

Investments in a **Stronger** Phoenix

SUMMARY BUDGET



PHOENIX
2026-2027





SUMMARY BUDGET

PHOENIX
2026-2027





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75

August 2026

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and District Boundaries**

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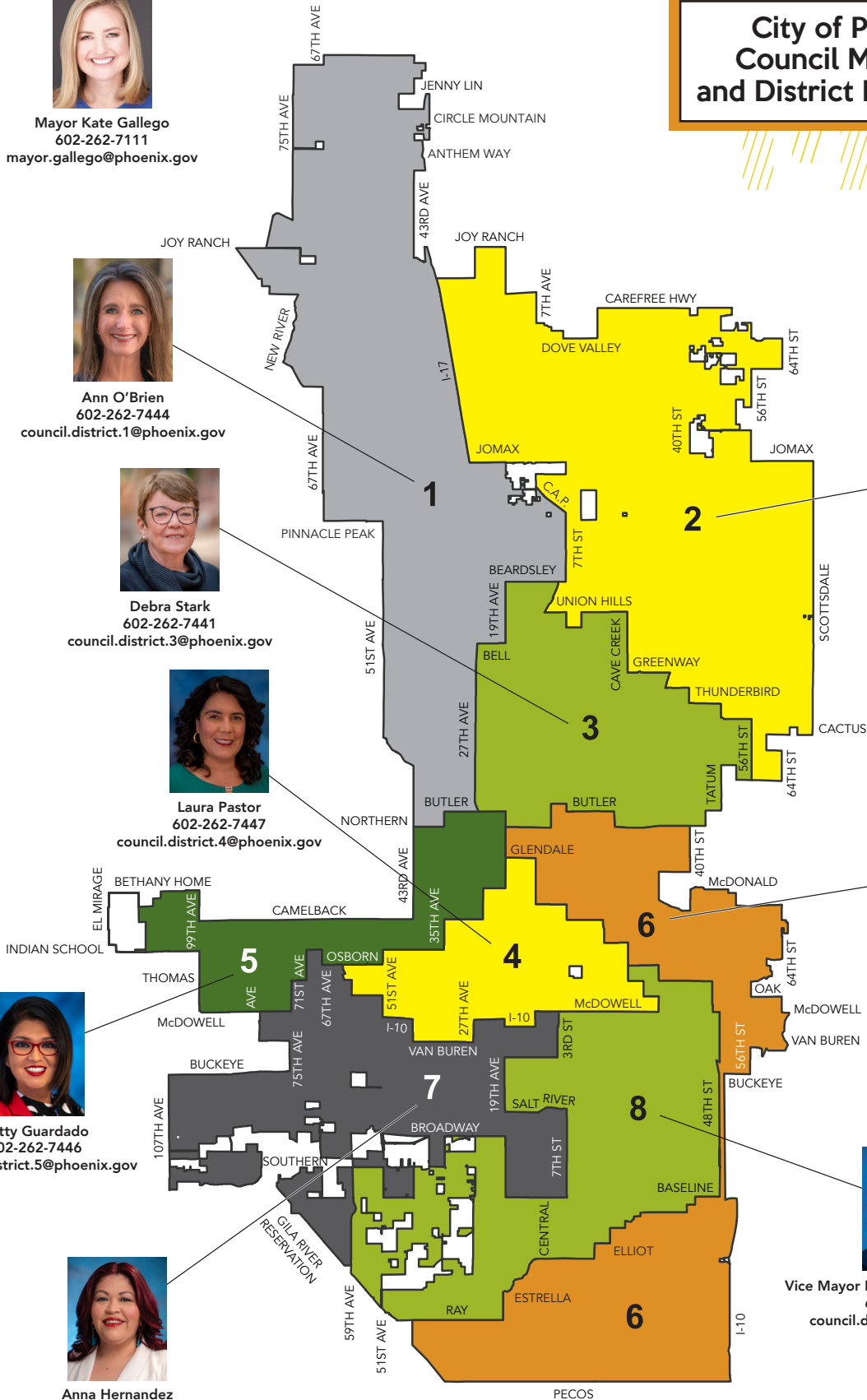
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CITY OF PHOENIX

Mayor and City Council

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Mayor

Kesha Hodge Washington
Vice Mayor
District 8

Ann O'Brien
District 1

Jim Waring
District 2

Debra Stark
District 3

Laura Pastor
District 4

Betty Guardado
District 5

Kevin Robinson
District 6

Anna Hernandez
District 7

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Chief of Staff

City Council Office

Stephanie Bracken
Council Chief of Staff

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Ed Zuercher
City Manager

Lori Bays
Assistant City Manager

Ginger Spencer
Assistant City Manager

Cynthia Aguilar
Deputy City Manager

David Mathews
Deputy City Manager

Frank McCune
Deputy City Manager

Gina Montes
Deputy City Manager

Alan J. Stephenson
Deputy City Manager

Amber Williamson
Deputy City Manager

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City Clerk

Joshua Bednarek
Planning and Development Director

Judy Boros
Interim Equal Opportunity Director

Ilse Borquez
Government Relations Director

Aaron Cook
City Auditor

Michael Duran
Fire Chief

Jacqueline Edwards
Human Services Director

Matthew Giordano
Police Chief

Katie Gregory
Chief Financial Officer

Steen Hambric
Chief Information Officer

Jerry Harper
Phoenix Convention Center
Director

Melinda Holguin
Finance Director

Brandy A. Kelso
Water Services Director

Julie Kriegh
City Attorney

Erin MacFarlane
Library Services Director

Chad Makovsky
Aviation Director

Titus Mathew
Housing Director

Aaron Mertz
Budget and Research Director

Felipe Moreno
Public Works Director

Jason Perkiser
Human Resources Director

Jesús Sapien
Public Transit Director

Spencer Self
Neighborhood Services Director

Ryan Touhill
Community and Economic
Development Director

Briana Velez
Street Transportation Director

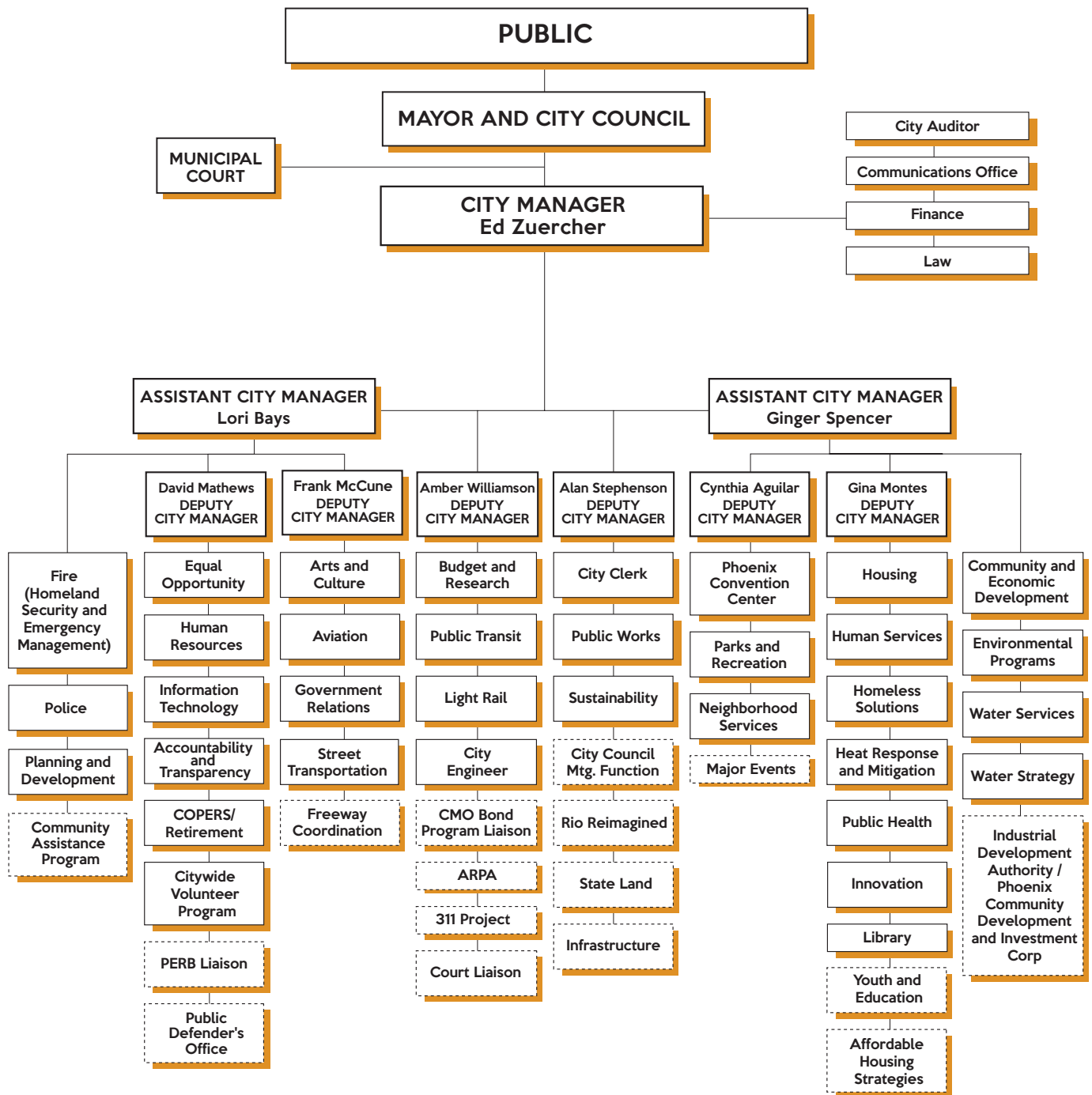
Martin Whitfield
Parks and Recreation Director

Dan Wilson
Communications Office Director

Chief Presiding Judge

Wilbur N. Hudson III

CITY OF PHOENIX ORGANIZATIONAL CHART



Key

Department / Function

Initiative / Project

Effective: December 22, 2025



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BUDGET DOCUMENT OVERVIEW

This overview outlines the FY 2026-27 Annual Budget. This budget document can be accessed at phoenix.gov/budget, or copies of the document are available by contacting the City of Phoenix Budget and Research Department at 602-262-4800, TTY: use 7-1-1. To request this in alternate formats (large print, braille, audio cassette or compact disc), please contact the Budget and Research Department.

The summary budget contains a narrative description of Phoenix programs and services planned for FY 2026-27. 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 FY 2026-31 Capital Improvement Program provides Phoenix's planned construction program by project and detailed sources of funds.

A more detailed description of the FY 2026-27 Phoenix summary budget follows.

CITY MANAGER'S BUDGET MESSAGE

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

PHOENIX STRATEGIC PLAN

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

OUR COMMITMENT TO EXCELLENCE

This section provides an overview of the city's various programs that contribute to our overall pursuit of excellence. Included is our mission statement, values and focus areas highlighting initiatives and accomplishments all designed to ensure the City of Phoenix is sustainable, and a great place to live, work and visit.

COMMUNITY PROFILE AND TRENDS

This section includes key demographic, financial and infrastructure profile measures. Estimates or projections are provided for FY 2025-26 and FY 2026-27 as well as actual results for recent and historical periods.

FY 2026-27 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 FY 2026-27 Annual Budget. This section includes a broad overview of the resources and expenditures included in the budget. Also included is a historical look at Phoenix's community services, an overview of significant budgetary and financial policies including general legal requirements and basis of accounting, and descriptions of city funds.

FY 2026-27 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.

FY 2026-31 CAPITAL IMPROVEMENT PROGRAM

This section provides a description of the Capital Improvement Program process and an overview of the FY 2026-31 Capital Improvement Program.

SCHEDULES

The schedules provide a general statistical overview of the budget. Schedule 1 provides estimated beginning and ending balances for each major fund group. The remaining schedules summarize staffing complements and estimated resources and expenditures.

GLOSSARY

Definitions of the terms used throughout the budget document are presented in the glossary.

If you have questions, need further clarification of a concept or term, or desire more detailed information about this document, please contact the City of Phoenix, Budget and Research Department at 602-262-4800.



DISTINGUISHED BUDGET PRESENTATION AWARD



GOVERNMENT FINANCE OFFICERS ASSOCIATION

Distinguished Budget Presentation Award

PRESENTED TO

**City of Phoenix
Arizona**

For the Fiscal Year Beginning

July 01, 2025

Christopher P. Morrell

Executive Director

The Government Finance Officers Association of the United States and Canada (GFOA) presented a Distinguished Budget Presentation Award to the City of Phoenix, Arizona for its annual budget for the fiscal year beginning July 1, 2025.

In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan and as a communications device.

This award is valid for a period of one year only. We believe our current budget continues to conform to program requirements, and we are submitting it to GFOA to determine its eligibility for another award.



CITY MANAGER'S BUDGET MESSAGE



Ed Zuercher
City Manager

TO THE HONORABLE MAYOR AND CITY COUNCIL:

This letter transmits the balanced 2026-27 City of Phoenix Budget required by City Charter.

The 2026-27 City of Phoenix Budget is balanced and reflects the leadership of the Mayor and City Council and extensive community input. It invests in a variety of key Council and community priority areas, allocating resources to areas of need. It also invests in our most important asset – our employees – while setting aside funding to help ensure future budgets stay balanced. This strategic approach addresses current community needs while also looking to the future.

As reflected in the 2026-27 General Fund (GF) status, the City projects a \$162.5 million GF surplus. Of that surplus, \$37.5 million is allocated to key Council and community priority areas, as outlined below. These strategic investments address areas identified by the Council and community as high priorities over the last year. Additional detail on each of these categories is provided later in this message.

- Community Health and Safety - \$1.6 million
- Children, Youth, and Families - \$9.4 million
- Homeless Service Continuity - \$18.4 million
- Housing Affordability - \$6.6 million
- Planning and Development Customer Service Enhancements - \$1.5 million

The budget also addresses employee compensation, with \$50 million dedicated toward negotiated labor increases. This investment both underscores the value of our employees and ensures the City remains competitive in the labor market, able to attract and retain the talent needed to continue delivering high quality services to residents.

Finally, the budget sets aside \$75 million to ensure future budget years stay balanced. While City Charter and state law require each year's budget to be balanced, this future-focused set-aside highlights the Council's commitment to fiscal responsibility and reliable public services.

Community Engagement

Engaging residents in the annual budget process is a top priority for the City Council. To facilitate feedback, a total of twelve budget hearings were held across the city from March 30 to April 16, 2026. Extensive outreach on the budget included advertising on local television and Spanish radio, through social media, and City newsletters. The proposed budget was also made available on the City's website, and residents communicated priorities via social media, email at budget.research@phoenix.gov and by calling 602-262-4800.

Consistent themes of resident input included:

- Additional resources for flexible emergency financial assistance
- More resources for teens and youth
- Increased support for refugees
- Continued support for the 19th and 27th Avenue Community Safety Plans
- Additional investments in shade
- Additional services for veterans
- Requests for legal counsel for immigrants and for residents facing eviction
- Support for arts and culture, public transit, downtown parks, and libraries

Public participation demonstrated a variety of opinions and priorities of residents. While expanding and adding programs and services for all requests could not be accommodated in the 2026-27 budget, feedback was shared with the City Council and is extremely important to set budget and policy discussions for the future.

Overview of 2026-27 Budget

General Fund Budget: The proposed balanced 2026-27 GF budget is \$2,300.9 million. This is a \$107.3 million increase or 4.9 percent from the adopted 2025-26 GF budget of \$2,193.6 million. The increase is primarily due to increased compensation costs, which include the impact of negotiated labor increases, higher public safety pension costs, higher fringe benefit costs, and increases for contractual, commodity, and vehicle replacement costs. Projected GF resources are estimated at \$2,300.9 million and include the estimated beginning balance of \$259.2 million, estimated revenue of \$1,991.4 million and net interfund transfers and recoveries of \$50.3 million, which include interfund transfers for central services, in-lieu property taxes, debt service, infrastructure repayment agreements, and resources to support the Public Safety Specialty Funds. GF revenues of \$1,991.4 million represent annual growth of 3.5 percent over 2025-26 estimated revenues. Revenue projections assume no additional impact from State legislative actions and are based on the most recent data available to formulate projections. Additional details on the 2026-27 GF budget are provided in the Resource and Expenditure sections of this document.

General Fund Additions: The proposed 2026-27 budget invests in key Council priority areas, employee compensation, and set-asides to keep future budgets balanced. These investments are summarized below.

Community Health and Safety - \$1.6 million

Community health and safety remains a high priority for the City Council, and the budget includes several additions designed to address this priority. First, it proposes to invest \$500K in one-time funds for additional streetlights and street-lighting upgrades in the 27th Avenue Community Safety Plan corridor, to further the progress made in improving safety and quality of life along 27th Avenue and the I-17 corridor. Next, it includes \$500K in one-time funds for security lighting enhancements at City parks, helping to promote safe recreational opportunities for Phoenix residents. These improvements include enhanced playground lighting at Buffalo Ridge, Moon Valley, Sueno, and Western Star Parks, and perimeter lighting improvements at Hilaria Rodriguez Park. The budget includes \$266K in partial-year, ongoing operating costs for the new 2023 GO Bond-funded Esteban Park recreation center and for the new Lone Mountain Park. These additions include 8.5 positions, with combined full-year, ongoing operating costs estimated at \$764K. Additional ongoing funding of \$379K has been identified to add staffing to support the Parks Services Permit program, which was approved by Mayor and Council on May 6, 2026. This funding adds an Administrative Assistant II in Parks to coordinate the permitting process to ensure collaboration with partners and compliance with the Medical Treatment and Food Distribution in City Parks Ordinance. Additionally, two Caseworker III positions in the Office of Homeless

Solutions will work with qualified outreach teams from medical provider groups and provide cooperative outreach at parks to assist individuals experiencing homelessness.

Children, Youth, and Families - \$9.4 million

Children, youth, and families are a vital part of the Phoenix community, and the budget invests in them in several ways. First, childcare costs represent a significant financial challenge for Phoenix families. The budget includes a \$5 million ongoing set-aside to address this challenge by exploring options to help bring down the cost of childcare for Phoenix families. A portion of the childcare set-aside is recommended to be used in 2026-27 only for SNAP navigation services. These services are intended to assist Phoenix residents experiencing SNAP application and certification issues due to changes in the state's administration of this program and new federal compliance requirements. Additional programmatic details on the childcare set-aside and SNAP navigation services will be developed in the coming months. Next, the budget includes \$3.15 million in one-time funds to provide flexible emergency financial assistance to Phoenix residents. This funding is intended to help prevent homelessness and stabilize housing and food security for low-income individuals and families in light of recent reductions and restrictions in federal funding, which have impacted SNAP recipients, refugees, and other community members. This funding has been increased from the Trial Budget amount of \$1.5 million and will allow more residents experiencing financial distress to receive assistance. The assistance will include both targeted one-time crisis assistance and stability assistance, which includes case management support. Up to \$200K of the funding may be used on staffing to support this expanded program. The budget also includes \$937K in ongoing funds, including 0.5 part-time positions, for the Parks and Recreation Department to invest in several teen services programs, including structured tutoring opportunities, enhanced and expanded recreation programming, and to improve program affordability that ensures Phoenix families can participate in Parks programs. This funding has been increased from the Trial Budget amount of \$500K and expands the number of community centers able to offer enhanced programming and youth and teen engagement. Finally, the budget includes \$322K in ongoing funds for a parking lease at Cholla Library. Ongoing redevelopment of the former Metrocenter Mall has reduced parking options for library visitors. This funding will secure a dedicated parking lot for visitors, ensuring they can continue to enjoy the library's offerings.

Homeless Service Continuity - \$18.4 million

During the pandemic, the City Council strategically deployed American Rescue Plan Act (ARPA) funding to address homelessness in the Phoenix area. As ARPA funding expires, and to ensure progress in this critical area continues, the budget includes a total of \$18.4 million

in ongoing funds to continue key services. This includes \$12.9 million to continue shelter operations, both at City-owned facilities such as the Phoenix Navigation Center, Safe Outdoor Space, and Washington Shelter, and through nonprofit partner facilities, such as Rio Fresco, North Mountain Healing Center, and the Central Arizona Shelter Services single adult shelter. Funding of \$1.5 million will help continue summer heat relief efforts at the City's 24/7 heat respite sites and extended hour cooling centers. Additionally, the budget allocates \$1.5 million to support the Keys to Change Key Campus operations, including the Brian Garcia Welcome Center, janitorial services around the campus, and ensuring safe and secure storage of client personal property. Finally, \$2.5 million is included for a master lease program. This program would enable the City to secure master leases for rental housing units, which include on-site support services, to sublease to individuals exiting homelessness to free up shelter bed space.

Housing Affordability - \$6.6 million

The City Council established the Phoenix Housing Trust Fund in May 2025, and adopted the Housing Trust Policy in November 2025, to further the City's commitment to affordable housing. The proposed one-time \$6.6 million increase to the Housing Trust Fund will bring its total available resources to \$15 million, representing a significant investment in affordable housing. This funding includes \$2 million designated for waivers or reductions on affordable housing and related project plan review, permit, and inspection fees, consistent with the Housing Trust Fund guidance adopted by the City Council in November 2025. It also includes \$1 million designated for the creation of pre-approved housing plans focused on affordability and the character of the city's villages. Remaining funds would be deployed in accordance with the Housing Trust Policy, furthering affordable housing efforts in Phoenix.

Planning and Development Customer Service Enhancements - \$1.5 million

The budget includes \$1.5 million in one-time funds for customer service enhancements in the Planning and Development Department, focused on two key areas. First, the funding will support improvements to the customer service experience at Phoenix City Hall, including streamlined check-in processes, customer flow, and other potential enhancements to the visitor experience. Additionally, the funding will support continued customer service and process improvement initiatives, which may include website enhancements, additional educational efforts on available services and resources, and technology upgrades.

Set-Aside for Labor - \$50.0 million

Investing in employees to recruit and retain talent is critical to the City's success. The 2026-27 budget includes a \$50.0 million set-aside based on finalized labor agreements and includes a mix of ongoing and one-time funds.

Set-Aside to Balance the 2027-28 Budget - \$75.0 million

The 2026-27 budget includes a set-aside of \$75.0 million to help ensure the 2027-28 budget remains balanced. This strategic use of one-time funds allows for the continuation of programs and services that residents rely on and helps ensure the GF budget is sustainable into the future.

Other Funds: Important services to the community are also provided through non-GF resources. This includes Special Revenue funds like voter-approved Public Safety Specialty funds and the Transportation 2050 fund, the Arizona Highway User Revenue fund, and Enterprise Funds like Aviation, Solid Waste, Water and Wastewater. The 2026-27 budget includes \$1.2 million and 8.0 additional FTEs for the Aviation Department to support international airline operations, capital project management, computer technology upgrades, water quality monitoring, and administrative needs.

For all funds, which include General, Enterprise and Special Revenue funds such as grants, and all debt service and pay-as-you-go capital costs, the total 2026-27 City budget is \$7,753.7 million.

This budget reflects the Mayor and City Council's commitment to addressing community needs, includes important investments in our staff, and sets aside resources to create a sustainable budget in future years.

Thank You for Your Commitment to Phoenix,

I want to acknowledge and thank the Mayor and City Council for their leadership, dedication, and vision for this city. I also want to thank our residents for their participation and voice in the budget process. Finally, I want to thank our employees, who deliver public services with excellence each and every day. I am honored to work together toward Phoenix's bright future.



Ed Zuercher
City Manager



STRATEGIC PLANNING AND COMMUNITY INVOLVEMENT

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

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

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

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

Documents included in this section:

- Phoenix Strategic Plan
- Strategic Plan FY 2025-26 Major Accomplishments



PHOENIX STRATEGIC PLAN

MISSION STATEMENT

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

ABOUT THE STRATEGIC PLAN

The City of Phoenix developed a strategic plan to help guide decision-making at all levels of the organization and focus the City's efforts on its core businesses. The Phoenix Strategic Plan was coordinated by a team in the City Manager's Office. For more information about the Strategic Plan, including specific strategies of its components, visit phoenix.gov/strategicplan.

ECONOMIC DEVELOPMENT AND EDUCATION

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

Priorities

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

FINANCIAL EXCELLENCE

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

Priorities

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

INFRASTRUCTURE

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

Priorities

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

INNOVATION AND EFFICIENCY

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

Priorities

1. ***Infuse a mindset focused on innovation and efficiency into the City of Phoenix organizational culture.*** An “innovation and efficiency” way of thinking must become a much more prevalent part of the organization’s core value system and continues to be integrated into the way everyday business is conducted. Executives, managers, supervisors and frontline staff must embrace an attitude that questions existing business processes and practices throughout the organization, with the goal of fostering innovation through the creation and implementation of new ideas.
2. ***Establish and support City programs and mechanisms focused on developing and implementing tangible innovations throughout the organization.*** The City’s innovation and efficiency efforts must be driven from the top to all levels, be results oriented, and demonstrate investment of available means. A proven approach involves assignment of resources dedicated to producing substantial innovative changes that enhance customer service, increase productivity, reduce costs, and engage employees.
3. ***Work continually toward elimination of barriers to innovation and efficiency.*** Several obstacles can stand in the way of creating an environment of innovation and pathways to efficiency. The organization must seek to identify these real or perceived hindrances and, when appropriate, actively remove or facilitate working through them.
4. ***Engage the Phoenix community in the City’s innovation and efficiency methodologies to facilitate citizen involvement, input, and awareness.*** Involvement by Phoenix residents in the accomplishment of the City’s innovation and efficiency goals will boost the meaningfulness and connectedness of the achievements to the community. It is important for the City to enhance public awareness about innovation and efficiency achievements and make strong efforts to request relevant input.

NEIGHBORHOODS AND LIVABILITY

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

Priorities

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

PHOENIX TEAM

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

Priorities

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

PUBLIC SAFETY

The City of Phoenix is committed to a high level of public safety and working in partnership with the community to maintain a safe and secure City. The Public Safety Study Area includes members of, and services provided by the Police Department, Fire Department, Municipal Court, Prosecutor's Office and Office of Emergency Management. Working together, these departments strive to provide Phoenix with an environment of safety and security.

Priorities

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

SOCIAL SERVICES DELIVERY

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

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

Priorities

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

SUSTAINABILITY

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

Priorities

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

TECHNOLOGY

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

Priorities

1. ***Provide seamless customer service.*** A seamless customer experience is achieved when a customer interacts with both internal and external City service providers without experiencing service interruptions during the service delivery process.
2. ***Increase operational efficiency through constant innovation.*** Constant product and service innovation nurtures ideas and focuses on customer satisfaction, combines process and technology to enhance productivity and value, drives down operational costs, and supports other City strategies.
3. ***Turn data into information through a web-enabled City.*** When business data is stored in easily accessible, organization-wide repositories, the City can create opportunities to use this data to make better decisions. Internet-based information delivery and collection efforts empower the community to interact with and receive City services 24 hours a day, giving the opportunity to conduct business on-line versus waiting in line.
4. ***Create a shared common infrastructure.*** Consolidating technological infrastructure around common IT components allows improved investments on behalf of the entire City. Strategic use of technology will result in tangible cost savings and results in the efficient and effective allocation of resources.
5. ***Enhance information security and privacy.*** In today's business environment, information security and privacy form the foundation of technology projects. The City should create a comprehensive program to protect data and technology infrastructures, secure systems and assets, mitigate threats and provide a mechanism for business continuity in emergencies.

STRATEGIC PLAN 2025-26 MAJOR ACCOMPLISHMENTS

ECONOMIC DEVELOPMENT AND EDUCATION

1. **Company Relocation** – The Community and Economic Development Department (CED) assisted 17 companies to locate in Phoenix creating 8,674 new jobs with a capital investment of approximately \$21 billion. This includes three new business headquarters in Phoenix including Discount Tire, Kellwood Company, and the Arizona Cardinals.
2. **Key Economic Investments** – The City also saw key investments, including the announcement that Mayo Clinic would make the largest investment in its history, with a \$1.9 billion expansion of its North Phoenix campus. It will add 1.2 million square feet of clinical space, 11 operating rooms, 48 patient beds and advanced technology. Additionally, the City also continued its work on Halo Vista, a 2,400-acre mixed-use development. The project broke ground in March 2026. Already announced are a Costco, Marriott Hotel and an auto mall. This project has gone through the master planning process and is a destination for TSMC suppliers.
3. **New Airlines** – Aviation successfully on boarded three new airlines, for a total portfolio of 25 airlines, the most ever. Aviation supported the launch of new air service to 15 destinations in 2025. Six of those were new nonstop markets for Phoenix. During the busy spring travel season, Sky Harbor provided scheduled service to a record 146 cities. After more than a decade, Aeromexico returned to Phoenix, providing nonstop daily service to Mexico City.
4. **Nonstop Asia Air Service** – Phoenix's first-ever nonstop Asia air service was announced with Starlux Airlines serving Taipei starting January 15, 2026. Shortly after, China Airlines also announced nonstop Phoenix-Taipei service beginning December 3, 2025. Between the two airlines, Phoenix will maintain nonstop service to Taipei seven times a week, generating over \$190 million in annual statewide economic impact.
5. **Phoenix Convention Center** – In 2025, the Phoenix Convention Center Department (PCCD) hosted 285,800 delegates across 70 citywide conventions, generating 354,985 hotel room nights. This reflects the highest delegate count in a year without a major event. Strong attendance numbers reflect a record-breaking summer for the PCCD. The sales team contracted 41 events that took place between Memorial Day and Labor Day, welcoming over 215,000 estimated attendees during these summer months.

FINANCIAL EXCELLENCE

1. **Strategic Use of Federal Support – ARPA** – In 2021, the federal government allocated \$396 million to the City of Phoenix as part of the American Rescue Plan Act (ARPA). City Council has approved the ARPA Strategic Plan, and four reallocations of funds which helped support various City programs including additional homelessness programs. As of September 2025, there were over 78 ARPA related programs across 19 City departments, with nearly \$345 million, or about 87 percent, of ARPA dollars spent. The City implemented a process to ensure any unspent funds from completed programs are appropriately reclassified to eligible programs per the Treasury Department guidelines. All programs will end by June 30, 2026. The final recovery plan will be submitted in April 2027.
2. **Triple Crown Designation** – The City earned the Government Finance Officers Association's prestigious Triple Crown designation, which recognizes governments that have received GFOA's Certificate of Achievement for Excellence in Financial Reporting, Popular Annual Financial Reporting Award, and Distinguished Budget Presentation Award for a fiscal year.
3. **Distinguished Budget Presentation Award** – This is the 40th consecutive Distinguished Budget Presentation Award for Phoenix. To receive it, a governmental unit must publish a budget document that meets program criteria as a policy document, an operations guide, a financial plan and a communications device. Phoenix was presented the award after a panel of reviewers from across the country evaluated the budget documents. In addition to the main award, the City was also recognized with two special awards for excellence in Strategic Goals and Strategies and Capital Program.
4. **COPERS Certificate of Achievement in Excellence** – COPERS also received a Certificate of Achievement in Excellence from the GFOA for June 30, 2024, Annual Comprehensive Financial Report (ACFR) and the Popular Annual Financial Report. This award is GFOA's highest form of recognition in governmental accounting and financial reporting for public pension plans. The association's independent panel reviews the Financial, Investment, Actuarial and Statistical sections of the report and provides feedback to systems to help them achieve excellence in reporting. Because of COPERS' historical dedication to providing accurate and transparent financial reporting, COPERS has received this award every year since at least 1985.

INFRASTRUCTURE

1. **Fire Station 62 Opening** – Phoenix Fire Station 62 completed its first year of full operation in southwest Phoenix, improving critical emergency medical service calls from 9 minutes 24 seconds to 7 minutes 46 seconds, and ambulance responses from 15 minutes 16 seconds to 10 minutes 26 seconds.

INNOVATION AND EFFICIENCY

1. **Phoenix.gov Website Update** – The City launched the newly transformed City of Phoenix website which allows for a more user-friendly experience for residents and employees. With the new enhancements, residents can more easily find what they need through improved organization and more powerful search features. The website is usable on any device, providing seamless functionality.
2. **Office of Accountability and Transparency Online Portal** – The Office of Accountability and Transparency (OAT) worked collaboratively to develop an online portal for community members to file complaints and commendations about the Phoenix Police Department (PPD) and its employees. Additionally, OAT and PPD have established a new business process that routes all non-urgent or emergency community complaints to OAT for intake and input. PPD shares information with OAT on every community member complaint it receives in a bi-weekly report.
3. **Audit Department** – This past year, the Audit Department worked with other departments to implement 214 audit recommendations. Of the 181 recommendations that had an initial target date in the past year, 177 (98 percent) were implemented on time. Audit recommendations result in many benefits to the City, including improved transparency and accountability, enhanced internal controls, reduced costs, increased revenue, and improved services.
4. **Planning and Development Department Zoning Updates** – The Planning and Development Department continued to work with property owners, developers, and neighbors on several zoning adjustment and rezoning cases. During the 2024-25 reporting period, the Planning and Zoning teams served hundreds of customers at the Zoning Counter, processed 383 Zoning Adjustment applications and 63 rezoning applications and text amendments. PDD also approved 3,683 housing units through the rezoning process.
5. **Shopping Cart Certification Requirement** – In September 2025, City Council approved a new ordinance that establishes an annual shopping cart certification requirement for all retailers providing shopping carts. It will also require larger retailers to maintain locking wheel mechanisms or submit a Shopping Cart Management Plan (SCMP). Failure to reduce City retrievals or meet certification requirements will result in revocation of the retail store's certification. Failure to deliver timely or maintain a certification will be a violation of the City Code. The new ordinance took effect on January 15, 2026.
6. **Public Records Request Processing** – The Communications Office processed an average of 1,000 public records requests per month through the GovQA online system. Staff supported a network of more than 150 liaisons with strategy, processing and training. In 2025, roughly more than 70 percent of requests were resolved within five business days.

PHOENIX TEAM

1. **Municipal Equality Index Score** – The Equal Opportunity Department was responsible for preparing and submitting the City of Phoenix's application for the Human Rights Campaign - Municipal Equality Index (HRC-MEI). This index evaluates how inclusive municipal laws, policies, and services are for LGBTQ+ residents and employees. Cities scored across key areas, including non-discrimination laws, employment practices, city services, law enforcement and leadership on LGBTQ+ equality. For 2025, Phoenix earned a strong score of 100 points.
2. **Human Resources Recruitment Campaign** – From July 1, 2024, to June 30, 2025, the Do Work That Makes Phoenix Work recruitment campaign achieved tremendous success, garnering over 34.1 million impressions online and 276,000 clicks. The campaign continues to exceed benchmarks, and campaigns receive a 34.7 percent click-through rate. Staff are now working on refreshing the images for the 2025-2026 campaign materials. As of September 2025, the City of Phoenix had received over 64,339 job applications.

PUBLIC SAFETY

1. **Community Assistance Program** – In 2025, the Community Assistance Program (CAP) successfully completed the build-out of its Behavioral Health Units (BHUs), expanding from five to nine units and achieving the program's goal of full BHU implementation.
2. **Community Safety Plan** – In August 2025, a coordinated crime suppression effort was launched under the Community Safety Plan. The effort brought together multiple precincts, specialty details including Transit and Human Exploitation and Trafficking (HEAT) Units, the Office of Homeless Solutions, and the Parks Department. This collaborative initiative focused on enhancing quality of life and addressing persistent public safety concerns across key areas. The operation resulted in 643 total arrests, 16 weapons recovered, 356 traffic citations issued, and 75 HEAT-related arrests.

3. **Police Department Crime Lab Sexual Assault Kit Backlog Reduction** – The Police Department Crime Lab worked with both private and public partners to reduce the backlog of sexual assault kits (SAKs) from a high of 552 kits not yet in testing as of August 2023 to a low of 28 in February 2025. The lab has maintained this capacity throughout the year with an average of no more than 95 SAKs in the backlog while receiving an average of 50 SAKs each month. Additionally, the Department launched the Community Connect victim portal for sexual assault survivors so that they would have access to their case information and can track the progress of their kit.
4. **Youth Violence Reduction Program** – The Police Department Youth Violence Reduction Program focused on reducing shootings and gun-related crimes at youth parties using intelligence-led policing. During the summer of 2025, the program resulted in disruption of 94 large-scale social media parties, 164 arrests, 91 firearms seized as evidence (1/3 of these were from juveniles), over 700 vehicle stops, 12 stolen vehicles recovered, \$101,004 seized and zero party-related shootings. The Youth Violence Reduction Program gained national attention and was presented to the Police Executive Research Forum (PERF) in Baltimore, Maryland at the Innovative Strategies to Proactively Address Youth Crimes Meeting on June 10, 2025.

SOCIAL SERVICE DELIVERY

1. **The Housing Phoenix Plan** – The Housing Phoenix Plan (HPP) exceeded its target by 118 percent as of June 30, 2025. The Housing Department led the effort on creating or preserving 59,055 housing units in comparison to the 50,000-goal established for 2030, achieving this milestone five years in advance.
2. **Housing Trust Fund** – The City of Phoenix's Housing Trust Fund was established in May 2025 with about \$3.5 million from the 2025-26 budget. This marks a key step in addressing housing needs. The Housing Department created a framework for these funds, which was approved by the City Council in November 2025, and Council has approved the use of ARPA interest earnings and additional budget allocations to hit \$15 million in total trust funding by the start of FY 2026-27.
3. **24/7 Heat Relief Site** – Beginning in 2024, the Office of Homeless Solutions (OHS) has played a role in heat relief efforts, staffing the City's first 24/7 site, located at 20 W. Jackson Street, with OHS employees and using a contracted provider for an overnight site and three extended hour heat respite sites to provide navigation services and shelter placement. This operation received local recognition and was likely a factor in regional heat related death data, which saw its first decrease in over a decade.
4. **Safe Outdoor Space** – When the City opened the Safe Outdoor Space (SOS) in November 2023 and the Phoenix Navigation Center (PNC) as a temporary site in July 2024, relationships with the surrounding communities of both were strained due to opposition to their placements. OHS has worked diligently to operate these sites with minimal impact on the neighboring community, cultivate relationships, and gain trust. Progress has been made with the SOS Advisory Committee, such that they have inquired about keeping the project open after the initial three-year commitment. Through September 30, 2025, 1,981 clients had been served at the SOS. Additionally, SOS has received recognition for its performance as a successful model.
5. **Eviction Legal Services** – Launched in January 2025, the Eviction Legal Services program supports residents facing eviction by offering mediation, legal representation, and/or post-eviction services. There were 222 referrals made between January and August 2025. Of the cases, 29 percent resulted in negotiated settlements and 56 percent saw reduced negative impacts, including an average of 11 extra days for tenants to move and \$668 in waived fees. These efforts stabilize housing outcomes and reduce the long-term effects of eviction on vulnerable residents.

SUSTAINABILITY

1. **Shade Phoenix Plan Progress Update** – The Office of Heat Response and Mitigation (OHRM) staff released the Shade Phoenix Plan Year 1 Progress Report. OHRM staff worked with many City departments and external partners to evaluate progress made toward each of the Shade Phoenix Plan's 36 actions. All 36 actions demonstrated significant progress with 31 of 36 actions fully meeting their targeted milestone. In total, Shade Phoenix Plan actions led to the planting of more than 7,200 trees and installation of more than 150 shade structures, the participation of more than 130 City employees in professional development activities, and the engagement of more than 4,000 residents.
2. **27th Avenue Materials Recovery Facility Reopening** – In late spring 2025, Public Works celebrated the grand reopening of the renovated 27th Avenue Materials Recovery Facility (MRF). The four-year project replaced outdated sorting equipment with modern technology that improves accuracy, reduces contamination, and processes about 30 tons of material per hour making the City's MRF one of the most efficient in the country. The grand reopening highlighted the City's commitment to sustainable waste management.
3. **Circular Economy Solutions Award of Distinction** – Arizona Forward honored the Circular Plastics Microfactory with the Award of Distinction in the Circular Economy Solutions category. The collaborative project between the City of Phoenix, ASU, Goodwill, and Hustle PHX creates local circular economy jobs and diverts waste from landfills.

4. **Energy Access Plan** – Throughout 2025, the Office of Sustainability led an extensive community engagement process to inform the Energy Access Plan and related sustainability initiatives. The team hosted workshops and outreach events across the City, engaging residents, nonprofits, and community-based organizations to discuss energy affordability, renewable energy, and household efficiency. The Office analyzed hundreds of resident inputs generated during these events and created and shared an engagement report with internal departments to directly shape the actions and priorities included. The plan was adopted by the Mayor and City Council in December 2025.
5. **Food Action Plan** – The Office of Environmental Programs completed more than 90 percent of the 2025 Phoenix Food Action Plan (PFAP) actions. Published in September 2025, the 2025 PFAP Impact Report illustrates the work completed from 2020 through 2024 and features success stories from Phoenix farmers, backyard gardeners, agri-tech innovators, and nonprofits. Key achievements included more than 5.5 million meals delivered, 22 million pounds of food distributed, 51,264 pounds of food produced, 818 people trained, 94,940 pounds of food diverted from the landfill, 872,100 gallons of water saved.

TECHNOLOGY

1. **City Manager's Performance Dashboard 2.0 Enhancement** – The Office of Innovation, in partnership with the Information Technology Services Department, completed the City Manager's Performance Dashboard (CMPR) 2.0 relaunch, increasing the metrics by more than 30 percent. This project leveraged community feedback to improve functionality and show progress toward long-term goals. More than 35 metrics were added, bringing the total to over 170 metrics, across 31 City departments and functions, with new sections for Homeless Solutions and General Obligation (GO) Bonds. Accessibility enhancements support residents with low-vision and mobility challenges and reduce loading times for metrics cards by 20 percent. More than 45,000 unique visitors with 90,000 page views since 2022.

OUR COMMITMENT TO EXCELLENCE

The **mission** of the City of Phoenix is to improve the quality of life in Phoenix through efficient delivery of outstanding public services. Our **vision** is to make Phoenix a great place to live, work and visit by fostering a dynamic and sustainable environment with exceptional public services.

Delivering high-quality, efficient, and cost-effective services to Phoenix residents is the cornerstone of our commitment to public service. Our approach fulfills the evolving needs and expectations of our residents while considering how what we do today can have impacts years, or even decades, down the road.

We Keep Our Residents Informed and Involved

The City of Phoenix is committed to involving residents on decisions impacting them.

The City provides one of the most open and accessible budget input and adoption processes in the country. We engage residents in developing our annual budget, providing accessible and easy-to-understand information about how tax dollars are spent, and giving residents a view and a voice in the annual budget development process, including the following:

- We maintain information online at phoenix.gov/budget, including the Summary Budget Book, Detail Budget Book, the Capital Improvement Program Budget Book and an Inventory of Programs document including program level detail of all City programs and services. The 2025-26 annual budget earned Phoenix the *Government Finance Officers Association Distinguished Budget Presentation Award*. This is the 40th consecutive award for Phoenix.
- We host budget hearings around the City, providing residents with the opportunity to provide input directly to decision makers. In 2026, we hosted 12 budget hearings, all featuring simulcast Spanish-language interpretation. Two hearings were conducted primarily in Spanish, and two were presented in an in-person/online hybrid format enabling remote participation. We make information about community budget hearings, including hearing times and locations as well as video recordings of hearings, available from our phoenix.gov/budget website. We also do extensive advertising, including on live and streaming television, Internet and social media, and on local Spanish radio.

We provide opportunities for residents, businesses of all sizes, educators and youth to help decide what Phoenix should look like in the future by eliciting their input into the Planning and Development Department-coordinated *General Plan* and the Parks and Recreation Department-led *Parks Master Plan*.

As new commercial developments, changes to streets and transit, new or improved parks, and measures to address public safety, homelessness and climate change, and other key policy issues are proposed, the City encourages residents to participate through their village planning committees and other neighborhood organizations, in area meetings, and in City Council meetings, to share ideas and concerns about projects in their location. Residents can use the Neighborhood Services Department website to find or form a neighborhood organization. City Council formal, policy and subcommittee meetings are video recorded and are available for viewing from the City's YouTube page (www.youtube.com/@cityofphoenixaz).

Various departments survey residents for their input, including the Phoenix Police Department *Youth Interactions Policy*, *Interacting with Individuals Experiencing Homelessness Policy*, and *Canine Standards and Procedures Policy*; the Office of Environmental Programs *Climate Action Plan*, *Food Action Plan* and *Energy Access Plan*; and the Equal Opportunity Department concerning accessibility of City of Phoenix facilities and programs to individuals with disabilities.

Public Works provided information, responded to questions and received public comment for consideration during nine Community Solid Waste Rate Information Sessions, resulting in changes to the proposed fee schedule, increased discounts for residents participating in the Save As You Reduce & Recycle program, and increased contributions to Project Assist to help families needing help paying bills for City services. After this extensive outreach, the City Council approved the new fee schedule.

The Parks and Recreation Department:

- Launched a new webpage dedicated to its Phoenix Parks and Preserve Initiative, offering residents insight into how voter-approved funds are enhancing and protecting City parks and natural preserves.
- Hosted community engagement events to learn more and share feedback about the Parks Master Plan, guiding the future of City parks, recreation facilities and programming.

Valley Metro and the City of Phoenix hosted in-person/online hybrid community meetings asking for input on route options. Considering that input, Phoenix City Council opted to focus on a West Phoenix Corridor route along Indian School Road, which will involve comprehensive engagement of residents, business owners and stakeholders to best serve the needs of West Phoenix.

Volunteers play a significant role in making Phoenix a great city. The City's VolunteerPHX web site (phoenix.gov/volunteer) provides information about volunteering opportunities and achievements.

The Communications Office publishes a monthly *PHX At Your Service Newsletter*, informing subscribers and visitors about upcoming events and opportunities to provide input. The City also hosts a Newsroom web page (phoenix.gov/newsroom), reporting on new City programs and events, achievements, resources, and opportunities, and allowing web page visitors to filter articles by City department.

We Continue to Make City Services More Transparent

The City of Phoenix firmly believes transparency in government encourages operational efficiency and accountability to residents. Availability of City data supports innovation that can be applied to make Phoenix an even better place to live, work and visit.

The Phoenix Open Data Portal (phoenixopendata.com) provides the public with access to important information about the City's planning and performance, including:

- *The City Manager's Performance Dashboard*, enabling the public to explore program metrics on more than 170 key performance indicators to see how well departments are meeting the needs and expectations of residents and businesses.
- Access to over 140 datasets showcasing information the public identified as being important.
- *Mapping Phoenix*, a portal containing a variety of tools showing locations of police and fire stations, hospitals, libraries, public transit, parks and recreation facilities, and other City amenities, as well as other information about the economy, land use and property characteristics.

The Phoenix Fire Department (PFD) launched a new system for public records, allowing users to submit requests online, receive updates and communicate directly through the system without needing multiple follow-ups. Accessible from the *Fire Department Data* section of the PFD website (phoenix.gov/fire), the system centralizes requests, improves accountability, ensures consistent compliance with privacy and confidentiality laws, and supports faster processing, better records management and improves service delivery.

We Are Improving the Safety and Health of Our Community

The City of Phoenix is committed to a high level of public safety and working in partnership with the community to maintain a safe and secure city.

The Phoenix Police Department made numerous public safety improvements to promote transparency and community trust, including:

- An updated *Use of Force Policy*, reflecting input from the public about when it is permissible for officers to use force, and an officer's duties before, during and after a force encounter.
- Implementation of a new Field Investigations Unit, with sergeants handling administrative misconduct investigations for patrol operations, and a new Performance Compliance Team, including professional staff to audit police practices.
- Updated training to officers on use of force, constitutional law (including a new *First Amendment Support & Management Policy*) and crisis intervention, including an *Advanced Training Review* process providing targeted training for personnel involved in a critical incident, focused on de-escalation, communication, tactics, officer safety, use of force and supervisory oversight.
- A new records management system enabling more detailed tracking of police enforcement activities, including demographic and housing status data of individuals and the police contact.
- Accelerated access to video-footage public records by initially releasing video with medium blur and audio redaction applied, allowing a version with standard redaction to be requested for the portions of video of interest.
- A new option for 9-1-1 callers to request a behavioral health response as an alternative to police or fire. Operators still triage calls to determine whether a police or fire response is needed, and now transfer calls to the Phoenix Fire Department Behavioral Health Dispatcher for calls only requiring a behavioral health response, reducing unneeded police responses and providing faster, more specialized support for behavioral health-related emergencies.
- Assistance, training and additional supervisors for the Fire Department Community Assistance Program, now providing 24/7 dispatch coverage to involve crisis intervention teams and third-party mobile teams to respond citywide to incidents emanating from behavioral health issues.
- A new AI-powered call triage system for its non-emergency (Crime Stop) phone number, improving service, reducing wait times and helping ensure emergency calls receive priority attention. The system, capable of interacting in 36 languages, asks a few simple questions to determine the purpose of the call and automatically directs the caller to the right resource, such as the Online Reporting Portal, Silent Witness, public records requests, PHX C.A.R.E.S., myPHX311, the Arizona Humane Society and the Arizona Department of Transportation. Callers can also be transferred directly to information on identity theft, food assistance, fireworks, landlord-tenant rights, court information, jail inmate lookup or the Barking Dog Hotline.

- Relocating to its newly renovated police headquarters at 100 West Washington Street. The new space was infused with technology and innovation, providing a state-of-the-art home for modern policing. The space features a new Real Time Operations Center, serving as a command hub where analysts and officers work shoulder-to-shoulder as incidents unfold, and is equipped with updated emergency communications software, allowing Phoenix to respond to the 2.2-million emergency calls received annually more efficiently, effectively and reliably. The new working environment reflects a commitment to ensuring staff have the tools, space and care they need to best serve the community, including ergonomic desks, wellness rooms, quiet rooms, nursing rooms for mothers and a state-of-the-art gym.
- A new reporting system earning National Incident-Based Reporting System certification, helping the department better understand incidents and helping to develop more effective strategies for addressing criminal activity.

Phoenix Police partnered with the federal, state and local law enforcement partners in *Operation Safe Online Summer (SOS)* to target child predators and subjects involved in the proliferation of child exploitation materials. As of June 2025, SOS launched 132 investigations, arrested 72 suspects of which 9 were alleged hands-on offenders. As part of the program, Phoenix Police held 11 community education events reaching over 350 parents and students.

The Phoenix Fire Department:

- Implemented a new telehealth program in partnership with the 9-1-1 Dispatch Center and MD Ally to provide on-demand virtual medical assessments for non-emergency cases called into 9-1-1. Callers are now able to be connected to an emergency room doctor within a matter of minutes and can be connected to care-coordination resources for follow-up care. The program is expected to increase access to care, reduce emergency transport and ER visits, improve patient outcomes through timely, appropriate care and support local hospitals and healthcare systems during high-demand periods.
- Expanded its nationally recognized free *Teen Driver Safety Program*, offering teens and their parents an engaging, interactive class on how best to be safe while driving.

The Police, Fire, Neighborhood Services and Parks and Recreation Departments formed a Citywide task force aimed at reducing fire-related incidents and illegal fireworks during the Fourth of July holiday. At a Fireworks and Wildfire Safety media event held at the Phoenix Fire Department Training Academy, leaders from Fire Prevention and the Police Department, with participation of local, state and federal partners, spoke about the increased messaging and enforcement strategies being implemented. Key safety messages noted that all aerial fireworks are illegal in Phoenix, fireworks should be soaked in a bucket of water for at least 24 hours before disposal, and that fireworks shows should be left to professionals.

The City launched the *Community Transparency Initiative (CTI)*, establishing systems and processes allowing residents to report potentially unlawful federal law enforcement activities, and assessing impacts to residents and City operations. The City created a *Know Your Rights* webpage, made all CTI-related materials in multiple languages, provided training to City employees and began restricting unauthorized use of City-owned/City-controlled property such as parks, community centers and other spaces for civil law enforcement staging or operations. CTI was implemented in a way that does not interfere with federal efforts to conduct lawful investigations or to respond to emergencies.

The Street Transportation Department oversaw placement of photo safety cameras at various locations throughout Phoenix with histories of speed-involved crashes and in 15 MPH school zones, aimed at improving safety, reducing fatalities and helping enforce traffic safety laws.

A Valley Metro survey finalized in November found riders feel significantly safer and more comfortable, citing more visible and professional security officers, cleaner stations and fewer unsafe situations.

The City secured \$9.5 million in Congressionally Directed Spending for fiscal year 2026, which will be used to:

- expand airport apron space to improve aircraft movement and airfield efficiency;
- purchase specialized machinery to help the Phoenix Fire Department respond safely and effectively to electric-vehicle battery fires;
- purchase specialized fire trucks to respond to brush fires in rugged terrain and two new ambulances to serve South Phoenix;
- renovate the Fire Member Services Building, which provides counseling, mental-health programs, crisis support and reintegration resources for active and retired public-safety personnel;
- upgrade two fire stations to ensure ADA compliance and combat sleep-deprivation issues;
- obtain a high-fidelity flight simulator for the Phoenix Police Air Support Unit, enabling pilots to train under realistic conditions without relying on expensive, fuel-intensive helicopter flights;
- enhance the Phoenix Real-Time Crime Center with additional cameras and license-plate readers to stream live data allowing officers to be better equipped to support daily law-enforcement operations.

The Office of Environmental Programs launched a *Brownfields Revolving Loan Program*, providing low-interest loans to for-profit entities and grants for non-profit entities to clean up environmentally contaminated properties and for asbestos abatement in buildings.

During the 2025 monsoon season, the City made sand available at no charge to residents to use in sandbags to help divert floodwater from thunderstorms.

Phoenix City Council modernized the *Zoning Ordinance*, requiring data centers to address health and safety concerns when applying for a special construction permit, helping ensure data centers are thoughtfully located, designed to address health and safety concerns, and developed in collaboration with key partners, including utility providers and first responders.

The Office of Emergency Management expanded access to *STOP THE BLEED®* training, designed to equip residents, City employees and community partners with skills needed to respond to life-threatening bleeding emergencies before emergency responders arrive.

The Public Works and Phoenix Fire departments held a battery drop-off event at Steele Indian School Park, allowing each resident to dispose of up to five pounds of lithium-ion, alkaline and NiMH batteries, preventing the hazardous waste from potentially starting fires in garbage trucks, at transfer stations or landfills, and from harming the environment.

Phoenix Public Library expanded access to health resources by making American Heart Association blood pressure kits available for checkout at 15 library locations, allowing residents to monitor their blood pressure at home.

Phoenix Public Library offered free, interactive *Bike Safety Rodeo* events designed to teach children bike safety essentials and to offer a limited supply of free bike helmets.

The Water Services Department, in partnership with Downtown Phoenix Inc., installed stations to collect pet waste and to raise awareness about stormwater not being treated before flowing into local waterways.

We Are Combating the Dangers of Heat

The City of Phoenix continues to set the standard for heat relief efforts, leading the state and region in providing extensive resources aimed at reducing and preventing heat-related deaths. Recognizing that even one heat-related death is too many, the City is committed to evolving its approach every year to address the changing needs of the community and protect the health and well-being of all residents.

The Mayor and City Council unanimously approved the *2026 Heat Response Plan*, building upon recent progress leading to fewer heat-related deaths in each of the past two years. As part of the plan, Phoenix will continue providing 24/7 and extended-hour cooling centers throughout the City, including a new partnership with UMOM to offer emergency heat relief sheltering for families, and is using federal grant funding to train public-facing City employees about best practices to connect residents to heat-related services and resources.

Heat-relief locations were open throughout Phoenix starting May 1, including a respite center open 24/7 with connections to shelter and other resources. Transportation to cooling centers through the 211 Arizona Information and Referral Services program was also provided. Preliminary data from last summer shows a 31 percent reduction in heat-related deaths. Phoenix remains committed to eliminating heat-related deaths, with the involvement of 15 City departments and various City partners including Maricopa County, the Maricopa Association of Governments, the Red Cross, utilities, churches and nonprofit organizations. The City is implementing training to employees supporting the heat-relief network sites.

Combining heat safety with artistic expression, the Office of Arts and Culture kicked off ¡Sombra! Experiments in Shade with the unveiling of *Rincón de Color* at Cielito Park in April 2025, funded by a \$1 million Bloomberg Philanthropies Public Art Challenge grant. Created by artists Jose Benavides and Joe Ray in collaboration with MEChA students from Alhambra High School, this vibrant shade structure offers both artistic expression and practical relief from the heat, featuring a 95 percent UV-blocking fabric canopy with eight vibrant hand-painted panels shaped and strategically positioned to follow the path of the sun, providing additional shade throughout the day. Arizona State University measured cooling effects with a portable weather station, showing surface temperatures across all the installations were reduced by up to 46°F. At Cielito Park, solar-powered misters reduced ambient air temperature by an additional 10°F.

Phoenix is continuing to install chilled drinking fountain and bottle-filling stations, with the 12th put into operation in March 2026 at Burton Barr Central Library.

We Are Working to Reduce Homelessness and Food Insecurity

The City has a notable homeless, immigrant and refugee population in need of assistance. Private businesses and residents are also impacted by homeless encampments that result in incidents of trespassing, blight, litter, and hazardous waste.

Phoenix City Council approved an innovative new plan to address homelessness, building on previous progress and feedback from residents and service providers. The plan focuses on prevention to reduce new homelessness with early intervention assistance; neighborhood safety, clarifying rules around public space use, creating a real-time dashboard of open shelter beds and providing solutions to protect individuals during extreme weather conditions; coordination with behavioral-health, medical-care and employment-assistance services; housing for individuals and families experiencing homelessness including assessing emergency shelter needs, securing sustainable funding, expanding supportive housing and rental assistance options and shortening the time to secure permanent housing for individuals in shelters; accountability and improved coordination for City services and partners with real-time reporting, cross-department collaboration and community engagement.

Phoenix City Council created the Phoenix Housing Trust Fund to help make affordable rental units available to families with very or extremely low incomes. City Council approved a corresponding policy guiding how the trust fund will be used to improve access to safe and affordable housing, and to prioritize funding decisions so resources go where they are most needed. Funds can be used to provide down-payment assistance, buy existing housing or land to create affordable options, provide short-term development loans and funding for affordable housing projects, and support innovative community-driven housing solutions.

Phoenix Public Library partnered with Active Food Arizona to host indoor *Farm Express Mobile Market* events in the Burton Barr, Laveen, Harmon and Palo Verde libraries. Through this new partnership, library visitors can shop for affordable produce on scheduled days, with SNAP/EBT and two-for-one Double Up Food Bucks accepted.

The Phoenix Housing Department and Arizona Quadel hosted an *Owner Open House*, familiarizing property owners with the *Housing Choice Voucher Program* and highlighting the benefits of renting to voucher holders.

The Human Services Department launched phoenix.gov/foodhelp, a webpage providing information about programs and community partners available to help ensure access to healthy and affordable food options. During the temporary suspension of the federal Supplemental Nutrition Assistance Program, Phoenix launched a citywide food drive and companion phoenix.gov/hungerrelief website facilitating food and monetary contributions along with volunteerism.

The Phoenix Fire Department partnered with St. Mary's Food Bank to kick off its *Holiday Food Drive*, making food collection bins available at eight fire stations across Phoenix.

The City of Phoenix and its partners celebrated the groundbreaking of The Moreland, a 237-unit housing community that will bring much needed affordable and workforce housing to downtown, featuring modern apartments with studio to three-bedroom options, community rooms, fitness centers, teen and youth spaces, and a parking garage. Residents will also have access to onsite supportive services including academic, career and health/wellness coaching, counseling, technology assistance, and financial education. December 2027 is the target for the Phase-I completion of 132 units, with the remaining 105 units to follow in Phase II.

Phoenix celebrated the opening of Senior Bridge – Phase I, with 40 transitional housing units to provide adults 55 and older a safe place to live while pursuing permanent housing.

Phoenix celebrated the start of construction of an affordable housing community with its co-developers and the Arizona Department of Housing. The Helen Drake Village will make 80 rental homes available for seniors adjacent to the Helen Drake Senior Center, providing maximum accessibility to the center's programs and activities.

The most recent Yardi Matrix *National Affordable Housing Report* ranked Phoenix 9th in the nation for most fully affordable (private sector) units under construction. The report listed Phoenix as one of six cities nationwide expected to deliver more than 2,000 fully affordable housing units in 2025, with 2,688 affordable units planned. The Yardi Matrix provides nationwide market and institutional research reports that leverage property-level details of multifamily properties.

We Are Creating More Opportunities for Success

The City of Phoenix is a flourishing community with a skilled and educated workforce ready to take on innovative jobs, and with a thriving economy fueled by innovation. Over the last decade, Phoenix has exploded to take the spot of 5th largest city and fastest-growing city of the last decade according to the U.S. Census Bureau. The City is committed toward expanding its success, promoting ways for all residents to have opportunities for employment, and safe and affordable housing.

The S'edav Va'aki Museum offers volunteer opportunities to teens 14-17 years old, providing professional development, networking opportunities, hands-on experience engaging with the public, learning and sharing knowledge about the pre-historic roots of Phoenix, and educating others about the Native Ancestral peoples who lived here. The museum was voted 'Best Museum' by Arizona Foothills Magazine's *Best of the Valley 2026* awards.

Phoenix Public Library helps teens aged 13 to 17 years gain job experience through its *Summer Teen Volunteer Program*. Teen volunteers welcome visitors, register customers for activities, shelve materials, help set up and cleanup program activities, and help create positive experiences for families participating in summer activities. Volunteers gain customer service experience, develop workplace and communication skills, build confidence, strengthen résumés and may earn school credit.

Phoenix Public Library hosted *Kindergarten Bootcamp*, a free, interactive school readiness program that meets once a week for seven weeks to build social, academic and classroom readiness skills, helping children and their caregivers feel confident and prepared for the transition to school. The Bootcamp includes hands-on activities and take-home tools, culminating in a special Kindergarten Bootcamp Graduation.

The Phoenix Office of Arts and Culture (OAC) coordinated the *Artists to Work Grant Program*, providing 24 artists each \$7,500 to create and present original, new or in-process artistic work benefiting the community. OAC hosted a reception and showcase event providing artists with an opportunity to share their various art forms with hundreds of attendees.

SEMICON West, North America's premier microelectronics exhibition, which had been hosted in San Francisco, was held in Phoenix at our Convention Center for the first time in its history. The event generated nearly \$10 million in economic benefit to downtown Phoenix.

The USA Gymnastics Congress selected Phoenix to host the *2026 U.S. Gymnastics Championships* and the *USA Gymnastics National Congress and Trade Show* in August 2026. The Xfinity U.S. Gymnastics Championships will feature the country's most elite junior and senior artistic gymnasts as they compete for national titles and vie to make the U.S. National Team, from which the roster for the 2026 World Championships in Rotterdam, the Netherlands, will be selected. World champions and Olympic medalists will be among the athletes competing at Mortgage Matchup Center in a showcase of the country's top talent. More than 2,500 attendees and exhibitors will take part in the accompanying National Congress and Trade Show at the Phoenix Convention Center. Congress attendees have access to valuable educational opportunities, including seminars and live demonstrations, while the trade show enables gymnastics professionals to connect with vendors serving the community.

We Are Adding and Improving Services and Amenities for Residents

The City of Phoenix is committed to providing reliable, efficient, responsive and accessible service to best meet the needs and expectations of its residents, and to making the city welcoming to visitors.

Phoenix Sky Harbor International Airport continues to elevate passenger experience and receive additional honors.

- The airport celebrated its 90th anniversary with a 90s Dance Party featuring costumed Navigator Buddies parading down a 90s-themed Rubik's Cube carpet.
- The airport implemented a new camera-based guidance system in the Terminal 3 parking garage to help drivers find open parking spaces. The system monitors each parking space, showing the number of open spaces on each floor of the garage and providing red/green indicator lights throughout the garage. The system can also help drivers locate their vehicle when they return.
- The airport began offering *Early Bag Check*, a free service allowing passengers to check their luggage before arriving at the terminal, helping them travel lighter and more easily, and saving time at airline ticket counters. Passengers can also print their boarding passes at Early Bag Check counters.
- In conjunction with U.S. Customs and Board Protection (CBP), the airport began offering *Enhanced Passenger Processing*, a free optional process where a camera matches the traveler's photo to document information on file with the CBP, providing U.S. citizens a faster way to move through the international arrivals process.

The Phoenix Public Library partnered with the Phoenix VA Health Care System to have monthly bookmobile visits to the Cart T. Hayden VA Medical Center, expanding library service access to veterans and their families and caregivers.

The City of Phoenix and Valley Metro Rail introduced the new two-line rail system. The "A Line" runs eastbound and westbound between downtown Phoenix and East Mesa, and the "B Line" runs northbound and southbound from Metro Parkway to the end-of-line station at Baseline Road and Central Avenue. Valley Metro also increased the frequency of light-rail and streetcar trips, making it more convenient to travel using public transit. The new system connects historically underserved communities to regional destinations, including downtown Phoenix, the airport area, educational institutions and key employment centers.

The project created over 5,000 local jobs, with over 600 workers hired directly from south Phoenix communities, and supported small, locally owned businesses throughout construction through a first-of-its-kind *Small Business Financial Assistance Program*, with over 270 grants totaling over \$1.6 million awarded to small businesses along the corridor. There are eight new stations, a new park-and-ride facility at Baseline Road/Central Avenue and a transit hub converging in downtown Phoenix. The extension also includes several community upgrades such as enhanced bike lanes, pedestrian pathways, over 550 new trees and desert-adapted landscaping along with comprehensive utility upgrades replacing more than 30 miles of underground infrastructure.

Phoenix Public Transit improved service and schedules by rerouting RAPID and Express routes to serve the downtown Phoenix hub, opening the Greg Stanton Central Station connecting several bus routes including the downtown DASH circulator, improving locations of bus stops, and relocating the Paradise Valley Transit Center to a new location.

We Are Making Our City More Fun, Beautiful and Culturally Rich

The City of Phoenix is the fifth largest city in the United States, benefiting from beautiful natural features and from events, amenities and infrastructure making the city a great place live, learn, work and visit.

Phoenix Sky Harbor International Airport continues to hold events in its Culture Corner, located post-security in Terminal 3 between gates F3 and F4. The Culture Corner, aimed at supporting the airport's ongoing effort to enhance the travel experience for passengers, provides a place where passengers of all ages can quickly learn, observe, and participate in monthly interactive activities such as live art demonstrations, crafts, displays, readings, and other hands-on experiences.

- Culture Corner hosted a *Learn & Go* activity, allowing passengers an up-close opportunity to learn about and interact with some of Arizona's remarkable desert creatures, including a tiger salamander, an Arizona pocket mouse, a desert tortoise, domestic rabbits and a red-tailed hawk.
- The 2026 Culture Corner line-up includes events with Ballet Arizona, the Great Arizona Puppet Theatre, the Phoenix Public Library, the Heard Museum, the Phoenix Zoo and the Valle Del Sol Folklórico Club among others.

Phoenix Sky Harbor offers a variety of interesting and entertaining events for travelers in other airport spaces.

- The airport's *Traveling Tunes Program* will provide live music performances four times each month in Terminal 3 and Terminal 4.
- The *Airport Museum Program*, one of the largest airport art programs in the country, provides artwork and exhibitions throughout the airport and at the Rental Car Center. A new *Spectral Alchemy* exhibition in January featured collaborative mixed-media works, a large-scale video installation, and paintings by 15 Arizona artists, transforming the Terminal 4, Level 3 Museum Gallery into a luminous environment promoting calm and contemplation.
- Sky Harbor, Phoenix Public Library, and the Friends of the Phoenix Public Library celebrated *Read Across America Day* by unveiling the *PHX Free Little Library*. Stocked with books provided by Phoenix Public Library, the Friends of the Phoenix Public Library, and donations from travelers, PHX Free Little Library provides passengers the opportunity to take a book to enjoy during their flight, or to donate a book for others to enjoy.
- The Phoenix Airport Museum in partnership with the Greater Phoenix Economic Council installed *Desert Innovation*, a mural celebrating the talent, industries and ideas shaping Greater Phoenix, inviting travelers to explore how the region emerged as a corridor for creativity and resilience, from ancient canal systems to present day semiconductor manufacturing.

The Parks and Recreation Department:

- Completed and opened the 14-acre Laveen Heritage Park, including a playground, fitness equipment, a "ninja" fitness course, skate park, and a special milkweed garden providing a habitat attractive to monarch butterflies.
- Renovated Eastlake Pool, Phoenix's oldest operating public pool, improving accessibility, safety and opportunities for year-round recreation including increased depth for diving, new heater, a beach-entry play pool, ADA and shade improvements, and upgraded security and lighting.
- Held a series of "spirited," family-friendly events in mid- through late-October, including costume contests, bounce houses, haunted attractions and other things for kids and adults to enjoy.
- Opened *PHXPlays Summer Camps* at 18 parks, community centers and recreation centers throughout Phoenix, allowing children 6-12 years old to participate in crafts, field trips and other fun and educational activities, and opened splash pads at 11 locations, which are not only fun but help families stay cool and safe.
- Opened South Mountain Activity Complex, featuring a half-acre pavilion with views of the city and pavement markers guiding visitors' gazes toward Piestewa Peak and Camelback Mountain, additional smaller pavilions accessible by walking paths, and landscaping.
- Hosted Easter events at eight Phoenix locations, featuring egg hunts and visits from the Easter Bunny.

Since 2024, the Community and Economic Development Department has coordinated Phoenix's annual June 2nd 602 Day, bringing the community together to showcase Phoenix's unique local culture and businesses, diverse neighborhoods, and hometown pride. Several businesses offer special discounts and promotions, and the day features concerts and cultural events highlighting local food and art. In 2025, more than 250 businesses in the greater Phoenix area participated.

Councilwoman Betty Guardado, Street Transportation leadership, members of North Glen Square Neighborhood Association and residents gathered to officially open Myrtle Path, a new multi-use path along Myrtle Avenue between 31st and 32nd Avenues, featuring newly planted trees and shrubs, solar lighting, ADA-accessible ramps and modern fencing.

Phoenix celebrated the Washington Activity Center renovation, the 2026 NCAA Women's Final Four *Legacy Project*. NCAA officials, beauty brand Dove, community leaders and the Phoenix Final Four Local Organizing Committee were brought together to have appreciation expressed for the refurbished indoor and outdoor basketball courts, a literacy lounge, a computer lab, an e-sports lounge and a mural by local artist Martin Moreno.

Phoenix Public Library:

- Hosted a *Local Author Fair* in November, highlighting the talent of more than 80 Arizona authors and enabling attendees to interact with and purchase signed copies of books directly from the authors.
- Hosted *Sesame Street Week* at various libraries in November, providing themed programs, hands-on activities, story times and special displays inspired by the television series.
- In partnership with *Phoenix Rising FC*, is providing residents opportunities to experience professional soccer by enabling library cardholders to "check out" two free tickets to some home matches, subject to availability, and to receive discounted general admission and reserved-seating tickets.
- Celebrated *Mister Rogers Week* with special story times, activities promoting science, technology, engineering, arts and mathematics (STEAM), and family-oriented programs inspired by Fred Rogers.

The City celebrated Hispanic Heritage Month and Native American Heritage Month, each event spotlighting people, businesses and organizations making our community stronger, featuring stories of growth, connection and cultural pride.

Phoenix hosted its first *Phoenix Marathon* with more than 7,000 runners participating in a marathon, half marathon or 10K.

Phoenix partnered with Arizona Public Service (APS) for the sixth annual Planting Hope event, raising awareness for domestic violence while involving volunteers to plant more than 50 new trees provided by APS as part of the City's revitalization efforts in the Edison-Eastlake Community.

The Neighborhood Services Department administered its 12th annual *Graffiti-Free Phoenix Month*, responding to reports of graffiti on public property and providing resources to address graffiti on private property. In 2025, Graffiti Busters removed graffiti at 46,118 sites.

The S'edav Va'aki Museum:

- Hosted the 24th annual *Ancient Technology Day*, blending fun, culture and technology in an array of demonstrations providing guests with a richer understanding of Arizona's unique history, environment, and Ancestral Sonoran Desert People.
- Joined a regional initiative with other Arizona municipalities, the U.S. Bureau of Land Management, and local and national parks to form the *Arizona Explorer Program*, combining technology and outdoor education to engage kids in completing cultural and nature-based challenges while exploring local parks, museums and cultural landmarks.

Phoenix hosted the *Red Bull Showrun* in downtown Phoenix, a free family-friendly Formula 1 demonstration presented by Ford Racing, showcasing race-car performance and skilled driving.

Phoenix for the first time hosted the *NCAA Women's Final Four Tournament*, featuring free, family-friendly events throughout downtown including a fan festival inside Phoenix Convention Center; an outdoor block party with live music, food trucks, an outdoor basketball court and large screens for watching the women's and men's Final Four games; a basketball dribbling parade for kids 18 and under; a free outdoor concert at Margaret T. Hance Park; and, a series of talks, panels and guest speakers aimed at empowering and equipping women in sports and business. Championship week drew 15,856 fans to the national semifinals, 15,856 to the national championship and 360,823 across games and fan events throughout downtown Phoenix.

