



**The Phoenix  
Summary Budget  
2010-11**



**City of Phoenix**

Phoenix 2009



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325

June 2010



# City of Phoenix Council Members and District Boundaries



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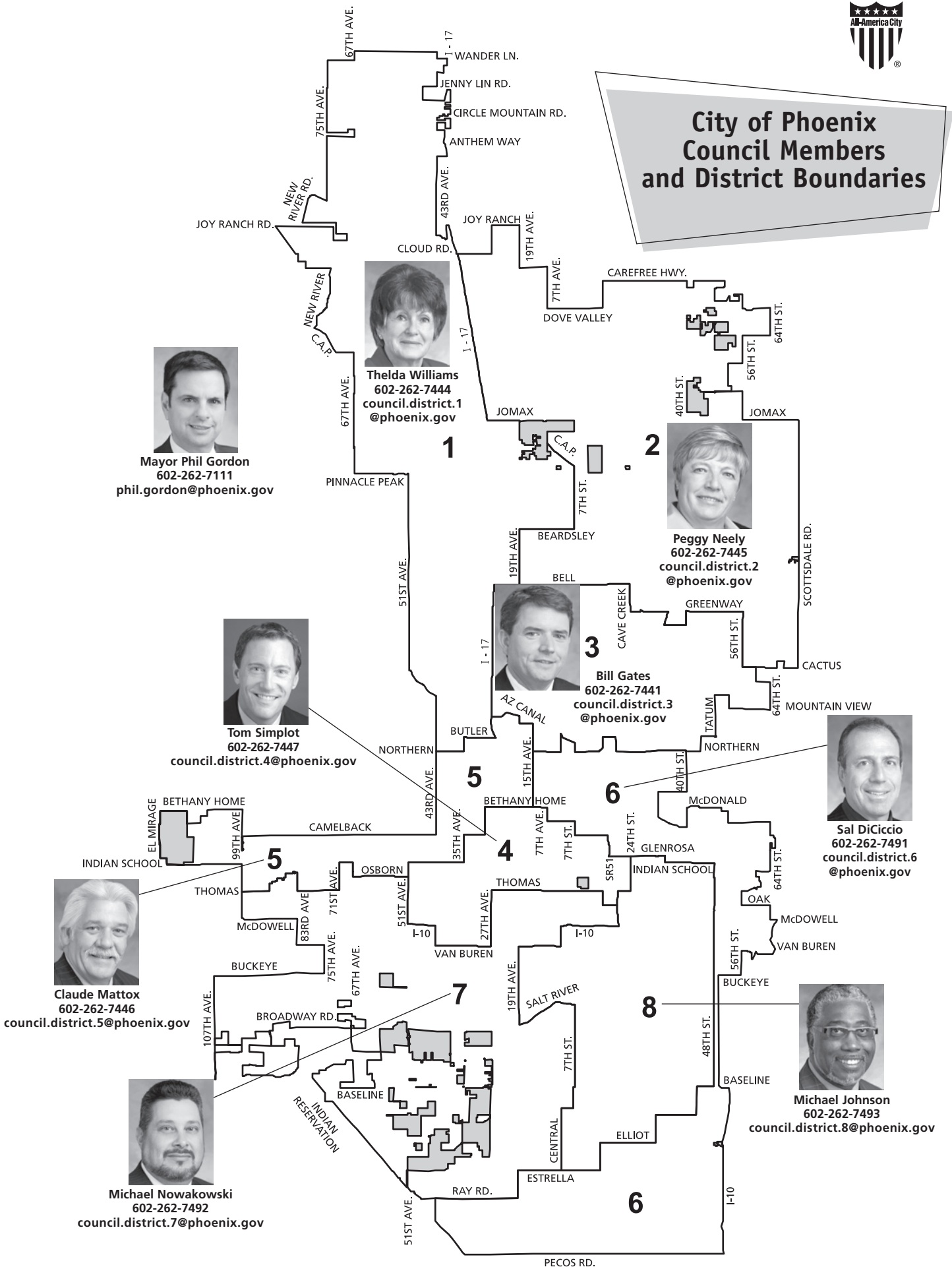
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# City of Phoenix

## Mayor and City Council

Phil Gordon  
Mayor

Michael Nowakowski  
Vice Mayor  
District 7

Thelda Williams  
District 1

Peggy Neely  
District 2

Bill Gates  
District 3

Tom Simplot  
District 4

Claude Mattox  
District 5

Sal DiCiccio  
District 6

Michael Johnson  
District 8

## Mayor's Office

Debra Stark  
Chief of Staff

## City Council Office

Penny Parrella  
Deputy Chief of Staff

## Management Staff

David Cavazos  
City Manager

Ed Zuercher  
Assistant City Manager

David Krietor  
Deputy City Manager

Jerome Miller  
Acting Deputy City Manager

Rick Naimark  
Deputy City Manager

Jack F. Harris  
Public Safety Manager

Lisa Takata  
Executive Assistant to the City Manager

Karen Peters  
Government Relations Director

## Department Heads

Wylie Bearup  
Street Transportation Director

John Chan  
Phoenix Convention Center Director

Debbie Cotton  
Public Transit Director

Jeff DeWitt  
Finance Director

Kim Dorney  
Housing Director

Toni Garvey  
City Librarian

Barbara Glaus  
Acting Water Services Director

Cathleen Gleason  
Budget and Research Director

Chris Hallett  
Acting Neighborhood Services Director

Gloria Hurtado  
Human Services Director

Robert Khan  
Fire Chief

Dale Larsen  
Parks and Recreation Director

Mark E. Leonard  
Planning and Development Services  
Director

Lionel Lyons  
Equal Opportunity Director

Toni Maccarone  
Public Information Director

Neil Mann  
Public Works Director

Donald Maxwell  
Community and Economic Development  
Director

Danny Murphy  
Aviation Director

Ruth Osuna  
Cultural Affairs Director

Mario Paniagua  
City Clerk

Janet Smith  
Human Resources Director

Randy Spenla  
City Auditor

Charles T. Thompson, Sr.  
Chief Information Officer

Gary Verburg  
City Attorney

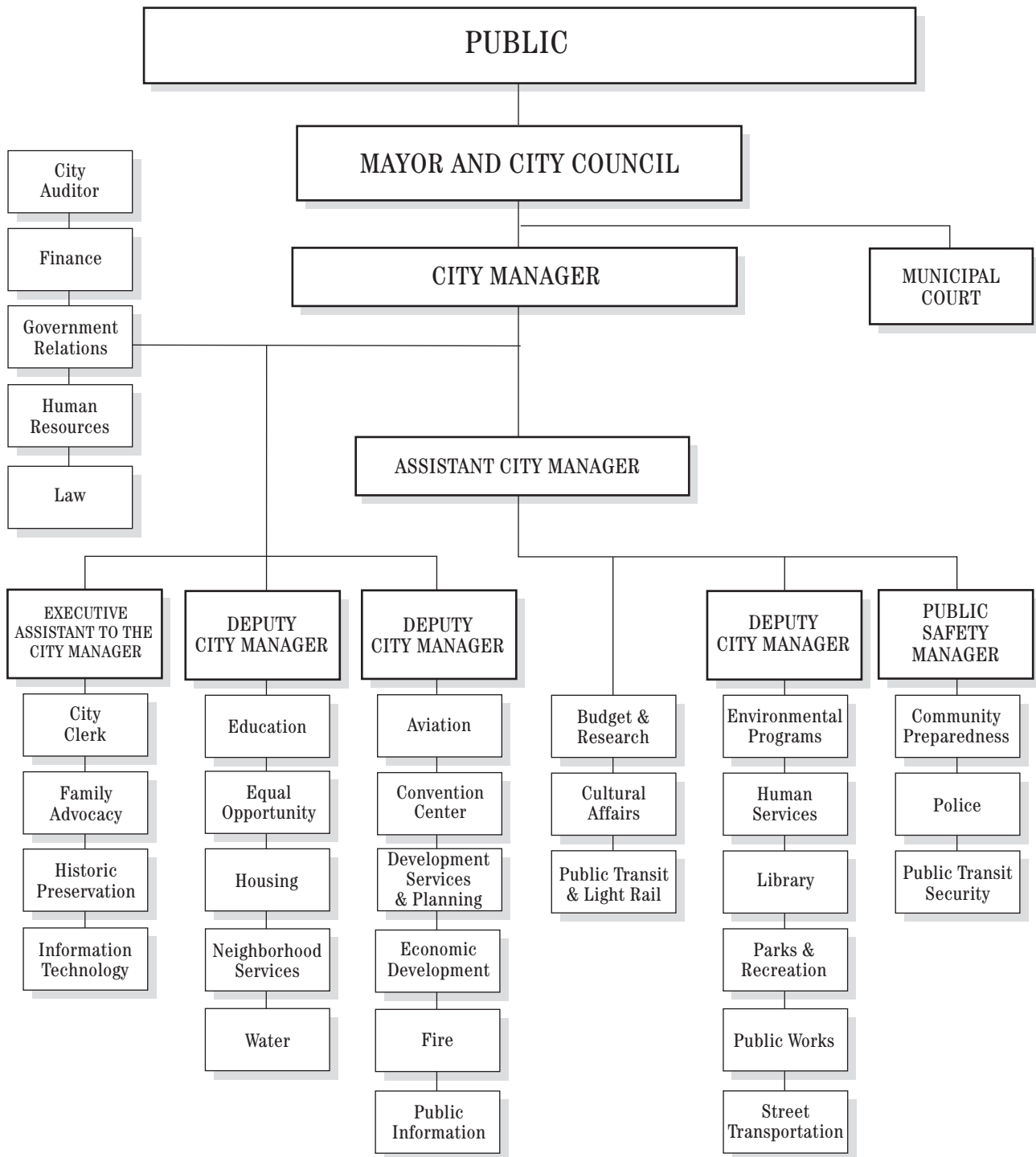
## Chief Presiding Judge

Roxanne K. Song Ong





# City of Phoenix Organizational Chart



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## Budget Document Overview

This overview outlines the 2010-11 Annual Budget. Copies of the document are available in the Phoenix Public Library or by contacting the city of Phoenix Budget and Research Department at 602-262-4800. Also, this document can be made available in alternate formats (large print, Braille, audio cassette or compact disc) upon request. For information, contact the Budget and Research Department or city TTY relay at 602-534-5500.

The Summary Budget contains a narrative description of Phoenix programs and services planned for the upcoming fiscal year. Also included is a narrative description of all revenue sources and a description of major financial policies.

The Detail Budget presents extensive statistical data (including multiyear comparisons) for each city department and fund. The statistical data includes staffing allocations and a detailed reporting of planned expenditures.

Finally, the 2010-15 Capital Improvement Program provides Phoenix's planned construction program by project and detailed sources of funds.

A more detailed description of the 2010-11 Phoenix Summary Budget follows.

### **CITY MANAGER'S BUDGET MESSAGE**

The City Manager's Budget Message provides 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.

### **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 awards and recognitions received by employees this year, results of the employee suggestion program and winners of employee excellence awards.

### **COMMUNITY PROFILE AND TRENDS**

This section includes key demographic, financial and infrastructure profile measures. Estimates or projections are provided for 2009-10 and 2010-11 as well as actual results for recent and historical periods.

### **2010-11 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 2010-11 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.

### **2010-11 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 2010-15 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. For a more detailed numerical understanding of the city's budget, the Detail Budget should be used. As noted above, copies of the budget documents, including the Detail Budget, are available in the Phoenix Public Library or can be obtained by contacting the Budget and Research Department.

### **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.

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**Distinguished Budget Presentation Award**



**T**he Government Finance Officers Association of the United States and Canada (GFOA) presented a Distinguished Budget Presentation Award to the city of Phoenix, Arizona for its annual budget for the fiscal year beginning July 1, 2009.

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.

Phoenix 2009



# City Manager's Budget Message



**TO THE HONORABLE MAYOR AND CITY COUNCIL:**

This letter transmits a balanced budget for the upcoming 2010-11 fiscal year. On March 2, the Mayor and City Council approved \$63.7 million in General Fund budget reductions including the elimination of more than 550 city jobs. Program and position reductions were implemented on April 5, 2010. This formal budget, which is required by the City Charter, reflects the already approved and implemented budget reductions.

The budget presented here includes all city funds and represents months of hard work and difficult decisions by the Mayor and City Council, our boards and commissions, our employees, city management and the community. I want to thank the more than 5,000 community members who phoned, e-mailed or attended one of our 15 budget hearings and shared their priorities regarding important city programs.

It is important to note that this budget assumes the continuation of all current state-shared revenues. These revenues have been shared with Arizona cities and towns as a result of three initiatives approved by Arizona voters beginning in the 1940s. The Legislature has adopted a budget for 2010-11 that assumes a one-

cent increase in the state sales tax rate. If this tax does not pass, cuts in state-shared revenue could be part of the Legislature's budget solution.

**GENERAL FUND BUDGET SHORTFALL**

The \$63.7 million in program and service reductions were made to address an overall General Fund revenue shortfall of \$277.3 million. This shortfall is due to the severe recession that began in December 2007. Growth of city revenue, especially sales tax, began to decline during the last few months of fiscal year 2006-07. Sales tax growth actually went negative in 2007-08, something only seen before for a short period after September 11, 2001. Sales tax continued to decline at a precipitous rate throughout 2008-09 and just recently began to moderate in January 2010. On an annual basis, sales tax will be negative in 2009-10 for the third year in a row. This budget assumes slight improvement in sales tax beginning in late summer 2010 and continuing modestly through the remainder of the 2010-11 fiscal year.

The \$277.3 million shortfall was reduced by \$35.9 million through an innovation in the budget process. This innovation gave departments "credit" toward the budget cuts that would come later in the spring for any efficiencies or savings identified in the technical budget review in the fall. In the past, departments would hold these savings until later in the process in order to credit them toward their cuts. This was a strong incentive for departments to make efficiency changes sooner rather than later.

The overall shortfall was further reduced by \$92.2 million in financial initiatives. These initiatives included further salary reductions for management staff, lease-purchase financing of capital equipment, reductions in pay-as-you-go capital improvements, a health insurance premium holiday and reduced contributions to well-funded reserve accounts. The shortfall was then reduced by another \$10 million, which was a placeholder for the savings expected

through the work of the newly created Innovation and Efficiency Task Force. These actions left us with a deficit of \$139.2 million.

On the expenditure side, we established a \$3.0 million General Fund reserve for the Convention Center. The Convention Center's primary revenue source is construction and tourism sales taxes. These categories have seen significant and continuing declines that are negatively affecting the Convention Center's fund balances. We thought it prudent to begin setting aside funding in the event the General Fund has to provide support for the Convention Center in the future.

**EARLY ACTION REDUCES SIZE OF PROGRAM AND SERVICE CUTS**

We began discussing the 2010-11 budget situation with the Mayor and City Council in October 2009. In early November, we asked departments to begin preparing proposed budget cuts equal to 30 percent of their General Fund budget. Since more than \$360 million in General Fund reductions have occurred over the past eight years, there was no ability to avoid painful service cuts.

On Feb. 2, 2010, a Trial Budget was presented that solved the deficit of \$139.2 million through cuts to programs and services. At that meeting, the Mayor and Council adopted a 2.0 percent sales tax on food for home consumption, or a "food tax," which Phoenix had not imposed since June 1980. The Council instructed staff to return on Feb. 9 with a plan for allocating the new food tax revenue so that the public could react to the plan at the 15 public hearings that began Feb. 10. The food tax is expected to result in \$62.5 million in new revenue for all funds and \$37.5 million for the General Fund over the 15-month period of April 2010 through June 2011. The other special revenue funds that benefit from the food tax are Transit 2000, Parks and Preserves and the two dedicated Public Safety Funds.



Also in February, we reached tentative agreements with our labor groups on new contracts for the 2010-11 and 2011-12 fiscal years. Negotiating in spring 2010 followed our normal labor negotiations schedule of every other year, as contracts were last negotiated in spring 2008. Final contracts are usually achieved in mid-April, however, our labor partners met our request for an advanced schedule and agreed to make salary and benefit concessions totaling 3.2 percent beginning July 2010. Their sacrifices resulted in savings to the General Fund of \$31.1 million.

In order to build our reserves, we used \$3.0 million of the employee concessions and food tax resources to add to our contingency fund. In doing so, we have grown the contingency fund from 2.7 percent of General Fund expenditures in 2009-10 to 3.1 percent for 2010-11. We also used \$0.5 million of these resources to fund efficiency audits in several departments, including Police and Fire.

On March 2, 2010, the Mayor and City Council approved budget reductions of \$63.7 million. These reductions were effective on April 5. In this way, we were able to achieve 15 months of savings rather than just 12 months. We were able to cut programs and services less by cutting them early.

## OVERVIEW OF 2010-11 BUDGET

The city's 2010-11 General Fund budget is \$1,013,833,000. This is an 8.8 percent decrease from the adopted 2009-10 budget, and a 14.4 percent decrease from the 2008-09 adopted budget. The city's total operating budget for all funds is \$3,526,044,000. This is an 4.0 percent decrease from the adopted 2009-10 budget, and a 5.6 percent decrease from the 2008-09 adopted budget.

### Public Safety/Criminal Justice

The Police, Fire, Municipal Court, City Prosecutor and Public Defender departments' 2010-11 budgets were reduced within a range of 6.6 percent to 11.9 percent. The reductions in the Police and Fire departments were achieved without any layoffs to sworn personnel. Instead, the Police and Fire departments made cuts to civilian support positions, contractual and commodity spending and overtime. While no sworn layoffs were necessary, 78 vacant sworn positions in the Police Department and 28 vacant sworn positions in the Fire Department were eliminated. The budget reductions in Police and Fire were structured to minimize the impact on emergency response times and front-line public safety positions.

## All Other General Fund Departments

Reductions have been made in all other General Fund departments and at all levels of the organization. As mentioned earlier, we have cut more than 550 city jobs. Executive jobs have been reduced by the greatest proportion. The vast majority of services enjoyed by the community in 2009-10 will remain intact. However, given the severity of our budget deficit, many services were reduced or eliminated.

Parks and street landscaping maintenance has been further reduced which will mean less watering, a delay in landscape maintenance and in cleaning the parks each day. After-school programs, known as PAC, were reduced and summer PAC was eliminated. Parks also reduced staff at Pueblo Grande Museum, closed the North and South Mountain Environmental Centers, and eliminated some park rangers.

Hours were reduced at libraries by eight hours per week to 40 or 44. About half of the branches will remain open for four hours on Sundays. Burton Barr Central Library will be the only branch to remain open seven days per week, or 52 hours per week. Other special Library programs were eliminated. Transit eliminated the DASH downtown loop, implemented holiday service on five additional days and reduced neighborhood circulators by 15 percent. Human Services reduced support to Central Arizona Shelter Services and eliminated the Senior Companion Program. Street Transportation eliminated several engineering and technical positions responsible for the design of various street projects, a barricade crew and staff that support neighborhood traffic mitigation programs.

Finally, further reductions were made in staff departments that have already seen the biggest percentage cuts over the last several years. The following general government departments further cut their staff 10 to 30 percent during this budget process: Mayor, City Council, City Manager's Office, Public Information, City Auditor, Equal Opportunity and City Clerk.

We regret any reductions in community services. Restoring services will be a high priority when the economy improves.

### Non-General Fund Budgets

This budget provides recommendations for all city departments and all city funds. Reductions in Phoenix Convention Center, Public Transit, Solid Waste, Water, Wastewater and various grant and other funds were also made to keep expenditures in line with projected revenues. In total, these cuts were \$6.0 million and eliminated 32 positions.

### CONCLUSION

The 2010-11 budget process has been the most difficult in the city's history. The unprecedented decline in sales tax revenue resulting from the long and broad economic recession resulted in revenue shortfalls that were much worse and lasted longer than predicted. Economists have indicated the recession has officially ended, however the local job market remains very difficult. Until there is improvement in unemployment and a reduction in the vacant housing and commercial real estate, our local economy will not materially improve.

We will continue to carefully monitor our revenues and report monthly any significant changes to the Mayor and City Council. We will also continue to carefully monitor the state's budget situation and strongly defend state-shared revenues. After our budget was adopted in March, the State Legislature eliminated the lottery funds shared with cities for Transit purposes, requiring Public Transit to make further reductions in service.

If the state were to further reduce revenues shared with cities and towns, we will have no choice but to return with additional budget cuts. Given the level of cuts we have already implemented, severe service reductions will be brought forward for consideration.

I want to thank the Mayor and City Council for their leadership and guidance in balancing the city budget. I also want to thank city departments for carefully preparing budget reductions for consideration. Finally, I want to thank all city employees for their continued dedication to delivering high quality services to the community. Their efforts are especially appreciated during these difficult economic times.



David Cavazos  
City Manager

May 18, 2010



# Phoenix 2009



*The National Civic League selected Phoenix as a recipient of the 2009 All-America City Award. Phoenix highlighted the newly developed urban education campuses, Phoenix Parks and Preserve Initiative and the city's innovative library teen spaces. Phoenix previously won the All-America City Award in 1950, 1958, 1980 and 1989.*

## Our Commitment To Excellence

**A**s the beginning of a new decade commences, the city of Phoenix has stayed committed to its core values. We have a reputation for working with our residents, businesses and neighborhood groups to ensure that quality and timely services are available to all. In recognition of this collaborative approach, the National Civic League selected Phoenix as a recipient of the 2009 All-America City Award on Friday, June 19, 2009. It is the fifth time Phoenix has won the award. A delegation of 20 Phoenix community members and employees presented at the All-America City Awards competition in Tampa, Florida. National Civic League judges chose Phoenix as one of 10 winners out of 29 finalists who presented. More than 100 cities completed written applications in the spring, seeking to become a finalist.

A committee of 60 people worked collaboratively on the presentation and award application, including 40 Phoenix community members and 20 city employees. Phoenix highlighted the newly developed urban education campuses (Arizona State University Downtown Phoenix Campus and Phoenix Biomedical Campus), the Phoenix Parks and Preserve initiative, and the city's innovative library teen spaces. The projects that were selected highlighted how the city has involved the community in addressing critical challenges.

No tax dollars were used for any expenses. US Airways, FedEx, SuperShuttle, the Greater Phoenix Convention and Visitors Bureau and the Downtown Phoenix Partnership all donated to the effort. The Phoenix Parks and Conservation Foundation, Friends of the Phoenix Library, ASU Downtown Phoenix Campus and the University of Arizona College of Medicine supported the delegation. Phoenix previously won the All-America City Award in 1950, 1958, 1980 and 1989. It is the country's most prestigious community recognition award, honoring communities of all sizes for collaborative projects addressing critical issues.

As you can see our commitment to excellence is deeply rooted in our ability to work with the community to ensure the quality of life that they deserve. Below are a few additional examples that illustrate our commitment to this endeavor:

- Pueblo Grande Museum and Archaeological Park maintained its accreditation from the American Association of Museums. The Association renewed Pueblo Grande's accreditation, an honor earned by less than five percent of the 17,500 museums in the United States.
- The Phoenix Development Services Department's Adaptive Reuse Program received the Valley Forward, first place, Crescordia Award for streamlining the process of modifying older buildings for new business uses.
- Ten city of Phoenix environmental projects won the Valley Forward, Crescordia Awards and Awards of Merit recognition. The city won the most Crescordia Awards of any other Valley community, underscoring the city's commitment to environmental excellence and sustainability.
- The American Institute of Architects awarded the Maryvale Pool with the Arizona Design Award for meeting the highest standards of design in response to user requirements, site, context, climate and environmental concerns.
- Forbes Magazine named Encanto Park as one of the nation's '12 Best City Parks' because of its old-fashioned, charming attractions including boat rentals and an amusement park. Built between 1935 and 1938, it has provided outdoor recreation for generations of Phoenixians.





### Commitment to Quality Service

Our residents expect quality service, and we continuously challenge ourselves to raise the standards of customer service without compromising our organization's integrity. We work hard to provide programs that enhance our residents' quality of life while maintaining public accountability. Staff throughout the organization are committed to delivering quality service. The following lists a few of the awards received over the last year demonstrating this commitment to quality service:

- The Association of Airport Executives awarded the Aviation Department with the Randy Jones Award for the Community Noise Reduction Program's Residential Sound Mitigation Services for its significant contribution to reducing airport noise.
- The city of Phoenix Aviation Department was honored with the 2009 Employer of the Year Award from the Metropolitan Phoenix Chapter of Women in Transportation. The award was presented in recognition of the department's efforts to advance women in the transportation field, providing exceptional customer service and diversity outreach.
- The Arizona Commission on Higher Education recognized the Youth and Education Office's College Depot for fostering an awareness of, and providing guidance to the public about postsecondary educational opportunities for teen-aged students and their parents.
- Entrepreneur Magazine named Phoenix as one the 'Top 10 Start-Up Friendly Cities.' The magazine included Phoenix in the list of great places for small business owners to get started due to the city's generous loan and grant programs for newcomers and its well-developed financial, government and educational institutions.

### Census 2010

In the spirit of providing quality service, the city, along with the 160 member Phoenix 2010 Census Complete Count Committee, worked to create Phoenix's largest public education awareness campaign. Particular effort was made to reach Phoenix's traditionally hard to count neighborhoods. For each resident counted, Phoenix receives \$400 per year in federal and state funds.

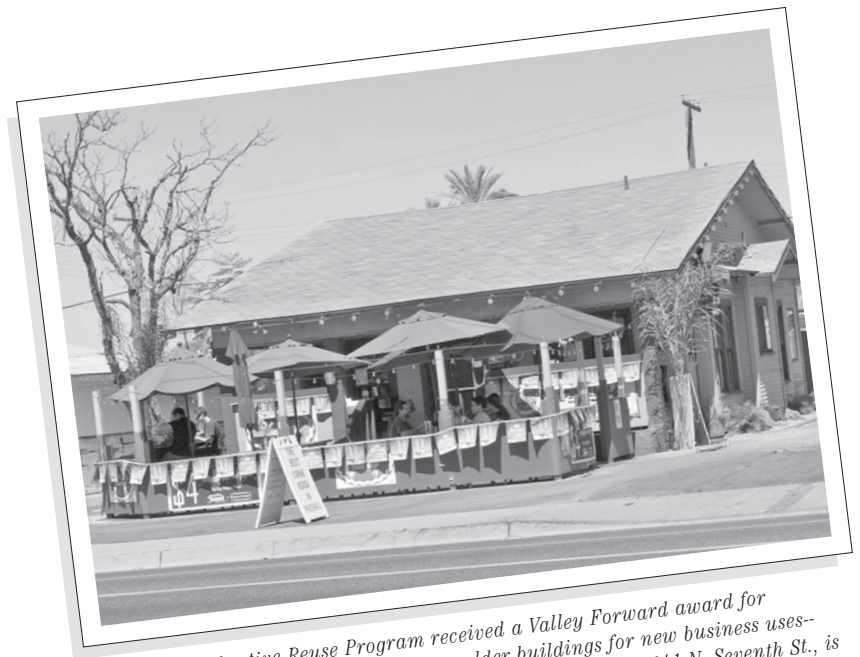
Each city staff member was challenged to be an ambassador for the 2010 Census and city departments integrated the census message into their services where possible. For example, all Municipal Court Jurors saw a short film about the 2010 Census. Census related information also was distributed at all of the city's Senior Centers, neighborhood meetings and community budget hearings.

Residents even saw 2010 Census messages on solid waste vehicles, Reserve-A-Ride vans, street maintenance vehicles, and bus and light rail shelters. City staff also created an on-line census media kit utilizing both Facebook and Twitter.

### We are Committed to Making Phoenix Better

The city's Vision and Values 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.

- We are dedicated to serving our customers
- We value and respect diversity
- We work as a team
- We each do all we can
- We learn, change and improve
- We focus on results
- We work with integrity
- We make Phoenix better!



*The city's Adaptive Reuse Program received a Valley Forward award for streamlining the process of modifying older buildings for new business uses-- saving buildings from the landfill. America's Taco Shop, 2041 N. Seventh St., is just one of the program's success stories.*



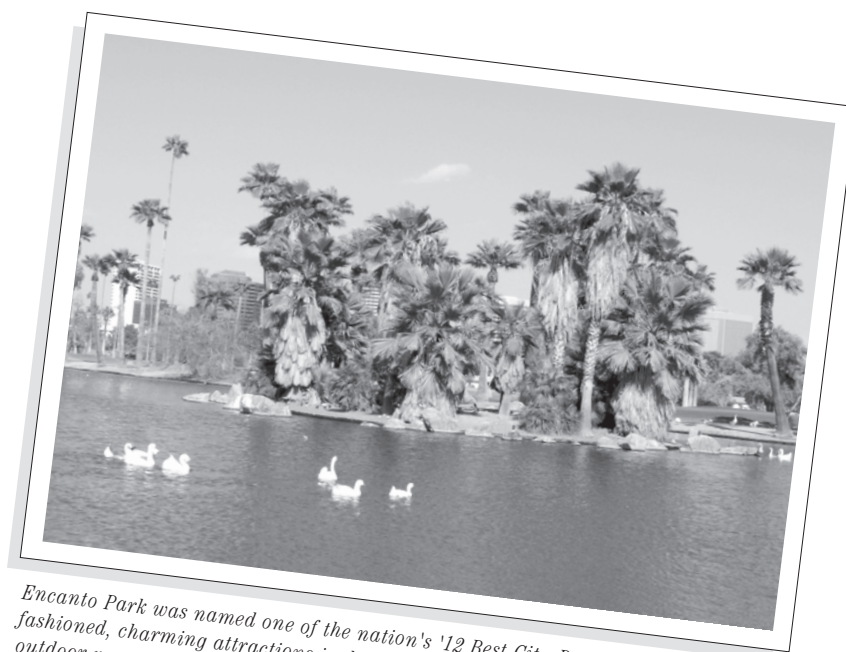
The city continues to extend its diligence and care in providing exemplary service. In an expression of the Vision and Values statements of working together as a team and we each do all we can, our employee labor groups have shown their commitment to Phoenix by agreeing to wage and benefit concessions for the next two years. This sacrifice allowed us to restore many of the programs and vital services important to our residents that were recommended for reduction during the budget process.

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

- The Arizona City/County Management Association (ACMA) awarded former Deputy City Manager Cynthia Seelhammer the Catherine F. Connolly Outstanding Assistant City/ County Manager Award. Ms. Seelhammer, who recently retired, was recognized for exhibiting leadership traits that resulted in enhanced service delivery and for her commitment to professional development through educational achievement.

- The National Asian Pacific American Bar Association awarded Chief Presiding Judge Roxanne Song Ong with the Trailblazer Award, the group's highest honor. Judge Song Ong was selected for paving the way for the advancement of Asian Pacific American attorneys and judges.
- The International Association of Chiefs of Police awarded its Civil Rights Award to Public Safety Manager Jack Harris. Public Safety Manager Harris was recognized for his steadfast and courageous efforts to protect civil rights while creating best practices for immigration reform.

- The Arizona Prosecuting Attorneys' Advisory Council recognized F. Tyler Rich and Nathan Watts. Tyler was awarded the Lifetime Achievement Award. This award honors an individual who demonstrates outstanding accomplishments and has made significant contributions to public safety and the administration of justice. Watts earned this year's Arizona Misdemeanor Prosecutor of the Year Award. The award also recognized his prosecutorial advocacy in supporting and sharing knowledge with prosecutors statewide who faced similar motions. Watts helped 17 other prosecutor's offices and taught for the Governor's Office of Highway Safety.
- The United Latino Business Coalition awarded its Government Advocate of the Year honor to Tony Hatcher of the Finance Department. He received the award for his enduring strong relationship in providing educational resources and valuable information to Minority/Woman/Small Business Enterprise firms regarding potential business opportunities with the city of Phoenix and other government entities.



*Encanto Park was named one of the nation's '12 Best City Parks' because of its old-fashioned, charming attractions including boat rentals. The park has provided outdoor recreation for generations of Phoenixians.*



### 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:

- Merry Austin, a senior program supervisor at the Deer Valley Senior Center, partnered with the center's senior association and raised \$2,000 for the center's Fourth of July celebration event. She also raised other funds so that kids could swim free at a city pool twice during the summer. She hosted bingo games for youngsters and then surprised each of them with school supplies. She put the talents of the center's participants to good use and had them make items to sell at a craft show. Austin established a "tip jar" at the center and each month donated the money to charity. She also joined with a neighborhood animal hospital to provide pet food for pets of residents on the center's home delivered meals program so their pets could eat as well.
- Brenda Nunez, program assistant for the Equal Opportunity Department (EOD), recognized that an electronic database in EOD's Contract Compliance Section was in need of upgrading. The database was used for creating reports and monitoring city contracts with hundreds of companies owned by minorities, women, small and disadvantaged businesses. She enrolled in an Access class to learn how to redesign the database. She devoted more than 320 hours reviewing program data, designing data fields, testing functionality and producing new forms for collecting information. Her hard work resulted in a new system that tracks goals and compliance trends, expands reporting capability to include additional data and sends notices to contractors who are not meeting program goals. In addition, the system provides timely identification of compliance-monitoring priorities, including payment discrepancies, dispute resolutions and scheduling of on-site visits.
- Glenn Beasley, a Reserve-A-Ride minibus operator for the Human Services Department, sensed something was wrong when he knocked on the door at the home of a woman who had requested transportation services earlier that day. When no one responded, he listened intently and heard the faint cries for help from inside. Beasley immediately contacted his dispatcher, who summoned emergency help. When paramedics arrived and got into the house, they discovered the woman had fallen five days earlier and was unable to get up. When found, she was severely dehydrated and had some minor injuries. The woman lived alone and had suffered from a brain aneurysm. She has since recovered and now resides in an assisted living home.



*Merry Austin (pictured on right), senior program supervisor at the Deer Valley Senior Center, partnered with the center's senior association and raised funds for their 4th of July celebration, school supplies for kids and other charitable contributions.*

The winning employee teams included two groups whose efforts make Phoenix a better place for its residents.

- “We value and respect diversity.” That core value was put into practice with the introduction of the city’s Domestic Partnership Registry. The registry allows unmarried same-sex couples or opposite-sex partners who live together to have visitation rights in Phoenix hospitals and other health-care facilities. In December 2008, the City Council approved an ordinance creating the registry. Implementation involved staff from several city departments including Law, City Clerk, City Manager’s Office, Budget and Research, Equal Opportunity, Public Information Office and Engineering and Architectural Services. Months of planning and preparation converged on Feb. 9, 2009, when the Domestic Partnership Registry began registering couples at City Hall.

- Enforcing the city’s Neighborhood Preservation and Zoning ordinances, Mobile and Street Vending regulations, Building Code, and Animal Ordinance violations can be a difficult task. The 12-member Neighborhood Services Department Preservation Division Supervisory Team developed a quality control program that focused on consistency, productivity, timeliness, accuracy documentation and customer service. After managing the past few years to maintain its quality and service levels despite a 57 percent increase in new cases and no new field staff, the team was hit by a staff reduction of 17 employees. Although they were understaffed, the action produced exceptional results with the field staff conducting 4,580 more inspections than it had a year earlier. The average number of inspections completed per day increased from 10 to 12.5, and the cycle time for each case improved from 35 days to 34.



*"We value and respect diversity." A core value put into practice with the city's Domestic Partnership Registry. The registry allows unmarried same-sex couples or opposite-sex partners who live together to have visitation rights in Phoenix hospitals and health-care facilities. City staff from several departments were recognized for their work on the project with an Employee Excellence Award.*



### Employee Suggestions Streamline Operations and Cut Costs

The Employee Suggestion Program, which began in the mid-1950s, has saved millions of dollars through direct cost savings and other productivity and cost-avoidance improvements. Employees can make improvement suggestions for any city operation, not just for their own department. Some examples of employee suggestions implemented in the 2009-10 fiscal year:

- Janice Jacobo, operations superintendent in the Aviation Department, submitted a suggestion to paint all airport terminal light rail and shuttle buses the same color, which would reduce the number of spare buses needed by 60 percent. This suggestion would also require fewer buses to be maintained, and give the Aviation Department the flexibility to schedule any of the buses on various routes during seasonal and peak demand periods. This idea was implemented at Sky Harbor International Airport and has resulted in more than \$2.4 million in savings.
- Mike Ziegler, principal engineering tech in the Street Transportation Department, suggested using a Carbon Fiber Reinforced Polymer material to strengthen a bridge to meet load capacity standards. The idea was implemented on the 19th Avenue and Grand Canal Bridge and resulted in more than \$2.4 million in savings. The proposals for a full replacement of this bridge were already in progress, which would have cost over \$3.6 million. Traffic restrictions to the community would have existed for up to 12 months. With approvals from SRP and the surrounding community, Ziegler's idea was successfully completed in six weeks. There are an additional 10 to 15 bridges throughout the city where this method can be used in lieu of full bridge replacement. This could result in future savings of up to \$45 million. The city of Phoenix has received considerable recognition for this project, and ultimately was recognized in 2009 by the United States Senate Committee on Commerce, Science and Transportation, for innovation in the Public Service Sector.



*Janice Jacobo, operations superintendent with the Aviation Department, submitted a suggestion to paint all airport terminal, light rail and shuttle buses the same color. Her idea was implemented at Phoenix Sky Harbor International Airport and has resulted in savings of more than \$2 million by reducing the size of the bus fleet.*

- Gary Standard, parks foreman II in the Parks and Recreation Department, suggested covering city signs with Plexiglas® to avoid replacing the entire signs when they have been defaced. Standard's recommendation has the capacity to save the city thousands of dollars each year.
- Kevin Mosley, meal delivery aide in the Human Services Department, suggested reducing the number of delivery days from five to four by offering one frozen meal per week. Kevin's suggestion is in place at one Senior Center - saving city resources without compromising the needs of home-bound residents.

The current economic climate requires us to be even more reliable and resourceful than normal. As good stewards of city resources and the public's trust, we must work to eliminate the perception of bureaucratic complacency and government waste. As a result, the city manager formed the Innovation and Efficiency Taskforce to ensure that we provide residents with efficient and cost effective services. Their mission is to develop and implement innovative solutions that will

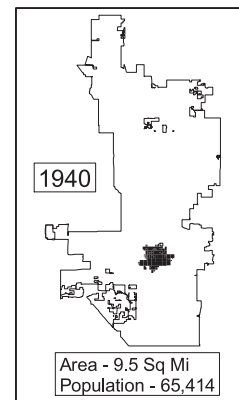
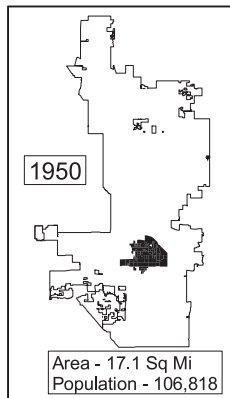
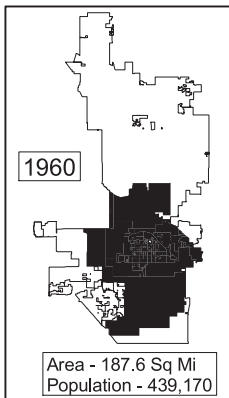
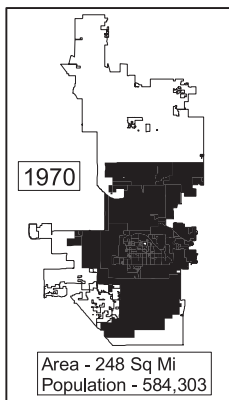
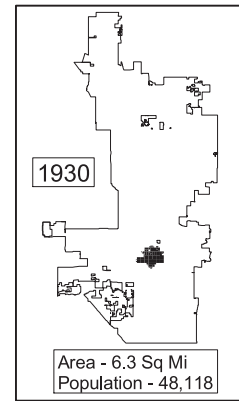
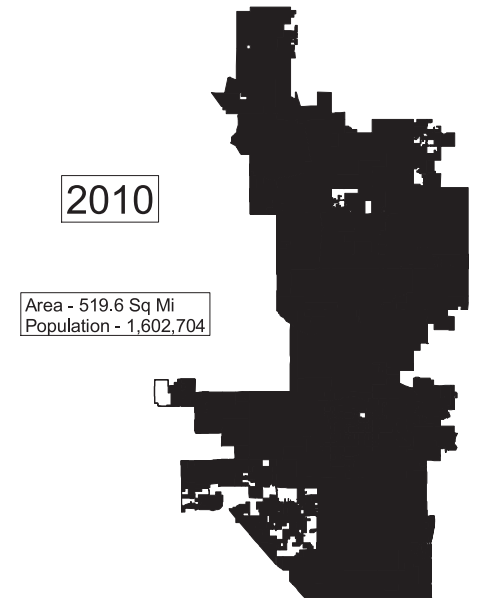
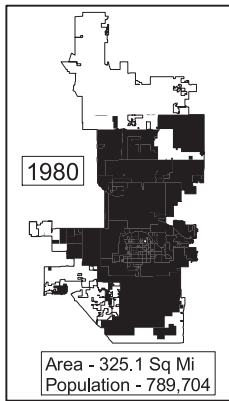
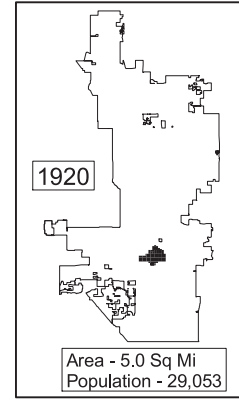
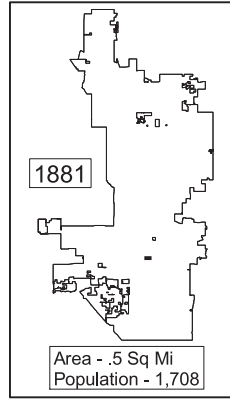
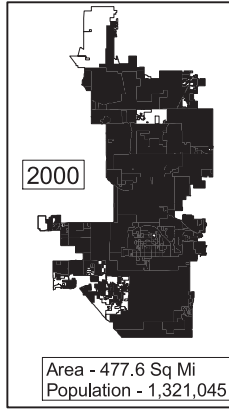
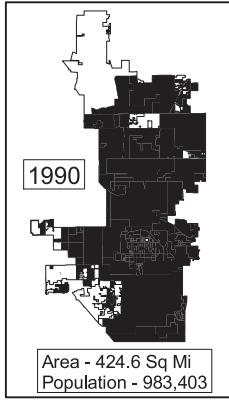
result in the most efficient delivery of services at the lowest cost. By working with all departments and all levels of staff, the taskforce will foster an environment of innovation and cost effective allocation of city resources. The taskforce's goal is to identify at least \$10 million in savings for the city's General Fund.

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 core values of our organization – what we call our “Vision and Values” – are at the root of everything we do.





# PHOENIX GROWTH



Population figures are from the Census, the 2010 population figure is Budget and Research's projection, and the areas are from the City Clerk.

Planning Department  
April 2010

## Community Profile and Trends

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

### **Economic Diversity**

Phoenix has grown steadily, especially since 1950. The 1900 Census recorded Phoenix population at 5,544. In 1950, the city occupied 17 square miles with a population of almost 107,000, ranking it 99th among American cities. The 2005

Census recorded Phoenix population at 1,475,834. Over the next fiscal year, the city is projected to encompass 519.6 square miles, with a projected population of 1,602,704.

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, Goodyear, Tolleson, El Mirage, Surprise and Avondale; and the town of Gilbert. 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 (42%); trade (17%); government (14%); construction (6%); financial activities (8%); and manufacturing (7%). Major employers of the Phoenix metropolitan area include the state of Arizona, Wal-Mart Stores, Inc., Banner Health Systems, city of Phoenix, Wells Fargo and Company, Maricopa County, Apollo Group, Inc., Arizona State University, Honeywell Aerospace, Bank of America, Intel Corporation, and JP Morgan Chase. The top 10 property taxpayers, based on secondary assessed valuation, are - Arizona Public Service Company, Qwest Communications, Westcor, Southwest Gas, Host Kierland, Cox Communications, AT & T, Teachers Insurance and Annuity, LBA Realty Fund and Metropolitan Life Insurance – these taxpayers make up just under six percent of total assessed valuation.

### **Demographics and Economic Statistics**

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



	1970-71	1980-81	1990-91	2000-01	Actual 2008-09	Estimated 2009-10	Projected 2010-11
<b>Demographic Profile</b>							
Population <sup>1</sup>	584,303	789,704	995,896	1,350,435	1,563,058	1,582,761	1,602,704
Percent of Population by Age							
Under 5	8.8	7.8	8.5	8.5			
5-19	29.9	25.0	21.6	21.5			
20-44	32.2	39.3	42.9	42.8			
45-64	20.4	18.6	17.3	17.3			
65+	8.7	9.3	9.7	9.8			
Percent of Population by Race <sup>1</sup>							
Not Hispanic or Latino (of Any Race)	N/A	N/A	N/A	N/A			
Caucasian	93.3	78.1	71.9	55.8			
Black/African American	4.8	4.7	4.9	4.8			
American Indian/Alaska Native	1.0	1.1	1.6	1.6			
Asian	0.5	0.9	1.5	1.9			
Native Hawaiian/ Other Pacific Islander <sup>2</sup>	N/A	N/A	N/A	0.1			
Other	0.4	0.4	0.1	0.1			
Not Hispanic - Two or More Races	N/A	N/A	N/A	N/A			
Hispanic/Latino (of Any Race) <sup>3</sup>	N/A	14.8	20.0	34.1			
<b>City Economic Profile</b>							
Median Household Income <sup>4</sup>	\$27,601	\$29,706	\$30,797	\$40,856	\$70,490	\$72,394	\$73,408
Personal Income Growth (Metro Phoenix) <sup>5</sup>	13.6%	14.8%	4.6%	6.7%	(3.3)%	(2.0)%	2.0%
Assessed Valuation ('000s) <sup>6</sup>	N/A	N/A	\$5,700,825	\$7,573,211	\$18,856,072	\$18,861,238	\$16,092,308
Employment Growth Rate <sup>7</sup>	N/A	N/A	(3.0)%	3.7%	(2.4)%	(5.9)%	(1.0)%
Unemployment Rate <sup>8</sup>	N/A	N/A	4.9%	2.7%	7.3%	9.4%	9.4%
Value of Residential Construction <sup>9</sup> (Billions)	N/A	N/A	\$0.42	\$1.16	\$0.43	\$0.46	\$0.46
Value of Commercial Construction <sup>9</sup> (Billions)	N/A	N/A	\$0.46	\$1.33	\$3.00	\$2.00	\$2.00



	1970-71	1980-81	1990-91	2000-01	Actual 2008-09	Estimated 2009-10	Projected 2010-11
<b>City Financial Profile</b>							
Total Budget ('000s)	\$95,835	\$392,780	\$1,026,545	\$1,946,013	\$3,068,687	\$3,087,079	\$3,526,044
Total GF Budget ('000s) <sup>10</sup>	\$62,343	\$221,106	\$591,021	\$953,324	\$1,038,230	\$1,010,320	\$1,013,833
Total Employees	5,670	9,435	11,388	14,352.0	16,155.1	15,620.8	15,636.5
Total Employees per 1,000 Population	9.7	11.1	11.2	10.6	10.3	9.9	9.8
Non-Enterprise Employees per 1,000 Population	N/A	N/A	N/A	8.6	8.2	7.7	7.7
Enterprise Employees <sup>11</sup> per 1,000 Population	N/A	N/A	N/A	2.0	2.1	2.1	2.1
Property Tax Rate	1.75	1.75	1.79	1.82	1.82	1.82	1.82
G.O. Bond Rating (Moody's/Standard and Poor's)	A/A	Aa/AA	Aa/AA+	Aa1/AA+	Aa1/AAA	Aa1/AAA	Aa1/AAA
Number of PLT Licenses	N/A	37,943	43,756	51,000	57,666	57,000	57,000
City Retail Sales Tax Rate <sup>12</sup>	1%	1%	1.2%	1.8%	2.0%	2.0%	2.0%
<b>Infrastructure Profile</b>							
Area (Square Miles)	247.9	329.1	427.1	483.5	518.9	519.1	519.6
<b>Police</b>							
Major Crimes	50,747	86,287	110,961	97,666	82,649	77,400	77,400
Dispatched Calls for Service	374,003	452,350	895,117	862,769	683,503	664,200	664,200
Authorized Sworn Police Officers	1,054	1,694	2,047	2,810	3,641	3,558	3,558
<b>Fire</b>							
Fire Stations	30	35	45	45	57	57	59
Fire Calls and All Other Calls <sup>13</sup>	14,437	25,162	26,281	28,369	17,522	18,200	17,900
Emergency Medical Calls <sup>13</sup>	–	46,122	75,112	101,396	124,206	126,000	126,000
Authorized Sworn Firefighters	572	838	1,042	1,315	1,739	1,711	1,711
<b>Building Inspections</b>							
Total Number of Inspections <sup>14</sup>	236,000	196,356	176,909	261,184	221,227	143,800	146,700
<b>Streets</b>							
Total Miles	2,270	3,084	3,800	4,299	4,799	4,811	4,823
Miles Resurfaced and Sealed	378	216	250	220	99	109	214
Total Miles of Bikeway <sup>15</sup>	N/A	N/A	250	472	565	589	600
<b>Traffic Control and Lighting</b>							
Signalized Intersections	423	555	761	906	1,066	1,080	1,082
Street Lights	23,097	39,097	50,825	70,750	89,354	90,805	91,133
Traffic Accidents	22,765	28,129	28,414	36,500	32,900	26,320	28,952
<b>Aviation</b>							
Passengers Arriving and Departing	2,925,700	6,500,000	22,175,000	35,900,000	37,900,000	37,000,000	37,000,000
<b>Solid Waste Collection</b>							
Residences Served	204,800	281,900	281,392	327,953	390,479	392,000	394,000
Tons Disposed at City Landfills	325,300	379,000	513,643	1,051,935	975,350	950,000	955,000



	1970-71	1980-81	1990-91	2000-01	Actual 2008-09	Estimated 2009-10	Projected 2010-11
<b>Municipal Parks</b>							
Number of Municipal Parks <sup>16</sup>	121	137	181	199	217	225	225
Developed Park Acres <sup>17</sup>	N/A	1,303	2,206	3,332	4,765	5,071	5,071
Number of municipally operated golf courses <sup>18</sup>	4	5	5	7	6	6	6
<b>Libraries</b>							
Book Circulation	2,368,232	3,691,745	5,962,411	9,151,000	14,195,644	14,500,000	14,750,000
Total Book Stock	704,940	1,182,606	1,732,410	2,016,000	1,751,621	1,750,000	1,750,000
Number of library branches <sup>19</sup>	7	9	11	13	16	16	16
<b>Equipment Management</b>							
Number of Equipment Units in Fleet	2,637	4,497	4,776	6,080	7,647	7,633	7,635
<b>Water</b>							
Connections	172,100	282,048	321,996	350,967	402,926	402,926	404,940
Production (billions of gallons) <sup>20</sup>	52.7	88.5	84.7	109.4	99.2	98.1	98.1
<b>Wastewater</b>							
Connections	169,255	250,199	311,980	327,051	373,588	373,588	375,456
Miles of Line	2,090	3,040	3,661	4,174	4,881	4,980	4,991

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.

2 Prior to the 2000 Census, Asian and Pacific Islander data were combined under the same category. Pre-2000 counts are included in the Asian category.

3 Pre-1980 census questionnaires did not include "Hispanic" or "Spanish" race categories.

4 Median Household Income is based on United States Census Bureau data for city of Phoenix geographic area and projected during non-census years using personal income growth percentages. Personal income estimates for 2005-2007 were revised by the U.S. Bureau of Economic Analysis in March 2009. Median household income for FY2008-09 was adjusted to reflect revised personal income estimates.

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

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

7 Employment growth rate figures (total non-farm employment) are calendar year and not fiscal year. Calendar 2008 is shown under FY2008-09, and calendar 2009 is shown under FY2009-10, and projected calendar 2010 is shown under FY2010-11. Estimates are for the Phoenix metro area and are obtained from the Arizona Workforce Informer-Arizona Department of Economic Security.

8 Unemployment rate is reported monthly by the Arizona Department of Commerce Research Administration's website: [www.workforce.az.gov](http://www.workforce.az.gov) and converted to fiscal year by the city of Phoenix Budget and Research Department.

9 Beginning with FY2006-07, multi-family projects are included in the commercial valuation total. Prior to FY2006-07, 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).

10 As of FY1998-99, Arizona Highway User Revenue funds are no longer included in the General Fund total.

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

12 Voters approved a 0.1 percent increase in most city sales tax categories effective December 1, 1993, for increased fire and police protection services.

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

13 Prior to FY1980-81, emergency medical, fire and all other calls were combined into one figure.

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

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

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

17 Increase in developed parks acres in fiscal year 2009-10 is partially due to improved methods of measurement.

18 Additional statistic included for FY2010-11 budget documents.

19 Additional statistic included for FY2010-11 budget documents. The Phoenix Public Library System includes Burton Bar Central Library and 15 branch libraries.

20 Includes water produced for city of Phoenix only.

## 2010-11 Resource and Expenditure Summary

This section provides a broad overview of the resources and expenditures included in the 2010-11 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 2010-11 budget, financed by operating funds, totals \$3,526,044,000. As shown in the accompanying pie chart on page 23, the General Fund portion of \$1,013,833,000 is approximately 29 percent of the total. The Enterprise funds, which include Aviation, Water, Wastewater, Solid Waste, Convention Center and Golf, make up another 37 percent of the total. Special Revenue funds such as Arizona Highway User Revenues, grant funds such as Community Development Block Grants, Human Services grants and Housing grants

represent the remaining 34 percent of the total budget.

In addition to presenting the budget by funding source, the budget also is described in terms of the major types of activities or expenditures funded. Included in the operating budget are operating and maintenance expenses that provide for ongoing costs of delivering city services; capital expenditures for pay-as-you-go projects for major additions, improvements or renovations to city facilities; and debt service payments to retire outstanding debt. The pie chart on page 23 shows the distribution of the total operating budget into these three types of expenditures. Not included in the operating budget are bonds and other capital funds used for capital improvement projects. These are included in a separate capital improvement program.

The 2010-11 General Fund budget includes ongoing operating and maintenance and pay-as-you-go capital expenses. No debt service is paid from the General Fund. Instead, debt service associated with General-funded activities is paid for with earmarked property taxes or with the City Improvement Fund. Due to the restrictions on using these funds both are appropriately included in the Special

Revenue funds portion of the budget.

Finally, budgeted expenditures are most easily understood on a departmental basis. Detailed explanations of each department's budget are provided in the Department Program Summary section of this document. The bar chart on page 23 presents the General Fund budget on a department-by-department basis.

The table below provides a comparison of the 2010-11 budget to the 2009-10 adopted budget. Actual expenditures for the 2008-09 fiscal year also are included.

Citywide operating and maintenance expenditures are expected to decrease as a result of budget cuts both in the General Fund and the Enterprise funds. Pay-as-you-go capital is also expected to decline due to flat and declining revenue growth in Water, Wastewater and Aviation.

### 2010-11 Budget Compared to 2009-10 Adopted Budget (In Millions of Dollars)

	2008-09 Actual Expenditures	2009-10 Adopted Budget	2010-11		
			Budget	Amount Change	Percent Change
Operating and Maintenance Expenditures	\$2,182.0	\$2,517.1	\$2,410.9	(\$106.2)	(4.2%)
Capital Expenditures	317.1	533.2	526.0	(7.2)	(1.4%)
Debt Service	569.6	623.2	589.1	(34.1)	(5.5%)
<b>Total</b>	<b>\$3,068.7</b>	<b>\$3,673.5</b>	<b>\$3,526.0</b>	<b>(\$147.5)</b>	<b>(4.0%)</b>



## 2010-11 GENERAL FUND BUDGET OVERVIEW

The 2010-11 General Fund budget of \$1,013,833,000 provides for ongoing operating and maintenance and a small amount of pay-as-you-go capital expenditures. The table below compares the 2010-11 General Fund budget with the adopted 2009-10 budget.

The operating and maintenance expenditures for 2010-11 are decreased 8.8 percent compared to the 2009-10 adopted budget. These decreases are primarily the result of budget reductions made in mid 2009-10 and continuing through 2010-11 as a result of declining economic conditions. The pay-as-you-go capital expenditures are increased 40.0 percent compared to the 2009-10 adopted budget. The capital expenditures are up due to funding needed to repair city facilities. Budget reductions are described in detail in the Department Program Summary section of this document.

The pie charts on page 23 show the 2010-11 General Fund budget summarized by major programs and major resources.

## RESOURCES

Resources include beginning fund balances, fund transfers, revenues and recoveries. In the Enterprise funds, fund balances provide a financial cushion against unanticipated changes. The contingency allocation serves this same purpose for the General Fund. While minor changes in fund balances occur from year to year, maintaining proper fund balances

over the long term and providing for a contingency fund in the General Fund are important components of sound financial management and a significant factor in bond ratings.

## 2010-11 Estimated Beginning Fund Balances

As explained in a later section, a General Fund balance may not be budgeted. However, a contingency fund, also known as a "rainy day fund," may be planned to provide a means to address unexpected revenue decreases or expenditure increases that may occur throughout the year. Each year, most 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 2010-11 beginning fund balances of \$906.5 million include \$22.9 million in General funds, \$390.2 million in Special Revenue funds and \$493.3 million in Enterprise funds. The estimated beginning fund balance for Special Revenue and Enterprise funds include: Transit 2000 - \$214.7 million; Water - \$117.0 million; Aviation - \$191.5 million; Wastewater - \$128.7 million; Convention Center - \$26.4 million; Parks and Preserves - \$47.1 million; Solid Waste - \$39.7 million; Grant funds - \$28.5 million; Arizona Highway User Revenue - \$20.5 million; Development Services - \$11.7 million; Sports Facilities - \$28.6 million and \$29.2 million in various other restricted funds.

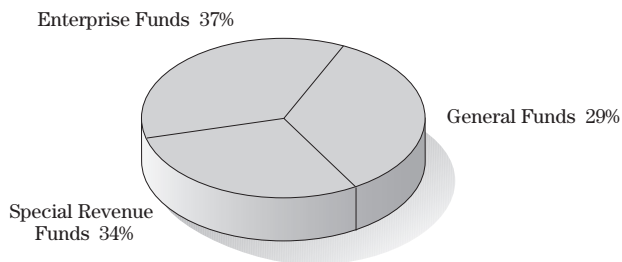
## 2009-10 General Fund Estimated Ending Balance

As shown in the table on page 25, the estimated 2009-10 ending General Fund balance is \$22.9 million. The balance results primarily from a \$9.8 million higher beginning balance, a \$101.6 million decrease in operating expenditures, and a \$10.2 million increase in transfers and recoveries, which were offset by a \$98.9 million decrease in operating revenues and a \$0.2 million increase in pay-as-you-go capital expenditures. The decrease in estimated 2009-10 General Fund expenditures is largely due to unused contingency funds and mid-year budget cuts made as a result of the extended economic recession.

