



**The Phoenix  
Summary Budget  
2016-17**



**City of Phoenix**





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June 2016





# City of Phoenix Council Members and District Boundaries



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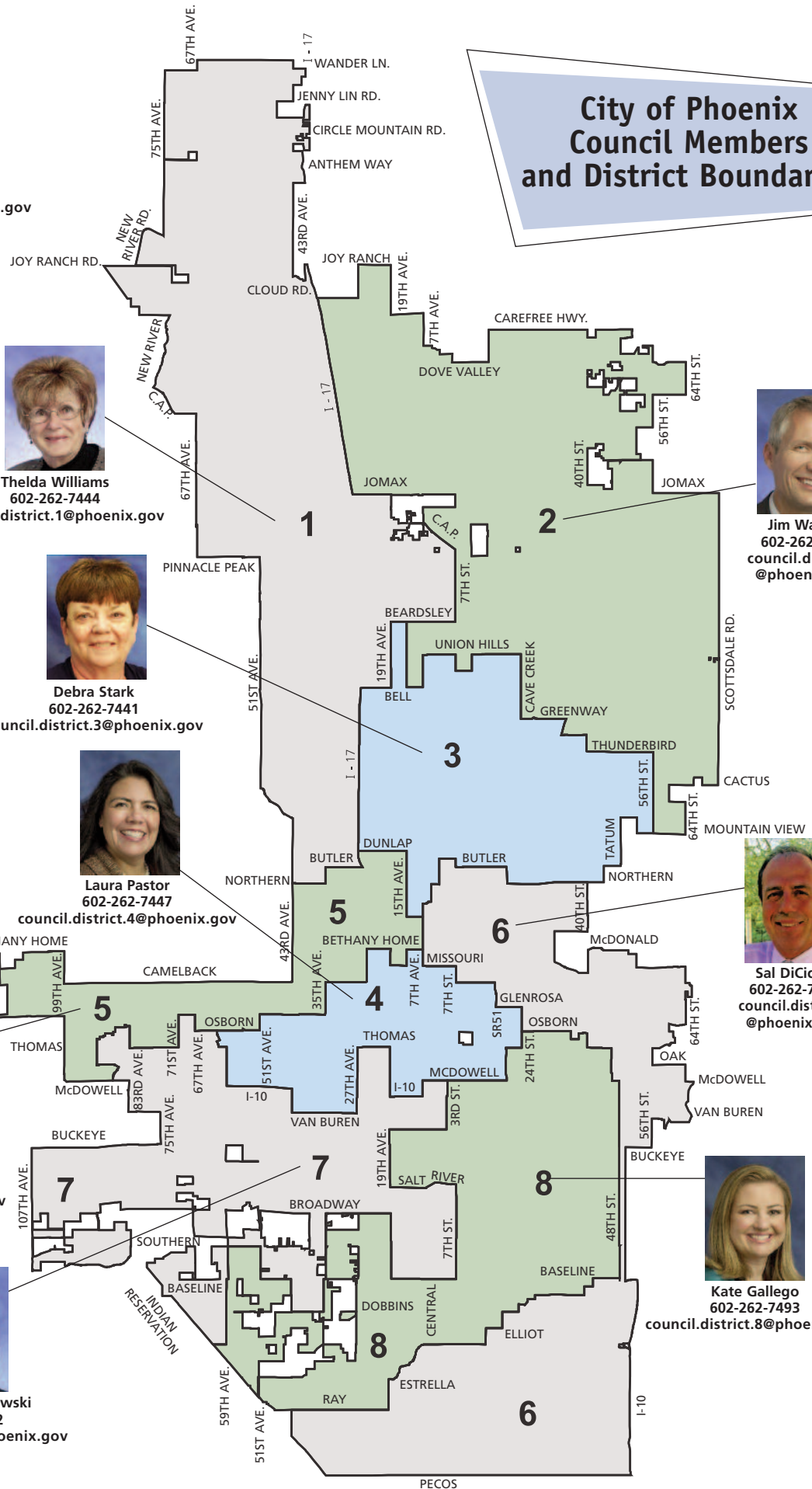
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# City of Phoenix

## Mayor and City Council

Greg Stanton  
Mayor

Kate Gallego  
Vice Mayor  
District 8

Thelda Williams  
District 1

Jim Waring  
District 2

Debra Stark  
District 3

Laura Pastor  
District 4

Daniel Valenzuela  
District 5

Sal DiCiccio  
District 6

Michael Nowakowski  
District 7

## Mayor's Office

Ruben Alonzo  
Co-Chief of Staff

Seth Scott  
Co-Chief of Staff

Tracee Crockett  
Deputy Chief of Staff

City Council Office

Penny Parrella  
Executive Assistant to  
City Council

## Management Staff

Ed Zuercher  
City Manager

Milton Dohoney  
Assistant City Manager

Mario Paniagua  
Deputy City Manager

Karen Peters  
Deputy City Manager

Paul Blue  
Deputy City Manager

Deanna Jonovich  
Deputy City Manager

Toni Maccarone  
Special Assistant to the City Manager

Tom Remes  
Government Relations Director

## Department Heads

Jeff Barton  
Budget and Research Director

James Bennett  
Director of Aviation Services

John Chan  
Phoenix Convention Center Director

Debbie Cotton  
Chief Information Officer

Ray Dovalina  
Street Transportation Director

Inger Erickson  
Parks and Recreation  
Director

Moises Gallegos  
Human Services Director

Bill Greene  
City Auditor

Chris Hallett  
Neighborhood Services Director

Rita Hamilton  
City Librarian

Brad Holm  
City Attorney

Maria Hyatt  
Public Transit Director

Blair Johnson  
Human Resources Director

Kara Kalkbrenner  
Fire Chief

Donald Logan  
Equal Opportunity Director

Christine Mackay  
Community and Economic Development  
Director

Cris Meyer  
City Clerk

Denise Olson  
Chief Financial Officer

Kathryn Sorensen  
Water Services Director

Alan J. Stephenson  
Planning and Development Director

Cindy Stotler  
Housing Director

John Trujillo  
Public Works Director

Julie Watters  
Communications Director

Joe Yahner  
Police Chief

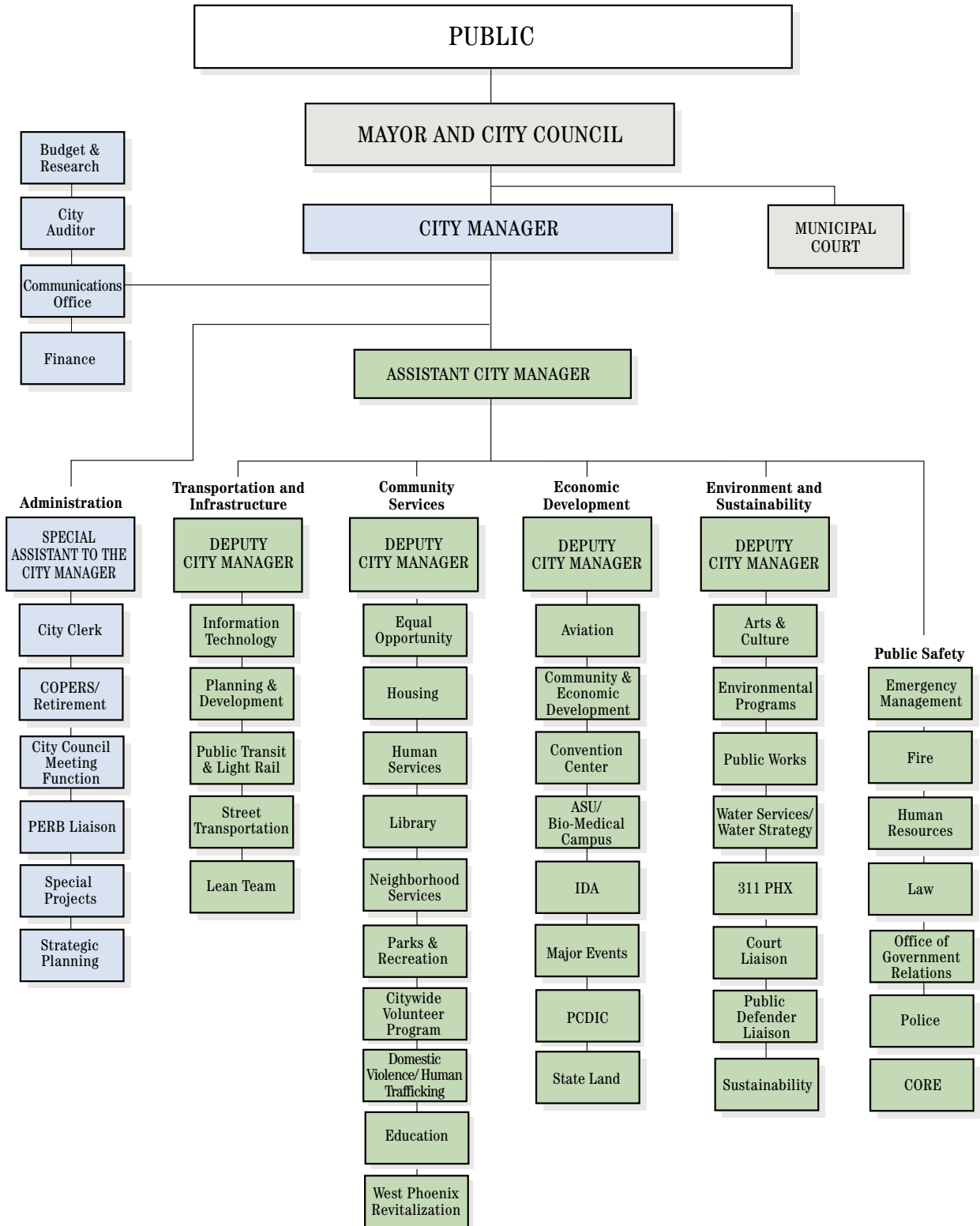
## Chief Presiding Judge

B. Don Taylor III





# City of Phoenix Organizational Chart







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Phoenix City Hall





Phoenix City Hall





# Budget Document Overview

This overview outlines the 2016-17 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 the fiscal year 2016-17. 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 2016-21 Capital Improvement Program provides Phoenix's planned construction program by project and detailed sources of funds.

A more detailed description of the 2016-17 Phoenix summary budget follows.

## CITY MANAGER'S BUDGET MESSAGE

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

## PHOENIX STRATEGIC PLAN

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

## OUR COMMITMENT TO EXCELLENCE

This section provides an overview of the city's various programs that contribute to our overall pursuit of excellence. Included is a description of a few of the awards and recognitions received by employees this year, results of the employee suggestion program and winners of the Employee Excellence Awards.

## COMMUNITY PROFILE AND TRENDS

This section includes key demographic, financial and infrastructure profile measures. Estimates or projections are provided for 2015-16 and 2016-17 as well as actual results for recent and historical periods.

## 2016-17 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 2016-17 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.

## 2016-17 REVENUE OVERVIEW

This section provides an extensive narrative describing the city's revenue estimates. The section is divided into three categories: general funds, special revenue funds and enterprise funds.

## DEPARTMENT PROGRAM SUMMARIES

The department program summaries section provides total funding and positions, program goals, major performance measures and service trends, and any changes in service for each city department. Also included in this section is a discussion of the city's debt management policies and the contingency fund.

## CAPITAL IMPROVEMENT PROGRAM

This section provides a description of the Capital Improvement Program process and an overview of the 2016-21 Capital Improvement Program.

## SCHEDULES

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

## GLOSSARY

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

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







**Distinguished Budget Presentation Award**



GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished  
Budget Presentation  
Award*

PRESENTED TO

**City of Phoenix  
Arizona**

For the Fiscal Year Beginning

**July 1, 2015**

Executive Director

**T**he Government Finance Officers Association of the United States and Canada (GFOA) presented a Distinguished Budget Presentation Award to the city of Phoenix, Arizona for its annual budget for the fiscal year beginning July 1, 2015.

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

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







# City Manager's Budget Message



Ed Zuercher  
City Manager

## TO THE HONORABLE MAYOR AND CITY COUNCIL:

This letter transmits the balanced fiscal year 2016-17 City of Phoenix Budget required by City Charter.

Our **transparent budget process** has revealed this to be one of the most complex budgets in recent memory due to the convergence of three issues:

- The imperative to pay our **debt service**.
- An ongoing demand for **City services**.
- A desire for **restoration of employee compensation concessions**.

**Transparency:** The City of Phoenix budget is unique among governments in its openness and transparency. For the first time in memory, we provided five optional budgets to comment on. Over a three-week period, we held 15 hearings throughout the city. In addition, presentations were made to various other citizen groups, organizations and advisory panels. More than 500 comments were received and incorporated during the process.

The main themes of testimony and comments were:

- Appreciation of existing City services, especially library, public safety, street maintenance, parks and senior programs, and the employees who provide them.
- Support of Budget Option 1, in which a small property tax increase preserves services, provides for employee compensation restoration and allows us to add critical public safety needs and other community services. Many residents, particularly seniors, spoke against Option 5, in which service cuts would be used to pay for debt service. A few residents spoke in opposition to tax increases, but the majority of comments favored a responsible increase in property taxes to meet our debt obligations.
- Support for compensation restoration for City employees. Over the past 6 years, employees have agreed to 6% in compensation concessions of which 4.2% remain. The Trial Budget proposed restoration of 2.6% (the amount given up in the last two years). Testimony overwhelmingly supported a full 4.2% restoration.
- Support for quality of life programs such as senior meals and activities; arts and culture funding, particularly maintenance of existing public art; homeless services; library hours and services; and youth engagement and recreation opportunities, particularly for disengaged youth between ages 16 and 20.
- Mixed comments about police body cameras, with many advocating for them as a critical tool to enhance trust and others suggesting they be delayed until after compensation is restored to police officers and after more officers are hired.

## Paying Debt Service with Property Tax:

The City's 21-year policy of a fixed property tax rate of \$1.82 is at a critical decision point. During times of consistent property value growth and intense development, a fixed tax rate generated revenue necessary to pay for operating costs and our debt service obligations. Debt service refers to paying for voter-approved capital projects like police and fire facilities and equipment; senior centers; parks and recreation facilities; libraries; streets and storm drains; cultural facilities, museums and theatres; historic preservation; and support facilities to make it all happen. However, with the property valuation decrease of 47% between 2010 and 2014, the fixed tax rate does not meet our current needs.

Like nearly every other city and government entity in Maricopa County, we must move to a floating rate that provides the necessary levy to meet our debt service obligations, or force difficult service cuts.

The City Council was able to postpone a floating rate for six years by strategically using the \$300 million debt service reserve that was built during the strong growth years. ***The City Council provided more than \$225 million of tax relief to Phoenix taxpayers equal to about \$290 for a typical single-family residence.***

Since there is no expressed desire to cut service levels, continue or increase employee concessions, or kick the can down the road through short-term fixes, the budget recommends floating the tax rate to \$2.17 to cover debt service and operating costs. This equals an increase of about \$4.25 per month (from \$263 to \$314 annually on a typical single-family home). It is important to note that this is still lower than City property taxes in 2008-09 when a typical homeowner paid \$407 in City tax. In total, the property tax levy for 2016-17 will be approximately \$80 million less than in 2009-10.





***The debt service shortfall must be addressed before it is possible to build a budget and address employee compensation.*** The options to raise other taxes, cut services or defer the decision for two years by using the existing surplus have not been supported. ***Therefore, without a property tax solution, the City Council cannot have a budget that preserves services and restores employee concessions.***

It is clear that residents desire more of the services we provide rather than less. The budget preserves what we do and adds some critical community, youth and public safety needs.

#### **Overview of 2016-17 Budget**

**General Fund:** The 2016-17 General Fund budget is \$1,222,208,000. This is a 5.7 percent increase from the adopted 2015-16 General Fund budget of \$1,156,540,000. Projected General Fund revenue in 2016-17 is estimated to be \$1.102 billion, an annual increase of 3.1 percent over the revised current year estimate.

**General Fund Additions:** The 2016-17 budget includes the following necessary General Fund changes that help improve critical community services, including:

- **Critical Public Safety Needs:** Additional funding for a multi-year plan to implement a body camera program; one-time funding needed to replace the obsolete Emergency Transportation System (ETS) billing system with an electronic billing and records system known as Electronic Patient Care Records (ePCR); funding to finance the repair and replacement of the road and obsolete radio tower at North Mountain; and funding for a Police psychologist for an Employee Assistance and Wellness program.

- **Partial Restoration of Employee Concessions:** The funding needed to address the first two years of the three-year labor contracts approved by City Council. The agreements include full restoration over the next 3 years totaling 4.2%. The tentative agreements reflect restoration of 1.9% in FY 2016-17; 1.0% in 2017-18; and 1.3% in 2018-19. The 2016-17 budget includes the funding needed to address the first two years of the three-year labor contracts totaling \$50 million.
- **Partial Restoration of Prior Cuts and Expanded Services:** Increased funding for electronic media for the library; partial restoration of blight maintenance in the right-of-way; partial restoration of arts grants; increased funding for public art maintenance; partial restoration of CASS funding to address homelessness; enhanced air quality monitoring by restoring a position that was previously eliminated; and Laveen/Estrella Loop 202 economic development.
- **Additional Support for Youth and Veterans:** Additional funding for the operating costs associated with the Chavez Park expansion; additional programming for disengaged youth in areas without a community center; funding needed to further address chronic veteran's homelessness; and funding to initiate a Veteran's Entrepreneurship Program.

**Contingency Grows:** While the overall percentage remains at 4.0 percent, the Contingency Fund will increase from \$46.4 million to \$48.4 million. Management and the City Council are keeping a watchful eye on the Contingency Fund and are fully committed to the long-term goal to reach 5 percent of operating costs.

**Revenue and Resources:** Projected General Fund (GF) revenue in 2016-17 is estimated to be \$1.102 billion, an annual increase of 3.1 percent over the revised current year estimate. This reflects continued City and State sales tax growth based on projections from the University of Arizona, increased income tax collections and continued growth in vehicle license tax revenue. Including revenue along with the estimated beginning fund balance of approximately \$102 million, and fund transfers and recoveries estimated at \$18 million, total 2016-17 General Fund resources are estimated to be \$1.222 billion.

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

For all funds, which include General, Enterprise and Special Revenue Funds such as grants, and all debt service and pay-as-you-go capital costs, the 2016-17 budget amount is \$3,956,983,000. This is a 6.9 percent increase from the adopted 2015-16 budget of \$3,702,298,000 for all funds and largely reflects the carryover of unspent Capital Improvement Program (CIP) funding.

**Non-General Fund Additions:** The 2016-17 budget includes the following critical non-General Fund service additions.

- **Development Services Fund:** In order to meet the needs of expected increases in development activity, Planning and Development added eight new positions to support the increased demand for development services.





- Phoenix Parks and Preserves Initiative Fund (PPPI): The PPPI fund includes additions to operate and maintain the new facilities at Lindo Park and the dog park at Esteban Park.
- Solid Waste: Solid Waste added 15 positions and equipment needed to support the Curbside Green Organics, Diversion and Illegal Dumping programs.
- Transportation 2050: Increase bus service in the city of phoenix as a result of funding from the Phoenix Transportation 2050 Plan. The service increases include progressively longer hours of bus operations seven days a week for all routes.

**Five-Year Forecast**

As reflected in the five-year forecast, rising pension costs are expected to continue to place significant pressure on the General Fund budget. The growth in City of Phoenix Employee Retirement System (COPERS) costs is tied to recent actuarial changes that changed previous assumptions related to mortality rates, plan earnings and payroll growth. However the pension reform measures enacted by the City Council and approved by Phoenix voters mean these short-term increases are anticipated to slow over time and will result in savings of approximately \$1.1 billion over the next two decades. Like COPERS, the costs of sworn Police and Fire pensions are also expected to increase over the next few years due to actuarial changes, pending court challenges and system funding issues. However, proposed state Public Safety Personnel Retirement System (PSPRS) reforms are expected to reduce contribution rates in the future and save the system billions of dollars over the next two decades.

The forecast presented by staff also discussed other potential budget challenges the City may face over the next few years including potential actions by the state that could reduce ongoing City revenue and/or increase ongoing City costs. The five-year forecast provides City Council and staff time to develop prudent and reasonable fiscal policies to address these challenges in advance.

**Conclusion**

As the City Manager, I do not take lightly proposing a tax increase. No one desires in isolation to pay more taxes. The City Council's decision to provide \$225 million in tax relief to Phoenix taxpayers over the past 6 years has been significant. However, the General Obligation Bond reserve fund is nearing its minimum recommended level, so the result of a modest tax increase of \$4.25 per month for the typical residence will allow the City to:

- Meet our debt obligations over the long term;
- Preserve the highest credit rating of the six largest US cities;
- Keep open our senior centers, libraries, parks, youth and public safety programming;
- Restore compensation concessions to our labor force who provide these desirable services; and
- Add critical public safety and community priorities.

I believe the modest tax increase (which is still less than peak tax burden of 2008-09) is worth the results. The 2016-17 Budget balances these difficult choices in a responsible manner.

I want to recognize the hard work of Budget & Research and PHXTV staff in holding successful budget hearings. I also

thank all the City staff who attended the hearings to listen and assist the community.

I want to thank the City Council for hosting the community hearings and holding an open, public budgeting process unlike any other in Arizona.

Ed Zuercher  
City Manager







## Strategic Planning and Community Involvement

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

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

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

For the first time for fiscal year 2013-14, the city's Zero Based Inventory of Programs Budget was organized and presented by the 10 Strategic Plan study areas. The Strategic Plan continues to evolve and the study areas consistently develop new priorities and strategies to fulfill their own study objectives.

Document included in this section:

- Revised Phoenix Strategic Plan (April 2016)
- Strategic Plan 2015 Accomplishments







# Phoenix Strategic Plan

## Mission Statement

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

### About the Strategic Plan

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

### ECONOMIC DEVELOPMENT AND EDUCATION

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

#### Priorities

**1. Create and retain high-quality jobs focusing on key domestic and international business sectors.**

To a great extent, the quality of life for Phoenix residents will be dependent on the number and quality of jobs created and retained that are convenient and appropriate for residents of the city of Phoenix.

**2. Foster an environment for entrepreneurial growth.**

Entrepreneurs make critical contributions to the economy, including the generation of new jobs. Energized, educated entrepreneurs create economic opportunity for others and enhance a culture of innovation.

**3. Targeted Neighborhood Revitalization.**

Thriving urban cores are critical to the economic health and well being of the entire metropolitan area. Strong urban centers enhance Phoenix's image and should be reflective of the city's collective social and economic aspirations as a region.

**4. Expand the city's revenue base.**

Sales taxes provide the largest source of local government funding. Phoenix needs to attract and retain a fair share of retail activity to sustain quality public services for residents.

**5. Develop and retain qualified talent to meet the needs of business and the community.**

A skilled workforce is essential for an economy to sustain and enhance its competitiveness. A workforce development strategy that allows employers to grow and residents to enhance their income is critical to maintaining a high quality of life for Phoenix residents.

**6. Promote early literacy and prepare young children for academic success.**

Early childhood development is critical in preparing youth for success in school and developing a foundation of knowledge, skills and life-long learning in families and the community.

**7. Commit to achieving educational excellence for all Phoenix residents through sponsored facilities and programs.**

The future success of the region depends on ensuring that residents are prepared to meet the challenges of the 21st Century as educated, productive and engaged residents.





## FINANCIAL EXCELLENCE

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

### Priorities

- 1. Maintain high bond ratings.** A bond rating is a measure of the credit quality of the city. Factors considered in a rating are the health of the local economy, stability and volatility of revenues, level of reserves for liquidity during unexpected financial conditions, as well as sound financial practices, policies and structures or systems that allow flexibility to address challenges. An entity with a long-term outlook and plans to address unexpected changes is positively considered. In essence, a bond rating reflects an independent view of financial excellence. A higher bond rating will usually result in lower borrowing costs.
- 2. Prioritize capital and funding plans for critical infrastructure.** With continuing challenges in the recovery of the state, local and national economy and the associated impact on revenues, the financial capacity to fund and finance additional capital projects remains significantly reduced. As a result, a focus on maintaining existing infrastructure must be balanced with the need for new infrastructure. This includes prioritizing the use of the remaining 2006 General Obligation (GO) bond capacity and other resources and investigating alternative methods to finance priority capital needs.

### **3. Provide accurate and reliable revenue and expenditure forecasting.**

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

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

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

## INFRASTRUCTURE

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

### Priorities

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





## INNOVATION AND EFFICIENCY

The city of Phoenix must further enhance its commitment to developing new and creative service delivery methods to provide services to residents. The recent economic climate challenges the city to do more with less, while maintaining high-quality public services. The city also must remain dedicated to developing and seeking continuous improvements in business processes, and maintaining a culture of innovation and efficiency. The continuing work of the Innovation and Efficiency Task Force has helped the city formalize its approach.

### Priorities

- 1. Infuse a mindset focused on innovation and efficiency into the city of Phoenix organizational culture.** An “innovation and efficiency” way of thinking has become a much more prevalent part of the organization’s core value system and continues to be integrated into the way every day business is conducted. Executives, managers, supervisors and frontline staff must embrace an attitude that questions existing business processes and practices throughout the organization, with the goal of fostering innovation through the creation and implementation of new ideas.
- 2. Establish and support city programs and mechanisms focused on developing and implementing tangible innovations throughout the organization.** The city’s innovation and efficiency efforts must permeate all levels, be results oriented, and demonstrate investment of available means. A proven approach involves assignment of resources dedicated to producing substantial innovative changes that enhance customer service, increase productivity, reduce costs and engage employees.

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

## NEIGHBORHOODS AND LIVABILITY

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

### Priorities

- 1. Support neighborhood vitality through strong partnerships, collaborations and by leveraging resources.** In order to preserve healthy, vibrant, diverse and safe neighborhoods, the city must support neighborhood self-reliance and enhance the quality of life for all residents through community-based problem solving, neighborhood-oriented services and public/private cooperation.

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

## PHOENIX TEAM

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





## Priorities

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

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

## PUBLIC SAFETY

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

### Priorities

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

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

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

## SOCIAL SERVICES DELIVERY

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

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

### Priorities

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





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

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

## SUSTAINABILITY

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

### Priorities

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

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

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

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

## TECHNOLOGY

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

### Priorities

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

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

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

**4. Create a shared common infrastructure.** Consolidating technological infrastructure around common Information Technology components allows improved investments on behalf of the entire city. Strategic use of technology will result in tangible cost savings and results in the efficient and effective allocation of resources.

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







# Strategic Plan 2015-16 Major Accomplishments

## ECONOMIC DEVELOPMENT AND EDUCATION

- College Football Playoff:** Downtown Phoenix hosted the College Football Playoff National Championship (CFP) in January 2016, attracting hundreds of thousands of people and providing a major economic impact. The Arizona Organizing Committee estimates that CFP events drew 100,000 people downtown – including the family-friendly Playoff Fan Central inside the Phoenix Convention Center, the AT&T Playoff Playlist Live, music festival and other football-related events. An additional 100,000 people attended other events in the downtown area the same weekend. Arizona State University W.P. Carey School of Business estimates that CFP-related activity generated \$273.6 million overall – \$85 million more than the previous highest amount for an Arizona BCS National Championship. The experience is aiding multi-agency preparations for next spring’s NCAA Basketball Final Four events taking place at the Convention Center and throughout downtown.
- ReEngage Phoenix:** The Library Department’s ReEngage Phoenix program connects adults and youth who have not completed high school to educational opportunities: 1,865 people have been connected with GED preparation programs and alternative high schools this year. ReEngage Phoenix also provides adults 21 and older with the opportunity to earn an accredited high school diploma and a career certificate through Career Online High School: 79 students are now enrolled and 13 have graduated.
- Sky Harbor International Airport Record-Setting Months:** Sky Harbor set an all-time annual passenger record in calendar year 2015: over 44 million people traveled through the airport. This represents a 4.5% increase over 2014 passenger numbers. The previous record for annual passengers occurred in 2007, when the airport served nearly 42.2 million passengers. In March 2016,

over 4.3 million passengers traveled through Sky Harbor in the airport setting a record for the highest passenger traffic in a single month.

- Assistance for Entrepreneurs:** A collaboration between the Library, Community and Economic Development Department, Arizona State University, and “the hive” has served more than 12,500 visitors, with more than 1,800 individuals attending one of the 465 business-related programs or mentoring sessions. Staff worked with local business groups such as SCORE and local business leaders to provide programming for aspiring business owners. Ninety-three individuals have started their own business as a result of the hive’s Business Roadmap programming.

## FINANCIAL EXCELLENCE

- Expenditure Limitation Process:** In August 2015, voters approved by a margin of 69.99% the City’s request to retain home rule for the four fiscal years beginning with 2016-17. This election followed months of staff analysis and several public meetings of our citizens’ group, the Expenditure Limit Task Force. This was the ninth alternative expenditure limit presented to voters.
- Airport Bond Rating:** Both Moody’s and Standard & Poor’s affirmed their “AA” ratings on the airport’s senior lien and “A” ratings on the junior lien. Among other positive attributes, the report noted the airport’s low cost structure, consistent enplanement growth, and strong debt service coverage and liquidity.
- Water and Wastewater Utility Financial Stability:** The Water Services Department developed a two year water and sewer rate adjustment that supports the rehabilitation and replacement of aging infrastructure in the water and wastewater utilities. Phoenix operates one of the largest water and sewer utilities in the country, maintaining 7,000 miles of water pipelines, 5,000

miles of sewer lines, eight treatment plants, and dozens of pump stations, wells, and reservoirs. Through several months of public outreach, the City was able to educate the public and successfully secure rate adjustments through 2017 that ensure the continued financial viability of the water and wastewater utilities.

## INFRASTRUCTURE

- Sonoran Desert Drive: Bridge between Interstate 17 (I-17) and North Valley Parkway:** The segment of Sonoran Desert Drive that connects Interstate 17 (I-17) Freeway and North Valley Parkway in north Phoenix, opened for traffic on February 27, 2016. With the new stretch of roadway now open, the traveling public will have direct access to the I-17 and the Loop 303. The new roadway includes six travel lanes, landscaped medians, bike lanes, and a dry crossing bridge over Skunk Creek Wash for vehicular and pedestrian traffic.
- Northwest Light Rail Extension:** The Northwest Light Rail Extension opened in March 2016. Construction on the 3.2-mile extension began in January 2013 with three stations located at Glendale, Northern and Dunlap avenues. A park-and-ride facility is located on the southwest corner of 19th and Dunlap Avenue. Light rail will extend north on 19th Avenue from Montebello to Dunlap Avenue and serve 5,000 riders per day.
- Desert Sky Transit Center:** In December 2015, the new Desert Sky Transit Center, located at the southeast corner of Thomas Road and 79th Avenue, opened. The new transit center serves the Maryvale area and hosts six bus routes serving Phoenix and the valley.
- Colorado River Storage, Recovery and Exchange:** The intergovernmental agreements (IGAs) with the City of Tucson (Tucson) and the Metropolitan Domestic Water Improvement District (Metro Water) for the storage, recovery and exchange of Colorado River water





continues to receive accolades from the water community as a model of creativity and innovation to improve access to water using existing storage, recovery, and transmission infrastructure. In 2015, the City of Phoenix and partners won a Valley Forward Cordelia Governor's Award for The Arizona Colorado River Shortage and Drought Preparedness. Phoenix has stored over 5,000 acre-feet of its unused Colorado River water in Tucson-area aquifers and anticipates a significant increase in the volume of water it will store in the coming years in preparation for shortage. In the future, Tucson and Metro Water will recover the stored water and use it in exchange for ordering an equivalent amount of their Colorado River water for delivery to Phoenix's water treatment plants.

## INNOVATION AND EFFICIENCY

1. **Innovative and Efficient Organizational Culture:** By stimulating new ideas, spurring a more innovative and efficient organizational culture, and seeking ways to achieve savings while maintaining or enhancing services, the Innovation & Efficiency Task Force has reached \$112 million in total savings. The City has implemented innovation and efficiency savings of \$56.3 million for the General Fund and \$56.1 million for non-General funds. The Task Force was established in December 2009 with the charge to develop and implement innovative solutions that would result in the most effective delivery of services at the most efficient cost. The changes have reduced costs substantially while maintaining or enhancing the City's delivery of services.
2. **LED Energy Projects:** The Public Works Department replaced nearly 2,500 interior and exterior lighting fixtures and lamps with LED fixtures and lamps at 43 City locations. These conversions will result in 690,000 kWh in annual energy savings, or savings of approximately \$75,000 in utility costs per year. In addition, each energy efficiency project qualified for APS and SRP rebate incentives and significantly reduced the amount of future maintenance required.

3. **Automatic Vehicle Location:** The Public Works Department implemented a new vendor for Automatic Vehicle Location (AVL) technology. With the new vendor and updated hardware/software, the Department was able to realize efficiencies in business processes and obtain more accurate data for customer service. Enhanced business processes include paperless tracking for collection drivers, proactive vehicle maintenance, improved customer service interaction and more specialized analysis for trending. The new system has been installed on 421 solid waste refuse units.
4. **Interactive Digital Projection Installation:** Union Digital, an Arizona media and production company, collaborated with Arizona artists Hector Primero and Dustin Farrell to create a unique, temporary interactive digital projection installation. It combined art and advanced digital projection technologies to transform the Central Avenue storefront of the historic A. E. England Building, at Civic Space Park, into a video screen of flowing images. Part of the Mayor's series of Innovation Games, the two-night event filled the downtown sidewalks around the building and Civic Space Park with people, and sparked new thinking about the role temporary installations of digital media can play in activating public spaces.

## NEIGHBORHOODS AND LIVABILITY

1. **PlanPHX (General Plan Update):** In 2016, city planners began working with the City's village planning committees on the development of annual reports, character plans and the identification of centers in the villages in the northern part of Phoenix. This effort allows the various committees to tailor the larger general plan goals and implementation efforts to areas of importance to them. It will be replicated in other areas of the City as well. In addition, several text amendments to the Zoning Ordinance will move through the public hearing process that directly addresses the goals of the General Plan. These text amendments include changes related to vacant lot activation within the light rail corridor and regulations regarding farmers markets.

2. **Reinvent PHX:** In 2016, city planners began the process of rezoning properties within the Eastlake Garfield neighborhood to the Walkable Urban Code. The rezoning request and corresponding General Plan Amendment (GPA) are scheduled to be heard by the Phoenix City Council in July. This effort will be replicated in other Reinvent Transit District areas. Planners were also successful in developing and getting a GPA adopted to the Transit Oriented Development Strategic Policy Framework. The GPA assigned Center Place Types to all of the proposed light rail station areas for the South Central Avenue Corridor and a Place-type for a new station at 50th Street along the existing light rail line.
3. **Pueblo Grande Museum Entrance and Streetscape:** Artist Brad Goldberg and the Arizona landscape architecture teams of SmithGroup/JJR and Floor Associates partnered with the Pueblo Grande Museum, City departments and the community to design a new entrance and streetscape that significantly improves visitor connectivity between the Museum – the only National Historic Landmark in the City of Phoenix – and the Valley Metro Light Rail and PHX Sky Train station at 44th Street and Washington.
4. **New Trailhead Signage:** In April 2016, new trailhead signage was installed at the three most difficult rated and popular trails, Piastewa, Echo Canyon and Cholla as part of heat awareness outreach efforts. The high visibility signs are prominently placed at the trailheads and inform visitors of safe hiking guidelines and the dangers of hiking in the heat as part of the "Take a Hike; Do it Right" campaign to reduce mountain rescues in the mountain parks and preserves.

## PHOENIX TEAM

1. **Forbes Ranks City of Phoenix a Great Place to Work:** The City of Phoenix was one of only three cities listed in Forbes magazine's rankings of "America's Best Employers" with a minimum of 5,000 employees. Phoenix placed No. 217 overall for the 500 private and public organizations listed. Forbes surveyed





30,000 American employees, contacting them without the involvement of their employers. Employees were asked to rate whether they would recommend their employer to someone else.

2. **Women in Leadership Program:** In March 2016, staff introduced the City's first Women in Leadership program. This new learning solution is offered on a quarterly basis as part of the City's on-going development for working women. Over 150 women from several departments were in attendance at the two-hour workshop. An external guest speaker kicked off the meeting followed by small group discussions focusing on key skills, mentoring ideas and the challenges facing working women.
3. **Good Works Matters:** The City Manager created "Good Work Matters", a bi-weekly email to employees that highlight the excellent work performed everyday by city of Phoenix employees.

## PUBLIC SAFETY

1. **Phoenix Police Department Sworn Hiring Efforts:** The hiring of sworn personnel has been a top priority for the Phoenix Police Department in Fiscal Year 2015-16. The department's recruitment efforts are guided by a comprehensive plan that strives to ensure recruit candidates are qualified, capable, and diverse so the organization can continue to maintain the high service standards residents expect while also being reflective of the community served. To date this fiscal year, the Police Department has hired 244 sworn positions. Of those, 113 have completed their training and are serving on patrol squads within our city, 97 recruits are working to complete their training, and 11 others are scheduled to begin the 20-week training academy later this month. Approximately 52 percent of the sworn positions hired during this fiscal year occurred between the months of November 2015 and May 2016. Overall, demographics of the new hires have been more diverse than the demographics of the Police Department's existing sworn personnel.

2. **Phoenix Fire Department Recruitment Efforts:** The Fire Department continues to develop relationships with mentorship and affinity groups to assist with identifying potential firefighter recruits within the community. To date in Fiscal Year 2015-16, 81 firefighter recruits have successfully graduated. An additional 25 recruits are scheduled to graduate in June 2016; bringing the total for Fiscal Year 2015-16 graduates to 106.
3. **Governor's Office of Highway Safety Grants:** The Phoenix Fire Department accepted \$122,706 in grant funds from the Arizona Governor's Office of Highway Safety. The purpose of the grant is to educate children and adults about the importance of seat belt usage, child safety seats, traffic safety awareness, bicycle safety, and the dangers of impaired and distracted driving.
4. **Distributed Antenna System:** Through a public-private partnership, the Phoenix Convention Center (PCC) recently completed installation of a Public Safety Distributed Antenna System (DAS) in the West, North and South Buildings. Required by the National Fire Protection Association code, the DAS ensures that emergency responders can maintain wireless communications within the PCC buildings during emergency situations. The new Public Safety DAS allows emergency responders to utilize exclusive frequencies that cannot be interrupted by civilian wireless traffic. This technological advancement provides greater security and protection for all PCC guests and visitors.

## SOCIAL SERVICE DELIVERY

1. **Earned Income Tax Credit Campaign:** As of May 2016, the City of Phoenix hosted 18 VITA sites, preparing 4,649 tax returns, generating more than \$6.6 million in federal refunds. The Myfreetaxes self-assisted tax preparation software, assisted 1,048 households, generating an estimated \$1.9 million in federal refunds.

2. **Domestic Violence Campaign:** In the month of February, for Teen Dating Violence Awareness month, Human Services Department staff coordinated seven school resource fairs, serving more than 20,000 students and a community college resource fair, serving more than 14,000 students. Twenty-five "In Their Shoes" workshops were held at five different campuses for 760 students. Staff hosted two youth town halls with a total of over 200 students/parents in attendance.
3. **On-Site Early Education Facility:** The Housing Department partnered with Southwest Human Development, a local nonprofit that facilitates early-childhood development, to provide Nina's Family Child Care Center at the department's Park Lee apartment community. This center is located in a building that previously functioned as a police substation that was no longer needed, exemplifying the turnaround of Park Lee Apartments from a crime ridden, blighted complex to the neighborhood gem it is today. The child care center opened in April 2016 and currently serves 14 young children from the Park Lee Community.

## SUSTAINABILITY

1. **2050 Sustainability Goals:** On April 12, 2016, City Council adopted the 2050 Sustainability Goals developed by staff in conjunction with key stakeholders and the community to bring long-term environmental sustainability goals to the City. More than 8,000 comments were received from stakeholders and the community on issues such as zero waste, clean and reliable 100-year supply of water, transit and parks within a five-minute walk in every neighborhood, up to 15 vibrant urban centers, an 80% reduction in transportation emissions, clean air and an urban food system in which fresh and healthy food is accessible citywide. These best-practice environmental goals will be integrated into the next version of the general plan.





2. **Hoover Dam:** The Water Services Department applied for an allocation of hydroelectric power generated at Hoover Dam (Hoover Power) from the U.S. Federal Government, which operates the dam. The City received an allocation of 3,000 kilowatts (kW), or the equivalent of 6.5 million kilowatt-hours (kWh) for a term of 50 years. The power will be wheeled through APS, and Phoenix will receive a bill credit on specific water treatment facility accounts. The availability of Hoover Power will reduce energy costs to the City at its water facilities by at least \$3.3 million over the 50 year term, and is a significant step towards meeting the City's overall goal to increase the use of renewable energy.

3. **Solid Waste Diversion – Mattress Project:** As part of an effort to reduce the amount of trash sent to the City's landfill by 40 percent by the year 2020, the Public Works Department entered into an agreement with Goodwill of Central Arizona (GCA) to divert mattresses from the City's transfer stations. GCA transports the mattresses to their facility to be deconstructed into base components, such as steel, wool, foam, and fabric. These materials are sold to recyclers to be remanufactured into new products. Annually, the City receives an estimated 56,000 mattresses or approximately 1,680 tons of solid waste. In the three months since the project began, the City has diverted 2,086 mattresses from the landfill.

4. **Tree City USA 30-year Award:** In April 2016, the Arbor Day Foundation designated Phoenix as Tree City USA for the 30th straight year. The award is for communities that meet four core standards: maintain a tree board or department, have a tree ordinance, spend at least \$2 per capita on urban forestry and celebrate Arbor Day.

## TECHNOLOGY

1. **Unified Print Project:** Information Technology Services initiated the Unified Print project, which involved procuring a vendor to replace copiers citywide with new, more efficient and cost-effective multi-function devices. Total savings for eight months under the new contract have already equaled over

\$850,000. The second phase of the project, the reduction and replacement of printers citywide, has begun. This project has already resulted in 340 printers being eliminated and 676 unused toner cartridges, with an estimated value of \$86,000, being consolidated. Savings are expected to continue, resulting from reduced costs for printer support and accessories.

2. **Information Technology Shared Services:** Information Technology Services (ITS) worked with city departments on implementation of a Shared Services model of support for technology citywide. This change allowed staff to eliminate redundant work tasks, consolidate Help Desk functions, and offer cross-training opportunities for employees. To date, 10 departments have transitioned technology staff into ITS as part of the process (Aviation, Public Transit, Water Services, Police, Law, Public Works, Retirement, Human Resources, Housing, and the Phoenix Convention Center). Shared Services has also further reduced costs by consolidating equipment into the ITS-managed data centers, and consolidating infrastructure such as servers, storage, and databases.

3. **Open Data Initiative:** In 2014, the City launched an Open Data Portal for entrepreneurs and residents to utilize the City's data to support their businesses and initiatives. In 2015, the City added GIS mapping information to the portal, allowing users to work with the city's GIS data much more easily. The portal was used by the Public Works Department for their hack-a-thon in support of their trash diversion goals. In February 2016, the site was rebranded; and an awareness campaign was launched to better publicize the data available. The site now includes data such as aviation flight details, bus schedules, city expenditures, water consumption and treatment statistics, sales tax and new business license data, and crime statistics.





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# Our Commitment To Excellence

Phoenix continues the pursuit of excellence throughout the organization. Delivering quality, efficient, and cost-effective services to Phoenix residents is the cornerstone of the organization's commitment to public service.

One of our most important achievements is the efficiency improvements achieved through the guidance of the City Innovation and Efficiency Task Force. The Innovation and Efficiency Task Force was developed in December 2009 to implement innovative processes that would result in more efficient delivery of services to the community, while at the same time, maximizing the use of limited taxpayer dollars. The task force is made up of private-sector members and City management; and was charged with examining alternative service delivery methods, identifying organizational structure efficiencies, evaluating right sourcing opportunities, implementing process improvements, and ensuring the city's continued focus on customer service. To accomplish its goals, the task force established work groups to collaborate with every city department to identify specific improvements and cost-saving initiatives. More than 1,100 ideas have been proposed by employees through a website suggestion program.

By fiscal year 2016-17, the City will have achieved more than \$112 million in savings, exceeding the goal of achieving \$100 million in efficiency savings by the end of 2015. Highlights of savings include:

- Implementing electronic payment processes which generated a savings of \$250,000 by reducing postage costs and the number of printed checks.
- Increased revenues by \$987,000 through a partnership with Service Line Warranties of America, which offers Phoenix homeowners a water utility line

warranty and provides the City of Phoenix a percentage of sales revenue.

- Renegotiation of compressed natural gas contract by the Public Transit Department generated a \$1,200,000 savings.
- The National Center for State Courts conducted an innovation and efficiency study of the justice system and as a result organizational changes were made that resulted in \$595,000 of savings.
- ProBuyers, a print management company, was employed to conduct an analysis on the city's use of copiers, multifunctional devices, and printers. As a result of the analysis, a managed print services program was implemented and is ongoing. Optimizing printers and copy machines generated \$850,000 in savings.
- The City's recent changes in bus services resulted in an estimated savings of \$1.4 million. The savings were due to several adjustments and efficiencies in the system-wide route scheduling.
- A Tax Simplification Billing Statement process was established creating a central on-line single point of contact portal where taxpayers may file a single return for state, county, and city taxes. This change generated \$92,000 in savings.
- The replacement of incandescent light bulbs used in street lights with LED bulbs will generate \$343,000 in electrical and maintenance savings.
- During the 2016-17 budget process staff identified General Fund non-service related reductions from changes in business processes and implementing technology enhancements resulting in savings of \$1.4 million.

The city of Phoenix is committed to helping residents understand how their tax dollars are being spent and making all our processes accessible and easy to understand. As part of efforts to advance transparency and further engage citizens in helping shape the City's budget, the City provides one of the most open and accessible budget input and adoption processes in the country. The Zero-Based Inventory of Programs budget document, implemented in 2012 in response to the Mayor and City Council's request for a more transparent, relevant, and detailed presentation of the City's budget, provides important context for evaluating the costs of city programs. The document is online, searchable, and has links to allow for easy navigation. The Inventory of Programs document answers many questions for residents, including the following:

- Does City spending reflect my priorities?
- How much of the costs to provide city services come from staff, contractual services or supplies?
- Have the costs of staffing levels to provide services been changing and by how much?
- How much of staffing costs is related to wages and benefits?
- What programs and services are provided by the City?
- How much do these programs cost?
- How many City staff are involved in delivering these programs?
- What sources of funding are used to pay for these programs?
- What services are provided by these programs and how are they being measured?





In February, staff provided the preliminary budget status for the 2016-17 budget, and a Five-Year General Fund Forecast. Also in February, staff presented an updated Public Safety Funds Forecast to City Council. These presentations provided a strategic and long-term view of the city budget and provided necessary context and considerations for well-informed budget discussions and decisions.

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

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

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

**Valley Forward Crescordia Award –**

**Arizona Forward:** The city of Phoenix won two first-place Crescordias at the 35th annual Arizona Forward Environmental Excellence Awards. The following City projects each received a Crescordia, a Greek term that means "to grow in harmony":

- Team Arizona Colorado River Shortage and Drought Preparedness plan was awarded the Governor's Award for Arizona's Future. The partnership between the City of Phoenix Water Services Department, Central Arizona Project, and the Arizona Department of Water Resources ensures strategic alliances and innovative water management strategies to maintain an adequate, safe and sustainable water supply.

- Phoenix Sky Harbor Airport Terminal 3, Sky Train Station Platform and Bridge (Office of Arts and Culture) received a Crescordia award for Art in Public Places. This spectacular project will enhance the traveling experience for visitors and residents alike for years to come.

**Arizona Forward, Award of Merit:** The city of Phoenix received seven awards of merit. Arizona Forward spotlights distinguished projects throughout the state that demonstrate a high level of environmental commitment and contribute to the state's overall sustainability.

- The Pinnacle Peak Water Reservoir Public Art Project received an award of merit. The reservoir walls has shadowed patterns of desert plants and trees that seem to fall across the wall. The artists were inspired by the surrounding desert landscape.
- The Shade for Transit Series received an award of merit for merging community needs and history to create a series of elegant public art shade structures at various Parks-and-Ride facilities.
- The ReinventPHX plan received an award of merit in the "Healthy Communities" category. ReinventPHX is a collaborative partnership between the City of Phoenix, U.S. Department of Housing and Urban Development, Arizona State University, St. Luke's Health Initiatives and numerous other organizations committed to developing walkable, opportunity-rich communities connected to light rail. The partnership plans will establish a community-based vision for the future and identify investment strategies to improve the quality of life for all residents.
- The GRID Bike Share program provides visitors, residents, and commuters a network of bicycles throughout the city of Phoenix using the most up-to-date bike sharing technology available. Users can make reservations and pay on-line or using a mobile application then ride to their destination and lock the bike to any hub or public bike rack.

- Echo Canyon Trailhead improvements were recognized for rerouting the first ¼-mile of the summit trail to improve footing and eliminate erosion-prone areas to improve hiker safety and increase long-term sustainability for the mountain.
- The Phoenix Tennis Center included the installation of 25 new state-of-the-art post tension courts that were built using material from the old courts that was ground up and reutilized as subgrade for the new courts.
- The 7th Avenue at Melrose Curve was recognized for environmental education and communication. Artwork about recycling, sustainability and the environment, featuring 34 artists and 18 poets, are displayed on three double-sided, back-lighted canopied shelters. The artwork will broaden city outreach about sustainable resource management practices.

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

**1. Accelerate renewable energy**

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

- Pursue utility scale solar development through emerging technology on the SR 85 Landfill property.





- Implement small or distributed scale solar projects on City-owned buildings and property.
- Proceed with gas-to-energy projects at landfills and treatment plants.
- Develop effective public-private partnerships to secure timely power purchase and solar service agreements.

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

Strategies:

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

**3. Enhance sustainable land use and mobility practices:** The success in sustainable land use and mobility lies in adopting policies that encourage the use of green infrastructure and buildings, Brownfield redevelopment, creating

connectivity within road networks and ensuring connectivity between pedestrian, bike, transit and road facilities.

Strategies:

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

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

Strategies:

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

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

- A team of individuals in the Public Works Department and Street Transportation Department worked together to purchase the gold standard in sustainable carpeting for many of the city's downtown facilities. The product is verified as climate neutral for its raw material and manufacturing emissions, is Green Label Plus certified for low-



The Terminal 3 Modernization Program will enhance the customer experience for travelers by providing a more efficient way to get through the terminal. The program is planned as three distinct components to maximize flexibility and minimize impact to travelers.  
 Component 1 - The Terminal Processor will improve the way passengers travel through America's Friendliest Airport® with a consolidated security checkpoint and new, efficient airline ticket counters. To be completed Fall 2016.  
 Component 2 - A new South Concourse with 15 gates as well as new customer amenities.  
 Component 3 - Enhancements to the North Concourse including new food and beverage outlets and other amenities.  
 For more information, please visit [skyharbor.com/terminalmodernization](http://skyharbor.com/terminalmodernization)





emissions after installation, ensuring good indoor air quality, is made of 100% recycled nylon yarn and 68% overall total recycled content, uses glue-free tile (modular) installation, and is completely recyclable at the end of its life.

- In 2015 the Phoenix City Council approved the development of the Resource Innovation Campus (RIC) to be located at 27th Avenue and Lower Buckeye Road next to the city-owned transfer station. The RIC is dedicated to the creation and growth of a circular economy that will fulfill the city's goal of diverting from the landfill 40 percent of trash generated in Phoenix. The RIC will help Phoenix reap the economic development benefits of attracting manufacturing processes and conversion technologies that transform trash into resources. The RIC will have five main components:

1. The 27th Avenue Transfer Station - as it attracts new innovators with manufacturing processes and conversion technologies that use trash as resources, the transfer station will divert more volume away from the landfill and into the city's circular economy.
2. Materials recovery facility (MRF) - as innovators identify new ways to transform trash into resources, the role of the MRF could expand to allow Phoenix residents to recycle additional items in their blue recycling containers.
3. Composting facility - the city is in the final stages of completion of the composting facility that is expected to divert some of the 400 million pounds of compostable materials currently sent to the landfill each year. The facility is scheduled to be operational in late Fall of 2016.

4. Land leases - approximately 40 acres of property at and around the RIC will be used to develop a resource cluster focusing on a circular economy and by-product synergies. Land leases will be made available for innovators and manufacturers with market-ready technologies and manufacturing processes that use trash to create new products. A competitive process will determine how the land will be developed.
5. RISN Headquarters and Technology Solutions incubator – the RIC will house a business incubator for start-up/emerging technologies and manufacturing processes. Conceptually, the business incubator will provide office, workshop, support services, technical assistance and possible funding resources to innovators.

- The city of Phoenix played party host once again for the College Football Playoffs in January 2016. And as a responsible party host, Phoenix put an emphasis on the importance of reducing, recycling and composting during the events and activities at Playoff Fan Central in downtown Phoenix. The Phoenix Public Works Department, in partnership with the Arizona Organizing Committee, set a goal to reach a 75 percent waste diversion rate during the three-day event at Playoff Fan Central. To achieve this, Public Works provided three types of receptacles for attendees to use as they sort their waste--recycling, composting and trash receptacles—all properly labeled with simple icons indicating where different waste materials should be placed. Typically, at large sporting events, only recycling and trash bins are provided, resulting in large amounts of food waste sent to the landfill. The overall diversion rate achieved was 82 percent.



The 44 Monroe building is just one of many signature structures in the downtown Phoenix area. The city was recently included in the Ellen MacArthur Circular Economy 100 group which thrives on promoting ways to repurpose trash into new resources and advocating a circular economy on a global stage.





- In support of the Reimagine Phoenix initiative's goal to divert 40 percent of our trash from the landfill by the year 2020, the city began a pilot compost program that includes mulch, food scraps (special events, grocery and produce) and large animal manure from residential collections. The Phoenix Public Works Department has teamed up with the Phoenix Parks and Recreation Department and the Walton Sustainable Solutions Initiatives at Arizona State University to study the environmental and economic benefits of using compost from the pilot composting program at city parks as an alternative to the current non-organic turf management processes. The goal of this study is to produce healthy soils in our city parks and improve the look and feel of the turf. This two-year study will apply compost to select study areas at a variety of city parks and analyze the impact on turf quality, soil health, visual appearance, turf durability and water usage. Each park included in the study will contain at least one 1- to 2-acre study area and, where appropriate, a control zone where traditional turf management practices are used. The

compost will be applied in the study areas of the parks twice a year (Fall and Spring). Phoenix parks participating in the study include:

- Cesar Chavez Park, 7858 S. 35th Avenue.
- Hance Park, 67 W. Culver Street.
- Smith Park, 4030 W. Sherman Road.
- Tramonto Park, 35425 N. 32nd Drive.
- Encanto Park, 2605 N. 15th Avenue.
- Calvin Goode Plaza, Jefferson Street and Third Avenue
- Cesar Chavez Plaza, Jefferson Street and Third Avenue.
- City Hall Employee Memorial Plaza, Washington Street and Third Avenue.

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

- July 26, 2015 marked 25 years since the implementation of the Americans with Disabilities Act (ADA) and the city of Phoenix was recognized at the ADA Gala's 25th Anniversary Awards ceremony. The city received the "Trailblazer Award" for its outstanding contribution to Arizonans who have disabilities. Some of those contributions include:

**New Accessibility Icon:** Phoenix is the first city in Arizona to approve the new, more progressive International Symbol of Accessibility Icon symbolizing dynamic mobility and movement.

**Phoenix Mayor's Commission on Disability Issues:** Comprised of 17 diverse volunteers appointed by the Mayor and City Council, the Commission advocates for disabled persons by identifying issues, and providing guidance for public and private businesses in Phoenix.

**Citywide ADA Coordinator:** In 2013, Phoenix hired its first citywide ADA Coordinator, Peter Fischer, making disability awareness a priority.

**Sports & Fitness Center for Persons with Disabilities:** City contribution of \$5.5 million to build the only universally accessible sports, recreation and fitness center offering competitive, recreational and therapeutic programs for the disabled community. Located at 5031 E. Washington St.; constructed in 2011.

**Lowered Height of Light Rail Fare Boxes:** Over the next three years, the height of 62 fare vending machines will be lowered. The measure was recently prompted by Phoenix Councilmember Kate Gallego, after a local veteran in a mobility device asked for assistance in buying a transit pass.

**AZ Relay 7-1-1:** Approximately 70% of city staff are trained in how to use this system to communicate with deaf and hard of hearing individuals, as well as people with speech disabilities.



City employees opened up their hearts and wallets by contributing to the city of Phoenix Community Service Fund Drive (CSFD). In 2015, employees pledged \$699,505 with a total raised of \$768,169 going to Valley of the Sun United Way.





**Phoenix's Emergency Plan:** The city is in the process of updating its emergency plan to provide sheltering, evacuation, transportation, and communication resources for the disabled community in the event of an emergency.

**Parks & Recreation:** The department has implemented 25 ADA Projects since 2008, and 50 since 1999. For example, making trails more accessible for wheelchairs and conducting training for ranger staff on the use of service animals.

**The Judith Tunnell Accessible Trail, South Mountain Park:** This barrier-free trail boasts two half-mile loops comprised of stabilized decomposed granite for smoother passage while exploring one of the largest municipal parks in the country. The trail also features interpretive signage, including Braille, for the visually impaired as well as a Bluetooth technology program called SightCompass which electronically describes the trail and its surroundings. The signage improvement project was led by local student and Eagle Scout, Noah Cress.

**Accessible Pools:** Thirteen city pools are wheelchair accessible, including Telephone Pioneer which provides an ADA chair lift, wet ramp, stairs and transition wall.

- City of Phoenix employee Marchelle Franklin, was recognized by the Phoenix Suns Organization for her contributions and service to the community as part of their Black History Month celebrations. Marchelle is the Community Affairs Director for the Phoenix Police Department. She was one of nine honorees to receive this recognition, including former city councilman Calvin Goode.
- In the summer of 2015, officers from the Phoenix Police Department's Community Relations Bureau teamed with community action officers from the city's Mountain View Precinct, and hosted the first ever Phoenix Police

Youth Experience. Spearheaded by Officers Mary Roestenberg and Jennifer Eastman, 17 very attentive 7th and 8th graders enjoyed the weeklong camp that was designed to build trust and rapport between the students and the officers, and to educate the youngsters on the everyday workings of a police officer. Included in the program were demonstrations and information related to alcohol and DUI use (including the use of DUI vision goggles), gangs, fingerprinting, communications, dispatch, crime scenes, collecting evidence, dangerous drugs, police equipment demonstrations, ethics, character, integrity, firearm safety, internet safety, social media, and traffic safety. Tours were also given of Maricopa County Superior Court, along with information from Juvenile Court, the Phoenix Police Air Support unit and the Phoenix Police Museum. The program is offered every summer for children and is free of charge.

- The city of Phoenix received the National Planning Achievement Award from the American Planning Association. The city received the recognition for its "Greening of Lower Grand Avenue" plan that created a more sustainable and vibrant Phoenix. The plan was developed by a team led by PLAN\*et Communities, and was the result of a partnership between the Grand Avenue Merchants Association (GAMA), the city, and a wide range of civic and private entities. Funded through the EPA Greening America's Capitals program, the plan achieves sustainability goals through innovative design concepts of outdoor community rooms, hubs, links, and gateways, including Arizona's first green bike lanes. The plan has become a model for other Phoenix neighborhoods as well as other southwest cities. Since the plan's implementation, nine new businesses have opened, membership in the Grand Avenue Merchants Association has increased, and downtown street festivals have grown in popularity.

The City's Mission and Vision statements continue to serve as a common source of motivation for city of Phoenix employees to do all that they can to make Phoenix better.

**City of Phoenix Mission Statement**

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

**City of Phoenix Vision Statement**

We will make Phoenix a great place to live, work and visit by fostering a dynamic and sustainable environment with exceptional public services.

**City of Phoenix Values Statements**

We are committed to excellence through:

- 1. Exceptional Customer Service**  
We exist to provide responsive and consistent customer service to the community and to city employees. We exhibit empathy by listening to each other and to the public in our efforts to deliver services that improve people's lives.
- 2. Integrity and Transparency**  
We safeguard the public trust through honest business practices and open communication. Our credibility with the public depends on our strong ethical stewardship of all resources.
- 3. Respect for Diversity**  
We recognize and respect the differences that make us unique. We embrace diversity in everything we do to create a healthy and productive community and workplace.
- 4. Personal Empowerment**  
We trust our employees to always own the problem and solution in addressing business challenges. We value and invest in the growth and development of our employees.
- 5. Engaged Teamwork**  
We engage employees and the public in productive and respectful dialogue. Our success hinges on dynamic and interdependent partnerships. We achieve our highest performance by working together.





**6. Consistent Professionalism**

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

**7. Creativity and Innovation for Excellent Results**

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

Not only do city of Phoenix employees follow these guiding principles in their workplace, they show they care about the community they serve by contributing financially to the Valley of the Sun United Way through the city of Phoenix Community Service Fund Drive. This year, the City raised more than \$768,000 during the “Give Where You Live” campaign.

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

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

- In June, Water Services Department employees witnessed a stray dog drowning in a water plant's Non-Potable Water basin. Staff coaxed the dog to an area where a rescue could be attempted. The dog was fatigued and started to slip beneath the water. After an hour-long rescue effort involving poles and straps, crews lifted the dog from the water channel. After regaining some strength, the dog was brought to the Maricopa County West Animal Care Center to await adoption. A week after the dog was saved, some of the crew were featured on 3TV, CBS5, and CNN Headline News. In July, the rescued dog was adopted by a loving family.

- The final phase of the Wilson School District Rain Garden & Mural at the Wilson Elementary School was completed. Volunteers and city employees helped plant several plants and trees, along with completing several mini-murals in the garden and along Van Buren. Wilson Elementary School students have been very engaged in the design process for both the garden and mural. Students also helped with the construction and assist with long-term maintenance of the garden. This project was a cooperative effort between the City of Phoenix, District 8 Council Office and City of Phoenix Neighborhood Services Department, who manages the project. Grant support comes from FedEx, the National Fish and Wildlife Foundation, and Vitalyst Health Foundation AZ. Additional support provided by the Sonoran Institute,

United Painter Union and Allied Trades Union, Support Sky Harbor Coalition, Watershed Management Group, Artlink, Arizona State University, BehrPro (Behr-Kilz Paint), and the Wilson Elementary School District. Starting in 2012, an extensive public outreach effort was started to engage residents and stakeholders in the Reinvent PHX project in the Gateway District. Through this processes the Wilson School and the Sky Harbor Neighborhood were very active. In an effort to keep the neighborhood and school district engaged and build trust the concept of Greening Wilson School was developed. This project provides a passive open space and shade to the residents of the Sky Harbor Neighborhood and provides a space where students can learn about native plants and how to create a sustainable landscape.



*Congratulations to the city employees who received recognition at the 36th Annual city of Phoenix, City Manager's Employee Excellence Awards. This event highlights the outstanding accomplishments of city employees. More than 750 employees were nominated, and this year 11 individual employees and three teams received awards.*

*Pictured: Proposition 104/Transportation 2050 Team: Employees from Transit, Streets, Information Technology and Police created a plan to extend and implement the city's current Transit 2000 multi-modal transportation plan, gathering significant public input and getting Council approval. The new 35-year plan was adopted by voters in August 2015.*

*Team Members: Maria Hyatt, Raimundo Dovalina, Megan Neal, Jesus Sapien, Mark Melnychenko, Joseph Bowar, Marjorie Bresnahan, Christina Turner-Noteware, Matthew Heil, Nikki Hicks, Kenneth Kessler, Farshid Akhavan, Melissa Sweinhagen, Brian Jankowski, Erik Anderson, Rubben Lolly, Albert Santana, Monica Hernandez, Kini Knudson and Kelly Murray.*





- Phoenix Mayor Greg Stanton celebrated the sixth anniversary of College Depot, located on the second floor of Burton Barr Central Library at 1221 N. Central Avenue. Mayor Stanton also announced the launch of ReEngage Phoenix, a service to connect adults and youth who have not received their GED or high school diploma with educational opportunities. To support this new service, College Depot's space on the second floor of Central Library will be expanded. An additional 675 square feet will provide offices and meeting space to support the ReEngage Phoenix program. College Depot is a full-service college planning center that offers free one-on-one assistance, family consultation and workshops on all aspects of the college planning process, from financial aid to career exploration. The service is open to anyone seeking assistance with planning for college. Since its opening in 2009, College Depot has helped more than 14,000 people plan for college. An additional 21,000 students and their families have benefitted from College Depot outreach programs.
- Patricia George from the Law Department was recognized for good work with the Copper Sword Award from the Arizona Veterans Hall of Fame Society. The award recognizes Arizonans who have not served in the military, but have performed extraordinary work supporting communities, neighbors and veterans. Patricia has been instrumental in the development of the City of Phoenix Veterans Court, which focuses on ensuring that veterans entering the criminal justice system make contact with specific programs to address the root causes of the behavior that resulted in the veteran becoming a defendant in the criminal justice system.
- Congratulations to Paula Kucharz with the Aviation Department on being named the 2016 Airports Council International-North America (ACI-NA) Concessions Person of the Year! ACI-NA

commented that “Paula’s contribution to airport concessions over the last 15 years has been tremendous in improving the passenger experience.” In addition, Phoenix Sky Harbor International Airport, has been bestowed with an honor from Airport Revenue News (ARN). ARN, an established industry publication, honors airports and concessions each year in its Best Airport & Concessionaire Awards. ARN gives awards ranging from best concession design to best overall retailer. This year, Phoenix Sky Harbor, was awarded in a three-way tie, the “Airport with the Best Overall Concessions Program Award in the Large Airport category”. Sky Harbor will share this prestigious designation with San Francisco International Airport and Toronto Pearson International Airport.