We Are Working to Achieve a More Sustainable Future

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

Phoenix is proactive in ensuring the city is prepared to withstand decades of drought, maintaining a diversified portfolio of water sources including underground water storage, developing additional groundwater capacity, investing in renewable surface water supplies and water purification technologies, developing and promoting water conservation programs, and collaborating with other jurisdictions to address localized shortages.

Phoenix received \$179 million in funding from the U.S. Bureau of Reclamation to support the design and construction of a North Gateway advanced water purification system. Once constructed and put into operation, the facility will provide 14,000 acre-feet of potable water, enough to serve 40,000 residents in an area of Phoenix seeing considerable growth.

The Office of Environmental Programs published its *2025 Food Action Impact Report*, reflecting 90 percent of the Phoenix *2025 Food Action Plan* objectives as completed, including distribution of more than 22 million pounds of food, delivery of 5 million meals during the pandemic, production of more than 51,000 pounds of food, 95,000 pounds of food diverted from landfills and more. The office is also leading the development of the *2030 Food Action Plan*.

Phoenix awarded eight *Love Your Block* grants, supporting neighborhood-led projects that beautify communities, build civic engagement, and promote environmental sustainability. This year's awarded grants support murals with strong water conservation messaging, pollinator gardens featuring native, low-water-use plants, grass removal in shared neighborhood areas with xeriscape replacements, rainwater harvesting installations, and creation of a community "leak watch" to identify and repair local leaks.

The Water Services Department:

- Deployed Chevrolet Equinox electric vehicles for their meter reading department, wrapped with sustainability and environmental messages around finding and fixing water leaks, keeping storm drains free of pollutants, and recycling and reusing wastewater.
- Launched *Water Smart Teaching Workshops* to help high school teachers learn about water conservation as part of their teaching curricula.

Phoenix Convention Center (PCC) released its first comprehensive *Sustainability Report* showing accomplishments in 2025 in optimizing energy efficiency and waste diversion. Despite hosting more events in 2025 than in 2024, PCC reduced its electricity consumption by 2.5 percent, reduced water consumption by 9 percent and redirected 33 tons of packaged and prepared meals to Phoenix Dream Center and St. Mary's Food Bank reducing compost volume.

The US Water Alliance named Phoenix Mayor Kate Gallego the recipient of the *2025 US Water Prize for Outstanding Public Official*, recognizing her bold leadership and innovative solutions in securing a sustainable water future for the nation's fifth-largest city. The US Water Prize honors individuals and organizations leading the way in advancing sustainable, integrated, and inclusive approaches to water. Mayor Gallego's award reflects years of strategic action and regional collaboration on water security, conservation, and resilience, including:

- Championing the \$300 million *Drought Pipeline Project*, ensuring reliable water supplies for hundreds of thousands of residents by shifting from Colorado River reliance to Salt and Verde River sources.
- Helping secure \$179 million in new federal funds under the Inflation Reduction Act for the City's advanced water purification facility, which will produce a drought-proof water supply for Phoenix residents, businesses, and industry.
- Leading Phoenix's adoption of one of the nation's most progressive sustainable desert city development policies, requiring large-scale water users to reduce and recycle water use.
- Through education campaigns like the *Save Water Pledge* and water conservation incentives, fostering a strong culture of conservation – driving a reduction in residential water use, even as Phoenix's population has soared.

Mayor Gallego has also been a powerful advocate for regional and equitable water solutions. She led Phoenix's participation in Colorado River Basin agreements to protect Lake Mead, strengthened water-sharing partnerships with tribal nations, and expanded affordability programs to help low-income residents reduce their water costs.

The Phoenix City Council voted to adopt the 2024 *Phoenix Building Construction Code*, a comprehensive update effective August 2025, bringing Phoenix development standards in line with the latest construction codes and local priorities. The update code includes:

- Requirements for EV charging infrastructure in one- and two-family homes and townhouses, supporting the City's Transportation Electrification Action Plan, make it easier and more affordable for residents to charge EVs at home.
- Lower maximum flow rates for faucets, showers, and toilets, in alignment with EPA WaterSense standards, promote sustainability and cost-savings.
- Elimination of some permit requirements, including for storage shipping containers and residential fence replacements.
- Ability to use mass timber, a type of sustainable engineered wood, in the construction of buildings up to 18 stories.
- Reduction of space required for mechanical systems in multifamily developments, allowing architects to maximize square footage for units.
- An inclusive home design amendment, proposed by the Mayor's Strategic Workgroup on Accessibility, which enhances standards for some entrances, hallways, bathrooms, and household fixtures to help residents age in place and improve accessibility for people with disabilities.

Phoenix City Council unanimously approved the Office of Sustainability *2025 Energy Access Plan*, aimed at improving energy affordability, achieving climate goals and strengthening community resilience.

The Public Works Department reopened the 27th Avenue Materials Recovery Facility, which underwent a four-year renovation that completely replaced all the old sorting equipment with more modern sorting technology, increasing the volume of materials recovered for recycling.

Phoenix has been accepted into the *European Union Cities Gateway North America Program*, connecting cities in North America and Europe to collaborate on ways to reduce waste and protect the environment. Phoenix will participate in a group focused on the circular economy – reusing, recycling and re-purposing materials instead of discarding them, resulting in reduced waste, saved resources and support for local businesses turning waste into useful products.

The U.S. Department of Energy National Renewable Energy Laboratory (NREL) selected City of Phoenix Energy Manager Carlos Aguiar Hernandez as one of 19 leaders participating in the *2025 Executive Energy Leadership Program*. The curriculum is structured to support decision-makers from government, corporate, nonprofit, and community organizations working to apply best energy practices in their respective communities. The four-month NREL program kicked off in June 2025, providing executive decisionmakers with in-depth information about the latest developments in energy technologies and analytical tools.

The Phoenix Aviation Department announced Phoenix Deer Valley Airport and Phoenix Goodyear Airport, for the first time, were awarded *Level-3 Airport Carbon Accreditation* status for 2024 based on energy audits identifying high-impact conservation opportunities and applying initiatives to reduce emissions and enhance sustainability. Examples include installing high-efficiency motors, LED lighting and upgrading emission control systems, transitioning to electric vehicles and equipment, installing on-site parking solar arrays providing energy and shade, and expanding the use of renewable energy available from the regional power grid.

CDP, a global non-profit running the world's only independent environmental disclosure system for companies, capital markets, cities, states and regions to manage their environmental impacts, has placed Phoenix on its 'A' list for the fifth consecutive year for demonstrating comprehensive disclosure, mature environmental governance and meaningful progress toward environmental resilience.

Salt River Project recognized Phoenix with its Champions of Sustainability Award, honoring municipalities, companies and organizations for their outstanding commitments to sustainability and innovation.

We Have a Strong Financial Outlook

The City of Phoenix's credit ratings for general obligation, excise tax and other revenue bonds reflect their very high credit quality due to the City's stable financial outlook, presenting low to minimal risk levels to investors. Fitch Ratings range from AA+ to AAA, S&P Global Ratings from A to AAA, and Moody's Ratings from A2 to Aa1. These ratings are a testament to the elected officials and City management who work diligently to make hard decisions that will ensure a strong financial position for the City.

For several years, the City's *Annual Comprehensive Financial Reports* (ACFR) and *Popular Annual Financial Reports* (PAFR), available from the Finance Department website (phoenix.gov/finance), have been recognized with awards from the Government Finance Officers Association for demonstrating transparency and full disclosure, and for being readily accessible and easily understandable to individuals without a background in public finance.

Our Values Guide Our Approach

We are committed to delivering excellence through:

- **Exceptional Customer Service**

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

- **Integrity and Transparency**

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

- **Respect for All**

We recognize and respect the differences that make us unique. We commit to treating everyone with consideration and valuing their worth.

- **Personal Empowerment**

We trust our employees to always own the problem and the solution in addressing business challenges. We value and invest in the growth and development of our employees.

- **Engaged Teamwork**

We engage employees and the public in productive and respectful dialogue. Our success hinges on dynamic and interdependent partnerships. We achieve our highest performance by working together.

- **Consistent Professionalism**

We work to the highest standards of proficiency and expertise. We are accountable to ourselves, to the city and to the public.

- **Creativity and Innovation for Excellent Results**

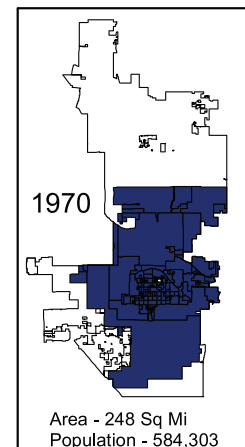
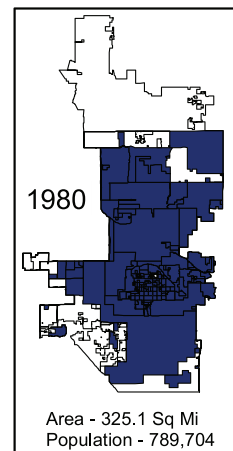
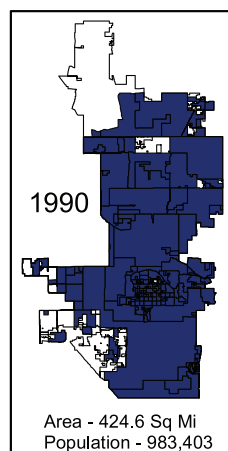
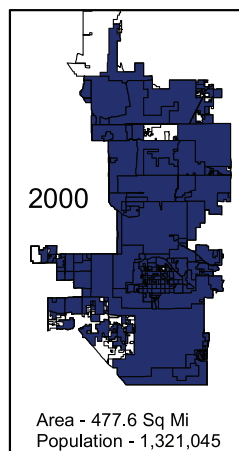
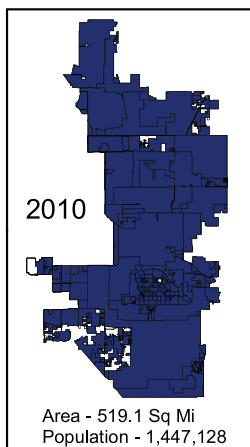
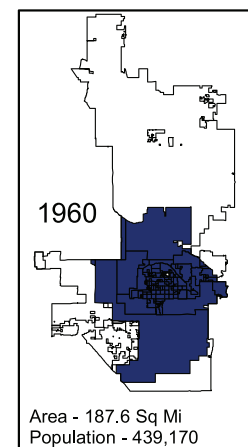
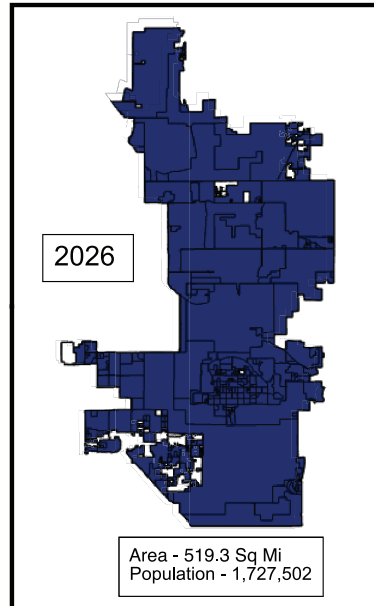
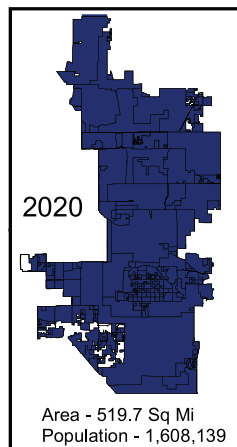
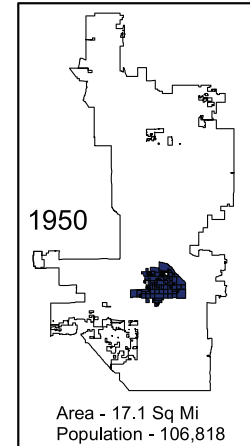
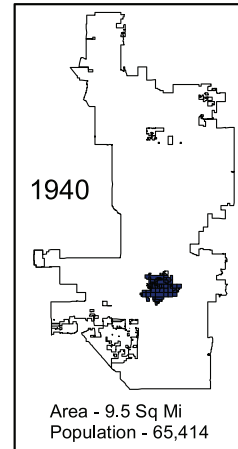
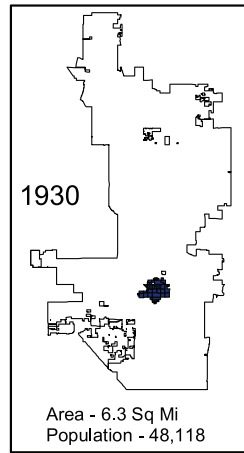
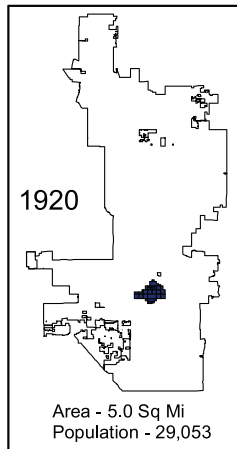
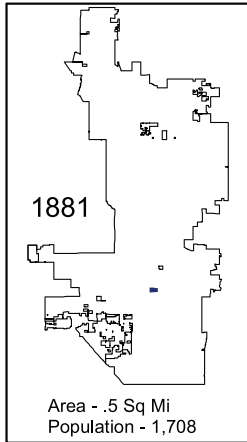
We promote an environment of inventive thinking and imaginative solutions to community needs. We encourage a spirit of continuous improvement in all our activities to exceed community expectations.

City of Phoenix employees not only follow these guiding principles in their workplace, but they also demonstrate care for their community by contributing their time and money.

- In 2025, employees raised \$747,022 for the Valley of the Sun United Way Mighty Change Campaign, supporting over 250 local nonprofit organizations enhancing community wellbeing in health, education, housing and workforce development.
- City of Phoenix employee organizations and departments coordinate various fund-raising events to assist communities in need both locally and globally. In addition, City employees volunteer in the community with many organizations serving youth, homeless, disadvantaged, marginalized and other areas of need.
- City employees also support each other with contributions to the City's Helping Other Phoenix Employees (HOPE) Fund, designed to offer eligible employees financial assistance for basic household or unanticipated expenses.

We work very hard to earn our reputation as a well-run city. We aspire to be the leaders in our respective professions, setting new standards of excellence. Each day, our mission and vision, which centers around the needs and expectations of our residents, are at the core of everything we do.

PHOENIX GROWTH



COMMUNITY PROFILE AND TRENDS

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

ECONOMIC DIVERSITY

Phoenix has grown steadily, especially since 1950. The 1900 Census recorded Phoenix's population at 5,544. In 1950, the city occupied 17 square miles with a population of almost 107,000, ranking it 99th among American cities. The U.S. Census Bureau estimated Phoenix population at 1,665,481 as of July 1, 2025. The city currently encompasses 519.3 square miles.

Today, Phoenix is the fifth most populous city in the United States, the state capital of Arizona and the center of the metropolitan area encompassed by Maricopa County. This metropolitan area also includes the cities of Mesa, Glendale, Tempe, Scottsdale, Chandler, Peoria, Surprise, Goodyear, Avondale, El Mirage, Tolleson, Buckeye 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 7.22 inches annually.

The Phoenix metropolitan area's 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 historically rapid population and employment growth. Additionally, the Phoenix area's manufacturing mix is much more concentrated in high technology than the United States. The high technology manufacturing sectors are cyclical in nature and may be more impacted during periods of economic slowing than other manufacturing sectors. The primary employment sectors and their share of total employment in the Phoenix metropolitan area consist of service industry (46%); trade (14%); government (10%); financial activities (9%); construction (7%); and manufacturing (6%). Major employers of the Phoenix metropolitan area include Banner Health, State of Arizona, Amazon, Walmart, Fry's Food Stores, Maricopa County, City of Phoenix, HonorHealth, Wells Fargo, Dignity Health, and Arizona State University. The top ten property taxpayers, based on secondary assessed valuation, are Arizona Public Service Company, Southwest Gas Corporation (T&D), Salt River Project (T&D), Phoenix Plaza PT LLC, Drphoenix Hotel Owner LLC, Qwest Corporation, Target Corporation, American Airlines Inc, United Services Automobile Association, CRP LDF 55th Ave LLC. These taxpayers make up 5.4 percent of the 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.

	1990-91	2000-01	2010-11	2020-21	Actual 2024-25	Estimated 2025-26	Projected 2026-27
DEMOGRAPHIC PROFILE							
Population ¹	995,896	1,350,435	1,453,462	1,608,139	1,673,164	1,665,481	1,727,502
Percent of Population by Age							
Under 5	8.5	8.5	8.3	7.0			
5-19	21.6	21.5	23.0	21.3			
20-44	42.9	42.8	37.2	37.2			
45-64	17.3	17.3	23.1	23.5			
65+	9.7	9.8	8.4	11.0			
Percent of Population by Race ¹							
Caucasian	71.9	55.8	65.9	49.7			
Black/African American	4.9	4.8	6.5	7.8			
American Indian/Alaska Native	1.6	1.6	2.2	2.6			
Asian	1.5	1.9	3.2	4.1			
Native Hawaiian/Other Pacific Islander ²	N/A	0.1	0.2	0.2			
Other	20.1	35.8	22.0	35.6			
Hispanic/Latino (of Any Race) ³	20.0	34.1	40.8	41.1			
Not Hispanic or Latino (of Any Race) ³	80.0	65.9	59.2	58.9			
CITY ECONOMIC PROFILE							
Median Household Income ⁴	\$30,797	\$40,856	\$42,260	\$61,529	\$85,246	\$86,610	\$87,996
Personal Income Growth (Metro Phoenix) ⁵	4.6%	6.7%	3.0%	8.2%	5.6%	5.6%	6.2%
Secondary Net Assessed Valuation ('000s) ⁶	\$5,700,825	\$7,573,211	\$16,092,308	\$19,889,714	\$35,253,420	\$34,544,910	\$35,433,289
Full Cash Value (Millions) ⁷	N/A	N/A	\$144.772	\$198.012	\$362,082	\$357,601	\$372,248
Employment Growth Rate ⁸	(3.0)%	3.7%	(2.1)%	2.4%	3.5%	0.5%	-0.1%
Unemployment Rate ⁹	4.9%	2.7%	9.1%	6.1%	3.5%	4.0%	4.0%
Value of Residential Construction (Billions) ¹⁰	\$0.42	\$1.16	\$0.28	\$1.00	\$0.88	\$0.96	\$0.96
Value of Commercial Construction (Billions) ¹⁰	\$0.46	\$1.33	\$2.60	\$5.00	\$6.37	\$7.70	\$7.70
CITY FINANCIAL PROFILE							
Total Budget ('000s)	\$1,026,545	\$1,946,013	\$3,020,690	\$4,163,128	\$5,513,404	\$5,951,644	\$7,753,270
Total GF Budget ('000s) ¹¹	\$591,021	\$953,324	\$954,795	\$1,371,152	\$1,936,513	\$1,931,450	\$2,300,911
Total Employees	11,388	14,352.0	15,002.8	14,980.9	16,155.3	16,397.3	16,390.6
Total Employees per 1,000 population ¹²	11.4	10.6	10.3	9.2	9.7	9.8	9.5
Non-Enterprise Employees per 1,000 population	N/A	8.6	8.0	7.2	7.7	7.8	7.5
Enterprise Employees per 1,000 population ¹³	N/A	2.0	2.3	2.0	2.0	2.0	1.9
Property Tax Rate per \$100 Net Assessed Value	1.79	1.82	1.82	2.13	2.08	2.08	2.04
GO Bond Rating (Moody's/S&P/Fitch) ¹⁴	Aa/AA+	Aa1/AA+	Aa1/AAA	Aa1/AA+/ AAA	Aa1/AA+/ AAA	Aa1/AA+/ AAA	N/A
Number of PLT Licenses ¹⁵	43,756	51,000	56,460	200,845	187,314	187,500	187,500
City Retail Sales Tax Rate ¹⁶	1.2%	1.8%	2.0%	2.3%	2.3%	2.8%	2.8%

	1990-91	2000-01	2010-11	2020-21	Actual 2024-25	Estimated 2025-26	Projected 2026-27
INFRASTRUCTURE PROFILE							
Area (Square Miles)	427.1	483.5	519.1	519.8	519.3	519.3	519.3
Police							
Major Crimes ¹⁷	110,961	97,666	70,108	63,710	49,428	44,430	47,630
Dispatched Calls for Service ¹⁸	895,117	862,769	666,116	655,459	595,869	555,200	575,780
Authorized Sworn Police Officers ¹⁹	2,047	2,810	3,281	3,271	3,271	3,280	3,280
Fire							
Fire Stations ²⁰	45	45	57	59	60	61	62
Fires and All Other Calls	26,281	28,369	19,335	27,323	38,570	40,227	42,711
Emergency Medical Calls ²¹	75,112	101,396	136,163	190,669	201,288	201,315	201,280
Authorized Sworn Firefighters ¹⁹	1,042	1,315	1,661	1,723	1,869	2,059	2,059
Building Inspections							
Building Inspections Conducted by City Employees and Contractors ¹⁰	176,909	261,184	131,600	271,758	273,733	238,105	238,105
Streets							
Total Miles	3,800	4,299	4,825	4,858	4,890	4,894	4,900
Miles Resurfaced and Sealed ²²	250	220	127	582	349	380	265
Total Miles of Bikeway ²³	250	472	615	1,528	1,350	1,390	1,421
Traffic Control and Lighting							
Signalized Intersections	761	906	1,092	1,163	1,203	1,220	1,238
Street Lights ²⁴	50,825	70,750	89,826	96,828	97,444	98,593	99,343
Traffic Crashes ²⁵	28,414	36,500	22,742	27,540	23,741	23,889	23,450
Aviation							
Passengers Arriving and Departing	22,175,000	35,900,000	40,500,000	26,779,940	52,129,703	51,395,000	52,420,000
Solid Waste Collection							
Residences Served ²⁶	281,392	327,953	392,825	413,010	422,016	427,393	429,957
Tons Disposed at City Landfills ²⁷	513,643	1,051,935	1,002,346	986,352	936,787	998,280	1,004,270
Municipal Parks							
Number of Municipal Parks ²⁸	181	199	225	200	203	203	204
Developed Park Acres ²⁹	2,206	3,332	5,071	8,860	8,896	8,896	8,936
Number of Municipally Operated Golf Courses	5	7	6	5	5	5	5
Libraries							
Material Circulation ³⁰	5,962,411	9,151,000	13,839,543	6,833,489	10,558,696	10,000,000	10,000,000
Total Material Stock ³¹	1,732,410	2,016,000	1,643,977	4,050,722	5,259,874	5,500,000	5,800,00
Number of Library Branches ³²	11	13	16	17	18	18	18
Equipment Management							
Number of Equipment Units in Fleet ³³	4,776	6,080	7,612	7,711	8,038	8,136	8,155
Water							
Connections	321,996	350,967	397,390	434,743	452,580	455,748	458,938
Production (billions of gallons) ³⁴	84.7	109.4	98.6	106.0	106.5	102.4	107.4
Miles of Line	4,246	5,007	6,270	7,035	7,184	7,209	7,232
Wastewater							
Connections	311,980	327,051	389,978	421,854	438,792	443,180	447,612
Miles of Line	3,661	4,174	4,980	4,952	5,065	5,080	5,090

¹ Population by age and race is only available in census years. Also, racial categories were modified by the Census Bureau in the 2000 Census. The population counts reported for 2024-25 and 2025-26 are based upon Census Bureau Population Estimate, and the population count for 2026-27 is a projection provided by the Maricopa Association of Governments.

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

³ Hispanic/Latino of any race is included in the Census' "Other" race category.

⁴ Median Household Income is based on U.S. Census Bureau data for the City of Phoenix geographic area. For the estimate and projection years, the second-half Calendar Year (CY) 2025 greater Phoenix Consumer Price Index (CPI) of 1.6% was applied to the U.S. Census Bureau's (FactFinder) 2024 American Community Survey 1-year estimates for City of Phoenix Median Household income. The reported data is from April 2026.

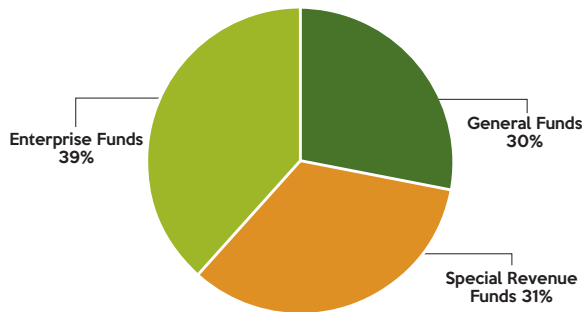
- ⁵ Personal income growth percentage is from the University of Arizona's "Economic Outlook" quarterly publication (University of Arizona Economic and Business Research Center).
- ⁶ Following the 2012 voter approval of the Arizona Property Tax Assessed Valuation Amendment (Proposition 117), and A.Z. Const. art. IX, § 18(3), Secondary (Full Cash) Net Assessed Valuation is no longer used for purposes of calculating Secondary Property Taxes. The city continues to report Secondary Net Assessed Valuation here for continuity with previous reports.
- ⁷ Full Cash Value represents market value of properties as determined by the Maricopa County Assessor's Office, prior to the application of Limited Property Value formulas, assessment ratios and exemptions. Prior to 2015-16, trends in Full Cash Value correlated to trends in the City's Secondary Property Tax Base; however, this correlation no longer applies. Reported values lag market conditions by approximately 18 to 24 months.
- ⁸ Employment growth rate figures (total non-farm employment) are based on a 12-month change in employment rate. Data is based on the Phoenix-Mesa-Scottsdale Statistical Area (MSA) and is obtained from the United States Department of Labor – Bureau of Labor Statistics website: www.bls.gov. The reported data is from March 2026.
- ⁹ Unemployment rate is reported monthly by the US Bureau of Labor Statistics website: www.bls.gov (LAU – Local Area Unemployment searchable databases) converted to fiscal year by the City of Phoenix Budget and Research Department. Data is based on the Phoenix-Mesa-Scottsdale Statistical Area (MSA). The reported data is from March 2026.
- ¹⁰ These measures represent the annual estimated value of projects permitted by the City of Phoenix. The values of residential and commercial construction are estimated to be higher due to the update in the International Code Council (ICC) Valuation Table. Additionally, the number of building inspections is estimated to be lower due to the lower number of permits issued in recent years.
- ¹¹ As of 1998-99, Arizona Highway User Revenue funds are no longer included in the General Fund total.
- ¹² A correction was made to the calculation of City employees per 1,000 population for 1980-81 and 1990-91. Previous budget books did not adjust for Census data that was published at least a year after the statistic was recorded in budget documents.
- ¹³ Enterprise departments include Water, Wastewater, Aviation, Phoenix Convention Center, and Solid Waste Management.
- ¹⁴ The ratings listed in the estimated 2025-26 are the City's ratings at the time of publication. No attempt has been made to project the City's ratings.
- ¹⁵ Effective January 1, 2016, the Arizona Department of Revenue began administering municipal transaction privilege taxes for all Arizona cities and towns. The State system deployed on July 1, 2016, even though the statutory effective date was January 1, 2017. Business entities must procure a municipal privilege tax license for each location in any tax jurisdiction regardless of whether all locations are reported on a consolidated return under one State TPT license in accord with A.R.S. 42-5005. Consequently, the statistical licensing data provided by the State to cities consist of counts of all locations for a business entity engaged in taxable activities in Phoenix (e.g. all Circle K locations in Phoenix = 15) as opposed to the previous count by business entity (e.g. Circle K = 1). Effective January 1, 2025, residential rental property owners are no longer required to collect and remit any city transaction privilege tax on the income derived from long-term lodging stays of 30 days or more. The 2024-25 figure reflects the change.
- ¹⁶ On March 18, 2025, the City Council approved an increase in the Transaction Privilege Tax and Use Tax rates by 0.5 percentage point for various business activities, effective July 1, 2025.
- ¹⁷ Total violent and property crimes are based on Uniform Crime Reporting (UCR) Summary Reporting System (SRS) standards, not based on Arizona Revised Statutes or on UCR National Incident-Based Reporting (NIBRS) standards. Counts are based on finalized data through March 31, 2026, and projected data for subsequent months for all crime types. A new records management system was implemented in September 2025. Counts going forward are from the new system.
- ¹⁸ Call data is based on actual data through April 30, 2026, and projected data for the remaining months.
- ¹⁹ The numbers shown represent the Council-authorized sworn position count in Police and Fire. The Police variance from 2024-25 to 2025-26 is a combination of the creation of 10 new temporary Retired School Resource Officers and the expiration of the temporary Police Chief. The sworn hiring target for Police is 3,125 based on projected available resources. The sworn hiring target for Fire, excluding sworn temporary positions, is 2,023 based on projected available resources. The increase for Fire in 2025-26 is primarily due to adding 134 sworn firefighters to reduce response times and 24 sworn firefighters to staff General Obligation Bond-funded Fire Station 15.
- ²⁰ Fire Station 15 is scheduled to be complete and open in 2026-27.
- ²¹ Estimated calls are based on historical actual numbers and could be impacted by external factors such as population density, traffic, and hospital wait times.
- ²² 2024-25 annual street resurfacing mileage reflects project delays, utility/developer conflicts, and construction challenges. Mileage also includes General Obligation (GO) Bond-funded projects allocated to the fiscal year. Street resurfacing mileage in 2025-26 includes projects carried over from prior years that are expected to be completed using previously allocated funds, projects programmed for 2025-26, GO Bond-funded projects scheduled for this fiscal year, and Cool Pavement Program projects. Street resurfacing mileage in 2026-27 shows a decreasing trend due to normalizing funding levels and ongoing rising costs. Mileage also includes GO Bond-funded projects allocated to the fiscal year.
- ²³ City of Phoenix bicycle network consists of bicycle lanes, routes, and paths. The measurement methodology of paths and bike routes records the centerline length while the methodology for bike lanes is to record the lane miles to better capture asymmetrical roadway designs. During 2025-26, the total bike lane network was expanded by 40.1 lane miles, and further expansion is anticipated in 2026-27.
- ²⁴ In 2025-26 there were fewer street lights installed than originally projected due to the Light Rail Capital Extension being canceled, and two capital improvement projects slated to begin in 2025-26 being deferred to 2026-27.
- ²⁵ Traffic crashes include injury, non-injury, and fatal collisions. The methodology for 2024-25 forward involves utilizing a crash dashboard that removes crashes within ADOT right-of-way abutting the City of Phoenix but includes crashes in other municipal jurisdictions abutting within 300 feet of City of Phoenix right-of-way.
- ²⁶ Excludes retrieval of bulk-trash, annual hazardous waste and residential organic waste. Projected service level based on ten months of actual data.
- ²⁷ Includes waste collected at City transfer stations and landfills, and Solid Waste Field Services tonnage sent to contracted private transfer stations and landfills. Projected service level based on 10 months of actual data.
- ²⁸ The decrease in the number of municipal parks in prior years reflects the removal of undeveloped parcels from the total count. Lone Mountain Park is expected to be operational in 2026-27, bringing the total number of municipal parks to 190 flatland parks and 14 Mountain Preserves.
- ²⁹ The increase in 2020-21 reflects a reclassification of park assets in Parks' asset inventory database compared to 2010-11. These numbers include all flatland parks, including four Natural Parks (Cave Buttes Recreation Area, Papago Park I, Reach 11 Recreation Area, and Rio Salado). The 2026-27 increase is due to Lone Mountain Park becoming operational.
- ³⁰ Circulation reflects customer checkouts for all materials. An error in how some eMedia stats were being reported was discovered during 2025-26. The error has been corrected, but as a result, there is an anticipated decrease in reported circulation stats for both 2025-26 and 2026-27.
- ³¹ The increase in total material stock is due to the expansion of electronic resource offerings and the inclusion of all physical and digital formats such as books, audiobooks, video, periodicals, e-books, e-audiobooks, streaming video, and other downloadable materials, as well as the addition of new collections like video games and read aloud books.
- ³² Count includes the Bookmobile which began service in 2024-25.
- ³³ Equipment includes vehicles, trailers, tractors, generators, off-road equipment, and other kinds of heavy-equipment items. Includes equipment maintained and serviced by the Aviation and Transit departments.
- ³⁴ Includes water produced for City of Phoenix only. The decrease in 2025-26 reflects an unseasonably wet fall, which resulted in lower system demand compared to 2024-25. The 2024-25 total was elevated due to an unusually hot summer. The projected increase in 2026-27 is due to a return to typical usage patterns along with anticipated demand growth from new TSMC facilities coming online.

RESOURCE AND EXPENDITURE SUMMARY

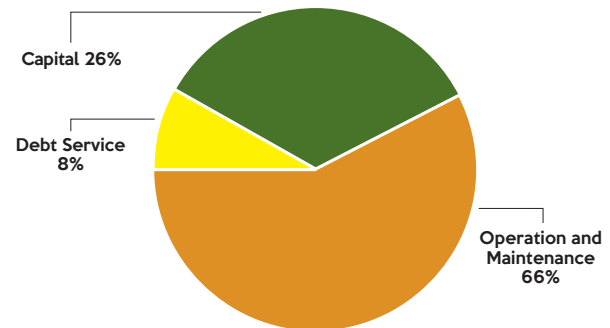
This section provides a broad overview of the resources and expenditures included in the fiscal year 2026-27 budget. Information is presented for General, Special Revenue and Enterprise funds. General funds, which receive special attention by the community, are highlighted throughout this section. General funds are of importance to our residents as they provide the most basic services, such as police, fire, parks and libraries. Special Revenue funds are restricted to statutory and/or voter-approved uses. Enterprise funds are supported by fees charged for the services provided, except for the Convention Center which has earmarked sales taxes as its primary funding source.

The 2026-27 budget, financed by operating funds, totals \$7,753,270,000. As shown in the pie chart below, the General Fund portion of \$2,300,911,000 is approximately 30 percent of the total. Special Revenue funds such as Arizona Highway User Revenues (AHUR), grant funds such as Community Development Block Grants (CDBG), Human Services grants, and Housing grants represent another 31 percent of the total budget. The Enterprise funds, which include Aviation, Water, Wastewater, Solid Waste and Convention Center, make up the remaining 39 percent of the total.

All Sources of Funds
Total Resources - \$7.75 Billion



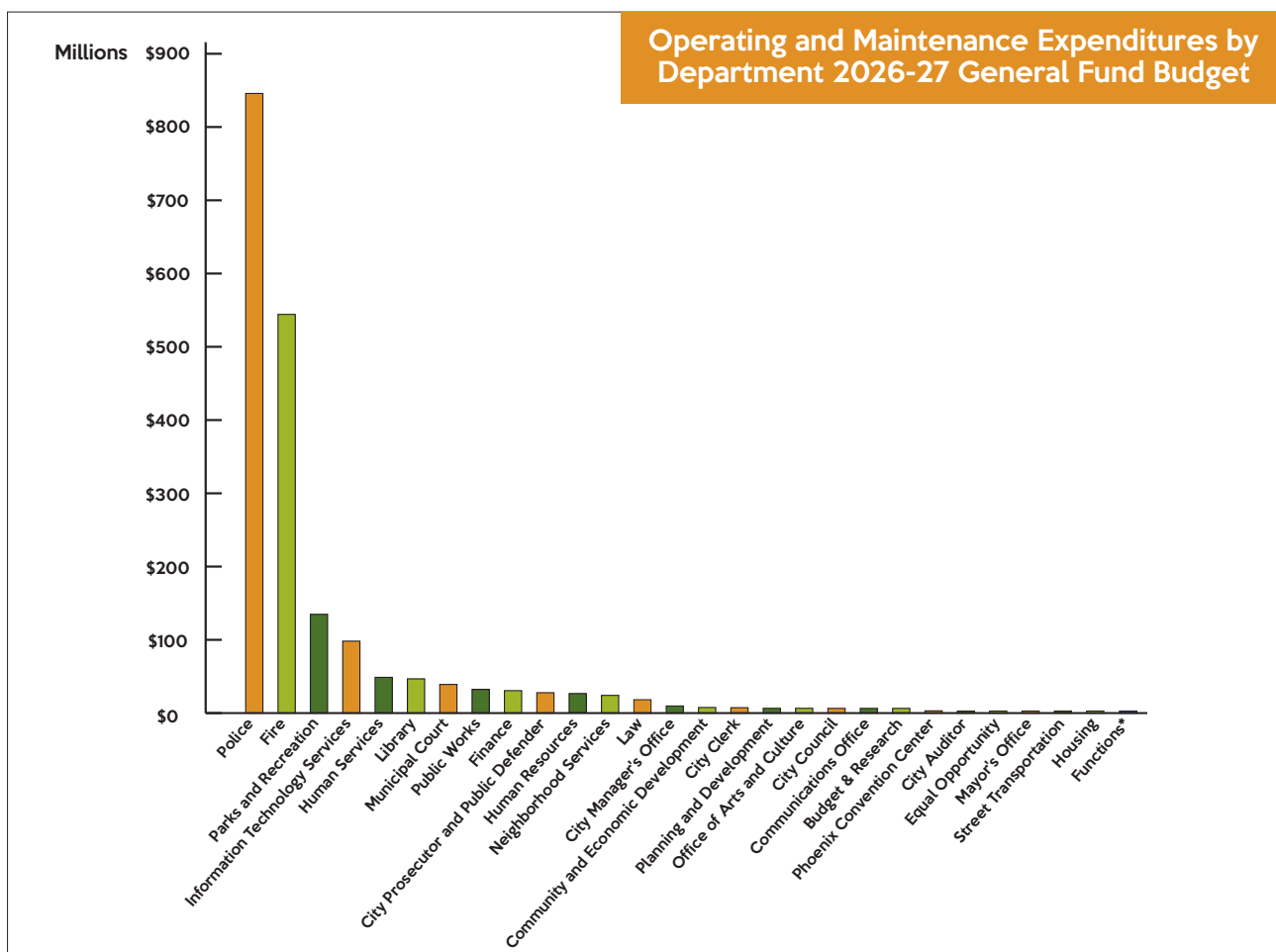
All Sources of Funds
Total Expenditures - \$7.75 Billion



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

The 2026-27 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 operating and maintenance expenditures are provided on a departmental basis. Detailed explanations of each department's budget are provided in the Department Program Summary section of this document. The following bar chart presents the General Fund operating and maintenance budget on a department-by-department basis.



*Functions include several small offices such as the Office of Environmental Programs and Government Relations.

The table below provides a comparison of the 2026-27 budget to the 2025-26 adopted budget. Actual expenditures for the 2024-25 fiscal year are also included.

2026-27 Budget Compared to 2025-26 Adopted Budget					
	2024-25 Actual Expenditures	2025-26 Adopted Budget	2026-27 Budget	2026-27 Amount Change	2026-27 Percent Change
Operating and Maintenance Expenditures	4,084.1	4,895.1	5,085.2	190.1	3.9%
Capital Expenditures	873.5	2,333.7	2,008.1	(325.6)	(14.0)%
Debt Service	555.8	632.1	660.0	27.9	4.4%
Total	5,513.4	7,860.9	7,753.3	(107.6)	(1.4)%

Overall, citywide operating and maintenance expenditures are expected to decrease by \$107.6 million. Most of the decrease can be attributed to reduced pay-as-you-go capital expenditures, primarily in the Public Transit and Water Capital Improvement Program budgets. Other decreases are due to reduced set-aside and increased work order credits. However, increases are expected in all other expenditure categories, mostly as the result of negotiated labor increases impacting employee salaries and fringe benefits, rising public safety pension, contractual service, commodity, and vehicle replacement costs.

Debt service expenditures are anticipated to grow due to increased debt service payments as well as for future anticipated debt issuance.

2026-27 GENERAL FUND BUDGET OVERVIEW

The 2026-27 General Fund budget of \$2,300,911,000 provides for ongoing operating and maintenance and some pay-as-you-go capital expenditures. The table below compares the 2026-27 General Fund budget with the adopted 2025-26 budget.

2026-27 General Fund Budget Compared to 2025-26 Adopted Budget (In Millions of Dollars)

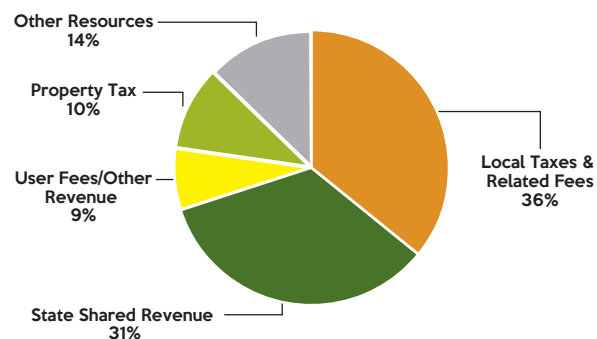
	2024-25 Actual Expenditures	2025-26 Adopted Budget	2026-27 Budget	2026-27 Amount Change	2026-27 Percent Change
Operating and Maintenance Expenditures	1,886.2	2,119.4	2,240.0	120.6	5.7%
Capital Expenditures	50.3	74.2	60.9	(13.3)	(17.9)%
Total	1,936.5	2,193.6	2,300.9	107.3	4.9%

The operating and maintenance expenditures for 2026-27 are anticipated to grow by 4.9 percent overall compared to the 2025-26 adopted budget, primarily due to increased compensation costs from negotiated labor increases, public safety pension and employee benefit costs; and increases to contractual, commodity, and vehicle replacement costs. Contractual service costs are rising for homeless shelter and heat relief operations; emergency financial assistance; electrical repairs; jail, legal, and security services; maintenance and repairs; consultants; software agreements and computer hardware maintenance. Furthermore, commodities are increasing mostly due to the police data center and aircraft equipment; various park supplies and materials; and library computers and materials.

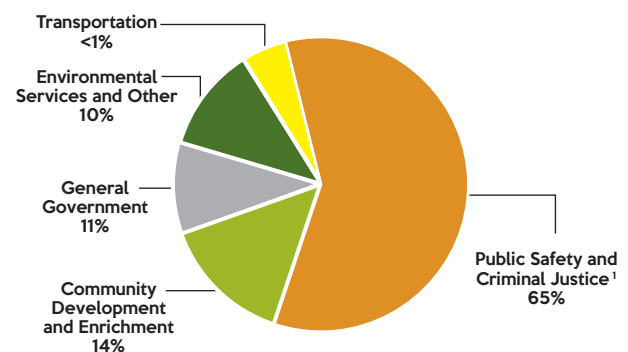
Pay-as-you-go capital expenditure decreases are due to one-time expenses completed in 2025-26 and not required in 2026-27 for the Parks and Recreation, Information Technology, and Human Services Capital Improvement Programs.

The following pie charts show the 2026-27 General Fund budget summarized by major programs and major resources.

**General Funds
Total Resources - \$2.30 Billion**



**General Funds
Total Expenditures - \$2.30 Billion**



¹ When contingency is excluded, Public Safety and Criminal Justice account for approximately 70% of budgeted General Fund expenditures.

RESOURCES

Resources include beginning fund balances, revenues, recoveries and fund transfers. In Enterprise funds, fund balances provide a financial cushion against unanticipated changes. The contingency allocation serves the 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.

2026-27 ESTIMATED BEGINNING FUND BALANCES

The estimated 2026-27 beginning fund balances totaling \$2,891.7 million include \$259.2 million in General funds, \$1,264.2 million in Special Revenue funds and \$1,368.3 million in Enterprise funds.

As explained in a later section, a General Fund ending balance may not be budgeted. However, a contingency fund is used to provide a means to address any emergencies and unanticipated one-time costs that may occur after the budget is adopted. Each year, all of the contingency allocation remains unused and, therefore, falls to the ending fund balance along with any changes in estimated revenues and expenditures. This amount also serves as the beginning fund balance for the next fiscal year. A detailed discussion of the General Fund beginning fund balance will follow in the next section.

The estimated beginning fund balance for Special Revenue and Enterprise funds include: Transportation 2050 - \$490.4 million; Other Restricted - \$259.2 million; Sports Facilities, Bioscience & Tourism - \$104.5 million; Arizona Highway User Revenue - \$86.2 million; Grant funds - \$68.7 million; Parks and Preserves - \$61.3 million; 2007 Public Safety Expansion - \$40.0 million; Neighborhood Protection - \$31.1 million; Development Services - \$29.0 million; Community Reinvestment - \$26.9 million; Capital Construction - \$20.8 million; Public Safety Enhancement - \$16.1 million; Aviation - \$821.4 million; Convention Center - \$215.7 million; Wastewater - \$199.0 million; Water - \$82.9 million; Solid Waste - \$49.3 million; and \$30.0 million in various other special revenue funds.

2026-27 GENERAL FUND ESTIMATED BEGINNING FUND BALANCE (AKA 2025-26 GENERAL FUND ESTIMATED ENDING BALANCE)

The 2026-27 GF beginning balance mentioned in the previous section is estimated to be \$259.2 million, which is also the 2025-26 General Fund ending balance, as shown in the following table.

General Fund Balance Analysis (In Thousands of Dollars)					
	2024-25 Actuals	2025-26		Estimate Over (Under) Budget	
		Budget	Estimate	Amount	Percent
Resources					
Beginning Balances	293,513	210,144	221,782	11,638	5.5%
Revenue	1,845,965	1,936,860	1,923,569	(13,291)	(0.7)%
Recoveries	9,032	5,359	6,000	641	12.0%
Transfers	9,786	41,192	39,347	(1,845)	(4.5)%
Total Resources	2,158,296	2,193,555	2,190,698	(2,857)	(0.1)%
Expenditures					
Operating Expenditures	1,886,240	2,119,388	1,885,196	(234,192)	(11.0)%
Capital	50,274	74,167	46,254	(27,913)	(37.6)%
Total Expenditures	1,936,514	2,193,555	1,931,450	(262,105)	(11.9)%
Ending Fund Balance	221,782	---	259,248	259,248	100.0%

In 2025-26, net resources are projected to decrease by \$2.9 million. This reflects an \$11.6 million increase in beginning fund balance, a \$0.6 million increase in recoveries, a \$13.3 million decline in operating revenues, and a \$1.8 million decrease in transfers. The \$13.3 million decline in operating revenues is primarily due to anticipated reductions in city sales tax and state-shared revenue and is partially offset by higher emergency services revenues.

The increase in recoveries is due to more encumbered expenditures expected to be unused in 2025-26. Transfers to the GF are expected to decrease as more GF funds are allocated to the Fire Sinking Fund to support the Central and Columbus fire bays and other projects in the future years.

The decrease in net expenditures includes a \$234.2 million decrease in operating expenditures and a \$27.9 million decline in pay-as-you-go capital expenditures. The decrease in 2025-26 estimated General Fund operating expenditures from the 2025-26 budget is due primarily to unused contingency funds, vacancy savings, and increased work order credits. The reduction of pay-as-you-go capital expenditures compared with the 2025-26 budget is primarily due to project costs planned for 2025-26 that are now anticipated to occur in 2026-27.

2026-27 ESTIMATED REVENUES

Revenues from taxes, fees, interest, grants and other sources provide resources to fund programs and services delivered by the City. Total revenues for 2026-27 are estimated at \$6,166,983,000. This is \$176,148,000 or 2.9 percent higher than the 2025-26 estimate of \$5,990,835,000.

The following table provides a comparison of the 2026-27 estimated revenues to 2025-26 estimates and 2024-25 actual collections. Detailed explanations by category are provided in the 2026-27 Revenue Estimates section of this document. The following table provides a comparison of the 2025-26 estimated revenues to 2024-25 estimates and 2023-24 actual collections. Detailed explanations by category are provided in the 2025-26 Revenue Estimates section of this document.

2026-27 Estimated Revenues Compared to 2025-26 Estimates (In Thousands of Dollars)					
Fund Types	2024-25 Actuals	2025-26 Estimate	2026-27		
			Estimate	Amount Change	Percent Change
General	1,845,965	1,923,570	1,991,391	67,821	3.5%
Special Revenue Funds	1,714,697	1,997,244	2,029,483	32,239	1.6%
Enterprise Funds	2,011,224	2,070,021	2,146,109	76,088	3.7%
Total	5,571,886	5,990,835	6,166,983	176,148	2.9%

General Fund revenues are estimated at \$1,991,391,000, which is \$67,821,000 or 3.5 percent higher than the 2025-26 estimate of \$1,923,570,000. The growth is primarily attributable to the anticipated increase in City sales tax, state-shared sales and vehicle license taxes, and state-shared income tax.

Special Revenue funds are projected at \$2,029,483,000, representing an increase of \$32,239,000 or 1.6 percent, over the 2025-26 estimate of \$1,997,244,000. This growth is primarily attributable to the anticipated increase in Planning and Development user fees effective January 2026. The growth also reflects the 5.78 percent Fixed Route Allocation from Proposition 479, the voter-approved extension of Maricopa County's dedicated half-cent sales tax that funds regional transportation projects for 20 years. The Public Transit Department began receiving funding in January 2026 for half of 2025-26 and will receive full-year funding in 2026-27. The growth is partially offset by lower anticipated Affordable Housing Program funding and other grants.

The 2026-27 Enterprise funds are projected at \$2,146,109,000, an increase of \$76,088,000, or 3.7 percent, over the 2025-26 estimate of \$2,070,021,000. This growth is mainly due to anticipated increases in water consumption and Council-approved rate increases for Solid Waste services, as well as moderate increases in Aviation operating revenues and Convention Center excise taxes.

2026-27 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 of property taxes.

Central service cost allocation and other transfers to the General Fund for 2026-27 total \$116.8 million. This amount reflects \$103.1 million to recoup central service costs and/or payments of in-lieu property taxes, the majority of which is from Aviation, Water and Wastewater, Solid Waste, Convention Center, and Development Services funds. Central service provides a repayment to the General Fund for services provided by departments such as Human Resources, Information Technology, Finance, Law and other administrative support areas that are General funded. This transfer is calculated by the Finance Department in accordance with generally accepted full-cost accounting principles and is in accordance with long-established City Council-approved policy.

Approximately \$13.7 million in miscellaneous transfers from other funds is also included. As a result, total transfers to the General Fund, exclusive of excise tax-related items, are \$116.8 million. A transfer of \$1,454.4 million from the Excise Tax fund represents the General Fund share of local and state-shared sales taxes, fees, and state-shared income taxes. However, this amount is reflected in revenues rather than as a transfer throughout this section.

2026-27 ESTIMATED ENDING BALANCES

Arizona budget law requires a balanced General Fund budget. No General Fund balances may be accumulated in reserve for subsequent fiscal years. Arizona law does, however, provide for a contingency each year. For 2026-27, \$94.5 million is included for the General Fund contingency, with an additional \$87.4 million set aside to balance the 2026-27 budget, for childcare affordability, and for second-year labor contracts. More detail can be found 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. The contingency fund has remained 100 percent funded for over a decade.

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, ensure 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 2026-27 ending balance of \$1,333.9 million includes: Transportation 2050 - \$416.6 million; Other Restricted - \$202.4 million; Sports Facilities, Bioscience and Tourism - \$88.6 million; Parks and Preserves - \$35.4 million; 2007 Police Public Safety Expansion - \$28.8 million; Arizona Highway User Revenue - \$26.2 million; Community Reinvestment - \$24.9 million; Neighborhood Protection - \$23.5 million; Grant Funds - \$19.6 million; Regional Transit - \$18.0 million; Development Services - \$17.3 million; Public Safety Enhancement - \$14.5 million; Golf - \$8.5 million; Capital Construction - \$6.2 million; Convention Center - \$219.0 million; Aviation - \$77.2 million; Water - \$52.3 million; Solid Waste - \$29.4 million; Wastewater - \$23.0 million; and a combined \$2.5 million in various other Special Revenue funds. Beginning and ending fund balances are provided in more detail in Schedule 1 located in the Summary Schedules section.

Special Revenue fund balances in the aggregate are expected to decrease from \$1,264.2 million to \$933.0 million.

- Transportation 2050 fund balances are primarily decreasing due to planned pay-as-you-go capital spending for street and transit projects.
- The Arizona Highway User Revenue fund balance is diminishing due to intended capital spending for pavement maintenance and other street projects. Operating expenses will also rise for negotiated employee compensation increases; inflationary adjustments; contractual construction expenses; pole replacement costs; street lighting maintenance and repairs; and higher electricity rates.
- Other Restricted fund balances are decreasing due to planned capital spending for the implementation of a centralized time and labor data system. Operating costs are rising mostly due to Fire Department expenditures for one-time capital outlay purchases and for communication equipment and contracts for other cities related to the Computer-Aided Dispatch maintenance. Lastly, a decrease in revenue from smaller collections in the Affordable Housing Program and the Children's Museum of Phoenix are also furthering the decline.
- Grant fund balances are declining mainly due to increased pay-as-you-go capital expenditures for HOME Investment Partnerships Program and public housing projects.
- The Phoenix Parks and Preserves fund balance is declining due to planned capital expenditures for new park development, park improvements, and preserve land acquisition. Operating costs are also rising due to normal inflationary adjustments and negotiated employee compensation increases.
- The Public Safety Specialty funds, including Neighborhood Protection, 2007 Public Safety Expansion and Public Safety Enhancement, are decreasing as a result of increased operating costs due to normal inflationary adjustments and negotiated employee compensation increases.

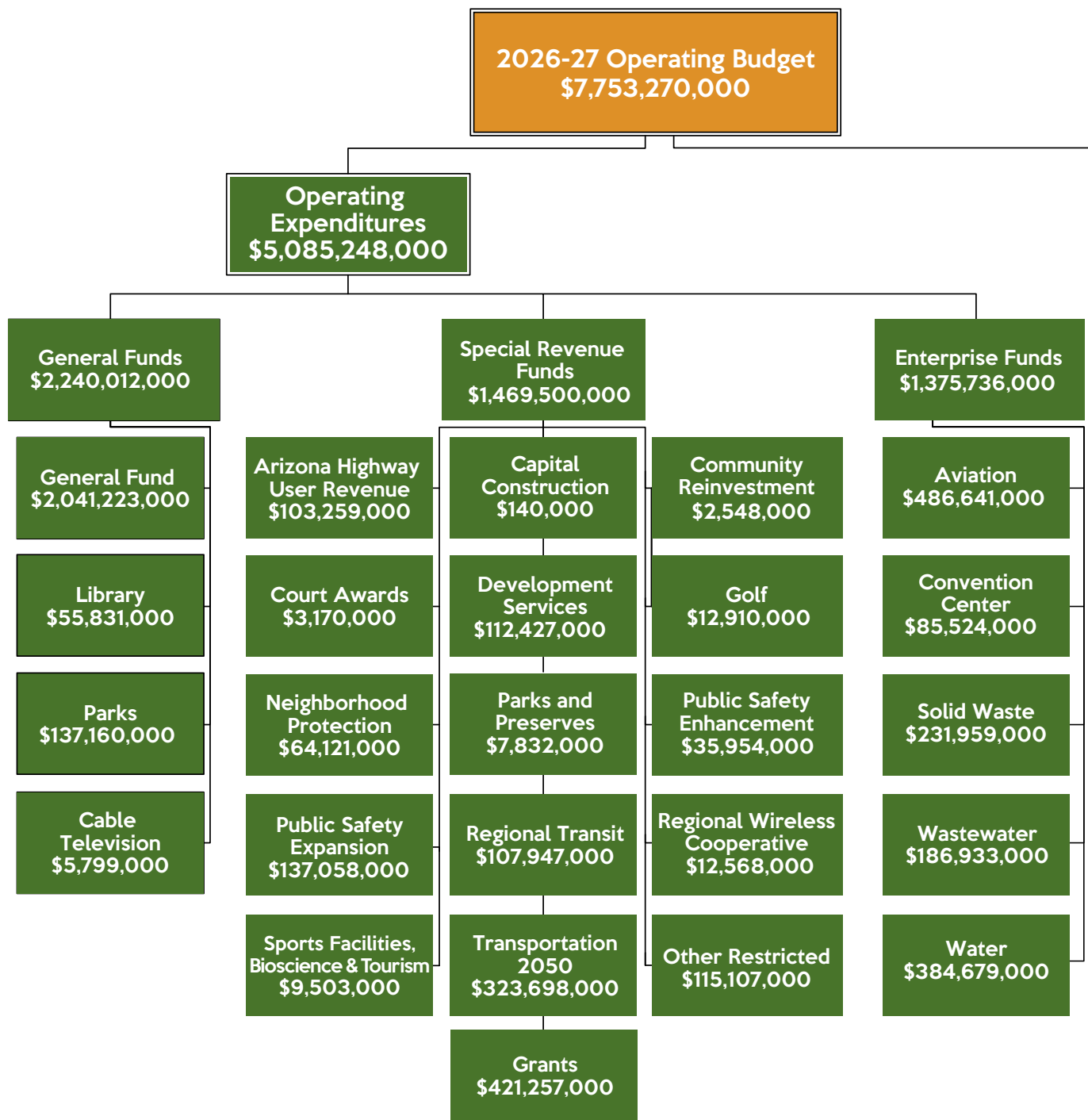
- Sports Facilities, Bioscience and Tourism fund balance is declining mainly due to higher contingency reserves and rising operating costs, as the Maricopa County Stadium District Fund created by House Bill 2704 to support renovations at Chase Field is paid by the Transaction Privilege Tax revenue of this fund.
- Capital Construction fund balance is decreasing mainly due to planned capital expenditures for street and drainage projects. Revenue is also declining due to reduced sales tax and interest earnings.
- Development Services fund is reducing due to higher operating costs for greater contingency reserves; negotiated employee compensation increases; additional technology costs to support SHAPE PHX; increased insurance costs; and for a user fee study planned in 2025-26 that will instead be completed in 2026-27.
- A few Special Revenue fund balances are expected to increase primarily due to increases in resources.

In 2026-27, the Enterprise funds ending balances in the aggregate are programmed to decline from \$1,368.3 million at the beginning of 2026-27 to \$400.9 million at year end.

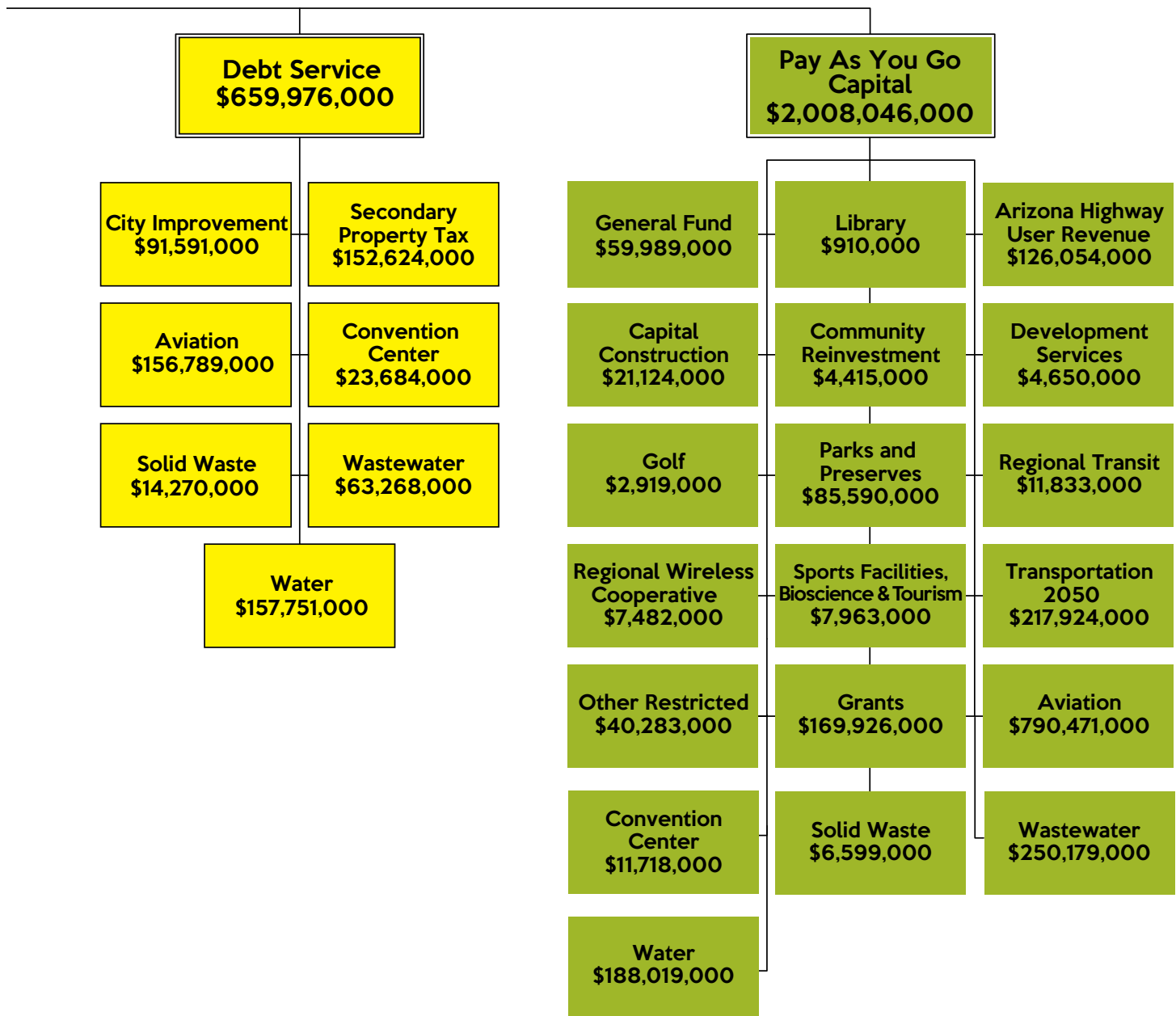
- The Aviation fund balance is declining mainly due to capital spending on improvements and land acquisitions at Phoenix Sky Harbor, Deer Valley, and Goodyear airports. Operating costs are increasing due to greater contingency reserves; contractual transportation services; greater internal charges; ground transportation system maintenance and repair; higher electricity rates; custodial services; normal inflationary adjustments; and negotiated employee compensation increases. Lastly, debt service interest payments on existing obligations are also furthering the decline.
- Wastewater funds are diminishing mostly due to capital expenditures for sewer and lift station replacements and improvements; and improvements to the 91st Avenue Wastewater Treatment Plant, 23rd Avenue Wastewater Treatment Plant, and Cave Creek Water Reclamation Plant. Operating expenditures are also increasing for negotiated employee compensation increases and other normal inflationary adjustments; service expansion at the Cave Creek Water Reclamation Plant; chemicals; and higher electricity rates.
- Water funds are declining due to negotiated employee compensation increases and other normal inflationary adjustments; legal services; higher electricity rates; and for operations at Lake Pleasant and Val Vista Water Treatment Plants.
- Solid Waste funds are decreasing due to a rise in operating costs for liability insurance; long-haul waste transport services; vehicle locator system maintenance costs; higher electricity rates; wireless communication and computer services; normal inflationary adjustments to software, databases, and agreements; vehicle and equipment maintenance and repairs; and billing and collection fees.
- The Convention Center fund balance is increasing due to a higher beginning balance and sales tax growth. The surplus is partially offset by increased operating expenditures due to negotiated employee compensation increases and capital outlay items such as furniture and equipment replacements, and vehicle purchases. Higher contractual costs are also contributing to the offset for utilities, maintenance and repairs, and temporary production staff. Increased pay-as-you-go capital expenditures will also slightly offset the fund for improvements and major maintenance projects at the Phoenix Convention Center, Symphony Hall, and Convention Center-managed theaters.



CITY OF PHOENIX FINANCIAL ORGANIZATIONAL CHART



CITY OF PHOENIX FINANCIAL ORGANIZATIONAL CHART





SERVICES TO THE COMMUNITY

Phoenix is the core of Maricopa County and the state's population and economic center. With its attractive climate and recreational opportunities, the city has experienced sustained growth. The local economy continues to grow, but external drivers such as geopolitical issues and affordability require the City Council to make strategic decisions about new and expanded services.

The 2026-27 General Fund includes a projected surplus of \$162.5 million. Of this amount, \$50 million will support increased employee compensation to keep the City market competitive, while \$75 million has been set aside to help ensure 2027-28 remains balanced. The budget also allocates \$37.5 million for new, continued, or expanded services. The additions represent strategic investments in key City Council priority areas and are grouped in the following categories: community health and safety; children, youth, and families; homeless service continuity; housing affordability; and Planning and Development customer service enhancements. A summary of the major programs receiving funding follows below.

The community health and safety category totals \$1.6 million and is intended to enhance community safety across parks, public spaces, and major corridors. This category includes: funding for new and upgraded LED lighting to improve visibility and safety at parks citywide; funding for 17 new streetlights and 24 upgrades along the 27th Avenue corridor to support safer travel and strengthen revitalization efforts in the area; funding for staffing and operations for Lone Mountain Park and the Esteban Park Recreation Center; and funding for Parks Services Permit program staffing support and service connectors to ensure compliance, collaboration, and outreach.

The children, youth, and families category totals \$9.4 million and is intended to provide investments that help Phoenix families thrive. This category includes: funding to pursue new approaches that make childcare more affordable to Phoenix residents, including supplemental nutrition assistance program navigation services; funding for flexible emergency financial assistance for residents through targeted one-time crisis assistance and stability assistance, including case management support; funding for teen service programs including structured tutoring opportunities and recreation programming; and funding for a parking lease at Cholla Library.

The homeless service continuity category totals \$18.4 million and is intended to address homelessness in the Phoenix area by continuing key services initiated by the American Rescue Plan Act. This category includes: funding for continued shelter operations at city-owned facilities and through nonprofit partner facilities; funding for continued summer heat relief efforts at the 24/7 heat respite sites and multiple extended hour cooling centers; funding to provide operational support to the Keys to Change Campus; and funding for a master lease program to secure master leases for rental housing units for individuals exiting homelessness.

The housing affordability category totals \$6.6 million in investment to the Phoenix Housing Trust Fund and is intended to reduce affordable housing development costs, advance pre-approved housing plans, and accelerate affordable housing solutions. This category includes \$2 million in funding designated to waive or reduce plan review, permit, and inspections fees for affordable housing projects; and \$1 million in funding to create pre-approved housing plans focused on affordability and the character of urban villages. Remaining funding will support the Housing Trust Fund guidelines established by the City Council in November 2025.

The Planning and Development customer service enhancements category totals \$1.5 million in investment designed to make service to residents and businesses more efficient and welcoming. This category includes funding for clearer signage, a streamlined check-in processes, improved visitor flow, and upgraded technology and enhanced online options – all aimed at simplifying access to essential Planning and Development services.

Significant services are provided through non-General Fund resources. These include Special Revenue Funds like voter-approved public safety and transit taxes, and Enterprise Funds like Water Services and Solid Waste. The 2026-27 non-General Funds include \$1.2 million in new funding for the Aviation Department, intended to support international airline operations, capital project management, computer technology upgrades, and water quality monitoring.

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

PUBLIC SAFETY

POLICE - Personnel Resources

Program Service Level in 2015-16

In 2015-16, the Police Department had 3,268 sworn and 1,050.5 civilian employees.

Service Changes Through 2025-26

The 2025-26 budget included several service enhancements:

- A temporary Senior Public Information Officer was converted to permanent full-time status. This position is responsible for strategic communications planning, including collaboration with outside legal counsel. The position also serves as the technical advisor and support for public-facing communication and associated efforts, including support of Police and other City executive staff in public interviews and communications.
- A temporary Contracts Specialist I position was converted to permanent full-time status. This position satisfies the Internet Crimes Against Children (ICAC) grant program objectives by ensuring the grant awards are used appropriately. The position is also responsible for writing, negotiating, awarding and administering professional services contracts.
- A temporary Criminal Intelligence Analyst position was converted to permanent full-time status. This position performs various analytical techniques, such as chemical and photographic processes in the field and/or laboratory to analyze, develop, and preserve physical and/or biological evidence and present evidence in court.
- A temporary Police Research Analyst position was converted to permanent full-time status. This position performs detailed research and analysis of all crimes to produce intelligence to support homeland security stakeholders.
- The sworn hiring plan continued in 2025-26, with the planned hiring of 280 police officers. Overall, the 2025-26 budget includes 3,125.0 sworn positions, or approximately 1.83 officers for every 1,000 residents, as well as 1,342.9 civilian employees.

Service Changes for 2026-27

The 2026-27 budget includes several service enhancements:

- A temporary Program Manager and seven temporary Police Assistants were created for the Photo Enforcement Program, which focuses on traffic safety initiatives through public education and enforcement. These positions are responsible for the full processing and issuance of citations and notices of violation generated by the program, which is estimated to produce approximately 150,000 citations annually.
- Funding was reallocated to create four temporary Police Real Time Operations Specialists to support the Patrol Real Time Crime Centers. These positions support key operational objectives by providing real-time information and intelligence to officers in the field. They monitor and process Firefly gunshot activations, relay license plate reader alerts, provide live Pan-Tilt-Zoom (PTZ) camera updates, investigative requests using historical License Plate Recognition (LPR) and video data, and complete criminal history workups for patrol.
- Funding was reallocated to create ten temporary Retired School Resource Officers to support numerous schools across the valley. School Resource Officers are responsible for maintaining a safe and secure learning environment by serving as the primary law enforcement presence on campus, responding to incidents and emergencies, conducting limited investigations involving students or school property, and collaborating with school administrators on safety planning and threat assessment.
- Eight Police Communications Operator positions were reallocated to Communications Trainee Operator positions to support the training and development of new hires. These Trainee Operator roles provide a structured learning environment where employees can learn, practice, and demonstrate proficiency in processing 911 and nonemergency calls. Upon successful completion of training, employees may be promoted to full status Communications Operator positions.

PUBLIC SAFETY

POLICE - Response Time Average

Program Service Level in 2015-16

Response time for 2015-16 Priority 1 emergency calls was 6 minutes and 18 seconds.

Service Changes Through 2025-26

Due to sworn vacancies in the Police Department, overtime usage has continued to maintain minimum staffing levels within patrol. This has negatively impacted Priority 1 emergency call response times, which were 7 minutes and 30 seconds. The department has also strived to answer 90 percent of its 911 calls within 15 seconds per National Emergency Number Association standards. However, due to continued hiring challenges, the department estimates it will be able to respond to 68 percent of its Priority 1 911 calls within 15 seconds.

Service Changes for 2026-27

The Priority 1 average response time for 2026-27 is estimated to slightly decrease to 7 minutes and 29 seconds and the percentage of Priority 1 911 calls answered within 15 seconds is estimated to slightly increase to 71 percent.

FIRE - Response Time Average

Program Service Level in 2015-16

Response times reflect the time when an emergency apparatus is dispatched to the time of arrival on the scene of the incident. In 2015-16, the Fire Department maintained a 90th percentile response time of:

- six minutes and forty-six seconds for critical emergency medical service incidents,
- five minutes and thirty seconds for engines on fire incidents and
- nine minutes and seven seconds for ladders on fire incidents.

Service Changes Through 2025-26

Since 2015-16, response time for:

- critical emergency medical service incidents increased to seven minutes and twelve seconds,
- engines on fire incidents increased to five minutes and forty seconds and
- ladders on fire incidents increased to nine minutes and twenty-two seconds.

The increase in response times is directly related to the significant increase in demand for service. The overall incident activity level increased 22 percent from 2015-16 to 2025-26.

To address the increase in response times, the Fire Department added 15 sworn positions for the permanent staffing of Station 72 located at 33027 N. Cave Creek Rd. This permanent staff will provide the necessary resources to address coverage deficiencies at other stations and improve overall service delivery.

The Fire Department added four Firefighter positions to cover absences at various fire stations citywide which will help alleviate staffing shortages and reduce the need to utilize overtime.

The Fire Department added 24 sworn positions for the permanent staffing of Station 62 to be located at 99 Avenue and Lower Buckeye Road.

The Fire Department added 24 sworn positions for the permanent staffing of Station 74, to be located at 19th Avenue and Chandler Blvd. This permanent staffing will have a positive impact on the overall current resource challenges, helping to address coverage deficiencies at other stations and help improve overall service delivery.

The Fire Department added 24 sworn personnel to staff the new General Obligation Bond funded Fire Station 15 at 45th Avenue and Camelback Road. Further, the Fire Department added 134 sworn and 19 civilian personnel to reduce emergency response times, which are funded by the transaction privilege and use tax rate increase.

Service Changes for 2026-27

The 2026-27 budget continues to implement an increase in emergency response staffing levels to achieve National Fire Protection Association 90th percentile compliant response times for all fire and medical emergency calls.

The hiring plan for the 134 sworn positions funded by the transaction privilege tax increase is currently in progress, and Fire expects to fully implement the additional personnel within two to three years. Once all permanent positions are filled, trained, and operational, a measurable improvement in fire response times, both in localized areas and citywide, is anticipated.