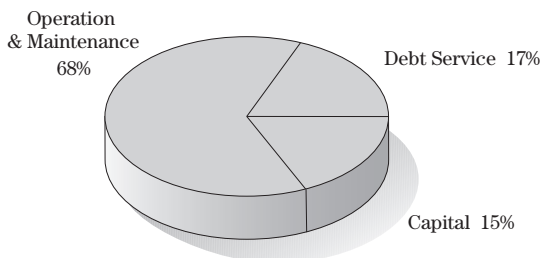
## 2010-11 General Fund Budget Compared to 2009-10 Adopted Budget (In Millions of Dollars)

	2008-09 Actual Expenditures	2009-10 Adopted Budget	2010-11		
			Budget	Amount Change	Percent Change
Operating and Maintenance Expenditures	\$1,037.3	\$1,110.8	\$1,012.4	(\$98.4)	(8.9%)
Capital	0.9	1.0	1.4	0.4	40.0%
<b>Total</b>	\$1,038.2	\$1,111.8	\$1,013.8	(\$98.0)	(8.8%)

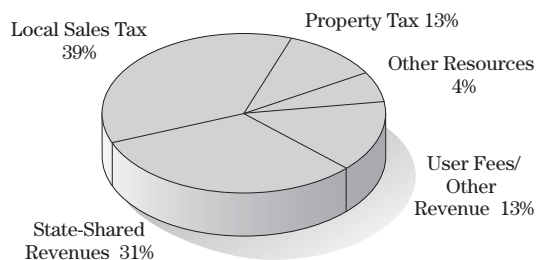
**ALL SOURCES OF FUNDS**  
**Total Resources – \$3.5 Billion**



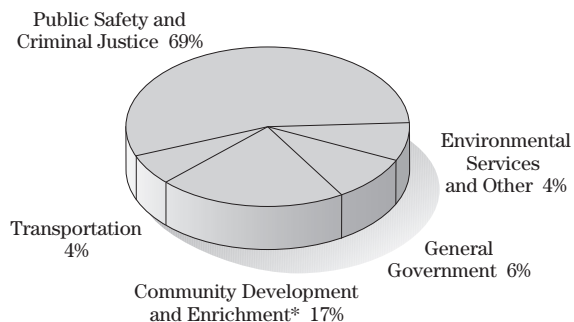
**ALL SOURCES OF FUNDS**  
**Total Expenditures – \$3.5 Billion**



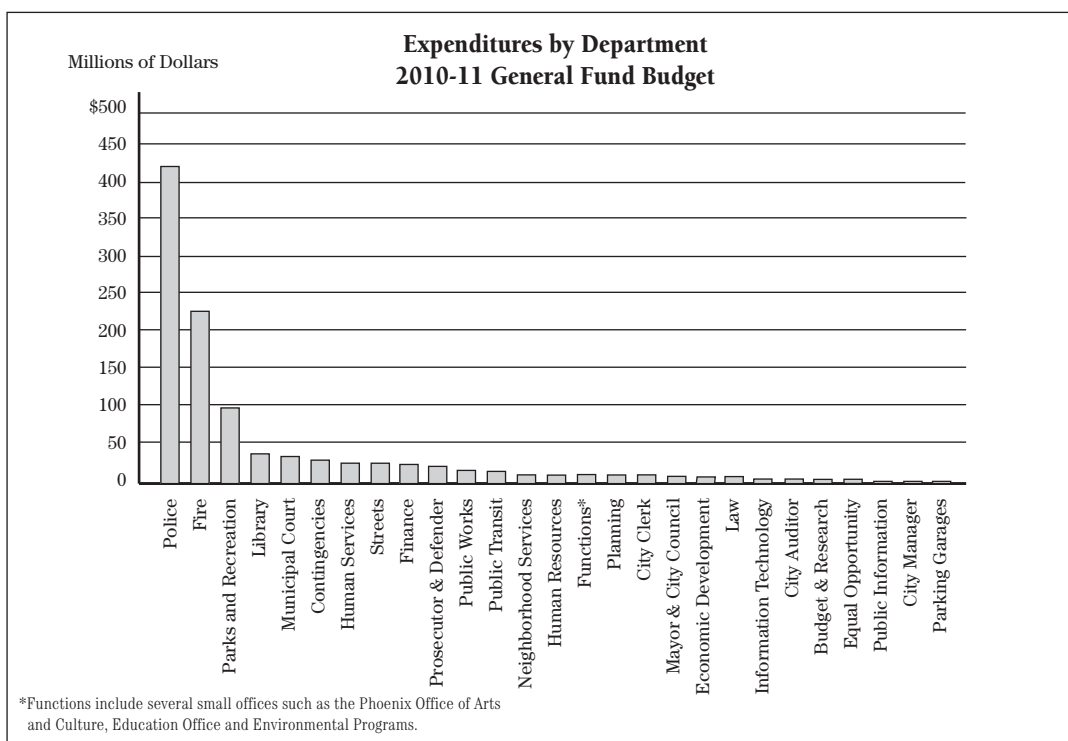
**GENERAL FUNDS**  
**Total Resources – \$1,014 Million**



**GENERAL FUNDS**  
**Total Expenditures – \$1,014 Million**



\*Includes Parks, Library, Human Services, Neighborhood Services, Planning and Economic Development





## 2010-11 Estimated Revenues

Revenues from taxes, fees, interest, grants and other sources provide resources to fund programs and services delivered by the city. Revenues for 2010-11 are estimated at \$3,137,012,000. This is \$179,801,000, or 6.1 percent above the 2009-10 estimate of \$2,957,211,000. General Fund revenues are estimated at \$965,408,000, which is \$17,071,000 or 1.8 percent more than the 2009-10 estimates. The table on page 25 provides a comparison of the 2010-11 estimated revenues to 2009-10 estimates and 2008-09 actual collections. Detailed explanations by category are provided in the 2010-11 Revenue Estimates section of this document.

State and local economic growth continued to decline drastically in 2008-09 from prior years due to a variety of factors including continued weakness in the residential and commercial real estate markets, increased unemployment, declines in consumer confidence and declines in personal income growth. The state and local economy has started to stabilize, however the same factors continue to slow economic growth in 2009-10. Local and state sales tax collections are expected to grow modestly in 2010-11 after three years of negative growth.

Included in 2010-11 estimates for the Enterprise funds are full-year impacts of rate increases for Water and Wastewater services effective March 2010. The 2010-11 estimate for Special Revenue funds includes a \$13.4 million increase in Transit 2000 funds and a \$6.3 million increase in 2007 Public Safety Expansion funds which include a full year of the food for home consumption tax. Special Revenue funds also include a \$7.6 million increase for Regional Transit funds and a \$114.8 million increase in federal funds due to increases in ARRA, CDBG and HOME program funding.

## 2010-11 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.

Transfers to the General Fund for 2010-11 total \$62.6 million. This amount reflects \$42.2 million from Enterprise and other funds to recoup central service costs and/or payments for in lieu property taxes from the Aviation, Water and Wastewater, Solid Waste, Convention Center and Development Services funds. Central service provides a repayment to the General Fund for services provided by departments such as Human Resources, 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.

Transfers to the General Fund also reflect \$18.1 million in GO Bond Debt from Water, Wastewater and Solid Waste. The Enterprise transfers include \$279,000 from the Golf Course Fund to recoup Parks, Recreation and Golf department direct administrative support costs. The Golf Fund does not pay citywide central service costs or in lieu property taxes.

Approximately \$2.0 million in miscellaneous transfers from other funds also is included. As a result, total transfers to the General Fund exclusive of excise tax-related items are \$62.6 million. A transfer of \$655.9 million from the Excise Tax Fund represents the General Fund share of local and state-shared sales taxes and fees and state-shared income taxes. However, this amount is reflected in revenues, rather than a transfer, throughout this section.

## 2010-11 ESTIMATED ENDING BALANCES

Arizona budget law requires a balanced General Fund budget. No General Fund balances may be accumulated in reserve for subsequent fiscal years. Arizona law does, however, provide for a contingency or "rainy day fund" each year. For 2010-11, \$34.0 million is included for the General Fund contingency, including a \$3 million set aside for the Convention Center, and is discussed in more detail in the Contingency section of this document. As a result, budgeted General Fund resources equal expenditures. However, any unused contingency amounts at year-end fall to a General Fund ending balance. Generally, at least 95 percent of the General Fund contingency remains unused each year.

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 2010-11 ending balance of \$517.3 million includes: Transit 2000 - \$175.8 million; Water - \$26.6 million; Convention Center - \$3.9 million; Wastewater - \$64.9 million; Solid Waste - \$22.1 million; Aviation - \$154.6 million; Arizona Highway User Revenue - \$7.2 million; Parks and Preserves - \$25.7 million; Sports Facilities - \$20.1 million and \$16.4 million in various other Special Revenue and Enterprise funds. Beginning and ending fund balances are provided in more detail in Schedule 1 located in the Summary Schedules section.

In 2010-11, the Enterprise funds ending balances in the aggregate are programmed to decline from \$493.3 million at the beginning of 2010-11 to \$259.5 million at year end. The Aviation balance is declining slightly due to increased operating expenditures. Solid Waste funds are decreasing due to increased vehicle replacement costs, and planned maintenance and repairs associated with aging infrastructure. Water funds are decreasing primarily due to increased costs for raw water and security, as well as increased operating costs for the new granular activated carbon and chlorine dioxide treatment processes at the Deer Valley Water Treatment Plant and operation of the new Union Hills Water Treatment Plant chlorine dioxide facility. Wastewater funds are decreasing primarily due to increased costs for wastewater treatment such as electricity and chemical costs, along with the addition of funding needed to maintain the Unified Pump Station at the 91st Avenue Multi-cities Wastewater Treatment Plant. The Convention Center Fund balance is declining due to reduced construction and tourism sales tax revenues.



Special Revenue Fund balances in the aggregate are expected to decrease from \$390.2 million to \$257.7 million, primarily due to the decrease in the Transit 2000 Fund, the Arizona Highway User Revenue Fund and the Sports Facilities Fund. The Transit 2000 Fund balance is decreasing due to a shift in operating costs from the Local Transportation Assistance Fund (due to a permanent sweep by the Legislature in 2009-10) and reduced sales tax revenues. Operating costs for contractual transportation and fuel are also increasing. The Arizona Highway User Revenue Fund balance is decreasing as costs for street construction increase along with declining revenues. The Sports Facilities Fund is decreasing due to increased costs for debt service.

#### Negative Fund Balance

Golf Fund expenditures have exceeded revenues for several years. The Parks Department is exploring various ideas, including alternative operating structures, to correct this issue.

The three dedicated public safety funds, Neighborhood Protection, Public Safety Enhancement, and 2007 Public Safety Expansion, have been severely impacted by declines in sales tax revenues. Alternatives to bring the funds into balance by June 30, 2012 are being developed.

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

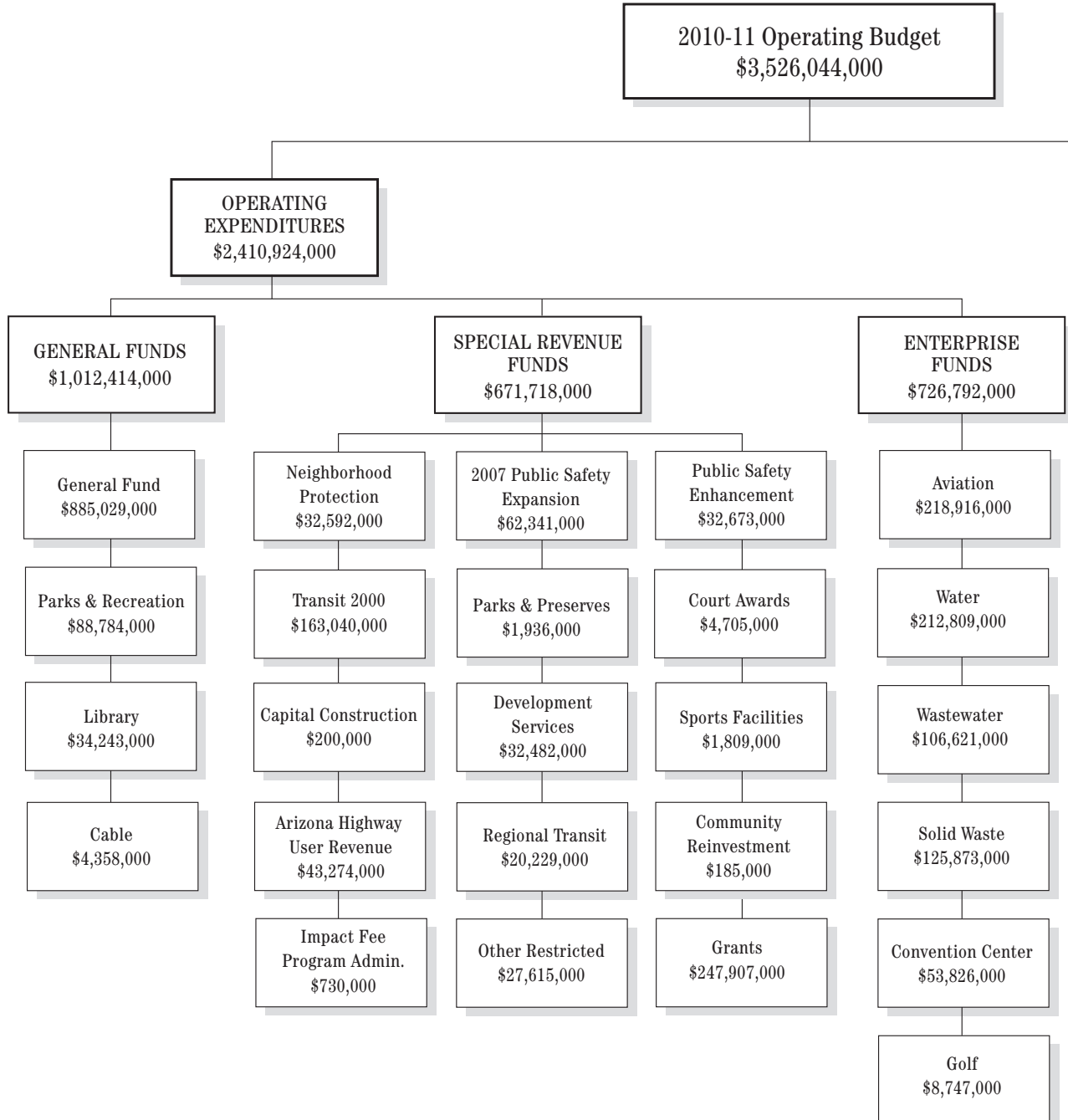
	2008-09	2009-10		Estimate Over (Under) Budget	
	Actuals	Budget	Estimate	Amount	Percent
<b>Resources</b>					
Beginning Balances	\$ 39,130	\$ 35,795	\$ 45,580	\$ 9,785	27.3%
Revenue	993,448	1,047,279	948,337	(98,942)	(9.4)%
Recoveries	1,891	1,100	1,500	400	36.4%
Transfers	49,341	27,625	37,830	10,205	36.9%
<b>Total Resources</b>	<b>\$1,083,810</b>	<b>\$1,111,799</b>	<b>\$1,033,247</b>	<b>\$(78,552)</b>	<b>(7.1)%</b>
<b>Expenditures</b>					
Operating Expenditures	1,037,282	1,110,780	1,009,136	(101,644)	(9.2)%
Capital	948	1,019	1,184	165	16.2%
<b>Total Expenditures</b>	<b>\$1,038,230</b>	<b>\$1,111,799</b>	<b>\$1,010,320</b>	<b>\$(101,479)</b>	<b>(9.1)%</b>
<b>Ending Fund Balance</b>	<b>\$ 45,580</b>	<b>\$ —</b>	<b>\$ 22,927</b>	<b>\$ 22,927</b>	<b>100.0+%</b>

#### 2010-11 Estimated Revenues Compared to 2009-10 Estimates (In Thousands of Dollars)

Fund Types	2008-09 Actuals	2009-10 Estimate	2010-11 Estimate	2010-11	
				Amount Change	Percent Change
General	\$993,448	\$948,337	\$965,408	\$ 17,071	1.8%
Special Revenue Funds	943,129	941,392	1,050,459	(109,067)	(11.6)%
Enterprise Funds	1,072,864	1,067,482	1,121,145	53,663	5.0%
<b>Total</b>	<b>\$3,009,441</b>	<b>\$2,957,211</b>	<b>\$3,137,012</b>	<b>\$179,801</b>	<b>6.1%</b>

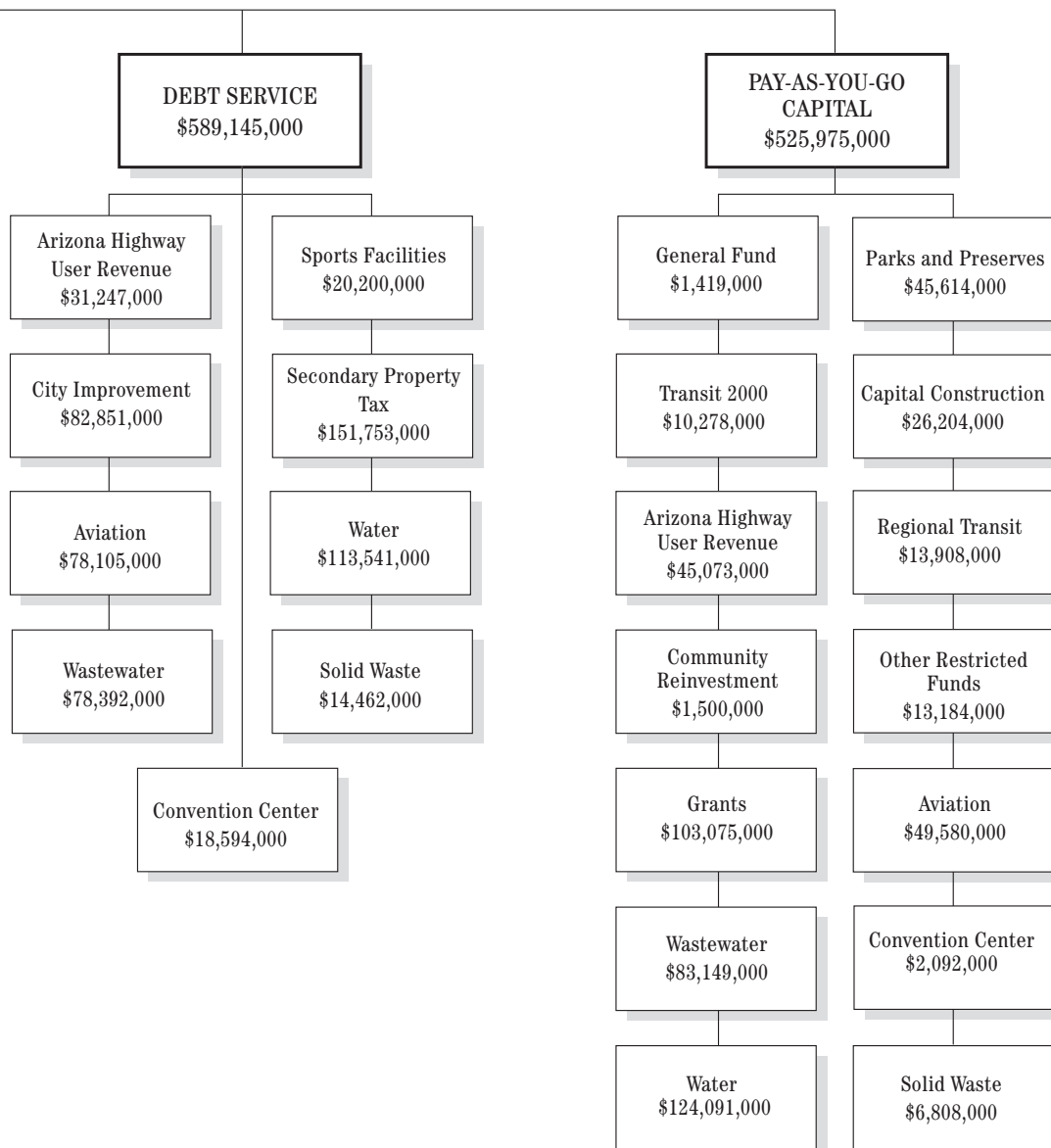


## City of Phoenix Financial Organizational Chart





## City of Phoenix Financial Organizational Chart



Phoenix 2009



## Services to the Community

**P**hoenix is the core of Maricopa County and the state's population and economic center. With its attractive climate, recreational opportunities, and affordable costs of living and doing business, the city has experienced sustained growth. The Phoenix area has been one of the most rapidly growing metropolitan regions in the country in recent decades in terms of population, employment and personal income growth. The city's area, just under 520 square miles, increases periodically with annexations.

Population has risen 20 percent since 2000 to 1.58 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 metropolitan area consist of professional and business services, trade, government, education and health services, financial activities, leisure and hospitality, and construction. While the unemployment rate in greater Phoenix has historically been well below that of the United States as a whole, it currently is only slightly below the national rate.

The city continues to experience an unprecedented decline in revenues, primarily in sales tax, because of the extended local and national recession. The downturn is not unique to Phoenix and most government entities in the country are seeing similar revenue declines. Because the economy declined further and faster than was anticipated last year, program and service reductions of \$64 million and the elimination of more than 550 positions in all General Fund departments are necessary to balance the 2009-10 and 2010-11 budgets. Several non-General Fund departments have also been

hit particularly hard by the current economic downturn. In total, \$6 million in reductions including the elimination of 32 positions have been made in Aviation, Development Services, Convention Center, Public Transit, Solid Waste and other smaller functions to offset the decline in revenues.

Because of the new resources resulting from the emergency food tax approved by the City Council and the employee concessions agreed to by all the unions, no police or fire sworn layoffs occurred which acknowledges their importance to the health and safety of our community. The city will continue to focus on innovation and efficiency by identifying ways to reduce expenditures, generate revenue, recover costs and improve processes while continuing to focus on customer service.

Local and national economists are predicting that the broad economic recession is over and marginal growth is expected through fiscal year 2010-11. However, the current budget reductions do not reflect a change to state-shared revenue formulas imposed by the State Legislature. Any change in the formula that would decrease state-shared revenues would require deeper cuts to balance the budget. Our state-shared income tax for next year will already be almost \$50 million less than this year based on current formulas. This loss of \$50 million is a major contributor to our revenue shortfall next year. In the non-General Fund areas of the budget, limited funding is available in Water and Wastewater funds to operate new treatment processes and facilities.

The chart that follows indicates how major services provided to Phoenix residents have been adjusted in response

to local economic and financial conditions. Because benchmarking is an important measure of the efficiency and effectiveness of services provided, we have also included multi-city comparisons of performance in several areas. Much of the data for these comparisons is taken from the 2008 International City/County Management Association's Center for Performance Measurement report.



PROGRAM SERVICE LEVEL IN 1999-00	SERVICE CHANGES THROUGH 2009-10	SERVICE CHANGES FOR 2010-11
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**PUBLIC SAFETY**


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**POLICE****Personnel Resources:**

In 1999-00, the Police Department had 2,838 sworn officers and 909 civilian employees.

The 2009-10 budget included \$30.1 million in budget reductions. The reductions included the elimination of two sworn and 33 civilian positions and the delayed hiring of 250 Police Officers and 16 sworn supervisory positions. Flight hours for the Air Support Unit were reduced and advertising and recruitment costs for the Employment Services Bureau also were adjusted due to the delayed hiring of sworn positions.

In addition, the budget also converted a temporary Management Services Administrator to regular status.

At the end of 2009-10, 321 of the 400 sworn positions funded by Proposition 1 will be filled.

The 2010-11 budget includes \$19.6 million in General Fund budget reductions. These reductions reflect the elimination of General Fund support for 113 sworn and the elimination of 47 civilian positions. In addition one civilian administrator was eliminated from the Public Safety Enhancement Fund. Due to the adoption of the emergency 2 percent food tax, employee concessions and the Public Safety Restoration plan, no sworn employees will be laid-off or demoted within the Police Department.

Under the Public Safety Restoration Plan, 28 sworn positions will be funded by Aviation, Transit, Water and the Neighborhood Block Watch Fund. Also, 14 sworn positions needed to implement the Pre-Booking facility were restored using funds from the recent Multi-State Western Union legal settlement. Savings from within the department and funding from unspent retirement incentives have enabled an additional 43 positions to be restored. Finally, 68 sworn employees will be shifted into vacant Proposition 1 positions. In the end, the Police Department's authorized sworn count will decrease by 78 FTE.

In the 2010-11 budget, the Police Department will have 3,558 authorized sworn positions or 2.3 for every 1,000 residents, and 1,268 civilian employees.

**Response Time Average:**

Response time for 1999-00 Priority 1 emergency calls was 4 minutes 54 seconds.

Due to a nation-wide decrease in crime rates, budgeted response times for Priority 1 emergency calls have gradually decreased to 5 minutes in 2009-10. During this same time period, the percentage of 911 calls answered within 10 seconds has improved to 93 percent.

Based on 2008 ICMA data, city of Phoenix actual response times compare favorably to those of the benchmark cities as noted below:

**Total Average Response Times  
to Top Priority Calls:**

Dallas – 8 min 41 sec

Oklahoma City – 8 min 18 sec

Austin – 8 min 4 sec

Portland – 6 min 2 sec

**PHOENIX – 5 min 32 sec**

San Antonio – 5 min 17 sec

The 2010-11 budget provides for a continued 5 minute average response time for Priority 1 calls.

**PROGRAM SERVICE LEVEL  
IN 1999-00**

**SERVICE CHANGES  
THROUGH 2009-10**

**SERVICE CHANGES  
FOR 2010-11**

**PUBLIC SAFETY**

**FIRE**

**Response Time Average:**

In 1999-00, the Fire Department maintained an average response time of 4 minutes 44 seconds for all fire and emergency medical calls.

Since 1999-00, response times have increased 3 percent to 4 minutes 55 seconds for all fire and emergency medical calls. This 11-second increase is primarily due to increased population growth and calls for service. The overall emergency call activity level increased 16 percent (since 1999-00) during this period.

The 2009-10 budget included \$19.4 million in budget reductions. The budget cuts resulted in the suspension of 25.5 civilian support positions, one assistant chief and one deputy chief.

Additionally, the department made significant reductions in overtime by adjusting and reprioritizing the training schedule, opening Fire Station 72 with existing staff and the delayed hiring of 51 sworn vacancies that will occur as a result of normal attrition.

The 2009-10 budget also reflected costs for 100 positions and related equipment funded by Proposition 1, a 0.2 percent sales tax increase that was approved by voters in 2007.

Based on 2008 ICMA data, city of Phoenix response times are consistent with those other benchmark cities as noted below:

**Percentage of All Calls to Which  
Response Time is Under 8 Minutes:**

- Austin – 84 percent
- Long Beach – 90 percent
- Oklahoma City – 85 percent
- PHOENIX – 80 percent**
- San Antonio – 83 percent

The 2010-11 budget provides for a 5 minute average response time for all fire and emergency medical calls.

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

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



PROGRAM SERVICE LEVEL IN 1999-00	SERVICE CHANGES THROUGH 2009-10	SERVICE CHANGES FOR 2010-11
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**PUBLIC SAFETY**

**FIRE**

**Emergency Transportation:**

In 1999-00, the city of Phoenix had a total of 19 full-time and nine part-time ambulances in service.

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

The 2010-11 budget includes the elimination of two (of 22) full-time ambulances and one (of 11) part-time ambulance.

The 2004-05 budget included funding for two additional full-time ambulances at stations located at 40th Street and Baseline Road and I-17 and Carefree Highway. These additions increased the Emergency Transportation System to 22 full-time and 11 part-time ambulances.

The 2005-06 budget included funding for three heavy rescues, funded with the revenue from new franchise agreements, to respond to emergency medical calls at incidents with mass casualties.

The 2006-07 budget included funding for four paramedic engines and one additional ambulance to be located at Station 57 (15th Avenue and Dobbins Road), Station 60 (19th Avenue and Dunlap Avenue); Station 61 (19th Street and Indian School Road); and Station 62 (99th Avenue and Lower Buckeye Road).

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

**PROGRAM SERVICE LEVEL  
 IN 1999-00**

**SERVICE CHANGES  
 THROUGH 2009-10**

**SERVICE CHANGES  
 FOR 2010-11**

**TRANSPORTATION**

**PUBLIC TRANSIT**

**Service Miles/Hours:**

In 1999-00, 11,259,373 annual bus service miles were provided on weekdays and weekends in the city of Phoenix.

Annual 2009-10 bus miles are estimated at 19,623,488 and Dial-a-Ride service hours are estimated at 357,620.

The 2009-10 budget funds same day Dial-A-Ride at a reduced level of service to the ADA certified and seniors. Savings from the reduced level of service will fund an additional 250,000 taxi vouchers annually.

Annual 2010-11 bus miles are estimated at 19,699,303 and Dial-a-Ride service hours are estimated at 357,620.

The 2010-11 budget will restore early morning weekday fixed route bus service to levels that existed prior to December 2008.

The DASH Downtown loop will be eliminated. The DASH Government loop will continue to operate.

Holiday service will be implemented for five additional days: Martin Luther King Jr., Presidents Day, Veterans Day, Day after Thanksgiving and Christmas Eve. This will reduce the frequency of service from a weekday schedule to a Sunday schedule.

Service on the following neighborhood circulators: ALEX, DART, Deer Run, MARY and SMART will be reduced by 15 percent.

Route 39- 40th Street will be provided at a reduced level of service.

Route 13 will be modified by eliminating the service segment on Mohave Street from 7th to 16th avenues. In addition, Route 29-Thomas Road will be modified to include a shorter trip turnaround.

**Average Weekday Bus Ridership:**

In 1999-00 the average weekday bus ridership was 119,000.

In the 2009-10 budget, average weekday ridership was estimated at 130,471.

In the 2010-11 budget, weekday ridership is estimated at 133,080.



PROGRAM SERVICE LEVEL IN 1999-00	SERVICE CHANGES THROUGH 2009-10	SERVICE CHANGES FOR 2010-11
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**TRANSPORTATION**

**STREET TRANSPORTATION**

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

In 1999-00, sweeping major and collector streets was scheduled for every 21 days.

The 2000-01 budget increased frequency of street sweeping service to every 14 days to improve air quality. The budget also added capital funding to improve maintenance, pave dirt alleys and install additional sidewalks and curbs. In 2003-04, budget constraints reduced funding for making quick concrete repairs to infrastructure throughout the city. Funding for paving dirt alleys also was reduced as was funding for retrofitting sidewalk ramps. An asphalt crew responsible for repairing asphalt pavement on major, collector and local streets was eliminated.

Continued budget constraints in 2004-05 reduced funding for retrofitting sidewalk ramps and neighborhood concrete repairs.

Dust proofing of dirt alleys continued to see reduced funding in both 2004-05 and 2005-06.

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

The 2009-10 budget reduces funding for coordination of maintenance projects, eliminates all heater panel crews responsible for repairing failed street cuts and shifts this work to asphalt crews. It also eliminates 25 percent of the downtown hand crews that pick up trash, sweep sidewalks and hand sweep portions of the street that cannot be reached by motor broom equipment within the boundaries of Third Avenue to Seventh Street and Van Buren to Jefferson streets. In addition, the budget will eliminate 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 will eliminate one of six equipment operators who are responsible for supporting the Street Cleaning Section, which will reduce the section's ability to provide special street sweeping requests and event support. Reductions will not impact routine street sweeping which will continue to be scheduled every 14 days. The budget reduces the number of employees responsible for repairs of small maintenance equipment, eliminates two of four crews responsible for installation and maintenance of 1,000 permanent barricades throughout the city, eliminates a position responsible for placing sand on spills in the street, and reduces the downtown hand crew by an additional 50 percent. The downtown hand crew is responsible for picking up trash, sweeping sidewalks and hand sweeping portions of the street that cannot be reached by motor broom equipment within the boundaries of Third Avenue to Seventh Street and Van Buren to Jefferson streets.

**Residential Street Sweeping:**

In 1999-00, the city of Phoenix provided street sweeping service four times a year.

No changes were included in the 2009-10 budget.

No changes are included in the 2010-11 budget.



PROGRAM SERVICE LEVEL IN 1999-00	SERVICE CHANGES THROUGH 2009-10	SERVICE CHANGES FOR 2010-11
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**TRANSPORTATION**

**STREET TRANSPORTATION**

**Sealcoat:**

In 1999-00, the city of Phoenix provided 94 miles of sealcoat.

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

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

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

In 2007-08, 37 miles of city streets were sealcoated.

In 2009-10, 12 miles of city streets were sealcoated. The reduction is due to funds being diverted from the slurry seal budget to pilot the FAST program.

Based on 2008 ICMA data, city of Phoenix paved road rehabilitation expenditures per capita compare favorably to those of other benchmark cities as noted below:

**Paved Road Rehabilitation  
Expenditures per Capita:**  
 Oklahoma City – \$49.71  
 San Antonio – \$44.89  
 Austin – \$25.58  
 Portland – \$20.69  
**PHOENIX – \$17.71**

The 2010-11 budget includes funding for 66 miles of city streets to be sealcoated annually. The Capital Improvement Budget will be used to fund the Fractured Aggregate Surface Treatment (FAST) program, which was a successful pilot program in 2009-10.

**Asphalt Overlay:**

In 1999-00, 131 miles of overlay were performed.

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

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

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

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

In 2009-2010, 97 miles of city streets are expected to be overlaid with rubberized asphalt. This increase is due to a diversion of \$1 million in Capital Improvement Project (CIP) funds from other CIP projects to the overlay and sidewalk ramp contracts. These additional funds will cover the increased material costs.

The 2010-11 budget provides for 148 miles of overlay, including 45 miles that are being funded by the American Recovery and Reinvestment Act (ARRA).



PROGRAM SERVICE LEVEL IN 1999-00	SERVICE CHANGES THROUGH 2009-10	SERVICE CHANGES FOR 2010-11
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**COMMUNITY DEVELOPMENT**


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**HOUSING****Scattered Sites Housing Program:**

In 1999-00, the Housing Department had 460 units.

This homeownership program allows eligible tenants the opportunity to purchase their home. By 2007-08, the program's total inventory had expanded to 480 units. The 2009-10 inventory of 429 units reflects the sale of 51 homes to eligible tenants over the past decade.

In the FY 2010-11 budget, the program is expected to sell nine Scattered Sites homes, bringing the inventory down to 420 homes.

**Affordable Housing Program:**

In 1999-00, this program had 1,048 units for families and individuals.

By the end of 2009-10, the Affordable Housing Program was expanded to a total of 1,444 city-owned units for families and individuals with the addition of 35 units at the newly constructed McCarty on Monroe.

In 2010-11, the program is expected to increase its inventory by 523 units with the renovation of the Park Lee Apartment property and an additional 100 units acquired by the Phoenix Residential Investment Development Effort (P.R.I.D.E.), a non-profit organization. The City is projected to have 2,067 affordable housing units for families and individuals.

**Conventional Housing Program:**

This program has been in effect since 1951-52. In 1999-00, there were 2,176 units.

The program's beginning inventory, before the Matthew Henson HOPE VI project was initiated, was 2,176 units. Due to the reconstruction activities funded by the HOPE VI grant, 280 units became unavailable at the Matthew Henson housing site. One additional unit was transferred to the St. Vincent de Paul organization. The conventional housing inventory at the end of 2004-05 was 1,895 units.

In the 2010-11 budget, the program is expected to decrease its inventory to 1,954 conventional housing units due to the conversion of 93 units at the Marcos de Niza property to project-based Section 8 housing vouchers.

In 2005-06, the department demolished the remaining 78 Matthew Henson HOPE VI units and leased 99 units from Phase I for a gain of 21 units and a year-end total of 1,916 units.

In 2006-07, Phase II of the Matthew Henson HOPE VI project was completed, which added 100 senior housing units to the inventory. Also during this period, 14 original units at Matthew Henson were removed from the inventory and are being maintained for historical preservation. The total inventory at the end of 2006-07 was 2,002.

Phase III of the Matthew Henson HOPE VI project was completed during 2007-08, adding 68 units, bringing the total inventory of conventional housing units to 2,070. Finally in 2008-09, Phase IV of the Matthew Henson project added 43 units, bring the total inventory to 2,113.

In addition, the Krohn West HOPE VI project was awarded in 2008-09, which involved the demolition of 76 units. The project is anticipated to add 83 new units in 2012-13. Also in 2008-09, the McCarty on Monroe project was initiated which demolished 24 existing units for reconstruction. The removal of 76 units from the Krohn West HOPE VI project and the 24 units from McCarty on Monroe reduced the total conventional housing inventory to 2,013 in FY 2008-09.

The McCarty on Monroe project was completed in FY 2009-10, adding back 34 units. The FY 2009-10 inventory of conventional housing units was 2,047.

PROGRAM SERVICE LEVEL IN 1999-00	SERVICE CHANGES THROUGH 2009-10	SERVICE CHANGES FOR 2010-11
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**COMMUNITY DEVELOPMENT**

**NEIGHBORHOOD SERVICES**

**Neighborhood Preservation**

**Case Cycle Time (Days)**

In 1999-2000, with the addition of nine inspector positions, cases were resolved in an average of 80 days.

Over time, ongoing process improvements, streamlining and automation resulted in further case cycle time improvements despite an increasing caseload. Overall average case cycle time improved from 83 days in FY 2001-02 to 53 days in 2004-05.

Budget reductions eliminated one supervisory position, which will impact quality control and response times. Case cycle time should remain at 53 days.

Case cycle times increased to 61 days in FY 2005-06 due to reduced staffing and abatement funding, but improved to 56 days in FY 2006-07, and to 51 days at the close of 2007-08 with the continued application of technology, training and quality control.

Significant staffing and resource reductions in March 2009 caused case cycle times to increase, but only slightly, to 53 days. The increase was minimized by the implementation of an enhanced quality control program, supplemented by supervisory access to more detailed performance indicator reports.

Based on 2008 ICMA data, city of Phoenix code enforcement expenditures per capita compares favorably to those of other benchmark cities as noted below:

**Code Enforcement Expenditures  
per Capita:**

Kansas City – \$8.06

Austin – \$7.36

**PHOENIX – \$6.15**

San Antonio – \$5.11

Portland – \$3.06



PROGRAM SERVICE LEVEL IN 1999-00	SERVICE CHANGES THROUGH 2009-10	SERVICE CHANGES FOR 2010-11
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**COMMUNITY DEVELOPMENT**

**ECONOMIC DEVELOPMENT**

**Employment Growth Rate  
Compared to Other Cities**

Beginning with 2000-01, this is a new measure.

In 2009, Phoenix's employment growth rate was significantly lower than the other benchmark cities due to the declining housing market. Phoenix has one of the highest foreclosure rates in the country and is experiencing a significant downturn in the construction industry.

It is anticipated employment will continue to decline in 2010-11 although the decline will be at a more modest rate.

Based on data from the Bureau of Labor Statistics, Phoenix had a substantial drop in the Employment Growth Rate as compared to other cities:

**Employment Growth Rate:**

- Austin – (.3)%
- Ft. Worth-Arlington – (.9)%
- San Antonio – (1.1)%
- Dallas – (2.0)%
- Kansas City – (2.4)%
- Los Angeles/Long Beach – (2.9)%
- San Diego – (3.3)%
- San Jose – (4.0)%
- PHOENIX – (5.0)%**

**COMMUNITY ENRICHMENT**

**HUMAN SERVICES**

**Head Start Program:**

In 1999-00, the Human Services Department served 2,886 children.

The program was expected to serve 3,090 children during 2009-10.

The program is expected to serve 3,090 children in 2010-11.

**Senior Nutrition Program:**

In 1999-00, the Human Services Department served 544,000 congregate and home-delivered meals.

For 2009-10, the program was expected to serve 600,000 congregate and home-delivered meals.

In the 2010-11 budget, is anticipated that the number of congregate and home-delivered meals will remain at 600,000.

PROGRAM SERVICE LEVEL IN 1999-00	SERVICE CHANGES THROUGH 2009-10	SERVICE CHANGES FOR 2010-11
<b>COMMUNITY ENRICHMENT</b>		
<b>PARKS AND RECREATION</b>		
<p><b>Swimming Pools:</b>            In 1999-00, the city of Phoenix had 28 public swimming pools.</p>	<p>In 2000-01, staffing was added to provide year-round operation for the Paradise Valley Diving Well. In 2003-04, Pecos Pool was opened, increasing the number of pools to 29.</p> <p>No changes were included in the 2008-09 budget.</p> <p>In 2009-10, 21 of 29 pools continued to provide open swim. Eight pools were closed for infrastructure repairs.</p>	<p>In the 2010-11 budget, 20 of 29 pools will continue to provide open swim. Eight pools will be closed for infra-structure repairs. Cortez Pool is closed indefinitely due to significant structural repairs needed estimated at \$1 million.</p>
<p><b>Swimming Pool Season:</b>            In 1999-00, swimming pools were open for 12 weeks during the summer months.</p>	<p>In 2003-04, budget considerations forced the city to reduce the swim season to 10 weeks. All pools closed in mid-August to coincide with the beginning of the school year.</p> <p>The 2005-06 budget reduced the swim season by closing pools one week earlier, resulting in a nine-week season.</p> <p>Changes included in the original 2007-08 budget added funding to increase the pool season at all 29 pools. These funds added weekend hours beginning in August and continuing through Labor Day.</p> <p>The 2008-09 budget eliminated weekend pool hours in May and August except for the Memorial Day weekend.</p> <p>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 closes all city pools on Friday. Pools hours open to the public were changed from 1:00 p.m. to 7:00 p.m. instead of noon to 8:00 p.m. Also, fees were increased for general swim lessons and recreational teams.</p>	<p>No changes are included in the 2010-11 budget. Swimming pools are projected be open for eight weeks during the summer months.</p>
<p><b>Children's Summer Recreation Programs:</b>            In 1999-00, the city of Phoenix provided recreation programs at 127 program sites.</p>	<p>In 2007, the Parks and Recreation Department conducted a comprehensive evaluation of Phoenix After-school Center (PAC) programming. Changes were implemented including re-defining what constituted an after-school program versus an after-school site. Based on this new definition, the 2007-08 summer program had 32 sites and 50 program units (some sites have more than one program).</p> <p>No changes are included in the 2008-09 budget.</p> <p>The 2009-10 budget reduced summer PAC to 16 sites and increased fees.</p>	<p>Beginning June 2010, all summer PAC sites are eliminated.</p>



PROGRAM SERVICE LEVEL IN 1999-00	SERVICE CHANGES THROUGH 2009-10	SERVICE CHANGES FOR 2010-11
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COMMUNITY ENRICHMENT

PARKS AND RECREATION

**School Recreation Program  
During School Year:**

In 1999-00, funding was provided for an additional 25 sites, which were added for a total of 101.

The 2000-01 budget added 32 new sites, for a total of 133. The 2001-02 budget added another 33 sites, raising the total to 166.

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

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

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

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

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

PROGRAM SERVICE LEVEL IN 1999-00	SERVICE CHANGES THROUGH 2009-10	SERVICE CHANGES FOR 2010-11
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**COMMUNITY ENRICHMENT**

**LIBRARY**

**Central Library:**

The Burton Barr Central Library opened in May 1995. In 1999-00, the hours of operation per week were 70.

The 2000-01 budget extended service hours to 9 p.m. on school nights. As a result, the Burton Barr Central Library provided service 75 hours per week. In April 2003, Burton Barr Central Library hours were reduced to 66 hours per week as a result of citywide budget reductions.

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

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

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

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

The 2010-11 budget continues decreased services that were effective April 2010.

The hours of operation will be 52 hours per week at the Burton Barr Central Library.

**Branch Libraries:**

Beginning in 1999-00, seven branches that were only open on Sundays during the school year received funding to open on Sundays all year.

In 2000-01, all branch library hours were extended to 9 p.m. on school nights. As a result, every branch library was open 75 hours per week, increasing total branch library service hours to 900 per week.

In April 2003, as a result of budget reductions, branch library hours were reduced to 66 hours per week, decreasing total branch library service hours to 792 per week.

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

The new Palo Verde Library opened in January 2006. This 16,000 square-foot branch library replaced the existing 10,000 square-foot Palo Verde Library, which opened in 1966.

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

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

The renovation of Saguaro Library was completed during spring 2008, with a grand re-opening to the public on June 6, 2008.

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

In March 2009, the hours of operation were reduced from 72 hours per week to 52 hours per week at 7 locations and to 48 hours per week at 8 locations. The budget for circulating materials and programming for children, teens and adults was also reduced; facilities maintenance projects were delayed.

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

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

The 2010-11 budget continues decreased hours of operation and services that were effective April 2010.




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**PROGRAM SERVICE LEVEL  
IN 1999-00**
**SERVICE CHANGES  
THROUGH 2009-10**
**SERVICE CHANGES  
FOR 2010-11**


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**COMMUNITY ENRICHMENT**


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

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

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

Based on 2008 ICMA data, the Phoenix library system compared very favorably to other benchmark cities as noted below:

**Cost per Item Circulated:**

Long Beach – \$7.53

Austin – \$4.94

San Antonio – \$4.09

Dallas – \$2.52

**PHOENIX – \$2.03**

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**ENVIRONMENTAL SERVICES**


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

Beginning with 2002-03, this is a new measure.

In a March 2010 survey, Phoenix's average monthly water bill compared favorably to the following benchmark cities:

It is anticipated Phoenix water rates will continue this trend during 2010-11.

San Jose –\$48.90

Kansas City –\$46.30

Austin –\$45.44

Dallas –\$41.56

Tucson –\$35.41

**PHOENIX –\$34.20**

Albuquerque –\$28.84

San Antonio –\$19.77

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

Beginning with 2002-03, this is a new measure.

In a March 2010 survey, Phoenix's average monthly wastewater bill compared favorably to the following benchmark cities:

It is anticipated Phoenix wastewater rates will continue this trend during 2010-11.

Austin –\$55.04

Dallas –\$33.97

Kansas City –\$30.34

San Jose –\$31.00

Tucson –\$31.45

**PHOENIX –\$22.48**

San Antonio –\$19.71

Albuquerque –\$14.89



## 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, City Manager's Office and all city departments.

### Modified Zero-Base Budgeting Process

The city of Phoenix uses a modified zero base budgeting process. Each fall, departments submit an estimate (called the "base budget") of the costs associated with providing their current levels of service for the following year. 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. This Budget and Research review is called a technical review because of its non-programmatic, line-item review. A department's base budget funding may differ from its current year funding for a variety of reasons. For example, an increase or decrease in electricity or postage rates would be reflected in the base budget.

After these base budget requests are reviewed, departments typically are asked to identify 5 to 10 percent of their budget for potential elimination. These proposals are called 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.

When base reductions and supplemental requests are proposed, they are ranked together according to the department's priorities. The department's ranking indicates whether making a base reduction to add a new program would be possible, and also indicates which supplemental programs and base reductions are most critical to the department. City Council members are also asked to submit their own ideas for budget changes.

Base reductions and supplemental

requests include all operating and maintenance costs associated with a specific program or service. For example, costs for a swimming pool would include personnel costs for a lifeguard and other staff, chemicals for the pool, building maintenance and utilities.

The City Council then provides input to the City Manager for the preparation of the Trial Budget, which is reviewed with the City Council early each spring. The purpose of the Trial Budget is to enable the community and the City Council to comment on a balanced budget well before the city manager is required to submit his recommended budget in mid-May. Public hearings are conducted throughout the community during day and evening hours. The City Council makes final budget recommendations after the city manager's preliminary budget is reviewed.

### 2010-11 BUDGET PROCESS

#### Initial Budget Status

In October 2009, Budget and Research staff presented an early review and discussion of the budget to the City Council. At that time, staff focused on the General Fund, providing financial results for the previous fiscal year, the latest available information on revenue for the current year, and the limited information available about the upcoming 2010-11 fiscal year. The Mayor and City Council were advised that, as was the case last fiscal year, current year General Fund revenue estimates were experiencing a significant reduction due to continued declines in local and state sales tax revenue for the first few months of the fiscal year. While local economists were predicting improvement in sales tax collections for the 2010-11 fiscal year, this would be offset by a known reduction in state-shared income tax of about \$47 million. The Mayor and City Council were advised that based on these declining revenues, budget reductions would be

needed in the 2009-10 fiscal year, however, with limited data it was too early to determine an accurate estimate of the deficit.

In May 2009, the City Council approved a number of ideas to create budget savings and revenue, one of which was for staff to find ways to provide incentives for departments to produce expenditure savings by allowing them to keep more of the savings they identified. Staff explained that in response the 3+9 technical review budget process this year would include such an incentive by giving departments credit toward their future budget cuts equal to the savings identified. Staff also informed the Mayor and City Council that negotiations for the two-year collective bargaining agreements with the city's seven labor unions would begin in December for the contract period beginning in July 2010.

The Mayor and City Council approved the staff recommendation to take early action by moving up the 2010-11 budget balancing process with proposed reductions taking effect April 5, 2010.

#### Budget Status Update

In November 2009, the Budget and Research Department issued instructions for departments to prepare the 2010-2011 Program Budget submissions given a deficit was expected. In order to develop a budget-balancing proposal for the 2009-10 and 2010-11 fiscal years, Budget and Research asked non-public safety departments to submit proposed reductions equal to 30 percent of their current budget for management review, and public safety departments (Police, Fire, Municipal Court, Prosecutor and Public Defender) to submit proposed reductions of 15 percent.

In December 2009, staff reported to the Mayor and City Council that due to the extended and deep recession, the city's sales tax funds were all experiencing serious revenue shortfalls. This included



the General Fund, Transit 2000, two of the Public Safety initiatives and Parks and Preserves. It also included the Convention Center, which receives a significant portion of its revenue from tourism and construction sales taxes, both of which have experienced significant declines. Contributing to the General Fund revenue shortfall, Phoenix's share of state income tax was down \$30 million in 2009-10 from the prior year, and would decrease another \$47 million in 2010-11. The Budget and Research Department continued working with departments to finalize expenditure estimates for the 2009-10 and 2010-11 fiscal years.

In January 2010, the Mayor and City Council were informed that revenue collections continued to decline. General Fund revenue was not enough to continue the existing programs and services within the 2009-10 budget. Total General Fund revenue for 2009-10 was estimated to be \$54 million less than 2008-09. The outlook for sales tax in 2010-11 slightly improved, but not enough to offset the loss of \$47 million in state-shared income tax. Total General Fund revenue for 2010-11 was estimated to be \$16 million less than 2009-10.

Even though cuts of \$156 million were made in last year's process, further cuts would be required to balance the 2009-10 and 2010-11 budgets. The deficit for both years was estimated at \$245 million. The City Manager established an Innovation and Efficiency Task Force to identify \$10 million in savings for the 2009-10 and 2010-11 fiscal year. The task force was charged with looking at process improvements, revenue enhancements, right sourcing and service cuts, and department/function consolidations. By taking some one-time financial actions and achieving an additional \$10 million in Innovation and Efficiency Task Force savings, it was projected the deficit could be reduced to \$139.5 million for 2009-10 and 2010-11 combined. Departments identified more than \$35 million in efficiency savings and alternative funding solutions during the 3+9 technical review process, without which the deficit would have been greater.

The Mayor and Council also were advised that the sales-tax funds for Convention Center, Transit, Parks and Public Safety were experiencing even greater declines in revenue than the General Fund. In addition, the three dedicated public safety funds were structurally out of balance, spending more than they took in beginning in 2008-09 and staff would return in the fall with a plan to bring these funds back into balance by the end of fiscal year 2011-12.

### **Trial Budget**

On Feb. 2, 2010, the Mayor and City Council were alerted that the economy continued to decline and that the revenue outlook remained poor. They were informed that the revised revenue forecasts indicated city sales tax collections would decline for a third year in a row and only slightly improve in 2010-11.

Staff indicated they had completed a comprehensive review of departments' expenditure estimates for 2009-10 and 2010-11 in December. After updating revenue and incorporating the unavoidable cost increases, a budget deficit of \$244.7 million was projected for the combined 2009-10 and 2010-11 fiscal years. Information normally received in January on in-lieu property tax transfers and central service costs paid by the enterprise funds had recently become available and resulted in reducing the deficit to \$241.4 million.

At this time, the Mayor and City Council were provided a proposed set of actions to balance the 2009-10 and 2010-11 budgets. They were informed that staff worked closely with the Finance Department to reduce the proposed deficit of \$241.4 million and had developed a variety of financial transactions and initiatives that totaled \$90.9 million. These included debt-restructuring, lease-purchase financing of critical fleet equipment, using property tax to pay for involuntary torts and claims as allowed by state law and severely curtailing any pay-as-you-go capital improvements. Additionally, merit and longevity pay were eliminated for executives and middle managers again in 2010-11 resulting in

salary reductions of almost \$1.3 million in the General Fund. Finally, another \$10 million in savings would be achieved through the Innovation and Efficiency Task Force.

The Mayor and City Council were presented with a budget reduction proposal totaling \$139.2 million in General Fund cuts and the elimination of 1,310.4 positions. It was noted that the hiring freeze that had begun two years ago had not been lifted, and only critical positions had been filled. Excluding sworn positions, there were 885 full-time vacancies in all funds. Of those 885 vacancies, 431 were in the General Fund. Estimated expenditures already accounted for the savings generated by these vacancies.

Approximately two-thirds of the positions proposed for reduction were filled and a large number of the remaining vacancies were technical in nature and would likely not be a good fit for many employees. Significant layoffs were expected.

As in past years, the budget-balancing proposal was developed with the understanding that public safety was both the community and City Council's number one priority. However the extent of the revenue shortfall, and the history of avoiding reductions to sworn employees in previous budgets, made proposed budget cuts to sworn staff unavoidable. The overall reductions proposed for the public safety departments, including "credits" for efficiency and alternative funding solutions, ranged from 11.0 percent to 14.1 percent. Proposed reductions for all other departments ranged from 15 percent to more than 30 percent. Before the budget-balancing proposal, the public safety departments were 70.1 percent of the General Fund operating budget (excluding contingency). After the proposed reductions, this would grow to 71.4 percent.

The City Council was aware of the reduction strategy and had already approved an expedited budget calendar back in October 2009 that allowed reductions to be implemented on April 5, 2010.

In addition to the proposed budget cuts, the City Manager's Office determined that various departments and functions could be consolidated resulting in budget savings, program efficiencies or both. Two consolidations were recommended resulting in a total savings of \$773,000, \$199,000 in General Funds and a reduction of 7.0 positions. The consolidations were the City Clerk Office Systems and Information Technology Services, and Engineering and Architectural Services and Public Works.

As described at the Jan. 12 Work Study meeting, staff proposed a 40 percent reduction to the retirement incentive severance formula and capping the total General Fund cost at \$3 million. Retirement incentives are only offered to employees eligible to retire and whose retirement would prevent a layoff. Employees that work in enterprise or special revenue departments would have their retirement incentive funded by those funds.

Also presented on Feb. 2 were budget proposals for non-General funds. The Development Services Department's workload continued to be severely depressed, so several new-construction inspectors were proposed for reduction. Both Transit and the Convention Center's sales tax revenues continued to experience significant declines, so reductions were proposed in both bus and light rail services in Transit, and staffing reductions and other service reductions at the Convention Center. In Solid Waste, reductions were proposed in order to eliminate the need for a monthly fee increase. The proposal included reducing bulk trash pick-ups from four per year to three. In order to restore proposed reductions, the Solid Waste fee would need to be increased by \$0.50 per month.

Sales tax funds dedicated to public safety were also experiencing significant declines in revenue and were estimated to spend \$48.2 million more than the revenue they would have received by the end of fiscal year 2010-11. Staff proposed to return in the fall with a plan to address the shortfall in these funds.

Budget and Research completed a review of new capital facilities opening in 2010-11 and their associated operating costs. The proposed budget added \$142,000 in General Funds to pay for operating costs for the new Fire Training Academy and prepare for the opening of the new city of Phoenix branch library at South Mountain Community College opening in August 2011. Operating costs for non-General-funded new capital facilities were also proposed.

### Community Input

The proposed budget was presented at 15 budget hearings conducted throughout the community from Feb. 10 through 24. Following a presentation describing the proposed budget, residents were invited to comment. In addition to the budget hearings, the city communicated the budget to the community through the "Phoenix Budget for Community Review" that outlined the proposed service changes as well as a calendar of budget hearing dates. As a money-saving measure, this information was not published as an insert to local newspapers as in past years, but was made available electronically in addition to hard copies provided at senior centers, libraries, community centers, and at budget hearings. The city also published where to find the electronic version in *The Arizona Republic*, *the Arizona Informant* and *La Voz*. Residents also 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.

More than 5,000 residents provided input on the city's budget through community budget hearings, e-mails and voice mail comments. Support for several programs was very high and residents provided ideas on how the city could both increase efficiency and city revenue in order to support important programs. The final budget recommendations provided to the Mayor and City Council included, to the extent possible given the limited resources, the input received from residents.

### Final Budget

On March 2, a revised budget package was presented to the Mayor and City Council recommending General Fund budget reductions totaling \$63.7 million including the reduction of more than 550 jobs. In addition, reductions to non-General Fund budgets totaling \$6.0 million and 32.0 jobs were included. This package was a dramatic change to the Trial Budget proposed on Feb. 2, based on newly available resources and extensive community input.

The Mayor and City Council approved removing the exemption for food for home consumption from the city's 2 percent sales tax at their Feb. 2 meeting. A seven-point plan for allocating these new revenues was presented to the Council on Feb. 9 and the community at all 15 budget hearings. This allocation plan focused on devoting resources to the areas of fiscal responsibility; public safety; community enrichment, seniors, youth, libraries and learning; and transportation and critical infrastructure.

In summary, proposed restorations as a result of implementing a food tax included increasing the Contingency Fund, restoring 5 senior centers, 5 large community centers, 14 small community centers, 3 branch libraries, partially restoring Reach 11 funding, 21 after-school PAC sites, a street maintenance crew, 117 sworn and 12 civilian Police positions, 3 fire engine companies, 1 fire ladder company and 1 full-time ambulance.

The additional funding available for the dedicated Transit 2000 Fund was recommended to restore early morning weekday fixed-route bus service that was cut last December and associated ADA Dial-A-Ride service, same-day Dial-A-Ride at a reduced level of service and additional taxi vouchers, bus service for Route 39, and late night light rail service on Fridays and Saturdays. This new funding also will stabilize the Transit 2000 fund so that the need for future bus and light rail service cuts can be minimized.