#### **City of Phoenix Excellence Awards**

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

- A team of Aviation Department employees worked together to provide a calm, confidential and respectful deplaning for a teen and her deceased mother at Phoenix Sky Harbor International Airport. In January, a college student and her mother were returning home on a flight, after starting out on an adventure just days before on what was coined a “bucket list trip.” The mother was battling pancreatic cancer and this trip was her last request. Unfortunately, the mother took a turn for the worse and the trip was cut short. The young daughter wanted to get her mother home, so she booked the two of them on the next flight back to Phoenix. The mother’s condition was very poor and she was barely able to fly. Unfortunately, she passed on the plane sitting beside her young daughter. The young girl was frantic and as expected, heartbroken and in tears. Upon landing at the airport, Aviation Operations, Fire and

Police staff facilitated a very courteous deplaning process. In consideration and respect for the family, the Aviation team worked together to clear the gate, allowing the young girl and her mother’s body to be privately escorted to a confidential and secure area. The young girl’s grandmother had been waiting in the Airport Cell Phone lot to pick up the young girl and her mother. The Police contacted the grandmother, explained the unfortunate situation and safely escorted her to meet her granddaughter. The team worked quickly to go above and beyond in not only providing exceptional customer service but compassion.

- Five years ago, when a downturn in the economy forced the city to look at their budget, every program and service being funded was looked at and evaluated. The Information Clerk position, located at the information desk on the first floor of City Hall, was eliminated. In the interim, with the Information Desk not staffed, citizens and visitors came into the building and had to guess where to start their process. Kathleen Hofmann, Public Works Department, Secretary II, watched this go on for a while and then she devised an idea of creating a volunteer opportunity to staff the desk. Kathleen felt that the hospitality and welcoming standard needed to be restored. She went to work and started some communication with the City’s Volunteer Coordinator to see what they could do to re-establish that front desk opportunity. In the summer of 2015, Kathleen (along with doing her current duties) spent time on creating and organizing a volunteer program to re-open this Information Desk once again. She wrote a brief job description and a training manual on how this volunteer position could assist the building and its staff. Kathleen developed an orientation package, found gently used uniform vests not being used at a Senior Center and made some name tags. In October, Kathleen ignited the





startup of the “City Hall Connectors”. As citizens and guests enter the building, these City Hall Connectors greet and welcome them to the building. The City Hall Connectors assist with getting visitors to the right department and floor for them to conduct their business. This desk is staffed from 8am-2pm each day. Kathleen continues to recruit new faces into the program and she has developed a core group of 30 volunteers. Kathleen states that she is not yet close to her goal of 100 volunteers as she wishes to ensure this program goes indefinitely into the future. We congratulate Kathleen on her innovative idea, outstanding customer service skills, and going above and beyond with the successful launch of the City Hall Connectors.

- Jill Harrell, an Assistant Branch Manager and Youth Services Librarian, consistently demonstrates outstanding leadership, and continuously shares innovative, creative ideas with the department. Jill introduced the first public library Storytime for special needs children in Arizona at the Agave Branch Library. After a year of research, and visiting a library in another state on her own time, Jill incorporated her research into the Storytime program. She quietly taught herself and began introducing it to parents. Furthermore, she is also an acknowledged leader in STEM (science, technology, engineering and math) programming. Every week, Jill produces amazing STEM programs and consistently takes the time to share them with other staff. She has created dozens of turnkey programs with detailed instructions and supply lists available to all department employees. In addition, Jill created a lego-themed literacy night for a local school that included nine different literacy or STEM-based activities. Jill’s kindness to customers and generosity with colleagues defines her as a true leader.

- Robert Patterson, Park Ranger II, with the Parks and Recreation Department, has exceptional trade skills that he shares throughout the division. Welding is one of his primary talents. This year he has saved the city thousands of dollars using his welding talent alone. He designed and fabricated 40 custom steel posts that safely house the city’s new trail counters; The average welding shop charges at least \$80/hour for labor and materials. Rob has saved the city at least \$10,000 making the repairs himself. He has also used his welding skills repairing and fabricating security gates, allowing for a less expensive and more time responsive solution to problems encountered throughout the system. In addition to saving money and time, Rob’s commitment to the public was displayed again when he was recognized earlier in 2015 as he assisted a citizen that had suffered a stroke, and rendered aid until medical treatment arrived. He went one step further, by stopping at the hospital after his work shift to check on the citizen who told Rob, “You saved my life”.
- Detective Stuart Somershoe of the Family Investigations Bureau, Missing & Unidentified Persons Unit initiated the first Missing in Arizona Day event on October 24, 2015 at the ASU West Campus at 4701 West Thunderbird Road in Glendale, Arizona. This day-long event was a year in the making and involved cooperation between multiple agencies including the Phoenix Police Department, Maricopa County Sheriff’s Office, the Maricopa County Medical Examiner’s Office, the ASU School of Criminology, Phoenix Fire Department, and numerous others. The goals of the event were threefold: (1) To bring attention to missing person cases and lend support to suffering families (2) To improve and resolve current missing person cases by collecting important identifiers such as

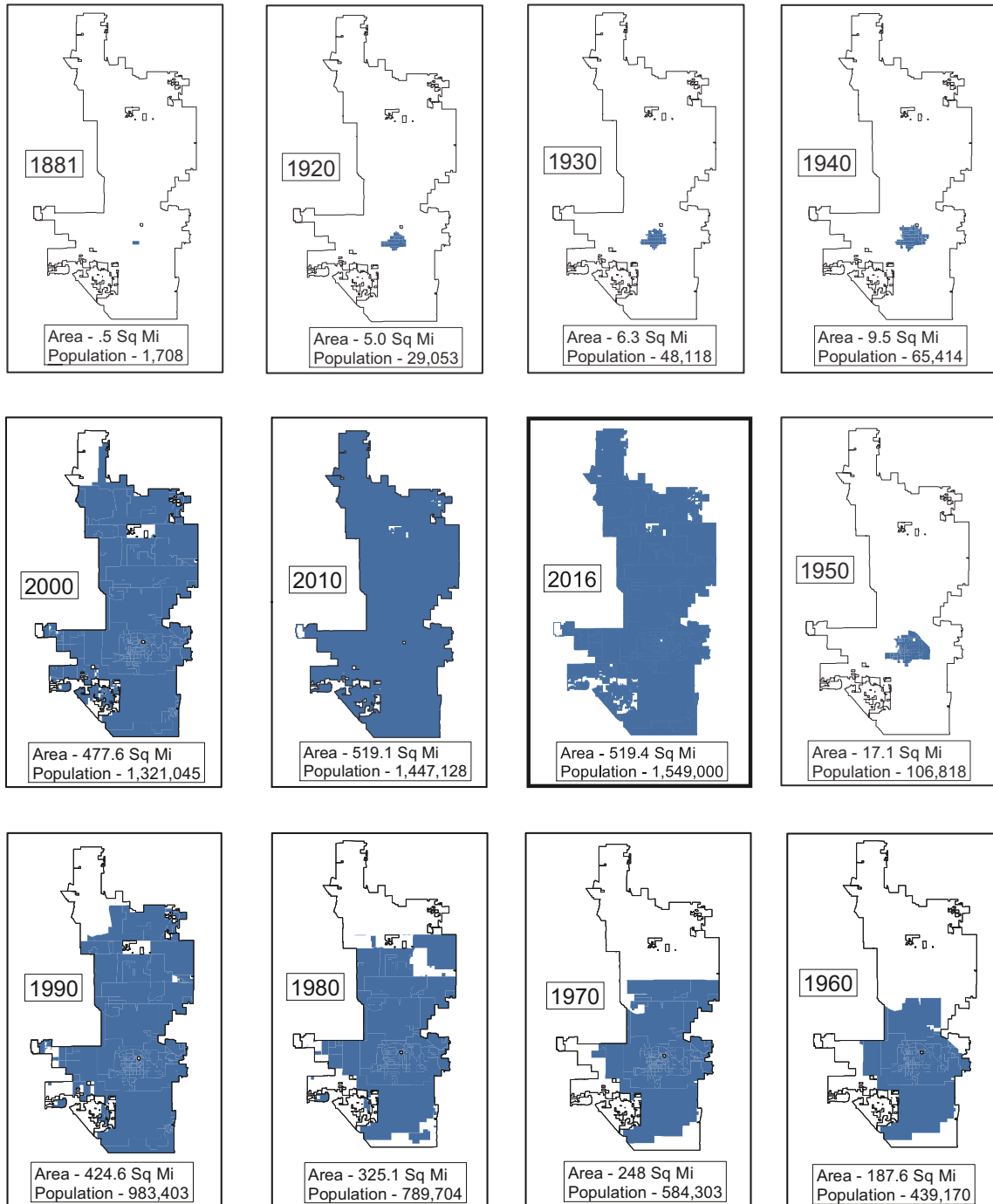
DNA, dental records, and photographs (3) To open new missing person cases for people who had difficulty filing a missing person report in the past. At the event, there were approximately 100 attendees and 32 cases were assumed. Of those, 10 were existing cases and important evidence on those cases was gathered. Over 40 DNA samples, photographs, dental, and medical records were collected. In addition, the event resulted in 22 new cases. The reoccurring theme among attendees was a sense of relief that their loved one’s case would be investigated. Many said they had tried for years to have law enforcement listen to them and take a report. Some families traveled as far away as Washington state and Mexico to report their family member as missing. An event of this size requires a great deal of hard work and sacrifice. The impact of the Missing in Arizona Day event has been profound and will likely lead to resolution for long-suffering families who have been waiting for answers.

As you can see, we work very hard to earn our reputation as a well-run city. We strive to be leaders in our professions. Each day the values of our organization – what we call our “Vision and Values” – 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 recent 2010 census recorded Phoenix population at 1,447,128. The city currently encompasses 519.4 square miles.

Today, Phoenix is the sixth most populous city in the United States, state capital of Arizona and center of the metropolitan area encompassed by Maricopa County. This metropolitan area also includes the cities of Mesa, Glendale, Tempe, Scottsdale, Chandler, Peoria,

Surprise, Goodyear, Avondale, El Mirage, Tolleson and the towns of Gilbert and Buckeye. It is situated 1,117 feet above sea level in the semi-arid Salt River Valley. The area is widely known for its mild, sunny winters and hot summers and receives an average rainfall of seven inches a year.

The Phoenix metropolitan area employment mix is well diversified and fairly similar to that of the United States as a whole. An exception is construction and financial employment, which comprise more of Phoenix's employment mix than the United States average, due to historical rapid population and employment growth. Additionally, the Phoenix area's manufacturing mix is much more concentrated in high technology than the United States. The high technology manufacturing sectors are cyclical in nature and may be more impacted during periods of economic slowing than other manufacturing sectors. The primary employment sectors and their share of total employment in the Phoenix metropolitan area consist of service industry (46%); trade (16%); government (12%); financial activities (9%); manufacturing (6%); and construction (5%). Major employers of the Phoenix metropolitan area include Banner Health Systems, state of Arizona, Wal-Mart Stores, Inc., Wells Fargo & Company, Fry's Food & Drug Stores, Inc., Maricopa County, Arizona State University, Intel Corp., City of Phoenix and Bank of America. The top

ten property taxpayers, based on secondary assessed valuation are: Arizona Public Service Company, Southwest Gas Corporation, CenturyLink Inc., AT&T Inc., Host Kierland LP, Metropolitan Life Insurance Company, Target Corporation, Hub Properties Trust, Cole of Phoenix AZ II LLC and Phoenix Plaza PT LLC. These taxpayers make up just over six percent of total assessed valuation.

### Demographics and Economic Statistics

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





|   | 1980-81  | 1990-91     | 2000-01     | 2010-11      | Actual<br>2014-15 | Estimated<br>2015-16 | Projected<br>2016-17 |
|---|----------|-------------|-------------|--------------|-------------------|----------------------|----------------------|
| <b>Demographic Profile</b>                              |          |             |             |              |                   |                      |                      |
| Population <sup>1</sup>                                 | 789,704  | 995,896     | 1,350,435   | 1,453,462    | 1,527,509         | 1,549,000            | 1,569,000            |
| Percent of Population by Age                            |          |             |             |              |                   |                      |                      |
| Under 5   | 7.8      | 8.5         | 8.5         | 8.3          |                   |                      |                      |
| 5-19  | 25.0     | 21.6        | 21.5        | 23.0         |                   |                      |                      |
| 20-44   | 39.3     | 42.9        | 42.8        | 37.2         |                   |                      |                      |
| 45-64   | 18.6     | 17.3        | 17.3        | 23.1         |                   |                      |                      |
| 65+   | 9.3      | 9.7         | 9.8         | 8.4          |                   |                      |                      |
| Percent of Population by Race <sup>1</sup>              |          |             |             |              |                   |                      |                      |
| Caucasian   | 78.1     | 71.9        | 55.8        | 65.9         |                   |                      |                      |
| Black/African American                                  | 4.7      | 4.9         | 4.8         | 6.5          |                   |                      |                      |
| American Indian/Alaska Native                           | 1.1      | 1.6         | 1.6         | 2.2          |                   |                      |                      |
| Asian   | 0.9      | 1.5         | 1.9         | 3.2          |                   |                      |                      |
| Native Hawaiian/<br>Other Pacific Islander <sup>2</sup> | N/A      | N/A         | 0.1         | .2           |                   |                      |                      |
| Other   | 15.2     | 20.1        | 35.8        | 22.0         |                   |                      |                      |
| Hispanic/Latino (of Any Race) <sup>3</sup>              | 14.8     | 20.0        | 34.1        | 40.8         |                   |                      |                      |
| Not Hispanic or Latino<br>(of Any Race) <sup>3</sup>    | 85.2     | 80.0        | 65.9        | 59.2         |                   |                      |                      |
| <b>City Economic Profile</b>                            |          |             |             |              |                   |                      |                      |
| Median Household Income <sup>4</sup>                    | \$29,706 | \$30,797    | \$40,856    | \$42,260     | \$47,929          | \$48,600             | \$48,600             |
| Personal Income Growth                                  |          |             |             |              |                   |                      |                      |
| (Metro Phoenix) <sup>5</sup>                            | 14.8%    | 4.6%        | 6.7%        | 3.0%         | 5.3%              | 5.5%                 | 5.9%                 |
| Secondary Net Assessed                                  |          |             |             |              |                   |                      |                      |
| Valuation ('000s) <sup>6</sup>                          | N/A      | \$5,700,825 | \$7,573,211 | \$16,092,308 | \$10,818,634      | \$12,783,575         | \$14,008,919         |
| Full Cash Value (Millions) <sup>7</sup>                 | N/A      | N/A         | N/A         | \$144.772    | \$106.487         | \$127.280            | \$140.141            |
| Employment Growth Rate <sup>8</sup>                     | N/A      | (3.0)%      | 3.7%        | (2.1)%       | 2.9%              | 3.2%                 | 3.2%                 |
| Unemployment Rate <sup>9</sup>                          | N/A      | 4.9%        | 2.7%        | 9.1%         | 5.6%              | 5.0%                 | 5.0%                 |
| Value of Residential <sup>10</sup>                      |          |             |             |              |                   |                      |                      |
| Construction (Billions)                                 | N/A      | \$0.42      | \$1.16      | \$0.28       | \$0.68            | \$0.45               | \$0.70               |
| Value of Commercial <sup>10</sup>                       |          |             |             |              |                   |                      |                      |
| Construction (Billions)                                 | N/A      | \$0.46      | \$1.33      | \$2.60       | \$2.34            | \$2.50               | \$3.40               |





|  | 1980-81   | 1990-91     | 2000-01     | 2010-11     | Actual<br>2014-15 | Estimated<br>2015-16 | Projected<br>2016-17 |
|--|-----------|-------------|-------------|-------------|-------------------|----------------------|----------------------|
| <b>City Financial Profile</b>                              |           |             |             |             |                   |                      |                      |
| Total Budget ('000s)                                       | \$392,780 | \$1,026,545 | \$1,946,013 | \$3,020,690 | \$2,984,801       | \$3,262,119          | \$3,956,983          |
| Total GF Budget ('000s) <sup>11</sup>                      | \$221,106 | \$591,021   | \$953,324   | \$954,795   | \$1,051,395       | \$1,068,370          | \$1,222,208          |
| Total Employees  | 9,435     | 11,388      | 14,352.0    | 15,002.8    | 14,397.6          | 14,433.6             | 14,354.0             |
| Total Employees per 1,000<br>population <sup>12</sup>      | 11.9      | 11.4        | 10.6        | 10.3        | 9.4               | 9.3                  | 9.1                  |
| Non-Enterprise Employees<br>per 1,000 population           | N/A       | N/A         | 8.6         | 8.0         | 7.4               | 7.3                  | 7.1                  |
| Enterprise Employees per<br>1,000 population <sup>13</sup> | N/A       | N/A         | 2.0         | 2.3         | 2.1               | 2.0                  | 2.0                  |
| Property Tax Rate  | 1.75      | 1.79        | 1.82        | 1.82        | 1.82              | 1.82                 | 2.17                 |
| G.O. Bond Rating<br>(Moody's/Standard and Poor's)          | Aa/AA     | Aa/AA+      | Aa1/AA+     | Aa1/AAA     | Aa1/AA+           | Aa1/AA+              | Aa1/AA+              |
| Number of PLT Licenses <sup>14</sup>                       | 37,943    | 43,756      | 51,000      | 56,460      | 57,637            | 58,000               | 58,000               |
| City Retail Sales Tax Rate <sup>15</sup>                   | 1%        | 1.2%        | 1.8%        | 2.0%        | 2.0%              | 2.3%                 | 2.3%                 |
| <b>Infrastructure Profile</b>                              |           |             |             |             |                   |                      |                      |
| <b>Area</b> (Square Miles)                                 | 329.1     | 427.1       | 483.5       | 519.1       | 519.4             | 519.4                | 519.4                |
| <b>Police</b>  |           |             |             |             |                   |                      |                      |
| Major Crimes   | 86,287    | 110,961     | 97,666      | 70,108      | 65,617            | 63,400               | 62,000               |
| Dispatched Calls for Service                               | 452,350   | 895,117     | 862,769     | 620,969     | 621,225           | 633,000              | 642,000              |
| Authorized Sworn Police Officers                           | 1,694     | 2,047       | 2,810       | 3,281       | 3,266             | 3,268                | 3,268                |
| <b>Fire</b>  |           |             |             |             |                   |                      |                      |
| Fire Stations  | 35        | 45          | 45          | 57          | 58                | 58                   | 58                   |
| Fires and All Other Calls                                  | 25,162    | 26,281      | 28,369      | 19,335      | 22,813            | 24,000               | 24,000               |
| Emergency Medical Calls                                    | 46,122    | 75,112      | 101,396     | 136,163     | 165,701           | 172,000              | 173,000              |
| Authorized Sworn Firefighters                              | 838       | 1,042       | 1,315       | 1,661       | 1,667             | 1,667                | 1,667                |
| <b>Building Inspections</b>                                |           |             |             |             |                   |                      |                      |
| Total Number of Inspections <sup>16</sup>                  | 196,356   | 176,909     | 261,184     | 131,600     | 167,474           | 197,000              | 214,000              |
| <b>Streets</b>   |           |             |             |             |                   |                      |                      |
| Total Miles  | 3,084     | 3,800       | 4,299       | 4,825       | 4,857             | 4,851                | 4,861                |
| Miles Resurfaced and Sealed                                | 216       | 250         | 220         | 127         | 132               | 196                  | 388                  |
| Total Miles of Bikeway <sup>17</sup>                       | N/A       | 250         | 472         | 615         | 682               | 674                  | 695                  |
| <b>Traffic Control and Lighting</b>                        |           |             |             |             |                   |                      |                      |
| Signalized Intersections                                   | 555       | 761         | 906         | 1,092       | 1,103             | 1,120                | 1,126                |
| Street Lights  | 39,097    | 50,825      | 70,750      | 89,826      | 90,359            | 90,632               | 91,015               |
| Traffic Accidents <sup>18</sup>                            | 28,129    | 28,414      | 36,500      | 22,742      | 26,558            | 28,400               | 30,700               |
| <b>Aviation</b>  |           |             |             |             |                   |                      |                      |
| Passengers Arriving and Departing                          | 6,500,000 | 22,175,000  | 35,900,000  | 40,500,000  | 43,009,000        | 43,600,000           | 44,200,000           |
| <b>Solid Waste Collection</b>                              |           |             |             |             |                   |                      |                      |
| Residences Served  | 281,900   | 281,392     | 327,953     | 392,825     | 402,012           | 405,000              | 408,000              |
| Tons Disposed at City Landfills <sup>19</sup>              | 379,000   | 513,643     | 1,051,935   | 1,002,346   | 883,120           | 840,000              | 840,000              |





|   | 1980-81   | 1990-91   | 2000-01   | 2010-11    | Actual<br>2014-15 | Estimated<br>2015-16 | Projected<br>2016-17 |
|---|-----------|-----------|-----------|------------|-------------------|----------------------|----------------------|
| <b>Municipal Parks</b>                              |           |           |           |            |                   |                      |                      |
| Number of Municipal Parks <sup>20</sup>             | 137       | 181       | 199       | 225        | 226               | 226                  | 226                  |
| Developed Park Acres                                | 1,303     | 2,206     | 3,332     | 5,071      | 4,572             | 4,572                | 4,572                |
| Number of Municipally Operated                      |           |           |           |            |                   |                      |                      |
| Golf Courses  | 5         | 5         | 7         | 6          | 6                 | 5                    | 5                    |
| <b>Libraries</b>                                    |           |           |           |            |                   |                      |                      |
| Material Circulation <sup>21</sup>                  | 3,691,745 | 5,962,411 | 9,151,000 | 13,839,543 | 10,550,000        | 12,850,000           | 12,850,000           |
| Total Material Stock                                | 1,182,606 | 1,732,410 | 2,016,000 | 1,643,977  | 1,538,386         | 1,650,000            | 1,650,000            |
| Number of Library Branches                          | 9         | 11        | 13        | 16         | 17                | 17                   | 17                   |
| <b>Equipment Management</b>                         |           |           |           |            |                   |                      |                      |
| Number of Equipment Units<br>in Fleet <sup>22</sup> | 4,497     | 4,776     | 6,080     | 7,612      | 7,361             | 7,369                | 7,385                |
| <b>Water</b>  |           |           |           |            |                   |                      |                      |
| Connections   | 282,048   | 321,996   | 350,967   | 397,390    | 418,995           | 424,000              | 430,000              |
| Production (billions of gallons) <sup>23</sup>      | 88.5      | 84.7      | 109.4     | 98.6       | 93.4              | 92.8                 | 94.6                 |
| <b>Wastewater</b>                                   |           |           |           |            |                   |                      |                      |
| Connections   | 250,199   | 311,980   | 327,051   | 389,978    | 402,945           | 408,000              | 414,000              |
| Miles of Line                                       | 3,040     | 3,661     | 4,174     | 4,980      | 4,837             | 4,847                | 4,859                |

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

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

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

<sup>4</sup> Median Household Income is based on U.S. Census Bureau data for city of Phoenix geographic area. For the estimate and projection years, the Calendar Year 2015 greater Phoenix Consumer Price Index (CPI) (-0.2%) was applied to the U.S. Census Bureau's (FactFinder) 2014 American Community Survey 1-year Estimates for City of Phoenix for Median Household income. This reflects a change from the method used in previous budget documents, which calculated median household income using personal income growth rates from the U.S. Bureau of Economic Analysis.

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

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

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

<sup>8</sup> Employment growth rate figures (total non-farm employment) are calendar year and not fiscal year. Calendar 2014 is shown under fiscal year 2014-15, and calendar 2015 is shown under fiscal year 2015-16, and projected calendar 2016 is shown under fiscal year 2016-17. Estimates are for the Phoenix metro area and are obtained from the Arizona Department of Administration Office of Employment and Population Statistics.

<sup>9</sup> Unemployment rate is reported monthly by the Arizona Department of Administration Office of Employment and Population Statistics' website: azstats.gov and converted to fiscal year by the City of Phoenix Budget and Research Department. Seasonally adjusted unemployment data from 2001-15 is currently unavailable for the Phoenix-Glendale-Mesa MSA due to data revisions. Revisions for the MSA, counties and cities are currently in process, however no released date has been announced.

<sup>10</sup> Beginning with fiscal year 2006-07, multi-family projects are included in the commercial valuation total. Prior to fiscal year 2006-07, multi-family projects were included in the residential valuation total. These measures represent the annual estimated value of projects permitted by the City of Phoenix (new construction).

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

<sup>12</sup> A correction was made to the calculation of city employees per 1,000 population for fiscal year 1980-81 and fiscal year 1990-91. Previous budget books did not adjust for Census data that was published at least a year after the statistic was recorded in budget documents.

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

<sup>14</sup> As of January 1, 2017, the city of Phoenix will no longer have administrative and collection duties over the management of PLT accounts. Although the Arizona Department of Revenue will assume these duties in 2017, it is expected that the State will remit the same approximate amount of annual license fee revenues for the same approximate number of PLT accounts that have privilege tax liability within the city of Phoenix limits.

<sup>15</sup> Voters approved a 0.3 percent increase in most city sales tax categories effective Jan. 1, 2016 to fund a comprehensive transportation plan. This was an increase to and an extension of the 0.4 percent tax that was effective June 1, 2000, resulting in a total tax of 0.7 percent for transportation with a 35 year sunset date.

<sup>16</sup> Includes building, electrical, mechanical, plumbing and general inspections.

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

<sup>18</sup> Due to the implementation of a new Arizona Department of Transportation (ADOT) collision system in 2009 and associated delays in data entry and processing, full collision data for Phoenix is only available through June 2015. The figures presented for 2015-16 and 2016-17 are projections based on historical trending. Traffic accident data comes from the city of Phoenix Street Transportation Department.

<sup>19</sup> Residential tonnage has reduced from 2010-11 actuals due to department's efforts to increase recycling and tonnage sent to private contractors. The projected increase in 2016-17 reflects an upward trend in the number of residents served and an increase in consumption.

<sup>20</sup> Amount reported prior to 2010-11 include both developed and un-developed park acres.

<sup>21</sup> Measure covers all media including: audio books, e-books, CDs, DVDs, databases, soft and hardcover books. Library material circulation is projected to increase in 2015-16 and 2016-17 due to the automatic renewal feature which began in March 2015.

<sup>22</sup> Includes vehicle replacements.

<sup>23</sup> Includes water produced for city of Phoenix only.





## 2016-17 Resource and Expenditure Summary

This section provides a broad overview of the resources and expenditures included in the 2016-17 budget. Information is presented for General, Special Revenue and Enterprise funds. General funds, which receive special attention by the community, are highlighted throughout this section. General funds are of particular importance to our residents as they provide for most basic services, such as police, fire, parks and streets.

Enterprise funds are supported by fees charged for the services provided with the exception of the Convention Center which has earmarked sales taxes as its primary funding source. Special Revenue funds are restricted to statutory and/or voter-approved uses.

The 2016-17 budget, financed by operating funds, totals \$3,956,983,000. As shown in the pie chart on page 39, the General Fund portion of \$1,222,208,000 is approximately 31 percent of the total. The Enterprise funds, which include Aviation, Water, Wastewater, Solid Waste and Convention Center, make up another 35 percent of the total. Special Revenue funds such as Arizona Highway User Revenues, grant funds such as Community Development Block Grants, Human Services grants and Housing grants represent the remaining 34 percent of the total budget.

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 on page 39 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 2016-17 General Fund budget includes ongoing operating and maintenance and pay-as-you-go capital expenses. No debt service is paid from the General Fund. Instead, debt service associated with General-funded activities is paid for with earmarked property taxes or with the City Improvement Fund. Due to the restrictions on using these funds both are appropriately included in the Special Revenue funds portion of the budget.

Finally, budgeted expenditures are provided on a departmental basis. Detailed explanations of each department's budget are provided in the Department Program Summary section of this document. The bar chart on page 39 presents the General Fund budget on a department-by-department basis. The table below provides a comparison of the 2016-17 budget to the 2015-16 adopted budget. Actual expenditures for the 2014-15 fiscal year also are included.

Citywide operating and maintenance expenditures are expected to increase primarily due to a rise in personal service costs from factors such as employee compensation restorations, pension increases, and police wages due to the hiring of additional police officers. These personal service cost increases will be partially offset by a reduction in health care costs as a result of changes made to benefit plans. Contractual expenditures are expected to increase primarily due to additional spending associated with the new transportation tax (Transportation 2050) approved by voters as Proposition 104, which was effective January 1, 2016. Capital outlay expenditures are expected to rise due to the replacement of the obsolete Fire Emergency Transportation

(ETS) billing system with an electronic billing and records system (ePCR); and an increase in Fire and Solid Waste motor vehicle equipment, which includes Solid Waste vehicle purchases that were deferred until 2016-17. Budget reductions in past years resulted in a delay of vehicle replacements, some of which are now being addressed.

Pay-as-you-go capital is expected to increase due primarily to the passage of Transportation 2050, which will support major projects for Public Transit and Streets, such as a new light rail stop near 48th Street and Washington; maintenance on existing street infrastructure, including major repairs and replacement of pavement, curbs, gutters, sidewalks, street lighting, traffic signal equipment, and street drainage; improve and construct roadways; and improve mobility and accessibility for pedestrians and bicycle users. Arizona Highway User Revenue funds are also expected to increase, which is largely attributable to major street construction projects including Avenida Rio Salado. Federal and State Transit Grants in pay-as-you-go capital will also increase due to the purchase of new transit standard buses.

Debt service payments are expected to decrease slightly as a result of reductions in payments for Airport Junior Lien Bonds in Aviation and Sanitary Sewer Bonds in Wastewater.

### 2016-17 GENERAL FUND BUDGET OVERVIEW

The 2016-17 General Fund budget of \$1,222,208,000 provides for ongoing operating and maintenance and some pay-as-you-go capital expenditures. The

#### 2016-17 Budget Compared to 2015-16 Adopted Budget (In Millions of Dollars)

|   | 2014-15<br>Actual<br>Expenditures | 2015-16<br>Adopted<br>Budget | 2016-17          |                  |                   |
|---|-----------------------------------|------------------------------|------------------|------------------|-------------------|
|   |                                   |                              | Budget           | Amount<br>Change | Percent<br>Change |
| Operating and Maintenance<br>Expenditures | \$2,222.5                         | \$2,571.4                    | \$2,700.6        | \$ 129.2         | 5.0%              |
| Capital Expenditures                      | 351.2                             | 605.0                        | 736.0            | 131.0            | 21.7%             |
| Debt Services                             | 411.1                             | 525.9                        | 520.4            | (5.5)            | (1.0)%            |
| <b>Total</b>                              | <b>\$2,984.8</b>                  | <b>\$3,702.3</b>             | <b>\$3,957.0</b> | <b>\$254.7</b>   | <b>6.9%</b>       |





table below compares the 2016-17 General Fund budget with the adopted 2015-16 budget.

The operating and maintenance expenditures for 2016-17 are expected to increase by 5.4 percent overall compared to the 2015-16 adopted budget. Personal service expenditures are expected to increase as a result of rising pension costs, partial restoration of employee compensation concessions, and an increase in police salaries for the hiring of additional officers. Reduced healthcare costs as a result of benefit plan changes are expected to slightly offset the other increases in personal service costs. Miscellaneous costs reflect an increase as a result of a planned \$2 million increase to the contingency amount, as well as \$34 million in additional set asides to pay for negotiated restorations of employee compensation and police body cameras in future years. Contractual costs are anticipated to increase due to jail service costs, HUD housing relocation costs, and increased construction expenses. Capital outlay costs are expected to increase due to the replacement of the obsolete Fire Emergency Transportation (ETS) billing system with an electronic billing and records system (ePCR) and an increase in fleet vehicle replacements.

A decrease in internal work order charges is expected to partially offset other increased expenditures. This decrease is largely due to the reallocation of General Fund money from transit to public safety as a result of the passage of Transportation 2050. The General Fund money, which will be used to hire additional police officers, is being transferred to a Special Revenue fund instead of being spent directly in the General Fund. This reallocation will result in no bottom line impact to the General Fund as it reduces expenditures, with an offsetting reduction to net transfers (a resource). A decrease in commodities

costs is also expected to slightly offset the other increased operating expenditures.

Pay-as-you-go capital expenditure increases primarily correspond to the purchase of new software and equipment for the Computer Aided Dispatch (CAD) system for Fire.

The pie charts on page 39 show the 2016-17 General Fund budget summarized by major programs and major resources.

## RESOURCES

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

## 2016-17 Estimated Beginning Fund Balances

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

The estimated 2016-17 beginning fund balances totaling \$1,224.1 million include \$102.1 million in General funds, \$538.0 million in Special Revenue funds and \$584.0 million in Enterprise funds. The estimated beginning fund balance for Special Revenue and Enterprise funds include: Transit 2000 - \$166.9 million;

Transportation 2050 - \$87.5 million; Arizona Highway User Revenue - \$65.2 million; Other Restricted Funds - \$57.5 million; Parks and Preserves - \$40.6 million; Development Services - \$36.3 million; Sports Facilities - \$20.8 million; Grant Funds - \$11.2 million; Aviation - \$290.1 million; Wastewater - \$115.2 million; Water - \$98.1 million; Solid Waste - \$47.7 million; Convention Center - \$32.9 million and \$52.0 million in various other special revenue funds.

## 2015-16 General Fund Estimated Ending Balance

As shown in the table on page 41, the 2015-16 ending General Fund balance is estimated to be \$102.1 million. The estimated balance results from a \$25.0 million higher beginning balance, an \$85.5 million decrease in operating expenditures, a decrease of \$2.7 million in pay-as-you-go capital expenditures, a decrease of \$18.1 million in transfers, an \$8.0 million increase in operating revenues, and a \$1.0 million decrease in recoveries. The decrease in estimated 2015-16 General Fund expenditures from the 2015-16 budget is mainly due to unused contingency funds as well as the elimination of civilian vacant positions and continued vacancy savings. General Fund pay-as-you-go capital expenditures are anticipated to decline from the original appropriation due to carryover of costs in the cybersecurity access management enhancements project and the utilization of Convention Center revenue for the Heritage Garage project that includes a fire sprinkler system upgrade, switch gear replacement, landscaping, and interior painting. The decrease was slightly offset by higher costs for the PeopleSoft Upgrade project and the Business Intelligence project.

The decrease to net transfers is primarily due to the reallocation of General Fund money from transit to public safety as a result of the passage of the new transportation tax (Transportation 2050). As explained previously, the money that was formerly allocated to transit is being transferred to a Special Revenue fund to pay for the hiring of additional police officers. The increase in 2015-16 projected General Fund revenues is largely due to anticipated increases in emergency transportation services revenues.

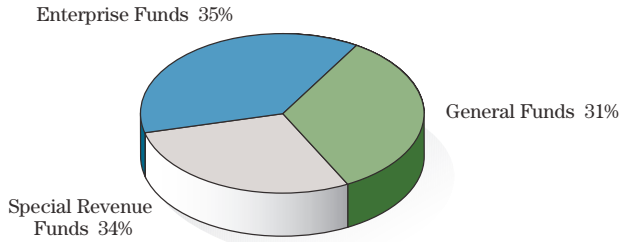
**2016-17 General Fund Budget Compared to 2015-16 Adopted Budget (In Millions of Dollars)**

|   | 2014-15<br>Actual<br>Expenditures | 2015-16<br>Adopted<br>Budget | 2016-17          |                  |                   |
|---|-----------------------------------|------------------------------|------------------|------------------|-------------------|
|   |                                   |                              | Budget           | Amount<br>Change | Percent<br>Change |
| Operating and Maintenance<br>Expenditures | \$1,050.0                         | \$1,149.7                    | \$1,212.3        | \$62.6           | 5.4%              |
| Capital Expenditures                      | 1.4                               | 6.8                          | 9.9              | 3.1              | 45.6%             |
| <b>Total</b>                              | <b>\$1,051.4</b>                  | <b>\$1,156.5</b>             | <b>\$1,222.2</b> | <b>\$65.7</b>    | <b>5.7%</b>       |

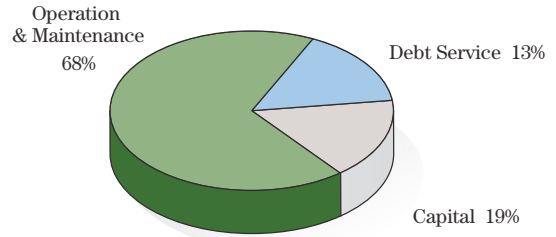




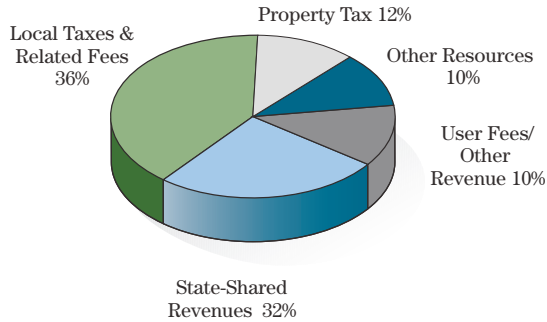
**ALL SOURCES OF FUNDS**  
Total Resources – \$3.96 Billion



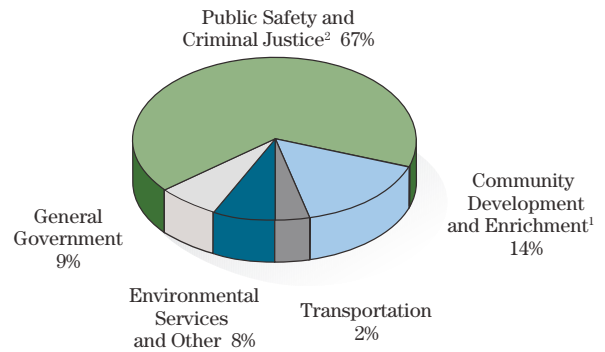
**ALL SOURCES OF FUNDS**  
Total Expenditures – \$3.96 Billion



**GENERAL FUNDS**  
Total Resources – \$1.22 Billion

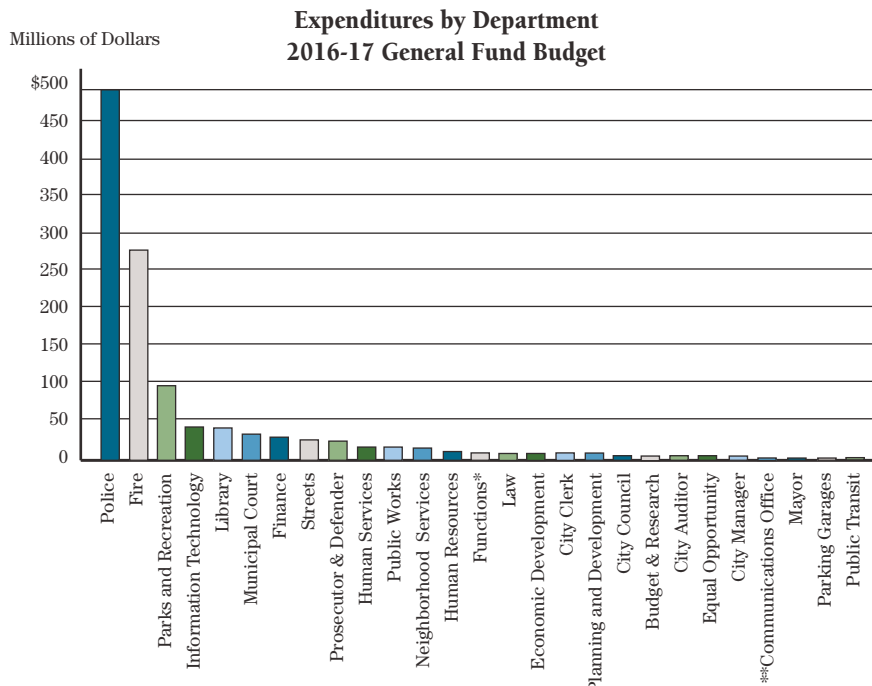


**GENERAL FUNDS**  
Total Expenditures – \$1.22 Billion



<sup>1</sup>Includes Parks, Library, Human Services, Neighborhood Services, Planning and Economic Development

<sup>2</sup>When contingency is excluded, Public Safety and Criminal Justice account for approximately 72% of budgeted General Fund expenditures.



\*Functions include several small offices such as the Office of Arts and Culture and Environmental Programs

\*\*Formerly known as the Public Information Office.





## 2016-17 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 2016-17 are estimated at \$3,403,309,000. This is \$180,385,000, or 5.6 percent more than the 2015-16 estimate of \$3,222,924,000. General Fund revenues are estimated at \$1,101,874,000 which is \$33,394,000 or 3.1 percent more than the 2015-16 estimate of \$1,068,480,000. The increase is due to anticipated increases in city and state sales taxes, state shared income and vehicle license taxes, and primary property tax revenues.

The following table provides a comparison of the 2016-17 estimated revenues to 2015-16 estimates and 2014-15 actual collections. Detailed explanations by category are provided in the 2016-17 Revenue Estimates section of this document.

State and local economic growth continued to increase in 2014-15 and according to economists is expected to continue through 2016-17, barring any unanticipated economic shocks. However, growth has been subpar since the recession as compared to prior recoveries due to slower population inflows, fewer high paying jobs and lower growth in the construction market. According to the U.S. Bureau of Labor Statistics, Phoenix has regained all of the jobs lost during the recession and is once again leading similar sized metro regions in employment growth which is a positive sign. Local and state sales tax collections are expected to grow modestly in 2016-17, and state shared income tax revenues are expected to increase by 7.4 percent from 2015-16.

The 2016-17 estimate for Special Revenue funds includes a \$160.9 million increase in Transportation 2050 funds, a \$40.5 million increase in secondary property tax revenues, a \$2.4 million increase in 2007 Public Safety Expansion funds, a \$2.0 million increase in Arizona Highway User Revenue funds, and a \$34.5 million increase in various grant funds including public transit grants, community development grants and other grant revenues. Special Revenue funds also include a \$109.8 million decrease for Transit 2000 funds, a \$17.4 million decrease in regional transit revenues and a \$3.8 million decrease for court award revenues.

## 2016-17 Transfers to the General Fund

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

Central service cost allocation and other transfers to the General Fund for 2016-17 total \$76.2 million. This amount reflects \$55.0 million from Enterprise and other funds to recoup central service costs and/or payments for in lieu property taxes from the Aviation, Water and Wastewater, Solid Waste, Convention Center and Development Services funds. Central service provides a repayment to the General Fund for services provided by departments such as Human Resources, Information Technology, Finance, Law and other administrative support areas that are General funded. This transfer is calculated by the Finance Department in accordance with generally accepted full-cost accounting principles and is in accordance with long-established City Council-approved policy.

Approximately \$21.2 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 \$76.2 million. A transfer of \$777.7 million from the Excise Tax Fund represents the General Fund share of local and state-shared sales taxes and fees and state-shared income taxes. However, this amount is reflected in revenues, rather than a transfer, throughout this section.

## 2016-17 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 2016-17, \$48.4 million is

included for the General Fund contingency, with an additional \$34.7 million set aside for negotiated employee compensation costs and police body cameras, as is discussed in more detail in the Contingency section of this document. As a result, budgeted General Fund resources equal expenditures. However, any unused contingency amounts at year-end fall to a General Fund ending balance. Generally, at least 95 percent of the General Fund contingency remains unused each year and in the last five years, the contingency fund has remained 100 percent unused.

Year-end balances are planned in the Enterprise funds and other self-supporting funds primarily to provide for adequate funds at the beginning of the following fiscal year. Such funds are used to stabilize rate increases associated with fluctuations in service demand, insure bondholders of future debt service payments and to accumulate funds for annual pay-as-you-go capital improvements. In addition, Enterprise Fund balances are intentionally permitted to grow over time in order to fund large capital projects.

The estimated 2016-17 ending balance of \$736.0 million includes: Transportation 2050 - \$186.9 million; Other Restricted Funds - \$42.5 million; Arizona Highway User Revenue - \$29.9 million; Sports Facilities - \$27.8 million; Development Services - \$27.4 million; Parks and Preserves - \$11.6 million; Aviation - \$253.7 million; Wastewater - \$81.1 million; Convention Center - \$23.0 million; Water - \$18.0 million; Solid Waste - \$1.0 million and a combined \$33.1 million in various other Special Revenue funds. Beginning and ending fund balances are provided in more detail in Schedule 1 located in the Summary Schedules section.

In 2016-17, the Enterprise funds ending balances in the aggregate are programmed to decline from \$584.0 million at the beginning of 2016-17 to \$376.8 million at

## 2016-17 Estimated Revenues Compared to 2015-16 Estimates (In Thousands of Dollars)

| Fund Types            | 2014-15 Actual     | 2015-16 Estimate   | 2016-17            |                  |                |
|-----------------------|--------------------|--------------------|--------------------|------------------|----------------|
|                       |                    |                    | Estimate           | Amount Change    | Percent Change |
| General               | \$1,052,589        | \$1,068,480        | \$1,101,874        | \$33,394         | 3.1%           |
| Special Revenue Funds | 869,497            | 987,767            | 1,103,094          | 115,327          | 11.7%          |
| Enterprise Funds      | 1,138,959          | 1,166,677          | 1,198,341          | 31,664           | 2.7%           |
| <b>Total</b>          | <b>\$3,061,045</b> | <b>\$3,222,924</b> | <b>\$3,403,309</b> | <b>\$180,385</b> | <b>5.6%</b>    |





year end. The Aviation balance is declining due to increasing personnel costs for pension and employee compensation restorations as well as increased expenditures for elevator and moving sidewalk maintenance, consultants, and police services. Solid Waste funds are decreasing due to an increase in operating expenditures for the 27th Avenue Composting Facility and the expansion of the Curbside Green Organics program. Water funds are decreasing primarily due to fewer anticipated vacant positions, additional expenses for the water services study, and additional operating expenses for chemicals, raw water and vehicle replacements. Wastewater funds are decreasing due to fewer anticipated vacant positions, increases in chemicals and sewer services, and vehicle replacements. The Convention Center fund balance is decreasing due to restored employee concessions, higher operating costs for the tourism and marketing contract with the Greater Phoenix Convention and Visitor Bureau (GPCVB) and increased operating costs for electricity and elevator maintenance.

Special Revenue Fund balances in the aggregate are expected to decrease from \$538.0 million to \$359.2 million. The Transit 2000 fund balance is decreasing due to the planned phase out of the fund as a result of the transition to the new Transportation 2050 fund. The Transportation 2050 fund, which will be used to fund a comprehensive transportation plan, including public

transit and street improvements, is a new 0.7 percent tax approved by voters in August 2015, and was effective January 1, 2016. This tax supersedes the 0.4 percent sales tax approved by voters in March 2000, which was accounted for in the Transit 2000 fund. While the Transportation 2050 fund balance is expected to increase in 2016-17, the overall combined ending balance of the Transportation 2050 and Transit 2000 funds is expected to decrease in order to finance various projects that include additional bus services and routes and numerous street projects such as maintenance, repairs, and infrastructure reconfigurations. The Parks and Preserves fund balance is decreasing primarily due to pay-as-you-go capital spending for projects including acquiring and developing land for the Sonoran Preserve and park development renovations to Rose Mofford Sports Complex, Nueve Park, Ma-Ha-Tauk Park, and Paradise Valley Park. The Arizona Highway User Revenue (AHUR) fund balance is decreasing primarily due to pay-as-you-go capital for street construction and rehabilitation and bikeway and pedestrian projects. Operating expenditures in AHUR are projected to increase due to a decrease in vacant positions, employee compensation restorations, increasing pension costs, funding for 300 new smart parking meters, and funding for contracted street landscape maintenance services. Development Services Funds are decreasing due to increased personal

services costs and a rise in funding for technology development. A few Special Revenue Fund balances are expected to increase including the Police Public Safety Enhancement funds and the Sports Facilities fund. These funds are increasing due to anticipated increases in total resources.

### Negative Fund Balances

The Neighborhood Protection, Public Safety Enhancement and 2007 Public Safety Expansion funds have been severely impacted by declines in sales tax revenues and increased costs of Public Safety personnel. In November 2010, the Mayor and City Council adopted a Public Safety Specialty Funds Balancing plan to balance these funds as soon as possible using an attrition based approach to prevent layoffs of sworn police and fire personnel. This plan is updated in February each year to account for changes in attrition, hiring and revised revenue forecasts. The Neighborhood Protection and Public Safety Enhancement funds are projected to have positive fund balances at the end of fiscal year 2016-17, while negative fund balances are reflected on a budgetary basis for the Public Safety Expansion funds. These negative balances reflect worst case scenario projections if the full budgetary appropriation were to be expended. However as a result of the actively managed Public Safety Specialty Funds Balancing plan, staff expects each of these funds to end with a positive balance at the end of fiscal year 2016-17.

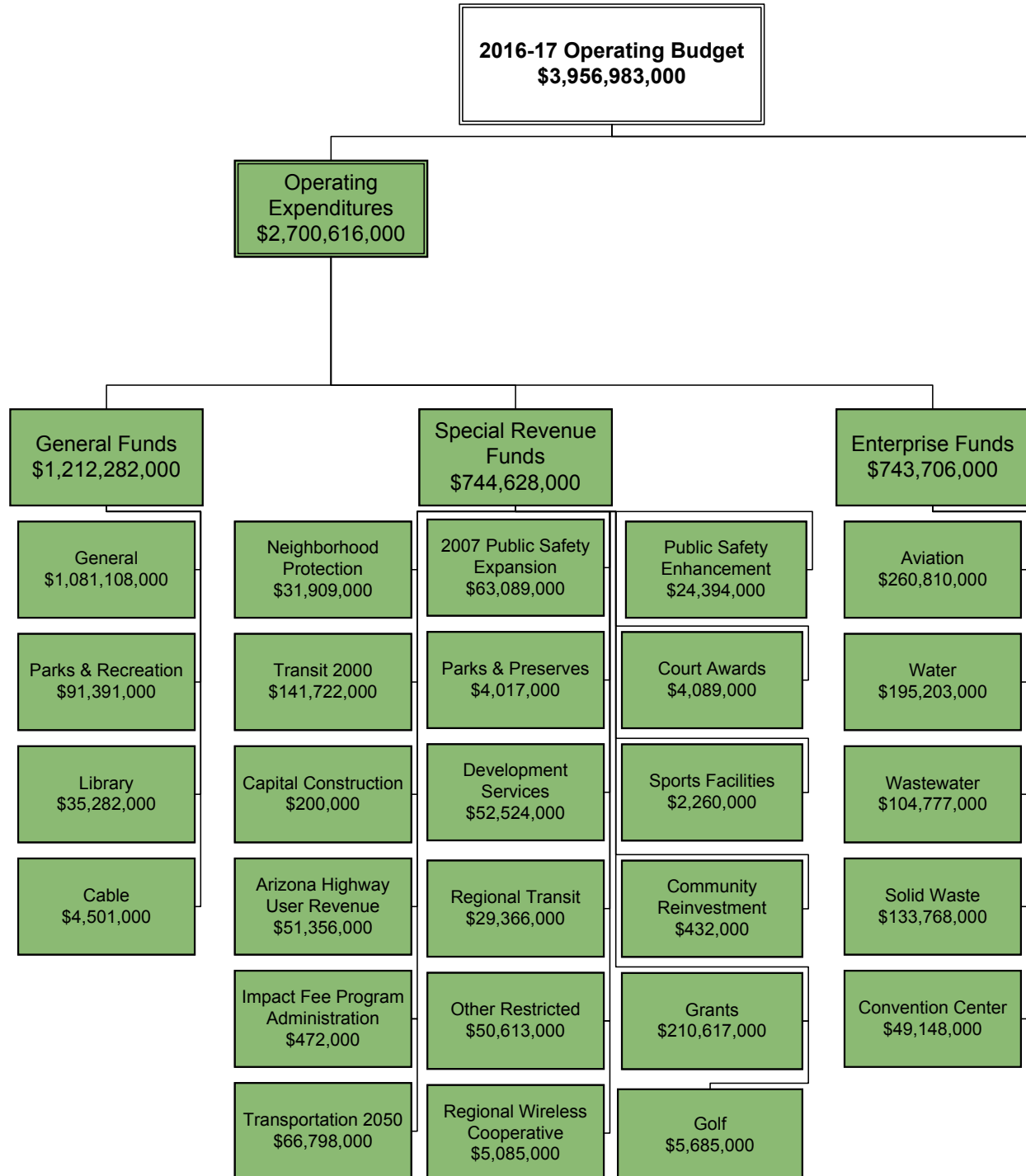
### General Fund Balance Analysis (In Thousands of Dollars)

|                            | 2014-15             | 2015-16            |                     | Estimate Over (Under) Budget |                |
|----------------------------|---------------------|--------------------|---------------------|------------------------------|----------------|
|                            | Actuals             | Budget             | Estimate            | Amount                       | Percent        |
| <b>Resources</b>           |                     |                    |                     |                              |                |
| Beginning Balances         | \$ 78,579           | \$ 75,421          | \$ 100,435          | \$ 25,014                    | 33.2%          |
| Revenue                    | 1,052,589           | 1,060,521          | 1,068,480           | 7,959                        | 0.8%           |
| Recoveries                 | 969                 | 2,000              | 1,000               | (1,000)                      | (50.0)%        |
| Transfers                  | 19,693              | 18,598             | 501                 | (18,097)                     | (97.3)%        |
| <b>Total Resources</b>     | <b>\$1,151,830</b>  | <b>\$1,156,540</b> | <b>\$1,170,416</b>  | <b>\$ 13,876</b>             | <b>1.2%</b>    |
| <b>Expenditures</b>        |                     |                    |                     |                              |                |
| Operating Expenditures     | 1,049,986           | 1,149,761          | 1,064,250           | (85,511)                     | (7.4)%         |
| Capital                    | 1,409               | 6,779              | 4,120               | (2,659)                      | (39.2)%        |
| <b>Total Expenditures</b>  | <b>\$ 1,051,395</b> | <b>\$1,156,540</b> | <b>\$ 1,068,370</b> | <b>\$ (88,170)</b>           | <b>(7.6)%</b>  |
| <b>Ending Fund Balance</b> | <b>\$ 100,435</b>   | <b>\$ ---</b>      | <b>\$ 102,046</b>   | <b>\$ 102,046</b>            | <b>100.0+%</b> |



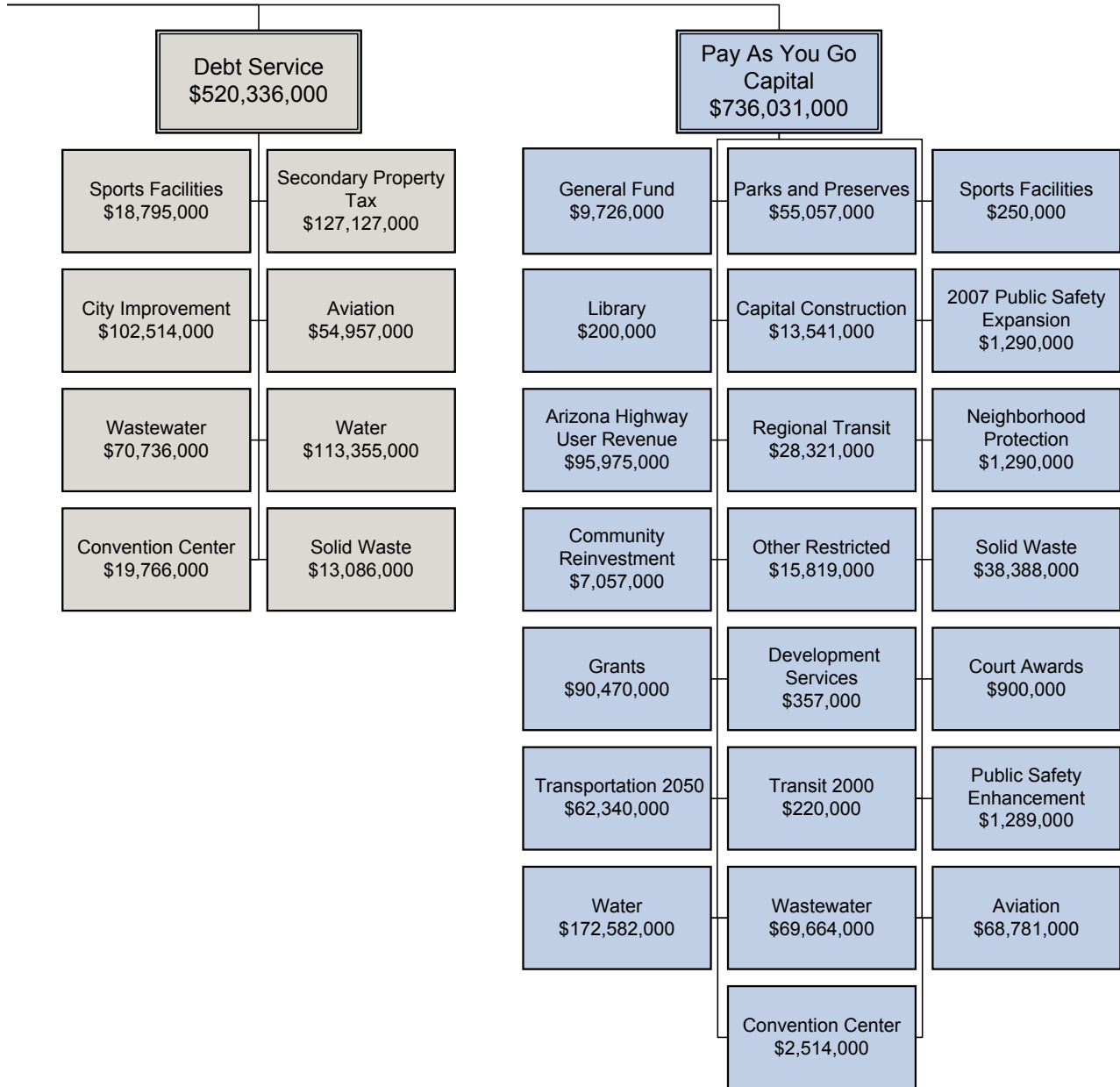


# City of Phoenix Financial Organizational Chart





# City of Phoenix Financial Organizational Chart







## Services to the Community

Phoenix is the core of Maricopa County and the state's population and economic center. With its attractive climate, recreational opportunities, and affordable costs of living and doing business, the city has experienced sustained growth. The city's area, just under 520 square miles, increases periodically with annexations. The local economy continues to make slow progress out of the severe recession and city revenue collections reflect modest growth from the downturn in the economy a few years ago.

Population in Phoenix has consistently outpaced the U.S. growth over the last 18 years, and according to the 2010 census, is more than 1.4 million making Phoenix the nation's sixth-largest city. The city's employment base is the foundation of a deep and diverse metropolitan area economy. The primary employment sectors in the Phoenix area consist of education and health services, professional and business services, retail trade, leisure and hospitality services, financial activities, construction and manufacturing, and government. While the economists expect further increases in the number of jobs, the improvement in the economy is still expected to be slower than historic recoveries.

The 2016-17 budget provides a balanced General Fund with several key service additions reflecting the comments received from the community and the Mayor and City Council regarding the importance of maintaining current city services and a strong city organization. The feedback received this year focused on public safety, library services, youth programming, arts funding, and employee

compensation. These additions reflect enhancements to several critical areas such as Public Safety, Community Enrichment, Community Development, Transportation, and Environmental Services.

The budget reflects Phoenix's commitment to keeping Public Safety its highest priority with the hiring of 145 Police Officers and 36 Firefighters, increasing the City's sworn Police and Fire forces. Additional Public Safety additions include the multi-year plan to implement a body camera program and one-time funding needed to replace the obsolete Emergency Transportation System (ETS) billing system with an electronic billing and records system known as Electronic Patient Care Records (ePCR).

The General Fund also includes partial restoration of prior cuts and expanded services with increased funding for electronic media for the library; partial restoration of blight maintenance in the Right-of-Way; partial restoration of arts grants; and enhanced air quality monitoring by restoring a position that was previously eliminated. Other significant General Fund additions include support for youth and veterans with increased funding for the operating costs associated with the Chavez Park expansion; additional programming for disengaged youth in areas without a community center; funding needed to further address chronic veteran's homelessness; and funding to initiate a Veteran's Entrepreneurship Program.

Significant services to the City are provided through non-General Fund resources. There are Special Revenue funds like voter-approved Public Safety

and Transit taxes, and Enterprise Funds like Aviation and Solid Waste. Important Non-General Fund changes include the following service additions: eight new positions to support the increased demand for development services; additions to operate and maintain the new facilities at Lindo Park and the dog park at Esteban Park; adding fifteen positions and equipment needed to support the Curbside Green Organics, Diversion and Illegal Dumping programs; and increasing bus service as a result of funding from the Phoenix Transportation 2050 Plan.

The chart that follows indicates how major services provided to Phoenix residents have been adjusted in response to local economic and financial conditions. Because benchmarking is an important measure of the efficiency and effectiveness of services provided, we have also included multi-city comparisons of performance in several areas. Much of the data for these comparisons is taken from the 2014 and 2015 International City/County Management Association's Center for Performance Measurement report.





| PROGRAM SERVICE LEVEL<br>IN 2005-06  | SERVICE CHANGES<br>THROUGH 2015-16  | SERVICE CHANGES<br>FOR 2016-17  |
|--|---|---|
| <b>PUBLIC SAFETY</b>   |   |   |
| <b>POLICE</b>  |   |   |
| <b>Personnel Resources:</b><br>In 2005-06, the Police Department had 3,113 authorized sworn officers or 2.1 for every 1,000 residents, and 1,046 civilian employees. | <p>The 2015-16 budget included the implementation of a new 40 hour training module for all law enforcement personnel. This course is designed to enhance knowledge regarding mental health, cultural awareness and situational and tactical analysis. In addition, the budget reflected the elimination of 34 vacant civilian positions.</p> <p>Significant hiring efforts occurred in 2015-16 with the balancing of the Public Safety Specialty Funds and the addition of resources obtained from the Transportation 2050 tax. The hiring plan for 2015-16 included the hiring of 300 police officers.</p> | <p>The 2016-17 budget includes funds to implement the first phase of a four to five year Body-worn Camera program. In addition, funding is provided to hire a Police Psychologist to provide counseling, crisis intervention and psychology consultation services for department staff.</p> <p>The 2016-17 budget also reflects the savings of 27 vacant civilian positions that were eliminated.</p> <p>With the balancing of the Police Public Safety Specialty Funds in the prior fiscal year, the hiring plan continues with the hiring of 145 police officers during 2016-17.</p> <p>In the 2016-17 budget, it is anticipated that the department will have 3,268 authorized sworn positions or 2.1 for every 1,000 residents, and 1,028.5 civilian employees.</p> |





**PROGRAM SERVICE LEVEL  
IN 2005-06**

**SERVICE CHANGES  
THROUGH 2015-16**

**SERVICE CHANGES  
FOR 2016-17**

**PUBLIC SAFETY**

**POLICE**

**Response Time Average:**

Response time for 2005-06

Priority 1 emergency calls was an average of 5 minutes 30 seconds.

With the large number of sworn vacancies throughout the Police Department, overtime usage has increased greatly to maintain minimum staffing levels within patrol. This has negatively impacted response times for Priority 1 emergency calls which are currently 6 minutes and 18 seconds. During this same time period, the department has attempted to maintain the percentage of 911 calls answered within 10 seconds in the mid-90th percentile; however hiring and staffing challenges have reduced the percentage to 89% for the budget year 2015-16.

The 2016-17 budget provides for an estimated 6 minute and 18 seconds average response time for Priority 1 calls.

Based on 2015 ICMA data, city of Phoenix actual response times compare favorably to those of the benchmark cites as noted below:

**Other Cities Average Response Times to Top Priority Calls:**

**PHOENIX – 6 min 18 sec**

San Antonio – 7 min 12 sec

Dallas – 8 min 0 sec

Oklahoma City – 8 min 22 sec

Kansas City – 9 min 8 sec





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| PROGRAM SERVICE LEVEL<br>IN 2005-06 | SERVICE CHANGES<br>THROUGH 2015-16 | SERVICE CHANGES<br>FOR 2016-17 |
|-------------------------------------|------------------------------------|--------------------------------|
|-------------------------------------|------------------------------------|--------------------------------|

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**PUBLIC SAFETY**

---

**FIRE**

**Response Time Average:**  
In 2005-06, the Fire Department maintained an average response time of 4 minutes 59 seconds for all fire and medical emergency calls.

Since 2005-06, response times have increased to 5 minutes 38 seconds for all fire and medical emergency calls. This increase is at least partly attributed to staffing and deployment changes for paramedic engine companies and ambulances. The overall incident activity level increased 28 percent from 2005-06 to 2015-16.

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

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

The department eliminated three positions and re-classed two positions down in pay class as part of the city manager's reorganization.

In addition, four positions from the new construction section were eliminated and one position from this section as well as the site planning section (three positions) was moved to the Planning and Development Services Department.

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

The 2012-13 budget included additions for staff coverage in the alarm room (four civilian positions) and operating costs for the new dispatch and emergency operations center. Reductions reflected in the 2013-14 budget included the elimination of 8.3 General Funded civilian positions as well as a reduction of the Banner contract for the health center.

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

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

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

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

The 2016-17 budget recommends retaining current emergency response staffing levels to preserve less than five minute average response time for all fire and medical emergency calls.

