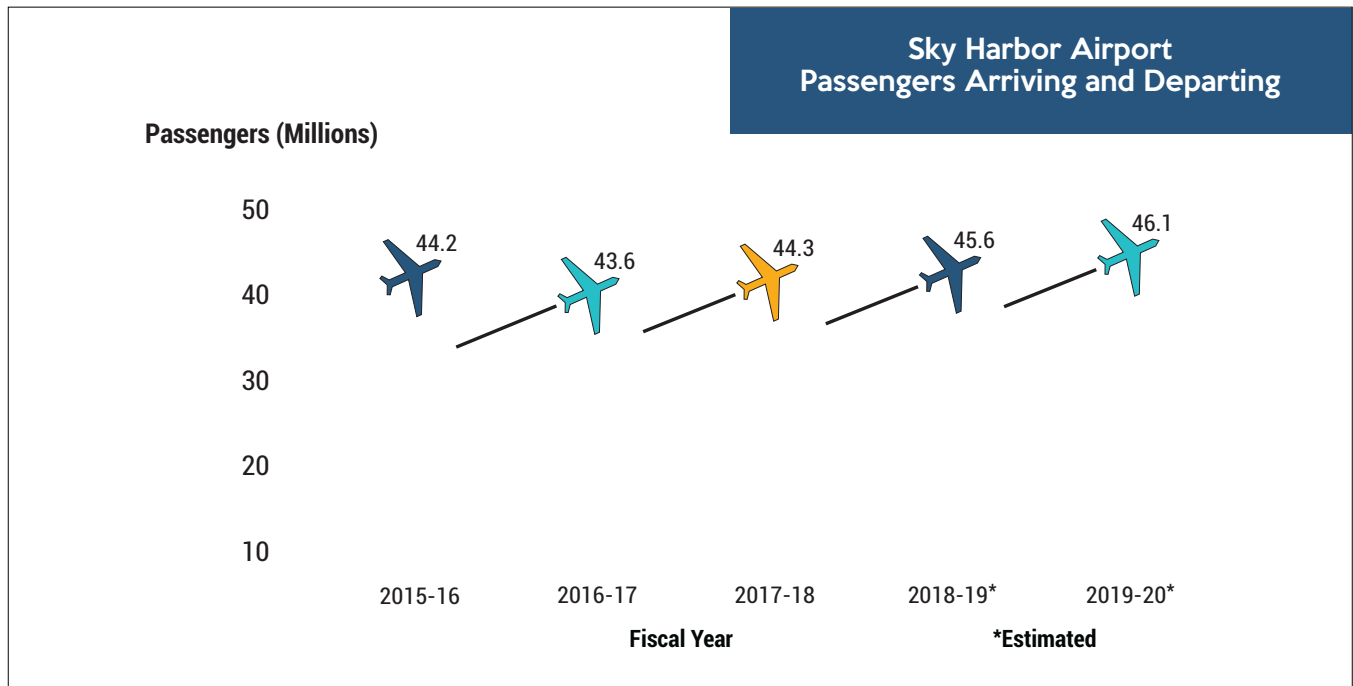
AVIATION

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 2019-20 operating budget allowance of \$274,894,000 is \$10,762,000 or 4.1 percent more than 2018-19 estimated expenditures. The increase reflects normal inflationary growth in staffing costs and negotiated increases to employee compensation. The increase also includes additional funding for contractual services such as consulting services, banking fees, parking management, ground transportation, and equipment maintenance.



Aviation Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2019-20 budget allowance:

	2017-18 Actual	2018-19 Estimate ¹	2019-20 Budget
Airline rental rates (cost per square foot):			
Terminal 2	\$117.84	\$128.28	\$140.85
Terminal 3	\$117.84	\$128.28	\$140.85
Terminal 4	\$117.84	\$128.28	\$140.85
Gross sales per departing passenger:			
Terminal 2	\$8.86	\$9.26	\$9.54
Terminal 3	\$9.66	\$9.40	\$9.68
Terminal 4	\$10.65	\$11.16	\$11.50
Aircraft takeoffs and landings	924,787	925,000	925,000
Total international passengers	2,102,841	2,200,000	2,220,000
Air cargo processed (in tons)	393,853	393,600	393,600

¹ Based on 10 months actual experience.

Expenditure and Position Summary

	2017-18 Actual	2018-19 Estimate	2019-20 Budget
Operating Expense	\$248,429,000	\$264,132,000	\$274,894,000
Total Positions	892.0	891.0	891.0
<i>Source of Funds:</i>			
Aviation	\$248,429,000	\$264,132,000	\$274,894,000

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

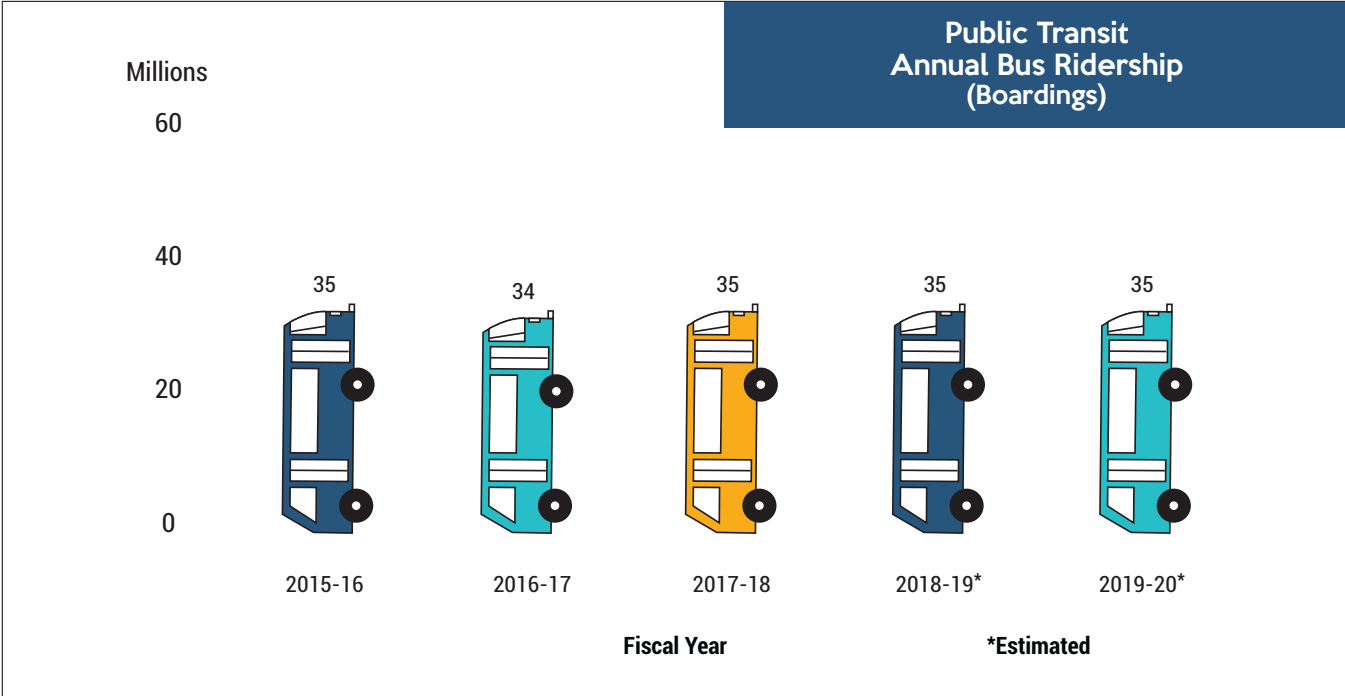
The 2019-20 Public Transit Department operating budget allowance of \$340,461,000 is \$16,623,000 or 5.1 percent more than 2018-19 estimated expenditures. The increase is primarily due to the Transportation 2050, City Improvement and Regional Transit Funds which is partially offset by decreased costs in Federal Transit Authority Funds.

The Transportation 2050 Fund 2019-20 budget allowance of \$220,287,000 is \$16,053,000 or 7.9 percent more than 2018-19 estimated expenditures. The increase is primarily due to negotiated employee compensation increases, increased administrative cost and contractual services for Light Rail operations and Fixed Route bus service, which includes schedule modifications to the SR51, I-17, I-10 East and I-10 West RAPID by adding or shifting several trips to better serve our riders. In addition, a minor routing modification on the South Mountain East RAPID was made to improve route reliability. There are also related increases for liquid petroleum gas (LPG).

The City Improvement Fund 2019-20 budget allowance of \$70,619,000 is \$3,364,000 or 5.0 percent more than 2018-19 estimated expenditures. The increase is primarily due to debt service payments for light rail.

The Regional Transit Fund 2019-20 budget allowance of \$34,263,000 is \$1,631,000 or 5.0 percent more than 2018-19 estimated expenditures. The increase is primarily due to service changes and an annual increase to the price charged for services to other cities provided by the City of Phoenix.

The Federal Transit Authority Fund 2019-20 budget allowance of \$12,266,000 is \$4,425,000 or 26.5 percent less than 2018-19 estimated expenditures. The decrease is primarily due to a reduction in preventative maintenance funding.



Public Transit Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the in 2019-20 budget allowance:

	2017-18 Actual	2018-19 Estimate ¹	2019-20 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 ²	16.07%	15.47%	14.60%
Bus boardings per revenue mile	1.666	1.693	1.718
Average weekday ridership - light rail (Phoenix only)	31,414	30,400	30,760
Number of Senior Center Shuttle Trips ³	73,750	83,923	84,930

¹Based on 10 months actual experience.

²The decrease in 2019-20 cost recovery is due to increased bus operations costs.

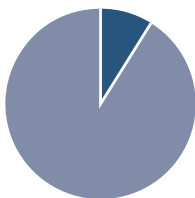
³The 2018-19 figure is calculated from annualized actual ridership. An increase of 1.2% is anticipated in 2019-20.

Expenditure and Position Summary

	2017-18 Actual	2018-19 Estimate	2019-20 Budget
Operating Expense	\$303,445,000	\$323,838,000	\$340,461,000
Total Positions	113.5	115.0	115.0
<i>Source of Funds:</i>			
General	\$1,623,000	\$1,640,000	\$1,640,000
Transit 2000	(304,000)	-	-
Transportation 2050	191,987,000	204,234,000	220,287,000
Regional Transit	31,705,000	32,632,000	34,263,000
Federal Transit Authority	13,185,000	16,691,000	12,266,000
City Improvement	63,993,000	67,255,000	70,619,000
Other Restricted	1,256,000	1,386,000	1,386,000



COMMUNITY DEVELOPMENT



The Community Development Program Represents **8.1%** of the Total Budget.

The Community Development program budget includes Community and Economic Development, Housing, Neighborhood Services, Planning and Development, and the Phoenix Community Development and Investment Corporation.

PLANNING AND DEVELOPMENT

Program Goal

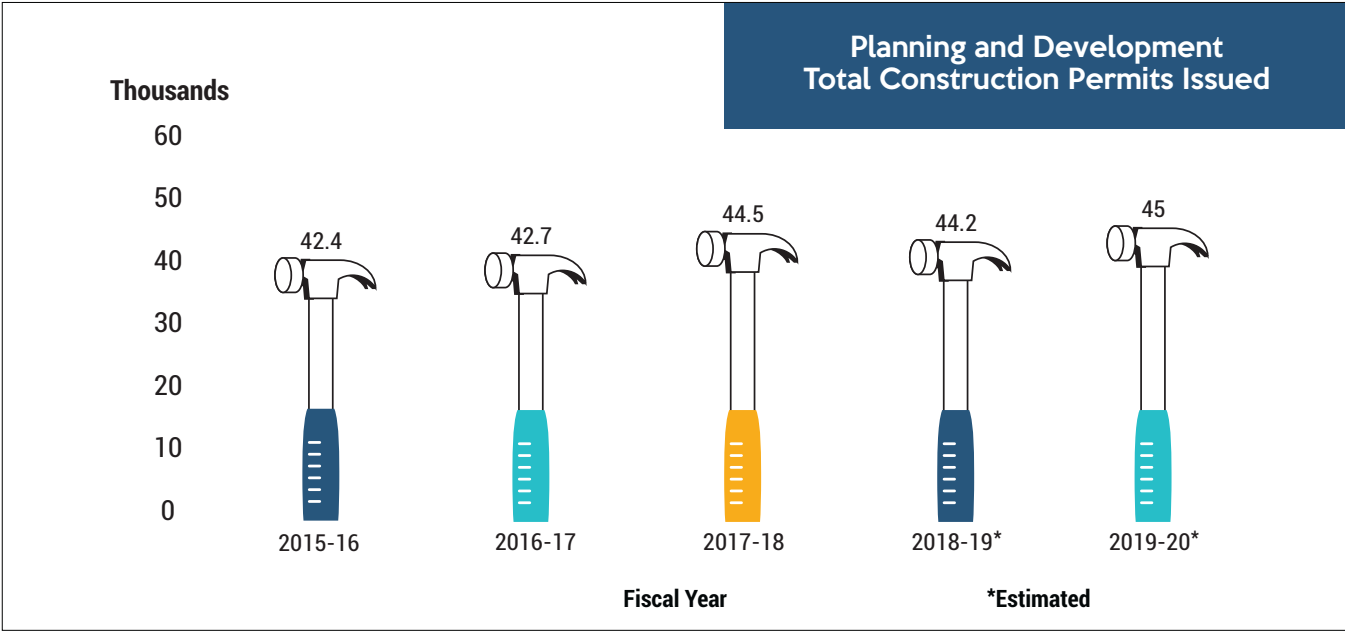
The Planning and Development Department manages planning, development and preservation for a better Phoenix. Key services of the department include design review, permitting, inspections, implementation and updates to the General Plan, administration of the Zoning Ordinance, processing rezoning requests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

Budget Allowance Explanation

The Planning and Development Department 2019-20 operating budget allowance of \$71,929,000 is \$11,862,000 or 19.7 percent more than 2018-19 estimated expenditures. This is primarily due to increased costs in the Development Services Fund and General Fund.

The Development Services Fund 2019-20 budget allowance of \$66,934,000 is \$11,037,000 or 19.7 percent more than 2018-19 estimated expenditures. This is a result of adding new positions to address workloads associated with increased construction activity, fewer anticipated vacancies, an increase in contractual plan review, expansion of work spaces for employees and contractors, increased software agreement costs for the graphic information system mapping and remote entry inspection software for field staff, and negotiated increases in employee compensation.

The General Fund 2019-20 budget allowance of \$4,334,000 is \$714,000 or 19.7 percent more than 2018-19 estimated expenditures. This increase is primarily due to negotiated increases in employee compensation, fewer anticipated vacancies and increased funding for contracted historical preservation consultants to complete building condition assessments, historic property context reports, and historic property surveys to appropriately classify historic assets.



Planning and Development Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2019-20 budget allowance:

	2017-18 Actual	2018-19 Estimate ¹	2019-20 Budget
Total construction permits issued	44,533	44,212	45,000
Turnaround time for major commercial building plans (days) ²	31	45	45
Turnaround time for medium commercial building plans (days)	29	28	35
Turnaround time for minor commercial building plans (days)	22	25	25
Turnaround time for residential building plans (days)	32	37	30
Percent of commercial inspections completed on time	99%	99%	97%
Percent of residential inspections completed on time	96%	96%	95%
Percent of costs recovered through fees	126%	134%	100%
Average number of days to schedule pre-application meeting prior to rezoning application	17	16	14
Average number of days to complete Zoning Verification letters	9	8	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 ³	973	735	850
Number of city grants awarded for historic rehabilitation projects	6	6	2
Number of regulatory compliance reviews for federally funded city capital projects	505	250	200

¹Based on 10 months actual experience.

²The increase in the number of days in 2018-19 is due to an increase in the number of major commercial plans submitted for review. This trend is anticipated to continue in 2019-20.

³This projection includes the cumulative number of Certificates of Appropriateness, Certificates of No Effect, demolition reviews and demolition appeal hearings.

Expenditure and Position Summary

	2017-18 Actual	2018-19 Estimate	2019-20 Budget
Operating Expense	\$53,160,000	\$60,067,000	\$71,929,000
Total Positions	378.8	409.8	430.8
<i>Source of Funds:</i>			
Development Services	\$49,270,000	\$55,897,000	\$66,934,000
General	3,533,000	3,620,000	4,334,000
Community Development Block Grant	65,000	66,000	66,000
Other Restricted	292,000	484,000	595,000

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 2019-20 operating budget allowance of \$100,879,000 is \$6,458,000 or 6.8 percent more than 2018-19 estimated expenditures. The increase is primarily due to the carry-over of unspent federal funds, the first full-year implementation of the \$30 million Choice Neighborhoods grant, negotiated increases in employee compensation and the addition of one Affordable Housing Program Manager position in the General Fund to implement and manage a new citywide Affordable Housing initiative.

Housing Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2019-20 budget allowance:

	2017-18 Actual	2018-19 Estimate ¹	2019-20 Budget
Affordable housing units for families and individuals	2,297	2,297	2,337
Affordable housing units created or preserved for families and individuals owned and operated by private sector developers	181	202	288
Rental assistance provided for low-income residents in the private housing market	6,152	6,349	6,419
Federally-Assisted housing units for families and seniors	2,552	2,171	2,131
Utilization rate for Section 8 vouchers	94%	95%	95%
Occupancy rate for public housing units	96%	91%	93%

¹Based on 10 months actual experience.

Expenditure and Position Summary

	2017-18 Actual	2018-19 Estimate	2019-20 Budget
Operating Expense	\$86,395,000	\$94,421,000	\$100,879,000
Total Positions	170.0	144.0	145.0
<i>Source of Funds:</i>			
Public Housing	\$79,580,000	\$86,065,000	\$86,509,000
Other Restricted	2,838,000	3,458,000	5,335,000
Community Development Block Grant	1,595,000	1,833,000	865,000
HOPE VI	1,264,000	1,719,000	6,368,000
HOME	991,000	1,194,000	1,524,000
City Improvement	73,000	72,000	71,000
General	49,000	54,000	179,000
Federal and State Grants	5,000	26,000	28,000

COMMUNITY AND ECONOMIC DEVELOPMENT

Program Goal

The Community and Economic Development Department (CED) 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 2019-20 operating budget allowance of \$42,811,000 is \$14,002,000 or 48.6 percent more than 2018-19 estimated expenditures. This increase is mainly due to debt service on the arena improvements project and an increase in funding for projects from the Strategic Economic Development Fund (SEDF). The increase is partially offset by the reallocation of federal grant funds for the Workforce Innovation and Opportunity Act (WIOA), Strengthening Workforce Families Initiative (SWFI) and the Housing Jobs Plus programs to the Human Services Department effective in 2018-19.

The General Fund 2019-20 budget allowance of \$6,054,000 is \$421,000 or 7.5 percent more than 2018-19 estimated expenditures. The increase is primarily due to negotiated increases in employee compensation and other contractual obligations.

Community and Economic Development Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2019-20 budget allowance:

	2017-18 Actual	2018-19 Estimate ¹	2019-20 Budget
Projected jobs created/retained within the City of Phoenix as a result of department efforts	13,278	10,000	10,000
Projected average annual salary for new jobs with companies newly located in Phoenix	\$45,260	\$42,000	\$40,000
Number of job seekers assisted through the workforce development initiatives ²	75,829	N/A	N/A

¹Based on 10 months actual experience.