The additional funding for the dedicated Parks and Preserve Fund allowed the Parks Department to continue its plan for park and preserve acquisition, and the upgrade and repair of existing parks.

In addition to increased revenue through an emergency food tax, employee labor groups agreed to 3.2 percent wage and benefit concessions. These sacrifices allowed for the restoration of even more programs and vital services important to Phoenix residents.

In summary, General Fund restorations recommended from employee concessions included a small additional increase to the Contingency Fund, restoring softball facilities, restoring additional Reach 11 funding, restoring an additional nine after-school PAC sites, and restorations for both street landscaping and general parks maintenance. The plan recommended restoring home-delivered meals to seniors, establishing food bank partnerships, partially restoring the reductions in support for the homeless and restoring three library branches but with reduced services. A total of 80 sworn police positions, including those in patrol and crime-free multi-housing were recommended to be restored. Three fire engine companies, fire prevention inspectors and emergency dispatchers were recommended restorations in the Fire Department. Restorations also were recommended in Municipal Court, Prosecutor and Public Defender. Finally, inspectors were proposed for restoration in the Neighborhood Services Department along with limited restorations to a number of internal service departments.

Additionally, \$500,000 of the new resources was proposed to be set aside for innovation and efficiency audits as authorized by the City Council.

In non-General Fund departments, employee concessions made it possible to recommend restoring Solid Waste bulk trash pick-up to four times per year with no fee increase. Savings from employee concessions were also recommended to restore two new-construction inspectors in the Fire Department that are funded with Development Services fees.

Even after the food tax and employee concession restorations, some sworn Police and Fire positions were being proposed for reduction. Staff recommended a plan to restore another 85 sworn Police positions and 24 sworn Fire positions, which involved the identification of additional savings in both departments and the addition of necessary sworn staff in the Water, Aviation and Transit departments. This plan would have still required that 68 sworn police positions be eliminated. An option was provided to fund these remaining positions using the existing fund balance of the Police portion of Proposition 1. Because this was one of the three dedicated public safety funds that were out of balance, this option would make balancing these funds in the fall more difficult.

In the Trial Budget, staff reported that several non-General-Fund reductions also were needed. The funds affected included Phoenix Convention Center, Public Transit, Solid Waste, Development Services, other special revenue and grant funds. There were no changes to the original proposals for the Phoenix Convention Center or special revenue funds. There were restorations and adjustments in Public Transit, Development Services, Solid Waste and grant funds.

In the Aviation Department, the Voluntary Acquisition Relocation Service (VARs) Program that was previously contracted to an outside vendor, would save approximately \$2.0 million by hiring city employees to provide the same services to the neighborhoods adjacent to the airport.

At the March 2, 2010 meeting, the Mayor and City Council approved the General Fund budget reduction package including the public safety restoration plan. Due to the new resources from the food tax and reduced costs from employee concessions, no sworn police or fire employees were laid off.

**Tentative Budget Adoption**

A public hearing and tentative budget adoption was held on June 9 in compliance with the City Charter requirement that the budget be adopted no later than June 30. Upon tentative adoption, the budget becomes the City Council's program of services for the ensuing fiscal year. At this 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 final adoption was held on June 23. Adoption of the property tax levy was scheduled no less than 14 days later on July 7 in accordance with state law.

The following chart is an overview of the 2010-11 budget calendar.

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**2010-11 Budget Calendar**

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October 13	2008-09 Year-end Results, 2009-10 Budget Status Update and 2010-11 Budget Process Calendar
November 4	Budget Update
February 2	Proposed Reductions to Balance General Fund Budget
February 8	Publish Trial Budget Tabloid
February 10 – February 24	Community Budget Hearings
March 2	Final Budget Recommendations and City Council Action to Balance the General Fund Budget
April 5	Budget Balancing Cuts go into Effect for 2009-10 and 2010-11
April 6	2010-15 Preliminary Capital Improvement Program
April 22	2006 Bond Committee Meeting
May 18	City Manager's Recommended 2010-11 Budget
June 9	Tentative Adoption of 2010-11 Budget and 2010-15 Capital Improvement Program
June 23	Final Budget Adoption
July 7	Property Tax Adoption

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Phoenix 2009





# General Budget and Financial Policies

**C**ity of Phoenix budget and financial policies are governed by Arizona state law, the City Charter 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 constitution also provides annual expenditure limits and sets total bonded debt limits.

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

### A BALANCED BUDGET IS REQUIRED

Arizona law (Title 42 Arizona Revised Statutes) requires the City Council to annually adopt a balanced budget by purpose of public expense. State law defines this balanced budget as "the primary property tax levy, when added together with all other available resources, must equal these expenditures." Therefore,

no General Fund balances can be budgeted in reserve for subsequent fiscal years. Instead, an amount for contingencies (also commonly referred to as a "rainy day fund") can be included in the budget each year.

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

### Annual Budget Adoption Requirements

The City Charter and 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 2010-11 budget development process are as follows:

Action Required	City Charter Prescribed Deadline	Arizona State Statute Prescribed Deadline	2010-11 Budget Dates
City manager's recommended five-year Capital Improvement Program submitted to the City Council.	At least three months prior to final date for submitting the budget or a date designated by the City Council.	Capital Improvement Program not required.	April 6
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 18
Publish general summary of budget and notice of public hearing that must be held prior to tentative budget adoption.	Publish in newspaper of general circulation at least two weeks prior to first public hearing.	No requirement.	Publish Week of May 26
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 26



<b>Action Required</b>	<b>City Charter Prescribed Deadline</b>	<b>Arizona State Statute Prescribed Deadline</b>	<b>2010-11 Budget Dates</b>
Publish truth-in-taxation notice twice in a newspaper of general circulation.	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 4 and June 14
Public hearing immediately followed by tentative budget adoption with or without amendment.	On or before the last day of June.	On or before the third Monday of July.	June 9
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 14 and 21
Public hearing plus truth-in-taxation hearing immediately followed by final budget adoption.	No requirement.	No later than second Monday in August.	June 23
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 7

### **Amendments to the Budget After Final Adoption**

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

In certain instances, however, the budget may be amended after adoption. All budget amendments require City Council approval. These are (1) transfers from any contingency appropriation, (2) increases in funds exempt from the Arizona State Constitution expenditure limit and (3) reallocations of amounts included in the original budget. An amount for contingencies is included in the General Fund and in many other restricted funds.

Informal reservations of contingencies are made throughout the fiscal year as approved by the City Council. Actual expenditures are recorded in the appropriate departmental budget. Then, at the end of the fiscal year, contingency amounts actually needed are transferred by City Council formal action to the appropriate departmental budget.

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

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

### **PROPERTY TAXES AND BONDED DEBT LIMIT**

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

#### **Primary Property Tax Restrictions**

Primary property tax levies are restricted to an annual 2 percent increase plus an allowance for growth attributable to previously unassessed properties (primarily new construction). Growth in primary assessed valuation is restricted annually to the greatest of 10 percent, or 25 percent of the difference between primary values in the preceding valuation year and secondary values in the current valuation year, plus an allowance for previously unassessed properties. The City Charter requires that 8 cents of the primary property tax levy be allocated to the Parks and Playground Fund.



### Secondary Property Tax Restrictions

Secondary property tax levies are restricted in their use to the payment of annual debt service on long-term debt obligations. Any over-collection of the secondary levy or any interest earned by invested secondary property tax funds must be used to reduce the following year's levy. No restrictions limit the annual growth in secondary assessed valuations. Secondary assessed valuations are intended, therefore, to follow general market conditions.

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

### Bonded Debt Limit

Arizona cities can issue general obligation bonds for purposes of water, sewer, lighting, open space preserves, parks, playgrounds, recreational facilities, public safety, law enforcement, fire emergency and street and transportation up to an amount not exceeding 20 percent of the secondary assessed valuation. General obligation bonds can be issued for all purposes other than those previously listed up to an amount not exceeding 6 percent of the secondary assessed valuation. An analysis of bonded debt limits is provided in the Debt Service chapter.

### ANNUAL EXPENDITURE LIMITATION

Since fiscal year 1982-83, the city of Phoenix has been subject to an annual expenditure limitation imposed by the Arizona Constitution. This limitation is based upon the city's actual 1979-80 expenditures adjusted for interim growth in population and inflation as measured by the gross domestic product implicit price deflator. The constitution exempts certain expenditures from the limitation. The principal exemptions for the city of Phoenix are debt-service payments, expenditures of federal funds, certain state-shared revenues and other long-term debt obligations. Exemptions associated with revenues not expended in the year of receipt may be carried forward and used in later years. The 1979-80 expenditure base may be adjusted for the transfer of functions between governmental jurisdictions.

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

City of Phoenix voters have approved seven local home rule options in 1981, 1985, 1991, 1995, 1999, 2003 and 2007. Before 1999, the home rule options generally excluded enterprise operations such as Aviation, Water, Wastewater and Solid Waste from the expenditure limitation. Beginning in 1999, the voters approved establishing the city's annual budget as the spending limit. The current home rule option has been in effect since 2008-09 and will continue through 2011-12. In 1981, the voters approved the permanent annual exclusion of the following amounts for pay-as-you-go capital: \$5 million for Aviation, \$6 million for Water, \$6 million for Wastewater and \$2 million for General Fund street improvements.

### BUDGET BASIS OF ACCOUNTING

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

1. For budgetary purposes, encumbrances (contractual commitments to be performed) are considered the equivalent of expenditures rather than as a reservation of fund balance.
2. Grant revenues are budgeted on a modified cash basis. GAAP recognizes grant revenues on an accrual basis.

3. Fund balances reserved for inventories, bonded debt and unrealized gains or losses on investments are not recognized in the budget.

4. In lieu property taxes and central service cost allocations (levied against certain Enterprise and Special Revenue funds) are budgeted as interfund transfers rather than revenues and expenses.

5. For budgetary purposes, all fixed assets are fully expensed in the year acquired.

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

### GENERAL FINANCIAL POLICIES

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

#### Form of Budget Adoption

1. **Allocation of Appropriations** - Funds appropriated by the City Council are allocated to programs, offices, departments, divisions, sections, projects and type of expenditure by the city manager or as delegated to the Budget and Research director to provide managerial control and reporting of budgetary operations.



**2. Budget Controls** - At the department level, control of expenditures is governed by Administrative Regulation. City departments prepare revised expenditure estimates twice a year. The Budget and Research Department keeps the city manager and the City Council advised on the status of the budget through periodic budget status reports. Mid-year revenue shortfalls can result in the adoption of mid-year expenditure reductions.

**3. Contingency Amounts** - A contingency allowance (also known as a “rainy day fund”) is appropriated to provide for emergencies, mid-year community service requests and unanticipated expenditures and revenue shortfalls. Expenditures may be made from contingencies only upon approval by the City Council with recommendation by the city manager. Over the last 10 years, the city’s contingency fund has been as low as 2.5 percent of General Fund expenditures and as high as 3.0 percent. Best practices recommend a contingency fund of 5 percent of total expenditures. In order to better withstand future economic downturns the City Council has adopted a multiyear policy goal of 5 percent. For fiscal year 2010-11, the contingency is 3.1 percent. Enterprise and Special Revenue funds have varying levels of contingency funding consistent with the variability in revenues and expenditures associated with the services provided.

**4. Ordinances** - Three budget ordinances are adopted each fiscal year: (1) the operating funds ordinance, (2) the capital funds ordinance and (3) the re-appropriated funds ordinance. The last ordinance is required because unexpended amounts, including those encumbered, lapse at the end of the fiscal year. Since all expended amounts must be included in the budget adoption ordinance, the city re-budgets all encumbrances outstanding at year’s end.

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

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

**2. Central Services Cost Allocation** - The Finance Department annually calculates the full cost of central services provided to Enterprise funds. Except for the Golf Fund, these allocated costs are recouped from the Enterprise funds through fund transfers to the General Fund.

**3. Employee Compensation Costs** - Costs for employee compensation including all wages, social security, industrial, health, life, unemployment, dental insurance and other personal allowances are allocated to each department. Annual amounts for cash conversion of vacation, compensatory time and sick leave are included in the budget. However, future values of compensated absences are not included in the budget but are disclosed in the notes to the comprehensive annual financial report at year’s end.

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

**5. Internal Cost Accounting Allocation** - Interdepartmental services performed by one department for another are credited to the performing department and charged to the receiving department to reflect the accurate costs of programs. The rates used are intended to reflect full costs including appropriate overhead.

**6. Maintenance and Replacement of Rolling Stock and Major Facilities** - A multiyear plan is used to project the need for, and costs of, significant street pavement, facility and equipment repair and replacement. The planning horizon for each asset category is matched to the life of the asset. Annually, that plan, combined with periodic physical inspections of streets, facilities, vehicles and other equipment, is used to develop funding levels for inclusion in the budget. During economic downturns, these amounts are debt-financed with a repayment schedule shorter than the expected life of the asset.

**7. Pension Funding** - In addition to other employee compensation amounts, pension amounts are allocated to each department. The required employer contribution is determined actuarially to fund full benefits for active members and to amortize any unfunded actuarial liability as a level percent of projected member payroll over a 20-year period.

**8. Self-Insurance Costs** - With a few exceptions, the city is fully self-insured for general and automotive liability exposures. The major exceptions to self-insurance include airport operations, police aircraft operations and excess general and automotive liability for losses in excess of \$7.5 million. An independent actuary determines the self-insurance costs, which are combined with purchased policy costs and allocated to department budgets based on the previous five years' loss experience of each department.

**Revenue Management**

All local governments struggle to generate the funds necessary to provide, maintain and enhance the service demands of their community. Due to the legal limitations on property taxes in Arizona, and due to the pre-emption of city-imposed income, luxury and gas taxes, Arizona cities and towns largely rely on local sales taxes and state-shared sales, income and vehicle license taxes. In Phoenix, 41 percent of the General Fund 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 sales tax on food for home consumption effective April 1.

Given our reliance on sales taxes, developing personal income is an important step in managing our revenue

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

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

Finally, utility taxes levied against the sales of electricity, natural gas, telecommunications, water and sewer make up about 27 percent of our local sales tax base. Generally, utility taxes are not responsive to economic conditions and provide us with a fairly significant revenue source that remains stable during periods of economic downturn. In addition, several detailed revenue policies are listed below.

**1. Privilege License and Use Taxes (Sales Tax)** - The City Council may set the city sales tax rate by ordinance. The city sales tax rate on retail sales and most other categories is 2.0 percent. The Model City tax code exemption on food for home consumption was removed by City Council action in February 2010. It was last imposed in June 1980. The rate varies for certain other specialized taxing categories as outlined in the Operating Fund Revenues section of this document.

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

**3. In Lieu Property Taxes** - In-lieu property taxes are charged to the Water, Wastewater and Solid Waste funds based upon acquisition or construction cost with the appropriate assessment ratio and current property tax rate applied. These amounts are calculated annually by the Finance Department.

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

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

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

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



## FUND STRUCTURE

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

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

### General Funds

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

**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.

**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 2 percent utility taxes on telecommunication services that are used for pay-as-you-go capital projects in the city's right-of-way.

**City Improvement** – This fund is used to account for debt payments incurred as a result of facilities built by the Civic Improvement Corporation.

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

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

**Development Services** – Fee revenues and expenditures associated with permitting and inspection services provided by the Development Services 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.

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

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

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

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

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

**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.

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

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

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

### Enterprise Funds

Enterprise funds include Water, Wastewater, Aviation, Solid Waste, Golf and Convention Center funds. With the exception of Convention Center funds, these funds come entirely from the fees and rents paid by those who use the services and facilities provided. Enterprise funds are “self-contained” and can only be used to pay for the costs associated with Enterprise Fund-related services and programs. Therefore, fees are set to recover all costs associated with providing these services. These costs include day-to-day operations and maintenance, in lieu property taxes, pay-as-you-go capital improvements and debt service.

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

### Fiduciary Funds

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

Phoenix 2009





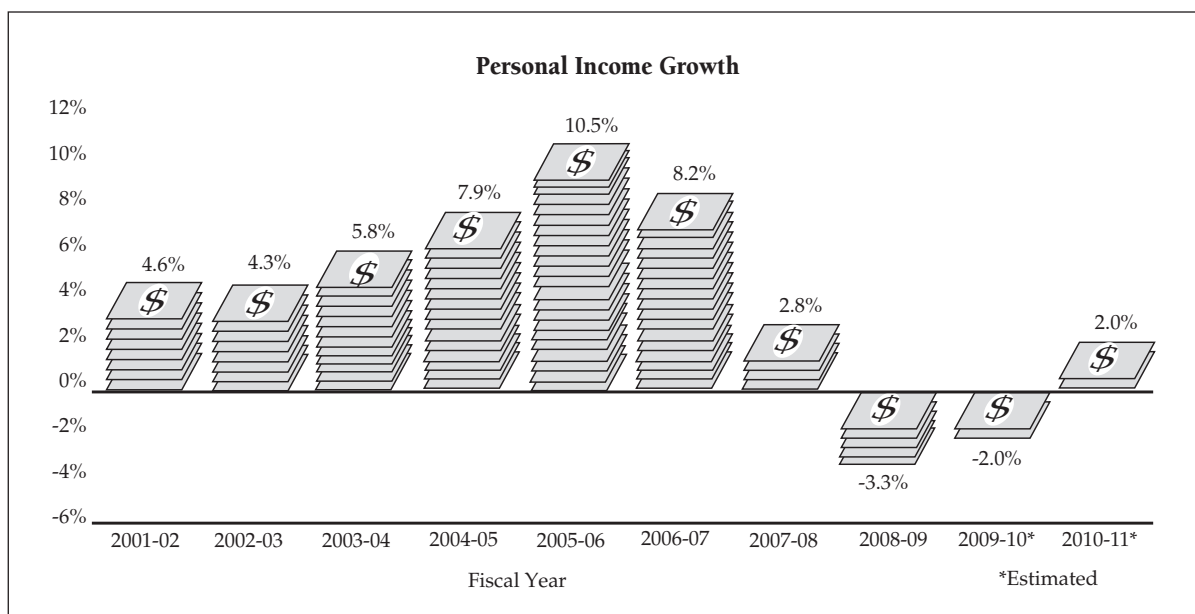
# Revenue Estimates

**R**evenue estimates for 2010-11 are based on assumptions about the local economy, population changes, underlying estimates for cost-recovery rates and fees, and on the continuation of current state revenue collection and sharing practices. Adjustments to fees, such as those for water, sewer and solid waste services, are established in separate planning processes and are incorporated in these estimates. In addition, other revenue estimates are developed using the most current information from outside entities that establish such fees. Examples of revenues derived from fees set by outside entities include portions of court fines and fees, and ambulance fees. Finally, consistent with recommendations of the 2006 Bond Committee, the primary property tax levy remains at the maximum allowable amount. The current combined primary and secondary property tax rate remains the same at \$1.82.

State and local economic growth continued the decline that began in 2008-09 due to a variety of factors including continued weakness in the residential and commercial real estate markets, increased unemployment, slow job growth, declines in consumer confidence and declines in personal income growth. The state and local economy has started to stabilize, however the same factors continue to slow economic growth in 2009-10. It is assumed that growth rates will begin to improve in 2010-11. Personal income is one of many indicators used for estimating state and local sales taxes, and state-shared income taxes. Consistent with projections by local economists, the chart below shows that personal income is expected to grow by 2.0 percent in 2010-11, which is up from the (2.0) percent estimated for 2009-10.

Several other economic indicators are used to develop revenue forecasts including the consumer price index, unemployment, population, gasoline sales, housing unit data, wage and salary related information, retail sales and disposable income. A forecasting software program is used to create several statistical models using data from the University of Arizona's Forecasting Project. These models assist with the estimation process and serve as a reasonableness test for projections. The estimation process also includes information gathered throughout the year from national and local publications, as well as opinions from professionals in economics and finance from state government, universities and the private sector.

In non-General Fund revenues, the 2010-11 estimates for Water, Wastewater and Solid Waste systems reflect full-year impacts of 2009-10 fee increases.





### FIVE YEAR EXCISE TAX FORECAST

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

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

confidence, distress in the commercial real estate market and the state's budget crisis. Other assumptions considered are the 2010 Census which is estimated to reduce Phoenix's population percentage for calculating state shared sales and income taxes from 30.36 percent to 29.0 percent. The forecast also includes no further periods of recession, no change to state shared revenue formulas and a 2 percent food for home consumption tax effective April 1, 2010.

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

	2008-09		2009-10		2010-11		2011-12		2012-13		2013-14	
	Actual	Estimate	%Change	Estimate	%Change	Estimate	%Change	Estimate	%Change	Estimate	%Change	
Privilege License Tax												
Privilege License Tax <sup>1,2</sup>	270,722	246,886	-8.8%	284,378	15.2%	302,893	6.5%	325,641	7.5%	344,689	5.8%	
Police Neighborhood Protection <sup>1</sup>	17,034	15,347	-9.9%	17,617	14.8%	18,721	6.3%	20,113	7.4%	21,286	5.8%	
Police Block Watch <sup>1</sup>	1,216	1,096	-9.9%	1,258	14.8%	1,337	6.3%	1,436	7.4%	1,520	5.8%	
Fire Neighborhood Protection <sup>1</sup>	6,084	5,480	-9.9%	6,292	14.8%	6,686	6.3%	7,183	7.4%	7,603	5.8%	
Police - 2007 Public Safety Expansion <sup>1</sup>	37,263	35,094	-5.8%	40,098	14.3%	42,624	6.3%	45,807	7.5%	48,486	5.8%	
Fire - 2007 Public Safety Expansion <sup>1</sup>	9,316	8,773	-5.8%	10,025	14.3%	10,656	6.3%	11,452	7.5%	12,122	5.9%	
Parks and Preserves <sup>1</sup>	24,335	21,922	-9.9%	25,167	14.8%	26,742	6.3%	28,733	7.4%	30,408	5.8%	
Transit 2000 <sup>1</sup>	97,324	87,693	-9.9%	100,668	14.8%	106,972	6.3%	114,930	7.4%	121,634	5.8%	
Convention Center Excise Tax <sup>2</sup>	45,380	35,031	-22.8%	37,270	6.4%	38,809	4.1%	40,835	5.2%	42,639	4.4%	
Sports Facilities Excise Tax <sup>2</sup>	13,624	11,769	-13.6%	12,419	5.5%	12,992	4.6%	13,635	4.9%	14,181	4.0%	
Privilege License Fees (Annual)	2,103	2,130	1.3%	2,235	4.9%	2,235	0.0%	2,235	0.0%	2,235	0.0%	
PLT Application Fees	267	240	-10.1%	240	0.0%	240	0.0%	240	0.0%	240	0.0%	
Treasury Collection Service Fee	0	80	NA	120	50.0%	120	0.0%	120	0.0%	120	0.0%	
Government Lease Property Excise Tax												
	196	205	4.6%	215	4.9%	227	5.8%	241	5.8%	255	5.8%	
<b>Subtotal (PLT)</b>	<b>\$524,864</b>	<b>\$471,746</b>	<b>-10.1%</b>	<b>\$538,002</b>	<b>14.0%</b>	<b>\$571,255</b>	<b>6.2%</b>	<b>\$612,601</b>	<b>7.2%</b>	<b>\$647,418</b>	<b>5.7%</b>	
Utility & Franchise												
Utility & Franchise Tax	87,527	92,145	5.3%	94,387	2.4%	97,955	3.8%	103,544	5.7%	110,186	6.4%	
Utility Tax (County Jail)	12,706	13,800	8.6%	14,000	1.4%	14,364	2.6%	14,737	2.6%	15,121	2.6%	
Storm Water Management	1,319	1,320	0.1%	1,340	1.5%	1,360	1.5%	1,380	1.5%	1,401	1.5%	
Capital Construction	19,803	19,814	0.1%	20,580	3.9%	21,443	4.2%	22,517	5.0%	23,643	5.0%	
Police Public Safety Enhancement	15,104	15,330	1.5%	16,173	5.5%	16,471	1.8%	17,143	4.1%	18,001	5.0%	
Fire Public Safety Enhancement	9,257	9,395	1.5%	9,912	5.5%	10,102	1.9%	10,515	4.1%	11,040	5.0%	
<b>Subtotal (Utility &amp; Franchise)</b>	<b>\$145,716</b>	<b>\$151,804</b>	<b>4.2%</b>	<b>\$156,392</b>	<b>3.0%</b>	<b>\$161,695</b>	<b>3.4%</b>	<b>\$169,837</b>	<b>5.0%</b>	<b>\$179,392</b>	<b>5.6%</b>	
Licenses & Permits												
Licenses & Permits	2,684	2,625	-2.2%	2,628	0.1%	2,654	1.0%	2,681	1.0%	2,708	1.0%	
State Sales Tax <sup>3,4</sup>	116,275	106,798	-8.2%	112,717	5.5%	115,457	2.4%	125,351	8.6%	133,872	6.8%	
State Income Tax <sup>3,4</sup>	220,806	190,541	-13.7%	143,665	-24.6%	127,368	-11.3%	135,938	6.7%	144,812	6.5%	
<b>TOTAL</b>	<b>\$1,010,345</b>	<b>\$923,514</b>	<b>-8.6%</b>	<b>\$953,404</b>	<b>3.2%</b>	<b>\$978,429</b>	<b>2.6%</b>	<b>\$1,046,407</b>	<b>6.9%</b>	<b>\$1,108,202</b>	<b>5.9%</b>	

<sup>1</sup>Includes a 2.0% food for home consumption tax effective 04/01/10 (FY 09/10 & FY 10/11 total estimated revenue from the food tax is \$12.5M and \$50.0M, respectively).

<sup>2</sup>In FY 2008-09 a one time GASB adjustment was done resulting in \$26,477,000 to the General Fund, \$579,000 to the Sports Facilities Fund and \$2,037,000 to the Convention Center Fund. This adjustment is reflected as a transfer in the budget documents and as revenue in the financial statements.

<sup>3</sup>Assumes the 2010 census reduces the Phoenix population percentage from 30.36% to 29.0%, effective FY 2011-12.

<sup>4</sup>Assumes no change to State shared revenue formulas.

Note: This forecast assumes no further period of recession during the 5-year forecast period.



**GENERAL FUNDS**

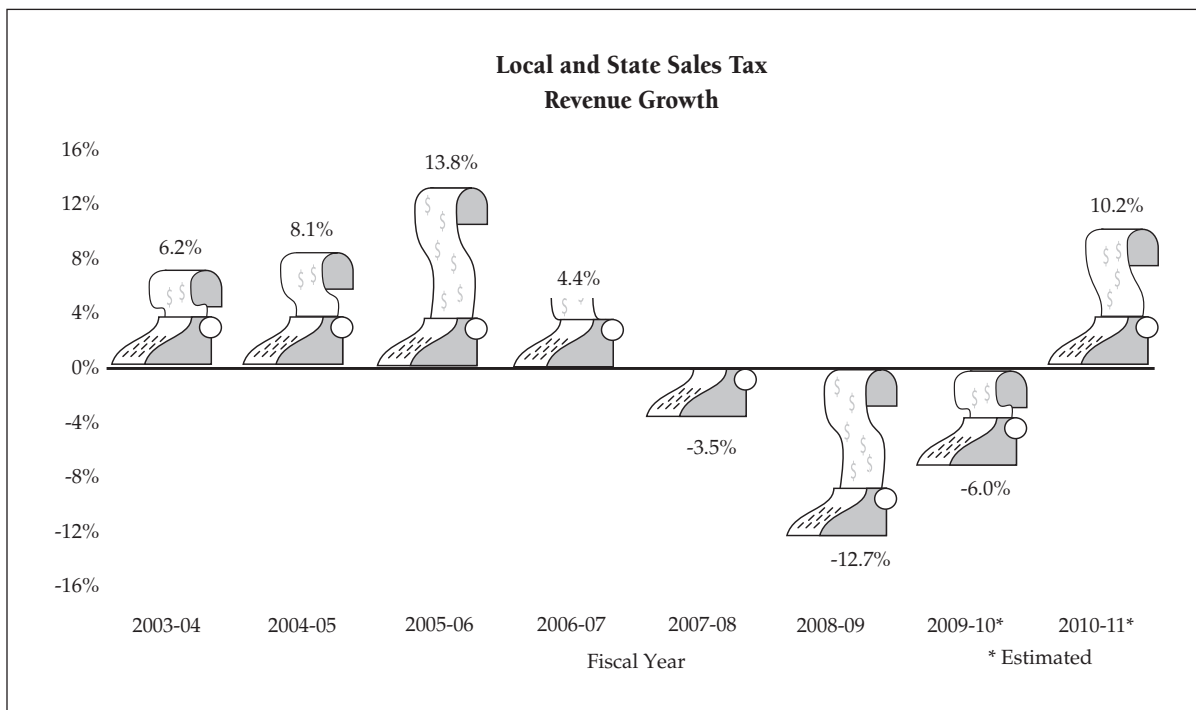
Total 2010-11 General Fund revenues are estimated to be \$965.4 million or 1.8 percent more than 2009-10 estimates of \$948.3 million. General Fund revenues consist of four major categories: local taxes, state-shared revenues, primary property taxes and user fees. Following are descriptions of the revenue sources within these four categories and explanations of 2010-11 revenue estimates.

Local and state sales tax collections represent approximately 53 percent of General Fund revenues. Local sales taxes for 2010-11 are expected to grow by 11.7 percent over 2009-10 estimates. This is an increase from the (5.4) percent negative growth rate in local sales taxes anticipated in 2009-10. The 2010-11 estimate includes a full year of the food for home consumption tax. The growth rate for 2010-11 excluding the food for home consumption tax is 5.1 percent over 2009-10 estimates.

Phoenix's share of state sales taxes for 2010-11 is expected to grow by 5.5 percent over 2009-10 estimates. This is increased from the (8.2) percent negative growth in Phoenix's share anticipated in 2009-10.

Combined local and state sales tax revenues for 2010-11 are expected to grow by 10.2 percent over 2009-10 estimates. Combined rates of growth since 2002-03 are provided in the chart below.

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




**GENERAL REVENUES BY MAJOR SOURCE**
**(In Thousands of Dollars)**

Revenue Source	2008-09 Actuals	% of Total	2009-10 Estimate	% of Total	2010-11 Budget	% of Total	Increase/(Decrease) from 2009-10 Est.	
							Amount	Percent
<b>Local Taxes</b>								
Sales Tax <sup>1</sup>	\$358,249	36.1%	\$339,031	35.8%	\$378,765	39.2%	\$39,734	11.7%
Privilege License Fees	2,370	0.2%	2,370	0.2%	2,475	0.3%	105	4.4%
Other General Fund Excise Taxes	14,220	1.4%	15,405	1.6%	15,675	1.6%	270	1.8%
<b>Subtotal</b>	<b>\$374,839</b>	<b>37.7%</b>	<b>\$356,806</b>	<b>37.6%</b>	<b>\$396,915</b>	<b>41.1%</b>	<b>\$40,109</b>	<b>11.2%</b>
<b>State-Shared Revenues</b>								
Sales Tax <sup>1</sup>	116,275	11.7%	106,798	11.3%	112,717	11.7%	5,919	5.5%
State Income Tax	220,806	22.2%	190,541	20.1%	143,665	14.9%	(46,876)	-24.6%
Vehicle License Tax	53,629	5.4%	51,484	5.4%	54,112	5.6%	2,628	5.1%
<b>Subtotal</b>	<b>\$390,710</b>	<b>39.3%</b>	<b>\$348,823</b>	<b>36.8%</b>	<b>\$310,494</b>	<b>32.2%</b>	<b>\$(38,329)</b>	<b>-11.0%</b>
<b>Primary Property Tax</b>	<b>110,085</b>	<b>11.1%</b>	<b>121,015</b>	<b>12.8%</b>	<b>131,100</b>	<b>13.6%</b>	<b>10,085</b>	<b>8.3%</b>
<b>User Fees/Other Revenues</b>								
Licenses & Permits	2,684	0.3%	2,625	0.3%	2,628	0.3%	3	0.1%
Cable Communications	12,293	1.2%	9,602	1.0%	9,566	1.0%	(36)	-0.4%
Fines and Forfeitures	19,253	1.9%	19,184	2.0%	20,544	2.1%	1,360	7.1%
Court Default Fee	783	0.1%	1,100	0.1%	1,100	0.1%	—	0.0%
Fire	37,336	3.8%	42,449	4.5%	43,067	4.5%	618	1.5%
Hazardous Materials Inspection Fee	1,471	0.1%	1,500	0.2%	1,800	0.2%	300	20.0%
Library Fees	1,326	0.1%	1,345	0.1%	1,378	0.1%	33	2.5%
Parks and Recreation	6,463	0.7%	7,038	0.7%	6,802	0.7%	(236)	-3.4%
Planning	970	0.1%	992	0.1%	992	0.1%	—	0.0%
Police	13,526	1.4%	14,213	1.5%	16,308	1.7%	2,095	14.7%
Street Transportation	4,481	0.5%	4,886	0.5%	4,838	0.5%	(48)	-1.0%
Other Service Charges	12,863	1.3%	13,275	1.4%	12,816	1.3%	(459)	-3.5%
Other	4,365	0.4%	3,484	0.4%	5,060	0.5%	1,576	45.2%
<b>Subtotal</b>	<b>\$117,814</b>	<b>11.9%</b>	<b>\$121,693</b>	<b>12.8%</b>	<b>\$126,899</b>	<b>13.1%</b>	<b>\$5,206</b>	<b>4.3%</b>
<b>TOTAL GENERAL FUND</b>	<b>\$993,448</b>	<b>100.0%</b>	<b>\$948,337</b>	<b>100.0%</b>	<b>\$965,408</b>	<b>100.0%</b>	<b>\$17,071</b>	<b>1.8%</b>

<sup>1</sup>In FY 2008-09 a one time GASB adjustment was done resulting in a \$26,477,000 increase to the General Fund, a \$579,000 increase to the Sports Facilities Fund and a \$2,037,000 increase to the Convention Center Fund. This adjustment is reflected as a transfer in the budget documents and as revenue in the financial statements.

**LOCAL SALES TAXES AND FEES**

This major revenue category consists of various local sales taxes, privilege license fees, use tax, and franchise taxes and fees. The 2010-11 estimate is \$396.9 million, which is \$40.1 million or 11.2 percent greater than the 2009-10 estimate of \$356.8 million. The assumptions used to estimate local sales taxes follow.

**Local Sales Tax**

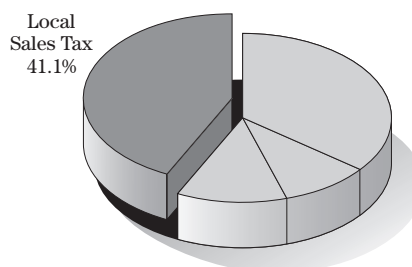
The city of Phoenix's local sales tax consists of 15 general categories that are collected based on a percentage of business income accruing in each category. To protect local businesses, Phoenix also levies a use tax on purchases where no sales taxes were paid.

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

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

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

**GENERAL FUNDS**  
**Total Revenues – \$965.4 Million**



**CURRENT LOCAL SALES TAX RATES BY CATEGORY**

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

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

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



The General Fund portion of the local sales tax estimate is \$378,765,000 for 2010-11. This is an increase of \$39,734,000 or 11.7 percent from the 2009-10 estimate of \$339,031,000. The increase in local sales tax revenue is based on a full year of tax on food for home consumption. Estimated growth of 4.5 percent is projected in the retail sales category, excluding the new tax on food for home consumption. Projected increases in other categories include 6.2 percent for utility and franchise; 2.0 percent for commercial rentals; 4.0 percent for restaurants and bars; and 3.0 percent for hotel/motel room rentals.

As shown in the pie chart above, the retail category represents approximately 42 percent of the local General Fund sales tax. Personal income growth, which is used as a trend indicator for retail sales activity, is projected at 2.0 percent for 2010-11.

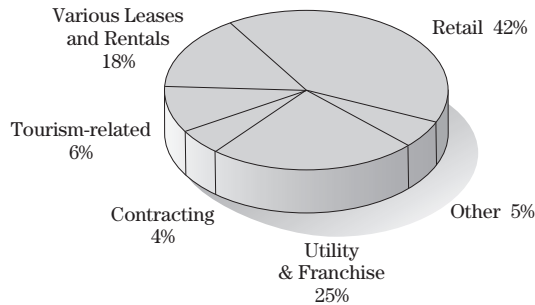
The tax on food for home consumption, which is effective April 1, 2010, is projected to generate an additional \$30,000,000 per year in General Fund revenue.

General Fund sales tax revenue is collected on three rental categories: leases and rentals of personal property, commercial real property rentals and apartment rentals. For 2010-11, these categories are expected to increase 4.0 percent, 2.0 percent and 5.0 percent respectively. These three categories combined are approximately 18 percent of local General Fund sales tax revenue.

The contracting category is not expected to grow in 2010-11. Due to the collapse of the housing market and significant reductions in commercial construction, contracting sales tax is expected to decline by 37.0 percent in 2009-10. For 2010-11, economic indicators such as job creation and population growth indicate residential and commercial construction activity will stabilize. This category represents approximately 4 percent of the local General Fund sales tax revenue.

The restaurants and bars category is expected to increase 4.0 percent and the hotel/motel category is expected to increase 3.0 percent in 2010-11. These two categories, combined with revenue from short-term motor vehicle rentals, are closely related to tourism activity. The

**GENERAL FUNDS  
Local Sales Taxes**



expected growth rate for these categories for 2009-10 are (10.0) percent and (9.0) percent respectively. Revenues from these tourism-related activities represent approximately 6 percent of local General Fund sales tax revenue.

The utility tax category is approximately 25 percent of local General Fund sales tax revenue. The category includes electricity, natural and artificial gas, water consumption, sewer service and communications activities. The 2010-11 estimate for utility sales and franchise tax revenue is \$94,187,000, which is an increase of 2.3 percent over the 2009-10 estimate. The increase is primarily due to recent and expected future rate increases for water, wastewater and electricity.

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 2010-11 estimate of \$13,569,000 for use tax is 3.0 percent or \$395,000 more than the 2009-10 estimate. This category is subject to fluctuations in purchasing practices, as well as economic drivers. The use tax category is approximately 3.6 percent of local General Fund sales tax revenue.

The following table shows General Fund sales tax collections since 2006-07. The amounts shown exclude the two additional utility tax items that are collected based on water service accounts.

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

Fiscal Year	Revenues	% Change From Previous Year
2006-07	\$422,130	6.0%
2007-08	408,515	(3.2)
2008-09	358,249	(12.3)
2009-10 (Est.)	339,031	(5.4)
2010-11 (Est.)	378,765	11.7

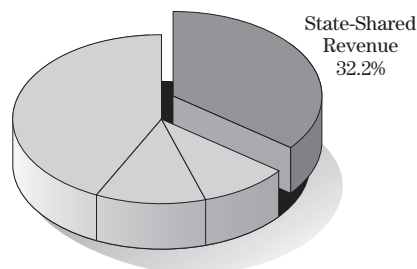
**Privilege License Fees**

The city charges a \$20 fee to process an application for a privilege tax license and assesses a \$50 annual fee for existing licenses. These fees are intended to recover the costs associated with administering a fair and efficient sales tax system. This category also includes a \$2 per unit (\$50 maximum) annual fee on each apartment complex for non-transient lodging. The 2010-11 estimate for privilege license fee revenue of \$2,475,000 represents no change from the 2009-10 estimate. Historically, the net change in the number of licensed businesses is small.

**Other General Fund Excise Taxes**

The first of the two additional utility tax items collected on water service accounts was implemented on Oct. 1, 1990, and provides resources to help offset jail costs paid to Maricopa County for misdemeanor defendants. The 2010-11 estimate of \$14,000,000 for this category is 1.4 percent higher than the 2009-10 estimate of \$13,800,000. The second provides funding for storm water management programs required by the Environmental Protection Agency. The 2010-11 estimate of \$1,340,000 for this tax is 1.5 percent greater than the 2009-10 estimate of \$1,320,000. This increase provides for modest growth in accounts.

**GENERAL FUNDS**  
**Total Revenues – \$965.4 Million**



**STATE-SHARED REVENUES**

This major revenue category consists of the city's share of the state sales tax, the state income tax and vehicle license tax. The 2010-11 estimate for this category is \$310.5 million, which is \$38.3 million or 11.0 percent less than the 2009-10 estimate of \$348.8 million. The decrease is mainly due to a projected decline of 24.6 percent in state-shared income taxes. The decrease in the income tax collections reflects personal and corporate negative income growth in 2008-09. State-shared vehicle license tax revenue for 2010-11 is estimated to grow at 5.1 percent over the 2009-10 estimate.

**State Sales Tax**

The state sales tax rate on most taxable activities is 5.6 percent with several relatively minor categories having tax rates ranging from 2.5 percent to 5.5 percent. The revenues are split between a "distribution base," of which Phoenix receives a share, and a "combined nonshared" category, which is allocated entirely to the state. With exceptions for some categories, the distribution base consists of 40 percent of collections. The 0.6 percent education tax included in the total tax rate is not included in any distribution base. Under the current

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

Fiscal Year	Cities' Share of State Collections		Phoenix's Share		
	Total	% Change	Percent	Amount	% Change
2006-07	\$462,037	6.1%	30.4%*	\$141,466	0.2%
2007-08	447,061	3.2	30.3	135,134	(4.5)
2008-09	387,051	(13.4)	30.3	116,275	(14.0)
2009-10 (Est.)	356,605	(7.9)	30.3	106,798	(8.2)
2010-11 (Est.)	370,307	3.8	30.3	112,717	5.5

\*Impact of 2005 census population changes.



formula, incorporated cities receive 25 percent of the distribution base. These funds are distributed to individual cities on the basis of relative population percentages. Phoenix's share of the distribution to cities for 2010-11 is estimated at 30.3 percent.

The city's share of the state sales tax for 2010-11 is expected to be \$112,717,000, which is \$5,919,000 or 5.5 percent more than the 2009-10 estimate of \$106,798,000. This estimate is based on the assumption that, similar to the local economy, the state economy will improve in 2010-11. At the state level, retail sales are anticipated to increase about 5.0 percent over the current fiscal year. The table on the previous page shows the cities' share of state sales taxes, Phoenix's allocation and annual increases since 2006-07. The population factor changes with decade or mid-decade census counts and periodic adjustments made throughout the year.

#### State Income Tax

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

The 15 percent portion of the state income tax, which will be distributed to cities and towns in 2010-11, is expected to be \$473.5 million. The distribution represents actual individual and corporate income tax collections by the state in the 2008-09 fiscal year. The anticipated \$473.5 million is a 24.6 percent decline from the

previous fiscal year. The decline is attributable to reduced individual and corporate income tax collections as a result of the economic recession. Phoenix's total distribution for 2010-11 is estimated at \$143,665,000 and is a decrease of \$46,876,000 or 24.6 percent from the 2009-10 estimate of \$190,541,000.

The following table shows the total cities' share of state income tax, Phoenix's share, percentage allocation and annual increase since 2006-07. Similar to sales tax sharing, population is changed only on the basis of a census count with periodic corrections made throughout the year.

#### STATE INCOME TAX (In Thousands of Dollars)

Fiscal Year	% Shared w/Cities	Cities' Share of State Collections		Phoenix's Share		
		Total	% Change	Percent	Amount	% Change
2006-07	15.0%	\$551,231	29.6%	30.4% <sup>1</sup>	\$167,560	21.1%
2007-08	15.0	684,519	24.2	30.3	207,694	24.0
2008-09	15.0	727,677 <sup>2</sup>	6.3	30.3	220,806	6.3
2009-10 (Est.)	15.0	628,019	(13.7)	30.3	190,540	(13.7)
2010-11 (Est.)	15.0	473,516	(24.6)	30.3	143,665	(24.6)

<sup>1</sup>Impact of 2005 Census population changes.

<sup>2</sup>Distribution set by the legislature of \$717.1 million, plus one-time distribution of \$10.5 million.

**Vehicle License Tax**

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

Currently, 37.61 percent of collections are allocated to the Arizona Highway User Revenue Fund. The remainder is allocated by percentage to various state funds as well as to the counties and cities. The state is responsible for distributing funds to cities according to their relative population within the county. Based on the 2005 Census, Phoenix's percentage of population within Maricopa County is approximately 42.6 percent, down from 46.1 percent based on the 2000 Census.

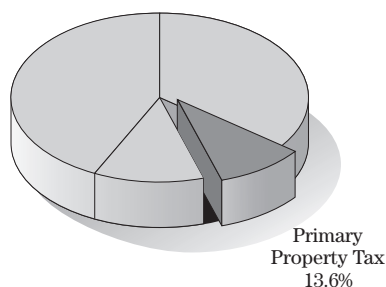
Phoenix's share of the vehicle license tax for 2010-11 is anticipated to be \$54,112,000 which is \$2,628,000 or 5.1 percent more than the 2009-10 estimate of \$51,484,000.

The following table shows the cities' share of the vehicle license tax, Phoenix's share, allocation percentage and annual percentage change since 2006-07.

**PRIMARY PROPERTY TAX**

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

**GENERAL FUNDS**  
**Total Revenues – \$965.4 Million**

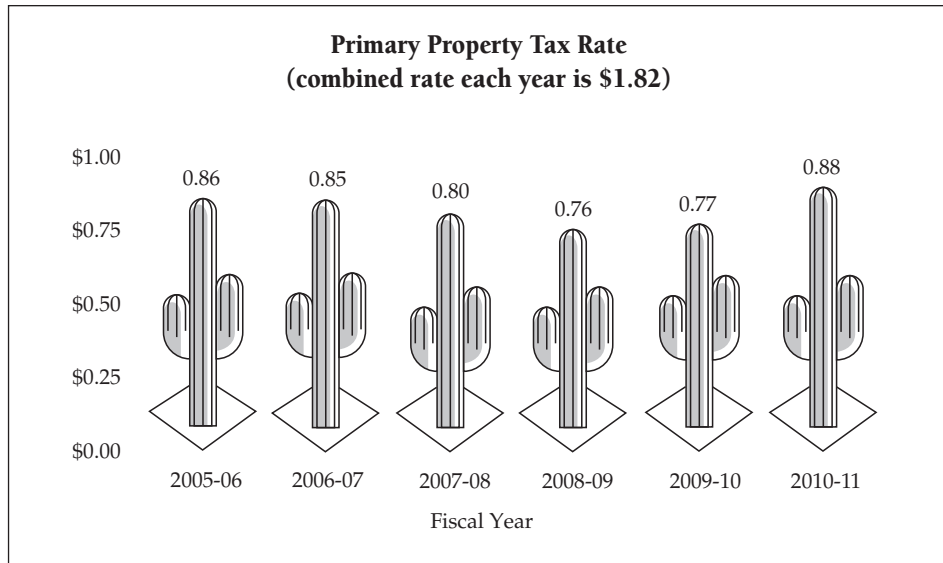


**PRIMARY PROPERTY TAX**

Fiscal Year	Primary Assessed Valuation (in Billions)	% Change	Primary Levy (in Thousands)	% Change	Rate per \$100 Assessed Valuation
2006-07	\$11,431	7.5%	\$96,622	5.8%	\$.8453
2007-08	12,890	12.8	103,664	7.3	.8042
2008-09	14,665	13.8	111,568	7.6	.7608
2009-10 (Est.)	16,062	9.5	123,095	10.3	.7664
2010-11 (Est.)	15,103	(6.0)	133,390	8.4	.8832

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

Fiscal Year	Amount Distributed by Maricopa County	Phoenix's Share		Increase/(Decrease)	
		Percent	Amount	Amount	Percent
2006-07	\$143,530	42.6%	\$61,158	\$(1,950)	(3.1)%
2007-08	139,234	42.6	59,244	(1,914)	(3.1)
2008-09	125,890	42.6	53,629	(5,615)	(9.5)
2009-10 (Est.)	120,854	42.6	51,484	(2,145)	(4.0)
2010-11 (Est.)	127,023	42.6	54,112	2,628	5.1



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

Before 1996-97, the maximum levy allowed by the Arizona Constitution had been levied each year. Leading up to 1996-97, due to a number of years of declining assessed valuations, deferral of the property tax-supported Capital Improvement Program was necessary. A new revenue policy also was established. This policy called for a maximum and minimum allowable combined primary and secondary property tax rate. By 1996-97, the application of this revenue policy had driven the combined rate down to the adopted minimum of \$1.82. By Council policy, the \$1.82 rate remains in effect today. The 2006 Bond Committee

recommended that maximum allowable primary property taxes be levied in order to help support operating and maintenance costs resulting from 2006 bond-funded capital projects.

The chart above shows the changes in the primary property tax rate since 2005-06. The primary property tax rate had been trending down since 2007-08 because the levy is capped at 2 percent regardless of the growth in property values. With the recent decline in property values, this trend no longer applies for 2010-11.

The 2010-11 primary property tax levy is \$133,390,000, which is the maximum amount allowed by the Arizona Constitution. This is an 8.4 percent increase over the 2009-10 levy of \$123,095,000. The change in the primary levy reflects an estimated \$3,698,000 increase for collections associated with new properties entering the rolls, plus \$2,358,000 for the State Constitution allowed 2 percent increase on the prior year levy, and a \$4,239,000 increase over the prior year for allowable tort liability claims. The primary assessed valuation of \$15.10 billion is approximately 6.0 percent below the 2009-10 primary assessed valuation of \$16.06 billion.

Historically, actual property tax collections are slightly lower than the amount levied. For 2010-11, actual collections for primary property tax are estimated to be \$131,100,000 or 98.3 percent of the levy amount.

The 2010-11 levy results in an estimated primary property tax rate of \$0.8832 per \$100 of assessed valuation. This would result in a secondary property tax rate of \$0.9368 to maintain a total property tax rate of \$1.82 per \$100 of assessed valuation.

The table on the previous page shows primary assessed valuation, primary property tax revenues and primary rates since 2006-07.



**USER FEES/OTHER REVENUES**

This major revenue category consists of licenses and permits, fines and forfeitures, cable television fees, parks and libraries fees, various user fees designed to recover the costs of providing specific city services, and other miscellaneous General Fund revenue sources. The 2010-11 estimate for this category is \$126.9 million, which is \$5.2 million or 4.3 percent higher than the 2009-10 estimate of \$121.7 million. Following are descriptions of the various categories and explanations of the revenue estimates.

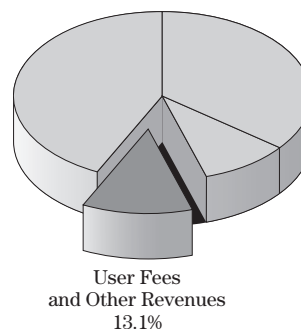
**Licenses and Permits**

This category consists of various business permit application and annual fees including liquor license applications, amusement machines, annual liquor licenses and other business license applications and fees. The 2010-11 estimate of \$2,628,000 is slightly higher than the 2009-10 estimate of \$2,625,000. Due to the slowdown in the economy, substantial growth in this category is not anticipated.

**Cable Communications**

The city imposes 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 2010-11 estimate of \$9,566,000 is \$36,000 less than the 2009-10 estimate of \$9,602,000. The decrease is attributable to one of the cable providers exiting the cable business during 2009-10. The 2010-11 estimate assumes no change in the customer base for the other cable provider. Revenue payments are offset by annual payments to the Educational Access Account, which are adjusted annually by the consumer price index.

**GENERAL FUNDS**  
**Total Revenues – \$965.4 Million**



**Fines and Forfeitures**

This category is comprised of various sanctions including traffic moving violations, criminal offense fines, parking violations, driving under the influence and defensive driving program revenues. The 2010-11 estimate of \$20,544,000 is \$1,360,000 or 7.1 percent more than the 2009-10 estimate of \$19,184,000. The increase in 2010-11 is due to increased fees for parking violations and increased revenue from collection efforts.

**Court Default Fee**

A \$25 default fee was implemented in 1993-94 in order to recover court costs associated with defendants who fail to appear for court appearances or fail to pay previously imposed sanctions on civil traffic violations. The 2010-11 estimate for this revenue category is \$1,100,000 and no growth is anticipated from 2009-10.



## 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 2010-11 estimate for ETS is \$32,800,000, which is \$300,000 or 0.9 percent greater than the 2009-10 estimate of \$32,500,000. The projected increase is due to anticipated modest growth in the number of transports.

Other Fire revenue sources include fire prevention inspection fees, computer-aided dispatch (CAD) and various other services provided to the community. The 2010-11 estimate for other fire services is \$10,267,000 which is \$318,000 or 3.2 percent more than the 2009-10 estimate of \$9,949,000. Increased fees for fire prevention services, CAD and false alarms contribute to the increased revenues.

## Hazardous Materials Permit and Inspection Fee

Because incidents involving hazardous materials have increased in recent 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 2010-11 estimate is \$1,800,000, which is \$300,000 or 20.0 percent more than the 2009-10 estimate of \$1,500,000. The increase is attributable to a proposed increase in fees.

## Library Fees

Library fee and fine revenue for 2010-11 is expected to be \$1,378,000, which is \$33,000 or 2.5 percent above the 2009-10 estimate of \$1,345,000. The increase reflects modest growth based on historical trend.

## 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 and recreation programs, activities at Municipal Stadium, Maryvale Stadium and the Papago Baseball Facility, and other miscellaneous park fees. The 2010-11 estimate of \$6,802,000 is \$236,000 or 3.4 percent below the 2009-10 estimate of \$7,038,000. The decrease in 2010-11 is due to an expected decline in revenue as a result of budget reductions including the Phoenix After school Centers (PAC) summer program and the Shemer Art Center. The Shemer Art Center will be operated by a non-profit organization.

## Planning

User fees in this category include rezoning fees and zoning adjustment fees for use permits and variances. The 2010-11 estimate of \$992,000 reflects no change from the 2009-10 estimate.

## Police

The Police Department receives revenues for various services and programs. Police services are provided on a fee-per-hour basis for school and athletic events as well as other activities where a law enforcement presence is desired. In addition, a false alarm program includes both permit fees and assessments for false alarm responses. For 2010-11, the estimate of \$16,308,000 is 14.7 percent more than the 2009-10 estimate of \$14,213,000. The increase is due to a projected increase in revenue from a centralized booking pilot program and increases to false alarm 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 2010-11 estimate of \$4,838,000 is \$48,000 or 1.0 percent less than the 2009-10 estimate of \$4,886,000. The decrease is due to a reduction in fiber optic revenue.

## Other Service Charges

Revenue in this category is composed of several non-tax sources including interest income, parking meter revenue, the Downtown Enhancement District, in lieu property taxes, sales of surplus and abandoned property, and various rental, parking and concession categories. The 2010-11 estimate of \$12,816,000 is \$459,000 or 3.5 percent less than the 2009-10 estimate of \$13,275,000. This is primarily due to an expected decrease in General Fund revenue for a garage lease. The entire revenue from the lease will go to the General Fund in 2009-10 but will be shared with a Special Revenue Fund in 2010-11.

## All Other Fees

This fee category consists of miscellaneous service charges in the Finance, Housing, Human Services and Neighborhood Services departments and miscellaneous categories. The 2010-11 estimate of \$5,060,000 is \$1,576,000 or 45.2 percent more than the 2009-10 estimate of \$3,484,000. The increase is primarily attributable to a new regional wireless cooperative agreement with other cities.

## 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 2010-11 revenue estimates. The table on the next page provides the 2009-10 and 2010-11 estimates and 2008-09 actual revenue amounts for revenues within these two categories.

## SPECIAL REVENUE FUNDS

This category consists of several revenue sources that are earmarked for specific purposes. Included in this category are voter-approved sales taxes for Neighborhood Protection, Parks and Preserves, Transit 2000, Public Safety Enhancement, and 2007 Public Safety Expansion. Also included in this category are revenue from Court Awards, Development Services, Capital Construction, Sports Facilities, Arizona Highway User Revenue funds, Local Transportation Assistance funds, Public Transit, Community Reinvestment, Secondary Property Tax, 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 2010-11 estimate of \$25,167,000 is \$3,244,000 or 14.8 percent greater than the 2009-10 estimate of \$21,923,000. The 2010-11 estimate accounts for a full year of additional revenue from the food for home consumption tax. These estimates are consistent with those for the same categories in the local sales tax discussion. Also, \$84,000 is estimated for combined net interest earnings in 2010-11.

### 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 2010-11 estimate is \$50,123,000 and the 2009-10 estimate is \$43,867,000. The 2010-11 estimate accounts for a full year of additional revenue from the food for home consumption tax. These estimates are consistent with those for the same categories in the local sales tax discussion. Also, \$530,000 is estimated for interest earnings in 2010-11.

### Public Safety Enhancement Sales Tax

The Public Safety Enhancement sales tax was implemented on May 1, 2005, and is made up of the 2.0 percent increment of the 2.7 percent sales tax on utilities with franchise agreements. The fund is allocated between Police and Fire needs. The Police Public Safety Enhancement Fund is allocated 62 percent of revenues and is dedicated to Police and Emergency Management needs. The Fire Public Safety Enhancement Fund is allocated 38 percent of the revenues collected and is dedicated to Fire needs. The 2010-11 estimate of \$26,085,000 is \$1,360,000 or 5.5 percent greater than the 2009-10 estimate of \$24,725,000. These estimates are consistent with the utilities sales tax forecast for the General Fund.

### 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 2010-11 estimate of \$25,167,000 is \$3,245,000 or 14.8 percent more than the 2009-10 estimate of \$21,922,000. The 2010-11 estimate accounts for a full year of additional revenue from the food for home consumption tax. These estimates are consistent with the estimates for the same categories in the local sales tax discussion. Also, \$925,000 is estimated for interest earnings in 2010-11.

### Transit 2000 Funds

The Transit 2000 tax is a 0.4 percent sales tax approved by the voters in March 2000 and implemented in June 2000. The 0.4 percent tax is specifically earmarked for transit programs and improvements. The 2010-11 estimate of \$100,668,000 is \$12,975,000 or 14.8 percent greater than the 2009-10 estimate of \$87,693,000. The 2010-11 estimate accounts for a full year of additional revenue from the food for home consumption tax. 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 2010-11 fare box revenue estimate of \$45,044,000 is 2.5 percent greater than the 2009-10 estimate. The increase is primarily attributable to anticipated increases in ridership. The 2010-11 estimate also includes interest earnings and other miscellaneous revenue of \$10,528,000 which is a 6.2 percent decrease from 2009-10 estimate of \$11,224,000. The decrease is primarily attributable to decreased interest earnings.