In addition the department eliminated three civilian positions as part of the city wide vacancy elimination and one additional civilian position was moved out of the department to support city Human Resources. The department will also be closing operations for the fire uniform store.





| PROGRAM SERVICE LEVEL<br>IN 2005-06   | SERVICE CHANGES<br>THROUGH 2015-16  | SERVICE CHANGES<br>FOR 2016-17  |
|---|---|---|
| <b>PUBLIC SAFETY</b>  |   |   |
| <b>FIRE</b>   |   |   |
| <b>Emergency Transportation:</b><br>In 2005-06, the city of Phoenix had a total of 23 full-time and 11 part-time ambulances in service. | <p>The 2006-07 budget included funding one additional ambulance.</p> <p>The 2008-09 budget added two part-time ambulances funded by Proposition 1.</p> <p>The 2009-10 budget included the elimination of two part-time ambulances.</p> <p>The 2010-11 budget included the elimination of two full-time ambulances and the reduction of part-time ambulance operational times. In-service hours for part-time ambulances were reduced from 12 hours to 10.8 hours per day. These changes decreased the emergency transportation system to 21 full-time and 11 part-time ambulances.</p> <p>The 2012-13 budget included adding staff for an additional one-and-one rescue (seven sworn positions) to meet state -mandated response times.</p> <p>The 2013-14 budget included adding staff for an additional one-and-one rescue (seven sworn positions) to meet state -mandated response times.</p> <p>The 2014-15 budget includes no changes in service for emergency transportation.</p> | The 2016-17 budget includes no changes in service for emergency transportation which includes a total of 24 full-time and 14 part-time ambulances in service. |





| <b>PROGRAM SERVICE LEVEL<br/>IN 2005-06</b>  | <b>SERVICE CHANGES<br/>THROUGH 2015-16</b>  | <b>SERVICE CHANGES<br/>FOR 2016-17</b>  |
|--|---|---|
| <b>TRANSPORTATION</b>  |   |   |
| <b>PUBLIC TRANSIT</b>  |   |   |
| <p><b>Service Miles/Hours:</b><br/>In 2005-06, as a result of continued enhancements as well as a full year of service improvements, 17,336,200 miles of annual bus service and 336,650 hours of Dial-a-Ride services were provided on weekdays and weekends in the city of Phoenix.</p> | <p>Annual 2015-16 bus revenue miles are estimated at 17,202,500 and Dial-a-Ride service hours are estimated at 323,810.</p> <p>City Council approved bus service modifications implemented in October 2015 and April 2016. Public Transit modified several bus routes, increased route frequency on some existing routes, and added one new bus route in order to meet ridership demand and improve route efficiency. The service changes had a total net annual cost of \$630,000.</p> | <p>Annual 2016-17 bus revenue miles are estimated at 19,566,600 and Dial-a-Ride service hours are estimated at 323,286.</p> <p>Bus service changes are significant and directly related to the Proposition 104 dedicated transportation sales tax. In October 2016 and April 2017, the span of service is being increased (over the two service periods) and the minimum frequency on all routes in Phoenix is being increased to 30 minutes.</p> |
| <p><b>Average Weekday Bus Ridership:</b><br/>In 2005-06 the average weekday bus ridership increased to 147,785.</p>  | <p>In the 2015-16 budget, average weekday ridership is estimated at 125,097.</p>  | <p>In the 2016-17 budget, average weekday ridership is estimated at 127,600.</p>  |





| PROGRAM SERVICE LEVEL<br>IN 2005-06 | SERVICE CHANGES<br>THROUGH 2015-16 | SERVICE CHANGES<br>FOR 2016-17 |
|-------------------------------------|------------------------------------|--------------------------------|
|-------------------------------------|------------------------------------|--------------------------------|

**TRANSPORTATION**

**STREET TRANSPORTATION**

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

In 2005-06, continued budget constraints reduced funding for paving dirt alleys and funding for retrofitting sidewalk ramps. In addition, funding for neighborhood concrete repair and dust proofing of dirt alleys was reduced.

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

The 2009-2010 budget reduced funding for coordination of maintenance projects, eliminated all heater panel crews responsible for repairing failed street cuts and shifted this work to asphalt crews. It reduced by 25 percent the downtown hand crews that pick up trash, sweep sidewalks, and hand sweep portions of the street that cannot be reached by motor broom equipment within the boundaries of Third Avenue to Seventh Street and Van Buren to Jefferson streets. In addition, the budget eliminated one of three equipment operator positions responsible for operating equipment used on large paving repairs, resulting in a 33 percent reduction in repairs.

The 2010-11 budget eliminated one of six equipment operators who were responsible for supporting the Street Cleaning Section. This reduced the section's ability to provide special street sweeping requests and event support. Reductions did not impact routine street sweeping which continued to be scheduled every 14 days. The budget also reduced the number of employees responsible for repairs of small maintenance equipment, eliminated two of four miscellaneous crews responsible for installation and maintenance of 1,000 permanent barricades throughout the city, eliminated a position responsible for placing sand on spills in the street, and reduced the downtown hand crew by an additional 50 percent.

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

In 2015-2016, eight (8) positions were eliminated. The positions consisted of (2) Worker II's, (3) Equipment Operator II's, and (3) Worker I's, slurry crews, and fogseal crews. In addition, there is an ever increasing amount of lane miles for newly annexed areas. This has resulted in an increased liability related to risk management claims, reduced response times for maintenance issues, increased risk of flooding and fires in washes/channels, reduction in response time to large scale storm/emergency events, etc. The regular practice of requiring the Street Maintenance Division to continue to use equipment once it has passed its useful lifecycle continues to contribute to increased downtime and reduced response times.

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

**Residential Street Sweeping:**

In 2005-06, the city of Phoenix provided street sweeping service four times a year.

No changes were included in the 2014-15 budget.

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

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





| PROGRAM SERVICE LEVEL<br>IN 2005-06 | SERVICE CHANGES<br>THROUGH 2015-16 | SERVICE CHANGES<br>FOR 2016-17 |
|-------------------------------------|------------------------------------|--------------------------------|
|-------------------------------------|------------------------------------|--------------------------------|

**TRANSPORTATION**

**STREET TRANSPORTATION**

**Sealcoat:**

The 2005-06 budget reduced funding of the micro-seal program. Sealcoating was provided on 63 miles of city streets annually.

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

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

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

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

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

No changes were included in the 2013-14 budget.

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

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

City of Phoenix paved road rehabilitation expenditures per capita were unavailable for the 2015 ICMA data. Below are average expenditures for other benchmark cities.

The 2016-17 budget includes 200 miles of streets to be sealcoated. It also includes 13 miles of the FAST program and 85 miles of programmatic preservative crack sealing. Service levels are increasing due to the availability of T2050 funds resulting from the passage of Proposition 104.

**Paved Road Rehabilitation Expenditures per Capita:**

- San Antonio – \$17.46
- Oklahoma City – \$39.73

**Asphalt Overlay:**

In 2005-06, 124 miles of overlay were performed. This is a decrease in miles from the prior year due to increased cost of materials.

In 2006-07, 76 miles were overlaid. This decrease is primarily due to continued increases in cost of materials.

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

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

In 2009-10, 97 miles of city streets were overlaid with rubberized asphalt. This increase was due to a diversion of \$1 million in Capital Improvement Project (CIP) funds from other CIP projects to the overlay and sidewalk ramp contracts.

The 2010-11 budget provided for 85 miles of overlay, including 65 miles that were funded by the American Recovery and Reinvestment Act (ARRA).

The 2011-12 budget provided 153 miles of overlay. The increase in the number of miles of overlay is due to a carryover of Arizona Highway User Revenue Funds from the prior year.

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

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

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

The 2016-17 budget provides for 90 miles of overlay.





| <b>PROGRAM SERVICE LEVEL<br/>IN 2005-06</b>   | <b>SERVICE CHANGES<br/>THROUGH 2015-16</b>   | <b>SERVICE CHANGES<br/>FOR 2016-17</b>   |
|---|--|--|
| <b>COMMUNITY DEVELOPMENT</b>  |  |  |
| <b>HOUSING</b>  |  |  |
| <b>Scattered Sites Housing Program:</b><br>In 2005-06, the Housing Department had 440 units.  | <p>This homeownership program allows eligible tenants the opportunity to purchase their home. Between 1998-99 and 2007-08, the program's total inventory expanded to 480 units.</p> <p>At the end of 2015-16, the inventory of 385 units reflects the sale of 96 homes to eligible residents over the past decade and the transfer of 4 units to a local nonprofit agency.</p> | <p>In the 2016-17 budget, the program is expected to reduce its inventory to 335 by selling 50 units of scattered sites homes.</p>   |
| <b>Affordable Housing Program:</b><br>In 2005-06, this program had 1,359 units for families and individuals.  | <p>By the end of 2011-12, the Affordable Housing Program was expanded to a total of 3,115 city-owned units for families and individuals with the addition of the 483 units from the newly renovated units at Park Lee and the Symphony.</p> <p>At the end of 2015-16, the Affordable Housing Program consists of 2,716 units for families.</p>                                 | <p>In the 2016-17 budget, the program is expected to reduce its inventory down to approximately 2,600 which results from a combination of adding 61 units at Frank Luke Addition phase II and III and selling 150- 200 units of city's owned affordable housing.</p> |
| <b>Federal Assisted Housing Program:</b><br>In 2005-06 the program reduced its inventory to 1,417 due to the remaining 78 units becoming unavailable at Matthew Henson. | <p>At the end of 2015-16, the Federal Assisted Housing Program consists of 2,618 units for families and individuals.</p>   | <p>In the 2016-17 budget, the program is expected to increase the number of units for a total of 2,625.</p>  |
| <b>Housing Payment Assistance Program:</b><br>This is a new measure.  | <p>At the end of 2015-16, the rental assistance program will provide 6,700 units of vouchers for the low income residents in the private housing market.</p>   | <p>In the 2016-17 budget, the program is expected to maintain 6,700 units of vouchers for the low income resident in the private housing market.</p>   |





| PROGRAM SERVICE LEVEL<br>IN 2005-06   | SERVICE CHANGES<br>THROUGH 2015-16  | SERVICE CHANGES<br>FOR 2016-17  |
|---|---|---|
| <b>COMMUNITY DEVELOPMENT</b>  |   |   |
| <b>NEIGHBORHOOD SERVICES</b>  |   |   |
| <p><b>Neighborhood Preservation Case Cycle Time (Days)</b><br/>In 2005-06, case cycle times increased to 59 days due to the reduction of staff and abatement funding.</p> | <p>Cycle times reduced to 51 days at the close of 2007-08 with the continued application of technology, training and quality control.</p> <p>Significant staffing and resource reductions in March 2009 occurred. The impact was minimized by the implementation of an enhanced quality control program, supplemented by supervisory access to more detailed performance indicator reports. Average cycle time for 2009-10 was 51 days.</p> <p>The overall average case cycle time increased to 52 days in fiscal year 2010-11. The increase was due in part to the ongoing complexity of resolving violations at properties in the foreclosure process which caused delays in both administrative (abatement) and adjudication (court) cases.</p> <p>In fiscal year 2011-12, additional performance standard and quality control measures were initiated along with ongoing process improvements and some division reorganization.</p> <p>These measures assisted in reducing overall average case cycle time back down to 45 days in 2013-14.</p> <p>In 2014-15, the overall average case cycle time was 33 days.</p> <p>In 2015-16, the overall average case cycle time is estimated at 34 days or less.</p> <p>City of Phoenix code enforcement expenditures per capita were unavailable for the 2014 ICMA data. Below are average expenditures for other benchmark cities.</p> <p><b>Code Enforcement Expenditures per Capita:</b></p> <p>Austin – \$17.53<br/>Dallas – \$11.47<br/>San Antonio – \$8.68</p> | <p>The 2016-17 budget includes no changes in service for Neighborhood Preservation case cycle time.</p> |





**PROGRAM SERVICE LEVEL  
IN 2005-06**

**SERVICE CHANGES  
THROUGH 2015-16**

**SERVICE CHANGES  
FOR 2016-17**

**COMMUNITY DEVELOPMENT**

**ECONOMIC DEVELOPMENT**

**Employment Growth Rate  
Compared to Other Cities**

In 2005, Phoenix's employment growth rate was better than all of the following benchmark cities:

**PHOENIX – 2.8%**

- San Antonio – 1.6%
- San Diego – 1.5%
- Fort Worth/Arlington – 1.0%
- Austin-San Marco – 0.9%
- Dallas – 0.9%
- Los Angeles/Long Beach – 0.6%
- Kansas City – 0.4%
- San Jose – (1.1)%

As the below figures show, employment growth in 2015 has slowed compared to 2014 levels. The Phoenix unemployment rate dropped approximately 0.7% by the end of 2015 as compared to the same time in 2014. Some issues inhibiting more robust growth in the economy are expected to continue slightly through 2016. These include large consumer debt loads, reduced income and wealth, rising health care costs and budget deficits.

Based on data from the Bureau of Labor Statistics, Phoenix ranked 5th in the employment growth rate in 2015 compared to the following benchmark cities:

- 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%

Based on data from the Bureau of Labor Statistics, the Phoenix Metro employment level is expected to increase by 125,000 jobs by 2017. Phoenix's employment growth rate dropped by 1.1% in 2015 from 2014, and Phoenix moved down from 4th to 5th ranked city. It is anticipated employment will continue to grow in 2016-17.

**COMMUNITY ENRICHMENT**

**HUMAN SERVICES**

**Head Start Program:**

In 2005-06, the program served 3,194 children.

The program is expected to serve 3,578 children during 2015-16, of which, 488 are included in the Early Head Start Program.

The 2016-17 budget includes no changes in service.

**Senior Nutrition Program:**

In 2005-06 the program expanded to serve 599,500 congregate and home-delivered meals.

For 2015-16, the program is expected to serve 566,147 meals.

The 2016-17 budget includes no changes in service.





| PROGRAM SERVICE LEVEL<br>IN 2005-06 | SERVICE CHANGES<br>THROUGH 2015-16 | SERVICE CHANGES<br>FOR 2016-17 |
|-------------------------------------|------------------------------------|--------------------------------|
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**COMMUNITY ENRICHMENT**

**PARKS AND RECREATION**

**Swimming Pools:**

In 2005-06, there were 29 public swimming pools.

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

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

In the 2011-12 budget, eight pools previously closed for infrastructure repairs were re-opened. This increased the number of open pools to 28 out of 29.

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

No changes were included in the 2015-16 budget.

The 2016-17 budget includes no changes in service.

**Swimming Pool Season:**

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

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

The 2008-09 budget eliminated weekend pool hours in May and August except for the Memorial Day weekend.

The 2009-10 budget reduced the swimming season by eliminating open swim hours during the last week in July. The 2009-10 budget also reduced daily open swim hours and closed all city pools on Fridays. Pool hours open to the public were changed to 1 to 7 p.m. instead of noon to 8 p.m. Also, fees were increased for general swim lessons and recreational teams.

The 2012-13 budget added open swim hours at nine pools, representing all council districts and city regions, from 1 to 7 p.m. each day in August through the Labor Day holiday.

No changes are included in the fiscal year 2014-15 budget for swimming pool season.

No changes are included in the fiscal year 2015-16 budget for swimming pool season.

No changes are included in the fiscal year 2016-17 budget for swimming pool season.

**Children's Summer Recreation Programs:**

In 2005-06, the city of Phoenix provided recreation programs at 127 program sites.

In 2007, the Parks and Recreation Department conducted a comprehensive evaluation of Phoenix Afterschool Center (PAC) programming. Changes were implemented including redefining what constituted an after-school program versus an after-school site. Based on this new definition, the 2007-08 summer program had 32 sites and 50 program units (some sites have more than one program).

No changes were included in the 2008-09 budget.

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

Beginning June 2010, all summer PAC sites were eliminated.

No changes were included in the 2015-16 budget for children's summer recreation PAC programs.

No changes are included in the 2016-17 budget for children's summer recreation PAC programs.





| PROGRAM SERVICE LEVEL<br>IN 2005-06 | SERVICE CHANGES<br>THROUGH 2015-16 | SERVICE CHANGES<br>FOR 2016-17 |
|-------------------------------------|------------------------------------|--------------------------------|
|-------------------------------------|------------------------------------|--------------------------------|

**COMMUNITY ENRICHMENT**

**PARKS AND RECREATION**

**School Recreation Program  
During School Year:**

In 2005-06, funding was provided for school recreation programs at a total of 166 sites.

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

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

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

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

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

In 2012-13, nine Phoenix Afterschool Centers were restored.

In the 2013-14 budget, eight Phoenix Afterschool Centers were restored, which brings the total number of sites to 47.

No changes were included in the 2015-16 budget for during school year recreation programs.

No changes are included in the 2016-17 budget for during school year recreation programs.





| PROGRAM SERVICE LEVEL<br>IN 2005-06 | SERVICE CHANGES<br>THROUGH 2015-16 | SERVICE CHANGES<br>FOR 2016-17 |
|-------------------------------------|------------------------------------|--------------------------------|
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**COMMUNITY ENRICHMENT**

**LIBRARY**

**Central Library:**

The Burton Barr Central Library opened in May 1995. The 2005-06 budget included 66 hours of operation per week.

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

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

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

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

In December 2010, the hours at Central Library were expanded by six hours per week, from 52 to 58 hours per week.

In July 2012, Burton Barr Central Library expanded morning hours by six hours, from 58 to 64 hours per week, opening at 9 a.m. instead of 11 a.m. on Tuesdays, Wednesdays and Thursdays.

In 2013-14, the number of e-materials was increased by over 13,000 items.

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

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

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

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

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

The 2016-17 budget restored \$100,000 for electronic materials. This represents a 22% increase in these types of electronic materials. This funding provides an alternative method of delivering services to patrons following reductions to branch hours in 2009-10 and 2010-11.

**Branch Libraries:**

In the 2005-06 budget, total branch library service hours were 858 per week.

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

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

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

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

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

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

The 2016-17 budget adds \$50,000 to engage youth in educational activities by providing programming at branches in high need areas. Programs would include computer coding, STEAM activities, resume building, and job readiness training.





**PROGRAM SERVICE LEVEL  
IN 2005-06**

**SERVICE CHANGES  
THROUGH 2015-16**

**SERVICE CHANGES  
FOR 2016-17**

**COMMUNITY ENRICHMENT**

**LIBRARY**

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

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

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

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

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

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

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

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

City of Phoenix cost per item circulated was unavailable for the 2014 ICMA data. Below are average expenditures for other benchmark cities.

**Cost per Item Circulated:**

San Antonio – \$4.69

Dallas – \$2.54

Mesa – \$2.18





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| <b>PROGRAM SERVICE LEVEL<br/>IN 2005-06</b> | <b>SERVICE CHANGES<br/>THROUGH 2015-16</b> | <b>SERVICE CHANGES<br/>FOR 2016-17</b> |
|---|--|--|
|---|--|--|

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**ENVIRONMENTAL SERVICES**

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**WATER SERVICES**

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

In a March 2004 survey, Phoenix's average monthly water bill compared favorably to the following benchmark cities:

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

In a 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

It is anticipated Phoenix water rates will continue this trend during 2016-17.

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

In a March 2004 survey, Phoenix's average monthly wastewater bill compared favorably to the following benchmark cities:

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

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

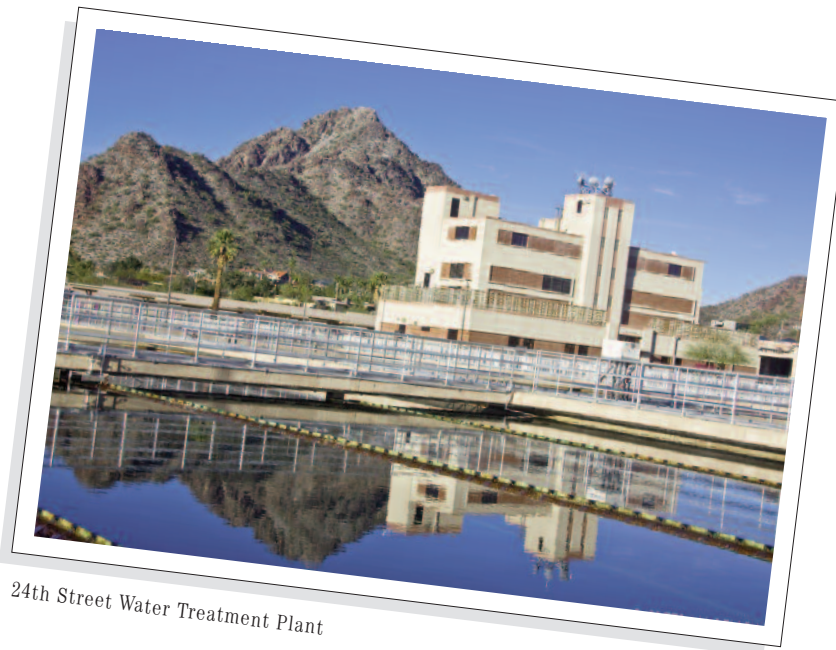
- Austin – \$63.17
- San Diego – \$45.80
- Philadelphia – \$41.72
- Dallas – \$37.31
- San Jose – \$33.75
- San Antonio – \$25.80
- PHOENIX – \$20.97**
- Albuquerque – \$19.10

It is anticipated Phoenix wastewater rates will continue this trend during 2016-17.





Deer Valley Treatment Basin



24th Street Water Treatment Plant







# Budget Process, Council Review and Input, Public Hearings and Budget Adoption

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

## Budgeting Process

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

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

- Staff continues to present an early and detailed budget status to facilitate enhanced strategic resource and expense discussions. This resulted in the adjustment of estimated revenue and expenditures based on early budget results. Also, detailed economic analysis was provided.
- Budget and Research continues to consult with the University of Arizona Economic Business Research Center to enhance the city's sales tax revenue forecasting process. The partnership resulted in improved revenue projections as we now have access to independent expert economists who understand the impact that local and global economic changes have on the Phoenix economy.
- Staff continues to conduct the financial best practice of providing a Five-Year General Fund Forecast to facilitate long-term fiscal planning and strategic decision making by policymakers.
- Staff began compiling 19 key Phoenix economic indicators into a monthly report. The indicators are provided to the City Council subcommittee and are posted online. The data can reveal a

helpful, overall picture of recent economic activity trends specifically within Phoenix.

- Staff began to work with a consulting firm to provide SAP Public Budget Formulation implementation services to replace the existing budget software.
- Staff advanced the timing of the Preliminary Capital Improvement Program (CIP) this year in support of the City Manager's direction to present the Preliminary CIP in step with the Trial Budget. Budget and Research continued to coordinate pre-submittal CIP budget briefings to council subcommittees to provide earlier and additional opportunities for input.

Each fall, departments start from zero and submit an estimate of the costs associated with providing their current levels of service for the following year (called the "base budget"). Budget and Research staff review these base budget estimates to ensure that only the funding needed to continue current service levels is included in the department's base budget for the following year. A department's base budget funding may differ from its current year funding for a variety of reasons. For example, an increase or decrease in electricity or postage rates would be reflected in the base budget.

After these base budget requests are reviewed, departments typically are asked to identify five to ten percent of their budget for potential elimination. These proposals are potential base reductions and represent the department's lowest-priority activities. Departments also are asked to provide any requests for new or expanded programs. These are called supplemental budget requests. Departments can propose reducing or eliminating an existing program in order to fund the expansion of an existing program or adding a new program. Base reductions and supplemental requests include all

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

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

The Trial Budget is reviewed with the City Council early each spring. The purpose of the Trial Budget is to enable the community and the City Council to comment on a balanced budget proposal well before the city manager is required to submit a proposed budget in May. Public hearings are conducted throughout the community during day and evening hours, at which residents are encouraged to provide their feedback. The Trial Budget is also available online and residents can send comments by email, letters, phone, and through the city's website and social media. The City Manager's Proposed Budget provided in May reflects the input received from the community and City Council. The City Council makes final budget decisions after the city manager's recommended budget is reviewed.

## 2016-17 BUDGET PROCESS

### Initial Budget Status

In September 2015, staff presented an in-depth budget review to allow an early assessment of revenue conditions and take early action to adjust estimates. Staff also identified challenges and opportunities and the proposed budget calendar for the fiscal year ahead.

The Fiscal Year 2014-15 General Fund ending fund balance was estimated to be





\$75.4 million. However, as a result of slightly higher than anticipated resources and reduced expenditures, the actual ending balance was \$100.4 million. This means that Fiscal Year 2015-16 began the year with \$25 million more in available resources than was expected. These one-time resources gave the city a significant head-start on a projected budget deficit for 2016-17.

On December 15, 2015, staff provided an update on the 2016-17 budget development process and discussed factors that would have significant impact on the overall budget status for the upcoming fiscal year.

Staff stated that the higher than expected 2014-15 ending fund balance provided the resources needed to reduce the potential 2016-17 deficit down to \$6 million from \$33 million. Staff identified six items that were critical factors to evaluate as staff developed the Five-Year General Fund Forecast and the 2016-17 Trial Budget: contingency level, General Fund revenue outlook, labor contracts, allocating vacancy savings, service levels, and debt service and property tax.

Staff also discussed debt service and property tax issues and provided an updated financial analysis. This presentation identified a forecasted need for \$37 million more in secondary property tax levy in fiscal year 2016-17 to offset the use of the General Obligation Bond Reserve Fund for debt service payments in lieu of increased property tax rates. Staff proposed three options: float the primary tax rate down; float the secondary tax rate up; or increase other sources of revenue.

For the fifth consecutive year, Budget and Research provided detailed preliminary estimates with multiple year-to-year comparisons in the Zero-Based Budget Inventory of Programs document, which was presented to the Council on February 4, 2016. The city's budget is presented by program, the key component of a Zero-Based budget approach. The document was put in place in response to the City Council's request for a more

transparent, relevant and detailed presentation of the city's budget. The Inventory of Programs outlines costs, revenue, staffing levels, funding source, and other key budget detail for the more than 400 programs citywide. Additional information was added regarding employee costs that provides detail on each type of cost for all employees and General Fund employees.

### **Preliminary Status of 2016-17 General Fund Budget and Five-Year Forecast**

On February 23, 2016, Budget and Research provided the preliminary General Fund budget status for 2016-17, and the five-year General Fund forecast through 2020-21.

Based on strong fiscal planning and early actions taken by the Mayor and Council, staff explained the projected funding gap for existing programs in 2016-17 had been eliminated, with a potential one-time General Fund surplus between \$32 and \$55 million available to address one-time needs in 2016-17. Also noted was employee compensation negotiations that were taking place, hence no specific amount was forecasted pending the conclusion of those agreements.

Staff noted at the time that a balanced 2016-17 budget was based on existing state-shared revenue models and statutory obligations. Further, any changes to state-shared revenue formulas or other revenue sources proposed in the Governor's budget or in legislative bills that would negatively impact the General Fund budget were not reflected in the report and would need to be solved if adopted by the State.

### **Five-Year Forecast**

Development and presentation of the five-year forecast is an important step in the city's budget process. Evaluating projected available resources and identifying potential ongoing budget surpluses or funding gaps allow city management and Council to develop strategic plans to

ensure the continuation of city operations and optimize services to the community.

The updated Five-Year Forecast showed that while the budget situation appeared to be improving, the City of Phoenix Employee Retirement System (COPERS) and the Public Safety Personnel Retirement System (PSPRS) will continue to place pressure on the General Fund budget. Staff noted that while pension costs were increasing in the short-term, recent actuarial projections estimated that COPERS reform will save the city approximately \$1.1 billion over the next two decades. Also State PSPRS pension reforms referred to the May 2016 ballot could have a significant impact on pension costs over the next two decades.

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

On February 23, the City Council received its sixth update since October 2010 on the Council-adopted balancing plan for the Public Safety Dedicated Funds without sworn position layoffs, which include Proposition 1 and 301 (0.3% sales tax increment) and the utility tax from 2005.

As planned, all of the funds will have positive balances at the end of Fiscal Year 2015-16. Hiring resumed in Police and Fire as of March 2015, and staff will continue to ensure that staffing targets are achieved. In addition to the original hiring plan, and with funds freed up by the passing of the Transportation 2050 sales tax in August 2015, Police has initiated a plan to hire an additional 125 officers in 2015-16.

Staff noted without an infusion of new revenue to offset increases in the Public Safety Personal Retirement System (PSPRS), hiring of new Police Officers and Firefighters is anticipated to be slow and will require deliberate analysis. Future hiring and staffing levels will be monitored to ensure sustainability and that on-going expenses do not exceed revenue in future years.





### City Manager's 2016-17 Trial Budget

On March 22, 2016, the Mayor and Council were presented with the 2016-17 City Manager's Trial Budget that included a balanced General Fund budget at \$1.2 billion and a surplus of approximately \$60 million in one-time and ongoing resources that could be used to address critical issues.

For the first time, the Trial Budget included five alternate options to balance the General Fund Budget. These options included:

1. Floating the secondary property tax rate by up to \$0.35 to preserve General Fund services, provide critical service restorations and additions, and to partially restore employee compensation.
2. Identifying other revenue sources to maintain the current property tax rate, provide critical service restorations and additions, and to partially restore employee compensation.
3. Using the General Fund surplus to maintain the current property tax rate for two years.
4. Using the General Fund surplus to maintain the current property tax rate for one year and to partially restore employee compensation.
5. Reducing General Fund programs and services by \$37 million to maintain the current property tax rate and to partially restore employee compensation.

The report explained that this year's budget was complex because of three dynamics:

- The end of available surplus money in our Debt Service Reserve fund to pay our General Obligation (GO) bond debt that has built important community facilities
- Building a balanced budget; and
- Negotiating employee labor contracts for compensation.

The Trial Budget included the following recommendations:

- Investing in the community by preserving existing services while enhancing public safety and restoring some service cuts from previous years in arts, library and environmental programs.
- Investing in employees by restoring some compensation concessions over the next two years.
- Raising revenue to assure ongoing quality services while meeting the city's debt service obligation.
- Adding essential funding to support entrepreneurship among veterans.
- Adding staff to provide after-school programs for youth at several city parks.

### Community Input

The proposed budget was presented at 15 budget hearings conducted throughout the community in all council districts in March and April. Following a presentation describing the 0 budget, residents were invited to comment.

In addition to the budget hearings, the budget was shared with the community on the city's website and through a summary entitled "Phoenix Budget for Community Review" that outlined the proposed budget as well as a calendar of budget hearing dates. This information was made available electronically in addition to hard copies provided at senior centers, libraries, community centers and at budget hearings.

The city also published where to find the electronic version in *The Arizona Republic*, *Arizona Informant*, *Prensa Hispana* and *La Voz*. Residents also were invited to send comments and questions through the city's website. The publicity of the Trial Budget allows the City Council and the community to comment on proposed measures for balancing the budget.

Two new locations were used this year: Pilgrim Rest Baptist Church in a citywide forum hosted by Mayor Stanton and

Country Place Elementary School in southwest Phoenix. Additionally, citywide hearings were held for Spanish language speakers and youth.

About 350 individuals spoke at the hearings and approximately 200 comments were received via email. Public comments mostly focused on the following topics:

- Restoring employee concessions
- Hiring of Police Officers and Firefighters
- Increased library access and expanded hours
- Increasing youth programs and access to technology
- Funding for arts and public art maintenance
- Increased funding for homelessness
- Increased funding for street maintenance and repair
- Increased funding for community centers and senior programs
- Options for addressing voter registration challenges.

Of the 350 individual speakers who attended the budget hearings at least 106 stated that they "supported either a property tax increase or some other revenue increase to balance the budget." Several speakers advocated that if Option 5 were selected that cuts to arts and cultural facilities, seniors, homeless services, public safety, and youth were unacceptable. Not all of the 350 speakers specified which budget option they supported. Of the 109 individuals who did, 84% supported option 1, 13% supported option 2, and 3% supported option 5.

Of the 200 comments received via email, 182 or approximately 91% expressed support for increased or expanded library service. The remaining comments expressed support for option 1 or other tax increases (5); support for employee restoration (2); and increased public safety funding (2). The rest of the email comments expressed support for other items such as seniors, arts, homelessness, and parks and youth services.





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

On May 3, a revised budget package that reflected feedback from the community was presented to the Mayor and City Council for information and discussion.

The proposed balanced 2016-17 General Fund budget is \$1,222,155,000. This is a 5.7 percent increase from the adopted 2015-16 General Fund budget of \$1,156,540,000. It is \$22.9 million, or 1.9 percent, above the 2007-08 peak amount of \$1,199,298,000 for the General Fund.

Projected General Fund revenue in 2016-17 is estimated to be \$1.102 billion, an annual increase of 3.1 percent over the revised current year estimate. This reflects continued City and State sales tax growth based on projections from the University of Arizona, increased income tax collections and continued growth in vehicle license tax revenue. Including revenue along with the estimated beginning fund balance of approximately \$102 million, and fund transfers and recoveries estimated at \$18 million, total 2016-17 General Fund resources are estimated to be \$1.222 billion.

For all funds, which include General, Enterprise and Special Revenue Funds such as grants, and all debt service and pay-as-you-go capital costs, the proposed 2016-17 budget amount is \$3,697,495,000. This is a -0.13 percent decrease from the adopted 2015-16 budget of \$3,702,298,000 for all funds. The 2016-17 All Funds budget is below the 2008-09 budget of \$3,735,754,000 for all funds by \$38.3 million, or -0.9 percent.

The balanced 2016-17 City Manager's Proposed Budget included the following:

- The elimination of over 119 vacant positions and other administrative savings actions totaling approximately \$11.1 million.
- A \$0.35 increase to the secondary property tax rate to generate approximately \$37 million needed to address ongoing debt service payments allowing the use of the General Fund surplus for other uses as described.

- Enhancements to Public Safety that included: additional funding for a multi-year plan to implement a body camera program; one-time funding needed to replace the obsolete Emergency Transportation System (ETS) billing system with an electronic billing and records system known as Electronic Patient Care Records (ePCR); funding to finance the repair and replacement of the road and obsolete radio tower at North Mountain; and funding for a Police psychologist for an employee assistance and wellness program.
- Hiring of 145 Police Officers and 36 Firefighters, increasing the City's sworn Police and Fire forces, even while balancing the Public Safety Funds as called for in the Council-adopted multi-year plan.
- The Trial Budget included partial employee compensation restoration over the next two fiscal years totaling 2.6%. Tentative agreements with the five city labor unions were signed in time for the Proposed Budget. This demonstrated a strong desire by all parties to reach an agreement. The agreements included full restoration over the next 3 years totaling 4.2%. The tentative agreements reflect restoration of 1.9% in FY 2016-17; 1.0% in 2017-18; and 1.3% in 2018-19. The 2016-17 Proposed Budget reflects the funding needed to address the first two years of the three-year labor contracts totaling \$50 million.
- Partial restoration of prior cuts and expanded services that included: increased funding for electronic media for the library; partial restoration of blight maintenance in the right-of-way; partial restoration of arts grants; enhanced air quality monitoring by restoring a position that was previously eliminated.
- Additional support for youth and veterans that included: funding for the operating costs associated with the Cesar Chavez Park expansion;

additional programming for disengaged youth in areas without a community center; funding needed to further address chronic veteran's homelessness; and funding to initiate a Veteran's Entrepreneurship Program.

Community input at budget hearings is a critical component of the City's Trial Budget process. Each year the City Manager's Proposed Budget is developed based on the feedback and input obtained during the community budget hearings. The feedback received this year focused on employee compensation, public safety, library services, youth programming, and arts funding. The City Manager's Proposed Budget includes additional funding to address these areas where possible.

These additions were made possible due to a reduction in the estimated financing costs of the North Mountain road and radio tower Project. Because of the city's high bond rating and our ability to leverage this project with other projects, the annual costs have been reduced by approximately \$285,000. Using these savings, the City Manager's Proposed Budget reflects the following additions:

- Additional \$50,000 for funding for Children and Teen Programming at the Library.
- Additional \$50,000 for Disengaged Youth Programming at Parks and Recreation.
- Increase funding originally proposed for arts grants by \$10,000. This provides for a total increase of \$60,000 for arts grants. Additionally the proposed budget adds \$25,000 to assist with the maintenance of public art.
- Increase funding for Central Arizona Shelter Service (CASS) by \$25,000 for services to the homeless.
- Add a position to target specific high-wage sectors, such as Advanced Manufacturing and Advanced Business Services, for development along the future Loop 202 Laveen and Estrella Villages.





Significant services to the City were provided through non-General Fund resources. There are Special Revenue funds like voter-approved Public Safety and Transit taxes, and Enterprise Funds like Aviation and Solid Waste. The City Manager’s Proposed Budget also included the following critical non-General Fund service additions:

- **Development Services Fund:** In order to meet the needs of expected increases in development activity, Planning and Development proposes to add eight new positions to support the increased demand for development services.
- **Phoenix Parks and Preserves Initiative Fund (PPPI):** The PPPI fund includes proposed additions to operate and maintain the new facilities at Lindo Park and the dog park at Esteban Park.
- **Solid Waste:** Solid Waste proposes to add fifteen positions and equipment needed to support the Curbside Green Organics, Diversion and Illegal Dumping programs.
- **Transportation 2050:** Increase bus service in the city of Phoenix as a result of funding from the Phoenix Transportation 2050 Plan. The service increases include progressively longer hours of bus operations seven days a week for all routes.

On May 17, the City Council approved the 2016-17 City Manager’s Proposed Budget, which provides a balanced budget as required by City Charter.

The May 17 City Council action provided the time needed to meet legal deadlines and comply with City Code, Charter and State Law. Requirements include advance public notification, publication of detailed budget information, advertising, hearings and final legal adoption actions.

**Tentative Budget Adoption**

A public hearing and adoption of the tentative budget ordinances was completed on June 1, 2016, in compliance with the City Charter requirement that the budget be adopted no later than June 30, 2016. Upon adoption of tentative budget ordinances, the budget becomes the City Council’s program of services for the ensuing fiscal year. At that point, the City Council may later decrease the budget, but only in certain instances may the budget be increased. Generally, the ability to increase the budget applies to expenditures exempted from the state expenditure limitation. Transfers between department appropriations are still permissible before the final budget is adopted.

**Final Budget Adoption**

A public hearing and adoption of the final budget ordinances was completed on June 15, 2016. Adoption of the property tax levy ordinance was completed no less than 14 days later on July 1, 2016, in accordance with state law.

The following chart is an overview of the 2016-17 community budget process calendar.

| <b>2016-17 Budget Calendar</b> |   |
|--------------------------------|---|
| <b>Date</b>                    | <b>Budget Items</b>   |
| February 9, 2016               | 2016-17 Inventory of Programs (Zero-Based Budget)   |
| February 23, 2016              | Preliminary 2016-17 Budget Status; 5-Year General Fund Forecast; and Updated Public Safety Funds Forecast |
| March 22, 2016                 | City Manager’s Trial Budget and Preliminary Capital Improvement Program (CIP)                             |
| April 1, 2016                  | Publish Phoenix Budget for Community Review   |
| April 2016                     | Community Budget Hearings   |
| May 3, 2016                    | City Manager’s Proposed Budget  |
| May 17, 2016                   | Council Budget Decision   |
| June 1, 2016                   | 2016-17 Tentative Budget Ordinance Adoption   |
| June 15, 2016                  | 2016-17 Funding Plan and Final Budget Ordinance Adoption  |
| July 1, 2016                   | 2016-17 Property Tax Levy Ordinance Adoption  |





In March and April, the city held 15 budget hearings throughout the city. Approximately 350 people addressed city staff with comments and more than 200 email comments were sent in. Residents also shared their input through letters, phone calls and social media.





# General Budget and Financial Policies

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

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

## A BALANCED BUDGET IS REQUIRED

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

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

## Annual Budget Adoption Requirements

The City Charter and Code and state statutes contain legal deadlines and actions that must be followed in adopting the budget. In cases where the deadlines conflict, the city meets the earlier of the two dates. The deadlines and formal actions prescribed by both, as well as the actual or planned dates for the 2016-17 budget development process are as follows:

| Action Required  | City Charter Prescribed Deadline  | Arizona State Statute Prescribed Deadline | 2016-17 Budget Dates         |
|--|---|---|------------------------------|
| City Manager's recommended five-year Capital Improvement Program submitted to the City Council.  | At least three months prior to final date for submitting the budget or a date designated by the City Council. | Capital Improvement Program not required. | March 17, 2016               |
| Post notice on the official city website if there will be an increase in either the primary or the secondary property levy, even if the combined levy is a decrease. | No requirement.   | 60 days prior to Tax Levy Adoption.       | May 1, 2016                  |
| 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 3, 2016                  |
| Publish general summary of budget and notice of public hearing that must be held prior to adoption of tentative budget ordinances.                                   | Publish in newspaper of general circulation at least two weeks prior to first public hearing.                 | No requirement.                           | Publish week of May 18, 2016 |
| Publish notice of public hearing which must be held prior to adoption of five-year Capital Improvement Program by resolution.  | Publish in newspaper of general circulation at least two weeks prior to first public hearing.                 | No requirement.                           | Publish week of May 18, 2016 |
| 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 1, 2016                 |





| Action Required   | City Charter Prescribed Deadline                                    | Arizona State Statute Prescribed Deadline  | 2016-17 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 weeks of May 30, 2016 and June 6, 2016  |
| Publish summary of tentatively adopted budget and notice of public hearing which must precede final adoption.   | No requirement.   | Once a week for two consecutive weeks following tentative adoption.  | Publish weeks of June 6, 2016 and June 13, 2016 |
| 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 10, 2016                                   |
| Public hearing on budget plus property tax levy or truth-in-taxation hearing (when required) immediately followed by adoption of final budget ordinances. | No requirement.   | On or before the 14th day before the tax levy is adopted and no later than first Monday in August.   | June 15, 2016                                   |
| 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 24, 2016                                   |
| 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, 2016                                    |

**Amendments to the Budget After Final Adoption**

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

In certain instances, however, the budget may be amended after adoption. All budget amendments require City Council approval. These are (1) transfers from any contingency appropriation, (2) increases in funds exempt from the Arizona State Constitution expenditure limit and (3) reallocations of amounts included in the original budget. An amount for contingencies is included in the General Fund and in many other restricted funds. Informal reservations of contingencies may be made throughout the fiscal year as approved by the City Council. Actual expenditures are recorded in the appropriate departmental budget. Then, at the end of the fiscal year, contingency amounts actually needed are transferred by City Council formal action to the appropriate departmental budget.

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

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





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

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

### **Primary Property Tax Restrictions**

Primary property tax levies are restricted to an annual 2 percent increase plus an allowance for growth attributable to previously unassessed properties (primarily new construction). The City Charter requires that eight cents of the primary property tax levy be allocated to the Parks and Playground Fund. In addition, the City Charter limits the primary property tax rate to \$1.00 plus an amount that provides for the establishment and support of free public libraries and reading rooms. The primary levy may additionally increase by an amount equal to annual tort liability claims. Assessment ratios and the primary tax rate are applied to a property's limited property value, less exclusions, to determine the property's primary tax levy. Beginning in 2015-16 due to state Proposition 117 passed by Arizona voters in 2012, the limited property value used in this calculation for most properties was the lesser of the property's full cash value, or an amount 5 percent greater than the property's prior-year limited property value.

### **Secondary Property Tax Restrictions**

Secondary property tax levies are restricted in their use to the payment of annual debt service on long-term debt obligations. Any over-collection of the secondary levy or any interest earned by invested secondary property tax funds must be used to reduce the following year's levy. Beginning in 2015-16 due to state Proposition 117 passed by Arizona voters in 2012, assessment ratios and the secondary tax rate were applied to a property's

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

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

### **Bonded Debt Limit**

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

### **ANNUAL EXPENDITURE LIMITATION**

Since fiscal year 1982-83, the city of Phoenix has been subject to an annual expenditure limitation imposed by the Arizona Constitution. This limitation is based upon the city's actual 1979-80 expenditures adjusted for interim growth in population and inflation as measured by the gross domestic product implicit price deflator.

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

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

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

The current home rule option, approved by the voters on August 25, 2015, will set the limit at the city's annual budget after public hearings in all Council districts. The home rule option will be in effect for four fiscal years from 2016-17 through 2019-20 and allows Phoenix residents to continue to control local expenditures.

### **BUDGET BASIS OF ACCOUNTING**

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

1. For budgetary purposes, encumbrances (contractual commitments to be performed) are considered the equivalent of expenditures rather than as a reservation of fund balance.





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

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

**GENERAL FINANCIAL POLICIES**

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

**Form of Budget Adoption**

1. **Allocation of Appropriations** - Funds appropriated by the City Council are allocated to programs, offices, departments, divisions, sections, projects and type of expenditure by the city manager or as delegated to the Budget and Research director to provide managerial control and reporting of budgetary operations.
2. **Budget Controls** - At the department level, control of expenditures is governed by Administrative Regulation. City departments prepare revised expenditure estimates twice a year. The Budget and Research Department keeps the City Manager and the City Council advised on the status of the budget

through periodic budget status reports. Mid-year revenue shortfalls can result in the adoption of mid-year expenditure reductions.

3. **Contingency Amounts** - A contingency allowance is appropriated to provide for emergencies and unanticipated expenditures. The use of contingency funds is intended for one-time expenses since it represents limited one-time resources in the fund balances. Expenditures may be made from contingencies only upon approval by the City Council with recommendation by the City Manager. In March 2010, the City Council agreed to gradually increase the contingency with a goal of achieving 5.0 percent of General Fund operating expenditures. Achieving this goal will improve the city's ability to withstand future economic cycles. Enterprise and Special Revenue funds have varying levels of contingency funding consistent with the variability in revenues and expenditures associated with the services provided.
4. **Ordinances** - Three budget ordinances are adopted each fiscal year: (1) the operating funds ordinance, (2) the capital funds ordinance and (3) the re-appropriated funds ordinance. The last ordinance is required because the appropriation authority for unexpended amounts, including those encumbered, lapses at the end of the fiscal year. Since all expended amounts must be included in the budget adoption ordinance, the city re-budgets all encumbrances outstanding at year's end.

**Cost Allocation and Expenditure Policies**

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

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

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

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

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





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

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

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

**Revenue Management**

All local governments struggle to generate the funds necessary to provide, maintain and enhance the service demands of their community. Due to the legal limitations on property taxes in Arizona, and due to the pre-emption of city-imposed income,

luxury and gas taxes, Arizona cities and towns largely rely on local sales taxes and state-shared sales, income and vehicle license taxes. In Phoenix, 39 percent of General Fund revenue comes from the local sales tax. This reliance on sales tax collections results in a highly cyclical revenue base. Significant decreases in total General Fund revenue and sales taxes in particular led to the City Council's February 2010 approval of a temporary sales tax on food for home consumption effective April 1, 2010. The temporary food tax was reduced in half by the City Council effective Jan. 1, 2014, and the remaining tax expired by ordinance on March 31, 2015.

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

Also important to managing the revenue base is the continued growth expected in Internet sales. The use tax is an important tool in reducing the impact of this shift from sales in "Bricks and Mortar" stores. The development of tourism-related sales tax base (hotels, restaurants and short-term car rentals) is another important hedge against future revenue loss due to growth in Internet sales.

Finally, utility taxes levied against the sales of electricity, natural gas, telecommunications, water and sewer make up about 20 percent of our General Fund local sales tax base. Generally, utility taxes are not responsive to economic conditions and provide a fairly significant revenue source that remains stable during periods of economic downturn. In addition, several detailed revenue policies follow.

**1. Privilege License and Use Taxes (Sales Tax)** - The City Council may set the city sales tax rate by ordinance. The city sales tax rate on retail sales and most other categories is 2.3 percent effective January 1, 2016. However, a two-tier rate structure is applicable to retail sales of single items in excess of \$10,000; the first \$10,000 is subject to the 2.3 percent rate, while the amount over \$10,000 is subject to a 2.0 percent rate. The Model City tax code exemption on food for home consumption was temporarily removed by City Council action in February 2010. By ordinance, the exemption was restored in April 2015. The food tax was previously last imposed in June 1980. The rate varies for certain other specialized taxing categories as outlined in the Operating Fund Revenues section of this document.

**2. Property Tax** - The City Charter limits city property tax rates to \$1.00 per \$100 of net assessed valuation, plus the amount necessary to pay for debt service and to maintain public libraries. Except as otherwise limited by state law, the city's primary property tax rate is set based on the \$1.00 limitation plus an amount needed for library operations. The secondary property tax rate is set to support debt service requirements.

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

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





reductions or fee adjustments to the City Council to maintain the established cost recovery policy.

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

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

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

## FUND STRUCTURE

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

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

### General Funds

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

**Parks** – The City Charter requires that a portion of the primary property tax levy be used to support parks programs. To demonstrate compliance with this requirement, all parks revenues and expenditures are segregated in a separate fund.

**Library** – State law requires that funds received for library purposes are segregated in a separate Library Fund. Revenues include library fines and fees, which are used to help offset library expenditures.

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

### Special Revenue Funds

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

**Capital Construction** – This fund is used to account for the 2 percent utility taxes on telecommunication services that are used for pay-as-you-go capital projects in the city’s right-of-way.

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

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

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

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

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

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

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

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

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

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

**Public Safety Enhancement** – These funds are used to account for the revenues and expenditures associated with a voter-approved 2.0 percent increment of the 2.7 percent sales tax on utilities with





franchise agreements in March 2005. The Police Department, including the Office of Emergency Management, is allocated 62 percent and the Fire Department 38 percent of revenues.

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

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

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

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

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

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

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

**Enterprise Funds**

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

Convention Center funds come from a combination of rental and parking income and earmarked sales taxes. These earmarked taxes include a portion of the

hotel, restaurant and bar, construction contracting and advertising taxes levied by the city. This tax stream has been earmarked to repay the debt issued for the Convention Center facility and to provide for operations and maintenance costs.

**Fiduciary Funds**

Fiduciary funds, including trust and agency funds, represent funds held for others. As such, these funds are not included in the annual budget. Any contributions made to these funds using city funds are included in the budget for the appropriate fiscal year. Also, reserves and expenditures for fiduciary funds are not presented in the Comprehensive Annual Financial Report (CAFR). However, the year-end balances held in fiduciary funds are provided in the CAFR.







# Revenue Estimates

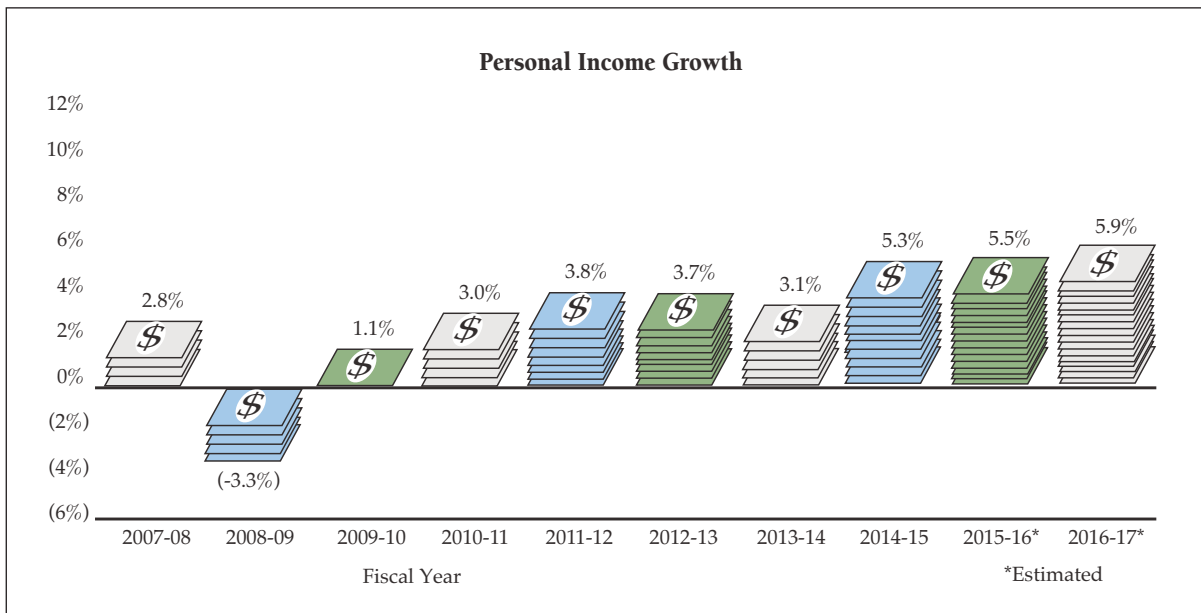
Revenue estimates for 2016-17 are based on assumptions about the local economy, population changes, activity levels, underlying estimates for cost-recovery rates and fees, and on the continuation of current state revenue collection and sharing practices. In addition, other revenue estimates are developed using the most current information from outside entities that establish such fees. Examples of revenues derived from fees set by outside entities include portions of court fines and fees, and ambulance fees. Revenue estimates also include property taxes; the combined primary and secondary property tax rates have increased from \$1.82 in 2015-16 to \$2.17 in 2016-17 to support debt service requirements.

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

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

expected to grow by 5.9 percent in 2016-17, which is up slightly from the 5.5 percent estimated for 2015-16.

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





## FIVE YEAR EXCISE TAX FORECAST

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

The following table details the five

year excise tax revenue forecast. Included in the forecast are several economic assumptions including moderate growth for city and state sales tax; growth in population, but at a smaller rate than prior years; increases in personal income and job growth; decreased unemployment; marginal increases in consumer spending and continued improvement of the housing market. Although increases in personal income, jobs and population are expected,

the pace of growth is expected to be slow. The forecast also includes no further periods of recession and no change to state shared revenue formulas. The forecast accounts for elimination of the food for home consumption tax on April 1, 2015, and Proposition 104 established by the voters effective January 1, 2016, which raised the transaction privilege tax rates by 0.3% for various business activities to fund a comprehensive transportation plan.

| CITY OF PHOENIX, ARIZONA<br>FIVE YEAR EXCISE TAX REVENUE FORECAST<br>(In Thousands of Dollars) |                    |                    |              |                    |              |                    |             |                    |             |                    |             |                    |             |
|--|--------------------|--------------------|--------------|--------------------|--------------|--------------------|-------------|--------------------|-------------|--------------------|-------------|--------------------|-------------|
|  | 2014-15            | 2015-16            | %            | 2016-17            | %            | 2017-18            | %           | 2018-19            | %           | 2019-20            | %           | 2020-21            |             |
|  | Actual             | Estimate           | Change       | Estimate           | Change       | Forecast           | Change      | Forecast           | Change      | Forecast           | Change      | Forecast           |             |
| <b>Privilege License Tax</b>   |                    |                    |              |                    |              |                    |             |                    |             |                    |             |                    |             |
| Privilege License Tax <sup>1,3</sup>   | \$321,224          | \$325,671          | 1.4%         | \$339,032          | 4.1%         | \$354,047          | 4.4%        | \$368,537          | 4.1%        | \$385,205          | 4.5%        | \$403,953          | 4.9%        |
| Police Neighborhood Protection <sup>1,3</sup>  | 20,917             | 19,954             | -4.6%        | 20,744             | 4.0%         | 21,756             | 4.9%        | 22,750             | 4.6%        | 23,874             | 4.9%        | 25,079             | 5.0%        |
| Police Block Watch <sup>1,3</sup>  | 1,494              | 1,425              | -4.6%        | 1,481              | 3.9%         | 1,554              | 4.9%        | 1,625              | 4.6%        | 1,706              | 5.0%        | 1,792              | 5.0%        |
| Fire Neighborhood Protection <sup>1,3</sup>  | 7,470              | 7,127              | -4.6%        | 7,413              | 4.0%         | 7,769              | 4.8%        | 8,125              | 4.6%        | 8,526              | 4.9%        | 8,956              | 5.0%        |
| Police - 2007 Public Safety Expansion <sup>1,3</sup>   | 47,808             | 45,612             | -4.6%        | 47,415             | 4.0%         | 49,727             | 4.9%        | 51,936             | 4.4%        | 54,567             | 5.1%        | 57,323             | 5.1%        |
| Fire - 2007 Public Safety Expansion <sup>1,3</sup>   | 11,952             | 11,403             | -4.6%        | 11,854             | 4.0%         | 12,431             | 4.9%        | 13,000             | 4.6%        | 13,641             | 4.9%        | 14,331             | 5.1%        |
| Parks and Preserves <sup>1,3</sup>   | 29,882             | 28,507             | -4.6%        | 29,634             | 4.0%         | 31,079             | 4.9%        | 32,460             | 4.4%        | 34,105             | 5.1%        | 35,827             | 5.0%        |
| Transit 2000 <sup>2,3</sup>  | 110,347            | 55,915             | -49.3%       | -                  | -100.0%      | -                  | -           | -                  | -           | -                  | -           | -                  | -           |
| Transportation 2050 <sup>4</sup>   | -                  | 100,514            | -            | 206,782            | 105.7%       | 216,697            | 4.8%        | 226,537            | 4.5%        | 237,649            | 4.9%        | 249,605            | 5.0%        |
| Convention Center Excise Tax <sup>3</sup>  | 46,402             | 45,919             | -1.0%        | 46,726             | 1.8%         | 49,620             | 6.2%        | 53,029             | 6.9%        | 56,350             | 6.3%        | 59,335             | 5.3%        |
| Sports Facilities Excise Tax <sup>3</sup>  | 17,062             | 18,704             | 9.6%         | 18,702             | 0.0%         | 18,856             | 0.8%        | 19,182             | 1.7%        | 19,515             | 1.7%        | 19,873             | 1.8%        |
| Privilege License Fees (Annual)  | 2,361              | 2,430              | 2.9%         | 2,430              | 0.0%         | 2,508              | 3.2%        | 2,588              | 3.2%        | 2,671              | 3.2%        | 2,756              | 3.2%        |
| PLT Application Fees <sup>5</sup>  | 68                 | 1                  | -98.5%       | -                  | -100%        | -                  | -           | -                  | -           | -                  | -           | -                  | -           |
| Treasury Collection Service Fee <sup>5</sup>   | 48                 | 30                 | -37.5%       | 25                 | -17%         | -                  | -100.0%     | -                  | -           | -                  | -           | -                  | -           |
| Government Lease Property Excise Tax   | 306                | 310                | 1.3%         | 315                | 1.6%         | 319                | 1.3%        | 323                | 1.3%        | 327                | 1.2%        | 332                | 1.5%        |
| <b>Subtotal (PLT)</b>  | <b>\$617,341</b>   | <b>\$663,522</b>   | <b>7.5%</b>  | <b>\$732,553</b>   | <b>10.4%</b> | <b>\$766,363</b>   | <b>4.6%</b> | <b>\$800,092</b>   | <b>4.4%</b> | <b>\$838,136</b>   | <b>4.8%</b> | <b>\$879,162</b>   | <b>4.9%</b> |
| <b>Utility &amp; Franchise</b>   |                    |                    |              |                    |              |                    |             |                    |             |                    |             |                    |             |
| Utility & Franchise Tax  | \$85,790           | \$85,374           | -0.5%        | \$86,536           | 1.4%         | \$89,034           | 2.9%        | \$91,900           | 3.2%        | \$94,663           | 3.0%        | \$97,111           | 2.6%        |
| Jail Tax   | 6,949              | 7,030              | 1.2%         | 7,118              | 1.3%         | 7,225              | 1.5%        | 7,333              | 1.5%        | 7,443              | 1.5%        | 7,555              | 1.5%        |
| General Excise Tax   | 9,919              | 10,400             | 4.8%         | 10,530             | 1.3%         | 10,688             | 1.5%        | 10,848             | 1.5%        | 11,011             | 1.5%        | 11,176             | 1.5%        |
| Storm Water Management   | 4,728              | 4,761              | 0.7%         | 4,743              | -0.4%        | 4,814              | 1.5%        | 4,886              | 1.5%        | 4,960              | 1.5%        | 5,034              | 1.5%        |
| Capital Construction   | 14,281             | 12,465             | -12.7%       | 12,001             | -3.7%        | 11,995             | 0.0%        | 12,174             | 1.5%        | 12,303             | 1.1%        | 12,265             | -0.3%       |
| Police Public Safety Enhancement   | 15,542             | 15,949             | 2.6%         | 16,592             | 4.0%         | 17,200             | 3.7%        | 17,761             | 3.3%        | 18,271             | 2.9%        | 18,746             | 2.6%        |
| Fire Public Safety Enhancement   | 9,526              | 9,774              | 2.6%         | 10,169             | 4.0%         | 10,541             | 3.7%        | 10,886             | 3.3%        | 11,199             | 2.9%        | 11,489             | 2.6%        |
| <b>Subtotal (Utility &amp; Franchise)</b>  | <b>\$146,735</b>   | <b>\$145,753</b>   | <b>-0.7%</b> | <b>\$147,689</b>   | <b>1.3%</b>  | <b>\$151,497</b>   | <b>2.6%</b> | <b>\$155,788</b>   | <b>2.8%</b> | <b>\$159,850</b>   | <b>2.6%</b> | <b>\$163,376</b>   | <b>2.2%</b> |
| <b>Licenses &amp; Permits</b>  |                    |                    |              |                    |              |                    |             |                    |             |                    |             |                    |             |
| Licenses & Permits   | 2,783              | 2,788              | 0.2%         | 2,786              | -0.1%        | 2,858              | 2.6%        | 2,933              | 2.6%        | 3,006              | 2.5%        | 3,084              | 2.6%        |
| State Sales Tax <sup>3,5,7</sup>   | 132,218            | 137,502            | 4.0%         | 141,696            | 3.1%         | 149,280            | 5.4%        | 157,236            | 5.3%        | 165,275            | 5.1%        | 173,260            | 4.8%        |
| State Income Tax <sup>6,7</sup>  | 175,184            | 174,234            | -0.5%        | 187,210            | 7.4%         | 189,000            | 1.0%        | 192,000            | 1.6%        | 196,000            | 2.1%        | 202,000            | 3.1%        |
| <b>TOTAL</b>   | <b>\$1,074,261</b> | <b>\$1,123,799</b> | <b>4.6%</b>  | <b>\$1,211,934</b> | <b>7.8%</b>  | <b>\$1,258,998</b> | <b>3.9%</b> | <b>\$1,308,049</b> | <b>3.9%</b> | <b>\$1,362,267</b> | <b>4.1%</b> | <b>\$1,420,882</b> | <b>4.3%</b> |

<sup>1</sup> Sales tax on food for home consumption eliminated effective 4/1/2015 impacting the General Fund, Neighborhood Protection, Public Safety Expansion and Parks and Preserves funds.

<sup>2</sup> The Transit 2000 fund no longer received any portion of the sales tax on food revenue effective 1/1/2014, which was offset by reduced expenses from refinancing of Transit 2000 debt.

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

<sup>4</sup> The Transportation 2050 sales tax (Proposition 104) was established by the voters effective January 1, 2016 and increased the Transit 2000 sales tax (Proposition 2000) to fund a comprehensive transportation plan with a 35 year sunset date. The Proposition increased the transaction privilege (sales) tax rates by 0.3% for various business activities.

<sup>5</sup> Effective 1/1/2015, the City no longer charges a privilege license application fee and revenue is not expected to continue from treasury collection service activity due to legislation requiring the State of Arizona to collect taxes on behalf of all cities and towns.

<sup>6</sup> Assumes relative population share is based on estimates from the League of Arizona Cities & Towns and the Arizona Department of Administration Employment & Population Statistics Office for state shared sales and income tax revenue projections.

<sup>7</sup> Assumes no change to state shared revenue formulas or legislation that could impact state income or sales tax collections.

Note:

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

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

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





### GENERAL FUNDS

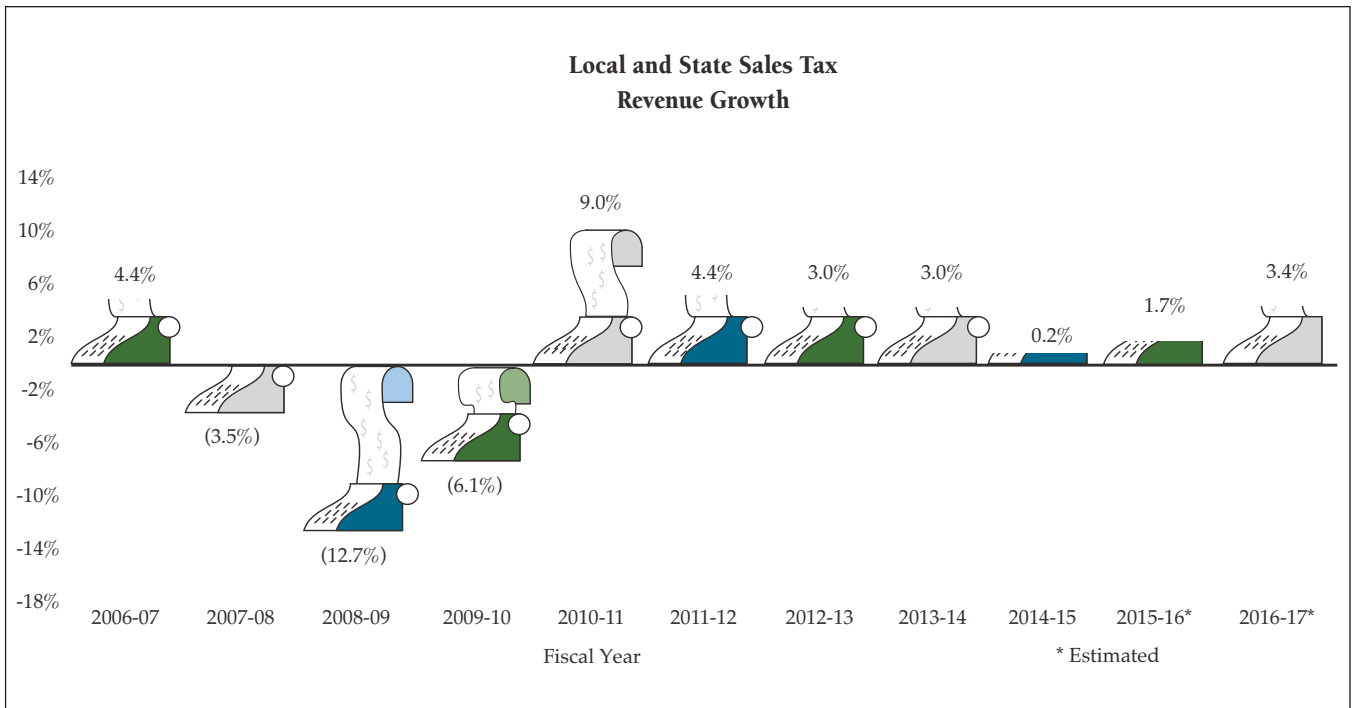
Total 2016-17 General Fund revenues are estimated to be \$1,101.9 million or 3.1 percent more than 2015-16 estimates of \$1,068.5 million. General Fund revenues consist of four major categories: local taxes, state-shared revenues, primary property taxes and user fees. Following are descriptions of the revenue sources within these four categories and explanations of 2016-17 revenue estimates.