²2018-19 workforce development program moved to Human Services Department

Expenditure and Position Summary

	2017-18 Actual	2018-19 Estimate	2019-20 Budget
Operating Expense	\$28,980,000	\$28,809,000	\$42,811,000
Total Positions	96.0	55.0	55.0
<i>Source of Funds:</i>			
Federal and State Grants	\$13,254,000	\$(3,000)	\$53,000
City Improvement	6,129,000	16,805,000	29,791,000
General	4,734,000	5,633,000	6,054,000
Other Restricted Funds	3,592,000	3,960,000	4,322,000
Community Reinvestment	478,000	1,599,000	1,744,000
Convention Center	519,000	540,000	566,000
Sports Facilities	163,000	169,000	175,000
Public Housing	58,000	-	-
Aviation	23,000	75,000	75,000
Water	30,000	31,000	31,000

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.

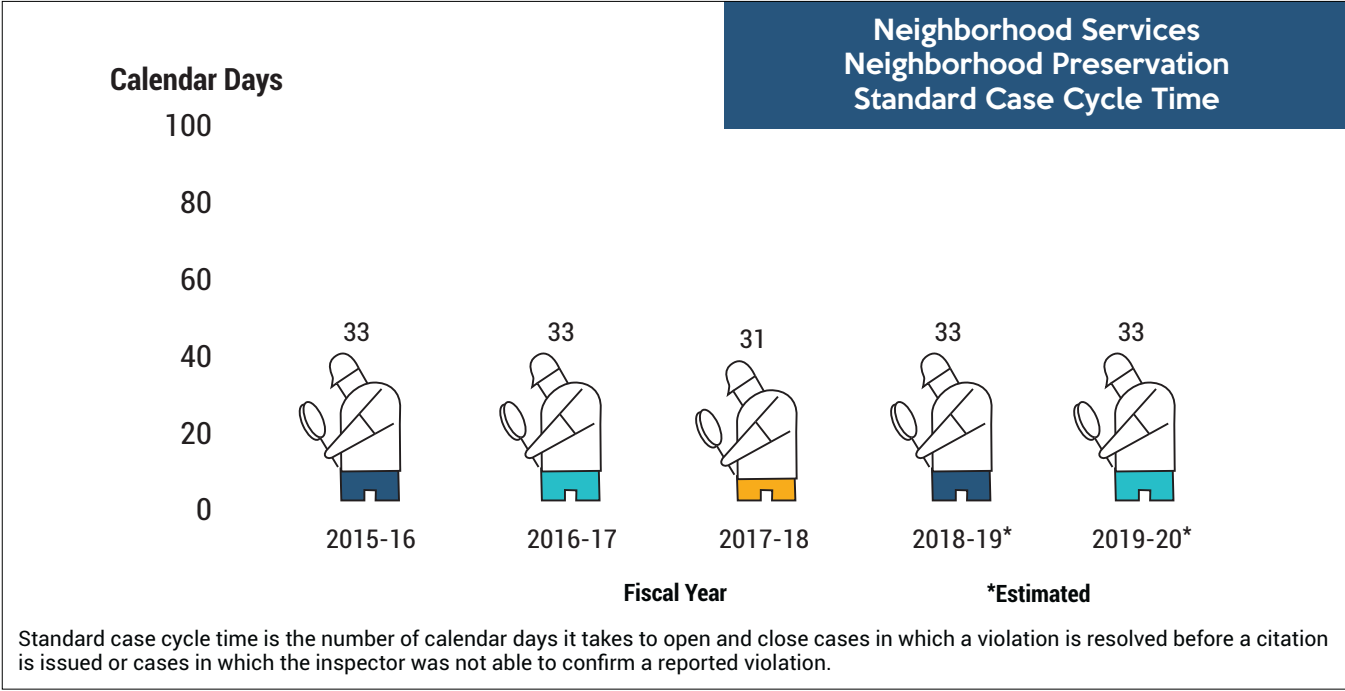
Budget Allowance Explanation

The 2019-20 Neighborhood Services operating budget allowance of \$50,141,000 is \$15,050,000 or 42.9 percent more than 2018-19 estimated expenditures. The increase is primarily due to Community Development Block Grant (CDBG) and General Fund, partially offset by a decrease in Federal and State Grant funds.

The General Fund 2019-20 budget of \$14,073,000 is \$1,023,000 or 7.8 percent more than 2018-19 estimated expenditures. This is primarily due to the conversion of eight Neighborhood Inspector positions from CDBG program income to the General Fund. The change in funding will improve response times to blight throughout the city in non-CDBG eligible areas. Two Neighborhood Specialist positions were also added to provide education on city programs and services and to assist neighborhoods in organizing community meetings and neighborhood cleanups.

The CDBG 2019-20 budget allowance of \$25,984,000 is \$16,588,000 or 176.5 percent more than 2018-19 estimated expenditures. The increase is primarily due to unspent funding that was carried forward and included in the 2019-20 budget.

The Federal and State Grants fund 2019-20 budget allowance of \$9,372,000 is \$3,153,000 or 25.2 percent less than 2018-19 estimated expenditures due to the completion of the infill development project in South Phoenix Village.



Neighborhood Services Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2019-20 budget allowance:

	2017-18 Actual	2018-19 Estimate ¹	2019-20 Budget
Residents who receive landlord/tenant counseling	4,405	4,600	4,600
Sites where graffiti was removed through the Graffiti Busters program ²	43,720	50,000	50,000
Number of household units rehabbed or assisted through housing rehabilitation programs ³	249	275	275
Neighborhood Preservation cases opened annually	48,576	50,000	50,000
Neighborhood Preservation average standard case cycle time (days)	31	33	33
Percent of Neighborhood Preservation cases resolved voluntarily	93%	92% or above	93% or above
The number of new neighborhood groups ⁴	37	65	25

¹ Based on 10 months actual experience.

² The decrease in graffiti sites removed in 2017-18 compared to 2018-19 was due to a higher than anticipated vacancy rate.

³ The anticipated increase in the number of household units rehabbed is due to an increase in HOME grant funds.

⁴ The decrease in 2019-20 is due to changing the focus from establishing new neighborhood associations to increasing the capacity of existing neighborhood associations.

Expenditure and Position Summary

	2017-18 Actual	2018-19 Estimate	2019-20 Budget
Operating Expense	\$37,133,000	\$35,091,000	\$50,141,000
Total Positions	186.0	189.0	192.0
<i>Source of Funds:</i>			
General	\$11,927,000	\$13,050,000	\$14,073,000
Other Restricted	8,000	20,000	2,000
HOME	565,000	100,000	710,000
Federal and State Grants	12,178,000	12,525,000	9,372,000
Community Development Block Grant	12,455,000	9,396,000	25,984,000

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.

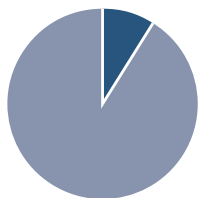
Budget Allowance Explanation

Effective July 1, 2018, PCDIC is no longer a function of the City's Community and Economic Development Department. PCDIC is now a function within the Phoenix Industrial Development Authority (IDA).

Expenditure and Position Summary			
	2017-18 Actual	2018-19 Estimate	2019-20 Budget
Operating Expense	\$363,000	\$122,000	-
Total Positions	8.0	-	-
<i>Source of Funds:</i>			
Other Restricted	\$363,000	\$122,000	-



COMMUNITY ENRICHMENT



The Community Enrichment Program Represents 9.7% of the Total Budget.

The Community Enrichment program budget includes Human Services, Library, the Office of Arts and Culture, Parks and Recreation, and the Phoenix Convention Center.

PARKS AND RECREATION

Program Goal

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

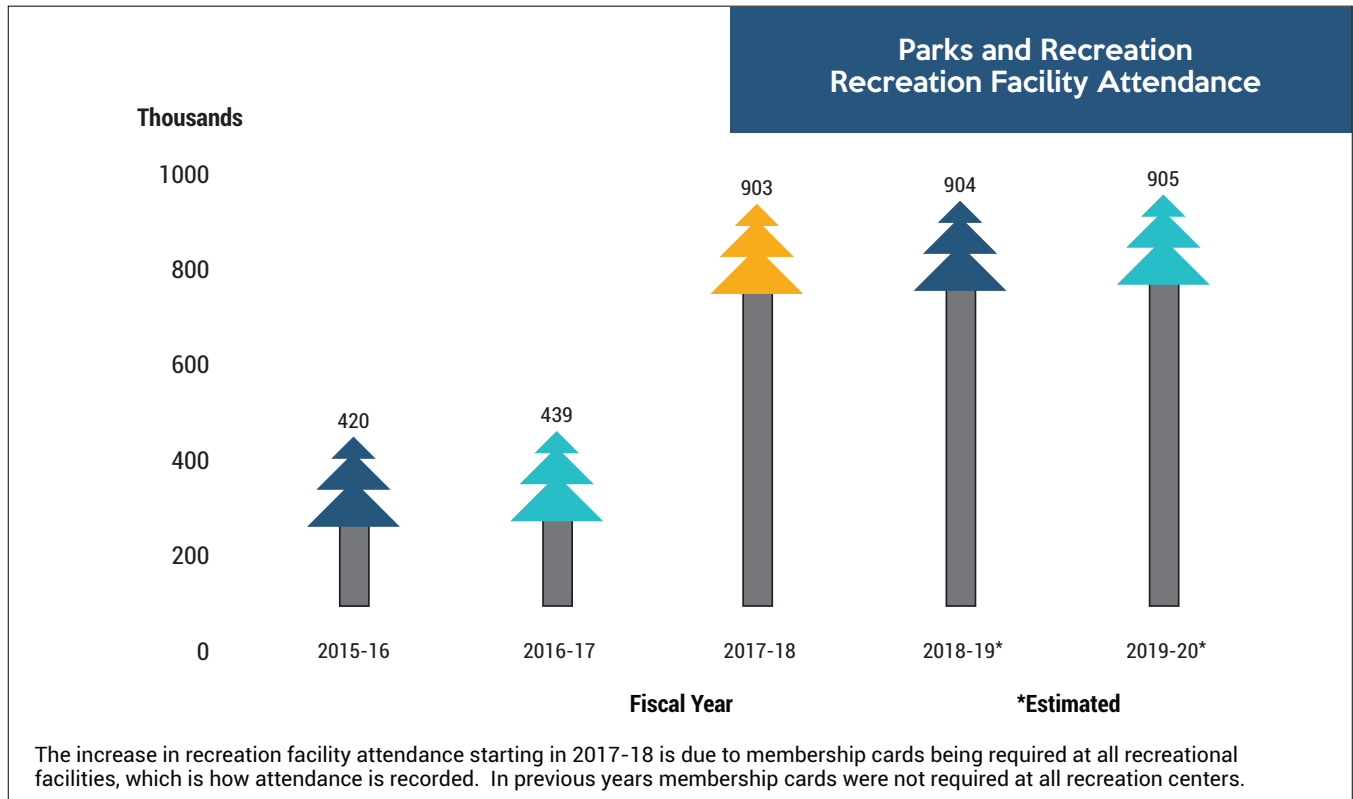
Budget Allowance Explanation

The Parks and Recreation Department 2019-20 budget allowance of \$117,113,000 is \$7,999,000 or 7.3 percent more than 2018-19 estimated expenditures. The increase is due to the General Fund and Phoenix Parks and Preserves Initiative (PPPI) Fund with minor decreases in the other funds.

The General Fund 2019-20 budget allowance of \$101,458,000 is \$7,647,000 or 8.2 percent more than 2018-19 estimated expenditures. The increase is primarily due to fewer anticipated vacancies, negotiated increases in employee compensation, the addition of Park Rangers to provide patrol coverage in urban parks from 4:00 a.m. through 11:00 p.m. seven days a week, increased part-time staff to provide weekly recreation and cultural activities at five parks for five days a week, and the addition of staff and equipment to expand the PHXteens program.

The General Fund also includes additional staff and supplies to expand operating hours at Holiday Park Recreation Center from summer only to year-round, and the expanded operating hours for Hayden Park Recreation Center, Playa Margarita Recreation Park, Sunnyslope Youth Center, and the Verde Community Center. Funding also includes the addition of a summer youth adaptive recreation program at Riverbend Preparatory Academy, the addition of staff and materials to improve park maintenance response times, an anticipated increase in water usage, increased facility maintenance for aging infrastructure and the replacement of vehicles that have reached the end of their useful life.

The Phoenix Parks and Preserves Initiative Fund 2019-20 budget allowance of \$5,935,000 is \$438,000 or 8.0 percent more than 2018-19 estimated expenditures. The increase is primarily due to the addition of staff and materials to operate and maintain the completion of Pinnacle Park phase II, fewer anticipated vacancies and negotiated increases in employee compensation.



Parks and Recreation Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2019-20 budget allowance:

	2017-18 Actual	2018-19 Estimate ¹	2019-20 Budget
Construction projects completed	93%	90%	90%
Fill 80% or more of all non-team sport registration openings	84%	84%	84%
Usage of athletic field's available programmable time	58%	58%	58%
Community usage of recreation and community center available programmable time	32%	32%	32%
Recreation facility attendance	903,221	904,000	905,000
Number of Golf Rounds	170,480	186,500	196,600

¹ Based on 10 months actual experience.

Expenditure and Position Summary

	2017-18 Actual	2018-19 Estimate	2019-20 Budget
Operating Expense	\$107,094,000	\$109,114,000	\$117,113,000
Total Positions	997.7	983.5	1,012.8
<i>Source of Funds:</i>			
General	\$91,904,000	\$93,811,000	\$101,458,000
Other Restricted	3,093,000	3,193,000	3,295,000
City Improvement	392,000	478,000	390,000
Federal and State Grants	565,000	634,000	579,000
Parks and Preserves	5,133,000	5,497,000	5,935,000
Golf	6,007,000	5,501,000	5,456,000

LIBRARY

Program Goal

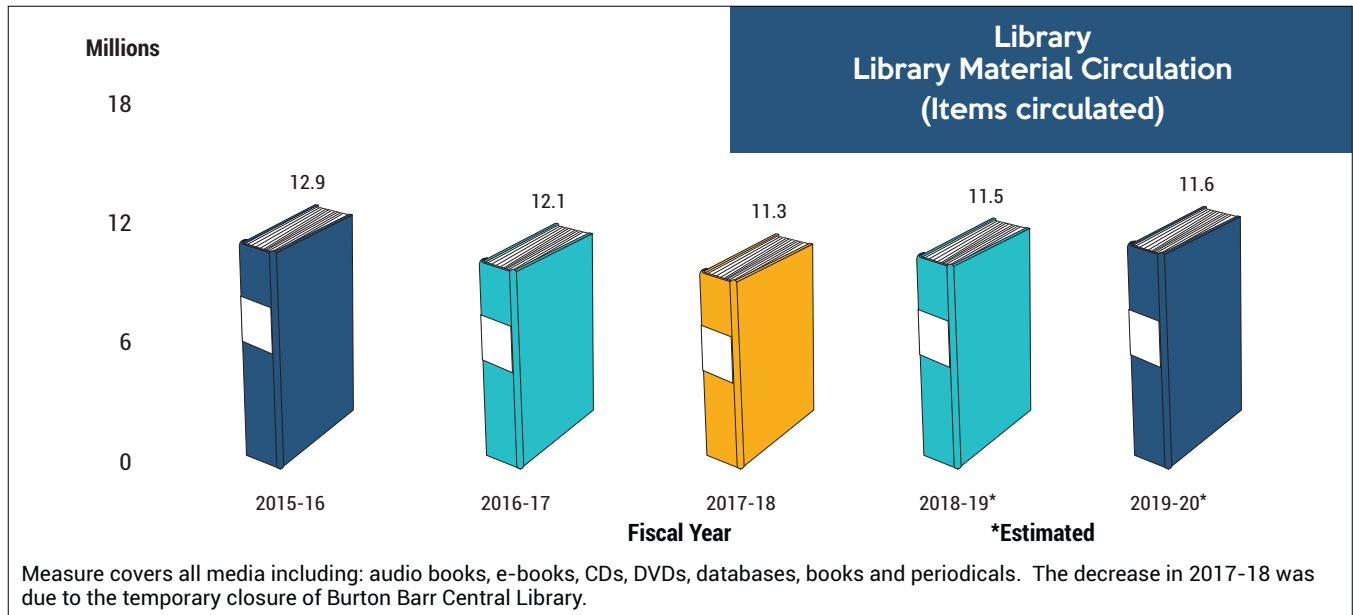
The Library provides information and resources that are relevant, accessible and responsive to the intellectual needs and interests of the community.

Budget Allowance Explanation

The 2019-20 Library operating budget allowance of \$40,903,000 is \$1,726,000 or 4.4 percent more than 2018-19 estimated expenditures. The increase is primarily due to the increases in the General Fund and is partially offset by decreased Federal and State Grants and the transfer of Public Housing funds to the Housing Department.

The General Fund 2019-20 budget allowance of \$39,680,000 is \$1,665,000 or 4.4 percent more than 2018-19 estimated expenditures. The 2019-20 budget adds seven Municipal Security Guard positions to provide continuous security coverage for patrons and staff at all library facilities during operating hours; restores Sunday hours at the remaining four branches of Acacia, Agave, Desert Boom and Desert Sage; and expands Kindergarten Bootcamp programming citywide. The increase is also due to increased software agreement costs, position reallocations, negotiated increases in employee compensation, and fewer anticipated vacant positions.

Partially offsetting the increase are decreased costs due to one-time funding in 2018-19 for storm damage expenses for the Burton Barr Central Library, a new automated material handling system, and the Century Library fire suppression system. Also offsetting the increase are decreased facilities maintenance costs as a result of programming major renovation projects in the Capital Improvement Program budget instead of the operating budget starting in 2019-20.



Library Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2019-20 budget allowance:

	2017-18 Actual	2018-19 Estimate ¹	2019-20 Budget
Early literacy program attendance ²	140,390	133,000	145,000
Library visitors ³	3,331,605	3,440,000	3,500,000
Library's website "visits" ³	22,241,973	22,300,000	22,500,000
Library material circulation ⁴	11,303,621	11,500,000	11,600,000

¹ Based on 10 months actual experience.

² Early literacy program attendance is expected to decrease in 2018-19 due to staff vacancies and program changes.

³ Visitors and website visits are expected to increase due to the June 2018 re-opening of Burton Barr Central Library and the restoration of Sunday hours at four branches in 2019-20.

⁴ Measure covers physical and electronic media including: audio books, e-books, CDs, DVDs, databases, books, and periodicals. The decrease in 2017-18 was due to the temporary closure of Burton Barr Central Library.

Expenditure and Position Summary

	2017-18 Actual	2018-19 Estimate	2019-20 Budget
Operating Expense	\$40,755,000	\$39,177,000	\$40,903,000
Total Positions	370.7	375.2	402.3
<i>Source of Funds:</i>			
General	\$40,155,000	\$38,015,000	\$39,680,000
Federal and State Grants	395,000	805,000	736,000
Other Restricted	50,000	305,000	487,000
Public Housing	155,000	52,000	-

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 2019-20 operating budget allowance of \$59,546,000 is \$5,824,000 or 10.8 percent more than 2018-19 estimated expenditures. The increase is primarily due to an increase in the Convention Center fund and General Fund.

The General Fund 2019-20 operating budget allowance of \$2,612,000 is \$450,000 or 20.8 percent more than 2018-19 estimated expenditures. This is due to an increase in parking management contractual services needed to replace defective automated garage access equipment.