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

Revenue Source	2008-09 Actual	2009-10 Estimate	2010-11 Budget	Increase/(Decrease) from 2009-10 Est.	
				Amount	Percent
<b>Special Revenue Funds</b>					
Neighborhood Protection	\$24,482	\$22,007	\$25,251	\$3,244	14.7%
2007 Public Safety Expansion	47,232	44,397	50,653	6,256	14.1%
Public Safety Enhancement	24,361	24,725	26,085	1,360	5.5%
Parks and Preserves	26,150	22,974	26,092	3,118	13.6%
Transit 2000	152,171	142,841	156,240	13,399	9.4%
Court Awards	7,117	5,206	4,781	(425)	-8.2%
Development Services	35,246	28,650	36,700	8,050	28.1%
Capital Construction	20,440	20,134	20,930	796	4.0%
Sports Facilities <sup>1</sup>	15,000	13,024	13,674	650	5.0%
Arizona Highway User Revenue	112,074	105,239	105,496	257	0.2%
Local Transportation Assistance	6,506	3,771	-	(3,771)	-100.0%
Regional Transit Revenues	45,550	48,394	56,002	7,608	15.7%
Community Reinvestment	3,810	3,182	3,797	615	19.3%
Secondary Property Tax	197,856	199,622	151,753	(47,869)	-24.0%
Impact Fee Program Administration	241	289	280	(9)	-3.1%
Court Special Fees	1,628	1,748	2,070	322	18.4%
Monopole Rental	131	133	133	-	0.0%
Tennis Center	21	22	22	-	0.0%
Vehicle Impound Program	3,898	4,039	4,034	(5)	-0.1%
Heritage Square	17	19	19	-	0.0%
Affordable Housing Program	2,412	1,831	1,831	-	0.0%
Other Restricted (gifts/trusts)	24,871	21,256	21,880	624	2.9%
Grants					
Public Housing Grants	73,380	87,334	105,816	18,482	21.2%
Human Services Grants	37,590	43,354	37,311	(6,043)	-13.9%
Community Development	22,685	18,833	36,295	17,462	92.7%
Criminal Justice	13,620	15,330	9,990	(5,340)	-34.8%
Public Transit Grants	10,885	10,564	8,551	(2,013)	-19.1%
Other Grants	33,755	52,474	144,773	92,299	+ 100.0%
Subtotal - Grants	\$191,915	\$227,889	\$342,736	\$114,847	50.4%
Total Special Revenue Funds	\$943,129	\$941,392	\$1,050,459	\$109,067	11.6%
<b>Enterprise Funds</b>					
Aviation	317,052	303,451	314,463	11,012	3.6%
Water System	328,179	352,494	383,565	31,071	8.8%
Wastewater System	210,322	217,281	223,521	6,240	2.9%
Solid Waste	136,164	136,860	138,939	2,079	1.5%
Convention Center <sup>1</sup>	75,175	51,103	54,171	3,068	6.0%
Golf Courses	5,972	6,293	6,486	193	3.1%
Total Enterprise Funds	\$1,072,864	\$1,067,482	\$1,121,145	\$53,663	5.0%
<b>TOTAL NON-GENERAL FUND REVENUE</b>					
	\$2,015,993	\$2,008,874	\$2,171,604	\$162,730	8.1%

<sup>1</sup>In FY 2008-09 a one time GASB adjustment was done resulting in a \$26,477,000 increase to the General Fund, a \$579,000 increase to the Sports Facilities Fund and a \$2,037,000 increase to the Convention Center Fund. This adjustment is reflected as a transfer in the budget documents and as revenue in the financial statements.

**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 2010-11 is \$4,781,000.

**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 the Development Services Department. The 2010-11 estimate is \$36,700,000, which is \$8,050,000 or 28.1 percent more than the 2009-10 estimate of \$28,650,000. This increase accounts for recent fee increases and a modest increase in permit activity.

**Capital Construction**

This category includes revenue from a 2 percent increase in the sales tax on telecommunications implemented in February 1998 and is intended to reimburse Phoenix residents for the use of their public rights of way by the telecommunications industry. The 2010-11 estimate is \$20,580,000, or a 3.9 percent increase over the 2009-10 estimate. These funds are used primarily for right-of-way improvements in the Street Transportation Capital Improvement Program. The 2010-11 estimate also includes interest earnings of \$350,000.

**Sports Facilities**

Sports facilities revenues consist of a 1 percent portion of the 5.0 percent hotel/motel tax category, a 2 percent tax on short-term motor vehicle rentals, and interest revenue generated by the fund. The 2010-11 estimate is \$12,419,000, which is \$650,000 or 5.5 percent more than the 2009-10 estimate of \$11,769,000. The revenue estimates are consistent with the

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

Fiscal Year	AHUR Distribution	Increase/(Decrease)	
		Amount	Percent
2006-07	\$130,223 <sup>1</sup>	\$5,432	4.4%
2007-08	125,289	(4,934)	(3.8)
2008-09	109,620	(15,669)	(12.5)
2009-10 (Est.)	102,839	(6,781)	(6.2)
2010-11 (Est.)	103,396	557	0.5

<sup>1</sup>2005 Census adjustment to population is reflected.

General Fund sales tax estimates in the hotel/motel and short-term vehicle rental categories. The 2010-11 estimate includes \$5.7 million for the hotel/motel portion and \$6.7 million for the short-term car rental portion. Also, \$1,255,000 is estimated in 2010-11 for interest revenue.

**Arizona Highway User Revenue**

The State Transportation Financing Plan adopted by the Legislature in 1981 and amended in 1982 and 1985 included a 13 cent per gallon gas tax plus other user fees and charges such as registrations, driver's licenses, motor carrier taxes, other miscellaneous fees and an increased share of the motor vehicle license taxes. Additional gasoline taxes were added in 1986 (3 cents per gallon), in 1988 (1 cent per gallon), and in 1990 (1 cent per gallon) for a total state gas tax rate of 18 cents per gallon.

A new distribution formula for Arizona Highway User Revenue (AHUR) was passed by the Legislature and signed by the governor in May 1996 (effective July 1, 1996). It was intended to be revenue neutral to cities. This distribution formula provides 27.5 percent to incorporated cities and towns (distributed one-half on the relative population of the cities and towns and one-half on the county origin of sales/relative population of the counties) and 3 percent to cities over 300,000 population (Phoenix, Tucson and Mesa).

As a result of the 2005 Census, Phoenix's share was adjusted. For 2010-11, it is anticipated that Phoenix will receive \$82.9 million from the 27.5 percent share and \$19.0 million from the 3 percent share.

The total 2010-11 AHUR estimate of \$105,496,000 is \$257,000 or 0.2 percent above the 2009-10 estimate of \$105,239,000. Included in the estimate are interest earnings of \$1,200,000 in 2010-11 and \$1,500,000 in 2009-10. The allocation for Phoenix is estimated at an overall increase of 0.5 percent at the state level with gasoline tax collections increase at 0.7 percent, 0.1 percent in motor carrier tax collections (trucking), 0.3 percent in vehicle license tax collections and 0.5 percent in vehicle registrations including commercial carriers. The table above shows the state-shared Arizona Highway Users allocations to the city of Phoenix since 2006-07.



### Local Transportation Assistance (LTA) Funds

In April 2010 the Legislature passed a bill permanently sweeping the Local Transportation Assistance fund. The impact of the reduction in LTA funds will result in decreased service levels to transit riders and a reduction in revenue for arts grants.

### 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 2010-11 estimate of \$56,002,000 is \$7,608,000 or 15.7 percent higher than the 2009-10 estimate of \$48,394,000. The increase is due to increased contract service to be sold to other jurisdictions. The plan is funded by the Maricopa County transportation tax that was extended through December 2025 by Proposition 400.

### Community Reinvestment

The 2010-11 estimate of \$3,797,000 represents estimated revenues to be received through various economic redevelopment agreements in the downtown area.

### SECONDARY PROPERTY TAX

Fiscal Year	Secondary Assessed Valuation		Secondary Levy		Rate per \$100 Assessed Valuation
	(in Billions)	% Change	(in Thousands)	% Change	
2006-07	\$12,261	7.4%	\$119,509	8.8%	\$0.9747
2007-08	16,069	31.1	163,227	36.6	1.0158
2008-09	18,856	17.3	199,724	22.4	1.0592
2009-10 (Est.)	18,861	0.0	198,722	(0.5)	1.0536
2010-11 (Est.)	16,092	(14.7)	150,753	(24.1)	0.9368

### Secondary Property Tax

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

As discussed in the General Fund revenues section, the 2010-11 primary property tax rate is \$0.8832. To maintain our current \$1.82 total rate, the resulting secondary rate is \$0.9368 per \$100 of assessed value for 2010-11. The 2010-11 secondary property tax levy of \$150,753,000 is based on this rate and secondary assessed valuation of \$16.09 billion. This resulting levy is \$47,969,000 or 24.1 percent less than the 2009-10 levy of \$198,722,000. This decrease is primarily due to a decrease in assessed values and a shift within the total rate from secondary property tax to primary property tax.

Also included in the 2010-11 estimate is \$1,000,000 in interest earnings, an 11.1 percent increase from 2009-10.

The table above shows secondary assessed valuation, secondary property tax levies and secondary property tax rates since 2006-07. The total property tax rate of \$1.82 for 2010-11 has remained unchanged since 1995-96.

### Impact Fee Program Administration

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

Beginning in 2004-05, the revenue from the administrative fee and the related costs were significant enough to require separate accounting. The 2009-10 and 2010-11 revenue estimates are \$289,000 and \$280,000 respectively. The 2010-11 revenue estimate has increased by \$39,000 when compared to the 2008-09 actual revenue amount of \$241,000.



### Other Restricted Fees

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

The 2010-11 estimate of \$29,989,000 is \$941,000 above the 2009-10 estimate of \$29,048,000. The increase is primarily due to projected increases in court special fees, fire technical support revenues and the new markets tax credit program.

### Public Housing Grants

The 2010-11 Public Housing grants revenue included in the annual operating budget is \$105,816,000 which is a 21.2 percent increase from 2009-10. This increase is due to an increase in HOME program funds from the federal government. The HOME program is aimed at increasing the availability of affordable rental housing and expanding home ownership opportunities for first-time homebuyers. Other items in this category include housing subsidies, interest income and housing assistance payments.

### Human Services Grants

The 2010-11 revenue estimate of \$37,311,000 is \$6,043,000 less than the 2009-10 estimate of \$43,354,000. The decrease is due to a reduced amount of grant revenue for the Federal Head Start Program and American Recovery and Reinvestment Act (ARRA) revenue for Community Services Block Grants. This category includes funds from the Department of Health and Human Services, Workforce Investment Act, Aging Program Grants and Head Start funds.

### Community Development Block Grant

Each year since 1974, the city has received Community Development Block Grant 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 2010-11 CDBG entitlement is \$36,295,000 which is \$17,462,000 more than the 2009-10 estimate of \$18,833,000. The increase is due to an increase in CDBG grants from the federal government.

### Criminal Justice Grants

The 2010-11 grant revenue for criminal justice programs is estimated to be \$9,990,000 which is \$5,340,000 less than the 2009-10 estimate of \$15,330,000. The decrease is due to a reduction in ARRA funding. This category includes Police, Court and Law department grants. Grants include funding for the Police Department training academy, drug trafficking prevention and other crime related prevention programs.

### Public Transit Grants

The 2010-11 Federal Transit Administration Grant estimate is \$8,551,000 reflecting a decrease of \$2,013,000 below the 2009-10 estimate of \$10,564,000. The decrease is primarily due to the Legislature passing a bill in April 2010 to permanently sweep the Local Transportation Assistance Fund II which is budgeted in Public Transit Grants.

### Other Grants

The 2010-11 budget also includes \$144,773,000 for federal, state and other grants which is \$92,299,000 more than the 2009-10 estimate of \$52,474,000. The increase is due to additional ARRA grants. This category includes funding for the neighborhood stabilization program, various parks and recreation and library activities as well as programs such as workforce development.

### ENTERPRISE FUNDS

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

#### Aviation

Aviation revenue estimates include landing fees, concession revenues and interest income at Sky Harbor International, Deer Valley and Goodyear airports. Total Aviation revenue for 2010-11 is anticipated to be \$314,463,000, which is \$11,012,000 or 3.6 percent greater than the 2009-10 estimate of \$303,451,000. The 2010-11 estimate anticipates conservative growth in airline fees, landing fees and concessions revenues.

The table on the next page shows Aviation revenue by major category and annual percent change since 2006-07.




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


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	2006-07	2007-08	2008-09	2009-10 (Est.)	2010-11 (Est.)
Airline Operation	\$ 92,056	\$ 95,741	\$ 103,068	\$ 98,500	\$ 103,000
Concessions and Rentals	176,579	182,420	161,110	163,603	170,151
Rental Car Facility	34,520	36,146	33,948	30,265	30,265
Interest	10,426	10,967	8,584	4,600	4,600
Other/Federal Grants	5,676	6,550	6,107	1,997	1,889
Goodyear	415	1,506	1,504	1,641	1,664
Deer Valley	3,198	2,741	2,731	2,845	2,894
<b>Total Aviation Revenue</b>	<b>\$322,870</b>	<b>\$336,071</b>	<b>\$317,052</b>	<b>\$303,451</b>	<b>\$314,463</b>
Change From Prior Year	11.3%	4.1%	5.7%	(4.3%)	3.6%

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**SUMMARY OF WATER SYSTEM REVENUES**  
**(In Thousands of Dollars)**


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	2006-07	2007-08	2008-09	2009-10 (Est.)	2010-11 (Est.)
Water Sales	\$211,380	\$235,342	\$240,068	\$259,772	\$284,513
Environmental Consumption Charge	31,337	35,977	41,015	46,969	51,000
Raw Water Charge	16,080	15,957	15,943	19,438	23,000
Interest	15,963	13,976	8,270	5,925	4,667
Development Fees	8,712	4,772	1,859	1,600	1,600
Combined Service Fees	2,163	2,249	2,905	6,000	6,000
Val Vista	7,194	7,861	7,171	10,001	9,770
All Other	19,105	15,771	10,948	2,789	3,015
<b>Total Water Revenue</b>	<b>\$311,934</b>	<b>\$331,905</b>	<b>\$328,179</b>	<b>\$352,494</b>	<b>\$383,565</b>
Change From Prior Year	4.8%	6.4%	(1.2%)	7.4%	8.8%



**Water System**

Water system revenues include water sales, development fees, various water service fees, resource acquisition fees, fees paid by other jurisdictions for the operation of the Val Vista Water Treatment Plant and other miscellaneous fees. Total water system revenue for 2010-11 is projected to be \$383,565,000, which is \$31,071,000 or 8.8 percent more than the \$352,494,000 estimate for 2009-10. The 2010-11 estimate reflects a full year's impact from the March 2010 rate increase for water sales. It also reflects zero account growth and a slightly lower consumption per account.

The table on the previous page shows water system revenues by major category since 2006-07.

**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 \$223,521,000 in 2010-11, which is \$6,240,000 or 2.9 percent greater than the 2009-10 estimate of \$217,281,000. The 2010-11 estimate is based on a full year's collection of the March 2010 rate increase on sewer services. The table below shows Wastewater revenue by major category and annual percent change since 2006-07.

**Solid Waste**

This category includes revenues from the monthly residential collection and landfill tipping fees. The 2010-11 estimate of \$138,939,000 is an increase of \$2,079,000 or 1.5 percent greater than the 2009-10 estimate of \$136,860,000. The increase includes 0.5 percent household unit growth.

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

	2006-07	2007-08	2008-09	2009-10 (Est.)	2010-11 (Est.)
Sewer Service Charge	\$122,103	\$135,378	\$145,716	\$151,903	\$157,658
Environmental Charges	31,429	33,752	32,834	34,633	35,597
Development Fees	8,187	4,117	1,640	1,500	1,500
Interest	13,373	14,370	7,370	4,161	3,147
Multi-City	19,242	18,562	15,932	20,510	20,634
Other	8,734	6,097	6,830	4,574	4,985
<b>Total Wastewater Revenue</b>	<b>\$203,068</b>	<b>\$212,276</b>	<b>\$210,322</b>	<b>\$217,281</b>	<b>\$223,521</b>
Change From Prior Year	14.6%	4.5%	(0.9)%	3.3%	2.9%



**Convention Center**

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

Earmarked sales taxes are expected to produce \$37,270,000 in 2010-11, an increase of 6.4 percent above 2009-10. Convention Center operating revenues are expected to be \$13,185,000, parking revenue is expected to be \$2,816,000, and interest revenue is expected to be \$900,000, for total revenue estimates of \$54,171,000. This is \$3,068,000 or 6.0 percent more than the 2009-10 total estimated revenue of \$51,103,000. The increase is due to the estimated growth in earmarked sales tax categories and a slight improvement in operating revenues. Tax estimates are consistent with General Fund sales tax estimates for the categories included in Convention Center.

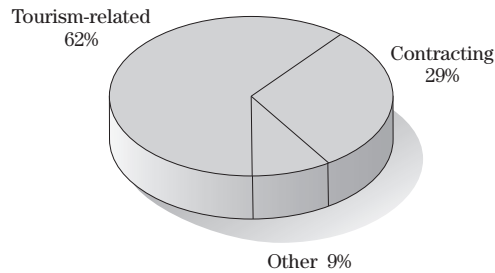
The table above shows the Convention Center excise tax collections since 2006-07.

Overall growth rates differ from General Fund sales taxes due to the smaller number of categories, differing proportions of the total and their more volatile nature. As shown in the following pie chart, contracting and tourism represent 91 percent of the sales tax revenue to this fund. Both industries are considered volatile; and both have experienced dramatic changes in the last several years. In the General Fund, however, contracting and tourism represent only 10 percent of the sales tax revenue. Because of this, any changes to these more volatile industries have a greater impact in this fund's sales tax revenue than in the General Fund's sales tax revenue.

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

Fiscal Year	Amount Collected	Increase/(Decrease)	
		Amount	Percent
2006-07	\$61,647	\$4,758	8.4%
2007-08	58,126	(3,521)	(5.7)
2008-09	45,380	(12,746)	(21.9)
2009-10 (Est.)	35,031	(10,349)	(22.8)
2010-11 (Est.)	37,270	2,239	6.4

**2010-11 CONVENTION CENTER  
Earmarked Sales Taxes**



The growth rate anticipated for 2009-10 reflects the current slowdown in the economy, while the growth rate for 2010-11 reflects some improvement.

**Golf Courses**

Revenue sources in the Golf Course category include greens fees, golf cart rentals and pro shop sales at city-run golf courses which include Aguila, Cave Creek, Encanto, Maryvale and Palo Verde. The city receives rental income from Papago Golf Course, which is operated by a concessionaire. The 2010-11 estimate of \$6,486,000 is \$193,000 or 3.1 percent above

the 2009-10 estimate. This is due to an increase in expected revenues from course fees and cart rental income.

# General Government

## MAYOR

### Program Goal

The Mayor is elected on a nonpartisan ballot to represent the entire city for a four-year term that expires in January 2012. The Mayor represents the city in all official capacities and provides leadership to the City Council, administrative staff and the community at large. The Mayor recommends policy direction for the city and chairs all City Council meetings.

### Budget Allowance Explanation

The Mayor's 2010-11 operating budget allowance of \$1,598,000 is \$314,000 or 16.4 percent less than 2009-10 estimated expenditures and reflects budget reductions which include the elimination of two assistant to the Mayor positions. Also reflected in the proposed budget is the charging of the costs of a Council aide position to the Mayor's non-taxpayer supported Downtown Development Fund.

## Mayor Major Performance Measures and Service Levels

The following significant performance measures and service level trends will be achieved with the 2010-11 budget allowance:

	2008-09	2009-10 <sup>1</sup>	2010-11
<b>Community Attitude Survey</b>			
Percent of citizens regarding the quality of life in Phoenix as positive <sup>2</sup>	91%	91%	91%
<b>Citizen Interaction</b>			
Number of constituent cases (opened) tracked using <i>CitizenServe</i>	123	150	150
Number of constituent cases (completed) tracked using CitizenServe	151	150	150

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

<sup>2</sup>Based on the 2008 Community Attitude Survey which is administered in even-numbered years.

## Expenditure and Position Summary

	2008-09	2009-10	2010-11
Operating Expense	\$1,969,000	\$1,912,000	\$1,598,000
Total Positions	17.5	13.5	13.5
Source of Funds:			
General	\$1,901,000	\$1,903,000	\$1,588,000
Other Restricted	68,000	9,000	10,000



**CITY COUNCIL**

**Program Goal**

The City Council is composed of eight council members elected by districts on a nonpartisan ballot. Four-year terms for council members from even-numbered districts expire in January 2014. Terms for council members from odd-numbered districts expire in January 2012. 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 2010-11 City Council operating budget allowance of \$3,344,000 is \$428,000 or 11.3 percent less than 2009-10 estimated expenditures and reflects the elimination of 13 City Council support positions and reductions in district funding.

**City Council Performance Measures and Service Levels**

The following significant performance measures and service level trends will be achieved with the 2010-11 budget allowance:

	2008-09	2009-10 <sup>1</sup>	2010-11
Percent of citizens who regard the city of Phoenix as a good place to live <sup>2</sup>	91%	91%	91%
Number of citizen cases tracked using <i>CitizenServe</i>	6,050	5,900	5,500

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

<sup>2</sup>Based on the 2008 Community Attitude Survey which is administered in even-numbered years.

**Expenditure and Position Summary**

	2008-09	2009-10	2010-11
Operating Expense	\$4,062,000	\$3,772,000	\$3,344,000
Total Positions	51.0	40.0	38.0
Source of Funds:			
General	\$4,062,000	\$3,772,000	\$3,344,000



*City Manager David Cavazos and Deputy City Manager Rick Naimark present information at a City Council meeting.*

**CITY MANAGER**

**Program Goal**

The city manager provides professional administration of the policies and objectives established by the Mayor and City Council, develops alternative solutions to community problems for Mayor and City Council consideration and plans programs that meet the future public needs of the city.

**Budget Allowance Explanation**

The City Manager's 2010-11 operating budget allowance of \$983,000 is \$52,000 or 5.0 percent less than 2009-10 estimated expenditures. This is a result of budget reductions that eliminated an administrative secretary position responsible for coordinating and assembling City Council meeting agenda packets and providing administrative support.

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

The following significant performance measures and service level trends will be achieved with the 2010-11 budget allowance:

	2008-09	2009-10	2010-11
Public satisfaction with city services <sup>1</sup>	88%	88%	88%
Percent of employees agreeing that the city is a good place to work <sup>2</sup>	96%	97%	97%

<sup>1</sup>Based on the 2008 Community Attitude Survey which is administered in even-numbered years.

<sup>2</sup>Based on the 2009 Employee Survey which is administered in odd-numbered years.

**Expenditure and Position Summary**

	2008-09	2009-10	2010-11
Operating Expense	\$1,216,000	\$1,035,000	\$983,000
Total Positions	6.0	5.0	5.0
Source of Funds:			
General	\$1,216,000	\$1,035,000	\$983,000

**DEPUTY CITY MANAGERS**

**Program Goal**

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 Deputy City Managers' 2010-11 operating budget allowance of \$1,247,000 is \$35,000 or 2.7 percent less than 2009-10 estimated expenditures. This decrease is a result of General Fund reductions and is partially offset by an increase in the Water fund due to full staffing. The reductions eliminated funding for two deputy city managers, an executive assistant to the city manager and three administrative secretary positions.

**Deputy City Manager's Office Major Performance Measures and Service Levels**

The following significant performance measures and service level trends will be achieved with the 2010-11 budget allowance:

	2008-09	2009-10 <sup>1</sup>	2010-11
Items processed for City Council subcommittee action	160	242	240
Number of community and nonprofit meetings attended <sup>2</sup>	350	390	220

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

<sup>2</sup>The increase in 2009-10 is primarily due to the number of meetings related to the 2010 Census. The decrease in 2010-11 is estimated based on staff reductions.

**Expenditure and Position Summary**

	2008-09	2009-10	2010-11
Operating Expense	\$1,584,000	\$1,282,000	\$1,247,000
Total Positions	18.0	14.0	14.0
Source of Funds:			
General	\$1,362,000	\$1,086,000	\$886,000
Water	222,000	196,000	361,000



**GOVERNMENT RELATIONS**

**Program Goal**

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

**Budget Allowance Explanation**

The Government Relations 2010-11 operating budget allowance of \$1,218,000 is \$181,000 or 12.9 percent less than 2009-10 estimated expenditures and reflects decreased funding for lobbyists and business travel related to enhancing the city's ability to pursue federal, state and local grant allocations.

**PUBLIC INFORMATION**

**Program Goal**

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

**Budget Allowance Explanation**

The Public Information 2010-11 operating budget allowance of \$2,229,000 is \$481,000 or 17.7 percent less than 2009-10 estimated expenditures. The decrease is due to budget reductions that eliminate part-time freelance staff and a deputy Public Information director that provided support for major city events and initiatives, and provided communication and outreach to Spanish/ethnic media. The budget also eliminates administrative support at Phoenix 11 (PHX11) responsible for public record request tracking and updating the phoenix.gov website, and a full-time and part-time Public Information specialist position

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

The following significant performance measures and service level trends will be achieved with the 2010-11 budget allowance:

	2008-09	2009-10 <sup>1</sup>	2010-11
Number of governments, communities, regional and private sector agencies, neighborhood associations, commissions and organizations communicated with during the year.	508	500	500
Number of Arizona state legislative bill versions and amendments evaluated and prepared to support or oppose.	2,846	3,500	3,500

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

**Expenditure and Position Summary**

	2008-09	2009-10	2010-11
Operating Expense	\$1,318,000	\$1,399,000	\$1,218,000
Total Positions	5.0	5.0	5.0
Source of Funds:			
General	\$1,322,000	\$1,399,000	\$1,218,000
Other Restricted	(4,000)	—	—

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

The following significant performance measures and service level trends will be achieved with the 2010-11 budget allowance:

	2008-09	2009-10*	2010-11
Percent of news releases that generate media coverage	78%	75%	75%
New PHX11 programs produced per month	31	23	18
Percent of news distributed to stakeholders by 5 p.m. daily	93%	89%	90%
Percent of e-mail responses to public inquiries within one day	98%	98%	95%
Average response time to public records requests (days)	5.6	7.4	10.0
Phoenix.gov page visits (monthly average)	1,176,800	1,339,100	1,300,000

\*Based on 10 months actual experience.

responsible for translation of city news releases and producing the monthly Notes newsletter.

The budget also reduces staff that produce in-studio and on-location video programs for PHX11 and funding for the replacement of small tools and equipment commodities, and printing services.

**Expenditure and Position Summary**

	2008-09	2009-10	2010-11
Operating Expense	\$2,997,000	\$2,710,000	\$2,229,000
Total Positions	27.0	21.5	21.5
Source of Funds:			
General	\$2,985,000	\$2,706,000	\$2,229,000
Other Restricted	12,000	4,000	—

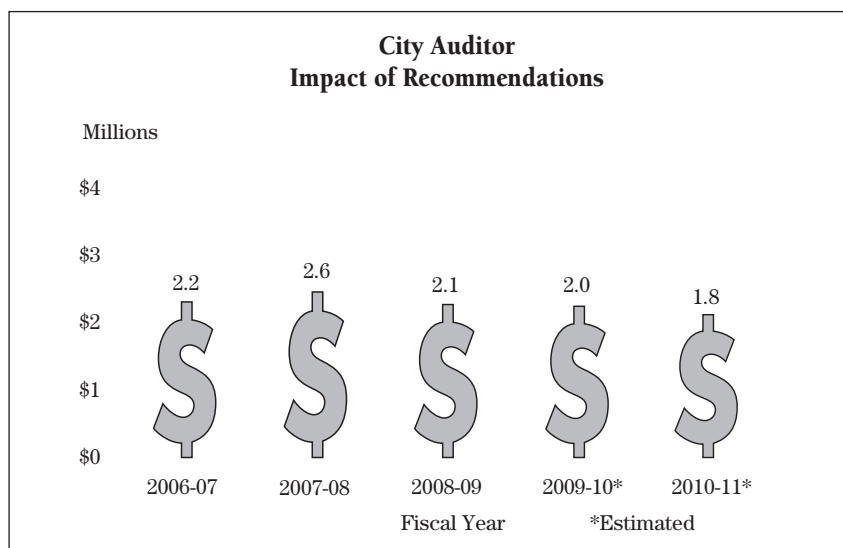
## CITY AUDITOR

### 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 2010-11 operating budget allowance of \$3,058,000 is \$373,000 or 13.9 percent more than 2009-10 estimated expenditures. The increase is due to \$500,000 in funding added for Council-approved innovation and efficiency audits. This is partially offset by budget reductions that include the elimination of one of four audit teams including a deputy city auditor, three internal audit positions and an administrative support position. These reductions will result in approximately 21 fewer audits performed annually.



### City Auditor Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2010-11 budget allowance:

	2008-09	2009-10 <sup>1</sup>	2010-11
Percent of audit plan completed	100%	92%	92%
Performance audit and management reports issued <sup>2</sup>	161	148	127
Average audit cycle time (calendar days) <sup>2</sup>	154	155	155
Economic impact of audits as a result of identified improvements or cost savings	\$2.1 M	\$2.2 M	\$1.8 M
Hearing rulings issued timely according to time frames listed in the City Code	100%	100%	100%

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

<sup>2</sup>Number of audit reports issued and average cycle time can vary due to the size and complexity of audits conducted. The number of reports issued is lower in 2009-10 and 2010-11 due to staff reductions.

### Expenditure and Position Summary

	2008-09	2009-10	2010-11
Operating Expense	\$2,780,000	\$2,685,000	\$3,058,000
Total Positions	30.5	26.5	26.5
Source of Funds:			
General	\$2,780,000	\$2,685,000	\$3,058,000





## EQUAL OPPORTUNITY

### Program Goal

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

### Budget Allowance Explanation

The Equal Opportunity 2010-11 budget allowance of \$2,774,000 is \$245,000 or 8.1 percent less than 2009-10 estimated expenditures. The decrease is primarily due to proposed budget reductions that eliminate a deputy equal opportunity director position that oversees the Compliance and Enforcement Division, a secretary II U\*8 position and an equal opportunity specialist position that supports the Human Relations, Phoenix Women's and Disability Issues commissions. The budget also reduces funds for sign language interpretation for commissions and various contractual line items.

### Equal Opportunity Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2010-11 budget allowance:

	2008-09	2009-10 <sup>1</sup>	2010-11
Discrimination complaints in employment, public accommodations, housing and Americans with Disabilities Act (ADA) accessibility, investigated and closed	206	220	220
Outreach presentations to area businesses and small business advocacy organizations <sup>2</sup>	19	18	16
Number of minority-owned, woman-owned and disadvantaged business enterprises (M/W/DBEs) certified <sup>3</sup>	701	670	N/A
Number of disadvantaged business enterprises (DBEs) certified <sup>3</sup>	N/A	N/A	65
Number of small business enterprises (SBEs) certified <sup>3</sup>	765	714	800
Construction contracts monitored for use of M/W/D/SBE subcontractors <sup>4</sup>	980	1,000	1,000

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

<sup>2</sup>Outreach reduced due to discontinuation of business showcase and budget reductions.

<sup>3</sup>Number of businesses certified in 2009-10 due to business closures and firms choosing not to re-certify. In 2010-11, an expanded SBE program replaced the M/WBE program. The anticipated increase in SBE certification for 2010-11 is due to this change.

<sup>4</sup>M/WBE subcontractor participation will continue to be monitored for contracts awarded prior to 2010-11.

### Expenditure and Position Summary

	2008-09	2009-10	2010-11
Operating Expense	\$3,255,000	\$3,019,000	\$2,774,000
Total Positions	28.0	25.0	25.0
Source of Funds:			
General	\$2,874,000	\$2,606,000	\$2,375,000
Community Development			
Block Grant	204,000	234,000	239,000
Federal and State			
Grants	164,000	167,000	148,000
Other Restricted	13,000	12,000	12,000



## HUMAN RESOURCES

### Program Goal

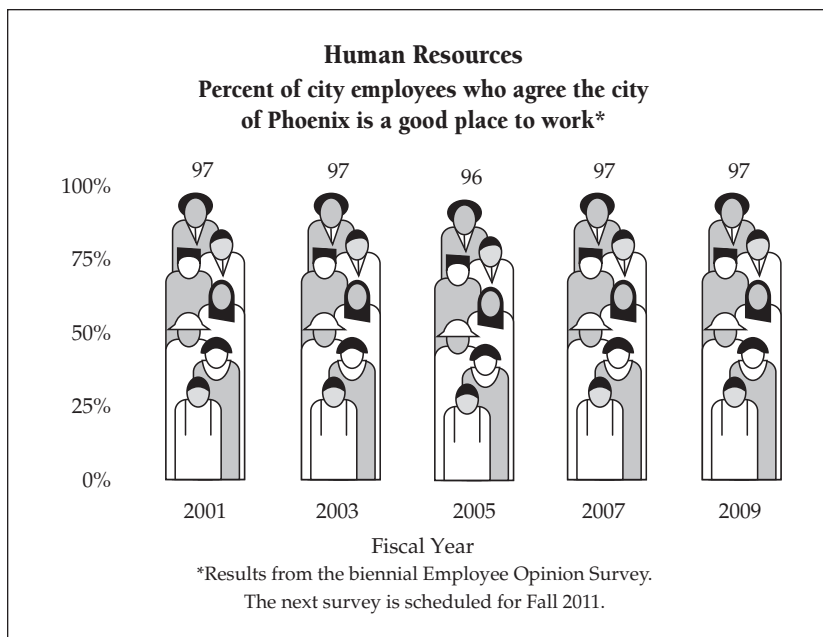
The Human Resources Department partners with departments and employees to hire, compensate, support and develop a diverse workforce that is dedicated to delivering high-quality services to the community.

### Budget Allowance Explanation

The Human Resources Department 2010-11 operating budget allowance of \$11,059,000 is \$2,873,000 or 20.6 percent less than 2009-10 estimated expenditures. This decrease is the result of 2010-11 budget reductions in the General Fund, an increase in charges for staff support to healthcare related and workers compensation trust funds, and an increase to the 2009-10 estimated expenditures for severance payouts.

The 2010-11 budget reduces funding and staff for recruitment and testing to fill city positions including use of testing facilities and use of executive search firms. The budget reduces staff support and funding for several employee benefit programs and services including the Employee Assistance Program for part-time employees; processing of employee education and seminar transactions; and assistance with COBRA billing and flexible spending accounts. The budget also eliminates the citywide Intern Program, attendance at job fairs, recruitment outreach efforts, and reduces employee background screening assistance and training on employee hiring and selection processes.

The 2010-11 budget reduces staff responsible for coordinating case review assessments involving complex topics such as Equal Opportunity, Americans with Disabilities Act and the Family Medical Leave Act. The Human Resources Department will no longer assist with investigations requested by the Integrity Committee or city departments. In addition, the budget reduces funding for maintenance, support and upgrades of the City's Human Resource Information System (CHRIS).



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

The following significant performance measures and service trends will be achieved with the 2010-11 budget allowance:

	2008-09	2009-10 <sup>1</sup>	2010-11
Percentage of qualified applicants who are minorities (target is 28%)	44.6%	47.8%	48.0%
Percentage of qualified applicants who are female (target is 44%)	31.2%	39.8%	40.1%
Annualized employee turnover rate	5.7%	6.0%	6.0%
Percentage of worker's compensation claims per 1,000 employees	10.2%	10.5%	10.0%
Employee performance evaluations completed on time (target is 90%)	92%	92%	92%

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

### Expenditure and Position Summary

	2008-09	2009-10	2010-11
Operating Expense	\$16,202,000	\$13,932,000	\$11,059,000
Total Positions	83.6	79.6	79.6
Source of Funds:			
General	\$14,908,000	\$12,526,000	\$9,657,000
City Improvement	979,000	978,000	976,000
Other Restricted	315,000	428,000	426,000



## PHOENIX EMPLOYMENT RELATIONS BOARD

### Program Goal

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

### Budget Allowance Explanation

The Phoenix Employment Relations Board 2010-11 operating budget allowance of \$101,000 is \$18,000 or 21.7 percent more than 2009-10 estimated expenditures. This increase is due to reduced work order credits from various departments.

## 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 2010-11 gross operating budget allowance of \$1,688,000 is \$92,000 or 5.8 percent more than 2009-10 estimated expenditures. The increase is primarily due one-time General Fund efficiency savings in 2009-10 and full staffing in 2010-11.

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

The following significant performance measures and service trends will be achieved with the 2010-11 budget allowance:

	2008-09	2009-10 <sup>1</sup>	2010-11
Number of cases filed annually <sup>2</sup>	13	22	20

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

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

### Expenditure and Position Summary

	2008-09	2009-10	2010-11
Operating Expense	\$140,000	\$83,000	\$101,000
Total Positions	1.0	1.0	1.0
Source of Funds:			
General	\$140,000	\$83,000	\$101,000

## Retirement Systems Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2010-11 budget allowance:

	2008-09	2009-10 <sup>1</sup>	2010-11
General city retirements <sup>2</sup>	457	522	400
Public safety retirements <sup>2</sup>	170	213	175
General city and public safety member contacts			
Appointments	884	790	765
Walk-in service <sup>2</sup>	1,791	2,100	1,810
Telephone calls <sup>2</sup>	8,267	9,701	8,675
Overall member satisfaction survey as rated on a scale of 1 to 4, with 4 being the best.	3.92	3.91	3.89
Success of educational classes as rated on a scale of 1 to 4, with 4 being the best.	3.68	3.71	3.72

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

<sup>2</sup>2009-10 increase is due to increased activity associated with budget reductions.

### Expenditure and Position Summary

	2008-09	2009-10	2010-11
Operating Expense (Gross <sup>3</sup> )	\$1,460,000	\$1,596,000	\$1,688,000
Total Positions	14.0	14.0	14.0
Source of Funds:			
General (Gross <sup>3</sup> )	\$1,460,000	\$1,596,000	\$1,688,000

<sup>3</sup>Gross costs are recovered through citywide assessments to all city departments.

**LAW**

**Program Goal**

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

**Budget Allowance Explanation**

The Law Department 2010-11 operating budget allowance of \$20,243,000 is \$413,000 or 2.0 percent less than 2009-10 estimated expenditures. The decrease is primarily due to budget reductions including the elimination of 18 positions consisting of attorneys, legal and administrative support staff, and case management staff assigned to various trial courtrooms and civil litigation issues. These reductions will increase attorney caseloads and impact the department's ability to train staff and hire outside legal counsel for critical and complex cases. The impact that these reductions have on budget growth is reduced because personal service costs in 2009-10 were lower due to a large number of vacancies.

**Expenditure and Position Summary**

	2008-09	2009-10	2010-11
Operating Expense	\$20,918,000	\$20,656,000	\$20,243,000
Total Positions	222.0	210.0	210.0
Source of Funds:			
General	\$19,968,000	\$19,395,000	\$19,004,000
Court Awards	242,000	267,000	280,000
Federal and State Grants	632,000	926,000	890,000
Other Restricted	76,000	68,000	69,000
Federal Transit Authority	—	—	—

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

The following significant performance measures and service trends will be achieved with the 2010-11 budget allowance:

	2008-09	2009-10 <sup>1</sup>	2010-11
Criminal cases sent to diversion <sup>2</sup>	4,417	5,000	5,000
Pre-trial disposition conferences set	57,659	63,000	63,000
New civil cases opened in the fields of condemnation, collection, taxes and civil litigation, excluding liability and other cases assigned to outside counsel	805	800	800
Number of defendants submitted for charging review	54,865	55,000	55,000
Number of civil cases closed, including those assigned to outside counsel and handled through the alternative dispute resolution process	521	1,000	1,000
Ordinances and resolutions for City Council adoption drafted and reviewed	1,400	1,000	1,000
Number of jury trials prosecuted	153	200	200

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

<sup>2</sup>The increase in 2009-10 is because the Prosecutor's Office implemented a new Underage Drinking Diversion Program.



## 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 2010-11 operating budget allowance of \$5,739,000 is \$992,000 or 20.9 percent more than 2009-10 estimated expenditures. The increase reflects an increase for equipment replacement, software license renewals and a full year's operating costs for the Regional Wireless Cooperative (RWC). The operating costs for the RWC are offset with revenue from member cities.

These increases are partially offset by budget reductions including the elimination of 17 positions that support the city switchboard operations (all shifts were eliminated except the daytime shift Monday through Friday), reduced support for the e-Chris and TALIS business systems and citywide telecommunications services, and technical web support to city departments. The budget also reduces the frequency of disaster recovery testing from twice to once a year and eliminates a Technology Specialist that provides LAN and technical support to Cable TV management.

During the budget process, the Enterprise Messaging and the Helpdesk/Training functions from the City Clerk Department were consolidated within ITS. The consolidation transferred fourteen positions and their associated costs to ITS.

### Information Technology Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2010-11 budget allowance:

	2008-09	2009-10 <sup>1</sup>	2010-11
Percentage of on-time operations center services	99.9%	99.9%	99.0%
Number of ITD-supported network devices	14,251	14,316	14,756
Critical systems availability percentage:			
Enterprise network	99.9%	99.9%	99.0%
Business systems	99.8%	99.8%	99.0%
Internet services	99.8%	99.9%	99.0%
Telephone network	99.9%	99.9%	99.9%
Microwave network	99.9%	100.0%	100.0%
Number of visits to phoenix.gov	14,273,512	14,900,000 <sup>2</sup>	14,900,000 <sup>3</sup>
Average cycle time of telephone service requests	2 weeks	2 weeks	2 weeks
Average number of CityCom phone calls processed daily	79,910	80,000	83,000
Average cycle time of wireless communication repairs	0.95 hours	0.88 hours	1.0 hour
Units of portable and mobile radio equipment	17,000	19,200	19,200

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

<sup>2</sup>Increased visits to phoenix.gov are due to the expansion of e-commerce and additional information provided to citizens by city departments, and the increase in Internet users.

### Expenditure and Position Summary

	2008-09	2009-10	2010-11
Operating Expense <sup>3</sup>	\$4,548,000	\$4,747,000	\$5,739,000
Total Positions	203.0	207.0	207.0
Source of Funds:			
General	\$3,130,000	\$3,069,000	\$3,804,000
City Improvement	1,017,000	1,018,000	1,270,000
Other Restricted	5,000	250,000	250,000
Aviation	185,000	192,000	195,000
Water	211,000	218,000	220,000

<sup>3</sup>Reflects net costs; most costs are charged to other departments for services provided.

## CITY CLERK AND ELECTIONS

### Program Goal

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

### Budget Allowance Explanation

The City Clerk 2010-11 operating budget allowance of \$5,383,000 is \$554,000 or 11.5 percent more than 2009-10 estimated expenditures. The increase is primarily due to the technical services section being recovered through the central service cost allocation rather than work order charges starting in 2010-11. The increase is partially offset by budget reductions that eliminate 17.3 positions responsible for city elections, internal mail delivery, printing services, City Council meeting coordination and recording of minutes, and technical support. This will delay responding to technical assistance requests, diminish printed material turnaround times, and extend the time necessary to complete early ballot processing. Also included in the budget reductions is reduced support for preparing operating and capital budgets, Equal Opportunity and Affirmative Action Plans, monitoring of software maintenance and licensing agreements, and processing of work order charges.

The budget also includes the partial consolidation of the Office Systems Division of City Clerk into the Information Technology Services department (ITS). The transition will eliminate a deputy city clerk and a support position, and transfer 14 positions to ITS.

## City Clerk Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2010-11 budget allowance:

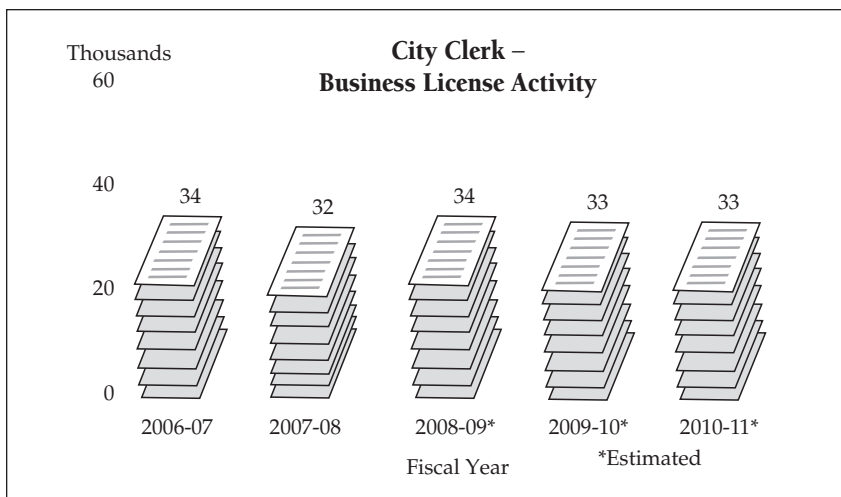
	2008-09	2009-10 <sup>1</sup>	2010-11
Number of Council formal and special meeting agenda items	2,702	2,600	2,600
Open meeting law notices posted <sup>2</sup>	3,635	3,300	3,300
Percent of open meeting law notices posted in accordance with State law <sup>2</sup>	100%	100%	100%
Total printing and copy impressions (including rapid copy) <sup>3</sup>	36.4M	28.2M	20.0M
City Council regular and special elections held	0	2	0
Business license data entry activity	32,858	33,400	33,400
Records imaged and available for public access on-line	88,747	100,000	100,000
Effectiveness of anti-spam filter <sup>4</sup>	99%	99%	N/A

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

<sup>2</sup>Includes meeting notices and meeting result postings as required by state law as of September 2008.

<sup>3</sup>Decrease in printing and copying impressions for 2010-11 is due to budget reductions.

<sup>4</sup>This item is marked N/A for 2010-11 due to the Office Systems Divisions move to ITS.



## Expenditure and Position Summary

	2008-09	2009-10	2010-11
Operating Expense	\$5,447,000	\$4,829,000	\$5,383,000
Total Positions	105.3	72.0	72.0
Source of Funds:			
General	\$5,273,000	\$4,654,000	\$5,210,000
City Improvement	165,000	164,000	162,000
Other Restricted	9,000	11,000	11,000



**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 2010-11 Finance Department operating budget allowance of \$22,361,000 is \$135,000 or 0.6 percent less than 2009-10 estimated expenditures. This is primarily due to budget reductions including a reduction of 11.0 positions in Risk Management, Surplus Property, Tax Accounting, Administration, Purchasing, Treasury and Debt Management and Financial Application and Support divisions. These reductions will negatively impact administrative support within the Finance Department, decrease timely processing and customer service, and increase the workload of operations staff in each division.

The budget also includes reduced General Fund support of the Real Estate division. Construction activity throughout the city for light rail, bond and other city projects which have been delayed or eliminated has resulted in significant reductions in the need for these services.

The decrease in 2010-11 would have been larger except for one-time savings in 2009-10 due to alternative funding reductions and efficiencies. Alternative funding savings included negotiating a delay for the financial system software licensing renewal increase and delaying initiating a new citywide banking contract.

**Finance Major Performance Measures and Service Levels**

The following significant performance measures and service trends will be achieved with the 2009-10 budget allowance:

	2008-09	2009-10 <sup>1</sup>	2010-11
Sales tax and franchise fees collected	\$676M	\$620M	\$668M
Average real estate acquisition cycle time (months)	14.0	15.0	15.0
Average property damage claims cycle time (days)	39	45	50
Average invitation for bid (IFB) cycle time (days) <sup>2</sup>	94	98	100

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

<sup>2</sup>Average IFB cycle time has increased due to unfilled vacancies resulting from the hiring freeze, some of which were eliminated as a result of budget reductions in 2009-10.

**Expenditure and Position Summary**

	2008-09	2009-10	2010-11
Operating Expense	\$22,552,000	\$22,496,000	\$22,361,000
Total Positions	281.8	266.8	266.8
Source of Funds:			
General	\$20,641,000	\$20,153,000	\$20,034,000
Water	790,000	1,016,000	992,000
Wastewater	712,000	759,000	759,000
Sports Facilities	110,000	129,000	129,000
City Improvement	55,000	59,000	57,000
Aviation	133,000	147,000	156,000
Other Restricted	111,000	233,000	234,000

**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 2010-11 operating budget allowance of \$2,930,000 is \$123,000 or 4.4 percent more than 2009-10 estimated expenditures. This increase reflects reduced personal service costs in 2009-10 due to vacancies and higher than normal attrition. The 2010-11 budget also reflects the elimination of a vacant budget analyst position.

**Expenditure and Position Summary**

	2008-09	2009-10	2010-11
Operating Expense	\$2,781,000	\$2,807,000	\$2,930,000
Total Positions	28.0	27.0	27.0
Source of Funds:			
General	\$2,781,000	\$2,807,000	\$2,930,000

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

The following significant performance measures and service trends will be achieved with the 2010-11 budget allowance:

	2008-09	2009-10 <sup>1</sup>	2010-11
Percent variance of actual versus estimated expenditures for each major fund (data for the General Fund is shown)	(-2.5)%	0% -± .5%	0% -± 1%
Percent variance of actual versus estimated revenues for each major fund (data for the General Fund is shown)	(-3.2)%	0% -± .5%	0% -± 1%
Percent of Requests for Council Action processed within 24 hours	82%	75%	75%
Capital Improvement Program expenditures as a percentage of estimate	49%	70%	65%

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



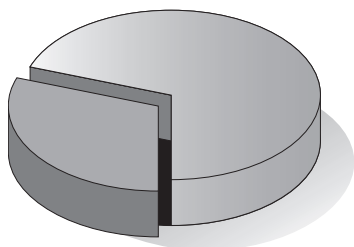


*The Police Department's Downtown Operations Unit is highly specialized in the dynamics of crowd control utilizing bicycle, foot, marked and unmarked police vehicles.*



# Public Safety

**The Public Safety Program Represents 32.7% of the Total Budget.**



The Public Safety program budget includes the Office of the Public Safety Manager, Police Department, Fire Department, Emergency Management and Family Advocacy Center.

## OFFICE OF THE PUBLIC SAFETY MANAGER

### Program Goal

The Office of the Public Safety Manager oversees and coordinates operations of the Phoenix Police Department; the security operations of the Aviation, Transit (including light rail) and Water Services departments; the city's Emergency Management Program and the Emergency Operations Center.

### Budget Allowance Explanation

The Office of the Public Safety Manager's 2010-11 operating budget allowance of \$203,000 is \$146,000 or 41.8 percent less than 2009-10 estimated expenditures and reflects charging a portion of the office's costs to enterprise funds.

### Expenditure and Position Summary

	2008-09	2009-10	2010-11
Operating Expense	\$352,000	\$349,000	\$203,000
Total Positions	2.0	2.0	2.0
Source of Funds:			
General	\$352,000	\$349,000	\$203,000

## 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 2010-11 operating budget allowance of \$539,575,000 is \$12,318,000 or 2.2 percent less than 2009-10 estimated expenditures. This decrease is primarily due to General Fund budget reductions totaling \$19.6 million and is partially offset by normal inflationary

### Police Major Performance Measures and Service Trends

The following significant performance measures and service trends will be achieved with the 2010-11 budget allowance:

	2008-09	2009-10 <sup>1</sup>	2010-11
Average Response Time (Minutes)			
Priority 1 – Emergency	5.1	5.0	5.0
Priority 2 – Non-Emergency	17.5	17.2	18.0
Priority 3 – All Others	39.4	39.8	41.7
Telephone Callbacks <sup>2</sup>	120.4	115.4	113.0
Percentage of phone calls to 9-1-1 and Crime Stop answered within 10 seconds <sup>3</sup>	91%	93%	90%
Cases accepted by the county attorney for issuance of complaint	28,296	26,600	27,000
Moving violation citations issued	263,413	254,700	258,000
Traffic accidents	24,407	24,900	26,000
Percentage of cases cleared:			
Murder	50%	64%	57%
Rape	23%	24%	23%
Robbery	19%	22%	20%
Aggravated Assault	44%	46%	45%
Burglary	5%	5%	5%
Theft	20%	21%	20%
Auto Theft	7%	7%	7%
Arson	10%	9%	10%

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

<sup>2</sup>The number of calls and response times for incidents handled by callback are impacted by the working hours and vacancy levels of this unit.

<sup>3</sup>Police Communications staff was increased in FY 2009-10 in preparation for the opening of two new precincts in early FY 2010-11. Changes in the percent of calls answered within 10 seconds may be affected by: new employee training, the transition from one communications facility to two, an anticipated learning curve as the department converts to a new CAD system in March 2010 and the reassignment of staff to operate new precinct duties.



adjustments and the carryover of unspent grant funds.

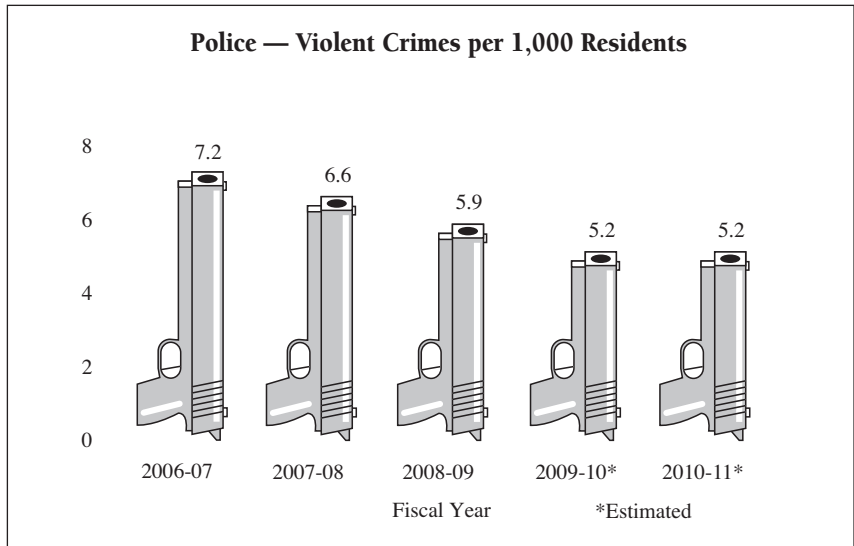
The budget reductions include the elimination of General Fund support for 113 sworn positions and the elimination of 47 administrative and clerical civilian support positions. By eliminating General Fund support for 113 sworn positions, the department will have to eliminate or redirect resources from a variety of programs and services including, but not limited to, the Mounted Unit, the Municipal Court Enforcement Detail, the Drug Enforcement Bureau, Crime Free Multi-Housing, Fugitive Apprehension, Neighborhood Enforcement and the Major Offenders Bureau. The budget also reflects the elimination of a vacant police community services director position that is funded by the Public Safety Enhancement Fund (PSEF).

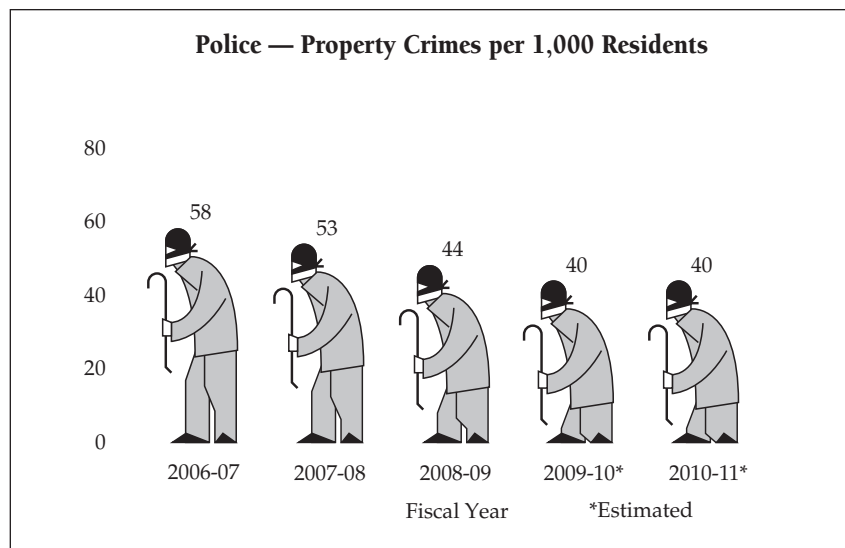
Due to the adoption of the emergency 2 percent food tax, employee concessions and the Public Safety Restoration Plan no sworn employees will be laid-off or demoted within the department.

According to the Public Safety Restoration Plan, 28 sworn positions once funded by the General Fund will be redirected and funded by Aviation, Transit, Water Services and the Neighborhood Block Watch Fund. Funds from the recent Multi-State Western Union Settlement will be used to restore 14 sworn positions needed to implement the Pre-Booking facility. Savings from within the department and funding from unspent retirement incentives will restore an additional 43 sworn positions. Finally, 68 sworn employees will be shifted from the General Fund into vacant Proposition 1 positions. In the end, the Police Department's authorized sworn count will decrease by a total of 78 full-time employees.

**Expenditure and Position Summary**

	2008-09	2009-10	2010-11
Operating Expense	\$548,407,000	\$551,893,000	\$539,575,000
Total Positions	4,946.7	4,825.7	4,825.7
Source of Funds:			
General	\$444,258,000	\$432,838,000	\$419,517,000
Public Safety			
Expansion	29,508,000	44,739,000	48,647,000
Neighborhood Protection	23,737,000	23,559,000	24,036,000
Public Safety Enhancement	20,139,000	20,505,000	20,638,000
Federal and State Grants	13,493,000	13,582,000	8,350,000
City Improvement	5,178,000	5,215,000	7,524,000
Other Restricted	4,103,000	4,697,000	4,649,000
Court Awards	6,163,000	4,938,000	4,425,000
Sports Facilities	1,023,000	1,053,000	1,105,000
Convention Center	805,000	767,000	684,000





*The Police Department received as many as 66,000 calls for service every month in 2009.*

**FIRE**

**Program Goal**

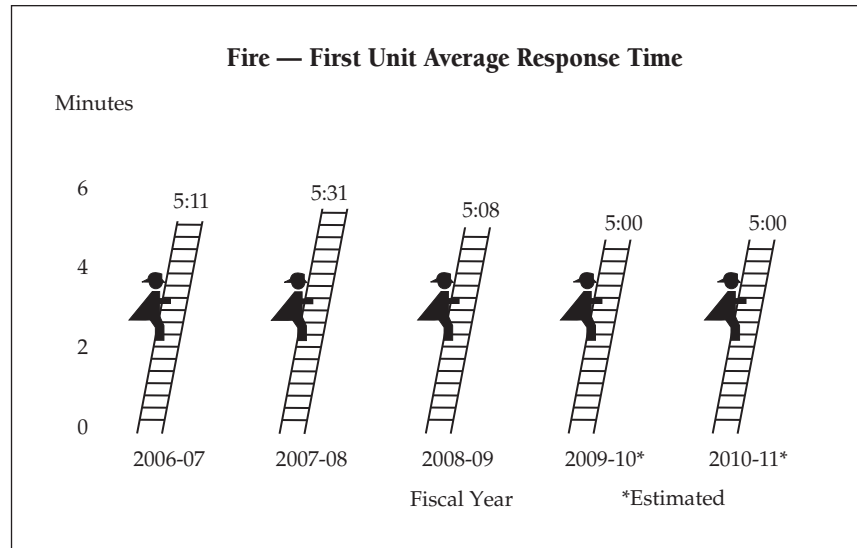
The Fire Department provides the highest level of life and property safety through fire prevention, fire control and emergency medical and public education services.