Local and state sales tax collections represent approximately 51 percent of General Fund revenues. Local sales taxes

for 2016-17 are expected to grow by 3.5 percent over 2015-16 estimates. This is an increase from the 1.0 percent growth rate in local sales taxes estimated in 2015-16, which accounts for the complete elimination of the food for home consumption tax on April 1, 2015. Phoenix's share of state sales taxes for 2016-17 is expected to grow by 3.1 percent over 2015-16 estimates. This is decreased from the 4.0 percent growth in Phoenix's share anticipated in 2015-16.

Combined local and state sales tax revenues for 2016-17 are expected to grow by 3.4 percent over 2015-16 estimates. Combined rates of growth since 2006-07 are provided in the chart below.

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





**GENERAL FUND REVENUE BY MAJOR SOURCE**

(In Thousands of Dollars)

| Revenue Source                      | 2014-15<br>Actual | % of<br>Total | 2015-16<br>Estimate | % of<br>Total | 2016-17<br>Budget | % of<br>Total | Increase/(Decrease)<br>From 2015-16 Estimate |         |
|-------------------------------------|-------------------|---------------|---------------------|---------------|-------------------|---------------|--|---------|
|                                     |                   |               |                     |               |                   |               | Amount                                       | Percent |
| <b>Local Taxes and Related Fees</b> |                   |               |                     |               |                   |               |  |         |
| Local Sales Tax                     | \$ 407,014        | 38.7%         | \$ 411,045          | 38.5%         | \$ 425,568        | 38.6%         | \$ 14,523                                    | 3.5%    |
| Privilege License Fees              | 2,477             | 0.2%          | 2,461               | 0.2%          | 2,455             | 0.2%          | (6)  | -0.2%   |
| Other General Fund Excise Taxes     | 17,174            | 1.6%          | 17,740              | 1.7%          | 17,963            | 1.7%          | 223  | 1.3%    |
| Subtotal                            | \$ 426,665        | 40.5%         | \$ 431,246          | 40.4%         | \$ 445,986        | 40.5%         | \$ 14,740                                    | 3.4%    |
| <b>State-Shared Revenue</b>         |                   |               |                     |               |                   |               |  |         |
| Sales Tax                           | 132,218           | 12.6%         | 137,502             | 12.9%         | 141,696           | 12.9%         | 4,194  | 3.1%    |
| State Income Tax                    | 175,184           | 16.6%         | 174,234             | 16.3%         | 187,210           | 17.0%         | 12,976                                       | 7.4%    |
| Vehicle License Tax                 | 55,293            | 5.3%          | 58,600              | 5.5%          | 61,042            | 5.5%          | 2,442  | 4.2%    |
| Subtotal                            | \$ 362,695        | 34.5%         | \$ 370,336          | 34.7%         | \$ 389,948        | 35.4%         | \$ 19,612                                    | 5.3%    |
| <b>Primary Property Tax</b>         | 138,244           | 13.1%         | 140,363             | 13.1%         | 145,141           | 13.2%         | 4,778  | 3.4%    |
| <b>User Fees/Other Revenue</b>      |                   |               |                     |               |                   |               |  |         |
| Licenses & Permits                  | 2,783             | 0.3%          | 2,788               | 0.2%          | 2,786             | 0.3%          | (2)  | -0.1%   |
| Cable Communications                | 9,574             | 0.9%          | 9,772               | 0.9%          | 10,090            | 0.9%          | 318  | 3.3%    |
| Fines and Forfeitures               | 15,676            | 1.5%          | 14,320              | 1.3%          | 14,327            | 1.3%          | 7  | 0.0%    |
| Court Default Fee                   | 897               | 0.1%          | 915                 | 0.1%          | 915               | 0.1%          | -  | 0.0%    |
| Fire                                | 46,479            | 4.4%          | 50,366              | 4.7%          | 45,449            | 4.1%          | (4,917)                                      | -9.8%   |
| Hazardous Materials Inspection Fee  | 1,312             | 0.1%          | 1,500               | 0.1%          | 1,550             | 0.1%          | 50   | 3.3%    |
| Library Fees                        | 947               | 0.1%          | 673                 | 0.1%          | 672               | 0.1%          | (1)  | -0.1%   |
| Parks and Recreation                | 7,990             | 0.8%          | 7,698               | 0.7%          | 7,818             | 0.7%          | 120  | 1.6%    |
| Planning                            | 1,312             | 0.1%          | 1,630               | 0.2%          | 1,680             | 0.2%          | 50   | 3.1%    |
| Police                              | 14,687            | 1.4%          | 13,855              | 1.3%          | 13,803            | 1.3%          | (52)   | -0.4%   |
| Street Transportation               | 4,672             | 0.4%          | 3,514               | 0.3%          | 3,477             | 0.3%          | (37)   | -1.1%   |
| Other Service Charges               | 14,710            | 1.4%          | 16,782              | 1.6%          | 15,697            | 1.3%          | (1,085)                                      | -6.5%   |
| Other                               | 3,946             | 0.4%          | 2,722               | 0.3%          | 2,535             | 0.2%          | (187)  | -6.9%   |
| Subtotal                            | \$ 124,985        | 11.9%         | \$ 126,535          | 11.8%         | \$ 120,799        | 10.9%         | \$ (5,736)                                   | -4.5%   |
| <b>TOTAL GENERAL FUND</b>           | \$ 1,052,589      | 100.0%        | \$ 1,068,480        | 100.0%        | \$ 1,101,874      | 100.0%        | \$ 33,394                                    | 3.1%    |





## LOCAL SALES TAXES AND FEES

This major revenue category consists of local sales tax, privilege license fees, use tax, franchise taxes and fees, and other general excise taxes. The 2016-17 estimate is \$446.0 million, which is \$14.7 million or 3.4 percent greater than the 2015-16 estimate of \$431.2 million. The assumptions used to estimate local taxes and related fees follow.

### Local Sales Tax

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

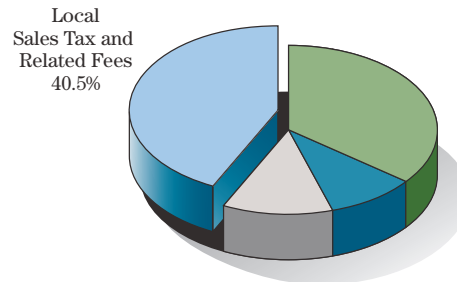
Of the 15 categories collected, all except advertising provide General Fund resources and contribute to voter-approved resources for police and fire, parks and preserves, and transportation programs. Portions of several categories and the entire advertising category are restricted to the Convention Center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

Sports Facilities Fund. Effective April 1, 2010, the temporary Phoenix Emergency Privilege Sales Tax on Food provided for the taxation of the sale of food for home consumption under the retail classification. The rate for the sales tax on food was reduced from two percent to one percent effective January 1, 2014 and the tax expired as planned on March 31, 2015. Effective January 1, 2016, Proposition 104 established the Transportation 2050 sales tax and increased the Transit 2000 sales tax previously passed by Proposition 2000 to fund a comprehensive transportation plan with a new 35 year sunset date. The

Proposition increased the transaction privilege (sales) tax by 0.3 percent for various business activities.

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

**GENERAL FUNDS**  
Total Revenues – \$1,101.9 Million



### CURRENT LOCAL SALES TAX RATES BY CATEGORY

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

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

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

(1) The Transportation 2050 sales tax (Proposition 104) was established by the voters effective January 1, 2016 and increased the Transit 2000 sales tax (Proposition 2000) to fund a comprehensive transportation plan with a 35 year sunset date. The Proposition increased the transaction privilege (sales) tax rates by 0.3% for various business activities and established a two-tier tax rate structure applicable to retail sales of single items in excess of \$10,000; the first \$10,000 (Tier 1) is subject to the 2.3% tax rate, while transactions over \$10,000 (Tier 2) are subject to the 2.0% tax rate.





The General Fund portion of the local sales tax estimate is \$425,568,000 for 2016-17. This is an increase of \$14,523,000 or 3.5 percent from the 2015-16 estimate of \$411,045,000. The increase in local sales tax revenue is based on growth rates provided by the UofA city sales tax model and the assumption the economy will continue to improve and reflects growth in most tax categories. Estimated growth of 5.0 percent is projected in the retail sales category. Projected increases in other categories include 1.4 percent for utility and franchise; 5.1 percent for restaurants and bars; and 0.5 percent for hotel/motel room rentals.

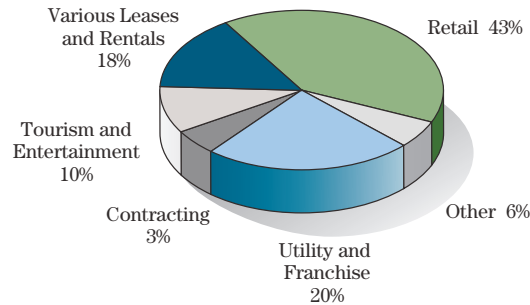
As shown in the pie chart to the right, the retail category represents approximately 43 percent of the local General Fund sales tax. Personal income growth, which is used as a trend indicator for retail sales activity, is projected at 5.9 percent for 2016-17.

General Fund sales tax revenue is collected on three rental categories: leases and rentals of personal property, commercial real property rentals and residential real property rentals. For 2016-17, the leases and rentals of personal property and commercial real property categories are expected to grow 1.4 and 3.7 percent respectively and residential real property rentals is projected to grow by 6.7 percent. These three categories combined are approximately 18 percent of local General Fund sales tax revenue.

The contracting category is expected to decline by 8.0 percent in 2016-17 based on projections from the UofA. Activity in Phoenix for the commercial, retail and residential markets has not fully recovered since the recession and the growth trend in the current fiscal year continues to be negative. Additionally, state legislative changes to contracting sales tax have negatively impacted annual collections in this category. The contracting category represents approximately 3 percent of the local General Fund sales tax revenue.

The restaurants and bars category is expected to increase 5.1 percent and the hotel/motel category is expected to increase 0.5 percent in 2016-17. These two categories, combined with revenue from amusements, are closely related to tourism and entertainment activities. Revenues from these activities represent approximately 10 percent of local General Fund sales tax revenue.

**GENERAL FUNDS  
Local Sales Taxes**



The utility tax category is approximately 20 percent of local General Fund sales tax revenue. The category includes electricity, natural and artificial gas, water consumption, sewer service and communications activities. The 2016-17 estimate for utility sales and franchise tax revenue is \$86,399,000, which is an increase of 1.4 percent over the 2015-16 estimate. The increase is due to expected modest increases in account growth and utility consumption as the economy continues to improve.

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 2016-17 estimate of \$20,075,000, is an increase of 5.0 percent over the 2015-16 estimate. This category is subject to fluctuations in purchasing practices, as well as economic drivers. The use tax category is approximately 4.7 percent of local General Fund sales tax revenue.

The following table shows General Fund sales tax collections since 2012-13. The amounts shown exclude the additional tax items that are collected based on water service accounts (jail tax and general excise tax).

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

| Fiscal Year          | Revenues | % Change From Previous Year |
|----------------------|----------|-----------------------------|
| 2012-13              | 403,646  | 2.7%                        |
| 2013-14              | 410,970  | 1.8                         |
| 2014-15 <sup>u</sup> | 407,014  | (1.0)                       |
| 2015-16 (Est.)       | 411,045  | 1.0                         |
| 2016-17 (Est.)       | 425,568  | 3.5                         |

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





### Privilege License Fees

The city charges a \$50 annual license fee to businesses that engage in activity where a transaction privilege tax is imposed. This category also includes a \$2 per unit (\$50 maximum) annual fee on each apartment complex for non-transient lodging. The 2016-17 estimate for privilege license fee revenue of \$2,455,000 represents a 0.2 percent decrease from the 2015-16 estimate of \$2,461,000. The decrease is attributable to the elimination of collection services fees that will no longer be required due to legislation directing the State of Arizona to collect taxes on behalf of all cities and towns.

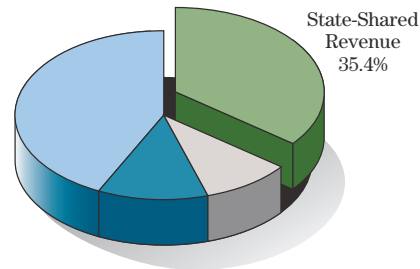
### Other General Fund Excise Taxes

The jail tax collected on water service accounts was implemented on October 1, 1990, and provides resources to help offset jail costs paid to Maricopa County for misdemeanor defendants. The City Council voted to reduce the jail tax 50 percent effective July 2012. The 2016-17 estimate of \$7,118,000 represents a 1.3 percent increase from the 2015-16 estimate of \$7,030,000. This category also includes a general city services excise tax on municipal services bills based on water meter size implemented in July 2014. The 2016-17 estimate for the general city services excise tax is \$10,530,000 and represents a 1.3 percent increase from the 2015-16 estimate of \$10,400,000.

### STATE-SHARED REVENUES

This major revenue category consists of the city's share of the state sales tax, the state income tax and vehicle license tax. The 2016-17 estimate for this category is \$389.9 million, which is \$19.6 million or 5.3 percent more than the 2015-16 estimate of \$370.3 million. The increase is due to an estimated increase of 7.4 percent in state-shared income taxes, estimated growth of 4.2 percent in vehicle license taxes and estimated growth of 3.1 percent in state sales taxes. State-shared income taxes are based on actual collections received two years prior. The 2016-17 projected state-

**GENERAL FUNDS**  
Total Revenues – \$1,101.9 Million



shared income tax revenue estimate of \$187,210,000 is based on actual collections received in 2014-15 and is \$12,976,000 more than the 2015-16 projected revenue of \$174,234,000.

### State Sales Tax

The state sales tax rate on most taxable activities is 5.6 percent. The revenues are split between a “distribution base,” of which Phoenix receives a share, and a “combined non-shared” category, which is allocated entirely to the state. With exceptions for some categories, the distribution base consists of either 20 or 40

percent of collections depending on the tax classification. The 0.6 percent education tax included in the total tax rate is not included in the distribution base. Under the current formula, incorporated cities receive 25 percent of the distribution base. These funds are distributed to individual cities on the basis of relative population percentages. Phoenix's share of the distribution to cities for 2016-17 is estimated at 28.24 percent and is based on preliminary projections provided by the League of Arizona Cities & Towns and the Arizona Department of Administration Employment & Population Statistics Office.

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

| Fiscal Year    | Cities' Share of State Collections |          | Phoenix's Share |           |          |
|----------------|------------------------------------|----------|-----------------|-----------|----------|
|                | Total                              | % Change | Percent         | Amount    | % Change |
| 2012-13        | \$411,118                          | 4.7%     | 28.8%           | \$118,730 | 4.1%     |
| 2013-14        | 437,629                            | 6.4      | 28.8            | 127,005   | 7.0      |
| 2014-15        | 459,177                            | 4.9      | 28.8            | 132,218   | 4.1      |
| 2015-16 (Est.) | 476,717                            | 3.8      | 28.8            | 137,502   | 4.0      |
| 2016-17 (Est.) | 499,519                            | 4.8      | 28.2*           | 141,696   | 3.1      |

\*Based on preliminary estimates. Final U.S. Census Bureau estimates were not available during budget development.





The city's share of the state sales tax for 2016-17 is expected to be \$141,696,000, which is \$4,194,000 or 3.1 percent more than the 2015-16 estimate of \$137,502,000. This estimate is based on growth rates provided by the UofA state sales tax model and the assumption that, similar to the local economy, the state economy will continue to improve in 2016-17. The table on the previous page shows the cities' share of state sales taxes, Phoenix's allocation and annual increase/decrease since 2012-13. The population factor will change annually beginning in 2016-17, based on U.S. Census Bureau estimates and periodic adjustments made throughout the year.

**State Income Tax**

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

The 15 percent portion of the state income tax, which will be distributed to Arizona cities and towns in 2016-17, is expected to be \$663.6 million. The distribution represents actual individual and corporate income tax collections by the state in the 2014-15 fiscal year. The anticipated \$663.6 million is a 9.6 percent increase from the previous fiscal year. The increase is attributable to higher individual and corporate income tax collections. Phoenix's total distribution for 2016-17 is estimated at \$187,210,000 and is an increase of \$12,976,000 or 7.4 percent from the 2015-16 estimate of \$174,234,000.

The following table shows the total cities' share of state income tax, Phoenix's share, percentage allocation and annual increase/decrease since 2012-13. Similar to sales tax sharing, the population factor will change annually beginning in 2016-17, based on U.S. Census Bureau estimates and periodic adjustments made throughout the year.

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

| Fiscal Year    | % Share w/Cities | Cities' Share of State Collections |          | Phoenix's Share |           |          |
|----------------|------------------|------------------------------------|----------|-----------------|-----------|----------|
|                |                  | Total                              | % Change | Percent         | Amount    | % Change |
| 2012-13        | 15.0%            | \$513,628                          | 21.0%    | 28.8%           | \$147,668 | 21.0%    |
| 2013-14        | 15.0             | 561,001                            | 9.2      | 28.8            | 161,580   | 9.4      |
| 2014-15        | 15.0             | 608,936                            | 8.5      | 28.8            | 175,184   | 8.4      |
| 2015-16 (Est.) | 15.0             | 605,634                            | (0.5)    | 28.8            | 174,234   | (0.5)    |
| 2016-17 (Est.) | 15.0             | 663,582                            | 9.6      | 28.2*           | 187,210   | 7.4      |

\*Based on preliminary estimates. Final U.S. Census Bureau estimates were not available during budget development.





### Vehicle License Tax

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

Currently, 37.61 percent of collections are allocated to the Arizona Highway User Revenue Fund. The remainder is allocated by percentage to various state funds as well as to the counties and cities. The state is responsible for distributing funds to cities according to their relative population within the county. Based on U.S. Census Bureau population estimates, Phoenix's percentage of the population within Maricopa County for 2016-17 is estimated to be 40.4 percent, down from 40.9 percent based on the 2010 Census. Phoenix's share of the vehicle license tax for 2016-17 is anticipated to be \$61,042,000 which is \$2,442,000 or 4.2 percent more than the 2015-16 estimate of \$58,600,000.

The following table shows the cities' share of the vehicle license tax, Phoenix's share, allocation percentage and annual percentage change since 2012-13.

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

| Fiscal Year    | Amount Distributed by Maricopa County | Phoenix's Share |          | Increase/(Decrease) |         |
|----------------|---------------------------------------|-----------------|----------|---------------------|---------|
|                |                                       | Percent         | Amount   | Amount              | Percent |
| 2012-13        | \$118,206                             | 40.9%           | \$48,370 | \$1,970             | 4.2%    |
| 2013-14        | 126,240                               | 40.9            | 51,689   | 3,319               | 6.9     |
| 2014-15        | 135,043                               | 40.9            | 55,293   | 3,604               | 7.0     |
| 2015-16 (Est.) | 143,119                               | 40.9            | 58,600   | 3,307               | 6.0     |
| 2016-17 (Est.) | 151,133                               | 40.4*           | 61,042   | 2,442               | 4.2     |

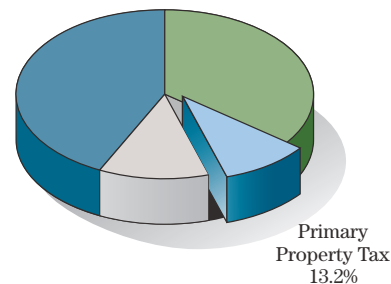
\*Based on preliminary estimates. Final U.S. Census Bureau estimates were not available during budget development.

### PRIMARY PROPERTY TAX

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

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

### GENERAL FUNDS Total Revenues – \$1,101.9 Million





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. Beginning in fiscal year 2015-16, the amendment caps the limited property value at no greater than 5 percent above the previous year, plus new construction.

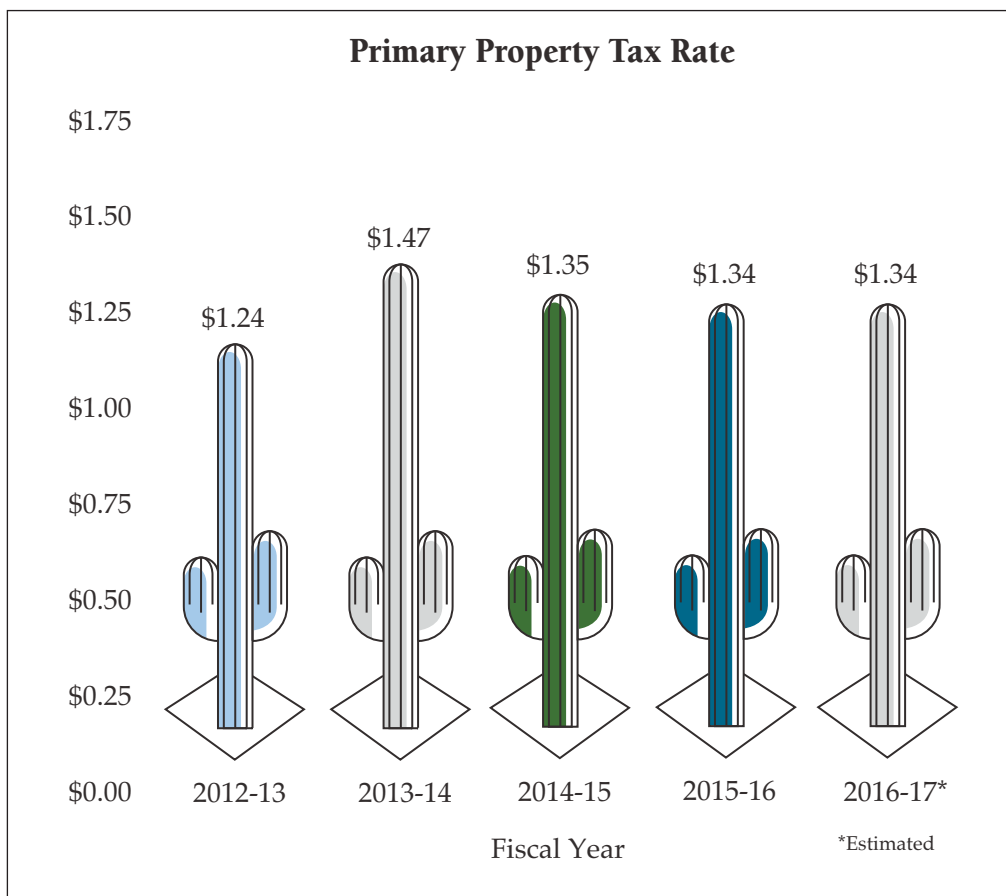
The chart below shows the primary property tax rate since 2012-13. The estimated 2016-17 primary property tax levy is \$146,711,000. The levy is a 3.4 percent increase over the 2015-16 levy of \$141,880,000. The primary net assessed valuation of \$10.98 billion is 3.8 percent above the 2015-16 primary net assessed valuation of \$10.58 billion.

Historically, actual property tax collections have been slightly lower than

the amount levied. For 2016-17, collections for primary property tax are estimated to be \$145,141,000 or 98.9 percent of the levy amount.

The 2016-17 levy results in a primary property tax rate of \$1.3359 per \$100 of assessed value and a secondary property tax rate of \$0.8341, for a total property tax rate of \$2.17 per \$100 of assessed value.

The table below shows primary assessed valuation, primary property tax revenues and primary rates since 2012-13.



#### PRIMARY PROPERTY TAX

| Fiscal Year    | Primary Net Assessed Valuation (in Millions) | % Change | Primary Levy (in Thousands) | Rate per \$100 % Change | Net Assessed Valuation |
|----------------|--|----------|-----------------------------|-------------------------|------------------------|
| 2012-13        | \$10,803                                     | (11.7)%  | \$133,929                   | 3.9%                    | \$1.2397               |
| 2013-14        | 9,890  | (8.5)    | 145,024                     | 8.3                     | 1.4664                 |
| 2014-15        | 10,298                                       | 4.1      | 139,448                     | (3.8)                   | 1.3541                 |
| 2015-16        | 10,577                                       | 2.7      | 141,880                     | 1.7                     | 1.3414                 |
| 2016-17 (Est.) | 10,982                                       | 3.8      | 146,711                     | 3.4                     | 1.3359                 |





## USER FEES/OTHER REVENUES

This major revenue category consists of licenses and permits, fines and forfeitures, cable television fees, parks and libraries fees, various user fees designed to recover the costs of providing specific city services, and other miscellaneous General Fund revenue sources. The 2016-17 estimate for this category is \$120.8 million, which is \$5.7 million or 4.5 percent less than the 2015-16 estimate of \$126.5 million. Following are descriptions of the various categories and explanations of the revenue estimates.

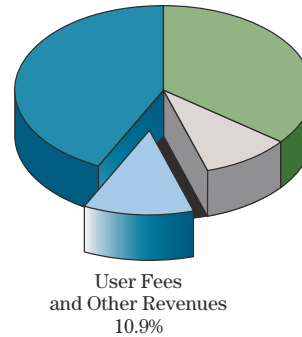
### Licenses and Permits

This category consists of various business permit application and annual fees including liquor license applications, amusement machines, annual liquor licenses and other business license applications and fees. The 2016-17 estimate of \$2,786,000 is slightly less than the 2015-16 estimate of \$2,788,000. The projection assumes a slight decrease in amusement machine permit revenue and for other activity to remain unchanged from 2015-16.

### Cable Communications

The city imposes up to a 5 percent fee on the gross receipts of cable television licensees in return for the use of streets and public rights-of-way by cable companies in the provision of cable television service. The 2016-17 estimate of \$10,090,000, is 3.3 percent higher than the 2015-16 estimate of \$9,772,000. The increase accounts for the addition of a cable provider during 2015-16 and reflects a full year of receipts in 2016-17. Cable providers also make annual payments to the Educational Access Account, which are adjusted annually by the consumer price index.

**GENERAL FUNDS**  
Total Revenues – \$1,101.9 Million



### Fines and Forfeitures

This category is comprised of various sanctions including traffic moving violations, criminal offense fines, parking violations, driving under the influence and defensive driving program revenues. The 2016-17 estimate is \$14,327,000 is slightly more than the 2015-16 estimate of \$14,320,000. The projection assumes activity related to violations, fines and fees remains unchanged from 2015-16, and a small increase in revenue is anticipated from parking violations.

### Court Default Fee

A \$25 default fee was implemented in 1993-94 in order to recover court costs associated with defendants who fail to appear for court appearances or fail to pay previously imposed sanctions on civil traffic violations. The 2016-17 estimate for this revenue category is \$915,000, which is unchanged from the 2015-16 estimate. Activity related to the court default fee is not expected to increase.





## Fire

The Fire Department receives fees from various services. The majority of the revenue comes from emergency transportation service (ETS). This user fee includes basic life support and advanced life support services and related charges for mileage and supplies for the provision of ambulance service. The 2016-17 estimate for ETS is \$34,700,000, which is \$3,800,000 or 9.9 percent less than the 2015-16 estimate of \$38,500,000. The projected decrease is due to state legislative action that reduced the reimbursement rate for emergency transportation services from the Arizona Health Care Cost Containment System from 80.0% to 68.6% in 2015-16.

Other Fire revenue sources include fire prevention inspection fees, computer-aided dispatch (CAD) and various other services provided to the community. The 2016-17 estimate for other fire services is \$10,749,000 which is \$1,117,000 or 9.4 percent less than the 2015-16 estimate of \$11,866,000. The decrease is due to an expected decline in CAD revenues from other jurisdictions, which are based on reimbursements for expenditures related to providing regional dispatch services to valley fire districts.

## Hazardous Materials Permit and Inspection Fee

Because incidents involving hazardous materials have increased over the years, a hazardous materials permit and inspection fee was established in October 2001. Revenues from this category are used to recover direct costs incurred for inspecting businesses that use hazardous materials. Upon review in 2003-04, the annual permit fee amount was raised. This annual permit now varies from \$400 to \$1,650 and depends on the volume of hazardous materials stored on site. The 2016-17 estimate is \$1,550,000, which is slightly more than the 2015-16 estimate of \$1,500,000, and accounts for an expected increase in the number of inspections.

## Library Fees

Library fine and fee revenues are generated from overdue or damaged library materials and room rentals at city libraries. The 2016-17 estimate is \$672,000 and is slightly less than the 2015-16 estimate of \$673,000, which includes a one-time donation for teen library services.

## Parks and Recreation Fees

This category includes parks concession revenues, swimming pool revenues, fees for the use of various park facilities such as ball fields, recreation programs, cell towers and swimming pools, activities at Maryvale Stadium and the Papago Baseball Facility, and other miscellaneous park fees. The 2016-17 estimate of \$7,818,000 is \$120,000 or 1.6 percent more than the 2015-16 estimate of \$7,698,000. The increase in 2016-17 is due to higher revenues from parks property rentals and swimming pools.

## 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 2016-17 estimate of \$1,680,000 is \$50,000 or 3.1 percent above the 2015-16 estimate of \$1,630,000. Activity levels for rezoning and zoning cases are anticipated to increase in 2016-17.

## Police

The Police Department receives revenues for various services and programs. Police services are provided on a fee-per-hour basis for school and athletic events as well as other activities where a law enforcement presence is desired. In addition, a false alarm program includes both permit fees and assessments for false alarm responses. For 2016-17, the estimate of \$13,803,000 is \$52,000 or 0.4 percent less than the 2015-16 estimate of \$13,855,000. The decrease in 2016-17 is due to less revenue anticipated from police personal services billings.

## Street Transportation

This user fee category includes permit fees for utility construction in the public rights-of-way as well as utility ordinance inspections. The 2016-17 estimate of \$3,477,000 is \$37,000 or 1.1 percent less than the 2015-16 estimate of \$3,514,000. The decrease is due to an anticipated reduction in revenue from right-of-way fees.

## Other Service Charges

Revenue in this category is composed of several non-tax sources including interest income, parking meter revenue, in lieu property taxes, sales of surplus and abandoned property, and various rental, parking and concession categories. The 2016-17 estimate of \$15,697,000 is \$1,085,000 or 6.5 percent less than the 2015-16 estimate of \$16,782,000. The decrease is primarily due to one-time revenue in 2015-16 from the sale of city owned police helicopters. The decrease is offset by anticipated increases in parking meter revenues and interest earnings.





### All Other Fees

This fee category consists of miscellaneous service charges in the Finance, Human Services and Neighborhood Services departments and miscellaneous categories. The 2016-17 estimate of \$2,535,000 is \$187,000 or 6.9 percent less than the 2015-16 estimate of \$2,722,000 and is due to anticipated decreases in recoveries for damage claims and other miscellaneous revenue.

### NON-GENERAL FUNDS

Non-General Fund revenues consist of two major categories: Special Revenue and Enterprise funds. The following sections provide descriptions of the various revenue sources in each category and explanations of 2016-17 revenue estimates. The table on the next page provides the 2015-16 and 2016-17 estimates and 2014-15 actual revenue amounts for revenues within these two categories.

### SPECIAL REVENUE FUNDS

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

### Neighborhood Protection Sales Tax

This 0.1 percent sales tax rate was approved by the voters in October 1993 and implemented in December 1993. As presented to the voters, the 0.1 percent increase is specifically earmarked for Police neighborhood protection programs (70 percent), Police Block Watch programs (5 percent) and Fire neighborhood protection programs (25 percent). The 2016-17 estimate of \$29,638,000 is \$1,132,000 or 4.0 percent more than the 2015-16 estimate of \$28,506,000. These estimates are consistent with those for the same categories in the local sales tax discussion. Also, \$295,000 is estimated for combined net interest earnings in 2016-17.

### 2007 Public Safety Expansion Tax

The 2007 Public Safety Expansion sales tax is a 0.2 percent sales tax approved by voters in September 2007 and implemented in December 2007. Revenues are allocated 80 percent to Police and 20 percent to Fire. The funds are to be used for hiring additional police personnel and firefighters; to hire crime scene investigation teams to improve evidence collection; and to improve fire protection services, improve response times, and increase paramedic and other emergency medical services. The 2016-17 estimate is \$59,269,000 or 4.0 percent more than the 2015-16 estimate of \$57,015,000. These estimates are consistent with those for the same categories in the local sales tax discussion. Also, \$45,000 is estimated for interest earnings in 2016-17.

### Public Safety Enhancement Sales Tax

The Public Safety Enhancement sales tax was implemented on May 1, 2005, and is made up of the 2.0 percent increment of the 2.7 percent sales tax on utilities with franchise agreements. The fund is allocated between Police and Fire needs. The Police Public Safety Enhancement Fund is allocated 62 percent of revenues and is dedicated to Police and Emergency Management needs. The Fire Public Safety Enhancement Fund is allocated 38 percent of the revenues collected and is dedicated to Fire needs. The 2016-17 estimate of \$26,761,000 is \$1,038,000 or 4.0 percent greater than the 2015-16 estimate of \$25,723,000.

### Parks and Preserves Sales Tax

The Parks and Preserves sales tax is a 0.1 percent sales tax rate increase approved by voters in September 1999 and implemented in November 1999. Revenues from the 0.1 percent tax are allocated to park improvements and acquisition of desert preserves. This tax was renewed by voters for a 30-year period in May 2008. Sixty percent of the revenues are to be used for parks and recreation and forty percent for desert preserves. The 2016-17 estimate of \$29,634,000 is \$1,127,000 or 4.0 percent more than the 2015-16 estimate of \$28,507,000. These estimates are consistent with the estimates for the same categories in the local sales tax discussion. Also, \$358,000 is estimated for interest earnings in 2016-17.



**NON-GENERAL FUND REVENUE BY MAJOR SOURCE**

(In Thousands of Dollars)

| Revenue Source                     | 2014-15<br>Actual   | 2015-16<br>Estimate | 2016-17<br>Budget   | Increase/(Decrease)<br>From 2015-16 Estimate |              |
|------------------------------------|---------------------|---------------------|---------------------|--|--------------|
|                                    |                     |                     |                     | Amount                                       | Percent      |
| <b>SPECIAL REVENUE FUNDS</b>       |                     |                     |                     |  |              |
| Neighborhood Protection            | \$ 30,150           | \$ 28,801           | \$ 29,933           | \$ 1,132                                     | 3.9%         |
| 2007 Public Safety Expansion       | 59,650              | 56,957              | 59,314              | 2,357  | 4.1%         |
| Public Safety Enhancement          | 25,076              | 25,723              | 26,761              | 1,038  | 4.0%         |
| Parks and Preserves                | 30,253              | 28,831              | 29,992              | 1,161  | 4.0%         |
| Transit 2000 <sup>1/</sup>         | 164,967             | 111,492             | 1,688               | (109,804)                                    | -98.5%       |
| Transportation 2050 <sup>1/</sup>  | -                   | 100,614             | 261,532             | 160,918                                      | 159.9%       |
| Court Awards                       | 7,774               | 7,900               | 4,089               | (3,811)                                      | -48.2%       |
| Development Services               | 42,633              | 46,686              | 47,058              | 372  | 0.8%         |
| Capital Construction               | 14,350              | 12,530              | 12,051              | (479)  | -3.8%        |
| Sports Facilities                  | 17,351              | 26,548              | 27,518              | 970  | 3.7%         |
| Arizona Highway User Revenue       | 112,307             | 114,561             | 116,542             | 1,981  | 1.7%         |
| Regional Transit Revenues          | 31,477              | 65,543              | 48,139              | (17,404)                                     | -26.6%       |
| Community Reinvestment             | 5,047               | 4,780               | 5,414               | 634  | 13.3%        |
| Secondary Property Tax             | 54,283              | 54,821              | 95,364              | 40,543                                       | 74.0%        |
| Regional Wireless Cooperative      | 4,814               | 5,036               | 4,967               | (69)   | -1.4%        |
| Golf Courses                       | 6,217               | 6,103               | 6,020               | (83)   | -1.4%        |
| Impact Fee Program Administration  | 272                 | 310                 | 326                 | 16   | 5.2%         |
| Court Special Fees                 | 1,627               | 1,577               | 1,536               | (41)   | -2.6%        |
| Monopole Rental                    | 129                 | 145                 | 150                 | 5  | 3.4%         |
| Tennis Center                      | 31                  | 37                  | 37                  | -  | 0.0%         |
| Vehicle Impound Program            | 2,658               | 2,706               | 2,806               | 100  | 3.7%         |
| Heritage Square                    | 45                  | 46                  | 46                  | -  | 0.0%         |
| Affordable Housing Program         | 2,431               | 2,800               | 2,801               | 1  | 0.0%         |
| Other Restricted (gifts/trusts)    | 22,276              | 25,701              | 26,994              | 1,293  | 5.0%         |
| <u>Grants</u>                      |                     |                     |                     |  |              |
| Public Housing Grants              | 77,453              | 89,270              | 87,049              | (2,221)                                      | -2.5%        |
| Human Services Grants              | 29,249              | 48,522              | 43,100              | (5,422)                                      | -11.2%       |
| Community Development              | 22,564              | 19,936              | 39,983              | 20,047                                       | 100.6%       |
| Criminal Justice                   | 7,825               | 8,961               | 4,827               | (4,134)                                      | -46.1%       |
| Public Transit Grants              | 58,552              | 59,953              | 82,259              | 22,306                                       | 37.2%        |
| Other Grants                       | 38,036              | 30,877              | 34,798              | 3,921  | 12.7%        |
| Subtotal - Grants                  | \$ 233,679          | \$ 257,519          | \$ 292,016          | \$ 34,497                                    | 13.4%        |
| <b>Total Special Revenue Funds</b> | <b>\$ 869,497</b>   | <b>\$ 987,767</b>   | <b>\$ 1,103,094</b> | <b>\$ 115,327</b>                            | <b>11.7%</b> |
| <b>ENTERPRISE FUNDS</b>            |                     |                     |                     |  |              |
| Aviation                           | 339,733             | 341,256             | 341,495             | 239  | 0.1%         |
| Water System                       | 370,886             | 395,615             | 420,996             | 25,381                                       | 6.4%         |
| Wastewater System                  | 211,389             | 219,861             | 223,815             | 3,954  | 1.8%         |
| Solid Waste                        | 148,384             | 146,706             | 147,788             | 1,082  | 0.7%         |
| Convention Center                  | 68,567              | 63,239              | 64,247              | 1,008  | 1.6%         |
| <b>Total Enterprise Funds</b>      | <b>\$ 1,138,959</b> | <b>\$ 1,166,677</b> | <b>\$ 1,198,341</b> | <b>\$ 31,664</b>                             | <b>2.7%</b>  |
| <b>TOTAL NON-GENERAL FUND</b>      | <b>\$ 2,008,456</b> | <b>\$ 2,154,444</b> | <b>\$ 2,301,435</b> | <b>\$ 146,991</b>                            | <b>6.8%</b>  |

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





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

Effective January 1, 2016, Proposition 104 established the Transportation 2050 sales tax, which increased the 0.4 percent Transit 2000 sales tax previously passed by Proposition 2000 to fund a comprehensive transportation plan with a new 35 year sunset date. The Proposition increased the transaction privilege (sales) tax by 0.3 percent for various business activities. Sales tax collections from Proposition 104 are budgeted in the new Transportation 2050 fund effective January 1, 2016, while sales tax collections from Proposition 2000 are budgeted in the Transit 2000 fund through December 31, 2015. The 2016-17 sales tax estimate for Transportation 2050 is \$206,782,000 and represents a full fiscal year of sales tax collections at the increased sales tax rate. The combined 2015-16 sales tax estimate for Transit 2000 and Transportation 2050 is \$156,429,000. These estimates are consistent with the estimates for the same categories in the local sales tax discussion.

Also included in this fund are fare box and other miscellaneous transit system revenues. Fare box revenues are the revenues collected by the transit service for bus ridership. The 2016-17 fare box revenue estimate of \$46,551,000 is 1.8 percent greater than the 2015-16 estimate of \$45,708,000. The increase is primarily attributable to anticipated increases in ridership. The 2016-17 estimate also includes interest earnings and other miscellaneous revenue of \$9,887,000 which is a 0.8 percent decrease from 2015-16 estimate of \$9,969,000.

### **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 2016-17 is \$4,089,000, which is \$3,811,000 or 48.2 percent less than the 2015-16 estimate of \$7,900,000. The decrease is due to reimbursements for the Police Department RMS system replacement that are included in 2015-16, but not in 2016-17.

### **Development Services**

Revenues in this user fee category include building permits and plans review, subdivision and site plan fees, sign permit fees and engineering permits and plan review fees. These fees are used to fully support the activities of Development Services. The 2016-17 estimate is \$47,058,000, which is \$372,000 or 0.8 percent more than the 2015-16 estimate of \$46,686,000. This increase assumes a continued increase in permit and review activity as the economy continues to expand.

### **Capital Construction**

This category includes revenue from a 2 percent increase in the sales tax on telecommunications implemented in February 1998 and is intended to reimburse Phoenix residents for the use of their public rights of way by the telecommunications industry. These funds are used primarily for right-of-way improvements in the Street Transportation Capital Improvement Program. The 2016-17 estimate is \$12,001,000, or 3.7 percent less than the 2015-16 estimate of \$12,465,000. The telecommunications tax category has experienced a declining trend; thought to be caused by transition of wireless plans from direct voice to non-taxable data/Internet-based communications. The 2016-17 estimate also includes interest earnings of \$50,000.

### **Sports Facilities**

Sports facilities revenues consist of a 1 percent portion of the 5.0 percent hotel/motel tax category, a 2 percent tax

on short-term motor vehicle rentals, and interest revenue generated by the fund. The 2016-17 estimate is \$18,702,000, which is \$2,000 less than the 2015-16 estimate of \$18,704,000. The revenue estimates are consistent with the General Fund sales tax estimates in the hotel/motel and short-term vehicle rental categories. The 2016-17 estimate includes \$8.6 million for the hotel/motel portion and \$10.1 million for the short-term car rental portion. The 2016-17 estimate also includes revenue of \$8,816,000 from the Downtown Phoenix Hotel Fund for debt service payments and interest revenue.

### **Arizona Highway User Revenue**

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

A new distribution formula for Arizona Highway User Revenue (AHUR) was passed by the Legislature and signed by the governor in May 1996 (effective July 1, 1996). It was intended to be revenue neutral to cities. This distribution formula provides 27.5 percent to incorporated cities and towns (distributed one-half on the relative population of the cities and towns and one-half on the county origin of sales/relative population of the counties) and 3 percent to cities over 300,000 population (Phoenix, Tucson and Mesa). In 2014, the Arizona State Legislature directed a special distribution of a portion of AHUR revenues to cities and counties during fiscal year 2014-15, which has been re-authorized through 2017-18. Forty-eight percent of this funding is distributed to incorporated cities and towns and an additional 5 percent to cities over 300,000 population (Phoenix, Tucson and Mesa).





For 2016-17, it is anticipated that Phoenix will receive \$92.7 million from the allocation to all cities and towns and \$23.3 million from the allocation to cities and towns over 300,000 population.

The total 2016-17 AHUR estimate of \$115,992,000 is \$2,231,000 more than the 2015-16 estimate of \$113,761,000. The increased 2016-17 estimate is primarily attributable to slight increases estimated for the gas and use fuel tax (3.5 percent), motor carrier tax (1.0 percent), vehicle license tax (4.0 percent), vehicle registration (0.5 percent) and other (0.5 percent) categories. These increases are partially offset by the city's estimated declining share of statewide and countywide populations. The 2016-17 interest earnings and other income estimate of \$550,000 is \$250,000 less than the 2015-16 estimate of \$800,000.

The table to the right shows the state-shared AHUR allocations to the city of Phoenix since 2012-13.

### 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 2016-17 estimate of \$48,139,000 is \$17,404,000 or 26.6 percent lower than the 2015-16 estimate of \$65,543,000. The decrease is due to a reduction in reimbursements from RPTA for regional transportation plan funded projects.

### Community Reinvestment

The 2016-17 estimate of \$5,414,000 is \$634,000 more than the 2015-16 estimate of \$4,780,000 and represents estimated revenues to be received through various economic redevelopment agreements in the downtown area.

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

| Fiscal Year    | AHUR Distribution | Increase/(Decrease) |         |
|----------------|-------------------|---------------------|---------|
|                |                   | Amount              | Percent |
| 2012-13        | \$98,804          | \$8,436             | 9.3%    |
| 2013-14        | 102,008           | 3,204               | 3.2     |
| 2014-15        | 111,748           | 9,740               | 9.5     |
| 2015-16 (Est.) | 113,761           | 2,013               | 1.8     |
| 2016-17 (Est.) | 115,992           | 2,231               | 2.0     |

### SECONDARY PROPERTY TAX

| Fiscal Year    | Net Assessed Valuation     |          | Secondary Levy |          | Rate per \$100 Assessed Valuation |
|----------------|----------------------------|----------|----------------|----------|-----------------------------------|
|                | (in Millions) <sup>1</sup> | % Change | (in Thousands) | % Change |                                   |
| 2012-13        | \$10,850                   | (12.1)%  | \$62,961       | (33.4)%  | \$0.5803                          |
| 2013-14        | 9,975                      | (8.1)    | 35,271         | (44.0)   | 0.3536                            |
| 2014-15        | 10,819                     | 8.5      | 50,404         | 42.9     | 0.4659                            |
| 2015-16        | 10,577                     | (2.2)    | 50,622         | 0.4      | 0.4786                            |
| 2016-17 (Est.) | 10,982                     | 3.8      | 91,602         | 81.0     | 0.8341                            |

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

### Secondary Property Tax

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

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

As discussed in the General Fund revenue section, the 2016-17 primary property tax rate is \$1.3359 per \$100 of assessed valuation. The 2016-17 secondary rate is \$0.8341 per \$100 of assessed value, for a combined property tax rate of \$2.17.

The 2016-17 secondary property tax levy of \$91,602,000 is based on this \$0.8341

rate and the primary net assessed valuation of \$10.98 billion. This resulting levy increases the 2015-16 secondary property tax levy of \$50,622,000 by \$40,980,000 to satisfy debt service requirements.

Also included in the 2016-17 estimate is \$4,742,000 in bond interest subsidies. Revenues are partially offset by an estimated \$980,000 in uncollected taxes. In total, secondary property tax revenue is estimated to be \$95,364,000.

The table above shows secondary assessed valuation, secondary property tax levies and secondary property tax rates since 2012-13.

### Regional Wireless Cooperative

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





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

The revenue in this fund primarily consists of reimbursements from the other participating jurisdictions for their share of the cost to operate and maintain the network. The 2016-17 revenue estimate of \$4,967,000 is slightly less than the 2015-16 estimate of \$5,036,000.

### **Golf Courses**

Revenue sources in the golf course category include greens fees, golf cart rentals and pro shop sales at city-run golf courses which include Aguila, Cave Creek, Encanto and Palo Verde. The 2016-17 estimate of \$6,020,000 is slightly lower than the 2015-16 estimate of \$6,103,000. The reduction is due to less revenue expected for building and facility rentals at Papago Golf Course as a result of contract changes with Arizona State University.

### **Impact Fee Program Administration**

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

Beginning in 2004-05, the revenue from the administrative fee and the related costs were significant enough to require separate accounting. The 2016-17 revenue is estimated at \$326,000, which is 5.2 percent above the 2015-16 estimate of \$310,000.

### **Other Restricted Fees**

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

The 2016-17 estimate of \$34,370,000 is \$1,358,000 or 4.1 percent more than the 2015-16 estimate of \$33,012,000. The increase is primarily due to higher revenues anticipated for building and facility rentals.

### **Public Housing Grants**

The 2016-17 Public Housing grants revenue included in the annual operating budget is \$87,049,000 which is a 2.5 percent decrease from 2015-16 of \$89,270,000. This decrease is due to less HOME program funds from the federal government and housing assistance payments. The HOME program is aimed at increasing the availability of affordable rental housing and expanding home ownership opportunities for first-time homebuyers. Other items in this category include housing subsidies and interest income.

### **Human Services Grants**

The 2016-17 revenue estimate of \$43,100,000 is \$5,422,000 or 11.2 percent less than the 2015-16 estimate of \$48,522,000. The decrease is due to fewer federal grant funds available for the Head Start program. This category includes funds from the Department of Health and Human Services, Department of Housing and Urban Development, Workforce Investment Act, Aging Program Grants and Head Start funds.

### **Community Development Block Grant**

Each year since 1974, the city has received Community Development Block Grant (CDBG) funds from the U.S. Department of Housing and Urban Development. These funds are used to support a variety of projects and programs that must meet the following national objectives: benefit low- and moderate-income persons; aid in the prevention or elimination of slums and blight; or meet other urgent community development needs. The 2016-17 CDBG entitlement is \$39,983,000 which is \$20,047,000 or 100.6 percent more than the 2015-16 estimate of \$19,936,000. The increase is due to a carryover from 2015-16 of grant revenues and increases in 2016 grant awards from the federal government.

### **Criminal Justice Grants**

The 2016-17 grant revenue for criminal justice programs is estimated to be \$4,827,000 which is \$4,134,000 or 46.1 percent less than the 2015-16 estimate of \$8,961,000. The decrease is due to a reduction in police grant funding. This category includes Police, Court and Law department grants. Grants include funding for the Police Department training academy, drug trafficking prevention, law enforcement community engagement training and other crime related prevention programs.

### **Public Transit Grants**

The 2016-17 Federal Transit Administration Grant estimate is \$82,259,000 reflecting an increase of \$22,306,000 or 37.2 percent above the 2015-16 estimate of \$59,953,000. The increase is due to a carryover of grant funds from 2015-16 to support capital budget projects.

### **Other Grants**

The 2016-17 budget also includes \$34,798,000 for federal, state and other grants which is \$3,921,000 or 12.7 percent more than the 2015-16 estimate of \$30,877,000. The increase is due to additional grants expected for the





Neighborhood Stabilization Program and from the Workforce Innovation and Opportunity Act. This category includes funding for various parks and recreation and library activities, workforce development programs, housing development grants, fire department and victim assistance grants, and the Neighborhood Stabilization Program.

**ENTERPRISE FUNDS**

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

**Aviation**

Aviation revenue estimates include landing fees, concession revenues and interest income at Sky Harbor International, Deer Valley and Goodyear airports. Total Aviation revenue for 2016-17 is anticipated to be \$341,495,000, which is \$239,000 or 0.1 percent more than the 2015-16 estimate of \$341,256,000. The increase is due to expected increases in concession sales.

The following table shows Aviation revenue by major category and annual percent change since 2012-13.

**Water System**

Water system revenues include water sales, development fees, various water service fees, resource acquisition fees, fees paid by other jurisdictions for the operation of the Val Vista Water Treatment Plant and other miscellaneous fees. Total water system revenue for 2016-17 is projected to be \$420,996,000, which is \$25,381,000 or 6.4

percent more than the \$395,615,000 estimate for 2015-16. The increase is due to estimated increases in water sales, raw water charges, development fees, interest, and Val Vista revenues. The 2016-17 estimate includes anticipated small increases in the number of accounts. Additionally, the City Council on January 6, 2016, approved a water rate increase of 3 percent effective March 2016, and 2 percent increase effective March 2017.

The table on the next page shows water system revenues by major category since 2012-13.

**Wastewater System**

Wastewater system revenues include monthly sewer service charge revenues, which are based on water consumption rates, development fees, the sale of wastewater treatment services to other jurisdictions, the sale of effluent and other miscellaneous fees. The wastewater system

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

|                                   | 2012-13          | 2013-14          | 2014-15          | 2015-16<br>(Est.) | 2016-17<br>(Est.) |
|-----------------------------------|------------------|------------------|------------------|-------------------|-------------------|
| Airline Operation                 | \$ 124,314       | \$ 132,739       | \$136,686        | \$ 137,300        | \$ 137,300        |
| Concessions and Rentals           | 175,192          | 185,178          | 192,615          | 192,819           | 193,659           |
| Rental Car Facility <sup>1/</sup> | 41,390           | -                | -                | -                 | -                 |
| Interest                          | 528              | 1,807            | 1,842            | 2,000             | 1,500             |
| Other/Federal Grants              | 2,433            | 5,071            | 3,591            | 3,918             | 3,817             |
| Goodyear                          | 1,850            | 2,116            | 2,272            | 2,193             | 2,193             |
| Deer Valley                       | 3,062            | 3,013            | 2,727            | 3,026             | 3,026             |
| <b>Total Aviation Revenue</b>     | <b>\$348,769</b> | <b>\$329,924</b> | <b>\$339,733</b> | <b>\$341,256</b>  | <b>\$341,495</b>  |
| <b>Change From Prior Year</b>     | <b>2.8%</b>      | <b>(5.4)%</b>    | <b>3.0%</b>      | <b>0.4%</b>       | <b>0.1%</b>       |

<sup>1/</sup>Rental Car Facility revenues were reclassified in 2013-14 from operating to capital to properly account for revenue earmarked to service debt associated with the facility.





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

|                                  | 2012-13          | 2013-14          | 2014-15          | 2015-16<br>(Est.) | 2016-17<br>(Est.) |
|----------------------------------|------------------|------------------|------------------|-------------------|-------------------|
| Water Sales                      | \$301,238        | \$303,593        | \$280,321        | \$304,599         | \$335,211         |
| Environmental Consumption Charge | 45,091           | 45,494           | 42,613           | 40,902            | 34,141            |
| Raw Water Charge                 | 25,439           | 25,679           | 23,582           | 25,009            | 26,079            |
| Interest                         | 1,815            | 2,247            | 2,691            | 2,748             | 2,880             |
| Development Fees                 | 2,333            | 2,478            | 2,416            | 3,000             | 3,100             |
| Combined Service Fees            | 2,804            | 2,579            | 2,429            | 6,000             | 6,000             |
| Val Vista                        | 5,461            | 5,494            | 5,875            | 5,857             | 6,334             |
| All Other                        | 39,951           | 10,684           | 10,959           | 7,500             | 7,251             |
| <b>Total Water Revenue</b>       | <b>\$424,132</b> | <b>\$398,248</b> | <b>\$370,886</b> | <b>\$395,615</b>  | <b>\$420,996</b>  |
| Change From Prior Year           | 9.1%             | (6.1)%           | (6.9)%           | 6.7%              | 6.4%              |

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

|                                 | 2012-13          | 2013-14          | 2014-15          | 2015-16<br>(Est.) | 2016-17<br>(Est.) |
|---------------------------------|------------------|------------------|------------------|-------------------|-------------------|
| Sewer Service Charge            | \$146,592        | \$147,309        | \$148,295        | \$154,438         | \$159,390         |
| Environmental Charges           | 33,747           | 33,831           | 33,784           | 33,882            | 33,031            |
| Development Fees                | 2,282            | 2,371            | 2,256            | 3,000             | 3,100             |
| Interest                        | 1,285            | 1,297            | 1,561            | 1,483             | 1,349             |
| Multi-City                      | 15,832           | 16,502           | 13,506           | 16,030            | 15,943            |
| Other                           | 15,351           | 10,821           | 11,987           | 11,028            | 11,002            |
| <b>Total Wastewater Revenue</b> | <b>\$215,089</b> | <b>\$212,131</b> | <b>\$211,389</b> | <b>\$219,861</b>  | <b>\$223,815</b>  |
| Change From Prior Year          | (7.6)%           | (1.4)%           | (0.3)%           | 4.0%              | 1.8%              |





is expected to generate revenue of \$223,815,000 in 2016-17, which is \$3,954,000 or 1.8 percent more than the 2015-16 estimate of \$219,861,000. The increase is due to expected increases in sewer service charges, environmental user fees and development fees. Additionally, the City Council on January 6, 2016, approved a wastewater rate increase of 2 percent effective March 2016, and 2 percent increase effective March 2017.

The table on the previous page shows Wastewater revenue by major category and annual percent change since 2012-13.

### Solid Waste

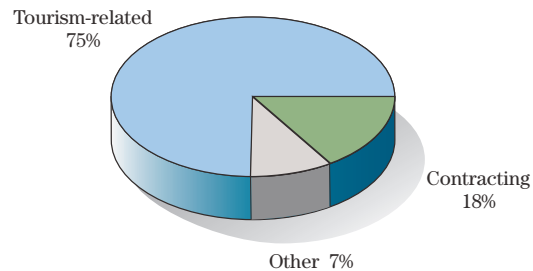
This category includes revenues from the monthly residential collection and landfill tipping fees. The 2016-17 estimate of \$147,788,000 is an increase of \$1,082,000 or 0.7 percent greater than the 2015-16 estimate of \$146,706,000. The increase is due to expected increases in solid waste service fees, city landfill fees and interest earnings.

### Convention Center

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

Earmarked sales taxes are expected to produce \$46,726,000 in 2016-17, an increase of 1.8 percent above the 2015-16 estimate of \$45,919,000. Convention Center operating revenues are expected to be \$14,158,000, parking revenue is expected to be \$3,145,000, and interest revenue is expected to be \$218,000, for total revenue estimates of \$64,247,000. This is \$1,008,000

### 2016-17 CONVENTION CENTER Earmarked Sales Taxes



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

| Fiscal Year    | Amount Collected | Increase/(Decrease) |         |
|----------------|------------------|---------------------|---------|
|                |                  | Amount              | Percent |
| 2012-13        | \$40,828         | \$798               | 2.0%    |
| 2013-14        | 44,311           | 3,483               | 8.5     |
| 2014-15        | 46,402           | 2,091               | 4.7     |
| 2015-16 (Est.) | 45,919           | (483)               | (1.0)   |
| 2016-17 (Est.) | 46,726           | 807                 | 1.8     |

or 1.6 percent more than the 2015-16 total estimated revenue of \$63,239,000. The increase is due to anticipated increases in sales tax and operating revenues. Tax estimates are consistent with General Fund sales tax estimates for the categories included in Convention Center.

The table above shows the Convention Center excise tax collections since 2012-13.

Overall growth rates differ from General Fund sales taxes due to the smaller number of categories, differing proportions of the total and their more

volatile nature. As shown in the pie chart above, contracting and tourism represent 93 percent of the sales tax revenue to this fund. Both industries are considered volatile; and both have experienced dramatic changes in the last several years. In the General Fund, however, contracting and tourism represent only 13 percent of the sales tax revenue. Because of this, any changes to these more volatile industries have a greater impact in this fund's sales tax revenue than in the General Fund's sales tax revenue. The 2016-17 estimates assume continued economic growth.





# General Government

## MAYOR

### Program Goal

The mayor is elected on a nonpartisan ballot to represent the entire city for a four-year term that expires in January 2020. The mayor represents the city in all official capacities and provides leadership to the City Council, administrative staff and the community at large. The mayor recommends and votes on policy direction for the city and chairs all City Council meetings.

### Expenditure and Position Summary

|                   | 2014-15<br>Actual | 2015-16<br>Estimate | 2016-17<br>Budget |
|-------------------|-------------------|---------------------|-------------------|
| Operating Expense | \$1,460,000       | \$1,831,000         | \$1,831,000       |
| Total Positions   | 12.5              | 12.5                | 12.5              |
| Source of Funds:  |                   |                     |                   |
| General           | \$1,460,000       | \$1,831,000         | \$1,831,000       |
| Other Restricted  | 1,000             | -                   | -                 |

### Budget Allowance Explanation

The Mayor's Office 2016-17 operating budget allowance of \$1,831,000 is the same as the 2015-16 estimated expenditures and reflects the equalization and stabilization of the elected officials' budgets.



Fountain outside Phoenix City Hall





## CITY COUNCIL

### Program Goal

The City Council is composed of eight council members elected by districts on a nonpartisan ballot. Four-year terms for council members from even-numbered districts expire in January 2018. Terms for council members from odd-numbered districts expire in January 2020. The City Council serves as the legislative and policy-making body of the municipal government and has responsibilities for enacting city ordinances, appropriating funds to conduct city business and providing policy direction to the administrative staff. Under the provisions of the City Charter, the City Council appoints a city manager, who is responsible for carrying out its established policies and administering operations.

### Budget Allowance Explanation

The 2016-17 City Council operating budget allowance of \$3,537,000 is the same as the 2015-16 estimated expenditures and reflects the equalization and stabilization of the elected officials' budgets.

### Expenditure and Position Summary

|                   | 2014-15<br>Actual | 2015-16<br>Estimate | 2016-17<br>Budget |
|-------------------|-------------------|---------------------|-------------------|
| Operating Expense | \$3,221,000       | \$3,537,000         | \$3,537,000       |
| Total Positions   | 33.0              | 32.0                | 32.0              |
| Source of Funds:  |                   |                     |                   |
| General           | \$3,221,000       | \$3,537,000         | \$3,537,000       |



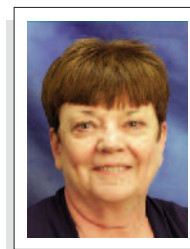
Mayor Greg Stanton



Thelda Williams  
District 1



Jim Waring  
District 2



Debra Stark  
District 3\*



Laura Pastor  
District 4



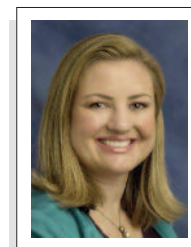
Daniel Valenzuela  
District 5



Sal DiCiccio  
District 6



Michael Nowakowski  
District 7



Kate Gallego  
District 8

\*An election to permanently fill the District 3 seat will be held in November 2016.





## CITY MANAGER

### Program Goal

The city manager provides professional administration of the policies and objectives established by the mayor and City Council, develops alternative solutions to community problems for mayor and City Council consideration and plans programs that meet the future public needs of the city. Deputy city managers oversee and provide assistance to city departments to ensure achievement of their departmental objectives and the objectives of the city government as a whole.

### Budget Allowance Explanation

The City Manager's Office 2016-17 operating budget allowance of \$2,434,000 is \$42,000 or 1.7 percent less than 2015-16 estimated expenditures. The decrease is primarily due to the completion of the Love Your Block grant and unspent Youth and Education funding that was not carried over into 2016-17. This decrease is offset by an increase in the General Fund primarily due to employee compensation restorations, increased pension costs and funding for innovation and efficiency consulting services.

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

The following significant performance measures and service level trends will be achieved with the 2016-17 budget allowance:

|  | 2014-15<br>Actual | 2015-16 <sup>1</sup><br>Estimate | 2016-17<br>Budget |
|--|-------------------|----------------------------------|-------------------|
| Departments implementing performance metrics as follow up to organizational review (new goal for 2016-17)                                    | NA                | NA                               | 10                |
| Number of citywide operational improvements as identified through the Comprehensive Organizational Review Exercise worked on during the year | 5                 | 5                                | 5                 |

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

### Expenditure and Position Summary

|                          | 2014-15<br>Actual | 2015-16<br>Estimate | 2016-17<br>Budget |
|--------------------------|-------------------|---------------------|-------------------|
| Operating Expense        | \$2,461,000       | \$2,476,000         | \$2,434,000       |
| Total Positions          | 18.0              | 17.0                | 17.0              |
| Source of Funds:         |                   |                     |                   |
| General                  | \$2,299,000       | \$2,158,000         | \$2,361,000       |
| Other Restricted         | 68,000            | 218,000             | 10,000            |
| State and Federal Grants | —                 | 30,000              | —                 |
| Water                    | 94,000            | 70,000              | 63,000            |

## REGIONAL WIRELESS COOPERATIVE (RWC)

### Program Goal

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

### Budget Allowance Explanation

The RWC 2016-17 operating budget allowance of \$5,085,000 is \$767,000 or 13.1 percent less than 2015-16 estimated expenditures. The decrease reflects lower than anticipated staff and system costs.

### Expenditure and Position Summary

|                   | 2014-15<br>Actual | 2015-16<br>Estimate | 2016-17<br>Budget |
|-------------------|-------------------|---------------------|-------------------|
| Operating Expense | \$4,065,000       | \$5,852,000         | \$5,085,000       |
| Total Positions   | 4.0               | 4.0                 | 4.0               |
| Source of Funds:  |                   |                     |                   |
| RWC               | \$4,065,000       | \$5,852,000         | \$5,085,000       |





## GOVERNMENT RELATIONS

### Program Goal

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

### Budget Allowance Explanation

The Government Relations 2016-17 operating budget allowance of \$1,106,000 is \$38,000 or 3.6 percent more than 2015-16 estimated expenditures and reflects the restoration of employee compensation and other normal inflationary increases.

## COMMUNICATIONS OFFICE

### Program Goal

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

### Budget Allowance Explanation

The Communications Office 2016-17 operating budget allowance of \$2,313,000 is \$198,000 or 9.4 percent more than 2015-16 estimated expenditures. The increase is primarily due to fewer anticipated vacant positions, the purchase of replacement equipment for PHX11 and a reduction in the number of PHX11 programs produced that are paid for by other city departments.