The Convention Center fund 2019-20 operating budget allowance of \$56,294,000 is \$5,452,000 or 10.7% percent more than 2018-19 estimated expenditures. The increase is due to higher costs for the tourism and marketing contract with the Greater Phoenix Convention and Visitor Bureau (GPCVB), furniture and equipment replacement, fewer anticipated vacancies and negotiated increases in employee compensation.

Phoenix Convention Center Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2019-20 budget allowance:

	2017-18 Actual	2018-19 Estimate ¹	2019-20 Budget
Estimated direct spending impact from conventions (millions) ²	\$284	\$301	\$336
Number of convention delegates	190,453	236,106	235,000
Number of conventions	68	68	61
Number of local public shows	117	117	126
Percent square feet occupancy (average of all event types)	42.3%	42.0%	50.0%
Number of theatrical performances	309	353	320
Total theater attendance	314,185	339,262	315,500
Total parking revenue (millions)	\$8.85	\$9.00	\$9.31
Revenue per parking space	\$1,543	\$1,566	\$1,623
Operating expense per parking space	\$691	\$756	\$873

¹ Based on 10 months actual experience.

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

Expenditure and Position Summary

	2017-18 Actual	2018-19 Estimate	2019-20 Budget
Operating Expense	\$48,238,000	\$53,722,000	\$59,546,000
Total Positions	222.0	222.0	222.0
<i>Source of Funds:</i>			
Convention Center	\$45,427,000	\$50,842,000	\$56,294,000
General	2,055,000	2,162,000	2,612,000
Other Restricted	73,000	78,000	-
Sports Facilities	683,000	640,000	640,000

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.

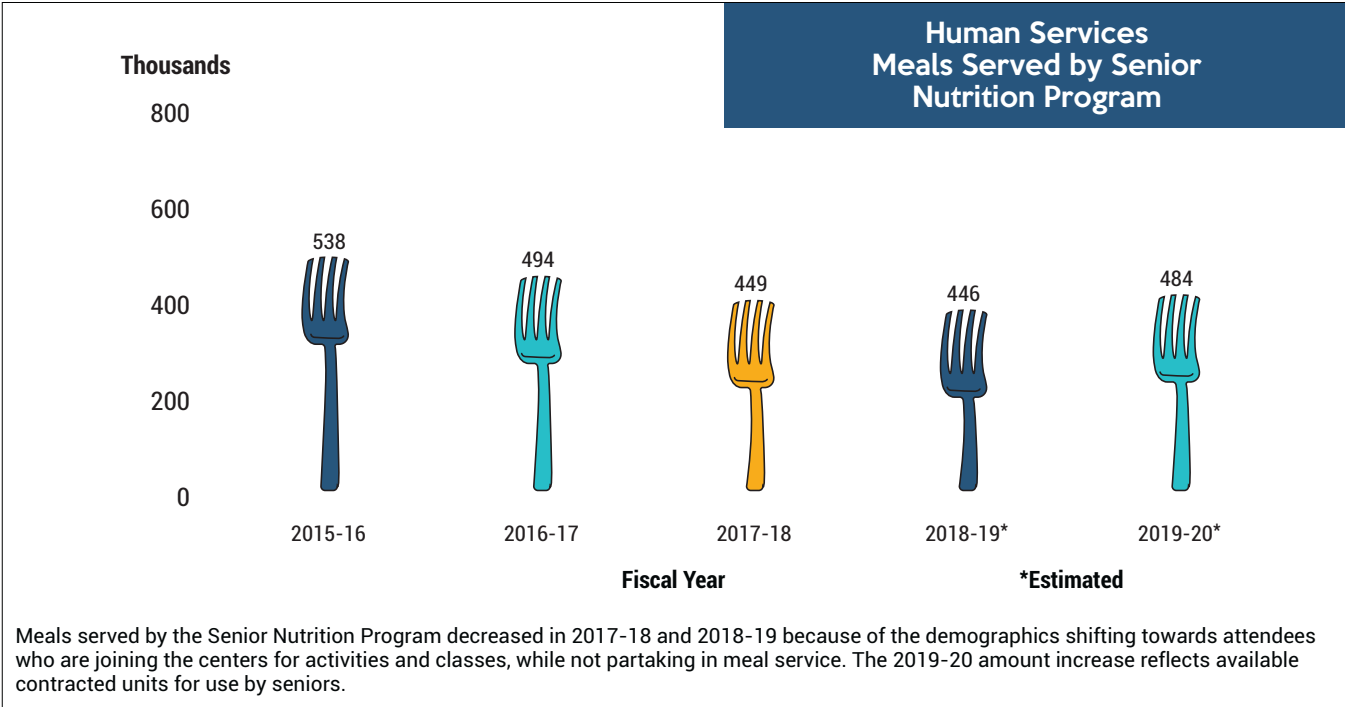
Budget Allowance Explanation

The Human Services Department 2019-20 operating budget allowance of \$94,266,000 is \$6,469,000 or 7.4 percent higher than 2018-19 estimated expenditures. The overall increase is primarily due to an increase in the General Fund, Federal and State grant funding and Other Restricted funding.

The 2019-20 General Fund budget allowance of \$20,157,000 is \$1,431,000 or 7.6 percent greater than 2018-19 estimated expenditures. This is primarily due to negotiated employee compensation increases and fewer anticipated vacancies. In addition, funding was added for mobile victim advocacy services, eviction prevention services, services to support those charged and booked into Phoenix Municipal Court who are experiencing homelessness and case management services to assist elderly homeless clients.

The movement of the Workforce Innovation Opportunity Act (WIOA) program to the Human Services Department in July 2018 required adjustments to where and how funding was programmed. As a result, all WIOA grant funds for 2019-20 will be budgeted in the Federal and State Grants Fund, whereas in 2018-19 they were budgeted in the Human Services Grants Fund. Also, the 2019-20 Federal and State Grants Fund reflects the total WIOA grant award.

The 2018-19 Other Restricted funding budget allowance of \$1,661,000 is \$1,285,000 or 341.8 percent greater than 2018-19 estimated expenditures. This is primarily due to contributions from Suns Legacy Partners and Phoenix Suns Marketing Limited Partnership for Head Start services.



Human Services Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2019-20 budget allowance:

	2017-18 Actual	2018-19 Estimate ¹	2019-20 Budget
Number of homeless households (individuals and families) assisted through emergency shelter ²	9,635	7,583	7,500
Number of households served at family service centers ³	13,848	18,831	17,682
Percentage of school attendance for Head Start	89%	87%	88%
Medical and dental exams completed for Head Start	6,328	6,300	6,300
Medical and dental exams completed for Early Head Start	1,123	850	900
Number of meals served to seniors ⁴	448,799	445,991	484,182
Number of victim services provided ⁵	17,326	23,280	25,000
Number of job seekers assisted through the Workforce Development initiatives	75,829	58,098	60,000

¹ Based on 10 months actual experience.

² The decrease in 2018-19 reflects a reduction in non-profit agency capacity.

³ A decrease in 2019-20 budgeted services is due to receiving a lower base grant award in 2019-20 for Low Income Housing Energy Assistance (LIHEAP).

⁴ The 2019-20 increase reflects available contracted units for use by seniors.

⁵ The increase in Victim Services in 2018-19 is due to Victims of Crime Act (VOCA) staff streamlining how services are processed resulting in more client referrals.

Expenditure and Position Summary			
	2017-18 Actual	2018-19 Estimate	2019-20 Budget
Operating Expense	\$65,853,000	\$87,797,000	\$94,266,000
Total Positions	314.0	379.0	382.0
<i>Source of Funds:</i>			
General	\$17,749,000	\$18,726,000	\$20,157,000
Human Services Grants	46,118,000	58,973,000	56,270,000
Community Development			
Block Grant	694,000	1,145,000	1,020,000
Water	210,000	427,000	427,000
Wastewater	140,000	173,000	173,000
Other Restricted	315,000	376,000	1,661,000
City Improvement	627,000	91,000	78,000
Federal and State Grants	-	7,839,000	14,410,000
Public Housing	-	47,000	70,000

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 2019-20 operating budget allowance of \$4,267,000 is \$4,254,000 or 49.9 percent less than 2018-19 estimated expenditures. The decrease is primarily due to reduced costs for facilities maintenance for city-owned cultural facilities. In 2018-19 there were several exceptionally major renovation projects in the operating budget. Starting in 2019-20 major renovation projects will no longer appear in the operating budget but instead will be programmed in the Capital Improvement Program (CIP) budget.

The decrease is partially offset by increased funding for arts grants for youth and underserved communities, negotiated increases in employee compensation, position reallocations and fewer anticipated vacant positions.

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 2019-20 budget allowance.

	2017-18 Actual	2018-19 Estimate ¹	2019-20 Budget
Grant applications processed to support arts activities through schools and nonprofit organizations ²	81	94	100
Grant awards administered to support arts activities through schools and nonprofit organizations ²	74	85	92
Completed Percent-for-Art projects to enhance capital improvement projects with artwork	5	7	5
Local artists/arts organizations training workshops ³	10	14	13
Percent of projects in Art Plan being implemented ⁴	76%	78%	78%
Community presentations ⁵	64	36	65

¹ Based on 10 months actual experience.

² Increases are expected due to increased funding in 2018-19.

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

⁴ Measure reflects projects that were in design, under construction, or were completed.

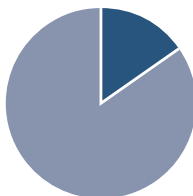
⁵ Presentations in 2018-19 declined due to a staff vacancy in the Arts Learning Program.

Expenditure and Position Summary

	2017-18 Actual	2018-19 Estimate	2019-20 Budget
Operating Expense	\$4,566,000	\$8,521,000	\$4,267,000
Total Positions	10.5	11.0	11.0
<i>Source of Funds:</i>			
General	\$4,462,000	\$8,409,000	\$4,167,000
Federal and State Grants	100,000	77,000	75,000
Other Restricted	4,000	35,000	25,000



ENVIRONMENTAL SERVICES



The Environmental Services Program Represents 15.7% of the Total Budget.

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

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.

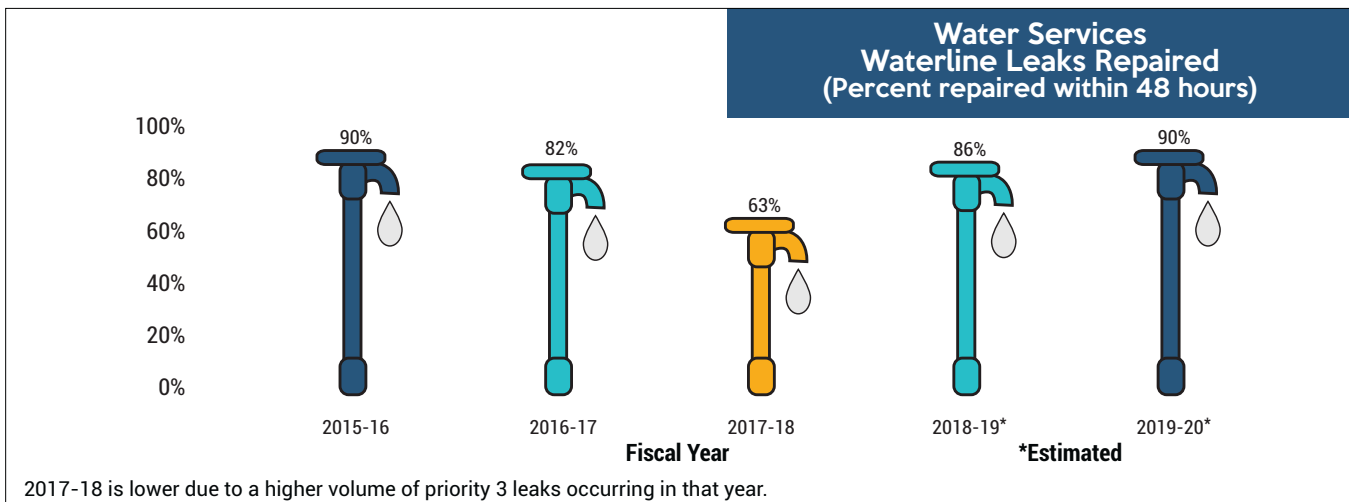
Budget Allowance Explanation

The 2019-20 Water Services Department operating budget allowance of \$340,280,000 is \$22,216,000 or 7.0 percent higher than 2018-19 estimated expenditures. The increase is in the Water, Wastewater and Other Restricted Funds.

The Water Fund 2019-20 budget allowance of \$228,086,000 is \$15,614,000 or 7.3 percent higher than 2018-19 estimated expenditures. This is primarily due to negotiated increases in employee compensation, fewer anticipated vacancies and increased facility maintenance costs due to the Water Services Department assuming facilities management responsibilities from the Public Works Department. In addition, there are increased costs for chemicals due to expected increases in water production, and the replacement of aging vehicles and equipment such as fire hydrants and water meters.

The Wastewater Fund 2019-20 budget allowance of \$109,876,000 is \$6,410,000 or 6.2 percent higher than 2018-19 estimated expenditures. This is primarily due to additional staff and vehicles to ensure adequate maintenance of the 91st Avenue Wastewater Treatment Facility, maintenance at other wastewater facilities and increased costs for billing and collections due to negotiated increases in employee compensation, fewer anticipated vacancies, and software maintenance for the Business Intelligence and Business Analysis information technology projects.

The Other Restricted Fund 2019-20 budget allowance of \$2,318,000 is \$192,000 or 9.0 percent higher than 2018-19 estimated expenditures. This is primarily due to fewer anticipated vacancies, consultant services to perform an in-depth investigation into sources of stormwater pollutants, bi-annual training, iPACS database upgrade, and modem upgrade.



Water Services Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2019-20 budget allowance:

	2017-18 Actual	2018-19 Estimate ¹	2019-20 Budget
Water main break/leaks per 100 miles	180	216	204
Waterline leaks repaired within 48 hours	63%	86%	90%
Percent of miles of sewer cleaned per year	25%	27%	26%
Sanitary sewer overflows per 100 miles	0.62	0.77	0.69
Gallons of water produced system wide (billions) ²	113.7	109.7	113.0
Gallons of wastewater treated (billions)	59.5	59.8	59.8
Telephone calls-received ³	1,596,437	1,440,000	1,440,000
Telephone calls-percent answered ⁴	93.0%	90.0%	90.0%

¹ Based on 10 months actual experience.

² Lower temperatures and above normal rainfall has reduced overall water demand for 2018-19.

³ Reduction in call volume is primarily a result of customers utilizing additional options such as email, the customer portal and PHX pay on-line.

⁴ 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

	2017-18 Actual	2018-19 Estimate	2019-20 Budget
Operating Expense	\$364,287,000	\$318,064,000	\$340,280,000
Total Positions	1,467.6	1,477.0	1,498.0
Source of Funds:			
Water	\$194,393,000	\$212,472,000	\$228,086,000
Wastewater	168,102,000	103,466,000	109,876,000
Other Restricted	1,792,000	2,126,000	2,318,000

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 2019-20 operating budget allowance of \$145,095,000 is \$5,455,000 or 3.9 percent more than 2018-19 estimated expenditures. This includes negotiated increases in employee compensation, recycling processing costs, other contractual services and reflects a large investment in equipment due to an aging fleet and rising maintenance costs.

The 2019-20 General Fund budget includes funding to convert the temporary pilot program for citywide encampment and alleyway cleanup from temporary to regular status.



Solid Waste Management Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2019-20 budget allowance:

	2017-18 Actual	2018-19 Estimate ¹	2019-20 Budget
Residential households served with same day contained solid waste and recyclable material collections	405,009	408,271	410,700
Tons of recyclable materials collected	120,113	122,103	122,800
Tons of total solid waste collected and landfills ²	861,177	925,474	931,000
Tons of solid waste from City residences disposed ³	596,161	607,887	611,500

¹ Based on 10 months actual experience.

² 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.

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

Expenditure and Position Summary

	2017-18 Actual	2018-19 Estimate	2019-20 Budget
Operating Expense	\$128,427,000	\$139,640,000	\$145,095,000
Total Positions	600.0	609.0	610.0
<i>Source of Funds:</i>			
Solid Waste	\$128,427,000	\$139,640,000	\$145,095,000

PUBLIC WORKS – SUPPORT SERVICES

Program Goal

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

Budget Allowance Explanation

The Public Works 2019-20 operating budget allowance of \$27,737,000 is \$1,395,000 or 5.3 percent more than 2018-19 estimated expenditures. The budget increase is due to adding 23.5 positions and 17 vehicles for deferred facility maintenance projects, asset management and site assessment support. It also includes negotiated increases in employee compensation and other normal inflationary factors.

Public Works Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2019-20 budget allowance:

	2017-18 Actual	2018-19 Estimate ¹	2019-20 Budget
Square footage of buildings maintained ²	10,573,285	10,573,285	10,514,903
Facility service requests completed	19,299	20,000	20,700
Fleet vehicles per mechanic	40.7	41.1	41.1
Units of equipment for which fleet management is provided	7,340	7,429	7,503
Annual miles of fleet vehicle utilization (in millions)	45.9	48.3	48.8

¹ Based on 10 months actual experience.

² Budget reflects sale of Personnel Building in 2018-19.

Expenditure and Position Summary

	2017-18 Actual	2018-19 Estimate	2019-20 Budget
Operating Expense	\$17,306,000	\$26,342,000	\$27,737,000
Total Positions	394.5	399.5	423.0
<i>Source of Funds:</i>			
General	\$12,188,000	\$18,276,000	\$17,895,000
City Improvement	5,078,000	7,014,000	8,789,000
Other Restricted	32,000	814,000	815,000
Federal and State Grants	8,000	238,000	238,000

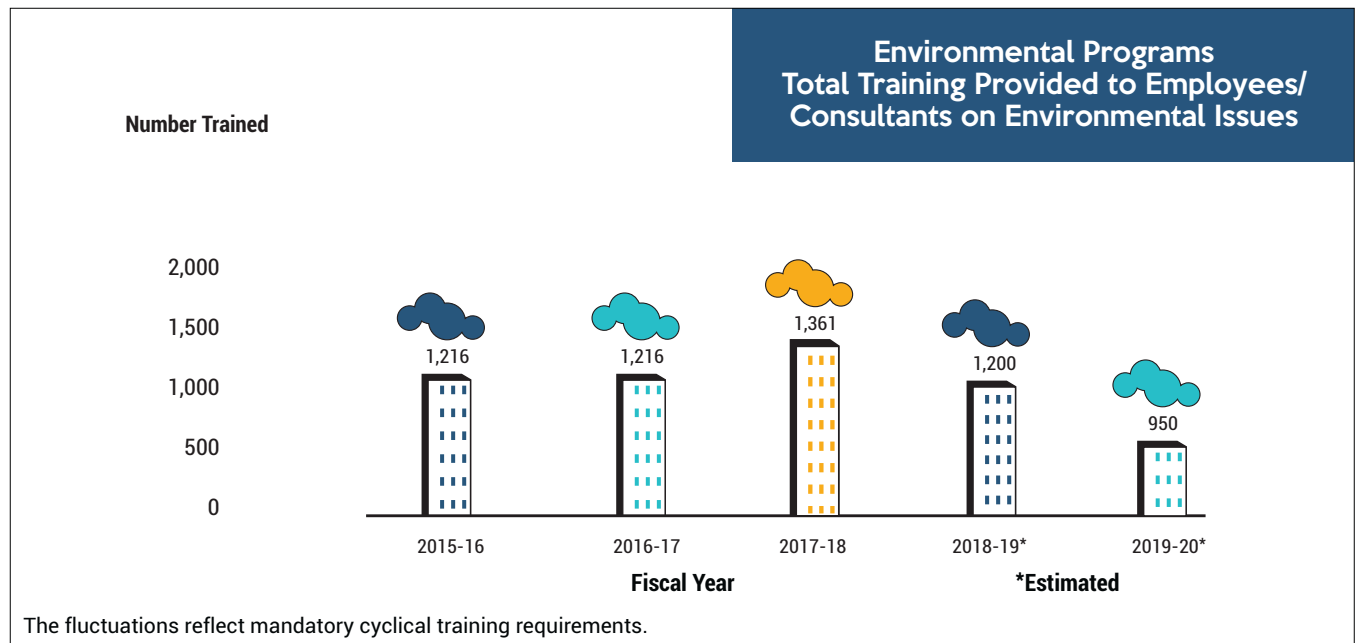
OFFICE OF ENVIRONMENTAL PROGRAMS

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 2019-20 operating budget allowance of \$1,616,000 is \$191,000 or 10.6 percent less than the 2018-19 estimated expenditures. The decrease is primarily due to Federal and State Grant funding, partially offset by an increase in the General Fund for negotiated increases in employee compensation.