PUBLIC SAFETY

FIRE - Emergency Transportation

Program Service Level in 2015-16

In 2015-16, the City had a total of 23 full-time and 11 part-time ambulances in service.

Service Changes Through 2025-26

- The 2016-17 budget included a total of 23 full-time and 14 part-time ambulances in service.
- The 2017-18 budget included the addition of one dedicated part-time ambulance for emergency response at Sky Harbor Airport. This unit will ensure compliance with timely ambulance transportation response. This addition gave the department a total of 23 full-time and 15 part-time ambulances in service.
- In 2018-19 an additional full-time ambulance was placed into service bringing the total to 24 full-time and 15 part-time ambulances.
- The 2019-20 budget included funding for two additional full-time ambulances, bringing the total to 26 full-time and 15 part-time ambulances. The first ambulance was for the new Fire Station 55 located at I-17 and Jomax Road. The second ambulance was for Fire Station 58 to improve ambulance response time in the southwest region of the City of Phoenix and were staffed by approved sworn positions previously unbudgeted.
- The 2022-23 budget included funding for two additional full-time ambulances. The first ambulance will be for the new Fire Station 62 to be located at 99th Avenue and Lower Buckeye Road. The second ambulance will be dedicated to Sky Harbor Airport, replacing the current part-time rescue. In 2022-23 funding from the 2021 SAFER grant was utilized to bring an additional full-time ambulance into service. This brings the total to 29 full-time and 16 part-time ambulances.
- The 2023-24 budget included funding for two new full-time ambulances. The first ambulance is dedicated to the new Fire Station 74 located at 19th Avenue and Chandler Blvd. The second ambulance provides the necessary resources to cover deficiencies and improve overall service delivery for the City. In March 2024, the City Council approved the conversion of ten part-time to six full-time ambulances. This conversion included the creation of 34 new 56-hour firefighter positions and new funding for 14 existing 56-hour firefighter positions which were previously un-funded. All positions were added in 2023-24 but start dates were staggered into 2024-25. This brings the total to 37 full-time and six part-time ambulances.
- The 2024-25 budget included filling the remaining positions that were part of the March 2024 conversion of ten part-time to six full-time ambulances.
- The 2025-26 budget included funding for five additional full-time ambulances, bringing the total to 42 full-time and six part-time ambulances. The first ambulance will be stationed at Fire Station 15 located at 45th Avenue and Camelback Road. The remaining four ambulances will be strategically placed throughout the city to cover deficiencies and improve overall service delivery.

Service Changes for 2026-27

The 2026-27 budget continues to implement the additional five full-time ambulances added in 2025-26. The hiring process for additional full-time ambulances is currently underway, and full implementation is expected to take two to three years to complete. Once fully implemented, this initiative is anticipated to enhance medical emergency response times both in localized areas and citywide.

TRANSPORTATION

PUBLIC TRANSIT - Service Miles/Hours

Program Service Level in 2015-16

In 2015-16, an estimated 17,202,500 bus miles and 323,810 hours of Dial-a-Ride services were provided on weekdays and weekends in the City of Phoenix.

Service Changes Through 2025-26

- Annual 2016-17 local bus revenue miles are estimated at 17,206,500, Express/RAPID revenue miles are estimated at 920,700, and Dial-a-Ride service hours are estimated at 323,286. City Council approved expanding bus service and increasing service frequency in Phoenix to at least every 30 minutes on all routes in October 2016 and April 2017. Public Transit also extended Route 39 to Dreamy Draw Park and Ride and extended Route 122 to service both Arizona State University West and the 19th Ave/Dunlap light rail station.
- Annual 2017-18 local bus revenue miles are estimated at 19,836,900, Express/RAPID revenue miles are estimated at 920,700 and Dial-a-Ride services hours are estimated at 322,760. In October 2017, Public Transit extended Route 19 to service Happy Valley Towne Center, Route 60 to service 24th Street and Camelback Road, and improved frequency on Routes 29 and 50. In April 2018, Public Transit extended Route 32 to Arizona Mills Mall in Tempe via 48th Street, University Drive, 40th Street, and Baseline Road. Route 51 was extended on 51st Avenue from Lower Buckeye Road to Baseline Road. In addition, the extended 51 consolidated with Route 251 to form a single bus route on 51st Avenue from Arizona State University West to Pecos Road. Frequency improvements were made on Routes 3 and 19 in April 2018.
- Annual 2018-19 local bus revenue miles are estimated at 20,372,200, Express/RAPID revenue miles are estimated at 850,500 and Dial-a-Ride services hours are estimated at 324,864. In October 2018, Public Transit and all jurisdictions under the Valley Metro system restored weekday service levels on Martin Luther King Jr. Day, Presidents' Day, Veterans' Day, day after Thanksgiving, and Christmas Eve. Public Transit also made a minor routing change on Route 8 in downtown Phoenix and Route 106 in Metro Center Mall. Frequency improvements were completed for Route 41 on Indian School Road. In April 2019, Public Transit made several schedule modifications to the SR-51, I-17, I-10 East and I-10 West RAPID by adding or shifting several trips to better serve riders. In addition, a minor routing modification on the South Mountain East RAPID was made to improve route reliability.
- Annual 2019-20 local bus revenue miles with COVID-19 related reduction are estimated at 20,303,300. Express/RAPID revenue miles with COVID-19 related reduction are estimated at 827,400 and Dial-a-Ride services hours are estimated at 326,966. In response to the ridership decline due to the COVID-19 pandemic, several changes took place in April and May 2020 including: reduced RAPID and Express trips into Downtown Phoenix; minor route modifications on Route 7, Route 60, and the SMART Circulator; Phoenix-operated fixed route service's service hours were reduced to weekdays 5 a.m. to 11p.m. and weekends 6 a.m. to 11 p.m.; and a reduction in service hours for local routes was applied to Valley Metro operated routes in Phoenix.
- Annual 2020-21 local bus revenue miles were originally estimated at 20,205,800 but reduced to 18,761,400 due to the COVID-19 pandemic. Express/RAPID revenue miles were originally estimated at 944,300 but reduced to 491,700 due to the pandemic. Dial-a-Ride services hours are estimated at 325,390 and were not reduced due to the pandemic.
- Annual 2021-22 local bus revenue miles were originally estimated at 20,210,200 but reduced to 18,636,200 due to the pandemic. Dial-a-Ride service hours were estimated at 326,000. Express/RAPID revenue miles were estimated at 948,000 but reduced to 682,600 due to the pandemic.
- Annual 2022-23 local bus revenue miles were originally estimated at 20,223,500 but reduced to 19,266,700 reflecting actual service scheduled post-pandemic. Dial-a-Ride service hours were estimated at 326,500. Express/RAPID revenue miles were estimated at 947,700 but reduced to 685,600 reflecting actual service scheduled post-pandemic. In October 2022, Public Transit extended Route 43 to Lower Buckeye Road as well as implemented peak hour service on Route 156. In April 2023, Public Transit extended Route 28 to 99th Avenue and Route 61 to 51st Avenue.
- Annual 2023-24 local bus revenue miles are estimated at 22,314,000 after reflecting frequency adjustments. Dial-a-Ride service hours are estimated at 328,141. Express/RAPID revenue miles are estimated at 761,700 after reflecting October 2023 service adjustments. In October 2023, Public Transit made several frequency adjustments on local routes that increased the number of routes with frequent service (15-minute frequency or better). Modified routes were Route 3, 7, 16, 19, 35, and 70. In addition, a peak-hour 15-minute service was introduced for Route 27 to help alleviate observed crowding on buses. Finally, service adjustments were made to RAPID commuter service by adding additional trips for each RAPID route.
- Annual 2024-25 local bus revenue miles are estimated at 22,351,900. Notable changes include Route 13 routing modification at Phoenix Sky Harbor Airport in October 2024 and Route 27 Durango Street deviation in January 2025. Express/RAPID revenue miles were originally estimated at 761,700. The revised Express/RAPID estimate is 762,900 after reflecting minor routing adjustments at Thelda Williams Transit Center. Dial-a-Ride service hours are estimated at 329,763.
- Annual 2025-26 local bus revenue miles are estimated at 22,408,400. Notable changes include Route 0 and Route 0A frequency adjustment and Downtown Phoenix bus routing change in October 2025. Express/RAPID revenue miles are estimated at 770,800. Dial-a-Ride service hours are estimated at 339,629.

Service Changes for 2026-27

Annual 2026-27 local bus revenue miles are estimated at 22,408,400. Express / RAPID revenue miles are estimated at 770,800 and Dial-a-Ride services hours are estimated at 341,000.

TRANSPORTATION

PUBLIC TRANSIT - Average Weekday Bus Ridership

Program Service Level in 2015-16

In 2015-16, the average weekday bus ridership was estimated to be 125,097.

Service Changes Through 2025-26

- In the 2016-17 budget, average weekday ridership is estimated at 125,097.
- In the 2017-18 budget, average weekday ridership is estimated at 117,000.
- In the 2018-19 budget, average weekday ridership is estimated at 115,000.
- In the 2019-20 budget, average weekday ridership is estimated at 89,250, decreasing from the prior year due to the COVID-19 pandemic.
- In the 2020-21 budget, average weekday ridership is estimated at 46,000, decreasing from the prior year due to the COVID-19 pandemic.
- In the 2021-22 budget, average weekday ridership is estimated at 53,000.
- In the 2022-23 budget, average weekday ridership is estimated at 52,000.
- In the 2023-24 budget, average weekday ridership is estimated at 51,000.
- In the 2024-25 budget, average weekday ridership is estimated at 54,000.
- In the 2025-26 budget, average weekday ridership is estimated at 59,000.

Service Changes for 2026-27

In the 2026-27 budget, average weekday ridership is estimated at 60,000.

STREET TRANSPORTATION - Major And Collector Street Sweeping And Maintenance

Program Service Level in 2015-16

In 2015-16, street sweeping and maintenance were scheduled to occur every 14 days.

Service Changes Through 2025-26

There were no changes in service from 2015-16 through 2025-26. Frequency of service remained at every two weeks.

Service Changes for 2026-27

The 2026-27 budget includes no changes in service for major and collector sweeping and maintenance. Frequency of service remains at every two weeks.

STREET TRANSPORTATION - Residential Street Sweeping

Program Service Level in 2015-16

In 2015-16, the City provided street sweeping services four times per year.

Service Changes Through 2025-26

There were no changes from 2015-16 through 2025-26. Frequency of service remained at four times per year.

Service Changes for 2026-27

The 2026-27 budget includes no changes in service for residential street sweeping. Frequency of service remains at four times per year.

TRANSPORTATION

STREET TRANSPORTATION - Sealcoat

Program Service Level in 2015-16

The 2015-16 budget provided for 68 miles of streets to be sealcoated.

Service Changes Through 2025-26

- The 2016-17 budget included 297 miles of streets to be sealcoated. New resurfacing treatments were added that included Tire Rubber Modified Surface Seal (TRMSS) and Polymer Modified Masterseal (PMM). The addition of these treatments, and additional Arizona Highway User Revenue (AHUR) funding, allowed the number of miles treated to increase to a total of 360 miles.
- The 2017-18 budget included 212 miles of streets to be sealcoated.
- The 2018-19 budget included 200 miles of streets to be sealcoated.
- The 2019-20 budget included 110 miles of streets to be sealcoated.
- The 2020-21 budget included 280 miles of streets to be sealcoated.
- The 2021-22 budget included 39 miles of streets to be sealcoated. The bond-funded portion of the Accelerated Pavement Maintenance Program ended in 2020-21, reducing the number of miles per year.
- The 2022-23 budget included 200 miles of streets to be sealcoated.
- The 2023-24 budget included 109 miles of streets to be sealcoated.
- The 2024-25 budget included 119 miles of streets to be sealcoated.
- The 2025-26 budget included 157 miles of streets to be sealcoated.

Service Changes for 2026-27

The 2026-27 budget includes 130 miles of streets to be sealcoated. The number of miles sealcoated may vary year over year based on the selected streets and the distribution of wide versus narrow streets treated. It may also vary based on the method of sealcoat used.

STREET TRANSPORTATION - Asphalt Overlay

Program Service Level in 2015-16

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

Service Changes Through 2025-26

- The 2016-17 budget provided for 90 miles of overlay. Additional AHUR funding was added to increase the total to 121 miles.
- The 2017-18 budget provided for 76 miles of overlay.
- The 2018-19 budget provided for 187 miles of overlay. This included overlays as part of the Accelerated Pavement Maintenance Program, which started in 2018-19.
- The 2019-20 budget provided for 261 miles of overlay.
- The 2020-21 budget provided for 90 miles of overlay.
- The 2021-22 budget provided for 29 miles of overlay. The bond-funded portion of the Accelerated Pavement Maintenance Program ended in 2020-21, reducing the number of miles per year.
- The 2022-23 budget provided for 57 miles of overlay.
- The 2023-24 budget provided for 74 miles of overlay.
- The 2024-25 budget provided for 93 miles of overlay.
- The 2025-26 budget provided for 113 miles of overlay.

Service Changes for 2026-27

The 2026-27 budget provides for 120 miles of overlay. The mileage also includes General Obligation (GO) Bond-funded projects allocated to this fiscal year. The number of miles resurfaced can vary year over year based on the selected streets and the distribution of wide versus narrow streets being treated.

COMMUNITY DEVELOPMENT

HOUSING – Scattered Sites Housing Program

Program Service Level in 2015-16

In 2015-16, the Housing Department had 385 units.

Service Changes Through 2025-26

The Scattered Sites Homeownership Program allows eligible tenants the opportunity to purchase a home.

At the end of 2025-26, the Scattered Sites Homeownership Program is expected to have an inventory of 62 units, which reflects the anticipated sale of 45 units in 2025-26 through the Section 18 and Section 32 programs.

Service Changes for 2026-27

In the 2026-27 budget, the Scattered Sites Homeownership Program is expected to sell 15 units, which will reduce its inventory to 47 units.

HOUSING – Affordable Housing Program

Program Service Level in 2015-16

In 2015-16, the Affordable Housing Program consisted of 2,716 units for families and individuals.

Service Changes Through 2025-26

At the end of 2025-26, the Affordable Housing Program is expected to consist of 2,740 units for families and individuals.

Service Changes for 2026-27

In the 2026-27 budget, the Affordable Housing Program is expected to consist of 2,810 units for families and individuals, which reflects a planned addition of 70 units.

HOUSING – Federal Assisted Housing Program

Program Service Level in 2015-16

In 2015-16, the total inventory of assisted housing units was 2,618.

Service Changes Through 2025-26

At the end of 2025-26, the Federal Assisted Housing Program is expected to consist of 923 units for families and individuals, which reflects a decrease from 2015-16 due to the redevelopment of the Edison-Eastlake community into mixed income units through the Choice Neighborhoods Revitalization Grant and sale of Scattered Sites units.

Service Changes for 2026-27

In the 2026-27 budget, the total number of assisted housing units is expected to decrease to 838, which reflects decreases in Scattered sites units, the conversion of 70 Public Housing units to Rental Assistance Demonstration units, and the planned continued redevelopment of the Edison-Eastlake community into mixed income units through the Choice Neighborhoods Revitalization Grant.

HOUSING – Housing Payment Assistance Program

Program Service Level in 2015-16

In the 2015-16 budget, the Rental Assistance Program provided 6,700 units of vouchers for low-income residents in the private housing market.

Service Changes Through 2025-26

At the end of 2025-26, the Rental Assistance Program is expected to have provided 7,740 vouchers for low-income residents in the private housing market. The former emergency housing voucher households were transitioned to the general Housing Choice Voucher program during 2025-26.

Service Changes for 2026-27

In the 2026-27 budget, the Rental Assistance Program is expected to provide 7,740 vouchers for low-income residents in the private housing market.

COMMUNITY DEVELOPMENT

NEIGHBORHOOD SERVICES – Neighborhood Preservation Case Cycle Time (Days)

Program Service Level in 2015-16

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

Service Changes Through 2025-26

- In 2020-21, the average case cycle time increased to 42 days due to COVID-19 safety protocols and regulations. It decreased to 38 days in 2021-22 as processes normalized during the pandemic.
- In 2022-23, the average case cycle time reduced to 36 days, as processes further normalized after the pandemic.
- The average case cycle time in 2023-24 increased to 38 days due to staff vacancies.
- The average case cycle time in 2024-25 increased to 39 days due to staff vacancies.
- The average case cycle time in 2025-26 was 39 days due to ongoing staff vacancies.

Service Changes for 2026-27

In 2026-27, there are no anticipated changes to the average case cycle time.

ECONOMIC DEVELOPMENT – Employment Growth Rate Compared to Other Cities

Program Service Level in 2015-16

In 2015, Phoenix's employment growth rate was as follows:

- Dallas – 4.0%
- Austin – 3.9%
- Kansas City – 3.2%
- San Jose – 3.0%
- **PHOENIX – 2.8%**
- San Antonio – 2.0%
- Ft. Worth – 1.9%
- San Diego – 1.8%
- Denver – 1.6%
- Los Angeles – 1.6%

Service Changes Through 2025-26

Preliminary data from the Bureau of Labor Statistics (BLS) shows the average unemployment rate for the Phoenix Metropolitan Area in 2025 was 3.8%. This is a 0.6% increase from 2024. Preliminary BLS data shows an unemployment rate of 4.4% for January 2026.

Based on preliminary data from the BLS, the Phoenix Metropolitan Area 2025 employment growth rate of 1.3% is a 0.5% decrease from 2024.¹ The growth rate compares favorably with benchmark metropolitan areas:

- Las Vegas – 2.5%
- Austin – 1.5%
- San Diego – 1.5%
- Dallas – 1.4%
- **PHOENIX – 1.3%**
- Albuquerque – 0.6%
- Salt Lake City – 0.6%
- San Francisco – 0.4%
- Denver – 0.0%
- Los Angeles – 0.0%

Source: BLS, Local Area Unemployment, Not Seasonally Adjusted, Metropolitan Statistical Area. Calculations exclude missing BLS October 2025 data; include preliminary BLS December 2025 and January 2026 data.

Service Changes for 2026-27

Based on data from the Arizona Office of Economic Opportunity, the City of Phoenix employment level is expected to increase by 10,887 from 2025 to 2027.

Despite economic conditions and the decline in employment in 2020, the city's employment is expected to grow by 1.0 percent between 2025 and 2027.

COMMUNITY ENRICHMENT

HUMAN SERVICES – Head Start Program

Program Service Level in 2015-16

In 2015-16, the program served 3,578 children.

Service Changes Through 2025-26

- The program served 4,321 children during 2016-17, of which 831 were included in the Early Head Start Program.
- The program served 4,377 children during 2017-18, of which 868 were included in the Early Head Start Program.
- The program served 4,289 children during 2018-19, of which 765 were included in the Early Head Start Program.
- The program served 4,220 children during 2019-20, of which 745 were included in the Early Head Start Program.
- The program served 2,632 children during 2020-21, of which 575 were included in the Early Head Start Program. Enrollment was lower than normal due to the COVID-19 pandemic.
- The program served 3,156 children during 2021-22, of which 575 were included in the Early Head Start Program.
- In 2022-23, the Head Start program served 2,585 children, of which 1,684 were full-day Head Start students, and the rest attended part-day programming. The Early Head Start Program served 477 children. In addition, the Early Childhood Education Expansion (ECEE) served 230 children. The ECEE program was funded through the American Rescue Plan Act (ARPA) and ended in June 2024. The decrease in numbers for 2022-23 was due to staffing shortages.
- In 2023-24, the Head Start program served 2,274 children, of which 2,274 were full school day Head Start students. The Early Head Start Program served 402 children. In addition, the ECEE program served 261 children. The decrease in numbers for 2023-24 was due to continued staffing shortages.
- In 2024-25, the Head Start program served 2,290 children. All 2,290 children were full school day Head Start students. The Early Head Start Program served 377 children. The decrease in numbers for 2024-2025 reflected a funding decrease at the end of November 2024 and the end of the ECEE program. Head Start has been focusing on achieving 100 percent full-time enrollment, which was successfully accomplished this past year. They will continue to offer only full-day Head Start enrollment in the coming years, as this aligns with Head Start performance standards. There will no longer be half-day or part-time students.
- In 2025-26, the Head Start program served 2,288 children. All 2,288 children were full school day Head Start students. The Early Head Start Program served 428 children. Head Start has been focusing on achieving 100 percent full-time enrollment, which was successfully accomplished this past year. They will continue to offer only full-day Head Start enrollment in the coming years, as this aligns with Head Start performance standards.

Service Changes for 2026-27

In 2026-27, the Head Start program is budgeted to serve up to 2,209 children, representing fully funded enrollment. All slots are for full school day Head Start students. The Early Head Start Program will serve up to 236 children, representing fully funded enrollment.

COMMUNITY ENRICHMENT

HUMAN SERVICES – Senior Nutrition Program

Program Service Level in 2015-16

In 2015-16, the program served 566,147 congregate and home-delivered meals.

Service Changes Through 2025-26

- In 2016-17, the program served 494,230 meals.
- In 2017-18, the program served 448,799 meals. The meals served decreased due to demographics shifting towards attendees joining centers for activities and classes, while not partaking in meal services.
- In 2018-19, the program served 444,385 meals. The meals served decreased slightly due to the continued demographic shifting towards attendees joining centers for activities and classes, while not partaking in meal services.
- In 2019-20, the program served 499,273 meals. The meals served included an additional 44,818 meals funded by C.A.R.E.S. Act COVID-19 funding.
- In 2020-21 the program served 706,920 meals. This includes 197,220 meals funded by Area Agency on Aging COVID-19 pandemic relief funding.
- In 2021-22, the program served 625,043 meals. This includes 165,002 meals funded by Area Agency on Aging COVID-19 pandemic relief funding.
- In 2022-23, the program served 386,269 meals. The Area Agency on Aging funded 300,000 of those meals.
- In 2023-24, the program served 329,120 meals. The decrease was due to less Senior Center participants returning to the centers for meals since reopening from closure during the COVID-19 pandemic.
- In 2024-25, the program served 313,066 meals. The decrease was due to less home delivered meal participation than in the previous fiscal year. Congregate meals increased by 5,253.
- In 2025-26, the program is expected to serve 344,000 meals. The Area Agency on Aging provided funding to serve up to 250,000 home delivered meals, however, participation was lower than the previous fiscal year. Congregate meals increased by approximately 1,200 meals.

Service Changes for 2026-27

In 2026-27, the program is expected to serve 348,000 meals. This includes projected funding to serve up to 250,000 home delivered meals and an increase in senior center members participating in meals.

COMMUNITY ENRICHMENT

PARKS AND RECREATION – Swimming Pools

Program Service Level in 2015-16

In 2015-16, all 29 pools were open.

Service Changes Through 2025-26

- Between summer 2016 and 2019, no changes were included in the budget.
- In summer 2020, all pools were closed in response to the COVID-19 pandemic.
- Following the previous summer's closures, the City Council directed 12 of 29 pools to reopen in May 2021. The pool season had limited programming.
- In summer 2022, 14 pools opened in May 2022 with the remaining 14 pools closed due to staffing shortages. Eastlake Pool was closed for structural repair.
- In summer 2023, a total of 18 pools were open. Twelve pools were open all season, with six additional pools open in select months.
- In 2024, 16 pools opened all summer, while two pools were open for one month, June or July, providing access to 17 pools for public use at one time.
- In summer 2025, a total of 20 pools opened, which included 15 pools during the entire aquatic season, four pools for one month each, and one pool operated by a non-profit partner.

Service Changes for 2026-27

In summer 2026, a total of 23 pools will open for the entire season, including one pool operated by a non-profit partner.

PARKS AND RECREATION – Swimming Pool Season

Program Service Level in 2015-16

In 2015-16, the budget allowed for a nine-week season at 29 pools.

Service Changes Through 2025-26

In summer 2017, 29 pools were open on Memorial Day weekend through the last weekend in July. Due to additional "Kool Kids" funding from Cigna, 11 pools remained open in August through the Labor Day Holiday.

- No changes were included in the budget for swim seasons in 2017-18 and 2018-19.
- In summer 2020, all pools were closed during the summer months in response to the COVID-19 pandemic.
- In summer 2021, recreational swim and dive teams, water basketball programs, and Cigna Summer programs continued to be temporarily suspended for the 2020-21 season due to the COVID-19 pandemic.
- In summer 2022, the Cigna-sponsored Lifeguard Academy and Jr. Lifeguard programs became operational. The recreational swim and dive teams and water basketball programs continued to be temporarily suspended due to the lifeguard shortage. In the summer of 2022, eight pools remained open on weekends from August through Labor Day, in addition to their normal summer schedule.
- In summer 2023, the swim and dive teams and water basketball continued to be temporarily suspended due to the lifeguard shortage; however, adult swim lessons and water aerobics were added at select pools.
- In summer 2024, 16 pools were open all summer season and two pools were open one month each in June and July. Additionally, six recreation swim teams were added at select sites.
- In summer 2025, a total of 20 pools were open, which included 15 pools during the entire aquatic season, four pools for one month each, and one pool operated by a non-profit partner. The aquatic season started Memorial Day weekend and ran through the end of July, with select pools open through Labor Day. Additionally, five recreation swim teams were added at select sites.

Service Changes for 2026-27

In 2026-27, a total of 23 pools will open, including one pool operated by a non-profit partner. The aquatic season starts Memorial Day weekend and runs through the end of July, with select pools open through Labor Day. Additionally, five recreation swim teams will continue to be offered at select sites.

COMMUNITY ENRICHMENT

PARKS AND RECREATION – School Recreation Program During School Year

Program Service Level in 2015-16

The 2015-16 budget included 47 Phoenix Afterschool Centers (PAC) sites.

Service Changes Through 2025-26

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

- No changes were included in the 2017-18 budget.
- In 2018-19, PAC sites decreased to 37 due to the Kyrene School District discontinuing services.
- In 2019-20, PAC sites decreased from 37 to 36 due to Washington School District discontinuing services at one site. All PAC sites ceased operations in March 2020 in response to the COVID-19 pandemic.
- In 2021-22, all PAC sites remained closed as of May 2021 in response to the COVID-19 pandemic. By August 2021, 33 of 34 PAC sites were reopened and were operational for the duration of the school year. Sites opened at a maximum capacity of 40 students per school due to limited staffing.
- In 2022-23, 33 of 34 PAC sites were open as of August 2022 and operated for the duration of the school year. Sites opened at a maximum capacity of 40 students per school due to limited staffing.
- In 2023-24, 33 PAC sites were open for the duration of the school year. Sites opened at a maximum capacity of 40 students per school due to limited staffing.
- In 2024-25, 33 PAC sites were open for the duration of the school year. Sites opened at a maximum capacity of 40 students per school due to limited staffing. One site operated with maximum enrollment of 80 students due to high enrollment demand at that location.
- In 2025-26, 33 PAC sites were open for the duration of the school year. Sites opened at a maximum of 40-60 participants per school due to staffing or high waitlists. One site operated with maximum enrollment of 80 participants due to high enrollment demand at that location.

Service Changes for 2026-27

In 2026-27, PAC is anticipating continued operation of 33 sites. Sites will open registration for 40-60 participants depending on staffing and demand based on waitlist and space provided by schools. One site will operate with a maximum enrollment of 80 participants due to high enrollment demand.

COMMUNITY ENRICHMENT

LIBRARY – Central Library

Program Service Level in 2015-16

The 2015-16 budget included no changes to Central Library programming.

Service Changes Through 2025-26

- The 2016-17 budget restored \$100,000 for electronic materials, representing a 22 percent increase. These materials provided an alternative method of delivering services following reductions to branch hours in 2009-10 and 2010-11.
- In January 2017, the Library entered into a contract with Southwest Autism Research & Resource Center to operate a café at Burton Barr Library.
- Burton Barr Central Library was closed the summer of 2017 due to storm damage and reopened in June 2018.
- The renovation of Burton Barr Central Library expanded the College Depot, MACH1, and children's areas within the library.
- The College Depot expansion enabled an increase in the number and size of workshops. Specialty programming was added to include more summer camps, additional break-out sessions with expertise, additional GED sessions, "Youth Work Readiness" sessions, and additional capacity for in-service and workshop sessions.
- The MACH1 space added two designated computer labs. The space doubles the capacity for computer-related classes and programs. The designated classroom space allows break-out sessions which provides different age groups and levels of expertise access to resources. A designated space for the sewing machine program was added, enhancing focused learning. A 3D printer room was added which allows for an increase in the number of 3D printers. Designated computers are available for customers to book time. The open making space is upgraded to include state-of-the-art flooring, tables, and outlets to allow the addition of another full summer camp series.
- The Children's Space expanded from 5,000 square feet to 14,000 square feet. Design was updated to include a larger capacity Storytime area. Expansion also included a tripling of the children's materials collection with an increase to the "Great Children's Book" specialty collection. A designated children's makers' programming space, "MACH.5," for ages birth to 12 was added. Specially designed early literacy interactive furniture and "Little Sprouts" (children's seed library) were incorporated.
- No service changes were included in the 2019-20 budget, with hours of operation at 64 hours per week. Two full-time Municipal Security Guard positions were added to provide continuous security coverage for patrons and staff at the Burton Barr Central Library during all hours of operation.
- In 2019-20, an automated materials handling system was installed at Burton Barr Central Library to generate efficiencies and enable customers to return materials 24/7 and get immediate acknowledgment of the returned item(s).
- In partnership with First Things First, the Human Services Department and the Youth and Education Office opened the Family Resource Center to provide services to families with children birth to age five.
- In November 2019, Library implemented a fines free policy. All library accounts with overdue fines were waived, and the practice of applying overdue fines for materials returned late was discontinued.
- In March 2020, all library locations temporarily suspended in-person services due to the COVID-19 pandemic. The loan period for all materials checked out, as well as library card account renewals, was extended. Literacy and STEM programs were offered virtually; customers were provided with online, phone, and one-on-one appointment assistance; and access was extended for eLibrary platforms. Curbside services to allow customers to pick up library materials began in May 2020.
- PHX C.A.R.E.S social workers were available to assist individuals experiencing homelessness three days a week.
- College Depot added three Caseworker II positions to expand the Graduating Ready Independent and Tenacious program and manage hotspot lending.
- The Friends store at Burton Barr reopened on May 9, 2022.
- In June 2022, 425 laptops and 200 hotspots were made available for long term lending for students.
- The 2021-22 budget added funding to continue mobile and self-serve computing services, initiated as a result of the COVID-19 pandemic, including cellular service for the MiFi hotspot loan program, annual maintenance for additional self-checkout payment kiosks, and security software for the laptop loan program.
- A new "light wall" interactive learning/play installation was opened in the Children's area in March 2023.
- College Depot added one full-time Admin Aide position and one part-time Library Assistant position through federal ARPA grant funding to expand the GRIT program and laptop/hotspot lending program.

COMMUNITY ENRICHMENT

LIBRARY – Central Library (continued)

- The Arizona State University Tutoring Read America program began work in late 2022.
- During summer of 2022, StartUpPHX (formerly HIVE@Central) relaunched the Business Roadmap in English and Spanish.
- In April 2023, four additional water bottle filling stations were added, making a total of six filling stations at Burton Barr Central Library.
- In April 2023, Burton Barr Library added hours, expanded private appointments, tours, and programming of the Arizona Room and Rare Book Room, and added building tours utilizing an online tour booking process.
- In July 2023, The MACH1 makerspace added open hours on Thursday afternoons.
- The Children's Place added a major interactive play installation: the Spycraft in August 2023.
- In January 2024, StartUpPHX relaunched the SCORE Business Mentorship workshops.
- A new magazine lounge area was created on the fifth floor of the building in October 2023.
- College Depot more than doubled the number of Free Application for Federal Student Aid Labs in response to national financial aid crisis in January 2024.
- College Depot expanded partnership with Phoenix Union High School District to host large-scale college planning conference in Burton Barr Central Library in February 2024.
- College Depot added an in-depth ACT Test Preparation four-day Boot Camp for 68 students in March 2024.
- On May 1, 2024 through September 30, 2024, the cafe space served as a heat relief cooling center 24/7.
- Exterior book lockers with access to library materials are available 24/7.
- College Depot orchestrated an Educational Resources Expo to coincide with back-to-school season in the fall.
- College Depot created an online intake form for ReEngage Phoenix to help more adults earn their GED or high school diploma.
- In June 2026, expansions of both the StartUpPHX and PHX Works spaces were completed.
- Expansion of College Depot on the second floor of the Burton Barr Central Library began to include additional meeting room spaces and site improvements.
- Public access computers and accessibility center were relocated for ease of use and accessibility to maximize customer experience.
- On-site access to social work resources were added to assist customers with complex needs.
- Chilled water fountains were added on library property to provide 24/7 access to chilled drinking water.
- Refurbishment of the existing life safety fire suppression system and the replacement of the fire pump began, including an addition of specialized fire suppression to protect rare book room collection and artifacts.

Service Changes for 2026-27

The 2026-27 budget includes several service enhancements:

- The expansion of College Depot will be completed with additional meeting room spaces and site improvements.
- Reimagining the StartupPHX program with expanded partnership opportunities and social media presence will occur.
- The collection of physical Chinese language materials will be expanded to meet systemwide demand.

COMMUNITY ENRICHMENT

LIBRARY – Branch Libraries

Program Service Level in 2015-16

The 2015-16 total branch library service hours were 747 per week.

Service Changes Through 2025-26

- A temporary branch at Park Central Mall opened in January 2018 due to the closure of Burton Barr Central Library in the summer of 2017.
- The additional four hours of service on Sundays were continued at four branch libraries that were temporarily added because of the Burton Barr Library closure for most of 2017-18: Yucca, Century, Harmon, and Ocotillo. The additional Sunday hours resulted in an average 10 percent increase in usage at the four branches, serving over 21,000 people in 24 weeks. This change brings total branch hours to 775 hours per week.
- The 2019-20 budget added Municipal Security Guard positions to various library branches to provide continuous security coverage for patrons and staff during all hours of operation.
- Staff and supplies were added to expand Kindergarten Bootcamp programming citywide to help parents and children learn together the skills needed for school success. This provided an additional 25 series of classes per year, serving between 350 to 450 families.
- Sunday hours at the remaining four branches (Acacia, Agave, Desert Broom, and Desert Sage) without Sunday hours were restored. This addition restored branch hours to approximately 49 hours per branch or 68 percent of pre-recession level hours. The total branch library service hours were 833 per week.
- In 2019-20, in partnership with First Things First, the Human Services Department and the Youth and Education Office opened the Family Resource Center to provide services to families with children birth to age five at Prickly Pear Library.
- In March 2020, all library locations temporarily suspended in-person services due to the COVID-19 pandemic. The loan period for all materials checked out, as well as library card account renewals, was extended. Literacy and STEM programs were offered virtually; customers were provided with online, phone, and one-on-one appointment assistance; and access was extended for eLibrary platforms. Curbside services to allow customers to pick up library materials began in May 2020.
- In May 2020, Library added curbside services 15 hours per week, permitting customers to drive/walk up and pick up holds and utilize mobile printing.
- In April 2021, all library locations began a laptop and hotspot lending program to customers.
- In spring 2021, all library locations restored limited in-house services in a phased reopening plan. Services included collection-browsing, computer use, and self-check-out of materials. Access was provided with 45-minute reservations made online or at the door based on occupancy limits set by Centers for Disease Control guidelines. Curbside service continued for three hours each morning.
- In May 2021, the Prickly Pear Library coordinated with the Parks and Recreation and Housing Departments to install a Story Walk in Cesar Chavez Park with related kits and materials available for children at the library after they finished the Walk.
- In June 2021, a virtual assistant on Phoenix.gov began assisting customers with common library-related inquiries.
- South Mountain Community Library re-opened for in-person service in September 2021 in partnership with South Mountain Community College.
- A new First Five Years educational area for parents and young children was installed at Cholla in December 2021.
- A second Story Walk at Edison Park was added in February 2022.
- Over 100 teen volunteers returned for the summer reading program.
- In 2022-23, a security Dispatch Center was deployed with monitoring of 450-plus cameras to improve customer service.
- A third Story Walk was added at Harmon Library in October 2022.
- In December 2022, 700 hotspots were added to the hotspot lending program for customers.
- Public meeting room rental and study rooms reopened in January 2023.
- South Mountain Community Library expanded hours in April 2023, for a total of 69 hours per week.
- A new First Five Years educational area for parents and young children was installed at Palo Verde Library in May 2023.
- The 2023-24 total branch library service hours were 819 per week.
- In fall 2023, StartUpPHX relaunched SCORE Business Mentoring, a partnership with Maricopa Community Colleges, and other additional programming.

COMMUNITY ENRICHMENT

LIBRARY – Branch Libraries (continued)

- A year-round reading program geared for children five and under and their caregivers, known as 1,000 Books by Kindergarten, was launched in the fall of 2023.
- The general laptop lending program was discontinued in December 2023. The College Depot laptop lending program remains in place.
- A beta version of the Library's new catalog solution, Vega, was launched in the winter of 2024.
- An exterior book locker with 24/7 access to library materials was installed at Acacia Library in February 2024.
- In the Spring of 2024, 1,000 additional hotspots were purchased to continue the library's hot spot lending program.
- To support City sustainability initiatives, 11 new electric vehicle charging stations were added with two dedicated parking spots and two charging cords.
- The Library partnered with Arizona State University's America Reads tutoring program to provide one-on-one reading tutoring to emerging readers in first through fourth grade who lost ground due to the pandemic. Tutoring is provided by college students, and the Library will provide Wi-Fi-provisioned tablet computers to facilitate virtual tutoring as needed.
- Additional ADA assistive technology is being provided in the branches.
- New bookmobile was launched in March 2024, primarily serving Southwest Valley.
- On May 27, 2024, South Mountain Community Library's hours of operation were reduced by 13 hours. This was only a reduction in hours, and staff were redeployed to other library locations with a staffing need.
- Deployed Naloxone training to staff and offered free Naloxone kits to customers, distributing over 4,000 kits.
- A new patio was installed at Century Library for additional library space and area outside for customers to utilize.
- The 2024-25 total branch library service hours were 831 per week.
- Exterior book lockers with access to library materials are available 24/7.
- Three library branches assisted with citywide heat relief efforts through extended hours for cooling centers.
- Enhanced library catalog became available to improve user experience.
- Outdoor digital signs were installed at all library locations.
- All public printers were given the ability to accept credit card payments.
- A pilot program began to utilize translation devices to better assist customers who do not speak English.
- Automated chat services to the library website became available for enhanced customer experience.
- Updated and well-defined free speech zones were designated at each branch library.
- The 2025-26 total branch library service hours were 885 per week.

Service Changes for 2026-27

The 2026-27 budget includes several service enhancements:

- Distribution of Period Packs will be expanded to three libraries.
- Cholla Library will assist with citywide heat relief efforts through expanded services and extended hours as a cooling center.
- Solar Parking structures will be installed at Desert Sage and Ocotillo libraries.
- Expansion of partnerships with Phoenix Rising and Arizona State University Women's Basketball teams to offer library cardholders free and reduced priced admission tickets to home matches and games.
- ADA/Accessibility upgrades to multiple library location parking lots and entrances.
- Remodeling of Harmon Library children's space.
- Expansion of the scope and reach of newly launched Community Connections Specialists program.
- Upgrades to the fire alarm systems at Agave and Harmon Libraries.
- Ongoing funding was approved for Cholla Library for a dedicated parking land lease to offset reduced parking caused by the Metrocenter Mall redevelopment and to improve access and reduce neighborhood congestion.

ENVIRONMENTAL SERVICES

WATER SERVICES – Water Bill Comparison for Single-Family Homes

Program Service Level in 2015-16

In an April 2016 survey, Phoenix's average monthly water bill compared favorably to the following benchmark cities:

- Austin – \$96.32
- San Diego – \$96.20
- San Jose – \$69.76
- Philadelphia – \$65.31
- Dallas – \$55.89
- **PHOENIX – \$38.85**
- Albuquerque – \$34.06
- San Antonio – \$19.17

Service Changes Through 2025-26

In an April 2025 survey, Phoenix's monthly water bill compared favorably to the following benchmark cities:

- San Jose – \$194.57
- San Diego – \$170.11
- Austin – \$135.38
- Tucson – \$100.74
- San Antonio – \$76.79
- **PHOENIX – \$66.65**
- Dallas – \$57.01
- Albuquerque – \$43.79

Service Changes for 2026-27

The average monthly water bill for Phoenix is anticipated to be \$66.65 in 2026-27.

ENVIRONMENTAL SERVICES

WATER SERVICES – Wastewater Bill Comparison for Single-Family Homes

Program Service Level in 2015-16

In an April 2016 survey, Phoenix's average monthly wastewater bill compared favorably to the following benchmark cities:

- Austin – \$63.17
- San Diego – \$45.80
- Philadelphia – \$41.72
- Dallas – \$37.31
- San Jose – \$33.75
- San Antonio – \$25.80
- **PHOENIX – \$20.97**
- Albuquerque – \$19.10

Service Changes Through 2025-26

In an April 2025 survey, Phoenix's monthly wastewater bill compared favorably to the following benchmark cities:

- Austin – \$88.62
- San Diego – \$61.62
- Tucson – \$52.02
- San Jose – \$50.42
- Dallas – \$46.01
- San Antonio – \$27.91
- **PHOENIX – \$26.65**
- Albuquerque – \$17.88

Service Changes for 2026-27

The average monthly wastewater bill for Phoenix is anticipated to be \$26.65 in 2026-27.



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

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

BUDGETING PROCESS

Enhancements made over the last several years demonstrate the City's commitment to continuously improve transparency, better communicate detailed budget information, and further engage the community in the budget process. At the direction of the City Council, several measures continue to be carried out to enhance the City's budget process, making it a year-round, data-driven, interactive process.

- Staff presents an early and detailed budget status to facilitate enhanced strategic resource and expense discussions.
- For the twelfth consecutive year, the Budget and Research Department (BRD) consulted with the University of Arizona Economic Business Research Center to enhance the City's sales tax revenue forecasting model. The partnership results in improved revenue projections by giving the City access to independent expert economists who understand the impact of local, national, and global economic changes on the Phoenix economy. In 2024-25, total General Fund resources were originally estimated to end the fiscal year at \$2,142.6 million. Actual total resources were \$2,158.3 million, a difference of \$15.7 million or only 0.7 percent. Total 2024-25 General Fund revenues (collections) ended the fiscal year at \$1,846.0 million, representing a variance to the revised revenue estimate of \$26.6 million or 1.5 percent.
- Staff engages in the financial best practice of providing a Multi-Year General Fund Forecast to facilitate long-term fiscal planning and strategic decision making by policymakers.
- Staff compiles 18 key Phoenix economic indicators in a quarterly report. The indicators are provided to the City Council and the community. The data provides an overall picture of recent economic activity trends within Phoenix.
- Preliminary Capital Improvement Programs (CIP) are presented by departments to City Council subcommittees to provide earlier and additional opportunities for input.

Each fall, departments begin the budget-setting process by submitting an estimate of the costs associated with providing their current levels of service for the following year (the "base budget"). Budget and Research staff review these base budget estimates to ensure that only the funding needed to continue current service levels is included in each department's base budget. A department's base budget funding may differ from its current year funding for a variety of reasons, such as contractually obligated cost increases, changes in usage-based costs (i.e., electricity, water, etc.), or other considerations.

After these base budget requests are reviewed, departments may be asked to identify a percentage of their budget for potential elimination. These proposals are potential base reductions and represent the department's lowest-priority activities. Departments are also asked to provide any requests for new or expanded programs. These are called supplemental budget requests. Departments can propose reducing or eliminating an existing program to fund the expansion of an existing program or the addition of a new program. Base reductions and supplemental budget requests include all operating and maintenance costs associated with a given program or service. For example, costs for a swimming pool would include personnel costs for lifeguards and other staff, chemicals for the pool, maintenance, and utilities.

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

The Trial Budget is reviewed with the City Council early each spring. The presentation of the Trial Budget enables the community and the City Council to comment on a balanced budget proposal well before the City Manager is required to submit a proposed budget in May. Budget hearings are typically conducted throughout the community in April, and residents are encouraged to provide their feedback on the Trial Budget. The Trial Budget is also available online, and residents can send comments by email, letters, phone, through the City's website and social media.

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

2026-27 BUDGET PROCESS

Initial Budget Status

On October 7, 2025, staff provided an overview of the 2024-25 General Fund budget results, presented information on future budgetary challenges impacting the City, and requested Council adopt the proposed 2026-27 budget calendar.

The General Fund ending balance of \$221.8 million exceeded the estimate of \$210.2 million by \$11.6 million, primarily due to higher than anticipated revenues. The fund balance was carried forward to the current fiscal year and factored into the development of the 2026-27 General Fund Budget status.

Two components make up the General Fund ending balance: resources and expenditures. General Fund 2024-25 actual resources were \$2,158.3 million and exceeded the estimate of \$2,142.6 million by \$15.7 million, or a variance of 0.7 percent. General Fund revenues were \$1,846.0 million, representing a variance to the revised revenue estimate of \$26.6 million or 1.5 percent. The primary reason for the variance was higher than anticipated City sales tax and emergency transportation revenues.

Revenue collections for 2024-25 totaled \$1,846.0 million representing a variance to the revised estimate of 1.5 percent and growth over the prior year of (3.1) percent. The primary reason for the negative revenue growth compared to 2023-24 was due to actions by the State that eliminated residential rental sales taxes effective January 2025 and the implementation of the flat income tax of 2.5 percent, which lowered ongoing state shared income tax revenues distributed to cities and towns.

Total GF expenditures were estimated at \$1,932.5 million, and actual expenditures were \$1,936.5 million, or \$4.0 million (0.2 percent) more than estimated. The variance was primarily due to slightly higher than estimated costs for personnel services including overtime. The City continues to experience significantly higher operating costs for employee wages and benefits, including health insurance and public safety pension costs, along with increased costs for various commodities and contractals. The City Council approved the Classification and Compensation Study, which was a necessary investment in employees to ensure the City is competitive and can attract and retain a top quality workforce to serve residents, and this has also increased operating expenditures. Additionally, while inflation has moderated, it continues to impact all City departments.

Staff continued to closely monitor impacts to the City from actions by the federal administration and the One Big Beautiful Bill Act, with potential reductions to grant funded programs, as well as impacts to state-shared income tax revenues, as estimated by the Joint Legislative Budget Committee. Staff also evaluated budgetary challenges associated with grant funding that was rescinded or paused indefinitely, as well as delays in grant application reviews, projects, and reimbursement requests. Staff also highlighted the challenges associated with maintaining operational supportive services for homelessness following the end of federal sources of pandemic-era funding, increased funding needs for ongoing operating costs for General Obligation (GO) Bond Program projects, as well as challenges associated with increased economic uncertainty and volatility from tariffs, trade policy, federal reserve actions, geopolitical concerns, housing affordability, and overall consumer confidence.

Staff reviewed other pressures on the City budget, including the ongoing impact of the Classification and Compensation study and employee compensation costs, rising health care and public safety pension costs, rising costs for vehicle replacements and facility construction and maintenance, as well as additional service demands from residents related to homelessness and other challenges. Staff indicated it would be studying data trends, gathering updated economic information, and completing necessary budget development steps to construct the 2026-27 General Fund Budget Status and prepare the Multi-Year Forecast for presentation to the City Council in February 2026. At this time, the City Council also adopted the 2026-27 budget calendar.

Zero-Based Budget Inventory of Programs

On November 6, 2025, for the fifteenth consecutive year, BRD provided detailed, programmatic budget information with year-to-year comparisons in the Zero-Based Inventory of Programs document.

The document was created in response to the City Council's request for a more transparent, relevant, and detailed presentation of the City's budget. In the Inventory, the City's budget was presented by program, the key component of a zero-based budget approach. The Inventory outlined costs, revenue, staffing levels, funding source, performance measures, and other key budget details for the more than 365 programs and services citywide. The Inventory of Programs also included information from both the current and prior year budgets, which provides helpful context for budget data and performance measures.

The City makes the Inventory of Programs document available early in the annual budget development process, providing the City Council and community the opportunity to review the current year's budget and to begin considering what changes they might recommend for next year's budget. An early release date of the document also supports the City's ongoing efforts to increase community engagement and budget transparency.

2026-27 General Fund Preliminary Budget Status and Multi-Year General Fund Forecast

On February 24, 2026, staff provided the preliminary status for the 2026-27 General Fund budget and a multi-year General Fund forecast through 2028-29. The forecast was presented to the Mayor and City Council for the sixteenth consecutive year, providing an essential tool in long-term budget discussions and decision making.

The General Fund budget outlook for 2026-27 reflected a projected surplus and included resources that could be used for ongoing and one-time purposes. After taking into account required resources for operational and financial continuity of \$93 million, the remaining surplus was \$62 million and included \$36 million in ongoing resources and \$26 million in one-time resources. This positive budget outlook reflected the City Council's leadership in the prior year to adopt the budget balancing strategies recommended by staff to resolve projected deficits, including increasing the Transaction Privilege Tax (TPT) and Use Tax rate from 2.3% to 2.8% to offset the negative impacts of State action to eliminate residential rental sales tax and implementation of the flat income tax. While the outlook for 2026-27 was positive, continuing uncertainty remained over the State's resolution to income tax conformity with the One Big Beautiful Bill. Decisions on conformity would directly impact the City's state-shared income tax revenues beginning in 2027-28. Staff indicated they planned to update revenue and expenditure estimates and present the 2026-27 Trial Budget to the City Council on March 24, 2026.

The Multi-Year Forecast report included estimates of future General Fund resources and expenditures for 2026-27 through 2028-29 based on several economic and budgetary assumptions. The baseline forecast projected a range of ending balances, with a potential deficit of \$(6) million to a potential surplus of \$36 million in 2027-28, and a potential deficit of \$(31) million to a potential surplus of \$47 million in 2028-29. The forecast accounted for anticipated cost increases for operating expenses associated with the voter-approved 2023 General Obligation Bond Program, efforts to reduce the City's vehicle backlog, and addressing increasing public safety pension costs. It is important to note that these multi-year forecasts are not intended to precisely predict future General Fund capacity, but rather to present ranges of potential ending fund balances to be used as a framework for decision making and strategic planning to ensure a balanced budget going forward.

2026-27 City Manager's Trial Budget

The City Manager's Trial Budget is an important step in the City's budget development process. It provides the Mayor, City Council, and the community an opportunity to review a proposed balanced budget months in advance of final budget adoption in June.

On March 24, 2026, staff presented the 2026-27 City Manager's Trial Budget for City Council and community discussion, along with the Preliminary Five-Year Capital Improvement Program (CIP), a multi-year plan for capital expenditures needed to replace, expand, and improve capital infrastructure and systems.

Staff explained that, after completing the annual 7+5 technical expenditure and revenue review process, approximately \$8 million in adjustments had been made to the FY 2026-27 GF Status from the Multi-Year Forecast, reflecting updated primary property tax and state-shared sales tax revenue forecasts and minor adjustments to anticipated user fee revenues. These adjustments resulted in a gross surplus of \$163 million; however, the net available surplus was projected at \$70 million, after accounting for resources needed for operational and financial continuity. The revised FY 2026-27 projected available surplus of \$70 million included \$43 million in ongoing resources and \$27 million in one-time resources.

The proposed 2026-27 Trial Budget recommended allocating approximately \$35 million of the surplus to key Council priority areas, including Community Health and Safety; Children, Youth, and Families; Homeless Service Continuity; Housing Affordability; and Planning and Development Customer Service Enhancements. It also recommended allocating \$53 million for investing in employees through compensation increases to maintain competitiveness in hiring and retention and setting aside \$75 million to help ensure the 2027-28 budget remains balanced. It also included several small increases to the Aviation Department, as well as administrative position additions and conversions of temporary full-time equivalent (FTE) positions to ongoing positions.

Community Feedback

Resident input was solicited at 12 community budget hearings held between March 30 and April 16, 2026, as well as via email, an online form, and voicemail sent directly to the Budget and Research Department (BRD). In total, from March 1 through May 7, 2026, the City received 409 comments on the budget. Community engagement was also promoted through information sharing on multiple social media platforms, and extensive outreach was done, including live television, streaming, Internet-based, and local radio advertising. Feedback from residents overall indicated support for the Proposed Trial Budget and requests for more City services in a variety of areas.

City Manager's Proposed Budget and Council Action

On May 5, 2026, staff presented a balanced 2026-27 City Manager's Proposed Budget to the Mayor and City Council for community review and comment. The City Manager's Proposed Budget continued the recommendation made in the Trial Budget to allocate the projected surplus to key Council Priority areas, to increase employee compensation, and to set aside \$75 million to help ensure the 2027-28 budget remains balanced.

Based on refined expenditure estimates and finalized negotiated employee compensation increases, as well as incorporating additional resident feedback, the City Manager's Proposed Budget recommended several changes from the Trial Budget, including more than doubling the amount of funding for flexible emergency financial assistance from \$1.5 million to \$3.15 million to help residents impacted by diminishing federal grant programs and rising prices; nearly doubling the new General Fund allocation for teen and youth programs from \$500,000 to \$937,000 to provide tutoring and a variety of activities including creative arts, fitness, and social events; adding \$379,000 in ongoing funding to provide staffing for the Parks Services Permit program; adjusting the 2026-27 allocation of \$5 million in ongoing set-aside funding for childcare affordability to support Supplemental Nutrition Assistance Program (SNAP) navigation in 2026-27; and adjusting the employee compensation set-aside amount from \$53.2 million to \$50.0 million to reflect the finalized amounts needed as the result of labor negotiations.

The final allocations of the surplus recommended in the City Manager's Proposed Budget were as follows:

- Community Health and Safety - \$1.6 million
- Children, Youth, and Families - \$9.4 million
- Homeless Service Continuity - \$18.4 million
- Housing Affordability - \$6.6 million
- Planning and Development Customer Service Enhancements - \$1.5 million
- Employee Compensation - \$50.0 million
- Set-Aside to Balance FY 2027-28 - \$75.0 million.

Council Action

The 2026-27 Proposed Budget was presented to the City Council for action on May 19, 2026. The City Council approved the proposed 2026-27 budget as presented. The Council action provided the time needed to meet legal deadlines and comply with City Code, Charter, and State law. Requirements include advance public notification, publication of detailed budget information, advertising, hearings, and final legal budget adoption actions.

The proposed balanced 2026-27 General Fund budget was \$2,300.9 million. This is a \$107.3 million increase or 4.9 percent from the adopted 2025-26 General Fund budget of \$2,193.6 million. The final General Fund budget reflected adjustments from what was presented on May 5, 2026 to account for the carryover of \$10.0 million in capital pay-as-you-go projects made during the final capital budget review process. The carryovers were from capital projects previously anticipated to occur in FY 2025-26 that will now occur in FY 2026-27. The increase was primarily due to increased compensation costs, which include the impact of negotiated labor increases, higher public safety pension costs, higher fringe benefit costs, and increases for contractual, commodity, and vehicle replacement costs.

Projected General Fund resources were estimated at \$2,300.9 million and included the estimated beginning balance of \$259.2 million, estimated revenue of \$1,991.4 million, and net interfund transfers and recoveries of \$50.3 million, which include interfund transfers for central services, in-lieu property taxes, debt service, infrastructure repayment agreements, and resources to support the Public Safety Specialty Funds. General Fund revenues of \$1,991.4 million represent annual growth of 3.5 percent over 2025-26 estimated revenues. Revenue projections assumed no further impact from the current legislative session and reflected the most recent data available at the time of the projection.

For all operating funds, which includes General, Enterprise, and Special Revenue funds such as grants, and all debt service and pay-as-you-go capital costs, the proposed 2026-27 budget is \$7,753.7 million. The final proposed budget reflected adjustments from what was presented on May 5, 2026, to account for updates to Capital Improvement Program cost estimates, resource estimates, and project timing. These updates included carryovers of costs previously planned for 2025-26 that were now anticipated to occur in 2026-27.

Following the Council's budget action on May 19, both the City Charter and State law required subsequent public notification, advertising, and City Council actions.

Tentative Budget Adoption

A public hearing and adoption of the tentative budget ordinances were completed on June 3, 2026, in compliance with the City Charter requirement that the budget be adopted no later than June 30, 2026.

Upon adoption of tentative budget ordinances, the budget becomes the City Council's program of services for the ensuing fiscal year. At that point, the City Council may later decrease the budget, but only in certain instances may the budget be increased. Generally, the ability to increase the budget applies to expenditures exempted from the State expenditure limitation. Transfers between department appropriations are still permissible before the final budget is adopted.

Final Adoption

A public hearing and adoption of the final budget ordinances was completed on June 17, 2026, as was a Truth in Taxation hearing which is required notification any time the average primary property tax bill increases, even if the tax rate is not increased. Adoption of the property tax levy ordinance was completed on July 1, 2026, no sooner than 14 days following final budget adoption, in accordance with State law.

On July 1, 2026, City Council adopted the property tax as the last step in the legally required budget adoption process. Primary property tax revenues support operating costs for General Fund programs and services, while secondary property taxes pay debt service for capital projects for General Obligation (GO) Bond Programs. In November 2023, Phoenix voters approved the 2023 GO Bond Program, which includes 47 projects and will provide the resources needed for new parks and libraries, police and fire stations, regional pools and splash pads, community centers, arts facility improvements, and street and storm drain projects.

The following chart is an overview of the 2026-27 community budget process calendar.

DATE	BUDGET ITEMS
November 6, 2025	Inventory of Programs
February 24, 2026	Preliminary 2026-27 Budget Status and Multi-Year General Fund Forecast
March 24, 2026	City Manager's 2026-27 Trial Budget and Preliminary Five-Year Capital Improvement Program
March 30 - April 16, 2026	Community Budget Hearings
May 5, 2026	2026-27 City Manager's Proposed Budget
May 19, 2026	Council Budget Decision
June 3, 2026	2026-27 Tentative Budget Ordinance Adoption
June 17, 2026	2026-27 Funding Plan and Final Budget Ordinance Adoption
July 1, 2026	2026-27 Property Tax Levy Ordinance Adoption



GENERAL BUDGET AND FINANCIAL POLICIES

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

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 (A.R.S. 42-17151. A.1) requires the City Council to annually adopt a balanced budget by purpose of public expense. State law defines this balanced budget as the primary and secondary property tax levy, when added together with all other available resources, must equal these expenditures. Therefore, no General Fund balance 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.

City Charter Chapter XVIII Section 6 also requires an annual balanced budget. The Charter further requires that "the total of proposed expenditures shall not exceed the total of estimated income and fund balances."

Annual Budget Adoption Requirements Instruments

The City Charter and Code and state statutes contain legal deadlines and actions that must be followed in adopting the budget. In cases where the deadlines conflict, the City meets the earlier of the two dates. The deadlines and formal actions prescribed by both, as well as the actual or planned dates for the FY 2026-27 budget development process are as follows:

Action Required	City Charter Prescribed Deadline	Arizona State Statute Prescribed Deadline	2026-27 Budget Dates
City Manager's recommended five-year Capital Improvement Program submitted to the City Council.	At least three months prior to the final date for submitting the budget or a date designated by the City Council.	Capital Improvement Program not required.	March 24, 2026
Post notice on the official City website if there will be an increase in either the primary or the secondary property tax rate, even if the combined tax rate is a decrease.	No requirement.	60 days prior to Tax Levy Adoption.	May 1, 2026
City Manager's proposed budget for ensuing year presented to the Mayor and City Council.	On or before the first Tuesday in June or a date designated by the City Council.	City Manager budget not required.	May 5, 2026
Publish general summary of budget and notice of public hearing that must be held prior to adoption of tentative budget ordinances and 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 on May 18, 2026

Action Required	City Charter Prescribed Deadline	Arizona State Statute Prescribed Deadline	2026-27 Budget Dates
Publish truth-in-taxation notice twice in a newspaper of general circulation (when required).	No requirement.	First, at least 14 but not more than 20 days before required public hearing; then at least seven days but not more than 10 days before required hearing.	Publish on May 29, 2026, and June 8, 2026
Public hearing immediately followed by adoption of tentative budget ordinances with or without amendment.	On or before the last day of June.	On or before the third Monday of July.	June 3, 2026
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 on June 8, 2026 and June 15, 2026
Post a complete copy of the tentatively adopted budget on the City's website and provide copies to libraries and City Clerk.	No requirement.	No later than seven business days after the estimates of revenue and expenses are initially presented before the City Council.	June 12, 2026
Post notice of intent on the official City website and distribute notice through the City's social media accounts if there will be an increase in either the primary or secondary property tax rate.	No requirement.	At least 15 days prior to Tax Levy Adoption.	June 16, 2026
Public hearing on budget plus property tax levy or truth-in-taxation hearing (when required) immediately followed by adoption of final budget ordinances.	No requirement.	On or before the 14 th day before the tax levy is adopted and no later than first Monday in August.	June 17, 2026
Post a complete copy of the adopted final budget on the City's website.	No requirement.	No later than seven business days after adoption.	June 26, 2026
Public hearing and property tax levy adoption.	No later than the last regularly scheduled Council meeting in July.	No sooner than 14 days following final budget adoption and no later than the third Monday in August.	July 1, 2026

Amendments to the Budget After Final Adoption

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

In certain instances, however, the budget may be amended after adoption. All budget amendments require City Council approval. These are 1) transfers from any contingency appropriation and 2) reallocations of amounts included in the original budget. An amount for contingencies is included in the General Fund and in many other restricted funds. Informal reservations of contingencies may be made throughout the fiscal year as approved by the City Council. Actual expenditures are recorded in the appropriate departmental budget. At the end of the fiscal year, the City Council, through formal action, adopts amendments to the budget ordinances to reflect transfers of contingency amounts and reallocations as needed.

According to a State Attorney General opinion, appropriations may be increased if funds are unexpectedly received during the current budget year in one specific circumstance, which is for federal grants when the city is merely acting as a conduit (pass-through).

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

Arizona State Constitution, Article 9, Section 19 restricts the primary property tax levies to an annual two percent increase plus an allowance for growth attributable to previously unassessed properties (primarily new construction). The City Charter (Chapter XXIII Section 2 Subsection 2) requires that eight cents of the primary property tax levy be allocated to the Parks and Recreation Fund. In addition, the City Charter (Chapter XVIII Sections 8 and 11) limits the primary property tax rate to \$1.00 plus an amount that provides for the establishment and support of free public libraries and reading rooms. The primary levy may additionally increase by an amount equal to annual tort liability claims. Assessment ratios and the primary tax rate are applied to a property's limited property value, less exclusions, to determine the property's primary tax levy. Beginning in FY 2015-16 due to state Proposition 117 passed by Arizona voters in 2012, the limited property value used in this calculation for most properties was the lesser of the property's full cash value, or an amount five percent greater than the property's prior-year limited property value.

Secondary Property Tax Restrictions

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

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

Bonded Debt Limit

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

ANNUAL EXPENDITURE LIMITATION

Since FY 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 FY 1979-80 expenditures adjusted for interim growth in population and inflation as measured by the gross domestic product (GDP) implicit price deflator. The constitution exempts certain expenditures from the limitation. Constitutional exemptions generally do not apply to cities adopting a home rule option unless specifically approved by voters. The principal constitutional exemptions that could apply to the City of Phoenix are debt-service payments, expenditures of federal funds, certain state-shared revenues, and other long-term debt obligations. Exemptions associated with revenues not expended in the year of receipt may be carried forward and used in later years. The FY 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 FY 1979-80 base, (3) a one-time override for the following fiscal year, and (4) an accumulation for pay-as-you-go capital. They all require voter approval.

City of Phoenix voters have approved 11 local home rule options in 1981, 1985, 1991, 1995, 1999, 2003, 2007, 2011, 2015, 2020, and 2024. Before 1999, the home rule options generally excluded enterprise operations such as Aviation, Water, Wastewater and Solid Waste from the expenditure limitation. Beginning in 1999, the voters approved establishing the City's annual budget as the spending limit. Voters approved the permanent annual exclusion in 1981 of the following amounts for pay-as-you-go capital: \$5 million for Aviation, \$6 million for Water, \$6 million for Wastewater and \$2 million for General Fund street improvements.

The current home rule option, approved by the voters on November 5, 2024, sets the limit at the City's annual budget after obtaining community input by the residents of the City of Phoenix on the proposed spending plan. This home rule option is in effect for four fiscal years from 2025-26 to 2028-29 and will allow Phoenix residents to continue to control local expenditures.

BUDGET BASIS OF ACCOUNTING

The City's budget basis of accounting is based on the modified accrual basis plus encumbrances. This method recognizes revenues in the period that they become available and measurable, and expenditures are recognized in the period the associated liability is incurred. This method differs from Generally Accepted Accounting Principles (GAAP) used for preparing the City's Annual Comprehensive Financial Report (ACFR). 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 ACFR.

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, several administrative and City Council-approved policies provide guidance and direction to the budget development process.

Form of Budget Adoption

1. **Allocation of Appropriations** – Funds appropriated by the City Council are allocated to programs, offices, departments, divisions, sections, projects, and type of expenditure by the City Manager or as delegated to the Budget and Research Director to provide managerial control and reporting of budgetary operations.
2. **Budget Controls** – At the department level, control of expenditures is governed by Administrative Regulation. City departments prepare revised expenditure estimates twice a year. The Budget and Research Department keeps the City Manager and the City Council advised on the status of the budget through periodic budget status reports. Mid-year revenue shortfalls can result in the adoption of mid-year expenditure reductions.
3. **Contingency Amounts** – A contingency allowance is appropriated to provide for emergencies and unanticipated expenditures. The use of contingency funds is intended for one-time expenses since it represents limited one-time resources in the fund balances. Expenditures may be made from contingencies only upon approval by the City Council with recommendation by the City Manager. In March 2010, the City Council agreed to gradually increase the contingency with a goal of achieving five percent of General Fund operating expenditures. Achieving this goal will improve the City's ability to withstand future economic cycles. Enterprise and Special Revenue funds have varying levels of contingency funding consistent with the variability in revenues and expenditures associated with the services provided.
4. **Ordinances** – Three budget ordinances are adopted each fiscal year: (1) the operating funds ordinance, (2) the capital funds ordinance and (3) the re-appropriated funds ordinance. The last ordinance is required because the appropriation authority for unexpended amounts, including those encumbered, lapses at the end of the fiscal year. Since all expended amounts must be included in the budget adoption ordinance, the city re-budgets all encumbrances outstanding at year's end.

Cost Allocation and Expenditure Policies

1. **Administrative Cost Recovery** – The Finance Department prepares an indirect cost allocation plan that conforms to federal guidelines for grant reimbursement of appropriate administrative costs. The allocated costs are charged to eligible federal grant funds through a fund transfer to the General Fund.
2. **Central Services Cost Allocation** – The Finance Department annually calculates the full cost of central services provided to Enterprise and certain Special Revenue funds. These allocated costs are recouped from the Enterprise and certain Special Revenue funds through fund transfers to the General Fund.
3. **Employee Compensation Costs** – Costs for employee compensation including all wages, social security, industrial, health, life, unemployment, dental insurance, and other personal allowances are allocated to each department. Annual amounts for cash conversion of vacation, compensatory time and sick leave are included in the budget. However, future values of compensated absences are not included in the budget but are disclosed in the notes to the ACFR at year's end.
4. **Enterprise Cost Recovery** – Aviation, Water, Wastewater and Solid Waste are fully self-supporting from rates, fees, and charges and, as such, are budgeted and accounted for as Enterprise funds. Cost recovery includes direct operation and maintenance expenses, capital expenditures, debt service, indirect cost allocation, and in-lieu property taxes, where allowable. The Convention Center, while accounted for using enterprise accounting principles, is partially financed from rental and parking fees with the remainder coming from earmarked sales taxes. Finally, federal regulations preclude the Aviation Fund from paying in-lieu property taxes. By City Council policy, the Convention Center Fund does not pay in-lieu property taxes.
5. **Internal Cost Accounting Allocation** – Interdepartmental services performed by one department for another are credited to the performing department and charged to the receiving department to reflect the accurate costs of programs. The rates used are intended to reflect full costs including appropriate overhead.
6. **Maintenance and Replacement of Rolling Stock and Major Facilities** – The Capital Improvement Program development process is used to identify the anticipated costs of capital projects and non-recurring major maintenance projects (e.g., pavement maintenance), taking into account available resources. Projects are evaluated for pay-as-you-go funding or debt financing. Bonds are issued with a maturity date based on the expected life of the asset.
7. **Pension Funding** – In addition to other employee compensation amounts, pension amounts are allocated to each department. The required employer contribution rates are determined actuarially to fund full benefits for active members and to amortize any unfunded actuarial liability as a level percent of projected member payroll over the amortization period determined by the appropriate pension board.

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

The City also advanced \$70 million in Wastewater and \$170 million in Aviation enterprise funds to pay down the COPERS liability in FY 2017-18 and 2020-21, respectively. The City will continue to seek opportunities to advance payments from enterprise and/or specialty funds.

In November 2020, voters approved Proposition 207 legalizing the sale of recreational marijuana in the State of Arizona beginning in January 2021. Towards the end of 2020-21, the city started receiving tax revenues from sales of recreational marijuana. The City Council adopted a policy in FY 2021-22 to annually direct the General Fund portion of the City sales tax from recreational sales and the state-shared 16 percent excise tax on recreational marijuana sales for Police and Fire personnel costs to pay down the public safety pension liability.

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 General Fund revenue comes from the local sales tax. This reliance on sales tax collections results in a highly cyclical revenue base. Significant decreases in total General Fund revenue and sales taxes led to the City Council's February 2010 approval of a temporary sales tax on food for home consumption effective April 1, 2010. The temporary food tax was reduced in half by the City Council effective Jan. 1, 2014, and the remaining tax expired by ordinance on March 31, 2015. The State of Arizona eliminated residential rental sales tax (S.B. 1131) and reduced the individual income tax rate to the current "flat tax" of 2.5 percent (S.B. 1828). These actions by the State significantly reduced the City's resources, and led the City Council on March 18, 2025, to approve a 0.5 percentage point sales tax rate increase effective July 1, 2025 to resolve projected revenue shortfalls.

Given the City's reliance on sales taxes, developing personal income is an important step in managing the revenue base. In recent years, considerable effort has been devoted to attracting employers that will provide quality jobs and to developing a local workforce that will support the needs of quality employers. The City has also worked to develop an employment base that is not as heavily concentrated in the highly cyclical construction industry. However, the State's action of lowering the individual income tax rate has adversely impacted the City's revenue from income tax collections.

In the past, the growth of internet sales created concern about the erosion of the revenue base. However, as a direct result of a U.S. Supreme Court decision (Wayfair), the State passed H.B. 2757, effective in October 2019, which created an economic nexus standard and required most marketplace facilitators to collect tax on behalf of sellers using the facilitator's platform. This resulted in a much larger portion of internet sales becoming taxable.

The use tax is an important tool for reducing the impact of otherwise non-taxable retail sales. Also, the development of tourism-related sales tax base (hotels, restaurants, and short-term car rentals) is another important component of diversifying revenue.

Finally, utility taxes levied against the sales of electricity, natural gas, telecommunications, water, and sewer make up about 12 percent of General Fund local sales tax collections. Generally, utility taxes are not responsive to economic conditions and provide a significant revenue source that remains stable during periods of economic downturn. In addition, several detailed revenue policies follow.

- 1. Privilege License and Use Taxes (Sales Tax)** – The City Council may set the city sales tax rate by ordinance. The City sales tax rate on retail sales and most other categories is 2.8 percent effective July 1, 2025. A two-tier rate structure was established January 1, 2016 for retail sales of single items in excess of \$10,000; with the requirement that the threshold be adjusted biennially for inflation. Additional information on the current threshold and the rates on other specialized tax categories are included in the Current Local Sales Tax Rates chart within the Revenue Estimates section of this document. The Model City Tax Code exemption on food for home consumption was temporarily removed by City Council action in February 2010. By ordinance, the exemption was restored in April 2015. The food tax was previously last imposed in June 1980. Effective January 1, 2017, the Arizona Department of Revenue (ADOR) began collecting all city sales tax.
- 2. Property Tax** – The City Charter (Chapter XVIII Sections 8 and 11) limits city property tax rates to \$1.00 per \$100 of net assessed valuation, plus the amount necessary to pay for debt service and to maintain public libraries. Except as otherwise limited by state law, the City's primary property tax rate is set based on the \$1.00 limitation plus an amount needed for library operations. The secondary property tax rate is set to support General Obligation bond debt service requirements.
- 3. In-Lieu Property Taxes** – In-lieu property taxes are charged to the Water, Wastewater and Solid Waste funds based upon acquisition or construction cost with the appropriate assessment ratio and current property tax rate applied. These amounts are calculated annually by the Finance Department.
- 4. Annual User Fee Reviews** – The City Auditor conducts a comprehensive user fee review to project cost recovery rates and then compares the projections to the established cost recovery policy. The rates are based upon generally accepted full-cost accounting standards. The City Manager recommends expenditure reductions or fee adjustments to the City Council to maintain the established cost recovery policy.
- 5. Fines and Forfeitures** – The Municipal Court has jurisdiction on 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 revenues include state-shared sales, vehicle license and income taxes. User fees and other revenues include cable and ambulance fees as well as interest earnings and fines. General funds are used to provide the most basic of city services including police, fire, parks, library, municipal court, and neighborhood services.