## Government Relations Major Performance Measures and Service Levels

The following significant performance measures and service level trends will be achieved with the 2016-17 budget allowance:

|   | 2014-15<br>Actual | 2015-16 <sup>1</sup><br>Estimate | 2016-17<br>Budget |
|---|-------------------|----------------------------------|-------------------|
| Percentage of Arizona state legislative bills supported by the city which were enacted.   | 57%               | 50%                              | 50%               |
| Percentage of Arizona state legislative bills opposed by the city which were not enacted.   | 62%               | 50%                              | 50%               |
| Success rate of federal and state competitive grants and private foundation grants that Government Relations assisted departments with. | 70%               | 75%                              | 75%               |
| Number of tribal gaming grants processed by Government Relations.   | 35                | 28                               | 30                |

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

### Expenditure and Position Summary

|                   | 2014-15<br>Actual | 2015-16<br>Estimate | 2016-17<br>Budget |
|-------------------|-------------------|---------------------|-------------------|
| Operating Expense | \$919,000         | \$1,068,000         | \$1,106,000       |
| Total Positions   | 5.0               | 5.0                 | 5.0               |
| Source of Funds:  |                   |                     |                   |
| General           | \$895,000         | \$1,052,000         | \$1,106,000       |
| Other Restricted  | 24,000            | 16,000              | —                 |

## Communications Office Major Performance Measures and Service Levels

The following significant performance measures and service level trends will be achieved with the 2016-17 budget allowance:

|  | 2014-15<br>Actual | 2015-16 <sup>1</sup><br>Estimate | 2016-17<br>Budget |
|--|-------------------|----------------------------------|-------------------|
| Percent of news releases that generate media coverage                | 86%               | 85%                              | 85%               |
| New PHX 11 programs produced per year <sup>2</sup>                   | 430               | 340                              | 340               |
| Percent of news distributed to stakeholders by 5 p.m. daily          | 92%               | 95%                              | 95%               |
| Percent of email responses to public inquiries within one day        | 100%              | 100%                             | 100%              |
| Average response time to public records requests (days) <sup>3</sup> | 6.5               | 3.7                              | 3.0               |
| Phoenix.gov page visits (monthly average)                            | 1,201,907         | 1,235,000                        | 1,250,000         |

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

<sup>2</sup>2014-15 includes 100 "Top Things to Do in Phoenix" social media videos that promoted Phoenix prior to the 2015 NFL Super Bowl.

<sup>3</sup>Fiscal year 2014-15 increase was due to a significant number of vacant positions.

### Expenditure and Position Summary

|                   | 2014-15<br>Actual | 2015-16<br>Estimate | 2016-17<br>Budget |
|-------------------|-------------------|---------------------|-------------------|
| Operating Expense | \$2,251,000       | \$2,115,000         | \$2,313,000       |
| Total Positions   | 18.6              | 18.6                | 18.6              |
| Source of Funds:  |                   |                     |                   |
| General           | \$1,921,000       | \$1,772,000         | \$1,959,000       |
| Other Restricted  | 330,000           | 343,000             | 354,000           |





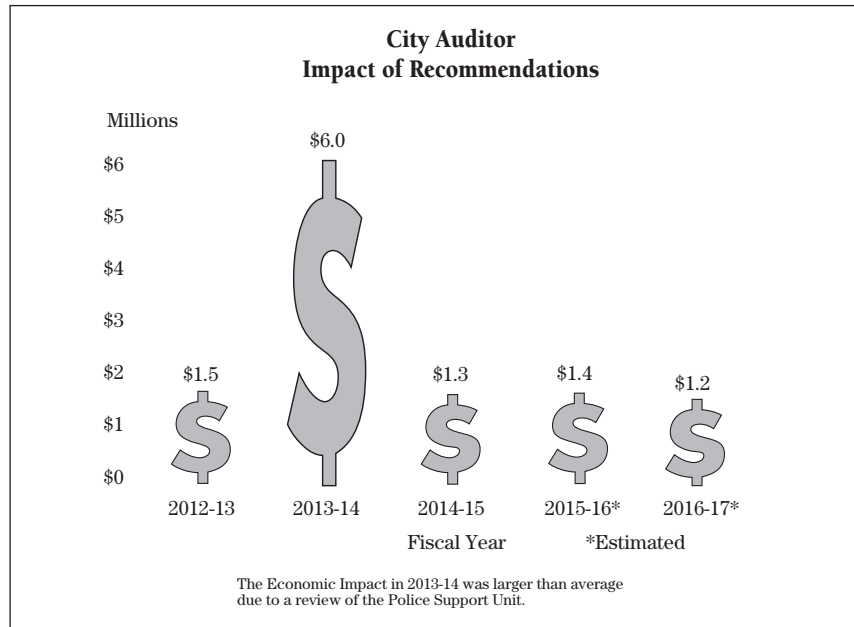
## CITY AUDITOR

### Program Goal

The City Auditor Department supports the city manager and elected officials in meeting residents' needs for quality government, products and services by providing independent and objective feedback on the city's programs, activities and functions. The City Auditor's work is vital in maintaining trust and confidence that city resources are used effectively and honestly. The City Auditor budget also funds an annual independent audit conducted by outside auditors in accordance with the City Charter. This includes an audit of city accounting and financial records, the federal single audit, review of the City of Phoenix Employees' Retirement System, external audits of specific activities and review of business systems for possible improvements.

### Budget Allowance Explanation

The City Auditor 2016-17 operating budget allowance of \$2,777,000 is \$327,000 or 13.3 percent more than 2015-16 estimated expenditures. The increase is primarily due to fewer anticipated vacant positions.



### City Auditor Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2016-17 budget allowance:

|   | 2014-15<br>Actual | 2015-16 <sup>1</sup><br>Estimate | 2016-17<br>Budget |
|---|-------------------|----------------------------------|-------------------|
| Percent of audit plan completed   | 67%               | 72%                              | 80%               |
| Performance audit and management reports issued <sup>2</sup>                                | 96                | 94                               | 100               |
| Average audit cycle time (calendar days) <sup>2</sup>                                       | 168               | 200                              | 180               |
| Economic impact of audits as a result of identified improvements or cost savings (millions) | \$1.3             | \$1.4                            | \$1.2             |
| Hearing rulings issued timely according to time frames listed in the city code              | 100%              | 100%                             | 100%              |

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

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

### Expenditure and Position Summary

|                   | 2014-15<br>Actual | 2015-16<br>Estimate | 2016-17<br>Budget |
|-------------------|-------------------|---------------------|-------------------|
| Operating Expense | \$2,036,000       | \$2,450,000         | \$2,777,000       |
| Total Positions   | 26.5              | 25.5                | 25.5              |
| Source of Funds:  |                   |                     |                   |
| General           | \$2,036,000       | \$2,450,000         | \$2,777,000       |





## EQUAL OPPORTUNITY

### Program Goal

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

### Budget Allowance Explanation

The 2016-17 Equal Opportunity operating budget allowance of \$2,993,000 is \$262,000 or 9.6 percent more than 2015-16 estimated expenditures. This is primarily due to increasing pension costs, fewer anticipated vacant positions, and employee compensation restoration.

### Expenditure and Position Summary

|                       | 2014-15<br>Actual | 2015-16 <sup>1</sup><br>Estimate | 2016-17<br>Budget |
|-----------------------|-------------------|----------------------------------|-------------------|
| Operating Expense     | \$2,655,000       | \$2,731,000                      | \$2,993,000       |
| Total Positions       | 25.0              | 26.0                             | 26.0              |
| Source of Funds:      |                   |                                  |                   |
| General               | \$2,237,000       | \$2,258,000                      | \$2,552,000       |
| Community Development |                   |                                  |                   |
| Block Grant           | 250,000           | 252,000                          | 226,000           |
| Federal and State     |                   |                                  |                   |
| Grants                | 160,000           | 214,000                          | 208,000           |
| Other Restricted      | 8,000             | 7,000                            | 7,000             |

### Equal Opportunity Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2016-17 budget allowance:

|   | 2014-15<br>Actual | 2015-16 <sup>1</sup><br>Estimate | 2016-17<br>Budget |
|---|-------------------|----------------------------------|-------------------|
| Discrimination complaints in employment, public accommodations, housing and Americans with Disabilities Act (ADA) accessibility, investigated and closed <sup>2</sup> | 198               | 210                              | 215               |
| Percentage of discrimination complaints investigated timely <sup>3</sup>  | 49%               | 65%                              | 85%               |
| Outreach presentations to small and disadvantaged businesses and small business advocacy organizations <sup>4</sup>   | 13                | 12                               | 16                |
| Number of disadvantaged business enterprises (DBEs) certified <sup>5</sup>  | 130               | 155                              | 165               |
| Number of small business enterprises (SBEs) certified   | 644               | 660                              | 689               |
| Construction subcontracts monitored for participation of DBE subcontractors and non-DBE-certified construction subcontractors   | 2,004             | 2,100                            | 2,000             |

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

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

<sup>3</sup>Timelines may be dictated by state and federal enforcement agencies and not by city timelines. The data under 2014-15 and 2015-16 reflects the decrease in complaints investigated timely due to a vacancy in the department.

<sup>4</sup>The projected increases reflect a 2015-17 EOD Strategic Plan goal to conduct new outreach to local chambers of commerce and business advocacy organizations. This outreach is in addition to ongoing certification workshops for small businesses.

<sup>5</sup>The number of firms is estimated to increase due to the anticipated construction of the new 202 freeway project.





## HUMAN RESOURCES

### Program Goal

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

### Budget Allowance Explanation

The Human Resources Department 2016-17 operating budget allowance of \$12,094,000 is \$47,000 or 0.4 percent less than 2015-16 estimated expenditures.

The General Fund increase of \$1,434,000 or 15.4% in 2016-17 is due to the transfer of the citywide bus card program from the Public Works Department; the creation of the citywide FMLA program from other citywide positions transferred to the Human Resources Department; and increasing pension costs.

The Other Restricted fund variance of \$1,544,000 or 75.1% in 2016-17 is due to the one-time moving expenses incurred in 2015-16 as a result of vacating the Personnel Building and moving operations into the Calvin Goode Building.

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

The following significant performance measures and service trends will be achieved with the 2016-17 budget allowance:

|  | 2014-15<br>Actual | 2015-16 <sup>1</sup><br>Estimate | 2016-17<br>Budget |
|--|-------------------|----------------------------------|-------------------|
| Percentage of hiring managers satisfied with applicants placed on hiring eligible list | 79.9%             | 80.0%                            | 80.0%             |
| Annualized employee turnover rate  | 8.2%              | 8.3%                             | 8.0%              |
| Employee performance evaluations completed on time                                     | 79%               | 75%                              | 76%               |
| The number of employee suggestions received  | 70                | 60                               | 60                |

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

### Expenditure and Position Summary

|                   | 2014-15<br>Actual | 2015-16<br>Estimate | 2016-17<br>Budget |
|-------------------|-------------------|---------------------|-------------------|
| Operating Expense | \$10,238,000      | \$12,141,000        | \$12,094,000      |
| Total Positions   | 99.1              | 103.1               | 103.1             |
| Source of Funds:  |                   |                     |                   |
| General           | \$8,771,000       | \$9,311,000         | \$10,745,000      |
| City Improvement  | 1,149,000         | 773,000             | 836,000           |
| Other Restricted  | 318,000           | 2,057,000           | 513,000           |





## 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 2016-17 operating budget allowance of \$91,000 is \$7,000 or 8.3 percent more than 2015-16 estimated expenditures. The increase is primarily due to increasing pension costs, employee compensation restoration, and normal inflationary increases.

## RETIREMENT SYSTEMS

### Program Goal

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

### Budget Allowance Explanation

The Retirement Systems 2016-17 gross operating budget allowance of \$2,112,000 is \$98,000 or 4.9 percent more than 2015-16 estimated expenditures. This is primarily due to increasing pension costs and employee compensation restoration, as well as fewer anticipated vacant positions in 2016-17. The increases are partially offset by reduced funding for an audit that concluded in 2015-16 and for fewer pre-employment medical exams in 2016-17 than in 2015-16.

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

The following significant performance measures and service trends will be achieved with the 2016-17 budget allowance:

|   | 2014-15<br>Actual | 2015-16 <sup>1</sup><br>Estimate | 2016-17<br>Budget |
|---|-------------------|----------------------------------|-------------------|
| Number of cases filed annually <sup>2</sup> | 5                 | 6                                | 8                 |

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

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

### Expenditure and Position Summary

|                   | 2014-15<br>Actual | 2015-16<br>Estimate | 2016-17<br>Budget |
|-------------------|-------------------|---------------------|-------------------|
| Operating Expense | \$57,000          | \$84,000            | \$91,000          |
| Total Positions   | 1.0               | 1.0                 | 1.0               |
| Source of Funds:  |                   |                     |                   |
| General           | \$57,000          | \$84,000            | \$91,000          |

## Retirement Systems Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2016-17 budget allowance:

|   | 2014-15<br>Actual | 2015-16 <sup>1</sup><br>Estimate | 2016-17<br>Budget |
|---|-------------------|----------------------------------|-------------------|
| General city retirements <sup>2</sup>   | 641               | 771                              | 350               |
| Public safety retirements <sup>2</sup>  | 308               | 368                              | 100               |
| General city and public safety member contacts  |                   |                                  |                   |
| Appointments  | 998               | 690                              | 750               |
| Walk-in service   | 2,396             | 1,900                            | 1,700             |
| Telephone calls   | 9,111             | 9,000                            | 8,200             |
| Overall member satisfaction survey as rated on a scale of 1 to 4, with 4 being the best | 3.89              | 3.90                             | 3.90              |
| Success of educational classes as rated on a scale of 1 to 4, with 4 being the best     | 3.67              | 3.70                             | 3.70              |

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

<sup>2</sup>Increases under 2014-15 and 2015-16 were likely due to the pension reform initiative referred to the voters in November 2014. Projected decreases in 2016-17 are based on an expected return to historical averages prior to pension reform actions.

### Expenditure and Position Summary

|   | 2014-15<br>Actual | 2015-16 <sup>1</sup><br>Estimate | 2016-17<br>Budget |
|---|-------------------|----------------------------------|-------------------|
| Operating Expense (Gross <sup>1</sup> ) | \$1,813,000       | \$2,014,000                      | \$2,112,000       |
| Total Positions                         | 14.0              | 13.0                             | 13.0              |
| Source of Funds:                        |                   |                                  |                   |
| General (Gross <sup>1</sup> )           | \$1,813,000       | \$2,014,000                      | \$2,112,000       |

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





## LAW

### Program Goal

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

### Budget Allowance Explanation

The Law Department 2016-17 operating budget allowance of \$21,174,000 is \$1,533,000 or 7.8 percent more than 2015-16 estimated expenditures. The increase reflects the restoration of employee compensation, costs for staff needed to support the police body camera program, and normal inflationary increases. The increase is partially offset by the elimination of two vacant positions.

### Law Department Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2016-17 budget allowance:

|   | 2014-15<br>Actual | 2015-16 <sup>1</sup><br>Estimate | 2016-17<br>Budget |
|---|-------------------|----------------------------------|-------------------|
| Criminal cases sent to diversion  | 3,325             | 3,000                            | 3,200             |
| Pre-trial disposition conferences set   | 72,039            | 73,000                           | 74,000            |
| New civil cases opened in the fields of condemnation, collection, taxes and civil litigation, excluding liability and other cases assigned to outside counsel | 1,044             | 720                              | 800               |
| Number of defendants submitted for charging review  | 37,928            | 30,000                           | 35,000            |
| Number of civil cases closed, including those assigned to outside counsel and handled through the alternative dispute resolution process                      | 913               | 400                              | 600               |
| Ordinances and resolutions for City Council adoption drafted and reviewed   | 1,129             | 1,000                            | 1,000             |
| Number of jury trials prosecuted  | 95                | 150                              | 150               |

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

### Expenditure and Position Summary

|                          | 2014-15<br>Actual | 2015-16<br>Estimate | 2016-17<br>Budget |
|--------------------------|-------------------|---------------------|-------------------|
| Operating Expense        | \$18,059,000      | \$19,641,000        | \$21,174,000      |
| Total Positions          | 194.0             | 196.0               | 196.0             |
| Source of Funds:         |                   |                     |                   |
| General                  | \$17,163,000      | \$18,761,000        | \$20,266,000      |
| Federal and State Grants | 658,000           | 675,000             | 703,000           |
| Court Awards             | 234,000           | 173,000             | 173,000           |
| Other Restricted         | 4,000             | 32,000              | 32,000            |





**INFORMATION TECHNOLOGY**

**Program Goal**

Information Technology Services (ITS) coordinates the use of information technology across the various departments and agencies of city government to ensure that accurate and timely information is provided to residents, elected officials, city management and staff in the most cost-effective manner possible. The department provides operating departments with information processing through the application and coordination of computer technology and procures, manages and maintains the city's radio, telephone and computer network systems.

**Budget Allowance Explanation**

The Information Technology Services 2016-17 operating budget allowance of \$39,032,000 is \$1,958,000 or 5.3 percent more than 2015-16 estimated expenditures. The increase reflects the restoration of employee compensation, normal inflationary adjustments, and debt service payments for the North Mountain radio tower project. These increases are partially offset by the elimination of five vacant positions and savings on contractual computer hardware maintenance costs.

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

The following significant performance measures and service trends will be achieved with the 2016-17 budget allowance:

|   | 2014-15<br>Actual | 2015-16 <sup>1</sup><br>Estimate | 2016-17<br>Budget |
|---|-------------------|----------------------------------|-------------------|
| Percentage of on-time operations center services          | 99.0%             | 99.0%                            | 99.0%             |
| Critical systems availability percentage:                 |                   |                                  |                   |
| Enterprise network  | 99.9%             | 99.9%                            | 99.9%             |
| Telephone network   | 98.0%             | 98.0%                            | 98.0%             |
| Phoenix.gov   | 96.7%             | 99.0%                            | 99.0%             |
| ePay  | 98.2%             | 97.5%                            | 97.0%             |
| CC&B  | 97.5%             | 97.5%                            | 97.5%             |
| TALIS   | 96.0%             | 96.5%                            | 96.0%             |
| RWC   | 99.9%             | 99.9%                            | 98.5%             |
| Number of pages accessed in Phoenix.gov                   | 13,262,004        | 13,300,000                       | 13,300,000        |
| Average cycle time of telephone service requests          | < 21 days         | < 21 days                        | < 21 days         |
| Units of portable and mobile radio equipment <sup>2</sup> | 18,500            | 18,242                           | 18,500            |

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

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

**Expenditure and Position Summary**

|                      | 2014-15<br>Actual | 2015-16<br>Estimate | 2016-17<br>Budget |
|----------------------|-------------------|---------------------|-------------------|
| Operating Expense    | \$35,322,000      | \$37,074,000        | \$39,032,000      |
| Total Positions      | 168.0             | 193.0               | 188.0             |
| Source of Funds:     |                   |                     |                   |
| General              | \$32,560,000      | \$34,048,000        | \$35,646,000      |
| City Improvement     | 1,584,000         | 1,576,000           | 1,805,000         |
| Cable Communications | 423,000           | 415,000             | 435,000           |
| Solid Waste          | 356,000           | 351,000             | 418,000           |
| Aviation             | 224,000           | 259,000             | 292,000           |
| Other Restricted     | -                 | 250,000             | 250,000           |
| Water                | 175,000           | 175,000             | 186,000           |





## CITY CLERK AND ELECTIONS

### Program Goal

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

### Budget Allowance Explanation

The City Clerk 2016-17 operating budget allowance of \$4,732,000 is \$29,000 or 0.6 percent less than 2015-16 estimated expenditures. The decrease is primarily due to no scheduled election for 2016-17, partially offset by the carryover of funding in 2016-17 for the new City Council agenda management system.

## City Clerk Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2016-17 budget allowance:

|  | 2014-15<br>Actual | 2015-16 <sup>1</sup><br>Estimate | 2016-17<br>Budget |
|--|-------------------|----------------------------------|-------------------|
| Number of council formal and special meeting agenda items                            | 2,150             | 1,900                            | 1,700             |
| Open meeting law notices posted  | 2,800             | 2,600                            | 2,700             |
| Percent of open meeting law notices posted in accordance with state law <sup>2</sup> | 100%              | 100%                             | 100%              |
| Total printing and copy impressions (millions)                                       | 36.0              | 35.5                             | 35.5              |
| City Council regular and special elections held                                      | 1                 | 1                                | 0                 |
| License services applications and contacts   | 17,415            | 18,600                           | 18,500            |
| Records (in pages) provided for public access online                                 | 84,967            | 101,000                          | 105,000           |

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

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

## Expenditure and Position Summary

|                   | 2014-15<br>Actual | 2015-16<br>Estimate | 2016-17<br>Budget |
|-------------------|-------------------|---------------------|-------------------|
| Operating Expense | \$4,003,000       | \$4,761,000         | \$4,732,000       |
| Total Positions   | 56.0              | 57.0                | 55.0              |
| Source of Funds:  |                   |                     |                   |
| General           | \$3,988,000       | \$4,745,000         | \$4,713,000       |
| City Improvement  | 15,000            | 16,000              | 19,000            |





## FINANCE

### Program Goal

The Finance Department strives to maintain a fiscally sound governmental organization that conforms to legal requirements and generally accepted financial management principles; maintains effective procurement procedures for commodities and services; provides for effective treasury management and a citywide risk management program; acquires, manages and disposes of property for public facilities; provides an effective debt management program; and provides financial advisory services for all city departments.

### Budget Allowance Explanation

The 2016-17 Finance Department operating budget allowance of \$35,267,000 is \$2,627,000 or 8.0 percent more than 2015-16 estimated expenditures. The primary variances are in the General Fund and City Improvement Fund. The City Improvement Fund budget allowance for 2016-17 is \$1,274,000 or 15.8 percent more than 2015-16. This is primarily due to an increase in debt service payments for citywide vehicle replacements.

The General Fund budget allowance for 2016-17 of \$23,274,000 is \$1,172,000 or 5.3 percent more than 2015-16. This increase is primarily due to fewer anticipated vacant positions and increasing pension costs. These increases are partially offset by the elimination of two vacant positions and charging the Aviation Department for use and maintenance of the Real Estate Module in the SAP System.

### Finance Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2016-17 budget allowance:

|   | 2014-15<br>Actual | 2015-16'<br>Estimate | 2016-17<br>Budget |
|---|-------------------|----------------------|-------------------|
| Sales tax and franchise fees collected (millions)   | \$756             | \$763                | \$763             |
| Average real estate acquisition cycle time (months) | 8.14              | 9.0                  | 9.0               |
| Average property damage claims cycle time (days)    | 42                | 40                   | 60                |
| Average invitation for bid (IFB) cycle time (days)  | 85                | 85                   | 85                |

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

### Expenditure and Position Summary

|                   | 2014-15<br>Actual | 2015-16<br>Estimate | 2016-17<br>Budget |
|-------------------|-------------------|---------------------|-------------------|
| Operating Expense | \$19,205,000      | \$32,640,000        | \$35,267,000      |
| Total Positions   | 219.0             | 216.0               | 214.0             |
| Source of Funds:  |                   |                     |                   |
| Aviation          | 321,000           | 319,000             | 337,000           |
| City Improvement  | 161,000           | 8,060,000           | 9,334,000         |
| General           | \$16,611,000      | \$22,102,000        | \$23,274,000      |
| Other Restricted  | 259,000           | 120,000             | 120,000           |
| Public Housing    | -                 | (1,000)             | 13,000            |
| Sports Facilities | 112,000           | 128,000             | 128,000           |
| Wastewater        | 664,000           | 738,000             | 739,000           |
| Water             | 1,077,000         | 1,174,000           | 1,322,000         |





**BUDGET AND RESEARCH**

**Program Goal**

The Budget and Research Department ensures effective, efficient allocation of city resources to enable the City Council, City Manager and city departments to provide quality services to our residents.

**Budget Allowance Explanation**

The Budget and Research Department’s 2016-17 operating budget allowance of \$3,281,000 is \$555,000 or 20.4 percent higher than 2015-16 estimated expenditures. This is primarily due to restoration of employee compensation and additional funding to continue software maintenance for the current budget application. In addition, one temporary position was added to help implement the new SAP Public Budget Formulation (PBF) software application to replace the existing citywide budget application.

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

The following significant performance measures and service trends will be achieved with the 2016-17 budget allowance:

|   | 2014-15<br>Actual | 2015-16 <sup>1</sup><br>Estimate | 2016-17<br>Budget |
|---|-------------------|----------------------------------|-------------------|
| Percent variance of actual versus estimated expenditures for each major fund (data for the General Fund is shown) | -2%               | 0 ± 1%                           | 0 ± 1%            |
| Percent variance of actual versus estimated revenues for each major fund (data for the General Fund is shown)     | -0.2%             | 0 ± 1%                           | 0 ± 1%            |
| Percent of Requests for Council Action processed within 24 hours  | 87%               | 75%                              | 75%               |
| Capital Improvement Program expenditures as a percentage of budget  | 58%               | 65%                              | 65%               |

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

**Expenditure and Position Summary**

|                   | 2014-15<br>Actual | 2015-16<br>Estimate | 2016-17<br>Budget |
|-------------------|-------------------|---------------------|-------------------|
| Operating Expense | \$2,742,000       | \$2,726,000         | \$3,281,000       |
| Total Positions   | 24.0              | 25.0                | 25.0              |
| Source of Funds:  |                   |                     |                   |
| General           | \$2,742,000       | \$2,726,000         | \$3,281,000       |





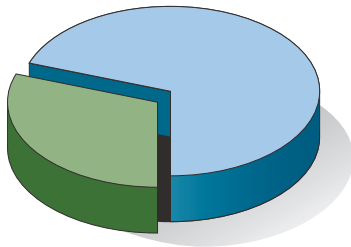
The Phoenix Police Department has 3,269 authorized sworn positions and 1,051 civilian authorized positions along with 175 volunteers. The department believes involvement in the community is key to keeping up relationships with residents. Improvements to the department include adding body-worn cameras to all officers over the next several years.





# Public Safety

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



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

## POLICE

### Program Goal

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

### Budget Allowance Explanation

The Police Department 2016-17 operating budget allowance of \$613,942,000 is \$40,482,000 or 7.1 percent more than 2015-16 estimated expenditures and reflects the restoration of employee compensation, hiring of 145 police officers, public safety

### Police Major Performance Measures and Service Trends

The following significant performance measures and service trends will be achieved with the 2016-17 budget allowance:

|  | 2014-15<br>Actual | 2015-16 <sup>1</sup><br>Estimate | 2016-17<br>Budget |
|--|-------------------|----------------------------------|-------------------|
| Average Response Time (Minutes)  |                   |                                  |                   |
| Priority 1 – Emergency   | 6.0               | 6.3                              | 6.3               |
| Priority 2 – Non-Emergency   | 15.9              | 16.2                             | 16.2              |
| Priority 3 – All Others  | 44.6              | 42.3                             | 43.1              |
| Percentage of phone calls to 9-1-1 and Crime Stop answered within 10 seconds |                   |                                  |                   |
|  | 90%               | 89%                              | 91%               |
| Cases accepted by the county attorney for issuance of complaint              |                   |                                  |                   |
|  | 22,390            | 23,100                           | 23,700            |
| Moving violation citations issued  |                   |                                  |                   |
|  | 142,577           | 130,700                          | 130,700           |
| Traffic accidents  |                   |                                  |                   |
|  | 26,558            | 28,400                           | 30,700            |
| Percentage of cases cleared:   |                   |                                  |                   |
| Murder   | 71%               | 79%                              | 79%               |
| Rape   | 21%               | 18%                              | 20%               |
| Robbery  | 24%               | 22%                              | 23%               |
| Aggravated Assault   | 40%               | 34%                              | 37%               |
| Burglary   | 6%                | 6%                               | 6%                |
| Theft  | 22%               | 21%                              | 22%               |
| Auto Theft   | 8%                | 7%                               | 7%                |
| Arson  | 13%               | 12%                              | 13%               |

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



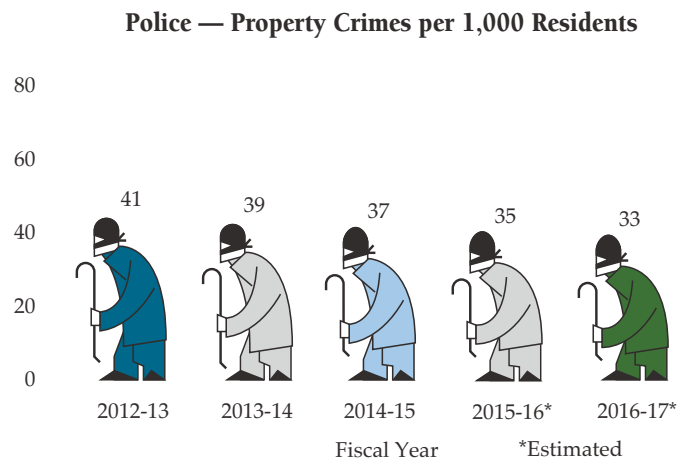
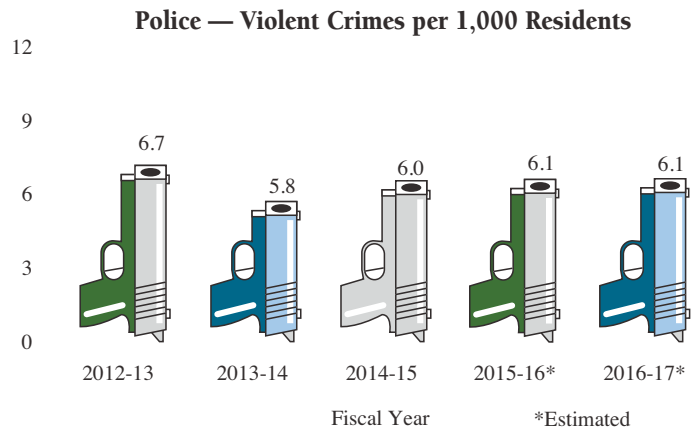


retirement contribution increases and other normal inflationary increases that are partially offset by the elimination of 27 vacant civilian positions.

The 2016-17 budget also includes funds to implement the first phase of a four to five year body-worn camera program. In addition, funding is included to hire a Police Psychologist to provide counseling, crisis intervention and psychology consultation services for first responders and other department staff.

### Expenditure and Position Summary

|                              | 2014-15<br>Actual | 2015-16<br>Estimate | 2016-17<br>Budget |
|------------------------------|-------------------|---------------------|-------------------|
| Operating Expense            | \$549,531,000     | \$573,460,000       | \$613,942,000     |
| Total Positions              | 4,328.5           | 4,318.5             | 4,296.5           |
| Source of Funds:             |                   |                     |                   |
| General                      | \$462,906,000     | \$476,152,000       | \$498,786,000     |
| Public Safety<br>Expansion   | 39,109,000        | 36,018,000          | 48,295,000        |
| Neighborhood<br>Protection   | 14,487,000        | 17,548,000          | 20,753,000        |
| Public Safety<br>Enhancement | 9,580,000         | 8,979,000           | 13,608,000        |
| City Improvement             | 6,851,000         | 6,413,000           | 5,195,000         |
| Court Awards                 | 4,694,000         | 4,211,000           | 3,916,000         |
| Federal and State<br>Grants  | 7,595,000         | 8,286,000           | 4,124,000         |
| Other Restricted             | 3,065,000         | 14,559,000          | 17,920,000        |
| Sports Facilities            | 1,244,000         | 1,294,000           | 1,345,000         |





**FIRE**

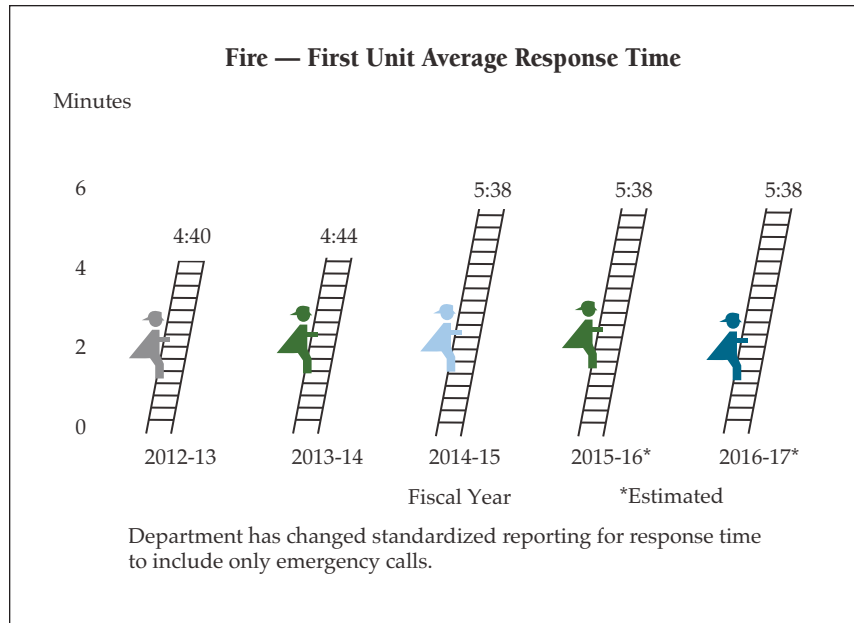
**Program Goal**

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 2016-17 operating budget allowance of \$319,414,000 is \$14,813,000 or 4.9 percent more than 2015-16 estimated expenditures and is the result of the restoration of employee compensation, public safety retirement contribution increases, and other normal inflationary factors. These increases are partially offset by the elimination of three non-sworn vacant positions.

Additionally, there is funding to replace the obsolete Emergency Transportation (ETS) billing system with an electronic billing and records system (ePCR) and an increase for the purchase of replacement vehicles.



**Fire Major Performance Measures and Service Levels**

The following significant performance measures and service trends will be achieved with the 2016-17 budget allowance:

|  | 2014-15<br>Actual | 2015-16 <sup>1</sup><br>Estimate | 2016-17<br>Budget |
|--|-------------------|----------------------------------|-------------------|
| Percent of fire and emergency medical call responses within four minutes   | 33.8%             | 32.3%                            | 32.3%             |
| Patient transports to Valley hospitals via emergency medical vehicles  | 68,115            | 68,500                           | 68,500            |
| Percentage of time Advanced Life Support (ALS) medical calls are responded to with paramedic units within five minutes | 57.5%             | 55.1%                            | 55.1%             |
| Number of fire investigations to determine cause only  | 722               | 720                              | 720               |
| Number of calls by type:   |                   |                                  |                   |
| Emergency Medical  | 165,701           | 171,600                          | 173,200           |
| Fire   | 16,069            | 16,700                           | 16,800            |
| Other (mountain/swift water/trench/tree rescues/other)   | 6,744             | 6,900                            | 6,900             |

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

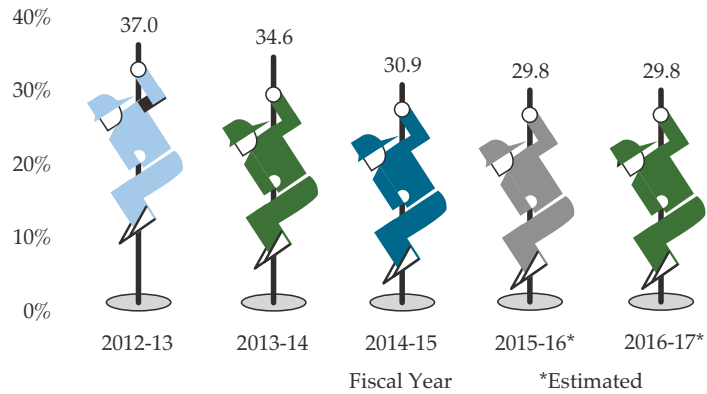




### Expenditure and Position Summary

|                              | 2014-15<br>Actual | 2015-16<br>Estimate | 2016-17<br>Budget |
|------------------------------|-------------------|---------------------|-------------------|
| Operating Expense            | \$291,568,000     | \$304,601,000       | \$319,414,000     |
| Total Positions              | 1,990.6           | 2,010.9             | 2,007.9           |
| Source of Funds:             |                   |                     |                   |
| General                      | \$253,202,000     | \$252,642,000       | \$273,282,000     |
| Public Safety<br>Expansion   | 9,416,000         | 13,842,000          | 14,794,000        |
| Neighborhood<br>Protection   | 4,482,000         | 11,788,000          | 11,156,000        |
| Public Safety<br>Enhancement | 6,106,000         | 9,629,000           | 10,334,000        |
| Other Restricted             | 3,194,000         | 4,743,000           | 4,957,000         |
| Federal and<br>State Grants  | 11,561,000        | 8,377,000           | 2,617,000         |
| City Improvement             | 3,604,000         | 3,580,000           | 2,274,000         |
| Federal Transit Authority    | 3,000             | ---                 | ---               |

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



## HOMELAND SECURITY AND EMERGENCY MANAGEMENT

### Program Goal

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

### Budget Allowance Explanation

The Office of Homeland Security and Emergency Management 2016-17 operating budget allowance of \$818,000 is \$230,000 or 39.1 percent more than 2015-16 estimated expenditures. The 2016-17 budget includes funding for the implementation of an emergency notification system. In addition, funds currently provided to Maricopa County for emergency planning are being reallocated within the existing budget to add one Emergency Management Training and Exercise Coordinator position.

### Expenditure and Position Summary

|                              | 2014-15<br>Actual | 2015-16<br>Estimate | 2016-17<br>Budget |
|------------------------------|-------------------|---------------------|-------------------|
| Operating Expense            | \$717,000         | \$588,000           | \$818,000         |
| Total Positions              | 6.0               | 7.0                 | 8.0               |
| Source of Funds:             |                   |                     |                   |
| General                      | \$196,000         | \$14,000            | \$93,000          |
| Public Safety<br>Enhancement | 335,000           | 351,000             | 452,000           |
| Federal and State<br>Grants  | 186,000           | 223,000             | 273,000           |





The Phoenix Fire Department responded to an estimated 195,179 calls during FY 2015-16. This includes 171,613 emergency medical calls and 16,682 fire calls.





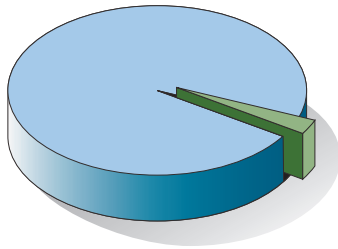
The Phoenix Municipal Court adjudicates criminal and civil traffic charges, as well as non-traffic criminal misdemeanor cases, civil non-traffic ordinance complaints, orders of protection, and injunctions against harassment.





# Criminal Justice

**The Criminal Justice Program Represents 2.3% of the Total Budget.**



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

## MUNICIPAL COURT

### Program Goal

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

### Budget Allowance Explanation

The Municipal Court's 2016-17 operating budget allowance of \$43,023,000 is \$2,749,000 or 6.8 percent more than 2015-16 estimated expenditures. The increase reflects the restoration of employee compensation which is partially offset by the elimination of six vacant positions and closure of two courtrooms as part of an efficiency review due to a continued decrease in the number of criminal and civil filings over the last few years.

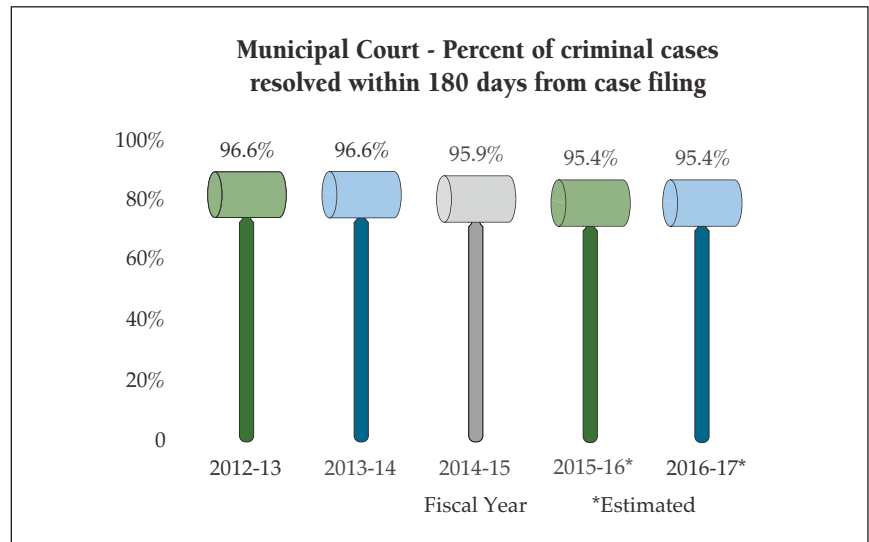
In 2016-17 the Court is also moving forward with an upgrade of its Court Management System which had been on hold because of significant technical delays in trying to implement a statewide system in conjunction with the State of Arizona. This upgrade will facilitate future enhancements such as active case imaging, which will result in long-term efficiencies and cost savings.

## Municipal Court Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2016-17 budget allowance:

|  | 2014-15<br>Actual | 2015-16 <sup>1</sup><br>Estimate | 2016-17<br>Budget |
|--|-------------------|----------------------------------|-------------------|
| Criminal filings   | 58,000            | 50,000                           | 50,000            |
| Civil filings  | 152,000           | 130,000                          | 130,000           |
| Average number of days from arraignment to hearing for minor traffic cases   | 33                | 35                               | 35                |
| Number of criminal cases with a pending trial date at year end               | 3,000             | 2,600                            | 2,600             |
| Percent of trials/hearings appealed  | 2.0%              | 2.7%                             | 2.7%              |
| Average cycle time for sending out restitution and bail refund checks        | 2.5 days          | 2.5 days                         | 2.5 days          |
| Average hold time for incoming information calls to the Customer Call Center | 2 minutes         | 1.5 minutes                      | 1.5 minutes       |

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



## Expenditure and Position Summary

|                   | 2014-15<br>Actual | 2015-16<br>Estimate | 2016-17<br>Budget |
|-------------------|-------------------|---------------------|-------------------|
| Operating Expense | \$34,431,000      | \$40,274,000        | \$43,023,000      |
| Total Positions   | 285.0             | 279.0               | 273.0             |
| Source of Funds:  |                   |                     |                   |
| General           | \$26,185,000      | \$27,114,000        | \$28,112,000      |
| City Improvement  | 6,497,000         | 6,817,000           | 7,467,000         |
| Other Restricted  | 1,749,000         | 6,343,000           | 7,444,000         |





## PUBLIC DEFENDER

### Program Goal

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

### Budget Allowance Explanation

The Public Defender Program's 2016-17 operating budget allowance of \$5,094,000 is \$69,000 or 1.4 percent more than 2015-16 estimated expenditures. The increase reflects the restoration of employee compensation and normal inflationary increases.

### Public Defender Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2016-17 budget allowance:

|   | 2014-15<br>Actual | 2015-16 <sup>1</sup><br>Estimate | 2016-17<br>Budget |
|---|-------------------|----------------------------------|-------------------|
| Defendants charged with misdemeanor crimes represented in Phoenix Municipal Court | 12,440            | 12,200                           | 12,200            |

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

### Expenditure and Position Summary

|                   | 2014-15<br>Actual | 2015-16<br>Estimate | 2016-17<br>Budget |
|-------------------|-------------------|---------------------|-------------------|
| Operating Expense | \$4,834,000       | \$5,025,000         | \$5,094,000       |
| Total Positions   | 9.0               | 11.0                | 11.0              |
| Source of Funds:  |                   |                     |                   |
| General           | \$4,834,000       | \$5,025,000         | \$5,094,000       |





During the 2015-16 fiscal year, the city of Phoenix Streets department repaired 27,648 potholes and resurfaced 196.33 miles of city streets.

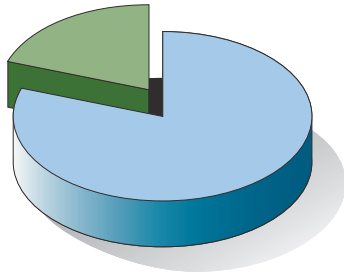






# Transportation

**The Transportation Program Represents 22.0% of the Total Budget.**



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

## STREET TRANSPORTATION

### Program Goal

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

### Street Transportation Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2016-17 budget allowance:

|  | 2014-15<br>Actual | 2015-16 <sup>1</sup><br>Estimate | 2016-17<br>Budget |
|--|-------------------|----------------------------------|-------------------|
| Routine street maintenance requests for service completed within 21 days       | 80%               | 80%                              | 75%               |
| Percent of all traffic signal control cabinets inspected annually              | 95%               | 75%                              | 75%               |
| Routine traffic operation requests for service completed within 30 days        | 93%               | 93%                              | 93%               |
| Construction project complaints or inquiries addressed within two working days | 97%               | 97%                              | 97%               |
| Number of days to review and respond to street light requests                  | 2.5               | 2.5                              | 2.5               |
| Number of days to review private development plans                             | 9                 | 9                                | 9                 |
| Utility plan review turnaround time within 10 working days                     | 97%               | 92%                              | 92%               |
| Complete requests for sign and crosswalk work within 45 days                   | 80%               | 80%                              | 80%               |

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



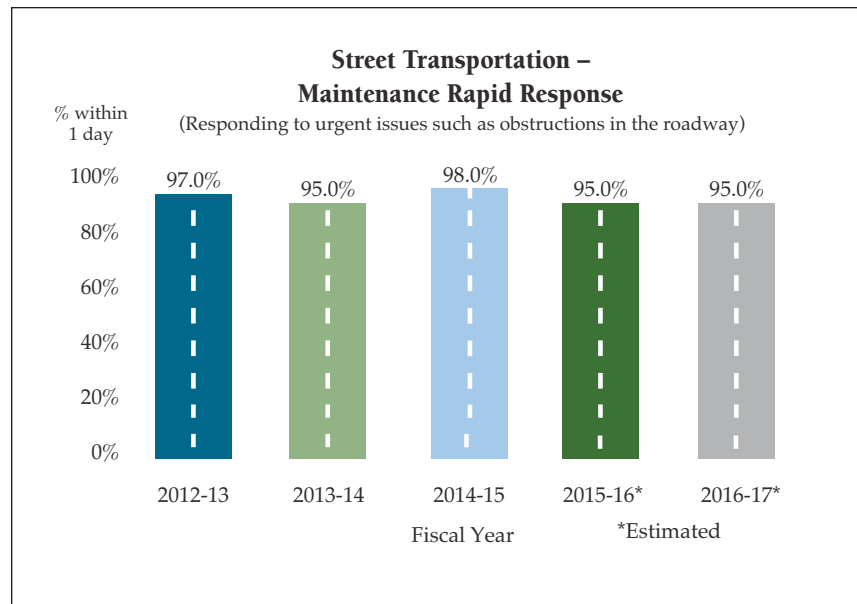


### Budget Allowance Explanation

The Street Transportation 2016-17 operating budget allowance of \$74,836,000 is \$5,614,000 or 8.1 percent more than 2015-16 estimated expenditures. The increase in the General Fund is primarily due to fewer anticipated vacant positions, employee compensation restorations and increasing pension costs. Also, funds were added for the operating cost of 300 new smart parking meters to expand the footprint of parking meters north of downtown and for restoration of funding to provide contracted street maintenance services in unimproved right-of-way. The increase is partially offset by the elimination of 14 vacant positions. The budget also includes an increase in expenditures in the Arizona Highway User Revenue (AHUR) fund, which includes a temporary position to lead a multidisciplinary team to coordinate with the Arizona Department of Transportation on the design and construction of the South Mountain Freeway extension (Loop 202).

### Expenditure and Position Summary

|                                 | 2014-15<br>Actual | 2015-16<br>Estimate | 2016-17<br>Budget |
|---------------------------------|-------------------|---------------------|-------------------|
| Operating Expense               | \$66,955,000      | \$69,222,000        | \$74,836,000      |
| Total Positions                 | 653.0             | 650.0               | 637.0             |
| Source of Funds:                |                   |                     |                   |
| General                         | \$16,433,000      | \$17,075,000        | \$20,272,000      |
| Arizona Highway<br>User Revenue | 48,282,000        | 49,653,000          | 51,356,000        |
| City Improvement                | 104,000           | 106,000             | 385,000           |
| Capital Construction            | 145,000           | 144,000             | 130,000           |
| Federal and State<br>Grants     | 73,000            | 46,000              | 45,000            |
| Other Restricted                | 1,918,000         | 2,198,000           | 2,648,000         |





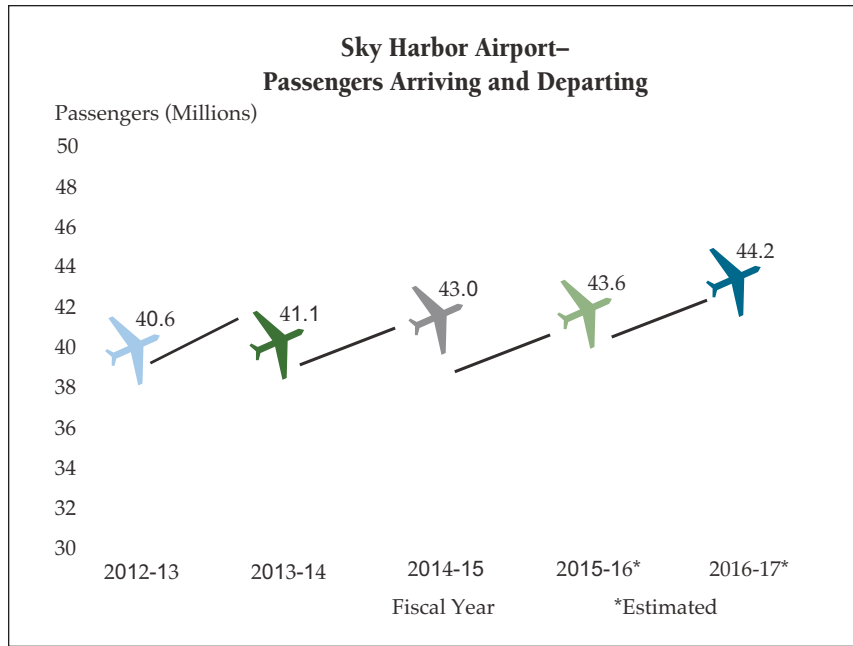
**AVIATION**

**Program Goal**

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

**Budget Allowance Explanation**

The Aviation Department's 2016-17 operating budget allowance of \$246,108,000 is \$12,335,000 or 5.3 percent more than 2015-16 estimated expenditures. The increase reflects increased costs for elevator and moving sidewalk maintenance, management costs for ride share programs, police security costs, and the restoration of employee compensation.



**Aviation Major Performance Measures and Service Levels**

The following significant performance measures and service trends will be achieved with the 2016-17 budget allowance:

|  | 2014-15 Actual | 2015-16 <sup>1</sup> Estimate | 2016-17 Budget |
|--|----------------|-------------------------------|----------------|
| Airline rental rates (cost per square foot): |                |                               |                |
| Terminal 2                                   | \$116.28       | \$106.68                      | \$109.80       |
| Terminal 3                                   | \$116.28       | \$106.68                      | \$109.80       |
| Terminal 4                                   | \$116.28       | \$106.68                      | \$109.80       |
| Gross sales per departing passenger:         |                |                               |                |
| Terminal 2                                   | \$5.81         | \$5.83                        | \$5.85         |
| Terminal 3                                   | \$9.40         | \$9.86                        | \$9.90         |
| Terminal 4                                   | \$11.28        | \$11.50                       | \$11.60        |
| Aircraft takeoffs and landings               | 894,099        | 900,000                       | 901,000        |
| Total international passengers               | 2,287,697      | 2,300,000                     | 2,310,000      |
| Air cargo processed (in tons)                | 302,124        | 305,000                       | 307,000        |

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

**Expenditure and Position Summary**

|                   | 2014-15 Actual | 2015-16 Estimate | 2016-17 Budget |
|-------------------|----------------|------------------|----------------|
| Operating Expense | \$225,583,000  | \$233,773,000    | \$246,108,000  |
| Total Positions   | 853.0          | 857.0            | 856.0          |
| Source of Funds:  |                |                  |                |
| Aviation          | \$225,583,000  | \$233,773,000    | \$246,108,000  |





## PUBLIC TRANSIT

### Program Goal

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

### Budget Allowance Explanation

The Public Transit 2016-17 operating budget allowance of \$296,267,000 is \$40,134,000 or 15.7 percent more than 2015-16 estimated expenditures. The increase is primarily due to the addition of voter approved Transportation 2050 funds. These increases are partially offset by a decrease in Federal Transit Administration and Transit 2000 funding.

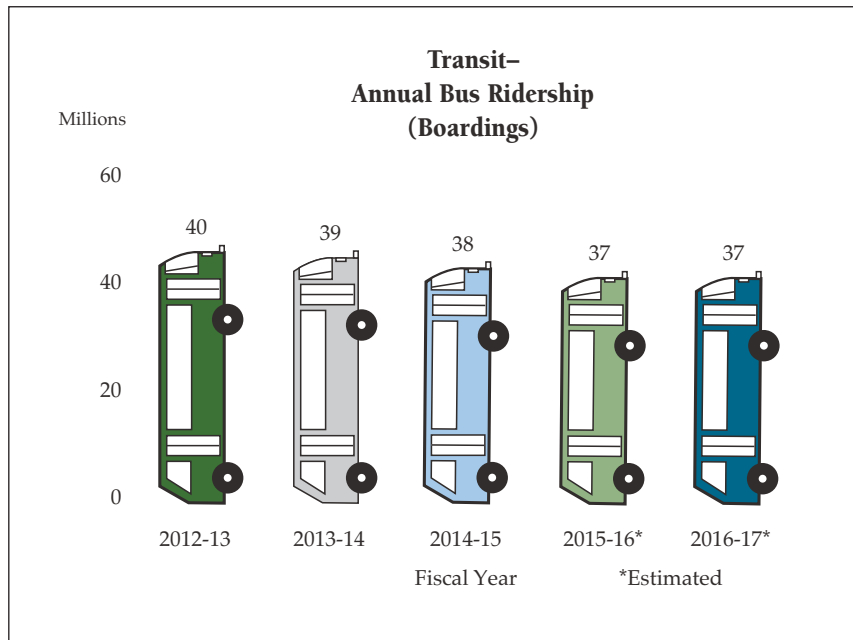
Transportation 2050 was approved by Phoenix voters in August 2015 and provides funding to meet the transit needs of Phoenix residents. Included in the 2016-17 funding are increases in light rail and bus services.

The Federal Transit Administration decreased funding for preventive maintenance. Transit 2000 funding is decreasing due to the sunset of the Transit 2000 program.

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

### Expenditure and Position Summary

|                           | 2014-15<br>Actual | 2015-16<br>Estimate | 2016-17<br>Budget |
|---------------------------|-------------------|---------------------|-------------------|
| Operating Expense         | \$239,575,000     | \$256,133,000       | \$296,267,000     |
| Total Positions           | 104.5             | 103.5               | 103.5             |
| Source of Funds:          |                   |                     |                   |
| General                   | \$17,754,000      | \$1,669,000         | \$1,652,000       |
| Transit 2000              | 125,311,000       | 160,168,000         | 141,722,000       |
| Transportation 2050       | -                 | 1,000               | 51,798,000        |
| Regional Transit          | 27,414,000        | 28,510,000          | 29,366,000        |
| Federal Transit Authority | 21,576,000        | 15,758,000          | 10,721,000        |
| City Improvement          | 47,520,000        | 50,027,000          | 61,008,000        |



### Public Transit Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2016-17 budget allowance:

|  | 2014-15<br>Actual | 2015-16 <sup>1</sup><br>Estimate | 2016-17<br>Budget |
|--|-------------------|----------------------------------|-------------------|
| On-time performance for bus service                      | 95.0%             | 95.0%                            | 95.0%             |
| On-time performance for Dial-a-Ride prescheduled service | 95.0%             | 95.0%                            | 95.0%             |
| Cost recovery from bus fares                             | 22.8%             | 22.3%                            | 18.13%            |
| Bus boardings per revenue mile                           | 2.02              | 2.21                             | 2.2               |
| Average weekday ridership - light rail (Phoenix only)    | 27,896            | 28,965                           | 33,000            |
| Number of senior center shuttle trips                    | 86,344            | 87,231                           | 84,373            |

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





In March, Phoenix Public Transit and Valley Metro collaborated on the opening of the Northwest Extension, which added 3.2-miles of light rail service between Montebello to Dunlap avenues. The NWE brings the light rail system to a total of 26 miles and 35 stations.





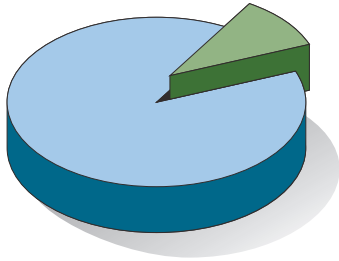
June 8, 2015, Fifth Street & Buckeye Road Brownfields redevelopment  
groundbreaking ceremony





# Community Development

The Community Development Program Represents 8.3% of the Total Budget.



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

## PLANNING AND DEVELOPMENT

### Program Goal

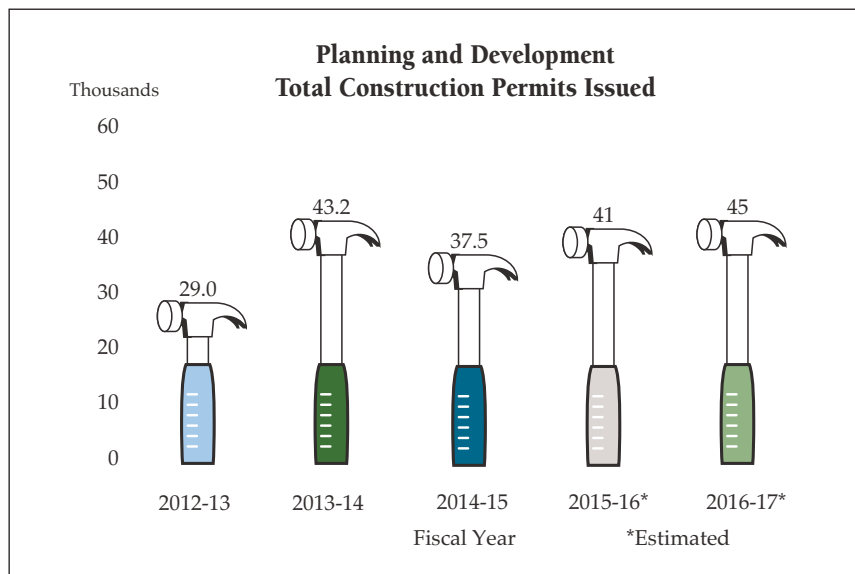
The Planning and Development Department manages planning, development and preservation for a better Phoenix. Key services of the department include design review, permitting, inspections, implementation and updates to the General Plan, administration of the Zoning Ordinance, processing rezoning requests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

### Budget Allowance Explanation

The Planning and Development Department 2016-17 operating budget allowance of \$53,383,000 is \$8,346,000 or 18.5 percent more than 2015-16 estimated expenditures. This is a result of converting five temporary positions to regular status, adding three new positions to develop and train on the in-house permitting system and coordinate efforts of private development along the proposed Loop 202 corridor and realizing the full-year cost of 19 new positions added mid-year to meet customer service expectations and target plan review and inspection time frames due to increased construction activity.

It also includes increased funding for contract plan reviews and technology development. Funding increases are partially offset by decreased insurance liability costs, lower facility management charges, reduced office furniture expenditures due to completion of the space renovations and diminished computer needs.

The General Fund increased by \$304,000 or 7.6% primarily due to fewer anticipated vacant positions, employee compensation restorations and increasing pension costs, which is partially offset by reduced liability insurance costs.





### Expenditure and Position Summary

|                                   | 2014-15<br>Actual | 2015-16<br>Estimate | 2016-17<br>Budget |
|-----------------------------------|-------------------|---------------------|-------------------|
| Operating Expense                 | \$39,443,000      | \$45,037,000        | \$53,383,000      |
| Total Positions                   | 295.8             | 326.0               | 329.0             |
| Source of Funds:                  |                   |                     |                   |
| Development Services              | \$34,184,000      | \$40,587,000        | \$48,524,000      |
| General                           | 3,948,000         | 4,017,000           | 4,321,000         |
| Federal and State Grant           | 1,062,000         | 10,000              | ---               |
| Community Development Block Grant | 66,000            | 66,000              | 66,000            |
| Other Restricted                  | 184,000           | 357,000             | 472,000           |

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

The following significant performance measures and service trends will be achieved with the 2016-17 budget allowance:

|   | 2014-15<br>Actual | 2015-16 <sup>1</sup><br>Estimate | 2016-17<br>Budget |
|---|-------------------|----------------------------------|-------------------|
| Total construction permits issued   | 37,523            | 41,000                           | 45,000            |
| Turnaround time for major commercial building plans (days)                                | 36                | 35                               | 35                |
| Turnaround time for medium commercial building plans (days)                               | 26                | 31                               | 35                |
| Turnaround time for minor commercial building plans (days)                                | 16                | 20                               | 25                |
| Turnaround time for residential building plans (days)                                     | 24                | 23                               | 28                |
| Percent of commercial inspections completed on time                                       | 95%               | 97%                              | 97%               |
| Percent of residential inspections completed on time                                      | 95%               | 96%                              | 96%               |
| Percent of costs recovered through fees   | 128%              | 140%                             | 100%              |
| Average number of days to schedule pre-application meeting prior to rezoning application  | 14                | 14                               | 14                |
| Average number of days to complete Zoning Verification letters                            | 10                | 15                               | 15                |
| Board, commission and committee packets available seven days prior to meeting             | 100%              | 100%                             | 100%              |
| Number of design reviews performed on building permits in historic districts <sup>2</sup> | 410               | 450                              | 350               |
| Number of city grants awarded for historic rehabilitation projects                        | 12                | 10                               | 3                 |
| Number of regulatory compliance reviews for federally funded city capital projects        | 495               | 500                              | 200               |

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

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





## HOUSING

### Program Goal

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

### Budget Allowance Explanation

The Housing Department's 2016-17 operating budget allowance of \$91,470,000 is \$3,499,000 or 4.0 percent more than 2015-16 estimated expenditures. The increase is primarily due to the carry-over of unspent federal funds and the restoration of employee compensation. It is partially offset by the elimination of one vacant position.

### Housing Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2016-17 budget allowance:

|  | 2014-15<br>Actual | 2015-16 <sup>1</sup><br>Estimate | 2016-17<br>Budget |
|--|-------------------|----------------------------------|-------------------|
| Affordable housing units for families and individuals  | 2,240             | 2,240                            | 2,240             |
| Affordable housing units created or preserved for families and individuals owned and operated by private sector developers | 377               | 210                              | 290               |
| Rental assistance provided for low-income residents in the private housing market  | 6,740             | 6,740                            | 6,740             |
| Federally-Assisted housing units for families and seniors  | 2,614             | 2,618                            | 2,625             |
| Utilization rate for Section 8 vouchers  | 93%               | 95%                              | 95%               |
| Occupancy rate for public housing units  | 96%               | 97%                              | 97%               |

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

### Expenditure and Position Summary

|                                   | 2014-15<br>Actual | 2015-16<br>Estimate | 2016-17<br>Budget |
|-----------------------------------|-------------------|---------------------|-------------------|
| Operating Expense                 | \$79,004,000      | \$87,971,000        | \$91,470,000      |
| Total Positions                   | 181.0             | 179.0               | 179.0             |
| Source of Funds:                  |                   |                     |                   |
| Public Housing                    | \$74,991,000      | \$81,908,000        | \$81,880,000      |
| Other Restricted                  | 2,673,000         | 4,298,000           | 5,301,000         |
| Community Development Block Grant | 622,000           | 1,303,000           | 3,890,000         |
| HOPE VI                           | 384,000           | 238,000             | 265,000           |
| City Improvement                  | 35,000            | 72,000              | 74,000            |
| General                           | 49,000            | 54,000              | 54,000            |
| Federal and State Grants          | 250,000           | 98,000              | 6,000             |





## COMMUNITY AND ECONOMIC DEVELOPMENT

### Program Goal

The Community and Economic Development Department creates or facilitates development activities that add or retain jobs, enhances city revenues and enhances the quality of life including business development in Sky Harbor Center, downtown redevelopment area and other non-redevelopment areas.

### Budget Allowance Explanation

The Community and Economic Development Department's 2016-17 operating budget allowance of \$30,488,000 is \$1,325,000 or 4.5 percent more than 2015-16 estimated expenditures and reflects the restoration of employee compensation and an increase in Federal Workforce Investment Act grant allocations.

The 2016-17 budget also contains funding to support entrepreneurship among veterans to promote and facilitate business ownership. Also included in the 2016-17 budget is funding to hire a Management Assistant to expand the Business Workforce Youth Program to enhance job training and hiring opportunities for city residents. In addition, funding is included to hire an Economic Development Program Manager to focus on attracting advanced manufacturing business development along the new Loop 202 project.

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

The following significant performance measures and service trends will be achieved with the 2016-17 budget allowance:

|  | 2014-15<br>Actual | 2015-16 <sup>1</sup><br>Estimate | 2016-17<br>Budget |
|--|-------------------|----------------------------------|-------------------|
| Projected jobs created/retained within the city of Phoenix as a result of department efforts | 8,684             | 7,500                            | 8,500             |
| Projected average annual salary for new jobs with companies newly located in Phoenix         | \$49,712          | \$48,000                         | \$48,000          |
| Number of job seekers assisted through the Workforce Development Initiatives                 | 29,125            | 32,000                           | 32,000            |

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

## Expenditure and Position Summary

|                                    | 2014-15<br>Actual | 2015-16<br>Estimate | 2016-17<br>Budget |
|------------------------------------|-------------------|---------------------|-------------------|
| Operating Expense                  | \$26,366,000      | \$29,163,000        | \$30,488,000      |
| Total Positions                    | 96.0              | 89.0                | 91.0              |
| Source of Funds:                   |                   |                     |                   |
| Federal and State Grants           | 12,449,000        | 13,760,000          | 14,237,000        |
| City Improvement                   | 4,451,000         | 6,036,000           | 6,067,000         |
| General                            | 4,159,000         | 4,606,000           | 5,064,000         |
| Other Restricted                   | 3,741,000         | 3,093,000           | 3,558,000         |
| Convention Center                  | 441,000           | 471,000             | 508,000           |
| Community Reinvestment             | 502,000           | 380,000             | 432,000           |
| Community Development Block Grants | 430,000           | 555,000             | 357,000           |
| Sports Facilities                  | 144,000           | 151,000             | 161,000           |
| Aviation                           | 19,000            | 80,000              | 73,000            |
| Water                              | 30,000            | 31,000              | 31,000            |





## NEIGHBORHOOD SERVICES

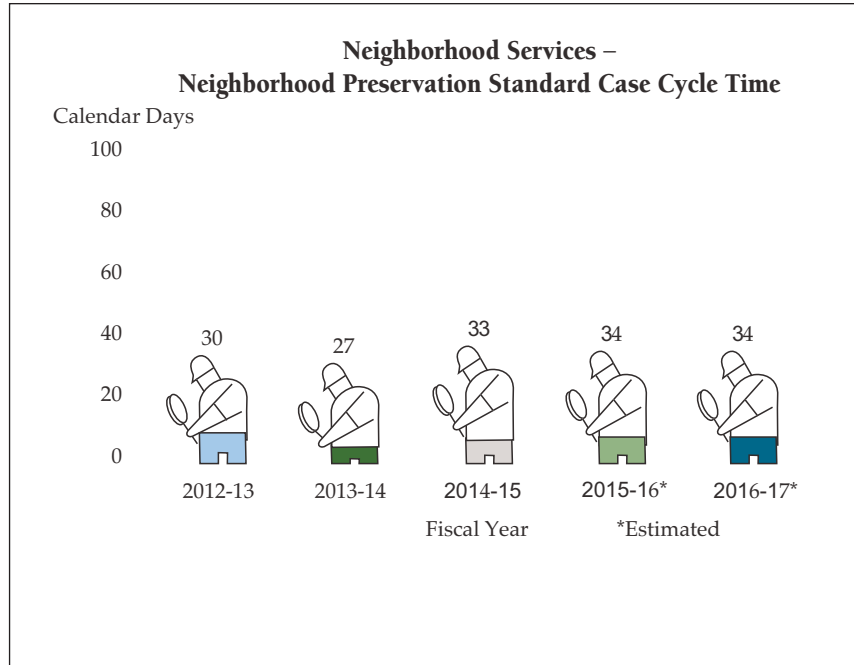
### Program Goal

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

### Budget Allowance Explanation

The Neighborhood Services 2016-17 operating budget allowance of \$56,636,000 is \$22,605,000 or 66.4 percent more than 2015-16 estimated expenditures. This increase is due to unspent Community Development Block Grant (CDBG), HOME and other federal and state grant funding that was carried forward and included in the 2016-17 budget.