Environmental Programs Major Performance Measures and Service Levels

The following significant performance measures and service level trends will be achieved with the 2019-20 budget allowance:

	2017-18 Actual	2018-19 Estimate ¹	2019-20 Budget
Number of site assessments conducted ²	294	190	155
Number of brownfields projects implemented ³	5	4	4
Percentage of time an emergency response team will arrive on-scene within 2 hours of a call for service	98%	91%	90%

¹ Based on 10 months actual experience.

² Departments are assessed on a cyclical basis and include environmental facility inspections, 404 assessments, and air quality inspections.

³ Projection based on historical data and available funding.

Expenditure and Position Summary

	2017-18 Actual	2018-19 Estimate	2019-20 Budget
Operating Expense	\$1,340,000	\$1,807,000	\$1,616,000
Total Positions	10.0	10.0	10.0
<i>Source of Funds:</i>			
General	\$436,000	\$694,000	\$800,000
Water	254,000	363,000	373,000
Federal and State Grants	432,000	513,000	195,000
Other Restricted	147,000	167,000	178,000
Capital Construction	71,000	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 2019-20 operating budget allowance of \$567,000 is \$102,000 or 21.9 percent more than 2018-19 estimated expenditures. The increase is primarily due to increased costs in the General Fund and the addition of Other Restricted funds.

The 2019-20 General Fund operating budget of \$517,000 is \$72,000 or 16.2 percent more than 2018-19 estimated expenditures. The increase is due to carrying over of funding for a study to develop a microgrid energy storage system to store renewable energy at key City sites and negotiated increases in employee compensation.

The 2019-20 Other Restricted funds operating budget of \$50,000 is \$30,000 or 150 percent more than the 2018-19 estimated expenditures. A new website to solicit donations for tree installation throughout the City is expected to increase donations in 2019-20.

Expenditure and Position Summary			
	2017-18 Actual	2018-19 Estimate	2019-20 Budget
Operating Expense	\$433,000	\$465,000	\$567,000
Total Positions	4.0	4.0	4.0
<i>Source of Funds:</i>			
General	\$433,000	\$445,000	\$517,000
Other Restricted	-	20,000	50,000

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 2019-20 will be \$55,400,000, plus \$2,512,000 in set-asides. The set-asides include \$1,800,000 for a Fire SAFER grant match, \$412,000 for labor costs and \$300,000 for the implementation of recommendations from the National Police Foundation's officer-involved shooting study. In March 2010, the Council agreed to gradually increase the contingency with a goal of achieving five percent of General Fund operating expenditures. Achieving this goal will improve the City's ability to withstand future economic cycles. The 2019-20 contingency reflects an increase of \$3,000,000 over the 2018-19 contingency of \$52,400,000 and maintains the contingency percentage at four percent.

The following table shows contingency funding and set-aside amounts over the past 10 years. As with the set-asides in 2019-20 for a Fire SAFER grant match, labor costs and the implementation of National Police Foundation recommendations, 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
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
2018-19	1,296,723	52,400 9,219	4.0
2019-20	1,374,444	55,400 2,512	4.0

OTHER FUND CONTINGENCIES

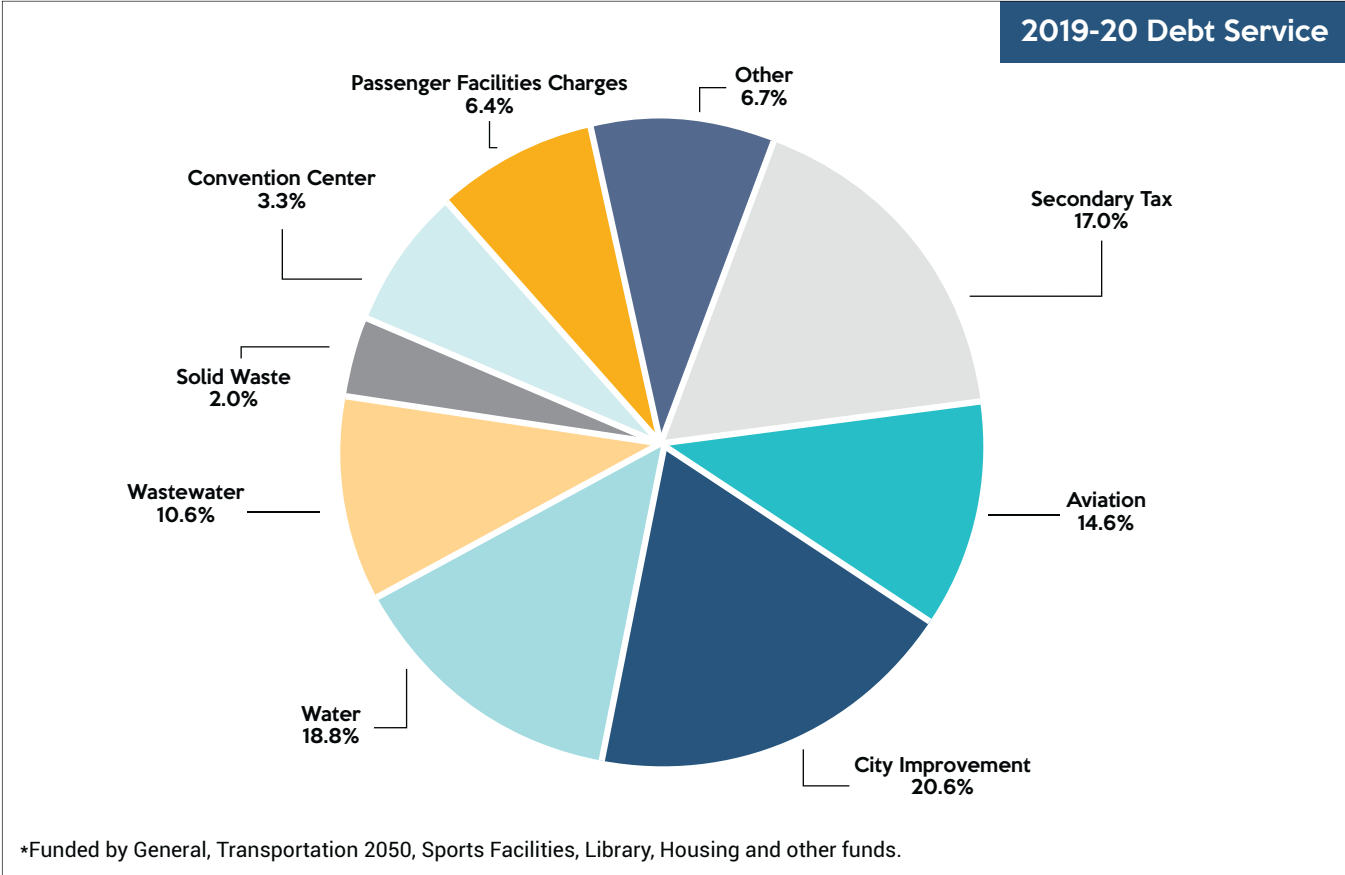
Similar to the General Fund, other funds also include contingency amounts. The contingency amounts and percentages of total operating expenditures vary to accommodate differences in the volatility of operations and revenues. Use of these amounts requires City Council approval. The following table shows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

2019-20 OTHER FUND OPERATING EXPENDITURE AND CONTINGENCY AMOUNT (000'S)			
Fund	Operating Expenditures	Contingency Amount	Percent of Operating Expenditures
Transportation 2050	\$224,714	\$4,000	1.8%
Development Services	71,934	5,000	7.0
Aviation	295,732	20,000	6.8
Water	242,193	12,000	5.0
Wastewater	123,185	12,500	10.1
Solid Waste	145,710	1,000	0.7
Convention Center	59,680	3,000	5.0

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 2019-20 for existing debt and anticipated future bond sales is \$686,563,000. As shown in the following pie chart, debt service expenditures are funded by both operating and capital funding sources. City Improvement debt service includes \$141.5 million in general government nonprofit corporation bond payments funded by General Fund (\$42.5 million), Transportation 2050 (\$70.8 million), Sports Facilities (\$22.0), Housing (\$0.1 million), Library (\$0.1 million) and other financing sources (\$6.0 million).

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



Types of Bonds Issued and Security

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

The City's general obligation bonds are "full faith and credit" bonds. This means they are secured by a legally binding pledge to levy property taxes without limit to make annual bond principal and interest payments. Revenue bonds (such as water revenue and airport revenue bonds) are secured by a pledge of these enterprises' net revenues (revenues net of operation and maintenance expenses) and do not constitute a general obligation of the City backed by general taxing power. Highway user revenue bonds are secured by state-shared gas taxes and other highway user fees and charges and 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, S&P and Fitch. The City's general obligation bonds are rated Aa1, AA+ and AAA respectively.

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

⁽¹⁾ Represents underlying rating, if insured.

⁽²⁾ 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.

Statement of Bonded Indebtedness⁽¹⁾ General Obligation Bonds (In Thousands of Dollars)			
Purpose	Non-Enterprise General Obligation Bonds	Revenue-Supported General Obligation Bonds	Total General Obligation Bonds
Various	\$1,129,145	\$—	\$1,129,145
Airport	—	7,865	7,865
Sanitary Sewer	—	2,885	2,885
Solid Waste	—	3,155	3,155
Water	—	6,735	6,735
Direct Debt	\$1,129,145	\$ 20,640	\$1,149,785
Less: Revenue Supported	—	(20,640)	(20,640)
Net Debt	\$1,129,145	\$—	\$1,129,145

⁽¹⁾ Represents general obligation bonds outstanding as of January 1, 2019. Such figures do not include the outstanding principal amounts of certain general obligation bonds that have been refunded or the payment of which has been provided for in advance of maturity. The payment of the refunded debt service requirements is secured by obligations issued or fully guaranteed by the United States of America which were purchased with proceeds of the refunding issues and other available moneys and are held in irrevocable trusts and are scheduled to mature at such times and in sufficient amounts to pay when due all principal, interest and redemption premiums where applicable, on the refunded bonds.

Debt Limitation

Pursuant to Chapter 177, Laws of Arizona 2016, which became effective August 6, 2016, the City's debt limitation is based on the full cash net assessed valuation. Full cash net assessed valuation for 2018-19 was \$16,665,875,186. Under the provisions of the Arizona Constitution, outstanding general obligation bonded debt for combined water, sewer, light, parks, open space preserves, playgrounds, recreational facilities, public safety, law enforcement, fire emergency, streets and transportation may not exceed 20 percent of a City's full cash net assessed valuation, nor may outstanding general obligation bonded debt for all other purposes exceed 6 percent of a City's full cash net assessed valuation. Unused borrowing capacity as of January 1, 2019, is shown below, based upon 2018-19 assessed valuation.

Water, Sewer, Light, Parks, Open Spaces, Playgrounds, Recreational Facilities, Public Safety, Law Enforcement, Fire Emergency, Streets and Transportation Purpose Bonds	
20% Constitutional Limitation	\$3,333,175,037
Direct General Obligation Bonds Outstanding ⁽¹⁾	(977,105,000)
Less: Debt Limit Reduction from Refunding ⁽²⁾	(36,101,813)
Unused 20% Limitation Borrowing Capacity	\$ 2,319,968,224

All Other General Obligation Bonds	
6% Constitutional Limitation	\$ 999,952,511
Direct General Obligation Bonds Outstanding ⁽¹⁾	(172,680,000)
Less: Debt Limit Reduction from Refunding ⁽²⁾	(17,715,482)
Unused 6% Limitation Borrowing Capacity	\$ 809,557,029

⁽¹⁾ Represents general obligation bonds outstanding as of January 1, 2019.

⁽²⁾ 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 January 1, 2019.

Net Direct General Obligation Bonded Debt Ratios			
	Per Capita Debt Pop. Est. (1,626,078) ⁽¹⁾	Limited Net Assessed Valuation (12,399,776,105)	Full Cash Valuation (\$164,275,190,973)
Direct General Obligation Bonded Debt Outstanding as of July 1, 2019	\$707.09	9.27%	0.70%
Net Direct General Obligation Bonded Debt Outstanding as of July 1, 2019	\$694.40	9.11%	0.69%

⁽¹⁾ Population estimate obtained from the U.S. Census Bureau as of July 1, 2017.

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

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

General Government Nonprofit Corporation Bonds

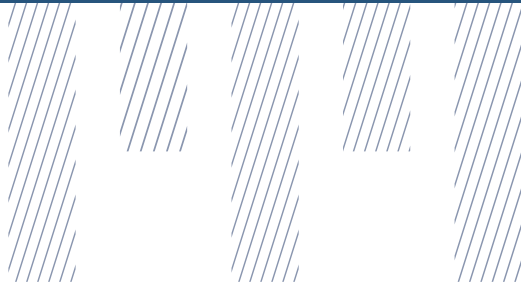
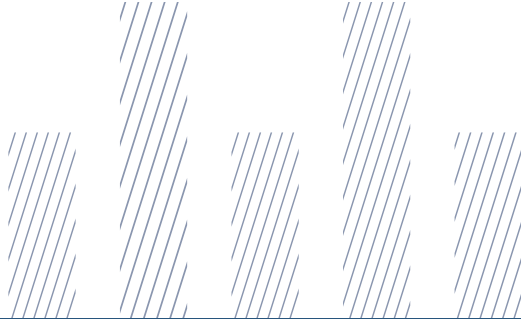
In addition to bonded debt, the City uses nonprofit corporation bonds as a financing tool. This form of financing involves the issuance of bonds by a nonprofit corporation for City-approved projects. The City makes annual payments equal to the bond debt service requirements to the corporation.

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

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

Debt Service by Source of Funds and Type of Expenditure (In Thousands of Dollars)			
Fund	2017-18 Actual	2018-19 Estimate	2019-20 Budget
Secondary Property Tax	\$101,600	\$107,957	\$116,862
Aviation	76,042	74,082	99,910
Convention Center	19,922	19,934	22,368
City Improvement ⁽¹⁾	102,811	122,458	141,514
Passenger Facility Charges	45,068	43,646	43,643
Solid Waste	9,491	14,317	13,591
Sports Facilities	17,763	-	-
Wastewater	69,759	75,026	72,797
Water	110,045	114,012	128,879
Other Capital Funds	46,678	46,054	46,999
Total	\$599,179	\$617,486	\$686,563
Type of Expenditure			
Principal	\$311,337	\$335,496	\$372,892
Interest and Other	287,842	281,990	313,671
Total	\$599,179	\$617,486	\$686,563

⁽¹⁾ Reflects City Improvement nonprofit corporation bond debt service funded by General Fund, Transportation 2050, Housing, Library, Sports Facilities and other miscellaneous funding sources.



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 19, 2019, 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 replacement, rehabilitation, and improvements to water infrastructure; Terminal 3 modernization, reconstruction of aprons and runways, expansion of the PHX Sky Train, and a new Terminal 4 south concourse at Sky Harbor Airport; major street and bridge rehabilitation and new construction; accelerated citywide pavement maintenance; Talking Stick Resort Arena renovations; major maintenance and assessments of facilities citywide; replacement of the KIVA permitting system; South Mountain Park and Margaret T. Hance Park improvements; and construction of the Cesar Chavez Community Center. The preliminary plan has been updated to reflect cost or timing changes identified since the preliminary program was developed.

2019-24 Capital Improvement Program Development

The annual citywide Capital Improvement Program update process began in December 2018 when departments prepared revised 2018-19 estimates and updated their five-year capital improvement programs. The 2018-19 estimates reflect updated construction cost estimates, schedules adjustments, awarded contract amounts and other program changes. The 2019-24 program includes projects planned for authorized and anticipated bond funding and the latest estimates for pay-as-you-go projects funded with operating funds, federal funds, impact fees and other sources. Also included are net new operating costs and/or savings. Budget and Research staff reviewed the departments' programs for funding availability, reasonableness and technical accuracy.

Presented in this citywide program are projects reviewed and adopted through several planning processes. These include capital projects funded through the most recently adopted multi-year rate plans for enterprise funds such as Water, Wastewater and Solid Waste, and from other planning processes including infrastructure financing plans for impact fees and various multi-year facility maintenance plans. Also reflected are capital projects from sales tax and voter-approved bond programs including the 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 General Obligation Bond Program. As a result, a portion of this program is indefinitely deferred.

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 funding for 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 2019-24 Capital Improvement Program includes \$178.2 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) in August 2015. This initiative authorized a three-tenths of one percent increase in the transaction privilege and use tax rate to fund the City's Comprehensive Transportation Plan including new light rail lines, bus expansion and street improvements. Collection of Transportation 2050 sales tax began on January 1, 2016. The 2019-24 Capital Improvement Program includes \$384.0 million in Transportation 2050 pay-as-you-go funds, as well as \$873.0 million in Transportation 2050 bond funds.

Five-Year Streets Plan

Each year the Street Transportation Department updates its five-year plan and funding program for street, bicycle, pedestrian and stormwater construction and major maintenance projects. This program is primarily funded through the Arizona Highway User Revenue (AHUR) fund, including state-shared revenue from gas taxes and vehicle license taxes, but also includes funding through the Transportation 2050 (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 \$148.1 million in available impact fees in the 2019-24 Capital Improvement Program. Additional impact fees will be programmed in future capital improvement programs as these fees are collected.