Parks – The City Charter (Chapter XXIII Section 2 Subsection 2) 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 (A.R.S. 9-413) requires that funds received for library purposes are segregated in a separate Library Fund. Revenues include library fines and fees, which are used to help offset library expenditures.

Cable Communications – Included in this fund are the revenues and expenditures associated with administering cable television licensing and programming the government and education access channels.

Special Revenue Funds

Arizona Highway User Revenue (AHUR) – AHUR funds are made up of state-collected gas taxes and a portion of other state-collected fees and charges such as registration fees, driver's licenses, and motor carrier taxes. These funds can only be used for street maintenance and construction and street-related debt service.

Capital Construction – This fund is used to account for the two percent utility taxes on telecommunication services that are used for pay-as-you-go capital projects in the City's right-of-way.

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

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

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

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

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

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

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

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

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

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

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

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

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

Regional Wireless Cooperative (RWC) – This fund accounts for revenues and expenditures associated with the RWC, which is an independent, multi-jurisdictional organization that manages and operates a regional radio communications network built to seamlessly serve the interoperable communication needs of first responders and other municipal radio users in and around Central Arizona's Valley of the Sun. Phoenix operates and maintains the network and is also responsible for accounting, budgeting, procurement and contracting for the RWC. Costs are shared among the RWC member organizations.

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

Sports Facilities, Biosciences and Tourism – This fund accounts for revenues generated from a one percent hotel/motel tax and a two percent tax on short-term vehicle rentals. These funds are for payment of debt service and other expenditures related to the downtown sports arena, biosciences and tourism.

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

Enterprise Funds

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

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

Capital Funds

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

Fiduciary Funds

Fiduciary funds, including trust and custodial funds, represent funds held for others. As such, these funds are not included in the annual budget. Any contributions made to these funds using City funds are included in the budget for the appropriate fiscal year. Also, reserves and expenditures for fiduciary funds are not presented in the ACFR. However, the year-end balances held in fiduciary funds are provided in the ACFR.

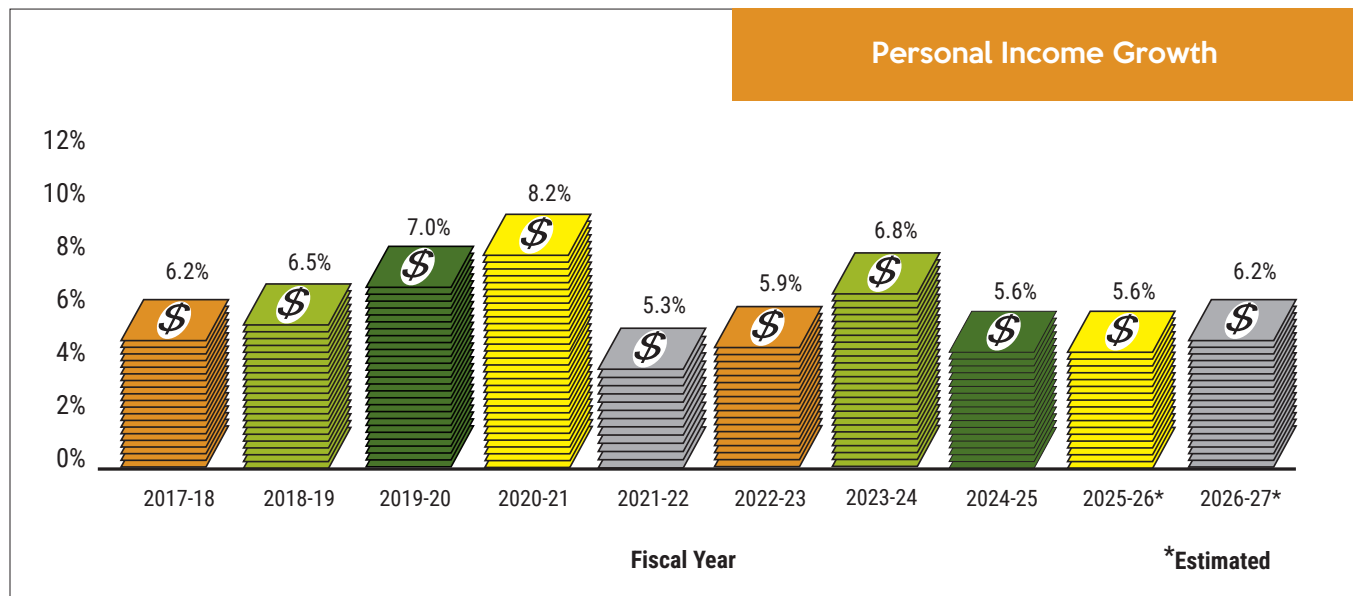
REVENUE ESTIMATES

Revenue estimates for fiscal year 2026-27 are based on assumptions about the local economy, population changes, activity levels, underlying cost-recovery rate and fee estimates, and the continuation of current state revenue collection and sharing practices. In addition, other revenue estimates are developed using the most current information from outside entities that establish such fees. Examples of revenues derived from fees set by external entities include portions of court fines and fees and ambulance fees. Revenue estimates also include property taxes; the combined primary and secondary property tax rate for 2026-27 is \$2.0397, reflecting a slight decrease from the 2025-26 rate of \$2.0799.

For the first several years following the pandemic, Arizona's strong economic performance, coupled with inflationary pressures, supported growth in tax revenues. These gains were driven by higher consumer prices, an expanding population, and rising income levels. Real GDP rose 4.6 percent in the third quarter of 2025, slightly above the national pace of 4.4 percent. Arizona's population growth was 1.3 percent in 2025 and projected to be 1.2 percent in both 2026 and 2027. Income growth also supported this momentum. Arizona personal income rose 4.5 percent in the third quarter of 2025.

However, this strong economic foundation masks emerging challenges. Retail activity, the City's largest source of sales tax revenues, has slowed significantly since June 2022. Retail sales tax collections grew only 3.1 percent in 2023-24, the slowest rate since 2012-13, and slowed further to 1.1 percent in 2024-25. This slowdown, combined with recent legislative changes, has negatively affected overall revenue collections. Additionally, significant economic uncertainty and a further slowdown in sales tax revenue during the first six months of 2025-26 suggest a cautious approach to forecasting.

Personal income is one of many indicators used for estimating state and local sales taxes. Consistent with projections by local economists, the chart below shows personal income is expected to grow by 5.6 percent in 2025-26 and 6.2 percent in 2026-27.



Several other economic indicators are used to develop revenue forecasts, including the consumer price index, unemployment, population, gasoline sales, housing unit data, wage-and-salary-related information, retail sales, and disposable income. Projections of these economic variables are provided by the University of Arizona (UofA). The estimation process also includes information gathered throughout the year from national and local publications, as well as opinions from professionals in economics and finance from state government, state universities, and the private sector.

FIVE YEAR EXCISE TAX FORECAST

Excise taxes include local sales taxes, state-shared sales and income taxes, and sales tax license fees and permits. Excise taxes represent a significant portion of General Fund (GF) revenues. In addition to providing General Fund resources, local sales taxes also provide non-General Fund resources to programs such as Transit, Street, 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 continued growth in city and state sales taxes, population, personal income, and the job market; marginal increases in consumer spending; and moderate growth in the housing market. The forecast also reflects significant revenue reductions resulting from the enacted Senate Bill 1131, which eliminated residential rental sales taxes for cities and towns, effective January 1, 2025. Furthermore, the forecast reflects the negative impact of Senate Bill 1828, which reduced individual income tax rates from a progressive four-tax-bracket system to the current "flat tax" of 2.5 percent in 2022. To ensure the City can continue delivering exceptional services to the community and maintain a statutorily required balanced budget, on March 18, 2025, the City Council approved increasing the Transaction Privilege Tax and Use Tax rates from 2.3 percent to 2.8 percent for various business activities, effective July 1, 2025. The five-year excise tax forecast also reflects this policy change.

CITY OF PHOENIX, ARIZONA FIVE YEAR EXCISE TAX REVENUE FORECAST (In Thousands of Dollars)

	2024-25 Actuals	2025-26 Estimate	% Change	2026-27 Forecast	% Change	2027-28 Forecast	% Change	2028-29 Forecast	% Change	2029-30 Forecast	% Change	2030-31 Forecast	% Change
Privilege License Tax													
Privilege License Tax ^{1/2/}	595,529	695,057	16.7%	707,604	1.8%	737,964	4.3%	769,979	4.3%	803,303	4.3%	836,816	4.2%
Police Neighborhood Protection ^{1/2/}	37,391	43,661	16.8%	44,482	1.9%	46,376	4.3%	48,384	4.3%	50,485	4.3%	52,625	4.2%
Police Block Watch ^{1/2/}	2,671	3,120	16.8%	3,179	1.9%	3,315	4.3%	3,459	4.3%	3,609	4.3%	3,762	4.2%
Fire Neighborhood Protection ^{1/2/}	13,354	15,590	16.7%	15,884	1.9%	16,560	4.3%	17,277	4.3%	18,027	4.3%	18,792	4.2%
Police - 2007 Public Safety Expansion ^{1/2/}	85,466	99,793	16.8%	101,669	1.9%	106,002	4.3%	110,591	4.3%	115,392	4.3%	120,284	4.2%
Fire - 2007 Public Safety Expansion ^{1/2/}	21,367	24,951	16.8%	25,420	1.9%	26,503	4.3%	27,651	4.3%	28,852	4.3%	30,075	4.2%
Parks and Preserves ^{1/2/}	53,418	62,375	16.8%	63,542	1.9%	66,252	4.3%	69,119	4.3%	72,120	4.3%	75,177	4.2%
Transportation 2050 ^{1/2/}	365,494	426,167	16.6%	434,840	2.0%	452,535	4.1%	472,069	4.3%	492,518	4.3%	513,372	4.2%
Convention Center Excise Tax ^{2/}	85,052	94,192	10.7%	96,761	2.7%	100,051	3.4%	103,931	3.9%	108,199	4.1%	112,948	4.4%
Sports Facilities, Bioscience & Tourism Excise Tax	29,970	29,944	-0.1%	30,579	2.1%	31,769	3.9%	33,112	4.2%	34,575	4.4%	36,099	4.4%
Jet Fuel Other Restricted Fund	895	858	-4.1%	874	1.9%	885	1.3%	894	1.0%	904	1.1%	914	1.1%
Privilege License Fees (Annual)	3,462	2,501	-27.8%	2,501	0.0%	2,501	0.0%	2,501	0.0%	2,501	0.0%	2,501	0.0%
Treasury Collection Service Fee ^{3/}	-	2	NA	2	0.0%	-	-100.0%	-	NA	-	NA	-	NA
Government Lease Property Excise Tax	644	644	0.0%	662	2.8%	741	12.0%	759	2.3%	776	2.3%	794	2.4%
Subtotal (PLT)	1,294,713	1,498,855	15.8%	1,528,001	1.9%	1,591,454	4.2%	1,659,726	4.3%	1,731,261	4.3%	1,804,159	4.2%
Utility & Franchise													
Utility & Franchise Tax	109,828	102,504	-6.7%	104,183	1.6%	107,117	2.8%	108,999	1.8%	110,736	1.6%	113,107	2.1%
Utility Tax (Jail Tax)	7,645	7,706	0.8%	7,768	0.8%	7,869	1.3%	7,972	1.3%	8,075	1.3%	8,180	1.3%
General Excise Tax	11,467	11,560	0.8%	11,653	0.8%	11,805	1.3%	11,958	1.3%	12,114	1.3%	12,271	1.3%
Storm Water Management	7,095	7,174	1.1%	7,246	1.0%	7,319	1.0%	7,392	1.0%	7,466	1.0%	7,540	1.0%
Capital Construction	6,427	5,850	-9.0%	5,659	-3.3%	5,486	-3.1%	5,404	-1.5%	5,286	-2.2%	5,142	-2.7%
Police Public Safety Enhancement	21,834	21,224	-2.8%	21,630	1.9%	22,063	2.0%	22,500	2.0%	22,907	1.8%	23,342	1.9%
Fire Public Safety Enhancement	13,382	13,008	-2.8%	13,257	1.9%	13,523	2.0%	13,791	2.0%	14,040	1.8%	14,307	1.9%
Subtotal (Utility & Franchise)	177,678	169,027	-4.9%	171,397	1.4%	175,182	2.2%	178,016	1.6%	180,624	1.5%	183,890	1.8%
Licenses & Permits	2,823	2,702	-4.3%	2,939	8.8%	3,012	2.5%	3,082	2.3%	3,151	2.2%	3,227	2.4%
State Sales Tax ^{4/}	253,980	256,383	0.9%	265,158	3.4%	275,827	4.0%	287,806	4.3%	300,044	4.3%	312,168	4.0%
State Income Tax ^{4/ 5/}	351,016	326,128	-7.1%	351,978	7.9%	370,791	5.3%	389,103	4.9%	409,960	5.4%	431,735	5.3%
Marijuana Sales Tax Earmarked for PSPRS ^{6/}	12,277	11,685	-4.8%	12,152	4.0%	12,675	4.3%	13,270	4.7%	13,881	4.6%	14,478	4.3%
TOTAL	2,092,487	2,264,780	8.2%	2,331,626	3.0%	2,428,941	4.2%	2,531,003	4.2%	2,638,921	4.3%	2,749,657	4.2%

^{1/} The forecast includes residential rental property tax reduction: Senate Bill 1131 prohibits municipalities from taxing residential rental property starting January 1, 2025.

^{2/} The forecast includes the 0.5 percentage point increase in the City Transaction Privilege Tax and Use Tax rates effective July 1, 2025.

^{3/} Effective January 1, 2015, the City no longer charges a privilege license application fee and revenue is not expected to continue from treasury collection service activity due to legislation requiring the State of Arizona to collect taxes on behalf of all cities and towns.

^{4/} Relative population share used in calculating state shared revenues in 2026-27 was based on the 2024 Census Bureau Population Estimate. It was projected to remain flat throughout the forecast period. The actual share will change annually based on Census Bureau Population Estimates. In addition, Laws 2021, Chapter 412 (Tax Omnibus) increases the Urban Revenue Sharing distribution from 15% to 18% starting in 2023-24.

^{5/} The forecast includes tax rate reduction: Laws 2021, Chapter 412 (Tax Omnibus) reduced the number of individual income tax brackets from four in Tax Year (TY) 2021 to two brackets in TY 2022. Starting from TY 2023, the individual income tax has been reduced to 2.5%.

^{6/} In the November 3, 2020 General Election, voters approved the Smart and Safe Arizona Act (Proposition 207), which became effective to govern the possession, sale, and taxation of recreational (non-medical) marijuana in Arizona. In January 2021, the City started collecting sales tax from recreational (non-medical) marijuana sales. On June 16, 2021, the City Council adopted the pension funding policy that designated the General Fund portion of the City sales tax from recreational (non-medical) marijuana retail sales and the state-shared 16% excise tax on the marijuana sales for Police and Fire personnel costs to pay down the public safety pension liability. Starting from 2023-24, the General Fund portion of the City sales tax from recreational marijuana retail sales has been transferred from the General Fund sales tax to the marijuana sales tax fund instead of a direct revenue posting to the marijuana sales tax fund.

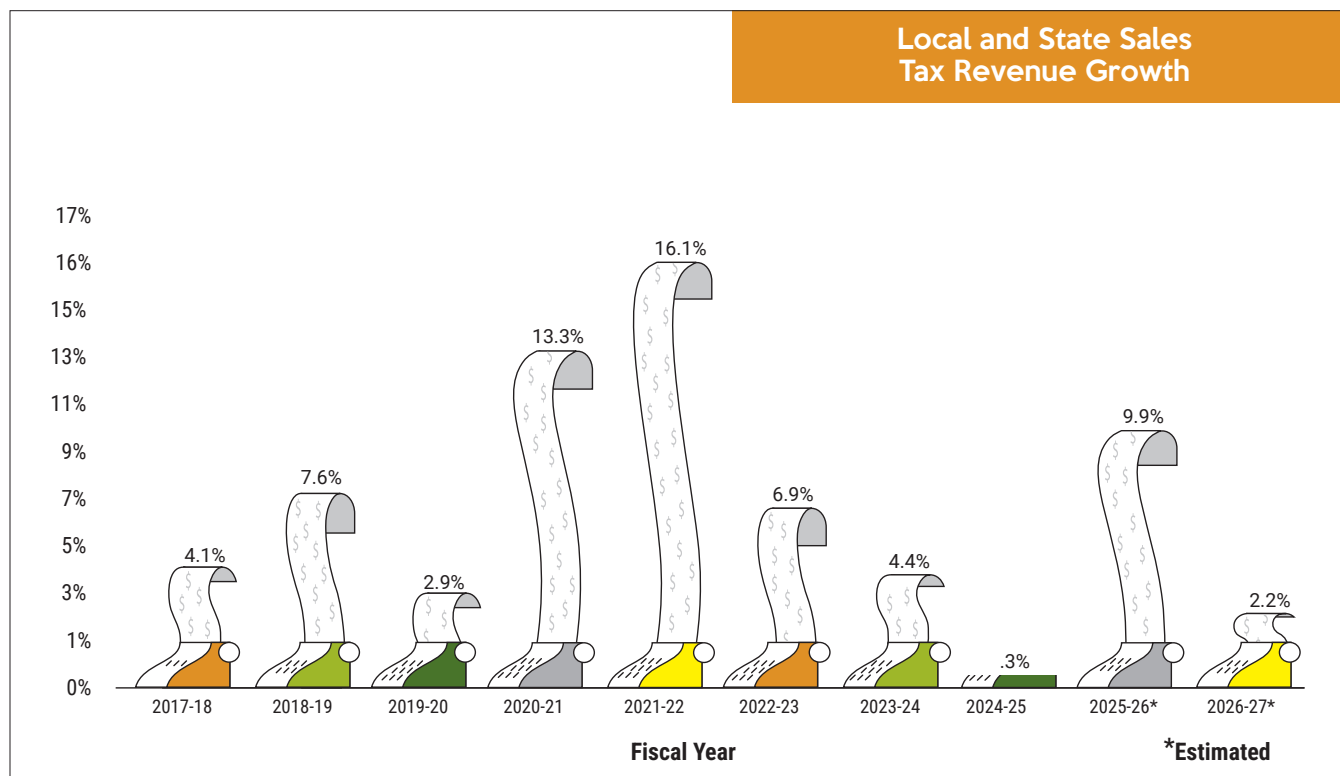
GENERAL FUNDS

Total 2026-27 General Fund revenues are estimated to be \$1,991.4 million or 3.5 percent more than 2025-26 estimates of \$1,923.6 million. General Fund revenues consist of four major categories: local taxes and related fees, state-shared revenues, primary property taxes, user fees and other revenues. The following are descriptions of the revenue sources within these four categories and explanations of 2026-27 revenue estimates.

Local and state sales tax collections represent approximately 54.1 percent of General Fund revenues. Local sales taxes for 2026-27 are expected to grow by 1.8 percent over 2025-26 estimates. Phoenix's share of state sales tax for 2026-27 is expected to grow by 3.4 percent over 2025-26 estimates.

Combined local and state sales tax revenues for 2026-27 are expected to grow by 2.2 percent over 2025-26 estimates. Combined growth rates since 2017-18 are shown in the chart below.

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

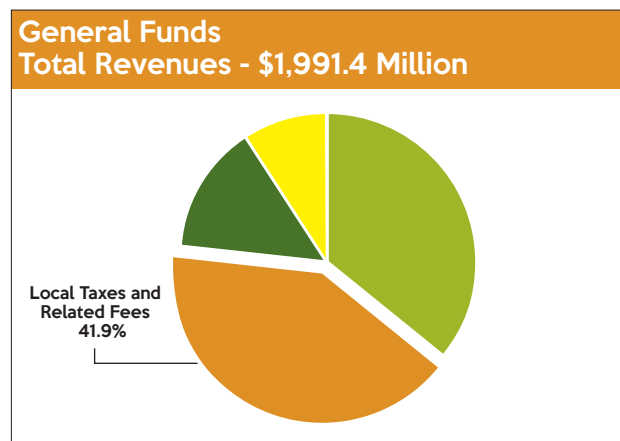


GENERAL FUND REVENUE BY MAJOR SOURCE (In Thousands of Dollars)

Revenue Source	2024-25 Actual	% of Total	2025-26 Estimate	% of Total	2026-27 Budget	% of Total	Increase/(Decrease) From 2025-26 Estimate	
							Amount	Percent
Local Taxes and Related Fees								
Local Sales Tax ^{1/}	705,357	38.2%	797,562	41.5%	811,787	40.8%	14,225	1.8%
Privilege License Fees	3,462	0.2%	2,503	0.1%	2,503	0.1%	-	0.0%
Other General Fund Excise Taxes	19,756	1.1%	19,910	1.0%	20,083	1.0%	173	0.9%
Subtotal	728,575	39.5%	819,975	42.6%	834,373	41.9%	14,398	1.8%
State-Shared Revenue								
Sales Tax	253,980	13.6%	256,383	13.3%	265,158	13.3%	8,775	3.4%
State Income Tax	351,016	19.0%	326,128	17.0%	351,978	17.7%	25,850	7.9%
Vehicle License Tax	87,754	4.8%	90,376	4.7%	93,423	4.7%	3,047	3.4%
Subtotal	692,750	37.4%	672,887	35.0%	710,559	35.7%	37,672	5.6%
Primary Property Tax	213,583	11.6%	222,719	11.6%	233,412	11.7%	10,693	4.8%
User Fees/Other Revenue								
Licenses & Permits	2,823	0.2%	2,702	0.1%	2,939	0.1%	237	8.8%
Cable Communications	6,296	0.3%	5,600	0.3%	5,000	0.3%	(600)	-10.7%
Fines and Forfeitures	8,921	0.5%	8,606	0.4%	8,876	0.4%	270	3.1%
Court Default Fee	1,027	0.1%	860	0.0%	900	0.0%	40	4.7%
Fire	97,831	5.3%	96,196	5.0%	101,767	5.1%	5,571	5.8%
Hazardous Materials Inspection Fee	1,431	0.1%	2,080	0.1%	2,798	0.1%	718	34.5%
Library Fees	426	0.0%	408	0.0%	410	0.0%	2	0.5%
Parks and Recreation	10,081	0.5%	8,622	0.4%	9,009	0.5%	387	4.5%
Planning	1,811	0.1%	2,228	0.1%	2,012	0.1%	(216)	-9.7%
Police	18,199	1.0%	18,626	1.0%	19,007	1.0%	381	2.0%
Street Transportation	6,137	0.3%	9,220	0.5%	9,381	0.5%	161	1.7%
Other Service Charges	53,100	2.9%	49,253	2.6%	47,540	2.4%	(1,713)	-3.5%
Other	2,974	0.2%	3,587	0.2%	3,408	0.2%	(179)	-5.0%
Subtotal	211,057	11.5%	207,989	10.8%	213,047	10.7%	5,058	2.4%
TOTAL GENERAL FUND	1,845,965	100.0%	1,923,570	100.0%	1,991,391	100.0%	67,821	3.5%

^{1/} 2025-26 Estimate and 2026-27 Budget include the 0.5 percentage point increase in the City Transaction Privilege Tax and Use Tax rates effective July 1, 2025.

LOCAL TAXES AND RELATED FEES



This major revenue category consists of local sales tax, privilege license fees, use tax, franchise taxes and fees, and other general excise taxes. The 2026-27 estimate is \$834,373,000, which is \$14,398,000 or 1.8 percent greater than the 2025-26 estimate of \$819,975,000. The assumptions used to estimate local taxes and related fees follow.

Local Sales Tax

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

Of the 15 categories collected, all except advertising provide General Fund resources and contribute to voter-approved resources for police and fire, parks and preserves, and transportation programs. Portions of several categories and the entire advertising category are restricted to the Convention Center Fund and/or the Sports Facilities, Bioscience and Tourism Fund. Effective January 1, 2016, Proposition 104 established the Transportation 2050 sales tax and increased the Transit 2000 sales tax previously passed by Proposition 2000 to fund a comprehensive transportation plan with a new 35-year sunset date. The Proposition increased the transaction privilege (sales) tax by 0.3 percentage points for various business activities. Effective October 1, 2019, Arizona law requires most remote sellers and marketplace facilitators to file and pay transaction privilege (sales) tax in Arizona.

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

Effective January 1, 2025, Arizona law prohibits municipalities from collecting Transaction Privilege Tax on residential rental property. This negatively impacts the General Fund, Public Safety Specialty Funds, Parks and Preserves, and Transportation 2050 Funds.

On March 18, 2025, the Phoenix City Council approved Ordinance G-7369 to amend the City of Phoenix Tax Code to increase the Transaction Privilege Tax and Use Tax rates by 0.5 percentage points for various business activities, effective July 1, 2025. The table below provides a listing of the local sales tax by category, indicating the specific tax rates for each fund and the total tax rate for each category.

CURRENT LOCAL SALES TAX RATES BY CATEGORY										
	General Fund	Neighborhood Protection	2007 Public Safety Expansion	Public Safety Enhancement	Parks & Pres.	Transportation 2050 ⁽¹⁾	Convention Center	Sports Facilities, Bioscience & Tourism	Capital Const.	Total
Advertising	–	–	–	–	–	–	0.5%	–	–	0.5%
Contracting *	0.9%	0.1%	0.2%	–	0.1%	0.9%	0.6%	–	–	2.8%
Job Printing *	0.9%	0.1%	0.2%	–	0.1%	0.9%	0.6%	–	–	2.8%
Publishing *	0.9%	0.1%	0.2%	–	0.1%	0.9%	0.6%	–	–	2.8%
Transportation/Towing *	0.9%	0.1%	0.2%	–	0.1%	0.9%	0.6%	–	–	2.8%
Restaurants/Bars *	0.9%	0.1%	0.2%	–	0.1%	0.9%	0.6%	–	–	2.8%
Leases/Rentals/Personal Property *	1.5%	0.1%	0.2%	–	0.1%	0.9%	–	–	–	2.8%
Short-Term Motor Vehicle Rental *	1.5%	0.1%	0.2%	–	0.1%	0.9%	–	2.0%	–	4.8%
Commercial Rentals *	1.6%	0.1%	0.2%	–	0.1%	0.9%	–	–	–	2.9%
Lodging Rentals Under 30 Days *	1.5%	0.1%	0.2%	–	0.1%	0.9%	2.0%	1.0%	–	5.8%
Lodging Rentals 30 Days and Over **	–	–	–	–	–	–	–	–	–	–
Retail Tier 1 (1)(2) *	1.5%	0.1%	0.2%	–	0.1%	0.9%	–	–	–	2.8%
Retail Tier 2 (1)(2)	1.2%	0.1%	0.2%	–	0.1%	0.4%	–	–	–	2.0%
Amusements *	1.5%	0.1%	0.2%	–	0.1%	0.9%	–	–	–	2.8%
Utilities	2.7%***	–	–	2.0%****	–	–	–	–	–	4.7%
Telecommunications	2.7%	–	–	–	–	–	–	–	2.0%	4.7%

* The tax rates reflect a 0.5 percentage point increase, from 2.3% to 2.8%, effective July 1, 2025. The rounded tax rates for each fund are provided for demonstration purposes, with the specific percentages used in the actual allocation.

**Senate Bill 1131 prohibits municipalities from taxing residential rental property starting January 1, 2025.

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

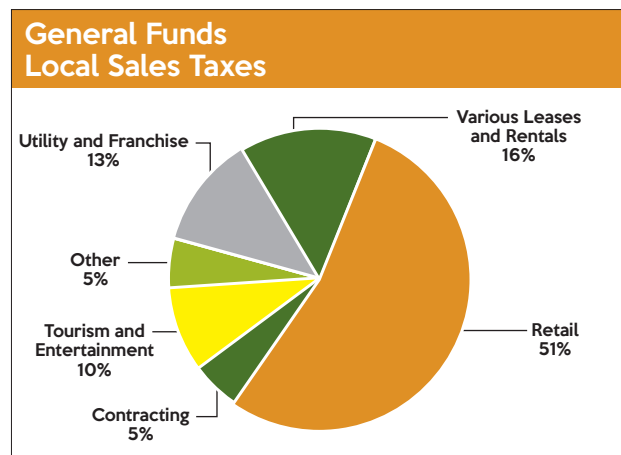
****The Public Safety Enhancement designated 2.0 percent sales tax applies only to those utilities with a franchise agreement.

(1) The Transportation 2050 sales tax (Proposition 104) was established by the voters effective January 1, 2016, and increased the Transit 2000 sales tax (Proposition 2000) to fund a comprehensive transportation plan with a 35-year sunset date. The Proposition increased the transaction privilege (sales) tax rates by 0.3% for various business activities and established a two-tier tax rate structure applicable to retail sales of single items in excess of \$10,000, to be adjusted biennially for inflation beginning on January 1, 2018. Effective January 1, 2026, the first \$14,338 (Tier 1) is subject to the 2.8% tax rate, while transactions over \$14,338 (Tier 2) are subject to the 2.0% tax rate. The criteria for Level 1 and Level 2 will be adjusted again on January 1, 2028.

(2) Arizona adopted Wayfair economic nexus for internet sales. Effective October 1, 2019, Arizona law requires most remote sellers and marketplace facilitators to file and pay transaction privilege (sales) tax in Arizona.

The General Fund portion of the local sales tax estimate is \$811,787,000 for 2026-27. This is an increase of \$14,225,000 or 1.8 percent from the 2025-26 estimate of \$797,562,000. This growth in local sales tax revenue is driven by actual collection trends, projected growth rates provided by the University of Arizona city sales tax model, and the assumption of moderate economic growth.

As shown in the pie chart below, the retail category represents approximately 51 percent of the local General Fund sales tax. The retail sales category is expected to increase by 3.0 percent in 2026-27. Personal income growth, a trend indicator for retail sales activity, is projected at 6.2 percent for 2026-27. The lower growth rate for retail sales tax relative to personal income growth is primarily attributed to declining consumer sentiment.



General Fund sales tax revenue is collected on two rental categories: leases and rentals of tangible personal property, and rentals of commercial property. These two categories combined are approximately 16 percent of local General Fund sales tax revenue. For 2026-27, rentals of tangible personal property and commercial property are projected to increase by 3.1 percent and 2.5 percent, respectively. The projected growth in these categories is driven by expected modest growth in the overall economy and a growing population.

The contracting category represents approximately 5 percent of the local General Fund sales tax revenue. The revenue from the contracting category is highly correlated with housing permit activity. The overall contracting category is expected to increase by 3.7 percent in 2026-27, driven by modest growth in housing permit activity.

The restaurants and bars category is expected to increase by 4.1 percent, and the hotel/motel category is expected to grow by 3.1 percent in 2026-27. Both categories, combined with amusement revenue, are closely related to tourism and entertainment activities. Revenues from these activities represent approximately 10 percent of the local General Fund sales tax revenue.

The utility and franchise tax category accounts for approximately 13 percent of local General Fund sales tax revenue. The category includes electricity, natural and artificial gas, water consumption, sewer service, and communications activities. The 2026-27 estimate of utility and franchise tax revenue is \$104,694,000, an increase of 2.0 percent over the 2025-26 forecast. The increase is due to anticipated utility accounts and price growth.

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 estimated amount of \$37,765,000 for 2026-27, an increase of 5.1 percent over the 2025-26 forecast, assumes modest economic growth. The use tax category is subject to fluctuations in purchasing practices and economic factors. The use tax category, along with other categories such as penalty and interest earnings, job printing, publishing, transportation and towing, and year-end accounting adjustments, contributes approximately 5 percent of local General Fund sales tax revenue.

The following table shows General Fund sales tax collections since 2022-23. The amounts shown exclude additional tax items collected from water service accounts (jail tax and general excise tax).

GENERAL FUND SALES TAXES (In Thousands of Dollars)		
Fiscal Year	Revenues	% Change From Previous Year
2022-23	674,528	7.6
2023-24	707,310	4.9
2024-25	705,357	(0.3)
2025-26 (Est.)	797,562	13.1
2026-27 (Est.)	811,787	1.8

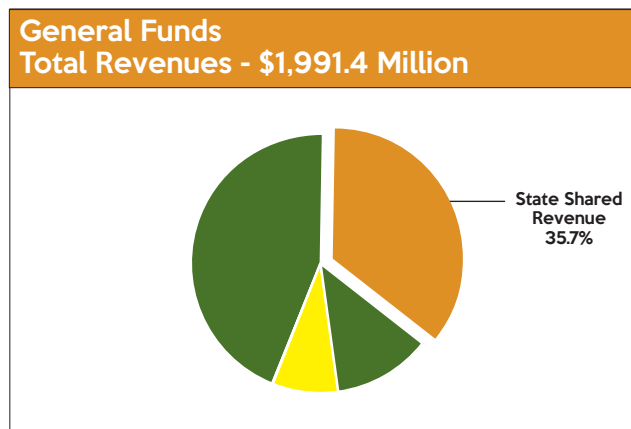
Privilege License Fees

The City charges a \$50 annual license fee to businesses that engage in activity where a transaction privilege tax is imposed. This category also includes a \$2 per unit (\$50 maximum) annual fee on each apartment complex for non-transient lodging. The 2026-27 estimate of \$2,503,000 is projected to remain flat from the 2025-26 estimate. The decline from 2024-25 to the 2025-26 and 2026-27 projections reflects the exemption of residential rental properties from transaction privilege tax collections and the associated privilege license fees.

Other General Fund Excise Taxes

The jail tax collected on water service accounts was implemented on October 1, 1990, and provides resources to help offset jail costs paid to Maricopa County for misdemeanor defendants. The City Council voted to reduce the jail tax by 50 percent, effective July 2012. The 2026-27 estimate of \$7,768,000 is \$62,000 or 0.8 percent more than the 2025-26 estimate of \$7,706,000. This category also includes a general city services excise tax on municipal services bills based on water meter size, implemented in July 2014. The 2026-27 estimate for the general city services excise tax of \$11,653,000 is \$93,000 or 0.8 percent more than the 2025-26 estimate of \$11,560,000. The Government Property Lease Excise Tax (GPLET) is also included in this category, which is a tax incentive agreement negotiated between a private party and a local government. It was established by the State of Arizona in 1996 to stimulate development in commercial districts by temporarily replacing a building's property tax with an excise tax. The 2026-27 estimate for the GPLET of \$662,000 is \$18,000, or 2.8 percent, higher than the 2025-26 estimate of \$644,000.

STATE-SHARED REVENUES



This major revenue category consists of the City's share of the state sales tax, the state income tax, and the vehicle license tax. The 2026-27 estimate for this category is \$710,559,000, which is \$37,672,000 or 5.6 percent more than the 2025-26 estimate of \$672,887,000. The increase is attributed to an estimated 7.9 percent increase in state-shared income tax, a 3.4 percent increase in vehicle license tax, and a 3.4 percent increase in state sales tax. Prior to 2016-17, state-shared revenues were distributed to cities and towns based on mid-decade and decennial census counts; thus, except for minor adjustments primarily due to annexations, each city or town's relative share changed only every five years. However, due to a change in State law that occurred in 2016, state-shared revenue distributions began to be updated annually based on Census Bureau population estimates starting in 2016-17. The decennial census will continue to be used, but only for the year it is completed. The relative population share used to calculate state-shared revenues for 2026-27 is based on the 2024 Census Bureau Population Estimate and has recently been adjusted downward following the incorporation of San Tan Valley in September 2025 and its eligibility for state-shared revenues.

State Sales Tax

The state sales tax rate on most taxable activities is 5.6 percent. The revenues are split between a “distribution base,” of which Phoenix receives a share, and a “combined non-shared” category, which is allocated entirely to the state. With exceptions for some categories, the distribution base consists of either 20 or 40 percent of collections depending on the tax classification. The 0.6 percent education tax included in the total tax rate is not included in the distribution base. Under the current formula, incorporated cities receive 25 percent of the distribution base. As indicated previously, these funds are distributed to individual cities based on relative population percentages. However, the Census Bureau population estimates to be used for 2026-27 were not available in time for developing the budget projections. Since no significant changes were anticipated, Phoenix’s share of 27.06 percent was used for 2026-27.

The City’s share of the state sales tax for 2026-27 is expected to be \$265,158,000, which is \$8,775,000 or 3.4 percent more than the 2025-26 estimate of \$256,383,000. The increase in state-shared sales tax revenue is based on actual collection trends in 2025-26 and anticipated modest growth in 2026-27. The table below shows the cities’ share of state sales tax, Phoenix’s allocation, and annual increase since 2022-23.

STATE SALES TAXES (In Thousands of Dollars)					
Fiscal Year	Cities’ Share of State Collections		Phoenix’s Share		
	Total	% Change	Percent	Amount	% Change
2022-23	861,626	6.4	27.9	241,813	5.2
2023-24	891,606	3.5	27.9	249,504	3.2
2024-25	915,058	2.6	27.7	253,980	1.8
2025-26 (Est.)	942,393	3.0	27.1	256,383	0.9
2026-27 (Est.)	976,654	3.6	27.1*	265,158	3.4

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

State Income Tax

Since 1973, cities in Arizona have shared 15 percent of the actual state individual and corporate income tax collected two years earlier. Pursuant to Laws 2021, Chapter 412, beginning in 2023-24, the state-shared income tax distribution percentage is increased from 15 percent to 18 percent to compensate for revenue loss to cities and towns due to the individual income tax cut. Individual cities receive their portion based on the cities’ share of the state population. Similar to state-shared sales tax, since Census Bureau population estimates were not available in time for developing the budget projections and no significant changes were anticipated, Phoenix’s share for 2025-26 was used for 2026-27, but adjusted downward following the incorporation of San Tan Valley in September 2025 and its eligibility for state-shared revenues.

The anticipated distribution for state income tax to cities and towns is \$1.302 billion in 2026-27, approximately 9.8 percent more than 2025-26 distribution of \$1.186 billion. The distribution represents actual State individual and corporate income tax collections for the 2024-25 fiscal year. Phoenix’s total distribution for 2026-27 is estimated at \$351,978,000, an increase of \$25,850,000 or 7.9 percent from the 2025-26 estimate of \$326,128,000.

The following table shows the total cities’ share of state income tax, Phoenix’s share, percentage allocation, and annual increase/decrease since 2022-23.

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
2022-23	15.0	1,106,959	46.4	27.9	308,183	44.5
2023-24	18.0	1,564,820	41.4	27.8	435,754	41.4
2024-25	18.0	1,268,258	(19.0)	27.7	351,016	(19.4)
2025-26 (Est.)	18.0	1,186,306	(6.5)	27.5	326,128	(7.1)
2026-27 (Est.)	18.0	1,302,030	9.8	27.0*	351,978	7.9

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

Vehicle License Tax

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

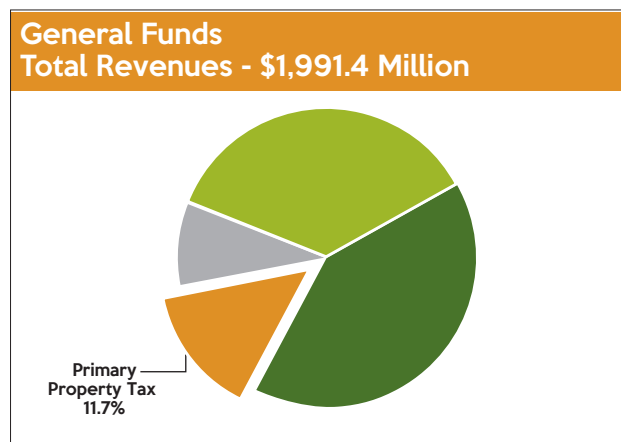
A portion of vehicle license tax collections is allocated to the Arizona Highway User Revenue Fund, with the remainder being allocated by percentage to various state funds as well as to counties and cities. The state is responsible for distributing funds to cities according to their relative population within the county. As with the other state-shared revenues, since Census Bureau population estimates were not available in time for developing the budget projections and no significant changes were anticipated, Phoenix's share of 39.2 percent of Maricopa County for 2025-26 was used for 2026-27. Phoenix's share of the vehicle license tax for 2026-27 is anticipated to be \$93,423,000, which is \$3,047,000 or 3.4 percent more than the 2025-26 estimate of \$90,376,000. The projected growth rate of 3.4 percent is based on the Arizona Department of Transportation forecast for 2025-26 to 2034-35.

The following table shows the cities' share of the vehicle license tax, Phoenix's share, allocation percentage and annual percentage change since 2022-23.

VEHICLE LICENSE TAX (In Thousands of Dollars)					
Fiscal Year	Amount Distributed by Maricopa County	Phoenix's Share		Increase/(Decrease)	
		Percent	Amount	Amount	Percent
2022-23	207,047	38.9	80,593	1,898	2.4
2023-24	213,834	39.2	83,823	3,230	4.0
2024-25	223,862	39.2	87,754	3,931	4.7
2025-26 (Est.)	230,551	39.2	90,376	2,622	3.0
2026-27 (Est.)	238,324	39.2*	93,423	3,047	3.4

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

PRIMARY PROPERTY TAX



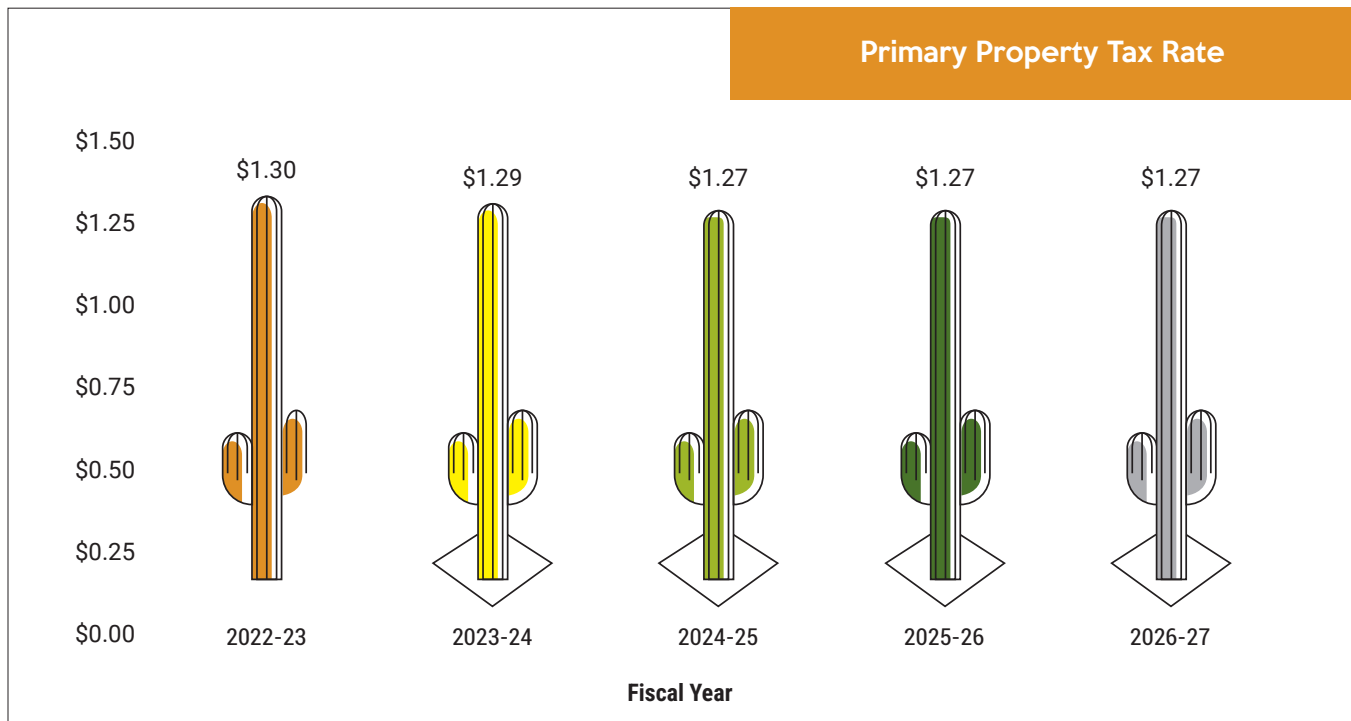
Arizona property taxes are divided into two levies. The primary levy is used for general operation and maintenance expenses. The secondary levy can only be used for voter-approved general obligation bond debt service.

The Arizona Constitution establishes annual limits in primary property taxes of 2 percent over the prior year's limit plus an estimated levy for previously untaxed property (mainly new construction). The Phoenix City Charter also limits the primary property tax rate to no more than \$1.00 plus the amount to cover the costs of libraries.

In 2012, voters approved Proposition 117, amending the Arizona Constitution by capping the annual increase in limited property values used to calculate primary net assessed value. The amendment has capped the limited property value at no greater than 5.0 percent above the previous year, plus new construction. This took effect in 2015-16.

The estimated 2026-27 primary property tax levy is \$235,769,000. The levy is a 4.8 percent increase over the 2025-26 levy of \$224,968,000. The primary net assessed valuation of \$18.63 billion is 4.8 percent above the 2025-26 primary net assessed valuation of \$17.77 billion.

Historically, actual property tax collections have been slightly lower than the amount levied. For 2026-27, collections for primary property tax are estimated to be \$233,412,000, or 99 percent of the levy amount.

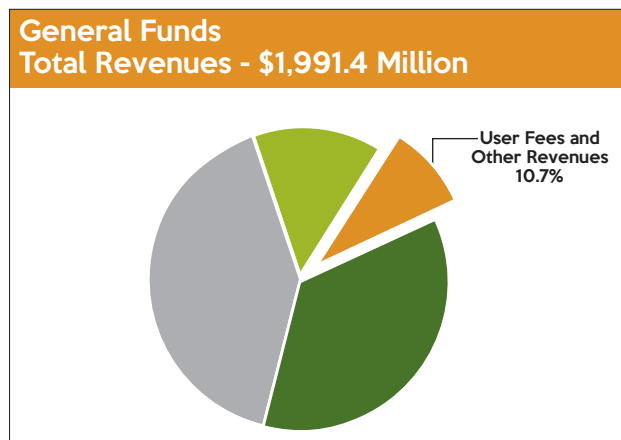


The 2026-27 levy results in a primary property tax rate of \$1.2652 per \$100 of assessed value and a secondary property tax rate of \$0.7745, for a total property tax rate of \$2.0397 per \$100 of assessed value.

The table below shows primary assessed valuation, primary property tax revenues and primary rates since 2022-23.

PRIMARY PROPERTY TAX					
Fiscal Year	Primary Net Assessed Valuation (in Millions)	% Change	Primary Levy (in Thousands)	% Change	Rate per \$100 Net Assessed Valuation
2022-23	15,491	4.7	201,207	4.1	1.2989
2023-24	16,265	5.0	209,026	3.9	1.2851
2024-25	17,190	5.7	217,597	4.1	1.2658
2025-26	17,773	3.4	224,968	3.4	1.2658
2026-27	18,635	4.8	235,769	4.8	1.2652

USER FEES/OTHER REVENUES



This major revenue category consists of licenses and permits, cable television fees, fines and forfeitures, parks and libraries fees, various user fees designed to recover the costs of providing specific City services, and other miscellaneous General Fund revenue sources. The 2026-27 estimate for this category is \$213,047,000, which is \$5,058,000 or 2.4 percent more than the 2025-26 estimate of \$207,989,000. The increase is primarily due to the estimated increase in revenue from fees/charges for emergency transportation service, hazardous materials inspections, and Parks and Recreation. The increase is partially offset by projected lower collections from cable communications and interest earnings. Following are descriptions of the various categories and explanations of the revenue estimates.

Licenses and Permits

This category includes various business permit applications and annual fees, such as liquor license applications, amusement machine permits, annual liquor licenses, and other business license applications and fees. The 2026-27 estimate of \$2,939,000 is \$237,000 or 8.8 percent more than the 2025-26 estimate of \$2,702,000, due to an estimated increase in revenue from liquor beverage license fees and other business license application fees.

Cable Communications

The City imposes up to a 5 percent fee on the gross receipts of cable television licensees in return for the use of streets and public rights-of-way by cable companies in the provision of cable television service. The 2026-27 estimate of \$5,000,000 is \$600,000 or 10.7 percent less than the 2025-26 estimate of \$5,600,000. The decrease is due to an anticipated decline in cable television customers in Phoenix.

Fines and Forfeitures

This category is comprised of various sanctions, including traffic moving violations, criminal offense fines, parking violations, driving under the influence, defensive driving program and substance abuse screening service. The 2026-27 estimate of \$8,876,000 is \$270,000 or 3.1 percent more than the 2025-26 estimate of \$8,606,000, primarily due to an anticipated slight increase in Defensive Driving Program revenue.

Court Default Fee

A default fee was implemented in 1993-94 to recover court costs for defendants who fail to appear in court or to pay previously imposed sanctions for civil traffic violations. In 2009-10, the fee increased from \$25 to \$40. The 2026-27 estimate of \$900,000 is \$40,000, or 4.7 percent, more than the 2025-26 estimate of \$860,000, due to an anticipated slight increase in court default fee activity.

Fire

The Fire Department receives fees from various services. The majority of the revenue comes from the emergency transportation service. 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 2026-27 estimate for emergency transportation services is \$79,269,000, which is \$4,543,000 or 6.1 percent more than the 2025-26 estimate of \$74,726,000. The increase mainly reflects the inflationary rate adjustment and an anticipated rise in the number of transports. Other Fire revenue sources include fire prevention inspection fees, computer-aided dispatch and various other charges for the services provided to the community. The 2026-27 estimate for other fire services is \$22,498,000, which is \$1,027,000 or 4.8 percent more than the 2025-26 estimate of \$21,470,000. This growth is primarily driven by the projected increase in computer-aided dispatch collections and fire prevention inspection fees.

Hazardous Materials Permit and Inspection Fee

Because incidents involving hazardous materials have increased over the years, a hazardous material 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. The City Council approved annual hazardous materials assessment fee increases in December 2025, with the changes taking effect in January 2026. The fee varies from \$710 to \$2,940 depending on the volume of hazardous materials stored on site. The 2026-27 estimate of \$2,798,000 is projected to increase by \$718,000 from the 2025-26 estimate of \$2,080,000, reflecting an anticipated increase in inspections and inspection fees.

Library Fees

In November 2019, the City waived all overdue library fines and discontinued assessing fines for late returns. Phoenix is the first of the five largest U.S. cities to adopt a fine-free program. The revenue lost from this program is being partially offset by additional revenue from the Maricopa County Library Assistance Program. Library revenues are primarily generated from the Maricopa County Library Assistance Program, copier/printer and damaged library materials fees, wireless communications license fees, and room rentals at City libraries. The 2026-27 estimate of \$410,000 is \$2,000 more than the 2025-26 estimate of \$408,000. The increase is due to an anticipated slight increase in the library's wireless communication license fee.

Parks and Recreation Fees

This category includes park concession revenues, swimming pool revenues, fees for the use of various park facilities such as ball fields, recreation programs, cell towers and swimming pools, activities at Talking Stick Resort Amphitheatre, and other miscellaneous park fees. The 2026-27 estimate of \$9,009,000 is \$387,000 or 4.5 percent more than the 2025-26 estimate of \$8,622,000. The increase in 2026-27 is primarily attributable to an anticipated increase in rental of property, ballpark fees, interest earnings, and miscellaneous park fees.

Planning

User fees in this category include revenue from the sale of codes and plans, rezoning fees, and zoning adjustment fees for use permits and variances. The 2026-27 estimate of \$2,012,000 is \$216,000 or 9.7 percent less than the 2025-26 estimate of \$2,228,000. The decrease in 2026-27 is primarily attributable to an anticipated decrease in short-term rental permit fees.

Police

The Police Department receives revenues for various services and programs. Police services are provided on a fee-per-hour basis for school and athletic events as well as other activities where a law enforcement presence is desired. In addition, a false alarm program includes both permit fees and assessments for false alarm responses. The estimate of \$19,007,000 for 2026-27 is projected to increase by \$381,000, or 2.0 percent, from the 2025-26 forecast of \$18,626,000. The increase is primarily attributable to anticipated higher revenue from police personal services billings, and partially offset by lower miscellaneous receipts, reflecting a one-time refund in 2025-26 that will not recur in 2026-27.

Street Transportation

This user fee category includes permit fees for utility construction in the public rights-of-way and utility ordinance inspections. The 2026-27 estimate of \$9,381,000 is \$161,000 or 1.7 percent more than the 2025-26 estimate of \$9,220,000. The increase is mainly due to an anticipated increase in revenues from revocable permits, fiber optics rights-of-way fees and chilled water license fees.

Other Service Charges

Revenue in this category is composed of several non-tax sources, including interest income, parking meter revenue, in lieu of property taxes, sales of surplus and abandoned property, and various rental, parking and concessions. The 2026-27 estimate of \$47,540,000 is \$1,713,000 or 3.5 percent less than the 2025-26 estimate of \$49,253,000. The decrease is primarily due to lower-than-anticipated interest earnings, partially offset by higher revenues from various rental, parking, and concession activities.

All Other Fees

This fee category consists of miscellaneous service charges in the Finance, Human Services and Neighborhood Services departments and miscellaneous categories. The 2026-27 estimate of \$3,408,000 is \$179,000 or 5.0 percent less than the 2025-26 estimate of \$3,587,000. The decrease is mainly due to lower anticipated revenues from licenses and permits, and other miscellaneous receipts, reflecting a one-time refund in 2025-26 that will not recur in 2026-27.

NON-GENERAL FUNDS

Non-General Fund revenues consist of two major categories: Special Revenue and Enterprise funds. The following sections describe the various revenue sources in each category and explain the 2026-27 revenue estimates. The table on the next page provides 2025-26 and 2026-27 estimates, as well as 2024-25 actual revenue amounts for revenues within these two categories.

SPECIAL REVENUE FUNDS

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

Neighborhood Protection Sales Tax

This 0.1 percent sales tax rate was approved by the voters in October 1993 and implemented in December 1993. As presented to the voters, the 0.1 percent increase is specifically earmarked for Police neighborhood protection programs (70 percent), Police Block Watch programs (5 percent) and Fire neighborhood protection programs (25 percent). In March 2025, the City Council approved a 0.5 percentage point increase in the City Transaction Privilege Tax and Use Tax rates. The additional revenue generated from this sales tax increase is allocated to the Neighborhood Protection Sales Tax funds based on the previous allocation proportions for all affected sales tax funds. The 2026-27 estimate of \$63,545,000 is \$1,174,000 or 1.9 percent more than the 2025-26 estimate of \$62,371,000. These estimates are consistent with those of the same categories in the local sales tax discussion. In addition, \$856,000 is estimated for interest earnings in 2026-27.

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. In March 2025, the City Council approved a 0.5 percentage point increase in the City Transaction Privilege Tax and Use Tax rates. The additional revenue generated from this sales tax increase is allocated to the 2007 Public Safety Expansion Tax funds based on the previous allocation proportions for all affected sales tax funds. 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 2026-27 estimate of \$127,089,000 is \$2,345,000 or 1.9 percent more than the 2025-26 estimate of \$124,744,000. These estimates are consistent with those of the same categories in the local sales tax discussion. In addition, \$819,000 is estimated for interest earnings in 2026-27.

Public Safety Enhancement Sales Tax

The Public Safety Enhancement sales tax was implemented on May 1, 2005, and is made up of the 2.0 percent increment of the 2.7 percent sales tax on utilities with franchise agreements. The fund is allocated between Police and Fire. The Police Public Safety Enhancement Fund is allocated 62 percent of revenues and is dedicated to Police and Emergency Management needs. The Fire Public Safety Enhancement Fund is allocated 38 percent of the revenues collected and is dedicated to Fire needs. The 2026-27 estimate of \$34,887,000 is \$655,000 or 1.9 percent more than the 2025-26 estimate of \$34,232,000.

Parks and Preserves Sales Tax

The Parks and Preserves sales tax is a 0.1 percent sales tax rate increase approved by voters in September 1999 and implemented in November 1999. Revenues from the 0.1 percent tax are allocated to park improvements and acquisition of desert preserves. This tax was renewed by voters for a 30-year period in May 2008. Sixty percent of the revenue is to be used for parks and recreation and forty percent for desert preserves. In March 2025, the City Council approved a 0.5 percentage point increase in the City Transaction Privilege Tax and Use Tax rates. The additional revenue generated from this sales tax increase is allocated to the Parks and Preserves Sales Tax funds based on the previous allocation proportions for all affected sales tax funds. The 2026-27 estimate of \$63,544,000 is \$1,171,000 or 1.9 percent more than the 2025-26 estimate of \$62,373,000. These estimates are consistent with the estimates for the same categories in the local sales tax discussion. In addition, \$4,049,000 is estimated for land rentals, lease revenue, and interest earnings in 2026-27.

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

	2024-25	2025-26	2026-27	Increase/(Decrease)	
Revenue Source	Actual	Estimate	Budget	From 2025-26 Estimate	
				Amount	Percent
SPECIAL REVENUE FUNDS					
Neighborhood Protection	54,651	63,860	64,401	541	0.8%
2007 Public Safety Expansion	107,885	125,625	127,908	2,283	1.8%
Public Safety Enhancement	35,216	34,232	34,887	655	1.9%
Parks and Preserves	59,008	66,861	67,593	732	1.1%
Transportation 2050	417,770	480,177	489,849	9,672	2.0%
Court Awards	3,413	3,511	3,170	(341)	-9.7%
Development Services	83,105	98,821	112,221	13,400	13.6%
Capital Construction	7,543	6,909	6,644	(265)	-3.8%
Sports Facilities, Bioscience & Tourism	38,239	37,970	38,279	309	0.8%
Arizona Highway User Revenue	169,113	171,589	171,765	176	0.1%
Regional Transit Revenues	68,859	85,555	120,931	35,376	41.3%
Community Reinvestment	8,365	12,767	7,811	(4,956)	-38.8%
Secondary Property Tax	137,459	148,699	145,819	(2,880)	-1.9%
Regional Wireless Cooperative	6,379	13,038	19,410	6,372	48.9%
Golf Courses	13,786	13,943	14,357	414	3.0%
City Improvement	23	-	-	-	NA
Impact Fee Program Administration	673	733	728	(5)	-0.6%
Court Special Fees	1,084	971	962	(9)	-0.9%
Monopole Rental	138	142	142	-	0.0%
Tennis Center	52	52	51	(1)	-1.4%
Vehicle Impound Program	1,896	1,826	1,826	-	0.0%
Heritage Square	6	26	26	-	0.0%
Affordable Housing Program	9,535	18,834	9,460	(9,374)	-49.8%
Jet Fuel Other Restricted Fund	895	858	874	16	1.9%
Recreational Marijuana Special Revenue Fund	12,277	11,685	12,152	467	4.0%
Other Restricted Revenues	56,724	38,393	36,273	(2,120)	-5.5%
Grants					
Public Housing Grants	177,699	219,508	214,083	(5,424)	-2.5%
Human Services Grants	69,534	74,163	85,864	11,701	15.8%
Community Development	16,262	25,032	25,149	117	0.5%
Criminal Justice	11,874	10,793	23,594	12,801	+100.0%
Public Transit Grants	40,330	95,745	98,319	2,574	2.7%
Other Grants	104,896	134,927	94,934	(39,993)	-29.6%
Subtotal - Grants	420,595	560,168	541,944	(18,224)	-3.3%
Total Special Revenue Funds	1,714,698	1,997,245	2,029,483	32,239	1.6%
ENTERPRISE FUNDS					
Aviation	658,369	679,079	688,740	9,661	1.4%
Water System	675,646	692,748	726,112	33,364	4.8%
Wastewater System	334,947	341,331	345,123	3,792	1.1%
Solid Waste	216,761	220,005	247,131	27,126	12.3%
Convention Center	125,501	136,860	139,003	2,143	1.6%
Total Enterprise Funds	2,011,224	2,070,022	2,146,109	76,087	3.7%
TOTAL NON-GENERAL FUND	3,725,922	4,067,267	4,175,593	108,326	2.7%

Transportation 2050 Funds

Effective January 1, 2016, Proposition 104 established the Transportation 2050 sales tax, which increased the 0.4 percent Transit 2000 sales tax previously passed by Proposition 2000 to fund a comprehensive transportation plan with a new 35-year sunset date. The Proposition increased the transaction privilege (sales) tax by 0.3 percent for various business activities. Since January 2016, sales tax collections from Proposition 104 have been budgeted and accounted for in the Transportation 2050 fund, while sales tax collections prior to that time from Proposition 2000 were included in the Transit 2000 fund. In March 2025, the City Council approved a 0.5 percentage point increase in the City Transaction Privilege Tax and Use Tax rates. The additional revenue generated from this sales tax increase is allocated to the Transportation 2050 funds based on the previous allocation proportions for all affected sales tax funds. The 2026-27 sales tax estimate for Transportation 2050 is \$434,840,000, which is \$8,673,000 or 2.0 percent more than the 2025-26 estimate of \$426,167,000. These estimates are consistent with the estimates for the same categories in the local sales tax discussion. This fund also includes farebox, bus shelter advertising, interest earnings, and other miscellaneous transit system revenues. The estimate for 2026-27 is \$55,009,000, an increase of \$999,000 or 1.9 percent more than the 2025-26 estimate of \$54,010,000. The growth is primarily due to higher anticipated revenues from farebox collection and bus shelter advertising and is partially offset by lower anticipated interest earnings.

Court Awards Funds

The City of Phoenix receives funds as a result of participation in the arrest and/or prosecution of certain criminal cases. These funds, referred to as Court Awards funds, represent court-ordered forfeitures of seized assets. Their use is limited to police and prosecutor functions. Revenue estimates are based on cases in progress. The estimate for 2026-27 is \$3,170,000, a decrease of \$341,000 or 9.7 percent lower than the 2025-26 estimate of \$3,511,000. The decline reflects fewer anticipated cases in 2026-27.

Development Services

Revenues in this user fee category include building permits and plans review, subdivision and site plan fees, sign permit fees, engineering permits, and plan review fees. These fees are used to fully support the activities of Development Services. The 2026-27 estimate is \$112,221,000, which is \$13,400,000 or 13.6 percent more than the 2025-26 estimate of \$98,821,000. This increase is primarily due to estimated revenue growth in building permit fees and building plan review fees. The growth also accounts for the approved 30 percent increase in user fees, effective January 2026.

Capital Construction

This category includes revenue from a 2 percent increase in the sales tax on telecommunications implemented in February 1998 and is intended to reimburse Phoenix residents for the use of their public rights of way by the telecommunications industry. These funds are used primarily for right-of-way improvements in the Street Transportation Capital Improvement Program. The sales tax revenue for 2026-27 is estimated at \$5,659,000, a decrease of \$191,000 or 3.3 percent from the 2025-26 estimate of \$5,850,000. In addition, \$985,000 is estimated for interest earnings in 2026-27.

Sports Facilities, Bioscience and Tourism

Sports Facilities, Bioscience and Tourism revenues consist of 1 percent of the 5.8 percent hotel/motel tax category, 2 percent of the 4.8 percent short-term motor vehicle rentals tax category, and interest revenue generated by the fund. The 2026-27 sales tax estimate is \$30,579,000, which is \$635,000 or 2.1 percent more than the 2025-26 estimate of \$29,944,000. The revenue estimates are consistent with the estimates for the same categories in the local sales tax discussion. In addition, \$7,700,000 is estimated for lease payments from the Translational Genomics Research Institute and interest earnings in 2026-27.

Arizona Highway User Revenue

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

A new distribution formula for Highway User Revenue Fund 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).

For 2026-27, Phoenix is projected to receive \$129.9 million from the allocation to all cities and towns and \$34.5 million from the allocation to cities and towns over 300,000 population.

The total 2026-27 Highway User Revenue Fund distribution estimate of \$164,387,000 is \$1,673,000 (1.0 percent) more than the 2025-26 estimate of \$162,714,000. The increased 2026-27 estimate is primarily attributed to projected increases in collections of gas and use fuel tax (1.4 percent) and vehicle license tax (3.4 percent).

The estimate for 2026-27 interest revenue is \$6,664,000, reduced from the 2025-26 estimate of \$7,166,000 due to projected lower interest rates and fund balance.

The table below shows the state-shared Highway User Revenue Fund allocations to the City of Phoenix since 2022-23.

ARIZONA HIGHWAY USER REVENUES (In Thousands of Dollars)			
Fiscal Year	AHUR Distribution	Increase/(Decrease)	
		Amount	Percent
2022-23	152,748	(2,717)	(1.7)
2023-24	157,357	4,609	3.0
2024-25	160,638	3,281	2.1
2025-26 (Est.)	162,714	2,076	1.3
2026-27 (Est.)	164,387	1,673	1.0

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 2026-27 estimate of \$120,931,000 is \$35,376,000 or 41.3 percent more than the 2025-26 estimate of \$85,555,000. This increase is primarily due to enhanced funding from Proposition 479 (formerly Proposition 400), Maricopa County's dedicated half-cent sales tax for regional transportation, along with higher revenue from other jurisdictions.

Community Reinvestment

The 2026-27 estimate of \$7,811,000 is \$4,956,000, or 38.8 percent lower than the 2025-26 estimate of \$12,767,000, and represents estimated revenues to be received under various economic redevelopment agreements in the downtown area. The decrease is primarily due to lower anticipated revenues from land rentals, real estate sales, and interest earnings.

Secondary Property Tax

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

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

As discussed in the General Fund revenue section, the 2026-27 primary property tax rate is \$1.2652 per \$100 of assessed valuation, decreased from the 2025-26 primary property tax rate of \$1.2658. The 2026-27 secondary rate is \$0.7745 per \$100 of assessed valuation, also decreased from the 2025-26 secondary rate of \$0.8141. The combined tax rate is \$2.0397.

The 2026-27 secondary property tax levy of \$144,327,000 is based on this \$0.7745 rate and the primary net assessed valuation of \$18.63 billion. This resulting levy decreases the 2025-26 secondary property tax levy of \$144,688,000 by \$361,000 to satisfy debt service requirements.

Secondary property tax revenues are supplemented by an estimated \$2,934,000 in bond interest subsidies and are partially offset by an estimated \$1,443,000 in uncollected taxes. In total, secondary property tax and bond interest subsidy revenue is estimated to be \$145,818,000.

The table below shows secondary assessed valuation, secondary property tax levies and secondary property tax rates since 2022-23.

SECONDARY PROPERTY TAX					
Fiscal Year	Net Assessed Valuation (in Millions)	% Change	Secondary Levy (in Thousands)	% Change	Rate per \$100 Net Assessed Valuation
2022-23	15,491	4.7	126,108	4.7	0.8141
2023-24	16,265	5.0	132,416	5.0	0.8141
2024-25	17,190	5.7	139,948	5.7	0.8141
2025-26	17,773	3.4	144,688	3.4	0.8141
2026-27	18,635	4.8	144,327	(0.2)	0.7745

Regional Wireless Cooperative

The Regional Wireless Cooperative (RWC) is an independent, multi-jurisdictional organization that manages and operates a regional radio communications network built to seamlessly serve the interoperable communication needs of first responders and other municipal radio users. It currently includes more than 20 cities, towns, fire districts, and other government agencies located in the Phoenix metropolitan region, as well as two Associate, one Long-Term Conditional, and nearly 50 Interoperability Participating agencies. As the managing network and administrative member, Phoenix is responsible for operating and maintaining the network and for the accounting, budgeting, procurement, and contracting functions.

The revenue in this fund primarily consists of reimbursements from other participating jurisdictions/agencies for their share of the cost of operating and maintaining the network. The 2026-27 revenue estimate of \$19,410,000 is \$6,372,000 or 48.9 percent more than the 2025-26 estimate of \$13,038,000. The growth is primarily due to anticipated project fees for new capital projects in 2026-27.

Golf Courses

Revenue sources in the golf course category include golf course fees, golf range balls, golf identification cards, golf cart rentals, and pro shop sales at city-run golf courses, which include Aguila, Cave Creek, Encanto, and Palo Verde. The 2026-27 estimate of \$14,357,000 is \$414,000 or 3.0 percent more than the 2025-26 estimate of \$13,943,000. The growth is due to anticipated increases in golf course fees, golf range balls, golf identification cards, golf cart rentals, and merchandise sales, and is partially offset by anticipated lower interest earnings.

Impact Fee Program Administration

In 1987, the City Council established an Impact Fee Program. Impact fees are charged to new developments 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 covers the costs of administering the Impact Fee Program. The 2026-27 revenue is estimated at \$728,000, which is \$5,000 or 0.6 percent less than the 2025-26 revenue estimate of \$733,000. The decrease is attributed to anticipated lower interest income.

Other Restricted Fees

Included in this category are revenues associated with the Court Technology Enhancement fee and the Judicial Collection Enhancement Fund, monopole rentals from several city parks, the Tennis Center at Washington Park, Vehicle Impound fees, Heritage Square, the Affordable Housing Program, the Jet Fuel Other Restricted Fund, and the Recreational Marijuana Special Revenue Fund. The Jet Fuel Other Restricted Fund was established to account for jet fuel sales and use tax as a result of a Federal Aviation Administration policy requiring that those funds be used only for aviation-related purposes, which was subsequently included in State law with an effective date of December 2017. The Recreational Marijuana Special Revenue Fund was created for the recreational marijuana sales taxes earmarked for the public safety pension liability. On June 16, 2021, the City Council adopted the pension funding policy that designated the General Fund portion of the City sales tax from recreational marijuana retail sales and the state-shared 16.0 percent excise tax on the marijuana sales for Police and Fire personnel costs to pay down the public safety pension liability. Starting from 2023-24, the General Fund portion of the City sales tax from recreational marijuana retail sales has been transferred from the General Fund to the marijuana sales tax fund instead of a direct revenue posting to the marijuana sales tax fund. Also included is revenue from restricted fees for recreation and other programs, and donations specified for various City programs. The 2026-27 estimate of \$61,766,000 is \$11,021,000 or 15.1 percent lower than the 2025-26 estimate of \$72,787,000. The decrease is primarily due to the anticipated decline in other restricted revenues from the Affordable Housing Program and the Children's Museum of Phoenix and is partially offset by estimated increases in the recreational marijuana retail sales tax and the photo enforcement program.

Public Housing Grants

Public Housing grants include funding from the Housing Assistance Payment Contract, HOME Investment Partnerships Program, housing rentals and subsidies, and interest income. The 2026-27 Public Housing grants revenue included in the annual operating budget is \$214,083,000, which is \$5,425,000 or 2.5 percent less than the 2025-26 estimate of \$219,508,000. The decrease is primarily due to fewer housing assistance payments, reduced HOME Investment Partnerships Program funding, and less miscellaneous revenue, partially offset by increased revenue from housing subsidies.

Human Services Grants

This category includes funds from the Department of Health and Human Services, Department of Housing and Urban Development, Workforce Investment Act, Arizona Department of Housing, and Aging Program Grants. The 2026-27 revenue estimate of \$85,864,000 is \$11,701,000 or 15.8 percent more than the 2025-26 estimate of \$74,163,000. The increase is primarily due to carryovers from 2025-26 to 2026-27.

Community Development Block Grant (CDBG)

Each year since 1974, the City has received CDBG funds from the U.S. Department of Housing and Urban Development. These funds are used to support a variety of projects and programs that must meet the following national objectives: benefit low-and moderate-income people; aid in the prevention or elimination of slums and blight; or meet other urgent community development needs. The 2026-27 CDBG entitlement is \$25,149,000, which is \$117,000 or 0.5 percent more than the 2025-26 estimate of \$25,032,000. The increase is primarily due to anticipated higher CDBG funding in 2026-27, partially offset by the discontinuation of coronavirus-related assistance.

Criminal Justice Grants

Criminal Justice grants include funding for the Police Department training academy, drug trafficking prevention, the Internet Crimes Against Children Task Force program, law enforcement community engagement training, and other crime-related prevention programs. The 2026-27 Criminal Justice Grants revenue is estimated at \$23,594,000, which is \$12,801,000 or 118.6 percent more than the 2025-26 estimate of \$10,793,000. The increase is primarily attributable to the estimated increase in the Internet Crimes Against Children Grant, Anti-Human Trafficking Grant, Arizona Department of Public Safety Border Support Grant, Phoenix Real Time Crime Center Grant, and Homeland Security grants.

Public Transit Grants

This category includes grants from the Federal Transit Administration and the Arizona State Local Transportation Assistance Fund. The 2026-27 Federal Transit Administration Grant estimate is \$98,319,000, an increase of \$2,574,000 or 2.7 percent more than the 2025-26 estimate of \$95,745,000. The increase is mainly due to additional Federal Transit Administration funding.