**Budget Allowance Explanation**

The Fire Department 2010-11 operating budget allowance of \$274,923,000 is \$3,978,000 or 1.4 percent less than 2009-10 estimated expenditures. This decrease reflects a reduced level of funding for federal and state grants and budget reductions including the elimination of 21.3 General-Funded civilian support positions, including the fire marshal whose duties were reassigned. The budget reductions also include the elimination of two of eight fire battalions that includes six battalion chiefs and six fire captains. This will degrade supervisory span of control of fire station personnel and possibly affect response times for command staff.

Also eliminated in the budget are two deputy chiefs assigned to Fire Prevention and Safety, one fire captain assigned to fleet management, one firefighter assigned to the Health Center and twelve firefighters assigned to ambulance rescue units, for a total of 28 sworn positions. The decrease is partially offset by an increase in replacement costs of fire apparatus in FY 2010-11.

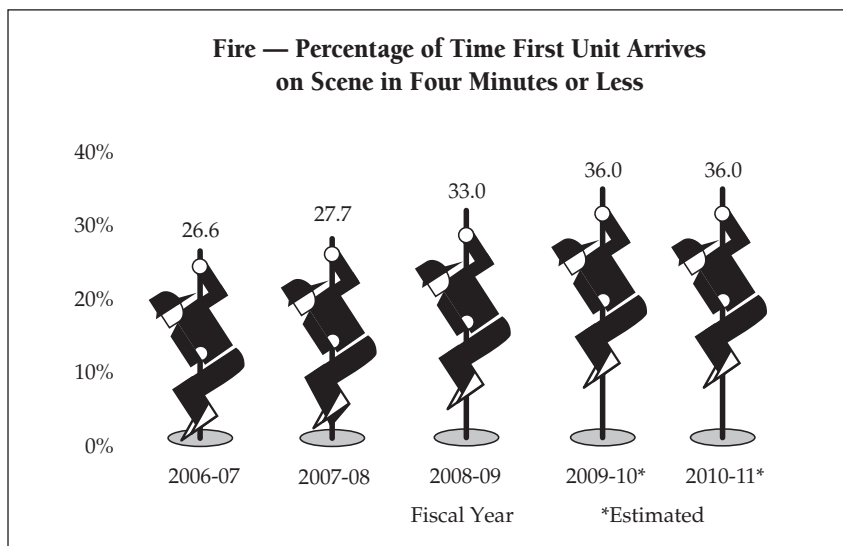
The Fire Department reorganized operations in response to staff reductions and significant cuts were made in overtime. In addition, program reductions were made in contractual services, commodities and capital outlay.



*The Fire Department responded to 146,989 incidents, including 13,823 fire calls and 126,693 medical assistance calls in 2009.*

### Expenditure and Position Summary

	2008-09	2009-10	2010-11
Operating Expense	\$266,178,000	\$278,901,000	\$274,923,000
Total Positions	2,118.5	2,066.2	2,066.2
Source of Funds:			
General	\$221,827,000	\$227,298,000	\$226,266,000
Public Safety Enhancement	11,254,000	11,675,000	11,547,000
Neighborhood Protection	8,259,000	8,560,000	8,556,000
Public Safety Expansion	8,499,000	13,766,000	13,694,000
Development Services	2,429,000	1,940,000	1,470,000
Federal and State Grants	6,493,000	7,290,000	2,996,000
Other Restricted	3,943,000	4,889,000	4,823,000
City Improvement	3,474,000	3,483,000	5,571,000



### Fire Department Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2010-11 budget allowance:

	2008-09	2009-10 <sup>1</sup>	2010-11
Percent of fire and emergency medical call responses within four minutes	33.0%	34.0%	34.0%
Patient transports to Valley hospitals via emergency medical vehicles	59,654	61,000	61,000
Percentage of time Advanced Life Support (ALS) medical calls are responded to with paramedic units within five minutes	54.6%	59.0%	58.0%
Number of fire investigations to determine cause only	796	960	1,000
Number of calls by type:			
Emergency Medical	124,206	126,100	126,000
Fire	13,966	13,300	13,000
Other (mountain/swift water/trench/tree rescues/other)	3,556	4,900	5,000

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



**EMERGENCY MANAGEMENT**

**Program Goal**

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

**Budget Allowance Explanation**

The Emergency Management 2010-11 operating budget allowance of \$576,000 is \$36,000 or 5.9 percent less than 2009-10 estimated expenditures. The decrease reflects unconfirmed federal homeland security grant allocations for FY 2010-11.

**Expenditure and Position Summary**

	2008-09	2009-10	2010-11
Operating Expense	\$566,000	\$612,000	\$576,000
Total Positions	6.0	6.0	6.0
Source of Funds:			
General	\$102,000	\$98,000	\$88,000
Public Safety Enhancement	266,000	431,000	488,000
Federal & State Grants	198,000	83,000	—

**FAMILY ADVOCACY CENTER**

**Program Goal**

The Family Advocacy Center provides comprehensive, seamless service to victims of domestic and family violence and sexual assault through enhanced coordination, collaboration and communication among city, county and community service providers.

**Budget Allowance Explanation**

The Family Advocacy Center 2010-11 operating budget allowance of \$1,293,000 is \$16,000 or 1.2 percent less than 2009-10 estimated expenditures and is primarily due to reduced facility costs.

**Family Advocacy Center Major Performance Measures and Service Levels**

The following significant performance measures and service trends will be achieved with the 2010-11 budget allowance:

	2008-09	2009-10 <sup>1</sup>	2010-11
Victims Served <sup>2</sup>	4,715	5,610	5,600
Total Victim contacts	7,806	9,700	9,700
Total Services provided <sup>2</sup>	5,901	13,295	13,000

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

<sup>2</sup>Includes shelter participants, orders of protection, financial assistance, counseling services, and sexual assault examinations.

**Expenditure and Position Summary**

	2008-09	2009-10	2010-11
Operating Expense	\$1,544,000	\$1,309,000	\$1,293,000
Total Positions	12.0	12.0	12.0
Source of Funds:			
General	\$1,520,000	\$1,261,000	\$1,245,000
Other Restricted	23,000	33,000	33,000
Federal and State Grants	1,000	15,000	15,000



*The Family Advocacy Center partners with community-based organizations to provide valuable advocacy services to victims of domestic violence and sexual assault, and their families.*

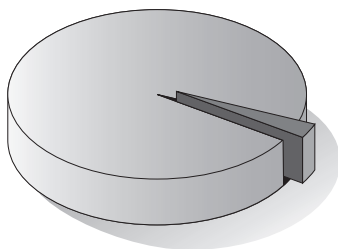


*Phoenix Municipal Court is a separate branch of city government and a part of the statewide court system, subject to the authority of the Supreme Court.*



# Criminal Justice

**The Criminal Justice Program Represents 2.5% of the Total Budget.**



The Criminal Justice program budget includes the 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 2010-11 operating budget allowance of \$42,110,000 is \$842,000 or 2.0 percent less than 2009-10 estimated expenditures. The decrease is primarily due to the elimination of 45 positions assigned to support criminal and civil courtrooms, administrative and

## Municipal Court Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2010-11 budget allowance:

	2008-09	2009-10 <sup>1</sup>	2010-11
Criminal filings	108,437	105,900	110,000
Civil filings	248,000	248,000	255,000
Average number of days from arraignment to hearing for minor traffic cases	31.0	35.0	35.0
Number of criminal cases with a pending trial date at year end	2,826	3,300	3,500
Percent of trials/hearings appealed	2.1%	1.8%	2.1%
Average cycle time for sending out restitution and bail refund checks <sup>2</sup>	1.8 days	1.7 days	1.0 day
Average hold time for incoming information calls to the Customer Call Center <sup>3</sup>	2.9 minutes	5.0 minutes	6.0 minutes

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

<sup>2</sup>Decrease reflects the implementation of a new scanning system and other process improvements.

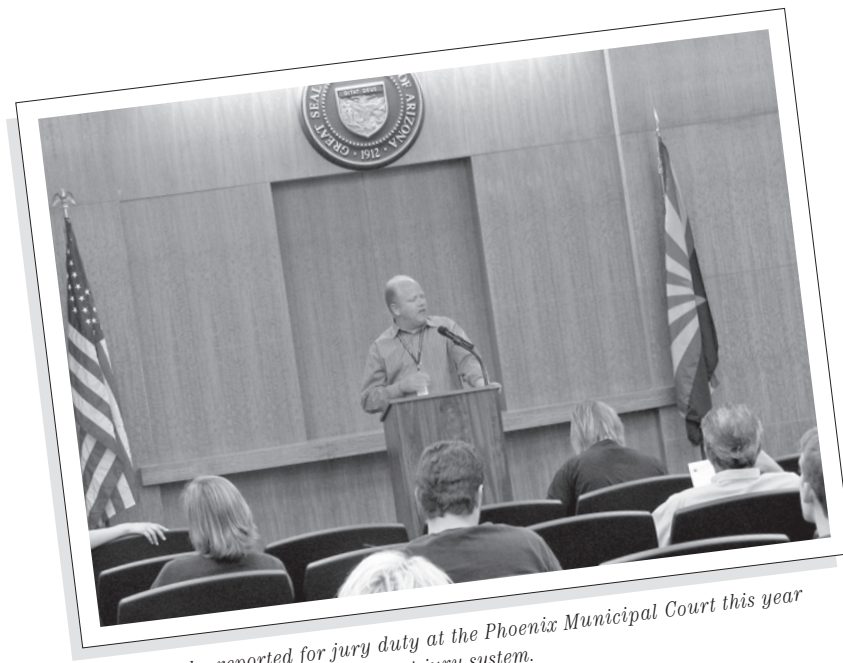
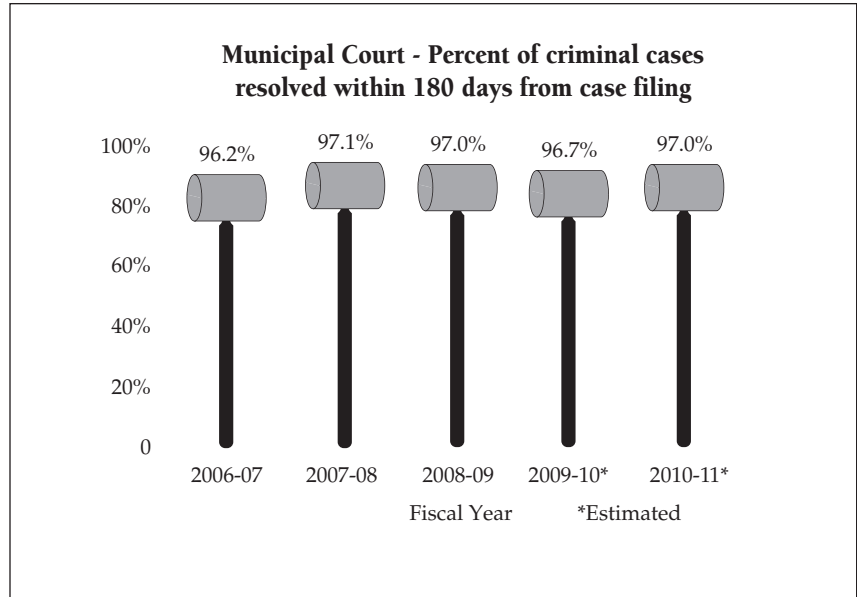
<sup>3</sup>Reflects the impact that budget reductions will have on operations.



accounting support functions, information technology and the Substance Abuse Screening program. Contract funding was reduced for computer disaster recovery, hardware maintenance, and security system modifications and repairs. In addition, the Municipal Court Enforcement Detail (MCED) has been eliminated.

**Expenditure and Position Summary**

	2008-09	2009-10	2010-11
Operating Expense	\$38,160,000	\$42,952,000	\$42,110,000
Total Positions	363.4	318.4	318.4
Source of Funds:			
General	\$31,471,000	\$31,160,000	\$30,791,000
Other Restricted	1,154,000	5,430,000	5,414,000
City Improvement	5,535,000	5,539,000	5,155,000
Federal and State Grants	—	823,000	750,000



*Jurors who reported for jury duty at the Phoenix Municipal Court this year experienced a new, more efficient jury system.*

**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 2010-11 operating budget allowance of \$4,657,000 is \$103,000 or 2.3 percent more than the 2009-10 estimated expenditures. This is a result of budget reductions taken in 2009-10 and normal inflationary increases that are partially offset by reductions for contracted court-appointed attorneys, litigation contracts and Jail Court contracts.

**Expenditure and Position Summary**

	2008-09	2009-10	2010-11
Operating Expense	\$4,684,000	\$4,554,000	\$4,657,000
Total Positions	9.0	9.0	9.0
Source of Funds:			
General	\$4,684,000	\$4,554,000	\$4,657,000

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

The following significant performance measures and service trends will be achieved with the 2010-11 budget allowance:

	2008-09	2009-10 <sup>1</sup>	2010-11
Defendants charged with misdemeanor crimes represented in Phoenix Municipal Court	15,379	16,000	14,000
Defendants represented at Jail Court (first appearance after arrest), and K-Court (second appearance after arrest for those not bonding out after their first appearance)	33,122	26,000	33,000

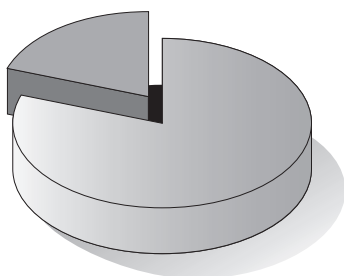
<sup>1</sup>Based on 10 months actual experience.



*The Street Transportation Department fills more than 20,000 potholes each year.*

# Transportation

**The Transportation Program Represents 20.5% of the Total Budget.**



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

**STREET TRANSPORTATION**

**Program Goal**

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

**Budget Allowance Explanation**

The Street Transportation 2010-11 operating budget allowance of \$65,584,000 is \$2,604,000 or 4.1 percent more than 2009-10 estimated expenditures. This increase is due to one-time General Fund efficiency savings in 2009-10, and utilizing a larger percentage of the Arizona Highway User Revenue Fund for operating costs. The increase is partially offset by budget reductions in the General Fund.

The 2010-11 General Fund budget reduces funding for heavy equipment training, eliminates the use of contract staff responsible for the design of major infrastructure improvements, and reduces positions that provide traffic engineering,

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

The following significant performance measures and service trends will be achieved with the 2010-11 budget allowance:

	2008-09	2009-10 <sup>1</sup>	2010-11
Routine street maintenance requests for service completed within 2-21 days (target is 90%)	85%	85%	82%
Percent of all traffic signal control cabinets inspected annually	100%	100%	100%
Routine traffic operation requests for service completed within 30 days (target is 95%)	98%	96%	93%
Construction project complaints or inquiries addressed within 5 working days (target is 98%)	99%	100%	100%
Number of days to review and respond to street light requests (target is 5 working days)	9.0	2.0	3.0
Number of days to review private development plans (target is 10 working days)	6.0	5.0	5.0
Complete requests for signs and crosswalk work within 45 days (target is 90%)	89%	87%	85%

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

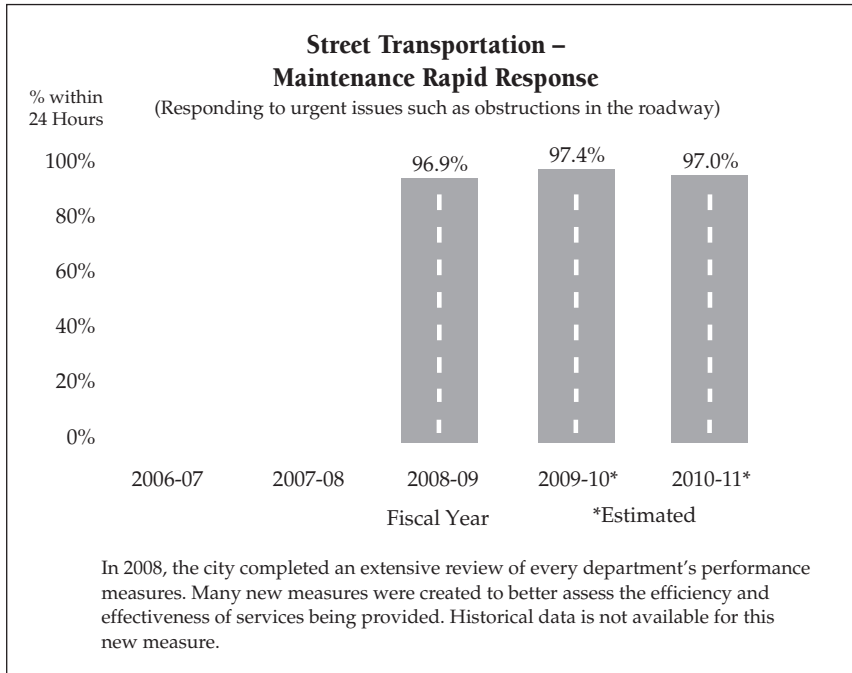


landscape and street related infrastructure design; survey activities; and small equipment repairs. The budget reduces centralized monitoring of traffic signal loop detectors and signalized intersections; traffic volume counts and support for addressing neighborhood traffic issues including safety issues; the production of street maps; ability to respond to special street sweeping requests; parking meter repairs; and the maintenance of alleys. The budget also reduces the number of streetlight layout and utility permit reviews for commercial and residential developments; reduces advanced professional engineering supervision of utility inspections and pavement management functions; and increases delays in providing staking for contractors and completion of city capital improvement projects.

In addition, the 2010-11 budget eliminates staff that provide office support to five deputy directors and more than 135 professional and technical staff; reduces professional staff responsible for managing and preparing the budget in the Management Services and Traffic Services divisions; eliminates two of four miscellaneous crews in the Street Maintenance Division responsible for removing damaged concrete curb, gutter and sidewalks; and reduces the crew that picks up trash, sweeps sidewalks and sweeps portions of the streets downtown that cannot be reached by a motor broom.

**Expenditure and Position Summary**

	2008-09	2009-10	2010-11
Operating Expense	\$61,159,000	\$62,980,000	\$65,584,000
Total Positions	729.0	719.0	719.0
Source of Funds:			
General	\$21,151,000	\$20,951,000	\$21,527,000
Arizona Highway User Revenue	39,544,000	41,448,000	43,274,000
City Improvement	398,000	403,000	621,000
Capital Construction	44,000	132,000	130,000
Federal and State Grants	15,000	23,000	10,000
Other Restricted	7,000	23,000	22,000



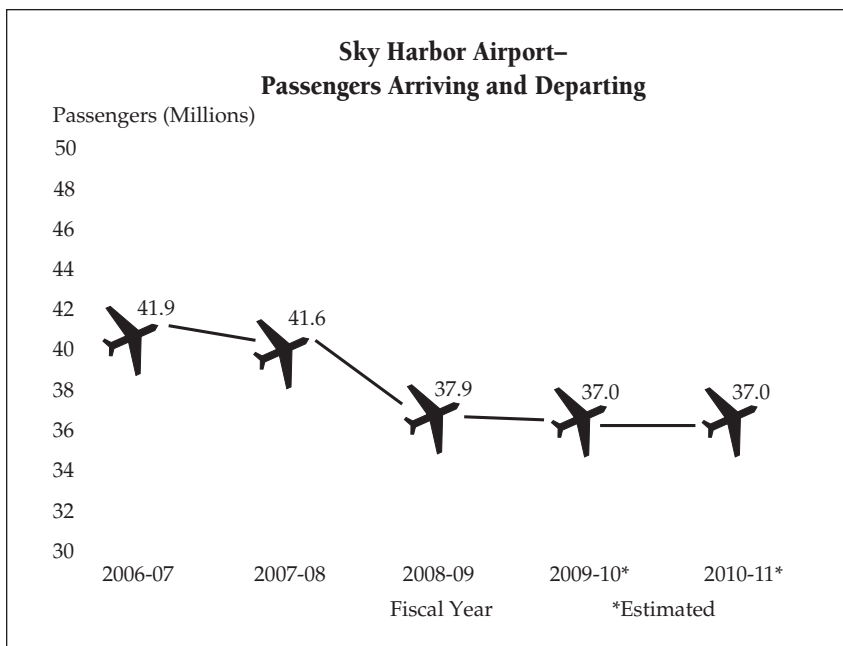
**AVIATION**

**Program Goal**

The Aviation Department provides the Phoenix metropolitan area with a self-supporting system of airports and aviation facilities that accommodate general and commercial aviation in a safe, efficient and convenient manner.

**Budget Allowance Explanation**

The Aviation Department's 2010-11 operating budget allowance of \$204,493,000 is \$2,334,000 or 1.2 percent more than 2009-10 estimated expenditures and reflects the increased costs for an enhanced Police Department presence for airport security and normal inflationary increases. The increase is partially offset by reductions to inter-terminal bus service and various contractual and commodity expenditures.



*The city of Phoenix owns and operates the Phoenix Airport System which consists of Sky Harbor International Airport, Deer Valley and Goodyear airports.*



The 2010-11 budget also reflects the addition of 18 administrative support positions needed to transition the Voluntary Acquisition and Relocation Services Program (VARs) from contract employees to city staff. Transitioning this program to city staff is expected to save the Aviation Department an estimated \$2,000,000. In addition, one records clerk III is being added to assist with the implementation and monitoring of the new taxicab contract and its cost will be offset with new revenue.

**Expenditure and Position Summary**

	2008-09	2009-10	2010-11
Operating Expense	\$193,144,000	\$202,159,000	\$204,493,000
Total Positions	834.7	850.7	869.7
Source of Funds:			
Aviation	\$193,144,000	\$202,159,000	\$204,493,000

**Aviation Major Performance Measures and Service Levels**

The following significant performance measures and service trends will be achieved with the 2010-11 budget allowance:

	2008-09	2009-10 <sup>1</sup>	2010-11
Airline rental rates (cost per square foot):			
Terminal 2	\$59.49	\$69.00	NA <sup>2</sup>
Terminal 3	\$59.84	\$75.96	NA <sup>2</sup>
Terminal 4	\$69.65	\$84.48	NA <sup>2</sup>
Gross sales per departing passenger:			
Terminal 2	\$8.01	\$8.21	\$8.21
Terminal 3	\$9.28	\$9.18	\$9.18
Terminal 4	\$8.41	\$8.60	\$8.60
Aircraft takeoffs and landings	1,038,335	1,025,000	1,025,000
Total international passengers	1,862,674	1,750,000	1,750,000
Air cargo processed (in tons)	285,673	263,000	270,000

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

<sup>2</sup>Airline rental rates for 2010-11 have not yet been finalized.



**PUBLIC TRANSIT**

**Program Goal**

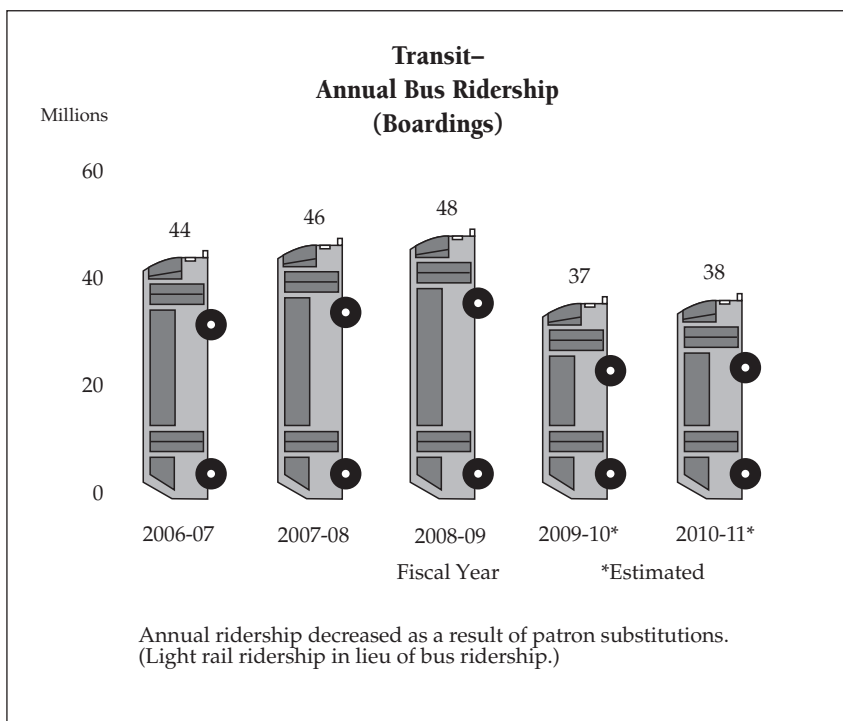
The Public Transit Department provides improved public transit services and increased ridership in the Phoenix urbanized area through the operation of a coordinated regional fixed-route and paratransit bus transportation system.

**Budget Allowance Explanation**

The Public Transit 2010-11 operating budget allowance of \$240,104,000 is \$823,000 or 0.3 percent less than 2009-10 estimated expenditures. This decrease is primarily due to General Fund, Transit 2000 Fund and Local Transportation Fund (LTAF) budget reductions. LTAF reductions were necessary due to the state of Arizona retroactively eliminating LTAF funding. These decreases were partially offset by an increase in debt service, restoration of early morning weekday fixed-route bus service to the levels that existed prior to December 2008, new facility operating costs and normal inflationary increases.

The 2010-11 General Fund reductions include the elimination of the DASH Downtown loop; implementation of holiday service on five days: Martin Luther King Jr., Presidents Day, Veterans Day, Day after Thanksgiving and Christmas Eve; and a 15 percent service reduction on the following neighborhood circulator routes: ALEX, DART, Deer Run, MARY and SMART.

Additional General Fund reductions include reduced funding for bus stop cleaning and maintenance; reduction in contract security services; transition of maintenance to contract services at all three transit facilities (position reductions are shown in the Public Works Department); and elimination of secretary III, accountant III, administrative assistant III and information technology analyst programmer II positions.



*METRO light rail service is coordinated with bus service to provide a seamless system of public transportation throughout the Valley.*



The 2010-11 Transit 2000 Fund reductions include modification of Route 13 by eliminating the service segment on Mohave Street from 7th to 16th avenues; modification of Route 29-Thomas Road to include a shorter trip turnaround; reduced frequency of Route 39-40th Street to once per hour; and a decreased frequency of light rail from every 10 minutes to every 20 minutes between 6 a.m. to 7 a.m. and 6 p.m. to 7 p.m., and decreased peak light rail frequency from a train running every 10 minutes to every 12 minutes. In addition, five municipal security guard positions were eliminated to offset the addition of three police officers to the Transit Bureau in the Police Department.

Additional Transit 2000 reductions in the pay-as-you-go Capital Improvement Program budget include elimination of the Bike Lane and Left Turn Arrow Program (the program has exceeded the goals of the Transit 2000 plan) and a reduction in project staff support.

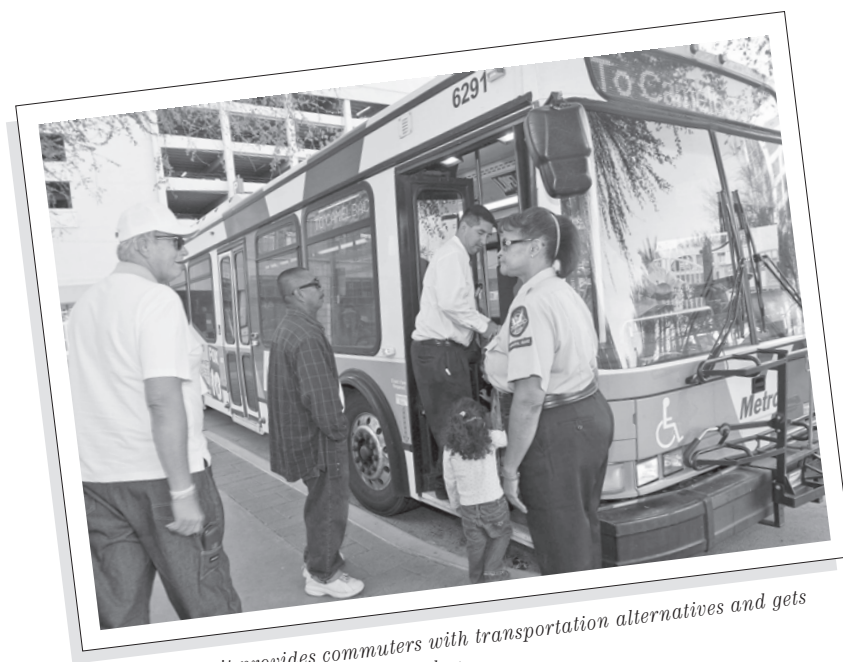
LTAf reductions include eliminating the DART and DEER RUN neighborhood circulators; reducing neighborhood circulators, ALEX, MARY and SMART by an additional 50 percent; reducing the RAPID commuter services by eliminating one morning/inbound and afternoon/outbound trip in each RAPID corridor (State Route 51, I-10 East, I-10 West and I-17); eliminating same-day Dial-A-Ride service to ADA certified individuals, persons with disabilities and seniors age 65 or older with savings partially offset by increased funding for the taxi voucher program to assist displaced passengers; reducing Route 122 by eliminating southern segment traveling south of Metrocenter along 39th Avenue; reducing Route 15 by eliminating the Central Station to Phoenix

Sky Harbor International Airport portion; and eliminating Route 32, along 32nd Street from Washington Street to Union Hills Road, by modifying Routes 10 and 16.

New facility operating costs include funding for new or expanded park-and-ride facilities at 27th Avenue and Baseline Road, 40th Street and Pecos Road, and Happy Valley Road and I-17. In addition, funding was added to operate the refurbished Central Station Transit Center and to provide custodial services at 25 bus stop locations with improved ADA accessibility.

**Expenditure and Position Summary**

	2008-09	2009-10	2010-11
Operating Expense	\$230,212,000	\$240,927,000	\$240,104,000
Total Positions	115.0	112.0	112.0
Source of Funds:			
General	\$23,200,000	\$19,056,000	\$15,860,000
Transit 2000	128,647,000	148,245,000	150,484,000
Local Transportation Assistance	6,400,000	3,706,000	—
Regional Transit	17,107,000	15,399,000	20,229,000
Federal Transit Authority	12,959,000	10,561,000	7,409,000
City Improvement	41,899,000	43,960,000	46,122,000



*Public transit provides commuters with transportation alternatives and gets thousands of people to work every day.*

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

The following significant performance measures and service trends will be achieved with the 2010-11 budget allowance:

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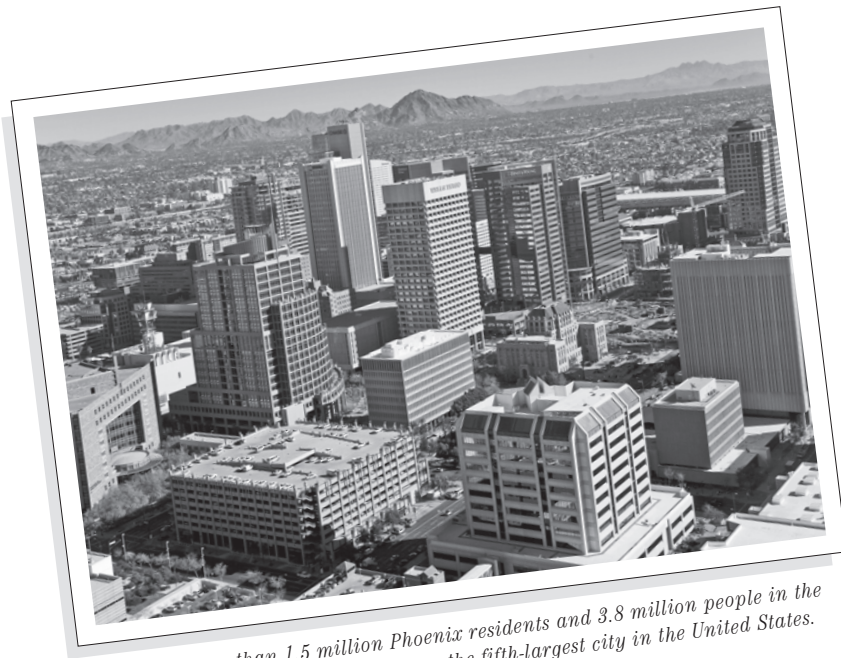
	2008-09	2009-10 <sup>1</sup>	2010-11
On-time performance for bus service <sup>2</sup>	91.9%	94.5%	94.6%
On-time performance for Dial-a-Ride prescheduled service	94.3%	96.9%	96.9%
Cost recovery from bus fares	20.5%	24.4%	26.5%
Bus boardings per revenue mile	2.37	2.06	2.10
Average daily ridership - light rail (Phoenix only) <sup>3</sup>	20,908	25,548	26,059

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

<sup>2</sup>On-time bus performance improved in 2009-10 due to detours and light rail construction on the busiest routes ending.

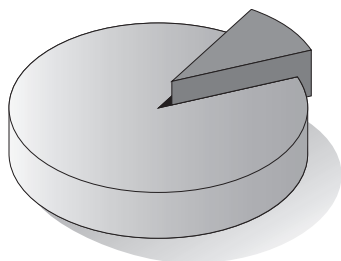
<sup>3</sup>The 2008-09 figure represents Jan. 1, 2009-June 30, 2009 ridership.



*Home to more than 1.5 million Phoenix residents and 3.8 million people in the metropolitan area, Phoenix ranks as the fifth-largest city in the United States.*

# Community Development

**The Community Development Program Represents 9.9% of the Total Budget.**



The Community Development program budget includes Development Services, Planning, Housing, Community and Economic Development, and Neighborhood Services.

**DEVELOPMENT SERVICES**

**Program Goal**

The Development Services Department manages the development approval process to ensure the construction of safe buildings and compatible site improvements that enhance the urban environment and promote economic vitality.

**Budget Allowance Explanation**

The Development Services 2010-11 operating budget allowance of \$29,403,000 is \$2,729,000 or 10.2 percent more than 2009-10 estimated expenditures. This increase is a result of additional contract plan review and inspection services to meet potential increases in demand. This is partially offset by a General Fund reduction of a building code examiner position responsible for inspecting non-permitted construction.

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

The following significant performance measures and service trends will be achieved with the 2010-11 budget allowance:

	2008-09	2009-10 <sup>1</sup>	2010-11
Total construction permits issued	33,550	27,200	30,000
Turnaround time for major commercial building plans (days)	48	43	48
Turnaround time for medium commercial building plans (days)	32	32	32
Turnaround time for minor commercial building plans (days)	22	21	22
Turnaround time for residential building plans (days) <sup>2</sup>	17	42	30
Percent of commercial inspections completed on time	96%	92%	95%
Percent of residential inspections completed on time	99%	88%	90%
Percent of costs recovered through fees	81%	92%	100%

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

<sup>2</sup>Variance is due to changes in demand for residential remodel, additions and minor project plan reviews.

**Expenditure and Position Summary**

	2008-09	2009-10	2010-11
Operating Expense	\$38,062,000	\$26,674,000	\$29,403,000
Total Positions	280.0	202.0	202.0
Source of Funds:			
Development Services	\$37,438,000	\$26,201,000	\$29,012,000
General	105,000	88,000	—
Other Restricted	519,000	385,000	391,000



**PLANNING**

**Program Goal**

The Planning Department coordinates the orderly growth of the city and creates a quality living environment through effective, comprehensive planning.

**Budget Allowance Explanation**

The Planning Department’s 2010-11 budget allowance of \$5,613,000 is \$520,000 or 8.5 percent less than 2009-10 estimated expenditures. The decrease is due to budget reductions that include the elimination of nine positions from planning teams, secretarial support and field technical support. Eliminating these positions will impact customer service and support for village planning committees. Staff resources to prepare long range and neighborhood plans and engage residents in the General Plan update process required by state law will be reduced. In addition, it eliminates contracts for Zoning Adjustment Hearing Officers who decide variance and use permit applications. These reductions will also delay rezoning and zoning adjustment processes.

**Planning Major Performance Measures and Service Levels**

The following significant performance measures and service trends will be achieved with the 2010-11 budget allowance:

	2008-09	2009-10 <sup>1</sup>	2010-11
Village Planning Committees supported	15	15	15
Zoning pre-application meetings scheduled within 20 working days	100%	95%	90%
Zoning verification letters completed within 15 working days	98%	94%	90%
Zoning counter customers assisted within 15 minutes of arrival	95%	93%	90%
Board, Commission, and Committee packets available seven days prior to meeting	98%	90%	90%

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

**Expenditure and Position Summary**

	2008-09	2009-10	2010-11
Operating Expense	\$6,449,000	\$6,133,000	\$5,613,000
Total Positions	51.0	42.0	42.0
Source of Funds:			
General	\$5,931,000	\$5,767,000	\$5,249,000
Other Restricted	453,000	300,000	298,000
Community Development			
Block Grant	65,000	66,000	66,000

**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 2010-11 Housing Department's operating budget allowance of \$82,881,000 is \$2,755,000 or 3.4 percent more than 2009-10 estimated expenditures. The increase is due to the addition of Neighborhood Stabilization Program (NSP) funds for the Home Buyer Assistant program, additional federal funding for Housing Assistance Payments within the Section 8 Voucher program and normal inflationary increases. These increases are slightly offset by decreased General Fund support of the Management Services Administrator.

**Expenditure and Position Summary**

	2008-09	2009-10	2010-11
Operating Expense	\$77,995,000	\$80,126,000	\$82,881,000
Total Positions	183.2	187.2	187.2
Source of Funds:			
Public Housing	\$72,124,000	\$71,567,000	\$75,151,000
Federal and State Grants	73,000	2,139,000	4,033,000
Community Development Block Grant	1,051,000	3,695,000	1,623,000
Other Restricted	4,267,000	1,250,000	1,088,000
HOPE VI	304,000	1,156,000	716,000
General	106,000	245,000	197,000
City Improvement	70,000	74,000	73,000

**Housing Major Performance Measures and Service Levels**

The following significant performance measures and service trends will be achieved with the 2010-11 budget allowance:

	2008-09	2009-10 <sup>1</sup>	2010-11
Affordable housing units for families and individuals	1,409	1,444	2,067
Rental assistance provided for low-income residents in the private housing market	5,524	5,758	5,851
City-owned and operated public housing units for families and seniors	2,447	2,476	2,374
Percent of Section 8 vouchers under lease	97%	95%	95%
Occupancy rate for public housing units	99%	98%	98%

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





**COMMUNITY AND ECONOMIC DEVELOPMENT**

**Program Goal**

The Community and Economic Development Department creates or facilitates development activities that add or retain jobs, enhances city revenues and enhances the quality of life including business development in Sky Harbor Center, downtown redevelopment area and other non-redevelopment areas.

**Budget Allowance Explanation**

The Community and Economic Development Department's 2010-11 operating budget allowance of \$24,348,000 is \$4,350,000 or 15.2 percent less than 2009-10 estimated expenditures and is primarily the result of General Fund budget reductions and reduced grant allocations.

The General Fund reductions include the elimination of a management assistant II from the Artist Storefront Program, business assistance administrator from the Special Projects Division and administrative aide in the Management Services Division. Funding for business attraction and transit-oriented development also was reduced.

The budget also reflects the elimination of a grant funded project management assistant in the Small Business Division, reduced funding from the Convention Center for the Greater Phoenix Economic Council (GPEC) contract and a reduction in Community Development Block Grant (CDBG) and other federal grants.

**Expenditure and Position Summary**

	2008-09	2009-10	2010-11
Operating Expense	\$20,474,000	\$28,698,000	\$24,348,000
Total Positions	92.0	102.0	101.0
Source of Funds:			
General	5,211,000	4,718,000	4,456,000
Aviation	40,000	69,000	72,000
City Improvement	2,533,000	2,529,000	4,027,000
Community Reinvestment	90,000	117,000	185,000
Convention Center	541,000	516,000	460,000
Other Restricted	2,087,000	2,506,000	2,713,000
Sports Facilities	133,000	133,000	135,000
Wastewater	3,000	60,000	60,000
Water	567,000	633,000	587,000
Federal and State Grants	8,587,000	16,310,000	11,187,000
Community Development Block Grant	682,000	1,107,000	466,000

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

The following significant performance measures and service trends will be achieved with the 2010-11 budget allowance:

	2008-09	2009-10 <sup>1</sup>	2010-11
Projected jobs created/retained within the city of Phoenix as a result of department efforts	5,000	4,960	1,535
Projected average annual salary for new jobs with companies newly located in Phoenix	\$42,000	\$38,000	\$41,000
Individuals serviced in employment and training programs <sup>2</sup>			
Adult	350	1,041	1,725
Youth	1,600	1,284	1,400

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

<sup>2</sup>Adult numbers dropped significantly in 2008-09 due to a decrease in federal funding. The increased service level projected for 2009-10 and 2010-11 is a result of American Recovery and Reinvestment Act funding.



**NEIGHBORHOOD SERVICES**

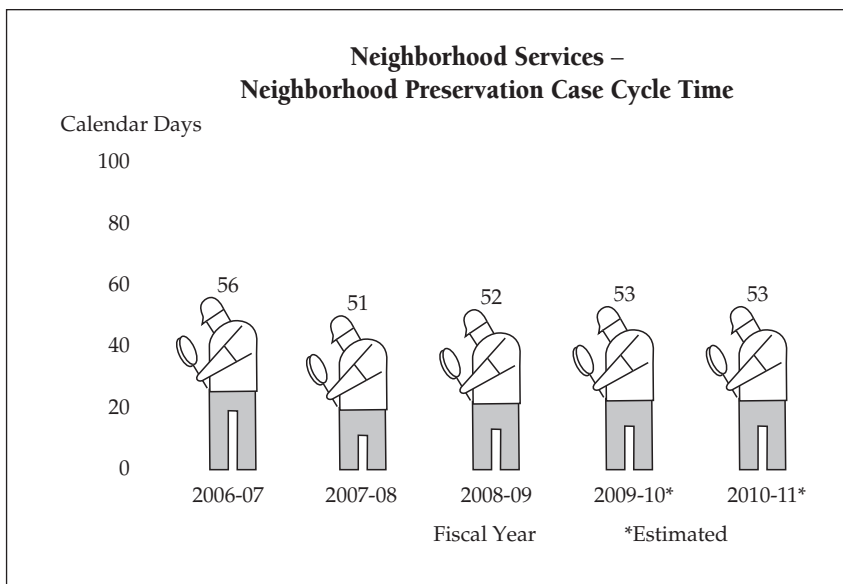
**Program Goal**

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

**Budget Allowance Explanation**

The Neighborhood Services 2010-11 operating budget allowance of \$105,372,000 is \$70,896,000 or 205.6 percent more than 2009-10 estimated expenditures. This increase is primarily due to a one-time increase in federal funding under the American Recovery and Reinvestment Act (ARRA), the Neighborhood Stabilization Program and the carry forward of unspent grant allocations budgeted in 2009-10. This is partially offset by proposed General Fund reductions.

The General Fund budget of \$11,021,000 is \$341,000 or 3.0 percent less than the 2009-10 estimated expenditures. The budget eliminates a secretary position, contractual funding for a technology service contract and a neighborhood preservation inspector position. This will reduce customer service and enforcement of mobile and street vending, graffiti supplies at retail businesses, adult license inspections and preservation ordinance enforcement at special events.





### Expenditure and Position Summary

	2008-09	2009-10	2010-11
Operating Expense	\$35,222,000	\$34,476,000	\$105,372,000
Total Positions	215.5	211.5	211.5
Source of Funds:			
General	\$12,998,000	\$11,362,000	\$11,021,000
Community Development Block Grant	17,626,000	12,564,000	30,240,000
Federal and State Grants	3,358,000	10,144,000	59,115,000
Public Housing	904,000	309,000	4,927,000
Other Restricted	39,000	97,000	69,000
City Improvement	297,000	—	—

### Neighborhood Services Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2010-11 budget allowance:

	2008-09	2009-10 <sup>1</sup>	2010-11
Residents who receive landlord/tenant counseling	6,044	6,000	6,000
Number of residents provided technical assistance and education on available city services, programs, tools and other community resources	3,663	3,500	3,500
Community outreach events attended and/or facilitated	934	800	800
Sites where graffiti was removed through the Graffiti Busters program <sup>2</sup>	85,026	63,000	63,000
Projects completed through housing rehabilitation programs <sup>3</sup>	795	900	900
Neighborhood Preservation cases opened annually <sup>4</sup>	45,764	56,000	56,000
Neighborhood Preservation average case cycle time <sup>5</sup>	52	53	53
Percent of Neighborhood Preservation cases resolved voluntarily <sup>6</sup>	85%	86%	86%

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

<sup>2</sup>The decrease in 2009-10 is a result of budget reductions to the Graffiti Busters Program in 2009-10.

<sup>3</sup>Includes units remediated through the lead hazard control and weatherization programs, as well as completed owner occupied and rental rehabilitation projects. NSD received additional funding for the weatherization program through ARRA.

<sup>4</sup>Includes all Neighborhood Preservation code enforcement and non-permitted construction cases opened.

<sup>5</sup>This measure includes all administrative, adjudicated and standard cases and the average time taken to achieve compliance at properties reported with code violations.

<sup>6</sup>This measures the volume of cases that were voluntarily brought into compliance with the appropriate city ordinances without court or abatement action.



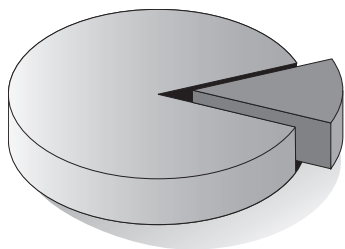
*The adaptive reuse of existing buildings preserves our history, contributes to economic vitality, promotes building efforts and creates more vibrant neighborhoods and downtown. Grace Court School, 800 W. Adams St., is a successful Adaptive Reuse Program project.*



*College Depot provides access to full-service college planning through outreach, guidance, resources and referrals.*

# Community Enrichment

## The Community Enrichment Program Represents 10.3% of the Total Budget.



The Community Enrichment program budget includes Parks and Recreation, Library, Golf, Phoenix Convention Center, Human Services, Education and Youth Programs, International and Sister Cities, Historic Preservation Office and the Phoenix Office of Arts and Culture.

### PARKS AND RECREATION

#### Program Goal

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

#### Budget Allowance Explanation

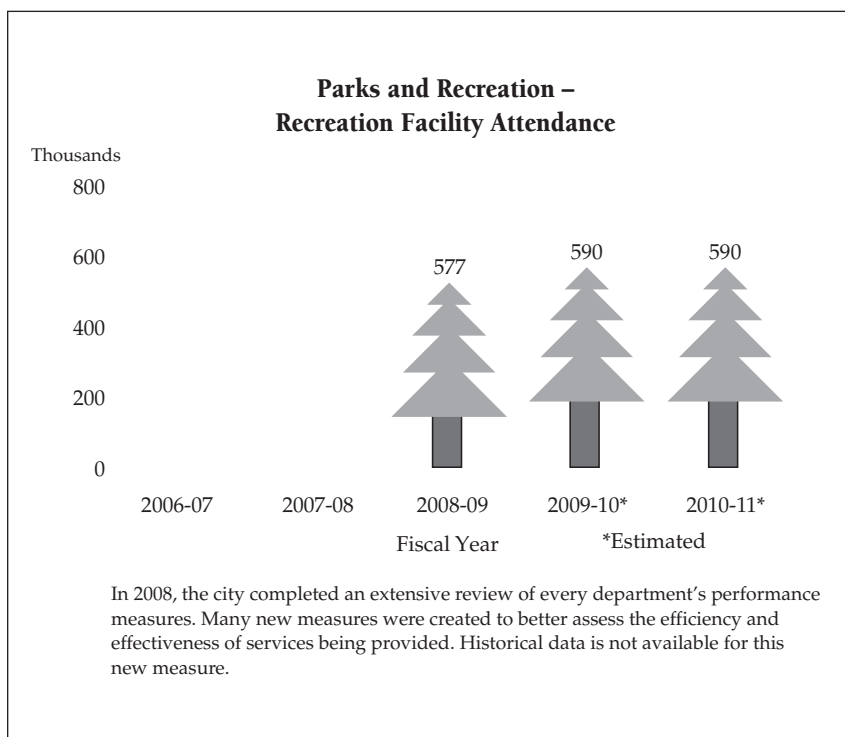
The Parks and Recreation 2010-11 budget allowance of \$97,515,000 is \$2,180,000 or 2.2 percent less than 2009-10 estimated expenditures. This decrease is the result of General Fund budget reductions. The reductions in 2010-11 are partially offset by one-time General Fund efficiency savings in 2009-10. The 2010-11 budget includes Phoenix Parks and Preserves Initiative funding (PPPI) to add staff and contractual maintenance services for newly acquired Sonoran Preserve property and the expansion of Civic Space Park. Staff and material costs to open and operate the

recreational area around Tres Rios Wetlands are funded by the Water Services Department.

The Parks and Recreation 2010-11 budget eliminates a deputy Parks and Recreation director, and several administrative and recreation staff which will increase span of control in several divisions, increase workloads, and reduce support to volunteer programs, youth and adult sports programs, and public information services. The budget significantly reduces maintenance and supervision at mountain parks and preserves, flatland parks and facilities, and street landscaping. This will result in an increase in uncontained trash, weeds and graffiti; reduced trail maintenance and restroom cleaning; decreased ability to replace dead plants; and reduced maintenance of palm and large hardwood trees.

The budget closes the North Mountain and South Mountain Visitor Centers, the Rio Salado Customer Service Center, and Arizona Horse Lovers Park. This will eliminate public access to the South Mountain Environmental Education Center and community use of the horse arenas and trails. The garden at Tovrea Castle will be closed; maintenance, staffing and program support at the Pueblo Grande Museum will be reduced; and staff support at the Shemer Art Center has been eliminated and replaced with volunteers.

The budget eliminates the equestrian patrol program and further reduces park rangers assigned to mountain parks and preserves. This will result in closing mountain park and preserve gated trailheads, parking lots and restrooms at 7:00 p.m. daily. Funding to the Latino Institute will be eliminated; funding for Cinco de Mayo, Pride and Martin Luther





King Jr. events will be reduced; and staff support for the Special Olympics will be eliminated.

The budget eliminates the Phoenix Afterschool Centers (PAC) summer program, City funding for the Boys and Girls Club Program, and the summer program at Coffelt neighborhood recreation center. The PAC school-year program will be reduced, resulting in the closure of 25 out of 55 sites. Due to extensive capital repairs needed to the pool shell and gutter system, Cortez Pool will remain closed indefinitely.

Donations from various foundations provide partial restorations for staff support at Camp Colley, Reach 11 Soccer Complex and the Diamondbacks Field of Dreams Baseball Complex. Increased youth softball tournament fees will partially restore city staff support and programming at Desert West, Rose Moffard and Papago Softball complexes.

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

The following significant performance measures and service trends will be achieved with the proposed 2010-11 budget allowance:

	2008-09	2009-10 <sup>1</sup>	2010-11
Construction projects completed (target is 75 percent or more)	95%	75%	75%
Percentage of safe and clean park facilities (target is 80 percent or greater) <sup>2</sup>	91%	89%	75%
Fill 80% or more of all non-team sport registration openings	57%	68%	60%
Recreation Facility Attendance	577,414	590,000	590,000
Usage of athletic field's available programmable time (target is 60% or greater)	50%	54%	50%
Community usage of facility's available programmable time (target is 60% or greater)	53%	35%	40%

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

<sup>2</sup>Reduced maintenance standards in 2010-11 due to significant budget reductions.

**Expenditure and Position Summary**

	2008-09	2009-10	2010-11
Operating Expense	\$106,038,000	\$99,695,000	\$97,515,000
Total Positions	1,137.9	1,028.3	1,029.0
Source of Funds:			
General	\$98,248,000	\$91,135,000	\$88,784,000
Other Restricted	4,332,000	3,421,000	3,756,000
City Improvement	1,979,000	2,000,000	2,013,000
Federal and State Grants	712,000	825,000	664,000
Convention Center	465,000	437,000	362,000
Parks and Preserves	302,000	1,877,000	1,936,000

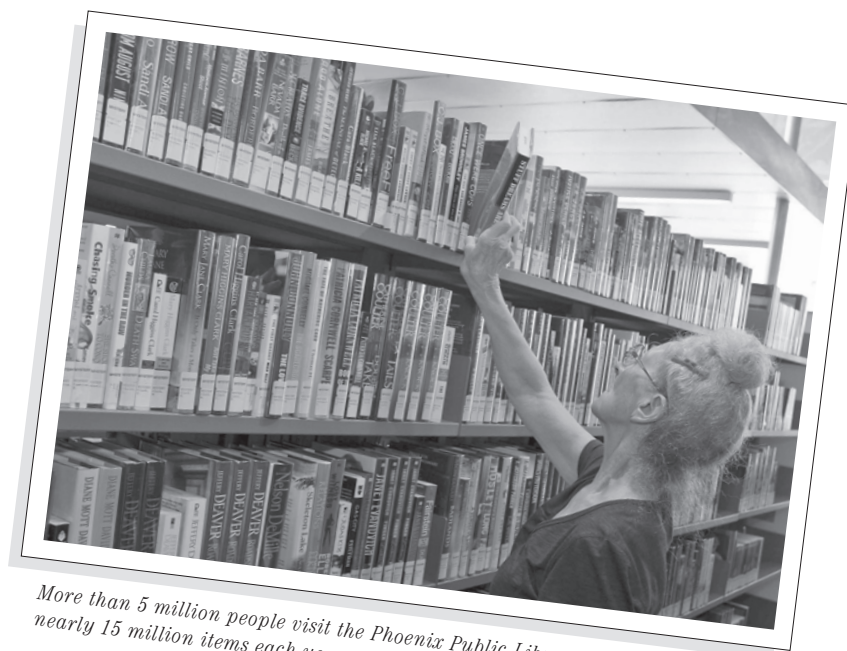
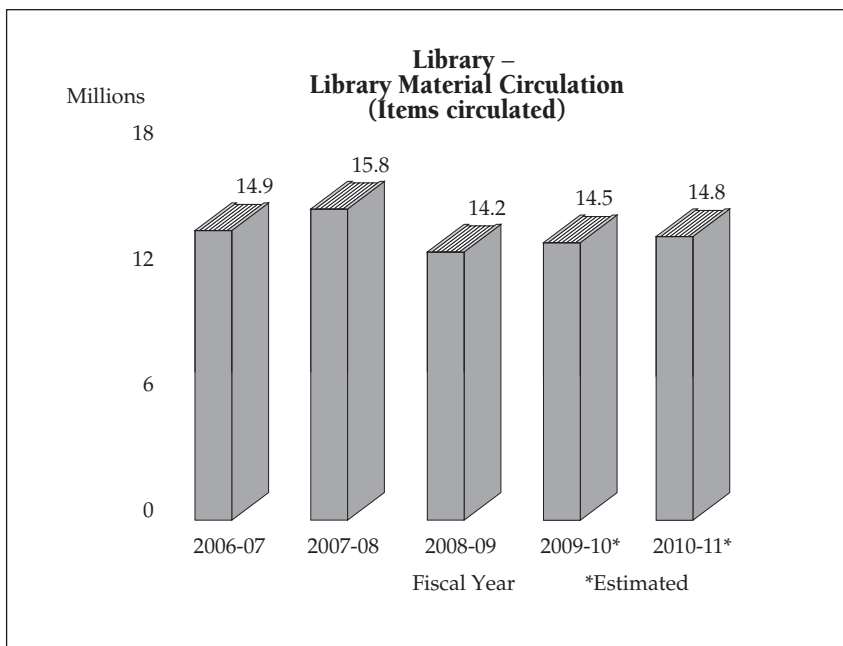
**LIBRARY**

**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 Library 2010-11 budget allowance of \$35,044,000 is \$22,000 or 0.1 percent more than 2009-10 estimated expenditures. The increase is due to some one-time efficiency savings in 2009-10 and inflationary increases in the cost of library materials. This is partially offset by a one-time increase in grant funds in 2009-10 and budget reductions that include a decrease in direct customer service at the Burton Barr Central Library; a reduction in library hours of operation at all 15 branches by 8 hours per week by closing on either a



*More than 5 million people visit the Phoenix Public Library and check out nearly 15 million items each year.*



Monday or Friday; a decrease in staff and library materials at Century, Acacia and Ocotillo branch libraries; and a decrease in administrative and support staff; and a decrease in funding for special library customer services such as Braille translation.

The budget reductions will result in reduced access to libraries, slower re-shelving of materials and less timely facility maintenance. Library branch hours of operation will be between 40-44 hours per week, reduced from 48-52 hours per week. Included in the 2010-11 budget is funding for two new staff in preparation for opening the new 15,000-square-foot city of Phoenix branch library at South Mountain Community College in August 2011.

### Expenditure and Position Summary

	2008-09	2009-10	2010-11
Operating Expense	\$34,874,000	\$35,022,000	\$35,044,000
Total Positions	347.2	326.3	328.3
Source of Funds:			
General	\$34,546,000	\$34,029,000	\$34,243,000
Federal and State Grants	91,000	368,000	71,000
Other Restricted	237,000	625,000	655,000
City Improvement	—	—	75,000

### Library Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2010-11 budget allowance:

	2008-09	2009-10 <sup>1</sup>	2010-11
Early literacy program attendance <sup>2</sup>	65,231	75,000	77,000
Customer satisfaction with workforce readiness	92%	90%	90%
Library school tours participation <sup>3</sup>	7,275	—	—
Library's home-page "hits"	25,332,576	28,600,000	29,500,000
Library material circulation	14,195,644	14,500,000	14,750,000

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

<sup>2</sup>Literacy program attendance is expected to increase in 2010-11 as a result of receiving a First Things First grant which continues to fund the First Five Years literacy programs.

<sup>3</sup>The 2009-10 budget eliminated funding for school tours.