SUMMARY OF 2019-24 CAPITAL IMPROVEMENT PROGRAM
BY PROGRAM
(In Thousands of Dollars)

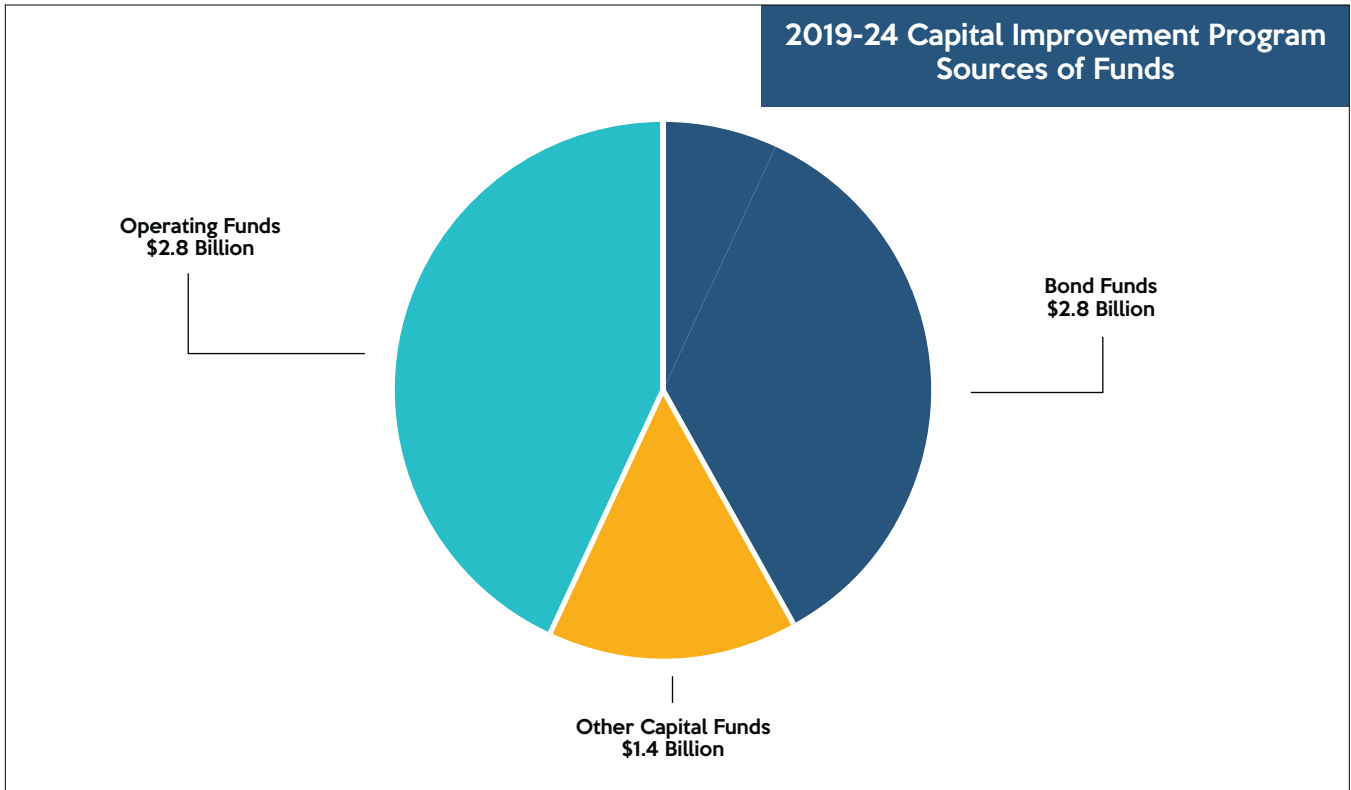
	2019-20	2020-21	2021-22	2022-23	2023-24	Total
Arts and Cultural Facilities	\$ 998	\$ -	\$ -	\$ -	\$ -	998
Aviation	380,845	191,522	180,012	97,956	91,097	941,432
Economic Development	164,724	6,014	7,285	5,698	5,249	188,970
Facilities Management	45,378	13,775	13,775	13,775	13,775	100,478
Fire Protection	16,353	-	-	-	-	16,353
Housing	42,436	18,882	11,820	9,320	9,520	91,978
Human Services	600	-	-	-	-	600
Information Technology	23,369	3,969	3,969	3,969	3,969	39,245
Libraries	955	1,321	1,038	1,318	9,915	14,547
Neighborhood Services	3,484	-	-	-	-	3,484
Parks, Recreation and Mountain Preserves	93,455	23,575	25,750	29,350	33,464	205,594
Phoenix Convention Center	64,075	32,557	30,463	31,879	32,136	191,110
Planning and Historic Preservation	19,772	6,000	-	-	-	25,772
Public Transit	321,805	304,706	376,332	216,622	223,216	1,442,681
Regional Wireless Cooperative	9,204	7,325	6,002	6,002	6,000	34,533
Solid Waste Disposal	22,436	29,294	15,902	14,615	7,132	89,379
Street Transportation and Drainage	241,948	226,282	173,629	111,573	126,522	879,954
Wastewater	202,928	181,059	131,554	318,965	206,845	1,041,351
Water	377,147	516,474	246,548	271,425	284,167	1,695,761
Total	\$ 2,031,912	\$ 1,562,755	\$ 1,224,079	\$ 1,132,467	\$ 1,053,007	\$ 7,004,220

SUMMARY OF 2019-24 CAPITAL IMPROVEMENT PROGRAM
BY SOURCE OF FUNDS
(In Thousands of Dollars)

	2019-20	2020-21	2021-22	2022-23	2023-24	Total
Operating Funds						
General Fund						
General Fund	\$ 18,527	\$ 19,866	\$ 17,711	\$ 17,311	\$ 17,413	90,828
General Fund - Library	955	972	1,038	1,318	1,472	5,755
Special Revenue Funds						
Arizona Highway User Revenue	82,753	70,595	74,044	61,094	80,898	369,384
Capital Construction	16,118	13,361	9,491	8,981	8,981	56,932
Community Reinvestment	7,263	4,315	5,587	4,000	4,000	25,165
Development Services	21,305	6,039	39	39	39	27,461
Operating Grants	131,553	44,258	32,550	37,890	68,171	314,422
Other Restricted	13,090	3,922	2,185	2,513	1,798	23,508
Parks and Preserves	72,097	21,575	23,750	27,350	33,464	178,236
Regional Transit	21,647	5,067	3,849	4,130	3,867	38,560
Sports Facilities	7,170	2,000	2,000	2,000	-	13,170
Transportation 2050	120,388	87,502	51,538	50,597	73,959	383,984
Enterprise Funds						
Aviation	95,535	7,788	32,002	4,167	2,370	141,862
Convention Center	14,337	6,000	5,561	6,876	6,531	39,305
Solid Waste	14,733	2,886	4,809	4,442	3,368	30,238
Wastewater	67,225	73,972	45,411	155,450	145,261	487,319
Water	122,586	99,646	111,740	97,791	99,241	531,004
Total Operating Funds	\$ 827,282	\$ 469,764	\$ 423,305	\$ 485,949	\$ 550,833	\$ 2,757,133
Bond Funds						
General Obligation Bonds						
2001 General Obligation Bonds	\$ 2,498	\$ -	\$ -	\$ -	\$ -	2,498
2006 General Obligation Bonds	8,603	-	-	-	-	8,603
Nonprofit Corporation Bonds						
Nonprofit Corporation Bonds - Aviation	124,423	77,025	23,411	21,277	21,277	267,413
Nonprofit Corporation Bonds - Conv. Center	26,181	-	-	-	-	26,181
Nonprofit Corporation Bonds - Other	186,525	-	-	-	-	186,525
Nonprofit Corporation Bonds - Solid Waste	7,589	23,148	12,378	7,134	3,490	53,739
Nonprofit Corporation Bonds - T2050	65,000	203,945	343,217	156,014	104,799	872,975
Nonprofit Corporation Bonds - Wastewater	85,154	82,572	61,931	97,090	48,040	374,787
Nonprofit Corporation Bonds - Water	206,254	393,304	122,089	160,342	158,332	1,040,321
Total Bond Funds	\$ 712,227	\$ 779,994	\$ 563,026	\$ 441,857	\$ 335,938	\$ 2,833,042
Other Capital Funds						
Other Capital Funds						
Capital Grants	\$ 209,644	\$ 140,249	\$ 93,438	\$ 31,496	\$ 23,600	498,427
Capital Reserves	4,212	3,056	-	4,300	-	11,568
Customer Facility Charges	4	4	4	3	4	19
Federal, State and Other Participation	46,641	48,439	40,233	40,894	41,233	217,440
Impact Fees	105,466	19,472	4,604	2,220	16,299	148,061
Other Capital	2,776	-	-	-	-	2,776
Other Cities' Share in Joint Ventures	40,132	36,594	36,976	82,145	38,479	234,326
Passenger Facility Charge	82,133	64,840	62,145	43,231	46,264	298,613
Solid Waste Remediation	1,395	343	348	372	357	2,815
Total Other Capital Funds	\$ 492,403	\$ 312,997	\$ 237,748	\$ 204,661	\$ 166,236	\$ 1,414,045
Total	\$ 2,031,912	\$ 1,562,755	\$ 1,224,079	\$ 1,132,467	\$ 1,053,007	\$ 7,004,220

2019-24 CAPITAL IMPROVEMENT PROGRAM HIGHLIGHTS

The Capital Improvement Program (CIP) totals \$7.0 billion over the next five years. As shown in the pie chart below, funding for the 2019-24 program comes from \$2.8 billion in bond funds, \$2.8 billion in pay-as-you-go operating funds and \$1.4 billion in other capital funds.



Projects in the first year total \$2.0 billion and are funded from pay-as-you-go operating funds (\$827.3 million), bond funds (\$712.2 million) and other capital financing (\$492.4 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 2019-24 Capital Improvement Program by source of funds and the 2019-20 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 \$1.0 million and is funded by General Obligation Bond funds.

The program provides partial funding to develop a Latino Cultural Center.

Aviation

The Aviation program totals \$941.4 million and is funded by Aviation, Aviation Bond, Capital Grant, Customer Facility Charge and Passenger Facility Charge funds.

The Aviation program includes improvements at Phoenix Sky Harbor International, Phoenix Deer Valley and Phoenix Goodyear Airports as well as support for Phoenix-Mesa Gateway Airport. Significant infrastructure improvements include new or reconstructed aprons, utility vault upgrade, taxiways, lighting, technology, equipment, roadway and drainage improvements in addition to land acquisition for future economic development and ground protection within runway protection zones.

Major projects include:

- Demolition of Terminal 2 building, concourse and garage including operational safety improvement with apron reconstruction
- PHX Sky Train expansion connecting the Rental Car Center to all terminals, ground transportation, parking and Valley Metro Light Rail
- Construction of Terminal 4's south concourse, adding eight gates
- Providing for contingency project funding and debt service payments

Economic Development

The \$189.0 million Economic Development program is funded by Arizona Highway User Revenue, Downtown Community Reinvestment, Other Restricted, Sports Facilities and Other Bond funds. Major projects include:

- Talking Stick Resort Arena Renovations
- Downtown Redevelopment Area project facilitation and assistance
- ASU Center for Law and Society development assistance
- ASU Thunderbird School of Global Management development assistance
- Arizona Biomedical Corridor infrastructure improvements
- Historic Preservation and Conservation facilitation and assistance

Facilities Management

The Facilities Management program totals \$100.5 million and is funded by General, Aviation, Convention Center, Development Services, Other Restricted, Solid Waste, Transportation 2050, Wastewater, Water, General Obligation Bond, Other Bond, and Other Capital funds.

The Facilities Management program includes various major maintenance projects for City facilities and fuel infrastructure. Also, citywide energy conservation efforts to be implemented by Facilities Management include: energy efficient retrofits, energy efficient design and management, metering for efficient operations and implementation of new technology.

Fire Protection

The \$16.4 million Fire Protection program is funded by Other Restricted, General Obligation Bond, Other Bond and Impact Fee funds.

The program consists of infrastructure in growth areas, and replacement of the Computer Aided Dispatch system.

Housing

The Housing program totals \$92.0 million and is funded by Operating Grant, Other Restricted and Capital Grant funds.

The program provides funds for the creation 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, transformation of the Edison-Eastlake community, affordable housing development, and rehabilitation and remodeling of family and senior public housing units.

Human Services

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

The Human Services program includes design of a multi-purpose senior center adjacent to the Southwest Family Services Center.

Information Technology

The \$39.2 million Information Technology program is funded by General, Arizona Highway User Revenue, Aviation, Convention Center, Development Services, Solid Waste, Transportation 2050, Wastewater, Water, Other Bond and Capital Reserve funds.

The Information Technology program includes enhancement of the City's business intelligence and business analysis capabilities, replacement of FCC-mandated equipment with 700 MHz radios, and implementation of a modernized data center environment to provide a more reliable and secure computing environment.

Libraries

The Libraries program totals \$14.5 million and is funded by General and Impact Fee funds.

The program includes branch library improvements and renovations to maintain current standards. Future expansions or renovations are planned for Estrella, Ironwood, North Gateway and Desert Broom pending funding availability.

Neighborhood Services

The Neighborhood Services program totals \$3.5 million and is funded by Operating Grant and General Obligation Bond funds.

The Neighborhood Services program seeks to stabilize neighborhoods and improve infrastructure by acquiring properties for revitalization. By partnering with City departments, projects such as the Edison Impact Hub, safe school routes, landscaping, sidewalks, lighting and other infrastructure improvements provide enhancements to City neighborhoods.

Parks, Recreation and Mountain Preserves

The Parks, Recreation and Mountain Preserves program totals \$205.6 million and is funded by Parks and Preserves, Operating Grant, Sports Facilities, Transportation 2050, Water, General Obligation Bond, Capital Reserve, Impact Fee, and Other Capital funds.

The program includes improving and rehabilitating city parks, trails, sports fields and pools, installing or replacing 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 Construction
- Phoenix Mountain Preserve Improvements
- Preserve Land Acquisition
- Maryvale Baseball Park Renovations
- South Mountain Park Improvements
- Reach 11 Recreation Area Dog Park

Phoenix Convention Center

The \$191.1 million Phoenix Convention Center program is funded by General, Convention Center, Sports Facilities and Convention Center Bond 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:

- West Building Roof and Carpet Replacement
- North Building Carpet Replacement
- Lighting Controls Upgrade
- North Building Shoring Wall Replacement
- East Garage Expansion Joint Replacement
- East Garage Elevator Refurbishment
- Regency Garage Fire Sprinkler System Replacement

Planning and Historic Preservation

The Planning and Historic Preservation program totals \$25.8 million and is funded by the Development Services fund.

The program includes the SHAPE Phoenix project which targets the Planning and Development Department's primary land management applications for replacement. This multi-year project envisions replacing KIVA, PlanWeb and other supporting applications with a modern Planning, Zoning, Plan Review and Permitting application that supports community planning, development and regulation.

Public Transit

The Public Transit program totals \$1,442.7 million and is funded by Transportation 2050, Operating Grant, Other Restricted, Regional Transportation, Capital Grant, Transportation 2050 Bond and Water Bond funds.

Phoenix voters approved Transportation 2050 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 pullouts, passenger and public transit facilities
- Evaluate technology needs, implement enhancements and replace Fare Collection System
- Construct South Central, Capitol/I-10 and Northwest Extension Phase II Light Rail extensions
- Implement Transportation 2050 Bus Rapid Transit program
- Provide assistance to businesses along Light Rail zones, purchase and 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 RWC program totals \$34.5 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 an FCC mandate requiring 700 MHz infrastructure upgrades for narrow-banding capabilities.

Solid Waste Disposal

The \$89.4 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 methane gas extraction and drainage system construction for the State Route 85 landfill, methane gas collection system maintenance for several locations, cell excavations and installation of lining, replacement or upgrade of aging equipment at the 27th Avenue and North Gateway Transfer Stations Material Recovery Facilities, development of the 27th Avenue Resource Innovation Campus, and improvement of the 27th Avenue Composting Facility.

Street Transportation and Drainage

The Street Transportation and Drainage program totals \$880.0 million and is funded by Arizona Highway User Revenue, Capital Construction, Other Restricted, Transportation 2050, General Obligation Bond, Transportation 2050 Bond, Capital Reserve, Impact Fee, and partner agency contribution funds.

The program includes ongoing major maintenance of streets and bridges, new and expanded streets, mobility improvements, pedestrian traffic safety improvements, technology enhancements and storm water improvements, and prioritizes an accelerated citywide pavement maintenance program.

Major projects planned include improvements to the following locations:

- Lower Buckeye Road: 27th Avenue to 19th Avenue
- Buckeye Road: 67th Avenue to 59th Avenue
- Pinnacle Peak Road: Central Avenue to 7th Street
- 24th Street and Grand Canal Bridge Replacement
- 3rd Street Promenade: McDowell Road to Indian School Road
- Rawhide Wash: Pinnacle Peak Road to Happy Valley Road

Wastewater

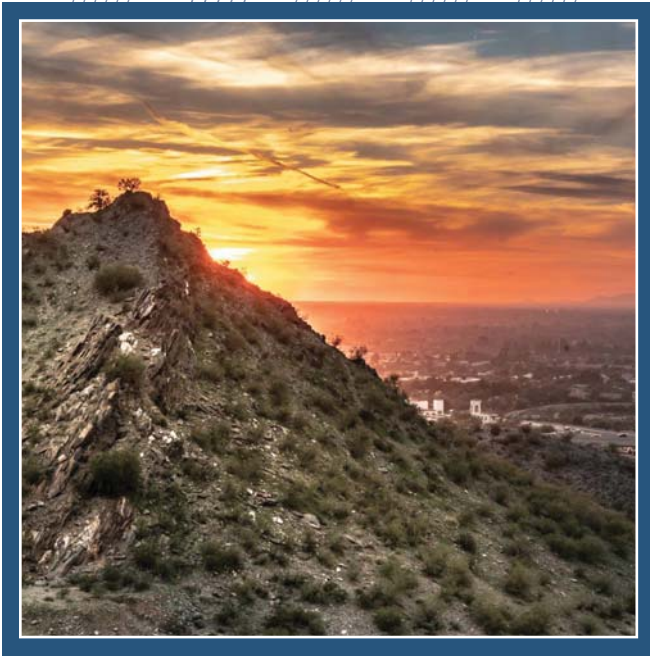
The Wastewater program totals \$1,041.4 million and is funded by Wastewater, Wastewater Bond, Impact Fee and Other Cities' Share in Joint Venture funds.

The Wastewater program includes infrastructure improvements, safety, maintenance, technology and efficiency enhancements for the 91st Avenue and 23rd Avenue wastewater treatment plants, Cave Creek Water Reclamation Plant, multi-city and Phoenix sewer line systems, lift stations, support facilities and other related initiatives.

Water

The Water program totals \$1,695.8 million and is funded by Water, Wastewater, Solid Waste, Water Bond, Wastewater Bond, Impact Fee and Other Cities' Share in Joint Venture funds.

The Water program includes infrastructure improvements, technology and efficiency enhancements for 24th Street, Deer Valley, Union Hills and Val Vista water treatment plants, water storage facilities, wells, pressure reducing valve stations, booster pump stations, water and transmission mains, support facilities and other water related initiatives. Investments in additional water resources, power redundancy and water resiliency programs ensure stable water delivery for customers.