Other Grants

Other grants contain funding from federal, state, and other grants for various purposes, including Environmental programs, Fire operations, Neighborhood services, and other programs. The 2026-27 budget of \$94,934,000, which is \$39,993,000, or 29.6 percent, less than the 2025-26 estimate of \$134,927,000. The decrease is primarily due to the discontinuation of coronavirus-related federal funding.

ENTERPRISE FUNDS

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

Aviation

Aviation revenue estimates primarily include airline operation fees, concession revenues, and interest income at Sky Harbor International, Deer Valley, and Goodyear airports. In December 2019, the City Council approved the imposition of new rideshare fees at Sky Harbor International Airport to help reduce the number of vehicles at the terminals and encourage the use of the free Sky Train. The fees went into effect on May 1, 2020, after being unanimously upheld by the Arizona Supreme Court in response to a lawsuit filed by the Arizona Attorney General. The fees are used to offset costs for airport infrastructure, maintenance, and improvements. Total Aviation revenue for 2026-27 is projected at \$688,740,000, which is \$9,661,000, or 1.4 percent, higher than the 2025-26 estimate of \$679,079,000. The increase is primarily due to continued growth in airline operating fees, concession and rental revenues, and in Goodyear and Deer Valley airport building and facility rentals and is offset by lower interest earnings.

The following table shows Aviation revenue by major category and annual percent change since 2022-23.

SUMMARY OF AVIATION REVENUES (In Thousands of Dollars)					
	2022-23	2023-24	2024-25	2025-26 (Est.)	2026-27 (Est.)
Airline Operation	170,389	219,709	241,876	253,841	260,310
Concessions and Rentals	311,057	335,529	353,013	371,205	382,345
Interest	14,390	39,053	45,986	41,139	33,000
Other/Federal Grants	70,554	4,832	8,578	4,184	4,229
Goodyear	3,466	4,011	4,164	4,099	4,153
Deer Valley	3,946	4,371	4,752	4,611	4,703
Total Aviation Revenue	573,802	607,505	658,369	679,079	688,740
Change from Prior Year	0.0%	5.9%	8.4%	3.1%	1.4%

Water System

Water system revenues include water sales, environmental charges for complying with environmental standards, 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. The double digit increase in 2023-24 was primarily driven by the Council approved Water rate increase to address rising costs and \$40 million from the Bureau of Reclamation to support efforts to maintain water levels in Lake Mead. In 2024-25, the 9.5 percent growth was mainly due to the continued water rate increase approved by the Council and the remaining \$20 million from the Bureau of Reclamation. Total water system revenue for 2026-27 is projected at \$726,112,000, which is \$33,364,000 or 4.8 percent more than the 2025-26 estimate of \$692,748,000. The growth accounts for the anticipated increase in the number of water accounts and consumption growth. This growth is partially offset by lower interest earnings and reduced federal grants and development fee revenues.

The following table shows Water system revenues by major category since 2022-23.

SUMMARY OF WATER SYSTEM REVENUES (In Thousands of Dollars)					
	2022-23	2023-24	2024-25	2025-26 (Est.)	2026-27 (Est.)
Water Sales	341,742	398,346	448,485	465,246	498,625
Environmental Consumption Charge	69,912	74,487	76,615	74,615	79,631
Raw Water Charge	34,073	54,680	86,753	104,397	107,910
Interest	13,512	17,783	13,823	13,751	12,774
Development Fees	6,910	5,816	3,715	713	-
Combined Service Fees	1,668	1,553	1,489	2,481	2,481
Val Vista	10,832	12,376	12,949	13,492	13,473
All Other	19,808	52,213	31,817	18,053	11,218
Total Water Revenue	498,457	617,254	675,646	692,748	726,112
Change from Prior Year	1.3%	23.8%	9.5%	2.5%	4.8%

Wastewater System

Wastewater system revenues include monthly sewer service charge revenues, which are based on water consumption rates, environmental charges for complying with environmental standards, development fees, the sale of wastewater treatment services to other jurisdictions, the sale of effluent, and other miscellaneous fees. The significant increases in 2023-24 and 2024-25 were primarily driven by the Council-approved wastewater rate increases. The wastewater system is expected to generate revenue of \$345,123,000 in 2026-27, which is \$3,792,000 or 1.1 percent more than the 2025-26 estimate of \$341,331,000. The slight increase is mainly due to anticipated higher revenue from sewer service charges and environmental charges and is partially offset by lower interest revenue and the reduced development fee revenues.

The following table shows Wastewater system revenues by major category and annual percent change since 2022-23.

SUMMARY OF WASTEWATER SYSTEM REVENUES (In Thousands of Dollars)					
	2022-23	2023-24	2024-25	2025-26 (Est.)	2026-27 (Est.)
Sewer Service Charges	170,391	187,337	215,577	222,097	227,339
Environmental Charges	35,796	46,465	49,591	51,575	51,885
Development Fees	6,612	5,546	3,565	671	-
Interest	9,109	14,288	14,607	13,957	12,975
Multi-City	15,938	21,461	22,892	24,123	24,049
Other	31,396	31,183	28,715	28,908	28,875
Total Wastewater Revenue	269,242	306,280	334,947	341,331	345,123
Change From Prior Year	0.9%	13.8%	9.4%	1.9%	1.1%

Solid Waste

This category includes revenues from the monthly residential collection and landfill tipping fees. The estimated revenue for 2026-27 is \$247,131,000, an increase of \$27,126,000, or 12.3 percent more than the 2025-26 estimate of \$220,005,000. The revenue increase is primarily attributed to higher anticipated revenue from solid waste service fees and partially offset by an expected decline in interest earnings. In April 2026, the City Council approved a \$5 monthly solid waste rate increase for residential customers, effective July 2026, followed by an additional \$5 increase effective July 2027.

Convention Center

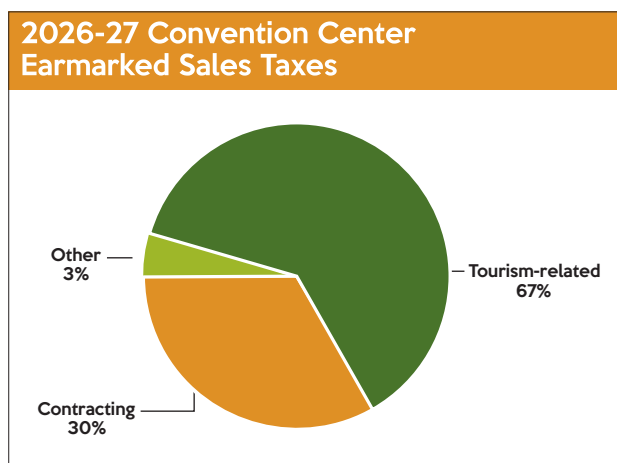
The majority of Convention Center revenues are from earmarked sales taxes, including a 0.5 percent tax on advertising, an approximate 0.6 percent portion of the 2.8 percent tax on construction, printing, publishing, transportation/towing and restaurant/bar sales, plus a 2.0 percent portion of the 5.8 percent hotel/motel tax on rooms rented for 30 days or less.

Earmarked sales taxes are expected to generate \$96,761,000 in 2026-27, an increase of \$2,569,000 or 2.7 percent above the 2025-26 estimate of \$94,192,000. Convention Center operating revenues are expected to be \$28,088,000, with an additional \$6,890,000 in parking revenue and \$7,264,000 in interest revenue. Convention Center total revenue is estimated at \$139,003,000, which is \$2,143,000 or 1.6 percent more than the 2025-26 estimated revenue of \$136,860,000. The increase is due to the expected growth in sales tax and the activity levels at the Convention Center and is partially offset by anticipated lower interest earnings. The earmarked sales tax estimates for the Convention Center are also consistent with General Fund sales tax estimates for the categories included in the Convention Center.

The following table shows the Convention Center excise tax collections since 2022-23.

CONVENTION CENTER SALES TAXES (In Thousands of Dollars)			
Fiscal Year	Amount Collected	Increase/(Decrease)	
		Amount	Percent
2022-23	92,515	14,729	18.9
2023-24	89,192	(3,323)	(3.6)
2024-25	85,052	(4,140)	(4.6)
2025-26 (Est.)	94,192	9,140	10.7
2026-27 (Est.)	96,761	2,569	2.7

Overall growth rates for Convention Center 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 97 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. The tourism industry was hit especially hard by the novel coronavirus. In the General Fund, however, contracting and tourism represent only 15 percent of the sales tax revenue. Because of this, any changes to these more volatile industries have a greater impact on this fund's sales tax revenue than on the General Fund's sales tax revenue. The increased estimates assume City sales tax will continue to grow, albeit at a slower pace.



GENERAL GOVERNMENT



MAYOR

Program Goal

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

Budget Allowance Explanation

The Mayor's Office 2026-27 operating budget allowance of \$3,191,000 is \$464,000 or 17.0 percent more than 2025-26 estimated expenditures. The budget reflects additional discretionary funding, which will assist the Mayor's Office in supporting constituent services and office operations.

Expenditure and Position Summary			
	2024-25 Actual	2025-26 Estimate	2026-27 Budget
Operating Expense	\$2,597,000	\$2,727,000	\$3,191,000
Total Positions	16.0	16.0	16.0
<i>Source of Funds:</i>			
General Fund	\$2,597,000	\$2,727,000	\$3,191,000

CITY COUNCIL

Program Goal

The City Council is composed of eight council members elected by districts on a nonpartisan ballot. Four-year terms for council members from even-numbered districts expire in April 2027. Four-year terms for council members from odd-numbered districts expire in April 2029. 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 2026-27 City Council operating budget allowance of \$8,273,000 is \$1,137,000 or 15.9 percent more than 2025-26 estimated expenditures. The budget reflects additional discretionary funding for each City Council district, which will assist each district in supporting constituent services. The budget also reflects negotiated increases in employee compensation.

Expenditure and Position Summary			
	2024-25 Actual	2025-26 Estimate	2026-27 Budget
Operating Expense	\$6,725,000	\$7,136,000	\$8,273,000
Total Positions	46.3	44.3	44.3
<i>Source of Funds:</i>			
General	\$6,725,000	\$7,136,000	\$8,273,000

CITY MANAGER

Program Goal

The City Manager's Office provides professional administration of the policies and objectives established by the Mayor and City Council, develops alternative solutions to community problems for Mayor and City Council consideration, and plans programs meeting the future public needs of the City. Deputy City Managers oversee and assist City departments to ensure achievement of their departmental objectives and City government objectives.

Budget Allowance Explanation

The City Manager's Office 2026-27 operating budget allowance of \$20,598,000 is \$3,960,000 or 23.8 percent more than 2025-26 estimated expenditures, primarily reflecting increased grant expenditures.

The General Fund 2026-27 budget allowance of \$13,050,000 is \$572,000 or 4.6 percent more than 2025-26 estimated expenditures. The increase is primarily due to negotiated increases in employee compensation, partially offset by a reduction in matching funds for the Arizona Department of Emergency and Military Affairs Urban Heat Leadership Academy grant.

The Other Restricted Funds 2026-27 budget allowance of \$0 is \$87,000 less than the 2025-26 estimated expenditures due to the exhaustion of remaining American Rescue Plan Act administrative oversight funding and remaining tree donation funding.

The Grants 2026-27 budget allowance of \$7,249,000 is \$3,462,000 or 91.4 percent more than 2025-26 estimated expenditures. This is primarily due to increased USDA Urban and Community Forestry grant contractual services and supplies for the Office of Heat Response and Mitigation.

The Water Fund 2026-27 budget allowance of \$299,000 is \$13,000 or 4.5 percent more than 2025-26 estimated expenditures due to negotiated increases in employee compensation.

Expenditure and Position Summary			
	2024-25 Actual	2025-26 Estimate	2026-27 Budget
Operating Expense	\$15,114,000	\$16,638,000	\$20,598,000
Total Positions	64.5	65.5	62.5
<i>Source of Funds:</i>			
General Fund	\$9,588,000	\$12,478,000	\$13,050,000
Other Restricted	73,000	87,000	0
Grants	5,123,000	3,787,000	7,249,000
Water	330,000	286,000	299,000

REGIONAL WIRELESS COOPERATIVE

Program Goal

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

Budget Allowance Explanation

The Regional Wireless Cooperative 2026-27 operating budget allowance of \$12,568,000 is \$492,000 or 3.8 percent less than 2025-26 estimated expenditures. The decrease is caused by additional software payments in 2025-26 due to prior year invoicing delays; the 2026-27 budget sees a reversion to regular software payments.

Expenditure and Position Summary			
	2024-25 Actual	2025-26 Estimate	2026-27 Budget
Operating Expense	\$3,876,000	\$13,060,000	\$12,568,000
Total Positions	5.0	5.0	5.0
<i>Source of Funds:</i>			
RWC	\$3,876,000	\$13,060,000	\$12,568,000

GOVERNMENT RELATIONS

Program Goal

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

Budget Allowance Explanation

The Government Relations 2026-27 operating budget allowance of \$1,922,000 is \$112,000 or 6.2 percent more than 2025-26 estimated expenditures. The budget reflects increased costs associated with normal inflationary adjustments and increases in employee compensation costs.

Government Relations Major Performance Measures and Service Levels			
The following significant performance measures and service level trends will be achieved with the 2026-27 budget allowance:			
	2024-25 Actual	2025-26 Estimate ¹	2026-27 Budget
Percentage of Arizona state legislative bills opposed by the City which were not enacted	97%	90%	90%
Number of strategic federal meetings brokered for elected officials or government executives	75	60	70
Number of strategic state and local meetings brokered for elected officials or government executives	85	85	85
Success rate of federal and state competitive grants and private foundation grants that Government Relations assisted departments securing	74%	74%	74%
Number of tribal gaming grants processed by Government Relations	197	95	125

¹ Based on 10 months actual experience.

Expenditure and Position Summary			
	2024-25 Actual	2025-26 Estimate	2026-27 Budget
Operating Expense	\$1,749,000	\$1,810,000	\$1,922,000
Total Positions	6.0	6.0	6.0
<i>Source of Funds:</i>			
General Fund	\$1,749,000	\$1,810,000	\$1,922,000

COMMUNICATIONS OFFICE

Program Goal

The Communications Office supports the City Manager's Office by developing and coordinating strategic messaging regarding City services, events, and resources across all departments to employees, residents, media, businesses, and visitors. The Communications Office is responsible for creating content for the City website, PHXTV, social media platforms, and produces live stream programing. In addition, the office oversees the management of public records requests citywide and provides translation and interpretation support.

Budget Allowance Explanation

The Communications Office 2026-27 operating budget allowance of \$5,812,000 is \$248,000 or 4.5 percent more than 2025-26 estimated expenditures. The increase is primarily due to negotiated increases in employee compensation and other normal inflationary adjustments. The budget also includes increases for engineering and live streaming services and for equipment replacements.

Communications Office Major Performance Measures and Service Levels

The following significant performance measures and service level trends will be achieved with the 2026-27 budget allowance:

	2024-25 Actual	2025-26 Estimate ¹	2026-27 Budget
New PHXTV content produced per year	537	577	600
Annual number of PIO interactions with media	1,243	1,410	1,250
Average response time to public records requests (days)	1.5	1.5	1.5
Phoenix.gov pageviews (monthly average) ²	1,550,000	1,580,400	1,400,000
Social media impressions per year ³	54,373,202	65,313,791	55,000,000
Email messages sent to residents via GreenRope ⁴	4,115,500	6,500,000	7,000,000
Annual number of strategic paid media campaigns	5	5	5

¹ Based on 10 month actual experience plus 2-month estimates.

² The Communications Office launched the City's new website in 2024-25. In 2025-26, the pageviews increased slightly due to the public education campaign about the new site, national policies impacting City services and several major events hosted by the City. 2026-27 is expected to return to normal levels.

³ During 2025-26, staff increased social media posts, including Spanish language accounts due to major public education campaigns for heat relief, homelessness, 602 Day, the Community Transparency Initiative, and the NCAA Women's Final Four. 2026-27 is expected to return to normal levels.

⁴ In 2026-2027, the City will be migrating to a new messaging platform and expects a modest increase in usage due to improved ease of use.

Expenditure and Position Summary

	2024-25 Actual	2025-26 Estimate	2026-27 Budget
Operating Expense	\$5,216,000	\$5,564,000	\$5,812,000
Total Positions	24.0	24.0	24.0
<i>Source of Funds:</i>			
General Fund	\$5,211,000	\$5,559,000	\$5,794,000
Other Restricted	5,000	5,000	18,000

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, a review of the City of Phoenix Employees' Retirement System, external audits of specific activities, and a review of business systems for possible improvements.

Budget Allowance Explanation

The City Auditor 2026-27 operating budget allowance of \$3,978,000 is \$283,000 or 7.7 percent more than 2025-26 estimated expenditures. The increase reflects normal inflationary adjustments and increases in employee compensation, as well as increased costs for external auditing services.

City Auditor Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2026-27 budget allowance:

	2024-25 Actual	2025-26 Estimate ^{1, 2}	2026-27 Budget
Percent of audit plan completed	80%	80%	80%
Performance audit and management reports issued	80	75	75
Percent of audit recommendations implemented within two years	90%	90%	90%
Economic value of improvements or cost savings identified from audits (millions)	\$0.50	\$0.50	\$0.50
Hearing rulings issued timely manner according to time frames listed in the city code	100%	100%	100%

¹ Based on 10 months actual experience.

² 2025-26 budget level is representative of the historical average.

Expenditure and Position Summary

	2024-25 Actual	2025-26 Estimate	2026-27 Budget
Operating Expense	\$3,358,000	\$3,695,000	\$3,978,000
Total Positions	25.4	25.4	25.4
Source of Funds:			
General Fund	\$3,358,000	\$3,695,000	\$3,978,000

Thousands

\$1,200

\$1,000

\$800

\$600

\$400

\$200

\$0



2022-23



2023-24



2024-25



2025-26*



2026-27*

Fiscal Year

*Estimated

The 2025-26 level is representative of the historical average.

City Auditor Impact of Recommendations

EQUAL OPPORTUNITY

Program Goal

The Equal Opportunity Department provides compliance programming on public accessibility, public accommodation, and fair housing; promotes economic opportunity for small businesses; investigates employment discrimination; and engages the community through outreach and education programs. Community and engagement efforts are supported by volunteers appointed by the Mayor and City Council.

Budget Allowance Explanation

The Equal Opportunity Department 2026-27 operating budget allowance of \$5,037,000 is \$169,000 or 3.5 percent more than 2025-26 estimated expenditures. The increase is primarily due to negotiated increases in employee compensation and other normal inflationary adjustments. The increase is partially offset by increased Small Business Program allocations to the Aviation and Street Transportation Departments, reducing General Fund costs. These allocations are based on additional work Equal Opportunity Department staff will provide to support the economic growth of local businesses through the Small Business program.

Equal Opportunity Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2026-27 budget allowance:

	2024-25 Actual	2025-26 Estimate ¹	2026-27 Budget
Employment complaints closed ²	262	165	210
Total ADA contacts	105	115	100
Public accommodation complaints closed	10	15	10
Fair housing complaints closed	43	41	40
Small Business certification files processed ³	1,452	834	N/A
Small Business contracts monitored ³	442	285	285
Small Business firms certified ^{3,4}	1,346	650	N/A
Commission meetings staffed	50	55	55

¹ Based on 10 months of actual experience.

² Complaints investigated and closed are based on the number of cases filed. During 2025-26, staff work was temporarily diverted due to the transition to a new case management system.

³ Small Business programs include federal and local certification and compliance functions. Due to uncertainty around changes to federal certification programs, 2026-27 data cannot be forecasted.

⁴ Tracking includes federal and local certified small businesses.

Expenditure and Position Summary

	2024-25 Actual	2025-26 Estimate	2026-27 Budget
Operating Expense	\$4,048,000	\$4,868,000	\$5,037,000
Total Positions	33.0	33.0	33.0
<i>Source of Funds:</i>			
General Fund	\$3,374,000	\$3,701,000	\$3,812,000
Grants	539,000	614,000	646,000
Water	112,000	532,000	558,000
Other Restricted	23,000	21,000	21,000

HUMAN RESOURCES

Program Goal

The Human Resources Department partners with the City's numerous departments and functions to attract, develop, support, and retain a talented workforce that delivers exceptional services to our community.

Budget Allowance Explanation

The Human Resources Department 2026-27 operating budget allowance of \$30,861,000 is \$1,242,000 or 4.2 percent more than 2025-26 estimated expenditures. The increase is primarily due to negotiated increases in employee compensation and other normal inflationary adjustments. It also reflects budgeted increases for legally required contributions to the Industrial Commission of Arizona for the Municipal Firefighter Cancer Reimbursement Fund. These increases are partially offset by decreased costs for the City's learning management system.

Human Resources Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2026-27 budget allowance:

	2024-25 Actual	2025-26 Estimate ¹	2026-27 Budget
Percentage of hiring managers satisfied with applicants placed on hiring eligible list	82.3%	84.1%	84.1%
Annualized employee turnover rate	6.7%	6.9%	7.0%
Employee performance evaluations completed on time	78.9%	78.0%	78.0%
The number of employee suggestions received	5	5	6

¹ Based on 10 months actual experience.

Expenditure and Position Summary

	2024-25 Actual	2025-26 Estimate	2026-27 Budget
Operating Expense	\$28,513,000	\$29,619,000	\$30,861,000
Total Positions	141.7	139.0	139.0
<i>Source of Funds:</i>			
General Fund	\$28,513,000	\$29,619,000	\$30,861,000

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 2026-27 operating budget allowance of \$139,000 is \$6,000 or 4.5 percent more than 2025-26 estimated expenditures. The increase reflects normal inflationary adjustments and negotiated increases in employee compensation.

Phoenix Employment Relations Board Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2026-27 budget allowance:

	2024-25 Actual	2025-26 Estimate ¹	2026-27 Budget
Number of cases filed annually ²	1	3	3

¹ Based on 10 months actual experience.

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

Expenditure and Position Summary

	2024-25 Actual	2025-26 Estimate	2026-27 Budget
Operating Expense	\$101,000	\$133,000	\$139,000
Total Positions	1.0	1.0	1.0
<i>Source of Funds:</i>			
General Fund	\$101,000	\$133,000	\$139,000

RETIREMENT SYSTEMS

Program Goal

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

Budget Allowance Explanation

The Retirement Systems 2026-27 gross operating budget allowance of \$4,286,000 is \$570,000 or 15.3 percent more than 2025-26 estimated expenditures. The budget includes normal inflationary adjustments and negotiated increases in employee compensation for both the General Fund and Other Restricted Funds. The General Fund also reflects increases for contracted medical services.

Retirement Systems Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2026-27 budget allowance:

	2024-25 Actual	2025-26 Estimate ¹	2026-27 Budget
General City retirements	385	436	410
Public safety retirements	224	231	227
General City and public safety member contacts ²			
Appointments	449	579	514
Walk-in service	1,641	1,876	1,759
Telephone calls	18,508	21,567	20,037
General City and Public Safety Benefit estimates provided (excluding self-service) ³	1,841	4,537	3,189

¹ Based on 10 months actual experience.

² In 2025-26, the increase in walk-in service is attributed to more staff returning to the office and increased employee preference for in-person interaction. Increased calls are attributed to questions regarding retirement eligibility, tax withholdings and benefit deductions.

³ The increase in benefits estimates is due to the rollout of MemberDirect, a self-service web portal that provides plan participants with on-demand access to their retirement accounts.

Expenditure and Position Summary

	2024-25 Actual	2025-26 Estimate	2026-27 Budget
Operating Expense (Gross ¹)	\$3,459,000	\$3,716,000	\$4,286,000
Total Positions	18.0	21.0	21.0
<i>Source of Funds:</i>			
General Fund (Gross ¹)	\$2,808,000	\$2,905,000	\$3,279,000
Other Restricted	651,000	811,000	1,007,000

¹ Gross costs are recovered through citywide assessments to all City departments.

LAW

Program Goal

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

Budget Allowance Explanation

The Law Department 2026-27 operating budget allowance of \$40,237,000 is \$3,880,000 or 10.7 percent more than 2025-26 estimated expenditures.

The General Fund 2026-27 budget allowance of \$38,747,000 is \$3,979,000 or 11.4 percent more than 2025-26 estimated expenditures. The increase is primarily due to normal inflationary adjustments and an increase to software agreements and subscription costs related to case management system upgrades. The Court Awards 2026-27 budget allowance of \$70,000 is \$16,000 or 29.6 percent more than 2025-26 estimated expenditures. This is due to increased awards from federal and state programs to help citizens with court services. The Grants 2026-27 budget allowance of \$941,000 is \$144,000 or 13.3 percent less than 2025-26 estimated expenditures. The decrease in grant funding is due to increased competition for grants and reduced grant opportunities.

Law Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2026-27 budget allowance:

	2024-25 Actual	2025-26 Estimate ¹	2026-27 Budget
Number of cases submitted for charging review	28,867	26,333	28,000
Pre-trial disposition conferences set	66,092	67,507	66,000
Criminal cases sent to diversion (estimate)	1,606	1,633	1,600
Number of jury trials set	523	482	500
Number of non-jury trials set	2,341	2,381	2,300
Number of cases with body-worn camera (BWC) evidence ordered from Phoenix Police	14,529	14,539	14,500
Number of hours of BWC footage requested for review	26,169	24,742	25,000
Number of hours of BWC footage reviewed by Legal Assistant Unit staff	15,594	16,955	16,000
New civil cases opened in the fields of condemnation, collection, taxes, and civil litigation, excluding liability and other cases assigned to outside counsel	661	658	700
Number of civil cases closed, including those assigned to outside counsel and handled through the alternative dispute resolution process ²	1,412	1,889	1,500
Ordinances and resolutions for City Council adoption drafted and reviewed	1,186	1,131	1,125

¹ Based on 10 months actual experience.

² Fiscal year 2025-26 is higher than normal due to open files that were archived as part of a record retention project.

Expenditure and Position Summary

	2024-25 Actual	2025-26 Estimate	2026-27 Budget
Operating Expense	\$33,058,000	\$36,357,000	\$40,237,000
Total Positions	251.0	249.0	253.0
<i>Source of Funds:</i>			
General Fund	\$31,493,000	\$34,768,000	\$38,747,000
Court Awards	49,000	54,000	70,000
Other Restricted	253,000	450,000	479,000
Grants	1,263,000	1,085,000	941,000

INFORMATION TECHNOLOGY SERVICES

Program Goal

Information Technology Services 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 (ITS) 2026-27 operating budget allowance of \$104,971,000 is \$4,148,000 or 4.1 percent more than 2025-26 estimated expenditures. The increase is due to a variety of factors, including negotiated increases in employee compensation and other normal inflationary adjustments, increases in costs for consultants and other professional services, increases for computer hardware maintenance and other minor maintenance and repairs, increases in costs for computers for end user device replacements, as well as increased costs for special contractual services, including web application services, disaster recovery services, and information technology and infrastructure security-related services.

These increases are partially offset by reductions in a variety of areas, including cost savings for Microsoft Office licensing and online storage due to a renegotiated contract. In addition, there are reduced costs for liability insurance, as well as for contractual and temporary agency staff due to bringing some formerly contracted positions in-house.

Information Technology Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2026-27 budget allowance:

	2024-25 Actual	2025-26 Estimate ¹	2026-27 Budget
Percentage of on-time operations center services	99.0%	99.0%	99.0%
Critical systems availability percentage:			
Enterprise network	99.9%	99.9%	99.9%
Telephone network	99.9%	99.9%	99.9%
Phoenix.gov	99.9%	99.9%	99.9%
ePay	99.9%	99.9%	99.9%
TALIS	99.9%	99.9%	99.9%
RWC	100.0%	100.0%	100.0%
Number of pages accessed in Phoenix.gov	23,900,000	24,200,000	24,700,100
Average cycle time of telephone service requests	< 21 days	< 21 days	< 21 days
Units of portable and mobile radio equipment ²	23,056	23,155	23,155

¹ Based on 10 months actual experience.

² Includes all portable and mobile radios supported on behalf of all Regional Wireless Cooperative (RWC) members, as well as support of portable and mobile radios for Fire's VHF system. The increase in radio count from 2024-25 to 2025-26 was due to new members joining the RWC, and the number of members is expected to remain constant for 2026-27.

Expenditure and Position Summary

	2024-25 Actual	2025-26 Estimate	2026-27 Budget
Operating Expense	\$102,018,000	\$100,823,000	\$104,971,000
Total Positions	230.0	238.0	235.0
<i>Source of Funds:</i>			
General Fund	\$101,139,000	\$99,955,000	\$104,052,000
Other Restricted	5,000		
Aviation	296,000	278,000	289,000
Solid Waste	233,000	231,000	237,000
Water	342,000	353,000	387,000
Cable Television	3,000	6,000	6,000

CITY CLERK

Program Goal

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

Budget Allowance Explanation

The City Clerk 2026-27 operating budget allowance of \$9,284,000 is \$3,492,000 or 60.3 percent more than 2025-26 estimated expenditures. The increase is primarily due to the carryover of funding for the licensing system replacement, increased capital asset replacement and facility improvement costs, reductions in internal department credits, normal inflationary adjustments and negotiated increases in employee compensation.

City Clerk Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2026-27 budget allowance:

	2024-25 Actual	2025-26 Estimate ¹	2026-27 Budget
Number of council formal and special meeting agenda items	1,901	1,700	1,750
Open meeting law notices posted	2,967	3,300	3,300
Percent of open meeting law notices posted in accordance with state law	100%	100%	100%
Total printing and copy impressions	19,160,000	18,700,000	18,950,000
City Council regular and special elections held	1	0	2
License services applications and contacts	16,137	15,500	15,500
Records (in pages) provided for public access online	209,327	197,000	203,000

¹ Based on 10 months actual experience.

Expenditure and Position Summary

	2024-25 Actual	2025-26 Estimate	2026-27 Budget
Operating Expense	\$5,055,000	\$5,792,000	\$9,284,000
Total Positions	51.5	51.5	51.5
<i>Source of Funds:</i>			
General Fund	\$5,055,000	\$5,792,000	\$9,284,000

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 Finance Department 2026-27 operating budget allowance of \$43,338,000 is \$8,133,000 or 23.1 percent higher than 2025-26 estimated expenditures. The increase is primarily in the General Fund and Sports Facilities, Bioscience & Tourism Fund.

The General Fund 2026-27 budget allowance of \$36,447,000 is \$5,948,000 or 19.5 percent higher than 2025-26 estimated expenditures. The increase is primarily due to software agreements for SAP upgrades, resuming the City's portion of Arizona Department of Revenue system upgrade costs, normal inflationary adjustments and negotiated increases to employee compensation.

The Sports Facilities, Bioscience & Tourism Fund 2026-27 budget allowance of \$3,798,000 is \$2,000,000 or 111.2 percent more than 2025-26 estimated expenditures. The increase is due to House Bill 2704 which created the Maricopa County Stadium District Fund. The fund redirects transaction privilege tax (TPT) revenues to finance renovations at Chase Field.

The Water Fund 2026-27 budget allowance of \$1,086,000 is \$145,000 or 15.4 percent more than 2025-26 estimated expenditures. The increase is due to normal inflationary adjustments and negotiated increases to employee compensation.

The Other Restricted, Grants, Aviation and Wastewater fund changes are immaterial.

Finance Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2026-27 budget allowance:

	2024-25 Actual	2025-26 Estimate ¹	2026-27 Budget
Sales tax and franchise fees collected (millions) ²	\$1,457	\$1,661	\$1,661
Average real estate acquisition cycle time (months) ³	14	9	12
Average property damage claims cycle time (days) ⁴	84	48	60
Average invitation for bid cycle time (days) ⁵	198	216	175

¹ Based on 10 months actual experience.

² Effective January 1, 2025, tax rate increases for 17 business classifications increased from 2.3 percent to 2.8 percent resulting in a projected increase of 12 percent over the prior year.

³ Cycle time varies with changes in the volume of acquisitions from year to year.

⁴ A 60-day cycle time is the performance goal. Factors such as volume and complexity have an impact on the processing of claims.

⁵ Factors such as new staff training, delays on receipt of needed information, protests, and appeals along with an increase in complexity of procurements have impacted the bid cycle time.

Expenditure and Position Summary

	2024-25 Actual	2025-26 Estimate	2026-27 Budget
Operating Expense	\$38,973,000	\$35,205,000	\$43,338,000
Total Positions	238.0	236.0	235.0
<i>Source of Funds:</i>			
General Fund	\$36,925,000	\$30,499,000	\$36,447,000
Sports Facilities, Bioscience & Tourism	109,000	1,798,000	3,798,000
Other Restricted	357,000	1,145,000	1,145,000
Grants	2,000	0	(6,000)
Aviation	233,000	316,000	362,000
Wastewater	475,000	506,000	506,000
Water	872,000	941,000	1,086,000

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 2026-27 operating budget allowance of \$4,962,000 is \$780,000 or 18.7 percent higher than 2025-26 estimated expenditures. The increase reflects additional funding in preparation for the next GO Bond program, normal inflationary adjustments, and increases to employee compensation costs.

Budget and Research Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2026-27 budget allowance:

	2024-25 Actual	2025-26 Estimate ¹	2026-27 Budget
Percent variance of actual versus estimated expenditures for each major fund (data for the General Fund is shown)	0.2%	0 -± 3%	0 -± 3%
Percent variance of actual versus estimated resources for each major fund (data for the General Fund is shown)	0.7%	0 -± 3%	0 -± 3%
Capital Improvement Program percent variance of actual versus estimated expenditures	-13.0%	0 -± 10%	0 -± 10%

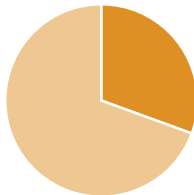
¹ Based on 10 months actual experience.

Expenditure and Position Summary

	2024-25 Actual	2025-26 Estimate	2026-27 Budget
Operating Expense	\$4,316,000	\$4,182,000	\$4,962,000
Total Positions	24.0	23.0	23.0
<i>Source of Funds:</i>			
General Fund	\$4,316,000	\$4,182,000	\$4,962,000



PUBLIC SAFETY



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

The Public Safety program budget includes Fire and Police.

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 2026-27 operating budget allowance of \$1,095,058,000 is \$80,991,000 or 8.0 percent more than 2025-26 estimated expenditures. The increase is primarily due to normal inflationary adjustments and negotiated increases in employee compensation, which impacts all funds, as well as an increase in anticipated available funding from grant awards.

The General Fund 2026-27 budget allowance of \$850,995,000 is \$51,368,000 or 6.4 percent more than 2025-26 estimated expenditures. In addition to normal inflationary adjustments and negotiated increases to employee compensation, the budget also reflects additional costs for electricity, computer software renewals, jail services from Maricopa County, supportive services for the City's emergency 9-1-1 system, computer equipment for recruits, facility maintenance, equipment management costs, vehicle replacements, other capital equipment and technology replacement costs, as well as increased costs to support new projects for the City's radio network. These increases are partially offset by reduced general liability self-insurance costs, reduced costs from the records management system implementation project, police equipment, and various internal department charges and credits.

The Court Awards 2026-27 budget allowance of \$3,100,000 is equal to the 2025-26 estimated expenditures and reflects anticipated available funding from court forfeitures and seizures.

The public safety specialty funds include Neighborhood Protection, Public Safety Enhancement, Public Safety Expansion, and Proposition 104 Funds. The increases in these funds reflect normal inflationary adjustments and negotiated increases in employee compensation.

The Grants 2026-27 budget allowance of \$22,355,000 is \$12,822,000 or 134.5 percent more than 2025-26 estimated expenditures and reflects anticipated grant awards and the carryover of unused grants from the prior year.

Police Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2026-27 budget allowance:

	2024-25 Actual	2025-26 Estimate ¹	2026-27 Budget
Average Response Time (Minutes)			
Priority 1 – Emergency	7.5	7.5	7.5
Priority 2 – Non-Emergency	28.7	28.8	28.8
Priority 3 – All Others	62.0	58.6	59.8
Percentage of phone calls to 9-1-1 and Crime Stop answered within 15 seconds	77%	68%	71%
Moving violation citations issued ²	59,925	54,820	56,530
Traffic accidents	27,129	25,950	26,340
Percentage of cases cleared:			
Murder	77%	83%	80%
Rape	8%	7%	8%
Robbery	31%	28%	29%
Aggravated Assault	33%	32%	32%
Burglary	13%	11%	12%
Theft	14%	13%	13%
Auto Theft	7%	7%	7%
Arson	24%	14%	20%

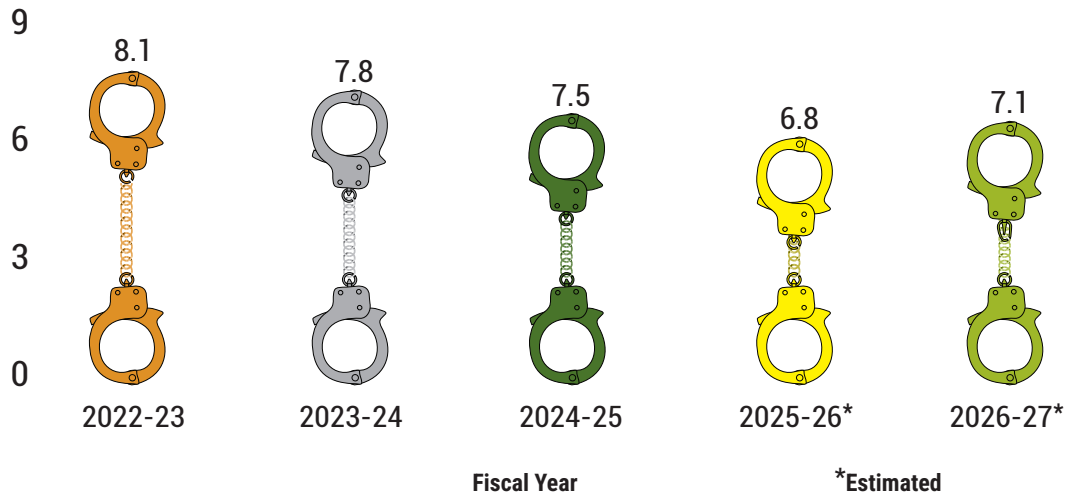
¹ Based on 10 months actual experience.

² Does not include photo enforcement citations.

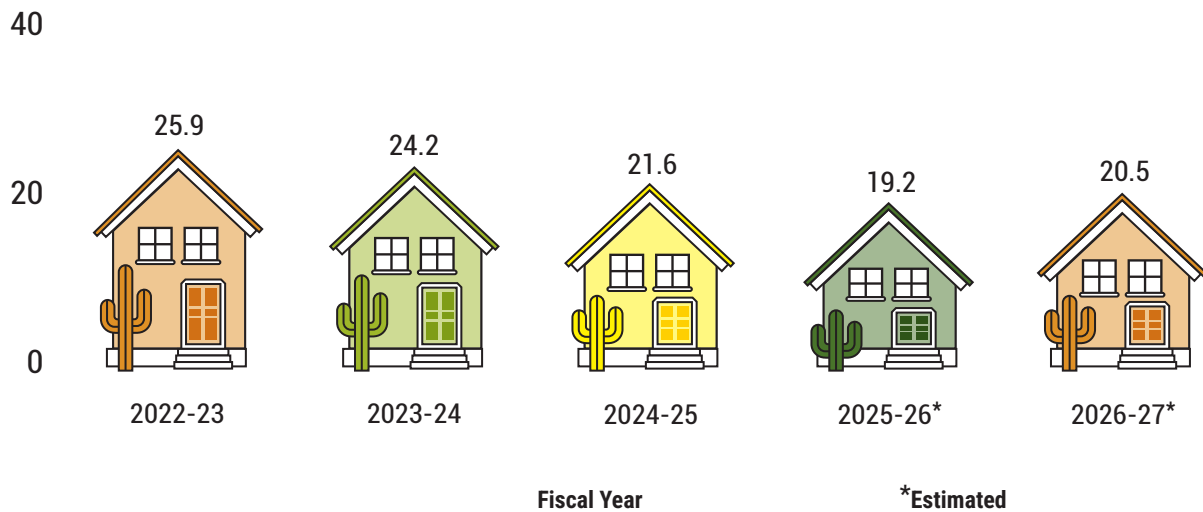
Expenditure and Position Summary

	2024-25 Actual	2025-26 Estimate	2026-27 Budget
Operating Expense	\$965,359,000	\$1,014,067,000	\$1,095,058,000
Total Positions	4,611.4	4,621.9	4,622.9
Source of Funds:			
General Fund	\$777,578,000	\$799,627,000	\$850,995,000
Court Awards	3,206,000	3,100,000	3,100,000
Neighborhood Protection	36,487,000	42,987,000	46,097,000
Public Safety Enhancement	17,966,000	18,870,000	21,461,000
Public Safety Expansion	91,297,000	103,015,000	111,543,000
Sports Facilities, Bioscience & Tourism	1,950,000	2,048,000	2,150,000
Other Restricted	27,706,000	34,887,000	37,357,000
Grants	9,169,000	9,533,000	22,355,000

Police
Violent Crimes per 1,000 Residents



Police
Property Crimes per 1,000 Residents



FIRE

Program Goal

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

Budget Allowance Explanation

The Fire Department 2026-27 operating budget allowance of \$646,632,000 is \$68,972,000 or 11.9 percent more than 2025-26 estimated expenditures.

The General Fund 2026-27 budget allowance of \$549,298,000 is \$52,459,000 or 10.6 percent more than 2025-26 estimated expenditures. The increase is primarily caused by normal inflationary adjustments and increases in both sworn and civilian employee compensation. In addition, new funding in the 2026-27 budget was allocated for an expansion of the Fire Special Hazards Unit for fourteen civilian positions.

The Other Restricted 2026-27 budget allowance of \$27,368,000 is \$13,860,000 or 102.6 percent higher than 2025-26 estimated expenditures. Savings from staggered hiring of 134 added sworn positions in the 2025-26 General Fund budget were transferred to the Other Restricted fund for one-time capital equipment purchases. Additionally, there are increased costs in communications equipment and contracts for computer-aided dispatch maintenance for other cities.

The public safety specialty funds include Neighborhood Protection, Public Safety Enhancement, and Public Safety Expansion Funds. The combined 2026-27 operating budget allowance of \$55,282,000 is \$2,472,000 or 4.7 percent higher than 2025-26 estimated expenditures. The budgets reflect normal inflationary adjustments and increases to employee compensation costs.

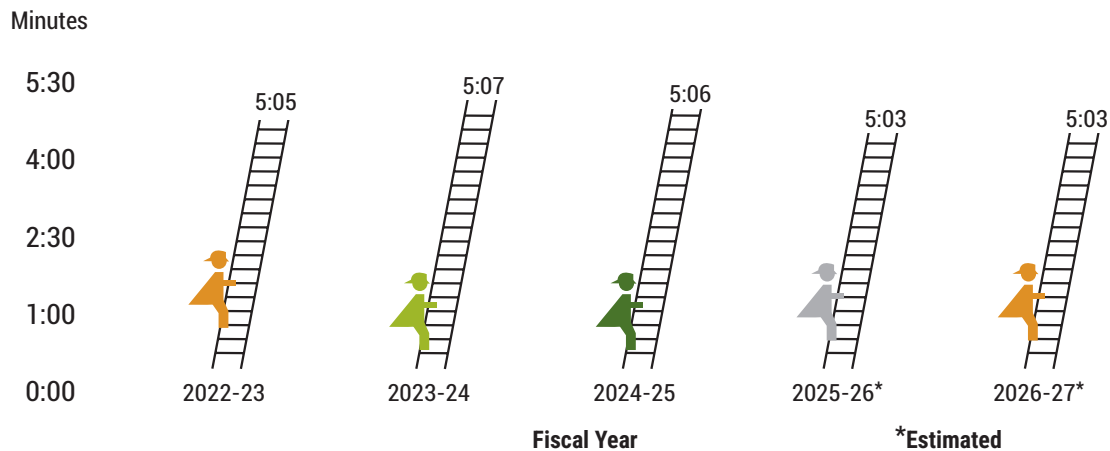
Fire Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2026-27 budget allowance:

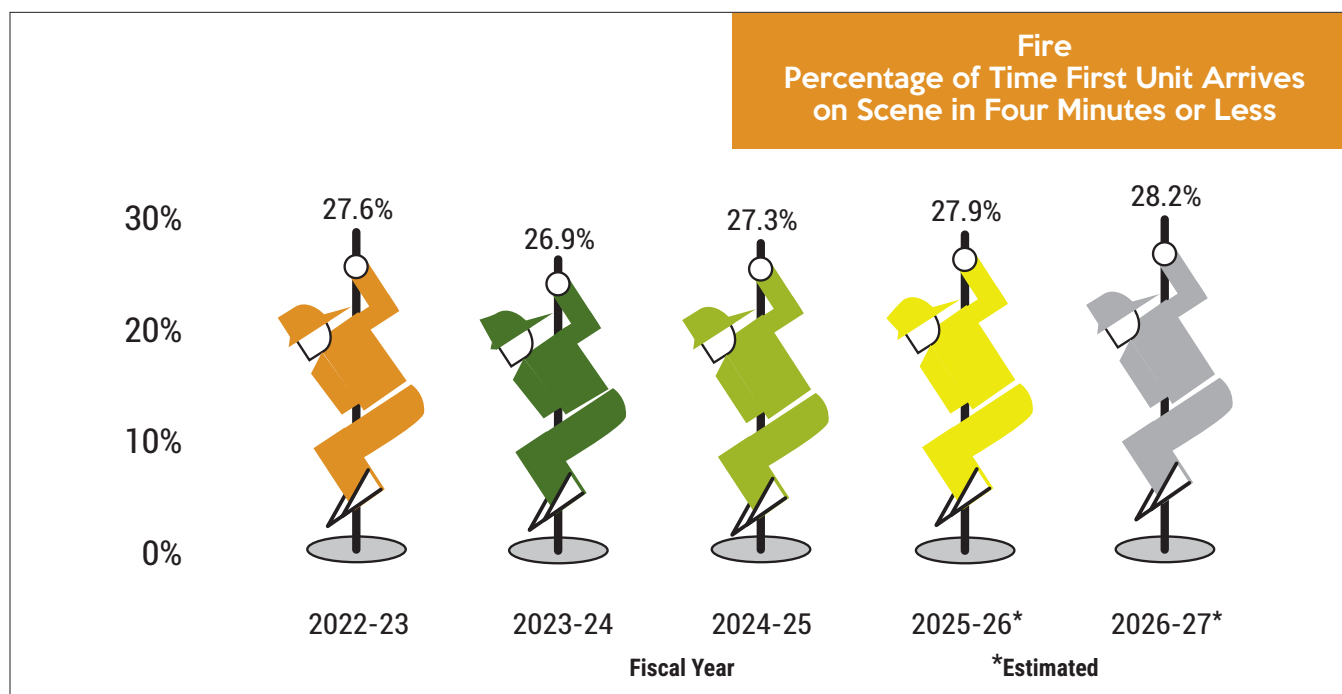
	2024-25 Actual	2025-26 Estimate ¹	2026-27 Budget
Percent of fire and emergency medical call responses within four minutes	27.1%	27.6%	27.5%
Patient transports to Valley hospitals via emergency medical vehicles	104,434	112,975	121,874
Percentage of time Advanced Life Support (ALS) medical calls are responded to with paramedic units within five minutes	48.1%	49.4%	48.1%
Number of fire investigations to determine cause only	619	571	900
Number of calls by type:			
Emergency Medical	201,288	201,315	201,280
Fire	23,776	24,617	24,670
Other (mountain/swift water/trench/tree rescues/other)	14,794	15,610	18,041

¹ Based on 10 months actual experience.

Fire First Unit Average Response Time



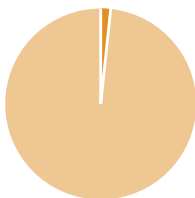
Response time shown is only for emergency calls



Expenditure and Position Summary			
	2024-25 Actual	2025-26 Estimate	2026-27 Budget
Operating Expense	\$554,074,000	\$577,660,000	\$646,632,000
Total Positions	2,413.9	2,609.9	2,616.9
<i>Source of Funds:</i>			
General Fund	\$473,506,000	\$496,839,000	\$549,298,000
Neighborhood Protection	15,343,000	14,776,000	15,274,000
Public Safety Enhancement	13,457,000	13,631,000	14,493,000
Public Safety Expansion	22,955,000	24,403,000	25,515,000
Other Restricted	13,038,000	13,508,000	27,368,000
Grants	15,775,000	14,503,000	14,684,000



CRIMINAL JUSTICE



The Criminal Justice Program Represents 1.5% 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 2026-27 operating budget allowance of \$45,479,000 is \$3,662,000 or 8.8 percent more than 2025-26 estimated expenditures.

The General Fund 2026-27 budget allowance of \$42,388,000 is \$3,151,000 or 8.0 percent more than 2025-26 estimated expenditures. This is primarily due to normal inflationary adjustments and increases to employee compensation costs. The remainder of the increase is due to new General Fund support for the case management system (CMS) replacement project.

The Other Restricted 2026-27 budget allowance of \$3,091,000 is \$511,000 or 19.8 percent more than 2025-26 estimated expenditures. This is due to increased computer purchases, new funding for CMS case file digitization, and increased funding for replacement of security equipment.

Municipal Court Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2026-27 budget allowance:

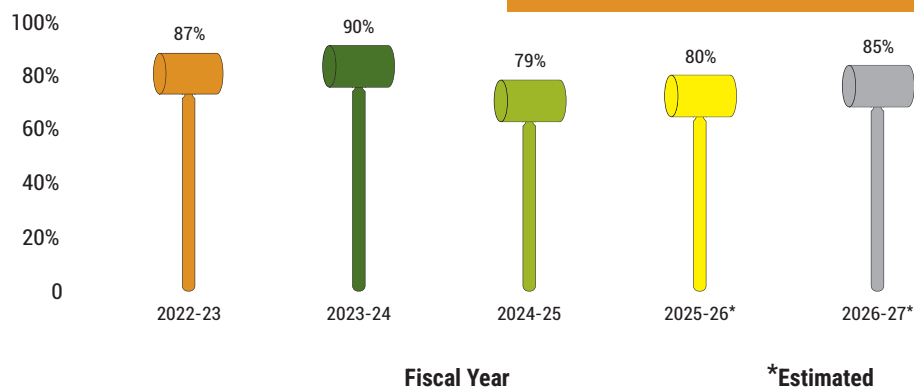
	2024-25 Actual	2025-26 Estimate ¹	2026-27 Budget
Criminal filings	35,028	34,000	34,500
Civil filings ²	96,836	220,000	625,000
Average number of days from arraignment to hearing for minor traffic cases ³	40	44	45
Number of criminal cases with a pending trial date at year end	2,868	2,864	2,900
Average cycle time for sending out restitution and bail refund checks	2.0 days	2.0 days	2.5 days
Average hold time for incoming information calls to the Customer Call Center	0.29 minutes	0.35 minutes	0.35 minutes

¹ Based on 10 months actual experience.

² The Photo Safety Program (PSP) resumed in April 2026, and filings are anticipated to be around 45,000 per month. In the first 30 days prior to citations being sent out, the vendor recorded 70,000 events. Vendor statistics show that 67% of events are forwarded on to the Court as citations.

³ With the return of PSP, the Court is anticipating an increase in the number of requests for hearings.

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



Expenditure and Position Summary

	2024-25 Actual	2025-26 Estimate	2026-27 Budget
Operating Expense	\$40,283,000	\$41,817,000	\$45,479,000
Total Positions	283.0	282.5	282.5
<i>Source of Funds:</i>			
General Fund	\$38,759,000	\$39,327,000	\$42,388,000
Other Restricted	1,524,000	2,580,000	3,091,000

PUBLIC DEFENDER

Program Goal

The Public Defender Program provides legal representation for indigent defendants in Phoenix Municipal Court.

Budget Allowance Explanation

The Public Defender 2026-27 operating budget allowance of \$7,416,000 is \$498,000 or 7.2 percent more than the 2025-26 estimated expenditures. The budget reflects normal inflationary adjustments and increases to employee compensation costs.

Public Defender Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2026-27 budget allowance:

	2024-25 Actual	2025-26 Estimate ¹	2026-27 Budget
Defendants charged with misdemeanor crimes represented at the Phoenix Municipal Court	16,556	16,879	17,000

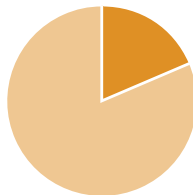
¹ Based on 10 months actual experience.

Expenditure and Position Summary

	2024-25 Actual	2025-26 Estimate	2026-27 Budget
Operating Expense	\$6,806,000	\$6,918,000	\$7,416,000
Total Positions	16.0	16.0	16.0
Source of Funds:			
General Fund	\$6,806,000	\$6,918,000	\$7,416,000



TRANSPORTATION



The Transportation Program Represents 19.7% of the Total Budget.

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

STREET TRANSPORTATION

Program Goal

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

Budget Allowance Explanation

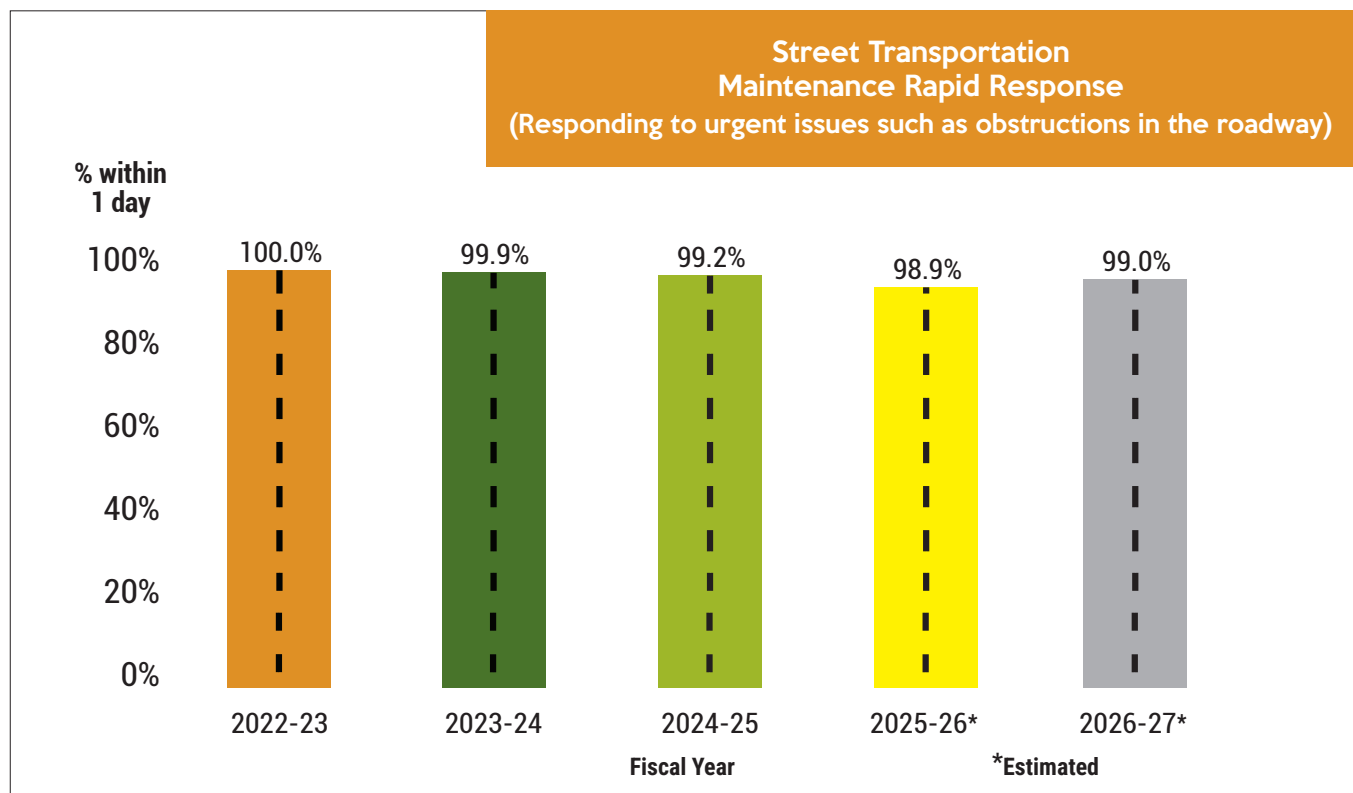
The Street Transportation 2026-27 operating budget allowance of \$114,053,000 is \$11,085,000 or 10.8 percent more than 2025-26 estimated expenditures. The increases are primarily in the General Fund, Arizona Highway User Revenue (AHUR) funding, and Other Restricted funds. The increases are partially offset by a reduction in Neighborhood Protection funds.

The General Fund 2026-27 budget allowance of \$3,167,000 is \$1,265,000 or 66.5 percent more than 2025-26 estimated expenditures. The increase is primarily due to negotiated increases in employee compensation and other normal inflationary adjustments and also reflect one-time funding in 2026-27 for the installation of 17 new streetlights and 24 streetlight upgrades as part of the 27th Avenue Community Safety Plan enhancements. These increases are slightly offset by anticipated reduced costs for temporary employment services.

The Arizona Highway User Revenue fund 2026-27 budget allowance of \$103,259,000 is \$8,610,000 or 9.1 percent more than 2025-26 estimated expenditures. The increase is primarily due to negotiated increases in employee compensation and other normal inflationary adjustments, as well as increased costs for contractual construction, pole replacement, and maintenance and repairs for street lighting, for electricity, and for Regional Wireless Cooperative (RWC) radio operating and maintenance. These increases are partially offset by anticipated reductions in general liability self-insurance costs.

The Other Restricted 2026-27 budget allowance of \$7,207,000 is \$1,887,000 or 35.5 percent more than 2025-26 estimated expenditures. The increase is primarily due to increased costs associated with the implementation of the Photo Enforcement Program for Road Safety, as well as due to negotiated increases in employee compensation and other normal inflationary adjustments.

The Neighborhood Protection 2026-27 budget allowance of \$0 is \$699,000 or 100.0 percent less than 2025-26 estimated expenditures. The reduction reflects the completion of Council-approved Neighborhood Block Watch funding for installing gated culverts in washes and completing wash maintenance.



Street Transportation Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2026-27 budget allowance:

	2024-25 Actual	2025-26 Estimate ¹	2026-27 Budget
Routine street maintenance requests for service completed within 21 days ²	85%	85%	85%
Percent of all traffic signal control cabinets inspected annually ²	55%	60%	85%
Respond to high priority traffic signal trouble calls within 2 hours (knockdowns, signal on flash and signal malfunction) ²	79%	85%	90%
Number of days to review and respond to street light requests ²	20	15	15
Number of days to review private development plans	15	15	15
Utility plan review turnaround time within 10 working days	92%	92%	92%
Complete requests for sign and crosswalk work within 45 days	82%	82%	82%
Total number of High Intensity Activated Pedestrian Crosswalk System (HAWKS) ³	108	121	127

¹ Based on 10 months actual experience.

² A high number of vacancies led to a reduction in the percentage of cabinets inspected annually and to increased number of days to respond to street light requests; however, changes to staffing levels across shifts and to hiring processes are expected to result in improvements in these metrics in the upcoming fiscal year.

³ Three existing HAWKS were converted to traffic signals in 2024-25 and one HAWK was removed due to an adjacent school closing, resulting in reduced pedestrian demand at that location. Six HAWKS originally expected to be completed in 2025-26 are now expected to be completed in early 2026-27.

Expenditure and Position Summary

	2024-25 Actual	2025-26 Estimate	2026-27 Budget
Operating Expense	\$112,813,000	\$102,968,000	\$114,053,000
Total Positions	790.0	792.0	792.0
<i>Source of Funds:</i>			
General Fund	\$24,687,000	\$1,902,000	\$3,167,000
Arizona Highway User Revenue	83,355,000	94,649,000	103,259,000
Capital Construction	69,000	70,000	70,000
Neighborhood Protection	682,000	699,000	0
Transportation 2050	336,000	328,000	328,000
Other Restricted	3,687,000	5,320,000	7,207,000
Grants	(3,000)	0	22,000

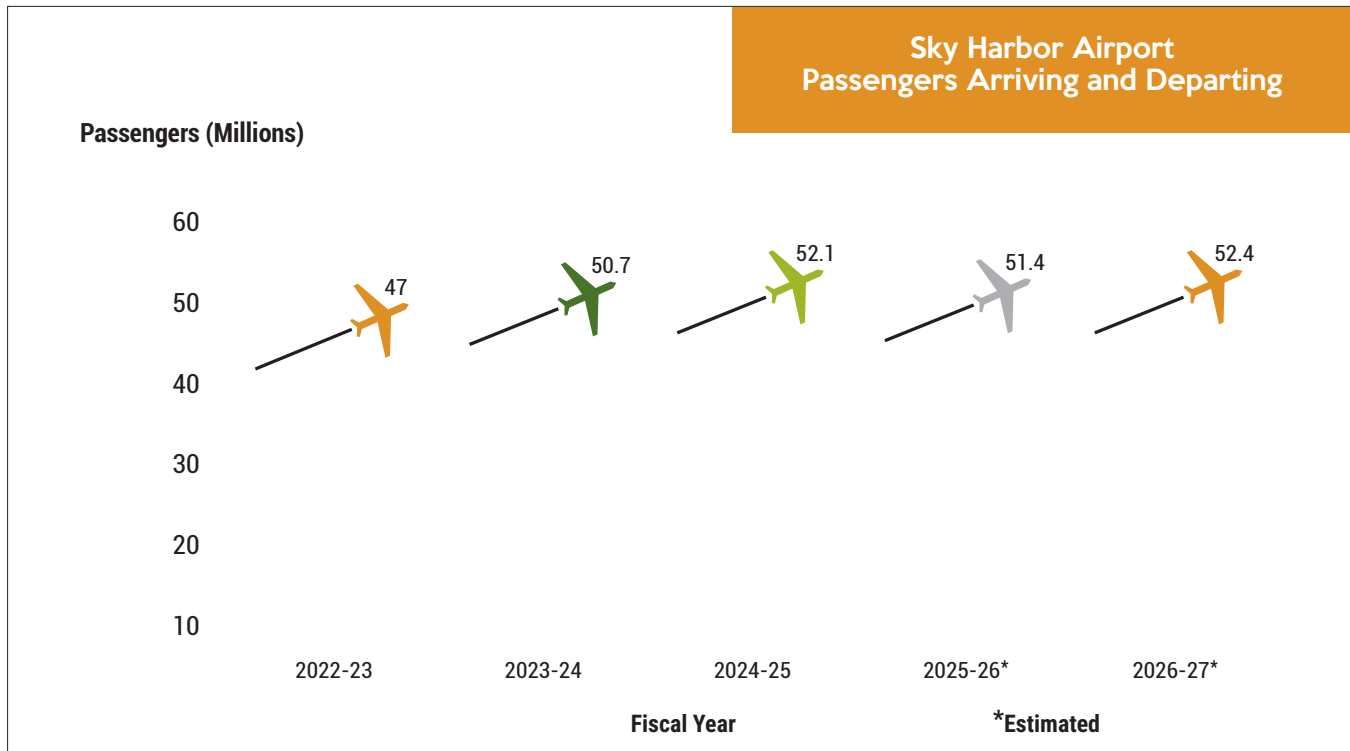
AVIATION

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 2026-27 operating budget allowance of \$450,917,000 is \$23,301,000 or 5.4 percent more than 2025-26 estimated expenditures. The increase is primarily attributed to \$11,000,000 in increased contractual services costs. These costs include various items such as ground transportation system maintenance and repair, contractual transportation services, custodial services, and higher electricity rates. Additional increases are due to normal inflationary adjustments and increases in employee compensation costs.



Aviation Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2026-27 budget allowance:

	2024-25 Actual	2025-26 Estimate ¹	2026-27 Budget
Airline rental rates (cost per square foot) ² :			
Terminal 3	\$189.96	\$197.88	\$207.72
Terminal 4	\$189.96	\$197.88	\$207.72
Gross sales per departing passenger:			
Terminal 3	\$12.01	\$12.95	\$9.00
Terminal 4	\$13.13	\$13.74	\$14.00
Aircraft takeoffs and landings	989,642	966,000	976,000
Total international passengers ³	2,908,902	2,699,000	3,345,000
Air cargo processed (in tons)	348,350	367,000	371,000

¹ Based on 10 months actual experience.

² Airline rental rate increase is related to increases in staff costs (including Police & Fire), upgrades to vertical transportation assets, and expansion to terminal commuter gates.

³ 2026-27 increase is due to full year of air service from two new airlines, China Airlines and StarLux Airlines.

Expenditure and Position Summary

	2024-25 Actual	2025-26 Estimate	2026-27 Budget
Operating Expense	\$366,793,000	\$427,616,000	\$450,917,000
Total Positions	923.0	925.0	931.0
<i>Source of Funds:</i>			
Aviation	\$366,793,000	\$427,616,000	\$450,917,000

PUBLIC TRANSIT

Program Goal

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

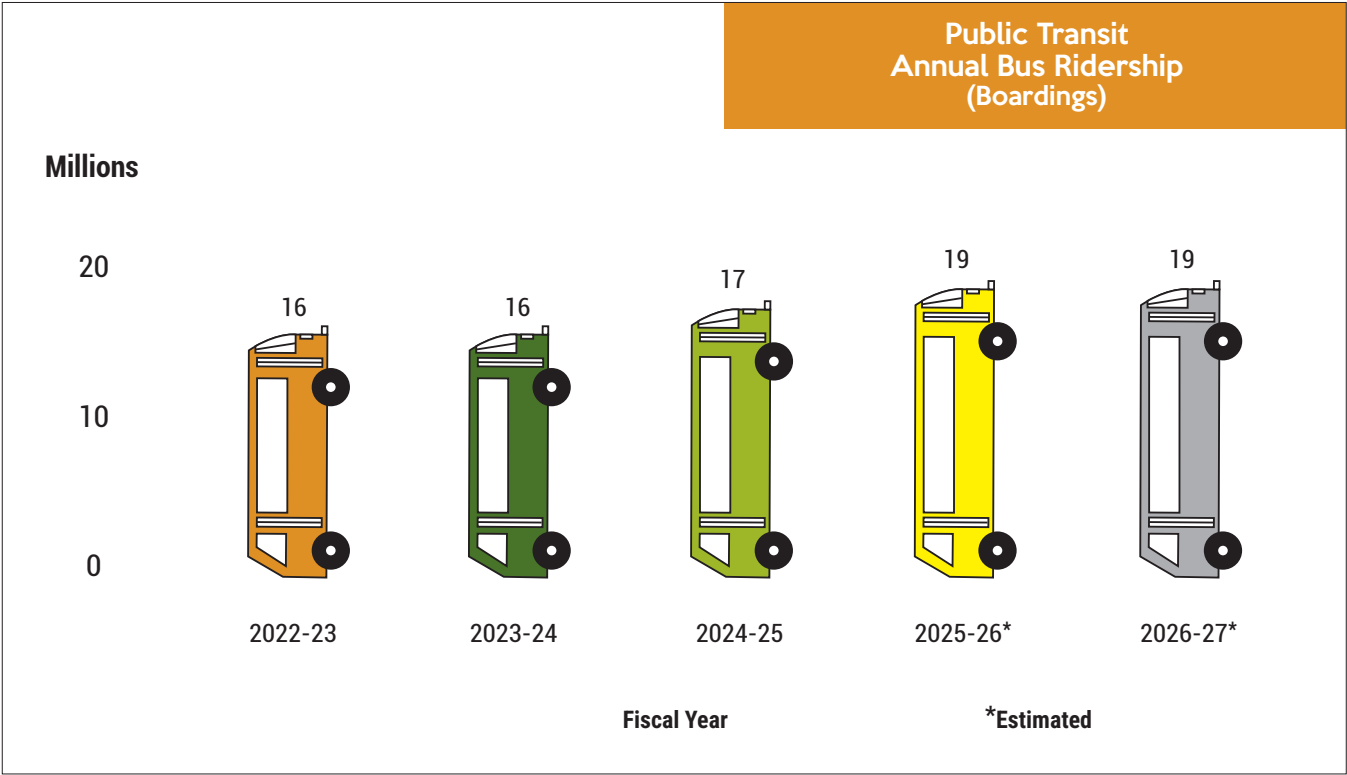
Budget Allowance Explanation

The 2026-27 Public Transit Department operating budget allowance of \$437,578,000 is \$25,740,000 or 6.3 percent more than 2025-26 estimated expenditures. The increase is primarily in the Regional Transit fund for Proposition 479 and is partially offset by reductions in the Transportation 2050 fund.

The Regional Transit fund 2026-27 budget allowance of \$107,947,000 is \$55,159,000 or 104.5 percent more than 2025-26 estimated expenditures. The increase reflects the new funding from voter-approved Proposition 479 to be used for Dial-a-Ride expenses and fixed route bus services.

The Transportation 2050 fund 2026-27 budget allowance of \$302,370,000 is \$31,550,000 or 9.4 percent less than 2025-26 estimated expenditures. The decrease reflects reduced Dial-a-Ride and fixed route bus expenses, which are reallocated to the Regional Transit fund due to Proposition 479.

The Grants fund 2026-27 budget allowance of \$25,595,000 is \$2,379,000 or 10.2 percent more than 2025-26 estimated expenditures. The increase is due to additional Federal Transit Administration funding for preventative maintenance.



Public Transit Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2026-27 budget allowance:

	2024-25 Actual	2025-26 Estimate ¹	2026-27 Budget
On-time performance for bus service	82.0%	80.0%	85.0%
On-time performance for Dial-a-Ride prescheduled service	92.6%	92.6%	92.0%
Cost recovery from bus fares	7.2%	7.3%	7.7%
Bus boardings per revenue mile	0.860	0.890	0.890
Average weekday ridership - light rail (Phoenix only) ²	18,244	24,236	24,236

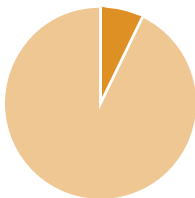
¹ Based on 10 months actual experience.

² In 2025-26, there was a light rail route extension for the B Line, increasing weekly ridership.

Expenditure and Position Summary

	2024-25 Actual	2025-26 Estimate	2026-27 Budget
Operating Expense	\$328,083,000	\$411,838,000	\$437,578,000
Total Positions	129.0	132.0	132.0
<i>Source of Funds:</i>			
Regional Transit	\$69,031,000	\$52,788,000	\$107,947,000
Transportation 2050	243,012,000	333,920,000	302,370,000
Other Restricted	1,401,000	1,914,000	1,666,000
Grants	14,639,000	23,216,000	25,595,000

COMMUNITY DEVELOPMENT



The Community Development Program Represents 8.0% of the Total Budget.

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

PLANNING AND DEVELOPMENT

Program Goal

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

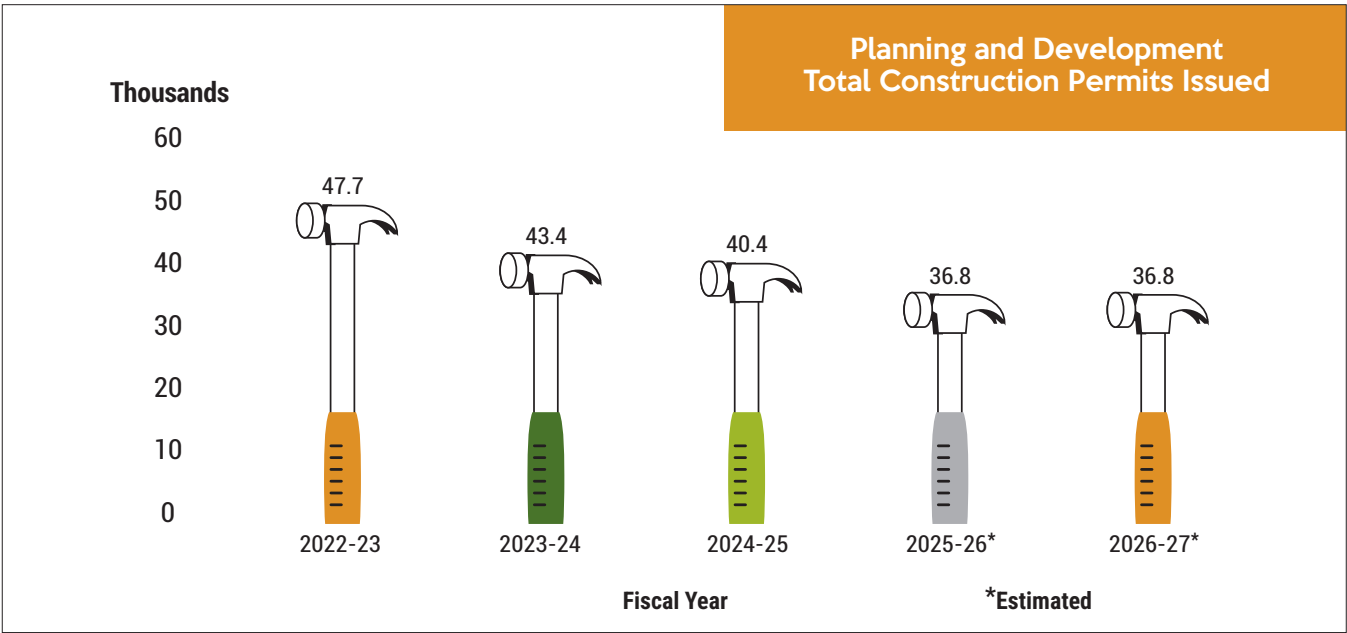
Budget Allowance Explanation

The Planning and Development Department 2026-27 operating budget allowance of \$113,953,000 is \$12,655,000 or 12.5 percent more than 2025-26 estimated expenditures, reflecting increased costs across most funds.