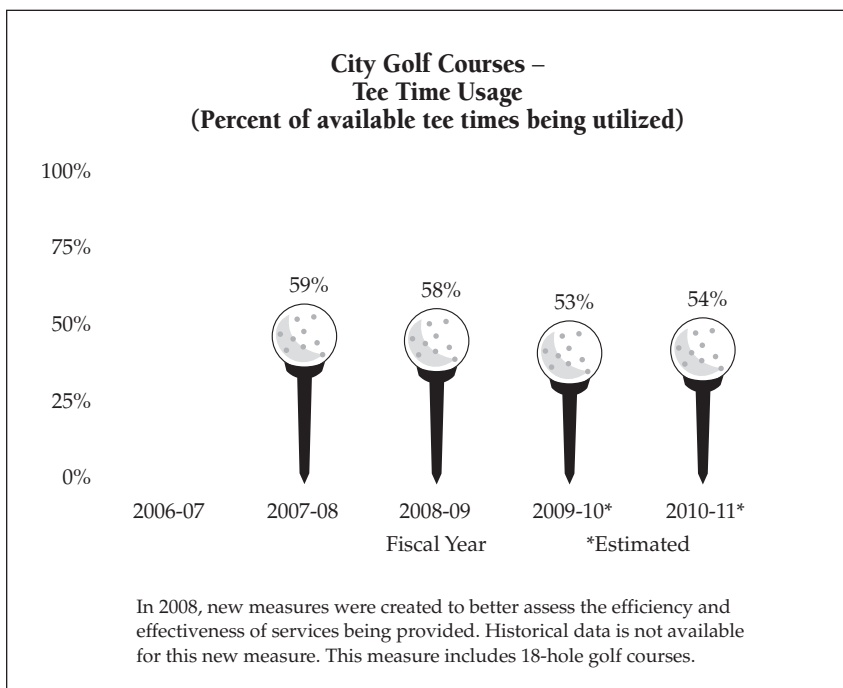
**GOLF**

**Program Goal**

The Golf Program provides quality golf services 365 days a year to residents and visitors.

**Budget Allowance Explanation**

The Golf 2010-11 operating budget allowance of \$8,697,000 is \$32,000 or 0.4 percent more than 2009-10 estimated expenditures.



**Expenditure and Position Summary**

	2008-09	2009-10	2010-11
Operating Expense	\$7,756,000	\$8,665,000	\$8,697,000
Total Positions	117.3	95.4	95.4
Source of Funds:			
Golf	\$7,756,000	\$8,665,000	\$8,697,000

**Golf Major Performance Measures and Service Levels**

The following significant performance measures and service trends will be achieved with the 2010-11 budget allowance:

	2008-09	2009-10 <sup>1</sup>	2010-11
Number of Golf Rounds	256,000	256,000	260,000

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



**PHOENIX CONVENTION CENTER**

**Program Goal**

The Phoenix Convention Center encourages organizations to hold conventions and trade shows in Phoenix, and facilitates activities that expand the leisure time activities for the general public by providing diversified entertainment and cultural programs in downtown Phoenix.

**Budget Allowance Explanation**

The Phoenix Convention Center 2010-11 operating budget allowance of \$51,308,000 is \$1,341,000 or 2.5 percent less than 2009-10 estimated expenditures. The decrease is primarily due to budget reductions in General Fund and Convention Center Fund expenditures.

The General Fund reductions include reduced funding for contractual services for garage operations that limits Heritage Garage weekend parking for events only, contractual security service that eliminates the roving bike patrol, and contractual booth attendant/cashier support and supervisory oversight.

Convention Center Fund reductions include eliminating an assistant convention center director and seven other event support positions. In addition, funding was reduced for police services with position reductions reflected in the Police Department, business attraction activities in the Community and Economic Development Department, operational costs for the Arizona Science Center reflected in the Parks and Recreation Department, financial support for the Greater Phoenix Economic Council reflected in the Community and Economic Development Department and funding for dedicated energy management services.

**Expenditure and Position Summary**

	2008-09	2009-10	2010-11
Operating Expense	\$53,370,000	\$52,649,000	\$51,308,000
Total Positions	304.4	278.3	278.3
Source of Funds:			
Convention Center	\$51,124,000	\$50,476,000	\$49,320,000
General	1,579,000	1,573,000	1,445,000
City Improvement	152,000	—	—
Other Restricted	15,000	100,000	103,000
Sports Facilities	500,000	500,000	440,000



*The Phoenix Convention Center offers more than 900,000 square feet of meeting and event space and more than two million in total square footage, making it one of the top 20 convention venues in the United States.*

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**Phoenix Convention Center Major Performance Measures and Service Levels**

The following significant performance measures and service trends will be achieved with the 2010-11 budget allowance:

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	2008-09	2009-10 <sup>1</sup>	2010-11
Estimated direct spending impact from conventions (millions) <sup>2</sup>	\$394.7	\$383.0	\$259.0
Number of convention delegates	272,073	263,988	178,500
Number of conventions <sup>3</sup>	60	70	51
Number of local public shows	51	57	45
Percent square feet occupancy (average of all event types)	63%	47%	49%
Number of theatrical performances	307	300	300
Total theater attendance	326,925	323,000	320,000
Total parking revenue (millions) <sup>3</sup>	\$8.1	\$4.9	\$5.0
Revenue per parking space	\$1,431	\$1,079	\$1,101
Operating expense per parking space	\$874	\$1,058	\$1,008

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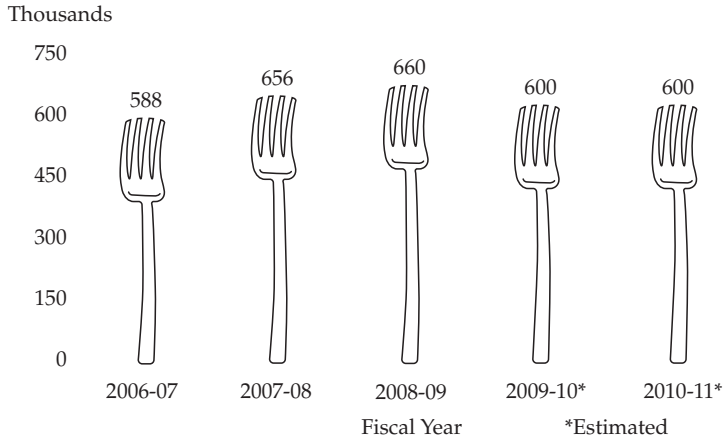
<sup>1</sup>Based on 10 months actual experience.

<sup>2</sup>Estimated direct spending impact is reported by the Greater Phoenix Convention and Visitors Bureau and is expected to decrease due to the effects of the national economy.

<sup>3</sup>In addition to a declining economy, the First Street and Jefferson Street garages were no longer operated by the Phoenix Convention Center effective July 31, 2009.



### Human Services – Meals Served by Senior Nutrition Program



Projected decrease in meals due to senior center closures, non-migration of senior center clientele to remaining centers and reduced referrals to home delivered meals program by Area Agency on Aging.

### 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 2010-11 operating budget allowance of \$61,733,000 is \$5,078,000 or 7.6 percent less than 2009-10 estimated expenditures. The decrease is primarily due to a one-time increase in federal funding under the American Recovery and Reinvestment Act received in 2009-10 for Early Head Start and the elimination of grant funding for the YouthBuild and Senior Companion Programs. The decrease is partially offset by American Recovery and Reinvestment Act (ARRA) funds for Homelessness Prevention and Rapid Re-Housing program and additional funding from the Area Agency on Aging (AAA) in support of the Home Delivered Meal Program.



*The Human Services Department implemented a four-day, home-delivered meals pilot program and found it to be so successful that it was expanded to the remaining meal sites in the city.*

The General Fund budget reductions reduce funding for the Local Alcohol Reception Center (LARC), thereby reducing alcohol detoxification and medical treatment services; and for the Central Arizona Shelter Services, decreasing the number of homeless single men and women receiving emergency shelter services. Additionally, budget reductions eliminate the General Fund support for the Senior Companion Program resulting in the elimination of city support of the program that promotes optimal health and other activities to prevent loneliness and isolation in the Senior community. An assistant director position was eliminated resulting in reduced ability to respond to citizen requests and implement projects. These reductions are partially offset by an increase in funding for local food banks.

#### Expenditure and Position Summary

	2008-09	2009-10	2010-11
Operating Expense	\$63,130,000	\$66,811,000	\$61,733,000
Total Positions	411.5	446.0	446.0
Source of Funds:			
General	\$23,380,000	\$21,663,000	\$22,689,000
Human Services			
Grants	37,594,000	43,354,000	37,310,000
Community Development			
Block Grant	1,178,000	882,000	675,000
Federal and State Grant	39,000	—	—
Water	250,000	250,000	250,000
Other Restricted	71,000	87,000	87,000
City Improvement	462,000	419,000	566,000
Transit 2000	156,000	156,000	156,000

#### Human Services Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2010-11 budget allowance:

	2008-09	2009-10 <sup>1</sup>	2010-11
Housing stabilization for homeless families (Watkins Overflow Shelter)	75	60	60
Number of households served <sup>2</sup>	23,235	25,072	31,832
Percentage of school attendance for Head Start	88	85	85
Medical and dental exams completed for Head Start	6,738	7,000	7,000
Number of meals served to seniors <sup>3</sup>	644,162	600,000	600,000
Number of Reserve-A-Ride trips	164,689	165,000	165,000

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

<sup>2</sup>Number of households served is projected to be higher due to a one-time increase in Low Income Home Energy Assistance Program (LIHEAP) grant funding.

<sup>3</sup>Meals served is expected to decrease as a result of senior center closures in 2008-09 and non-migration of senior center clientele and reduced referrals to the Home Delivered Meal Program by the Area Agency on Aging (AAA).



**EDUCATION AND YOUTH PROGRAMS**

**Program Goal**

The Education and Youth Programs function facilitates communication, information and coordination between city departments and schools to better serve the youth of our community.

**Budget Allowance Explanation**

The Education and Youth Programs 2010-11 operating budget allowance of \$1,094,000 is \$202,000 or 15.6 percent less than 2009-10 estimated expenditures. The decrease is primarily due to a one-time Communities Learning in Partnership planning grant received in 2009-10.

**Expenditure and Position Summary**

	2008-09	2009-10	2010-11
Operating Expense	\$865,000	\$1,296,000	\$1,094,000
Total Positions	10.4	10.4	10.4
Source of Funds:			
General	\$488,000	\$363,000	\$430,000
Other Restricted	264,000	341,000	329,000
Federal and State Grants	113,000	592,000	335,000

**INTERNATIONAL AND SISTER CITIES PROGRAMS**

**Program Goal**

International and Sister Cities Programs create exceptional people-to-people opportunities for Phoenix residents, businesses and organizations to experience and understand other cultures through international partnerships.

**Budget Allowance Explanation**

The International and Sister Cities Programs 2010-11 operating budget allowance of \$439,000 is \$35,000 or 7.4 percent less than 2009-10 estimated expenditures. This decrease reflects the elimination of an administrative aide position and reduced funding for hosting international delegations and sponsoring youth and education programs.

**Education and Youth Programs Major Performance Measures and Service Levels**

The following significant performance measures and service trends will be achieved with the 2010-11 budget allowance:

	2008-09	2009-10 <sup>1</sup>	2010-11
Number of list serve subscribers receiving online principal's letter, youth newsletter and know99 schedule <sup>2</sup>	4,863	7,000	8,500
Number of public, private and charter schools in Phoenix the office maintains regarding school information (school profile, attendance boundary and location and school contact information)	549	540	550
Number of participants in Phoenix Principal for a Day event <sup>3</sup>	161	131	—
Number of know99 productions	135	95	100

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

<sup>2</sup>Increased list serve subscribers are due to additional information provided to residents and increased interest in youth and education information.

<sup>3</sup>The Principal for a Day event was eliminated as part of the budget reductions for 2010-11.

**International and Sister Cities Programs Major Performance Measures and Service Levels**

The following significant performance measures and service trends will be achieved with the 2010-11 budget allowance:

	2008-09	2009-10 <sup>1</sup>	2010-11
Customer satisfaction with events and activities	9.0	8.6	9.1

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

**Expenditure and Position Summary**

	2008-09	2009-10	2010-11
Operating Expense	\$615,000	\$474,000	\$439,000
Total Positions	4.0	3.0	3.0
Source of Funds:			
General	\$615,000	\$474,000	\$439,000

**HISTORIC PRESERVATION OFFICE**

**Program Goal**

The Historic Preservation Office works to support the protection, preservation and designation of historic resources throughout the city. The office also works with other city departments to encourage projects that are sensitive to historic building and district character.

**Budget Allowance Explanation**

The Historic Preservation Office 2010-11 operating budget allowance of \$524,000 is \$2,000 or 0.4 percent less than 2009-10 estimated expenditures. The decrease is due to budget reductions that eliminate an administrative assistant I position responsible for processing Historic Preservation Bond Program rehabilitation matching grants, and reduced resources for historic neighborhood signs, printing and consultant services for certificate of appropriateness hearings and federally funded projects.

The decrease is partially offset by an increase in charges to the Historic Preservation Bond Program and grant funded activity in 2009-10 that is not expected to continue in 2010-11.

**Historic Preservation Office Major Performance Measures and Service Levels**

The following significant performance measures and service trends will be achieved with the 2010-11 budget allowance:

	2008-09	2009-10 <sup>1</sup>	2010-11
Number of design reviews performed on building permits in historic districts <sup>2</sup>	372	320	375
Number of city grants awarded for historic rehabilitation projects	27	30	30
Private dollars leveraged for every dollar of city historic rehabilitation grant funds expended <sup>3</sup>	\$3.28	\$12.00	\$8.00
Number of regulatory compliance reviews for federally funded city capital projects	844	664	650

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

<sup>2</sup>This projection includes the cumulative number of Certificates of Appropriateness, Certificates of No Effect, Demolition Reviews and Demolition Appeal Hearings.

<sup>3</sup>Rehabilitation grants supported by private funds for commercial rehabilitation projects resulted in the increase in 2009-10.

**Expenditure and Position Summary**

	2008-09	2009-10	2010-11
Operating Expense	\$529,000	\$526,000	\$524,000
Total Positions	6.0	5.0	5.0
Source of Funds:			
General	\$529,000	\$526,000	\$524,000





**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 2010-11 operating budget allowance of \$1,075,000 is \$220,000 or 17.0 percent less than 2009-10 estimated expenditures. The decrease is due to budget reductions in the General Fund, the loss of Local Transportation Assistance Fund funding and reduced grant funding.

The budget reduces grants to arts organizations, funding for art preservation projects and eliminates an art specialist position. Individual grant awards and the number of organizations receiving grants will be reduced.

**Expenditure and Position Summary**

	2008-09	2009-10	2010-11
Operating Expense	\$1,823,000	\$1,295,000	\$1,075,000
Total Positions	13.0	12.0	12.0
Source of Funds:			
General	\$1,209,000	\$907,000	\$792,000
Local Transportation Assistance	106,000	65,000	—
Federal and State Grants	497,000	312,000	268,000
Other Restricted	11,000	11,000	15,000



*The Seventh Avenue Streetscape Demonstration Project at Seventh and Glenrosa avenues links businesses with neighborhood life to create a revitalized, pedestrian-friendly public space.*



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

The following significant performance measures and service trends will be achieved with the proposed 2010-11 budget allowance.

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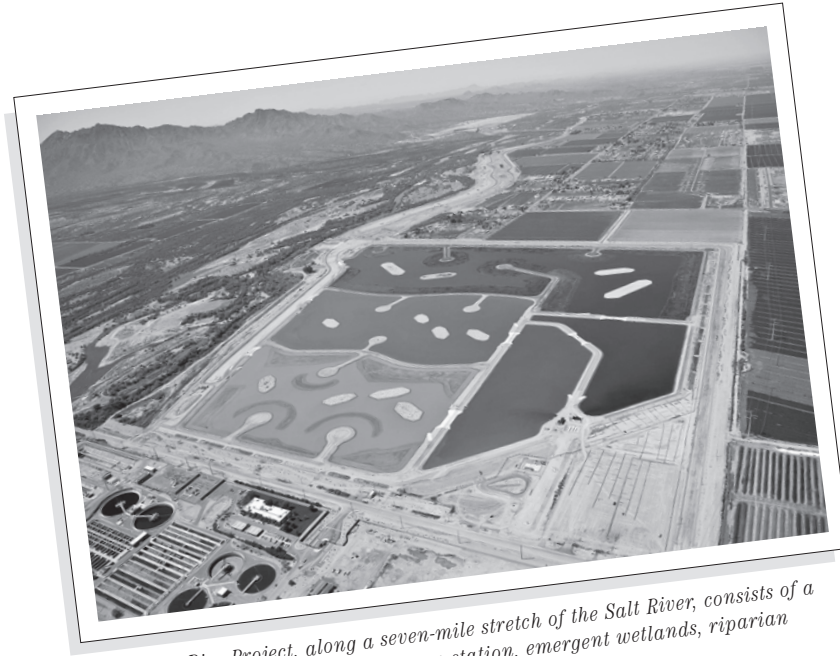
	2008-09	2009-10 <sup>1</sup>	2010-11
Grant applications processed to support arts activities through schools and nonprofit organizations <sup>2</sup>	72	38	38
Grant awards administered to support arts activities through schools and nonprofit organizations <sup>2</sup>	103	56	25
Completed Percent-for-art projects to enhance city capital improvement projects with artwork	17	7	10
Local artists/arts organizations training workshops	14	14	9
Arts management consulting projects coordinated by Arts and Business Council <sup>3</sup>	55	50	—

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

<sup>2</sup>Due to reductions in funding for grants, there were fewer grant categories and fewer applications and awards.

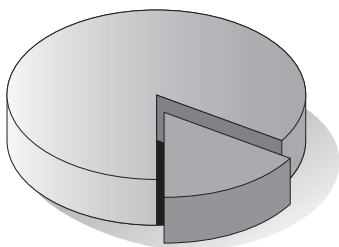
<sup>3</sup>The Arts and Business Council contract was eliminated as part of the budget for 2010-11.



*The Tres Rios Project, along a seven-mile stretch of the Salt River, consists of a flood protection levee, effluent pump station, emergent wetlands, riparian corridors and open water marsh areas.*

# Environmental Services

**The Environmental Services Program Represents 17.6% of the Total Budget.**



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

## WATER SERVICES

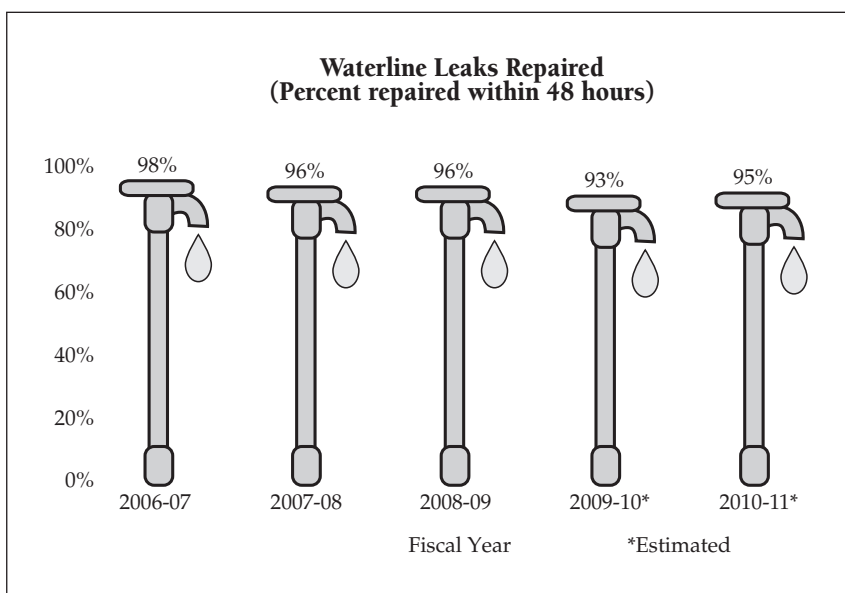
### Program Goal

The Water Services Department is responsible for the Water and Wastewater programs. The Water Program provides a safe and adequate domestic water supply to all residents in the Phoenix water service area. The Wastewater Program assists in providing a clean, healthy environment through the effective management of all waterborne wastes generated within the Phoenix drainage area.

### Budget Allowance Explanation

The Water Services 2010-11 operating budget allowance of \$286,986,000 is \$18,028,000 or 6.7 percent more than 2009-10 estimated expenditures. The increase is primarily due to an increase in costs for water and wastewater treatment, such as increased costs of raw water, electricity and chemicals; budget additions; new facility operating costs and normal inflationary increases.

The budget adds new facility operating costs for chemicals used in granular activated carbon (GAC) and chlorine dioxide treatment at the Deer Valley Water Treatment Plant; additional commodities and contractual services for enhanced solids handling at the new Union Hills Water Treatment plant chlorine dioxide facility; contractual services and





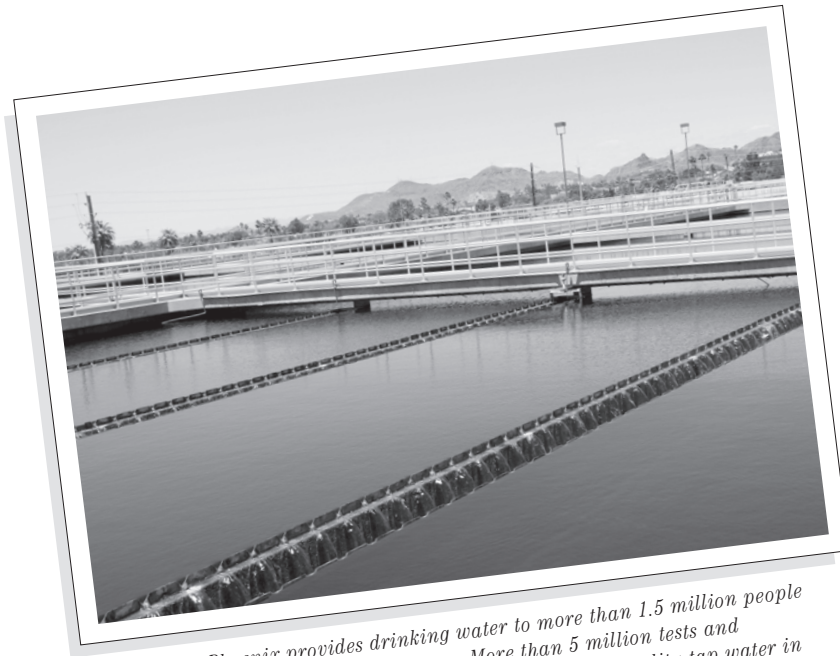
commodities for new chlorine injection sites; increased electric costs associated with the upgrade of two existing water storage facilities; staff and material to operate and maintain the recreational area around Tres Rios Wetlands; and maintenance of the Unified Pump Station at the 91st Avenue Multi-cities Waste Water Treatment plant. In addition, the

budget enhances security at water facilities by adding five police officers and one sergeant.

The increase in the budget is partially offset by budget reductions including the elimination of staff in the Inaccurate Meter Change-Out Program due to program completion and reduced staff assigned to meter readings and maintenance.

**Expenditure and Position Summary**

	2008-09	2009-10	2010-11
Operating Expense	\$243,074,000	\$268,958,000	\$286,986,000
Total Positions	1,482.1	1,527.1	1,524.1
Source of Funds:			
Water	\$159,158,000	\$174,635,000	\$192,184,000
Wastewater	83,891,000	94,323,000	94,802,000
Federal and State Grants	25,000	—	—



*The city of Phoenix provides drinking water to more than 1.5 million people within a 540 square-mile service area. More than 5 million tests and measurements are conducted each year to ensure high quality tap water in Phoenix.*

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**Water Services Major Performance Measures and Service Levels**

The following significant performance measures and service trends will be achieved with the 2010-11 budget allowance:

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	2008-09	2009-10 <sup>1</sup>	2010-11
Water main break/leaks per year	199.2	238.8	210.0
Waterline leaks repaired within 48 hours	96%	93%	95%
Percent of miles of sewer cleaned per year	34.8%	35.0%	35.0%
Sanitary sewer overflows per 100 miles	1.04	0.62	1.00
Gallons of water produced system wide (billions) <sup>2</sup>	111.2	116.1	116.6
Gallons of wastewater treated (billions)	62.2	60.3	61.5
Telephone Calls-Received	1,163,929	1,146,383	1,180,462
Telephone Calls-Percent Answered <sup>3</sup>	92%	92%	92%

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

<sup>2</sup>Gallons of water produced system-wide (in billions) was lower in FY 08-09 due to a "wet winter," a continuance of lower water demand, and a reduction in water accounts.

<sup>3</sup>Percent answered is calculated based on total calls logged into the queue and calls answered. Callers can elect to end their call before receiving assistance and would not be counted as "answered."



**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 2010-11 operating budget allowance of \$121,873,000 is \$5,088,000 or 4.4 percent more than 2009-10 estimated expenditures.

This increase reflects higher refuse truck replacement costs, increased recycling costs in FY 2010-11 due to a renovation project at the 27th Avenue facility and normal inflationary increases. These increases are partially offset by budget reductions in the solid waste fund necessary due to the no fee increase action adopted by the City Council.

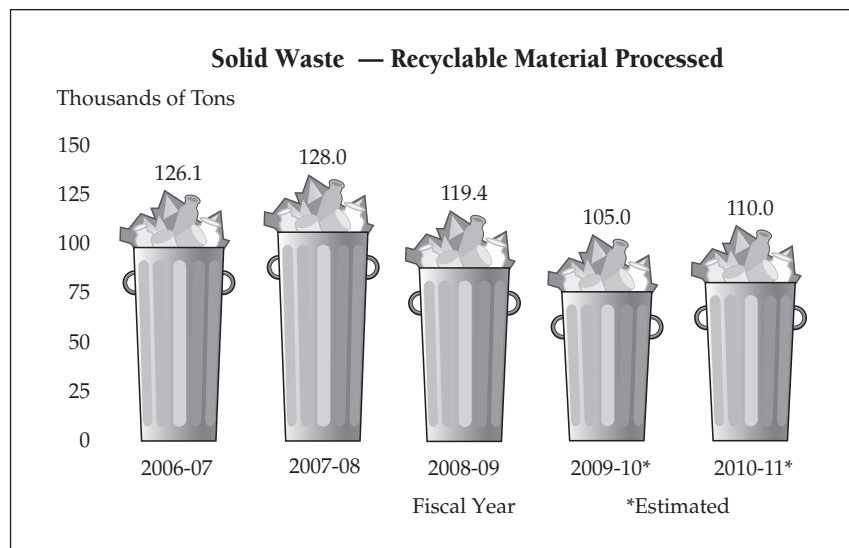
The budget reflects the elimination of 11 positions that will reduce staff coverage at the city's landfills and transfer stations, reduce support in the customer call center, eliminate security guards that resolve customer disputes at the transfer stations and close Sunday operations at the North Gateway Transfer Station. Also included in the budget is the elimination of funding for the Valley Recycling Partnership, the bulk trash collection contract, holiday hours at the city's Transfer Stations and reduced funding for the "Keep Phoenix Beautiful" non-profit organization.

**Expenditure and Position Summary**

	2008-09	2009-10	2010-11
Operating Expense	\$101,473,000	\$116,785,000	\$121,873,000
Total Positions	612.0	614.0	614.0
Source of Funds:			
Solid Waste	\$100,736,000	\$116,785,000	\$121,873,000
General	749,000	—	—
Federal and State Grants	(12,000)	—	—



*Each day, approximately 3,100 tons of refuse is delivered to the City's two transfer stations, the 27th Avenue Solid Waste Management Facility located at 3060 S. 27th Avenue and the North Gateway Transfer Station located at 30205 North Black Canyon Highway. Both locations include Material Recovery Facilities (MRFs) that sort and process recyclable materials.*



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

The following significant performance measures and service trends will be achieved with the 2010-11 budget allowance:

	2008-09	2009-10 <sup>1</sup>	2010-11
Residential households served with twice-per-week contained solid waste and recyclable material collections	390,479	392,000	394,000
Tons of residential recyclable materials collected	119,402	105,000	110,000
Tons of total solid waste disposed at city landfills	975,350	950,000	955,000
Tons of solid waste from city residences disposed <sup>2</sup>	658,800	630,000	650,000

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

<sup>2</sup>Residential tonnage is down in FY 2009-10 due to the economic recession.



**PUBLIC WORKS**

**Program Goal**

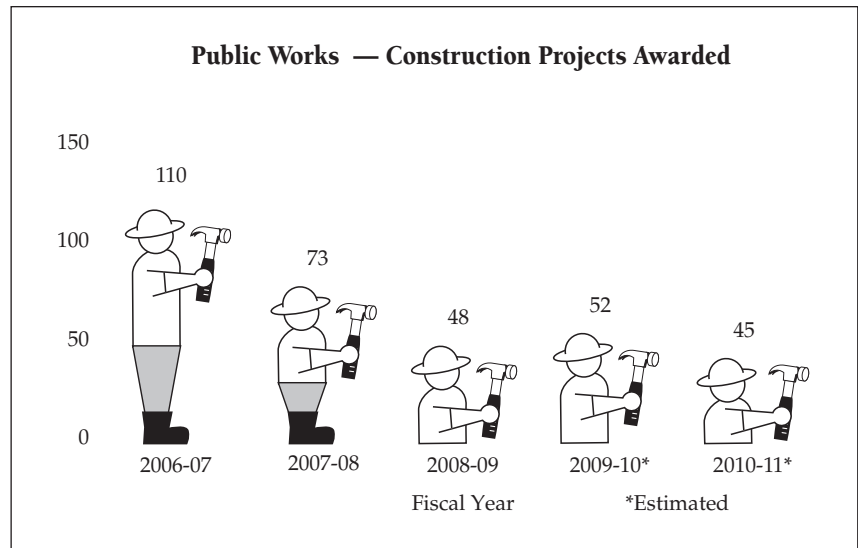
The Public Works Department provides mechanical and electrical maintenance and energy conservation services for city facilities; procures, manages and maintains the city's fleet of vehicular equipment; and provides for the economical, safe and aesthetic design and construction of facilities on city property.

**Budget Allowance Explanation**

The Public Works 2010-11 operating budget allowance of \$29,230,000 is \$1,961,000 or 7.2 percent more than 2009-10 estimated expenditures. This increase is primarily due to increased debt service for lease-purchase projects and is partially offset with budget reductions in the General Fund and lower operating costs related to the Genomics Facility.

The budget reflects the elimination of three positions that support holiday hours (except Thanksgiving and Christmas Eve) and third shift at the South Maintenance Shop, one position from the Electrician Apprentice Program and one position in the Fiscal Services Section. Also eliminated were two positions that provide facilities maintenance for the Public Transit Department. The budget also reflects a reduction in contract custodial services at all city facilities.

A large portion of the Engineering and Architectural Services Department (EAS) was consolidated into Public Works as part of the budget process (Utilities Coordination in EAS was consolidated into Streets Transportation). The consolidation transferred 57 positions and their associated costs to Public Works. As a result of the consolidation, four positions were eliminated from EAS and one position from Public Works. In addition, due to a diminished workload, 33.2 FTE responsible for managing and monitoring various capital improvement projects were also eliminated from the Engineering and Architectural Services Division.





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

The following significant performance measures and service trends will be achieved with the 2010-11 budget allowance:

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	2008-09	2009-10 <sup>1</sup>	2010-11
Square footage of buildings maintained <sup>2</sup>	9,557,400	9,860,000	9,885,000
Facility service requests completed	19,121	19,200	20,000
Fleet vehicles per mechanic	38.1	38.0	38.0
Units of equipment for which fleet management is provided	7,647	7,633	7,630
Annual miles of fleet vehicle utilization (in millions) <sup>3</sup>	56.9	52.0	52.0
Number of engineering and architectural consultant contracts awarded	269	252	215
Number of construction projects awarded	48	52	45
Construction dollars as a percentage of total dollars awarded:			
Women-owned business enterprises	1.7%	1.1%	n/a <sup>4</sup>
Minority-owned business enterprises	1.7%	2.0%	n/a <sup>4</sup>
Small business enterprises	2.4%	2.0%	8.4% <sup>4</sup>

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

<sup>2</sup>New Code Enforcement facility at 1717 E. Grant St.

<sup>3</sup>Lower number of annual miles due to budget reductions citywide.

<sup>4</sup>Effective FY 2010-11, the M/WBE program will be combined with the Small Business Enterprise (SBE) program.

**Expenditure and Position Summary**

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	2008-09	2009-10	2010-11
Operating Expense	\$23,038,000	\$27,269,000	\$29,230,000
Total Positions	615.6	567.4	567.4
Source of Funds:			
General	\$16,482,000	\$17,760,000	\$17,559,000
City Improvement	6,170,000	6,337,000	8,639,000
Other Restricted	181,000	3,137,000	2,888,000
Federal and State Grants	205,000	35,000	144,000

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**ENVIRONMENTAL PROGRAMS**

**Program Goal**

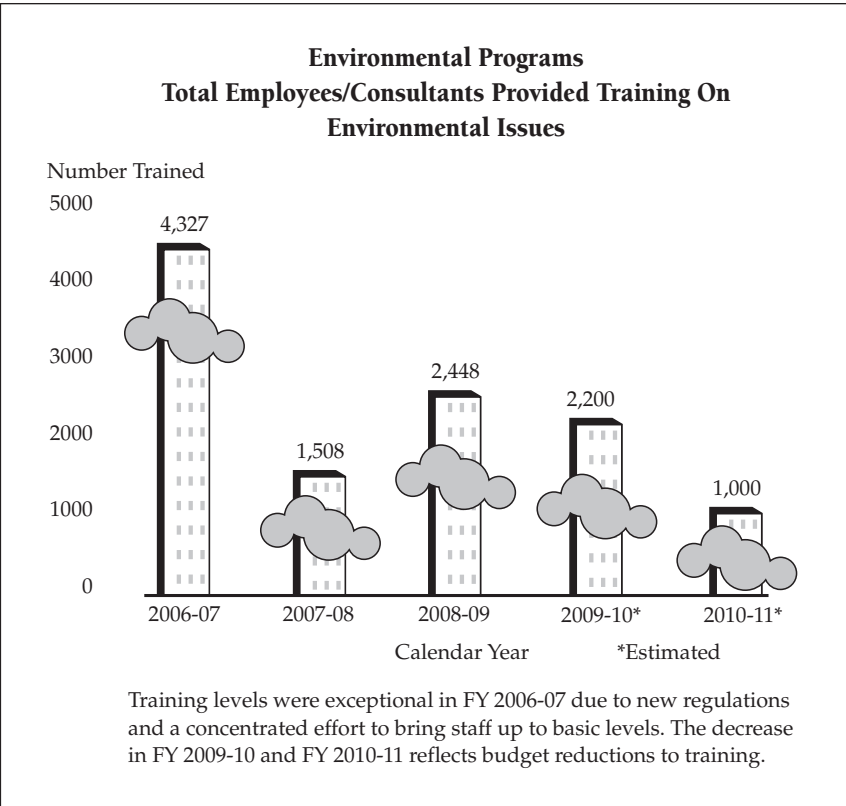
The Office of Environmental Programs provides coordination and monitoring for the city's environmental programs and activities, and develops and implements regulatory policies and programs.

**Budget Allowance Explanation**

The Office of Environmental Programs 2010-11 operating budget allowance of \$1,356,000 is \$2,000 or 0.1 percent more than the 2009-10 estimated expenditures. The budget reflects the elimination of an environmental program specialist that supervises the Pollution Prevention Unit and is offset by increases in Brownfield job training funds.

**Expenditure and Position Summary**

	2008-09	2009-10	2010-11
Operating Expense	\$1,430,000	\$1,354,000	\$1,356,000
Total Positions	14.0	14.0	14.0
Source of Funds:			
General	\$1,198,000	\$1,082,000	\$962,000
Water	173,000	190,000	215,000
Capital Construction	25,000	70,000	70,000
Federal and State Grants	34,000	12,000	109,000



**Environmental Programs Major Performance Measures and Service Levels**

The following significant performance measures and service level trends will be achieved with the 2010-11 budget allowance:

	2008-09	2009-10 <sup>1</sup>	2010-11
Number of facility assessments and technical assistance visits conducted <sup>2</sup>	72	120	100
Number of brownfield projects implemented	0	2	0
Pollution prevention and hazardous materials/hazardous waste compliance assistance provided <sup>3</sup>	138	115	115

<sup>1</sup>Based on 10 months actual experience.  
<sup>2</sup>Departments are assessed on a cyclical basis. The annual variance reflects different departments which have a varying number of facilities.  
<sup>3</sup>Projection based on historical data and available funding.

# Contingencies

The Contingency Fund (also commonly referred to as a “rainy day fund”) provides for revenue shortfalls and unanticipated costs that may occur after the budget is adopted. The possibility of natural disasters, public or employee safety emergencies or up-front costs for productivity opportunities necessitates the need for adequate contingency funds. Use of these contingency funds requires the recommendation of the city manager and City Council approval.

### GENERAL FUND CONTINGENCY

The budget reflects an increase in the General Fund contingency from the 2009-10 budgeted level of \$29,800,000 to \$31,000,000 plus a \$3,000,000 set aside for the Convention Center. The 2009-10 contingency of \$29,800,000 was equal to 2.7 percent of General Fund expenditures. Over the last 10 years, the General Fund contingency has been as low as 2.5 percent and as high as 3.0 percent.

The 2010-11 Trial Budget assumed continuing the 2009-10 contingency percentage of 2.7 percent for fiscal year 2010-11. Because the 2010-11 Trial Budget was smaller than the 2009-10 budget, a 2.7 percent rate was equal to \$28,000,000. Staff proposed and the City Council agreed that an increase in the Contingency Fund was necessary to improve our ability to withstand future economic cycles. In March 2010, the Council agreed to increase the Contingency Fund each year for the next several years, with the goal of achieving a fund that equals 5.0 percent of

General Fund expenditures. As a result, \$3,000,000 in new resources from the food tax and employee concessions was added to the 2010-11 contingency for a total of \$31,000,000. The proposed 2010-11 budget increases the contingency percentage to 3.1 percent from the 2009-10 rate of 2.7 percent.

The following table shows contingency

funding and set-aside amounts over the past 10 years. Set-asides have been used in the past to prepare for known future costs such as declining grant funding and new capital project operating costs. A set-aside of \$3,000,000 for 2010-11 has been designated for the Phoenix Convention Center in the event General Fund support is needed in the future.

**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
2001-02	\$887,644	\$26,550 7,600	3.0%
2002-03	912,192	27,190 3,652	3.0
2003-04	912,583	22,700	2.5
2004-05	925,603	23,800	2.6
2005-06	965,936	24,740	2.6
2006-07	1,079,000	28,860	2.7
2007-08	1,184,192	34,230	2.9
2008-09	1,177,763	31,900	2.7
2009-10	1,110,780	29,800	2.7
2010-11	1,012,414	31,000 3,000	3.1



## 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.

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### 2010-11 Other Fund Operating Expenditure and Contingency Amount (000's)

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Fund	Operating Expenditures	Contingency Amount	Percent of Operating Expenditures
Transit 2000	\$163,040	\$12,400	7.6%
Development Services	32,482	2,000	6.2
Aviation	218,916	14,000	6.4
Water	212,809	18,000	8.5
Wastewater	106,621	11,000	10.3
Solid Waste	125,873	4,000	3.2
Convention Center	53,826	3,000	5.6
Golf	8,747	50	0.6

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# Debt Service

**D**ebt service expenditures include payments of principal, interest, sinking fund contributions, costs of issuance and bond reserve requirements for bonds issued. The debt service allowance in 2010-11 for existing debt and future bond sales is \$624,439,000. As shown in the following pie chart, the \$624.4 million is funded by Secondary Property Tax, Water, Aviation, Wastewater, City Improvement, Arizona Highway User Revenue, Convention Center, Sports Facilities, Grant and Solid Waste funds. City Improvement includes \$82.8 million in general government nonprofit corporation bonds debt service payments funded by General Fund (\$36.6 million), Transit 2000 (\$46.1 million) and Housing (\$0.1) funds.

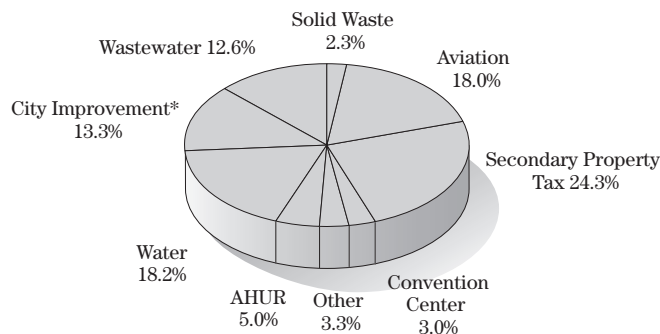
Secondary Property Tax shown in the pie chart represents the annual tax levy for debt service and related interest earnings.

## Types of Bonds Issued and Security

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

The city's general obligation bonds are "full faith and credit" bonds. This means they are secured by a legally binding pledge to levy property taxes without limit to make annual bond principal and interest payments. Water 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.

2010-11 Debt Service



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

## Debt Management

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

Currently, to finance the capital programs of enterprise departments, the city has used revenue bonds secured by and repaid from the revenues of these enterprises. In the past, the city also has used general obligation bonds for water, airport, sanitary sewer and solid waste purposes when deemed appropriate.

Since the 1950s, the city has used a community review process to develop and acquire voter approval for general obligation bond programs. At a bond election held on March 14, 2006, voters

approved all of the \$878.5 million of the 2006 Citizens' Bond Committee-recommended bond authorizations. These authorizations provided funding to construct capital improvements in the following areas:

- Police and Fire Protection
- Police, Fire and Computer Technology
- Parks, Recreation and Mountain Preserves
- Education Facilities
- Library Facilities
- Street Improvements
- Storm Sewers
- Senior Facilities
- Cultural Facilities
- Affordable Housing Neighborhood Revitalization



## Bond Ratings

As shown in the chart below, the city's bonds are rated favorably by the major bond rating agencies, Moody's Investors Service and Standard and Poor's. The city's general obligation bonds are rated Aa1 and AAA, respectively. Standard and Poor's has also assigned a Financial Management Assessment (FMA) score of "strong."

Maintaining high bond ratings has resulted in a broader market for the city's bonds and lower interest costs to the city. The following table is a statement of the city's bonded indebtedness as of April 1, 2010.

## Debt Limitation

Under the provisions of the Arizona Constitution, outstanding general obligation bonded debt for combined water, sewer, lighting, park, open space preserves, playgrounds, recreational facilities, public safety, law enforcement, fire emergency, and street and transportation may not exceed 20 percent of a city's net secondary assessed valuation, nor may outstanding general obligation bonded debt for all other purposes exceed six percent of a city's net secondary assessed valuation. Unused borrowing capacity as of April 1, 2010 based upon 2009-10 assessed valuation is shown in the tables on the next page.

## Debt Burden

Debt burden is a measurement of the relationship between the debt of the city supported by its property tax base (net direct debt) to the broadest and most generally available measure of wealth in the community: the assessed valuation of all taxable property and the assessed valuation adjusted to reflect market value. In addition, net debt can be compared to population to determine net debt per capita. The city makes these comparisons each time it offers bonds for sale. They are included in the official statements (bond prospectuses) that are distributed to prospective investors. The following table provides debt burden ratios as of April 1, 2010.

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

## City of Phoenix Bond Ratings

	Rating <sup>(1)</sup>	
	Moody's	Standard & Poor's
General Obligation	Aa1	AAA
Senior Lien Water Revenue <sup>(3)</sup>	Aa3	AAA
Junior Lien Water Revenue <sup>(2)</sup>	Aa3	AAA
Senior Lien Airport Revenue <sup>(2)</sup>	Aa3	AA-
Junior Lien Airport Revenue <sup>(2) (3)</sup>	A1	A
Senior Lien Street and Highway User Revenue	Aa3	AAA
Junior Lien Street and Highway User Revenue	A1	AA
Senior Lien Tax Excise Tax Revenue <sup>(2)</sup>	Aa2	AAA
Junior Lien Tax Excise Tax Revenue <sup>(3)</sup>	Aa3	AA
Subordinated Excise Tax Revenue <sup>(2)</sup>	Aa3	AA
Senior Lien Wastewater System Revenue <sup>(2)</sup>	Aa3	AAA
Junior Lien Wastewater System Revenue <sup>(2)</sup>	Aa3	AA+
Rental Car Facility Charge Revenue Bonds <sup>(2)</sup>	A3	A-
Transit Excise Tax Revenue Bonds (Light Rail) <sup>(2)</sup>	Aa3	AA
State of AZ Distribution Revenue Bonds <sup>(2)</sup>	A1	AA-
Senior Hotel Revenue Bonds <sup>(4)</sup>	Baa3	BBB-
Subordinate Hotel Revenue Bonds <sup>(4)</sup>	A2	A-

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

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

<sup>(3)</sup>No bonds currently outstanding.

<sup>(4)</sup>Issued by the Downtown Phoenix Hotel Corporation.

**Statement of Bonded Indebtedness**

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

Purpose	Non-Enterprise General Obligation Bonds	Revenue Supported General Obligation Bonds	Total General Obligation Bonds	Revenue Bonds	Total Bonds
Various	\$1,547,028	\$ —	\$1,547,028	\$ —	\$1,547,028
Airport	—	12,195	12,195	—	12,195
Sanitary Sewer	—	47,242	47,242	—	47,242
Solid Waste	—	19,540	19,540	—	19,540
Water	—	71,474	71,474	—	71,474
Public Housing	—	—	—	—	—
Street and Highway	—	—	—	70,166	70,166
Subtotal	\$1,547,028	\$ 150,451	\$1,697,479	\$70,166	\$1,767,645
Less: Restricted Funds	(277,491)	—	(277,491)	—	(277,491)
Direct Debt	\$1,269,537	\$ 150,451	\$1,419,988	\$70,166	\$1,490,154
Less: Revenue Supported	—	(150,451)	(150,451)	(70,166)	(220,617)
Net Debt	\$1,269,537	\$ —	\$1,269,537	\$ —	\$1,269,537

<sup>(1)</sup>Represents bonds outstanding as of April 1, 2010. These figures do not include the outstanding principal amounts of certain general obligation bonds, certain water revenue bonds and street and highway user revenue bonds which have been refunded or the payment of which has been provided for in advance of maturity. The payment of the debt service requirements on these bonds (including redemption premiums where applicable) is secured by federal securities which were purchased with proceeds of the refunding issues and other available monies and are held in irrevocable trusts and special investment funds held by the city.

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

20% Constitutional Limitation	\$3,772,247,671
Direct General Obligation Bonds Outstanding <sup>(1)</sup>	(1,291,428,959)
Unused 20% Limitation Borrowing Capacity	\$2,480,818,712

**All Other General Obligation Bonds**

6% Constitutional Limitation	\$ 1,131,674,301
Direct General Obligation Bonds Outstanding	406,050,000 <sup>(1)</sup>
Less: Principal Redemption Funds held in Restricted Fund as of April 1, 2010	(277,490,982)
Direct General Obligation Bonds Outstanding	(128,559,018)
Unused 6% Limitation Borrowing Capacity	\$ 1,003,115,283

<sup>(1)</sup>Represents general obligation bonds outstanding as of April 1, 2010.



or utility revenues generated by the city's airport, water system or wastewater system. Pledged excise taxes may include city sales, use, utility and franchise taxes; license and permit fees; and state-shared sales and income taxes.

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

#### Net Direct General Obligation Bonded Debt Ratios

	Per Capita Debt Pop. Est. as of April 1, 2010 (1,688,640) <sup>1</sup>	Secondary Assessed Valuation (\$18,861,238,355)	Full Cash Valuation (\$169,320,057,644)
Direct General Obligation Bonded Debt Outstanding as of April 1, 2010	\$840.91	7.53%	0.84%
Net Direct General Obligation Bonded Debt Outstanding as of April 1, 2010	\$751.81	6.73%	0.75%

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

Fund	2008-09 Actual	2009-10 Estimate	2010-11 Budget
Secondary Property Tax	\$197,856	\$199,622	\$151,753
Aviation	79,636	77,578	78,105
Arizona Highway User Revenue	31,240	31,247	31,247
Convention Center	18,592	18,592	18,594
General	28,395	28,144	36,655
Golf	10,894	20	—
Grant Funds - Transit and Housing	392	75	74
Solid Waste	13,259	12,793	14,462
Sports Facilities	9,870	14,678	20,200
Transit 2000	41,898	43,960	46,122
Wastewater	64,078	75,168	78,392
Water	73,417	112,523	113,541
Capital Funds - Various Sources	14,952	2,942	35,294
<b>Total</b>	<b>\$584,479</b>	<b>\$617,342</b>	<b>\$624,439</b>

#### Type of Expenditure

Type of Expenditure	2008-09 Actual	2009-10 Estimate	2010-11 Budget
Principal	\$279,869	\$292,474	\$261,115
Interest	290,354	321,163	359,239
Other	14,256	3,705	4,085
<b>Total</b>	<b>\$584,479</b>	<b>\$617,342</b>	<b>\$624,439</b>

<sup>1</sup>Population reflects the Phoenix Municipal Planning Area.



## Overview of Capital Improvement Program Process

The Capital Improvement Program is a five-year plan for capital expenditures needed to replace, expand and improve infrastructure and systems. Other planning processes, the most significant of which are explained in this section, identify the need and provide funding for capital projects and related operating costs.

On April 6, 2010, the City Council reviewed the Preliminary 2010-15 Capital Improvement Program and forwarded the 2006 bond-funded portion for review and consideration by the 2006 Bond Committee. The bond committee met on April 22 and reviewed property tax assessed valuation results, current property tax and bond policies and the general obligation bond-funded portion of the Preliminary Capital Improvement Program. The bond committee approved the information presented and provided recommendations that were presented to the City Council in May. The Capital Improvement Program here includes the preliminary plan presented to City Council in April updated for project cost and timing changes.

### 2010-15 Capital Improvement Program Development

The annual citywide Capital Improvement Program update process began in January when departments prepared revised 2009-10 estimates and updated their five-year capital improvement programs. The 2009-10 estimates reflect updated construction cost estimates, project delays, awarded contract amounts, project carry-overs and other program changes. The 2010-15 program includes projects planned for authorized bond funding and the latest estimates for pay-as-you-go projects funded with operating funds, federal funds, impact fees and other sources. Also included are net new operating costs and/or savings. Budget and Research staff

reviewed the departments' programs for funding availability, reasonableness and technical accuracy.

Presented in this citywide program are projects reviewed and adopted through several planning processes. These include capital projects funded through the most recently adopted multi-year rate plans for Enterprise funds such as Water, Wastewater and Solid Waste and from other planning processes including the five-year Arterial Streets Plan, 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 \$878.5 million 2006 Bond Program approved by Phoenix voters in March 2006.

In conjunction with the CIP process, the Engineering and Architectural Services Division works with departments to level design and construction bid award dates evenly throughout the fiscal year. By avoiding bidding capital projects during the last quarter of the fiscal year, the city has controlled construction costs and increased project quality by making better use of locally available construction resources.

As projects to construct building facilities are designed, they are reviewed by a Facilities Review Team made up of representatives from the Public Works, Information Technology, Development Services, Parks and Recreation, and Budget and Research departments. This team reviews project designs for compliance with city standards for sustainability, maintainability and compatibility with enterprise-wide systems and to determine that the project is being designed within funding limitations. Information on the capital and operating costs and timelines are closely monitored and linked to the citywide annual operating budget through these reviews.

### 2006 Citizens' Bond Committee Program

Voter-approved bond authorizations are the major funding source for the general government portion of the Capital Improvement Program. The city generally seeks new voter-approved programs on five-year cycles. Consistent with that planning cycle, a Citizens' Bond Committee process was initiated by the City Council in June 2005. More than 700 community volunteers were appointed by the City Council to serve on 17 bond subcommittees to help shape the program.

Two of the committees evaluated the city's capacity to service new debt and to fund the operating costs of new capital facilities. These committees reviewed multi-year forecasts for assessed valuation and property tax levies, and for General Fund revenues and expenses. They recommended annual bond and operating cost capacities before 14 service-related committees began their work to evaluate five-year capital facility needs identified by city departments as well as capital project funding requests by community nonprofit organizations. Through the work of these subcommittees, the Citizens' Bond Committee recommended nearly 200 capital projects to the City Council.

City Council formed the \$878.5 million in projects into seven propositions all of which were approved by the voters in March 2006. Consistent with past practice to continue community oversight, the 2006 Bond Committee met on April 22, 2010, to review current policies and the 2006 bond-funded portion of the 2010-15 Capital Improvement Program. They recommended approval of the updated plan presented and provided policy recommendations that were presented to the City Council in May.



## Enterprise Funds

Fees for the Water, Wastewater and Solid Waste enterprise funds are billed to customers on a single billing. As a result, all three of these enterprise funds complete annual updates to their multi-year rate plans on a similar timeline. These plans are first reviewed by the City Council Transportation, Infrastructure and Sustainability Subcommittee prior to action on the plans by the full City Council. Bond and pay-as-you-go funded capital projects, debt service and operating and maintenance costs of existing services and planned capital projects are all provided for in these multi-year rate plans. User fee rate changes are typically implemented in March of each year to support the updated plans. The Phoenix Convention Center enterprise fund receives most of its resources from earmarked sales taxes. To support a significant expansion and renovation of the Phoenix Convention Center, 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 first and second phases of the expansion are open for business. The second phase was completed in December 2008. The capital and financial plan was critical to securing \$600 million in bond funding split equally between the city and state of Arizona to expand and modernize the facility.

## Capital Construction Funds

The Capital Construction fund was established in 1998-99 and provides about \$20 million each year for critical infrastructure improvements in the right of way. Citizen input from a series of public meetings supported using these funds for neighborhood street rehabilitation, sidewalks and wheelchair ramps, traffic safety and traffic calming projects, and neighborhood traffic mitigation projects. Funds are programmed in these project categories for each year of the Capital Improvement Program. Individual projects will be determined during the first year of the program based on traffic engineering data and neighborhood input.

## Parks and Preserves Funds

In September 1999, the voters approved a 10-year, one-tenth of one percent sales tax to purchase state trust lands for the Sonoran Desert Preserve, and for the development and improvement of regional and neighborhood parks. This tax was renewed by voters in May 2008 for 30 years. The 2010-15 Capital Improvement Program includes \$56.0 million of these funds, which are programmed for regional, community and neighborhood parks, and Sonoran Preserve land acquisition. Land acquisitions are planned and timed to take advantage of state grant funding opportunities.

## Transit 2000 Funds

The voters approved Proposition 2000 on March 14, 2000. This initiative authorized a four-tenths of one percent sales tax for a period of 20 years to implement the Transit 2000 plan. The plan provides funding for light rail, buses, right of way improvements, passenger facilities and

related operating costs. The 2010-15 Capital Improvement Program includes \$26.3 million of these funds, which are programmed for:

- Additional vehicles and upgrades to existing vehicles (\$0.6 million)
- New and expanded passenger and maintenance facilities (\$10.6 million)
- Bus pullouts, left-turn arrows and bicycle lanes (\$4.1 million)
- Technology upgrades (\$6.8 million)
- Light rail, bus rapid transit and related support services (\$3.4 million)
- Contingencies (\$0.8 million)

## Five-Year Arterial Streets Plan

Each year the Street Transportation Department updates its five-year plan and funding for major street and storm drain construction. This program is primarily funded through Arizona Highway User Revenue (AHUR) including state-shared revenue from gas taxes and vehicle license taxes. The update begins with the Budget and Research Department providing an updated current year and five-year forecast of AHUR revenue, and requirements for AHUR to support operating expenditures and debt service to determine the amounts available for pay-as-you-go capital projects. Also included in the plan are any needed updates to voter-approved bond projects as well as funding sources from other government agencies in projects such as flood control. The plan is then presented to the Transportation, Infrastructure and Sustainability Subcommittee. This program primarily reflects the five-year Arterial Street plan.

**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. An impact fee program was developed that is based on 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.

Impact fee collections initially progressed slowly because of a slowdown in construction in the late 1980s and early 1990s. By 2004, impact fee collections had experienced strong growth. With the downturn in the economy, impact fee collections have declined significantly. Since the revenue streams are dependent on what can be volatile development activity, only impact fee revenues that have been collected are planned in the Capital Improvement Program.

An independent evaluation of the Development Impact Fee Program was recently completed on Fire, Police, Library and Drainage Impact Fees. Based on the

results of this study, the City Council approved the proposed amendments to the Infrastructure Financing Plan in April 2010. The effective date of the fee changes will be July 1, 2011.

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 Department as well as operating

**SUMMARY OF 2010-15 CAPITAL IMPROVEMENT PROGRAM  
(In Thousands of Dollars)**

Source of Funds	2010-11	2011-12	2012-13	2013-14	2014-15	5-Year Total
Arts and Cultural Facilities	\$5,738	\$8,003	\$1,818	\$-	\$-	\$15,559
Aviation	395,504	129,584	82,460	79,007	65,936	752,491
Economic Development	13,453	5,796	12,171	-	-	31,420
Energy Conservation	33,670	6,137	2,054	1,200	1,200	44,261
Facilities Management	19,561	9,709	8,205	2,273	739	40,487
Fire Protection	14,434	9,339	13,953	-	-	37,726
Historic Preservation	3,060	1,821	2,781	-	-	7,662
Housing	91,726	21,116	17,711	14,642	14,727	159,922
Human Services	6,287	3,605	11,936	-	-	21,828
Information Technology	13,550	11,266	6,317	2,703	1,946	35,782
Libraries	11,683	-	10,445	300	2,100	24,528
Neighborhood Services	14,743	4,200	5,215	-	-	24,158
Parks, Recreation and Mountain Preserves	119,762	45,793	18,803	-	-	184,358
Phoenix Convention Center	5,666	2,308	4,012	4,783	4,603	21,372
Police Protection	33,735	5,550	19,078	-	-	58,363
Public Transit	74,593	37,776	48,689	59,257	31,650	251,965
Solid Waste Disposal	47,377	15,208	18,331	15,590	9,386	105,892
Street Transportation and Drainage	200,609	84,937	159,573	77,751	88,138	611,008
Wastewater	144,068	60,115	61,269	136,163	143,279	544,894
Water	386,403	120,786	115,004	169,315	171,184	962,692
<b>Total Operating Funds</b>	<b>\$1,635,622</b>	<b>\$583,049</b>	<b>\$619,825</b>	<b>\$562,984</b>	<b>\$534,888</b>	<b>\$3,936,368</b>



department staff to appropriately program \$136.4 million in available impact fees in the 2010-15 Preliminary Capital Improvement Program. Additional impact fees will be programmed in future capital improvement programs as these fees are collected.