**2019-20 CAPITAL IMPROVEMENT PROGRAM
BY PROGRAM AND SOURCE OF FUNDS**

(In Thousands of Dollars)

Program	Total Program	Pay-As- You-Go Operating	2001 Bonds	2006 Bonds	Nonprofit Corporation Bonds	Other Capital Sources
Arts and Cultural Facilities	\$ 998	\$ -	\$ 998	\$ -	\$ -	\$ -
Aviation	380,845	93,233	-	-	124,423	163,189
Economic Development	164,724	14,546	-	-	150,178	-
Facilities Management	45,378	18,370	1,500	40	24,633	835
Fire Protection	16,353	6,100	-	3,500	2,400	4,353
Housing	42,436	30,908	-	-	-	11,528
Human Services	600	-	-	600	-	-
Information Technology	23,369	13,255	-	-	9,314	800
Libraries	955	955	-	-	-	-
Neighborhood Services	3,484	2,585	-	899	-	-
Parks, Recreation and Mountain Preserves	93,455	74,609	-	3,294	-	15,552
Phoenix Convention Center	64,075	14,394	-	-	26,181	23,500
Planning and Historic Preservation	19,772	19,772	-	-	-	-
Public Transit	321,805	204,701	-	-	40	117,064
Regional Wireless Cooperative	9,204	-	-	-	-	9,204
Solid Waste Disposal	22,436	12,223	-	-	7,550	2,663
Street Transportation and Drainage	241,948	134,422	-	270	65,101	42,155
Wastewater	202,928	48,175	-	-	84,137	70,616
Water	377,147	139,034	-	-	207,169	30,944
Total	\$ 2,031,912	\$ 827,282	\$ 2,498	\$ 8,603	\$ 701,126	\$ 492,403

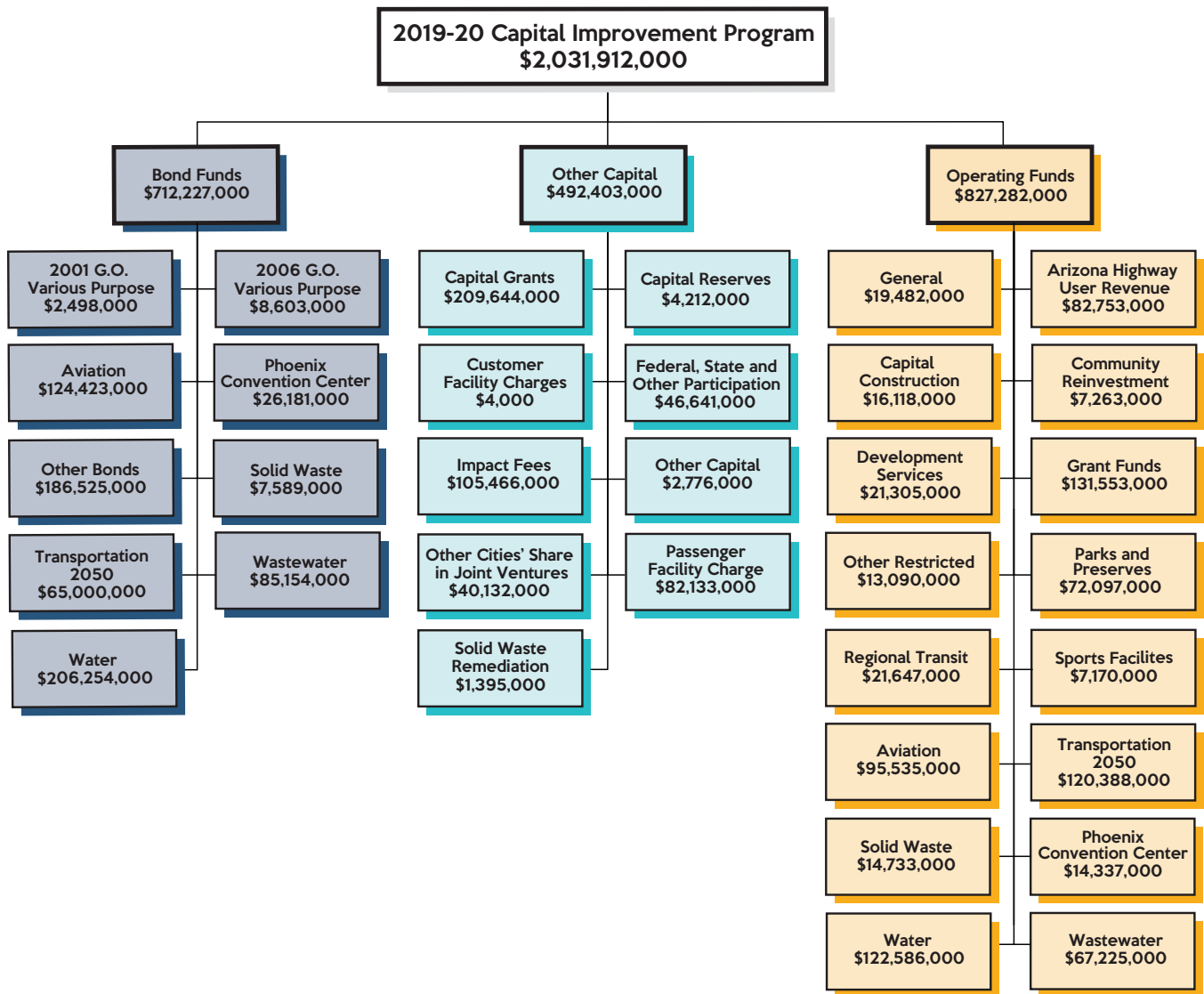
RESOURCES AND EXPENDITURES BY CAPITAL FUND
2019-20 CAPITAL IMPROVEMENT PROGRAM
(In Thousands of Dollars)

Capital Fund	RESOURCES			EXPENDITURES	FUND BALANCES		
	Beginning Balance	Projected Revenue ¹	Total	Estimated Expenditures	Ending Fund Balance	Projected Resources Beyond 19/20 ²	Funds Available Beyond 19/20
BONDS AND RELATED FUNDS							
2006 Bonds							
Libraries, Senior & Cultural Centers	\$ (3,129)	\$ -	\$ (3,129)	\$ 600	\$ (3,729)	\$ 27,190	\$ 23,461
Education	(4,563)	-	(4,563)	-	(4,563)	8,090	3,527
Affordable Housing & Neighborhoods	4,365	-	4,365	939	3,426	17,795	21,221
Parks and Open Spaces	5,342	-	5,342	3,294	2,048	13,685	15,733
Police, Fire & Homeland Security	(4,512)	-	(4,512)	3,500	(8,012)	36,700	28,688
Police, Fire & City Technology	286	-	286	-	286	4,790	5,076
Street and Storm Sewer Improvement	5,928	-	5,928	270	5,658	27,495	33,153
2001 Bonds							
Affordable Housing & Homeless Shelter	1,053	-	1,053	-	1,053	-	1,053
Educational, Youth & Cultural Facilities	(178)	-	(178)	998	(1,176)	1,700	524
Environmental Improvement & Cleanup	261	-	261	-	261	630	891
Fire Protection Facilities & Equipment	(788)	-	(788)	-	(788)	800	12
Neighborhood Protection & Senior Centers	1,411	-	1,411	1,500	(89)	2,355	2,266
New & Improved Libraries	3,450	-	3,450	-	3,450	900	4,350
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	(174)	-	(174)	-	(174)	795	621
Storm Sewers	-	-	-	-	-	50	50
Street Improvements	(457)	-	(457)	-	(457)	2,225	1,768
1989 Historic Preservation							
	2	-	2	-	2	-	2
1988 Bonds							
Freeway Mitigation, Neighborhood Stabilization, Slum & Blight Elimination	845	-	845	-	845	1,000	1,845
Parks, Recreation & Mountain Preserves	419	-	419	-	419	-	419
Police Protection	27	-	27	-	27	-	27
Nonprofit Corporation Bonds							
Aviation	(308,035)	263,273	(44,762)	124,423	(169,185)	631,555	462,370
Convention Center	26,095	150	26,245	26,181	64	-	64
Solid Waste	(606)	-	(606)	7,589	(8,195)	75,000	66,805
Transportation 2050	(10,000)	-	(10,000)	65,000	(75,000)	200,000	125,000
Wastewater	(7,136)	-	(7,136)	85,154	(92,290)	271,730	179,440
Water	(209,467)	300,000	90,533	206,254	(115,721)	675,000	559,279
Other	192,340	(1,531)	190,809	186,525	4,284	140,095	144,379
OTHER FINANCING							
Impact Fees	172,074	-	172,074	105,466	66,608	-	66,608
Passenger Facility Charge	(26,140)	86,079	59,939	82,133	(22,194)	353,661	331,467
Customer Facility Charge	8,116	10,981	19,097	4	19,093	-	19,093
Other Cities' Participation in Joint Ventures	-	41,840	41,840	40,132	1,708	-	1,708
Solid Waste Remediation	4,345	-	4,345	1,395	2,950	-	2,950
Capital Grants	-	209,644	209,644	209,644	-	-	-
Federal, State & Other Participation	-	46,641	46,641	46,641	-	-	-
Capital Gifts	31	-	31	-	31	-	31
Capital Reserves	324,713	1,250	325,963	4,212	321,751	-	321,751
Other Capital	3,394	-	3,394	2,776	618	-	618
TOTAL	\$ 178,406	\$ 958,327	\$ 1,136,733	\$ 1,204,630	\$ (67,897)	\$ 2,499,396	\$ 2,431,499

¹ Net resources Includes various revenue sources, recoveries, bond proceeds and interfund transfers.

² Includes bonds authorized and available for sale, pledged resources and cost recovery for projects billed and/or reimbursed on a cash flow basis.

2019-20 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 the funding source(s) for these costs. These costs are reviewed by the Budget and Research Department. The 2019-20 budget includes \$2,018,000 in new operating and maintenance costs for new facilities. The funding sources for 2019-20 operating costs are the General Fund, Arizona Highway User Revenue (AHUR) Fund and the Phoenix Parks and Preserve Initiative (PPPI) Fund. The schedule on the next page provides project operating and maintenance costs for 2019-20, the full-year operating and maintenance costs for 2020-21, and the operating funds to be used for these costs.

OPERATING COSTS FOR NEW CAPITAL FACILITIES				
Project Name and Operating Fund Source	# of FTEs		2019-20 Costs	2020-21 Costs
Fire				
Fire Station #55 (General Fund)	8.0	Add funding for operating costs and positions at the new Fire Station #55 located at I-17 and Jomax Road. These positions will complete the staffing needed for 24 hour operations.	\$1,100,000	\$1,100,000
Parks and Recreation				
Pinnacle Park, Phase II (PPPI Fund)	2.0	Add staff and materials to operate and maintain the completion of Pinnacle Park, phase II, which includes athletic fields, restrooms and a skate plaza. The facility is scheduled to open in October 2019.	207,000	120,000
Street Transportation				
Streetscape Projects (General Fund)	0.0	Add funding for contractual services to maintain newly developed and renovated streetscapes. This includes maintenance for new landscaping along the Grand Canal between 15th Avenue and 16th Street, and between 36th Street and 40th Street.	404,000	404,000
Freeway Connection Streetscape (AHUR Fund)	1.0	Add a Senior Construction Inspector position, along with funding for contractual services, to monitor the contracted maintenance of an additional 476 acres of street landscaping being added as part of the new 22-mile Loop 202 freeway connection.	307,000	275,000
Net Total Costs	11.0		\$2,018,000	\$1,899,000
<i>Source of Funds:</i>				
General Fund			\$1,504,000	\$1,504,000
Arizona Highway User Revenue (AHUR)			307,000	275,000
Phoenix Parks and Preserves Initiative (PPPI)			207,000	120,000
Total Source of Funds			\$2,018,000	\$1,899,000



**SUMMARY
SCHEDULES**



**2017-18 SCHEDULE 1
RESOURCES AND EXPENDITURES BY FUND
ACTUAL
(In Thousands of Dollars)**

	Resources					Expenditures					Ending Fund Balances
	Beginning Fund Balances	Revenue ^{1/}	Recovery	Fund Transfer		Total	Operating	Capital	Debt		
				To	From				Service	Total	
General Funds:											
General	\$ 144,494	\$ 283,542	\$ 1,644	\$ 893,897	\$ 155,354	\$ 1,168,223	\$ 1,029,822	\$ 3,781	\$ -	\$ 1,033,603	\$ 134,620
Parks and Recreation	-	16,775	142	74,987	-	91,904	91,904	-	-	91,904	-
Library	-	49,200	14	385	2,103	47,496	40,155	7,341	-	47,496	-
Cable Communications	-	10,884	-	-	6,608	4,276	4,276	-	-	4,276	-
Total General	\$ 144,494	\$ 360,401	\$ 1,800	\$ 969,269	\$ 164,065	\$ 1,311,899	\$ 1,166,157	\$ 11,122	\$ -	\$ 1,177,279	\$ 134,620
Special Revenue Funds:											
Excise Tax	\$ -	\$ 1,268,074	\$ -	\$ -	\$ 1,268,074	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Nghbrhd Protection-Police	13,682	179	-	22,179	337	35,703	22,443	-	-	22,443	13,260
Nghbrhd Protection-Fire	6,328	76	7	7,920	7	14,324	9,448	-	-	9,448	4,876
Nghbrhd Protection-Block Watch	3,531	380	6	1,583	1	5,499	1,257	-	-	1,257	4,242
2007 Public Safety Exp-Police	11,856	138	1	50,693	447	62,241	34,284	-	-	34,284	27,957
2007 Public Safety Exp-Fire	3,305	45	-	12,674	76	15,948	11,133	-	-	11,133	4,815
Public Safety Enhance-Police	5,695	-	-	15,994	199	21,490	11,084	-	-	11,084	10,406
Public Safety Enhance-Fire	4,016	-	-	9,803	-	13,819	4,630	-	-	4,630	9,189
Parks and Preserves	43,795	1,245	280	34,963	28	80,255	5,133	22,759	-	27,892	52,363
Transit 2000 ^{2/}	1,278	(29)	232	-	-	1,481	(304)	(363)	-	(667)	2,148
Transportation 2050 ^{2/}	254,758	48,605	501	216,164	66,376	453,652	191,987	47,329	-	239,316	214,336
Court Awards	235	4,213	269	-	-	4,717	4,459	-	-	4,459	258
Development Services	54,220	59,844	14	-	3,494	110,584	49,270	1,465	-	50,735	59,849
Capital Construction	11,224	259	283	9,680	-	21,446	201	5,465	-	5,666	15,780
Sports Facilities	37,809	12,343	105	21,431	265	71,423	2,358	1,628	17,763	21,749	49,674
AZ Highway User Revenue	55,415	132,738	1,124	131	-	189,408	62,379	63,921	-	126,300	63,108
Regional Transit	(13,989)	38,695	28	-	-	24,734	31,705	2,725	-	34,430	(9,696) ^{3/}
Community Reinvestment	12,030	7,567	51	-	2,068	17,580	478	2,849	-	3,327	14,253
Secondary Property Tax	526	100,187	-	987	-	101,700	-	-	101,600	101,600	100
Impact Fee Program Admin	905	443	1	-	-	1,349	280	-	-	280	1,069
Regional Wireless Cooperative	1,756	4,239	39	-	-	6,034	4,209	-	-	4,209	1,825
Golf Course	250	5,722	35	-	-	6,007	6,007	-	-	6,007	-
City Improvement	116	-	46	103,688	1,039	102,811	-	-	102,811	102,811	-
Other Restricted Funds	84,661	33,737	222	23,717	9,099	133,238	44,071	4,940	-	49,011	84,227
Grant Funds	23,483	213,991	991	1,824	346	239,943	207,211	5,624	-	212,835	27,108
Total Special Revenue	\$ 616,885	\$ 1,932,691	\$ 4,235	\$ 533,431	\$ 1,351,856	\$ 1,735,386	\$ 703,723	\$ 158,342	\$ 222,174	\$ 1,084,239	\$ 651,147
Enterprise Funds:											
Aviation	\$ 334,111	\$ 385,888	\$ 3,363	\$ 28,184	\$ 14,838	\$ 736,708	\$ 249,070	\$ 57,596	\$ 76,042	\$ 382,708	\$ 354,000
Water	62,593	434,232	7,235	25,000	23,304	505,756	195,985	106,954	110,045	412,984	92,772
Wastewater	86,870	239,245	1,514	-	14,814	312,815	168,839	35,011	69,759	273,609	39,206
Solid Waste	43,901	149,947	268	-	10,394	183,722	128,539	8,083	9,491	146,113	37,609
Convention Center	43,780	23,072	61	52,734	2,862	116,785	45,946	4,274	19,922	70,142	46,643
Total Enterprise	\$ 571,255	\$ 1,232,384	\$ 12,441	\$ 105,918	\$ 66,212	\$ 1,855,786	\$ 788,379	\$ 211,918	\$ 285,259	\$ 1,285,556	\$ 570,230
GRAND TOTAL	\$ 1,332,634	\$ 3,525,476	\$ 18,476	\$ 1,608,618	\$ 1,582,133	\$ 4,903,071	\$ 2,658,259	\$ 381,382	\$ 507,433	\$ 3,547,074	\$ 1,355,997

^{1/} General fund sales tax revenue is reflected as a transfer from the excise tax fund. Total transfer equates to \$812.3 million, and is included in the General Funds revenue total of \$1,172.7 million shown on Schedule 2.

^{2/} 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.

^{3/} The negative fund balance in Regional Transit is due to the timing of reimbursements for project costs from the regional transportation plan (Proposition 400).