The General Fund 2026-27 budget allowance of \$9,190,000 is \$2,118,000 or 29.9 percent more than 2025-26 estimated expenditures. This increase is primarily due to one-time funds for customer service enhancements and process improvement initiatives, increased use of adaptive reuse incentives, normal inflationary adjustments and negotiated increases in employee compensation.

The Development Services Fund 2026-27 budget allowance of \$102,427,000 is \$10,306,000 or 11.2 percent more than 2025-26 estimated expenditures. This increase is primarily due to normal inflationary adjustments and negotiated increases in employee compensation. It also reflects carryover of funds for a user fee study, additional technology costs to support SHAPE PHX, and increased insurance costs. These increases are partially offset by reduced usage of temporary agency services.

The Other Restricted Fund 2026-27 budget allowance of \$2,270,000 is \$231,000 or 11.3 percent more than 2025-26 estimated expenditures. Increases reflect additional costs for the Stormwater Post Construction program.



Planning and Development Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2026-27 budget allowance:

	2024-25 Actual	2025-26 Estimate ¹	2026-27 Budget
Total construction permits issued	40,366	36,819	36,819
Turnaround time for major commercial building plans (days)	38	38	38
Turnaround time for medium commercial building plans (days)	30	33	33
Turnaround time for minor commercial building plans (days)	23	24	24
Turnaround time for residential building plans (days)	31	34	34
Percent of commercial inspections completed on time	97%	96%	96%
Percent of residential inspections completed on time	99%	98%	98%
Percent of costs recovered through fees	88%	99%	98%
Average number of days to schedule pre-application meeting prior to rezoning application	15	10	20
Average number of days to complete Zoning Verification letters	21	10	15
Board, commission and committee packets available seven days prior to meeting	87%	73%	90%
Number of design reviews performed on building permits in historic districts	620	565	550
Number of City grants awarded for historic rehabilitation projects	12	13	14
Number of regulatory compliance reviews for federally funded City capital projects ²	230	190	200

¹ Based on 10 months actual experience.

² Section 106 reviews are submitted to Historic Preservation staff when other departments have projects that use federal funds or require federal permits.

Expenditure and Position Summary

	2024-25 Actual	2025-26 Estimate	2026-27 Budget
Operating Expense	\$93,845,000	\$101,298,000	\$113,953,000
Total Positions	546.8	559.8	559.8
<i>Source of Funds:</i>			
Development Services	\$86,148,000	\$92,121,000	\$102,427,000
General Fund	6,796,000	7,072,000	9,190,000
Other Restricted	815,000	2,039,000	2,270,000
Grants	86,000	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 Housing 2026-27 operating budget allowance of \$207,589,000 is \$4,136,000 or 2.0 percent less than 2025-26 estimated expenditures. There are decreases in the Grant and General Fund budgets, but increases in the Other Restricted budget.

The General Fund 2026-27 operating budget allowance of \$2,079,000 is \$590,000 or 22.1 percent less than 2025-26 estimated expenditures. The decrease is primarily due to one-time funding for vehicle replacements in 2025-26. The decrease is partially offset by negotiated increases in employee compensation and other normal inflationary adjustments.

The Grants 2026-27 operating budget allowance of \$191,695,000 is \$5,031,000, or 2.6 percent less than 2025-26 estimated expenditures. This decrease is largely due to the conclusion of the American Rescue Plan Act-funded Wi-Fi connectivity and community land trust programs, as well as the end of federal Emergency Housing Voucher (EHV) Program funding. These reductions are partially offset by increases in federal funding for the Housing and Urban Development (HUD) HOME Investment Partnerships Program, HUD Veteran Supportive Housing (HUD-VASH), the Home Down Payment Assistance (DPA) program, as well as additional funding for other affordable housing and housing supportive services efforts. The 2026-27 Grants budget also includes increases related to the carryover of unspent grant funds and negotiated increases in employee compensation and other normal inflationary adjustments.

The Other Restricted Funds 2026-27 operating budget allowance of \$13,815,000 is \$1,485,000 or 12.0 percent more than 2025-26 estimated expenditures. The increase reflects additional funding for archeological services costs and for the Edison-Eastlake public housing improvement efforts to replace obsolete housing units with mixed-income housing. The increase also reflects funds to support neighborhood improvements, such as expanded parks and green spaces and providing additional supportive services at community centers. Finally, the budget also reflects negotiated increases in employee compensation and other normal inflationary adjustments.

Housing Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2026-27 budget allowance:

	2024-25 Actual	2025-26 Estimate ¹	2026-27 Budget
Affordable housing units for families and individuals	2,711	2,711	2,711
Affordable housing units created or preserved for families and individuals owned and operated by private sector developers ²	751	539	375
Rental assistance provided for low-income residents in the private housing market	7,493	7,432	7,981
Federally assisted housing units for families and seniors ³	975	923	838
Utilization rate for Section 8 vouchers	92%	93%	93%
Occupancy rate for public housing units	98%	98%	98%

¹ Based on 10 months actual experience.

² Development of affordable housing units varies depending on projects completed in a particular year and the number of affordable housing units in each project. 2024-25 figures represent seven completed projects with 751 affordable housing units. 2025-26 represents four projects estimated to be completed with 539 total affordable housing units, and 2026-27 is projected for the completion of five projects with 375 affordable housing units.

³ In addition to the impact of Rental Assistance Demonstration (RAD) conversions, decreasing federally assisted housing unit figures reflect the ongoing sale of homes under the HUD Section 32 and Section 18 programs.

Expenditure and Position Summary

	2024-25 Actual	2025-26 Estimate	2026-27 Budget
Operating Expense	\$ 176,323,000	\$ 211,725,000	\$ 207,589,000
Total Positions	136.0	135.0	133.0
Source of Funds:			
General Fund	\$ 1,943,000	\$ 2,669,000	\$ 2,079,000
Other Restricted	6,164,000	12,330,000	13,815,000
Grants	168,216,000	196,726,000	191,695,000

COMMUNITY AND ECONOMIC DEVELOPMENT

Program Goal

The Community and Economic Development Department creates and facilitates development activities that add and retain jobs, enhance City revenues, and enhance the quality of life, including business development in the Downtown Redevelopment Area, Sky Harbor Center, and other industry focus areas throughout the city.

Budget Allowance Explanation

The Community and Economic Development 2026-27 operating budget allowance of \$30,109,000 is \$264,000 or 0.9 percent greater than 2025-26 estimated expenditures.

The General Fund 2026-27 budget allowance of \$11,078,000 is \$167,000 or 1.5 percent greater than 2025-26 estimated expenditures. The increase is primarily for negotiated increases in employee compensation, partially offset by reduced special-events funding that shifted to Other Restricted funding sources.

The Community Reinvestment 2026-27 budget allowance of \$2,548,000 is \$99,000 or 3.7 percent less than 2025-26 estimated expenditures primarily due to the conclusion of one-time Forge Management expansion sponsorship and reduced consultant costs, partially offset by increases in the reserve for new project consultant costs, and from negotiated increases in employee compensation.

The Sports Facilities, Bioscience & Tourism 2026-27 budget allowance of \$205,000 is \$5,000 or 2.5 percent greater than 2025-26 estimated expenditures due to increased Enhanced Municipal Services District costs.

The Other Restricted 2026-27 budget allowance of \$5,697,000 is \$35,000 or 0.6 percent less than 2025-26 estimated expenditures due to reductions in consultant and one-time sponsorships, partially offset by increased special-events funding and negotiated increases in employee compensation.

The Grants 2026-27 budget allowance of \$9,792,000 is \$207,000 or 2.2 percent greater than 2025-26 estimated expenditures primarily due to negotiated increases in employee compensation.

The Convention Center budget allowance of \$686,000 is \$20,000 or 3.0 percent greater than 2025-26 estimated expenditures due to increased Enhanced Municipal Services District costs.

Community and Economic Development Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2026-27 budget allowance:

	2024-25 Actual	2025-26 Estimate ¹	2026-27 Budget
Projected new jobs created within the City of Phoenix due to department efforts ²	10,817	10,063	6,000
Projected new jobs retained within the City of Phoenix due to department efforts ³	698	0	250
Projected new capital investment created within the City of Phoenix due to department efforts ⁴	\$21.5 billion	\$26.0 billion	\$750 million
Projected number of recruiting events assisted, promoted, or hosted by the Business and Workforce Development Team ⁵	72	96	75

¹ Based on 10 months of actual experience.

² Jobs creation in 2024-25 and 2025-26 benefited from continued TSMC development. Anticipated reduction for 2026-27 represents a return to a more standard level of job creation and consideration of current national and international economic and employment factors.

³ In 2025-26, business retention and expansion visits did not result in identifiable business-retention threats requiring department intervention.

⁴ In recent years, Phoenix benefited from capital investment projects with a number and magnitude not assumed to indefinitely continue.

⁵ The data reported in previous *Summary Budget Book* publications reflected the number of businesses participating in events. Figures have been restated to reflect the number of recruiting events held.

Expenditure and Position Summary

	2024-25 Actual	2025-26 Estimate	2026-27 Budget
Operating Expense	\$21,525,000	\$29,845,000	\$30,109,000
Total Positions	71.0	67.0	67.0
<i>Source of Funds:</i>			
General Fund	\$9,816,000	\$10,911,000	\$11,078,000
Community Reinvestment	1,719,000	2,647,000	2,548,000
Sports Facilities, Bioscience & Tourism	191,000	200,000	205,000
Other Restricted	7,158,000	5,732,000	5,697,000
Grants	1,980,000	9,585,000	9,792,000
Aviation	1,000	74,000	73,000
Convention Center	630,000	666,000	686,000
Water	30,000	30,000	30,000

NEIGHBORHOOD SERVICES

Program Goal

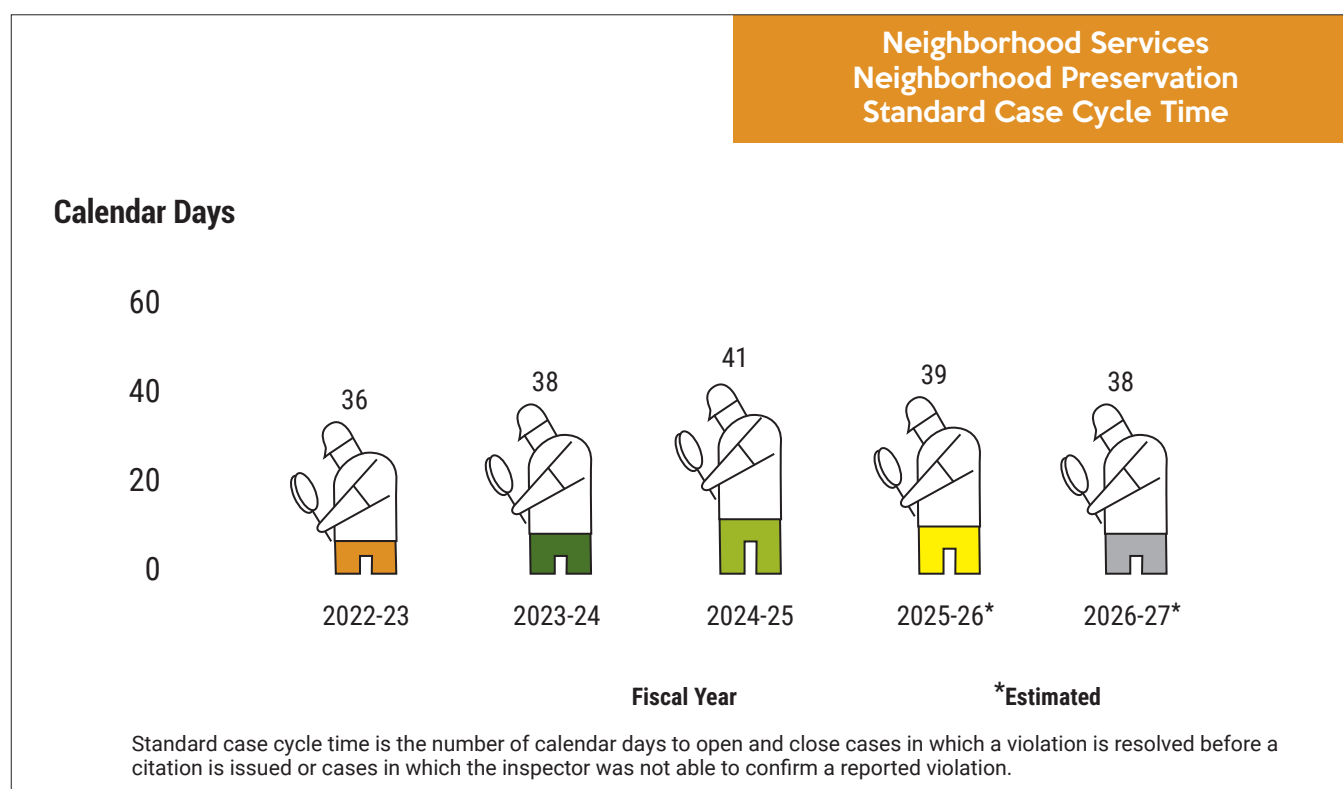
To preserve and improve the physical, social, and economic health of Phoenix neighborhoods, support neighborhood self-reliance and enhance the quality of life for residents through community-based problem solving, neighborhood-oriented services, and public/private cooperation.

Budget Allowance Explanation

The Neighborhood Services 2026-27 operating budget allowance of \$55,042,000 is \$13,915,000 or 33.8 percent more than 2025-26 estimated expenditures. Increases are reflected in the General Fund and Grants.

The General Fund 2026-27 budget allowance of \$21,117,000 is \$1,428,000 or 7.3 percent more than 2025-26 estimated expenditures. The increase is primarily due to normal inflationary adjustments and negotiated increases in employee compensation, in addition to an increase in department fleet funding to replace aging vehicles.

The Grants 2026-27 budget allowance of \$31,610,000 is \$12,497,000 or 65.4 percent more than 2025-26 estimated expenditures. The increase is primarily due to unspent grant funding carried forward to the 2026-27 budget. Normal inflationary adjustments and negotiated increases in employee compensation also contribute to the increase.



Neighborhood Services Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2026-27 budget allowance:

	2024-25 Actual	2025-26 Estimate*	2026-27 Budget
Sites where graffiti was removed through the Graffiti Busters program ¹	46,118	39,000	48,000
Number of household units rehabbed or assisted through housing rehabilitation programs	92	120	120
Neighborhood Preservation cases opened annually	34,786	42,000	42,000
Neighborhood Preservation average standard case cycle time (days)	41	39	38
Percent of Neighborhood Preservation cases resolved voluntarily ²	90%	90%	90%

* Based on 10 months actual experience.

¹ The Department transitioned to a new reporting system in January 2026. Due to system challenges, persistent delays in initial responses and graffiti removal data may be incomplete during the initial reporting period.

² The voluntary compliance rate is consistent with 2025-26 annual average, factors such as new staff, vacancies, and complexity impact cycle times. Voluntary compliance is achieved through a prenote, Notice of Ordinance Violation, or personal contract process. If the violations are not corrected, a civil citation is issued to resolve the violation. Staff are required to take the next enforcement action (i.e. civil citation) if voluntary compliance is not achieved.

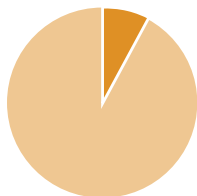
Expenditure and Position Summary

	2024-25 Actual	2025-26 Estimate	2026-27 Budget
Operating Expense	\$38,475,000	\$41,127,000	\$55,042,000
Total Positions	203.0	200.0	199.0
<i>Source of Funds:</i>			
General Fund	\$20,435,000	\$19,689,000	\$21,117,000
Grants	14,929,000	19,113,000	31,610,000
Neighborhood Protection	3,100,000	2,250,000	2,250,000
Other Restricted	10,000	75,000	65,000





COMMUNITY ENRICHMENT



**The Community Enrichment Program
Represents 8.9% of the Total Budget.**

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

PARKS AND RECREATION

Program Goal

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

Budget Allowance Explanation

The Parks and Recreation Department 2026-27 budget allowance of \$164,278,000 is \$7,375,000 or 4.7 percent more than 2025-26 estimated expenditures. The increase is reflected in all funds.

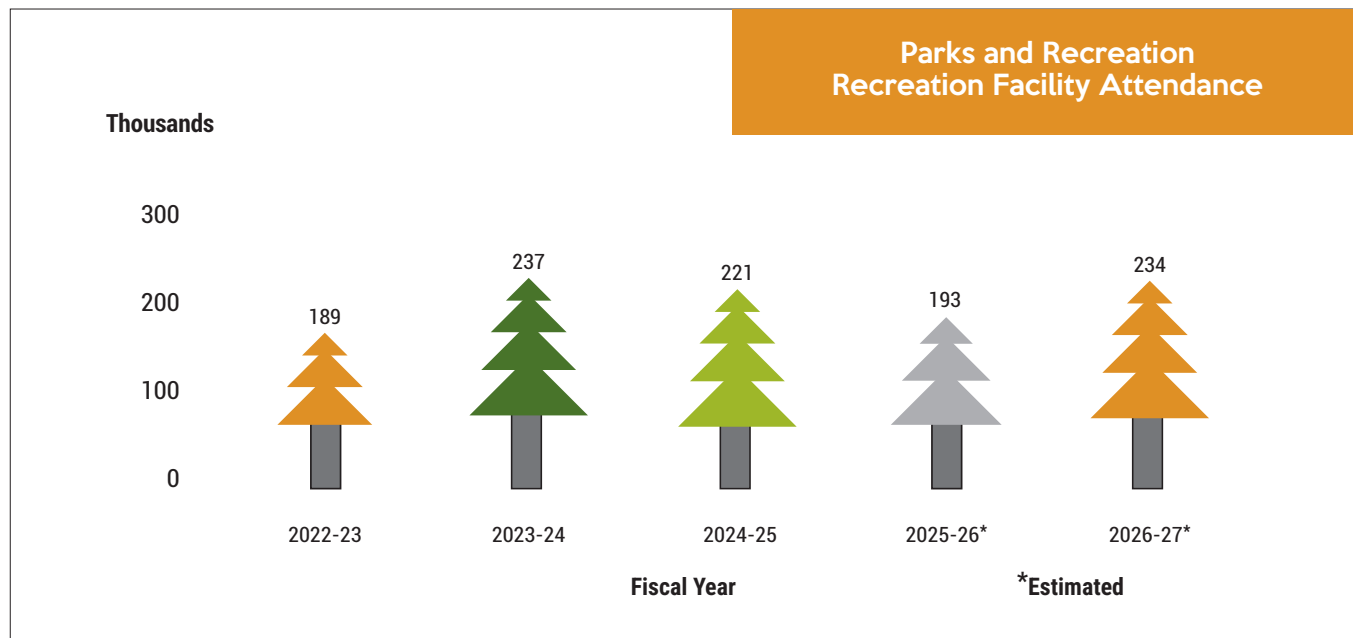
The General Fund 2026-27 budget allowance of \$137,160,000 is \$4,169,000 or 3.1 percent more than 2025-26 estimated expenditures. The increase is primarily due to negotiated increases in employee compensation and normal inflationary adjustments. Other components of the increase include additional funding to support teen programming services, security lighting enhancements at City parks, personnel and equipment to support operations of the new Lone Mountain Park, personnel to administer the Parks Services Permit program for medical treatment and food distribution in City parks, and personnel to support operations for a new recreation center at Esteban Park.

The Grants 2026-27 budget allowance of \$615,000 is \$180,000 or 41.4 percent more than 2025-26 estimated expenditures. This increase is primarily due to negotiated increases in employee compensation and normal inflationary adjustments, as well as anticipated grant awards.

The Golf 2026-27 budget allowance of \$12,910,000 is \$163,000 or 1.3 percent more than 2025-26 estimated expenditures. The increase is primarily due to negotiated increases in employee compensation and normal inflationary adjustments, as well as continued growth in the use of City golf courses, resulting in additional contractual costs. The increase is partially offset by a reduction in commodities costs.

The Phoenix Parks and Preserves Initiative 2026-27 budget allowance of \$7,832,000 is \$413,000 or 5.6 percent more than 2025-26 estimated expenditures. The increase reflects negotiated increases in employee compensation and normal inflationary adjustments.

The Other Restricted 2026-27 budget allowance of \$5,761,000 is \$2,451,000 or 74.0 percent more than 2025-26 estimated expenditures. The increase reflects additional Parks Gifts Fund donations, including new funding for irrigation system improvements and recreation supplies.



Parks and Recreation Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2026-27 budget allowance

	2024-25 Actual	2025-26 Estimate ¹	2026-27 Budget
Construction projects completed	45%	50%	65%
Fill 80% or more of all non-team sport registration openings	65%	62%	58%
Usage of athletic fields' available programmable time	48%	39%	49%
Community usage of recreation and community center available programmable time	28%	19%	25%
Recreation facility attendance	220,785	193,292	234,000
Number of golf rounds	311,245	318,000	322,000

¹ Based on 10 months actual experience.

Expenditure and Position Summary

	2024-25 Actual	2025-26 Estimate	2026-27 Budget
Operating Expense	\$150,627,000	\$156,902,000	\$164,278,000
Total Positions	1,064.6	1,064.6	1,072.6
<i>Source of Funds:</i>			
General Fund	\$129,926,000	\$132,991,000	\$137,160,000
Other Restricted	2,447,000	3,310,000	5,761,000
Grants	530,000	435,000	615,000
Parks and Preserves	6,520,000	7,419,000	7,832,000
Golf	11,204,000	12,747,000	12,910,000

LIBRARY

Program Goal

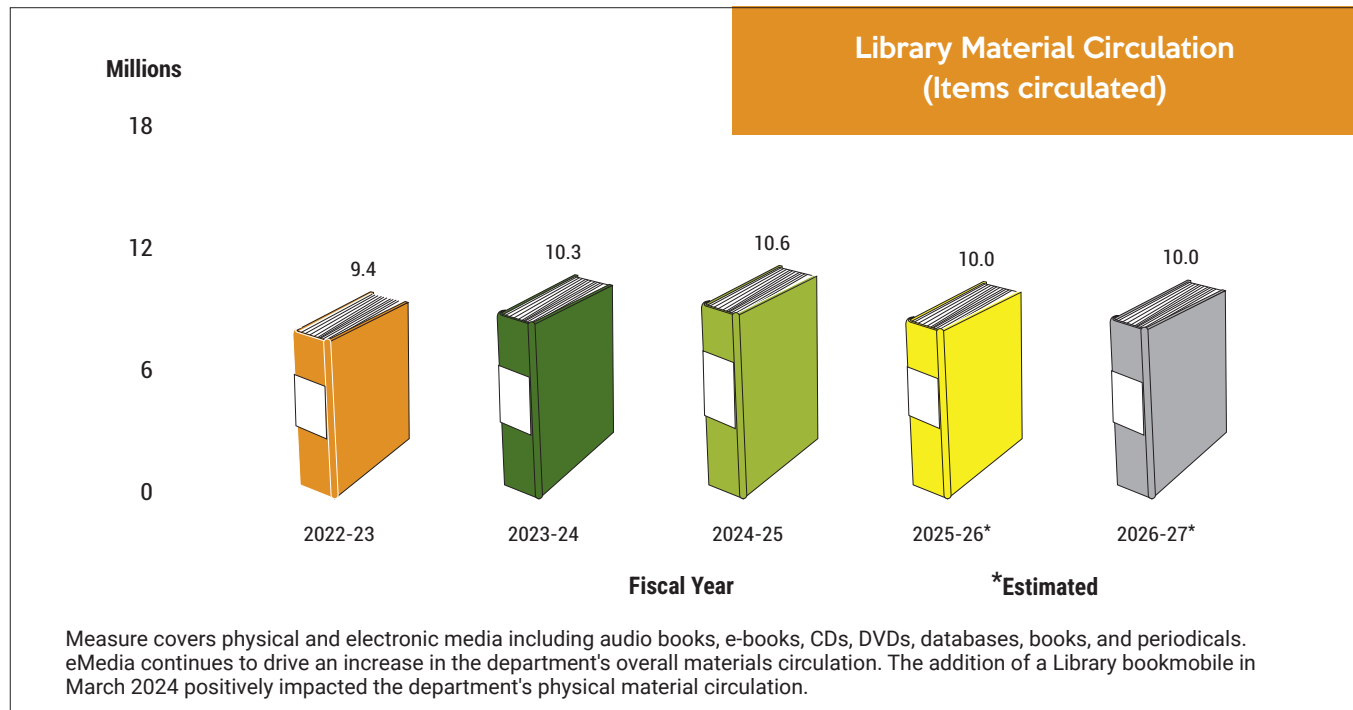
The Library provides information and resources that are relevant, accessible, and responsive to the intellectual needs and interests of the community.

Budget Allowance Explanation

The Library 2026-27 operating budget allowance of \$56,828,000 is \$4,034,000 or 7.6 percent more than 2025-26 estimated expenditures.

The General Fund 2026-27 budget allowance of \$55,831,000 is \$4,786,000 or 9.4 percent more than 2025-26 estimated expenditures. The budget reflects normal inflationary adjustments and negotiated increases to employee compensation, as well as funding for the Cholla Library parking land lease. It also reflects increased costs for library materials, contract custodial services, electricity, facilities management, computers and software maintenance, and motor vehicle replacements.

The Grants 2026-27 budget allowance of \$747,000 is \$765,000 or 50.6 percent less than 2025-26 estimated expenditures. This decrease reflects the conclusion of American Rescue Plan Act-funded programs, including PHXWorks at Burton Barr and overnight heat respite.



Library Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2026-27 budget allowance:

	2024-25 Actual	2025-26 Estimate ¹	2026-27 Budget
Early literacy program attendance ²	104,315	111,000	110,000
Library visitors	2,214,582	2,250,000	2,150,000
Library's website visits ³	25,265,430	31,000,000	32,000,000
Library material circulation ⁴	10,558,696	10,000,000	10,000,000

¹ Based on 10 months actual experience.

² More early literacy programs were offered in 2024-25 and 2025-26 and with larger class sizes than anticipated.

³ The release of the Library's new Vega catalog, along with increased mobile app usage in 2024-25, resulted in increased virtual traffic.

⁴ Circulation reflects customer checkouts for all materials. An error in some of 2025-26 eMedia stats were corrected. A decrease in circulation statistics is expected in 2025-26 and 2026-27.

Expenditure and Position Summary

	2024-25 Actual	2025-26 Estimate	2026-27 Budget
Operating Expense	\$52,592,000	\$52,794,000	\$56,828,000
Total Positions	434.6	412.2	398.1
<i>Source of Funds:</i>			
General Fund	\$50,583,000	\$51,045,000	\$55,831,000
Grants	1,665,000	1,512,000	747,000
Other Restricted	344,000	237,000	250,000

PHOENIX CONVENTION CENTER

Program Goal

The Phoenix Convention Center and Venues hosts a diverse range of conventions, trade shows, meetings, and entertainment events in one of the premier convention facilities in the United States. The department is committed to delivering the highest levels of customer service and guest experience in the industry. The Phoenix Convention Center and Venues enhances the economic vitality of the downtown area, the City of Phoenix, and the state of Arizona by supporting tourism-related industries, businesses, and cultural organizations.

Budget Allowance Explanation

The Phoenix Convention Center 2026-27 operating budget allowance of \$85,330,000 is \$3,426,000 or 4.2 percent more than 2025-26 estimated expenditures. The increase is primarily in the Convention Center fund.

The General Fund 2026-27 budget allowance of \$4,141,000 is \$260,000 or 6.7 percent more than 2025-26 estimated expenditures. The increase is primarily due to a formula update used to calculate the department's parking administration charges.

The Sports Facilities, Bioscience & Tourism Fund 2026-27 budget allowance of \$850,000 is \$85,000 or 11.1 percent more than 2025-26 estimated expenditures. The increase is for the Tourism and Hospitality Advisory Board funds.

The Convention Center Fund 2026-27 budget allowance of \$80,399,000 is \$3,081,000 or 4.0 percent more than 2025-26 estimated expenditures. The increase is primarily due to higher operating costs, including temporary production staff, utilities, miscellaneous maintenance and repairs, and negotiated increases in employee compensation and normal inflationary adjustments. The budget also includes funding for capital outlay items, including furniture and equipment replacements and vehicle purchases.

Phoenix Convention Center Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2026-27 budget allowance:

	2024-25 Actual	2025-26 Estimate ¹	2026-27 Budget
Estimated direct spending impact from conventions (millions) ^{2,3}	\$382	\$475	\$490
Number of convention delegates ³	246,396	300,000	330,000
Number of conventions ³	63	74	70
Number of local public shows	18	15	18
Percent square feet occupancy (average of all event types)	46.3%	50.0%	50.0%
Number of theatrical performances	252	210	230
Total theater attendance	195,268	182,913	190,000
Total parking revenue (millions)	\$9.88	\$9.22	\$11.10
Revenue per parking space	\$2,248	\$2,100	\$2,527
Operating expense per parking space	\$1,318	\$1,317	\$1,384

¹ Based on 10 months actual experience.

² Estimated direct spending impact is reported by Visit Phoenix.

³ In 2026-27, there are fewer planned conventions. The NBA mega event is expected to offset any decrease in direct spending due to fewer conventions and drive higher overall attendance.

Expenditure and Position Summary

	2024-25 Actual	2025-26 Estimate	2026-27 Budget
Operating Expense	\$74,079,000	\$81,904,000	\$85,330,000
Total Positions	221.0	225.0	225.0
<i>Source of Funds:</i>			
General Fund	\$3,650,000	\$3,881,000	\$4,141,000
Sports Facilities, Bioscience & Tourism	683,000	765,000	850,000
Convention Center	69,746,000	77,258,000	80,339,000

HUMAN SERVICES

Program Goal

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

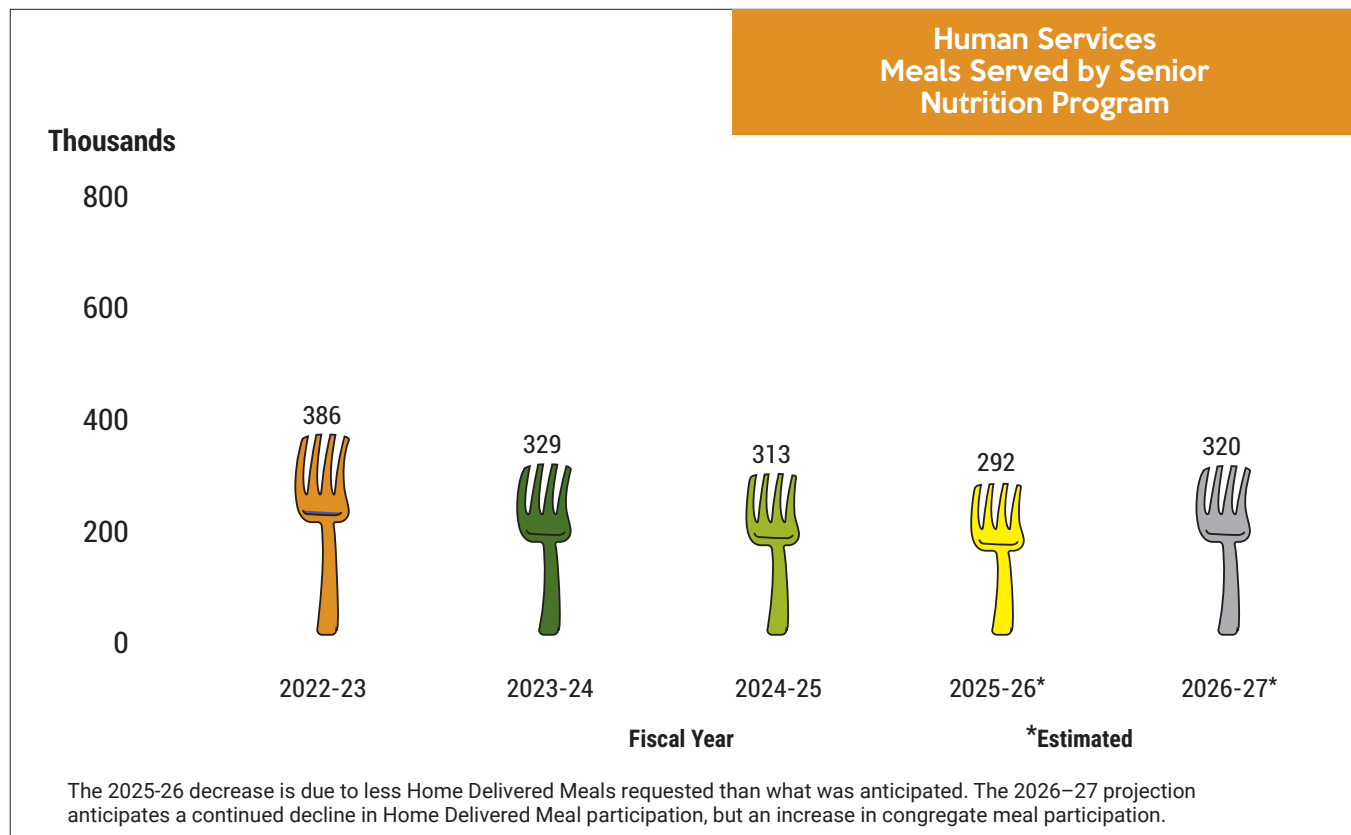
Budget Allowance Explanation

The Human Services Department 2026-27 operating budget allowance of \$137,508,000 is \$7,972,000 or 5.5 percent less than 2025-26 estimated expenditures. The overall decrease is primarily due to the conclusion of federal grants awarded to respond to the COVID-19 pandemic and is largely offset by increases in the General Fund.

The General Fund 2026-27 budget allowance of \$67,002,000 is \$27,944,000 or 71.5 percent more than 2025-26 estimated expenditures. This is primarily due to additional funding for shelter operations, which in 2026-27 is planned to support City-owned facilities such as the Safe Outdoor Space, the Phoenix Navigation Center, and the Washington Shelter as well as nonprofit-operated shelters, including Rio Fresco, the North Mountain Healing Center, and the Central Arizona Shelter Services (CASS) single adult shelter. The budget also includes one-time funding for flexible financial assistance and additional funding to support the Office of Homeless Solutions (OHS) to expand its housing programming through a master lease program. The General Fund budget includes additional funding for OHS to support heat relief efforts and an increase for the Keys to Change Key Campus operations due to expiring American Rescue Plan Act funding. It also reflects normal inflationary adjustments and negotiated increases in employee compensation.

The Grants 2026-27 budget allowance of \$64,637,000 is \$23,629,000 or 26.8 percent less than 2025-26 estimated expenditures. The decrease is primarily due to the conclusion of grants related to heat response, emergency rental and utility assistance, emergency and temporary shelter contracts in response to the COVID-19 pandemic, the AZ Quest business and workforce development grant, and Community Development Block Grants. These decreases are partially offset by normal inflationary adjustments and negotiated increases in employee compensation.

The Other Restricted 2026-27 budget allowance of \$4,688,000 is \$12,288,000 or 72.4 percent less than 2025-26 estimated expenditures. The decrease is primarily due to the conclusion of funding allocations for OHS projects funded by ARPA interest funds and by the One Arizona opioid settlement.



Human Services Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2026-27 budget allowance:

	2024-25 Actual	2025-26 Estimate ¹	2026-27 Budget
Number of homeless households assisted through emergency shelter ²	10,537	13,054	12,000
Number of households served at family service centers ³	4,532	5,415	7,762
Percentage of school attendance for Head Start	77%	87%	85%
Medical and dental exams completed for Head Start ⁴	4,233	4,339	3,914
Medical and dental exams completed for Early Head Start ⁴	575	572	252
Number of meals served to seniors ⁵	313,006	292,425	320,000
Number of victim services provided ⁶	15,683	15,899	18,000
Number of job seekers assisted through the Workforce Development initiatives ⁷	33,874	25,437	25,437
Number of Senior Center shuttle trips ⁸	47,192	52,496	58,000

¹ Based on 10 months actuals.

² 2026-27 assumes that contracts with current partners are maintained; however, due to the longer average length of stay and a focus on exits to permanent housing, the number of households assisted is expected to decrease.

³ The 2025-26 and 2026-27 increase is attributed to the additional State Eviction Prevention Funds awarded by the Arizona Department of Economic Security.

⁴ Fewer families renewed their children's AHCCCS coverage, resulting in an anticipated decrease in the number of exams conducted.

⁵ The 2025-26 decrease reflects fewer Home Delivered Meals requested. The 2026-27 projection anticipates a continued decline in Home Delivered Meal participation, but an increase in congregate meal participation.

⁶ 2024-25 and 2025-26 service levels were reduced due to staffing shortages, limiting the number of services that could be provided to each client. In 2026-27, services are expected to return to normal as staff vacancies are filled.

⁷ Assumes maintaining job seeker assistance levels set during 2025-26 into 2026-27.

⁸ 2025-26 and 2026-27 figures reflect increased usage by new participants and by long-term participants who are no longer able to drive.

Expenditure and Position Summary

	2024-25 Actual	2025-26 Estimate	2026-27 Budget
Operating Expense	\$150,584,000	\$145,480,000	\$137,508,000
Total Positions	425.5	423.5	420.5
<i>Source of Funds:</i>			
General Fund	\$37,528,000	\$39,058,000	\$67,002,000
Neighborhood Protection	0	500,000	500,000
Other Restricted	2,539,000	16,976,000	4,688,000
Grants	109,737,000	88,266,000	64,637,000
Wastewater	318,000	305,000	305,000
Water	462,000	375,000	375,000

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 2026-27 operating budget allowance of \$9,318,000 is \$230,000 or 2.5 percent more than 2025-26 estimated expenditures. The General Fund 2026-27 budget allowance of \$9,043,000 is \$447,000 or 5.2 percent more than 2025-26 estimated expenditures. This increase is primarily due to negotiated increases in employee compensation and other normal inflationary adjustments. The budget also reflects increases for electricity and maintenance for cultural facilities, as well as vehicle replacements. The increase is partially offset by increased credits for work on capital projects and a decrease in property insurance costs.

The Grants 2026-27 budget allowance of \$211,000 is \$223,000 or 51.4 percent less than 2025-26 estimated expenditures. The decrease is primarily due to the conclusion of grant programs, including a S'edav Va'aki Museum exhibit installation grant and artist to work grants.

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 2026-27 budget allowance.

	2024-25 Actual	2025-26 Estimate ¹	2026-27 Budget
Grant applications processed to support arts activities through schools and nonprofit organizations ²	125	150	180
Grant awards administered to support arts activities through schools and nonprofit organizations ²	114	137	164
Completed Percent-for-Art projects, including permanent, temporary, and refurbishment projects ³	8	16	10
Local artists/arts organizations training workshops ⁴	19	32	38
Percent of projects in Public Art Plan being implemented ⁵	57%	48%	58%
Community presentations	27	40	48

¹ Based on 10 months actual experience.

² Increases in applicants are expected each year.

³ Variance is driven by public art plan projects. 2025-26 increases reflect efforts related to the ¡Sombra! Experiments in Shade project, a grant-funded initiative featuring nine temporary shade installations created by artists.

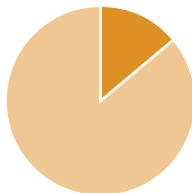
⁴ Includes presentations and workshops to local artists, annual grant workshop training for arts organizations, and arts learning workshops.

⁵ Includes projects that were in design, under construction, or were completed. Increases reflect filled staff vacancies.

Expenditure and Position Summary

	2024-25 Actual	2025-26 Estimate	2026-27 Budget
Operating Expense	\$9,790,000	\$9,088,000	\$9,318,000
Total Positions	29.8	30.8	30.2
<i>Source of Funds:</i>			
General Fund	\$8,377,000	\$8,596,000	\$9,043,000
Grants	1,376,000	434,000	211,000
Other Restricted	37,000	58,000	64,000

ENVIRONMENTAL SERVICES



The Environmental Services Program Represents 16% of the Total Budget.

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

WATER SERVICES

Program Goal

The Water Services Department is responsible for the Water and Wastewater Programs. The Water Program provides a safe and adequate domestic water supply to all residents in the Phoenix water service area. The Wastewater Program assists in providing a clean, healthy environment through the effective management of all waterborne waste generated within the Phoenix drainage area.

Budget Allowance Explanation

The Water Services Department 2026-27 operating budget allowance of \$537,293,000 is \$30,825,000 or 6.1 percent higher than 2025-26 estimated expenditures. There are increases in Water, Wastewater, and Other Restricted funds and a decrease in Grant funds.

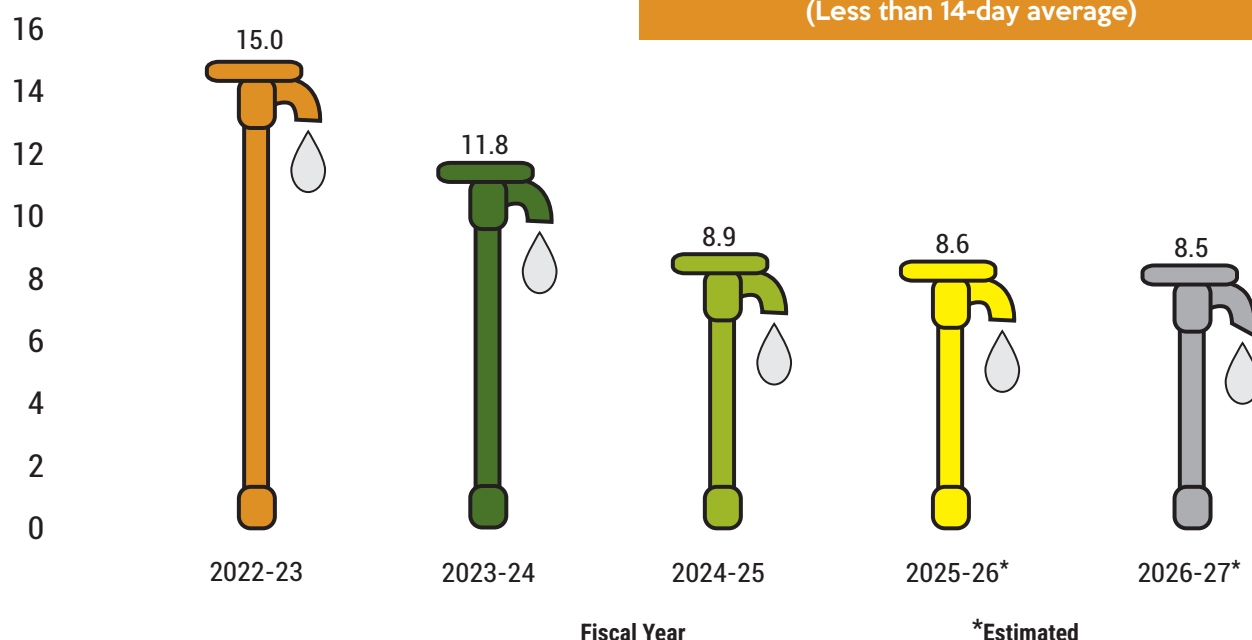
The Water Fund 2026-27 budget allowance of \$358,961,000 is \$18,353,000 or 5.4 percent higher than 2025-26 estimated expenditures. The increase is due to negotiated increases in employee compensation and other normal inflationary adjustments, increases in costs for legal services, electricity, as well as increased operating costs at Lake Pleasant and Val Vista Water Treatment Plants. These increases are partially offset by anticipated reductions for raw water purchase costs, as well as the conclusion of water conservation rebates for replacing grass with water-efficient, desert-adapted landscaping, and for the installation of water-saving smart irrigation controllers and/or low flow toilets.

The Wastewater Fund 2026-27 budget allowance of \$175,621,000 is \$12,475,000 or 7.6 percent higher than 2025-26 estimated expenditures. The increase is due to negotiated increases in employee compensation and other normal inflationary adjustments, including costs for chemicals and electricity, and expenses associated with the Cave Creek Water Reclamation Plant expansion. These increases are offset by reductions for construction charges following the completion of improvements of air monitoring systems, digesters, tunnels, headworks, pump stations, and HVAC equipment at the 23rd Avenue Wastewater Treatment Plant.

The Other Restricted Fund 2026-27 budget allowance of \$2,711,000 supports the stormwater program and is \$132,000 or 5.1 percent higher than 2025-26 estimated expenditures. The increase is primarily due to negotiated increases in employee compensation and other normal inflationary adjustments, as well as additional costs for consultants and other professional services. These increases were partially offset by reduced construction costs, training, and computer services.

The Grants Fund 2026-27 budget allowance of \$0 is a decrease of \$135,000 from 2025-26 estimated expenditures. This reduction reflects the conclusion of grant funding from the Arizona Department of Environmental Quality (ADEQ) which supported the Stormwater Master Plan for the Rio Salado Habitat and the Tres Rios Ecosystem Restoration Area.

Water Services Waterline Breaks and Leaks Repaired (Less than 14-day average)



The reduction in repair days over the reported years is due to improved staff training, strong Work Order Asset Management (WAM) monitoring, and focused resources to decrease water loss.

Water Services Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2026-27 budget allowance:

	2024-25 Actual	2025-26 Estimate ¹	2026-27 Budget
Water main break/leaks per 100 miles	11.5	12.0	12.0
Average days to repair all leaks and breaks ²	8.9	8.6	8.5
Percent of miles of sewer cleaned per year	27.4%	26.5%	26.0%
Sanitary sewer overflows per 100 miles	0.75	0.79	0.80
Gallons of water produced system wide (billions) ³	120.8	115.0	122.0
Gallons of wastewater treated (billions)	69.3	67.9	68.6
Telephone calls-received ⁴	423,842	338,765	338,000
Telephone calls-percent answered ⁵	90.0%	99.0%	99.0%

¹ Based on 10 months actual experience.

² This metric replaces the previous metric, "Waterline leaks repaired within 48 hours." Measuring the number of days best reflects the full duration from when a leak is identified and marked by utility locating services to when repairs are completed.

³ The projected increase in 2026-27 is attributed to anticipated return to typical operational conditions, as less water was produced in 2025-26 due to abnormally high rainfall in September, October, and November 2025.

⁴ The Customer Care and Billing system was upgraded in 2024-25 and as anticipated, starting in 2025-26 the number of calls decreased as customers became familiar with the new system and utilized applications for their account information in lieu of calling.

⁵ Percent answered is calculated based on total calls logged into the queue and calls answered. Callers can elect to end their call before receiving assistance and would not be counted as "answered".

Expenditure and Position Summary

	2024-25 Actual	2025-26 Estimate	2026-27 Budget
Operating Expense	\$453,252,000	\$506,468,000	\$537,293,000
Total Positions	1,539.8	1,569.2	1,565.2
<i>Source of Funds:</i>			
Other Restricted	\$2,866,000	\$2,579,000	\$2,711,000
Grants	0	135,000	0
Wastewater	143,729,000	163,146,000	175,621,000
Water	306,657,000	340,608,000	358,961,000

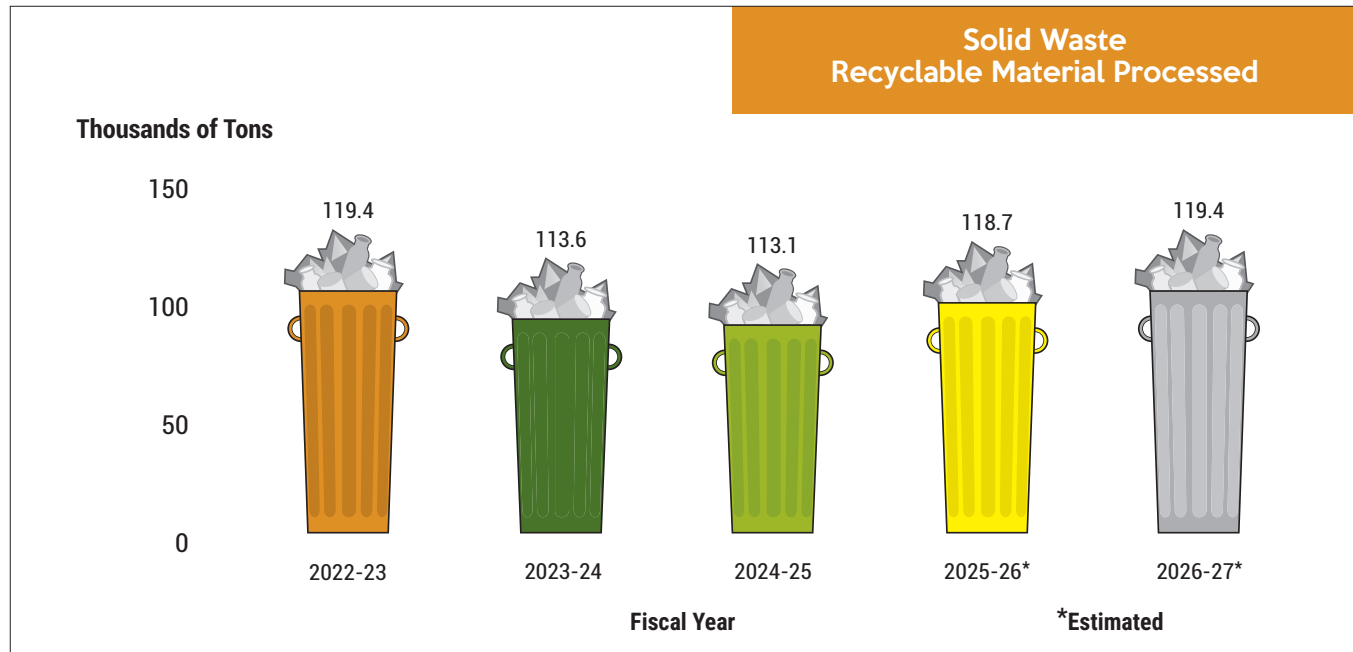
PUBLIC WORKS – SOLID WASTE MANAGEMENT

Program Goal

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

Budget Allowance Explanation

The Solid Waste 2026-27 operating budget allowance of \$230,722,000 is \$14,447,000 or 6.7 percent greater than 2025-26 estimated expenditures. The increase is primarily due to costs associated with repair, replacement and location tracking of vehicles, long-haul waste transportation, liability insurance, equipment repair, garbage and recycling containers, billing and collection, electricity, and wireless communication.



Solid Waste Management Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2026-27 budget allowance:

	2024-25 Actual	2025-26 Estimate ¹	2026-27 Budget ²
Residential households served with contained-solid-waste and recyclable-material collections ³	422,016	427,393	429,957
Tons of total solid waste collected and landfilled ⁴	936,787	998,280	1,004,270
Tons of solid waste from City residences collected ⁵	573,242	595,928	599,504

¹ Based on 10 months of actual experience.

² Assumes 0.6 percent growth in the residential dwelling units set forth in Phoenix City Code §27-21.

³ Excludes retrieval of bulk trash, annual hazardous waste and organic waste from residential dwelling units.

⁴ Includes waste collected at City transfer stations and landfills as well as solid waste tonnage sent to contracted private transfer stations and landfills.

⁵ Includes solid waste tonnage, transfer station residential loads, non-profit free loads, and recycling rejections.

Expenditure and Position Summary

	2024-25 Actual	2025-26 Estimate	2026-27 Budget
Operating Expense	\$173,817,000	\$216,275,000	\$230,722,000
Total Positions	628.5	626.5	626.5
<i>Source of Funds:</i>			
Solid Waste	\$173,817,000	\$216,275,000	\$230,722,000

PUBLIC WORKS – SUPPORT SERVICES

Program Goal

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

Budget Allowance Explanation

The Public Works 2026-27 operating budget allowance of \$38,890,000 is \$5,140,000 or 15.2 percent more than 2025-26 estimated expenditures.

The General Fund 2026-27 budget allowance of \$38,748,000 is \$5,095,000 or 15.1 percent more than 2025-26 estimated expenditures. This is primarily due to increases to occupancy and operating costs for the Police Headquarters building at 100 West Washington Street; for building planning, maintenance and operating costs including HVAC, electrical, and fire/life safety systems; and for negotiated increases in employee compensation.

The Other Restricted Funds 2026-27 budget allowance of \$142,000 is \$45,000 or 46.4% more than 2025-26 estimated expenditures to provide increased funding for fuel tank repair, replacement and soil remediation.

Public Works Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2026-27 budget allowance:

	2024-25 Actual	2025-26 Estimate ¹	2026-27 Budget
Building space square footage serviced and maintained ²	10,604,610	10,117,267	10,117,627
Facility service requests completed	22,756	23,500	26,500
Fleet vehicles per mechanic ³	43.4	40.4	40.5
Units of equipment for which fleet management is provided ⁴	8,038	8,136	8,155
Annual miles of fleet vehicle utilization (in millions)	47.1	47.4	47.7

¹ Based on 10 months of actual experience.

² The decrease for 2025-26 reflects reclassifications of Fire Stations 19 and 29 to the Aviation Department and Orpheum Theatre to the Phoenix Convention Center, demolition of the Old Corona Maintenance Yard buildings, and eliminated duplicate counting of Human Services Department senior centers and Police Department substations in Parks and Recreation Department community centers.

³ Excludes vehicles serviced by the Aviation and Public Transit departments.

⁴ Includes vehicles, trailers, tractors, generators, off-road equipment, and other kinds of heavy-equipment items; includes equipment maintained and serviced by the Aviation and Transit departments.

Expenditure and Position Summary

	2024-25 Actual	2025-26 Estimate	2026-27 Budget
Operating Expense	\$31,437,000	\$33,750,000	\$38,890,000
Total Positions	491.0	503.0	503.0
Source of Funds:			
General Fund	\$31,202,000	\$33,653,000	\$38,748,000
Other Restricted	235,000	97,000	142,000

ENVIRONMENTAL PROGRAMS

Program Goal

The Office of Environmental Programs coordinates and monitors the City’s environmental programs and activities, and develops and implements regulatory policies and programs.

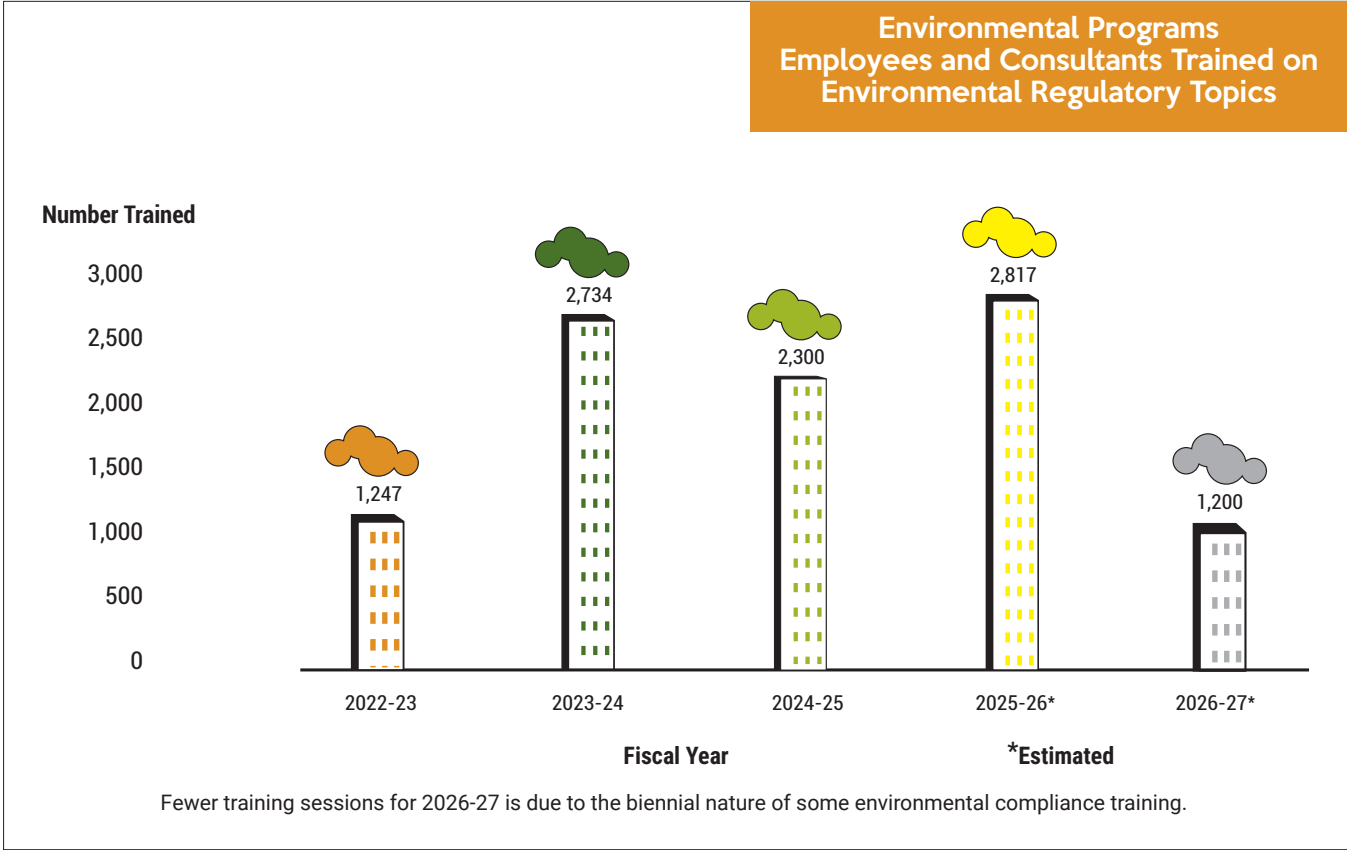
Budget Allowance Explanation

The Office of Environmental Programs (OEP) 2026-27 operating budget allowance of \$3,410,000 is \$567,000 or 14.3 percent less than 2025-26 estimated expenditures.

The General Fund 2026-27 budget allowance of \$2,394,000 is \$64,000 or 2.7 percent greater than 2025-26 estimated expenditures primarily due to negotiated increases in employee compensation and food systems program consultant costs, partially offset by deferred costs for a climate action study.

The Grants 2026-27 budget allowance of \$235,000 is \$672,000 or 74.1 percent less than 2025-26 estimated expenditures primarily due to the expirations of a U.S. Environmental Protection Agency Rio Reimagined Brownfields Assessment grant, a Gila River Indian Community Backyard Gardens grant, a University of Arizona Urban Agriculture Production grant, and reduced brownfields revolving loan contractual services costs.

The Water 2026-27 budget allowance of \$484,000 is \$44,000 or 10.0 percent greater than 2025-26 estimated expenditures due to negotiated increases in employee compensation.



Environmental Programs Major Performance Measures and Service Levels

The following significant performance measures and service level trends will be achieved with the 2026-27 budget allowance:

	2024-25 Actual	2025-26 Estimate ¹	2026-27 Budget
Site assessments conducted ²	236	254	200
Brownfields projects implemented ³	22	20	12
Percentage of OEP Environmental Facility Assessment findings City departments resolve within 90 days with OEP assistance	94%	100%	90%
Number of food system projects receiving OEP assistance to create OEP assistance to create or enhance healthy food assets ⁴	25	52	60
Number of external food system partnerships and collaborations developed ⁵	N/A	21	20

¹ Based on 10 months of actual experience.

² "Site assessments" means facility assessments, air quality (dust) site visits on certain City-owned property, and assessments of City projects to determine compliance with a variety of environmental regulations.

³ The decrease in 2026-27 from 2025-26 is due to higher cost estimates for planned bond-funded brownfields projects, resulting in available bond funds being able to pay for fewer projects.

⁴ Projects include food-waste reduction, assistance to healthy food-related businesses and assets, assistance for backyard and community gardens, and public education. Food system projects in 2026-27 include gardening and food-skills education programs deferred from 2025-26.

⁵ New measure beginning 2025-26

Expenditure and Position Summary			
	2024-25 Actual	2025-26 Estimate	2026-27 Budget
Operating Expense	\$4,930,000	\$3,977,000	\$3,410,000
Total Positions	16.0	16.0	16.0
<i>Source of Funds:</i>			
General Fund	\$1,664,000	\$2,330,000	\$2,394,000
Capital Construction	63,000	70,000	70,000
Other Restricted	199,000	230,000	227,000
Grants	2,642,000	907,000	235,000
Water	362,000	440,000	484,000

OFFICE OF SUSTAINABILITY

Program Goal

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

Budget Allowance Explanation

The Office of Sustainability 2026-27 operating budget allowance of \$1,075,000 is \$15,000 or 1.4 percent higher than 2025-26 estimated expenditures. The increase is primarily in the General Fund, with an offset in the Grants Fund.

The General Fund 2026-27 budget allowance of \$855,000 is \$131,000 or 18.1 percent more than the 2025-26 estimated expenditures. The increase is primarily due to increases in conferences and special contractual services to support City sustainability and energy initiatives; training to maintain energy and sustainability certifications; normal inflationary adjustments; and negotiated increases in employee compensation costs.

The Grants Fund 2026-27 budget allowance of \$165,000 is \$118,000 or 41.7 percent less than 2025-26 estimated expenditures. The decrease is primarily due to the elimination of a temporary full-time Public Information Specialist.

Expenditure and Position Summary			
	2024-25 Actual	2025-26 Estimate	2026-27 Budget
Operating Expense	\$980,000	\$1,060,000	\$1,075,000
Total Positions	6.0	7.7	6.7
<i>Source of Funds:</i>			
General Fund	\$595,000	\$724,000	\$855,000
Other Restricted	16,000	53,000	55,000
Grants	369,000	283,000	165,000

CONTINGENCIES

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

GENERAL FUND CONTINGENCY

The General Fund contingency in 2026-27 will be \$94,500,000, plus \$87,421,000 in set-asides. The set-asides include \$75,000,000 to be used to balance the 2027-28 budget and \$5 million for childcare affordability, including a portion to be used to fund Supplemental Nutrition Assistance Program navigation support. The remaining \$7,421,000 in set-asides is for the second year of the two-year labor contract and accounts for ongoing wage increases.

In March 2010, the Council agreed to gradually increase the contingency with a goal of achieving five percent of General Fund operating expenditures. Achieving this goal will improve the City's ability to withstand future economic declines. The 2026-27 contingency reflects an increase of \$3,355,778 over the 2025-26 contingency of \$91,144,222.

The following table shows contingency funding and set-aside amounts over 10 years.

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
2017-18	\$1,268,098	\$50,400 5,500	4%
2018-19	1,296,723	52,400 9,219	4%
2019-20	1,374,444	55,400 2,512	4%
2020-21	1,405,970	55,596 —	4%
2021-22	1,576,231	57,000 67,164	4%
2022-23	1,610,478	68,445 52,343	4.25%
2023-24	1,805,490	81,247 20,000	4.50%
2024-25	1,871,060	88,875 80,000	4.75%
2025-26	1,918,827	91,144 109,417	4.75%
2026-27	2,058,091 ¹	94,500 87,421	4.59%

¹ Total General Fund operating expenditures in 2026-27 are \$2,240,012, including operating costs for all General Fund programs and services, contingency, and set-aside amounts. For purposes of calculating the contingency Percent of Operating Expenditures, contingency and set-aside amounts are excluded from the General Fund Operating Expenditures amount

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.

2026-27 OTHER FUND OPERATING EXPENDITURE AND CONTINGENCY AMOUNT (000s)			
Fund	Operating Expenditures ²	Contingency Amount	Percent of Operating Expenditures
Aviation	\$451,641	\$35,000	8%
Convention Center	81,024	4,500	6%
Development Services	102,427	10,000	10%
Solid Waste	230,959	1,000	0%
Sports Facilities, Bioscience & Tourism	7,003	2,500	36%
Transportation 2050	302,698	21,000	7%
Wastewater	176,433	10,500	6%
Water	362,179	22,500	6%

² Non-General Fund operating expenditures include operating costs for Non-General Fund programs and services, and contingency. For purposes of calculating the contingency Percent of Operating Expenditures, contingency amounts are excluded from the Non-General Fund Operating Expenditures amount.



COVID-19 FUNDING SUMMARY

FEDERAL FUNDING IN RESPONSE TO THE COVID-19 PANDEMIC

Coronavirus Aid, Relief, and Economic Security (CARES) Act

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security (CARES) Act was signed into law to address economic fallout in the United States resulting from the COVID-19 pandemic. State and local governments were awarded a variety of grant funds under the CARES Act.

Coronavirus Relief Fund (CRF)

The CARES Act allocated \$150 billion in Coronavirus Relief Funds to states and cities with populations over 500,000 to address and mitigate the impacts of COVID-19. As a result, the City of Phoenix was awarded \$293 million in Coronavirus Relief Funds. Based on federal guidance, these funds could only be used to cover costs that were necessary expenditures caused by COVID-19 incurred between March 1 and December 30, 2020.

On May 5, 2020, the City Council adopted the Coronavirus Relief Fund Strategic Plan. Based on input from Council, the funds were allocated between Community Investment, City Operations, and a Reserve to Preserve City Services. The Community Investment Programs were allocated between the following six categories:

- Business and Employee Assistance
- Rent/Mortgage and Utility Assistance
- Distance Learning and Wi-Fi Access
- Mitigation and Care of Vulnerable Populations
- Food Delivery
- Better Health and Community Outcomes

The programs created within these categories were designed to directly address the negative impacts of the COVID-19 pandemic on Phoenix residents and local businesses. Some of the approved programs were new initiatives, while others supplemented existing programs that were approved or implemented as a broader strategy to mitigate COVID-19.

The City Operations portion of the Coronavirus Relief Fund Strategic Plan was designed to provide City departments with the resources needed to keep employees and residents safe and to provide staff with the tools and technology needed to facilitate teleworking and continuity of operations. The City Operations Programs were allocated under the following six categories:

- Employee COVID-19 Testing
- PPE and Cleaning Supplies
- Medical and Public Safety Measures
- Payroll Expense Reimbursement/Management Oversight of COVID Funds
- Telework/e-Government Solutions
- Public Facility Retrofit Funding

The Reserve was initially created to address any unknown needs that could have surfaced as staff and the community dealt with the virus. However, as guidance from the Treasury changed, staff determined that the Reserve could be used to preserve existing General Fund programs that were facing reduction due to declining revenue by strategically offsetting eligible public safety salaries in the General Fund.

The Strategic Plan was modified throughout the year as conditions and needs changed, and on December 8, 2020, staff presented City Council with the final update report. These funds were fully expended by the end of fiscal year 2020-21.

Other Significant Grants Awarded to the City of Phoenix Under the CARES Act or the Consolidated Appropriations Act

The following is a summary of other funds received by City departments under either the CARES Act or the Consolidated Appropriations Act.

Aviation Department

The Aviation Department received \$148 million in funding from the CARES Act. Per Department of Treasury guidance, this funding was available to be used on any lawful airport purpose. In addition, the Aviation Department received \$39 million in funding from the Coronavirus Response and Relief Supplemental Appropriations Act of 2021 (CRRSA). These funds were fully expended by the end of fiscal year 2021-22.

Public Transit Department

The Public Transit Department received \$99.5 million in CARES Act funding from the U.S. Department of Transportation (USDOT). In addition, the Public Transit Department received \$43 million in funding from USDOT as part of the Coronavirus Response and Relief Supplemental Appropriations Act of 2021 (CRRSA). The funding from the federal COVID-19 relief packages was to provide the resources needed to continue public transit operations and respond to the impacts of COVID-19. These funds were fully expended by the end of fiscal year 2022-23.

Neighborhood Services Department

The Neighborhood Services Department (NSD) received approximately \$23.9 million in CARES Act Community Development Block Grant funding from the U.S. Department of Housing and Urban Development (HUD). These funds were allocated to prevent, prepare for, and respond to the COVID-19 pandemic by providing grants for very small businesses, assisting nonprofits to provide community services, supporting residents sheltering in place through housing rehabilitation, funding public facility improvement projects with nonprofits and schools, and increasing shelter beds for people experiencing homelessness. In fiscal year 2022-23, NSD completed a significant public facility improvement project with multiple schools serving Phoenix households. In fiscal year 2023-2024, NSD funded two significant projects supporting the creation of beds intended to serve individuals experiencing homelessness. Most of the remaining funding supports homelessness services and is reflected in the 2025-26 and 2026-27 fiscal years. These funds have a federal expenditure deadline and are expected to be fully spent by October 2026.

Human Services Department

The Human Services Department received nearly \$40 million in COVID-related funding through a variety of agencies. Funding was used to assist Phoenix residents facing housing instability, homelessness, and other emergency services. Funding was also used to support Head Start-eligible children and families. Additionally, the Human Services Department received \$51.1 million for the emergency rental assistance program from the Consolidated Appropriations Act 2021, and in March 2022 the department received an additional \$35.0 million in funds reallocated from other grantees. All funds for the emergency rental assistance program, and \$38 million of COVID-related funding, were spent by the end of fiscal year 2022-2023. The remaining \$2 million was spent by December 30, 2023.

Housing Department

The Housing Department received \$6.6 million in CARES Act funding from the U.S. Department of Housing and Urban Development (HUD) to be used for maintenance of normal operations and to prevent, prepare for, and respond to the COVID-19 pandemic. These funds were fully expended by the end of fiscal year 2021-22.

Fire Department

The Fire Department received \$879,000 in Assistance to Firefighters Grant COVID-19 supplemental funding. These funds were allocated to purchase personal protective equipment for public safety responders and included items such as respirators, masks, and gloves. These funds were fully expended by the end of fiscal year 2021-22.

Police Department and Fire Department

The Police and Fire Departments received \$2,572,519 in Coronavirus Supplemental Funding Program Formula Grant funds to purchase personal protective equipment for public safety responders. Items funded include masks, gloves, and gowns. Funds were also allocated to cover Police and Fire overtime expenses attributed to the City of Phoenix Incident Management Team while managing the COVID-19 response. These funds were fully expended by the end of fiscal year 2021-22.

American Rescue Plan Act (ARPA)

On March 11, 2021, the American Rescue Plan Act (ARPA) was signed into law to provide additional relief to address the continued impact of the COVID-19 pandemic on the economy, public health, state and local governments, individuals, and businesses.

State and Local Fiscal Recovery Fund

The City of Phoenix received approximately \$396 million in State and Local Fiscal Recovery Funds (SLFRF) under the American Rescue Plan Act, which was signed by President Biden in March 2021. Funding was received in two equal distributions 12 months apart. The City received the first allocation of \$198 million on May 19, 2021. The second allocation of \$198 million was awarded in May 2022.

According to federal guidance, these funds may only be used to cover costs that are necessary expenditures caused by COVID-19 incurred between March 3, 2021, and Dec. 31, 2024. Per the revised guidance, funds can only be used to:

- Support public health expenditures, by funding COVID-19 mitigation efforts, medical expenses, behavioral healthcare, and certain public health and safety staff;
- Address negative economic impacts caused by the public health emergency, including economic harm to workers, households, small businesses, impacted industries, and the public sector;
- Replace lost public sector revenue, using this funding to provide government services to the extent of the reduction in revenue experienced due to the pandemic;
- Provide premium pay for essential workers, offering additional support to those who have borne and will bear the greatest health risks because of their service in critical infrastructure sectors; and
- Invest in water, sewer, and broadband infrastructure, making necessary investments to improve access to clean drinking water, support vital wastewater and stormwater infrastructure, and to expand access to broadband internet.

At the time of the award, City Council directed that a strategic plan be approved for each tranche of funding received, resulting in the entire SLFRF allocation being approved between 2021 and 2022. After receiving the first SLFRF allocation of \$198 million on May 19, 2021, City Council approved the first tranche strategic plan, detailing approved ARPA programs on June 8, 2021. The second tranche strategic plan was approved on June 7, 2022. In total, the City of Phoenix ARPA Strategic Plan of \$396 million includes 60-plus programs spanning areas such as COVID-19 testing and vaccine efforts, homelessness and mental health services, business assistance, family financial assistance, youth sports and education, technology and wireless network improvements, and food insecurity.