**SUMMARY OF 2010-15 CAPITAL IMPROVEMENT PROGRAM  
BY SOURCE OF FUNDS  
(In Thousands of Dollars)**

<b>Fund</b>	2010-11	2011-12	2012-13	2013-14	2014-15	5-Year Total
<b>Operating Funds:</b>						
General Funds	\$1,419	\$6,647	\$5,492	\$4,917	\$4,874	\$23,349
Parks and Preserves	45,614	10,381	–	–	–	55,995
Transit 2000	10,278	4,582	4,659	3,682	3,070	26,271
Development Services	–	66	55	58	264	443
Capital Construction	26,204	21,377	18,467	24,759	22,428	113,235
Arizona Highway Users	45,073	35,181	40,988	59,808	59,944	240,994
Public Transit	13,908	8,633	10,264	4,270	5,520	42,595
Community Reinvestment	1,500	–	–	–	–	1,500
Community Development	2,986	371	371	170	170	4,068
Block Grants (CDBG)						
Hope Grant	3,485	4,271	54	–	–	7,810
Other Restricted	13,184	9,250	3,250	3,000	3,000	31,684
Grant Funds	96,604	18,559	7,966	6,853	6,852	136,834
<b>Enterprise Funds:</b>						
Aviation	49,580	22,165	13,388	12,146	9,064	106,343
Convention Center	2,092	2,463	2,920	2,812	2,568	12,855
Solid Waste	6,808	5,024	4,957	4,806	4,963	26,558
Wastewater	83,149	47,589	48,324	78,586	63,345	320,993
Water	124,091	77,384	76,451	135,747	138,510	552,183
<b>Total Operating Funds</b>	<b>\$525,975</b>	<b>\$273,943</b>	<b>\$237,606</b>	<b>\$341,614</b>	<b>\$324,572</b>	<b>\$1,703,710</b>
<b>Bond Funds:</b>						
<b>Property Tax Supported:</b>						
1988 Various Purpose	\$615	\$–	\$1,581	\$–	\$–	\$2,196
1989 Historic Preservation	136	–	–	–	–	136
2001 Various Purpose	9,722	575	15,645	100	1,900	27,942
2006 Various Purpose	152,167	43,421	138,699	2,396	–	336,683
<b>Nonprofit Corporation Bonds:</b>						
Aviation	284,077	41,862	10,162	4,007	3,595	343,703
Convention Center	385	–	–	–	–	385
Solid Waste	31,574	8,950	12,700	9,500	4,200	66,924
Wastewater	18,996	8,153	4,977	49,225	56,961	138,312
Water	206,134	43,026	37,544	30,876	30,995	348,575
Other	38,758	2,186	500	–	–	41,444
<b>Total Bond Funds</b>	<b>\$742,564</b>	<b>\$148,173</b>	<b>\$221,808</b>	<b>\$96,104</b>	<b>\$97,651</b>	<b>\$1,306,300</b>

**SUMMARY OF 2010-15 CAPITAL IMPROVEMENT PROGRAM (continued)**  
**BY SOURCE OF FUNDS**  
**(In Thousands of Dollars)**

<b>Fund</b>	2010-11	2011-12	2012-13	2013-14	2014-15	5-Year Total
<b>Other Capital Sources:</b>						
Impact Fees	\$115,950	\$2,947	\$9,281	\$1,685	\$6,540	\$136,403
Passenger Facility Charge	29,207	39,191	27,229	30,232	24,200	150,059
Other Cities' Share –						
SROG and Val Vista	18,949	5,769	9,969	11,282	18,840	64,809
Solid Waste Remediation	3,517	1,294	700	1,310	250	7,071
Capital Grants	117,069	85,433	69,734	58,771	57,069	388,076
Federal, State and						
Other Participation	58,391	20,047	34,302	19,732	5,766	138,238
Private Participation	2,708	–	–	–	–	2,708
Capital Reserves	14,243	6,252	9,196	2,254	–	31,945
Parks Capital Gifts	1,021	–	–	–	–	1,021
Other Capital	6,028	–	–	–	–	6,028
<b>Total Other Capital Sources</b>	<b>\$367,083</b>	<b>\$160,933</b>	<b>\$160,411</b>	<b>\$125,266</b>	<b>\$112,665</b>	<b>\$926,358</b>
<b>TOTAL</b>	<b>\$1,635,622</b>	<b>\$583,049</b>	<b>\$619,825</b>	<b>\$562,984</b>	<b>\$534,888</b>	<b>\$3,936,368</b>

Phoenix 2009

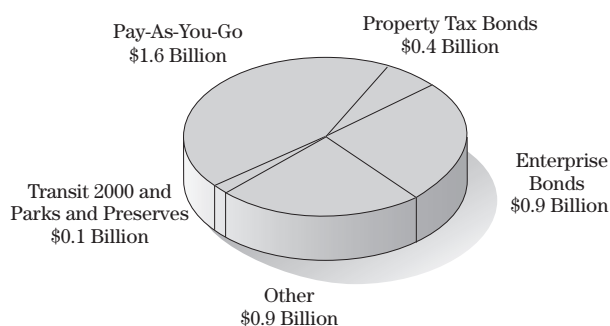


## 2010-15 Capital Improvement Program Highlights

The Capital Improvement Program (CIP) totals \$3.9 billion over the next five years. As shown in the pie chart, funding for the 2010-15 program comes from five main sources: \$0.4 billion in 1988, 1989, 2001 and 2006 voter-approved bond funds, \$1.6 billion in pay-as-you-go operating funds, \$0.9 billion in various enterprise bonds, \$0.1 billion in Transit 2000 and Parks and Preserve Initiative funds, and \$0.9 billion in other funds. The \$0.9 billion in other funds includes \$64.8 million in payments by other cities and agencies for participating in projects in programs such as Water and Wastewater, \$388.1 million in capital grants, \$136.4 million in development impact fees, \$150.1 million in passenger facility charges, \$140.9 million in government and private project participation, \$31.9 million in capital reserves, \$7.1 million in Solid Waste remediation funding and \$7.0 million from miscellaneous capital sources.

Projects in the first year total \$1.6 billion and are funded from pay-as-you-go operating funds (\$526.0 million), bond funds (\$742.6 million) and other capital financing (\$367.1 million). A financial organization chart on page 167 presents a visual overview of the first year by source of funds and additional schedules summarize the 2010-11 Capital Budget by source of funds and the 2010-11 Capital Improvement Program by fund group and program. A brief overview of the five-year plan for each program follows.

2010-15 Preliminary Capital Improvement Program Sources of Funds



### Arts and Cultural Facilities

The \$15.6 million Arts and Cultural Facilities program is funded with 2001 and 2006 bonds. The following projects are planned for bond funding:

- Renovate a facility for the Arizona Opera
- Purchase and renovate a facility for the Black Theatre Troupe
- Complete renovation and expansion of the Phoenix Theatre
- Purchase and renovate a facility for Ballet Arizona

### Aviation

The Aviation program totals \$752.5 million and includes projects for Phoenix Sky Harbor International Airport and two satellite airports, Phoenix Deer Valley and Phoenix Goodyear. The Aviation program is funded with Aviation operating revenue, federal grant funds, Aviation nonprofit corporation bonds and Passenger Facility Charge funds.

Major improvements for Sky Harbor International Airport include the following:

- Develop and manage airport expansion infrastructure
- Design, construct and equip the PHX Sky Train system
- Construct runway and taxiway improvements
- Acquire and maintain properties for the Community Noise Reduction Program and future airport expansion
- Perform various development studies and consultant services





- Rehabilitate Terminals 3 and 4 including rebuilding moving walkways, food and beverage tenant upgrades and build-outs, pavement reconstruction, restroom remodel, elevator and door upgrades
- Construct an intruder alarm and implement other security improvements
- Provide soundproofing to non-residential qualified establishments within airport proximity
- Improve garage lighting and enhance the taxi/limousine holding area
- Refurbish maintenance complex and rehabilitate airport air conditioning units
- Install common use terminal equipment and other various technology enhancements

The Aviation program also includes taxiway, safety and structure improvements at the Phoenix Deer Valley and Phoenix Goodyear airports and airport development projects at Phoenix-Mesa Gateway Airport.

### Economic Development

The \$31.4 million Economic Development program is funded with 2006 bonds, Downtown Community Reinvestment funds and nonprofit corporation bonds. The program includes the following downtown and citywide economic development projects:

- Facilitate and assist bioscience development in Phoenix
- Construct downtown infrastructure improvements to sidewalks, landscaping and lighting
- Increase business redevelopment and public art enhancements
- Revitalize public infrastructure in west Phoenix
- Acquire property for the relocation of the Arizona State Fairgrounds



*The Community and Economic Development Department stimulates economic activity by offering a diverse range of value-added business programs to build, revitalize, and sustain a quality community for Phoenix businesses and residents.*



### **Energy Conservation**

The \$44.3 million Energy Conservation Program is funded with General, Convention Center, Water and Wastewater operating funds and federal grants. This program includes capital projects to continue the city's energy conservation efforts and also includes energy efficient retrofit cost reduction efforts at various city facilities.

The city's Energy Conservation Program has been in place for more than 20 years. Through the program's efforts in addressing energy efficient retrofits, energy efficient design and management, metering for efficient operations and implementation of new technology, first year annualized cost savings average \$250,000.

Energy saving retrofits have been completed for lighting, heating, ventilation, air conditioning and control systems. American Recovery and Reinvestment (ARRA) funds will be used extensively to make city facilities more energy efficient.

### **Facilities Management**

The Facilities Management program totals \$40.5 million and is funded with 2001 bonds, 2006 bonds, nonprofit corporation bonds, General funds, Capital Construction funds, impact fees and other restricted funds. The following projects are planned for 2001 and 2006 bond funding:

- Replace critical facility systems in the Calvin C. Goode Building
- Replace critical facility and support systems in Phoenix City Hall and Personnel Building
- Phoenix City Hall space efficiency and reconfiguration
- Renovate Union Hills Service Center parking lot

Also included in the program is the use of Capital Construction funds to underground 69kv electric lines near the Sonoran Preserve and funding for remediation of contaminated soil from leaking underground storage tanks. Planned uses of General funds and nonprofit corporation bonds include major facility repairs and maintenance for service centers, maintenance shops and office buildings according to the facility management plan.



### Fire Protection

The \$37.7 million Fire Protection program is funded with 2006 bonds and nonprofit corporation bonds. The following fire stations are planned for bond funding:

#### Fire Station Construction

- New Station 55 near the borders of the Deer Valley and North Gateway villages along the I-17 corridor
- New Station 59 in Estrella Village
- New Station 74 in west Ahwatukee Foothills

The following firefighter training and technology projects also are included for bond funding:

- Study and pilot new fire communication technology
- Design and construct a Dispatch and Emergency Operations Center



*The Fire Protection bond program includes design and construction of a dispatch and emergency operations center.*



### **Historic Preservation**

The Historic Preservation program totals \$7.7 million and is funded with 1989, 2001 and 2006 bonds and grant funds. The following projects are planned:

- Provide grants for low income homeowners to complete exterior rehabilitation work on their homes
- Acquire and rehabilitate threatened historic buildings citywide
- Provide matching grants for residential and commercial historic property owners to rehabilitate historic properties in exchange for conservation easements
- Provide funds to rehabilitate city-owned historic buildings and facilities



### **Housing**

The Housing program totals \$160.0 million and is funded with Community Development Block Grant (CDBG) funds, 2006 bonds and public housing federal grant funds.

Housing projects using 2006 bond funds include:

- Acquire properties for affordable housing
- Provide a new loan program to increase affordable properties
- Install air conditioning units in public housing to replace obsolete evaporative coolers

Nonprofit projects using 2006 bond funds include:

- Provide funding for construction of the United Methodist Outreach Ministries New Day Center homeless shelter for families
- Provide funding for construction of the Housing First Project

Modernization projects for public housing units are proposed based on the availability of grant funds. City Council approved allocations of Community Development Block Grant funds also are programmed.

### **Human Services**

The \$21.8 million Human Services program is funded with 2001 and 2006 bonds and provides for design and construction of the Southwest Family Services Center, 51st Avenue Senior Center and the purchase of land for the 16th Street Senior Center.

In addition, there are two nonprofit projects:

- Native American Connections' Business and Cultural Center
- Southwest Center for HIV/AIDS Community Service Center

### **Information Technology**

The \$35.8 million Information Technology program is funded with 2001 and 2006 bonds; nonprofit corporation bonds; Aviation, Development Services, Solid Waste Disposal, and Water and Wastewater revenues; General funds and other restricted funds. Projects planned for 2006 bond funding include the following:

- Acquire electronic equipment to provide improved customer service
- Design, construct and equip an alternate information technology operations center
- Deploy voice/data convergence-ready equipment to upgrade and enhance staff connectivity
- Improve the city's Geographic Information System

### Libraries

The Libraries program totals \$24.5 million and is funded with 2001 and 2006 bonds, grant funds, impact fees and General Funds. Projects planned for 2001 and 2006 bond funding include the following:

- Complete the replacement of Harmon branch library
- Complete construction of the South Mountain regional branch library
- Acquire land for a North Gateway branch library
- Replace the central heating and cooling system at Burton Barr Central Library
- Complete library technology improvements

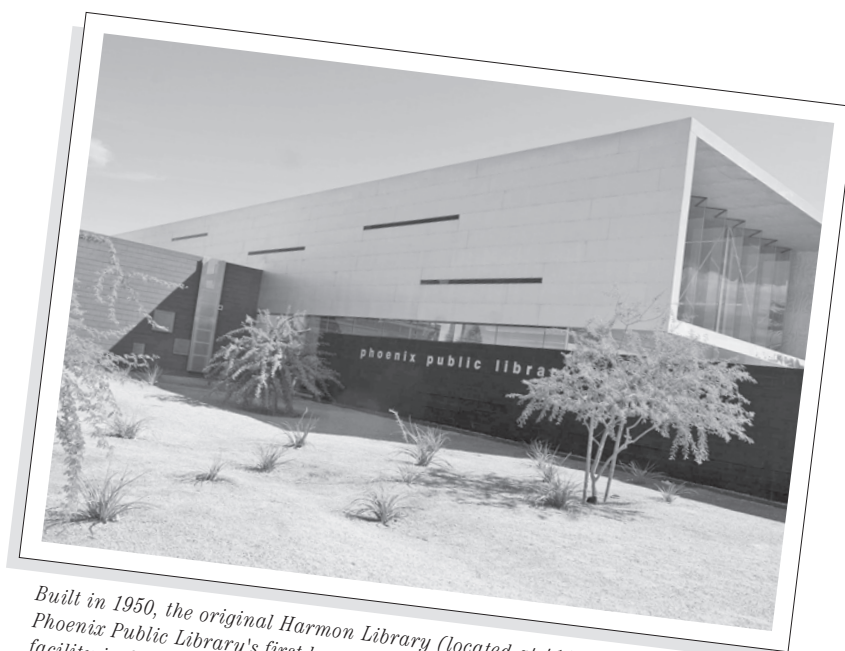
General funds are proposed to complete improvements to various library branches, including the development of the Workforce Literacy Center at Ocotillo Branch Library. Impact fees are included to design a new library in the Desert View area, to acquire land for a North Gateway branch library and to partially fund the design and construction of an Estrella branch library.

### Neighborhood Services

The Neighborhood Services program totals \$24.2 million and is funded with Community Development Block Grants (CDBG), Neighborhood Stabilization Program Grants and 2001 and 2006 bonds.

Projects include the following:

- Purchase and redevelop foreclosed properties to assist with neighborhood stabilization
- Partner with the community and other city departments to address critical neighborhood projects and blight elimination
- Acquire property and provide development incentives for blight elimination and revitalization
- Construct neighborhood infrastructure such as sidewalks, lighting, alley improvements and landscaping to enhance aging neighborhoods



*Built in 1950, the original Harmon Library (located at 411 W. Yavapai St.) was Phoenix Public Library's first branch facility and was replaced with a new facility in 2009-10.*



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

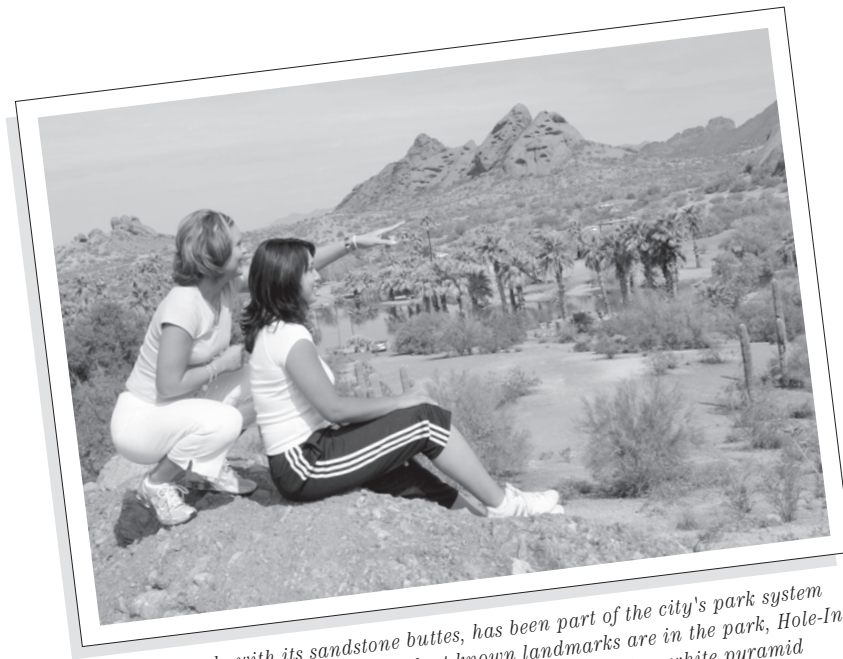
The Parks, Recreation and Mountain Preserves program totals \$184.4 million and is funded with nonprofit corporation bonds, 2001 and 2006 bonds, parks monopole sites revenue, impact fees, grants, Parks and Preserves Initiative and other restricted funds. The program provides for acquisition and development of new park sites, preserves, specialty areas and improvements to existing parks.

The following major projects are planned for 2001 and 2006 bond funds:

- Construct, improve and renovate parks citywide
- Acquire land for neighborhood mini-park sites

- Renovate aquatics facilities citywide
- Renovate and construct park upgrades to comply with the Americans with Disabilities Act
- Construct La Pradera Community Center
- Design and renovate the Phoenix Center for the Arts
- Acquire the Pioneer Living History Museum land

Parks and Preserves projects include improvements to community and neighborhood parks and land acquisition for the Sonoran Preserve. Impact fees are included to acquire and develop park sites in the Ahwatukee, Deer Valley, Desert View, Estrella, Laveen and North Gateway areas, and to acquire open space preserve land in the northern areas. Parks monopole sites revenue is included to add amenities to parks with monopole sites.

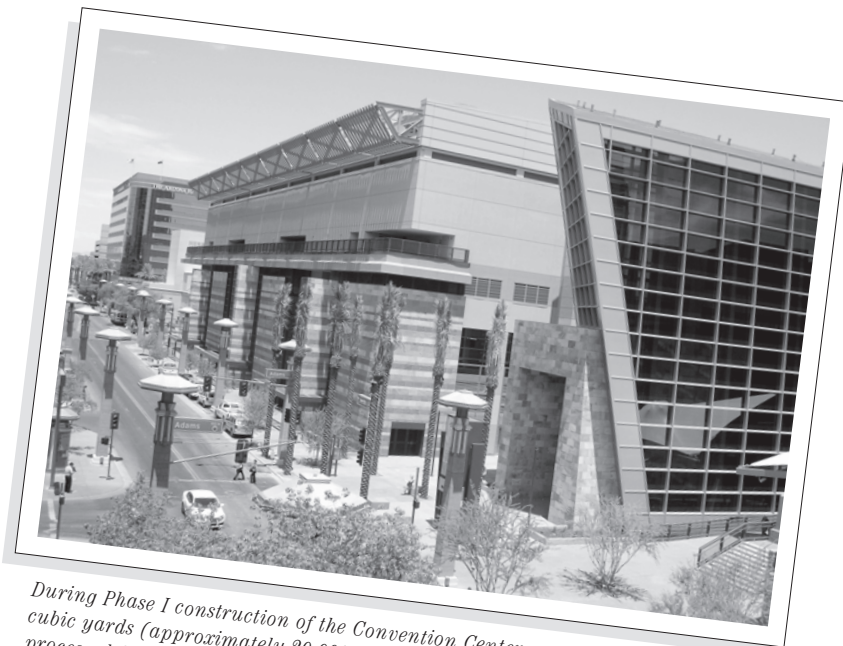


*Papago Park, with its sandstone buttes, has been part of the city's park system since 1959. Two of east Phoenix's best known landmarks are in the park, Hole-In-The-Rock, a natural geologic formation; and Hunt's Tomb, a white pyramid burial place of Arizona's first governor.*



### Phoenix Convention Center

The \$21.4 million Phoenix Convention Center program is funded with Convention Center operating revenue, nonprofit corporation bonds, 2001 and 2006 bonds and General funds. In addition to the Convention Center, this program includes projects and improvements for the Herberger and Orpheum Theaters, Symphony Hall plus the Regency, Heritage and Convention Center parking garages.



*During Phase I construction of the Convention Center crews removed 270,000 cubic yards (approximately 20,000 truck loads) of cobble. This material was processed for recycling and used to make aggregate for new concrete and asphalt.*



### Police Protection

The Police Protection program totals \$58.4 million and is funded with 2001 and 2006 bonds, impact fees and nonprofit corporation bonds. The following projects are planned:

- Purchase aircraft to replace current fleet
- Design and construct aircraft hangar facilities at the Deer Valley Airport
- Acquire land for a new northwest precinct
- Upgrade or replace the Police Automated Computer Entry (PACE) System
- Rebuild and equip the Squaw Peak Precinct
- Renovate buildings for use as the Cactus Park Precinct
- Complete construction of the Black Mountain Precinct

### Public Transit

The \$252.0 million Public Transit program is funded with Transit 2000 revenue, regional transportation revenue including the half-cent countywide sales tax, Transit nonprofit corporation bonds, Arizona Highway User Revenue, and federal and state grants.

Phoenix voters approved Transit 2000, a 0.4 percent sales tax, on March 14, 2000, to fund extensive improvements to the city's public transit system. Projects in the Public Transit program include the following:

- Rehabilitate and acquire buses and purchase Dial-a-Ride replacement vans
- Improve and maintain bus stops, park-and-ride locations and transit centers
- Renovate, refurbish and enhance security at North and South maintenance facilities
- Implement technology enhancements including a wireless communication system for the regional bus system
- Acquire land and plan for future light rail Northwest extension, park-and-ride locations and transit centers

### Solid Waste Disposal

The \$105.9 million Solid Waste Disposal program includes projects at the city's open landfill, closed landfills and transfer stations, and is funded with Solid Waste revenue, Solid Waste Remediation funds and nonprofit corporation bond funds. Projects planned in the Solid Waste program include:

- Monitor and maintain methane gas extraction systems, cell lining and capping, and installing landscaping at the Skunk Creek landfill
- Monitor and maintain methane gas extraction systems and cell lining at the State Route 85 landfill
- Maintain soil capping and the methane gas collection system at the 19th Avenue landfill
- Monitor groundwater and methane gas and installing landscaping at the 27th Avenue landfill
- Renovate the 27th Avenue Transfer Station



### Street Transportation and Drainage

The Street Transportation and Drainage program totals \$611.0 million and is funded with Arizona Highway User Revenues, 2001 and 2006 bonds, federal and state grants, impact fees, nonprofit corporation bonds, Capital Construction funds and participation from other agencies. Included in the program are major street, storm drainage, freeway corridor improvement, traffic improvement, and other street maintenance and improvement projects.

Major street and storm drainage projects for 2006 bond funding include:

- Construct a bridge at Riverview Drive between 18th and 22nd streets
- Expand city of Phoenix wireless network for connections to on-street devices for traffic signal coordination
- Construct Camelback Corridor Improvements
- Construct improvements to 32nd Street from Washington Street to McDowell Road
- Rehabilitation of major flood-control dams (includes additional funding from Maricopa County)
- Construct intersection improvements at Pinnacle Peak Road and Tatum Boulevard
- Construct a downtown storm drain relief system
- Construct landscape improvements in the west Phoenix revitalization area
- Construct historic districts streetscape improvements
- Design and construct traffic calming infrastructure
- Storm drain rehabilitation
- Construction local drainage improvements
- Construct Phase II of the Intelligent Transportation System (ITS) fiber optic backbone
- Design and partially construct a drainage system along Arcadia Drive from Indian School to Camelback roads, and along Lafayette Boulevard from Arcadia Drive to 44th Street
- Construct a levee located east of Central Avenue, just north of Union Hills Drive

Major street projects for AHUR funding include the following projects:

- Construct one mile of major street at Lower Buckeye Road from 43rd to 35th avenues
- Construct the 19th Avenue Bridge at the Central Arizona Project Canal
- Construct one mile of major street at Pinnacle Peak Road from 43rd to 35th avenues
- Construct one and a half miles of major street at Pinnacle Peak Road from 55th to 43rd avenues
- Construct one mile of major street at 35th Avenue from Baseline Road to Southern Avenue
- Construct a 7.5 miles of major street and bridges at Sonoran Boulevard (includes funding from state and local aid)
- Acquire land, design and construct Black Mountain Parkway ramps to the State Route 51 (includes funding from federal aid)
- Complete the design, acquire land and construct Avenida Rio Salado Parkway
- Construct one mile of major street at 43rd Avenue from Lower Buckeye to Buckeye roads
- Construct a mile of major street at 75th Avenue from Lower Buckeye to Buckeye roads
- Construct one mile of major street at 91st Avenue from Indian School to Camelback roads

- Construct one mile of major street at 56th Street from Deer Valley to Pinnacle Peak roads
- Construct a mile of major street at 32nd Street from Southern Avenue to Broadway Road
- Construct a mile of major street at Buckeye Road from 67th to 59th avenues
- Construct a mile of major street at Lower Buckeye Road from 51st to 43rd avenues
- Construct a bridge at Greenway Parkway and Cave Creek Wash
- Retrofit landscaping on existing major streets
- Major street overlay
- Major street slurry seal and crack seal

Capital Construction funding is planned for the following types of projects:

- Local paving and drainage projects
- Residential street resurfacing
- Sidewalks
- Sidewalk ramps
- Dust control
- Traffic calming



## Wastewater

The Wastewater program totals \$544.9 million and is funded with Wastewater operating revenue, Wastewater nonprofit corporation bonds, impact fees, private participation funds and other cities' participation in the 91st Avenue Wastewater Treatment Plant Subregional Operating Group (SROG) joint venture.

Major Wastewater projects include the following:

- 91st Avenue Wastewater Treatment Plant expansion
- 23rd Avenue Wastewater Treatment Plant three phase digester conversion
- Repair and replacement of wastewater treatment plant equipment
- Construction of the Regional Capacity Management Facility
- Metering station upgrades
- Rehabilitation of Salt River Outfall and Southern Avenue Interceptor Parallel sewers to meet wastewater system flow demands
- Construction of relief sewers citywide
- Sewer lift station improvements and replacements
- Construction of parallel sections of the Broadway Sewer from 32nd Street to 51st Avenue to provide additional capacity
- Rehabilitation of selected sewers of various sizes and materials located throughout the city
- Technology improvements including automatic meter reading
- Various Wastewater management studies, security improvements, staff charges and consultant fees
- Land acquisition and right-of-way purchases

## Water

The \$962.7 million Water program is funded with Water operating revenue, nonprofit corporation bonds, impact fees, grant funds and city of Mesa participation in the Val Vista Water Treatment Plant joint venture.

Major projects include the following:

- Design and construct a granulated active carbon regeneration facility at Val Vista Water Treatment Plant
- Acquire and construct new wells and rehabilitate existing wells
- Construct and rehabilitate reservoirs, tanks and related systems to aid in trihalomethane (THM) reduction
- Rehabilitate existing booster stations
- Construct security upgrades at remote facilities
- Replace and rehabilitate a segment of the Val Vista Transmission Main
- Construct water main improvements recommended in the integrity study and rehabilitate existing mains citywide
- Increase capacity of water distribution system in the Camelback East Residential Corridor
- Construct new mains in growth areas
- Develop additional water resources for projected growth
- Install new service meters and construct plumbing connections for alley service relocations
- Acquire and install software and hardware to automate meter reading and integrate various software products
- Replace deficient prestressed concrete cylinder pipe
- Acquire land for Lake Pleasant booster station site
- Repair and replace leaking water services
- Conduct various water system studies

- Construct a new maintenance facility and rehabilitate Water Services Laboratory
- Design and construct a joint sludge dewatering facility for Union Hills Water Treatment Plant and Cave Creek Water Reclamation Plant
- Construct treatment optimization strategies, process control efficiency improvements and implement plant equipment rehabilitation at Cave Creek Water Reclamation Plant, 24th Street and Deer Valley Water Treatment Plants
- Participate in modification and construction of shared infrastructure

**2010-11 CAPITAL IMPROVEMENT PROGRAM  
 BY SOURCE OF FUNDS  
 (In Thousands of Dollars)**

	Total Program	Pay-As- You-Go Operating	Misc. Bonds*	2006 Bonds	Nonprofit Corporation Bonds	Other Capital Sources
Arts and Cultural Facilities	\$5,738	\$-	\$181	\$5,325	\$232	\$-
Aviation	395,504	48,977	-	-	284,077	62,450
Economic Development	13,453	1,647	-	1,806	10,000	-
Energy Conservation	33,670	33,670	-	-	-	-
Facilities Management	19,561	4,834	2,306	4,815	700	6,906
Fire Protection	14,434	-	749	11,661	2,024	-
Historic Preservation	3,060	92	285	2,683	-	-
Housing	91,726	63,244	-	14,112	172	14,198
Human Services	6,287	-	950	4,762	375	200
Information Technology	13,550	8,638	100	3,746	1,066	-
Libraries	11,683	1,250	868	9,556	9	-
Neighborhood Services	14,743	7,255	473	6,515	-	500
Parks, Recreation and Mountain Preserves	119,762	45,994	2,394	28,611	117	42,646
Phoenix Convention Center	5,666	1,892	-	3,379	395	-
Police Protection	33,735	-	177	24,733	8,525	300
Public Transit	74,593	25,359	-	106	14,310	34,818
Solid Waste Disposal	47,377	6,746	-	140	31,074	9,417
Street Transportation and Drainage	200,609	70,117	1,990	29,757	4,699	94,046
Wastewater	144,068	82,585	-	-	16,525	44,958
Water	386,403	123,675	-	460	205,624	56,644
<b>Total</b>	<b>\$1,635,622</b>	<b>\$525,975</b>	<b>\$10,473</b>	<b>\$152,167</b>	<b>\$579,924</b>	<b>\$367,083</b>

\*Remaining 1988, 1989 and 2001 bond funds. Of this amount, \$9,722,000 is 2001 bond funds, \$136,000 is 1989 Historic Preservation bonds and \$615,000 in 1988 bonds.



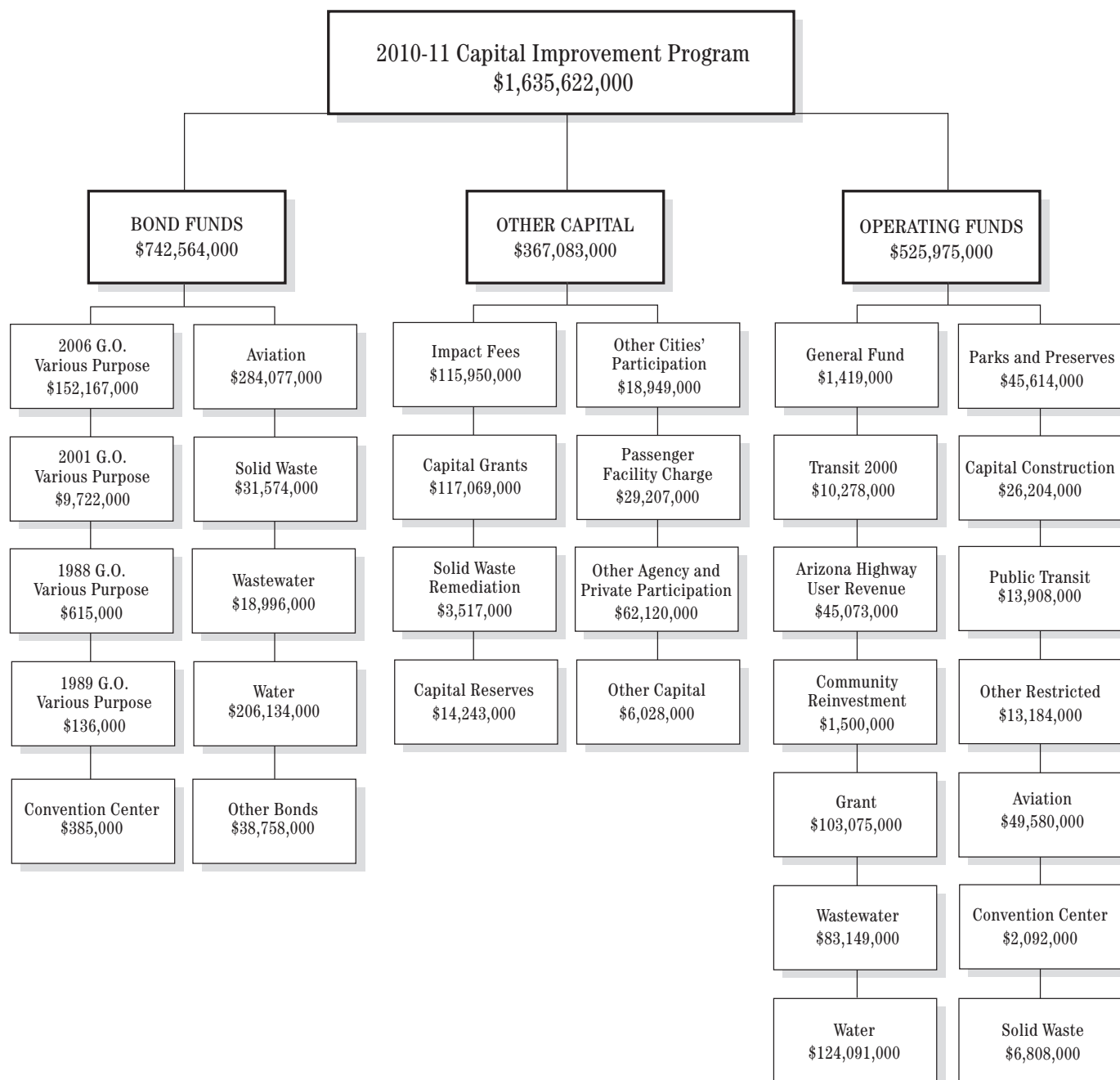
**RESOURCES AND EXPENDITURES BY CAPITAL FUND  
2010-11 CAPITAL IMPROVEMENT PROGRAM**

	RESOURCES		EXPENDITURES		FUND BALANCES		
	Beginning Balance	Projected Revenue <sup>1</sup>	Total	Estimated Expenditures	Ending Fund Balances	Projected Resources Beyond 10/11 <sup>2</sup>	Funds Available Beyond 10/11
<b>Capital Fund</b>							
<b>Bond and Related Funds</b>							
<b>2006 Bonds</b>							
Libraries, Senior & Cultural Centers	\$9,364	\$-	\$9,364	\$28,964	\$(19,600)	\$50,835	\$31,235
Education	(7,305)	-	(7,305)	633	(7,938)	11,750	3,812
Affordable Housing & Neighborhoods	24,408	-	24,408	20,327	4,081	24,805	28,886
Parks and Open Spaces	9	-	9	29,522	(29,513)	43,650	14,137
Police, Fire & Homeland Security	9,947	-	9,947	38,753	(28,806)	72,000	43,194
Police, Fire & City Technology	4,089	-	4,089	1,387	2,702	5,900	8,602
Street and Storm Sewer Improvement	49,035	-	49,035	32,581	16,454	40,935	57,389
<b>2001 Bonds</b>							
Affordable Housing & Homeless Shelter	1,704	-	1,704	700	1,004	-	1,004
Educational, Youth & Cultural Facilities	1,504	-	1,504	1,624	(120)	1,975	1,855
Environmental Improvement & Cleanup	543	-	543	625	(82)	630	548
Fire Protection Facilities & Equipment	(27)	-	(27)	74	(101)	900	799
Neighborhood Protection & Senior Centers	6,067	-	6,067	2,344	3,723	2,355	6,078
New & Improved Libraries	4,307	-	4,307	868	3,439	900	4,339
Parks, Open Space & Recreation	(1,839)	-	(1,839)	409	(2,248)	4,425	2,177
Police Protection Facilities & Equipment	(2,125)	-	(2,125)	237	(2,362)	3,160	798
Police, Fire & Computer Technology	(1,059)	-	(1,059)	775	(1,834)	2,215	381
Preserving Phoenix Heritage	(111)	-	(111)	149	(260)	925	665
Storm Sewers	(1,427)	-	(1,427)	343	(1,770)	1,770	-
Street Improvements	512	-	512	1,574	(1,062)	2,225	1,163
<b>1989 Historic Preservation</b>	163	-	163	136	27	-	27
<b>1988 Bonds</b>							
Community Education/Cultural Facilities	71	-	71	71	-	-	-
Freeway Mitigation, Neighborhood Stabilization, Slum & Blight Elimination	863	-	863	73	790	1,000	1,790
Parks, Recreation & Mountain Preserves	486	-	486	471	15	-	15
Police Protection	27	-	27	-	27	-	27
<b>1984 Fire &amp; Police Protection</b>	1	-	1	-	1	-	1
<b>Nonprofit Corporation Bonds</b>							
Aviation	(297,599)	653,170	355,571	284,077	71,494	552,045	623,539
Phoenix Convention Center	31,523	-	31,523	385	31,138	-	31,138
Golf	67	-	67	-	67	-	67
Solid Waste	12,769	50,000	62,769	31,574	31,195	25,000	56,195
Transit 2000	75,998	-	75,998	14,303	61,695	-	61,695
Wastewater	5,508	50,000	55,508	18,996	36,512	355,000	391,512
Water	(8,482)	100,000	91,518	206,134	(114,616)	600,000	485,384
Other	(41,684)	86,575	44,891	24,455	20,436	109,425	129,861
<b>OTHER FINANCING</b>							
Impact Fees	146,131	-	146,131	115,950	30,181	-	30,181
Passenger/Customer Facility Charge	(115,233)	119,020	3,787	29,207	(25,420)	457,000	431,580
Other Cities' Participation in Joint Ventures	(660)	18,949	18,289	18,949	(660)	11,444	10,784
Solid Waste Remediation	9,263	-	9,263	3,517	5,746	-	5,746
Capital Grants	(19,545)	117,069	97,524	117,069	(19,545)	67,581	48,036
Federal, State & Other Participation	-	58,391	58,391	58,391	-	-	-
Capital Gifts	1,087	-	1,087	1,021	66	-	66
Private Participation	2,952	-	2,952	2,708	244	-	244
Capital Reserves	192,178	-	192,178	14,243	177,935	-	177,935
Other Capital	30,193	-	30,193	6,028	24,165	-	24,165
<b>TOTAL</b>	<b>\$123,673</b>	<b>\$1,253,174</b>	<b>\$1,376,847</b>	<b>\$1,109,647</b>	<b>\$267,200</b>	<b>\$2,449,850</b>	<b>\$2,717,050</b>

<sup>1</sup>Includes bond proceeds and funds which "pass through" bond funds such as grants, land sales and other agency and private participation.

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

## 2010-11 Capital Improvement Program Organizational Chart



Phoenix 2009



# 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 commercial and neighborhood development, redevelopment and revitalization. Since these types of capital projects are assets with a multi-year life, issuing bonded debt is an appropriate way to pay for these expenses. It will allow the initial costs to be repaid over the years the investment is used. The service delivery costs and day-to-day operating expenses such as staff salaries or supplies are not capital assets. These costs are not funded with bonded debt and must be paid from the city's annual operating funds.

### New Facilities Funding and Their Operating Costs

On March 14, 2006, Phoenix voters approved an \$878.5 million bond program. Estimated General Fund expenditures used to operate these bond funded projects is updated annually. Multi-year rate planning processes are used by enterprise operations to provide the City Council with the effects new capital facilities will have on future rate-payers. That is, each year, the City Council considers the impact of future capital facilities as it sets annual utility rates. Rates are increased today to pay for tomorrow's facilities. Finally, for more than 20 years the energy conservation program has generated annual cost savings in excess of the funds invested. This program provides for energy efficient retrofits, energy efficient design and metering for efficient operations.

### Identifying Operating Costs

Each fall, departments are asked to review all capital projects, their estimated completion dates, any costs associated with operating new facilities and systems and the funding source(s) for these costs. These costs are reviewed jointly by the Budget and Research, and Engineering and Architectural Services departments. The 2010-11 budget includes \$7.5 million in new operating and maintenance costs for new facilities and systems. The funding sources for 2010-11 operating costs include General, Phoenix Parks and Preserves Initiative (PPPI), Transit 2000, Water, and Wastewater funds. The schedule on the next page provides project funding sources, operating and maintenance costs for 2010-11, along with the full-year operating and maintenance costs for 2011-12, and the source of funds that will be used for these costs.

### OPERATING COSTS FOR NEW CAPITAL FACILITIES

	# of FTEs		2010-11 Costs	2011-12 Costs
<b>Fire</b>				
Training Academy (2006 General Obligation-Fire Protection Bonds, Maricopa County Community College District Contribution)	–	Provide operating costs to open a new Training Academy located at 22nd Avenue and Lower Buckeye Road. Opening Spring 2010. These costs are for utilities, supplies and contractual services to maintain the facility.	\$100,000	\$100,000
<b>Library</b>				
City of Phoenix Branch Library at South Mountain Community College (2001 Bonds, 2006 Bonds)	2.0	Provide funding for staff in preparation for operating 15,000-square-foot city of Phoenix branch library at South Mountain Community College opening August 2011.	\$42,000	\$1,300,000


**OPERATING COSTS FOR NEW CAPITAL FACILITIES (continued)**

	# of FTEs		2010-11 Costs	2011-12 Costs
<b>Parks and Recreation</b>				
Tres Rios Wetlands recreational area (2006 Wastewater Bonds, 2008 Wastewater Bonds, SROG-Other Cities Participation)	2.0	Add staff and materials to operate and maintain the recreational area scheduled to open December 2010. Positions are funded by the Water Services Department.	\$-	\$-
New Sonoran Preserve Acreage (State Grant, PPPI)	1.0	Add staff and funding for patrolling, planning of trails and maintenance of 700 acres of new preserve property to be purchased December 2010.	\$87,000	\$112,000
Civic Space Park Phase II (PPPI)	—	Add funding for contractual services to maintain Phase II of the existing park beginning August 2010.	\$6,000	\$6,000
<b>Public Transit</b>				
Park-and-Ride Facility at Baseline Road and 27th Avenue (American Recovery and Reinvestment Act)	—	Add funding for security, custodial, landscape and utility costs for operating a new park-and-ride, opening April 2011.	\$16,000	\$24,000
Central Station Transit Center (American Recovery and Reinvestment Act)	—	Provide landscape maintenance for newly refurbished facility scheduled to be completed December 2010.	\$5,000	\$9,000
ADA upgrades at 25 Bus Stops (American Recovery and Reinvestment Act)	—	Provide contract custodial service for 25 bus stop locations with improved ADA accessibility.	\$31,000	\$32,000
Park-and-Ride Facility Expansion at 40th Street and Pecos Road. (American Recovery and Reinvestment Act)	—	Provide contract custodial service, maintenance and utility costs to operate newly expanded park-and-ride facility, opening January 2011.	\$28,000	\$35,000
Park-and-Ride Facility at Happy Valley Road and I-17 (American Recovery and Reinvestment Act)	—	Add funding for security, custodial services, landscape and utilities at new park-and-ride facility, opening February 2011.	\$43,000	\$66,000



**OPERATING COSTS FOR NEW CAPITAL FACILITIES (continued)**

	# of FTEs		2010-11 Costs	2011-12 Costs
<b>Water Services</b>				
Granular Activated Carbon (GAC) and Chlorine Dioxide Treatment at Deer Valley Water Treatment Plant (2007 Water Bonds, 2008 Water Bonds)	—	Add funding for virgin GAC, sodium chlorite and ferrous chloride for treatment processes at the Deer Valley Water Treatment Plant.	\$3,712,000	\$7,565,000
Chlorine Dioxide Treatment at Union Hills Water Treatment Plant (Water Revenue Pay-As-You-Go, 2007 Water Bonds)	—	Add funding for additional commodities and contractual services for super enhanced coagulation and additional residual solid handling at the new Union Hills Water Treatment Plant chlorine dioxide facility.	\$2,900,000	\$5,600,000
Chlorine Injection Sites (Water Revenue Pay-As-You-Go)	—	Add funding for contractual services and commodities for new chlorine injection sites as a part of the Water Distribution Optimization Capital Improvement Project.	\$250,000	\$250,000
Upgrade Water Storage Facilities (Water Revenue Pay-As-You-Go)	—	Add funding for increased electric costs associated with the upgrade of two existing water storage facilities as a part of the Water Distribution Optimization Capital Improvement Project.	\$100,000	\$100,000
<b>Wastewater</b>				
Tres Rios Wetlands recreational area (2006 Wastewater Bonds, 2008 Wastewater Bonds, SROG-Other Cities Participation)	—	Add staff and materials to operate and maintain the recreational area scheduled to open December 2010. Positions are shown in the Parks and Recreation Department	\$112,000	\$224,000
Unified Pump Station at the 91st Avenue Multi-cities Waste Water Treatment Plant (Wastewater Revenue Pay-As-You-Go, SROG-Other Cities Participation)	—	Add funding to maintain the Unified Pump Station at the 91st Avenue Multi-cities Waste Water Treatment Plant built as a part of the Tres Rios Environmental Habitat restoration expansion project.	\$38,000	\$51,000
<b>Net Total Costs</b>			<b>\$7,470,000</b>	<b>\$15,474,000</b>
<b>Source of Funds</b>				
General			\$142,000	\$1,400,000
Transit 2000			\$123,000	\$166,000
Parks and Preserves			\$93,000	\$118,000
Water			\$6,962,000	\$13,515,000
Wastewater			\$150,000	\$275,000
<b>Total Source of Funds</b>			<b>\$7,470,000</b>	<b>\$15,474,000</b>

Phoenix 2009



## Summary Schedules

Phoenix 2009



**2008-09 SCHEDULE 1: RESOURCES AND EXPENDITURES BY FUND**  
**ACTUAL**  
(In Thousands of Dollars)

	Resources						Expenditures				Ending Fund Balances
	Beginning Fund Balances	Revenue	Recovery	Fund Transfer		Total	Operating	Capital	Debt Service	Total	
				To	From						
<b>General Funds:</b>											
General	\$39,130	\$247,503	\$1,597	\$818,422	\$160,856	\$945,796	\$899,268	\$948	\$-	\$900,216	\$45,580
Parks and Recreation	-	17,721	273	80,138	-	98,132	98,132	-	-	98,132	-
Library	-	1,326	11	33,209	-	34,546	34,546	-	-	34,546	-
Cable Communications	-	12,293	10	-	6,967	5,336	5,336	-	-	5,336	-
<b>Total General Funds</b>	<b>\$39,130</b>	<b>\$278,843<sup>1</sup></b>	<b>\$1,891</b>	<b>\$931,769</b>	<b>\$167,823</b>	<b>\$1,083,810</b>	<b>\$1,037,282</b>	<b>\$948</b>	<b>\$-</b>	<b>\$1,038,230</b>	<b>\$45,580</b>
<b>Special Revenue Funds:</b>											
Excise Tax	\$-	\$1,010,345	\$-	\$-	\$1,010,345	\$-	\$-	\$-	\$-	\$-	\$-
Neighborhood Protection-Police	-	(77)	-	17,346	110	17,159	22,110	-	-	22,110	(4,951) <sup>2</sup>
Neighborhood Protection-Fire	-	(20)	(1)	6,140	39	6,080	8,259	-	-	8,259	(2,179) <sup>2</sup>
Neighborhood Protection-Block Watch	2,274	244	-	1,216	8	3,726	1,627	-	-	1,627	2,099
2007 Public Safety Expansion-Police	8,728	484	(1)	37,263	134	46,340	29,508	-	-	29,508	16,832
2007 Public Safety Expansion-Fire	4,399	169	-	9,316	34	13,850	8,499	-	-	8,499	5,351
Public Safety Enhancement-Police	2,873	-	-	15,312	-	18,185	20,405	-	-	20,405	(2,220) <sup>2</sup>
Public Safety Enhancement-Fire	-	-	-	9,322	-	9,322	11,254	-	-	11,254	(1,932) <sup>2</sup>
Parks and Preserves	74,375	1,815	311	24,335	5,822	95,014	302	53,165	-	53,467	41,547
Transit 2000	229,564	54,848	2,971	133,810	42,233	378,960	128,803	14,278	-	143,081	235,879
Court Awards	547	7,117	4	-	-	7,668	6,405	-	-	6,405	1,263
Development Services	21,730	35,246	(1)	119	3,500	53,594	39,867	1	-	39,868	13,726
Capital Construction	9,652	637	724	19,833	-	30,846	69	23,668	-	23,737	7,109
Sports Facilities	29,264	1,376	-	14,203	544	44,299	1,766	-	9,870	11,636	32,663
Arizona Highway User Revenue	16,984	112,074	1,690	204	21	130,931	39,544	49,244	31,240	120,028	10,903
Local Transportation Assistance	-	6,506	-	-	-	6,506	6,506	-	-	6,506	-
Regional Transit	14,705	45,550	14	-	34,543	25,726	17,107	1,128	-	18,235	7,491
Community Reinvestment	10,849	3,810	27	-	-	14,686	90	455	-	545	14,141
Secondary Property Tax	100	197,856	-	-	-	197,956	-	-	197,856	197,856	100
Impact Fee Program											
Administration	1,749	241	4	-	-	1,994	1,033	-	-	1,033	961
City Improvement	701	-	3	70,360	-	71,064	-	-	70,363	70,363	701
Other Restricted Funds	30,922	32,978	381	-	949	63,332	21,278	7,647	-	28,925	34,407
Grant Funds	24,788	191,915	3,363	18	383	219,701	179,409	17,757	322	197,488	22,213
<b>Total Special Revenue Funds</b>	<b>\$484,204</b>	<b>\$1,703,114</b>	<b>\$9,489</b>	<b>\$358,797</b>	<b>\$1,098,665</b>	<b>\$1,456,939</b>	<b>\$543,841</b>	<b>\$167,343</b>	<b>\$309,651</b>	<b>\$1,020,835</b>	<b>\$436,104</b>
<b>Enterprise Funds:</b>											
Aviation	\$134,518	\$317,052	\$12,082	\$46,522	\$38,281	\$471,893	\$193,502	\$25,129	\$79,636	\$298,267	\$173,626
Water	148,258	328,179	3,682	13,009	26,147	466,981	161,371	86,829	73,417	321,617	145,364
Wastewater	120,083	210,322	1,190	5,108	13,765	322,938	84,606	37,614	64,078	186,298	136,640
Solid Waste	32,232	136,164	2,351	1,729	10,579	161,897	100,736	2,889	13,259	116,884	45,013
Convention Center	42,009	29,795	2,948	47,451	3,497	118,706	52,935	(3,621)	18,592	67,906	50,800
Golf Course	(5,115)	5,972	17	10,710	279	11,305	7,756	-	10,894	18,650	(7,345) <sup>3</sup>
<b>Total Enterprise Funds</b>	<b>\$471,985</b>	<b>\$1,027,484</b>	<b>\$22,270</b>	<b>\$124,529</b>	<b>\$92,548</b>	<b>\$1,553,720</b>	<b>\$600,906</b>	<b>\$148,840</b>	<b>\$259,876</b>	<b>\$1,009,622</b>	<b>\$544,098</b>
<b>GRAND TOTAL</b>	<b>\$995,319</b>	<b>\$3,009,441</b>	<b>\$33,650</b>	<b>\$1,424,116</b>	<b>\$1,368,057</b>	<b>\$4,094,469</b>	<b>\$2,182,029</b>	<b>\$317,131</b>	<b>\$569,527</b>	<b>\$3,068,687</b>	<b>\$1,025,782</b>

<sup>1</sup>General fund sales tax revenue is reflected as a transfer from the excise tax fund. Total transfer equates to \$714.6 million, and is included in the General Funds revenue total of \$993.4 million shown on Schedule 2.

<sup>2</sup>The dedicated public safety funds have been severely impacted by declines in sales tax revenues. Alternatives that would bring the funds into balance by June 30, 2012 are being developed.

<sup>3</sup>The Parks Department is exploring various ideas, including alternative operating structures, to correct the negative fund balance in the Golf Course Fund.



**2009-10 SCHEDULE 1: RESOURCES AND EXPENDITURES BY FUND  
ESTIMATE  
(In Thousands of Dollars)**

	Resources						Expenditures				
	Beginning Fund Balances	Revenue	Recovery	Fund Transfer		Total	Operating	Capital	Debt Service	Total	Ending Fund Balances
<b>General Funds:</b>											
General	\$45,580	\$260,949	\$1,500	\$729,823	\$134,698	\$903,154	\$879,043	\$1,184	\$-	\$880,227	\$22,927
Parks and Recreation	-	19,671	-	71,464	-	91,135	91,135	-	-	91,135	-
Library	-	1,345	-	32,684	-	34,029	34,029	-	-	34,029	-
Cable Communications	-	9,602	-	-	4,673	4,929	4,929	-	-	4,929	-
<b>Total General Funds</b>	\$45,580	\$291,567 <sup>1</sup>	\$1,500	\$833,971	\$139,371	\$1,033,247	\$1,009,136	\$1,184	\$-	\$1,010,320	\$22,927
<b>Special Revenue Funds:</b>											
Excise Tax	\$-	\$923,514	\$-	\$-	\$923,514	\$-	\$-	\$-	\$-	\$-	\$-
Neighborhood Protection-Police	(4,951)	(120)	-	15,347	114	10,162	22,184	-	-	22,184	(12,022) <sup>2</sup>
Neighborhood Protection-Fire	(2,179)	(60)	-	5,480	41	3,200	8,560	-	-	8,560	(5,360) <sup>2</sup>
Neighborhood Protection-Block Watch	2,099	264	-	1,096	8	3,451	1,375	-	-	1,375	2,076
2007 Public Safety Expansion-Police	16,832	405	-	35,094	141	52,190	44,739	-	-	44,739	7,451
2007 Public Safety Expansion-Fire	5,351	125	-	8,773	35	14,214	13,766	-	-	13,766	448
Public Safety Enhancement-Police	(2,220)	-	-	15,330	-	13,110	20,936	-	-	20,936	(7,826) <sup>2</sup>
Public Safety Enhancement-Fire	(1,932)	-	-	9,395	-	7,463	11,675	-	-	11,675	(4,212) <sup>2</sup>
Parks and Preserves	41,547	1,052	100	21,922	89	64,532	1,877	15,555	-	17,432	47,100
Transit 2000	235,879	55,148	500	119,278	44,311	366,494	148,401	3,401	-	151,802	214,692
Court Awards	1,263	5,206	-	-	-	6,469	5,205	-	-	5,205	1,264
Development Services	13,726	28,650	-	-	2,546	39,830	28,141	30	-	28,171	11,659
Capital Construction	7,109	320	506	19,814	-	27,749	202	22,462	-	22,664	5,085
Sports Facilities	32,663	1,255	-	11,769	550	45,137	1,815	-	14,678	16,493	28,644
Arizona Highway User Revenue	10,903	105,239	800	-	-	116,942	41,448	23,776	31,247	96,471	20,471
Local Transportation Assistance	-	3,771	-	-	-	3,771	3,771	-	-	3,771	-
Regional Transit	7,491	48,394	-	-	31,585	24,300	15,399	281	-	15,680	8,620
Community Reinvestment	14,141	3,182	-	-	-	17,323	117	2,324	-	2,441	14,882
Secondary Property Tax	100	199,622	-	-	-	199,722	-	-	199,622	199,622	100
Impact Fee Program											
Administration	961	289	-	-	-	1,250	727	-	-	727	523
City Improvement	701	-	-	72,178	-	72,879	-	-	72,178	72,178	701
Other Restricted Funds	34,407	29,048	-	-	-	63,455	27,620	8,370	-	35,990	27,465
Grant Funds	22,213	227,889	-	-	376	249,726	199,141	22,133	1	221,275	28,451
<b>Total Special Revenue Funds</b>	\$436,104	\$1,633,193	\$1,906	\$335,476	\$1,003,310	\$1,403,369	\$597,099	\$98,332	\$317,726	\$1,013,157	\$390,212
<b>Enterprise Funds:</b>											
Aviation	\$173,626	\$303,451	\$-	\$19,718	\$9,272	\$487,523	\$202,567	\$15,841	\$77,578	\$295,986	\$191,537
Water	145,364	352,494	-	-	25,565	472,293	177,138	65,642	112,523	355,303	116,990
Wastewater	136,640	217,281	-	-	26,775	327,146	95,142	28,153	75,168	198,463	128,683
Solid Waste	45,013	136,860	-	-	9,301	172,572	116,785	3,256	12,793	132,834	39,738
Convention Center	50,800	16,072	-	35,031	3,157	98,746	52,196	1,543	18,592	72,331	26,415
Golf Course	(7,345)	6,293	-	-	279	(1,331)	8,665	-	20	8,685	(10,016) <sup>3</sup>
<b>Total Enterprise Funds</b>	\$544,098	\$1,032,451	\$-	\$54,749	\$74,349	\$1,556,949	\$652,493	\$114,435	\$296,674	\$1,063,602	\$493,347
<b>GRAND TOTAL</b>	\$1,025,782	\$2,957,211	\$3,406	\$1,224,196	\$1,217,030	\$3,993,565	\$2,258,728	\$213,951	\$614,400	\$3,087,079	\$906,486

<sup>1</sup>General fund sales tax revenue is reflected as a transfer from the excise tax fund. Total transfer equates to \$656.8 million, and is included in the General Funds revenue total of \$948.3 million shown on Schedule 2.

<sup>2</sup>The dedicated public safety funds have been severely impacted by declines in sales tax revenues. Alternatives that would bring the funds into balance by June 30, 2012 are being developed.