The General Fund budget of \$12,115,000 is \$676,000 or 5.9 percent more than the 2015-16 estimated expenditures. This is primarily due to an expected increase in the number of filled positions and an increase in funding for replacement vehicles. This increase is partially offset by savings in general and liability insurance and a reduction in the use of temporary employment agencies.



January 15, 2015, Phoenix Suns and APS built a new basketball court for the Sidney P. Osborn Community.





### Expenditure and Position Summary

|                                   | 2014-15<br>Actual | 2015-16<br>Estimate | 2016-17<br>Budget |
|-----------------------------------|-------------------|---------------------|-------------------|
| Operating Expense                 | \$32,683,000      | \$34,031,000        | \$56,636,000      |
| Total Positions                   | 194.0             | 189.0               | 187.0             |
| Source of Funds:                  |                   |                     |                   |
| General                           | \$10,831,000      | \$11,439,000        | \$12,115,000      |
| Other Restricted                  | 26,000            | 56,000              | 125,000           |
| HOME                              | 433,000           | 868,000             | 1,477,000         |
| Human Services Grant              | (25,000)          | ---                 | ---               |
| Federal and State Grants          | 9,044,000         | 5,649,000           | 13,174,000        |
| Community Development Block Grant | 12,374,000        | 16,019,000          | 29,745,000        |

### Neighborhood Services Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2016-17 budget allowance:

|   | 2014-15<br>Actual | 2015-16 <sup>1</sup><br>Estimate | 2016-17<br>Budget |
|---|-------------------|----------------------------------|-------------------|
| Residents who receive landlord/tenant counseling <sup>2</sup>                                       | 4,319             | 4,500                            | 5,000             |
| Sites where graffiti was removed through the Graffiti Busters program <sup>3</sup>                  | 52,542            | 62,500                           | 62,500            |
| Number of household units rehabbed or assisted through housing rehabilitation programs <sup>4</sup> | 485               | 780                              | 680               |
| Neighborhood Preservation cases opened annually <sup>5</sup>  | 58,740            | 47,000                           | 53,000            |
| Neighborhood Preservation average standard case cycle time <sup>6</sup>                             | 33                | 34                               | 34                |
| Percent of Neighborhood Preservation cases resolved voluntarily                                     | 93%               | 92% or above                     | 92% or above      |
| The number of new neighborhood groups <sup>7</sup>  | 55                | 60                               | 55                |

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

<sup>2</sup>Variance in 2014-15 is due to temporary staff vacancies.

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

<sup>4</sup>This count includes both owner occupied and rental units and each housing unit may include one type or multiple types of improvements/rehab work in addition to standard rehab that are not identified until rehabilitation work has begun. In addition, the count may vary as rehabilitation projects are subsidized by multiple funding sources.

<sup>5</sup>The variance between 2014-15 and 2015-16 is due to temporary staff vacancies.

<sup>6</sup>Standard case cycle time refers to the number of calendar days it takes to open and close cases in which a violation is resolved before a citation is issued (closed compliance) and cases in which the inspector was not able to confirm a reported violation (closed no violation).

<sup>7</sup>Includes all neighborhood organizations listed through Neighborhood Notification.





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

**Program Goal**

The Phoenix Community Development and Investment Corporation (PCDIC) attracts and provides funds for projects that will improve the quality of life of those individuals who live and work in underserved areas of the community. To accomplish this mission, PCDIC seeks to: provide commercial real estate gap financing to attract employers creating jobs, provide Gap financing for commercial real estate for small businesses and non-profits having difficulty securing loans at favorable rates, remove blight, particularly within the city's most distressed New Market Tax Credit (NMTC) Census Tracts and help non-profits expand services to the disadvantaged communities they serve.

**Budget Allowance Explanation**

The PCDIC 2016-17 operating budget allowance of \$965,000 is \$255,000 or 35.9 percent more than 2015-16 estimated expenditures. The increase includes funding to hire one Accountant III position and one Administrative Assistant I position to support administrative and regulatory compliance requirements as a 501(c) (3) non-profit public charity and the restoration of employee compensation.

**Expenditure and Position Summary**

|                   | 2014-15<br>Actual | 2015-16<br>Estimate | 2016-17<br>Budget |
|-------------------|-------------------|---------------------|-------------------|
| Operating Expense | -                 | \$710,000           | \$965,000         |
| Total Positions   | -                 | 6.0                 | 8.0               |
| Source of Funds:  |                   |                     |                   |
| Other Restricted  | -                 | \$710,000           | \$965,000         |





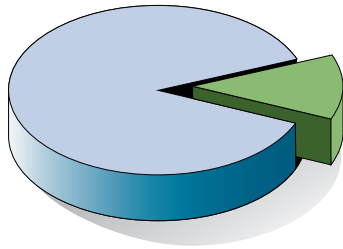
Phoenix kids take advantage of the many services at the city's parks, recreation centers and public pools.





# Community Enrichment

## The Community Enrichment Program Represents 9.2% of the Total Budget.



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

## Budget Allowance Explanation

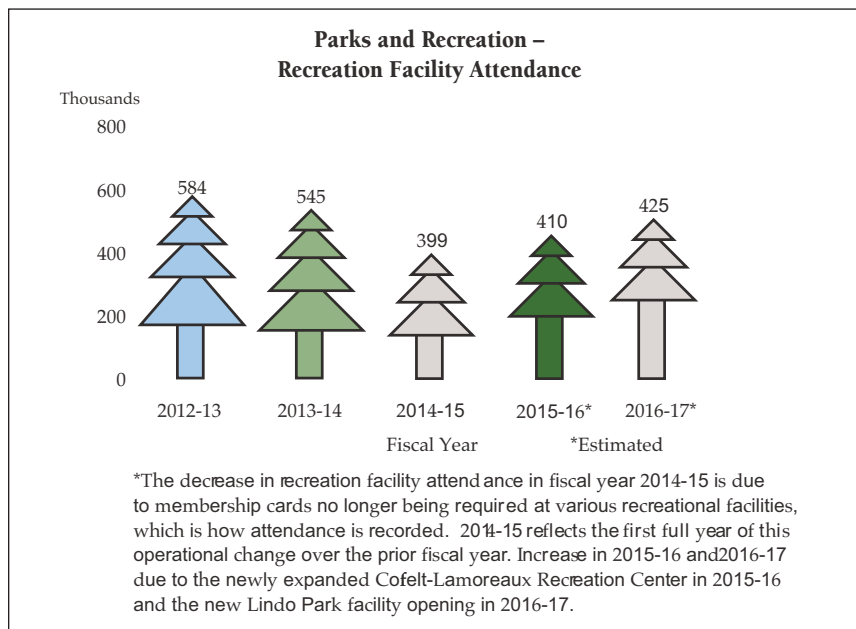
The Parks and Recreation Department 2016-17 budget allowance of \$106,581,000 is \$4,025,000 or 3.9 percent more than 2015-16 estimated expenditures. The increase in the General Fund is primarily due to fewer anticipated vacant positions, increased pension costs, increased cost for automotive and general liability insurance, and the purchase of replacement vehicles. Also included in the 2016-17 budget is funding for staff and materials to maintain the new soccer fields, performance stage, and ramadas at Cesar Chavez Park. In addition, staff is being added to provide after-school STEM, arts and crafts, and supervised recreation programs at parks without a community center. These increases are partially offset by the elimination of 26 vacant positions.

The increase in the 2016-17 budget for the Phoenix Parks and Preserves Initiative (PPPI) fund is primarily due to additional funding for staff and materials to maintain a new dog park at Esteban Park, the new Lindo Park facility that will offer classes for seniors and recreational programming for youth, and increased pension costs. The increase is partially offset by a reduction in capital equipment expenses.

## 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.





### Expenditure and Position Summary

|                          | 2014-15<br>Actual | 2015-16<br>Estimate | 2016-17<br>Budget |
|--------------------------|-------------------|---------------------|-------------------|
| Operating Expense        | \$99,056,000      | \$102,556,000       | \$106,581,000     |
| Total Positions          | 1,048.6           | 1,055.0             | 1,036.4           |
| Source of Funds:         |                   |                     |                   |
| General                  | \$84,636,000      | \$86,332,000        | \$91,391,000      |
| Other Restricted         | 2,310,000         | 4,168,000           | 4,384,000         |
| City Improvement         | 1,919,000         | 1,795,000           | 388,000           |
| Federal and State Grants | 613,000           | 705,000             | 716,000           |
| Parks and Preserves      | 3,351,000         | 3,900,000           | 4,017,000         |
| Golf                     | 6,226,000         | 5,656,000           | 5,685,000         |
| Convention Center        | 1,000             | -                   | -                 |

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

The following significant performance measures and service trends will be achieved with the 2016-17 budget allowance:

|   | 2014-15<br>Actual | 2015-16 <sup>1</sup><br>Estimate | 2016-17<br>Budget |
|---|-------------------|----------------------------------|-------------------|
| Construction projects completed <sup>2</sup>  | 95%               | 82%                              | 85%               |
| Fill 80% or more of all non-team sport registration openings <sup>3</sup>                   | 70%               | 80%                              | 75%               |
| Usage of athletic field's available programmable time <sup>3</sup>                          | 37%               | 51%                              | 40%               |
| Community usage of recreation and community center available programmable time <sup>4</sup> | 18%               | 33%                              | 40%               |
| Recreation facility attendance <sup>5</sup>   | 398,895           | 410,000                          | 425,000           |
| Number of Golf Rounds   | 221,267           | 229,000                          | 236,000           |

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

<sup>2</sup> Decrease from 2014-15 due to backlog for issuing Notice to Proceed on projects.

<sup>3</sup> Increase in 2015-16 is due to a change in business process. In 2015-16 field rental times were reserved and "open" field time was also reserved. In 2016-17 only field rental reservations will be counted as reserved.

<sup>4</sup> Decrease in 2014-15 due to some sites being closed due to repairs.

<sup>5</sup> Increase due to the newly expanded Coffelt-Lamoreaux Recreation Center in 2015-16 and the new Lindo Park facility opening in 2016-17.





**LIBRARY**

**Program Goal**

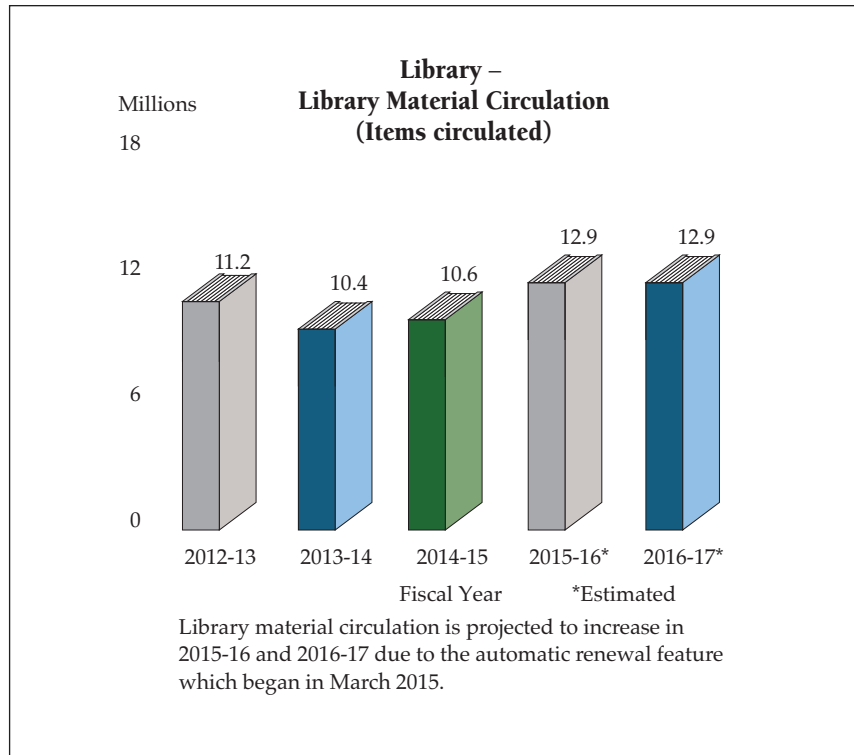
The Library provides information and resources that are relevant, accessible and responsive to the intellectual needs and interests of the community.

**Budget Allowance Explanation**

The 2016-17 Library operating budget allowance of \$35,787,000 is \$1,024,000 or 2.9 percent more than 2015-16 estimated expenditures. This is primarily due to increasing pension costs and employee compensation restoration. In addition, the 2016-17 budget restores \$100,000 for electronic materials, a 22% increase in these types of materials. The budget also adds \$50,000 to engage youth in educational activities by providing technology and job readiness programming at branches in high need areas. These increases are partially offset by the elimination of 8.0 FTE of vacant positions.

**Expenditure and Position Summary**

|                          | 2014-15<br>Actual | 2015-16<br>Estimate | 2016-17<br>Budget |
|--------------------------|-------------------|---------------------|-------------------|
| Operating Expense        | \$34,727,000      | \$34,763,000        | \$35,787,000      |
| Total Positions          | 377.3             | 377.0               | 369.0             |
| Source of Funds:         |                   |                     |                   |
| General                  | \$33,911,000      | \$34,191,000        | \$35,282,000      |
| Federal and State Grants | 765,000           | 509,000             | 450,000           |
| Other Restricted         | 51,000            | 63,000              | 55,000            |



**Library Major Performance Measures and Service Levels**

The following significant performance measures and service trends will be achieved with the 2016-17 budget allowance:

|   | 2014-15<br>Actual | 2015-16 <sup>1</sup><br>Estimate | 2016-17<br>Budget |
|---|-------------------|----------------------------------|-------------------|
| Early literacy program attendance         | 154,800           | 160,000                          | 160,000           |
| Library visitors                          | 4,461,000         | 4,700,000                        | 4,700,000         |
| Library’s website “visits” <sup>2</sup>   | 35,086,000        | 32,000,000                       | 32,000,000        |
| Library material circulation <sup>3</sup> | 10,550,000        | 12,850,000                       | 12,850,000        |

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

<sup>2</sup>The new library website was launched in September 2013 and provides enhanced reporting of website “visits.”

<sup>3</sup>Library material circulation is projected to increase in 2015-16 and 2016-17 due to the automatic renewal feature which began in March 2015..





## 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 2016-17 operating budget allowance of \$48,164,000 is \$3,461,000 or 7.7 percent more than 2015-16 estimated expenditures. The increase is primarily due to an expected decrease in vacant positions, employee compensation restorations, increasing pension costs, higher operating costs for the tourism and marketing contract with the Greater Phoenix Convention and Visitor Bureau (GPCVB) and higher operating costs for electricity and elevator maintenance.

The General Fund 2016-17 operating budget allowance of \$1,832,000 is \$442,000 or 32.0 percent more than 2015-16 estimated expenditures. This is due to transferring oversight of parking operations in downtown parking facilities managed by the Public Works Department to the Convention Center.

## Phoenix Convention Center Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2016-17 budget allowance:

|   | 2014-15<br>Actual | 2015-16 <sup>1</sup><br>Estimate | 2016-17<br>Budget |
|---|-------------------|----------------------------------|-------------------|
| Estimated direct spending impact from conventions (millions) <sup>2</sup> | \$349             | \$341                            | \$418             |
| Number of convention delegates  | 244,000           | 238,000                          | 242,000           |
| Number of conventions   | 60                | 71                               | 75                |
| Number of local public shows  | 85                | 94                               | 92                |
| Percent square feet occupancy (average of all event types)                | 39%               | 42%                              | 43%               |
| Number of theatrical performances   | 265               | 260                              | 265               |
| Total theater attendance  | 280,000           | 270,000                          | 280,000           |
| Total parking revenue (millions) <sup>3</sup>                             | \$5.55            | \$5.32                           | \$7.10            |
| Revenue per parking space <sup>3</sup>                                    | \$1,265           | \$1,212                          | \$1,239           |
| Operating expense per parking space <sup>3</sup>                          | \$857             | \$1,112                          | \$936             |

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

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

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

### Expenditure and Position Summary

|                   | 2014-15<br>Actual | 2015-16<br>Estimate | 2016-17<br>Budget |
|-------------------|-------------------|---------------------|-------------------|
| Operating Expense | \$42,058,000      | \$44,703,000        | \$48,164,000      |
| Total Positions   | 229.0             | 228.0               | 229.0             |
| Source of Funds:  |                   |                     |                   |
| Convention Center | \$40,266,000      | \$42,633,000        | \$45,640,000      |
| General           | 1,227,000         | 1,381,000           | 1,823,000         |
| Other Restricted  | 29,000            | 63,000              | 75,000            |
| Sports Facilities | 536,000           | 626,000             | 626,000           |





## HUMAN SERVICES

### Program Goal

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

### Budget Allowance Explanation

The Human Services 2016-17 operating budget allowance of \$63,046,000 is \$4,080,000 or 6.1 percent less than 2015-16 estimated expenditures. The overall decrease is primarily due to decreased Human Services grant funding.

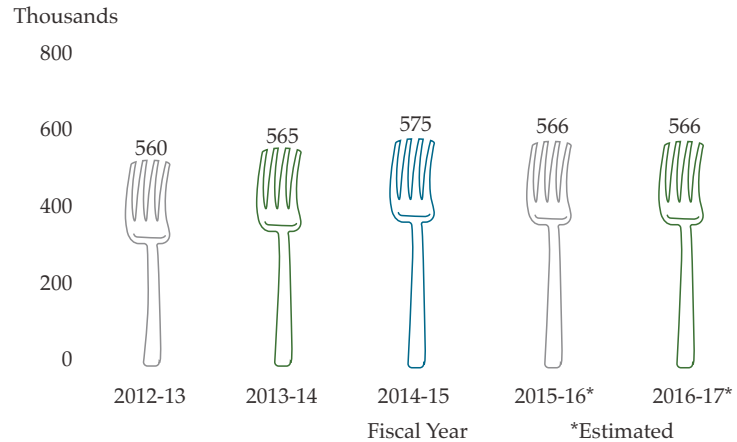
The overall increase in the General Fund of \$1,400,000 or 8.2% is attributable to fewer anticipated vacant positions, additional funding for Central Arizona Shelter Services (CASS), and new funding for veterans homelessness services, which is partially offset by the elimination of three vacant positions.

The decrease in Human Services grant funding of \$5,421,000 or 11.2% is due to 2015-16 funding that included program funding not continued in 2016-17; Head Start grant trailing costs and technical and training assistance; Early Head Start Child Care Partnership funding; and a mid-year increase in Department of Economic Security funding for client case management services.

### Expenditure and Position Summary

|                         | 2014-15<br>Actual | 2015-16<br>Estimate | 2016-17<br>Budget |
|-------------------------|-------------------|---------------------|-------------------|
| Operating Expense       | \$55,928,000      | \$67,126,000        | \$63,046,000      |
| Total Positions         | 327.0             | 324.0               | 321.0             |
| Source of Funds:        |                   |                     |                   |
| General                 | \$16,818,000      | \$17,111,000        | \$18,511,000      |
| Human Services Grants   | 37,667,000        | 48,521,000          | 43,100,000        |
| Community Development   |                   |                     |                   |
| Block Grant             | 553,000           | 546,000             | 546,000           |
| Federal and State Grant | 15,000            | ---                 | ---               |
| Water                   | 210,000           | 210,000             | 210,000           |
| Wastewater              | 140,000           | 140,000             | 140,000           |
| Other Restricted        | 232,000           | 344,000             | 270,000           |
| City Improvement        | 293,000           | 254,000             | 269,000           |

### Human Services – Meals Served by Senior Nutrition Program



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

### Human Services Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2016-17 budget allowance:

|   | 2014-15<br>Actual | 2015-16 <sup>1</sup><br>Estimate | 2016-17<br>Budget |
|---|-------------------|----------------------------------|-------------------|
| Number of homeless households (individuals and families) assisted through emergency shelter | 9,202             | 9,200                            | 9,200             |
| Number of households served at family service centers <sup>2</sup>                          | 16,256            | 13,328                           | 13,732            |
| Percentage of school attendance for Head Start  | 89%               | 88%                              | 88%               |
| Medical and dental exams completed for Head Start   | 6,825             | 6,800                            | 6,700             |
| Medical and dental exams completed for Early Head Start                                     | 931               | 900                              | 900               |
| Number of meals served to seniors   | 574,707           | 566,147                          | 566,147           |
| Number of victim services provided <sup>3</sup>   | 13,404            | 13,500                           | 20,000            |

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

<sup>2</sup>Decreased households served is projected for FY2015-16 and FY2016-17 as a result of decreased Department of Economic Security grant funding.

<sup>3</sup>Increase in Victim Services provided in FY2016-17 is a result of increased Victims of Crime Act (VOCA) grant.





**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 2016-17 operating budget allowance of \$4,126,000 is \$173,000 or 4.4 percent more than 2015-16 estimated expenditures. The increase is primarily due to the restoration of funding for arts grants by almost 9%, increased funding for the maintenance of the City's public art installations by 51%, and increased pension costs.

**Expenditure and Position Summary**

|                          | 2014-15<br>Actual | 2015-16 <sup>1</sup><br>Estimate | 2016-17<br>Budget |
|--------------------------|-------------------|----------------------------------|-------------------|
| Operating Expense        | \$1,451,000       | \$3,953,000                      | \$4,126,000       |
| Total Positions          | 10.0              | 10.5                             | 10.5              |
| Source of Funds:         |                   |                                  |                   |
| General                  | \$1,432,000       | \$3,823,000                      | \$4,001,000       |
| Federal and State Grants | 17,000            | 109,000                          | 100,000           |
| Other Restricted         | 2,000             | 21,000                           | 25,000            |

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

The following significant performance measures and service trends will be achieved with the 2016-17 budget allowance.

|  | 2014-15<br>Actual | 2015-16 <sup>1</sup><br>Estimate | 2016-17<br>Budget |
|--|-------------------|----------------------------------|-------------------|
| Grant applications processed to support arts activities through schools and nonprofit organizations <sup>2</sup> | 52                | 61                               | 69                |
| Grant awards administered to support arts activities through schools and nonprofit organizations                 | 49                | 54                               | 56                |
| Completed Percent-for-Art projects to enhance city capital improvement projects with artwork                     | 4                 | 4                                | 6                 |
| Local artists/arts organizations training workshops <sup>3</sup>   | 11                | 13                               | 13                |
| Percent of projects in Art Plan being implemented <sup>4</sup>   | 82%               | 71%                              | 65%               |
| Community presentations  | 67                | 64                               | 61                |

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

<sup>2</sup>Anticipate an increase in grant applications based on allowing for fiscal sponsorship thus allowing more organizations to apply.

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

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





Since 1986, the Phoenix Office of Arts and Culture Public Art Program has improved the design of a wide range of city infrastructure, including the Camelback pedestrian underpass, near 25th Street. Designed by artists Rosario Marquardt and Roberto Behar, the colorful "Magic Carpet" was built in 2007 by craftsmen from Advance Terrazzo, a Phoenix company.





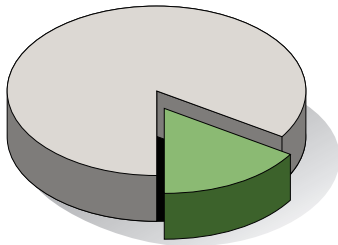
Mayor Greg Stanton, helping to celebrate the Northwest Extension grand opening in 2016. The light rail extension is just one element of the Transportation 2050 plan, which will triple light rail miles, improve bus service, fix streets and make Phoenix more bikeable, over the next 35 years.





# Environmental Services

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



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

## WATER SERVICES

### Program Goal

The Water Services Department is responsible for the Water and Wastewater programs. The Water program provides a safe and adequate domestic water supply to all residents in the Phoenix water service area. The Wastewater program assists in providing a clean, healthy environment through the effective management of all waterborne wastes generated within the Phoenix drainage area.

### Budget Allowance Explanation

The Water Services 2016-17 operating budget allowance of \$285,526,000 is \$26,426,000 or 10.2 percent more than 2015-16 estimated expenditures. The increase is primarily due to fewer anticipated vacant positions; a contractual price increase in chemicals and sewer services; an increase in raw water purchases; additional consulting expenses for the cost of water services study; and scheduled motor vehicle replacement.

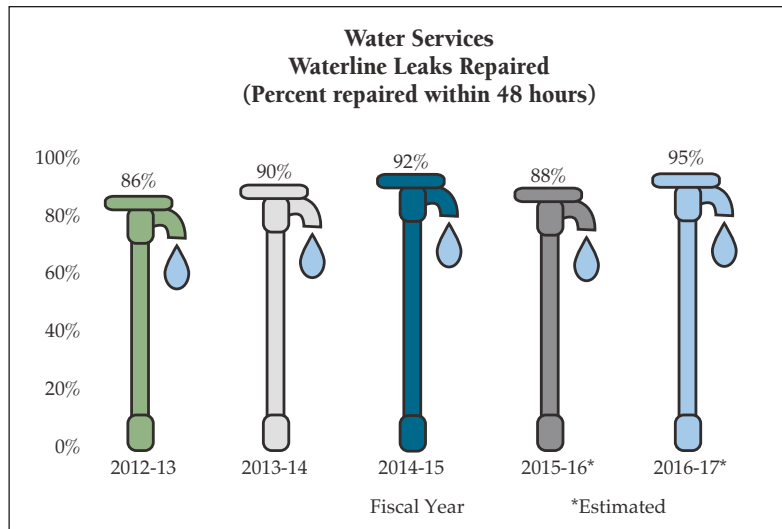
## Water Services Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2016-17 budget allowance:

|  | 2014-15<br>Actual | 2015-16 <sup>1</sup><br>Estimate | 2016-17<br>Budget |
|--|-------------------|----------------------------------|-------------------|
| Water main break/leaks per year                  | 168               | 180                              | 180               |
| Waterline leaks repaired within 48 hours         | 92%               | 88%                              | 95%               |
| Percent of miles of sewer cleaned per year       | 23%               | 25%                              | 25%               |
| Sanitary sewer overflows per 100 miles           | 0.69              | 0.60                             | 1.00              |
| Gallons of water produced system wide (billions) | 104.7             | 102.3                            | 103.7             |
| Gallons of wastewater treated (billions)         | 61.6              | 61.6                             | 62.1              |
| Telephone calls-received                         | 1,022,890         | 1,409,088                        | 1,355,000         |
| Telephone calls-percent answered <sup>2</sup>    | 91.0%             | 89.0%                            | 97.3%             |

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

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



## Expenditure and Position Summary

|                   | 2014-15<br>Actual | 2015-16<br>Estimate | 2016-17<br>Budget |
|-------------------|-------------------|---------------------|-------------------|
| Operating Expense | \$241,235,000     | \$259,100,000       | \$285,526,000     |
| Total Positions   | 1,463.1           | 1,454.0             | 1,453.0           |
| Source of Funds:  |                   |                     |                   |
| Water             | \$158,676,000     | \$170,491,000       | \$184,063,000     |
| Wastewater        | \$0,691,000       | \$86,690,000        | \$9,398,000       |
| Other Restricted  | 1,868,000         | 1,919,000           | 2,065,000         |





## SOLID WASTE MANAGEMENT

### Program Goal

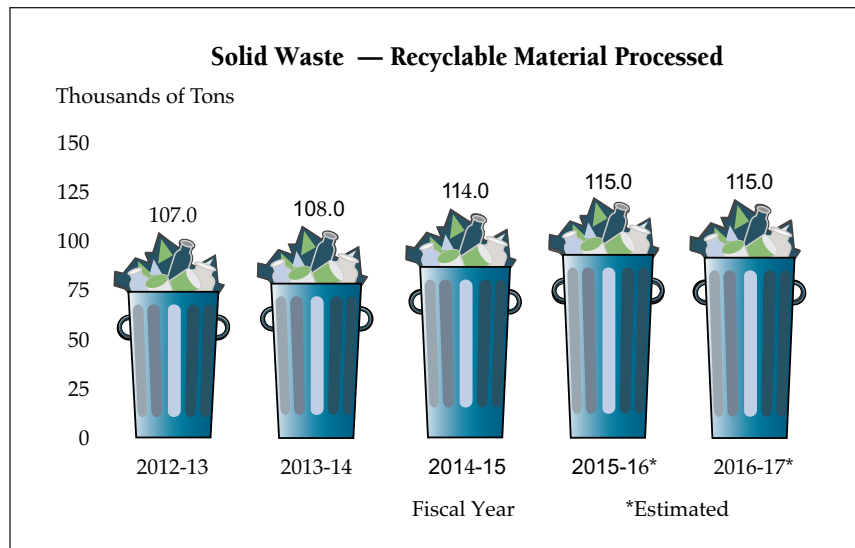
The Solid Waste Management Program assists in providing a safe and aesthetically acceptable environment through effective, integrated management of the solid waste stream, including collection, disposal, source reduction and recycling activities.

### Budget Allowance Explanation

The Solid Waste Management 2016-17 operating budget allowance of \$131,350,000 is \$20,418,000 or 18.4 percent more than 2015-16 estimated expenditures and reflects the restoration of employee compensation and other normal inflationary increases. Operating costs also increased due to the new Composting Facility and expansion of the Solid Waste Curbside Green Organics program.

To support the new Composting Facility, the 2016-17 budget includes reallocating a portion of the existing contractual services funding to hire eleven new staff to enhance operations, which will be maintained by a combination of City staff and contractual services. In addition, funding is included to add five side loader refuse trucks to support expansion of the Curbside Green Organics program.

The 2016-17 budget also includes funds to add two Solid Waste Equipment Operators for the Illegal Dumping program to increase customer service and response times. In addition, one Solid Waste Equipment Operator and one side loader refuse truck is included for the Solid Waste Diversion program. Additionally, funding is included to add one Solid Waste Supervisor and one F-150 truck for the Barrel Delivery Operations program to allow for better oversight.



### Solid Waste Management Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2016-17 budget allowance:

|   | 2014-15<br>Actual | 2015-16 <sup>1</sup><br>Estimate | 2016-17<br>Budget |
|---|-------------------|----------------------------------|-------------------|
| Residential households served with same day contained solid waste and recyclable material collections | 402,012           | 405,000                          | 408,000           |
| Tons of residential recyclable materials collected  | 113,990           | 115,000                          | 115,000           |
| Tons of total solid waste disposed at city landfills <sup>2</sup>                                     | 883,120           | 840,000                          | 840,000           |
| Tons of solid waste from city residences disposed <sup>3</sup>  | 586,789           | 580,000                          | 580,000           |

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

<sup>2</sup>Tonnage is down from prior year due to the department's efforts to increase recycling programs.

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

### Expenditure and Position Summary

|                   | 2014-15<br>Actual | 2015-16<br>Estimate | 2016-17<br>Budget |
|-------------------|-------------------|---------------------|-------------------|
| Operating Expense | \$107,370,000     | \$110,932,000       | \$131,350,000     |
| Total Positions   | 585.5             | 579.5               | 600.5             |
| Source of Funds:  |                   |                     |                   |
| Solid Waste       | \$107,370,000     | \$110,932,000       | \$131,350,000     |





## PUBLIC WORKS

### Program Goal

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

### Budget Allowance Explanation

The Public Works 2016-17 operating budget allowance of \$21,872,000 is \$954,000 or 4.6 percent more than 2015-16 estimated expenditures and reflects the restoration of employee compensation and other normal inflationary increases. These increases are partially offset by the elimination of 17 vacant positions, the transfer of 6 positions to the Solid Waste Program and the elimination of an underutilized CNG fuel site at the South Mountain Police station. Additionally, management of the Phoenix Downtown Parking Operations was transferred to the Phoenix Convention Center and the City's Bus Pass program was transferred to the Human Resources Department.

### Public Works Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2016-17 budget allowance:

|   | 2014-15<br>Actual | 2015-16 <sup>1</sup><br>Estimate | 2016-17<br>Budget |
|---|-------------------|----------------------------------|-------------------|
| Square footage of buildings maintained <sup>2</sup>       | 10,618,306        | 10,573,285                       | 10,573,285        |
| Facility service requests completed                       | 17,942            | 19,800                           | 19,800            |
| Fleet vehicles per mechanic                               | 38.0              | 37.9                             | 40.2              |
| Units of equipment for which fleet management is provided | 7,361             | 7,385                            | 7,385             |
| Annual miles of fleet vehicle utilization (in millions)   | 42.4              | 42.4                             | 42.4              |

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

<sup>2</sup>Square footage of buildings maintained by Public Works was reduced in FY15/16 due to the sale of the Barrister building.

### Expenditure and Position Summary

|                          | 2014-15<br>Actual | 2015-16<br>Estimate | 2016-17<br>Budget |
|--------------------------|-------------------|---------------------|-------------------|
| Operating Expense        | \$20,898,000      | \$20,918,000        | \$21,872,000      |
| Total Positions          | 433.0             | 422.0               | 398.0             |
| Source of Funds:         |                   |                     |                   |
| General                  | \$14,404,000      | \$13,439,000        | \$13,616,000      |
| City Improvement         | 6,396,000         | 6,416,000           | 7,393,000         |
| Other Restricted         | 89,000            | 713,000             | 724,000           |
| Solid Waste              | (4,000)           | -                   | -                 |
| Federal and State Grants | 13,000            | 350,000             | 139,000           |





## ENVIRONMENTAL PROGRAMS

### Program Goal

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

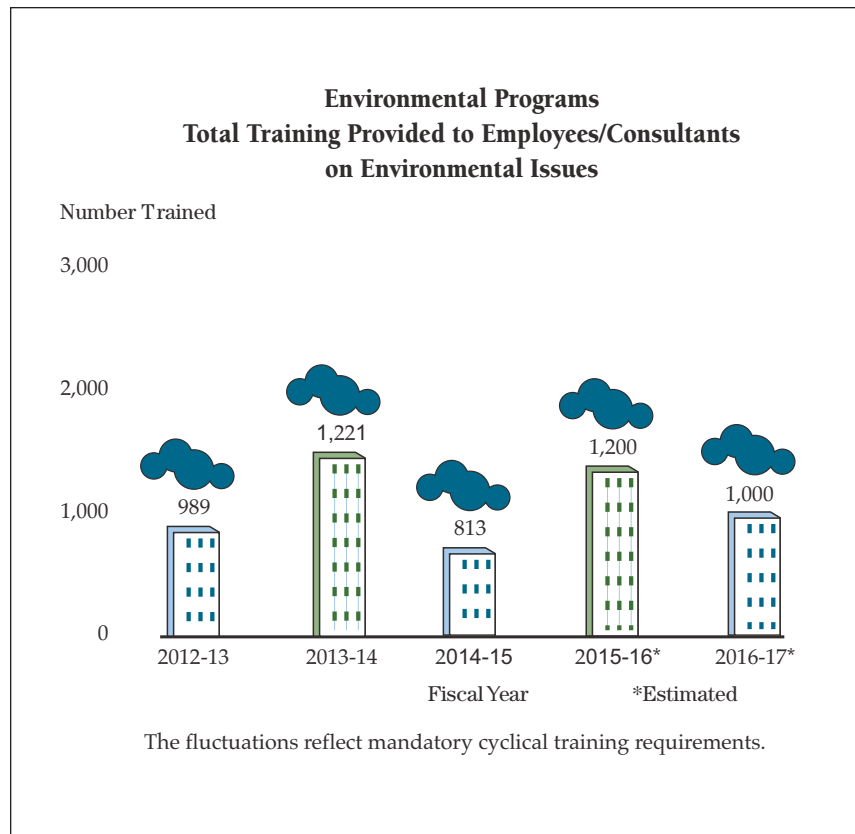
### Budget Allowance Explanation

The Office of Environmental Programs 2016-17 operating budget allowance of \$1,417,000 is \$182,000 or 14.7 percent more than the 2015-16 estimated expenditures and reflects the restoration of employee compensation and a new Federal Grant to address Brownfields in the community.

The 2016-17 budget also includes funding to restore an Environmental Quality Specialist position to provide oversight and support for the City's air quality and climate resiliency programs.

### Expenditure and Position Summary

|                          | 2014-15<br>Actual | 2015-16<br>Estimate | 2016-17<br>Budget |
|--------------------------|-------------------|---------------------|-------------------|
| Operating Expense        | \$1,010,000       | \$1,235,000         | \$1,417,000       |
| Total Positions          | 10.0              | 9.0                 | 10.0              |
| Source of Funds:         |                   |                     |                   |
| General                  | \$678,000         | \$534,000           | \$669,000         |
| Water Fund               | 150,000           | 288,000             | 328,000           |
| Federal and State Grants | ---               | 200,000             | 200,000           |
| Other Restricted Funds   | 121,000           | 143,000             | 150,000           |
| Capital Construction     | 61,000            | 70,000              | 70,000            |



### Environmental Programs Major Performance Measures and Service Levels

The following significant performance measures and service level trends will be achieved with the 2016-17 budget allowance:

|  | 2014-15<br>Actual | 2015-16 <sup>1</sup><br>Estimate | 2016-17<br>Budget |
|--|-------------------|----------------------------------|-------------------|
| Total employees/consultants receiving training on environmental issues <sup>2</sup>                                  | 813               | 1200                             | 1000              |
| Number of Site Assessments conducted <sup>3</sup>  | 112               | 100                              | 155               |
| Number of Brownfields projects implemented <sup>4</sup>  | 0                 | 1                                | 2                 |
| Percentage of time an Emergency Response Team will arrive on-scene within 2 hours of a call for service <sup>5</sup> |                   | 90%                              | 90%               |

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

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

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

<sup>4</sup>Projection based on historical data and available funding. FY16/17 increase reflects new Brownfields grant.

<sup>5</sup>FY15/16 new performance measure added.





## 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 2016-17 operating budget allowance of \$424,000 is \$42,000 or 11.0 percent more than 2015-16 estimated expenditures. The increase is primarily due to compensation restorations and increased pension costs.

### Expenditure and Position Summary

|                   | 2014-15<br>Actual | 2015-16<br>Estimate | 2016-17<br>Budget |
|-------------------|-------------------|---------------------|-------------------|
| Operating Expense | \$ -              | \$382,000           | \$424,000         |
| Total Positions   | -                 | 4.0                 | 4.0               |
| Source of Funds:  |                   |                     |                   |
| General           | \$ -              | \$382,000           | \$424,000         |







# 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 2016-17 will be \$48,400,000, plus \$34,746,000 in set-asides. The set-asides include \$30,000,000 for negotiated increases to employee compensation costs in 2017-18 and \$4,746,000 for Police body cameras.

In March 2010, the Council agreed to gradually increase the contingency with a goal of achieving 5.0 percent of General Fund operating expenditures. Achieving this goal will improve the city's ability to withstand future economic cycles. The 2016-17 contingency reflects an increase of \$2,000,000 over the 2015-16 contingency of \$46,400,000 and maintains the contingency percentage at 4.0 percent.

The following table shows contingency funding and set-aside amounts over the past 10 years. As with the set-asides in 2016-17 for employee compensation costs and Police body cameras, set-asides have been used in the past to prepare for known future costs such as declining grant funding and new capital project operating costs.

**Comparison of Annual Budget for General Fund Contingency Amount to Operating Expenditures (000's)**

| Fiscal Year | General Fund Operating Expenditures | Contingency and Set-Aside Amounts | Percent of Operating Expenditures |
|-------------|-------------------------------------|-----------------------------------|-----------------------------------|
| 2007-08     | 1,184,192                           | 34,230                            | 2.9                               |
| 2008-09     | 1,177,763                           | —                                 | 2.7                               |
| 2009-10     | 1,110,780                           | 29,800                            | 2.7                               |
| 2010-11     | 1,012,414                           | —                                 | 3.1                               |
| 2011-12     | 1,059,115                           | 31,000                            | 3.4                               |
| 2012-13     | 1,109,322                           | 3,000                             | 3.7                               |
| 2013-14     | 1,125,373                           | 40,658                            | 3.9                               |
| 2014-15     | 1,145,995                           | 2,000                             | 3.9                               |
| 2015-16     | 1,149,761                           | 43,658                            | 3.95                              |
| 2016-17     | 1,212,282                           | —                                 | 4.0                               |
|             |                                     | 48,400                            | 4.0                               |
|             |                                     | 34,746                            |                                   |





#### 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.

#### 2016-17 Other Fund Operating Expenditure and Contingency Amount (000's)

| Fund                     | Operating Expenditures | Contingency Amount | Percent of Operating Expenditures |
|--------------------------|------------------------|--------------------|-----------------------------------|
| Transportation 2050      | \$66,798               | \$15,000           | 22.5%                             |
| Planning and Development | 52,524                 | 4,000              | 7.6                               |
| Aviation                 | 260,810                | 14,000             | 5.4                               |
| Water                    | 195,203                | 9,000              | 4.6                               |
| Wastewater               | 104,777                | 4,500              | 4.3                               |
| Solid Waste              | 133,768                | 2,000              | 1.5                               |
| Convention Center        | 49,148                 | 3,000              | 6.1                               |





# Debt Service

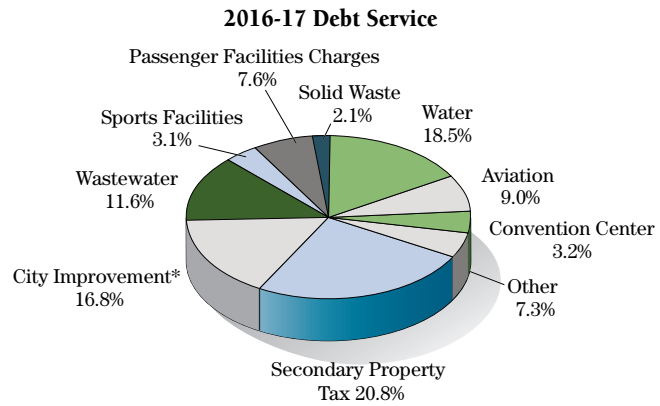
**D**ebt service expenditures include payments of principal, interest, costs of issuance and related costs such as trustee fees and reserve requirements for bonds issued. The debt service allowance in 2016-17 for existing debt and anticipated future bond sales is \$611,765,000. As shown in the following pie chart, debt service expenditures are funded by Water, Wastewater, City Improvement, Aviation, Secondary Property Tax, Passenger Facility Charge, Convention Center, Sports Facilities, Solid Waste and other capital funding sources. City Improvement debt service includes \$102.5 million in general government nonprofit corporation bond debt service payments funded by General Fund (\$39.1 million), Transit 2000 (\$23.0 million), Transportation 2050 (\$38.0 million), Housing (\$0.1 million), Library (\$0.1 million) and other operating funds (\$2.2 million).

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

## Types of Bonds Issued and Security

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

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



\*Funded by General, Transit 2000, Transportation 2050, Housing, Library and other operating funds.

Highway user revenue bonds are secured by state-shared gas taxes and other highway user fees and charges and also are not general obligations of the city.

## Debt Management

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

To finance the capital programs of enterprise departments, the city has used revenue bonds secured by and repaid from the revenues of these enterprises. In the past, the city also has used general obligation bonds for water, airport, sanitary sewer and solid waste purposes when deemed appropriate.

Since the 1950s, the city has used a community review process to develop and acquire voter approval for general obligation bond programs. At a bond election held on March 14, 2006, voters approved all of the \$878.5 million of the

2006 Citizens' Bond Committee recommended bond authorizations. These authorizations provided funding to construct capital improvements in the following areas:

- Police and Fire Protection
- Police, Fire and Computer Technology
- Parks, Recreation and Mountain Preserves
- Education Facilities
- Library Facilities
- Street Improvements
- Storm Sewers
- Senior Facilities
- Cultural Facilities
- Affordable Housing Neighborhood Revitalization

In December 2011, the City Council adopted a policy to delay lower priority bond projects subject to an annual review of property values and financial conditions. In addition, General Obligation debt has been restructured and refinanced to take advantage of favorable market rates. The General Obligation Reserve Fund is utilized strategically to pay down debt service to the staff-recommended balance while preserving the high bond ratings.





## Bond Ratings

As shown in the following chart, the city's bonds are rated favorably by the major bond rating agencies, Moody's Investors Service and Standard and Poor's. The city's general obligation bonds are rated Aa1 and AA+, respectively. Standard and Poor's also has assigned a Financial Management Assessment (FMA) score of "strong."

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

## Debt Limitation

Under the provisions of the Arizona Constitution, outstanding general obligation bonded debt for combined water, sewer, light, parks, open space preserves, playgrounds, recreational facilities, public safety, law enforcement, fire emergency, streets and transportation may not exceed 20 percent of a city's taxable property, nor may outstanding general obligation bonded debt for all other purposes exceed 6 percent of a city's taxable property. Unused borrowing capacity as of May 1, 2016, is on page 153, based upon 2015-16 assessed valuation.

## Debt Burden

Debt burden is a measurement of the relationship between the debt of the city supported by its property tax base (net direct debt) to the broadest and most generally available measure of wealth in the community: the assessed valuation of all taxable property and the assessed valuation adjusted to reflect market value. In addition, net debt can be compared to population to determine net debt per capita. The city makes these comparisons each time it offers bonds for sale. They are included in the official statements (bond prospectuses) that are distributed to prospective investors. The table on page 154 provides debt burden ratios as of May 1, 2016.

## City of Phoenix Bond Ratings

|  | Rating <sup>(1)</sup> |                   |
|--|-----------------------|-------------------|
|  | Moody's               | Standard & Poor's |
| General Obligation   | Aa1                   | AA+               |
| Senior Lien Water Revenue <sup>(4)</sup>                     | Aa2                   | AAA               |
| Junior Lien Water Revenue <sup>(2)</sup>                     | Aa2                   | AAA               |
| Senior Lien Airport Revenue <sup>(2)</sup>                   | Aa3                   | AA-               |
| Junior Lien Airport Revenue <sup>(2)</sup>                   | A1                    | A+                |
| Senior Lien Street and Highway User Revenue <sup>(4)</sup>   | Aa3                   | AAA               |
| Junior Lien Street and Highway User Revenue <sup>(4)</sup>   | Aa3                   | AA                |
| Senior Lien Tax Excise Tax Revenue <sup>(2)</sup>            | Aa2                   | AAA               |
| Junior Lien Tax Excise Tax Revenue <sup>(3)</sup>            | Aa3                   | AA+               |
| Subordinated Excise Tax Revenue <sup>(2)</sup>               | Aa3                   | AA+               |
| Senior Lien Wastewater System Revenue <sup>(2)</sup>         | Aa2                   | AAA               |
| Junior Lien Wastewater System Revenue <sup>(2)</sup>         | Aa2                   | AA+               |
| Rental Car Facility Charge Revenue Bonds <sup>(2)</sup>      | A3                    | A                 |
| Transit Excise Tax Revenue Bonds (Light Rail) <sup>(2)</sup> | Aa2                   | AA                |
| State of AZ Distribution Revenue Bonds <sup>(2)</sup>        | Aa3                   | AA                |

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

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

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

<sup>(4)</sup> No bonds are currently outstanding.

## Statement of Bonded Indebtedness General Obligation Bonds (In Thousands of Dollars)<sup>(1)</sup>

| Purpose                 | Non-Enterprise | Revenue           | Total       |
|-------------------------|----------------|-------------------|-------------|
|                         | General        | Supported General | General     |
|                         | Obligation     | Obligation        | Obligation  |
|                         | Bonds          | Bonds             | Bonds       |
| Various                 | \$1,371,620    | \$ —              | \$1,371,620 |
| Airport                 | —              | 7,865             | 7,865       |
| Sanitary Sewer          | —              | 12,887            | 12,887      |
| Solid Waste             | —              | 7,555             | 7,555       |
| Water                   | —              | 28,170            | 28,170      |
| Subtotal                | \$1,371,620    | \$ 56,477         | \$1,428,097 |
| Less: Restricted Funds  | (181,977)      | —                 | (181,977)   |
| Direct Debt             | \$1,189,643    | \$ 56,477         | \$1,246,120 |
| Less: Revenue Supported | —              | (56,477)          | (56,477)    |
| Net Debt                | \$1,189,643    | \$ —              | \$1,189,643 |

<sup>(1)</sup> Represents general obligation bonds outstanding as of May 1, 2016. Such figures do not include the outstanding principal amounts of certain general obligation bonds and street and highway user revenue bonds which have been refunded or the payment of which has been provided for in advance of maturity. The payment of the refunded debt service requirements is secured by obligations issued or fully guaranteed by the United States of America which were purchased with proceeds of the refunding issues and other available moneys and are held in irrevocable trusts and are scheduled to mature at such times and in sufficient amounts to pay when due all principal, interest and redemption premiums where applicable, on the refunded bonds.





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

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

### General Government Nonprofit Corporation Bonds

In addition to bonded debt, the city uses nonprofit corporation bonds as a financing tool. This form of financing involves the

issuance of bonds by a nonprofit corporation for city-approved projects. The city makes annual payments equal to the bond debt service requirements to the corporation.

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

The city has used nonprofit corporation financing selectively. In general, it has financed only those projects that will generate revenues adequate to support the annual debt service requirements or that generate economic benefits that more than offset the cost of financing. The city also

has used nonprofit corporation financing for projects essential to health and safety: e.g., police precinct stations. Similar to bonded debt, these financings are rated by bond rating agencies.

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

---

|  |                  |
|--|------------------|
| 20% Constitutional Limitation                              | \$2,115,406,344  |
| Direct General Obligation Bonds Outstanding <sup>(1)</sup> | (1,104,836,582)  |
| <hr/>  |                  |
| Unused 20% Limitation Borrowing Capacity                   | \$ 1,010,569,762 |

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### All Other General Obligation Bonds

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|   |                            |
|---|----------------------------|
| 6% Constitutional Limitation  | \$ 634,621,903             |
| Direct General Obligation Bonds Outstanding <sup>1</sup>                      | 323,260,000 <sup>(1)</sup> |
| Less: Principal Redemption Funds held<br>in Restricted Fund as of May 1, 2016 | (181,976,851)              |
| <hr/>   |                            |
| Direct General Obligation Bonds Outstanding                                   | (141,283,149)              |
| <hr/>   |                            |
| Unused 6% Limitation Borrowing Capacity                                       | 493,338,754                |

<sup>(1)</sup>Represents general obligation bonds outstanding as of May 1, 2016.



**Net Direct General Obligation Bonded Debt Ratios**

|   | Per Capita Debt<br>Pop. Est.<br>(1,528,115) <sup>1</sup> | Secondary<br>Assessed<br>Valuation<br>(\$10,577,031,724) | Full<br>Cash Valuation<br>(\$127,280,069,634) |
|---|--|--|---|
| Direct General Obligation<br>Bonded Debt Outstanding<br>as of May 1, 2016     | \$815.64   | 11.78%   | 0.98%   |
| Net Direct General Obligation<br>Bonded Debt Outstanding<br>as of May 1, 2016 | \$778.68   | 11.25%   | 0.93%   |

<sup>1</sup>Population estimate obtained from the city of Phoenix Planning and Development Department as of July 1, 2015.

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

| Fund                             | 2014-15<br>Actual | 2015-16<br>Estimate | 2016-17<br>Budget |
|----------------------------------|-------------------|---------------------|-------------------|
| Secondary Property Tax           | \$ 54,462         | \$126,824           | \$ 127,127        |
| Aviation                         | 50,560            | 52,964              | 54,957            |
| Convention Center                | 17,192            | 19,014              | 19,766            |
| General                          | 31,555            | 39,023              | 39,113            |
| Passenger Facility Charges       | 44,867            | 45,842              | 46,657            |
| Solid Waste                      | 15,419            | 14,434              | 13,086            |
| Sports Facilities                | 20,807            | 22,292              | 18,795            |
| Transit 2000/Transportation 2050 | 47,520            | 50,069              | 61,050            |
| Wastewater                       | 58,063            | 76,006              | 70,736            |
| Water                            | 113,969           | 113,290             | 113,355           |
| Other Funds - Various Sources    | 65,022            | 54,728              | 47,123            |
| <b>Total</b>                     | <b>\$519,436</b>  | <b>\$614,486</b>    | <b>\$611,765</b>  |
| <b>Type of Expenditure</b>       |                   |                     |                   |
| Principal                        | \$277,299         | \$273,590           | \$295,355         |
| Interest and Other               | 242,137           | 340,896             | 316,410           |
| <b>Total</b>                     | <b>\$519,436</b>  | <b>\$614,486</b>    | <b>\$611,765</b>  |





## Overview of Capital Improvement Program Process

The Capital Improvement Program is a five-year plan for capital expenditures needed to replace, expand and improve infrastructure and systems. Other planning processes, the most significant of which are explained in this section, identify the need and provide funding for capital projects and related operating costs.

On March 17, 2016, the preliminary five-year Capital Improvement Program was submitted to the City Council. The Capital Improvement Program submitted to the City Council and reflected here includes Terminal 3 modernization; replacement, rehabilitation and/or production improvements to several water treatment plants; improvements at wastewater treatment plants; street overlay and park renovation; LED streetlight conversion; construction of a light rail station; enhancements to business intelligence; design and construction of the Resource Innovation and Solutions Network (RISN) Technology Solutions Incubator; and construction of the Laveen Park-and-Ride. The preliminary plan, as adjusted, has been updated to reflect cost or timing changes identified since the preliminary program was developed.

### 2016-21 Capital Improvement Program Development

The annual citywide Capital Improvement Program update process began in December 2015 when departments prepared revised 2015-16 estimates and updated their five-year capital improvement programs. The 2015-16 estimates reflect updated construction cost estimates, project delays, awarded contract amounts, project carry-overs and other program changes. The 2016-21 program includes projects planned for authorized bond funding and the latest estimates for pay-as-you-go projects funded with operating funds, federal funds, impact fees and other sources. Also included are net new operating costs and/or savings. Budget and Research staff reviewed the departments' programs for funding availability, reasonableness and technical accuracy. This year, in support of the City Manager's direction to present the Preliminary Capital Improvement Program in step with the Trial Budget, staff advanced the timing of the Preliminary Capital Improvement Program.

Presented in this citywide program are projects reviewed and adopted through several planning processes. These include capital projects funded through the most recently adopted multi-year rate plans for enterprise funds such as Water, Wastewater and Solid Waste, and from other planning processes including

infrastructure financing plans for impact fees and various multi-year facility maintenance plans. Also reflected are capital projects from sales tax and voter-approved bond programs including the 2006 Bond Program approved by Phoenix voters in March 2006.

In conjunction with the Capital Improvement Program process, city engineering staff works with departments to level design and construction bid award dates evenly throughout the fiscal year. By avoiding bidding capital projects during the last quarter of the fiscal year, the city has controlled construction costs and increased project quality by making better use of locally available construction resources.

As projects to construct building facilities are designed, they are reviewed by a Facilities Review Team made up of representatives from the Public Works, Information Technology, Planning and Development, Parks and Recreation, and Budget and Research departments. This team reviews project designs for compliance with city standards for sustainability, maintainability and compatibility with enterprise-wide systems and to determine the project is being designed within funding limitations. Information on the capital and operating costs and timelines are closely monitored and linked to the citywide annual operating budget through these reviews.





### **2006 Citizens' Bond Committee Program**

A Citizens' Bond Committee process was initiated by the City Council in June 2005. More than 700 community volunteers were appointed by the City Council to serve on 17 bond subcommittees to help shape the 2006 Citizens' Bond program.

Two of the committees evaluated the city's capacity to service new debt and to fund the operating costs of new capital facilities. These committees reviewed multi-year forecasts for assessed valuation and property tax levies, and for General Fund revenues and expenses. They recommended annual bond and operating cost capacities before 14 service-related committees began their work to evaluate five-year capital facility needs identified by city departments as well as capital project funding requests by community nonprofit organizations.

The City Council grouped the \$878.5 million in projects into seven propositions all of which were approved by voters in March 2006. The decline in the local real estate market from the recent recession resulted in a reduction in property tax revenue, which placed a strain on the property tax supported GO Bond Program. As a result, a portion of this program is indefinitely deferred until the city has the bond capacity to move forward with these projects.

### **Enterprise Funds**

Fees for the Water, Wastewater and Solid Waste enterprise funds are billed to customers on a single billing. As a result, all three of these enterprise funds complete annual updates to their multi-year rate plans on a similar timeline. These plans are first reviewed by the City Council Transportation and Infrastructure Subcommittee prior to action on the plans by the full City Council. Bond and pay-as-you-go funded capital projects, debt service, and operating and maintenance costs of existing services and planned capital projects are all provided for in these multi-year rate plans. If necessary, user fee rate changes are typically implemented in March of each year to support the updated plans.

The Phoenix Convention Center enterprise fund receives most of its resources from designated sales taxes. To support a significant expansion and renovation of the Phoenix Convention Center, completed in 2008, an extensive multi-year forecast was developed to establish pay-as-you-go, bond and related debt service, and operations and maintenance cost capacities without a tax rate increase. The capital and financial plan was critical to securing \$600 million in bond funding split equally between the city and state of Arizona to expand and modernize the facility.

### **Capital Construction Funds**

The Capital Construction Fund was established in 1998-99 and provides about \$12 million each year for critical infrastructure improvements in the right-of-way. Citizen input from a series of public meetings supported using these funds for neighborhood street rehabilitation, sidewalks and wheelchair ramps, traffic safety and traffic calming projects, and neighborhood traffic mitigation projects. Funds are programmed in these project categories for each year of the Capital Improvement Program. Individual projects will be determined during the first year of the program based on traffic engineering data and neighborhood input.

### **Parks and Preserves Funds**

In September 1999, the voters approved a 10-year, one-tenth of one percent sales tax to purchase state trust lands for the Sonoran Desert Preserve, and for the development and improvement of regional and neighborhood parks. This tax was renewed by voters in May 2008 for 30 years. The 2016-21 Capital Improvement Program includes \$105.1 million of these funds, which are programmed for regional, community and neighborhood parks, and Sonoran Preserve land acquisition. Land acquisitions are planned and timed to take advantage of state grant funding opportunities.





### **Transportation 2050 Funds**

The voters approved Proposition 104 (Transportation 2050) on August 25, 2015. This initiative authorized a three-tenths of one percent increase in the transaction privilege and use tax rate to fund the city's Comprehensive Transportation Plan including new light rail lines, bus expansion and street improvements. Collection of Transportation 2050 sales tax began on January 1, 2016. The 2016-21 Capital Improvement Program includes \$235.4 million of these funds in the Street Transportation (\$155.0 million), Public Transit (\$79.9 million) and Information Technology (\$0.5 million) programs.

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

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

### **Programming of Impact Fees**

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

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

Operating costs for impact fee-funded projects are included in the rate planning process for Water, Wastewater and Solid Waste. Operating costs for the other impact fee programs are identified in the Capital Improvement Program and are funded through the annual operating budget as costs for operating and maintaining new capital projects. Budget and Research staff has worked with the Planning and Development Department as well as operating department staff to appropriately program \$114.6 million in available impact fees in the 2016-21 Capital Improvement Program. Additional impact fees will be programmed in future capital improvement programs as these fees are collected.