Categories include:

- Affordable Housing and Homelessness
- Better Health and Community Outcomes
- City Operations
- Education
- Neighborhood Sustainability
- Phoenix Resilient Food System
- Education
- Workforce

As of March 31, 2026, \$362 million had been spent on ARPA programs, including COVID-19 testing and vaccinations, micro and small business grants, homelessness services, food programs, workforce and tuition assistance, nonprofit and artists grants, bus cards, rental assistance, landlord incentives, business assistance, and premium pay. The City obligated all remaining funds via Memorandums of Understanding before December 31, 2024, and the remaining funds will be fully expended by June 30, 2026.

The City also created a public website tracking all ARPA programs. Visitors to the website can access the ARPA Strategic Plan, as well as detailed project information, updated spending data, and key performance indicators. Information can be found at phoenixopendata.com by visitors selecting the ARPA website under the Showcases section.

Other ARPA Funds Awarded to Specific Departments

In addition to the citywide funds discussed above, ARPA funds were also awarded directly to certain City departments.

Aviation Department

The Aviation Department was awarded \$158 million in ARPA funds for operating expenses, which have been fully expended.

Housing Department

The U.S. Department of Housing and Urban Development awarded the Housing Department \$46.1 million in ARPA-related funds. The award was comprised of \$ 19.8 million for Emergency Housing Vouchers cumulatively from July 2021 to February 2026 to provide temporary public housing to individuals and families experiencing homelessness or at risk of homelessness; \$21.3 million in HOME Investment Partnerships American Rescue Plan Program (HOME-ARP) funds for the ongoing production or preservation of affordable housing, tenant-based rental assistance, supportive services, and purchase or development of non-congregate shelter for individuals and families experiencing homelessness; and \$5 million through Maricopa County to support implementation of the Choice Neighborhoods grant program. Usage of these funds is ongoing. They are included in the fiscal year 2025-26 and 2026-27 budgets and must be spent by September 2030.

Human Services Department

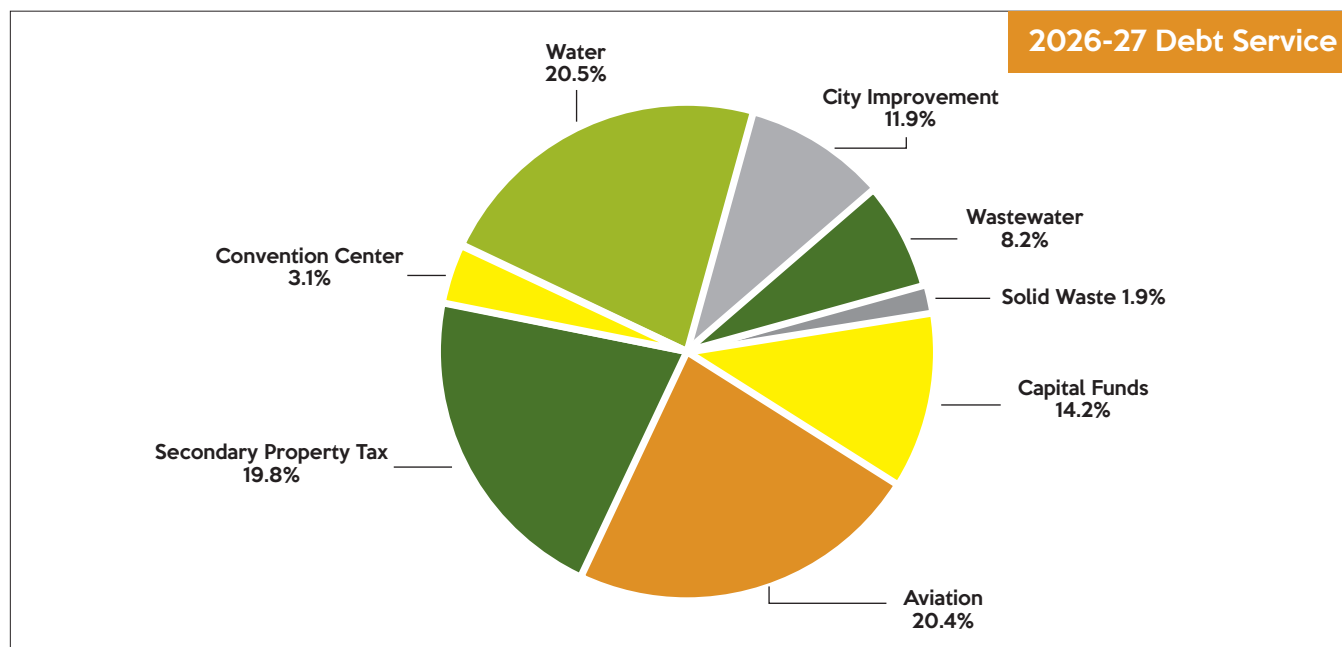
The Human Services Department (HSD) was awarded \$55.3 million in fiscal year 2021-22 to administer the Emergency Rental Assistance program, which provides rent and utility assistance to qualifying residents impacted by COVID-19. In fiscal year 2022-23, HSD received \$7.0 million in reallocated Emergency Rental Assistance 2.0 funding to provide additional services to Phoenix residents facing housing instability. The department also has received a total of \$2.9 million in ARPA funding from Maricopa County for expanded heat relief efforts. A separate \$4.1 million grant was awarded to support services for Head Start-eligible children and families. Finally, Maricopa County and the U.S. Department of Housing and Urban Development awarded a combined \$3.8 million to help Phoenix residents experiencing housing instability, homelessness, and to provide other emergency services, such as heat relief. All funds from HUD have been fully expended, while the Maricopa County funds will be expended by September 2026.

Public Transit Department

The U.S. Department of Transportation awarded the Public Transit Department \$186 million as part of the American Rescue Plan Act. \$105 million was awarded to continue public transit operations and respond to the impacts of COVID-19, while \$81 million was designated specifically for the South-Central Extension/Downtown Hub light rail project. These funds were fully expended by the end of fiscal year 2023-24.

DEBT SERVICE

Debt service expenditures include payments of principal, interest, costs of issuance and related costs such as trustee fees and reserve requirements for bonds issued. The debt service allowance in 2026-27 for existing debt and anticipated future bond sales is \$769,051,000. As shown in the following pie chart, debt service expenditures are funded by both operating and capital funding sources. Secondary Property Tax represents the annual tax levy for general obligation bonded debt service and a federal subsidy payment.



Types of Bonds Issued and Security

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

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

Debt Management

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

To finance the capital programs of enterprise departments, the City has used revenue bonds secured by and repaid from the revenues of these enterprises. In the past, the City also has used general obligation bonds for water, airport, sanitary sewer, and solid waste purposes when deemed appropriate.

Since the 1950s, the City has used a community review process to develop and acquire voter approval for general obligation bond programs. Most recently, on November 7, 2023, Phoenix voters passed the City Council approved \$500 million 2023 General Obligation Bond Program. Funds are budgeted through 2028-29. Program areas include:

- Arts & Culture
- Economic Development & Education
- Environment & Sustainability
- Housing, Human Services & Homelessness
- Neighborhoods & City Services
- Parks & Recreation
- Public Safety
- Streets & Storm Drainage

In December 2011, the City Council deferred the issuance of remaining voter-authorized debt from prior 2001 and 2006 bond programs. In addition, general obligation debt has been restructured and refinanced to take advantage of favorable market rates. The City maintains a General Obligation Reserve Fund utilized strategically to pay down General Obligation debt service while preserving the high bond ratings.

Bond Ratings

As shown in the chart below, the City's bonds are rated favorably by the major bond rating agencies, Moody's Investors Service, S&P and Fitch. The City's general obligation bonds are rated Aa1, AA+ and AAA respectively.

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

⁽¹⁾ Represents underlying rating, if insured.

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

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

Statement of Bonded Indebtedness ⁽¹⁾ (In Thousands of Dollars)		
General Obligation Bonds		
Purpose	Non-Enterprise General Obligation Bonds	Total General Obligation Bonds
Various	\$ 679,210,000	\$ 679,210,000
Airport	—	—
Sanitary Sewer	—	—
Solid Waste	—	—
Water	—	—
Direct Debt	\$ 679,210,000	\$ 679,210,000
Less: Revenue Supported	—	—
Net Debt	\$ 679,210,000	\$ 679,210,000

⁽¹⁾ Represents general obligation bonds outstanding as of January 1, 2026. Such figures do not include the outstanding principal amounts of certain general obligation bonds that have been refunded or the payment of which has been provided for in advance of maturity. The payment of the refunded debt service requirements is secured by obligations issued or fully guaranteed by the United States of America which were purchased with proceeds of the refunding issues and other available moneys and are held in irrevocable trusts and are scheduled to mature at such times and in sufficient amounts to pay when due all principal, interest, and redemption premiums where applicable, on the refunded bonds.

Debt Limitation

Pursuant to Chapter 177, Laws of Arizona 2016, which became effective August 6, 2016, the City's debt limitation is based on the full cash net assessed valuation. Full cash net assessed valuation for 2025-26 was \$34,544,910,185. Under the provisions of the Arizona Constitution, outstanding general obligation bonded debt for combined water, sewer, light, parks, open space preserves, playgrounds, recreational facilities, public safety, law enforcement, fire emergency, streets and transportation may not exceed 20 percent of a City's full cash net assessed valuation, nor may outstanding general obligation bonded debt for all other purposes exceed 6 percent of a City's full cash net assessed valuation. Unused borrowing capacity as of January 1, 2026, is shown below, based upon 2025-26 assessed valuation.

Water, Sewer, Light, Parks, Open Spaces, Playgrounds, Recreational Facilities, Public Safety, Law Enforcement, Fire Emergency, Streets and Transportation Purpose Bonds	
20% Constitutional Limitation	\$6,908,982,037
Less: Direct General Obligation Bonds Outstanding ⁽¹⁾	(558,885,000)
Less: Allocable Bond Premium ⁽²⁾	(15,305,000)
Less: Debt Limit Reduction from Refunding ⁽³⁾	(42,231,452)
Unused 20% Limitation Borrowing Capacity	<u>\$ 6,292,560,585</u>

All Other General Obligation Bonds	
6% Constitutional Limitation	\$2,072,694,611
Less: Direct General Obligation Bonds Outstanding ⁽¹⁾	(120,325,000)
Less: Allocable Bond Premium ⁽²⁾	(1,675,000)
Less: Debt Limit Reduction from Refunding ⁽³⁾	-
Unused 6% Limitation Borrowing Capacity	<u>\$1,950,694,611</u>

(1) Represents general obligation bonds outstanding as of January 1, 2026.

(2) This amount represents premium on the bonds which will be used to pay project costs and certain costs of issuance which under State law reduce in equal amount the borrowing capacity of the City and the principal amount of bonds authorized under the 2023 Authorization. Such capacity (but not authorization) will be recaptured as premium is amortized.

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

Debt Burden

Debt burden is a measurement of the relationship between the debt of the City supported by its property tax base (net direct debt) to the broadest and most generally available measure of wealth in the community: the assessed valuation of all taxable property and the assessed valuation adjusted to reflect market value. In addition, net debt can be compared to population to determine net debt per capita. The City makes these comparisons each time it offers bonds for sale. They are included in the official statements (bond prospectuses) that are distributed to prospective investors. The following table provides debt burden ratios as of January 1, 2026.

Net Direct General Obligation Bonded Debt Ratios			
	Per Capita Debt Pop. Est. (1,673,164) ⁽¹⁾	Limited Net Assessed Valuation (\$17,772,778,262)	Full Cash Valuation (\$357,601,304,233)
Direct General Obligation Bonded Debt Outstanding as of January 1, 2026	\$ 405.94	3.82%	0.19%

⁽¹⁾ Population estimate obtained from the U.S. Census Bureau as of July 1, 2024.

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

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

General Government Nonprofit Corporation Bonds

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

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

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

DEBT SERVICE BY SOURCE OF FUNDS AND TYPE OF EXPENDITURE
(In Thousands of Dollars)

	2024-25 Actual	2025-26 Estimate	2026-27 Budget
<u>Source of Funds</u>			
Operating Funds			
City Improvement	82,217	93,208	91,591
Secondary Property Tax	136,342	150,165	152,624
Aviation	96,575	88,136	156,789
Convention Center	23,690	23,684	23,684
Solid Waste	10,147	9,391	14,270
Wastewater	62,673	63,211	63,268
Water	144,163	157,708	157,751
Total Operating Funds	555,807	585,504	659,976
Bond Funds			
Aviation	571	73	1,600
Convention Center	-	621	-
Solid Waste	-	1,017	-
Wastewater	-	-	1,000
Water	-	-	1,500
Other	685	4,544	-
Total Bond Funds	1,256	6,256	4,100
Other Capital Funds			
Capital Reserves	748	-	1,000
Customer Facility Charges	20,560	20,557	20,559
Federal, State and Other Participation	25,999	26,497	26,997
Passenger Facility Charges	56,647	56,424	56,419
Total Other Capital Funds	103,954	103,478	104,975
Total	661,017	695,238	769,051
<u>Type of Expenditure</u>			
Principal	341,491	367,478	360,438
Interest and Other	319,525	327,759	408,615
Total	661,017	695,238	769,051

OUTSTANDING DEBT AND DEBT SERVICE COVERAGE
2024-25 YEAR-END ACTUAL
(In Thousands of Dollars)

Issue			Maturity	Effective	Average				
Date	Series	Purpose	Dates	Rate	Life (Years)	Original Amount	Principal Outstanding	Interest Outstanding	Coverage (2)
General Obligation Bonds (1)									
03/01/04	2004	Various Improvements	7/1/10-28	4.22	16.3	200,000	14,720	1,325	N/A
10/27/09	2009A	Various Improvements Taxable Series 2009A	7/1/20-34	3.42	18.4	280,955	186,790	51,416	N/A
06/24/14	2014	Refunding	7/1/19-27	2.71	9.5	278,015	2,320	93	N/A
09/13/16	2016	Refunding	7/1/18-27	1.74	9.0	226,215	139,415	10,315	N/A
06/21/17	2017	Refunding	7/1/18-27	1.52	3.4	68,305	2,655	160	N/A
05/25/22	2022	Refunding	7/1/23-34	2.93	5.9	146,400	100,290	22,692	N/A
08/07/24	2024A	Various Improvements Series 2024A	7/1/32-47	3.61	13.3	127,820	127,820	78,138	N/A
08/07/24	2024B	Various Improvements Taxable Series 2024B	7/1/28-32	4.67	5.3	105,200	105,200	20,983	N/A
Total General Obligation Bonds						1,432,910	679,210	185,122	
Loans from Direct Borrowings									
08/03/10	Loan	Wastewater WIFA	7/1/18-26	2.97	12.0	6,287	88	3	2.98
06/01/11	Loan	Wastewater WIFA	7/1/26-29	2.97	16.6	3,909	3,909	296	2.98
09/14/11	Loan	Water WIFA	7/1/24-29	2.97	15.8	1,497	1,188	89	2.80
Total Loans from Direct Borrowings						11,693	5,185	388	
Municipal Corporation Obligations									
10/06/05	2005B	State Distribution Rev 2005B (3)	7/1/12-44	4.72	28.9	275,362	234,792	321,155	N/A
09/01/10	2010B	Airport Rev 2010B (Taxable)	7/1/2040	3.67	29.8	21,345	21,345	21,131	3.20
04/15/14	2014	Wastewater System Rev Refunding	7/1/15-29	3.00	9.4	127,810	44,830	5,741	2.98
12/17/14	2014B	Water System Rev Refunding 2014B	7/1/16-29	2.64	9.7	445,085	181,030	19,701	2.80
05/12/15	2015A	Excise Tax Rev Refunding 2015A	7/1/17-41	3.56	16.2	319,305	240,070	110,017	14.00
05/12/15	2015B	Excise Tax Rev Refunding 2015B (Taxable)	7/1/16-35	3.35	10.2	60,895	24,970	5,634	14.00
11/16/16	2016	Wastewater System Rev Refunding	7/1/17-35	2.89	11.3	225,325	147,600	43,837	2.98
01/10/17	2016	Water System Rev Refunding 2016	7/1/17-39	3.59	15.1	375,780	315,625	130,775	2.80
06/01/17	2017A	Excise Tax Rev 2017A	7/1/18-32	2.16	6.8	116,835	34,135	4,215	14.00
06/01/17	2017B	Excise Tax Rev Refunding 2017B	7/1/19-29	2.02	6.3	101,895	27,935	2,623	14.00
11/21/17	2017A	Airport Rev 2017A (AMT)	7/1/18-47	3.84	18.7	190,930	164,420	110,384	3.20
11/21/17	2017B	Airport Rev Refunding 2017B (Non-AMT)	7/1/21-38	3.23	13.5	173,440	140,710	54,021	3.20
12/21/17	2017D	Airport Rev Refunding 2017D (Non-AMT)	7/1/21-40	3.36	14.2	474,725	388,110	151,561	3.20
06/19/18	2018A	Wastewater System Rev 2018A	7/1/25-43	3.66	17.4	133,270	128,880	63,456	2.98
11/28/18	2018	Airport Rev 2018 (AMT)	7/1/19-48	4.22	19.3	226,180	201,085	142,923	3.20
12/05/19	2019A	Rental Car Facility (Taxable) 2019A	7/1/28-45	3.33	18.4	244,245	244,245	146,840	2.69
12/05/19	2019B	Rental Car Facility Ref (Taxable) 2019B	7/1/20-28	2.60	4.6	60,485	18,915	847	2.69
12/11/19	2019A	Airport Rev 2019A (Non-AMT)	7/1/41-49	3.61	25.9	341,095	341,095	310,737	3.20
12/11/19	2019B	Airport Rev 2019B (AMT)	7/1/20-49	3.44	19.1	392,005	365,945	247,230	3.20
04/09/20	2020A	Water System Rev 2020A	7/1/30-44	3.14	20.0	165,115	165,115	122,041	2.80
04/09/20	2020B	Water System Rev 2020B	7/1/30-44	3.14	20.0	228,015	228,015	168,533	2.80
08/25/20	2020A	Excise Tax Rev 2020A	7/1/21-45	1.90	12.0	131,595	112,130	44,188	14.00
08/25/20	2020B	Excise Tax Rev (Taxable) 2020B	7/1/21-45	2.39	13.9	150,000	125,330	35,030	14.00
08/25/20	2020C	Excise Tax Rev Refunding (Taxable) 2020C	7/1/23-36	1.58	7.1	116,685	74,415	5,421	14.00
06/09/21	2021A	Water System Rev 2021A	7/1/26-45	2.45	16.1	250,000	250,000	143,013	2.80
06/09/21	2021B	Water System Rev Refunding 2021B	7/1/22-26	0.52	3.5	67,345	17,025	851	2.80
06/09/21	2021C	Water System Rev Refunding (Taxable) 2021C	7/1/26-44	2.61	15.0	151,280	151,280	44,029	2.80
08/03/22	2022	Excise Tax Rev 2022	7/1/25-47	3.79	16.0	131,650	128,470	86,247	14.00
06/07/23	2023	Airport Rev Refunding 2023 (AMT)	7/1/24-32	3.50	5.4	96,540	78,840	16,535	3.20
11/15/23	2023	Wastewater System Rev 2023	7/1/28-47	4.64	15.7	381,620	381,620	274,728	2.98
07/17/24	2024	Excise Tax Revenue 2024	7/1/25-44	3.77	12.1	180,000	174,780	99,999	14.00
06/11/25	2025	Airport Rev Refunding 2025 (Non-AMT)	7/1/26-45	4.18	11.5	84,635	84,635	48,661	3.20
Total Municipal Corporation Obligations						6,440,492	5,237,392	2,982,104	

OUTSTANDING DEBT AND DEBT SERVICE COVERAGE
2024-25 YEAR-END ACTUAL
(In Thousands of Dollars)

Issue Date	Series	Purpose	Maturity Dates	Effective Interest Rate	Average Life (Years)	Original Amount	Principal Outstanding	Interest Outstanding	Coverage (2)
Community Facilities Districts									
06/27/19	2019	Park Central CFD Special Assessment Rev	7/1/21-44	5.73	16.0	30,000	26,370	16,358	1.12
Total Community Facilities Districts Bonds						30,000	26,370	16,358	
Total Outstanding Debt						7,915,095	5,948,157	3,183,972	

(1) General Obligation bonds are paid from secondary property taxes with the tax rate set by the City Council and are covered by a statutory lien.

(2) Minimum debt service coverage ratio for each bond type is as follows:

Airport Revenue Bonds	1.25
Excise Tax Revenue Bonds	2.00
Rental Car Facility Charge Revenue Bonds	1.25
Wastewater Revenue Bonds	1.20
Water Revenue Bonds	1.10

(3) The primary source of revenue for loan payments is State of Arizona distributions the City is to receive pursuant to legislation passed in 2003 authorizing up to fifty percent State funding for certain convention center developments in the State. The schedule of State Distributions are sufficient to make loan payments when due.

OVERVIEW OF CAPITAL IMPROVEMENT PROGRAM PROCESS

The Capital Improvement Program (CIP) is a five-year plan for capital expenditures needed to replace, expand, and improve infrastructure and systems. Other planning processes, the most significant of which are explained in this section, identify the need, and provide funding for capital projects and related operating costs.

On March 24, 2026, the preliminary five-year Capital Improvement Program was transmitted to the City Council. The preliminary plan has been updated to reflect cost or timing changes identified since the preliminary program was developed. The Capital Improvement Program Highlights section of this document provides summary-level information on program contents; project-level detail is provided in the Capital Improvement Program budget book.

2026-27 Capital Improvement Program Development

The annual citywide Capital Improvement Program update process began in December 2025 when departments prepared revised 2025-26 estimates and updated their five-year capital improvement programs. The 2025-26 estimates reflect updated construction cost estimates, schedules adjustments, awarded contract amounts and other program changes. The 2026-31 program includes projects planned for authorized and anticipated bond funding and the latest estimates for pay-as-you-go projects funded with operating funds, federal funds, impact fees and other sources. Also included are net new operating costs and/or savings. Budget and Research staff reviewed the departments' programs for funding availability, reasonableness, and technical accuracy.

Presented in this citywide program are projects reviewed and adopted through several planning processes. These include capital projects funded through the most recently adopted multi-year rate plans for enterprise funds such as Water, Wastewater and Solid Waste, and from other planning processes including infrastructure financing plans for impact fees and various multi-year facility maintenance plans. Also reflected are capital projects from sales tax and voter-approved bond programs including the 2023 General Obligation Bond Program approved by Phoenix voters in November 2023.

2023 Citizens' Bond Program

In June 2022, a Fiscal Capacity Committee appointed by the City Council reported its findings that the City could support a new \$500 million General Obligation Bond program without increasing the secondary property tax rate above its 2022-23 level. The City Council appointed a citizen's 2023 General Obligation Bond Committee to identify the highest priority unfunded capital needs for this program, while balancing the City's limited ability to absorb new ongoing operating costs. The Executive Committee and eight subcommittees held 34 public meetings, reviewed capital needs identified by staff, and heard proposals and input from the public. The Executive Committee's final recommendations were presented to and approved by the City Council in December 2022. On November 7, 2023, Phoenix voters passed all four proposed bond measures.

The 2023 General Obligation Bond program includes the construction of new facilities and infrastructure, as well as improvements to existing facilities and infrastructure. Additional information is available online at phoenix.gov/bond.

Enterprise Funds

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

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

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

The Phoenix Convention Center enterprise fund receives most of its resources from designated sales taxes. To support a significant expansion and renovation of the Phoenix Convention Center, completed in 2008, an extensive multi-year forecast was developed to establish pay-as-you-go, bond and related debt service, and operations and maintenance cost capacities without a tax rate increase. The capital and financial plan was crucial to securing \$600 million in bond funding split equally between the City and State of Arizona to expand and modernize the facility.

Capital Construction Funds

The Capital Construction Fund was established in 1998-99 and provides funding for street transportation and drainage infrastructure improvements, including projects focused on street pavement maintenance, and bicycle, pedestrian, stormwater, and drainage facilities. Capital Construction funds are programmed into project categories for each year of the Capital Improvement Program, with individual projects identified and budgeted in the earlier years of the Capital Improvement Program.

Parks and Preserves Funds

In September 1999, the voters approved a 10-year, one-tenth of one percent sales tax to purchase state trust lands for the Sonoran Desert Preserve, and for the development and improvement of regional and neighborhood parks. This tax was renewed by voters in May 2008 for 30 years. The 2026-31 Capital Improvement Program includes \$293.1 million of these funds, which are programmed for regional, community and neighborhood parks, and Sonoran Preserve land acquisition.

Transportation 2050 Funds

Voters approved Proposition 104 (Transportation 2050) in August 2015. This initiative authorized a three-tenths of one percent increase in the transaction privilege and use tax rate to fund the City's Comprehensive Transportation Plan including new light rail lines, bus expansion, bus rapid transit, and street improvements. Collection of Transportation 2050 sales tax began on January 1, 2016. The 2026-31 Capital Improvement Program includes \$1,097.9 million in Transportation 2050 pay-as-you-go funds.

Five-Year Streets Plan

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

Programming of Impact Fees

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

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

Operating costs for impact fee-funded projects are included in the rate planning process for Water, Wastewater and Solid Waste. Operating costs for the other impact fee programs are identified in the Capital Improvement Program and are funded through the annual operating budget as costs for operating and maintaining new capital projects. Budget and Research staff has worked with the Planning and Development Department as well as operating department staff to appropriately program \$347.4 million in available impact fees in the 2026-31 Capital Improvement Program. Additional impact fees will be programmed in future capital improvement programs as these fees are collected.

SUMMARY OF 2026-31 CAPITAL IMPROVEMENT PROGRAM
BY PROGRAM
(In Thousands of Dollars)

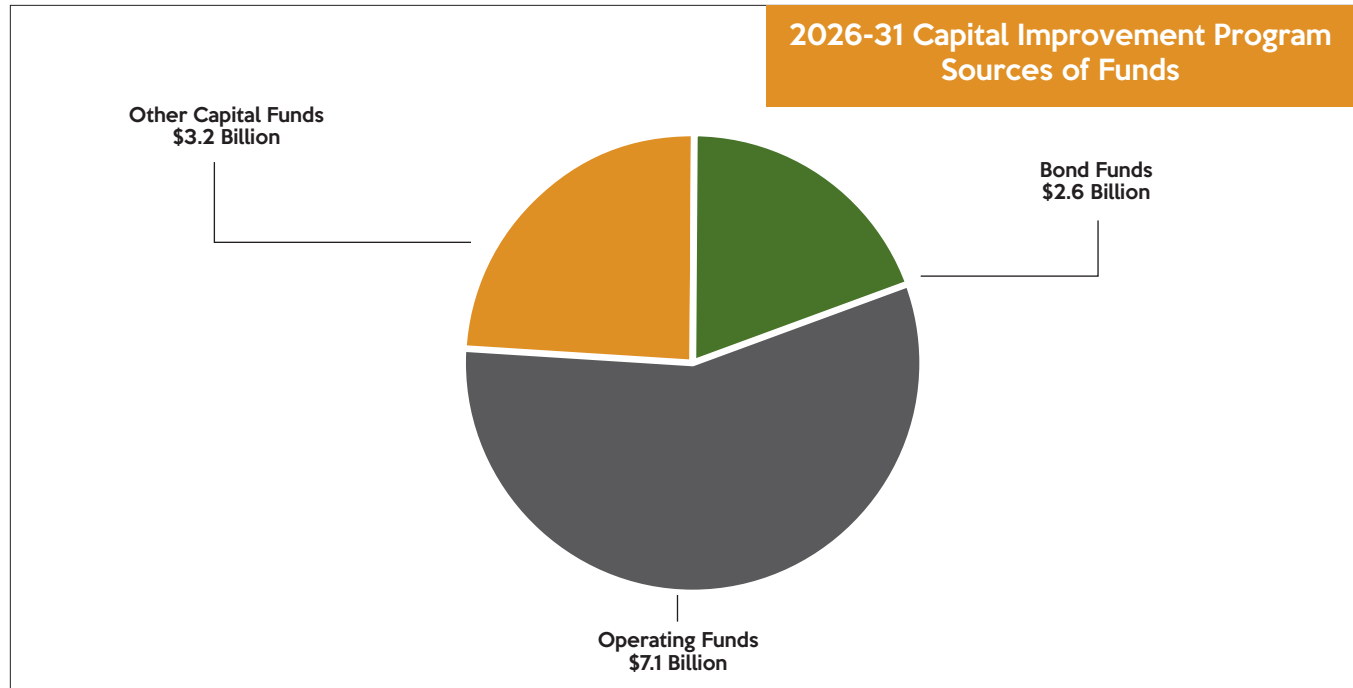
	2026-27	2027-28	2028-29	2029-30	2030-31	Total
Arts and Cultural Facilities	28,509	17,637	-	-	-	46,146
Aviation	1,416,485	587,659	338,573	207,171	286,758	2,836,646
Economic Development	28,354	13,084	11,534	12,050	9,665	74,687
Environmental Programs	1,704	250	250	250	250	2,704
Facilities Management	66,318	31,334	31,062	21,775	21,775	172,265
Fire Protection	117,911	39,417	125	-	-	157,454
Historic Preservation & Planning	14,474	1,000	1,000	-	-	16,474
Housing	143,652	20,407	29,993	24,800	7,700	226,552
Human Services	14,839	-	-	-	-	14,839
Information Technology	80,096	21,165	11,695	5,195	5,195	123,347
Libraries	22,941	10,237	2,570	-	-	35,748
Municipal Court	4,608	-	-	-	-	4,608
Neighborhood Services	2,844	750	1,000	1,000	-	5,594
Non-Departmental Capital	231,223	105,474	108,471	105,473	105,971	656,611
Parks, Recreation & Mountain Preserves	156,387	53,047	64,471	59,000	51,760	384,665
Phoenix Convention Center	14,553	9,300	6,280	6,712	7,746	44,590
Police Protection	51,190	1,658	1,020	-	-	53,868
Public Art Program	23,061	310	225	-	-	23,596
Public Transit	204,679	126,650	350,334	467,087	409,483	1,558,233
Regional Wireless Cooperative	13,482	14,889	11,321	25,370	25,533	90,594
Solid Waste Disposal	19,208	13,017	28,343	14,284	15,931	90,783
Street Transportation & Drainage	605,125	297,725	186,086	147,490	133,022	1,369,448
Sustainability	1,000	1,000	1,000	1,000	1,000	5,000
Wastewater	376,465	408,856	372,630	411,183	423,163	1,992,296
Water	468,245	633,686	494,058	682,687	596,343	2,875,020
Total	4,107,353	2,408,553	2,052,041	2,192,528	2,101,293	12,861,768

SUMMARY OF 2026-31 CAPITAL IMPROVEMENT PROGRAM
BY SOURCE OF FUNDS
(In Thousands of Dollars)

	2026-27	2027-28	2028-29	2029-30	2030-31	Total
General Funds						
General Fund	59,989	37,612	32,702	32,702	32,702	195,707
Library	910	-	-	-	-	910
Special Revenue Funds						
Arizona Highway User Revenue	126,054	88,060	75,730	70,437	70,196	430,477
Capital Construction	21,124	6,044	9,294	6,044	6,044	48,550
Community Reinvestment	4,415	5,165	3,665	5,165	3,315	21,725
Development Services	4,650	10	10	10	10	4,690
Golf	2,919	-	500	500	-	3,919
Grants	169,926	83,798	274,936	127,846	118,809	775,315
Other Restricted	40,283	4,581	2,769	2,235	1,700	51,568
Parks and Preserves	85,590	40,850	56,400	58,500	51,760	293,100
Regional Transit	11,833	10,235	29,766	18,809	20,040	90,684
Regional Wireless Cooperative	7,482	8,889	5,321	19,370	19,533	60,594
Sports Facilities, Bioscience & Tourism	7,963	5,900	5,900	5,900	5,900	31,563
Transportation 2050	217,924	88,457	105,591	375,931	310,033	1,097,937
Enterprise Funds						
Aviation	790,471	357,950	171,060	33,244	18,844	1,371,569
Convention Center	11,718	9,306	6,286	6,717	7,751	41,779
Solid Waste	6,599	1,341	1,306	1,359	1,413	12,018
Wastewater	250,179	222,006	158,159	166,820	146,706	943,870
Water	188,019	473,107	345,385	364,219	244,120	1,614,851
Total Operating Funds	2,008,046	1,443,312	1,284,781	1,295,809	1,058,876	7,090,824
General Obligation Bond Funds						
2001 General Obligation Bonds	902	-	-	-	-	902
2006 General Obligation Bonds	1,105	-	-	-	-	1,105
2023 General Obligation Bonds	250,979	75,959	17,825	-	-	344,762
Nonprofit Corporation Bond Funds						
Aviation Bonds	214,099	74,050	53,750	-	-	341,899
Other Bonds	147,505	43,495	12,287	-	-	203,288
Solid Waste Bonds	12,463	11,326	29,148	15,139	14,052	82,130
Wastewater Bonds	28,369	99,521	111,669	150,808	189,705	580,072
Water Bonds	158,795	142,911	135,692	284,273	328,418	1,050,088
Total Bond Funds	814,218	447,263	360,371	450,220	532,175	2,604,247
Other Capital Funds						
Capital Gifts	351	-	-	-	-	351
Capital Grants	406,058	116,307	76,212	151,251	243,138	992,966
Capital Reserves	17,687	-	-	-	-	17,687
Customer Facility Charges	110,658	50,555	45,554	20,557	20,557	247,881
Federal, State and Other Participation	301,579	138,342	62,620	61,054	48,054	611,648
Impact Fees	270,941	43,543	28,339	1,425	3,174	347,422
Other Capital	835	-	-	-	-	835
Other Cities' Share in Joint Ventures	63,377	94,356	117,291	130,327	113,424	518,774
Passenger Facility Charges	111,361	74,423	76,418	81,417	81,414	425,034
Solid Waste Remediation	2,243	451	455	468	482	4,099
Total Other Capital Funds	1,285,090	517,978	406,889	446,498	510,242	3,166,697
Total	4,107,353	2,408,553	2,052,041	2,192,528	2,101,293	12,861,768

2026-31 CAPITAL IMPROVEMENT PROGRAM HIGHLIGHTS

The Capital Improvement Program (CIP) totals \$12.9 billion over the next five years. As shown in the pie chart below, funding for the 2026-31 program comes from \$7.1 billion in pay-as-you-go operating funds, \$2.6 billion in bond funds, and \$3.2 billion in other capital funds.



Projects in the first year total \$4.1 billion and are funded from pay-as-you-go operating funds (\$2.0 billion), bond funds (\$0.8 billion) and other capital financing (\$1.3 billion). A financial organization chart at the end of this section presents a visual overview of the first year by source of funds, and additional schedules summarize the 2026-31 Capital Improvement Program by source of funds and the 2026-27 Capital Improvement Program by fund group and program. A brief overview of the five-year plan for each program follows.

Arts and Cultural Facilities

The Arts and Cultural Facilities program totals \$46.1 million and is funded by Other Restricted and General Obligation Bond funds.

Projects are typically prioritized based on community input obtained during the development of periodic General Obligation Bond programs.

The program provides funding for construction, renovation and expansion of arts and cultural facilities operated primarily by non-profit partner entities.

Aviation

The Aviation program totals \$2,836.6 million and is funded by Aviation, Operating Grant, Aviation Bond, Capital Grant, Customer Facility Charge, and Passenger Facility Charge funds.

The Aviation program includes improvements at Phoenix Sky Harbor International, Phoenix Deer Valley and Phoenix Goodyear Airports.

Various divisions of the Aviation Department are responsible for identifying and requesting new CIP projects as they are needed for airport expansion and replacement of existing infrastructure. They work with stakeholders to determine the impact of a project and, where necessary, to develop a business case which includes a scope, schedule, and budget, including a return-on-investment analysis, for the project. As part of the business case, a points-based score is developed for the project. Scoring is based on the project's return-on-investment, cost reduction or net present value; efficiency or productivity improvements; impact on the airport's sustainability goals; regulatory mandates; safety and security risk mitigation; and level of service or community relations needs. The business case is then presented to Aviation's executive team for approval or revision. If approval is received, the project awaits available funding and incorporation into the Aviation CIP.

Major projects include:

- Construction of new Terminal 3 North 2 apron
- Construction of new Crossfield Taxiway U
- Strengthening and reconstruction of Taxiway A (A3-A4)
- Construction of Terminal 3 North 2 Concourse
- Repair and upgrade of Terminal 3 Processor and Baggage Handling System
- Construction of the Facility & Services Tonto Lot Campus Phase 1
- Repair and replacement of Terminal 4 vertical and horizontal transportation
- Repair and replacement of Terminal 4 Central Plant
- Replacement of Rental Car Center fire alarm system and vertical transportation
- Reconstruction and strengthening of Phoenix Deer Valley Airport Runway 7R/25L

Economic Development

The \$74.7 million Economic Development program is funded by Downtown Community Reinvestment; Other Restricted; Sports Facilities, Bioscience, and Tourism; 2023 General Obligation Bond; and Other Bond funds.

The Community and Economic Development Department identifies new CIP projects by various methods, including alignment with strategic planning objectives; collaboration with business, government and educational partners; and engagement with community groups and business associations. The City invests both funds and expertise to partner with private and public entities. These partnerships help strengthen the City's economy by creating new infrastructure and civic improvements that support regional revitalization, preserve community spaces, increase public tax revenues, and foster the growth of the local workforce and talent pipeline. Additional benefits include achieving affordable and workforce housing objectives and supporting historic preservation and adaptive reuse initiatives.

Projects funded by the 2023 General Obligation Bond Program were reviewed and prioritized by a citizens' General Obligation Bond Committee prior to approval by the City Council.

Major projects include:

- Strategic Redevelopment Area project facilitation and assistance
- Workforce Training Facility
- Higher Education infrastructure and development assistance
- Historic Preservation and Conservation facilitation and assistance
- Bioscience and Healthcare development and assistance

Environmental Programs

The \$2.7 million Environmental Programs CIP is funded by Other Restricted and 2023 General Obligation Bond funds. The program facilitates eligible citywide general stormwater compliance and Brownfields redevelopment projects.

Stormwater capital improvement projects are implemented to advance the City's efforts to comply with stormwater management requirements and regulations. Any City department may propose a potential stormwater project, provided that the project meets the criteria outlined in the Stormwater Capital Improvement Project Fund Eligibility and Funding Protocol. The proposed projects are reviewed by the Stormwater Working Group and then the requesting department presents for approval to the Stormwater Executive Committee based on criteria established in the funding protocol, including: risk of regulatory non-compliance, ability for the project to achieve sustained compliance, degradation to the City's Municipal Separate Storm Sewer System, need for remediation, and other associated risks.

Redevelopment of brownfields property results in the elimination of environmental exposures and reuse that can eliminate blight, increase community benefits, jobs, and often serves as a catalyst for revitalization of the area. City brownfields project funding will assist City departments with predevelopment costs associated with environmentally contaminated properties, such as environmental assessments, asbestos/lead-based paint surveys and abatement, and remediation. Project selection is based on several factors including location, benefit to community and job creation. Additionally, brownfields funding for the Rio Reimagined Land Acquisition program may include environmental assessments and cleanup to prepare economically attractive sites along the Rio Salado.

Projects funded by the 2023 General Obligation Bond Program were reviewed and prioritized by a citizens' General Obligation Bond Committee prior to approval by the City Council.

Facilities Management

The Facilities Management program totals \$172.3 million and is funded by General, Other Restricted, Solid Waste, 2023 General Obligation Bond, Other Bond, and Other Capital funds.

The Facilities Management program includes various major maintenance projects for City facilities and fuel infrastructure. Additional citywide efforts to be implemented by Facilities Management primarily include: security access control, Glenrosa Fleet Building, energy efficient retrofits, fire and life safety systems, HVAC systems, roofs, parking lots, fuel/oil tanks, plumbing, generators, and electrical systems.

Most Facilities Management capital projects are requested and prioritized under the annual General Fund Facilities Project Prioritization Process. New project requests originate from facility lifecycle replacement plans, facility assessments, engineering studies, testing results, citizen requests, regulatory compliance, and identification of asset deterioration by City facilities staff. Projects are reviewed by a committee of subject matter experts from various departments and are evaluated and prioritized on the basis of human safety, service continuity, damage avoidance, aesthetic deficiency mitigation, regulatory considerations, and potential for increasing efficiency.

Projects funded by the 2023 General Obligation Bond Program were reviewed and prioritized by a citizens' General Obligation Bond Committee prior to approval by the City Council.

Fire Protection

The \$157.5 million Fire Protection program is funded by Other Restricted, 2023 General Obligation Bond, Other Bond, Capital Grant, and Development Impact Fee funds.

The Phoenix Fire Department plans for CIP projects through a prioritized strategic forecasting process. The most significant projects for the department are construction of future fire stations that have been forecasted through the creation of a twenty-year fire station implementation plan. The forecast plan was developed through analysis of a variety of factors such as existing fire stations' location and capacity, key performance indicators, and planned growth. Additionally, other identified new CIP project needs are presented to the Fire Department executive staff in the form of business cases that are then evaluated based on the potential positive impact on service delivery to the Phoenix community.

Development Impact Fee-funded projects are identified in accordance with state statutes, ensuring capital funding for service levels in planning areas is consistent with service levels in developed areas of the City. Identified projects are incorporated in the City's Infrastructure Financing Plan, which is reviewed by a citizens' committee prior to public hearings and ultimate adoption by the City Council.

Projects funded by the 2023 General Obligation Bond Program were reviewed and prioritized by a citizens' General Obligation Bond Committee prior to approval by the City Council. This Capital Improvement Program includes three stations funded by the bond program, with a fourth - the replacement of Fire Station 15 (new location near 45th Avenue and Camelback Road) - already under construction.

In addition to the General Obligation Bond Program, in April 2025, the City Council approved the sale of excise tax bond obligations that are being used in this Capital Improvement Program to construct two fire stations, acquire new fire apparatus, and replace existing fire apparatus.

Major projects include:

- Implementation of a new Computer Aided Dispatch System and Records Management System
- Acquisition of fire apparatus
- Construction of new Fire Station 51 located near 43rd Avenue and SR 303
- Construction of new Fire Station 71 located near 64th Street and Mayo Boulevard
- Construction of new Fire Station 93 located near I-17 and Peoria Avenue
- Replacement of Fire Station 7 to be located at 8907 North 3rd Street
- Replacement of Fire Station 13 to be located at 5018 East Thomas Road
- Replacement of Fire Station 15 to be located at 4900 North 45th Avenue

Historic Preservation & Planning

The Historic Preservation and Planning program totals \$16.5 million and is funded by Development Services, 2023 General Obligation Bond, and Other Bond funds.

Projects funded by the 2023 General Obligation Bond Program were reviewed and prioritized by a citizens' General Obligation Bond Committee prior to approval by the City Council.

Housing

The Housing program totals \$226.6 million and is funded by Operating Grant, Other Restricted, 2023 General Obligation Bond, and Capital Grant funds.

The program provides funding for the creation and preservation of public and affordable housing units for low-income families, individuals, seniors, and special populations throughout the city. Grant-funded projects are planned based on the availability of these funds.

2023 General Obligation Bond projects will fund the preservation of City-owned affordable housing units and creation of affordable units in the Edison-Eastlake community. Grant funds include the U.S. Department of Housing and Urban Development's (HUD) Choice Neighborhoods development projects, HUD HOME Investment Partnership Program multifamily loan and redevelopment, HUD HOME American Rescue Plan to serve qualifying populations, and the conversion or modernization of existing public housing units through the HUD Capital Fund Program.

Housing Department capital improvement projects are identified based on City management's priority list and the Mayor and Council's Affordable Housing Initiative, in coordination with planned redevelopment programs, feedback from the Public

Housing Resident Advisory Board, the Affordable Housing Development Community, and other stakeholders. The department's program and fiscal staff actively participate in prioritizing funding availability and addressing community housing needs and contractual terms of co-developers.

Projects funded by the 2023 General Obligation Bond Program were reviewed and prioritized by a citizens' General Obligation Bond Committee prior to approval by the City Council.

Human Services

The Human Services program totals \$14.8 million and is funded by Operating Grant, Other Restricted, 2006 General Obligation Bond, and 2023 General Obligation Bond funds.

The Human Services program includes acquisition, design, and renovation/construction of shelters and senior centers.

Projects funded by the 2023 General Obligation Bond Program were reviewed and prioritized by a citizens' General Obligation Bond Committee prior to approval by the City Council.

Major projects include:

- Senior Center in Laveen
- Renovation of the McDowell Senior Center

Information Technology

The \$123.3 million Information Technology program is funded by General, Arizona Highway User Revenue, Development Services, Other Restricted, Transportation 2050, Aviation, Convention Center, Solid Waste, Wastewater, Water, Other Bond, Solid Waste Bond, Wastewater Bond, Water Bond, and Development Impact Fee funds.

Information Technology CIP projects typically go through a review process and are managed by IT project managers. The review process provides City leadership visibility into information technology spending across the organization and helps ensure technology purchases are in alignment with current and future technology needs. Projects are evaluated and approved by various Information Technology Services divisions for security, application, and infrastructure considerations.

Development Impact Fee-funded projects are identified in accordance with state statutes, ensuring capital funding for service levels in planning areas is consistent with service levels in developed areas of the City. Identified projects are incorporated in the City's Infrastructure Financing Plan, which is reviewed by a citizens' committee prior to public hearings and ultimate adoption by the City Council.

Major projects include:

- Implementation of an enterprise time and labor system
- Replacement of public safety radios that are at end-of-life
- Data network infrastructure modernization
- Construction of a new public safety radio tower in Laveen

Libraries

The Libraries program totals \$35.7 million and is funded by General, Development Impact Fee, and 2023 General Obligation Bond funds.

Improvement and renovation projects are requested and prioritized under the annual General Fund Facilities Project Prioritization Process. New project requests originate from facility lifecycle replacement plans, facility assessments, engineering studies, testing results, citizen requests, regulatory compliance, and identification of asset deterioration by City facilities staff. Projects are reviewed by a committee of subject matter experts from various departments and are evaluated and prioritized on the basis of human safety, service continuity, damage avoidance, aesthetic deficiency mitigation, regulatory considerations and potential for increasing efficiency.

Development Impact Fee-funded projects are identified in accordance with state statutes, ensuring capital funding for service levels in planning areas is consistent with service levels in developed areas of the City. Identified projects are incorporated in the City's Infrastructure Financing Plan, which is reviewed by a citizens' committee prior to public hearings and ultimate adoption by the City Council.

Projects funded by the 2023 General Obligation Bond Program were reviewed and prioritized by a citizens' General Obligation Bond Committee prior to approval by the City Council.

Major projects include:

- Expansion of the Yucca Branch Library
- Construction of a new Estrella Civic Space Library at 99th Avenue and Lower Buckeye Road
- Construction of a new Desert View Civic Space Library at Deer Valley Drive and Tatum Boulevard

Municipal Court

The Municipal Court program totals \$4.6 million and is funded by General funds.

The program includes the Court Case Management System replacement project which targets the Phoenix Municipal Court's primary business application. This multi-year project envisions replacing the existing almost 27-year-old system which is no longer sustainable with a modern application. The new application will increase efficiency, expand self-service options for the public, enhance the Court's ability to offer remote contact and participation, reduce existing technical debt, and enable the Court's ability to move to real-time paperless processing.

Neighborhood Services

The Neighborhood Services program totals \$5.6 million and is funded by Operating Grant funds.

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

The Neighborhood Services Department considers new CIP projects through the efforts of their Neighborhood Enhancement and Infrastructure Team, which works closely with program staff, to identify potential CIP projects. Projects may also be proposed by the City Council or City management and evaluated based on availability of funding, eligibility of project area and scope which meets a HUD National Objective. Additionally, qualitative feedback is collected through community workshops, stakeholder consultations, and public requests, for projects such as: facility renovations, improvements to community centers, playgrounds, and other enhancements to community public infrastructure. Large projects, like acquisition of strategic or blighted properties, may be identified through other City programs and initiatives to expand the impact and/or better address the needs of the community such as providing affordable housing or creating Safe Routes to Schools.

Non-Departmental Capital

The non-departmental capital program totals \$656.6 million and is funded by General, Aviation Bond, Other Bond, Solid Waste Bond, Wastewater Bond, Water Bond, Capital Grant, Capital Reserve, Customer Facility Charge, Federal, State and Other Participation, and Passenger Facility Charge funds.

The non-departmental capital program consists of existing and anticipated future capital debt service, including payments of principal, interest, issuance costs and related expenditures such as trustee fees for bonds issued. The capital debt program reflects debt service for capital projects funded in other capital improvement programs.

The non-departmental capital program additionally includes a contingency budget for future capital grant awards, a set-aside to support operating costs on future capital projects, and reserves to provide local matching funds for potential federal capital grants.

Parks, Recreation & Mountain Preserves

The Parks, Recreation and Mountain Preserves program totals \$384.7 million and is funded by Parks and Preserves Initiative, Golf, 2023 General Obligation Bond, Capital Gifts, Capital Reserves, and Development Impact Fee funds.

The program includes land acquisition; improvement and rehabilitation of city parks, trails, sports fields, and pools; installation and replacement of security and sports field lighting; parking lot improvements; construction of ADA accessible amenities; and other citywide park infrastructure improvements.

Projects in the Parks and Recreation Department's CIP are prioritized within the five-year planning window based primarily on park needs and priority criteria. This process includes a three-tiered rating system that takes into account the life span of amenities. The rating identifies amenities that are new, at half-life or ready for replacement. Ratings are updated annually. Further, when a need is identified at a park facility, a holistic look is used to evaluate if other needs can also be addressed at the same time. This approach results in cost effectiveness, efficiencies and reduces redundancy of services to the same site and minimizes impact to the community. Also, a consideration for new park projects and preserve land acquisitions is population growth, creating the need for parks expansion.

Development Impact Fee-funded projects are identified in accordance with state statutes, ensuring capital funding for service levels in planning areas is consistent with service levels in developed areas of the City. Identified projects are incorporated in the City's Infrastructure Financing Plan, which is reviewed by a citizens' committee prior to public and ultimate adoption by the City Council.

Projects funded by the 2023 General Obligation Bond Program were reviewed and prioritized by a citizens' General Obligation Bond Committee prior to approval by the City Council and passed by voters on the November 2023 ballot.

Major projects with various funding sources include development, improvements and/or repairs to Cortez Park, Encanto Park Lake, Estrella Civic Space, Granada Park, Highline Park, Lone Mountain Park, Maryvale Park Regional Pool and Two Splash Pad Sites, and North Mountain Park.

Phoenix Convention Center

The Phoenix Convention Center program totals \$44.6 million and is funded by Sports Facilities, Bioscience, and Tourism; Convention Center; and Other Bond funds.

In addition to the Convention Center, the program includes improvements to the Herberger Theater Center, Orpheum Theatre, Symphony Hall, and the Heritage and Convention Center parking garages. General Fund supported excise tax bonds are allocated for the new Police Headquarters facility renovations at the 100 West Washington building.

The Convention Center uses a multi-disciplinary CIP committee made up of department leadership, facility and capital project managers, fiscal staff, and subject-matter experts. The committee meets monthly to identify, evaluate, and refine potential CIP projects. Projects are submitted and updated through a formal request process, then reviewed and ranked for inclusion in a rolling 10-year CIP forecast that is continuously assessed and updated. Evaluation criteria include life safety, revenue generation, facility enhancement, and business and customer impact.

Major projects include:

- Symphony Hall Theatrical Venue Improvements
- Herberger Theater Center Theatrical Improvements
- New Police Headquarters Renovations at 100 West Washington
- Replace the Digital Audio Distribution System at the South Building
- North and West Buildings Heating, Ventilation, and Air Conditioning and Fire Alarm System Replacement
- North and West Buildings Security Systems Replacement
- Pit Lift Replacements at the Herberger Theater, Orpheum Theatre, and Symphony Hall

Police Protection

The \$53.9 million Police Protection program is funded by Other Restricted, Capital Reserve, Development Impact Fee, and 2023 General Obligation Bond funds.

Development Impact Fee-funded projects are identified in accordance with state statutes, ensuring capital funding for service levels in planning areas is consistent with service levels in developed areas of the City. Identified projects are incorporated in the City's Infrastructure Financing Plan, which is reviewed by a citizens' committee prior to public hearings and ultimate adoption by the City Council.

Projects funded by the 2023 General Obligation Bond Program were reviewed and prioritized by a citizens' General Obligation Bond Committee prior to approval by the City Council.

Major projects include:

- Replacement of the Cactus Park Precinct
- Renovation of the Police Property Management Warehouse
- Replacement of Aerial Fleet Assets
- Renovation of Maryvale Police Precinct

Public Art Program

The Public Art Program totals \$23.6 million and is funded by Percent-for-Art funds. Established in 1986, the Public Art Program allocates one percent of eligible Capital Improvement Program funding for the acquisition of temporary and permanent artwork for public buildings, infrastructure, and spaces. The program maintains more than 200 permanent artworks and manages and exhibits the City's 1,200 portable works in multiple public buildings.

The program works closely with all capital departments, City Council offices and the Phoenix Arts and Culture Commission to determine and approve projects to be included in the annual Public Art Plan. Public art projects included in the Plan are prioritized based on opportunities to integrate artwork into individual Capital Improvement Program projects and their potential impact on the neighborhood and the broader arts community.

Public Transit

The Public Transit program totals \$1,558.2 million and is funded by Operating Grant, Other Restricted, Regional Transit, and Transportation 2050 funds.

Public Transit staff and management identify project needs by utilizing several planning documents – the Transportation 2050 Plan, the fleet replacement plan, the Maricopa Association of Governments Transportation Improvement Program, and the Transit Life Cycle Program element of the Regional Transportation Plan. Additionally, public assets are considered for potential refurbishment, upgrade, or replacement. Staff from each division submit project requests to Public Transit management for review, prioritization, and funding consideration.

Design and construction of the West Phoenix light rail extension is not fully reflected due to the City Council's decision on January 27, 2026 to delay the Capitol Extension and I-10 West light rail lines and advance the West Phoenix light rail line. Cost estimates for the West Phoenix light rail line are planned to be incorporated into the 2027-32 Capital Improvement Program.

Major projects include:

- Purchase of new and replacement buses, Dial-A-Ride vehicles and commuter vans
- Bus Rapid Transit program development
- Construction of bus stop improvements, lighting and shade structures
- Design and construction of the Deer Valley Operations and Maintenance Yard

Regional Wireless Cooperative

The Regional Wireless Cooperative (RWC) program totals \$90.6 million and is funded through the contributions of RWC member agencies.

The RWC capital program's objective is to develop and assist member agencies with projects necessary to procure, install and upgrade major components of the radio systems over which the RWC has responsibility – for example, major system expansions to enhance capabilities, functions, or redundancy, or to incorporate technologies or functions required through legal mandates or vendor-driven changes.

The RWC identifies capital improvement projects via a governance and policy process. Projects and inventory are tracked, prioritized, and scheduled by the RWC Network Manager, the City of Phoenix Information Technology Services Department, which presents the projects' explanations and expected budgetary needs to RWC Administration. The costs are then distributed based on the number of radios in use by each agency, or by special assessments, and are then presented by the RWC Executive Director to the RWC Board of Directors for action. Specific RWC Working Groups may also be asked to consider and draft large-scale CIP projects as needed.

Solid Waste Disposal

The \$90.8 million Solid Waste Disposal program is funded by Solid Waste, Solid Waste Bond, Capital Reserves, and Solid Waste Remediation funds.

The Solid Waste Disposal program includes various projects at the City's landfills and transfer stations to ensure environmental compliance and support infrastructure upgrades.

New Solid Waste Disposal CIP projects are evaluated and prioritized using an annual project evaluation process. Staff submits a business case to provide information about the new program or project request. The evaluation report describes the project scope and identifies the essential needs criteria for the successful operation of the utility. The Public Works Director and Assistant Directors review the requests and evaluate and prioritize the projects in the following areas: customer service, system benefits and efficiency, project benefits and impact, system reliability, operational flexibility, system security, system replacement and rehabilitation, regulatory compliance, and system growth. In addition to staff reviews, a Citizens Solid Waste Rate Advisory Committee performs an advisory role in reviewing the Solid Waste Utility Financial Plan and advising on the operating and capital program expenses and projects.

Major projects include:

- 27th Avenue Materials Recovery Facility, Transfer Station, and Composting Facility Infrastructure Improvements and Expansion
- 27th Avenue Resource Innovation Campus Water, Sewer, and Electrical Infrastructure Improvements
- 27th Avenue Landfill Solar Installation
- North Gateway Materials Recovery Facility and Transfer Station Infrastructure Improvements and Expansion
- SR 85 Landfill Infrastructure Improvements and Expansion
- Landfill Gas System Maintenance and Monitoring
- Vehicle Replacements

Street Transportation & Drainage

The Street Transportation and Drainage program totals \$1,369.4 million and is funded by General, Arizona Highway User Revenue, Capital Construction, Transportation 2050, Wastewater, 2023 General Obligation Bond, Capital Reserve, Development Impact Fee, and partner agency contribution funds.

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

The Street Transportation Department maintains an ongoing annual project identification and prioritization process. The process begins with the collection of "Call for Projects" forms submitted by staff. These forms require various quantitative data on the projects such as: relative traffic volume, speeds, collision history, existing pre-design efforts or studies, and ADA requirements. The requests are gathered and evaluated. Immediate funding needs for existing funded projects and programs, and local funding matches required to leverage outside funding, are prioritized. Prioritization of new project and program proposals considers immediate life safety needs; the existence of completed pre-design studies with economical, feasible and publicly supported recommendations; and equity in project distribution. Project prioritization outcomes are presented to department management for review.

Development Impact Fee-funded projects are identified in accordance with state statutes, ensuring capital funding for service levels in planning areas is consistent with service levels in developed areas of the City. Identified projects are incorporated in the City's Infrastructure Financing Plan, which is reviewed by a citizens' committee prior to public hearings and ultimate adoption by the City Council.

Projects funded by the 2023 General Obligation Bond Program were reviewed and prioritized by a citizens' General Obligation Bond Committee prior to approval by the City Council. They include the Hohokam Drainage and Laveen Flood Mitigation Programs, Residential Overlay, and Vision Zero Program Implementation.

Major projects planned include improvements to the following locations:

- Paradise Ridge Drainage Improvements
- Indian School Road: 39th Avenue to 91st Avenue
- Rio Salado River Bicycle/Pedestrian Bridge at 3rd Street
- Southern Avenue: 51st Avenue to 37th Drive
- Dobbins Road: SR 303 to 27th Avenue
- North Valley Parkway Bridge over the Sonoran Wash

Sustainability

The \$5.0 million Sustainability program is funded by General funds.

The Sustainability program provides funding for various citywide energy and water efficiency projects. These projects reduce energy and water consumption, which in turn decrease emissions and ongoing operational costs. Cost savings realized from implementation of these projects may be used to replenish this fund for additional future projects.

Wastewater

The Wastewater program totals \$1,992.3 million and is funded by Wastewater, Wastewater Bond, Development Impact Fee, and Other Cities' Share in Joint Venture funds.

The Wastewater program includes infrastructure, safety, maintenance, technology and efficiency enhancements for the 91st Avenue and 23rd Avenue wastewater treatment plants. It also includes improvements to Phoenix and multi-city sewer lines, lift stations, support units, retrofitting the Cave Creek Water Reclamation Plant to become Phoenix's first Advanced Water Purification facility, and the addition of a new facility, the North Gateway Advanced Water Reclamation Plant.

The need for a new water or wastewater CIP project is identified by various means such as: an identifiable operational issue, the result of a study, a condition assessment, age of equipment or infrastructure, new technology, growth, increased number of pipe breaks, developer requests, City Council requests, and neighborhood requests. Once it has been determined a project has merit, staff submit a project request form, and the proposed project is included in the department's annual Project Charter Process. The department's deputy directors of water and wastewater engineering then determine optimal timing, the approach for lowest cost, and coordinate with the affected operational division. All current and new CIP projects are presented to department executive staff and prioritized based on factors including risk of failure, criticality, timing and funding availability. Staff recommendations are reviewed by the Water/Wastewater Rate Advisory Committee, and then by the City Council's Transportation, Infrastructure and Planning Subcommittee.

Development Impact Fee-funded projects are identified in accordance with state statutes, ensuring capital funding for service levels in planning areas is consistent with service levels in developed areas of the City. Identified projects are incorporated in the City's Infrastructure Financing Plan, which is reviewed by a citizens' committee prior to public hearings and ultimate adoption by the City Council.

Water

The Water program totals \$2,875.0 million and is funded by Water, Wastewater, Solid Waste, Water Bond, Solid Waste Bond, Capital Grant, Development Impact Fee, and Other Cities' Share in Joint Venture funds.

The Water program includes a new North Gateway Advanced Water Purification Plant, infrastructure improvements, technology and efficiency enhancements for water treatment plants, water storage facilities, wells, pressure reducing valve stations, booster pump stations, water and transmission mains and other water related initiatives. Investments in power redundancy and water resiliency programs ensure stable water delivery for customers.

The need for a new water or wastewater CIP project is identified by various means such as: an identifiable operational issue, the result of a study, a condition assessment, age of equipment or infrastructure, new technology, growth, increased number of pipe breaks, developer requests, City Council requests, and neighborhood requests. Once it has been determined a project has merit, staff submit a project request form, and the proposed project is included in the department's annual Project Charter Process. The department's deputy directors of water and wastewater engineering then determine optimal timing, the approach for lowest cost, and coordinate with the affected operational division. All current and new CIP projects are presented to department executive staff and prioritized based on factors including risk of failure, criticality, timing and funding availability. Staff recommendations are reviewed by the Water/Wastewater Rate Advisory Committee, and then by the City Council's Transportation, Infrastructure and Planning Subcommittee.

Development Impact Fee-funded projects are identified in accordance with state statutes, ensuring capital funding for service levels in planning areas is consistent with service levels in developed areas of the City. Identified projects are incorporated in the City's Infrastructure Financing Plan, which is reviewed by a citizens' committee prior to public hearings and ultimate adoption by the City Council.

**SUMMARY OF 2026-27 CAPITAL IMPROVEMENT PROGRAM
BY PROGRAM AND SOURCE OF FUNDS**
(In Thousands of Dollars)

Program	2026-27 Total Program	Operating Funds	General Obligation Bond Funds	Nonprofit Corporation Bond Funds	Other Capital Funds
Arts and Cultural Facilities	28,509	2,500	26,009	-	-
Aviation	1,416,485	787,566	-	207,369	421,550
Economic Development	28,354	12,052	12,381	3,920	-
Environmental Programs	1,704	250	1,454	-	-
Facilities Management	66,318	32,463	4,058	28,963	835
Fire Protection	117,911	1,351	41,757	60,652	14,151
Historic Preservation & Planning	14,474	2,988	2,486	9,000	-
Housing	143,652	98,738	32,870	-	12,044
Human Services	14,839	6,486	8,354	-	-
Information Technology	80,096	44,075	-	32,231	3,790
Libraries	22,941	910	15,794	-	6,237
Municipal Court	4,608	4,608	-	-	-
Neighborhood Services	2,844	2,844	-	-	-
Non-Departmental Capital	231,223	6,720	-	19,528	204,975
Parks, Recreation & Mountain Preserves	156,387	87,654	39,960	-	28,774
Phoenix Convention Center	14,553	13,150	-	1,403	-
Police Protection	51,190	14	27,473	-	23,702
Public Art Program	23,061	14,377	3,554	5,130	-
Public Transit	204,679	204,679	-	-	-
Regional Wireless Cooperative	13,482	7,482	-	-	6,000
Solid Waste Disposal	19,208	4,216	-	12,282	2,710
Street Transportation & Drainage	605,125	248,203	36,836	-	320,086
Sustainability	1,000	1,000	-	-	-
Wastewater	376,465	242,624	-	25,805	108,036
Water	468,245	181,096	-	154,948	132,201
Total	4,107,353	2,008,046	252,986	561,232	1,285,090

RESOURCES AND EXPENDITURES BY CAPITAL FUND
2026-27 CAPITAL IMPROVEMENT PROGRAM
(In Thousands of Dollars)

	Budgeted Beginning Fund Balance	Revenues and Other Sources/ (Uses) (1)	Expenditures	Ending Balance	Projected Resources Beyond 2026-27 (2)	Funds Available Beyond 2026-27
1988 General Obligation Bonds						
1988 Freeway Mitigation Bonds	849	-	-	849	1,000	1,849
1988 Police Bonds	27	-	-	27	-	27
	876	-	-	876	1,000	1,876
1989 General Obligation Bonds						
1989 Historic Preservation Bonds	2	-	-	2	-	2
	2	-	-	2	-	2
2001 General Obligation Bonds						
2001 Affordable Housing and Homeless Shelter Bonds	1,011	-	-	1,011	-	1,011
2001 Education, Youth and Cultural Facilities Bonds	(362)	-	902	(1,264)	1,700	436
2001 Environmental Improvement and Cleanup Bonds	244	-	-	244	630	874
2001 Fire Protection Bonds	-	-	-	-	800	800
2001 Neighborhood Protection and Senior Centers Bonds	507	-	-	507	2,355	2,862
2001 New & Improved Libraries Bonds	3,420	-	-	3,420	900	4,320
2001 Parks, Open Space and Recreation Facilities Bonds	(436)	-	-	(436)	4,425	3,989
2001 Police, Fire and Computer Technology Bonds	(189)	-	-	(189)	615	426
2001 Police Protection Facilities and Equipment Bonds	(566)	-	-	(566)	1,115	549
2001 Preserving Phoenix Heritage Bonds	(190)	-	-	(190)	795	605
2001 Storm Sewer Bonds	-	-	-	-	50	50
2001 Street Improvement Bonds	(532)	-	-	(532)	2,225	1,693
	2,907	-	902	2,005	15,610	17,615
2006 General Obligation Bonds						
2006 Affordable Housing and Neighborhoods Bonds	3,621	-	-	3,621	17,795	21,416
2006 Education Bonds	(4,549)	-	-	(4,549)	8,090	3,541
2006 Libraries, Senior and Cultural Centers Bonds	(1,558)	-	1,105	(2,663)	27,190	24,527
2006 Parks and Open Spaces Bonds	2,049	-	-	2,049	13,685	15,734
2006 Police, Fire and City Technology Bonds	621	-	-	621	4,790	5,411
2006 Police, Fire and Homeland Security Bonds	(7,023)	-	-	(7,023)	36,700	29,677
2006 Street and Storm Sewer Improvements Bonds	5,939	-	-	5,939	27,495	33,434
	(900)	-	1,105	(2,005)	135,745	133,740
2023 General Obligation Bonds						
2023 Affordable Housing & Senior Center Bonds	-	40,273	40,273	-	-	-
2023 Economic Development, Environment & Culture Bonds	-	46,935	46,935	-	-	-
2023 Fire, Police & Streets Bonds	-	105,976	105,976	-	-	-
2023 General Obligation Bond Proceeds Clearing	96,528	(979)	-	95,549	-	95,549
2023 Library, Parks and Historic Preservation Bonds	-	57,795	57,795	-	-	-
	96,528	250,000	250,979	95,549	-	95,549
Nonprofit Corporation Bond Funds						
Aviation Bonds	(104,780)	1,600	214,099	(317,279)	419,610	102,331
Convention Center Bonds	19	-	-	19	-	19
Other Bonds	229,218	(8,498)	147,505	73,215	102,495	175,710
Parks and Preserves Bonds	-	-	-	-	66,000	66,000
Solid Waste Bonds	85,161	-	12,463	72,698	39,400	112,098
Transportation 2050 Bonds	-	-	-	-	1,300,000	1,300,000
Wastewater Bonds	(361,065)	900	28,369	(388,534)	699,870	311,336
Water Bonds	(96,755)	900	158,795	(254,650)	1,054,752	800,102
	(248,202)	(5,098)	561,232	(814,531)	3,682,127	2,867,596
Total Bond Funds	(148,789)	244,902	814,218	(718,104)	3,834,482	3,116,378

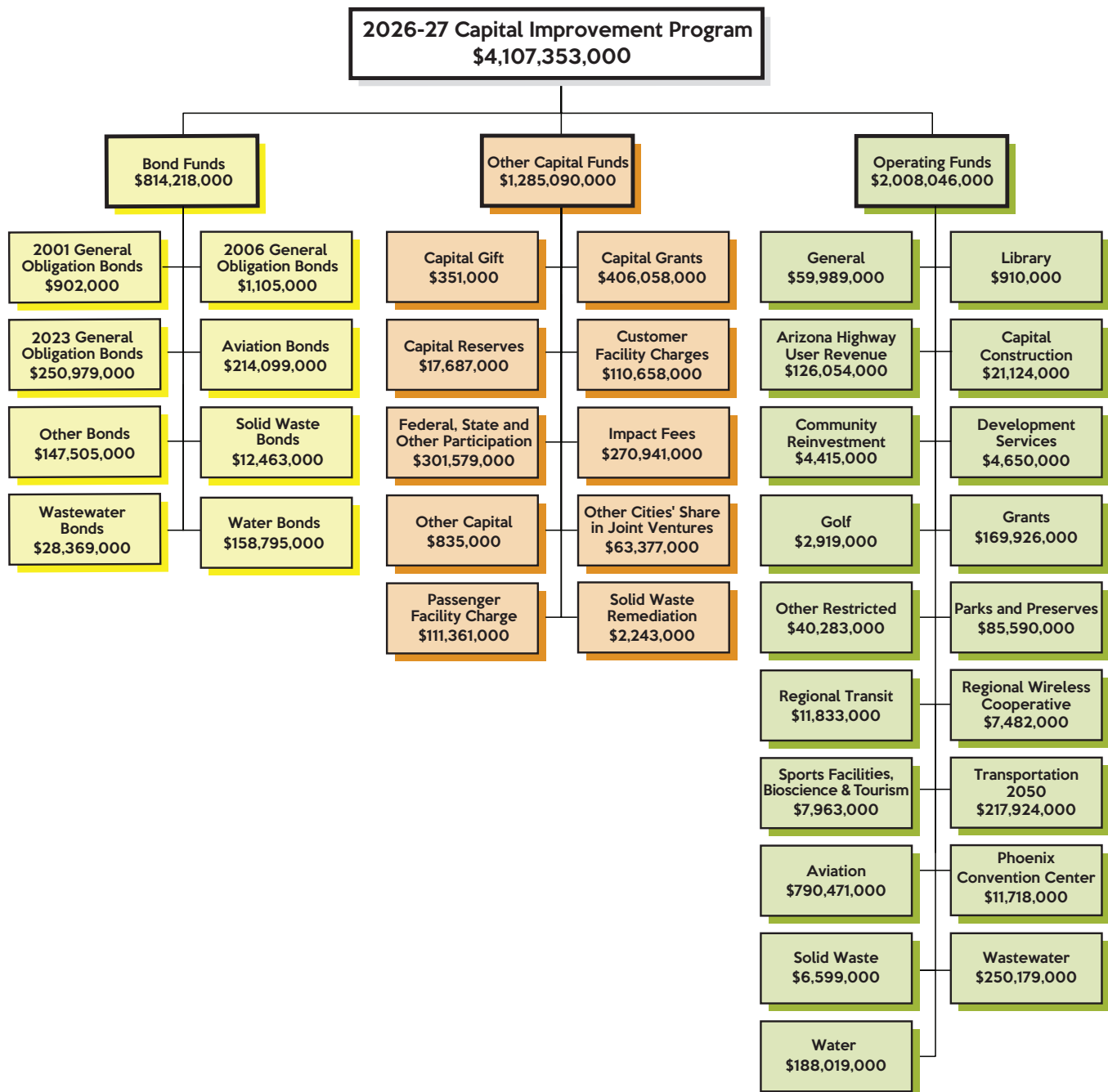
RESOURCES AND EXPENDITURES BY CAPITAL FUND (Continued)
2026-27 CAPITAL IMPROVEMENT PROGRAM
(In Thousands of Dollars)

	Budgeted Beginning Fund Balance	Revenues and Other Sources/ (Uses) (1)	Expenditures	Ending Balance	Projected Resources Beyond 2026-27 (2)	Funds Available Beyond 2026-27
Other Capital Funds						
Capital Gifts	387	-	351	36	-	36
Capital Grants	-	406,058	406,058	-	586,908	586,908
Capital Reserves	243,292	9,748	17,687	235,353	-	235,353
Customer Facility Charges	106,899	41,997	110,658	38,238	236,375	274,613
Federal, State and Other Participation	-	301,579	301,579	-	310,069	310,069
Impact Fees	354,598	-	270,941	83,657	-	83,657
Other Capital	28,755	(5,000)	835	22,920	-	22,920
Other Cities' Share in Joint Ventures	-	63,377	63,377	-	455,397	455,397
Passenger Facility Charges	103,388	100,040	111,361	92,067	411,286	503,353
Solid Waste Remediation	5,393	-	2,243	3,150	-	3,150
Total Other Capital Funds	842,712	917,798	1,285,090	475,421	2,000,035	2,475,456
Total	693,925	1,162,701	2,099,308	(242,682)	5,834,517	5,591,835

(1) Includes bond proceeds and funds which pass through capital funds such as grants, land sales, and other agency and private participation.