**2018-19 SCHEDULE 1
RESOURCES AND EXPENDITURES BY FUND
ESTIMATE
(In Thousands of Dollars)**

	Resources					Expenditures					Ending Fund Balances
	Beginning Fund Balances	Revenue ^{1/}	Recovery	Fund Transfer		Total	Operating	Capital	Debt Service	Total	
				To	From						
General Funds:											
General	\$ 134,620	\$ 294,295	\$ 1,000	\$ 927,529	\$ 149,438	\$ 1,208,006	\$ 1,081,841	\$ 12,082	\$ -	\$ 1,093,923	\$ 114,083
Parks and Recreation	-	17,026	-	76,785	-	93,811	93,811	-	-	93,811	-
Library	-	39,402	-	1,608	2,197	38,813	38,015	798	-	38,813	-
Cable Communications	-	11,042	-	-	8,842	2,200	2,200	-	-	2,200	-
Total General	134,620	361,765	1,000	1,005,922	160,477	1,342,830	1,215,867	12,880	-	1,228,747	114,083
Special Revenue Funds:											
Excise Tax	\$ -	\$ 1,345,063	\$ -	\$ -	\$ 1,345,063	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Nghbrhd Protection-Police	13,260	179	-	24,126	347	37,218	28,346	-	-	28,346	8,872
Nghbrhd Protection-Fire	4,876	76	-	8,617	-	13,569	10,217	-	-	10,217	3,352
Nghbrhd Protection-Block Watch	4,242	384	-	1,723	-	6,349	1,256	-	-	1,256	5,093
2007 Public Safety Exp-Police	27,957	375	-	55,152	447	83,037	58,973	-	-	58,973	24,064
2007 Public Safety Exp-Fire	4,815	69	-	13,787	72	18,599	14,886	-	-	14,886	3,713
Public Safety Enhance-Police	10,406	-	-	17,269	224	27,451	15,753	-	-	15,753	11,698
Public Safety Enhance-Fire	9,189	-	-	10,584	-	19,773	11,378	-	-	11,378	8,395
Parks and Preserves	52,363	847	1,110	34,467	279	88,508	5,497	20,194	-	25,691	62,817
Transit 2000 ^{2/}	2,148	-	1,316	-	3,464	-	-	-	-	-	-
Transportation 2050 ^{2/}	214,336	50,745	3,050	237,081	70,146	435,066	204,507	86,611	-	291,118	143,948
Court Awards	258	5,249	-	-	-	5,507	5,304	-	-	5,304	203
Development Services	59,849	62,490	110	-	3,414	119,035	55,897	675	-	56,572	62,463
Capital Construction	15,780	338	320	8,734	-	25,172	167	11,718	-	11,885	13,287
Sports Facilities	49,674	4,501	-	23,169	11,086	66,258	2,393	10,188	-	12,581	53,677
AZ Highway User Revenue	63,108	140,774	3,590	-	1,259	206,213	66,920	108,169	-	175,089	31,124
Regional Transit	(9,696)	52,763	30	-	-	43,097	32,632	6,864	-	39,496	3,601
Community Reinvestment	14,253	5,569	-	756	2,063	18,515	1,599	3,408	-	5,007	13,508
Secondary Property Tax	100	105,937	650	1,370	-	108,057	-	-	107,957	107,957	100
Impact Fee Program Admin	1,069	470	-	-	-	1,539	484	-	-	484	1,055
Regional Wireless Cooperative	1,825	4,489	40	-	-	6,354	4,777	-	-	4,777	1,577
Golf Course	-	5,504	-	-	-	5,504	5,501	-	-	5,501	3
City Improvement	-	-	78	123,408	1,028	122,458	-	-	122,458	122,458	-
Other Restricted Funds	84,227	27,042	200	24,913	3,498	132,884	50,714	1,484	-	52,198	80,686
Grant Funds	27,108	271,445	130	-	272	298,411	227,908	44,109	-	272,017	26,394
Total Special Revenue	\$ 651,147	\$ 2,084,309	\$ 10,624	\$ 585,156	\$ 1,442,662	\$ 1,888,574	\$ 805,109	\$ 293,420	\$ 230,415	\$ 1,328,944	\$ 559,630
Enterprise Funds:											
Aviation	\$ 354,000	\$ 385,474	\$ 3,410	\$ 22,326	\$ 11,615	\$ 753,595	\$ 264,933	\$ 170,069	\$ 74,082	\$ 509,084	\$ 244,511
Water	92,772	417,782	2,610	-	23,794	489,370	214,390	98,294	114,012	426,696	62,674
Wastewater	39,206	242,580	2,010	-	15,090	268,706	104,275	7,067	75,026	186,368	82,338
Solid Waste	37,609	151,929	7,100	6,775	9,537	193,876	139,827	7,819	14,317	161,963	31,913
Convention Center	46,643	24,835	620	61,611	8,273	125,436	51,382	5,736	19,934	77,052	48,384
Total Enterprise	\$ 570,230	\$ 1,222,600	\$ 15,750	\$ 90,712	\$ 68,309	\$ 1,830,983	\$ 774,807	\$ 288,985	\$ 297,371	\$ 1,361,163	\$ 469,820
GRAND TOTAL	\$ 1,355,997	\$ 3,668,674	\$ 27,374	\$ 1,681,790	\$ 1,671,448	\$ 5,062,387	\$ 2,795,783	\$ 595,285	\$ 527,786	\$ 3,918,854	\$ 1,143,533

^{1/} General fund sales tax revenue is reflected as a transfer from the excise tax fund. Total transfer equates to \$846.5 million, and is included in the General Funds revenue total of \$1,208.2 million shown on Schedule 2.

^{2/} 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.

**2019-20 SCHEDULE 1
RESOURCES AND EXPENDITURES BY FUND
BUDGET
(In Thousands of Dollars)**

	Resources						Expenditures				Ending Fund Balances
	Beginning Fund Balances	Revenue ^{1/}	Recovery	Fund Transfer		Total	Operating	Capital	Debt		
				To	From				Service	Total	
General Funds:											
General	\$ 114,083	\$ 307,268	\$ 1,000	\$ 981,225	\$ 154,113	\$ 1,249,463	\$ 1,230,936	\$ 18,527	\$ -	\$ 1,249,463	\$ -
Parks and Recreation	-	17,635	-	83,823	-	101,458	101,458	-	-	101,458	-
Library	-	40,562	-	2,338	2,265	40,635	39,680	955	-	40,635	-
Cable Communications	-	11,152	-	-	8,782	2,370	2,370	-	-	2,370	-
Total General	\$ 114,083	\$ 376,617	\$ 1,000	\$ 1,067,386	\$ 165,160	\$ 1,393,926	\$ 1,374,444	\$ 19,482	\$ -	\$ 1,393,926	\$ -
Special Revenue Funds:											
Excise Tax	\$ -	\$ 1,424,856	\$ -	\$ -	\$ 1,424,856	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Nghbrhd Protection-Police	8,872	179	-	25,633	552	34,132	29,233	-	-	29,233	4,899
Nghbrhd Protection-Fire	3,352	76	-	9,155	52	12,531	10,421	-	-	10,421	2,110
Nghbrhd Protection-Block Watch	5,093	384	-	1,831	11	7,297	1,556	-	-	1,556	5,741
2007 Public Safety Exp-Police	24,064	375	-	58,589	859	82,169	68,777	-	-	68,777	13,392
2007 Public Safety Exp-Fire	3,713	69	-	14,648	170	18,260	15,801	-	-	15,801	2,459
Public Safety Enhance-Police	11,698	-	-	17,409	260	28,847	20,386	-	-	20,386	8,461
Public Safety Enhance-Fire	8,395	-	-	10,668	-	19,063	13,210	-	-	13,210	5,853
Parks and Preserves	62,817	847	80	36,619	211	100,152	5,935	72,097	-	78,032	22,120
Transportation 2050	143,948	47,739	-	249,936	73,286	368,337	224,714	120,388	-	345,102	23,235
Court Awards	203	4,913	-	-	-	5,116	4,815	-	-	4,815	301
Development Services	62,463	66,542	20	-	3,513	125,512	71,934	21,305	-	93,239	32,273
Capital Construction	13,287	94	230	8,743	-	22,354	160	16,118	-	16,278	6,076
Sports Facilities	53,677	4,508	-	24,090	22,514	59,761	2,472	7,170	-	9,642	50,119
AZ Highway User Revenue	31,124	145,919	780	-	3,910	173,913	82,590	82,753	-	165,343	8,570
Regional Transit	3,601	40,580	-	-	-	44,181	34,263	21,647	-	55,910	(11,729) ^{2/}
Community Reinvestment	13,508	6,251	-	2,560	2,065	20,254	1,744	7,263	-	9,007	11,247
Secondary Property Tax	100	112,653	650	3,559	-	116,962	-	-	116,862	116,862	100
Impact Fee Program Admin	1,055	475	-	-	-	1,530	595	-	-	595	935
Regional Wireless Cooperative	1,577	4,764	-	-	-	6,341	4,783	-	-	4,783	1,558
Golf Course	3	5,514	-	-	-	5,517	5,456	-	-	5,456	61
City Improvement	-	-	42	142,499	1,027	141,514	-	-	141,514	141,514	-
Other Restricted Funds	80,686	30,303	120	23,426	6,070	128,465	60,665	13,090	-	73,755	54,710
Grant Funds	26,394	349,084	50	-	271	375,257	231,148	131,553	-	362,701	12,556
Total Special Revenue	\$ 559,630	\$ 2,246,125	\$ 1,972	\$ 629,365	\$ 1,539,627	\$ 1,897,465	\$ 890,658	\$ 493,384	\$ 258,376	\$ 1,642,418	\$ 255,047
Enterprise Funds:											
Aviation	\$ 244,511	\$ 394,790	\$ 1,200	\$ 16,084	\$ 10,825	\$ 645,760	\$ 295,732	\$ 95,535	\$ 99,910	\$ 491,177	\$ 154,583
Water	62,674	456,571	2,490	-	25,723	496,012	242,193	122,586	128,879	493,658	2,354
Wastewater	82,338	242,954	630	-	16,095	309,827	123,185	67,225	72,797	263,207	46,620
Solid Waste	31,913	150,957	7,000	-	9,938	179,932	145,710	14,733	13,591	174,034	5,898
Convention Center	48,384	24,421	60	66,626	8,246	131,245	59,860	14,337	22,368	96,565	34,680
Total Enterprise	\$ 469,820	\$ 1,269,693	\$ 11,380	\$ 82,710	\$ 70,827	\$ 1,762,776	\$ 866,680	\$ 314,416	\$ 337,545	\$ 1,518,641	\$ 244,135
GRAND TOTAL	\$ 1,143,533	\$ 3,892,435	\$ 14,352	\$ 1,779,461	\$ 1,775,614	\$ 5,054,167	\$ 3,131,782	\$ 827,282	\$ 595,921	\$ 4,554,985	\$ 499,182

^{1/} General fund sales tax revenue is reflected as a transfer from the excise tax fund. Total transfer equates to \$896.2 million, and is included in the General Funds revenue total of \$1,272.8 million shown on Schedule 2.

^{2/} The negative fund balance in Regional Transit is due to the timing of reimbursements for project costs from the regional transportation plan (Proposition 400).

SCHEDULE 2: REVENUES BY MAJOR SOURCE

(In Thousands of Dollars)

Revenue Source	2017-18 Actual	2018-19 Estimate	Increase/(Decrease) From 2017-18 Actual		2019-20 Budget	Increase/(Decrease) From 2018-19 Estimate		
			Amount	Percent		Amount	Percent	
GENERAL FUND								
Local Taxes and Related Fees	\$ 453,389	\$ 482,323	\$ 28,934	6.4%	\$ 505,429	\$ 23,106	4.8%	
State-Shared Revenues								
Sales Tax	155,998	164,226	8,228	5.3%	172,557	8,331	5.1%	
State Income Tax	200,036	196,918	(3,118)	-1.6%	215,228	18,310	9.3%	
Vehicle License Tax	66,784	71,040	4,256	6.4%	75,597	4,557	6.4%	
Subtotal	\$ 422,818	\$ 432,184	\$ 9,366	2.2%	\$ 463,382	\$ 31,198	7.2%	
Primary Property Tax	\$ 154,560	\$ 161,586	\$ 7,026	4.5%	\$ 170,899	\$ 9,313	5.8%	
User Fees/Other Revenue								
Licenses & Permits	2,872	3,003	131	4.6%	2,998	(5)	-0.2%	
Cable Communications	10,884	11,042	158	1.5%	11,152	110	1.0%	
Fines and Forfeitures	12,711	12,665	(46)	-0.4%	12,663	(2)	0.0%	
Court Default Fee	1,273	1,409	136	10.7%	1,409	-	0.0%	
Fire	48,155	48,566	411	0.9%	49,605	1,039	2.1%	
Hazardous Materials Inspection Fee	1,364	1,400	36	2.6%	1,400	-	0.0%	
Library Fees	10,632	574	(10,058)	-94.6%	570	(4)	-0.7%	
Parks and Recreation	7,589	7,205	(384)	-5.1%	7,163	(42)	-0.6%	
Planning	1,752	1,654	(98)	-5.6%	1,755	101	6.1%	
Police	14,347	14,396	49	0.3%	14,230	(166)	-1.2%	
Street Transportation	5,863	4,897	(966)	-16.5%	4,786	(111)	-2.3%	
Other Service Charges	20,302	22,152	1,850	9.1%	22,530	378	1.7%	
Other	4,185	3,179	(1,006)	-24.0%	2,858	(321)	-10.1%	
Subtotal	\$ 141,929	\$ 132,142	\$ (9,787)	-6.9%	\$ 133,119	\$ 977	0.7%	
Total General Funds	\$ 1,172,696	\$ 1,208,235	\$ 35,539	3.0%	\$ 1,272,829	\$ 64,594	5.3%	

SCHEDULE 2: REVENUES BY MAJOR SOURCE (Continued)
(In Thousands of Dollars)

Revenue Source	2017-18 Actual	2018-19 Estimate	Increase/(Decrease) From 2017-18 Actual		2019-20 Budget	Increase/(Decrease) From 2018-19 Estimate		
			Amount	Percent		Amount	Percent	
SPECIAL REVENUE FUNDS								
Neighborhood Protection	\$ 32,228	\$ 35,045	\$ 2,817	8.7%	\$ 37,258	\$ 2,213	6.3%	
2007 Public Safety Expansion	63,371	69,263	5,892	9.3%	73,681	4,418	6.4%	
Public Safety Enhancement	25,797	27,853	2,056	8.0%	28,077	224	0.8%	
Parks and Preserves	32,839	35,254	2,415	7.4%	37,466	2,212	6.3%	
Transit 2000 ^{1/}	(29)	-	29	+100%	-	-	NA	
Transporation 2050 ^{1/}	264,411	285,691	21,280	8.0%	297,675	11,984	4.2%	
Court Awards	4,213	5,249	1,036	24.6%	4,913	(336)	-6.4%	
Development Services	59,844	62,490	2,646	4.4%	66,542	4,052	6.5%	
Capital Construction	9,833	9,072	(761)	-7.7%	8,837	(235)	-2.6%	
Sports Facilities	32,322	26,642	(5,680)	-17.6%	27,571	929	3.5%	
Arizona Highway User Revenue	132,738	140,774	8,036	6.1%	145,919	5,145	3.7%	
Regional Transit Revenues	38,695	52,763	14,068	36.4%	40,580	(12,183)	-23.1%	
Community Reinvestment	7,567	5,569	(1,998)	-26.4%	6,251	682	12.2%	
Secondary Property Tax	100,187	105,937	5,750	5.7%	112,653	6,716	6.3%	
Regional Wireless Cooperative	4,239	4,489	250	5.9%	4,764	275	6.1%	
Golf Courses	5,722	5,504	(218)	-3.8%	5,514	10	0.2%	
Impact Fee Program Administration	443	470	27	6.1%	475	5	1.1%	
Other Restricted Revenues	39,255	32,718	(6,537)	-16.7%	36,027	3,309	10.1%	
<u>Grants</u>								
Public Housing Grants	88,759	98,275	9,516	10.7%	93,637	(4,638)	-4.7%	
Human Services Grants	45,809	58,973	13,164	28.7%	56,270	(2,703)	-4.6%	
Community Development	14,292	9,855	(4,437)	-31.0%	30,989	21,134	+100%	
Criminal Justice	7,224	12,769	5,545	76.8%	5,408	(7,361)	-57.6%	
Public Transit Grants	14,490	55,563	41,073	+100%	111,362	55,799	+100%	
Other Grants	43,417	36,010	(7,407)	-17.1%	51,418	15,408	42.8%	
Subtotal - Grants	\$ 213,991	\$ 271,445	\$ 57,454	26.8%	\$ 349,084	\$ 77,639	28.6%	
Subtotal Special Revenue Funds	\$ 1,067,666	\$ 1,176,228	\$ 108,562	10.2%	\$ 1,283,287	\$ 107,059	9.1%	
ENTERPRISE FUNDS								
Aviation	385,888	385,474	(414)	-0.1%	394,790	9,316	2.4%	
Water System	434,232	417,782	(16,450)	-3.8%	456,571	38,789	9.3%	
Wastewater System	239,245	242,580	3,335	1.4%	242,954	374	0.2%	
Solid Waste	149,947	151,929	1,982	1.3%	150,957	(972)	-0.6%	
Convention Center	75,802	86,446	10,644	14.0%	91,047	4,601	5.3%	
Subtotal Enterprise Funds	\$ 1,285,114	\$ 1,284,211	\$ (903)	-0.1%	\$ 1,336,319	\$ 52,108	4.1%	
GRAND TOTAL	\$ 3,525,476	\$ 3,668,674	\$ 143,198	4.1%	\$ 3,892,435	\$ 223,761	6.1%	

^{1/} 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 tranporation 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 ¹
(In Thousands of Dollars)

Program	2017-18 Actual	2018-19		2019-20 Budget	Percent Change from 2018-19		
		Budget	Estimate		Budget	Estimate	
General Government							
Mayor	\$ 1,560	\$ 1,995	\$ 1,995	2,094	5.0%	5.0%	
City Council	3,429	4,409	4,432	4,750	7.7%	7.2%	
City Manager	2,434	2,636	2,439	3,191	21.1%	30.8%	
Government Relations	1,044	1,281	1,592	5,168	303.4%	224.6%	
Communications Office	2,438	2,544	2,571	2,735	7.5%	6.4%	
City Auditor	2,575	2,980	3,002	3,345	12.2%	11.4%	
Equal Opportunity	2,761	3,158	2,854	3,230	2.3%	13.2%	
Human Resources	11,239	12,041	12,349	12,898	7.1%	4.4%	
Phoenix Employment Relations Board	74	102	96	105	2.9%	9.4%	
Regional Wireless Cooperative	12,329	12,537	12,895	12,905	2.9%	0.1%	
Retirement Systems	-	-	-	-	-	-	
Law	4,983	8,676	5,899	6,178	(28.8%)	4.7%	
Information Technology	39,432	42,435	42,311	50,427	18.8%	19.2%	
City Clerk	4,593	6,712	7,941	7,277	8.4%	(8.4%)	
Finance	25,556	26,650	25,980	28,102	5.4%	8.2%	
Budget and Research	2,957	3,396	3,373	3,659	7.7%	8.5%	
Total General Government	\$ 117,404	\$ 131,552	\$ 129,729	\$ 146,064	11.0%	12.6%	
Public Safety							
Police	\$ 630,879	\$ 687,794	\$ 688,072	\$ 721,210	4.9%	4.8%	
Fire	339,052	365,547	362,079	401,999	10.0%	11.0%	
Emergency Management	840	1,032	1,306	976	(5.4%)	(25.3%)	
Total Public Safety	\$ 970,771	\$ 1,054,373	\$ 1,051,457	\$ 1,124,185	6.6%	6.9%	
Criminal Justice							
Municipal Court	\$ 33,581	\$ 41,116	\$ 40,291	\$ 43,517	5.8%	8.0%	
City Prosecutor	15,935	16,811	17,095	21,515	28.0%	25.9%	
Public Defender	4,934	5,028	5,032	5,289	5.2%	5.1%	
Total Criminal Justice	\$ 54,450	\$ 62,955	\$ 62,418	\$ 70,321	11.7%	12.7%	
Transportation							
Street Transportation	\$ 82,241	\$ 87,480	\$ 88,508	\$ 109,809	25.5%	24.1%	
Aviation	248,429	264,372	264,132	274,894	4.0%	4.1%	
Public Transit	303,445	324,613	323,838	340,461	4.9%	5.1%	
Total Transportation	\$ 634,115	\$ 676,465	\$ 676,478	\$ 725,164	7.2%	7.2%	

SCHEDULE 3 (continued)
EXPENDITURES BY DEPARTMENT ¹
(In Thousands of Dollars)

Program	2017-18 Actual	2018-19		2019-20 Budget	Percent Change from 2018-19		
		Budget	Estimate		Budget	Estimate	
Community Development							
Planning and Development	\$ 53,160	\$ 61,091	\$ 60,067	\$ 71,929	17.7%	19.7%	
Housing	86,395	96,180	94,421	100,879	4.9%	6.8%	
Community and Economic Development	28,980	33,999	28,809	42,811	25.9%	48.6%	
Neighborhood Services	37,133	33,537	35,091	50,141	49.5%	42.9%	
PCDIC	363	980	122	-	(100.0%)	(100.0%)	
Total Community Development	\$ 206,031	\$ 225,787	\$ 218,510	\$ 265,760	17.7%	21.6%	
Community Enrichment							
Parks and Recreation	\$ 107,094	\$ 108,597	\$ 109,114	\$ 117,113	7.8%	7.3%	
Library	40,755	39,161	39,177	40,903	4.4%	4.4%	
Phoenix Convention Center	48,238	53,982	53,722	59,546	10.3%	10.8%	
Human Services	65,853	69,392	87,797	94,266	35.8%	7.4%	
Office of Arts and Culture	4,566	8,624	8,521	4,267	(50.5%)	(49.9%)	
Total Community Enrichment	\$ 266,506	\$ 279,756	\$ 298,331	\$ 316,095	13.0%	6.0%	
Environmental Services							
Water	\$ 364,287	\$ 320,602	\$ 318,064	\$ 340,280	6.1%	7.0%	
Solid Waste Management	128,427	139,230	139,640	145,095	4.2%	3.9%	
Public Works	17,306	25,258	26,342	27,737	9.8%	5.3%	
Environmental Programs	1,340	1,795	1,807	1,616	(10.0%)	(10.6%)	
Office of Sustainability	433	484	465	567	17.1%	21.9%	
Total Environmental Services	\$ 511,793	\$ 487,369	\$ 486,318	\$ 515,295	5.7%	6.0%	
Contingencies	\$ -	\$ 123,119	\$ -	\$ 115,412	(6.3%)	-	
Unassigned Vacancy Savings	\$ -	\$ -	\$ (5,000)	\$ (5,000)	100.0%	-	
GRAND TOTAL	\$ 2,761,070	\$ 3,041,376	\$ 2,918,241	\$ 3,273,296	7.6%	12.2%	

¹ For purposes of this schedule, department budget allocations include Grants and City Improvement debt service payments.