**SUMMARY OF 2016-21 CAPITAL IMPROVEMENT PROGRAM**  
**By Program**  
(In Thousands of Dollars)

| <b>Program</b>                              | <b>2016-17</b>      | <b>2017-18</b>    | <b>2018-19</b>    | <b>2019-20</b>    | <b>2020-21</b>    | <b>Total</b>        |
|---|---------------------|-------------------|-------------------|-------------------|-------------------|---------------------|
| Arts and Cultural Facilities                | \$ 1,118            | \$ -              | \$ -              | \$ -              | \$ 375            | \$ 1,493            |
| Aviation                                    | 223,029             | 70,331            | 36,690            | 42,333            | 8,286             | 380,669             |
| Economic Development                        | 11,331              | 5,304             | 4,600             | 3,700             | 21,451            | 46,386              |
| Energy Conservation                         | 1,200               | 1,200             | 1,200             | 1,200             | 1,200             | 6,000               |
| Facilities Management                       | 11,414              | 1,040             | 1,000             | 1,000             | 7,721             | 22,175              |
| Finance                                     | 670                 | -                 | -                 | -                 | -                 | 670                 |
| Fire Protection                             | 14,804              | -                 | -                 | -                 | 16,058            | 30,862              |
| Historic Preservation                       | 1,178               | -                 | -                 | -                 | 1,453             | 2,631               |
| Housing                                     | 22,285              | 6,392             | 6,662             | 6,461             | 7,682             | 49,482              |
| Human Services                              | 600                 | 30                | -                 | -                 | 12,632            | 13,262              |
| Information Technology                      | 57,947              | 15,712            | 7,144             | 5,600             | 9,640             | 96,043              |
| Libraries                                   | 629                 | 200               | 200               | 6,996             | 6,759             | 14,784              |
| Neighborhood Services                       | 3,466               | -                 | -                 | -                 | 6,898             | 10,364              |
| Parks, Recreation and<br>Mountain Preserves | 80,005              | 27,214            | 7,000             | 7,000             | 27,878            | 149,097             |
| Phoenix Convention Center                   | 23,213              | 6,348             | 7,362             | 6,878             | 9,203             | 53,004              |
| Police Protection                           | 965                 | -                 | -                 | -                 | 22,755            | 23,720              |
| Public Transit                              | 156,367             | 38,781            | 66,427            | 36,835            | 55,768            | 354,178             |
| Regional Wireless Cooperative               | 8,562               | 13,874            | 10,932            | 10,932            | 6,000             | 50,300              |
| Solid Waste Disposal                        | 30,145              | 7,417             | 18,905            | 22,625            | 3,830             | 82,922              |
| Street Transportation and<br>Drainage       | 232,918             | 143,576           | 119,358           | 118,554           | 161,281           | 775,687             |
| Wastewater                                  | 150,715             | 104,341           | 85,520            | 115,645           | 58,374            | 514,595             |
| Water                                       | 232,142             | 139,565           | 156,593           | 156,658           | 152,437           | 837,395             |
| <b>Total</b>                                | <b>\$ 1,264,703</b> | <b>\$ 581,325</b> | <b>\$ 529,593</b> | <b>\$ 542,417</b> | <b>\$ 597,681</b> | <b>\$ 3,515,719</b> |





**SUMMARY OF 2016-21 CAPITAL IMPROVEMENT PROGRAM**  
**By Source of Funds**  
(In Thousands of Dollars)

| <b>Funds</b>                          | <b>2016-17</b>      | <b>2017-18</b>    | <b>2018-19</b>    | <b>2019-20</b>    | <b>2020-21</b>    | <b>Total</b>        |
|---------------------------------------|---------------------|-------------------|-------------------|-------------------|-------------------|---------------------|
| <b>Operating Funds:</b>               |                     |                   |                   |                   |                   |                     |
| General                               | \$ 9,926            | \$ 6,114          | \$ 7,408          | \$ 7,724          | \$ 6,529          | \$ 37,701           |
| Neighborhood Protection - Fire        | 1,290               | -                 | -                 | -                 | -                 | 1,290               |
| Public Safety Enhancement - Fire      | 1,289               | -                 | -                 | -                 | -                 | 1,289               |
| Public Safety Expansion - Fire        | 1,290               | -                 | -                 | -                 | -                 | 1,290               |
| Parks and Preserves                   | 55,057              | 27,150            | 7,000             | 7,000             | 8,850             | 105,057             |
| Transit 2000                          | 220                 | 55                | 25                | -                 | -                 | 300                 |
| Transportation 2050                   | 62,340              | 36,439            | 37,159            | 37,064            | 62,402            | 235,404             |
| Court Awards                          | 900                 | -                 | -                 | -                 | -                 | 900                 |
| Development Services                  | 357                 | 190               | 116               | 46                | 46                | 755                 |
| Capital Construction                  | 13,541              | 11,237            | 9,351             | 9,274             | 9,074             | 52,477              |
| Sports Facilities                     | 250                 | -                 | -                 | -                 | -                 | 250                 |
| Arizona Highway User Revenue          | 95,975              | 74,791            | 63,733            | 65,020            | 60,785            | 360,304             |
| Regional Transit                      | 28,321              | 3,991             | 9,758             | 4,092             | 4,003             | 50,165              |
| Community Reinvestment                | 7,057               | 3,504             | 3,500             | 2,000             | 2,799             | 18,860              |
| Other Restricted Funds                | 15,819              | 2,157             | 1,350             | 1,950             | 1,950             | 23,226              |
| Operating Grants                      | 90,470              | 26,874            | 49,815            | 27,298            | 27,015            | 221,472             |
| <b>Enterprise Funds:</b>              |                     |                   |                   |                   |                   |                     |
| Aviation                              | 68,781              | 27,648            | 35,960            | 23,253            | 5,269             | 160,911             |
| Water                                 | 172,582             | 106,895           | 118,737           | 109,579           | 98,613            | 606,406             |
| Wastewater                            | 69,664              | 43,008            | 58,641            | 37,403            | 49,128            | 257,844             |
| Solid Waste                           | 38,388              | 4,238             | 6,034             | 5,452             | 4,132             | 58,244              |
| Convention Center                     | 2,514               | 4,908             | 6,084             | 4,804             | 8,325             | 26,635              |
| <b>Total Operating Funds</b>          | <b>\$ 736,031</b>   | <b>\$ 379,199</b> | <b>\$ 414,671</b> | <b>\$ 341,959</b> | <b>\$ 348,920</b> | <b>\$ 2,220,780</b> |
| <b>Bond Funds:</b>                    |                     |                   |                   |                   |                   |                     |
| <b>Property Tax Supported:</b>        |                     |                   |                   |                   |                   |                     |
| 1988 General Obligation               | \$ -                | \$ -              | \$ -              | \$ -              | \$ 2,221          | \$ 2,221            |
| 2001 General Obligation               | 1,382               | -                 | -                 | -                 | 16,385            | 17,767              |
| 2006 General Obligation               | 9,979               | -                 | -                 | -                 | 120,454           | 130,433             |
| <b>Nonprofit Corporation Bonds:</b>   |                     |                   |                   |                   |                   |                     |
| Aviation                              | 28,037              | -                 | -                 | -                 | -                 | 28,037              |
| Water                                 | 31,169              | 28,456            | 31,413            | 31,747            | 53,365            | 176,150             |
| Wastewater                            | 33,077              | 41,576            | 13,253            | 45,082            | 3,674             | 136,662             |
| Solid Waste                           | 656                 | 100               | -                 | -                 | -                 | 756                 |
| Convention Center                     | 20,449              | -                 | -                 | -                 | -                 | 20,449              |
| Other                                 | 77,884              | 10,114            | 10,084            | 18,100            | -                 | 116,182             |
| <b>Total Bond Funds</b>               | <b>\$ 202,633</b>   | <b>\$ 80,246</b>  | <b>\$ 54,750</b>  | <b>\$ 94,929</b>  | <b>\$ 196,099</b> | <b>\$ 628,657</b>   |
| <b>Other Capital Sources:</b>         |                     |                   |                   |                   |                   |                     |
| Impact Fees                           | \$ 82,789           | \$ 6,561          | \$ 4,614          | \$ 15,421         | \$ 5,207          | \$ 114,592          |
| Passenger Facility Charge             | 82,539              | 11,057            | 500               | 500               | 500               | 95,096              |
| Customer Facility Charges             | 3                   | -                 | -                 | -                 | -                 | 3                   |
| Other Cities' Share in Joint Ventures | 30,257              | 32,875            | 27,523            | 51,553            | 10,524            | 152,732             |
| Solid Waste Remediation               | 70                  | 1,225             | 270               | 475               | -                 | 2,040               |
| Capital Grants                        | 73,251              | 34,458            | 2,941             | 21,169            | 5,107             | 136,926             |
| <b>Federal, State and</b>             |                     |                   |                   |                   |                   |                     |
| Other Participation                   | 44,049              | 32,652            | 19,924            | 16,211            | 31,124            | 143,960             |
| Capital Reserves                      | 8,038               | 3,052             | 4,400             | 200               | 200               | 15,890              |
| Other Capital                         | 5,043               | -                 | -                 | -                 | -                 | 5,043               |
| <b>Total Other Capital Sources</b>    | <b>\$ 326,039</b>   | <b>\$ 121,880</b> | <b>\$ 60,172</b>  | <b>\$ 105,529</b> | <b>\$ 52,662</b>  | <b>\$ 666,282</b>   |
| <b>Total</b>                          | <b>\$ 1,264,703</b> | <b>\$ 581,325</b> | <b>\$ 529,593</b> | <b>\$ 542,417</b> | <b>\$ 597,681</b> | <b>\$ 3,515,719</b> |





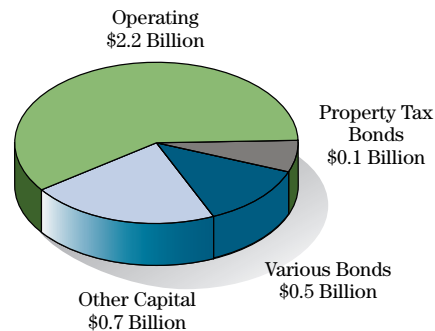


## 2016-21 Capital Improvement Program Highlights

The Capital Improvement Program (CIP) totals \$3.5 billion over the next five years. As shown in the pie chart below, funding for the 2016-21 program comes from four main sources: \$0.1 billion in 1988, 2001 and 2006 voter-approved bond funds, \$2.2 billion in pay-as-you-go operating funds, \$0.5 billion in various enterprise bond funds, and \$0.7 billion in other capital funds. The \$0.7 billion in other capital funds includes \$152.7 million in payments by other cities and agencies for participating in joint ventures, \$136.9 million in capital grants, \$114.6 million in development impact fees, \$95.1 million in Passenger Facility Charges, \$144.0 million in government and other participation, \$15.9 million in capital reserves, \$2.0 million in Solid Waste Remediation funding and \$5.0 million from miscellaneous capital sources.

Projects in the first year total \$1.3 billion and are funded from pay-as-you-go operating funds (\$736.0 million), bond funds (\$202.6 million) and other capital financing (\$326.0 million). A financial organization chart at the end of this section presents a visual overview of the first year by source of funds, and additional schedules summarize the 2016-21 Capital Improvement Program by source of funds and the 2016-17 Capital Improvement Program by fund group and program. A brief overview of the five-year plan for each program follows.

**2016-21 Capital Improvement Program Sources of Funds**



### Arts and Cultural Facilities

The Arts and Cultural Facilities program totals \$1.5 million and is funded with 2001 and 2006 General Obligation Bond and other restricted funds.

The Arts and Cultural Facilities program seeks to preserve and expand the enjoyment of the arts and culture within the city of Phoenix.

General Obligation Bond funded projects total \$1.4 million, \$0.4 million of which is delayed indefinitely due to property tax revenue reductions. General Obligation Bond funded projects that are delayed indefinitely include:

- Hispanic Cultural Center (a portion of the project budget)
- Study to renovate Santa Rita Hall for use as a cultural center

### Aviation

The Aviation program totals \$380.7 million and is funded with Aviation operating revenue, capital grants and Passenger Facility Charge funds. The program includes projects for Phoenix Sky Harbor International Airport and satellite airports including Phoenix Deer Valley, Phoenix Goodyear and Phoenix Mesa Gateway.

Major improvements for Sky Harbor International Airport include:

- Modernize Terminal 3 with updated infrastructure
- Restore, modify or expand ramps, roadways, aprons, pavement areas, runways and utility access points
- Provide for general airport infrastructure improvement or enhancement including various technology improvements
- Conduct various studies and develop planning assessments, provide for monitoring and remediation services
- Design and construct various Terminal 4 infrastructure improvements including restroom remodels, terrazzo floor installation, retail infrastructure improvements and expansion of international facilities





- Design and construct the communications and emergency operations center
- Update the Rental Car facility
- Improve and expand air cargo infrastructure
- Provide for contingency project funding and debt service payments

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

### **Economic Development**

The \$46.4 million Economic Development program is funded with Downtown Community Reinvestment funds, other restricted funds, Water operating funds, Arizona Highway User Revenues and 2006 General Obligation Bond funds. Major projects include:

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

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

- West Phoenix Revitalization
- HOPE VI/Rio Salado Downtown Connectors
- State Fair Redevelopment
- Downtown Land Acquisition
- Life Science Research Park

- Phoenix Biomedical Campus Improvements
- ASU Post Office Improvements
- Downtown infrastructure improvements to sidewalks, landscaping and lighting
- Artist Storefront Program
- Public infrastructure improvements for retail development

### **Energy Conservation**

The \$6.0 million Energy Conservation Program is funded with General, Solid Waste, Wastewater and Water operating funds.

The Energy Conservation Program continues the City of Phoenix efforts at energy conservation that have been in place for more than 20 years. The program is designed to focus efforts on energy efficient retrofits, energy efficient design and management, metering for efficient operations and implementation of new technology.

### **Facilities Management**

The Facilities Management program totals \$22.2 million and is funded with General funds, other restricted operating funds, Solid Waste operating funds, 2001 and 2006 General Obligation Bond funds, and other capital funds.

The Facilities Management program includes various projects to make major facility repairs, maintain service centers and city facilities citywide, and upgrade CNG fueling sites.

General Obligation Bond funded projects total \$6.9 million, \$6.7 million of which is delayed indefinitely due to reductions in property tax revenue. General Obligation Bond funded projects that are delayed indefinitely include:

- Phoenix City Hall System Modernization

- Phoenix City Hall reconfiguration for work space efficiency
- Estrella Service Center Unleaded Fuel Site
- Brownfields Development for environmental-impaired properties

### **Finance**

The Finance program totals \$0.7 million and is funded with capital reserves and various enterprise operating funds. The program includes e-Procurement and budget technology projects.





### Fire Protection

The \$30.9 million Fire Protection program is funded with 2001 and 2006 General Obligation Bond funds, development impact fees, Neighborhood Protection, Public Safety Enhancement, Public Safety Expansion, other restricted operating and General funds.

The Fire Protection program includes replacement of the Communications Aided Dispatch (CAD) system.

General Obligation Bond funded projects total \$14.4 million, \$13.9 million of which is delayed indefinitely due to reductions in property tax revenue.

General Obligation Bond funded projects that are delayed indefinitely include:

- New Station 55 near the borders of the Deer Valley and North Gateway villages along the I-17 corridor
- New Station 59 in Estrella Village
- New Station 74 in West Ahwatukee Foothills
- Station 62 in Southwest Phoenix – right-of-way improvements
- Training technology and driver education facility improvements

### Historic Preservation

The Historic Preservation program totals \$2.6 million and is funded with 2001 and 2006 General Obligation Bond funds.

The Historic Preservation program includes four grant programs that provide matching grants to property owners to rehabilitate their historic properties.

General Obligation Bond funded projects total approximately \$2.6 million, \$1.5 million of which is delayed indefinitely due to property tax revenue reductions.

General Obligation Bond funded projects that are delayed indefinitely include:

- Rehabilitation of historic buildings at Matthew Henson HOPE VI project for parks and youth activities
- Rehabilitation of historic buildings at South Mountain Park

### Housing

The Housing program totals \$49.5 million and is funded primarily by federal grants and program income, as well as 2006 General Obligation Bond funds and Water Operating funds.

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

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





### Human Services

The \$13.3 million Human Services program is funded with 2001 and 2006 General Obligation Bond funds, and Wastewater operating funds.

The Human Services program includes various projects to improve senior and family service centers citywide, as well as renovations to a portion of the family advocacy center to enhance services provided to the community.

General Obligation Bond funded projects total approximately \$13.2 million, \$12.6 million of which is delayed indefinitely due to reductions in property tax revenue.

General Obligation Bond funded projects that are delayed indefinitely include:

- Construction of 51st Avenue Senior Center
- Land acquisition for 16th Street Senior Center
- Renovate an existing space for a family services presence in the North Valley
- Design, construct and equip the Southwest Family Services Center
- Assistance to co-locate Native American Connections, Phoenix Indian Center and Native Health to provide human services in one central location
- Renovate a portion of the Family Advocacy Center

### Information Technology

The \$96.0 million Information Technology program is funded with 2001 and 2006 General Obligation Bond funds, enterprise operating funds, Transit 2000 and Transportation 2050 revenues, nonprofit corporation bond funds, capital reserves and General funds.

The Information Technology program includes replacing the outdated telephone system and data network, enhancement of the city's business intelligence and business analysis capabilities, and replacing FCC mandated equipment with 700 MHz radios and consoles.

General Obligation Bond funded projects total \$5.1 million, all of which is delayed indefinitely due to reductions of property tax revenue.

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

- Integrate e-government telephone and online services
- Improve the city's Geographic Information System
- Improve accessible voting
- Wireless system security
- Future enhancements to business continuity and data center operations

### Libraries

The Libraries program totals \$14.8 million and is funded with General, 2001 and 2006 General Obligation Bond and Impact Fee funds.

The Libraries program includes improvements to branch libraries to maintain current standards including expanding the Desert Broom library and constructing a new library branch in Estrella.

General Obligation Bond funded projects total \$6.1 million, of which \$5.7 million are delayed indefinitely due to property tax revenue reductions. The delayed projects include:

- New libraries in the North Gateway and West Ahwatukee areas
- Various technology improvements including library patron self-service capabilities
- Improvements to Ironwood and Burton Barr libraries





### Neighborhood Services

The Neighborhood Services program totals \$10.4 million and is funded with operating grant and 2001 and 2006 General Obligation Bond funds, of which \$6.9 million is delayed indefinitely due to property tax revenue reductions.

General Obligation bond funded projects that are delayed indefinitely include:

- Roberta Henry plat infrastructure development
- Property acquisitions and partnerships with other city departments to reduce blight, enhance and revitalize neighborhood infrastructure
- Small Phoenix high schools program development focused on high-demand career fields

### Parks, Recreation and Mountain Preserves

The Parks, Recreation and Mountain Preserves program totals \$149.1 million and is funded with Parks and Preserves Initiative funds, General Obligation Bond funds, development impact fees, capital reserves, nonprofit corporation bond funds, operating grants, other capital funds, other restricted funds, and Water and Wastewater revenue funds.

The Parks, Recreation and Mountain Preserves program includes constructing, improving and renovating city parks, trails and pools, installing LED security and sports lighting, improving roads and parking lots, constructing ADA accessible amenities, acquiring land for the Sonoran Preserve and future parks, contingency funding and various other citywide parks and related infrastructure improvements.

General Obligation Bond funded projects total \$22.3 million, of which \$19.0 million is delayed indefinitely due to property tax revenue reductions.

General Obligation Bond funded projects that are delayed indefinitely include:

- New parks and trails development including a park at 32nd Avenue and McDowell Road
- HOPE VI Park Development for public recreation use
- Sports fields lighting
- La Pradera Community Center construction
- Heritage Square and Phoenix Center for the Community Arts renovations
- Land Acquisition for future parks development
- Various parks renovations including Maryvale, Coronado, and Papago

### Phoenix Convention Center

The \$53.0 million Phoenix Convention Center program is funded with Convention Center operating revenue, Sports Facilities funds, General Fund, and State contributions for Convention Center Expansion bond debt service payments. In addition to the Convention Center, this program includes projects and improvements for the Herberger and Orpheum theaters, Symphony Hall, and the Regency, Heritage and Convention Center parking garages. Funding for a potential downtown arena feasibility study is also included.

Major projects include:

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





### **Police Protection**

The Police Protection program totals \$23.7 million and is funded with Court Awards and 2001 and 2006 General Obligation Bond funds, \$22.8 million of which are delayed indefinitely due to reductions of property tax revenue.

Projects delayed indefinitely include:

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

### **Public Transit**

The Public Transit program totals \$354.2 million and is funded with Arizona Highway User revenue, other restricted funds, Transit 2000 and Transportation 2050 revenue, 2006 General Obligation Bonds, operating and capital grants and Regional Transportation revenue including the half-cent countywide sales tax.

Phoenix voters approved Transportation 2050, a 0.7 percent sales tax, effective January 1, 2016, to fund the city's Comprehensive Transportation Plan including new light rail lines, bus expansion and street improvements. This tax supersedes the 0.4 percent Transit 2000 sales tax approved by voters in March 2000.

Major projects in the Public Transit program include:

- Purchase buses and Dial-A-Ride vehicles
- Improve and maintain bus stops, bus pullouts, passenger facilities and maintenance facilities
- Add a light rail station near 48th Street, passenger bus facility in Laveen and improve infrastructure at Public Transit headquarters building
- Implement technology enhancements including transit communication and fare collection system projects
- Provide for contingency project funding and staff charges related to Light Rail

General Obligation Bond funded projects total \$0.1 million, which are delayed indefinitely due to property tax revenue reductions.

### **Regional Wireless Cooperative (RWC)**

The Regional Wireless Cooperative (RWC) program totals \$50.3 million and is funded through the contributions of RWC member cities and a grant. The city of Phoenix's contribution is funded through excise tax-supported city improvement debt.

The RWC program's objective is to develop and assist subscriber cities with a FCC mandate requiring 700 MHz infrastructure upgrades for narrowbanding capabilities.

### **Solid Waste Disposal**

The \$82.9 million Solid Waste Disposal program is funded with Solid Waste operating revenue, nonprofit corporation bond funds, capital reserves, and Solid Waste Remediation funds.

The Solid Waste Disposal program includes various projects at the city's landfills and transfer stations. Major projects include constructing a methane gas extraction and drainage system for the State Route 85 landfill, maintaining the methane gas collection systems for several locations, various cell excavations and lining, replacing or upgrading aging equipment at the 27th Avenue and North Gateway Transfer Stations Material Recovery Facilities, constructing the 27th Avenue Resource Innovation Campus and Technology Solutions Incubator, and completing the composting facility located at the 27th Avenue Transfer Station.





### Street Transportation and Drainage

The Street Transportation and Drainage program totals \$775.7 million and is funded with Arizona Highway User Revenues and Reserve, General Obligation Bond funds, Capital Construction funds, impact fees, nonprofit corporation bond funds, Water revenues, Transportation 2050 funds, other restricted funds, and participation from other agencies.

The Street Transportation and Drainage program includes major streets and bridge construction, storm drainage, traffic improvement and other street improvement projects such as sidewalks, ramps, dust control, traffic calming, bikeway system improvements, street resurfacing and replacement of high-pressure sodium streetlight light bulbs with energy efficient LEDs. Major projects planned include improvements to the following locations: 7th Avenue: Southern Avenue to the Salt River, 27th Avenue: Lower Buckeye Road to Buckeye Road, Van Buren Street: 24th Street to 40th Street, Broadway Road: 7th Street to 51st Avenue (Avenida Rio Salado) and Sonoran Desert Drive.

General Obligation Bond funded projects total \$27.9 million, of which \$26.1 million is being delayed indefinitely due to reductions in property tax revenue.

General Obligation Bond funded projects which are delayed indefinitely include:

- Construct a bridge at Riverview Drive between 18th and 22nd streets
- Construct Camelback Corridor improvements
- Construct historic districts streetscape improvements
- Design and construct traffic calming infrastructure
- Construct phase II of the Intelligent Transportation System (ITS) fiber optic backbone

### Wastewater

The Wastewater program totals \$514.6 million and is funded with Wastewater revenue, development impact fees, Wastewater nonprofit corporation bonds, 2006 General Obligation Bond funds, Arizona Highway User Revenues, and other cities' share in joint ventures funds.

Major Wastewater projects include:

- Implement improvements at wastewater treatment plants
- Design and construct SROG Interceptor Capacity improvements
- Expand, improve and replace sewer lift stations
- Assess, rehabilitate, relocate and/or construct sewers of various sizes and materials throughout the city
- Improve technology including automatic meter reading and asset management system implementation
- Conduct various wastewater management studies, energy management services, provide for staff charges and consultant fees and project contingency funding
- Improve various odor control facilities throughout the city including the Salt River Outfall and Southern Avenue Interceptor
- Construct growth-related wastewater infrastructure in impact fee areas
- Restore operation of the Cave Creek water reclamation plant
- Relocate sewer lines for light rail northwest extension

### Water

The Water program totals \$837.4 million and is funded with Water, Wastewater and Solid Waste revenue, nonprofit corporation bonds, development impact fees, Arizona Highway User Revenues, 2006 General Obligation Bond funds, and other cities' share in joint ventures.

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

Additional major projects include:

- Implement water resiliency program
- Construct, improve and relocate various water mains
- Rehabilitate transmission mains
- Upgrade Customer Care and Billing system
- Demolish Verde Water Treatment Plant facilities and restore the site to original condition
- Replace water lines for light rail northwest extension







**2016-17 CAPITAL IMPROVEMENT PROGRAM  
BY PROGRAM AND SOURCE OF FUNDS**  
(In Thousands of Dollars)

| <b>Program</b>                              | <b>Total<br/>Program</b> | <b>Pay-As-<br/>You-Go<br/>Operating</b> | <b>2001<br/>Bonds</b> | <b>2006<br/>Bonds</b> | <b>Nonprofit<br/>Corporation<br/>Bonds</b> | <b>Other<br/>Capital<br/>Sources</b> |
|---|--------------------------|---|-----------------------|-----------------------|--|--------------------------------------|
| Arts and Cultural Facilities                | \$ 1,118                 | \$ 44                                   | \$ 1,074              | \$ -                  | \$ -                                       | \$ -                                 |
| Aviation                                    | 223,029                  | 67,467                                  | -                     | -                     | 28,037                                     | 127,525                              |
| Economic Development                        | 11,331                   | 11,331                                  | -                     | -                     | -  | -                                    |
| Energy Conservation                         | 1,200                    | 1,200                                   | -                     | -                     | -  | -                                    |
| Facilities Management                       | 11,414                   | 8,179                                   | -                     | 150                   | -  | 3,085                                |
| Finance                                     | 670                      | 369                                     | -                     | -                     | -  | 301                                  |
| Fire Protection                             | 14,804                   | 14,337                                  | -                     | 467                   | -  | -                                    |
| Historic Preservation                       | 1,178                    | -                                       | 125                   | 1,053                 | -  | -                                    |
| Housing                                     | 22,285                   | 13,978                                  | -                     | 2                     | -  | 8,305                                |
| Human Services                              | 600                      | -                                       | -                     | 600                   | -  | -                                    |
| Information Technology                      | 57,947                   | 9,263                                   | -                     | -                     | 47,884                                     | 800                                  |
| Libraries                                   | 629                      | 200                                     | -                     | 429                   | -  | -                                    |
| Neighborhood Services                       | 3,466                    | 1,194                                   | 38                    | 2,234                 | -  | -                                    |
| Parks, Recreation and<br>Mountain Preserves | 80,005                   | 59,950                                  | -                     | 3,297                 | 12   | 16,746                               |
| Phoenix Convention Center                   | 23,213                   | 2,764                                   | -                     | -                     | 20,449                                     | -                                    |
| Police Protection                           | 965                      | 900                                     | -                     | 65                    | -  | -                                    |
| Public Transit                              | 156,367                  | 136,524                                 | -                     | -                     | -  | 19,843                               |
| Regional Wireless Cooperative               | 8,562                    | -                                       | -                     | -                     | -  | 8,562                                |
| Solid Waste Disposal                        | 30,145                   | 28,944                                  | -                     | -                     | 631  | 570                                  |
| Street Transportation and<br>Drainage       | 232,918                  | 138,112                                 | 144                   | 1,659                 | 30,300                                     | 62,703                               |
| Wastewater                                  | 150,715                  | 66,911                                  | -                     | -                     | 32,822                                     | 50,982                               |
| Water                                       | 232,142                  | 174,364                                 | -                     | 22                    | 31,139                                     | 26,617                               |
| <b>Total</b>                                | <b>\$ 1,264,703</b>      | <b>\$ 736,031</b>                       | <b>\$ 1,381</b>       | <b>\$ 9,978</b>       | <b>\$ 191,274</b>                          | <b>\$ 326,039</b>                    |





**RESOURCES AND EXPENDITURES BY CAPITAL FUND**  
**2016-17 CAPITAL IMPROVEMENT PROGRAM**  
(In Thousands of Dollars)

| Capital Fund  | RESOURCES         |                                |                   | EXPENDITURES           | FUND BALANCES       |   |                              |
|---|-------------------|--------------------------------|-------------------|------------------------|---------------------|---|------------------------------|
|   | Beginning Balance | Projected Revenue <sup>1</sup> | Total             | Estimated Expenditures | Ending Fund Balance | Projected Resources Beyond 16/17 <sup>2</sup> | Funds Available Beyond 16/17 |
| <b>BONDS AND RELATED FUNDS</b>  |                   |                                |                   |                        |                     |   |                              |
| <b>2006 Bonds</b>   |                   |                                |                   |                        |                     |   |                              |
| Libraries, Senior & Cultural Centers                                      | \$ (2,716)        | \$ -                           | \$ (2,716)        | \$ 1,030               | \$ (3,746)          | \$ 27,190                                     | \$ 23,444                    |
| Education   | (4,556)           | -                              | (4,556)           | 8                      | (4,564)             | 8,090   | 3,526                        |
| Affordable Housing & Neighborhoods  | 6,057             | -                              | 6,057             | 3,442                  | 2,615               | 17,795  | 20,410                       |
| Parks and Open Spaces   | 5,215             | -                              | 5,215             | 3,319                  | 1,896               | 13,685  | 15,581                       |
| Police, Fire & Homeland Security  | 91                | -                              | 91                | 65                     | 26                  | 36,700  | 36,726                       |
| Police, Fire & City Technology  | 542               | -                              | 542               | 467                    | 75                  | 4,790   | 4,865                        |
| Street and Storm Sewer Improvement  | 4,713             | -                              | 4,713             | 1,648                  | 3,065               | 27,495  | 30,560                       |
| <b>2001 Bonds</b>   |                   |                                |                   |                        |                     |   |                              |
| Affordable Housing & Homeless Shelter                                     | 1,053             | -                              | 1,053             | -                      | 1,053               | -   | 1,053                        |
| Educational, Youth & Cultural Facilities                                  | (108)             | -                              | (108)             | 1,074                  | (1,182)             | 1,700   | 518                          |
| Environmental Improvement & Cleanup                                       | 261               | -                              | 261               | -                      | 261                 | 630   | 891                          |
| Fire Protection Facilities & Equipment                                    | -                 | -                              | -                 | -                      | -                   | 800   | 800                          |
| Neighborhood Protection & Senior Centers                                  | 4,966             | -                              | 4,966             | 84                     | 4,882               | 2,355   | 7,237                        |
| New & Improved Libraries  | 3,444             | -                              | 3,444             | -                      | 3,444               | 900   | 4,344                        |
| Parks, Open Space & Recreation  | (332)             | -                              | (332)             | -                      | (332)               | 4,425   | 4,093                        |
| Police Protection Facilities & Equipment                                  | (524)             | -                              | (524)             | -                      | (524)               | 1,115   | 591                          |
| Police, Fire & Computer Technology  | (50)              | -                              | (50)              | -                      | (50)                | 615   | 565                          |
| Preserving Phoenix Heritage   | (103)             | -                              | (103)             | 80                     | (183)               | 795   | 612                          |
| Storm Sewers  | -                 | -                              | -                 | -                      | -                   | 50  | 50                           |
| Street Improvements   | (457)             | -                              | (457)             | 144                    | (601)               | 2,225   | 1,624                        |
| <b>1989 Historic Preservation</b>   | <b>2</b>          | <b>-</b>                       | <b>2</b>          | <b>-</b>               | <b>2</b>            | <b>-</b>                                      | <b>2</b>                     |
| <b>1988 Bonds</b>   |                   |                                |                   |                        |                     |   |                              |
| Freeway Mitigation, Neighborhood Stabilization, Slum & Blight Elimination | 845               | -                              | 845               | -                      | 845                 | 1,000   | 1,845                        |
| Parks, Recreation & Mountain Preserves                                    | 413               | -                              | 413               | -                      | 413                 | -   | 413                          |
| Police Protection   | 27                | -                              | 27                | -                      | 27                  | -   | 27                           |
| <b>1984 Fire &amp; Police Protection</b>                                  | <b>2</b>          | <b>-</b>                       | <b>2</b>          | <b>-</b>               | <b>2</b>            | <b>-</b>                                      | <b>2</b>                     |
| <b>Nonprofit Corporation Bonds</b>  |                   |                                |                   |                        |                     |   |                              |
| Aviation  | (232,884)         | 21,273                         | (211,611)         | 28,037                 | (239,648)           | 442,235                                       | 202,587                      |
| Phoenix Convention Center   | 9,713             | 20,449                         | 30,162            | 20,449                 | 9,713               | -   | 9,713                        |
| Solid Waste   | 483               | -                              | 483               | 656                    | (173)               | 75,000  | 74,827                       |
| Wastewater  | (805)             | -                              | (805)             | 33,077                 | (33,882)            | 405,000                                       | 371,118                      |
| Water   | (59)              | -                              | (59)              | 31,169                 | (31,228)            | 525,000                                       | 493,772                      |
| Other   | (50,271)          | (1,026)                        | (51,297)          | 77,884                 | (129,181)           | 182,345                                       | 53,164                       |
| <b>OTHER FINANCING</b>  |                   |                                |                   |                        |                     |   |                              |
| Impact Fees   | 129,030           | -                              | 129,030           | 82,789                 | 46,241              | -   | 46,241                       |
| Passenger Facility Charge   | 38,698            | 80,000                         | 118,698           | 82,539                 | 36,159              | -   | 36,159                       |
| Customer Facility Charge  | 3,944             | 25,815                         | 29,759            | 3                      | 29,756              | -   | 29,756                       |
| Other Cities' Participation in Joint Ventures                             | 20,280            | 30,257                         | 50,537            | 30,257                 | 20,280              | -   | 20,280                       |
| Solid Waste Remediation   | 4,731             | -                              | 4,731             | 70                     | 4,661               | -   | 4,661                        |
| Capital Grants  | (19,537)          | 73,251                         | 53,714            | 73,251                 | (19,537)            | 19,537  | -                            |
| Federal, State & Other Participation                                      | (5,282)           | 44,049                         | 38,767            | 44,049                 | (5,282)             | 5,282   | -                            |
| Capital Gifts   | 172               | -                              | 172               | -                      | 172                 | -   | 172                          |
| Capital Reserves  | 307,863           | (1,400)                        | 306,463           | 8,038                  | 298,425             | -   | 298,425                      |
| Other Capital   | 9,508             | -                              | 9,508             | 5,043                  | 4,465               | -   | 4,465                        |
| <b>TOTAL</b>  | <b>\$ 234,368</b> | <b>\$ 292,668</b>              | <b>\$ 527,036</b> | <b>\$ 528,672</b>      | <b>\$ (1,636)</b>   | <b>\$ 1,806,754</b>                           | <b>\$ 1,805,118</b>          |

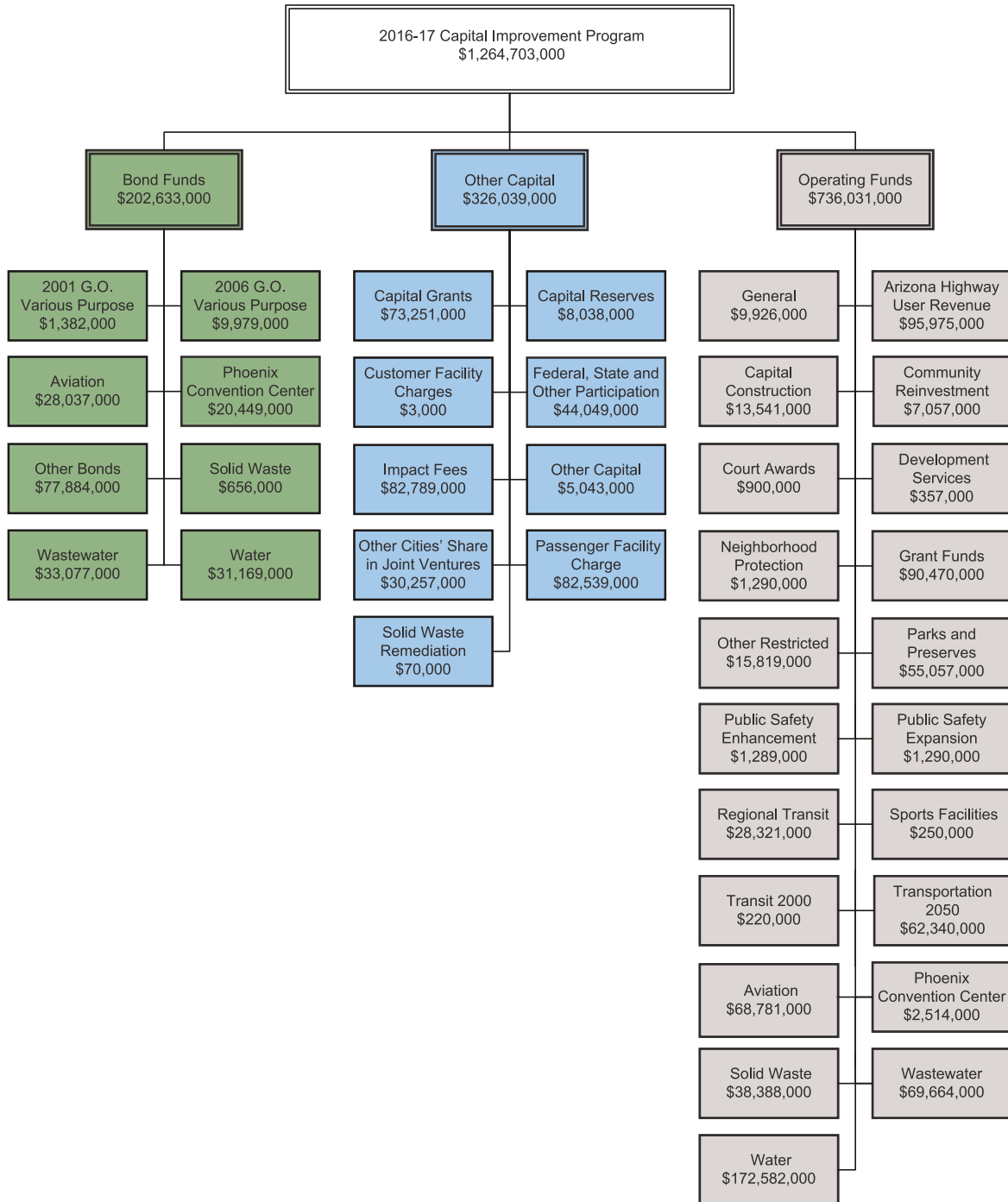
<sup>1</sup> Includes bond proceeds and funds which "pass through" bond funds such as grants, land sales and other agency and private participation.

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





## 2016-17 Capital Improvement Program Organizational Chart







## Operating Costs for New Capital Facilities

Capital facilities include the police and fire stations, senior centers, parks, swimming pools, libraries, cultural facilities and customer service centers needed to deliver services to our residents. Capital improvements also include investment in infrastructure, commercial and neighborhood development, redevelopment and revitalization. Since these types of capital projects are assets with a multi-year life, issuing bonded debt is an appropriate way to pay for these expenses. It allows the initial costs to be repaid over the years the investment is used. The service delivery costs and day-to-day operating expenses such as staff salaries or supplies are not capital assets. These costs are not funded with bonded debt and must be paid from the city's annual operating funds.

### **New Facilities Funding and Their Operating Costs**

In accordance with Bond Committee recommendations and property tax policy adopted by the City Council in December 2011, the primary property tax levy is maximized to ensure its stability as a source of General Fund revenue and to help pay for operation and maintenance of capital facilities. On March 14, 2006, Phoenix voters approved an \$878.5 million bond program. Estimated General Fund expenditures to operate bond-funded projects are updated annually. For enterprise fund operations, multi-year rate planning processes are used to provide the City Council with the effects new capital facilities will have on future rate-payers. Each year, the City Council considers the impact of future capital facilities as it sets annual utility rates. Finally, for more than 20 years, the energy conservation program has generated annual cost savings in excess of the funds invested. This program provides for energy efficient retrofits, energy efficient design and metering for efficient operations.

### **Identifying Operating Costs**

Each fall, departments are asked to review all capital projects, their estimated completion dates, any costs associated with operating new facilities and systems, and the funding source(s) for these costs. These costs are reviewed by the Budget and Research Department. The 2016-17 budget includes \$188,000 in new operating and maintenance costs for new facilities and systems. The funding sources for 2016-17 operating costs are the General Fund and the Phoenix Parks and Preserve Initiative Fund. The schedule on the next page provides project operating and maintenance costs for 2016-17, the full-year operating and maintenance costs for 2017-18, and the source of funds that will be used for these costs.





#### OPERATING COSTS FOR NEW CAPITAL FACILITIES

| <b>Project Name and<br/>Operating Fund Source</b>                                  | <b># of<br/>FTEs</b> |  | <b>2016-17<br/>Costs</b> | <b>2017-18<br/>Costs</b> |
|--|----------------------|--|--------------------------|--------------------------|
| <b>Parks and Recreation</b>  |                      |  |                          |                          |
| Dog park at Esteban Park<br>(Phoenix Parks and Preserve<br>Initiative Fund [PPPI]) | 1.0                  | Add staff and materials to operate and maintain<br>the new dog park at Esteban Park.   | \$58,000                 | \$35,000                 |
| Lindo Park Facility<br>(PPPI)  | 2.4                  | Add staff and materials to operate and maintain<br>the new Lindo Park facility.  | 76,000                   | 108,000                  |
| Expansion of Cesar<br>Chavez Park<br>(General Fund)                                | 1.0                  | Add staff and materials to operate and maintain<br>the Cesar Chavez Park expansion which<br>includes soccer fields, a performance stage, and<br>ramadas. | 54,000                   | 34,000                   |
| <b>Net Total Costs</b>   |                      |  | <b>\$188,000</b>         | <b>\$177,000</b>         |
| <b>Source of Funds</b>   |                      |  |                          |                          |
| General Fund   |                      |  | 54,000                   | 34,000                   |
| Phoenix Parks and Preserve Initiative (PPPI)                                       |                      |  | 134,000                  | 143,000                  |
| <b>Total Source of Funds</b>   |                      |  | <b>\$188,000</b>         | <b>\$177,000</b>         |





Phoenix children enjoying the facilities at the city's parks, pools and recreation centers.







## Summary Schedules







**2014-15 SCHEDULE 1  
RESOURCES AND EXPENDITURES BY FUND  
ACTUAL  
(In Thousands of Dollars)**

|                                | Resources               |                       |                 |                     |                     | Expenditures        |                     |                   |                   |                     | Ending Fund Balances   |
|--------------------------------|-------------------------|-----------------------|-----------------|---------------------|---------------------|---------------------|---------------------|-------------------|-------------------|---------------------|------------------------|
|                                | Beginning Fund Balances | Revenue <sup>1/</sup> | Recovery        | Fund Transfer       |                     | Total               | Operating           | Capital           | Debt Service      | Total               |                        |
|                                |                         |                       |                 | To                  | From                |                     |                     |                   |                   |                     |                        |
| <b>General Funds:</b>          |                         |                       |                 |                     |                     |                     |                     |                   |                   |                     |                        |
| General                        | \$ 78,579               | \$ 253,494            | \$ 891          | \$ 802,370          | \$ 106,070          | \$ 1,029,264        | \$ 927,478          | \$ 1,351          | \$ -              | \$ 928,829          | \$ 100,435             |
| Parks and Recreation           | -                       | 16,050                | 48              | 68,538              | -                   | 84,636              | 84,636              | -                 | -                 | 84,636              | -                      |
| Library                        | -                       | 36,621                | 7               | -                   | 2,659               | 33,969              | 33,911              | 58                | -                 | 33,969              | -                      |
| Cable Communications           | -                       | 9,574                 | 23              | -                   | 5,636               | 3,961               | 3,961               | -                 | -                 | 3,961               | -                      |
| <b>Total General</b>           | <b>\$ 78,579</b>        | <b>\$ 315,739</b>     | <b>\$ 969</b>   | <b>\$ 870,908</b>   | <b>\$ 114,365</b>   | <b>\$ 1,151,830</b> | <b>\$ 1,049,986</b> | <b>\$ 1,409</b>   | <b>\$ -</b>       | <b>\$ 1,051,395</b> | <b>\$ 100,435</b>      |
| <b>Special Revenue Funds:</b>  |                         |                       |                 |                     |                     |                     |                     |                   |                   |                     |                        |
| Excise Tax                     | \$ -                    | \$ 1,074,261          | \$ -            | \$ -                | \$ 1,074,261        | \$ -                | \$ -                | \$ -              | \$ -              | \$ -                | \$ -                   |
| Nghbrhd Protection-Police      | (4,978)                 | (15)                  | -               | 20,917              | 218                 | 15,706              | 13,026              | -                 | -                 | 13,026              | 2,680                  |
| Nghbrhd Protection-Fire        | 8,523                   | 77                    | -               | 7,470               | 8                   | 16,062              | 4,482               | -                 | -                 | 4,482               | 11,580                 |
| Nghbrhd Protection-Block Watch | 2,564                   | 207                   | -               | 1,494               | 2                   | 4,263               | 1,461               | -                 | -                 | 1,461               | 2,802                  |
| 2007 Public Safety Exp-Police  | (18,804)                | (126)                 | 1               | 47,808              | 512                 | 28,367              | 39,109              | -                 | -                 | 39,109              | (10,742) <sup>2/</sup> |
| 2007 Public Safety Exp-Fire    | 1,340                   | 16                    | -               | 11,952              | 88                  | 13,220              | 9,416               | -                 | -                 | 9,416               | 3,804                  |
| Public Safety Enhance-Police   | (10,525)                | 8                     | -               | 15,542              | 204                 | 4,821               | 9,914               | -                 | -                 | 9,914               | (5,093) <sup>2/</sup>  |
| Public Safety Enhance-Fire     | (1,224)                 | -                     | 1               | 9,526               | -                   | 8,303               | 6,107               | -                 | -                 | 6,107               | 2,196                  |
| Parks and Preserves            | 30,270                  | 371                   | 486             | 29,882              | 4,564               | 56,445              | 3,351               | 13,807            | -                 | 17,158              | 39,287                 |
| Transit 2000                   | 295,929                 | 54,620                | 838             | 110,347             | 48,420              | 413,314             | 125,311             | 15,208            | -                 | 140,519             | 272,795                |
| Court Awards                   | 761                     | 7,774                 | 4               | -                   | -                   | 8,539               | 4,928               | 155               | -                 | 5,083               | 3,456                  |
| Development Services           | 28,437                  | 42,633                | 2               | -                   | 2,782               | 68,290              | 34,184              | 475               | -                 | 34,659              | 33,631                 |
| Capital Construction           | 5,659                   | 69                    | 242             | 14,281              | -                   | 20,251              | 206                 | 16,880            | -                 | 17,086              | 3,165                  |
| Sports Facilities              | 23,911                  | 289                   | -               | 18,086              | 195                 | 42,091              | 2,036               | 987               | 20,807            | 23,830              | 18,261                 |
| AZ Highway User Revenue        | 18,657                  | 112,307               | 413             | 1,009               | 3,830               | 128,556             | 48,282              | 39,066            | -                 | 87,348              | 41,208                 |
| Regional Transit               | (4,572)                 | 31,477                | 168             | -                   | -                   | 27,073              | 27,414              | 13,569            | -                 | 40,983              | (13,910) <sup>3/</sup> |
| Community Reinvestment         | 15,714                  | 5,047                 | 4               | -                   | 2,068               | 18,697              | 502                 | 5,084             | -                 | 5,586               | 13,111                 |
| Secondary Property Tax         | 279                     | 54,283                | -               | -                   | -                   | 54,562              | -                   | -                 | 54,462            | 54,462              | 100                    |
| Impact Fee Program Admin       | 793                     | 272                   | -               | -                   | -                   | 1,065               | 115                 | -                 | -                 | 115                 | 950                    |
| Regional Wireless Cooperative  | 2,132                   | 4,814                 | -               | -                   | -                   | 6,946               | 4,065               | -                 | -                 | 4,065               | 2,881                  |
| Golf Course                    | (4,532)                 | 6,217                 | 9               | 4,532               | -                   | 6,226               | 6,226               | -                 | -                 | 6,226               | -                      |
| City Improvement               | -                       | -                     | -               | 142,213             | 61,628              | 80,585              | -                   | -                 | 80,579            | 80,579              | 6                      |
| Other Restricted Funds         | 53,099                  | 24,469                | 52              | 6,215               | 1,395               | 82,440              | 21,344              | 348               | -                 | 21,692              | 60,748                 |
| Grant Funds                    | 14,631                  | 233,679               | 1,422           | -                   | 197                 | 249,535             | 194,589             | 42,867            | -                 | 237,456             | 12,079                 |
| <b>Total Special Revenue</b>   | <b>\$ 458,064</b>       | <b>\$ 1,652,749</b>   | <b>\$ 3,642</b> | <b>\$ 441,274</b>   | <b>\$ 1,200,372</b> | <b>\$ 1,355,357</b> | <b>\$ 556,068</b>   | <b>\$ 148,446</b> | <b>\$ 155,848</b> | <b>\$ 860,362</b>   | <b>\$ 494,995</b>      |
| <b>Enterprise Funds:</b>       |                         |                       |                 |                     |                     |                     |                     |                   |                   |                     |                        |
| Aviation                       | \$ 319,159              | \$ 339,733            | \$ 2,368        | \$ 16,131           | \$ 55,678           | \$ 621,713          | \$ 226,147          | \$ 17,719         | \$ 50,560         | \$ 294,426          | \$ 327,287             |
| Water                          | 136,623                 | 370,886               | 706             | 201                 | 19,478              | 488,938             | 160,412             | 116,868           | 113,969           | 391,249             | 97,689                 |
| Wastewater                     | 89,241                  | 211,389               | 818             | -                   | 12,489              | 288,959             | 81,495              | 38,892            | 58,063            | 178,450             | 110,509                |
| Solid Waste                    | 57,763                  | 148,384               | 17              | 2,922               | 13,114              | 195,972             | 107,722             | 25,039            | 15,419            | 148,180             | 47,792                 |
| Convention Center              | 32,487                  | 22,165                | 28              | 47,034              | 2,476               | 99,238              | 40,708              | 2,839             | 17,192            | 60,739              | 38,499                 |
| <b>Total Enterprise</b>        | <b>\$ 635,273</b>       | <b>\$ 1,092,557</b>   | <b>\$ 3,937</b> | <b>\$ 66,288</b>    | <b>\$ 103,235</b>   | <b>\$ 1,694,820</b> | <b>\$ 616,484</b>   | <b>\$ 201,357</b> | <b>\$ 255,203</b> | <b>\$ 1,073,044</b> | <b>\$ 621,776</b>      |
| <b>GRAND TOTAL</b>             | <b>\$ 1,171,916</b>     | <b>\$ 3,061,045</b>   | <b>\$ 8,548</b> | <b>\$ 1,378,470</b> | <b>\$ 1,417,972</b> | <b>\$ 4,202,007</b> | <b>\$ 2,222,538</b> | <b>\$ 351,212</b> | <b>\$ 411,051</b> | <b>\$ 2,984,801</b> | <b>\$ 1,217,206</b>    |

<sup>1/</sup> General fund sales tax revenue is reflected as a transfer from the excise tax fund. Total transfer equates to \$736.9 million, and is included in the General Funds revenue total of \$1,052.6 million shown on Schedule 2.

<sup>2/</sup> The dedicated public safety funds have been severely impacted by declines in sales tax revenues. In November 2010, the Mayor and City Council adopted a plan to balance these funds as soon as possible using an attrition based approach. This plan is modified annually to account for changes in attrition and revised revenue forecasts. In FY 2016-17 staff plans to rebalance each fund to ensure a positive fund balance by year-end.

<sup>3/</sup> The negative fund balance in Regional Transit is due to less than anticipated revenues caused by timing delays in reimbursements for project costs from the regional transportation plan (Proposition 400). The reimbursements are expected to be received in FY 2015-16 and will resolve the negative ending balance.





**2015-16 SCHEDULE 1  
RESOURCES AND EXPENDITURES BY FUND  
ESTIMATE  
(In Thousands of Dollars)**

|                                   | Resources               |                       |                 |                     |                     | Expenditures        |                     |                   |                   |                     | Ending Fund Balances  |
|-----------------------------------|-------------------------|-----------------------|-----------------|---------------------|---------------------|---------------------|---------------------|-------------------|-------------------|---------------------|-----------------------|
|                                   | Beginning Fund Balances | Revenue <sup>1/</sup> | Recovery        | Fund Transfer       |                     | Total               | Operating           | Capital           | Debt Service      | Total               |                       |
|                                   |                         |                       |                 | To                  | From                |                     |                     |                   |                   |                     |                       |
| <b>General Funds:</b>             |                         |                       |                 |                     |                     |                     |                     |                   |                   |                     |                       |
| General                           | \$ 100,435              | \$ 260,472            | \$ 1,000        | \$ 811,748          | \$ 128,259          | \$ 1,045,396        | \$ 939,430          | \$ 3,920          | \$ -              | \$ 943,350          | \$ 102,046            |
| Parks and Recreation              | -                       | 16,069                | -               | 70,263              | -                   | 86,332              | 86,332              | -                 | -                 | 86,332              | -                     |
| Library                           | -                       | 36,397                | -               | -                   | 2,006               | 34,391              | 34,191              | 200               | -                 | 34,391              | -                     |
| Cable Communications              | -                       | 9,772                 | -               | -                   | 5,475               | 4,297               | 4,297               | -                 | -                 | 4,297               | -                     |
| <b>Total General</b>              | <b>100,435</b>          | <b>322,710</b>        | <b>1,000</b>    | <b>882,011</b>      | <b>135,740</b>      | <b>1,170,416</b>    | <b>1,064,250</b>    | <b>4,120</b>      | <b>-</b>          | <b>1,068,370</b>    | <b>102,046</b>        |
| <b>Special Revenue Funds:</b>     |                         |                       |                 |                     |                     |                     |                     |                   |                   |                     |                       |
| Excise Tax                        | \$ -                    | \$ 1,123,799          | \$ -            | \$ -                | \$ 1,123,799        | \$ -                | \$ -                | \$ -              | \$ -              | \$ -                | \$ -                  |
| Nghbrhd Protection-Police         | 2,680                   | 23                    | -               | 19,954              | 227                 | 22,430              | 16,082              | -                 | -                 | 16,082              | 6,348                 |
| Nghbrhd Protection-Fire           | 11,580                  | 80                    | -               | 7,127               | 11                  | 18,776              | 11,788              | -                 | -                 | 11,788              | 6,988                 |
| Nghbrhd Protection-Block Watch    | 2,802                   | 192                   | -               | 1,425               | 2                   | 4,417               | 1,466               | -                 | -                 | 1,466               | 2,951                 |
| 2007 Public Safety Exp-Police     | (10,742)                | (75)                  | -               | 45,612              | 476                 | 34,319              | 36,018              | -                 | -                 | 36,018              | (1,699) <sup>2/</sup> |
| 2007 Public Safety Exp-Fire       | 3,804                   | 17                    | -               | 11,403              | 83                  | 15,141              | 13,842              | -                 | -                 | 13,842              | 1,299                 |
| Public Safety Enhance-Police      | (5,093)                 | -                     | -               | 15,949              | 206                 | 10,650              | 9,330               | -                 | -                 | 9,330               | 1,320                 |
| Public Safety Enhance-Fire        | 2,196                   | -                     | -               | 9,774               | -                   | 11,970              | 9,629               | -                 | -                 | 9,629               | 2,341                 |
| Parks and Preserves               | 39,287                  | 324                   | 50              | 28,507              | 43                  | 68,125              | 3,900               | 23,581            | -                 | 27,481              | 40,644                |
| Transit 2000 <sup>3/</sup>        | 272,795                 | 55,577                | 1,000           | 55,915              | 50,964              | 334,323             | 160,168             | 7,295             | -                 | 167,463             | 166,860               |
| Transportation 2050 <sup>3/</sup> | -                       | 100                   | -               | 100,514             | -                   | 100,614             | 1                   | 13,110            | -                 | 13,111              | 87,503                |
| Court Awards                      | 3,456                   | 7,900                 | -               | -                   | -                   | 11,356              | 4,384               | 2,100             | -                 | 6,484               | 4,872                 |
| Development Services              | 33,631                  | 46,686                | -               | -                   | 3,064               | 77,253              | 40,587              | 349               | -                 | 40,936              | 36,317                |
| Capital Construction              | 3,165                   | 65                    | 200             | 12,465              | -                   | 15,895              | 214                 | 12,079            | -                 | 12,293              | 3,602                 |
| Sports Facilities                 | 18,261                  | 7,844                 | -               | 19,728              | 275                 | 45,558              | 2,199               | 250               | 22,292            | 24,741              | 20,817                |
| AZ Highway User Revenue           | 41,208                  | 114,561               | 400             | 290                 | -                   | 156,459             | 49,653              | 41,629            | -                 | 91,282              | 65,177                |
| Regional Transit                  | (13,910)                | 65,543                | -               | -                   | -                   | 51,633              | 28,510              | 13,575            | -                 | 42,085              | 9,548                 |
| Community Reinvestment            | 13,111                  | 4,780                 | -               | -                   | 2,065               | 15,826              | 380                 | 4,586             | -                 | 4,966               | 10,860                |
| Secondary Property Tax            | 100                     | 54,821                | -               | 72,003              | -                   | 126,924             | -                   | -                 | 126,824           | 126,824             | 100                   |
| Impact Fee Program Admin          | 950                     | 310                   | -               | -                   | -                   | 1,260               | 321                 | -                 | -                 | 321                 | 939                   |
| Regional Wireless Cooperative     | 2,881                   | 5,036                 | -               | -                   | -                   | 7,917               | 5,852               | -                 | -                 | 5,852               | 2,065                 |
| Golf Course                       | -                       | 6,103                 | -               | -                   | -                   | 6,103               | 5,656               | -                 | -                 | 5,656               | 447                   |
| City Improvement                  | 6                       | -                     | -               | 92,965              | 1,024               | 91,947              | -                   | -                 | 91,941            | 91,941              | 6                     |
| Other Restricted Funds            | 60,748                  | 28,251                | -               | 21,356              | 2,452               | 107,903             | 45,518              | 4,900             | -                 | 50,418              | 57,485                |
| Grant Funds                       | 12,079                  | 257,519               | -               | -                   | 374                 | 269,224             | 206,269             | 51,744            | -                 | 258,013             | 11,211                |
| <b>Total Special Revenue</b>      | <b>\$ 494,995</b>       | <b>\$ 1,779,456</b>   | <b>\$ 1,650</b> | <b>\$ 514,987</b>   | <b>\$ 1,185,065</b> | <b>\$ 1,606,023</b> | <b>\$ 651,767</b>   | <b>\$ 175,198</b> | <b>\$ 241,057</b> | <b>\$ 1,068,022</b> | <b>\$ 538,001</b>     |
| <b>Enterprise Funds:</b>          |                         |                       |                 |                     |                     |                     |                     |                   |                   |                     |                       |
| Aviation                          | \$ 327,287              | \$ 341,256            | \$ -            | \$ 16,719           | \$ 51,103           | \$ 634,159          | \$ 234,431          | \$ 56,620         | \$ 52,964         | \$ 344,015          | \$ 290,144            |
| Water                             | 97,689                  | 395,615               | -               | -                   | 19,712              | 473,592             | 172,439             | 89,759            | 113,290           | 375,488             | 98,104                |
| Wastewater                        | 110,509                 | 219,861               | -               | -                   | 12,530              | 317,840             | 87,568              | 39,067            | 76,006            | 202,641             | 115,199               |
| Solid Waste                       | 47,792                  | 146,706               | -               | -                   | 9,283               | 185,215             | 111,283             | 11,763            | 14,434            | 137,480             | 47,735                |
| Convention Center                 | 38,499                  | 17,320                | -               | 45,919              | 2,784               | 98,954              | 43,104              | 3,985             | 19,014            | 66,103              | 32,851                |
| <b>Total Enterprise</b>           | <b>\$ 621,776</b>       | <b>\$ 1,120,758</b>   | <b>\$ -</b>     | <b>\$ 62,638</b>    | <b>\$ 95,412</b>    | <b>\$ 1,709,760</b> | <b>\$ 648,825</b>   | <b>\$ 201,194</b> | <b>\$ 275,708</b> | <b>\$ 1,125,727</b> | <b>\$ 584,033</b>     |
| <b>GRAND TOTAL</b>                | <b>\$ 1,217,206</b>     | <b>\$ 3,222,924</b>   | <b>\$ 2,650</b> | <b>\$ 1,459,636</b> | <b>\$ 1,416,217</b> | <b>\$ 4,486,199</b> | <b>\$ 2,364,842</b> | <b>\$ 380,512</b> | <b>\$ 516,765</b> | <b>\$ 3,262,119</b> | <b>\$ 1,224,080</b>   |

<sup>1/</sup> General fund sales tax revenue is reflected as a transfer from the excise tax fund. Total transfer equates to \$745.8 million, and is included in the General Funds revenue total of \$1,068.5 million shown on Schedule 2.

<sup>2/</sup> The dedicated public safety funds have been severely impacted by declines in sales tax revenues. In November 2010, the Mayor and City Council adopted a plan to balance these funds as soon as possible using an attrition based approach. This plan is modified annually to account for changes in attrition and revised revenue forecasts. In FY 2016-17 staff plans to rebalance each fund to ensure a positive fund balance by year-end.

<sup>3/</sup> The Transportation 2050 sales tax (Proposition 104) was established by the voters effective January 1, 2016 and increased the Transit 2000 sales tax (Proposition 2000) to fund a comprehensive transportation plan with a 35 year sunset date. The Proposition increased the transaction privilege (sales) tax rates by 0.3% for various business activities.



**2016-17 SCHEDULE 1  
RESOURCES AND EXPENDITURES BY FUND  
BUDGET  
(In Thousands of Dollars)**



|                                   | Resources               |                       |                 |                     |                     | Expenditures        |                     |                   |                   |                     | Ending Fund Balances  |
|-----------------------------------|-------------------------|-----------------------|-----------------|---------------------|---------------------|---------------------|---------------------|-------------------|-------------------|---------------------|-----------------------|
|                                   | Beginning Fund Balances | Revenue <sup>1/</sup> | Recovery        | Fund Transfer       |                     | Total               | Operating           | Capital           | Debt              |                     |                       |
|                                   |                         |                       |                 | To                  | From                |                     |                     |                   | Service           | Total               |                       |
| <b>General Funds:</b>             |                         |                       |                 |                     |                     |                     |                     |                   |                   |                     |                       |
| General                           | \$ 102,046              | \$ 260,430            | \$ 1,000        | \$ 861,109          | \$ 133,751          | \$ 1,090,834        | \$ 1,081,108        | \$ 9,726          | \$ -              | \$ 1,090,834        | \$ -                  |
| Parks and Recreation              | -                       | 16,510                | -               | 74,881              | -                   | 91,391              | 91,391              | -                 | -                 | 91,391              | -                     |
| Library                           | -                       | 37,166                | -               | 63                  | 1,747               | 35,482              | 35,282              | 200               | -                 | 35,482              | -                     |
| Cable Communications              | -                       | 10,090                | -               | -                   | 5,589               | 4,501               | 4,501               | -                 | -                 | 4,501               | -                     |
| <b>Total General</b>              | <b>\$ 102,046</b>       | <b>\$ 324,196</b>     | <b>\$ 1,000</b> | <b>\$ 936,053</b>   | <b>\$ 141,087</b>   | <b>\$ 1,222,208</b> | <b>\$ 1,212,282</b> | <b>\$ 9,926</b>   | <b>\$ -</b>       | <b>\$ 1,222,208</b> | <b>\$ -</b>           |
| <b>Special Revenue Funds:</b>     |                         |                       |                 |                     |                     |                     |                     |                   |                   |                     |                       |
| Excise Tax                        | \$ -                    | \$ 1,211,934          | \$ -            | \$ -                | \$ 1,211,934        | \$ -                | \$ -                | \$ -              | \$ -              | \$ -                | \$ -                  |
| Nghbrhd Protection-Police         | 6,348                   | 23                    | -               | 20,744              | 215                 | 26,900              | 19,503              | -                 | -                 | 19,503              | 7,397                 |
| Nghbrhd Protection-Fire           | 6,988                   | 80                    | -               | 7,413               | 7                   | 14,474              | 11,156              | 1,290             | -                 | 12,446              | 2,028                 |
| Nghbrhd Protection-Block Watch    | 2,951                   | 192                   | -               | 1,481               | 1                   | 4,623               | 1,250               | -                 | -                 | 1,250               | 3,373                 |
| 2007 Public Safety Exp-Police     | (1,699)                 | 25                    | -               | 47,415              | 450                 | 45,291              | 48,295              | -                 | -                 | 48,295              | (3,004) <sup>2/</sup> |
| 2007 Public Safety Exp-Fire       | 1,299                   | 20                    | -               | 11,854              | 76                  | 13,097              | 14,794              | 1,290             | -                 | 16,084              | (2,987) <sup>2/</sup> |
| Public Safety Enhance-Police      | 1,320                   | -                     | -               | 16,592              | 206                 | 17,706              | 14,060              | -                 | -                 | 14,060              | 3,646                 |
| Public Safety Enhance-Fire        | 2,341                   | -                     | -               | 10,169              | -                   | 12,510              | 10,334              | 1,289             | -                 | 11,623              | 887                   |
| Parks and Preserves               | 40,644                  | 358                   | 50              | 29,634              | 26                  | 70,660              | 4,017               | 55,057            | -                 | 59,074              | 11,586                |
| Transit 2000 <sup>3/</sup>        | 166,860                 | 1,688                 | 2,000           | -                   | 25,236              | 145,312             | 141,722             | 220               | -                 | 141,942             | 3,370                 |
| Transportation 2050 <sup>3/</sup> | 87,503                  | 54,750                | -               | 211,782             | 38,028              | 316,007             | 66,798              | 62,340            | -                 | 129,138             | 186,869               |
| Court Awards                      | 4,872                   | 4,089                 | -               | -                   | -                   | 8,961               | 4,089               | 900               | -                 | 4,989               | 3,972                 |
| Development Services              | 36,317                  | 47,058                | -               | -                   | 3,064               | 80,311              | 52,524              | 357               | -                 | 52,881              | 27,430                |
| Capital Construction              | 3,602                   | 50                    | 450             | 12,001              | -                   | 16,103              | 200                 | 13,541            | -                 | 13,741              | 2,362                 |
| Sports Facilities                 | 20,817                  | 8,816                 | -               | 19,728              | 275                 | 49,086              | 2,260               | 250               | 18,795            | 21,305              | 27,781                |
| AZ Highway User Revenue           | 65,177                  | 116,542               | 500             | -                   | 5,000               | 177,219             | 51,356              | 95,975            | -                 | 147,331             | 29,888                |
| Regional Transit                  | 9,548                   | 48,139                | -               | -                   | -                   | 57,687              | 29,366              | 28,321            | -                 | 57,687              | -                     |
| Community Reinvestment            | 10,860                  | 5,414                 | -               | -                   | 2,064               | 14,210              | 432                 | 7,057             | -                 | 7,489               | 6,721                 |
| Secondary Property Tax            | 100                     | 95,364                | -               | 31,763              | -                   | 127,227             | -                   | -                 | 127,127           | 127,127             | 100                   |
| Impact Fee Program Admin          | 939                     | 326                   | -               | -                   | -                   | 1,265               | 472                 | -                 | -                 | 472                 | 793                   |
| Regional Wireless Cooperative     | 2,065                   | 4,967                 | -               | -                   | -                   | 7,032               | 5,085               | -                 | -                 | 5,085               | 1,947                 |
| Golf Course                       | 447                     | 6,020                 | -               | -                   | -                   | 6,467               | 5,685               | -                 | -                 | 5,685               | 782                   |
| City Improvement                  | 6                       | -                     | -               | 103,540             | 1,026               | 102,520             | -                   | -                 | 102,514           | 102,514             | 6                     |
| Other Restricted Funds            | 57,485                  | 29,627                | -               | 23,512              | 1,733               | 108,891             | 50,613              | 15,819            | -                 | 66,432              | 42,459                |
| Grant Funds                       | 11,211                  | 292,016               | -               | -                   | 376                 | 302,851             | 210,617             | 90,470            | -                 | 301,087             | 1,764                 |
| <b>Total Special Revenue</b>      | <b>\$ 538,001</b>       | <b>\$ 1,927,498</b>   | <b>\$ 3,000</b> | <b>\$ 547,628</b>   | <b>\$ 1,289,717</b> | <b>\$ 1,726,410</b> | <b>\$ 744,628</b>   | <b>\$ 374,176</b> | <b>\$ 248,436</b> | <b>\$ 1,367,240</b> | <b>\$ 359,170</b>     |
| <b>Enterprise Funds:</b>          |                         |                       |                 |                     |                     |                     |                     |                   |                   |                     |                       |
| Aviation                          | \$ 290,144              | \$ 341,495            | \$ -            | \$ 15,000           | \$ 8,352            | \$ 638,287          | \$ 260,810          | \$ 68,781         | \$ 54,957         | \$ 384,548          | \$ 253,739            |
| Water                             | 98,104                  | 420,996               | -               | -                   | 19,971              | 499,129             | 195,203             | 172,582           | 113,355           | 481,140             | 17,989                |
| Wastewater                        | 115,199                 | 223,815               | -               | -                   | 12,706              | 326,308             | 104,777             | 69,664            | 70,736            | 245,177             | 81,131                |
| Solid Waste                       | 47,735                  | 147,788               | -               | -                   | 9,307               | 186,216             | 133,768             | 38,388            | 13,086            | 185,242             | 974                   |
| Convention Center                 | 32,851                  | 17,521                | -               | 46,726              | 2,705               | 94,393              | 49,148              | 2,514             | 19,766            | 71,428              | 22,965                |
| <b>Total Enterprise</b>           | <b>\$ 584,033</b>       | <b>\$ 1,151,615</b>   | <b>\$ -</b>     | <b>\$ 61,726</b>    | <b>\$ 53,041</b>    | <b>\$ 1,744,333</b> | <b>\$ 743,706</b>   | <b>\$ 351,929</b> | <b>\$ 271,900</b> | <b>\$ 1,367,535</b> | <b>\$ 376,798</b>     |
| <b>GRAND TOTAL</b>                | <b>\$ 1,224,080</b>     | <b>\$ 3,403,309</b>   | <b>\$ 4,000</b> | <b>\$ 1,545,407</b> | <b>\$ 1,483,845</b> | <b>\$ 4,692,951</b> | <b>\$ 2,700,616</b> | <b>\$ 736,031</b> | <b>\$ 520,336</b> | <b>\$ 3,956,983</b> | <b>\$ 735,968</b>     |

<sup>1/</sup> General fund sales tax revenue is reflected as a transfer from the excise tax fund. Total transfer equates to \$777.7 million, and is included in the General Funds revenue total of \$1,101.9 million shown on Schedule 2.