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

2026-27 CAPITAL IMPROVEMENT PROGRAM ORGANIZATIONAL CHART



OPERATING COSTS FOR NEW CAPITAL FACILITIES

Costs to construct and renovate facilities, infrastructure, and enterprise technology projects are budgeted in the Capital Improvement Program using pay-as-you-go or bond funds. Upon completion of the capital project, ongoing costs such as staff salaries, contractual services, and supplies are budgeted in the Operating Budget.

Annually, departments are asked to review all capital projects, their estimated completion dates, any costs associated with operating new facilities, and the funding sources for these costs. The costs are reviewed by the Budget and Research Department. Estimated expenditures to operate capital projects are reflected in the multi-year General Fund forecast and multi-year forecasts for enterprise and special revenue funds. The forecasts are used in long-term financial planning.

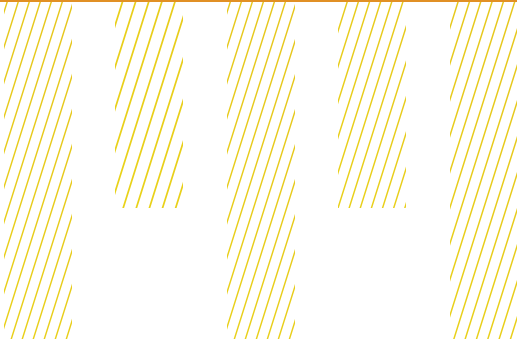
The schedule below provides projected new operating and maintenance costs for FY 2026-27, the full year operating and maintenance costs for FY 2027-28, and the operating funds to be used for these costs.

OPERATING COSTS FOR NEW CAPITAL FACILITIES				
Project Name and Operating Fund Source	# of FTEs		2026-27 Costs	2027-28 Costs
Parks and Recreation				
Esteban Park Recreation Center (General Fund)	5.5	Add staff for the new recreation center at Esteban Park. This project is part of the 2023 GO Bond program, and full-year costs are anticipated to begin in April 2027.	\$72,000	\$384,500
Lone Mountain Park (General Fund)	3.0	Add staff, vehicles, equipment, and utilities for the new Lone Mountain Park located at 56th Street and Montgomery Road. Full-year costs are anticipated to begin in April 2027.	\$194,000	\$379,800
Net Total Costs	8.5		\$266,000	\$764,300
Source of Funds:				
General Fund			\$266,000	\$764,300
Source of Funds Total			\$266,000	\$764,300





SUMMARY SCHEDULES



2024-25 SCHEDULE 1
RESOURCES AND EXPENDITURES BY FUND
ACTUAL
(In Thousands of Dollars)

	Resources					Expenditures					Ending Fund Balance
	Beginning Fund Balance	Revenue ^{1/}	Recovery and Proceeds	Interfund Transfers-In	Interfund Transfers-Out	Total	Operating	Capital	Debt Service	Total	
General Funds											
General Fund	293,513	435,262	8,607	1,398,588	(164,717)	1,971,253	1,700,516	48,955	-	1,749,471	221,782
Library	-	44,628	153	10,513	(3,973)	51,320	50,583	737	-	51,320	-
Parks	-	23,385	273	117,410	(10,559)	130,509	129,926	582	-	130,509	-
Cable Television	-	6,296	-	425	(1,507)	5,214	5,214	-	-	5,214	-
Total General Funds	293,513	509,571	9,032	1,526,936	(180,756)	2,158,296	1,886,240	50,274	-	1,936,513	221,782
Special Revenue Funds											
Excise Tax	-	2,092,487	-	-	(2,092,487)	-	-	-	-	-	-
Arizona Highway User Revenue	87,081	169,114	1,446	60,640	(63,907)	254,373	83,355	87,153	-	170,508	83,865
Capital Construction	25,900	1,116	202	7,994	(768)	34,444	132	10,940	-	11,072	23,373
City Improvement	-	23	-	82,194	-	82,217	-	-	82,217	82,217	-
Community Reinvestment	21,356	8,365	97	-	(2,067)	27,750	1,719	4,288	-	6,007	21,743
Court Awards ^{2/}	(775)	3,413	176	-	-	2,815	3,255	-	-	3,255	(440)
Development Services	35,854	83,105	11,170	-	(6,683)	123,446	86,148	5,651	-	91,798	31,648
Golf	7,235	13,786	77	-	-	21,098	11,204	-	-	11,204	9,894
Neighborhood Protection - Block Watch	10,852	884	102	2,671	(5)	14,503	5,680	-	-	5,680	8,823
Neighborhood Protection - Fire	5,402	145	-	13,354	(27)	18,873	15,343	-	-	15,343	3,530
Neighborhood Protection - Police	8,234	206	47	44,891	(846)	52,532	34,590	-	-	34,590	17,942
Parks and Preserves	91,963	5,590	3,023	53,418	(110)	153,884	6,520	67,772	-	74,292	79,592
Public Safety Enhancement - Fire	12,167	-	-	13,382	-	25,549	12,828	-	-	12,828	12,721
Public Safety Enhancement - Police	14,671	-	13	21,834	(15,612)	20,906	18,594	-	-	18,594	2,312
Public Safety Expansion - Fire	25,030	978	-	21,367	(293)	47,083	22,955	-	-	22,955	24,128
Public Safety Expansion - Police	23,378	74	5	89,216	(1,717)	110,956	91,297	-	-	91,297	19,658
Regional Transit ^{3/}	(2,247)	68,858	15	374	(1,613)	65,387	69,031	6,714	-	75,746	(10,359)
Regional Wireless Cooperative	3,723	6,379	-	-	-	10,103	3,876	1,955	-	5,831	4,271
Secondary Property Tax	100	137,459	-	52	(1,269)	136,342	-	-	136,342	136,342	-
Sports Facilities, Bioscience & Tourism	104,267	8,269	87	29,970	(16,631)	125,961	2,933	2,736	-	5,669	120,292
Transit 2000	(1)	9	-	-	-	8	-	-	-	-	8
Transportation 2050	451,818	52,276	9,694	368,698	(11,704)	870,781	243,348	136,924	-	380,273	490,509
Other Restricted	223,093	63,013	326	64,941	(6,337)	345,037	71,554	17,445	-	89,000	256,038
Grants ^{4/}	(11,598)	420,594	19,274	690	(1,029)	427,931	348,038	96,254	-	444,292	(16,361)
Total Special Revenue Funds	1,137,505	3,136,142	45,752	875,685	(2,223,107)	2,971,979	1,132,399	437,833	218,559	1,788,792	1,183,187
Enterprise Funds											
Aviation	754,130	658,369	8,223	19,664	(23,894)	1,416,493	367,323	132,120	96,575	596,018	820,475
Convention Center	169,706	40,449	1,510	98,768	(18,494)	291,940	70,375	5,281	23,690	99,346	192,593
Solid Waste	54,170	216,762	1,832	6,987	(14,639)	265,113	174,051	5,914	10,147	190,112	75,001
Wastewater	242,373	334,948	8,733	110,632	(126,760)	569,927	144,522	94,635	62,673	301,830	268,097
Water	120,023	675,645	6,369	173,018	(242,132)	732,922	309,166	147,464	144,163	600,793	132,129
Total Enterprise Funds	1,340,403	1,926,173	26,670	409,070	(425,919)	3,276,394	1,065,437	385,414	337,247	1,788,099	1,488,295
Total Operating Funds	2,771,421	5,571,886	81,453	2,811,691	(2,829,782)	8,406,669	4,084,076	873,522	555,807	5,513,404	2,893,264

^{1/} General fund sales tax revenue is reflected as a transfer-in from the excise tax fund. Total transfer equates to \$1,336.4 million, and is included in the General Funds revenue total of \$1,846.0 million shown on Schedule 2.

^{2/} The negative balance in Court Awards is due to the timing of reimbursement for approved Court Awards' eligible expenditures.

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

^{4/} The negative balance in Grants is due to the timing of posting revenues and expenditures.

2025-26 SCHEDULE 1
RESOURCES AND EXPENDITURES BY FUND
ESTIMATE
(In Thousands of Dollars)

	Resources					Expenditures					Ending Fund Balance
	Beginning Fund Balance	Revenue ^{1/}	Recovery and Proceeds	Interfund Transfers-In	Interfund Transfers-Out	Total	Operating	Capital	Debt Service	Total	
General Funds											
General Fund	221,782	442,909	6,000	1,487,326	(160,150)	1,997,868	1,695,596	43,024	-	1,738,620	259,248
Library	-	47,176	-	8,221	(4,241)	51,155	51,045	110	-	51,155	-
Parks	-	22,697	-	113,413	-	136,111	132,991	3,119	-	136,111	-
Cable Television	-	5,600	-	-	(36)	5,564	5,564	-	-	5,564	-
Total General Funds	221,782	518,383	6,000	1,608,960	(164,427)	2,190,698	1,885,196	46,254	-	1,931,450	259,248
Special Revenue Funds											
Excise Tax	-	2,264,775	-	-	(2,264,775)	-	-	-	-	-	-
Arizona Highway User Revenue	83,865	171,589	1,877	-	(4,241)	253,090	94,649	72,280	-	166,929	86,161
Capital Construction	23,373	1,059	27	5,850	-	30,309	140	9,333	-	9,473	20,836
City Improvement	-	-	724	92,484	-	93,208	-	-	93,208	93,208	-
Community Reinvestment	21,743	12,767	136	-	(2,067)	32,579	2,647	2,996	-	5,643	26,936
Court Awards	(440)	3,511	84	-	-	3,154	3,154	-	-	3,154	-
Development Services	31,648	98,821	30	-	(6,848)	123,651	92,121	2,581	-	94,702	28,950
Golf	9,894	13,943	7	-	-	23,844	12,747	1,081	-	13,828	10,016
Neighborhood Protection - Block Watch	8,823	881	26	3,120	(7)	12,843	5,679	-	-	5,679	7,164
Neighborhood Protection - Fire	3,530	101	-	15,590	(37)	19,184	14,776	-	-	14,776	4,408
Neighborhood Protection - Police	17,942	507	5	43,661	(1,834)	60,281	40,757	-	-	40,757	19,524
Parks and Preserves	79,592	4,488	231	62,372	(150)	146,534	7,419	77,768	-	85,187	61,346
Public Safety Enhancement - Fire	12,721	-	-	13,008	-	25,729	12,999	-	-	12,999	12,730
Public Safety Enhancement - Police	2,312	-	5	21,224	(617)	22,924	19,503	-	-	19,503	3,422
Public Safety Expansion - Fire	24,128	881	-	24,951	(298)	49,661	24,403	-	-	24,403	25,259
Public Safety Expansion - Police	19,658	-	-	99,793	(1,717)	117,734	103,015	-	-	103,015	14,718
Regional Transit	(10,359)	85,555	-	366	-	75,562	52,788	5,931	-	58,719	16,843
Regional Wireless Cooperative	4,271	13,038	-	-	-	17,310	13,060	1,176	-	14,236	3,073
Secondary Property Tax	-	148,699	-	1,466	-	150,165	-	-	150,165	150,165	-
Sports Facilities, Bioscience & Tourism	120,292	8,026	-	29,944	(36,635)	121,627	4,810	12,325	-	17,135	104,491
Transit 2000	8	-	-	-	(8)	-	-	-	-	-	-
Transportation 2050	490,509	54,010	1,944	426,175	(79,452)	893,186	334,248	68,490	-	402,739	490,448
Other Restricted	256,038	53,803	934	76,835	(1,378)	386,231	104,444	22,609	-	127,053	259,178
Grants	(16,361)	560,168	6,016	1,195	(120)	550,898	370,200	112,041	-	482,241	68,658
Total Special Revenue Funds	1,183,187	3,496,622	12,046	918,033	(2,400,185)	3,209,703	1,313,558	388,612	243,373	1,945,543	1,264,160
Enterprise Funds											
Aviation	820,475	679,079	19,057	32,822	(19,423)	1,532,011	428,284	194,225	88,136	710,645	821,366
Convention Center	192,593	42,668	1,128	94,192	(5,511)	325,070	77,923	7,762	23,684	109,370	215,700
Solid Waste	75,001	220,005	491	-	(14,661)	280,836	216,506	5,619	9,391	231,516	49,320
Wastewater	268,097	341,331	1,053	8	(65,168)	545,321	163,958	119,104	63,211	346,273	199,048
Water	132,129	692,748	7,826	5,000	(77,991)	759,712	343,565	175,575	157,708	676,848	82,864
Total Enterprise Funds	1,488,295	1,975,830	29,556	132,022	(182,753)	3,442,949	1,230,235	502,285	342,131	2,074,651	1,368,298
Total Operating Funds	2,893,264	5,990,835	47,602	2,659,015	(2,747,365)	8,843,350	4,428,990	937,151	585,504	5,951,644	2,891,706

^{1/} General fund sales tax revenue is reflected as a transfer-in from the excise tax fund. Total transfer equates to \$1,405.2 million, and is included in the General Funds revenue total of \$1,923.6 million shown on Schedule 2.

2026-27 SCHEDULE 1
RESOURCES AND EXPENDITURES BY FUND
BUDGET
(In Thousands of Dollars)

	Resources					Expenditures					Ending Fund Balance
	Beginning Fund Balance	Revenue ^{1/}	Recovery and Proceeds	Interfund Transfers-In	Interfund Transfers-Out	Total	Operating	Capital	Debt Service	Total	
General Funds											
General Fund	259,248	458,839	5,500	1,546,158	(168,533)	2,101,211	2,041,223	59,989	-	2,101,211	-
Library	-	49,335	-	11,647	(4,241)	56,741	55,831	910	-	56,741	-
Parks	-	23,767	-	113,392	-	137,160	137,160	-	-	137,160	-
Cable Television	-	5,000	-	799	-	5,799	5,799	-	-	5,799	-
Total General Funds	259,248	536,941	5,500	1,671,996	(172,774)	2,300,911	2,240,012	60,899	-	2,300,911	-
Special Revenue Funds											
Excise Tax	-	2,331,623	-	-	(2,331,623)	-	-	-	-	-	-
Arizona Highway User Revenue	86,161	171,765	1,877	-	(4,248)	255,566	103,259	126,054	-	229,312	26,243
Capital Construction	20,836	985	27	5,659	-	27,507	140	21,124	-	21,264	6,242
City Improvement	-	-	-	91,591	-	91,591	-	-	91,591	91,591	-
Community Reinvestment	26,936	7,811	21	-	(2,932)	31,836	2,548	4,415	-	6,963	24,872
Court Awards	-	3,170	34	-	-	3,204	3,170	-	-	3,170	34
Development Services	28,950	112,221	30	-	(6,848)	134,353	112,427	4,650	-	117,076	17,276
Golf	10,016	14,357	5	-	-	24,378	12,910	2,919	-	15,829	8,548
Neighborhood Protection - Block Watch	7,164	291	26	3,179	(8)	10,651	5,027	-	-	5,027	5,624
Neighborhood Protection - Fire	4,408	94	-	15,884	(39)	20,348	15,274	-	-	15,274	5,073
Neighborhood Protection - Police	19,524	471	5	44,482	(7,837)	56,646	43,820	-	-	43,820	12,825
Parks and Preserves	61,346	4,049	-	63,544	(154)	128,785	7,832	85,590	-	93,422	35,363
Public Safety Enhancement - Fire	12,730	-	-	13,257	-	25,987	13,805	-	-	13,805	12,182
Public Safety Enhancement - Police	3,422	-	-	21,630	(617)	24,435	22,149	-	-	22,149	2,286
Public Safety Expansion - Fire	25,259	819	-	25,420	(300)	51,198	25,515	-	-	25,515	25,684
Public Safety Expansion - Police	14,718	-	-	101,669	(1,725)	114,662	111,543	-	-	111,543	3,119
Regional Transit	16,843	120,931	-	-	-	137,774	107,947	11,833	-	119,780	17,994
Regional Wireless Cooperative	3,073	19,410	-	-	-	22,483	12,568	7,482	-	20,050	2,434
Secondary Property Tax	-	145,819	-	6,805	-	152,624	-	-	152,624	152,624	-
Sports Facilities, Bioscience & Tourism	104,491	7,700	-	30,579	(36,661)	106,110	9,503	7,963	-	17,465	88,645
Transportation 2050	490,448	55,009	1,530	434,840	(23,622)	958,205	323,698	217,924	-	541,622	416,583
Other Restricted	259,178	42,223	102	57,686	(1,371)	357,817	115,107	40,283	-	155,390	202,427
Grants	68,658	541,944	263	-	(120)	610,745	421,257	169,926	-	591,183	19,562
Total Special Revenue Funds	1,264,160	3,580,692	3,920	916,225	(2,418,105)	3,346,893	1,469,500	700,162	244,215	2,413,877	933,016
Enterprise Funds											
Aviation	821,366	688,740	2,768	16,191	(18,017)	1,511,048	486,641	790,471	156,789	1,433,900	77,149
Convention Center	215,700	42,242	669	96,761	(15,424)	339,949	85,524	11,718	23,684	120,927	219,022
Solid Waste	49,320	247,131	491	-	(14,725)	282,218	231,959	6,599	14,270	252,827	29,391
Wastewater	199,048	345,123	912	-	(21,689)	523,394	186,933	250,179	63,268	500,379	23,015
Water	82,864	726,112	2,966	5,000	(34,171)	782,772	384,679	188,019	157,751	730,450	52,322
Total Enterprise Funds	1,368,298	2,049,349	7,806	117,952	(104,025)	3,439,381	1,375,736	1,246,985	415,762	3,038,482	400,898
Total Operating Funds											
Total Operating Funds	2,891,706	6,166,983	17,226	2,706,174	(2,694,904)	9,087,184	5,085,248	2,008,046	659,976	7,753,270	1,333,914

^{1/} General fund sales tax revenue is reflected as a transfer-in from the excise tax fund. Total transfer equates to \$1,454.4 million, and is included in the General Funds revenue total of \$1,991.4 million shown on Schedule 2.

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

Revenue Source	2024-25 Actuals	2025-26 Estimate	Percent Increase/ Decrease from 2024-25 Actuals	2026-27 Budget	Percent Increase/ Decrease from 2025-26 Estimate
GENERAL FUND					
Local Taxes and Related Fees					
Local Sales Tax ^{1/}	705,357	797,562	13.1%	811,787	1.8%
Privilege License Fees	3,462	2,503	-27.7%	2,503	0.0%
Other General Fund Excise Taxes	19,756	19,910	0.8%	20,083	0.9%
Subtotal	728,575	819,975	12.5%	834,373	1.8%
State Shared Revenues					
Sales Tax	253,980	256,383	0.9%	265,158	3.4%
State Income Tax	351,016	326,128	-7.1%	351,978	7.9%
Vehicle License Tax	87,754	90,376	3.0%	93,423	3.4%
Subtotal	692,750	672,887	-2.9%	710,559	5.6%
Primary Property Tax	213,583	222,719	4.3%	233,412	4.8%
User Fees/Other Revenue					
Licenses & Permits	2,823	2,702	-4.3%	2,939	8.8%
Cable Communications	6,296	5,600	-11.1%	5,000	-10.7%
Fines and Forfeitures	8,921	8,606	-3.5%	8,876	3.1%
Court Default Fee	1,027	860	-16.3%	900	4.7%
Fire	97,832	96,196	-1.7%	101,767	5.8%
Hazardous Materials Inspection Fee	1,431	2,080	45.3%	2,798	34.5%
Library Fees	426	408	-4.2%	410	0.4%
Parks and Recreation	10,081	8,622	-14.5%	9,009	4.5%
Planning	1,811	2,228	23.0%	2,012	-9.7%
Police	18,199	18,626	2.3%	19,007	2.0%
Street Transportation	6,137	9,220	50.3%	9,381	1.7%
Other Service Charges	53,100	49,253	-7.2%	47,540	-3.5%
Other	2,974	3,587	20.6%	3,408	-5.0%
Subtotal	211,057	207,989	-1.5%	213,046	2.4%
TOTAL GENERAL FUNDS	1,845,965	1,923,569	4.2%	1,991,390	3.5%

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

Revenue Source	2024-25 Actuals	2025-26 Estimate	Percent Increase/ Decrease from 2024-25 Actuals	2026-27 Budget	Percent Increase/ Decrease from 2025-26 Estimate
SPECIAL REVENUE FUNDS					
Neighborhood Protection ^{1/}	54,651	63,860	16.9%	64,401	0.8%
2007 Public Safety Expansion ^{1/}	107,885	125,625	16.4%	127,908	1.8%
Public Safety Enhancement	35,216	34,232	-2.8%	34,887	1.9%
Parks and Preserves ^{1/}	59,008	66,861	13.3%	67,593	1.1%
Transit 2000	9	-	-100.0%	-	NA
Transportation 2050 ^{1/}	417,770	480,177	14.9%	489,849	2.0%
Court Awards	3,413	3,511	2.9%	3,170	-9.7%
Development Services	83,105	98,821	18.9%	112,221	13.6%
Capital Construction	7,543	6,909	-8.4%	6,644	-3.8%
Sports Facilities, Bioscience & Tourism	38,239	37,970	-0.7%	38,279	0.8%
Arizona Highway User Revenue	169,114	171,589	1.5%	171,765	0.1%
Regional Transit Revenues	68,858	85,555	24.2%	120,931	41.3%
Community Reinvestment	8,365	12,767	52.6%	7,811	-38.8%
Secondary Property Tax	137,459	148,699	8.2%	145,819	-1.9%
Impact Fee Program Administration	673	733	8.8%	728	-0.6%
Regional Wireless Cooperative	6,379	13,038	+100.0%	19,410	48.9%
Golf Courses	13,786	13,943	1.1%	14,357	3.0%
City Improvement Fund	23	-	-100.0%	-	NA
Other Restricted Revenues	82,607	72,787	-11.9%	61,766	-15.1%
Grants					
Public Housing Grants	177,699	219,508	23.5%	214,083	-2.5%
Human Services Grants	69,534	74,163	6.7%	85,864	15.8%
Community Development	16,262	25,032	53.9%	25,149	0.5%
Criminal Justice	11,874	10,793	-9.1%	23,594	+100.0%
Public Transit Grants	40,330	95,745	+100.0%	98,319	2.7%
Other Grants	104,895	134,927	28.6%	94,934	-29.6%
Subtotal - Grants	420,594	560,168	33.2%	541,944	-3.3%
SUBTOTAL SPECIAL REVENUE FUNDS	1,714,696	1,997,245	16.5%	2,029,483	1.6%
ENTERPRISE FUNDS					
Aviation	658,369	679,079	3.1%	688,740	1.4%
Water System	675,645	692,748	2.5%	726,112	4.8%
Wastewater System	334,948	341,331	1.9%	345,123	1.1%
Solid Waste	216,762	220,005	1.5%	247,131	12.3%
Convention Center ^{1/}	125,501	136,860	9.1%	139,003	1.6%
SUBTOTAL ENTERPRISE FUNDS	2,011,224	2,070,022	2.9%	2,146,110	3.7%
TOTAL ALL OPERATING FUNDS	5,571,886	5,990,835	7.5%	6,166,983	2.9%

^{1/} 2025-26 Estimate and 2026-27 Budget include the 0.5 percentage point increase in the City TPT and Use Tax rates effective July 1, 2025.

SCHEDULE 3
OPERATING EXPENDITURES BY DEPARTMENT^{1/}
(In Thousands of Dollars)

	2024-25	2025-26		2026-27	Percent Change from 2025-26	
	Actuals	Budget	Estimate	Budget	Budget	Estimate
General Government						
Mayor's Office	2,597	2,759	2,727	3,191	15.7%	17.0%
City Council	6,725	7,152	7,136	8,273	15.7%	15.9%
City Manager's Office	15,114	23,257	16,638	20,598	-11.4%	23.8%
City Auditor	3,358	3,735	3,695	3,978	6.5%	7.7%
Information Technology Services	102,018	99,121	100,822	104,971	5.9%	4.1%
Equal Opportunity Department	4,048	4,355	4,868	5,037	15.7%	3.5%
City Clerk	5,055	8,533	5,792	9,284	8.8%	60.3%
Human Resources	28,513	30,177	29,619	30,861	2.3%	4.2%
Retirement	653	969	812	1,099	13.4%	35.3%
Phoenix Employment Relations Board	101	135	133	139	3.0%	4.8%
Law	11,183	12,889	12,926	14,680	13.9%	13.6%
Budget and Research	4,316	4,498	4,182	4,962	10.3%	18.6%
Regional Wireless Cooperative	3,876	5,696	13,060	12,568	+100.0%	-3.8%
Finance	38,972	42,145	35,205	43,337	2.8%	23.1%
Communications Office	5,215	5,614	5,564	5,811	3.5%	4.4%
Government Relations	1,749	1,760	1,810	1,922	9.2%	6.2%
Total General Government	233,494	252,795	244,991	270,711	7.1%	10.5%
Public Safety						
Police	965,360	1,027,528	1,014,068	1,095,060	6.6%	8.0%
Fire	554,073	603,410	577,659	646,632	7.2%	11.9%
Total Public Safety	1,519,433	1,630,938	1,591,727	1,741,692	6.8%	9.4%
Criminal Justice						
City Prosecutor	21,875	24,085	23,430	25,556	6.1%	9.1%
Municipal Court	40,283	43,050	41,817	45,480	5.6%	8.8%
Public Defender	6,806	7,087	6,918	7,416	4.6%	7.2%
Total Criminal Justice	68,964	74,222	72,165	78,452	5.7%	8.7%
Transportation						
Street Transportation	112,813	104,196	102,968	114,053	9.5%	10.8%
Aviation	366,793	431,460	427,616	450,917	4.5%	5.4%
Public Transit	328,084	420,213	411,838	437,579	4.1%	6.3%
Total Transportation	807,690	955,870	942,423	1,002,549	4.9%	6.4%

SCHEDULE 3 (Continued)
OPERATING EXPENDITURES BY DEPARTMENT^{1/}
(In Thousands of Dollars)

	2024-25	2025-26		2026-27	Percent Change from 2025-26	
	Actuals	Budget	Estimate	Budget	Budget	Estimate
Community Development						
Planning and Development	93,844	102,661	101,297	113,952	11.0%	12.5%
Housing	176,323	246,222	211,726	207,589	-15.7%	-2.0%
Community and Economic Development	21,524	19,466	29,845	30,109	54.7%	0.9%
Neighborhood Services	38,475	64,121	41,127	55,042	-14.2%	33.8%
Total Community Development	330,166	432,470	383,994	406,692	-6.0%	5.9%
Community Enrichment						
Office of Arts and Culture	9,791	9,104	9,088	9,318	2.3%	2.5%
Parks and Recreation	150,627	159,868	156,903	164,278	2.8%	4.7%
Library	52,592	52,484	52,793	56,828	8.3%	7.6%
Phoenix Convention Center	74,079	87,510	81,903	85,330	-2.5%	4.2%
Human Services	150,584	152,994	145,480	137,508	-10.1%	-5.5%
Total Community Enrichment	437,672	461,960	446,167	453,261	-1.9%	1.6%
Environmental Services						
Office of Sustainability	981	979	1,059	1,075	9.9%	1.5%
Environmental Programs	4,931	3,406	3,978	3,409	0.1%	-14.3%
Public Works	31,437	37,464	33,750	38,891	3.8%	15.2%
Solid Waste Disposal	173,817	194,487	216,275	230,722	18.6%	6.7%
Water Services	453,253	511,948	506,468	537,293	5.0%	6.1%
Total Environmental Services	664,418	748,283	761,530	811,390	8.4%	6.5%
Non-Departmental Operating						
Contingencies	-	293,561	-	288,921	-1.6%	+100.0%
Other Non-Departmental ^{2/}	22,239	45,000	(14,006)	31,579	-29.8%	+100.0%
Total Non-Departmental Operating	22,239	338,561	(14,006)	320,500	-5.3%	+100.0%
Total	4,084,076	4,895,099	4,428,990	5,085,248	3.9%	14.8%

^{1/} For purposes of this schedule, department budget allocations include Grants.

^{2/} Other Non-Departmental consists of unassigned vacancy savings, additional pension contribution, and additional grant appropriation.

SCHEDULE 4
2026-27 OPERATING EXPENDITURES BY DEPARTMENT^{1/}
BY SOURCE OF FUNDS
(In Thousands of Dollars)

	Total	General Funds	Special Revenue Funds	Enterprise Funds
General Government				
Mayor's Office	3,191	3,191	-	-
City Council	8,273	8,273	-	-
City Manager's Office	20,598	13,050	7,249	299
City Auditor	3,978	3,978	-	-
Information Technology Services	104,971	104,058	-	913
Equal Opportunity Department	5,037	3,812	667	558
City Clerk	9,284	9,284	-	-
Human Resources	30,861	30,861	-	-
Retirement	1,099	90	1,008	-
Phoenix Employment Relations Board	139	139	-	-
Law	14,680	14,401	279	-
Budget and Research	4,962	4,962	-	-
Regional Wireless Cooperative	12,568	-	12,568	-
Finance	43,337	36,447	4,937	1,954
Communications Office	5,811	5,794	18	-
Government Relations	1,922	1,922	-	-
Total General Government	270,711	240,262	26,725	3,724
Public Safety				
Police	1,095,060	850,995	244,064	-
Fire	646,632	549,298	97,334	-
Total Public Safety	1,741,692	1,400,293	341,399	-
Criminal Justice				
City Prosecutor	25,556	24,346	1,210	-
Municipal Court	45,480	42,388	3,091	-
Public Defender	7,416	7,416	-	-
Total Criminal Justice	78,452	74,151	4,301	-
Transportation				
Street Transportation	114,053	3,167	110,886	-
Aviation	450,917	-	-	450,917
Public Transit	437,579	-	437,579	-
Total Transportation	1,002,549	3,167	548,465	450,917

SCHEDULE 4 (Continued)
2026-27 OPERATING EXPENDITURES BY DEPARTMENT^{1/}
BY SOURCE OF FUNDS
(In Thousands of Dollars)

	Total	General Funds	Special Revenue Funds	Enterprise Funds
Community Development				
Planning and Development	113,952	9,190	104,762	-
Housing	207,589	2,079	205,510	-
Community and Economic Development	30,109	11,078	18,243	789
Neighborhood Services	55,042	21,117	33,925	-
Total Community Development	406,692	43,464	362,439	789
Community Enrichment				
Office of Arts and Culture	9,318	9,043	275	-
Parks and Recreation	164,278	137,160	27,118	-
Library	56,828	55,831	997	-
Phoenix Convention Center	85,330	4,141	850	80,339
Human Services	137,508	67,002	69,825	680
Total Community Enrichment	453,261	273,177	99,065	81,019
Environmental Services				
Office of Sustainability	1,075	855	220	-
Environmental Programs	3,409	2,394	532	484
Public Works	38,891	38,748	142	-
Solid Waste Disposal	230,722	-	-	230,722
Water Services	537,293	-	2,711	534,582
Total Environmental Services	811,390	41,997	3,605	765,787
Non-Departmental Operating				
Contingencies	288,921	181,921	33,500	73,500
Other Non-Departmental ^{2/}	31,579	(18,421)	50,000	-
Total Non-Departmental Operating	320,500	163,500	83,500	73,500
Total	5,085,248	2,240,012	1,469,500	1,375,736

^{1/} For purposes of this schedule, department budget allocations include Grants.

^{2/} Other Non-Departmental consists of unassigned vacancy savings and additional grant appropriation.

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

	2024-25 Actual	2025-26 Estimate	2026-27 Budget
Operating Funds			
City Improvement			
Economic Development	2,700	4,053	4,080
Finance and General Government	17,088	13,512	13,129
Fire	3,862	9,224	9,044
Human Resources	182	185	123
Human Services	73	298	287
Information Technology	10,558	11,974	11,912
Issuance Costs	-	724	-
Library	-	98	103
Municipal Court	6,449	597	600
Parks and Recreation	395	402	232
Police	2,857	3,242	2,882
Public Works	12,073	9,319	11,065
Sports Facilities	13,560	13,547	13,542
Street Transportation	12,421	26,034	24,591
Sub-Total City Improvement	82,217	93,208	91,591
Secondary Property Tax			
ADA Improvements	156	173	173
Cultural Facilities	6,565	10,957	20,679
Education & Economic Development	29,646	2,906	2,904
Environmental Improvement	1,001	1,045	1,042
Fire Protection	8,619	16,023	21,243
Freeway Mitigation	668	2,942	2,755
Historic Preservation	1,525	815	118
Housing	1,702	1,891	1,891
Human Services & Senior Centers	786	86	86
Information Systems	158	-	-
Library	6,177	8,218	8,210
Maintenance Service Centers	473	522	525
Neighborhood Services	1,594	330	325
Other Debt Service	1	8,800	16,011
Parks & Mountain Preserves	25,518	17,589	17,562
Police	13,914	21,667	16,739
Police, Fire & Technology	16,239	2,338	2,345
Storm Sewers	8,876	32,479	22,614
Street Improvements	12,726	21,385	17,402
Sub-Total Secondary Property Tax	136,342	150,165	152,624
Aviation	96,575	88,136	156,789
Convention Center	23,690	23,684	23,684
Solid Waste	10,147	9,391	14,270
Wastewater	62,673	63,211	63,268
Water	144,163	157,708	157,751
Total Operating Funds	555,807	585,504	659,976

SCHEDULE 5 (Continued)
DEBT SERVICE EXPENDITURES
BY SOURCE AND USE OF FUNDS AND TYPE OF EXPENDITURE
(In Thousands of Dollars)

	2024-25 Actual	2025-26 Estimate	2026-27 Budget
Bond Funds			
Aviation	571	73	1,600
Convention Center	-	621	-
Solid Waste	-	1,017	-
Wastewater	-	-	1,000
Water	-	-	1,500
Other	685	4,544	-
Total Bond Funds	1,256	6,256	4,100
Other Capital Funds			
Capital Reserves	748	-	1,000
Customer Facility Charges	20,560	20,557	20,559
Federal, State and Other Participation	25,999	26,497	26,997
Passenger Facility Charges	56,647	56,424	56,419
Total Other Capital Funds	103,954	103,478	104,975
Total Debt Service	661,017	695,238	769,051
<u>Type of Expenditure</u>			
Principal	341,491	367,478	360,438
Interest and Other	319,525	327,759	408,615
Total Debt Service Expenditures	661,017	695,238	769,051

SCHEDULE 6
SUMMARY OF 2026-27 CAPITAL IMPROVEMENT PROGRAM
FINANCED BY OPERATING FUNDS
(In Thousands of Dollars)

	2024-25 Actuals	2025-26 Estimate	2026-27 Budget
Arts and Cultural Facilities	-	500	2,500
Aviation	131,656	193,188	787,566
Economic Development	4,836	17,592	12,052
Environmental Programs	2	250	250
Facilities Management	26,797	25,666	32,463
Finance	1,000	10,270	-
Fire Protection	4,423	1,641	1,351
Historic Preservation & Planning	5,405	2,012	2,988
Housing	34,940	57,741	98,738
Human Services	21,728	16,359	6,486
Information Technology	9,300	13,551	44,075
Libraries	3,272	913	910
Municipal Court	4,673	3,246	4,608
Neighborhood Services	117	1,313	2,844
Non-Departmental Capital	-	-	6,720
Parks, Recreation & Mountain Preserves	69,070	82,191	87,654
Phoenix Convention Center	5,907	13,950	13,150
Police Protection	-	1	14
Public Art Program	3,072	2,957	14,377
Public Transit	125,726	65,878	204,679
Regional Wireless Cooperative	1,955	1,176	7,482
Solid Waste Disposal	5,147	5,082	4,216
Street Transportation & Drainage	174,818	129,456	248,203
Sustainability	-	1,000	1,000
Wastewater	92,778	116,864	242,624
Water	146,900	174,354	181,096
Total Operating Funds	873,522	937,151	2,008,046
Source of Funds			
General Fund	48,955	43,024	59,989
Library	737	110	910
Parks	582	3,119	-
Total General Funds	50,274	46,254	60,899
Arizona Highway User Revenue	87,153	72,280	126,054
Capital Construction	10,940	9,333	21,124
Community Reinvestment	4,288	2,996	4,415
Development Services	5,651	2,581	4,650
Golf	-	1,081	2,919
Grants	96,254	112,041	169,926
Other Restricted	17,445	22,609	40,283
Parks and Preserves	67,772	77,768	85,590
Regional Transit	6,714	5,931	11,833
Regional Wireless Cooperative	1,955	1,176	7,482
Sports Facilities, Bioscience & Tourism	2,736	12,325	7,963
Transportation 2050	136,924	68,490	217,924
Total Special Revenue Funds	437,833	388,612	700,162
Aviation	132,120	194,225	790,471
Convention Center	5,281	7,762	11,718
Solid Waste	5,914	5,619	6,599
Wastewater	94,635	119,104	250,179
Water	147,464	175,575	188,019
Total Enterprise Funds	385,414	502,285	1,246,985
Total Operating Funds	873,522	937,151	2,008,046

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

			2026-27	
	2024-25	2025-26		Increase/ (Decrease)
	Actuals	Estimate	Budget	
Transfers to the General Fund				
<u>Enterprise Funds</u>				
Aviation				
Central Service Cost Allocation	16,637	17,559	17,559	-
Convention Center				
Central Service Cost Allocation	4,250	4,409	4,409	-
Annual Transfer per Agreement	-	-	10,000	10,000
	<u>4,250</u>	<u>4,409</u>	<u>14,409</u>	<u>10,000</u>
Solid Waste				
Central Service Cost Allocation	11,620	11,846	11,846	-
In-Lieu Property Taxes	1,225	1,134	1,198	64
Total	<u>12,845</u>	<u>12,980</u>	<u>13,044</u>	<u>64</u>
Wastewater Funds				
Central Service Cost Allocation	9,463	9,909	9,909	-
In-Lieu Property Taxes	10,354	10,738	11,639	901
Total	<u>19,817</u>	<u>20,647</u>	<u>21,548</u>	<u>901</u>
Water Funds				
Central Service Cost Allocation	14,194	14,864	14,864	-
In-Lieu Property Taxes	17,574	17,708	19,105	1,397
Total	<u>31,768</u>	<u>32,572</u>	<u>33,969</u>	<u>1,397</u>
Total From Enterprise Funds	<u>85,317</u>	<u>88,167</u>	<u>100,529</u>	<u>12,362</u>
<u>Special Revenue Funds</u>				
Excise				
Transfer to General Fund	1,336,394	1,405,188	1,454,448	49,260
Development Services				
Central Service Cost Allocation	6,683	6,848	6,848	-
Sports Facilities, Bioscience & Tourism				
Central Service Cost Allocation	115	93	93	-
ASU Facilities Operations Fund	1,446	739	732	(7)
Downtown Community Reinvestment Fund	2,067	2,067	2,064	(3)
Other Restricted Fund	36	-	-	-
Housing Central Office Central Service Costs	676	639	639	-
Human Trafficking Prevention Fund	2	-	-	-
Neighborhood Protection Central Service Costs	769	729	729	-
Downtown Community Reinvestment Fund	-	-	868	868
Public Housing In-Lieu Property Taxes	126	120	120	-
Public Safety Enhancement Central Service Costs	612	617	617	-
Public Safety Expansion Central Service Costs	1,791	1,716	1,716	-
T2050 Central Service Costs	1,703	1,847	1,847	-
Sports Facilities Capital Reserve Fund	-	23,122	-	(23,122)
Total From Special Revenue Funds	<u>1,352,419</u>	<u>1,443,725</u>	<u>1,470,721</u>	<u>26,996</u>
Total Transfers to the General Fund	<u>1,437,736</u>	<u>1,531,892</u>	<u>1,571,250</u>	<u>39,357</u>

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

	2024-25	2025-26	2026-27	
	Actuals	Estimate	Budget	Increase/ (Decrease)
Transfers from the General Fund				
Aviation - Emergency Transportation Services	(816)	(653)	(692)	(40)
Capital Reserve Fund	(10,000)	-	-	-
City Improvement - Library	(129)	(129)	(129)	1
City Improvement	(51,963)	(48,713)	(29,203)	19,510
Community Facilities Districts-Restricted Fund	(72)	(381)	(317)	64
Fire Sinking Fund	-	(9,414)	(3,634)	5,780
Housing Central Office Cost Center	(2,500)	(2,500)	(2,500)	-
Infrastructure Repayment Agreements	(2,564)	(2,608)	(5,643)	(3,035)
Housing Trust Fund	-	-	(6,600)	(6,600)
Public Safety Other Restricted Fund	(18,000)	(18,000)	(18,000)	-
SelectCare Life Insurance Trust	(760)	-	-	-
Strategic Economic Development Fund	(1,650)	(1,650)	(1,900)	(250)
Marijuana Sales Tax to PSPRS	(3,101)	(3,310)	(3,409)	(99)
Total Transfers from the General Fund	(91,556)	(87,358)	(72,027)	15,330
Net Transfers to the General Fund	1,346,180	1,444,534	1,499,222	54,688

SCHEDULE 8
POSITIONS BY DEPARTMENT
Number of Full Time Equivalent Positions

	2024-25 Actual	2025-26 Adopted	2025-26 Estimate	Estimate less Adopted	2026-27 Budget	Budget less Estimate
General Government						
Mayor's Office	16.0	16.0	16.0	0.0	16.0	0.0
City Council	46.3	41.8	44.3	2.5	44.3	0.0
City Manager's Office	64.5	63.5	65.5	2.0	62.5	(3.0)
City Auditor	25.4	25.4	25.4	0.0	25.4	0.0
Information Technology Services	230.0	221.0	238.0	17.0	235.0	(3.0)
Equal Opportunity Department	33.0	30.0	33.0	3.0	33.0	0.0
City Clerk	51.5	51.5	51.5	0.0	51.5	0.0
Human Resources	141.7	139.0	139.0	0.0	139.0	0.0
Retirement	18.0	21.0	21.0	0.0	21.0	0.0
Phoenix Employment Relations Board	1.0	1.0	1.0	0.0	1.0	0.0
Law	86.0	86.0	88.0	2.0	92.0	4.0
Budget and Research	24.0	23.0	23.0	0.0	23.0	0.0
Regional Wireless Cooperative	5.0	5.0	5.0	0.0	5.0	0.0
Finance	238.0	231.0	236.0	5.0	235.0	(1.0)
Communications Office	24.0	24.0	24.0	0.0	24.0	0.0
Government Relations	6.0	6.0	6.0	0.0	6.0	0.0
Total General Government	1,010.4	985.2	1,016.7	31.5	1,013.7	(3.0)
Public Safety						
Police	4,611.4	4,606.9	4,621.9	15.0	4,622.9	1.0
Fire	2,413.9	2,575.9	2,609.9	34.0	2,616.9	7.0
Total Public Safety	7,025.3	7,182.8	7,231.8	49.0	7,239.8	8.0
Criminal Justice						
City Prosecutor	165.0	162.0	161.0	(1.0)	161.0	0.0
Municipal Court	283.0	282.5	282.5	0.0	282.5	0.0
Public Defender	16.0	16.0	16.0	0.0	16.0	0.0
Total Criminal Justice	464.0	460.5	459.5	(1.0)	459.5	0.0
Transportation						
Street Transportation	790.0	789.0	792.0	3.0	792.0	0.0
Aviation	923.0	923.0	925.0	2.0	931.0	6.0
Public Transit	129.0	130.0	132.0	2.0	132.0	0.0
Total Transportation	1,842.0	1,842.0	1,849.0	7.0	1,855.0	6.0

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

	2024-25 Actual	2025-26 Adopted	2025-26 Estimate	Estimate less Adopted	2026-27 Budget	Budget less Estimate
Community Development						
Planning and Development	546.8	545.8	559.8	14.0	559.8	0.0
Housing	136.0	135.0	135.0	0.0	133.0	(2.0)
Community and Economic Development	71.0	66.0	67.0	1.0	67.0	0.0
Neighborhood Services	203.0	203.0	200.0	(3.0)	199.0	(1.0)
Total Community Development	956.8	949.8	961.8	12.0	958.8	(3.0)
Community Enrichment						
Office of Arts and Culture	29.8	29.3	30.8	1.5	30.2	(0.6)
Parks and Recreation	1,064.6	1,064.6	1,064.6	0.0	1,072.6	8.0
Library	434.6	396.8	412.2	15.4	398.1	(14.1)
Phoenix Convention Center	221.0	221.0	225.0	4.0	225.0	0.0
Human Services	425.5	423.5	423.5	0.0	420.5	(3.0)
Total Community Enrichment	2,175.5	2,135.2	2,156.1	20.9	2,146.4	(9.7)
Environmental Services						
Office of Sustainability	6.0	6.0	7.7	1.7	6.7	(1.0)
Environmental Programs	16.0	16.0	16.0	0.0	16.0	0.0
Public Works	491.0	485.0	503.0	18.0	503.0	0.0
Solid Waste Disposal	628.5	626.5	626.5	0.0	626.5	0.0
Water Services	1,539.8	1,565.8	1,569.2	3.4	1,565.2	(4.0)
Total Environmental Services	2,681.3	2,699.3	2,722.4	23.1	2,717.4	(5.0)
Total	16,155.3	16,254.8	16,397.3	142.5	16,390.6	(6.7)

2024-25 SCHEDULE 9
OPERATING AND CAPITAL RESOURCES AND EXPENDITURES BY FUND CATEGORY
ACTUAL
(In Thousands of Dollars)

	Operating Funds			Capital Funds		All Budgeted Funds
	General ^{1/}	Special Revenue	Enterprise	Bonds ^{4/}	Other Capital	
Beginning Fund Balance	293,513	1,137,505	1,340,403	(204,361)	418,314	2,985,374
Revenues						
City Taxes and Related Fees	-	1,475,575	-	-	-	1,475,575
Property Taxes	213,583	137,459	-	-	-	351,042
State Shared Revenues ^{2/}	87,754	777,910	-	-	-	865,664
Federal and State Grants ^{2/}	1,796	482,910	1,322	-	97,966	583,994
Licenses and Permits ^{2/}	14,281	9,575	-	-	-	23,856
Charges for Services	119,860	127,838	939,061	-	197,407	1,384,167
Sales of Goods and Assets	3,603	9,823	635,274	-	-	648,699
Rentals	6,928	23,778	30,052	-	-	60,759
Concessions	8,105	2,254	211,754	-	-	222,113
Fines and Forfeitures ^{2/}	8,913	42	-	-	-	8,955
Interest Revenues	36,085	70,468	85,008	21,992	81,641	295,194
SRP In-Lieu Taxes	1,892	-	-	-	-	1,892
Other Revenues	6,770	18,510	23,702	(1)	20,287	69,268
Total Revenues	509,570	3,136,142	1,926,173	21,992	397,301	5,991,179
Other Sources and Uses						
Net Interfund Transfers In (Out)	1,346,180	(1,347,421)	(16,850)	21,180	2,059	5,147
Bond Proceeds	-	-	-	445,403	986	446,389
Expense Recoveries	9,032	45,752	26,669	41,505	5,949	128,907
Total Other Sources and Uses	1,355,212	(1,301,669)	9,819	508,088	8,994	580,443
Total Sources	2,158,296	2,971,978	3,276,395	325,719	824,609	9,556,996
Expenditures						
General Government	219,590	11,012	2,892	-	-	233,494
Public Safety	1,251,084	268,349	-	-	-	1,519,433
Criminal Justice	66,123	2,841	-	-	-	68,964
Transportation	24,687	416,209	366,793	-	-	807,690
Community Development	38,991	290,515	661	-	-	330,166
Community Enrichment	230,064	137,082	70,526	-	-	437,672
Environmental Services	33,461	6,391	624,566	-	-	664,418
Operating Debt Service	-	218,559	337,247	-	-	555,807
Non-Departmental Operating ^{3/}	22,239	-	-	-	-	22,239
Capital Improvement Program	50,274	437,833	385,414	670,493	446,772	1,990,786
Total Expenditures	1,936,513	1,788,792	1,788,099	670,493	446,772	6,630,669
Ending Fund Balance	221,782	1,183,187	1,488,295	(344,774)	377,837	2,926,327

^{1/} General fund sales tax revenue is reflected as a transfer-in from the excise tax fund. Total transfer equates to \$1,336.4 million, and is included in the General Funds revenue total of \$1,846.0 million shown on Schedule 2.

^{2/} The amounts reported here do not align with Schedule 2, as there are differences in how revenues have been grouped between the reports.

^{3/} Non-Departmental Operating consists of additional pension contribution.

^{4/} Bond fund negative balance is due to bonds authorized for sale but not yet sold. Bond sales are based on cash flow needs rather than budgetary fund balance.

2025-26 SCHEDULE 9
OPERATING AND CAPITAL RESOURCES AND EXPENDITURES BY FUND CATEGORY
ESTIMATE
(In Thousands of Dollars)

	Operating Funds			Capital Funds		All Budgeted Funds
	General ^{1/}	Special Revenue	Enterprise	Bonds ^{4/}	Other Capital	
Beginning Fund Balance	221,782	1,183,187	1,488,295	(344,774)	377,837	2,926,327
Revenues						
City Taxes and Related Fees	-	1,671,417	-	-	-	1,671,417
Property Taxes	222,719	143,241	-	-	-	365,960
State Shared Revenues ^{2/}	90,376	756,910	-	-	-	847,286
Federal and State Grants ^{2/}	1,889	641,967	1,779	-	494,673	1,140,309
Licenses and Permits ^{2/}	13,098	9,935	-	-	-	23,034
Charges for Services	121,712	155,227	966,822	-	-	1,243,762
Sales of Goods and Assets	1,553	12,973	666,542	-	-	681,068
Rentals	6,649	24,847	32,856	-	-	64,352
Concessions	7,957	2,291	225,458	-	-	235,706
Fines and Forfeitures ^{2/}	8,615	1,623	-	-	-	10,238
Interest Revenues	32,396	45,875	80,425	-	-	158,695
SRP In-Lieu Taxes	2,074	-	-	-	-	2,074
Other Revenues	9,344	30,315	1,947	14,712	225,529	281,848
Total Revenues	518,383	3,496,622	1,975,830	14,712	720,202	6,725,749
Other Sources and Uses						
Net Interfund Transfers In (Out)	1,444,533	(1,482,152)	(50,731)	86,665	(2,059)	(3,745)
Bond Proceeds	-	724	-	631,765	-	632,489
Expense Recoveries	6,000	11,322	29,555	38,097	132,572	217,547
Total Other Sources and Uses	1,450,533	(1,470,106)	(21,176)	756,527	130,513	846,291
Total Sources	2,190,698	3,209,703	3,442,949	426,465	1,228,552	10,498,367
Expenditures						
General Government	219,969	21,580	3,442	-	-	244,991
Public Safety	1,296,466	295,261	-	-	-	1,591,727
Criminal Justice	68,246	3,919	-	-	-	72,165
Transportation	1,902	512,904	427,616	-	-	942,423
Community Development	40,342	342,882	769	-	-	383,994
Community Enrichment	235,571	132,659	77,938	-	-	446,167
Environmental Services	36,707	4,354	720,469	-	-	761,530
Operating Debt Service	-	243,373	342,131	-	-	585,504
Non-Departmental Operating ^{3/}	(14,006)	-	-	-	-	(14,006)
Capital Improvement Program	46,254	388,612	502,285	575,251	385,841	1,898,242
Total Expenditures	1,931,450	1,945,543	2,074,651	575,251	385,841	6,912,736
Ending Fund Balance	259,248	1,264,160	1,368,298	(148,786)	842,712	3,585,631

^{1/} General fund sales tax revenue is reflected as a transfer-in from the excise tax fund. Total transfer equates to \$1,405.2 million, and is included in the General Funds revenue total of \$1,923.6 million shown on Schedule 2.

^{2/} The amounts reported here do not align with Schedule 2, as there are differences in how revenues have been grouped between the reports.

^{3/} Non-Departmental Operating consists of unassigned vacancy savings and additional pension contribution.

^{4/} Bond fund negative balance is due to bonds authorized for sale but not yet sold. Bond sales are based on cash flow needs rather than budgetary fund balance.

2026-27 SCHEDULE 9
OPERATING AND CAPITAL RESOURCES AND EXPENDITURES BY FUND CATEGORY
BUDGET
(In Thousands of Dollars)

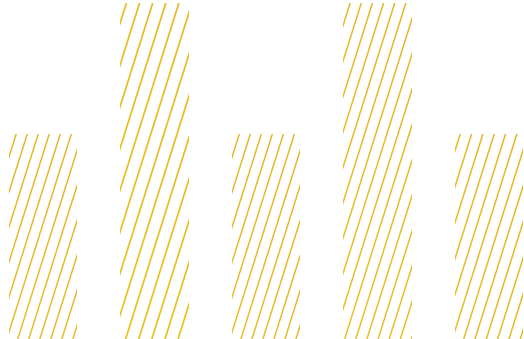
	Operating Funds			Capital Funds		All Budgeted Funds
	General ^{1/}	Special Revenue	Enterprise	Bonds ^{4/}	Other Capital	
Beginning Fund Balance	259,248	1,264,160	1,368,298	(148,786)	842,712	3,585,631
Revenues						
City Taxes and Related Fees	-	1,703,089	-	-	-	1,703,089
Property Taxes	233,412	142,884	-	-	-	376,296
State Shared Revenues ^{2/}	93,423	793,675	-	-	-	887,098
Federal and State Grants ^{2/}	1,625	638,482	-	-	771,014	1,411,121
Licenses and Permits ^{2/}	12,563	9,653	-	-	-	22,216
Charges for Services	128,565	176,582	1,008,708	-	-	1,313,855
Sales of Goods and Assets	1,553	6,958	708,371	-	-	716,882
Rentals	7,275	21,655	34,083	-	-	63,013
Concessions	8,070	2,504	232,262	-	-	242,836
Fines and Forfeitures ^{2/}	8,885	3,657	-	-	-	12,542
Interest Revenues	30,258	42,392	69,513	-	-	142,163
SRP In-Lieu Taxes	2,074	-	-	-	-	2,074
Other Revenues	9,238	39,161	(3,588)	-	157,536	202,347
Total Revenues	536,941	3,580,692	2,049,349	-	928,550	7,095,532
Other Sources and Uses						
Net Interfund Transfers In (Out)	1,499,222	(1,501,880)	13,927	(8,498)	(10,751)	(7,980)
Bond Proceeds	-	-	-	253,400	-	253,400
Expense Recoveries	5,500	3,920	7,806	-	-	17,226
Total Other Sources and Uses	1,504,722	(1,497,960)	21,733	244,902	(10,751)	262,646
Total Sources	2,300,911	3,346,892	3,439,380	96,116	1,760,511	10,943,809
Expenditures						
General Government	240,262	26,725	3,724	-	-	270,711
Public Safety	1,400,293	341,399	-	-	-	1,741,692
Criminal Justice	74,151	4,301	-	-	-	78,452
Transportation	3,167	548,465	450,917	-	-	1,002,549
Community Development	43,464	362,439	789	-	-	406,692
Community Enrichment	273,177	99,065	81,019	-	-	453,261
Environmental Services	41,997	3,605	765,787	-	-	811,390
Operating Debt Service	-	244,215	415,762	-	-	659,976
Non-Departmental Operating ^{3/}	163,500	83,500	73,500	-	-	320,500
Capital Improvement Program	60,899	700,162	1,246,985	814,218	1,285,090	4,107,353
Total Expenditures	2,300,911	2,413,877	3,038,482	814,218	1,285,090	9,852,578
Ending Fund Balance	-	933,016	400,898	(718,102)	475,421	1,091,232

^{1/} General fund sales tax revenue is reflected as a transfer-in from the excise tax fund. Total transfer equates to \$1,454.4 million, and is included in the General Funds revenue total of \$1,991.4 million shown on Schedule 2.

^{2/} The amounts reported here do not align with Schedule 2, as there are differences in how revenues have been grouped between the reports.

^{3/} Non-Departmental Operating consists of contingencies, unassigned vacancy savings, and additional pension contribution.

^{4/} Bond fund negative balance is due to bonds authorized for sale but not yet sold. Bond sales are based on cash flow needs rather than budgetary fund balance.



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 Annual Comprehensive Financial Report, Phoenix recognizes grant revenues on a modified cash basis. Generally Accepted Accounting Principles (GAAP) recognizes grant revenues on an accrual basis.

American Rescue Plan Act (ARPA)

Signed into law to provide additional relief to address the continued impact of the COVID-19 pandemic on the economy, public health, state and local governments, individuals, and businesses.

Annual Comprehensive Financial Report (ACFR)

Official annual report of the City of Phoenix which includes statements of revenue, expenditures, and changes in fund balances.

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.

A.R.S.

Arizona Revised Statutes.

ARPA

See American Rescue Plan Act.

Asset Betterment

An addition or change to a Capital Asset intended to prolong the life of the asset beyond its original design life, or to increase the functionality, efficiency, or capacity of the asset beyond that of its original design, over and above the results of prescribed or routine maintenance.

Audit

An independent examination of, and expression of opinion on the financial statements of, an enterprise by an appointed auditor in pursuance of that appointment and in compliance with generally accepted accounting principles.

Balanced Budget

Arizona law (Title 42 Arizona Revised Statutes) and the City of Phoenix Charter (chapter XVIII) require the City Council to annually adopt a balanced budget by purpose of public expense. State law defines this balanced budget as "the primary property tax levy, when added together with all other available resources, must equal these expenditures." Therefore, no General Fund balances can be budgeted in reserve for subsequent fiscal years. Instead, an amount for contingencies is included in the budget each year. The charter further requires that "the total of proposed expenditures shall not exceed the total of estimated income and fund balances."

Base Budget

Funding for ongoing expenditures for personnel, commodities, contractual services and replacement of existing equipment previously authorized. The base budget provides funding to continue previously authorized services and programs.

Bipartisan Infrastructure Law (BIL)

The Infrastructure Investment and Jobs Act (Public Law 117-58), also known as the Bipartisan Infrastructure Law, was signed into law on November 15, 2021. The act provided \$550 billion of new Federal infrastructure funding nationwide, in addition to regularly planned infrastructure spending.

Block Watch Fund

This fund is the Block Watch portion of the Neighborhood Protection Fund. This fund is a portion of a voter-approved 0.1 percentage point sales tax increase approved in October 1993. In March 2025, the City Council approved a 0.5 percentage point increase in the City Transaction Privilege Tax and Use Tax rates. The additional revenue generated from this sales tax increase is allocated to the Block Watch Fund based on the existing allocation proportions for all affected sales funds. Grant funds are awarded to communities for innovative methods to deter crime-related problems in their neighborhoods. The City disburses these funds through an annual application process.

Bonds

Debt instruments that require repayment of a specified principal amount on a certain date (maturity date), along with interest at a stated rate or according to a formula for determining the interest rate.

Bond Rating

An evaluation of a bond issuer's credit quality and perceived ability to pay the principal and interest on time and in full. Three agencies regularly review City bonds and generate bond ratings - Moody's Investors Service, Fitch Ratings and Standard & Poor's Ratings Group.

Budget

A plan of financial operation for a specific time period (the City of Phoenix's adopted budget is for a fiscal year July 1 – June 30). The budget contains the estimated expenditures needed to continue the City's operations for the fiscal year and revenues anticipated to finance them.

Capital Asset (Outlay)

An asset meeting the capitalization threshold specified in the City's Annual Comprehensive Financial Report.

Capital Expenditures

Expenditures in the Capital Improvement Program.

Capital Funds

Resources such as bond issuance proceeds that are restricted to expenditures for Capital Assets.

Capital Funds Budget

The component of the first year of the Capital Improvement Program that is financed from Bond Funds and other Capital Funds.

Capital Improvement Program (CIP)

The City's five-year plan for investment in infrastructure and similar assets, which is updated annually. Direct costs of Capital Projects, and any expenditure of capital funds, are budgeted and recorded in the Capital Improvement Program. Additionally, direct costs of multi-year comprehensive infrastructure studies that are intended to expansively identify or prioritize Capital Projects, and non-recurring major maintenance projects such as re-roofing, may be budgeted and recorded in the Capital Improvement Program.

Capital Project

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

CARES Act

Coronavirus Aid, Relief, and Economic Security (CARES) Act signed into law to address the economic fallout resulting from the COVID-19 pandemic in the United States.

Carryover

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

CDBG

See Community Development Block Grant.

Central Service Cost Allocation

The method of distributing expenses for general staff and administrative overhead to the benefiting activity.

CIP

See Capital Improvement Program.

City Manager's Budget

See Proposed Budget.

City of Phoenix Employees' Retirement System (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 develop viable urban communities by providing decent housing and a suitable living environment, and by expanding economic opportunities, principally for low- and moderate-income persons. The City disburses these funds through an annual application process open to all nonprofit organizations and City departments.

Contingency

An appropriation of funds to cover unforeseen events that occur during the fiscal year, such as flood emergencies, federal mandates, unanticipated one-time expenses, and similar eventualities.

Contractual Services

Expenditures for services performed by firms, individuals, or other City departments.

Cost

The amount of funding required to pay for a given program or service.

Council-Manager Form of Government

An organizational structure in which the mayor and city council appoint an independent city manager to be the chief operating officer of a local government. In practice, a city council sets policies, and the city manager is responsible for implementing those policies effectively and efficiently.

Court Awards Fund

Revenues provided by court awards of confiscated property under both the federal and state organized crime acts. These funds are used for additional law enforcement activities in the Police and Law departments.

Cycle Time

The amount of time, from the customer's perspective, it takes to complete a defined task, process or service.

Debt Service

Payment of principal and interest on an obligation resulting from the issuance of bonds.

Deficit

The amount by which expenditures exceed available resources in a given fiscal year.

Depreciation

The decline in the value of an asset due to general wear and tear or obsolescence.

DBE

Disadvantaged Business Enterprise.

Encumbrance

A reservation of funds to cover purchase orders, contracts or other funding commitments that are yet to be fulfilled. The budget basis of accounting considers an encumbrance to be the equivalent of an expenditure.

Enterprise Funds

Funds that are accounted for in a manner similar to a private business. Enterprise funds usually recover their costs (including depreciation) through user fees. The City has four such self-supporting funds: Aviation, Water, Wastewater, and Solid Waste. In addition, the Phoenix Convention Center Fund, which is primarily supported by earmarked excise taxes, uses enterprise fund accounting to provide for the periodic determination of net income.

Estimate

The most recent prediction of current year revenue and expenditures. Estimates are based upon several months of actual expenditure and revenue information and are prepared to consider the impact of unanticipated costs or other economic changes.

Excise Tax Fund

This fund is used to account for tax revenues ultimately pledged to pay principal and interest on various debt obligations. This fund includes local sales taxes, state-shared sales taxes, state-shared income taxes and sales tax license fees.

Expenditures

Refers to current cash operating expenses and encumbrances.

Expenditure Limit

See State Expenditure Limit.

Fiduciary Funds

Funds used to account for assets held by the City of Phoenix as a trustee or agent. These funds cannot be used to support the City's own programs.

Fiscal Year

The City's charter designates July 1 to June 30 as the fiscal year.

Full-Time Equivalent Position (FTE)

A position converted to the decimal equivalent of a full-time position based on 2,080 hours per year. For example, a part-time clerk working for 20 hours per week would be equivalent to one half of a full-time position or 0.5 FTE.

Fund

A grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. For budgetary purposes, funds are categorized as General, Special Revenue, Enterprise, or Capital.

Fund Balance

As used in the budget, the excess of resources over expenditures. The beginning fund balance is the residual funds brought forward from the previous fiscal year.

GAAP

See Generally Accepted Accounting Principles.

General Obligation Bonds (G.O. Bonds)

Bonds that require voter approval and finance a variety of public capital projects such as streets, buildings, parks and improvements. The bonds are backed by the "full faith and credit" of the issuing government.

General Funds

Resources derived from taxes and fees that have unrestricted use, meaning they are not earmarked for specific purposes.

Generally Accepted Accounting Principles (GAAP)

Uniform minimum standards of financial accounting and reporting that govern the form and content of basic financial statements. The City's Annual Comprehensive Financial Report 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.

Government Property Lease Excise Tax (GLPET)

The Government Property Lease Excise Tax has been established by the State of Arizona. It is a tax incentive agreement negotiated between a private party and a local government to stimulate development in commercial districts by temporarily replacing a building's property tax with an excise tax.

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.

Inflation Reduction Act of 2022 (IRA)

The Inflation Reduction Act (Public Law 117-169) was signed into law on August 16, 2022. Per the Congressional Budget Office, the act is projected to generate \$738 billion in savings through federal fiscal year 2031, and funds \$499 billion in spending on energy, climate, and health care.

Infrastructure

Facilities and structures that support the daily life and growth of the city, such as 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.

Interfund Transfers

Transfers of resources between funds that are neither recorded as revenues to the fund receiving or expenditures to the fund providing.

Levy

See Tax Levy.

Mandate

Legislation passed by the state or federal government requiring action or provision of services and/or programs. Examples include the Americans with Disabilities Act, which requires actions such as physical facility improvements and provision of specialized transportation services.

M/W/SBE

Minority, Women and Small Business Enterprise.

Modified Accrual Basis

Method under which revenues are recognized in the period they become available and measurable, and expenditures are recognized in the period the associated liability is incurred. Most government accounting follows this method.

Neighborhood Protection Fund

This fund, also referred to as Proposition 301, is used to account for the funds generated by the 0.1 percentage point increase in the sales tax approved by voters in October 1993. In March 2025, the City Council approved a 0.5 percentage point increase in the City Transaction Privilege Tax and Use Tax rates. The additional revenue generated from this sales tax increase is allocated to the Neighborhood Protection Fund based on the existing allocation proportions for all affected sales funds. The funds are to be used for the expansion of Police, Fire, and Block Watch programs. The breakdown of funding is as follows: Police 70 percent, Fire 25 percent and Block Watch 5 percent.

Net Direct Debt Ratio

The ratio between property tax-supported debt service and secondary-assessed valuation. The Net Direct Debt Ratio is one way to gauge the ability of a local property tax base to support general obligation debt service.

Non-Recurring Cost

A one-time cost, which is not expected to be required on an ongoing basis.

Objective

Desired output-oriented accomplishments that can be measured and achieved within a given time frame, and advance the activity and organization toward a corresponding goal.

Operating Funds

Resources derived from 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 percentage point increase in the sales tax approved by voters in 1999 and reauthorized in 2008. In March 2025, the City Council approved a 0.5 percentage point increase in the City Transaction Privilege Tax and Use Tax rates. The additional revenue generated from this sales tax increase is allocated to the Parks and Preserves Fund based on the existing allocation proportions for all affected sales funds. 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

Capital Improvement Program expenditures paid for by Operating Funds or by Capital Funds excluding Bonds.

Percent-for-Art

An ordinance that allocates one percent of eligible Capital Improvement Program expenditures to fund public art projects.

Performance Measure

A metric that quantifies a program's level of service and helps determine the extent to which a program is achieving its goals.

Personal Services

All costs related to compensating City employees including employee benefits costs such as contributions for retirement, social security, and health and industrial insurance. It also includes fees paid to elected officials, jurors, and election judges and clerks. It does not include fees for professional or other services.

PLT

See Privilege License Tax.

Policy

A set of plans, directions, or guidelines, which dictate City business. Policies may be directly approved and set by City Council, or they may refer to internal City policies set by the City Manager.

Proposed 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 Proposed Budget are incorporated into the final adopted budget.

Primary Property Tax

A tax levy that can be used to support any public expense.

Priority

In relation to City projects, goals, or services, something that takes precedence or suggests particular importance.

Privilege License Tax (PLT)

The City of Phoenix's local sales tax, made up of more than 14 general categories.

Privilege License Tax Fees

Includes fees charged for Privilege License Tax (PLT) licenses and the annual fee per apartment unit on the rental of non-transient lodging. Privilege License Tax Fees no longer apply to rental properties as a result of the passage of Senate Bill 1131 during the 2024 legislative session. 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 bond debt.

Proposition 1

See Public Safety Expansion Fund.

Proposition 301

See Neighborhood Protection Fund.

Proposition 479

A voter-approved measure in Maricopa County that continues the existing half-cent transportation sales tax for 20 more years to fund transportation projects. Approved on November 5, 2024, it extends transportation funding through 2045.

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 percentage point increase in sales tax approved by Phoenix voters in 2007. In March 2025, the City Council approved a 0.5 percentage point increase in the City Transaction Privilege Tax and Use Tax rates. The additional revenue generated from this sales tax increase is allocated to the Public Safety Expansion Funds based on the existing allocation proportions for all affected sales funds. The funds are used for hiring additional police personnel and firefighters, hiring crime scene investigator teams to improve evidence collection, improving fire protection service and response times, and increasing other emergency services. The Police Department receives 80 percent of revenues and the Fire Department receives 20 percent.

Reappropriated Funds

Funds for contracts entered in a previous fiscal year but which are still in progress.

Recoveries

Canceled prior year encumbrances.

Recurring Cost

A cost incurred on an ongoing basis.

Regional Wireless Cooperative (RWC)

An independent, multi-jurisdictional organization that manages and operates a regional radio communications network built to seamlessly serve the interoperable communication needs of first responders and other municipal radio users in and around Central Arizona's Valley of the Sun.

RPTA

Regional Public Transportation Authority.

Resources

Total amounts available for appropriation including estimated revenues, recoveries, fund transfers and beginning fund balances.

Restricted Funds

See Special Revenue Fund, Enterprise Funds, and Capital Funds.

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 General Obligation Bonds.

Self-Insurance

Self-funding of insurance losses. Except for airport operations, police aircraft operations, and excess general and automobile liability for losses in excess of \$7.5 million, the City is self-insured for general and automobile liability exposures.

Service

A public good provided to residents.

Service Level

The amount or scope of a given service.

Special Revenue Fund

A fund used to account for receipts from revenue sources that have been earmarked for specific activities and related expenditures. Examples include Arizona Highway User Revenue (AHUR) funds, which must be used for street and highway purposes, and Secondary Property Tax funds, which are restricted to the payment of debt service on General Obligation Bonds.

Sports Facilities, Bioscience and Tourism 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, biosciences and tourism.

State Expenditure Limit

A limitation on annual expenditures imposed by the Arizona Constitution as approved by the voters in 1980. The limitation is based upon a city's actual 1979-80 expenditures adjusted for interim growth in population and inflation. Certain expenditures may be exempt by the State Constitution or by voter action.

State-Shared Revenues

Revenues levied and collected by the state but shared with local governments as determined by state government each year. In Arizona, a portion of the state's sales, income and vehicle license tax revenues are distributed on the basis of a city's relative population percentage.

Strategic Plan

A set of steps and strategies which help to achieve goals and realize an overarching vision. The City's Strategic Plan helps guide budgetary and programmatic decision-making to achieve efficient and effective delivery of City services.

Strategy

An informed and carefully constructed plan for meeting a goal.

Structurally Balanced Budget

A budget in which proposed ongoing expenditures are matched by available ongoing resources. By State law and City Charter, the City must propose a structurally balanced budget each year.

Supplemental

Resources to provide new or enhanced programs or services over the base budget allocation.

Surplus

The amount by which available resources exceed expenditures in a given fiscal year.

Tax Levy

The total amount to be raised by general property taxes for purposes specified in the Tax Levy Ordinance.

Technical Review

A detailed line-item review of each City department's budget conducted by the Budget and Research Department.

Transit 2000 Fund

This fund was used to account for the 0.4 percent sales tax dedicated to transit that was approved by voters on March 14, 2000. Fare box collections were also included in this fund. This fund is being replaced by the Transportation 2050 Fund.

Transportation 2050 Fund (T2050)

These funds are used to account for the revenues generated by the 0.7 percent sales tax approved by voters in August 2015, with a January 1, 2016 effective date. This tax supersedes the 0.4 percent sales tax approved by voters in March 2000, which was accounted for in the Transit 2000 Fund. In March 2025, the City Council approved a 0.5 percentage point increase in the City Transaction Privilege Tax and Use Tax rates. The additional revenue generated from this sales tax increase is allocated to the Transportation 2050 Fund based on the existing allocation proportions for all affected sales funds. These funds are to be used for a comprehensive transportation plan, including public transit and street improvements. The Public Transit Department is allocated 86.2 percent of the sales tax, with the remaining 13.8 percent being allocated to the Street Transportation Department. Fare box collections are also included in the T2050 Transit Fund.

Trial Budget

A budget developed in early spring that presents a proposed balanced budget for discussion by the City Council and the community before the City Manager submits the Proposed 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-Based Budgeting

A process whereby a budget is developed at the program level, and starting from zero the next year's budget is estimated assuming only those costs necessary to provide the currently approved level of service. This initial estimate is referred to as the "base budget." The estimated cost for providing each program is reviewed and justified on an annual basis. The process includes the identification of potential reductions and additions, which are ranked in priority order. Presentation of the budget also is provided on a program basis.



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