<sup>3</sup>The Parks Department is exploring various ideas, including alternative operating structures, to correct the negative fund balance in the Golf Course Fund.

**2010-11 SCHEDULE 1: RESOURCES AND EXPENDITURES BY FUND  
BUDGET  
(In Thousands of Dollars)**

	Resources						Expenditures				Ending Fund Balances
	Beginning Fund Balances	Revenue	Recovery	Fund Transfer To	From	Total	Operating	Capital	Debt Service	Total	
<b>General Funds:</b>											
General	\$22,927	\$279,862	\$1,500	\$723,718	\$141,653	\$886,354	\$885,029	\$1,325	\$-	\$886,354	\$-
Parks and Recreation	-	18,677	-	70,107	-	88,784	88,784	-	-	88,784	-
Library	-	1,378	-	32,959	-	34,337	34,243	94	-	34,337	-
Cable Communications	-	9,566	-	-	5,208	4,358	4,358	-	-	4,358	-
<b>Total General Funds</b>	<b>\$22,927</b>	<b>\$309,483<sup>1</sup></b>	<b>\$1,500</b>	<b>\$826,784</b>	<b>\$146,861</b>	<b>\$1,013,833</b>	<b>\$1,012,414</b>	<b>\$1,419</b>	<b>\$-</b>	<b>\$1,013,833</b>	<b>\$-</b>
<b>Special Revenue Funds:</b>											
Excise Tax	\$-	\$953,404	\$-	\$-	\$953,404	\$-	\$-	\$-	\$-	\$-	\$-
Neighborhood Protection-Police	(12,022)	(120)	-	17,617	41	5,434	22,135	-	-	22,135	(16,701) <sup>2</sup>
Neighborhood Protection-Fire	(5,360)	(60)	-	6,292	15	857	8,556	-	-	8,556	(7,699) <sup>2</sup>
Neighborhood Protection-Block Watch	2,076	264	-	1,258	3	3,595	1,901	-	-	1,901	1,694
2007 Public Safety Expansion-Police	7,451	405	-	40,098	108	47,846	48,647	-	-	48,647	(801) <sup>2</sup>
2007 Public Safety Expansion-Fire	448	125	-	10,025	23	10,575	13,694	-	-	13,694	(3,119) <sup>2</sup>
Public Safety Enhancement-Police	(7,826)	-	-	16,173	-	8,347	21,126	-	-	21,126	(12,779) <sup>2</sup>
Public Safety Enhancement-Fire	(4,212)	-	-	9,912	-	5,700	11,547	-	-	11,547	(5,847) <sup>2</sup>
Parks and Preserves	47,100	925	100	25,167	59	73,233	1,936	45,614	-	47,550	25,683
Transit 2000	214,692	55,572	500	124,668	46,357	349,075	163,040	10,278	-	173,318	175,757
Court Awards	1,264	4,781	-	-	-	6,045	4,705	-	-	4,705	1,340
Development Services	11,659	36,700	-	-	2,405	45,954	32,482	-	-	32,482	13,472
Capital Construction	5,085	350	400	20,580	-	26,415	200	26,204	-	26,404	11
Sports Facilities	28,644	1,255	-	12,419	184	42,134	1,809	-	20,200	22,009	20,125
Arizona Highway User Revenue	20,471	105,496	800	-	-	126,767	43,274	45,073	31,247	119,594	7,173
Local Transportation Assistance	-	-	-	-	-	-	-	-	-	-	-
Regional Transit	8,620	56,002	-	-	24,000	40,622	20,229	13,908	-	34,137	6,485
Community Reinvestment	14,882	3,797	-	-	1,486	17,193	185	1,500	-	1,685	15,508
Secondary Property Tax	100	151,753	-	-	-	151,853	-	-	151,753	151,753	100
Impact Fee Program											
Administration	523	280	-	-	-	803	730	-	-	730	73
Regional Wireless Cooperative	-	-	-	472	-	472	-	-	-	-	472
City Improvement	701	-	-	82,851	-	83,552	-	-	82,851	82,851	701
Other Restricted Funds	27,465	29,989	-	-	413	57,041	27,615	13,184	-	40,799	16,242
Grant Funds	28,451	342,736	-	-	376	370,811	247,907	103,075	-	350,982	19,829
<b>Total Special Revenue Funds</b>	<b>\$390,212</b>	<b>\$1,743,654</b>	<b>\$1,800</b>	<b>\$367,532</b>	<b>\$1,028,874</b>	<b>\$1,474,324</b>	<b>\$671,718</b>	<b>\$258,836</b>	<b>\$286,051</b>	<b>\$1,216,605</b>	<b>\$257,719</b>
<b>Enterprise Funds:</b>											
Aviation	\$191,537	\$314,463	\$-	\$-	\$4,773	\$501,227	\$218,916	\$49,580	\$78,105	\$346,601	\$154,626
Water	116,990	383,565	-	-	23,537	477,018	212,809	124,091	113,541	450,441	26,577
Wastewater	128,683	223,521	-	-	19,141	333,063	106,621	83,149	78,392	268,162	64,901
Solid Waste	39,738	138,939	-	-	9,432	169,245	125,873	6,808	14,462	147,143	22,102
Convention Center	26,415	16,901	-	37,270	2,181	78,405	53,826	2,092	18,594	74,512	3,893
Golf Course	(10,016)	6,486	-	-	279	(3,809)	8,747	-	-	8,747	(12,556) <sup>3</sup>
<b>Total Enterprise Funds</b>	<b>\$493,347</b>	<b>\$1,083,875</b>	<b>\$-</b>	<b>\$37,270</b>	<b>\$59,343</b>	<b>\$1,555,149</b>	<b>\$726,792</b>	<b>\$265,720</b>	<b>\$303,094</b>	<b>\$1,295,606</b>	<b>\$259,543</b>
<b>GRAND TOTAL</b>	<b>\$906,486</b>	<b>\$3,137,012</b>	<b>\$3,300</b>	<b>\$1,231,586</b>	<b>\$1,235,078</b>	<b>\$4,043,306</b>	<b>\$2,410,924</b>	<b>\$525,975</b>	<b>\$589,145</b>	<b>\$3,526,044</b>	<b>\$517,262</b>

<sup>1</sup>General fund sales tax revenue is reflected as a transfer from the excise tax fund. Total transfer equates to \$655.9 million, and is included in the General Funds revenue total of \$965.4 million shown on Schedule 2.

<sup>2</sup>The dedicated public safety funds have been severely impacted by declines in sales tax revenues. Alternatives that would bring the funds into balance by June 30, 2012 are being developed.

<sup>3</sup>The Parks Department is exploring various ideas, including alternative operating structures, to correct the negative fund balance in the Golf Course Fund.



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

Revenue Source	2008-09 Actual	2009-10 Estimate	Increase/(Decrease) From 2008-09 Estimate		2010-11 Budget	Increase/(Decrease) From 2009-10 Estimate	
			Amount	Percent		Amount	Percent
<b>GENERAL FUNDS</b>							
<b>Local Sales Taxes and Related Fees<sup>1</sup></b>	\$374,839	\$356,806	\$(18,033)	-4.8%	\$396,915	\$40,109	11.2%
<b>State-Shared Revenues</b>							
Sales Tax <sup>1</sup>	116,275	106,798	(9,477)	-8.2%	112,717	5,919	5.5%
State Income Tax	220,806	190,541	(30,265)	-13.7%	143,665	(46,876)	-24.6%
Vehicle License Tax	53,629	51,484	(2,145)	-4.0%	54,112	2,628	5.1%
Subtotal	\$390,710	\$348,823	\$(41,887)	-10.7%	\$310,494	\$(38,329)	-11.0%
<b>Primary Property Tax</b>	\$110,085	\$121,015	\$10,930	9.9%	\$131,100	\$10,085	8.3%
<b>User Fees/Other Revenue</b>							
Licenses & Permits	2,684	2,625	(59)	-2.2%	2,628	3	0.1%
Cable Communications	12,293	9,602	(2,691)	-21.9%	9,566	(36)	-0.4%
Fines and Forfeitures	19,253	19,184	(69)	-0.4%	20,544	1,360	7.1%
Court Default Fee	783	1,100	317	40.5%	1,100	0	0.0%
Fire	37,336	42,449	5,113	13.7%	43,067	618	1.5%
Hazardous Materials Inspection Fee	1,471	1,500	29	2.0%	1,800	300	20.0%
Library Fees	1,326	1,345	19	1.4%	1,378	33	2.5%
Parks and Recreation	6,463	7,038	575	8.9%	6,802	(236)	-3.4%
Planning	970	992	22	2.3%	992	0	0.0%
Police	13,526	14,213	687	5.1%	16,308	2,095	14.7%
Street Transportation	4,481	4,886	405	9.0%	4,838	(48)	-1.0%
Other Service Charges	12,863	13,275	412	3.2%	12,816	(459)	-3.5%
Other	4,365	3,484	(881)	-20.2%	5,060	1,576	45.2%
Subtotal	\$117,814	\$121,693	\$3,879	3.3%	\$126,899	\$5,206	4.3%
<b>Total General Funds</b>	<b>\$993,448</b>	<b>\$948,337</b>	<b>\$(45,111)</b>	<b>-4.5%</b>	<b>\$965,408</b>	<b>\$17,071</b>	<b>1.8%</b>



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

Revenue Source	2008-09 Actual	2009-10 Estimate	Increase/(Decrease) From 2008-09 Estimate		2010-11 Budget	Increase/(Decrease) From 2009-10 Estimate	
			Amount	Percent		Amount	Percent
<b>SPECIAL REVENUE FUNDS</b>							
Neighborhood Protection	\$24,482	\$22,007	\$(2,475)	-10.1%	\$25,251	\$3,244	14.7%
2007 Public Safety Expansion	47,232	44,397	(2,835)	-6.0%	50,653	6,256	14.1%
Public Safety Enhancement	24,361	24,725	364	1.5%	26,085	1,360	5.5%
Parks and Preserves	26,150	22,974	(3,176)	-12.1%	26,092	3,118	13.6%
Transit 2000	152,171	142,841	(9,330)	-6.1%	156,240	13,399	9.4%
Court Awards	7,117	5,206	(1,911)	-26.9%	4,781	(425)	-8.2%
Development Services	35,246	28,650	(6,596)	-18.7%	36,700	8,050	28.1%
Capital Construction	20,440	20,134	(306)	-1.5%	20,930	796	4.0%
Sports Facilities <sup>1</sup>	15,000	13,024	(1,976)	-13.2%	13,674	650	5.0%
Arizona Highway User Revenue	112,074	105,239	(6,835)	-6.1%	105,496	257	0.2%
Local Transportation Assistance	6,506	3,771	(2,735)	-42.0%	0	(3,771)	-100.0%
Regional Transit Revenues	45,550	48,394	2,844	6.2%	56,002	7,608	15.7%
Community Reinvestment	3,810	3,182	(628)	-16.5%	3,797	615	19.3%
Secondary Property Tax	197,856	199,622	1,766	0.9%	151,753	(47,869)	-24.0%
Impact Fee Program Administration	241	289	48	19.9%	280	(9)	-3.1%
Other Restricted Revenues	32,978	29,048	(3,930)	-11.9%	29,989	941	3.2%
Grants							
Public Housing Grants	73,380	87,334	13,954	19.0%	105,816	18,482	21.2%
Human Services Grants	37,590	43,354	5,764	15.3%	37,311	(6,043)	-13.9%
Community Development	22,685	18,833	(3,852)	-17.0%	36,295	17,462	92.7%
Criminal Justice	13,620	15,330	1,710	12.6%	9,990	(5,340)	-34.8%
Public Transit Grants	10,885	10,564	(321)	-2.9%	8,551	(2,013)	-19.1%
Other Grants	33,755	52,474	18,719	55.5%	144,773	92,299	+ 100.0%
<b>Subtotal - Grants</b>	<b>\$191,915</b>	<b>\$227,889</b>	<b>\$35,974</b>	<b>18.7%</b>	<b>\$342,736</b>	<b>\$114,847</b>	<b>50.4%</b>
<b>Subtotal Special Revenue Funds</b>	<b>\$943,129</b>	<b>\$941,392</b>	<b>\$(1,737)</b>	<b>-0.2%</b>	<b>\$1,050,459</b>	<b>\$109,067</b>	<b>11.6%</b>
<b>ENTERPRISE FUNDS</b>							
Aviation	317,052	303,451	(13,601)	-4.3%	314,463	11,012	3.6%
Water System	328,179	352,494	24,315	7.4%	383,565	31,071	8.8%
Wastewater System	210,322	217,281	6,959	3.3%	223,521	6,240	2.9%
Solid Waste	136,164	136,860	696	0.5%	138,939	2,079	1.5%
Convention Center <sup>1</sup>	75,175	51,103	(24,072)	-32.0%	54,171	3,068	6.0%
Golf Courses	5,972	6,293	321	5.4%	6,486	193	3.1%
<b>Subtotal Enterprise Funds</b>	<b>\$1,072,864</b>	<b>\$1,067,482</b>	<b>\$(5,382)</b>	<b>-0.5%</b>	<b>\$1,121,145</b>	<b>\$53,663</b>	<b>5.0%</b>
<b>GRAND TOTAL</b>	<b>\$3,009,441</b>	<b>\$2,957,211</b>	<b>\$(52,230)</b>	<b>-1.7%</b>	<b>\$3,137,012</b>	<b>\$179,801</b>	<b>6.1%</b>

<sup>1</sup>In FY 2008-09 a one time GASB adjustment was done resulting in a \$26,477,000 increase to the General Fund, a \$579,000 increase to the Sports Facilities Fund and a \$2,037,000 increase to the Convention Center Fund. This adjustment is reflected as a transfer in the budget documents and as revenue in the financial statements.



**SCHEDULE 3: EXPENDITURES BY DEPARTMENT**  
(In Thousands of Dollars)

Program	2008-09 Actual	2009-10		2010-11 Budget	Percent Change from 2009-10	
		Budget	Estimate		Budget	Estimate
<b>General Government</b>						
Mayor	\$1,969	\$2,104	\$1,912	\$1,598	(24.0%)	(16.4%)
City Council	4,062	4,285	3,772	3,344	(22.0%)	(11.3%)
City Manager	1,216	1,097	1,035	983	(10.3%)	(5.0%)
Deputy City Managers	1,584	1,753	1,282	1,247	(28.9%)	(2.7%)
Government Relations	1,318	1,451	1,399	1,218	(16.1%)	(12.9%)
Public Information	2,997	2,850	2,710	2,229	(21.8%)	(17.8%)
City Auditor	2,780	2,679	2,685	3,058	14.1%	13.9%
Equal Opportunity	3,255	3,208	3,019	2,774	(13.5%)	(8.1%)
Human Resources	16,202	13,480	13,932	11,059	(18.0%)	(20.6%)
Phoenix Employment Relations Board	140	96	83	101	4.5%	21.4%
Retirement Systems	—	—	—	—	—	—
Law	4,338	4,438	4,152	3,922	(11.6%)	(5.5%)
Information Technology	4,548	6,023	4,747	5,739	(4.7%)	20.9%
City Clerk and Elections	5,447	5,675	4,829	5,383	(5.1%)	11.5%
Finance	22,552	25,090	22,496	22,361	(10.9%)	(0.6%)
Budget and Research	2,781	3,230	2,807	2,930	(9.3%)	4.4%
<b>Total General Government</b>	<b>\$75,189</b>	<b>\$77,459</b>	<b>\$70,860</b>	<b>\$67,946</b>	<b>(12.3%)</b>	<b>(4.1%)</b>
<b>Public Safety</b>						
Office of Public Safety Manager	\$352	\$367	\$349	\$203	(44.6%)	(41.8%)
Police	548,407	581,879	551,893	539,575	(7.3%)	(2.2%)
Fire	266,178	294,420	278,901	274,923	(6.7%)	(1.4%)
Emergency Management	566	802	612	576	(28.1%)	(5.8%)
Family Advocacy Center	1,544	1,562	1,309	1,293	(17.2%)	(1.2%)
<b>Total Public Safety</b>	<b>\$817,047</b>	<b>\$879,030</b>	<b>\$833,064</b>	<b>\$816,570</b>	<b>(7.1%)</b>	<b>(2.0%)</b>
<b>Criminal Justice</b>						
Municipal Court	\$38,160	\$41,895	\$42,952	\$42,110	0.5%	(2.0%)
City Prosecutor	16,580	19,523	16,504	16,321	(16.4%)	(1.1%)
Public Defender	4,684	4,839	4,554	4,657	(3.8%)	2.3%
<b>Total Criminal Justice</b>	<b>\$59,424</b>	<b>\$66,257</b>	<b>\$64,010</b>	<b>\$63,088</b>	<b>(4.8%)</b>	<b>(1.4%)</b>
<b>Transportation</b>						
Street Transportation <sup>2</sup>	\$61,159	\$68,003	\$62,980	\$65,584	(3.6%)	4.1%
Aviation	193,144	208,385	202,159	204,493	(1.7%)	1.2%
Public Transit	230,212	258,377	240,927	240,104	(8.0%)	(0.3%)
<b>Total Transportation</b>	<b>\$484,515</b>	<b>\$534,765</b>	<b>\$506,066</b>	<b>\$510,181</b>	<b>(5.0%)</b>	<b>0.8%</b>

**SCHEDULE 3: EXPENDITURES BY DEPARTMENT (Continued)**  
(In Thousands of Dollars)

Program	2008-09 Actual	2009-10		2010-11 Budget	Percent Change from 2009-10	
		Budget	Estimate		Budget	Estimate
<b>Community Development</b>						
Development Services	\$38,062	\$37,088	\$26,674	\$29,403	(20.7%)	10.2%
Planning	6,449	6,494	6,133	5,613	(13.6%)	(8.5%)
Housing	77,995	78,905	80,126	82,881	5.0%	3.4%
Community and Economic Development	20,474	32,725	28,698	24,348	(25.6%)	(15.2%)
Neighborhood Services	35,222	68,580	34,476	105,372	55.9%	205.6%
<b>Total Community Development</b>	<b>\$178,202</b>	<b>\$223,792</b>	<b>\$176,107</b>	<b>\$247,617</b>	<b>11.1%</b>	<b>40.6%</b>
<b>Community Enrichment</b>						
Parks and Recreation	\$106,038	\$103,232	\$99,695	\$97,515	(5.2%)	(2.2%)
Library	34,874	37,257	35,022	35,044	(5.6%)	0.1%
Golf	7,756	8,694	8,665	8,697	0.0%	0.4%
Phoenix Convention Center	53,370	59,920	52,649	51,308	(14.4%)	(2.5%)
Human Services	63,130	65,565	66,811	61,733	(5.8%)	(7.6%)
Education and Youth Programs	865	1,240	1,296	1,094	(11.8%)	(15.6%)
Historic Preservation	529	630	526	524	(16.8%)	(0.2%)
Office of Arts and Culture	1,823	1,696	1,295	1,075	(36.6%)	(17.0%)
International and Sister Cities Programs	615	551	474	439	(20.3%)	(7.2%)
<b>Total Community Enrichment</b>	<b>\$269,000</b>	<b>\$278,785</b>	<b>\$266,433</b>	<b>\$257,429</b>	<b>(7.5%)</b>	<b>(3.4%)</b>
<b>Environmental Services</b>						
Water	\$243,074	\$278,574	\$268,958	\$286,986	2.8%	6.7%
Solid Waste Management	101,473	126,936	116,785	121,873	(4.0%)	4.4%
Public Works <sup>2</sup>	23,038	30,768	27,269	29,230	(5.0%)	7.2%
Environmental Programs	1,430	1,598	1,354	1,356	(15.2%)	0.2%
<b>Total Environmental Services</b>	<b>\$369,015</b>	<b>\$437,876</b>	<b>\$414,366</b>	<b>\$439,445</b>	<b>0.2%</b>	<b>6.1%</b>
<b>Contingencies<sup>3</sup></b>	<b>\$-</b>	<b>\$98,250</b>	<b>\$-</b>	<b>98,450</b>	<b>0.4%</b>	<b>-</b>
<b>Innovation and Efficiency Savings<sup>4</sup></b>	<b>\$-</b>	<b>\$-</b>	<b>\$-</b>	<b>\$(6,951)</b>	<b>-</b>	<b>-</b>
<b>GRAND TOTAL</b>	<b>\$2,252,392</b>	<b>\$2,596,214</b>	<b>\$2,330,906</b>	<b>\$2,493,775</b>	<b>(4.0%)</b>	<b>7.0%</b>

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

<sup>2</sup>Engineering and Architectural Services was consolidated as part of the 2010-11 budget cuts. Fiber Optic and Cable utilities are now included in Street Transportation. The remainder of Engineering and Architectural Services is now included in Public Works.

<sup>3</sup>The General Fund contingency includes a \$3 million set aside for Phoenix Convention Center.

<sup>4</sup>The Innovation and Efficiency Task Force was created in January 2010 and given the goal of achieving \$10 million in savings from April 2010 through June 2011. As of May 2010, \$3,049,000 in savings has been identified. The remaining \$6,951,000 will be identified in the next few months.



**SCHEDULE 4: EXPENDITURES BY DEPARTMENT  
BY SOURCE OF FUNDS INCLUDING BUDGET CHANGES  
(In Thousands of Dollars)**

Program	Recommended Changes Additions / (Reductions)		2010-11 Budget	General Funds	Enterprise Funds	Special Revenue Funds <sup>1</sup>
	2009-10	2010-11				
<b>General Government</b>						
Mayor	\$(104)	\$(419)	\$1,598	\$1,588	\$-	\$10
City Council	(249)	(793)	3,344	3,344	-	-
City Manager	(13)	(53)	983	983	-	-
Deputy City Managers	(114)	(542)	1,247	886	361	-
Government Relations	(33)	(214)	1,218	1,218	-	-
Public Information	(104)	(484)	2,229	2,229	-	-
City Auditor	(107)	(388)	3,058	3,058	-	-
Equal Opportunity	(78)	(300)	2,774	2,374	-	400
Human Resources	(144)	(776)	11,059	9,657	-	1,402
Phoenix Employment Relations Board	-	-	101	101	-	-
Retirement Systems	(1)	(2)	-	-	-	-
Law	(107)	(429)	3,922	3,888	-	34
Information Technology	(292)	(845)	5,739	3,804	415	1,520
City Clerk and Elections	(85)	(323)	5,383	5,210	-	173
Finance	(357)	(1,039)	22,361	20,035	1,907	419
Budget and Research	(1)	(75)	2,930	2,930	-	-
<b>Total General Government</b>	<b>\$(1,789)</b>	<b>\$(6,682)</b>	<b>\$67,946</b>	<b>\$61,305</b>	<b>\$2,683</b>	<b>\$3,958</b>
<b>Public Safety</b>						
Office of Public Safety Manager	\$-	\$-	\$203	\$203	\$-	\$-
Police	(3,012)	(18,527)	539,575	419,518	684	119,373
Fire	(2,555)	(9,271)	274,923	226,266	-	48,657
Emergency Management	-	(1)	576	88	-	488
Family Advocacy Center	-	(1)	1,293	1,245	-	48
<b>Total Public Safety</b>	<b>\$(5,567)</b>	<b>\$(27,800)</b>	<b>\$816,570</b>	<b>\$647,320</b>	<b>\$684</b>	<b>\$168,566</b>
<b>Criminal Justice</b>						
Municipal Court	\$(758)	\$(3,112)	\$42,110	\$30,791	\$-	\$11,319
City Prosecutor	(295)	(1,207)	16,321	15,115	-	1,206
Public Defender	(233)	(144)	4,657	4,657	-	-
<b>Total Criminal Justice</b>	<b>\$(1,286)</b>	<b>\$(4,463)</b>	<b>\$63,088</b>	<b>\$50,563</b>	<b>\$-</b>	<b>\$12,525</b>
<b>Transportation</b>						
Street Transportation <sup>2</sup>	\$(302)	\$(1,254)	\$65,584	\$21,527	\$-	\$44,057
Aviation	89	619	204,493	-	204,493	-
Public Transit	(198)	(2,742)	240,104	15,860	-	224,244
<b>Total Transportation</b>	<b>\$(211)</b>	<b>\$(3,377)</b>	<b>\$510,181</b>	<b>\$37,387</b>	<b>\$204,493</b>	<b>\$268,301</b>

**SCHEDULE 4: EXPENDITURES BY DEPARTMENT  
 BY SOURCE OF FUNDS INCLUDING BUDGET CHANGES (Continued)  
 (In Thousands of Dollars)**

Program	Recommended Changes Additions / (Reductions)		2010-11 Budget	General Funds	Enterprise Funds	Special Revenue Funds <sup>1</sup>
	2009-10	2010-11				
<b>Community Development</b>						
Development Services	\$(29)	\$(133)	\$29,403	\$-	\$-	\$29,403
Planning	(162)	(664)	5,613	5,250	-	363
Housing	4	13	82,881	197	-	82,684
Community and Economic Development	(133)	(477)	24,348	4,456	1,179	18,713
Neighborhood Services	(138)	(227)	105,372	11,021	-	94,351
<b>Total Community Development</b>	<b>\$(458)</b>	<b>\$(1,488)</b>	<b>\$247,617</b>	<b>\$20,924</b>	<b>\$1,179</b>	<b>\$225,514</b>
<b>Community Enrichment</b>						
Parks and Recreation	\$(1,357)	\$(5,713)	\$97,515	\$88,784	\$362	\$8,369
Library	(703)	(1,539)	35,044	34,243	-	801
Golf	-	-	8,697	-	8,697	-
Phoenix Convention Center	(168)	(540)	51,308	1,445	49,320	543
Human Services	(87)	(569)	61,733	22,688	250	38,795
Education and Youth Programs	-	(2)	1,094	430	-	664
Historic Preservation Office	(83)	(107)	524	524	-	-
Office of Arts and Culture	(50)	(194)	1,075	792	-	283
International and Sister Cities Programs	(47)	(90)	439	439	-	-
<b>Total Community Enrichment</b>	<b>\$(2,495)</b>	<b>\$(8,754)</b>	<b>\$257,429</b>	<b>\$149,345</b>	<b>\$58,629</b>	<b>\$49,455</b>
<b>Environmental Services</b>						
Water	\$135	\$7,361	\$286,986	\$-	\$286,986	\$-
Solid Waste Management	(207)	(1,648)	121,873	-	121,873	-
Public Works	(169)	(706)	29,230	17,559	-	11,671
Environmental Programs	(23)	(91)	1,356	962	215	179
<b>Total Environmental Services</b>	<b>\$(264)</b>	<b>\$4,916</b>	<b>\$439,445</b>	<b>\$18,521</b>	<b>\$409,074</b>	<b>\$11,850</b>
<b>Contingencies<sup>3</sup></b>	<b>\$-</b>	<b>\$-</b>	<b>\$98,450</b>	<b>\$34,000</b>	<b>\$50,050</b>	<b>\$14,400</b>
<b>Innovation and Efficiency Savings<sup>4</sup></b>	<b>\$-</b>	<b>\$-</b>	<b>\$(6,951)</b>	<b>\$(6,951)</b>	<b>\$-</b>	<b>\$-</b>
<b>GRAND TOTAL</b>	<b>\$(12,070)</b>	<b>\$(47,648)</b>	<b>\$2,493,775</b>	<b>\$1,012,414</b>	<b>\$726,792</b>	<b>\$754,569</b>

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

<sup>2</sup>Engineering and Architectural Services was consolidated as part of the 2010-11 budget cuts. Fiber Optic and Cable utilities are now included in Street Transportation. The remainder of Engineering and Architectural Services is now included in Public Works.

<sup>3</sup>The General Fund contingency includes a \$3 million set aside for Phoenix Convention Center.

<sup>4</sup>The Innovation and Efficiency Task Force was created in January 2010 and given the goal of achieving \$10 million in savings from April 2010 through June 2011. As of May 2010, \$3,049,000 in savings has been identified. The remaining \$6,951,000 will be indentified in the next few months.



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

<b>Program</b>	2008-09 Actual	2009-10 Estimate	2010-11 Budget
Aviation	\$84,681	\$79,692	\$112,499
Cultural Facilities	7,038	8,813	9,542
Economic Development	29,771	34,887	40,556
Environmental Programs	134 <sup>1</sup>	360 <sup>1</sup>	682
Fire Protection	2,159 <sup>1</sup>	3,502 <sup>1</sup>	4,856
Freeway Mitigation	407 <sup>1</sup>	407 <sup>1</sup>	667
Golf	10,894	20	—
Historic Preservation	505	1,535	492
Human Services	409	703	843
Information Systems	498 <sup>1</sup>	765 <sup>1</sup>	3,107
Libraries	5,243	4,896	5,597
Local Streets/Street Improvements/Lighting	2,550 <sup>1</sup>	4,494 <sup>1</sup>	5,418 <sup>1</sup>
Maintenance Service Centers	474 <sup>1</sup>	522 <sup>1</sup>	919
Major Streets and Freeways	31,241	31,247	31,247
Municipal Administration Building	50 <sup>1</sup>	50 <sup>1</sup>	50 <sup>1</sup>
Neighborhood Preservation & Senior Services Centers	1,871	2,563	4,372
Parks & Recreation/Open Space	15,674	21,411	18,060
Phoenix Convention Center	18,592	18,592	18,594
Police, Fire, and Computer Tech	3,974 <sup>1</sup>	5,809 <sup>1</sup>	4,179 <sup>1</sup>
Police Protection	6,438	8,260	11,765
Public Housing	2,270	2,344	2,629
Public Transit	41,898	43,960	46,122
Solid Waste Disposal	13,259	12,793	14,461
Storm Sewer	19,013	26,365	25,473
Street Light Refinancing	557	261	167
Wastewater	72,323	75,168	78,392
Water	73,417	112,523	113,541
Early Redemption	109,083	86,228	32,654
General Government Nonprofit Corporation Bonds	28,395	28,144	36,655
Bond Issuance Costs	1,661	1,028	900
<b>Total Program</b>	<b>\$584,479</b>	<b>\$617,342</b>	<b>\$624,439</b>
<b>Type of Expenditure</b>			
Principal	\$279,869	\$292,474	\$261,115
Interest	290,354	321,163	359,239
Other	14,256	3,705	4,085
<b>Total Debt Service Expenditures</b>	<b>\$584,479</b>	<b>\$617,342</b>	<b>\$624,439</b>

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

<b>Program</b>	2008-09 Actual	2009-10 Estimate	2010-11 Budget
<b>SOURCE OF FUNDS</b>			
<b>Operating Funds:</b>			
Secondary Property Tax	\$197,856	\$199,622	\$151,753
Sports Facilities	9,870	14,678	20,200
Arizona Highway User Revenue	31,240	31,247	31,247
City Improvement			
General	28,395	28,144	36,655
Housing	70	74	74
Transit 2000	41,898	43,960	46,122
Grant Funds	322	1	—
Aviation	79,636	77,578	78,105
Convention Center	18,592	18,592	18,594
Golf	10,894	20	—
Solid Waste	13,259	12,793	14,462
Wastewater	64,078	75,168	78,392
Water	73,417	112,523	113,541
<b>Subtotal Operating Funds</b>	<b>\$569,527</b>	<b>\$614,400</b>	<b>\$589,145</b>
<b>Capital Funds:</b>			
Nonprofit Corporation Bonds			
Aviation	\$1,720	\$2,114	\$34,394
General	—	—	300
Solid Waste	—	—	200
Wastewater	8,790	125	200
Water	442	263	200
Passenger Facility Charges	4,000	—	—
2006 Bonds	—	440	—
<b>Subtotal Capital Funds</b>	<b>\$14,952</b>	<b>\$2,942</b>	<b>\$35,294</b>
<b>Total Source of Funds</b>	<b>\$584,479</b>	<b>\$617,342</b>	<b>\$624,439</b>

\* Program costs are a combination of principal and interest unless otherwise noted.

<sup>1</sup> Interest only.



**SCHEDULE 6: CAPITAL IMPROVEMENT PROGRAM**  
**FINANCED FROM OPERATING FUNDS**  
(In Thousands of Dollars)

<b>Program</b>	2008-09 Actual	2009-10 Estimate	2010-11 Budget
Arts and Cultural Facilities	\$-	\$350	\$-
Aviation	25,129	15,455	48,977
Economic Development	535	2,324	1,647
Energy Conservation	1,194	1,538	33,670
Facilities Management	7,247	5,287	4,834
Fire Protection	1,700	-	-
Historic Preservation	-	-	92
Housing	6,971	19,757	63,244
Information Technology	14,401	7,682	8,638
Libraries	323	589	1,250
Neighborhood Services	1,390	293	7,255
Parks, Recreation and Mountain Preserves	53,566	15,970	45,994
Phoenix Convention Center	(3,612)	1,570	1,892
Public Transit	17,959	3,969	25,359
Solid Waste Disposal	1,864	2,901	6,746
Street Transportation and Drainage	64,543	43,153	70,117
Wastewater	37,242	27,797	82,585
Water	86,679	65,316	123,675
<b>Total</b>	<b>\$317,131</b>	<b>\$213,951</b>	<b>\$525,975</b>



**SCHEDULE 6: CAPITAL IMPROVEMENT PROGRAM  
 FINANCED FROM OPERATING FUNDS (Continued)  
 (In Thousands of Dollars)**

<b>Program</b>	2008-09 Actual	2009-10 Estimate	2010-11 Budget
<b>SOURCE OF FUNDS</b>			
<b>General Funds:</b>			
General Funds	\$948	\$1,184	\$1,325
Library	–	–	94
<b>Total General Funds</b>	<b>\$948</b>	<b>\$1,184</b>	<b>\$1,419</b>
<b>Special Revenue Funds:</b>			
Parks and Preserves	\$53,165	\$15,555	\$45,614
Transit 2000	14,278	3,401	10,278
Development Services	1	30	–
Capital Construction	23,668	22,462	26,204
Arizona Highway Users	49,244	23,776	45,073
Public Transit	1,128	281	13,908
Community Reinvestment	455	2,324	1,500
Community Development Block Grants (CDBG)	1,977	285	2,986
HOPE Grant	1,530	1,901	3,485
Other Restricted	7,647	8,370	13,184
Grant Funds	14,250	19,947	96,604
<b>Total Special Revenue Funds</b>	<b>\$167,343</b>	<b>\$98,332</b>	<b>\$258,836</b>
<b>Enterprise Funds:</b>			
Aviation	\$25,129	\$15,841	\$49,580
Convention Center	(3,621)	1,543	2,092
Solid Waste	2,889	3,256	6,808
Wastewater	37,614	28,153	83,149
Water	86,829	65,642	124,091
<b>Total Enterprise Funds</b>	<b>\$148,840</b>	<b>\$114,435</b>	<b>\$265,720</b>
<b>Total Operating Funds</b>	<b>\$317,131</b>	<b>\$213,951</b>	<b>\$525,975</b>



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

	2008-09 Actual	2009-10 Estimate	2010-11	
			Budget	Increase/ (Decrease)
<b>TRANSFERS TO THE GENERAL FUND</b>				
<b>Enterprise Funds</b>				
Aviation				
Central Service Cost Allocation	\$5,897	\$5,037	\$4,741	\$(296)
Water Funds				
Central Service Cost Allocation	6,548	5,906	5,532	(374)
In Lieu Property Taxes	10,422	11,239	11,375	136
GO Bond Debt	9,166	8,420	6,600	(1,820)
Total	26,136	25,565	23,507	(2,058)
Wastewater Funds				
Central Service Cost Allocation	2,379	2,265	2,151	(114)
In Lieu Property Taxes	7,518	7,823	7,775	(48)
GO Bond Debt	3,867	6,394	9,200	2,806
Total	13,764	16,482	19,126	2,644
Solid Waste				
Central Service Cost Allocation	4,786	4,526	4,268	(258)
In Lieu Property Taxes	1,056	1,141	1,544	403
Go Bond Debt	3,496	2,358	2,300	(58)
Total	9,338	8,025	8,112	87
Convention Center				
Central Service Cost Allocation	2,556	2,154	2,030	(124)
Golf Courses				
Parks Administration	279	279	279	—
<b>Total from Enterprise Funds</b>	<b>\$57,970</b>	<b>\$57,542</b>	<b>\$57,795</b>	<b>\$253</b>

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

	2008-09 Actual	2009-10 Estimate	2010-11	
			Budget	Increase/ (Decrease)
<b>Special Revenue Funds</b>				
Excise				
Transfer to General Fund	\$714,604	\$656,770	\$655,925	\$(845)
Development Services				
Central Service Cost Allocation	3,500	2,546	2,405	(141)
Sports Facilities				
Central Service Cost Allocation	106	111	105	(6)
Phoenix Union Parking Maintenance	78	79	79	—
Total	184	190	184	(6)
Public Housing				
In Lieu Property Taxes	314	302	302	—
Debt Service Reserve	7,800	—	—	—
GASB 22	26,477	—	—	—
Self Insurance Retention Reserve	605	—	—	—
ASU Facilities Operations Fund	—	—	413	413
Downtown Community Reinvestment Fund	—	—	1,486	1,486
Capital Project Funds	—	7,800	—	(7,800)
<b>Total from Special Revenue Funds</b>	<b>\$753,484</b>	<b>\$667,608</b>	<b>\$660,715</b>	<b>\$(6,893)</b>
<b>Total Transfers to the General Fund</b>	<b>\$811,454</b>	<b>\$725,150</b>	<b>\$718,510</b>	<b>\$(6,640)</b>
<b>Transfers from the General Fund</b>				
MERP	17,456	—	—	—
Regional Wireless Cooperative	—	—	357	357
Retiree Rate Stabilization Fund	—	1,021	1,026	5
Infrastructure Repayment Agreements	1,675	1,385	549	(836)
City Improvement	28,378	28,144	36,655	8,511
<b>Total Transfers from the General Fund</b>	<b>\$47,509</b>	<b>\$30,550</b>	<b>\$38,587</b>	<b>\$8,037</b>
<b>Net Transfers to the General Fund</b>	<b>\$763,945</b>	<b>\$694,600</b>	<b>\$679,923</b>	<b>\$(14,677)</b>



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

Program	2008-09 Actual	2009-10 Estimate	*Additions/Reductions		2010-11 Allowances Ending June 30, 2011 Authorized
			2009-10	2010-11	
<b>General Government</b>					
Mayor	17.5	15.5	(2.0)	–	13.5
City Council	51.0	51.0	(11.0)	(2.0)	38.0
City Manager	6.0	6.0	(1.0)	–	5.0
Deputy City Managers	18.0	20.0	(6.0)	–	14.0
Government Relations	5.0	5.0	–	–	5.0
Public Information	27.0	27.0	(5.5)	–	21.5
City Auditor	30.5	31.5	(5.0)	–	26.5
Equal Opportunity	28.0	28.0	(3.0)	–	25.0
Human Resources	83.6	83.6	(4.0)	–	79.6
Phoenix Employment Relations Board	1.0	1.0	–	–	1.0
Retirement Systems	14.0	14.0	–	–	14.0
Law	222.0	228.0	(18.0)	–	210.0
Information Technology	203.0	223.0	(16.0)	–	207.0
City Clerk and Elections	105.3	91.3	(19.3)	–	72.0
Finance	281.8	280.8	(14.0)	–	266.8
Budget and Research	28.0	28.0	(1.0)	–	27.0
<b>Total General Government</b>	<b>1,121.7</b>	<b>1,133.7</b>	<b>(105.8)</b>	<b>(2.0)</b>	<b>1,025.9</b>
<b>Public Safety</b>					
Office of the Public Safety Manager	2.0	2.0	–	–	2.0
Police	4,946.7	4,943.7	(118.0)	–	4,825.7
Fire	2,118.5	2,119.5	(53.3)	–	2,066.2
Emergency Management	6.0	6.0	–	–	6.0
Family Advocacy Center	12.0	12.0	–	–	12.0
<b>Total Public Safety</b>	<b>7,085.2</b>	<b>7,083.2</b>	<b>(171.3)</b>	<b>–</b>	<b>6,911.9</b>
<b>Criminal Justice</b>					
Municipal Court	363.4	363.4	(45.0)	–	318.4
Public Defender	9.0	9.0	–	–	9.0
<b>Total Criminal Justice</b>	<b>372.4</b>	<b>372.4</b>	<b>(45.0)</b>	<b>–</b>	<b>327.4</b>
<b>Transportation</b>					
Street Transportation	729.0	747.0	(28.0)	–	719.0
Aviation	834.7	850.7	–	19.0	869.7
Public Transit	115.0	116.0	(4.0)	–	112.0
<b>Total Transportation</b>	<b>1,678.7</b>	<b>1,713.7</b>	<b>(32.0)</b>	<b>19.0</b>	<b>1,700.7</b>

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

Program	2008-09 Actual	2009-10 Estimate	*Additions/Reductions		2010-11 Allowances Ending June 30, 2011 Authorized
			2009-10	2010-11	
<b>Community Development</b>					
Development Services	280.0	203.0	(1.0)	–	202.0
Planning	51.0	51.0	(9.0)	–	42.0
Housing	183.2	187.2	–	–	187.2
Community and Economic Development	92.0	105.0	(3.0)	(1.0)	101.0
Neighborhood Services	215.5	213.5	(2.0)	–	211.5
<b>Total Community Development</b>	<b>821.7</b>	<b>759.7</b>	<b>(15.0)</b>	<b>(1.0)</b>	<b>743.7</b>
<b>Community Enrichment</b>					
Parks and Recreation	1,137.9	1,132.9	(104.6)	0.7	1,029.0
Library	347.2	348.5	(22.2)	2.0	328.3
Golf	117.3	95.4	–	–	95.4
Phoenix Convention Center	304.4	286.3	(8.0)	–	278.3
Human Services	411.5	450.0	(4.0)	–	446.0
Education and Youth	10.4	10.4	–	–	10.4
Historic Preservation	6.0	6.0	(1.0)	–	5.0
Office of Arts and Culture	13.0	13.0	(1.0)	–	12.0
International and Sister Cities Program	4.0	4.0	(1.0)	–	3.0
<b>Total Community Enrichment</b>	<b>2,351.7</b>	<b>2,346.5</b>	<b>(141.8)</b>	<b>2.7</b>	<b>2,207.4</b>
<b>Environmental Services</b>					
Water Services	1,482.1	1,522.1	5.0	(3.0)	1,524.1
Solid Waste Management	612.0	625.0	(11.0)	–	614.0
Public Works	615.6	612.6	(45.2)	–	567.4
Environmental Programs	14.0	15.0	(1.0)	–	14.0
<b>Total Environmental Services</b>	<b>2,723.7</b>	<b>2,774.7</b>	<b>(52.2)</b>	<b>(3.0)</b>	<b>2,719.5</b>
<b>TOTAL</b>	<b>16,155.1</b>	<b>16,183.9</b>	<b>(563.1)</b>	<b>15.7</b>	<b>15,636.5</b>

\* Additions/Reductions reflect the combined total of budget reductions, budget additions and new positions associated with opening new facilities.

Phoenix 2009



## Glossary

**Accrual Basis Accounting** – The most commonly used accounting method, which reports income when earned and expenses when incurred, as opposed to cash basis accounting, which reports income when received and expenses when paid. For the city's Comprehensive Annual Financial Report (CAFR), Phoenix recognizes grant revenues on a modified cash basis. Generally Accepted Accounting Principles (GAAP) recognizes grant revenues on an accrual basis.

**Appropriation** – An authorization granted by the City Council to make expenditures and to incur obligations for purposes specified in the appropriation ordinances. Three appropriation ordinances are adopted each year: 1) the operating funds ordinance, 2) the capital funds ordinance, and 3) the re-appropriated funds ordinance.

**Arizona Highway User Revenue (AHUR)** – Various gas tax and vehicle licensing fees imposed and collected by the state and shared with cities and towns. This revenue must be used for street or highway purposes.

**Balanced Budget** – Arizona law (Title 42 Arizona Revised Statutes) requires the City Council to annually adopt a balanced budget by purpose of public expense. State law defines this balanced budget as “the primary property tax levy, when added together with all other available resources, must equal these expenditures.” Therefore, no General Fund balances can be budgeted in reserve for subsequent fiscal years. Instead, an amount for contingencies (also commonly referred to as a “rainy day fund”) is included in the budget each year. The City Charter also requires an annual balanced budget. The Charter further requires that “the total of proposed expenditures shall not exceed the total of estimated income and fund balances.”

**Base Budget Allowances** – Funding for ongoing expenditures for personnel, commodities, contractual services and replacement of existing equipment previously authorized. The base budget allowance provides funding to continue previously authorized services and programs.

**Block Watch Neighborhood Protection Fund** – This fund is the Block Watch portion of the Neighborhood Protection Fund. This fund is a portion of a voter-approved 0.1 percent sales tax increase approved in October 1993. Grant funds are awarded to communities for innovative methods to deter crime-related problems in their neighborhoods. The city disburses these funds through an annual application process.

**Bonds** – Debt instruments that require repayment of a specified principal amount on a certain date (maturity date), along with interest at a stated rate or according to a formula for determining the interest rate.

**Bond Rating** – An evaluation of a bond issuer's credit quality and perceived ability to pay the principal and interest on time and in full. Two agencies regularly review city bonds and generate bond ratings - Moody's Investors Service and Standard and Poor's Ratings Group.

**Budget** – A plan of financial operation for a specific time period (the city of Phoenix's adopted budget is for a fiscal year July 1 – June 30). The budget contains the estimated expenditures needed to continue the city's operations for the fiscal year and revenues anticipated to finance them.

**Capital Budget** – See Capital Improvement Program.

**Capital Funds** – Resources derived from issuance of bonds for specific purposes, related federal project grants and participation from other agencies used to finance capital expenditures.

**Capital Improvement Program (CIP)** – A plan for capital expenditures needed to maintain and expand the public infrastructure (for example, roads, sewers, water lines or parks). It projects these infrastructure needs for a set number of years and is updated annually to reflect the latest priorities, cost estimates or changing financial strategies. The first year of the adopted Capital Improvement Program becomes the Annual Capital Budget.

**Capital Outlay** – Items that cost more than \$5,000 and have a useful life of more than two years.

**Capital Project** – New facility, technology system, land acquisition or equipment acquisition, or improvements to existing facilities beyond routine maintenance. Capital projects are included in the Capital Improvement Program and become fixed assets.

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

**CDBG** – See Community Development Block Grant.

**Central Service Cost Allocation** – The method of distributing expenses for general staff and administrative overhead to the benefiting activity.

**CIP** – See Capital Improvement Program.

**City Connection** – Weekly employee newsletter containing information about the organization, news about employees and personnel and benefits updates.

**City Manager's Budget** – See Preliminary Budget.

**City of Phoenix Employees' Retirement Systems (COPERS)** – A pension plan for full-time employees who retire from service with the city of Phoenix.



### **Civic Improvement Corporation**

**(CIC)** – Non-profit corporation established in 1973 as the main financing arm of the city of Phoenix to issue debt obligations secured by enterprise fund revenues or excise tax pledges.

**Commodities** – Consumable goods such as office supplies, repair and replacement parts, small tools and fuel, which are not of a capital nature.

### **Community Development Block Grant**

**(CDBG)** – Grant funds allocated by the federal government to the city of Phoenix to use for the prevention and removal of slum and blight, and to benefit low- and moderate-income persons. The city disburses these funds through an annual application process open to all nonprofit organizations and city departments.

### **Comprehensive Annual Financial**

**Report (CAFR)** – Official annual report of the city of Phoenix which includes statements of revenue, expenditures and changes in fund balances.

**Contingency** – An appropriation of funds to cover unforeseen events that occur during the fiscal year, such as flood emergencies, federal mandates, shortfalls in revenue and similar eventualities.

**Contractual Services** – Expenditures for services performed by firms, individuals or other city departments.

**Council-Manager Form of Government** – An organizational structure in which the Mayor and City Council appoint an independent city manager to be the chief operating officer of a local government. In practice, a City Council sets policies and the city manager is responsible for implementing those policies effectively and efficiently.

**Court Awards Fund** – Revenues provided by court awards of confiscated property under both the federal and state organized crime acts. These funds are used for additional law enforcement activities in the Police and Law departments.

**Cycle Time** – The amount of time, from the customer's perspective, it takes to complete a defined task, process or service.

**Debt Service** – Payment of principal and interest on an obligation resulting from the issuance of bonds.

**Depreciation** – The decline in the value of an asset due to general wear and tear or obsolescence.

**DBE** – Disadvantaged Business Enterprise

**Encumbrance** – A reservation of funds to cover purchase orders, contracts or other funding commitments that are yet to be fulfilled. The budget basis of accounting considers an encumbrance to be the equivalent of expenditure.

**Enterprise Funds** – Funds that are accounted for in a manner similar to a private business. Enterprise funds usually recover their costs (including depreciation) through user fees. The city has five such self-supporting funds: Aviation, Water, Wastewater, Golf and Solid Waste. In addition, the Phoenix Convention Center Fund, which is primarily supported by earmarked excise taxes, uses enterprise fund accounting to provide for the periodic determination of net income.

**Estimate** – The most recent prediction of current year revenue and expenditures. Estimates are based upon several months of actual expenditure and revenue information and are prepared to consider the impact of unanticipated costs or other economic changes.

**Excise Tax Fund** – This fund is used to account for tax revenues ultimately pledged to pay principal and interest on various debt obligations. This fund includes local sales taxes, state-shared sales taxes, state-shared income taxes and sales tax license fees.

**Expenditures** – Refers to current cash operating expenses and encumbrances.

**Expenditure Limit** – See State Expenditure Limit

**Fiduciary Funds** – Funds used to account for assets held by the city of Phoenix as a trustee or agent. These funds cannot be used to support the city's own programs.

**Fiscal Year** – The city's charter designates July 1 to June 30 as the fiscal year.

**FTE** – See Full-Time Equivalent Position.

**Full-Time Equivalent Position (FTE)** – A position converted to the decimal equivalent of a full-time position based on 2,080 hours per year. For example, a part-time clerk working for 20 hours per week would be equivalent to one half of a full-time position or 0.5 FTE.

**Fund** – An independent governmental accounting entity with a self-balancing group of accounts including assets, liabilities and fund balance, which record all financial transactions for specific activities of government functions.

**Fund Balance** – As used in the budget, the excess of resources over expenditures. The beginning fund balance is the residual funds brought forward from the previous fiscal year.

**GAAP** – See Generally Accepted Accounting Principles.

**General Obligation Bonds (G.O. Bonds)** – Bonds that require voter approval and finance a variety of public capital projects such as streets, buildings, parks and improvements. The bonds are backed by the "full faith and credit" of the issuing government.

**General Funds** – Resources derived from taxes and fees that have unrestricted use, meaning they are not earmarked for specific purposes.

### **Generally Accepted Accounting Principles**

**(GAAP)** – Uniform minimum standards of financial accounting and reporting that govern the form and content of basic financial statements. The city's Comprehensive Annual Financial Report (CAFR) outlines adjustments needed to convert Phoenix's budget basis of accounting to a GAAP basis.



**GFOA** – Government Finance Officers Association

**Goal** – A statement of broad direction, purpose or intent based on the needs of the community. A goal is general and timeless; that is, it is not concerned with a specific achievement in a given time period.

**G. O. Bonds** – See General Obligation Bonds.

**Grant** – A contribution by one government unit or funding source to another. The contribution is usually made to aid in the support of a specified function (e.g., library materials or drug enforcement, but it is sometimes for general purposes).

**HUD** – U.S. Department of Housing and Urban Development

**Infrastructure** – Facilities that support the daily life and growth of the city, for example, roads, water lines, sewers, public buildings, parks and airports.

**Impact Fees** – Fees adopted by the City Council in 1987 requiring new development in the city's outlying planning areas to pay its proportional share of the costs associated with providing necessary public infrastructure.

**Improvement Districts** – Special assessment districts formed by property owners who desire and are willing to pay for mutually enjoyed improvements such as streets, sidewalks, sewers and lighting.

**In Lieu Property Taxes (or In Lieu Taxes)** – An amount charged to certain city enterprise and federally funded operations that equal the city property taxes that would be due on plant and equipment if these operations were for-profit companies. This includes the Water, Wastewater, Solid Waste and Public Housing funds.

**Levy** – See Tax Levy.

**Mandate** – Legislation passed by the state or federal government requiring action or provision of services and/or programs. Examples include the Americans with Disabilities Act, which requires actions such as physical facility improvements and provision of specialized transportation services.

**M/WBE** – Minority, Woman and Small Business Enterprise

**Modified Accrual Basis** – Method under which revenues are recognized in the period they become available and measurable, and expenditures are recognized in the period the associated liability is incurred. Most government accounting follows this method.

**Neighborhood Protection Fund** – This fund, also referred to as Proposition 301, is used to account for the funds generated by the 0.1 percent increase in the sales tax approved by voters in October 1993. The funds are to be used for the expansion of police, fire and block watch programs. The breakdown of funding is as follows: Police 70 percent, Fire 25 percent and Block Watch 5 percent.

**Net Direct Debt Ratio** – The ratio between property tax-supported debt service and secondary-assessed valuation. The Net Direct Debt Ratio is one way to gauge the ability of a local property tax base to support general obligation debt service.

**Objective** – Desired output-oriented accomplishments that can be measured and achieved within a given time frame, and advance the activity and organization toward a corresponding goal.

**Operating Funds** – Resources derived from continuing revenue sources used to finance ongoing operating expenditures and "pay-as-you-go" capital projects.

**Ordinance** – A formal legislative enactment by the City Council. If it is not in conflict with any higher form of law, such as a state statute or constitutional provision, it has the full force and effect of law within the boundaries of the city.

**Outstanding Bonds** – Bonds not yet retired through principal and interest payments.

**Parks and Preserves Fund** – This fund is used to account for the funds generated by the 0.1 percent increase in the sales tax approved by voters in 1999 and reauthorized in 2008. The funds are to be used for the purchase of state trust lands for the Sonoran Desert Preserve Open Space, and the development of regional and neighborhood parks to enhance community safety and recreation.

**Pay-As-You-Go Capital Projects** – Capital projects whose funding comes from day-to-day city operating revenue sources.

**Percent-for-Art** – An ordinance that allocates up to 1 percent of the city's capital improvement budget to fund public art projects.

**Personal Services** – All costs related to compensating city employees including employee benefits costs such as contributions for retirement, social security, and health and industrial insurance. It also includes fees paid to elected officials, jurors, and election judges and clerks. It does not include fees for professional or other services.

**Plan Six Agreements** – Agreements to provide funding to accelerate the construction of the Waddell and Cliff dams, and modification of the Roosevelt and Stewart dams, for the benefit of the city of Phoenix. These benefits include the use of additional unappropriated water, controlling floods, improving the safety of existing dams, and providing new and improved recreational facilities.

**PLT** – See Privilege License Tax.

**Preliminary Budget** – A balanced budget presented to the City Council by the city manager (sometimes referred to as the City Manager's Budget) based upon an earlier Trial Budget, City Council and community feedback and/or changing economic forecasts. Any City Council changes to the Preliminary Budget are incorporated into the final adopted budget.

**Primary Property Tax** – A tax levy that can be used to support any public expense.

**Privilege License Tax (PLT)** – The city of Phoenix's local sales tax, made up of more than 14 general categories.

**Privilege License Tax Fees** – Includes fees charged for Privilege License Tax (PLT) licenses and the annual fee per apartment unit on the rental of non-transient lodging. Fees recover the costs associated with administering an efficient and equitable system. A PLT license allows the licensee the privilege to conduct taxable business activities and to collect and remit those taxes.



**Program** – A group of related activities performed by one or more organizational units.

**Property Tax** – A levy upon each \$100 of assessed valuation of property within the city of Phoenix. Arizona has two types of property taxes. Primary property taxes support the city's General Fund and secondary property taxes pay general obligation debt.

**Proposition 1** – See Public Safety Expansion Fund

**Proposition 301** – See Neighborhood Protection Fund

**Public Safety Enhancement Funds** – The Public Safety Enhancement funds are used to account for a 2.0 percent increment of the 2.7 percent sales tax on utilities with franchise agreements. The Police Public Safety Enhancement Fund is dedicated to Police and Emergency Management needs and receives 62 percent of the revenues generated. The Fire Public Safety Enhancement Fund is dedicated to Fire needs and receives 38 percent of the revenues generated.

**Public Safety Expansion Funds** – This fund is used to account for the 0.2 percent increase in sales tax approved by Phoenix voters in 2007. The funds will be used to add 500 police personnel and 100 firefighters to the city of Phoenix. The Police Department receives 80 percent of revenues; 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.

**RPTA** – Regional Public Transportation Authority

**Resources** – Total amounts available for appropriation including estimated revenues, 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. The secondary property tax when combined with the primary property tax levy produces a total rate of \$1.82 per \$100 of assessed valuation.

**Self-Insurance** – Self-funding of insurance losses. With the exception of airport operations, police aircraft operations, and excess general and automobile liability for losses in excess of \$7.5 million, the city is self-insured for general and automobile liability exposures.

**Special Revenue Fund** – A fund used to account for receipts from revenue sources that have been earmarked for specific activities and related expenditures. Examples include Arizona Highway User Revenue (AHUR) funds, which must be used for street and highway purposes, and secondary property tax, which is restricted to general-bonded debt obligations.

**Sports Facilities Fund** – A special revenue fund established to account for revenue raised from a designated portion of the hotel/motel tax and tax on short-term motor vehicle rentals. These funds pay the city's portion of the debt service and other expenditures related to the downtown sports arena.

**State Expenditure Limit** – A limitation on annual expenditures imposed by the Arizona Constitution as approved by the voters in 1980. The limitation is based upon a city's actual 1979-80 expenditures adjusted for interim growth in population and inflation. Certain expenditures may be exempt by the State Constitution or by voter action.

**State-Shared Revenues** – Revenues levied and collected by the state but shared with local governments as determined by state government each year. In Arizona, a portion of the state's sales, income and vehicle license tax revenues are distributed on the basis of a city's relative population percentage.

**Supplemental** – Resources to provide new or enhanced programs or services over the base budget allocation.

**Tax Levy** – The total amount to be raised by general property taxes for purposes specified in the Tax Levy Ordinance.

**Technical Review** – A detailed line-item review of each city department's budget conducted by the Budget and Research Department.

**Transit 2000 Fund** – This fund is used to account for the 0.4 percent sales tax dedicated to transit approved by voters on March 14, 2000. Also included in this fund are fare box collections.

**Trial Budget** – A budget developed in early spring that presents a proposed balanced budget for discussion by the City Council and the community before the city manager submits his or her 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 for allocating financial resources that provides for the comparison and prioritization of existing and proposed programs and services. The process includes organizing expenditures in individual decision packages and priority ranking all decision packages.