<sup>2/</sup> The dedicated public safety funds have been severely impacted by declines in sales tax revenues. In November 2010, the Mayor and City Council adopted a plan to balance these funds as soon as possible using an attrition based approach. This plan is modified annually to account for changes in attrition and revised revenue forecasts. In FY 2016-17 staff plans to rebalance each fund to ensure a positive fund balance by year-end.

<sup>3/</sup> The Transportation 2050 sales tax (Proposition 104) was established by the voters effective January 1, 2016 and increased the Transit 2000 sales tax (Proposition 2000) to fund a comprehensive transportation plan with a 35 year sunset date. The Proposition increased the transaction privilege (sales) tax rates by 0.3% for various business activities.



**SCHEDULE 2: REVENUES BY MAJOR SOURCE**

(In Thousands of Dollars)

| Revenue Source                      | 2014-15<br>Actual | 2015-16<br>Estimate | Increase/(Decrease)<br>From 2014-15 Actual |         | 2016-17<br>Budget | Increase/(Decrease)<br>From 2015-16 Estimate |         |  |
|-------------------------------------|-------------------|---------------------|--|---------|-------------------|--|---------|--|
|                                     |                   |                     | Amount                                     | Percent |                   | Amount                                       | Percent |  |
| <b>GENERAL FUND</b>                 |                   |                     |  |         |                   |  |         |  |
| <b>Local Taxes and Related Fees</b> | \$ 426,665        | \$ 431,246          | \$ 4,581                                   | 1.1%    | \$ 445,986        | \$ 14,740                                    | 3.4%    |  |
| <b>State-Shared Revenues</b>        |                   |                     |  |         |                   |  |         |  |
| Sales Tax                           | 132,218           | 137,502             | 5,284                                      | 4.0%    | 141,696           | 4,194  | 3.1%    |  |
| State Income Tax                    | 175,184           | 174,234             | (950)                                      | -0.5%   | 187,210           | 12,976                                       | 7.4%    |  |
| Vehicle License Tax                 | 55,293            | 58,600              | 3,307                                      | 6.0%    | 61,042            | 2,442  | 4.2%    |  |
| Subtotal                            | \$ 362,695        | \$ 370,336          | \$ 7,641                                   | 2.1%    | \$ 389,948        | \$ 19,612                                    | 5.3%    |  |
| <b>Primary Property Tax</b>         | \$ 138,244        | \$ 140,363          | \$ 2,119                                   | 1.5%    | \$ 145,141        | \$ 4,778                                     | 3.4%    |  |
| <b>User Fees/Other Revenue</b>      |                   |                     |  |         |                   |  |         |  |
| Licenses & Permits                  | 2,783             | 2,788               | 5  | 0.2%    | 2,786             | (2)  | -0.1%   |  |
| Cable Communications                | 9,574             | 9,772               | 198  | 2.1%    | 10,090            | 318  | 3.3%    |  |
| Fines and Forfeitures               | 15,676            | 14,320              | (1,356)                                    | -8.7%   | 14,327            | 7  | 0.0%    |  |
| Court Default Fee                   | 897               | 915                 | 18   | 2.0%    | 915               | -  | 0.0%    |  |
| Fire                                | 46,479            | 50,366              | 3,887                                      | 8.4%    | 45,449            | (4,917)                                      | -9.8%   |  |
| Hazardous Materials Inspection Fee  | 1,312             | 1,500               | 188  | 14.3%   | 1,550             | 50   | 3.3%    |  |
| Library Fees                        | 947               | 673                 | (274)                                      | -28.9%  | 672               | (1)  | -0.1%   |  |
| Parks and Recreation                | 7,990             | 7,698               | (292)                                      | -3.7%   | 7,818             | 120  | 1.6%    |  |
| Planning                            | 1,312             | 1,630               | 318  | 24.2%   | 1,680             | 50   | 3.1%    |  |
| Police                              | 14,687            | 13,855              | (832)                                      | -5.7%   | 13,803            | (52)   | -0.4%   |  |
| Street Transportation               | 4,672             | 3,514               | (1,158)                                    | -24.8%  | 3,477             | (37)   | -1.1%   |  |
| Other Service Charges               | 14,710            | 16,782              | 2,072                                      | 14.1%   | 15,697            | (1,085)                                      | -6.5%   |  |
| Other                               | 3,946             | 2,722               | (1,224)                                    | -31.0%  | 2,535             | (187)  | -6.9%   |  |
| Subtotal                            | \$ 124,985        | \$ 126,535          | \$ 1,550                                   | 1.2%    | \$ 120,799        | \$ (5,736)                                   | -4.5%   |  |
| <b>Total General Funds</b>          | \$ 1,052,589      | \$ 1,068,480        | \$ 15,891                                  | 1.5%    | \$ 1,101,874      | \$ 33,394                                    | 3.1%    |  |





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

| Revenue Source                        | 2014-15<br>Actual   | 2015-16<br>Estimate | Increase/(Decrease)<br>From 2014-15 Actual |              | 2016-17<br>Budget   | Increase/(Decrease)<br>From 2015-16 Estimate |              |  |
|---------------------------------------|---------------------|---------------------|--|--------------|---------------------|--|--------------|--|
|                                       |                     |                     | Amount                                     | Percent      |                     | Amount                                       | Percent      |  |
| <b>SPECIAL REVENUE FUNDS</b>          |                     |                     |  |              |                     |  |              |  |
| Neighborhood Protection               | \$ 30,150           | \$ 28,801           | \$ (1,349)                                 | -4.5%        | \$ 29,933           | \$ 1,132                                     | 3.9%         |  |
| 2007 Public Safety Expansion          | 59,650              | 56,957              | (2,693)                                    | -4.5%        | 59,314              | 2,357  | 4.1%         |  |
| Public Safety Enhancement             | 25,076              | 25,723              | 647  | 2.6%         | 26,761              | 1,038  | 4.0%         |  |
| Parks and Preserves                   | 30,253              | 28,831              | (1,422)                                    | -4.7%        | 29,992              | 1,161  | 4.0%         |  |
| Transit 2000 <sup>1/</sup>            | 164,967             | 111,492             | (53,475)                                   | -32.4%       | 1,688               | (109,804)                                    | -98.5%       |  |
| Transporation 2050 <sup>1/</sup>      | -                   | 100,614             | 100,614                                    | -            | 261,532             | 160,918                                      | 159.9%       |  |
| Court Awards                          | 7,774               | 7,900               | 126  | 1.6%         | 4,089               | (3,811)                                      | -48.2%       |  |
| Development Services                  | 42,633              | 46,686              | 4,053                                      | 9.5%         | 47,058              | 372  | 0.8%         |  |
| Capital Construction                  | 14,350              | 12,530              | (1,820)                                    | -12.7%       | 12,051              | (479)  | -3.8%        |  |
| Sports Facilities                     | 17,351              | 26,548              | 9,197                                      | 53.0%        | 27,518              | 970  | 3.7%         |  |
| Arizona Highway User Revenue          | 112,307             | 114,561             | 2,254                                      | 2.0%         | 116,542             | 1,981  | 1.7%         |  |
| Regional Transit Revenues             | 31,477              | 65,543              | 34,066                                     | 108.2%       | 48,139              | (17,404)                                     | -26.6%       |  |
| Community Reinvestment                | 5,047               | 4,780               | (267)                                      | -5.3%        | 5,414               | 634  | 13.3%        |  |
| Secondary Property Tax                | 54,283              | 54,821              | 538  | 1.0%         | 95,364              | 40,543                                       | 74.0%        |  |
| Regional Wireless Cooperative         | 4,814               | 5,036               | 222  | 4.6%         | 4,967               | (69)   | -1.4%        |  |
| Golf Courses                          | 6,217               | 6,103               | (114)                                      | -1.8%        | 6,020               | (83)   | -1.4%        |  |
| Impact Fee Program Administration     | 272                 | 310                 | 38   | 14.0%        | 326                 | 16   | 5.2%         |  |
| Other Restricted Revenues             | 29,197              | 33,012              | 3,815                                      | 13.1%        | 34,370              | 1,358  | 4.1%         |  |
| <b>Grants</b>                         |                     |                     |  |              |                     |  |              |  |
| Public Housing Grants                 | 77,453              | 89,270              | 11,817                                     | 15.3%        | 87,049              | (2,221)                                      | -2.5%        |  |
| Human Services Grants                 | 29,249              | 48,522              | 19,273                                     | 65.9%        | 43,100              | (5,422)                                      | -11.2%       |  |
| Community Development                 | 22,564              | 19,936              | (2,628)                                    | -11.6%       | 39,983              | 20,047                                       | 100.6%       |  |
| Criminal Justice                      | 7,825               | 8,961               | 1,136                                      | 14.5%        | 4,827               | (4,134)                                      | -46.1%       |  |
| Public Transit Grants                 | 58,552              | 59,953              | 1,401                                      | 2.4%         | 82,259              | 22,306                                       | 37.2%        |  |
| Other Grants                          | 38,036              | 30,877              | (7,159)                                    | -18.8%       | 34,798              | 3,921  | 12.7%        |  |
| Subtotal - Grants                     | \$ 233,679          | \$ 257,519          | \$ 23,840                                  | 10.2%        | \$ 292,016          | \$ 34,497                                    | 13.4%        |  |
| <b>Subtotal Special Revenue Funds</b> | <b>\$ 869,497</b>   | <b>\$ 987,767</b>   | <b>\$ 118,270</b>                          | <b>13.6%</b> | <b>\$ 1,103,094</b> | <b>\$ 115,327</b>                            | <b>11.7%</b> |  |
| <b>ENTERPRISE FUNDS</b>               |                     |                     |  |              |                     |  |              |  |
| Aviation                              | 339,733             | 341,256             | 1,523                                      | 0.4%         | 341,495             | 239  | 0.1%         |  |
| Water System                          | 370,886             | 395,615             | 24,729                                     | 6.7%         | 420,996             | 25,381                                       | 6.4%         |  |
| Wastewater System                     | 211,389             | 219,861             | 8,472                                      | 4.0%         | 223,815             | 3,954  | 1.8%         |  |
| Solid Waste                           | 148,384             | 146,706             | (1,678)                                    | -1.1%        | 147,788             | 1,082  | 0.7%         |  |
| Convention Center                     | 68,567              | 63,239              | (5,328)                                    | -7.8%        | 64,247              | 1,008  | 1.6%         |  |
| <b>Subtotal Enterprise Funds</b>      | <b>\$ 1,138,959</b> | <b>\$ 1,166,677</b> | <b>\$ 27,718</b>                           | <b>2.4%</b>  | <b>\$ 1,198,341</b> | <b>\$ 31,664</b>                             | <b>2.7%</b>  |  |
| <b>GRAND TOTAL</b>                    | <b>\$ 3,061,045</b> | <b>\$ 3,222,924</b> | <b>\$ 161,879</b>                          | <b>5.3%</b>  | <b>\$ 3,403,309</b> | <b>\$ 180,385</b>                            | <b>5.6%</b>  |  |

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





**SCHEDULE 3**  
**EXPENDITURES BY DEPARTMENT <sup>1</sup>**  
(In Thousands of Dollars)

| Program                            | 2014-15<br>Actual | 2015-16           |                   | 2016-17<br>Budget | Percent Change<br>from 2015-16 |              |  |
|------------------------------------|-------------------|-------------------|-------------------|-------------------|--------------------------------|--------------|--|
|                                    |                   | Budget            | Estimate          |                   | Budget                         | Estimate     |  |
| <b>General Government</b>          |                   |                   |                   |                   |                                |              |  |
| Mayor                              | \$ 1,460          | \$ 1,831          | \$ 1,831          | 1,831             | 0.0%                           | 0.0%         |  |
| City Council                       | 3,221             | 3,536             | 3,537             | 3,537             | 0.0%                           | 0.0%         |  |
| City Manager                       | 2,461             | 2,536             | 2,476             | 2,434             | (4.0%)                         | (1.7%)       |  |
| Government Relations               | 919               | 1,064             | 1,068             | 1,106             | 3.9%                           | 3.6%         |  |
| Communications Office              | 2,251             | 2,293             | 2,115             | 2,313             | 0.9%                           | 9.4%         |  |
| City Auditor                       | 2,036             | 2,440             | 2,450             | 2,777             | 13.8%                          | 13.3%        |  |
| Equal Opportunity                  | 2,655             | 2,811             | 2,731             | 2,993             | 6.5%                           | 9.6%         |  |
| Human Resources                    | 10,238            | 11,018            | 12,141            | 12,094            | 9.8%                           | (0.4%)       |  |
| Phoenix Employment Relations Board | 57                | 84                | 84                | 91                | 8.3%                           | 8.3%         |  |
| Regional Wireless Cooperative      | 4,065             | 5,004             | 5,852             | 5,085             | 1.6%                           | (13.1%)      |  |
| Retirement Systems                 | -                 | -                 | -                 | -                 | -                              | -            |  |
| Law                                | 4,339             | 4,843             | 5,213             | 5,823             | 20.2%                          | 11.7%        |  |
| Information Technology             | 35,322            | 37,509            | 37,074            | 39,032            | 4.1%                           | 5.3%         |  |
| City Clerk and Elections           | 4,003             | 5,070             | 4,761             | 4,732             | (6.7%)                         | (0.6%)       |  |
| Finance                            | 19,205            | 33,347            | 32,640            | 35,267            | 5.8%                           | 8.0%         |  |
| Budget and Research                | 2,742             | 3,057             | 2,726             | 3,281             | 7.3%                           | 20.4%        |  |
| <b>Total General Government</b>    | <b>\$ 94,974</b>  | <b>\$ 116,443</b> | <b>\$ 116,699</b> | <b>\$ 122,396</b> | <b>5.1%</b>                    | <b>4.9%</b>  |  |
| <b>Public Safety</b>               |                   |                   |                   |                   |                                |              |  |
| Police                             | \$ 549,531        | \$ 572,949        | \$ 573,460        | \$ 613,942        | 7.2%                           | 7.1%         |  |
| Fire                               | 291,568           | 312,745           | 304,601           | 319,414           | 2.1%                           | 4.9%         |  |
| Emergency Management               | 717               | 649               | 588               | 818               | 26.0%                          | 39.1%        |  |
| <b>Total Public Safety</b>         | <b>\$ 841,816</b> | <b>\$ 886,343</b> | <b>\$ 878,649</b> | <b>\$ 934,174</b> | <b>5.4%</b>                    | <b>6.3%</b>  |  |
| <b>Criminal Justice</b>            |                   |                   |                   |                   |                                |              |  |
| Municipal Court                    | \$ 34,431         | \$ 40,705         | \$ 40,274         | \$ 43,023         | 5.7%                           | 6.8%         |  |
| City Prosecutor                    | 13,720            | 15,196            | 14,428            | 15,351            | 1.0%                           | 6.4%         |  |
| Public Defender                    | 4,834             | 5,081             | 5,025             | 5,094             | 0.3%                           | 1.4%         |  |
| <b>Total Criminal Justice</b>      | <b>\$ 52,985</b>  | <b>\$ 60,982</b>  | <b>\$ 59,727</b>  | <b>\$ 63,468</b>  | <b>4.1%</b>                    | <b>6.3%</b>  |  |
| <b>Transportation</b>              |                   |                   |                   |                   |                                |              |  |
| Street Transportation              | \$ 66,955         | \$ 71,444         | \$ 69,222         | \$ 74,836         | 4.7%                           | 8.1%         |  |
| Aviation                           | 225,583           | 236,851           | 233,773           | 246,108           | 3.9%                           | 5.3%         |  |
| Public Transit                     | 239,575           | 263,299           | 256,133           | 296,267           | 12.5%                          | 15.7%        |  |
| <b>Total Transportation</b>        | <b>\$ 532,113</b> | <b>\$ 571,594</b> | <b>\$ 559,128</b> | <b>\$ 617,211</b> | <b>8.0%</b>                    | <b>10.4%</b> |  |





**SCHEDULE 3 (continued)**  
**EXPENDITURES BY DEPARTMENT <sup>1</sup>**  
(In Thousands of Dollars)

| Program                             | 2014-15<br>Actual   | 2015-16             |                     | 2016-17<br>Budget   | Percent Change<br>from 2015-16 |              |  |
|-------------------------------------|---------------------|---------------------|---------------------|---------------------|--------------------------------|--------------|--|
|                                     |                     | Budget              | Estimate            |                     | Budget                         | Estimate     |  |
| <b>Community Development</b>        |                     |                     |                     |                     |                                |              |  |
| Planning and Development            | \$ 39,443           | \$ 46,258           | \$ 45,037           | \$ 53,383           | 15.4%                          | 18.5%        |  |
| Housing                             | 79,004              | 89,697              | 87,971              | 91,470              | 2.0%                           | 4.0%         |  |
| Community and Economic Development  | 26,366              | 29,497              | 29,163              | 30,488              | 3.4%                           | 4.5%         |  |
| Neighborhood Services               | 32,683              | 56,192              | 34,031              | 56,636              | 0.8%                           | 66.4%        |  |
| PCDIC                               | -                   | 776                 | 710                 | 965                 | 24.4%                          | 35.9%        |  |
| <b>Total Community Development</b>  | <b>\$ 177,496</b>   | <b>\$ 222,420</b>   | <b>\$ 196,912</b>   | <b>\$ 232,942</b>   | <b>4.7%</b>                    | <b>18.3%</b> |  |
| <b>Community Enrichment</b>         |                     |                     |                     |                     |                                |              |  |
| Parks and Recreation                | \$ 99,056           | \$ 107,016          | \$ 102,556          | \$ 106,581          | (0.4%)                         | 3.9%         |  |
| Library                             | 34,727              | 35,778              | 34,763              | 35,787              | 0.0%                           | 2.9%         |  |
| Phoenix Convention Center           | 42,058              | 45,667              | 44,703              | 48,164              | 5.5%                           | 7.7%         |  |
| Human Services                      | 55,928              | 62,030              | 67,126              | 63,046              | 1.6%                           | (6.1%)       |  |
| Office of Arts and Culture          | 1,451               | 3,968               | 3,953               | 4,126               | 3.9%                           | 4.4%         |  |
| <b>Total Community Enrichment</b>   | <b>\$ 233,220</b>   | <b>\$ 254,459</b>   | <b>\$ 253,101</b>   | <b>\$ 257,704</b>   | <b>1.3%</b>                    | <b>1.8%</b>  |  |
| <b>Environmental Services</b>       |                     |                     |                     |                     |                                |              |  |
| Water                               | \$ 241,235          | \$ 266,725          | \$ 259,100          | \$ 285,526          | 7.0%                           | 10.2%        |  |
| Solid Waste Management              | 107,370             | 121,013             | 110,932             | 131,350             | 8.5%                           | 18.4%        |  |
| Public Works                        | 20,898              | 22,323              | 20,918              | 21,872              | (2.0%)                         | 4.6%         |  |
| Environmental Programs              | 1,010               | 1,113               | 1,235               | 1,417               | 27.3%                          | 14.7%        |  |
| Office of Sustainability            | -                   | 293                 | 382                 | 424                 | 44.7%                          | 11.0%        |  |
| <b>Total Environmental Services</b> | <b>\$ 370,513</b>   | <b>\$ 411,467</b>   | <b>\$ 392,567</b>   | <b>\$ 440,589</b>   | <b>7.1%</b>                    | <b>12.2%</b> |  |
| <b>Contingencies</b>                | <b>\$ -</b>         | <b>\$ 139,900</b>   | <b>\$ -</b>         | <b>\$ 134,646</b>   | <b>(3.8%)</b>                  | <b>-</b>     |  |
| <b>GRAND TOTAL</b>                  | <b>\$ 2,303,117</b> | <b>\$ 2,663,608</b> | <b>\$ 2,456,783</b> | <b>\$ 2,803,130</b> | <b>5.2%</b>                    | <b>14.1%</b> |  |

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





**SCHEDULE 4**  
**2016-2017 EXPENDITURES BY DEPARTMENT <sup>1</sup>**  
**BY SOURCE OF FUNDS**  
(In Thousands of Dollars)

| Program                            | Total             | General<br>Funds  | Enterprise<br>Funds | Special<br>Revenue<br>Funds <sup>1</sup> |
|------------------------------------|-------------------|-------------------|---------------------|--|
| <b>General Government</b>          |                   |                   |                     |  |
| Mayor                              | \$ 1,831          | \$ 1,831          | \$ -                | \$ -                                     |
| City Council                       | 3,537             | 3,537             | -                   | -  |
| City Manager                       | 2,434             | 2,361             | 63                  | 10                                       |
| Government Relations               | 1,106             | 1,106             | -                   | -  |
| Communications Office              | 2,313             | 1,959             | -                   | 354                                      |
| City Auditor                       | 2,777             | 2,777             | -                   | -  |
| Equal Opportunity                  | 2,993             | 2,552             | -                   | 441                                      |
| Human Resources                    | 12,094            | 10,744            | -                   | 1,350                                    |
| Phoenix Employment Relations Board | 91                | 91                | -                   | -  |
| Regional Wireless Cooperative      | 5,085             | -                 | -                   | 5,085                                    |
| Retirement Systems                 | -                 | -                 | -                   | -  |
| Law                                | 5,823             | 5,823             | -                   | -  |
| Information Technology             | 39,032            | 36,081            | 896                 | 2,055                                    |
| City Clerk and Elections           | 4,732             | 4,713             | -                   | 19                                       |
| Finance                            | 35,267            | 23,273            | 2,398               | 9,596                                    |
| Budget and Research                | 3,281             | 3,281             | -                   | -  |
| <b>Total General Government</b>    | <b>\$ 122,396</b> | <b>\$ 100,129</b> | <b>\$ 3,357</b>     | <b>\$ 18,910</b>                         |
| <b>Public Safety</b>               |                   |                   |                     |  |
| Police                             | \$ 613,942        | \$ 498,786        | \$ -                | \$ 115,156                               |
| Fire                               | 319,414           | 273,282           | -                   | 46,132                                   |
| Emergency Management               | 818               | 93                | -                   | 725                                      |
| <b>Total Public Safety</b>         | <b>\$ 934,174</b> | <b>\$ 772,161</b> | <b>\$ -</b>         | <b>\$ 162,013</b>                        |
| <b>Criminal Justice</b>            |                   |                   |                     |  |
| Municipal Court                    | \$ 43,023         | \$ 28,112         | \$ -                | \$ 14,911                                |
| City Prosecutor                    | 15,351            | 14,443            | -                   | 908                                      |
| Public Defender                    | 5,094             | 5,094             | -                   | -  |
| <b>Total Criminal Justice</b>      | <b>\$ 63,468</b>  | <b>\$ 47,649</b>  | <b>\$ -</b>         | <b>\$ 15,819</b>                         |
| <b>Transportation</b>              |                   |                   |                     |  |
| Street Transportation              | \$ 74,836         | \$ 20,272         | \$ -                | \$ 54,564                                |
| Aviation                           | 246,108           | -                 | 246,108             | -  |
| Public Transit                     | 296,267           | 1,652             | -                   | 294,615                                  |
| <b>Total Transportation</b>        | <b>\$ 617,211</b> | <b>\$ 21,924</b>  | <b>\$ 246,108</b>   | <b>\$ 349,179</b>                        |





**SCHEDULE 4 (continued)**  
**2016-2017 EXPENDITURES BY DEPARTMENT <sup>1</sup>**  
**BY SOURCE OF FUNDS**  
(In Thousands of Dollars)

| Program                             | Total               | General<br>Funds    | Enterprise<br>Funds | Special<br>Revenue<br>Funds <sup>1</sup> |
|-------------------------------------|---------------------|---------------------|---------------------|--|
| <b>Community Development</b>        |                     |                     |                     |  |
| Planning and Development Services   | \$ 53,383           | \$ 4,321            | \$ -                | \$ 49,062                                |
| Housing                             | 91,470              | 55                  | -                   | 91,415                                   |
| Community and Economic Development  | 30,488              | 5,065               | 611                 | 24,812                                   |
| Neighborhood Services               | 56,636              | 12,114              | -                   | 44,522                                   |
| PCDIC                               | 965                 | -                   | -                   | 965                                      |
| <b>Total Community Development</b>  | <b>\$ 232,942</b>   | <b>\$ 21,555</b>    | <b>\$ 611</b>       | <b>\$ 210,776</b>                        |
| <b>Community Enrichment</b>         |                     |                     |                     |  |
| Parks and Recreation                | \$ 106,581          | \$ 91,391           | \$ -                | \$ 15,190                                |
| Library                             | 35,787              | 35,282              | -                   | 505                                      |
| Phoenix Convention Center           | 48,164              | 1,823               | 45,640              | 701                                      |
| Human Services                      | 63,046              | 18,511              | 351                 | 44,184                                   |
| Office of Arts and Culture          | 4,126               | 4,001               | -                   | 125                                      |
| <b>Total Community Enrichment</b>   | <b>\$ 257,704</b>   | <b>\$ 151,008</b>   | <b>\$ 45,991</b>    | <b>\$ 60,705</b>                         |
| <b>Environmental Services</b>       |                     |                     |                     |  |
| Water                               | \$ 285,526          | \$ -                | \$ 283,461          | \$ 2,065                                 |
| Solid Waste Management              | 131,350             | -                   | 131,350             | -  |
| Public Works                        | 21,872              | 13,617              | -                   | 8,255                                    |
| Environmental Programs              | 1,417               | 669                 | 328                 | 420                                      |
| Office of Sustainability            | 424                 | 424                 | -                   | -  |
| <b>Total Environmental Services</b> | <b>\$ 440,589</b>   | <b>\$ 14,710</b>    | <b>\$ 415,139</b>   | <b>\$ 10,740</b>                         |
| <b>Contingencies</b>                | <b>\$ 134,646</b>   | <b>\$ 83,146</b>    | <b>\$ 32,500</b>    | <b>\$ 19,000</b>                         |
| <b>GRAND TOTAL</b>                  | <b>\$ 2,803,130</b> | <b>\$ 1,212,282</b> | <b>\$ 743,706</b>   | <b>\$ 847,142</b>                        |

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





**SCHEDULE 5: DEBT SERVICE EXPENDITURES**  
**BY PROGRAM, SOURCE OF FUNDS AND TYPE OF EXPENDITURE <sup>2</sup>**  
(In Thousands of Dollars)

| <b>Program</b>                                      | <b>2014-15<br/>Actual</b> | <b>2015-16<br/>Estimate</b> | <b>2016-17<br/>Budget</b> |
|---|---------------------------|-----------------------------|---------------------------|
| Aviation  | \$ 137,636                | \$ 122,333                  | \$ 125,137                |
| Cultural Facilities                                 | 11,355                    | 14,577                      | 15,511                    |
| Economic Development                                | 47,818                    | 58,526                      | 47,970                    |
| Environmental Programs                              | 1,363                     | 1,136                       | 1,140                     |
| Fire Protection                                     | 6,125                     | 4,859                       | 4,529                     |
| Freeway Mitigation                                  | 684                       | 400                         | 342 <sup>1</sup>          |
| Historic Preservation                               | 554                       | 974                         | 712                       |
| Human Services                                      | 2,023                     | 2,082                       | 2,077                     |
| Information Systems                                 | 938                       | 1,913                       | 1,654                     |
| Libraries   | 7,696                     | 7,536                       | 6,436                     |
| Local Streets/Street Improvements/Lighting          | 8,813                     | 5,103                       | 5,086                     |
| Maintenance Service Centers                         | 1,254                     | 1,408                       | 1,279                     |
| Municipal Administration Building                   | 50 <sup>1</sup>           | 895                         | 390                       |
| Neighborhood Preservation & Senior Services Centers | 11,459                    | 12,641                      | 12,646                    |
| Parks & Recreation/Open Space                       | 9,509                     | 11,410                      | 12,564                    |
| Phoenix Convention Center                           | 37,641                    | 39,463                      | 40,215                    |
| Police, Fire and Computer Tech                      | 6,420                     | 3,499 <sup>1</sup>          | 5,394                     |
| Police Protection                                   | 9,869                     | 6,992                       | 6,890                     |
| Public Housing                                      | 3,718                     | 6,326                       | 5,401                     |
| Public Transit                                      | 47,520                    | 50,027                      | 61,008                    |
| Solid Waste Disposal                                | 15,419                    | 14,434                      | 13,086                    |
| Storm Sewer   | 11,996                    | 15,103                      | 15,968                    |
| Street Light Refinancing                            | 6 <sup>1</sup>            | 6 <sup>1</sup>              | 6 <sup>1</sup>            |
| Wastewater  | 58,063                    | 76,006                      | 70,736                    |
| Water   | 113,969                   | 113,290                     | 113,355                   |
| Early Redemption                                    | (66,473)                  | -                           | -                         |
| General Government Nonprofit Corporation Bonds      | 32,921                    | 41,342                      | 41,432                    |
| Bond Issuance Costs                                 | 1,090                     | 2,205                       | 801                       |
| <b>Total Program</b>                                | <b>\$ 519,436</b>         | <b>\$ 614,486</b>           | <b>\$ 611,765</b>         |
| <b>Type of Expenditure</b>                          |                           |                             |                           |
| Principal   | \$ 277,299                | \$ 273,590                  | \$ 295,355                |
| Interest and Other                                  | 242,137                   | 340,896                     | 316,410                   |
| <b>Total Debt Service Expenditures</b>              | <b>\$ 519,436</b>         | <b>\$ 614,486</b>           | <b>\$ 611,765</b>         |





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

| Source of Funds              | 2014-15<br>Actual | 2015-16<br>Estimate | 2016-17<br>Budget |
|------------------------------|-------------------|---------------------|-------------------|
| <u>Operating Funds</u>       |                   |                     |                   |
| Secondary Property Tax       | \$ 54,462         | \$ 126,824          | \$ 127,127        |
| Sports Facilities            | 20,807            | 22,292              | 18,795            |
| City Improvement             |                   |                     |                   |
| General                      | 31,555            | 39,023              | 39,113            |
| Housing                      | 34                | 72                  | 74                |
| Transit 2000                 | 47,520            | 50,069              | 23,022            |
| Transportation 2050          | -                 | -                   | 38,028            |
| Library                      | -                 | 135                 | 135               |
| Other Operating              | 104               | 2,642               | 2,142             |
| Capital Funds <sup>3</sup>   | 1,366             | -                   | -                 |
| Aviation                     | 50,560            | 52,964              | 54,957            |
| Convention Center            | 17,192            | 19,014              | 19,766            |
| Solid Waste                  | 15,419            | 14,434              | 13,086            |
| Wastewater                   | 58,063            | 76,006              | 70,736            |
| Water                        | 113,969           | 113,290             | 113,355           |
| Subtotal Operating Funds     | \$ 411,051        | \$ 516,765          | \$ 520,336        |
| <u>Capital Funds</u>         |                   |                     |                   |
| Nonprofit Corporation Bonds  |                   |                     |                   |
| Aviation                     | \$ 42,210         | \$ 24,426           | \$ 23,520         |
| Convention Center            | 20,449            | 20,450              | 20,449            |
| Other                        | -                 | 7,000               | -                 |
| Water                        | 859               | -                   | -                 |
| Customer Facility Charges    | -                 | 3                   | 3                 |
| Passenger Facility Charges   | 44,867            | 45,842              | 46,657            |
| Capital Reserve              | -                 | -                   | 800               |
| Subtotal Capital Funds       | \$ 108,385        | \$ 97,721           | \$ 91,429         |
| <b>Total Source of Funds</b> | <b>\$ 519,436</b> | <b>\$ 614,486</b>   | <b>\$ 611,765</b> |

<sup>1</sup> Interest only.

<sup>2</sup> Program costs are a combination of principal, interest and other debt related costs unless otherwise noted.

<sup>3</sup> Reflects transfer of capital funds to City Improvement.





**SCHEDULE 6**  
**CAPITAL IMPROVEMENT PROGRAM**  
**FINANCED FROM OPERATING FUNDS**  
(In Thousands of Dollars)

| <b>Program</b>                           | <b>2014-15<br/>Actual</b> | <b>2015-16<br/>Estimate</b> | <b>2016-17<br/>Budget</b> |
|--|---------------------------|-----------------------------|---------------------------|
| Arts and Cultural Facilities             | \$ 9                      | \$ -                        | \$ 44                     |
| Aviation                                 | 16,752                    | 55,685                      | 67,467                    |
| Economic Development                     | 4,896                     | 7,589                       | 11,331                    |
| Energy Conservation                      | 1,175                     | 1,500                       | 1,200                     |
| Facilities Management                    | 2,172                     | 2,281                       | 8,179                     |
| Finance                                  | 967                       | 227                         | 369                       |
| Fire Protection                          | 38                        | 1,108                       | 14,337                    |
| Housing                                  | 5,310                     | 6,353                       | 13,978                    |
| Human Services                           | 6                         | -                           | -                         |
| Information Technology                   | 4,320                     | 5,763                       | 9,263                     |
| Libraries                                | 58                        | 200                         | 200                       |
| Neighborhood Services                    | 127                       | 1,269                       | 1,194                     |
| Parks, Recreation and Mountain Preserves | 14,687                    | 24,122                      | 59,950                    |
| Phoenix Convention Center                | 4,184                     | 4,235                       | 2,764                     |
| Police Protection                        | 555                       | 2,100                       | 900                       |
| Public Transit                           | 65,480                    | 65,457                      | 136,524                   |
| Solid Waste Disposal                     | 21,838                    | 7,991                       | 28,944                    |
| Street Transportation and Drainage       | 56,119                    | 66,190                      | 138,112                   |
| Wastewater                               | 37,578                    | 36,350                      | 66,911                    |
| Water                                    | 114,941                   | 92,092                      | 174,364                   |
| <b>Total</b>                             | <b>\$ 351,212</b>         | <b>\$ 380,512</b>           | <b>\$ 736,031</b>         |

**Source of Funds**

**General Funds:**

|                            |                 |                 |                 |
|----------------------------|-----------------|-----------------|-----------------|
| General                    | \$ 1,351        | \$ 3,920        | \$ 9,726        |
| Library                    | 58              | 200             | 200             |
| <b>Total General Funds</b> | <b>\$ 1,409</b> | <b>\$ 4,120</b> | <b>\$ 9,926</b> |

**Special Revenue Funds:**

|                                    |                   |                   |                   |
|------------------------------------|-------------------|-------------------|-------------------|
| Neighborhood Protection            | \$ -              | \$ -              | \$ 1,290          |
| Public Safety Enhancement          | -                 | -                 | 1,289             |
| Public Safety Expansion            | -                 | -                 | 1,290             |
| Parks and Preserves                | 13,807            | 23,581            | 55,057            |
| Transit 2000                       | 15,208            | 7,295             | 220               |
| Transportation 2050                | -                 | 13,110            | 62,340            |
| Court Awards                       | 155               | 2,100             | 900               |
| Development Services               | 475               | 349               | 357               |
| Capital Construction               | 16,880            | 12,079            | 13,541            |
| Sports Facilities                  | 987               | 250               | 250               |
| Arizona Highway Users Revenue      | 39,066            | 41,629            | 95,975            |
| Regional Transit                   | 13,569            | 13,575            | 28,321            |
| Community Reinvestment             | 5,084             | 4,586             | 7,057             |
| Other Restricted Funds             | 348               | 4,900             | 15,819            |
| Operating Grants                   | 42,867            | 51,744            | 90,470            |
| <b>Total Special Revenue Funds</b> | <b>\$ 148,446</b> | <b>\$ 175,198</b> | <b>\$ 374,176</b> |

**Enterprise Funds:**

|                               |                   |                   |                   |
|-------------------------------|-------------------|-------------------|-------------------|
| Aviation                      | \$ 17,719         | \$ 56,620         | \$ 68,781         |
| Water                         | 116,868           | 89,759            | 172,582           |
| Wastewater                    | 38,892            | 39,067            | 69,664            |
| Solid Waste                   | 25,039            | 11,763            | 38,388            |
| Convention Center             | 2,839             | 3,985             | 2,514             |
| <b>Total Enterprise Funds</b> | <b>\$ 201,357</b> | <b>\$ 201,194</b> | <b>\$ 351,929</b> |

|                              |                   |                   |                   |
|------------------------------|-------------------|-------------------|-------------------|
| <b>Total Operating Funds</b> | <b>\$ 351,212</b> | <b>\$ 380,512</b> | <b>\$ 736,031</b> |
|------------------------------|-------------------|-------------------|-------------------|





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

|                                      | 2014-15<br>Actuals | 2015-16<br>Estimate | 2016-17          |                         |
|--------------------------------------|--------------------|---------------------|------------------|-------------------------|
|                                      |                    |                     | Budget           | Increase/<br>(Decrease) |
| <b>Transfers to the General Fund</b> |                    |                     |                  |                         |
| <b><u>Enterprise Funds</u></b>       |                    |                     |                  |                         |
| Aviation                             |                    |                     |                  |                         |
| Central Service Cost Allocation      | \$ 7,969           | \$ 7,716            | \$ 7,716         | \$ -                    |
| Water Funds                          |                    |                     |                  |                         |
| Central Service Cost Allocation      | 7,556              | 7,051               | 7,051            | -                       |
| In-Lieu Property Taxes               | 11,674             | 12,123              | 12,382           | 259                     |
| Total                                | 19,230             | 19,174              | 19,433           | 259                     |
| Wastewater Funds                     |                    |                     |                  |                         |
| Central Service Cost Allocation      | 5,037              | 4,701               | 4,701            | -                       |
| In-Lieu Property Taxes               | 7,287              | 7,470               | 7,646            | 176                     |
| Total                                | 12,324             | 12,171              | 12,347           | 176                     |
| Solid Waste                          |                    |                     |                  |                         |
| Central Service Cost Allocation      | 6,701              | 6,411               | 6,411            | -                       |
| In-Lieu Property Taxes               | 1,208              | 1,248               | 1,272            | 24                      |
| Total                                | 7,909              | 7,659               | 7,683            | 24                      |
| Convention Center                    |                    |                     |                  |                         |
| Central Service Cost Allocation      | 2,330              | 2,501               | 2,501            | -                       |
| <b>Total From Enterprise Funds</b>   | <b>\$ 49,762</b>   | <b>\$ 49,221</b>    | <b>\$ 49,680</b> | <b>\$ 459</b>           |





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

|   | 2014-15<br>Actuals | 2015-16<br>Estimate | 2016-17           |                         |
|---|--------------------|---------------------|-------------------|-------------------------|
|   |                    |                     | Budget            | Increase/<br>(Decrease) |
| <b>Special Revenue Funds</b>                    |                    |                     |                   |                         |
| Excise  |                    |                     |                   |                         |
| Transfer to General Fund                        | \$ 736,850         | \$ 745,770          | \$ 777,678        | \$ 31,908               |
| Development Services                            |                    |                     |                   |                         |
| Central Service Cost Allocation                 | 2,782              | 2,974               | 2,974             | -                       |
| Sports Facilities                               |                    |                     |                   |                         |
| Central Service Cost Allocation                 | 116                | 196                 | 196               | -                       |
| Phoenix Union Parking Maintenance               | 79                 | 79                  | 79                | -                       |
| Total   | 195                | 275                 | 275               | -                       |
| Public Housing In-Lieu Property Taxes           | 163                | 302                 | 302               | -                       |
| ASU Facilities Operations Fund                  | 779                | 783                 | 779               | (4)                     |
| Downtown Community Reinvestment Fund            | 2,068              | 2,065               | 2,064             | (1)                     |
| T2000 Central Service Costs                     | 766                | 725                 | 725               | -                       |
| Neighborhood Protection Central Service Costs   | 196                | 197                 | 197               | -                       |
| Public Safety Enhancement Central Service Costs | 204                | 206                 | 206               | -                       |
| Public Safety Expansion Central Service Costs   | 536                | 474                 | 474               | -                       |
| Housing Central Office Central Service Costs    | 270                | 222                 | 222               | -                       |
| Other Restricted - Sale of Land                 | 346                | 1,447               | 669               | (778)                   |
| Library Reserve Fund                            | -                  | -                   | 63                | 63                      |
| Arizona Highway User Revenue Capital Reserve    | -                  | -                   | 2,600             | 2,600                   |
| Workers Compensation Fund                       | -                  | -                   | 15,000            | 15,000                  |
| <b>Total From Special Revenue Funds</b>         | <b>\$ 745,155</b>  | <b>\$ 755,440</b>   | <b>\$ 804,228</b> | <b>\$ 48,788</b>        |
| <b>Total Transfers to the General Fund</b>      | <b>\$ 794,917</b>  | <b>\$ 804,661</b>   | <b>\$ 853,908</b> | <b>\$ 49,247</b>        |
| <b>Transfers from the General Fund</b>          |                    |                     |                   |                         |
| Arizona Highway User Revenue Reimbursement      | \$ 1,009           | \$ 290              | \$ -              | \$ (290)                |
| Strategic Economic Development Fund             | -                  | 336                 | 1,250             | 914                     |
| Public Safety Other Restricted Fund             | -                  | 16,000              | 16,000            | -                       |
| Other Restricted                                | -                  | -                   | 213               | 213                     |
| Regional Wireless Cooperative L/P Fund          | 3,684              | -                   | -                 | -                       |
| Library Reserve Fund                            | 842                | 259                 | -                 | (259)                   |
| Change for Phoenix Fund                         | 8                  | -                   | -                 | -                       |
| Retiree Rate Stabilization Fund                 | 1,024              | 1,024               | 1,026             | 2                       |
| Infrastructure Repayment Agreements             | 252                | 1,323               | 1,205             | (118)                   |
| City Improvement - Library                      | -                  | 135                 | 135               | -                       |
| City Improvement                                | 31,555             | 39,023              | 39,113            | 90                      |
| <b>Total Transfers from the General Fund</b>    | <b>\$ 38,374</b>   | <b>\$ 58,390</b>    | <b>\$ 58,942</b>  | <b>\$ 552</b>           |
| <b>Net Transfers to the General Fund</b>        | <b>\$ 756,543</b>  | <b>\$ 746,271</b>   | <b>\$ 794,966</b> | <b>\$ 48,695</b>        |





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

| Program                            | 2014-15<br>Actual | 2015-16<br>Estimate | <sup>1/</sup> Additions/Reductions |               | 2016-17<br>Allowances Ending |
|------------------------------------|-------------------|---------------------|------------------------------------|---------------|------------------------------|
|                                    |                   |                     | 2015-16                            | 2016-17       | June 30,2017<br>Authorized   |
| <b>General Government</b>          |                   |                     |                                    |               |                              |
| Mayor                              | 12.5              | 12.5                | -                                  | -             | 12.5                         |
| City Council                       | 33.0              | 33.0                | (1.0)                              | -             | 32.0                         |
| City Manager                       | 18.0              | 17.0                | -                                  | -             | 17.0                         |
| Government Relations               | 5.0               | 5.0                 | -                                  | -             | 5.0                          |
| Communications Office <sup>2</sup> | 18.6              | 18.6                | -                                  | -             | 18.6                         |
| City Auditor                       | 26.5              | 26.5                | (1.0)                              | -             | 25.5                         |
| Equal Opportunity                  | 25.0              | 25.0                | 1.0                                | -             | 26.0                         |
| Human Resources                    | 99.1              | 99.1                | 4.0                                | -             | 103.1                        |
| Phoenix Employment Relations Board | 1.0               | 1.0                 | -                                  | -             | 1.0                          |
| Retirement Systems                 | 14.0              | 14.0                | (1.0)                              | -             | 13.0                         |
| Law                                | 194.0             | 194.0               | 2.0                                | -             | 196.0                        |
| Information Technology             | 168.0             | 170.0               | 23.0                               | (5.0)         | 188.0                        |
| City Clerk and Elections           | 56.0              | 56.0                | 1.0                                | (2.0)         | 55.0                         |
| Finance                            | 219.0             | 218.0               | (2.0)                              | (2.0)         | 214.0                        |
| Budget and Research                | 24.0              | 24.0                | 1.0                                | -             | 25.0                         |
| Regional Wireless Cooperative      | 4.0               | 4.0                 | -                                  | -             | 4.0                          |
| <b>Total General Government</b>    | <b>917.7</b>      | <b>917.7</b>        | <b>27.0</b>                        | <b>(9.0)</b>  | <b>935.7</b>                 |
| <b>Public Safety</b>               |                   |                     |                                    |               |                              |
| Police                             | 4,328.5           | 4,329.5             | (11.0)                             | (22.0)        | 4,296.5                      |
| Fire                               | 1,990.6           | 2,000.3             | 10.6                               | (3.0)         | 2,007.9                      |
| Emergency Management               | 6.0               | 6.0                 | 1.0                                | 1.0           | 8.0                          |
| <b>Total Public Safety</b>         | <b>6,325.1</b>    | <b>6,335.8</b>      | <b>0.6</b>                         | <b>(24.0)</b> | <b>6,312.4</b>               |
| <b>Criminal Justice</b>            |                   |                     |                                    |               |                              |
| Municipal Court                    | 285.0             | 279.0               | -                                  | (6.0)         | 273.0                        |
| Public Defender                    | 9.0               | 11.0                | -                                  | -             | 11.0                         |
| <b>Total Criminal Justice</b>      | <b>294.0</b>      | <b>290.0</b>        | <b>0.0</b>                         | <b>(6.0)</b>  | <b>284.0</b>                 |





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

| Program                             | 2014-15<br>Actual | 2015-16<br>Estimate | 1/ Additions/Reductions |               | 2016-17<br>Allowances Ending |
|-------------------------------------|-------------------|---------------------|-------------------------|---------------|------------------------------|
|                                     |                   |                     | 2015-16                 | 2016-17       | June 30, 2017<br>Authorized  |
| <b>Transportation</b>               |                   |                     |                         |               |                              |
| Street Transportation               | 653.0             | 652.0               | (2.0)                   | (13.0)        | 637.0                        |
| Aviation                            | 853.0             | 856.0               | 1.0                     | (1.0)         | 856.0                        |
| Public Transit                      | 104.5             | 104.5               | (1.0)                   | -             | 103.5                        |
| <b>Total Transportation</b>         | <b>1,610.5</b>    | <b>1,612.5</b>      | <b>(2.0)</b>            | <b>(14.0)</b> | <b>1,596.5</b>               |
| <b>Community Development</b>        |                   |                     |                         |               |                              |
| Planning and Development            | 295.8             | 304.8               | 21.2                    | 3.0           | 329.0                        |
| Housing                             | 181.0             | 181.0               | (2.0)                   | -             | 179.0                        |
| Community and Economic Development  | 96.0              | 90.0                | (1.0)                   | 2.0           | 91.0                         |
| Neighborhood Services               | 194.0             | 194.0               | (5.0)                   | (2.0)         | 187.0                        |
| PCDIC                               | -                 | 6.0                 | -                       | 2.0           | 8.0                          |
| <b>Total Community Development</b>  | <b>766.8</b>      | <b>775.8</b>        | <b>13.2</b>             | <b>5.0</b>    | <b>794.0</b>                 |
| <b>Community Enrichment</b>         |                   |                     |                         |               |                              |
| Parks and Recreation                | 1,048.6           | 1,056.0             | (1.0)                   | (18.6)        | 1,036.4                      |
| Library                             | 377.3             | 378.3               | (1.3)                   | (8.0)         | 369.0                        |
| Phoenix Convention Center           | 229.0             | 229.0               | (1.0)                   | 1.0           | 229.0                        |
| Human Services                      | 327.0             | 327.0               | (3.0)                   | (3.0)         | 321.0                        |
| Office of Arts and Culture          | 10.0              | 10.5                | -                       | -             | 10.5                         |
| <b>Total Community Enrichment</b>   | <b>1,991.9</b>    | <b>2,000.8</b>      | <b>(6.3)</b>            | <b>(28.6)</b> | <b>1,965.9</b>               |
| <b>Environmental Services</b>       |                   |                     |                         |               |                              |
| Water Services                      | 1,463.1           | 1,463.1             | (9.1)                   | (1.0)         | 1,453.0                      |
| Solid Waste Management              | 585.5             | 585.5               | (6.0)                   | 21.0          | 600.5                        |
| Public Works                        | 433.0             | 427.0               | (5.0)                   | (24.0)        | 398.0                        |
| Environmental Programs              | 10.0              | 10.0                | (1.0)                   | 1.0           | 10.0                         |
| Office of Sustainability            | 0.0               | 3.0                 | 1.0                     | -             | 4.0                          |
| <b>Total Environmental Services</b> | <b>2,491.6</b>    | <b>2,488.6</b>      | <b>(20.1)</b>           | <b>(3.0)</b>  | <b>2,465.5</b>               |
| <b>TOTAL</b>                        | <b>14,397.6</b>   | <b>14,421.2</b>     | <b>12.4</b>             | <b>(79.6)</b> | <b>14,354.0</b>              |

1. Additions/Reductions reflect the combined total of proposed and year-to-date budget reductions, budget additions and new positions associated with opening new facilities.





## Glossary

**Accrual Basis Accounting** – The most commonly used accounting method, which reports income when earned and expenses when incurred, as opposed to cash basis accounting, which reports income when received and expenses when paid. For the city's Comprehensive Annual Financial Report (CAFR), Phoenix recognizes grant revenues on a modified cash basis. Generally Accepted Accounting Principles (GAAP) recognizes grant revenues on an accrual basis.

**Appropriation** – An authorization granted by the City Council to make expenditures and to incur obligations for purposes specified in the appropriation ordinances. Three appropriation ordinances are adopted each year: 1) the operating funds ordinance, 2) the capital funds ordinance, and 3) the re-appropriated funds ordinance.

**Arizona Highway User Revenue (AHUR)** – Various gas tax and vehicle licensing fees imposed and collected by the state and shared with cities and towns. This revenue must be used for street or highway purposes.

**Balanced Budget** – Arizona law (Title 42 Arizona Revised Statutes) and the City of Phoenix Charter (chapter XVIII) require the City Council to annually adopt a balanced budget by purpose of public expense. State law defines this balanced budget as “the primary property tax levy, when added together with all other available resources, must equal these expenditures.” Therefore, no General Fund balances can be budgeted in reserve for subsequent fiscal years. Instead, an amount for contingencies is included in the budget each year. The charter further requires that “the total of proposed expenditures shall not exceed the total of estimated income and fund balances.”

**Base Budget** – Funding for ongoing expenditures for personnel, commodities, contractual services and replacement of existing equipment previously authorized. The base budget provides funding to continue previously authorized services and programs.

**Block Watch Fund** – This fund is the Block Watch portion of the Neighborhood Protection Fund. This fund is a portion of a voter-approved 0.1 percent sales tax increase approved in October 1993. Grant funds are awarded to communities for innovative methods to deter crime-related problems in their neighborhoods. The city disburses these funds through an annual application process.

**Bonds** – Debt instruments that require repayment of a specified principal amount on a certain date (maturity date), along with interest at a stated rate or according to a formula for determining the interest rate.

**Bond Rating** – An evaluation of a bond issuer's credit quality and perceived ability to pay the principal and interest on time and in full. Two agencies regularly review city bonds and generate bond ratings - Moody's Investors and Standard and Poor's Ratings Group.

**Budget** – A plan of financial operation for a specific time period (the city of Phoenix's adopted budget is for a fiscal year July 1 – June 30). The budget contains the estimated expenditures needed to continue the city's operations for the fiscal year and revenues anticipated to finance them.

**Capital Budget** – See Capital Improvement Program.

**Capital Funds** – Resources derived from issuance of bonds for specific purposes, related federal project grants and participation from other agencies used to finance capital expenditures.

**Capital Improvement Program (CIP)** – A plan for capital expenditures needed to maintain and expand the public infrastructure (for example, roads, sewers, water lines or parks). It projects these infrastructure needs for a set number of years and is updated annually to reflect the latest priorities, cost estimates or changing financial strategies. The Annual Capital Budget is included in the first year of the five-year Capital Improvement Program.

**Capital Outlay** – Items that cost more than \$5,000 and have a useful life of more than two years.

**Capital Project** – New facility, technology system, land acquisition or equipment acquisition, or improvements to existing facilities beyond routine maintenance. Capital projects are included in the Capital Improvement Program and become fixed assets.

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

**CDBG** – See Community Development Block Grant.

**Central Service Cost Allocation** – The method of distributing expenses for general staff and administrative overhead to the benefiting activity.

**CIP** – See Capital Improvement Program.

**City Manager's Budget** – See Preliminary Budget.

**City of Phoenix Employees' Retirement Systems (COPERS)** – A pension plan for full-time employees who retire from service with the city of Phoenix.



**Civic Improvement Corporation**

**(CIC)** – Non-profit corporation established in 1973 as the main financing arm of the city of Phoenix to issue debt obligations secured by enterprise fund revenues or excise tax pledges.

**Commodities** – Consumable goods such as office supplies, repair and replacement parts, small tools and fuel, which are not of a capital nature.

**Community Development Block Grant**

**(CDBG)** – Grant funds allocated by the federal government to the city of Phoenix to use for the prevention and removal of slum and blight, and to benefit low- and moderate-income persons. The city disburses these funds through an annual application process open to all nonprofit organizations and city departments.

**Comprehensive Annual Financial Report**

**(CAFR)** – Official annual report of the city of Phoenix which includes statements of revenue, expenditures and changes in fund balances.

**Contingency** – An appropriation of funds to cover unforeseen events that occur during the fiscal year, such as flood emergencies, federal mandates, unanticipated one time expenses and similar eventualities.

**Contractual Services** – Expenditures for services performed by firms, individuals or other city departments.

**Council-Manager Form of Government** – An organizational structure in which the Mayor and City Council appoint an independent city manager to be the chief operating officer of a local government. In practice, a City Council sets policies and the city manager is responsible for implementing those policies effectively and efficiently.

**Court Awards Fund** – Revenues provided by court awards of confiscated property under both the federal and state organized crime acts. These funds are used for additional law enforcement activities in the Police and Law departments.

**Cycle Time** – The amount of time, from the customer's perspective, it takes to complete a defined task, process or service.

**Debt Service** – Payment of principal and interest on an obligation resulting from the issuance of bonds.

**Depreciation** – The decline in the value of an asset due to general wear and tear or obsolescence.

**DBE** – Disadvantaged Business Enterprise

**Encumbrance** – A reservation of funds to cover purchase orders, contracts or other funding commitments that are yet to be fulfilled. The budget basis of accounting considers an encumbrance to be the equivalent of expenditure.

**Enterprise Funds** – Funds that are accounted for in a manner similar to a private business. Enterprise funds usually recover their costs (including depreciation) through user fees. The city has four such self-supporting funds: Aviation, Water, Wastewater, and Solid Waste. In addition, the Phoenix Convention Center Fund, which is primarily supported by earmarked excise taxes, uses enterprise fund accounting to provide for the periodic determination of net income.

**Estimate** – The most recent prediction of current year revenue and expenditures. Estimates are based upon several months of actual expenditure and revenue information and are prepared to consider the impact of unanticipated costs or other economic changes.

**Excise Tax Fund** – This fund is used to account for tax revenues ultimately pledged to pay principal and interest on various debt obligations. This fund includes local sales taxes, state-shared sales taxes, state-shared income taxes and sales tax license fees.

**Expenditures** – Refers to current cash operating expenses and encumbrances.

**Expenditure Limit** – See State Expenditure Limit.

**Fiduciary Funds** – Funds used to account for assets held by the city of Phoenix as a trustee or agent. These funds cannot be used to support the city's own programs.

**Fiscal Year** – The city's charter designates July 1 to June 30 as the fiscal year.

**FTE** – See Full-Time Equivalent Position.

**Full-Time Equivalent Position (FTE)** – A position converted to the decimal equivalent of a full-time position based on 2,080 hours per year. For example, a part-time clerk working for 20 hours per week would be equivalent to one half of a full-time position or 0.5 FTE.

**Fund** – An independent governmental accounting entity with a self-balancing group of accounts including assets, liabilities and fund balance, which record all financial transactions for specific activities of government functions.

**Fund Balance** – As used in the budget, the excess of resources over expenditures. The beginning fund balance is the residual funds brought forward from the previous fiscal year.

**GAAP** – See Generally Accepted Accounting Principles.

**General Obligation Bonds (G.O. Bonds)** – Bonds that require voter approval and finance a variety of public capital projects such as streets, buildings, parks and improvements. The bonds are backed by the "full faith and credit" of the issuing government.

**General Funds** – Resources derived from taxes and fees that have unrestricted use, meaning they are not earmarked for specific purposes.

**Generally Accepted Accounting Principles (GAAP)** – Uniform minimum standards of financial accounting and reporting that govern the form and content of basic financial statements. The city's Comprehensive Annual Financial Report (CAFR) outlines adjustments needed to convert Phoenix's budget basis of accounting to a GAAP basis.

**GFOA** – Government Finance Officers Association

**Goal** – A statement of broad direction, purpose or intent based on the needs of the community. A goal is general and timeless; that is, it is not concerned with a specific achievement in a given time period.

**G. O. Bonds** – See General Obligation Bonds.





**Grant** – A contribution by one government unit or funding source to another. The contribution is usually made to aid in the support of a specified function (e.g., library materials or drug enforcement, but it is sometimes for general purposes).

**HUD** – U.S. Department of Housing and Urban Development.

**Infrastructure** – Facilities that support the daily life and growth of the city, for example, roads, water lines, sewers, public buildings, parks and airports.

**Impact Fees** – Fees adopted by the City Council in 1987 requiring new development in the city's outlying planning areas to pay its proportional share of the costs associated with providing necessary public infrastructure.

**Improvement Districts** – Special assessment districts formed by property owners who desire and are willing to pay for mutually enjoyed improvements such as streets, sidewalks, sewers and lighting.

**In Lieu Property Taxes (or In Lieu Taxes)** – An amount charged to certain city enterprise and federally funded operations that equal the city property taxes that would be due on plant and equipment if these operations were for-profit companies. This includes the Water, Wastewater, Solid Waste and Public Housing funds.

**Levy** – See Tax Levy.

**Mandate** – Legislation passed by the state or federal government requiring action or provision of services and/or programs. Examples include the Americans with Disabilities Act, which requires actions such as physical facility improvements and provision of specialized transportation services.

**M/W/SBE** – Minority, Women and Small Business Enterprise.

**Modified Accrual Basis** – Method under which revenues are recognized in the period they become available and measurable, and expenditures are recognized in the period the associated liability is incurred. Most government accounting follows this method.

**Neighborhood Protection Fund** – This fund, also referred to as Proposition 301, is used to account for the funds generated by the 0.1 percent increase in the sales tax approved by voters in October 1993. The funds are to be used for the expansion of police, fire, and block watch programs. The breakdown of funding is as follows: Police 70 percent, Fire 25 percent and Block Watch 5 percent.

**Net Direct Debt Ratio** – The ratio between property tax-supported debt service and secondary-assessed valuation. The Net Direct Debt Ratio is one way to gauge the ability of a local property tax base to support general obligation debt service.

**Objective** – Desired output-oriented accomplishments that can be measured and achieved within a given time frame, and advance the activity and organization toward a corresponding goal.

**Operating Funds** – Resources derived from continuing revenue sources used to finance ongoing operating expenditures and “pay-as-you-go” capital projects.

**Ordinance** – A formal legislative enactment by the City Council. If it is not in conflict with any higher form of law, such as a state statute or constitutional provision, it has the full force and effect of law within the boundaries of the city.

**Outstanding Bonds** – Bonds not yet retired through principal and interest payments.

**Parks and Preserves Fund** – This fund is used to account for the funds generated by the 0.1 percent increase in the sales tax approved by voters in 1999 and reauthorized in 2008. The funds are to be used for the purchase of state trust lands for the Sonoran Desert Preserve Open Space, and the development of regional and neighborhood parks to enhance community safety and recreation.

**Pay-As-You-Go Capital Projects** – Capital projects whose funding comes from day-to day city operating revenue sources.

**Percent-for-Art** – An ordinance that allocates up to 1 percent of the city's capital improvement budget to fund public art projects.

**Personal Services** – All costs related to compensating city employees including employee benefits costs such as contributions for retirement, social security, and health and industrial insurance. It also includes fees paid to elected officials, jurors, and election judges and clerks. It does not include fees for professional or other services.

**PHXConnect** – Weekly employee newsletter containing information about the organization, news about employees, and personnel and benefits updates.

**Plan Six Agreements** – Agreements to provide funding to accelerate the construction of the Waddell and Cliff dams, and modification of the Roosevelt and Stewart dams, for the benefit of the city of Phoenix. These benefits include the use of additional unappropriated water, controlling floods, improving the safety of existing dams, and providing new and improved recreational facilities.

**PLT** – See Privilege License Tax.

**Preliminary Budget** – A balanced budget presented to the City Council by the city manager (sometimes referred to as the City Manager's Budget) based upon an earlier Trial Budget, City Council and community feedback and/or changing economic forecasts. Any City Council changes to the Preliminary Budget are incorporated into the final adopted budget.

**Primary Property Tax** – A tax levy that can be used to support any public expense.

**Privilege License Tax (PLT)** – The city of Phoenix's local sales tax, made up of more than 14 general categories.

**Privilege License Tax Fees** – Includes fees charged for Privilege License Tax (PLT) licenses and the annual fee per apartment unit on the rental of non-transient lodging. Fees recover the costs associated with administering an efficient and equitable system. A PLT license allows the licensee the privilege to conduct taxable business activities and to collect and remit those taxes.





**Program** – A group of related activities performed by one or more organizational units.

**Property Tax** – A levy upon each \$100 of assessed valuation of property within the city of Phoenix. Arizona has two types of property taxes. Primary property taxes support the city's General Fund and secondary property taxes pay general obligation debt.

**Proposition 1** – See Public Safety Expansion Fund.

**Proposition 301** – See Neighborhood Protection Fund.

**Public Safety Enhancement Funds** – The Public Safety Enhancement funds are used to account for a 2.0 percent increment of the 2.7 percent sales tax on utilities with franchise agreements. The Police Public Safety Enhancement Fund is dedicated to Police and Emergency Management needs and receives 62 percent of the revenues generated. The Fire Public Safety Enhancement Fund is dedicated to Fire needs and receives 38 percent of the revenues generated.

**Public Safety Expansion Funds** – This fund is used to account for the 0.2 percent increase in sales tax approved by Phoenix voters in 2007. The funds will be used to add 500 police personnel and 100 firefighters to the city of Phoenix. The Police Department receives 80 percent of revenues and the Fire Department receives 20 percent.

**Reappropriated Funds** – Funds for contracts entered in a previous fiscal year but which are still in progress.

**Recoveries** – Canceled prior year encumbrances.

**Regional Wireless Cooperative (RWC)** – An independent, multi-jurisdictional organization that manages and operates a regional radio communications network built to seamlessly serve the interoperable communication needs of first responders and other municipal radio users in and around Central Arizona's Valley of the Sun.

**RPTA** – Regional Public Transportation Authority.

**Resources** – Total amounts available for appropriation including estimated revenues, recoveries, fund transfers and beginning fund balances.

**Restricted Funds** – See Special Revenue Fund.

**Salary Savings** – Budget savings realized through employee turnover or vacant positions.

**Secondary Property Tax** – A tax levy restricted to the payment of debt service on bonded debt.

**Self-Insurance** – Self-funding of insurance losses. With the exception of airport operations, police aircraft operations, and excess general and automobile liability for losses in excess of \$7.5 million, the city is self-insured for general and automobile liability exposures.

**Special Revenue Fund** – A fund used to account for receipts from revenue sources that have been earmarked for specific activities and related expenditures. Examples include Arizona Highway User Revenue (AHUR) funds, which must be used for street and highway purposes, and secondary property tax, which is restricted to general-bonded debt obligations.

**Sports Facilities Fund** – A special revenue fund established to account for revenue raised from a designated portion of the hotel/motel tax and tax on short-term motor vehicle rentals. These funds pay the city's portion of the debt service and other expenditures related to the downtown sports arena.

**State Expenditure Limit** – A limitation on annual expenditures imposed by the Arizona Constitution as approved by the voters in 1980. The limitation is based upon a city's actual 1979-80 expenditures adjusted for interim growth in population and inflation. Certain expenditures may be exempt by the State Constitution or by voter action.

**State-Shared Revenues** – Revenues levied and collected by the state but shared with local governments as determined by state government each year. In Arizona, a portion of the state's sales, income and vehicle license tax revenues are distributed on the basis of a city's relative population percentage.

**Supplemental** – Resources to provide new or enhanced programs or services over the base budget allocation.

**Tax Levy** – The total amount to be raised by general property taxes for purposes specified in the Tax Levy Ordinance.

**Technical Review** – A detailed line-item review of each city department's budget conducted by the Budget and Research Department.

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

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

**Trial Budget** – A budget developed in early spring that presents a proposed balanced budget for discussion by the City Council and the community before the city manager submits the Preliminary Budget in late spring.

**User Fees or User Charges** – A fee paid for a public service or use of a public facility by the individual or organization benefiting from the service.

**Zero Base Budgeting** – A process whereby a budget is developed at the program level, and starting from zero the next year's budget is estimated assuming only those costs necessary to provide the currently approved level of service. This initial estimate is referred to as the "base budget." The estimated cost for providing each program is reviewed and justified on an annual basis. The process includes the identification of potential reductions and additions, which are ranked in priority order. Presentation of the budget also is provided on a program basis.