SCHEDULE 4
2019-20 EXPENDITURES BY DEPARTMENT ¹
BY SOURCE OF FUNDS
(In Thousands of Dollars)

Program	Total	General Funds	Enterprise Funds	Special Revenue Funds ¹
General Government				
Mayor	\$ 2,094	\$ 2,094	\$ -	\$ -
City Council	4,750	4,750	-	-
City Manager	3,191	2,873	-	318
Government Relations	5,168	2,813	-	2,355
Communications Office	2,735	2,357	-	378
City Auditor	3,345	3,345	-	-
Equal Opportunity	3,230	2,702	-	528
Human Resources	12,898	11,530	-	1,368
Phoenix Employment Relations Board	105	105	-	-
Regional Wireless Cooperative	12,905	-	-	12,905
Retirement Systems	-	-	-	-
Law	6,178	6,178	-	-
Information Technology	50,427	45,528	784	4,115
City Clerk	7,277	7,258	-	19
Finance	28,102	24,975	2,086	1,041
Budget and Research	3,659	3,659	-	-
Total General Government	\$ 146,064	\$ 120,167	\$ 2,870	\$ 23,027
Public Safety				
Police	\$ 721,210	\$ 566,452	\$ -	\$ 154,758
Fire	401,999	345,429	-	56,570
Emergency Management	976	63	-	913
Total Public Safety	\$ 1,124,185	\$ 911,944	\$ -	\$ 212,241
Criminal Justice				
Municipal Court	\$ 43,517	\$ 31,376	\$ -	\$ 12,141
City Prosecutor	21,515	19,663	-	1,852
Public Defender	5,289	5,289	-	-
Total Criminal Justice	\$ 70,321	\$ 56,328	\$ -	\$ 13,993
Transportation				
Street Transportation	\$ 109,809	\$ 18,947	\$ -	\$ 90,862
Aviation	274,894	-	274,894	-
Public Transit	340,461	1,640	-	338,821
Total Transportation	\$ 725,164	\$ 20,587	\$ 274,894	\$ 429,683

SCHEDULE 4 (continued)
2019-20 EXPENDITURES BY DEPARTMENT ¹
BY SOURCE OF FUNDS
(In Thousands of Dollars)

Program	Total	General Funds	Enterprise Funds	Special Revenue Funds ¹
Community Development				
Planning and Development Services	\$ 71,929	\$ 4,334	\$ -	\$ 67,595
Housing	100,879	179	-	100,700
Community and Economic Development	42,811	6,054	672	36,085
Neighborhood Services	50,141	14,073	-	36,068
Total Community Development	\$ 265,760	\$ 24,640	\$ 672	\$ 240,448
Community Enrichment				
Parks and Recreation	\$ 117,113	\$ 101,458	\$ -	\$ 15,655
Library	40,903	39,680	-	1,223
Phoenix Convention Center	59,546	2,612	56,294	640
Human Services	94,266	20,157	600	73,509
Office of Arts and Culture	4,267	4,167	-	100
Total Community Enrichment	\$ 316,095	\$ 168,074	\$ 56,894	\$ 91,127
Environmental Services				
Water	\$ 340,280	\$ -	\$ 337,962	\$ 2,318
Solid Waste Management	145,095	580	144,515	-
Public Works	27,737	17,895	-	9,842
Environmental Programs	1,616	800	373	443
Office of Sustainability	567	517	-	50
Total Environmental Services	\$ 515,295	\$ 19,792	\$ 482,850	\$ 12,653
Contingencies	\$ 115,412	\$ 57,912	\$ 48,500	\$ 9,000
Unassigned Vacancy Savings	\$ (5,000)	\$ (5,000)	\$ -	\$ -
GRAND TOTAL	\$ 3,273,296	\$ 1,374,444	\$ 866,680	\$ 1,032,172

¹ 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
(In Thousands of Dollars)

Program	2017-18 Actual	2018-19 Estimate	2019-20 Budget
Aviation	\$ 143,122	\$ 139,007	\$ 164,830
Cultural Facilities	11,384	12,170	11,404
Economic Development	33,867	20,210	6,784
Environmental Programs	1,136	475	1,899
Fire Protection	4,420 ¹	10,700	7,086
Freeway Mitigation	335 ¹	335 ¹	610
Historic Preservation	498	367	616
Human Services	1,754	825	2,176
Information Systems	1,126	1,096	3,221
Libraries	4,816	8,232	7,229
Local Streets/Street Improvements/Lighting	5,026 ¹	5,061	7,469
Maintenance Service Centers	616	668	3,507
Municipal Administration Building	-	-	10
Neighborhood Preservation & Senior Services Centers	11,797	5,698	9,776
Parks & Recreation/Open Space	12,351	12,035	16,270
Phoenix Convention Center	42,422	42,931	45,868
Police, Fire and Computer Tech	7,860	8,637	10,366
Police Protection	5,937	6,102	6,784
Public Housing	4,157	1,928	5,024
Public Transit	63,994	67,255	70,619
Solid Waste Disposal	9,491	14,317	13,591
Storm Sewer	11,991	12,832	16,044
Street Light Refinancing	6 ¹	6 ¹	6 ¹
Wastewater	69,759	75,026	72,797
Water	110,045	114,012	128,879
General Government Nonprofit Corporation Bonds	38,641	55,052	70,782
Bond Issuance Costs	2,628	2,509	2,916
Total Program	\$ 599,179	\$ 617,486	\$ 686,563
Type of Expenditure			
Principal	\$ 311,337	\$ 335,496	\$ 372,892
Interest and Other ²	287,842	281,990	313,671
Total Debt Service Expenditures	\$ 599,179	\$ 617,486	\$ 686,563

SCHEDULE 5
DEBT SERVICE EXPENDITURES
BY PROGRAM, SOURCE OF FUNDS AND TYPE OF EXPENDITURE (continued)
(In Thousands of Dollars)

Source of Funds	2017-18 Actual	2018-19 Estimate	2019-20 Budget
<u>Operating Funds</u>			
Secondary Property Tax	\$ 101,600	\$ 107,957	\$ 116,862
Sports Facilities	17,763	-	-
City Improvement			
General	36,807	41,599	42,587
Housing	73	72	71
Transportation 2050	64,034	67,296	70,789
Library	115	115	115
Sports Facilities	-	10,373	21,965
Other Operating	1,666	2,925	5,945
Other Financing Sources	116	78	42
Aviation	76,042	74,082	99,910
Convention Center	19,922	19,934	22,368
Solid Waste	9,491	14,317	13,591
Wastewater	69,759	75,026	72,797
Water	110,045	114,012	128,879
Total Operating Funds	<u>\$ 507,433</u>	<u>\$ 527,786</u>	<u>\$ 595,921</u>
<u>Capital Funds</u>			
Nonprofit Corporation Bonds			
Aviation	\$ 23,709	\$ 22,174	\$ 21,274
Convention Center	14	58	181
Wastewater	325	373	-
Water	-	-	1,000
Other	128	449	241
Capital Reserve	-	-	800
Customer Facility Charges	3	3	3
Federal, State & Other Participation	22,499	22,997	23,500
Passenger Facility Charges	45,068	43,646	43,643
Total Capital Funds	<u>\$ 91,746</u>	<u>\$ 89,700</u>	<u>\$ 90,642</u>
Total Source of Funds	<u>\$ 599,179</u>	<u>\$ 617,486</u>	<u>\$ 686,563</u>

¹ Interest only expenditure

² Other expenditures include other debt service costs (i.e., trustee or consultant fees)

SCHEDULE 6
CAPITAL IMPROVEMENT PROGRAM
FINANCED FROM OPERATING FUNDS

(In Thousands of Dollars)

Program	2017-18 Actual	2018-19 Estimate	2019-20 Budget
Aviation	\$ 56,989	\$ 169,522	\$ 93,233
Economic Development	5,443	3,746	14,546
Energy Conservation	972	700	-
Facilities Management	4,314	8,306	18,370
Finance	15	1,432	-
Fire Protection	-	-	6,100
Housing	4,302	5,830	30,908
Information Technology	8,658	6,148	13,255
Libraries	7,711	815	955
Neighborhood Services	113	36	2,585
Parks, Recreation and Mountain Preserves	22,968	22,226	74,609
Phoenix Convention Center	6,386	14,966	14,394
Planning and Historic Preservation	-	228	19,772
Public Transit	28,637	102,182	204,701
Solid Waste Disposal	6,172	6,101	12,223
Street Transportation and Drainage	92,165	150,232	134,422
Wastewater	31,658	5,932	48,175
Water	104,879	96,883	139,034
Total	\$ 381,382	\$ 595,285	\$ 827,282
Source of Funds			
General Fund:			
General Fund	\$ 3,781	\$ 12,082	\$ 18,527
General Fund - Library	7,341	798	955
Total General Fund	\$ 11,122	\$ 12,880	\$ 19,482
Special Revenue Funds:			
Arizona Highway User Revenue	\$ 63,921	\$ 108,169	\$ 82,753
Capital Construction	5,465	11,718	16,118
Community Reinvestment	2,849	3,408	7,263
Development Services	1,465	675	21,305
Operating Grants	5,624	44,109	131,553
Other Restricted	4,940	1,484	13,090
Parks and Preserves	22,759	20,194	72,097
Regional Transit	2,725	6,864	21,647
Sports Facilities	1,628	10,188	7,170
Transit 2000	(363)	-	-
Transportation 2050	47,329	86,611	120,388
Total Special Revenue Funds	\$ 158,342	\$ 293,420	\$ 493,384
Enterprise Funds:			
Aviation	\$ 57,596	\$ 170,069	\$ 95,535
Convention Center	4,274	5,736	14,337
Solid Waste	8,083	7,819	14,733
Wastewater	35,011	7,067	67,225
Water	106,954	98,294	122,586
Total Enterprise Funds	\$ 211,918	\$ 288,985	\$ 314,416
Total Operating Funds	\$ 381,382	\$ 595,285	\$ 827,282

SCHEDULE 7
INTERFUND TRANSFERS TO THE GENERAL FUND
(In Thousands of Dollars)

	2017-18 Actuals	2018-19 Estimate	2019-20	
			Budget	Increase/ (Decrease)
Transfers to the General Fund				
<u>Enterprise Funds</u>				
Aviation				
Central Service Cost Allocation	\$ 9,141	\$ 9,412	\$ 9,876	\$ 464
Monthly MOU Installment	1,165	776	-	(776)
Total	10,306	10,188	9,876	(312)
Water Funds				
Central Service Cost Allocation	8,574	8,843	9,284	441
In-Lieu Property Taxes	14,730	14,951	16,279	1,328
Total	23,304	23,794	25,563	1,769
Wastewater Funds				
Central Service Cost Allocation	5,716	5,896	6,189	293
In-Lieu Property Taxes	9,098	9,194	9,794	600
Total	14,814	15,090	15,983	893
Solid Waste				
Central Service Cost Allocation	7,178	6,365	6,541	176
In-Lieu Property Taxes	1,316	1,298	1,427	129
Total	8,494	7,663	7,968	305
Convention Center				
Central Service Cost Allocation	2,710	2,767	2,879	112
Total From Enterprise Funds	\$ 59,628	\$ 59,502	\$ 62,269	\$ 2,767

SCHEDULE 7
INTERFUND TRANSFERS TO THE GENERAL FUND (Continued)
(In Thousands of Dollars)

	2017-18 Actuals	2018-19 Estimate	2019-20	
			Budget	Increase/ (Decrease)
Special Revenue Funds				
Excise				
Transfer to General Fund	\$ 812,295	\$ 846,470	\$ 896,212	\$ 49,742
Development Services				
Central Service Cost Allocation	3,494	3,414	3,513	99
Sports Facilities				
Central Service Cost Allocation	186	151	151	-
Phoenix Union Parking Maintenance	79	79	79	-
Total	265	230	230	-
Public Housing In-Lieu Property Taxes	273	200	200	-
ASU Facilities Operations Fund	780	779	781	2
Downtown Community Reinvestment Fund	2,068	2,063	2,065	2
T2050 Central Service Costs	945	894	1,023	129
Neighborhood Protection Central Service Costs	317	347	404	57
Public Safety Enhancement Central Service Costs	199	224	260	36
Public Safety Expansion Central Service Costs	466	519	607	88
Housing Central Office Central Service Costs	253	355	406	51
Other Restricted - Sale of Land	3,933	-	1,000	1,000
Library Reserve Fund	385	1,608	1,323	(285)
Total From Special Revenue Funds	\$ 825,673	\$ 857,103	\$ 908,024	\$ 50,921
Total Transfers to the General Fund	\$ 885,301	\$ 916,605	\$ 970,293	\$ 53,688
Transfers from the General Fund				
Strategic Economic Development Fund	\$ 1,000	\$ 1,000	\$ 1,000	\$ -
Public Safety Other Restricted Fund	16,000	16,000	16,000	-
Public Safety Pension Reserve Fund	24,750	10,000	5,500	(4,500)
Aviation-Emergency Transportation Services	168	200	200	-
Retiree Rate Stabilization Fund	1,026	1,028	1,027	(1)
Infrastructure Repayment Agreements	283	1,218	1,638	420
City Improvement - Library	115	115	115	-
City Improvement	36,755	41,599	42,587	988
Total Transfers from the General Fund	\$ 80,097	\$ 71,160	\$ 68,067	\$ (3,093)
Net Transfers to the General Fund	\$ 805,204	\$ 845,445	\$ 902,226	\$ 56,781

**SCHEDULE 8
POSITIONS BY DEPARTMENT
Number of Full Time Equivalent Positions**

Program	2017-18 Actual	2018-19 Estimate	^{1/} Additions/Reductions		2019-20 Allowances
			2018-19	2019-20	June 30, 2020 Authorized
General Government					
Mayor	15.0	15.0	2.0	-	17.0
City Council	31.0	31.0	(1.0)	-	30.0
City Manager	19.5	19.5	-	-	19.5
Government Relations	6.0	7.0	-	-	7.0
Communications Office	19.1	19.1	-	-	19.1
City Auditor	25.4	25.4	-	-	25.4
Equal Opportunity	25.0	25.0	2.0	-	27.0
Human Resources	99.2	99.2	4.5	-	103.7
Phoenix Employment Relations Board	1.0	1.0	-	-	1.0
Retirement Systems	15.0	15.0	-	1.0	16.0
Law	199.0	199.0	10.0	2.0	211.0
Information Technology	197.0	197.0	(2.0)	6.0	201.0
City Clerk	52.5	54.5	-	-	54.5
Finance	215.0	215.0	(4.0)	-	211.0
Budget and Research	24.0	24.0	-	-	24.0
Regional Wireless Cooperative	4.0	4.0	-	-	4.0
Total General Government	947.7	950.7	11.5	9.0	971.2
Public Safety					
Police	4,310.6	4,328.6	9.0	30.0	4,367.6
Fire	2,014.8	2,036.8	5.0	21.0	2,062.8
Homeland Security and Emergency Management	8.0	8.0	-	-	8.0
Total Public Safety	6,333.4	6,373.4	14.0	51.0	6,438.4
Criminal Justice					
Municipal Court	273.0	273.0	1.0	-	274.0
Public Defender	9.0	9.0	-	2.0	11.0
Total Criminal Justice	282.0	282.0	1.0	2.0	285.0

**SCHEDULE 8
POSITIONS BY DEPARTMENT
Number of Full Time Equivalent Positions (Continued)**

Program	2017-18 Actual	2018-19 Estimate	^{1/} Additions/Reductions		2019-20 Allowances June 30,2020 Authorized
			2018-19	2019-20	
Transportation					
Street Transportation	644.0	683.0	26.0	14.0	723.0
Aviation	892.0	892.0	(1.0)	-	891.0
Public Transit	113.5	114.5	0.5	-	115.0
Total Transportation	1,649.5	1,689.5	25.5	14.0	1,729.0
Community Development					
Planning and Development	378.8	396.8	13.0	21.0	430.8
Housing	170.0	170.0	(26.0)	1.0	145.0
Community and Economic Development	96.0	96.0	(41.0)	-	55.0
Neighborhood Services	186.0	192.0	(3.0)	3.0	192.0
PCDIC	8.0	8.0	(8.0)	-	0.0
Total Community Development	838.8	862.8	(65.0)	25.0	822.8
Community Enrichment					
Parks and Recreation	997.7	999.7	(16.2)	29.3	1,012.8
Library	370.7	375.1	0.1	27.1	402.3
Phoenix Convention Center	222.0	222.0	-	-	222.0
Human Services	314.0	315.0	64.0	3.0	382.0
Office of Arts and Culture	10.5	11.5	(0.5)	-	11.0
Total Community Enrichment	1,914.9	1,923.3	47.4	59.4	2,030.1
Environmental Services					
Water Services	1,467.6	1,467.6	9.4	21.0	1,498.0
Solid Waste Management	600.0	602.0	7.0	1.0	610.0
Public Works	394.5	394.5	5.0	23.5	423.0
Environmental Programs	10.0	10.0	-	-	10.0
Office of Sustainability	4.0	4.0	-	-	4.0
Total Environmental Services	2,476.1	2,478.1	21.4	45.5	2,545.0
TOTAL	14,442.4	14,559.8	55.8	205.9	14,821.5

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 & 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 expenditure of capital funds, are budgeted and recorded in the Capital Improvement Program. Additionally, direct costs of multi-year comprehensive infrastructure studies that are intended to expansively identify or prioritize Capital Projects, and non-recurring major maintenance projects such as re-roofing, may be budgeted and recorded in the Capital Improvement Program.

Capital Project

A project that is fixed-term but typically spans multiple years, that is expected to result in a Capital Asset or Asset Betterment for the City or its partner agency with a useful life of at least 5 years, and that involves acquisition, construction or improvement of land rights, buildings, infrastructure (including IT infrastructure) or major enterprise technology.

Carryover

Expenditure originally planned for in the current fiscal year, but because of delays, is postponed to the following fiscal year.

CDBG

See Community Development Block Grant.

Central Service Cost Allocation

The method of distributing expenses for general staff and administrative overhead to the benefiting activity.

CIP

See Capital Improvement Program.

City Manager's Budget

See 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 mandate, 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.



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